

Business Report for FY2007

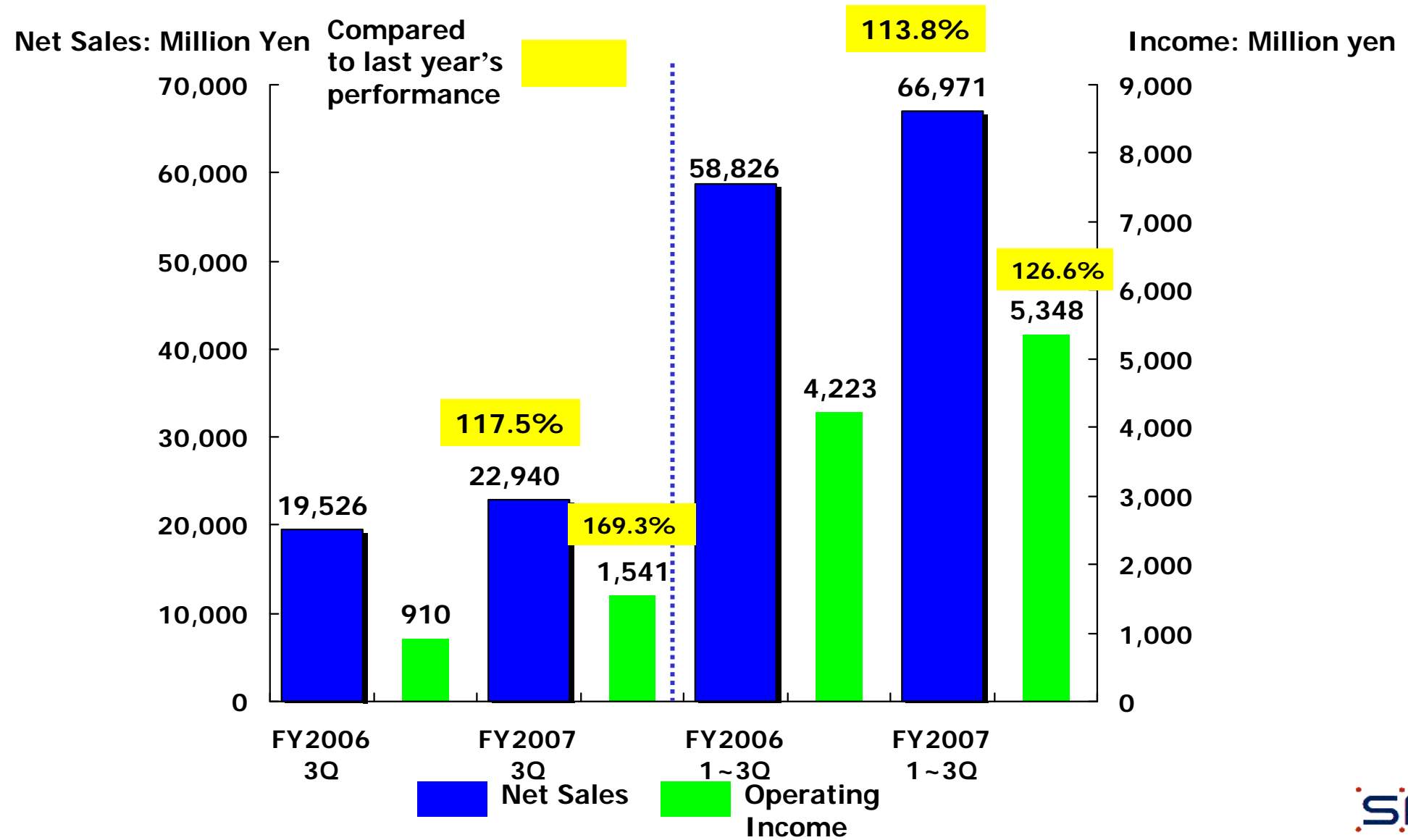
-From Apr.2007 to Dec.2007-

SMK Corporation

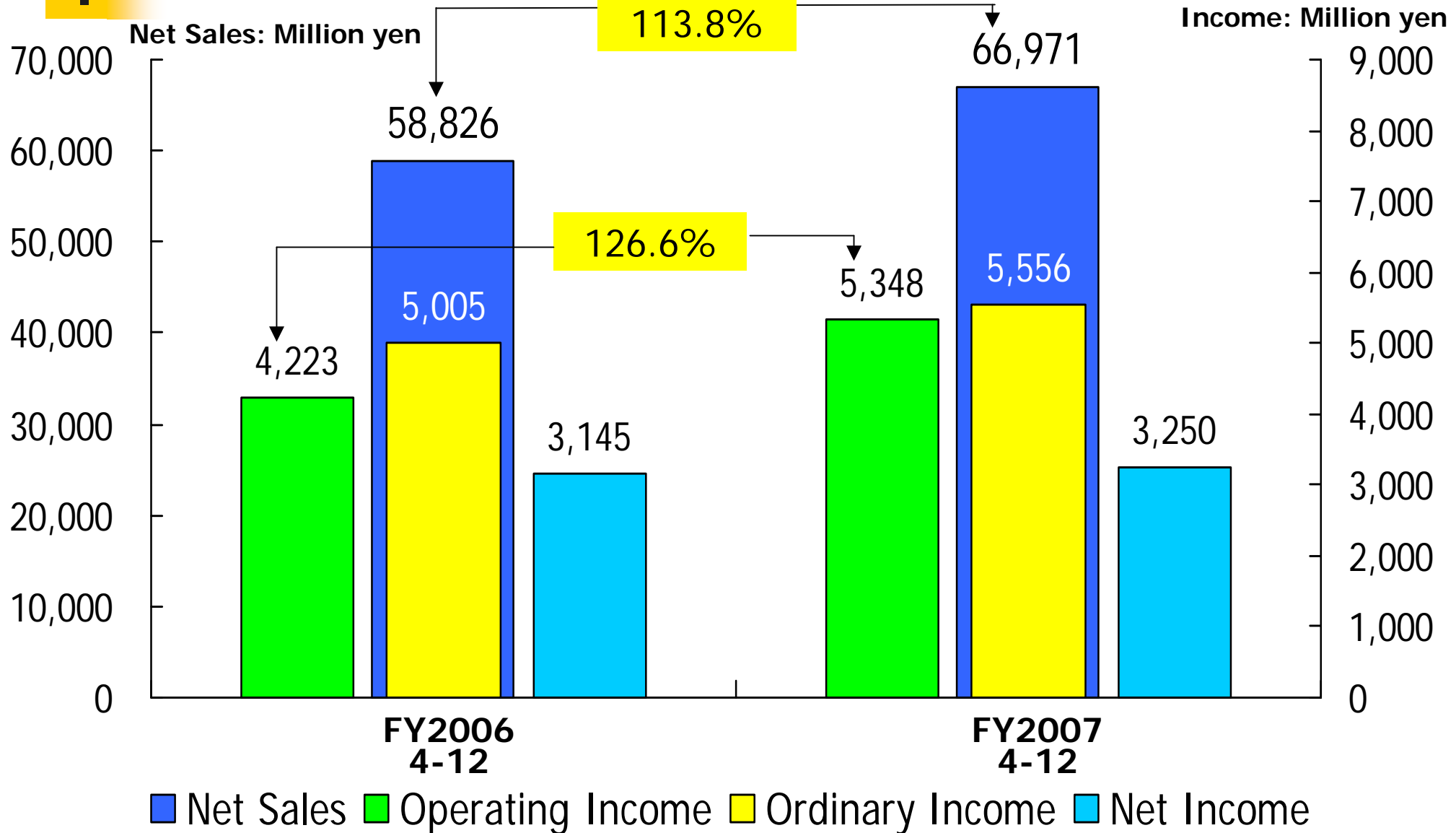
January, 2008

<Consolidated> Net Sales, Operating Income

(FY2006 3Q/FY2007 3Q, FY2006 1~3Q/FY2007 1~3Q)



<Consolidated> 1Q-3Q Financial Result



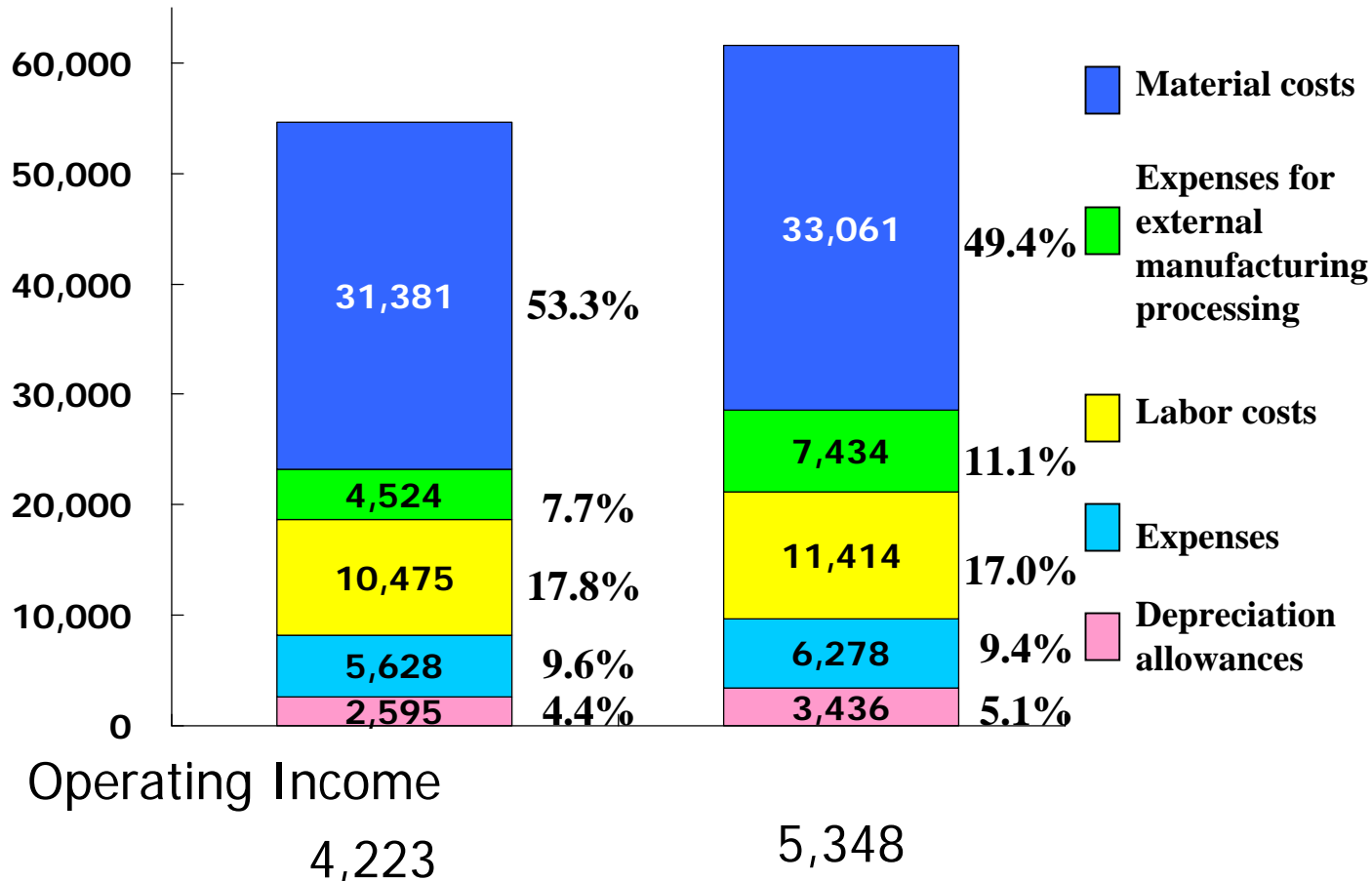
< Consolidated > Sales Expenses

FY2006
4-12
54,603
(92.8%)

FY2007
4-12
61,623
(92.0%)

(Unit: Million yen)

(): Percentage to Sales Amount



[(Material costs + expenses for external manufacturing processing) improved by 0.5%]

61.0%→60.5%
About 381 million yen

[Labor Costs increased by 939 million yen]

Average number of workers in overseas works

06/4-12 10,500 people
07/4-12 12,700 people
(Increase by 2,200 people)

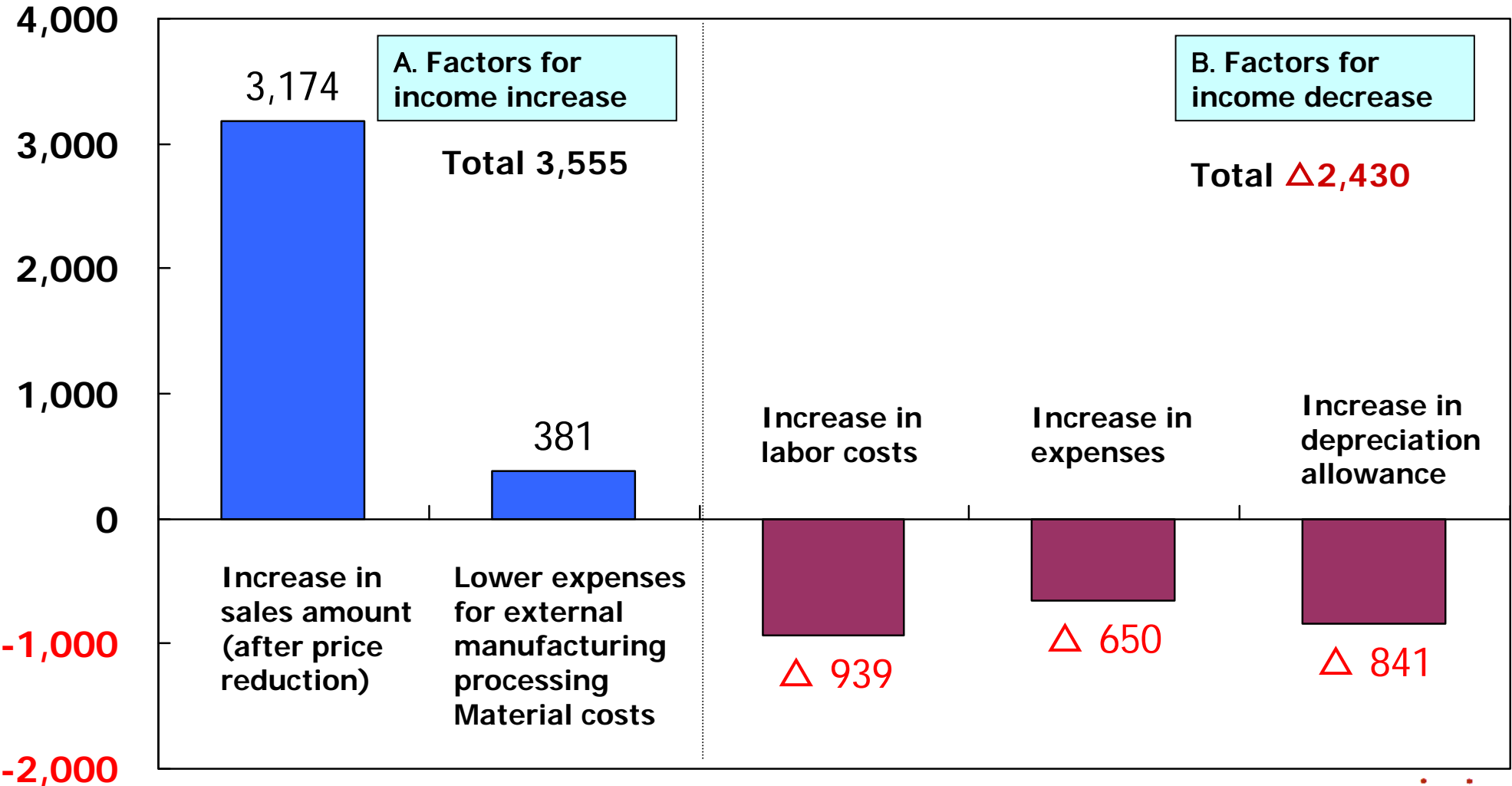
Main works reporting increase :
Hunan, China: 1,900 people
Mexico: 200 people
Philippines: 100 people

<Consolidated> Analysis of Sales Expenses

(Unit: Million yen)

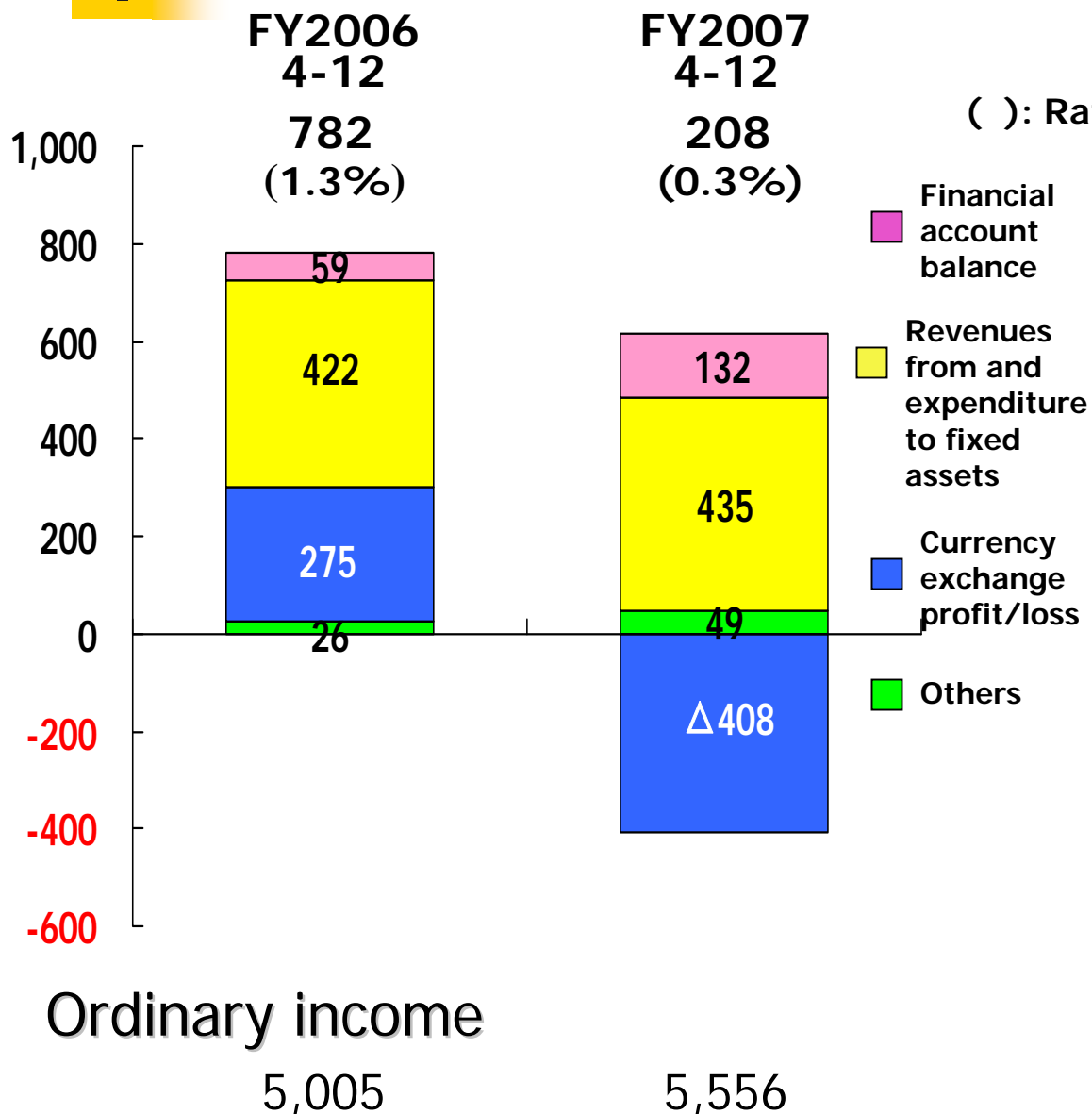
Analysis of Factors Resulting in Increase/Decrease of
Consolidated Operating Income [FY2006 4-12 vs. FY2007 4-12]

Net Total
+1,125 million yen



< Consolidated > Non-operating income and loss

(Unit: Million yen)



Comparison with performance in FY2006 1Q- 3Q:
-574 million yen

[Exchange Gain → Exchange Loss
-683 million yen]

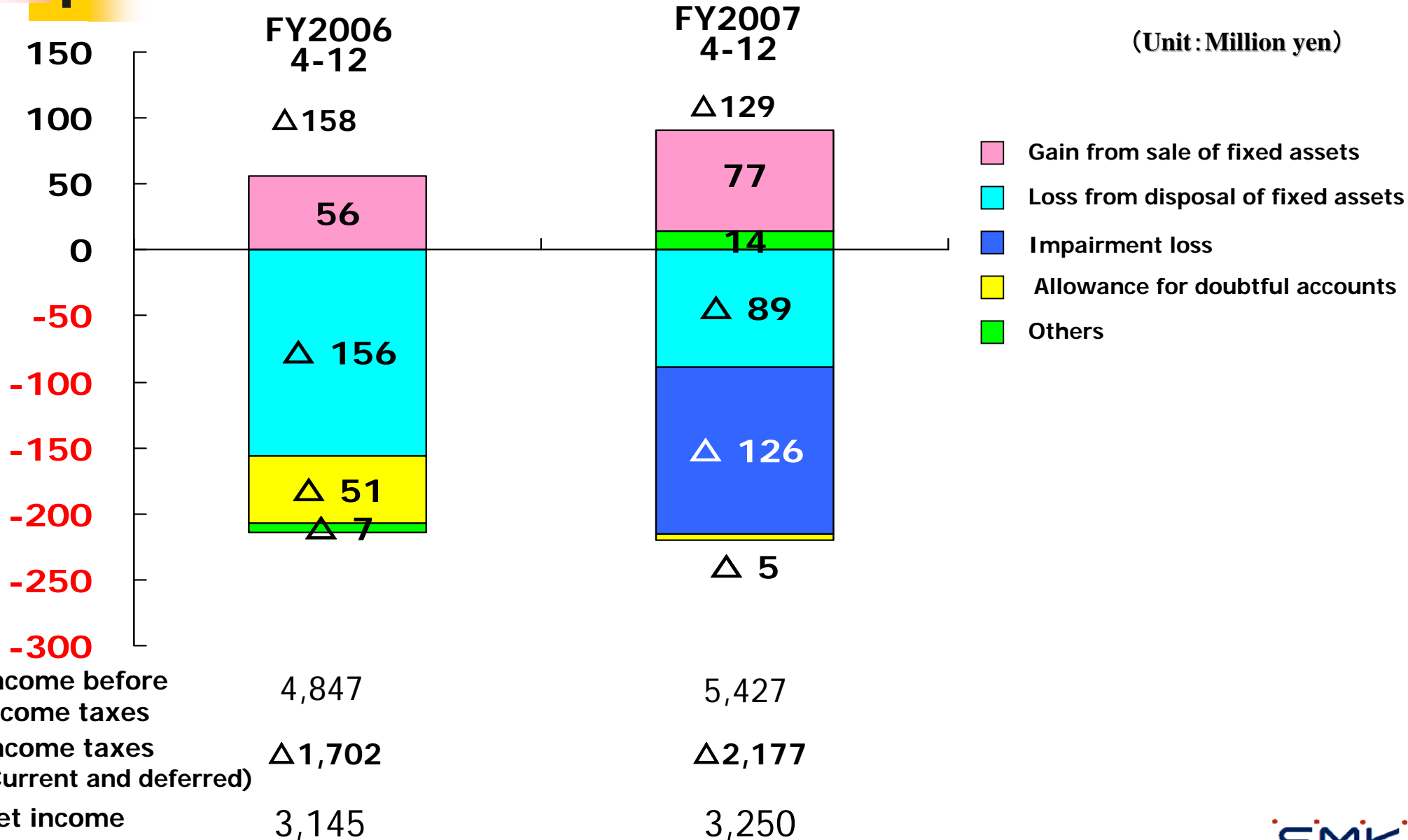
FY2006 1-3Q Yen depreciated by 1.45 yen
(as of Dec. 31, 2006)

[117.47(06/3) - 118.92(06/12)]

FY2007 1-3Q Yen appreciated by 3.90 yen
(as of Dec. 31, 2007)

[118.05(07/3) - 114.15(07/12)]

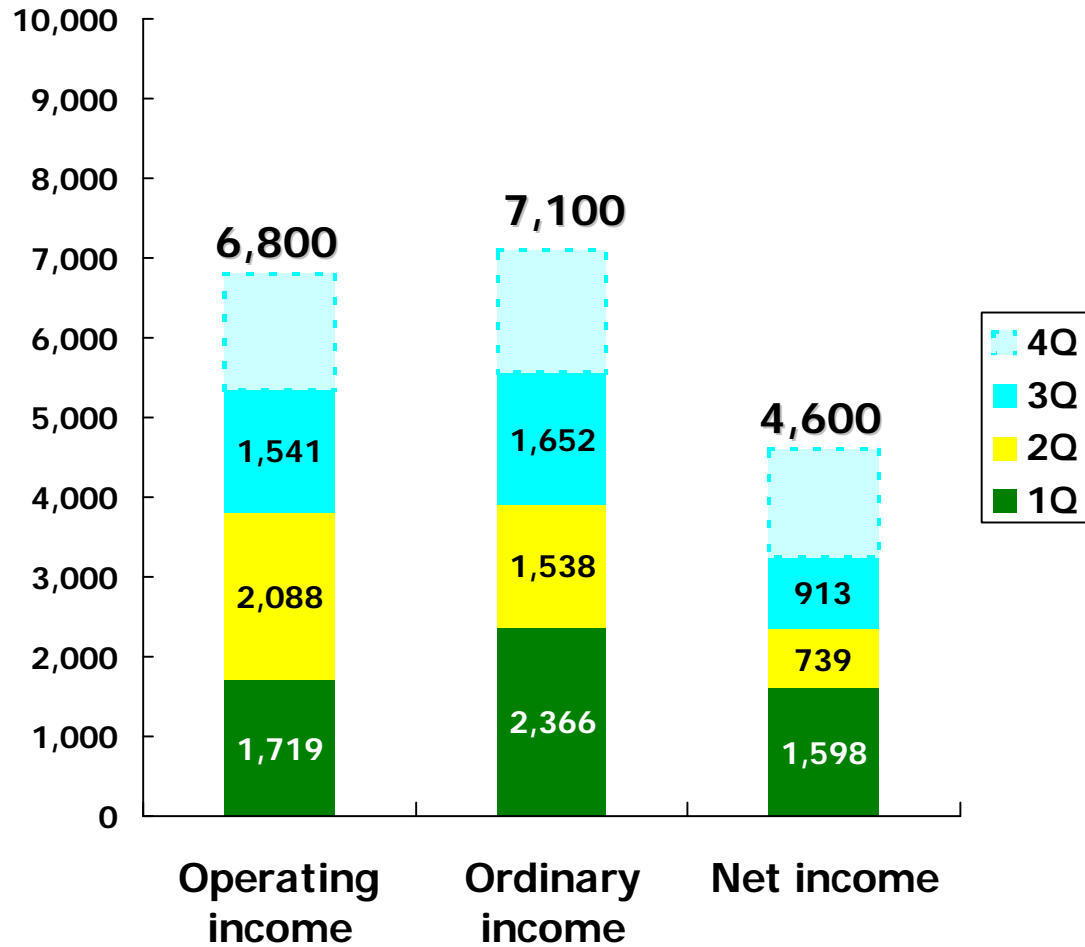
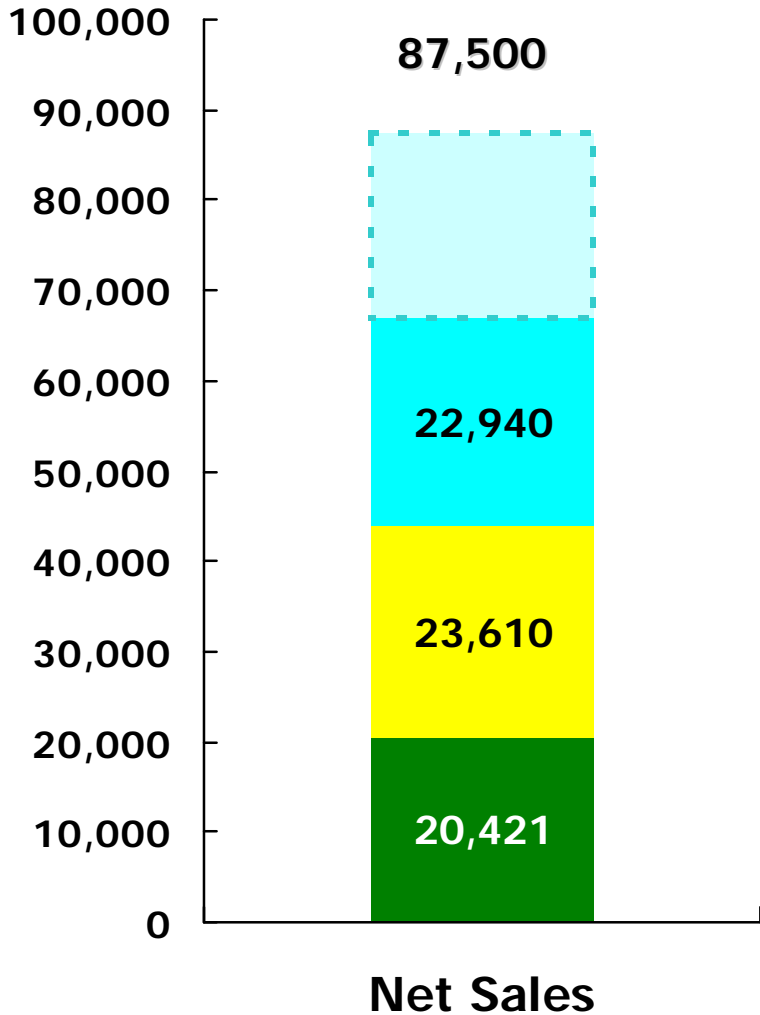
< Consolidated > Extraordinary gain or loss



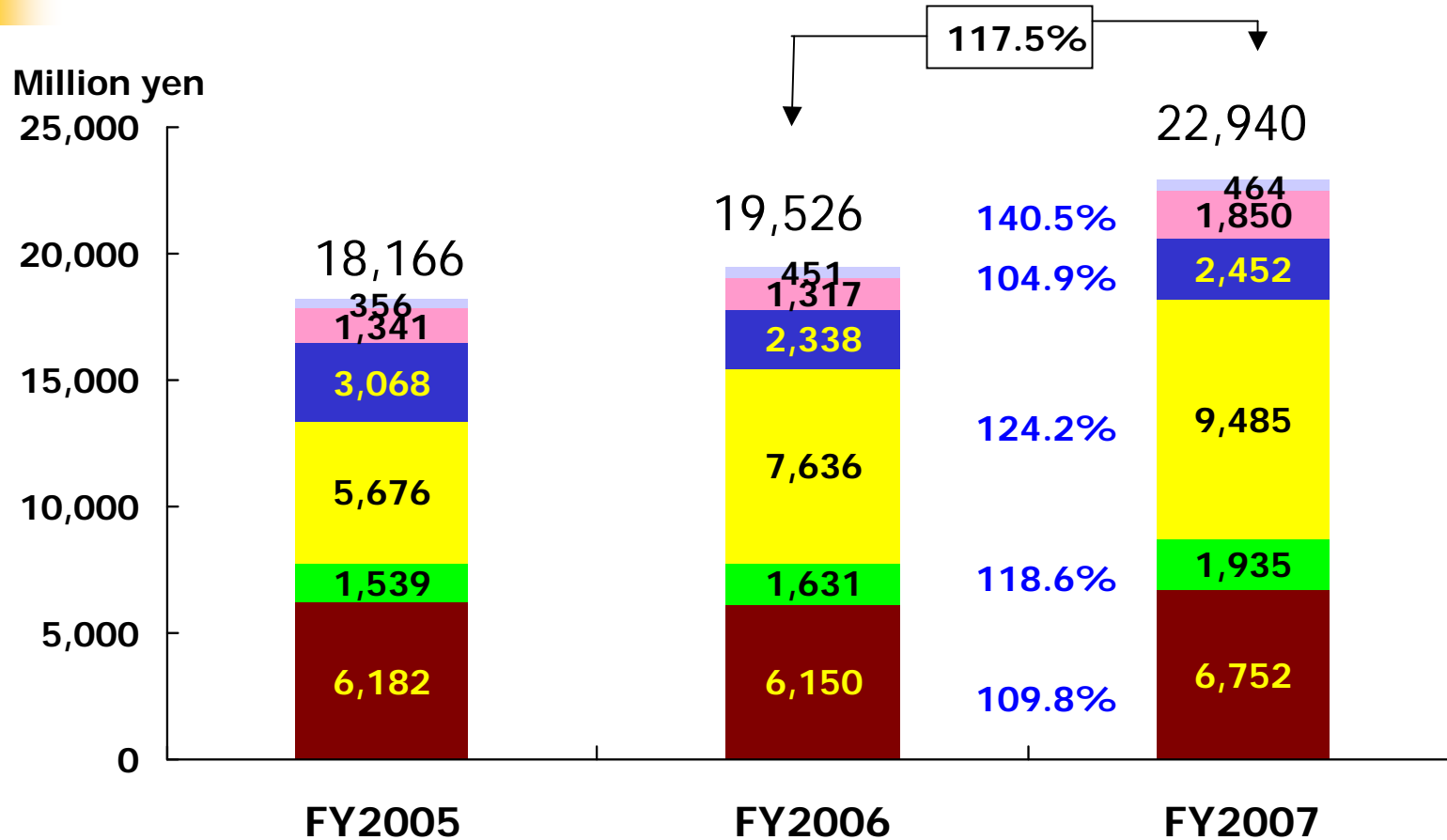
<Consolidated> FY2007 Trends in performance (Quarterly)

Upper Figure in Graph: Full Term Plan

(Unit: Million yen)



<Consolidated> Sales by Market 3Q Comparison

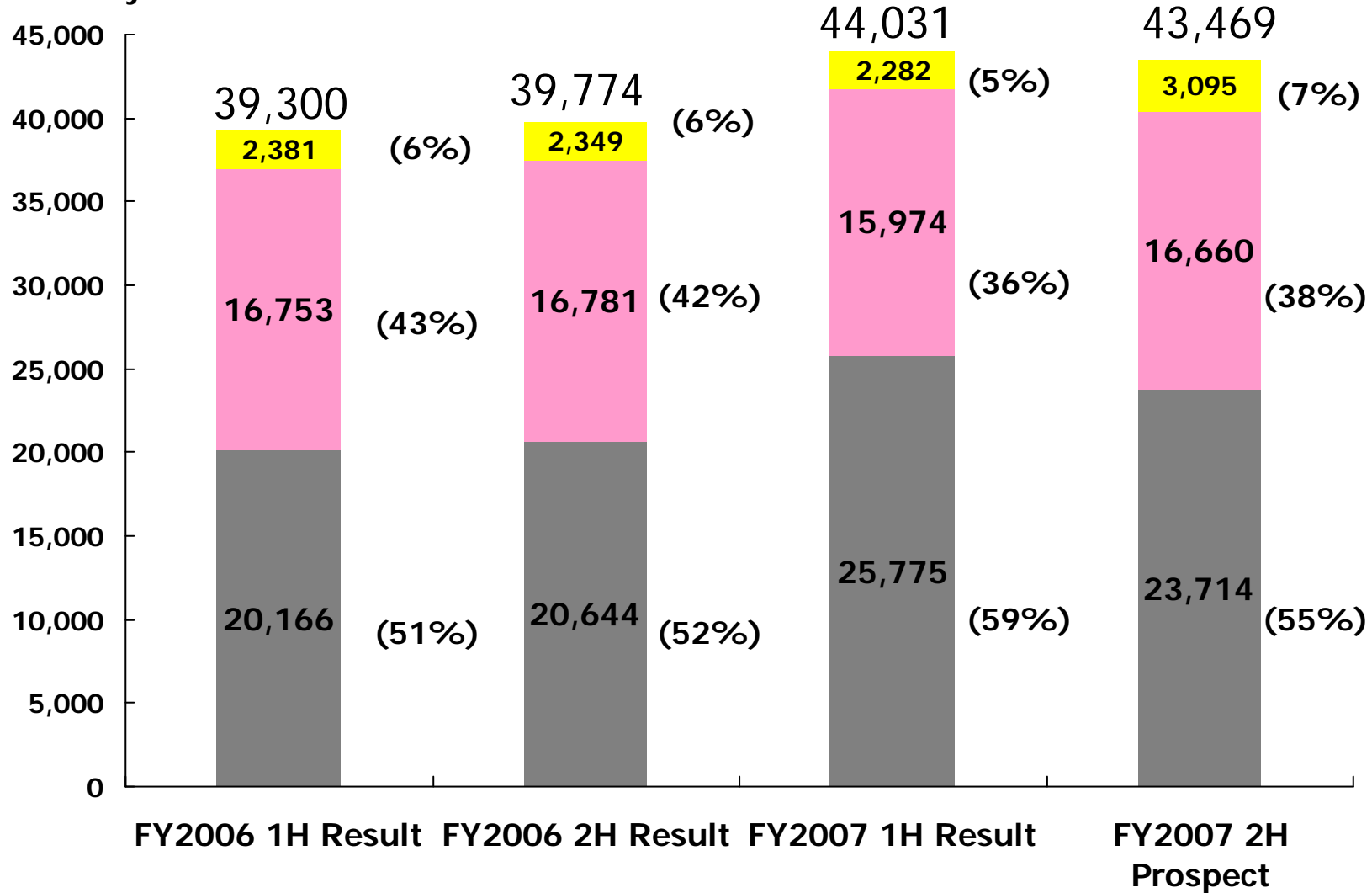


- Audio & Visual
- Car electronics
- Telecom.
- Computer
- Amusement & Appliance
- Others

Reference: <Consolidated> Net Sales by Product Division

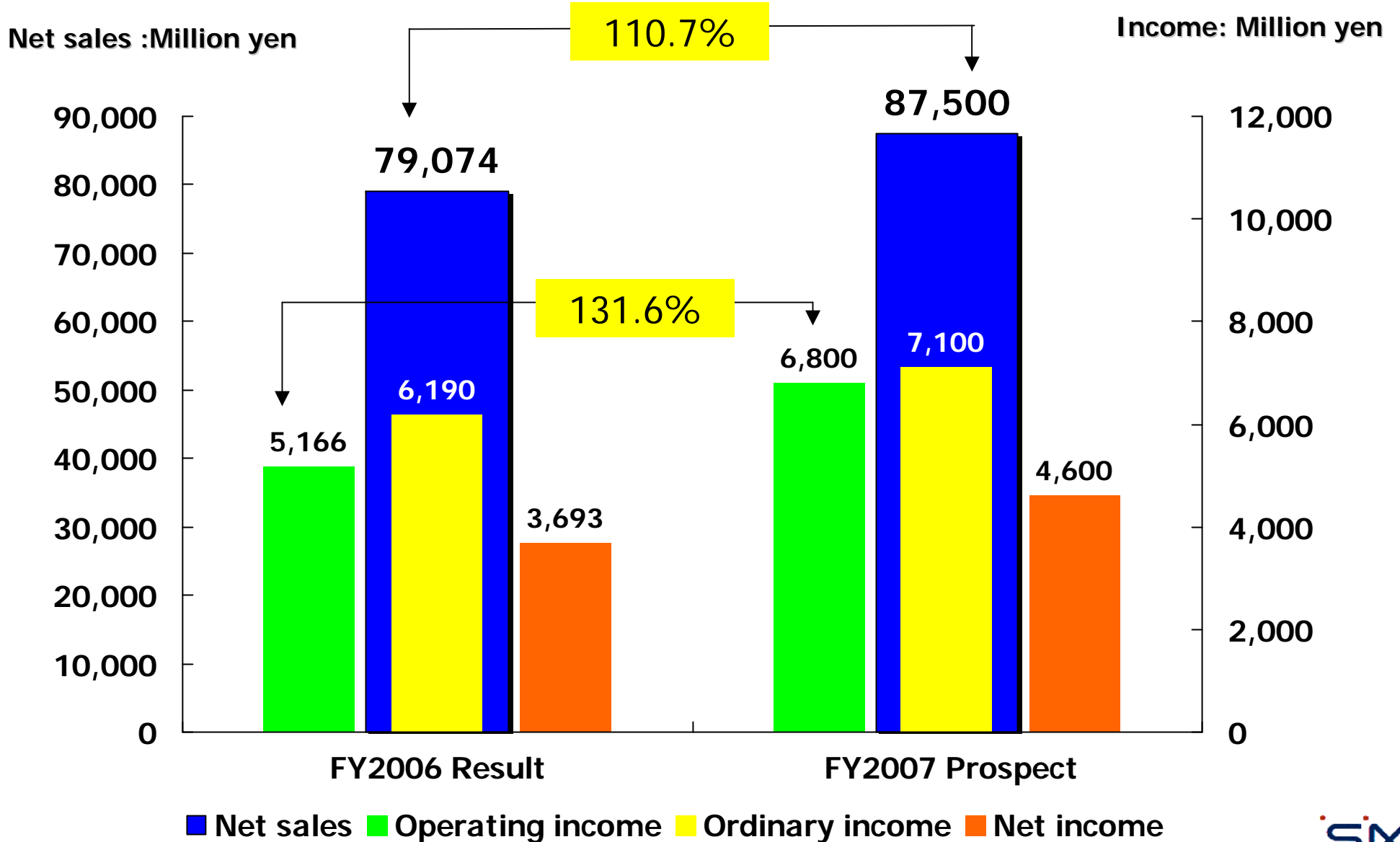
(): Composition ratio

Million yen



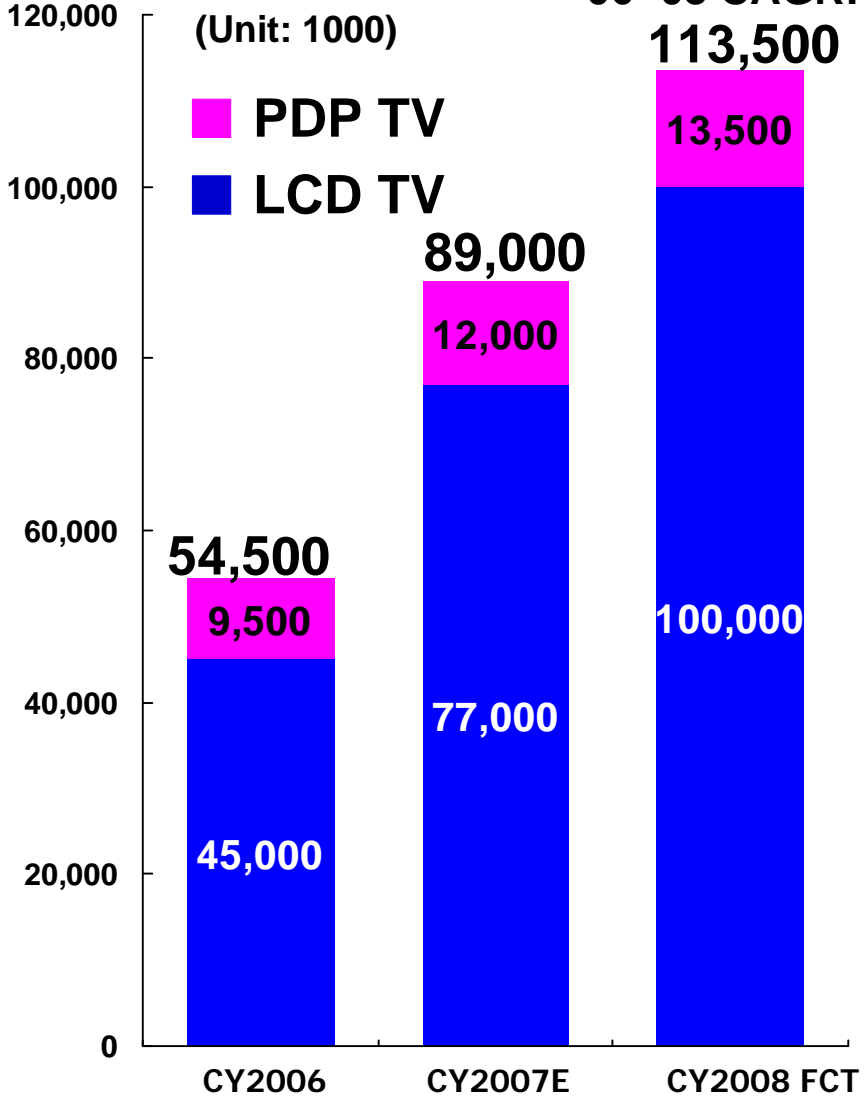
■ CS ■ FC ■ TP

<Consolidated> Forecast of fiscal term (FY2006, FY2007)



<Trend of our major markets > Flat Panel TV LCD (10 inches and over) and PDP TVs

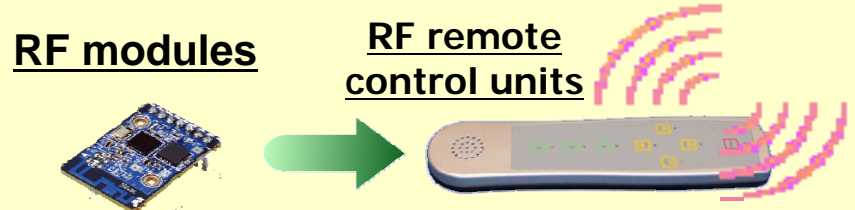
<W/W production quantities> '06-'08 CAGR: 44%



Source: Nikkei Market Access

<SMK's strategies >

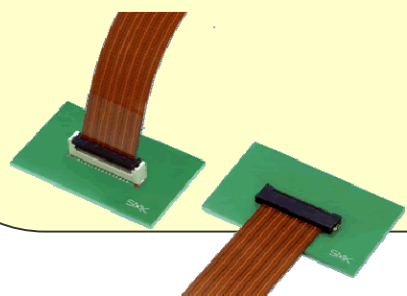
- Further sales expansion of remote control units



- Intensified sales activities to Korean, Taiwanese and Chinese equipment manufacturers
- Sure and steady approach to the Central and Eastern European markets where production activities are expanding. Expansion of control panel business.
- Concentrated sales efforts on connectors

Shielded FPC connectors (EF-5D Series)

HDMI Connectors

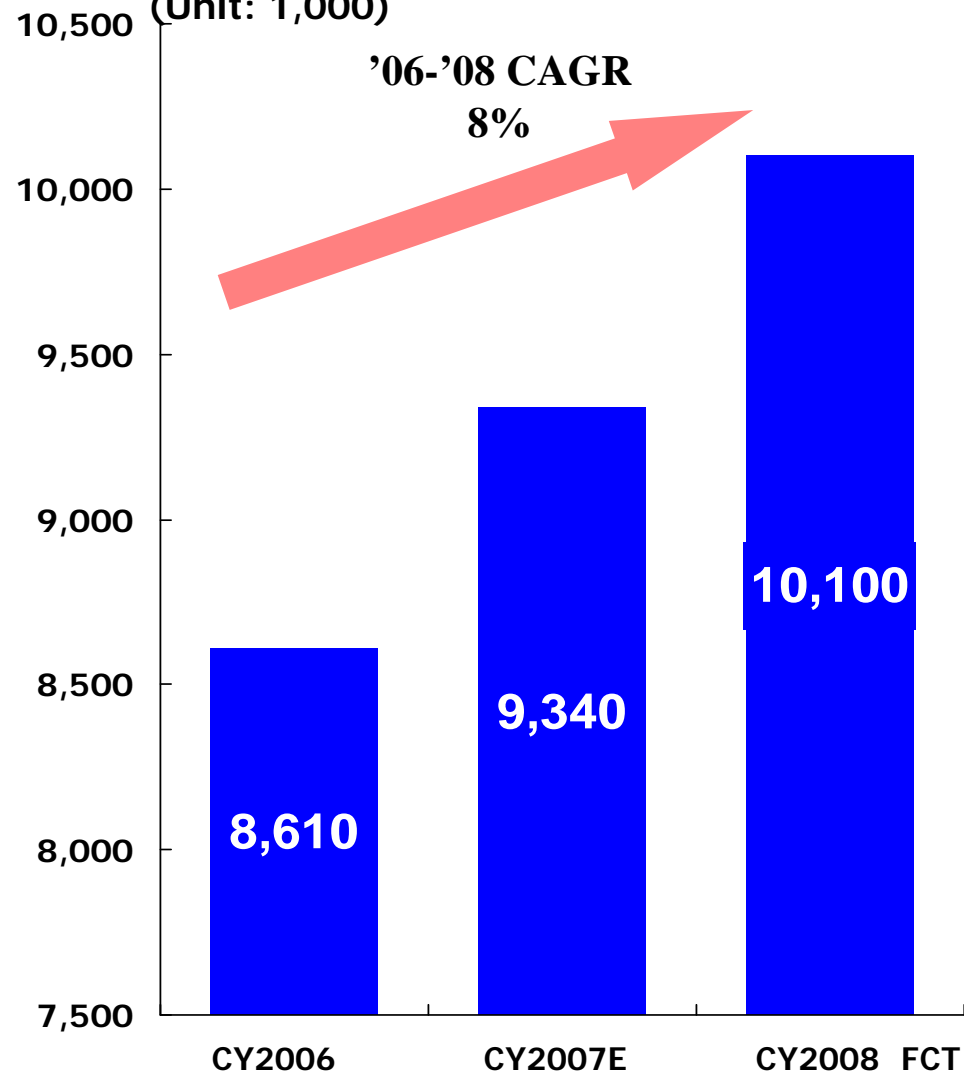


<Trend of our major markets> Car Navigation Systems

<W/W production quantities >

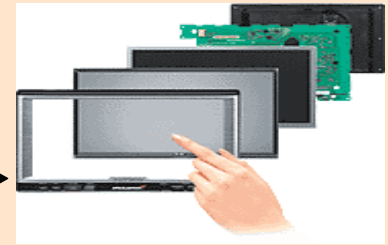
(Unit: 1,000)

'06-'08 CAGR
8%

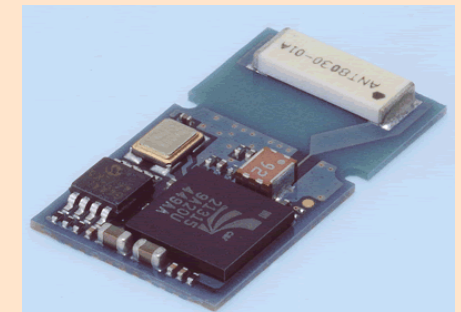
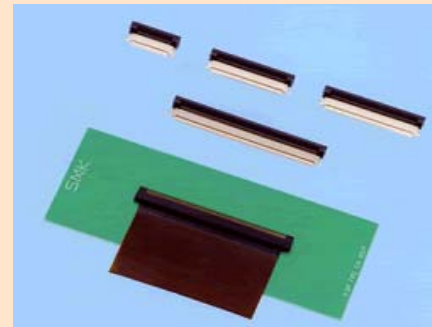


Source: Nikkei Market Access

<SMK's strategies >



- Expanded sales of touch panels
- Marketing of camera modules and cameras for in-vehicle applications and connectors for terrestrial digital broadcast receivers
- Development and marketing of Bluetooth™ modules for in-vehicle applications
- Approach to overseas markets such as Europe, and China and Taiwan, and the portable and in-vehicle navigation, equipment application market

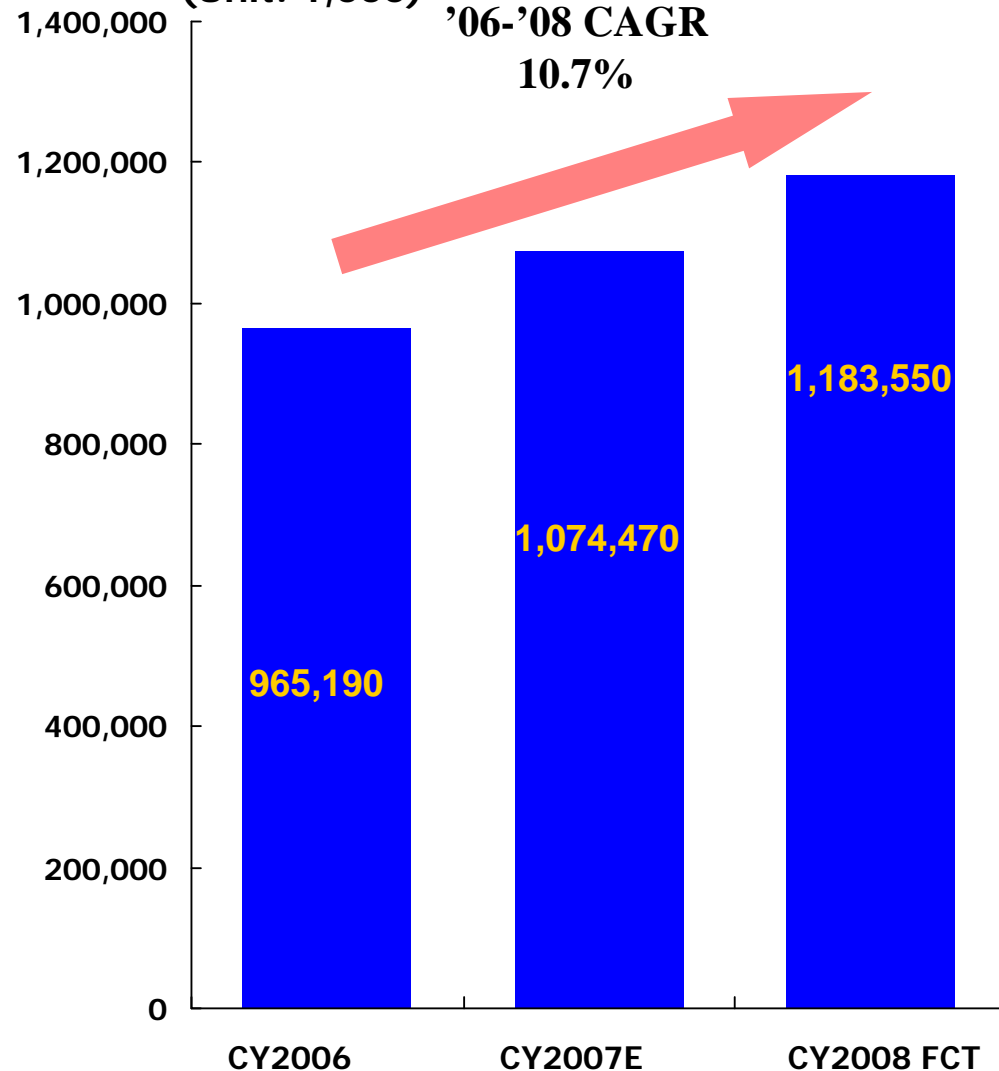


<Trend of our major markets> Mobile Phones

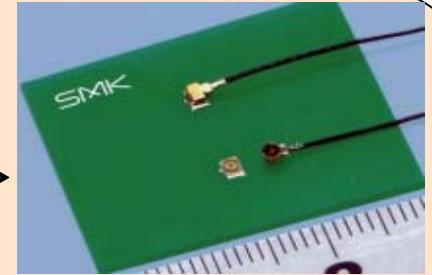
<W/W production quantities>

(Unit: 1,000)

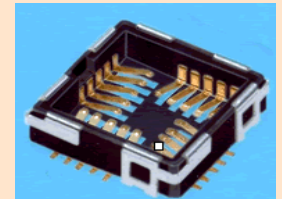
'06-'08 CAGR
10.7%



<SMK's strategies >

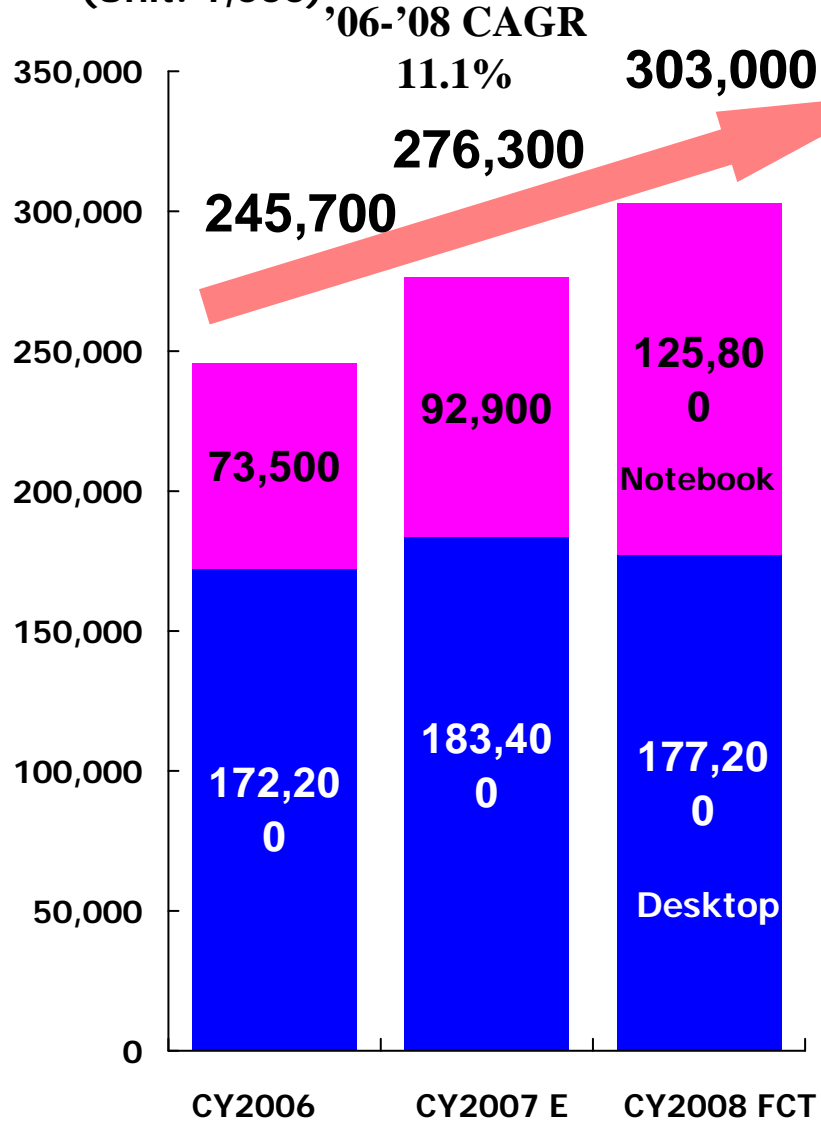


- Expansion of business with major overseas equipment manufacturers
- Optimization of the new product line to facilitate thinner and more functional terminal equipment design. Putting more effort into development of thin connectors and RF-compatible products
- Business expansion for accessories such as Bluetooth™ items, earphone cables and power supply-related products



<Trend of our major markets> Personal Computer (Desktop & Notebook PCs)

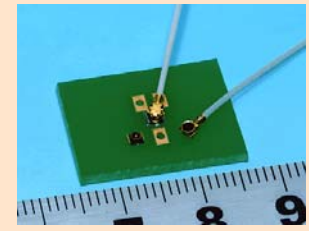
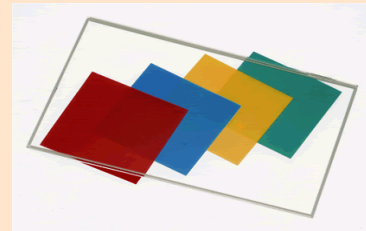
<W/W production quantities>
(Unit: 1,000)



<SMK's strategies >

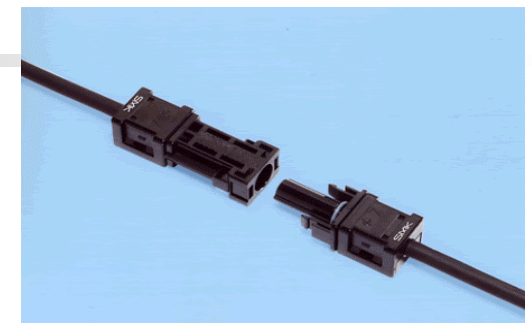
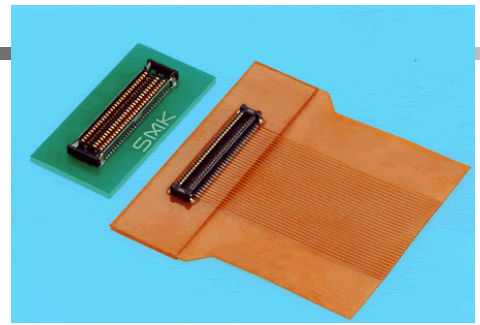


- Marketing promotion for remote controls and light receivers for the Windows Vista Media Center
- Expansion of business with major overseas equipment manufacturers. More intense submission of proposals for Express Card remote controls and touch panels, and promotion for new product development
- Concentrated marketing activities of RF products such as coaxial connectors and antennas for the notebook PC application market



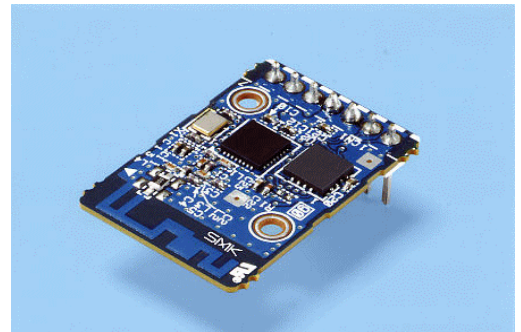
New Products

CS

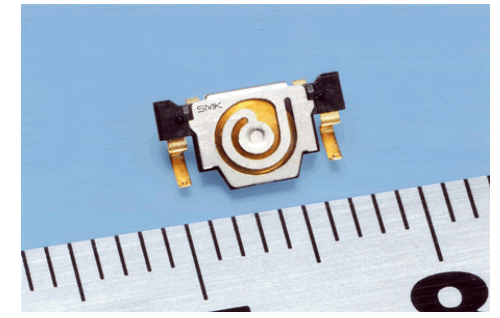


High speed signal transmission capable and EMI resistant shielded socket for the PB-4B series 0.4 mm-spacing board-to-board connectors Connector for photovoltaic modules

FC

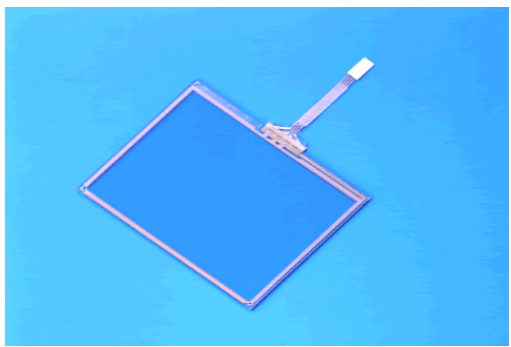


RF Module for Remote Controllers



1-Dome Switch

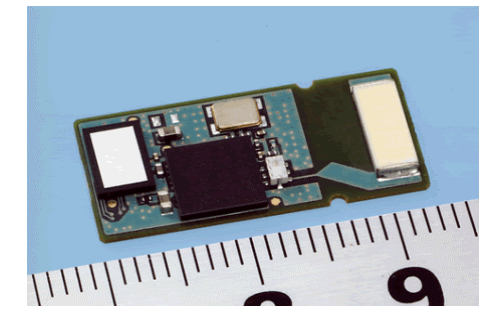
TP



Resistive touch panel with super high light permeability specifications



RD



Bluetooth®Serial Port Adapter BT301

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
- Establishment of Internal Audit Department (as of Oct.1)

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



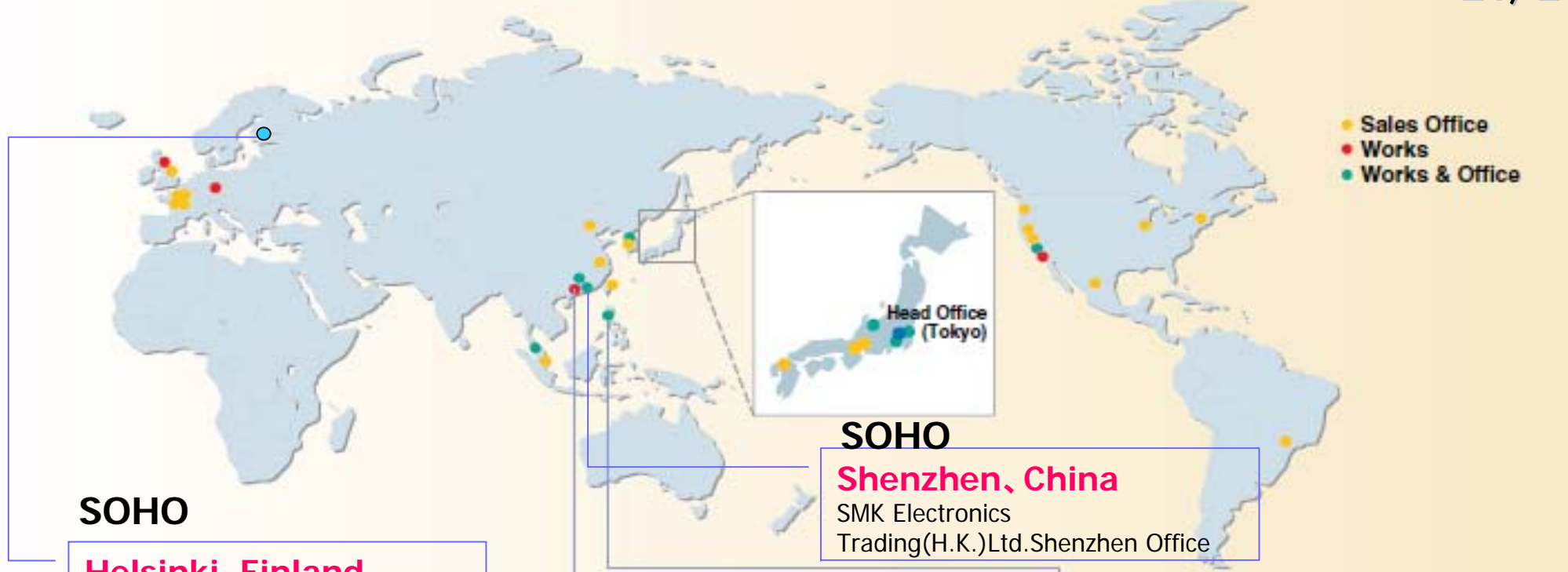
Improvement of Technological Capabilities

SMK's Slogan for 2008

Value Creation and Progress

Technology · Quality · Manufacturing





SOHO
Helsinki, Finland
 SMK Corporation Helsinki office

SOHO
Shenzhen, China
 SMK Electronics Trading(H.K.)Ltd.Shenzhen Office

<Dongguan>
 Floor Space
 Before: 40,000m²
 2007 Result + 2008 Plan:
 + 13,000m²(+33%)



Dongguan, China
 SMK Dongguan Gaobu Factory



Philippines
 SMK Electronics (Phils.) Corporation

<Philippines>
 Clean Room
 Before: 1,000m²
 Plan for 2008:
 + 1,000m²(+ 100%)

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

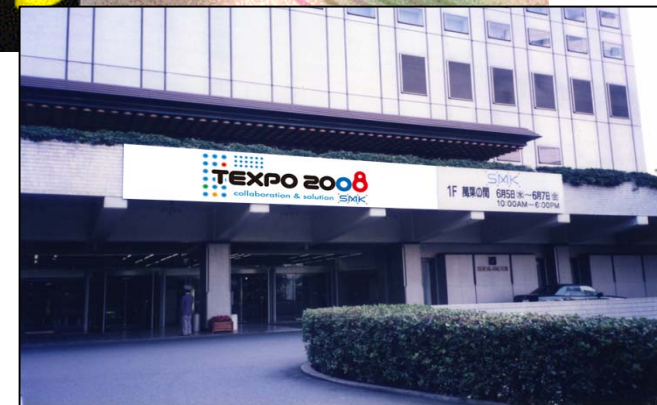
Place : Hotel Pacific Tokyo (Manyo Banquet Room and Others)

**Theme Copy:
Vision to Creation, Our Challenge**

**No. of Products Intended
for Display : 400 products**

Seminar Date : All 3 days

**Expected No.
of Visitors : 3,000 people**





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/>.