

Summary Report of Consolidated Financial Statements for the First Quarter period of Fiscal 2009

February 9, 2009

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(Rounded down to the nearest ¥million)

1. Consolidated Results of Operations for the First Quarter of Fiscal 2009 (October 1, 2008 through December 31, 2008)

(1) Consolidated Results of Operations (% indicates increases/ decreases vs. Prior Year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥millions	%	¥millions	%	¥millions	%	¥millions	%
First Quarter FYE9/2009	2,953	—	-627	—	-712	—	-690	—
First Quarter FYE9/2008	3,964	-10.6	-92	—	-131	—	-72	—

	Interim (Current) Net Income Per Share		Diluted Interim (Current) Net Income Per Share	
	¥		¥	
First Quarter FYE9/2009	-6,091	42	—	—
First Quarter FYE9/2008	-642	03	—	—

(2) Consolidated Financial Standing

	Total Assets	Net Assets	Shareholder's Equity Ratio	Net Assets Per Share	
	¥millions	¥millions	%	円	
First Quarter FYE9/2009	28,956	11,631	34.9	89,216	98
First Quarter FYE9/2008	25,709	13,209	44.0	99,845	41

Reference) Owned Capital: First Quarter of year ending Sep. 30, 2009 10,118 Millions of yen First Quarter of year ended Sep. 30, 2008 11,324 Millions of yen

2. Dividends

0	Dividend Per Share				
	First Quarter	Second Quarter	Third Quarter	FY	Full Year
FYE9/2009	¥ —	¥ 0 00	¥ —	¥ 800 00	¥ 800 00
FYE9/2008	—	—	—	—	—
FYE9/2009(Projected)	—	0 00	—	00 00	00 00

(Note) Change in estimated dividends for the quarter: Yes

The Company's articles of incorporation defined the dividend date of record as the last day of the fiscal period; however, as of this point in time, projected dividends for said date of record have yet to be determined. (*See Explanation of the Appropriate Use of Projected Operating Results and Other Special Remarks 3.)

3. Consolidated Results of Operations for the First Quarter of Fiscal 2009 (October 1, 2008 through December 31, 2008)

(% indicates increase/ decrease compared to Prior Year (Annual) or Prior Interim Period (Interim))

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share	
	¥millions	%	¥millions	%	¥millions	%	¥millions	%	¥millions	
Cumulative Consolidated Second Quarter	5,840	-29.5	-1,850	—	-1,980	—	-1,880	—	-16,576	45
Annual	17,000	-0.9	-1,600	—	-1,800	—	-1,540	—	-13,578	58

(Note) Change in consolidated earnings projections for the quarter: Yes

4. Other

(1) Changes in significant subsidiaries during the period : None
 (changes in specified subsidiaries due to changes in the scope of consolidation)

(2) Adoption of simplified accounting policies or accounting policies specific to the preparation of quarterly consolidated financial statements : Yes
 [(Note) See page 5 [Qualitative Information/Financial Statements] 4. Other for further details]

(3) Changes in accounting principles, procedures, and the presentation methods etc. of quarterly consolidated financial statements (those which are included in changes to important matters that will be the basis for preparing quarterly consolidated financial statements)

1) Changes associated with revisions in accounting standards, etc. : Yes

2) Changes other than 1) : Yes

[(Note) See page 5 [Qualitative Information/Financial Statements] 4. Other for further details]

(4) Number of shares issued (common stock)

<1>Number of shares issued at end of period (including treasury stock)			
FYE September 2009	113,684 shares	FYE September 2008	113,684 shares
<2>Number of treasury shares at end of period			
FYE September 2009	270 shares	FYE September 2008	268 shares
<3> Average number of shares during the period (cumulative, consolidated fiscal quarter)			
FYE September 2009	113,414 shares	FYE September 2008	113,427 shares

*Explanation of the appropriate use of projected operating results and other special remarks

1. Projections of Results of Operations and dividends For FYE 9/2008 (October 1, 2009 through September 30, 2009) in the “FYE September 2008 Financial Report” dated on Nov. 10, 2008 are revised today.
2. The preceding forecasts are based on information available at the time this document was prepared, and may include elements of uncertainty. Actual operating results could significantly differ from these projections due to changes in circumstances. See page 5 [Qualitative Information/Financial Statements] “3. Qualitative Information on Consolidated Earnings Projections” for more information regarding the projections above.
3. Beginning with the current consolidated fiscal year, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). Further, the quarterly consolidated financial statements have been prepared in accordance with “Quarterly Consolidated Financial Statement Regulations.”

[Qualitative Information/ Financial Statements, etc.]

1. Qualitative Information related to Consolidated Results of Operations

During the first quarter of the current consolidated fiscal year, the economy of Japan experienced drastic changes due to the global financial crisis and sharp valuation gains in the yen, resulting in contracted corporate earnings, and a rapid downturn in operating results.

The liquid crystal panel display (LCD) industry experienced a fall-off in demand for LCD panels due to a worsening market environment, affected by the deceleration of the global economy. Significant production curtailment among panel manufacturers, as well as the cutback, postponement and cancellation of new production lines by overseas panel makers have made for extremely difficult business conditions.

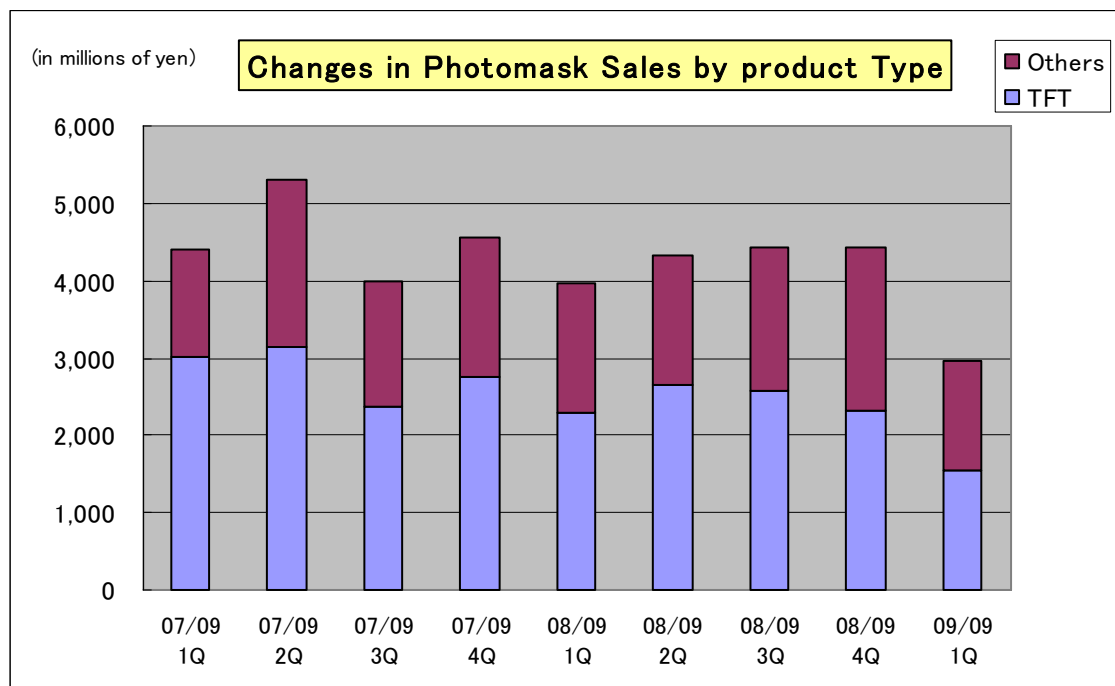
The photomask industry has also experienced a downturn in demand for all photomasks (photomasks for new lines, mass production, development, etc.), and intensified competition has resulted in significant unit price reductions.

In the face of these difficult circumstances, the Company Group continues to engage in activities that will lead to improved overall product capacity and cost reductions, despite the tough economic situation caused by weakened demand and downward price pressures. However, especially drastic decline of photomask demand by Taiwanese panel makers who are our main customers and the severe competition both in the country and at overseas resulted bigger price down of photomask than expected.

As a result of these circumstances, Net Sales for the Company Group amounted to ¥2.953 billion. The Company Group experienced an Operating Loss of ¥627 million, and an Ordinary Loss of ¥712 million. Net Loss for the quarter amounted to ¥690 million.

By product, Net Sales for TFT Photomasks experienced a sharp decline to ¥1.549 billion.

(Reference)

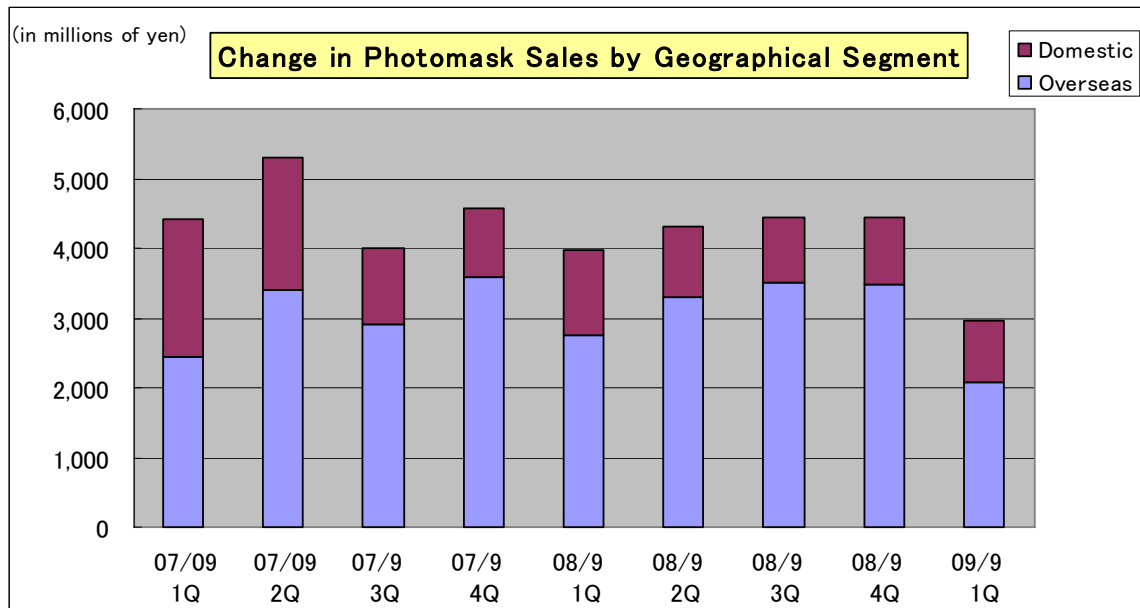


(Reference) Change in Photomask Sales by Product Type (Unit : Millions of yen)

	2007/9 1Q	2007/9 2Q	2007/9 3Q	2007/9 4Q	2008/9 1Q	2008/9 2Q	2008/9 3Q	2008/9 4Q	2009/9 1Q
TFT	3,012	3,144	2,371	2,759	2,302	2,640	2,577	2,310	1,549
Others	1,400	2,154	1,628	1,802	1,662	1,684	1,859	2,124	1,404
Total	4,412	5,299	4,000	4,562	3,964	4,324	4,437	4,434	2,953

By region, domestic Net Sales were ¥873 million, with overseas Net Sales of ¥2.079 billion.

(Reference)



(Reference) Change in Photomask Sales by Geographical Segment (Unit: Millions of yen)

	2007/9 1Q	2007/9 2Q	2007/9 3Q	2007/9 4Q	2008/9 1Q	2008/9 2Q	2008/9 3Q	2008/9 4Q	2009/9 1Q
Overseas	2,429	3,393	2,899	3,574	2,742	3,289	3,511	3,482	2,079
Domestic	1,982	1,905	1,100	987	1,222	1,035	926	952	873
Total	4,412	5,299	4,000	4,562	3,964	4,324	4,437	4,434	2,953

2. Qualitative Information related to Consolidated Financial Position

(1) Assets, Liabilities and Net Assets

Total assets as of the last day of the first quarter of the current consolidated fiscal year increased by ¥3.246 billion compared to the last day of the prior consolidated fiscal year, reaching ¥28.956 billion. This increase was mainly due to increases in buildings and structures, and construction in progress related to the construction of the Shiga Plant.

Total liabilities increased by ¥4.825 billion over the prior fiscal year end, amounting to ¥17.325 billion. This increase was mainly due to increases in long-term debt and equipment notes payable.

Total net assets decreased by ¥1.578 billion compared to the prior fiscal year end, amounting to ¥11.631 billion. This decrease was mainly due to decreases in retained earnings and foreign currency translation adjustments.

(2) Cash Flows

As of the last day of the first quarter of the current consolidated fiscal year, Cash and Cash Equivalents (“Cash”) amounted to ¥2.267 billion, which represents an increase of ¥99 million compared to the prior fiscal year end.

(Cash Flows from Operating Activities)

Cash flows from operating activities during the first quarter of the current consolidated fiscal year amounted to ¥931 million. This amount is mainly due to ¥773 million in loss before income taxes and other adjustments, ¥628 million in depreciation expense, a ¥579 million decrease in accounts receivable, and an increase of ¥547 million in accounts payable.

(Cash Flows from Investing Activities)

Cash used in investing activities during the first quarter of the current consolidated fiscal year amounted to ¥2.081 billion. This was mainly due to outlays of ¥2.082 billion in acquisitions of tangible fixed assets.

(Cash Flows from Financing Activities)

Cash flows from financing activities during the first quarter of the current consolidated fiscal year amounted to ¥1.378 billion. This was mainly due to cash inflow of ¥2.0 billion from long-term loans and cash outflow of ¥414 million for the repayment of long-term loans.

3. Qualitative Information on Consolidated Earnings Projections

Given the operating results of the first quarter, the Company has revised earnings projections. As a result, the Company will be making revisions to the cumulative second quarter of the FYE September 2009 (consolidated; non-consolidated) previously announced on November 10, 2008 in “FYE September 2008 Financial Report.” Also the company revised the forecast of dividend for fiscal09. More details are provided in “Notice of Revised Earnings and Dividend Projections; Reduction in Director Compensation” published today under separate cover.

4. Other

- (1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries due to changes in the scope of consolidation) : None.
- (2) Adoption of simplified accounting policies or accounting policies specific to the preparation of quarterly consolidated financial statements

<1>Use of simplified accounting methods

1) Inventory Recognition Standards

Inventory is recorded according to book value based on the physical inventory value at the end of the prior fiscal account period rather than by physical inventory count.

2) Depreciation of Fixed Assets

With respect to assets depreciated according to the declining balance method, the Company calculates the amount of depreciation expense related to the consolidated fiscal year proportionately throughout the period.

- (3) Changes in accounting principles, procedures, and the presentation methods etc. of quarterly consolidated financial statements

<1> Accounting Standards for Quarterly Financial Reporting

Beginning with the current consolidated first quarter, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). Further, the quarterly consolidated financial statements have been prepared in accordance with “Quarterly Consolidated Financial Statement Regulations.”

<2> Adoptions of Accounting Standards related to Inventory Valuation

Historically, the Company valued inventory according to the cost method; however, beginning with the first quarter of the current consolidated fiscal period, the Company has adopted “Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006). In connection with this change, the Company now calculates inventory based on the cost method (write-down of book value based on decline in profitability for balance sheet presentation).

As a result of this change, gross profit has decreased by ¥86,821,000, Operating Loss and Ordinary Loss has increased by ¥86,821,000, and net income before taxes and other adjustments has increased by ¥122,851,000 compared to the previously used method.

The effect of this change on segment information is noted in the respective sections of this report.

<3> Adoption of “Practical Solution on Unification of Accounting Policies applied to Foreign Subsidiaries for Consolidated Financial Statements”

Beginning with first quarter of the current consolidated fiscal year, the Company has adopted “Practical Solution on Unification of Accounting Policies applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18, May 17, 2006)

This change will have no significant effect on Company profit and loss.

<4> Adoption of Accounting Standards for Lease Transactions

In the past, the Company accounted for non-transfer finance lease transactions via methods related to lease transactions. However, beginning with the current consolidated first quarter, the Company has elected the early adoption of “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13 (June 17, 1993 (the First Committee. of the Business Accounting Council), revised on March 30, 2007)) and “Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16 (January 18, 1994 (the JICPA Accounting Committee), revised on March 30, 2007)). Accordingly, such lease transactions are now subject to accounting policies for ordinary trading transactions.

For depreciating lease assets related to non-transfer finance lease transactions, the Company uses the lease term as the service life, and the straight line method of depreciation, assuming zero residual value.

The Company will continue accounting for non-transfer finance lease transactions whose original lease transaction date falls prior to the first fiscal year of the adoption of this accounting standard using accounting methods in accordance with normal lease transactions.

This change will have no significant effect on Company profit and loss.

5. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

	(Unit : thousand yen)	
	Consolidated accounting period as of end of first quarter As of December 31, 2008	Previous consolidated financial term Summary consolidated balance sheet As of September 30, 2008
Assets		
Current assets		
Cash and deposits	2,267,158	2,167,912
Notes and accounts receivable-trade	3,055,889	3,942,992
Raw materials and supplies	1,872,417	2,043,297
Work in process	82,247	136,912
Other	623,946	783,670
Allowance for doubtful accounts	-428	-471
Total Current assets	7,901,230	9,074,314
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,541,724	2,535,995
Machinery, equipment and vehicles, net	5,852,051	6,934,315
Land	1,607,750	1,607,750
Construction in progress	7,232,889	4,761,140
Other, net	168,949	146,176
Property, plant and equipment	20,403,366	15,985,378
Intangible assets	308,888	316,879
Investments and other assets		
Other	391,499	361,446
Allowance for doubtful accounts	-48,346	-28,136
Investments and other assets	343,153	333,310
Total Noncurrent assets	21,055,407	16,635,567
Total Assets	28,956,638	25,709,881
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,715,735	3,336,202
Short-term loans payable	570,000	600,000
Current portion of long-term loans payable	2,344,943	1,954,410
Income taxes payable	24,000	338,943
Accounts payable-facilities	2,917,184	98,734
Other	1,576,582	1,061,849
Current liabilities	11,148,444	7,390,141
Noncurrent liabilities		
Long-term loans payable	5,973,216	4,802,784
Other	203,966	307,276
Total Noncurrent liabilities	6,177,183	5,110,061
Total Liabilities	17,325,628	12,500,203

(Unit : thousand yen)

	Consolidated accounting period as of end of first quarter As of December 31, 2008	Previous consolidated financial term Summary consolidated balance sheet As of September 30, 2008
Net assets		
Shareholders' equity		
Capital stock	4,109,722	4,109,722
Capital surplus	4,335,413	4,335,413
Retained earnings	2,310,383	3,092,458
Treasury stock	-47,664	-48,116
Shareholders' equity	10,707,854	11,489,478
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-18,164	10,513
Foreign currency translation adjustment	-571,275	-175,980
Valuation and translation adjustments	-589,440	-165,466
Minority interests	1,512,596	1,885,667
Total Net assets	11,631,010	13,209,678
Total Liabilities and net assets	28,956,638	25,709,881

(2) Quarterly Consolidated Statements of Income
 【Cumulative Consolidated First Quarter】

(Unit : thousand yen)

	Consolidated accounting period as of first quarter From October 1, 2008 To December 31, 2008
Net sales	2,953,076
Cost of sales	2,852,384
Gross profit	100,691
Selling, general and administrative expenses	727,895
Operating income	-627,204
Non-operating income	
Commission fee	7,727
Rent income of real estate	6,101
Othe	11,531
Total Non-operating income	25,360
Non-operating expenses	
Interest expenses	35,078
Foreign exchange losses	58,195
Other	17,862
Total Non-operating expenses	111,135
Ordinary income	-712,979
Extraordinary loss	
Loss on valuation of inventories	36,029
Loss on retirement of property, plant and equipment	155
Provision of allowance for doubtful accounts	24,391
Total Extraordinary loss	60,577
Income before income taxes and minority interests	-773,556
Income taxes-current	18,720
Income taxes-deferred	-4,119
Total Income taxes	14,601
Minority interests in income	-97,299
Net income	-690,858

(3) Consolidated Statement of Cash Flows

	(Unit : thousand yen)
	Consolidated accounting period as of first quarter From October 1, 2008 To December 31, 2008
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	-773,556
Depreciation and amortization	643,225
Increase (decrease) in allowance for doubtful accounts	24,379
Increase (decrease) in provision for directors' bonuses	-28,000
Interest and dividends income	-1,394
Interest expenses	35,078
Loss on retirement of property, plant and equipment	155
Decrease (increase) in notes and accounts receivable-trade	579,243
Decrease (increase) in inventories	140,373
Increase (decrease) in notes and accounts payable-trade	547,107
Increase (decrease) in accounts payable-other	-221,191
Increase (decrease) in accrued expenses	-98,150
Other, net	404,503
Subtotal	1,251,771
Interest and dividends income received	1,401
Interest expenses paid	-34,742
Income taxes paid	-286,831
Net cash provided by (used in) operating activities	931,599
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	-2,082,476
Purchase of intangible assets	-14,395
Collection of loans receivable	252
Other, net	14,670
Net cash provided by (used in) investment activities	-2,081,948
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	-30,000
Proceeds from long-term loans payable	2,000,000
Repayment of long-term loans payable	-414,690
Payments for installment payables-property and equipment	-85,740
Purchase of treasury stock	-128
Proceeds from sales of treasury stock	95
Cash dividends paid	-90,733
Net cash provided by (used in) financing activities	1,378,803
Effect of exchange rate change on cash and cash equivalents	-129,208
Net increase (decrease) in cash and cash equivalents	99,245
Cash and cash equivalents	2,167,912
Cash and cash equivalents	2,267,158

Beginning with the current consolidated fiscal year, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). Further, the quarterly consolidated financial statements have been prepared in accordance with “Quarterly Consolidated Financial Statement Regulations.”

(4) Note on assumptions of going concern
None.

(5) Segment Information

a. Business segment information

The Company and consolidated subsidiaries are engaged in the singular business of the design, production, and sales of large-format photomasks. Accordingly, the Company has omitted this disclosure as it does not have significant underlying business segments.

b. Geographical segment information

For the first quarter of the current consolidated fiscal year (October 1, 2008 to December 31, 2008)

	Japan (¥thousands)	Asia (¥thousands)	Total (¥thousands)	Elimination or Corporate (¥thousands)	Consolidated (¥thousands)
Net Sales					
(1) Net Sales to Outside Customers	2,401,355	551,720	2,953,076	—	2,953,076
(2) Inter-Segment Sales Transfers	263,477	226,850	490,328	(490,328)	—
Total	2,664,833	778,570	3,443,404	(490,328)	2,953,076
Operating loss	427,717	178,074	605,792	(21,411)	627,204

(Note)

1 Country and region segmentation methods; major countries and regions

(1) Country and region segmentation method...according to geographic proximity

(2) Major countries and regions...Asia: Taiwan, Korea

2 Changes in accounting policies

As discussed in 4. (3) <2> of “Qualitative Information/Financial Statements,” the Company adopted “Accounting Standards for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006) during the first quarter of the current consolidated fiscal period. With this change in accounting policy, Operating Loss in Japan increased by ¥86,821,000 compared to the prior policy.

c. Overseas Net Sales

Prior First Quarter Consolidated Fiscal Year (From October 1, 2008 to December 31, 2008)

	Asia	Other	Total
I. Overseas Net Sales (¥thousands)	574,012	—	574,012
II. Consolidated Net Sales (¥thousands)			2,953,076
III Ratio of Overseas Net Sales to Consolidated Net Sales (%)	19.4	—	19.4

(Note) 1. Segmentation of countries and regions is based on geographical proximity.

2. Major countries and regions outside Japan

Asia: Taiwan, South Korea, China, Singapore

3. Overseas sales represent sales of the Company and its consolidated subsidiaries in the countries and regions outside Japan.

(6) Note on significant changes in shareholder’s equity

None.

(Reference)

Previous consolidated accounting period as of end of first quarter
(1) (Summary) Quarterly Consolidated Statements of Income

Category	Previous consolidated financial term From October 1, 2007 To December 31, 2007	
	(Unit: thousand yen)	
I Net sales		3,964,712
II Cost of sales		3,472,350
Gross profit		492,361
III Selling, general and administrative expenses		584,565
Operating income		-92,203
IV Non-operating income		29,970
V Non-operating expenses		69,661
Ordinary income		-131,894
VI Extraordinary profit		35,600
VII Loss on valuation of inventories		79
Income before income taxes and minority interests		-96,374
Income taxes-current	17,359	
Income taxes-deferred	9,481	26,841
Minority interests in income		-50,391
Net income		-72,824

(2) (Summary) Quarterly Consolidated Statement of Cash Flows

Category	Previous consolidated financial term From October 1, 2007 To December 31, 2007
	(Unit: thousand yen)
I Net cash provided by (used in) operating activities	
1. Income before income taxes and minority interests	-96,374
2. Depreciation and amortization	651,897
3. decrease in allowance for doubtful accounts	-29,805
4. Interest and dividends income	-633
5. Interest expenses	32,838
6. Loss on retirement of property, plant and equipment	79
7. Decrease in notes and accounts receivable-trade	525,502
8. Decrease in inventories	25,078
9. Increase in notes and accounts payable-trade	400,543
10. Increase (decrease) in accounts payable-other	7,982
11. Other, net	160,068
Subtotal	1,677,178
12. Interest and dividends income received	628
13. Interest expenses paid	-32,087
14. Income taxes paid	-17,801
Net cash provided by (used in) operating activities	1,627,917
II Net cash provided by (used in) investment activities	
1. Purchase of property, plant and equipment	-1,274,046
2. Purchase of intangible assets	-2,491
3. Increase in Loan Receivables	-1,500
4. Collection of loans receivable	120
5. Other	338
Net cash provided by (used in) investment activities	-1,277,579
III Net cash provided by (used in) financing activities	
1. Net increase (decrease) in short-term loans payable	172,266
2. Proceeds from long-term loans payable	1,300,000
3. Repayment of long-term loans payable	-394,950
4. Repayment of Long-Term Equipment Accounts Payable	-83,910
5. Cash dividends paid	-85,070
Net cash provided by (used in) financing activities	908,334
IV Effect of exchange rate change on cash and cash equivalents	-9,988
V Net increase in cash and cash equivalents	1,248,684
VI Cash Flows from Financing Activities	1,599,449
VII Exchange Differences in Cash and Cash Equivalents	2,848,133