



Business Report for FY2007

-From Apr.2007 to Mar.2008-

SMK Corporation

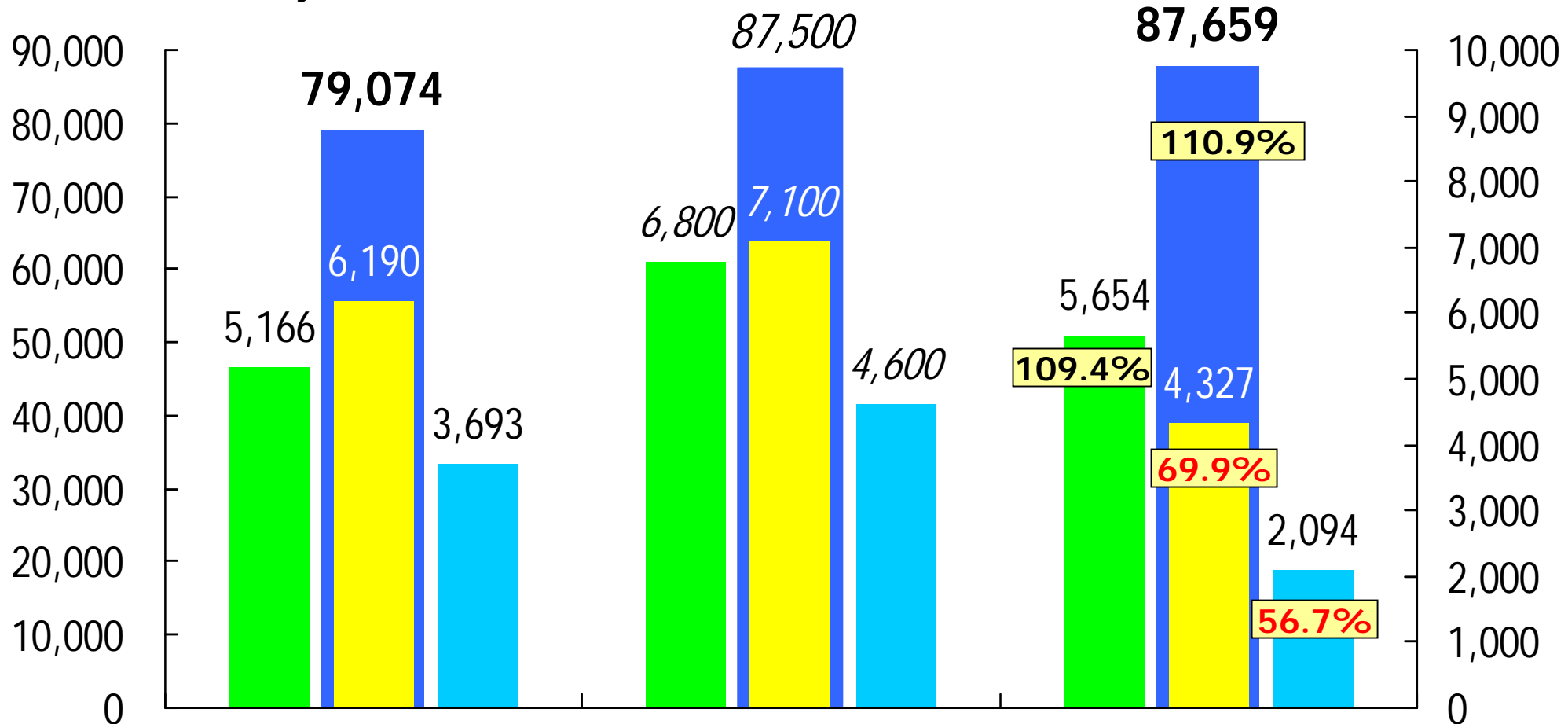
April, 2008

<Consolidated> Full Fiscal Term Performance

Compared to FY2006

Income: Million yen

Sales Amount: Million yen



FY2006 Result

FY2007 Revised Plan

FY2007 Result

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

< Consolidated > Sales Expenses

FY2006

FY2007

(Unit: million yen)

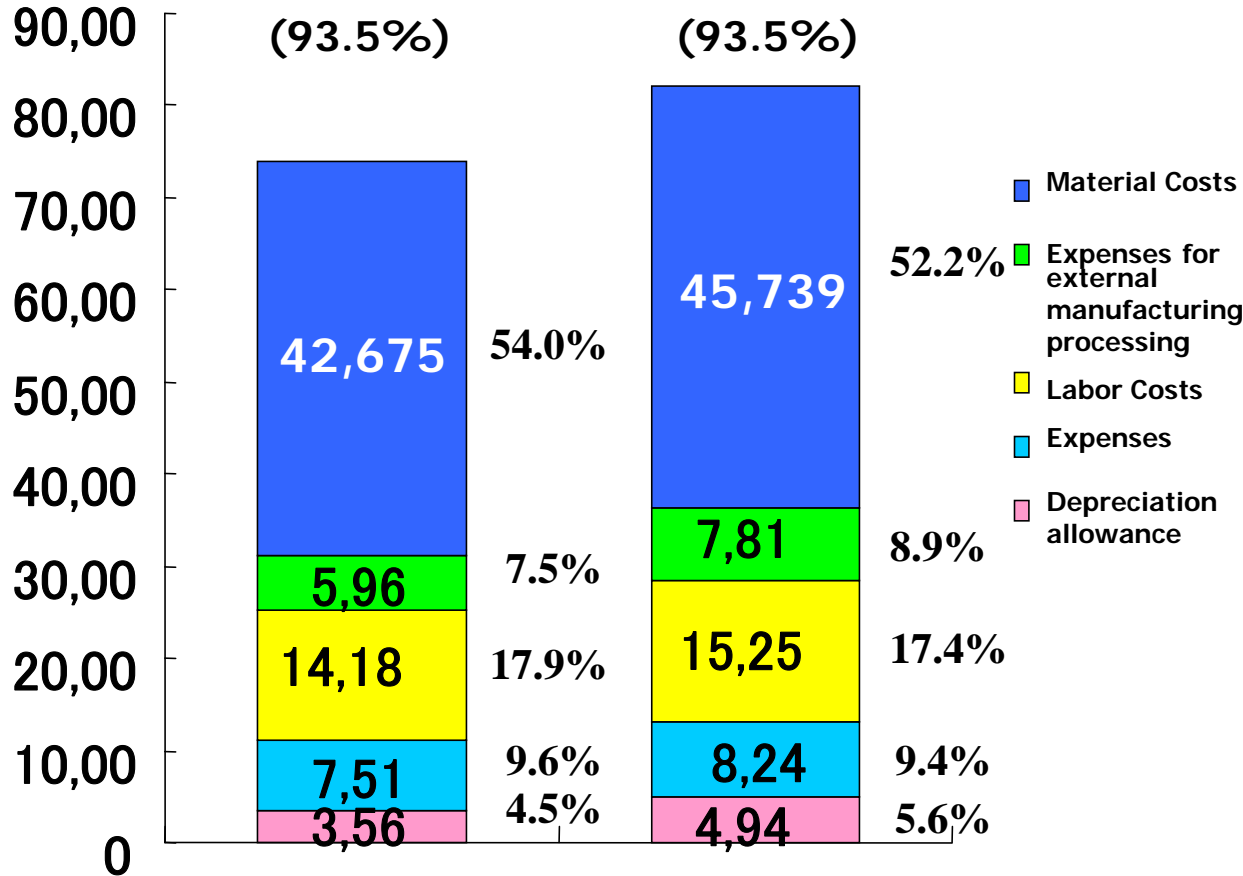
73,908

82,005

(): Ratio to total sales

(93.5%)

(93.5%)



[(Material costs + Expenses for external manufacturing processing) improved by 0.4%]
61.5% → 61.1% About 327 million yen

[Labor costs increased by 1,072 million yen]

Increase in number of work force of overseas works, and increase in wages in Huanan district, China.

Average number of workers in overseas works

FY2006	10,700 people	} Increased by 1,800 people
FY2007	12,500 people	

Main works reporting increase

Huanan, China 1,500 people

Malaysia, Philippines 300 people

5,166

5,654

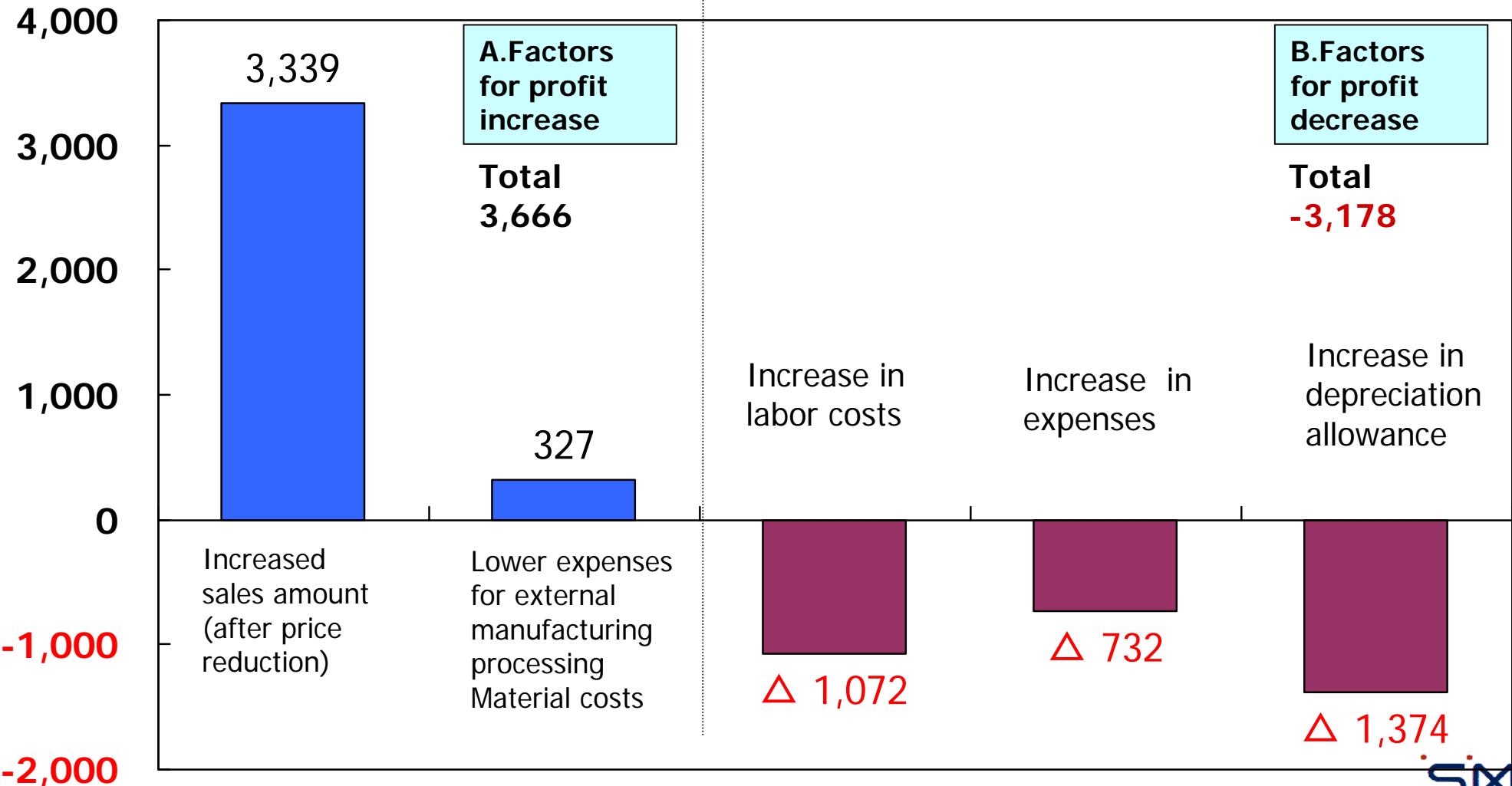
Operating Profit

<Consolidated> Analysis of sales expenses

(Unit: million yen)

Analysis of factors for increase/decrease of consolidated operating profits [FY2006 vs. FY2007]

Net Total
+488 million yen



<Consolidated> Non-operating profit and loss

FY2006

1,024

(1.3%)

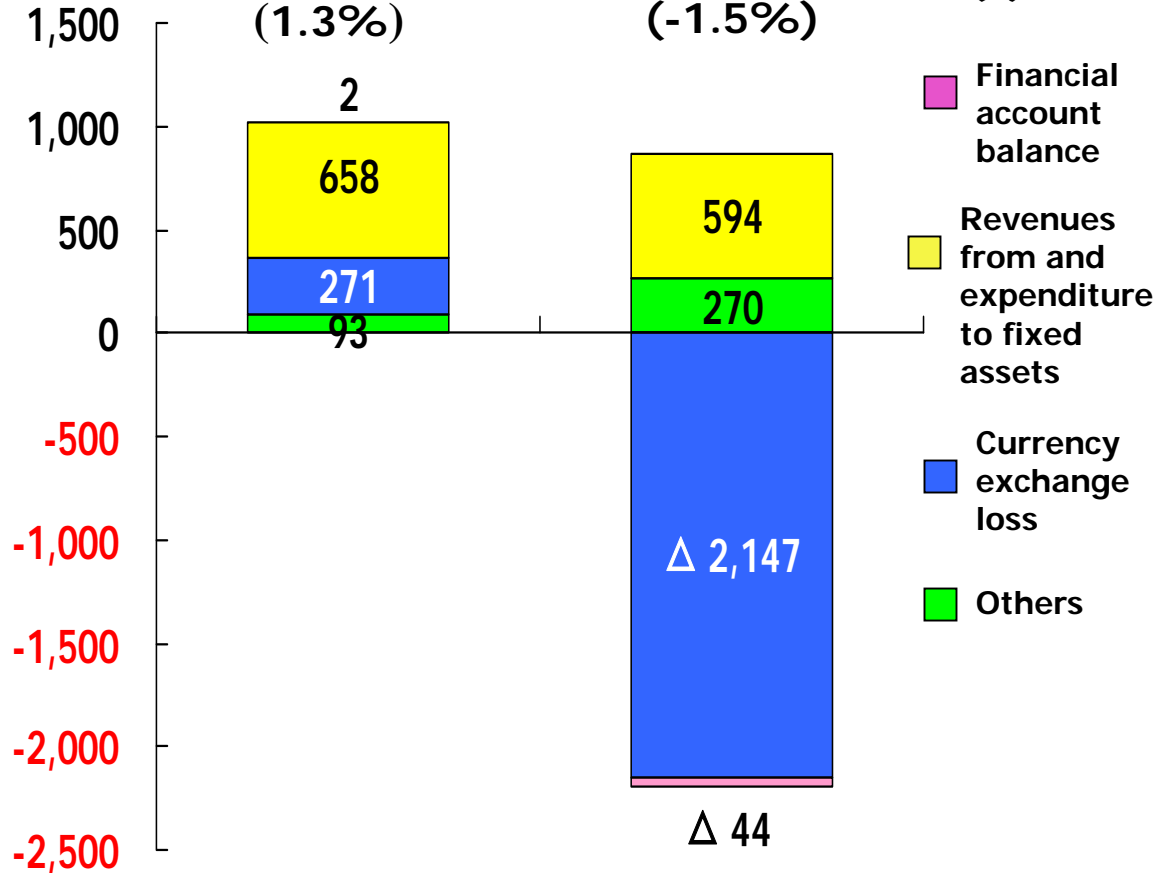
FY2007

-1,327

(-1.5%)

(Unit: million yen)

(): Ratio to total sales



Comparison to last fiscal term

-2,351 million yen

Exchange gain → Exchange loss

-2,418 million yen

-1,739 million yen incurred in 4Q

Last fiscal term

Yen depreciated by 0.58 yen
(as of Mar. 31, 2007)

[117.47(06/3) – 118.05(07/3)]

Current fiscal term

Yen appreciated by 17.86 yen
(as of Mar. 31, 2008)

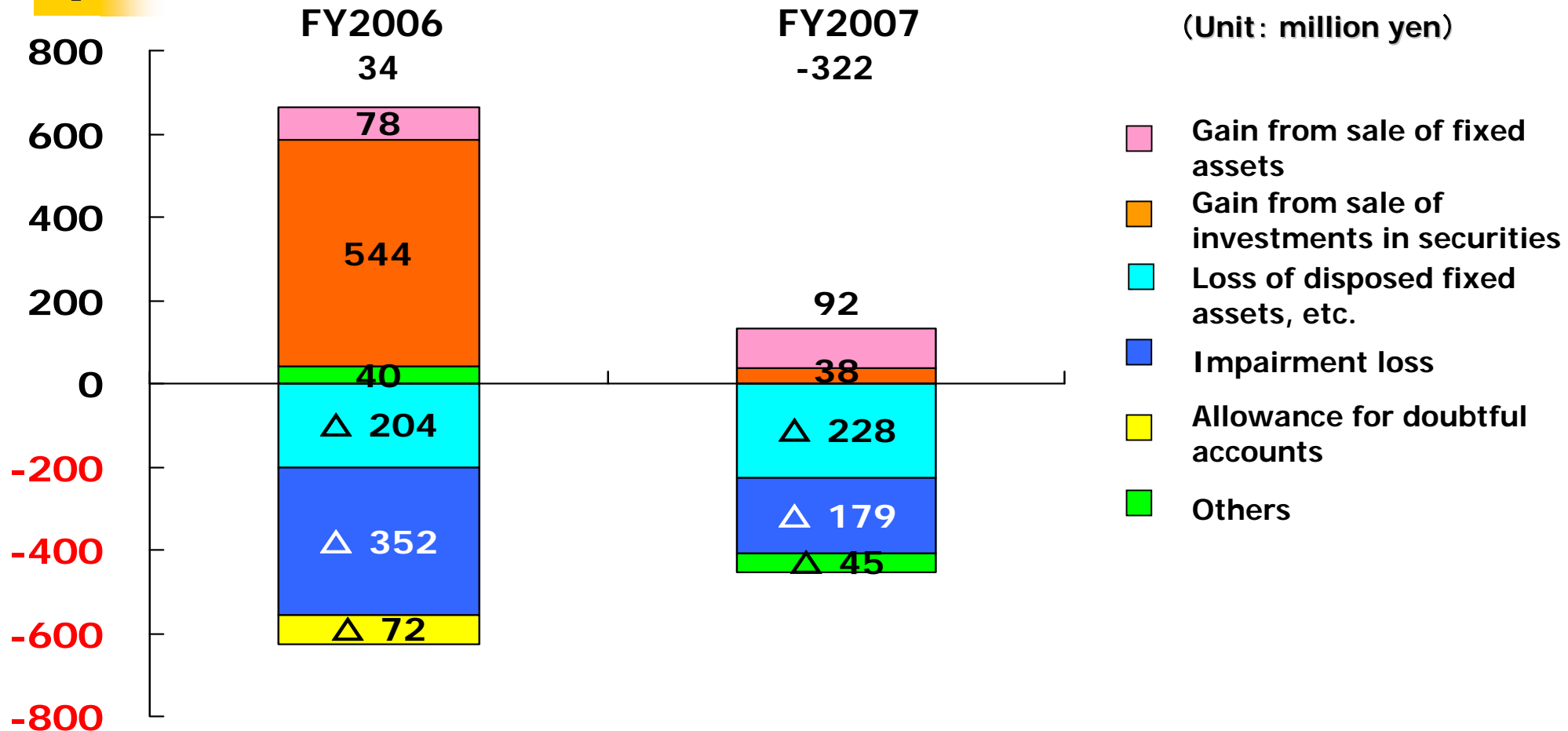
[118.05(07/3) – 100.19(08/3)]

Ordinary Profit

6,190

4,327

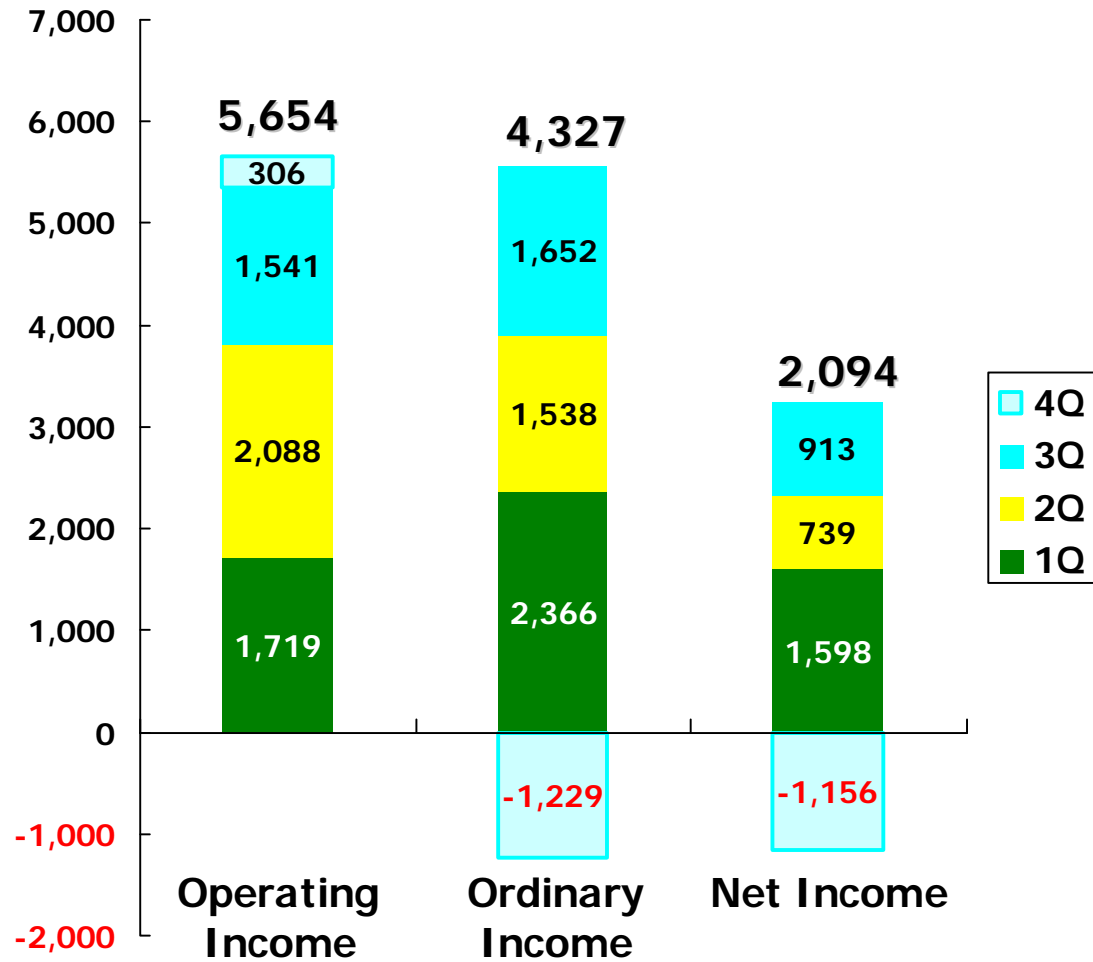
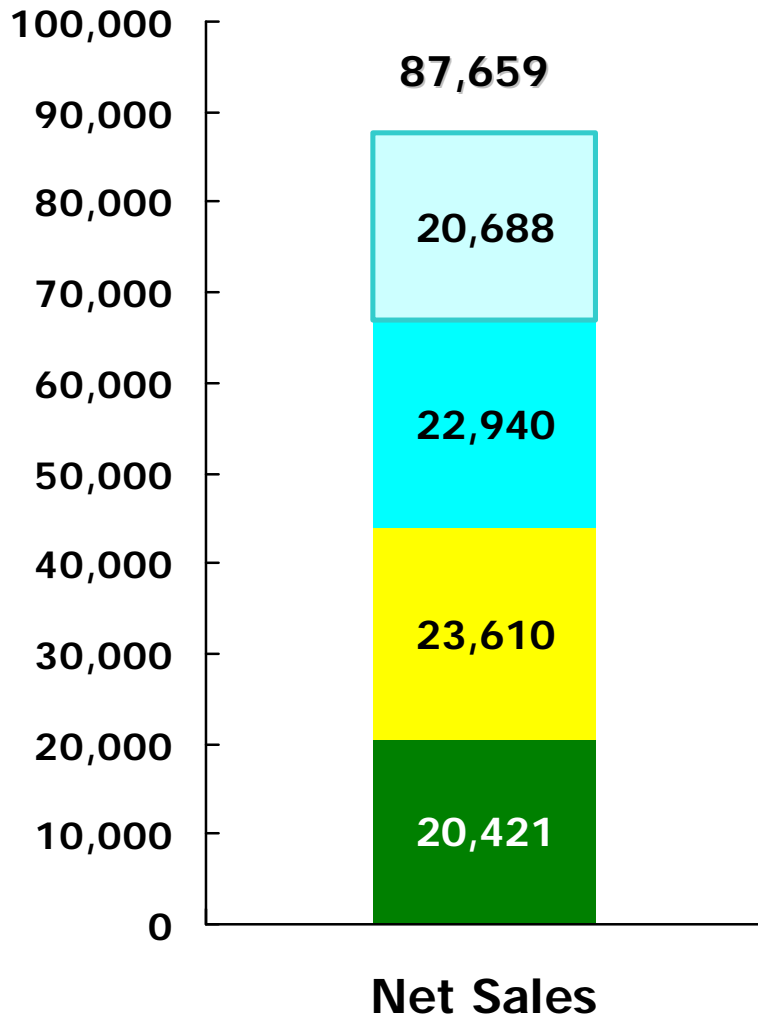
< Consolidated > Extraordinary gain or loss



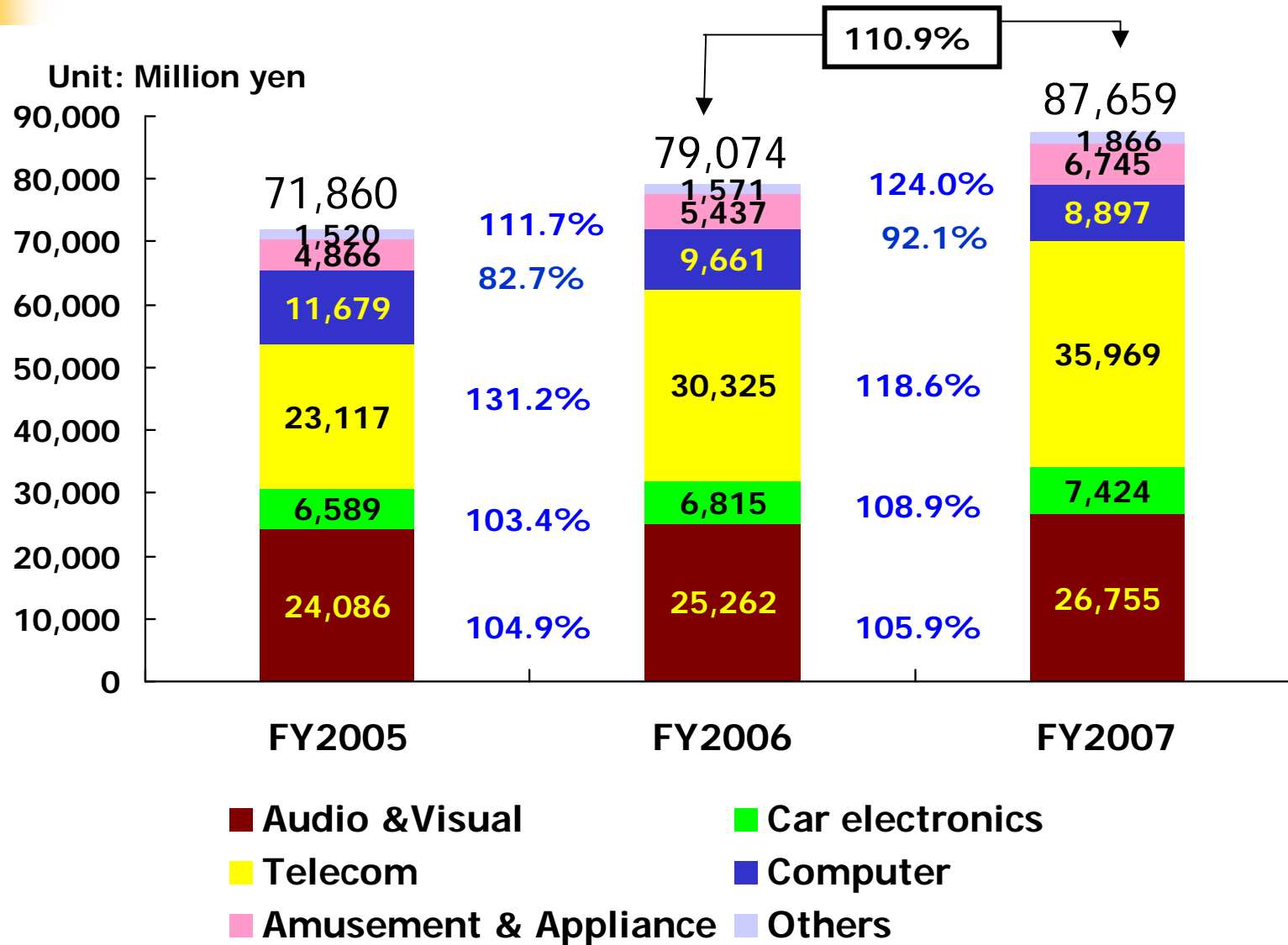
Income before income taxes	6,224	4,005
Income taxes (Current and deferred)	-2,531	-1,911
Net income	3,693	2,094

<Consolidated> FY2007 Trends in performance (Quarterly)

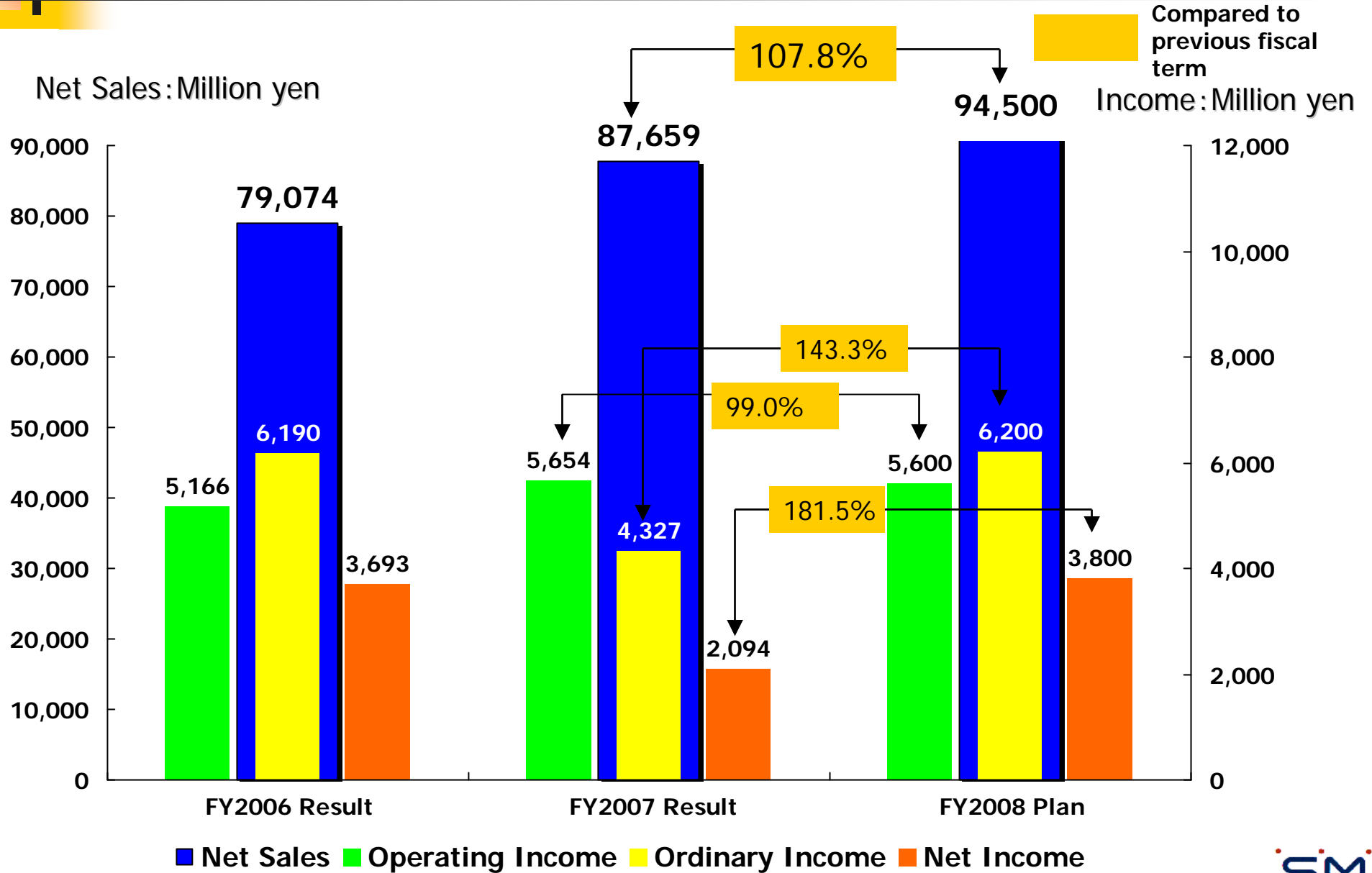
Unit: Million yen



<Consolidated> Comparison of Sales by Market



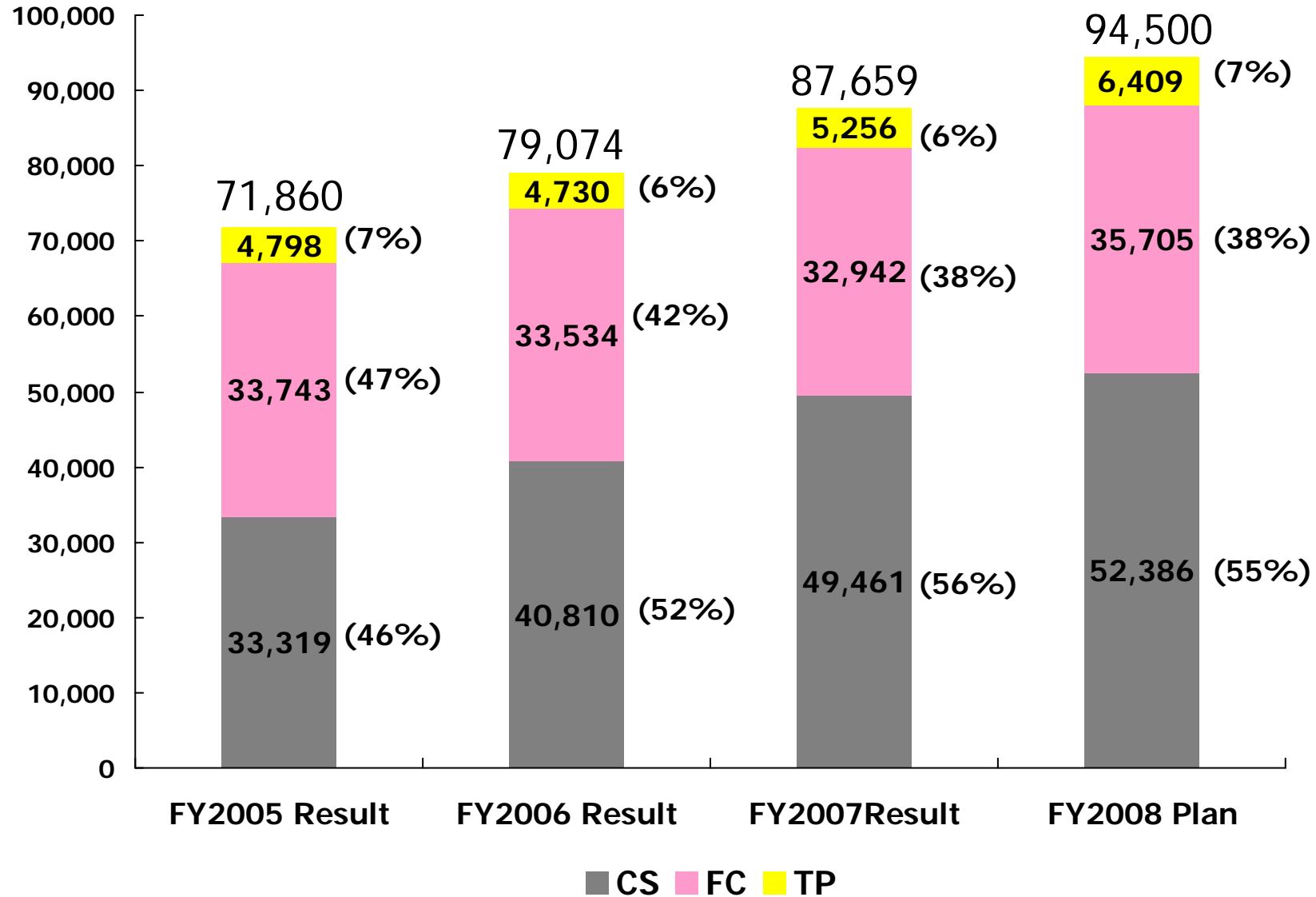
<Consolidated> Full Fiscal Term Plan(FY2008)



Reference: <Consolidated> Net Sales by Product Division

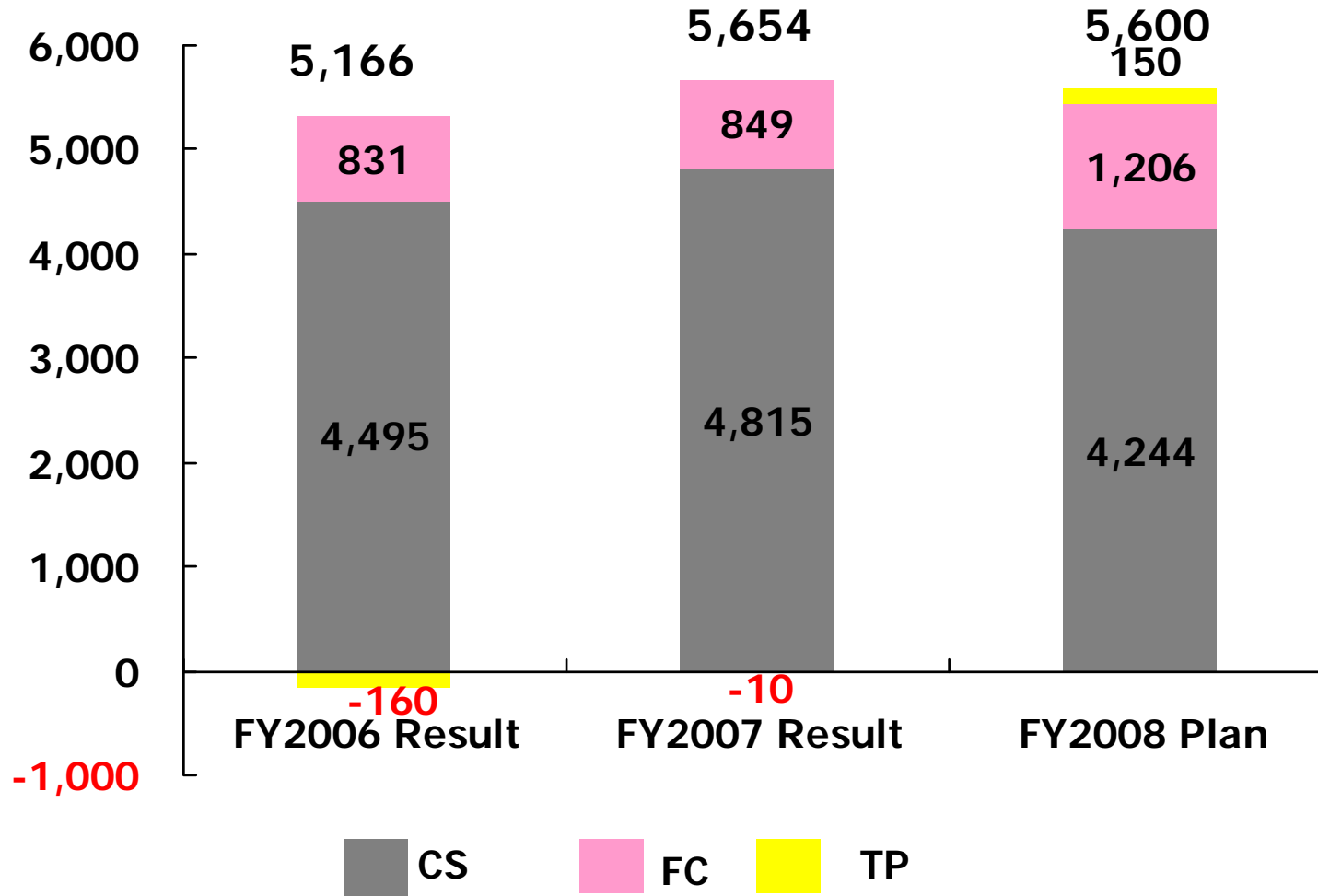
(): Composition Ratio

Unit: Million yen



Reference: <Consolidated> Operating Income by Product Division

Unit: Million yen



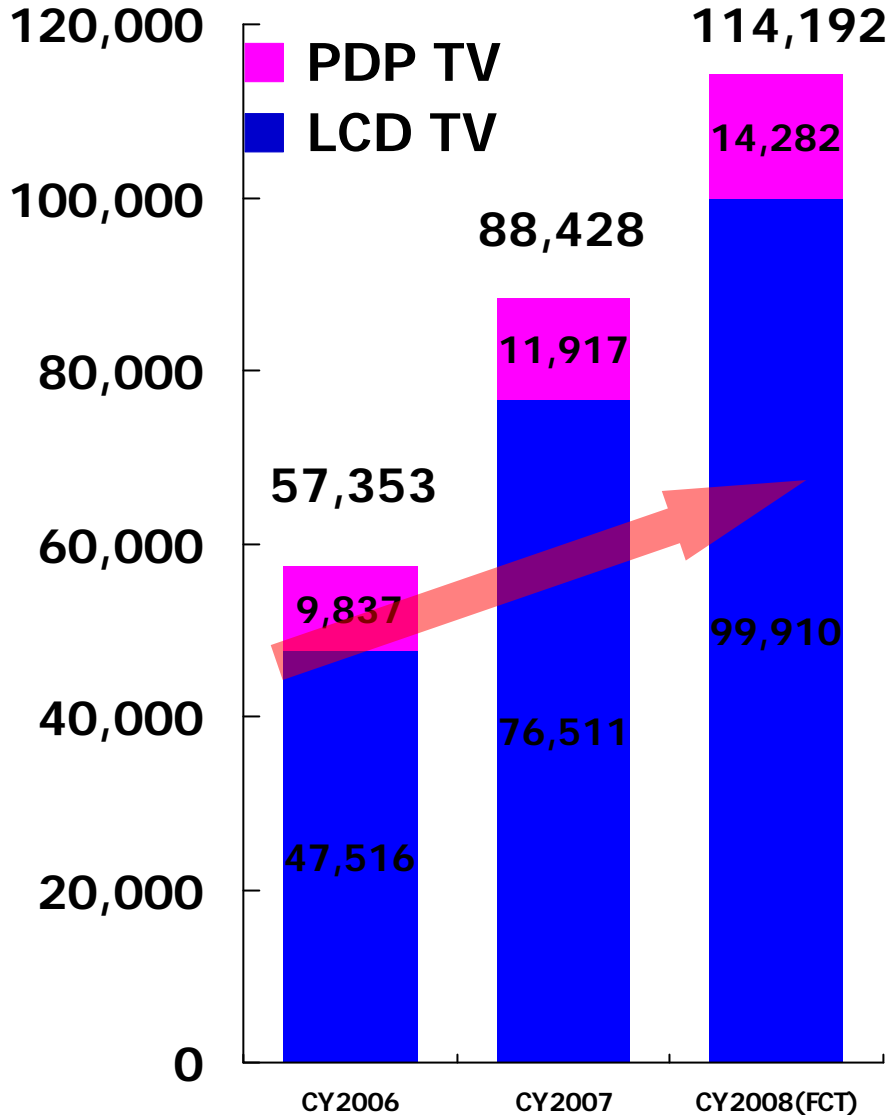
Flat Panel TV LCD (10 inches and over) and PDP TVs

<Business trends of major markets>

<W/W production quantities>

(Unit: 1,000)

'06-'08 CAGR: 41%



Source: JEITA

<SMK's action>

- Further expansion of sales of remote controls
- Intensification of TN production and supply system and sales activities
- Intensification of marketing efforts for Korean and Taiwanese manufacturers



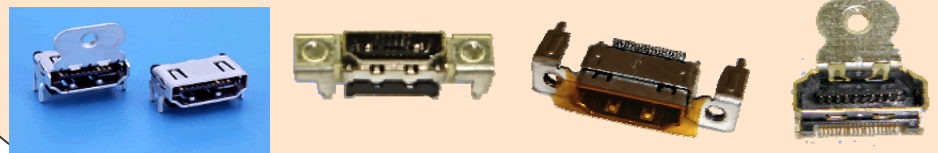
- Intensification of marketing activities for expansion of RF remote control business

RF modules (for remote controls)



- Concentrated marketing activities of connectors

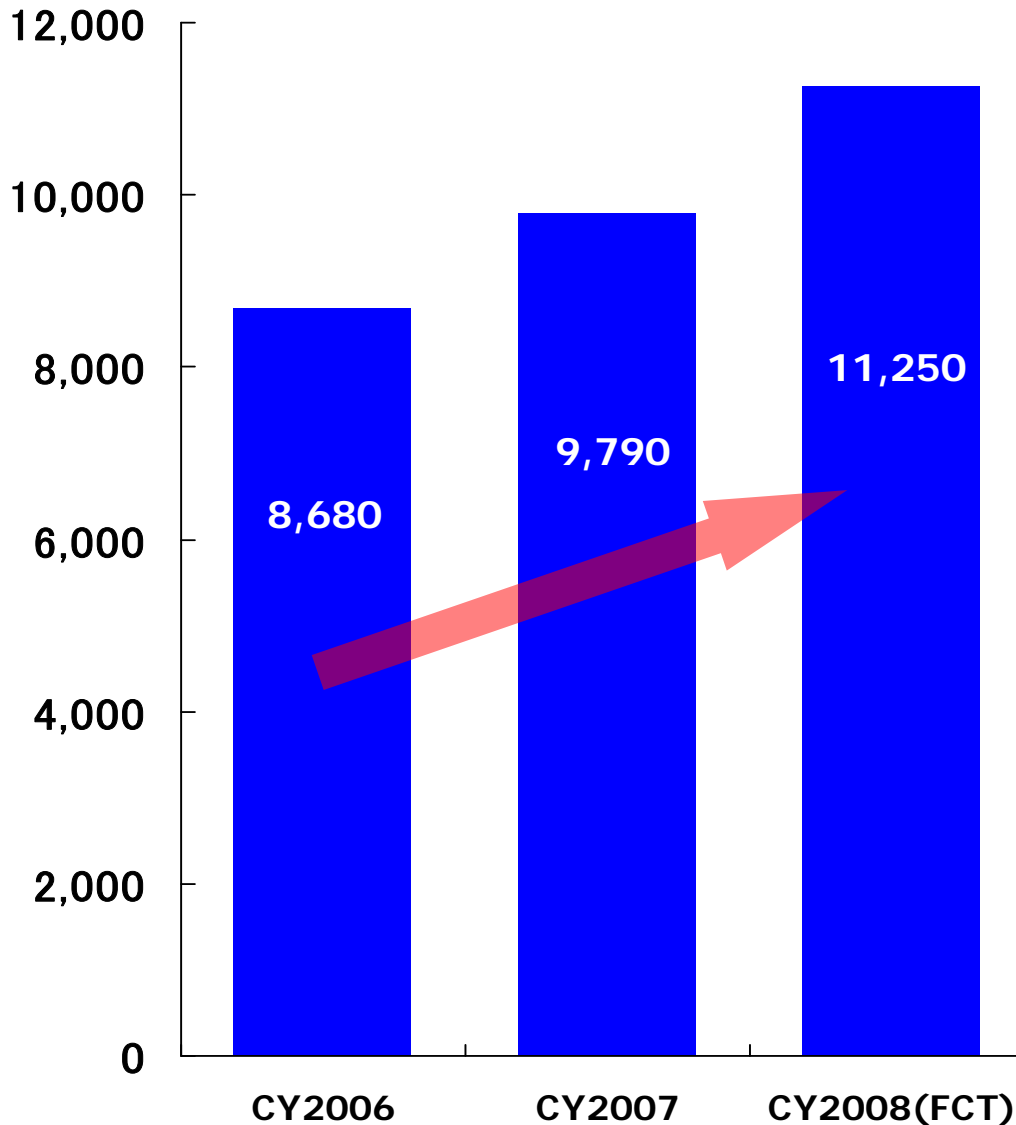
Expansion of HDMI connector line-up



<W/W production quantities>

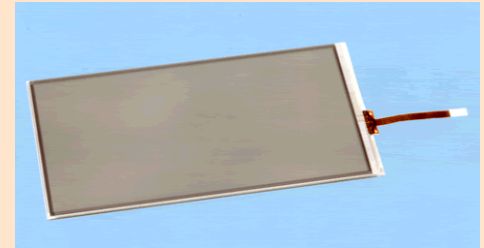
(Unit: 1,000)

'06-'08 CAGR 14%

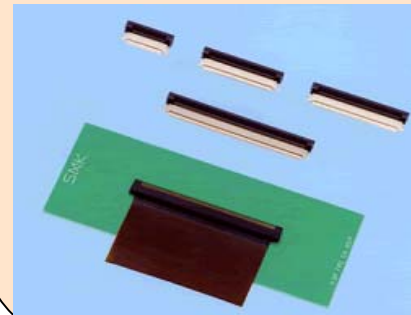
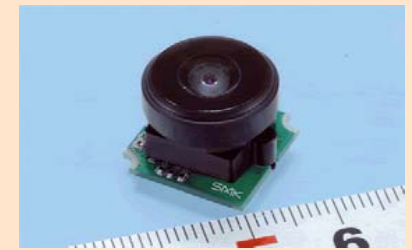


Source: Nikkei Market Access

<SMK's action>



- Expansion of sales of touch panels
- Marketing of connectors for automotive camera modules, automotive cameras and connectors compatible with reception of terrestrial digital broadcasting
- Development and marketing of Bluetooth® modules for automotive applications
- Capture of overseas portable navigation equipment manufacturers

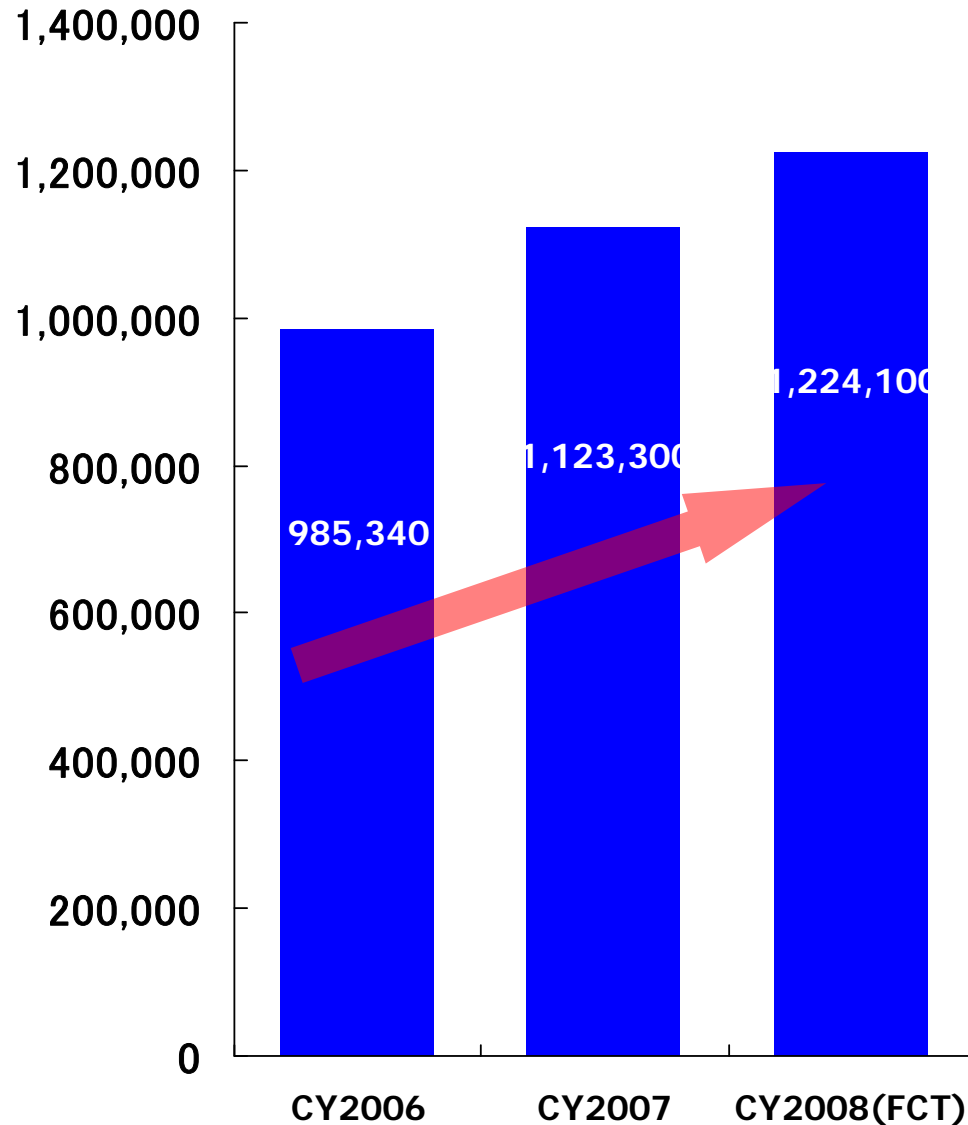


<Business trends of major markets>

<W/W production quantities>

(Unit: 1,000)

'06-'08 CAGR 12%

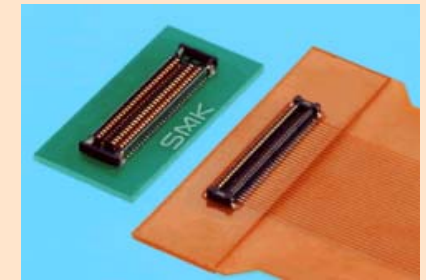


Source: JEITA

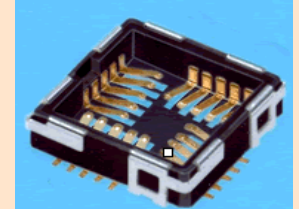
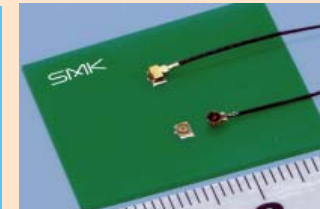
Mobile Phones

14/46

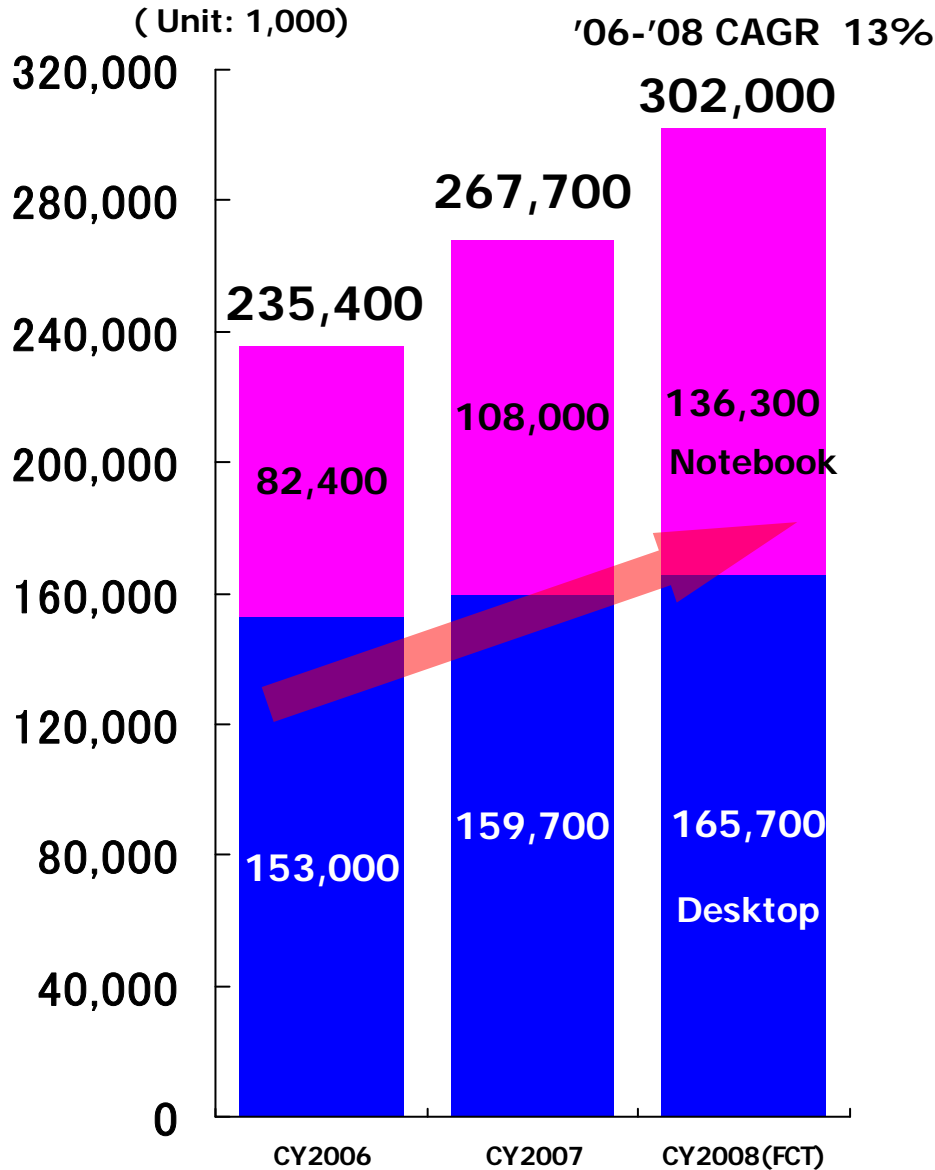
<SMK's action>



- Earning more business from major overseas customers
- Expansion of availability of new products for thinner and more functional terminals. Concentration on development of input devices, switches and internal connectors
- Expansion of business of accessories such as Bluetooth® products, earphone cables and power supply components



<W/W production quantities>

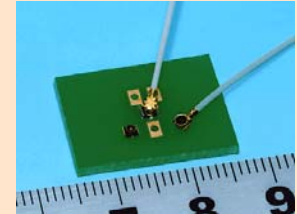


Source: IDC

<SMK's action>



- Intensified marketing activities for Windows Vista compatible remote controls of new design
- Entry into major overseas manufacturers
Proposal of Express Card remote controls and highly transparent touch panels, and promotion of new product development
- Marketing of RF products such as coaxial connectors and antennas in the notebook PC application market





SMK's Management Goals

1. Three challenges

- * Enhancement of SMK's brand recognition
- * Quality improvement by TN (transnational) ZD activities
 - General (Absolute) Quality
- * Another try for creation of better quality products

"Only conscientious parts can build good equipment"

2. Turn-around of red-ink business into black at our earliest opportunity

3. Efforts for achievement of our middle term business plan

- * ROA 13% ROE 15%
- * Annual dividend of 25% to 30% payout ratio

4. Environmental corporate management

- * RoHS Directive and Chinese regulation in respect to its own RoHS, European REACH Regulation
- * Publication of environmental reports

5. CSR management

- * Compliance with the Japanese version of the SOX Act

Three Challenges

- 1 → Enhancement of SMK's brand recognition
- 2 → Quality Improvement by TN (transnational) ZD activities
- || → **General (Absolute) Quality**
- 3 → Another try for creation of better quality products

Manufacturing

Acquiring and Handing down Core Technology to the Next Generation

Seeds
Expedition
Troop



Exciting
Dream
Workshop



Improvement of Technological Capabilities



Executive Management Change (Director, Auditor: as of June 24th)

19/46

1. Directors

(Promotion) Yasumitsu Ikeda

**New: Director and Executive Deputy President,
Director in Charge of TN Sales Division**

**Before: Director and Executive Vice President,
Director in Charge of TN Sales Division**

(New Appointment) Hajime Yamada

**New: Director and Executive Vice President
CFO in charge of Finance and Accounting Department**

**Before: Executive Vice President
CFO in charge of Finance and Accounting Department**

(Resignation) Kenji Kobayashi

**Before: Director and Senior Executive Vice President,
Assistant to President**

2. Newly Appointed Auditors

(Full-time auditor) Kenji Kobayashi

**(Before: Director and Senior Executive Vice President
Assistant to President)**

(External Auditor) Naru Nakashima (Lawyer, Naru Nakashima Law Firm)

Date: June 4th, 2008 (Wed) ~ 6 th(Fri) 3 days

**Location: Le Meridien Pacific
Tokyo (Manyo)**

**Theme:
Vision to Creation, It's Our Challenge!**

Expected Number of Exhibits: About 400 Items

Seminar are held over 3 days.

Expected Number of Visitors : 3,500 people

Briefing on Technology Exhibited in TEXPO 2008

*Attendees: All interested parties relevant to
IR/Public Relations*

*Date: June 4th (Wed) 10:30~
may be subject to change

*Location: Le Meridien Pacific Tokyo 1F
Sawarabi (Details will be given out in May)*



SMiK
TEXPO 2008
想像から創造へ、私たちの挑戦

2008.6.4 (wed) → 6 (fri) 会場: ホテルパシフィック東京 議室

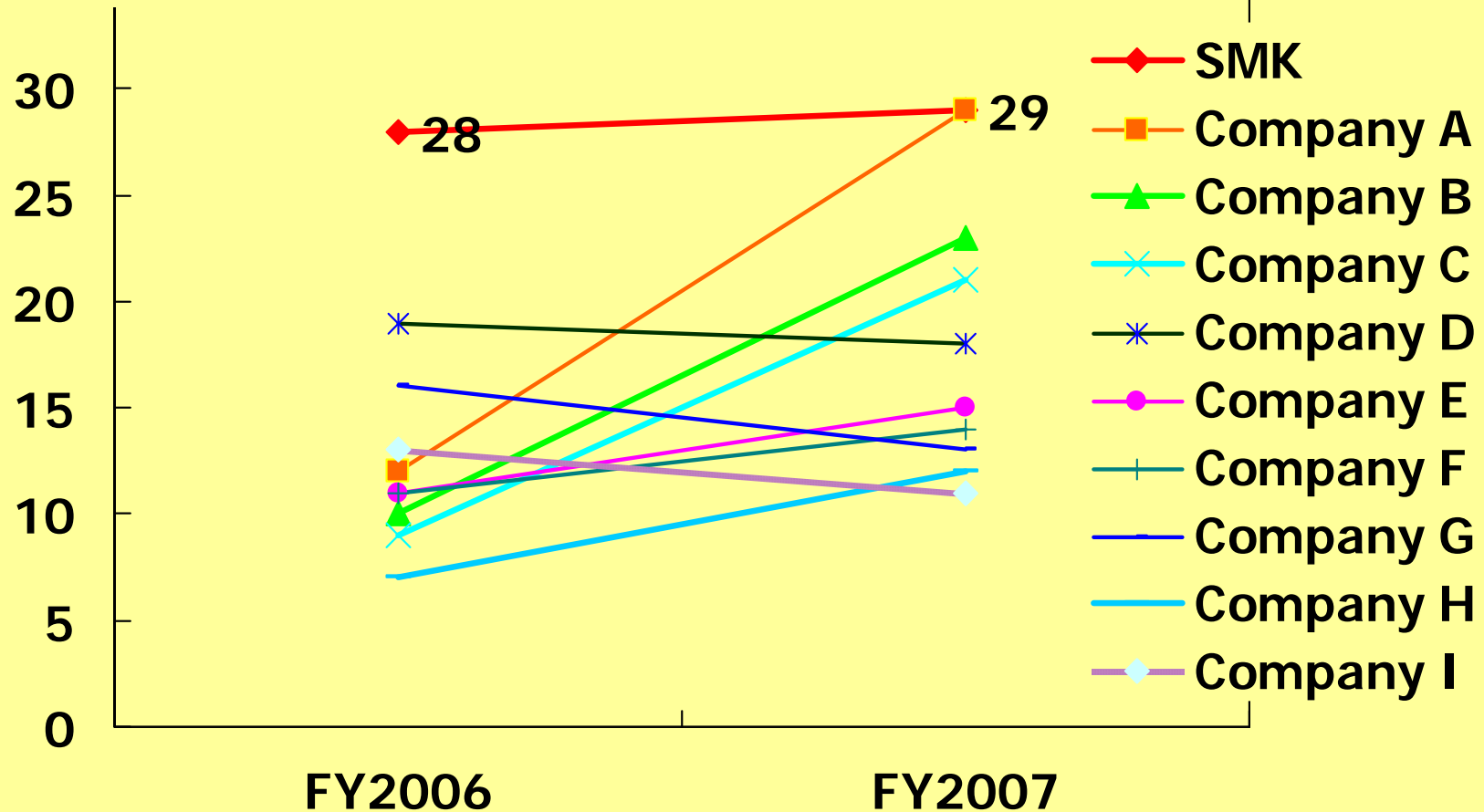
同時開催セミナーのご案内		
6月4日(水) 13:15-14:45 「強みを活かす日本のものづくり戦略」 講師: 藤本 雅史 氏 <small>(東京大学工学部経営学専攻 教授、東京大学の工学経営センター センター長)</small>	6月5日(木) 13:15-14:45 「自然に学ぶものづくり」 ～世界の最先端テクノロジー～ 講師: 森池 孝 氏 <small>(株式会社エコーエスエフの代表取締役 社長)</small>	6月6日(金) 13:15-14:45 「創造的な発想法」 ～思考の谷を越え、新たな領域へ～ 講師: 瀧口 哲也 氏 <small>(東京大学大学院工学系研究科工学経営専攻 特任教授)</small>

Number of New Product Press Releases

<Comparison Top 10 Companies of Electronic Parts>

Number of New Product Releases

(12 months from April 2007 to March 2008)



* Out of 50 companies listed in the “50 Major Companies for Electronic Parts,” an article from February 21, 2008 in Dempa Shimbun (Newspaper)

* The top 10 companies listed here were identified by counting the number of new product press releases from each company’s website in SMK.



CS Division

CS Division

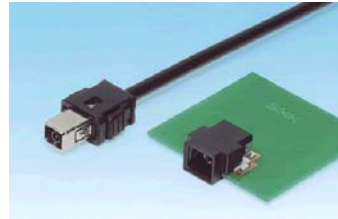
CS = Connection System

【Major Products】 : Connectors/Jacks

■ Connectors



FPC Connectors



Coaxial
Connectors

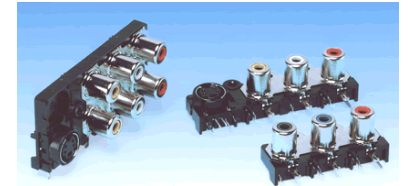


Card Connectors



I/O
Connectors

■ Jacks

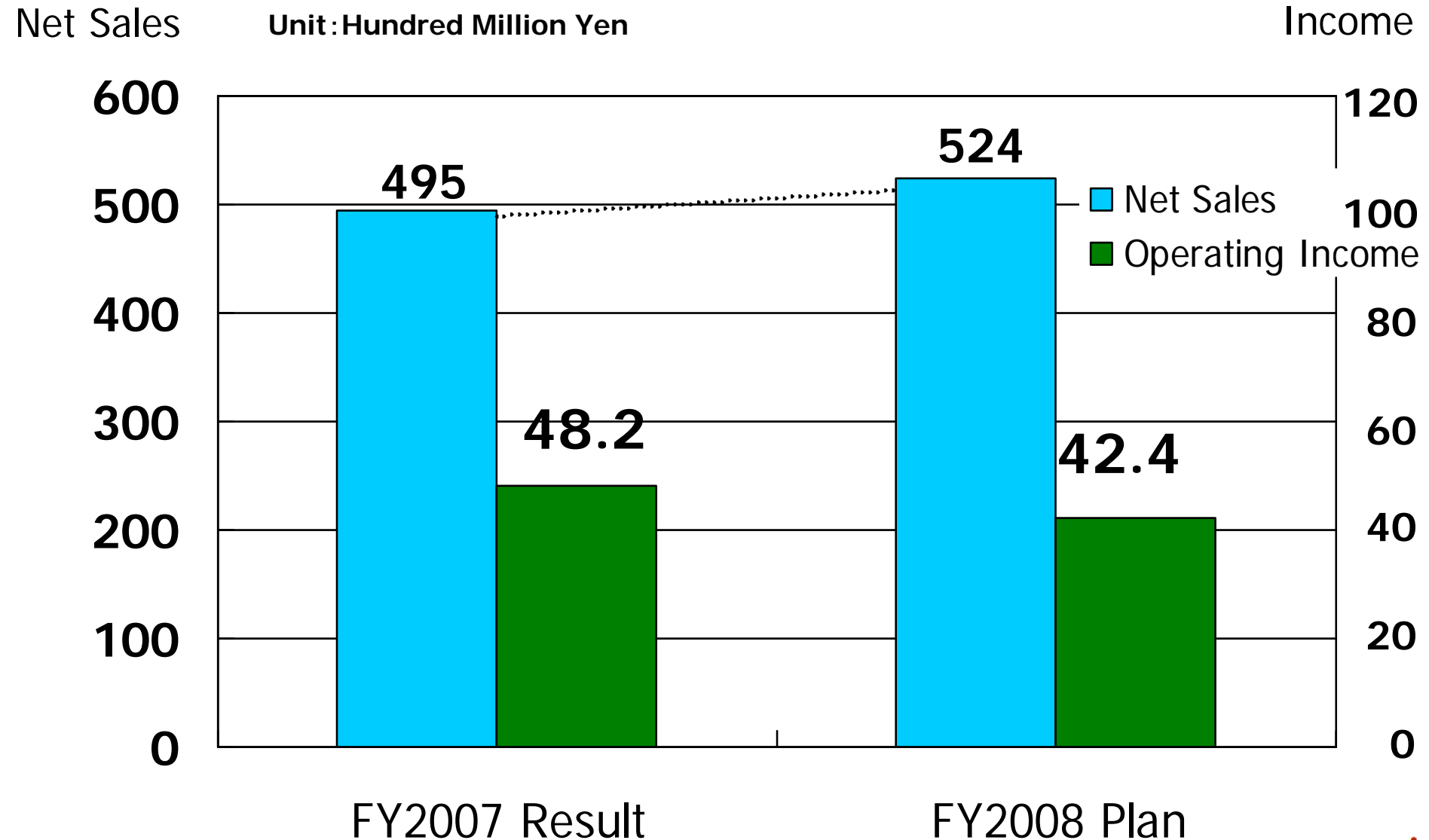


Pin Jacks
Speaker Terminals

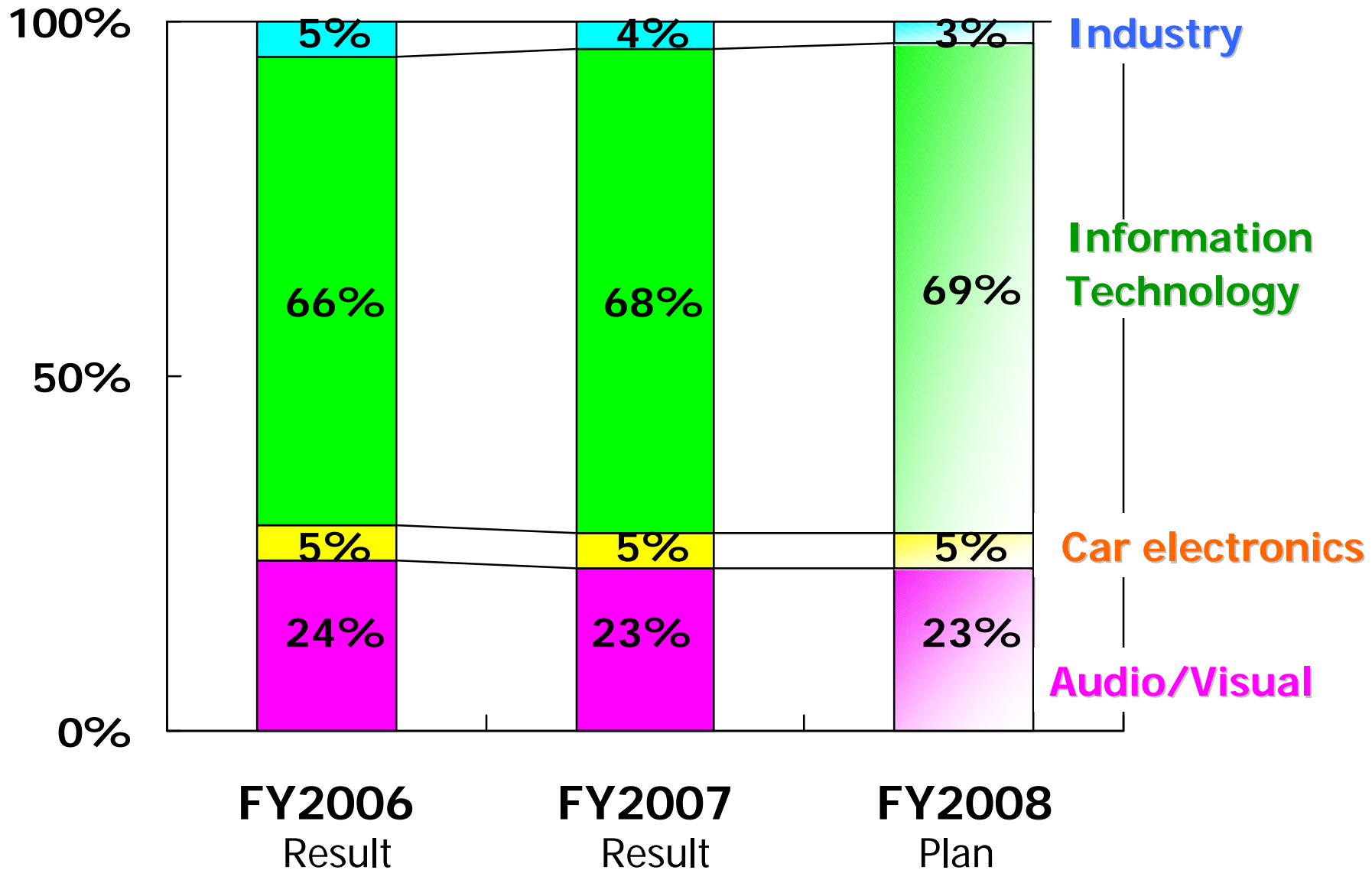


DC Power Supply Jacks
Headphone Jacks

CS Division Net Sales, Operating Income (Consolidated)

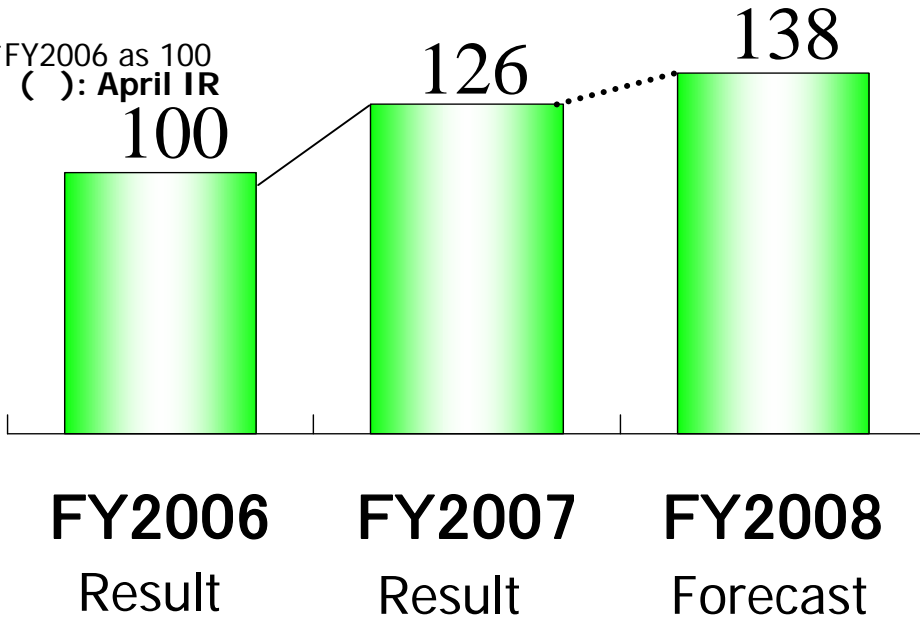


CS Division Transition of market-specific sales (Consolidated)

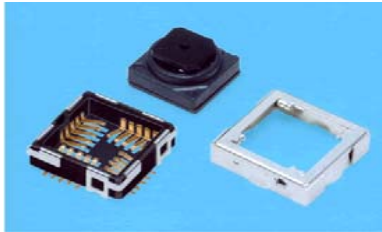


Sales transition

*FY2006 as 100
() : April IR



Camera connectors



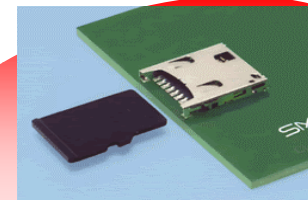
Auto-focusing capable
Lower profile and greater number of pixels

Super small card connectors

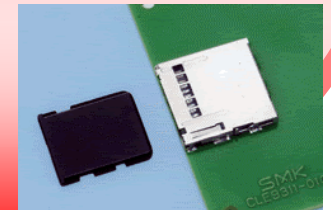
Thin/small/space effective

More composite/
more multifunctional

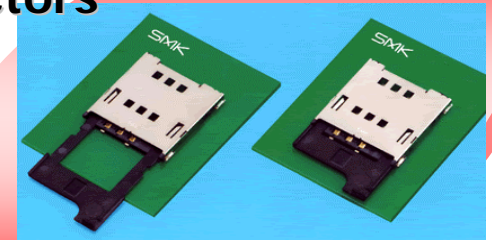
microSD/
TransFlash™
Card connector



Memory Stick
Micro™ Card
Connector

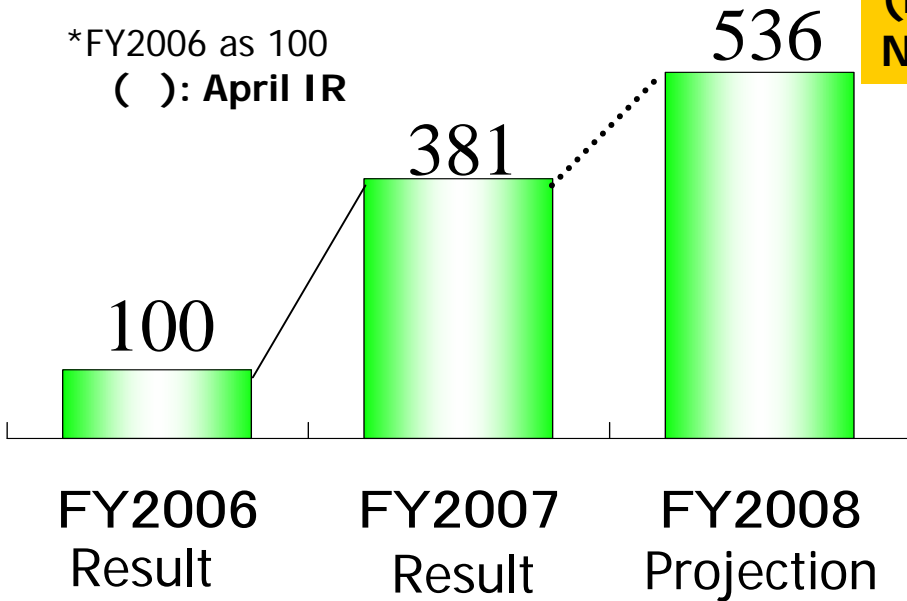


SIM card connectors
Low profile type
Tray type



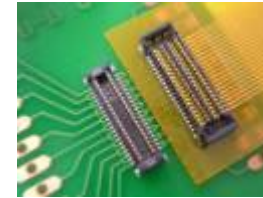
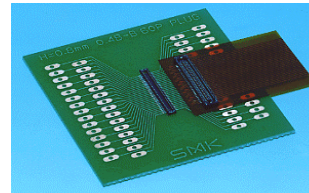
Sales transition

*FY2006 as 100
(): April IR



PB-4A
(h=0.8mm type)
Number of pins: 10 - 80

PB-4B
(h=1.2mm type)
Number of pins: 12 to 60



Narrower spacing
Lower profile

Higher contact reliability

Expanded variation

Shielding

Increase in demand within many small equipment application markets



Camcorders

Digital still cameras

Wireless modules

Game consoles

SmartPhone

Mobile phones

Optical disc drives

Portable media players



Notebook PCs

CS Division Strategic markets/products

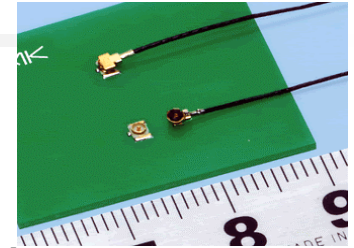
Car electronics

Telecommunications

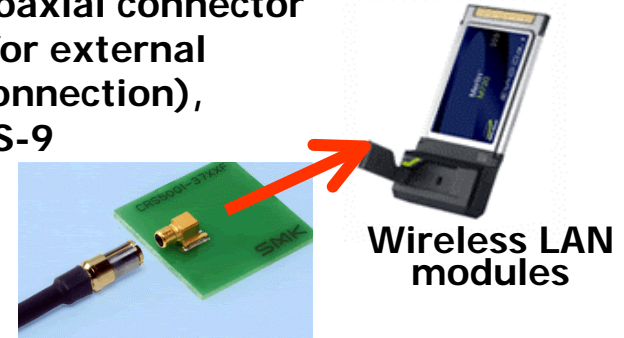


Automotive camera connectors

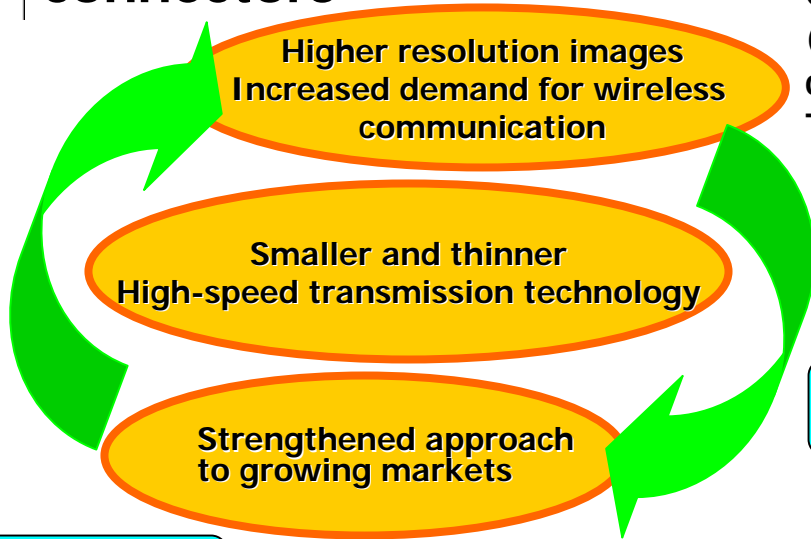
Coaxial connector, TC-7
(H=1.0mm)



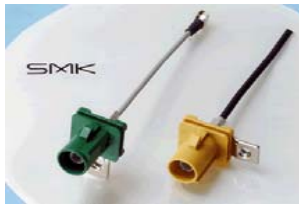
Coaxial connector (for external connection), TS-9



Wireless LAN modules



SMB coaxial connectors



Audio & visual

HDMI connectors



Type A

Type C



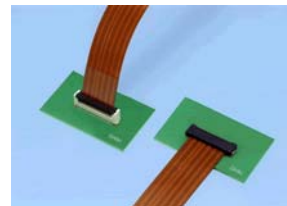
Photovoltaic power generation systems

Connectors for photovoltaic modules

Water-proofing and advantage in workability



Shielded 0.5 mm-spacing FPC connector



EF-5D series

1. Promotion of development of technologies, products, and production technologies

- Timeliness and speeding up
- Patents and added value

2. Pursuit of optimal means (production and sales)

- More effective investment (general/conversion facilities)

3. Enhancement of overall capability

- Implementation of business units and product model-specific strategy





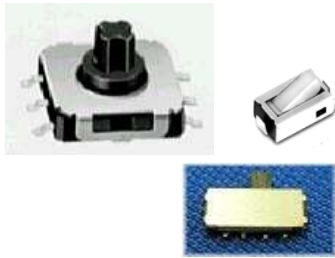
FC Division

FC Division

FC=Functional Components

【Main Products】 : Switch/Keyboard/Control Panel/Bluetooth/
Microphone/Remote Control Unit/Camera Module

SW (Switch)



Various types of switches

UN (Unit)



Bluetooth



Electret Condenser
Microphone (ECM)

RC (Remote Control)



Remote Control Unit



Color Intelligent
Remote Control Unit

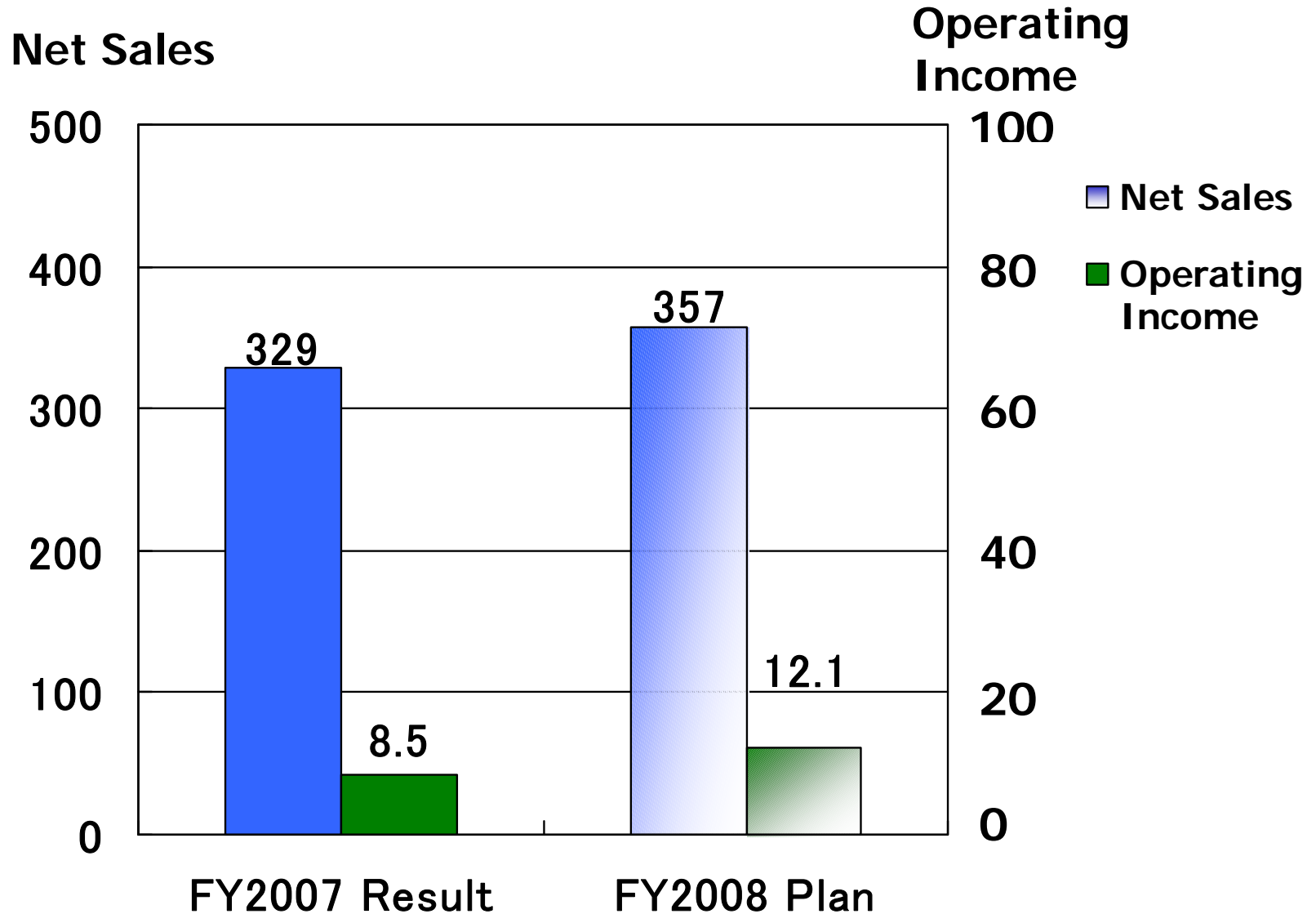
MD (Module)



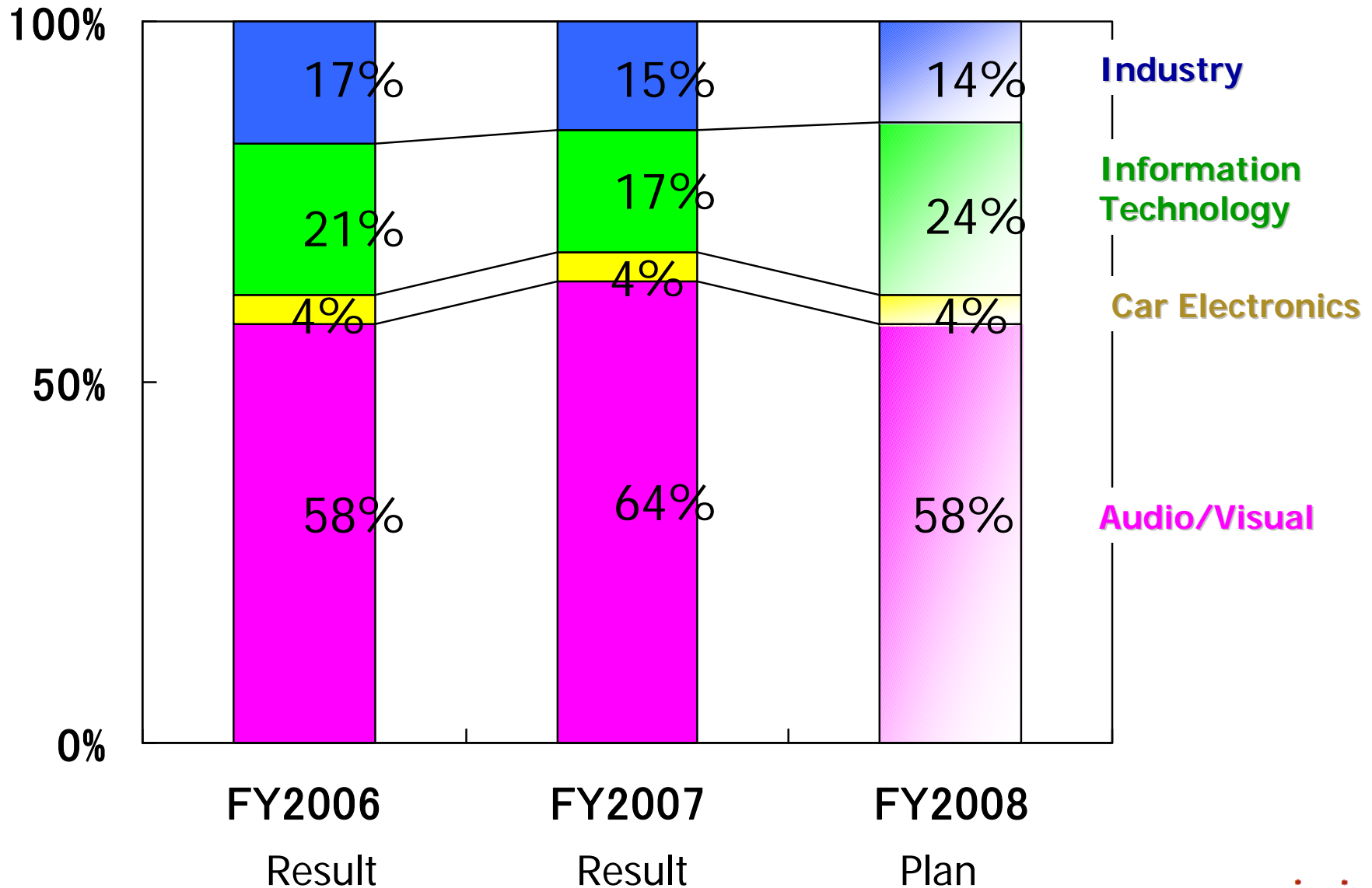
Camera module

FC Division Net Sales, Operating Income (Consolidated)

Unit: Hundred
Million yen



FC Division Transition of Market-Specific Sales (Consolidated)



FC Division Product Strategy

SW

2007: Selective breeding (product development) and Seeding (sales promotion)

2008: Harvesting (production/sales increase)

2009: Expand harvest volume

UN

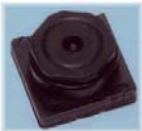
BT units ⇒ Shifting to high value-added products

To become a pioneer in the mobile phone market de-facto standard

RC

Develop products which anticipates the changes of market demand
⇒ New concept remote controls

Strengthen New ExpressCard remote control, RF module, own-brand products

MD

Develop wide-angle camera modules for automotive applications

FC Division Product Strategy

★ New Concept Remote Controls



Crystal Key Remote Control

Transparent and colorfully illuminated indication area and a touch type operation system

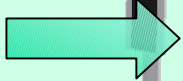
Palm-held Remote Control

Configured to fit in a palm, presents an operation feeling such as "turning around"

FC Division Major Market



Remote Control Unit for Flat panel TV



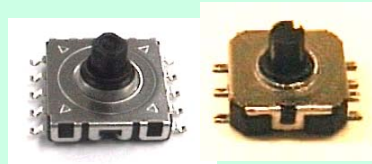
RF module



☆ Audio Visual market



Lever Switch



4Way MT Switch



Detector Switch



☆ For Digital Camera



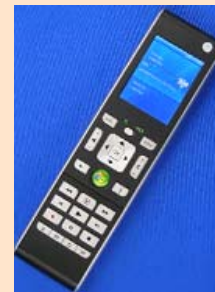
Presentation Remote Control Unit
(RF) (Bluetooth)



☆ Computer market



Antenna for one-segment broadcasting



Side Show Remote Control Unit



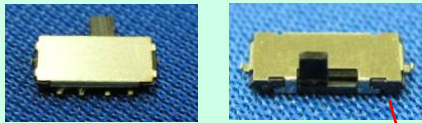
Windows Vista-compatible Remote Control



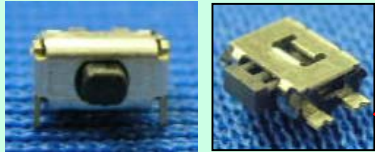
New-ExpressCard Remote control

FC Division Major Market

☆Cellular Phone Market



Small Slide Switch (thin type)



Small Horizontal Switch (thin type)



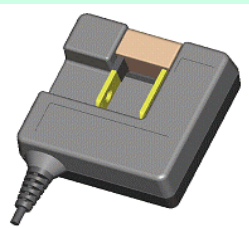
Dome- Switch



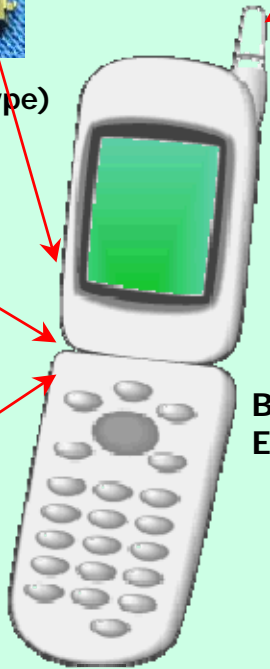
Antenna



Bluetooth & Earphone Microphone



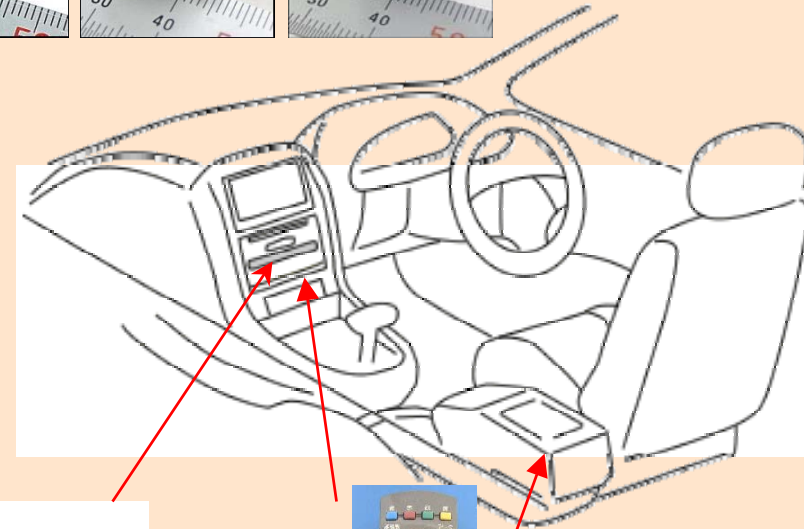
AC Adapter



☆Car Electronics market



Camera modules



Rubber single key switch



Remote Control Unit

Realize the growth with Profit

Offense: Create the Differential Products
Increase the Number of Engineers

Defense: Establish the Global Purchasing Organization
Improve the Productivity by Manufacturing
Innovation

TP Division

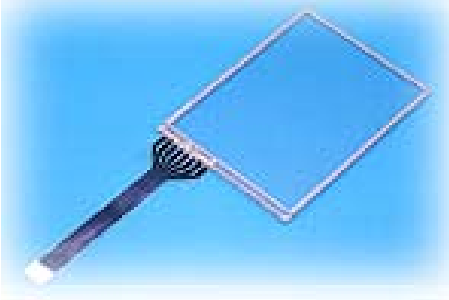
TP Division

Touch Panel

Main Items

SMK
Touch Panels

Resistance
Touch Panel



Film / Glass Type

Glass / Glass Type

Film / Film Type

Force-feedback

LCD Module Unit

Optical
Touch Panel



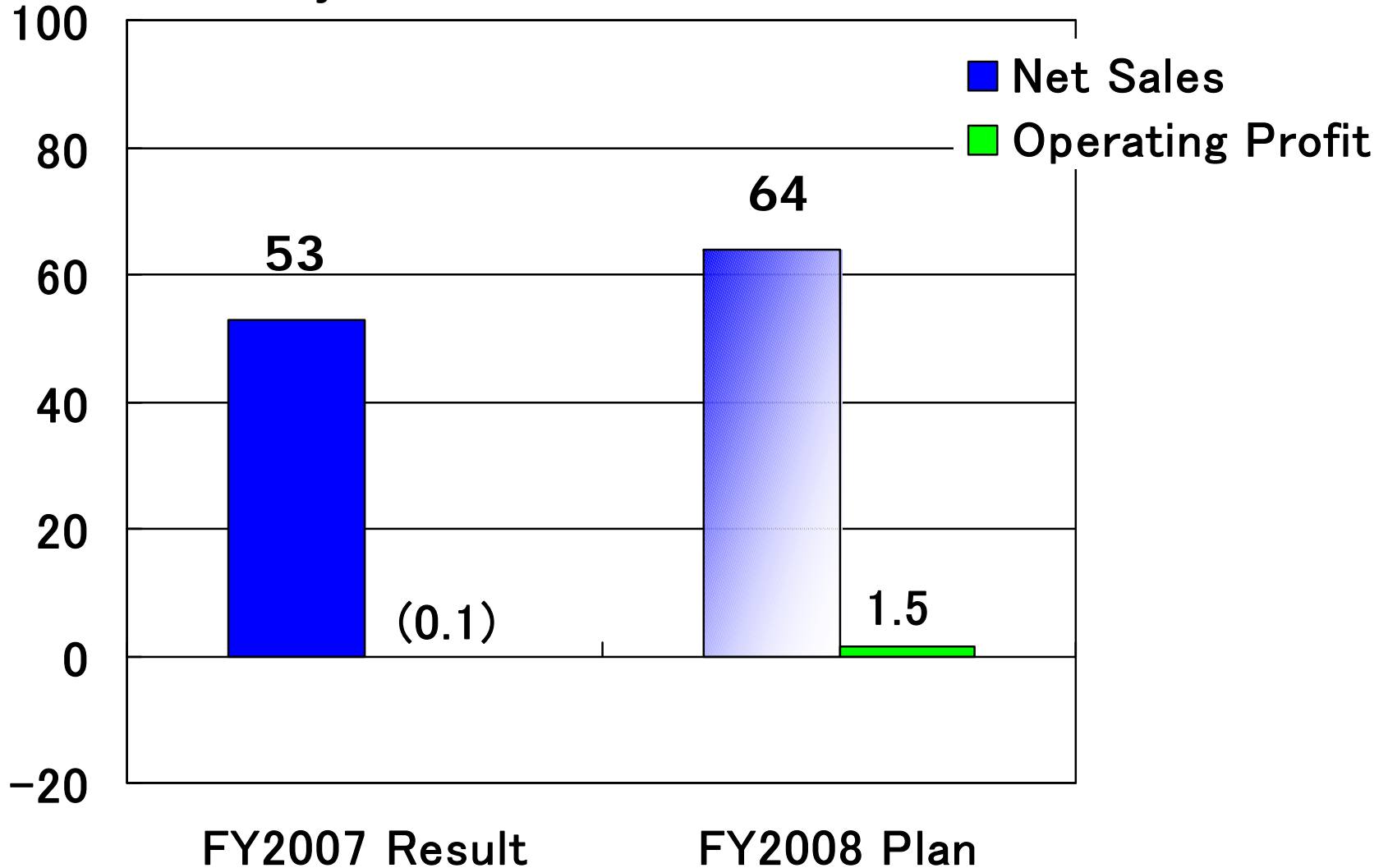
Glass panel

Acrylic panel

LCD Module Unit

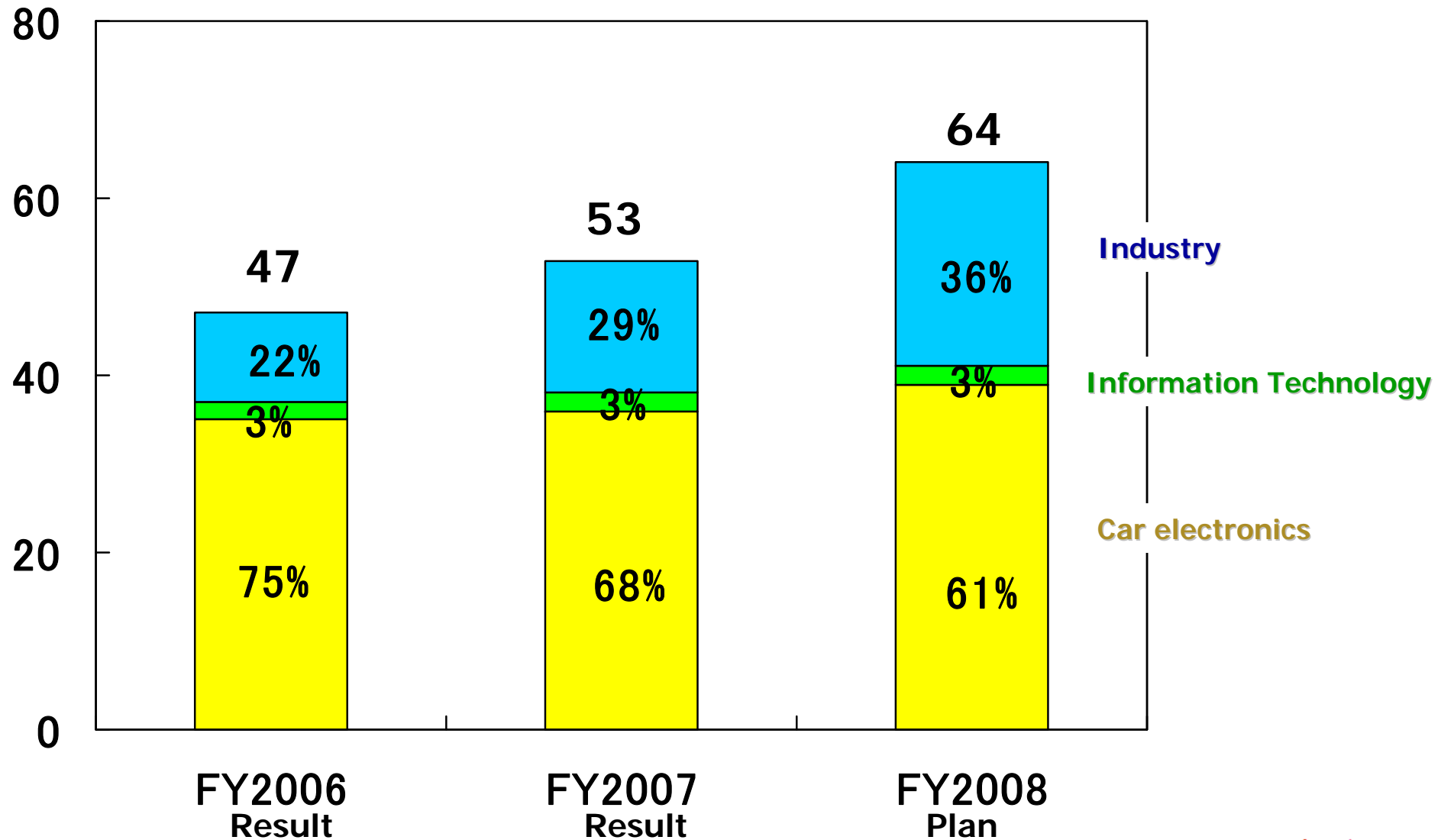
TP Division Net Sales, Operating Profit (Consolidated)

Unit: Hundred Million yen



TP Division Transition of Market-Specific Sales (Consolidated)

Unit: Hundred Million Yen



TP Division Strategic Markets

1 Mobile equipment market

	Application	Size(inch)	Input system		FY2008 vs FY2007 Projected growth of annual demand in the market
			Resistance Touch Panel	Capacitive Touch Panel	
1	Mobile phone	2.5 ~ 3.5		○	195%
2	Smart Phone	3 ~ 4	○		180%
3	Ultra Mobile PC	5.6 ~ 7	○		200%
4	Personal Navigation Device	4 ~ 6	○		110%

2 Public Application Market

	Application	Size (inch)	Input system	FY2008 vs FY2007 Projected growth of annual demand in the market
1	ATM	15	Optical Touch Panel	140%

※Projected annual demand per our own projection method

TP Division Product strategy

Touch Recognition Optical touch panel/LCD module Unit

《Features》

- Robust and long life
- Unintended input protective

Capacitive Touch Panel

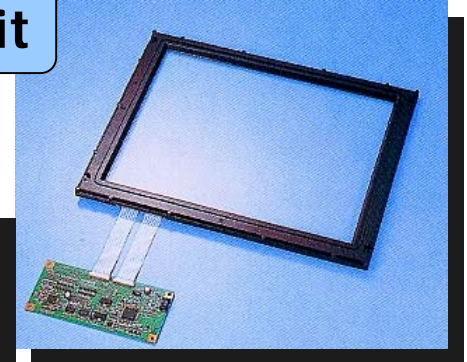
《Features》

- Gesture input capable
- Multi-touch capable

Small size Force-feedback touch panel

《Features》

- Low power consumption
- Various tactile feelings



FY2008 Key activity points Expansion of Sales

- ★ 1 Marketing in the overseas market
 - Glass/Glass : Europe and USA
 - Film/Glass : Europe, China, and ASEAN
 - Optical : Europe and China
- ★ 2 Marketing of new products
 - Touch Recognition Optical Touch Panel,
Capacitance touch panel, and small size force-feedback touch panel
- ★ 3 Reinforcement of overseas production
 - Improvement of labor-saving/greater production yields in the Philippines (SMK-PH)
 - Production of integrated optical touch panel LCD module units in China (SMK-DG)



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/>.