

FYE September 2012 Financial Report [Japan GAAP] (Consolidated)

November 12, 2012

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Scheduled Date for Annual Shareholders' Meeting		Scheduled Date for Submitting Annual Security Report	December 21, 2012		
Scheduled Date for Commencement of Dividend Payments			December 21, 2012		
Preparation of Summary Supplementary Explanatory Materials:	Yes	Earnings Presentations:	Yes (for institutional investors and analysts)		

(Rounded down to the nearest ¥ million)

1. Consolidated Results of Operations for FYE 9/2012 (October 1, 2011 through September 30, 2012)

(1) Consolidated Results of Operations

(% indicates increase/decrease vs. prior year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FYE 9/2012	10,984	-29.7	-2,350	—	-2,414	—	-2,307	—
FYE 9/2011	15,616	-22.5	457	63.9	498	166.1	517	86.4

(Note) Comprehensive Income FYE 9/30/2012 -2,483 million yen (-%)
 FYE 9/30/2011 362 million yen (286.2%)

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Ordinary Income to Total Assets Ratio	Operating Income to Net Sales Ratio
	Yen	Yen	%	%	%
FYE 9/2012	-20,352.64	—	-28.5	-12.8	-21.4
FYE 9/2011	4,563.02	—	5.6	2.1	2.9

(Reference) Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Affiliates FYE 9/30/2012 — million yen
 FYE 9/30/2011 — million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ millions	¥ millions	%	Yen
FYE 9/2012	16,516	7,757	41.3	60,227.60
FYE 9/2011	21,180	10,641	44.3	82,813.95

(Reference) Owned Capital FYE 9/30/2012 6,828 million yen
 FYE 9/30/2011 9,388 million yen

(3) Consolidated Cash Flow

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
	¥ millions	¥ millions	¥ millions	¥ millions
FYE 9/2012	4,212	-1,434	-2,323	3,056
FYE 9/2011	3,256	-223	-3,311	2,551

2. Dividends

	Dividend per Share					Total Cash Dividends (FY)	Dividend Payout Ratio (Consolidated)	Dividends on Equity (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Fiscal Year End	Full Year			
	Yen	Yen	Yen	Yen	Yen	¥ millions	%	%
FYE 9/2011	—	0.00	—	1,300.00	1,300.00	147	28.5	1.6
FYE 9/2012	—	0.00	—	0.00	0.00	—	—	—
FYE 9/2013 (Projected)	—	—	—	—	—		—	

(Note) The projected dividend is undetermined at this time.

3. Projected Consolidated Results of Operations for FYE 9/2013 (October 1, 2012 through September 30, 2013)

The demand for 10th generation photomasks, which account for a significant share of the net sales of the SK-Electronics Group, are subject to numerous uncertainty factors, and it is difficult to calculate projected consolidated operating results at the beginning of the period. Consequently the Company releases its interim projected consolidated results of operations when it announces its Summary Report of Financial Statements for the First Quarter (October 1 to December 31) (in early February of the following year), and releases its full year projected consolidated results of operations when it announces its Summary Report of Financial Statements for the Third Quarter (April 1 to June 30) (in early August).

* Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries due to changes in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatements

<1> Changes in accounting policies in conjunction with revisions of accounting standards etc.:	None
<2> Changes in accounting policies other than those in <1>:	None
<3> Changes in accounting estimates:	None
<4> Retrospective restatements:	None

(3) Number of shares issued and outstanding (common stock)

<1> Number of shares issued and outstanding at end of period (including treasury stock)	
FYE 9/2012	113,684 shares
FYE 9/2011	113,684 shares
<2> Number of shares of treasury stock at end of period	
FYE 9/2012	312 shares
FYE 9/2011	312 shares
<3> Average number of shares during the period	
FYE 9/2012	113,372 shares
FYE 9/2011	113,372 shares

* Disclosure concerning implementation of auditing procedures

This financial report is exempt from audit procedures based on the Financial Instruments and Exchange Act. As of the time of disclosure of this financial report, the Company has not completed the audit procedures for financial statements based on the Financial Instruments and Exchange Act.

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

The forward-looking statements, including the operating results forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. Please see Page 2 "Outlook for the Next Period" concerning the assumptions used as the basis for the projected operating results and matters to note before using the projected operating results.

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1. Operating Results

(1) Analysis of Operating Results

<1> Overview of the current period

During the consolidated fiscal year under review, the global economic slowdown intensified. Key factors included the increasingly severe debt uncertainty affecting countries in Europe, and flagging growth in Asia's newly developing countries in particular, which had been expanding steadily.

Japan's economy overall continued to recover gradually. The future economic outlook remained clouded, however, as the overseas economy decelerated and the yen continued to appreciate.

In the flat panel display industry, the market for small and medium-sized panels grew more vigorous. The U.S. computer maker Apple Inc. launched successive new models of the iPhone and iPad, and demand also rose for smartphones and tablet terminals equipped with Android OS, such as the Galaxy from Korea's Samsung Electronics Co., Ltd. The large-panel market, however, lagged significantly because of the global slump in television sales, and the earnings of many panel and television manufacturers came under severe pressure. Companies responded with a range of proactive measures such as cross-border capital tie-ups, structural reforms including reorganization, and management team shakeups, and are accelerating the reorganization of the industry, with the aim of boosting earnings. Moreover, television manufacturers grew extremely cautious in panel procurement because of opaque final demand, and panel manufacturers' capacity utilization rates maintained their gradual rise.

Under such conditions, the consolidated operating results of the SK-Electronics Group for the consolidated fiscal year under review were significantly lower in terms of both net sales and earnings compared with one year earlier. In 8th generation and earlier photomasks, the demand for small and medium-sized photomasks for smartphones and tablet PCs held steady, but demand for photomasks for large LCD panels used mainly for televisions remained slack. In addition, in 10th generation photomasks, which account for a large share of SK-Electronics' net sales, the development demand that was delayed significantly in the first and second quarters recovered somewhat in the third quarter. Although demand for a corresponding number of panels in the fourth quarter was projected, demand was postponed because of customers' circumstances and fell below SK-Electronics' planning assumption.

As a result, for the consolidated fiscal year under review net sales and earnings were substantially lower. The SK-Electronics Group reported net sales of ¥10,984 million (29.7% year-on-year decrease), an operating loss of ¥2,350 million (compared with operating income of ¥457 million in the prior consolidated fiscal year) and an ordinary loss of ¥2,414 million (compared with ordinary income of ¥498 million in the prior consolidated fiscal year). The net loss was ¥2,307 million (compared with net income of ¥517 million in the prior consolidated fiscal year).

<2> Outlook for the Next Period

In the outlook for the next period, panel manufacturers plan to start and expand new lines for such as 5th /6th generation LTPS and organic EL displays. For the large LCD panel generation, however, demand will be limited to China, and in other regions only slight renewal investment and capacity expansion is

anticipated.

With regard to large-format photomask demand, the continued demand for small and medium-sized photomasks for smartphones and tablet PCs is expected to generate steady growth for 8th generation and earlier photomasks. Demand for photomasks for large LCD panels as well is projected to be driven by a recovery in development demand, which had been weak. Moreover, despite the uncertainty affecting 10th generation photomasks, which account for a large share of SK-Electronics' net sales, demand is expected to recover to some extent.

Given such circumstances, as the SK-Electronics Group we will establish several internal projects that will enable us to address customers' needs, beginning with support for high-value-added masks. We also will work to differentiate ourselves from competitors by undertaking R&D expenditures and capital investment with a focus on new businesses and the high-value-added segments in existing businesses.

The demand for 10th generation photomasks, which account for a significant share of the net sales of the SK-Electronics Group, are subject to numerous uncertainty factors, and it is difficult to calculate projected consolidated operating results at the beginning of the period. Consequently, the Company releases its interim projected consolidated results of operations when it announces its Summary Report of Financial Statements for the First Quarter (October 1 to December 31) (in early February of the following year), and releases its full year projected consolidated results of operations when it announces its Summary Report of Financial Statements for the Third Quarter (April 1 to June 30) (in early August).

(2) Analysis of Financial Position

<1> Assets, Liabilities and Net Assets

Total assets at the end of the consolidated fiscal year under review decreased by ¥4,664 million compared with the end of the prior consolidated fiscal year to ¥16,516 million. This decrease was mainly due to depreciation related to machinery, equipment and vehicles and decreases in notes and accounts receivable-trade and inventory assets.

Total liabilities decreased ¥1,780 million compared to the end of the prior consolidated fiscal year to ¥8,759 million. This decrease was mainly due to a decrease in long-term loans payable (including the current portion of long-term loans payable).

Total net assets decreased by ¥2,883 million compared to the end of the prior consolidated fiscal year, falling to ¥7,757 million. This decrease was mainly due to a decrease in retained earnings and a decrease in minority interests.

<2> Cash Flows

Cash and cash equivalents ("cash") at the end of the consolidated fiscal year under review increased by ¥504 million compared to the end of the prior consolidated fiscal year, to ¥3,056 million.

(Cash Flows from Operating Activities)

Cash flows from operating activities during the consolidated fiscal year under review amounted to

¥4,212 million. This was ¥955 million greater than in the prior consolidated fiscal year. This was mainly due to a loss before taxes and minority interests of ¥2,314 million, depreciation and amortization expense of ¥2,302 million, a decrease in notes and accounts receivable-trade of ¥2,757 million, a decrease in inventory of ¥540 million and an increase in notes and accounts payable-trade of ¥549 million.

(Cash Flows from Investing Activities)

Cash flows used in investing activities during the consolidated fiscal year under review totaled ¥1,434 million, a decrease of ¥1,211 million compared with the prior consolidated fiscal year. This mainly reflected ¥508 million of funds used for the purchase of tangible fixed assets, ¥164 million of funds used for the purchase of intangible assets, ¥584 million of funds used for the acquisition of subsidiary stock, ¥620 million used for repayments of loans and ¥446 million provided by the collection of loans receivable.

(Cash Flows from Financing Activities)

Cash used in financing activities during the consolidated fiscal year under review amounted to ¥2,323 million, a decrease of ¥988 million compared with the prior consolidated fiscal year. This was mainly due to a net increase in long-term loans payable of ¥1,500 million and repayments of long-term loans payable in the amount of ¥3,603 million, and ¥147 million used for cash dividends paid.

(Reference) Cash Flows Indicator Trends

	FYE 9/2008	FYE 9/2009	FYE 9/2010	FYE 9/2011	FYE 9/2012
Equity ratio (%)	44.4	27.5	35.8	44.3	41.3
Market value equity ratio (%)	16.3	14.1	17.3	17.2	11.9
Market value equity ratio cash flow (%)	1.7	9.8	1.5	2.2	1.2
Interest coverage ratio (times)	33.6	9.2	48.2	40.0	69.8

* Equity ratio: Owned capital/Total assets

Market value equity ratio: Market capitalization/Total assets

Interest-bearing liabilities to cash flow: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest payments

(Notes) 1. The above indicators have been calculated using consolidated financial figures.

2. Market capitalization is calculated by multiplying the closing share price at year end by total shares issued and outstanding at year end (excluding treasury stock.)
3. Cash flows used are Cash Flows from Operating Activities.
4. Interest-bearing liabilities are all consolidated liabilities from the balance sheet for which interest is being paid.
5. Interest payments are the amount of interest paid from the Statement of Cash Flows.

(3) Basic Policy regarding Profit Distribution and Dividends for the Consolidated Fiscal Year under Review and Subsequent Period

The SK-Electronics Group believes that sharing Group profits with our shareholders is one of our most important management concerns, and our basic policy is to implement consistent profit distributions to our shareholders, in proper consideration of changes in the operating results of the Group. We will declare dividends in light of the availability of internal funds required for investment in equipment and research and development to expand our business, our projections of future operating results and other considerations.

Given the precipitous decline in the business environment and a net loss recorded by the Group for the consolidated fiscal year under review, Group management has made the decision to suspend year-end dividend payments for this fiscal year. In addition, the dividend the Company might declare for the next period is undetermined at this time.

This result represents a serious concern for all our shareholders, and as we strive to improve the operating results of all of our companies, we look forward to receiving your continued support for the SK-Electronics Group.

(4) Important events etc. pertaining to the going concern assumption

In addition to reporting a significant operating loss, ordinary loss and net loss for the current consolidated fiscal year, SK-Electronics also violated the restrictive financial covenants of its syndicated loan agreement, placing the Company in circumstances that produced serious doubts regarding the going concern assumption.

As the result of consultations with its financial institutions to eliminate this event and circumstances, the Company has obtained consent from all its financial institutions that they will not deem the violation of the restrictive financial covenants to be an event of default.

As future measures to address this situation we will seek to (1) obtain consent from our financial institutions to their ongoing support and cooperation and (2) achieve a recovery in the level of sales and restore profitability through business structural reforms, based on the “Medium-Term Management Improvement Plan” prepared by the SK-Electronics Group. The specific measures to (2) achieve a recovery in the level of sales and restore profitability are described below.

< Specific measures to restore the level of net sales and profitability >

1. Realize customers' needs promptly and achieve differentiation with competitors based on establishment of a new Technology Sales Department.
2. Pursue development and growth in sales of new high-value-added masks to follow-up the Company's multi-tone photomasks.
3. Initiate a Low-Priced Materials Project and pursue reductions to cost of goods manufactured based on a full-fledged review of specifications and production processes and the development of low-price materials.
4. Take maximum advantage of the Company's dominant position as the sole supplier and manufacturer of 10th generation photomasks.

Our financial institutions have judged that by undertaking these measures, we will be able to achieve a recovery in the level of our net sales and profitability.

Based on the above, they have decided they will not recognize a critical uncertainty concerning the assumption of the SK-Electronics Group as a going concern.

2. Management Policies

(1) Basic Company Management Policies

The guiding management policy of the Company is “Creation and Harmony.” Our goal is to be a Company that pursues harmony among business, society, nature and people and contributes to an abundant society, both physically and spiritually, through the creation of beneficial products that meet society’s needs.

Our Company aims to build a management structure capable of realizing continued growth and earnings by effectively utilizing internal and external management resources and responding quickly and appropriately to environmental changes in the rapidly growing electronics industry. At the same time, we also wish to contribute to society as a socially valuable technology company that plays a significant role in the fine technology-based electronics industry.

(2) Management Indicators Established as Objectives

Based on the concept of how to boost earnings in a maturing market, the SK-Electronics Group has positioned Ordinary Income to Net Sales Ratio as one management indicator for ensuring net sales and ascertaining improvements in its profit margin. In addition we have selected the R&D Cost to Net Sales Ratio as a management indicator to serve as our benchmark for monitoring whether we are undertaking the technology developments necessary to achieve the Company’s ongoing growth.

(3) Medium to Long-term Corporate Management Strategy and Issues to be addressed by the Company

The environment surrounding the Company Group’s comprehensive large-format photomask business is extremely difficult at present. As their earnings have deteriorated in the wake of a global slump in television sales, liquid crystal panel manufacturers are demanding continued price cuts in photomask unit prices, and price competition with rival firms continues to intensify.

Given this environment, the SK-Electronics Group has launched three projects to utilize to the fullest extent possible the technologies, knowledge and experience it has cultivated through its history, and we are focusing on steps to differentiate the SK-Electronics Group from competitors in the industry. The entire Group is united in working to “restore the level of net sales” and achieve “further progress on business structural reforms to return to profitability.”

<1> Early Commercialization of New Business Segment Projects

A certain amount of demand is projected in the comprehensive large-format photomask market as the result of investment in the new lines for the low-temperature polysilicon liquid crystals and organic EL displays and investments in new lines for the China market. Nevertheless, the growth potential for the market as a whole is expected to weaken gradually. For the Company Group to achieve continuing growth under such an environment, creating business segments that will become new pillars of revenues and earnings in as early a time frame as possible will be indispensable. Therefore the SK-Electronics Group will strive to accelerate commercialization of “Thick Resist Master Mold” on which it currently is working, and seek to turn the other projects it is presently pursuing into the pillars of new businesses.

<2> Restore the level of net sales

The market for comprehensive large-format photomasks has entered a mature stage, in which new

capital investment also will be limited. We believe that “promptly” and “accurately” identifying customers’ needs and “rapidly” addressing those recognized needs, and achieving further differentiation with other companies, will be crucial for restoring the level of our net sales in such a market. For this purpose we have established a new Technology Sales Department within our Sales and Marketing Division. By assigning our top engineers from the Technology Division to the department, we will broaden the information pipeline between our customers and plants and create a mechanism to convey information from customers straight to our plants. At the same time, we will focus on activities to expand sales through closer ties between manufacturing and sales.

We also will propose new, value-added photomasks to support the development of new technologies such as high-definition and energy-savings, which future LCD panels will require.

For the China market, the only market that will expand in the future, we will launch a China Strategy Project comprised of members from our facilities in Japan, Taiwan, and China. The project team will work to build mutual trust with customers, and strive to ensure sales by actively being involved in aspects related to LCD panel design.

Finally, as the world’s sole supplier-manufacturer of 10th generation photomasks, we will leverage our dominant position and work to raise the level of overall net sales as the development of even larger flat-panel displays including digital signage (electronic signboards) accelerates.

<3> Further progress on business structural reforms to return to profitability

As LCD panel manufacturers have made continuous requests for lower photomask unit prices, and price competition with the other firms in the industry has intensified, the SK-Electronics Group has made a thorough effort across all operating levels to boost efficiency and lower costs. Given the recent deterioration in earnings, however, we will initiate further cost reductions beginning with pay cuts, from directors and executives down to employees, according to each individual’s responsibilities. In the past we pursued materials cost reductions through measures such as review of our supply chain, particularly our Purchasing Division. Additionally we have established a Low-Priced Materials Strategy Project comprised of individuals from manufacturing, sales and management, which will conduct a full-fledged review of specifications and promote concomitant improvements to our production processes. We also will seek tie-ups with our leading materials manufacturers, seek effective use of recycled materials (recycling and use of photomasks that have not been used by customers) and develop new low-priced materials.

At the same time we will work to ensure earnings by launching a High-Value-Added Mask Strategy Project and pursuing the development and expansion of sales of new high-value-added masks to follow up our half-tone and gray-tone masks.

Finally, we will seek to improve profit margins while also contemplating plant reorganizations that enable us to organically utilize our three plants (Kyoto, Shiga, Taiwan) and further demonstrate each plant’s characteristics.

3.Consolidated Financial Statements
(1)【Consolidated Balance Sheets】

(¥thousands)

	Prior Consolidated Fiscal Year (FYE 9/2011)	Current Consolidated Fiscal Year (FYE 9/2012)
Assets		
Current assets		
Cash and deposits	2,551,303	3,056,137
Notes and accounts receivable-trade	5,586,549	2,921,065
Merchandise and finished goods	5,612	15,216
Work in process	152,714	73,659
Raw materials and supplies	1,600,599	1,144,606
Other	839,730	309,935
Allowance for doubtful accounts	-9,557	-182
Total current assets	<u>10,726,953</u>	<u>7,520,439</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	4,148,715	3,830,466
Machinery, equipment and vehicles, net	4,208,213	2,837,106
Land	1,607,750	1,607,750
Other, net	127,057	103,908
Total property, plant and equipment	<u>10,091,738</u>	<u>8,379,233</u>
Intangible assets		
Goodwill	-	34,945
Software	137,326	212,281
Total intangible assets	<u>137,326</u>	<u>247,227</u>
Investments and other assets		
Investment securities	156,512	145,516
Long-term loans receivable	-	150,000
Other	68,417	74,434
Allowance for doubtful accounts	-	-100
Total investments and other assets	<u>224,929</u>	<u>369,851</u>
Total noncurrent assets	<u>10,453,994</u>	<u>8,996,312</u>
Total assets	<u>21,180,947</u>	<u>16,516,752</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,823,289	3,417,717
Current portion of long-term loans payable	3,596,333	2,737,500
Income taxes payable	25,058	16,000
Provision for directors' bonuses	30,000	-
Other	666,283	503,145
Total current liabilities	<u>7,140,964</u>	<u>6,674,362</u>
Noncurrent liabilities		
Long-term loans payable	3,237,500	2,000,000
Deferred tax liabilities	302	2,339
Other	161,122	82,333
Total noncurrent liabilities	<u>3,398,925</u>	<u>2,084,673</u>
Total liabilities	<u>10,539,889</u>	<u>8,759,035</u>
Net assets		
Shareholders' equity		
Capital stock	4,109,722	4,109,722
Capital surplus	4,335,413	4,335,413
Retained earnings	1,671,535	-783,267
Treasury stock	-48,338	-48,338
Total shareholders' equity	<u>10,068,333</u>	<u>7,613,530</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,235	43,055
Foreign currency translation adjustment	-732,785	-828,463
Total accumulated other comprehensive income	<u>-679,549</u>	<u>-785,407</u>
Minority interests	1,252,273	929,592
Total net assets	<u>10,641,057</u>	<u>7,757,716</u>
Total liabilities and net assets	<u>21,180,947</u>	<u>16,516,752</u>

(2) Consolidated Statement of Income
and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Unit: ¥thousands)

	Prior Consolidated Fiscal Year (From October 1, 2010 To September 30, 2011)	Current Consolidated Fiscal Year (From October 1, 2011 To September 30, 2012)
Net sales	15,616,587	10,984,399
Cost of sales	13,253,860	10,974,782
Gross profit	2,362,726	9,616
Selling, general and administrative expenses	1,904,941	2,360,136
Operating income (loss)	457,785	-2,350,520
Non-operating income		
Interest income	3,877	8,242
Real estate rent	29,192	29,338
Commission fee	26,275	-
Foreign exchange gains	101,841	-
Gain on bad debts recovered	-	9,134
Other	13,679	12,260
Total non-operating income	174,866	58,974
Non-operating expenses		
Interest expenses	81,359	59,674
Rent cost of real estate	17,792	16,459
Lease expenses	22,586	-
Foreign exchange losses	-	20,687
Other	12,904	25,739
Total non-operating expenses	134,641	122,561
Ordinary income (loss)	498,009	-2,414,106
Extraordinary income		
Subsidy	100,000	100,000
Gain on sales of investment securities	6,070	2,999
Reversal of allowance for doubtful accounts	2,600	-
Other	2,155	-
Total extraordinary income	110,825	102,999
Extraordinary loss		
Loss on retirement of noncurrent assets	12,467	275
Loss on valuation of investment securities	269	2,853
Loss on disaster	14,214	-
Other	1,480	-
Total extraordinary losses	28,431	3,128
Income (loss) before income taxes and minority interests	580,403	-2,314,235
Income taxes-current	43,898	35,114
Refund of income taxes	-16,546	-
Total income taxes	27,351	35,114
Income (loss) before minority interests	553,051	-2,349,349
Minority interests in income (loss)	35,733	-41,930
Net income (loss)	517,318	-2,307,419

Consolidated Statement of Comprehensive Income

(Unit:¥thousands)

	Prior Consolidated Fiscal Year (From October 1, 2010 To September 30, 2011)	Current Consolidated Fiscal Year (From October 1, 2011 To September 30, 2012)
Income (loss) before minority interests	553,051	-2,349,349
Other comprehensive income		
Valuation difference on available-for-sale securities	2,992	-10,179
Foreign currency translation adjustment	-193,116	-123,790
Total other comprehensive income	-190,124	-133,970
Comprehensive income	362,927	-2,483,319
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	407,914	-2,413,276
Comprehensive income attributable to minority interests	-44,986	-70,043

(3) Consolidated Statements of Changes in Stockholders' Equity

(Unit: ¥ thousands)

	Prior Consolidated Fiscal Year (From October 1, 2010 To September 30, 2011)	Current Consolidated Fiscal Year (From October 1, 2011 To September 30, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	4,109,722	4,109,722
Balance at the end of current period	4,109,722	4,109,722
Capital surplus		
Balance at the beginning of current period	4,335,413	4,335,413
Balance at the end of current period	4,335,413	4,335,413
Retained earnings		
Balance at the beginning of current period	1,267,588	1,671,535
Changes of items during the period		
Dividends from surplus	-113,372	-147,383
Net income (loss)	517,318	-2,307,419
Total changes of items during the period	403,946	-2,454,802
Balance at the end of current period	1,671,535	-783,267
Treasury stock		
Balance at the beginning of current period	-48,338	-48,338
Balance at the end of current period	-48,338	-48,338
Total shareholders' equity		
Balance at the beginning of current period	9,664,386	10,068,333
Changes of items during the period		
Dividends from surplus	-113,372	-147,383
Net income (loss)	517,318	-2,307,419
Total changes of items during the period	403,946	-2,454,802
Balance at the end of current period	10,068,333	7,613,530
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	50,242	53,235
Changes of items during the period		
Net changes of items other than shareholders' equity	2,992	-10,179
Total changes of items during the period	2,992	-10,179
Balance at the end of current period	53,235	43,055
Foreign currency translation adjustment		
Balance at the beginning of current period	-620,387	-732,785
Changes of items during the period		
Net changes of items other than shareholders' equity	-112,397	-95,677
Total changes of items during the period	-112,397	-95,677
Balance at the end of current period	-732,785	-828,463
Total accumulated other comprehensive income		
Balance at the beginning of current period	-570,145	-679,549
Changes of items during the period		
Net changes of items other than shareholders' equity	-109,404	-105,857
Total changes of items during the period	-109,404	-105,857
Balance at the end of current period	-679,549	-785,407
Minority interests		
Balance at the beginning of current period	1,315,176	1,252,273
Changes of items during the period		
Net changes of items other than shareholders' equity	-62,902	-322,680
Total changes of items during the period	-62,902	-322,680
Balance at the end of current period	1,252,273	929,592
Total net assets		
Balance at the beginning of current period	10,409,417	10,641,057
Changes of items during the period		
Dividends from surplus	-13,372	-147,383
Net income (loss)	517,318	-2,307,419
Net changes of items other than shareholders' equity	-172,307	-428,538
Total changes of items during the period	231,639	-2,883,340
Balance at the end of current period	10,641,057	7,757,716

(4) Consolidated Statement of Cash Flows

(Unit: ¥ thousands)

	Prior Consolidated Fiscal Year (from October 1, 2010 To September 30, 2011)	Current Consolidated Fiscal Year (from October 1, 2011 To September 30, 2012)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	580,403	-2,314,235
Depreciation and amortization	3,343,955	2,302,684
Amortization of goodwill	-	8,736
Increase (decrease) in allowance for doubtful accounts	-26,074	-9,274
Increase (decrease) in provision for directors' bonuses	-	-30,000
Interest and dividends income	-5,798	-10,630
Interest expenses	81,359	59,674
Loss on retirement of noncurrent assets	12,467	275
Loss (gain) on valuation of investment securities	269	2,853
Loss (gain) on sales of investment securities	-6070	-2,999
Decrease (increase) in notes and accounts receivable-trade	1,208,706	2,757,484
Decrease (increase) in inventories	-314,538	540,317
Increase (decrease) in notes and accounts payable-trade	-1,088,224	549,695
Increase (decrease) in accounts payable-other	-261,309	-50,673
Other, net	-164,479	467,864
Subtotal	<u>3,360,665</u>	<u>4,271,771</u>
Interest and dividends income received	5,674	10,533
Interest expenses paid	-81,488	-60,375
Income taxes paid	-45,365	-9,908
Income taxes refund	16,546	-
Net cash provided by (used in) operating activities	<u>3,256,032</u>	<u>4,212,022</u>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-206,496	-508,954
Purchase of intangible assets	-12,926	-164,170
Purchase of investment securities	-49,868	-
Proceeds from sales of investment securities	17,290	3,000
Purchase of investments in subsidiaries	-	-584,436
Payments of loans receivable	-	-620,000
Collection of loans receivable	84	446,000
Proceeds from collection of lease and guarantee deposits	28,854	-5,627
Net cash provided by (used in) investing activities	<u>-223,061</u>	<u>-1,434,189</u>
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	1,000,000	1,500,000
Repayment of long-term loans payable	-4,137,551	-3,603,329
Payments for installment payables-property and equipment	-43,093	-72,396
Cash dividends paid	-113,372	-147,383
Cash dividends paid to minority shareholders	-17,916	-
Net cash provided by (used in) financing activities	<u>-3,311,933</u>	<u>-2,323,109</u>
Effect of exchange rate change on cash and cash equivalents	-57,948	50,110
Net increase (decrease) in cash and cash equivalents	<u>-336,910</u>	<u>504,834</u>
Cash and cash equivalents at beginning of period	2,838,214	2,551,303
Increase in cash and cash equivalents from newly consolidated subsidiary	50,000	-
Cash and cash equivalents at end of period	<u>2,551,303</u>	<u>3,056,137</u>

(5) Notes to the Consolidated Financial Statements
(Segment Information)

The SK-Electronics Group is engaged in the singular business of the design, production, and sale of photomasks. The Company does not provide segment information-related details because it does not have significant underlying business segments and forms a single reportable segment.

(Per Share Information)

	Prior consolidated fiscal year (From October 1, 2010 to September 30, 2011)	Current consolidated fiscal year (From October 1, 2011 to September 30, 2012)
Net assets per share	¥82,813.95	¥60,227.60
Net income (loss) per share	¥4,563.02	¥(20,352.64)

Notes 1. Net income per share of common stock on a fully diluted basis for the consolidated fiscal year under review is omitted because the Company had a net loss per share of common stock and the Company does not have any potential shares. Net income per share of common stock on a fully diluted basis for the prior consolidated accounting fiscal year is omitted because the Company does not have any potential shares.

2. The basis for calculation of the net assets per share of common stock is shown below.

	Prior consolidated fiscal year (As of September 30, 2011)	Current consolidated fiscal year (As of September 30, 2012)
Amount reported in net assets (¥ thousands)	10,641,057	7,757,716
Amount deducted from net assets (¥ thousands)		
(Minority interests)	(1,252,273)	(929,592)
Net assets at end of period pertaining to common stock (¥ thousands)	9,388,783	6,828,123
Number of shares of common stock at end of period used to calculate net assets per share (shares)	113,372	113,372

3. The basis for calculation of net income (loss) per share is shown below.

	Prior consolidated fiscal year (From October 1, 2010 to September 30, 2011)	Current consolidated fiscal year (From October 1, 2011 to September 30, 2012)
Net income (loss) per share of common stock		
Net income (loss) (¥ thousands)	517,318	(2,307,419)
Amount not attributed to common stock shareholders (¥ thousands)	—	—
Fiscal year net income (loss) pertaining to common stock (¥ thousands)	517,318	(2,307,419)
Average number of shares of common stock outstanding during the period	113,372	113,372

(Material Events after the Close of the Consolidated Fiscal Year)

The Company had no material items to report.

4. Other Information

(1) Personnel Changes

①Board of Directors (effective from the end of December, 2012)

1) Candidate for new board members:

Mr. Seishi Yabuuchi

2) Retirement board member:

Mr. Kazuomi Furuta

②Auditor(effective from the end of December, 2012)

1) Candidate of new auditor:

Mr. Kazuomi Furuta

2) Retirement auditor:

Mr. Seishi Yabuuchi