



November 11, 2010

## Consolidated Financial Results for the Second Quarter of Fiscal Year 2010

Company name: DISCO Corporation  
 Stock code number: 6146 (Tokyo Stock Exchange 1st Section)  
 URL: <http://www.disco.co.jp>  
 Telephone number: 81-3-4590-1099

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated Results of FY2010 2Q (April 1, 2010 though September 30, 2010)

#### 1) Operating results (Accumulated)

	Six months ended		
	September 30, 2010	September 30, 2009	YoY(%)
Net sales	53,405	23,058	131.6%
Operating income	9,671	(179)	-
Ordinary income	9,779	(283)	-
Net income	6,386	(95)	-
Net income per share (yen)	190.03	(2.84)	-
Fully diluted net income per share (yen)	180.30	-	-

#### 2) Financial position

	As of September 30, 2010	As of March 31, 2010
Total assets	137,466	124,313
Net assets	93,327	88,091
Equity ratio (%)	67.3%	70.3%
Net assets per share (yen)	2,752.72	2,599.69

(Reference) Equity (defined as shareholders' equity plus valuation and translation adjustments) :

92,513 million yen (as of September 30, 2010)  
 87,367 million yen (as of March 31, 2010)

### 2. Dividends

	Fiscal Year 2010 Actual	Fiscal Year 2009	Fiscal Year 2010 Forecast
1Q-end dividend per share (yen)			
2Q-end dividend per share (yen)	25.00	10.00	
3Q-end dividend per share (yen)			
Year-end dividend per share (yen)		10.00	32.00
Annual dividend per share (yen)		20.00	57.00

Note: Revision of dividends forecast for during this period: Yes

### 3. Earnings Forecasts of FY2010

(Millions of yen)

	Year ending March 31, 2011	YoY (%)
Net sales	98,000	58.8
Operating income	14,500	210.6
Ordinary income	15,700	244.2
Net income	9,500	284.6
Net income per share (yen)	282.67	

Note: Revision of earnings forecast for during this period: Yes

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#### 4. Others

- 1) Important changes in subsidiaries: None
- 2) Use of simplified accounting method and special accounting policy for quarterly financial reporting: Yes
- 3) Changes in principles, procedures and display of accounting method concerning quarterly consolidated statement policies.
  1. Changes in accounting policies: None
  2. Other changes: None
- 4) Number of shares outstanding (common stock)
  - Number of shares issued (include treasury stocks)
    - As of June 30, 2010: 34,004,418 shares
    - As of March 31, 2009: 34,004,418 shares
  - Number of shares of treasury stock
    - As of June 30, 2010: 396,496 shares
    - As of March 31, 2009: 397,346 shares
  - Average number of shares (1Q)
    - As of June 30, 2010: 33,607,838 shares
    - As of June 30, 2009: 33,604,761 shares

#### Information regarding the implementation of quarterly review procedures:

These quarterly financial results are not subject to quarterly review procedures. Thus, at the time of disclosure of these financial results, the quarterly financial statement review procedures based on the Financial Instruments and Exchange Law, have not been completed.

#### Explanations on the appropriate use of earnings forecasts:

The performance forecasts and estimates stated in this Financial Review are based on certain assumptions judged to be reasonable at the present time in light of information currently available. Consequently, actual operating results may differ substantially from the projections in the Financial Review.

#### (Reference) Non-consolidated Earnings Forecasts of FY2010

	(Millions of yen)	
	Year ending March 31, 2011	YoY (%)
Net sales	83,000	66.5
Operating income	10,400	387.0
Ordinary income	11,800	291.1
Net income	7,300	335.1
Net income per share (yen)	217.21	

Note: Revision of non-consolidated earnings forecast for during this period: Yes

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**1. Consolidated Financial Statement****1) Consolidated Balance Sheets (Unaudited)**

	(Millions of yen)	
	As of September 30, 2010	As of March 31, 2010
<b>Assets</b>		
Current assets		
Cash and deposits	20,122	18,247
Notes and accounts receivable-trade	30,042	23,087
Merchandise and finished goods	5,667	5,007
Work in process	6,913	5,920
Raw materials and supplies	9,429	7,612
Other	4,319	3,113
Allowance for doubtful accounts	(34)	(63)
Total current assets	76,460	62,926
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	30,669	28,933
Land	12,772	12,794
Other, net	9,830	11,950
Total property, plant and equipment	53,272	53,678
Intangible assets	881	756
Investments and other assets		
Other	6,883	6,968
Allowance for doubtful accounts	(51)	(38)
Total investments and other assets	6,831	6,929
Total noncurrent assets	60,985	61,364
Deferred assets	20	22
<b>Total assets</b>	<b>137,466</b>	<b>124,313</b>

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	(Millions of yen)	
	As of September 30, 2010	As of March 31, 2010
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	17,442	12,557
Short-term loans payable	-	1,000
Current portion of long-term loans payable	200	-
Income taxes payable	4,051	403
Provision for bonuses	2,762	1,851
Other provision	426	258
Other	7,352	6,713
<b>Total current liabilities</b>	<b>32,234</b>	<b>22,784</b>
<b>Noncurrent liabilities</b>		
Convertible bond-type bonds with subscription	10,000	10,000
<b>rights to shares</b>		
Long-term loans payable	300	2,000
Provision	980	815
Negative goodwill	74	119
Other	549	501
<b>Total noncurrent liabilities</b>	<b>11,904</b>	<b>13,437</b>
<b>Total liabilities</b>	<b>44,138</b>	<b>36,221</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	14,517	14,517
Capital surplus	15,606	15,604
Retained earnings	65,208	59,141
Treasury stock	(1,063)	(1,065)
<b>Total shareholders' equity</b>	<b>94,268</b>	<b>88,197</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	5	11
Foreign currency translation adjustment	(1,760)	(841)
<b>Total valuation and translation adjustments</b>	<b>(1,755)</b>	<b>(829)</b>
Subscription rights to shares	680	589
Minority interests	133	134
<b>Total net assets</b>	<b>93,327</b>	<b>88,091</b>
<b>Total liabilities and net assets</b>	<b>137,466</b>	<b>124,313</b>

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**2) Consolidated Statements of Income**

	(Millions of yen)	
	FY2009	FY2010
	1H	1H
Net sales	23,058	53,405
Cost of sales	12,609	28,455
Gross profit	10,448	24,950
Selling, general and administrative expenses	10,628	15,278
Operating income (loss)	(179)	9,671
Non-operating income		
Interest income	28	26
Amortization of negative goodwill	44	44
Equity in earnings of affiliates	5	67
Other	82	55
Total non-operating income	161	194
Non-operating expenses		
Interest expenses	228	17
Foreign exchange losses	4	10
Depreciation	-	22
Other	32	36
Total non-operating expenses	265	86
Ordinary income (loss)	(283)	9,779
Extraordinary income		
Gain on sales of noncurrent assets	0	8
Reversal of allowance for doubtful accounts	-	13
Subsidy income for furlough	240	-
Other	7	2
Total extraordinary income	248	24
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	28	120
Loss on valuation of investment securities	29	0
Special retirement expenses	91	33
Furlough expenses	178	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	45
Other	-	14
Total extraordinary losses	327	214
Income (loss) before income taxes	(362)	9,589
Income taxes-current	226	3,992
Income taxes-deferred	(487)	(792)
Total income taxes	(260)	3,199
Income before minority interests	-	6,390
Minority interests in income (loss)	(6)	3
Net income (loss)	(95)	6,386

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**3) Consolidated Statements of Cash Flows**

Consolidated Statements of cash flows	(Millions of yen)	
	FY2009 1H	FY2010 1H
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(362)	9,589
Depreciation and amortization	2,458	2,830
Amortization of negative goodwill	(44)	(44)
Loss (gain) on valuation of investment securities	29	0
Equity in (earnings) losses of affiliates	(5)	(67)
Increase (decrease) in allowance for doubtful accounts	(1)	(7)
Increase (decrease) in provision for bonuses	(24)	859
Loss (gain) on sales and retirement of property, plant and equipment	16	68
Interest and dividends income	(32)	(33)
Interest expenses	228	17
Decrease (increase) in notes and accounts receivable-trade	(3,777)	(7,626)
Decrease (increase) in inventories	1,635	(3,236)
Increase (decrease) in notes and accounts payable-trade	1,896	4,919
Other, net	1,790	2,322
Subtotal	3,806	9,592
Interest and dividends income received	20	57
Interest expenses paid	(117)	(14)
Income taxes (paid) refund	388	(339)
Net cash provided by (used in) operating activities	4,097	9,295
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(5,423)	(3,989)
Proceeds from sales of property, plant and equipment	33	9
Purchase of intangible assets	(24)	(204)
Payments into time deposits	(9,400)	(581)
Proceeds from withdrawal of time deposits	-	3,059
Other, net	21	6
Net cash provided by (used in) investing activities	(14,793)	(1,700)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	(1,000)
Proceeds from long-term loans payable	-	500
Repayment of long-term loans payable	(12,402)	(2,000)
Redemption of bonds	(150)	-
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(337)	(337)
Other, net	0	4
Net cash provided by (used in) financing activities	(12,889)	(2,832)
Effect of exchange rate change on cash and cash equivalents	(247)	(390)
Net increase (decrease) in cash and cash equivalents	(23,832)	4,371
Cash and cash equivalents at beginning of period	33,418	15,247
Cash and cash equivalents at end of period	9,586	19,618

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**4) Going concern assumption**

None

**5) Notes on significant changes in shareholders' equity**

Not applicable