

August 11, 2009

CONSOLIDATED FINANCIAL REPORT FOR THE FIRST QUARTER ENDED JUNE 30, 2009

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/>)

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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, 2009 (Apr. 1, 2009-Jun. 30, 2009)

(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, 2009	¥ 25,983	-50.1 %	¥ (6,141)	— %	¥ (7,446)	— %
First quarter ended Jun. 30, 2008	52,063	—	(834)	—	(1,169)	—

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First quarter ended Jun. 30, 2009	¥ (2,522)	— %	¥ (10.63)	¥ —
First quarter ended Jun. 30, 2008	(3,052)	—	(12.86)	—

Note: 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, 2009	¥ 256,879	¥ 71,584	27.5 %	¥ 297.62
Mar. 31, 2009	246,917	69,714	28.1	292.12

Note: Equity as end of period

First quarter ended Jun. 30, 2009 ¥70,657 million

Fiscal year ended Mar. 31, 2009 ¥69,352 million

CASH DIVIDENDS

Record date	Cash Dividends per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Annual
Fiscal year ended Mar. 31, 2009	—	—	—	¥0.00	¥0.00
Fiscal year ending Mar. 31, 2010	—	—	—	—	—
Fiscal year ending Mar. 31, 2010 (Forecast)	—	—	—	0.00	0.00

Note: Revision of cash dividends in the first quarter under review: Yes

FORECAST OF BUSINESS RESULTS FOR FISCAL YEAR ENDING MARCH 31, 2010

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

	Net Sales	Percentage Change	Operating Income	Percentage Change	
Six months period ending Sept. 30, 2009	¥65,500	-46.7 %	¥ (14,000)	— %	
Fiscal year ending Mar. 31, 2010	140,000	-36.1	(20,000)	—	

	Ordinary Income	Percentage Change	Net Income	Percentage Change	Net Income per Share (Yen)
Six months period ending Sept. 30, 2009	¥ (16,000)	— %	¥ (11,000)	— %	¥ (46.33)
Fiscal year ending Mar. 31, 2010	(23,500)	—	(15,000)	—	(63.18)

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

OTHER

- (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
For further information, please refer to P.5, 4.Other, [Qualitative Information, Financial Statements and Other]
- (3) Changes of accounting rules, procedures and presentations etc. for consolidated quarterly financial statements
 1. Changes accompanied by revision of accounting standard etc.: No
 2. Changes other than 1. : Yes
For further information, please refer to P.5, 4.Other, [Qualitative Information, Financial Statements and Other]
- (4) Number of shares outstanding
 1. Number of shares outstanding as of end of period (including treasury stock)

Three months ended Jun. 30, 2009: 253,974,333 shares	Fiscal year ended Mar. 31, 2009: 253,974,333 shares
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 2. Number of treasury stock as of end of period

Three months ended Jun. 30, 2009: 16,565,889 shares	Fiscal year ended Mar. 31, 2008: 16,562,258 shares
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 3. Average number of shares outstanding

Three months ended Jun. 30, 2009: 237,410,098 shares	Three months ended Jun. 30, 2008: 237,415,218 shares
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*Notes concerning the use of business forecasts

The statements related to the outlook for future business results in this document are made in accordance with currently available information and rational assumptions. However, it should be noted that actual results could differ significantly due to several factors. For further information, please refer to P.4, 3. Qualitative information regarding consolidated business results forecasts.

[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, 2010, the three-month period from April 1, 2009 to June 30, 2009, the global economy remained firmly in the doldrums, continuing the contraction triggered by the financial crisis dating back to the latter half of the previous fiscal year. On the domestic front, despite visible movement toward recovery in exports and production in such fields as electronic components, an ongoing downward spiral in both the employment situation and capital expenditures only served to further cloud persistent difficulties in predicting economic conditions.

In Dainippon Screen Group's business environment, inventories for LCD TVs and other digital home appliance products adjusted owing to an increase in demand affected by measures taken in China and in Japan to stimulate consumption. There were also signs of utilization rate improvements at factories operated by semiconductor and LCD panel manufacturers, although new capital investment remained constrained and the dire business environment continued.

Against this backdrop, Dainippon Screen Group posted consolidated net sales totaling ¥25,983 million for the first quarter of the fiscal year ending March 31, 2010, a significant decline of ¥26,079 million, or 50.1%, compared with the same period of the previous fiscal year. On the earnings front, major cost reductions were implemented, including a business restructuring plan. However, the decline in sales had a significant impact, resulting in an operating loss of ¥6,141 million, which was ¥5,306 million worse than in the same period of the previous fiscal year.

In non-operating expenses, together with an increase in interest expenses, the Group incurred equity in losses of affiliates and an exchange loss on foreign currency transactions. These resulted in an ordinary loss totaling ¥7,446 million, a deterioration of ¥6,276 million compared with the same period of the previous fiscal year.

Under extraordinary income, Dainippon Screen posted a gain on step adjustment and a gain on negative goodwill from the incremental acquisition of SOKUDO Co., Ltd., an affiliate, which became a consolidated subsidiary.

Based on the aforementioned results, Dainippon Screen reported a net loss of ¥2,522 million for the first quarter, an improvement of ¥529 million compared with the same period of the previous fiscal year.

The Electronic Equipment and Components Segment

In the Group's Electronic Equipment and Components segment, sales of semiconductor production equipment to Taiwan rose from the same period of the previous fiscal year, buoyed primarily by single-wafer cleaning equipment. However, the impact of constrained capital expenditures by semiconductor manufacturers was the reason for sluggish sales to other regions, unchanged from the latter half of the previous fiscal year. In FPD production equipment, extremely limited capital expenditures by LCD panel manufacturers spurred sales of Dainippon Screen Group products to fall significantly compared with the same period of the previous fiscal year. In other electronic equipment, capital expenditures by printed circuit board (PCB) manufacturers remained stagnant, and sales declined compared with the same period of the previous fiscal year. As a result of the aforementioned, net sales in the Electronic Equipment and Components segment declined ¥19,215 million, or 51.6%, year on year to ¥17,993 million, while the segment posted an operating loss totaling ¥5,000 million, ¥3,632 million worse than the same period of the previous fiscal year.

The Graphic Arts Equipment Segment

The impact of the financial crisis on the Graphic Arts Equipment segment depressed sales of computer-to-plate (CTP)-related equipment in Japan, Europe and North America. Coupled with this, sales of print-on-demand (POD) products and large-format inkjet printers also fell year on year. As a result, sales in the Graphic Arts Equipment segment fell ¥6,671 million, or 46.3%, year on year to ¥7,745 million. An operating loss of ¥999 million was posted, compared with operating income of ¥492 million in the first quarter of the previous fiscal year.

The Other Segment

Sales in the Other segment fell ¥192 million, or 44.1%, year on year to ¥243 million. This segment posted an operating loss of ¥140 million, compared with ¥41 million in operating income recorded in the same period of the previous fiscal year.

2. Qualitative information regarding changes in consolidated financial position

As of June 30, 2009, total assets stood at ¥256,879 million, an increase of ¥9,961 million, or 4.0%, compared with March 31, 2009. Under current assets, trade notes and accounts receivable declined ¥15,451 million, while cash and time deposits rose ¥24,371 million. Under fixed assets, investments in securities increased ¥4,894 million, attributable to the rise in market prices of Dainippon Screen's shareholdings.

Total liabilities increased ¥8,091 million, or 4.6%, to ¥185,295 million compared with the previous fiscal year-end. Under current liabilities, trade notes and accounts payable declined ¥15,855 million, although in the case of long-term liabilities, entering into a syndicated term loan to obtain financing increased long-term debt by ¥28,887 million. Interest-bearing debt increased ¥28,432 million, or 27.7%, compared with March 31, 2009, amounting to ¥131,014 million.

Equity, the balance of net assets less minority interests, stood at ¥70,657 million, an increase of ¥1,304 million, or 1.9%, compared with March 31, 2009. This was attributable to an upswing in net unrealized holding gains on securities due to the appreciation in market values of stockholdings and a decrease in retained earnings owing to net losses in the period under review.

As a result, the equity ratio fell 0.6 percentage points from 28.1% as of the end of the previous fiscal year to 27.5%.

Status of Cash Flows

Net cash used in operating activities amounted to ¥6,063 million, compared with ¥3,081 million provided by operating activities in the same period of the previous fiscal year. Contributing factors included a loss before income taxes, a decrease in accounts payable and other outflows, that together with a gain on step adjustment, a gain on negative goodwill and other non-cash income exceeded cash inflows including decrease in depreciation and amortization and trade notes and accounts receivable as well as a decrease in inventories.

Net cash provided by investing activities amounted to ¥3,777 million, compared with net cash used in investing activities of ¥2,950 million in the same period of the previous fiscal year. This was attributable to the posting of income from acquisition of shares of a newly consolidated subsidiary in line with SOKUDO Co., Ltd. becoming a consolidated subsidiary, as well as proceeds from sale of property, plant and equipment.

Net cash provided by financing activities totaled ¥26,813 million, compared with ¥5,116 million provided by financing activities in the previous fiscal year. Contributing factors included the repayment of short-term debt and long-term debt. On the other hand, financing was obtained through long-term borrowing from the syndicated term loan and sale and leaseback of assets.

As a result of the above, cash and cash equivalents as of June 30, 2009 increased ¥24,788 million compared with the end of the previous fiscal year, to ¥49,899 million.

3. Qualitative information regarding consolidated business results forecasts

In May 2009, when the financial results for the fiscal year ended March 31, 2009 were announced, the projections had not yet been made for capital investment trends among semiconductor and LCD panel manufacturers, Dainippon Screen's principal customers. Because of the difficulties involved in properly calculating forecasts, business result projections for the fiscal year ending March 31, 2010 were left undecided. However, in light of the situation for orders received in the first quarter, and taking into consideration the results of the business restructuring plan currently being implemented, among other factors, it became possible to formulate a sales forecast for the current fiscal year, Dainippon Screen has today announced first-half and full-year business results forecasts for the fiscal year ending March 31, 2010.

With regard to the future economic environment, factors including the recovery of individual consumption in China and economic countermeasures taken in countries around the world offer some indication of a bottoming out of the global economic downturn. Nonetheless, the significant impact that the financial crisis has had on the real economy means that a sense of uncertainty still surrounds the timing of a full-fledged recovery.

In the business environment in which the Dainippon Screen Group operates, although increased demand for LCD TVs, netbooks and other products is expected to rise, a sense of uncertainty about the future is keeping in check an aggressive resumption of capital investment by semiconductor and LCD panel manufacturers. Dainippon Screen therefore expects that the extremely harsh business conditions seem set to continue.

Buffeted by the sharp deterioration of the current business environment, the Dainippon Screen Group has undertaken a business restructuring plan that consists of business reforms, the streamlining of business organization and business sites, and a reduction in personnel. It is Dainippon Screen's objective to significantly lower its breakeven point for profitability through cost reductions. Dainippon Screen's initiatives to date include disengaging from underperforming business operations, temporarily suspending operations at certain factories, eliminating and integrating marketing bases and promoting the reduction of personnel costs through voluntary retirement. At the present time over 80% of the plan's objectives have been accomplished and Dainippon Screen is steadily advancing toward achieving profitability in the fiscal year ending March 31, 2011.

Against this backdrop, it is expected that business results for the fiscal year ending March 31, 2010 will see sluggish sales of the mainstay semiconductor production equipment, continuing on from the latter half of the previous fiscal year, together with a significant decline in sales of FPD production equipment. In addition, sales of Graphic Arts Equipment are expected to shrink along with economic contraction. On the earnings front, despite the expected cost reduction effect associated with the business restructuring plan, the enormous impact of significantly declining sales is predicted to result in an operating loss.

Business forecast	(Millions of yen)	
	Six months period ending Sept. 30, 2009	Fiscal year ending Mar. 31, 2010
Net Sales	¥ 65,500	¥ 140,000
Operating Income	(14,000)	(20,000)
Ordinary Income	(16,000)	(23,500)
Net Income	(11,000)	(15,000)

The Dainippon Screen Group will continue to concentrate on its business restructuring plan and promote cost reductions, in concert with efforts secure orders and raise profitability.

Since we expect significant decrease in net sales and big losses as mentioned above, we regret that we will also be obliged to omit dividends for the fiscal year ending March 31, 2010.

Note: The aforementioned forecasts are based on foreign currency exchange rate estimates of US\$1.00 = ¥95 and EUR1.00 = ¥135. Business forecasts are also made in accordance with currently available information and rational assumptions. However, it should be noted that actual results could differ significantly due to a variety of factors.

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, 2009 and March 31, 2009, the actual bad debt loss ratio as of March 31, 2009 has been used to calculate estimated bad debt losses on general receivables.

2) Inventory valuation methods

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

3) Depreciation of fixed assets

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

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

Calculation of income taxes

Income tax amount is calculated principally by multiplying reasonably estimated annual effective tax rate through the first quarter ended June 2009, with the effects of deferred taxes reflected, by the amount of year-to-date income before income taxes. When calculation using reasonably estimated annual effective tax rate causes irrational results, income tax amount is calculated based on the legal tax rate. The provision for income taxes is presented inclusive of the provision for income taxes—deferred.

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

The “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan [ASBJ] Statement No. 21 issued on December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on December 26, 2008), the “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23 issued on December 26, 2008), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on December 26, 2008), the “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 issued on December 26, 2008) and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 issued on December 26, 2008) are allowed to be applied to business combinations or business divestitures occurred after the financial period starting on or after April 1, 2009. Dainippon Screen applied these standards and guidance from this quarter.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Jun. 30, 2009	Mar. 31, 2009
ASSETS		
Current assets:		
Cash and time deposits	¥ 50,271	¥ 25,899
Notes and accounts receivable-trade	50,548	65,999
Short-term investment securities	476	—
Merchandise and finished goods	36,713	36,204
Work in process	25,147	28,006
Raw materials and supplies	7,322	8,019
Deferred tax assets	1,230	1,191
Other	3,959	4,229
Allowance for doubtful accounts	(1,477)	(1,359)
Total current assets	<u>174,191</u>	<u>168,190</u>
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	55,166	55,096
Machinery, equipment and vehicles	30,827	33,702
Other	29,919	26,725
Accumulated depreciation	(66,042)	(64,570)
Total property, plant and equipment	<u>49,871</u>	<u>50,954</u>
Intangible assets:		
Other	1,654	1,750
Total intangible assets	<u>1,654</u>	<u>1,750</u>
Investments and other assets:		
Investment securities	25,100	20,205
Other	7,578	6,539
Allowance for doubtful accounts	(1,516)	(723)
Total investments and other assets	<u>31,162</u>	<u>26,021</u>
Total noncurrent assets	<u>82,688</u>	<u>78,727</u>
Total assets	<u>256,879</u>	<u>246,917</u>

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Jun. 30, 2009	Mar. 31, 2009
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	¥ 26,930	¥ 42,785
Short-term loans payable	35,392	39,095
Current portion of bonds with subscription rights to shares	14,999	14,999
Current portion of long-term loans payable	7,822	7,822
Lease obligations	2,497	1,670
Income taxes payable	455	910
Notes payable-facilities	217	290
Provision for directors' bonuses	7	37
Provision for product warranties	3,730	3,963
Provision for business structure improvement	5,834	6,079
Provision for loss on order received	96	324
Other	12,782	14,451
Total current liabilities	<u>110,767</u>	<u>132,430</u>
Noncurrent liabilities:		
Bonds payable	19,500	19,500
Long-term loans payable	42,354	13,467
Lease obligations	8,447	6,026
Provision for retirement benefits	560	665
Provision for directors' retirement benefits	126	124
Provision for loss on guarantees	43	45
Other	3,494	4,943
Total noncurrent liabilities	<u>74,527</u>	<u>44,772</u>
Total liabilities	<u>185,295</u>	<u>177,203</u>
NET ASSETS		
Shareholders' equity:		
Capital stock	54,044	54,044
Capital surplus	30,155	30,155
Retained earnings	6,211	8,733
Treasury stock	(12,220)	(12,219)
Total shareholders' equity	<u>78,191</u>	<u>80,714</u>
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	3,498	176
Deferred gains or losses on hedges	(2)	(4)
Foreign currency translation adjustment	(11,029)	(11,534)
Total valuation and translation adjustments	<u>(7,534)</u>	<u>(11,362)</u>
Minority interests	<u>927</u>	<u>361</u>
Total net assets	<u>71,584</u>	<u>69,714</u>
Total liabilities and net assets	<u>256,879</u>	<u>246,917</u>

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Apr.1, 2008 – Jun. 30, 2008	Apr.1, 2009 – Jun. 30, 2009
Net sales	¥ 52,063	¥ 25,983
Cost of sales	39,003	22,531
Gross profit	13,060	3,452
Selling, general and administrative expenses	13,894	9,593
Operating loss	(834)	(6,141)
Non-operating income		
Interest income	65	29
Dividends income	258	173
Foreign exchange gains	383	—
Other	520	367
Total non-operating income	1,227	570
Non-operating expenses		
Interest expenses	363	484
Loss on transfer of receivables	40	32
Foreign exchange losses	—	156
Equity in losses of affiliates	860	628
Other	298	574
Total non-operating expenses	1,562	1,875
Ordinary loss	(1,169)	(7,446)
Extraordinary income		
Gain on step acquisitions	—	2,612
Gain on negative goodwill	—	2,471
Gain on change in equity	14	—
Reversal of provision for loss on guarantees	4	—
Other	—	287
Total extraordinary income	18	5,371
Extraordinary loss		
Business structure improvement expenses	—	376
Loss on valuation of inventories	2,426	—
Total extraordinary loss	2,426	376
Loss before income taxes	(3,577)	(2,451)
Income taxes	(539)	78
Loss before minority interests	—	(2,529)
Minority interests in income (loss)	14	(7)
Net loss	(3,052)	(2,522)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

Apr.1, 2008- Jun. 30, 2008 Apr.1, 2009 – Jun. 30, 2009**Net cash provided by (used in) operating activities:**

Loss before income taxes	¥ (3,577)	¥ (2,451)
Depreciation and amortization	2,161	1,686
Amortization of goodwill	245	—
Equity in (earnings) losses of affiliates	860	628
Gain on negative goodwill	—	(2,471)
Loss (gain) on step acquisitions	—	(2,612)
Increase (decrease) in provision for retirement benefits	(324)	(105)
Increase (decrease) in provision for directors' bonuses	(70)	(30)
Increase (decrease) in provision for product warranties	(355)	(378)
Increase (decrease) in provision for loss on order received	—	(228)
Business structure improvement expenses	—	376
Interest and dividends income	(323)	(203)
Interest expenses	363	484
Decrease (increase) in notes and accounts receivable-trade	18,613	15,650
Decrease (increase) in inventories	(8,568)	4,284
Decrease (increase) in other current assets	(773)	117
Increase (decrease) in notes and accounts payable-trade	1,443	(15,760)
Increase (decrease) in accrued expenses	(1,416)	(349)
Increase (decrease) in other current liabilities	(2,589)	(2,520)
Other, net	(81)	(381)
Subtotal	5,607	(4,264)
Interest and dividends income received	325	206
Interest expenses paid	(278)	(235)
Contribution in connection with the shift to a defined-contribution pension plan	(887)	(952)
Payment for business structure improvement expenses	—	(152)
Income taxes paid	(1,686)	(664)
Net cash provided by (used in) operating activities	3,081	(6,063)

Net cash provided by (used in) investing activities:

Decrease (increase) in time deposits	25	(62)
Purchase of property, plant and equipment	(1,930)	(247)
Proceeds from sales of property, plant and equipment	55	1,813
Purchase of investment securities	(3)	(3)
Proceeds from purchase of investments in subsidiaries resulting	—	2,615
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(5)
Other, net	(1,097)	(331)
Net cash provided by (used in) investing activities	(2,950)	3,777

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Apr.1, 2008- Jun. 30, 2008	Apr.1, 2009 – Jun. 30, 2009
Net cash provided by financing activities:		
Net increase (decrease) in short-term loans payable	8,969	(3,200)
Proceeds from long-term loans payable	—	30,000
Repayment of long-term loans payable	(1,112)	(1,112)
Proceeds from sales and lease backs	—	1,626
Repayments of finance lease obligations	(359)	(495)
Net decrease (increase) in treasury stock	0	(0)
Cash dividends paid	(2,374)	—
Cash dividends paid to minority shareholders	(7)	(3)
Net cash provided by financing activities	5,116	26,813
Effect of exchange rate change on cash and cash equivalents	567	260
Net increase (decrease) in cash and cash equivalents	5,815	24,788
Cash and cash equivalents at beginning of period	24,980	25,111
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(91)	—
Cash and cash equivalents at end of period	30,703	49,899

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
- Segment classifications are by product lineup.
 - Principal products of each segment category are as follows:
 - Electronic Equipment and Components: Semiconductor production equipment, FPD production equipment, PCB production equipment, and maintenance and repair services
 - Graphic Arts Equipment: CTP (Computer to plate), digital printing equipment, other printing and prepress related equipment, fonts, and maintenance and repair services
 - Other: Lease, printing, logistics services and other businesses
 - Intersegment sales and transfers are primarily comprised of service sales by our logistics service subsidiary to Dainippon Screen Co., Ltd. and its Group companies.
 - Changes in accounting policies
 - (Changes in evaluation standards and methods for inventories)

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). Therefore, operating loss in the Electronic Equipment and Components increased by ¥215 million, and operating income in the Graphic Arts and Other segment decreased by ¥27 million, ¥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”)

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 loss in the Electronic Equipment and Components segment decreased 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 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, 2009. 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 in the Electronic Equipment and Components decreased by ¥34 million, and operating income in the Graphic Arts segment increased by ¥3million, respectively, compared with the previous accounting method. In the Other segment, on the other hand, operating income decreased by ¥12 million.

First quarter ended Jun. 30, 2009

(Millions of yen)

	Electronic Equipment and Components	Graphic Arts Equipment	Other	Total	Eliminations	Consolidated
Sales						
(1) Sales to outside customers	¥ 17,993	¥ 7,745	¥ 243	¥ 25,983	¥ —	¥ 25,983
(2) Intersegment sales and transfers	—	—	1,177	1,177	(1,177)	—
Total	17,993	7,745	1,421	27,160	(1,177)	25,983
Operating income (loss)	(5,000)	(999)	(140)	(6,141)	—	(6,141)

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

SEGMENT INFORMATION

[Performance by Location]

First quarter ended Jun. 30, 2008

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations	Consolidated
(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)

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 increased 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")

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 and operating loss in Europe decreased by ¥13 million, compared with the previous accounting method.

(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. 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 loss decreased by ¥25 million in Japan, compared with the previous accounting method.

First quarter ended Jun. 30, 2009

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations	Consolidated
Sales							
(1)Sales to outside customers	¥ 19,001	¥ 2,904	¥ 2,361	¥ 1,715	¥ 25,983	¥ —	¥ 25,983
(2)Intersegment sales and transfers	2,597	296	859	333	4,087	(4,087)	—
Total	21,599	3,201	3,220	2,049	30,070	(4,087)	25,983
Operating income (loss)	(6,137)	(6)	113	(157)	(6,187)	46	(6,141)

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

SEGMENT INFORMATION**[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

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

First quarter ended Jun. 30, 2009

(Millions of yen)

	North America	Asia & Oceania	Europe	Other	Total
Overseas sales	¥ 3,305	¥ 12,531	¥ 1,992	¥ 563	¥ 18,392
Consolidated net sales					25,983
Overseas sales as a percentage of consolidated net sales	12.7 %	48.2 %	7.7 %	2.2 %	70.8 %

Notes

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

Consolidated Financial Highlights for the First Quarter Ended Jun. 30, 2009

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

	FY2009	FY2010	Difference		FY2009	FY2010	
	3months ended Jun. 30, 2008	3months ended Jun. 30, 2009			12months ended Mar.31, 2009	6months ending Sept. 30, 2009	12months ending Mar.31, 2010
	Result	Result	Amount	Percentage	Result	Forecast	Forecast
Net sales	¥ 52,063	¥ 25,983	¥ (26,079)	-50.1%	¥ 219,049	65,500	140,000
Operating income	(834)	(6,141)	(5,306)	—	(4,509)	(14,000)	(20,000)
[to net sales ratio]	-1.6 %	-23.6 %	-22.0 pt	—	-2.1 %	-21.4 %	-14.3 %
Ordinary income	(1,169)	(7,446)	(6,276)	—	(11,743)	(16,000)	(23,500)
[to net sales ratio]	-2.2 %	-28.7 %	-26.5 pt	—	-5.4 %	-24.4 %	-16.8 %
Net income	(3,052)	(2,522)	529	—	(38,190)	(11,000)	(15,000)
[to net sales ratio]	-5.9 %	-9.7 %	-3.8 pt	—	-17.4 %	-16.8 %	-10.7 %
Total assets	298,976	256,879	* 9,961	4.0%	246,917	—	—
Net assets	118,742	71,584	* 1,870	2.7%	69,714	—	—
Equity	118,013	70,657	* 1,304	1.9%	69,352	—	—
Equity ratio	39.5 %	27.5 %	* -0.6 pt	—	28.1 %	—	—
Net assets per share	¥ 497.08	¥ 297.62	* ¥ 5.49	1.9%	¥ 292.12	—	—
Interest-bearing debt	74,965	131,014	* 28,432	27.7%	102,581	—	—
Cash flows from operating activities	3,081	(6,063)	—	—	(24,593)	—	—
Cash flows from investing activities	(2,950)	3,777	—	—	(6,920)	—	—
Cash flows from financing activities	5,116	26,813	—	—	34,071	—	—
Depreciation and amortization	2,161	1,686	(475)	-22.0%	8,413	3,500	7,400
Capital expenditures	712	233	(479)	-67.3%	4,007	1,200	3,000
R&D expenses	3,895	2,371	(1,524)	-39.1%	16,072	6,500	13,600
Number of employees	5,150	5,125	* 133	2.7%	4,992	—	—
Number of consolidated subsidiaries	46	47	* —	—	47	—	—
[Domestic]	[21]	[20]	* [-1]	—	[21]	—	—
[Overseas]	[25]	[27]	* [1]	—	[26]	—	—
Number of affiliates	4	2	* -2	—	4	—	—
[Number of affiliates accounted for by equity method]	[4]	[2]	* [-2]	—	[4]	—	—

* show changes in amount from Mar. 31, 2009

Sales Breakdown (Consolidated)

(Millions of yen)

		FY2009						FY2010		
		3months ended	3months ended	6months ended	3months ended	3months ended	12months ended	3months ended	6months ending	12months ending
		Jun. 30, 2008	Sept. 30, 2008	Sept. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Mar.31, 2009	Jun. 30, 2009	Sept. 30, 2009	Mar. 31, 2010
		Result	Result	Result	Result	Result	Result	Result	Forecast	Forecast
Electronic Equipment and Components										
Semiconductor Production Equipment	Domestic	6,363	13,092	19,455	4,114	3,069	26,638	1,310	—	—
	Overseas	17,467	21,121	38,588	14,114	10,407	63,110	13,821	—	—
	Total	23,830	34,213	58,044	18,228	13,476	89,749	15,132	34,700	72,500
FPD Production Equipment	Domestic	2,843	1,405	4,248	2,135	5,713	12,097	1,620	—	—
	Overseas	9,311	15,193	24,505	15,367	10,427	50,300	620	—	—
	Total	12,155	16,598	28,754	17,503	16,140	62,397	2,241	10,900	21,000
Other Electronic Equipment	Domestic	721	1,963	2,685	1,641	1,678	6,006	351	—	—
	Overseas	502	738	1,240	369	393	2,003	268	—	—
	Total	1,224	2,702	3,926	2,010	2,072	8,009	620	1,800	4,400
Total	Domestic	9,928	16,461	26,389	7,891	10,461	44,742	3,282	—	—
	Overseas	27,281	37,054	64,335	29,851	21,228	115,414	14,711	—	—
	Total	37,209	53,515	90,724	37,742	31,689	160,156	17,993	47,400	97,900
Graphic Arts Equipment										
Total	Domestic	5,593	6,892	12,485	6,520	6,821	25,827	4,170	—	—
	Overseas	8,824	9,772	18,596	7,145	5,525	31,267	3,575	—	—
	Total	14,417	16,664	31,081	13,666	12,347	57,095	7,745	17,700	41,400
Other										
Total	Domestic	414	527	941	379	390	1,711	138	—	—
	Overseas	22	53	75	—	10	85	105	—	—
	Total	436	581	1,017	379	400	1,797	243	400	700
Grand Total	Domestic	15,935	23,880	39,816	14,791	17,673	72,281	7,591	—	—
	Overseas	36,127	46,879	83,007	36,996	26,763	146,767	18,392	—	—
	Total	52,063	70,760	122,823	51,788	44,436	219,049	25,983	65,500	140,000
	Overseas Ratio	69.4%	66.3%	67.6%	71.4%	60.2%	67.0%	70.8%	—	—

Orders received & Order backlog (Consolidated)

		FY2009		FY2009		FY2009		FY2009		FY2010	
		3months ended Jun.30, 2008		3months ended Sept.30, 2008		3months ended Dec.31, 2008		3months ended Mar. 31, 2009		3months ended Jun. 30, 2009	
		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	9,932	16,064	5,101	8,073	2,988	6,947	2,586	6,463	953	6,834
	Overseas	19,972	35,401	26,319	40,599	6,011	32,495	4,893	26,981	10,268	24,652
	Total	29,904	51,465	31,421	48,672	8,998	39,442	7,479	33,444	11,220	31,486
FPD Production Equipment	Domestic	12,120	17,553	3,904	20,051	1,061	18,977	-2,433	10,831	631	9,840
	Overseas	16,738	53,093	266	38,165	603	23,400	3,323	16,296	264	15,939
	Total	28,859	70,646	4,169	58,216	1,664	42,377	890	27,127	894	25,780
Other Electronic Equipment	Domestic	992	1,500	1,864	1,400	1,851	1,609	172	102	454	205
	Overseas	490	268	615	145	423	199	273	78	435	244
	Total	1,482	1,768	2,479	1,545	2,273	1,808	445	180	889	449
Total	Domestic	23,044	35,117	10,869	29,524	5,900	27,533	324	17,396	2,038	16,879
	Overseas	37,200	88,762	27,200	78,909	7,038	56,094	8,490	43,356	10,966	40,835
	Total	60,244	123,879	38,069	108,433	12,937	83,627	8,814	60,751	13,004	5,715
Graphic Arts Equipment											
Total	Domestic	5,222	908	7,928	1,943	6,204	1,627	6,694	1,498	3,750	1,078
	Overseas	9,263	6,140	8,402	4,769	5,088	2,711	4,169	1,355	3,659	1,438
	Total	14,485	7,048	16,330	6,712	11,292	4,338	10,864	2,853	7,408	2,516
Other											
Total	Domestic	10	—	71	—	44	—	3	—	1	—
	Overseas	21	—	53	—	—	—	11	—	104	—
	Total	31	—	124	—	44	—	14	—	105	—
Grand Total	Domestic	28,276	36,025	18,868	31,467	12,148	29,160	7,021	18,894	5,788	17,957
	Overseas	46,484	94,901	35,655	83,678	12,126	58,805	12,670	44,711	14,729	42,273
	Total	74,762	130,926	54,523	115,145	24,273	87,965	19,692	63,605	20,517	60,230
	Overseas Ratio	62.2%	72.5%	65.4%	72.7%	50.0%	66.9%	64.3%	70.3%	71.8%	70.2%

Notes: Orders backlog as end of June 30, 2009 includes adjustments of ¥1,954 million in line with additional consolidation of SOKUDO Co., Ltd.