

FY2011 1Q Financial Results and FY2011 Forecasts

DISCO CORPORATION

DISCLAIMER

Statements in this PowerPoint with respect to DISCO's current strategies, plans, estimates, and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of DISCO. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them.

DISCO cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements, and you should not make decision on your investment thoroughly based on these statements. Such factors include, but not limited to, (i) general economic conditions and levels of demand in DISCO's markets; (ii) developments in technology and resulting changes in semiconductor and/or electronic component manufacturing process; (iii) levels of capital investment for manufacturing semiconductors and/or electronic components; (iv) expansions of the area for products and technologies using semiconductors and/or electronic components and its expanding speed; (v) DISCO's ability to continue to offer products and services corresponding to developments of new semiconductors and/or electronic components and new technologies for manufacturing them; (vi) exchange rates, particularly between the yen, the U.S. dollar, and the euro, and other currencies.

FY2010 1Q Earnings Results

YoY

Millions of Yen

	FY2010 1Q	FY2011 1Q	Amount	(%)
Sales	24,057	24,907	851	3.5%
Gross profit	11,308	11,705	398	3.5%
Gross profit margin	47.0%	47.0%	-0.0p	-
SGA	7,172	7,629	457	6.4%
Operating Income	4,136	4,076	-59	-1.4%
Ordinary Income	4,338	4,155	-183	-4.2%
Ordinary Income Margin	18.0%	16.7%	-1.4p	-
Net Income before Tax	4,275	4,163	-112	-2.6%
Net Income	2,841	2,513	-328	-11.5%
Depreciation	1,358	1,355	-3	-0.2%
R&D expense	2,092	2,252	160	7.7%

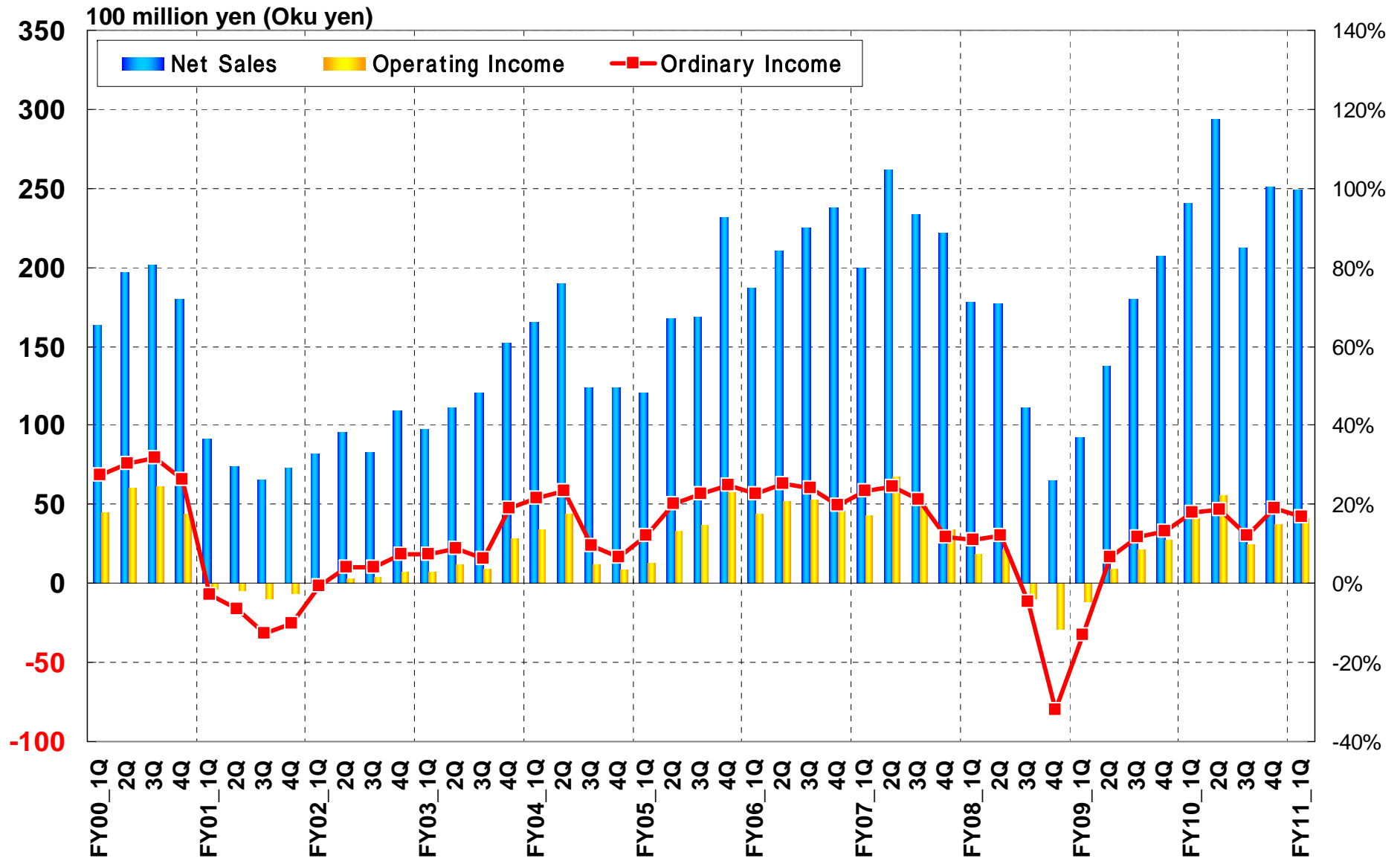
FY2010 1Q Earnings Results

QoQ

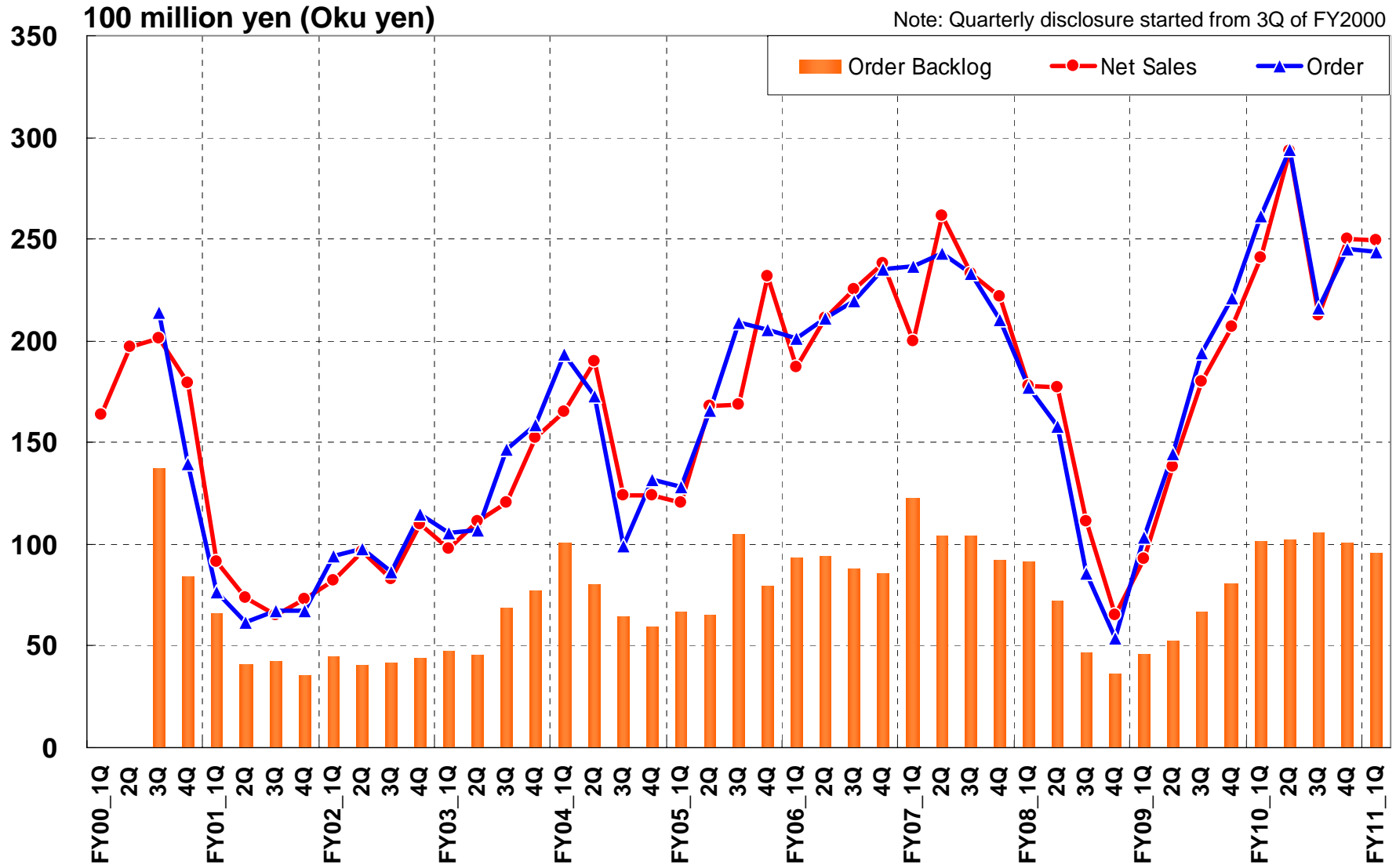
Millions of Yen

	FY2010 4Q	FY2011 1Q	Amount	(%)
Sales	25,040	24,907	-133	-0.5%
Gross profit	11,982	11,705	-277	-2.3%
Gross profit margin	47.9%	47.0%	-0.9p	-
SGA	8,237	7,629	-608	-7.4%
Operating Income	3,744	4,076	332	8.9%
Ordinary Income	4,802	4,155	-647	-13.5%
Ordinary Income Margin	19.2%	16.7%	-2.5p	-
Net Income before Tax	4,417	4,163	-254	-5.8%
Net Income	2,954	2,513	-441	-14.9%
Depreciation	1,506	1,355	-151	-10.0%
R&D expense	2,173	2,252	79	3.6%

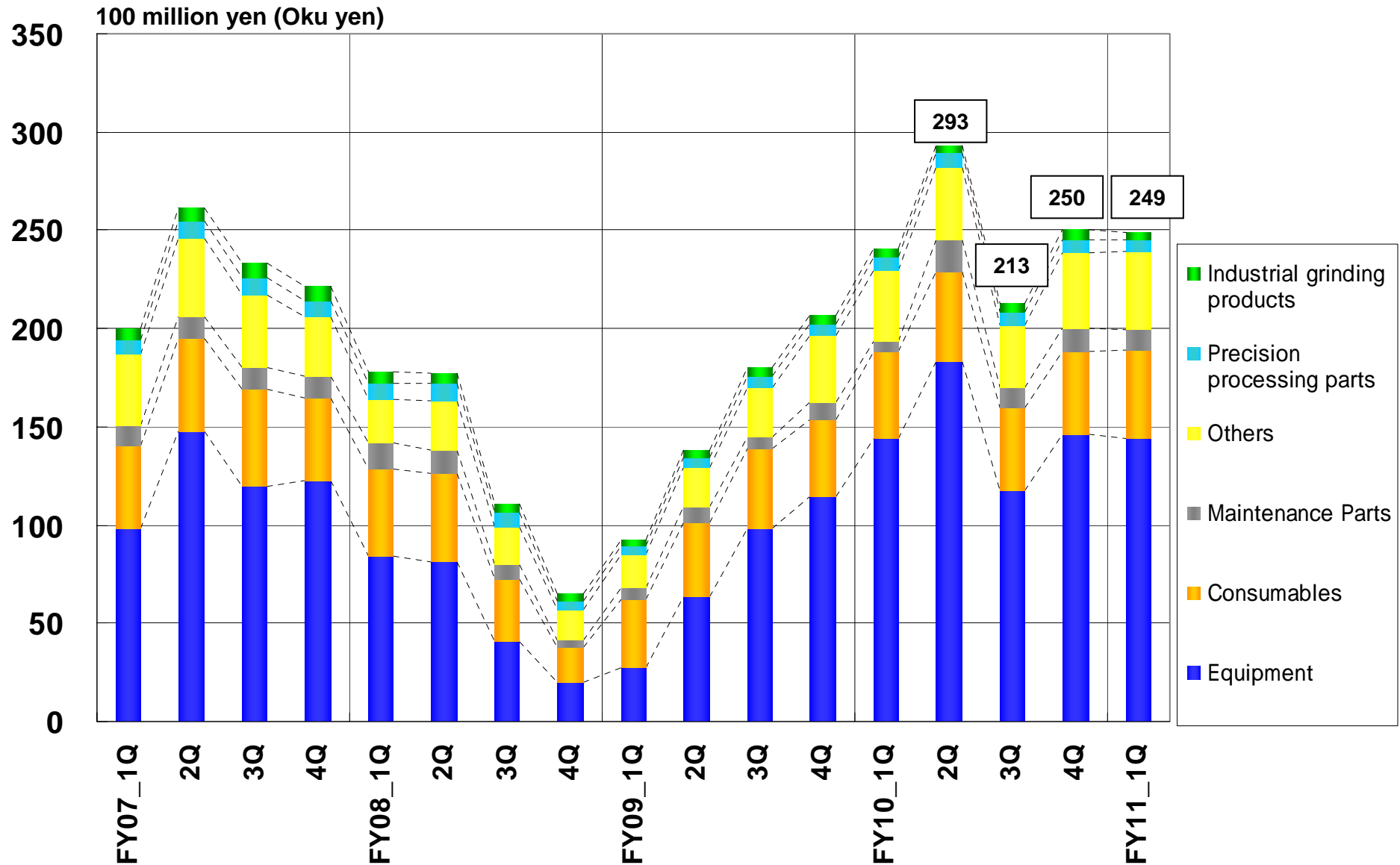
Quarterly Consolidated Financial Results



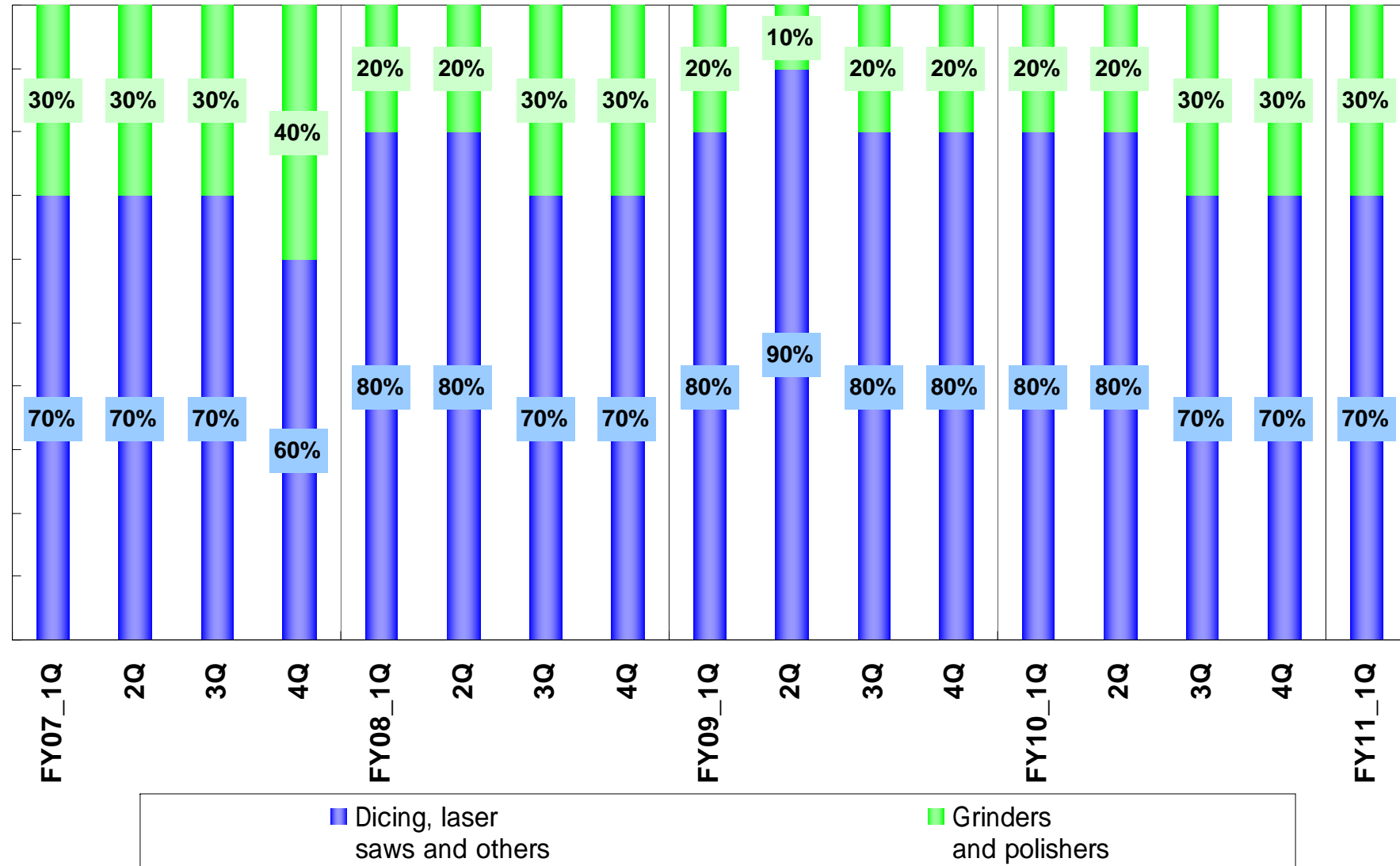
Quarterly Sales/Orders



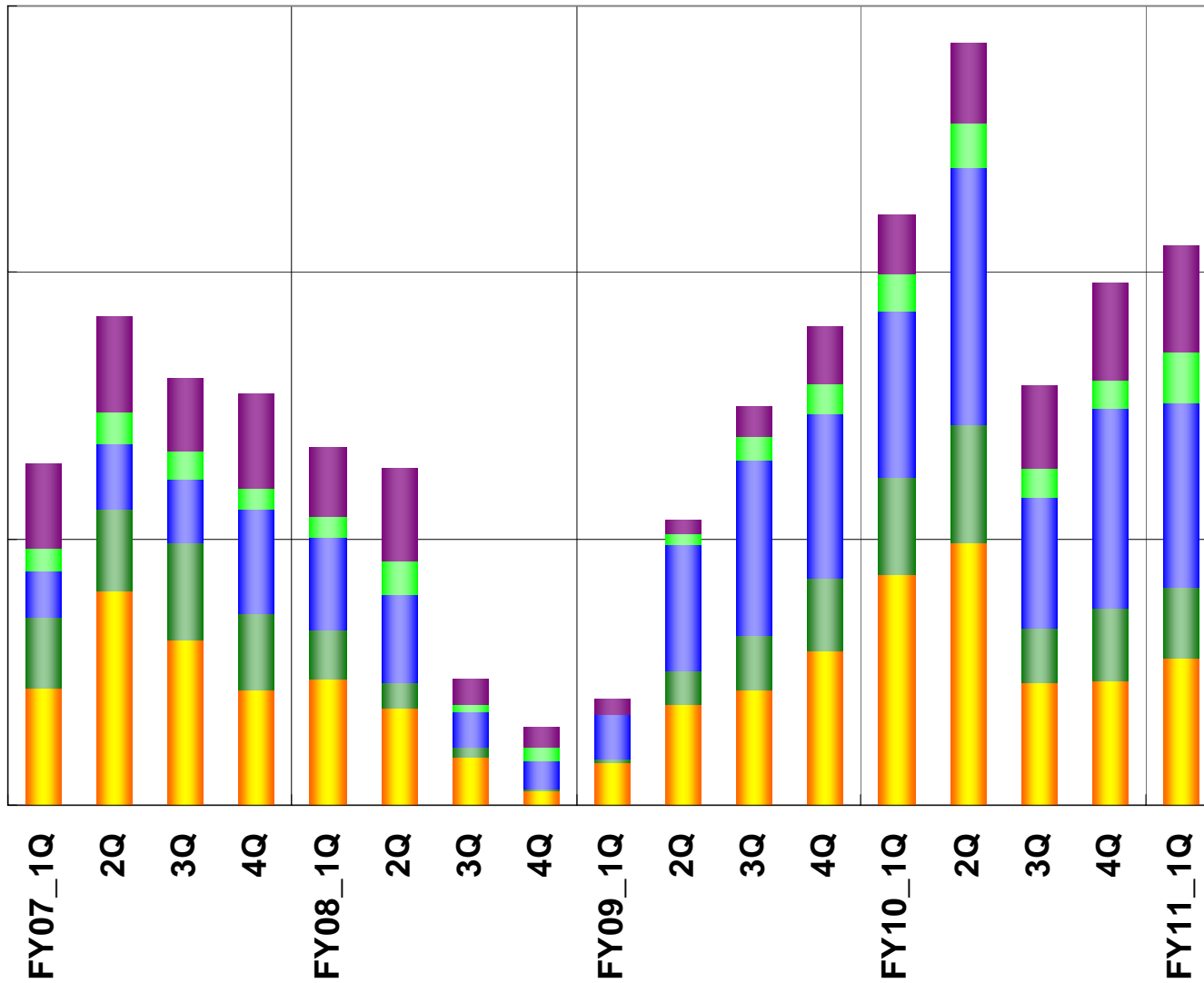
Consolidated Quarterly Sales Breakdown by Product



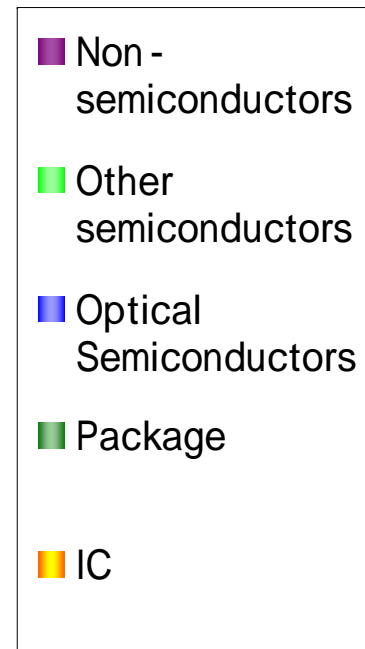
Quarterly Equipment Sales Breakdown



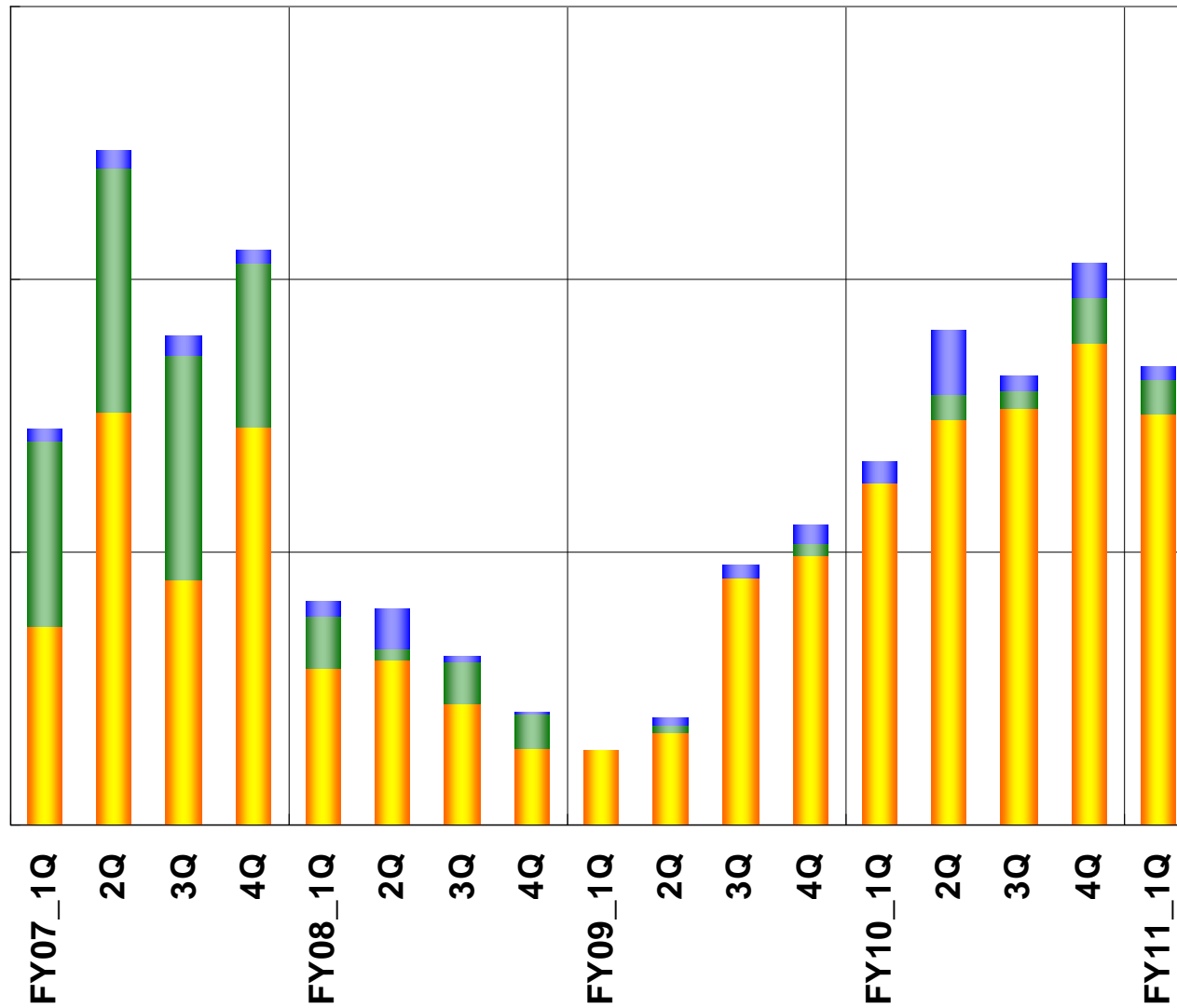
Equipment, Non-consolidated Cutting and Dicing Saws* Sales Breakdown by Application



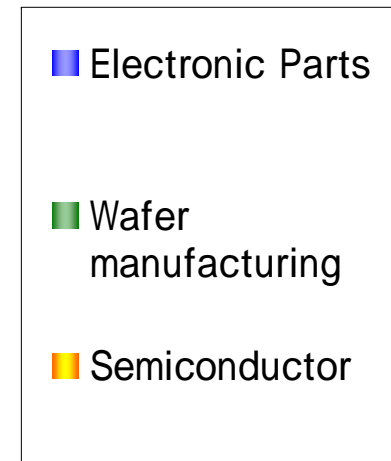
*Cutting and dicing saws include blade dicers and laser saws



Equipment, Non-consolidated Grinders and Polishers* Sales Breakdown by Application

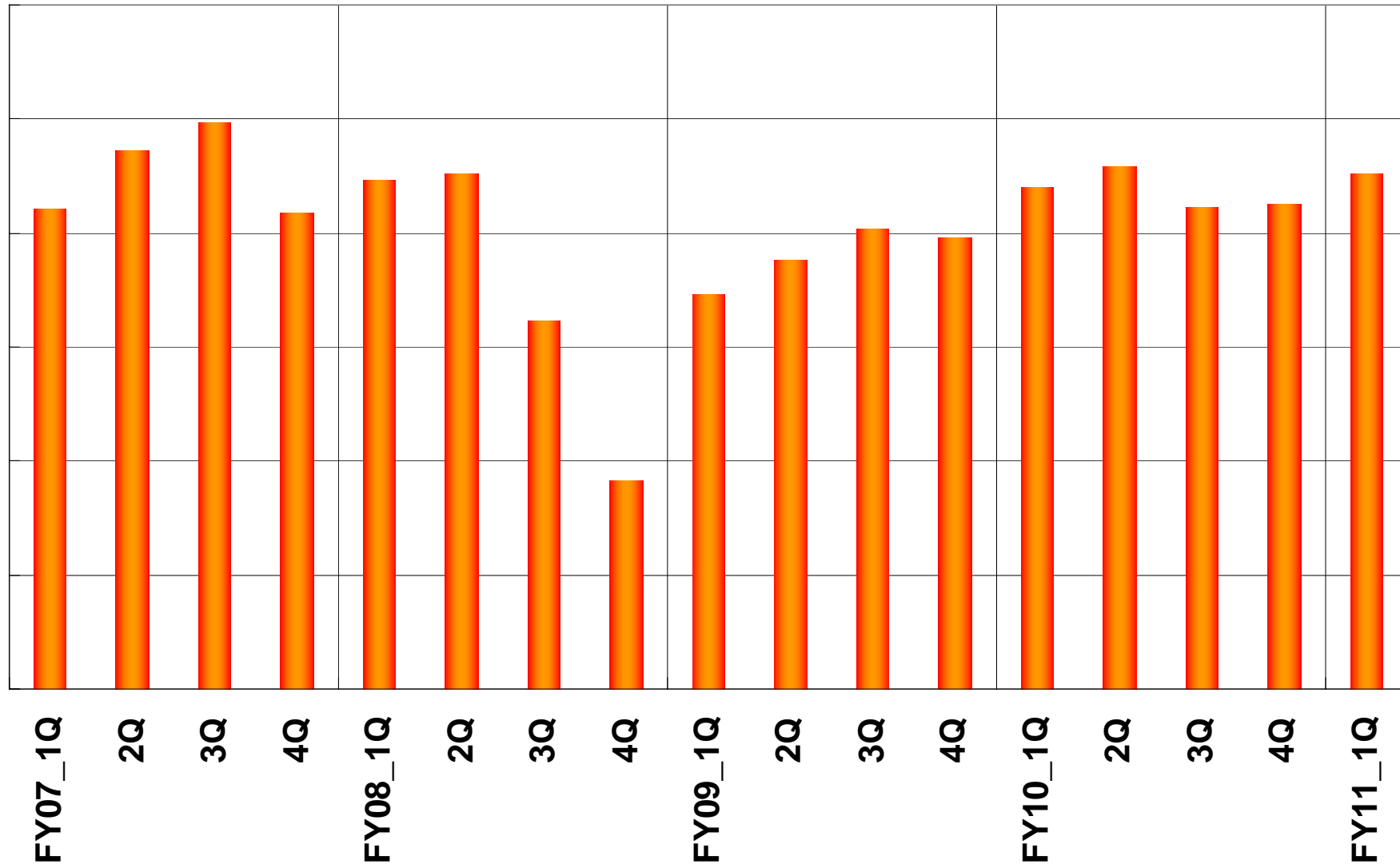


*Grinders and polishers also include surface planers and grinder/polishers

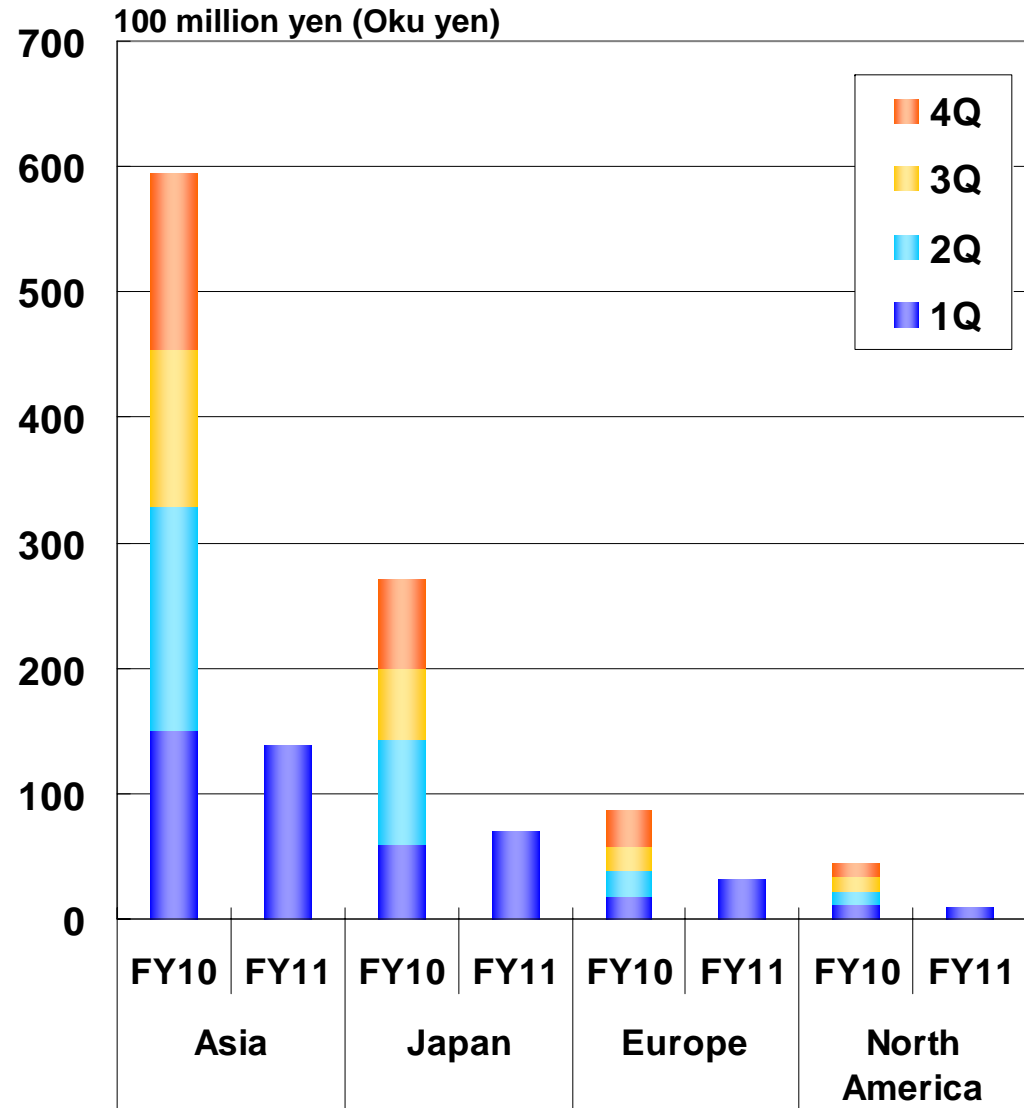
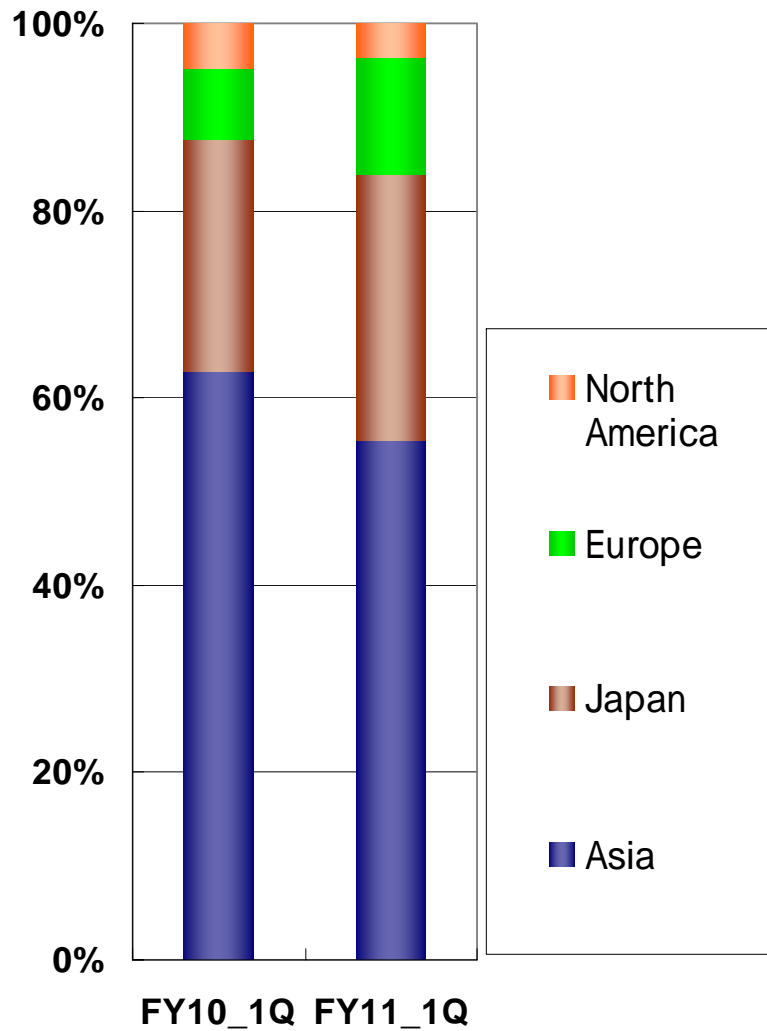


Consolidated
Consumables* Sales

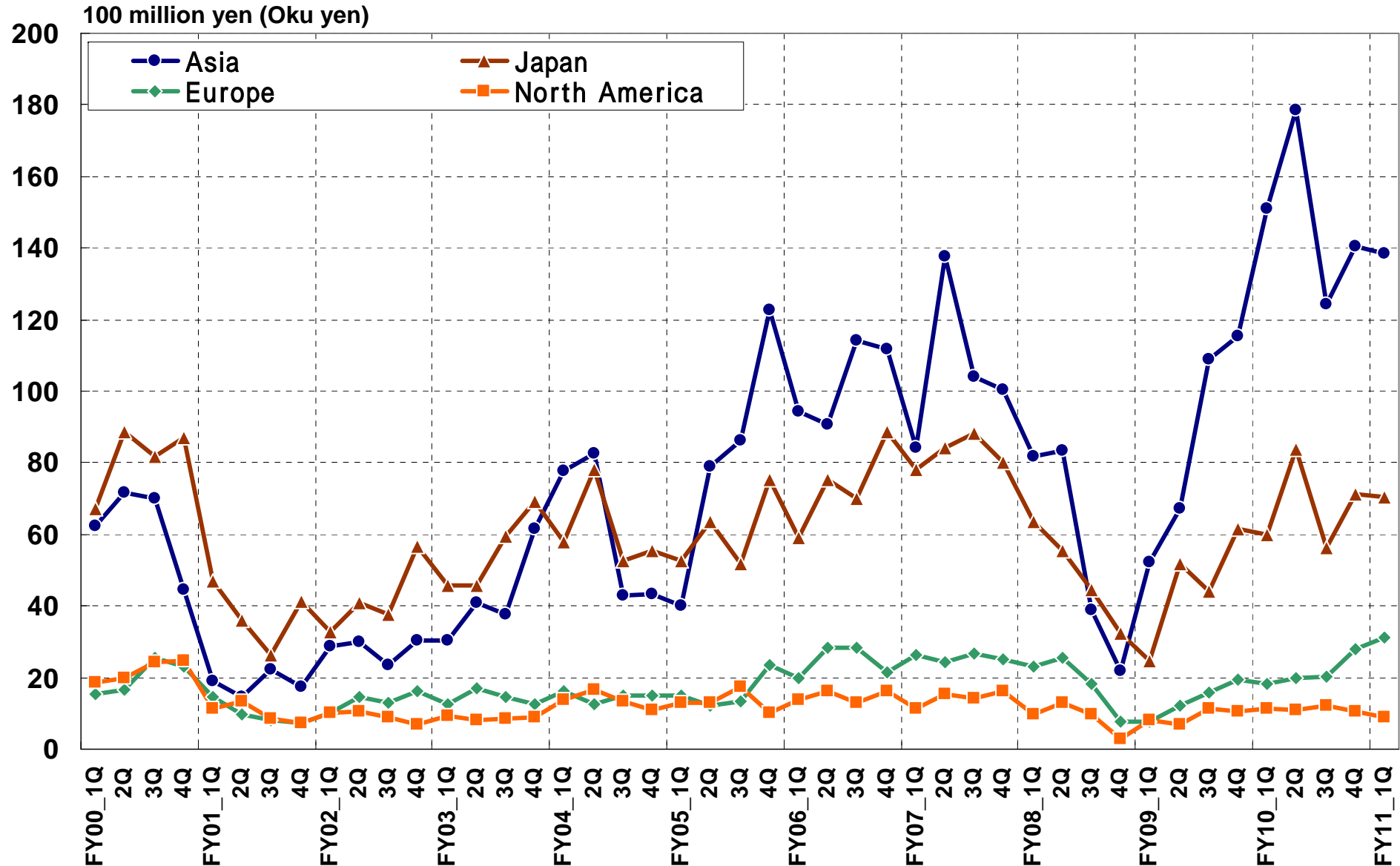
*Consumables include dicing blades, grinding wheels, and dry polishing wheels, etc.



Sales Breakdown by Region



Quarterly Regional Sales



Balance Sheet (Summary)

Millions of yen	FY2010 4Q	FY2011 1Q	Amount
Current Assets	77,778	74,181	-3,597
Cash and cash equivalents	20,314	18,572	-1,742
Notes and account receivable	28,322	28,071	-251
Inventories	23,777	25,251	1,474
Fixed Assets	61,444	62,721	1,277
fixed assets	54,283	54,703	420
Total Assets	139,240	136,919	-2,321
Total Liabilities	41,606	38,247	-3,359
Current Liabilities	29,355	25,897	-3,458
Fixed Liabilities	12,251	12,349	98
Net assets	97,633	98,671	1,038
Shareholders Equity ratio (%)	69.4%	71.3%	+1.9p
Liabilities and shareholders Equity	139,240	136,919	-2,321

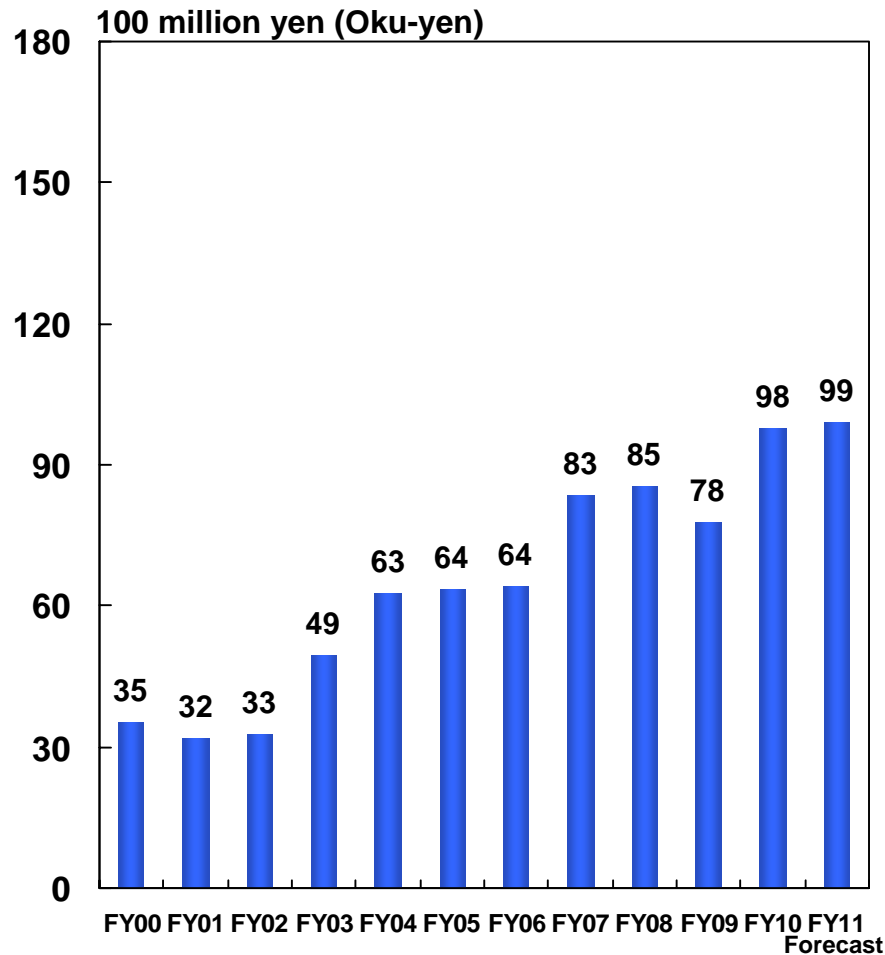
FY2011 Full-Year Earning Forecast

100 million yen (Oku-yen)	FY2011					Reference	
	1Q Actual	2Q Forecast	1H Forecast	2H Forecast	Full Year Forecast	Previous forecast (Full Year)	
Net Sales	249	237	486	485	971	1,037	-66
Operating Income	41	31	72	70	142	172	-30
Ordinary Income	42	30	72	71	143	173	-30
Ordinary Income Margin	16.7%	12.8%	14.8%	14.6%	14.7%	16.7%	-2.0p
Net Income	25	20	45	46	91	111	-20
CAPEX	22				84	84	0
Depreciation	14				65	65	0
R&D expense	23				99	104	-5

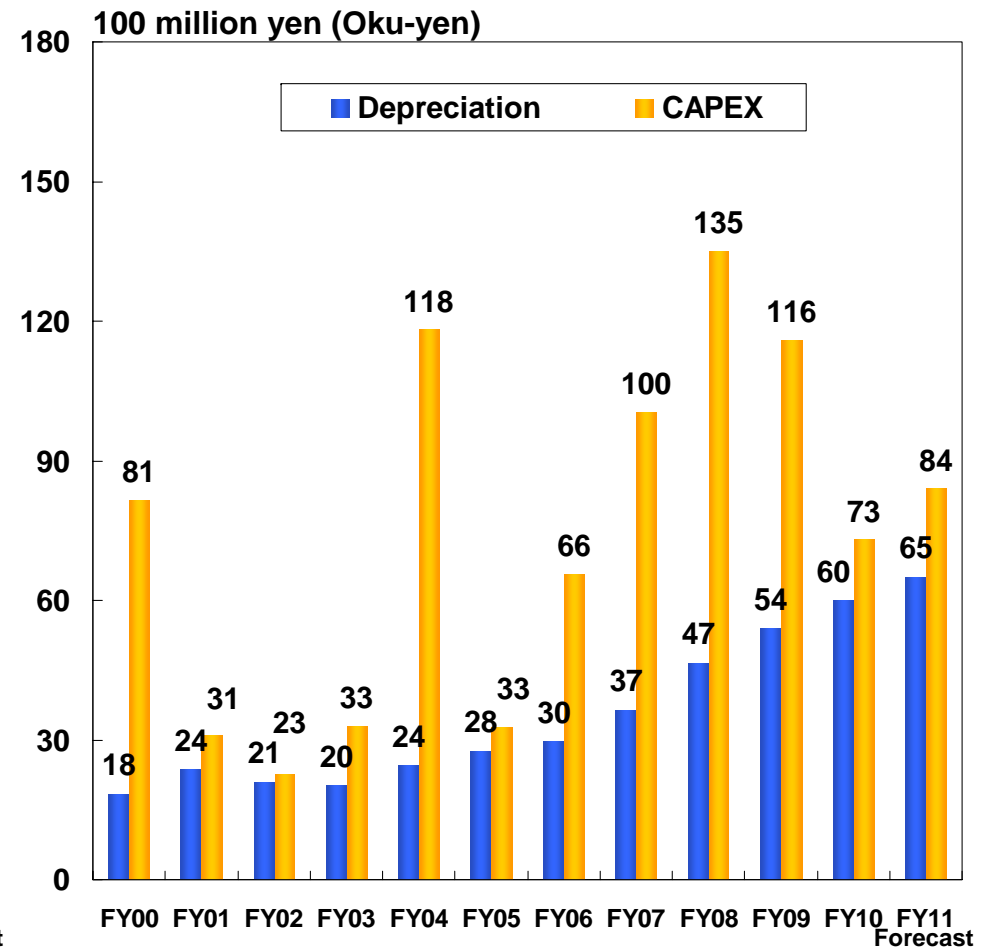
Forecasts are based on projected exchange rates of US\$/¥80 and euro/¥110 (unchanged).

Consolidated R&D/CAPEX Forecast

R&D Expense



Depreciation/CAPEX



Dividend Policy and Dividend Payment

(Yen)

FY2011	Intermediate dividend	Year - end dividend	Annual dividend
Previous forecast	37	30	67
Revised forecast	27	28	55
	-10	-2	-12

FY2010	Intermediate dividend	Year - end dividend	Annual dividend
Actual	25	40	65

Dividend Policy

Partial changes resulting from decisions taken by the Board of Directors at a meeting held on February 23, 2011

1. There will be interim and final dividends, each of which will be equivalent to 20% of half-yearly consolidated net income.
2. The stable dividend will remain at ¥10 per half-year (¥20 per year), unless there have been consolidated net losses in three successive years.
3. If the consolidated ordinary income margin reaches 20% on a four-year cumulative basis, a dividend payout ratio of 24% of consolidated net income will be applied, and the difference from the interim dividend will be adjusted through the final dividend.
4. Except when there is a loss, if the year-end balance of cash and deposits after payment of dividends and income taxes is greater than projected funding requirements*, we aim to add one-third of that surplus to dividends, in addition to Item 1 above.

*The amount required for the acquisition of technology resources, such as through patent purchases and investment in venture businesses, facility expansion, the retirement of interest-bearing debt and other purposes.

DISCO

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