SCREEN

Annual Report 2015

Fit your needs, Fit your future

SCREEN Group
Year ended March 31, 2015

Creating a Brighter Future

Our cutting-edge solutions open up a brighter future

On October 1, 2014, Dainippon Screen Mfg. Co., Ltd. adopted a new holding company structure and changed its name to SCREEN Holdings, Co., Ltd.

Since its founding in 1943 as a maker of glass screens for photoengraving, the SCREEN Group has constantly applied and developed its core technologies to meet the changing needs of the times, creating numerous world-first technologies and products. The Group has since expanded its business fields from graphic arts to include semiconductors, LCD displays and other electronics, growing into a global company that supports the ongoing technological innovation.

The change to the SCREEN Holdings name expresses the Group's aspiration to both further strengthen its core technologies, which originate in the glass screens that the Group was founded on, and to use those technologies to create new growth drivers.

Going forward, we will continue to carry on the SCREEN Group's founding credo, maintaining strong roots in Kyoto while pursuing new challenges as an innovative global R&D-oriented company that provides cutting-edge solutions to society's needs.

The Company has been included in the FTSE4Good since its launch in 2001. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalize on the benefits of responsible business practice.

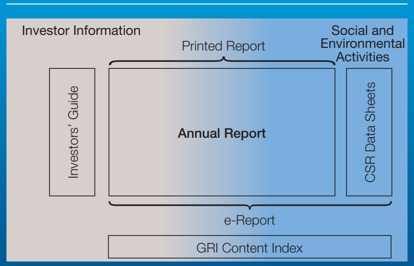
Editorial Policy

Our annual reports integrate information on business activities and financial, social, and environmental performances for the purpose of more comprehensive reporting of our corporate activities. In addition to the printed *Annual Report 2015,* we have made available on our website CSR data sheets to supplement information related to corporate social responsibility (CSR).

We provide CSR-related information using the Global Reporting Initiative (GRI) G3.1 and G4 Sustainability Reporting Guidelines.* For G3.1, we self-declare the application level of B.

* The GRI Content Index is available on our website.

Reporting Structure



Website (http://www.screen.co.jp/eng)

We disclose a variety of IR, social and environmental information in addition to that mentioned above on our website.

Disclaimer

The plans, strategies, and statements related to the outlook for future results in this document are in accordance with assumptions and beliefs determined by management based on currently available information. However, it should be noted that there is a possibility that actual results could differ significantly due to such factors as social and economic conditions.

Notes: 1. All amounts shown in billions of yen are truncated to the nearest billion. Amounts shown in millions of yen are rounded to the nearest million yen.
2. All years shown are for the accounting year ending March 31 of the year shown.

Contents

Photograph courtesy of Shorenin (Kyoto City)

Carrying on the Founder's Credo as We Enter a New Stage

The SCREEN Group has been conducting operations in Kyoto under its founder's credo of Shi Kou Ten Kai* for more than 70 years since its founding in 1943. The Group's roots, however, go back much further, to its predecessor, Ishida Kyokuzan Printing Works, a copperplate printing company founded in 1868. That company contributed to the development of culture and industry through its use of copperplate printing to communicate to the world the natural and historical beauty of Kyoto. The company is known, for example, for having printed guidebooks for foreigners with pictures it created and engraved for the 1873 Kyoto Exhibition of Arts and Manufactures. This spirit of service to society and the path of the Company since its founding are the origin of the SCREEN Group's CSR. Ishida Kyokuzan Printing Works later became the first company in Japan to produce glass screens for photoengraving, and the SCREEN Group has since expanded from graphic arts equipment into semiconductors, LCDs, and other important areas within the electronics industry. Even now, however, the original spirit of service lives on.

In October 2014, we transitioned to a holding company structure, and the company that had been Dainippon Screen Mfg. Co., Ltd. for more than 70 years was reborn as SCREEN Holdings Co., Ltd. Fiscal 2015, ended March 31, 2015, was the first year of our Challenge2016 medium-term management plan for the fiscal 2015–2017 period. Under this plan, our three main goals are to reform the earnings structure, launch businesses in new fields, and strengthen the Group's financial standing. We think we made a good start toward these goals in fiscal 2015. In fiscal 2016, we will continue to push forward, further strengthening our areas of strength, working to achieve steady progress toward our goals, and striving to increase corporate value.

The SCREEN Group now stands at an extremely important point in terms of laying the groundwork for even more dramatic growth in the future. To retain top global market shares in areas of our business, we intend to continue striving to evolve and grow.

Going forward, we ask for the continued support and confidence of all our stakeholders.

* "Shi Kou Ten Kai" can be written two ways in Japanese (思考展開 or 志高転改), each with a different meaning reflecting a distinct side of the Group's philosophy. Shi Kou Ten Kai written as 思考展開 refers to the strong will to bravely strive for the creation of new businesses and products, constantly thinking, "How can we connect new ideas to SCREEN's technologies and products?" and "Is there anything that can be done better?" "Shi Kou Ten Kai" written as 志高転改 refers to the spirit of reform to promote ongoing innovation and improvement in an age of rapid change, pursues the best results with high aspirations, and strives to further improve corporate value.

Akira Ishida
Representative Director
Chairman
Chief Executive Officer

Eiji Kakiuchi
Representative Director
President
Chief Operating Officer

Taking on New Challenges to Increase Corporate Value

Eiji Kakiuchi
President, COO

Fiscal 2015 Business Environment and Performance

With regard to the business conditions surrounding the SCREEN Group in fiscal 2015, ended March 31, 2015, in the semiconductor industry, capital investment among semiconductor manufacturers, especially memory manufacturers, was firm amid continued investment in miniaturization that reflected growth in demand for smartphones. With regard to graphic arts equipment, markets in Japan and Europe showed signs of demand recovery. In the FPD business field, while investment in small and medium-sized LCD panels declined, investment in large-sized television LCD panels continued in China.

Under these circumstances, the SCREEN Group posted consolidated net sales totaling ¥237.6 billion for fiscal 2015, up ¥1.6 billion, or 0.7%, from the previous fiscal year. On the earnings front, operating income totaled ¥17.1 billion, up ¥8.2 billion, or 92.8%, year on year. Ordinary income jumped to ¥16.0 billion, up ¥7.7 billion, or 91.7% from the previous fiscal year. Net income for fiscal 2015 totaled ¥12.1 billion, up ¥6.7 billion, or 123.7%, year on year, a major improvement. As a result of earnings structure reforms, one of the measures of the medium-term management plan, the operating income ratio improved significantly year on year, from 3.8% to 7.2%.

● Fiscal 2015 Performance

Operating income:
¥8.9 billion ➡ ¥17.1 billion

Operating income ratio:
3.8% ➡ 7.2%

Returning Value to Stakeholders

Fiscal 2016, ending March 31, 2016, is the second year of Challenge2016, our medium-term management plan for the fiscal 2015–2017 period, and a very important year for the Group. The plan lays out the three goals of reforming the earnings structure, launching businesses in new fields, and strengthening the Group's financial standing. We intend to work hard toward these goals in fiscal 2016.

In fiscal 2015, the improvement in the operating income ratio to 7.2% generated positive feedback from investors. However, investors are also asking how the SCREEN Group has changed to generate greater profit, and whether the current performance level is sustainable. I think these questions are surfacing because, since the adoption of the holding company structure in October 2014, we have sped up earnings structure reforms centered on lowering the break-even point in terms of net sales, and have seen better than expected results from the business operating companies due to operations focusing on the balance sheets rather than just profit. The new corporate structure, designed to turn a profit regardless of fluctuations in sales, is taking root, and we will continue working to ensure that it is sustainable.

During fiscal 2016, in addition to improving profit, we are focusing on strengthening the balance sheets to maximize free cash flow and raising capital efficiency, such as ROE.

Furthermore, in March 2015, we announced a target shareholder return ratio (returns to net income) of 25%, marking the first time the Company has ever publicly announced a concrete target for this ratio. We took this step because we believe that it is important that we clearly communicate to our stakeholders our course going forward. Once we achieve a consolidated operating income ratio of 10% or above and an equity ratio of 50% or above—two goals of the medium-term management plan—we will return profits in the way that makes the most sense in light of our financial status at that time. Some might find 25% still relatively low, but, as strengthening our financial standing is a matter of urgency right now, 25% is not unambitious. We are presently focusing on the growth-oriented tasks in front of us and are working to clear the various hurdles to reaching our current goals.

Reinforcing Our Strengths and Creating New Businesses

During the first year of the medium-term management plan, we prioritized reforming the earnings structure to create a framework that would generate better profit, and we made good progress. During fiscal 2016, we will turn our attention more toward future growth by investing aggressively in R&D. This investment will be aimed at reinforcing our areas of strength and accelerating new business creation. Moreover, because ensuring the success of a new business requires a high degree of sustained, focused effort from management, we have established an organization operating directly under the holding company to run new businesses in an integrated manner separately from the existing three segments.

In one of our new business fields, life science, following the 2013 release of our 3D cell culture scanner, we will launch a pharmaceutical tablet printer in the current fiscal year. Product development in the inspection and measurement field is also approaching commercialization. In line with our plans for future growth, we are promoting open innovation in new business areas by investing in startups related to iPS cells and taking advantage of networks and other resources from outside the company.

Continuing Dialogue with Shareholders and Investors

As I'm sure you know, in 2014 we transitioned to a holding company structure, changing the Company name from Dainippon Screen Mfg. Co., Ltd, with its 70-year history, to SCREEN Holdings Co., Ltd. I think that this change has provided a great opportunity for each and every employee to set new, ambitious personal goals. In addition to the changes in the company name and structure, in fiscal 2015, we advanced Groupwide earnings structure reforms tailored to the market environment and culture of each of the companies established under the new structure. Thus, pursuing the optimization of the Group as a whole by optimizing the individual companies is, I believe, one of my responsibilities going forward.

In April 2015, we codified our longstanding approach to CSR management, which is based on our founder's credo, as the SCREEN Group CSR Charter. It is very important to us to foster a Group in which employees maintain legal compliance and feel highly motivated to pursue innovation and of which they can be proud. I believe that if employees are better motivated, they will contribute more to increasing profitability and thus corporate value, and this will further increase motivation, creating a positive cycle. Establishing such an environment will, I think, ultimately lead to returns of profit to our shareholders and investors.

Communication with shareholders and investors is extremely important to the Company. Through such means as presentations for investors, we will continue to promote dialogue as we work to increase corporate value.

Maximizing Free Cash Flow

Yoichi Kondo
Managing Director
Chief Financial Officer (CFO)

Promoting Reforms to Emphasize Cash Flow

In fiscal 2015, ended March 31, 2015, we worked to reform the earnings structure and strengthen our financial position in line with the goals of achieving a ratio of operating income to net sales of 10% or above and an equity ratio of 50% or above as laid out in Challenge2016, our medium-term management plan for the fiscal 2015-2017 period. As a result of these efforts, the Group operating income ratio came to 7.2%, up 3.4 points from 3.8% in the previous fiscal year, and the equity ratio improved 7.2 points from the previous fiscal year's 37.2% to 44.4%.

Since the transition to the holding company structure in October 2014, business operating companies have developed greater awareness of balance sheet and cash flow issues, and we have seen considerable progress in lowering break-even points. Specifically, by better managing our performance indicators in line with overall industry trends, I feel that we are now able to better time inventory and purchasing control. This is especially important for generating stable profits in our mainstay semiconductor equipment business, which is subject to high market volatility. Free cash flow during fiscal 2015 came to negative ¥7.8 billion, due to an increase in operating capital alongside increased sales and the changes in composition of accounts receivable during the year, but we expect it to be positive in fiscal 2016, ending March 31, 2016.

Strengthening Our Financial Standing and Clarifying our Shareholder Return Policy

To achieve the targets of the medium-term management plan, as CFO I am committed to improving the Group's earnings power. As such, one of my greatest immediate priorities is to shorten the cash conversion cycle, which greatly impacts operating cash flows. We are focusing on optimizing the overall management of receivables, purchasing, and inventory, the ideal levels of which vary by business, to improve capital efficiency.

Although our financial standing has been improving, it has not yet returned to the level before the 2008 global financial crisis. It is therefore imperative that we reach the aforementioned target of an equity ratio of 50% or above.

At the same time, in order to expand the return of profit to shareholders, we have made it our policy to aim for a total consolidated shareholder return ratio of 25% for the year ending March 31, 2016, and onward (conditional on the achievement of an equity ratio of 50% or above and an operating income ratio of 10% or above). It has been pointed out that 25% is still relatively low, but I think it is a realistic and appropriate goal for us, given that we are also in the middle of a push to reinforce our financial standing.

Going forward, we will continue to work industriously toward the achievement of our medium-term targets.

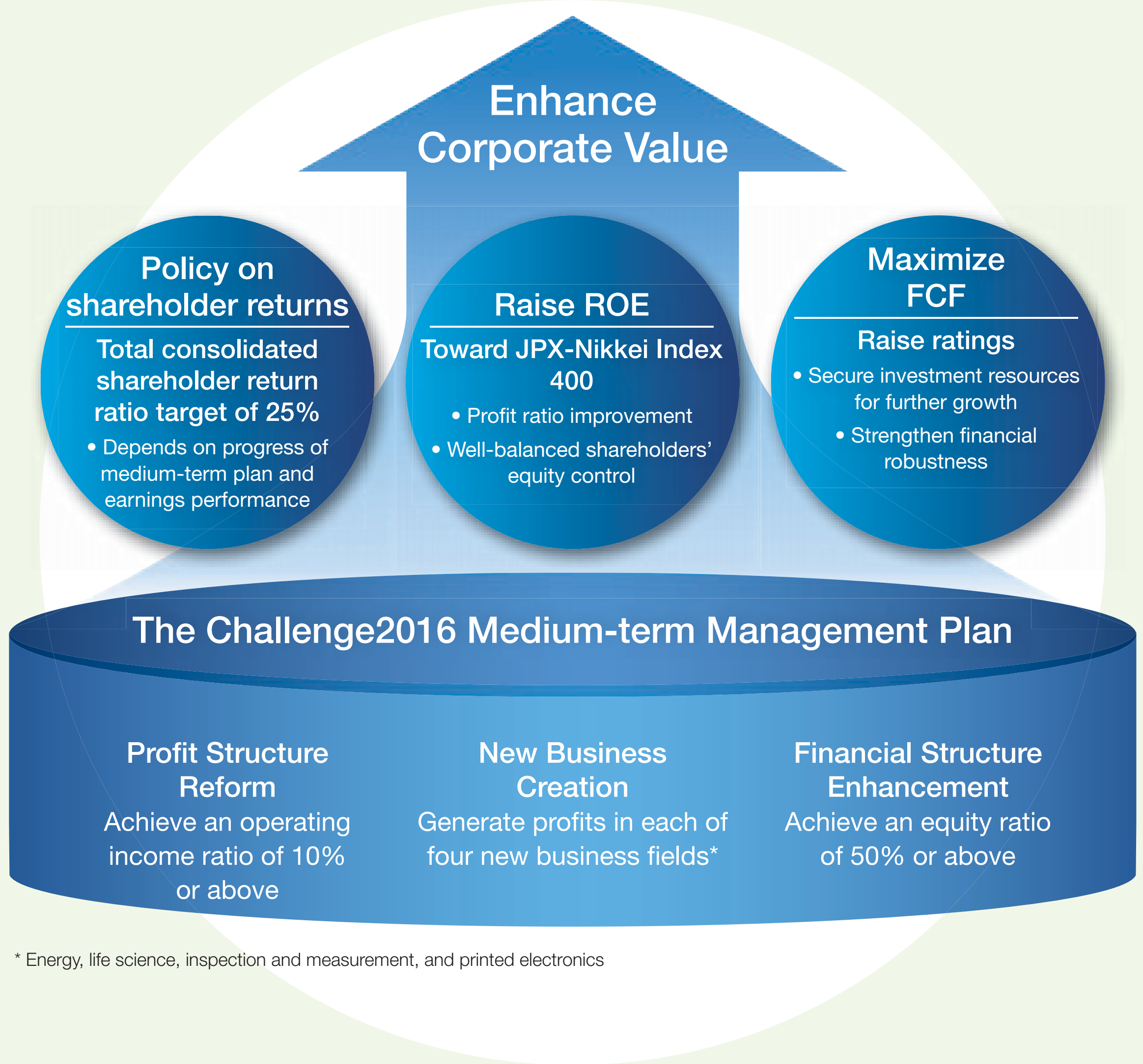
Targets and Performance		Operating income ratio	Equity ratio
	Medium-term Targets	10% or above	50% or above
	As of March 31, 2015	7.2%	44.4%

Trends in Major Performance Indicators (Millions of yen)

	2011/3	2012/3	2013/3	2014/3	2015/3
Net sales	¥254,953	¥250,090	¥199,795	¥235,946	**¥237,645**
Operating income (loss)	¥ 26,811	¥ 13,498	¥ (4,833)	¥ 8,903	**¥ 17,167**
Operating income ratio	10.5%	5.4%	-2.4%	3.8%	**7.2%**
Free cash flow	¥ 32,108	¥ 7,117	¥ (21,087)	¥ 20,501	**¥ (7,810)**
Return on equity	33.9%	5.2%	-14.2%	6.7%	**12.3%**
Equity ratio	34.4%	36.7%	32.8%	37.2%	**44.4%**

The Challenge2016 Medium-Term Management Plan

Under Challenge2016, its medium-term management plan for the three-year period of fiscal 2015 through 2017, the SCREEN Group is striving to achieve its long-term goal of establishing a stable earnings structure.



* Energy, life science, inspection and measurement, and printed electronics

Transition to the Holding Company Structure

On October 1, 2014, the Company changed its name to SCREEN Holdings Co., Ltd., to reflect its transition to a holding company structure under which there are three business operating companies and two functional support companies, each of which carries out business independently.

New Structure

SCREEN Holdings Co., Ltd.

SCREEN Semiconductor Solutions Co., Ltd.	● Semiconductor solution business	Group companies
SCREEN Graphic and Precision Solutions Co., Ltd.	● Graphic and precision solution business	Group companies
SCREEN Finetech Solutions Co., Ltd.	● Finetech solution business	Group companies
SCREEN Manufacturing Support Solutions Co., Ltd.	● Manufacturing support and contract operations	Group companies
SCREEN Business Support Solutions Co., Ltd.	● Shared administration services* operations	Group companies

* Section responsible for general affairs, accounting, human resources and information systems

Accelerating Business Creation through Open Innovation

Based on the three core technologies of surface processing, direct imaging, and image processing, we are working to combine and develop new applications for technologies in order to create new businesses.

Managing Director
Chief Technology Officer (CTO)
Soichi Nadahara

Ramping up Business Creation under the Holding Company's Leadership

October 2014 marked the start of a new chapter for the Group's R&D departments under the holding company. Before, our main responsibilities were conducting basic research to enhance core technologies and providing support for the Group's main businesses (semiconductor equipment, graphic arts and PCB-related equipment, and FPD equipment). Since the transition to the new structure, however, our role as R&D departments within the holding company has become more clearly defined as distinct from that of the business operating companies, and we have our own mission. Our present mission has two main parts: to create new businesses and to find ways to combine both new and existing technologies.

We have allotted half of the R&D departments' resources (budget, personnel, etc.) to creating new businesses—one of the goals of the medium-term management plan—with the aim of accelerating their full-fledged launch. In fiscal 2015, ended March 31, 2015, we made advances in all four of the Group's new business fields, namely, energy, life science, inspection and measurement, and printed electronics. Among these, we have advanced most in the life science field, and in this area we achieved a significant milestone with the announcement of the development of a pharmaceutical tablet printer (the DP-i3000[*1]), our second product in this field after the Cell^{3}iMager[*2] high-speed 3D cell culture scanner.

*1. Released in May 2015
*2. Launched in July 2013

Embracing Open Innovation to Reinforce Product Development

Coordination and open innovation with companies and research institutions that have expertise in various specialized fields is indispensable to the speedy development of products based on new concepts. During fiscal 2016, ending March 31, 2016, the second year of the medium-term management plan, in line with a policy of aggressive investment in R&D and new startups, we are working to enhance coordination with outside research institutions and boost the SCREEN Group's R&D capabilities.

Maintaining Broad Perspectives to Respond to Real Needs

Although a long-term perspective is always important when creating new businesses, it is also necessary to sustain a level of urgency that will ensure we keep pace with changes in the market. This is why I consistently remind our engineers that sticking to established schedules is now more important than ever.

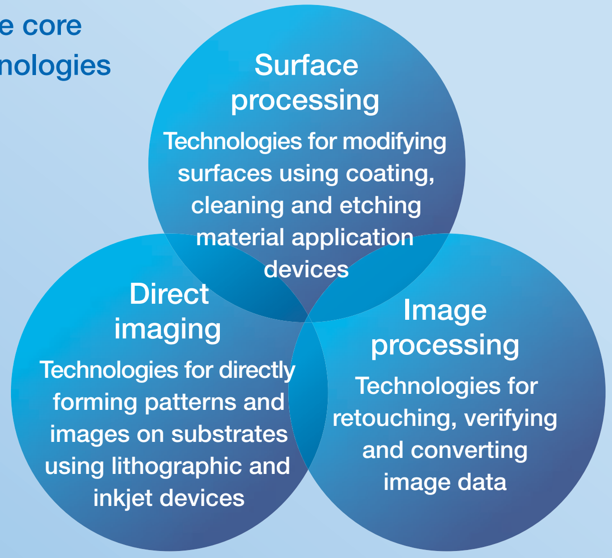
One of the things I want our engineers to always keep in mind is a needs-based approach, i.e., developing ideas based on what is needed in the real world. I think that this mindset will become even more deeply rooted among us this year, as we integrate our development, sales, and marketing teams with the aim of reinforcing new business creation. Furthermore, I continue to encourage our staff to actively present findings at global conferences and events. Interaction and competition with engineers outside the Company is absolutely necessary for professional growth; this is especially true for our younger employees. Exposure to outside perspectives is, I think, a form of open innovation in itself.

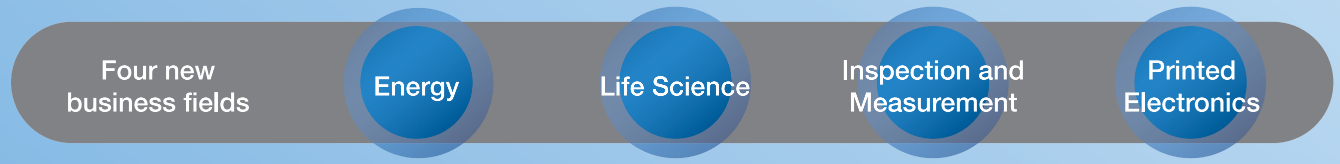
Going forward, we will build on core technologies while combining technologies in novel ways to achieve new growth.

Creating New Businesses Targeting Growth Markets

Focusing on its three core technologies, the SCREEN Group is working to combine and develop new applications for technologies, targeting its four new business fields (energy, life science, inspection and measurement, and printed electronics), which it targets as growth markets.

Three core technologies





Focus | Life Science

Ramping up Sales of the Cell^{3}iMager

In February 2015, SCREEN Holdings Co., Ltd. and Shimadzu Corporation entered into a contract for domestic sales of the former's Cell^{3}iMager high-speed, three-dimensional cell scanner series.

The Cell^{3}iMager is able to rapidly scan living cells in three-dimensional clumps (spheroids), that is, in conditions closer to their natural state, without the use of reagents, and enables the observation of changes in a sample over time. The Group aims to establish a sales network both in Japan and overseas and to establish ties with leading cancer drug research bodies.

Investment in iPS Portal, Inc.

SCREEN Holdings Co., Ltd. invested in iPS Portal in March 2015, with the aim of building iPS cell-related know-how and advancing joint research.

The SCREEN Group hopes to take this chance to accelerate product development in the regenerative medicine field and contribute to the development of life science, including pharmaceuticals and medicine, by developing new systems.

TOPIC | Intellectual Property Initiatives

Under the current three-year management plan, the SCREEN Group is working toward the following intellectual property-related goals.

- Patents held overseas: More than 2,000
- Global patent applications: 60% (53.0% at the end of March 2015)

For our business to maintain competitiveness and improve profitability in a consistent manner, while leveraging intellectual properties to differentiate our products in the market, we are working to reinforce our intellectual property rights in overseas markets, to which an increasing proportion of our products are being exported.

SCREEN Semiconductor Solutions Co., Ltd.

Semiconductor Solutions (SE) Segment

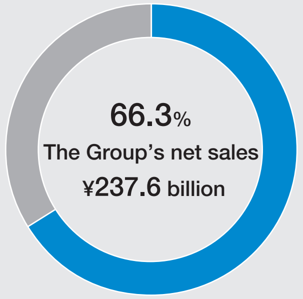
Further Earnings Structure Reforms Aimed at Stronger Growth

Business Overview: SCREEN Semiconductor Solutions Co., Ltd. provides equipment for the surface processing that is an essential part of circuit formation on silicon wafers for semiconductor devices. Processing includes cleaning, coating/developing and annealing.

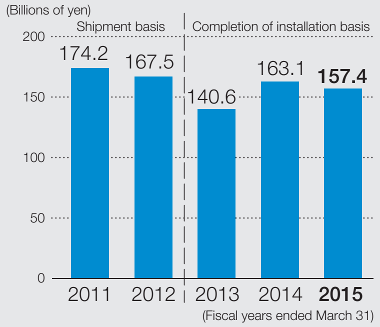
Tadahiro Suhara
President
SCREEN Semiconductor Solutions Co., Ltd.

Share of Net Sales

Fiscal Year Ended March 31, 2015

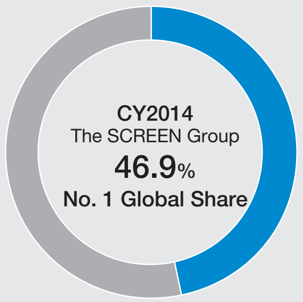


Segment Sales



Note: For the SE and FT segments, the revenue recognition method has been changed to completion of installation basis, and is applied to the calculations for the fiscal years ended March 31, 2013, 2014 and 2015.

Market Share for Single-Wafer Cleaning Equipment*



* Source: Gartner, "Market Share: Semiconductor Wafer-Level Manufacturing Equipment, Worldwide, 2014," 06 April 2015
Chart created by SCREEN based on Gartner data
2014 Revenue from Shipment by Single Wafer Processors
Calendar year

Fiscal 2015 Business Environment, Performance Review and Outlook

Throughout fiscal 2015, ended March 31, 2015, a strong market for semiconductor devices kept capital investment by semiconductor manufacturers firm. In this environment, the company faced strong calls for solutions to next-generation technological challenges in wide-ranging device-related fields, including advanced logic chips, memory chips, and image sensors. Responding to this demand and aiming to cultivate future growth markets by providing new added value, during fiscal 2015 we looked beyond short-term growth in market share to emphasize strategic business operations featuring selection and concentration.

Annual sales to memory and logic chip manufacturers increased year on year, but those to foundries decreased. As a result, net sales in the Semiconductor Solutions (SE) segment amounted to ¥157.4 billion, down 3.5% year on year. Segment operating income came to ¥15.7 billion, up 79.7% from the previous fiscal year, reflecting the success of our earnings structure reforms at controlling fixed costs and reducing variable costs.

Greatly Improved Profitability through Upstream Manufacturing Reform

A significant part of the improvement in our operating income is due to the upstream manufacturing reforms that we have been implementing over the last three years. To reduce variable costs, we introduced a common platform for product development and a standardized design process. The success of these efforts is reflected in streamlined marketing, shortened lead times, and reduced man-hour requirements for design and assembly. For example, the lead time for our mainstay SU-3200 single-wafer cleaning system is now down to around 70 days. We are aiming to further reduce this time to an average of 60 days by the final year of our medium-term management plan. As lead times directly impact cash flow, by achieving further reductions we will realize greater efficiency in manufacturing.

One of the goals of Challenge2016, the SCREEN Group's medium-term management plan for fiscal 2015 to 2017, is to achieve an operating income ratio of 10% or above. On a non-consolidated basis, the SE segment achieved an operating income to net sales ratio of 11.5% in the fourth quarter of fiscal 2015 and 10.0% on an annual basis. We will continue to strive for improvement.

Reinforcing Our Business Portfolio to Achieve Further Growth

While we continue to advance earnings structure reform, to ensure continued stable growth, we must also further reinforce the business portfolio. In products for FEOL processes for foundries and logic chip manufacturers, an area that makes up a large portion of our sales, we have made it a key priority to enhance our technological and cost-reduction proposal capabilities targeting the shift to advanced nodes.

In products for memory chip manufacturers and BEOL processes for foundries and logic chip manufacturers, we are working to systematically gather information about customer needs to strengthen product strategy and sales promotion.

Looking at the market for sub-200mm wafers, we are seeing a steady increase in sales of products developed under the "Frontier Project" targeting environmentally-friendly green devices, buoyed by growing Internet of Things (IoT) applications. To meet the growing demand, the expansion and relocation of Tech In Tech Co., Ltd., the subsidiary manufacturing these products, is scheduled for completion in the first half of fiscal 2016. Accordingly, starting in fiscal 2016, we will ramp up sales of the SU-2000, a product developed under the project that was released in December 2014. The SU-2000 is a single-wafer cleaning system for sub-200mm wafers made for power devices installed in cars and MEMS. We will also enhance our product lineup, including such products as direct imaging systems for back-end processing and inspection and measurement equipment.

The after-sales business accounts for more than 20% of SCREEN Semiconductor Solutions' sales. We will further grow this business by proactively offering timely solutions to customer equipment-related needs, be they for improving productivity or adding new functions to adapt to next-generation technologies.

Going forward, we will continue to expand our customer base, both in established and new fields and markets, while diversifying our products and services by enhancing our ability to provide solutions optimized for individual customers. In doing so, we will continue to build an earnings platform for sustained growth.

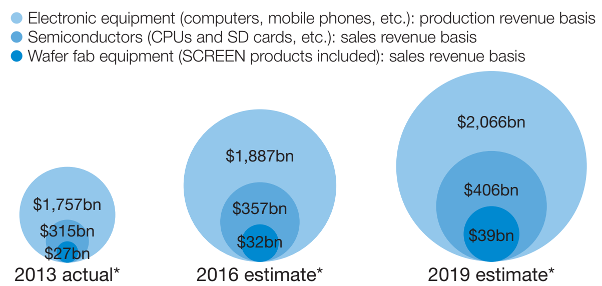
Terminology

- **Single-wafer cleaning equipment**
  Cleaning equipment that processes one wafer at a time.
- **FEOL/BEOL**
  FEOL process is initial IC fabrication of transistor on silicon wafer. Process is followed and completed by BEOL process to connect wires and package as "chip".
- **IoT**
  Short for the internet of things. The concept of an electronic network connecting not only such IT devices as personal computers, but also other data-transmission capable "things," like home electronic appliances.
- **Power device**
  Semiconductors that control and supply electricity. Used in energy-saving technologies, such as the power control units for hybrid vehicles, household electronics, smartphones, etc.
- **MEMS**
  Short for micro-electromechanical system. An umbrella term for very small electromechanical systems and related technologies to which semiconductor manufacturing technologies are applied. Used in a wide variety of applications, such as smartphone microphones and pressure sensors.

Focus | Growth Markets of the Future

The Growing Range of Semiconductor-Related Markets

The electronics industry is expected to see further growth, driven by the spread of smartphones worldwide and rising demand for electronic devices related to the IoT. The applications of semiconductors are also broadening, from the traditional focus on personal computers to such uses as tablet devices, control systems for automobiles and household devices, and LED lighting. In particular, demand for power semiconductors, which are essential to energy saving, is growing rapidly; the market scale for such products is expected to grow to around ¥3 trillion in 2020 (Fuji Keizai Co., Ltd. estimates).

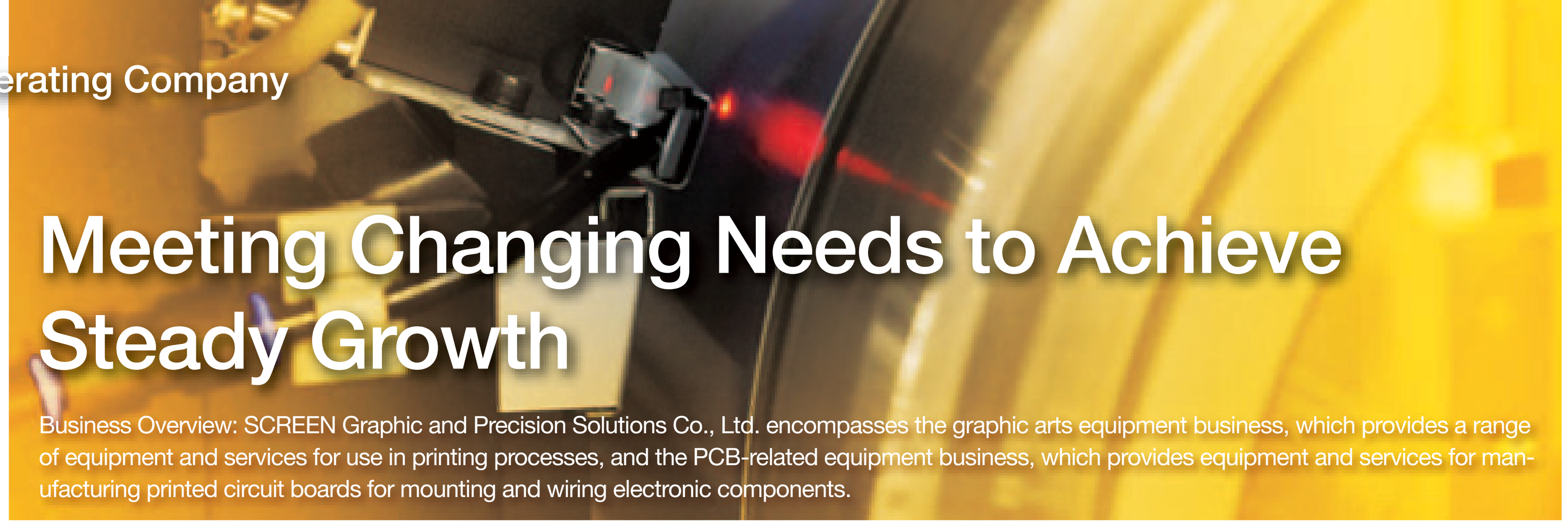


* Source: Gartner, "Forecast: Semiconductor Wafer-Level Manufacturing Equipment, Worldwide, 1Q15 Update," 14 April 2015
Chart created by SCREEN based on Gartner data

Note: The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Annual Report) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

SCREEN Graphic and Precision Solutions Co., Ltd.

Graphic and Precision Solutions (GP) Segment



Meeting Changing Needs to Achieve Steady Growth

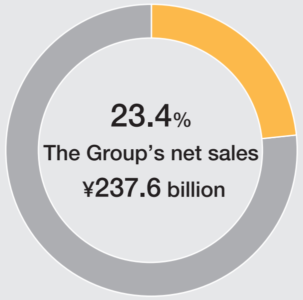
Business Overview: SCREEN Graphic and Precision Solutions Co., Ltd. encompasses the graphic arts equipment business, which provides a range of equipment and services for use in printing processes, and the PCB-related equipment business, which provides equipment and services for manufacturing printed circuit boards for mounting and wiring electronic components.

Katsuhiko Aoki

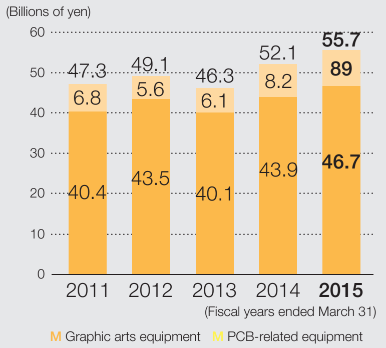
President
SCREEN Graphic and Precision Solutions Co., Ltd.

Share of Net Sales

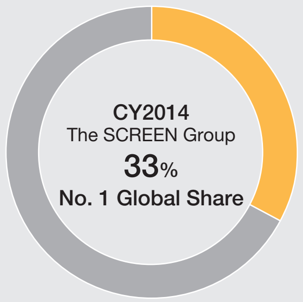
Fiscal Year Ended March 31, 2015



Segment Sales



Market Share of CTP Equipment



Note: Market shares are based on total sales for each equipment group, based on our independent survey.

Fiscal 2015 Business Environment, Performance Review and Outlook

In graphic arts equipment, demand for computer-to-plate (CTP) and print-on-demand (POD) equipment, primarily in Japan and Europe, recovered, while the yen remained weak, leading to a year-on-year rise in sales. Sales of printed circuit board (PCB)-related equipment also grew, driven by mainstay direct imaging systems. As a result, Graphic and Precision Solutions (GP) segment sales totaled ¥55.7 billion, up 6.8%. Buoyed by the increase in sales, operating income came to ¥2.8 billion, up 2.6%, despite an increase in fixed costs due to the depreciation of the yen.

Looking at the business environment in the graphic arts business in fiscal 2015, ended March 31, 2015, results were boosted by replacement demand for CTP equipment, an area in which we hold the No. 1 domestic market share (our own brand and OEM products combined). Overseas, sales of the Truepress Jet520 series, our mainstay POD digital printing press series, were strong, particularly in the United States. Sales of PCB-related equipment were somewhat impacted by economic fluctuations in and outside Japan, but reinforcement of the sales structure contributed to an overall increase in both sales and operating income.

Raising the Operating Margin and Expanding the Customer Base

Our operating income to net sales ratio in fiscal 2015 was 5.1%. One of the goals of Challenge2016, the SCREEN Group's medium-term management plan for fiscal 2015 to 2017, is to achieve operating income to net sales of 10% or above. Accordingly, we have been striving to optimize cash flow. During fiscal 2016, ending March 31, 2016, we will continue to focus on business efficiency as we work to expand the POD customer base and boost profitability.

Also in fiscal 2016, to prepare for future business expansion, we plan to spend more on R&D and reinforce our sales structure, particularly overseas. We will make these growth investments while maintaining financial balance.

Graphic Arts Equipment

Strengthening Digital Printing Press and After-Sales Businesses

We expect that domestic replacement demand for CTP equipment will remain steady for the time being. In addition, we are working to enhance our product lines, including products for printing on non-paper media, in the promising areas of digital printing presses and POD equipment. In the abovementioned Truepress Jet520 series, the high-definition model Truepress Jet520HD, featuring full color variable data printing at higher than ever image quality, was released in January 2015. With regard to the Truepress Jet W3200UV Wide-format UV Inkjet Printing System, which has been well received in Europe and the United States, we released a new version in early summer 2015. In addition to rigid media, the new version can print on rolled materials. We plan to develop this product line into a series of its own. Furthermore, applications for the Truepress Jet L350UV UV Inkjet Label Printing System, released in fiscal 2014, are suited for small-lot printing and security printing.

As we develop high-end models of our mainstay products, we are also simultaneously developing a low-cost lineup. To do so, we are considering moving a portion of our POD equipment manufacturing operations, all currently conducted within Japan, overseas.

Furthermore, we continue to strengthen our after-sales businesses, including sales of consumables, such as ink, sales of parts, and support services, by creating a network to connect individual systems. At present, such businesses account for about 25% of sales, and we are working to enhance their foundations by raising service quality and efficiency.

Printed Circuit Board-Related Equipment

Opportunities in Broadening Applications

In the PCB-related equipment business, while our Ledia mainstay direct imaging systems continue to drive sales, new demand is also emerging. As with semiconductor production equipment, product applications for PCB-related equipment are broadening from personal computers to include smartphones and other devices employing touch panels as well as devices used in automobiles.

In terms of geographic areas, we are expanding sales in South Korea, our main market to date, as well as in such areas as Japan, Taiwan, and Europe. We are seeking to capture latent markets by bolstering the competitiveness of our inspection and exposure equipment and working to expand product applications and sales areas.

Terminology

- **CTP**
  A method for creating printing plates through direct output from a computer to printing plates.
- **POD**
  Printing of the number of copies needed when they are needed.
- **Printed circuit board**
  A substrate made of resin or other materials on which metal lines are printed to support and connect electronic components and integrated circuits.
- **Direct imaging systems**
  Equipment that directly plots (exposes) circuit patterns at high speed and high definition. By eliminating masking, these systems greatly increase productivity.
- **Variable data printing**
  A printing method that uses variable data so that elements of the printed content may be changed on each printed piece.

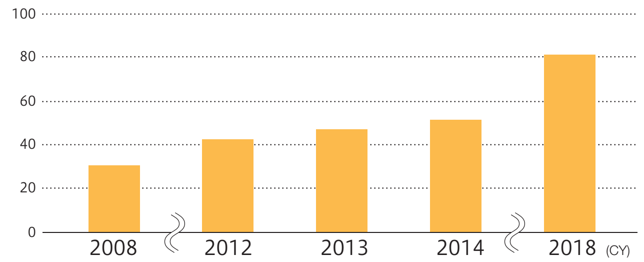
Focus | Growth Markets of the Future

The Expanding Digital Printing Market

Digital printing refers to technologies that allow the direct printing of digital data onto media without creating a printing plate. Because there is no need to handle plates, processing time and cost are reduced, making it easier to flexibly meet demand for quick delivery and high-mix, small-lot printing. As the printing industry continues to diversify and individualize, digital POD technology is expected to drive the entire market.

Global Inkjet Printing Output Forecasts

(Unit: Billion US dollars, constant 2012 prices and exchange rates)



Source: Smithers Pira, "The Future of Global Printing to 2018" (issued December 2013)

SCREEN Finetech Solutions Co., Ltd.

Finetech Solutions (FT) Segment

Boosting Profitability and Investing in New Businesses

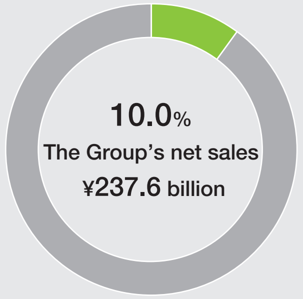
Business Overview: SCREEN Finetech Solutions Co., Ltd. provides a range of equipment and services for the manufacturing of flat panel displays (FPDs) used in such digital devices as LCD TVs and smartphones.

Toshio Hiroe

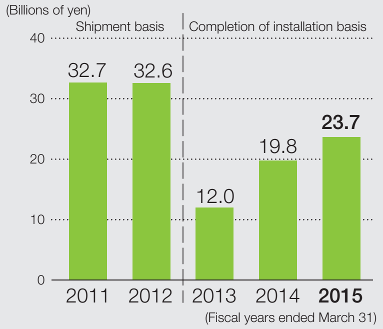
President
SCREEN Finetech Solutions Co., Ltd.

Share of Net Sales

Fiscal Year Ended March 31, 2015

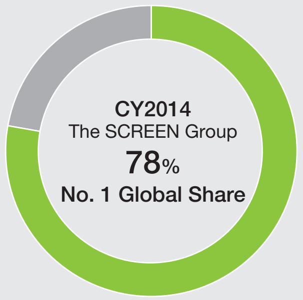


Segment Sales



Note: For the SE and FT segments, the revenue recognition method has been changed to completion of installation basis, and is applied to the calculations for the fiscal years ended March 31, 2013, 2014 and 2015.

Market Share of Coater/Developers



Note: Market shares are based on total sales for each equipment group, based on our independent survey.

■ Fiscal 2015 Business Environment, Performance Review and Outlook

In fiscal 2015, ended March 31, 2015, sales of production equipment for small- and medium-sized high-definition LCD panels for smartphones and tablets decreased, but sales of equipment for large-sized LCD panels increased. As a result, net sales in the Finetech Solutions (FT) segment came to ¥23.7 billion, up 19.8% year on year. Reflecting this rise in sales and thanks to earnings structure reforms, the segment generated profit for the first time in four years, recording operating income of ¥399 million, compared with an operating loss of ¥422 million in fiscal 2014.

Going forward, capital investment in equipment for TVs is expected to continue in China, and investment related to small- and medium-sized LCD panel production is expected to increase, particularly in Japan, China, and Taiwan. Accordingly, we expect sales to grow further in fiscal 2016, ending March 31, 2016. On the other hand, as the prices of smartphones and other mobile devices fall, the profitability of the FPD equipment business is expected to decline. As such, quickly establishing new businesses to supplement this business remains a key priority.

Improving the Profitability of the FPD Business

During fiscal 2015, we continued to reform the earnings structure. To lower the variable cost ratio, we continued value engineering (VE) initiatives while reexamining the assembly process, switching where possible from specialty to standardized parts that are interchangeable with components used in semiconductor equipment. We also worked to reduce fixed costs as much as possible.

We are also looking to shorten the number of days of between the delivery of equipment and its coming online as well as to improve design efficiency and streamline the drafting process in order to further advance earnings structure reforms.

Since the shift to the holding company structure in October 2014, our focus has switched to include drawing up our own budget and business strategies as an independent company, with increased attention given to inventory, cash flow and balance sheet issues. Also, since the company name change, we have shifted our focus more toward proposing solutions to meet diverse customer needs. In fiscal 2016 and onward, we will strive to maintain profitability, launch new initiatives and realize new solutions for our customers, and fulfill a unique and indispensable role within the SCREEN Group.

Building a Portfolio for Sustainable Growth

In the existing FPD equipment business, we will continue ongoing earnings structure reforms. We also hope to expand services for equipment modifications and other after-sales businesses that are profitable, with demand expected to grow down the line. As a case in point, we saw increased orders in fiscal 2015 for upgrades of spin coaters to slit-type linear coaters for high-definition panels, and we think that demand for upgrading equipment for the production of new display devices is likely to emerge in the near future. By proposing new technological solutions that meet customers' expectations, we hope to soon raise the ratio of sales accounted for by after-sales businesses to 25%.

SCREEN Finetech Solution is currently working to transform its business portfolio. We have been working to increase market awareness of our products in the new business area of wet deposition equipment through such means as test operations at customer sites and demonstrations in academic settings, and these efforts have finally begun to produce results. We are currently working to expand this equipment's applications to include not only lithium-ion batteries, but also fuel cell-powered vehicles, which are expected to enter the mainstream market in 2020, by fine-tuning our electrode coater/dryer technology. In dry deposition equipment, we want to respond to our customers' needs related to developing new devices by expanding the applications of such equipment to include coatings for transparent electrode films and other new materials, as well as OLED lighting and other next-generation displays.

We expect the FPD market to remain strong throughout the fiscal year ending March 31, 2016, as manufacturers in Japan and Taiwan recommence new capital investment while demand remains strong in China. We will strive to maximize the profitability of existing businesses, thus enabling aggressive investment in the new businesses that will be our future income pillars.

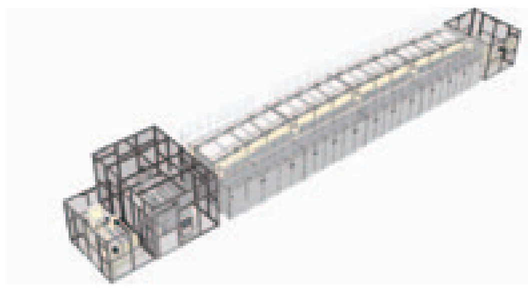
Terminology

- **VE**
  Short for value engineering. A method to increase the value of products and services by optimizing the balance of function and costs.
- **Spin coater, linear coater**
  Spin coaters use centrifugal force to form films by rotating substrates at high speeds. Linear coaters use a slit coating method employing slit nozzles, a proprietary SCREEN Group technology, to achieve even coatings and can be used with large substrates.
- **Wet deposition, dry deposition**
  Wet deposition forms films by applying coatings of chemical solutions. Dry deposition refers to technologies to form films through plasma enhanced chemical vapor deposition in vacuum conditions.

Focus | Growth Markets of the Future

Fuel Cell Vehicles: Soon to Enter the Mainstream

Fuel cell vehicles are powered by electricity generated by the chemical reaction of hydrogen with oxygen. Because these vehicles do not emit CO_2, NO_x, SO_x, or any other atmospheric pollutant, automakers are developing them as next-generation clean vehicles, and systems for mass production are expected to begin operation in 2020. Bolstered by efforts to establish hydrogen infrastructure before the 2020 Tokyo Olympics, the Japanese market for such vehicles is growing rapidly. It is expected to reach a scale of ¥500 billion in 2020 and ¥4 trillion in 2030 (Fuji Keizai Co., Ltd. estimates).



RT Series, a coater/dryer for next-generation batteries, including fuel cells

Corporate Governance

To live up to the trust placed in it by its various stakeholders, including shareholders, and enhance corporate value in a sustainable manner, the SCREEN Group strives to reinforce corporate governance, recognizing the importance of maximizing the transparency, soundness, efficiency, and speed of corporate management.

Transition to Holding Company Structure

On October 1, 2014, the Company changed to a holding company structure through an absorption-type company split and changed its trade name to SCREEN Holdings Co., Ltd.

The businesses previously operated under an internal company system, namely the semiconductor equipment business, graphic arts equipment and PCB-related equipment businesses, and the FPD and other equipment-related business, have been succeeded by SCREEN Semiconductor Solutions Co., Ltd., SCREEN Graphic and Precision Solutions Co., Ltd., and SCREEN Finetech Solutions Co., Ltd. (the "business operating companies"), respectively. Manufacturing support and manufacturing contract operations as well as shared administration services operations (operations related to general affairs, accounting, human resources, and information systems) have been succeeded by SCREEN Manufacturing Support Solutions Co., Ltd. and SCREEN Business Support Solutions Co., Ltd., respectively (the "functional support companies").

The holding company will serve to formulate integrated and flexible strategy for the entire Group, optimize the allocation of management resources, and monitor the business execution of subsidiaries in line with its role of sustaining and developing the Group's core technologies that create corporate value. By developing a strategic and clear management organization, we aim to maximize the corporate value of the SCREEN Group.

Corporate Governance System

Board of Directors and Corporate Officers

The SCREEN Group takes the form of a company with a board of corporate auditors under the Companies Act of Japan. It has a Board of Directors comprising nine directors and a Board of Corporate Auditors comprising four corporate auditors.

As the Company's topmost management decision-making body, the Board of Directors decides important matters and oversees business execution, holding regular monthly meetings and additional meetings as necessary. To clarify the responsibilities of directors and promote an operational structure that is able to rapidly respond to changes in the business environment, the term of office for said directors is set at one year, and they are elected to office by shareholders annually at the General Meeting of Shareholders.

The Board of Directors includes three outside directors to improve its transparency and soundness as well as strengthen management oversight. In addition, the Company has adopted a corporate officer system to promote faster, more efficient management.

Furthermore, the Management Committee, comprising the full-time directors and corporate officers, ordinarily meets twice a month to deliberate matters related to the overall management and facilitate the decision making of the Board of Directors and representative directors. The presidents of the business operating and functional support companies (five companies in total) also participate as needed.

Management and Executive System for Business Operating and Functional Support Companies

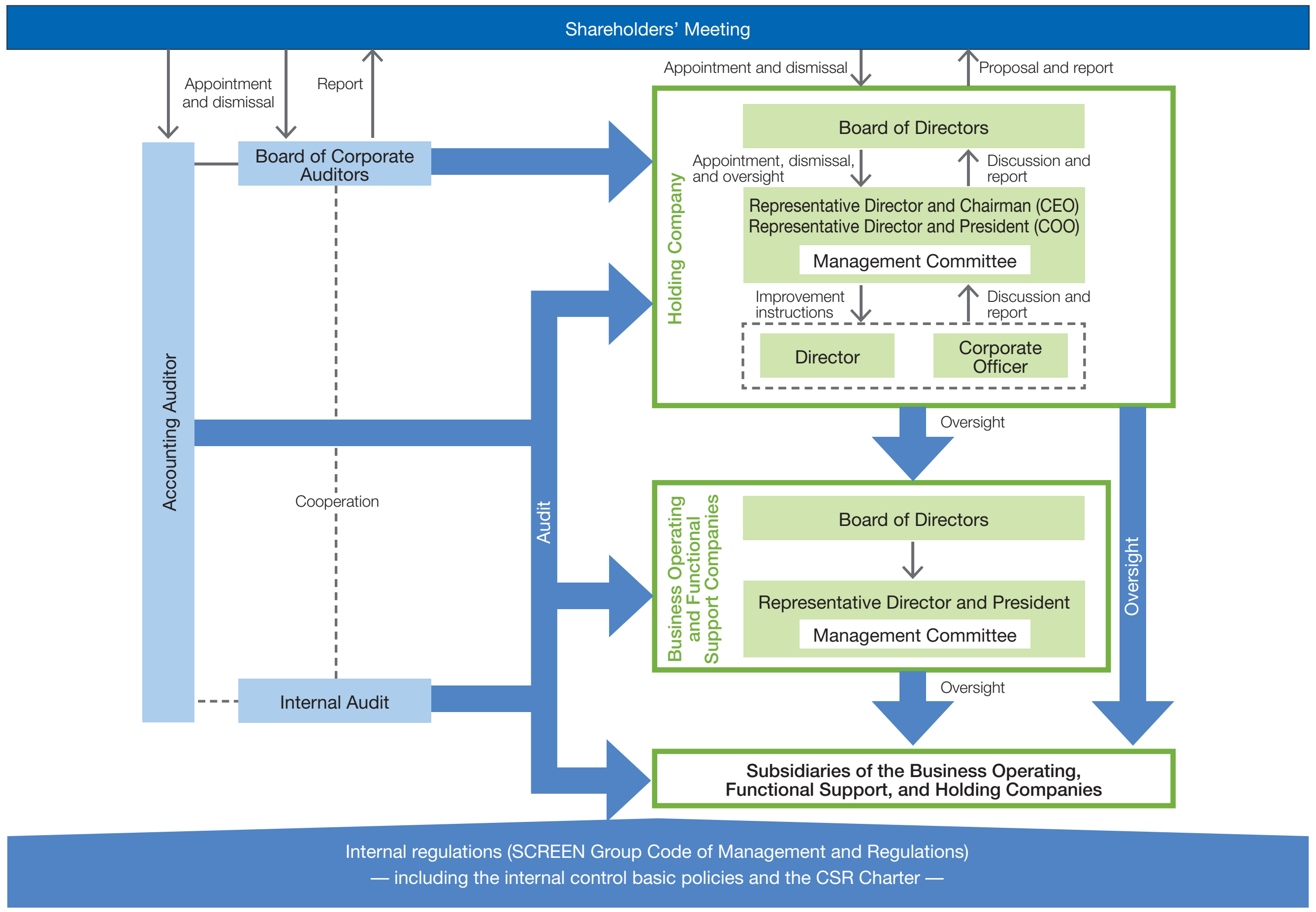
The SCREEN Group grants each business operating and functional support company clear responsibility and authority as part of a decision-making system that allows agile and bold management decisions.

As at the holding company, each of these companies maintains a management committee to deliberate matters related to management and facilitate the decision making of their respective boards of directors and representative directors.

Board of Corporate Auditors

The Board of Corporate Auditors holds two regular meetings per month and additional meetings as necessary. The corporate auditors monitor the business execution of the directors and evaluate whether the Company is being run in a sound, sustainable manner that is aimed at sustainable growth. Corporate auditors attend such important meetings as those of the Board of Directors and Management Committee and conduct inquiries using periodic hearings and reports on the directors' business execution. They also review documents

Corporate Governance Structure



Outside Directors and Outside Corporate Auditors (fiscal year ended March 31, 2015)

Name	Relation to the Group*	Contributions	Attendance
Outside Directors			
Yoshio Tateishi (Honorary Chairman, OMRON Corporation) In office since June 2006	OMRON Corporation is a business partner of the Group, but the volume of trade is insignificant	Provided opinions based on his deep insight fostered during years of management experience and his wide-ranging experience in the business community	14/16
Shosaku Murayama (President & CEO, iPS PORTAL, Inc.) In office since June 2013	iPS PORTAL, Inc. is a business partner of the Group, but the volume of trade is insignificant	Provided insight from various perspectives based on the wealth and breadth of his experience at the Bank of Japan and other companies	14/16
Shigeru Saito (President and CEO, TOSE Software Co., Ltd.) In office since June 2013	No special relationship with the Group	Provided input based on his expert knowledge of management and broad-ranging experience in the business community	14/16
Outside Corporate Auditors			
Tsutomu Tsutsumi (President and Representative Director, Kyoyu Shoji Co., Ltd.) In office since June 2012	No special relationship with the Group	Provided management oversight mainly using his perspective as a bank executive	16/16
Kenzaburo Nishikawa (President and Representative Director, Shigagin Lease Capital Co., Ltd.) In office since June 2014	No special relationship with the Group	Provided management oversight mainly using his perspective as a bank executive	13/13**

* Relation between entities where the officer serves concurrently
** Board of Directors Meetings held after June 2014

related to major decisions and conduct on-site audits of the Company's headquarters and the Group's major business sites, including overseas locations. Furthermore, the Board of Corporate Auditors regularly exchanges information with the CSR Promotion Department to monitor the status of initiatives related to strengthening risk management.

Corporate auditors also receive reports from directors and employees on the maintenance and operation of internal control systems, providing opinions as they deem necessary. To improve their effectiveness, corporate auditors work with the Group Audit Department, receiving the results of internal audits and internal control evaluations and exchanging opinions. Furthermore, corporate auditors oversee and verify that external accounting auditors are executing their auditing duties appropriately and receive reports from said external accounting auditors, requesting further explanation as necessary.

The Corporate Auditors Department has been established with a dedicated staff to assist the corporate auditors in their duties.

Outside Directors and Outside Corporate Auditors

Outside directors are selected based on experience and expertise, with the aim of drawing on a variety of perspectives to ensure the objectivity of management. Outside corporate auditors are also selected on the basis of experience and knowledge.

Our five outside directors and outside corporate auditors are independent of the SCREEN Group's management and are registered with the Tokyo Stock Exchange as independent directors and corporate auditors who have no conflict of interest with shareholders.

The Secretarial Department assists the outside directors, and the Corporate Auditors Department assists the outside auditors. The outside directors and corporate auditors are provided with relevant documents and explanations as necessary prior to the Board's meetings.

Management Compensation

Directors' compensation consists of three elements: (i) fixed remuneration, (ii) stock allowances (for the purchase of shares of treasury stock) and (iii) performance-based bonuses (decided based on the degree to which annual performance targets are achieved). These amounts are calculated based on a compensation table (created using the amounts paid out by 13 other listed companies of similar size as a benchmark) with the advice of outside specialists and must be approved by the Compensation Advisory Committee, which comprises the representative directors and outside directors. Outside directors' compensation does not include stock allowances, while corporate auditors' compensation consists of fixed remuneration only.

Regarding the compensation of full-time directors, although the Company abolished its retirement benefit system in 2005, it has adopted a stock allowance scheme to create incentives to improve performance and stock price over the medium- to long-term.

Internal Control Systems

Systems to Ensure the Appropriateness of Operations

The SCREEN Group systematically ensures the appropriateness of business execution, supported by rules and structures to promote proper and efficient management and operations, well-defined business processes and a risk management system.

Internal Control of Financial Reporting

We maintain internal control with regard to financial reporting in accordance with the SCREEN Group Internal Control Design Principles. The Group Audit Department evaluates the maintenance and operation of the control system, thereby ensuring trustworthy reporting.

Corporate Officers

(As of June 25, 2015)
SCREEN Holdings, Co., Ltd

Directors

Akira Ishida
Representative Director
Chairman
Chief Executive Officer (CEO)

Eiji Kakiuchi
Representative Director
President
Chief Operating Officer (COO)

Shin Minamishima
Managing Director
Chief Officer of General Affairs & HR
Chief Officer of CSR

Katsutoshi Oki
Managing Director
Chief Officer of Corporate Strategy

Soichi Nadahara
Managing Director
Chief Technology Officer (CTO)
Chief Officer of R&D

Yoichi Kondo
Managing Director
Chief Financial Officer (CFO)
Chief Officer of Finance & Accounting

Yoshio Tateishi
Director
(Honorary Chairman, OMRON Corporation)

Shosaku Murayama
Director
(President & CEO, iPS PORTAL, Inc.)

Shigeru Saito
Director
(President and CEO, TOSE Software Co., Ltd.)

Corporate Auditors

Tatsuo Miyawaki
Senior Corporate Auditor

Akio Umeda
Corporate Auditor

Tsutomu Tsutsumi
Corporate Auditor
(President and Representative Director, Kyoyu Shoji Co., Ltd.)

Kenzaburo Nishikawa
Corporate Auditor
(President and Representative Director, Shigagin Lease Capital Co., Ltd.)

Substitute Corporate Auditor: **Katsuyuki Toyobe** Managing Director of the Bank of Kyoto, Ltd.
(appointed Senior Managing Director effective from June 26, 2015)

Corporate Officers

Senior Corporate Officer

Masahiro Joshi Chief Officer of New Businesses

Corporate Officer

Hirotaka Wada Chief Officer of Legal & IP

Presidents of Major Group Companies

Tadahiro Suhara	Representative Director and President of SCREEN Semiconductor Solutions Co., Ltd.
Katsuhiko Aoki	Representative Director and President of SCREEN Graphic and Precision Solutions Co., Ltd.
Toshio Hiroe	Representative Director and President of SCREEN Finetech Solutions Co., Ltd.
Katsumi Shimaji	Representative Director and President of SCREEN Manufacturing Support Solutions Co., Ltd.
Tadashi Kawarabayashi	Representative Director and President of SCREEN Business Support Solutions Co., Ltd.

SCREEN Group's CSR

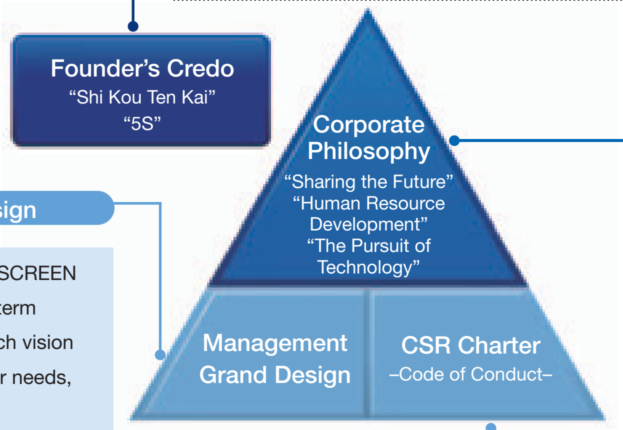
Carrying on the founder's credo and in line with our corporate philosophy of "Sharing the future," "Human resource development" and "The pursuit of technology," the SCREEN Group strives to fulfill its corporate social responsibility by putting the principles expressed in the newly established CSR Charter into practice. In addition to complying with legal statutes, we seek to contribute to the sustainable development of society by satisfying the expectations of our stakeholders, including shareholders and investors, customers, suppliers, employees, local communities, creditors and administrative bodies through highly moral and transparent business conduct.

The SCREEN Group CSR Charter

Founder's Credo

The principles for business development of the SCREEN Group, which was established as a research and development entity

● "Shi Kou Ten Kai" (思考展開)	The strong will to bravely strive for the creation of new businesses and products, constantly thinking, "How can we connect new ideas to SCREEN's technologies and products?" and "Is there anything that can be done better?"
● "Shi Kou Ten Kai" (志高転改)	The spirit of reform that continues to promote innovation and improvement in an age of rapid change, pursues the best results with high aspirations, and strives to further improve corporate value
● "5S"	Service, Safety, Speed, Saving, Study The slogan for SCREEN Group employees to keep in mind in the performance of their job duties



Management Grand Design

A vision of business which the SCREEN Group will develop and a long-term management plan to realize such vision based upon the motto, "Fit your needs, Fit your future"

Corporate Philosophy

● "Sharing the Future"
Earning the trust and meeting the expectations of society, while keeping an eye on the future

● "Human Resource Development"
Developing human resource through better work

● "The Pursuit of Technology"
Pursuing original technology and mixing it with existing technology

SCREEN Group CSR Charter

The SCREEN Group will contribute to the development and sustainability of society by satisfying the expectations and maintaining the trust of society in a forward thinking manner based upon our corporate philosophies of "Sharing the Future, " "Human Resource Development" and "The Pursuit of Technology."

1 Provision of Products and Services Beneficial to Society	The SCREEN Group will provide products and services which are beneficial to society through the pursuit of new technologies, and aim to share our vision of a prosperous future.
2 Respect for Human Rights and Friendly Work Environment	With our belief that people are the core of our business operations, the SCREEN Group will respect the human rights of each and every person, and support the performance of our diverse workforce. We will also create a safe and sound work environment so that employees can work comfortably and at ease.
3 Establishment of Friendly Environment for People and Our Planet	The SCREEN Group considers environmental issues such as global warming and pollution as substantial concerns for sustainable social development, and therefore, we will engage in business activities incorporating environmental concerns which are friendly to both people and our planet.
4 Sound and Effective Corporate Governance	The SCREEN Group will implement high transparency in the management of its business by sound and effective corporate governance.
5 Compliance with Laws and Regulations, and Standards of Ethics	The SCREEN Group will comply with all applicable laws and regulations, as well as standards of ethics of all relevant countries, and will conduct business activities in a fair and sensible manner.
6 Appropriate Management and Utilization of Information and Intellectual Property	The SCREEN Group will, through development of information security, and in compliance with local laws of all relevant countries and our internal regulations, appropriately manage and maintain the confidentiality of our trade secrets as well as information such as personal information and intellectual property, and we will also seek practical applications therefor.
7 Appropriate Disclosure of Company Information	In addition to actively communicating with stakeholders, the SCREEN Group will disclose information relating to the Group in a timely and appropriate manner.
8 Corporate Social Responsibility as Good Corporate Citizen	The SCREEN Group will actively participate in activities which contribute to society as a good corporate citizen in order to promote sustainable social development.
9 Exclusion of Anti-Social Forces	The SCREEN Group will ban any relationships with anti-social forces, including organized crime groups, which pose a threat to public order and safety of society.

Establishment of the CSR Charter

The SCREEN Group established the SCREEN Group Code of Ethics in 2002 and, based on this code, has striven to ensure that its corporate activities are fair and highly transparent. Moreover, in response to the growing importance placed on corporate social responsibility in recent years, on April 1, 2015, we established the SCREEN Group CSR Charter, incorporating into it elements of the Electronic Industry Citizenship Coalition (EICC) Code of Conduct for the electronics industry supply chain and ISO 26000, an international standard for social responsibility.

The SCREEN Group CSR Charter comprises nine principles of action based on the Group's corporate philosophy as well as a Code of Conduct that provides a set of standards for all executives and employees of the SCREEN Group. The CSR Charter has been prepared in Japanese, English, Chinese (simplified and traditional), and Korean and is distributed to all Group employees and executives.

By clearly declaring the SCREEN Group's approach to CSR both inside and outside the Group and conducting rigorous training for all executives and employees, the SCREEN Group aims to further enhance CSR management.

Establishment of the CSR Committee

Since 2012, the Group has conducted integrated management of matters related to internal control systems, compliance, and risk management, mainly though the CSR Promotion Department. In April 2015, we launched the CSR Committee, chaired by the holding company's CSR officer and comprising the CSR officers of each business operating and functional support company.

The CSR Committee convenes every quarter, mainly to draft the Group's CSR implementation plan and review and revise relevant activities. The committee's minutes are posted on the Group's internal CSR portal, and reported to the president of each Group company.

Advancing CSR Management

The SCREEN Group made "Advance CSR management" one of the fundamental policies of its medium-term management plan launched in March 2015, and established a medium-term CSR plan. Based in part on the Group's long-term vision as well as ISO 26000 and the EICC Code of Conduct, we have established and are working to achieve three-year CSR targets in accordance with the nine principles of our CSR Charter.

Compliance

Groupwide Compliance Promotion

The SCREEN Group promotes compliance in accordance with the SCREEN Group CSR Charter. The CSR Promotion Department plays the central role in compliance promotion.

Also, at each overseas Group company, we work with local attorneys conversant in local laws to determine the state of compliance, clarify any issues, and implement improvement measures.

The Group Audit Department conducts internal audits of the status of legal compliance and adherence to corporate ethics. During the fiscal year ended March 31, 2015, internal audits were conducted at 13 Group companies, including 10 overseas locations. The Department also conducts follow-up audits each year to confirm that issues identified in the previous year's audits have been resolved.

For the prevention and early detection of any illegal, dishonest, unethical, or fraudulent conduct or acts, we have established an internal reporting hotline ("the Whistleblowing System") run by the CSR Promotion Department that all Group employees and executives can directly access. We have also established hotlines operated through legal firms and other third-party agents to further facilitate whistleblowing.

Major Compliance Training Programs (FY2015)

● Misconduct Prevention Training

Conducted three e-learning sessions, including case studies and covering disciplinary actions, between February and March 2015. 95.2% of Group employees in Japan completed the program.

Security Export Control

The Security Export Control Department handles one of the key issues of the Group: ensuring total compliance with legislation on exporting products and components. The department obtains updates on the Foreign Exchange and Foreign Trade Act and other export control-related legislation, making this information available to executives and employees involved in export-related businesses. Furthermore, the department supports compliance with export control processes as defined by internal regulations, such as product classification and transaction screening.

After the transition to the holding company structure, the Group's three business operating companies were approved by the Director of Osaka Customs as "authorized exporters" under the Authorized Economic Operator (AEO) program. As the legal auditing department within the Group's AEO system, the Security Export Control Department supports the three business operating companies' activities aimed at maintaining their AEO status.

Preventing Anti-Competitive Behavior and Corruption

To prevent collusion, the formation of private monopolies and other behaviors that run counter to anti-monopoly and other competition legislation as well as both the giving and acceptance of hospitality or gifts for trade benefits, in addition to maintaining the CSR Charter, which espouses fair transactions, the Group formulates guidelines and provides training for the prevention of anti-competitive behaviors. We thereby ensure awareness among executives and employees. During the fiscal year ended March 31, 2015, no violations constituting anti-competitive behavior or anti-trust or monopolistic practices were observed.

Respect for Human Rights

The Group's CSR Charter espouses respect for the fundamental human rights of each person. It repudiates discriminatory treatment or inappropriate acts of any kind and pledges non-tolerance of child and forced labor. It also stipulates refusal to take part in the infringement of human rights.

In addition to implementing internal training programs to prevent workplace harassment, we have made an internal hotline available to all Group employees as well as partner companies to facilitate the reporting of and consultation regarding harassment or other human rights abuses.

We make clear to our suppliers our expectations as outlined in the SCREEN Supplier Code of Conduct, including our stance on human rights, and seek their cooperation. Furthermore, we ask that our major suppliers fill out and return a check sheet based on said code.

Product Responsibility

Providing Appropriate Product Information

Our PR & IR, Legal, and Intellectual Property departments verify product and service information prior to its external release. In this way, we work to ensure fair and accurate information disclosure.

In the fiscal year ended March 31, 2015, there were no significant legal violations by any Group company in areas related to the provision of information about or labeling of products and services or marketing. Going forward, we intend to conduct thorough checks of each Group company to continue to prevent infractions.

Compliance with Chemical Substance Legislation

In compliance with the REACH[1] regulations, we manage information using the platform provided by JAMP[2] and employ an IT system that collects and manages data on restricted chemical substances.

Concerning the RoHS[3] directives, SCREEN Graphic and Precision Solutions Co., Ltd. is completely compliant and is constantly responding to expected future regulations. Because the principal products of SCREEN Semiconductor Solutions Co., Ltd. and SCREEN Finetech Solutions Co., Ltd. fall under the exemption of large-scale stationary industrial tools, they are not subject to these directives.

1. REACH: An EU regulation requiring the comprehensive registration, evaluation, authorization, and restriction of chemicals by manufacturers and importers.
2. JAMP: The Joint Article Management Promotion-consortium
3. RoHS: An EU directive that restricts the use of designated hazardous substances in electrical and electronic devices.

Supply Chain Management

The SCREEN Group strives to meet the requirements outlined in the EICC Code of Conduct for the electronics industry supply chain. In particular, concerning the use of conflict minerals,* although the Group is not bound by the United States' Dodd-Frank Act, it works with suppliers to conduct surveys as requested by its customers.

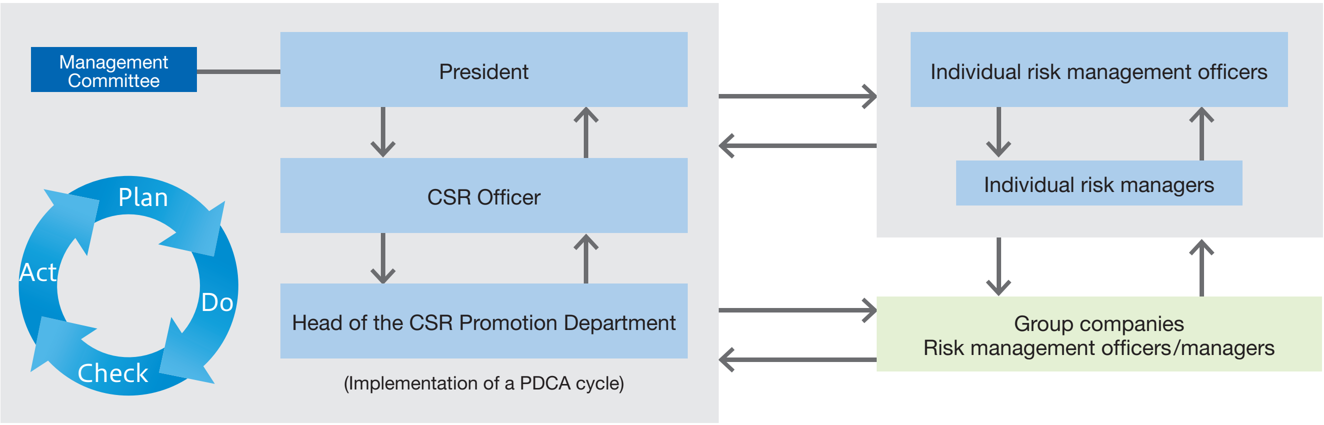
Also, we promote the SCREEN Supplier Code of Conduct among our suppliers. This code is based on the EICC code. We monitor the state of our suppliers' compliance through surveys and request improvements as needed.

Results of Fiscal 2015 Supplier Surveys

We distributed a SCREEN Supplier Code of Conduct Checklist to 227 companies, mainly the suppliers that attended the major supplier roundtable held on May 19, 2014. 202 of these companies filled out and returned the checklist.

We hold various interactive events with our suppliers in order to strengthen our relationships of cooperation and mutual benefit. For fiscal 2015, we selected seven suppliers that excel in the areas of quality, cost, delivery time, and risk management as "Best Suppliers."

Risk Management Structure



To ensure the stable supply of components in times of emergency, we have confirmed the state of our suppliers' business continuity management and the preparation of alternative manufacturing sites.

* Conflict minerals (tin, tantalum, tungsten, and gold) mined in politically unstable parts of Central Africa have become a matter of international concern because of their role in funding armed insurgency groups in the Democratic Republic of the Congo and surrounding region.

Risk Management

Groupwide Risk Management Structure

The SCREEN Group has established a Groupwide risk management structure wherein the holding company's President acts as the topmost risk manager and the presidents of each business operating and functional support company, officers in charge of each division, and the presidents of 19 Japanese Group companies and 18 overseas Group companies act as risk management officers, with the CSR Promotion Department serving as the secretariat.

Each department and Group company works within the risk management PDCA cycle to identify, evaluate, and then formulate and execute countermeasures to risks in categories including human rights, compliance, labor, safety and the environment, finance, security export controls, information security, and quality.

Appropriate Information Management

The SCREEN Group has amended its Rules for Management of Confidential Information and Trade Secrets to facilitate appropriate information management according to common rules within the Group under the holding company structure. The amended rules have been adopted by the Group companies. These rules are managed and carried out together with the Rules for Information Security Management.

We also place priority on employee training. In addition to distributing Japanese-, English- and Chinese-language versions of our Trade Secrets Management Standards as well as the *Securing Confidential Information and Trade Secrets Handbook,* we administer information management and security training via e-learning and other channels.

Business Continuity and EHS Management

Following the Great East Japan Earthquake of March 11, 2011, the SCREEN Group positioned business continuity management (BCM) as a priority issue and designated the three years from fiscal 2012 to 2014 as a period for intensive BCM improvement. From the fiscal year ended March 31, 2015, the Group has integrated its previous environmental, occupational health and safety (EHS) management systems under a new Business Continuity and EHS management system.

After the transition to the holding company structure, the holding company established the SCREEN Group Business Continuity and EHS Policy as a common, Groupwide policy. SCREEN Business Support Solutions Co., Ltd., which is responsible for the Group's shared administration service operations, has served as the secretariat for this policy and worked to implement it at Group companies.

In line with the enhancement of business continuity and EHS management, the Group is implementing BCM-related initiatives as a pillar of Phase III of the Group's medium-term strategy for EHS initiatives, Green Value (GV) 21, Phase III. (Please refer to "Green Value (GV) 21, Phase III (FY2015–2017): Targets and Performance" on page 25.)

Under the SCREEN Group Business Continuity and EHS Policy, we will comprehensively manage the various risks of business or supply chain interruption that the Group faces, including climate change, increasingly stringent international environmental regulations, growing demand for environmentally friendly products, rising occupational safety risk in line with larger products, more complex employee health management attendant to more diverse forms of employment, and natural disasters.

GV 21, Phase III: Long-Term Commitment

Green Products & Technology

Develop technologies and products that help reduce environmental impact

- Reduce the environmental impact of our products at customer sites by 50% by March 31, 2017 and by 65% by March 31, 2021* (compared with levels for the year ended March 31, 2010)
  * In accordance with the International Technology Roadmap for Semiconductors (ITRS) 2013
- Comply with green procurement standards (eliminate or replace all prohibited substances in products; respond to REACH and RoHS)

Safety & Health

Promote workplace health and safety

- Eliminate incidents resulting in four or more days of lost work
- Reduce illness-related absences

Green Fab & Office

Greening and saving energy at factories and offices

Reduce CO_2 emissions resulting from energy use by 3% by March 31, 2017, and by 7% by March 31, 2021 (on a per unit basis compared with a baseline set based on levels recorded in the fiscal years ended March 31, 2012 through 2014)

Business Continuity and EHS Management

Establishing disaster prevention and business recovery systems

- Acquire BCMS (ISO 22301) certification and integrate our management systems into a High-Level Structure (HLS)
- Improve capacity to respond to and recover from large-scale disasters

The SCREEN Group's BCM

The Company maintains Business Continuity Management Regulations. Under these regulations, in the event that a natural disaster or other event results in the immediate risk of business interruption, we will establish a Disaster Headquarters headed by the holding company's President to formulate an emergency response and work toward a speedy recovery. We have formulated incident management plans (IMPs) for our seven principal sites and completed business continuity plans (BCPs) for all business operating companies as well as 15 Japanese and three overseas Group companies. Furthermore, in the fiscal year ended March 31, 2015, the Company obtained ISO 22301 BCM certification.

We also distributed the Survival Card, which outlines responses and conduct for all executives and employees of the SCREEN Group in Japan in the event of an earthquake, and continued e-learning programs on basic disaster response.

Business Continuity and EHS Education

We are also developing Business Continuity and EHS training courses in line with integrating BCM into our Groupwide EHS management. They include the Basic Course for general staff and managers and the Business Continuity and EHS Management Course for specialists, as well as individualized courses for different job categories and units.

During the fiscal year ended March 31, 2015, 31 people participated in seminars we conducted to develop BCM drill trainers.

SCREEN Group Business Continuity and EHS Policy (revised October 1, 2014)

1. **We will contribute to the formation of a new environmentally conscious society through our operations.**
   The SCREEN Group aims to achieve the objectives via its products, actions and services.
   Specifically, we will:
   a. Develop technologies and products that help reduce environmental impact.
   b. Promote workplace health and safety.
   c. Preserve the environment and conserve energy at our factories and offices.
   d. Develop emergency response and business recovery plans.
2. **We will conform to applicable laws and regulations, and meet stakeholder expectations.**
   We will identify hazards as well as the environmental and energy-related impacts of our business.
   We will comply with laws, regulations and the wishes of our stakeholders. Furthermore, we will set voluntary standards and strive to prevent injury, illnesses and environmental pollution.
3. **We will establish, maintain and periodically review our Business Continuity and EHS management system. We will also prepare for crises by implementing a business continuity management process in line with our business continuity policy.**
4. **We will set specific targets.**
   We will set targets that are consistent with business characteristics and organizational roles, and strive for continual improvement in Business Continuity and EHS performance, including energy.
   We will also ensure that we use all available information and deploy resources to reach the targets we have set.
5. **We will conduct training and publicity activities to communicate to all employees the steps and procedures related to this policy.**
6. **We will make this policy available to the public, in addition to those within the Company.**

Business Continuity and EHS Management Targets and Performance

Green Value (GV) 21, Phase III (Fiscal 2015-Fiscal 2017): Targets and Performance

Key Measures	Objective	Fiscal 2017 Targets	Fiscal 2015 Results
Develop technologies and products that help reduce environmental impact	Reduce environmental impact of our products at customer sites	Reduce energy consumption* (including energy use for water and utilities) by 50% or more compared with fiscal 2010 * Performance basis	We are working to reduce product energy consumption at each business operating company Semiconductor coater/developer SOKUDO DUO uses 88% less energy per wafer (compared with fiscal 2013)
	Increase share of sales accounted for by Green Products	At least 85% share of sales	12 products were newly certified as Green Products. Green products accounted for 92% of sales
	Comply with Green Procurement Standards	Green procurement rate of 98% or above (Eliminate the use of all prohibited substances; replace substances designated as restricted substances within three years of said designation)	All business operating companies are working to substitute prohibited and restricted substances. SCREEN Graphic and Precision Solutions Co., Ltd. achieved a green procurement rate of 99.6%
	Promote green technology	Increase the number of environment-related inventions by 30% or more compared with fiscal 2013	Achieved the goal for fiscal 2015 of a 10% or greater improvement compared with fiscal 2013
Preserve the environment and conserve energy at factories and offices	Reduce emissions of CO_2 attributable to energy use	Reduce emissions per unit weight of product shipment at least 3% compared with the baseline	Reduced CO_2 emissions per unit weight of product shipment 6%
	Reduce waste emissions	Reduce emissions per unit weight of product shipment at least 3% compared with the baseline	Emissions per unit weight of product shipment increased 6%
	Promote environmental management	Implement and promote the Green Value Award	Six Green Value Awards were awarded among eight entries (two Business Continuity and EHS Management Coordinator Awards, three encouragement prizes, and one effort prize)
		Improve management of chemicals and gases	Considered the introduction of a chemical and gas management system
Promote workplace health and safety	Eliminate accidents resulting in four or more lost workdays	Zero accidents	One accident resulting in four or more lost workdays
	Globally reduce the number of accidents leading to lost work days	Ten or fewer such accidents (up to five in Japan and five overseas, including at customer sites)	Nine accidents leading to lost work days (six in Japan, three overseas)
	Reduce work days lost due to illness* * The number of employees who lose seven or more days in a given fiscal year (Apr. 1–Mar. 31)	Reduce by at least 10% compared with the baseline	Work days lost due to illness reduced 17%
	Implement thorough orderliness, cleanliness and education-related initiatives	Implement improvements based on potential hazard reports	1,260 potential hazard reports
	Introduce a health management system	Begin in stages throughout the Group, starting in the fiscal 2016	Implemented work flow improvements in preparation for the health management system's introduction
Improve emergency response and business recovery systems	Acquire certification for business continuity management system (BCMS)	Acquire ISO 22301 certification (expected within 2015)	Acquired ISO certification on September 1, 2014
	Improve capacity to respond to and recover from large-scale disasters	Response rate to safety confirmation drills* of 95% or higher * Response rate=number of respondents/number of employees solicited for response (within seven hours of incident)	Carried out safety confirmations four times, with a response rate of 99.4%
		Electric power self-sufficiency of 10% or more	Electric power self-sufficiency of 0.9%
		Conduct practical drills once or more per year	All business operating companies conducted BCM drills once or more

Notes: 1. Fiscal years from April 1, 2014 to March 31, 2017. Fiscal 2015 is the fiscal year ended March 31, 2015.
2. Baseline is the three-year average of the fiscal years from April 1, 2011 to March 31, 2014.

Environmental Conservation

The SCREEN Group is committed to reducing the life cycle CO_2 emissions of its products (emissions due to resource procurement, equipment manufacturing, equipment transport, and use by customers) as well as its own energy and resource use.

SCREEN Group CO_2 Emissions by Product Life Cycle Stage

Resource Procurement	Equipment Manufacturing	Equipment Transport	Use by Customers
2%	2%	0.03%	95%

Highlight

Reducing the Environmental Impact of Our Businesses

The Group achieved year-on-year reductions of 40% in electricity used to produce ultrapure water and clean dry air at its mainstay Fab-FC2 factory for semiconductor production equipment.

-40%

Reducing CO_2 Emissions from Our Businesses

To reduce CO_2 emissions from our business activities, we are working to decrease the amount of electricity used to produce ultrapure water and clean dry air at assembly and inspection sites.

At our semiconductor production equipment factories, we are using ICT tools to monitor and optimize electricity consumption and thus reduce CO_2 emissions. In the fiscal year ended March 31, 2015, the Group achieved a 40% reduction in the amount of electricity consumed by water purification and air pressurization equipment at its mainstay Fab-FC2 factory (equivalent to a 4% reduction in the Hikone Site's overall electricity use).

During the fiscal year ending March 31, 2016, we plan to apply the same reduction measures at the Fab-FC1 factory.

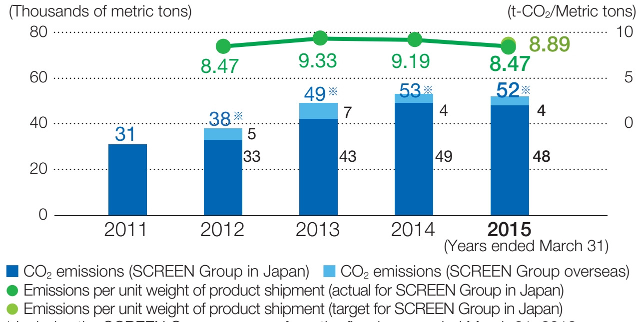
CO_2 Emissions and Emissions per Unit Weight of Product Shipment

During the fiscal year ended March 31, 2015, total CO_2 emissions by the Group came to 52,246 metric tons, down 3% year on year. The Group in Japan met its annual target of reducing emissions per unit weight of product shipment by 1% or more compared with the baseline.[1]

Since 2011, we have been responding to the CDP[2] Climate Change Information Request.

1. The fiscal 2012–2014 three-year average
2. CDP: A non-profit organization supported by investors from various countries that sends questionnaires to private sector companies and analyzes and publishes information related to climate change based on their responses.

CO_2 Emissions and Emissions per Unit Weight of Product Shipment

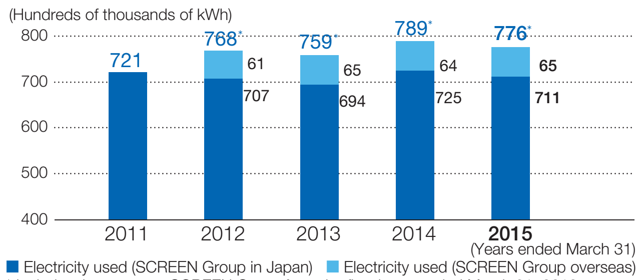


Electricity Used

The Group companies in Japan continued efforts to reduce peak electricity usage. We have introduced demand monitoring systems at eight locations, including our principal sites. These systems send out alerts via email and public address systems when summertime electricity consumption is in danger of exceeding seasonal targets and prompts temporary shutdowns of air conditioning and lighting systems.

The fiscal 2015 reduction in annual electricity consumption due to solar panels installed in fiscal 2014 totaled 36 thousand kWh.

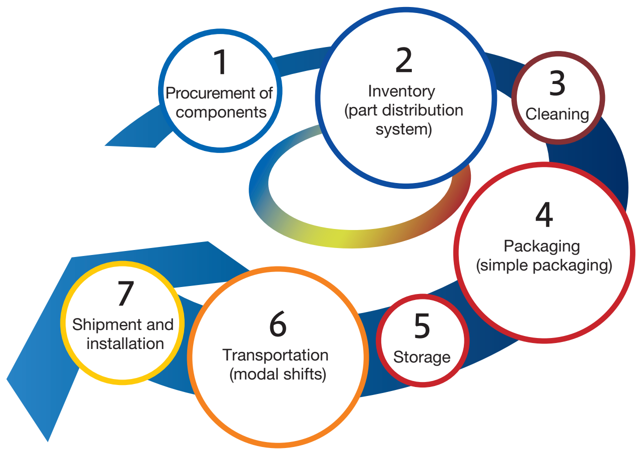
Electricity Used



Reducing CO_2 Emissions from Logistics Operations

The Group is working to reduce the amount of CO_2 emitted during the shipping of its products through such means as promoting modal shifts and reducing the weight of packaging materials.

SCREEN Group company TRANSUP Japan Co., Ltd. specializes in transportation, building cutting-edge information systems to increase throughput and streamline logistics. At the same time, TRANSUP Japan also works to address a range of new operational issues that affect the environment, including the reduction of business costs and its environmental burden.



Reducing Waste

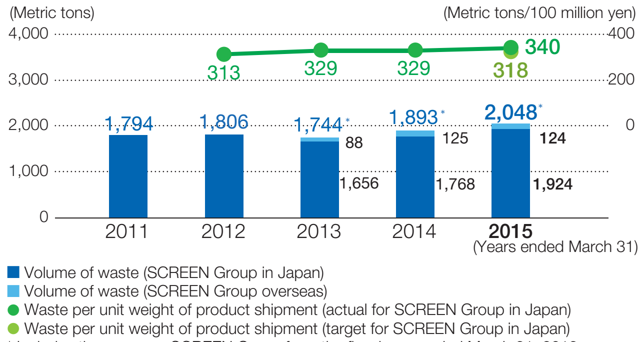
During the fiscal year ended March 31, 2015, the Group generated waste amounting to 2,048 metric tons, up 8% year on year.

We include both recyclable and non-recyclable waste in our calculations of waste disposed of in Japan and have been working to reduce such waste.

During the fiscal year ended March 31, 2015, the volume of waste disposed of per unit weight of product shipment increased 6% compared with the baseline, falling short of our annual target of reducing said volume 1% or more compared with the baseline.

Regarding the disposal of polychlorinated biphenyls (PCBs), as of March 31, 2015, the Group has safely disposed of 234 condensers containing high concentrations of PCBs and 15 other pieces of equipment containing low concentrations of PCBs. Furthermore, the Group will begin disposing of 178 stabilizers containing high concentrations of PCBs from 2017, as disposal facilities become available.

Volume of Waste and Waste per Unit Weight of Product Shipment

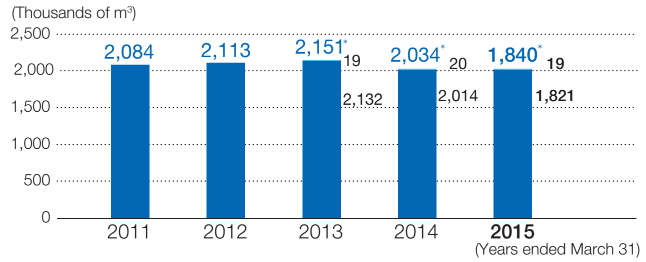


Water Used

The Company used 1.84 million metric tons of water during the fiscal year ended March 31, 2015, down approximately 9% from the previous fiscal year. At Fab-FC2, thanks to the electricity saving efforts mentioned above, water use was also reduced.

Three of our manufacturing sites are located in Shiga Prefecture, home to Lake Biwa, the largest lake in Japan. We recognize the conservation of the Lake Biwa ecosystem as one of our social responsibilities and comply with the prefecture's stringent water treatment requirements.

Water Conservation



Highlight

Reducing Environmental Impact at Customer Sites

The SU-2000, a single-wafer cleaning system for power semiconductor devices developed by the SCREEN Group in fiscal 2014, uses 47% less electricity than the previous model.

-47%

Contributing to Customers' Environmental Preservation Efforts

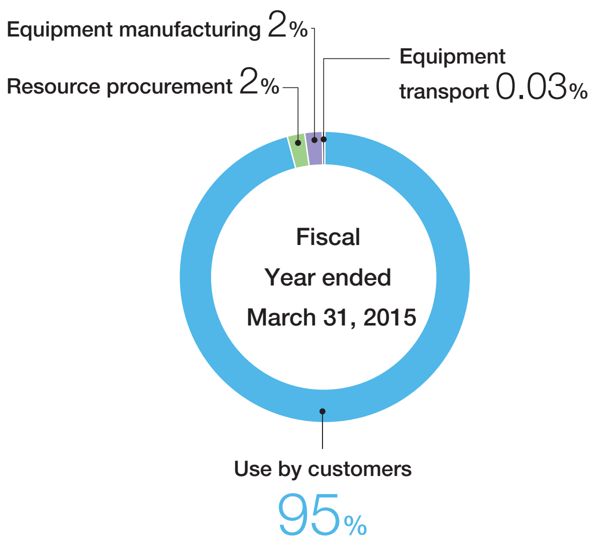
The SCREEN Group strives to develop technologies and products that help reduce environmental impact and thus to actively contribute to its customers' environmental preservation efforts.

Reducing CO_2 Emissions from the Use of Our Products

The SCREEN Group works to reduce the energy, water, and chemical solutions needed during the use of its products. In this way, we seek to meet increasing societal demand to reduce CO_2 emissions and resource use throughout the supply chain.

For example, 95% of our wafer cleaning equipment's life cycle CO_2 emissions occur during customer use, so we are promoting the development of equipment that uses less water and cuts processing time in order to reduce the total CO_2 emissions of our products.

The SCREEN Group's CO_2 Emissions by Product Life Cycle Stage



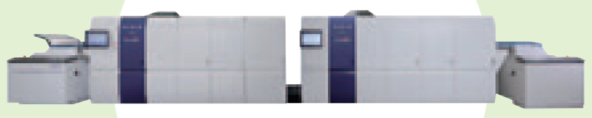
Green Printing Certification

In our graphic arts equipment business, we are working to reduce environmental impact and promote recycling in the three areas of materials procurement, production, and use. As of March 31, 2015, 12 of our products in this business have received the maximum three-star green printing certification.*

* Green printing certification: A certification system based on a set of voluntary printing industry environmental standards run by the Japan Federation of Printing Industries.

Newly Certified Products

- Truepress Jet520/520EX/520ZZ/520HD
- Truepress Jet SX
- PlateRite Ultima 36000/24000S/SX/Z/ZX
- PlateRite Ultima 16000N
- Truepress Jet L350UV
- PlateRite FX870 II E/II EL



Truepress Jet520HD

Truepress Jet L350UV

Expanding Sales of Green Products

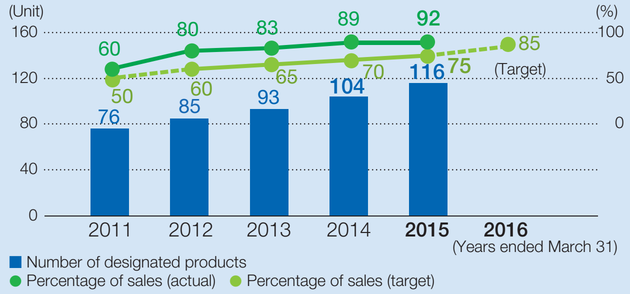
Among the Group's products, those meeting its own stringent criteria are designated as "Green Products." We are working to expand sales of such products.

Responding to growing demand for energy efficiency at customers' factories, in fiscal 2011, the SCREEN Group revised its environmental assessment standards to include energy equivalents for exhaust, ultrapure water, nitrogen, and other utilities consumed, in line with the equivalent energy formulae of SEMI S23.* The Group also improved the environmental assessment procedures it applies to facilitate the creation of product "eco profiles" (using SCREEN Group standards) based on assessment results.

In fiscal 2015, Green Products accounted for 92% of the Group's net sales.

* SEMI S23: A guide for conserving the energy, utilities, and materials consumed by semiconductor production equipment. Under SEMI S23, the annual consumption of electricity, ultrapure water, exhaust, and other utilities by such equipment is converted into units of equivalent energy (kWh) to allow the assessment of said equipment's energy efficiency.

Green Products as a Percentage of Sales and the Number of Designated Products



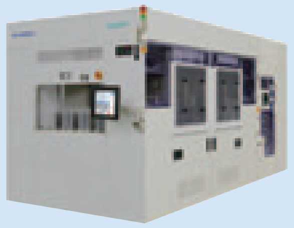
Examples of Green Products

① SU-2000

The SU-2000 is a single-wafer cleaning system for 200mm wafers, developed mainly for power semiconductors. This model employs the basic design concept and approach developed for the Group's mainstay SU-3200 model and enables advanced process performance. Furthermore, the SU-2000 uses substantially less energy per unit area of wafer than the previous model, the MP-2000.

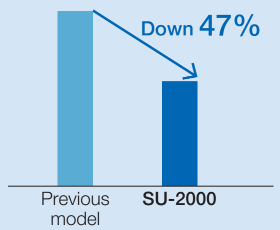
- Ultrapure water use: **-41%**
- Nitrogen use: **-21%**
- Electricity use: **-47%***

Note: Ultrapure water, nitrogen and other utilities saved are converted into equivalent electricity saved in accordance with SEMI S23.



Single-wafer cleaning system, SU-2000

Electricity Use per Wafer



② CW-1500

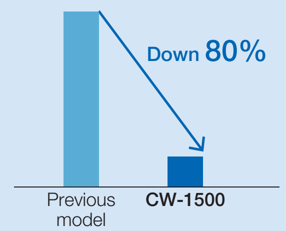
The CW-1500 is a space-saving, low-cost batch-type cleaning system ideal for the small-lot production of power semiconductors. The CW-1500's footprint (the area required for installation) is less than half that required for the previous model, the WS-620C, helping to reduce the burden of air quality control in semiconductor factory cleanrooms.

- Installation area required: **-64%**
- Use of VOCs* per wafer: **-80%**

* VOCs: Volatile organic compounds

Batch-type cleaning system, CW-1500

VOC Emissions per Wafer



Footprint reduced 64%

Human Resource and Labor Management

Employment and Remuneration

In April 2013, we launched a new personnel system for the employees of SCREEN Holdings Co., Ltd. and major subsidiaries. It features remuneration and evaluation schemes based on defined roles accompanied by human resource development and allocation reflecting these schemes. We thereby shifted from a personnel system focused on job execution capabilities to one that emphasizes roles and operating performance.

Under this system, we assign employees defined roles, then evaluate their performance in said roles and reward them accordingly to motivate them to aim for higher roles. By repeating this positive cycle, we seek to create an objective-oriented organization and develop human resources capable of more sophisticated action.

Human Resource Evaluation and Development

Performance evaluations are conducted for all employees of SCREEN Holdings Co., Ltd., and major subsidiaries at least once annually. With regard to career development, we also provide objective-based management counseling and implement self-reporting of career plan on a regular basis.

We support the development of employees' capacities using a role-based level-specific development program, encouraging personnel to proactively pursue new challenges that will lead to professional growth. In fiscal 2015, ended March 31, 2015, we implemented new level-specific development programs, namely new manager training and basic management training, designed to help employees develop the skills needed to carry out the duties of specific positions and to help them understand the roles of higher positions.

We also offer opportunities for junior employees to take graduate courses or work temporarily in research institutions in fields outside their specialty. We provide a structured development program, seeking to cultivate broad perspectives and to pass on the engineering mindset to our younger employees.

Furthermore, we offer career design training and employment change support for employees over a certain age or number of years of service.

Reinforcing Recruitment and Globally Oriented Skills Development

Overseas sales account for 77.5% of overall Group sales. It is therefore essential for us to recruit and train globally oriented individuals. To this end, a strong language training component is incorporated into our recommended level-specific training. Also, we dispatch employees in Japan to overseas Group companies for short periods of time, maintain overseas study and training systems, and conduct function-specific training as part of our efforts to cultivate leaders with global perspectives. Furthermore, we encourage temporary transfers of employees from overseas Group companies to Japan to facilitate the global exchange of people in our workplaces.

Respecting Diversity

Our recruiting efforts aim at securing employee diversity and creating more and better opportunities for women. SCREEN Holding Co., Ltd. and major subsidiaries have been advancing the promotion of female employees to professional career track positions. As a result, we have 69 female employees in the professional career track (49.3% of all female employees), as of March 31, 2015.

We aim to raise the percentage of women among new graduates joining SCREEN Holdings and major subsidiaries in April 2016 placed in engineering positions to 20%.

Work-Life Balance

SCREEN Holdings Co., Ltd. and major subsidiaries strive to maintain an environment that fosters individuality among its personnel and allows employees to fully utilize their talents regardless of changes accompanying different life stages.

One measure to this end is the establishment of multiple career tracks. We have created an option within the professional career track allowing those who are unable to relocate due to family concerns to work within a defined area, effective from April 2015.

We have also introduced subsidies for daycare costs for employees who returned to work at an early stage and skills development programs for employees on childrearing leave using online services to provide additional support to help employees satisfy both work and family responsibilities.

During fiscal 2015, ended March 31, 2015, 11* employees used the childrearing leave program. All the employees who finished their childrearing leave returned to work. In addition, in fiscal 2015, 50 employees took advantage of a system that permits employees who are raising children to work shorter hours.

We actively encourage employees to take paid leave. We have set up a program whereby those taking less than 50% of their allotted paid leave during a given year must take at least five days of consecutive leave in the following year. Furthermore, we encourage employees to take regular leave by sending a reminder email to employees and their superiors every two months. During fiscal 2015, the percentage of annual paid leave taken by employees was 71.5%.

*The number of employees who began their period of leave during said fiscal year.

Employee-Employer Relations

As of March 31, 2015, labor union participation at SCREEN Holdings Co., Ltd. and major subsidiaries stands at 97.2%.

Labor–management meetings with the labor union are held at least once a year (held four times in fiscal 2015) to discuss various issues pertaining to the working environment. Labor union members also attend Health and Safety Committee meetings, where we decide on annual occupational health and safety action plans to promote health and safety on an everyday basis.

In principle, notices of the ratification of labor-management agreements concerning hiring and work conditions are posted at least one month in advance, and regular working-level negotiations are held twice a month.

Occupational Health and Safety

All SCREEN Group companies in Japan conduct initiatives based on the Group's OHSAS 18001-compliant Occupational Health and Safety Management System. These activities include assessing risks, executing preemptive health and safety reviews, inspecting heavy load operations, and enhancing training for operators and supervisors with limited experience. We are reinforcing our occupational health and safety management activities overseas, as well.

For GV 21, Phase III, we are working toward goals related to globally eliminating accidents leading to lost work and implementing a new health management system. (Please refer to "GV 21, Phase III: Targets and Performance" on page 25.)

In addition to the various safety measures implemented at all our factories, including safety training, the sharing of information about accidents, awareness raising, and safety patrols, we are reinforcing the safety management of partner companies.

Safety training on the handling of chemicals

AED Handling Training

We held a response drill for accidents involving electrical shocks. This drill included training on the use of an AED to revive victims of electrocution.

Expanding Physical and Mental Health Management

The SCREEN Group works to ensure that all employees, including those stationed overseas, receive health check-ups. We have achieved a 100% check-up rate for the Group employees in Japan. In order to achieve the same target among overseas employees, we have created health check-up plans and send check-up reminders to employees on a regular basis. Furthermore, professional analyses of check-up results are provided along with health guidance as necessary.

For mental health management, occupational health nurses interview employees as a part of their regular health check-ups. Also, all employees undergo stress assessment tests once a year, with follow-up counseling provided where warranted. We encourage high-risk employees (employees who work long hours, have recently joined the Group, or have recently transferred between divisions) to speak regularly with health staff to help prevent the development of mental health problems.

The Group has in place a reintegration program for employees on leave due to mental health issues. This program offers support to employees, helping them to quickly recover and return to work while preempting the need for additional leave after their return.

Quality Management

ISO 9001-Based Quality Management

All Group business operating companies as well as eight domestic and four overseas Group companies are ISO 9001 certified. To maintain these certifications and increase customer satisfaction, we apply a quality management system that conforms to ISO 9001 to improve our products and services.

Initiatives at the Business Operating Companies

Each of the business operating companies has established and uses a quality management policy that is updated as necessary.

SCREEN Semiconductor Solutions Co., Ltd.

New Design Evaluation System

Upholding a fundamental policy of providing products and services that are in compliance with all relevant rules and regulations and ensuring safe and accident-free operation, the company evaluates product safety in accordance with SEMI S2 Standards (a set of semiconductor production equipment safety guidelines), the EU Machinery Directive, and the company's own internal standards.

In 2013, the company introduced a D-Loop (DL) project management system to manage development at each stage, including decision making, testing, and output. The system employs the Stress Strength Model (SSM)* to reinforce all Failure Mode Effects Analysis (FMEA)/Design of Experiments (DOE) processes for ex-ante evaluation of risk at the development stage. The company has now expanded the adoption of this system to completely cover both development and engineered-to-order projects, measuring progress toward design completion using DL-Score.

* SSM: A model in which mechanisms that could cause problems in products or processes are structurally mapped for reuse in future designs and plans.

Quality-Related Function Improvement Evaluation System

The company uses internal quality audit check sheets when conducting annual internal audits of each department. In fiscal 2015, ended March 31, 2015, the internal audits included PDCA cycle checks focused on management and processes to promote effective quality improvement initiatives.

SCREEN Graphic and Precision Solutions Co., Ltd.

Launching Quality Management Systems For Evolving Businesses

In fiscal 2014, to help meet diversifying customer needs, the company established a dedicated Quality Assurance Department. The company strives to comply with international safety standards while delivering the best possible products to its customers.

We have begun to revamp our quality assurance systems in response to further diversifying customer needs and internationalization to assure product reliability over the long term. Specifically, we have begun promoting fresh approaches to increasing customer satisfaction by improving quality through, for example, improved inspection systems. We are advancing our quality assurance initiatives toward common goals both in and outside Japan.

In fiscal 2016, the full-fledged operation of production systems using information terminals kicked off, allowing us access to real time data about changes in quality and thus helping to improve consistency.

Building on a tradition of reliability, SCREEN Graphic and Precision Solutions is advancing new initiatives to meet changing needs and provide products that will satisfy customers.

Production stage management using ICT

SCREEN Finetech Solutions Co., Ltd.

Improving Quality through Groupwide Initiatives

We strive to provide products that meet the demands of our customers, legal and regulatory requirements, and a wide range of technical standards related to quality, including aspects of safety and reliability. To maximize customer satisfaction while reducing price, we concentrate on matters of particular importance (e.g. complaints, installation and adjustment costs, and logistics costs) on an ongoing basis and constantly engage in aggressive VE* aimed at reducing costs.

* Value Engineering (VE): A method to increase the value of products and services by optimizing the balance of function and cost.

Building Quality Management Systems for New Businesses

Because customer demands related to matters like delivery time, cost, and quality are not the same for new businesses and the FPD business, it is our policy for new businesses to formulate separate quality guidelines and conduct quality management independently of the FPD business. Accordingly, we are working on creating quality management systems for new businesses by fiscal 2016.

At the same time, as new business areas grow, we will amend the content of business operating companies' quality management policies to incorporate the requirements of these new areas as necessary.

Stakeholder Engagement

Communication with Investors and Shareholders

Our basic policy in investor relations (IR) is to communicate our vision, business conditions, and financial position in a precise, timely, and clear-cut fashion, while aiming to make the most of the feedback from our shareholders and investors to improve Company management and thereby achieve the sustained enhancement of our corporate value.

In the fiscal year ended March 31, 2015, we continued efforts to enhance dialogue-based IR.

We also continue to provide disclosure to shareholders and investors through our annual report, investors' guide, and quarterly Japanese-language shareholder newsletter. Our IR website contains reference materials, news, and schedules, and provides answers to frequently asked questions.

We avoid scheduling the General Meeting of Shareholders on days when other companies' meetings tend to be concentrated and send out invitations to the meeting at least three weeks in advance to maximize the number of shareholders who can attend. Individual and corporate shareholders can also exercise their voting rights via the internet, and institutional investors can do so via an electronic voting platform. For overseas investors, we provide a summary version of the invitation in English on TDNet (the Timely Disclosure Network operated by the Tokyo Stock Exchange) and on our website. Furthermore, we post the invitation to the General Meeting of Shareholders as well as the voting results on our website to ensure the transparency of the meeting.

Dialogue-Based IR Activities (Fiscal year ended March 31, 2015)

- Earnings presentations: 4
- Meetings with institutional investors/analysts: Approximately 500
- Overseas IR activities: 2 (North America and Europe)
- Institutional investor events, domestic conferences: 5
- Plant tours for institutional investors: 5
- Corporate presentations for individual investors: 14

Public Policy and Relations with Administrative Institutions and Political Bodies

SCREEN Holding Co., Ltd. and major subsidiaries are members of the Semiconductor Equipment Association of Japan (SEAJ) and other organizations that make policy recommendations to support the growth of the semiconductor production equipment, FPD production equipment, and printing equipment industries. We also participate in various organizations aimed at promoting corporate and industrial development in Kyoto, where our headquarters is located.

During the fiscal year ended March 31, 2015, we received subsidies and other financial benefits from governments totaling ¥76 million.

Managing the Impact of Our Businesses on Local Communities

The Group conducts internal assessments of departments and Group companies that include monitoring of the environmental and social impact of our business activities on local communities. We strive toward the appropriate management of our impact on the environment under our EHS management system. To this end, we employ such means as employee training and facility-related countermeasures to prevent the leakage of hazardous substances into wastewater.

In the fiscal year ended March 31, 2015, we recorded no incidents in which our operations had negative environmental or social impacts on local communities. There were also no economic effects resulting from the relocation of business sites or changes in our businesses.

Ongoing Community Contribution Activities, Including Education-Related Activities

Contributing to industrial development through innovation and returning profits to society are fundamental to the Group's efforts to forge relationships of trust with the community. At the level of each business site, we work to contribute to the community on an ongoing basis through such activities as inviting schoolchildren and students to site tours.

Tour of White Canvas MON-NAKA (R&D facility)

Welcoming technical school students for a day tour

Supporting the Science Inter-college Competition

The SCREEN Group supports Science Inter-college Competition held by the Ministry of Education, Culture, Sports, Science and Technology in which students of the natural sciences compete by presenting the results of their independent research.

At the fourth annual Science Inter-college Competition, held February 28 to March 1, 2015, the SCREEN Prize was awarded to a three-student team from the National Institute of Technology, Yonago College in Tottori Prefecture for their presentation on the development of a new food additive taking advantage of the protective function of eggshell membranes.

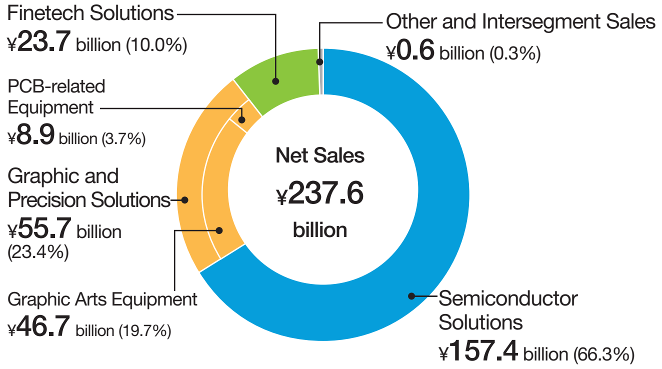
Award ceremony (award presented by SCREEN Holdings Director Soichi Nadahara)

Major Community Contribution Activities (Fiscal 2015)

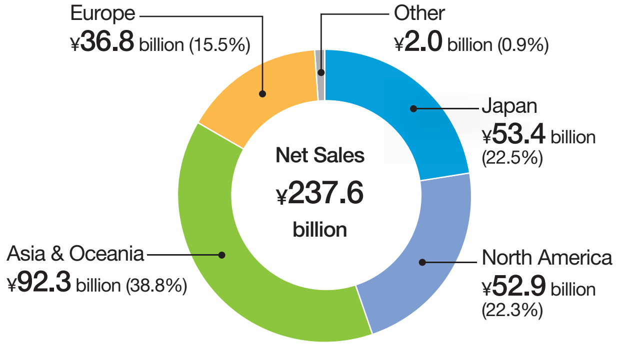
Education-related activities	SCREEN Group	• Awarded the SCREEN Prize at Science Inter-college Competition (R&D departments)
	SCREEN Holdings	• Contributed to Kyoto Manufacturing Workshop courses • Invited junior high school, high school, and technical college students to visit our sites (Head Office, Kumiyama Plant, and Rakusai Site)
	SCREEN Business Support Solutions	• Provided lesson on the basics of printing for nearby elementary school students (Monzennakacho Site) • Hosted work experience events for high school students with disabilities (Head Office)
	SCREEN Semiconductor Solutions	• Sponsored a robotic technology event (New York)
Interaction with the community	SCREEN Holdings	• Participated in the Gion Festival (volunteered to carry parade floats) • Volunteered in a garbage elimination campaign for the Gion Festival
Social benefit activities	The SCREEN Group	• Participated in the TABLE FOR TWO campaign, wherein ¥20 per meal is donated for children's school meals in developing countries • Participated in the collection of PET bottle caps (Eco-cap campaign) • Provided employment support for people with disabilities through snack sales at social welfare facilities (Hikone Plant) • Volunteered in cultural and sport events at facilities for people with disabilities
	SCREEN Graphic and Precision Solutions HDKR (South Korea)	• Donated children's books, visited childcare facilities to present donations, provided support for subscriptions to newspapers for children • Provided food for dialysis patients (prepared and served food) • Made kimchi (support for low-income families in Jung District, Seoul) • Supported a scholarship fund for low-income children (contributed the equivalent of 0.3% of all company employees' salaries) • Supported food markets (support for low-income families in Jung District, Seoul)
	SCREEN Semiconductor Solutions SEIL (Israel)	• Donated and gave food support for families in need (all team members packed food and baby supplies in boxes and distributed them to 80 homes) • Donated to an organization of the visually impaired, visited and volunteered to paint and landscape the organization's facilities (all team members)
Cleanup activities	SCREEN Business Support Solutions	• Cleaned up around the shore of Lake Biwa and surrounding areas near company facilities (Yasu Plant)
	The SCREEN Group	• Cleaned up waterways in Takamiya-cho, Hikone City • Regular cleanup activities around all our sites

Performance Highlights

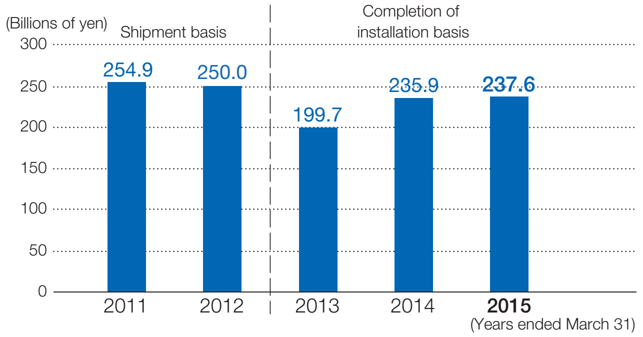
Sales by Segment (fiscal year ended March 31, 2015)



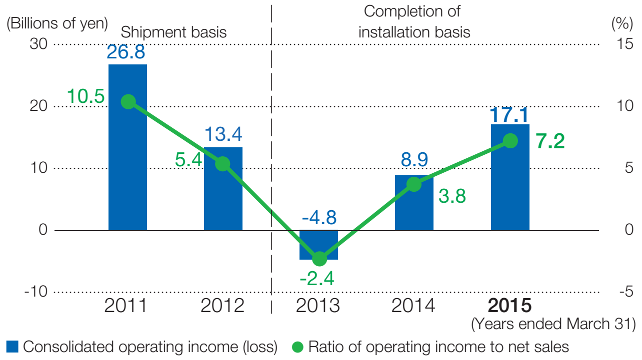
Sales by Region (fiscal year ended March 31, 2015)



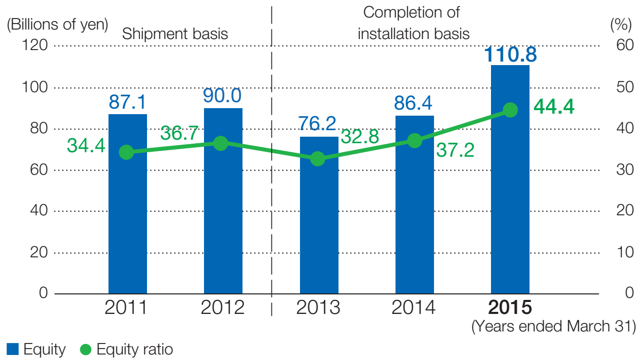
Consolidated Net Sales



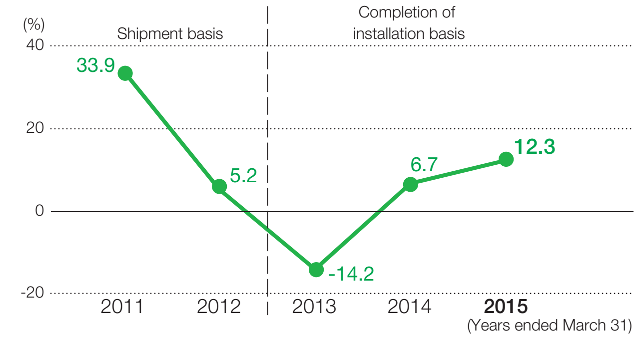
Consolidated Operating Income (Loss) and Ratio of Operating Income to Net Sales



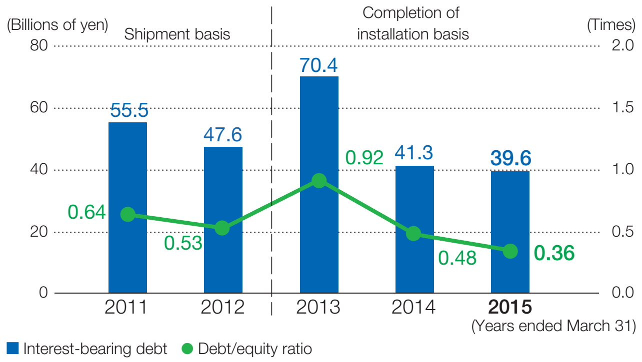
Equity and Equity Ratio



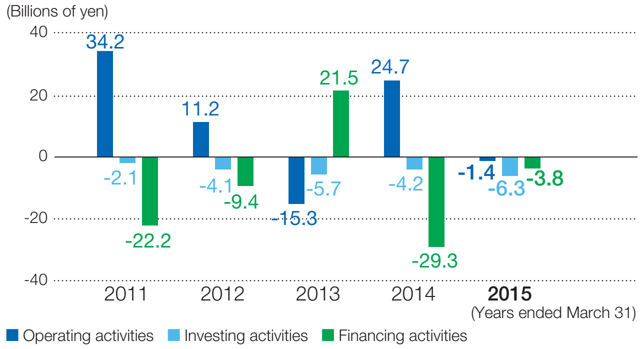
ROE



Interest-bearing Debt and Debt/Equity Ratio

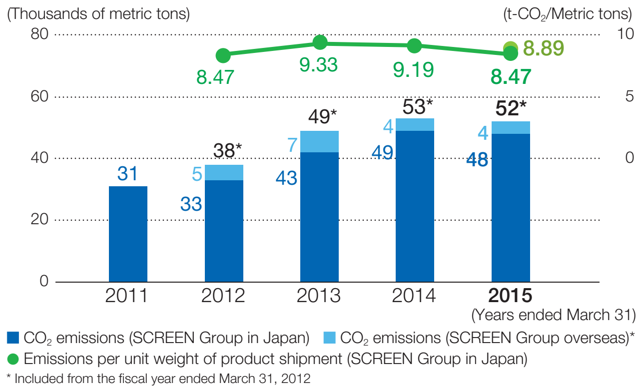


Cash Flows

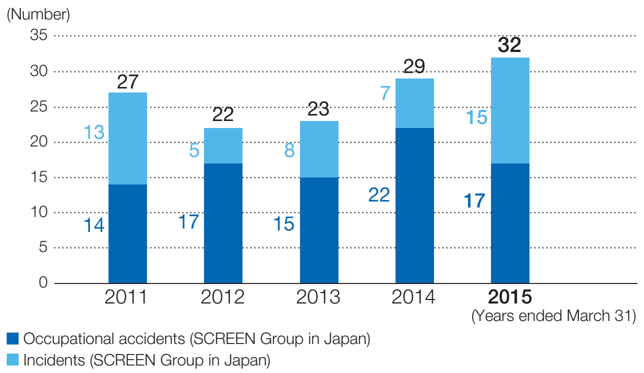


Note: Effective from the fiscal year ended March 31, 2014, as for main unit sales in the Semiconductor Solutions segment and the Finetech Solutions segment, the revenue recognition method was changed to the completion of installation basis. Accordingly, amounts for the fiscal year ended March 31, 2013 have been reclassified with amounts calculated by applying this change of accounting policies retroactively.

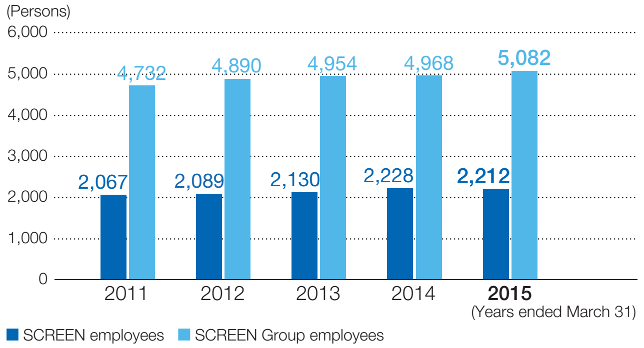
CO_2 Emissions and Emissions per Unit of Weight of Product Shipment



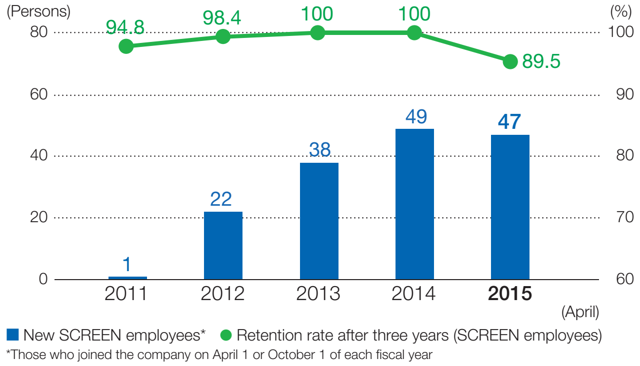
Number of Accidents



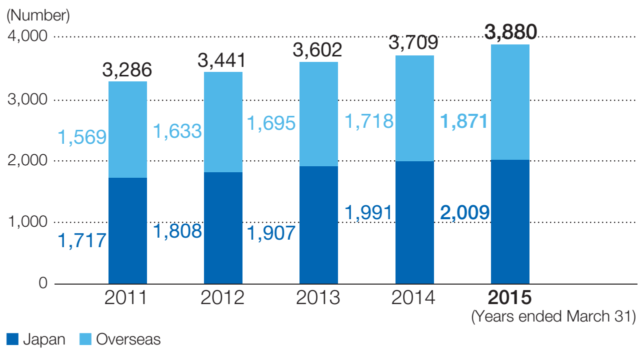
Number of Employees



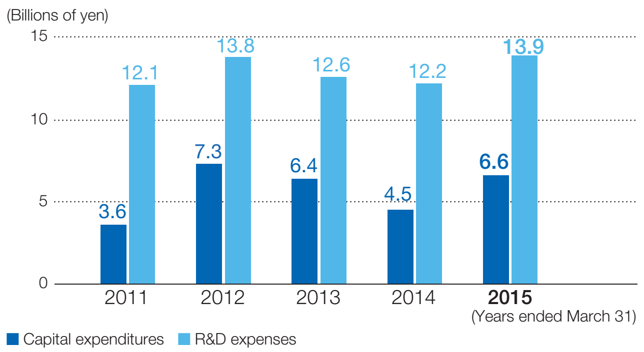
Number of New Employees and Their Retention Rate After Three Years



Number of Patents Held



Capital Expenditures and R&D Expenses



Note: SCREEN employees refer to those employed by SCREEN Holdings Co., Ltd., SCREEN Semiconductor Solutions Co., Ltd., SCREEN Graphic and Precision Solutions Co., Ltd., SCREEN Finetech Solutions Co., Ltd., SCREEN Manufacturing Support Solutions Co., Ltd. and SCREEN Business Support Solutions Co., Ltd.

Eleven-Year Trends in Key Financial Indicators

Consolidated Eleven-Year Summary

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2015
For the Year:											Millions of yen	Thousands of U.S. dollars
Net sales	¥237,646	¥235,946	¥199,795	¥250,090	¥254,953	¥164,129	¥219,049	¥279,816	¥301,312	¥246,534	¥269,341	$1,980,383
Cost of sales	165,192	177,175	157,790	187,325	182,990	137,827	169,391	208,266	211,159	173,628	190,639	1,376,600
Cost of sales to net sales (%)	69.5%	75.1%	79.0%	74.9%	71.8%	84.0%	77.3%	74.4%	70.1%	70.4%	70.8%	
Operating income (loss)	¥ 17,168	¥ 8,903	¥ (4,833)	¥ 13,498	¥ 26,811	¥ (14,046)	¥ (4,510)	¥ 14,628	¥ 30,541	¥ 18,568	¥ 25,292	$ 143,067
Operating income to net sales (%)	7.2%	3.8%	-2.4%	5.4%	10.5%	-8.6%	-2.1%	5.2%	10.1%	7.5%	9.4%	
Net income (loss)	¥ 12,122	¥ 5,419	¥ (11,333)	¥ 4,637	¥ 25,687	¥ (8,003)	¥ (38,191)	¥ 4,578	¥ 18,452	¥ 15,236	¥ 14,454	$ 101,017
Comprehensive income	24,018	14,262	(6,031)	4,192	22,576	(5,257)	—	—	—	—	—	200,150
Depreciation and amortization	4,880	4,101	4,731	4,986	5,805	7,012	8,414	5,563	4,113	3,823	5,944	40,667
Cash flows from operating activities	(1,492)	24,703	(15,320)	11,279	34,299	25,113	(24,593)	7,934	23,645	14,906	22,301	(12,433)
Cash flows from investing activities	(6,318)	(4,201)	(5,768)	(4,162)	(2,191)	6,885	(6,921)	(16,510)	(8,519)	(7,482)	(5,108)	(52,650)
Cash flows from financing activities	(3,823)	(29,302)	21,534	(9,468)	(22,250)	(27,124)	34,071	669	(8,875)	(13,442)	(16,775)	(31,860)
Capital expenditures	6,659	4,574	6,450	7,347	3,613	1,911	4,007	12,866	14,420	5,906	6,146	55,492
R&D expenses	13,972	12,274	12,685	13,889	12,130	11,615	16,073	16,248	16,884	13,269	12,628	116,433
Per Share of Capital Stock:											Yen	U.S. dollars
Net income (loss)	¥ 51.07	¥ 22.83	¥ (47.75)	¥ 19.54	¥ 108.21	¥ (33.71)	¥ (160.86)	¥ 18.81	¥ 74.05	¥ 60.66	¥ 59.88	$ 0.43
Net income—diluted	—	—	—	—	—	—	—	17.39	68.63	55.81	52.57	—
Cash dividends	7.00	3.00	—	5.00	5.00	—	—	10.00	15.00	10.00	7.50	0.06
Net assets	467.13	364.23	321.24	379.44	367.00	272.15	292.12	514.26	542.13	500.30	408.03	3.89
At Year End:											Millions of yen	Thousands of U.S. dollars
Total assets	¥249,517	¥232,376	¥232,390	¥245,382	¥253,127	¥216,622	¥246,918	¥291,114	¥319,519	¥270,238	¥256,398	$2,079,308
Return on total assets (%)	5.0%	2.3%	-4.8%	1.9%	10.9%	-3.5%	-14.2%	1.5%	6.3%	5.8%	5.8%	
Current assets	¥160,367	¥157,327	¥161,614	¥177,543	¥183,523	¥139,984	¥168,191	¥196,989	¥223,463	¥181,077	¥179,012	$1,336,392
Property, plant and equipment, net	42,606	40,711	39,902	38,669	40,699	45,413	50,955	49,069	42,346	36,096	34,308	355,050
Current liabilities	92,750	114,367	120,014	123,223	148,132	93,874	132,431	123,702	133,784	106,134	111,998	772,917
Long-term debt	32,666	21,943	29,642	25,988	10,634	48,195	32,967	40,644	43,900	24,674	31,803	272,217
Equity	110,865	86,448	76,248	90,069	87,118	64,607	69,353	122,094	133,062	126,392	99,219	923,874
Equity ratio (%)	44.4%	37.2%	32.8%	36.7%	34.4%	29.8%	28.1%	41.9%	41.6%	46.8%	38.7%	
Return on equity (%)	12.3%	6.7%	-14.2%	5.2%	33.9%	-11.9%	-39.9%	3.6%	14.2%	13.5%	16.4%	
Capital stock	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 53,999	¥ 51,331	$ 450,375
Retained earnings	54,448	41,824	36,405	55,440	26,418	731	8,734	49,390	48,497	32,536	19,284	453,733
Number of shares issued (in thousands)	253,974	253,974	253,974	253,974	253,974	253,974	253,974	253,974	253,974	253,792	243,164	
Number of employees	5,082	4,968	4,955	4,890	4,732	4,679	4,992	5,041	4,798	4,672	4,547	

Notes: 1. Dollar figures are translated, for convenience only, at the rate of ¥120 to US$1.00.
2. Net income (loss) per share of capital stock is calculated based on the weighted average number of shares outstanding during each term, excluding the Company's treasury stock. Fully diluted net income per share of capital stock is not shown for the years that net losses were recorded or no dilutive stock existed. Net assets per share of capital stock is calculated based on the fiscal year-end total number of shares outstanding, excluding the Company's treasury stock.
3. Return on total assets and return on equity are calculated on the basis of average total assets and average equity, respectively, at the current and previous fiscal year-ends.
4. For the year ended March 31, 2005, depreciation and amortization included ¥2,299 million of nonrecurring depreciation of property, plant and equipment and other assets from the withdrawal from the CRT mask business.
5. Equity in the above table represents the total of shareholders' equity and accumulated other comprehensive income in the consolidated balance sheets. This is due to the adoption of the new accounting standards for presentation of net assets in the balance sheet, which require former shareholders' equity and minority interests to be presented as net assets, and net assets to be classified as shareholders' equity, accumulated other comprehensive income and minority interests. Under the new accounting standards, the net assets section includes deferred hedge income and loss, net of taxes, which was previously included in the assets or liabilities section without considering the related income tax effects. The accompanying consolidated financial statements after the year ended March 31, 2006 have been prepared in accordance with the new accounting standards, whereas the statements for the previous years are presented pursuant to the previous presentation rules.
6. Effective from the fiscal year ended March 31, 2011, the "Accounting Standard for Presentation of Comprehensive Income" has been adopted. Under the new accounting standard, the above table includes comprehensive income whereas these amounts are not shown before the years ended March 31, 2010.
7. Effective from the fiscal year ended March 31, 2014, as for main unit sales in the Semiconductor Solutions (SE) segment and the Finetech Solutions (FT) segment, the revenue recognition method was changed to the completion of installation basis. Accordingly, amounts for the fiscal year ended March 31, 2013 have been reclassified with amounts calculated by applying this change of accounting policies retroactively.

Financial Section

Contents

Management's Discussion and Analysis

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries
Fiscal Years Ended March 31

This section presents an analysis of the consolidated financial statements prepared in accordance with generally accepted accounting standards in Japan.

Operating Results

On October 1, 2014, the Company transitioned to a holding company structure. In line with this change, the reportable segments have been renamed as shown below.

Semiconductor Equipment (SE) → Semiconductor Solutions (SE)
Media and Precision Technology (MP) → Graphic and Precision Solutions (GP)
FPD Equipment (FE) → Finetech Solutions (FT)

Sales

Consolidated net sales for fiscal 2015, ended March 31, 2015, rose 0.7% year on year to ¥237,646 million.

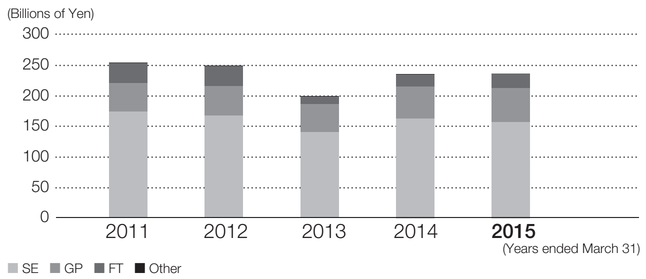
In the Semiconductor Solutions (SE) segment, sales to logic chip manufacturers increased year on year amid firm investment from semiconductor manufacturers, but those to foundries decreased, due mainly to the capital investment cycle.

In the Graphic and Precision (GP) Solutions segment, with regard to graphic arts equipment, sales increased year on year, reflecting recovering demand, mainly in Japan and Europe, for computer to plate (CTP) equipment and print on demand (POD) equipment, as well as the weakening yen. Printed circuit board (PCB)-related equipment sales were up year on year due to a rise in sales of mainstay direct imaging systems.

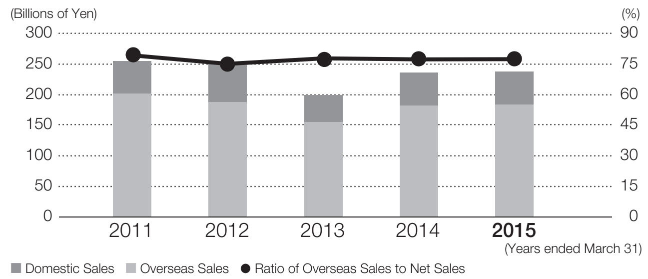
In the Finetech Solutions (FT) segment, sales of production equipment for high-definition small- and medium-sized LCD panels decreased, but those of production equipment for large-sized television LCD panels increased.

Total overseas sales rose ¥1,517 million, or 0.8%, year on year to ¥184,163 million. The ratio of overseas sales to consolidated net sales rose 0.1 percentage point to 77.5%. In North America, sales in the GP segment decreased, but sales in the SE segment rose, resulting in regional sales of ¥52,992 million, up 12.5% year on year. In Asia & Oceania, sales fell in the SE segment, leading sales in this region to drop 17.2% year on year to ¥92,321 million. In Europe, significantly increased sales in the SE segment led to a 68.1% year-on-year rise to ¥36,829 million in regional sales. In other regions, net sales declined 3.0% year on year to ¥2,021 million.

Consolidated Net Sales by Reportable Segment



Domestic Sales, Overseas Sales and Ratio of Overseas Sales to Net Sales



Cost of Sales and SGA Expenses

The cost of sales improved due to reductions in variable costs made to boost profitability, among other factors. As a result, the ratio of cost of sales to net sales fell from 75.1% in the previous fiscal year to 69.5% during the year under review. In spite of cost-cutting efforts, selling, general and administrative (SGA) expenses increased ¥5,418 million, or 10.9%, year on year to ¥55,286 million due to increased personnel costs and R&D expenses as a result of the weakening of the yen and the removal of emergency measures implemented in the first half of the previous fiscal year.

As a result, operating income rose ¥8,265 million year on year to ¥17,168 million.

	Millions of yen				
Years ended March 31,	**2015**	2014	2013	2012	2011
Net sales	**¥237,646**	¥235,946	¥199,795	¥250,090	¥254,953
Cost of sales	**165,192**	177,175	157,790	187,325	182,990
Cost of sales to net sales (%)	**69.5%**	75.1%	79.0%	74.9%	71.8%
Gross profit	**¥ 72,454**	¥ 58,771	¥ 42,005	¥ 62,765	¥ 71,963
SGA expenses	**55,286**	49,868	46,838	49,267	45,152
SGA expenses to net sales (%)	**23.3%**	21.1%	23.4%	19.7%	17.7%

Note: Effective from the fiscal year ended March 31, 2014, as for main unit sales in the SE and FT segments, the revenue recognition method was changed to the completion of installation basis. Accordingly, amounts for the fiscal year ended March 31, 2013 have been reclassified with amounts calculated by applying this change of accounting policies retroactively.

Research and Development Expenses

At the SCREEN Group, we maintain close relationships between SCREEN Holdings Co., Ltd. and Group companies to foster the combination and application of the diverse technologies that are key to photolithography, including cleaning, coating, image processing, optical systems, and inspection and measurement technologies. This approach enables us to launch aggressive R&D initiatives spanning basic research through product development.

In October 2014, the Group transitioned to a holding company structure. Under the new structure, the holding company, SCREEN Holdings Co., Ltd., will continue R&D aimed at further developing core technologies, promoting the global establishment of R&D sites, advancing open innovation and establishing businesses in new fields. Meanwhile, product development in existing business areas will be handled by the business operating companies, SCREEN Semiconductor Solutions Co., Ltd., SCREEN Graphic and Precision Solutions Co., Ltd. and SCREEN Finetech Solutions Co., Ltd.

During the year under review, the Group invested ¥13,972 million in R&D. We invested mainly in reinforcing and expanding existing businesses, particularly those in the SE segment, as well as in R&D for new business creation in the new business fields of life science, inspection and measurement, printed electronics and energy.

With regard to the SE segment, focusing on the development of ultra-miniaturization technologies to create IC circuits with line widths of under seven nanometers, the Group engaged in the joint development of cutting-edge semiconductor processes, including cleaning, wet etching, and lithography (coater/developers), with overseas research institutions. We also worked on applying existing technologies to the upgrading of equipment suited for use with 200mm wafers in response to demand for flexible development and the production of power devices and micro-electromechanical systems (MEMS) for use in automobiles and other applications. As a result, this segment's R&D expenses amounted to ¥5,626 million.

In the GP segment, with regard to graphic arts equipment and in response to the printing industry need for higher added value, such as for high-quality, personalized direct mail advertising, the Group developed the Truepress Jet 520HD, a high-definition roll inkjet printing press that can accommodate variable data printing. This segment's R&D expenses amounted to ¥3,692 million.

In the FT segment, we worked on developing thin (film) resist coating technology in response to demand for thinner and higher definition LCD panels as well as the development of resin substrate-type LCD panels. This segment's R&D expenses amounted to ¥547 million.

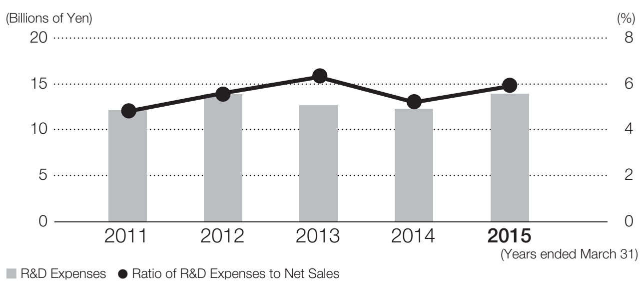
In addition to the above segments, SCREEN Holdings Co., Ltd. also engaged in basic research and R&D related to new business fields. R&D expenses in these areas amounted to ¥4,107 million.*

To develop the life science field, using its core direct imaging and image processing technologies, the Group developed the DP-i3000 inkjet pharmaceutical tablet printer for the pharmaceutical industry. This printer is capable of printing easy-to-discern images directly onto tablets and is expected to help prevent mistakes in both the dispensing of prescriptions and taking of medicine.

To develop the inspection and measurement field and in order to help prevent the overlooking of defects in visual inspections of forged automobile components, the Group used its core image processing technologies to develop the IM-3100 automatic optical forged component inspection system, which features high productivity and reliability.

In the printed electronics field, the Group developed printing equipment using its unique ultra-fine printing technologies to form circuit patterns on thin, lightweight, bendable substrates and thus contributing to the development of new applications, such as electronic paper, high-quality touch panels and micro-sensors.

R&D Expenses and Ratio of R&D Expenses to Net Sales



In the energy field, the Group worked to develop various thin film deposition equipment that uses high-density plasma chemical vapor generation technology to quickly apply extremely even coatings. The Group has also applied conventional slit coating technology to the development of coating and drying equipment for secondary battery electrodes.

Furthermore, on April 1, 2015, a new organization was launched within SCREEN Holdings Co., Ltd. bringing together R&D, sales and marketing functions at WHITE CANVAS RAKUSAI to accelerate the formation of businesses in new fields.

* Basic research expenses are, in principle, distributed among the segments in the calculation of segment income or loss presented under Segment Information.

	Millions of yen				
Years ended March 31,	**2015**	2014	2013	2012	2011
R&D expenses	**¥13,972**	¥12,274	¥12,685	¥13,889	¥12,130
R&D expenses to net sales (%)	**5.9%**	5.2%	6.3%	5.6%	4.8%

Segment Information

In the SE segment, sales to logic chip manufacturers increased year on year amid firm investment from semiconductor manufacturers, but those to foundries decreased, due mainly to the capital investment cycle. As a result, net sales in this segment amounted to ¥157,479 million, down 3.5% year on year. Operating income in this segment came to ¥15,738 million, up ¥6,978 million, or 79.7%, from the previous fiscal year, reflecting a reduction in variable costs, changes in the product mix and reduced loss on valuation of inventories despite the increase in fixed costs, including personnel costs and R&D expenses, due to the removal of emergency measures taken in the first half of the previous fiscal year and the depreciation of the yen.

In the GP segment, with regard to graphic arts equipment, sales increased year on year, reflecting recovering demand mainly in Japan and Europe for CTP equipment and POD equipment as well as the weakening yen. PCB-related equipment sales were up year on year due to a rise in sales of mainstay direct imaging systems. As a result, net sales in this segment came to ¥55,707 million, up 6.8% year on year. Operating income in this segment came to ¥2,840 million, up 2.6% from the previous fiscal year, due to the increase in net sales, despite the rise in fixed costs due to the removal of emergency measures taken in the first half of the previous fiscal year and the depreciation of the yen.

In the FT segment, sales of production equipment for high-definition small- and medium-sized LCD panels decreased, but those of production equipment for large-sized television LCD panels increased. As a result, net sales in this segment amounted to ¥23,774 million, up 19.8% year on year. On the earnings front, reflecting the increase in net sales, this segment returned to profitability, posting an operating income of ¥339 million compared with an operating loss of ¥422 million in the previous fiscal year.

Earnings Analysis

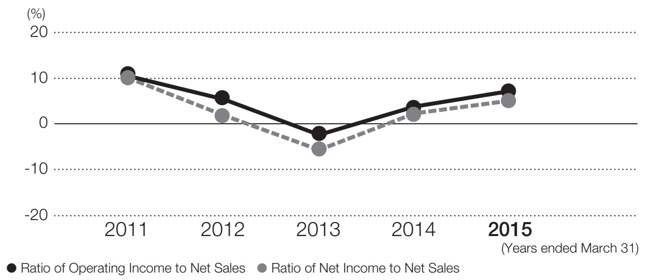
Although sales decreased in the SE segment, sales in the GP and FT segments increased, and net sales for the Group as a whole rose ¥1,700 million, or 0.7%, year on year to ¥237,646 million. Operating income came to ¥17,168 million, up ¥8,265 million year on year due to reductions in variable costs, changes in the SE segment product mix and reduced loss on valuation of inventories despite the increase in fixed costs, including personnel costs and R&D expenses, because of the removal of emergency measures taken in the first half of the previous fiscal year and the depreciation of the yen. The ratio of operating income to net sales improved 3.4 percentage points from the previous fiscal year to 7.2%.

Net other income and expenses worsened by ¥884 million from the preceding fiscal year to a net expense of ¥1,386 million in the year under review. Despite a decrease in interest expenses during the year accompanying a reduction in interest-bearing debt, the loss was attributable to an increase in exchange loss on foreign currency translations and the posting of office transfer expenses for overseas subsidiaries.

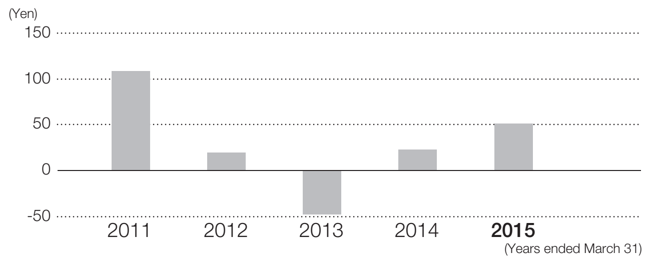
Income before income taxes was ¥15,782 million, up ¥7,381 million year on year, and net income was ¥12,122 million, up ¥6,703 million. The ratio of net income to net sales improved 2.8 percentage points from the previous term to 5.1%.

Net income per share of common stock was ¥51.07, an improvement of ¥28.24 compared with amounts from the previous fiscal year, and return on equity improved 5.6 percentage points from the previous term to 12.3%. Return on total assets improved 2.7 percentage points from the previous term to 5.0%.

Ratio of Operating Income to Net Sales and Ratio of Net Income to Net Sales



Net Income Per Share of Capital Stock



Return on Equity and Return on Total Assets

	Millions of yen				
Years ended March 31,	**2015**	2014	2013	2012	2011
Operating income (loss)	**¥17,168**	¥8,903	¥ (4,833)	¥13,498	¥26,811
Operating income to net sales (%)	**7.2%**	3.8%	-2.4%	5.4%	10.5%
Net income (loss)	**¥12,122**	¥5,419	¥(11,333)	¥ 4,637	¥25,687
Net income to net sales (%)	**5.1%**	2.3%	-5.7%	1.9%	10.1%
Per share of capital stock (yen)					
Net income (loss)	**¥ 51.07**	¥22.83	¥ (47.75)	¥ 19.54	¥108.21
Net income - diluted	**—**	—	—	—	—
Return on equity (%)	**12.3%**	6.7%	-14.2%	5.2%	33.9%
Return on total assets (%)	**5.0%**	2.3%	-4.8%	1.9%	10.9%

Notes: 1. Return on equity and return on total assets are calculated on the basis of average equity and average total assets, respectively, for the current and previous fiscal year-ends.
2. Effective from the fiscal year ended March 31, 2014, as for main unit sales in the SE and FT segments, the revenue recognition method was changed to the completion of installation basis. Accordingly, amounts for the fiscal year ended March 31, 2013 have been reclassified with amounts calculated by applying this change of accounting policies retroactively.

Financial Position and Liquidity

Assets, Liabilities, and Net Assets

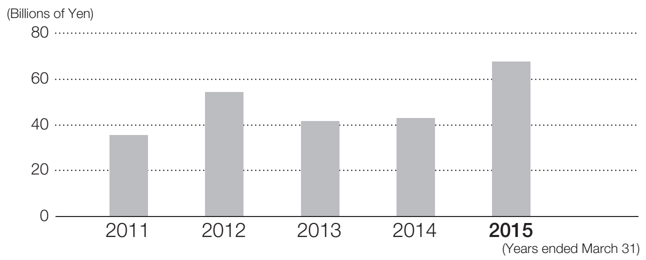
Total assets as of March 31, 2015 stood at ¥249,517 million, an increase of ¥17,141 million, or 7.4%, from March 31, 2014. This was due to an increase in trade notes and accounts receivable and an increase in investment securities accompanying rises in the market values of stocks held, despite a decrease in cash and time deposits.

Total liabilities amounted to ¥138,004 million, down ¥7,275 million, or 5.0%, from the end of the previous fiscal year. This was due mainly to decreases in trade notes and accounts payable and interest-bearing debt. Interest-bearing debt decreased ¥1,698 million, or 4.1%, from March 31, 2014 to ¥39,677 million, due mainly to the redemption of bonds payable, in spite of an increase in loans payable. Net interest-bearing debt, or interest-bearing debt minus cash and time deposits, increased ¥6,876 million, or 96.0%, from March 31, 2014 to ¥14,037 million.

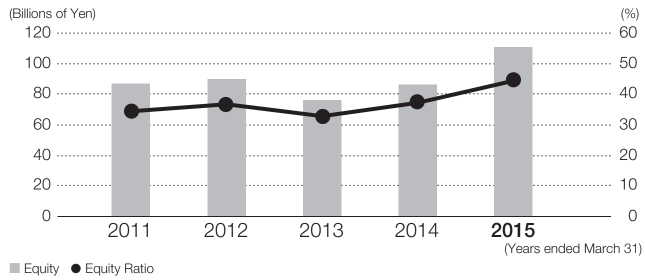
Total net assets amounted to ¥111,513 million, up ¥24,416 million, or 28.0%, from March 31, 2014. This was attributable mainly to an increase in retained earnings due to the posting of net income as well as an increase in valuation difference on available-for-sale securities due to the rising market 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 March 31, 2015 improved 7.2 percentage points from the end of the previous fiscal year to 44.4%.

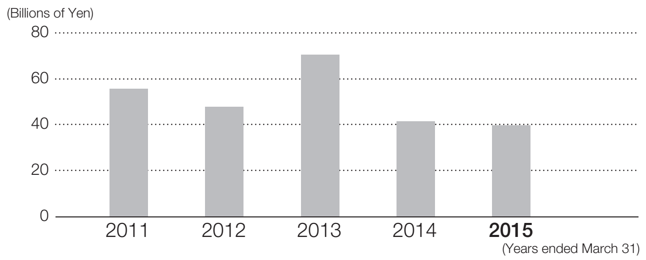
Working Capital



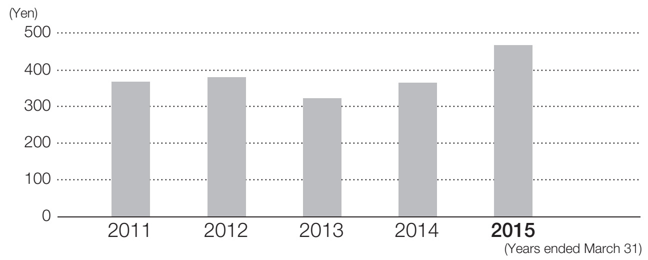
Equity and Equity Ratio



Interest-Bearing Debt



Net Assets Per Share of Capital Stock



		Millions of yen				
As of March 31,		**2015**	2014	2013	2012	2011
Total assets		**¥249,517**	¥232,376	¥232,390	¥245,382	¥253,127
Reportable Segment:	SE	**114,733**	119,015	117,714	133,927	129,061
	GP	**53,289**	48,963	46,653	41,226	39,684
	FT	**20,624**	13,664	13,428	15,662	26,446
Other		**4,979**	3,566	4,043	4,763	4,047
Adjustments		**55,892**	47,168	50,552	49,804	53,889
Working capital		**67,617**	42,960	41,600	54,320	35,391
Interest-bearing debt		**39,677**	41,375	70,443	47,676	55,590
Equity		**110,865**	86,448	76,248	90,069	87,118
Equity ratio (%)		**44.4%**	37.2%	32.8%	36.7%	34.4%
Net assets per share of capital stock (yen)		**¥ 467.13**	¥ 364.23	¥ 321.24	¥ 379.44	¥ 367.00

Note: Effective from the fiscal year ended March 31, 2014, as for main unit sales in the SE and FT segments, the revenue recognition method was changed to the completion of installation basis. Accordingly, amounts for the fiscal year ended March 31, 2013 have been reclassified with amounts calculated by applying this change of accounting policies retroactively.

Capital Expenditures and Depreciation and Amortization

For the year ended March 31, 2015, capital expenditures for the Group, including expenditures for intangible fixed assets, totaled ¥6,659 million.

In the SE segment, capital expenditures, centered on R&D and manufacturing facilities for semiconductor production equipment, amounted to ¥4,221 million.

Capital expenditures in the GP segment, centered on R&D and manufacturing facilities for graphic arts equipment, were ¥866 million.

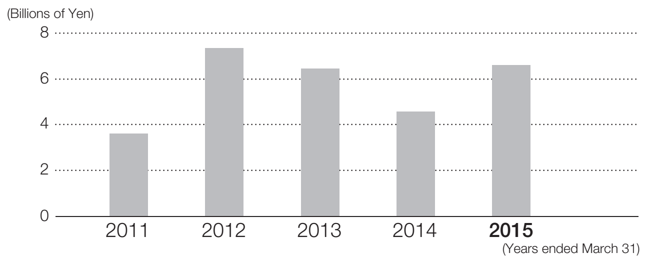
In the FT segment, capital expenditures, invested mainly in R&D and other facilities for FPD production equipment, totaled ¥172 million.

Capital expenditures for other businesses, which went mainly to R&D facilities and information system-related equipment, came to ¥139 million.

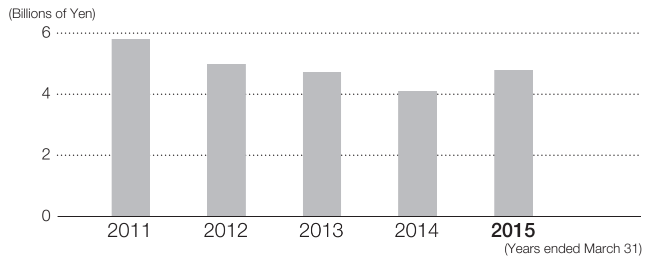
On a Groupwide basis, capital expenditures, centered on R&D facilities, amounted to ¥1,261 million.

Depreciation and amortization during the year came to ¥4,880 million, up ¥779 million, or 19.0%, from the previous fiscal year.

Capital Expenditures



Depreciation and Amortization



	Millions of yen				
Years ended March 31,	**2015**	2014	2013	2012	2011
Capital expenditures	**¥6,659**	¥4,574	¥6,450	¥7,347	¥3,613
Reportable Segment: SE	**4,221**	2,224	4,238	2,951	2,510
GP	**866**	868	899	1,041	539
FT	**172**	86	132	448	323
Other	**139**	206	154	114	89
Adjustments	**1,261**	1,190	1,027	2,793	152
Depreciation and amortization	**¥4,880**	¥4,101	¥4,731	¥4,986	¥5,805
Reportable Segment: SE	**2,620**	2,542	2,970	3,204	3,452
GP	**625**	485	407	310	674
FT	**59**	80	79	329	460
Other	**119**	110	103	112	121
Adjustments	**1,457**	884	1,172	1,031	1,098

Cash Flows

During the fiscal year ended March 31, 2015, net cash used in operating activities came to ¥1,492 million, compared with ¥24,703 million provided by operating activities in the previous fiscal year. This was because cash outflows, including an increase in trade notes and accounts receivable and decrease in trade notes and accounts payable, outpaced cash inflows, including the posting of income before income taxes and depreciation and amortization.

Net cash used in investing activities amounted to ¥6,318 million, compared with ¥4,201 million used in investing activities in the previous fiscal year. This was due mainly to the purchase of property, plant and equipment, such as equipment for R&D.

Net cash used in financing activities amounted to ¥3,823 million, compared with ¥29,302 million used in financing activities in the previous fiscal year. This was attributable mainly to the redemption of bonds payable and cash dividends paid, in spite of an increase in loans payable.

As a result, cash and cash equivalents as of March 31, 2015 totaled ¥21,991 million, down ¥9,571 million from March 31, 2014.

	Millions of yen				
Years ended March 31,	**2015**	2014	2013	2012	2011
Cash flows from operating activities	**¥(1,492)**	¥24,703	¥(15,320)	¥11,279	¥34,299
Cash flows from investing activities	**(6,318)**	(4,201)	(5,768)	(4,162)	(2,191)
Cash flows from financing activities	**(3,823)**	(29,302)	21,534	(9,468)	(22,250)
Effect of exchange rate changes on cash and cash equivalents	**2,062**	2,335	1,949	(400)	(1,380)
Net increase (decrease) in cash and cash equivalents	**¥(9,571)**	¥ (6,465)	¥ 2,395	¥ (2,751)	¥ 8,478

Risk Factors

(1) Semiconductor and FPD market trends

While the semiconductor and FPD markets have recorded significant growth on rapid technological innovation, they are also susceptible to deterioration in market supply-demand balance which leads to cyclical upturns and downturns. Given such market conditions, the SCREEN Group is promoting business portfolio reform so that it can consistently generate profits during market downturns. However, unexpectedly large market downturns can have a material impact on the Group's financial condition and business performance.

(2) Concentration of transactions with specific customers

The SCREEN Group delivers production equipment to leading semiconductor manufacturers in Japan and overseas. However, as raising production capacity and responding to miniaturization trends in this industry requires huge capital investments, certain leading manufacturers are consolidating. Accordingly, the Group's sales are tending to concentrate on specific customers. As a result, fluctuations in capital investments and orders by these specific customers could have a material impact on the Group's financial condition and business performance.

(3) Concentration of production sites

The SCREEN Group's domestic manufacturing sites are concentrated in the Kyoto and Shiga regions, and a large-scale earthquake or other disaster affecting this area could seriously damage the Group's operations. To minimize the potential for loss and ensure continuation or early resumption of business operations, the Group has been promoting business continuity management (BCM). However, the halting of operations at a production site as a result of such a disaster could have a material impact on the Group's financial condition and business performance.

(4) Product quality

The SCREEN Group has created its quality management system on the basis of standards for quality management systems (ISO 9001) and works to enhance the quality of its products and services. Nevertheless, if a product defect should arise and lead to a large-scale recall or product liability resulting in losses to a customer, the Group could incur significant additional expenses and suffer a decrease in trust, prompting a decline in sales. Such cases could have a material impact on the Group's financial condition and business performance.

(5) New product development

In order to strengthen its earnings structure by expanding market share, the Group is working to concentrate development themes in line with the respective strategies of each in-house company to share technologies held within the Group and effectively utilize external technology resources to strengthen and invigorate its development capabilities in the timely introduction of products that incorporate the latest technologies. This notwithstanding, extended development periods could result in delays in new product releases that could have a material impact on the Group's financial condition and business performance.

(6) Intellectual property rights

Over the years the Group has striven to introduce into the market products utilizing the latest technologies into the market and has created various proprietary technologies within each business division. In addition, the Group has worked to establish and protect its intellectual property rights under related intellectual property laws and in contracts with other companies. However, given the increasing complexity of intellectual property rights in leading-edge technology fields, there is the risk that the Group could in the future become involved in intellectual property disputes and that such disputes could have a material impact on the Group's financial condition and business performance.

(7) Information security

In the course of its business operations, the Group handles various personal, customer and technological information. The Group has established Network System Management Regulations to strengthen the security of internal information systems as well as the SCREEN Group CSR Charter, which establishes a Code of Conduct for all Group employees to comply with in their business operations, seeking to reinforce information management. However, unforeseen leaks of confidential information could have a material impact on the Group's financial condition and business performance.

(8) Corporate acquisitions and capital participation

The Group may engage in corporate acquisitions or capital participation in other companies as part of its business strategy. While the Group will thoroughly examine each specific project before taking action, business plans may not proceed as originally planned after an acquisition or a business alliance is concluded, and this could have a material impact on the Group's financial condition and business performance.

(9) Interest rate fluctuations
All the Group's interest-bearing debt as of the end of the fiscal year was fixed-rate debt and was, therefore, not subject to interest rate fluctuation risk. Nevertheless, the Group's financial condition and business performance could be materially affected by the impact of interest rate fluctuations on new fund procurement at variable interest rates.

(10) Procurement of funds
Certain loan contracts of the Company provide for financial covenants regarding its consolidated net assets at the end of each fiscal year and its consolidated ordinary income (loss) of each fiscal year. If these covenants were to be breached and the financial institutions required repayment, the Company could be forced to forfeit the benefit of time in relation to such loans. In such a case, the Company could also forfeit the benefit of time in relation to its bonds and other loans. If the Company forfeits the benefit of time for its loans and incurs the obligation to make a lump-sum repayment, it could have a material impact on the Group's financial condition.

(11) Exchange rate fluctuations
As the Group has a high overseas sales ratio, we make a proactive effort to avoid exchange rate risks on export sales by conducting transactions denominated in yen. However, some transactions are denominated in foreign currencies. While the Group is working to minimize the impact of exchange rate fluctuations by using forward exchange contracts and other measures to minimize the impact on its business performance, rapid fluctuations in exchange rates could have a material impact on the Group's financial condition and business performance.

(12) Retirement benefit obligations
The Group calculates accrued pension and severance costs based on assumed discount rates set by actuarial calculations and on expected returns on pension asset investments. If differences arise between actual results and assumed costs, changes in assumed parameters and/or declines in pension fund returns, the recognition of future costs and the recording of benefit obligations could be affected.

While the Group is working through a conversion from a qualified retirement pension system to a cash balance plan and a defined contribution plan and taking other measures to reduce the impact of retirement benefit obligations, worse than forecasted investment returns and other factors could have a material impact on the Group's financial condition and business performance.

(13) Impact of impairment accounting
Due to the application of impairment accounting for fixed assets, future trends in property prices and the earnings outlook for the business could have a material impact on the Group's financial condition and business performance.

(14) Recoverability of deferred tax assets
The SCREEN Group records deferred tax assets against temporary differences due to future losses and loss carryforwards for tax purposes based on rational forecasts of future income taxes and its judgments of their recoverability. The Group reviews its assumptions on future income taxes based on such factors as changes in the management environment. A resulting decision that some or all of these deferred tax assets are unrecoverable and that the drawing down of deferred tax assets is necessary could have a material impact on the Group's financial condition and business performance.

(15) Other risks
In addition to the above described risks, the Group's business operations are affected, as are those of other companies, by risks of the global and domestic political environment, the economic environment, natural disasters such as earthquakes and floods, wars, terrorism, epidemics, stock markets, commodity markets, regulations by government and etc., the supply systems of business associates and employment conditions. Adverse developments in any of the above areas could, therefore, have a material impact on the Group's financial condition and business performance.

Segment Information

Net Sales and Income (Loss) in Reportable Segments

		Millions of yen				
Years ended March 31,		**2015**	2014	2013	2012	2011
Net Sales	Reportable Segment: SE	**¥157,479**	¥163,132	¥140,690	¥167,593	¥174,279
	GP	**55,707**	52,156	46,324	49,164	47,306
	FT	**23,774**	19,850	12,042	32,611	32,711
	Other	**770**	808	739	722	657
	Intersegment sales	**(84)**	—	—	—	—
	Consolidated	**¥237,646**	¥235,946	¥199,795	¥250,090	¥254,953
Operating Income (Loss)	Reportable Segment: SE	**¥ 15,738**	¥ 8,760	¥ (3,753)	¥ 13,628	¥ 28,141
	GP	**2,840**	2,768	1,475	2,305	(1,304)
	FT	**339**	(422)	(836)	(1,217)	34
	Other	**(805)**	(652)	(158)	3	303
	Total	**¥ 18,112**	¥ 10,454	¥ (3,272)	¥ 14,719	¥ 27,174
	Adjustments	**(944)**	(1,551)	(1,561)	(1,221)	(363)
	Consolidated	**¥ 17,168**	¥ 8,903	¥ (4,833)	¥ 13,498	¥ 26,811

Notes: 1. The SCREEN Group has created three business segments for reporting: "Semiconductor Solutions (SE)," "Graphic and Precision Solutions (GP)," and "Finetech Solutions (FT)."
The products and services of each segment are as follows:
SE: Development, manufacturing, sale, and maintenance services of semiconductor production equipment
GP: Development, manufacturing, sale, and maintenance services of graphic arts equipment and PCB related equipment
FT: Development, manufacturing, sale, and maintenance services of FPD production equipment
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. For more information such as details of each reportable segment, see Note 7, "Segment Information."
4. Effective from the fiscal year ended March 31, 2014, as for main unit sales in the SE and FT segments, the revenue recognition method was changed to the completion of installation basis. Accordingly, amounts for the fiscal year ended March 31, 2013 have been reclassified with amounts calculated by applying this change of accounting policies retroactively.

Domestic Sales and Overseas Sales

	Millions of yen				
Years ended March 31,	**2015**	2014	2013	2012	2011
Domestic sales	**¥ 53,483**	¥ 53,300	¥ 44,109	¥ 62,135	¥ 52,629
Overseas sales	**184,163**	182,646	155,686	187,955	202,324
North America	**52,992**	47,094	45,185	53,479	54,365
Asia & Oceania	**92,321**	111,555	80,395	92,063	114,787
Europe	**36,829**	21,914	19,227	26,138	26,573
Others	**2,021**	2,083	10,879	16,275	6,599
Ratio of overseas sales to net sales (%)	**77.5%**	77.4%	77.9%	75.2%	79.4%
Net sales	**¥237,646**	¥235,946	¥199,795	¥250,090	¥254,953

Notes: 1. Sales to customers in Japan by the Company and its consolidated subsidiaries.
2. Sales to customers outside Japan by the Company and its consolidated subsidiaries.
3. For information by geographic areas, see Note 7, "Segment Information."
4. Effective from the fiscal year ended March 31, 2014, as for main unit sales in the SE and FT segments, the revenue recognition method was changed to the completion of installation basis. Accordingly, amounts for the fiscal year ended March 31, 2013 have been reclassified with amounts calculated by applying this change of accounting policies retroactively.

Consolidated Balance Sheets

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
Assets	**2015**	2014	**2015**
Current Assets:			
Cash and cash equivalents (Note 9)	¥ 21,991	¥ 31,562	$ 183,258
Time deposits (Note 9)	3,650	2,652	30,417
Trade notes and accounts receivable (Note 9)	55,054	45,257	458,783
Allowance for doubtful receivables (Note 9)	(795)	(860)	(6,625)
Inventories	70,311	70,159	585,925
Deferred tax assets (Note 3)	4,793	3,959	39,942
Prepaid expenses and other	5,363	4,598	44,692
Total current assets	160,367	157,327	1,336,392
Property, Plant and Equipment, at Cost (Notes 2 and 6):			
Land	9,939	9,907	82,825
Buildings and structures	52,804	52,257	440,033
Machinery, equipment and other	49,810	46,039	415,084
Lease assets	6,705	6,193	55,875
Construction in progress	1,470	1,425	12,250
Total property, plant and equipment	120,728	115,821	1,006,067
Accumulated depreciation	(78,122)	(75,110)	(651,017)
Net property, plant and equipment	42,606	40,711	355,050
Investments and Other Assets:			
Investment securities (Notes 9 and 11)	36,346	28,582	302,883
Investments in unconsolidated subsidiaries and affiliated companies (Notes 9 and 11)	39	38	325
Lease assets (Notes 2 and 6)	38	130	317
Net defined benefit asset (Note 12)	4,748	200	39,567
Deferred tax assets (Note 3)	292	309	2,433
Other assets	5,081	5,079	42,341
Total investments and other assets	46,544	34,338	387,866
Total Assets	¥249,517	¥232,376	$2,079,308

The accompanying notes to the consolidated financial statements are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars
Liabilities and Net Assets	**2015**	2014	**2015**
Current Liabilities:			
Short-term debt (Notes 4 and 9)	¥ —	¥ 104	$ —
Current portion of long-term debt (Notes 4 and 9)	3,680	16,254	30,667
Lease obligations (Notes 2 and 9)	397	819	3,308
Notes and accounts payable—			
Trade (Note 9)	62,382	68,705	519,850
Construction and other	3,839	2,477	31,992
Accrued expenses	7,879	6,557	65,658
Income taxes payable	2,375	1,485	19,792
Provision for product warranties	4,557	5,021	37,975
Provision for directors' bonuses	126	56	1,050
Provision for loss on order received	18	575	150
Other current liabilities	7,497	12,314	62,475
Total current liabilities	92,750	114,367	772,917
Long-Term Liabilities:			
Long-term debt (Notes 4 and 9)	32,666	21,943	272,217
Net defined benefit liability (Note 12)	716	1,292	5,967
Provision for directors' retirement benefits	114	95	950
Lease obligations (Notes 2 and 9)	2,934	2,255	24,450
Deferred tax liabilities (Note 3)	8,357	4,843	69,642
Asset retirement obligations	49	49	408
Other long-term liabilities	418	435	3,483
Total long-term liabilities	45,254	30,912	377,117
Contingent Liabilities (Note 8)			
Net Assets (Note 5):			
Shareholders' Equity:			
Capital stock			
Authorized—900,000,000 shares in 2015 and 2014			
Issued—253,974,333 shares in 2015 and 2014	54,045	54,045	450,375
Capital surplus	4,583	4,583	38,192
Retained earnings	54,448	41,824	453,733
Treasury stock, at cost 16,642,614 shares in 2015 and 16,625,067 shares in 2014	(12,263)	(12,251)	(102,192)
Total shareholders' equity	100,813	88,201	840,108
Accumulated Other Comprehensive Income:			
Valuation difference on available-for-sale securities	12,586	7,089	104,883
Foreign currency translation adjustment	(1,394)	(4,834)	(11,617)
Remeasurements of defined benefit plans	(1,140)	(4,008)	(9,500)
Total accumulated other comprehensive income	10,052	(1,753)	83,766
Minority Interests:			
Minority interests	648	649	5,400
Total net assets	111,513	87,097	929,274
Total Liabilities and Net Assets	¥249,517	¥232,376	$2,079,308

Consolidated Statements of Operations

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net Sales (Note 7)	¥237,646	¥235,946	$1,980,383
Cost of Sales (Note 7)	165,192	177,175	1,376,600
Gross profit	72,454	58,771	603,783
Selling, General and Administrative Expenses	55,286	49,868	460,716
Operating income (Note 7)	17,168	8,903	143,067
Other (Income) Expenses:			
Interest and dividend income	(620)	(527)	(5,167)
Interest expenses	1,020	1,115	8,500
Exchange loss on foreign currency transactions, net	851	117	7,092
Sales discounts	188	222	1,567
Gain on sales of investment securities (Note 9)	(91)	(12)	(758)
Gain on bargain purchase	(181)	—	(1,508)
Loss on valuation of investment securities	—	5	—
Office transfer expenses (Note 15)	364	—	3,033
Impairment loss	181	—	1,508
Loss on valuation of investments in capital	41	—	342
Other, net	(367)	(418)	(3,059)
Net other expenses	1,386	502	11,550
Income Before Income Taxes	15,782	8,401	131,517
Income Taxes (Note 3)			
Current	3,419	2,342	28,492
Deferred	163	635	1,358
Total income taxes	3,582	2,977	29,850
Income Before Minority Interests	12,200	5,424	101,667
Minority Interests in Net Income of Consolidated Subsidiaries	78	5	650
Net Income	¥ 12,122	¥ 5,419	$ 101,017

Per Share of Capital Stock:

	Yen		U.S. dollars
	2015	2014	2015
Net income	¥ 51.07	¥ 22.83	$ 0.43
Net income—diluted	—	—	—
Cash dividends, applicable to earnings for the year	7.00	3.00	0.06

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Income Before Minority Interests	¥12,200	¥ 5,424	$101,667
Other Comprehensive Income (Note 13)			
Valuation difference on available-for-sale securities	5,498	4,373	45,817
Foreign currency translation adjustment	3,452	4,465	28,766
Remeasurements of defined benefit plans	2,868	—	23,900
Total other comprehensive income	11,818	8,838	98,483
Comprehensive Income (Note 13)	¥24,018	¥14,262	$200,150
Comprehensive income attributable to			
Owners of the parent	23,926	14,213	199,383
Minority interests	92	49	767

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

		Millions of yen								
		Shareholders' equity				Accumulated other comprehensive income				
	Shares of issued capital stock (thousands)	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Minority interests	Total net assets
Balance at the beginning of fiscal 2014	253,974	¥54,045	¥4,583	¥36,405	¥(12,245)	¥ 2,717	¥(9,257)	¥ —	¥606	¥ 76,854
Net income	—	—	—	5,419	—	—	—	—	—	5,419
Valuation difference on available-for-sale securities	—	—	—	—	—	4,372	—	—	—	4,372
Foreign currency translation adjustments	—	—	—	—	—	—	4,423	—	—	4,423
Remeasurements of defined benefit plans	—	—	—	—	—	—	—	(4,008)	—	(4,008)
Acquisition of treasury stock	—	—	—	—	(6)	—	—	—	—	(6)
Disposal of treasury stock	—	—	(0)	—	0	—	—	—	—	0
Other	—	—	—	—	—	—	—	—	43	43
Balance at the end of fiscal 2014	253,974	¥54,045	¥4,583	¥41,824	¥(12,251)	¥ 7,089	¥(4,834)	¥(4,008)	¥649	¥ 87,097
Balance at the beginning of fiscal 2015	253,974	¥54,045	¥4,583	¥41,824	¥(12,251)	¥ 7,089	¥(4,834)	¥(4,008)	¥649	¥ 87,097
Cumulative effects of changes in accounting policies	—	—	—	1,214	—	—	—	—	—	1,214
Currently stated balance, as of beginning of current period	253,974	¥54,045	¥4,583	¥43,038	¥(12,251)	¥ 7,089	¥(4,834)	¥(4,008)	¥649	¥ 88,311
Net income	—	—	—	12,122	—	—	—	—	—	12,122
Cash dividends paid, ¥3.00 per share	—	—	—	(712)	—	—	—	—	—	(712)
Valuation difference on available-for-sale securities	—	—	—	—	—	5,497	—	—	—	5,497
Foreign currency translation adjustments	—	—	—	—	—	—	3,440	—	—	3,440
Remeasurements of defined benefit plans	—	—	—	—	—	—	—	2,868	—	2,868
Acquisition of treasury stock	—	—	—	—	(12)	—	—	—	—	(12)
Other	—	—	—	—	—	—	—	—	(1)	(1)
Balance at the end of fiscal 2015	253,974	¥54,045	¥4,583	¥54,448	¥(12,263)	¥12,586	¥(1,394)	¥(1,140)	¥648	¥111,513

	Thousands of U.S. dollars								
	Shareholders' equity				Accumulated other comprehensive income				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Minority interests	Total net assets
Balance at the beginning of fiscal 2015	$450,375	$38,192	$348,533	$(102,092)	$ 59,075	$(40,283)	$(33,400)	$5,408	$725,808
Cumulative effects of changes in accounting policies	—	—	10,116	—	—	—	—	—	10,116
Currently stated balance, as of beginning of current period	$450,375	$38,192	$358,649	$(102,092)	$ 59,075	$(40,283)	$(33,400)	$5,408	$735,924
Net income	—	—	101,017	—	—	—	—	—	101,017
Cash dividends paid, $0.03 per share	—	—	(5,933)	—	—	—	—	—	(5,933)
Valuation difference on available-for-sale securities	—	—	—	—	45,808	—	—	—	45,808
Foreign currency translation adjustments	—	—	—	—	—	28,666	—	—	28,666
Remeasurements of defined benefit plans	—	—	—	—	—	—	23,900	—	23,900
Acquisition of treasury stock	—	—	—	(100)	—	—	—	—	(100)
Other	—	—	—	—	—	—	—	(8)	(8)
Balance at the end of fiscal 2015	$450,375	$38,192	$453,733	$(102,192)	$104,883	$(11,617)	$ (9,500)	$5,400	$929,274

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash Flows from Operating Activities:			
Income before income taxes	¥15,782	¥ 8,401	$131,517
Depreciation and amortization	4,880	4,101	40,667
Impairment loss	181	—	1,508
Loss (gain) on valuation of investment securities	—	5	—
Loss (gain) on sales of investment securities	(91)	(12)	(758)
Loss on valuation of investments in capital	41	—	342
Gain on bargain purchase	(181)	—	(1,508)
Office transfer expenses	364	—	3,033
Increase (decrease) in net defined benefit liability	(328)	(254)	(2,733)
Increase (decrease) in provision for directors' bonuses	71	16	592
Increase (decrease) in provision for product warranties	(514)	37	(4,283)
Increase (decrease) in provision for loss on order received	(557)	443	(4,642)
Interest and dividend income	(620)	(527)	(5,167)
Interest expenses	1,020	1,115	8,500
Decrease (increase) in trade notes and accounts receivable	(9,168)	(3,392)	(76,400)
Decrease (increase) in inventories	1,248	5,105	10,400
Decrease (increase) in other current assets	(1,219)	(349)	(10,158)
Increase (decrease) in trade notes and accounts payable	(5,993)	7,324	(49,942)
Increase (decrease) in accrued expenses	1,095	1,372	9,125
Increase (decrease) in other current liabilities	(4,220)	3,828	(35,167)
Other, net	(567)	13	(4,727)
Subtotal	1,224	27,226	10,199
Interest and dividend income received	614	526	5,117
Interest expenses paid	(1,024)	(1,081)	(8,533)
Contribution in connection with the shift to a defined contribution pension plan	(1)	(16)	(8)
Income taxes paid	(2,305)	(1,952)	(19,208)
Net cash provided by (used in) operating activities	(1,492)	24,703	(12,433)
Cash Flows from Investing Activities:			
Decrease (increase) in time deposits, net	(660)	189	(5,500)
Purchase of property, plant and equipment	(4,655)	(3,458)	(38,792)
Proceeds from sales of property, plant and equipment	22	9	183
Purchase of investment securities	(200)	(150)	(1,667)
Proceeds from sales of investment securities	105	35	875
Purchase of treasury shares of subsidiaries	(102)	—	(850)
Other, net	(828)	(826)	(6,899)
Net cash used in investing activities	(6,318)	(4,201)	(52,650)
Cash Flows from Financing Activities:			
Increase (decrease) in short-term debt, net	(102)	(33,700)	(850)
Proceeds from long-term debt	15,400	—	128,333
Repayments of long-term debt	(3,251)	(3,396)	(27,092)
Repayments of finance lease obligations	(1,142)	(742)	(9,517)
Proceeds from issuance of bonds	—	8,547	—
Redemption of bonds	(14,000)	—	(116,667)
Decrease (increase) in treasury stock, net	(11)	(6)	(92)
Cash dividends paid	(712)	—	(5,933)
Cash dividends paid to minority shareholders	(5)	(5)	(42)
Net cash used in financing activities	(3,823)	(29,302)	(31,860)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	2,062	2,335	17,184
Net Increase (Decrease) in Cash and Cash Equivalents	(9,571)	(6,465)	(79,759)
Cash and Cash Equivalents at Beginning of Year	31,562	38,027	263,017
Cash and Cash Equivalents at End of Year	¥21,991	¥31,562	$183,258

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

Note 1: Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of SCREEN Holdings Co., Ltd. (the "Company") have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of the consolidated overseas subsidiaries have been prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the five specified items as applicable. The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the Japanese language statutory consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Certain Japanese yen amounts in the accompanying consolidated financial statements have been translated into U.S. dollar amounts solely for the convenience of readers outside Japan, using the prevailing exchange rate as of March 31, 2015, which was ¥120 to U.S. $1.00. This translation should not be construed as a representation that the amounts shown could be converted into U.S. dollars at this or any other rate of exchange.

Certain amounts in the prior years' consolidated financial statements have been reclassified to conform to the current year's presentation.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant companies over which the Company has power of control through majority voting rights or the existence of certain other conditions evidencing control by the Company.

Investments in unconsolidated subsidiaries are accounted for by the equity method.

(c) Translation of foreign currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end rates.

Except for shareholders' equity accounts, which are translated at historical rates, balance sheets of the consolidated overseas subsidiaries are translated into Japanese yen at year-end rates.

Except for transactions with the Company, which are translated at rates used by the Company, income statements of the consolidated overseas subsidiaries are translated at average rates.

The resulting translation adjustments are presented as foreign currency translation adjustments in net assets.

(d) Inventories

The Company and its consolidated domestic subsidiaries state the value of inventories mainly by either the first-in, first-out method or the specific identification method. With regard to the amounts stated in the balance sheet, the book value devaluation method is used to write down the value of inventory in the event of a decline in profitability.

Consolidated overseas subsidiaries state inventories mainly at the lower of cost or net realizable value either by the first-in, first-out method or the specific identification method.

(e) Securities

The Company and its consolidated subsidiaries classify securities as "available-for-sale securities." Available-for-sale securities with available fair values are stated at fair value. Unrealized holding gains (losses) on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sales of such securities are computed using moving average cost. Other securities with no available fair values are stated at moving average cost.

(f) Depreciation

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed primarily by the straight-line method.

Depreciation of property, plant and equipment of the consolidated overseas subsidiaries is computed mainly by the straight-line method.

The estimated useful lives are as follows:

Buildings and structures 2–60 years
Machinery and equipment 2–17 years

Maintenance and repairs, including minor renewals and betterments, are charged to income as incurred.

Leased assets related to finance lease transactions in which ownership transfers to the lessee are depreciated in the same manner as owned property, plant and equipment.

Leased assets related to finance lease transactions in which ownership does not transfer are depreciated on a straight-line basis, with the lease periods as the useful life and no residual value.

(g) Impairment of fixed assets

The Company and its consolidated subsidiaries evaluate the book value of fixed assets for impairment. If the book value of a fixed asset is impaired, the amount by which the book value exceeds the recoverable amount is recognized as impairment loss.

(h) Software

Software, included in "Other assets," is amortized using the straight-line method over its estimated useful life (3-5 years for internal use software and 3 years for software for sale).

(i) Research and development

Expenses related to research and development are charged to income as incurred and amounted to ¥13,972 million ($116,433 thousand) in 2015 and ¥12,274 million in 2014.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits placed with banks on demand or with maturities of three months or less.

(k) Goodwill

Goodwill, which represents the excess of the purchase price over the fair value of net assets acquired, is amortized on a straight-line basis over a period of five years.

(l) Bonds issue costs

Bonds issue costs are charged to expenses as incurred.

(m) Income taxes

The Company and its consolidated subsidiaries record deferred tax assets and liabilities on loss carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes by using the asset/ liability approach.

(n) Allowance for doubtful receivables
An allowance for doubtful receivables is provided to cover possible losses on collection. The Company and its consolidated domestic subsidiaries provide the allowance for doubtful receivables by adding individually estimated uncollectible amounts of specific items to an amount based on the actual rate of past uncollected receivables.

The consolidated overseas subsidiaries provide the allowance for doubtful receivables based mainly on the estimated uncollectible amounts of specific receivables.

(o) Provision for directors' bonuses
Certain consolidated subsidiaries provide provision for directors' bonuses based on the estimated amounts of payments for the fiscal year.

(p) Employees' severance and retirement benefits
The Company and its consolidated subsidiaries provide funded or unfunded defined benefit plans and defined contribution plans for employees' severance and retirement benefits. The Company and certain consolidated domestic subsidiaries have a cash balance plan in defined benefit pension plans combined with defined contribution pension plans.

Certain consolidated domestic subsidiaries have unfunded lump-sum payment plans.

Certain consolidated overseas subsidiaries have defined contribution plans.

In calculating retirement benefit obligations, the method of attributing expected benefit to periods up to the end of the fiscal year is based on a benefit formula basis.

Actuarial gains and losses are recognized in expenses using the straight-line method within the average of the estimated remaining service years (mainly 13 years) commencing with the following period.

(q) Retirement benefits for directors and corporate auditors
Certain consolidated subsidiaries have unfunded retirement and termination allowance plans for directors and statutory auditors. The amounts required under the plans have been fully accrued.

(r) Provision for product warranties
The Company and certain consolidated subsidiaries provide for estimated product warranty costs for the warranty period after product delivery based on actual payments in the past.

(s) Provision for loss on order received
Estimated loss accrued in or after the next fiscal year is provided to cover possible future loss related to orders received if future losses is expected and can be reasonably estimated. (If the net sales value is negative after calculations based on the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued on July 5, 2006), the amounts are provided for as provision for loss on order received.)

(t) Derivatives and hedge accounting
If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company defers recognition of gain or loss resulting from a change in the fair value of the derivative financial instrument until the related loss or gain on the hedged item is recognized.

When a forward foreign exchange contract meets certain conditions, the hedged item is stated at the forward exchange contract rate.

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Company uses forward foreign exchange contracts, interest rate swap contracts and interest rate cap contracts only for the purpose of mitigating future risk of fluctuation in foreign currency exchange rates and interest rates. In terms of forward foreign exchange contracts, the Company uses them within the amounts of foreign currency receivables and authorized forecast transactions.

The following table summarizes the derivative financial instruments used in hedge accounting and the related hedged items.

Hedging instruments:	Hedged items:
Forward foreign exchange contracts	Foreign currency receivables
Interest rate swap contracts	Interest on short-term and long-term debt
Interest rate cap contracts	Interest on short-term and long-term debt

The Company executes and manages derivative transactions in accordance with established internal policies and specified limits on the amounts of derivative transactions allowed. The derivative transactions are reported to and approved by the Board of Directors.

The Company evaluates hedge effectiveness semiannually by comparing the cumulative changes in the hedging derivative instruments and the items hedged.

(Changes of accounting policies)

(Adoption of new accounting standards for retirement benefits)
Effective from the fiscal year ended March 31, 2015, SCREEN Holdings and its consolidated domestic subsidiaries have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012 (hereinafter, "Statement No. 26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015 (hereinafter, "Guidance No. 25")) with respect to certain provisions described in Article 35 of Statement No. 26 and Article 67 of Guidance No. 25. As a result, the methods for calculating retirement benefit obligations and service costs have been revised in several respects. The method for attributing projected benefits to periods has been changed from the straight-line basis to the benefit formula basis, and the method for determining the discount rate has been changed from a method based on an approximation of the average of the estimated remaining service years to a method using a single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and the amount of projected benefits every such period.

According to the transitional treatment provided in Article 37 of Statement No. 26, the effect of changing the method for calculating retirement benefit obligations and service costs was recognized by adjusting retained earnings at the beginning of the fiscal year ended March 31, 2015.

As a result of the application, net defined benefit asset, retained earnings and deferred tax liabilities were ¥1,881 million ($15,675 thousand), ¥1,214 million ($10,116 thousand) and ¥668 million ($5,567 thousand) greater, respectively, at the beginning of the fiscal year ended March 31, 2015 than they would have been without the application. The effect of this change on operating income, ordinary income, income before income taxes and net assets per share of capital stock for the fiscal year ended March 31, 2015 was immaterial.

(Accounting standards issued but not yet applied)

- Revised Accounting Standards for Business Combination (ASBJ Statement No. 21, September 13, 2013)
- Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013)
- Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013)
- Revised Accounting Standard for Earnings Per Share (ASBJ Statement No. 2, September 13, 2013)
- Revised Guidance on Accounting Standard for Business Combinations and Accounting Standards for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013)
- Revised Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, September 13, 2013)

1. Summary
The above standards and guidance have been revised primarily to account for:

(1) How changes in the shares in subsidiaries over which the Company continues to control should be treated by the Company when additional stock of a subsidiary is acquired.
(2) Treatment of acquisition related costs
(3) Presentation of current net income and changes in shareholders' equity from minority interests to non-controlling interests
(4) Provisional application of accounting treatments

2. Effective date
Effective from the beginning of the fiscal year ending March 31, 2016.

Provisional application of the accounting standards is scheduled to begin for business combinations effective after the beginning of the fiscal year ending March 31, 2016.

3. Effects of application of the standards
The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

Note 2: Consolidated Statements of Cash Flows

Significant noncash financing activities for the years ended March 31, 2015 and 2014 were as follows:

Newly booked assets and liabilities relating to finance leases

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Lease assets	¥1,118	¥147	$ 9,317
Lease obligations	1,398	149	11,650

Note 3: Income Taxes

The Company is subject to several taxes based on income with an aggregate statutory tax rate of approximately 35.5% in 2015 and 2014. As of March 31, 2015, the Company and certain consolidated subsidiaries had net tax loss carryforwards aggregating ¥73,168 million ($609,733 thousand), which were available to offset the respective future taxable incomes of these companies. Significant components of the Company and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Deferred tax assets (current)			
Accrued bonuses for employees	**¥ 996**	¥ 896	**$ 8,300**
Loss on valuation of inventories	**2,607**	3,529	**21,725**
Provision for product warranties	**1,398**	1,682	**11,650**
Other	**2,885**	1,945	**24,042**
Valuation allowance	**(3,087)**	(4,082)	**(25,725)**
Deferred tax liabilities (current)			
Adjustment of allowance for doubtful accounts and other	**(15)**	(45)	**(125)**
Net deferred tax assets (current)	**¥ 4,784**	¥ 3,925	**$ 39,867**
Deferred tax assets (noncurrent)			
Net operating loss carryforwards	**¥23,727**	¥26,443	**$197,725**
Research and development expenses	**1,371**	1,723	**11,425**
Depreciation	**1,074**	1,254	**8,950**
Net defined benefit liability	**403**	1,434	**3,358**
Other	**3,043**	3,528	**25,358**
Valuation allowance	**(28,864)**	(33,352)	**(240,533)**
Deferred tax liabilities (noncurrent)			
Undistributed earnings of consolidated overseas subsidiaries	**(1,504)**	(1,109)	**(12,533)**
Valuation difference on available-for-sale securities	**(5,381)**	(3,399)	**(44,842)**
Net defined benefit asset	**(1,875)**	(1,044)	**(15,625)**
Other	**(59)**	(12)	**(491)**
Net deferred tax liabilities (noncurrent)	**¥ (8,065)**	¥ (4,534)	**$ (67,208)**

A reconciliation of the aggregate statutory income tax rate and the effective income tax rate as a percentage of income before income taxes for the year ended March 31, 2015 was as follows:

A reconciliation of the aggregate statutory income tax rate and the effective income tax rate as a percentage of income before income taxes for the year ended March 31, 2014 is not shown due to the fact that the rate difference was not greater than five hundredths of the aggregate statutory income tax rate.

	2015
Statutory income tax rate	35.5%
Nondeductible expenses	0.9
Valuation allowance	(15.6)
Effects of change in tax rates	0.6
Tax rate difference from a parent company	(3.7)
Undistributed earnings of consolidated overseas subsidiaries	2.7
Consolidated overseas subsidiaries' source of dividends	1.4
Other, net	0.9
Effective income tax rate	22.7%

(Additional information)

On March 31, 2015, amendments to the Japanese tax regulations were enacted into law. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2015 to March 31, 2016 and on or after April 1, 2016 are changed from 35.5% for the fiscal year ended March 31, 2015 to 33.0% and 32.2%, respectively, as of March 31, 2015.

Due to these changes in statutory income tax rates, net deferred tax assets (after deducting the deferred tax liabilities) and net deferred tax liabilities (after deducting the deferred tax assets) decreased by ¥191 million ($1,592 thousand) and ¥645 million ($5,375 thousand), respectively, and deferred income taxes and valuation difference on available-for-sale securities increased by ¥98 million ($817 thousand) and ¥552 million ($4,600 thousand), respectively, compared with the amounts that would have been reported without the changes.

Note 4: Short-Term and Long-Term Debt

Short-term debt generally consists of short-term notes from banks. The average interest rate on these borrowings at March 31, 2014 was 5.60%. There was no short-term debt as of March 31, 2015.

Long-term debt as of March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
0.70% to 1.69% loans from Japanese banks, due in installments through 2019			
Secured	**¥ —**	¥ —	**$ —**
Unsecured	**17,153**	4,429	**142,942**
1.58% loans from a governmental institution, due in installments through 2018			
Secured	**—**	—	**—**
Unsecured	**2,400**	3,472	**20,000**
1.32% to 1.59% loans from an insurance company, due in installments through 2021			
Secured	**—**	—	**—**
Unsecured	**3,193**	2,696	**26,608**
2.00% unsecured notes, due June 7, 2016	**8,600**	8,600	**71,667**
1.34% unsecured notes, due September 26, 2016	**5,000**	5,000	**41,667**
1.06% unsecured notes, due September 26, 2014	**—**	14,000	**—**
Total	**36,346**	38,197	**302,884**
Current portion of long-term debt shown in current liabilities	**(3,680)**	(16,254)	**(30,667)**
Long-term debt, less current portion	**¥32,666**	¥21,943	**$272,217**

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with each bank which provide,among other things, that additional security and guarantees for present and future indebtedness will be given upon request by the bank and that any collateral so furnished will be applicable to all indebtedness to that bank. In addition, the agreements provide that the bank has the right to offset cash deposited against any long-term or short-term debt that becomes due and, in case of default and certain other specified events, against all other debts payable to the bank. To date, the Company has not received any such requests from its banks.

The Company has contracts for commitment lines by which banks are bound to extend loans up to a prearranged amount upon request. As of March 31, 2015, the total financing available under these contracts amounted to ¥30,000 million ($250,000 thousand), and no amount of these commitment lines had been used.

The aggregate annual maturities of long-term debt are as follows:

Years ended March 31	Millions of yen	Thousands of U.S. dollars
2017	¥17,279	$143,991
2018	3,680	30,667
2019	5,280	44,000
2020	6,104	50,867
2021 and thereafter	323	2,692
Total	¥32,666	$272,217

Note 5: Net Assets and Per Share Data

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Japanese Corporate Law (the "Law"), in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, and are potentially available for dividends. Both of these appropriations generally require a resolution of the shareholders' meeting.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

Net income per share is based on the weighted average number of shares of capital stock outstanding. Diluted net income per share is computed using the weighted average number of shares after assuming conversion of all dilutive convertible notes and the exercise of all outstanding stock acquisition rights.

Diluted net income per share of capital stock for the fiscal year ended March 31, 2015 is not shown because there was no dilutive stock.

At the annual shareholders' meeting held on June 25, 2015, the shareholders approved cash dividends of ¥7.00 ($0.06) per share, totaling ¥1,661 million ($13,842 thousand). The application had not been accrued in the consolidated financial statements as of March 31, 2015. Such appropriations are recognized in the period in which they are approved by the shareholders.

Note 6: Leases

1. Finance leases

A. Information relating to finance leases for which the ownership of the leased assets is considered to be transferred to the lessee as of and for the years ended March 31, 2015 and 2014 was as follows:

(As lessee)

1) Description of leased assets

1. Tangible fixed assets: Mainly the production facilities in the Semiconductor Solutions business ("Machinery, equipment and other")
2. Intangible fixed assets: Software

2) Depreciation method for leased assets

As described in Note 1, *"Summary of Significant Accounting and Reporting Policies, (f) Depreciation"*

B. Information relating to finance leases, excluding those leases for which the ownership of the leased assets is considered to be transferred to the lessee, as of and for the years ended March 31, 2015 and 2014 was as follows:

(As lessee)

1) Description of leased assets

1. Tangible fixed assets: Mainly the production facilities and the R&D facilities in the Semiconductor Solutions business ("Buildings and structures"and "Machinery, equipment and other")
2. Intangible fixed assets: Software

2) Depreciation method for leased assets

As described in Note 1, *"Summary of Significant Accounting and Reporting Policies, (f) Depreciation"*

2. Operating leases

(As lessee)

Future minimum lease payments as lessee:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Due within one year	**¥304**	¥404	**$2,533**
Due after one year	**576**	581	**4,800**
Total	**¥880**	¥985	**$7,333**

Note 7: Segment Information

1. General information about reportable segments

(1) Calculation method for reportable segments

The SCREEN Group'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.

Effective October 1, 2014, the Company has changed to a holding company structure. The internal companies categorized as product or service segments underwent a company split and became Group subsidiaries. These subsidiaries inherit the internal companies' functions, including planning and execution of overall business plans in their specific areas of operation.

Consequently, the SCREEN Group has created three business segments for reporting: the Semiconductor Solutions (SE) segment, the Graphic and Precision Solutions (GP) segment and the Finetech Solutions (FT) segment, categorized by products based on the above subsidiaries.

(2) Products and services of reportable segments

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

2. Basis of measurement about reportable segment income (loss), segment assets and other material items

The accounting methods applied to reported business segments are identical with those stated in Note 1, "Summary of Significant Accounting and Reporting Policies." Income for each reportable segment reflects operating income. Intersegment revenues and transfers reflect market prices.

(Changes in basis of measurement about segment income (loss))

Corporate expenses had been allocated to each reportable segment. From the first quarter under review, in line with a change to a holding company structure, the allocation method was changed and the estimated amounts of expenses were allocated to each reportable segment.

As a result of this change, segment income for the year ended March 31, 2015 decreased by ¥286 million ($2,383 thousand) in the SE segment, ¥133 million ($1,108 thousand) in the GP segment and ¥70 million ($583 thousand) in the FT segment, respectively, compared with amounts that would have been recorded using the previously applied method.

(Changes in the segment names)

On October 1, 2014, the Company transitioned to a holding company structure. In line with this change, the reportable segments have been renamed, as shown below.

Semiconductor Equipment (SE) → Semiconductor Solutions (SE)
Media and Precision Technology (MP) → Graphic and Precision Solutions (GP)
FPD Equipment (FE) → Finetech Solutions (FT)

The reporting order of the segments has also been changed.

In addition, segment information for the year ended March 31, 2014 has been described using the new segment names and the reporting order of the segments has also been changed.

3. Information about reportable segment income (loss), segment assets and other material items

	Millions of yen					
	Reportable segment					
As of and for the year ended March 31, 2015	SE	GP	FT	Others	Adjustments	Consolidated
Sales						
Sales to outside customers	**¥157,478**	**¥55,677**	**¥23,721**	**¥ 770**	**¥ —**	**¥237,646**
Intersegment sales and transfers	**1**	**30**	**53**	**9,612**	**(9,696)**	**—**
Total	**¥157,479**	**¥55,707**	**¥23,774**	**¥10,382**	**¥ (9,696)**	**¥237,646**
Segment income (loss)	**¥ 15,738**	**¥ 2,840**	**¥ 339**	**¥ (805)**	**¥ (944)**	**¥ 17,168**
Segment assets	**¥114,733**	**¥53,289**	**¥20,624**	**¥ 4,979**	**¥55,892**	**¥249,517**
Other						
Depreciation and amortization	**2,620**	**625**	**59**	**119**	**1,457**	**4,880**
Capital expenditures	**4,221**	**866**	**172**	**139**	**1,261**	**6,659**

	Millions of yen					
	Reportable segment					
As of and for the year ended March 31, 2014	SE	GP	FT	Others	Adjustments	Consolidated
Sales						
Sales to outside customers	¥163,132	¥52,156	¥19,850	¥ 808	¥ —	¥235,946
Intersegment sales and transfers	—	—	—	7,625	(7,625)	—
Total	¥163,132	¥52,156	¥19,850	¥8,433	¥ (7,625)	¥235,946
Segment income (loss)	¥ 8,760	¥ 2,768	¥ (422)	¥ (652)	¥ (1,551)	¥ 8,903
Segment assets	¥119,015	¥48,963	¥13,664	¥3,566	¥47,168	¥232,376
Other						
Depreciation and amortization	2,542	485	80	110	884	4,101
Capital expenditures	2,224	868	86	206	1,190	4,574

	Thousands of U.S. dollars					
	Reportable segment					
As of and for the year ended March 31, 2015	SE	GP	FT	Others	Adjustments	Consolidated
Sales						
Sales to outside customers	**$1,312,317**	**$463,975**	**$197,675**	**$ 6,416**	**$ —**	**$1,980,383**
Intersegment sales and transfers	**8**	**250**	**442**	**80,100**	**(80,800)**	**—**
Total	**$1,312,325**	**$464,225**	**$198,117**	**$86,516**	**$ (80,800)**	**$1,980,383**
Segment income (loss)	**$ 131,150**	**$ 23,667**	**$ 2,825**	**$ (6,708)**	**$ (7,867)**	**$ 143,067**
Segment assets	**$ 956,108**	**$444,075**	**$171,867**	**$41,491**	**$465,767**	**$2,079,308**
Other						
Depreciation and amortization	**21,833**	**5,208**	**492**	**992**	**12,142**	**40,667**
Capital expenditures	**35,175**	**7,217**	**1,433**	**1,159**	**10,508**	**55,492**

Notes: 1. The "Other" category incorporates operations not included in reportable segments, including software development, planning and production of printed matter, logistics operations and other businesses.
2. Segment operating income (loss) adjustments of ¥(944) million ($(7,867) thousand) for the year ended March 31, 2015 are the corporate profit (loss) not attributable to each reportable segment. Corporate profit (loss) consists mainly of general and administrative expenses not attributable to segments.
Segment operating income (loss) adjustments of ¥(1,551) million for the year ended March 31, 2014 are the corporate expenses not attributable to each reportable segment. Corporate expenses consist mainly of general and administrative expenses not attributable to segments.
Segment assets adjustments of ¥55,892 million ($465,767 thousand) for the year ended March 31, 2015 are the corporate assets not apportioned to each reportable segment. Corporate assets consist mainly of assets not usually attributed to segments.
Segment asset adjustments of ¥47,168 million for the year ended March 31, 2014 are the corporate assets not apportioned to each reportable segment. Corporate assets consist mainly of administrative assets of the parent company not usually attributed to segments.
3. Segment income is adjusted with operating income (loss) under consolidated statements of operations.

<Related Information>

1. Information about geographic areas

(1) Net Sales

	Millions of yen				Thousands of U.S. dollars
Years ended March 31,	**2015**		2014		**2015**
Japan	**¥ 53,483**	**(22.5%)**	¥ 53,300	(22.6%)	**$ 445,692**
Taiwan	**45,448**	**(19.1%)**	69,676	(29.5%)	**378,733**
South Korea	**11,309**	**(4.8%)**	17,581	(7.5%)	**94,242**
China	**29,010**	**(12.2%)**	15,441	(6.5%)	**241,750**
United States	**52,291**	**(22.0%)**	46,701	(19.8%)	**435,758**
Europe	**36,829**	**(15.5%)**	21,914	(9.3%)	**306,908**
Others	**9,276**	**(3.9%)**	11,333	(4.8%)	**77,300**
Total	**¥237,646**	**(100.0%)**	¥235,946	(100.0%)	**$1,980,383**

Notes: 1 Net sales are categorized by country or geographic area based on the location of the customer.
2 The numbers shown in parentheses are component ratios.

(2) Property, plant and equipment

Information about property, plant and equipment by geographic area is omitted because the amount of fixed assets held in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

2. Information about major customers

Year ended March 31, 2015	Millions of yen	Thousands of U.S. dollars
Net sales		
Taiwan Semiconductor Manufacturing Co., Ltd. (related segment: SE)	¥30,218	$251,817

Year ended March 31, 2014	Millions of yen
Net sales	
Taiwan Semiconductor Manufacturing Co., Ltd. (related segment: SE)	¥60,466

Note 8: Contingent Liabilities

As of March 31, 2015 and 2014, the Company and its consolidated subsidiaries were contingently liable for the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
As guarantors of			
Customers' lease payments	¥ 1	¥ 7	$ 8
Employees' housing loans	94	122	783
Trade notes receivable endorsed	50	46	417
Liquidation of receivables with recourse	81	—	675
Total	¥226	¥175	$1,883

Note 9: Financial Instruments

1. Qualitative information on financial instruments

A. Qualitative information on financial instruments

The SCREEN Group procures funds necessary to conduct business by means such as loans from financial institutions and the issuance of bonds, in accordance with annual funding plans. Investments of capital are limited to instruments that satisfy safety and liquidity requirements. Derivative transactions are used only to hedge financial risk such as the risk of fluctuations in exchange rates and interest rates. Speculative transactions are not undertaken.

B. Details of financial instruments used, risks and processes for risk management

Financial instruments	Risks	Processes for risk management
Trade notes and accounts receivable	Credit risk of clients	The amounts outstanding are managed for each client and by due date. Also, the financial condition of the clients is monitored.
Accounts receivable denominated in foreign currency	Risk of fluctuation in foreign currency exchange rates	The risk is hedged by using forward foreign exchange contracts on certain portions of the receivables.
Investments in securities	Risk of fluctuation in market prices	The fair values of the instruments and financial conditions of issuers are regularly monitored.
Trade notes and accounts payable, loans, bonds and lease obligations	Liquidity risk	Funding plans are prepared and renewed, and a certain level of liquidity on hand is maintained.
Portion of loans	Risk of fluctuation in interest rates	The risk is hedged by using interest rate swaps.

The derivative transactions which the Company uses are forward foreign exchange contracts and interest rate swap contracts and are only used for the purpose of mitigating risks of fluctuation in foreign currency exchange rates and interest rates. For information about hedging instruments, hedged items, hedging policies, evaluation of hedge effectiveness and management of derivative transactions, see Note 1, "Summary of Significant Accounting and Reporting Policies (t) Derivatives and hedge accounting." The Company believes that its credit risk is insignificant as the counterparties to its derivative transactions are limited to creditable financial institutions.

C. Supplemental information on fair values

The contract amounts of the derivative transactions described in Note 10, "Derivative Transactions," do not reflect the market risks of the derivative transactions themselves.

2. Fair values of financial instruments

As of March 31, 2015 and 2014, the book value and fair value of financial instruments and the differences between these figures are set forth in the table below. The table does not include financial instruments whose fair values were not readily determinable. (See Note 2, "Consolidated Statements of Cash Flows.")

	Millions of yen						Thousands of U.S. dollars		
	2015			2014			2015		
Years ended March 31,	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash, cash equivalents and time deposits	¥ 25,641	¥ 25,641	¥ —	¥ 34,214	¥ 34,214	¥ —	$213,675	$213,675	$ —
(2) Trade notes and accounts receivable	55,054	55,054		45,257	45,256		458,783	458,783	
Allowance for doubtful receivables (*1)	(795)	(795)		(860)	(860)		(6,625)	(6,625)	
	54,259	54,259	(0)	44,397	44,396	(1)	452,158	452,158	(0)
(3) Investments in securities									
Available-for-sale securities	35,521	35,521	—	27,936	27,936	—	296,008	296,008	—
Total assets	¥115,421	¥115,421	¥ (0)	¥106,547	¥106,546	¥ (1)	$961,841	$961,841	$ (0)
(1) Notes and accounts payable—trade	¥ 62,382	¥ 62,382	¥ —	¥ 68,705	¥ 68,705	¥ —	$519,850	$519,850	$ —
(2) Short-term debt	—	—	—	104	104	—	—	—	—
(3) Long-term debt	36,346	36,553	207	38,197	38,166	(31)	302,884	304,609	1,725
(4) Lease obligations	3,331	5,356	2,025	3,074	5,290	2,216	27,758	44,633	16,875
Total liabilities	¥102,059	¥104,291	¥2,232	¥110,080	¥112,265	¥2,185	$850,492	$869,092	$18,600
Derivative transactions (*2)									
(1) Without application of hedge accounting	¥ (13)	¥ (13)	¥ —	¥ (45)	¥ (45)	¥ —	$ (108)	$ (108)	$ —
(2) With application of hedge accounting	—	—	—	(14)	(14)	—	—	—	—
Total derivative transactions	¥ (13)	¥ (13)	¥ —	¥ (59)	¥ (59)	¥ —	$ (108)	$ (108)	$ —

(*1) Allowance for doubtful receivables recorded for trade notes and accounts receivable is subtracted.

(*2) Net assets and liabilities incurred by derivative transactions are shown in net figures, and items whose total amounts are liabilities are indicated in parentheses.

Notes: 1. Method of estimating fair values of financial instruments and items regarding investment in securities, and derivative transactions

Assets

(1) Cash, cash equivalents and time deposits

As these assets are settled on a short-term basis, their fair values are approximately equal to their book values. For this reason, their fair values are reported based on their applicable book values.

(2) Trade notes and accounts receivable

The fair values of these assets are based on the current value classified by length of time until settlement and discounted with consideration for the length of time until settlement and credit risk.

(3) Investments in securities

The fair values of securities are based on market prices on the stock exchange. For information about securities classified by purpose, see Note 11, "Securities."

Liabilities

(1) Notes and accounts payable -trade and (2) Short-term debt

As these liabilities are settled on a short-term basis, their fair values are approximately equal to their book values. For this reason, their fair values are reported based on their applicable book values.

(3) Long-term debt

The fair values of bonds are based on the "Reference Statistical Prices [Yields] for OTC Bond Transactions" released by Japan Securities Dealers Association. The fair values of other long-term debt are based on the current value, which is the principal discounted with consideration for the length of time until repayment and credit risk.

(4) Lease obligations

The fair values of lease obligations are based on the current value, which is the principal discounted with consideration for the length of the remaining period of lease obligation and credit risk.

Derivative transactions

See Note 10, "Derivative Transactions."

2. The book value of financial instruments whose fair values were deemed to be exceedingly difficult to estimate as of March 31, 2015 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Category	Book value	Book value	Book value
Non-listed equity securities	¥864	¥684	$7,200

The amount in the above table includes investments in unconsolidated subsidiaries and affiliated companies of ¥39 million ($325 thousand). These items do not have market prices and are deemed to require excessive cost to estimate the future cash flows. Therefore, they are not included in (3) "Investments in securities" as it is deemed to be exceedingly difficult to estimate the fair values.

3. Expected redemption amounts of receivables and securities with maturities after the consolidated financial statement date

	Millions of yen								Thousands of U.S. dollars			
	2015				2014				2015			
	Due within one year	Due between one year and five years	Due between five years and ten years	Due after ten years	Due within one year	Due between one year and five years	Due between five years and ten years	Due after ten years	Due within one year	Due between one year and five years	Due between five years and ten years	Due after ten years
Cash, cash equivalents and time deposits	¥25,617	¥ —	¥—	¥—	¥34,188	¥ —	¥—	¥—	$213,475	$ —	$—	$—
Trade notes and accounts receivable	54,862	192	—	—	45,012	245	—	—	457,183	1,600	—	—
Investments in securities—available-for-sale securities with maturities	—	—	—	—	—	—	—	—	—	—	—	—
Total	¥80,479	¥192	¥—	¥—	¥79,200	¥245	¥—	¥—	$670,658	$1,600	$—	$—

4. Expected repayment amounts of long-term debt after the consolidated financial statements date

See Note 4, "Short-Term and Long-Term Debt."

Note 10: Derivative Transactions

Outstanding derivative transactions as of March 31, 2015 and 2014 were as follows:

	Millions of yen								Thousands of U.S. dollars			
	2015				2014				2015			
Years ended March 31,	Contracted amount	Portion exceeding one year	Fair value	Recognized gain (loss)	Contracted amount	Portion exceeding one year	Fair value	Recognized gain (loss)	Contracted amount	Portion exceeding one year	Fair value	Recognized gain (loss)
Non-exchange traded forward foreign exchange contracts												
(Sell–U.S. dollars)	¥4,485	¥—	¥(80)	¥(80)	¥3,394	¥—	¥(18)	¥(18)	$37,375	$—	$(666)	$(666)
(Sell–Euro)	1,608	—	58	58	1,514	—	(27)	(27)	13,400	—	483	483
Total	¥6,093	¥—	¥(22)	¥(22)	¥4,908	¥—	¥(45)	¥(45)	$50,775	$—	$(183)	$(183)

Notes: 1. Method of estimating fair value
The fair values of exchange forward transactions as of March 31, 2015 and 2014 were estimated based on the prices presented by financial institutions.
2. The above table does not list derivative transactions for which hedge accounting has been applied.

	Millions of yen								Thousands of U.S. dollars			
	2015				2014				2015			
Years ended March 31,	Contracted amount	Portion exceeding one year	Fair value	Recognized gain (loss)	Contracted amount	Portion exceeding one year	Fair value	Recognized gain (loss)	Contracted amount	Portion exceeding one year	Fair value	Recognized gain (loss)
Non-exchange traded forward foreign exchange contracts												
(Buy–U.S. dollars)	¥1,911	¥—	¥9	¥9	¥—	¥—	¥—	¥—	$15,925	$—	$75	$75
Total	¥1,911	¥—	¥9	¥9	¥—	¥—	¥—	¥—	$15,925	$—	$75	$75

Notes: 1. Method of estimating fair value
The fair values of exchange forward transactions as of March 31, 2015 and 2014 were estimated based on the prices presented by financial institutions.
2. The above table does not list derivative transactions for which hedge accounting has been applied.

Note 11: Securities

1. The following table summarizes acquisition costs and book values and any differences between these amounts of securities with available fair values as of March 31, 2015 and 2014:

Available-for-sale securities

	Millions of yen						Thousands of U.S. dollars		
	2015			2014			2015		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:									
Equity securities	¥15,704	¥33,816	¥18,112	¥14,848	¥25,602	¥10,754	$130,867	$281,800	$150,933
Others	—	—	—	—	—	—	—	—	—
Total	¥15,704	¥33,816	¥18,112	¥14,848	¥25,602	¥10,754	$130,867	$281,800	$150,933
Other securities:									
Equity securities	¥ 1,833	¥ 1,705	¥ (128)	¥ 2,598	¥ 2,334	¥ (264)	$ 15,275	$ 14,208	$ (1,067)
Others	—	—	—	—	—	—	—	—	—
Total	¥ 1,833	¥ 1,705	¥ (128)	¥ 2,598	¥ 2,334	¥ (264)	$ 15,275	$ 14,208	$ (1,067)

2. Total sales of available-for-sale securities for the year ended March 31, 2015 amounted to ¥105 million ($875 thousand), and the related total gain amounted to ¥91 million ($758 thousand). Total sales of available-for-sale securities for the year ended March 31, 2014 amounted to ¥35 million, and the related total gain and loss amounted to ¥12 million and ¥0 million, respectively.

Note 12: Employees' Severance and Pension Benefits

Breakdown related to retirement benefit plans for the year ended March 31, 2015 and 2014 was as follows:

1. Defined benefit plans

(1) Movements in retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of year	¥32,949	¥33,262	$274,575
Cumulative effects of changes in accounting policies	(1,881)	—	(15,675)
Currently stated balance, at beginning of year	31,068	33,262	258,900
Service cost	1,796	1,559	14,967
Interest cost	369	280	3,075
Actuarial loss (gain)	(329)	(1,463)	(2,742)
Benefits paid	(1,231)	(947)	(10,258)
Other	339	258	2,825
Balance at end of year	¥32,012	¥32,949	$266,767

(2) Movements in plan assets

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of year	¥31,858	¥27,808	$265,483
Expected return on plan assets	893	774	7,442
Actuarial loss (gain)	1,392	1,104	11,600
Contributions paid by the employer	2,615	2,621	21,792
Benefits paid	(1,201)	(947)	(10,008)
Other	486	498	4,049
Balance at end of year	¥36,043	¥31,858	$300,358

(3) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Funded retirement benefit obligations	¥31,993	¥32,934	$266,608
Plan assets	36,043	31,858	300,358
	(4,050)	1,076	(33,750)
Unfunded retirement benefit obligations	18	16	150
Total net liability (asset) for retirement benefits	¥ (4,032)	¥ 1,092	$ (33,600)
Net defined benefit liability	716	1,292	5,967
Net defined benefit asset	4,748	200	39,567
Total net liability (asset) for retirement benefits	¥ (4,032)	¥ 1,092	$ (33,600)

(4) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥1,796	¥1,559	$14,967
Interest cost	369	280	3,075
Expected return on plan assets	(893)	(774)	(7,442)
Net actuarial loss amortization	1,147	1,601	9,558
Total retirement benefit costs	¥2,419	¥2,666	$20,158

(5) Remeasurements of defined benefit plans in other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Actuarial gains and losses	¥2,868	¥—	$23,900
Total balance	¥2,868	¥—	$23,900

(6) Remeasurements of defined benefit plans in accumulated comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Actuarial gains and losses that are yet to be recognized	¥(1,140)	¥(4,008)	$(9,500)
Total balance	¥(1,140)	¥(4,008)	$(9,500)

(7) Plan assets

1. Plan assets comprise:

	2015	2014
Bonds	50%	44%
Equity securities	28%	32%
Cash and cash equivalents	3%	3%
Life insurance company general accounts	19%	21%
Total	100%	100%

2. Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(8) Actuarial assumptions

The principal actuarial assumptions at March 31, 2015 and 2014 were as follows:

	2015	2014
Discount rate	0.9%~1.3%	0.9%
Long-term expected rate of return	3.0%	3.0%

The Group does not take into account an expected pay raise rate in calculating retirement benefit costs.

2. Defined contribution plans

Contributions paid by the Company and its consolidated subsidiaries to defined contribution plans for the fiscal year ended March 31, 2015 and 2014 amounted to ¥719 million ($5,992 thousand) and ¥613 million, respectively.

Note 13: Consolidated Statements of Comprehensive Income

Amounts reclassified as net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the year ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Valuation difference on available-for-sale securities:			
Increase (decrease) during the year	¥ 7,585	¥6,645	$63,208
Reclassification adjustments	(91)	(12)	(758)
Subtotal, before tax	7,494	6,633	62,450
Tax (expense) or benefit	(1,996)	(2,260)	(16,633)
Subtotal, net of tax	5,498	4,373	45,817
Foreign currency translation adjustment:			
Increase (decrease) during the year	3,452	4,465	28,766
Remeasurements of defined benefit plans:			
Increase (decrease) during the year	1,974	—	16,450
Reclassification adjustments	894	—	7,450
Subtotal, before tax	2,868	—	23,900
Tax (expense) or benefit	—	—	—
Subtotal, net of tax	2,868	—	23,900
Total other comprehensive income	¥11,818	¥8,838	$98,483

Note 14: Business Combinations

Business combinations involving entities or operations of entities under common control

Summary of company split in connection with a change to the holding company structure is as follows:

1. Summary of business combination

(1) Business activities targeted, successor company and date of business combination

Business activities targeted	Successor company	Date of business combination
Semiconductor equipment related business	SCREEN Semiconductor Solutions Co., Ltd.	October 1, 2014
Measurement system related business	SCREEN Semiconductor Solutions Co., Ltd.	November 1, 2014
Graphic arts equipment and PCB-related equipment business	SCREEN Graphic and Precision Solutions Co., Ltd.	November 1, 2014
FPD equipment and other equipment related business	SCREEN Finetech Solutions Co., Ltd.	November 1, 2014
Manufacturing support and manufacturing contracting operations	SCREEN Manufacturing Support Solutions Co., Ltd.	November 1, 2014
Shared administration services operations (Operations related to general affairs, accounting, human resources and information systems)	SCREEN Business Support Solutions Co., Ltd.	November 1, 2014

(2) Legal form of business combination

The method employed was an absorption-type company split, whereby with the Company as the splitting company and with the five wholly owned subsidiaries, SCREEN Semiconductor Solutions Co., Ltd., SCREEN Graphic and Precision Solutions Co., Ltd., SCREEN Finetech Solutions Co., Ltd., SCREEN Manufacturing Support Solutions Co., Ltd. and SCREEN Business Support Solutions Co., Ltd. as the successor companies.

The Company changed to a holding company structure as of October 1, 2014 and changed its company name from "Dainippon Screen Mfg. Co., Ltd." to "SCREEN Holdings Co., Ltd."

(3) Purpose of business combination

The SCREEN Group initiated "Challenge2016," a new medium-term three-year management plan, in April 2014. Under this medium-term three-year management plan, we will endeavor to further promote reform of the earnings structure, shift to a high earnings structure and rapidly commercialize new business domains. In order to achieve the goal of this "Challenge2016," we changed to a pure holding company structure so as to grant clear responsibility and authority to each business and to enable flexible and bold management decisions under the strong control of the holding company. The Company aims to maximize the corporate value of the SCREEN Group. As a holding company we will do this by performing such functions as formulating integrated and flexible strategies for the entire group, optimally allocating management resources, and monitoring the status of business execution at subsidiaries while maintaining and developing the core technologies that are the source of our corporate group value, as well as by developing a strategic and clear management organization.

2. Summary of accounting method employed

This company split was accounted for as business combinations involving entities or operations of entities under common control in accordance with the Accounting Standards for Business Combination (ASBJ Statement No. 21, December 26, 2008) and Guidance on Accounting Standards for Business Combination and Business Divestiture, etc. (ASBJ Guidance No. 10, December 26, 2008).

Note 15: Office Transfer Expenses

Under the office transfer plan, overseas subsidiaries recorded office transfer expenses of ¥364 million ($3,033 thousand) which included impairment loss for assets expected to be unavailable and premium severance pay in other expenses.

Independent Auditor's Report

To the Board of SCREEN Holdings Co., Ltd.:

We have audited the accompanying consolidated financial statements of SCREEN Holdings Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statement of operations, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of SCREEN Holdings Co., Ltd. and its consolidated subsidiaries as at March 31, 2015, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

KPMG AZSA LLC
June 25, 2015
Kyoto, Japan

Corporate Data (As of March 31, 2015)

Company Name: SCREEN Holdings Co., Ltd.
Established: October 11, 1943
Representative Directors: Akira Ishida, Chairman and CEO
Eiji Kakiuchi, President and COO
Capital: ¥54 billion
Employees: 5,082 employees (Consolidated)
Major Business and Manufacturing Sites: Head Office, Rakusai (WHITE CANVAS RAKUSAI), Kumiyama, Yasu, Hikone, Taga, Kudan and Monzennakacho (WHITE CANVAS MON-NAKA)

Consolidated Companies (As of March 31, 2015)

Overseas

North America
D.S. North America Holdings, Inc. / DNS Electronics, LLC / Dainippon Screen Graphics (USA), LLC / Silicon Light Machines Corporation

Europe
Inca Digital Printers Ltd. / Dainippon Screen (Deutschland) GmbH / Dainippon Screen Unterstuetzungskasse GmbH / Dainippon Screen Ireland Ltd. / Dainippon Screen Electronics France Sarl / Laser Systems & Solutions of Europe SASU / Dainippon Screen Italy S.R.L. / Dainippon Screen Israel Ltd. / Dainippon Screen (Nederland) B.V.

Asia & Oceania
Dainippon Screen Electronics (Shanghai) Co., Ltd. / Dainippon Screen (China) Ltd. / Screen Media Technology Ltd. / Dainippon Screen MT (Hangzhou) Co., Ltd. / Dainippon Screen (Korea) Co., Ltd. / Dainippon Screen Electronics (Taiwan) Co., Ltd. / DNS Feats (Taiwan) Co., Ltd. / Dainippon Screen (Taiwan) Co., Ltd. / Dainippon Screen Singapore Pte. Ltd. / Dainippon Screen (Australia) Pty. Ltd.

Domestic

SCREEN Semiconductor Solutions Co., Ltd. / SCREEN Graphic and Precision Solutions Co., Ltd. / SCREEN Finetech Solutions Co., Ltd. / SCREEN Manufacturing Support Solutions Co., Ltd. / SCREEN Business Support Solutions Co., Ltd. / Tech In Tech Co., Ltd. / SEBACS Co., Ltd. / Quartz Lead Co., Ltd. / FASSE Co., Ltd. / Scientific and Semiconductor Manufacturing Equipment Recycling Co., Ltd. / Media Technology Japan Co., Ltd. / MT Service Japan East Co., Ltd. / MT Service Japan West Co., Ltd. / MEBACS Co., Ltd. / FEBACS Co., Ltd. / S. Ten Nines Kyoto Co., Ltd. / Tec Communications Co., Ltd. / DS Finance Co., Ltd. / INITOUT Japan Co., Ltd. / TRANSUP Japan Co., Ltd. / Link Ring Japan Co., Ltd. / GERANT Co., Ltd. / EMD Corporation / SCREEN KUMAMOTO Co., Ltd. / MIXA Co., Ltd.*

* MIXA Co., Ltd. was changed from an affiliated company accounted for by the equity method to an unconsolidated subsidiary accounted for by the equity method during the fiscal year ended March 31, 2015.

Note: Overseas group companies changed their trade names effective from April 1, 2015 in connection with the change to holding company structure. For details, see http://www.screen.co.jp/eng/press/NR150227-2E.html

Stock Information (As of March 31, 2015)

Stock Information

Authorized Number of Shares: 900,000,000
Number of Shares Issued: 253,974,333
Number of Shareholders: 11,577
Number of Shares Held by Non-Japanese Companies and Individuals: 68,741,237 (27.06%)
Listings: Tokyo
Code Number: 7735

Major Shareholders

Major Shareholders	Number of shares (thousands)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,244	9.15
Japan Trustee Services Bank, Ltd. (Trust Account)	16,286	6.41
Nippon Life Insurance Company	9,153	3.60
The Bank of Kyoto, Ltd.	6,730	2.65
SCREEN's Business Partners Shareholders' Association Synchronize	4,647	1.83
Resona Bank, Limited	4,562	1.79
The Shiga Bank, Ltd.	4,241	1.67
STATE STREET BANK AND TRUST COMPANY 505223	4,191	1.65
STATE STREET BANK AND TRUST COMPANY 505001	4,079	1.60
SCREEN's Employees Shareholders' Association	3,948	1.55

Note: Figures exclude 16,642,614 (6.55%) shares of treasury stock held by SCREEN Holdings Co., Ltd.

Bank References

The Bank of Tokyo-Mitsubishi UFJ, Ltd. / Resona Bank, Ltd. / The Bank of Kyoto, Ltd. / The Shiga Bank, Ltd. / Development Bank of Japan Inc.

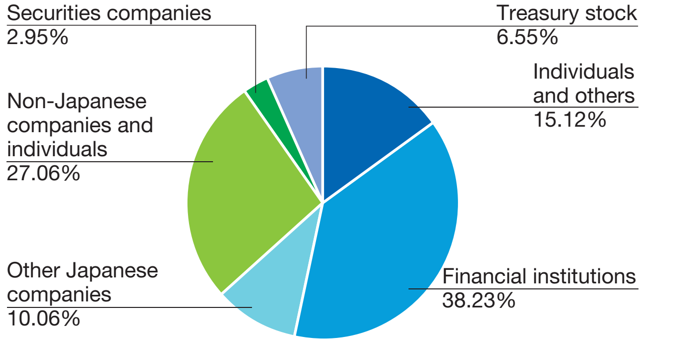
Underwriter

Nomura Securities Co., Ltd.

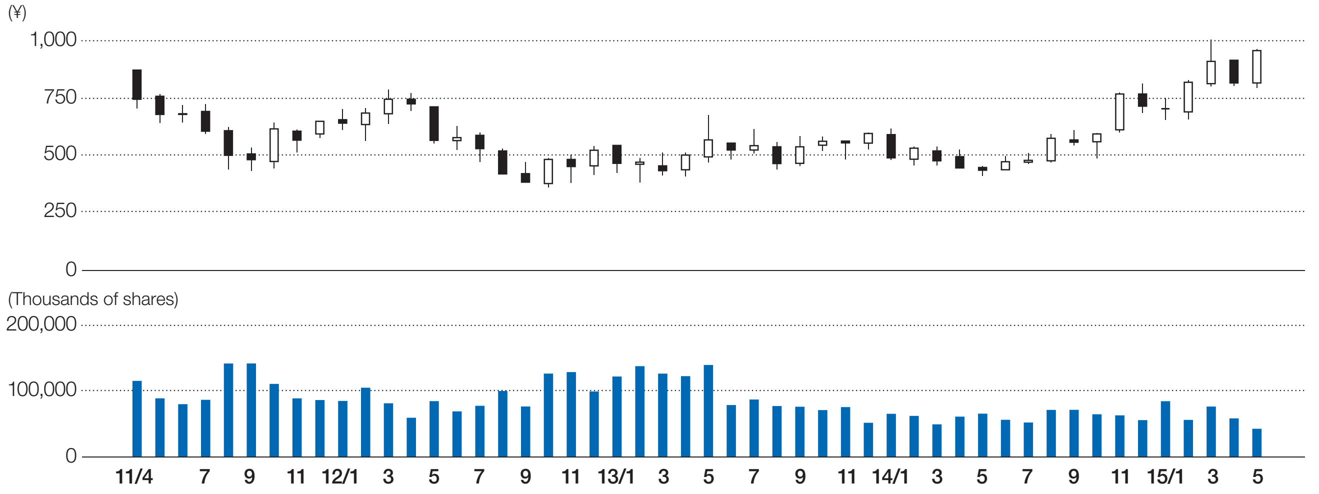
Sub-Underwriters

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Daiwa Securities Co. Ltd.

Breakdown by Type of Shareholder



Stock Price Range and Turnover



SCREEN Holdings Co., Ltd.

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