



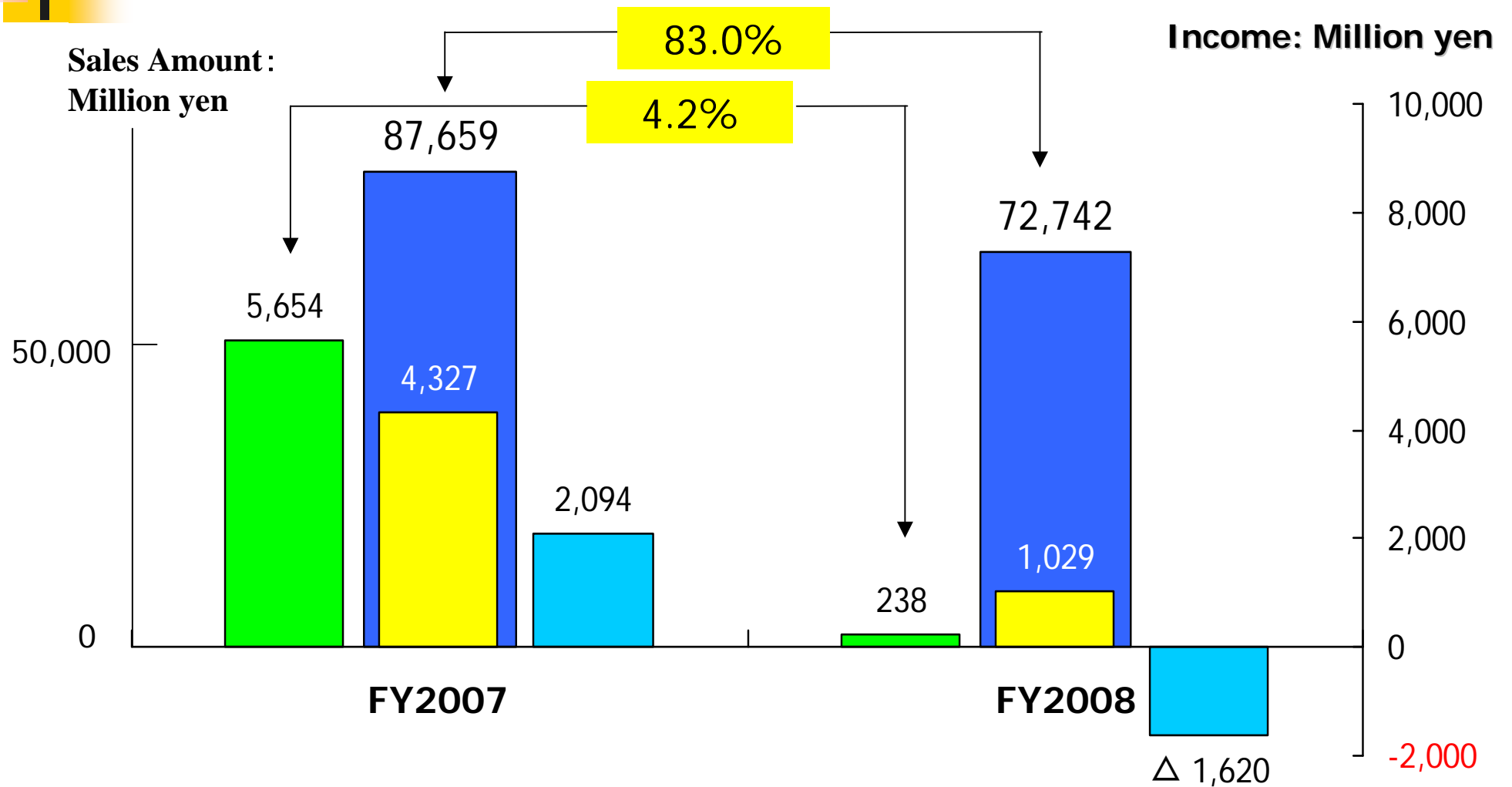
Business Report for FY2008
From Apr.2008 to Mar.2009

SMK Corporation

May, 2009



< Consolidated > Full Fiscal Term Performance 2/47



■ Net Sales
 ■ Operating Income
 ■ Ordinary Income
 ■ Net Income

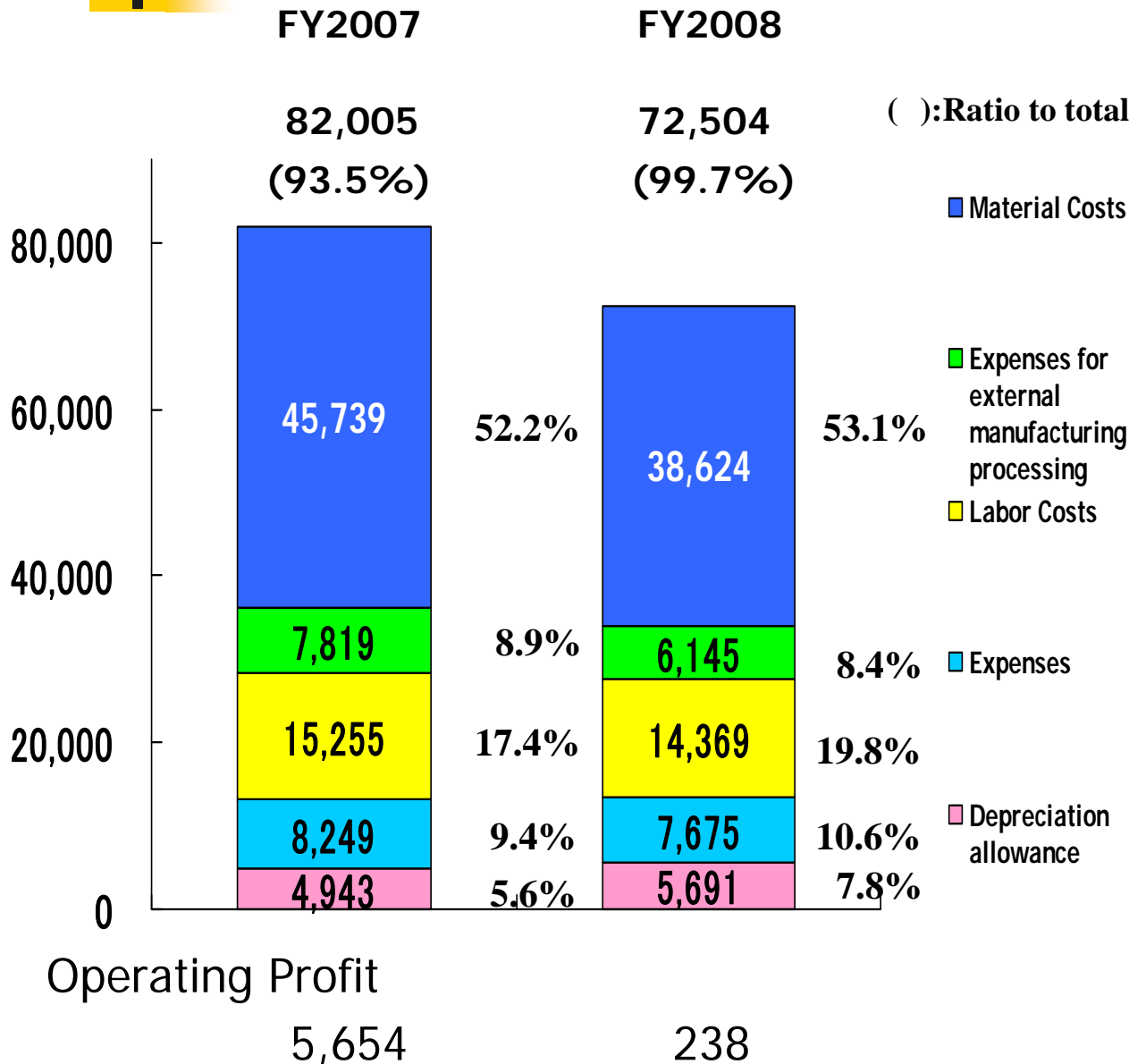
FY2008 Trends in Performance(Quarterly)

Unit : Million yen

	First Half			Second Half			Full business year
	First QTR (08/4-6)	Second QTR (08/7-9)	Sub Total (08/4-9)	Third QTR (08/10-12)	4th QTR (09/1-3)	Sub Total (08/10-09/3)	Total (08/4-09/3)
①Net Sales	21,357 104.6	23,243 98.4	44,600 101.3	15,438 67.3	12,704 61.4	28,142 64.5	72,742 83.0
②Operating income	1,067 62.1	929 44.5	1,996 52.4	△933 —	△825 —	△1,758 —	238 4.2
③Ordinary income	2,141 90.5	1,024 66.6	3,165 81.1	△1,464 —	△672 —	△2,136 —	1,029 23.8
④Net income	1,493 93.4	217 29.4	1,710 73.2	△2,037 —	△1,293 —	△3,330 —	△1,620 —

Lower stand is comparison to last fiscal term (%)

<Consolidated> Sales Expenses



Unit : Million yen

(): Ratio to total sales

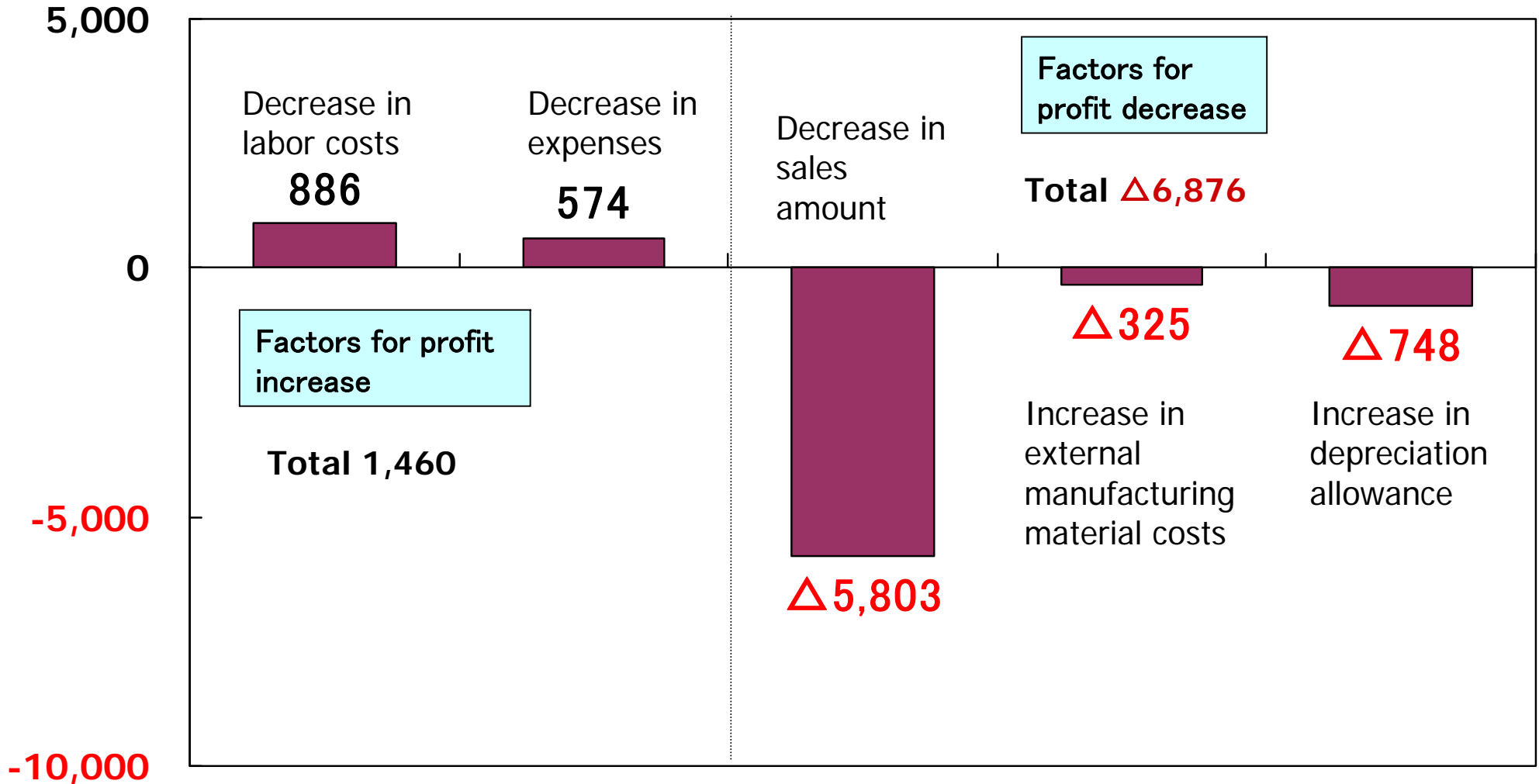
[(Material costs + Expenses for external manufacturing processing) aggravated by 0.4%]
61.1% → 61.5% About 325 million yen
[Labor costs decreased by 886 million yen]
End of period number of workers in overseas works
 FY2007 13,500 people }
 FY2008 9,500 people } **Decrease 4,000 people**
Factory Decreased area : South China
[Depreciation allowance increased by 748 million yen]
Effects amount on the tax system revision (Japan)
About 560 million yen

<Consolidated> Analysis of sales expenses

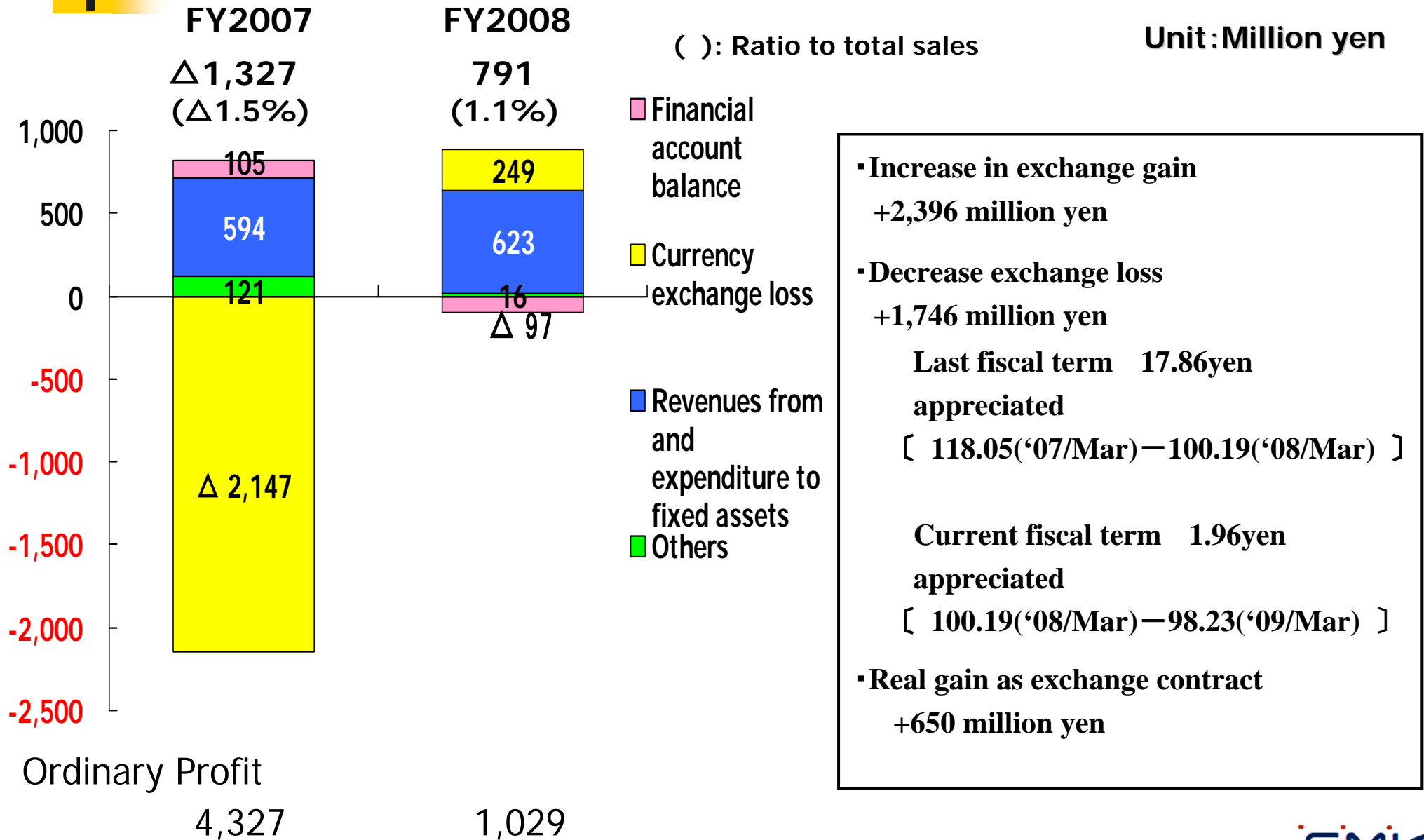
Unit: Million yen

Analysis of factors for increase/decrease of consolidated Operating profits [FY2007 vs. FY2008]

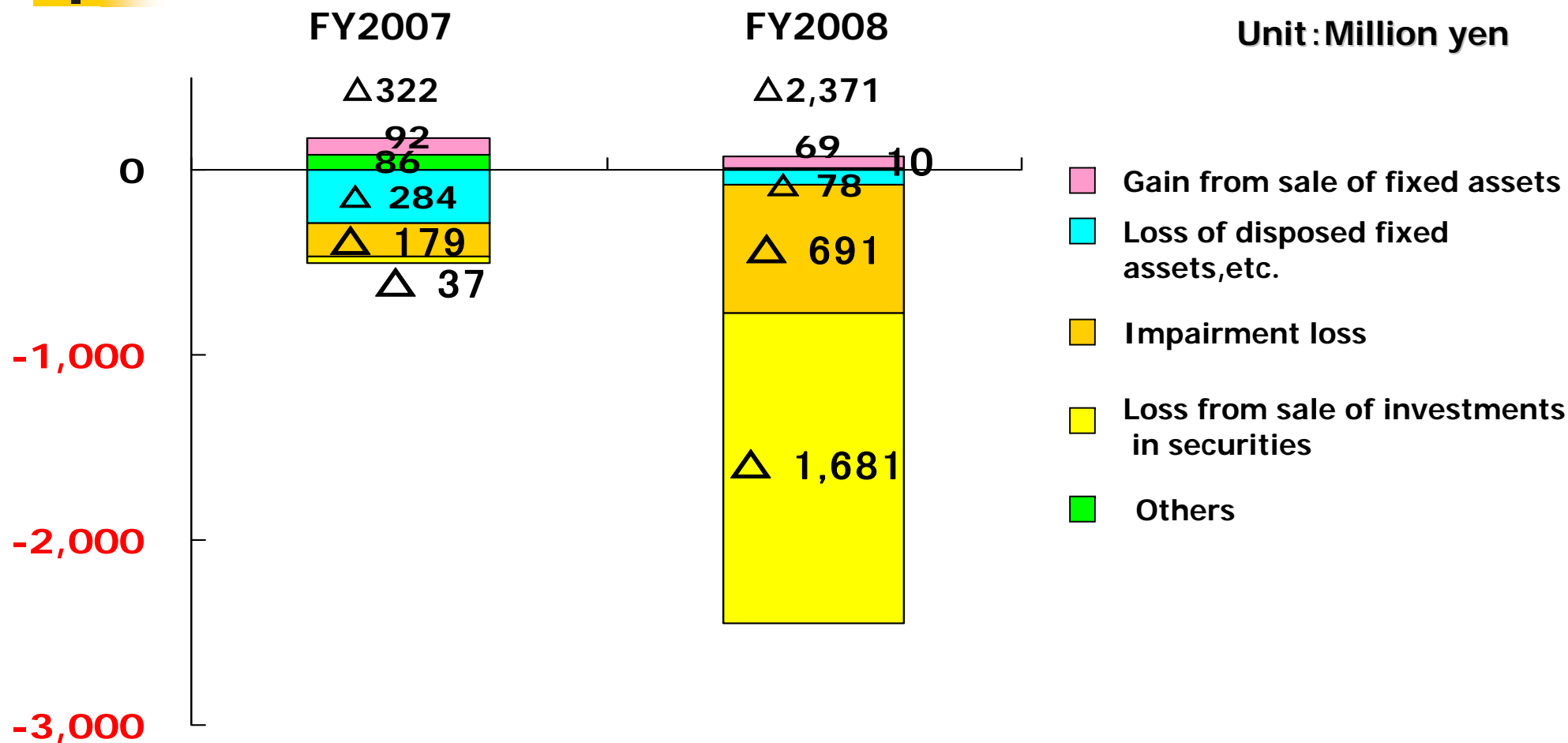
Total
Δ5,416 million yen



< Consolidated > Non-operating profit and loss



<Consolidated> Extraordinary gain or loss



Income before income taxes	4,005	△ 1,342
Income taxes (Current and deferred)	△ 1,911	△ 278
Net income	2,094	△ 1,620



Financial Position

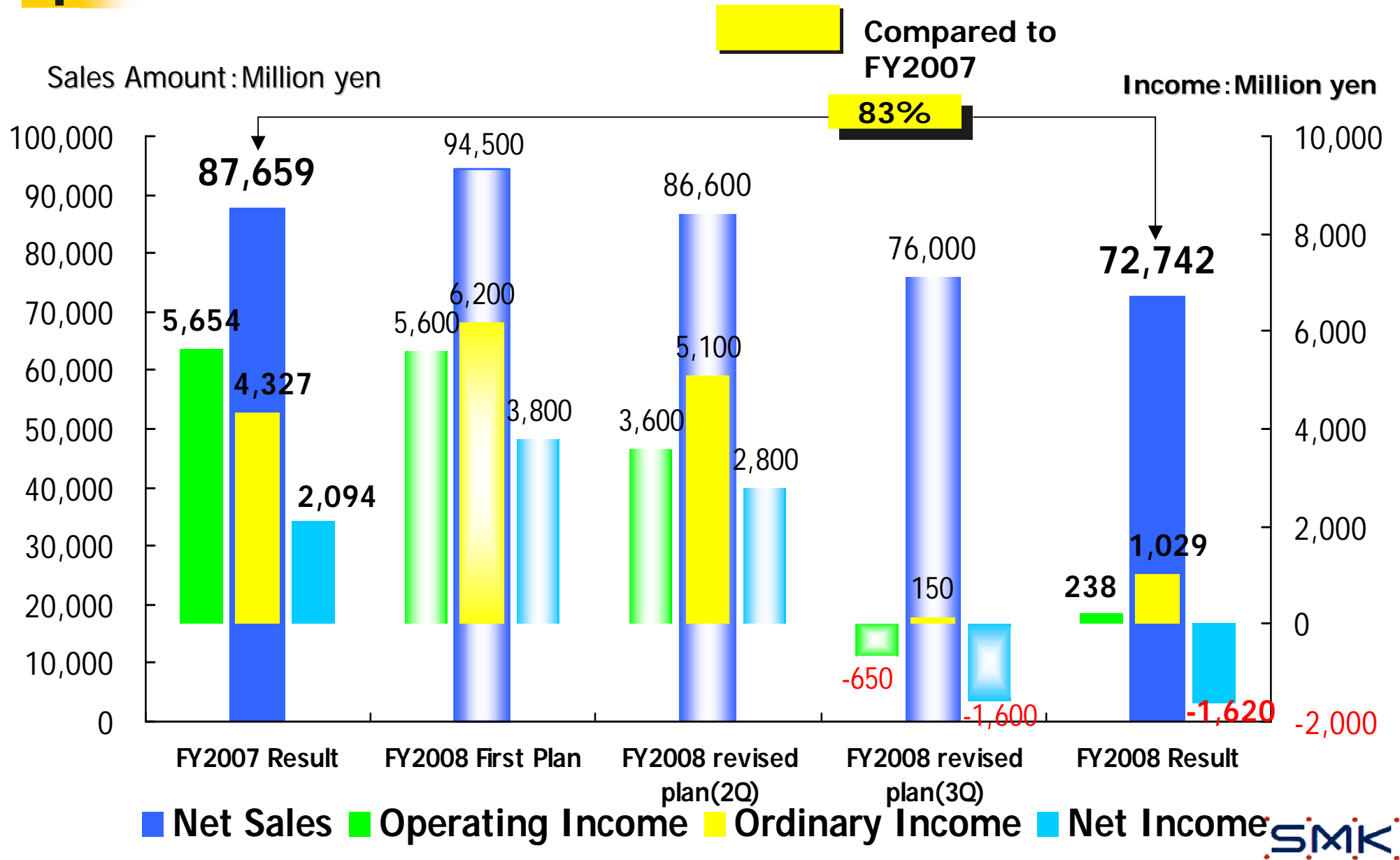
	2008/Mar (A)	2009/Mar (B)	Differential (B-A)	Unit: Million yen
Assets	66,737	58,168	△8,569	
Cash and cash equivalents	7,217	9,081	1,864	
Accounts receivable	20,830	14,864	△5,966	
Inventories	8,207	6,235	△1,972	
Fixed assets	27,204	23,865	△3,339	
Liabilities	34,351	29,088	△5,263	
Accounts payable and accrued expenses	11,785	9,190	△2,595	
Interest-bearing dept	18,979	17,193	△1,786	
Net assets	32,386	29,079	△3,307	
Common stock	7,996	7,996	—	
Capital adequacy ratio	48.5%	49.9%	1.4%	

Cash Flow Position

Unit: Million yen

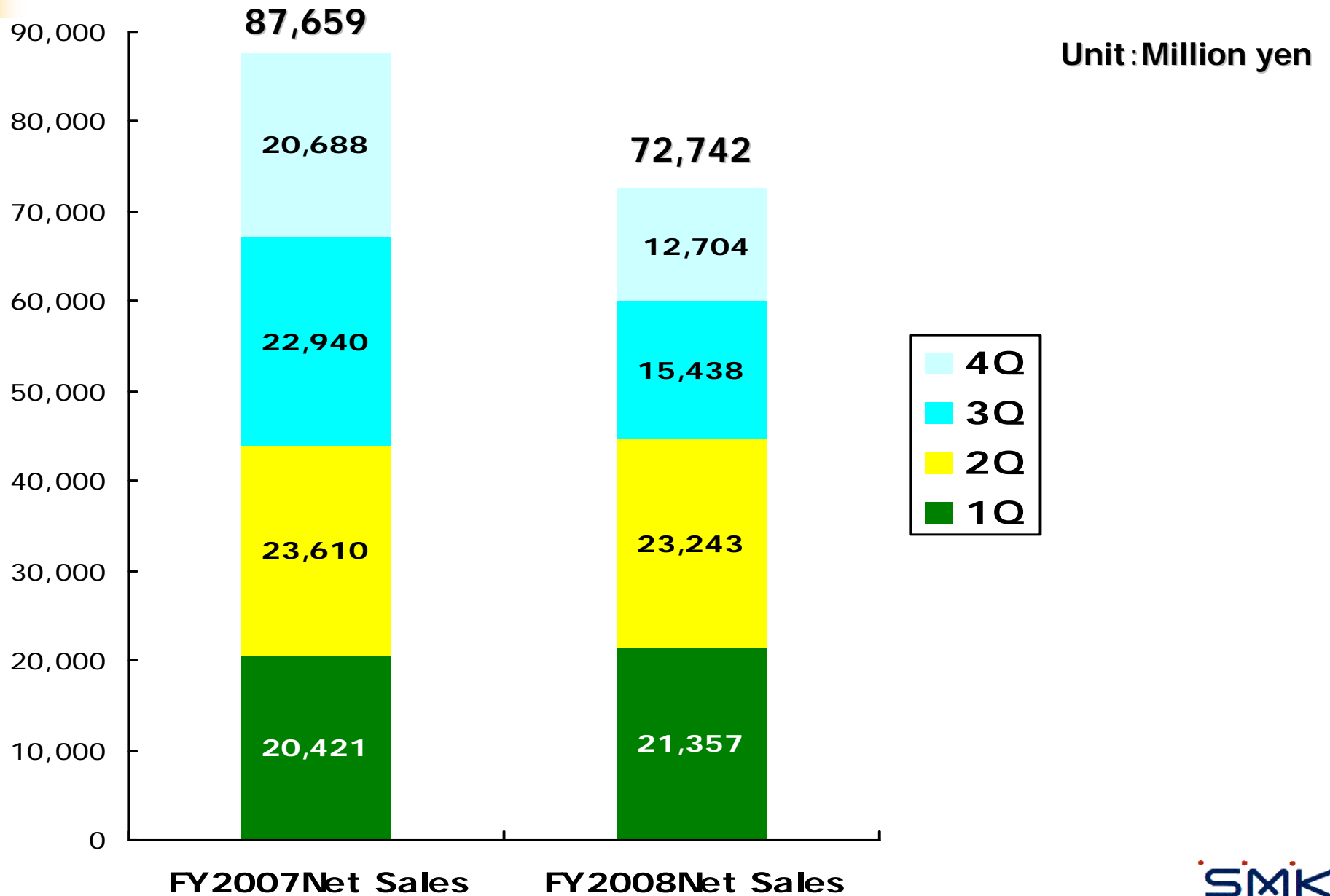
	FY2007	FY2008
Operating Cash Flow	6,070	9,249
Working capital	Δ1,105	5,723
Income before income taxes	4,005	Δ1,341
Depreciation	4,934	5,610
Others	Δ1,764	Δ743
Investing Cash Flow	Δ6,819	Δ4,020
Free Cash Flow	Δ749	5,229
Financing Cash Flow	533	Δ3,419
Increase (decrease) in interest-bearing dept	2,979	Δ1,784
Purchases of treasury stock	Δ1,328	Δ666
Dividends paid	Δ1,154	Δ980
Others	36	11
Initial balance	7,562	7,073
Final balance	7,073	9,072

<Consolidated> Full Fiscal Term Performance



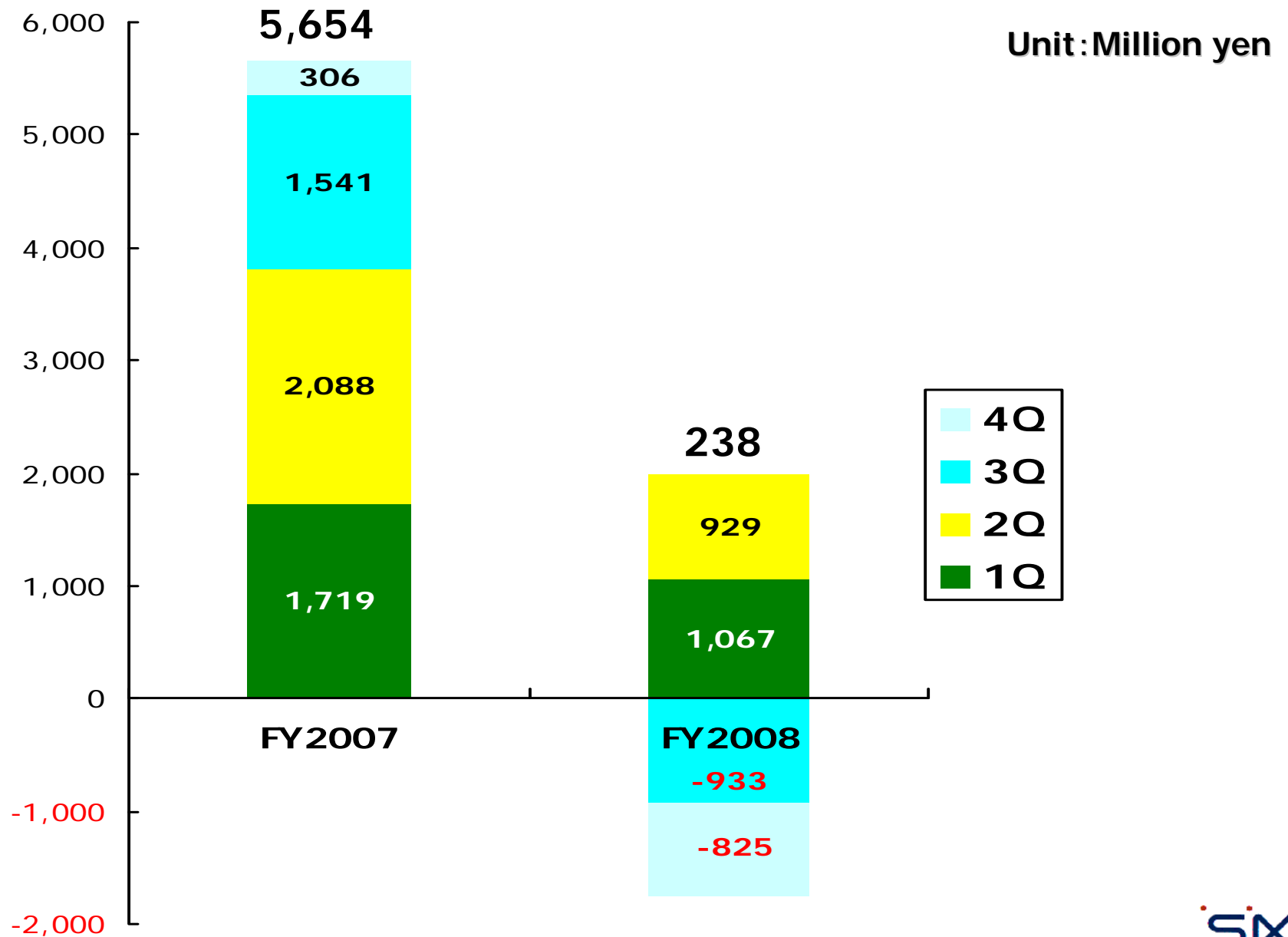
<Consolidated> FY2008

Net Sales trends in performance (Quarterly)



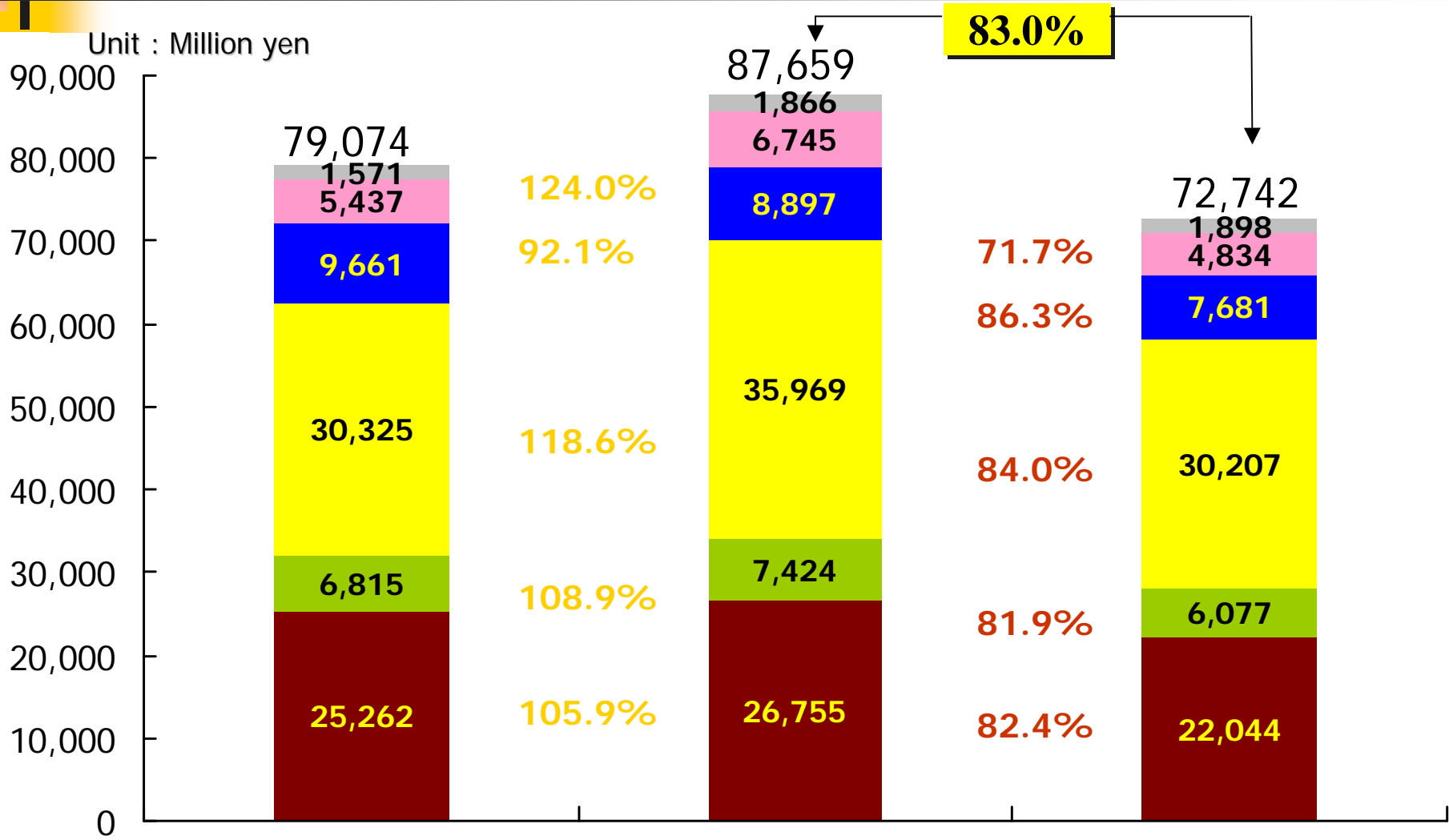
<Consolidated> Operating Income by trends in performance (Quarterly)

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<Consolidated> Comparison of Sales by Market

Unit : Million yen



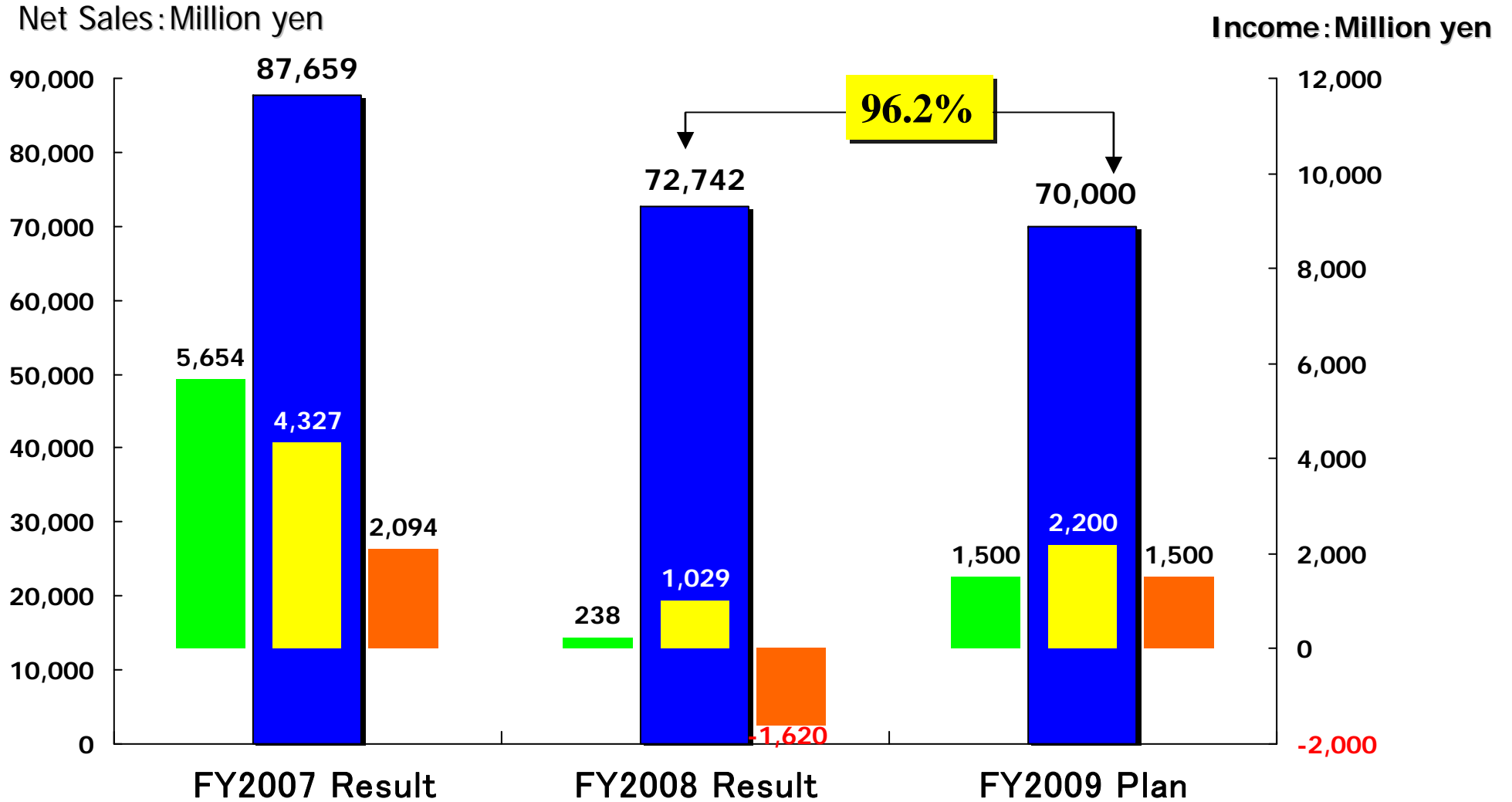
■ Audio & Visual
 ■ Car electronics
 ■ Telecom
■ Computer
 ■ Amusement & Appliance
 ■ Others



<Consolidated>

Full Fiscal Term Plan(FY2009)

Compared to previous fiscal term

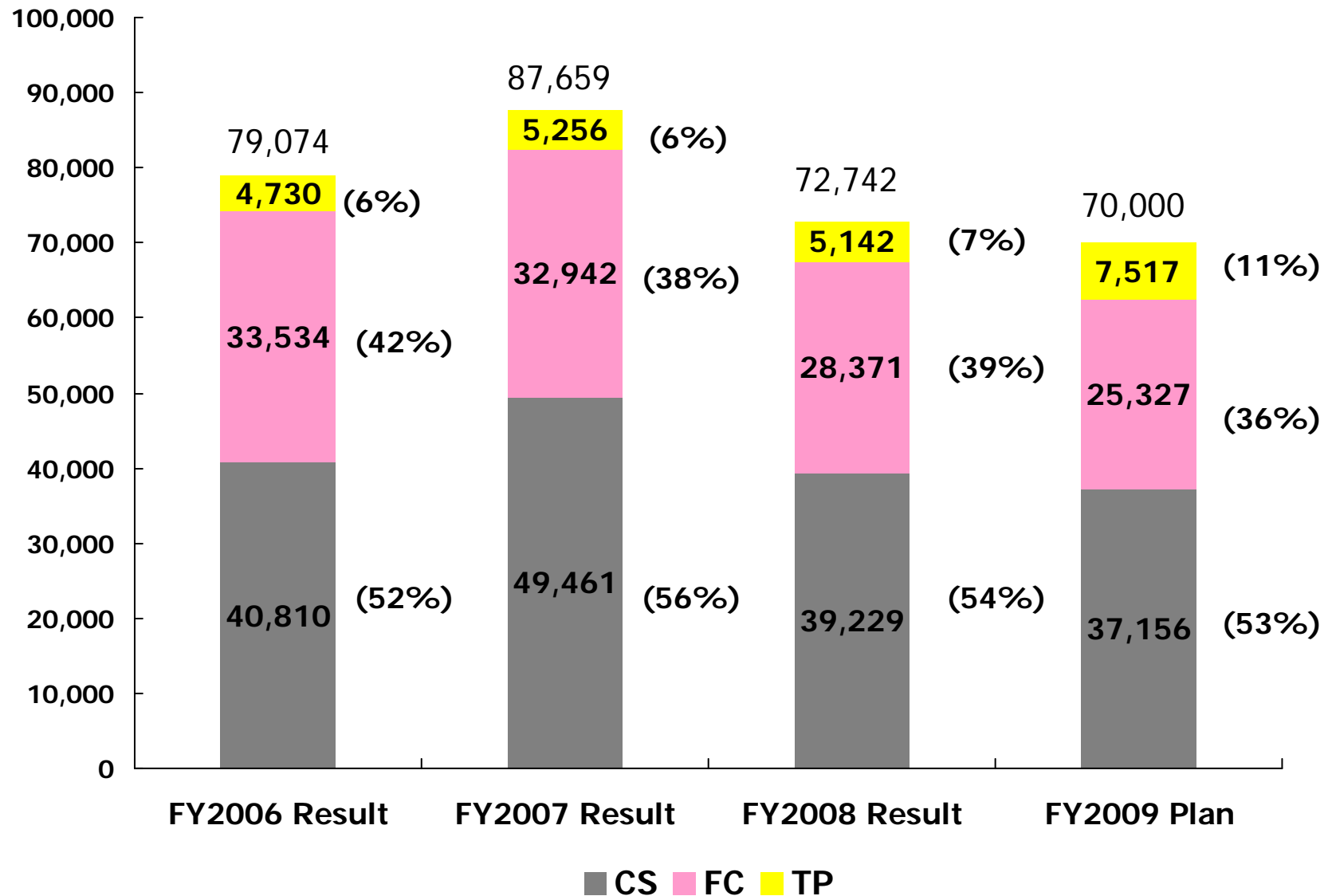


■ Net Sales ■ Operating Income ■ Ordinary Income ■ Net Income

Reference : <Consolidated> Net Sales by Product Division

Unit : Million yen

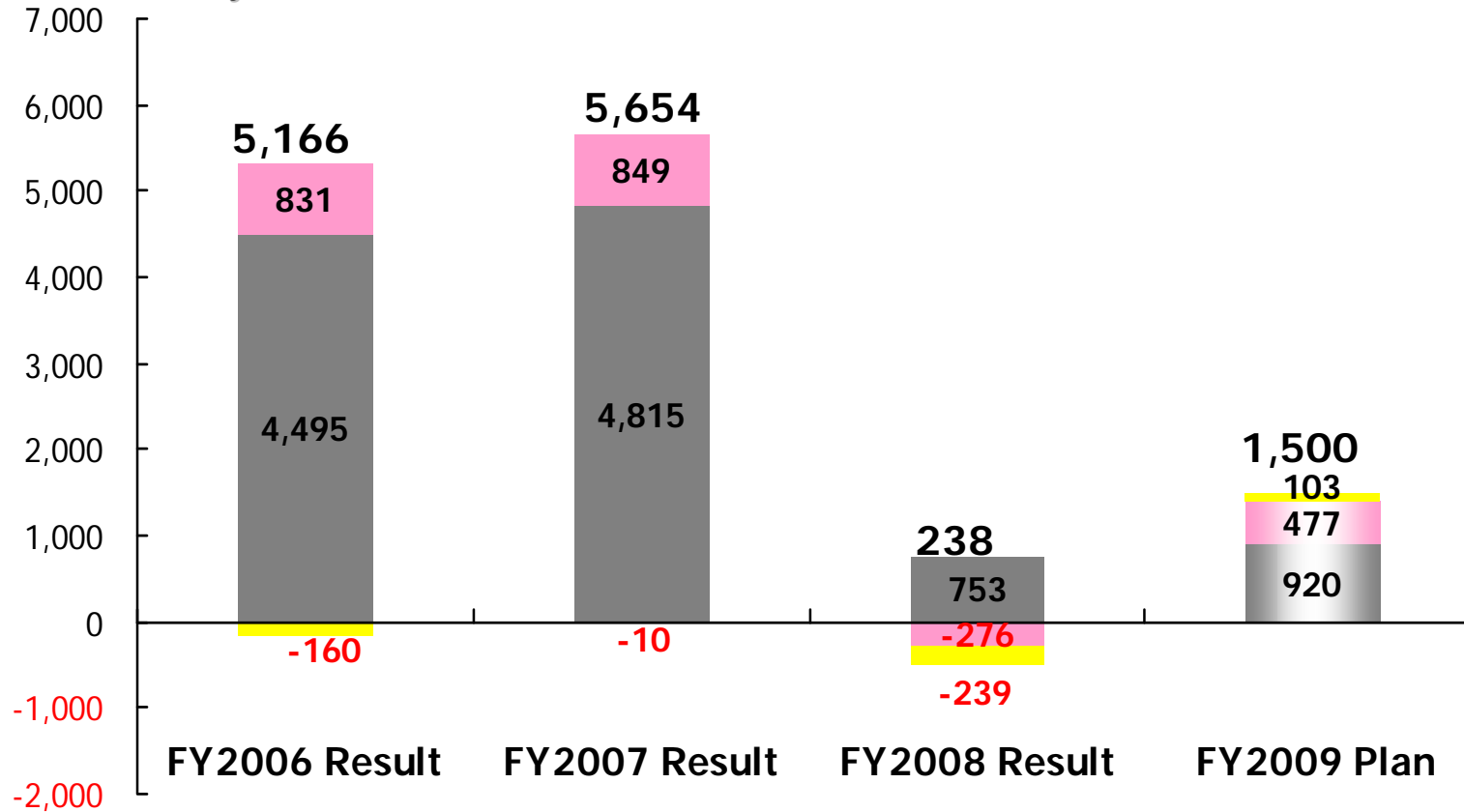
() : Composition Ratio



Reference: <Consolidated> Operating Income by Product Division

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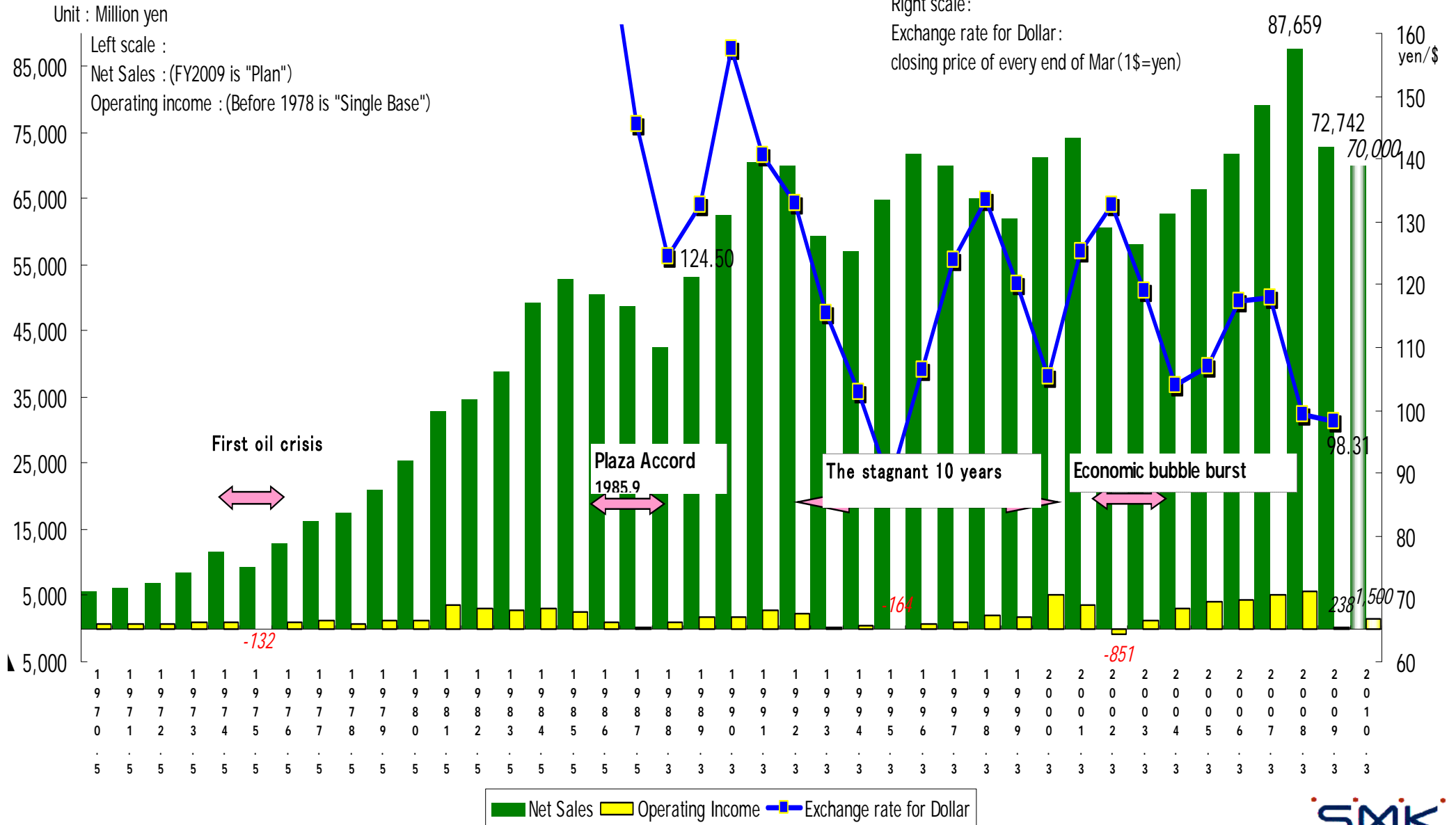
Unit : Million yen



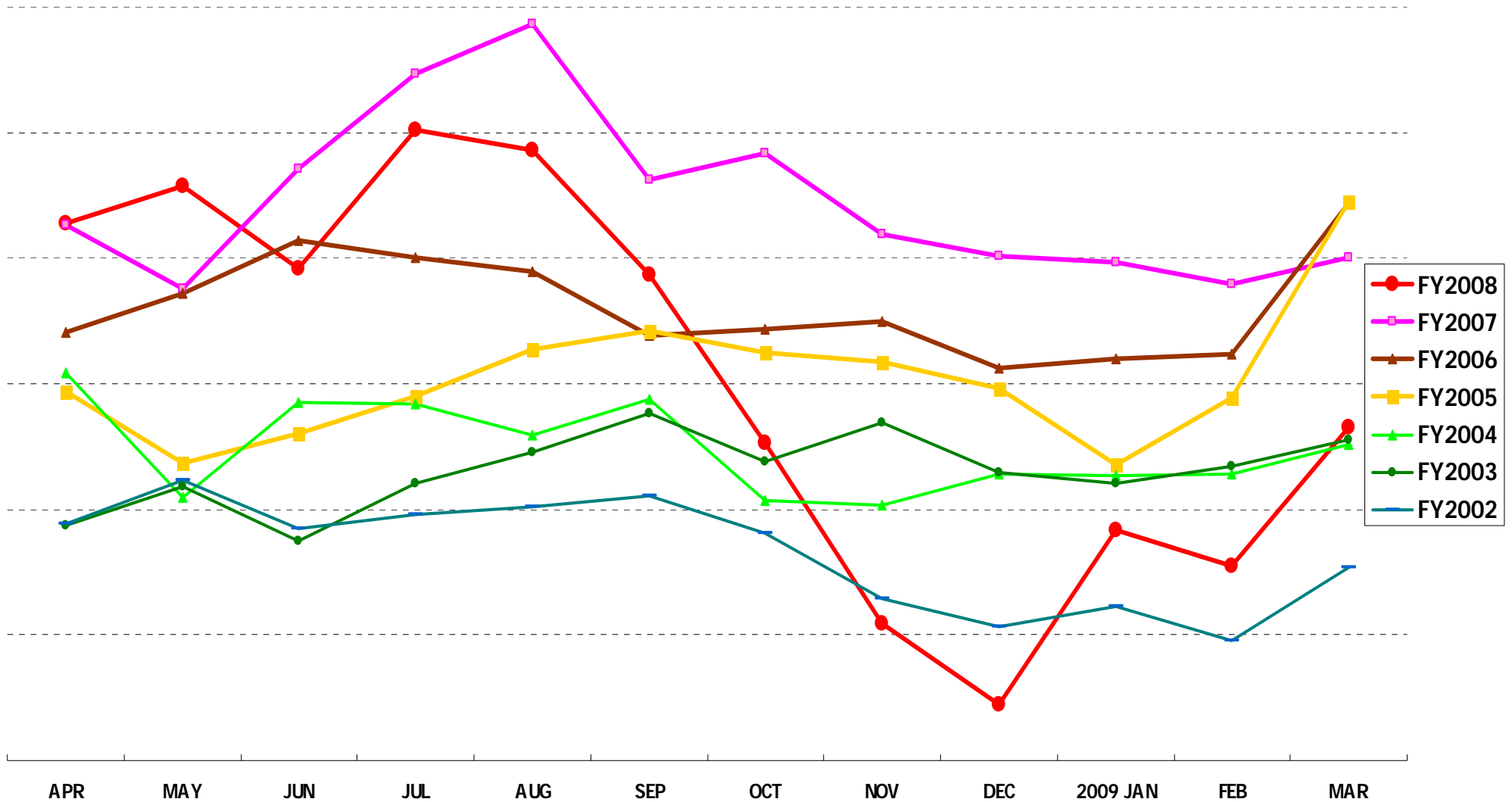
CS FC TP

< Consolidated > Transition of Sales and Operating Income

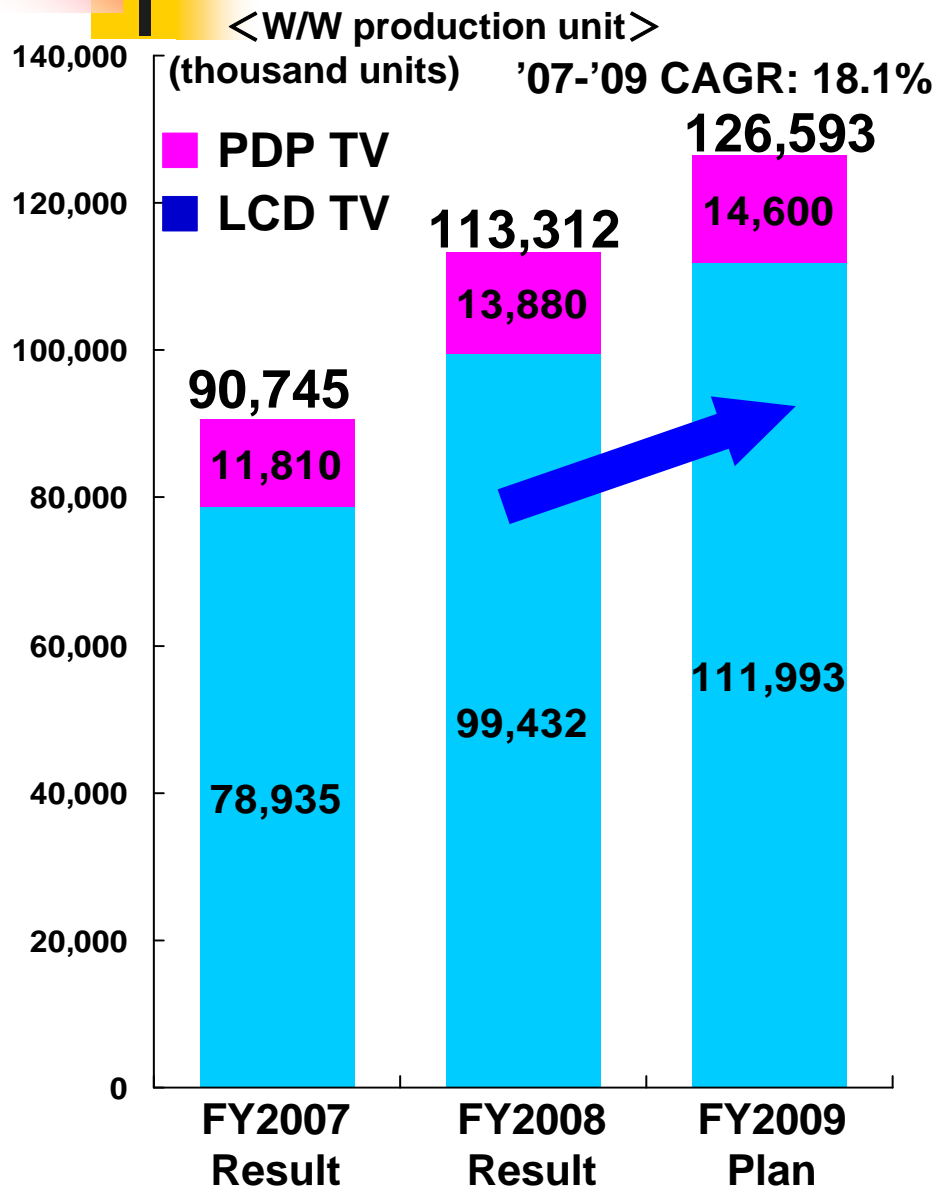
(From 1970~)



<Consolidated> Comparison of Monthly booking (After FY2002)



<Trends of major markets> Flat Panel TV (LCD and PDP TVs)



Source: JEITA

<SMK's response>

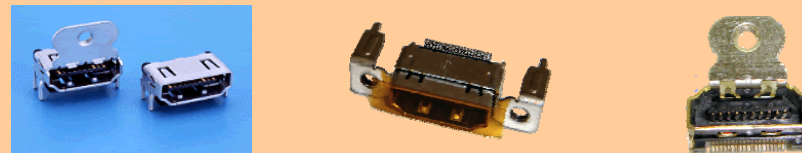
- Further increase of sales for remote controls

Expand the RF remote control business

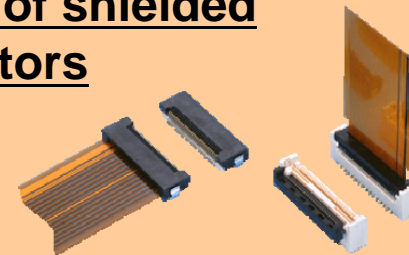


- Intensive distribution of connectors

Increase product lineup pf HDMI connectors

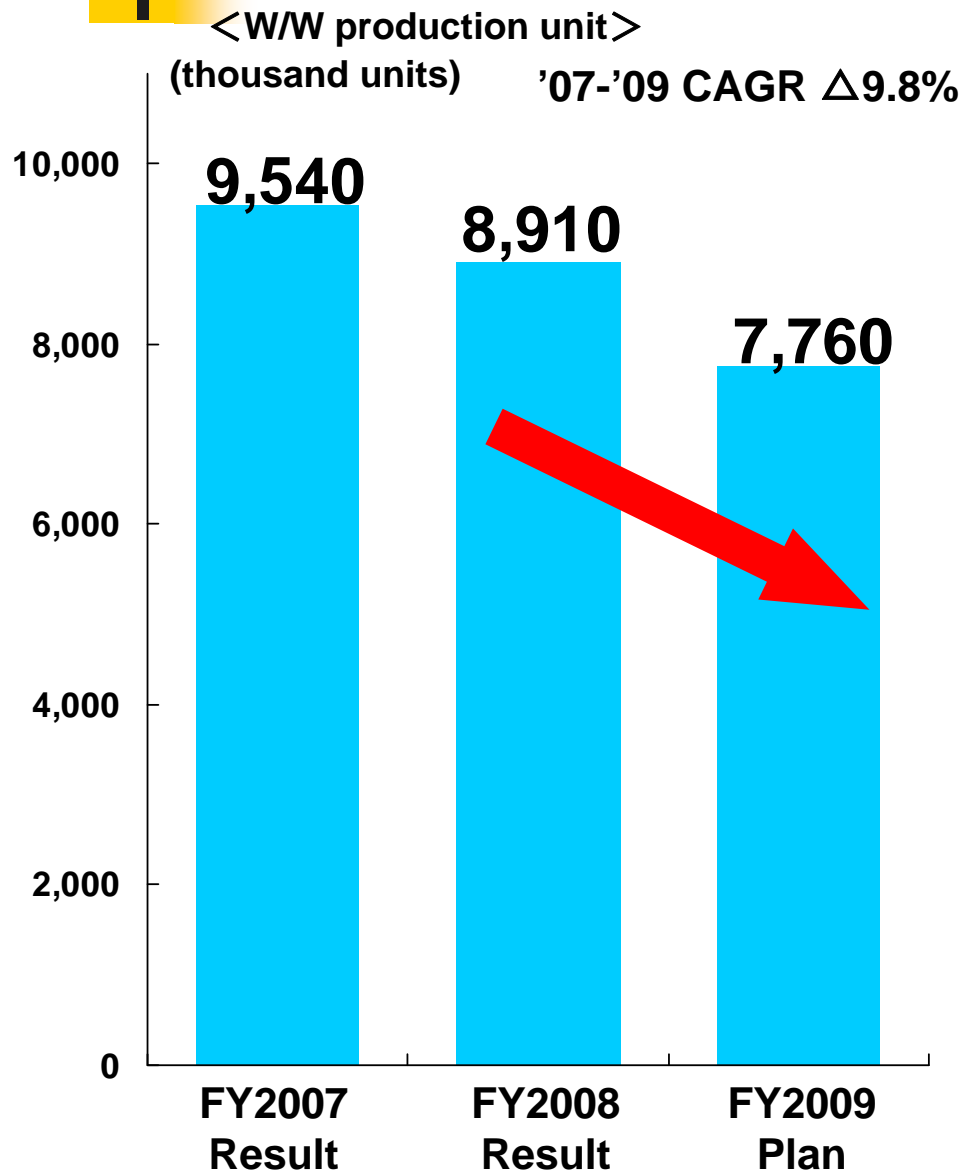


Enhance promotion of shielded FPC connectors



Car Navigation Systems

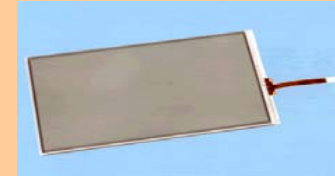
<Trends of major markets>



Source: JEITA

<SMK's response>

- Maintaining sales of the touch panel business aiming at when the market recovers



- Intensive distribution of products that fit the needs of the market

Enhance distribution of camera modules and camera for automotive applications and terrestrial broadcast antenna connectors

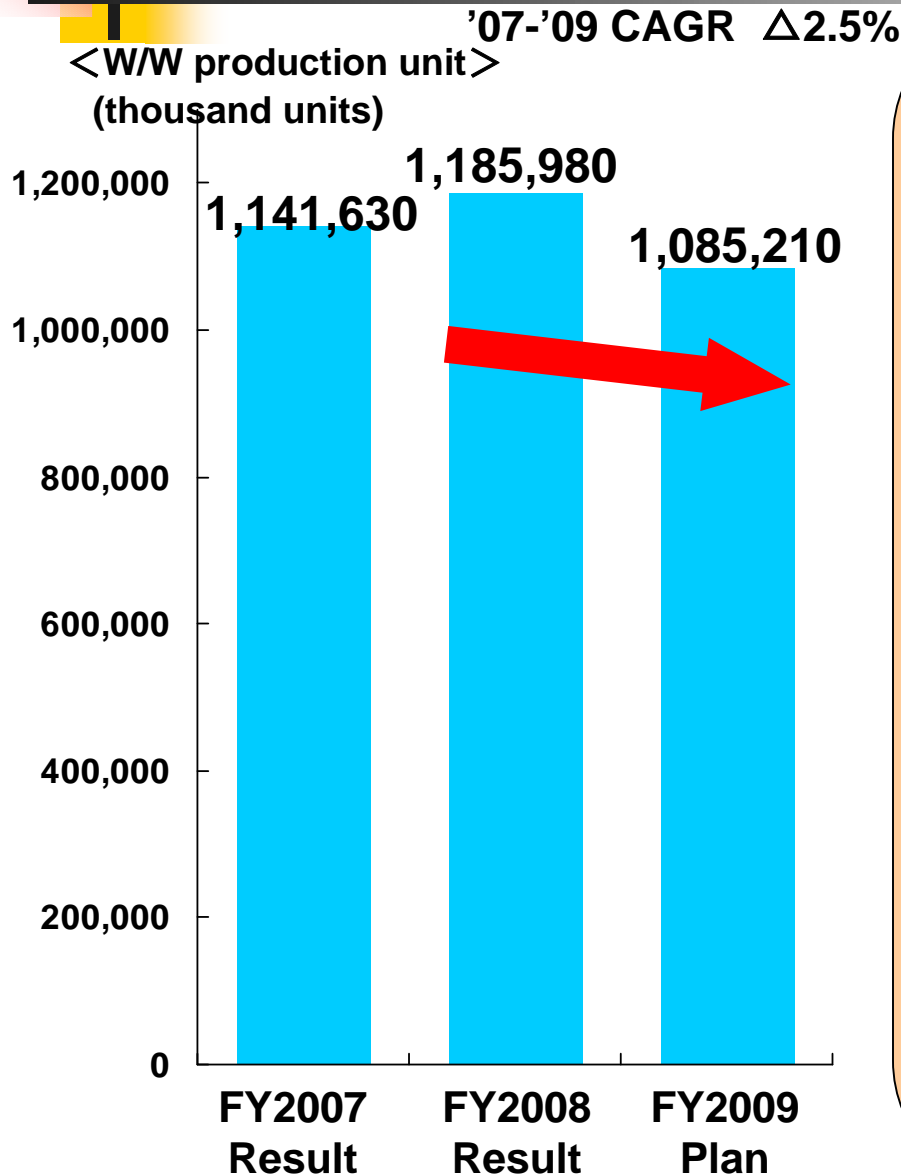


- Strengthen the activities for expanding new business

Capturing of overseas OEM manufacturers (for automakers) and strengthen the approach for environmental business such as electric cars

Mobile Phones

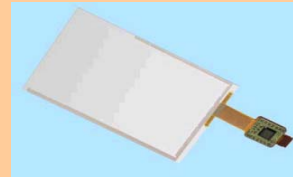
<Trends of major markets>



<SMK's response>

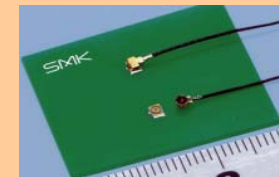
- Further improve the reliability of our customers by strengthening the TN distribution structure
- Intensive distribution targeted on Smart Phones

Continue challenging for thinner and smaller parts, touch panels, internal connectors and others

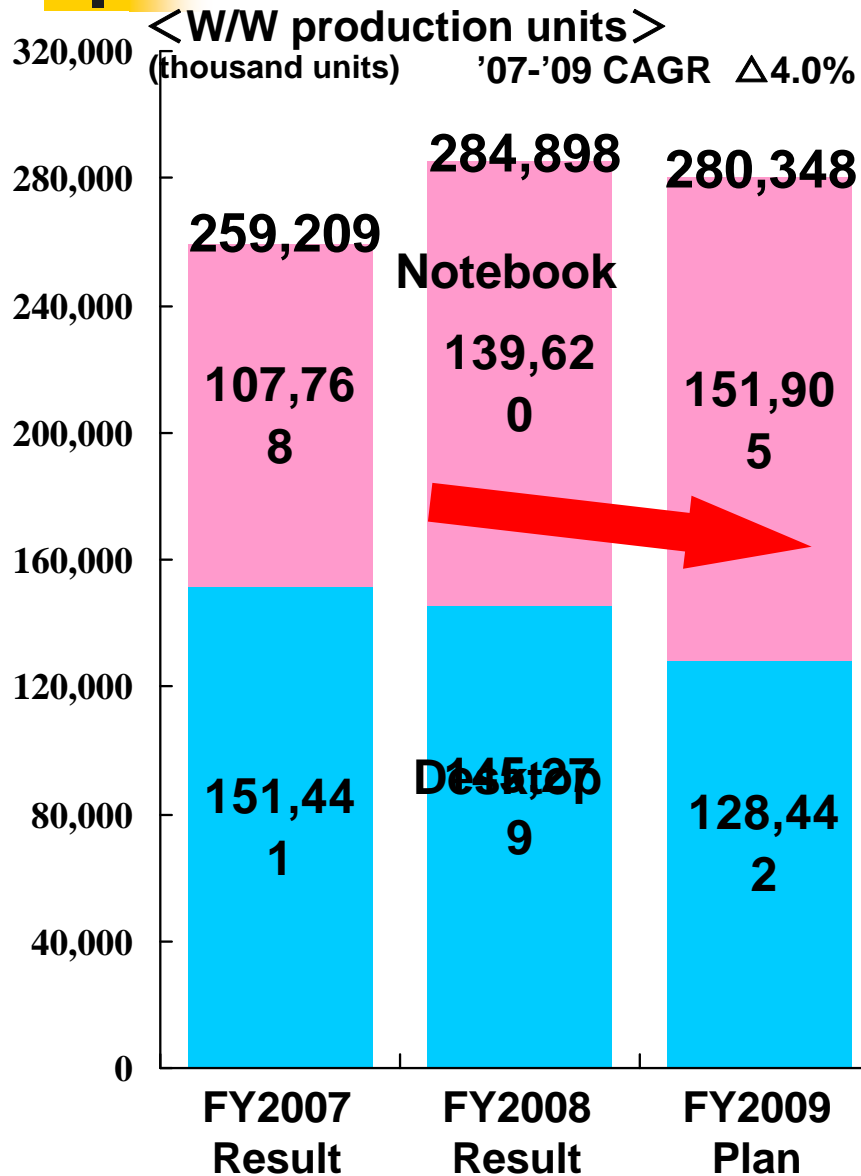


- Development of new products for various communication systems

Enhance the development of antennas, RF parts



<Trends of major markets> (Desktop & Notebook PCs)



Source: JEITA

<SMK's Response>

- Strengthen the distribution of remote control for Windows Vista

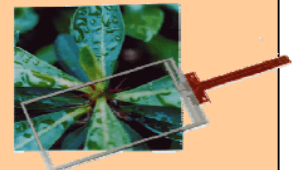
Strengthen the development of new products and capture overseas major manufactures

Early development of remote control for Windows 7



- Promotion for proposing new products

Bluetooth remote control with an electrostatic pad, enhance the proposal of high transparency touch panel



- Intensive distribution of RF components to the notebook computers and communication cards market

Strengthen the distribution of coaxial connectors, antennas



Business Merger Project



November 2008, Basic agreement



Worsening market environment



March 2009, Cancellation of unification



Tipics-2 Transfer of executive officer

Valid date: 25th Jun 2009 (Announce date: 27th APR 2009)

New	Before	Name
Representative Director, Executive Deputy President	Director, Executive Deputy President	Yasumitsu Ikeda
Chairman of auditors meeting	Chairman, Representative Director	Terutaka Ikeda
Corporate Counselor	Chairman of auditors meeting	Jun Sugimoto
Adviser	Auditor	Shigenobu Oyashiki
Secretarial Dept. General Manager	Vice President In charge of Secretarial Dept.	Hirozumi Kawabata

Short term countermeasures

Securing profit during sales decrease
⇒ lowering the break-even point

- Inventory Reduction
- Reduction of labor cost (directors, employees, overseas)
- No overtime, 20% reduction of the expenses

▪ Response for when the market recovers

- Respond by a flexible production

Immediate Risk Factors

- **Swine Flu**
⇒ Impacted the Mexico Factory
- **Environmental Compatibility**
⇒ Increase of necessary expenditures
- **Currency Exchange**

Basic Stance: Expansionary Course Accompanied by Fair Profit



Tomorrow's seeds * technical/product development



Active Investment

*** Environmental Management**

New Business

CS Division

CS Division

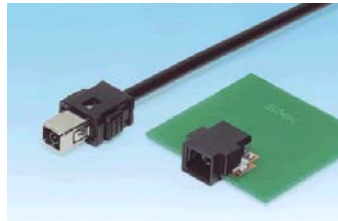
CS = Connection System

【Main Products】 : Connectors/Jacks

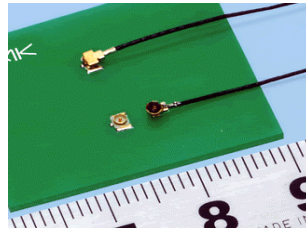
■ Connectors



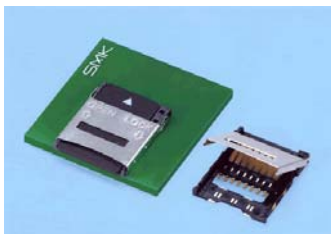
FPC Connectors



Coaxial Connectors

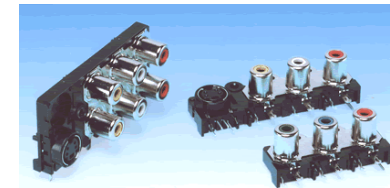


Interface Connectors



Card Connectors

■ Jacks

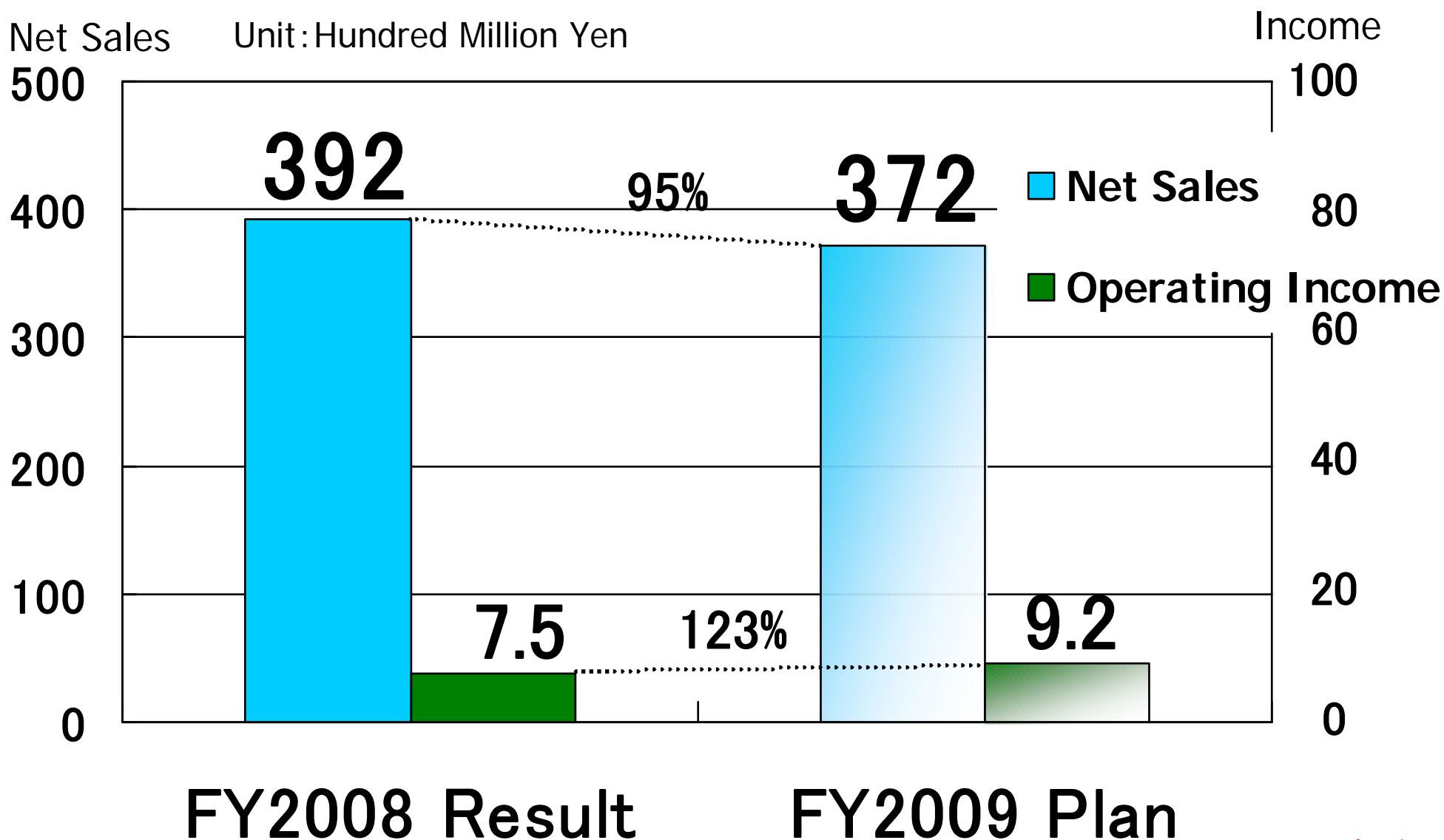


Pin Jacks
Speaker Terminals

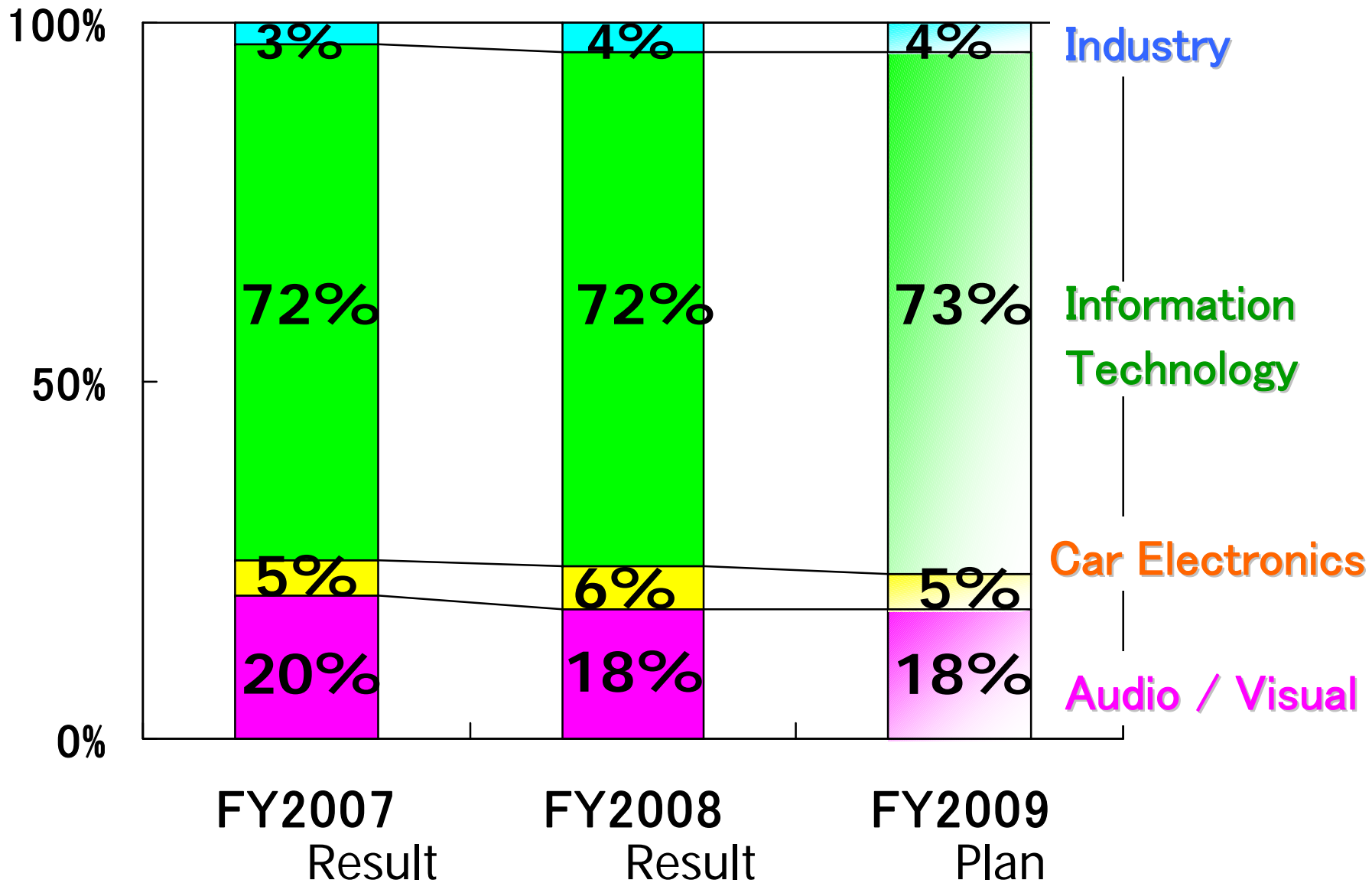


DC Power Supply Jacks
Headphone Jacks

CS Division Net Sales, Operating Income(Consolidated)



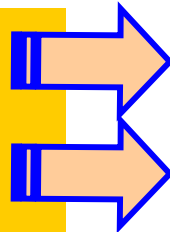
CS Division Transition of market-specific sales (Consolidated)



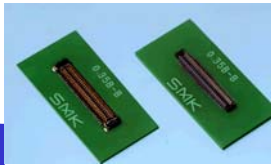
Priority products



Board to Board Connector
PB-4A
(h=0.8mm)
PB-4B
(h=1.2mm)

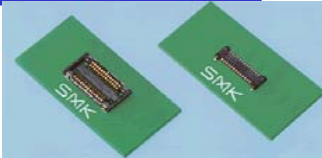


PB-35



0.35mm pitch
h=0.7mm

PB-4D



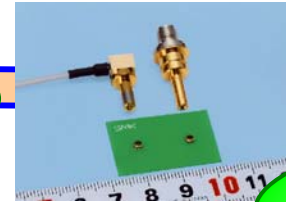
0.4mm pitch
h=0.7mm

Lower profile/Space saving
Expanding repertory
Compatible with shield

Coaxial Connector TS-11
(h=0.95mm)

Coaxial Connector TS-5, 9 (Right angle type)

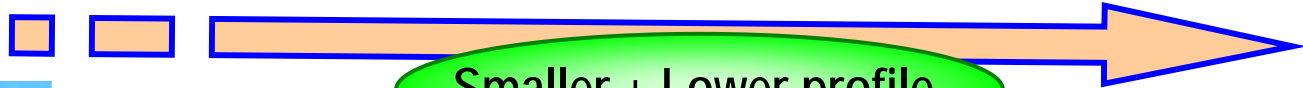
Ultra small • Low profile



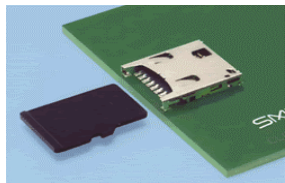
Increase usage in wireless LA modules and Wi-Max etc.

Set forward shift to overseas produce

Camera Connector
Card Connector



Smaller + Lower profile



Further expand overseas sales



Expanding new products into growing markets

Smart Phone / Mobile Phone Market

Micro SD Card Connector
Hinge type/Composition type

HDMI Connector C/ D type

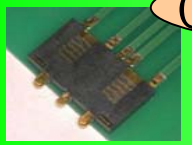


For DSC, Camcorders, Mobile Phones

New Battery Connector

Compatible for thin models

Narrow pitch



Extra low profile

Coaxial Connector
TS-12



2P insulation displacement ID-01



Audio & Visual Portable Instrument Market

FPC Connector Lens Connector
For digital camera

High speed transmission

Compatible for USB3.0 connector

UMPC Market

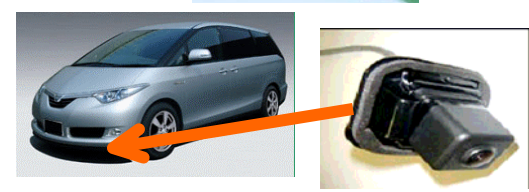
New type connector

Car Electronics Market

Coaxial Connector TC-15
for ETC



Camera Connector
for automobiles



Ecology Market

Connectors for Solar
battery modules



UL/TUV Already obtained



Connectors for LED
lighting



CS Division FY2009 Policy Priority Measures for Performance Improvement

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Strengthen Business Establishment for Demand Recovery Period

1. Thoroughly Implement the Crisis Proposal Measures

- Income oriented
- Speed

2. Pursuit of Efficiency

- Enrich and Implement the Development Road Map
- Enforcement of the Quality Control System (including Design)
- Efficient Domestic and International Support
- Reduction of Capital Investment/
Generalization and effective utilization of the facilities

3. Improvement for Competitiveness

- Strength production (automation/ production in the Philippines etc)
- Active Investment to new and growing markets
- Speeding up the development of new products,
enhance distribution

POINT

Securing
Profits

Select and
Focus

Total
Optimization

Entire Quality
Absolute Quality

Marketing
Power

Manufacturing

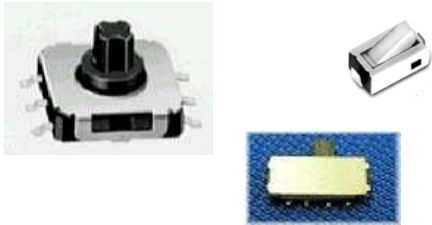
Improve the level
of individuals

FC Division

FC = Functional Components

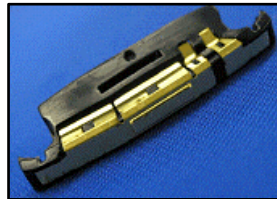
【Main Products】 : Switch/Keyboard/Control Panel/Earphone Mic /Cradle/Microphone/Remote Control Unit/Camera Module

■ SW (Switch)



Various types of switches

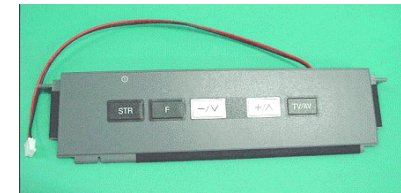
■ UN (Unit)



Antenna



Bluetooth Units
(Microphone-free
headset)



Control Panel

■ RC (Remote Control)

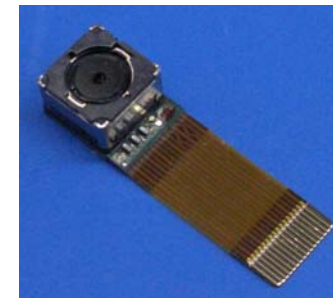


Remote Control Unit



Color Intelligent
Remote Control Unit

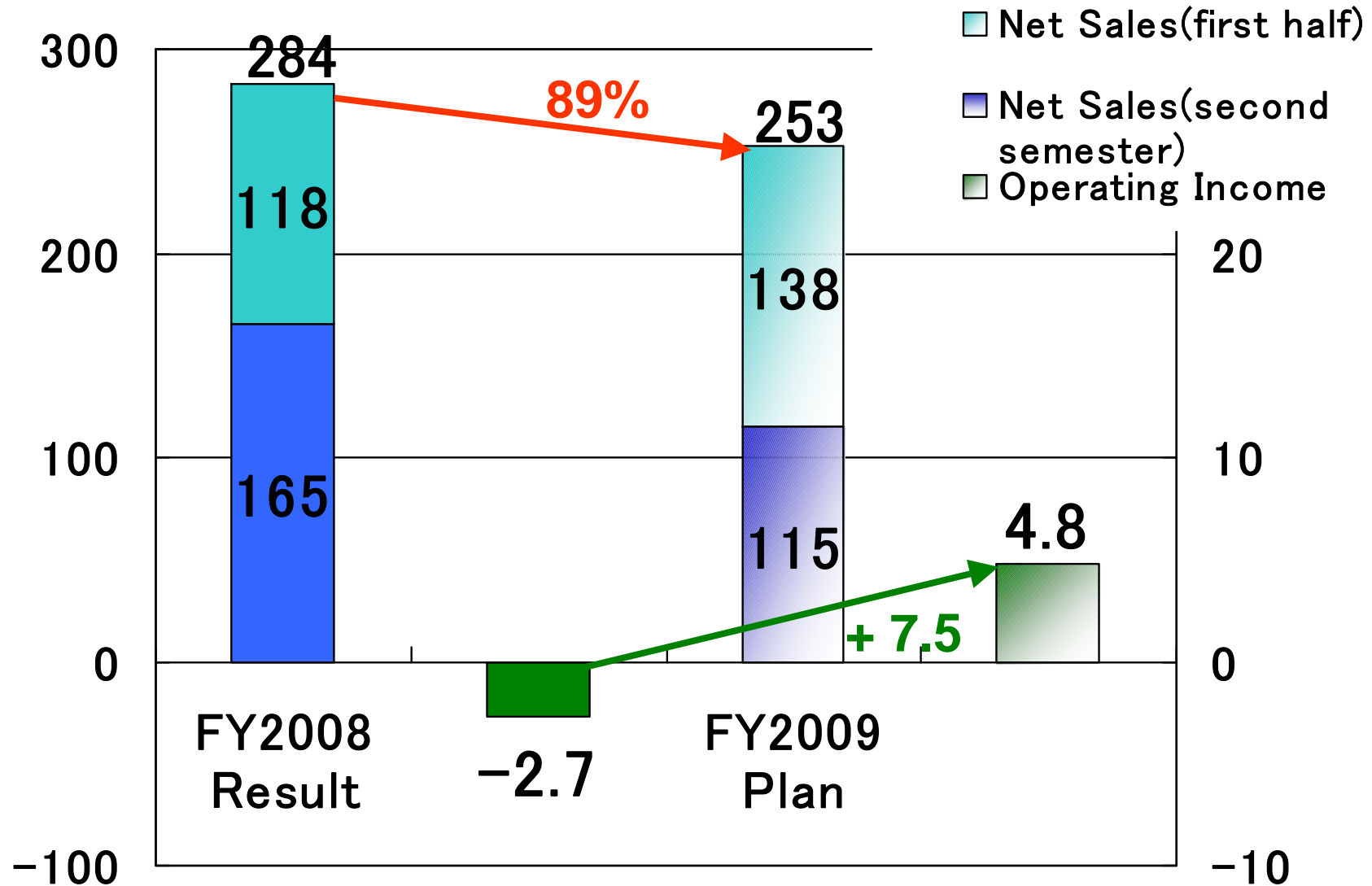
■ MD (Module)



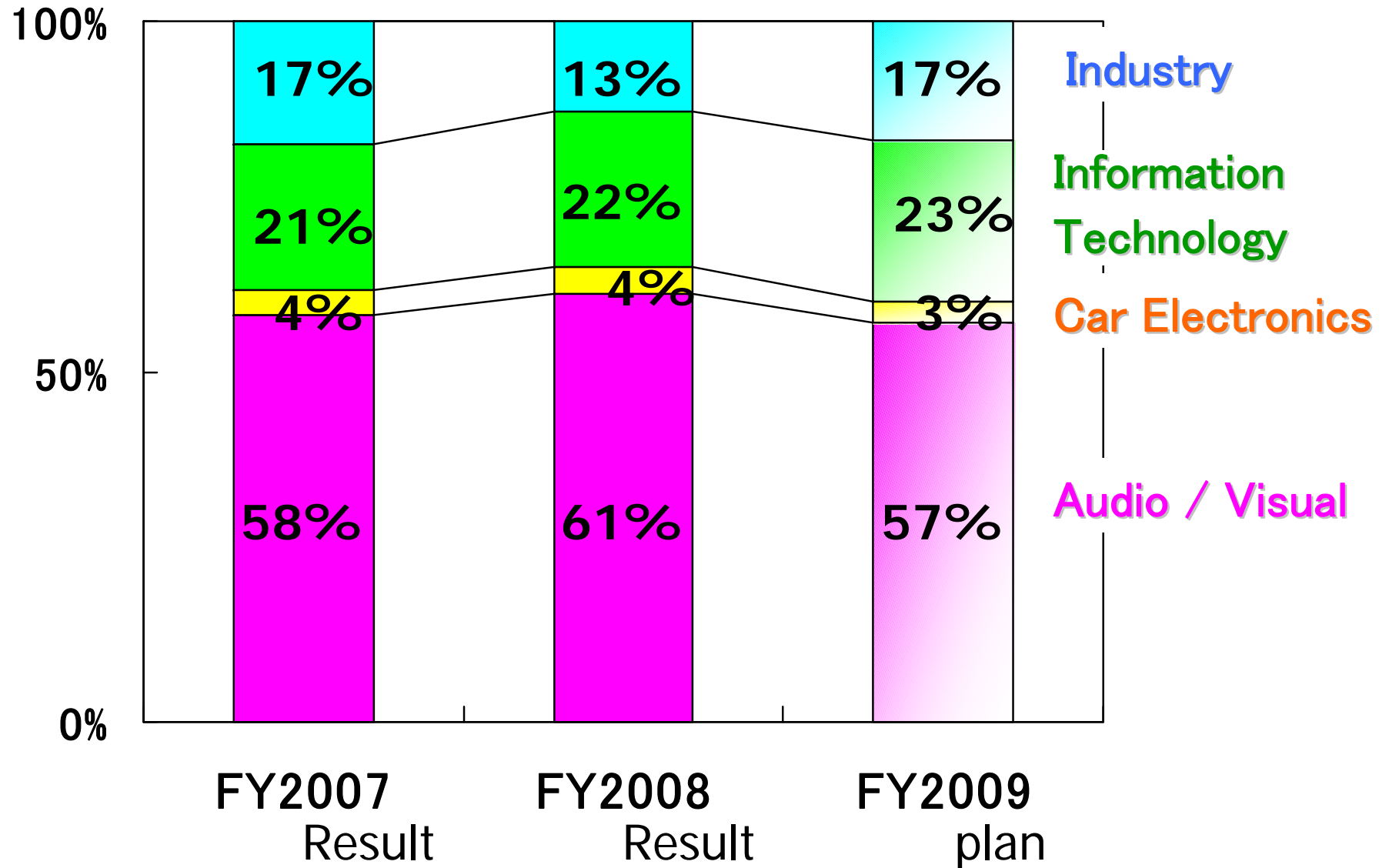
Camera Module

FC Division Net Sales, Operating Income (Consolidated)

Unit: Hundred Million Yen



FC Division Transition of market-specific sales (Consolidated)



Strengthen the development of future oriented technology and products emphasizing on remote controls and switches

Remote Control Increase of added value...high function/multifunction

To more "usefulness"

From IR transmission to RF transmission



2.4GHz RF



Zigbee



Bluetooth

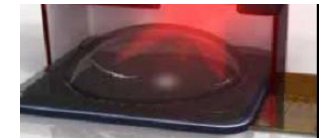


To more "easiness"

Easy entry



Touch pad entry



Optical Finger Pointer

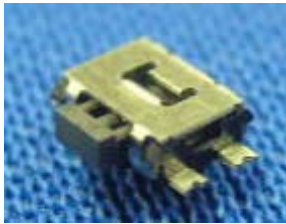
Felica compatible acceleration sensor etc.

FY2009 Keyword for development of remote control... "Eco"

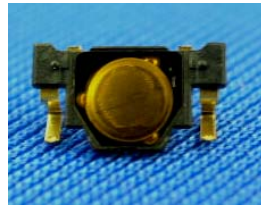
Development of environmentally friendly products bio raw materials/electrical power savings

Increase sales of switches...expanding the market

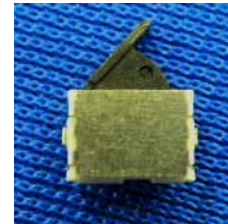
➤ Mobile phone ⇒ *Digital Camera / CAR / Industry*



Horizontal SW



Dome SW



Detector SW



Lock & Momentary SW

Improve the switch products repertoire to meet the diversified needs

- *Pursue smaller and thinner switches*
- *Pursue better operation feeling*
- *Pursue longer-life*



Analog SW



Rubber SW

Strengthen Profitability

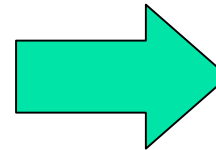
(Compared to FY2008)

Variable costs: ▲ 7%

(Material costs + Processing costs)

Labor costs: ▲ 10%

Expense: ▲ 20%



*Change for
the better*

For next great leap forward

*Capital investment for major
development products, research and
development costs.*

TP Division

TP Division

TP = Touch Panel

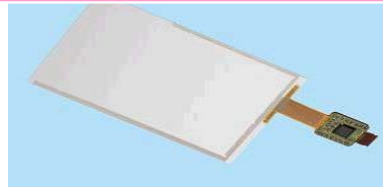
【Main Products】

SMK
Touch Panels

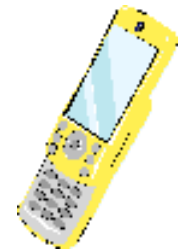
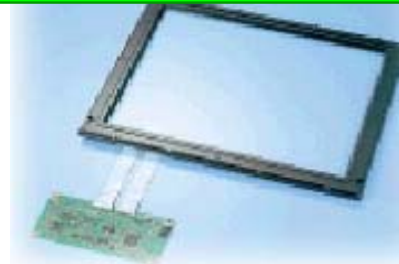
Resistance Touch Panel



Capacitance Touch Panel

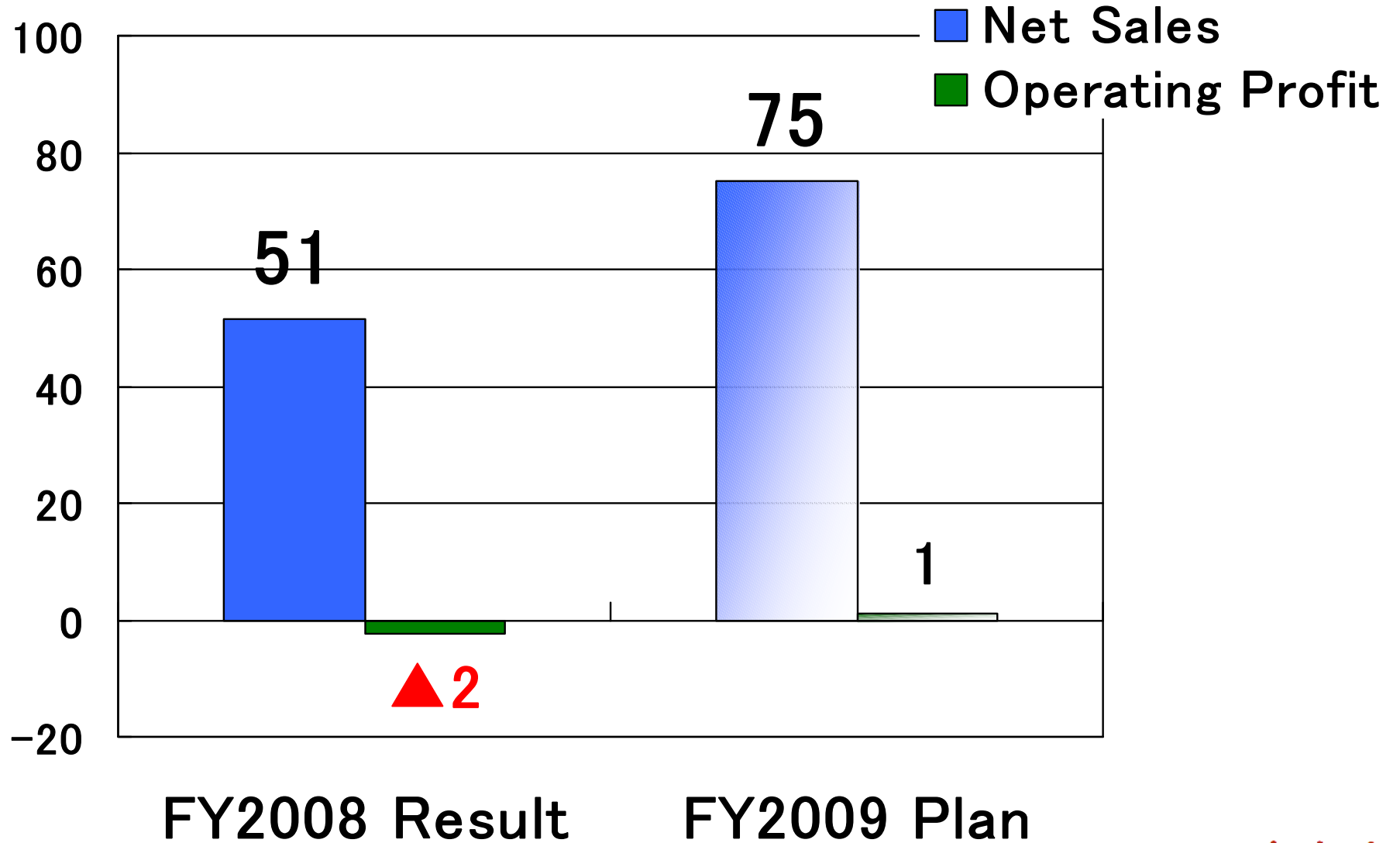


Optical Touch Panel

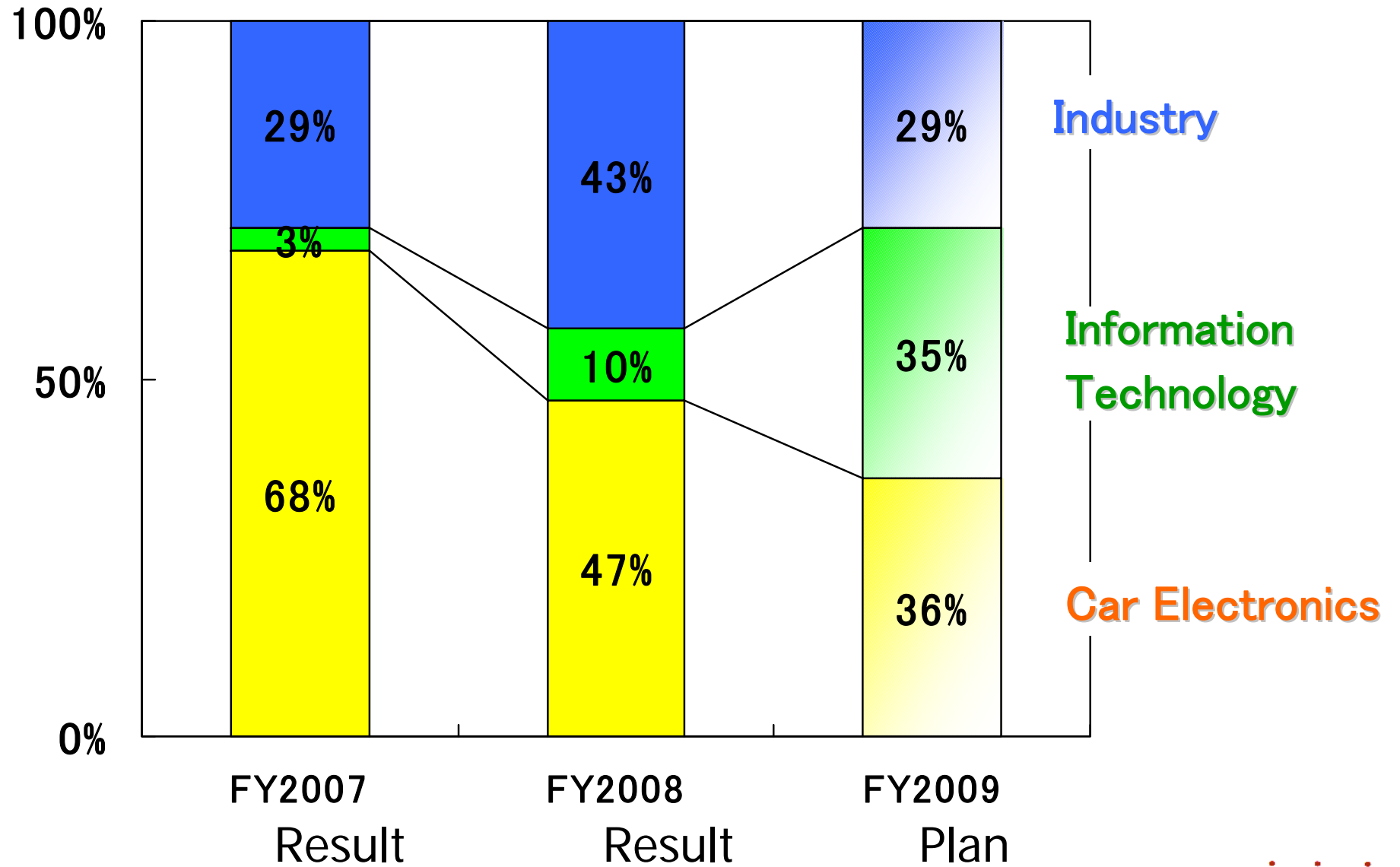


TP Division Net Sales, Operating Income(Consolidated)

Unit: Hundred Million Yen



TP Division Transition of market-specific sales (Consolidated)



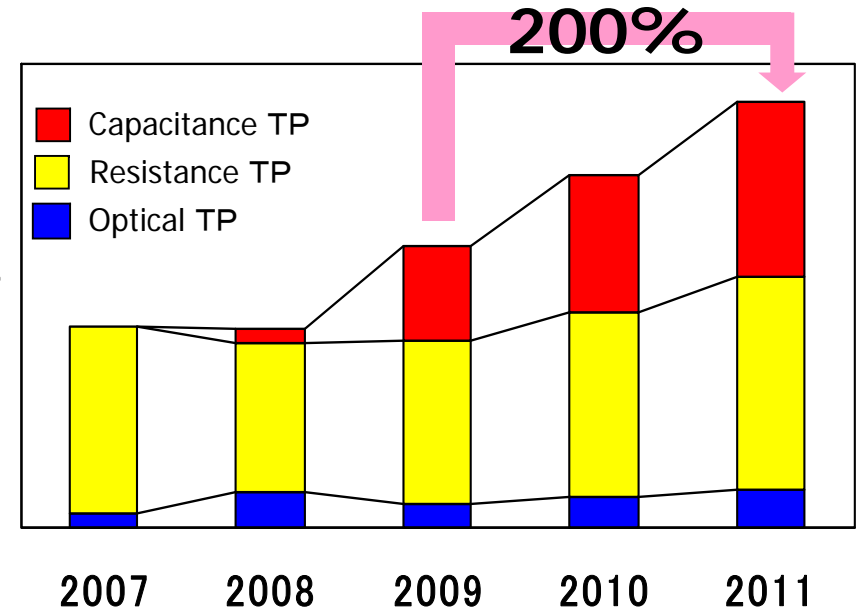
TP Division Product Strategy and Major Market

KEYWORD "Mobile"

Mobile Phone, DSC, DVC, Smart Phone, UMPC, PND, Media Player for Mobile Phone etc.



Net Sales by Touch Panel system



(SMK Forecast)

Small size Touch Panel

Capacitance TP

Input by gesture + multi touch

Force feed back TP

Feeling variation

Film/Film type TP

Low-profile + Lighter

In preparation for expanding market

1 Expanding net sales

Concentrate heavily on main products

Capacitance TP

Resistance TP

Force feed back TP

Market capture

For automobiles

For mobile phone units

For POS, ATM

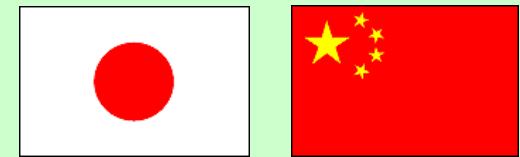
EU+ Asia Area



From Japan to EU + U.S.A



Japan + Asia area



2 Keep gain on board

Products lineup

Development new products

Products promotion of streamlining



Notice

All information in this material concerning the forecast of business achievements, projections of general business conditions and our business strategies is dependent on our conclusion made to a normally foreseeable extent applying information reasonably accessible to us at the time of preparation of this material. However, the reality is that it contains risks and uncertainties which may cause result to materially differ from business projections, stated or implied, due to situations which are unforeseeable under normal conditions, or of results which are beyond a reasonably foreseeable outcome at that time.

Despite our active efforts to disclose information which is considered to be important to investors of our company, total dependence on the business projections in this material, stated or implied, must be refrained from when decisions of any kind are made regarding our company.

*The materials for this presentation to our investors is available on the IR Information Section of our Web site, <http://www.smk.co.jp/>.