

May 10, 2011

Dainippon Screen Mfg. Co., Ltd.  
Tenjinkita-machi 1-1, Teranouchi-agaru 4-chome, Horikawa-dori,  
Kamigyo-ku, Kyoto 602-8585, Japan

## CONSOLIDATED FINANCIAL REPORT

### FOR THE FISCAL YEAR ENDED MARCH 31, 2011 [Japanese GAAP]

Dainippon Screen Mfg. Co., Ltd. is listed on the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange with the securities code number 7735.

(URL: <http://www.screen.co.jp/>)

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Date of the annual shareholders' meeting: June 28, 2011 Date of payment for cash dividends: June 29, 2011  
Date planned for the filing of the financial report: June 29, 2011

Figures have been rounded down to eliminate amounts less than one million yen, except per share figures.

#### PERFORMANCE (APR.1, 2010-MAR. 31, 2011)

(Millions of yen, except per share figures)

(Percentage are the rate of increase or decrease from the previous fiscal year)

#### (1) Business Results

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
<b>Fiscal year ended Mar. 31, 2011</b>	<b>¥254,952</b>	<b>55.3%</b>	<b>¥ 26,811</b>	<b>—</b>	<b>¥ 26,531</b>	<b>—</b>
Fiscal year ended Mar. 31, 2010	164,128	-25.1	(14,046)	—	(17,258)	—

Notes: Comprehensive income:

Fiscal year ended Mar. 31, 2011: ¥ 22,575 million (- %)

Fiscal year ended Mar. 31, 2010: ¥ (5,257) million (- %)

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Return on Equity	Return on Assets (Ordinary Income Basis)	Return on Sales (Operating Income Basis)
<b>Fiscal year ended Mar. 31, 2011</b>	<b>¥ 25,686</b>	<b>—</b>	<b>¥ 108.21</b>	<b>—</b>	<b>33.9%</b>	<b>11.3%</b>	<b>10.5%</b>
Fiscal year ended Mar. 31, 2010	(8,002)	—	(33.71)	—	-11.9	-7.4	-8.6

Notes: Equity in earnings (losses) of affiliates accounted for by the equity method:

Fiscal year ended Mar. 31, 2011: ¥ 437 million

Fiscal year ended Mar. 31, 2010: ¥ (437) million

#### (2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share of Common Stock (Yen)
<b>Mar. 31, 2011</b>	<b>¥253,126</b>	<b>¥87,600</b>	<b>34.4%</b>	<b>¥367.00</b>
Mar. 31, 2010	216,622	65,040	29.8	272.15

Note: Equity as end of period:

Fiscal year ended Mar. 31, 2011: ¥ 87,118 million

Fiscal year ended Mar. 31, 2010: ¥ 64,606 million

#### (3) Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents, End of Period
<b>Fiscal year ended Mar. 31, 2011</b>	<b>¥ 34,299</b>	<b>¥ (2,191)</b>	<b>¥ (22,249)</b>	<b>¥38,383</b>
Fiscal year ended Mar. 31, 2010	25,113	6,885	(27,123)	29,904

**CASH DIVIDENDS**

Record date	Cash Dividends per Share					Total Dividends (Annual) (millions of yen)	Payout Ratio (Consolidated)	Ratio of Net Assets to Dividends (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual			
Fiscal year ended Mar. 31, 2010	—	—	—	0.00	0.00	—	— %	— %
<b>Fiscal year ended Mar. 31, 2011</b>	—	—	—	5.00	5.00	1,186	4.6	1.6
Fiscal year ending Mar. 31, 2012 (Forecast)	—	—	—	5.00	5.00		5.2	

**FORECAST OF BUSINESS RESULTS FOR FISCAL YEAR ENDING MARCH 31, 2012**

(Millions of yen, except per share figures)  
(Percentage are the rate of increase or decrease from the previous fiscal year.)

	Net Sales	Percentage Change	Operating Income	Percentage Change
Six months period ending Sept. 30, 2011	¥ 138,000	25.0 %	¥ 12,500	13.2 %
Fiscal year ending Mar. 31, 2012	280,000	9.8 %	¥ 26,000	-3.0 %

  

	Ordinary Income	Percentage Change	Net Income	Percentage Change	Net Income per Share (Yen)
Six months period ending Sept. 30, 2011	¥ 12,000	9.4 %	¥ 11,000	14.8	¥ 46.34
Fiscal year ending Mar. 31, 2012	25,000	-5.8 %	23,000	-10.5	96.89

**OTHERS**

(1) Changes in scope of consolidation and application of the equity method: Yes

New Company: Not applicable

Exclusion: D.S.NORTH AMERICA HOLDINGS, INC.

(2) Changes of accounting rules, procedures and presentations etc. for consolidated financial statements

1. Changes accompanied by revision of accounting standard etc.: Yes

2. Changes other than 1. : No

(3) Number of shares outstanding

1. Number of shares outstanding as of end of period (including treasury stock)

Fiscal year ended Mar. 31, 2011: 253,974,333 shares      Fiscal year ended Mar. 31, 2010: 253,974,333 shares

2. Number of treasury stock as of end of period

Fiscal year ended Mar. 31, 2011: 16,598,341 shares      Fiscal year ended Mar. 31, 2010: 16,578,859 shares

3. Average number of shares outstanding

Fiscal year ended Mar. 31, 2011: 237,389,266 shares      Fiscal year ended Mar. 31, 2010: 237,404,769 shares

**(Reference) Overview of nonconsolidated business performance (APR.1, 2010-MAR. 31, 2011)****(1) Business Results**

(Millions of yen, except per share figures)

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
<b>Fiscal year ended Mar. 31, 2011</b>	<b>¥215,910</b>	<b>67.8%</b>	<b>¥ 19,870</b>	<b>—</b>	<b>¥ 21,598</b>	<b>—</b>
Fiscal year ended Mar. 31, 2010	128,634	-24.8	(14,871)	—	(13,982)	—
	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)		
<b>Fiscal year ended Mar. 31, 2011</b>	<b>¥ 25,515</b>	<b>—</b>	<b>¥ 107.48</b>	<b>—</b>		
Fiscal year ended Mar. 31, 2010	(10,559)	—	(44.48)	—		
	Total Assets	Net Assets	Equity Ratio	Net Assets per Share of Common Stock (Yen)		
<b>Fiscal year ended Mar. 31, 2011</b>	<b>¥233,502</b>	<b>¥73,210</b>	<b>31.4 %</b>	<b>¥308.42</b>		
Fiscal year ended Mar. 31, 2010	195,372	49,735	25.5	209.51		

Notes: Equity as end of period  
 Fiscal year ended Mar. 31, 2011: ¥ 73,210 million  
 Fiscal year ended Mar. 31, 2010: ¥ 49,735 million

Notes concerning the use of the outlook for the future business.

The statements related to the outlook for future business results in this document are made in accordance with currently available information and rational assumptions. However, it should be noted that actual results could differ significantly due to several factors.

**BUSINESS RESULTS****I. Business Results**Overview

During the fiscal year ended March 31, 2011, the overall global economy experienced a gradual upward trend driven by expanding internal demand in such newly emerging markets as China. This upswing occurred despite concerns over such downward risks as persistently high unemployment rates in the United States and Europe as well as instability in the European financial system. In the Japanese economy, a recovery trend was seen during the first half of the fiscal year under review due to such factors as improvements in corporate earnings amid increases in exports and production focusing on Asia. During the second half, however, this recovery trend began to weaken slightly. Added to this, the major impact of the Great East Japan Earthquake, which occurred on March 11, 2011, has led to an extremely uncertain business environment.

With regard to business conditions surrounding the Dainippon Screen Group's principal fields of business, the semiconductor industry experienced a rapid slowdown in demand for personal computers (PCs). However, semiconductor manufacturers pursued vigorous capital investment amid increasing demand for such mobile devices as smartphones and tablets.

Against this backdrop, the Dainippon Screen Group worked to expand sales and orders primarily in the Semiconductor Equipment segment while pushing ahead with the business restructuring plan that it had already begun to implement.

Turning to the Dainippon Screen Group's performance during the fiscal year ended March 31, 2011, the Group posted net sales totaling ¥ 254,952million, an increase of ¥90,823 million, or 55.3%, compared with the previous fiscal year. The improvement was attributable to favorable performance in the Semiconductor Equipment segment. On the earnings front, in addition to higher sales, the effect of cost-reduction measures, improved factory utilization and a decrease in loss on valuation of inventories substantially contributed to the Group's results. Consequently, operating income was ¥26,811 million, a rebound of 40,857 million compared with the previous fiscal year, while ordinary income totaled ¥26,531 million, a year-on-year improvement of ¥43,789 million.

Under extraordinary loss, the Dainippon Screen Group recorded an impairment loss on fixed assets in its Media and Precision Technology segment and incurred business structure improvement expenses following the consolidation of the Group's offices.

As a result of the above, net income for the fiscal year under review was ¥25,686 million, an improvement of ¥33,689 million compared with the previous fiscal year.

Despite the damage suffered by some Group component manufacturing, sales and service bases as a result of the Great East Japan Earthquake, the impact on operations was minimal and general repairs have already been completed. In addition, delivery postponements and other causes for concern did not occur. Thus the above-mentioned events have not had a major impact on performance in the fiscal year under review.

### Financial Results by Business Segments

Business results by business segment are provided as follows.

#### *The Semiconductor Equipment (SE) segment*

In the Semiconductor Equipment segment, sales of semiconductor production equipment grew substantially compared with the previous fiscal year on the back of semiconductor manufacturers' vigorous capital investment in response to increasing demand for such mobile devices as smartphones and tablets. By product, sales of both wafer cleaning equipment and coater developers improved. By region, sales in North America increased while steady sales were maintained in Japan, Europe and Asia. As a result, net sales in this segment amounted to ¥174,278million, a rise of ¥73,346 million, or 72.7%, year on year, and operating income totaled ¥28,140 million.

#### *The FPD Equipment (FE) segment*

In the FPD Equipment segment, sales of FPD production equipment were up compared with a year earlier, when sluggish capital investment conditions prevailed. By product, sales of coater developers suitable for large-sized glass substrates increased, while steady sales were recorded for equipment used in small- and medium-sized, high-definition LCD panels. As a result, net sales in this segment totaled ¥32,711 million, a year-on-year improvement of ¥12,813 million, or 64.4%. Operating income amounted to ¥34 million.

#### *The Media and Precision Technology (MP) segment*

In the Media and Precision Technology segment, despite weak sales in Japan, graphic arts equipment sales improved compared with the previous fiscal year owing to rising overseas sales, particularly in North America and newly emerging countries. Sales of printed circuit board (PCB)-related equipment grew year on year, reflecting PCB-related manufacturers' resumption of capital investment, which had been weak during the previous fiscal year. As a result, this segment posted net sales of ¥47,306 million, a year-on-year rise of ¥4,602 million, or 10.8%. This segment reported an operating loss of ¥1,304 million, an improvement from the previous fiscal year. This result was attributable to increased sales and curbs in fixed costs.

### Outlook

Regarding future economic conditions, Dainippon Screen expects further economic growth primarily in China as well as the rest of Asia and anticipates an ongoing recovery in the economies of the United States and Europe. Conversely, an extreme degree of uncertainty is expected to persist in the Japanese economy due to the widespread impact of the Great East Japan Earthquake. Moreover, there exist concerns about the effect that stagnated production activities in Japan will have on the global economy.

In terms of the conditions surrounding the Dainippon Screen Group's principal fields of business, semiconductor manufacturers are expected to continue engaging in active capital investment amid vigorous demand for such finished mobile devices as smartphones and tablets. However, there are concerns regarding the impact of delayed customer capital investment due to stagnant production activities and postponements to other companies' deliveries of manufacturing equipment caused by disruptions to the material (including semiconductor wafers) and component supply chains in the aftermath of the Great East Japan Earthquake. Despite the minimal impact this disaster had directly on the Group's operations, Dainippon Screen's production activities may yet be affected depending on its ability to procure materials, components and other items.

In light of these circumstances, current earnings forecasts for the fiscal year ending March 31, 2012 are listed below. These forecasts factor in orders and other pertinent data available during the drafting of this report.

Forecast of the consolidated business result for the fiscal year ending March 31, 2012 (Millions of yen)

	The first half ending Sep. 30, 2011	Fiscal year ending Mar. 31, 2012
Net sales	138,000	280,000
SE	99,000	191,000
FE	15,500	41,000
MP	23,200	47,300
Other	300	700
Operating income	12,500	26,000
Ordinary income	12,000	25,000
Net income	11,000	23,000

\*Intersegment transactions have been eliminated.

\*The aforementioned forecasts are based on foreign currency exchange rate estimates of US\$1.00 = ¥80 and EUR1.00 = ¥115 for the second half of the fiscal year under review. Business forecasts are also made in accordance with currently available information and rational assumptions. However, it should be noted that actual results could differ significantly due to a variety of factors.

Assets, Liabilities and Net Assets

Total assets as of March 31, 2011 stood at ¥253,126 million, an increase of ¥36,504 million, or 16.9%, from the previous fiscal year-end. In current assets, notes and accounts receivable—trade and inventories rose by ¥18,949 million and ¥11,748 million, respectively, reflecting improvements in sales and orders.

Total liabilities increased ¥13,945 million, or 9.2%, from March 31, 2010 to ¥165,526 million. This was mainly attributable to a ¥29,552 million rise in notes and accounts payable—trade listed under current liabilities. Interest-bearing debt decreased ¥21,627 million, or 28.0%, compared with the previous fiscal year-end, to ¥55,590 million, owing mainly to the redemption of bonds and the repayment of long-term loans.

Equity, the balance of net assets less minority interests, stood at ¥87,118 million, an increase of ¥22,511 million, or 34.8%, compared with March 31, 2010. Despite decreases in valuation difference on available-for-sale securities and foreign currency translation adjustments—which were caused by drops in the market value of held stocks and increased yen rates, respectively—this improvement was the result of a rise in retained earnings based on net income results for the fiscal year under review. As a result, the fiscal year-end equity ratio rose 4.6 percentage points from 29.8% as of March 31, 2010, to 34.4%.

Cash Flows

Cash and cash equivalents as of March 31, 2011 were ¥38,383 million, an increase of ¥8,478 million compared with the previous fiscal year-end. The factors affecting the status of each cash flow item are listed below.

*Cash Flows from Operating Activities*

Net cash provided by operating activities amounted to ¥34,299 million, compared with ¥25,113 million provided by operating activities in the previous fiscal year. Total cash inflows—including income before income taxes, depreciation and amortization, and an increase in notes and accounts payable—trade—served to offset such cash outflows as increases in notes and accounts receivable—trade and inventories.

*Cash Flows from Investing Activities*

Net cash used in investing activities totaled ¥2,191 million, a turnaround from ¥6,885 million provided by investing activities in the previous fiscal year. This was attributable to acquisitions of investment securities and property, plant and equipment, which offset the proceeds from sales of stocks of subsidiaries and affiliates.

*Cash Flows from Financing Activities*

Net cash used in financing activities was ¥22,249 million, compared with ¥27,123 million used in financing activities of a year earlier. Contributing factors included the redemption of bonds at maturity, and the repayments of long-term loans payable and finance lease obligations.

Cash Flow Benchmarks

	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Fiscal year ended Mar. 31, 2009	Fiscal year ended Mar. 31, 2010	Fiscal year ended Mar. 31, 2011
Equity ratio (%)	41.6	41.9	28.1	29.8	34.4
Equity ratio (market capitalization basis) (%)	68.4	34.2	16.0	47.9	81.8
Debt repayment period (years)	2.0	7.2	—	3.1	1.6
Interest coverage ratio (times)	49.6	10.0	—	10.4	18.9

## Notes:

Equity ratio = Equity / total assets

Equity ratio (market capitalization basis) = Market capitalization / total assets

Debt repayment period = Interest-bearing debt / operating cash flow

Interest coverage ratio = Operating cash flow / interest payments

1. Figures are calculated using consolidated financial results.

2. Market capitalization is calculated by multiplying the closing price at the end of the fiscal year by the number of shares outstanding at fiscal year-end (excluding treasury stock)

3. Operating cash flow uses cash flow from operating activities as stated on the consolidated statements of cash flows.

4. Interest-bearing debt comprises all liabilities recorded on the balance sheet for which interest is paid. Interest payments use interest expenses paid as stated on the consolidated statements of cash flows.

### 3. Basic Policy Regarding Appropriation of Profits, Cash Dividends for the Fiscal Year under Review and Cash Dividend Forecast for the Fiscal Year Ending March 31, 2012

Taking into consideration the needs of a broad stakeholder base that includes shareholders, customers, business partners and employees, Dainippon Screen has positioned the return of an adequate level of profits as a key management priority. As for cash dividends, Dainippon Screen strives to ensure stable cash dividends while considering the amount of retained earnings required to ensure business growth and increased profitability based on its dividend payout ratio, operating environment and the status of earnings conditions.

Dainippon Screen was able to ensure the amount allocated for dividend payments as the matter for a reduction in additional paid-in capital and appropriation of surplus has been approved by the Extraordinary General Meeting of Shareholders on April 22, 2011. Thus, the planned payout of year-end cash dividends for the fiscal year under review totaling ¥5 per share is in line with dividends forecasts announced on February 7, 2011.

Moreover, Dainippon Screen currently anticipates a fiscal year-end cash dividend forecast of ¥5 per share for the fiscal year ending March 31, 2012 based on earnings forecasts and its financial position during the current fiscal year.

**CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	Mar. 31, 2010	Mar. 31, 2011
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and time deposits	¥31,253	¥ 39,985
Notes and accounts receivable-trade	52,029	70,979
Merchandise and finished goods	22,484	25,307
Work in process	21,413	31,301
Raw materials and supplies	5,566	4,604
Deferred tax assets	4,026	7,612
Other	4,637	4,739
Allowance for doubtful accounts	(1,428)	(1,007)
Total current assets	139,984	183,522
<b>Noncurrent assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	54,634	53,265
Accumulated depreciation	(34,917)	(35,500)
Buildings and structures (Net)	19,716	17,764
Machinery, equipment and vehicles	31,583	29,019
Accumulated depreciation	(23,683)	(22,748)
Machinery, equipment and vehicles (Net)	7,900	6,270
Land	9,419	9,253
Lease assets	9,416	8,541
Accumulated depreciation	(2,427)	(3,174)
Lease assets (Net)	6,989	5,367
Construction in progress	196	1,110
Other	9,561	9,411
Accumulated depreciation	(8,370)	(8,478)
Other (Net)	1,191	933
Total property, plant and equipment	45,413	40,699
<b>Intangible assets:</b>		
Lease assets	829	781
Other	526	408
Total intangible assets	1,356	1,189
<b>Investments and other assets:</b>		
Investment securities	23,747	22,184
Long-term loans receivable	72	59
Deferred tax assets	569	621
Other	5,612	4,921
Allowance for doubtful accounts	(133)	(71)
Total investments and other assets	29,868	27,715
Total noncurrent assets	76,637	69,604
<b>Total assets</b>	<b>216,622</b>	<b>253,126</b>

**CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	Mar. 31, 2010	Mar. 31, 2011
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	¥ 52,389	¥ 81,942
Short-term loans payable	—	500
Current portion of long-term loans payable	9,772	35,060
Current portion of bonds	10,000	2,500
Lease obligations	2,861	2,026
Income taxes payable	1,036	2,242
Notes payable-facilities	32	49
Provision for directors' bonuses	22	68
Provision for product warranties	3,816	6,059
Provision for loss on order received	516	336
Asset retirement obligations	—	32
Other	13,426	17,313
Total current liabilities	93,874	148,131
<b>Noncurrent liabilities:</b>		
Bonds payable	9,500	7,000
Long-term loans payable	38,694	3,633
Lease obligations	6,388	4,869
Deferred tax liabilities	1,753	839
Provision for retirement benefits	487	279
Provision for directors' retirement benefits	117	110
Provision for loss on guarantees	37	—
Asset retirement obligations	—	48
Other	729	613
Total noncurrent liabilities	57,707	17,394
Total liabilities	151,581	165,526
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	54,044	54,044
Capital surplus	30,154	30,154
Retained earnings	731	26,418
Treasury stock	(12,224)	(12,236)
Total shareholders' equity	72,706	98,381
<b>Accumulated other comprehensive income</b>		
Valuation difference on available for sale securities	3,399	1,344
Deferred gains or losses on hedges	(67)	(41)
Foreign currency translation adjustments	(11,431)	(12,566)
Total accumulated other comprehensive income	(8,100)	(11,263)
<b>Minority interests</b>	434	482
<b>Total net assets</b>	65,040	87,600
<b>Total liabilities and net assets</b>	216,622	253,126

**CONSOLIDATED STATEMENTS OF INCOME**

(Millions of yen)

	Apr.1, 2009- Mar.31, 2010	Apr.1, 2010- Mar.31, 2011
<b>Net sales</b>	¥ 164,128	¥ 254,952
<b>Cost of sales</b>	137,826	182,990
<b>Gross profit</b>	26,302	71,962
<b>Selling, general and administrative expenses</b>	40,348	45,151
<b>Operating income (loss)</b>	(14,046)	26,811
<b>Non-operating income</b>		
Interest income	122	102
Dividends income	297	279
Equity in earnings of affiliates	—	437
House rent income	310	272
Subsidy income	398	260
Gain on sales of noncurrent assets	—	259
Fiduciary obligation fee	108	—
Insurance income	74	—
Other	349	923
Total non-operating income	1,660	2,535
<b>Non-operating expenses</b>		
Interest expenses	2,396	1,789
Loss on sales of accounts receivable	57	—
Equity in losses of affiliates	437	—
Foreign exchange losses	357	161
Loss on retirement of noncurrent assets	31	—
Other	1,593	864
Total non-operating expenses	4,873	2,815
<b>Ordinary income (loss)</b>	(17,258)	26,531
<b>Extraordinary income</b>		
Gain on sales of subsidiaries and affiliates' stocks	—	525
Reversal of allowance for doubtful accounts	—	210
Gain on sales of investment securities	2,761	162
Gain on step acquisitions	2,612	—
Gain on negative goodwill	2,471	—
Other	431	2
Total extraordinary income	8,276	901
<b>Extraordinary Losses</b>		
Impairment loss	779	1,656
Business structure improvement expenses	1,305	648
Loss on valuation of investment securities	46	346
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	297
Loss on disaster	—	47
Total extraordinary losses	2,131	2,997
<b>Income (Loss) before income taxes</b>	(11,113)	24,434
<b>Income taxes</b>	966	2,342
<b>Income taxes-deferred</b>	(3,551)	(3,652)
<b>Total income taxes</b>	(2,584)	(1,309)
<b>Income (Loss) before minority interests</b>	(8,528)	25,744
<b>Minority interests in income (loss)</b>	(526)	57
<b>Net income (loss)</b>	(8,002)	25,686



**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Millions of yen)

	Apr.1, 2009- Mar.31, 2010	Apr.1, 2010- Mar.31, 2011
<b>Income before minority interests</b>	—	<b>¥ 25,744</b>
<b>Other comprehensive income</b>		
Valuation difference on available for sale securities	—	(2,054)
Deferred gains or losses on hedges	—	25
Foreign currency translation adjustments	—	(1,140)
Total other comprehensive income	—	(3,168)
<b>Comprehensive income</b>	—	<b>22,575</b>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	—	22,523
Comprehensive income attributable to minority interests	—	52

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

	Apr.1, 2009- Mar.31, 2010	Apr.1, 2010- Mar.31, 2011
<b>Shareholders' equity</b>		
<b>Common stock</b>		
Balance, as of end of previous period	¥ 54,044	¥ 54,044
Increase (decrease) during the period		
Total changes during the period	—	—
Balance, as of end of current period	54,044	54,044
<b>Capital surplus</b>		
Balance, as of end of previous period	30,155	30,154
Increase (decrease) during the period		
Surplus from sale of treasury stock	(1)	(0)
Total changes during the period	(1)	(0)
Balance, as of end of current period	30,154	30,154
<b>Retained earnings</b>		
Balance, as of end of previous period	8,733	731
Increase (decrease) during the period		
Net income (loss)	(8,002)	25,686
Total changes during the period	(8,002)	25,686
Balance, as of end of current period	731	26,418
<b>Treasury stock</b>		
Balance, as of end of previous period	(12,219)	(12,224)
Increase (decrease) during the period		
Acquisition of treasury stock	(6)	(11)
Surplus from sale of treasury stock	1	0
Total changes during the period	(4)	(11)
Balance, as of end of current period	(12,224)	(12,236)
<b>Total shareholders' equity</b>		
Balance, as of end of previous period	80,714	72,706
Increase (decrease) during the period		
Net income (loss)	(8,002)	25,686
Acquisition of treasury stock	(6)	(11)
Surplus from sale of treasury stock	0	0
Total changes during the period	(8,008)	25,675
Balance, as of end of current period	72,706	98,381

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

(Millions of yen)

	Apr.1, 2009- Mar.31, 2010	Apr.1, 2010- Mar.31, 2011
<b>Accumulated other comprehensive income</b>		
<b>Net unrealized holding gains on securities</b>		
Balance, as of end of previous period	¥ 176	¥ 3,399
Increase(decrease) during the period		
Net increase (decrease) during the period, except for items under shareholders' equity	3,223	(2,054)
Total changes during the period	3,223	(2,054)
Balance, as of end of current period	3,399	1,344
<b>Deferred hedge income and loss</b>		
Balance, as of end of previous period	(4)	(67)
Increase(decrease) during the period		
Net increase (decrease) during the period, except for items under shareholders' equity	(63)	25
Total changes during the period	(63)	25
Balance, as of end of current period	(67)	(41)
<b>Foreign currency translation adjustments</b>		
Balance, as of end of previous period	(11,534)	(11,431)
Increase(decrease) during the period		
Net increase (decrease) during the period, except for items under shareholders' equity	102	(1,134)
Total changes during the period	102	(1,134)
Balance, as of end of current period	(11,431)	(12,566)
<b>Total accumulated other comprehensive income</b>		
Balance, as of end of previous period	(11,362)	(8,100)
Increase(decrease) during the period		
Net increase (decrease) during the period, except for items under shareholders' equity	3,262	(3,163)
Total changes during the period	3,262	(3,163)
Balance, as of end of current period	(8,100)	(11,263)
<b>Minority interests</b>		
Balance, as of end of previous period	361	434
Increase(decrease) during the period		
Net increase (decrease) during the period, except for items under shareholders' equity	72	47
Total changes during the period	72	47
Balance, as of end of current period	434	482
<b>Total net assets</b>		
Balance, as of end of previous period	69,714	65,040
Increase(decrease) during the period		
Net income(loss)	(8,002)	25,686
Acquisition of treasury stock	(6)	(11)
Surplus from sale of treasury stock	0	0
Net increase (decrease) during the period, except for items under shareholders' equity	3,335	(3,115)
Total changes during the period	(4,673)	22,559
Balance, as of end of current period	65,040	87,600

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Millions of yen)

	Apr.1, 2009- Mar.31, 2010	Apr.1, 2010- Mar.31, 2011
<b>Cash flow from operating activities:</b>		
Income (loss) before income taxes	¥ (11,113)	¥ 24,434
Depreciation and amortization	7,011	5,805
Impairment loss	779	1,656
Equity in (earnings) losses of affiliates	437	(437)
Gain on negative goodwill	(2,471)	—
Loss (gain) on step acquisitions	(2,612)	—
Loss (gain) on valuation of investment securities	46	346
Loss (gain) on sales of investment securities	(2,761)	(162)
Loss (gain) on sales of subsidiaries and affiliates' stocks	—	(525)
Loss on retirement of noncurrent assets	31	—
Increase (decrease) in provision for retirement benefits	(179)	(207)
Increase (decrease) in provision for directors' bonuses	(15)	45
Increase (decrease) in provision for product warranties	(280)	2,273
Increase (decrease) in provision for loss on order received	191	(179)
Business structure improvement expenses	1,305	648
Interest and dividends income	(419)	(381)
Interest expenses	2,396	1,789
Decrease (increase) in notes and accounts receivable-trade	14,067	(18,484)
Decrease (increase) in inventories	22,953	(12,490)
Decrease (increase) in other current assets	(69)	(214)
Increase (decrease) in notes and accounts payable-trade	9,695	28,796
Increase (decrease) in accrued expenses	(95)	707
Increase (decrease) in other current liabilities	(1,693)	4,551
Other, net	(883)	(279)
Subtotal	36,320	37,694
Interest and dividends income received	424	369
Interest expenses paid	(2,415)	(1,817)
Contribution in connection with the shift to a defined-contribution pension plan	(1,010)	(875)
Payment for business structure improvement expenses	(6,736)	(164)
Income taxes paid	(1,469)	(906)
Net cash provided by operating activities	25,113	34,299

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Millions of yen)

	Apr.1, 2009- Mar.31, 2010	Apr.1, 2010- Mar.31, 2011
<b>Cash flow from investing activities:</b>		
Decrease (increase) in time deposits	(513)	(349)
Purchase of property, plant and equipment	(1,002)	(2,449)
Proceeds from sales of property, plant and equipment	1,983	712
Purchase of investment securities	(13)	(4,018)
Proceeds from sales of investment securities	4,213	519
Proceeds from sales of stocks of subsidiaries and affiliates	—	3,739
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	2,615	—
Payments from sales of investments in subsidiaries resulting in change in scope of consolidation	(5)	—
Other, net	(392)	(347)
Net cash provided by (used in) investing activities	6,885	(2,191)
<b>Cash flow from financing activities:</b>		
Net increase (decrease) in short-term loans payable	(38,587)	500
Proceeds from long-term loans payable	55,000	—
Repayment of long-term loans payable	(27,822)	(9,772)
Proceeds from sales and lease backs	1,626	—
Repayments of finance lease obligations	(2,331)	(2,960)
Redemption of bonds with subscription rights to shares	(14,999)	—
Redemption of bonds	—	(10,000)
Net decrease (increase) in treasury stock	(5)	(11)
Cash dividends paid to minority shareholders	(3)	(4)
Net cash used in financing activities	(27,123)	(22,249)
Effect of exchange rate change on cash and cash equivalents	(80)	(1,379)
Net increase (decrease) in cash and cash equivalents	4,793	8,478
Cash and cash equivalents at beginning of period	25,111	29,904
Cash and cash equivalents at end of period	29,904	38,383

**SEGMENT INFORMATION****(1) Performance by Business Segment**

Fiscal year ended March 31, 2010

(Millions of yen)

	Electronic Equipment and Components	Graphic Arts Equipment	Other	Total	Eliminations	Consolidated
<b>Sales</b>						
(1) Sales to outside customers	<b>¥125,085</b>	<b>¥38,447</b>	<b>¥ 595</b>	<b>¥164,128</b>	<b>¥ —</b>	<b>¥164,128</b>
(2) Intersegment sales and transfers	<b>—</b>	<b>—</b>	<b>6,072</b>	<b>6,072</b>	<b>(6,072)</b>	<b>—</b>
Total	<b>125,085</b>	<b>38,447</b>	<b>6,667</b>	<b>170,201</b>	<b>(6,072)</b>	<b>164,128</b>
Operating expenses	<b>136,535</b>	<b>40,938</b>	<b>6,773</b>	<b>184,247</b>	<b>(6,072)</b>	<b>178,175</b>
Operating income	<b>(11,449)</b>	<b>(2,490)</b>	<b>(106)</b>	<b>(14,046)</b>	<b>—</b>	<b>(14,046)</b>
<b>Assets, depreciation and amortization, and capital expenditure</b>						
Assets	<b>130,577</b>	<b>35,637</b>	<b>3,426</b>	<b>169,641</b>	<b>46,980</b>	<b>216,622</b>
Depreciation and amortization	<b>5,011</b>	<b>744</b>	<b>153</b>	<b>5,908</b>	<b>1,103</b>	<b>7,011</b>
Impairment loss	<b>716</b>	<b>5</b>	<b>—</b>	<b>721</b>	<b>58</b>	<b>779</b>
Capital expenditure	<b>1,393</b>	<b>338</b>	<b>61</b>	<b>1,793</b>	<b>117</b>	<b>1,910</b>

Notes:

1. Segment classifications are by product lineup.

2. Primary products of each segment category are as follows:

Electronic Equipment and Components: Semiconductor production equipment, FPD production equipment, PCB production equipment, and maintenance and repair services

Graphic Arts Equipment: CTP (Plate recorders), digital press machines, other printing and prepress machines, fonts, maintenance and repair services

Other: Leasing, printing, logistics services and other businesses

3. Intersegment sales and transfers are primarily comprised of service sales by our logistics service subsidiary to Dainippon Screen Co., Ltd. and Group companies.

4. Corporate assets in "Eliminations" amounted to ¥59,972 million for the fiscal year ended Mar. 31, 2010 and mainly comprised surplus funds (cash and deposits), long-term investment funds (investments in securities) and administrative assets of the parent company.

**(2) Performance by Location**

Fiscal year ended March 31, 2010

(Millions of yen)

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations/ Corporate	Consolidated
<b>Sales</b>							
(1) Sales to outside customers	¥132,373	¥10,644	¥10,894	¥10,216	¥164,128	¥ —	¥164,128
(2) Intersegment sales and transfers	14,396	1,579	4,048	1,106	21,132	(21,132)	—
Total	146,769	12,224	14,943	11,323	185,261	(21,132)	164,128
<b>Operating expenses</b>	163,171	12,307	13,475	11,390	200,345	(22,170)	178,175
<b>Operating income (loss)</b>	(16,401)	(83)	1,467	(67)	(15,084)	1,038	(14,046)
<b>Assets</b>	148,076	10,862	14,973	11,842	185,754	30,867	216,622

Notes:

1. Countries and regions are classified according to geographical proximity.
2. The countries and regions included in each segment are as follows:
  - (1) North America: U.S.A.
  - (2) Asia & Oceania: Singapore, China, Taiwan, South Korea, Australia
  - (3) Europe: U.K., Germany, the Netherlands, France, Italy, Ireland, Israel
3. Corporate assets in "Eliminations" amounted to ¥59,972 million for the fiscal year ended Mar. 31, 2010 and mainly comprised surplus funds (cash and deposits) long-term investment funds (investments in securities) and administrative assets of the parent company.

**(3) Overseas Sales**

Fiscal year ended March 31, 2010

(Millions of yen)

	North America	Asia & Oceania	Europe	Other	Total
Overseas sales	¥18,012	¥87,578	¥13,747	¥2,076	¥121,415
Consolidated net sales					164,128
Overseas sales as a percentage of consolidated net sales	11.0 %	53.3 %	8.4 %	1.3 %	74.0 %

Notes: 1. Overseas sales are sales to customers outside Japan by the Company and its consolidated subsidiaries.

2. Countries and regions are classified according to geographical proximity.

3. The countries and regions included in each segment are as follows:

- (1) North America: U.S.A., Canada
- (2) Asia & Oceania: Singapore, Malaysia, China, Taiwan, South Korea, Australia, India
- (3) Europe: U.K., Germany, the Netherlands, France, Belgium, Italy, Ireland, Northern Europe, Russia, Eastern Europe
- (4) Other: Africa, Middle East, Latin America

## SEGMENT INFORMATION

### [Segment Information]

#### 1. Segment Overview

##### (1) Calculation Method for Reportable Segments

Dainippon Screen's reportable segments are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigations to determine distribution of management resources and evaluate their business results.

Dainippon Screen adopts an internal company system where each internal company develops business activities and establishes its own comprehensive strategy, for both Japan and overseas markets, in accordance with the products it handles.

Consequently, the Dainippon Screen Group has created three business segments for reporting—"Semiconductor Equipment," "FPD Equipment" and "Media and Precision Technology"—categorized by products based on respective internal companies.

##### (2) Products and Services of Reportable Segments

The Semiconductor Equipment (SE) segment develops and manufactures semiconductor production equipment and conducts sales and maintenance services. The FPD Equipment (FE) segment develops, manufactures, and markets FPD production equipment, and it also conducts maintenance services. In Media and Precision Technology (MP), graphic arts equipment and PCB related equipment are developed, manufactured, sold and maintained.

#### 2. Measurement of net sales, profit/loss, assets and other in reportable segment

Income for each reportable segment is the amounts based on operating income.

Intersegment revenues and transfers are based on market prices.

#### 3. Net sales, profit / loss, assets and other in reportable segment

Fiscal year ended March 31, 2011

(Millions of yen)

	Reportable segment				Others	Total Segment	Adjustments	Consolidated
	SE	FE	MP	Total				
Sales								
(1) Sales to outside customers	¥ 174,278	¥ 32,711	¥ 47,306	¥ 254,296	¥ 656	¥ 254,952	—	¥ 254,952
(2) Intersegment sales and transfers	—	—	—	—	7,831	7,831	(7,831)	—
Total	174,278	32,711	47,306	254,296	8,487	262,784	(7,831)	254,952
Segment income (loss)	28,140	34	(1,304)	26,870	303	27,174	(362)	26,811
Segment assets	129,061	26,445	39,684	195,191	4,046	199,237	53,889	253,126
Other								
Depreciation and amortization	3,452	460	673	4,586	120	4,706	1,098	5,805
Increase in the amount of tangible fixed assets and intangible fixed assets	2,509	323	538	3,371	89	3,461	151	3,612

##### Notes

1. The "Other" category incorporates operations not included in reportable segments, including software development, planning and production of printed matter, logistics operations and other businesses.
2. Segment operating income (loss) adjustment of ¥ (362) million is the corporate expense not apportioned in each reportable segment. Corporate expense mainly comprises the headquarters' general and administrative expenses not usually attributed to segments.
3. Segment income (loss) is adjusted with operating income under consolidated statements of income.

##### \*Additional Information

From the first quarter of the current consolidated fiscal year, the business segment information is provided in conformity with the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Corporate Accounting Standards, ASBJ Statement No.17, dated March 27, 2009), and Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Corporate Accounting Standards, ASBJ Guidance No.20, dated March 21, 2008).



## Consolidated Financial Highlights for the Fiscal Year Ended Mar. 31, 2011

(Figures less than one million yen have been omitted and other figures have been rounded.)

	FY2010	FY2011	Difference		FY2012	
	12months ended Mar.31, 2010	12months ended Mar. 31, 2011			6months ending Sept. 30, 2011	12months ending Mar.31, 2012
	Result	Result	Amount	Percentage	Forecast	Forecast
Net sales	¥ 164,128	¥ 254,952	¥ 90,823	55.3%	138,000	280,000
Operating income	(14,046)	26,811	40,857	—	12,500	26,000
[to net sales ratio]	-8.6 %	10.5 %	19.1 pt	—	9.1 %	9.3 %
Ordinary income	(17,258)	26,531	43,789	—	12,000	25,000
[to net sales ratio]	-10.5 %	10.4 %	20.9 pt	—	8.7 %	8.9 %
Net income	(8,002)	25,686	33,689	—	11,000	23,000
[to net sales ratio]	-4.9 %	10.1 %	15.0 pt	—	8.0 %	8.2 %
Total assets	216,622	253,126	36,504	16.9%	—	—
Net assets	65,040	87,600	22,559	34.7%	—	—
Equity	64,606	87,118	22,511	34.8%	—	—
Equity ratio	29.8 %	34.4 %	4.6 pt	—	—	—
Net assets per share	¥ 272.15	¥ 367.00	¥ 94.85	34.9%	—	—
Interest-bearing debt	77,217	55,590	(21,627)	-28.0%	—	—
Return on equity	-11.9 %	33.9 %	— pt	—	—	—
Cash flows from operating activities	25,113	34,299	9,186	—	—	—
Cash flows from investing activities	6,885	(2,191)	(9,076)	—	—	—
Cash flows from financing activities	(27,123)	(22,249)	4,874	—	—	—
Depreciation and amortization	7,011	5,805	(1,206)	-17.2%	2,800	6,200
Capital expenditures	1,910	3,612	1,702	89.1%	3,600	8,400
R&D expenses	11,615	12,129	514	4.4%	7,100	14,600
Number of employees	4,679	4,732	53	1.1%	—	—
Number of consolidated subsidiaries	45	43	-2	—	—	—
[Domestic]	[19]	[19]	—	—	—	—
[Overseas]	[26]	[24]	[-2]	—	—	—
Number of affiliates	2	1	-1	—	—	—
[Number of affiliates accounted for by equity method]	[2]	[1]	[-1]	—	—	—

## Sales Breakdown (Consolidated)

(Millions of yen)

		FY2010		FY2011						FY2012	
		6 months ended	12 months ended	3 months ended	3 months ended	6 months ended	3 months ended	3 months ended	12 months ending	6 months ended	12 months ending
		Sept. 30, 2009	Mar.31, 2010	Jun. 30, 2010	Sept. 30, 2010	Sept. 30, 2010	Dec. 31, 2010	Mar. 31, 2011	Mar.31, 2011	Sept. 30, 2011	Mar.31, 2012
		Result	Result	Result	Result	Result	Result	Result	Result	Forecast	Forecast
Semiconductor Equipment	Domestic	5,012	11,029	4,857	5,563	10,420	5,351	8,607	24,380	—	—
	Overseas	32,794	89,902	27,922	30,945	58,867	44,156	46,873	149,898	—	—
	Total	37,807	100,931	32,779	36,509	69,288	49,508	55,481	174,278	99,000	191,000
FPD Equipment	Domestic	7,251	8,453	316	4,031	4,347	864	1,615	6,828	—	—
	Overseas	2,190	11,444	7,893	5,215	13,109	5,305	7,468	25,882	—	—
	Total	9,442	19,898	8,210	9,246	17,456	6,170	9,083	32,711	15,500	41,000
Media and Precision Technology	Domestic	10,895	22,743	4,548	6,555	11,104	3,761	5,908	20,773	—	—
	Overseas	8,906	19,960	5,759	6,476	12,236	6,617	7,679	26,532	—	—
	Total	19,802	42,703	10,307	13,032	23,340	10,378	13,588	47,306	23,200	47,300
	Graphic Arts Equipment	Domestic	9,738	20,206	4,007	5,044	9,051	3,495	4,904	17,452	—
		Overseas	8,171	18,241	4,950	5,603	10,553	5,754	6,727	23,035	—
		Total	17,909	38,447	8,958	10,647	19,605	9,250	11,632	40,488	20,100
	PCB Equipment	Domestic	1,157	2,536	540	1,511	2,052	265	1,003	3,321	—
		Overseas	735	1,718	809	873	1,682	862	951	3,496	—
		Total	1,892	4,255	1,349	2,385	3,734	1,128	1,955	6,818	3,100
Other	Domestic	241	487	122	193	315	151	179	646	—	—
	Overseas	105	107	3	1	4	5	0	10	—	—
	Total	347	595	125	194	319	157	179	656	300	700
Grand Total	Domestic	23,401	42,713	9,844	16,343	26,187	10,128	16,311	52,628	—	—
	Overseas	43,997	121,415	41,578	42,639	84,217	56,084	62,021	202,324	—	—
	Total	67,398	164,128	51,422	58,982	110,405	66,213	78,333	254,952	138,000	280,000
	Overseas Ratio	65.3%	74.0%	80.9%	72.3%	76.3%	84.7%	79.2%	79.4%	—	—

## Orders received &amp; Order backlog (Consolidated)

(Millions of yen)

		FY2010		FY2011							
		3 months ended Mar. 31, 2010		3 months ended Jun. 30, 2010		3 months ended Sept. 30, 2010		3 months ended Dec. 31, 2010		3 months ended Mar. 31, 2011	
		Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog
Semiconductor Equipment	Domestic	6,994	8,766	4,638	8,547	4,958	7,941	10,815	13,404	8,275	13,071
	Overseas	25,049	35,353	47,927	55,358	44,051	68,463	34,571	58,878	45,458	57,462
	Total	32,043	44,119	52,565	63,905	49,008	76,404	45,386	72,282	53,732	70,533
FPD Equipment	Domestic	285	3,931	383	3,997	1,658	1,624	1,738	2,497	5,670	6,551
	Overseas	10,364	26,564	4,787	23,457	7,022	25,263	4,698	24,655	3,808	20,995
	Total	10,649	30,495	5,169	27,454	8,680	26,887	6,435	27,152	9,477	27,546
Media and Precision Technology	Domestic	6,767	2,279	4,788	2,519	5,588	1,551	4,346	2,136	5,852	2,080
	Overseas	5,609	3,445	6,401	4,086	5,178	2,788	6,427	2,597	7,163	2,080
	Total	12,375	5,724	11,189	6,605	10,766	4,339	10,773	4,734	13,015	4,160
	Graphic Arts Equipment	Domestic	5,240	1,275	4,168	1,436	4,674	1,066	4,158	1,729	4,927
		Overseas	4,777	2,685	5,570	3,304	4,635	2,336	5,725	2,307	6,204
		Total	10,016	3,960	9,738	4,740	9,309	3,402	9,884	4,036	11,131
	PCB Equipment	Domestic	1,527	1,004	620	1,083	914	486	188	408	925
		Overseas	832	760	831	782	543	451	702	290	959
		Total	2,359	1,764	1,451	1,865	1,457	937	889	698	1,884
Other	Domestic	—	—	—	—	—	—	—	—	—	—
	Overseas	—	—	—	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—	—	—	—
Grand Total	Domestic	14,045	14,976	9,809	15,063	12,204	11,117	16,898	18,037	19,796	21,702
	Overseas	41,022	65,362	59,114	82,901	56,251	96,514	45,696	86,130	56,428	80,537
	Total	55,068	80,338	68,923	97,964	68,455	107,630	62,594	104,168	76,224	102,238
	Overseas Ratio	74.5%	81.4%	85.8%	84.6%	82.2%	89.7%	73.0%	82.7%	74.0%	78.8%