

November 8, 2010

## CONSOLIDATED FINANCIAL REPORT FOR THE SECOND QUARTER ENDED SEPTEMBER 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 SECOND QUARTER ENDED SEPTEMBER 30, 2010 (Apr.1, 2010-Sept.30, 2010)

#### (1) Business Result

(Millions of yen, except per share figures)

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
<b>Six months ended Sept. 30, 2010</b>	<b>¥ 110,405</b>	<b>63.8 %</b>	<b>¥ 11,043</b>	<b>— %</b>	<b>¥ 10,968</b>	<b>— %</b>
Six months ended Sept. 30, 2009	67,398	-45.1	(15,727)	—	(17,633)	—

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
<b>Six months ended Sept. 30, 2010</b>	<b>¥ 9,584</b>	<b>— %</b>	<b>¥ 40.37</b>	<b>—</b>
Six months ended Sept. 30, 2009	(12,845)	—	(54.11)	—

Notes:

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)
<b>Sept. 30, 2010</b>	<b>¥ 234,039</b>	<b>¥ 69,854</b>	<b>29.7</b>	<b>¥ 292.63</b>
Mar. 31, 2010	216,622	65,040	29.8	272.15

Note: Equity as end of period

Six months ended Sept. 30, 2010: ¥69,469 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 second 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, 2010**

(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
Fiscal year ending Mar. 31, 2011	¥ 255,000	55.4 %	¥ 22,000	— %

  

	Ordinary Income	Percentage Change	Net Income	Percentage Change	Net Income per Share (Yen)
Fiscal year ending Mar. 31, 2011	¥ 21,500	— %	¥ 20,000	—	¥ 84.25

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

**Others**

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

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

(3) 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

(4) Number of shares outstanding

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

Six months ended Sept. 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

Six months ended Sept. 30, 2010: 16,581,588 shares      Fiscal year ended Mar. 31, 2010: 16,578,859 shares

3. Average number of shares outstanding

Six months ended Sept. 30, 2010: 237,393,776 shares      Six months ended Sept. 30, 2009: 237,408,476 shares

\*Notes concerning the use of business forecasts

1. Dainippon Screen has revised our business forecast for the fiscal year ending March 31, 2011 that was previously announced on August 10, 2010, as noted in this financial report.

2. 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. For further information, please refer to P.4, 3. Qualitative information regarding consolidated business results forecasts.

3. 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. please refer to p.4 "Qualitative information regarding forecasts of business results."

## [Qualitative Information, Financial Statements]

### 1. Qualitative information regarding the status of consolidated business results

During the first half of the fiscal year ending March 31, 2011, the six-month period from April 1, 2010 to September 30, 2010, the overall global economy experienced a gradual upward trend, driven by a rise in the economies of such newly emerging countries as China that came on the back of expanding domestic demand. At the same time, the outlook became increasingly uncertain due to slow economic recovery in the United States and a high unemployment rate in Europe. Amid such circumstances, weak business sentiment was seen in the Japanese economy, reflecting the rapid appreciation of the yen and falling stock prices, although increased production and exports to Asian countries helped to improve corporate earnings.

With regard to business conditions surrounding the Dainippon Screen Group's principal fields of business, the semiconductor industry saw a decline in DRAM prices due to weakening demand for personal computers (PCs). However, semiconductor manufacturers pursued vigorous capital investment on the back of increasing demand for such mobile devices as smartphones and tablets.

Against this backdrop, the Dainippon Screen Group posted consolidated net sales totaling ¥110,405 million for the first half of the fiscal year ending March 31, 2011, an increase of ¥43,006 million, or 63.8%, from the corresponding period of the previous fiscal year. The improvement was attributable to favorable performance in the semiconductor equipment business. On the earnings front, in addition to increased sales, the effect of cost-reduction measures, improved factory operations and a decrease in loss on valuation of inventories substantially contributed to the Group's results. As a result, operating income was ¥11,043 million, a turnaround from an operating loss of ¥15,727 million in the corresponding period of the previous fiscal year, while ordinary income totaled ¥10,968 million, a turnaround from an ordinary loss of ¥17,633 million, and net income was ¥9,584 million, a turnaround from net loss of ¥12,845 million.

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 on the back of semiconductor manufacturers' vigorous capital investment in response to increasing demand for smartphones and tablets. By product, sales of wafer cleaning equipment, mainly single wafer type, rose substantially, while coater developers also saw sales increase. As a result, net sales in this segment amounted to ¥69,288 million, 83.3% increase year on year, and operating income totaled ¥11,095 million.

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

In the FPD Equipment segment, despite production adjustments undertaken by LCD panel manufacturers over the summer, sales of FPD production equipment were up compared with a year earlier, when sluggish capital investment conditions prevailed among such makers. As a result, net sales in this segment totaled ¥17,456 million, a year-on-year increase of 84.9%. Operating income was ¥653 million.

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

In the Media and Precision Technology segment, there was an increase—especially overseas—in the graphic arts equipment sales volume. Overall sales of such equipment increased only slightly from a year earlier due to falling sales prices and the negative impact of the strong yen. Sales of printed circuit board (PCB) related equipment grew year on year, reflecting a resumption of capital investment on the part of manufacturers. As a result, this segment posted net sales of ¥23,340 million, or a year-on-year increase of 17.9%, while reporting an operating loss of ¥762 million.

## 2. Qualitative information regarding changes in consolidated financial position

Total assets as of September 30, 2010 stood at ¥234,039 million, an increase of ¥17,417 million, or 8.0%. This was primarily attributable to increases in inventories, trade notes and accounts receivable, and cash and time deposits under current assets.

Total liabilities increased ¥164,185 million, or 8.3%, from March 31, 2010 to ¥12,603 million. Under current liabilities, trade notes and accounts receivable increased. Interest-bearing debt decreased ¥5,227 million, or 6.8%, compared with the previous fiscal year-end, to ¥71,989 million. Net interest-bearing debt, the balance of interest-bearing debt less cash and time deposits, declined ¥12,670 million, or 27.6%, compared with March 31, 2010, to ¥33,293 million.

Equity, the balance of net assets less minority interests, stood at ¥69,469 million, an increase of ¥4,862 million, or 7.5%, compared with March 31 2010. This was the result of an increase in retained earnings owing to the posting of net income that offset declines in valuation difference on available-for-sale securities and foreign currency translation adjustments. Taking these factors into account, the equity ratio at the end of first half under review rose to 29.7% from 29.8% as of March 31, 2010.

### *Status of Cash Flows*

Net cash provided by operating activities amounted to ¥15,155 million, compared with ¥3,053 million provided by operating activities in the corresponding period of the previous fiscal year. Cash inflows—including income before income taxes, depreciation and amortization and an increase in accounts payable—served to offset such cash outflows as increases in trade notes and accounts receivable and inventories.

Net cash used in investing activities totaled ¥423 million, a turnaround from ¥3,436 million provided by investing activities 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 ¥5,717 million, a turnaround from the ¥18,589 million provided by financing activities of a year earlier. 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 September 30, 2010 totaled ¥7,533 million, up ¥37,438 million from March 31, 2010.

## 3. Qualitative information regarding consolidated business results forecasts

With regard to the future economic environment, although a gradual recovery is projected given expanding demand in emerging countries, there remain concerns with regard to the direction the economies of the United States and European countries are taking, the ongoing appreciation of the yen and raw material price hikes. Therefore, the economic environment is expected to remain unpredictable.

As for business conditions surrounding the Dainippon Screen Group's principal fields of business, markets are projected to enter an adjustment phase on the back of falling prices for DRAMs and LCD panels. Given the current order situation, however, the result in the second half of the fiscal year under review is expected to remain on par with the previous forecast.

As a result of above and based on the result from the 6 month period ended September 30, 2010, Dainippon Screen has revised its consolidated business forecast for the fiscal year ending March 31, 2011 from the previous announced August 10, 2010.

### Revision of forecast for the consolidated business result for the fiscal year ending March 31, 2011

(Millions of yen)

	Fiscal year ending Mar. 31, 2011
Net sales	2,550
SE	1,738
FE	350
MP	455
Other	7
Operating income	220
Ordinary income	215
Net income	200

Dainippon Screen has decided not to disclose fiscal year end cash dividend forecast for the fiscal year ending March 31, 2011 at this time. However we have been continued to consider to resumption of dividend.

\*The aforementioned forecasts are based on foreign currency exchange rate estimates of US\$1.00 = ¥80 and EUR1.00 = ¥110 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.

## [ 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 September 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 second quarter ended September 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 4 million each, income before income taxes decreased by 302 million.

**CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	Sept. 30, 2010	Mar. 31, 2010
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and time deposits	¥ 38,696	¥ 31,253
Notes and accounts receivable-trade	56,341	52,029
Merchandise and finished goods	27,163	22,484
Work in process	29,005	21,413
Raw materials and supplies	5,287	5,566
Deferred tax assets	3,973	4,026
Other	4,045	4,637
Allowance for doubtful accounts	(1,069)	(1,428)
Total current assets	163,442	139,984
<b>Noncurrent assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	55,011	54,634
Machinery, equipment and vehicles	30,502	31,583
Other	28,175	28,594
Accumulated depreciation	(70,432)	(69,398)
Total property, plant and equipment	43,256	45,413
<b>Intangible assets:</b>		
Other	1,449	1,356
Total intangible assets	1,449	1,356
<b>Investments and other assets:</b>		
Investment securities	19,928	23,747
Other	6,095	6,254
Allowance for doubtful accounts	(133)	(133)
Total investments and other assets	25,890	29,868
Total noncurrent assets	70,596	76,637
<b>Total assets</b>	<b>234,039</b>	<b>216,622</b>

**CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	Sept. 30, 2010	Mar. 31, 2010
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	¥ 70,884	¥ 52,389
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	12,174	9,772
Lease obligations	2,198	2,861
Income taxes payable	1,292	1,036
Notes payable-facilities	53	32
Provision for directors' bonuses	16	22
Provision for product warranties	4,170	3,816
Provision for loss on order received	285	516
Other	13,910	13,426
Total current liabilities	114,986	93,874
<b>Noncurrent liabilities:</b>		
Bonds payable	9,500	9,500
Long-term loans payable	32,606	38,694
Lease obligations	5,510	6,388
Provision for retirement benefits	404	487
Provision for directors' retirement benefits	128	117
Provision for loss on guarantees	0	37
Asset retirement obligations	80	—
Other	966	2,482
Total noncurrent liabilities	49,198	57,707
<b>Total liabilities</b>	<b>164,185</b>	<b>151,581</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	54,044	54,044
Capital surplus	30,154	30,154
Retained earnings	10,315	731
Treasury stock	(12,225)	(12,224)
Total shareholders' equity	82,289	72,706
<b>Valuation and translation adjustments:</b>		
Valuation difference on available for sale securities	973	3,399
Deferred gains or losses on hedges	(68)	(67)
Foreign currency translation adjustments	(13,725)	(11,431)
Total valuation gain/loss, translation gain/loss, etc.	(12,820)	(8,100)
<b>Minority interests</b>	<b>384</b>	<b>434</b>
<b>Total net assets</b>	<b>69,854</b>	<b>65,040</b>
<b>Total liabilities and net assets</b>	<b>234,039</b>	<b>216,622</b>

**CONSOLIDATED STATEMENTS OF INCOME**

(Millions of yen)

	Apr.1, 2009 – Sept. 30, 2009	Apr.1, 2010 – Sept. 30, 2010
<b>Net sales</b>	¥ 67,398	¥ 110,405
<b>Cost of sales</b>	63,153	78,260
<b>Gross profit</b>	4,245	32,144
<b>Selling, general and administrative expenses</b>	19,973	21,101
<b>Operating income (loss)</b>	(15,727)	11,043
<b>Non-operating income</b>		
Interest income	64	35
Dividends income	184	159
Fiduciary obligation fee	41	11
Equity in earnings of affiliates	—	429
Other	633	571
Total non-operating income	923	1,207
<b>Non-operating expenses</b>		
Interest expenses	1,100	938
Loss on sales of accounts receivable	48	2
Foreign exchange losses	208	79
Equity in losses of affiliates	674	—
Other	797	262
Total non-operating expenses	2,829	1,282
<b>Ordinary income (loss)</b>	(17,633)	10,968
<b>Extraordinary income</b>		
Reversal of allowance for doubtful accounts	—	156
Gain on step acquisitions	2,612	—
Gain on negative goodwill	2,471	—
Other	342	2
Total extraordinary income	5,426	158
<b>Extraordinary loss</b>		
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	297
Loss on valuation of investment securities	39	198
Business structure improvement expenses	389	—
Total extraordinary loss	428	496
<b>Loss before income taxes</b>	(12,636)	10,629
<b>Income taxes</b>	545	1,084
<b>Loss before minority interests</b>	(13,182)	9,544
<b>Minority interests in income (loss)</b>	(336)	(39)
<b>Net loss</b>	(12,845)	9,584



**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Millions of yen)

**Apr.1, 2009 – Sept. 30, 2009****Apr.1, 2010 – Sept. 30, 2010****Net cash provided by operating activities:**

Income (loss) before income taxes	¥ (12,636)	¥ 10,629
Depreciation and amortization	3,459	2,903
Equity in (earnings) losses of affiliates	674	(429)
Gain on negative goodwill	(2,471)	—
Loss (gain) on step acquisitions	(2,612)	—
Loss (gain) on valuation of investment securities	—	198
Increase (decrease) in provision for retirement benefits	(125)	(82)
Increase (decrease) in provision for directors' bonuses	(24)	(5)
Increase (decrease) in provision for product warranties	(449)	389
Increase (decrease) in provision for loss on order received	(282)	(230)
Business structure improvement expenses	389	—
Interest and dividends income	(248)	(194)
Interest expenses	1,100	938
(Increase) decrease in notes and accounts receivable-trade	21,714	(4,725)
(Increase) decrease in inventories	18,259	(12,818)
(Increase) decrease in other current assets	(189)	(248)
(Increase) decrease in notes and accounts payable-trade	(13,567)	18,772
Increase (decrease) in accrued expenses	(459)	(92)
Increase (decrease) in other current liabilities	(646)	1,814
Other, net	(424)	(7)
Subtotal	11,459	16,811
Interest and dividends income received	256	196
Interest expenses paid	(1,110)	(941)
Contribution in connection with the shift to a defined-contribution pension plan	(1,086)	(868)
Payment for business structure improvement expenses	(5,883)	—
Income taxes paid	(582)	(41)
Net cash provided by operating activities	3,053	15,155

**Net cash provided by investing activities:**

(Increase) decrease in time deposits	63	(43)
Purchase of property, plant and equipment	(625)	(559)
Proceeds from sales of property, plant and equipment	1,827	288
Purchase of investment securities	(6)	(6)
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	(432)	(101)
Net cash provided by (used in) investing activities	3,436	(423)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Millions of yen)

	<b>Apr.1, 2009- Sept. 30, 2009</b>	<b>Apr.1, 2010 – Sept. 30, 2010</b>
<b>Net cash provided by financing activities:</b>		
Net increase (decrease) in short-term loans payable	¥ (17,850)	—
Proceeds from long-term loans payable	55,000	—
Repayment of long-term loans payable	(3,916)	<b>(3,686)</b>
Proceeds from sales and lease backs	1,626	—
Repayments of finance lease obligations	(1,266)	<b>(2,025)</b>
Redemption of bonds with subscription rights to shares	(14,999)	—
Net (increase) decrease in treasury stock	(1)	<b>(1)</b>
Cash dividends paid to minority shareholders	(3)	<b>(4)</b>
Net cash provided by financing activities	<b>18,589</b>	<b>(5,717)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(268)</b>	<b>(1,481)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>24,810</b>	<b>7,533</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>25,111</b>	<b>29,904</b>
<b>Cash and cash equivalents at end of period</b>	<b>49,922</b>	<b>37,438</b>

**SEGMENT INFORMATION****[Performance by Business Segment]**

Second quarter ended September. 30, 2009

(Millions of yen)

	Electronic Equipment and Components	Graphic Arts Equipment	Other	Total	Eliminations	Consolidated
Sales						
(1) Sales to outside customers	¥ 49,142	¥ 17,909	¥ 347	¥ 67,398	¥ —	¥ 67,398
(2) Intersegment sales and transfers	—	—	2,759	2,759	(2,759)	—
Total	49,142	17,909	3,106	70,158	(2,759)	67,398
Operating income (loss)	(13,851)	(1,713)	(163)	(15,727)	—	(15,727)

## 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]**

Second quarter ended September. 30, 2009

(Millions of yen)

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations	Consolidated
Sales							
(1) Sales to outside customers	¥ 53,554	¥ 5,206	¥ 4,930	¥ 3,708	¥ 67,398	¥ —	¥ 67,398
(2) Intersegment sales and transfers	5,498	688	1,763	742	8,693	(8,693)	—
Total	59,052	5,895	6,693	4,451	76,092	(8,693)	67,398
Operating income (loss)	(16,578)	(81)	356	(387)	(16,691)	963	(15,727)

## 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 &amp; Oceania: Singapore, China, Taiwan, South Korea, Australia

(3) Europe: U.K., Germany, the Netherlands, France, Italy, Ireland, Israel

**[Overseas Sales]**

Second quarter ended September. 30, 2009

(Millions of yen)

	North America	Asia & Oceania	Europe	Other	Total
Overseas sales	¥ 7,871	¥ 30,569	¥ 4,536	¥ 1,019	¥ 43,997
Consolidated net sales					67,398
Overseas sales as a percentage of consolidated net sales	11.7 %	45.4 %	6.7 %	1.5 %	65.3 %

## 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 &amp; 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

Second quarter ended September 30, 2010

(Millions of yen)

	Reportable segment				Others	Total Segment	Eliminations	Consolidated
	SE	FE	MP	Total				
Sales								
(1) Sales to outside customers	¥ 69,288	¥ 17,456	¥ 23,340	¥ 110,085	¥ 319	¥ 110,405	¥ —	¥ 110,405
(2) Intersegment sales and transfers	—	—	—	—	3,647	3,647	(3,647)	—
Total	69,288	17,456	23,340	110,085	3,967	114,053	(3,647)	110,405
Segment income (loss)	11,095	653	(762)	10,985	162	11,148	(104)	11,043

#### 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 ¥104 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

## SEGMENT INFORMATION

### Major Subsequent Events

This notification is to inform you that, by resolution at the Board of Directors' meeting of Dainippon Screen Mfg. Co., Ltd. (hereinafter referred to as "SCREEN") held on October 29, 2010, all stock that we hold in SEMES Co., Ltd. (hereinafter referred to as "SEMES"), an affiliated company accounted for by the equity method, is to be transferred to SAMSUNG ELECTRONICS CO., LTD. (hereinafter referred to as "SAMSUNG").

1. Reason for stock transfer

The present matter was based on the result by the agreement between SCREEN and SAMSUNG to dissolve the capital alliance with respect to SEMES and to transfer all of the outstanding shares of SEMES, held by SCREEN, to SAMSUNG.

2. Name of the company which stock transfer was received

SAMSUNG ELECTRONICS CO., LTD.

3. Date when stock transfer was received

October 29, 2010

4. Outline of Affiliate Company to which the change applies

(1)	Company name	SEMES Co., Ltd
(2)	Business content	Manufacture and sales of semiconductor and FPD manufacturing equipment
(3)	Business relationship with SCREEN	The listed company provides technology and consigns the manufacturing of a portion of its products to the Company.

5. Number of stocks being transferred and status of ownership before and after that transfer

(1)	Number of shares owned prior to transfer	435,000 shares
(2)	Sales value	52.2 billion won (approx. 3.7 billion yen)
(3)	Gain on sales of stocks	Due to this stock transfer, profit on the sales of the affiliate stock of approx. 500 million yen (on a consolidated basis) is scheduled to be allocated as extraordinary profit for the third quarter of the fiscal year ending March 2011.
(4)	Status of ownership before and after that transfer	Number of shares owned prior to transfer: 435,000 shares (ratio of ownership: 21.75%)
		Number of shares owned after transfer: 0 shares (ratio of ownership: ---%)

\*The above yen figures are translated at the rate of 0.071 yen per 1 won.

## Consolidated Financial Highlights for the Second Quarter Ended Sept. 30, 2010

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

	FY2010 6months ended Sept. 30, 2009	FY2011 6months ended Sept. 30, 2010	Difference		FY2010 12 months ended Mar.31, 2010	FY2011 12months ending Mar. 31, 2011
	Result	Result	Amount	Percentage	Result	Forecast
Net sales	¥ 67,398	¥ 110,405	¥ 43,006	63.8%	¥ 164,128	¥ 255,000
Operating income	(15,727)	11,043	26,771	—	(14,046)	22,000
[to net sales ratio]	-23.3 %	10.0 %	33.3 pt		-8.6 %	8.6 %
Ordinary income	(17,633)	10,968	28,601	—	(17,258)	21,500
[to net sales ratio]	-26.2 %	9.9 %	36.1 pt		-10.5 %	8.4 %
Net income	(12,845)	9,584	22,430	—	(8,002)	20,000
[to net sales ratio]	-19.1 %	8.7 %	27.8 pt		-4.9 %	7.8 %
Total assets	234,937	234,039	* 17,417	8.0%	216,622	—
Net assets	61,572	69,854	* 4,813	7.4%	65,040	—
Equity	60,952	69,469	* 4,862	7.5%	64,606	—
Equity ratio	25.9 %	29.7 %	* -0.1 pt	—	29.8 %	—
Net assets per share	¥ 256.74	¥ 292.63	* ¥ 20.48	7.5%	¥ 272.15	—
Interest-bearing debt	122,768	71,989	* (5,227)	-6.8%	77,217	—
Cash flows from operating activities	3,053	15,155	—	—	25,113	—
Cash flows from investing activities	3,436	(423)	—	—	6,885	—
Cash flows from financing activities	18,589	(5,717)	—	—	(27,123)	—
Depreciation and amortization	3,459	2,903	(556)	-16.1%	7,011	6,200
Capital expenditures	497	1,190	692	139.3%	1,910	5,000
R&D expenses	5,762	5,738	(23)	-0.4%	11,615	12,100
Number of employees	4,717	4,701	* 22	0.5%	4,679	—
Number of consolidated subsidiaries	46	45	* —	—	45	—
[Domestic]	[20]	[19]	* [—]	—	[19]	—
[Overseas]	[26]	[26]	* [—]	—	[26]	—
Number of Affiliates	2	2	* —	—	2	—
[Number of affiliates accounted for by equity method]	[2]	[2]	* [—]	—	[2]	—

\* shows 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	3 months ended Sept. 30, 2010	6 months ending Sept. 30, 2010	12 months ending Mar.31, 2011
		Result	Result	Result	Result	Result	Result	Result	Result	Result	Forecast
Semiconductor Equipment	Domestic	1,310	3,701	5,012	2,441	3,574	11,029	4,857	5,563	10,420	—
	Overseas	13,821	18,973	32,794	29,317	27,790	89,902	27,922	30,945	58,867	—
	Total	15,132	22,674	37,807	31,759	31,365	100,931	32,779	36,509	69,288	173,800
FPD Equipment	Domestic	1,620	5,630	7,251	543	657	8,453	316	4,031	4,347	—
	Overseas	620	1,569	2,190	3,277	5,977	11,444	7,893	5,215	13,109	—
	Total	2,241	7,200	9,442	3,820	6,634	19,898	8,210	9,246	17,456	35,000
Media and Precision Technology	Domestic	4,521	6,374	10,895	4,990	6,856	22,743	4,548	6,555	11,104	—
	Overseas	3,844	5,062	8,906	5,107	5,946	19,960	5,759	6,476	12,236	—
	Total	8,365	11,436	19,802	10,098	12,803	42,703	10,307	13,032	23,340	45,500
Graphic Arts Equipment	Domestic	4,170	5,568	9,738	4,624	5,843	20,206	4,007	5,044	9,051	—
	Overseas	3,575	4,595	8,171	4,727	5,342	18,241	4,950	5,603	10,553	—
	Total	7,745	10,163	17,909	9,351	11,186	38,447	8,958	10,647	19,605	38,800
PCB Equipment	Domestic	351	806	1,157	366	1,013	2,536	540	1,511	2,052	—
	Overseas	268	466	735	380	603	1,718	809	873	1,682	—
	Total	620	1,272	1,892	746	1,616	4,255	1,349	2,385	3,734	6,700
Other	Domestic	138	103	241	108	137	487	122	193	315	—
	Overseas	105	—	105	0	1	107	3	1	4	—
	Total	243	103	347	109	138	595	125	194	319	700
Grand Total	Domestic	7,591	15,810	23,401	8,084	11,227	42,713	9,844	16,343	26,187	—
	Overseas	18,392	25,605	43,997	37,703	39,714	121,415	41,578	42,639	84,217	—
	Total	25,983	41,415	67,398	45,787	50,942	164,128	51,422	58,982	110,405	255,000
	Overseas Ratio	70.8%	61.8%	65.3%	82.3%	78.0%	74.0%	80.9%	72.3%	76.3%	—

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

(Millions of yen)

		FY2010						FY2011			
		3 months ended Sept. 30, 2009		3 months ended Dec.31, 2009		3 months ended Mar. 31, 2010		3 months ended Jun. 30, 2010		3 months ended Sept. 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	3,397	6,529	1,988	6,076	6,994	8,766	4,638	8,547	4,958	7,941
	Overseas	30,936	36,615	32,022	39,320	25,049	35,353	47,927	55,358	44,051	68,463
	Total	34,332	43,144	34,011	45,396	32,043	44,119	52,565	63,905	49,008	76,404
FPD Equipment	Domestic	500	4,710	138	4,304	285	3,931	383	3,997	1,658	1,624
	Overseas	4,373	18,743	6,711	22,177	10,364	26,564	4,787	23,457	7,022	25,263
	Total	4,874	23,453	6,849	26,481	10,649	30,495	5,169	27,454	8,680	26,887
Media and Precision Technology	Domestic	6,962	1,870	5,490	2,370	6,767	2,279	4,788	2,519	5,588	1,551
	Overseas	5,452	2,073	6,818	3,784	5,609	3,445	6,401	4,086	5,178	2,788
	Total	12,414	3,943	12,307	6,154	12,375	5,724	11,189	6,605	10,766	4,339
Graphic Arts Equipment	Domestic	6,253	1,763	4,741	1,880	5,240	1,275	4,168	1,436	4,674	1,066
	Overseas	5,121	1,964	6,015	3,252	4,777	2,685	5,570	3,304	4,635	2,336
	Total	11,374	3,727	10,756	5,132	10,016	3,960	9,738	4,740	9,309	3,402
PCB Equipment	Domestic	709	108	749	490	1,527	1,004	620	1,083	914	486
	Overseas	331	109	803	532	832	760	831	782	543	451
	Total	1,039	217	1,552	1,022	2,359	1,764	1,451	1,865	1,457	937
Other	Domestic	—	—	—	—	—	—	—	—	—	—
	Overseas	—	—	—	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—	—	—	—
Grand Total	Domestic	10,859	13,109	7,617	12,750	14,045	14,976	9,809	15,063	12,204	11,117
	Overseas	40,760	57,430	45,552	65,281	41,022	65,362	59,114	82,901	56,251	96,514
	Total	51,619	70,540	53,169	78,031	55,068	80,338	68,923	97,964	68,455	107,630
	Overseas Ratio	79.0%	81.4%	85.7%	83.7%	74.5%	81.4%	85.8%	84.6%	82.2%	89.7%

\*Order backlog of Semiconductor production equipment as end of Jun.30, 2010 includes the adjustment of ¥1,954 million influenced by consolidating SOKUDO CO., LTD.