

May 16, 2005

CONSOLIDATED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2005

Dainippon Screen Mfg. Co., Ltd. is listed on the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange with the securities code number 7735. The Company is headquartered in Kyoto.

(URL: <http://www.screen.co.jp/>)

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Board of Directors' Meeting for Approval of Business Results for the Fiscal Year Ended March 31, 2005: May 16, 2005
Adoption of U.S. GAAP: No

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

PERFORMANCE

(1) Business Results

(Millions of yen)

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Fiscal year ended Mar. 31, 2005	¥269,340	40.3%	¥25,291	163.5%	¥21,570	306.1%
Fiscal year ended Mar. 31, 2004	191,939	14.3	9,599	197.7	5,311	—

(Millions of yen, except per share figures)

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Return on Equity	Return on Assets (Ordinary Income Basis)	Return on Sales (Ordinary Income Basis)
Fiscal year ended Mar. 31, 2005	¥14,454	198.0%	¥59.88	¥52.58	16.4%	8.7%	8.0%
Fiscal year ended Mar. 31, 2004	4,850	—	23.04	18.29	7.9	2.3	2.8

Notes: 1. Equity in earnings of affiliates accounted for by the equity method:

Fiscal year ended Mar. 31, 2005: ¥(444) million

Fiscal year ended Mar. 31, 2004: ¥(11) million

2. Average number of shares outstanding (consolidated):

Fiscal year ended Mar. 31, 2005: 238,668,166 shares

Fiscal year ended Mar. 31, 2004: 208,439,184 shares

3. Changes in accounting policies: Yes

4. Percentages shown for net sales, operating income, ordinary income and net income are the rate of increase or decrease from the previous fiscal year.

(2) Financial Position

(Millions of yen, except per share figures)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio(%)	Shareholders' Equity per Share (Yen)
Mar. 31, 2005	¥256,397	¥99,218	38.7%	¥408.03
Mar. 31, 2004	240,512	77,434	32.2	334.93

Note: Number of shares issued as of end of period (consolidated):

Fiscal year ended Mar. 31, 2005: 242,765,035 shares

Fiscal year ended Mar. 31, 2004: 231,054,433 shares

(3) Cash Flows

(Millions of yen)

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents, End of Period
Fiscal year ended Mar. 31, 2005	¥22,301	¥(5,107)	¥(16,774)	¥32,646
Fiscal year ended Mar. 31, 2004	14,681	(82)	(10,156)	31,970

(4) Consolidated Subsidiaries and Application of the Equity Method

Number of consolidated subsidiaries: 41

Number of nonconsolidated subsidiaries accounted for by the equity method: 0

Number of affiliates accounted for by the equity method: 3

(5) Changes in Scope of Consolidation and Application of the Equity Method

1. New consolidated companies: 3

Consolidated companies removed: 0

2. New companies accounted for by the equity method: 1

Companies accounted for by the equity method removed: 0

FORECAST OF BUSINESS RESULTS FOR FISCAL YEAR ENDING MARCH 31, 2006

(Millions of yen)

	Net Sales	Ordinary Income	Net Income
Six-month period ending Sept. 30, 2005	¥103,400	¥4,700	¥4,500
Fiscal year ending Mar. 31, 2006	220,000	10,600	10,800

Reference: Estimated net income per share for the fiscal year: ¥44.49

The statements related to the outlook for future business results in this document are made in accordance with currently available information. However, it should be noted that actual results could differ significantly due to factors such as social and economic conditions, as well as related markets and technology trends.

See page 5 for information on the assumptions and conditions upon which the forecast above is based.

BUSINESS RESULTS AND FINANCIAL POSITION

1. Business Results

During the fiscal year ended March 31, 2005, the global economy was favorably driven by the U.S. economy, which continued to expand through consumer spending and capital expenditure, and the Chinese economy, which sustained high growth. Around the start of the second half of the fiscal year under review, however, the global economy began to show signs of a slowdown due to inventory adjustments in IT-related fields and other factors. Although at a temporary standstill, the Japanese economy was steady overall amid higher private-sector capital expenditure buoyed by improved corporate earnings that were supported by strong exports.

Under these conditions, the Dainippon Screen Group worked to strengthen its sales, improve its service organization, and at the same time continued to curtail material purchasing costs and fixed costs, while reducing interest-bearing debt under its "Action 2004" project, in an effort to establish a foundation for a stable revenue structure.

As a result, net sales for the fiscal year under review increased 40.3%, or ¥77,401 million, compared with the previous fiscal year, to ¥269,340 million. Operating income totaled ¥25,291 million, an increase of ¥15,692 million, or 163.5%.

Ordinary income rose ¥21,570 million, or 306.1%, to ¥16,258 million. This increase in ordinary income reflected a decrease in interest expense due to a lower interest burden, and exchange gain on foreign currency transactions in contrast to exchange loss in the previous fiscal year, which compensated for an increase in loss on disposal of inventories.

Dainippon Screen incurred extraordinary expenses including loss on withdrawal from the cathode-ray tube (CRT) mask business, amortization of net transition obligation, provision for accrued product warranty costs, and provision for soil decontamination measures.

Accounting for these factors, net income was ¥14,454 million, up ¥9,603 million, or 198.0%, from the previous fiscal year.

Financial Results by Business Segment

The Electronic Equipment and Components Segment

While strong demand for digital home appliances such as flat panel display (FPD) TVs and DVD player/recorders, and personal computers experienced a lull around the start of the second half due to temporary inventory adjustments, semiconductor and liquid crystal display (LCD) panel manufacturers continued their capital expenditure in an effort to boost competitiveness.

Against this backdrop, our semiconductor production equipment recorded considerable growth in sales compared with the previous fiscal year. In batch-type wafer cleaning equipment, sales of the 300-millimeter wafer compatible FC-3000 increased substantially. In single-wafer cleaning equipment, which is suitable for multi-product, small-lot production, sales of the 300-millimeter wafer compatible SU-3000 and SS-3000 rose considerably. In addition, sales of coater/developers grew, mainly for RF³ and SK-3000.

In FPD production equipment, LCD panel manufacturers continued active capital expenditure in equipment compatible with large glass substrates, driving strong sales in continuation from the previous fiscal year of our SK-1100G coater/developer compatible with fifth-generation glass substrates. In sixth- and seventh-generation compatible production equipment, sales were boosted by strong demand for our proprietary LinearcoaterTM-mounted coater/developers, which boast reduced chemical consumption and high reliability, that received market acclaim. In the area of customer support, we continued to emphasize close contact with customers through our business platform including two service stations in each of South Korea and China, and four in Taiwan. Accounting for all these factors, Dainippon Screen enjoyed a significant year-on-year rise in sales.

In other electronic equipment, which include printed circuit board (PCB) production equipment, sales increased mainly for the PI-8000, our automatic optical inspection system. In the CRT mask business, despite efforts to improve profitability through business restructuring at its subsidiary DST Micronix Co., Ltd., operating environment remained severe with a marked decline in sales prices.

As a result of the aforementioned factors, sales in the Electronic Equipment and Components segment were ¥212,967 million, an increase of ¥73,903 million, or 53.1%, from the previous fiscal year. Operating income was ¥21,571 million, a rise of ¥14,990 million, or 227.8%.

The Graphic Arts Equipment Segment

In the fiscal year under review, the Japanese printing industry continued to confront a difficult operating environment. Despite these conditions, investment in computer-to-plate (CTP) related equipment was stable, reflecting efforts to streamline the printing process and enhance quality. Against this backdrop, Dainippon Screen promoted sales of the PlateRite 4000 series of small-format compatible plate recorders as well as other existing products. In overseas markets, sales of our large-format compatible plate recorder together with OEM products grew in North America and Europe.

As a result, sales in the Graphic Arts Equipment segment climbed ¥3,656 million, or 7.1%, to ¥55,089 million, while operating income rose ¥496 million, or 18.4%, to ¥3,189 million.

The Other Segment

Sales in the Other segment were ¥1,284 million, a drop of ¥158 million, or 11.0%. Operating income on the other hand increased ¥250 million, or 63.1%, to ¥530 million.

Financial Results by Geographical Segment

In Japan, where Dainippon Screen manufactures most of its products, sales increased ¥55,021 million or 39.2%, to ¥195,278 million compared with the previous fiscal year, and operating income rose ¥12,966 million, or 153.2%, to ¥21,428 million.

In North America, sales climbed ¥9,571 million, or 38.8%, to ¥34,259 million on the back of a significant increase in semiconductor production equipment sales. During the fiscal year under review, a U.S.-based subsidiary reclassified a portion of its sales as installation service sales, which were recorded at the time of installation completion, as opposed to previous treatment, which recorded sales as one lump sum on product delivery. As a result, operating income for the period fell ¥9 million, or 4.3%, to ¥210 million.

In Asia and Oceania, sales were ¥22,612 million, a year-on-year increase of ¥8,731 million, or 62.9%. Operating income was also up ¥424 million, or 46.5%, to ¥1,336 million. This improvement was attributed to a significant increase in sales of semiconductor production equipment.

In Europe, sales advanced ¥4,076 million, or 31.1%, to ¥17,190 million as a result of growth in sales of semiconductor production equipment and graphic arts equipment. Operating income improved ¥1,140 million, or 305.8%, compared with the previous fiscal year, to ¥1,513 million.

2. Financial Position

Total assets as of March 31, 2005 stood at ¥256,397 million, an increase of ¥15,885 million, or 6.6% from March 31, 2004. This increase is attributed to an increase in trade notes and accounts receivable, reflecting growth in net sales, and an increase in the market value of investment in securities due to the stock market recovery.

Shareholders' equity rose 28.1%, or ¥21,784 million, to ¥99,218 million from the end of the previous fiscal year, reflecting an increase in retained earnings in line with net income, increases in common stock and capital surplus due to the conversion and exercise of stock acquisition rights of convertible notes and other factors.

As a result, the shareholders' equity ratio was 38.7%, up 6.5 percentage points from the end of the previous fiscal year.

Cash Flows

Net cash provided by operating activities was ¥22,301 million compared with ¥14,681 million in the previous fiscal year. Although there were significant increases in trade notes and accounts receivable representing cash outflows, cash was provided by income before provision for income taxes, non-cash outlays such as loss on withdrawal from the CRT mask business, depreciation and amortization, increase in accrued product warranty costs and increase in accrued pension and severance costs, as well as increase in accounts payable.

Net cash used in investing activities totaled ¥5,107 million compared with ¥82 million in the previous fiscal year. This was mainly due to the acquisition of property, plant and equipment, and acquisition of investment securities.

Net cash used in financing activities amounted to ¥16,774 million compared with ¥10,156 million in the previous fiscal year. The chief uses of cash were the repayment of debt and the redemption of commercial paper, and the payment of dividends.

As a result of the above activities, cash and cash equivalents at the end of the fiscal year under review increased ¥676 million from March 31, 2004, to 32,646 million.

Cash Flow Benchmarks

	Fiscal year ended Mar. 31, 2001	Fiscal year ended Mar. 31, 2002	Fiscal year ended Mar. 31, 2003	Fiscal year ended Mar. 31, 2004	Fiscal year ended Mar. 31, 2005
Shareholders' equity ratio (%)	22.9	21.5	20.6	32.2	38.7
Shareholders' equity ratio (market capitalization basis) (%)	33.0	39.2	34.2	70.7	68.6
Debt repayment period (years)	5.8	—	1,361.9	6.0	2.9
Interest coverage ratio (times)	8.3	—	0.0	9.7	31.1

Notes:

1. Shareholders' equity ratio = Shareholders' equity / total assets
2. Shareholders' equity ratio (market capitalization basis) = Market capitalization / total assets
3. Debt repayment period = Interest-bearing debt / operating cash flow
4. Interest coverage ratio = Operating cash flow / interest payments
5. Market capitalization is calculated by multiplying the closing price at the end of the fiscal year by the number of shares outstanding at fiscal year-end (excluding treasury stock).
6. Figures are calculated using consolidated financial results.
7. Operating cash flow uses cash flow from operating activities as stated on the consolidated statements of cash flows. Interest-bearing debt includes short-term debt, commercial paper, long-term debt, notes, convertible notes, and convertible notes with stock acquisition rights as stated in the liabilities section of the balance sheets. Interest payments use interest expense as stated on the consolidated statements of cash flows.

3. Cash Dividends

Dainippon Screen has revised a year-end cash dividend to ¥7.5 per share, paying a bonus dividend of ¥ 2.5 per share in addition to its previously announced ordinary dividend forecast of ¥5.0 per share, in light of its strong performance, namely the achievement of record-high consolidated net sales and ordinary income during the fiscal year under review.

4. Outlook

In the fiscal year ending March 31, 2006, the capital expenditure plans of semiconductor manufacturers are increasingly uncertain due to inventory adjustments in IT-related fields and other factors. In addition, capital expenditures at LCD panel manufacturers are expected to decline as they review investment plans due to worsening profitability. Under these business conditions, the Dainippon Screen Group has set the accomplishment of the consolidated three-year business plan as its highest priority issue in the final fiscal year of the plan. To this end, we are promoting the following measures.

In the Electronic Equipment and Components segment, Dainippon Screen will make every effort to increase the market share of its mainstay semiconductor production equipment in mainly Asia, as well as Japan, Europe, and the United States. At the same time, we are concentrating on the development of new products compatible with next-generation processes. In FPD production equipment, Dainippon Screen aims to secure sales with mainly larger glass substrate compatible LCD production equipment, which is highly acclaimed. We are also focusing efforts on the development of equipment for organic electroluminescence (EL) displays, which hold future growth potential, and equipment for low-temperature polysilicon TFT LCDs. In PCB production equipment, although business conditions are not optimistic, Dainippon Screen is securing sales with the release of new products onto the market. Dainippon Screen plans to withdraw from the CRT mask business in October 2005, as it had become difficult to continue operations, due to a changing operating environment.

In the Graphic Arts Equipment segment, Dainippon Screen expects the operating environment to become more severe as unit prices fall and competition intensifies for CTP-related products. To prosper under these circumstances, Dainippon Screen is focusing efforts on cost reductions, such as promoting overseas component procurement, while aiming to expand its product lines to advance further into the newspaper and other industries. In digital printing equipment, we aim to increase sales by working to improve quality and strengthen price competitiveness.

In addition to these measures, Dainippon Screen will continue to strive to expand Group earnings and reinforce the corporate structure while advancing its “Action” project.

As a result of the above factors, business forecasts for the fiscal year ending March 31, 2006 are as follows:

Net sales	¥220,000 million
Ordinary income	¥10,600 million
Net income	¥10,800 million

Planned Dividend Payments in Next Fiscal Year

Based on the above estimates, Dainippon Screen expects to distribute a year-end cash dividend of ¥5.0 per share for the fiscal year ending March 31, 2006.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Mar. 31, 2005	% of Total	Mar. 31, 2004	% of Total	Difference
ASSETS					
Current assets:					
Cash and time deposits	¥32,792		¥32,128		¥663
Trade notes and accounts receivable	84,881		73,579		11,301
Short-term investment in securities	20		76		(56)
Inventories	52,721		53,011		(289)
Deferred tax assets—current	5,405		3,009		2,396
Other	4,369		5,329		(960)
Allowance for doubtful receivables	(1,177)		(1,629)		451
Total current assets	179,012	69.8%	165,505	68.8%	13,506
Fixed assets:					
Property, plant and equipment:					
Buildings and structures	50,503		53,534		(3,030)
Machinery and equipment	34,037		40,467		(6,430)
Land	9,552		9,396		155
Construction in progress	1,203		198		1,005
Other	8,933		9,184		(250)
Accumulated depreciation	(69,923)		(77,153)		7,230
Total property, plant and equipment	34,307	13.4	35,627	14.8	(1,320)
Intangible fixed assets:					
Goodwill	—		0		(0)
Other	535		652		(116)
Total intangible fixed assets	535	0.2	653	0.3	(117)
Investments and other assets:					
Investment in securities	33,886		30,403		3,483
Long-term loans receivable	221		193		27
Deferred tax assets—noncurrent	4,989		4,207		781
Other	3,709		4,316		(607)
Allowance for doubtful receivables	(264)		(395)		130
Total investments and other assets	42,542	16.6	38,725	16.1	3,816
Total fixed assets	77,385	30.2	75,006	31.2	2,378
Total assets	256,397	100.0	240,512	100.0	15,885

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Mar. 31, 2005	% of Total	Mar. 31, 2004	% of Total	Difference
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Trade notes and accounts payable	¥54,223		¥48,736		5,486
Short-term debt	27,475		33,980		(6,505)
Current portion of long-term debt	2,765		8,283		(5,518)
Current portion of notes	3,000		—		3,000
Current portion of convertible notes	—		5,936		(5,936)
Commercial paper	—		1,000		(1,000)
Accrued income taxes	2,820		1,059		1,760
Construction notes payable	579		178		400
Accrued product warranty costs	2,130		—		2,130
Reserve for loss on withdrawal of the CRT mask business	1,773		—		1,773
Other	17,231		14,595		2,635
Total current liabilities	111,998	43.7%	113,771	47.3%	(1,772)
Long-term liabilities:					
Notes	8,000		11,000		(3,000)
Convertible notes (with acquisition rights)	20,426		20,808		(382)
Long-term debt	3,377		6,355		(2,977)
Accrued pension and severance costs	11,510		9,859		1,651
Estimated termination and retirement allowances for directors and corporate auditors	377		396		(18)
Reserve for loss on guarantees	276		269		7
Reserve for soil decontamination measures	624		—		624
Other	39		60		(21)
Total long-term liabilities	44,632	17.4	48,749	20.3	(4,116)
Total liabilities	156,631	61.1	162,520	67.6	(5,889)
Minority interests:					
Minority interests	547	0.2	557	0.2	(9)
Shareholders' equity:					
Common stock	51,331	20.0	48,172	20.0	3,159
Capital surplus	27,463	10.7	26,365	11.0	1,098
Retained earnings	19,283	7.5	3,513	1.5	15,769
Net unrealized holding gains on securities	7,284	2.9	6,116	2.5	1,168
Foreign currency translation adjustments	(5,913)	(2.3)	(6,541)	(2.7)	628
Treasury stock, at cost	(231)	(0.1)	(192)	(0.1)	(39)
Total shareholders' equity	99,218	38.7	77,434	32.2	21,784
Total liabilities, minority interests and shareholders' equity:	256,397	100.0	240,512	100.0	15,885

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Apr. 1, 2004 –Mar. 31, 2005	% of Net sales	Apr. 1, 2003 –Mar. 31, 2004	% of Net sales	Difference
Net sales	¥269,340	100.0%	¥191,939	100.0%	77,401
Cost of sales	190,643	70.8	135,405	70.5	55,237
Gross profit before installment sales adjustment	78,697	29.2	56,533	29.5	22,163
Installment sales adjustment	4	0.0	16	0.0	(12)
Gross profit	78,701	29.2	56,550	29.5	22,151
Selling, general and administrative expenses	53,409	19.8	46,950	24.5	6,459
Operating income	25,291	9.4	9,599	5.0	15,692
Nonoperating income	1,696	0.6	1,356	0.7	339
Nonoperating expenses	5,418	2.0	5,644	2.9	(226)
Ordinary income	21,570	8.0	5,311	2.8	16,258
Extraordinary income	85	0.1	591	0.3	(506)
Extraordinary expenses	9,125	3.4	2,070	1.1	7,055
Income before provision for income taxes	12,530	4.7	3,833	2.0	8,697
Provision for income taxes—current	3,087	1.2	1,244	0.6	1,843
Provision for income taxes—deferred	(3,917)	(1.5)	(2,164)	(1.1)	(1,753)
Minority interests in net income (loss) of consolidated subsidiaries	(1,094)	(0.4)	(97)	(0.0)	(996)
Net income	14,454	5.4	4,850	2.5	9,603

Notes:

(Millions of yen)

1. Nonoperating income, main items:				
Interest income	160		106	54
Dividend income	259		209	49
Housing rental income	299		291	8
Exchange gain on foreign currency transactions	109		—	109
Income from sale of waste materials	109		303	(194)
2. Nonoperating expenses, main items:				
Interest expense	716		1,423	(707)
Loss on sale of accounts receivable	104		109	(4)
Exchange loss on foreign currency transactions	—		1,589	(1,589)
Equity in loss of affiliates	444		11	432
Loss on disposal of inventories	2,129		940	1,188
Loss on disposal of property, plant and equipment	588		181	407
Expense for specific rental assets	349		396	(46)
Provision for loss on guarantees	38		70	(32)
Bonds issuance costs	—		378	(378)
3. Extraordinary income, main items:				
Reversal of allowance for doubtful receivables	84		—	84
Gain on sale of investments in securities	0		591	(590)
4. Extraordinary expenses, main items:				
Loss on withdrawal of the CRT mask business	5,312		—	5,312
Amortization of net transition obligation	1,668		1,713	(45)
Provision for accrued product warranty costs	1,435		—	1,435
Provision for soil decontamination measures	693		—	693
Loss on investment in securities	8		2	5
Early retirement benefits	—		317	(317)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Millions of yen)

	Apr. 1, 2004– Mar. 31, 2005	Apr. 1, 2003– Mar. 31, 2004
Capital surplus:		
Capital surplus, beginning of period:	¥26,365	¥15,335
Increase in capital surplus:		
Conversion of convertible notes	2,968	7,032
Exercise of stock acquisition rights	191	3,998
Decrease in capital surplus:		
Dividends	693	—
Transferred to retained earnings	1,367	—
Balance of capital surplus, end of period:	27,463	26,365
Retained earnings:		
Retained earnings (accumulated deficit), beginning of period:	3,513	(1,313)
Increase in retained earnings:		
Net income	14,454	4,850
Transferred from capital surplus	1,367	—
Decrease in retained earnings:		
Bonus to directors and corporate auditors	48	23
[Corporate auditors' bonuses]	[—]	[0]
Decrease in retained earnings resulting from a newly consolidated subsidiary	3	—
Balance of retained earnings end of period:	19,283	3,513

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Apr. 1, 2004– Mar. 31, 2005	Apr. 1, 2003– Mar.31,2004
Operating activities:		
Income before provision for income taxes	¥12,530	¥3,833
Depreciation and amortization	3,645	3,999
Equity in loss of affiliates	444	11
Loss on investments in securities	8	2
Evaluation loss on other investments	—	20
Loss on withdrawal of the CRT mask business	5,312	—
Loss on sales and disposal of plant and equipment	588	181
Gain on sale of investment in securities	(0)	(591)
Increase in accrued pension and severance costs	1,731	1,926
Increase in accrued product warranty costs	2,124	—
Increase in reserve for soil decontamination measures	624	—
Interest and dividend income	(420)	(316)
Interest expenses	716	1,423
Bonds issuance costs	—	378
Early retirement benefits	—	317
Increase in accounts receivable	(11,036)	(2,849)
Increase in inventories	(1,441)	(10,777)
(Increase) decrease in other current assets	2,028	(1,270)
Increase in accounts payable	4,863	20,424
Increase in accrued expenses	33	406
Increase in other current liabilities	2,569	2,004
Other, net	(8)	(28)
Subtotal	24,314	19,098
Interest and dividends received	437	309
Interest paid	(717)	(1,510)
Payment of litigation settlement	—	(2,076)
Payment of Early retirement benefits	—	(126)
Income taxes paid	(1,732)	(1,013)
Net cash provided by operating activities	22,301	14,681
Investing activities:		
Decrease in time deposits, net	24	951
Acquisition of property, plant and equipment	(3,583)	(1,809)
Proceed from sale of property, plant and equipment	26	760
Proceed from sale of short-term investment in securities	75	—
Purchase of investment in securities	(1,866)	(698)
Proceed from sale of investment in securities	64	983
Proceed from acquisition of shares of a newly consolidated subsidiary	18	—
Other, net	131	(270)
Net cash used in investing activities	(5,107)	(82)
Financing activities:		
Decrease in short-term debt, net	(6,540)	(2,868)
Increase (decrease) in commercial paper, net	(1,000)	1,000
Proceed from long-term debt	100	1,000
Repayment of long-term debt	(8,596)	(14,800)
Proceed from issuance of convertible notes (with acquisition rights)	—	14,724
Proceed from issuance of notes	—	10,896
Redemption of notes	—	(20,000)
Increase in treasury stock, net	(39)	(102)
Proceed from issuance of common stock to minority interest	—	9
Purchase of common stock from minority interest	—	(10)
Cash dividends paid	(693)	—
Cash dividends, paid to minority interest	(5)	(5)
Net cash used in financing activities	(16,774)	(10,156)
Effect of exchange rate changes on cash and cash equivalents	257	(613)
Net increase in cash and cash equivalents	676	3,828
Cash and cash equivalents at beginning of period	31,970	28,141
Cash and cash equivalents at end of period	32,646	31,970

SEGMENT INFORMATION**(1) Performance by business segment**

Fiscal year ended Mar. 31, 2005

(Millions of yen)

	Electronic Equipment and Components	Graphic Arts Equipment	Other	Total	Eliminations	Consolidated
Sales and operating income						
Sales to customers	¥212,967	¥55,089	¥1,284	¥269,340	¥—	¥269,340
Intersegment sales and transfers	—	—	6,820	6,820	(6,820)	—
Total	212,967	55,089	8,104	276,161	(6,820)	269,340
Operating expenses	191,396	51,899	7,573	250,869	(6,820)	244,048
Operating income	21,571	3,189	530	25,292	—	25,291
Assets, depreciation and amortization and capital expenditure						
Assets	143,380	46,281	5,527	195,189	61,208	256,397
Depreciation and amortization	5,041	480	65	5,586	357	5,944
Capital expenditure	5,027	479	64	5,571	574	6,145

Fiscal year ended March 31, 2004

(Millions of yen)

	Electronic Equipment and Components	Graphic Arts Equipment	Other	Total	Eliminations	Consolidated
Sales and operating income						
Sales to customers	¥139,063	¥51,432	¥1,442	¥191,939	¥—	¥191,939
Intersegment sales and transfers	—	—	5,382	5,382	(5,382)	—
Total	139,063	51,432	6,824	197,321	(5,382)	191,939
Operating expenses	132,483	48,739	6,499	187,721	(5,382)	182,339
Operating income	6,580	2,693	325	9,599	—	9,599
Assets, depreciation and amortization and capital expenditure						
Assets	128,786	46,407	4,542	179,737	60,775	240,512
Depreciation and amortization	2,964	564	60	3,589	410	3,999
Capital expenditure	1,738	340	65	2,143	321	2,464

Notes: 1. Segment classifications are by product lineup.

2. Primary products of each segment category are as follows:

Electronic Equipment and Components: Semiconductor manufacturing equipment, FPD manufacturing equipment, PCB manufacturing equipment and cathode-ray tube masks, and maintenance and repair services

Graphic Arts Equipment: Printing and prepress equipment, digital press machines, fonts, 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 Group companies.

4. Changes in accounting policies:

Dainippon Screen has recorded a provision for accrued product warranty costs from the fiscal year ended March 31, 2005. As a result, operating expenses increased ¥281 million in the Electronic Equipment and Components Segment, ¥73 million in the Graphic Arts Equipment, and operating income declined by the same amount, compared with the previously applied accounting method.

5. Depreciation and amortization during the fiscal year under review includes 2,298 million as extraordinary depreciation of fixed assets in accordance with withdrawal from the CRT mask business in Electronic Equipment and Components segment.

(2) Performance by Geographic Area

Fiscal year ended March 31, 2005

(Millions of yen)

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations	Consolidated
Sales and operating income							
Sales to customers	¥195,278	¥34,259	¥22,612	¥17,190	¥269,340	¥—	¥269,340
Intersegment sales and transfers	54,017	723	1,847	343	56,931	(56,931)	—
Total	249,296	34,982	24,459	17,534	326,272	(56,931)	269,340
Operating expenses	227,868	34,772	23,122	16,020	301,784	(57,735)	244,048
Operating income	21,428	210	1,336	1,513	24,488	803	25,291
Assets	181,058	15,805	12,217	10,637	219,719	36,678	256,397

Fiscal year ended March 31, 2004

(Millions of yen)

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations	Consolidated
Sales and operating income (loss)							
Sales to customers	¥140,257	¥24,687	¥13,880	¥13,113	¥191,939	¥—	¥191,939
Intersegment sales and transfers	35,976	1,388	1,083	240	38,688	(38,688)	—
Total	176,233	26,076	14,964	13,353	230,628	(38,688)	191,939
Operating expenses	167,772	25,856	14,051	12,981	220,661	(38,321)	182,339
Operating income (loss)	8,461	219	912	372	9,967	(367)	9,599
Assets	171,410	11,464	11,622	10,367	204,865	35,647	240,512

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:

Dainippon Screen has recorded a provision for accrued product warranty costs from the fiscal year ended March 31, 2005. As a result, the operating expenses increased ¥354 million and operating income declined by the same amount in Japan, compared with the previously applied accounting method.

4. Classification of U.S.-based consolidated subsidiary sales:

In the period under review, a U.S.-based consolidated subsidiary reclassified a portion of sales as installation service sales, which are recorded at the point of installation completion, compared with the previous recording of sales as one lump sum product delivery. As a result, sales of ¥1,353 million and operating expenses of ¥546 million relating to installation service have declined and are deferred to the fiscal year ending March 31, 2006 and ensuing periods.

(3) Overseas Sales

Fiscal year ended March 31, 2005						(Millions of yen)
	North America	Asia & Oceania	Europe	Other	Total	
Overseas sales	¥31,041	¥117,899	¥24,713	¥1,253	¥174,907	
Consolidated net sales						269,340
Overseas sales as a percentage of consolidated net sales	11.5%	43.7%	9.2%	0.5%	64.9%	
Fiscal year ended March 31, 2004						(Millions of yen)
	North America	Asia & Oceania	Europe	Other	Total	
Overseas sales	¥22,973	¥61,778	¥21,747	¥1,203	¥107,703	
Consolidated net sales						191,939
Overseas sales as a percentage of consolidated net sales	12.0%	32.2%	11.3%	0.6%	56.1%	

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

(4) Other: Africa, Middle East, Latin America

May 16, 2005

NONCONSOLIDATED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2005

Dainippon Screen Mfg. Co., Ltd. is listed on the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange with the securities code number 7735. The Company is headquartered in Kyoto.

(URL: <http://www.screen.co.jp/>)

Representative: Chairman and President Akira Ishida
For further information contact: General Manager of International Accounting Strategy Department Mitsuji Tatsumi
Tel: +81-75-414-7155

Board of Directors' Meeting for Approval of Business Results for the Fiscal Year Ended March 31, 2005: May 16, 2005

Interim Dividends: No

Scheduled Date of Starting Dividends Payment: June 29, 2005

Minimum Stock Trade Unit: 1,000 shares

Shareholders' Meeting: June 28, 2005

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

PERFORMANCE

(1) Business Results

	(Millions of yen)					
	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Fiscal year ended Mar. 31, 2005	¥227,368	50.9%	¥16,742	136.2%	¥14,282	351.6%
Fiscal year ended Mar. 31, 2004	150,691	17.0	7,088	712.1	3,162	—

	(Millions of yen, except per share figures)						
	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Return on Equity	Return on Assets (Ordinary Income Basis)	Return on Sales (Ordinary Income Basis)
Fiscal year ended Mar. 31, 2005	¥9,501	215.1%	¥39.42	¥34.61	10.9%	6.0%	6.3%
Fiscal year ended Mar. 31, 2004	3,015	—	14.47	11.49	4.8	1.5	2.1

Notes: 1. Average number of shares outstanding:

Fiscal year ended Mar. 31, 2005: 238,668,166 shares

Fiscal year ended Mar. 31, 2004: 208,439,184 shares

2. Changes in accounting policies: Yes

3. Percentages shown for net sales, operating income, ordinary income and net income are the rate of increase or decrease from the previous fiscal year.

(2) Dividends

(Millions of yen, except per share figures)

	Annual Cash Dividends per Share (Yen)		Total Dividends	Payout Ratio	Ratio of Shareholders' Equity to Dividends
	Interim	Year-End			
Fiscal year ended Mar. 31, 2005	¥7.50	¥—	¥1,820	19.0%	1.9%
Fiscal year ended Mar. 31, 2004	3.00	—	693	20.7	0.9

Notes: Details of the year-end dividend for the fiscal year ended March 31, 2005 are as follows:

Ordinary dividend of ¥5 per share

Bonus dividend of ¥2.5 per share

(3) Financial Position

(Millions of yen, except per share figures)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio (%)	Shareholders' Equity per Share of Common Stock (Yen)
Mar. 31, 2005	¥245,955	¥95,349	38.8%	¥392.39
Mar. 31, 2004	233,715	79,094	33.8	342.32

Notes: 1. Number of shares issued as of end of period:

Fiscal year ended Mar. 31, 2005: 242,765,035 shares

Fiscal year ended Mar. 31, 2004: 231,054,433 shares

2. Number of treasury shares as of end of period:

Fiscal year ended Mar. 31, 2005: 399,237 shares

Fiscal year ended Mar. 31, 2004: 335,910 shares

FORECAST OF BUSINESS RESULTS FOR FISCAL YEAR ENDING MARCH 31, 2006

(Millions of yen, except per share figures)

	Net Sales	Ordinary Income	Net Income	Annual Cash Dividends per Share (Yen)		
				Interim	Year-End	
Six-month period ending Sept. 30, 2005	¥84,500	¥3,300	¥3,800	¥—	¥—	¥—
Fiscal year ending Mar. 31, 2006	183,000	7,900	9,500	—	5.00	5.00

Reference: Estimated net income per share for the fiscal year: ¥39.13

The statements related to the outlook for future business results in this document are made in accordance with currently available information. However, it should be noted that actual results could differ significantly due to factors such as social and economic conditions, as well as related markets and technology trends.

See page 5 for information on the assumptions and conditions upon which the forecast above is based.

Sales Breakdown (Consolidated)

(Millions of yen)

		FY2005						FY2006		
		3months ended	3months ended	6months ended	3months ended	3months ended	6months ended	12months ended	6months ending	12months ending
		Jun. 30, 2004	Sep. 30, 2004	Sep. 30, 2004	Dec. 31, 2004	Mar. 31, 2005	Mar. 31, 2005	Mar. 31, 2005	Sept. 30, 2005	Mar.31, 2006
		Result	Result	Result	Result	Result	Result	Result	Forecast	Forecast
Electronic Equipment and Components										
Semiconductor Production Equipment	Domestic	8,586	12,207	20,793	15,071	8,931	24,002	44,795	—	—
	Overseas	20,695	15,037	35,732	17,071	24,988	42,059	77,791	—	—
	Total	29,281	27,244	56,525	32,143	33,918	66,061	122,586	43,700	101,400
FPD Production Equipment	Domestic	1,933	4,472	6,405	1,444	2,013	3,457	9,862	—	—
	Overseas	9,839	17,865	27,704	20,515	16,958	37,473	65,177	—	—
	Total	11,772	22,337	34,109	21,958	18,972	40,930	75,039	26,500	54,000
Other Equipment and CRT Masks	Domestic	1,064	2,945	4,009	1,201	1,403	2,604	6,613	—	—
	Overseas	2,827	2,094	4,921	1,287	2,519	3,806	8,727	—	—
	Total	3,891	5,039	8,930	2,488	3,923	6,411	15,341	6,200	9,900
Total	Domestic	11,583	19,626	31,209	17,715	12,346	30,061	61,270	—	—
	Overseas	33,362	34,995	68,357	38,873	44,466	83,339	151,696	—	—
	Total	44,945	54,621	99,566	56,587	56,814	113,401	212,967	76,400	165,300
Graphic Arts Equipment										
Total	Domestic	6,686	9,055	15,741	6,649	9,492	16,141	31,882	—	—
	Overseas	5,241	6,066	11,307	6,315	5,585	11,900	23,207	—	—
	Total	11,927	15,121	27,048	12,964	15,077	28,041	55,089	26,400	53,400
Other										
Total	Domestic	238	399	637	300	343	643	1,280	—	—
	Overseas	1	1	2	5	(4)	1	3	—	—
	Total	239	400	639	306	339	645	1,284	600	1,300
Grand Total	Domestic	18,508	29,079	47,587	24,663	22,183	46,846	94,433	—	—
	Overseas	38,604	41,063	79,667	45,193	50,047	95,240	174,907	—	—
	Total	57,112	70,143	127,255	69,856	72,229	142,085	269,340	103,400	220,000
	Overseas Ratio	67.6%	58.5%	62.6%	64.7%	69.3%	67.0%	64.9%	—	—

Orders received & Order backlog (Consolidated)

(Millions of yen)

		FY2004		FY2005	
		12months ended Mar. 31, 2004		12months ended Mar. 31, 2005	
		Orders received	Order backlog	Orders received	Order backlog
Electronic Equipment and Components					
Semiconductor Production Equipment	Domestic	42,213	16,430	47,470	19,105
	Overseas	58,722	30,860	75,407	28,476
	Total	100,935	47,290	122,877	47,581
FPD Production Equipment	Domestic	16,993	9,426	9,906	9,470
	Overseas	73,518	54,189	49,614	38,626
	Total	90,511	63,615	59,520	48,096
Other Equipment and CRT Masks	Domestic	6,104	934	6,549	869
	Overseas	10,580	1,948	8,196	1,417
	Total	16,684	2,882	14,745	2,286
Total	Domestic	65,309	26,790	63,925	29,444
	Overseas	142,821	86,998	133,217	68,519
	Total	208,130	113,788	197,142	97,963
Graphic Arts Equipment					
Total	Domestic	31,567	1,926	32,214	2,258
	Overseas	21,443	2,444	22,692	1,929
	Total	53,010	4,370	54,906	4,187
Other					
Total	Domestic	593	53	1,019	4
	Overseas	3	—	3	—
	Total	596	53	1,023	4
Grand Total	Domestic	97,469	28,769	97,158	31,706
	Overseas	164,267	89,442	155,913	70,448
	Total	261,736	118,211	253,071	102,154
	Overseas Ratio	62.8%	75.7%	61.6%	69.0%

		FY2004		FY2005		FY2005		FY2005		FY2005	
		3months ended Mar.31 2004		3months ended Jun.30, 2004		3months ended Sept.30, 2004		3months ended Dec.31, 2004		3months ended Mar.31, 2005	
		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	10,916	16,430	17,906	25,750	8,810	22,352	7,537	14,818	13,217	19,105
	Overseas	13,874	30,860	25,009	35,173	21,237	41,374	15,618	39,921	13,543	28,476
	Total	24,790	47,290	42,915	60,923	30,047	63,726	23,155	54,739	26,760	47,581
FPD Production Equipment	Domestic	8,243	9,426	1,481	8,974	294	4,795	449	3,800	7,682	9,470
	Overseas	32,425	54,189	12,657	57,007	12,413	51,555	12,327	43,367	12,218	38,626
	Total	40,668	63,615	14,138	65,981	12,707	56,350	12,776	47,167	19,900	48,096
Other Equipment and CRT Masks	Domestic	2,138	934	2,031	1,901	2,320	1,275	1,007	1,082	1,192	869
	Overseas	2,925	1,948	2,693	1,814	1,122	842	1,692	1,246	2,689	1,417
	Total	5,063	2,882	4,724	3,715	3,442	2,117	2,699	2,328	3,881	2,286
Total	Domestic	21,296	26,790	21,418	36,625	11,423	28,422	8,992	19,700	22,092	29,444
	Overseas	49,223	86,998	40,359	93,994	34,773	93,771	29,638	84,534	28,450	68,519
	Total	70,520	113,788	61,776	130,619	46,196	122,193	38,630	104,234	50,541	97,963
Graphic Arts Equipment											
Total	Domestic	9,356	1,926	7,745	2,985	8,314	2,244	6,492	2,087	9,663	2,258
	Overseas	6,613	2,444	4,892	2,095	6,712	2,741	5,536	1,962	5,552	1,929
	Total	15,969	4,370	12,637	5,080	15,026	4,985	12,028	4,049	15,214	4,187
Other											
Total	Domestic	47	53	241	56	391	48	300	48	88	4
	Overseas	0	—	1	—	1	—	5	—	(3)	—
	Total	47	53	242	56	392	48	306	48	83	4
Grand Total	Domestic	30,700	28,769	29,404	39,666	20,128	30,714	15,786	21,835	31,840	31,706
	Overseas	55,837	89,442	45,251	96,089	41,486	96,512	35,178	86,496	33,998	70,448
	Total	86,536	118,211	74,655	135,755	61,613	127,226	50,966	108,331	65,837	102,154
	Overseas Ratio	64.5%	75.7%	60.6%	70.8%	67.3%	75.9%	69.0%	79.8%	51.6%	69.0%