

November 5, 2013

Dainippon Screen Mfg. Co., Ltd.
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CONSOLIDATED FINANCIAL REPORT FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2013 [Japanese GAAP]

Dainippon Screen Mfg. Co., Ltd. is listed on the First Section of the Tokyo Stock Exchange with the securities code number 7735.
(URL <http://www.screen.co.jp/>)

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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, 2013 (APR. 1, 2013-SEPT. 30, 2013)

(Millions of yen, except per share figures)

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

(1) Business Results

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Six months ended Sept. 30, 2013	¥111,141	1.5%	¥ 3,034	— %	¥ 2,620	— %
Six months ended Sept. 30, 2012	109,466	—	(1,284)	—	(1,450)	—

Note: Comprehensive income

Six months ended Sept. 30, 2013: ¥ 5,929 million (- %)
Six months ended Sept. 30, 2012: ¥ (9,814) million (- %)

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Six months ended Sept. 30, 2013	¥ 1,559	— %	¥ 6.57	¥ —
Six months ended Sept. 30, 2012	(6,913)	—	(29.12)	—

Note: The rate of increase or decrease from the previous corresponding period for the second quarter ended Sept 30, 2012 is not shown due to the retroactive application along with the changes of accounting policies.

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share of Capital Stock (Yen)
Sept. 30, 2013	¥236,322	¥82,776	34.8%	¥346.24
Mar. 31, 2013	232,390	76,854	32.8	321.24

Note: Equity

As of Sept. 30, 2013: ¥ 82,183 million
As of Mar. 31, 2013: ¥ 76,249 million

CASH DIVIDENDS

Record date	Cash Dividends per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual
Fiscal year ended Mar. 31, 2013	¥ —	¥ —	¥ —	¥0.00	¥0.00
Fiscal year ending Mar. 31, 2014	—	—			
Fiscal year ending Mar. 31, 2014 (Forecast)			—	3.00	3.00

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

FORECAST OF BUSINESS RESULTS FOR FISCAL YEAR ENDING MARCH 31, 2014

(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
Fiscal year ending Mar. 31, 2014	¥ 227,000	13.6 %	¥ 7,800	— %

	Ordinary Income	Percentage Change	Net Income	Percentage Change	Net Income per Share (Yen)
Fiscal year ending Mar. 31, 2014	¥ 7,000	— %	¥ 5,100	— %	¥21.49

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

NOTES

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): No

New Company: Not applicable Exclusion: Not applicable

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: Yes

Please refer to P.5 [Summary Information (Notes)] for more information.

(3) Changes of accounting policies, changes in accounting estimates and retrospective restatement

1. Changes of accounting policies accompanied by revision of accounting standard etc.: No

2. Changes of accounting policies other than 1: Yes

3. Changes in accounting estimates: Yes

4. Retrospective restatement: No

Please refer to P.5 [Summary Information (Notes)] for more information.

(4) Number of shares outstanding

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

As of Sept. 30, 2013: 253,974,333 shares As of Mar. 31, 2013: 253,974,333 shares

2. Number of treasury stock as of end of period

As of Sept. 30, 2013: 16,618,847 shares As of Mar. 31, 2013: 16,613,829 shares

3. Average number of shares outstanding

Six months ended Sept. 30, 2013: 237,358,771 shares Six months ended Sept. 30, 2012: 237,367,402 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) Dainippon Screen has revised our business forecast for the fiscal year ending March 31, 2014 that was previously announced on August 9, 2013, as noted in this financial report.

(2) 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. Dainippon Screen does not promise that the forecasts or estimates will be accurate. Large discrepancies may be seen in the actual results due to various factors. Please refer to P.4 “Qualitative information regarding consolidated business results forecasts” for the assumptions used and other notes.

[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, 2014, the six-month period from April 1, 2013 to September 30, 2013, the global economy, on the whole, began to show signs of recovery despite the remaining economic uncertainty. The U.S. economy kept a moderate upswing backed by improvements in corporate performance and housing markets although there are concerns about the impact of its fiscal problems over the economy. In Europe the region's major economies showed signs of recovery following the conclusion of the national election in Germany without major change in direction, initially a cause of concern. Although the growth of emerging economies slowed overall, in China a shift in government policy toward promoting stable economic growth appears successful, with concerns about dramatic economic deceleration beginning to clear up. The Japanese economy saw continued recovery with economic policy leading to increased public investment, and benefited from improvements in exports and consumer spending reflecting the yen's depreciation and the rise in stock prices.

With regard to the business conditions surrounding the Dainippon Screen Group, in the semiconductor industry, memory chip manufacturers resumed capital investment and foundries increased their capital investment, reflecting the market penetration of smartphones and tablets. However, capital investment by logic chip manufacturers was restrained due to declining demand for personal computers. In the LCD panel industry, although the market for televisions remained sluggish, the business environment showed improvement as demand for small- and medium-sized LCD panels increased and capital investment in China resumed.

Under these circumstances, the Dainippon Screen Group posted consolidated net sales of ¥111,141 million for the first half of the fiscal year ending March 31, 2014, an increase of ¥1,675 million, or 1.5%, from the corresponding period of the previous fiscal year. On the earnings front, operating income totaled ¥3,034 million, an improvement of ¥4,319 million from the operating loss of ¥1,284 million in the same period of the previous fiscal year, due to efforts to reduce variable and fixed costs. Ordinary income amounted to ¥2,620 million, compared with an ordinary loss of ¥1,450 million in the corresponding period of the previous fiscal year. As a result, the Group posted a net income of ¥1,559 million for the first half of the fiscal year ending March 31, 2014, compared with a net loss of ¥6,913 million in the corresponding period of the previous fiscal year.

Performance by reportable segment is explained below.

The Semiconductor Equipment (SE) Segment

In the Semiconductor Equipment segment, although sales of coater/developers rose year on year following the increased investments by memory chip manufacturers and major foundries, sales to logic chip manufacturers saw a significant decrease. By geographical region, domestic sales increased and sales to North American and Asian markets remained on par with those of the corresponding period of the previous fiscal year, while sales to other regions decreased. As a result, net sales in this segment amounted to ¥75,682 million, down 5.1% year on year. On the earnings front, operating income in this segment came to ¥2,897 million, compared with an operating loss of ¥779 million in the same period of the previous fiscal year, reflecting the effects of reduction in variable and fixed costs.

The FPD Equipment (FE) Segment

In the FPD Equipment segment, sales of small- and medium-sized production equipment for high-definition LCD panels in domestic and Asian markets increased, as did sales of production equipment for large-sized LCD panels for televisions in China. As a result, net sales in this segment amounted to ¥10,959 million, up 58.8% year on year. On the earnings front, this segment posted an operating income of ¥10 million, compared with an operating loss of ¥304 million in the corresponding period of the previous fiscal year.

The Media and Precision Technology (MP) Segment

In the Media and Precision Technology segment, amid a weakening yen on foreign exchange markets, sales of graphic arts equipment increased from the corresponding period of the previous fiscal year as sales of print on demand (POD) equipment increased while sales of computer to plate (CTP) equipment decreased. Sales of printed circuit board (PCB)-related equipment increased year on year due to rising sales of direct imaging systems used for circuit formation. As a result, net sales in this segment came to ¥24,107 million, up 7.0% year on year. On the earnings front, operating income totaled ¥1,021 million, an increase of 45.8% compared with the corresponding period of the previous fiscal year.

2. Qualitative information regarding changes in consolidated financial position

Total assets as of September 30, 2013 stood at ¥236,322 million, an increase of ¥3,932 million, or 1.7%, compared with March 31, 2013. This was mainly due to increases in notes and accounts receivable-trade and investment securities, despite decreases in inventories and property, plant and equipment.

Total liabilities amounted to ¥153,546 million, down ¥1,989 million, or 1.3%, compared with the end of the previous fiscal year. This was mainly due to the repayments of loans payable in spite of the issuance of bonds. Interest-bearing debt decreased by ¥5,480 million, or 7.8%, from March 31, 2013, to ¥64,962 million. Net interest-bearing debt, or interest-bearing debt minus cash and time deposits, decreased by ¥5,947 million or 19.8%, compared with March 31, 2013, to ¥24,074 million.

Total net assets amounted to ¥82,776 million, up ¥5,921 million, or 7.7%, from March 31, 2013. This was mainly attributable to an increase in retained earnings due to the posting of net income, as well as an increase in valuation difference on available-for-sale securities due to the rising market values of stocks held and an increase in foreign currency translation adjustment due to the yen depreciation.

As a result, the equity ratio as of September 30, 2013 improved 2.0 percentage points compared with the end of the previous fiscal year to 34.8%.

Status of Cash Flows

The status of cash flows during the first half of the fiscal year ending March 31, 2014 is as follows.

Net cash provided by operating activities amounted to ¥7,695 million, compared with ¥1,081 million used in operating activities in the first half of the previous fiscal year. For the period under review, total cash inflows, including posting of income before income taxes, depreciation and amortization and a decrease in inventories, outpaced total cash outflows such as an increase in notes and accounts receivable-trade.

Net cash used in investing activities amounted to ¥2,800 million, compared with ¥2,891 million used in investing activities in the first half of the previous fiscal year. This was mainly due to the purchase of property, plant and equipment, such as equipment for R&D.

Net cash used in financing activities amounted to ¥5,650 million, compared with ¥2,974 million used in financing activities in the first half of the previous fiscal year. This was attributable mainly to the repayments of loans payable, in spite of financing through the issuance of bonds.

As a result, cash and cash equivalents as of September 30, 2013 totaled ¥38,201 million, up ¥175 million from March 31, 2013.

(Note) As noted in P.5 [Summary Information (Notes)] 3. Changes of accounting policies, changes in accounting estimates and retrospective restatement, from the first quarter of the fiscal year ending March 31, 2014, as for main unit sales in the SE segment and FE segment, Dainippon Screen and its consolidated subsidiaries changed its accounting policy for revenue recognition from shipment basis to completion of installation basis. Accordingly, a comparative analysis has been made using amounts for the corresponding period of the previous fiscal year and as of end of the previous fiscal year that have been calculated applying retroactively this new accounting policy.

3. Qualitative information regarding consolidated business results forecasts

Dainippon Screen has revised its consolidated business forecast for the fiscal year ending March 31, 2014, from the previously announced forecast on August 9, 2013 as listed below. This is attributable to the background that sales of single wafer cleaning equipment that is our core product and coater/developers are expected to exceed our assumption, reflecting the favorable order situation in the SE segment.

The Dainippon Screen Group will continuously make efforts for earnings recovery centering on the reduction of variable costs.

Business forecast

For the fiscal year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Net sales	Operating Income	Ordinary Income	Net Income
Previously announced forecast (A)	211,000	6,500	5,500	4,000
Revised forecast (B)	227,000	7,800	7,000	5,100
Amount of change (B - A)	16,000	1,300	1,500	1,100

Note: The aforementioned forecasts are based on foreign currency exchange rate estimates of US\$1.00 = ¥95 and EUR1.00 = ¥125. Business forecasts are also made in accordance with currently available information and rational assumptions. Dainippon Screen does not promise that the forecasts or estimates will be accurate. Therefore, it should be noted that actual results could differ significantly due to a variety of factors.

[Summary Information (Notes)]

1. Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation):
None

2. Application of 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 30, 2013, 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.

3. Changes of accounting policies, changes in accounting estimates and retrospective restatement:

Changes of accounting policies

(Changes in depreciation method)

Dainippon Screen and its consolidated domestic subsidiaries had depreciated its property, plant and equipment, principally using the declining balance method. From the first quarter ended June 30, 2013, we changed the depreciation method principally to the straight-line method.

As part of our structure reform based on the change of business environment, we focus on enhancing the versatility of equipment and increasing the ratio of equipment which are operated stably. Against such a background, we have decided it is more properly in terms of utilization for property, plant and equipment to adopt the straight-line method which evenly allocates depreciation expenses over estimated usable period.

As a result of this change, operating income for the first half ended September 30, 2013 increased by ¥430 million, and ordinary income and income before income taxes increased by ¥452 million, respectively, compared with amounts that would have been recorded using the previously applied method.

The impact on segment information is noted in the corresponding section.

(Changes in revenue recognition)

Dainippon Screen and its consolidated subsidiaries had adopted the revenue recognition method on shipment basis for main unit sales in the SE segment and the FE segment. From the first quarter ended June 30, 2013, we changed to the revenue recognition method on completion of installation basis. The period from shipment to completion of installation has become longer due to the increasing overseas sales ratio and the system to collect data on completion of installation has been developed by reviewing an operation process from shipment to completion of installation. Against such a background, under the trend of recent international accounting practice we have decided this change to better reflect the earnings situation.

This change of accounting policies is to be applied retroactively. Accordingly, new accounting policies are retroactively applied to the financial statements for each quarter of the previous fiscal year and for the previous fiscal year.

As a result of this change, operating loss, ordinary loss and loss before income taxes for the first half ended September 30, 2012 decreased by ¥2,247 million, respectively, compared with amounts before the retroactive application. In addition, a balance of retained earnings at beginning of the fiscal year ended March 31, 2013 decreased by ¥6,514 million as a cumulative effect was reflected in net assets at beginning of the previous fiscal year.

The impact on segment information is noted in the corresponding section.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Mar. 31, 2013	Sept. 30, 2013
ASSETS		
Current assets:		
Cash and time deposits	¥ 40,420	¥ 40,888
Notes and accounts receivable-trade	41,093	44,447
Merchandise and finished goods	41,721	36,785
Work in process	25,549	27,127
Raw materials and supplies	5,874	5,243
Deferred tax assets	3,984	4,030
Other	3,906	4,461
Allowance for doubtful accounts	(935)	(850)
Total current assets	161,614	162,132
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	51,586	51,739
Machinery, equipment and vehicles	33,315	33,700
Other	27,837	27,817
Accumulated depreciation	(72,837)	(73,716)
Total property, plant and equipment	39,902	39,542
Intangible assets:		
Other	2,624	2,615
Total intangible assets	2,624	2,615
Investments and other assets:		
Investment securities	21,836	25,508
Other	7,467	7,430
Allowance for doubtful accounts	(1,054)	(908)
Total investments and other assets	28,249	32,031
Total noncurrent assets	70,776	74,190
Total assets	232,390	236,322

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Mar. 31, 2013	Sept. 30, 2013
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	¥ 60,750	¥ 59,565
Short-term loans payable	33,783	21,996
Current portion of long-term loans payable	3,349	2,576
Current portion of bonds payable	—	14,000
Lease obligations	732	860
Income taxes payable	843	942
Notes payable-facilities	112	50
Provision for directors' bonuses	39	26
Provision for product warranties	4,940	4,750
Provision for loss on order received	132	423
Other	15,327	18,684
Total current liabilities	120,013	123,875
Noncurrent liabilities:		
Bonds payable	19,000	13,600
Long-term loans payable	10,642	9,488
Lease obligations	2,934	2,440
Provision for retirement benefits	151	102
Provision for directors' retirement benefits	78	92
Asset retirement obligations	48	48
Other	2,666	3,897
Total noncurrent liabilities	35,521	29,670
Total liabilities	155,535	153,546
NET ASSETS		
Shareholders' equity:		
Capital stock	54,044	54,044
Capital surplus	4,583	4,583
Retained earnings	36,405	37,964
Treasury stock	(12,245)	(12,247)
Total shareholders' equity	82,788	84,345
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	2,716	5,113
Foreign currency translation adjustment	(9,255)	(7,275)
Total accumulated other comprehensive income	(6,539)	(2,162)
Minority interests	605	593
Total net assets	76,854	82,776
Total liabilities and net assets	232,390	236,322

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Apr.1, 2012 – Sept. 30, 2012	Apr.1, 2013 – Sept. 30, 2013
Net sales	¥ 109,466	¥ 111,141
Cost of sales	87,177	84,546
Gross profit	22,288	26,595
Selling, general and administrative expenses	23,573	23,560
Operating income (loss)	(1,284)	3,034
Non-operating income		
Interest income	34	60
Dividends income	228	208
House rent income	98	147
Other	205	278
Total non-operating income	566	693
Non-operating expenses		
Interest expenses	485	585
Foreign exchange losses	43	72
Other	202	449
Total non-operating expenses	732	1,107
Ordinary income (loss)	(1,450)	2,620
Extraordinary income		
Gain on sales of investment securities	0	10
Total extraordinary income	0	10
Extraordinary loss		
Loss on valuation of investment securities	1,120	5
Other	0	0
Total extraordinary loss	1,120	5
Income (loss) before income taxes	(2,570)	2,626
Income taxes	4,314	1,084
Income (loss) before minority interests	(6,885)	1,542
Minority interests in income (loss)	27	(17)
Net income (loss)	(6,913)	1,559

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of yen)

	Apr.1, 2012 – Sept. 30, 2012	Apr.1, 2013 – Sept. 30, 2013
Income (loss) before minority interests	¥ (6,885)	¥ 1,542
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,732)	2,396
Foreign currency translation adjustment	(1,195)	1,991
Total other comprehensive income	(2,928)	4,387
Comprehensive income	(9,814)	5,929
(Comprehensive income attributable to)		
Owners of the parent	(9,843)	5,936
Minority interests	29	(6)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

Apr.1, 2012- Sept. 30, 2012 Apr.1, 2013 – Sept. 30, 2013**Cash flow from operating activities:**

Income (loss) before income taxes	¥ (2,570)	¥ 2,626
Depreciation and amortization	2,203	1,980
Loss (gain) on valuation of investment securities	1,120	5
Loss (gain) on sales of investment securities	0	(10)
Increase (decrease) in provision for retirement benefits	37	(49)
Increase (decrease) in provision for directors' bonuses	(31)	(13)
Increase (decrease) in provision for product warranties	(351)	(215)
Increase (decrease) in provision for loss on order received	286	290
Interest and dividends income	(262)	(268)
Interest expenses	485	585
Decrease (increase) in notes and accounts receivable-trade	7,257	(2,992)
Decrease (increase) in inventories	9,054	4,949
Decrease (increase) in other current assets	(76)	(601)
Increase (decrease) in notes and accounts payable-trade	(14,680)	(698)
Increase (decrease) in accrued expenses	(98)	204
Increase (decrease) in other current liabilities	(1,679)	3,110
Other, net	(8)	(227)
Subtotal	682	8,675
Interest and dividends income received	281	299
Interest expenses paid	(486)	(502)
Contribution in connection with the shift to a defined-contribution pension plan	(17)	(16)
Income taxes paid	(1,541)	(759)
Net cash provided by (used in) operating activities	(1,081)	7,695

Cash flow from investing activities:

Decrease (increase) in time deposits	41	(155)
Purchase of property, plant and equipment	(2,837)	(2,190)
Proceeds from sales of property, plant and equipment	269	7
Other, net	(364)	(462)
Net cash used in investing activities	(2,891)	(2,800)

Cash flow from financing activities:

Net increase (decrease) in short-term loans payable	25	(11,800)
Repayments of long-term loans payable	(822)	(1,927)
Repayments of finance lease obligations	(982)	(462)
Proceeds from issuance of bonds	—	8,546
Net decrease (increase) in treasury stock	(2)	(2)
Cash dividends paid	(1,186)	—
Cash dividends paid to minority shareholders	(4)	(5)
Net cash used in financing activities	(2,974)	(5,650)

Effect of exchange rate change on cash and cash equivalents	(873)	931
Net increase (decrease) in cash and cash equivalents	(7,820)	175
Cash and cash equivalents at beginning of period	35,631	38,026
Cash and cash equivalents at end of period	27,811	38,201

SEGMENT INFORMATION**[Segment Information]**

Second quarter ended Sept. 30, 2012

Net sales and income (loss) in reportable segment

(Millions of yen)

	Reportable segment *1				Other *2	Total	Adjustments *3	Consolidated *4
	SE	FE	MP	Total				
Sales								
(1)Sales to outside customers	¥ 79,740	¥ 6,901	¥ 22,524	¥ 109,165	¥ 300	¥ 109,466	¥ —	¥ 109,466
(2)Intersegment sales and transfers	—	—	—	—	3,686	3,686	(3,686)	—
Total	79,740	6,901	22,524	109,165	3,986	113,152	(3,686)	109,466
Segment income (loss)	(779)	(304)	700	(383)	(134)	(518)	(766)	(1,284)

Notes

*1 The SE segment develops and manufactures semiconductor production equipment and conducts sales and maintenance services. The FE segment develops, manufactures and markets FPD production equipment, and it also conducts maintenance services. In the MP segment, graphic arts equipment and PCB related equipment are developed, manufactured, sold and maintained.

*2 The “Other” category incorporates operations not included in reportable segments, including software development, planning and production of printed matter, logistics operations and other businesses.

*3 Segment operating income (loss) adjustment of ¥ (766) 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.

*4 Segment income (loss) is adjusted with operating loss under consolidated statements of income.

Second quarter ended Sept. 30, 2013

1. Net sales and income (loss) in reportable segment

(Millions of yen)

	Reportable segment *1				Other *2	Total	Adjustments *3	Consolidated *4
	SE	FE	MP	Total				
Sales								
(1)Sales to outside customers	¥ 75,682	¥ 10,959	¥ 24,107	¥ 110,749	¥ 392	¥ 111,141	¥ —	¥ 111,141
(2)Intersegment sales and transfers	—	—	—	—	3,490	3,490	(3,490)	—
Total	75,682	10,959	24,107	110,749	3,882	114,631	(3,490)	111,141
Segment income (loss)	2,897	10	1,021	3,930	(188)	3,742	(707)	3,034

Notes

*1 The SE segment develops and manufactures semiconductor production equipment and conducts sales and maintenance services. The FE segment develops, manufactures and markets FPD production equipment, and it also conducts maintenance services. In the MP segment, graphic arts equipment and PCB related equipment are developed, manufactured, sold and maintained.

*2 The "Other" category incorporates operations not included in reportable segments, including software development, planning and production of printed matter, logistics operations and other businesses.

*3 Segment operating income (loss) adjustment of ¥ (707) 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.

*4 Segment income (loss) is adjusted with operating income under consolidated statements of income.

2. Changes in reportable segment

Changes of accounting policies

(Changes in depreciation method)

As noted in [Summary Information (Notes)] 3, Dainippon Screen and its consolidated domestic subsidiaries changed the depreciation method for property, plant and equipment.

As a result of this change, segment income for the second quarter ended September 30, 2013 in the SE segment, FE segment and MP segment increased by ¥347 million, ¥22 million and ¥59 million, respectively, compared with amounts that would have been recorded using the previously applied method.

(Changes in revenue recognition)

As noted in [Summary Information (Notes)] 3, as for main unit sales in the SE segment and FE segment, Dainippon Screen and its consolidated subsidiaries changed the revenue recognition.

This change of accounting policies is to be applied retroactively. Accordingly, new accounting policies are retroactively applied to segment information for the second quarter ended September 30, 2012.

As a result of this change, segment loss for the second quarter ended September 30, 2012 in the SE segment and FE segment decreased by ¥1,924 million and ¥322 million, respectively, compared with amounts before the retroactive application.

Consolidated Financial Highlights for the Second Quarter Ended Sept. 30, 2013 (*1)

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

	FY2013	FY2014	Difference		FY2013	FY2014
	6 months ended Sept. 30, 2012	6 months ended Sept. 30, 2013			12 months ended Mar.31, 2013	12 months ending Mar.31, 2014
	Result	Result	Amount	Percentage	Result	Forecast
Net sales	¥ 109,466	¥ 111,141	¥ 1,675	1.5%	¥ 199,795	¥ 227,000
Operating income	(1,284)	3,034	4,319	—	(4,833)	7,800
[to net sales ratio]	-1.2 %	2.7 %	3.9 pt	—	-2.4 %	3.4 %
Ordinary income	(1,450)	2,620	4,071	—	(5,052)	7,000
[to net sales ratio]	-1.3 %	2.4 %	3.7 pt	—	-2.5 %	3.1 %
Net income	(6,913)	1,559	8,472	—	(11,333)	5,100
[to net sales ratio]	-6.3 %	1.4 %	7.7 pt	—	-5.7 %	2.2 %
Total assets	208,213	236,322	* 3,932	1.7%	232,390	—
Net assets	73,072	82,776	* 5,921	7.7%	76,854	—
Equity	72,520	82,183	* 5,933	7.8%	76,249	—
Equity ratio	34.8 %	34.8 %	* 2.0 pt	—	32.8 %	—
Net assets per share	¥ 305.53	¥ 346.24	* ¥ 25.00	7.8%	¥ 321.24	—
Interest-bearing debt	45,910	64,962	* (5,480)	-7.8%	70,442	—
Net interest-bearing debt	16,137	24,074	* (5,947)	-19.8%	30,021	—
Cash flows from operating activities	(1,081)	7,695	—	—	(15,319)	—
Cash flows from investing activities	(2,891)	(2,800)	—	—	(5,767)	—
Cash flows from financing activities	(2,974)	(5,650)	—	—	21,533	—
Depreciation and amortization	2,203	1,980	(222)	-10.1%	4,731	4,300
Capital expenditures	4,029	1,504	(2,525)	-62.7%	6,450	6,600
R&D expenses	6,597	5,688	(908)	-13.8%	12,685	12,200
Number of employees	4,999	4,990	* 35	0.7%	4,955	—
Number of consolidated subsidiaries	45	44	* (1)	—	45	—
[Domestic]	[21]	[21]	* —	—	[21]	—
[Overseas]	[24]	[23]	* (1)	—	[24]	—
Number of affiliates	1	1	* —	—	1	—
[Number of affiliates accounted for by equity method]	[1]	[1]	* —	—	[1]	—

* show changes in amount from Mar. 31, 2013

Note *1

As for main unit sales in the Semiconductor Equipment segment and the FPD Equipment segment, the revenue had been recognized on shipment basis. From the first quarter ended June 30, 2013, the revenue recognition method was changed to completion of installation basis. Accordingly, results of six months ended September 30, 2012 and twelve months ended March 31, 2013 have been reclassified with amounts calculated applying retroactively this change of accounting policies.

Sales Breakdown (Consolidated) (*2)

(Millions of yen)

		FY2013						FY2014			
		3 months ended Jun. 30, 2012	3 months ended Sept. 30, 2012	6 months ended Sept. 30, 2012	3 months ended Dec. 31, 2012	3 months ended Mar. 31, 2013	12 months ended Mar.31, 2013	3 months ended Jun. 30, 2013	3 months ended Sept. 30, 2013	6 months ended Sept. 30, 2013	12 months ending Mar.31, 2014
		Result	Result	Result	Result	Result	Result	Result	Result	Result	Forecast
Semiconductor Equipment	Domestic	5,285	4,129	9,414	3,464	4,523	17,401	8,120	5,212	13,332	—
	Overseas	46,368	23,957	70,325	20,113	32,848	123,287	35,242	27,107	62,349	—
	Total	51,654	28,086	79,740	23,577	37,371	140,689	43,362	32,319	75,682	156,000
FPD Equipment	Domestic	815	1,304	2,120	1,106	2,904	6,130	2,613	1,477	4,090	—
	Overseas	4,029	750	4,780	980	149	5,911	1,515	5,353	6,868	—
	Total	4,845	2,055	6,901	2,087	3,053	12,041	4,129	6,830	10,959	20,500
Media and Precision Technology	Domestic	4,355	5,627	9,983	3,604	6,296	19,884	4,650	4,881	9,532	—
	Overseas	5,621	6,918	12,540	5,466	8,432	26,439	7,008	7,566	14,575	—
	Total	9,977	12,546	22,524	9,070	14,729	46,323	11,658	12,448	24,107	49,500
Graphic Arts Equipment	Domestic	3,939	4,724	8,664	3,222	5,527	17,414	4,283	4,259	8,543	—
	Overseas	5,027	5,986	11,014	4,903	6,863	22,782	5,813	6,221	12,034	—
	Total	8,967	10,711	19,678	8,125	12,391	40,196	10,097	10,481	20,578	42,400
PCB Equipment	Domestic	416	903	1,319	381	769	2,470	367	621	988	—
	Overseas	593	932	1,525	562	1,568	3,657	1,194	1,345	2,540	—
	Total	1,009	1,835	2,845	944	2,337	6,127	1,561	1,967	3,529	7,100
Other	Domestic	137	148	285	160	246	692	132	169	301	—
	Overseas	8	6	14	—	32	47	34	56	90	—
	Total	145	154	300	160	279	739	166	226	392	1,000
Grand Total	Domestic	10,594	11,209	21,804	8,335	13,970	44,109	15,516	11,740	27,257	—
	Overseas	56,028	31,633	87,661	26,560	41,463	155,685	43,800	40,083	83,884	—
	Total	66,623	42,843	109,466	34,895	55,433	199,795	59,316	51,824	111,141	227,000
	Overseas Ratio	84.1%	73.8%	80.1%	76.1%	74.8%	77.9%	73.8%	77.3%	75.5%	—

Orders received & Order backlog (Consolidated) (*2)

(Millions of yen)

		FY2013						FY2014			
		3 months ended Sept. 30, 2012		3 months ended Dec. 31, 2012		3 months ended Mar. 31, 2013		3 months ended Jun. 30, 2013		3 months ended Sept. 30, 2013	
		Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog
Semiconductor Equipment	Domestic	3,093	6,152	5,374	8,062	4,649	8,188	7,987	8,055	4,744	7,586
	Overseas	22,378	50,063	23,637	53,587	30,382	51,120	27,142	43,020	35,968	51,881
	Total	25,470	56,215	29,011	61,649	35,030	59,308	35,129	51,074	40,712	59,467
FPD Equipment	Domestic	5,241	6,487	1,157	6,537	471	4,104	668	2,158	2,582	3,264
	Overseas	777	3,141	7,290	9,450	1,863	11,164	6,668	16,317	1,655	12,619
	Total	6,018	9,629	8,447	15,988	2,334	15,268	7,336	18,476	4,238	15,883
Media and Precision Technology	Domestic	5,398	963	4,005	1,363	6,240	1,306	4,826	1,482	4,920	1,520
	Overseas	5,136	2,700	6,881	4,115	7,202	2,885	8,100	3,977	7,348	3,758
	Total	10,533	3,663	10,886	5,479	13,442	4,191	12,926	5,459	12,269	5,279
Graphic Arts Equipment	Domestic	4,340	716	3,363	856	5,891	1,220	4,351	1,287	4,397	1,424
	Overseas	4,930	2,426	5,648	3,170	6,021	2,327	7,079	3,593	6,061	3,433
	Total	9,270	3,142	9,011	4,027	11,912	3,547	11,430	4,880	10,458	4,857
PCB Equipment	Domestic	1,058	247	642	507	348	86	475	195	523	96
	Overseas	206	274	1,233	945	1,181	558	1,021	384	1,287	326
	Total	1,264	521	1,875	1,452	1,530	644	1,496	578	1,811	422
Other	Domestic	—	—	—	—	—	—	—	—	—	—
	Overseas	—	—	—	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—	—	—	—
Grand Total	Domestic	13,732	13,602	10,535	15,963	11,359	13,598	13,482	11,695	12,246	12,369
	Overseas	28,290	55,904	37,809	67,152	39,447	65,168	41,910	63,314	44,972	68,258
	Total	42,022	69,507	48,344	83,116	50,806	78,767	55,392	75,009	57,218	80,628
	Overseas Ratio	67.3%	80.4%	78.2%	80.8%	77.6%	82.7%	75.7%	84.4%	78.6%	84.7%

Note *2

As for main unit sales in the Semiconductor Equipment segment and the FPD Equipment segment, the revenue had been recognized on shipment basis. From the first quarter ended June 30, 2013, the revenue recognition method was changed to completion of installation basis. Accordingly, net sales for the fiscal year ended March 31, 2013 have been reclassified with amounts calculated applying retroactively this change of accounting policies. In addition, along with this, order backlog as of end of each quarter of the fiscal year ended March 31, 2013 has been changed.