



FY08 Financial Result SK-Electronics Co., LTD.

November 11, 2008

1. FY08 Financial Summary

2. FY09 Financial Forecast

FY08 Financial review

First Half (2007.October~2008.March)

<LCD panel market Review>

- The LCD panel industry experienced full production line capacity for laptop computer, monitor, and 40-inch and smaller LCD TV panels, with production volumes at each panel manufacturer growing significantly, full production by med-small size panel manufactures.

<SK-Electronics. Review>

- R&D photomask demand decreased because panel makers were in full production during the 1st Quarter, but Multi-tone photomasks rose as a component of Net sales.(2Q)
- The SK-Electronics Group Taiwanese subsidiary experienced significantly less inventory impairment, which led to temporary profits. (Over 100 million Yen)

Second Half (2008.April~September)

<LCD panel market Review>

- During the second half of the current consolidated fiscal year, the industry experienced an excess of LCD panel supply due to the creation of new production lines combined with a slowdown in large-format LCD television sales.
- Overseas panel makers started to reduce panel production drastically.

< SK-Electronics. Review >

- Overseas LCD panel manufacturers led to greater demand for photomasks for new lines and strong growth; however, in some area, photomask demand decreased because of reduction of panel production.
- Demand for small- and mid-sized masks continued to experience a significant decrease throughout the year.

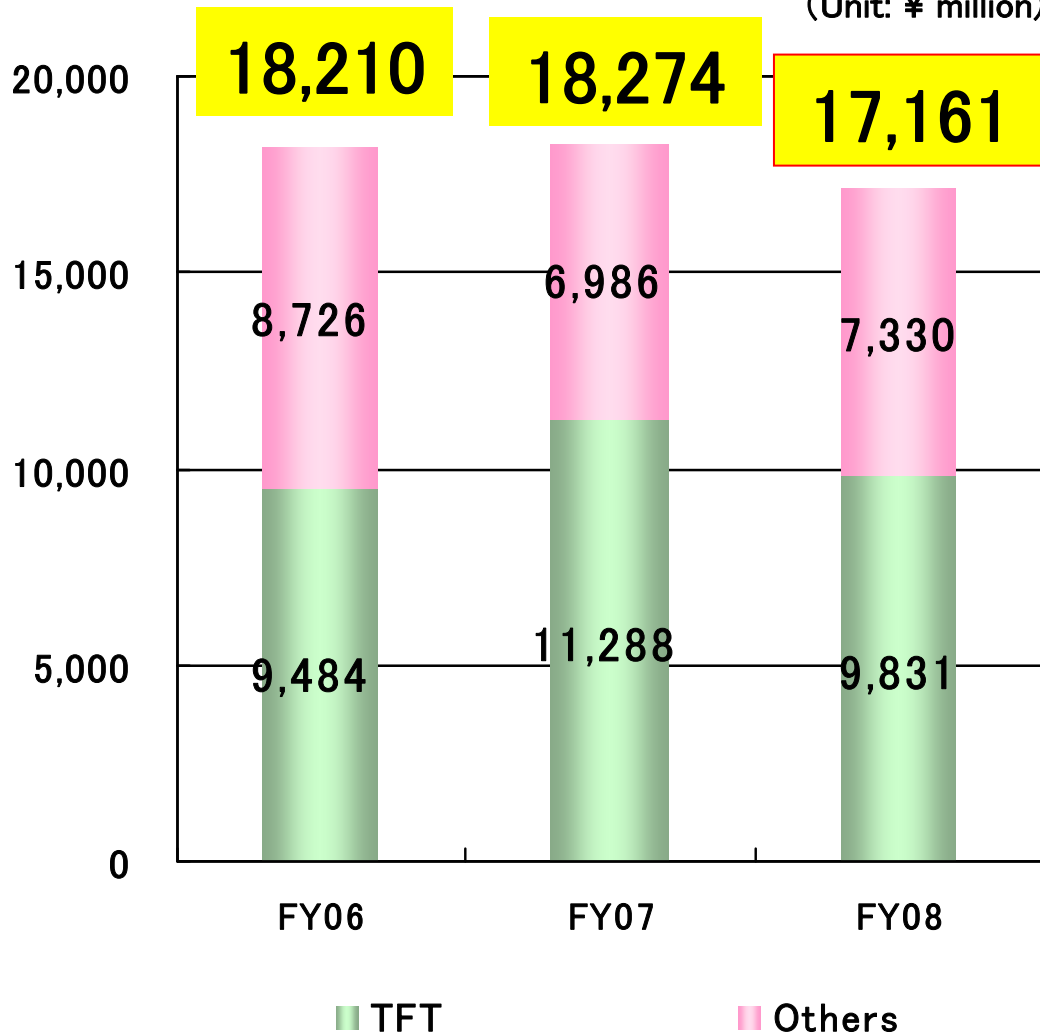
Consolidated Financial Forecasts for the Year Ending on Sept. 30, 2008

(Yen in millions)

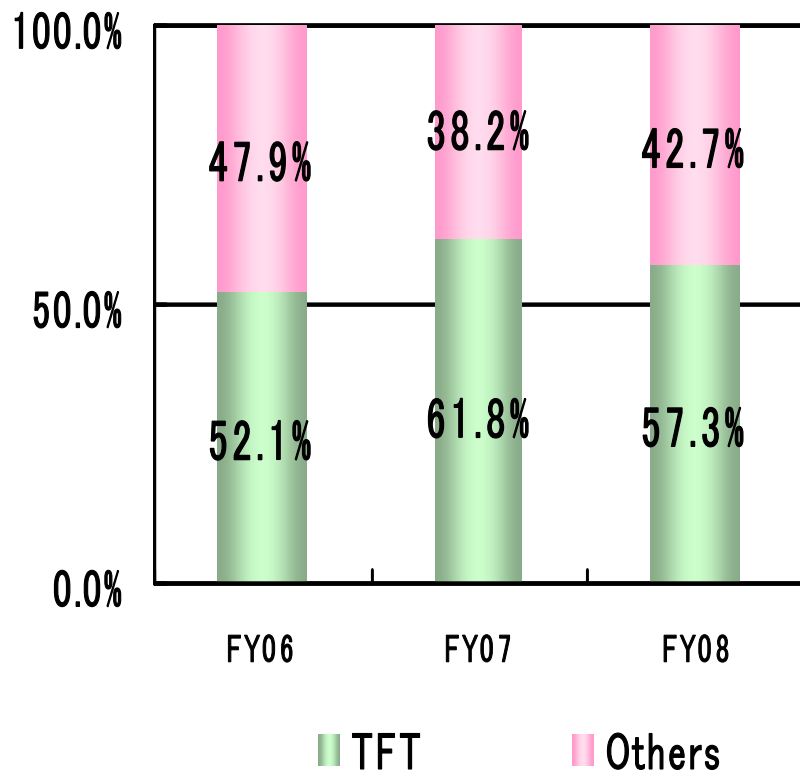
| | Sept. 2007 | ratio | Sept. 2008 | ratio | % Change |
|-----------------------------|-----------------------|--------------|-----------------------|--------------|---------------------|
| Net Sales | 18,344 | 100.0 | 17,161 | 100.0 | -6.5 |
| Operating Income | 174 | 0.9 | 1,046 | 6.1 | 500.9 |
| Ordinary Income | 133 | 0.7 | 886 | 5.2 | 566.3 |
| Net Income | 52 | 0.3 | 417 | 2.4 | 688.3 |

Changes in Sales by Product type (Y on Y)

(Unit: ¥ million)

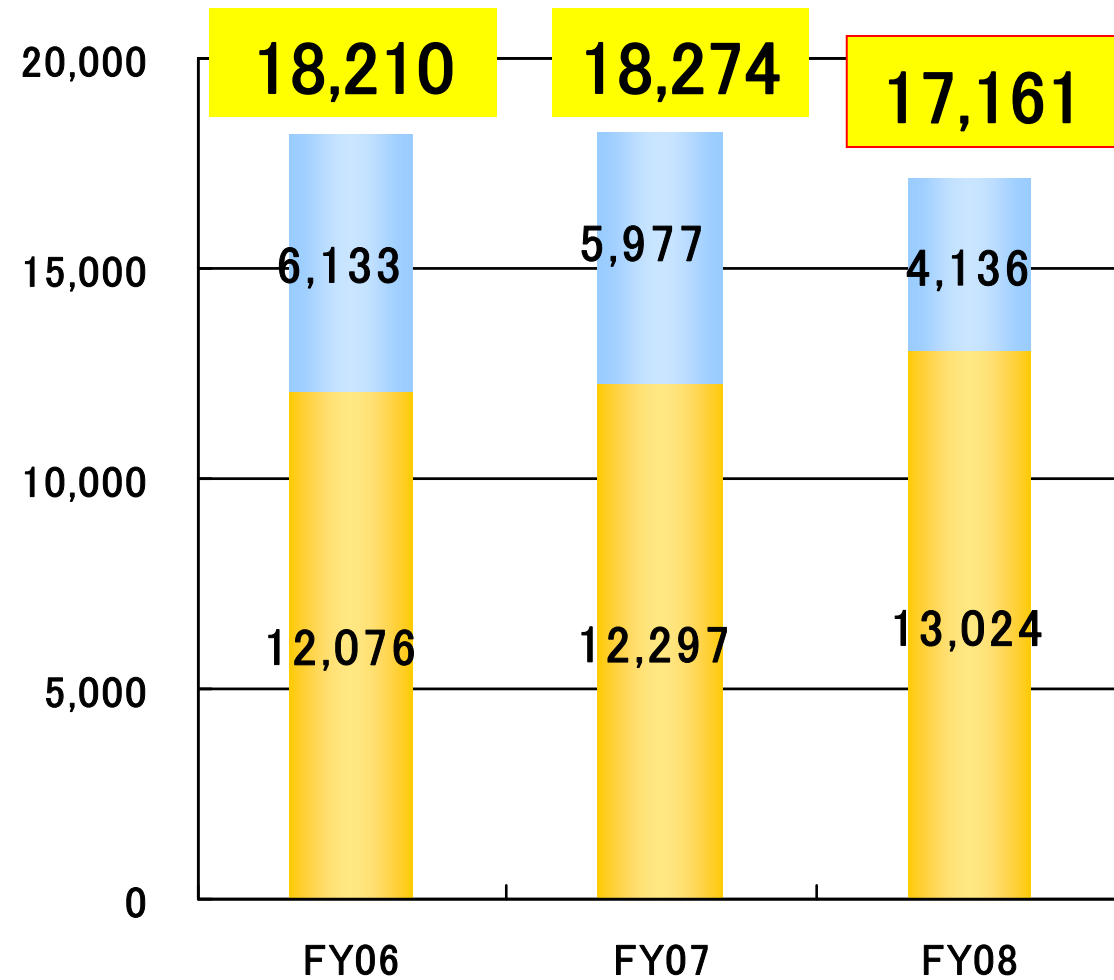


Changes in Sales ratio by Product type

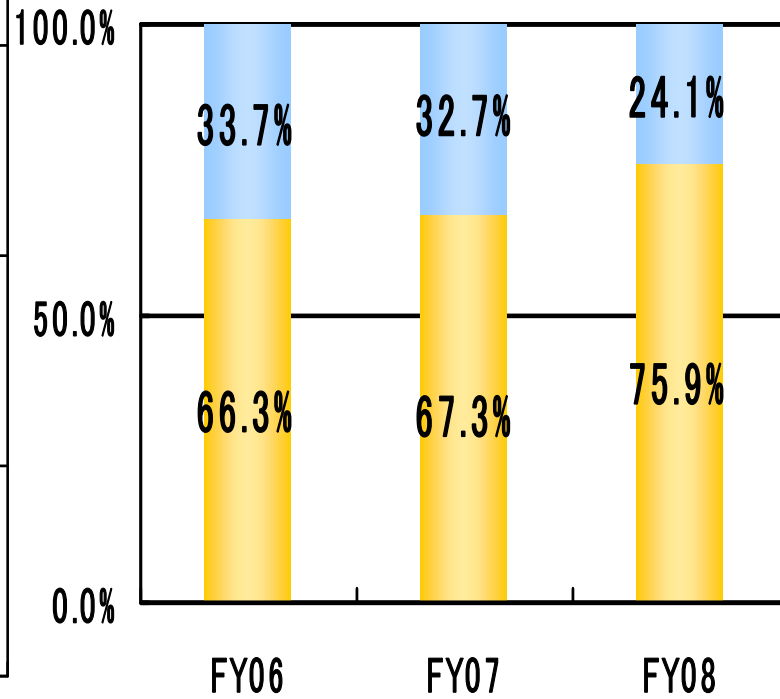


Changes in Sales by Geographical Segment

(Unit: ¥ million)



Changes in Sales ratio by Geographical region



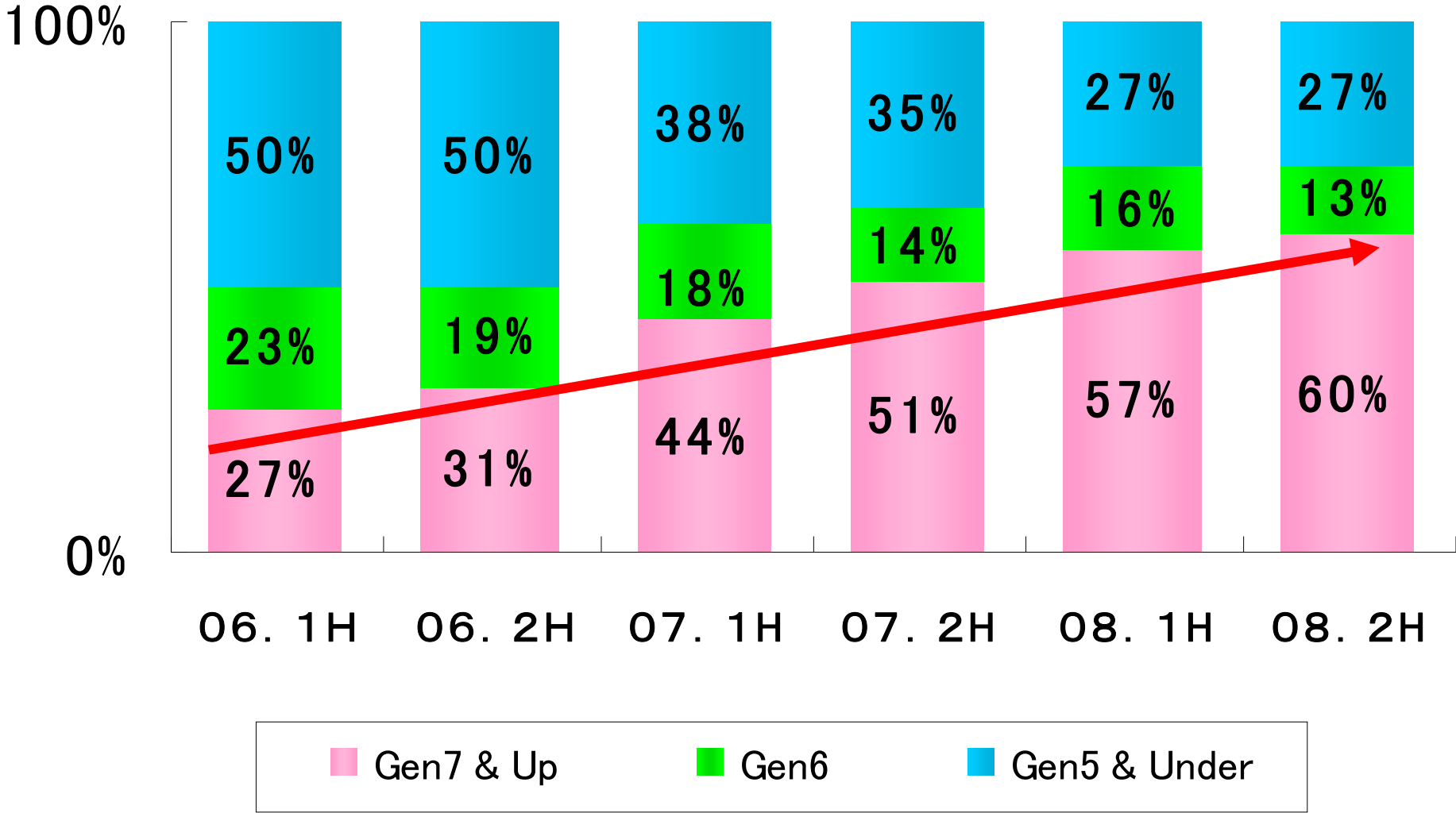
Overseas

Domestic

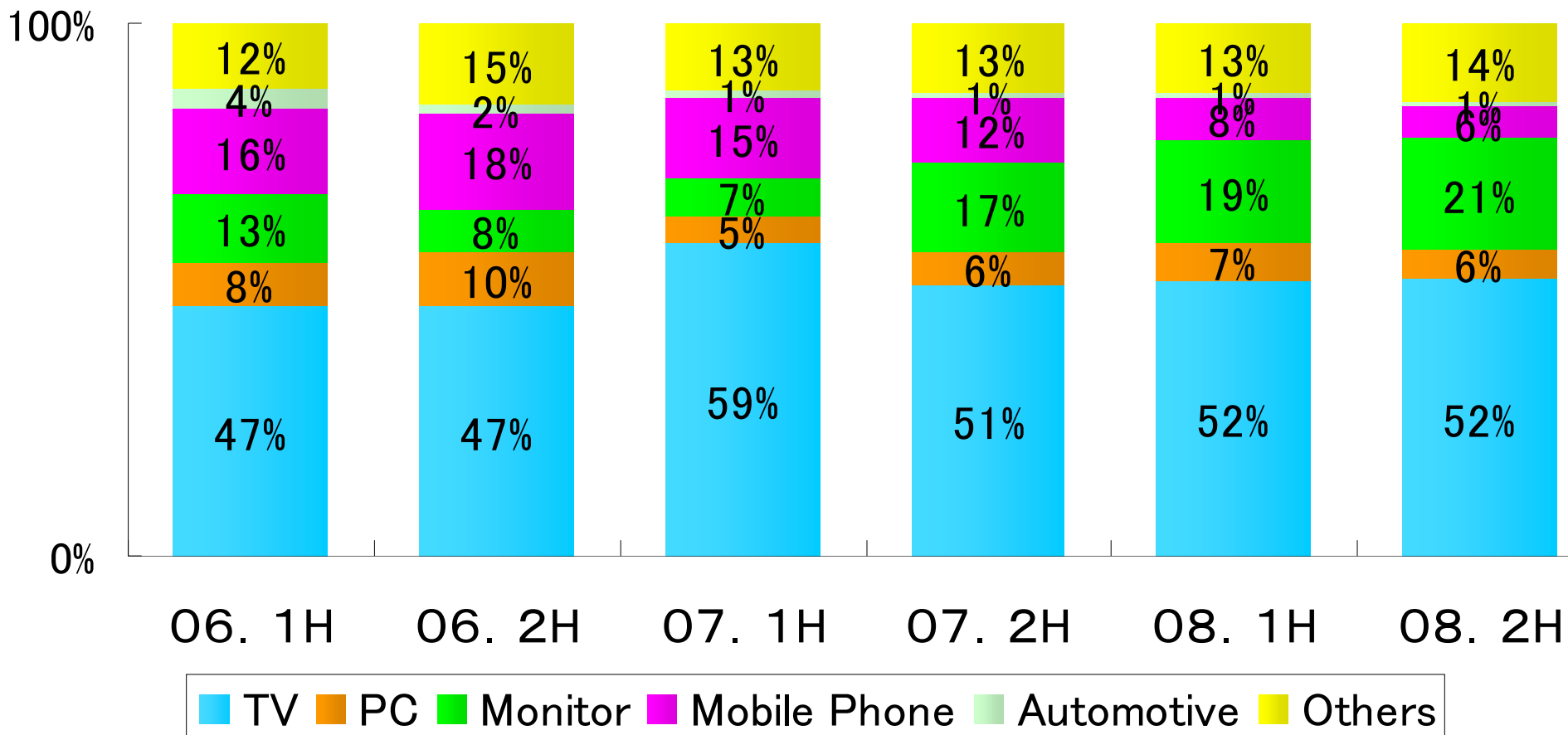
Overseas Domestic

Note: Overseas sales includes indirect export sales.

Changes in Sales ratio by Photomask generations (HonH)



Changes in Sales ratio by Photomask applications (HonH)

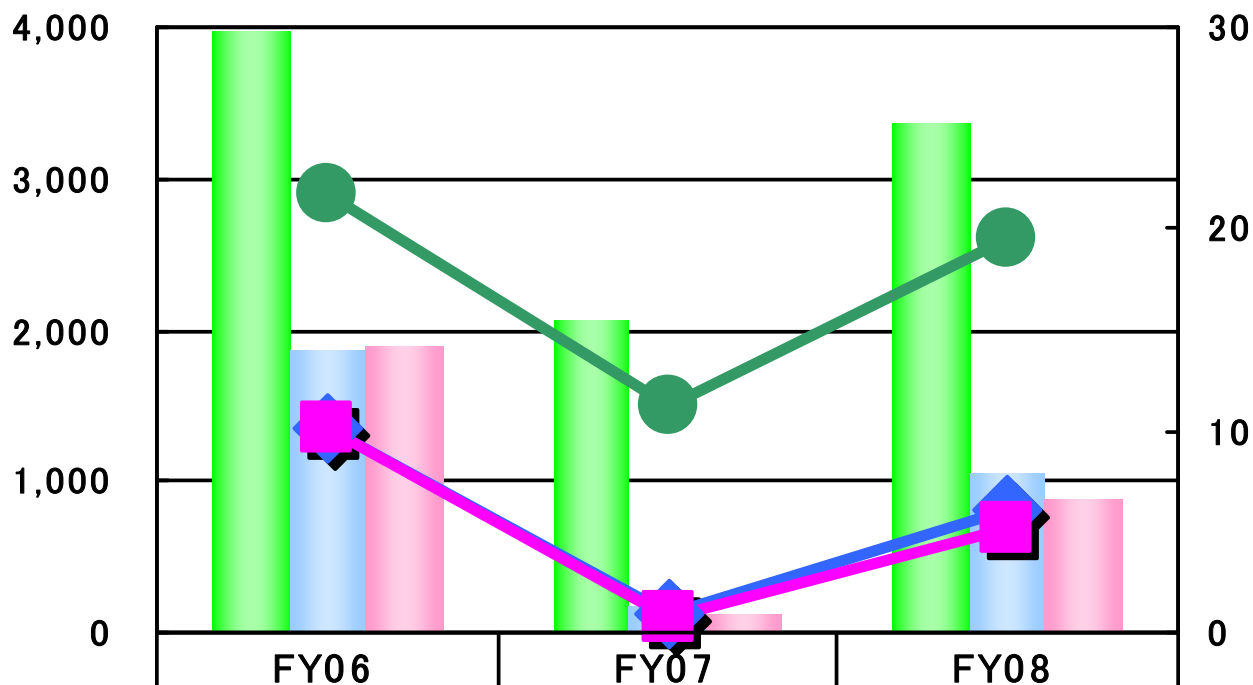



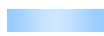




Income trend (Consolidated)

Trends of Gross profit/Operating income/Ordinary income

(%)

(Unit:¥1million)



| | | | |
|---|-------|-------|-------|
|  Gross Profit | 3,985 | 2,062 | 3,352 |
|  Operating income | 1,859 | 174 | 1,046 |
|  Ordinary income | 1,878 | 133 | 886 |
|  Gross Profit Margin | 21.7 | 11.2 | 19.5 |
|  Operating Income Margin | 10.1 | 0.9 | 6.1 |
|  Ordinary Income Margin | 10.2 | 0.7 | 5.2 |

Consolidated Balance Sheet

(Unit:¥1million)

| | 30-Sep-07 | 30-Sep-08 | Changes |
|---|-----------|-----------|---------|
| Total assets | 25,376 | 25,709 | 333 |
| Current assets | 9,657 | 9,074 | -583 |
| Cash on hand and in banks | 1,599 | 2,167 | 568 |
| Trade notes and account receivable | 4,818 | 3,942 | -876 |
| Inventories | 2,327 | 2,180 | -147 |
| Other current assets | 944 | 783 | -161 |
| Allowance for doubtful accounts | -31 | 0 | -31 |
| Fixed assets | 15,719 | 16,635 | 916 |
| Property, plant and equipment | 15,186 | 15,985 | 799 |
| Intangible fixed assets | 86 | 316 | 230 |
| Investments and other assets | 445 | 333 | -112 |
| Total liabilities | 12,149 | 12,500 | -351 |
| Current liabilities | 7,290 | 7,390 | 100 |
| Trade notes and account payable | 3,843 | 3,336 | -507 |
| Short-term borrowings | 502 | 600 | 98 |
| Current portion of long-term debt | 1,844 | 1,954 | 110 |
| Current portion of bonds | 139 | 331 | 192 |
| Account liabilities | 257 | 327 | 70 |
| Income taxes payable | - | 338 | 338 |
| Current portion of accrued long-term liabilities on equipment | 338 | 345 | 7 |
| Other current liabilities | 365 | 155 | -210 |
| Long-term Liabilities | 4,859 | 5,110 | 251 |
| Long-term debt | 4,196 | 4,802 | 606 |
| Accrued long-term liabilities on equipment | 595 | 249 | -346 |
| Other long-term liabilities | 67 | 57 | -10 |
| Net assets | 13,226 | 13,209 | -17 |

◆ Main reasons of changes

<Assets>

Trade notes and account receivable
¥8.76 million decrease

<Liabilities/Capital>

Interest-bearing debt
¥7.952 billion

Owners equity ratio 44.0%
(The same level as FY07)

| | | | |
|-----------------------|-------|-------|-------|
| Interest-bearing debt | 7,476 | 7,952 | 476 |
| Equity Ratio | 44.4% | 44.0% | -0.4% |

Cash Flows (Consolidated)

(Unit:¥1 million)

| | 07/9 | 08/9 | Changes |
|--|--------|--------|---------|
| CF from Operating activities | 4,010 | 4,568 | 558 |
| CF from Investing activities | -3,586 | -4,533 | -947 |
| CF from Financing activities | -375 | 603 | 978 |
| Effect of exchange rate changes on cash and cash equivalents | -2 | -69 | -67 |
| Net change in cash and cash equivalents | 46 | 568 | 522 |
| Cash and cash equivalents at beginning of period | 1,553 | 1,599 | 46 |
| Cash and cash equivalents at end of period | 1,599 | 2,167 | 568 |

◆ Main reason of Changes(YonY)

(Cash Flows from Operating Activities)

Increase in Net Income before Taxes and Other Adjustments 、
Decrease in Depreciation Expense and Accounts Receivable.

(Cash Flows from Investing Activities)

Decrease in payments for the purchase of Tangible Fixed Assets.
Decrease in revenue by selling Tangible Fixed Assets.

(Cash Flows from Financing Activities)

Decrease Long-Term Loans and repayments of Long-Term Loan、
Increase Short-Term Loans

Capex, Depreciation, R&D (Consolidated)

(Unit:¥1million)

| | FY07 | FY08 _(forecast) | FY08 | Changes |
|--------------|-------|----------------------------|-------|---------|
| Capex | 3,491 | 3,400 | 775 | -2,716 |
| Depreciation | 3,449 | 2,735 | 2,665 | -784 |
| R&D | 277 | 163 | 246 | -31 |

◆ Main reason of Changes

< Capex > (compared to the Forecast)

Slide the inspection of Shiga plant construction to next fiscal year
Increase IT system related investment

< Depreciation >

Decrease depreciation of conventional plants

< R&D > (Forecast)

Next Generation Photomask and Process Development

FY08 Management strategy & Important issues

Important issues for FY08

- Greater profitability in our current Comprehensive Large-Format Photomask Business.
- ➔ 1. Materials, 2. process improvement, 3. reduction of expenses in total, resulted profitability improvement

Mid- and Long-Term Management Strategy and Important Issues

- Vertical Startup of Next-Generation Large-Format Photomask Factory.
- ➔ Shiga plant will start the test operation from December 2008 as originally planned resulted by full devotion as a top priority of the company in the year.
- Early Commercialization of New Business Segments
- ➔ Targeting electronic related industry, R&D activity has been proceeding by full time member, however, it is not disclosure level.

1. FY08 Financial Summary

2. FY09 Financial Forecast

FY09 Financial Forecast

First Half (2008.October~2009.March)

<LCD panel market Review>

- * In preparation of Sharp G10 plant, Korean G8 plant, Taiwanese G8 plants
- * Possibility of increase of TV demand by 100% digitization of North America from 2009.
- * Risks of decrease of photomask demand by worsening the financial results of panel makers.

<SK-Electronics. Review>

- * Start mass production of next generation glass substrate photomask plant from January 2009.
- * Continue R&D of multi-tone photomask in the conventional plants.

Second Half (2009.April~September)

<LCD panel market Review>

- * Risks of being delayed of new manufacturing lines by panel makers.
- * Depending on panel inventories and final electronic products demands, photomask demand can be positive or negative.

<SK-Electronics. Review>

- * Stable operation of Shiga plant and contribution to the sales.
- * Continue R&D of multi-tone photomask in the conventional plants.
- * Risks of decrease of photomask demand in case of late recovery of financial situation of panel makers.

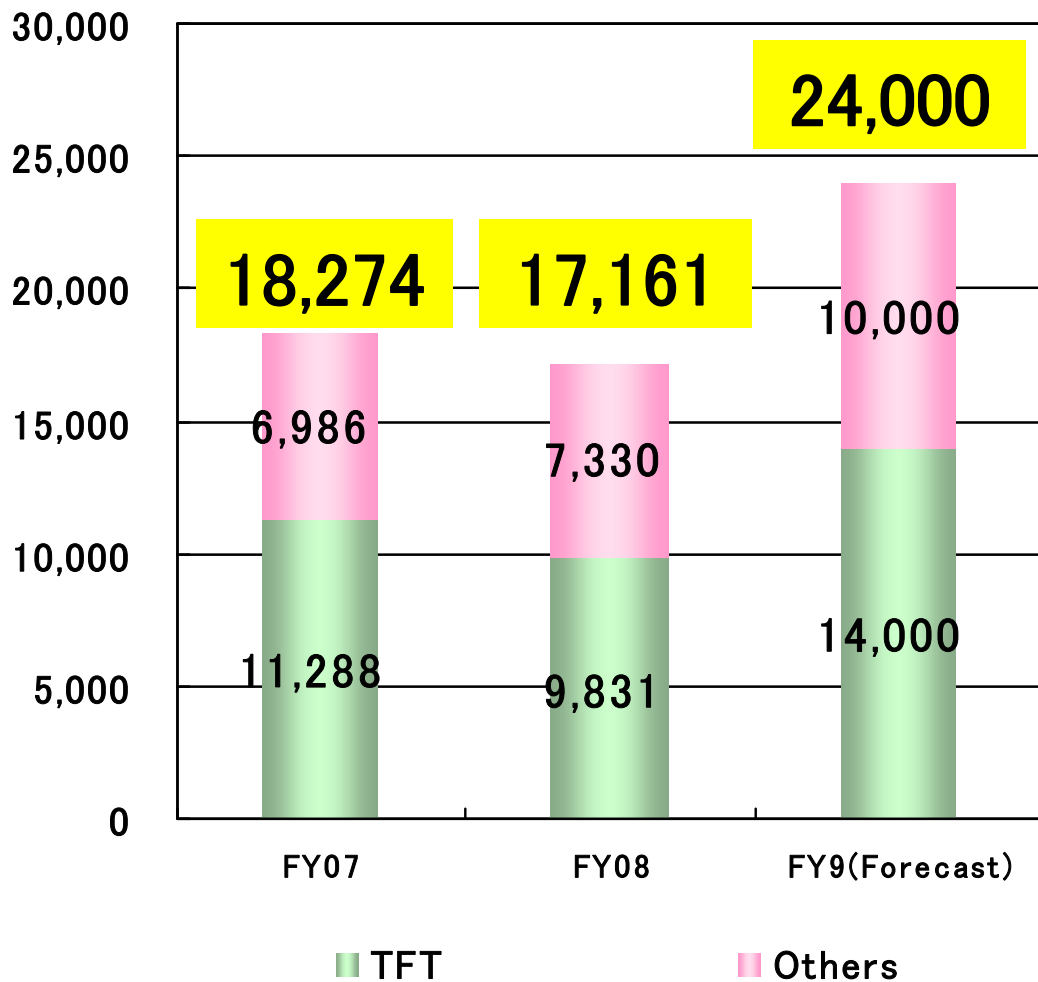
Consolidated Financial Forecasts for the Year Ending on Sept. 30, 2009

(Yen in millions)

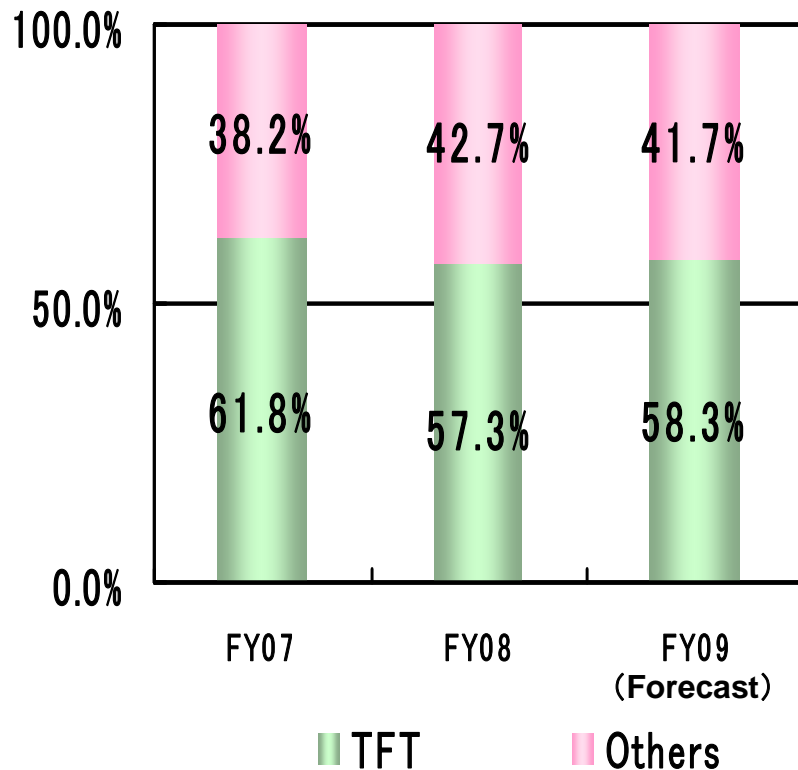
| | Sept..2008 | Sept..2009 (Forecast) | % Change |
|-------------------------|------------|--------------------------|----------|
| Net Sales | 17,161 | 24,000 | 39.9 |
| Operating Income | 1,046 | 290 | -72.3 |
| Ordinary Income | 886 | 120 | -86.5 |
| Net Income | 417 | 35 | -91.6 |

Changes in Sales by Product type (Y on Y)

(Unit:¥1million)

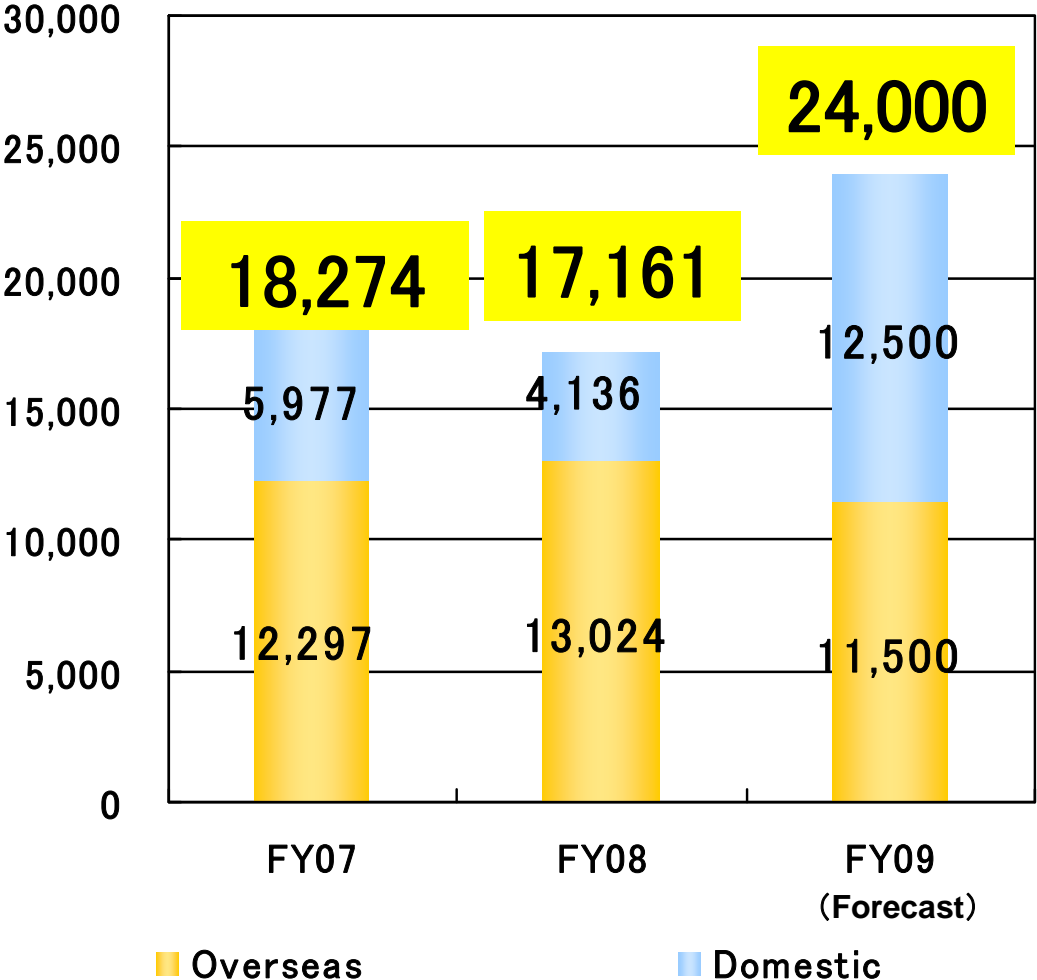


Changes in sales ratio by Product type

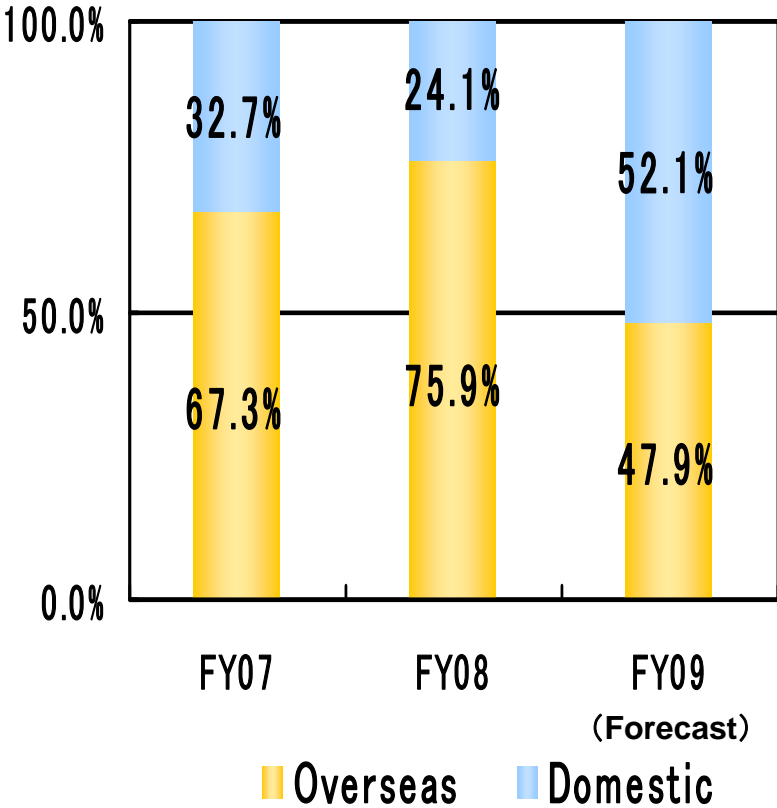


Changes in Sales by Geographical segment(Y on Y)

(Unit:¥1million)



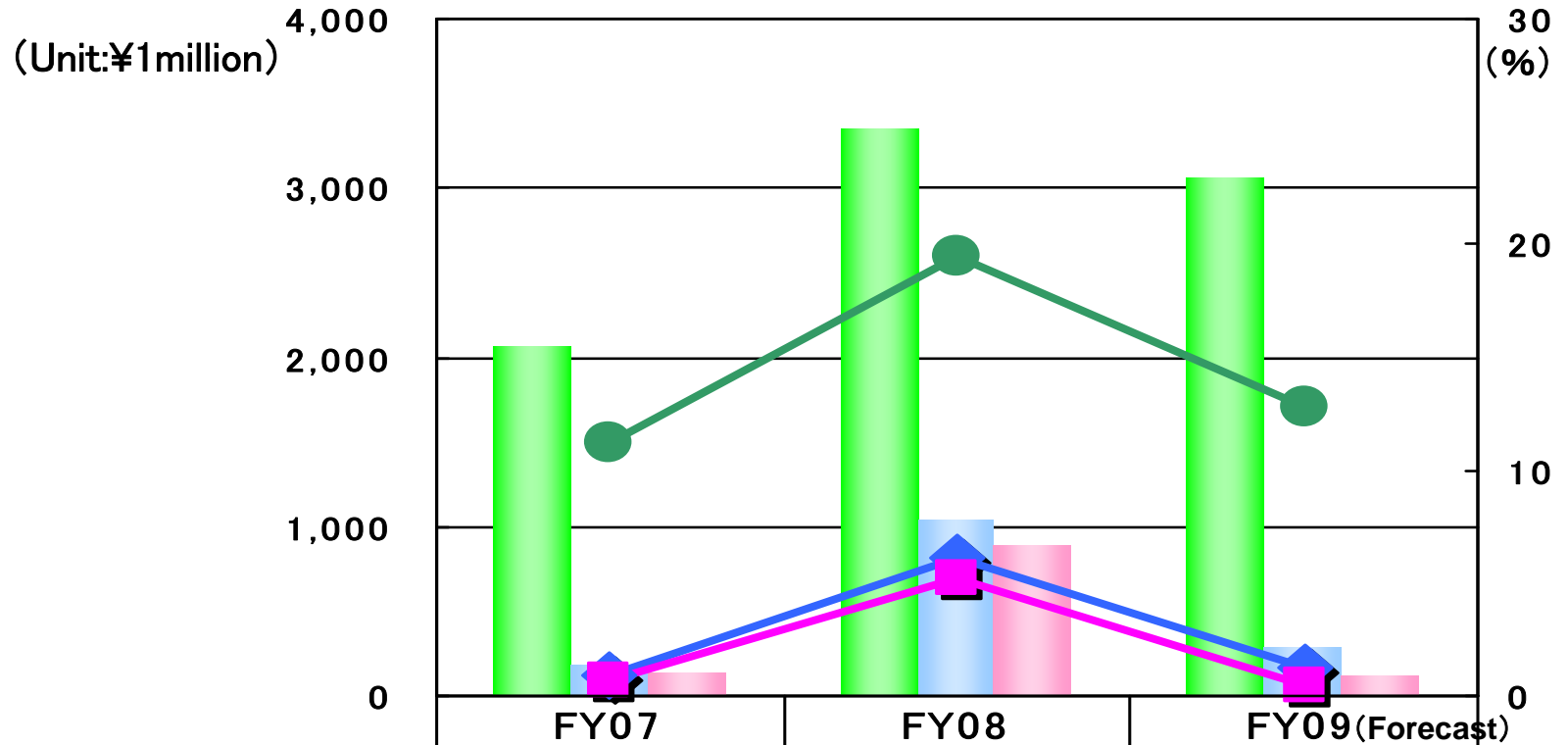
Changes in sales ratio by Geographical segment



Note: Overseas sales includes indirect export sales.

Income trend (Consolidated)

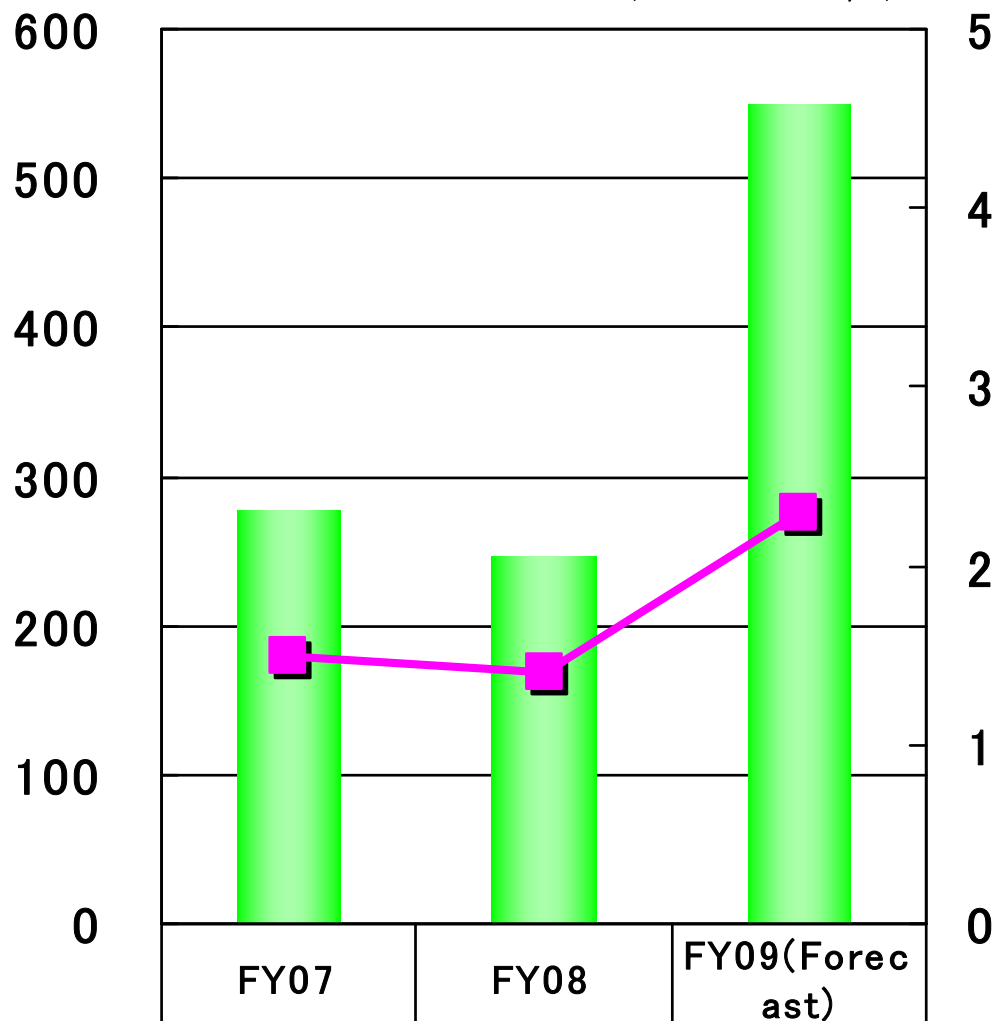
Trends of Gross profit/Operating income/Ordinary income



| | | | |
|-------------------------|-------|-------|-------|
| Gross Profit | 2,062 | 3,352 | 3,066 |
| Operating Income | 174 | 1,046 | 290 |
| Ordinary Income | 133 | 886 | 120 |
| Gross Profit Margin | 11.2 | 19.5 | 12.8 |
| Operating Income Margin | 0.9 | 6.1 | 1.2 |
| Ordinary Income Margin | 0.7 | 5.2 | 0.5 |

R&D expense & its sales ratio

(Unit:¥1million, %)



<R&D>

In order to concentrate Capex on Next generation factory, Net sales to R&D expense ratio will be subsequently remain at low levels.

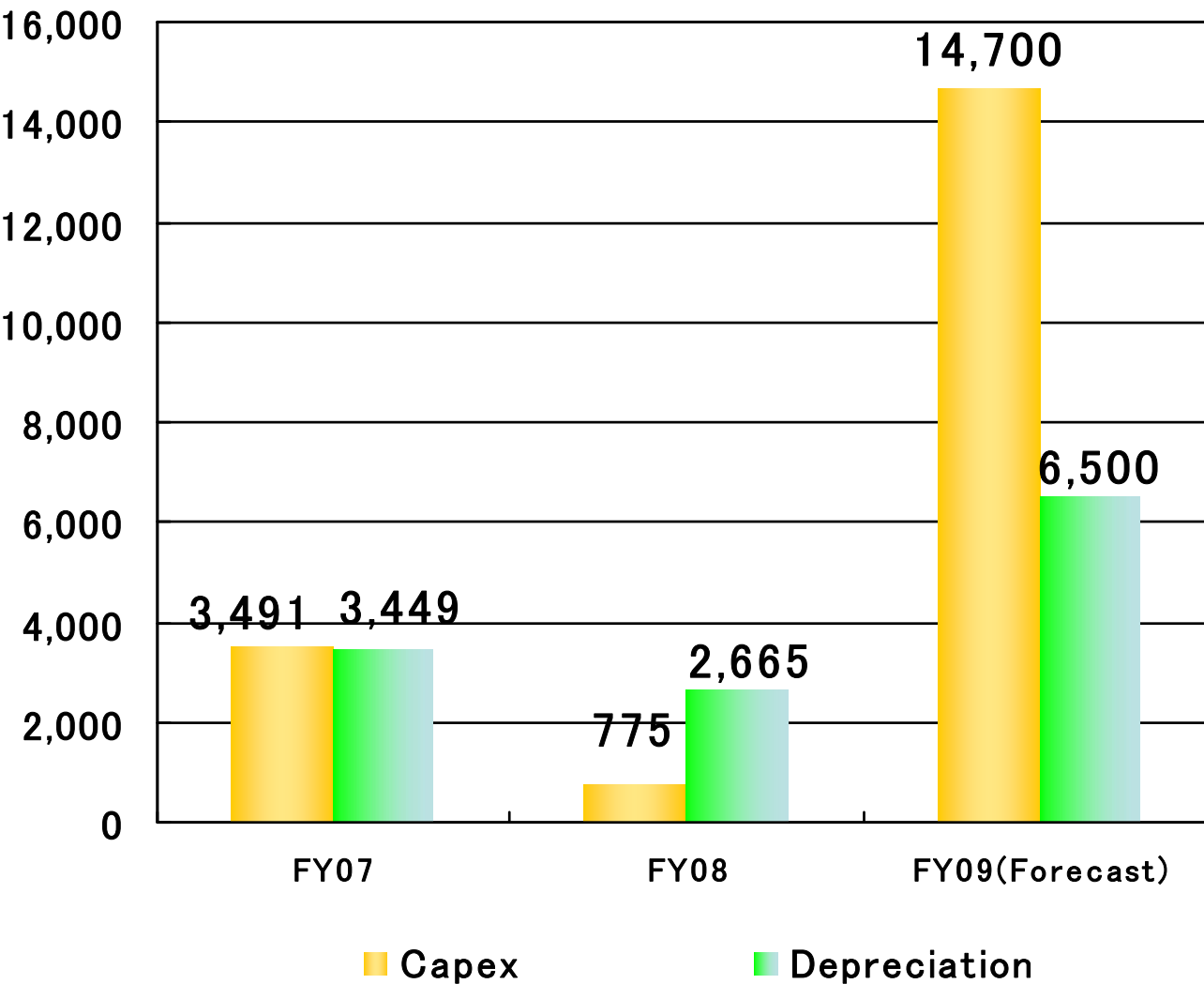
➔Contents of R&D expense
Technological development for Value-added multi-tone photomasks

New business development

| | | | |
|-------------|-----|-----|-----|
| R&D expense | 277 | 246 | 550 |
| Sales ratio | 1.5 | 1.4 | 2.3 |

Capex & Depreciation

(¥1million)



Main reasons for changes

<Capex>

Building cost for next
Generation factory &
Renewal for conventional
Manufacturing equipment

<Depreciation>

Increased depreciation
Expenses because of
New Shiga Plant and its related
equipment

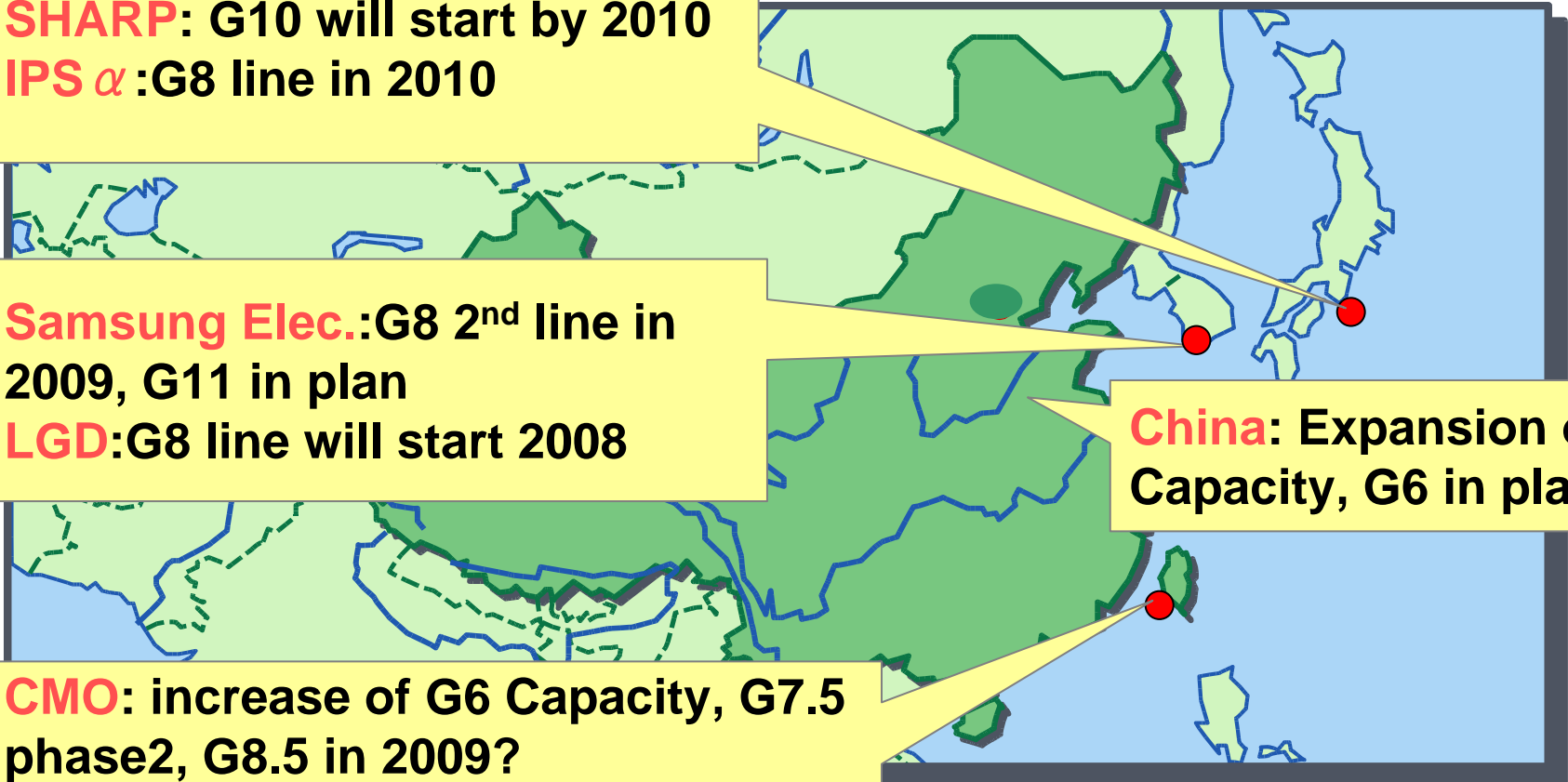
Expanding LCD Panel Production Lines

SHARP: G10 will start by 2010
IPS α : G8 line in 2010

Samsung Elec.: G8 2nd line in 2009, G11 in plan
LGD: G8 line will start 2008

China: Expansion of G5 Capacity, G6 in plan

CMO: increase of G6 Capacity, G7.5 phase2, G8.5 in 2009?
AUO: G7.5 in 2008, G8.5 in 2009?
CMO & AUO: G11 in plan



Management strategy & Important issues

Important issues for this fiscal year

- Full Operation of a Next-Generation Large-Format Photomask Plant
- Profitability Improvements in the Comprehensive Large-Format Photomask Business

Mid- and Long-Term Management Strategy and Important Issues

- Early Commercialization of New Business Segments