

August 10, 2010

CONSOLIDATED FINANCIAL REPORT FOR THE FIRST QUARTER ENDED JUNE 30, 2010 [Japanese GAAP]

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

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

PERFORMANCE FOR THE FIRST QUARTER ENDED JUNE 30, 2010 (Apr. 1, 2010-Jun. 30, 2010)

(1) Business Result

(Millions of yen, except per share figures)						
	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
First quarter ended Jun. 30, 2010	¥ 51,422	97.9 %	¥ 4,650	— %	¥ 4,612	— %
First quarter ended Jun. 30, 2009	25,983	(50.1)	(6,141)	—	(7,446)	—

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First quarter ended Jun. 30, 2010	¥ 3,859	— %	¥ 16.26	¥ —
First quarter ended Jun. 30, 2009	(2,522)	—	(10.63)	—

Note: Percentages shown for net sales, operating income, ordinary income and net income are the rate of increase or decrease from the previous corresponding period.

(2) Financial Position

(Millions of yen, except per share figures)				
	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share of Common Stock (Yen)
Jun. 30, 2010	¥ 219,107	¥ 65,645	29.8 %	¥ 274.84
Mar. 31, 2010	216,622	65,040	29.8	272.15

Note: Equity as end of period

First quarter ended Jun. 30, 2010: ¥65,245 million

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

CASH DIVIDENDS

Record date	Cash Dividends per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Annual
Fiscal year ended Mar. 31, 2010	—	—	—	¥0.00	¥0.00
Fiscal year ending Mar. 31, 2011	—	—	—	—	—
Fiscal year ending Mar. 31, 2011 (Forecast)	—	—	—	—	—

Note: Revision of cash dividends in the first quarter under review: No

Dainippon Screen has concluded not to disclose a fiscal year-end cash dividend forecast for the fiscal year ending March 31, 2011 at this time.

FORECAST OF BUSINESS RESULTS FOR FISCAL YEAR ENDING MARCH 31, 2011

(Millions of yen, except per share figures)

(Percentage are the rate of increase or decrease from the previous corresponding period.)

	Net Sales	Percentage Change	Operating Income	Percentage Change	
Six months period ending Sept. 30, 2010	¥114,000	69.1 %	¥ 8,500	— %	
Fiscal year ending Mar. 31, 2011	260,000	58.4	19,500	—	

	Ordinary Income	Percentage Change	Net Income	Percentage Change	Net Income per Share (Yen)
Six months period ending Sept. 30, 2010	¥ 8,000	— %	¥ 6,700	— %	¥ 28.22
Fiscal year ending Mar. 31, 2011	18,500	—	16,500	—	69.50

Note: Revision of business forecast in the first quarter under review: Yes

OTHER

For further information, please refer to P.5, 4.Other, [Qualitative Information, Financial Statements and Other]

(1) Changes in scope of consolidation and application of the equity method: No

Note: Changes in specified subsidiaries resulting in a change in scope of consolidation for the current quarterly accounting period.

(2) Use of simplified accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements. : Yes

Note: Adoption of simplified accounting methods, or use of any special accounting methods for preparing the quarterly consolidated financial statements.

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

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

2. Changes other than 1. : No

Note: Changes in accounting principles, procedures, or methods of presentation related to the preparation of the quarterly consolidated financial statements, as described in the "Amendment to fundamental items that form the basis for preparing quarterly consolidated financial statements."

(4) Number of shares outstanding

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

Three months ended Jun. 30, 2010: 253,974,333 shares Fiscal year ended Mar. 31, 2010: 253,974,333 shares

2. Number of treasury stock as of end of period

Three months ended Jun. 30, 2010: 16,580,745 shares Fiscal year ended Mar. 31, 2010: 16,578,859 shares

3. Average number of shares outstanding

Three months ended Jun. 30, 2010: 237,394,439 shares Three months ended Jun. 30, 2009: 237,410,098 shares

*Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Law. It is under the review procedure process at the time of disclosure of this report.

*Explanation for Appropriate Use of Forecasts and Other Notes

1. The forward-looking statements such as operational forecasts contained in this document are based on the information currently available to Dainippon Screen and certain assumptions that are regarded as legitimate. Large discrepancies may be seen in the actual results due to various factors. Please refer to P. 3 "Qualitative information regarding consolidated business results forecasts" for the assumptions used and other notes.

2. As in the previous financial report disclosed on May 10, 2010, due to a number of uncertainties regarding the outlook for the second half of the fiscal year ending March 31, 2011, full-year dividend forecasts have not been determined. Dainippon Screen will disclose dividend forecasts immediately after they are determined.

[Qualitative Information, Financial Statements]

1. Qualitative information regarding the status of consolidated business results

During the first quarter of the fiscal year ending March 31, 2011, the three-month period from April 1, 2010 to June 30, 2010, although credit worries across Europe were of concern, the overall global economy trended upward against the backdrop of internal expansion of demand in emerging economies, chiefly China. The Japanese economy likewise picked up, albeit gradually, as signs of improved corporate earnings appeared with increased exports and production, mainly for Asian markets.

Business conditions surrounding the Dainippon Screen Group's principal fields of business saw vigorous capital investments geared toward increased production by semiconductor and LCD panel manufacturers as demand increased for such products as personal computers, smartphones and LCD TVs.

Against this backdrop, the Dainippon Screen Group posted consolidated net sales totaling ¥51,422 million for the first quarter of the fiscal year ending March 31, 2011, an increase of ¥25,438 million, or 97.9%, from the corresponding period of the previous fiscal year. On the earnings front, in addition to increased sales, the effect of cost-reduction measures put in place with the business restructuring plan contributed to significant year-on-year improvements. Operating income was ¥4,650 million, compared to an operating loss of ¥6,141 million in the corresponding period of the previous fiscal year; ordinary income was ¥4,612 million, compared to the ordinary loss of ¥7,446 million; and net income was ¥3,859 million, against the net loss of ¥2,522 million in the same period of the previous fiscal year.

The Semiconductor Equipment (SE) Segment

In the Semiconductor Equipment segment, increased demand for finished products such as personal computers and smartphones provided the backdrop for vigorous capital investments by semiconductor manufacturers. Given this, sales of the Group's semiconductor production equipment recorded a substantial year-on-year increase, primarily for wafer cleaning equipment. As a result, net sales in this segment amounted to ¥32,779 million, 116.6% increase year on year, while operating income totaled ¥4,935 million.

The FPD Equipment (FE) segment

Sales of FPD production equipment in the FPD Equipment segment increased compared to the same period of the previous fiscal year as LCD panel manufacturers restarted capital investments to meet increased worldwide demand for LCD panels. As a result, this segment posted net sales of ¥8,210 million, a year-on-year increase of 266.3%. Operating income amounted to ¥633 million.

The Media and Precision Technology (MP) Segment

In the Media and Precision Technology segment, sales of graphic arts equipment remained depressed, with year-on-year net sales up only slightly. Printed circuit board (PCB) related equipment saw a return to capital investments by manufacturers, with sales increased year on year. As a result, this segment posted net sales of ¥10,307 million, or a year-on-year increase of 23.2%, while reporting an operating loss of ¥913 million.

2. Qualitative information regarding changes in consolidated financial position

Total assets as of June 30, 2010 stood at ¥219,107 million, an increase of ¥2,485 million, or 1.1%, compared with March 31, 2010. Under current assets, trade notes and accounts receivable declined, while cash and time deposits, as well as inventories, increased. Under fixed assets, investments in securities decreased in line with a drop in the market value of stockholdings.

Total liabilities amounted to ¥153,461 million, up ¥1,880 million, or 1.2%, from March 31, 2010. Under current liabilities, trade notes and accounts payable increased while the current portion of long-term loans payable decreased. Interest-bearing debt decreased ¥1,851 million, or 2.4%, compared with the previous fiscal year-end to ¥75,366 million.

Equity, the balance of net assets less minority interests, stood at ¥65,245 million, an increase of ¥639 million, or 1.0%, compared with March 31, 2010. This was the result of an increase in retained earnings owing to the posting of quarterly net income that offset declines in the valuation difference on available-for-sale securities and foreign currency translation adjustments. Taking these factors into account, the equity ratio at the end of the first quarter under review was 29.8%.

Status of Cash Flows

Net cash provided by operating activities amounted to ¥11,833 million, compared with ¥6,063 million used by operating activities in the corresponding period of the previous fiscal year. Total cash inflows—including income before income taxes, decreases in depreciation and amortization and trade notes and accounts receivable, as well as an increase in accounts payable—served to offset total cash outflows such as an increase in inventories.

Net cash used in investing activities amounted to ¥331 million, compared with net cash provided by investing activities of ¥3,777 million in the corresponding period of the previous fiscal year. This was attributable to the acquisition of property, plant and equipment.

Net cash used in financing activities totaled ¥2,260 million, compared with ¥26,813 million provided by financing activities in the corresponding period of the previous fiscal year. Contributing factors included the repayment of long-term debt and finance lease obligations.

As a result of the above, cash and cash equivalents as of June 30, 2010 totaled ¥38,154 million, up ¥8,250 million from March 31, 2010.

3. Qualitative information regarding consolidated business results forecasts

With regard to the future economic environment, although there is a lingering concern about economic decline in the United States and Europe, a gradual recovery is projected to continue against the backdrop of expanding domestic demand within the Asian region, particularly China.

In the business conditions surrounding the Dainippon Screen Group's principal fields of business, capital investment by manufacturers is expected to remain firm in the semiconductor and FPD industries on account of increasing demand for personal computers, smartphones, LCD TVs and other end products. In terms of profitability, however, expectations are for continued challenging conditions given such factors as the appreciation of the yen and falling product prices.

Under these conditions as a backdrop, Dainippon Screen has revised its consolidated business forecast for the 6 months period ending September 30, 2010 and the entire year ending March 31, 2011 from the previously announced forecast on May 10, 2010. This is attributable to the prospect that sales and profit mainly in the semiconductor production equipment are expected to exceed below the previous forecast. For more details, please refer to "Notice: Business Forecast Revision" that announced on August 10, 2010.

Business forecast

(billions of yen)

	Six months period ending Sept. 30, 2010	Fiscal year ending Mar. 31, 2011
Net Sales	¥ 114.0	¥ 260.0
SE	73.3	177.5
FE	17.9	35.5
MP	22.5	46.4
Others	0.3	0.6
Operating Income	8.5	19.5
Ordinary Income	8.0	18.5
Net Income	6.7	16.5

*Intersegment transactions have been eliminated.

As in the previous financial report disclosed on May 10, 2010, due to a number of uncertainties regarding the outlook for the second half of the fiscal year ending March 31, 2011, full-year dividend forecasts have not been determined. Dainippon Screen will disclose dividend forecasts immediately after they are determined.

Note: *The aforementioned forecasts are based on foreign currency exchange rate estimates of US\$1.00 = ¥85 and EUR1.00 = ¥110. 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.

[Other]

1. Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation):
None
2. Application of simplified accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements.
 - a. Simplified accounting methods:
 - 1) Calculation method for estimating bad debt losses on general receivables
Recognizing that no significant changes have arisen with regard to the bad debt loss ratios as of June 30, 2010 and March 31, 2010, the actual bad debt loss ratio as of March 31, 2010 has been used to calculate estimated bad debt losses on general receivables.
 - 2) Inventory valuation methods
Regarding calculating the value of inventory at the end of quarterly consolidated fiscal periods, no physical inventory count is taken. Instead, an inventory valuation is computed using a reasonable method based on the physical inventory taken for the prior consolidated fiscal year.
 - 3) Depreciation of fixed assets
Fixed assets depreciated using the declining balance method has been calculated based on the pro rata amount of depreciation for the fiscal quarter derived from the depreciation amount for the fiscal year.
 - b. Accounting methods specific to the preparation of quarterly consolidated financial statements:
Calculation of income taxes
Income tax amount is calculated principally by multiplying reasonably estimated annual effective tax rate through the first quarter ended June 2010, with the effects of deferred taxes reflected, by the amount of year-to-date income before income taxes. When calculation using reasonably estimated annual effective tax rate causes irrational results, income tax amount is calculated based on the legal tax rate. The provision for income taxes is presented inclusive of the provision for income taxes—deferred.
3. Changes in principles, procedures, and presentation etc. of accounting method related to the preparation of quarterly consolidated financial statements:

Application of Accounting Standard for Asset Retirement Obligations
From the first quarter under review, Dainippon Screen has adopted the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, issued on March 31, 2008) and the Implementation Guidance on the Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008).
As a result of this change, operating income and ordinary income decreased by 2 million each, income before income taxes decreased by 300 million.
4. Notes on premise as a going concern: None

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Jun. 30, 2010	Mar. 31, 2010
ASSETS		
Current assets:		
Cash and time deposits	¥ 39,501	¥ 31,253
Notes and accounts receivable-trade	47,520	52,029
Merchandise and finished goods	22,704	22,484
Work in process	24,336	21,413
Raw materials and supplies	5,130	5,566
Deferred tax assets	3,981	4,026
Other	4,991	4,637
Allowance for doubtful accounts	(1,302)	(1,428)
Total current assets	146,864	139,984
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	54,908	54,634
Machinery, equipment and vehicles	30,906	31,583
Other	28,082	28,594
Accumulated depreciation	(69,773)	(69,398)
Total property, plant and equipment	44,124	45,413
Intangible assets:		
Other	1,539	1,356
Total intangible assets	1,539	1,356
Investments and other assets:		
Investment securities	20,635	23,747
Other	6,078	6,254
Allowance for doubtful accounts	(135)	(133)
Total investments and other assets	26,578	29,868
Total noncurrent assets	72,242	76,637
Total assets	219,107	216,622

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Jun. 30, 2010	Mar. 31, 2010
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	¥ 58,764	¥ 52,389
Current portion of bonds	10,000	10,000
Current portion of long-term debt	8,672	9,772
Lease obligations	2,201	2,861
Accrued income taxes	890	1,036
Construction notes payable	48	32
Accrued bonuses to directors	8	22
Accrued product warranty costs	3,792	3,816
Allowance for loss on order received	233	516
Other	12,528	13,426
Total current liabilities	97,140	93,874
Long-term liabilities:		
Notes	9,500	9,500
Long-term debt	38,682	38,694
Lease obligations	6,310	6,388
Accrued pension and severance costs	400	487
Estimated termination and retirement allowances for directors and corporate auditors	121	117
Reserve for loss on guarantees	35	37
Asset retirement obligations	80	—
Other	1,190	2,482
Total long-term liabilities	56,321	57,707
Total liabilities	153,461	151,581
NET ASSETS		
Shareholders' equity:		
Common stock	54,044	54,044
Capital surplus	30,154	30,154
Retained earnings	4,590	731
Treasury stock	(12,225)	(12,224)
Total shareholders' equity	76,564	72,706
Valuation gain/loss, translation gain/loss, etc:		
Net unrealized holding gains on securities	1,324	3,399
Deferred hedge income and loss	(72)	(67)
Foreign currency translation adjustments	(12,571)	(11,431)
Total valuation gain/loss, translation gain/loss, etc.	(11,318)	(8,100)
Minority interests	399	434
Total net assets	65,645	65,040
Total liabilities and net assets	219,107	216,622

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Apr.1, 2009 – Jun. 30, 2009	Apr.1, 2010 – Jun. 30, 2010
Net sales	¥ 25,983	¥ 51,422
Cost of sales	22,531	36,685
Gross profit	3,452	14,737
Selling, general and administrative expenses	9,593	10,086
Operating income (loss)	(6,141)	4,650
Non-operating income		
Interest income	29	14
Dividends income	173	148
Foreign exchange gains	—	190
Other	367	333
Total non-operating income	570	687
Non-operating expenses		
Interest expenses	484	459
Loss on transfer of receivables	32	1
Foreign exchange losses	156	112
Equity in losses of affiliates	628	—
Other	574	153
Total non-operating expenses	1,875	725
Ordinary income (loss)	(7,446)	4,612
Extraordinary income		
Reversal of allowance for doubtful accounts	—	81
Gain on step acquisitions	2,612	—
Gain on negative goodwill	2,471	—
Other	287	2
Total extraordinary income	5,371	84
Extraordinary loss		
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	297
Loss on valuation of investment securities	—	108
Business structure improvement expenses	376	—
Total extraordinary loss	376	406
Income (loss) before income taxes	(2,451)	4,289
Income taxes	78	468
Income (loss) before minority interests	(2,529)	3,821
Minority interests in income (loss)	(7)	(37)
Net income (loss)	(2,522)	3,859

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Apr.1, 2009- Jun. 30,	Apr.1, 2010 – Jun. 30, 2010
Net cash provided by (used in) operating activities:		
Loss before income taxes	¥ (2,451)	¥ 4,289
Depreciation and amortization	1,686	1,459
Equity in (earnings) losses of affiliates	628	(190)
Gain on negative goodwill	(2,471)	—
Loss (gain) on step acquisitions	(2,612)	—
Loss (gain) on valuation of investment securities	—	108
Increase (decrease) in provision for retirement benefits	(105)	(86)
Increase (decrease) in provision for directors' bonuses	(30)	(13)
Increase (decrease) in provision for product warranties	(378)	(3)
Increase (decrease) in provision for loss on order received	(228)	(282)
Business structure improvement expenses	376	—
Interest and dividends income	(203)	(163)
Interest expenses	484	459
Decrease (increase) in notes and accounts receivable-trade	15,650	4,542
Decrease (increase) in inventories	4,284	(3,276)
Decrease (increase) in other current assets	117	(32)
Increase (decrease) in notes and accounts payable-trade	(15,760)	6,486
Increase (decrease) in accrued expenses	(349)	(155)
Increase (decrease) in other current liabilities	(2,520)	56
Other, net	(381)	196
Subtotal	(4,264)	13,394
Interest and dividends income received	206	162
Interest expenses paid	(235)	(211)
Contribution in connection with the shift to a defined-contribution pension plan	(952)	(868)
Payment for business structure improvement expenses	(152)	—
Income taxes paid	(664)	(643)
Net cash provided by (used in) operating activities	(6,063)	11,833
Net cash provided by (used in) investing activities:		
Decrease (increase) in time deposits	(62)	3
Purchase of property, plant and equipment	(247)	(250)
Proceeds from sales of property, plant and equipment	1,813	2
Purchase of investment securities	(3)	(3)
Proceeds from purchase of investments in subsidiaries resulting	2,615	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(5)	—
Other, net	(331)	(84)
Net cash provided by (used in) investing activities	3,777	(331)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

Apr.1, 2009 – Jun. 30, 2009**Apr.1, 2010 – Jun. 30, 2010****Net cash provided by financing activities:**

Net increase (decrease) in short-term loans payable	(3,200)	—
Proceeds from long-term loans payable	30,000	—
Repayment of long-term loans payable	(1,112)	(1,112)
Proceeds from sales and lease backs	1,626	—
Repayments of finance lease obligations	(495)	(1,142)
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid to minority shareholders	(3)	(4)
Net cash provided by financing activities	26,813	(2,260)

Effect of exchange rate change on cash and cash equivalents

260	(990)
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Net increase (decrease) in cash and cash equivalents

24,788	8,250
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Cash and cash equivalents at beginning of period

25,111	29,904
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Cash and cash equivalents at end of period

49,899	38,154
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SEGMENT INFORMATION**[Performance by Business Segment]**

First quarter ended Jun. 30, 2009

(Millions of yen)

	Electronic Equipment and Components	Graphic Arts Equipment	Other	Total	Eliminations	Consolidated
Sales						
(1) Sales to outside customers	¥ 17,993	¥ 7,745	¥ 243	¥ 25,983	¥ —	¥ 25,983
(2) Intersegment sales and transfers	—	—	1,177	1,177	(1,177)	—
Total	17,993	7,745	1,421	27,160	(1,177)	25,983
Operating income (loss)	(5,000)	(999)	(140)	(6,141)	—	(6,141)

Notes

1. Segment classifications are by product lineup.

2. Principal 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 (Computer to plate), digital printing equipment, other printing and prepress related equipment, fonts, and maintenance and repair services

Other: 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 its Group companies.

[Performance by Location]

First quarter ended Jun. 30, 2009

(Millions of yen)

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations	Consolidated
Sales							
(1) Sales to outside customers	¥ 19,001	¥ 2,904	¥ 2,361	¥ 1,715	¥ 25,983	¥ —	¥ 25,983
(2) Intersegment sales and transfers	2,597	296	859	333	4,087	(4,087)	—
Total	21,599	3,201	3,220	2,049	30,070	(4,087)	25,983
Operating income (loss)	(6,137)	(6)	113	(157)	(6,187)	46	(6,141)

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

[Overseas Sales]

First quarter ended Jun. 30, 2009

(Millions of yen)

	North America	Asia & Oceania	Europe	Other	Total
Overseas sales	¥ 3,305	¥ 12,531	¥ 1,992	¥ 563	¥ 18,392
Consolidated net sales					25,983
Overseas sales as a percentage of consolidated net sales	12.7 %	48.2 %	7.7 %	2.2 %	70.8 %

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, the 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. Net sales and profit/loss in reportable segment

First quarter ended Jun. 30, 2010

(Millions of yen)

	Reportable segment				Others	Total Segment	Eliminations	Consolidated
	SE	FE	MP	Total				
Sales								
(1) Sales to outside customers	¥ 32,779	¥ 8,210	¥ 10,307	¥ 51,297	¥ 125	¥ 51,422	¥ —	¥ 51,422
(2) Intersegment sales and transfers	—	—	—	—	1,561	1,561	(1,561)	—
Total	32,779	8,210	10,307	51,297	1,686	52,983	(1,561)	51,422
Segment income (loss)	4,935	633	(913)	4,654	52	4,707	(56)	4,650

Notes

- The "Other" category incorporates operations not included in reportable segments, including software development, planning and production of printed matter, logistics operations and other businesses.
- Segment operating income (loss) adjustment of ¥56 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.
- Segment income (loss) is adjusted with operating income under consolidated statements of income.

3. Impairment losses on fixed assets and goodwill, etc. in reportable segments

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant income related to negative goodwill: None

*Additional Information

Segment income is adjusted against quarterly net income before taxes in the quarterly consolidated income statement.

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).

Notes to remarkable changes in Shareholders' Equity: None

Consolidated Financial Highlights for the First Quarter Ended Jun. 30, 2010

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

	FY2010	FY2011	Difference		FY2010	FY2011	
	3 months ended Jun. 30, 2009	3 months ended Jun. 30, 2010			12 months ended Mar.31, 2010	6 months ending Sept. 30, 2010	12 months ending Mar.31, 2011
	Result	Result	Amount	Percentage	Result	Forecast	Forecast
Net sales	¥ 25,983	¥ 51,422	¥ 25,438	97.9%	¥ 164,128	114,000	260,000
Operating income	(6,141)	4,650	10,791	—	(14,046)	8,500	19,500
[to net sales ratio]	-23.6 %	9.0 %	32.6 pt	—	-8.6 %	7.5 %	7.5 %
Ordinary income	(7,446)	4,612	12,058	—	(17,258)	8,000	18,500
[to net sales ratio]	-28.7 %	9.0 %	37.7 pt	—	-10.5 %	7.0 %	7.1 %
Net income	(2,522)	3,859	6,381	—	(8,002)	6,700	16,500
[to net sales ratio]	-9.7 %	7.5 %	17.2 pt	—	-4.9 %	5.9 %	6.3 %
Total assets	256,879	219,107	* 2,485	1.1%	216,622	—	—
Net assets	71,584	65,645	* 604	0.9%	65,040	—	—
Equity	70,657	65,245	* 639	1.0%	64,606	—	—
Equity ratio	27.5 %	29.8 %	* — pt	—	29.8 %	—	—
Net assets per share	¥ 297.62	¥ 274.84	* ¥ 2.69	1.0%	¥ 272.15	—	—
Interest-bearing debt	131,014	75,366	* (1,851)	-2.4%	77,217	—	—
Cash flows from operating activities	(6,063)	11,833	—	—	25,113	—	—
Cash flows from investing activities	3,777	(331)	—	—	6,885	—	—
Cash flows from financing activities	26,813	(2,260)	—	—	(27,123)	—	—
Depreciation and amortization	1,686	1,459	(226)	-13.4%	7,011	3,000	6,400
Capital expenditures	233	719	486	208.6%	1,910	1,900	5,000
R&D expenses	2,371	2,616	244	10.3%	11,615	5,900	12,000
Number of employees	5,125	4,667	* (12)	-0.3%	4,679	—	—
Number of consolidated subsidiaries	47	45	* —	—	45	—	—
[Domestic]	[20]	[19]	* —	—	[19]	—	—
[Overseas]	[27]	[26]	* —	—	[26]	—	—
Number of affiliates	2	2	* —	—	2	—	—
[Number of affiliates accounted for by equity method]	[2]	[2]	* —	—	[2]	—	—

* show changes in amount from Mar. 31, 2010

Appendix

Sales Breakdown (Consolidated)

(Millions of yen)

		FY2010						FY2011		
		3 months ended Jun. 30, 2009	3 months ended Sept. 30, 2009	6 months ended Sept. 30, 2009	3 months ended Dec. 31, 2009	3 months ended Mar. 31, 2010	12 months ended Mar.31, 2010	3 months ended Jun. 30, 2010	6 months ending Sept. 30, 2010	12 months ending Mar.31, 2011
		Result	Result	Result	Result	Result	Result	Result	Forecast	Forecast
Semiconductor Equipment	Domestic	1,310	3,701	5,012	2,441	3,574	11,029	4,857	—	—
	Overseas	13,821	18,973	32,794	29,317	27,790	89,902	27,922	—	—
	Total	15,132	22,674	37,807	31,759	31,365	100,931	32,779	73,300	177,500
FPD Equipment	Domestic	1,620	5,630	7,251	543	657	8,453	316	—	—
	Overseas	620	1,569	2,190	3,277	5,977	11,444	7,893	—	—
	Total	2,241	7,200	9,442	3,820	6,634	19,898	8,210	17,900	35,500
Media and Precision Technology	Domestic	4,521	6,374	10,895	4,990	6,856	22,743	4,548	—	—
	Overseas	3,844	5,062	8,906	5,107	5,946	19,960	5,759	—	—
	Total	8,365	11,436	19,802	10,098	12,803	42,703	10,307	22,500	46,400
Graphic Arts Equipment	Domestic	4,170	5,568	9,738	4,624	5,843	20,206	4,007	—	—
	Overseas	3,575	4,595	8,171	4,727	5,342	18,241	4,950	—	—
	Total	7,745	10,163	17,909	9,351	11,186	38,447	8,958	18,600	38,900
PCB Equipment	Domestic	351	806	1,157	366	1,013	2,536	540	—	—
	Overseas	268	466	735	380	603	1,718	809	—	—
	Total	620	1,272	1,892	746	1,616	4,255	1,349	3,900	7,500
Other	Domestic	138	103	241	108	137	487	122	—	—
	Overseas	105	—	105	0	1	107	3	—	—
	Total	243	103	347	109	138	595	125	300	600
Grand Total	Domestic	7,591	15,810	23,401	8,084	11,227	42,713	9,844	—	—
	Overseas	18,392	25,605	43,997	37,703	39,714	121,415	41,578	—	—
	Total	25,983	41,415	67,398	45,787	50,942	164,128	51,422	114,000	260,000
	Overseas Ratio	70.8%	61.8%	65.3%	82.3%	78.0%	74.0%	80.9%	—	—

Orders received & Order backlog (Consolidated)

(Millions of yen)

		FY2010						FY2011			
		3 months ended Jun. 30, 2009		3 months ended Sept. 30, 2009		3 months ended Dec.31, 2009		3 months ended Mar. 31, 2010		3 months ended Jun. 30, 2010	
		Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog
Semiconductor Equipment	Domestic	953	6,834	3,397	6,529	1,988	6,076	6,994	8,766	4,638	8,547
	Overseas	10,268	24,652	30,936	36,615	32,022	39,320	25,049	35,353	47,927	55,358
	Total	11,220	31,486	34,332	43,144	34,011	45,396	32,043	44,119	52,565	63,905
FPD Equipment	Domestic	631	9,840	500	4,710	138	4,304	285	3,931	383	3,997
	Overseas	264	15,939	4,373	18,743	6,711	22,177	10,364	26,564	4,787	23,457
	Total	894	25,780	4,874	23,453	6,849	26,481	10,649	30,495	5,169	27,454
Media and Precision Technology	Domestic	4,204	1,283	6,962	1,870	5,490	2,370	6,767	2,279	4,788	2,519
	Overseas	4,094	1,682	5,452	2,073	6,818	3,784	5,609	3,445	6,401	4,086
	Total	8,297	2,965	12,414	3,943	12,307	6,154	12,375	5,724	11,189	6,605
Graphic Arts Equipment	Domestic	3,750	1,078	6,253	1,763	4,741	1,880	5,240	1,275	4,168	1,436
	Overseas	3,659	1,438	5,121	1,964	6,015	3,252	4,777	2,685	5,570	3,304
	Total	7,408	2,516	11,374	3,727	10,756	5,132	10,016	3,960	9,738	4,740
PCB Equipment	Domestic	454	205	709	108	749	490	1,527	1,004	620	1,083
	Overseas	435	244	331	109	803	532	832	760	831	782
	Total	889	449	1,039	217	1,552	1,022	2,359	1,764	1,451	1,865
Other	Domestic	1	—	—	—	—	—	—	—	—	—
	Overseas	104	—	—	—	—	—	—	—	—	—
	Total	105	—	—	—	—	—	—	—	—	—
Grand Total	Domestic	5,788	17,957	10,859	13,109	7,617	12,750	14,045	14,976	9,809	15,063
	Overseas	14,729	42,273	40,760	57,430	45,552	65,281	41,022	65,362	59,114	82,901
	Total	20,517	60,230	51,619	70,540	53,169	78,031	55,068	80,338	68,923	97,964
	Overseas Ratio	71.8%	70.2%	79.0%	81.4%	85.7%	83.7%	74.5%	81.4%	85.8%	84.6%

*Order backlog of Semiconductor production equipment as end of Jun.30, 2009 includes the adjustment of ¥1,954 million influenced by consolidating SOKUDO CO., LTD.