

June,2006

Business Report for FY2005

- From Apr.2005 to Mar.2006 -



SMK

<http://www.smk.co.jp/>

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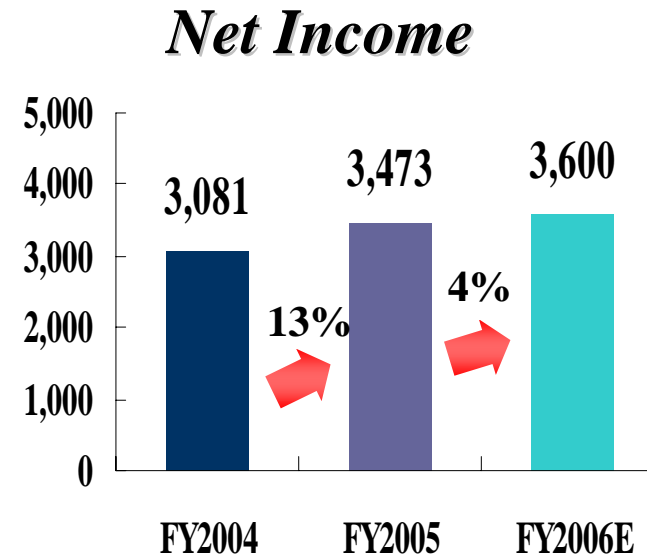
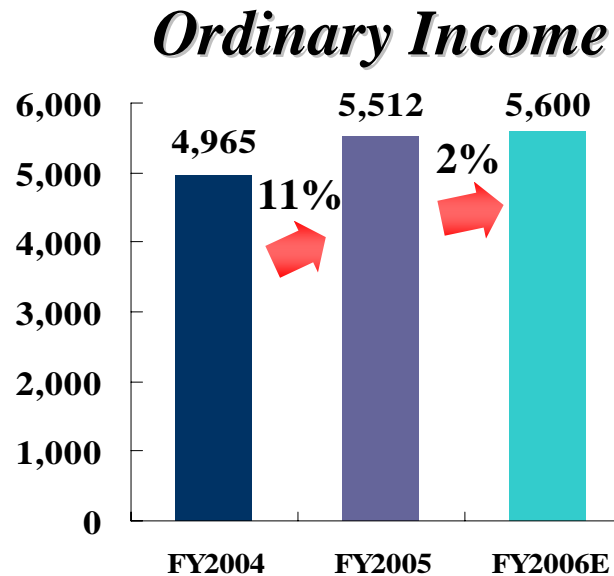
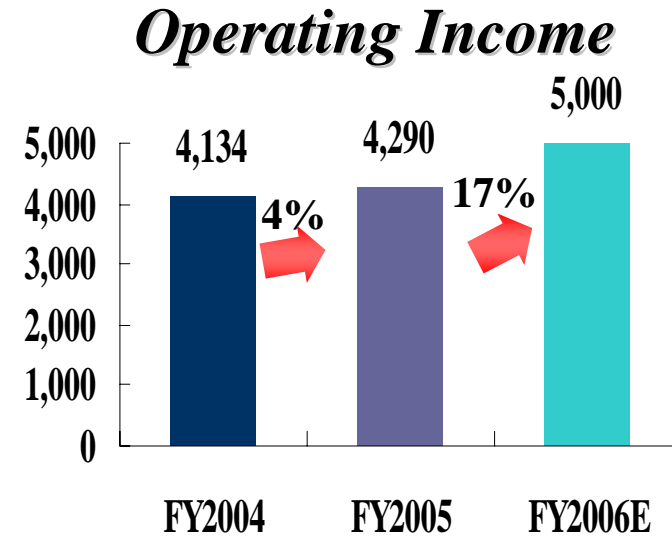
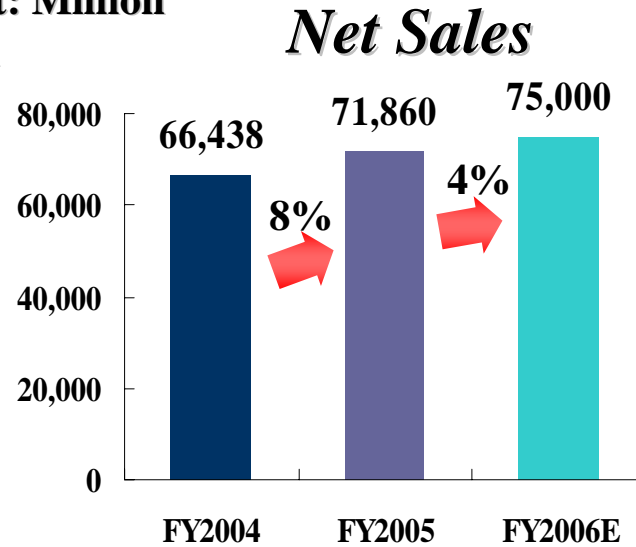


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3. Managerial Goals	27 - 31

Financial Section

Performance for 2004/2005/2006(Consolidated)

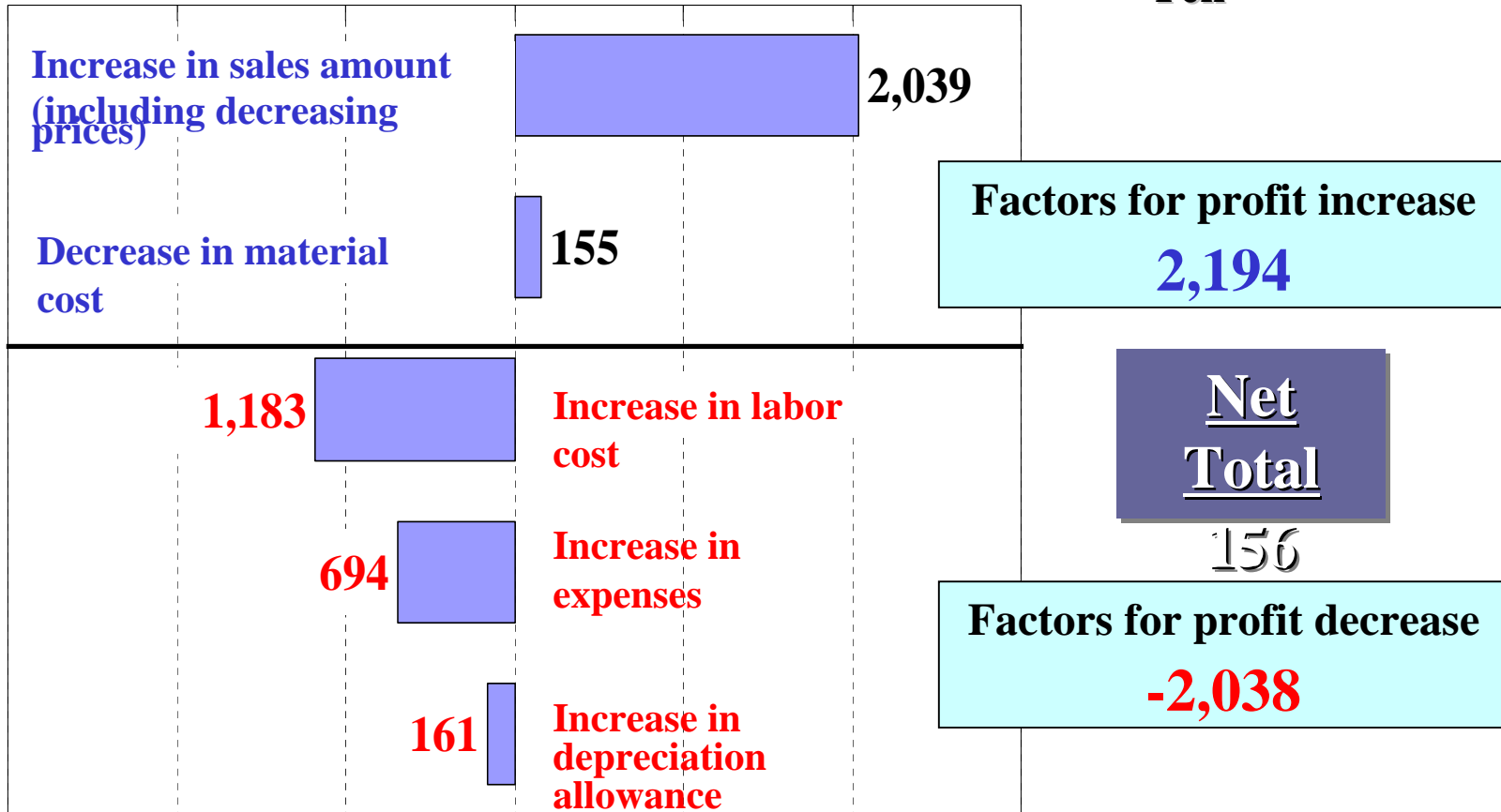
Unit: Million Yen



Analysis of Sales Expense

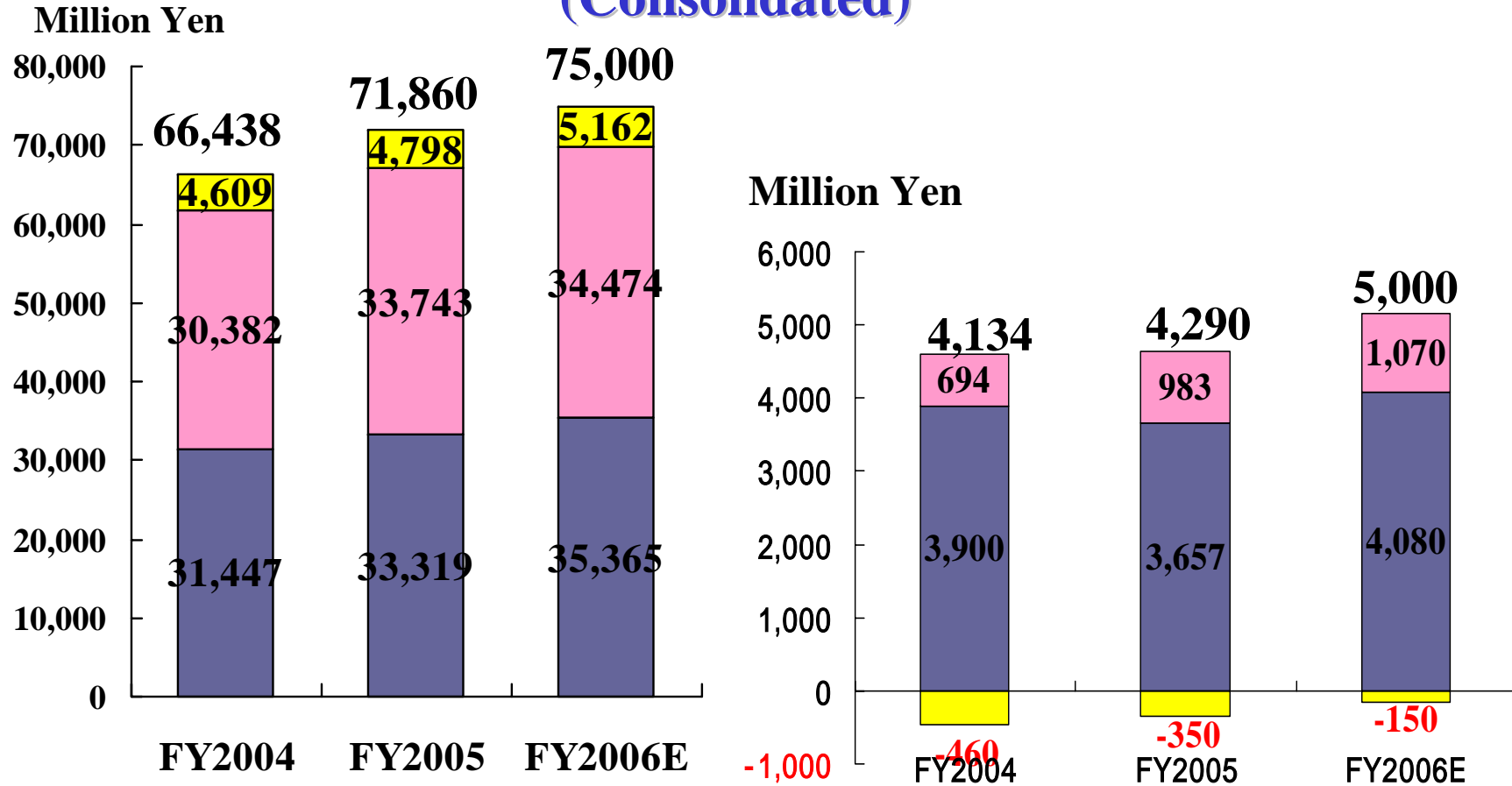
Comparison of consolidated operating profits in 2 fiscal terms; FY05/FY04

-3,000 -2,000 -1,000 0 1,000 2,000 3,000 Million Yen



Net Sales/Operating Income by Product Division

(Consolidated)



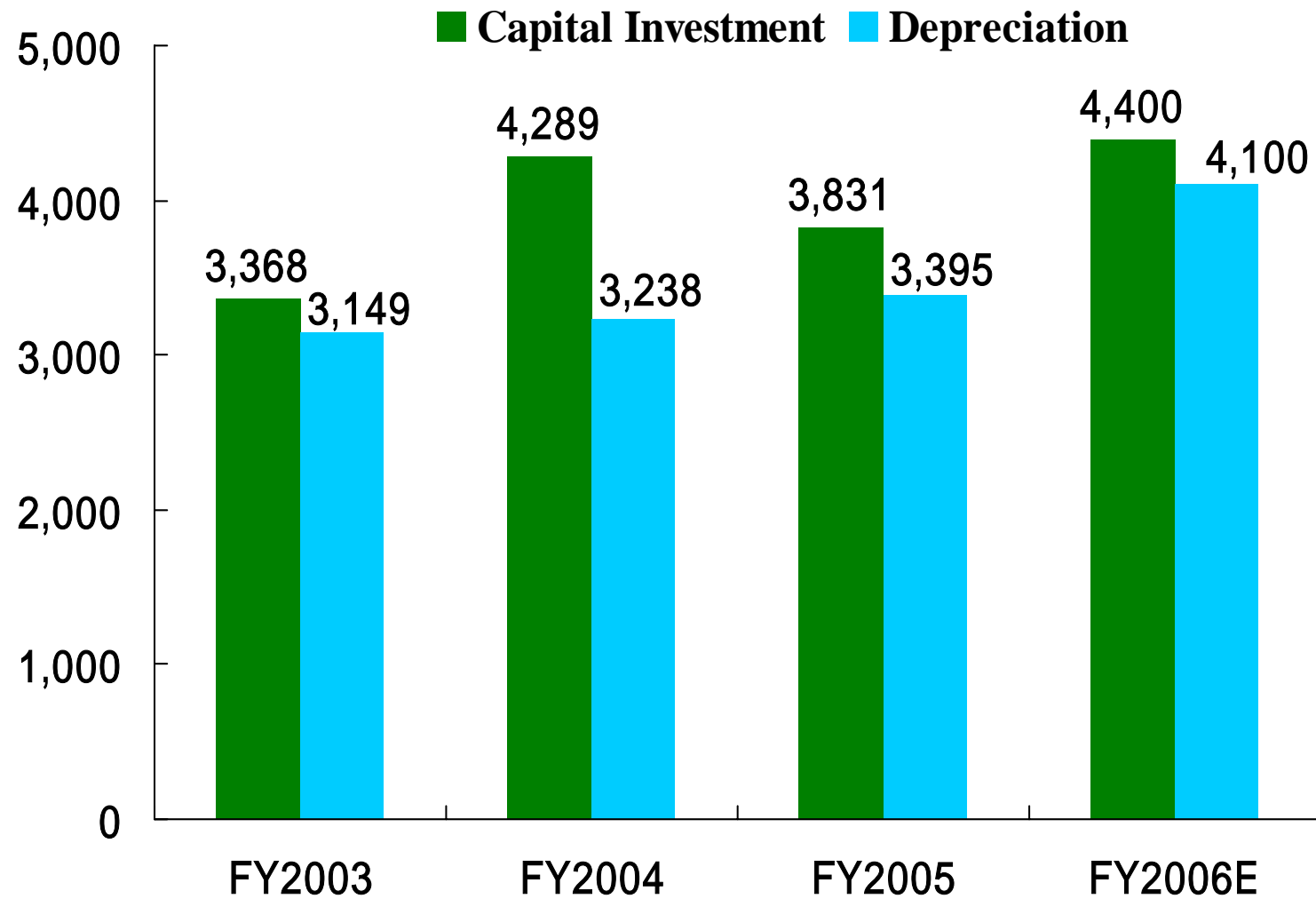
CS Div.
(Connector, Jack)

FC Div.
(Switch, RC, Unit, Module)

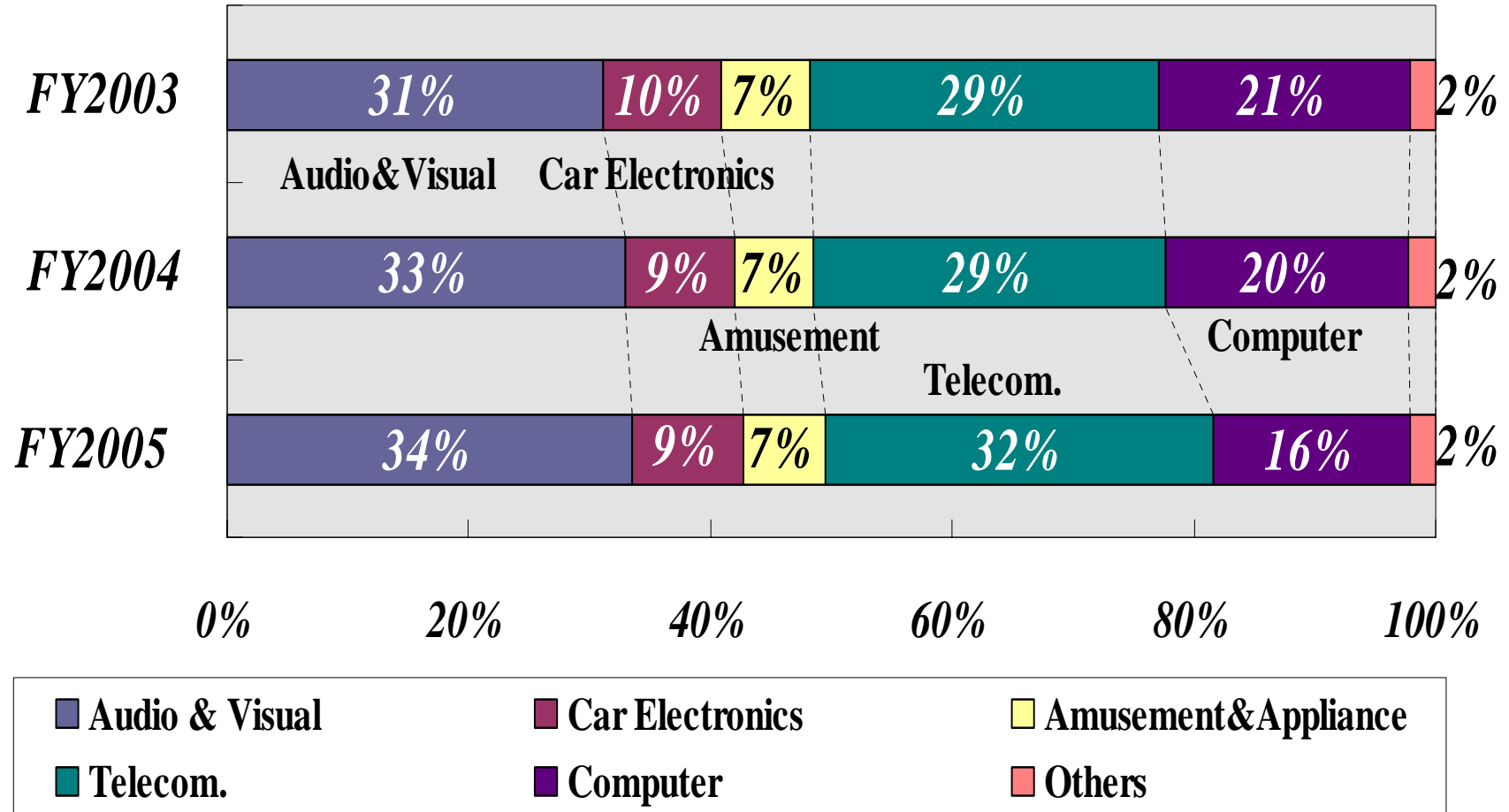
TP Div.
(Touch Panel)

Capital Investment&Depreciation (Consolidated)

Million Yen

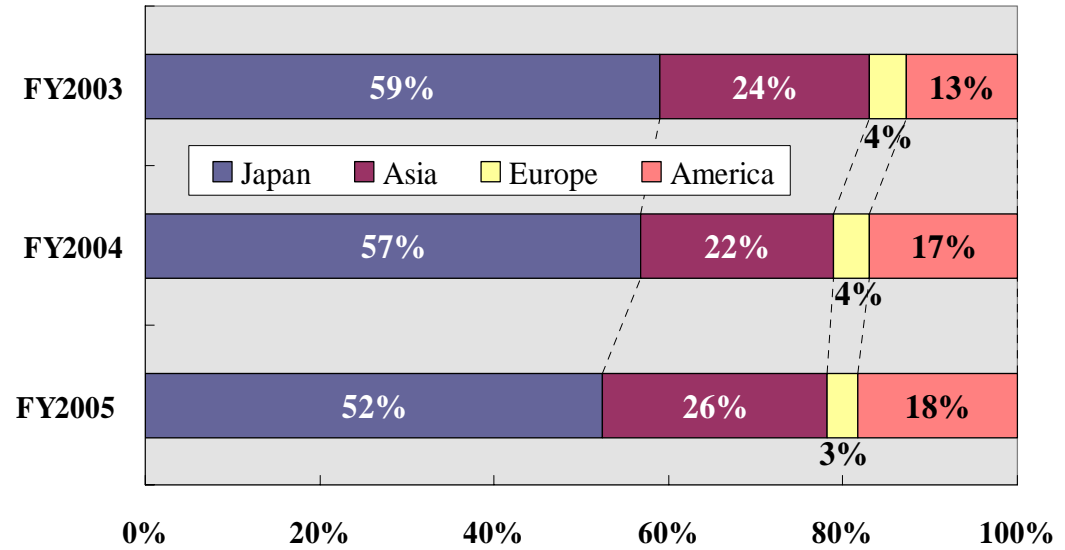


Net Sales by Market

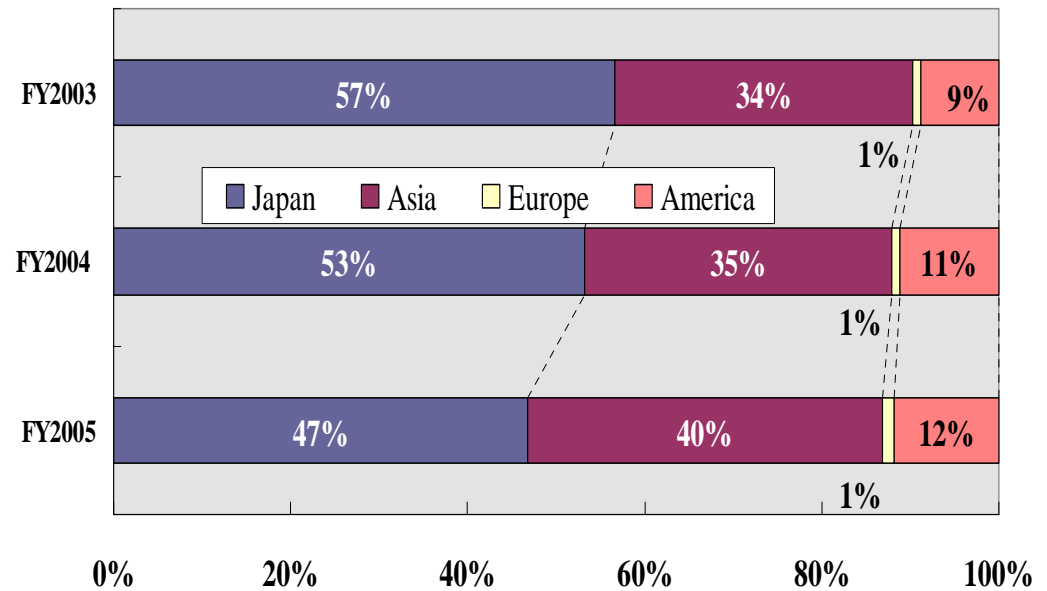


Net Sales/Production by Region

Net Sales by Region







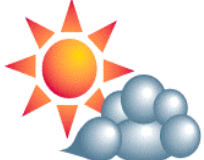
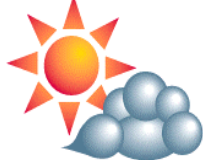
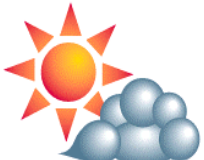
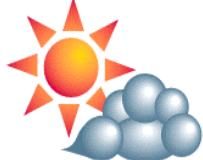


Net Production by Region

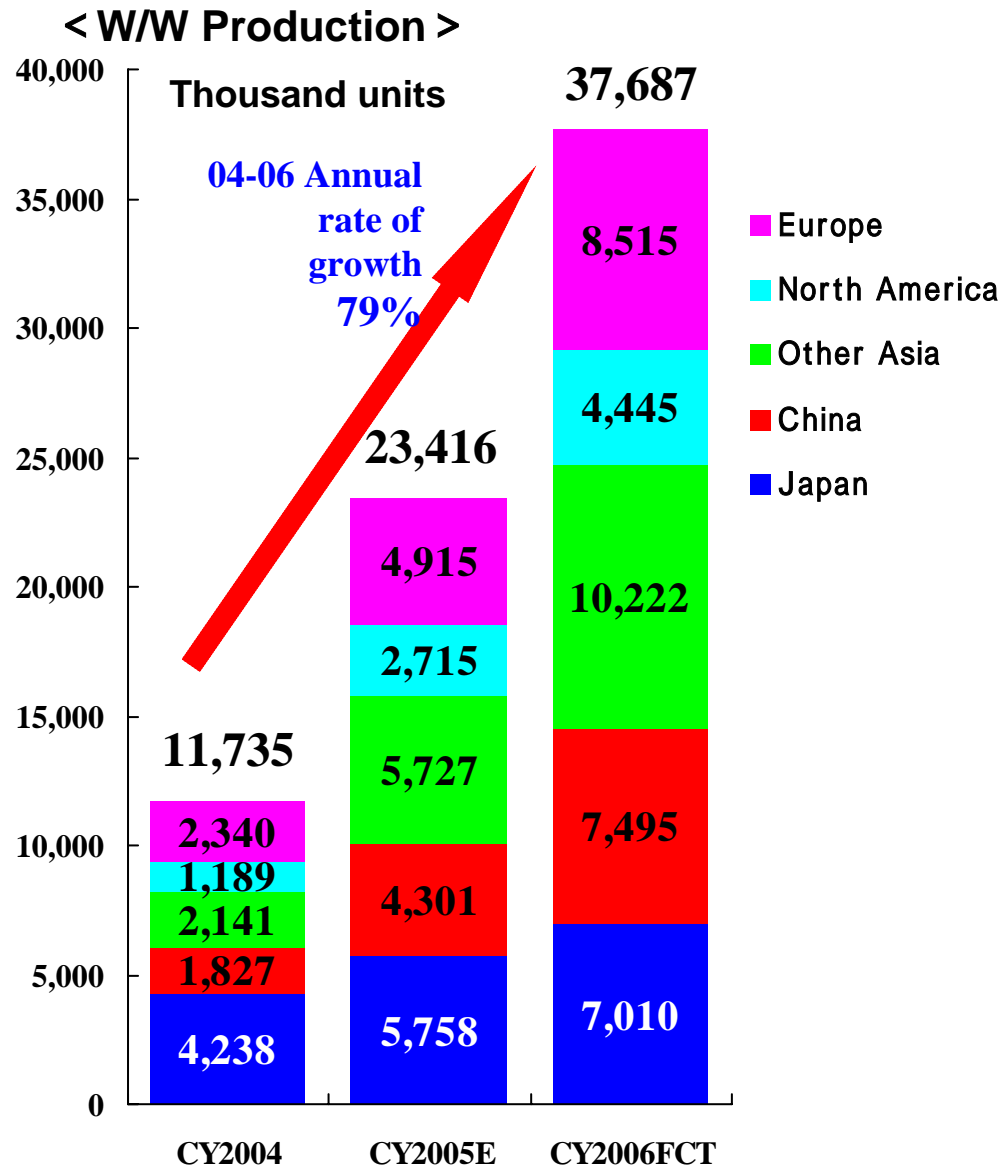


Market Forecast and Our Strategies

Market forecast of each market

Market	CY2005	CY2006FCT
Audio-Visual		
Car Electronics		
Cellular Phone		
PC · Office		
Equipment Home Appliance		

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

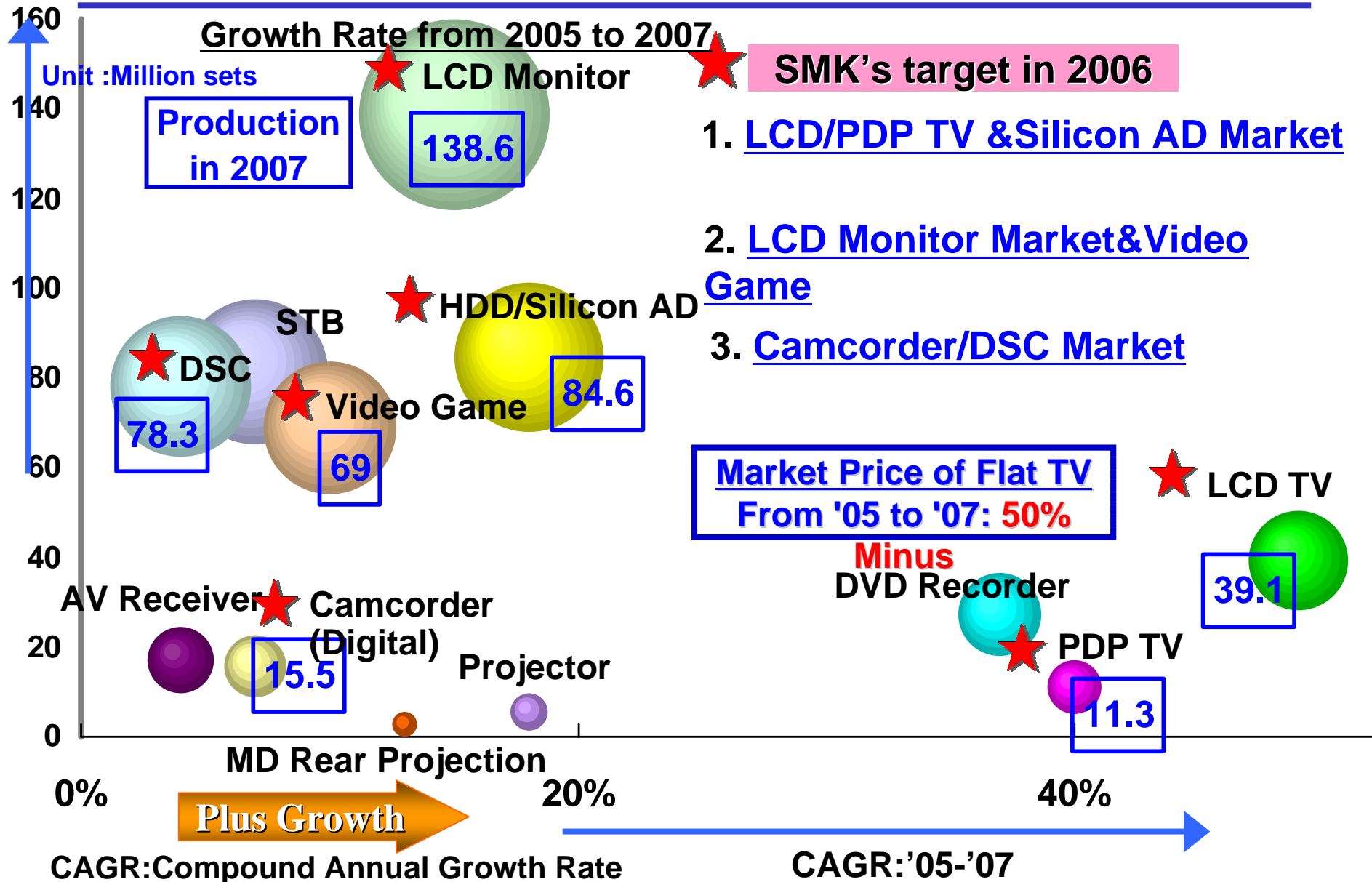


< SMK's measures >

- Augmented marketing activities in European & Chinese regions
- Further expansion of remote control business
- Marketing of internal connectors and promotion of new product development
 - ~FPC connectors & card edge connectors
- Thoroughgoing marketing efforts for sales expansion of I/F connectors
 - ~HDMI connectors and thin pin jacks

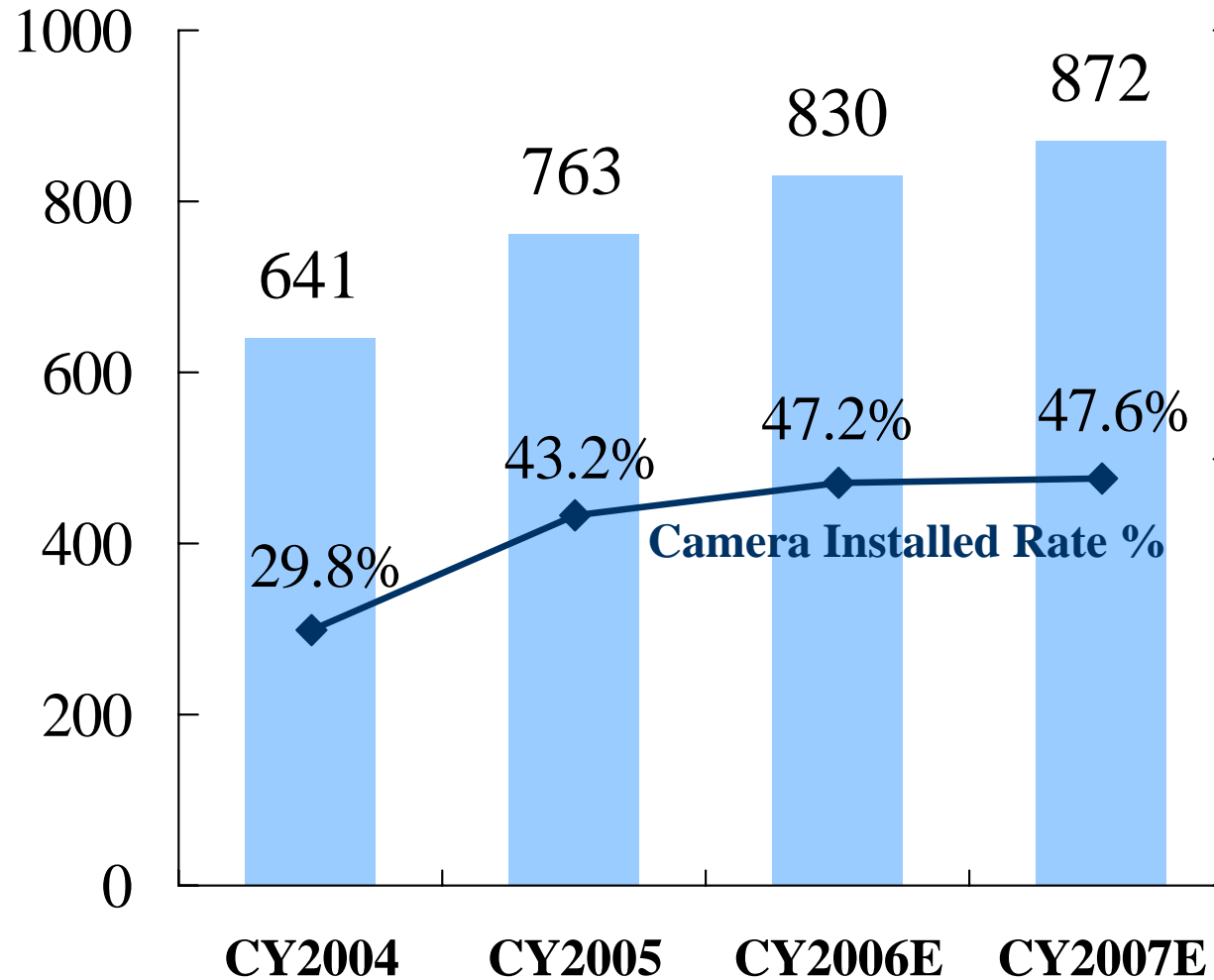


Audio Visual Market Production Forecast for FY2007



Cellular Phone World Wide Potential

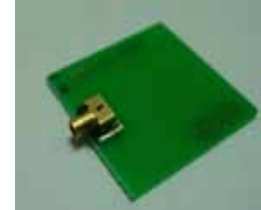
Unit: Million sets



Source: JEITA

% Coaxial Connector

100



FPC Connector

50



Earphone
Microphone



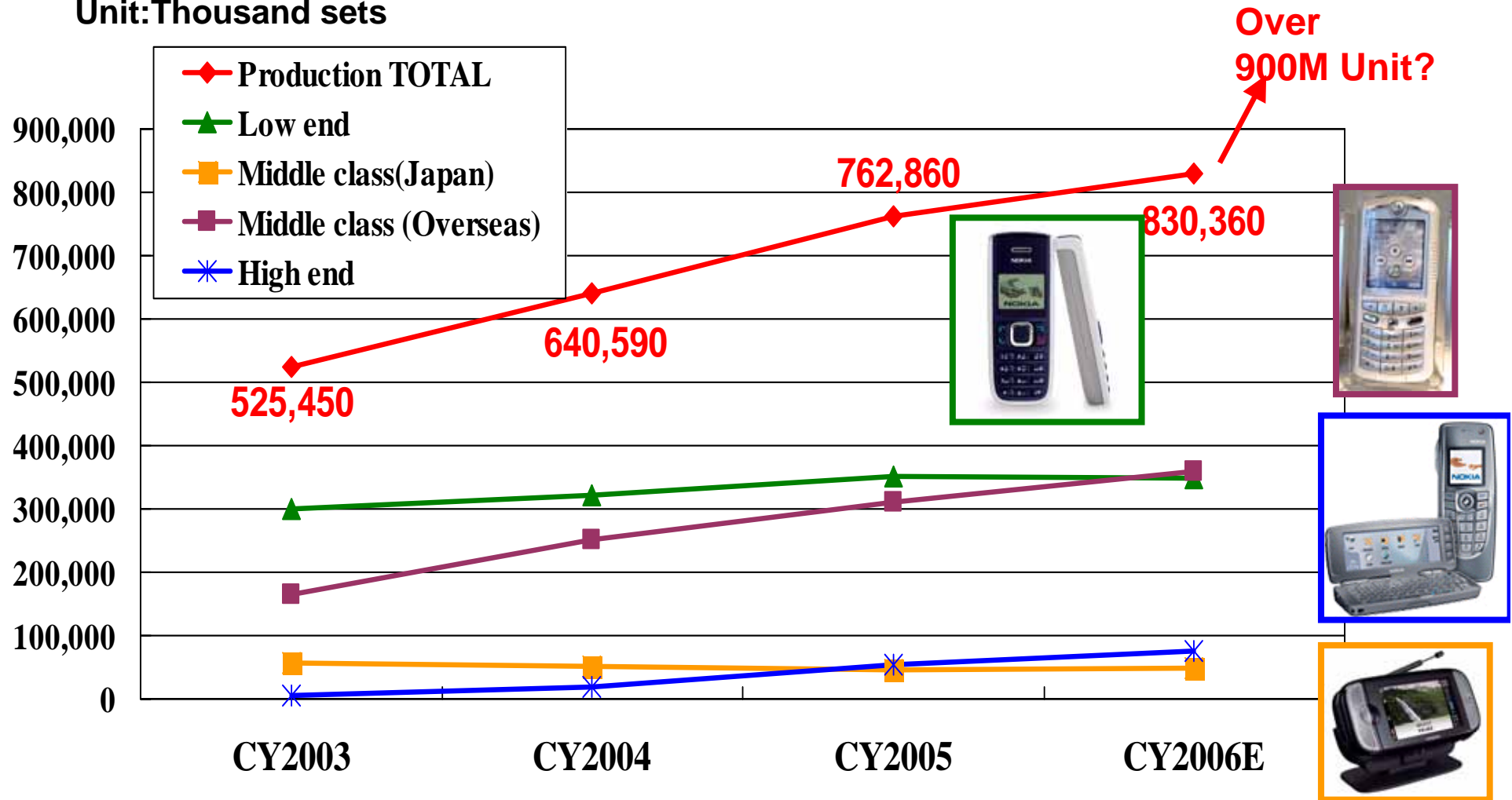
Camera Connector

0



Cellular Phone production by class

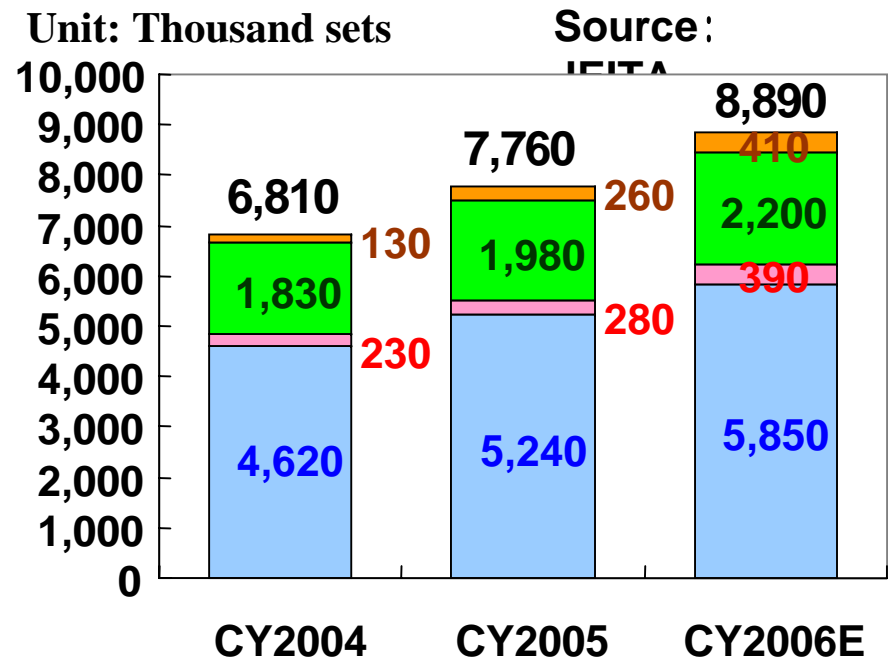
Unit: Thousand sets



Source: JEITA, Nomura International

Car Navigation

Car Navigation Production (by Region)



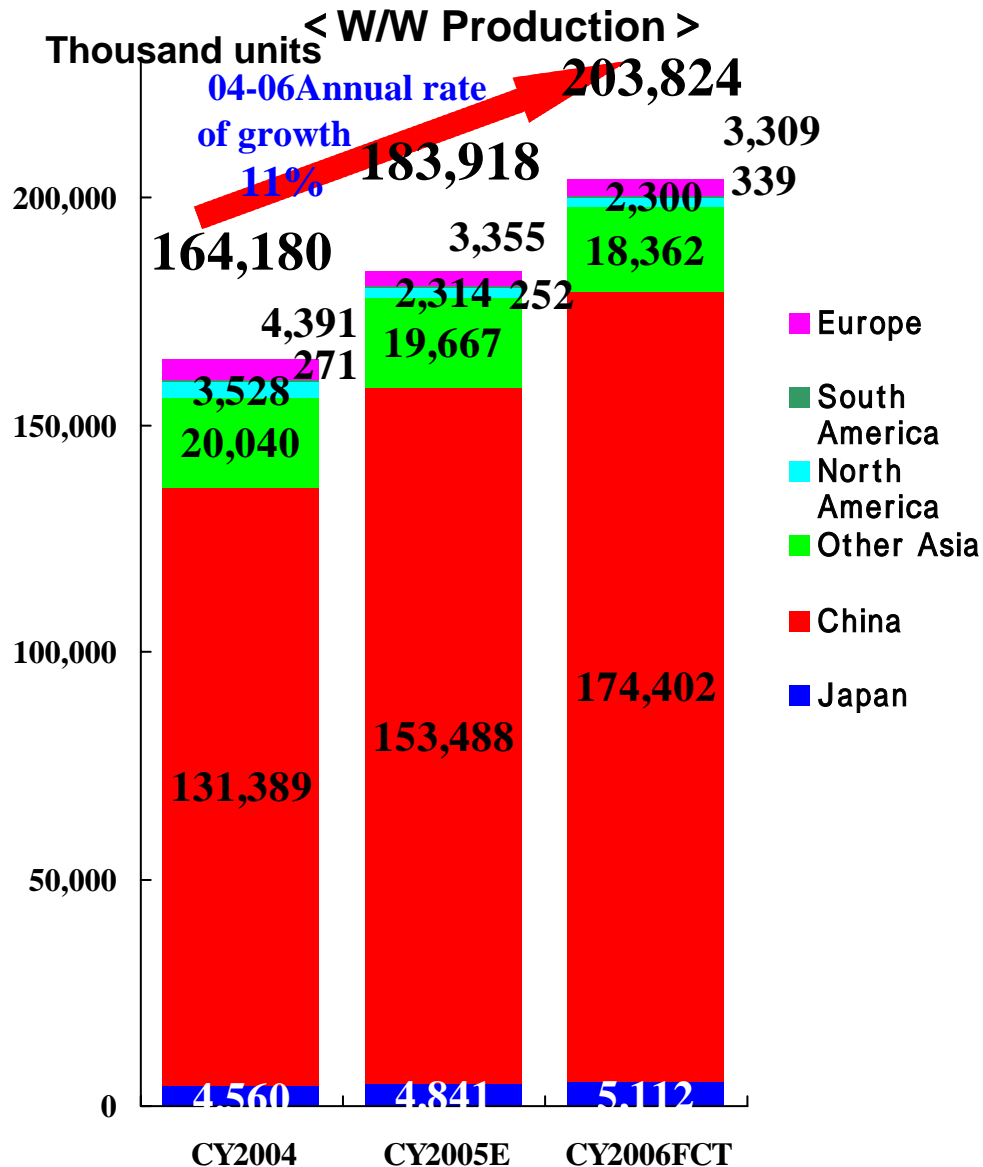
Market trend

- Others
- EU
- US
- Japan

- Silicon Audio corresponding model increases .
Demand for 3.5Jack and USB CN increase.
- Navigation for OEM
Data communication in car.
- Navigation for After MKT
Multimedia, Entertainment
- Personal Navi
: Main market: EU.
The demand for TP (3.5inch ±) increases.
(with USB, SD, HDD, Flash etc.)



PC (Desktops & Notebooks)



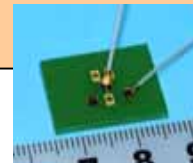
< SMK's measures >

Sales promotion of remote controls for PCs with TV functions and Windows Media Center Edition PCs

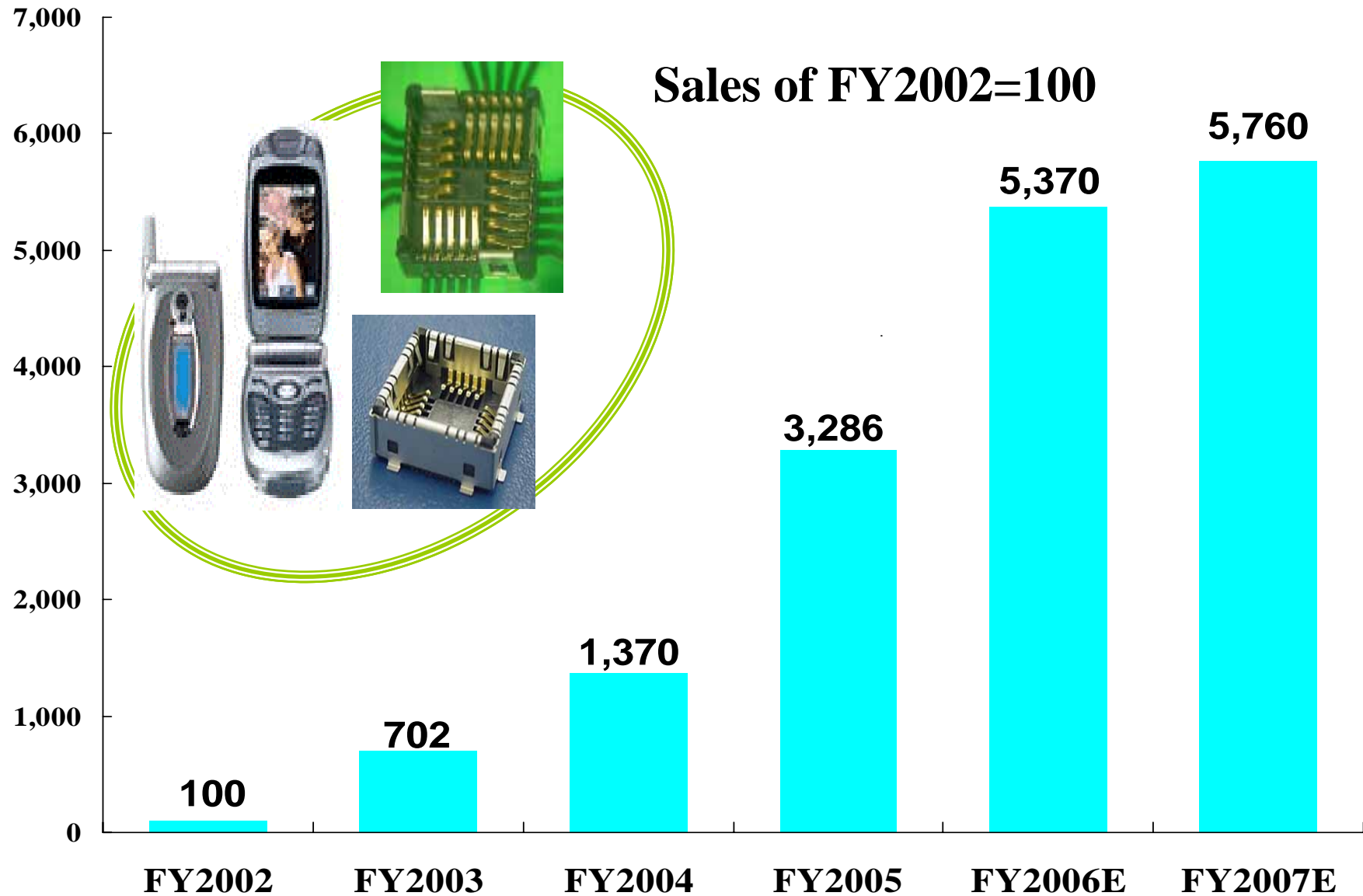


Development efforts of connectors for notebook PCs

Marketing of RF parts
~Coaxial connectors and antennas



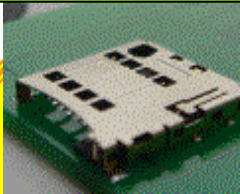
CS Division-Camera Connector Sales Growth



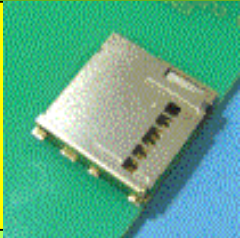
CS Division-Card Connector

Card connector
for cellular phone

Micro SD CN



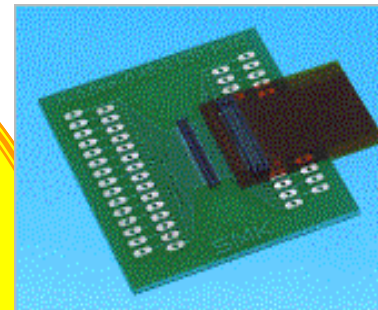
M2 card connector



Mega-SIM for GSM



0.4mm PB Connector
PB-4

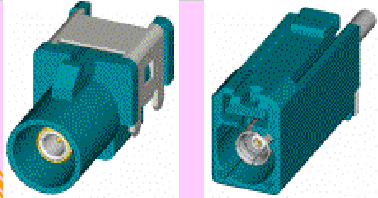


Cellular
DSC,
i-pod



CS Division-Coaxial Connector

VC connector

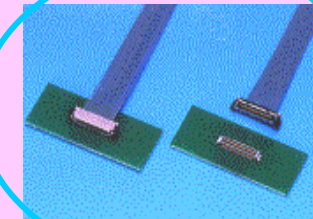


for Car-navigation
Car-audio

Micro coaxial connector



Mobile phone



I/O connector

Micro USB CN

10P I/F connector USB-ready

HDMI CN for camcorder



FC Division - Strategic Markets/Products

1. Switches

Digital Still Camera

Lever Push Switch

Super Thin type Slide Switch

Small Horizontal Switch

Double Action Switch

Small Detector Switch

Digital Audio, Cellular Phone market



2. Cellular Phone market

Head Set (Microphone+Earphone+Antenna) Talk · Music · TV

Electret Condenser Microphone

Camera Module



3. Digital Home Appliance market

Intelligent RC (Home Theater)

Win-XP-MCE, Windows Vista R

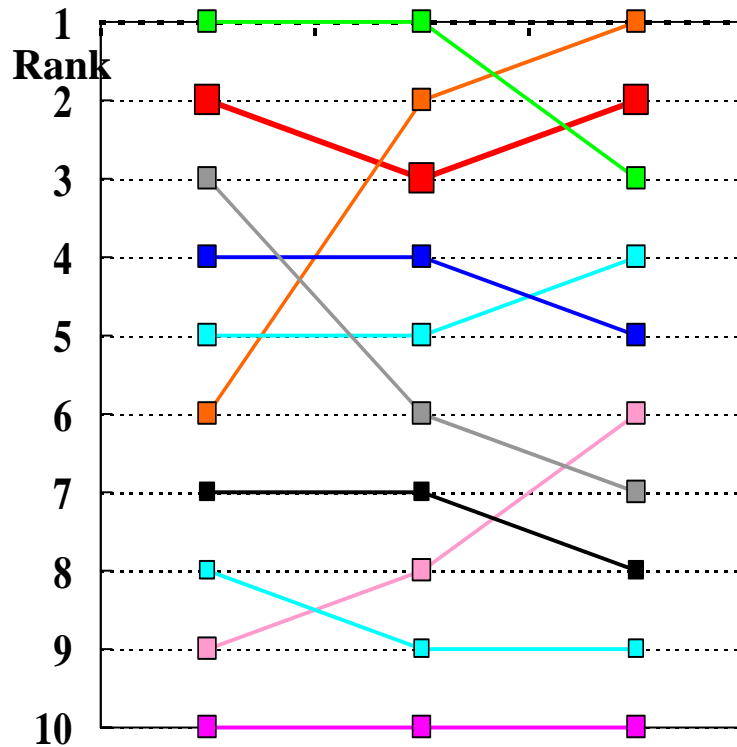
IR Blaster, others



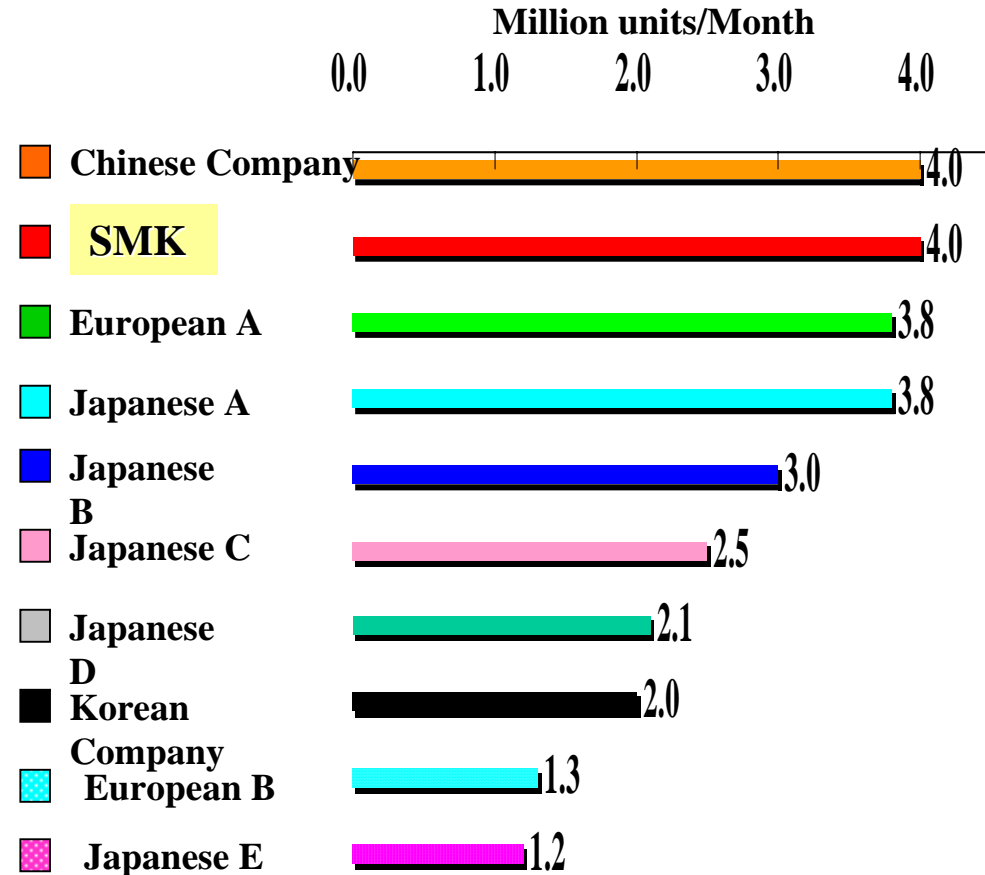
FC Division - Position of Major RC Suppliers

Ranking of Top10 RC Suppliers

(Qty)
FY2002 FY2003 FY2004E



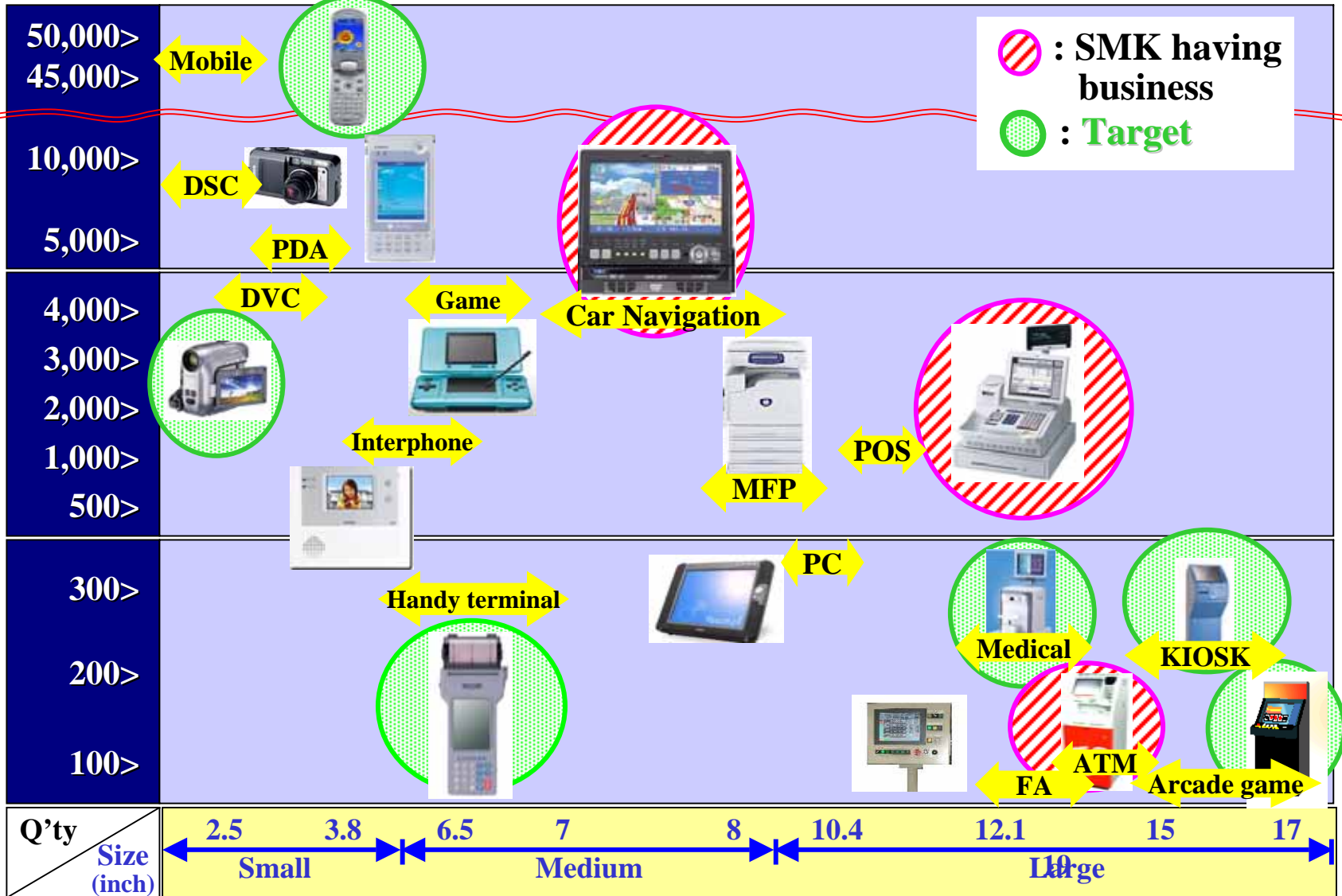
Production QTY (FY2004 Estimation)



Source: Estimated by SMK

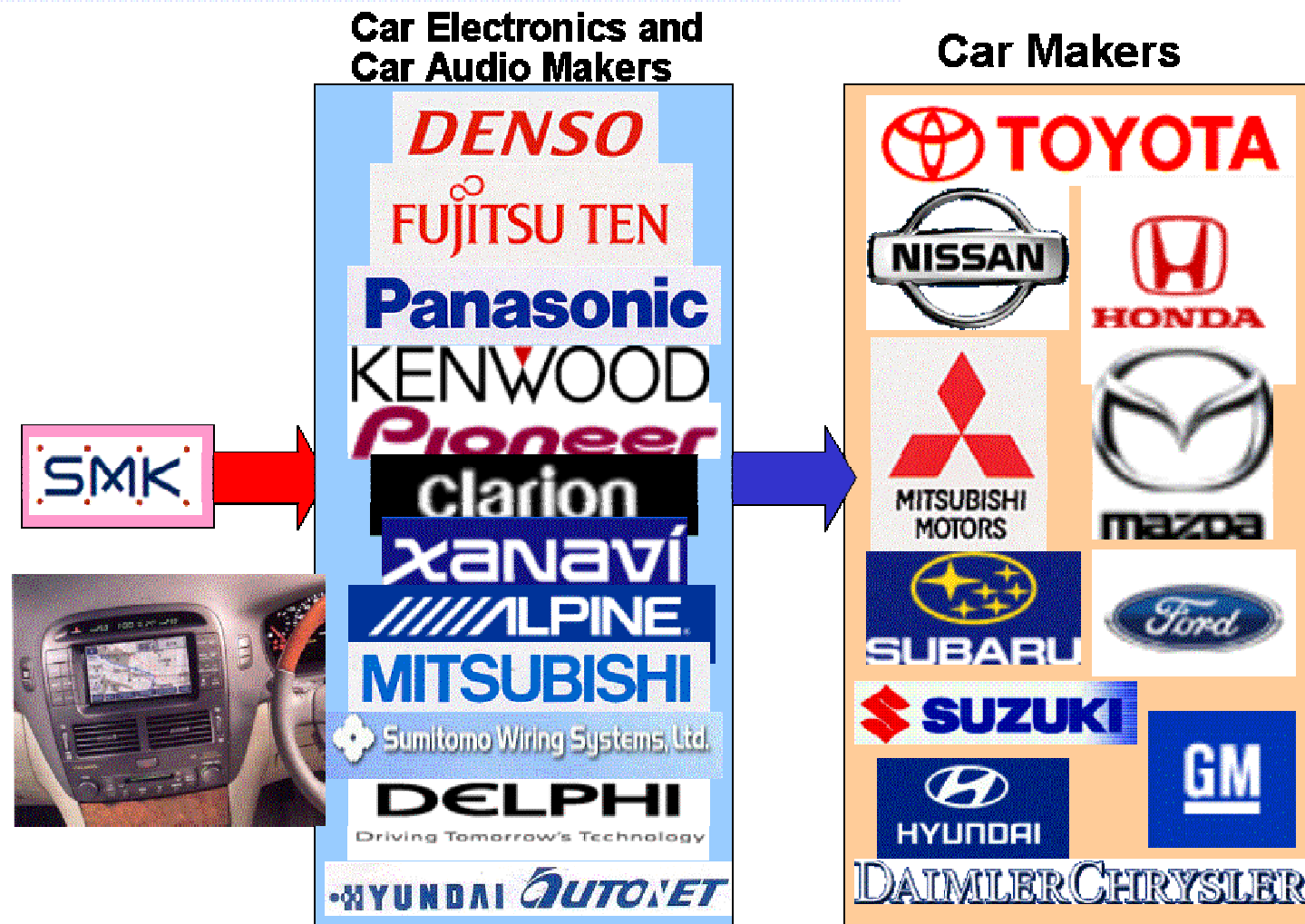
TP Division - Touch Panel Vol. and Size by Application

Unit: thousand



TP Division - Customer List of Car Market

Customer Lists for Car Market



Research & Development Center - Bluetooth Modules

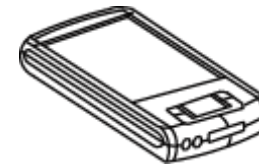
Bluetooth Serial Port Adapter BT201



Thermal Printer

BT201

Bluetooth



PDA

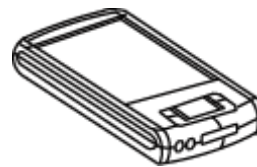
Bluetooth Headset Engine BT202



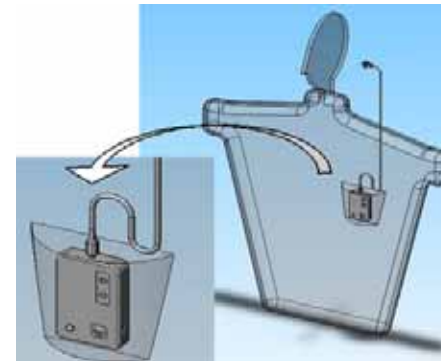
Headset Unit

BT202

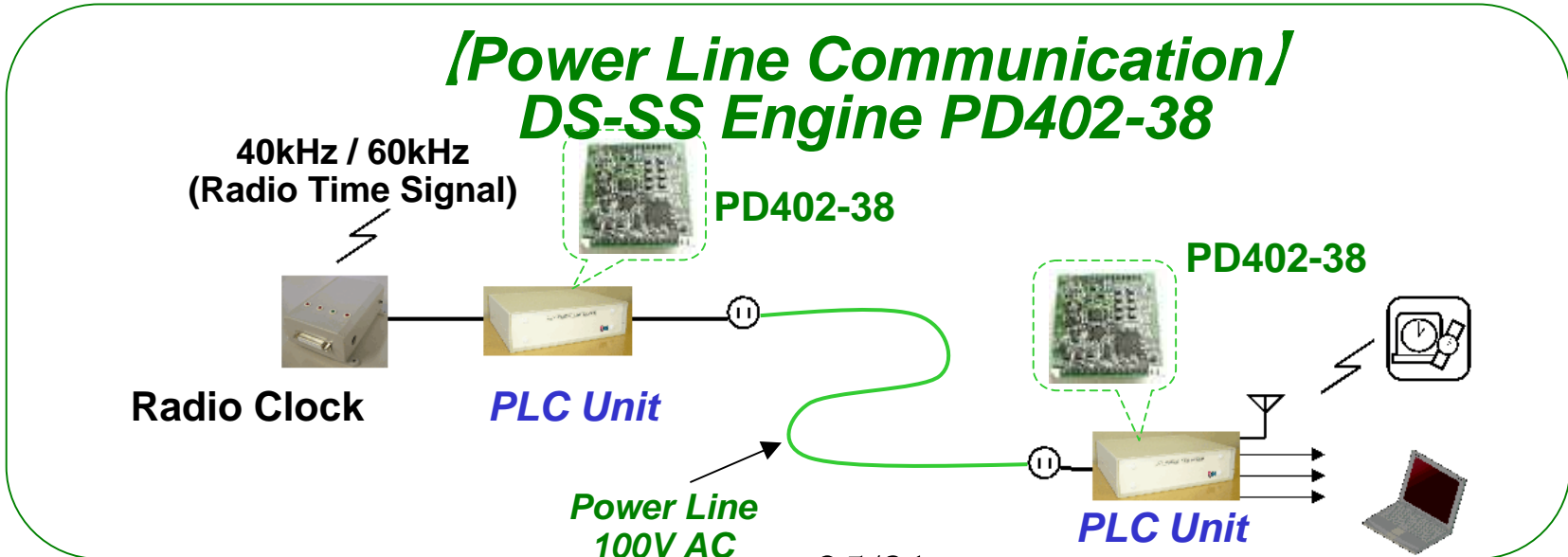
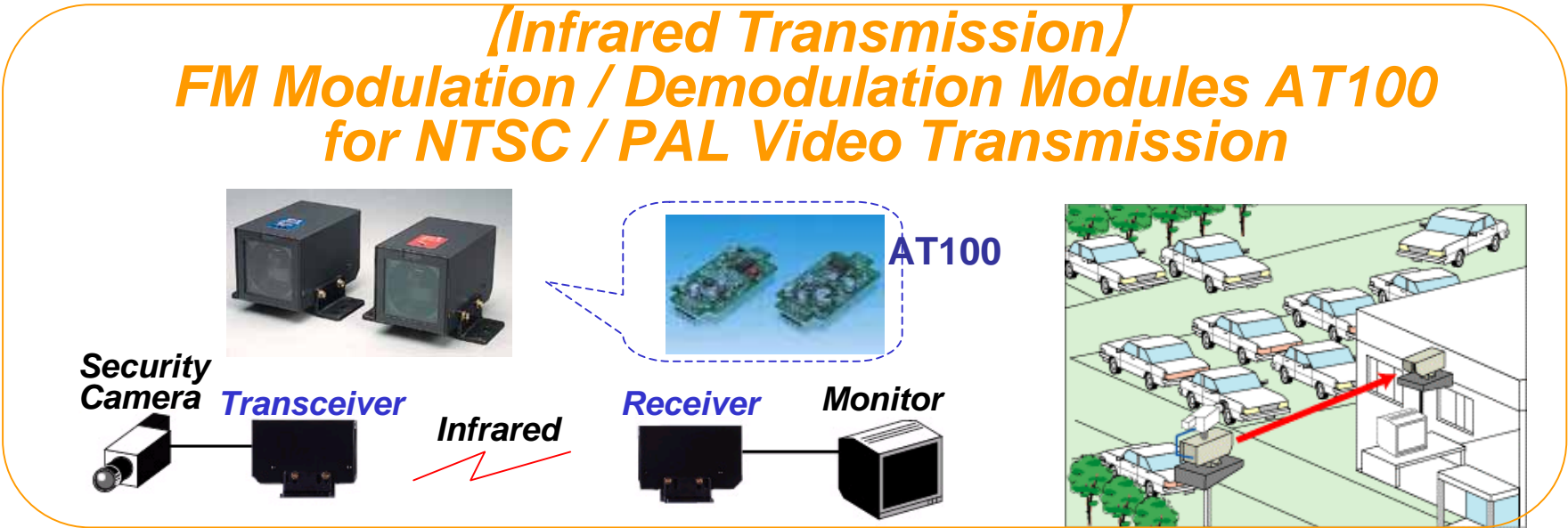
Bluetooth



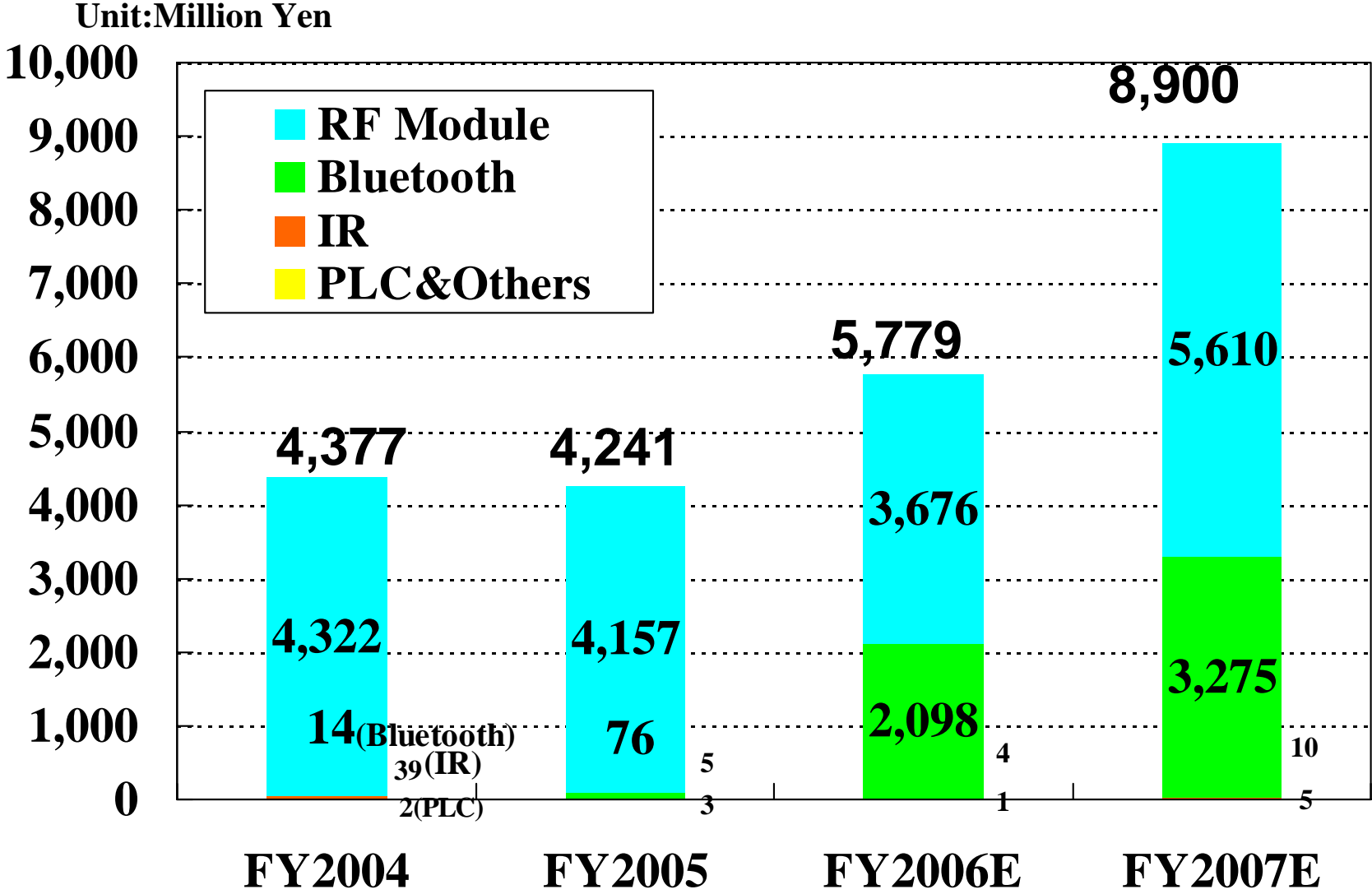
PDA



Research & Development Center – Infrared Transmission & Power Line communication



Collaborative Sales of Research & Development Center



Managerial Goals

Corporate Social Responsibility

“P S R”

reflects on

“C S R”

*P*ersonal
*S*ocial
*R*esponsibility



*C*orporate
*S*ocial
*R*esponsibility

<Reference>

- * SMK Philosophy
- * SMK Action Guidelines
- * SMK-Group Charter for Corporate Behavior
- * SMK Environmental Charter
- * Company Creed

Environmental Management

1.ISO14001 Certification

Sept.'05 Acquired at Head Quarter,Japan.

SMK has acquired at all of its manufacturing works in Japan and other countries.

2.Compliance with Laws and Regulations

1)Environmental compliance

(RoHS directive being put into enforcement in July '06)

2)Compliance with supplier code of conduct

**3)Establishment of SMK Group Code of Conduct
(Proclaimed in Apr.2006)**

3.Annual Environmental Report

Launched since 2003.

The Objectives and The Medium Term Targets

The Objectives for FY2006

- 1 . Enhancement of SMK Brand power
- 2 . Promotion of **TN** (Trans National) wide activity in order to achieve **ZD** (Zero Defect)
- 3 . Another challenge in product creation

The Medium Term Targets

1. Become a 100 billion yen sales enterprise by the end of March 2010
2. ROE 10% or More
3. Stock Dividend ¥10~20/Stock



Distribution ratio of shareholders

