

FY2011 3Q Financial Results and FY2011 Forecasts

DISCO CORPORATION

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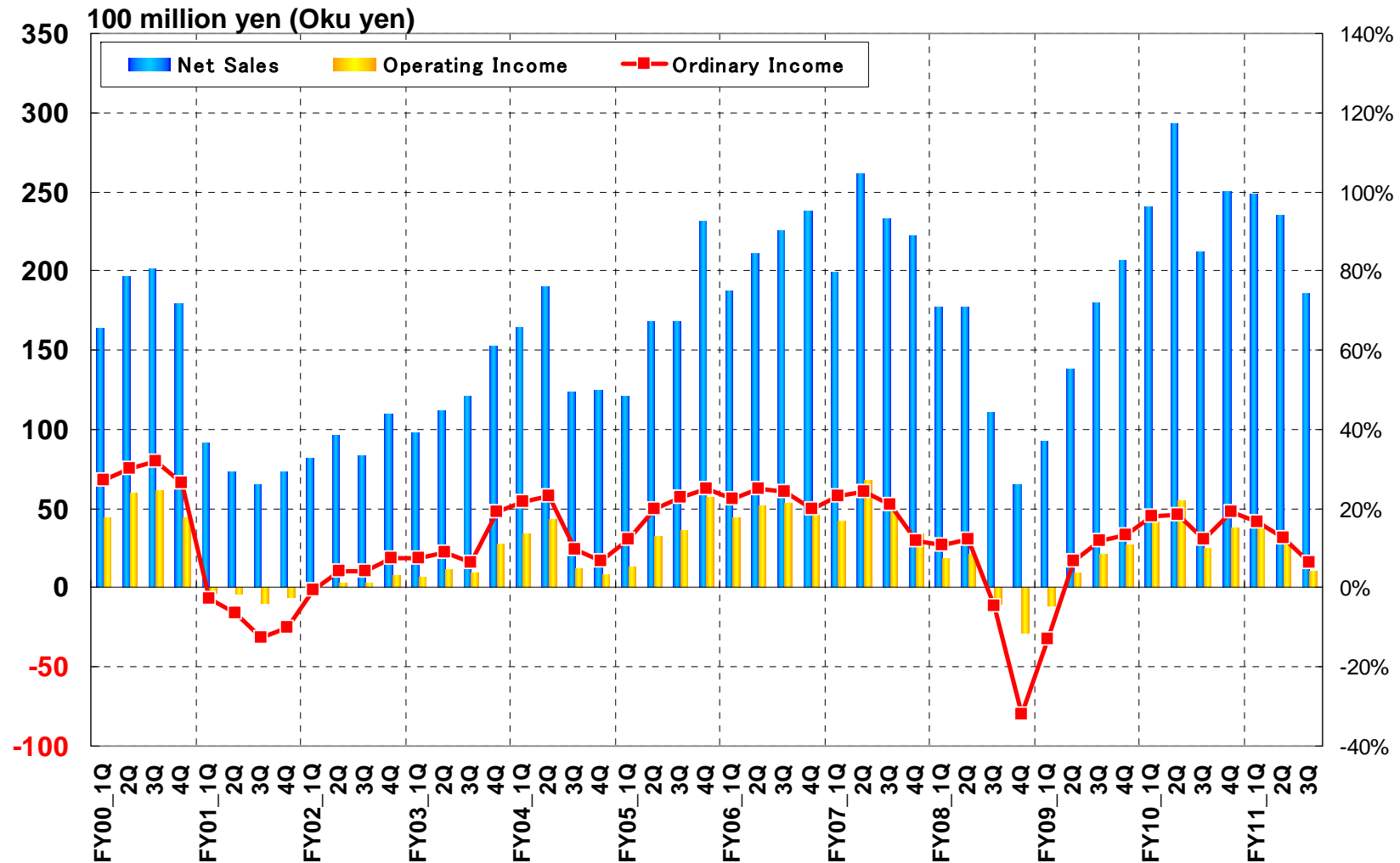
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FY2011 3Q Earnings Results

Millions of Yen	FY2011 2Q	FY2011 3Q	Amount	(%)
Sales	23,529	18,605	-4,924	-20.9%
Gross profit	10,770	8,444	-2,326	-21.6%
Gross profit margin	45.8%	45.4%	-0.4p	-
SGA	7,946	7,438	-508	-6.4%
Operating Income	2,824	1,005	-1,819	-64.4%
Ordinary Income	2,954	1,206	-1,748	-59.2%
Ordinary Income Margin	12.6%	6.5%	-6.1p	-
Net Income before Tax	2,917	1,114	-1,803	-61.8%
Net Income	2,216	497	-1,719	-77.6%
Depreciation	1,443	1,522	79	5.5%
R&D expense	2,531	2,133	-398	-15.7%

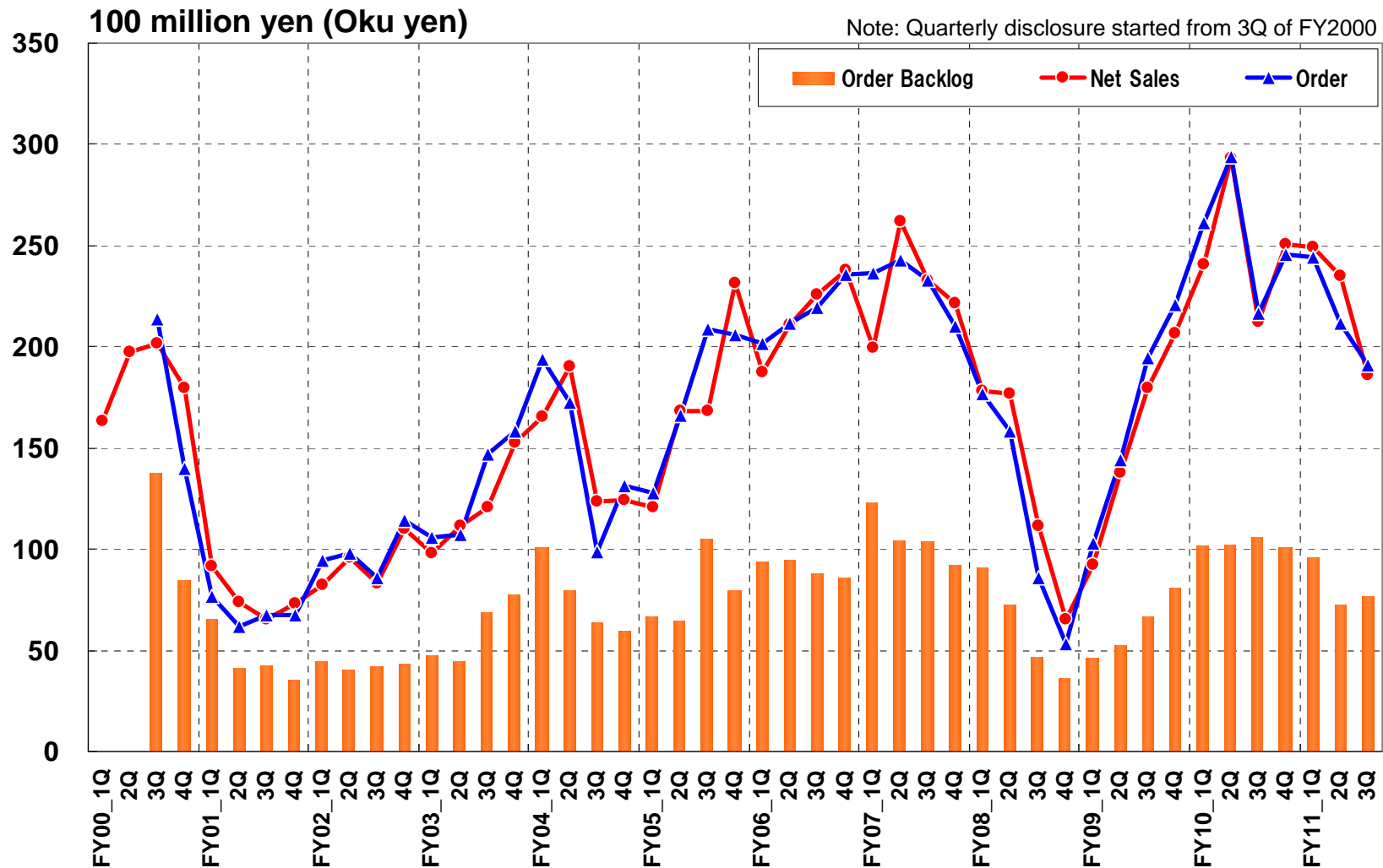
- Sales were lower by 21% QoQ, affected by a slowdown in capital expenditure in the semiconductor market.

Quarterly Consolidated Financial Results



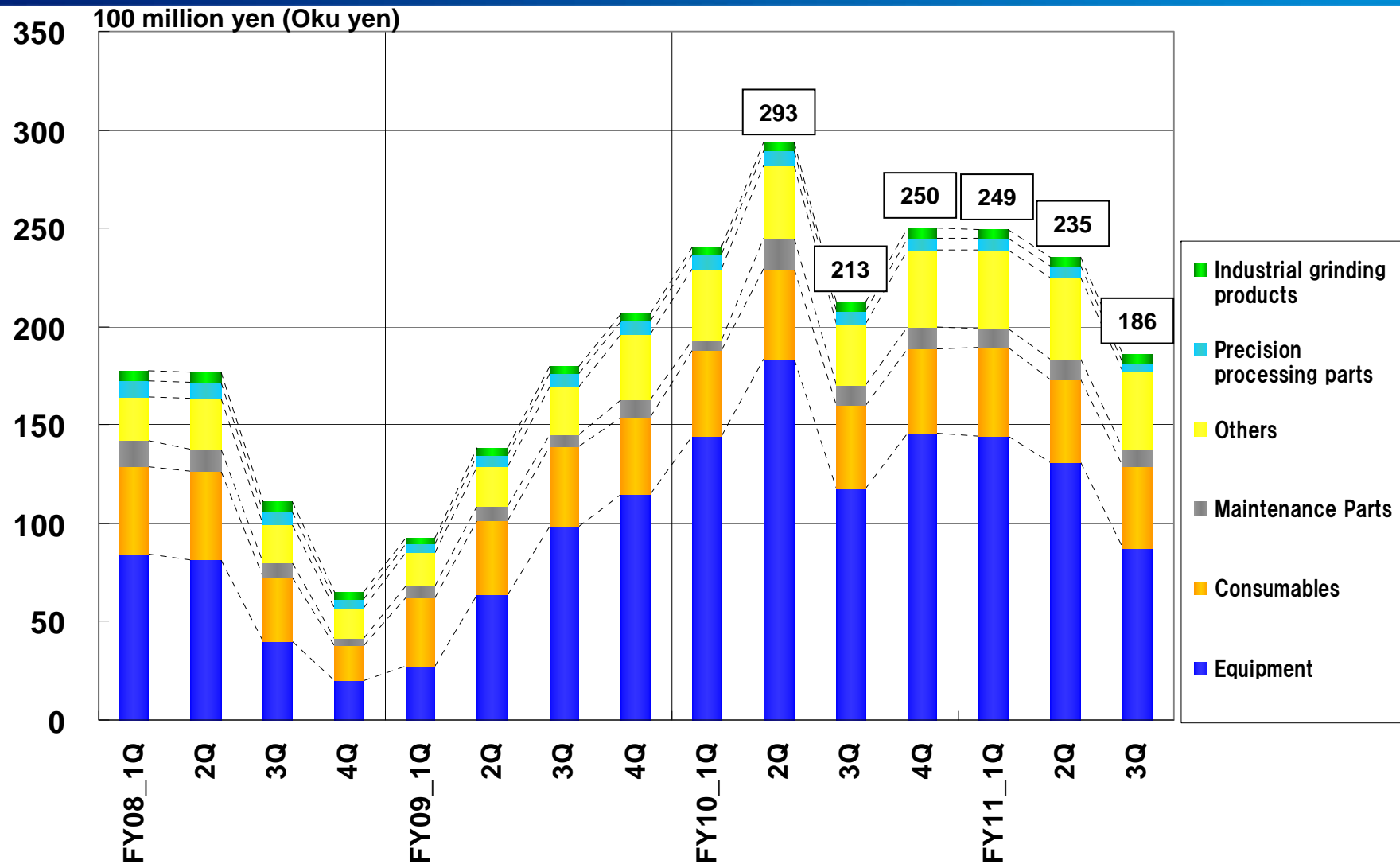
- Quarterly sales showed a marked downward trend in the third quarter of fiscal year 2011.

Quarterly Sales/Orders



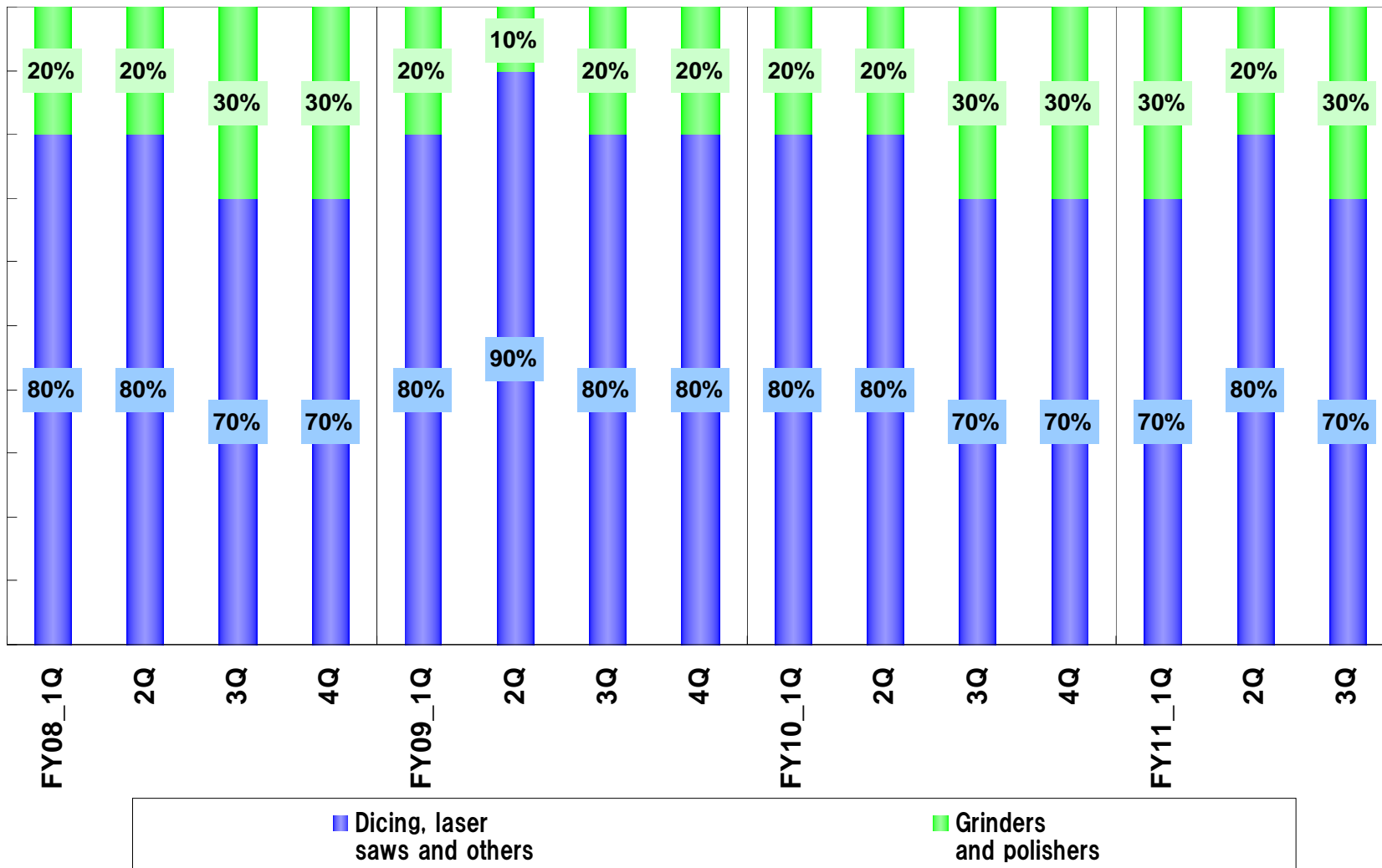
- 3Q orders amounted to ¥19.1bn, down by 10% (QoQ).

Consolidated Quarterly Sales Breakdown by Product



- Equipment sales decreased by about 30% (QoQ) accounting for less than 50% of total sales.

Quarterly Equipment Sales Breakdown

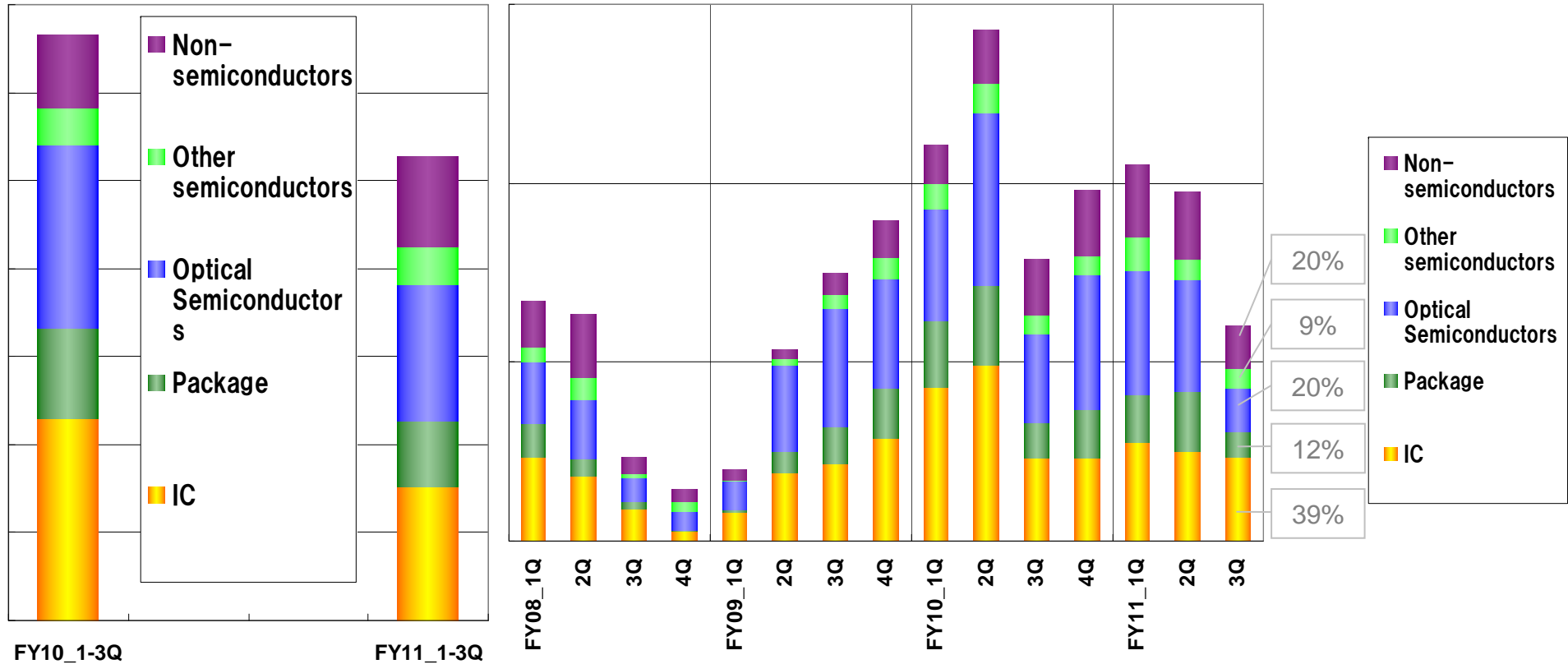


- The equipment sales ratio for dicers and grinders changed 7:3 (8:2 in Q2) owing to lower dicer sales.

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

*Cutting and dicing saws include blade dicers and laser saws

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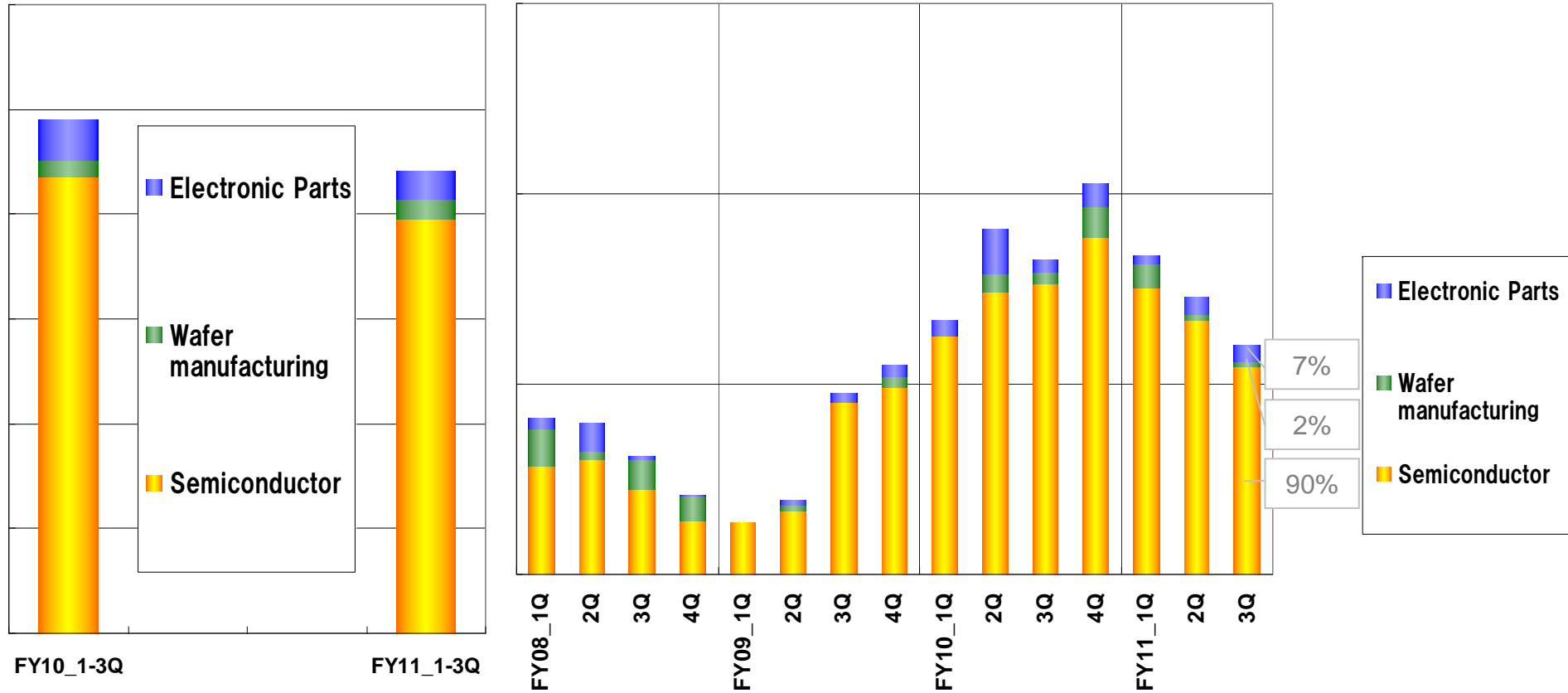


- Despite steady sales of dicers for IC processing applications, total dicer sales (incl. laser saws) reduced by about 40% (QoQ).
- Sales for optical semiconductor and package dicing reduced by half (QoQ).

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

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

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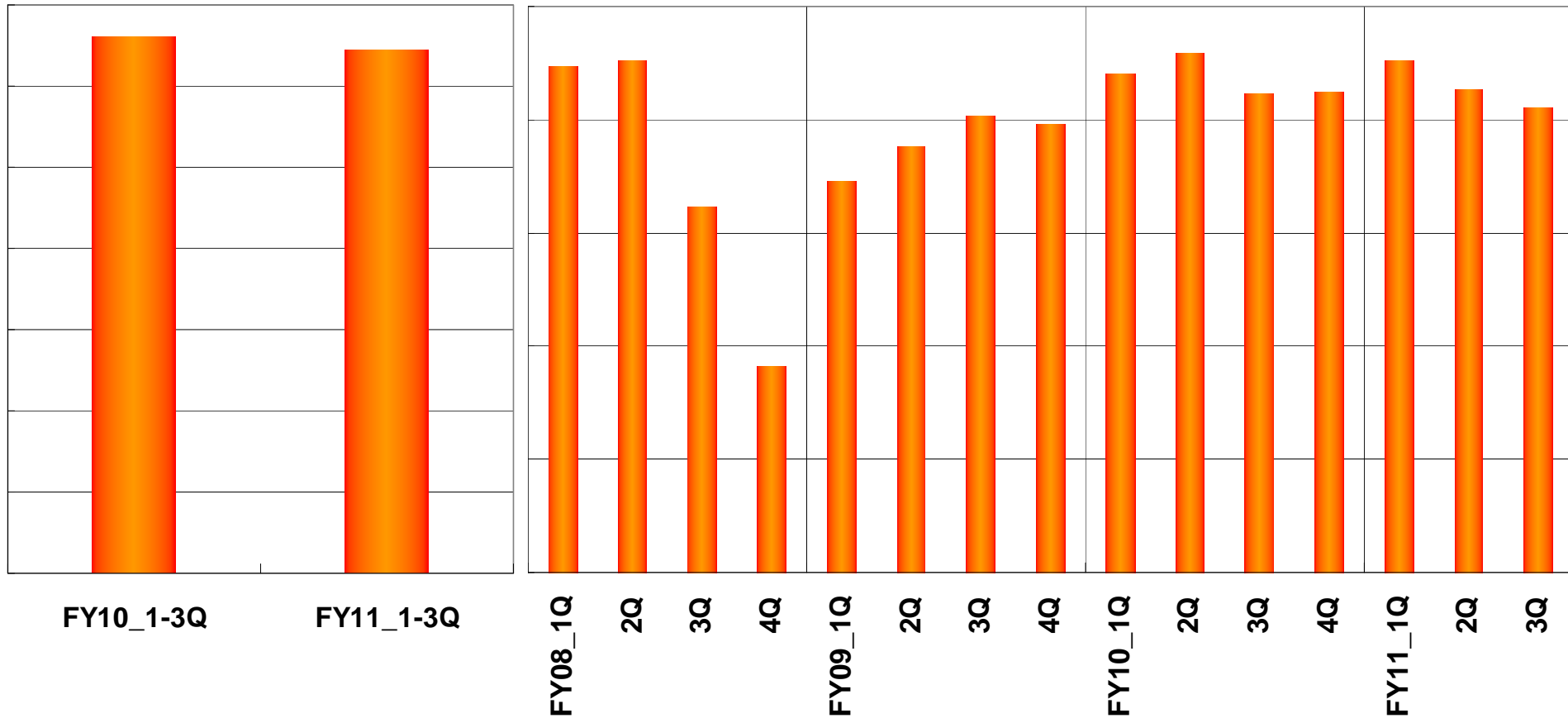


- Grinder sales declined by 20% (QoQ) though sales of high-end grinders for ultra-thinning were steady.

Consolidated
Consumables* Sales

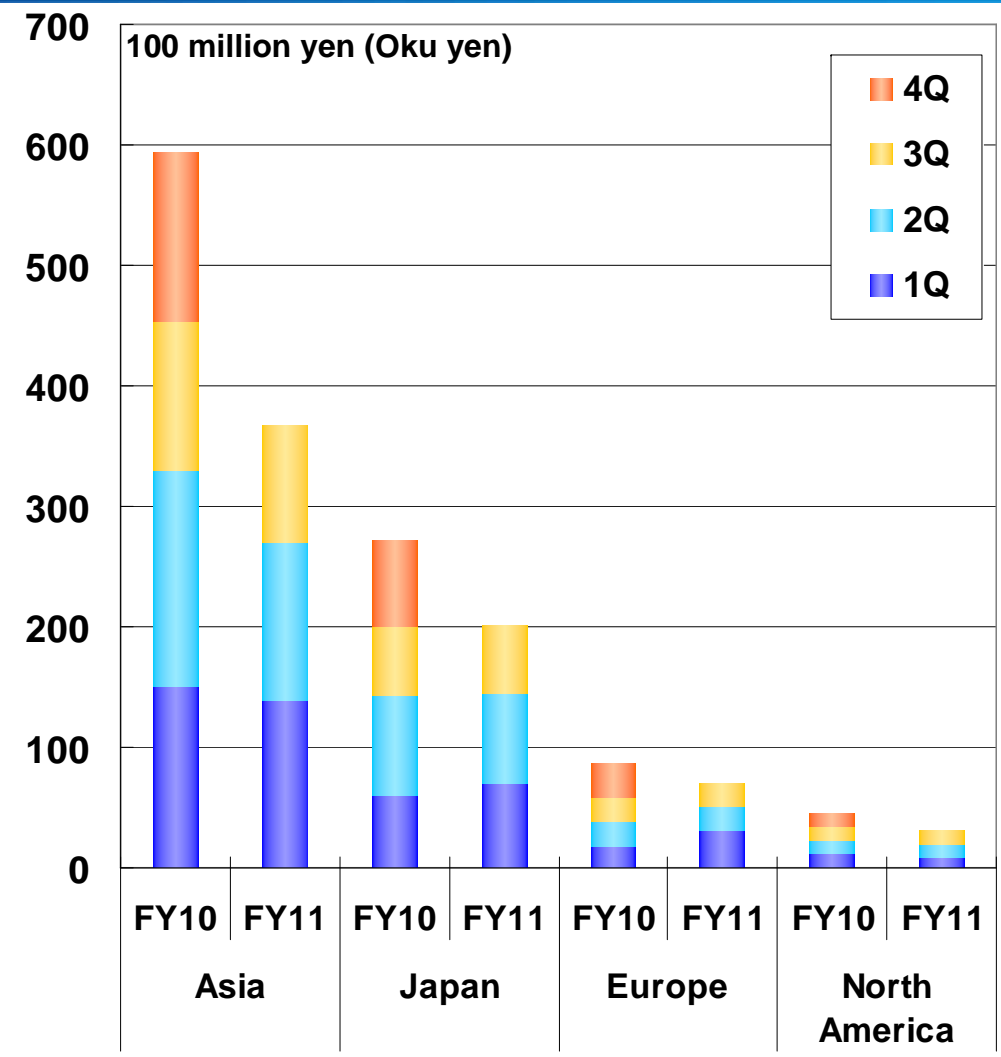
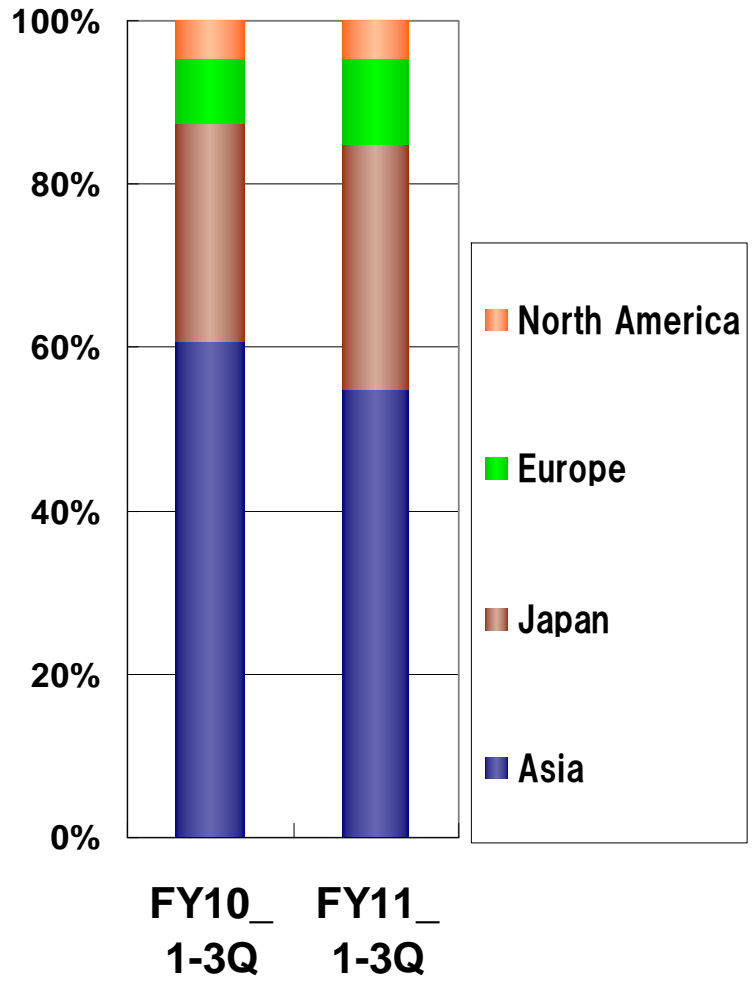
*Consumables include dicing blades, grinding wheels, and dry polishing wheels, etc.

YoY



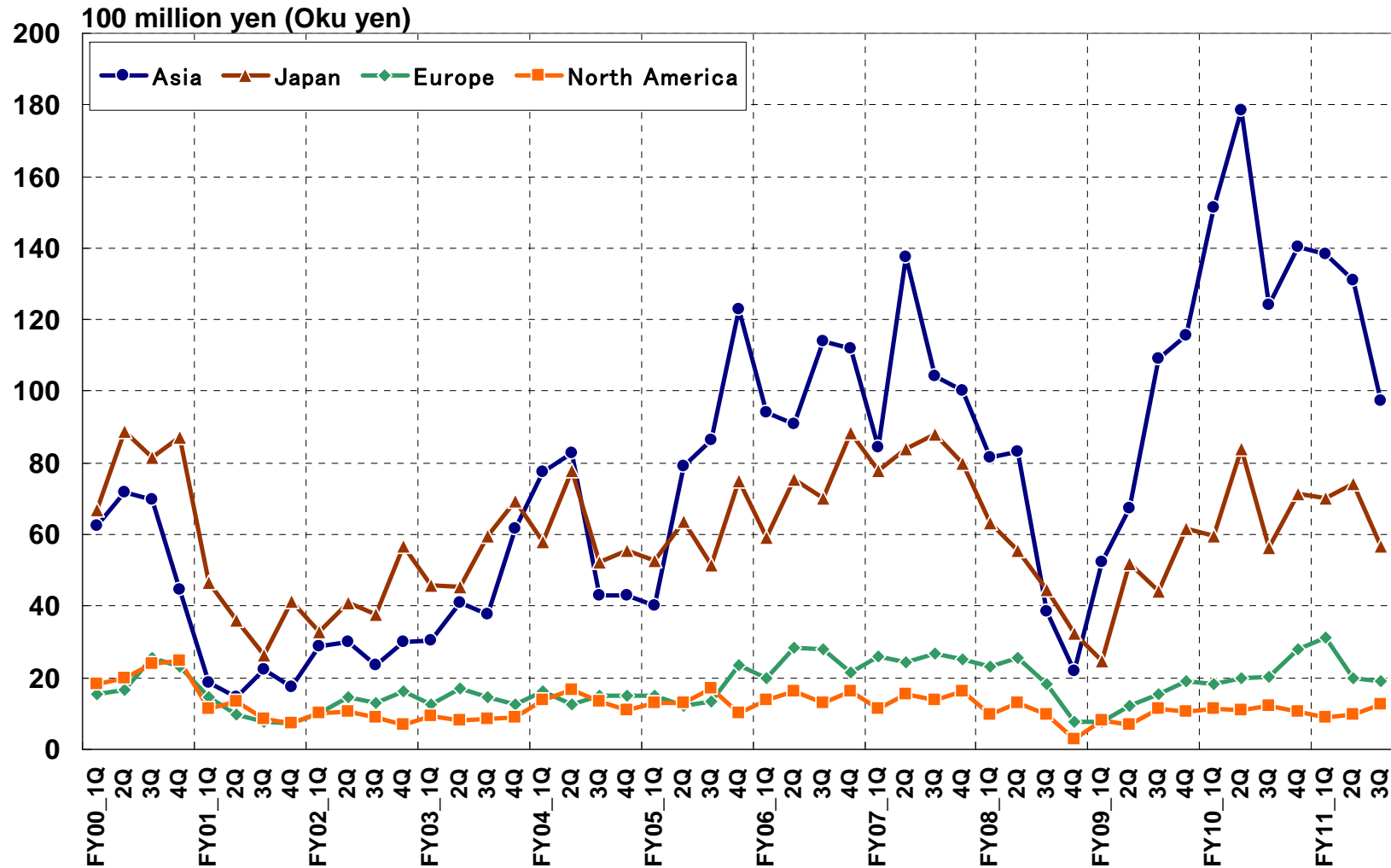
- Consumables sales remained relatively high.

Sales Breakdown by Region



- Sales from Asian regions fell by 6%, contributing to 55% of total sales (YoY)

Quarterly Regional Sales



- Sales for Asia and Japan fell by more than 20% (QoQ).

Balance Sheet (Summary)

Millions of Yen	FY2011 2Q	FY2011 3Q	Amount
Current Assets	77,945	70,560	-7,385
Cash and cash equivalents	22,368	15,607	-6,761
Notes and account receivable	25,456	24,325	-1,131
Inventories	26,832	26,413	-419
Fixed Assets	62,073	62,750	677
Tangible fixed assets and Non-tangible fixed assets	53,929	54,751	822
Total Assets	140,034	133,329	-6,705
Total Liabilities	39,731	33,649	-6,082
Current Liabilities	27,507	21,322	-6,185
Fixed Liabilities	12,224	12,326	102
Net assets	100,303	99,680	-623
Shareholders' Equity ratio (%)	70.9%	73.9%	+3.0p
Liabilities and shareholders' Equity	140,034	133,329	-6,705

Assets: Construction of Kure Plant Building C and the Singapore Office.

Decrease of cash position: taxes and bonuses payment.

Cash Flow (Summary)

Millions of Yen	FY2010 1-3Q	FY2011 1-3Q	Amount
Cash flows from operating activities	8,268	4,750	-3,518
Net income before tax	7,081	8,196	1,115
Depreciation	2,799	4,321	1,522
Trade receivables, inventories and buying debt	1,497	74	-1,423
Others	-3,109	-7,841	-4,732
Cash flows from investing activities	-3,887	-8,850	-4,963
Purchase of property, plant and equipment	-3,120	-5,403	-2,283
Others	-767	-3,447	-2,680
Cash flows from financing activities	-1,449	-2,436	-987
Repayment of long-term loans payable	-124	-137	-13
Cash dividend paid for minority shareholders	-1,345	-2,323	-978
Others	20	24	4
Free cash flow	4,381	-4,100	-8,481
Net change in of cash and cash equivalents	2,097	-7,348	-9,445
Balance of cash and cash equivalents, end of 3Q	21,928	12,482	-9,446

- Free cash flows Δ 4.1Bn.
- Tax payments and outstanding account of the construction.

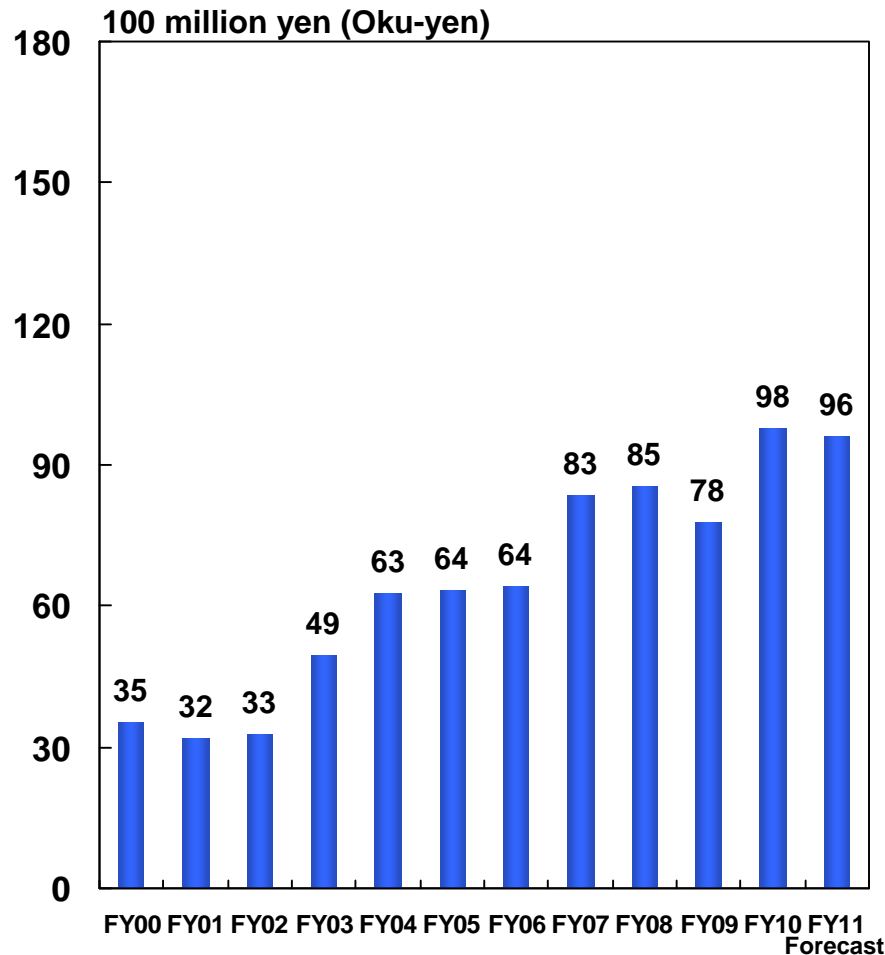
FY2011 Full-Year Earning Forecast

100 million yen (Oku-yen)	FY2011							Reference	
	1Q Actual	2Q Actual	1H Actual	3Q Actual	4Q Forecast	2H Forecast	Full Year Forecast	Previous forecast (Full Year)	Δ
Net Sales	249	235	484	186	205	391	875	893	-18
Operating Income	41	28	69	10	13	23	92	101	-9
Ordinary Income	42	30	71	12	13	25	96	103	-7
Ordinary Income Margin	16.7%	12.6%	14.7%	6.5%	6.3%	6.4%	11.0%	11.5%	-0.5p
Net Income	25	22	47	5	9	14	61	63	-2

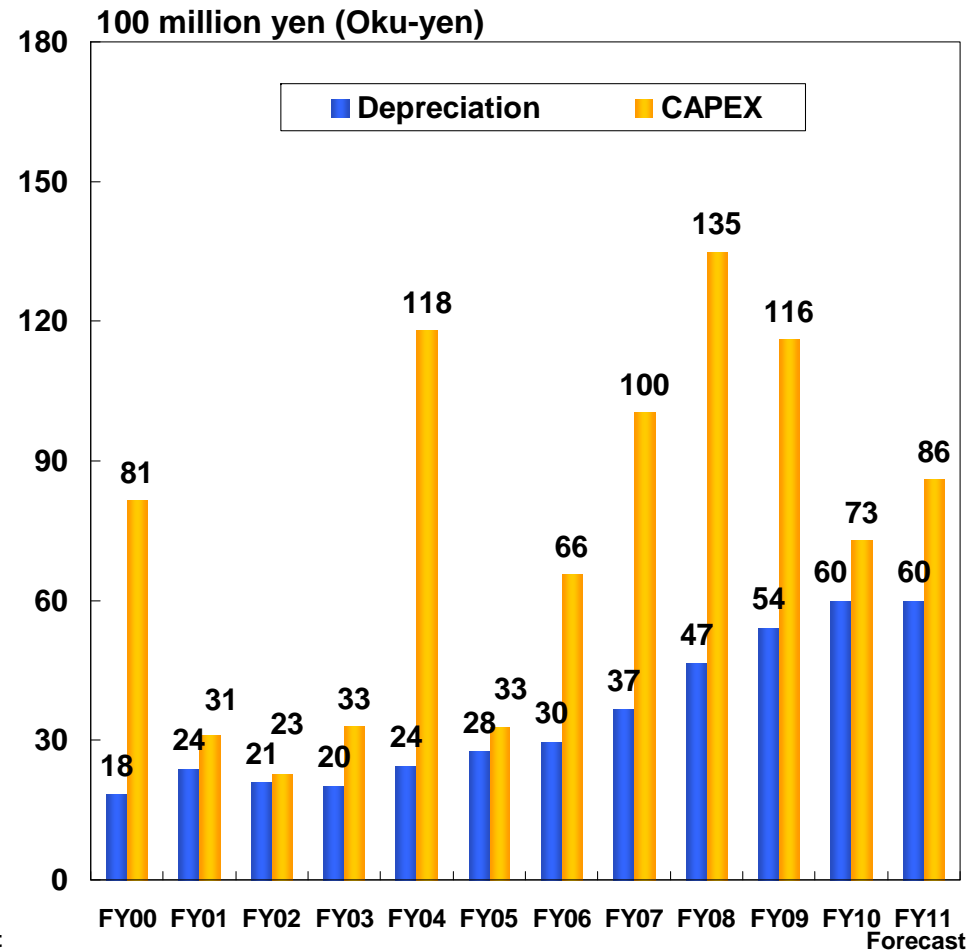
- We revised the forecast of sales and profits due to the slowdown of capital investment mainly from Asia.

Consolidated R&D/CAPEX Forecast

R&D Expense



Depreciation/CAPEX



- Despite the uncertain environment, we maintain a high level of R&D investment.

Dividend Policy and Dividend Payment

(Yen)

FY2011	Intermediate dividend	Year-end dividend	Annual dividend
Previous forecast	-	10	39
Revised forecast	-	10	39
Δ		0	0
Actual	29	-	-

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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