

FY2012 1Q Financial Results and FY2012 Forecasts

DISCO CORPORATION

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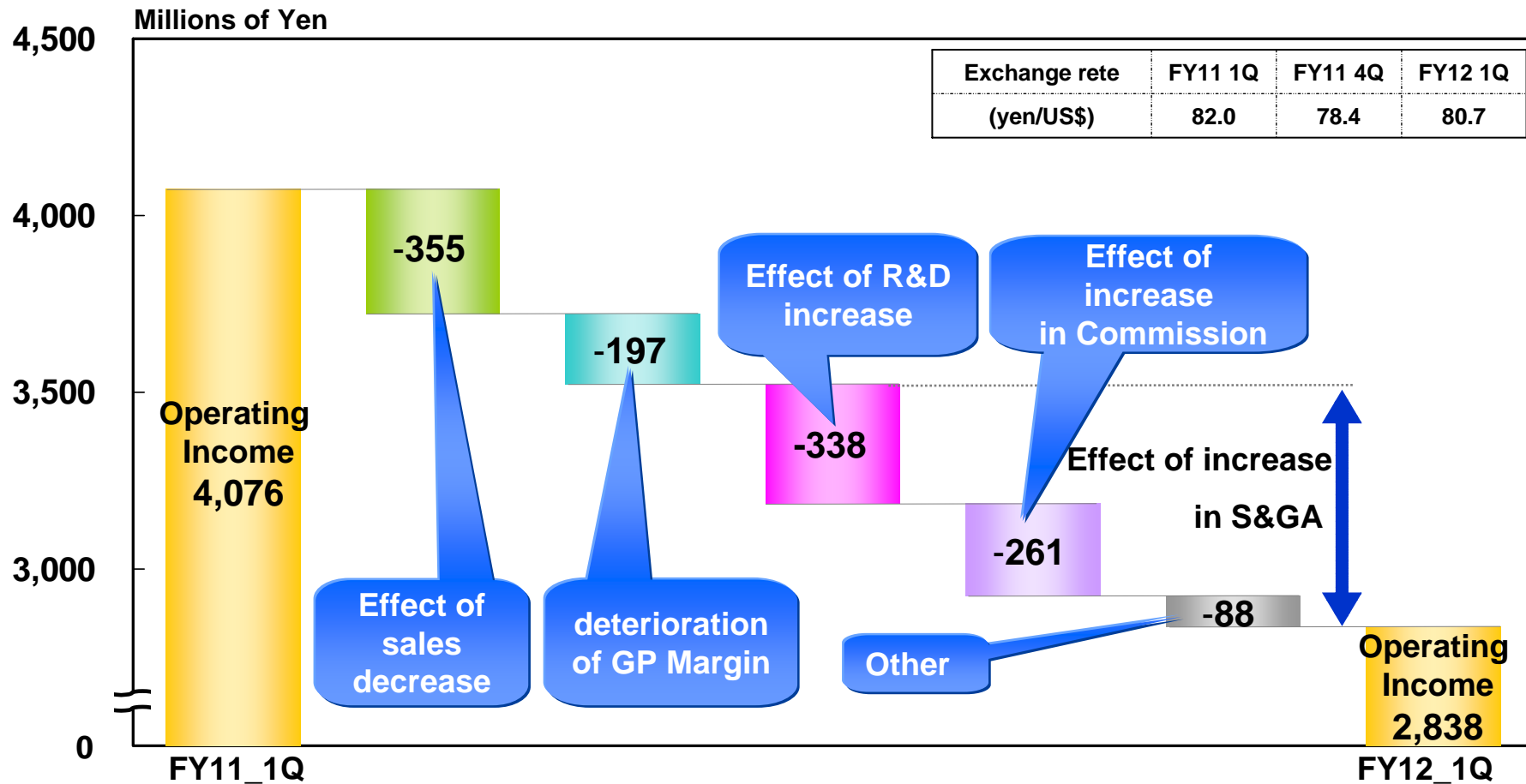
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FY2012 1Q Earnings Results

Millions of Yen	FY2012	FY2011	QoQ		FY2011	YoY	
	1Q		4Q	Amount		(%)	1Q
Net Sales	24,152	22,198	1,954	8.8%	24,907	-756	-3.0%
Gross Profit	11,153	10,685	468	4.4%	11,705	-552	-4.7%
Gross Profit Margin	46.2%	48.1%	-1.9p	-	47.0%	-0.8p	-
SG&A	8,315	7,930	385	4.9%	7,629	687	9.0%
Operating Income	2,838	2,755	83	3.0%	4,076	-1,239	-30.4%
Ordinary Income	3,024	2,919	105	3.6%	4,155	-1,131	-27.2%
Ordinary Income Margin	12.5%	13.2%	-0.7p	-	16.7%	-4.2p	-
Income before income taxes and minority interests	3,013	2,906	107	3.7%	4,163	-1,150	-27.6%
Net Income	1,972	1,967	5	0.3%	2,513	-541	-21.5%
Net Income Per Share (Yen)	58.54	-	-	-	74.62	-16.08	-

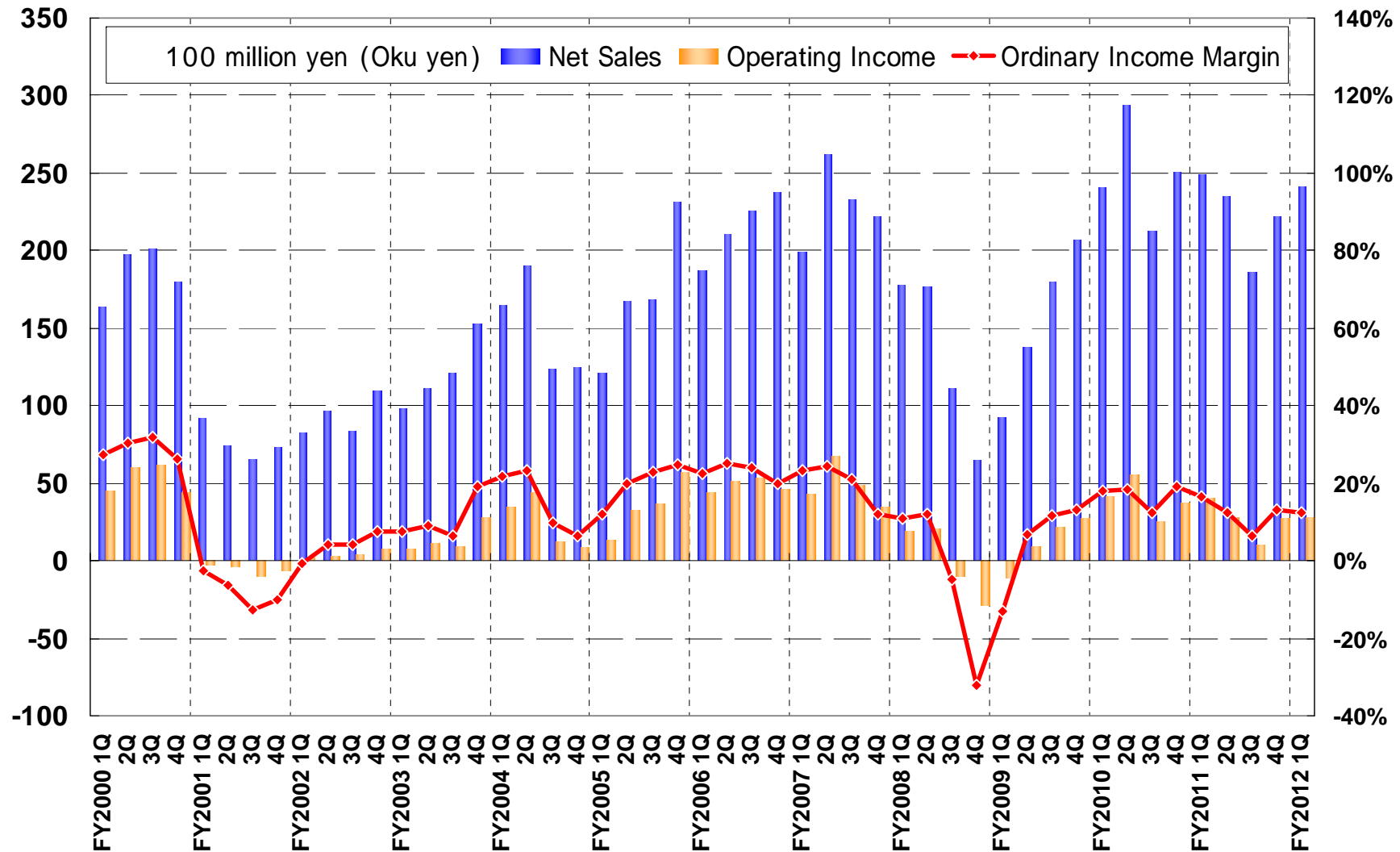
- FY12 1Q sales remained firm due to the active investment of the semiconductor manufacturers in the Asian region. (QoQ:+9% , YoY:-3%)

Operating Income Factorial Analysis



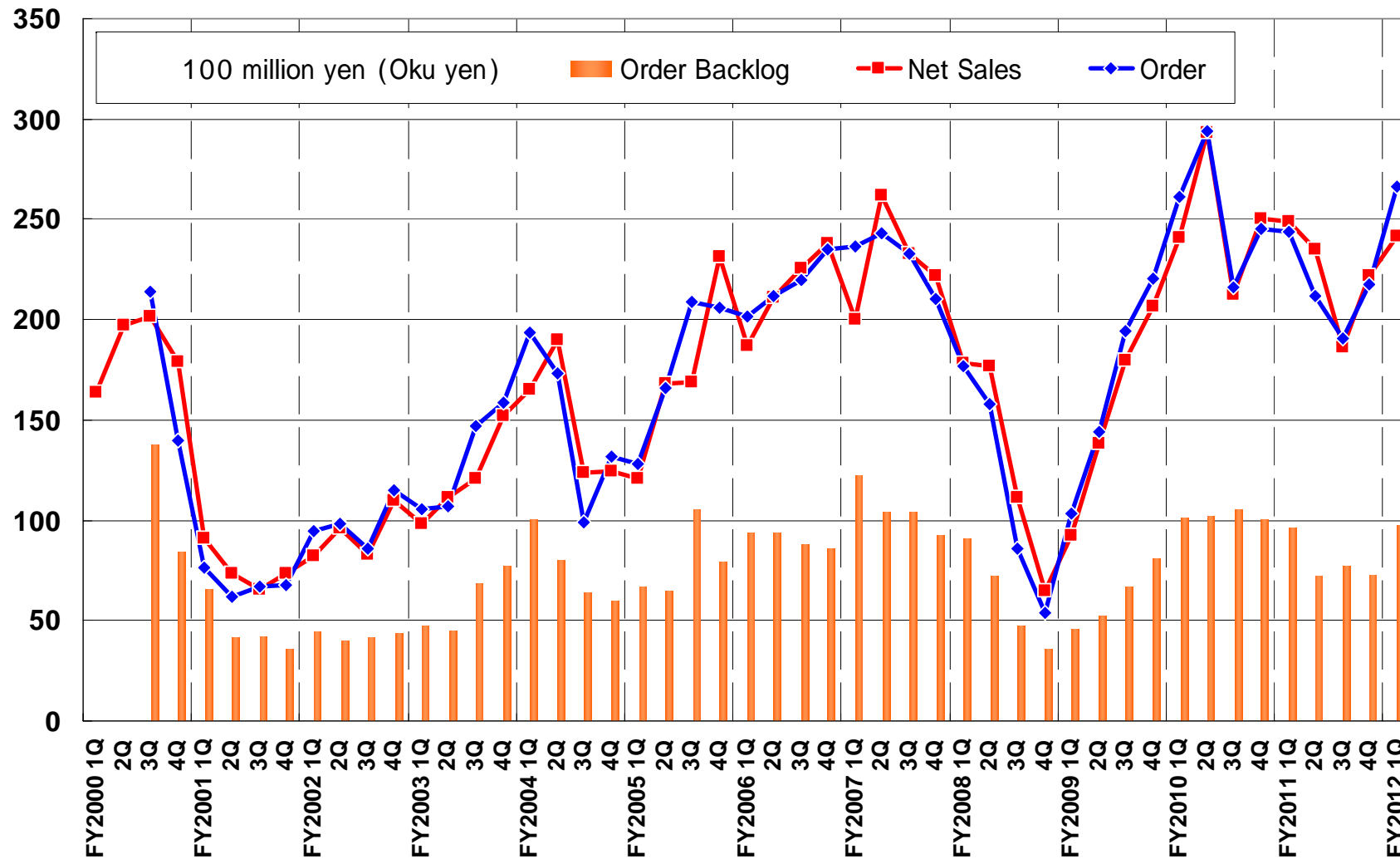
- Operating profit decreased by ¥1,200 million, compared to 1Q of the previous year. (GP related decline: ¥500 million, SG&A related decline: ¥700 million)

Quarterly Consolidated Financial Results



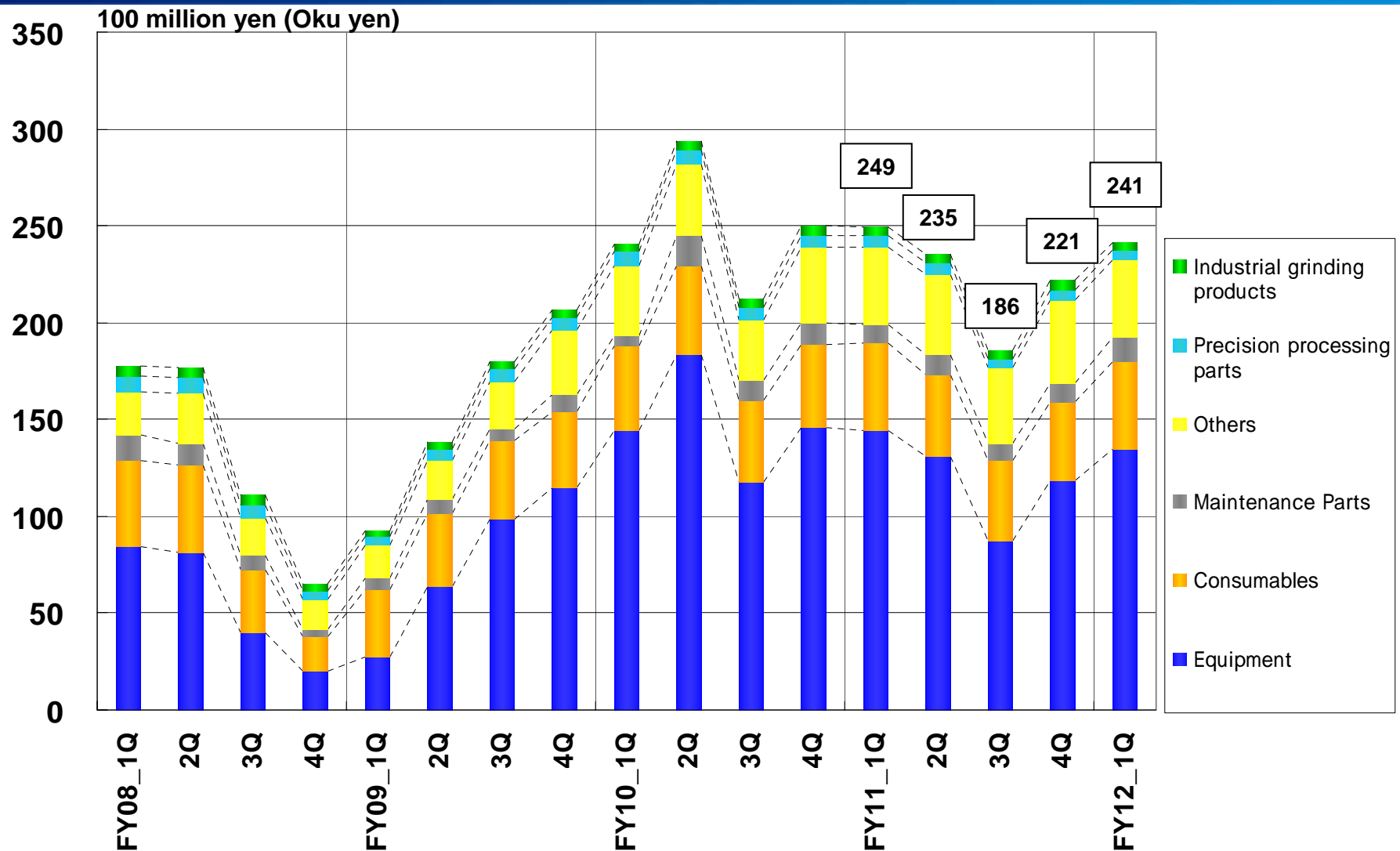
• Net sales fell sharply in the FY11 3Q, increased in 2 consecutive quarters.

Quarterly Sales/Orders



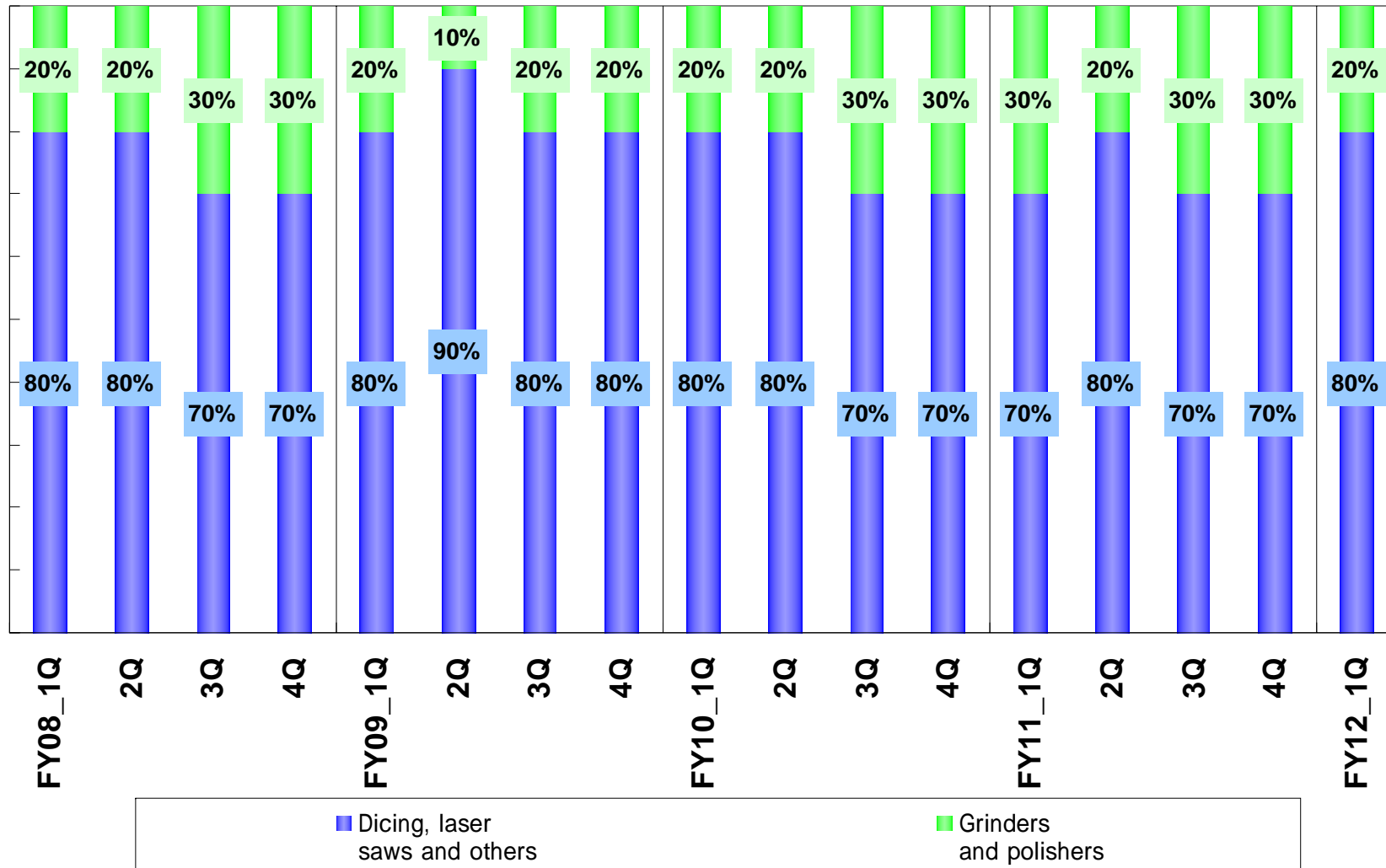
- FY12 1Q orders, amounting to ¥26,600 million, showed the second highest level, larger than the net sales amount of ¥24,152 million in the 1Q.

Consolidated Quarterly Sales Breakdown by Product



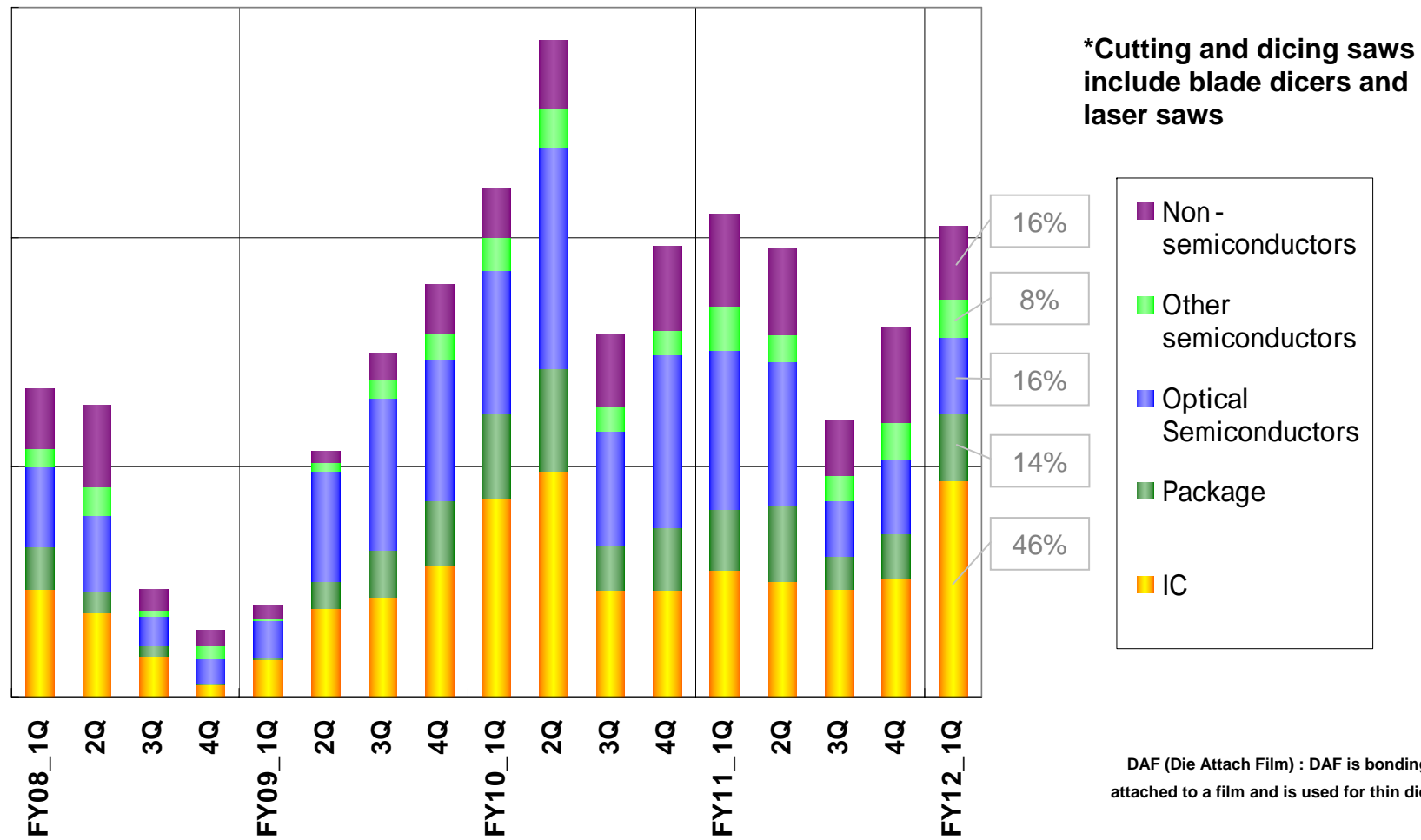
- 1Q sales of precision processing equipments, increased for the consecutive 2 quarters, contributed 56% of total sales.
- 1Q Consumable sales contributed 19% of total sales, and rose by 1 point compared to the previous quarter.

Quarterly Equipment Sales Breakdown



- Because especially dicing saws sales increased in the FY12 1Q, dicing saws and grinders accounted for 80% and 20% respectively.

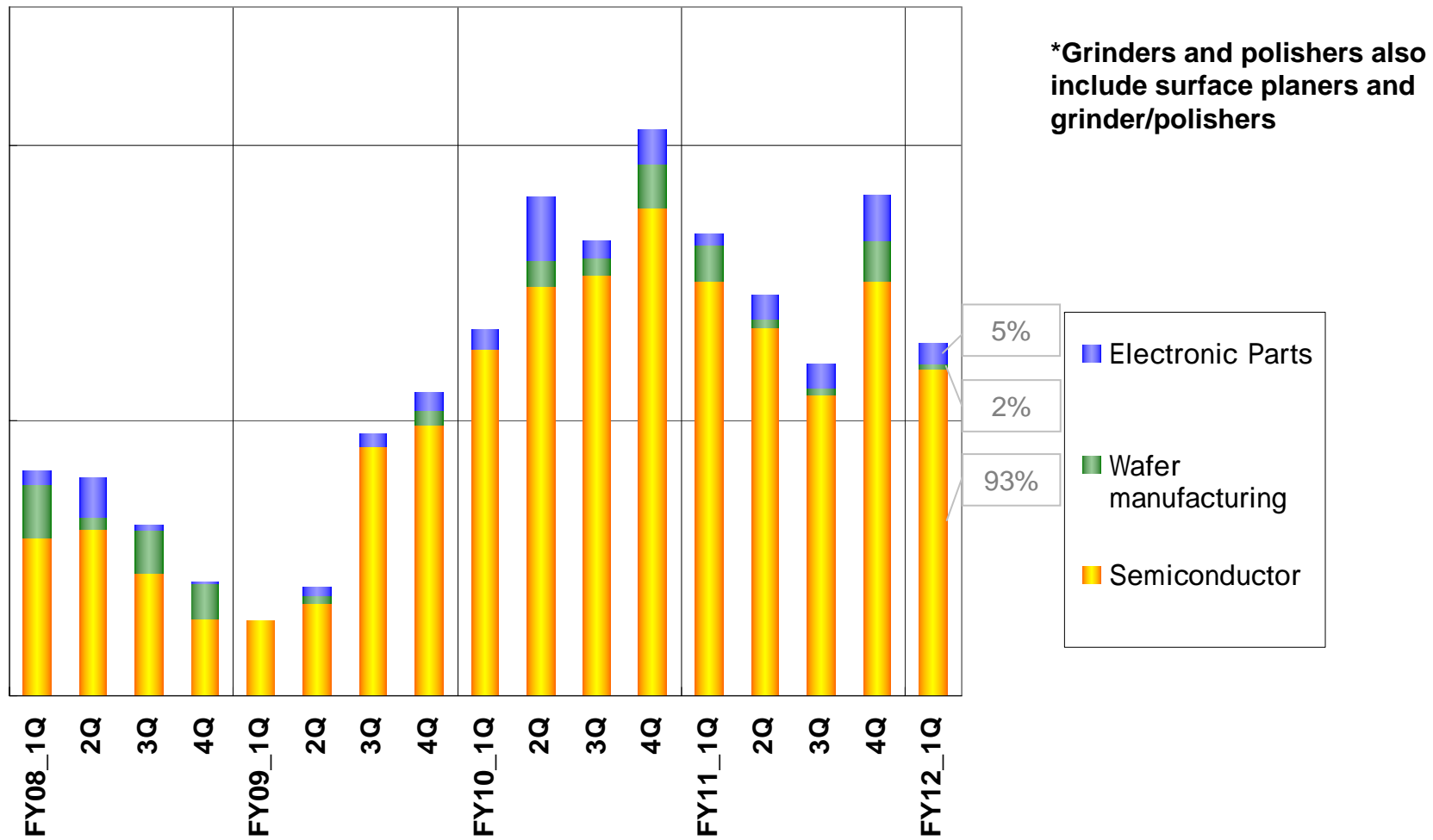
Equipment, Non-consolidated Cutting and Dicing Saws* Sales Breakdown by Application



DAF (Die Attach Film) : DAF is bonding material attached to a film and is used for thin die stacking.

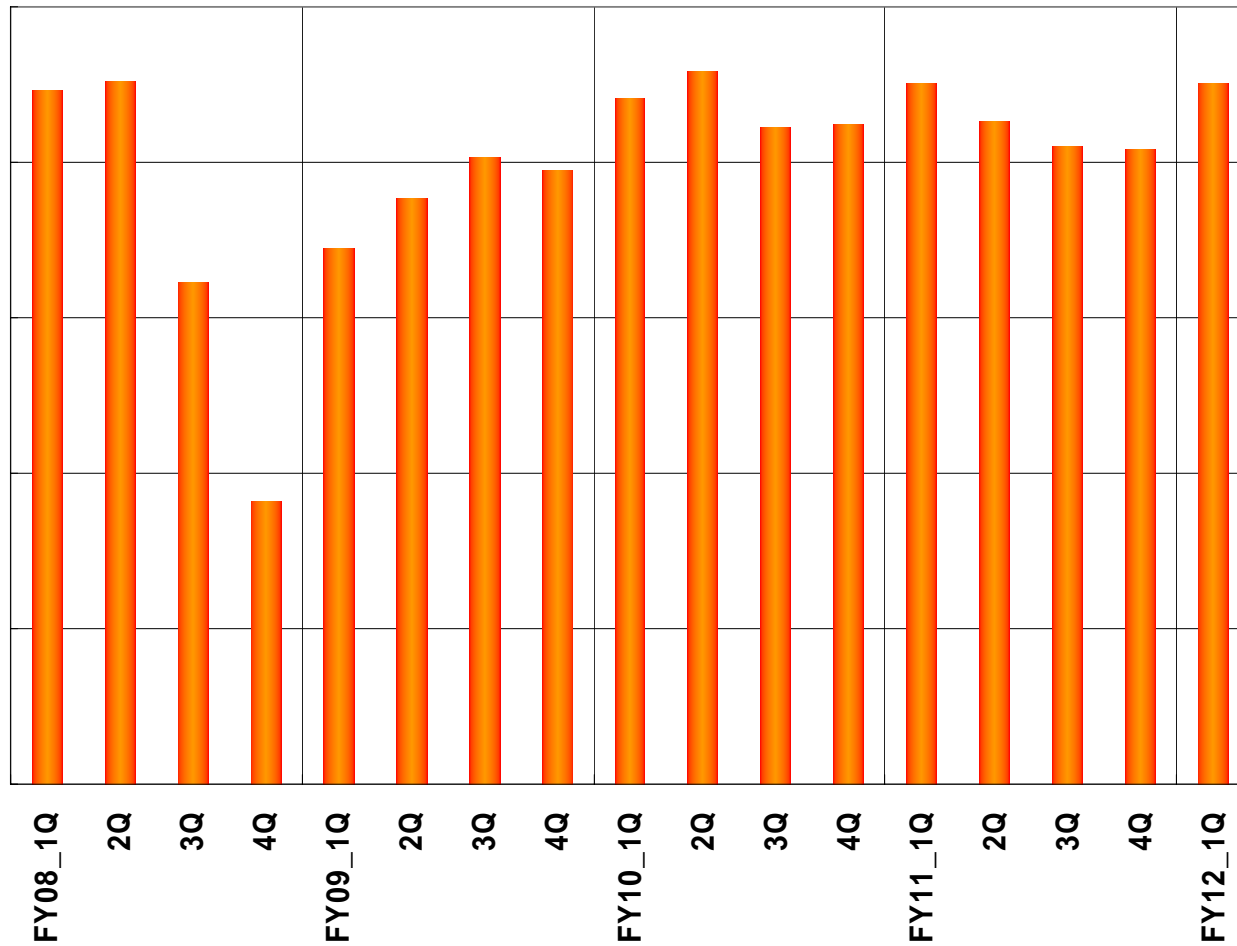
- Total dicing saw sales for the FY12 1Q showed a powerful recovery of 27% QoQ mainly due to the good sales for ICs.

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



- The shipments of hi-end equipment for grinding and polishing showed a healthy shift because IDM and OSAT in the Asia region invested heavily in wafer thinning related to NAND flash memory.

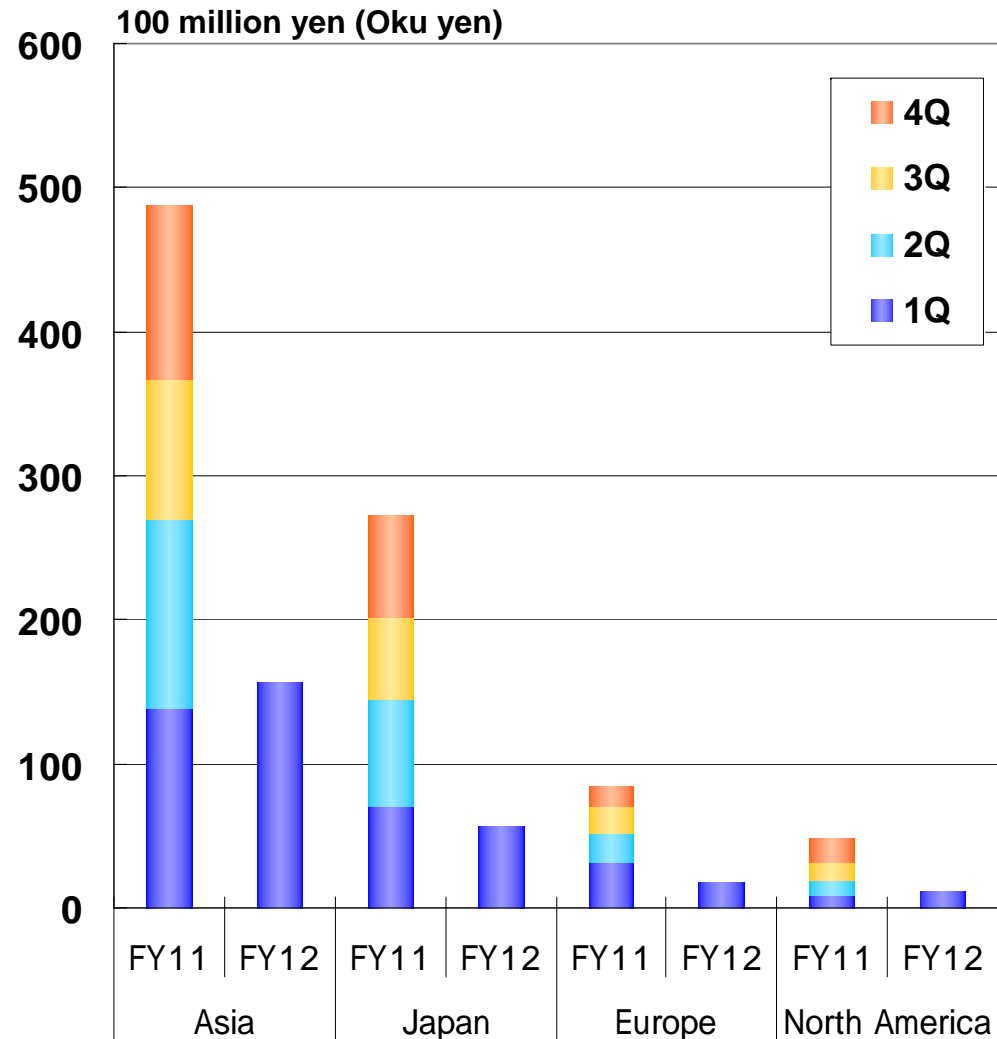
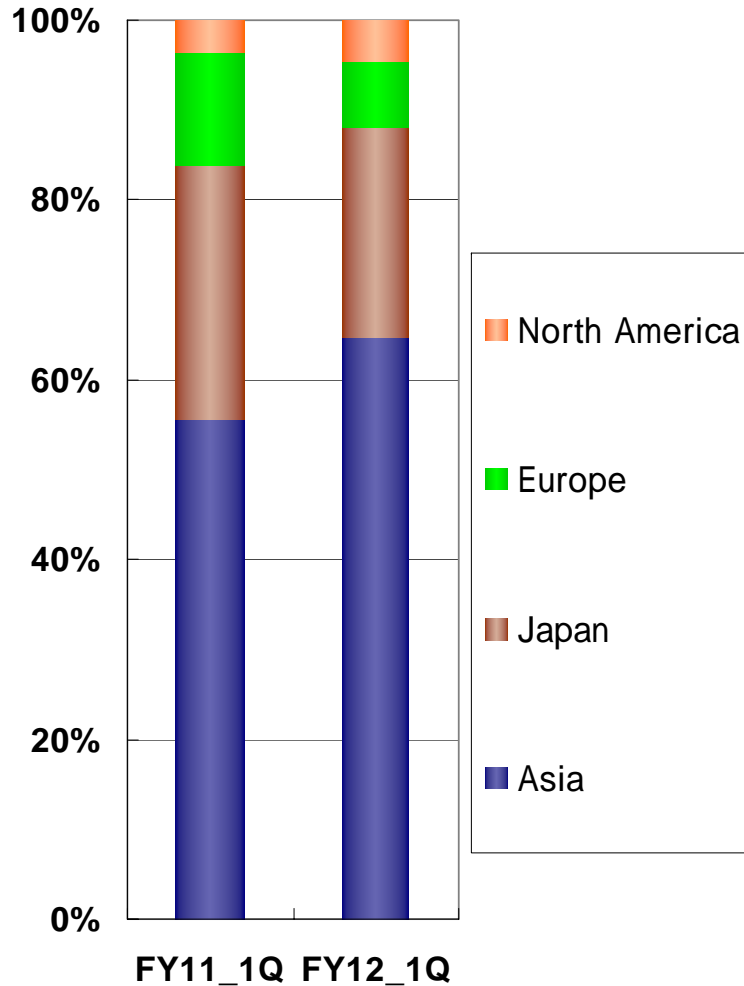
Consolidated
Consumables* Sales



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

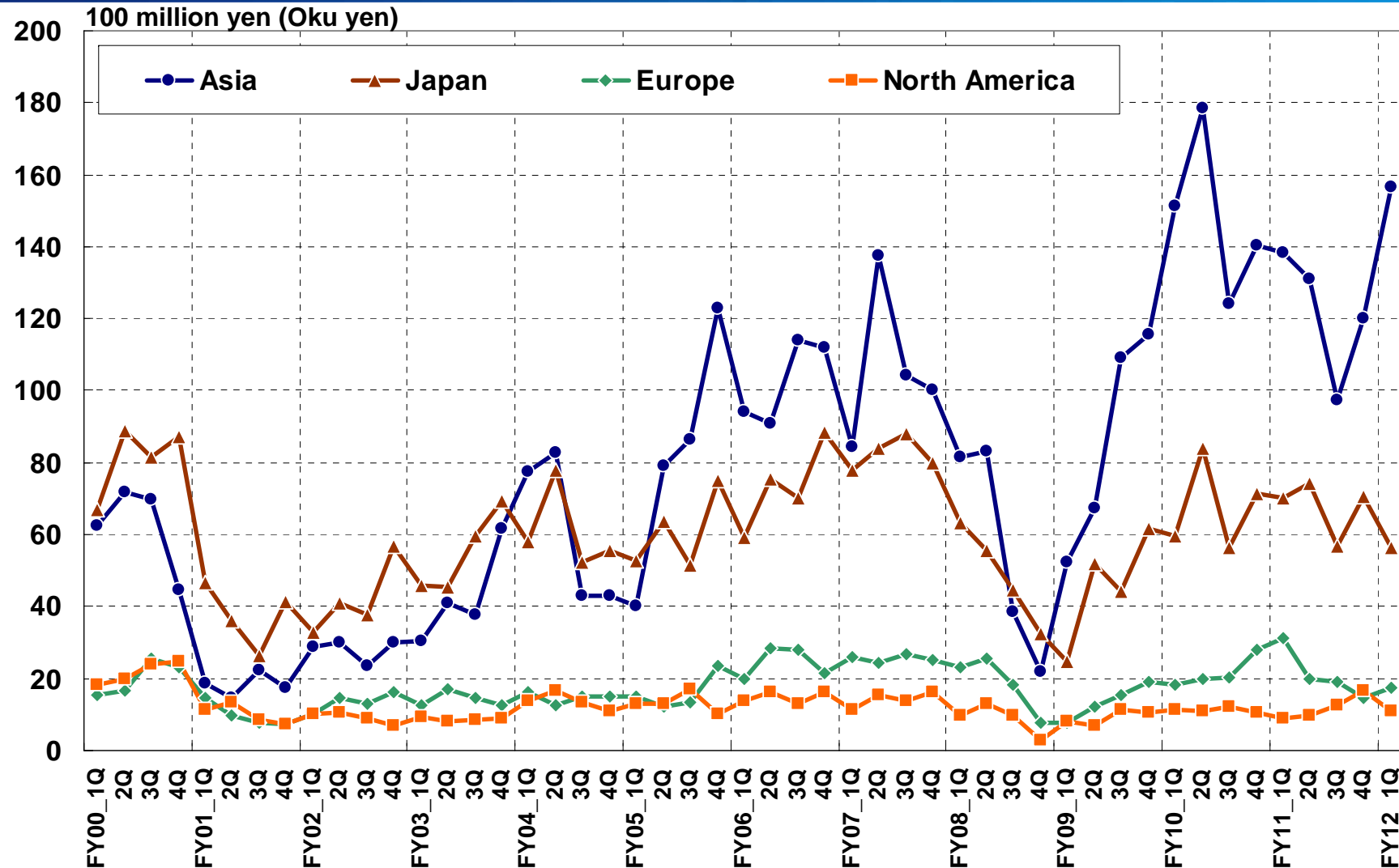
- Consumable sales, that saw a gradual decline during the 3 consecutive quarters, maintained a higher level of 11% QoQ increase and contributed to high main consumables sales due to increased demand in the semiconductor market.

Sales Breakdown by Region



- The FY12 1Q sales amount in the Asian region increased largely by 30% QoQ, because of a great sales increase in Taiwan, and had a composition ratio exceeding 60% of total sales.

Quarterly Regional Sales



- The FY12 1Q sales amount recorded the second highest total sales for the Asia region, Taiwan grew by 169% QoQ, Korea grew by 15% QoQ, China grew by 42% QoQ.

Balance Sheet (Summary)

Millions of Yen	FY2012 1Q	FY2011 4Q	Amount
Cash and deposits	20,837	15,170	5,666
Notes and account receivable	26,083	27,074	-991
Inventories	27,505	25,764	1,741
Total current assets	77,205	71,834	5,371
Property, plant and equipment	55,358	55,189	169
Total noncurrent assets	64,440	63,942	499
Total assets	141,657	135,789	5,868
Current liabilities	25,757	20,792	4,965
Noncurrent liabilities	12,490	12,460	30
Total liabilities	38,247	33,253	4,995
Total net assets	103,410	102,536	874
Total liabilities and net assets	141,657	135,789	5,868
Equity Ratio	72.1%	74.5%	-2.4p

[Comparison with the end of March]

Assets: Total assets increased by ¥5,900 million QoQ, and there was an increase in current assets in cash, account receivables and inventories.

Liabilities: Increased by ¥5,000 million mainly in account payables.

Net assets: Capital-asset ratios dropped by 2.4 points to 72.1%.

Cash Flow (Summary)

Millions of Yen	FY2012 1Q	FY2011 1Q	Amount
Net cash provided by (used in) operating activities	8,341	2,609	5,733
Income before income taxes and minority interests	3,013	4,163	-1,150
Depreciation and amortization	1,315	1,355	-40
Decrease (increase) in notes and accounts receivable - trade	641	105	536
Decrease (increase) in inventories	-1,891	-1,154	-737
Increase (decrease) in notes and accounts payable - trade	5,553	1,389	4,164
Income taxes (paid) refund	-241	-5,089	4,849
Net cash provided by (used in) investing activities	-1,843	-2,743	901
Purchase of property, plant and equipment	-1,700	-2,010	310
Free cash flow	6,498	-134	6,633
Net cash provided by (used in) financing activities	-673	-1,359	686
Cash dividends paid	-641	-1,347	707
Net change in of cash and cash equivalents	5,671	-1,721	7,393
Cash and cash equivalents at beginning of period	12,038	19,830	-7,792
Cash and cash equivalents at end of period	17,709	18,108	-399

- Cash flows from operating activities:

Increased by ¥8,300 million in comparison with the previous year due to a decrease in income before income taxes and an increase in account payables.

- Cash flows from investing activities:

There was a net outflow resulting from investing activities increased by expenditures for the acquisition of tangible fixed assets related to the new buildings at the Singapore office.

- Cash flows from financial activities:

Decreased by ¥600 million mainly due to dividend payments.

- Free cash flows were a positive ¥6,500 million, and the balance of cash and cash equivalents as of June 30, 2012 was ¥17,700 million.

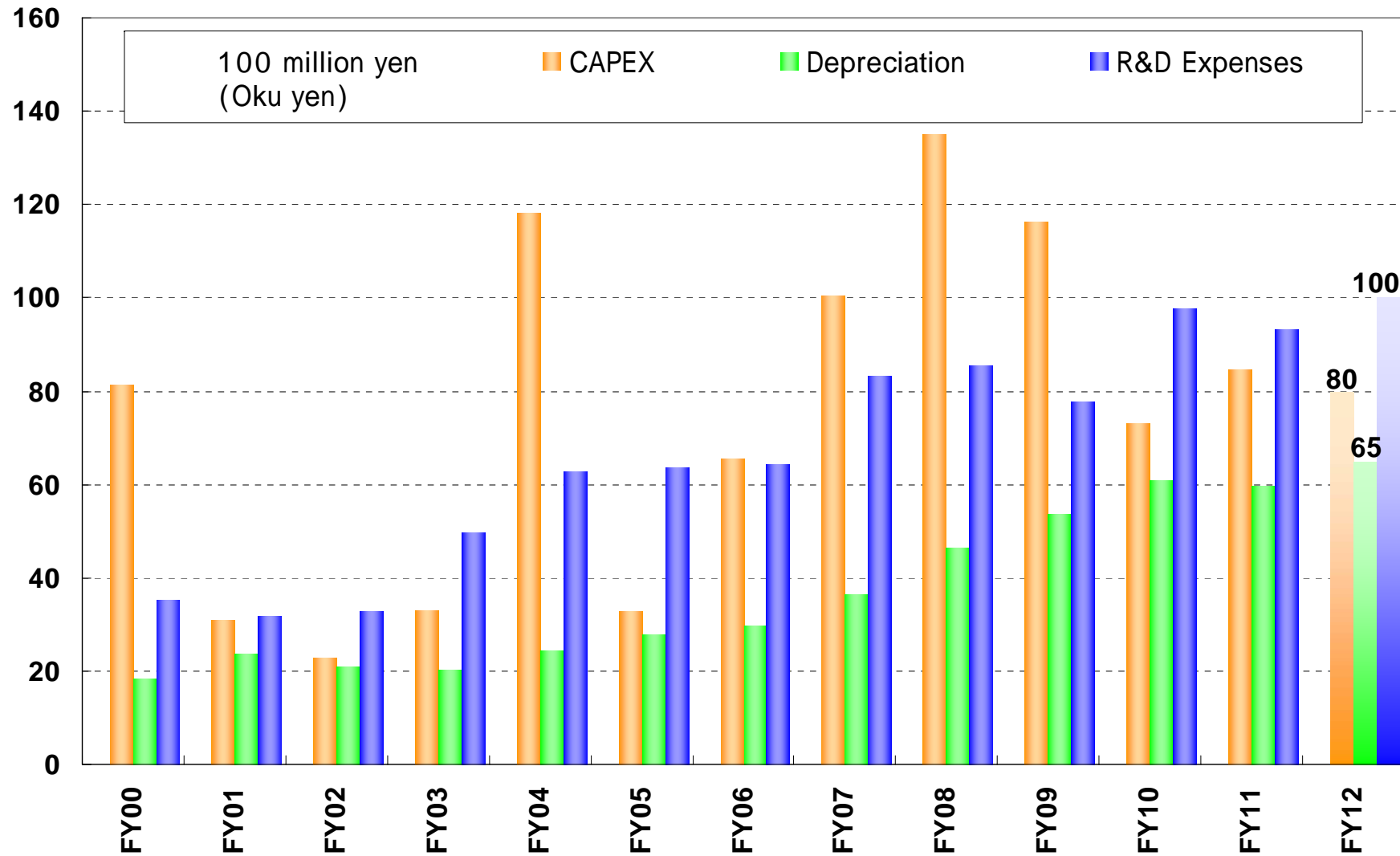
FY2012 Full-Year Earning Forecast

100 million yen (Oku yen)	1H	2H	Full Year	Reference Previous year's results	Amount
Net Sales	500	457	957	892	65
Operating Income	72	64	136	107	29
Ordinary Income	72	66	138	112	26
Net Income	48	46	94	72	22
Operating Income Margin	14.4%	14.0%	14.2%	11.9%	
Ordinary Income Margin	14.4%	14.4%	14.4%	12.6%	
Net Income Margin	9.6%	10.1%	9.8%	8.1%	

- We maintain the previous annual forecast, which was released on May 10th this year.
- Market conditions will likely become oblique. We will correspond to the customers' strategic production plans, driven by the robust demands for smartphone-related devices.

Projected exchange rates: US\$1/¥80 , 1€/¥100
 Effect per ¥1 fluctuation in exchange rates (non- consolidated, whole year)
 US\$: ¥351 million , Euro : ¥18 million

Consolidated R&D/CAPEX Forecast



- We maintain the previous annual forecast, which was released on May 10th this year.

Capital Investment



New "C" Building at Kure Plant Production facility for precision processing tools	
Date of completion	January 27 2012
Total investment	¥3,000 million
Purpose	<ul style="list-style-type: none"> • To increase production capacity for precision blades and wheels in anticipation of growth in production of semiconductors • Consolidation of aging facilities • To achieve a 1.25 times increase in the floor area of the office (approximately 15,000m²)
Building structure	Seven-story building with seismic isolation system

New Singapore office construction DISCO HI-TEC Singapore One-Stop Solution Center	
Date of completion	Jun 29 2012
Total investment	¥2,000 million
Purpose	<ul style="list-style-type: none"> • To expand and improve application facilities, R&D facilities and training facilities • To meet all these requirements in a single location by integrating the above facilities • To achieve a six-fold increase in the floor area of the office (approximately 10,000m²)
Building structure	Six-story RC

Dividend Policy and Dividend Payment

(Yen)

FY2012	Intermediate dividend	Year - end dividend	Annual dividend
Forecast	36	35	71

FY2011	Intermediate dividend	Year - end dividend	Annual dividend
Actual	29	19	48

Dividend Policy

At a meeting held on May 10, 2012, the Board of Directors adopted the new dividend policy.

1. There will be interim and final dividends, each of which will be equivalent to 25% of half-yearly consolidated net income.

This new policy will be applied from the second half of the year ending March 2012.

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. 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.

[Remarks]

The company deleted the following term "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."

DISCO

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