

To whom it may concern:

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SK-Electronics Co., Ltd.

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Announcement of Revised Earnings and Dividend Projections; Reduction in Director Compensation

SK-Electronics Co., Ltd. ("the Company") has revised the earnings and dividend projections for the cumulative second quarter (October 1, 2008 to March 31, 2009) and full year (October 1, 2008 to September 30, 2009) for the fiscal year ending September 2009 previously announced during the release in conjunction with Company financial results on November 10, 2008. The Company has also enacted a reduction in director compensation and several initiatives for recovery.

1. Revision to the previous consolidated earnings projection

(1) Cumulative Consolidated Second Quarter
(from October 1, 2008 to March 31, 2009)

(Unit: Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Current Net Income	Interim (Current) Net Income Per Share
Previous projection (A)	9,765	-660	-745	-770	-6,788.57
Revised projection (B)	5,840	-1,850	-1,980	-1,880	-16,576.45
Change (B-A)	-3,925	-1,190	-1,235	-1,110	-
Change (%)	-40.2	-	-	-	-
(Reference) Prior Results for the Cumulative Consolidated Second Quarter (Year ended September 30, 2008)	8,289	469	343	163	1,444.62

(2) Full year of fiscal 2009

(from October 1, 2008 to September 30, 2009)

(Unit: Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Current Net Income	Interim (Current) Net Income Per Share
Previous projection (A)	24,000	290	120	35	308.57
Revised projection (B)	17,000	-1,600	-1,800	-1,540	-13,578.58
Change (B-A)	-7,000	-1,890	-1,920	-1,575	-
Change (%)	-29.2	-	-	-	-
(Reference) Previous year's results (Year ended September 30, 2008)	17,161	1,046	886	417	3,677.92

2. Revision to the previous non-consolidated earnings projection

(1) Cumulative Second Quarter

(from October 1, 2008 to March 31, 2009)

(Unit: Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Current Net Income	Interim (Current) Net Income Per Share
Previous projection (A)	8,490	-525	-610	-660	-5,818.77
Revised projection (B))	5,170	-1,510	-1,550	-1,615	-14,239.88
Change (B-A)	-3,320	-985	-940	-955	-
Change (%)	-39.1	-	-	-	-
(Reference) Prior Results for the Cumulative Second Quarter (Year ended September 30, 2008)	6,736	299	323	171	1,513.82

(3) Full year of fiscal 2009

(from October 1, 2008 to September 30, 2009)

(Unit: Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Current Net Income	Interim (Current) Net Income Per Share
Previous projection (A)	21,270	490	320	155	1,366.53
Revised projection (B))	15,500	-880	-1,000	-1,070	-9,434.47
Change (B-A)	-5,770	-1,370	-1,320	-1,225	-
Change (%)	-27.1	-	-	-	-
(Reference) Previous year's results (Year ended September 30, 2008)	14,063	708	735	327	2,889.97

3. Reason for Revised Projections

Due to the dramatic decline in the global economy, the liquid crystal panel (LCD) industry experienced a fall-off in demand during the first quarter of the current fiscal year. Domestic and overseas LCD panel manufacturers, which represent the major clients of the Company Group, have engaged in significant production curtailment, as well as the cutback, postponement and cancellation of new production lines. Given these conditions, the photomask industry has experienced a downturn in demand for all photomasks (photomasks for new lines, mass production, development, etc.), and intensified price competition has resulted in a rapid decline in the business environment.

The direction of global economy during the second quarter and beyond involves a strong sense of uncertainty. Despite the planned launch of the Sharp Corporation 10th generation LCD panel plant and projected increases in new production lines among overseas panel makers, we do not have positive expectations for a balancing in supply and demand for LCD panels for the second half of fiscal 2009, and it is difficult to forecast when panel makers will regain capacity. As such, the business environment surrounding the photomask business is projected to be extremely difficult.

Accordingly, the Company has revised consolidated and non-consolidated earnings projections, expecting that net sales and profits for the cumulative second quarter and full year will underperform our original forecasts.

4. Revised Dividends

(1) Reason for Revised Projections

Dividend record date	Dividends (¥)					
	Second Quarter		End of period		For the year	
Previous projection (November 10,2008)	¥		¥		¥	
	—	—	400	00	400	00
Revised projection	—	—	00	00	00	00
Result of this FY09	—	—	—	—	—	—
Previous year's results (Year ended September 30, 2008)			800	00	800	00

(2) Reason for Revised Dividends

The Company believes that returning profits to our shareholders is one of our most important management issues. Our basic policy is to continue to pay out dividends after considering the effects of changes in operating results, sufficient retained earnings to support future business expansion, and forecasts of future business results.

However, as stated above, the Company has made a downward revision in earnings projections due to the rapid decline in the business environment, and it is not clear when the LCD panel and photomask businesses will recover. Accordingly, the Company has decided a non-dividend distribution. We apologize indeed to our shareholders about the decision the Company has taken. The Company will do its best for quick recovery of financial condition and improvement of profitability.

5. Initiatives for Return to Profitability

(1) Reduction in Director Compensation

In serious consideration of these revisions to full year earnings and dividends projections, the Company has introduced a reduction in director compensation to clearly reflect the responsibilities of management. The Company has also enacted a partial reduction in allowances for executive officers and other managers. The Company's corporate auditors volunteered to forgo a certain portion of remuneration, which we have noted below.

1. Board of Directors: Reduction of 10-20% of monthly salary
2. Corporate officers: Reduction of a part of allowance
3. Auditors: voluntarily return 5% of monthly reward

(2) Partial Halt of Kyoto Plant Production Lines (increased production efficiency)

Believing that the difficult business environment will continue for some time, the Company will stop certain production lines at the Kyoto Plant to create greater production efficiencies.

(3) Cost-Cutting Measures

- Freezing of Capex (Except Shiga Plant)
- Drastic reduction of R&D expense
- Reduction in payroll through revised employment system

*Note regarding forward-looking statements

Earnings projections are based on the information available at the time of this announcement. Actual earnings may differ from projections due to various possible factors.