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**Business Report for**  
**FY2009**  
**From Apr. to Dec. 2009**

**SMK Corporation**  
**Jan, 2010**



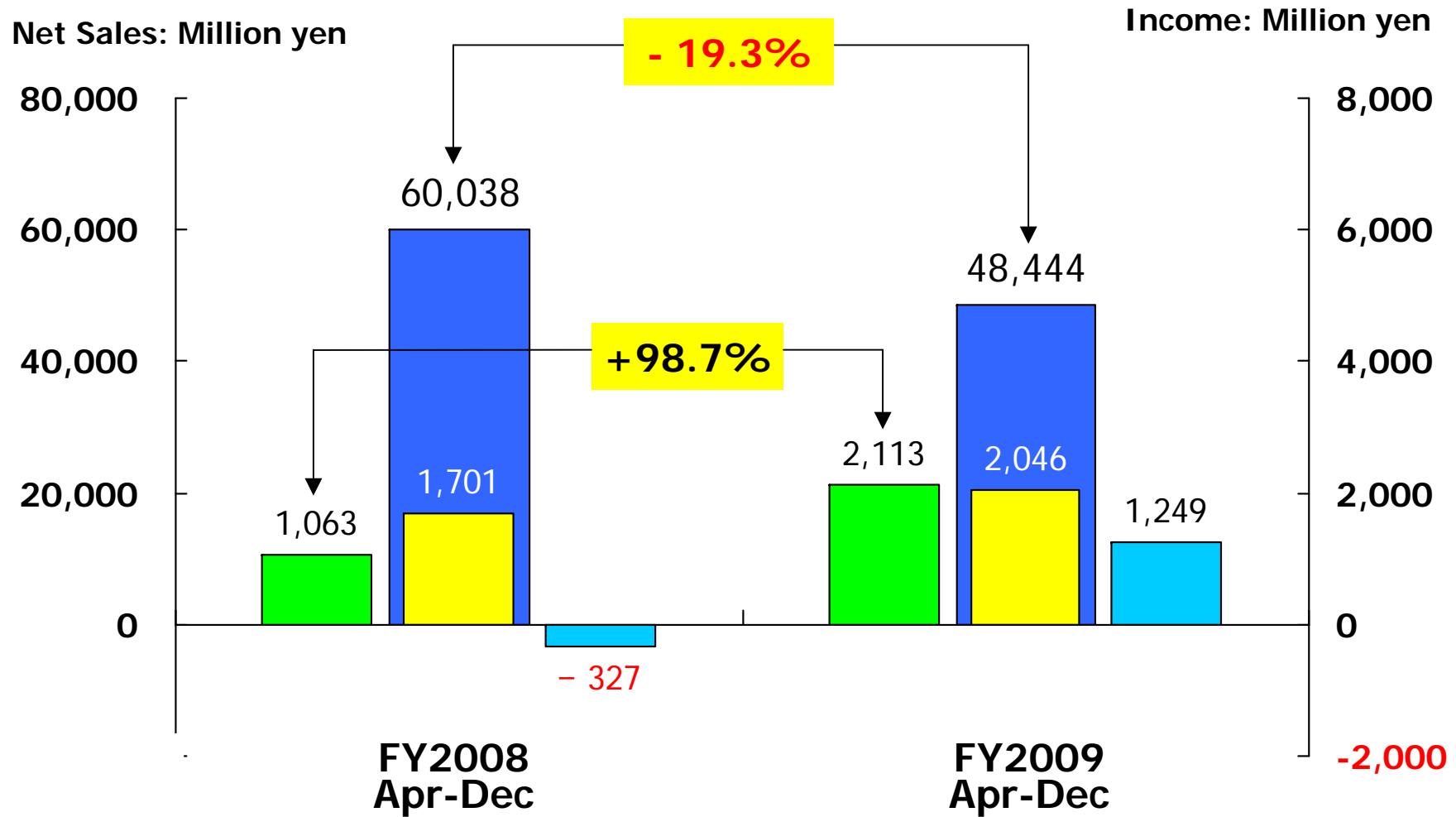
**FY2009**

**Outline of 1Q~3Q Financial Statement**

**Director and Executive Vice President  
Hajime Yamada**



# <Consolidated> 1Q~3Q Financial Result



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



# <Consolidated> Financial Highlights (Quarterly) 4/31

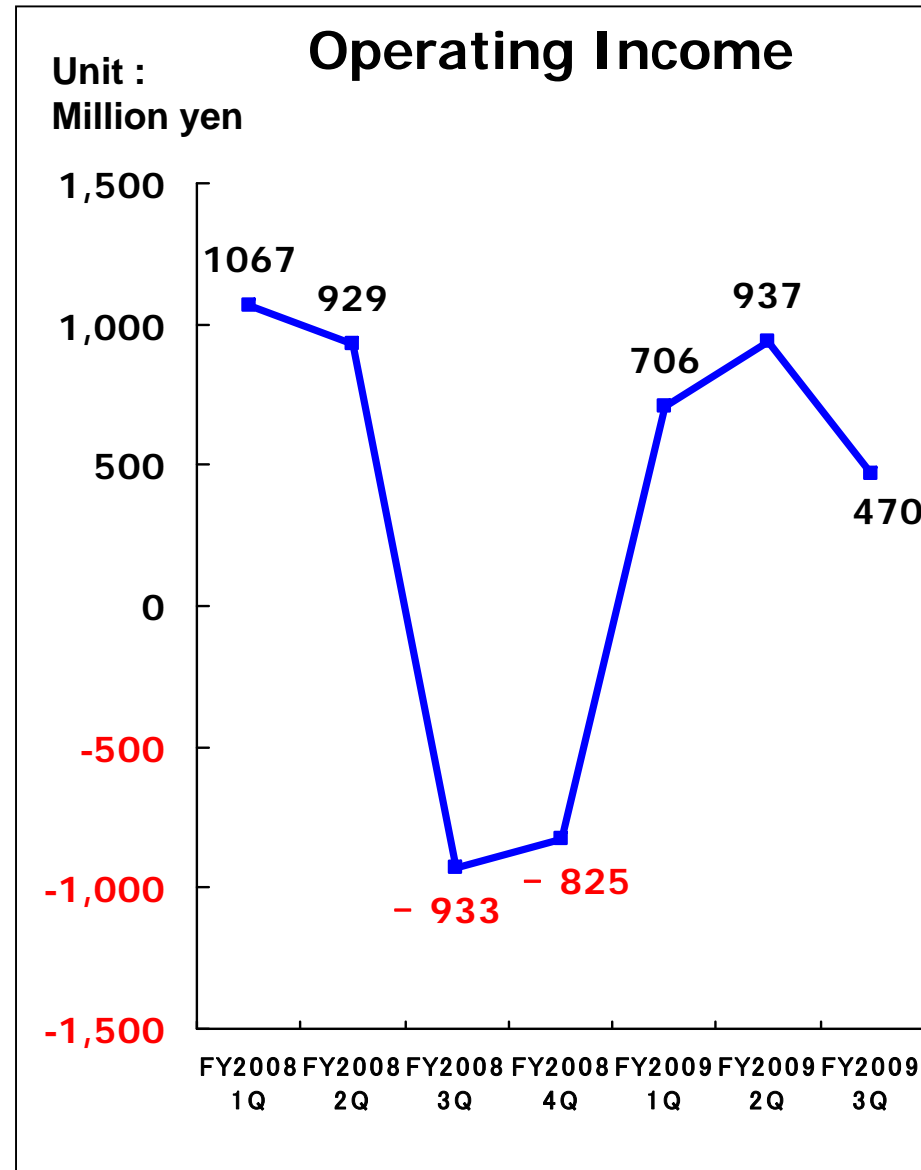
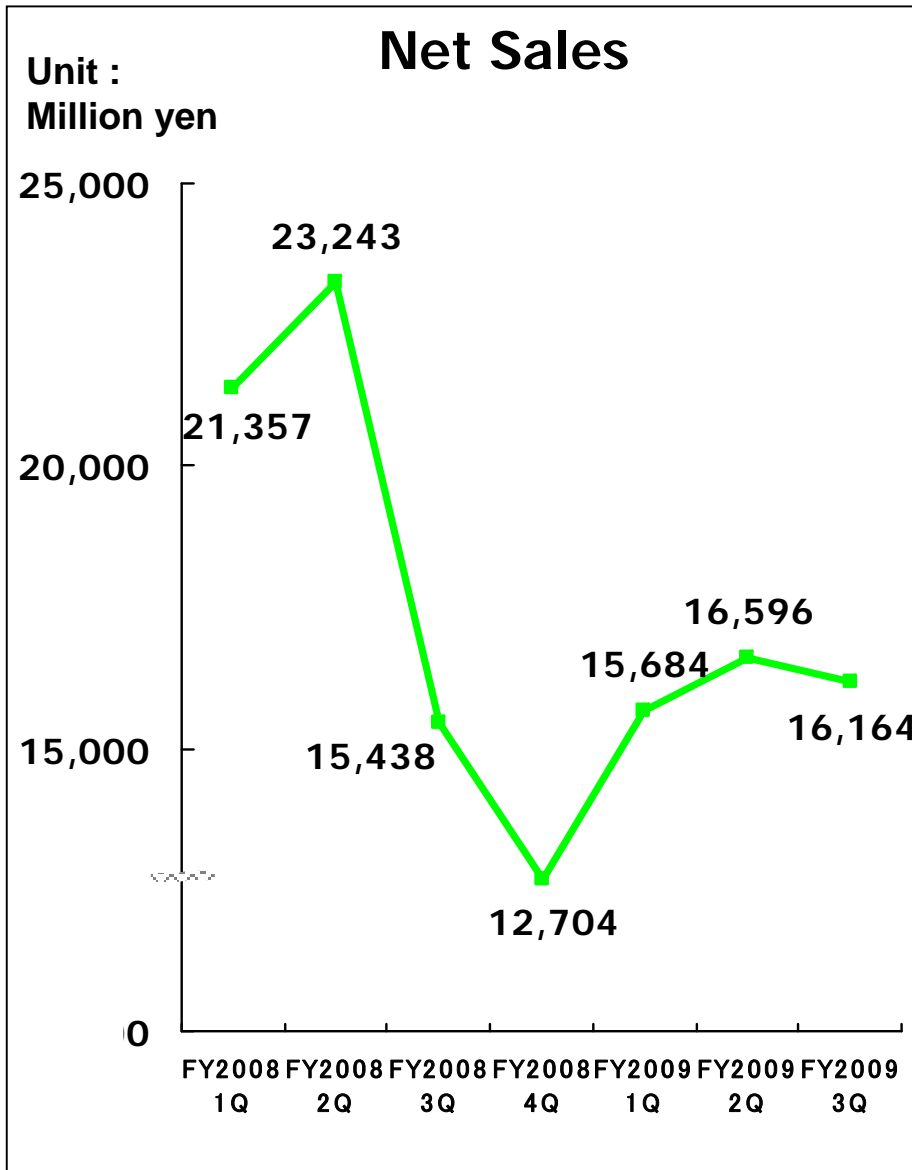
Unit : Million yen

FY2009 Plan	1 <sup>st</sup> Half Term			2 <sup>nd</sup> Half Term			Fiscal Term
	1Q Result (09/Apr~Jun)	2Q Result (09/Jul~Sep)	TOTAL (09/Apr~Sep)	3Q Result (09/Oct~Dec)	4Q Plan (10/Jan~Mar)	TOTAL(Plan) (09/Oct~10/Mar)	TOTAL(Plan) (09/Apr~10/Mar)
① Net Sales Compared to last fiscal term(%)	15,684 73.4	16,596 71.4	32,280 72.4	16,164 104.7	18,556 146.1	34,720 123.4	67,000 92.1
② Operating Income Compared to last fiscal term(%)	706 66.2	937 100.9	1,643 82.3	470 —	1,287 —	1,757 —	3,400 —
③ Ordinary Income Compared to last fiscal term(%)	706 33.0	576 56.3	1,282 40.5	764 —	1,254 —	2,018 —	3,300 320.7
④ Net Income Compared to last fiscal term(%)	374 25.1	566 260.8	940 55.0	309 —	951 —	1,260 —	2,200 —

FY2008 Result	1 <sup>st</sup> Half Term			2 <sup>nd</sup> Half Term			Fiscal Term
	1Q (08/Apr~Jun)	2Q (08/Jul~Sep)	TOTAL (08/Apr~Sep)	3Q (08/Oct~Dec)	4Q (09/Jan~Mar)	TOTAL (08/Oct~09/Mar)	TOTAL (08/Apr~09/Mar)
① Net Sales Compared to last fiscal term(%)	21,357 104.6	23,243 98.4	44,600 101.3	15,438 67.3	12,704 61.4	28,142 64.5	72,742 83.0
② Operating Income Compared to last fiscal term(%)	1,067 62.1	929 44.5	1,996 52.4	- 933 —	- 825 —	- 1,758 —	238 4.2
③ Ordinary Income Compared to last fiscal term(%)	2,141 90.5	1,024 66.6	3,165 81.1	- 1,464 —	- 672 —	- 2,136 —	1,029 23.8
④ Net Income Compared to last fiscal term(%)	1,493 93.4	217 29.4	1,710 73.2	- 2,037 —	- 1,293 —	- 3,330 —	- 1,620 —

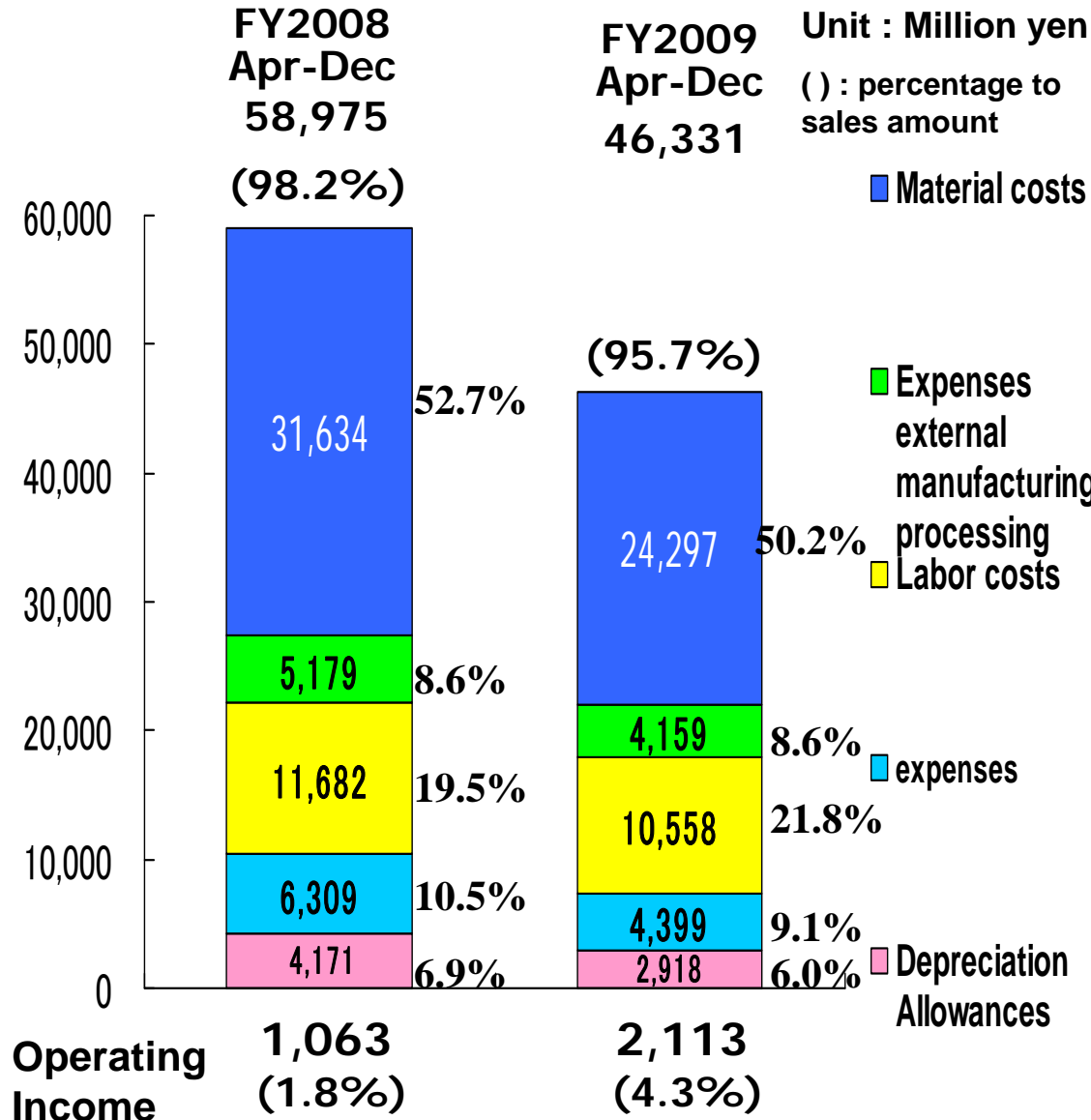


# <Consolidated> Trends in performance Net Sales, Operating Income (Quarterly)





# <Consolidated> Sales Expenses



[(Material costs + Expenses for external manufacturing processing) improved by 2.5%]

61.3% → 58.8% -1,250 million yen

[Labor costs 1,124 million yen decrease]

Average number of workers in overseas works

FY2008/Apr-Dec 12,100 people

FY2009/Apr-Dec 10,800 people

Main works decrease

→ Huanan/P.R.China, North America

[Expenses decrease 1,910 million yen]

Japan: -1,139 million yen

Overseas: -771 million yen

[Depreciation allowances decrease 1,253 million yen]

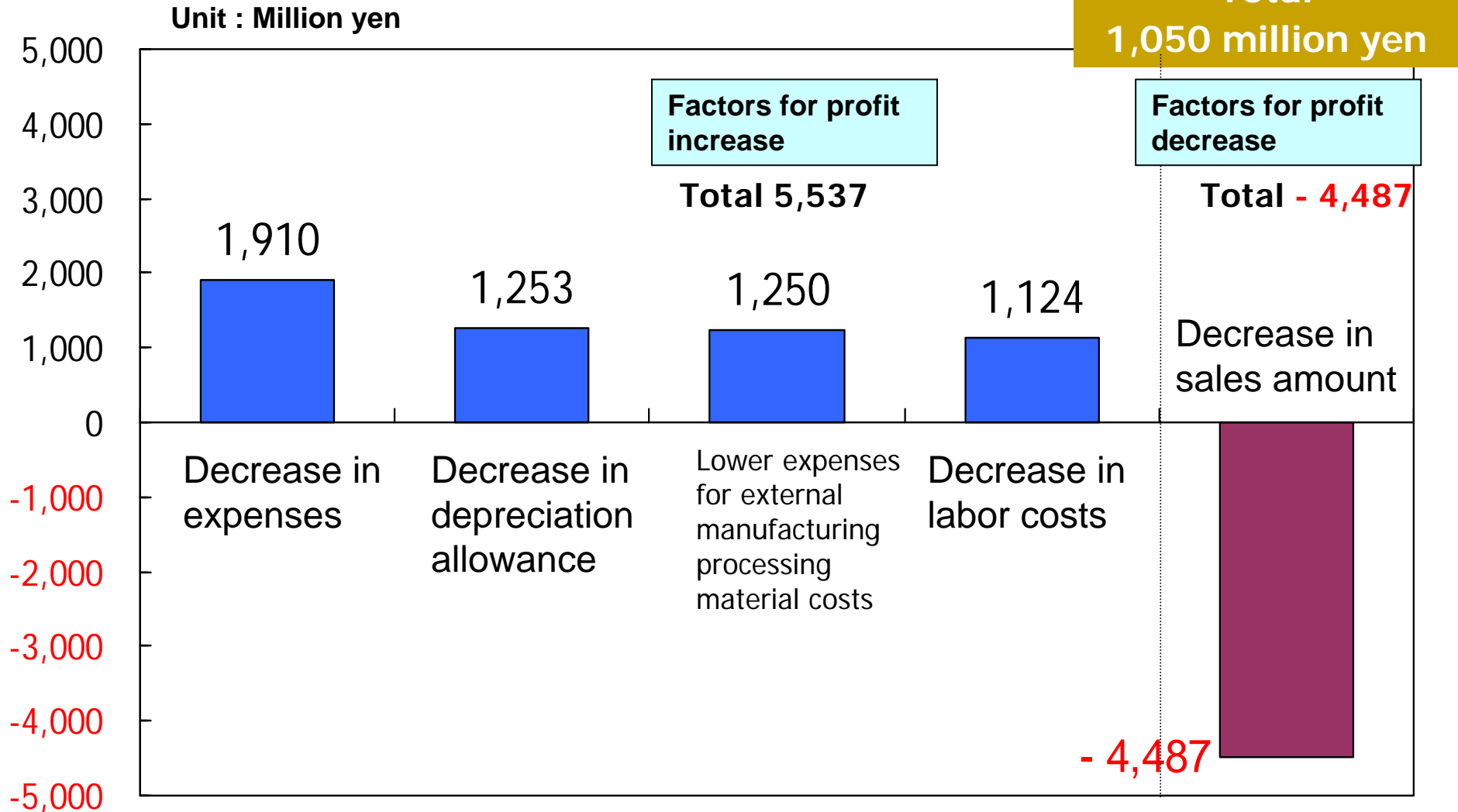
Japan: -1,180 million yen

Overseas: -73 million yen



# <Consolidated> Analysis of sales expenses

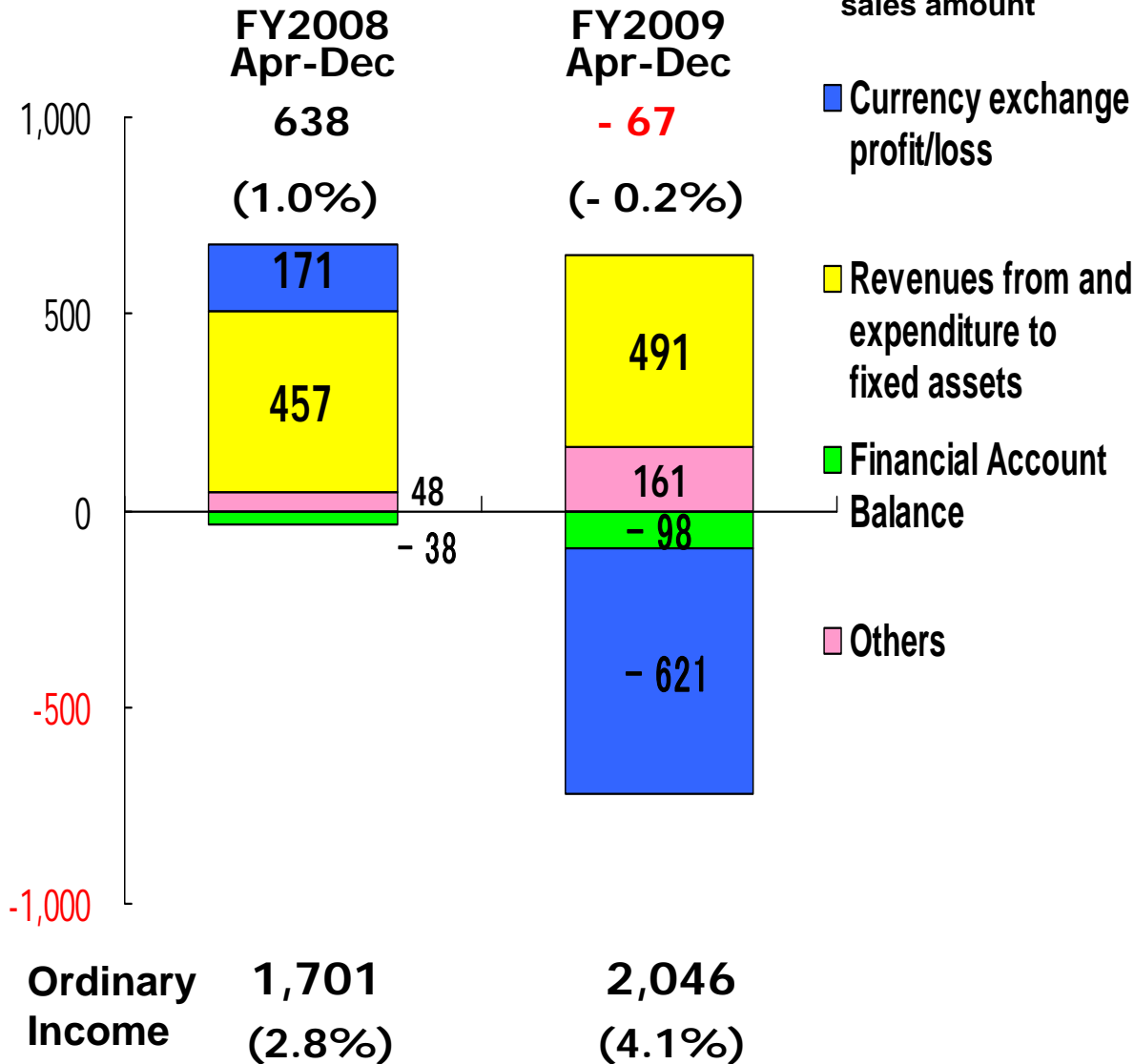
Analysis of factors for increase/decrease of consolidated operating income  
[ FY2008 APR-DEC VS FY2009 APR-DEC ]





# <Consolidated> Non-operating profit and loss

Unit : Million yen



( ) : percentage to sales amount

■ Currency exchange profit/loss

■ Revenues from and expenditure to fixed assets

■ Financial Account Balance

■ Others

Exchange gain → Exchange loss

(Average rate/within a term)

...P/L reduction

1. FY2008  
3Q Average(08/Apr-Dec)  
¥102.98/\$
2. FY2009  
3Q Average(09/Apr-Dec)  
¥93.57/\$

(End of term rate) ··· Evaluation of debts and credits

1. FY2008 3rd Quarter  
2008/Mar ¥100.19/\$  
2008/Dec ¥90.84/\$  
Yen depreciated by 9.35yen

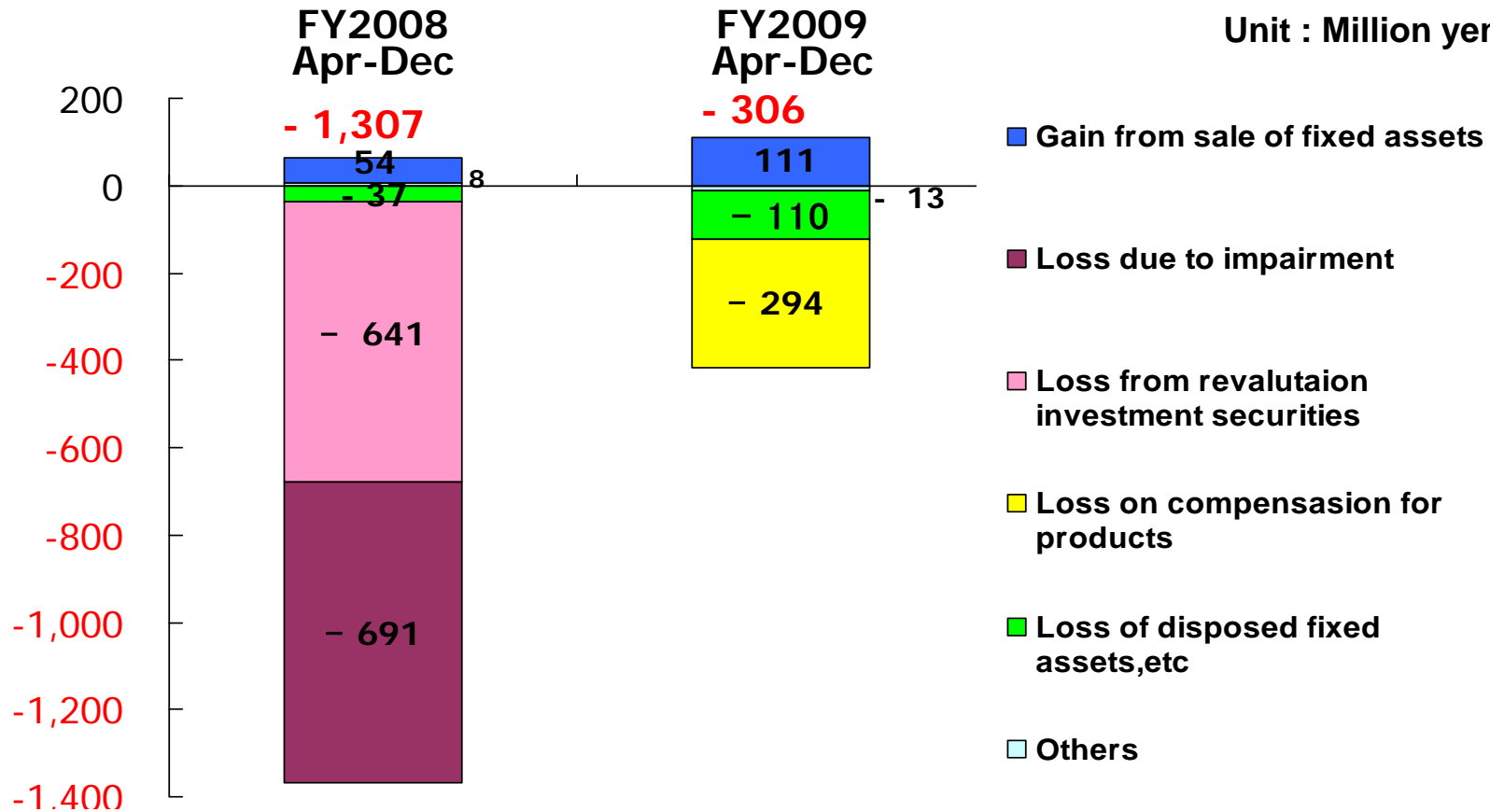
2. FY2009 3rd Quarter  
2009/Mar ¥98.23/\$  
2009/Dec ¥92.10/\$  
Yen appreciated by 6.13 yen





# <Consolidated> Extraordinary gain or loss

Unit : Million yen



Income before income taxes	394	1,740
Income taxes (Current and deferred)	- 721	- 491
<b>Net income</b>	<b>- 327</b> (- 0.5%)	<b>1,249</b> (2.6%)



## <Consolidated> Cash Position

10/31

Unit : Million yen

	<i>2009 / Mar</i>	<i>2009 / Dec</i>	<i>Differential</i>
	(A)	(B)	(B-A)
<b>Assets</b>	<b>58,168</b>	<b>57,732</b>	<b>- 436</b>
Cash and cash equivalents	9,081	9,148	67
Accounts receivable	14,864	16,613	1,749
Inventories	6,235	6,025	- 210
Fixed assets	23,865	22,464	- 1,401
<b>Liabilities</b>	<b>29,088</b>	<b>27,563</b>	<b>- 1,525</b>
Accounts payable and accrued expenses	9,190	12,513	3,323
Interest-bearing dept	17,193	12,366	- 4,827
<b>Net assets</b>	<b>29,079</b>	<b>30,169</b>	<b>1,090</b>
Common stock	7,996	7,996	—
<b>Capital adequacy ratio</b>	<b>49.9%</b>	<b>52.1%</b>	<b>2.2%</b>



## <Consolidated> Cash Flow Position

11/31

Unit : Million yen

	FY2008 Apr-Dec	FY2009 Apr-Dec
<b>Operating Cash Flow</b>	5,454	7,535
Working capital	3,011	48
Income before income taxes	394	1,740
Depreciation	4,108	2,886
Others	-2,059	2,861
<b>Investing Cash Flow</b>	-3,329	-1,991
<b>Free Cash Flow</b>	2,125	5,544
<b>Financing Cash Flow</b>	-1,036	-5,300
Increase (decrease) in interest-bearing dept	546	-5,029
Purchases of treasury stock	-630	-21
Dividends paid	-952	-250
<b>Initial balance</b>	7,073	9,072
<b>Final balance</b>	8,033	9,140



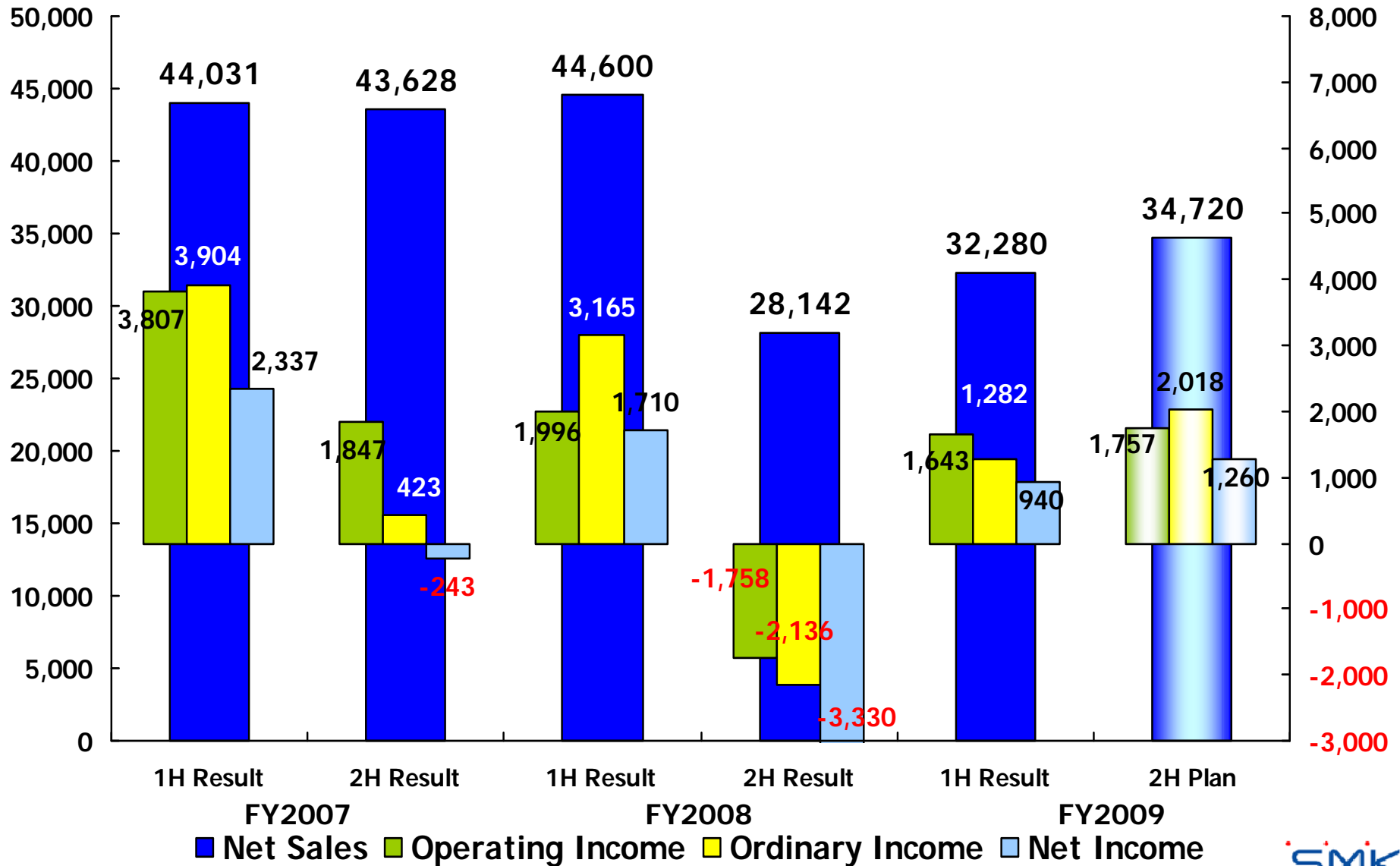
# **FY2009 1Q~3Q Result and Prospect**

**President and COO      Tetsuya Nakamura**



# Half Fiscal Term Performance (FY2007-FY2009)

Unit : Million yen

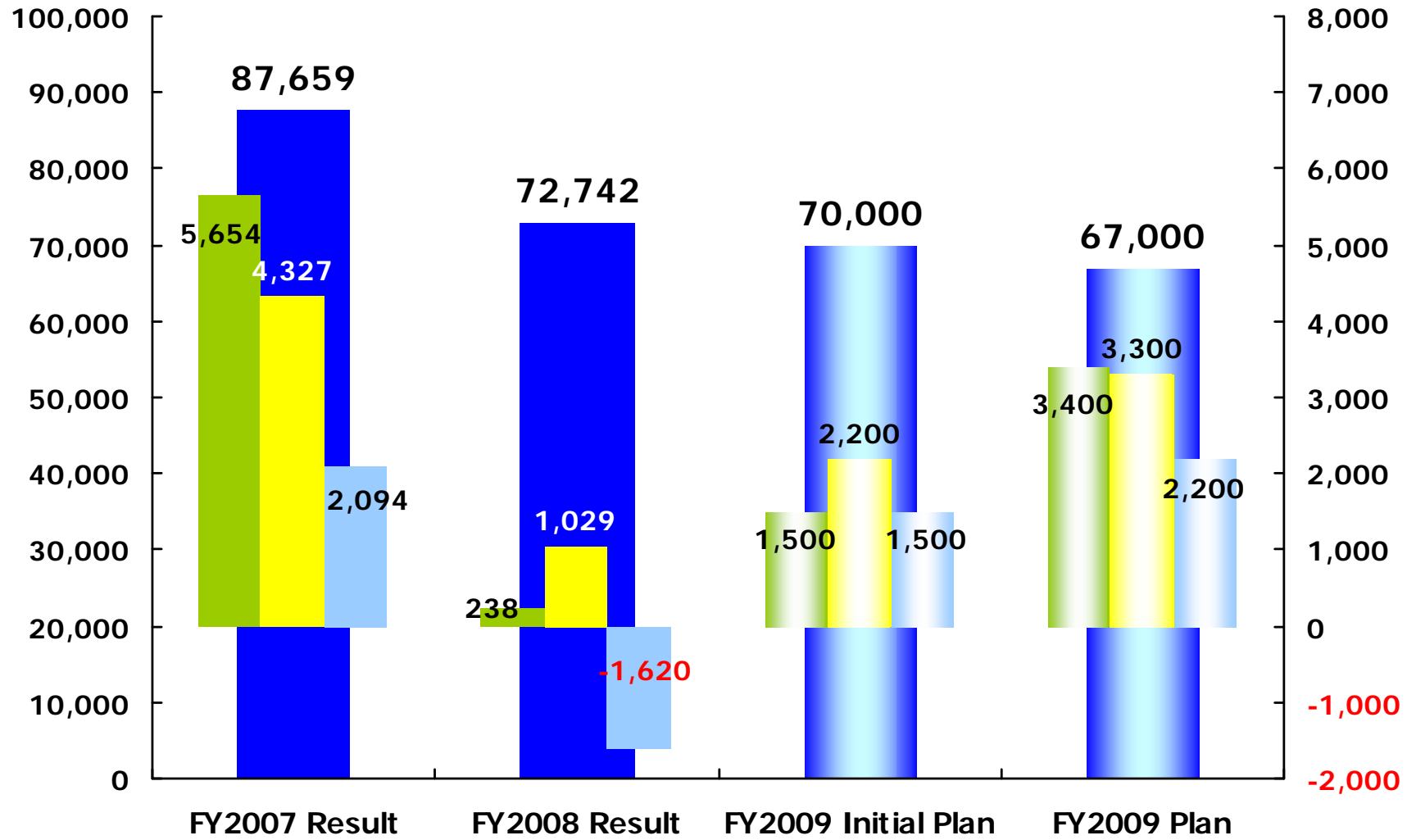




# Full Fiscal Term Performance (FY2007-FY2009)

Sales Amount : Million yen

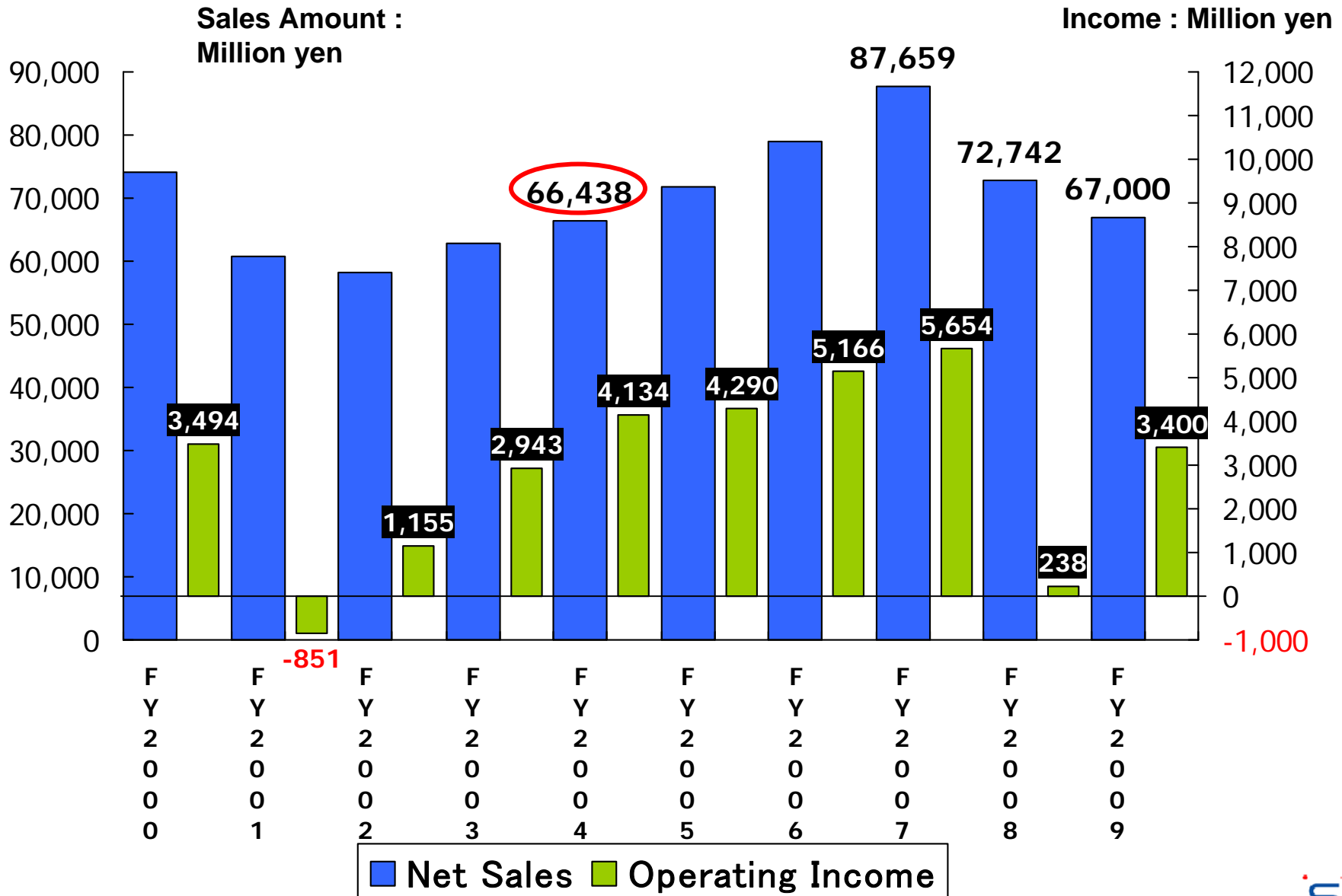
Income : Million yen



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



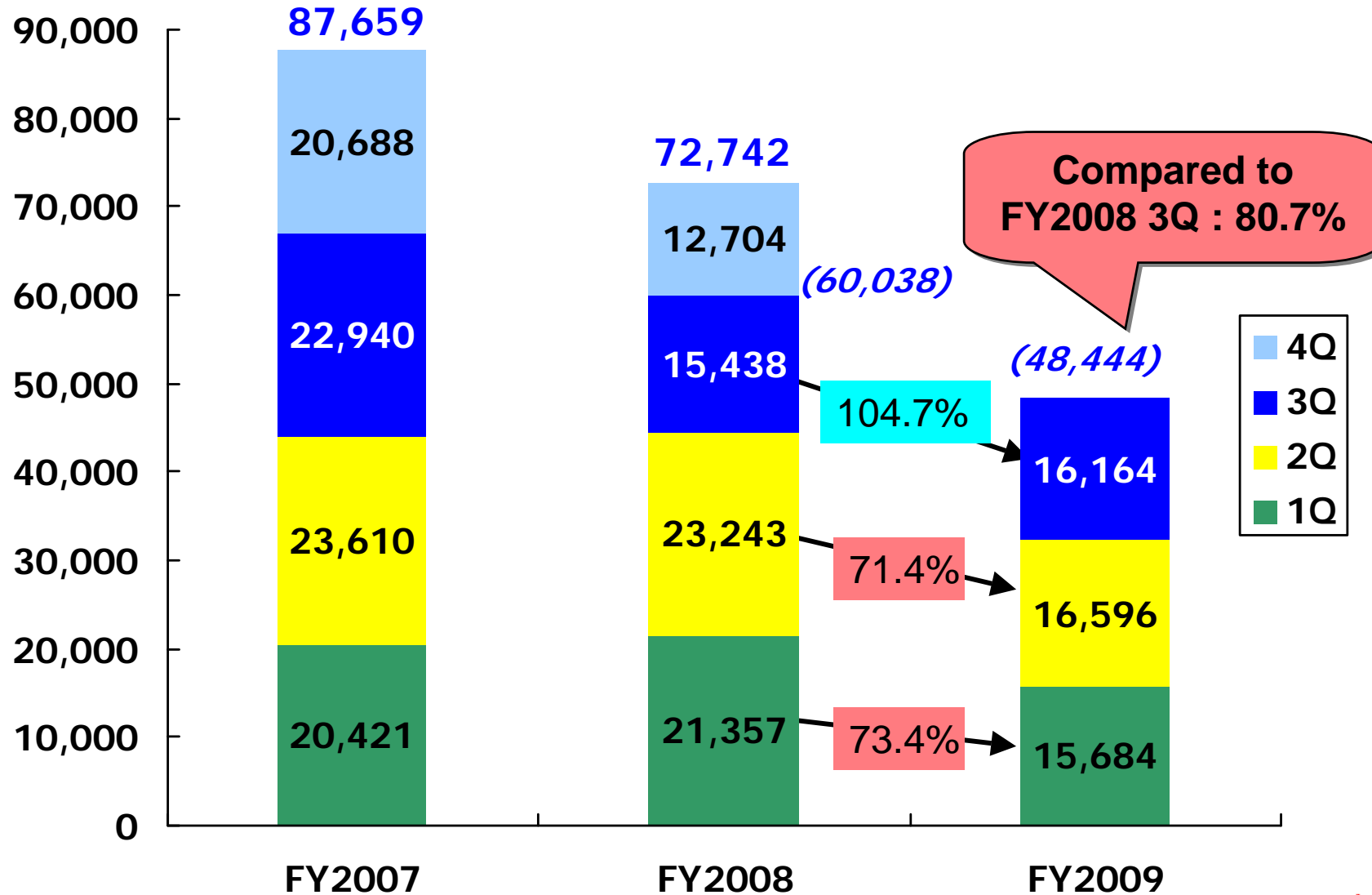
# Fiscal Term Sales & Operating Income Performance (FY2000-FY2009)





# <Consolidated> Trends in performance Net Sales (Quarterly)

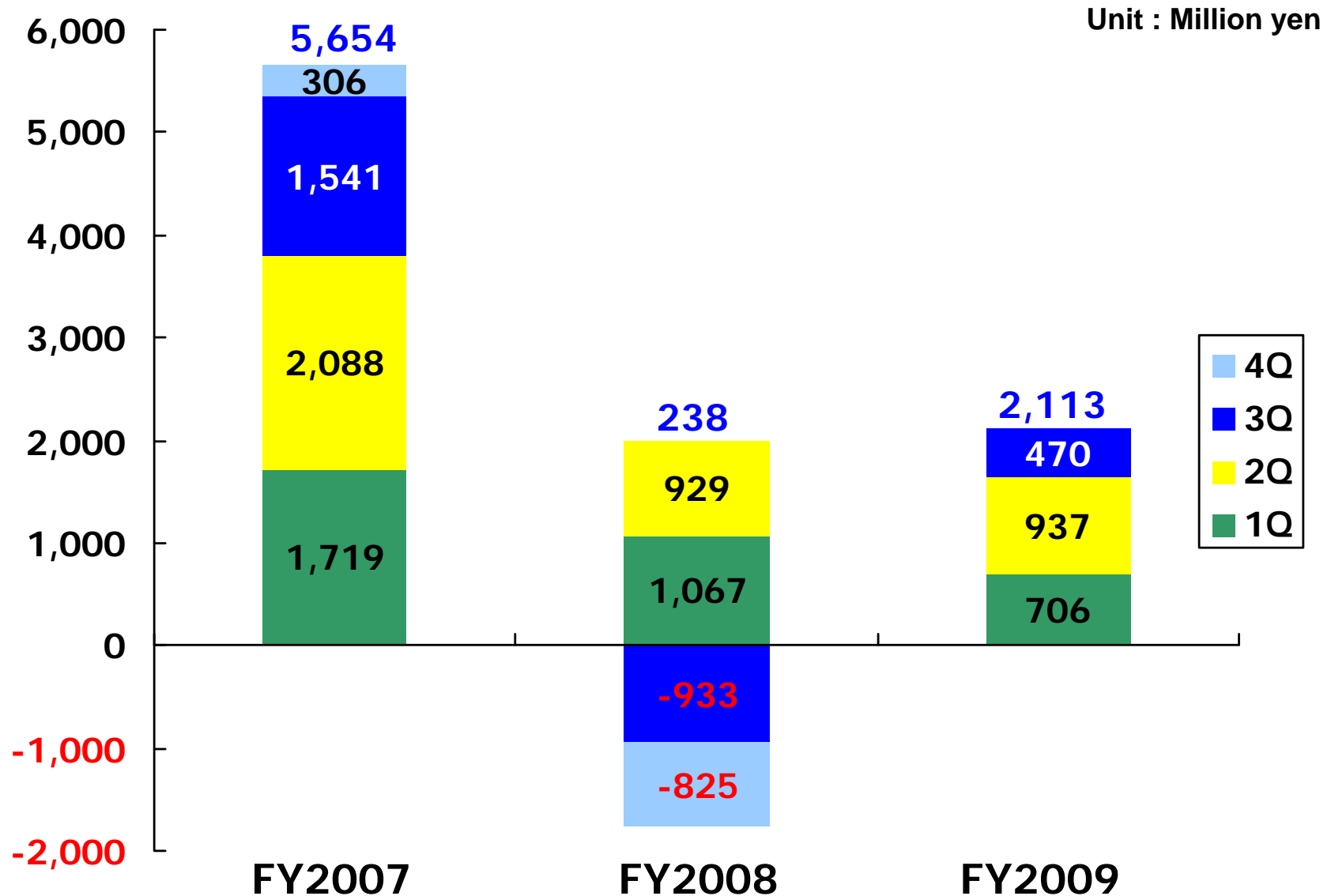
( ) : 1Q-3Q Sum Total      Unit : Million yen







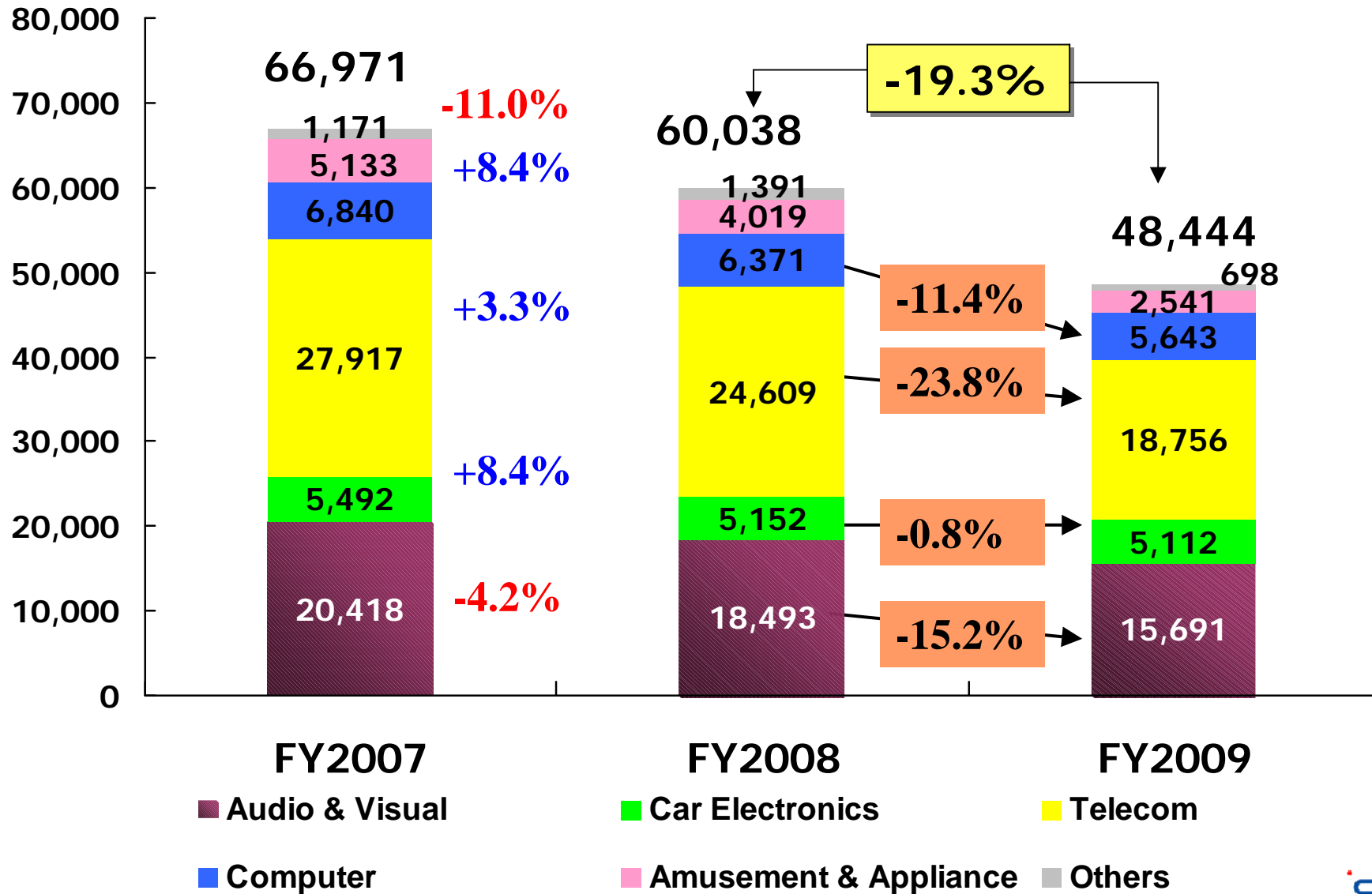
# <Consolidated> Trends in performance Operating Income (Quarterly)





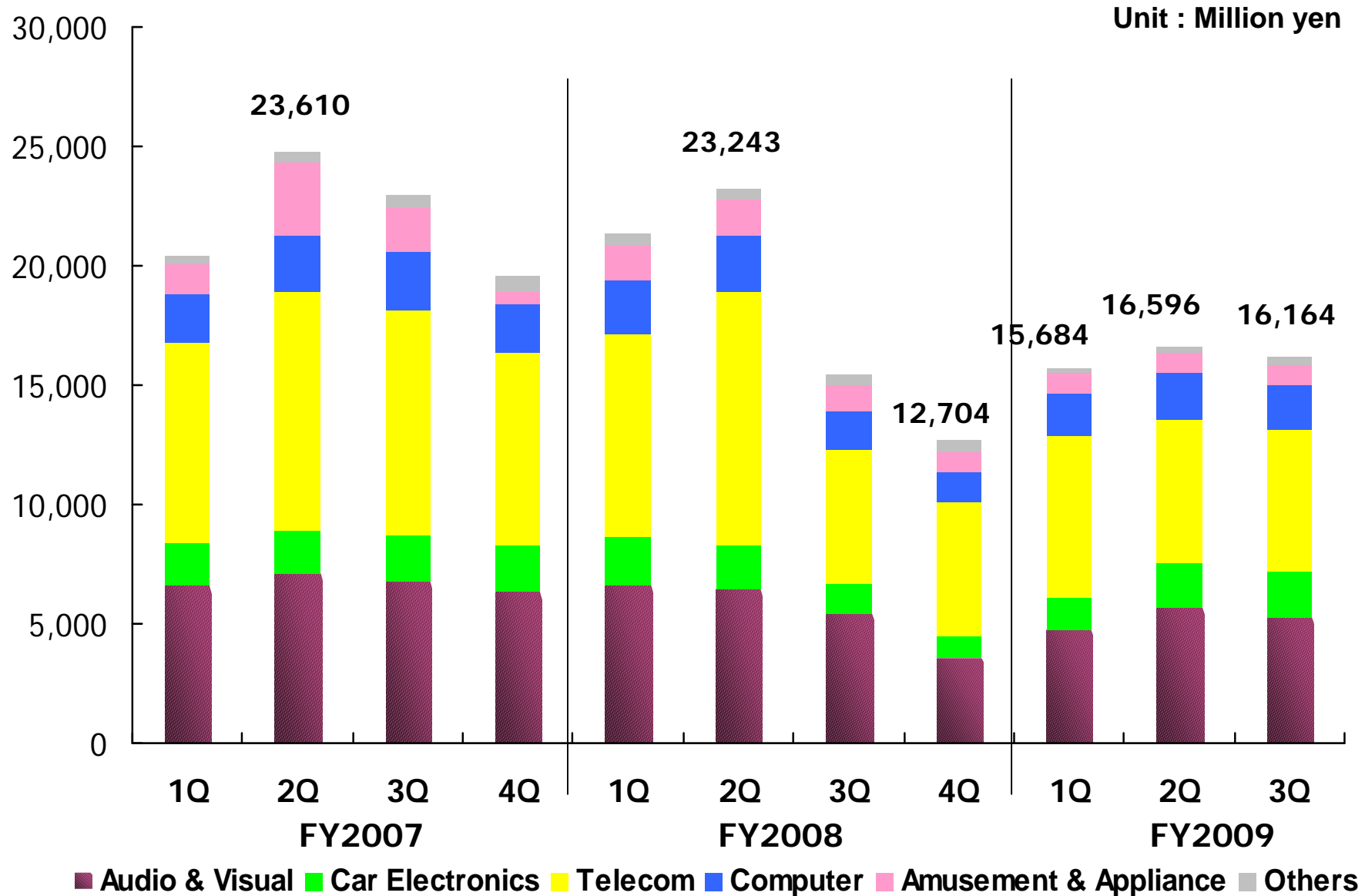
# <Consolidated> 1~3Q Net Sales by Market (FY2007-FY2009)

Unit : Million yen





# Trends in performance Net Sales by Market (Quarterly)

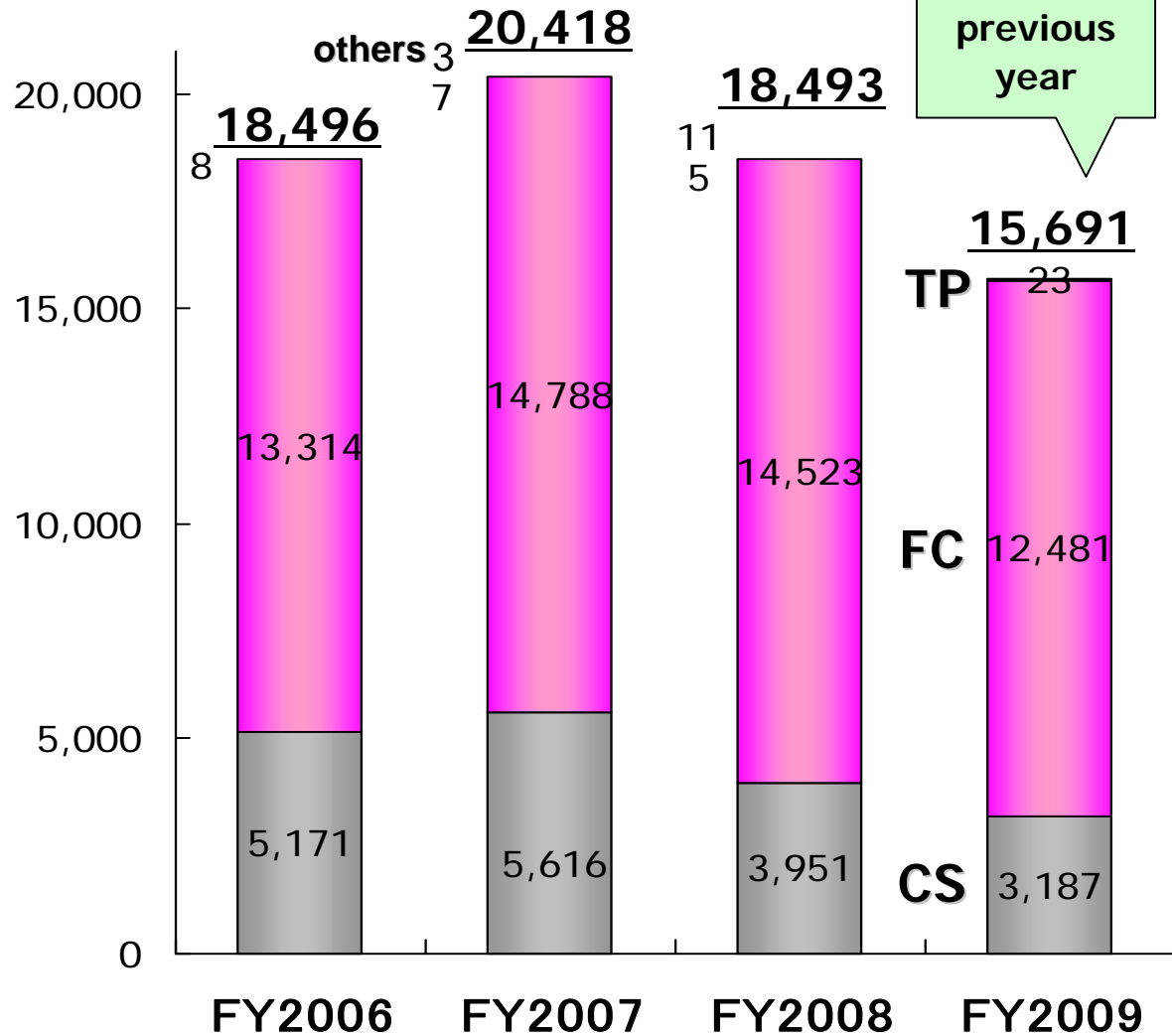




# Audio and Visual Parts Market

## < Net Sales/1Q ~ 3Q Sum Total >

Unit : Million yen

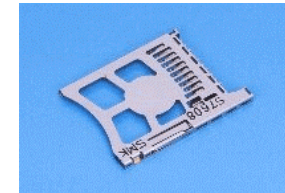


### ● Remote Control

Set top box, AV receiver, Blu-ray recorder etc...



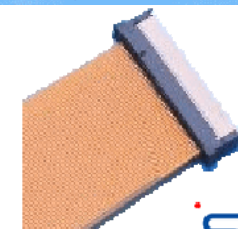
### ● Memory Card Connector



### ● HDMI Connector Type A



### ● FPC Connector

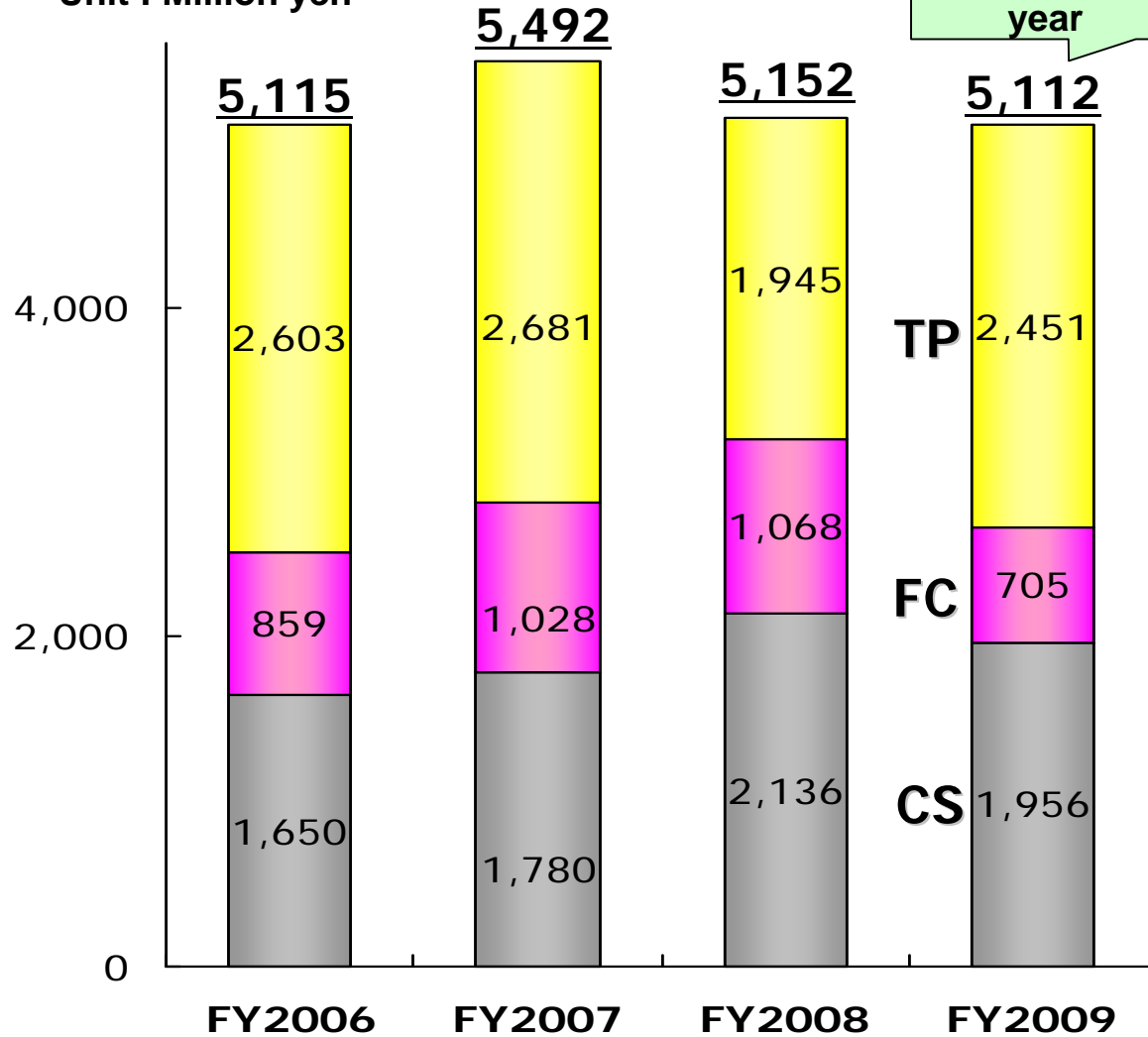




# Electrical Component Market

## < Net Sales/1Q~3Q sum total >

Unit : Million yen



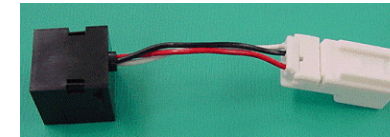
### ● Resistive Touch Panel



### ● Remote Control



### ● Microphone Unit



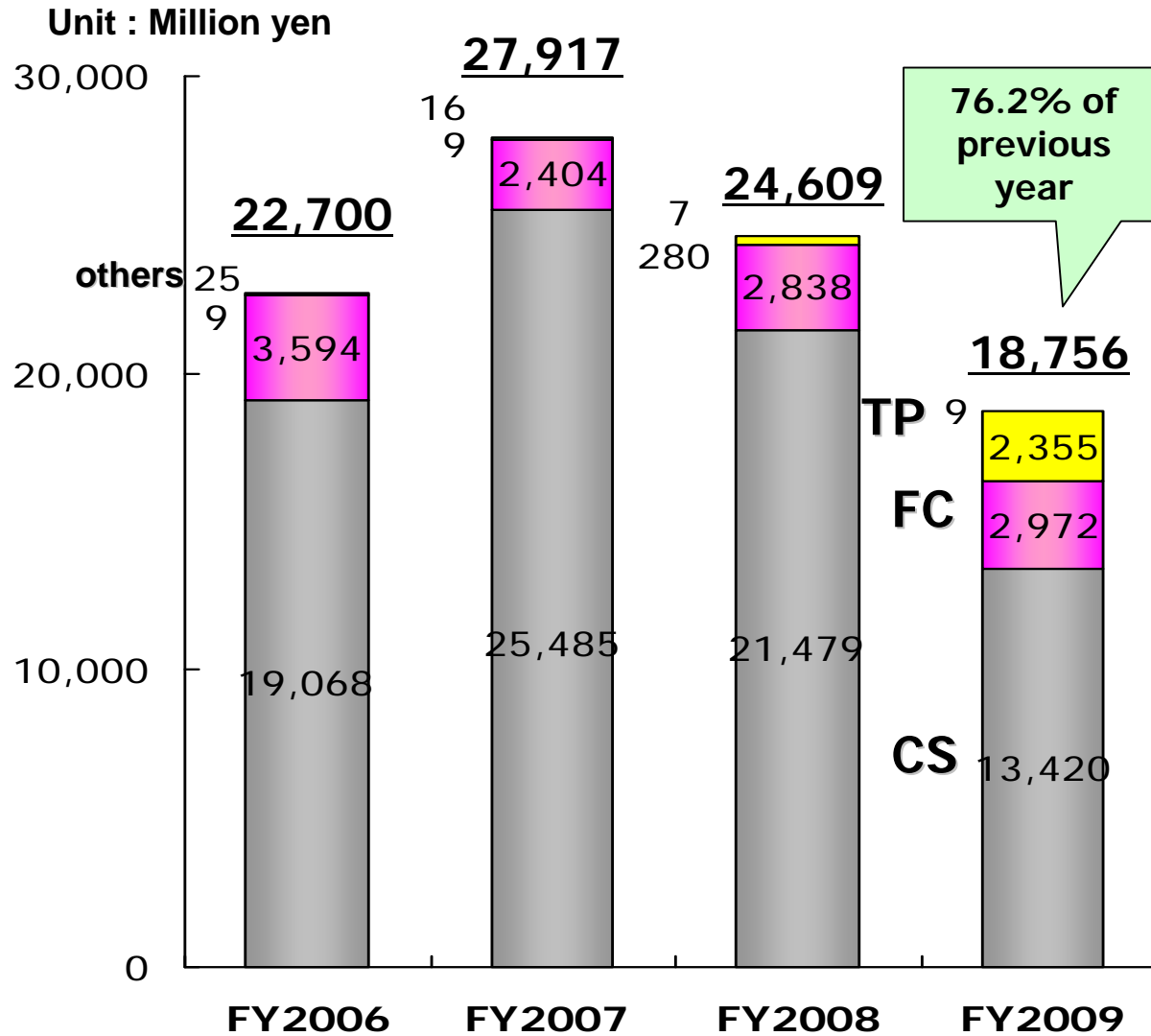
### ● SMB Coaxial Connector



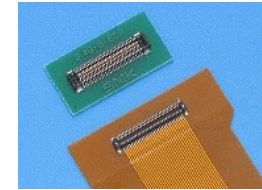


# Communication Parts Market

## < Net Sales/1Q~3Q sum total >

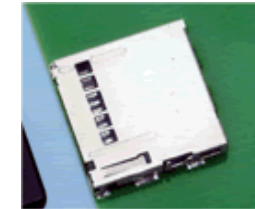


### ● Board to Board Connector (PB-4A series)

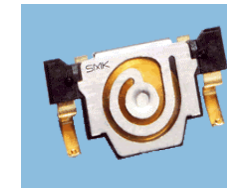


### ● Camera Module Connector

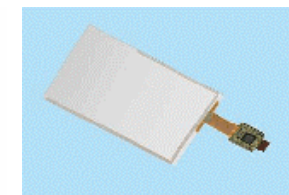
### ● Memory Card Connector



### ● Dome Switch



### ● Capacitive Type Touch Panel

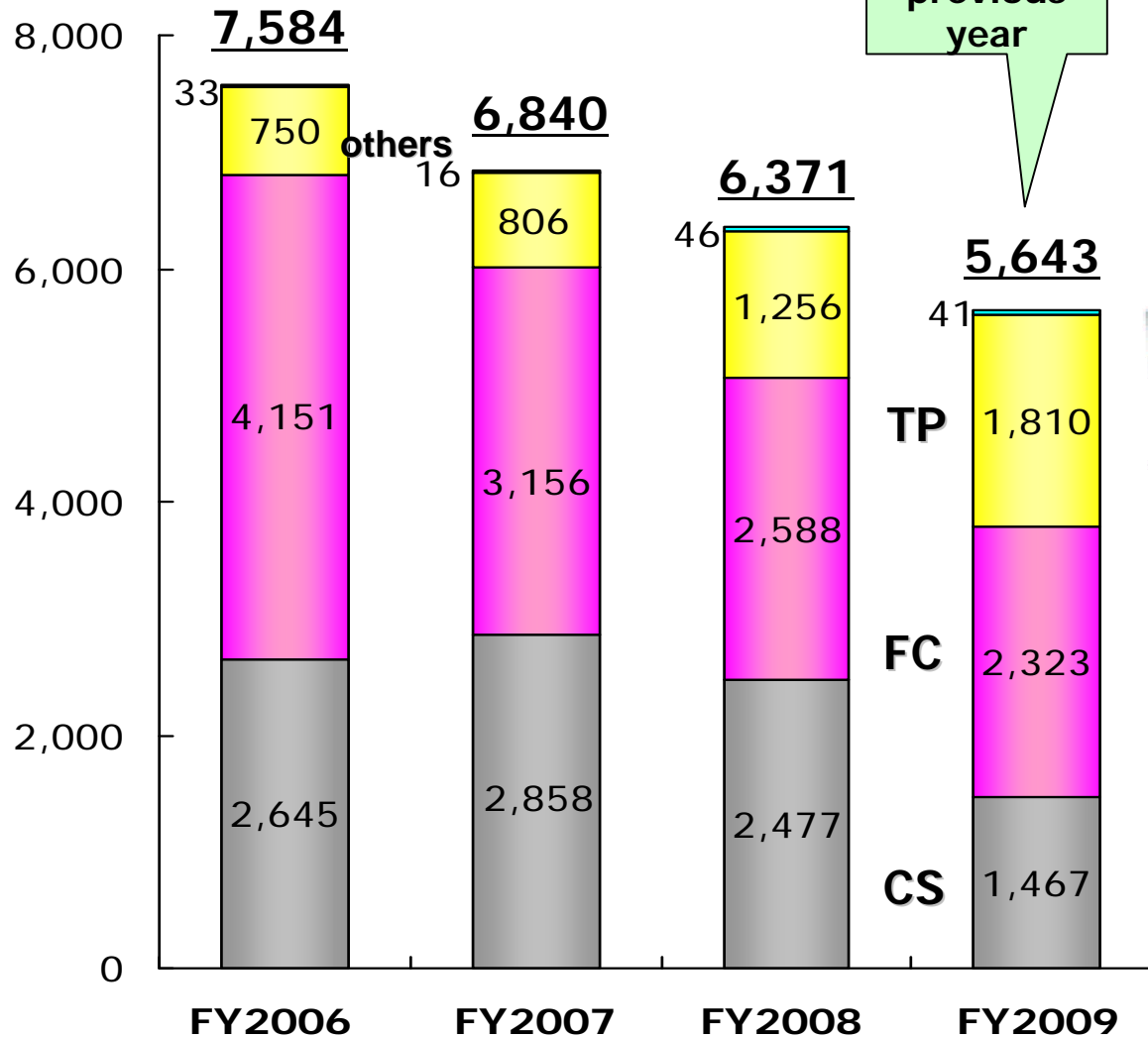




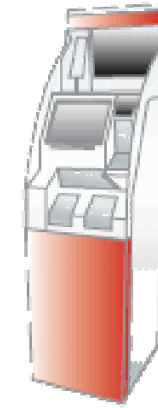
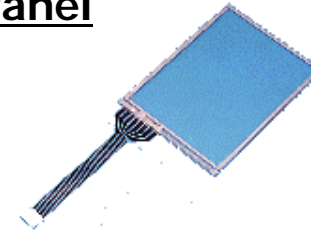
# Information Administration Equipment Parts Market

## < Net Sales/1Q~3Q sum total >

Unit : Million yen



● Resistive Touch Panel



● Remote Control



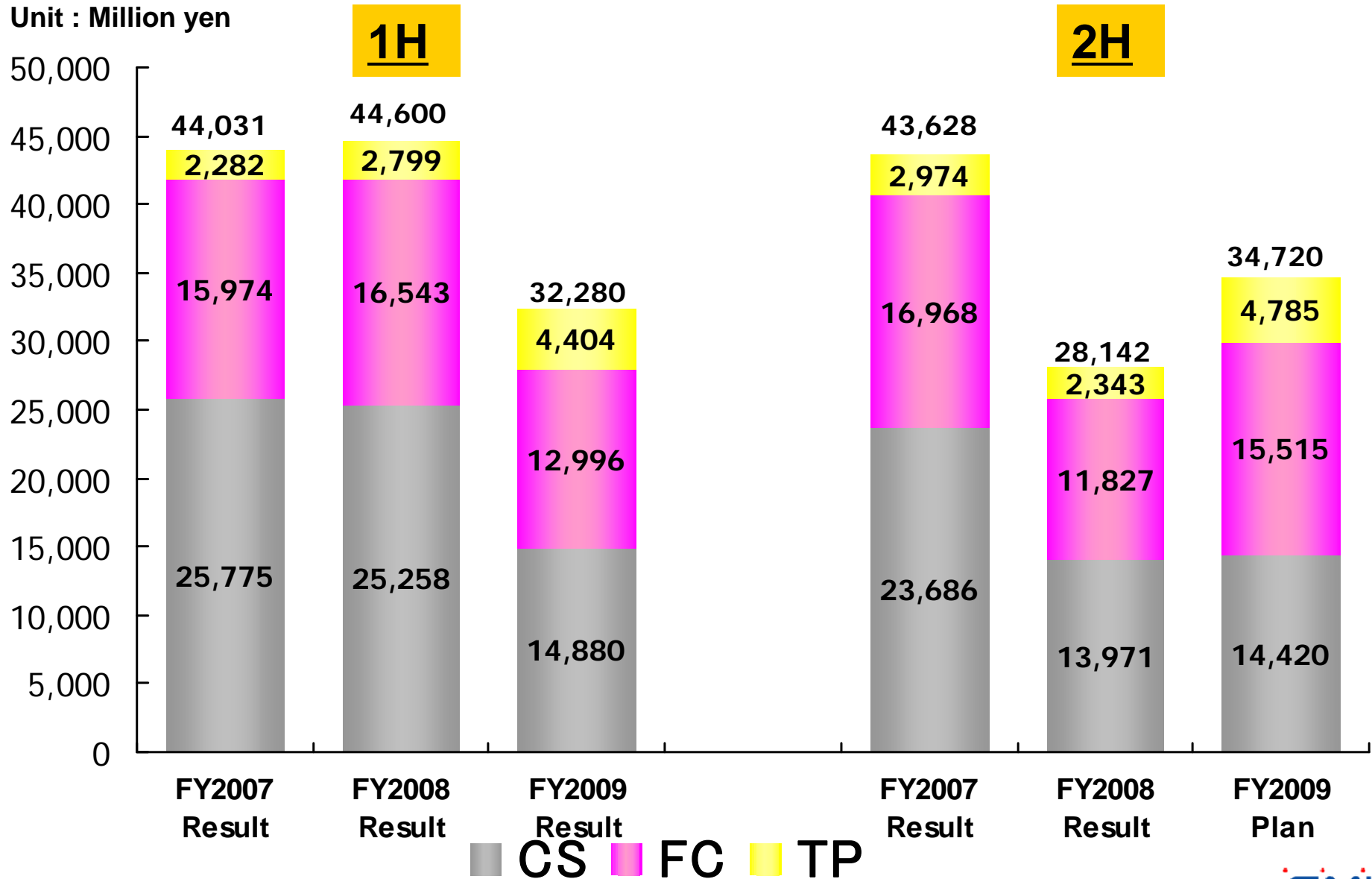
● Lamp Connector





# Reference: <Consolidated> Net Sales by Product Division 24/31 (FY2007-FY2009)

Unit : Million yen

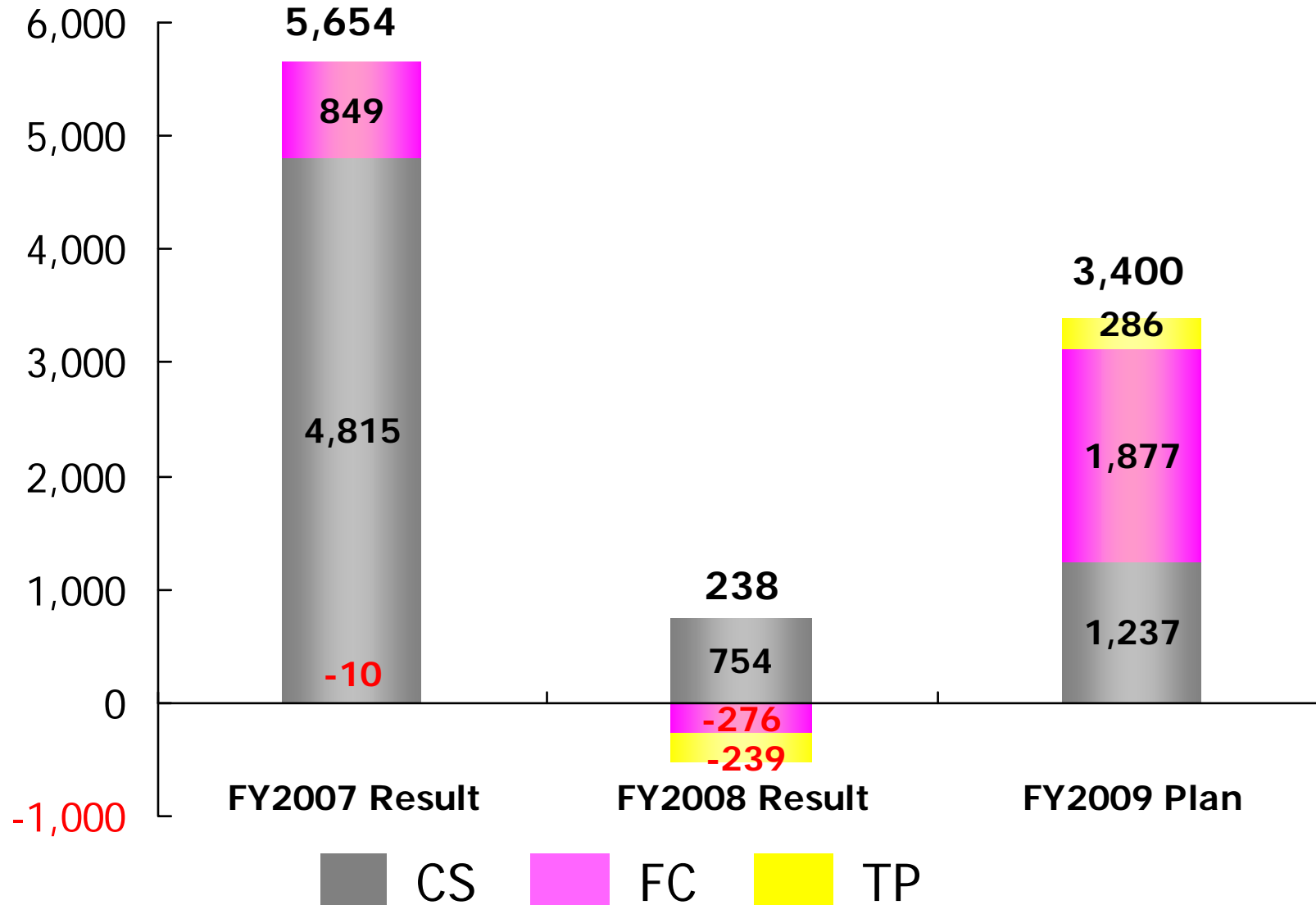






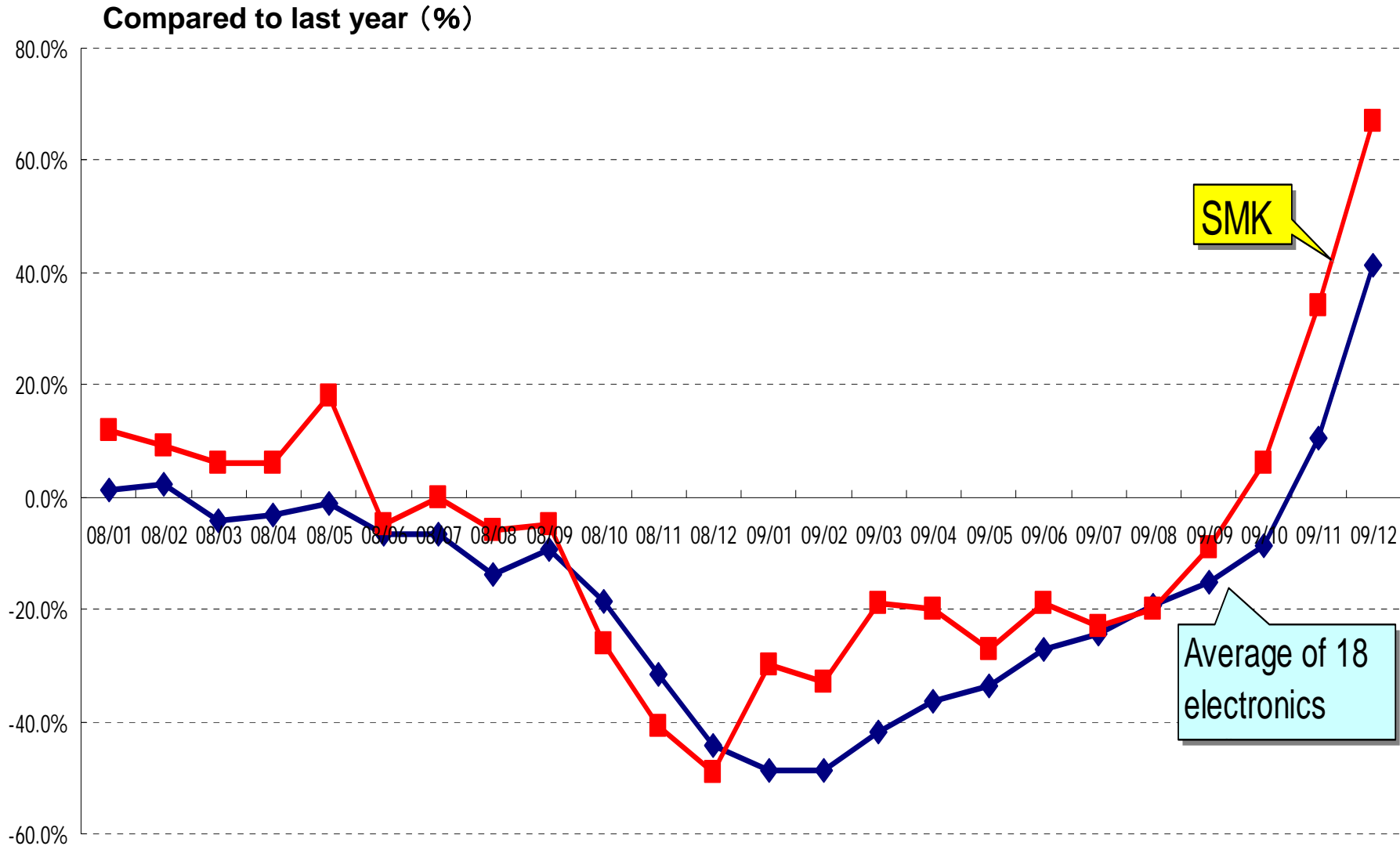
# Reference: <Consolidated> Operating Income by Product Division (FY2007-FY2009)

Unit : Million yen





# Monthly booking : Compared to last year (With the average of electronic parts manufactures)

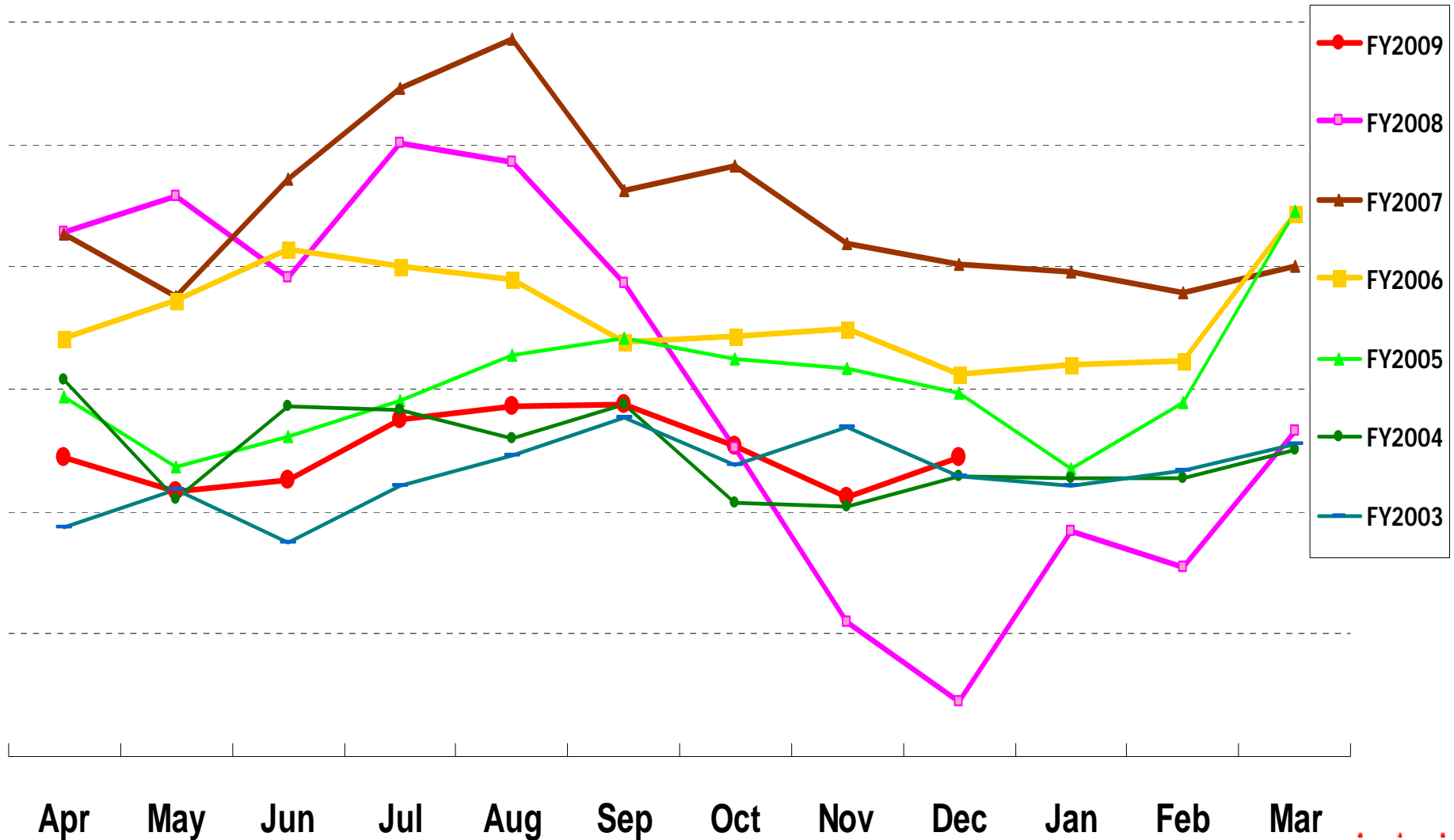


Reference: Daiwa Securities SMBC Co.Ltd  
Financial Research Center





# Monthly booking Entry (FY2003~)





# Paradigm Shift

The change of markets



The impact of manufacturing industry

past

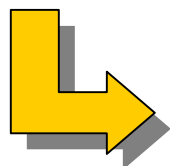
Lower price=Poor quality



present

Lower price = Acceptable quality

From **vertical integration** to **horizontal division of work**



There is a move to introduce the vertical integration again?

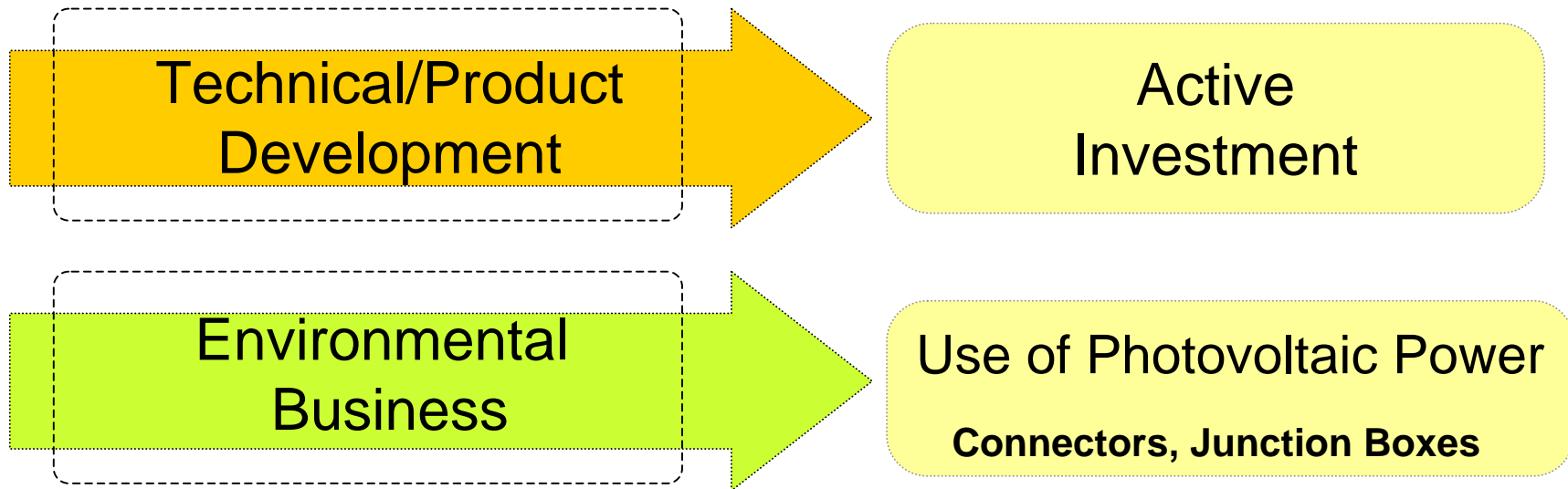


# SMK's Basic Management Policy 2010

29/31

## Basic Stance

**Expansionary Course Accompanied by Fair Profit**



**Creating an Exciting Future**



## 2010 Slogan

30/31





## Notice

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31/31

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/>