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

August 11, 2008

CONSOLIDATED FINANCIAL REPORT FOR THE FIRST QUARTER ENDED JUNE 30, 2008

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

Representative: President Masahiro Hashimoto
For further information contact: General Manager of International Accounting Strategy Department Mitsuji Tatsumi
Tel: +81-75-414-7155

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

PERFORMANCE FOR THE FIRST QUARTER ENDED JUNE 30, 2008 (Apr. 1, 2008-Jun. 30, 2008)

(1)Business Result

(Millions of yen, except per share figures)

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
First quarter ended Jun. 30, 2008	**¥ 52,063**	**— %**	**¥ (834)**	**— %**	**¥ (1,169)**	**— %**
First quarter ended Jun. 30, 2007	69,459	-0.9	4,578	-45.6	4,378	-42.6

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First quarter ended Jun. 30, 2008	**¥ (3,052)**	**— %**	**¥ (12.86)**	**¥ —**
First quarter ended Jun. 30, 2007	2,133	-55.5	8.69	8.04

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

(2) Financial Position

(Millions of yen, except per share figures)

	Total Assets	Net Assets	Equity Ratio(%)	Net Assets per Share of Common Stock (Yen)
Jun. 30, 2008	**¥ 298,976**	**¥ 118,742**	**39.5 %**	**¥ 497.08**
Mar. 31, 2008	291,114	122,874	41.9	514.26

Note: Equity as end of period
First quarter ended Jun. 30, 2008: ¥118,013 million
Fiscal year ended Mar. 31, 2008: ¥122,093 million

CASH DIVIDENDS

(Millions of yen, except per share figures)

	Cash Dividends per Share				
Record date	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Annual
Fiscal year ended Mar. 31, 2008	—	—	—	¥10.00	¥10.00
Fiscal year ending Mar. 31, 2009	—	————	————	————	————
Fiscal year ending Mar. 31, 2009 (Forecast)	————	—	—	5.00	5.00

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

FORECAST OF BUSINESS RESULTS FOR FISCAL YEAR ENDING MARCH 31, 2009

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

	Net Sales	Percentage Change	Operating Income	Percentage Change
Six months period ending Sept. 30, 2008	¥123,000	— %	¥ 3,800	— %
Fiscal year ending Mar. 31, 2009	273,000	-2.4	12,700	-13.2

	Ordinary Income	Percentage Change	Net Income	Percentage Change	Net Income per Share (Yen)
Six months period ending Sept. 30, 2008	¥1,200	— %	¥ (1,600)	— %	¥ (6.74)
Fiscal year ending Mar. 31, 2009	9,500	26.0	3,200	-30.1	13.48

Note: Revision of business forecast in the first quarter under review: No

Others

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

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

(3) Changes of accounting rules, procedures and presentations etc. for consolidated financial statements
1. Changes accompanied by revision of accounting standard etc.: Yes
2. Changes other than 1. : Yes

(4) Number of shares outstanding
1. Number of shares outstanding as of end of period (including treasury stock)
Fiscal year ended Jun. 30, 2008: 253,974,333 shares   Fiscal year ended Mar. 31, 2008: 253,974,333 shares
2. Number of treasury stock as of end of period
Fiscal year ended Jun. 30, 2008: 16,559,218 shares   Fiscal year ended Mar. 31, 2008: 16,560,577 shares
3. Average number of shares outstanding
Fiscal year ended Jun. 30, 2008: 237,415,218 shares   Fiscal year ended Jun. 30, 2008: 245,438,367 shares

*Notes concerning the use of business forecasts

1. Starting from the first quarter of the fiscal year ending March 31, 2009, “Accounting Standard for Quarterly Financial Reporting” and “Guidance on Accounting Standard for Quarterly Financial Reporting” has been implemented.

2. The quarterly consolidated financial statements are prepared in accordance with “The Rules for Quarterly Financial Reporting. ”The statements related to the outlook for future business results in this document are made in accordance with currently available information and rational assumptions. However, it should be noted that actual results could differ significantly due to several factors.

[Qualitative Information, Financial Statements and Other]

1. Qualitative information regarding the status of consolidated business results

During the first quarter of the fiscal year ending March 31, 2009, the three-month period from April 1, 2008 to June 30, 2008, a downturn in the global economy became increasingly evident. Despite continued economic growth in certain newly emerging countries, weak global conditions were attributable to the effects of the sub-prime loan crisis and sharp hikes in the prices of raw materials including crude oil. On the domestic front, export activity and production in Japan contracted due mainly to concerns in connection with a slowdown in the U.S. economy. Buffeted by a drop in corporate sector earnings, triggered by upswings in the prices of raw materials and weak consumer sentiment reflecting increases in consumer prices, the Japanese economy increasingly exhibited signs of a decline.

Against this backdrop, conditions in the Dainippon Screen Group's principal fields of activity were mixed. In the flat panel display (FPD) industry, for example, capital expenditure by LCD panel manufacturers began to recover. In the semiconductor industry, however, capital expenditure by semiconductor manufacturers, which fell during the second half of the previous fiscal year, remained weak, reflecting deterioration in the balance between supply and demand resulting in a drop in the price of memory products.

Turning to the Dainippon Screen Group's performance for the first quarter of the fiscal year under review, while sales of its FPD production equipment grew year on year, results in its mainstay semiconductor production equipment declined substantially. As a result, the Dainippon Screen Group's net sales for the first quarter of the fiscal year ending March 31, 2009 contracted ¥17,396 million, or 25.0%, year on year to ¥52,063 million. From a profit and loss perspective, we incurred an operating loss of ¥834 million compared with operating income totaling ¥4,578 million in the same period of the previous fiscal year.

Looking at nonoperating income and expenses, major components were an increase in exchange gains on foreign currency transactions in nonoperating income and an increase in equity losses in affiliates in nonoperating expenses. Accounting for these factors, the Dainippon Screen Group reported an ordinary loss of ¥1,169 million compared with ordinary income of ¥4,378 million in the same period of the previous fiscal year. Pursuant to the application of the "Accounting Standard for Measurement of Inventories," the Dainippon Screen Group posted an extraordinary expense of ¥2,426 million representing a loss on the write down of inventories at the beginning of the period.

Based on these results, we reported a net loss of ¥3,052 million compared with net income totaling ¥2,133 million in the same period of the previous fiscal year.

Business results by business segment are provided as follows.

The Electronic Equipment and Components Segment

In semiconductor production equipment of the Group's Electronic Equipment and Components segment, sales declined substantially compared with the same period of the previous fiscal year. This was mainly attributable to continued cutbacks in capital expenditure by semiconductor manufacturers, which began in the second half of the previous fiscal year triggered by the drop in memory prices. By product, sales of single-wafer cleaning equipment remained relatively firm. Sales of batch-type cleaning equipment, on the other hand, fell significantly, while sales of coater/developers produced on consignment for an affiliated company also declined. In FPD production equipment, results mainly of LCD coater/developers grew substantially compared with the same period of the previous fiscal year, buoyed by the resumption of capital expenditure by LCD panel manufacturers. Weak capital expenditure by printed circuit board (PCB) manufacturers, however, led to a year-on-year drop in sales of other electronic equipment. Based on these results, sales in the Electronic Equipment and Components segment fell ¥18,432 million, or 33.1%, compared with the same period of the previous fiscal year to ¥37,209 million. In the period under review, the Dainippon Screen Group posted an operating loss of ¥1,368 million in this segment, compared with operating income of ¥4,046 million in the three-month period ended June 30, 2007.

The Graphic Arts Equipment Segment

Sales of computer-to-plate (CTP)-related equipment grew year on year mainly overseas. Sales of digital printing equipment that features print-on-demand (POD) capabilities also contributed to results, while industrial-use large-format inkjet printer sales increased compared with the same period of the previous fiscal year. As a result, sales in the Graphic Arts Equipment segment climbed ¥1,211million, or 9.2%, year on year to ¥14,417 million. Operating income also rose ¥94 million, or 23.8%, to ¥492 million.

The Other Segment

Sales in the Other segment decreased ¥175 million, 28.7%, compared with the same period of the previous fiscal year to ¥436 million. Operating income declined ¥93 million, or 69.1%, year on year to ¥41 million.

2. Qualitative information regarding changes in consolidated financial position

As of June 30, 2008, total assets stood at ¥298,976 million, an increase of ¥7,861 million, or 2.7%, compared with March 31, 2008. In current assets, cash and time deposits as well as inventories rose ¥5,514 million and ¥8,975 million, respectively, while trade notes and accounts receivable declined ¥18,390 million reflecting the drop in net sales. Lease investment assets (receivables) relating to subleasing, leased assets and lease obligations increased by ¥1,528 million, ¥8,367 million and ¥10,347 million, respectively, reflecting the application of “Accounting Standard for Lease Transactions”,

Equity, the balance of net assets less minority interests, stood at ¥118,013 million, a decrease of ¥4,080 million, or 3.3%, compared with March 31, 2008. Principal movements included an upswing in net unrealized holding gains on securities due to the appreciation in market values of stockholdings and a decrease in retained earnings of ¥5,546 million owing to net losses incurred for the period under review and cash dividends paid.

As a result, the equity ratio decreased 2.4 percentage points from 41.9% as of March 31, 2008 to 39.5%.

Status of Cash Flows

In the period under review, major cash inflows including depreciation and amortization, decrease in accounts receivable and increase in accounts payable exceeded principal cash outflows such as increase in inventories, loss before income taxes and income taxes paid. As a result, net cash provided by operating activities amounted to ¥3,081 million compared with net cash used in operating activities of ¥7,875 million for the first quarter of the fiscal year ended March 31, 2008.

Net cash used in investing activities totaled ¥2,950 million, compared with ¥5,385 million in the same period of the previous fiscal year. This reflects payment of construction expenses for the new Process Technology Center for semiconductor manufacturing processes and the Welfare Center for employees during the fiscal year ended March 31, 2008.

Dainippon Screen paid cash dividends and repaid long-term debt. At the same time, the Company procured funds through short-term debt. As a result, net cash provided by financing activities was ¥5,116 million, compared with ¥11,890 million in the same period of the previous fiscal year.

Accounting for the aforementioned activities, cash and cash equivalents at the end of the period under review increased ¥5,723 million from March 31, 2008 to ¥30,703 million.

3. Qualitative information regarding consolidated business results forecasts

Looking at the future economic environment, a continued downturn is forecast due mainly to persistent sharp hikes in raw material prices including crude oil and financial market instability mainly in Europe and the United States. In the semiconductor industry, Dainippon Screen is expected to confront a harsh operating environment. While device prices had appeared to have temporarily bottomed out, growing concerns of a slump in semiconductor demand has forced semiconductor manufacturers to adopt a cautious stance toward future capital expenditure.

In spite of severe operating surroundings, the business results for the first quarter of the fiscal year ending Mar. 31, 2009 were basically as we had expected. Therefore, the business forecasts remain unchanged from the previously announced forecast on May 12, 2008.

The business forecasts are made in accordance with currently available information and rational assumptions. However, it should be noted that actual results could differ significantly due to severe factors.

4. Other

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

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

a. Simplified accounting methods:

1) Calculation method for estimating bad debt losses on general receivables

Recognizing that no significant changes have arisen with regard to the bad debt loss ratios as of June 30, 2008 and March 31, 2008, the actual bad debt loss ratio as of March 31, 2008 has been used to calculate estimated bad debt losses on general receivables.

2) Inventory valuation methods

Regarding calculating the value of inventory at the end of quarterly consolidated fiscal periods, no physical inventory count is taken. Instead, an inventory valuation is computed using a reasonable method based on the physical inventory taken for the prior consolidated fiscal year.

3) Depreciation of fixed assets

Fixed assets depreciated using the declining balance method have been calculated based on the pro rata amount of depreciation for the fiscal quarter derived from the depreciation amount for the fiscal year.

b. Accounting methods specific to the preparation of quarterly consolidated financial statements:

Calculation of income taxes

Income tax amount is calculated principally by multiplying reasonably estimated annual effective tax rate through the first quarter ended June 2008, with the effects of deferred taxes reflected, by the amount of year-to-date income before income taxes.

The provision for income taxes is presented inclusive of the provision for income taxes—deferred.

(3) Changes in principles, procedures, and presentation etc. of accounting method related to the preparation of quarterly consolidated financial statements:

a. Application of the "Accounting Standard for Quarterly Financial Reporting"

The "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan [ASBJ] Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) are applied from the current year ending March 31, 2009. The quarterly consolidated financial statements are prepared in accordance with "Rules for Quarterly Consolidated Financial Statements."

b. Changes in evaluation standards and methods for important assets

Inventory Assets

Previously, Dainippon Screen and its domestic consolidated subsidiaries stated inventories held for sale in the ordinary course of business mainly at cost determined principally by the first-in, first-out method or the specific identification method. Effective from the first quarter of the fiscal year ending March 31, 2009, however, Dainippon Screen and its domestic consolidated subsidiaries have adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 issued on July 5, 2006). Accordingly, inventories are stated at cost determined principally by the first-in, first-out method or the specific identification method (marking down the book value of balance sheet amounts in line with profitability decrease). Accordingly, operating loss and ordinary loss increased by ¥243 million and net loss before income taxes increased by ¥2,670 million, respectively. The impact on segment information is noted in the corresponding section.

c. Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Starting from the first quarter under review, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18 issued on May 17, 2006) has been adopted and the necessary adjustments have been made for consolidation. Accordingly, operating loss decreased by ¥13 million and ordinary loss and net loss before income taxes increased by ¥2 million, respectively. The impact on segment information is noted in the corresponding section.

d. Application of the "Accounting Standard for Lease Transactions"

As for Dainippon Screen and its domestic consolidated subsidiaries, finance lease transactions without title transfer were formerly accounted for as operating leases. On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, the "Accounting Standard for Lease Transactions," which revised the former accounting standard for lease transactions issued on June 17, 1993, and ASBJ Guidance No. 16, the "Guidance on Accounting Standard for Lease Transactions," which revised the former guidance issued on January 18, 1994. The revised accounting standard is permitted to be adopted for fiscal years beginning on or after April 1, 2008. Accordingly, the revised accounting standard has been applied from the first quarter ended June 30, 2008. The revised accounting standard requires that all finance lease transactions shall be capitalized. In addition, leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value.

Accordingly, operating loss decreased by ¥25 million and ordinary loss and net loss before income taxes increased by ¥129 million, respectively. The impact on segment information is noted in the corresponding section.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Jun. 30, 2008	Mar. 31, 2008
ASSETS		
Current assets:		
Cash and time deposits	**¥ 31,761**	¥ 26,247
Trade notes and accounts receivable	**67,403**	85,793
Merchandise and finished products	**35,745**	30,898
Work in process	**41,549**	36,482
Raw materials and supplies	**5,610**	6,548
Deferred tax assets	**7,194**	6,771
Other	**7,931**	5,011
Allowance for doubtful receivables	**(707)**	(765)
Total current assets	**196,489**	196,988
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	**55,672**	55,120
Machinery, equipment and other	**31,867**	31,030
Other	**28,747**	22,108
Accumulated depreciation and impairment	**(61,221)**	(59,191)
Total property, plant and equipment	**55,064**	49,069
Intangible fixed assets:		
Goodwill	**2,049**	2,295
Other	**1,956**	692
Total intangible fixed assets	**4,006**	2,988
Investments and other assets:		
Investments in securities	**37,407**	35,714
Other	**6,149**	6,496
Allowance for doubtful receivables	**(140)**	(143)
Total investments and other assets	**43,416**	42,067
Total fixed assets	**102,486**	94,125
Total assets	**298,976**	291,114

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Jun. 30, 2008	Mar. 31, 2008
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	**¥ 76,403**	¥ 74,546
Short-term debt	**21,067**	12,252
Current portion of long-term debt	**4,019**	4,028
Lease obligations	**2,219**	—
Accrued income taxes	**879**	2,174
Construction notes payable	**1,482**	2,611
Accrued bonuses to directors	**25**	95
Accrued product warranty costs	**3,778**	4,101
Other	**20,050**	23,891
Total current liabilities	**129,926**	123,702
Long-term liabilities:		
Notes	**17,000**	17,000
Convertible notes with stock acquisition rights	**14,999**	14,999
Long-term debt	**7,532**	8,645
Lease obligations	**8,127**	—
Accrued pension and severance costs	**1,172**	1,497
Allowances for retirement benefits for directors and corporate auditors	**142**	152
Reserve for loss on guarantees	**79**	84
Other	**1,253**	2,158
Total long-term liabilities	**50,307**	44,537
Total liabilities	**180,234**	168,239
NET ASSETS		
Shareholders' equity:		
Common stock	**54,044**	54,044
Capital surplus	**30,175**	30,176
Retained earnings	**43,842**	49,389
Treasury stock	**(12,236)**	(12,238)
Total shareholders' equity	**115,826**	121,372
Valuation gain/loss, translation gain/loss, etc:		
Net unrealized holding gains on securities	**7,491**	6,347
Deferred hedge income and loss	**(3)**	(6)
Foreign currency translation adjustments	**(5,300)**	(5,619)
Total valuation gain/loss, translation gain/loss, etc.	**2,187**	721
Minority interests:		
Minority interests	**728**	781
Total net assets	**118,742**	122,874
Total liabilities and net assets	**298,976**	291,114

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Apr.1, 2008 – Jun. 30, 2008
Net sales	¥ 52,063
Cost of sales	39,003
Gross profit	13,060
Selling, general and administrative expenses	13,894
Operating loss	(834)
Nonoperating income:	
Interest income	65
Dividend income	258
Exchange gains on foreign currency transactions	383
Other	520
Total nonoperating income	1,227
Nonoperating expenses:	
Interest expenses	363
Loss on sale of notes receivable	40
Equity in losses of affiliates	860
Other	298
Total nonoperating expenses	1,562
Ordinary loss	(1,169)
Extraordinary income:	
Gain on change in equity	14
Reversal of provision for loss on garantees	4
Total extraordinary income	18
Extraordinary expenses:	
Loss on revaluation of inventories	2,426
Total extraordinary expenses	2,426
Loss before income taxes	(3,577)
Provision for income taxes	(539)
Minority interests in net income of consolidated subsidiaries	14
Net loss	(3,052)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Apr.1,2008–Jun.30, 2008
Cash flows from operating activities:	
Loss before income taxes	¥ (3,577)
Depreciation and amortization	2,161
Amortaization of goodwill	245
Equity in losses (gains) of affiliates	860
(Decrease) increase in accrued pension and severance costs	(324)
(Decrease) increase in accrued bonuses to directors	(70)
(Decrease) increase in accrued product warranty costs	(355)
Interest and dividend income	(323)
Interest expenses	363
Decrease (increase) in trade notes and accounts receivable	18,613
(Increase) decrease in inventories	(8,568)
(Increase) decrease in other current assets	(773)
Increase (decrease) in notes and accounts payable	1,443
(Decrease) increase in accrued expenses	(1,416)
(Decrease) increase in other current liabilities	(2,589)
Other	(81)
Subtotal	5,607
Interest and dividend received	325
Interest paid	(278)
Contribution in connection with the shift to a defined contribution pension plan	(887)
Income taxes paid	(1,686)
Net cash provided by operating activities	3,081
Cash flows from investing activities:	
Decrease (increase) in time deposits, net	25
Acquisition of property, plant and equipment	(1,930)
Proceeds from sale of property, plant and equipment	55
Purchase of investments in securities	(3)
Other	(1,097)
Net cash used in investing activities	(2,950)
Cash flows from financing activities:	
Increase (decrease) in short-term debt, net	8,969
Repayment of long-term debt	(1,112)
Repayment of financial lease obligations	(359)
Increase in treasury stock, net	0
Cash dividends paid	(2,374)
Cash dividends paid to minority interests	(7)
Net cash provided by financing activities	5,116
Effect of exchange rate changes on cash and cash equivalents	567
Net increase (decrease) in cash and cash equivalents	5,815
Cash and cash equivalents at beginning of period	24,980
(Decrease) increase in cash and cash equivalents by changes of scope of consolidation	(91)
Cash and cash equivalents at end of period	30,703

SEGMENT INFORMATION

[Performance by Business Segment]

First quarter ended Jun. 30, 2008 (Millions of yen)

	Electronic Equipment and Components	Graphic Arts Equipment	Other	Total	Eliminations	Consolidated
Sales						
(1) Sales to outside customers	¥ 37,209	¥ 14,417	¥ 436	¥ 52,063	¥ —	¥ 52,063
(2) Intersegment sales and transfers	—	—	2,087	2,087	(2,087)	—
Total	37,209	14,417	2,523	54,150	(2,087)	52,063
Operating income (loss)	(1,368)	492	41	(834)	—	(834)

Notes

1. Segment classifications are by product lineup.
2. Principal products of each segment category are as follows:

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

Graphic Arts Equipment: CTP (printing and prepress related equipment), digital printing equipment, other printing and prepress related equipment, fonts, and maintenance and repair services.

Other: Leasing, printing, logistics services and other businesses.

3. Intersegment sales and transfers are primarily comprised of service sales by our logistics service subsidiary to Dainippon Screen Co., Ltd. and its Group companies.
4. Changes in accounting policies

(Changes in evaluation standards and methods for inventories)

As noted in [Qualitative Information, Financial Statements and Other] 4 (3) (b), previously, Previously, Dainippon Screen and its domestic consolidated subsidiaries stated inventories held for sale in the ordinary course of business mainly at cost determined principally by the first-in, first-out method or the specific identification method. Effective from the first quarter of the fiscal year ending March 31, 2009, however, Dainippon Screen and its domestic consolidated subsidiaries have adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 issued on July 5, 2006). Accordingly, inventories are stated at cost determined principally by the first-in, first-out method or the specific identification method (marking down the book value of balance sheet amounts in line with profitability decrease). Accordingly, operating income in the Electronic Equipment and Components, Graphic Arts and Other segment decreased by ¥215 million, ¥27 million and ¥0 million, respectively, compared with the previous accounting method.

(Application of the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”)

As noted in [Qualitative Information, Financial Statements and Other] 4 (3) (c), Starting from the first quarter under review, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18 issued on May 17, 2006) has been adopted and the necessary adjustments have been made for consolidation. Pursuant to the accounting policies, operating income in the Electronic Equipment and Components segment increased by ¥13 million and operating income in the Graphic Arts segment decreased by ¥0 million, compared with the previous accounting method.

(Application of the “Accounting Standard for Lease Transactions”)

As noted in [Qualitative Information, Financial Statements and Other] 4 (3) (d), As for Dainippon Screen and its domestic consolidated subsidiaries, finance lease transactions without title transfer were formerly accounted for as operating leases. On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, the “Accounting Standard for Lease Transactions,” which revised the former accounting standard for lease transactions issued on June 17, 1993, and ASBJ Guidance No. 16, the “Guidance on Accounting Standard for Lease Transactions,” which revised the former guidance issued on January 18, 1994. The revised accounting standard is permitted to be adopted for fiscal years beginning on or after April 1, 2008. Accordingly, the revised accounting standard has been applied from the first quarter ended June 30, 2008. The revised accounting standard requires that all finance lease transactions shall be capitalized. In addition, leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value. Accordingly, operating income in the Electronic Equipment and Components and Graphic Arts segment increased by ¥34 million and ¥3million, respectively, compared with the previous accounting method. In the Other segment, on the other hand, operating income decreased by ¥12.

SEGMENT INFORMATION

[Performance by Location]

First quarter ended Jun. 30, 2008 (Millions of yen)

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations	Consolidated
Sales							
(1)Sales to outside customers	¥ 34,538	¥ 6,622	¥ 5,872	¥ 5,029	¥ 52,063	¥ —	¥ 52,063
(2)Intersegment sales and transfers	10,331	(27)	1,302	127	11,734	(11,734)	—
Total	44,869	6,595	7,175	5,157	63,797	(11,734)	52,063
Operating income (loss)	(1,141)	43	615	(354)	(837)	2	(834)

Notes
1. Countries and regions are classified according to geographical proximity.
2. The countries and regions included in each segment are as follows:
   (1) North America: U.S.A.
   (2) Asia & Oceania: Singapore, China, Taiwan, South Korea, Australia
   (3) Europe: U.K., Germany, the Netherlands, France, Italy, Ireland, Israel
3. Changes in accounting policies

(Changes in evaluation standards and methods for inventories)

As noted in [Qualitative Information, Financial Statements and Other] 4 (3) (b), previously, Previously, Dainippon Screen and its domestic consolidated subsidiaries stated inventories held for sale in the ordinary course of business mainly at cost determined principally by the first-in, first-out method or the specific identification method. Effective from the first quarter of the fiscal year ending March 31, 2009, however, Dainippon Screen and its domestic consolidated subsidiaries have adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 issued on July 5, 2006). Accordingly, inventories are stated at cost determined principally by the first-in, first-out method or the specific identification method (marking down the book value of balance sheet amounts in line with profitability decrease). Accordingly, operating income decreased by ¥243 million in Japan, compared with the previous accounting method.

(Application of the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”)

As noted in [Qualitative Information, Financial Statements and Other] 4 (3) (c), Starting from the first quarter under review, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18 issued on May 17, 2006) has been adopted and the necessary adjustments have been made for consolidation. Pursuant to the accounting policies, operating income in Asia and Oceania decreased by ¥0 million while Europe increased by ¥13 million, compared with the previous accounting method.

(Application of the “Accounting Standard for Lease Transactions”)

As noted in [Qualitative Information, Financial Statements and Other] 4 (3) (d), As for Dainippon Screen and its domestic consolidated subsidiaries, finance lease transactions without title transfer were formerly accounted for as operating leases. On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, the “Accounting Standard for Lease Transactions,” which revised the former accounting standard for lease transactions issued on June 17, 1993, and ASBJ Guidance No. 16, the “Guidance on Accounting Standard for Lease Transactions,” which revised the former guidance issued on January 18, 1994. The revised accounting standard is permitted to be adopted for fiscal years beginning on or after April 1, 2008. Accordingly, the revised accounting standard has been applied from the first quarter ended June 30, 2008. The revised accounting standard requires that all finance lease transactions shall be capitalized. In addition, leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value. In addition, with respect to the depreciation method on leased assets in connection with financial leases with no transfer of ownership, the straight-line method over the lease period equal to durable year with no residual value has been adopted. Owing to this change, operating income increased by ¥25 million in Japan, compared with the previous accounting method.

[Overseas Sales]

First quarter ended Jun. 30, 2008 (Millions of yen)

	North America	Asia & Oceania	Europe	Other	Total
Overseas sales	¥ 6,983	¥ 22,158	¥ 5,376	¥ 1,608	¥ 36,127
Consolidated net sales					52,063
Overseas sales as a percentage of consolidated net sales	13.4 %	42.6 %	10.3 %	3.1 %	69.4 %

Notes
1. Overseas sales are sales to customers outside Japan by the Company and its consolidated subsidiaries.
2. Countries and regions are classified according to geographical proximity.
3. The countries and regions included in each segment are as follows:
   (1) North America: U.S.A., Canada
   (2) Asia & Oceania: Singapore, Malaysia, China, Taiwan, South Korea, Australia, India
   (3) Europe: U.K., Germany, the Netherlands, France, Belgium, Italy, Ireland, Northern Europe, Russia, Eastern Europe
   (4) Other: Africa, the Middle East, Latin America

[Reference]

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Apr.1, 2007 – Jun. 30, 2007
Net sales	**¥ 69,459**
Cost of sales	50,492
Gross profit before installment sales adjustment	18,967
Installment sales adjustment	0
Gross profit	**18,968**
Selling, general and administrative expenses	14,389
Operating income	**4,578**
Nonoperating income:	
Interest income	121
Dividend income	265
Housing rental income	79
Exchange gains on foreign currency transactions	110
Revenue from service contract	134
Other	341
Total nonoperating income	1,052
Nonoperating expenses:	
Interest expenses	161
Loss on sale of notes receivable	57
Equity in losses of affiliates	583
Loss on disposal of property, land and equipment	1
Other	449
Total nonoperating expenses	1,252
Ordinary income	**4,378**
Extraordinary income:	
Amortization of prior service cost	417
Total extraordinary income	417
Extraordinary expenses:	
Loss on investments in securities	3
Other	0
Total extraordinary expenses	4
Income before income taxes	**4,791**
Provision for income taxes—current	541
Provision for income taxes—deferred	2,102
Minority interests in net income of consolidated subsidiaries	13
Net income	**2,133**

[Reference]

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Apr.1, 2007 – Jun. 30, 2007
Operating activities:	
Income before income taxes	¥ 4,791
Depreciation and amortization	1,225
Amortaization of goodwill	245
Equity in losses of affiliates	583
Loss on investments in securities	3
Loss on disposal of property plant and equipment	1
Decrease in accrued pension and severance costs	(672)
Increase in accrued product warranty costs	398
Interest and dividend income	(386)
Interest expenses	161
Decrease (increase) in accounts receivable	10,183
Increase in inventories	(5,070)
Increase in other current assets	(154)
Increase (decrease) in accounts payable	(5,171)
Increase (decrease) in accrued expenses	(274)
Increase (decrease) in other current liabilities	(3,173)
Other, net	(157)
Subtotal	2,533
Interest and dividend received	387
Interest paid	(104)
Income taxes paid	(10,691)
Net cash used in operating activities	**(7,875)**
Investing activities:	
Increase in time deposits, net	(265)
Acquisition of property, plant and equipment	(5,381)
Proceeds from sale of property, plant and equipment	230
Purchase of investments in securities	(3)
Proceeds from sale of investments in securities	203
Other, net	(168)
Net cash used in investing activities	**(5,385)**
Financing activities:	
Increase (decrease) in short-term debt, net	15,807
Proceeds from long-term debt	900
Repayment of long-term debt	(1,114)
Increase in treasury stock, net	(8)
Cash dividends paid	(3,681)
Cash dividends paid to minority interests	(11)
Net cash provided by financing activities	**11,890**
Effect of exchange rate changes on cash and cash equivalents	**590**
Net increase (decrease) in cash and cash equivalents	**(780)**
Cash and cash equivalents at beginning of period	**33,990**
Cash and cash equivalents at end of period	**33,209**

[Reference]

SEGMENT INFORMATION

[Performance by Business Segment]

First quarter ended Jun. 30, 2007 (Millions of yen)

	Electronic Equipment and Components	Graphic Arts Equipment	Other	Total	Eliminations	Consolidated
Sales						
(1) Sales to outside customers	¥55,642	¥13,205	¥ 611	¥69,459	¥ —	¥69,459
(2)Intersegment sales and transfers	—	—	2,045	2,045	(2,045)	—
Total	55,642	13,205	2,657	71,505	(2,045)	69,459
Operating expenses	51,596	12,808	2,521	66,926	(2,045)	64,880
Operating income	4,046	397	135	4,578	—	4,578

Notes

1. Segment classifications are by product lineup.
2. Principal products of each segment category are as follows:
   Electronic Equipment and Components: Semiconductor production equipment, FPD production equipment, PCB production equipment, and maintenance and repair services.
   Graphic Arts Equipment: CTP (printing and prepress related equipment), digital printing equipment, other printing and prepress related equipment, fonts, and maintenance and repair services.
   Other: Leasing, printing, logistics services and other businesses.
3. Intersegment sales and transfers are primarily comprised of service sales by our logistics service subsidiary to Dainippon Screen Co., Ltd. And its Group companies.

[Performance by Location]

First quarter ended Jun. 30, 2007 (Millions of yen)

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations	Consolidated
Sales							
(1)Sales to outside customers	¥51,257	¥ 7,800	¥ 3,583	¥ 6,817	¥69,459	¥ —	¥69,459
(2)Intersegment sales and transfers	12,384	144	1,241	170	13,942	(13,942)	—
Total	63,642	7,945	4,825	6,988	83,401	(13,942)	69,459
Operating expenses	59,178	7,734	4,261	7,298	78,472	(13,592)	64,880
Operating income (loss)	4,463	211	564	(309)	4,928	(350)	4,578

Notes

1. Countries and regions are classified according to geographical proximity.
2. The countries and regions included in each segment are as follows:
   (1) North America: U.S.A.
   (2) Asia & Oceania: Singapore, China, Taiwan, South Korea, Australia
   (3) Europe: U.K., Germany, the Netherlands, France, Italy, Ireland, Israel

[Overseas Sales]

First quarter ended Jun. 30, 2007 (Millions of yen)

	North America	Asia & Oceania	Europe	Other	Total
Overseas sales	¥ 7,728	¥30,668	¥ 4,778	¥ 2,552	¥45,728
Consolidated net sales					69,459
Overseas sales as a percentage of consolidated net sales	11.1%	44.1%	6.9%	3.7%	65.8%

Notes

1. Overseas sales are sales to customers outside Japan by the Company and its consolidated subsidiaries.
2. Countries and regions are classified according to geographical proximity.
3. The countries and regions included in each segment are as follows:
   (1) North America: U.S.A., Canada
   (2) Asia & Oceania: Singapore, Malaysia, China, Taiwan, South Korea, Australia, India
   (3) Europe: U.K., Germany, the Netherlands, France, Belgium, Italy, Ireland, Northern Europe, Russia
   (4) Other: Africa, the Middle East, Latin America

Consolidated Financial Highlights for the First Quarter Ended Jun. 30, 2008

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

	FY2008 3months ended Jun. 30, 2007	FY2009 3months ended Jun. 30, 2008	Difference			FY2008 12months ended Mar.31,2008	FY2009 6months ending Sept. 30, 2008	FY2009 12months ending Mar. 31, 2009
	Result	Result		Amount	Percentage	Result	Forecast	Forecast
Net sales	¥ 69,459	¥ 52,063		¥ (17,396)	-25.0%	¥ 279,816	¥ 123,000	¥ 273,000
Operating income	4,578	(834)		(5,413)	—	14,627	3,800	12,700
[to net sales ratio]	6.6 %	-1.6 %		-8.2 pt	—	5.2 %	3.1 %	4.7 %
Ordinary income	4,378	(1,169)		(5,548)	—	7,540	1,200	9,500
[to net sales ratio]	6.3 %	-2.2 %		-8.5 pt	—	2.7 %	1.0 %	3.5 %
Net income	2,133	(3,052)		(5,186)	—	4,577	(1,600)	3,200
[to net sales ratio]	3.1 %	-5.9 %		-9.0 pt	—	1.6 %	-1.3 %	1.2 %
Total assets	317,000	298,976	*	7,861	2.7%	291,114	—	—
Net assets	134,588	118,742	*	(4,132)	-3.4%	122,874	—	—
Equity	133,871	118,013	*	(4,080)	-3.3%	122,093	—	—
Equity ratio	42.2 %	39.5 %	*	-2.4 pt	—	41.9 %	—	—
[excluds leases]	42.2 %	40.8 %	*	-1.1 pt	—	41.9 %	—	—
Net assets per share	545.45	497.08	*	(17.18)	-3.3%	¥ 514.26	—	—
Interest-bearing debt	63,879	74,965	*	18,041	31.7%	56,924	—	—
[excluds lease obligations]	63,879	64,618	*	7,694	13.5%	56,924	—	—
Cash flows from operating activities	(7,875)	3,081		—	—	7,934	—	—
Cash flows from investing activities	(5,385)	(2,950)		—	—	(16,509)	—	—
Cash flows from financing activities	11,890	5,116		—	—	669	—	—
Depreciation and amortization	1,225	2,161		935	76.3%	5,563	4,400	9,400
[excluds leases]	1,225	1,615		389	31.8%	5,563	3,300	7,300
Capital expenditures	3,369	712		(2,657)	-78.9%	12,866	3,400	6,700
[excluds lease assets]	3,369	584		(2,784)	-82.6%	12,866	2,800	5,200
R&D expenses	3,681	3,895		214	5.8%	16,247	8,800	18,000
Number of employees	4,995	5,150	*	109	2.2%	5,041	—	—
Number of consolidated subsidiaries	46	46	*	—	—	46	—	—
[Domestic]	[22]	[21]	*	[-1]	—	[22]	—	—
[Overseas]	[24]	[25]	*	[1]	—	[24]	—	—
Number of Affiliates	4	4	*	1	—	3	—	—
[Number of affiliates accounted for by equity method]	[3]	[4]	*	[1]	—	[3]	—	—

* shows changes in amount from Mar. 31, 2008

Note:

Starting from the first quarter of the fiscal year ending March 31, 2009, ASBJ Statement No.12 “Accounting Standard for Quarterly Financial Reporting” (ASBJ Accounting Standard No.12) and ASBJ Statement No.14 “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Accounting Standard Implementation Guidance No.14) have been implemented. The quarterly consolidated financial statements are prepared in accordance with “The Rules for Quarterly Financial Reporting.”

Sales Breakdown (Consolidated)

(Millions of yen)

		FY2008						FY2009		
		3months ended Jun. 30, 2007	3months ended Sept. 30, 2007	6months ended Sept. 30, 2007	3months ended Dec. 31, 2007	3months ended Mar. 31, 2008	12months ended Mar.31, 2008	3months ended Jun. 30, 2008	6months ending Sept. 30, 2008	12months ending Mar. 31, 2009
		Result	Result	Result	Result	Result	Result	Result	Forecast	Forecast
Electronic Equipment and Components										
Semiconductor Production Equipment	Domestic	10,963	14,155	25,119	8,539	11,367	45,026	6,363	—	—
	Overseas	35,702	38,180	73,882	22,101	32,712	128,696	17,467	—	—
	Total	46,665	52,336	99,001	30,641	44,080	173,723	23,830	58,000	135,000
FPD Production Equipment	Domestic	4,874	3,799	8,674	534	4,069	13,278	2,843	—	—
	Overseas	2,512	837	3,350	3,327	12,696	19,374	9,311	—	—
	Total	7,387	4,637	12,024	3,861	16,766	32,652	12,155	29,000	63,000
Other Electronic Equipment	Domestic	1,109	1,560	2,670	1,546	1,481	5,698	721	—	—
	Overseas	479	780	1,259	419	595	2,275	502	—	—
	Total	1,588	2,341	3,929	1,966	2,077	7,973	1,224	4,500	10,000
Total	Domestic	16,947	19,515	36,463	10,621	16,918	64,002	9,928	—	—
	Overseas	38,694	39,798	78,493	25,848	46,005	150,346	27,281	—	—
	Total	55,642	59,314	114,956	36,469	62,923	214,349	37,209	91,500	208,000
Graphic Arts Equipment										
Total	Domestic	6,182	7,710	13,892	6,091	8,919	28,903	5,593	—	—
	Overseas	7,023	7,978	15,002	8,909	10,112	34,023	8,824	—	—
	Total	13,205	15,689	28,894	15,000	19,032	62,927	14,417	30,500	63,000
Other										
Total	Domestic	601	793	1,394	464	449	2,308	414	—	—
	Overseas	10	19	29	8	192	230	22	—	—
	Total	611	812	1,424	472	642	2,538	436	1,000	2,000
Grand Total	Domestic	23,731	28,018	51,750	17,176	26,287	95,214	15,935	—	—
	Overseas	45,728	47,797	93,525	34,765	56,310	184,601	36,127	—	—
	Total	69,459	75,816	145,275	51,942	82,598	279,816	52,063	123,000	273,000
	Overseas Ratio	65.8%	63.0%	64.4%	66.9%	68.2%	66.0%	69.4%	—	—

Orders received & Order backlog (Consolidated)

		FY2008 3months ended Jun.30, 2007		FY2008 3months ended Sept.30, 2007		FY2008 3months ended Dec.31, 2007		FY2008 3months ended Mar. 31, 2008		FY2009 3months ended Jun. 30, 2008	
		Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog
Electronic Equipment and Components											
Semiconductor Production Equipment	Domestic	8,413	20,562	9,070	15,476	8,045	14,982	8,882	12,495	9,932	16,064
	Overseas	35,455	65,523	22,363	49,706	21,862	49,467	16,142	32,895	19,972	35,401
	Total	43,868	86,085	31,433	65,182	29,906	64,449	25,023	45,391	29,904	51,465
FPD Production Equipment	Domestic	1,279	7,716	1,798	5,715	2,224	7,405	4,940	8,276	12,120	17,553
	Overseas	5,032	11,732	19,104	29,998	9,271	35,942	22,421	45,666	16,738	53,093
	Total	6,311	19,448	20,902	35,713	11,495	43,347	27,362	53,942	28,859	70,646
Other Electronic Equipment	Domestic	976	740	2,199	1,378	1,251	1,083	1,628	1,229	992	1,500
	Overseas	915	701	151	72	565	223	654	280	490	268
	Total	1,891	1,441	2,350	1,450	1,816	1,306	2,282	1,509	1,482	1,768
Total	Domestic	10,668	29,018	13,068	22,570	11,519	23,470	15,450	22,000	23,044	35,117
	Overseas	41,403	77,956	41,619	79,776	31,698	85,632	39,217	78,841	37,200	88,762
	Total	52,072	106,974	54,685	102,345	43,217	109,101	54,667	100,842	60,246	123,879
Graphic Arts Equipment											
Total	Domestic	5,584	1,620	7,830	1,741	6,368	2,019	8,180	1,278	5,222	908
	Overseas	7,780	3,785	8,675	4,480	9,087	4,659	11,154	5,700	9,263	6,140
	Total	13,364	5,405	16,505	6,221	15,455	6,678	19,333	6,978	14,485	7,048
Other											
Total	Domestic	297	28	347	–	118	–	24	–	10	–
	Overseas	8	–	8	–	8	–	193	–	21	–
	Total	305	28	356	–	126	–	217	–	31	–
Grand Total	Domestic	16,549	30,666	21,245	24,311	18,005	25,489	23,654	23,278	28,276	36,025
	Overseas	49,191	81,741	50,302	84,256	40,793	90,291	50,563	84,541	46,484	94,901
	Total	65,740	112,407	71,547	108,566	58,798	115,780	74,218	107,819	74,762	130,926
	Overseas Ratio	74.8%	72.7%	70.3%	77.6%	69.4%	78.0%	68.1%	78.4%	62.2%	72.5%