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

February 9, 2009

CONSOLIDATED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED DECEMBER 31, 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 THIRD QUARTER ENDED DECEMBER 31, 2008 (Apr.1, 2008-Dec.31, 2008)

(1)Business Result

(Millions of yen, except per share figures)

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Nine months ended Dec. 31, 2008	**¥ 174,612**	**— %**	**¥ 1,844**	**— %**	**¥ (2,780)**	**— %**
Nine months ended Dec. 31, 2007	197,217	-6.6	11,737	-44.4	8,064	-58.9

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Nine months ended Dec. 31, 2008	**¥ (5,633)**	**— %**	**¥ (23.73)**	**¥ —**
Nine months ended Dec. 31, 2007	4,313	-65.2	17.63	16.31

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)
Dec. 31, 2008	**¥ 298,717**	**¥ 103,273**	**34.3 %**	**¥ 431.93**
Mar. 31, 2008	291,114	122,874	41.9	514.26

Note: Equity as end of period
Nine months ended Dec. 31, 2008: ¥102,545 million
Fiscal year ended Mar. 31, 2008: ¥122,093 million

CASH DIVIDENDS

	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)	———	———	———	0.00	0.00

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

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
Fiscal year ending Mar. 31, 2009	¥ 235,000	-16.0 %	¥ 5,200	-64.5 %

	Ordinary Income	Percentage Change	Net Income	Percentage Change	Net Income per Share (Yen)
Fiscal year ending Mar. 31, 2009	¥ 200	-97.3 %	¥ (4,000)	— %	¥ (16.85)

Note: Revision of business forecast in the third quarter under review: No
The business forecasts for the fiscal year ending March 31, 2009 are unspecified and remain unchanged from the announcement on November 10, 2008, since a restructuring plan is being drew up as noted in p. 4, 3.Qualitative information regarding consolidated business results forecasts, [Qualitative Information, Financial Statements and Others] in using prerequisites for business forecasts and forecasts themselves.

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 financial statements
1. Changes accompanied by revision of accounting standard etc.: Yes
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)
Nine months ended Dec. 31, 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
Nine months ended Dec. 31, 2008: 16,562,219 shares Fiscal year ended Mar. 31, 2008: 16,560,577 shares
3. Average number of shares outstanding
Nine months ended Dec. 31, 2008: 237,412,765 shares Nine months ended Dec. 31, 2007: 244,672,196 shares

*Notes concerning the use of business forecasts

1. 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.

2. 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. The quarterly consolidated financial statements are prepared in accordance with “The Rules for Quarterly Financial Reporting”.

[Qualitative Information, Financial Statements and Other]

1. Qualitative information regarding the status of consolidated business results

During the third quarter of the fiscal year ending March 31, 2009, the nine-month period from April 1, 2008 to December 31, 2008, financial instability, which originated in the United States, spread to the real economies of most major countries and a downturn in the global economy became clearly evident, especially as we entered the third quarter. On the domestic front, in addition to a substantial downturn in exports, which had been driving the economy, the dramatic appreciation of the yen and flagging stock prices had a severe impact on corporate sector earnings. Furthermore, the economy fell into a rapid tailspin due to a decline in capital investments caused by a downturn in corporate sector earnings along with a rollback in consumer spending owing to deteriorating employment conditions.

The business conditions surrounding the Dainippon Screen Group's principal fields of business were extremely harsh. In the semiconductor industry, weak sales of such end products as digital home appliances and mobile phones caused semiconductor manufacturer operating rates to decline significantly, forcing manufacturers to postpone or freeze a series of capital investments.

Under these circumstances, and in the context of the Dainippon Screen Group's performance for the nine-month period of the fiscal year under review, sales of its mainstay semiconductor production equipment were slack. As a result, net sales contracted ¥22,605 million, or 11.5%, compared with the same period of the previous fiscal year to ¥174,612 million. Operating income also declined ¥9,892 million, or 84.3%, year on year to ¥1,844 million.

Turning to nonoperating expenses, Dainippon Screen recorded equity in losses of affiliates and an exchange loss on foreign currency transactions, which resulted in an ordinary loss of ¥2,780 million, compared with ordinary income of ¥8,064 million in the same period of the previous fiscal year. As for extraordinary expenses, the Dainippon Screen Group posted a loss on the write down of inventories at the beginning of the period totaling ¥2,426 million following the application of the "Accounting Standard for Measurement of Inventories" and losses on investment securities of ¥1,591 million associated with the drop in market value of shares held.

Due to these factors, the net loss for the nine months ended December 31, 2008 was ¥5,633 million, compared with net income totaling ¥4,313 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

Sales of FPD production equipment within the Group's Electronic Equipment and Components segment increased thanks to the growth of LCD coater/developers, particularly in Taiwan and South Korea, compared with the same period of the previous fiscal year. Sales of semiconductor production equipment declined substantially year on year due to the postponement and freezing of a series of capital investments by semiconductor manufacturers. Capital expenditures by printed circuit board (PCB) manufacturers remained weak throughout the period under review resulting in stagnant sales of other electronic equipment. Based on these factors, sales in the Electronic Equipment and Components segment contracted ¥22,958 million, or 15.2%, year on year to ¥128,467 million. In the period under review, the Dainippon Screen Group recorded operating income totaling ¥147 million, a decline of ¥8,930 million, or 98.4%, compared with the nine-month period ended December 31, 2007.

The Graphic Arts Equipment Segment

In the Graphic Arts Equipment segment, sales of computer-to-plate (CTP)-related equipment, mainly overseas, were largely unchanged from the same period of the previous fiscal year. In addition, sales of digital printing equipment that features print-on-demand (POD) capabilities as well as such new products as large-format inkjet printers manufactured by Inca Digital Printers contributed to sales growth. As a result, sales in the Graphic Arts Equipment segment climbed ¥852 million, or 1.9%, compared with the same period of the previous fiscal year to ¥44,747 million. Due to the effects of a strong yen, operating income declined ¥241 million, or 11.6%, year on year to ¥1,836 million.

The Other Segment

Sales in the Other segment decreased ¥499 million, or 26.3%, compared with the same period of the previous fiscal year to ¥1,396 million. An operating loss of ¥139 million yen was recorded, compared with operating income of ¥581 million for the same period of the previous fiscal year.

Note: Comparative data, including percentage rates of increase or decrease from the same period of the previous fiscal year, are provided for reference purposes only.

2. Qualitative information regarding changes in consolidated financial position

As of December 31, 2008, total assets stood at ¥298,717 million, an increase of ¥7,603 million, or 2.6%, compared with March 31, 2008. In current assets, trade notes and accounts receivable declined ¥18,961 million while cash and time deposits jumped ¥19,052 million and the postponement of deliveries caused inventories to grow ¥11,328 million compared with March 31, 2008. In fixed assets, investments in securities fell ¥13,881 million due mainly to the drop in market value of shares held as well as the posting of equity in losses of affiliates. Based on the application of "Accounting Standard for Lease Transactions," lease investment assets (receivables) related to subleasing, lease assets and lease obligations increased by ¥1,404 million, ¥7,471 million and ¥9,172 million, respectively.

Equity, the balance of net assets less minority interests, stood at ¥102,545 million, a decrease of ¥19,548 million or 16.0%, compared with March 31, 2008. This was attributable to such factors as a decrease in retained earnings owing to the net loss incurred in the period under review and cash dividends paid as well as a decline in net unrealized holding gains on securities due to the drop in market values of stockholdings and foreign currency translation adjustments resulting from a strong yen.

Consequently, the equity ratio decreased 7.6 percentage points from 41.9% as of March 31, 2008 to 34.3%.

Status of Cash Flows

In the period under review, major cash inflows, including depreciation and amortization, a decrease in the trade notes and accounts receivable and an increase in accounts payable, exceeded principal cash outflows, including a loss before income taxes, an increase in inventories, a decrease in other current liabilities and income taxes paid. As a result, net cash provided by operating activities amounted to ¥1,067 million compared with net cash used in operating activities of ¥17,422 million for the nine-month period of the fiscal year ended March 31, 2008.

Net cash used in investing activities totaled ¥5,388 million, compared with ¥12,050 million in the same period of the previous fiscal year. This reflects payments of construction expenses for the Process Technology Center for semiconductor manufacturing processes and the Welfare Center for employees that were acquired during the previous fiscal year as well as the purchase of shares in Silicon Light Machines Corporation of the United States.

While Dainippon Screen paid cash dividends and repaid long-term debt and others, it procured funds through short- and long-term debt. As a result, net cash provided by financing activities was ¥26,907 million, compared with ¥29,940 million in the same period of the previous fiscal year.

In addition, cash and cash equivalents declined ¥2,585 million due to foreign currency translation losses resulting from the strong yen. As a result, cash and cash equivalents at the end of the period under review increased ¥19,910 million from March 31, 2008 to ¥44,890 million.

Note: Data comparisons with the same period of the previous fiscal year are provided for reference purposes only.

3. Qualitative information regarding consolidated business results forecasts

The global economic slowdown that originated from the financial crisis forced semiconductor and LCD panel manufacturers to postpone and curtail their capital expenditures. Influenced by these movements, Dainippon Screen Group's business outlook is expected to be extremely harsh.

Under rapid worsening of business environment, Dainippon Screen will implement the review of the business forecasts as well as a restructuring plan designed to streamline business offices and group companies and reduce work force. Therefore, we will reiterate the business forecasts after finalizing precise examination of the previous business forecasts, which are not determined at this time.

Accounting for the aforementioned factors, the business forecasts noted in the cover remain unchanged from the previous forecast announced on November 10, 2008.

[Actions to strengthen its business structure]

The economic downturn has deteriorated Dainippon Screen Group's order situation, causing the bleak business outlook to continue. Facing the difficulties to foresee a recovery, Dainippon Screen will intends to implement a restructuring plan aimed at cost-reductions of approximately ¥40 billion to generate profits even under continuing decline in revenue.

Outline of the restructuring plan is as follows;

>>Downsizing workforce
Downsize 1,600 positions both of permanent and temporary employment
>>Pay cutting
Eliminate Board of Directors' compensation and reduce base salaries of management-level and general employees
>>Curtail and combine production sites
>>Streamline business offices and group companies
>>Reorganize R&D system and accelerate the speed of developments

Dainippon Screen will reiterate its specific contents, effects, timing and expenses related to these actions as soon as planning is finalized.

Moreover, we will also be obliged to revise our dividends forecast for the fiscal year ending March 31, 2009 from ¥3 to ¥0 per share since we have posted a net loss of ¥5,633 million for the nine-month period ended December 31, 2008.

.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:

I. Calculation method for estimating future credit losses on normal receivables

Recognizing that no significant changes have arisen with regard to the estimated bad debt loss ratios as of December 31, 2008 and September 30, 2008, the actual bad debt loss ratio as of September 30, 2008 has been used as the basis for calculation of estimated future credit losses of normal receivables.

II. Valuation of inventories

Inventories at the end of December 31, 2008 are calculated using a reasonable method based on actual inventories at the end of September 30, 2008 instead of based on an actual physical inventory.

III. Calculation of fixed asset depreciation

For the assets depreciated using the declining balance method, depreciation expenses applicable to the fiscal year are allocated to this period on a pro-rata basis.

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 third quarter ended December 2008, 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,

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). As a result, operating income decreased by ¥823 million. Ordinary loss increased by ¥823 million, ¥3,249 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. As a result, operating income decreased by ¥124 million. Ordinary loss and net loss before income taxes increased by ¥168 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. As a result, 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. As a result, operating income increased by ¥158 million, ordinary loss and net loss before income taxes increased by ¥143 million, respectively. The impact on segment information is noted in the corresponding section.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Dec. 31, 2008	Mar. 31, 2008
ASSETS		
Current assets:		
Cash and time deposits	**¥ 45,299**	¥ 26,247
Trade notes and accounts receivable	**66,831**	85,793
Merchandise and finished products	**40,870**	30,898
Work in process	**36,254**	36,482
Raw materials and supplies	**8,132**	6,548
Deferred tax assets	**8,311**	6,771
Other	**6,252**	5,011
Allowance for doubtful receivables	**(1,136)**	(765)
Total current assets	**210,818**	196,988
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	**55,114**	55,120
Machinery, equipment and other	**32,097**	31,030
Other	**28,233**	22,108
Accumulated depreciation and impairment	**(63,245)**	(59,191)
Total property, plant and equipment	**52,201**	49,069
Intangible fixed assets:		
Goodwill	**1,962**	2,295
Other	**2,380**	692
Total intangible fixed assets	**4,342**	2,988
Investments and other assets:		
Investments in securities	**21,832**	35,714
Other	**9,665**	6,496
Allowance for doubtful receivables	**(142)**	(143)
Total investments and other assets	**31,356**	42,067
Total fixed assets	**87,899**	94,125
Total assets	**298,717**	291,114

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Dec. 31, 2008	Mar. 31, 2008
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	**¥ 74,600**	¥ 74,546
Short-term debt	**31,088**	12,252
Current portion of convertible notes with stock acquisition rights	**14,999**	—
Current portion of long-term debt	**7,836**	4,028
Lease obligations	**2,078**	—
Accrued income taxes	**754**	2,174
Construction notes payable	**208**	2,611
Accrued bonuses to directors	**67**	95
Accrued product warranty costs	**3,942**	4,101
Other	**17,275**	23,891
Total current liabilities	**152,851**	123,702
Long-term liabilities:		
Notes	**17,000**	17,000
Convertible notes with stock acquisition rights	—	14,999
Long-term debt	**16,261**	8,645
Lease obligations	**7,094**	—
Accrued pension and severance costs	**687**	1,497
Allowances for retirement benefits for directors and corporate auditors	**151**	152
Reserve for loss on guarantees	**45**	84
Other	**1,351**	2,158
Total long-term liabilities	**42,592**	44,537
Total liabilities	**195,444**	168,239
NET ASSETS		
Shareholders' equity:		
Common stock	**54,044**	54,044
Capital surplus	**30,158**	30,176
Retained earnings	**41,261**	49,389
Treasury stock	**(12,221)**	(12,238)
Total shareholders' equity	**113,242**	121,372
Valuation gain/loss, translation gain/loss, etc:		
Net unrealized holding gains on securities	**835**	6,347
Deferred hedge income and loss	**(3)**	(6)
Foreign currency translation adjustments	**(11,529)**	(5,619)
Total valuation gain/loss, translation gain/loss, etc.	**(10,697)**	721
Minority interests	**728**	781
Total net assets	**103,273**	122,874
Total liabilities and net assets	**298,717**	291,114

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Apr.1, 2008 – Dec. 31, 2008
Net sales	¥ 174,612
Cost of sales	130,748
Gross profit	43,863
Selling, general and administrative expenses	42,018
Operating Income	1,844
Nonoperating income:	
Interest income	242
Dividend income	419
Revenue from service contract	645
Other	1,238
Total nonoperating income	2,545
Nonoperating expenses:	
Interest expenses	1,061
Loss on sale of notes receivable	139
Exchange loss on foreign currency transactions	1,321
Equity in losses of affiliates	3,412
Other	1,235
Total nonoperating expenses	7,170
Ordinary loss	(2,780)
Extraordinary income:	
Gain on change in equity	14
Reversal of provision for loss on guarantees	3
Total extraordinary income	17
Extraordinary expenses:	
Loss on revaluation of inventories	2,426
Loss on investments in securities	1,591
Total extraordinary expenses	4,018
Loss before income taxes	(6,781)
Provision for income taxes	(1,181)
Minority interests in net income of consolidated subsidiaries	33
Net loss	(5,633)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Apr.1, 2008 – Dec.31, 2008
Cash flows from operating activities:	
Loss before income taxes	¥ (6,781)
Depreciation and amortization	6,270
Amortization of goodwill	788
Equity in losses (gains) of affiliates	3,412
Losses (gains) on investments in securities	1,591
(Decrease) increase in accrued pension and severance costs	(609)
(Decrease) increase in accrued bonuses to directors	(28)
(Decrease) increase in accrued product warranty costs	(78)
Interest and dividend income	(661)
Interest expenses	1,061
Decrease (increase) in trade notes and accounts receivable	17,641
(Increase) decrease in inventories	(13,721)
Decrease (increase) in other current assets	9
Increase (decrease) in notes and accounts payable	1,250
(Decrease) increase in accrued expenses	(1,287)
(Decrease) increase in other current liabilities	(4,559)
Other	120
Subtotal	4,418
Interest and dividend received	681
Interest paid	(989)
Contribution in connection with the shift to a defined contribution pension plan	(942)
Income taxes paid	(2,101)
Net cash provided by operating activities	1,067
Cash flows from investing activities:	
Decrease (increase) in time deposits, net	586
Acquisition of property, plant and equipment	(4,496)
Proceeds from sale of property, plant and equipment	66
Purchase of investments in securities	(137)
Acquisition of a newly consolidated subsidiary	(1,276)
Other	(131)
Net cash used in investing activities	(5,388)
Cash flows from financing activities:	
Increase (decrease) in short-term debt, net	19,273
Proceeds from long-term debt	15,000
Repayment of long-term debt	(3,566)
Repayment of financial lease obligations	(1,416)
(Increase) decrease in treasury stock, net	(1)
Cash dividends paid	(2,374)
Cash dividends paid to minority interests	(7)
Net cash provided by financing activities	26,907
Effect of exchange rate changes on cash and cash equivalents	(2,585)
Net increase (decrease) in cash and cash equivalents	20,001
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	44,890

SEGMENT INFORMATION

[Performance by Business Segment]

Third quarter ended Dec. 31, 2008 (From Apr. 1, 2008 to Dec. 31, 2008) (Millions of yen)

	Electronic Equipment and Components	Graphic Arts Equipment	Other	Total	Eliminations	Consolidated
Sales						
(1) Sales to outside customers	¥ **128,467**	¥ **44,747**	¥ **1,396**	¥ **174,612**	¥ **—**	¥ **174,612**
(2) Intersegment sales and transfers	**—**	**—**	**6,441**	**6,441**	**(6,441)**	**—**
Total	**128,467**	**44,747**	**7,838**	**181,053**	**(6,441)**	**174,612**
Operating income (loss)	**147**	**1,836**	**(139)**	**1,844**	**—**	**1,844**

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 (Computer to plate), 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 Mfg. 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, 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). As a result, operating income for the nine months ended December 31, 2008 in the Electronic Equipment and Components and Graphic Arts Equipment segment decreased by ¥563 million and ¥259 million, respectively and operating loss in the Other segment increased by ¥ 0 million, 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 for the nine months ended December 31, 2008 in the Electronic Equipment and Components segment decreased by ¥128 million and operating income in the Graphic Arts segment increased by ¥3 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. As a result, operating income for the nine months ended December 31, 2008 in the Electronic Equipment and Components and Graphic Arts segment increased by ¥184 million and ¥9 million, respectively, compared with the previous accounting method. In the Other segment, on the other hand, operating loss increased by ¥35 million.

SEGMENT INFORMATION

[Performance by Location]

Third quarter ended Dec. 31, 2008 (From Apr. 1, 2008 to Dec. 31, 2008) (Millions of yen)

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations	Consolidated
Sales							
(1)Sales to outside customers	¥ **113,848**	¥ **27,178**	¥ **15,665**	¥ **17,920**	¥ **174,612**	¥ **—**	¥ **174,612**
(2)Intersegment sales and transfers	**38,653**	**886**	**3,779**	**331**	**43,650**	**(43,650)**	**—**
Total	**152,502**	**28,064**	**19,444**	**18,251**	**218,263**	**(43,650)**	**174,612**
Operating income (loss)	**31**	**904**	**1,375**	**(570)**	**1,739**	**104**	**1,844**

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, 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). As a result, operating income for the nine months ended December 31, 2008 decreased by ¥823 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 for the nine months ended December 31, 2008 in Asia and Oceania decreased by ¥0 million while operating loss in Europe increased by ¥124 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 for the nine months ended December 31, 2008 increased by ¥158 million in Japan, compared with the previous accounting method.

[Overseas Sales]

Third quarter ended Dec. 31, 2008 (From Apr. 1, 2008 to Dec. 31, 2008) (Millions of yen)

	North America	Asia & Oceania	Europe	Other	Total
Overseas sales	¥ **28,109**	¥ **68,288**	¥ **14,205**	¥ **9,400**	¥ **120,003**
Consolidated net sales					**174,612**
Overseas sales as a percentage of consolidated net sales	**16.1 %**	**39.1 %**	**8.1 %**	**5.4 %**	**68.7 %**

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 – Dec. 31, 2007
I. **Net sales**	**¥ 197,217**
II. **Cost of sales**	143,441
Gross profit before installment sales adjustment	53,776
Installment sales adjustment	2
Gross profit	**53,779**
III. Selling, general and administrative expenses	42,041
Operating income	**11,737**
IV. Nonoperating income:	
Interest income	398
Dividend income	400
Housing rental income	269
Revenue from service contract	521
Insurance benefit	290
Other	552
Total nonoperating income	2,432
V. Nonoperating expenses:	
Interest expenses	558
Loss on sale of notes receivable	163
Exchange loss on foreign currency transactions	900
Equity in losses of affiliates	2,553
Loss on disposal of property, plant and equipment	58
Other	1,870
Total nonoperating expenses	6,104
Ordinary income	**8,064**
VI. Extraordinary income:	
Amortization of prior service cost	556
Gain on transition to a defined contribution pension plan	468
Gain on prior adjustment to rent of expense	388
Gain on sale of investments in securities	30
Other	10
Total extraordinary income	1,453
VII Extraordinary expenses:	
Loss on sale investments in securities	7
Loss on investments in securities	57
Other	0
Total extraordinary expenses	65
Income before income taxes	**9,452**
Provision for income taxes—current	1,673
Provision for income taxes—deferred	3,411
Minority interests in net income of consolidated subsidiaries	53
Net income	**4,313**

[Reference]

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Apr.1,2007 – Dec.31, 2007
I. **Operating activities:**	
Income before income taxes	¥ 9,452
Depreciation and amortization	3,882
Amortization of goodwill	748
Equity in losses of affiliates	2,553
Loss on investments in securities	57
Loss on disposal of property, plant and equipment	58
Gain on sale of investments in securities	(30)
Loss on sale investments in securities	7
Decrease in accrued pension and severance costs	(1,534)
Gain on transition to a defined contribution pension plan	(468)
Increase in accrued product warranty costs	256
Interest and dividend income	(799)
Interest expenses	558
Decrease (increase) in accounts receivable	14,961
Increase in inventories	(12,279)
Decrease (increase) in other current assets	452
Increase (decrease) in accounts payable	(19,324)
Increase in accrued expenses	792
Increase (decrease) in other current liabilities	(4,075)
Other, net	(459)
Subtotal	(5,189)
Interest and dividend received	817
Interest paid	(475)
Contribution in connection with the shift to a defined-contribution pension plan	(923)
Income taxes paid	(11,651)
Net cash used in operating activities	**(17,422)**
II. **Investing activities:**	
Increase in time deposits, net	(675)
Acquisition of property, plant and equipment	(10,835)
Proceeds from sale of property, plant and equipment	238
Purchase of investments in securities	(1,306)
Proceeds from sale of investments in securities	880
Acquisition of a newly consolidated subsidiary	(30)
Other, net	(321)
Net cash used in investing activities	**(12,050)**
III. **Financing activities:**	
Increase (decrease) in short-term debt, net	39,100
Proceeds from long-term debt	900
Repayment of long-term debt	(3,318)
Increase in treasury stock, net	(3,049)
Cash dividends paid	(3,681)
Cash dividends paid to minority interests	(11)
Net cash provided by financing activities	**29,940**
IV. **Effect of exchange rate changes on cash and cash equivalents**	**13**
V. **Net increase in cash and cash equivalents**	**480**
VI. **Cash and cash equivalents at beginning of period**	**33,990**
VII. **Cash and cash equivalents at end of period**	**34,471**

[Reference]

SEGMENT INFORMATION

[Performance by Business Segment]

Nine months ended Dec. 31, 2007 (From Apr.1, 2007 to Dec.31, 2007) (Millions of yen)

	Electronic Equipment and Components	Graphic Arts Equipment	Other	Total	Eliminations	Consolidated
Sales						
(1) Sales to outside customers	¥151,426	¥43,895	¥1,896	¥197,217	¥ —	¥197,217
(2)Intersegment sales and transfers	—	—	6,306	6,306	(6,306)	—
Total	151,426	43,895	8,203	203,524	(6,306)	197,217
Operating expenses	142,348	41,817	7,621	191,787	(6,306)	185,480
Operating income	9,077	2,077	581	11,737	—	11,737

Notes: 1. Segment classifications are by product lineup.
2. Primary 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: 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 Mfg. Co., Ltd. and its Group companies.

[Performance by Location]

Nine months ended Dec. 31, 2007 (From Apr.1, 2007 to Dec.31, 2007) (Millions of yen)

	Japan	North America	Asia & Oceania	Europe	Total	Eliminations	Consolidated
Sales							
(1)Sales to outside customers	¥126,702	¥29,059	¥17,085	¥24,370	¥197,217	¥ —	¥197,217
(2)Intersegment sales and transfers	45,232	764	3,365	474	49,837	(49,837)	—
Total	171,935	29,823	20,450	24,844	247,054	(49,837)	197,217
Operating expenses	162,283	28,413	18,581	25,365	234,645	(49,164)	185,480
Operating income (loss)	9,651	1,409	1,868	(520)	12,409	(672)	11,737

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]

Nine months ended Dec. 31, 2007 (From Apr.1, 2007 to Dec.31, 2007) (Millions of yen)

	North America	Asia & Oceania	Europe	Other	Total
Overseas sales	¥29,925	¥71,186	¥18,429	¥8,750	¥128,290
Consolidated net sales					197,217
Overseas sales as a percentage of consolidated net sales	15.2%	36.1%	9.4%	4.4%	65.1%

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

Consolidated Financial Highlights for the Third Quarter Ended Dec. 31, 2008

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

	FY2008 9months ended Dec. 31, 2007	FY2009 9months ended Dec. 31, 2008	Difference		FY2008 12months ended Mar.31, 2008
	Result	Result	Amount	Percentage	Result
Net sales	¥ 197,217	¥ 174,612	¥ (22,605)	-11.5%	¥ 279,816
Operating income	11,737	1,844	(9,892)	-84.3%	14,627
[to net sales ratio]	6.0 %	1.1 %	-4.9 pt	—	5.2 %
Ordinary income	8,064	(2,780)	(10,845)	—	7,540
[to net sales ratio]	4.1 %	-1.6 %	-5.7 pt	—	2.7 %
Net income	4,313	(5,633)	(9,947)	—	4,577
[to net sales ratio]	2.2 %	-3.2 %	-5.4 pt	—	1.6 %
Total assets	316,516	298,717	* 7,603	2.6%	291,114
Net assets	129,756	103,273	* (19,600)	-16.0%	122,874
Equity	129,000	102,545	* (19,548)	-16.0%	122,093
Equity ratio	40.8 %	34.3 %	* -7.6 pt	—	41.9 %
[exclude leases]	40.8 %	35.4 %	* -6.5 pt	—	41.9 %
Net assets per share	¥ 536.57	¥ 431.93	* ¥ (82.33)	-16.0%	¥ 514.26
Interest-bearing debt	84,945	96,358	* 39,433	69.3%	56,924
[exclude lease obligations]	84,945	87,185	* 30,260	53.2%	56,924
Cash flows from operating activities	(17,422)	1,067	18,490	—	7,934
Cash flows from investing activities	(12,050)	(5,388)	6,662	—	(16,509)
Cash flows from financing activities	29,940	26,907	(3,032)	—	669
Depreciation and amortization	3,882	6,270	2,388	61.5%	5,563
[exclude leases]	3,882	4,665	783	20.2%	5,563
Capital expenditures	9,790	2,509	(7,281)	-74.4%	12,866
[exclude lease assets]	9,790	2,058	(7,731)	-79.0%	12,866
R&D expenses	11,585	12,291	706	6.1%	16,247
Number of employees	5,068	5,167	* 126	2.5%	5,041
Number of consolidated subsidiaries	47	47	* 1	—	46
[Domestic]	[23]	[21]	* [-1]	—	[22]
[Overseas]	[24]	[26]	* [2]	—	[24]
Number of affiliates	4	4	* 1	—	3
[Number of affiliates accounted for by equity method]	[3]	[4]	* [1]	—	[3]

* show changes in amount from Mar. 31, 2008

Note:

Starting from the first quarter of the fiscal year ending March 31, 2009, the following new accounting standards have been implemented. As noted in P. 5, 4. Other, [Qualitative Information, Financial Statements and Others]

(1) Accounting methods regarding quarterly consolidated financial statements.

(2) Accounting methods regarding evaluation of inventories.

(3) Application of the practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements.

(4) Accounting methods regarding lease transactions.

However, the business results for the fiscal year ended March 31, 2008 and nine months ended December 31, 2007 are shown according to the previous accounting methods.

Sales Breakdown (Consolidated) (Millions of yen)

		FY2008		FY2009			FY2008		FY2009
		3months ended Dec. 31, 2007	3months ended Mar. 31, 2008	3months ended Jun. 30, 2008	3months ended Sept. 30, 2008	3months ended Dec. 31, 2008	9months ended Dec.31, 2007	12months ended Mar.31, 2008	9months ended Dec.31, 2008
		Result	Result	Result	Result	Result	Result	Result	Result
Electronic Equipment and Components									
Semiconductor Production Equipment	Domestic	8,539	11,367	6,363	13,092	4,114	33,659	45,026	23,569
	Overseas	22,101	32,712	17,467	21,121	14,114	95,984	128,696	52,703
	Total	30,641	44,080	23,830	34,213	18,228	129,643	173,723	76,272
FPD Production Equipment	Domestic	534	4,069	2,843	1,405	2,135	9,208	13,278	6,384
	Overseas	3,327	12,696	9,311	15,193	15,367	6,677	19,374	39,873
	Total	3,861	16,766	12,155	16,598	17,503	15,886	32,652	46,257
Other Electronic Equipment	Domestic	1,546	1,481	721	1,963	1,641	4,216	5,698	4,327
	Overseas	419	595	502	738	369	1,679	2,275	1,609
	Total	1,966	2,077	1,224	2,702	2,010	5,896	7,973	5,936
Total	Domestic	10,621	16,918	9,928	16,461	7,891	47,084	64,002	34,281
	Overseas	25,848	46,005	27,281	37,054	29,851	104,341	150,346	94,186
	Total	36,469	62,923	37,209	53,515	37,742	151,426	214,349	128,467
Graphic Arts Equipment									
Total	Domestic	6,091	8,919	5,593	6,892	6,520	19,983	28,903	19,005
	Overseas	8,909	10,112	8,824	9,772	7,145	23,911	34,023	25,742
	Total	15,000	19,032	14,417	16,664	13,666	43,895	62,927	44,747
Other									
Total	Domestic	464	449	414	527	379	1,858	2,308	1,321
	Overseas	8	192	22	53	0	37	230	75
	Total	472	642	436	581	379	1,896	2,538	1,396
Grand Total	Domestic	17,176	26,287	15,935	23,880	14,791	68,927	95,214	54,608
	Overseas	34,765	56,310	36,127	46,879	36,996	128,290	184,601	120,003
	Total	51,942	82,598	52,063	70,760	51,788	197,217	279,816	174,612
	Overseas Ratio	66.9%	68.2%	69.4%	66.3%	71.4%	65.1%	66.0%	68.7%

Orders received & Order backlog (Consolidated)

		FY2008 3months ended Dec.31, 2007		FY2008 3months ended Mar. 31, 2008		FY2009 3months ended Jun. 30, 2008		FY2009 3months ended Sept. 30, 2008		FY2009 3months ended Dec. 31, 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	8,045	14,982	8,882	12,495	9,932	16,064	5,101	8,073	2,988	6,947
	Overseas	21,862	49,467	16,142	32,895	19,972	35,401	26,319	40,599	6,011	32,495
	Total	29,906	64,449	25,023	45,391	29,904	51,465	31,421	48,672	8,998	39,442
FPD Production Equipment	Domestic	2,224	7,405	4,940	8,276	12,120	17,553	3,904	20,051	1,061	18,977
	Overseas	9,271	35,942	22,421	45,666	16,738	53,093	266	38,165	603	23,400
	Total	11,495	43,347	27,362	53,942	28,859	70,646	4,169	58,216	1,664	42,377
Other Electronic Equipment	Domestic	1,251	1,083	1,628	1,229	992	1,500	1,864	1,400	1,851	1,609
	Overseas	565	223	654	280	490	268	615	145	423	199
	Total	1,816	1,306	2,282	1,509	1,482	1,768	2,479	1,545	2,273	1,808
Total	Domestic	11,519	23,470	15,450	22,000	23,044	35,117	10,869	29,524	5,900	27,533
	Overseas	31,698	85,632	39,217	78,841	37,200	88,762	27,200	78,909	7,038	56,094
	Total	43,217	109,101	54,667	100,842	60,246	123,879	38,069	108,433	12,937	83,627
Graphic Arts Equipment											
Total	Domestic	6,368	2,019	8,180	1,278	5,222	908	7,928	1,943	6,204	1,627
	Overseas	9,087	4,659	11,154	5,700	9,263	6,140	8,402	4,769	5,088	2,711
	Total	15,455	6,678	19,333	6,978	14,485	7,048	16,330	6,712	11,292	4,338
Other											
Total	Domestic	118	—	24	—	10	—	71	—	44	—
	Overseas	8	—	193	—	21	—	53	—	—	—
	Total	126	—	217	—	31	—	124	—	44	—
Grand Total	Domestic	18,005	25,489	23,654	23,278	28,276	36,025	18,868	31,467	12,148	29,160
	Overseas	40,793	90,291	50,563	84,541	46,484	94,901	35,655	83,678	12,126	58,805
	Total	58,798	115,780	74,218	107,819	74,762	130,926	54,523	115,145	24,273	87,965
	Overseas Ratio	69.4%	78.0%	68.1%	78.4%	62.2%	72.5%	65.4%	72.7%	50.0%	66.9%