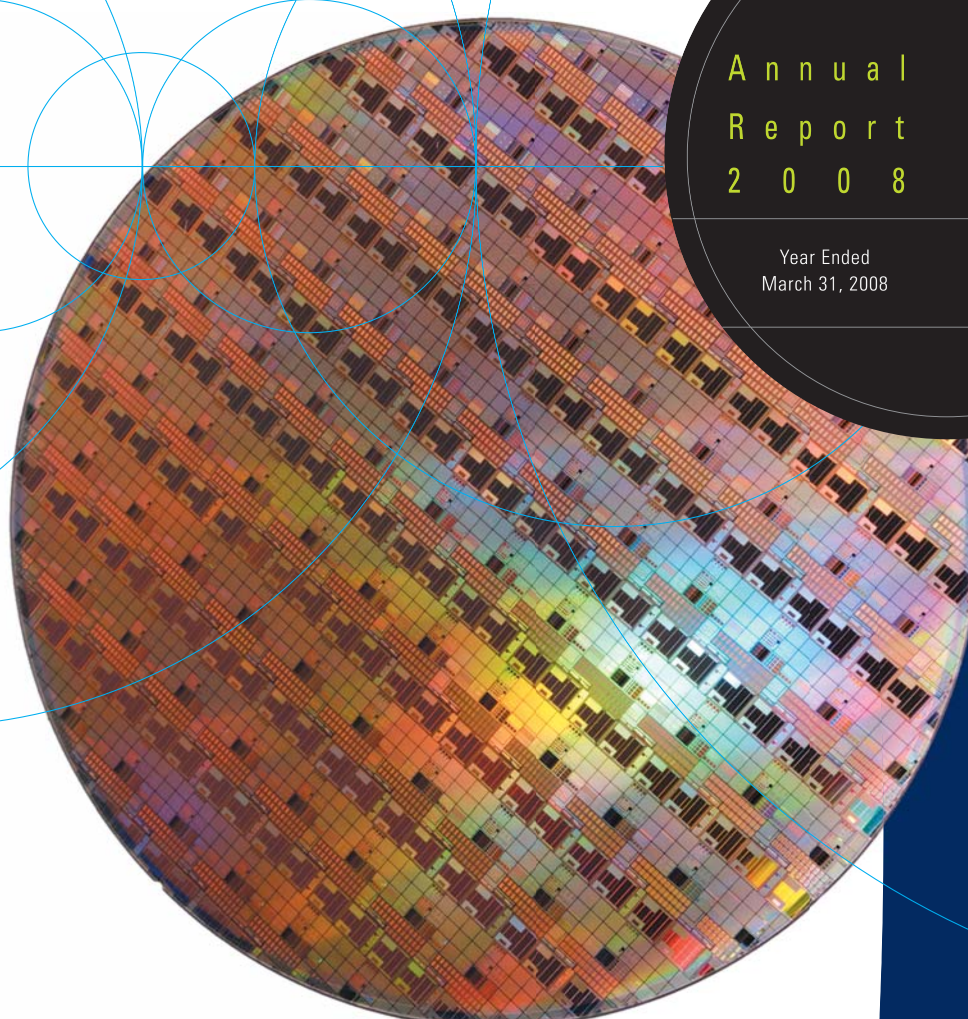
SCREEN



Annual Report 2008

Year Ended
March 31, 2008

DAINIPPON SCREEN GROUP

The Dainippon Screen Group has expanded its operations based on core technologies developed over the years. These technologies include image recognition, processing, transfer and exposure. Using these core technologies, the Group is developing its business in the following areas.

The semiconductor, flat panel display (FPD) and printed circuit board (PCB) production equipment businesses that form the core of information technology (IT) societies.

The media technology business, which offers prepress equipment and accelerates the printing industry's adoption of digitization by providing the necessary digital printing equipment and digital fonts.

These businesses are contributing to the creation of an information-based society by expanding modes of communication.

Consolidated Financial Highlights

Dainippon Screen Mfg. Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of Yen			Percent Change	Thousands of U.S. dollars
	2008	2007	2006	**2008/2007**	**2008**
Net sales	**¥279,816**	¥301,312	¥246,534	**–7.1%**	**$2,798,160**
Operating income	**14,628**	30,541	18,568	**–52.1**	**146,280**
Net income	**4,578**	18,452	15,236	**–75.2**	**45,780**
Depreciation and amortization	**5,563**	4,113	3,823	**35.3**	**55,630**
Cash flows from operating activities	**7,934**	23,645	14,906	**–66.4**	**79,340**
Cash flows from investing activities	**(16,510)**	(8,519)	(7,482)	**—**	**(165,100)**
Cash flows from financing activities	**669**	(8,875)	(13,442)	**—**	**6,690**
Capital expenditures	**12,866**	14,420	5,906	**–10.8**	**128,660**
R&D expenses	**16,248**	16,884	13,269	**–3.8**	**162,480**
Total assets	**291,114**	319,519	270,238	**–8.9**	**2,911,140**
Equity	**122,094**	133,062	126,392	**–8.2**	**1,220,940**

Per Share of Common Stock:	Yen			Percent Change	U.S. dollars
Net income	**¥ 18.81**	¥ 74.05	¥ 60.66	**–74.6%**	**$ 0.19**
Net income—diluted	**17.39**	68.63	55.81	**–74.7**	**0.17**
Cash dividends	**10.00**	15.00	10.00	**–33.3**	**0.10**
Net assets	**514.26**	542.13	500.30	**–5.1**	**5.14**

	Percent			Percentage Point Change
Return on total assets (%)	**1.5%**	6.3%	5.8%	**–4.8**
Equity ratio (%)	**41.9**	41.6	46.8	**0.3**
Return on equity (%)	**3.6**	14.2	13.5	**–10.6**

Notes: 1. Dollar figures are translated, for convenience only, at the rate of ¥100 to US$1.

2. Net income per share of common stock is calculated based on the weighted average number of shares outstanding during each term, excluding the Company's treasury stock and holdings by consolidated subsidiaries.
Net assets per share of common stock is calculated based on the fiscal year-end total number of shares outstanding, excluding the Company's treasury stock and holdings by consolidated subsidiaries.

3. Return on total assets and return on equity are calculated on the basis of average total assets and average equity, respectively, at the current and previous fiscal year-ends.

4. Equity in the above table represents the total of shareholders' equity and valuation gain/loss, translation gain/loss, etc. in the consolidated balance sheets. This is due to the adoption of the new accounting standards for presentation of net assets in the balance sheet, which requires former shareholders' equity and minority interests to be presented as net assets, and net assets to be classified as shareholders' equity, valuation gain/loss, translation gain/loss, etc. and minority interests. Under the new accounting standards, the net assets section includes deferred hedge income and loss, net of taxes, which was previously included in the assets or liabilities section without considering the related income tax effects. The accompanying consolidated financial statements for the years ended March 31, 2007 and 2006 are prepared in accordance with the new accounting standards.

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

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

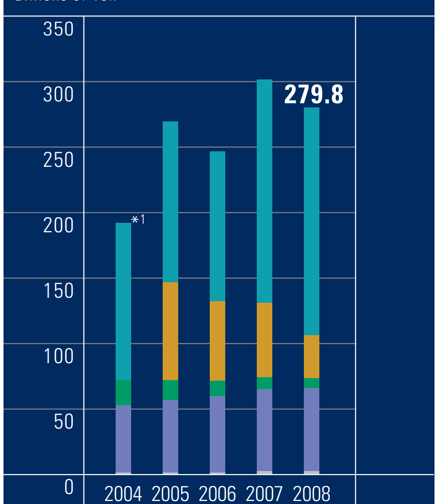
The Graph of Dainippon Screen

Major Products

Electronic Equipment and Components	• Semiconductor production equipment, including batch-type cleaning equipment, single wafer cleaning equipment, coater/developers, annealing system, wafer surface inspection and measurement system • FPD production equipment, including coater/developers, etchers, strippers, exposure system and surface inspection system • PCB production equipment, including pattern inspection system, automatic optical inspection system, plotters, exposure system and pattern measurement system
Graphic Arts Equipment	• CTP (plate recorders), digital printing equipment, other printing and prepress related equipment and fonts

Composition of Net Sales

Billions of Yen



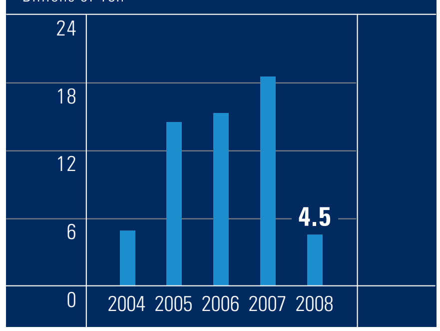
■ Semiconductor Equipment Company
■ FPD Equipment Company
■ Precision Equipment Company
■ Media Technology Company*2
■ Other

*1 *As segment amounts were not disclosed in 2004, Semiconductor Equipment Company amounts include the FPD Equipment Company.*

*2 *Includes Inca Digital Printers Ltd.*

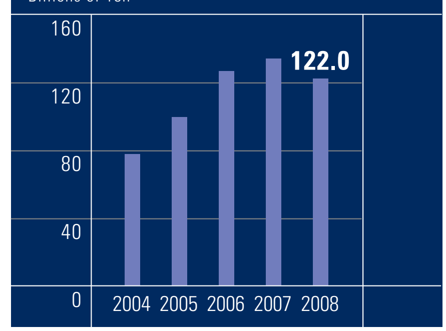
Net Income

Billions of Yen



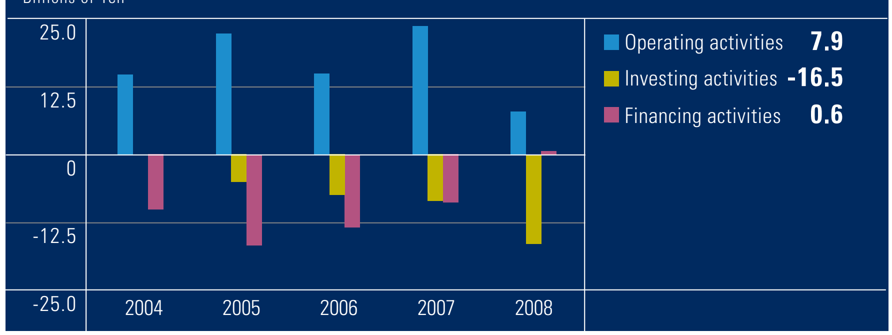
Equity

Billions of Yen



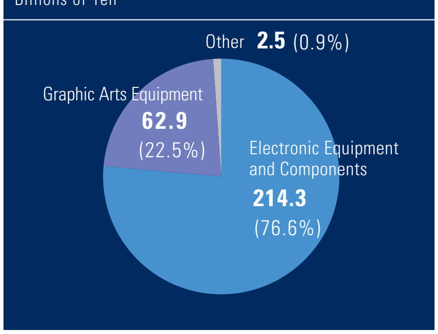
Cash Flows

Billions of Yen



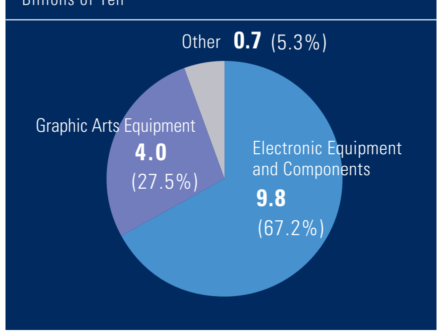
Composition of Net Sales for the Fiscal Year Ended March 2008

Billions of Yen



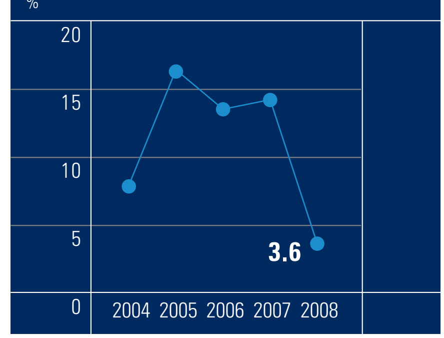
Composition of Operating Income for the Fiscal Year Ended March 2008

Billions of Yen



Return on Equity

%



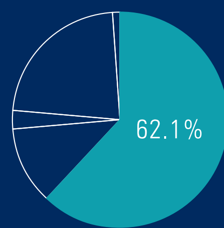
At a Glance

Composition of Consolidated Net Sales for the Fiscal Year Ended March 2008

Electronic Equipment and Components

Semiconductor Production Equipment

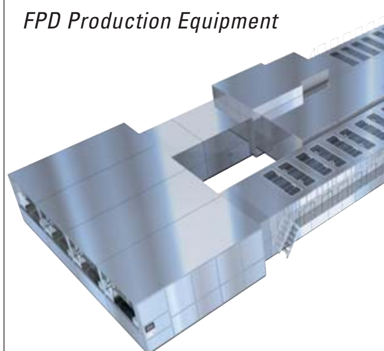
Semiconductor Equipment Company



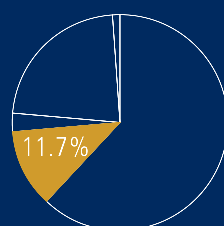
The Company provides high-quality batch-type cleaning equipment, single-wafer cleaning equipment and coater/developers*. In an environment characterized by the ever-increasing miniaturization of semiconductors, increasing cleanliness is being required of cleaning processes, making the Company's products more vital than ever.

* Coater/developers are produced on consignment from SOKUDO Co., Ltd.

FPD Production Equipment



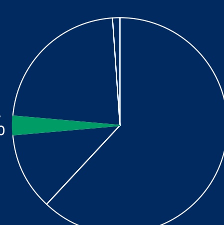
FPD Equipment Company



In line with the growing prevalence of large-screen LCD TVs, demand is growing for larger LCD panel glass substrates. The FPD Equipment Company concentrates on coater/developers for TFT LCDs and provides PDP exposure equipment.

Other Electronic Equipment and Components

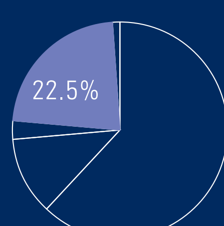
Precision Equipment Company



Based on its image processing, exposure and other core technologies, the Company provides inspection, plotting and measuring equipment to the PCB, semiconductor and LCD industries. The Company's mainstay inspection equipment and final inspection equipment for PCBs have been well received in the market.

Graphic Arts Equipment

Media Technology Company



** Includes Inca Digital Printers Ltd.*

The Company provides Computer to Plate (CTP)-related products and digital printing equipment to rationalize production processes and enhance printing quality. Demand has benefited in particular from Print on Demand (POD), which meets the need for small, varied print runs. Working with Group company Inca Digital Printers Ltd., Dainippon Screen has high expectations for expanding sales of inkjet printers.

Note: The above percentages represent the proportion of consolidated net sales for each in-house operating company.

Right: *Akira Ishida,*
Chairman and CEO

Left: *Kyohei Fujisawa,*
President, Media And Precision Technology Company

Working to enhance corporate value

Under the「思考展開」*Shi Kou Ten Kai* management philosophy, we will strive to increase Dainippon Screen's corporate value as an R&D-oriented Group

Akira Ishida, Chairman and CEO

Q In light of the results posted for the fiscal year ended March 2008, please outline your strategies to achieve future growth.

A In the previous fiscal year, ended March 2007, we launched the Vision2008 consolidated three-year business plan (running from April 2006 through March 2009), which achieved solid results in its first year. In the fiscal year under review, ended March 2008, although the operating environment became somewhat clouded from the start of the fiscal period, we worked steadfastly toward our targets based on a core strategy of "enhancing the corporate value of Dainippon Screen by leveraging its technology and craftsmanship."

However, the impact of such factors as rising prices for crude oil and other raw materials, global financial turmoil triggered by the subprime loan crisis in the United States, and the sharp rise in the value of the Japanese yen and fall in the value of the U.S. dollar led to a rapid cooling of global economic conditions. Faced with this operating environment, the Dainippon Screen Group saw both net sales and operating income decline compared with the previous fiscal year. Results for the year under review were a harsh reality check, particularly the steep drop in operating income.

Looking at the Group's main markets, a variety of changes were apparent. LCD manufacturers—a key customer segment—moved to curtail capital expenditures, while many semiconductor manufacturers postponed capital investment plans. Nonetheless, I do not wish to give the impression that such external factors are the only things affecting our operating performance. Rather, in my opinion, our efforts to secure profitability despite such external changes were far from sufficient. In this light, I believe that we must thoroughly analyze our shortcomings. We take the operating results for the fiscal year under review very seriously, and see these as a strong reminder of the need to bolster the Group's resilience. Specifically, I believe it is essential for us to build a business structure that is resistant to short-term fluctuations in external conditions and is capable of generating stable profits.

Since its founding in 1943, the Dainippon Screen Group has continuously applied its core photolithography technology to developing a range of businesses. This has seen us expand from our original main business field of image processing equipment into such areas as semiconductor and LCD production equipment, and other industrial-use electronic equipment. Throughout this history, we have grown while adapting to a myriad of changes in our business environment and the economy. Faced with a hectic pace of change and severely challenging business conditions, as we are at present, I believe we must reaffirm the Group's core management philosophy of「思考展開」*Shi Kou Ten Kai* (thinking, considering, developing and opening new businesses, products and technologies). Based on a fundamental strategy of "Dainippon Screen as a craftsmanship company," we intend to increase profitability by focusing Group-wide efforts on enhancing product quality and bolstering product competitiveness across all business segments.

*「思考展開」*Shi Kou Ten Kai* refers to the Dainippon Screen corporate philosophy as a company focused on research and development right from its birth. We are constantly asking, "What problem needs to be solved?" and "How does this relate to our technology and products?" Our philosophy embodies a strong will to constantly seek new challenges, create new businesses and develop new products.

Q In April 2008, you merged two internal companies and marked the full-fledged launch of a new Print on Demand (POD) business. Please outline your expectations for this business.

A As the Computer to Plate (CTP) market—the mainstay of the Graphic Arts Equipment segment—gradually reaches maturity in the world's developed economies, Dainippon Screen is targeting the POD market as the new focus for business growth. Specifically, by integrating the image processing technology we have built up over many years with the excellent inkjet technology held by our U.K.-based Group company Inca Digital Printers Ltd., which we acquired in 2005, we have developed a range of proprietary equipment catering to the high-end market and successfully launched these products in the marketplace. This strategy has not only created new value in the printing field, but also has the potential to make a significant impact in the industrial-use electronic equipment field. For further details on this business, please refer to the special feature in this report covering the POD business. The Dainippon Screen Group intends to fully leverage its technological advantages and nurture the POD business as a key part of its future growth strategy.

Q In recent years, attention has been focused on improving corporate governance, and questions are increasingly being asked about the way in which companies are run. In this context, please outline your views on how you intend to fulfill your responsibilities to a range of stakeholders.

A To fulfill our responsibilities to a broad range of stakeholders, I believe the most important area for us to focus on is enhancing corporate value with the aim of securing enduring future prosperity for the Group. As we work to fulfill this mission, I believe that we must reaffirm the three key elements of Dainippon Screen's corporate philosophy:

- Sharing the future: Earning society's trust and living up to society's expectations while focusing on the future
- Nurturing people: Developing people by providing rewarding and satisfying work
- Pursuing technology: Pursuing unique new technologies and integrating existing technologies

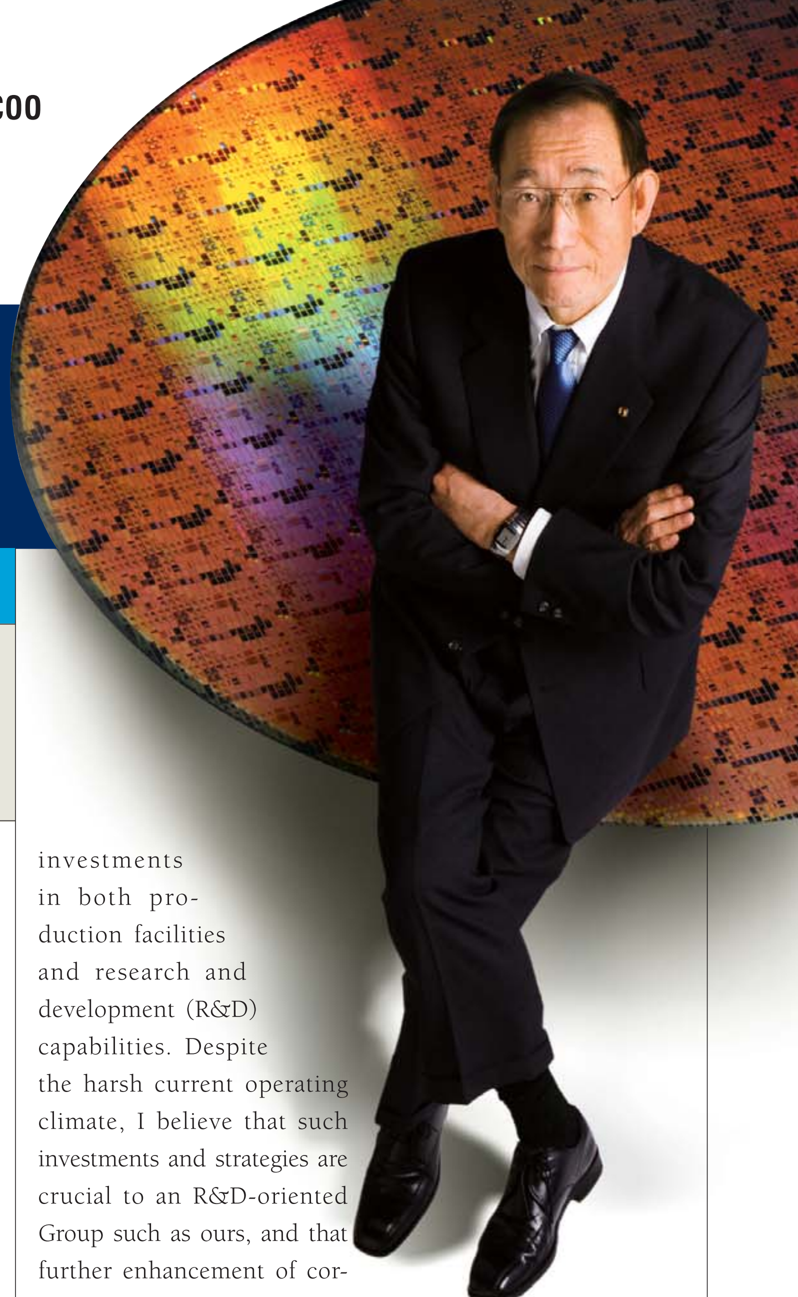
By returning to this basic philosophy and pursuing management that is faithful to it, we will strive to fully meet our responsibilities to stakeholders.

From the fiscal year ending March 2009, we have commenced operation of an internal control reporting system. The Dainippon Screen Group views the pursuit of corporate social responsibility (CSR) activities as an important ongoing management task. Based on this thinking, we intend to strengthen internal control functions, bolster corporate governance systems, and reinforce environmental, health and safety measures. Our overall aim is to increase management transparency, build sound and efficient business operations, and provide an appropriate balance of benefits to our shareholders and other stakeholders.

As I mentioned earlier, our business results for the fiscal year ended March 2008 were a severe test of our resolve. However, the year under review has also given us an opportunity to thoroughly reassess what is necessary to achieve consistent future growth. By turning such a disappointing episode into a learning experience, we aim to build a platform for consistent profitability and growth. This is the challenge we relentlessly pursue.

June 26, 2008

Akira Ishida
Chairman and CEO



Steady growth, keeping pace with revenue and profit expansion

Masahiro Hashimoto, President and COO

Q How do you evaluate the Dainippon Screen Group's operating performance in the fiscal year ended March 2008, the second year of the Vision2008 consolidated three-year business plan?

A Vision2008, which culminates in the fiscal year ending March 2009, got off to a flying start in the fiscal year ended March 2007. In that year, we set a new all-time record for net sales of ¥301.3 billion. In the fiscal year under review, ended March 2008, economic conditions were generally firm during the first half, but the business environment rapidly deteriorated in the second half of the fiscal year. Factors contributing to this situation included rising prices for crude oil and other raw materials, global financial turmoil triggered by the subprime loan crisis in the United States, and the fall in the value of the U.S. dollar. In this environment, consolidated operating results came under severe pressure. Net sales declined 7.1% compared with the previous fiscal year, to ¥279.8 billion, and operating income fell 52.1%, to ¥14.6 billion. Operating income in particular ended well short of our original target. Although we faced adverse operating conditions in the FPD production equipment business and stark changes in the external environment, including postponement of capital expenditures by semiconductor manufacturers, I believe that we cannot simply blame outside factors for our fall in profitability. Our inability to reach operating targets shows that there are still many areas in which we can and must improve our performance as a corporate Group. While the semiconductor production equipment market—Dainippon Screen's core market—is subject to the fluctuations of the "silicon cycle," from a long-term perspective we anticipate continued growth. One of the key challenges I see for us is the need to bolster the Group's overall resilience. In other words, we need to build a business structure that can generate stable profits no matter what changes occur in the external operating environment.

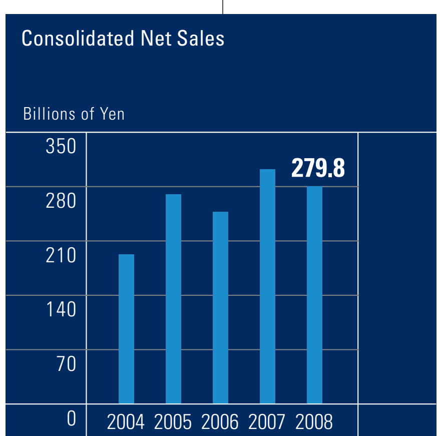
During the fiscal year under review, we carried out significant investments aimed at securing future growth. These included investments in both production facilities and research and development (R&D) capabilities. Despite the harsh current operating climate, I believe that such investments and strategies are crucial to an R&D-oriented Group such as ours, and that further enhancement of corporate value depends on this approach. We will strive to gain maximum advantage in the future from these investments, by providing the market with highly differentiated products and launching promising new businesses.

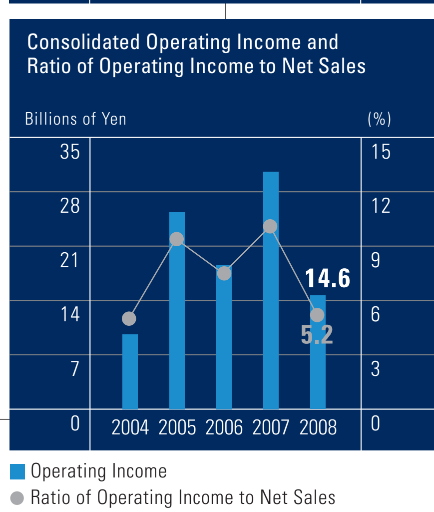
Q Please outline your future business vision in light of the results posted for the fiscal year under review.

A First of all, I would like to reiterate the strength of our current position in the electronic industrial equipment field. In the semiconductor production equipment field, the Dainippon Screen Group held the top global market share for wet stations (batch-type cleaning equipment) in 2007, at 50.8% (Note 1), and the leading market share also for coater/developers for TFT LCDs, at 43.0% (Note 2). In my view, further bolstering this strength is the optimum strategy for increasing sales and enhancing profitability in the semiconductor and FPD production equipment businesses. In the semiconductor production equipment business, in April 2008 we opened the *Process Technology Center*. We aim to utilize this R&D facility to its maximum potential to develop the most advanced process technologies, thereby maintaining our market-leading position. The *Process Technology Center* will also enable us to undertake joint R&D with customers. Further bolstering the competitiveness of our semiconductor production equipment and increasing customer satisfaction will be key factors as we work to improve profit margins. In the FPD production equipment business, although the fiscal year under review saw an extremely difficult operating environment, the fiscal year ending March 2009 is expected to offer brisker conditions, and we anticipate the commencement of shipments of the new 10th-generation glass substrate-compatible equipment. During this busy period, we will focus on maintaining stable product quality and steadily implementing cost-reduction measures. Looking ahead to areas with strong future growth potential, we will reinforce our efforts in such fields as direct imaging equipment and the development of equipment for organic electroluminescence displays.

In April 2008, we merged two internal companies, the Media Technology Company and the Precision Equipment Company, to form the Media And Precision Technology Company. The aim of this merger is to effectively utilize the image processing technology and international marketing network built up by the Media Technology Company together with the precision inspection and measurement technologies held by the Precision Equipment Company, while promoting the integration of their respective technologies. By doing so, we intend to reinforce our competitiveness in such markets as inkjet printers and direct imaging and exposure equipment, which are expected to develop and grow in the foreseeable future. By fully realizing the benefits of this merger, we will aim to generate sales of ¥100 billion and a 10% ratio of operating income to net sales from this business at an early date.

In addition, we are aggressively pursuing R&D focused on the creation of new businesses. However, as technology evolves at a rapid pace, it is becoming increasingly difficult for one company to develop new technology on its own. For this reason, we intend to maintain a positive stance toward M&A and alliance opportunities.





Q Are there any other points you wish to communicate to shareholders and investors?

A Our operating results for the fiscal year ended March 2008 were extremely harsh. However, we have maintained the dividend applicable to the fiscal year at ¥10.00 per share, and conducted a treasury stock acquisition program amounting to approximately ¥4.3 billion. Our fundamental policy concerning the distribution of profits to shareholders is based on the maintenance of stable dividends. At the same time, we allocate an appropriate level of internal reserves based on a comprehensive assessment of such factors as the dividend payout ratio, operating conditions and profitability, sufficient to fund future growth and bolster profit-generating capabilities. Decisions on the allocation of profits also take into careful consideration the level of return provided to shareholders. In the future, we intend to maintain the long-term stability of dividends, while also carrying out share buy-backs. This policy aims to enhance shareholder value and provide appropriate shareholder returns on an ongoing basis.

Based on a thorough assessment of the areas needing improvement from the fiscal year under review, we are committed to enhancing the Group's soundness and achieving growth that can provide stable profitability. As we pursue these efforts, we look forward to the ongoing support of our shareholders and other stakeholders.

June 26, 2008

Masahiro Hashimoto
President and COO

Note 1: According to research by Gartner Dataquest (May 2008, GJ08262), based on value of sales

Note 2: According to research by Display Search, based on units shipped

Board of Directors

(As of June 26, 2008)

Representative Directors

Chairman

Chief Executive Officer

Akira Ishida

President

Chief Operating Officer

Masahiro Hashimoto

Senior Managing Director

Chief Technology Officer
Chief Officer of I.P., Software Development, Business Development
President of Research & Development Company

Masanari Tsuda

Managing Directors

Chief Financial Officer
Chief Investor Relations Officer

Osamu Ryonai

Chief Officer of Administrative, Legal, Compliance & Risk-management
General Manager of General Affairs & EHS Strategy Department
General Manager of Human Resources Strategy Department

Kazuya Noguri

Directors

Chairman of the Board of Directors, OMRON Corporation
Chairman of Kyoto Chamber of Commerce and Industry
Outside Director of West Japan Railway Company

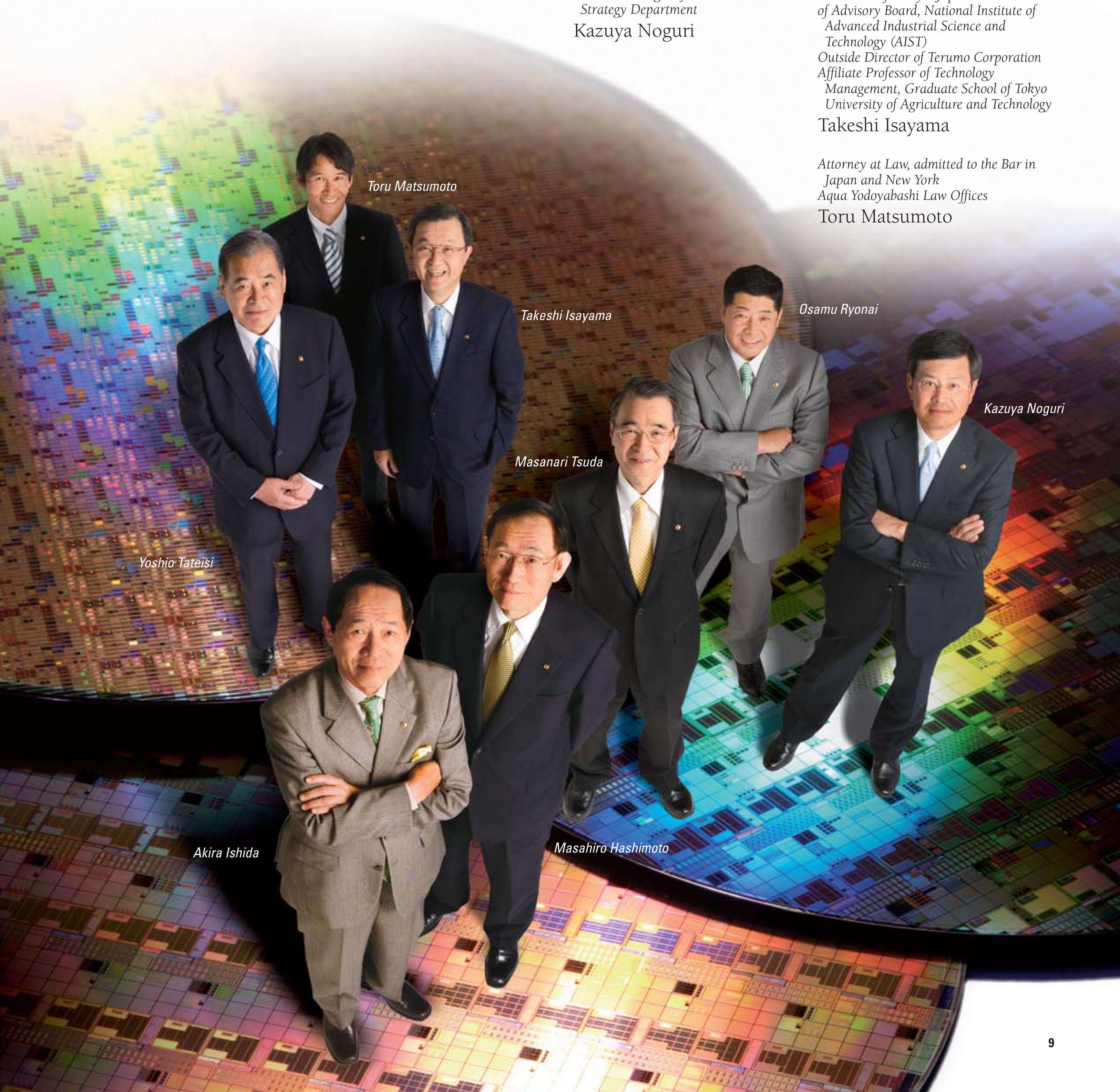
Yoshio Tateisi

Chairman of Carlyle Japan LLC Member of Advisory Board, National Institute of Advanced Industrial Science and Technology (AIST)
Outside Director of Terumo Corporation
Affiliate Professor of Technology Management, Graduate School of Tokyo University of Agriculture and Technology

Takeshi Isayama

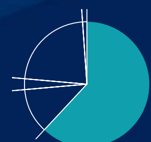
Attorney at Law, admitted to the Bar in Japan and New York
Aqua Yodoyabashi Law Offices

Toru Matsumoto



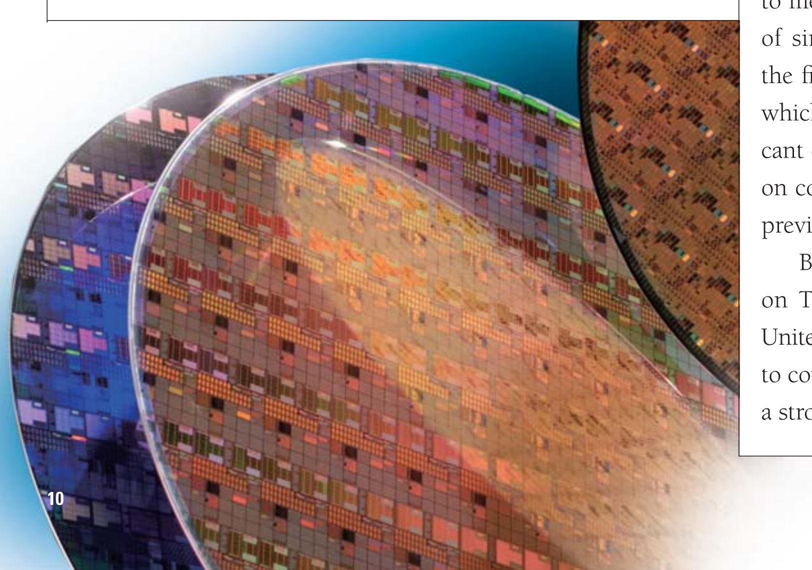
Semiconductor Equipment Company

Composition of Net Sales for the Fiscal Year Ended March 2008



Interview with Eiji Kakiuchi
President, Semiconductor Equipment Company

In the first half of the fiscal year ended March 2008, the semiconductor industry maintained a robust level of activity. Consequently, the Semiconductor Equipment Company recorded its highest-ever interim sales. However, as we headed into the second half of the fiscal year, market conditions deteriorated owing to such factors as a fall in prices for DRAMs. As a result, semiconductor manufacturers began to cut back on capital expenditures, which affected our second-half performance. On a full-year basis, sales increased 1.9% compared with the previous term.



Q Please provide a summary of the main points of your operating performance in the fiscal year ended March 2008.

A In the first half of the fiscal period, capital expenditures by semiconductor manufacturers were brisk, driven in particular by such memory devices as dynamic random access memories (DRAMs) and flash memories. Such conditions helped bolster first-half sales to a record level of ¥99.0 billion. However, as we entered the second half of the term, the semiconductor supply-demand balance deteriorated, leading to a fall in DRAM prices. This in turn saw semiconductor manufacturers adjust capital expenditure plans, with a noticeable trend toward postponement of equipment deliveries or overhaul of investment plans. As a result of such conditions, the Semiconductor Equipment Company posted a 1.9% increase in sales compared with the previous period, to ¥173.7 billion.

Broken down by product category, sales of batch-type cleaning equipment achieved a year-on-year increase in the first half, however, in the second half sales declined considerably owing to memory device makers reining in capital expenditures. Sales of single wafer cleaning equipment were robust throughout the fiscal period under review, with the *SU-3100* and *SS-3100*, which were newly launched during the period, making significant contributions to sales. Sales of coater/developers produced on consignment from SOKUDO Co., Ltd., were lower than the previous term.

By geographic region, sales grew strongly in Asia—centered on Taiwan in particular—but fell in Japan, Europe and the United States. In the near term, capital expenditures are expected to continue their shift toward Asia, and we plan to respond with a strong marketing push.

In terms of earnings, such factors as lower product prices and a change in the product mix led to a decline in operating income.

Q Please outline the areas on which you expect to focus in the near term.

A In the fiscal year ending March 2009, we forecast that semiconductor manufacturers will maintain their cautious stance toward capital expenditures for the time being. In this operating environment, we see the improvement of profitability as the key challenge for the Semiconductor Equipment Company. To successfully raise profitability, we will be focusing on the following two areas.

1. Reinforcing product capabilities
   (i) Improving process performance
   (ii) Increasing productivity

2. Further improving manufacturing performance
   (i) Reducing lead times
   (ii) Strengthening manufacturing capabilities
   (iii) Reducing follow-up costs

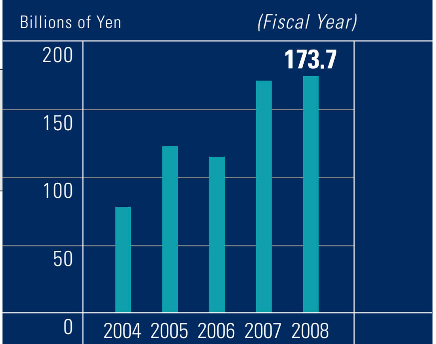
In the area of process performance, in April 2008 the new *Process Technology Center* became fully operational. This facility will undertake the Semiconductor Equipment Company's proprietary R&D as well as joint R&D projects with our customers. We see these activities as a key means of our competitiveness in this area. In terms of increasing productivity, we will take a dual approach involving both the hardware side—improving throughput in our existing equipment—and the process side—reducing process times. Through these measures, we aim to provide equipment that helps our customers achieve overall cost reductions.

To further improve manufacturing performance, in line with the trend among customers toward a shorter business cycle, we are striving to reduce equipment lead times. To realize this goal, we are looking for innovation at each phase, including design, materials procurement and logistics. As well as making improvements on the manufacturing side, by working to realize further quality improvements, we aim to achieve a reduction in follow-up costs that arise after equipment has been installed and is operational.

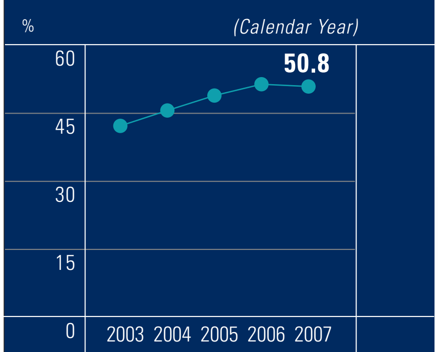
In the fiscal year ending March 2009, we are planning to focus personnel and R&D expenditures on the area of single wafer cleaning equipment, which is expected to see market growth in the near term. We will be focusing on reinforcing product capabilities and improving manufacturing processes.

By successfully addressing the two areas I have outlined, we are determined to build a business structure that provides an extremely solid platform for future profitability.

Consolidated Sales of Semiconductor Equipment Company



Global Market Share of Wet Stations
(Batch-type cleaning equipment) *Sales value base*

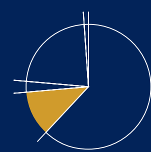


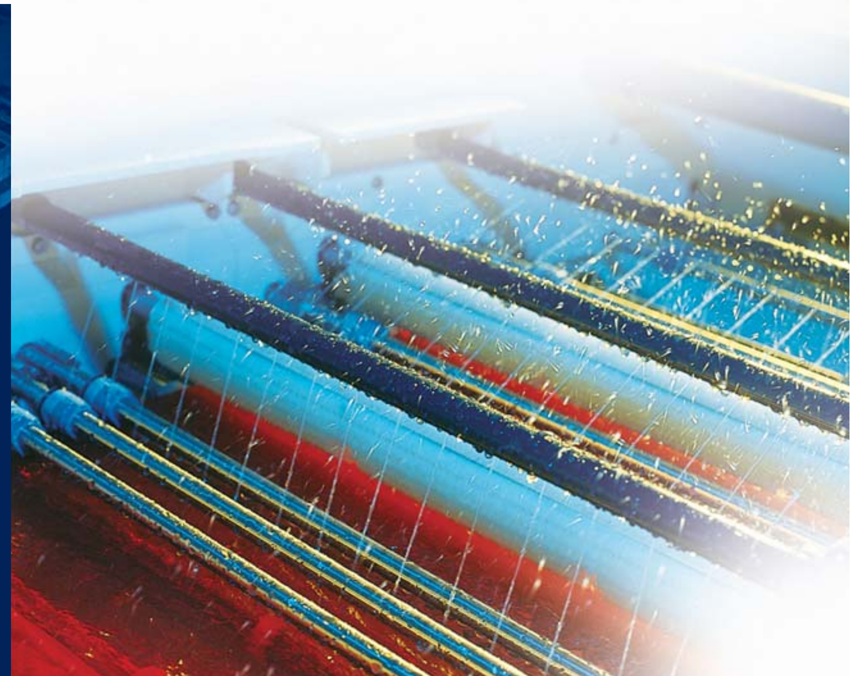
Source: Gartner Dataquest (May 2008) GJ08261

Eiji Kakiuchi
President, Semiconductor Equipment Company

FPD Equipment Company

Composition of Net Sales for the Fiscal Year Ended March 2008





Interview with Yoshinari Yaoi
President, FPD Equipment Company

Owing to inventory adjustments and price declines in the LCD market, LCD panel manufacturers sharply curtailed capital expenditures. As a result, sales for the FPD Equipment Company fell significantly short of the level reached in the previous fiscal year.

Q Please provide a summary of the main points of your operating performance in the fiscal year ended March 2008.

A Owing to inventory adjustments and price declines in LCD panels, LCD panel manufacturers curtailed capital expenditures beginning in summer 2006, leading to a generally weak market for FPD production equipment. These market conditions had a significant impact on the FPD Equipment Company's operating performance, with sales declining 57.8% compared with the previous period, to ¥32.6 billion.

A geographic breakdown shows that capital expenditures by LCD panel manufacturers were comparatively steady in Japan, but fell substantially in China, South Korea and Taiwan.

By individual product, in coater/developers for TFT LCDs, sales of sixth-generation glass substrate-compatible equipment grew compared with the previous period, while sales of equipment compatible with other generations declined. In contrast, sales of plasma display panel (PDP) exposure systems increased, providing some traction for the FPD Equipment Company's overall sales performance.

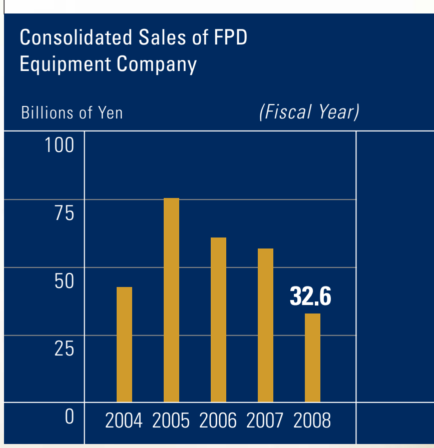
In terms of operating income, despite our continuing efforts to reduce costs, the FPD Equipment Company recorded an operating loss for the fiscal year under review. In addition to the large fall in sales, the operating loss was partially attributable to R&D expenditures in such areas as direct imaging systems to expose color filters and equipment for organic electroluminescence displays.

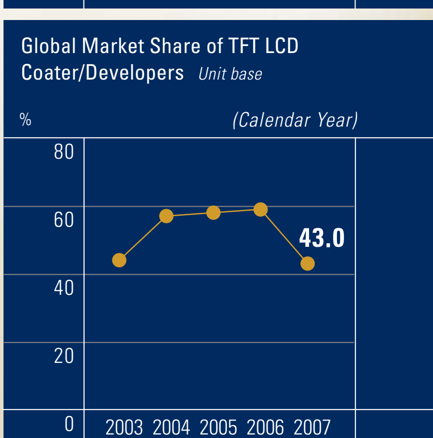
However, since summer 2007, signs have begun to emerge of a recovery in capital expenditures by LCD panel manufacturers, which had been in a slump. The FPD Equipment Company achieved an increase in orders on hand, and we anticipate a significant rise in sales in the fiscal year ending March 2009.

Please outline the areas on which you expect to focus in the near term.

In the fiscal year ending March 2009, based on the order backlog we have built up since summer 2007, we are anticipating a busy year ahead. Looking at each product category, we expect the ratio of shipments of equipment compatible with eighth-generation and above large-glass substrates to rise. Furthermore, we are planning to commence shipments of the new 10th-generation-compatible production equipment. During a period such as this, we will be particularly focused on maintaining systems that ensure we can provide products with a high level of quality assurance, while also continuing to trim costs where possible. I believe the key task for the FPD Equipment Company will be to return to profitability based on the points I have outlined, and I am committed to bringing the entire company on board to make this effort successful.

In the area of new products, in May 2008, we announced a joint development project with DuPont of the United States related to production technology for organic electroluminescence displays. Dainippon Screen has developed a technology for the application of electroluminescence materials with high precision at very high speed, called the nozzle printing method. We plan to undertake joint development aimed at the commercialization and mass production of high-performance, low-cost displays. We are looking forward to the fruits of these R&D efforts in the form of gradually rising contributions to sales.

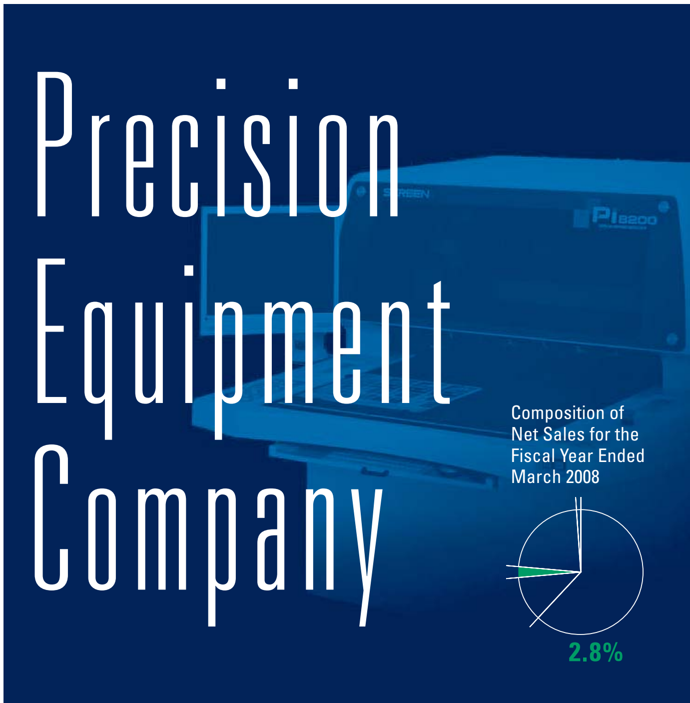




Source: Display Search

Yoshinari Yaoi
President, FPD Equipment Company

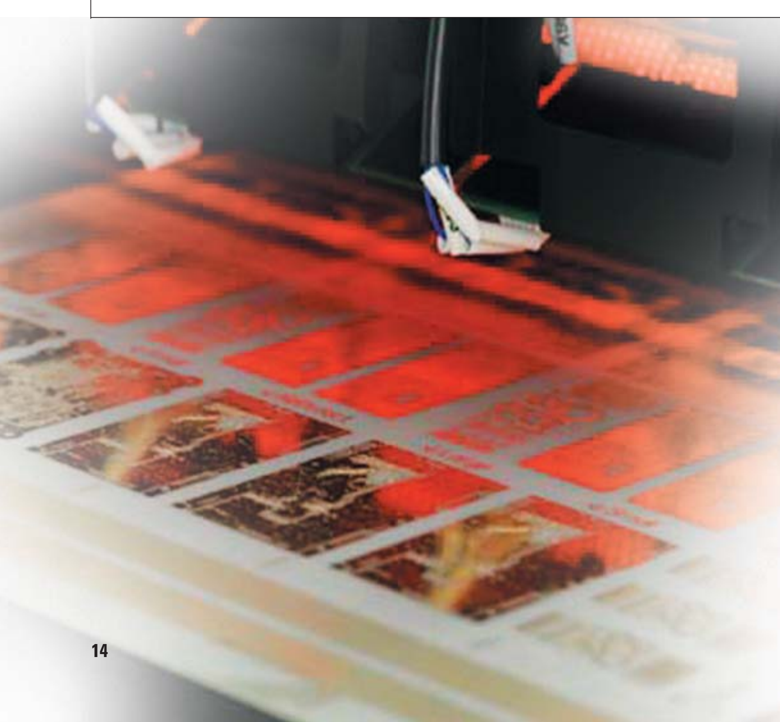
Precision Equipment Company



Composition of Net Sales for the Fiscal Year Ended March 2008

Interview with Kyohei Fujisawa
President, Precision Equipment Company

During a generally weak period for capital expenditures in the PCB industry, sales of direct imaging equipment increased. However, sales of our main line automatic optical inspection equipment were lower compared with the previous fiscal year. In addition, the impact of falling product unit prices—stemming from intensified competition—contributed to a fall in sales by the Precision Equipment Company.



Q Please provide a summary of the main points of your operating performance in the fiscal year ended March 2008.

A Although the previous fiscal year saw a healthy level of capital expenditure in the printed circuit board (PCB) industry, such factors as a drop in PCB prices led to a generally weak environment for capital expenditures in the period under review, both in Japan and internationally. Owing to these conditions, sales by the Precision Equipment Company decreased compared with the pervious term.

Capital investment was soft across most geographic regions. Although robust in the preceding year, overseas sales declined particularly in China.

By product, there was a marked drop-off in sales of our main line *PI-8000* series of automatic optical inspection equipment in the Chinese market, which had achieved strong growth in the previous term. For the *FP-8000* series of PCB final external inspection equipment, although the number-of-units sold increased, the impact of intensified competition saw unit prices decline, leading to a fall in sales compared with the previous fiscal year. In contrast, the automatic inspection systems for FPDs (inspection for surface irregularity), which we launched during the period under review, were well received by customers and achieved good sales results. We also successfully shipped the *Mercurex* direct imaging system for new PCB applications, which contributed to sales growth. Furthermore, the *RE-3000* series of ellipsometric film thickness measuring systems for the semiconductor market achieved sales growth driven by the successful development of new customers.

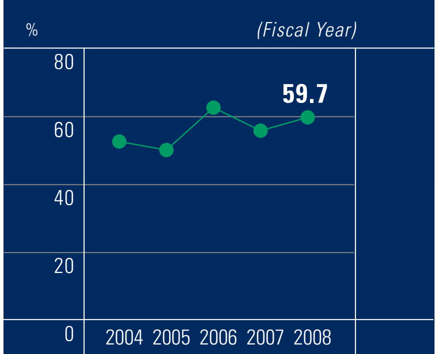
Despite the Company's efforts to reduce product costs and curtail fixed costs, operating income declined, owing to such factors as a drop in sales and increased R&D expenditures.

Q Please outline the areas on which you expect to focus in the near term.

A One of our major tasks is to break into new business areas. In the fiscal year under review, we developed automatic inspection equipment for each of the manufacturing processes for FPDs, including LCDs, and newly entered the market for such equipment. The Precision Equipment Company has an established record of providing such equipment as inspection, exposure and measuring systems for PCBs and FPDs. We aim to apply the technologies we have built up to enter into new business fields. Specifically, we are working toward business development in such high-growth-potential areas as photovoltaic cell production equipment and the semiconductor back-end processing field.

Kyohei Fujisawa
President, Media And Precision Technology Company (Formerly Precision Equipment Company President)

Japanese Market Share of Automatic Optical Inspection System for PCBs *Unit base*



Source: Dainippon Screen estimate

Q What are the main objectives of the merger between the Media Technology Company and the Precision Equipment Company?

A By combining the image processing technology and international marketing network built up by the Media Technology Company over many years with the Precision Equipment Company's core technologies in the areas of precision inspection and measurement, we aim to strengthen both businesses and achieve entry into new markets. In the short term, we plan to effectively harness and rationalize the infrastructure and human resources held by both companies. At the same time, we will pursue increased efficiency in R&D and manufacturing at the three newly created divisions of CTP (Computer to Plate), POD (Print on Demand), and PE (precision equipment). These efforts aim to facilitate the reinforcement and expansion of the existing businesses. In the longer term, by applying printing technology to the electronics field and other areas, we will strive to make significant inroads into new business fields that provide strong future growth potential.

Media Technology Company

Composition of Net Sales for the Fiscal Year Ended March 2008

Interview with Kyohei Fujisawa
President, Media Technology Company

In the Graphic Arts Equipment segment, sales of CTP-related products decreased compared with the previous fiscal year. However, sales grew for digital printing equipment, which enables POD. As a result, sales for the segment increased overall. Continuing efforts to reduce fixed costs contributed to an increase in operating income.

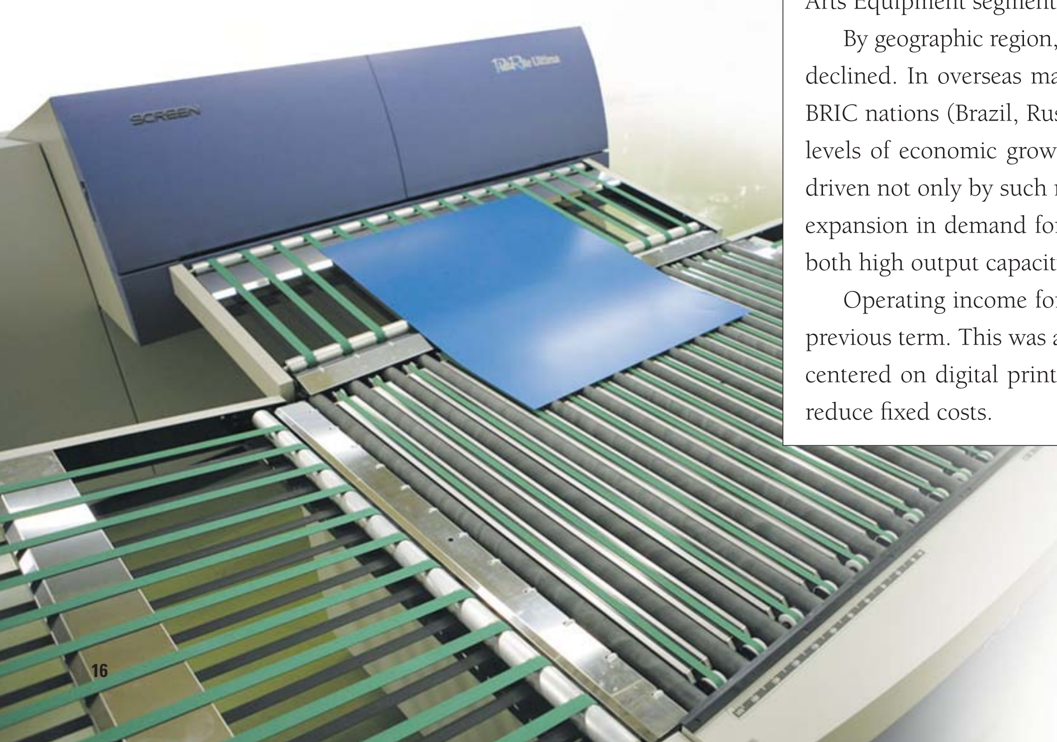
Q Please provide a summary of the main points of your operating performance in the fiscal year ended March 2008.

A Although overseas sales of our main line Computer to Plate (CTP)-related equipment were robust, domestic sales declined owing to the market having already reached a high level of adoption of such equipment and the consequent slowing in the rate of new adoption. In contrast, within digital printing equipment, sales of *Truepress Jet520* full-color variable inkjet printing equipment were strong, while sales of *Truepress 344* also contributed positively to sales performance. At Group company Inca Digital Printers Ltd. in the United Kingdom, sales growth centered on the *Onset* large-size ultraviolet (UV) inkjet printer.

Based on the conditions outlined above, sales by the Graphic Arts Equipment segment grew 0.7%, to ¥62.9 billion.

By geographic region, domestic sales of CTP-related products declined. In overseas markets, the major growth economies of BRIC nations (Brazil, Russia, India and China) exhibited strong levels of economic growth. Sales growth in these markets was driven not only by such macroeconomic factors, but also by the expansion in demand for CTP-related products, which provide both high output capacity and improved print quality.

Operating income for the segment grew compared with the previous term. This was attributable to the slight growth in sales centered on digital printing equipment, and ongoing efforts to reduce fixed costs.



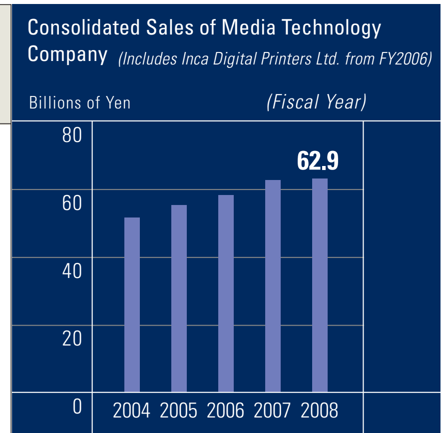
Q Please outline the areas on which you expect to focus in the near term.

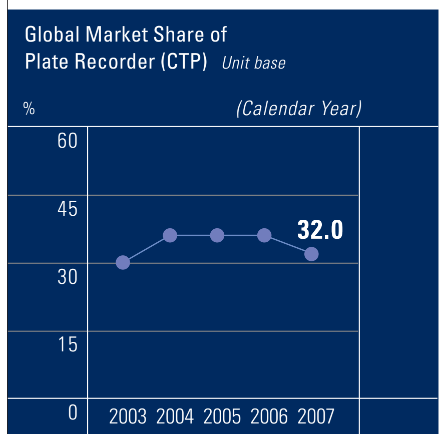
A First of all, we are focusing on Print on Demand (POD)-related products, which can deliver printed materials with a high level of value added for each individual customer. The printing industry in recent years has seen an increase in needs for low-volume/high-variation printing. This has led to the rapid spread of the POD system, which provides the ultimate flexibility in print volume and timing, and conspicuous growth in this market. To meet such needs, we have developed digital printing equipment based on inkjet technology to cater to a broad array of fields, from ordinary paper-based printing to specialist applications such as industrial printing and sign display printing.

In February 2008, we opened *Media Square Kyoto* as a communication space within our Kumiyama site. In addition to its function as a showroom, this space provides the opportunity for customers and vendors to give direct feedback on products to the R&D divisions that are based at the Kumiyama site. By utilizing *Media Square Kyoto* as a pivotal base from which to offer integrated solutions, we aim to strengthen our ability to conduct product R&D that closely adheres to customer needs. (For more details on POD, please refer to our special feature that begins on page 18 of this report.)

In the area of main line CTP-related products, we intend to bolster our marketing of *PlateRite Niagra*, a low-cost system that is a key part of our strategy to expand sales in emerging markets, such as China. Furthermore, in March 2008, we developed the *PlateRite Ultima 48000* CTP system, which is compatible with the world's largest size printing format. Through these improvements to our product line-up, we aim to cater to rapidly diversifying customer needs, and thereby secure sales.

In addition to achieving steady sales in the CTP equipment business, which boasts the world's leading market share in its field, we intend to realize further growth through our strategy of growing sales in the POD equipment business to the level of ¥25 billion by 2011.





Source: Dainippon Screen estimate

Kyohei Fujisawa
President, Media And Precision Technology Company
(Formerly Media Technology Company President)

Special Feature

The Unfolding Future of Inkjet Printers—

Aiming to Boost Our Share of the POD Market

The Print on Demand (POD) business represents an important opportunity to expand into a new and rapidly growing market. The Dainippon Screen Group is leveraging the significant competitive advantages created by the fusion of its image processing technology with its cutting-edge inkjet technology to capture market share and drive future growth.

Building a Competitive Advantage through Proprietary Inkjet Technology

In recent years, the printing industry has experienced increasing demand for diverse, small-lot printing, and the diffusion of POD systems has grown accordingly. The Company aims to expand its share of this market by taking full advantage of inkjet technologies.

Inkjet is a printing method whereby minute droplets of ink are jetted directly onto the surface of a substrate. With inkjet printing, it is possible to produce a wide variety of printed matter in small lots. It is also possible to do print runs in which the content is varied for each page—referred to as variable data printing (VDP). Inkjet also enables printing to be done in a short time frame. These are important characteristics—as well as advantages—of inkjet printing.

However, before high-speed, high-quality printing could be realized, a significant issue needed to be solved. In the case of color printing, since the standard method involves spraying ink droplets of a uniform size onto the paper, if large droplets are used, color tone becomes rough, but if only small droplets are used the printing speed is slowed down. The solution to this problem was Dainippon Screen's proprietary "screening technology for multi-level grayscale inkjet printing." Using this technology, ink droplet size may be varied even under the inkjet method, making possible high-speed printing with rich color tone. This technology is truly an example of Dainippon Screen's unique combination of technical strengths making such a breakthrough possible. The Group holds a large number of patents in the two key areas comprising this technology—screening technology in the printing sphere and image processing technology. This combination of strengths is the basis for Dainippon Screen's superior competitive advantage.

In 2005, the Company acquired a market leader in UV inkjet printers—Inca Digital Printers Ltd. of the United Kingdom. By combining its own technologies with those of Inca Digital Printers, the Company aims to realize higher product quality and enhanced productivity.

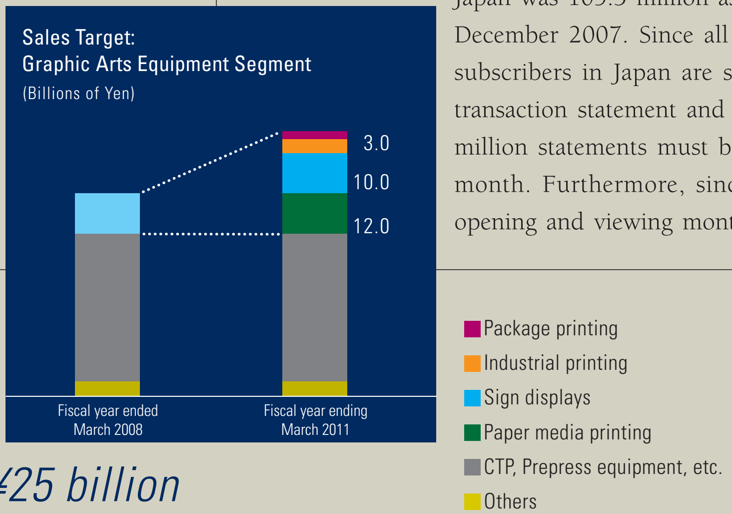
Focusing on Four Fields to Achieve Sales of ¥25 billion by 2011

The Group will apply this technology to four specific fields—printing onto paper media, sign displays, industrial printing, and package printing. To fully utilize the Group's unique strengths, it will focus on these four fields to develop the POD business, as it aims to achieve inkjet-related product sales totaling ¥25 billion by 2011.

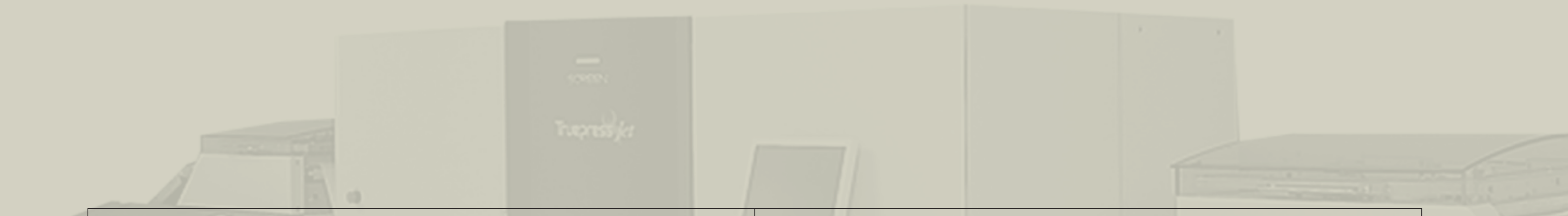
Utilizing Inkjet Technology to Produce Transpromotional Printing Solutions

One area in which this inkjet technology is being fully leveraged is the new field of transpromotional printing solutions, which are a combination of transaction information, such as monthly statements or invoices, and promotional messages —often including color photographs of products being offered. Transpromotional printing solutions are receiving considerable attention owing to the added value they create and their effectiveness as a new type of promotional tool.

For example, the number of mobile phone subscribers in Japan was 105.3 million as of the end of December 2007. Since all mobile phone subscribers in Japan are sent a monthly transaction statement and invoice, 105.3 million statements must be printed each month. Furthermore, since the ratio of opening and viewing monthly statements



POD-related sales: Aiming for ¥25 billion



is extremely high among subscribers, a product photograph featured on all monthly statements would have nearly 105.3 million viewers. The size of such a readership is so large that it completely dwarfs the traditional magazine market, making it potentially one of the largest promotional media in existence today. Market research suggests that the POD market on paper media in the United States will have a shipment value of $82 billion by 2011.

The optimal method for producing such transpromotional printing solutions is full-color inkjet printing. The way to realize this is through Dainippon Screen's inkjet technology, which is able to achieve rich color tones even at high printing speed. The Group's *Truepress Jet520* full-color variable printing system provides extremely high-quality printing even at very high speeds. For example, it can print A4-sized paper on both sides at the rate of 840 pages per minute. Already, in addition to selling this printer through its domestic and international network of sales subsidiaries and distributors, the Group is collaborating with POD solution vendors to expand sales.

Ultraviolet (UV) Inkjet Printers for Sign Displays and Package Printing

POD using inkjet is not limited to paper media. It also has high potential in other spheres. One such example is sign displays, an area being pursued by Inca Digital Printers Ltd.

Sign display printing mainly involves billboards and signs printed using inkjet equipment. For such applications, Inca has developed a range of inkjet printers that use UV-curable ink, which offer significant competitive advantages. The inks used by inkjet printers can be divided into several major types. These include aqueous (water-based) inks, solvent inks, oil-based inks and UV-curable inks. Since UV-curable inks have the special characteristic of hardening when exposed to strong UV light, they are quick-drying and can be applied to non-paper substrates. This also has the advantage of allowing immediate processing of the material after printing. Another unique feature is UV-curable ink's superior resistance to light, which means there is very little color fading.

There are currently fewer than 20 companies worldwide producing large-format UV inkjet printers. Among these manufacturers, Inca boasts both high product quality and high productivity, making it a leader in this field.

Inkjet printing is generally done by either the multi-pass or single-pass method. The multi-pass method involves the inkjet head passing back and forth over the printing substrate several times as the ink droplets are jetted onto the substrate surface. In contrast, the single-pass method involves the printing substrate passing underneath a line of inkjet heads just once, enabling printing to be completed at high speed. Using the multi-pass method, Inca has developed products that achieve both high print quality and high productivity based on a range of unique technologies. These include technologies for equipping printers with multiple inkjet heads—from several to several dozen—to achieve high inkjet head density and precision, as well as technologies that realize highly stable ink droplet jetting. Targeting further advances in print speed, Inca is also developing technologies applicable to the single-pass method.

Taking advantage of these advanced technologies in the sign display field, Inca is already boosting sales of large-format UV inkjet printers, centering on the *inca SP320* and *Onset* models. Furthermore, the Dainippon Screen Group has leveraged Inca's extensive experience in the inkjet field to develop the *Truepress Jet2500UV*.

Inca has also developed, and is manufacturing, the *FastJet*, a high-speed UV inkjet printer for corrugated paperboard. This printer is capable of printing onto corrugated board at a speed of up to 100 meters per minute to meet the needs of the packaging industry.

Using inkjet technologies to handle diverse print jobs

Paper media printing

- On-demand printing
- Transaction operations
- Color variable data printing (VDP)

Truepress Jet520

Industrial printing

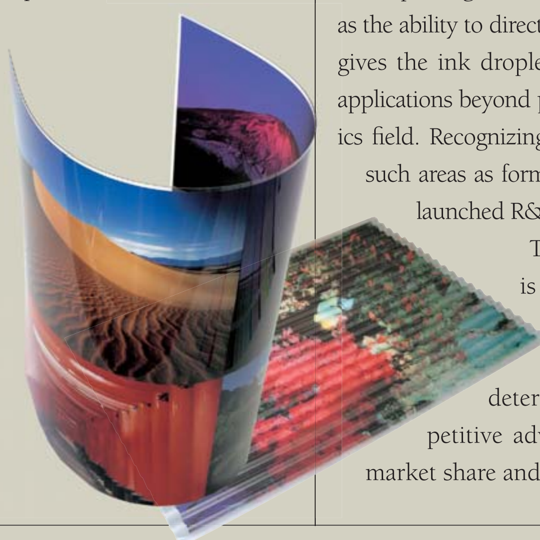
- Decorative materials/ industrial parts

Truepress Jet650UV

POD Applied to Industrial Printing within the Manufacturing Process

In the field of industrial printing, there is significant potential for inkjet-based POD to be widely adopted. Until now, screen printing has been the main method of printing used for such applications as automobile control panels, panels on electrical appliances and decorative materials. Screen printing uses a mesh stencil with the ink rubbed onto it. However, screen printing has a number of serious drawbacks. These include the inability to reproduce fine color tones, the need for a dozen or more printing plates and the long delivery time required. Inkjet printing solves these problems.

Inkjet printing may be applied to many kinds of material in addition to paper, such as metal and plastic. Furthermore, because the ink is jetted directly onto the printing substrate, printing onto curved surfaces is also possible. Other advantages include the ability to print a large variation of content in small lots in a short time. For these reasons, in the industrial printing market, the potential for the POD system to be used for producing samples or to be incorporated into the manufacturing processes of a wide range of products is attracting significant attention.



In response to the needs of a large number of industrial users, we developed the *Truepress Jet650UV*. This model has high-precision and high-resolution imaging capabilities, and also boasts an impressive level of customizability. At trade exhibitions in Japan and overseas, it has been very well received. Although the industrial printing market is a niche field that is difficult to break into, we aim to take full advantage of our competitive advantages to expand sales.

The Potential for Wider Adoption of Inkjet Technology

As well as creating new value in the printing sphere, inkjet technology is beginning to be adopted by the wider world across fields outside the traditional printing industry.

At drupa2008, the largest printing equipment exhibition in the world, held in May 2008, we carried out a promotion focusing on the latest inkjet technology. Our exhibit—a prototype of the *Truepress JetSX*, a full-color variable printing system that we announced recently—attracted much attention from printing industry participants from all over the world. The advances offered by inkjet technology include further expansion of the “printing universe” as well as other possibilities for creating new value, including environmental advantages, such as lower CO_2 emissions.

Exploiting another of many key inkjet technology features, such as the ability to directly discharge on a targeted point of a substrate, gives the ink droplet itself functionality and expands potential applications beyond printing into the completely different electronics field. Recognizing the potential for applying its technology to such areas as forming electronic circuits, Dainippon Screen has launched R&D activities aimed at realizing this potential.

The POD business utilizing inkjet technology is creating new value by opening up potential applications far beyond the traditional printing sphere. Dainippon Screen is determined to fully exploit the substantial competitive advantages of inkjet technology to win high market share and grow sales.

Excellent at handling small volumes on short timeframes

Package printing

- Packaging materials
- Display cartons
- Cardboard furniture

FASTJET™

Sign displays

- Billboards/signs
- Exhibition panels

Truepress Jet2500UV

inca SP320

Corporate Governance

Basic Corporate Governance Philosophy

The Dainippon Screen Group aims to secure the comprehensive interests of all its stakeholders and pursue transparent management, a sound financial base and efficient business operations by maintaining a robust corporate governance structure. Moreover, the Group is implementing a three-year business plan, Vision2008 (running from April 2006 through March 2009), which positions Corporate Social Responsibility (CSR) Management as one of its core strategies. Three specific areas are being addressed under this strategy—Strengthened Corporate Governance, Enhanced Internal Control Functions, and Environmental and Safety Management.

Outline of Corporate Governance Structure

As the highest management decision-making body of the Dainippon Screen Group, the Board of Directors is responsible for decisions and approval regarding important matters and for supervising the implementation of business operations. The Board convenes regularly once a month and at any other time as deemed necessary. In the execution of management, to maintain an appropriate level of objectivity, since 2000 the Group has appointed outside directors. At present, three of the eight directors are outside directors. In addition, since April 1999 Dainippon Screen has adopted a corporate officer system. By delegating authority and speeding up decision making, the Group aims to increase management efficiency and strengthen operational functions. In April 2002, the Group introduced an internal company system and established the Management Committee as the Group's highest operational decision-making body. The Management Committee comprises the directors and corporate officers.

The Dainippon Screen Group has adopted the corporate auditor system. The Board of Auditors comprises four members (including two outside corporate auditors), and is responsible for monitoring and auditing the execution of duties by the directors. The corporate auditors attend the meetings of the Board of Directors and other important meetings, inspect documents related to important decisions, and undertake audits of Group offices and Group companies. These audits monitor whether operations are adequately carried out and meet legal compliance requirements.

Building an Internal Control System

In accordance with its corporate philosophy, the Dainippon Screen Group complies with domestic and overseas laws, and abides by societal norms. The Group carries out its business operations in accordance with the highest ethical values. Based on this fundamental stance, the Board of Directors passed a resolution in May 2006 regarding the establishment of an internal control system. The resolution established a body to oversee the building of an internal control system, which undertakes the following key tasks.

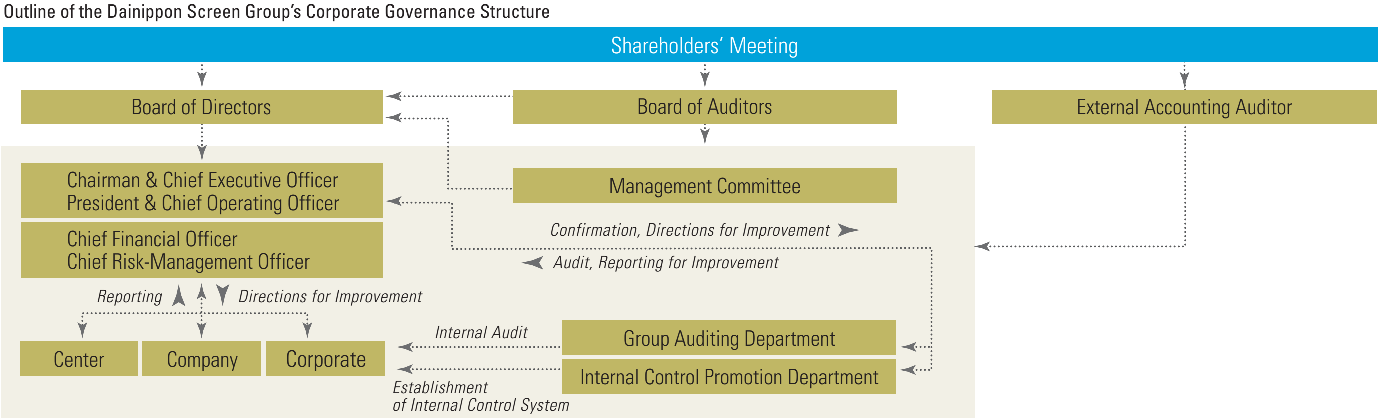
1. *Disseminating information on the importance and content of the internal control system*
2. *Documenting the major operations performed by each organizational unit and Group company*
3. *Building a compliance system*
4. *Building a business risk management system*
5. *Building a system for ensuring the reliability of financial reporting*

Implementation of the Control Structure

The Internal Control Committee, chaired by the Chief Operating Officer, has been established to oversee the Group's overall business risk management, deliberate and make decisions on basic policies and plans for building the internal control system, and to monitor the progress of plan and policy implementation.

Furthermore, to promote progress in corporate governance, the Group has adopted a control system that facilitates rapid responses to important matters as they arise. These include timely information disclosure, disaster risk management, environmental and social activities, compliance, and corporate information security.

Outline of the Dainippon Screen Group's Corporate Governance Structure



Environmental, Health and Safety (EHS) Initiatives

As a socially responsible corporate citizen, the Dainippon Screen Group recognizes environmental protection and occupational health and safety as important management issues. The Group is therefore committed to making a contribution to the creation of a sustainable society.

Environmental Policies

Through the pursuit of technology that is beneficial to both people and the natural environment, the Dainippon Screen Group strives to contribute to the creation of a society in which nature and the human race can share a harmonious and prosperous future.

Occupational Health and Safety Policies

Recognizing that people are the basis for all business activities, the Dainippon Screen Group is committed not only to creating a healthy and safe working environment, but also fulfilling its corporate social responsibilities by providing the best products and technologies possible.

Eco Value-21 Phase II

Eco Value-21 Phase II is the name of the Dainippon Screen Group's current four-year environmental plan, which runs from April 2005 through March 2009.

The key goals of our environmental plan are to increase the Group's international competitiveness by making our products more environment-friendly and to enhance our environmental management systems. During the fiscal year ended March 2008, the third year of this environmental plan, the Group achieved progress in environment-friendly product design and increased its ratio of Green procurement. These efforts were managed through the Group's own "Green Product Certification System" and the setting of quantitative management targets.

Initiatives to Reduce the Environmental Burden of the Group's Products

Green Product Certification System

The Group has established its own system for certifying Green Products based on passing an assessment under five criteria: energy conservation; reduce; reuse/recycle; safety/hazardous substance management; and information disclosure. This system is designed to reinforce our efforts to reduce the environmental burden of the Group's products.

Energy Conservation Measures and Hazardous Substance Management Policy

The Group is committed to a proactive stance in these key environmental areas. For example, the Group undertakes measures in line with its own roadmap, based on such industry standards as ITRS* and SEMI S23*. In addition, we are working to comply with the European Union's Restriction of Hazardous Substances (RoHS) Directive, which restricts the use of certain hazardous materials in the manufacture of various types of electrical equipment.

*ITRS: International Technology Roadmap for Semiconductors.

*SEMI S23: A guide published by Semiconductor Equipment and Materials International (SEMI: a trade organization of manufacturers of equipment and materials used in the fabrication of semiconductor devices) for the conservation of energy, utilities and materials used by semiconductor manufacturing equipment.

Environmental Management System

Under the supervision of the director responsible for environment and safety issues, the Group pursues activities relating to quality assurance, environmental protection, and occupational health and safety.

For further information on the Dainippon Screen Group's environmental protection activities, please refer to our Environmental and Social Report.
http://www.screen.co.jp/environmentE

Corporate Auditors and Corporate Officers

(As of June 26, 2008)

Corporate Auditors

Senior Corporate Auditor

Toshihiko Kusaba

Corporate Auditors

Hiroshi Yamamoto

President of Kyogin Lease & Capital Co., Ltd.
Hideaki Shirota

President of The Shigagin Computer Service Co., Ltd.
President of The Shigagin Agency Co., Ltd.
Akihiko Maekawa

Substitute Corporate Auditor

Director of The Bank of Kyoto Ltd.
Katsuyuki Toyobe

Corporate Officers

Corporate Senior Executive Officer

President of FPD Equipment Company
Yoshinari Yaoi

Corporate Executive Officers

Chief Officer of Shiga Sites
Nobutoshi Ogami

Vice President & Chief Technology Officer of SOKUDO Co., Ltd.
Akira Yamano

President of Semiconductor Equipment Company
General Manager of Global Quality Control Division, Semiconductor Equipment Company
Eiji Kakiuchi

Vice President of Semiconductor Equipment Company
General Manager of Business Management Division & Overseas Business Management Department, Semiconductor Equipment Company
Hiroshi Manabe

Corporate Officers (Senior)

Chief Strategy Officer
Tatsuo Miyawaki

President of Media And Precision Technology Company
General Manager of Business Management Division, Media And Precision Technology Company
Kyohei Fujisawa

Corporate Officers

Chief Officer of Procurement & Logistics, Engineering & Production
General Manager of Procurement & Logistics Strategy Department
General Manager of Procurement Center
Shunichi Kadowaki

Vice President of FPD Equipment Company
Hayato Hayashi

Vice President of Semiconductor Equipment Company
General Manager of Process & Equipment Engineering Division, Semiconductor Equipment Company
Soichi Nadahara

Vice President of Semiconductor Equipment Company
General Manager of Sales Operations Division & Sales Operations Division, Sales Department 3, Semiconductor Equipment Company
Tadahiro Suhara

General Manager of I.P. Center
Vice President of Research & Development Company
Masashi Arita

Vice President of FPD Equipment Company
Katsumi Shimaji

Vice President of Semiconductor Equipment Company
Toshio Hiroe

Financial Section

Consolidated Eleven-Year Summary

Dainippon Screen Mfg. Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	2008	2007	2006	2005	2004
For the Year:					
Net sales	**¥279,816**	¥301,312	¥246,534	¥269,341	¥191,939
Cost of sales	**208,266**	211,159	173,628	190,639	135,389
Cost of sales to net sales (%)	**74.4%**	70.1%	70.4%	70.8%	70.5%
Operating income (loss)	**¥ 14,628**	¥ 30,541	¥ 18,568	¥ 25,292	¥ 9,600
Operating income to net sales (%)	**5.2%**	10.1%	7.5%	9.4%	5.0%
Net income (loss)	**¥ 4,578**	¥ 18,452	¥ 15,236	¥ 14,454	¥ 4,851
Depreciation and amortization	**5,563**	4,113	3,823	5,944	4,000
Cash flows from operating activities	**7,934**	23,645	14,906	22,301	14,681
Cash flows from investing activities	**(16,510)**	(8,519)	(7,482)	(5,108)	(82)
Cash flows from financing activities	**669**	(8,875)	(13,442)	(16,775)	(10,157)
Capital expenditures	**12,866**	14,420	5,906	6,146	2,465
R&D expenses	**16,248**	16,884	13,269	12,628	11,134
Per Share of Common Stock:					
Net income (loss)	**¥ 18.81**	¥ 74.05	¥ 60.66	¥ 59.88	¥ 23.04
Net income – diluted	**17.39**	68.63	55.81	52.57	18.29
Cash dividends	**10.00**	15.00	10.00	7.50	3.00
Net assets	**514.26**	542.13	500.30	408.03	334.93
At Year End:					
Total assets	**¥291,114**	¥319,519	¥270,238	¥256,398	¥240,512
Return on total assets (%)	**1.5%**	6.3%	5.8%	5.8%	2.1%
Current assets	**¥196,989**	¥223,463	¥181,077	¥179,012	¥165,506
Property, plant and equipment, net	**49,069**	42,346	36,096	34,308	35,627
Current liabilities	**123,702**	133,784	106,134	111,998	113,771
Long-term debt	**40,644**	43,900	24,674	31,803	38,163
Equity	**122,094**	133,062	126,392	99,219	77,434
Equity ratio (%)	**41.9%**	41.6%	46.8%	38.7%	32.2%
Return on equity (%)	**3.6%**	14.2%	13.5%	16.4%	7.9%
Common stock	**¥ 54,045**	¥ 54,045	¥ 53,999	¥ 51,331	¥ 48,172
Retained earnings (deficit)	**49,390**	48,497	32,536	19,284	3,514
Number of shares issued (in thousands)	**253,974**	253,974	253,792	243,164	231,390
Number of employees	**5,041**	4,798	4,672	4,547	4,460

Notes: 1. Dollar figures are translated, for convenience only, at the rate of ¥100 to US$1.
2. Net income (loss) per share of common stock is calculated based on the weighted average number of shares outstanding during each term, excluding the Company's treasury stock and holdings by consolidated subsidiaries. Fully diluted net income per share of common stock is not shown for the years that net losses were recorded.
Net assets per share of common stock is calculated based on the fiscal year-end total number of shares outstanding, excluding the Company's treasury stock and holdings by consolidated subsidiaries.
3. Return on total assets and return on equity are calculated on the basis of average total assets and average equity, respectively, at the current and previous fiscal year-ends.
4. The definition of "employee" was revised in the fiscal year ending March 31, 2004.

Millions of yen						Thousands of U.S. dollars
2003	2002	2001	2000	1999	1998	**2008**
¥167,942	¥174,218	¥242,726	¥174,812	¥147,603	¥221,747	**$2,798,160**
121,036	126,882	170,896	133,641	114,086	148,110	**2,082,660**
72.1%	72.8%	70.4%	76.4%	77.3%	66.8%	
¥ 3,225	¥ 140	¥ 23,903	¥ (4,628)	¥(18,252)	¥ 11,022	**$ 146,280**
1.9%	0.1%	9.8%	–2.6%	–12.4%	5.0%	
¥ (3,466)	¥(18,900)	¥ 17,806	¥ (7,029)	¥(26,084)	¥ 4,002	**$ 45,780**
4,901	7,223	7,534	8,246	9,376	8,185	**55,630**
87	(7,124)	21,197	(2,963)	(1,863)	7,664	**79,340**
4,304	(2,663)	(3,175)	(1,272)	(6,020)	(5,362)	**(165,100)**
(4,923)	43	(8,666)	7,342	18,139	(23,192)	**6,690**
1,813	3,918	6,256	4,172	9,737	18,516	**128,660**
10,770	10,025	9,960	9,051	11,978	15,253	**162,480**

Yen						U.S. dollars
¥ (18.65)	¥(101.08)	¥ 97.20	¥ (40.00)	¥(149.89)	¥ 23.39	**$ 0.19**
—	—	84.88	—	—	20.96	**0.17**
—	—	5.00	—	—	7.00	**0.10**
238.28	269.75	369.54	286.51	312.02	450.99	**5.14**

Millions of yen						Thousands of U.S. dollars
¥218,653	¥234,972	¥301,784	¥256,596	¥240,618	¥275,192	**$2,911,140**
–1.5%	–7.0%	6.4%	–2.8%	–10.1%	1.4%	
¥149,713	¥153,149	¥214,756	¥162,172	¥140,296	¥179,222	**$1,969,890**
38,140	45,041	50,351	52,538	57,605	59,091	**490,690**
116,899	120,545	154,396	127,114	95,979	130,926	**1,237,020**
47,491	57,190	74,067	77,365	88,552	63,661	**406,440**
45,100	50,435	69,099	50,630	54,296	78,480	**1,220,940**
20.6%	21.5%	22.9%	19.7%	22.6%	28.5%	
–7.3%	–31.6%	29.7%	–13.4%	–39.3%	5.5%	
¥ 37,142	¥ 36,544	¥ 36,544	¥ 33,100	¥ 32,196	¥ 32,196	**$ 540,450**
(1,314)	(13,147)	6,767	(25,892)	(20,419)	3,765	**493,900**
189,369	186,987	186,987	176,713	174,018	174,018	
4,468	4,429	4,715	4,672	4,685	4,882	

5. For the year ended March 31, 2005, depreciation and amortization includes ¥2,299 million of nonrecurring depreciation of property, plant and equipment and other assets from withdrawal from the CRT mask business.

6. Equity in the above table represents the total of shareholders' equity and valuation gain/loss, translation gain/loss, etc. in the consolidated balance sheets. This is due to the adoption of the new accounting standards for presentation of net assets in the balance sheet, which requires former shareholders' equity and minority interests to be presented as net assets, and net assets to be classified as shareholders' equity, valuation gain/loss, translation gain/loss, etc. and minority interests. Under the new accounting standards, the net assets section includes deferred hedge income and loss, net of taxes, which was previously included in the assets or liabilities section without considering the related income tax effects. The accompanying consolidated financial statements after the year ended March 31, 2006 are prepared in accordance with the new accounting standards, whereas the statements before that year are presented pursuant to the previous presentation rules.

Segment Information

Segment Information by Business Field

Years ended March 31, — Millions of yen

		2008	2007	2006	2005	2004
Net Sales*Note 1	Electronic Equipment and Components	**¥214,350**	¥236,522	¥187,040	¥212,967	¥139,063
	Graphic Arts Equipment	**62,927**	62,468	58,080	55,090	51,433
	Other	**2,539**	2,322	1,414	1,284	1,443
	Consolidated	**¥279,816**	¥301,312	¥246,534	¥269,341	¥191,939
Operating Income	Electronic Equipment and Components	**¥ 9,825**	¥ 27,234	¥ 16,596	¥ 21,571	¥ 6,581
	Graphic Arts Equipment	**4,023**	2,300	1,361	3,190	2,694
	Other	**780**	1,007	611	531	325
	Consolidated	**¥ 14,628**	¥ 30,541	¥ 18,568	¥ 25,292	¥ 9,600

Notes: 1. Sales to customers outside of the Company and its consolidated subsidiaries.
2. Commencing with the year ended March 31, 2005, the Company changed its method of accounting for product warranty costs from the cash basis to the accrual basis as a result of these costs being newly centralized in certain consolidated subsidiaries, facilitating their systematic recognition. As a result of this change, operating expenses for the year ended March 31, 2005, increased by ¥281 million in the Electronic Equipment and Components segment and ¥73 million in the Graphic Arts Equipment segment, and operating income decreased by the same amounts, respectively, as compared with the previously applied accounting method.
3. Certain consolidated domestic subsidiaries have adopted a new accounting standard for directors' bonuses from the year ended March 31, 2007. As a result of this change, operating expenses for the year ended March 31, 2007 increased by ¥32 million in the Electronic Equipment and Components segment, ¥20 million in the Graphic Arts Equipment segment and ¥35 million in the Other segment, and operating income decreased by the same amounts, respectively, compared with amounts calculated using the previously applied accounting method.
4. The Company and certain consolidated subsidiaries withdrew from the CRT mask business, which had been previously included in the Electronic Equipment and Components segment, in October 2005.
5. Pursuant to an amendment to the Corporation Tax Law, effective the fiscal year ending March 31, 2008, Dainippon Screen Mfg. Co., Ltd. and its consolidated domestic subsidiaries adopted a new depreciation method under the amended Corporation Tax Law for property, plant and equipment acquired after April 1, 2007. As a result of this change, operating expenses increased by ¥136 million ($1,360 thousand) in the Electronic Equipment and Components segment, ¥26 million ($260 thousand) in the Graphic Arts Equipment segment and ¥2 million ($20 thousand) in the Other segment, and operating income decreased by the same amounts, respectively, compared with amounts calculated using the previously applied method. Furthermore, Dainippon Screen Mfg. Co., Ltd. and its consolidated domestic subsidiaries depreciate the difference between 5% of the acquisition cost of assets acquired on or before March 31, 2007 and the memorandum value of said assets uniformly over a five-year period, starting the year following the fiscal year in which the depreciated value of said assets reaches 5% of the acquisition price using the pre-amendment depreciation method. Depreciated amounts are included in depreciation expenses. As a result of this change, operating expenses in the Electronic Equipment and Components segment, Graphic Arts Equipment segment and Other segment increased by ¥128 million ($1,280 thousand), ¥52 million ($520 thousand) and ¥0 million ($0 thousand), respectively, while operating income in those segments decreased by the same amounts, compared with amounts calculated using the previously applied method.

Domestic Sales and Overseas Sales

Years ended March 31, — Millions of yen

	2008	2007	2006	2005	2004
Domestic sales*Note 1	**¥ 95,214**	¥ 99,567	¥ 94,450	¥ 94,434	¥ 84,235
Overseas sales*Note 2	**184,602**	201,745	152,084	174,907	107,704
North America	**41,227**	56,238	36,796	31,041	22,974
Asia & Oceania	**105,468**	113,348	89,315	117,899	61,778
Europe	**25,681**	28,212	24,591	24,714	21,748
Others	**12,226**	3,947	1,382	1,253	1,204
Ratio of overseas sales to net sales (%)	**66.0%**	67.0%	61.7%	64.9%	56.1%
Net sales	**¥279,816**	¥301,312	¥246,534	¥269,341	¥191,939

Notes: 1. Sales to customers in Japan by the Company and its consolidated subsidiaries.
2. Sales to customers outside Japan by the Company and its consolidated subsidiaries.

Segment Information by Geographic Area*Note 1

Years ended March 31, — Millions of yen

		2008	2007	2006	2005	2004
Net Sales*Note 2	Japan	**¥183,195**	¥195,852	¥169,445	¥195,279	¥140,258
	Overseas	**96,621**	105,460	77,089	74,062	51,681
	North America	**39,665**	53,845	40,347	34,260	24,688
	Asia & Oceania	**23,944**	22,110	16,462	22,612	13,880
	Europe	**33,012**	29,505	20,280	17,190	13,113
	Consolidated	**¥279,816**	¥301,312	¥246,534	¥269,341	¥191,939
Operating Income	Japan	**¥ 11,747**	¥ 25,944	¥ 16,856	¥ 21,429	¥ 8,462
	Overseas	**3,681**	5,122	1,841	3,060	1,505
	North America	**1,067**	1,121	192	210	220
	Asia & Oceania	**2,420**	2,628	1,190	1,337	913
	Europe	**194**	1,373	459	1,513	372
	Total	**15,428**	31,066	18,697	24,489	9,967
	Eliminations	**(800)**	(525)	(129)	803	(367)
	Consolidated	**¥ 14,628**	¥ 30,541	¥ 18,568	¥ 25,292	¥ 9,600
Assets	Japan	**¥208,857**	¥229,523	¥186,536	¥181,059	¥171,410
	Overseas	**55,724**	62,167	50,735	38,660	33,455
	North America	**15,031**	22,309	17,707	15,806	11,465
	Asia & Oceania	**20,709**	17,771	14,013	12,217	11,622
	Europe	**19,984**	22,087	19,015	10,637	10,368
	Total	**264,581**	291,690	237,271	219,719	204,865
	Eliminations/Corporate	**26,533**	27,829	32,967	36,679	35,647
	Consolidated	**¥291,114**	¥319,519	¥270,238	¥256,398	¥240,512

Notes: 1. For the Company and its consolidated subsidiaries located in the respective geographic areas.
2. Sales to customers outside of the Company and its consolidated subsidiaries.
3. The Company has recorded a provision for accrued product warranty costs from the fiscal year ended March 31, 2005. As a result of this change, operating expenses for the year ended March 31, 2005, increased by ¥354 million and operating income decreased by the same amount in Japan, as compared with the previously applied accounting method.
4. Commencing with the year ended March 31, 2005, a U.S. consolidated subsidiary reclassified a portion of sales as installation service sales, which are recorded at the time installation is completed. Previously sales were recorded at time of delivery. As a result, sales decreased by ¥1,353 million and operating expenses decreased by ¥546 million relating to installation services for the year ended March 31, 2005.
5. Certain consolidated domestic subsidiaries have adopted a new accounting standard for directors' bonuses from the year ended March 31, 2007. As a result of this change, operating expenses for the year ended March 31, 2007 increased by ¥87 million and operating income decreased by the same amounts in Japan, compared with amounts calculated using the previously applied accounting method.
6. Pursuant to an amendment to the Corporation Tax Law, effective the fiscal year ending March 31, 2008, Dainippon Screen Mfg. Co., Ltd. and its consolidated domestic subsidiaries adopted a new depreciation method under the amended Corporation Tax Law for property, plant and equipment acquired after April 1, 2007. As a result of this change, operating expenses increased by ¥164 million ($1,640 thousand), and operating income decreased by the same amounts in Japan, compared with amounts calculated using the previously applied method. Furthermore, Dainippon Screen Mfg. Co., Ltd. and its consolidated domestic subsidiaries depreciate the difference between 5% of the acquisition cost of assets acquired on or before March 31, 2007 and the memorandum value of said assets uniformly over a five-year period, starting the year following the fiscal year in which the depreciated value of said assets reaches 5% of the acquisition price using the pre-amendment depreciation method. Depreciated amounts are included in depreciation expenses. As a result of this change, operating expenses increased by ¥180 million ($1,800 thousand), while operating income decreased by the same amounts in Japan, compared with amounts calculated using the previously applied method.

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

Strengthening Financial, Accounting and Investor Relations Strategies to Achieve Additional Innovation & Expansion

During the fiscal year ended March 31, 2008, we addressed such major tasks as establishing internal controls, ensuring the unification of our accounting standards and formulating tax planning strategies. We finished documenting all internal controls related to financial reporting in time for their full-fledged implementation in the fiscal year that began April 1, 2008. With regard to ensuring the unification of accounting standards with a view to international standards, in March 2008 the Group's decision-making bodies finalized Dainippon Screen Accounting and Financial Policy and Standards. Now, we are in the process of formulating individual accounting manual at each subsidiary in Japan and overseas. I believe that these initiatives will contribute toward timely and appropriate disclosure, as well as accurate management decision.

At present, the Group is placing particular importance on its global tax planning strategies. We are steadily gaining customers throughout the world, such that our ratio of overseas sales to net sales came to 66% during the year ended March 31, 2008, and we operate 24 overseas subsidiaries.

Given these circumstances, formulating a global tax planning strategy to further enhance cash flow efficiency within the Group is a topic of rapidly growing importance. As the Group's operations span a diverse range of businesses and we operate a number of overseas subsidiaries, this strategy must be developed based on an analysis of each of our businesses, rather than an off-the-shelf solution. At present, we have advanced analysis of the Company's current status from a financial perspective in order to draw up a strategy, utilizing the services of a public accounting firm to assist us in these efforts. To create a system for optimizing the efficiency of the Group's funds in Japan and overseas requires of us not only analysis from a tax planning perspective, but also analysis and measures that impact from all perspectives. Specifically, this may point to a need to revise our product and monetary flows. Furthermore, our analysis takes into account the formulation of a global cash management system and financial subsidiaries for centralized cash management overseas. While approaching the situation from the standpoint of optimizing tax expenses, I believe the analysis will also help up establish our financial infrastructure and raise corporate value by improving cash efficiency.

The Group is creating shareholder and investor relations strategies to enhance its activities targeting institutional and private investors in Japan and overseas. We aim to continue improving two-way communications with our shareholders and other investors.

Osamu Ryonai
Managing Director
Chief Financial Officer and Chief Investor Relations Officer

Operating Results

Sales

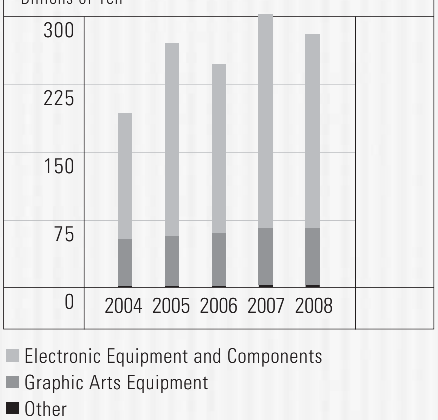
Consolidated net sales for the fiscal year ended March 31, 2008, decreased 7.1% year on year, to ¥279,816 million.

In the Electronic Equipment and Components segment, semiconductor production equipment (SPE) sales benefited in the first half from robust capital expenditure, centered on equipment for dynamic random access memories (DRAMs), flash memories, and other types of memory. In the second half, a deteriorating balance between semiconductor supply and demand caused DRAM prices to decline, and semiconductor manufacturers entered a period of adjustment in capital expenditures. However, SPE sales for the full fiscal year were higher than in the preceding term, with first-half sales at a record high. By geographic region, the segment recorded strong sales in Asia, centered on Taiwan, while North American and European sales decreased. By product type, sales of batch-type cleaning equipment declined year on year, but sales of single wafer cleaning equipment were robust. Contributing to these sales were the *SU-3100* and the *SS-3100*, for whose deliveries commenced during the year. Conversely, sales of coater/developers, which are produced on consignment from an affiliate, decreased. Sales of flat panel display (FPD) production equipment were down substantially from the preceding term, affected by inventory adjustments and price reductions on liquid crystal displays (LCDs), which caused LCD panel manufacturers to curtail capital expenditures. By geographic region, although capital expenditures were relatively firm in Japan, sales to China, South Korea and Taiwan fell substantially. By product type, sales of exposure equipment for plasma display panels (PDPs) were up year on year, but sales of mainstay coater/developers for LCDs decreased. In other electronic equipment and components, amid sluggish capital expenditures by printed circuit board (PCB) manufacturers in Japan, China and South Korea, among other regions, sales of direct PCB imaging systems expanded, but sales of mainstay automatic optical inspection equipment decreased from the preceding term.

In the Graphic Arts Equipment segment, sales of our mainstay Computer to Plate (CTP) related products fell year on year, as the pace of diffusion slowed down in Japan. This was attributable to product introduction in this country has largely run its course. However, in digital printing equipment that enables Print on Demand (POD), sales were firm for *Truepress Jet520* full color variable inkjet printing equipment. In wide-format inkjet printers, the *Onset*, a new ultraviolet (UV) inkjet printer, contributed to segment sales.

Total overseas sales fell by ¥17,143 million, or 8.5%, year on year to ¥184,602 million. Total overseas sales as a percentage of total sales fell 1.0 percentage point from the previous year, to 66.0%. North American sales dropped 26.7% year on year, to ¥41,227 million, mainly because of a decline in SPE sales. In Asia & Oceania, SPE sales increased, but sales of FPD production equipment declined substantially, causing sales for the region to fall 7.0%, to ¥105,468 million. In Europe, sales dropped 9.0%, to ¥25,681 million, affected by lower SPE sales, although sales of graphic arts equipment were firm.

Consolidated Net Sales by Business Field



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

Cost of Sales and SGA Expenses

The cost of sales ratio for the fiscal year was 74.4%, worsening 4.3 percentage points from the 70.1% recorded in the preceding term. The primary reason was the substantial decrease in sales of FPD production equipment, as well as the decline in SPE selling prices and lower ratio of highly profitable products.

Selling, general and administrative (SGA) expenses decreased by ¥2,690 million, or 4.5%, from the preceding term, to ¥56,922 million. Although acquisitions of property, plant and equipment led to higher depreciation and amortization expenses, packaging and shipping costs declined in line with the decrease in sales, and pension and severance costs decreased, as did research and development expenses. The ratio of SGA expenses increased from 19.8% to 20.3%.

	Millions of yen				
Years ended March 31,	**2008**	2007	2006	2005	2004
Net sales	**¥279,816**	¥301,312	¥246,534	¥269,341	¥191,939
Cost of sales	**208,266**	211,159	173,628	190,639	135,389
Cost of sales to net sales (%)	**74.4%**	70.1%	70.4%	70.8%	70.5%
Gross profit	**¥ 71,550**	¥ 90,153	¥ 72,906	¥ 78,702	¥ 56,550
SGA expenses	**56,922**	59,612	54,338	53,410	46,950
SGA expenses to net sales (%)	**20.3%**	19.8%	22.1%	19.8%	24.5%

Research and Development Expenses

During the year, Dainippon Screen invested ¥16,248 million in research and development (R&D).

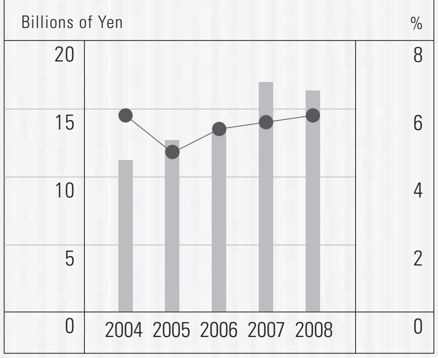
In the SPE area of the Electronic Equipment and Components segment, we strove to commercialize single wafer cleaning equipment that has a smaller footprint, offers high productivity, leading to a lower cost of ownership. During the year, we worked on the development of flash lamp annealing equipment that improves LSI performance by efficient thermal processing. In FPD production equipment, we are progressing with the development of 10th-generation compatible LCD production equipment and coating equipment for organic electroluminescence (EL) displays, which are heralded as next-generation displays. We also progressed toward the commercialization of such products as a direct imaging system to expose color filters. In other electronic equipment and components, development moved ahead on automatic optical inspection equipment for LCD glass substrates. R&D expenditures on the above-mentioned developments in this segment amounted to ¥11,516 million.

In the Graphic Arts Equipment segment, we worked to commercialize large-format inkjet printing equipment that prints large sizes at high speeds. We also worked on the development of A2-wide inkjet printer that enables sheet-fed printing in high quality. The Group's research and development expenditures in this segment were ¥4,680 million.

In the Other segment, R&D expenses totaled ¥52 million. This investment was spent on efforts to shorten processing times by employing laser control technologies in processing equipment.

In addition, in April 2008 Dainippon Screen opened the *Process Technology Center*, a leading-edge semiconductor processes and equipment development center.

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



	Millions of yen				
Years ended March 31,	**2008**	2007	2006	2005	2004
R&D expenses	**¥16,248**	¥16,884	¥13,269	¥12,628	¥11,134
R&D expenses to net sales (%)	**5.8%**	5.6%	5.4%	4.7%	5.8%

Segment Information

Sales in the Electronic Equipment and Components segment fell 9.4% during the year, to ¥214,350 million. SPE sales reached a historic high during the first half of the year, but sales of FPD production equipment were down significantly from the preceding term. With regard to income, sales of FPD production equipment dropped significantly, which caused lower plant operating ratio, in addition to lower selling prices and decreased sales ratio of highly profitable products in the SPE segment. Under these circumstances, segment operating income fell by ¥17,409 million, or 63.9%, from the preceding year, to ¥9,825 million.

In the Graphic Arts Equipment segment, sales of mainstay CTP-related products decreased from the previous term, as the rate of introduction leveled off mainly in Japan. This was attributable to the completion of a round of product installations. However, among digital printing equipment that features POD capabilities, sales were firm for our *Truepress Jet520* full color variable inkjet printing equipment. In wide-format inkjet printers, the *Onset*, a new UV inkjet printer, contributed to segment sales. As a result, sales in this segment came to ¥62,927 million, up ¥459 million, or 0.7%, from the previous year. Owing to successful efforts to reduce fixed costs, segment operating income grew by ¥1,723 million, or 74.9%, to ¥4,023 million.

In the Other segment, sales expanded by ¥217 million, or 9.3%, during the year, to ¥2,539 million. Operating income, however, was down ¥227 million, or 22.5%, to ¥780 million.

Earnings Analysis

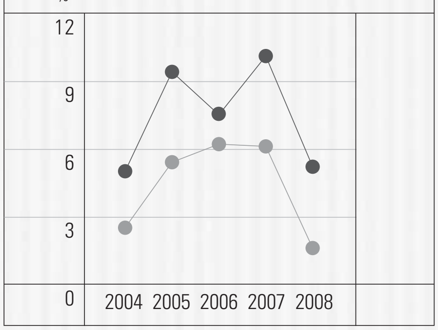
As is explained above, in the second half of the fiscal year semiconductor manufacturers held down capital expenditures as they entered an adjustment phase, but overall these expenditures remained firm. LCD panel manufacturers, on the other hand, sustained the previous year's trend in holding back on their capital expenditures. Under these circumstances, the Group strove to respond to market fluctuations by energetically acquiring orders and securing sales. We also sought to reduce costs through such efforts as suppressing costs from design stage and curtailing materials procurement costs. Nevertheless, segment income suffered a major setback as a result of a significant downturn in sales of FPD production equipment, SPE prices that fell further than we had expected, and lower sales of highly profitable products. As a result of such factors, operating income dropped by ¥15,913 million, or 52.1%, during the year, to ¥14,628 million. Operating income as a percentage of net sales worsened 4.9 percentage points from the preceding term, to 5.2%.

Net other income and expenses came to an expense amount of ¥5,687 million, compared with an expense amount of ¥393 million in the preceding term. Income items included revenue from service contract of ¥682 million, amortization of prior service cost from a change in the severance and retirement benefits plan of ¥556 million and interest and dividend income of ¥938 million. Expense items included equity in losses in affiliates of ¥3,042 million, foreign exchange losses of ¥1,931 million, a loss on the disposal of inventories of ¥990 million and interest expense of ¥819 million.

As a result, income before income taxes fell by ¥21,207 million from the preceding year, to ¥8,941 million. Net income was down ¥13,874 million from the previous fiscal year, to ¥4,578 million.

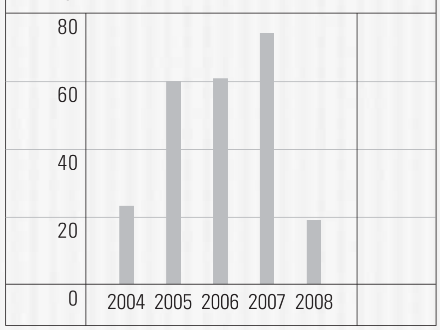
Net income per share of common stock fell by ¥55.24 from the preceding fiscal year, to ¥18.81, and return on equity fell 10.6 percentage points, to 3.6%. Return on total assets decreased 4.8 percentage points, to 1.5%.

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

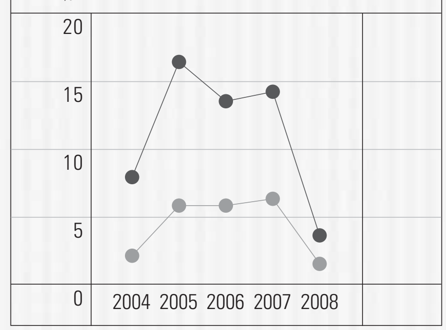


● Ratio of Operating Income to Net Sales
● Ratio of Net Income to Net Sales

Net Income per Share of Common Stock



Return on Equity
Return on Total Assets



● Return on Equity
● Return on Total Assets

	Millions of yen				
Years ended March 31,	**2008**	2007	2006	2005	2004
Operating income	**¥14,628**	¥30,541	¥18,568	¥25,292	¥9,600
Operating income to net sales (%)	**5.2%**	10.1%	7.5%	9.4%	5.0%
Net income	**¥ 4,578**	¥18,452	¥15,236	¥14,454	¥4,851
Net income to net sales (%)	**1.6%**	6.1%	6.2%	5.4%	2.5%
Per share of common stock (yen)					
Net income	**¥ 18.81**	¥ 74.05	¥ 60.66	¥ 59.88	¥23.04
Net income – diluted	**17.39**	68.63	55.81	52.57	18.29
Return on equity (%)	**3.6%**	14.2%	13.5%	16.4%	7.9%
Return on total assets (%)	**1.5%**	6.3%	5.8%	5.8%	2.1%

Note: Return on equity and return on total assets are calculated on the basis of average equity and average total assets, respectively, for the current and previous fiscal year-ends.

Financial Position and Liquidity

Assets, Liabilities and Net Assets

Total assets stood at ¥291,114 million as of March 31, 2008, down ¥28,405 million, or 8.9%, from the last fiscal year.

Within current assets, in line with the decrease in net sales, notes and accounts receivable declined by ¥11,960 million, and inventories fell by ¥3,484 million. Cash on hand dropped, bringing cash and cash equivalents down ¥9,010 million.

In property, plant and equipment, buildings and structures increased by ¥4,391 million, owing to construction of the *Process Technology Center* etc. Machinery, equipment and other expanded by ¥5,935 million.

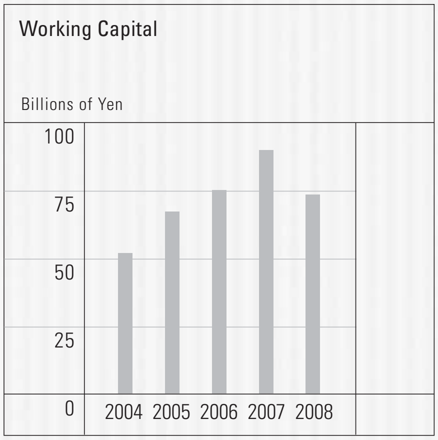
In investments and other assets, investments in securities decreased by ¥6,930 million, as a market downturn eroded the value of securities held. Furthermore, investments in affiliates fell by ¥3,075 million, as the Group posted equity in losses of affiliates.

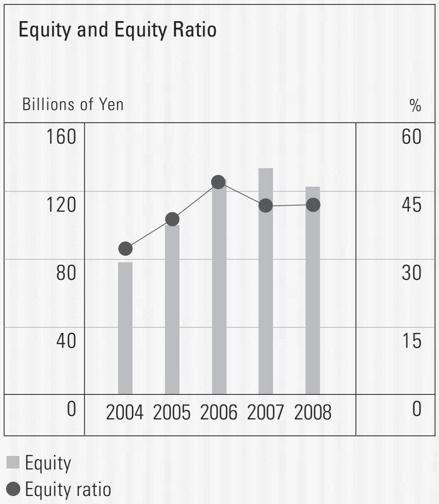
In liabilities, current liabilities and long-term liabilities both decreased by ¥10,082 million and ¥7,420 million, respectively.

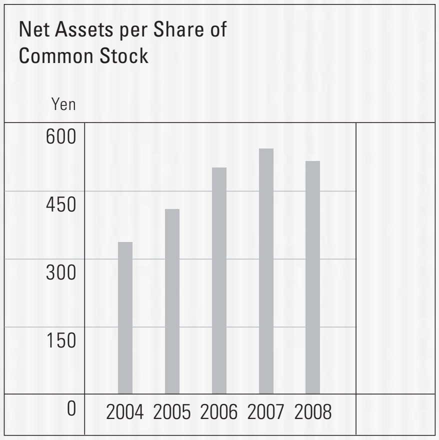
In current liabilities, trade notes and accounts payable fell by ¥8,849 million, and income taxes payable decreased by ¥10,358 million, owing to lower tax expenses. In long-term liabilities, accrued pension and severance costs decreased by ¥5,854 million, owing to a change in retirement benefit plans and a partial shift to a defined contribution pension plan.

Interest-bearing debt—the total of short-term debt, the current portion of long-term debt, and long-term debt—was ¥56,924 million as of March 31, 2008, up ¥8,656 million from one year earlier.

In net assets, retained earnings increased by ¥893 million from net income reported for the fiscal year, while treasury stock increased by ¥4,319 million through the acquisition of treasury stock. The net unrealized holding gain on securities fell by ¥4,847 million, caused by a decline in the market value of securities held, and foreign currency translation adjustments decreased by ¥2,699 million because of yen appreciation against the U.S. dollar. As a result, equity, which represents net assets minus minority interests, fell by ¥10,968 million compared the previous fiscal year-end. Consequently, the equity ratio increased 0.3 percentage point, to 41.9%.







As of March 31	Millions of yen 2008	2007	2006	2005	2004
Total assets	**¥291,114**	¥319,519	¥270,238	¥256,398	¥240,512
Electronic Equipment and Components	**178,234**	195,371	144,512	143,380	128,786
Graphic Arts Equipment	**50,011**	52,685	51,730	46,281	46,408
Other	**7,531**	7,093	5,553	5,528	4,543
Eliminations/Corporate	**55,338**	64,370	68,443	61,209	60,775
Working capital	**73,287**	89,679	74,943	67,014	51,735
Equity	**122,094**	133,062	126,392	99,219	77,434
Equity ratio (%)	**41.9%**	41.6%	46.8%	38.7%	32.2%
Net assets per share of common stock (yen)	**¥ 514.26**	¥ 542.13	¥ 500.30	¥ 408.03	¥ 334.93

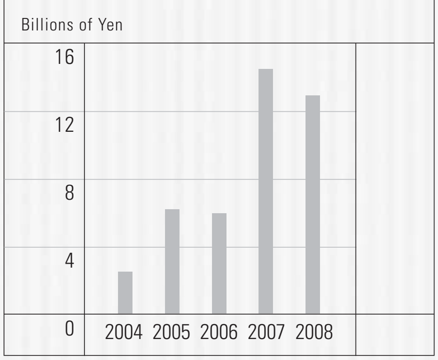
Capital Expenditures and Depreciation and Amortization

Capital expenditures during the fiscal year were ¥12,866 million, compared with ¥14,420 million in the preceding term. These expenditures centered on production equipment and R&D facilities in the Electronic Equipment and Components segment.

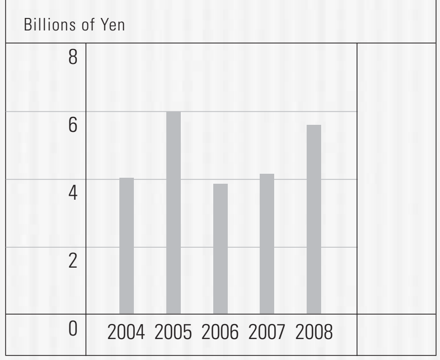
In the Electronic Equipment and Components segment, the fiscal year under review marked the new construction of the *Process Technology Center*, a new development base for semiconductor manufacturing processes and equipment. The *Welfare Center*, a combined dining and training facility, was also built to accommodate an increase in the number of employees in the Hikone region.

Depreciation and amortization during the year amounted to ¥5,563 million, up ¥1,450 million from the preceding term.

Capital Expenditures



Depreciation and Amortization



	Millions of yen				
Years ended March 31,	**2008**	2007	2006	2005	2004
Capital expenditures	**¥12,866**	¥14,420	¥5,906	¥6,146	¥2,465
Electronic Equipment and Components	**9,233**	10,797	2,749	5,028	1,739
Graphic Arts Equipment	**856**	810	847	479	340
Other	**123**	240	53	64	65
Corporate	**2,654**	2,573	2,257	575	321
Depreciation and amortization	**5,563**	4,113	3,823	5,944	4,000
Electronic Equipment and Components	**3,771**	2,774	2,825	5,041	2,964
Graphic Arts Equipment	**763**	632	538	480	564
Other	**129**	97	55	65	61
Corporate	**900**	610	405	358	411

Cash Flows

Net cash provided by operating activities during the year was ¥7,934 million, ¥15,711 million less than during the preceding term. Major cash inflows included higher depreciation and amortization, the decreases in notes and accounts receivable and inventories, a turnaround from the previous fiscal year, which reflected the drop in sales. However, income before income taxes fell substantially year on year, and income taxes paid increased.

Net cash used in investing activities was ¥16,510 million, compared with ¥8,519 million in the preceding term. This increase was owing to such factors as the acquisition of property, plant and equipment for the new *Process Technology Center*, as well as new plant construction costs associated with SPE and FPD production facilities that were completed during the previous fiscal year.

Net cash provided by financing activities amounted to ¥669 million, compared with ¥8,875 million used in these activities in the preceding term. Cash was used for the payment of cash dividends, acquisition of treasury stock and repayment of long-term debt. The principal source of cash was funds raised by taking on short-term debt.

	Millions of yen				
Years ended March 31,	**2008**	2007	2006	2005	2004
Cash flows from operating activities	**¥ 7,934**	¥23,645	¥ 14,906	¥ 22,301	¥ 14,681
Cash flows from investing activities	**(16,510)**	(8,519)	(7,482)	(5,108)	(82)
Cash flows from financing activities	**669**	(8,875)	(13,442)	(16,775)	(10,157)
Effect of exchange rate changes on cash and cash equivalents	**(1,103)**	494	617	258	(614)
Net increase (decrease) in cash and cash equivalents	**¥ (9,010)**	¥ 6,745	¥ (5,401)	¥ 676	¥ 3,828

Risk Factors

(1) Semiconductor and FPD market trends

While the semiconductor and FPD markets have experienced significant growth in rapid technological innovation, they are also susceptible to deterioration in the market supply-demand balance, which can lead to cyclical upturns and downturns known as the silicon and crystal cycles. Given such market conditions, the Dainippon Screen Group is making every effort to create a business structure that can consistently generate profits during cyclical downturns. However, unexpectedly large cyclical downturns can have a material impact on the Group’s financial condition and business performance.

(2) Exchange rate fluctuations

The overseas sales ratio of the Group for the fiscal year under review was 66.0%. While the Group is working to minimize the impact of exchange rate fluctuations by using forward exchange contracts and other measures to minimize the impact on its business performance, rapid fluctuations in exchange rates can have a material impact on the Group's financial condition and business performance.

(3) New product development

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

(4) Intellectual property rights

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

(5) Interest rate fluctuations

The Group's total interest-bearing debt at the end of the fiscal year under review was ¥56,924 million and included interest-bearing debt with variable interest rates. In order to minimize the risk of interest rate fluctuations, the Group fixes a portion of these variable rates through the use of interest rate swaps and other means.

Nevertheless, the Group's financial condition and business performance could be materially affected by the impact of interest rate fluctuations on interest-bearing debt at variable interest rates and on new fund procurement.

(6) Retirement benefit obligations

The Group calculates accrued pension and severance costs based on assumed discount rates set by actuarial calculations and on expected pension asset investment returns. Given differences between actual results and assumed costs, changes in the assumed parameters and/or a decline in pension fund returns, the future cumulative difference in these obligations must be recognized and generally have an effect on the recognition of future costs and the recording of benefit obligations. While the Group is working through a conversion from a qualified retirement pension system to a cash balance plan, a defined contribution pension plan and other measures to reduce the impact of retirement benefit obligations, worse than forecasted investment returns and other factors could have a material impact on the Group's financial condition and business performance.

(7) Exercise of stock acquisition rights and dilution of value per share

For the fiscal year under review, potential share dilution from the remaining balance of convertible notes with stock acquisition rights represented 7.8% of shares outstanding as of the end of the fiscal year. The exercise of these stock acquisition rights into shares would dilute the value of each share of Dainippon Screen.

(8) Impact of impairment accounting

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

(9) Corporate acquisitions and capital participation

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

(10) Information security

In the course of its business operations, the Group handles various personal, customer and technology information. The Group has established "Network System Management Regulations" to strengthen the security of internal information systems and is working to thoroughly implement corporate ethics through its "Dainippon Screen Code of Ethics" in order to strengthen its information management system. However, unforeseen leaks of confidential information could have a material impact on the Group's financial condition and business performance.

(11) Other risks

In addition to the above described risks, the Group's business operations are affected, as are other companies, by risks in the global and domestic political environment, the economic environment, natural disasters, wars, terrorism, epidemics, the stock market, commodity markets, the supply systems of business associates and employment conditions. Adverse trends related to any of the above factors could therefore have a material impact on the Group's financial condition and business performance.

Consolidated Balance Sheets

Dainippon Screen Mfg. Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
Assets	**2008**	2007	**2008**
Current Assets:			
Cash and cash equivalents	**¥ 24,980**	¥ 33,990	**$ 249,800**
Time deposits	**1,267**	491	**12,670**
Trade notes and accounts receivable	**85,794**	97,754	**857,940**
Allowance for doubtful receivables	**(765)**	(943)	**(7,650)**
Inventories	**73,930**	77,414	**739,300**
Deferred tax assets	**6,772**	7,784	**67,720**
Prepaid expenses and other	**5,011**	6,973	**50,110**
Total current assets	**196,989**	223,463	**1,969,890**
Property, Plant and Equipment, at Cost:			
Land	**10,054**	10,095	**100,540**
Buildings and structures	**55,121**	50,730	**551,210**
Machinery, equipment and other	**41,483**	35,548	**414,830**
Construction in progress	**1,602**	2,043	**16,020**
Total	**108,260**	98,416	**1,082,600**
Accumulated depreciation	**(59,191)**	(56,070)	**(591,910)**
Net property, plant and equipment	**49,069**	42,346	**490,690**
Investments and Other Assets:			
Investments in securities	**29,039**	35,969	**290,390**
Investments in affiliates	**6,676**	9,751	**66,760**
Goodwill	**2,296**	3,280	**22,960**
Deferred tax assets	**2,516**	522	**25,160**
Other assets	**4,529**	4,188	**45,290**
Total investments and other assets	**45,056**	53,710	**450,560**
TOTAL	**¥291,114**	¥319,519	**$2,911,140**

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

Liabilities and Net Assets	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
Current Liabilities:			
Short-term debt	¥ 12,252	¥ 85	$ 122,520
Current portion of long-term debt	4,028	4,283	40,280
Notes and accounts payable—			
Trade	74,547	83,396	745,470
Construction and other	8,376	10,853	83,760
Accrued expenses	8,943	10,635	89,430
Income taxes payable	2,175	12,533	21,750
Accrued product warranty costs	4,102	3,712	41,020
Accrued bonuses to directors	96	87	960
Other current liabilities	9,183	8,200	91,830
Total current liabilities	123,702	133,784	1,237,020
Long-Term Liabilities:			
Long-term debt	40,644	43,900	406,440
Accrued pension and severance costs	1,498	7,352	14,980
Estimated termination and retirement allowances for directors and corporate auditors	153	131	1,530
Reserve for loss on guarantees	84	113	840
Other long-term liabilities	2,158	461	21,580
Total long-term liabilities	44,537	51,957	445,370
Contingent Liabilities (Note 8)			
Net Assets:			
Shareholders' Equity:			
Common stock—			
Authorized—900,000,000 shares in 2008 and 2007			
Issued—253,974,333 shares in 2008 and 2007	54,045	54,045	540,450
Capital surplus	30,176	30,178	301,760
Retained earnings	49,390	48,497	493,900
Treasury stock, at cost—			
16,560,577 shares in 2008 and 8,530,214 shares in 2007	(12,238)	(7,919)	(122,380)
Total shareholders' equity	121,373	124,801	1,213,730
Valuation Gain/Loss, Translation Gain/Loss, etc.:			
Net unrealized holding gain on securities	6,347	11,194	63,470
Deferred hedge income and loss	(6)	(12)	(60)
Foreign currency translation adjustments	(5,620)	(2,921)	(56,200)
Total valuation gain/loss, translation gain/loss, etc.	721	8,261	7,210
Minority Interests:			
Minority interests	781	716	7,810
Total net assets	122,875	133,778	1,228,750
TOTAL	¥291,114	¥319,519	$2,911,140

Consolidated Statements of Income

Dainippon Screen Mfg. Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Net Sales	¥279,816	¥301,312	$2,798,160
Cost of Sales	208,266	211,159	2,082,660
Gross profit	71,550	90,153	715,500
Selling, General and Administrative Expenses	56,922	59,612	569,220
Operating income	14,628	30,541	146,280
Other (Income) Expenses:			
Interest and dividend income	(938)	(862)	(9,380)
Interest expense	819	521	8,190
Exchange loss on foreign currency transactions, net	1,931	689	19,310
Gain on sale of investments in securities	(34)	(1,600)	(340)
Loss on disposal of property, plant and equipment	107	795	1,070
Loss on disposal of inventories	990	300	9,900
Bond issue costs	—	100	—
Equity in losses of affiliates	3,042	1,495	30,420
Revenue from service contract	(682)	(433)	(6,820)
Amortization of prior service cost	(556)	(1,669)	(5,560)
Gain on transition to a defined contribution pension plan	(468)	—	(4,680)
Other, net	1,476	1,057	14,760
	5,687	393	56,870
Income Before Income Taxes	8,941	30,148	89,410
Income Taxes			
Current	2,991	12,990	29,910
Deferred	1,289	(1,384)	12,890
	4,280	11,606	42,800
Minority Interests in Net Income of Consolidated Subsidiaries	83	90	830
Net Income	¥ 4,578	¥ 18,452	$ 45,780

	Yen		U.S. dollars
Per Share of Common Stock:			
Net income	¥ 18.81	¥ 74.05	$ 0.19
Net income – diluted	17.39	68.63	0.17
Cash dividends, applicable to earnings for the year	10.00	15.00	0.10

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

Consolidated Statements of Changes in Net Assets

Dainippon Screen Mfg. Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2008 and 2007

		Millions of yen								
		Shareholders' equity				Valuation gain/loss, translation gain/loss, etc.				
	Shares of issued common stock (thousands)	Common stock	Capital surplus	Retained earnings (deficit)	Treasury stock	Net unrealized holding gain on securities	Deferred hedge income and loss	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2006	253,792	¥53,999	¥30,132	¥32,536	¥ (905)	¥15,039	¥(35)	¥(4,374)	¥630	¥127,022
Net income				18,452						18,452
Exercise of stock acquisition rights	182	46	46							92
Cash dividends paid, ¥10.00 per share				(2,525)						(2,525)
Bonuses to directors and corporate auditors				(74)						(74)
Increase due to an affiliate excluded from the equity method				108						108
Net unrealized holding gain on securities						(3,845)				(3,845)
Deferred hedge income and loss							23			23
Foreign currency translation adjustments								1,453		1,453
Acquisition of treasury stock					(7,015)					(7,015)
Disposal of treasury stock			0		1					1
Other									86	86
Balance at March 31, 2007	253,974	¥54,045	¥30,178	¥48,497	¥(7,919)	¥11,194	¥(12)	¥(2,921)	¥716	¥133,778
Net income				**4,578**						**4,578**
Cash dividends paid, ¥15.00 per share				**(3,682)**						**(3,682)**
Decrease due to an increase in consolidated companies				**(3)**						**(3)**
Net unrealized holding gain on securities						**(4,847)**				**(4,847)**
Deferred hedge income and loss							**6**			**6**
Foreign currency translation adjustments								**(2,699)**		**(2,699)**
Acquisition of treasury stock					**(4,325)**					**(4,325)**
Disposal of treasury stock			**(2)**		**6**					**4**
Other									**65**	**65**
Balance at March 31, 2008	**253,974**	**¥54,045**	**¥30,176**	**¥49,390**	**¥(12,238)**	**¥6,347**	**¥(6)**	**¥(5,620)**	**¥781**	**¥122,875**

	Thousands of U.S. dollars								
	Shareholders' equity				Valuation gain/loss, translation gain/loss, etc.				
	Common stock	Capital surplus	Retained earnings (deficit)	Treasury stock	Net unrealized holding gain on securities	Deferred hedge income and loss	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2007	$540,450	$301,780	$484,970	$(79,190)	$111,940	$(120)	$(29,210)	$7,160	$1,337,780
Net income			**45,780**						**45,780**
Cash dividends paid, $0.15 per share			**(36,820)**						**(36,820)**
Decrease due to an increase in consolidated companies			**(30)**						**(30)**
Net unrealized holding gain on securities					**(48,470)**				**(48,470)**
Deferred hedge income and loss						**60**			**60**
Foreign currency translation adjustments							**(26,990)**		**(26,990)**
Acquisition of treasury stock				**(43,250)**					**(43,250)**
Disposal of treasury stock		**(20)**		**60**					**40**
Other								**650**	**650**
Balance at March 31, 2008	**$540,450**	**$301,760**	**$493,900**	**$(122,380)**	**$63,470**	**$(60)**	**$(56,200)**	**$7,810**	**$1,228,750**

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

Consolidated Statements of Cash Flows

Dainippon Screen Mfg. Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash Flows from Operating Activities:			
Income before income taxes	¥ 8,941	¥ 30,148	$ 89,410
Depreciation and amortization	5,563	4,113	55,630
Amortization of goodwill	994	984	9,940
Equity in losses of affiliate	3,042	1,495	30,420
Loss on disposal of property, plant and equipment	107	795	1,070
Gain on sale of investments in securities	(34)	(1,600)	(340)
Decrease in accrued pension and severance costs	(1,763)	(2,746)	(17,630)
Increase in accrued bonuses to directors	9	87	90
Gain on transition to a defined contribution pension plan	(468)	—	(4,680)
Increase in accrued product warranty costs	472	1,536	4,720
Decrease in reserve for soil decontamination costs	—	(556)	—
Interest and dividend income	(938)	(862)	(9,380)
Interest expense	819	521	8,190
Bonds issue costs	—	100	—
Decrease (increase) in trade notes and accounts receivable	11,318	(16,384)	113,180
Decrease (increase) in inventories	1,553	(19,211)	15,530
Decrease (increase) in other current assets	1,880	(2,766)	18,800
Increase (decrease) in trade notes and accounts payable	(8,698)	27,333	(86,980)
Increase (decrease) in accrued expenses	(1,392)	1,740	(13,920)
Increase in other current liabilities	492	1,604	4,920
Other, net	(217)	331	(2,170)
Subtotal	21,680	26,662	216,800
Interest and dividends received	936	858	9,360
Interest paid	(793)	(476)	(7,930)
Contribution in connection with the transition to a defined contribution pension plan	(927)	—	(9,270)
Income taxes paid	(12,962)	(3,399)	(129,620)
Net cash provided by operating activities	7,934	23,645	79,340
Cash Flows from Investing Activities:			
Increase in time deposits, net	(848)	(305)	(8,480)
Acquisition of property, plant and equipment	(14,644)	(10,358)	(146,440)
Proceeds from sale of property, plant and equipment	180	218	1,800
Proceeds from sale of short-term investments in securities	—	20	—
Purchase of investments in securities	(1,238)	(959)	(12,380)
Proceeds from sale of investments in securities	545	2,366	5,450
Acquisition of a newly consolidated subsidiary	(31)	—	(310)
Other, net	(474)	499	(4,740)
Net cash used in investing activities	(16,510)	(8,519)	(165,100)
Cash Flows from Financing Activities:			
Increase (decrease) in short-term debt, net	12,195	(10,806)	121,950
Proceeds from long-term debt	900	23,999	9,000
Repayment of long-term debt	(4,412)	(12,521)	(44,120)
Increase in treasury stock, net	(4,321)	(7,013)	(43,210)
Cash dividends paid	(3,682)	(2,525)	(36,820)
Cash dividends paid to minority interests	(11)	(9)	(110)
Net cash provided by (used in) financing activities	669	(8,875)	6,690
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,103)	494	(11,030)
Net Increase (Decrease) in Cash and Cash Equivalents	(9,010)	6,745	(90,100)
Cash and Cash Equivalents at Beginning of Year	33,990	27,245	339,900
Cash and Cash Equivalents at End of Year	¥ 24,980	¥ 33,990	$ 249,800

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

Note 1: Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting consolidated financial statements

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

The accounts of consolidated overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Effective April 1, 2006, the Company and its consolidated domestic subsidiaries adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No. 5 issued by the Accounting Standards Board of Japan on December 9, 2005) and the "Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005).

Effective April 1, 2006, the Company and its consolidated domestic subsidiaries adopted the "Accounting Standard for Business Combinations" (issued by the Business Accounting Council of Japan on October 31, 2003), the "Accounting Standard for Business Divestitures" (Statement No. 7 issued by the Accounting Standards Board of Japan on December 27, 2005) and the "Implementation Guidance for the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures" (Financial Accounting Standard Implementation Guidance No. 10, finally amended by the Accounting Standards Board of Japan on December 22, 2006).

Effective April 1, 2006, the Company and its consolidated domestic subsidiaries adopted the amended "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" (Statement No. 1, finally amended by the Accounting Standards Board of Japan on August 11, 2006) and the "Implementation Guidance for the Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" (Financial Accounting Standard Implementation Guidance No. 2, finally amended by the Accounting Standards Board of Japan on August 11, 2006). There was no effect on the consolidated statements of income from adopting the new accounting standard.

The accompanying consolidated financial statements after the year ended March 31, 2007 are provided under the amended rules for consolidated financial statements.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2008, which was ¥100 to U.S.$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

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

(b) Principles of consolidation

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

Investments in affiliates over which the Company has the ability to exercise significant influence over operating and financial policies are accounted for by the equity method.

Neither SOKUDO Co., Ltd. nor its subsidiary company SOKUDO USA, LLC, are included within the range of consolidation because the business is a joint venture company, though the Company owns the majority voting rights, and accounting procedures based on the equity method are applied to both companies.

Investments in which significant influence does not exist have been stated at cost. Earnings of these companies are recorded in the Company's books only through cash dividends.

In the elimination of investments in subsidiaries, the portion of the subsidiary's assets and liabilities attributable to the shares owned by the Company is evaluated based on the fair value at the time when the Company acquired control of the subsidiary. The portion of the assets and liabilities attributable to minority shareholders' shares of the subsidiary are determined using the financial statements of the subsidiary.

(c) Translation of foreign currencies

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

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

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

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

(d) Inventories

As for the Company and its consolidated domestic subsidiaries, finished goods and work-in-process are mainly stated at cost either by the first-in, first-out method or the specific identification method. Raw materials are stated at cost by the first-in, first-out method.

Inventories of the consolidated overseas subsidiaries are mainly stated at the lower of cost or market either by the first-in, first-out method or the specific identification method.

(e) Installment sales
Certain consolidated domestic subsidiaries have installment sales and recognize profits as the related receivables become due.

Unrealized income is included in other current liabilities in the accompanying consolidated balance sheets.

(f) Securities
The Company and its consolidated subsidiaries classify securities as all other securities (hereafter, “available-for-sale securities”).

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

(g) Depreciation
Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed primarily by the declining balance method.

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

Estimated useful lives are as follows:

Buildings and structures	3-60 years
Machinery and equipment	2-11 years

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

(Change in Accounting Policy)

Pursuant to an amendment to the Corporation Tax Law, the Company and its consolidated domestic subsidiaries adopted a new depreciation method under the amended Corporation Tax Law for property, plant and equipment acquired after April 1, 2007. As a result of this change, gross profit, operating income, and income before income taxes decreased by ¥85 million ($850 thousand), ¥164 million ($1,640 thousand), and ¥174 million ($1,740 thousand), respectively, compared with amounts calculated using the previously applied method. The effect on segment information is presented in each related section.

(Additional Information)

The Company and its consolidated domestic subsidiaries depreciate the difference between 5% of the acquisition cost of assets acquired on or before March 31, 2007 and the memorandum value of said assets uniformly over a five-year period starting the year following the fiscal year in which the depreciated value of said assets reaches 5% of the acquisition price using the pre-amendment depreciation method.

Depreciated amounts are included in depreciation expenses. As a result of this change, gross profit, operating income, and income before income taxes decreased by ¥81 million ($810 thousand), ¥180 million ($1,800 thousand), and ¥182 million ($1,820 thousand), respectively, compared with amounts calculated using the previously applied method. The effect on segment information is presented in each related section.

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

(i) Research and development
Expenses related to research and development activities, which are charged to income as incurred, amounted to ¥16,248 million ($162,480 thousand) in 2008 and ¥16,884 million in 2007.

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

(k) Goodwill
Goodwill, which represents the excess of purchase price over the fair value of net assets acquired, is amortized on a straight-line basis over a period of five years. However, when a significant difference in the amounts does not exist, it is amortized at one time.

(l) Accounting for leases
Finance leases of the Company and its consolidated domestic subsidiaries which do not transfer ownership of property to the lessee are accounted for as operating leases.

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

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

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

(o) Accrued bonuses to directors
Certain consolidated domestic subsidiaries provide an allowance for directors’ bonuses based on the estimated amounts of payments for the fiscal year.

Effective April 1, 2006, certain consolidated domestic subsidiaries adopted the “Accounting Standard for Directors’ Bonuses” (Statement No. 4 issued by the Accounting Standards Board of Japan on November 29, 2005). As a result of this change, operating income and income before income taxes for the year ended March 31, 2007 were ¥87 million less than what they would have been if the previous standard had been applied.

Effects on segment information are presented in each related section.

(p) Employees' severance and retirement benefits

The Company and its consolidated subsidiaries provide two types of postemployment benefit plans, an unfunded lump-sum payment plan and a funded non-contributory pension plan, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

The Company and certain consolidated subsidiaries have defined contribution pension plans.

The Company and its consolidated domestic subsidiaries provide accrued pension and severance costs at the end of the fiscal year based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

Actuarial gains and losses are recognized in expenses using the straight-line method within the average of the estimated remaining service years (15 years) commencing with the following period. The prior service costs (credits) resulting from the change of the employees' severance and retirement benefits plan in August 2005, ¥(3,337) million, have been recognized as other income over two years from the plan revision.

(Additional Information)

With the enactment of the Defined Contribution Pension Law, the Company and its consolidated domestic subsidiaries changed part of their pension plan to the defined contribution pension plan in August 2007, and adopted the "Accounting Process for Transitions between Retirement Benefit Plans" (Financial Accounting Standard Implementation Guidance No. 1). As a result of this change, ¥468 million ($4,680 thousand) has been recognized as gain on revision of retirement benefit plan in other income.

(q) Retirement benefits for directors and corporate auditors

Certain consolidated domestic subsidiaries have unfunded retirement and termination allowance plans for directors and statutory auditors. The amounts required under the plans have been fully accrued.

(r) Accrued product warranty costs

The Company and certain consolidated subsidiaries provide estimated product warranty costs for the warranty period after product delivery based on the rate of actual payments in the past.

(s) Reserve for loss on guarantees

A reserve for loss on guarantees is provided in an estimated amount for leases of customers after consideration of the customers' financial position, solvency, etc.

(t) Derivatives and hedge accounting

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in the fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

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

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

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

The following table summarizes the derivative financial instruments used in hedge accounting and the related items hedged as of March 31, 2008.

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

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

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

Note 2: Consolidated Statements of Cash Flows

The non-cash financing activities for the year ended March 31, 2008 and 2007 were as follows:

Exercise of stock acquisition rights

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Decrease in convertible notes with stock acquisition rights by exercise of stock acquisition rights	¥ —	¥92	$ —

Note 3: Income Taxes

The Company is subject to several taxes based on income with an aggregate statutory tax rate of approximately 39.5% in 2008 and 2007.

As of March 31, 2008, certain consolidated subsidiaries have net tax loss carryforwards aggregating ¥1,111 million ($11,110 thousand), which are available to offset the respective future taxable incomes of these companies.

Significant components of the Company's and consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Deferred tax assets (current)			
Accrued bonuses for employees	**¥ 1,362**	¥ 2,202	**$ 13,620**
Loss on disposal of inventories	**2,860**	3,462	**28,600**
Accrued product warranty costs	**1,535**	1,452	**15,350**
Other	**2,319**	3,105	**23,190**
Valuation allowance	**(1,274)**	(2,434)	**(12,740)**
Deferred tax liabilities (current)			
Adjustment of allowance for doubtful accounts and other	**(55)**	(25)	**(550)**
Net deferred tax assets (current)	**¥ 6,747**	¥ 7,762	**$ 67,470**
Deferred tax assets (noncurrent)			
Net operating loss carryforwards	**¥ 1,737**	¥ 577	**$ 17,370**
Loss on investments in securities	**1,446**	1,465	**14,460**
Accrued pension and severance costs	**586**	2,904	**5,860**
Depreciation	**4,343**	4,357	**43,430**
Other	**5,507**	1,575	**55,070**
Valuation allowance	**(5,927)**	(2,951)	**(59,270)**
Deferred tax liabilities (noncurrent)			
Undistributed earnings of consolidated overseas subsidiaries	**(2,094)**	(1,631)	**(20,940)**
Net unrealized holding gain on securities	**(3,065)**	(5,770)	**(30,650)**
Other	**(17)**	(4)	**(170)**
Net deferred tax assets (noncurrent)	**¥ 2,516**	¥ 522	**$ 25,160**

The significant differences between the aggregate statutory tax rates and the effective tax rates of the Company and its consolidated subsidiaries for financial statement purposes for the years ended March 31, 2008 and 2007 were as follows:

	2008	2007
Statutory tax rate	**39.5%**	39.5%
Tax credit for R&D expenses	—	(5.0)%
Non-deductible expenses	**3.3%**	1.1%
Income deducted from gross revenue	**(0.9)%**	(2.1)%
Valuation allowance	**(14.7)%**	7.1%
Undistributed earnings of consolidated overseas subsidiaries	—	0.7%
Unrealized profit on inventories	—	(1.1)%
Equity in losses of affiliates	**15.0%**	—
Amortization of goodwill	**4.4%**	—
Other, net	**1.3%**	(1.7)%
Effective tax rate	**47.9%**	38.5%

Note 4: Short-Term and Long-Term Debt

Short-term debt generally represents short-term notes from banks. The average interest rates on these borrowings at March 31, 2008 and 2007 were 1.4% and 4.5%, respectively.

Long-term debt as of March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
1.1% to 2.6% loans from Japanese banks, due in installments through 2015			
—secured	**¥ 346**	¥ 400	**$ 3,460**
—unsecured	**6,728**	9,258	**67,280**
0.7% to 3.5% loans from a governmental institution, due in installments through 2014			
—secured	**125**	375	**1,250**
—unsecured	**3,153**	4,168	**31,530**
1.1% to 1.9% loans from an insurance company, due in installments through 2014			
—unsecured	**2,321**	1,983	**23,210**
2.13% unsecured notes, due February 8, 2013	**7,000**	7,000	**70,000**
1.66% unsecured notes, due February 8, 2011	**10,000**	10,000	**100,000**
Zero coupon unsecured convertible notes (with stock acquisition rights), due September 30, 2009	**14,999**	14,999	**149,990**
Total	**44,672**	48,183	**446,720**
Less: Current portion of long-term debt shown in current liabilities	**(4,028)**	(4,283)	**(40,280)**
	¥40,644	¥43,900	**$406,440**

The zero coupon unsecured convertible notes (with stock acquisition rights) due in 2009 are convertible at the option of the holder into shares of common stock at a price of ¥749 per share, subject to adjustment in specific circumstances.

As of March 31, 2008, certain long-term debt of ¥471 million ($4,710 thousand) was secured by property, plant and equipment with a net book value of ¥4,435 million ($44,350 thousand).

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

The Company and a certain domestic subsidiary have contracts for commitment lines for financing by which banks are bound to extend loans up to a prearranged amount upon request. As of March 31, 2008, the total amounts and unused amounts of these contracts amounted to ¥20,000 million ($200,000 thousand) and ¥15,900 million ($159,000 thousand), respectively.

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

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥18,883	$188,830
2011	12,335	123,350
2012	1,204	12,040
2013	7,684	76,840
2014 and thereafter	538	5,380
Total	¥40,644	$406,440

Note 5: Net Assets and Per Share Data

The Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the Japanese Commercial Code ("the Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus. Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock. Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, and are potentially available for dividends.

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

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

At the annual shareholders' meeting held on June 26, 2008, the shareholders approved cash dividends of ¥10.00 ($0.10) per share totaling ¥2,374 million ($23,740 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2008. Such appropriations are recognized in the period in which they are approved by the shareholders.

Note 6: Leases

1. Finance leases

Information relating to finance leases, excluding those leases for which the ownership of the leased assets is considered to be transferred to the lessee, as of and for the years ended March 31, 2008 and 2007, was as follows:

(As lessee)

Leased assets not recorded in the consolidated balance sheets:

	Millions of yen						Thousands of U.S. dollars		
	2008			2007			2008		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Machinery and equipment	¥2,693	¥1,963	¥ 730	¥3,117	¥1,893	¥1,224	$26,930	$19,630	$ 7,300
Other tangible fixed assets	2,335	1,013	1,322	2,531	1,291	1,240	23,350	10,130	13,220
Other intangible fixed assets	3,565	2,180	1,385	3,463	1,703	1,760	35,650	21,800	13,850
Total	¥8,593	¥5,156	¥3,437	¥9,111	¥4,887	¥4,224	$85,930	$51,560	$34,370

Future minimum lease payments:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥1,436	¥1,742	$14,360
Due after one year	2,083	2,585	20,830
Total	¥3,519	¥4,327	$35,190

Lease payments, depreciation (computed by the straight-line method over the term of the lease with no residual value) and imputed interest expense:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Lease payments	¥1,915	¥1,914	$19,150
Depreciation, if capitalized	1,798	1,798	17,980
Interest expense, if capitalized	98	111	980

(As lessor)

Leased assets recorded in the consolidated balance sheets:

	Millions of yen						Thousands of U.S. dollars		
	2008			2007			2008		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Machinery and equipment	¥3	¥0	¥3	¥—	¥—	¥—	$30	$0	$30
Total	¥3	¥0	¥3	¥—	¥—	¥—	$30	$0	$30

Future minimum lease receipts:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥1	¥—	$10
Due after one year	2	—	20
Total	¥3	¥—	$30

Lease revenue, depreciation (computed by the straight-line method over the term of the lease with no residual value) and imputed interest income:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Lease revenue	¥0	¥—	$0
Depreciation, if capitalized	0	—	0
Interest income, if capitalized	0	—	0

2. Operating leases

(As lessee)

Future minimum lease payments:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 444	¥ 238	$ 4,440
Due after one year	768	728	7,680
Total	¥1,212	¥ 966	$12,120

3. Subleases

(As lessee)

Future minimum lease payments:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 557	¥ 542	$ 5,570
Due after one year	936	879	9,360
Total	¥1,493	¥1,421	$14,930

(As lessor)

Future minimum lease receipts:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 575	¥ 559	$ 5,750
Due after one year	954	898	9,540
Total	¥1,529	¥1,457	$15,290

Note 7: Segment Information

Segment Information by Business Field

	Millions of yen				
Year ended March 31, 2008	Electronic Equipment and Components	Graphic Arts Equipment	Other	Eliminations/ Corporate	Consolidated
Net sales and operating income					
Sales to customers	¥214,350	¥62,927	¥ 2,539	¥ —	¥279,816
Intersegment sales	—	—	8,833	(8,833)	—
Total	214,350	62,927	11,372	(8,833)	279,816
Operating expenses	204,525	58,904	10,592	(8,833)	265,188
Operating income	¥ 9,825	¥ 4,023	¥ 780	¥ —	¥ 14,628
Assets	¥178,234	¥50,011	¥ 7,531	¥55,338	¥291,114
Depreciation and amortization	3,771	763	129	900	5,563
Capital expenditures	9,233	856	123	2,654	12,866

Year ended March 31, 2007	Millions of yen Electronic Equipment and Components	Graphic Arts Equipment	Other	Eliminations/ Corporate	Consolidated
Net sales and operating income					
Sales to customers	¥236,522	¥62,468	¥ 2,322	¥ —	¥301,312
Intersegment sales	—	—	8,728	(8,728)	—
Total	236,522	62,468	11,050	(8,728)	301,312
Operating expenses	209,288	60,168	10,043	(8,728)	270,771
Operating income	¥ 27,234	¥ 2,300	¥ 1,007	¥ —	¥ 30,541
Assets	¥195,371	¥52,685	¥ 7,093	¥64,370	¥319,519
Depreciation and amortization	2,774	632	97	610	4,113
Capital expenditures	10,797	810	240	2,573	14,420

Year ended March 31, 2008	Thousands of U.S. dollars Electronic Equipment and Components	Graphic Arts Equipment	Other	Eliminations/ Corporate	Consolidated
Net sales and operating income					
Sales to customers	$2,143,500	$629,270	$ 25,390	$ —	$2,798,160
Intersegment sales	—	—	88,330	(88,330)	—
Total	2,143,500	629,270	113,720	(88,330)	2,798,160
Operating expenses	2,045,250	589,040	105,920	(88,330)	2,651,880
Operating income	$ 98,250	$ 40,230	$ 7,800	$ —	$ 146,280
Assets	$1,782,340	$500,110	$ 75,310	$553,380	$2,911,140
Depreciation and amortization	37,710	7,630	1,290	9,000	55,630
Capital expenditures	92,330	8,560	1,230	26,540	128,660

Notes: 1. Eliminations/Corporate includes corporate assets of ¥68,497 million ($684,970 thousand) and ¥73,253 million for the years ended March 31, 2008 and 2007, respectively.

2. Certain consolidated domestic subsidiaries have adopted a new accounting standard for directors' bonuses from the year ended March 31, 2007. As a result of this change, operating expenses for the year ended March 31, 2007 increased by ¥32 million in the Electronic Equipment and Components segment, ¥20 million in the Graphic Arts Equipment segment and ¥35 million in the Other segment, and operating income decreased by the same amounts, respectively, compared with amounts calculated using the previously applied accounting method.

3. Pursuant to an amendment to the Corporation Tax Law, effective the fiscal year ending March 31, 2008, Dainippon Screen Mfg. Co., Ltd. and its consolidated domestic subsidiaries adopted a new depreciation method under the amended Corporation Tax Law for property, plant and equipment acquired after April 1, 2007. As a result of this change, operating expenses increased by ¥136 million ($1,360 thousand) in the Electronic Equipment and Components segment, ¥26 million ($260 thousand) in the Graphic Arts Equipment segment and ¥2 million ($20 thousand) in the Other segment, and operating income decreased by the same amounts, respectively, compared with amounts calculated using the previously applied method. Furthermore, Dainippon Screen Mfg. Co., Ltd. and its consolidated domestic subsidiaries depreciate the difference between 5% of the acquisition cost of assets acquired on or before March 31, 2007 and the memorandum value of said assets uniformly over a five-year period, starting the year following the fiscal year in which the depreciated value of said assets reaches 5% of the acquisition price using the pre-amendment depreciation method. Depreciated amounts are included in depreciation expenses. As a result of this change, operating expenses in the Electronic Equipment and Components segment, Graphic Arts Equipment segment and Other segment increased by ¥128 million ($1,280 thousand), ¥52 million ($520 thousand) and ¥0 million ($0 thousand), respectively, while operating income in those segments decreased by the same amounts, compared with amounts calculated using the previously applied method.

Segment Information by Geographic Area

Year ended March 31, 2008	Millions of yen Japan	North America	Asia & Oceania	Europe	Eliminations/ Corporate	Consolidated
Net sales and operating income						
Sales to customers	¥183,195	¥39,665	¥23,944	¥33,012	¥ —	¥279,816
Intersegment sales	62,871	790	4,385	807	(68,853)	—
Total	246,066	40,455	28,329	33,819	(68,853)	279,816
Operating expenses	234,319	39,388	25,909	33,625	(68,053)	265,188
Operating income	¥ 11,747	¥ 1,067	¥ 2,420	¥ 194	¥ (800)	¥ 14,628
Assets	¥208,857	¥15,031	¥20,709	¥19,984	¥ 26,533	¥291,114

Year ended March 31, 2007	Japan	North America	Asia & Oceania	Europe	Eliminations/ Corporate	Consolidated
	Millions of yen					
Net sales and operating income						
Sales to customers	¥195,852	¥53,845	¥22,110	¥29,505	¥ —	¥301,312
Intersegment sales	72,057	557	4,848	674	(78,136)	—
Total	267,909	54,402	26,958	30,179	(78,136)	301,312
Operating expenses	241,965	53,281	24,330	28,806	(77,611)	270,771
Operating income	¥ 25,944	¥ 1,121	¥ 2,628	¥ 1,373	¥ (525)	¥ 30,541
Assets	¥229,523	¥22,309	¥17,771	¥22,087	¥ 27,829	¥319,519

Year ended March 31, 2008	Japan	North America	Asia & Oceania	Europe	Eliminations/ Corporate	Consolidated
	Thousands of U.S. dollars					
Net sales and operating income						
Sales to customers	**$1,831,950**	**$396,650**	**$239,440**	**$330,120**	**$ —**	**$2,798,160**
Intersegment sales	**628,710**	**7,900**	**43,850**	**8,070**	**(688,530)**	**—**
Total	**2,460,660**	**404,550**	**283,290**	**338,190**	**(688,530)**	**2,798,160**
Operating expenses	**2,343,190**	**393,880**	**259,090**	**336,250**	**(680,530)**	**2,651,880**
Operating income	**$ 117,470**	**$ 10,670**	**$ 24,200**	**$ 1,940**	**$ (8,000)**	**$ 146,280**
Assets	**$2,088,570**	**$150,310**	**$207,090**	**$199,840**	**$ 265,330**	**$2,911,140**

Notes: 1. Segment information by geographic area is for the Company and its consolidated subsidiaries located in the respective geographic areas. Eliminations/ Corporate includes corporate assets of ¥68,497 million ($684,970 thousand) and ¥73,253 million for the years ended March 31, 2008 and 2007, respectively.

2. Certain consolidated domestic subsidiaries have adopted a new accounting standard for directors' bonuses from the year ended March 31, 2007. As a result of this change, operating expenses for the year ended March 31, 2007 increased by ¥87 million and operating income decreased by the same amounts in Japan, compared with amounts calculated using the previously applied accounting method.

3. Pursuant to an amendment to the Corporation Tax Law, effective the fiscal year ending March 31, 2008, Dainippon Screen Mfg. Co., Ltd. and its consolidated domestic subsidiaries adopted a new depreciation method under the amended Corporation Tax Law for property, plant and equipment acquired after April 1, 2007. As a result of this change, operating expenses increased by ¥164 million ($1,640 thousand), and operating income decreased by the same amounts in Japan, compared with amounts calculated using the previously applied method. Furthermore, Dainippon Screen Mfg. Co., Ltd. and its consolidated domestic subsidiaries depreciate the difference between 5% of the acquisition cost of assets acquired on or before March 31, 2007 and the memorandum value of said assets uniformly over a five-year period, starting the year following the fiscal year in which the depreciated value of said assets reaches 5% of the acquisition price using the pre-amendment depreciation method. Depreciated amounts are included in depreciation expenses. As a result of this change, operating expenses increased by ¥180 million ($1,800 thousand), while operating income decreased by the same amounts in Japan, compared with amounts calculated using the previously applied method.

Domestic Sales and Overseas Sales

Years ended March 31,	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
Domestic sales	**¥ 95,214**	¥ 99,567	**$ 952,140**
Overseas sales	**184,602**	201,745	**1,846,020**
North America	**41,227**	56,238	**412,270**
Asia & Oceania	**105,468**	113,348	**1,054,680**
Europe	**25,681**	28,212	**256,810**
Others	**12,226**	3,947	**122,260**
Ratio of overseas sales to net sales	**66.0%**	67.0%	
Net sales	**¥279,816**	¥301,312	**$2,798,160**

Notes: 1 Domestic sales are sales to customers in Japan by the Company and its consolidated subsidiaries.

2. Overseas sales are sales to customers outside Japan by the Company and its consolidated subsidiaries.

Note 8: Contingent Liabilities

As of March 31, 2008, the Company and its consolidated subsidiaries were contingently liable for the following:

	Millions of yen	Thousands of U.S. dollars
As guarantors of—		
Customers' business loans	¥ 34	$ 340
Employees' housing loans	649	6,490
Concomitant debt assumption on affiliates' trade payable entrusted—SOKUDO Co., Ltd.	599	5,990
Trade notes receivable endorsed	38	380
Liquidation of receivables with recourse	1,848	18,480
Total	¥3,168	$31,680

Note 9: Derivative Transactions

Outstanding derivative transactions at March 31, 2008 and 2007 were as follows:

	Millions of yen								Thousands of U.S. dollars			
	2008				2007				2008			
Years ended March 31,	Contracted amount	Portion exceeding one year	Fair value	Recognized gain (loss)	Contracted amount	Portion exceeding one year	Fair value	Recognized gain (loss)	Contracted amount	Portion exceeding one year	Fair value	Recognized gain (loss)
Non-exchange traded forward foreign exchange contracts:												
(Sell–U.S. dollars)	¥5,798	¥ —	¥5,652	¥146	¥ 9,101	¥ —	¥ 9,321	¥(220)	$57,980	$—	$56,520	$1,460
(Sell–EUR)	1,114	—	1,098	16	1,393	—	1,403	(10)	11,140	—	10,980	160
Total	¥6,912	¥ —	¥6,750	¥162	¥10,494	¥ —	¥10,724	¥(230)	$69,120	$—	$67,500	$1,620

Notes: 1. Forward foreign exchange transactions are translated at the forward foreign exchange rate at March 31, 2008 and 2007.
2. The above table does not list derivative transactions for which hedge accounting has been applied.

Note 10: Related Party Transactions

Sales to and balance due from significant affiliates as of and for the years ended March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
SOKUDO Co., Ltd.			
(a) Sales for the year	¥17,172	¥18,836	$171,720
(b) Receivable at year end	8,208	11,365	82,080

Note 11: Securities

A. The following tables summarize acquisition costs, book values and fair values of securities with available fair values as of March 31, 2008 and 2007:

Available-for-sale securities

	Millions of yen						Thousands of U.S. dollars		
	2008			2007			2008		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:									
Equity securities	¥13,283	¥23,700	¥10,417	¥16,057	¥33,103	¥17,046	$132,830	$237,000	$104,170
Others	—	—	—	56	59	3	—	—	—
Total	¥13,283	¥23,700	¥10,417	¥16,113	¥33,162	¥17,049	$132,830	$237,000	$104,170
Other securities:									
Equity securities	¥ 5,578	¥ 4,591	¥ (987)	¥ 1,630	¥ 1,561	¥ (69)	$ 55,780	$ 45,910	$ (9,870)
Others	43	38	(5)	—	—	—	430	380	(50)
Total	¥ 5,621	¥ 4,629	¥ (992)	¥ 1,630	¥ 1,561	¥ (69)	$ 56,210	$ 46,290	$ (9,920)

B. The following tables summarize book values of available-for-sale securities whose fair values are not readily determinable as of March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Available-for-sale securities:			
Non-listed equity securities	¥710	¥1,246	$7,100
Total	¥710	¥1,246	$7,100

C. Total sales of available-for-sale securities for the year ended March 31, 2008 amounted to ¥545 million ($5,450 thousand), and the related total gain amounted to ¥34 million ($340 thousand). Total sales of available-for-sale securities sold in the year ended March 31, 2007 amounted to ¥2,366 million, and the related total gain amounted to ¥1,600 million.

Note 12: Employees' Severance and Pension Benefits

Accrued pension and severance costs included in the liability section of the consolidated balance sheets as of March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Projected benefit obligation	¥ 31,770	¥ 36,104	$ 317,700
Fair value of plan assets	(25,140)	(28,401)	(251,400)
Unrecognized actuarial differences	(5,132)	(907)	(51,320)
Unrecognized prior service cost	—	556	—
Accrued pension and severance costs	¥ 1,498	¥ 7,352	$ 14,980

Severance and pension benefit expenses included in the consolidated statements of income for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Service costs – benefits earned during the year	¥ 1,731	¥ 1,608	$ 17,310
Interest cost on projected benefit obligation	629	684	6,290
Expected return on plan assets	(1,099)	(1,023)	(10,990)
Amortization of prior service cost	(556)	(1,669)	(5,560)
Amortization of actuarial differences	122	152	1,220
Severance and pension benefit expenses	¥ 827	¥ (248)	$ 8,270
Gain on transition to a defined contribution pension plan	(468)	—	(4,680)
Others	626	305	6,260
Total	¥ 985	¥ 57	$ 9,850

The discount rate used by the Company was 2.0% in 2008 and 2007. The rate of expected return on plan assets was 4.00% in 2008 and 3.59–4.00% in 2007. The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total service years.

Independent Auditors' Report

To the Board of Directors of Dainippon Screen Mfg. Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Dainippon Screen Mfg. Co., Ltd. (the "Company") and its consolidated subsidiaries as of March 31, 2008 and 2007 and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dainippon Screen Mfg. Co., Ltd. and its consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.
Osaka, Japan
June 26, 2008

Nonconsolidated Six-Year Summary

Dainippon Screen Mfg. Co., Ltd.
Years ended March 31

	Millions of yen						Thousands of U.S. dollars
	2008	2007	2006	2005	2004	2003	**2008**
For the Year:							
Net sales	**¥225,170**	¥247,756	¥205,167	¥227,369	¥150,692	¥128,787	**$2,251,700**
Cost of sales	**180,950**	185,485	155,386	173,527	109,136	96,637	**1,809,500**
Cost of sales to net sales (%)	**80.4%**	74.9%	75.7%	76.3%	72.4%	75.0%	
Operating income	**¥ 6,804**	¥ 21,426	¥ 12,782	¥ 16,743	¥ 7,089	¥ 873	**$ 68,040**
Operating income to net sales (%)	**3.0%**	8.6%	6.2%	7.4%	4.7%	0.7%	
Net income (loss)	**¥ 2,656**	¥ 14,749	¥ 13,355	¥ 9,501	¥ 3,015	¥ (4,383)	**$ 26,560**
Depreciation and amortization	**4,584**	3,262	2,797	2,424	2,634	3,107	**45,840**
Capital expenditures	**11,814**	12,946	5,356	4,160	1,994	1,167	**118,140**
R&D expenses	**15,119**	15,551	13,112	12,439	10,968	10,532	**151,190**
	Yen						U.S. dollars
Per Share of Common Stock:							
Net income (loss)	**¥ 10.92**	¥ 59.19	¥ 53.44	¥ 39.42	¥ 14.47	¥ (23.43)	**$ 0.11**
Net income – diluted	**10.09**	54.85	49.16	34.61	11.49	—	**0.10**
Cash dividends	**10.00**	15.00	10.00	7.50	3.00	—	**0.10**
Net assets	**465.29**	491.57	472.14	392.39	342.32	251.34	**4.65**
	Millions of yen						Thousands of U.S. dollars
At Year-End:							
Total assets	**¥268,756**	¥299,603	¥255,293	¥245,955	¥233,716	¥200,237	**$2,687,560**
Return on total assets (%)	**0.9%**	5.3%	5.3%	4.0%	1.4%	–2.1%	
Current assets	**¥156,047**	¥189,649	¥153,215	¥155,363	¥143,449	¥114,757	**$1,560,470**
Property, plant and equipment, net	**44,112**	37,041	31,241	29,270	27,952	29,429	**441,120**
Current liabilities	**115,041**	128,191	101,297	106,980	107,296	98,669	**1,150,410**
Long-term debt	**40,348**	43,546	24,260	31,703	37,718	46,239	**403,480**
Equity	**110,466**	120,653	119,208	95,350	79,095	47,548	**1,104,660**
Equity ratio (%)	**41.1%**	40.3%	46.7%	38.8%	33.8%	23.7%	
Return on equity (%)	**2.3%**	12.3%	12.4%	10.9%	4.8%	–8.7%	
Common stock	**¥ 54,045**	¥ 54,045	¥ 53,999	¥ 51,331	¥ 48,172	¥ 37,142	**$ 540,450**
Retained earnings (deficit)	**32,143**	33,168	20,944	9,501	(1,367)	(4,383)	**321,430**
Number of shares issued (in thousands)	**253,974**	253,974	253,792	243,164	231,390	189,369	
Number of employees	**2,268**	2,225	2,354	2,308	2,339	2,422	

Notes: 1. Dollar figures are translated, for convenience only, at the rate of ¥100 to US$1.
2. Net income (loss) per share of common stock is calculated based on the weighted average number of shares outstanding during each term, excluding the Company's treasury stock. Net income diluted per share of common stock is not shown for the year the net losses were recorded. Net assets per share of common stock is calculated based on the fiscal year-end total number of shares outstanding, excluding the Company's treasury stock.
3. Return on total assets and return on equity are calculated on the basis of average total assets and average equity, respectively, for the current and previous fiscal year-ends.
4. Equity in the above table represents the total of shareholders' equity and valuation gain/loss, translation gain/loss, etc. in the consolidated balance sheets. This is due to the adoption of a new accounting standard for presentation of net assets in the balance sheet, which requires former shareholders' equity to be presented as net assets, and net assets to be classified as shareholders' equity and valuation gain/loss, translation gain/loss, etc. Under the new accounting standards, the net assets section includes deferred hedge income and loss, net of taxes, which was previously included in the assets or liabilities section without considering the related income tax effects. The portions of above table reflecting years after the year ended March 31, 2007 were prepared in accordance with the new accounting standards, whereas portions reflecting former years are presented pursuant to the previous presentation rules.

Consolidated Companies

As of March 31, 2008

Company Name and Location — Ownership
Principal Business

Overseas

North America

D.S. North America Holdings, Inc. — 100.0%
Illinois, U.S.A.
Holding company

Dainippon Screen Graphics (USA), LLC — 100.0%
(Wholly owned subsidiary of D.S. North America Holdings, Inc.)
Illinois, U.S.A.
Sales and maintenance of graphic arts equipment in America

S. Ten Nines California, LLC — 100.0%
(Wholly owned subsidiary of D.S. North America Holdings, Inc.)
California, U.S.A.
Development of software and maintenance of graphic arts equipment in America

DNS Electronics, LLC — 100.0%
(Wholly owned subsidiary of D.S. North America Holdings, Inc.)
California, U.S.A.
Sales and maintenance of electronic equipment in North America

D.S. Venture Investments International, Incorporated — 100.0%
California, U.S.A.
Holding company for venture capital

SOKUDO USA, LLC* — 52.0%
(Wholly owned subsidiary of SOKUDO Co., Ltd.)
California, U.S.A.
Development, sales and maintenance related to coater/developer track equipment for semiconductor production

Europe

Dainippon Screen (U.K.) Ltd. — 100.0%
Milton Keynes, U.K.
Sales and maintenance of graphic arts equipment in the U.K., Africa and the Near and Middle East

Inca Digital Printers Ltd. — 100.0%
Cambridge, U.K.
Development and production of graphic arts equipment

Dainippon Screen (Deutschland) GmbH — 100.0%
Düsseldorf, Germany
Sales and maintenance of electronic equipment in Europe and graphic arts equipment in Germany

Dainippon Screen Ireland Ltd. — 100.0%
(Wholly owned subsidiary of Dainippon Screen (Deutschland) GmbH)
Kildare, Ireland
Maintenance of electronic equipment in Ireland

Dainippon Screen Italy S.R.L. — 100.0%
(Wholly owned subsidiary of Dainippon Screen (Deutschland) GmbH)
Novara, Italy
Maintenance of electronic equipment in Italy

Company Name and Location — Ownership
Principal Business

Dainippon Screen Electronics France SARL — 100.0%
(Wholly owned subsidiary of Dainippon Screen (Deutschland) GmbH)
Paris, France
Maintenance of electronic equipment in France

Dainippon Screen Israel Ltd. — 100.0%
(Wholly owned subsidiary of Dainippon Screen (Deutschland) GmbH)
Ramat Gan, Israel
Maintenance of electronic equipment in Israel

Dainippon Screen (Nederland) B.V. — 100.0%
Amstelveen, The Netherlands
Sales and maintenance of graphic arts equipment in Europe

Asia & Oceania

Dainippon Screen Singapore Pte. Ltd. — 100.0%
Singapore
Sales and maintenance of electronic and graphic arts equipment in Southeast Asia

Dainippon Screen Electronics (Shanghai) Co., Ltd. — 100.0%
Shanghai, China
Sales and maintenance of electronic equipment in China

Screen Media Technology Ltd. — 100.0%
(Wholly owned subsidiary of Dainippon Screen (China) Ltd.)
Shanghai, China
Maintenance of graphic arts equipment in China

Dainippon Screen MT (Hangzhou) Co., Ltd. — 100.0%
Hangzhou, China
Production of graphic arts equipment

Dainippon Screen (China) Ltd. — 100.0%
Hong Kong, China
Sales and maintenance of electronic and graphic arts equipment in China

Dainippon Screen Electronics (Taiwan) Co., Ltd. — 100.0%
Hsinchu, Taiwan
Sales and maintenance of electronic equipment in Taiwan

DNS Feats (Taiwan) Co., Ltd. — 100.0%
(Wholly owned subsidiary of Dainippon Screen Electronics (Taiwan) Co., Ltd.)
Hsinchu, Taiwan
Sales and maintenance of electronic equipment in Taiwan

Dainippon Screen (Taiwan) Co., Ltd. — 100.0%
(Wholly owned subsidiary of Dainippon Screen Electronics (Taiwan) Co., Ltd.)
Taipei, Taiwan
Sales and maintenance of electronic and graphic arts equipment in Taiwan

Dainippon Screen (Australia) Pty. Ltd. — 100.0%
Sydney, Australia
Sales and maintenance of graphic arts equipment in Oceania

Company Name and Location *Principal Business*	Ownership
Dainippon Screen (Korea) Co., Ltd. Seoul, Republic of Korea *Sales and maintenance of electronic and graphic arts equipment in Korea*	95.6%
SEMES Co., Ltd.* Cheonan, Republic of Korea *Production, sales and maintenance of electronic equipment*	21.75%

Domestic

Company Name and Location *Principal Business*	Ownership
First Lease Co., Ltd. Kyoto *Lease business*	70.0%
Media Technology Japan Co., Ltd. Tokyo *Sales of graphic arts equipment in Japan*	100.0%
MT Service Japan West Co., Ltd. Osaka *Maintenance of graphic arts equipment*	100.0%
Tech In Tech Co., Ltd. Kyoto *Development and production of electronic and graphic arts equipment*	100.0%
Tec Communications Co., Ltd. Kyoto *Planning and production of documents*	100.0%
SEBACS Co., Ltd. Kyoto *Maintenance of electronic equipment*	100.0%
FEBACS Co., Ltd. Kyoto *Maintenance of electronic equipment*	100.0%
MEBACS Co., Ltd. Tokyo *Maintenance of electronic equipment*	100.0%
FASSE Co., Ltd. Toyama *Production of electronic equipment*	100.0%
S. Ten Nines Kyoto Co., Ltd. Kyoto *Development of software*	100.0%
S. Ten Nines Sapporo Co., Ltd. Hokkaido *Development of software*	100.0%
MT Service Japan East Co., Ltd. Tokyo *Maintenance of graphic arts equipment*	100.0%
Scientific and Semiconductor Manufacturing Equipment Recycling Co., Ltd. Kyoto *Sales and maintenance of second-hand electronic equipment*	60.0%
Laser Solutions Co., Ltd. Kyoto *Development, production and sales of laser microprocessing tools*	100.0%
DS Finance Co., Ltd. Kyoto *Factoring service*	100.0%
Quartz Lead Co., Ltd. Fukushima *Production of parts for electronic equipment*	100.0%
INITOUT Japan Co., Ltd. Kyoto *Design, installation and management of information and telecommunication systems*	100.0%
TRANSUP Japan Co., Ltd. Kyoto *Logistics service*	100.0%
ReVersion 65 Co., Ltd. Kyoto *Manpower staffing and services in the Group*	100.0%
Miyako Link Ring Co., Ltd. Kyoto *Manpower staffing*	100.0%
GERANT Co., Ltd. Shiga *Facility management service*	100.0%
SOKUDO Co., Ltd.* Kyoto *Development, production, sales and maintenance related to coater/developer track equipment for semiconductor production*	52.0%
MIXA Co., Ltd. Tokyo *Sales of digital graphic material*	40.0%

** Affiliates accounted for by the equity method*

Investor Information

(As of March 31, 2008)

Stock Information

Authorized Number of Shares: 900,000,000
Number of Shares Issued: 253,974,333
Number of Shareholders: 16,844
Number of Shares Held by Non-Japanese companies and individuals: 57,316,060 (22.56%)

Listings: Tokyo and Osaka
Code Number: 7735

Major Shareholders

	Shares (thousands)	Percent
1. The Master Trust Bank of Japan, Ltd. (Accounting in trust)	22,200	8.74%
2. Japan Trustee Services Bank, Ltd. (Accounting in trust)	14,699	5.78
3. Nippon Life Insurance Company	11,301	4.45
4. BBH (LUX) Fidelity Funds - Japan Fund	8,115	3.19
5. The Bank of Kyoto, Ltd.	6,730	2.65
6. Trust & Custody Services Bank, Ltd. (Pension account)	4,926	1.93
7. The Chase Manhattan Bank 385036	4,787	1.88
8. Resona Bank, Ltd.	4,562	1.79
9. The Shiga Bank, Ltd.	4,241	1.67
10. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,823	1.50
Total	85,387	33.62%

(Note) While the Company holds 16,560,577 shares (6.52%) in treasury stock, this is not included in the above list of major shareholders.

Bank References

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Resona Bank, Ltd.
The Bank of Kyoto, Ltd.
The Shiga Bank, Ltd.
Mizuho Corporate Bank, Ltd.

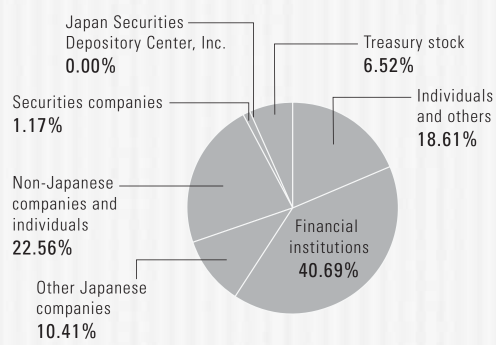
Underwriter

The Nomura Securities Co., Ltd.

Sub-Underwriters

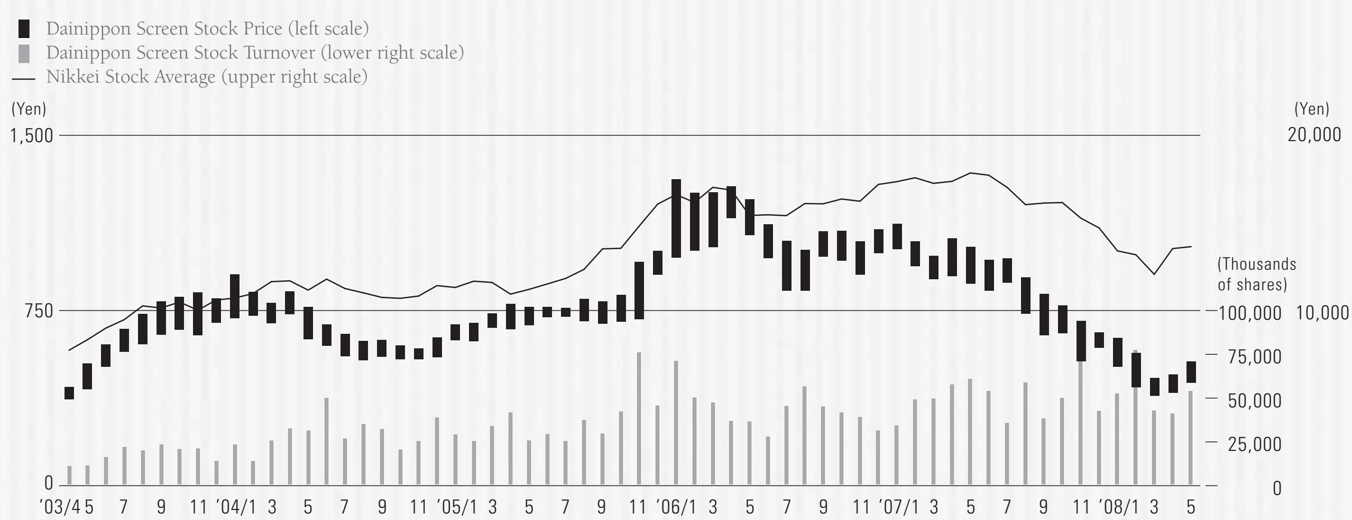
Mitsubishi UFJ Securities Co., Ltd.
Cosmo Securities Co., Ltd.

Breakdown by Type of Shareholder



** Based on register of shareholders. Including shares less than one unit.*

Stock Price Range and Turnover



Corporate Data

Company Name

Dainippon Screen Mfg. Co., Ltd.

Established

October 11, 1943

Representative Directors (As of June 26, 2008)

Akira Ishida, Chairman and CEO
Masahiro Hashimoto, President and COO

Capital (As of March 31, 2008)

¥54,045 million

Employees (As of March 31, 2008)

2,268 employees (Nonconsolidated)
5,041 employees (Consolidated)

Head Office

Tenjinkita-machi 1-1, Teranouchi-agaru 4-chome,
Horikawa-dori, Kamigyo-ku, Kyoto 602-8585, Japan
Tel: +81-75-414-7111
Fax: +81-75-451-9603
E-mail: synchronize@screen.co.jp
Home Page: http://www.screen.co.jp/

Business and Manufacturing Sites

Head Office, Kuze, Rakusai (WHITE CANVAS RAKUSAI), Kumiyama, Yasu, Hikone, Taga, Ikebukuro, Kudan, Otsuka and Kyushu