

FY10 1st Quarter Financial Result SK-Electronics Co., LTD.

February 8, 2010

SK-Electronics Co.,LTD.

FY10 1st Quarter Review

(From Oct. to Dec. 09)

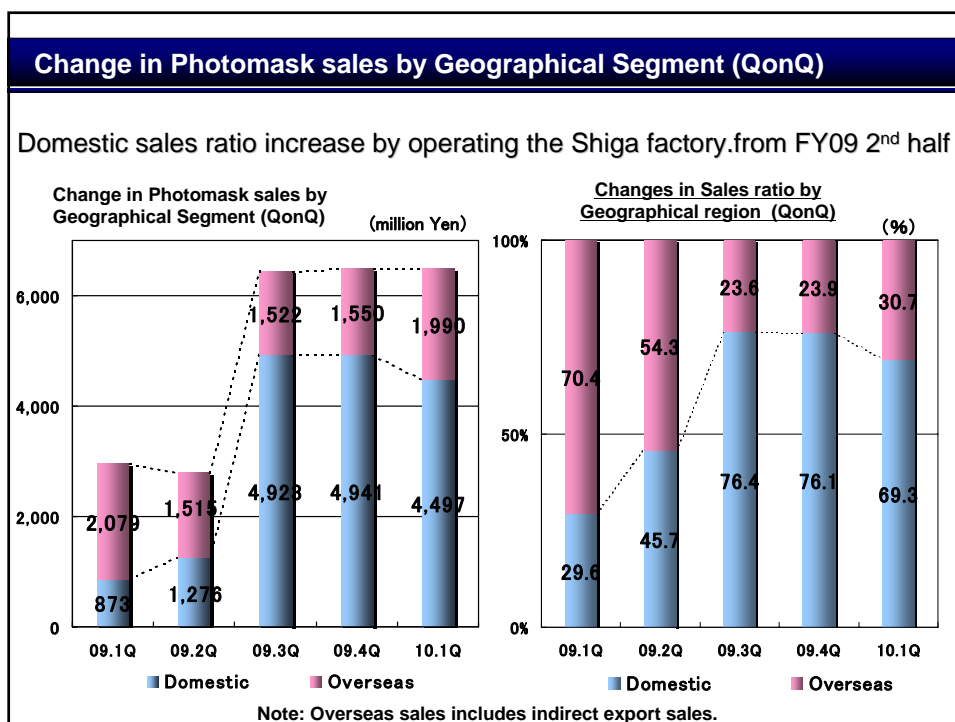
LCD Panel Market Review

- * Major panel makers announced G8 investment in China.
- * CMO will start delayed G8 line from the beginning of 2010.
- * Release Windows7 by Microsoft, many panel makers started to introduce LCD TV using LED backlight, etc...
 - Panel demands for almost all the applications became tight.

SK-Electronics Review

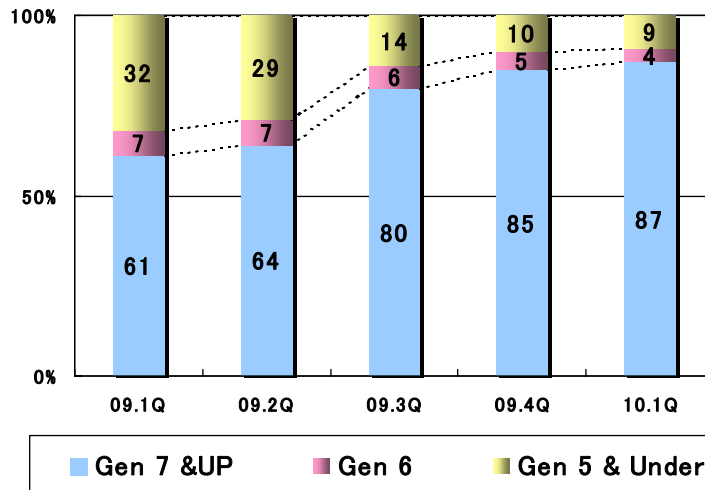
- * Smooth start-up of Sharp Sakai Plant
 - Gen10 photomask demands are stable.
- * Gen8 photomask orders recovered by the additional Gen8 LCD manufacture lines in Korea and Taiwan.
- * Assume further price down of photomask caused by severe competition globally.
 - Continue to improve better quality of products and at the same time, realize cost reduction
 - Achieve high yield

FY10 1st Quarter Consolidated Financial Results				(unit: million Yen)
	FY09 1Q	FY09 4Q	FY10 1Q	Y on Y (%)
Net sales	2,953	6,492	6,488	+119.7
Operating income/loss	-627	285	713	—
Ordinary Income/loss	-712	232	682	—
Net Income/loss	-690	200	637	—
Capex	3,220	200	11	-99.7
Depreciation	628	1,849	1,373	+118.6
R&D expense	192	74	44	-77.1

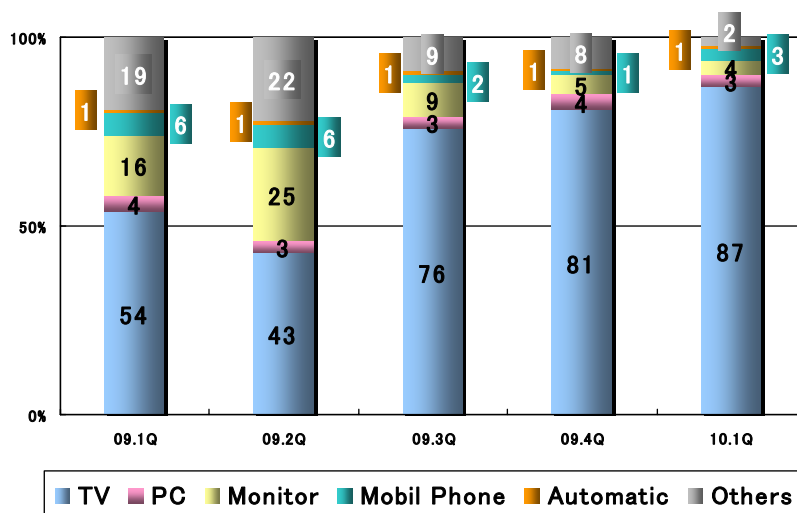


Changes in Sales ratio by Photomask generations (QonQ)

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



Changes in Sales ratio by Photomask applications (QonQ)



Consolidated Balance Sheet		(unit: million Yen)		
	FY09	FY10 1Q	YoY change	
(Total Asset)	(32,226)	(31,881)	(-345)	
Cash on hand and in banks	2,413	5,055	2,642	
Trade notes and account receivable	8,046	6,919	-1,127	
Inventories	1,877	1,646	-231	
Other (current assets)	1,017	654	-363	
Fixed assets	18,337	17,087	-1,250	
Intangible fixed assets	301	278	-23	
Investments and other assets	231	240	9	
(Total liabilities)	(21,911)	(20,825)	(-1,086)	
Trade notes and account payable	4,958	6,166	1,208	
Short-term borrowings	500	-	-500	
Current portion of long-term debt	14,549	13,325	-1,224	
Other (liability)	1,903	1,334	-569	
(Net assets total)	(10,315)	(11,056)	(741)	
Equity capital (Total of Shareholders' equity , Valuation and translation adjustments)	8,868	9,580	712	
Equity capital ratio (%)	27.5	30.0	2.5	
Outstanding Interest-bearing debt	15,298	13,486	-1,812	

Consolidated Cash Flows		(unit: million Yen)		
	FY09 1Q	FY10 1Q	FY09 (Reference)	
CF from operating activities	931	5,014	1,563	
CF from Investing activities	-2,081	-590	-8,479	
Free Cash Flows	-1,150	4,424	-6,916	
CF from Financing activities	1,378	-1,813	7,272	
Net change in cash and cash equivalents	99	2,641	245	
Cash and cash equivalents at end of period	2,267	5,055	2,413	

*CF from Operating activities totaled ¥5.014 billion due to ¥637million of net income and decrease of ¥2.592 billion operating fund.
*CF from investing activities totaled ¥590 million mainly due to outlays of ¥590 million in acquisitions of tangible fixed assets.
*Free CF totaled ¥4.424 billion.

FY10 Market forecast after Q2

LCD Panel Market Review

- * Sharp Sakai Gen10 Phase 2(36K) will start.
→ Production starts from October 2010.
- * Gen8 IPS alpha technology (Himeji, Hyogo prefecture) will start.
→ Production starts around summer 2010.
- * Additional Gen8 lines by Samsung electronics, LG Display, AUO will start
→ Productions start within the 2nd half of FY10.
- * China TV market and World IT market may influence panel demand/supply
→ Forecast is very difficult

SK-Electronics Review

- * Gen10 photomasks start-up demands will slow down.
- * Assume to increase of Gen8 photomask demands but continue price down request.
- * Aggressive sales activity to new customers.
- * Proposal of new/latest technology by taking customer needs in advance.
- * Continuous cost reduction activity.

FY10 Financial forecast (Consolidated)

(unit: million Yen)

	FY09	FY10 forecast		
		1 st Half	2 nd Half	total
Net sales	18,682	12,850	11,550	24,400
Operating income/loss	-675	550	-200	350
Ordinary Income/loss	-872	450	-300	150
Net Income/loss	-2,011	500	-350	150
Capex	14,017	210	20	230
Depreciation	5,545	2,870	2,870	5,740
R&D expense	394	250	250	500
Dividend	¥0	—	—	¥800

<TOPICS> FPD Market Trend ~CES highlights ~

* 3D TV

- Panasonic, Sony, Samsung, LGD show further line-up of contents.
- Accelerate specific sales promotion. Commercialized within the 1st half of 2010.

* LCD TV with LED backlight

- Almost all the major TV companies introduce LCD TV with LED backlight
- Samsung Electronics plans to sell 10million sets of LED TV in 2010.
- Toshiba introduces 7 LED TV series out of 10 TV series. Cell REGZA uses 4000 LED units.
- LG Display introduces 39 TV models, and 25 models are LED used.
- Sharp applies edge light type LED backlight, and plants to apply 50% of all the LCD TVs sold in US for 2010.
- Sony proceeds commercialization of 3D and LED backlight at the same time and applies direct type LED backlight.

* Four colors filter (Sharp)

- In addition to RGB, Y (yellow) is added to the color filter in order to improve the color reproducibility and quality of the imageNew technology.

<TOPICS> Influence to photomask demand? About new echnology

	Influence to Photomask	Companies applying or Under development
Inkjet method	×	several
Optical Alignment	○	several
PSA (Polymer Sustained Alignment)	--	several
3D	○	All major panel makers
TSP (Touch Screen Panel)	○	All major panel makers
LED	○	All major panel makers
4 Colors Filter	○	Sharp and several panel makers