

ANNUAL REPORT 2004

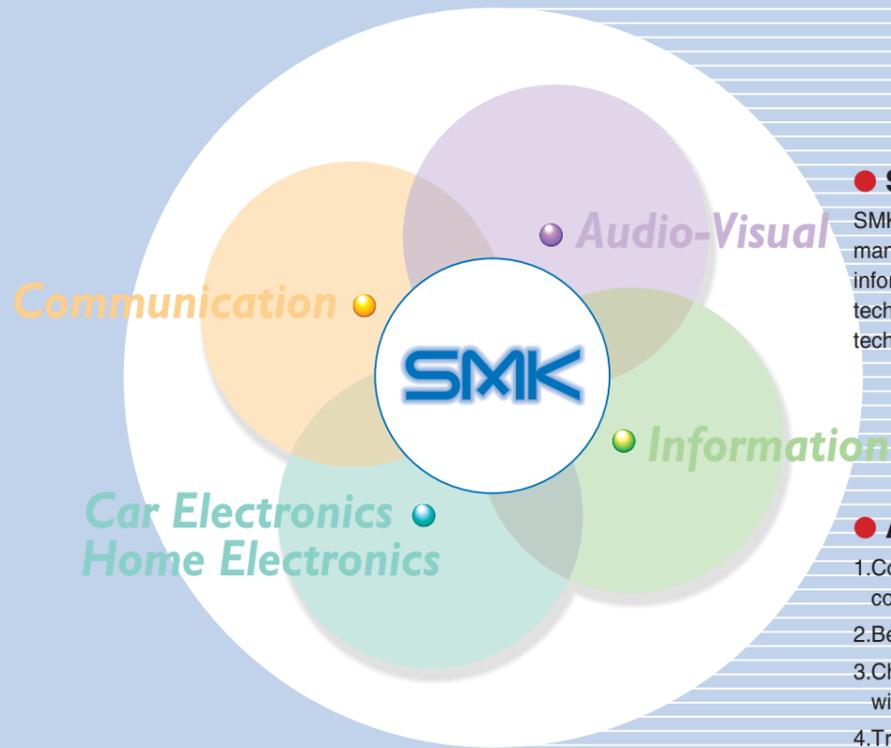
For the fiscal year ended March 31, 2004



5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo 142-8511, JAPAN
Telephone: 81-3-3785-1111 Fax: 81-3-3785-1878
<http://www.smk.co.jp/>



From endurance to full boost – Challenge to the new track for growth



● SMK Philosophy

SMK is committed to the advancement of mankind through development of the information society, by integrating its current technological strengths and creating advanced technology.

● Action Guidelines

1. Contribute to society with pride and confidence.
2. Be customer-oriented, with zeal and sincerity.
3. Challenge courageously for higher goals without fear of failure.
4. Trust and respect each other for a brighter working atmosphere.
5. Keep an open mind, and view SMK from a global perspective.

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Financial Highlights

	Millions of yen		Percent Change	Thousands of
	2003	2004	2003/2004	U.S. dollars
Operating Results				
Net sales	¥ 58,133	¥ 62,814	8.1%	\$ 594,325
Operating income	1,155	2,943	154.8	27,854
Net income	588	1,256	113.6	11,887
Financial Position				
Total assets	¥ 51,487	¥ 55,454	7.7	\$ 524,686
Total shareholders' equity	25,794	26,340	2.1	249,227
Per Share Data				
Net income	¥ 7.42	¥ 15.70	111.6	\$ 0.15
Cash dividends	4.00	6.00	50.0	0.06

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥105.69 = U.S. \$1.00.



Top Interview



Tetsuya Nakamura
President and Chief Operating Officer

How would you describe SMK's performance for this fiscal year?

This fiscal year (April 1, 2003 – March 31, 2004) saw the Japanese economy embark on a solid recovery with buoyant exports and growth in capital investment propelling the stock market from its prolonged slump where the Nikkei Stock Average had remained below 10,000 yen. As a whole, the electronics industry also bottomed out and is moving towards moderate growth.

Under such circumstances, our efforts to reinforce product strength and reduce costs have transformed into solid performance and we have been able to exceed last year's performance in sales and profits.

How would you characterize your basic approach to management?

Our corporate philosophy is to be "committed to the advancement of mankind through development of the information society by integrating its current technological strengths and creating advanced technology." Specifically, SMK is devoted to "establish a corporate status with a solid position as an important leading supplier of information technology infrastructure in the global information society." We will exert the full-scale efforts of our group and conduct more speedy research and development, while proactively adopting new technologies. In addition, we will promote marketing activities suitable for the global market centered on our global production and sales bases located around the world.

In what ways is SMK tackling corporate governance and improving business efficiency?

SMK separated the chairman and president in April 2002 and we have also introduced an executive officer and outside director system. This has created a management structure that can

promptly respond to changes and enhanced corporate governance.

In January 2003, we partially revised our Charter for Corporate Behavior. In addition, we reorganized our former three-division system consisting of KK, Connector and Component for System Control (CSC) to a new three-division system consisting of Connection System (CS), Functional Components (FC) and Touch Panel (TP). This reorganization has enabled the Company to centralize its product development and production system, and to implement business activities with superior operating efficiency.

What are the environmental preservation measures that SMK is pursuing?

SMK has always been devoted to produce environmentally friendly products and parts, and encouraging each employee to be conscious of the environment. In addition to efforts to acquire the international standard of environmental preservation in domestic and international works, ISO 14001, we are also aggressively implementing Green Procurement, as societal demands are growing.

Furthermore, SMK issued its first Environmental Report in July 2003 as one of its efforts to conduct environmentally-friendly management.

Can you share with us your motivation for the next fiscal year?

We have established a medium-term strategic plan to enable the implementation of measures in diverse areas and accomplish medium to long-term growth without being influenced by the economic environment. As one of our globalization measures, we are particularly emphasizing the rapidly growing Chinese market. Thus, we, at SMK, will adapt to and develop business in the Chinese market by constructing measures that are focused on the future along with linking our existing production and

sales bases.

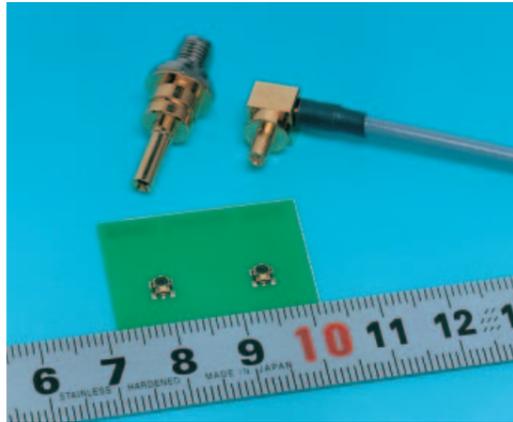
As for product development, while we re-affirm our origins in "manufacturing" principles we are also pursuing our own product development to ensure the introduction of even more epoch-making products. The market will focus on the IT sector and digital home appliances while we develop new markets in which future growth is expected. We anticipate positive effects from the reorganization implemented last fiscal year and are continuing various measures to develop our corporate culture in order to take the challenge of attaining higher targets.

Do you have any messages for your shareholders?

SMK is devoted to realizing stable growth and heightening corporate value through continuous business efforts and new ways of thinking. We sincerely ask you, our shareholders, to continue providing us with increased understanding and support.

June 2004
Tetsuya Nakamura
President and Chief Operating Officer

Smallest in the industry! SMK releases the "TS-7 Series" SMT-ready 6GHz band coaxial connectors with a switch



SMT-ready coaxial connector with a switch, TS-7 series

Development of this product has enhanced our product lineup and we now have four vertical and three horizontal coaxial connectors with switches.

Smallest in the industry

Product Size

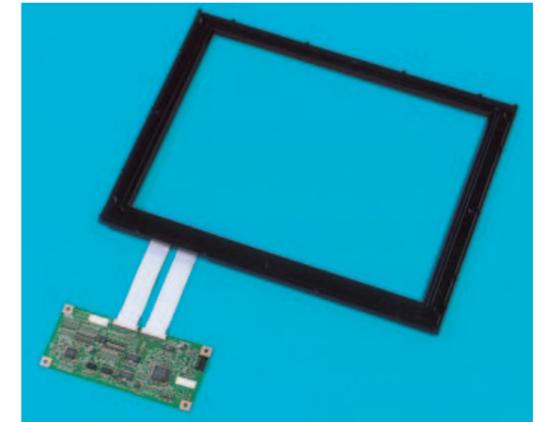
Height 1.5mm/mounting area 2.9mm x 2.9mm/weight 0.025g

Usage

- ITS related equipment such as onboard ETC units
- Wireless LAN devices ● Bluetooth modules
- Cellular telephones ● Other communications equipment

Develop "Optical Touch Panel Compatible with Multiple Pressing"

This touch panel not only handles the simple traditional one-step menu selection operations but also the current needs for complicated screen changes that are needed for game equipment and control devices.

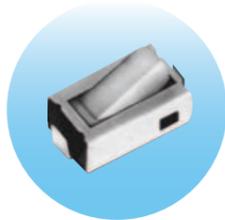


Multiple pressing compatible touch panel

Introducing New Products to Expand Switch Business



Double-action switch



Ultra small detector switch



Long life lever push switch



Double-action switch

- Smallest in the industry: volume 0.06cc Contributes to forming smaller sets
- Use: cellular telephones and shutter switches of digital cameras

Ultra small detector switch

- Small in the industry, Contributes to forming smaller sets

Long life lever push switch

- Operational life of 1 million times; Realizes high reliability

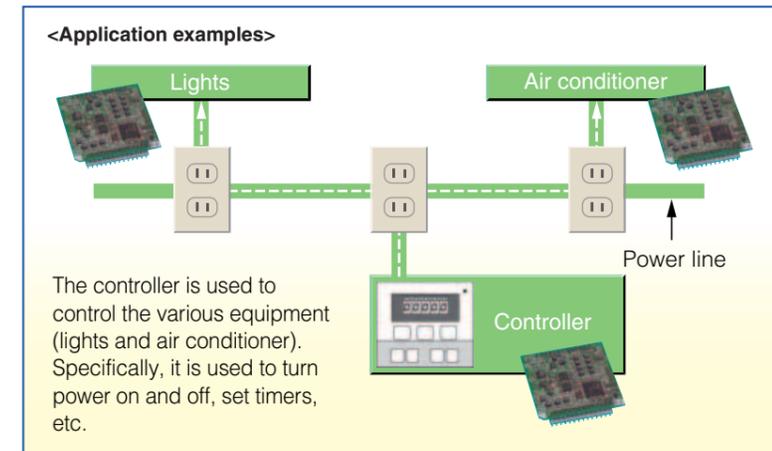
Develop DS-SS Modulation/Demodulation Engine for PLC and Begin Mass Production

Uses

- Energy services** ● Automatic measuring of electricity, gas, etc.
- Remote maintenance system** ● Remote maintenance of various equipment, etc.
- Security services** ● Fire, disaster and theft prevention, etc.
- Home healthcare service** ● Monitoring in-house nursing equipment, etc.



DS-SS Modulation/ Demodulation Engine for PLC



*PLC:PLC or Power Line Communication is the technology using power lines.

Sales and Market-wise Overview

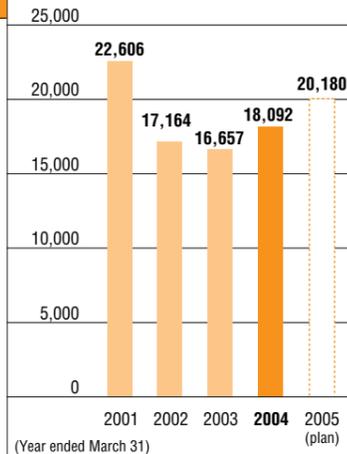
(April 1, 2003 to March 31, 2004)

Communication



The cellular telephone market enjoyed solid replacement demands in Japan, U.S. and Europe. While demand in the Chinese market has recovered from the slump in the first half of the fiscal year. SMK saw growth in performance centered on SIM card connectors, FPC connectors and coaxial connectors. We will develop switches and connectors for thin phones and cellular phones with cameras, and new phone products with TVs and radios. Coaxial connectors for base stations also have sold well and SMK continues to expand its products.

● Net sales Millions of yen



Communication 28.8%
Communications parts 18,092 million yen

Audio-visual 31.2%
Audio-visual parts 19,573 million yen

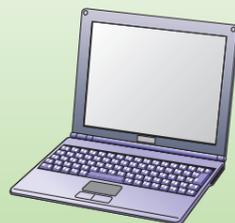
62,814 million yen

Car electronics and home electronics 19.2%
Electronic instruments, electronic toys, home electronics and other parts 12,072 million yen

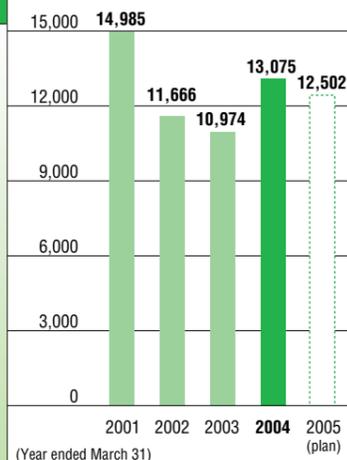
Information 20.8%
Information parts 13,075 million yen

Information

SMK's share of remote controls and detectors is growing thanks to the advance of television compatibility among computers. Composite memory card connectors for personal computer peripheral equipment are favorably sold as well. Moreover, touch panels for ATMs and ticket vending machines are also growing steadily due to needs for compatibility with new bills. Sales in digital cameras continue to increase. SMK will focus its activities on operating devices for information equipment.



● Net sales Millions of yen

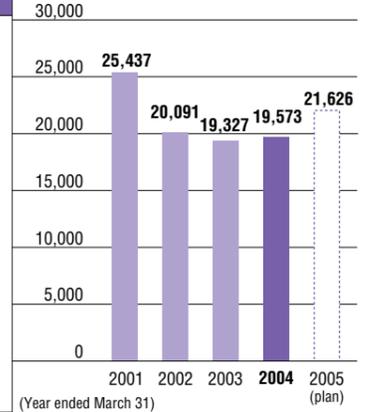


Audio-visual



While audio-visual equipment has been rapidly digitalized, SMK is proactively developing new products to meet broad needs and is also aggressively approaching global markets. In addition to increasing the line-up of jack boards integrated with optical connectors and remote controls, the Company is introducing to the market new coaxial connectors, connectors for lamps and other core products for digital audio-visual equipment.

● Net sales Millions of yen



Car electronics & home electronics

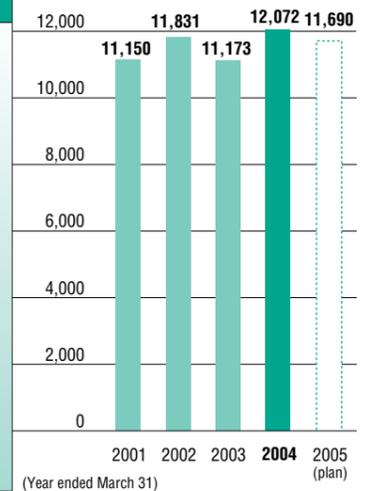
Touch panels for car navigation systems sold well both for genuine systems and systems sold on the retail market. In addition, SMK also began to sell commercial force feedback touch panels for the retail market. The sales of coaxial connectors for ETC and digital radios also increased.



As for home appliances, sales of remote controls for shower toilets or lighting equipment performed solidly. SMK also began to mass-produce multi-functional operating panels for hot water heaters. The Company is going to further strengthen its products for energy conservation and comfortable health-oriented customers.



● Net sales Millions of yen



Forecast

As for future prospects, the Japanese economy is expected to grow moderately for the time being due to a recovery in personal consumption, growth in capital investment and improvement in corporate earnings. On the other hand, uncertain factors still exist including the ongoing appreciation of the yen as well as the unstable Iraq situation and such. However, overall, the prolonged downturn appears to have finally ended and a stable recovery of the economy is being generated.

In the electronic component industry, in which we are involved, new digital home appliances, including digital flat-screen TVs and DVD recorders have gained power thanks to the start of terrestrial wave digital broadcasting and other related matters. In addition, future growth and expansion are greatly anticipated in the cellular phone and IT related areas.

Amidst a progressively severe economic environment, our Company will strive to assure continued growth, based on our efforts in promoting globalization, IT-related areas and digital home appliances. In order to accomplish this, we will respond quickly to growth areas, cultivate new markets and integrate the strengths of our group. This will be accomplished through developing new products and technologies that correspond to customer needs, upgrading manufacturing technologies, establishing efficient sales systems, reviewing cost structures, and other measures.

As for our consolidated business performance for the coming year, we anticipate net sales will increase 5.1% year-on-year to 66,000 million yen, ordinary income will be 4,100 million yen and net income will increase 70% year-on-year to 2,100 million yen.

Making Electronic Paper a Signboard

Electronic paper and electronic books are drawing much attention recently as society emphasizes environmental issues and energy conservation and expectations grow for a reduction in paper consumption. In response to these developments, SMK has commercialized the "Power-Free" LCD display system that maintains pictures and characters drawn once without consuming any power.



Difference from ordinary LCD panel

● Ordinary LCD panel

Doesn't display unless power is on

● This product

Uses a bistable cholesteric liquid crystal that has a memory capability
Power consumption is unnecessary for static displays after they have been written
The displays can be changed as many times as desired just by sending electronic data made on a personal computer



Application areas

● Power is unnecessary and viewing angle is great

→ Optimal for POP advertisements and signs at stations and buildings

● Unnecessary to change for a set period

→ Effective as signs for booking conference rooms, for time schedules, etc.

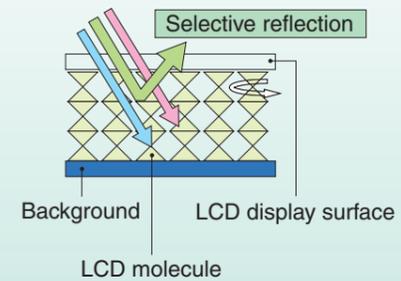
● Doesn't need a power cable

→ Used to display inventory conditions on inventory boxes, bogies, etc. as well as work progress and such related to the management of plant lines (heightens work efficiency and prevents errors)

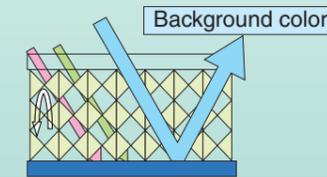


Mechanism of Cholesteric Liquid Crystal Display

Liquid crystal molecules: Planar alignment



Liquid crystal molecules: Focal conic alignment



The molecular structure of cholesteric liquid crystals has a molecular arrangement like a lattice stairway and the axis of the lattice is perpendicular to the LCD glass surface (planar alignment). It reflects colors in correlation with the said liquid crystal (selective reflection) and passes light through when it is roughly parallel (focal conic alignment), revealing the background color of that liquid crystal.

Why can it display without power?

The molecules cannot easily move whether they have the planar alignment or focal conic alignment (bistable type). This gives the crystals memory capability and enables them to maintain a state without supplying power. A small amount of power is added when changing from reflective colors (planar alignment) to background colors (focal conic alignment) and a large amount of power is added in the reverse case.

Proactive Environmental Preservation Activities

In November 2003, SMK was certified as a Green Partner in the Green Partner Environmental Quality Approval Program administered by Sony Corporation.

Furthermore, all of our facilities in Japan and overseas are working to obtain ISO14001 certification and SMK is systematically implementing environmental preservation activities across the group using stricter standards set by SMK itself as the guideline.

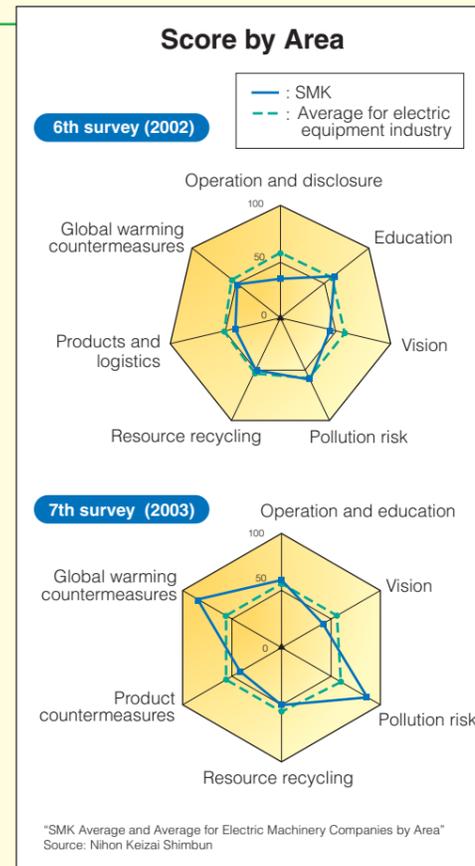


Rank Improves in Seventh Environmental Management Survey of Nihon Keizai Shimbun

The Nihon Keizai Shimbun annually conducts an environmental management survey. SMK was ranked 199th of 599 companies and 15th of 26 JEITA (Japan Electronics and Information Technology Industries Association) Electronic Component Section members that answered the survey. Last year our ranks were 330th of 703 companies and 19th of 25 component makers).

The primary activities that led to our improved ranking are the issuing of the Environmental Report and grasping of specific data on emissions of environmental substances, energy use, etc. Moreover, we will continue striving to improve our performance through logistics measures, measures from the design stage of products and enhancement of our green procurement system.

*Appeared in December 3, 2003 edition of the Nihon Keizai Shimbun.



SMK Introduced on NHK's Report Program "Close-Up Gendai"

SMK was introduced on Japan Broadcasting Corporation (NHK) report program "Close-up Gendai," aired on March 24, 2004.

The program's theme for that edition was "Don't fail in grasping the extraordinary demand from China" and it reported on the dramatic growth in demand for high quality components and materials made in Japan in correlation with the explosive economic growth of China. Within this program, SMK was introduced as one company that had its manufacturing base in Japan and still achieved performance growth by utilizing advanced technological strength.

Measures to Improve Flexibility of the Production System

SMK plans to start operating a new plant in Mexico in June 2004 in response to growing demand for set top box products.



A new plant in Mexico

Car Navigation Systems with Force-feedback Touch Panels Recognized as "Best of CES 2004 Winner"

A car navigation system installed with SMK's "force-feedback touch panel" was awarded the Best of CES 2004 Winner at the 2004 International CES, the largest international home appliance trade show in the world.



*The 2004 International CES was held from January 8-11, 2004 (four days) in Las Vegas, U.S.A.

Set top box

"Set top boxes" refer to overall devices that expand TV functions. Since the devices are often placed on top of the household television, the devices have picked up this name. The devices are used to receive CATV and satellite broadcasting signals and to connect to the Internet.



Five-Year Summary

SMK Corporation and Consolidated Subsidiaries

Year ended and as of March 31	Millions of yen					Thousands of U.S. dollars
	2000	2001	2002	2003	2004	2004
Operating Results						
Net sales	¥ 71,314	¥ 74,179	¥ 60,753	¥ 58,133	¥ 62,814	\$ 594,325
Operating income (loss)	5,213	3,494	(851)	1,155	2,943	27,854
Net income (loss)	1,218	1,832	(822)	588	1,256	11,887
Financial Position						
Total assets	¥ 58,995	¥ 58,453	¥ 54,033	¥ 51,487	¥ 55,454	\$ 524,686
Total shareholders' equity	28,211	27,384	26,295	25,794	26,340	249,227
Per Share Data						
	Yen					U.S. dollars
Total shareholders' equity	¥ 350.13	¥ 341.69	¥ 328.65	¥ 328.72	¥ 336.69	\$ 3.19
Net income (loss)	15.09	22.66	(10.28)	7.42	15.70	0.15
Cash dividends	7.00	7.00	4.00	4.00	6.00	0.06

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SMK's consolidated net sales for fiscal 2004, which ended on March 31, 2004, increased 8.1% year-on-year to ¥62,814 million (US\$ 594,325 thousand). Both operating income and net income surpassed the preceding fiscal year and were ¥2,943 million (US\$ 27,854 thousand) and ¥1,256 million (US\$ 11,887 thousand) respectively.

Net sales

Net sales increased 8.1% to ¥62,814 million (US\$ 594,325 thousand). This was due to a market expansion of new digital home electronics products, strong sales of car parts, the continuing growth in communication market based on mobile phone with high definition digital camera, and a clear trend in recovery of PC demand.

Operating Income

Operating income vastly improved over the previous year and reached ¥2,943 million (US\$ 27,854 thousand). The results were due to an increase in sales, cost reduction and other active streamlining measures.

Net Income

Net income surpassed last year and reached ¥1,256 million (US\$ 11,887 thousand). This was due to an increase in operating income despite a decrease in extraordinary income from the previous year.

Total Assets/ROA

Total assets as of March 31, 2004 totaled ¥55,454 million (US\$ 524,686 thousand). The ROA grew 1.2% percentage points to 2.3%.

Total Shareholders' Equity/ROE

The total shareholders' equity as of March 31, 2004 was ¥26,340 million (US\$ 249,227 thousand). ROE grew 2.5% percentage points to 4.8%.

Cash Flows

The net cash flow provided by operating activities amounted to ¥5,053 million (US\$ 47,809 thousand), net cash used in investing activities totaled ¥3,144 million (US\$ 29,751 thousand) and net cash used in financing activities was valued at ¥378 million (US\$ 3,571 thousand).

Total shareholders' equity



Return on equity (ROE)



Return on assets (ROA)



Consolidated Balance Sheets

SMK Corporation and Consolidated Subsidiaries

As of March 31

Assets	Millions of yen		Thousands of U.S. dollars (Note 2)
	2003	2004	2004
Current assets			
Cash and cash equivalents	¥ 6,575	¥ 7,792	\$ 73,722
Time deposits	231	342	3,234
Notes and accounts receivable, trade	15,608	18,371	173,825
Allowance for doubtful accounts	(115)	(7)	(65)
Inventories (Note 3)	4,924	5,193	49,132
Deferred income tax assets (Note 6)	1,179	826	7,813
Other current assets	2,027	1,545	14,619
	30,429	34,062	322,280
Investments and long-term loans			
Investment securities (Note 10)	2,834	3,440	32,544
Long-term loans receivable	94	393	3,718
Other investments	1,454	1,612	15,252
Allowance for doubtful accounts	(541)	(531)	(5,024)
	3,841	4,914	46,490
Property, plant and equipment (Note 4)			
Land	3,641	3,596	34,021
Buildings	15,378	15,234	144,139
Machinery and vehicles	13,313	12,846	121,544
Tooling and office furnitures	22,026	22,186	209,921
Construction in progress	5	24	227
	54,363	53,886	509,852
Less-Accumulated depreciation	(37,996)	(38,395)	(363,278)
	16,367	15,491	146,574
Other assets			
Deferred income tax assets (Note 6)	759	821	7,768
Intangible assets	91	166	1,574
	850	987	9,342
Total assets	¥ 51,487	¥ 55,454	\$ 524,686

See accompanying notes to consolidated financial statements.

Liabilities and shareholders' equity	Millions of yen		Thousands of U.S. dollars (Note 2)
	2003	2004	2004
Current liabilities			
Short-term loans payable (Note 4)	¥ 8,680	¥ 7,577	\$ 71,688
Notes and accounts payable, trade	6,038	6,484	61,349
Accrued income taxes (Note 6)	29	634	6,005
Reserve for bonus	496	723	6,838
Account payable-non trade	5,088	6,350	60,080
Other current liabilities	1,341	1,172	11,087
	21,672	22,940	217,047
Long-term liabilities			
Corporate bond	300	300	2,838
Long-term debt (Note 4)	2,959	4,220	39,928
Liability for employees' retirement benefits (Note 11)	366	1,302	12,314
Other long-term liabilities	396	352	3,332
	4,021	6,174	58,412
Contingent liabilities (Note 8)			
Shareholders' equity			
Common stock			
Authorized: 2003 - 198,313,000 shares 2004 - 195,961,274 shares			
Issued and outstanding: 79,000,000 shares	7,996	7,996	75,663
Capital reserve (Note 7)	12,057	12,057	114,080
Earnings reserve (Note 7)	7,729	8,399	79,470
Foreign currency translation adjustments	(1,425)	(1,891)	(17,889)
Net unrealized gains (losses) on securities available for sale	(307)	141	1,333
Treasury stock	(256)	(362)	(3,430)
	25,794	26,340	249,227
Total liabilities and shareholders' equity	¥ 51,487	¥ 55,454	\$ 524,686

Consolidated Statements of Cash Flows

SMK Corporation and Consolidated Subsidiaries

Year ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2003	2004	2004
Cash flows from operating activities			
Income before income taxes	¥ 1,233	¥ 2,152	\$ 20,361
Depreciation and amortization	3,138	3,186	30,142
Increase (decrease) in liability for employees' retirement benefits	(886)	936	8,860
Increase in allowance for doubtful accounts	245	13	123
Interest and dividend income	(104)	(85)	(806)
Interest expenses	186	150	1,422
Directors and corporate auditors retirement benefits	145	—	—
Special retirement benefits	155	2	17
Loss on disposal of fixed assets	232	298	2,817
Increase in notes and accounts receivable, trade	(1,019)	(3,731)	(35,305)
(Increase) decrease in inventories	505	(592)	(5,598)
Increase in notes and accounts payable, trade	66	2,487	23,528
Other	596	490	4,634
Subtotal	4,492	5,306	50,195
Receipts for interest and dividend income	96	67	634
Payments of interest expenses	(200)	(139)	(1,312)
Payments of directors and corporate auditors retirement benefits	(145)	—	—
Payments of special retirement benefits	(186)	(2)	(17)
Receipts of tax refund	94	76	718
Payments of income taxes	(222)	(255)	(2,409)
Net cash provided by operating activities	3,929	5,053	47,809
Cash flows from investing activities			
Payments into time deposits	(1)	(705)	(6,667)
Proceeds from time deposits	—	266	2,512
Proceeds from redemption of investment securities	—	105	993
Purchases of fixed assets	(2,601)	(2,965)	(28,055)
Proceeds from sale of fixed assets	333	459	4,341
Purchases of Intangible fixed assets	(25)	(164)	(1,552)
Purchases of investment securities	(501)	(177)	(1,674)
Proceeds from sale of investment securities	0	—	—
Purchases of subsidiaries' stock	(1)	(1)	(13)
Payment on loans receivable	(344)	(179)	(1,691)
Proceeds from loans receivable	52	213	2,016
Other	—	4	39
Net cash used in investing activities	(3,088)	(3,144)	(29,751)
Cash flows from financing activities			
Decrease in short-term loans payable	(631)	(847)	(8,008)
Proceeds from long-term debt	2,153	2,540	24,033
Payments of long-term debt	(2,298)	(1,557)	(14,732)
Proceeds from issuance of corporate bond	287	—	—
Payment of redemption of corporate bond	—	(90)	(850)
Purchases of treasury stock	(416)	(121)	(1,143)
Proceeds from sale of treasury stock	18	9	85
Dividends paid	(322)	(312)	(2,956)
Net cash used in financing activities	(1,209)	(378)	(3,571)
Effect of exchange rate changes on cash and cash equivalents	(247)	(314)	(2,974)
Increase (decrease) in cash and cash equivalents	(615)	1,217	11,513
Cash and cash equivalents at beginning of year	7,190	6,575	62,212
Decrease in cash and cash equivalents due to exclusion from consolidation	—	(0)	(3)
Cash and cash equivalents at end of year	¥ 6,575	¥ 7,792	\$ 73,722

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

SMK Corporation and Consolidated Subsidiaries

Note 1. Summary of significant accounting policies

- (a) Basis of presenting financial statements
The accompanying consolidated financial statements of SMK Corporation (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. For the purpose of this document, certain reclassifications have been made in the accompanying consolidated financial statements to facilitate understanding by readers outside Japan.
- (b) Basis of consolidation and investments in affiliated companies
In accordance with the accounting standards for consolidation issued by the Business Accounting Deliberation Council of Japan, effective April 1, 1999, the accompanying consolidated financial statements include the accounts of the Company and all subsidiaries over which substantial control is exercised either through majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation. Certain foreign subsidiaries' fiscal periods end December 31, which differs from the year-end date of the Company; however, the accounts of these companies were tentatively closed as of March 31 and the necessary adjustments for consolidation were made. Investments in affiliates (companies over which the Company has the ability to exercise significant influence) are stated at cost plus equity in their undistributed earnings or losses. Consolidated net income includes the Company's equity in the current net income or loss of such companies, after the elimination of unrealized intercompany profits. All assets and liabilities of the Company's subsidiaries are revalued on acquisition, if applicable, and the excess of cost over the underlying net assets at the date of acquisition is amortized over a period of five years on a straight-line basis if such excess is material, or charged to income when incurred if immaterial.
- (c) Scope of consolidation
Number of consolidated subsidiaries: 19
The remaining 11 subsidiaries which are unconsolidated are deemed immaterial and, accordingly, their results had no significant effect on the consolidated financial statements. Taiwan Showa Electronics Co., Ltd. finished being liquidated during the current consolidated accounting year. Its results were included only in the consolidated statements of income.
- (d) Application of equity method of accounting
Number of affiliated companies accounted for by the equity method: 2
The 11 unconsolidated subsidiaries and one other affiliated company are deemed immaterial. As the effect of their results on the consolidated financial statements would be insignificant, the equity method of accounting has not been applied to these companies.
- (e) Translation of foreign currencies
All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the appropriate year-end exchange rates except for shareholders' equity, which is translated at rates of exchange prevailing at the time the transactions occurred. Revenue and expense accounts are translated at the average rates of exchange prevailing during the year.
- (f) Cash and cash equivalents
Cash and cash equivalents are composed of cash and time deposits all of which are low-risk, short-term financial instruments readily convertible into cash.
- (g) Inventories
Inventories are stated at cost as determined principally by the following methods:
Finished products : Retail cost method
Work in process : Actual raw material cost, determined by the most recent purchase cost method,
plus direct labor costs and manufacturing overheads
Raw materials and supplies: Most recent purchase cost method
- (h) Securities
Marketable securities classified as other securities are carried at fair value with unrealized gains and losses reported in a separate component of shareholders' equity, net of applicable income taxes. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.
- (i) Derivatives
Derivatives are stated at fair value.
- (j) Property, plant and equipment and depreciation
Property, plant and equipment is stated at cost. Depreciation of property, plant and equipment is calculated principally by the declining-balance method for the Company and its domestic subsidiaries, and by the straight-line method mainly for foreign subsidiaries.
- (k) Basis for provision of reserves
(1) Allowance for Doubtful Accounts
The allowance for doubtful accounts is provided at the amount of estimated uncollectable accounts, based on individual collectability with respect to identified doubtful receivables and past experience of doubtful receivables.
(2) Reserve for Accrued Bonuses
Liabilities for employees' bonus reserves are provided on the estimate of the amounts to be paid in the future by the Company, domestic consolidated subsidiaries and certain overseas subsidiaries based on an accrual basis at the

balance sheet date.

(3) Reserve for retirement benefit obligations

To cover projected employee benefits, the Company records the estimated obligations at the end of the fiscal year based on projected year-end benefit obligations and plan assets.
The effect of the adoption of the new standard for retirement benefits are being amortized for the period of five years. Unrecognized actuarial service cost are amortized as incurred by the straight-line method over the period of 5 years which is within the average remaining years of service, commencing with the following period.
Unrecognized prior service cost are amortized as incurred by the straight-line method over the period of 5 years which is within the average remaining years of service of the employees.

(l) Hedge accounting

(1) Method of hedge accounting

The exception method of hedge accounting is applied for the transactions of interest rate swaps, in cases meeting certain conditions .

(2) Hedge instrument and hedged item

Hedge instrument : interest rate swap

Hedged item : interest rate for long-term borrowings subject to interest rate fluctuations.

(3) Hedge policy

The Company uses interest rate swaps to avoid risks from interest rate fluctuations on borrowings, only when approved by the management.

(4) Method of hedge effectiveness

As the exception method is applied for interest rate swap, the assessment of hedge effectiveness is omitted.

(m) Income taxes

Deferred income taxes are recognized based on the differences between financial reporting and the tax bases of the assets and liabilities and are calculated using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(n) Leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessee are not capitalized, but are accounted for by a method similar to that applicable to operating leases.

(o) Per share information

Net income per share is calculated based on the weighted average number of shares of common stock outstanding during the respective years. Cash dividends per share shown for each period in the consolidated statements of income represent the dividends applicable to the respective period.

Note 2. U.S. Dollar amounts

The U.S. dollar amounts are stated solely for the convenience of the reader at the rate of U.S.\$1.00=¥105.69, the approximate rate of exchange at March 31, 2004. The translation should not be construed as a representation that the Japanese yen amounts actually represent, have been or could be converted into U.S. dollars at that or any other rate.

Note 3. Inventories

Inventories as of March 31, 2003 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Finished products	¥ 2,181	¥ 2,530	\$ 23,938
Work in process	316	567	5,364
Raw materials	2,322	2,009	19,011
Supplies	105	87	819
	¥ 4,924	¥ 5,193	\$ 49,132

Note 4. Short-term loans payable and long-term debt

Short-term loans payable principally to banks were unsecured and represented with interests ranging from 0.589% to 6.750% per annum as of March 31, 2004.

Long-term debt as of March 31, 2003 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Loans, principally to banks with interest rates ranging from 0.62833% to 2.4% :			
Secured	¥ 4,016	¥ 3,499	\$ 33,106
Unsecured	—	1,500	14,193
Less:portion due within one year	(1,057)	(779)	(7,371)
	¥ 2,959	¥ 4,220	\$ 39,928

The assets pledged as collateral for long-term debt as of March 31, 2004 were summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment-book value	¥ 2,829	\$ 26,768

The aggregate annual maturities of long-term debt outstanding as of March 31, 2004 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2005	¥ 779	\$ 7,371
2006	608	5,753
2007	581	5,497
2008	1,212	11,467
2009 and thereafter	1,819	17,211
	¥ 4,999	\$ 47,299

Note 5. Selling, general and administrative expenses

Major elements of selling, general and administrative expenses for the year ended March 31, 2003 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Freight and packing cost	¥ 427	¥ 657	\$ 6,216
Salaries and wages of employees	2,639	2,614	24,734
Provision for bonus	141	269	2,544
Retirement benefit cost	351	341	3,224
Depreciation	253	262	2,477

Note 6. Income taxes

Income taxes applicable to the Company and its domestic subsidiaries comprised corporation, inhabitant's and enterprise taxes which, in the aggregate, resulted in statutory tax rates of approximately 41.8%.

A reconciliation between the statutory tax rate and the effective tax rate for the year ended March 31, 2003 and 2004 is as follows:

	2003	2004 ^(*)
Statutory tax rate	41.8%	41.8%
Add (deduct) :		
Non- deductible expenses	2.0	—
Provision of valuation allowance	7.5	—
Statutory tax rate differences in subsidiaries	3.6	—
Elimination of intercompany profits	—	—
Foreign tax credits	(4.5)	—
Other	1.9	—
Effective tax rate	52.3%	41.6%

*Reconciliation for the year ended March 31, 2004 was omitted, as there was no significant difference between the statutory tax rate and the effective tax rate.

The significant components of deferred tax assets and liabilities at March 31, 2003 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Deferred tax assets:			
Inventory write-down disallowed	¥ 123	¥ 118	\$ 1,120
Accrued bonuses disallowed	158	281	2,661
Unrealized holding profit of inventory	60	71	671
Retirement benefits disallowed	943	1,310	12,392
Operating losses carried forward for tax purposes	1,233	506	4,788
Net unrealized losses on securities available for sale	209	—	—
Other	620	681	6,438
Valuation allowance	(1,052)	(881)	(8,332)
Deferred tax assets	2,294	2,086	19,738
Deferred tax liabilities:			
Deferred gain on land	(108)	(108)	(1,025)
Advanced depreciation on buildings	(211)	(198)	(1,878)
Reserve for special depreciation	(37)	(37)	(347)
Net unrealized gains on securities available for sale	—	(96)	(907)
Other	(48)	(56)	(527)
Net deferred tax assets	¥ 1,890	¥ 1,591	\$ 15,054

Note 7. Additional paid-in capital and retained earnings

Effective October 1, 2001, the Japanese Commercial Code provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal reserve until the total amount of legal reserve and additional paid-in capital equals 25% of common stock. The legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the board of directors. On condition that the total amount of legal reserve and additional paid-in capital remains being equal to or exceeding 25% of common stock, they are available for distributions and certain other purposes by the resolution of shareholders' meeting.

Retained earnings in the accompanying consolidated balance sheet as of March 31, 2004 included the legal reserve of ¥1,306 million (\$12,358 thousand).

Note 8. Contingent liabilities

Contingent liabilities as of March 31, 2003 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Trade notes receivable discounted with banks	¥ 269	—	—
Guarantees of loans	¥ 700	¥ 700	\$ 6,623

Note 9. Treasury stock

The number of common stock of Parent Company held by the Parent Company, consolidated subsidiaries and affiliated companies subject to the equity method, totals to 843,321 shares at March 31, 2004.

Note 10. Securities

The new accounting standards for financial instruments which became effective April 1, 2000, requires that securities be classified into three categories: trading securities, held-to-maturity securities and other securities.

And under this standard, marketable securities classified as other securities are reported at fair value as of year end, with unrealized gains and losses, net of applicable income taxes, reported in a separate component of shareholders' equity, which, in prior years, were stated at cost based on the moving-average method. The cost of securities sold is determined based on the moving-average method.

As a result, "net unrealized gains on securities available for sale" amounted to ¥141 million and "deferred income taxes" amounted to ¥96 million.

Information regarding marketable securities classified as other securities at March 31, 2003 and 2004 were summarized as follows:

	2003 Millions of yen			2004 Millions of yen			2004 Thousands of U.S. dollars		
	Costs	Fair value	Unrealized gain(loss)	Costs	Fair value	Unrealized gain(loss)	Costs	Fair value	Unrealized gain(loss)
Securities whose fair value exceeds their cost									
Stocks	¥ 77	¥ 115	¥ 38	¥ 423	¥ 638	¥ 215	\$ 4,003	\$ 6,041	\$ 2,038
Bonds	105	106	1	—	—	—	—	—	—
Others	—	—	—	383	495	112	3,621	4,679	1,058
	182	221	39	806	1,133	327	7,624	10,720	3,096
Securities whose cost exceeds their fair value									
Stocks	1,273	842	(431)	929	855	(74)	8,792	8,088	(704)
Bonds	—	—	—	—	—	—	—	—	—
Others	446	322	(124)	163	147	(16)	1,539	1,387	(152)
	1,719	1,164	(555)	1,092	1,002	(90)	10,331	9,475	(856)
Total	¥ 1,901	¥ 1,385	¥ (516)	¥ 1,898	¥ 2,135	¥ 237	\$ 17,955	\$ 20,195	\$ 2,240

Information regarding other securities without market value at March 31, 2003 and 2004 were as follows:

	Book value		Thousands of U.S. dollars
	2003	2004	2004
Unlisted securities except for over-the-counter dealings	¥ 819	¥ 883	\$ 8,355

The schedule for redemption of other securities with maturity dates at March 31, 2003 and 2004 were summarized as follows:

	2003 Millions of yen			2004 Millions of yen		
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years
Bonds	¥ 105	¥ —	¥ —	¥ —	¥ —	¥ —
Others	—	175	146	318	283	40
Total	¥ 105	¥ 175	¥ 146	¥ 318	¥ 283	¥ 40

	2004 Thousands of U.S. dollars		
	Due in one year or less	Due after one year through five years	Due after five years through ten years
Bonds	\$ —	\$ —	\$ —
Others	3,007	2,680	379
Total	\$ 3,007	\$ 2,680	\$ 379

Note 11. Retirement benefits

(a) Outline of retirement benefit plans

The Company has terminated the tax qualified pension plans on April 1, 1987 and totally switched over to employees' pension funds. Certain domestic subsidiaries participate in this employees' pension funds.

The employees are also entitled to lump-sum payments at the time of termination which are determined based on years of service and compensation as stipulated in the Company's retirement regulations.

The Company and certain of its domestic consolidated subsidiaries transferred the retirement benefit plans to the corporate pension fund plans under the Defined Benefits Enterprise Pension Law of Japan on April 1, 2004. On the same day the approval was obtained for the exemption from the substituted portion of the welfare pension fund plans from the Minister of Health, Labor and Welfare. At the same time, the Company and certain of its domestic consolidated subsidiaries revised the retirement benefit schemes and adopted the cash balance pension plans and the defined contribution pension plans for a part of future contribution.

(b) Retirement benefit obligation as of March 31, 2003 and 2004

	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Benefit obligation	¥ 9,410	¥ 7,810	\$ 73,897
Fair value of plan assets	(5,629)	(6,847)	(64,787)
Funded status	3,781	963	9,110
Unrecognized amount	(3,415)	339	3,204
Unrecognized effect of the adoption of the new standard for retirement benefit	(944)	(472)	(4,464)
Unrecognized actuarial service cost	(2,471)	(1,560)	(14,763)
Unrecognized prior service cost	—	2,371	22,431
Net amount recognized	¥ 366	¥ 1,302	\$ 12,314

"Net amount recognized" was recognized in the consolidated balance sheets as "Liability for employees' retirement benefits".

(c) Retirement benefit cost

	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Service cost, net of plan participants' contributions	¥ 557	¥ 453	\$ 4,283
Interest cost	308	233	2,208
Expected returns on plan assets	(231)	(160)	(1,516)
Actuarial service cost	570	605	5,726
Amortization of the effect of the adoption of the new standard for retirement benefit	594	472	4,464
Expense on prior service liabilities	(39)	(8)	(74)
Net periodic cost	1,759	1,595	15,091
Gain on exemption from future payments of the substituted portion of the welfare pension fund plans	(1,862)	—	—
Total	¥ (103)	¥ 1,595	\$ 15,091

(d) Assumptions to calculate the actuarial present value of the benefit obligation and the expected return on plan assets.

Discount rate	2.0%
Expected return on plan assets	3.5%
Amortization period of unrecognized actuarial service cost	5 year
Amortization period of the effect of the adoption of the new standard for retirement benefits	5 year
Amortization period of unrecognized prior service cost	5 year

Note 12. Derivatives

As a matter of policy, the Company does not speculate in derivative transactions. The Company does not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are leading domestic financial institutions with high bond ratings.

In accordance with the Company's policy, the accounting department controls derivative transactions and requires approval by the director responsible for accounting and the representative directors of the Company. The director who has the responsibility to control the performance and the related risks connected with derivatives reports these to the Management Committee of the Company.

The Company uses interest rate swaps to avoid risks from interest rate fluctuations on borrowings. The exception method of hedge accounting is used to account for those transactions.

(Currency related)	Millions of yen						Thousands of U.S. dollars		
	Contract amount		Fair value		Unrealized gain (loss)		Contract amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:	2003	2004	2003	2004	2003	2004	2004	2004	2004
Sell:									
US\$	¥ 198	¥ 198	¥ 202	¥ 196	¥ (4)	¥ 2	\$ 1,873	\$ 1,853	\$ 20
(Interest related)	Millions of yen						Thousands of U.S. dollars		
Interest rate option	Contract amount		Fair value		Unrealized gain (loss)		Contract amount	Fair value	Unrealized gain (loss)
	2003	2004	2003	2004	2003	2004	2004	2004	2004
(Cap transaction)									
Put	¥ 86[¥ 0]	¥ -[¥ -]	¥ 0	¥ -	¥ (0)	¥ -	\$ -[¥ -]	\$ -	\$ -

(1) Option expenses are shown in first two [].

(2) Calculation of fair value

The fair value is calculated by the proposed price by banks.

Note 13. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of March 31, 2003 and 2004, which would have been reflected in the balance sheets if lease accounting had been applied to finance leases currently accounted for as operating leases.

(Millions of yen)	Acquisition costs		Accumulated depreciation		Net book value	
	2003	2004	2003	2004	2003	2004
Machinery and vehicle	¥ 278	¥ 202	¥ 138	¥ 99	¥ 140	¥ 103
Tools, office furniture and equipment	271	155	191	115	80	40
Total	¥ 549	¥ 357	¥ 329	¥ 214	¥ 220	¥ 143
(Thousands of U.S. dollars)	2004		2004		2004	
Machinery and vehicle	\$ 1,914		\$ 941		\$ 973	
Tools, office furniture and equipment	1,469		1,091		378	
Total	\$ 3,383		\$ 2,032		\$ 1,351	

The amount of outstanding future lease payments subsequent to March 31, 2003 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Due within one year	¥ 92	¥ 61	\$ 581
Due over one year	141	89	845
Total	¥ 233	¥ 150	\$ 1,426

Lease expenses on finance leases for the years ended March 31, 2003 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2004	2004
Lease expenses:	¥ 131	¥ 77	\$ 724
Components of lease expenses:			
Depreciation	¥ 112	¥ 66	\$ 621
Interest	¥ 14	¥ 11	\$ 101

Depreciation is based on the straight-line method, assumed that useful life is within the lease term and salvage value is zero.

Interest is based on the discrepancy between total lease expenses and acquisition cost and is distributed to each term by the interest method.

Note 14. Segment information

The business segments were not presented because the Company's primary business activity is a single segment of electronic components.

Geographic segments

Year ended or as of March 31

2003	Millions of yen					Consolidated
	Japan	Asia	North America	Other areas	Elimination	
Net sales						
Outside customers	¥ 34,862	¥ 13,965	¥ 6,801	¥ 2,505	¥ —	¥ 58,133
Intersegment sales	14,096	10,526	146	24	(24,792)	—
Total	48,958	24,491	6,947	2,529	(24,792)	58,133
Cost and expenses	48,679	24,142	6,298	2,659	(24,800)	56,978
Operating income	279	349	649	(130)	8	1,155
Identifiable assets	41,612	9,478	2,658	1,408	(3,669)	51,487
2004	Millions of yen					Consolidated
	Japan	Asia	North America	Other areas	Elimination	
Net sales						
Outside customers	¥ 36,986	¥ 15,228	¥ 7,950	¥ 2,650	¥ —	¥ 62,814
Intersegment sales	15,661	11,907	197	4	(27,769)	—
Total	52,647	27,135	8,147	2,654	(27,769)	62,814
Cost and expenses	50,760	26,712	7,536	2,592	(27,729)	59,871
Operating income	1,887	423	611	62	(40)	2,943
Identifiable assets	49,773	9,614	3,397	1,791	(9,121)	55,454

2004	Thousands of U.S. dollars					Consolidated
	Japan	Asia	North America	Other areas	Elimination	
Net sales						
Outside customers	\$ 349,947	\$ 144,080	\$ 75,222	\$ 25,076	\$ —	\$ 594,325
Intersegment sales	148,176	112,661	1,866	41	(262,744)	—
Total	498,123	256,741	77,088	25,117	(262,744)	594,325
Cost and expenses	480,271	252,740	71,303	24,524	(262,367)	566,471
Operating income	17,852	4,001	5,785	593	(377)	27,854
Identifiable assets	470,935	90,962	32,146	16,943	(86,300)	524,686

The division of these groups depends on the geographic proximity and region.

Asia-----Singapore, Malaysia, China, Taiwan, Korea

North America-----U.S.A, Mexico

Other areas-----United Kingdom, Belgium, Brazil

Overseas sales

2003	Millions of yen				Total
	Asia	North America	Europe	Other areas	
Overseas sales	¥ 16,624	¥ 7,791	¥ 6,803	¥ 522	¥ 31,740
Consolidated sales					58,133
Ratio of overseas sales (%)	28.6	13.4	11.7	0.9	54.6

2004	Millions of yen				Total
	Asia	North America	Europe	Other areas	
Overseas sales	¥ 18,648	¥ 8,269	¥ 7,085	¥ 462	¥ 34,464
Consolidated sales					62,814
Ratio of overseas sales (%)	29.7	13.2	11.3	0.7	54.9

2004	Thousands of U.S. dollars				Total
	Asia	North America	Europe	Other areas	
Overseas sales	\$ 176,441	\$ 78,240	\$ 67,033	\$ 4,377	\$ 326,091
Consolidated sales					594,325
Ratio of overseas sales (%)	29.7	13.2	11.3	0.7	54.9

The division of these groups depends on the geographic proximity and region.

Asia-----Singapore, Malaysia, China, Taiwan, Korea, and others

North America-----U.S.A., and others

Europe-----United Kingdom, Belgium, and others

Other areas-----Brazil, and others



Certified Public Accountants
 Hibiya Kokusai Bldg.
 2-2-3, Uchisaiwai-cho,
 Chiyoda-ku, Tokyo 100-0011
 C.P.O. Box 1196, Tokyo 100-8641

Phone: 03 3503-1100
 Fax: 03 3503-1197

Report of Independent Auditors

The Board of Directors
 SMK Corporation

We have audited the accompanying consolidated balance sheets of SMK Corporation and consolidated subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SMK Corporation and consolidated subsidiaries at March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2004 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Shin Nihon & Co.

June 22, 2004

As of March 31, 2004

Authorized shares: 195,961,274
Issued shares: 79,000,000
Number of shareholders: 15,406

Major shareholders (top ten)	Shares Owned (1,000 shares)	Percentage of Shares (%)
Nippon Life Insurance Company	4,001	5.22
Mizuho Corporate Bank, Ltd.	3,844	5.02
Japan Trustee Services Bank, Ltd.	2,950	3.85
The Master Trust Bank of Japan, Ltd.	2,566	3.35
Mizuho Bank, Ltd.	2,214	2.89
The Mitsubishi Trust and Banking Corporation	2,198	2.87
Terutaka Ikeda	1,988	2.59
Dai Nippon Printing Co., Ltd.	1,795	2.34
The Bank of Tokyo-Mitsubishi, Ltd.	1,760	2.30
SMK Cooperating Company Share Holding Association	1,638	2.14

Note:

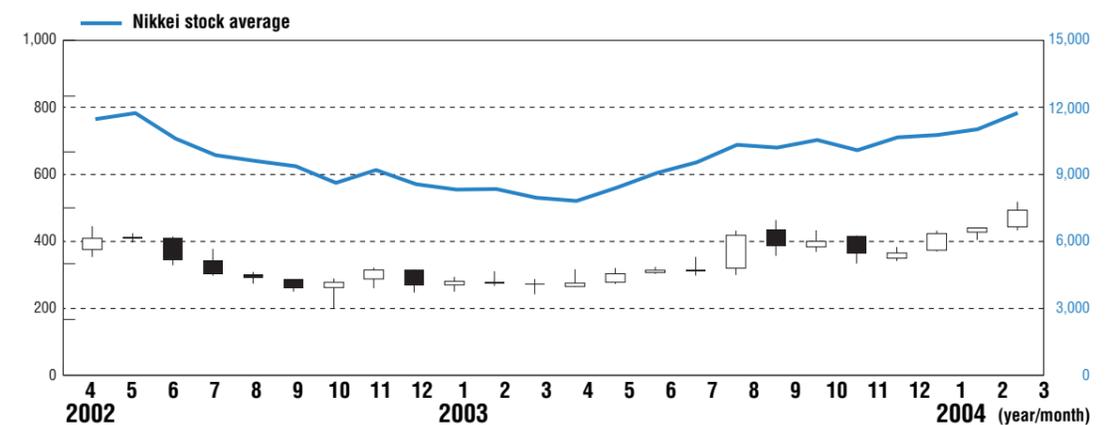
Of the above shares owned by major shareholders, the following numbers of shares are held in trust operations:

Japan Trustee Service Bank, Ltd. : 2,950 thousand shares
 The Master Trust Bank of Japan, Ltd. : 2,566 thousand
 The Mitsubishi Trust and Banking Corporation : 261 thousand

Distribution of share ownership	
1~99 shares	1,912 (12.41%)
100~499 shares	2,084 (13.53%)
500~999 shares	430 (2.79%)
1,000~4,999 shares	9,484 (61.56%)
5,000~9,999 shares	866 (5.62%)
10,000~49,999 shares	517 (3.36%)
50,000~ shares	111 (0.72%)
	2 others (0.01%)

Distribution of shareholders	
Financial institutions	48 (0.31%)
Securities companies	40 (0.26%)
Companies and other entities	272 (1.77%)
Foreigners	45 (0.29%)
Individuals and others	15,001 (97.37%)

Share Price Chart (unit: yen)



Corporate Data

(As of March 31, 2004)

Name:	SMK Corporation
Established:	January 15, 1929
Primary business:	Manufacture and sale of various electronic machinery and parts used in power, communications and electronic equipment, other industrial machinery, information equipment, etc.
Capital:	7,996,828,021 yen
Stock Exchange Listing:	Tokyo Stock Exchange
Transfer Agent:	The Mitsubishi Trust and Banking Corporation
Independent Auditors:	Shin Nihon & Co. Tokyo, Japan
Employees (SMK-Group):	7,475
Head office:	5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo 142-8511, Japan TEL 81-3-3785-1111 FAX 81-3-3785-1878
Subsidiaries & Affiliates:	
Domestic:	Subsidiaries - 10 companies Affiliates - 3 companies
Overseas:	Subsidiaries - 20 companies
Website:	http://www.smk.co.jp/

Board of Directors and Corporate Auditors

(As of June 22, 2004)

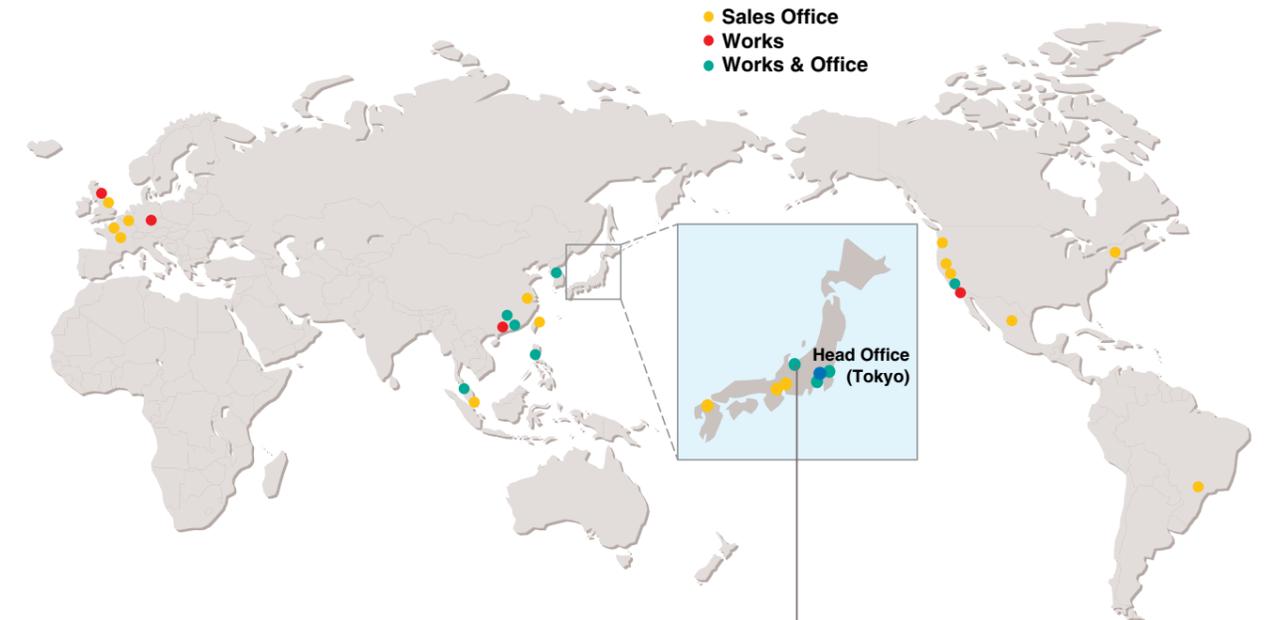
Directors and Corporate Auditors

Chairman and Chief Executive Officer	Terutaka Ikeda
President and Chief Operating Officer	Tetsuya Nakamura
Executive Deputy President	Mikio Ito
Director, Senior Executive Vice President	Kenji Kobayashi
Director, Executive Vice President	Tadashi Yamoto
Director	Yuji Tanahashi
Auditor	Jun Sugimoto
Auditor	Yoshio Tada
Auditor	Takeshi Nakamura

Corporate Executive Officers

Senior Executive Vice President	Tetsuo Murase
Senior Executive Vice President	Shigenobu Oyashiki
Executive Vice President	Takushi Suzuki
Executive Vice President	Hajime Yamada
Executive Vice President	Yasumitsu Ikeda
Vice President	Mitsuru Ito
Vice President	Takashi Hirawata
Vice President	Toru Kaneyoshi
Vice President	Yu Hosoya
Vice President	Hirozumi Kawabata
Vice President	Makoto Irisawa
Vice President	Hideo Matsumoto
Vice President	Yoshiyuki Kaku

Global Network



ASIA

SMK High-Tech Taiwan Trading Co., Ltd.
 SMK Electronics (H.K.) Ltd.
 SMK Trading (H.K.) Ltd.
 SMK Dongguan Gaobu Factory
 SMK Electronics (Shenzhen) Co., Ltd.
 SMK Electronics (Shenzhen) Co., Ltd. Shanghai Representative Office
 SMK Electronics Singapore Pte. Ltd.
 SMK Electronics (Malaysia) Sdn. Bhd.
 SMK Electronics (Phils.) Corporation
 SMK Korea Co., Ltd.

EUROPE

SMK Europe N.V.
 SMK Europe N.V., U.K. Branch
 SMK Europe N.V., France Branch
 SMK Europe N.V., German Office
 SMK (U.K.) Ltd.
 SMK Hungary Kft.

NORTH AMERICA

SMK Electronics Corporation U.S.A.
 SMK Electronics Corporation U.S.A., East Office

SMK Electronics Corporation U.S.A., San Jose Office
 SMK Electronics Corporation U.S.A., Los Angeles Office
 SMK Electronics Corporation U.S.A., Seattle Office
 SMK Electronics Corporation U.S.A., Guadalajara Office
 SMK Manufacturing, Inc.
 SMK Electronica S.A. de C.V.

SOUTH AMERICA

São Paulo Indústria Eletrônica Ltda.