



Financial Results for the 1st Half Ended March 31, 2009 SK-Electronics CO., LTD.

Summary for the 1st Half ended March 31, 2009

Trend of LCD Industry & Market

<1st Quarter> (October through December 2008)

- *Sluggish demand for LCD end-products because of downturn of global economy.
- *Panel manufacturers remarkably decrease utilization rates, and the inventory adjustment is prolonged.
- *Postponement, reduction, and cancellation of panel production facility investment in worldwide.

<2nd Quarter>(January through March 2009)

- * Recovery of utilization rates of panel manufacturers from February. (However, the future is still opaque).
- *Actual demand for the LCD TV resulted better than expectation. (China's local subsidy program for electronic products and better sales result of LCD TV in US made a big impact)

Summary for the 1st Half ended March 31, 2009

SKE GROUP TREND

*Postponement, reduction, and cancel of panel production facility investment and bad financial result and low production operation rate by panel makers caused low photomask demand especially since November 2008.

*Because of low photomask demand, competition became more severe and photomask price went down.

*Execution of cost reduction measures, such as fixed and variable costs under internal emergency declaration.

*Production of Next generation photomask at Shiga plant started from February. First shipment in March. (Depreciation of equipment at Shiga plant started from February)

*Stable sales of multi-tone photomask.

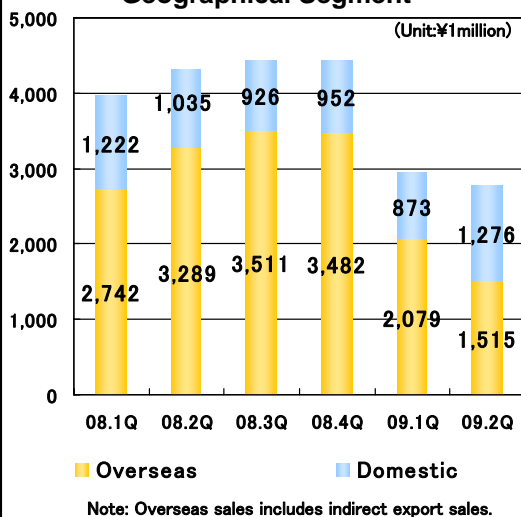
Forecast of FY09 1H Financial highlights

Unit: ¥1million

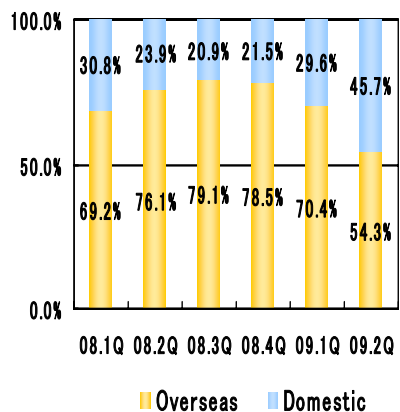
	1Q	2Q	FY09 1H		Change (%)YonY
	actual	actual	forecast	actual	
Net Sales	2,953	2,792	5,840	5,745	-1.6
Operating profit/loss	-627	-947	-1,850	-1,574	14.9
Ordinary profit/loss	-712	-983	-1,980	-1,695	14.3
Net profit/loss	-690	-1,103	-1,880	-1,793	4.6
Capex	3,220	7,648	11,300	10,868	-3.8
Depreciation	628	1,199	1,850	1,827	-1.2
R&D Expense	192	73	—	265	—

Domestic sales ratio increase by operating the Shiga factory.

Change in Photomask sales by Geographical Segment

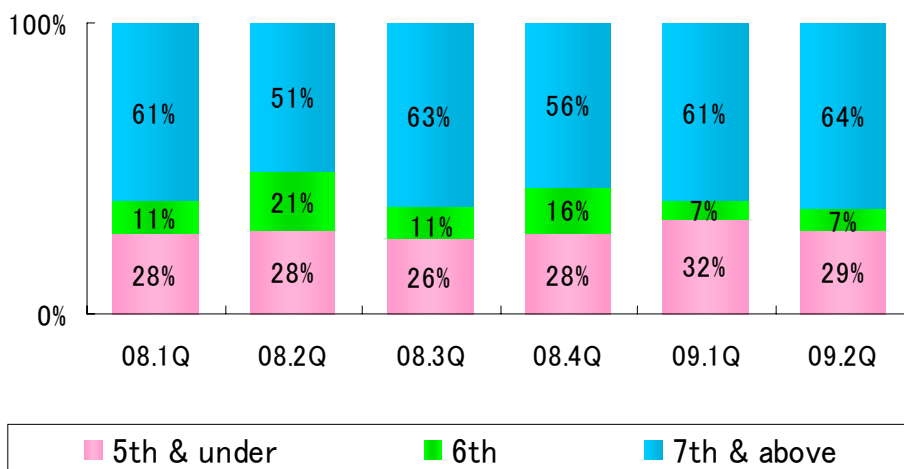


Proportion of Photomask sales by Geographical Segment

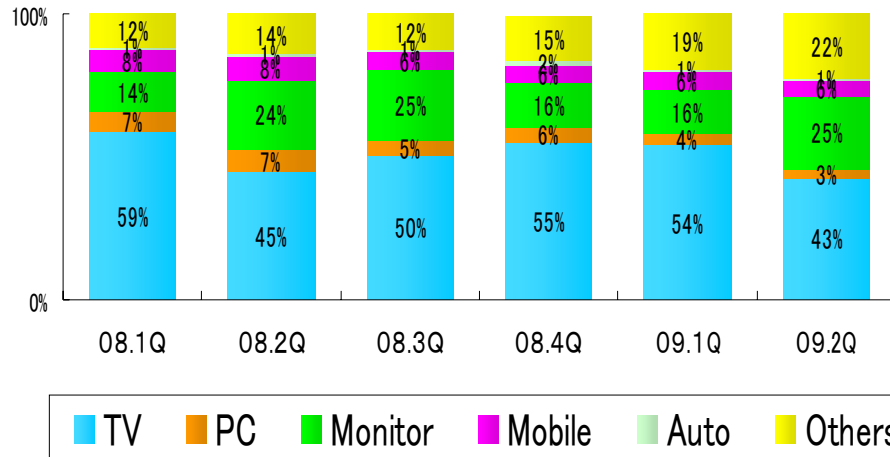


Sales ratio of bigger generation increase by operating the Shiga factory.

Change in Photomask sales by generations (QonQ)



Change in Photomask sales by applications (QonQ)



Consolidated Balance Sheet

Unit: ¥1million

Consolidated B/S	Mar.08	Sep.08	Mar.09	Difference from Sep08
(Total Asset)	25,956	25,709	31,415	5,706
Cash on hand and in banks	1,908	2,167	2,630	463
Trade notes and account receivable	4,028	3,942	3,697	-247
Inventories	2,534	2,180	2,178	-2
Other (current assets)	720	783	1,295	514
Fixed assets	15,944	15,985	20,945	4,690
Intangible fixed assets	333	316	338	22
Investments and other assets	3933	333	329	-4
(Total liabilities)	13,009	12,500	20,707	8,207
Trade notes and account payable	3,498	3,336	2,790	-546
Short-term borrowings	-	600	1,348	748
Current portion of long-term debt	7,591	6,757	11,160	4,403
Other(liability)	1,919	1,806	5,408	3,602
(Net assets total)	12,946	13,209	10,708	-2,501
Equity capital (Total of Shareholders' equity , Valuation and translation adjustments)	11,111	11,324	9,150	-2,174
Equity capital ratio(%)	42.8	44.0	29.1	- 14.9
Outstanding Interest-bearing debt	8,355	7,950	12,929	4,979

Cash Flows

Unit: ¥1million

	FY08.1H	FY09.1H
CF from operating activities	2,011	-1,428
CF from Investing activities	-2,661	-2,921
Free Cash Flows	-650	-4,350
CF from Financing activities	996	4,897
Net change in cash and cash equivalents	309	462
Cash and cash equivalents at end of period	1,908	2,630

*Cash flow for operating activities decreased due to increase of operating funds associated with start-up of Shiga plant.

*Free cash flow exceeded 4 billion yen due to payment for equipment cost of Shiga plant.

*Keep the amount of cash and cash equivalents by executing a syndicated loan, providing a funding frame for Shiga plant and its equipment.

**Results for the 1st Half Ended
March 31, 2009**

**Forecasts for the Full Year
Ending September 30, 2009**

Forecasts for the 2nd Half Ending September 30, 2009

Forecast of LCD Panel industry

*SHARP Corp. moves up the operation start from March 2009 to October 2008.

*Utilization rates of panel makers' manufacturing lines are recovered, however, it is not sure after June.

*Taiwanese panel maker started the 8.5th Generation line (20K) and will include another 20K line in this year.

*Expectation of TV demand increase by US digitization broadcasting start from June 2009.

Forecast of SKE

*Expectation of Gen10 LCD photomask from SHARP Corp. Gen8 from Korean panel maker (delay), further demand of TV from China market which will benefit Korean & Taiwan panel makers.

*Because of recent bad economy, there will be a risk of big change of photomask demand which will be influenced by LCD panel makers' profitability and utilization rates.

Forecast of FY09 Financial highlights

Unit: ¥1million

	FY08	FY09 September		
	Full year	Fy09 1H	Full year (Forecast)	Change (%) YonY
Net Sales	17,161	5,745	17,000	-0.9
Operating Income/loss	1,046	-1,574	-1,600	—
Ordinary Income/loss	886	-1,695	-1,800	—
Net Income/loss	417	-1,793	-1,540	—
Capex	775	10,868	14,400	1,758.0
Depreciation	2,665	1,827	5,400	102.6
R&D	246	—	370	50.4

Approach for profitability improvement

1. Labor cost reduction

- *Reduction of directors' salaries 10-20%⇒15-30%
- *Reduction of managers' salaries(5%) and managers' title allowance
- *Review and reduction of overtime work and improvement of shift work
- *Freeze new employment
- *Reduction of several allowances

2. Reduction of production fixed and variable costs

- Stop operation of a part of Kyoto Plant
(Production efficiency improvement)
- Freezing of Capex (Except Shiga Plant)
- Reduction of material costs
- Production efficiency improvement
(Improvement of labor efficiency by training to be a multi-skilled workers, and review of production process)

3. Expansion of Sales activity

- *Increase sales of value-added multi-tone photomask (GTM & HTM)
- *Expansion of sales to new customers

TOPICS1 Shiga Plant

First in the industry ! Next generation LCD photomask plant



Excellent Clean room environment



Accessibility

From Shiga Plant...

- 120 min, to Kansai International Airport by car.
- 120 min, to Central Japan International Airport Centralr by car.
- 60 min, to SKE Kyoto Plant by car.



TOPICS1 Shiga plant

First Gen.10 photomask was shipped in March 2009



▲ Micronic laser systems' next generation mask writer (Prexcion 10)

Summary of Shiga plant

- Location: Shiga
- Area : 42,907.35 m²
- Building area: 8,540.24 m²
- Main equipments: 2 mask writers, Inspection machines, etc...

TOPICS 2 FPD Market

Economy is still instable, however,
next investment plan is ongoing

