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Announcement concerning Revision of Earnings Projections

SK-Electronics Co., Ltd. (“SK-Electronics”) has announced the following earnings projections for the cumulative second quarter (October 1, 2009 to March 31, 2010) and full year for the fiscal year ending September 2010 (October 1, 2009 to September 30, 2010), revising the earnings projections originally announced on November 9, 2009 at the time we reported our financial results for the fiscal year ended September 2009.

Details

1. Revised Consolidated Earnings Projections

(1) Cumulative Consolidated Second Quarter (October 1, 2009 to March 31, 2010)

(Units: Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Projection (A)	12,850	550	450	500
Revised Projection (B)	10,300	150	100	200
Change (B-A)	-2,550	-400	-350	-300
(Reference)	-19.8	-72.7	-77.8	-60.0
(Reference) Prior Cumulative Consolidated Second Quarter	5,745	-1,574	-1,695	-1,793

(2) Full-Year (October 1, 2009 to September 30, 2010)

(Units: Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Projection (A)	24,400	350	150	150
Revised Projection (B)	21,000	250	150	150
Change (B-A)	-3,400	-100	0	0
Change (%)	-13.9	-28.6	0	0
(Reference) Prior Year (FYE September 2009) Results	18,682	-675	-872	-2,011

2. Revised Non-Consolidated Earnings Projections

(1) Second Cumulative Quarter (October 1, 2009 to March 31, 2010)

(Units: Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Projection (A)	11,750	500	400	450
Revised Projection (B)	9,500	280	250	350
Change (B-A)	-2,250	-220	-150	-100
Change (%)	-19.1	-44.0	-37.5	-22.2

(2) Full-Year (October 1, 2009 to September 30, 2010)

(Units: Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Projection (A)	22,300	300	100	100
Revised Projection (B)	19,200	250	200	250
Change (B-A)	-3,100	-50	100	150
Change (%)	-13.9	-16.7	100.0	150.0
(Reference) Prior Year (FYE September 2009) Result	17,254	-451	-493	-1,765

3. Reasons for Revisions to Projections

The SK-Electronics Group experienced a significant decrease in large-format photomask orders after the second quarter, since the demand for photomasks related to new 10th-generation lines reached a first saturation point in December of last year, and the impact of year-end adjustments by our major customers also drove sales down.

Traditionally, this time of the year is a panel production adjustment period. Panel manufacturers reduce operating rates, which generally results in higher demand for development photomasks. This year, however, panel manufacturers have continued to operate at nearly full production capacity, resulting in a greater-than-expected decline in demand for 8th-generation and earlier photomasks.

The devaluation of the Won and aggressive moves by our competitors in Korea have led to a decline in our share of the market for 8th-generation and earlier photomasks. The March 4 magnitude 6.4 earthquake in Kaohsiung City, Taiwan caused problems with some production equipment at our Finex Co., Ltd. consolidated subsidiary located in Tainan. At present, the subsidiary is working to return operations to normal levels. Due to these circumstances, we do not expect sales to reach our original plan. Therefore, the Company made the revisions to earnings projections described above.

While our revisions to projected net sales will also mean lowered profit expectations, we are continuing to engage in cost-cutting measures. The Company expects these measures to moderate the decline in profitability in comparison to the expected decline in net sales.

Net sales for the full year is expected to underperform our initial plan, given the lack of certainty about the supply and demand environment for photomasks in the LCD panel industry. We do, however, see a certain demand for new model development for 10th-generation photomasks beginning in the third quarter. We will be fighting to regain market share in 8th-generation and earlier photomasks, as well as working to expand sales to new customers.

We will continue in our efforts to cut costs while maintaining high yield rates. We have also decided to review certain budgeted research and development costs and capital investment. Progress in these areas has led us to make a small upward revision in expected profits, despite lower net sales.

A year-end dividend of 800 yen will remain as previously announced.

*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.