



Business Report for
FY2009
From Apr. 2009 to Mar. 2010

SMK Corporation
Apr, 2010



FY2009

Outline of Financial Statement

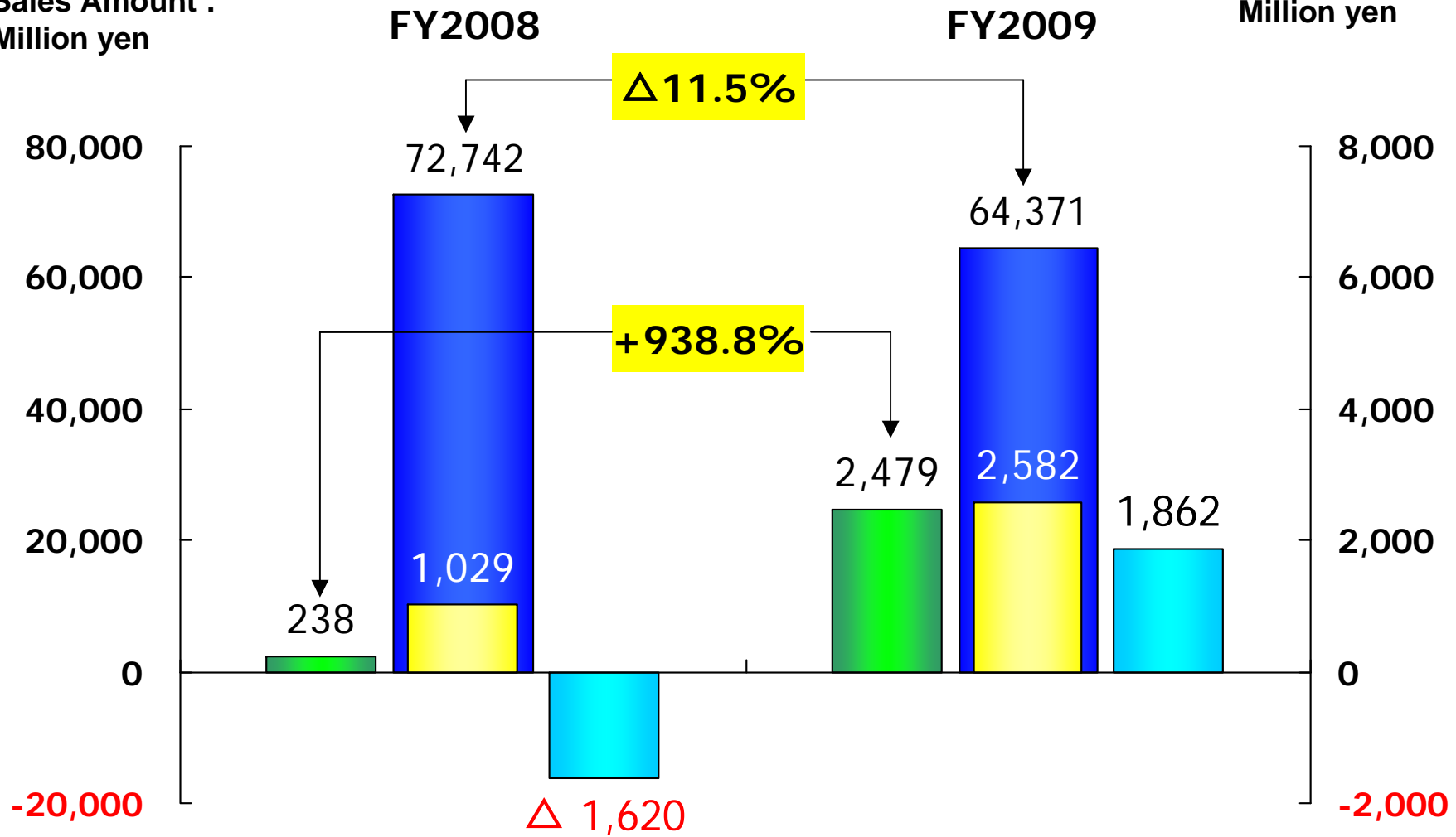
**Director and Executive Vice President
Hajime Yamada**



<Consolidated> Financial Result

Sales Amount :
Million yen

Income :
Million yen



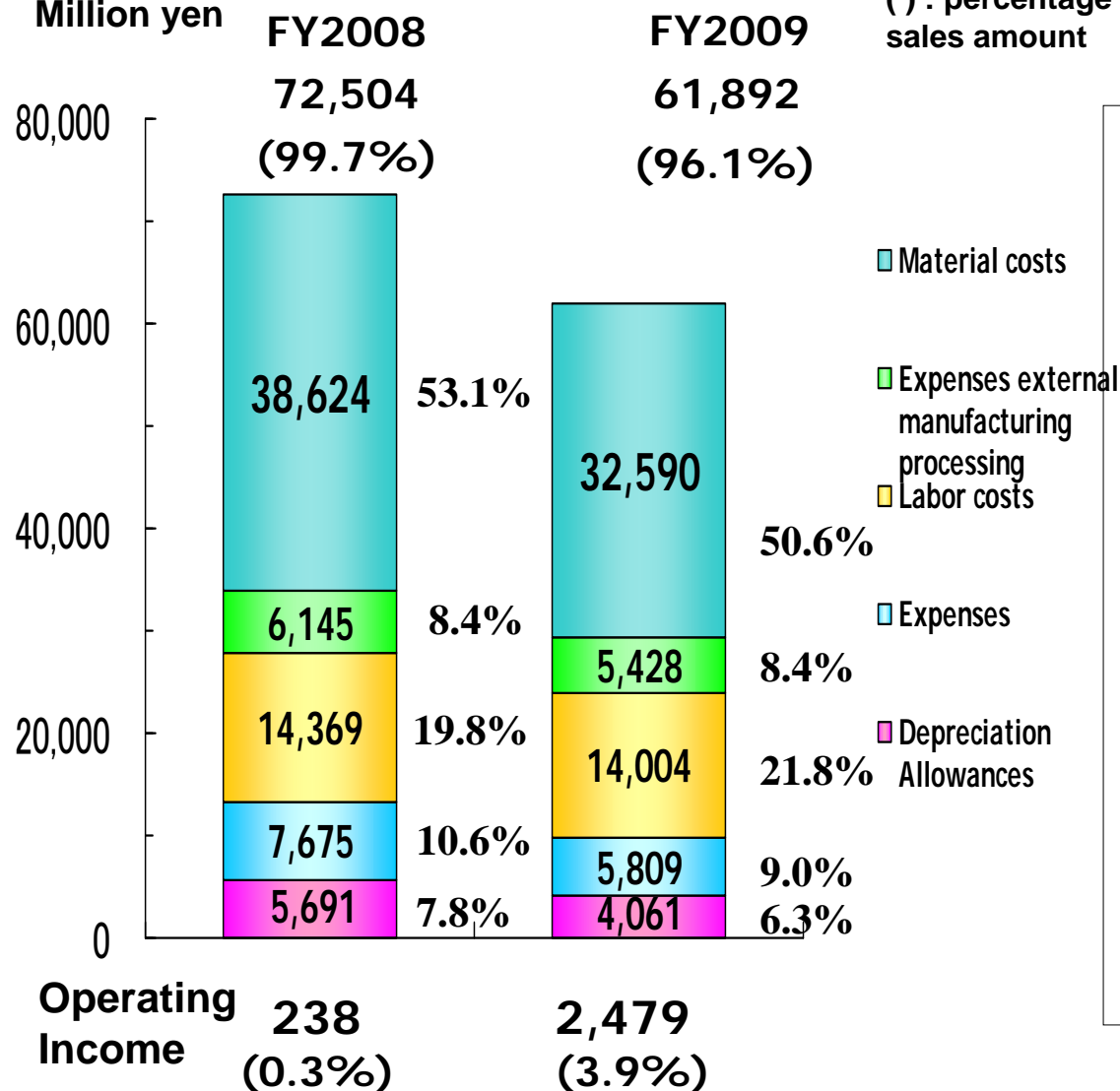
■ Net Sales ■ Operating Income ■ Ordinary Income ■ Net Income



<Consolidated> Sales Expenses

Unit :
Million yen

() : percentage to
sales amount

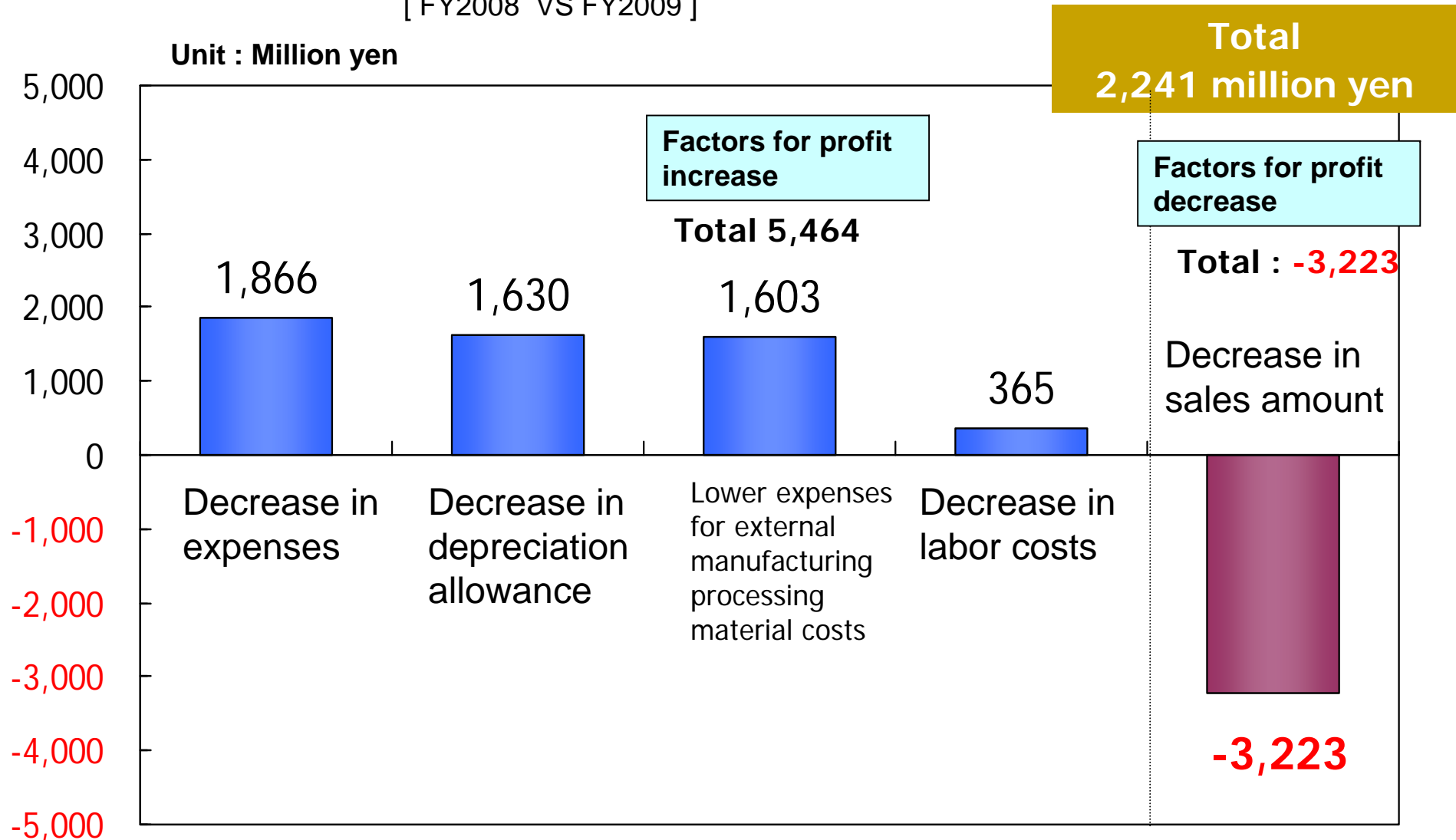


[(Material costs + Expenses for external manufacturing processing) improved by 3.0%]
 61.5% → 59.0% -1,603 million yen
 [Expenses decrease 1.866 million yen]
 Japan : -1,159 million yen
 Overseas : -707 million yen
 [Depreciation allowances decrease 1,630 million yen]
 Japan: -1,556 million yen (capital spending cuts)
 Overseas: -74 million yen



<Consolidated> Analysis of sales expenses

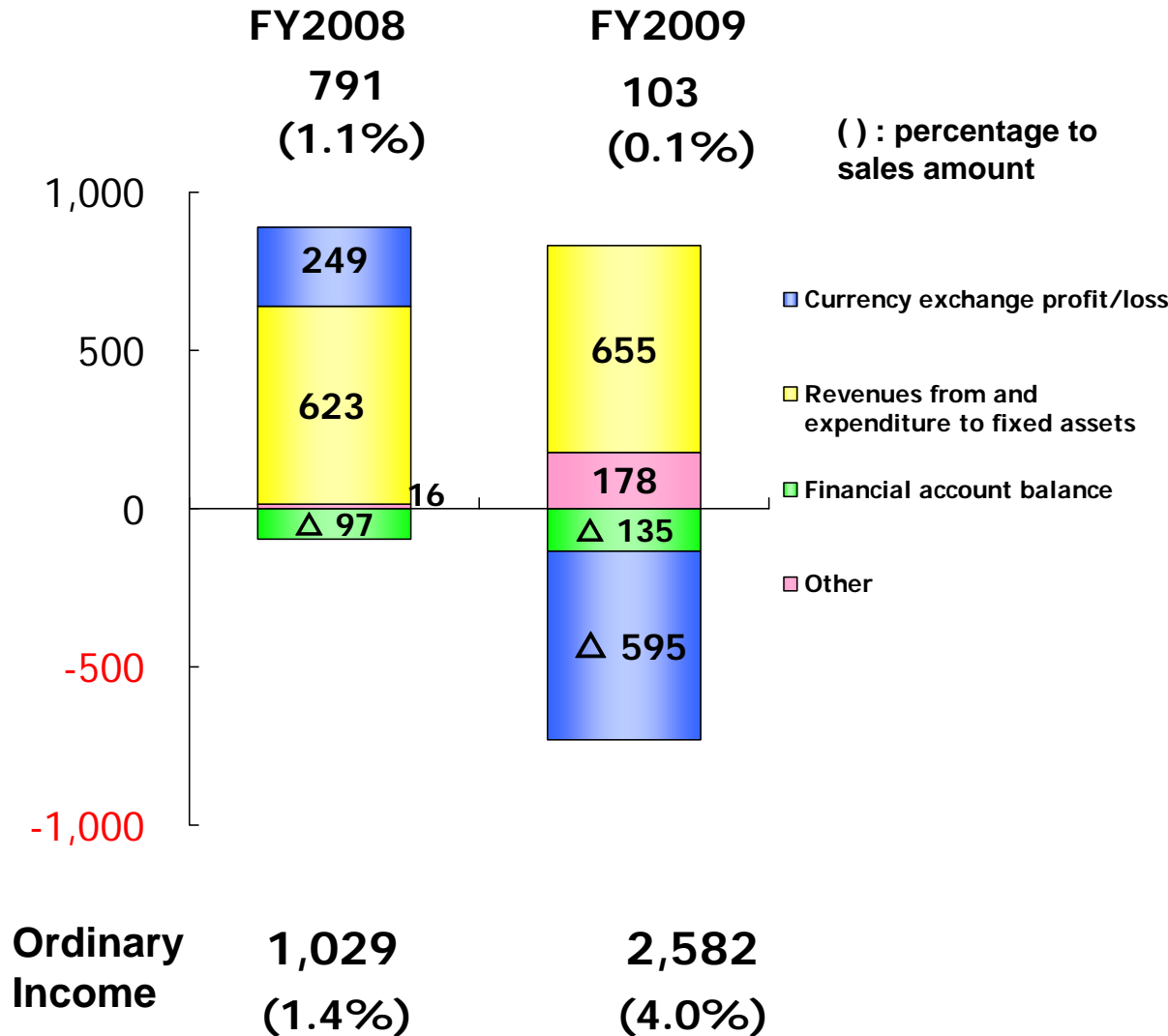
Analysis of factors for increase/decrease of consolidated operating income
[FY2008 VS FY2009]





<Consolidated> Non-operating profit and loss

Unit : Million yen



Exchange loss: Increase 844 million yen

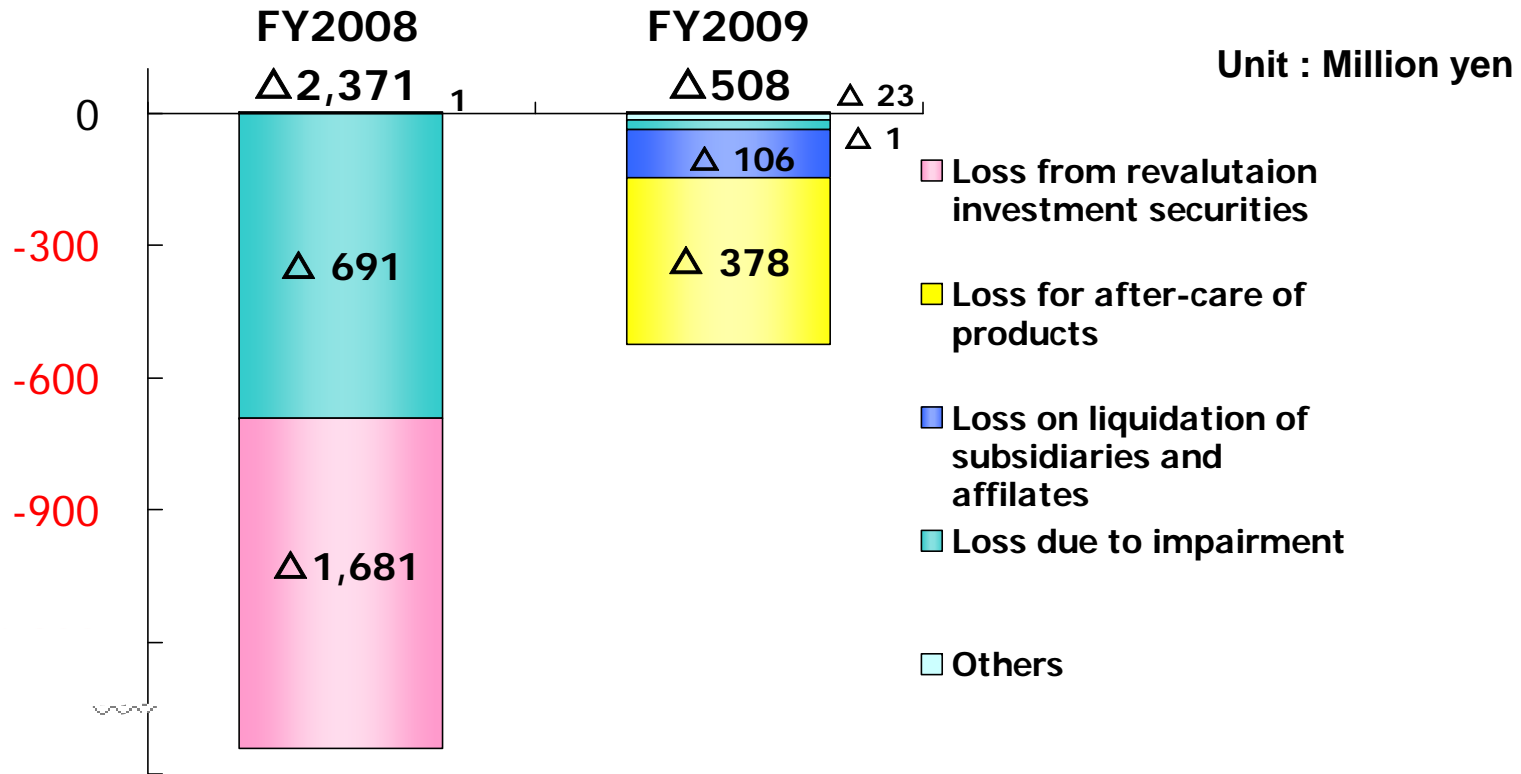
Exchange gain → Exchange loss

1. FY2008
 2008/Mar ¥100.19/\$
 2009/Mar ¥ 98.23/\$
 Yen appreciated by 1.96 yen
 • Exchange gains on forward exchange contracts +650 million yen

2. FY2009
 2009/Mar ¥ 98.23/\$
 2010/Mar ¥ 93.04/\$
 Yen appreciated by 5.19 yen



<Consolidated> Extraordinary gain or loss



Income before income taxes	△1,342	2,074
Income taxes (Current and deferred)	△278	△212
Net income	△1,620	1,862
	(△2.2%)	(2.9%)



<Consolidated> Financial Highlights (Quarterly) 8/51

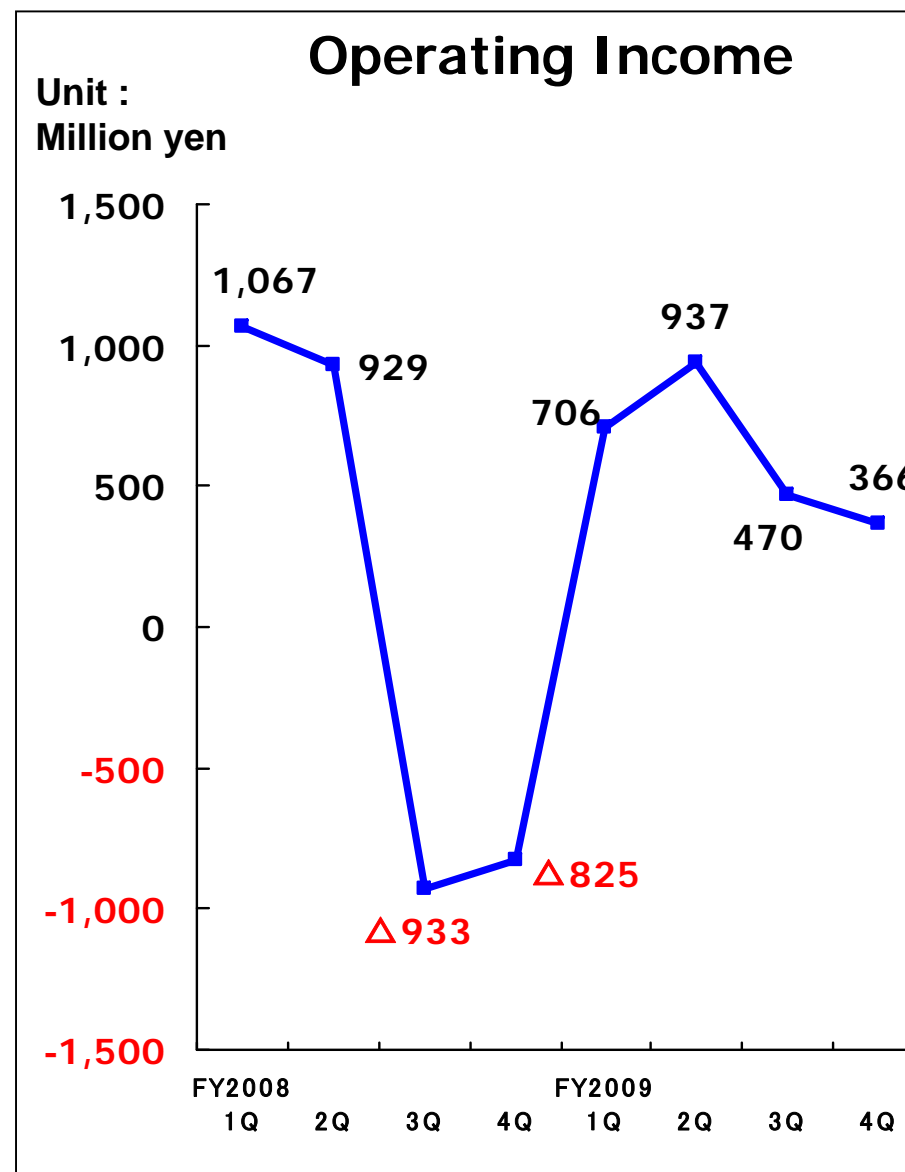
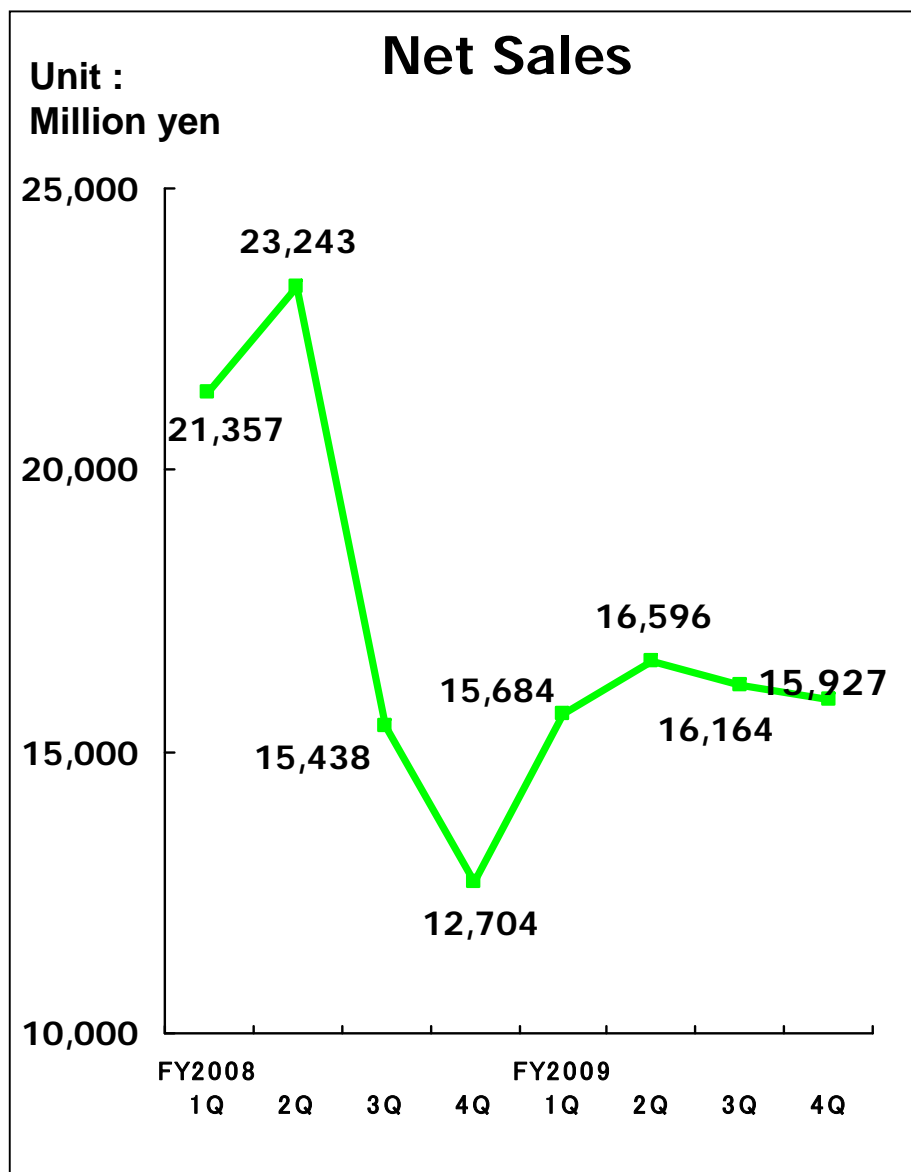
Unit : Million yen

FY2009 Result	1 st Half Term			2 nd Half Term			Fiscal Term
	1Q (09/Apr~Jun)	2Q (09/Jul~Sep)	TOTAL (09/Apr~Sep)	3Q (09/Oct~Dec)	4Q (10/Jan~Mar)	TOTAL (09/Oct~10/Mar)	TOTAL (09/Apr~10/Mar)
① Net Sales	15,684	16,596	32,280	16,164	15,927	32,091	64,371
Compared to last fiscal term(%)	73.4	71.4	72.4	104.7	125.4	114.0	88.5
② Operating Income	706	937	1,643	470	366	836	2,479
Compared to last fiscal term(%)	66.2	100.9	82.3	—	—	—	1038.8
③ Ordinary Income	706	576	1,282	764	536	1,300	2,582
Compared to last fiscal term(%)	33.0	56.3	40.5	—	—	—	250.8
④ Net Income	374	566	940	309	613	922	1,862
Compared to last fiscal term(%)	25.1	260.8	55.0	—	—	—	—

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



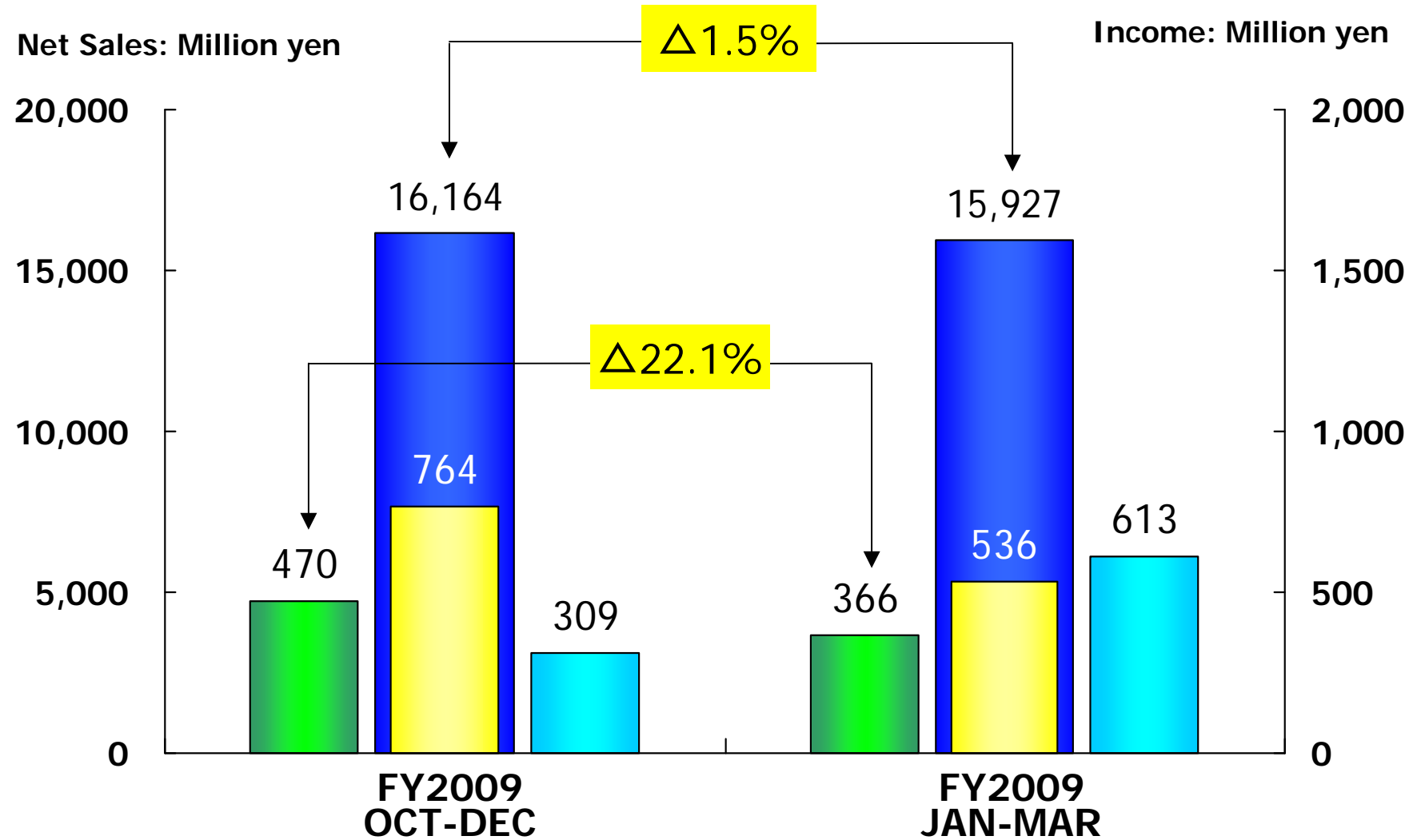
<Consolidated> Trends in performance Net Sales, Operating Income (Quarterly)





<Consolidated> FY2009 4Q Financial Result compared with FY2009 3Q

10/51



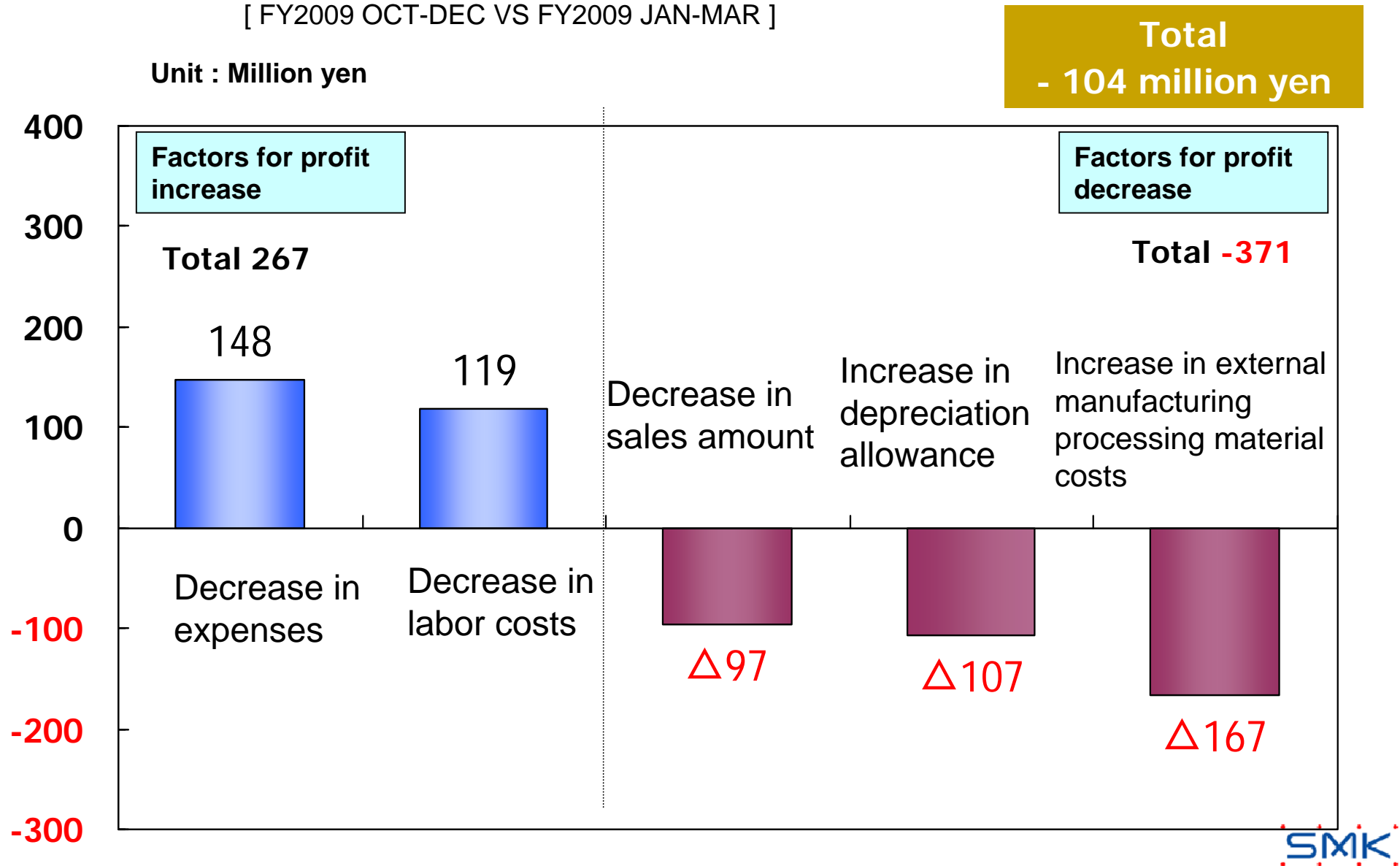
■ Net Sales ■ Operating Income ■ Ordinary Income ■ Net Income



<Consolidated> FY2009 4Q Analysis of sales expenses compared with FY2009 3Q

11/51

Analysis of factors for increase/decrease of consolidated operating income
[FY2009 OCT-DEC VS FY2009 JAN-MAR]





<Consolidated> Cash Position

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Unit : Million yen	2009/MAR (A)	2010/MAR (B)	Differential (B-A)
Assets	58,168	56,113	-2,055
Cash and cash equivalents	9,081	8,758	-323
Accounts receivable	14,864	16,337	1,473
Inventories	6,234	5,240	-994
Fixed assets	23,865	22,133	-1,732
Liabilities	29,088	24,986	-4,102
Accounts payable and accrued expenses	9,189	10,841	1,652
Interest-bearing dept	16,893	10,965	-5,928
Net assets	29,079	31,127	2,048
Common stock	7,996	7,996	-
Capital adequacy ratio	49.9%	55.3%	5.4%



<Consolidated> Cash Flow Position

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Unit : Million yen

	FY2008	FY2009
Operating Cash Flow	9,249	9,003
Working capital	5,723	423
Income before income taxes	-1,341	2,074
Depreciation	5,610	4,020
Others	-743	2,486
Investing Cash Flow	-4,020	-2,480
Free Cash Flow	5,229	6,523
Financing Cash Flow	-3,419	6,741
Increase (decrease) in interest-bearing dept	-1,785	-6,434
Purchases of treasury stock	-654	-56
Dividends paid	-980	-251
Initial balance	7,073	9,072
Final balance	9,072	8,749



FY2009 Result and FY2010 Prospect

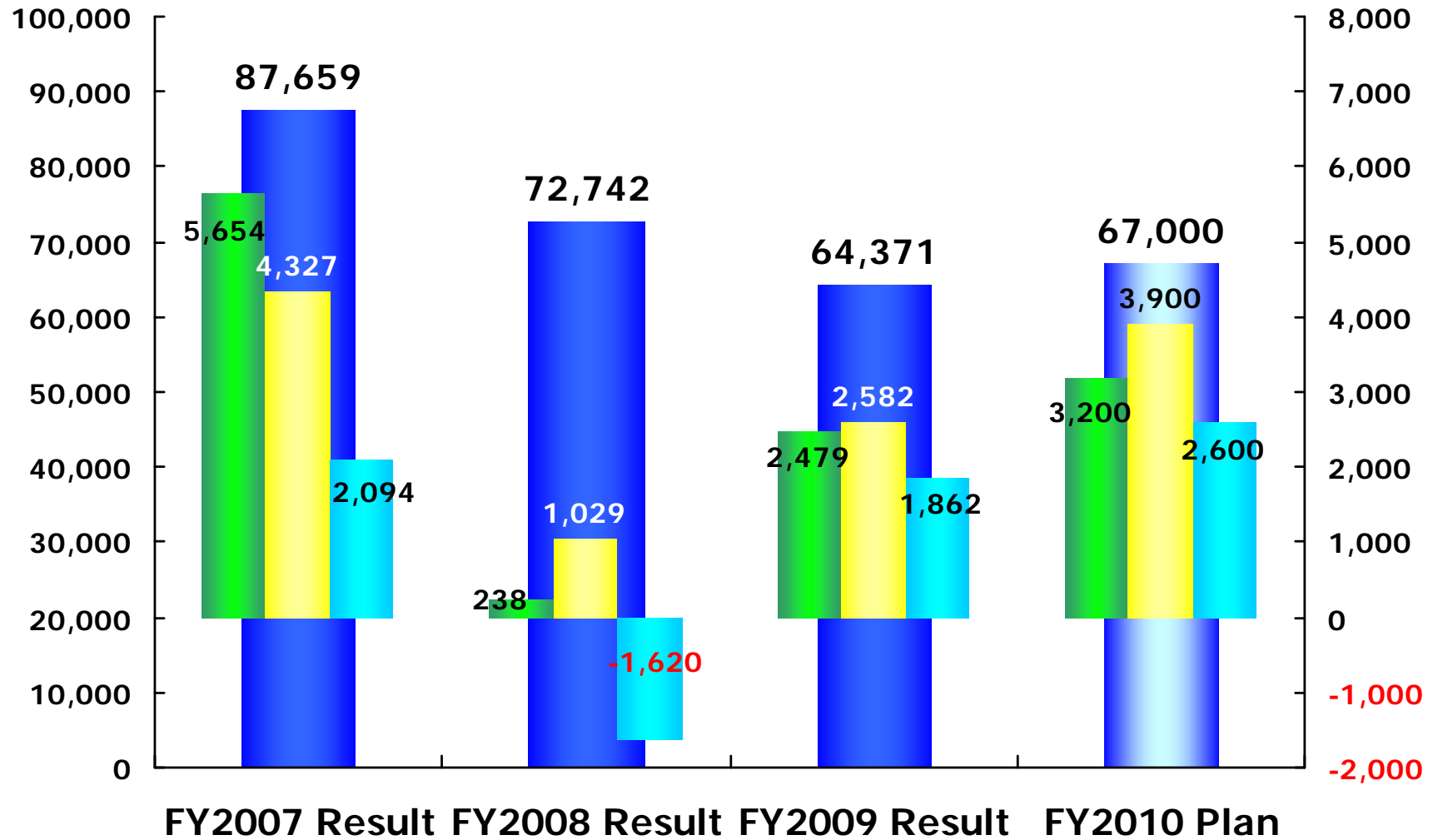
President and COO Tetsuya Nakamura



Full Fiscal Term Performance (FY2007-FY2009)

Net Sales: Million yen

Income: Million yen

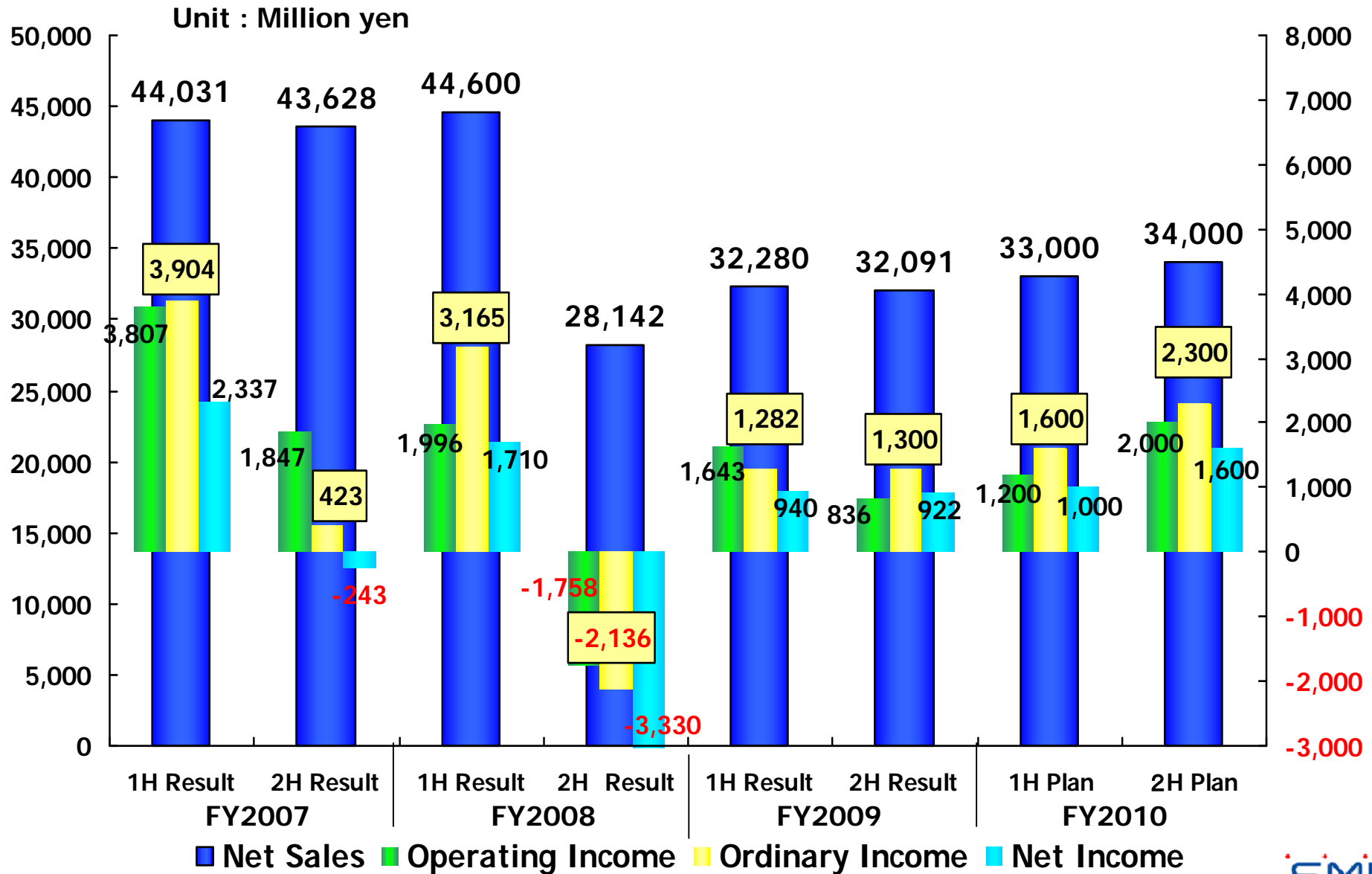


■ Net Sales ■ Operating Income ■ Ordinary Income ■ Net Income



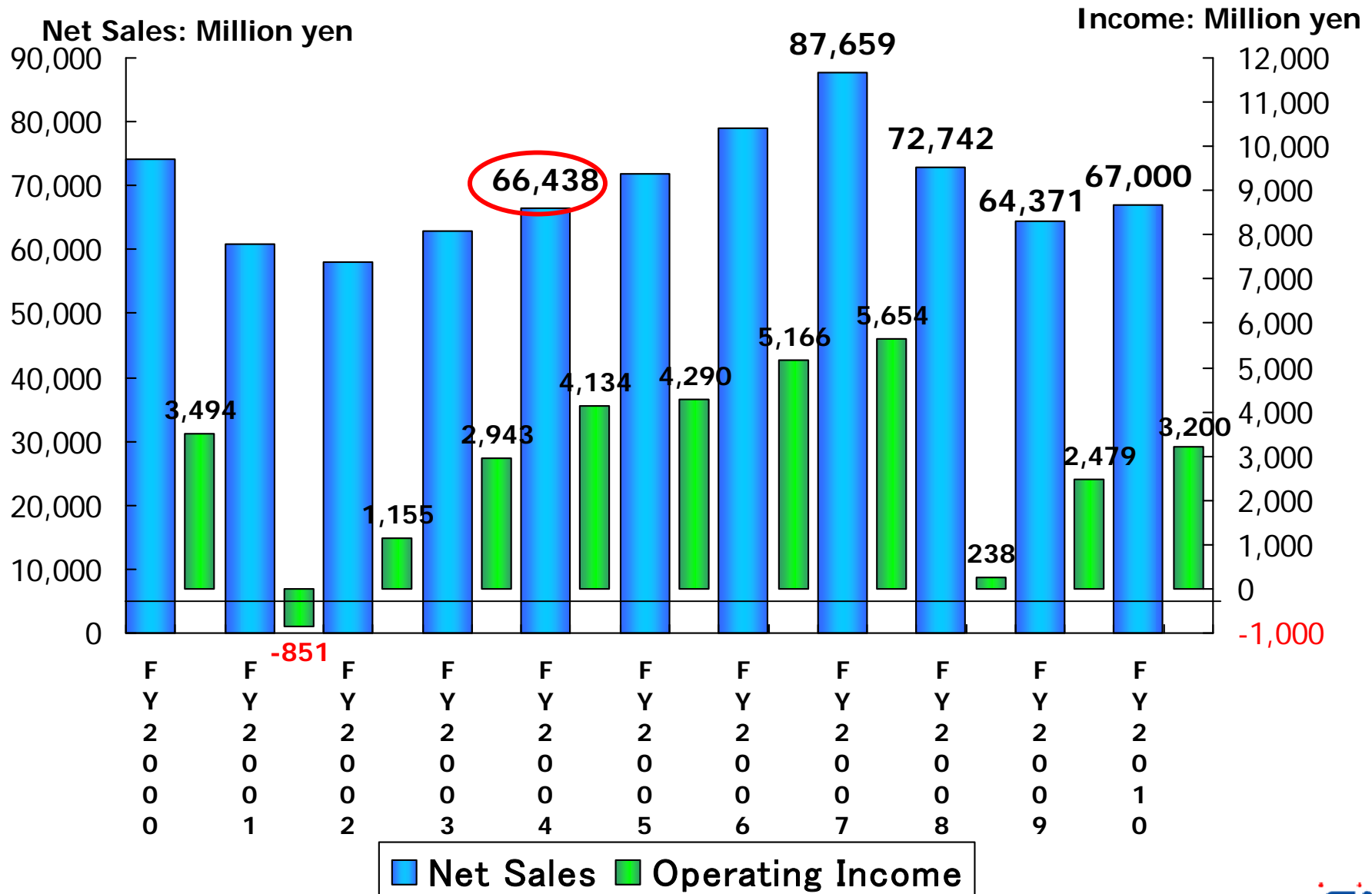


Half Fiscal Term Performance (FY2007-FY2009) 16/51



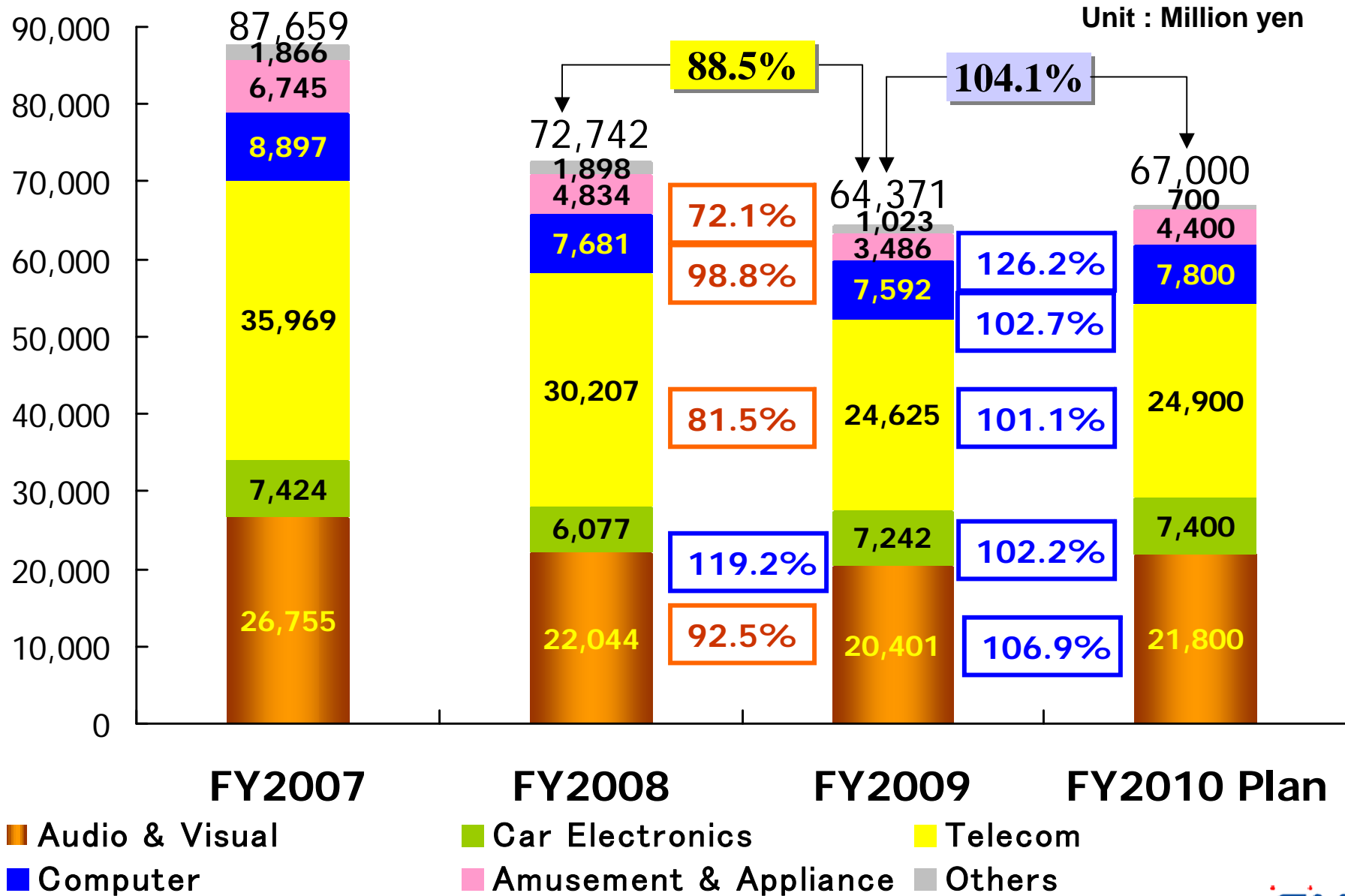


Fiscal Term Sales & Operating Income Performance (FY2000-FY2010)





<Consolidated> Net Sales by Market





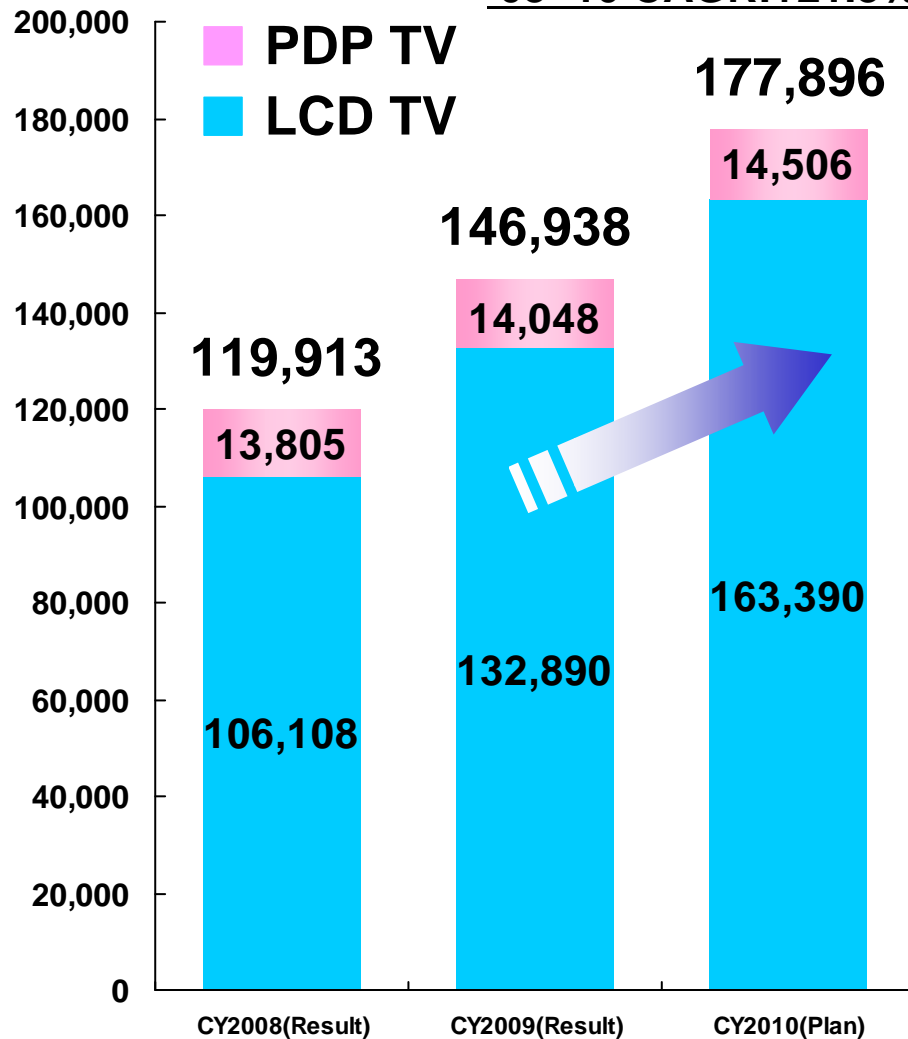
<Main Market Trends-1>

Flat Panel TV (LCD and PDP TVs)

Unit : thousands

<No. of units produced W/W>

'08-'10 CAGR:+21.8%



Source : JEITA

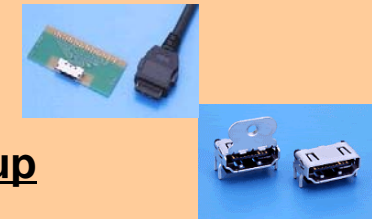
<SMK strategy>

- Further increase remote control sales
 - Expand market share of models to capture volume zone
 - Expand RF (wireless) remote control business

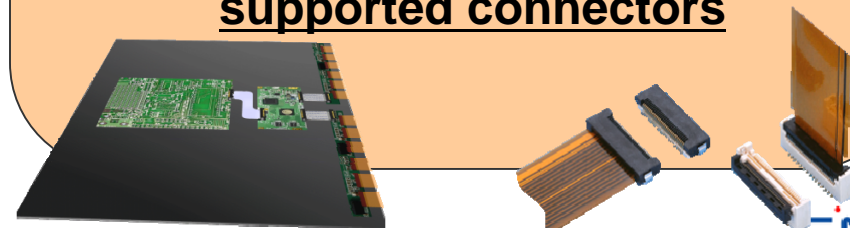


- Propose and expand product sales based on market needs

Expand interface connector product lineup



Intensify promotion of shield FPC supported connectors





<Main Market Trends-2>

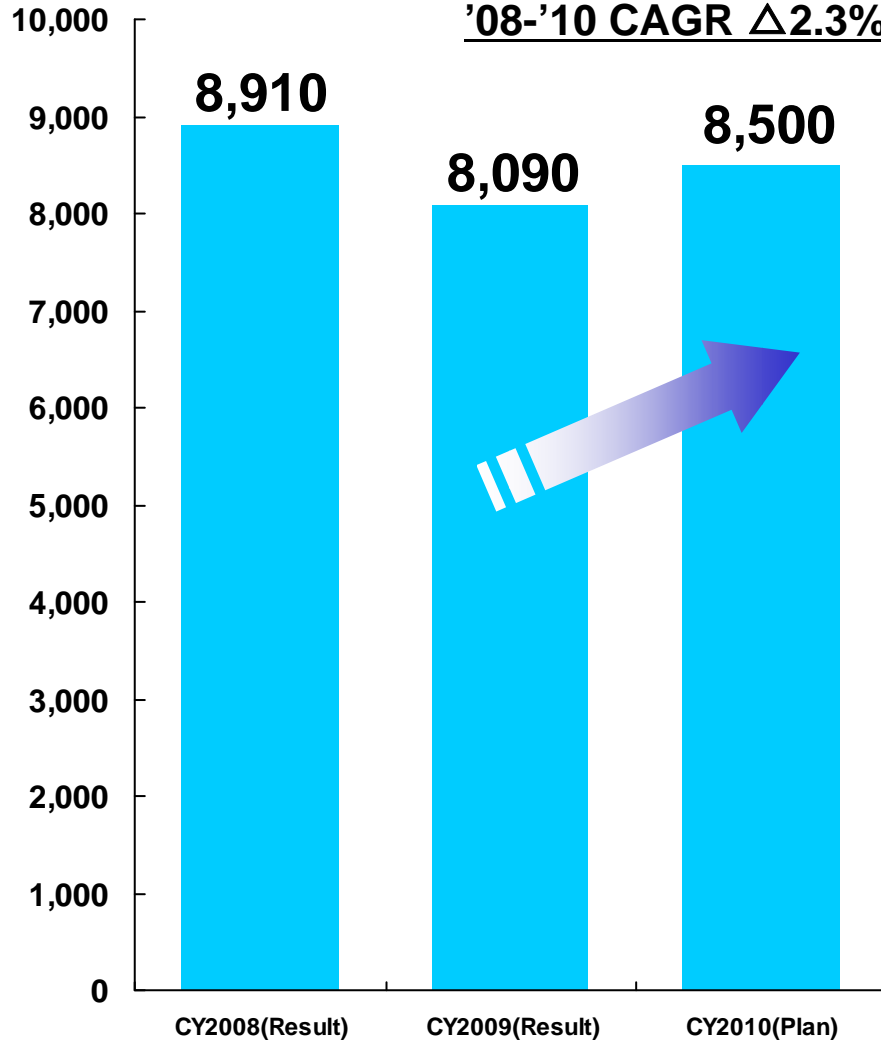
20/51

Car Navigation Systems

Unit :
thousands

<No. of units produced W/W>

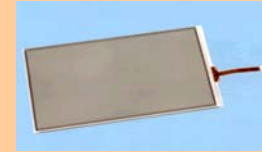
'08-'10 CAGR Δ 2.3%



Source : JEITA

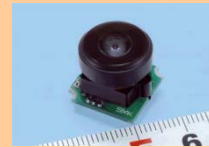
<SMK strategy>

- Expand touch-panel business in line with increased use of car navigation systems



- Concentrated sales promotion of products based on market needs

Intensify promotion of car camera modules, digital broadcast connectors, car antenna coaxial connectors



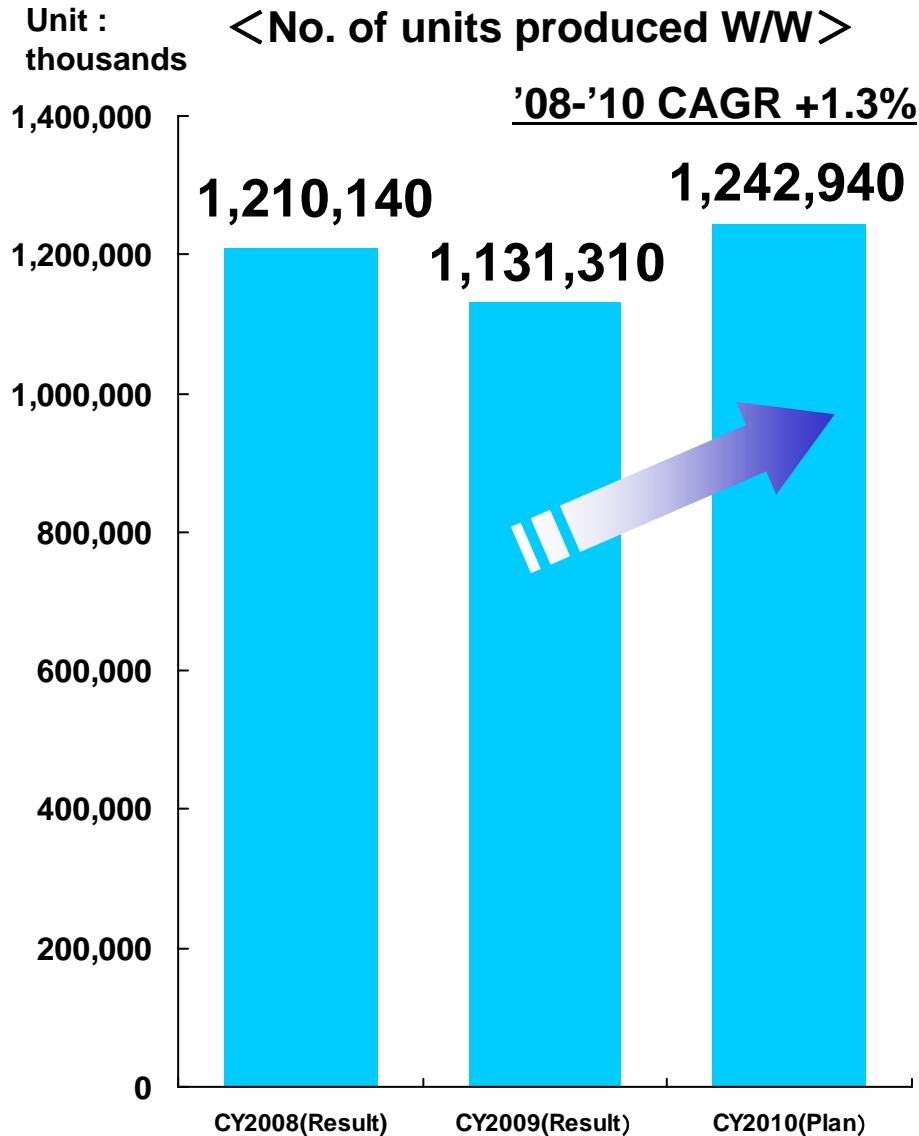
- Intensify new business expansion activities

Promote product development by targeting overseas OEM manufacturers (auto manufacturers) and consolidating approach towards electric vehicle



<Main Market Trends-3>

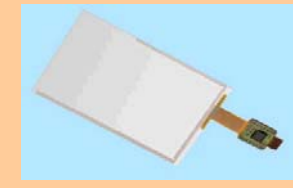
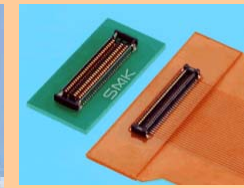
Mobile Phones



Source : JEITA

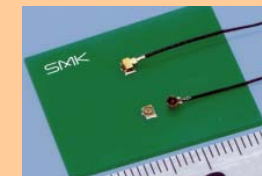
<SMK strategy>

- **Improve cost competitiveness to increase sales**
Improve VA proposal ability and speed-up development
- **Achieve high reliability focusing on smartphone products**
Propose and develop highly-reliable switches, internal connectors, and touch panels etc.



- **Intensify participation in next generation wireless communications market**

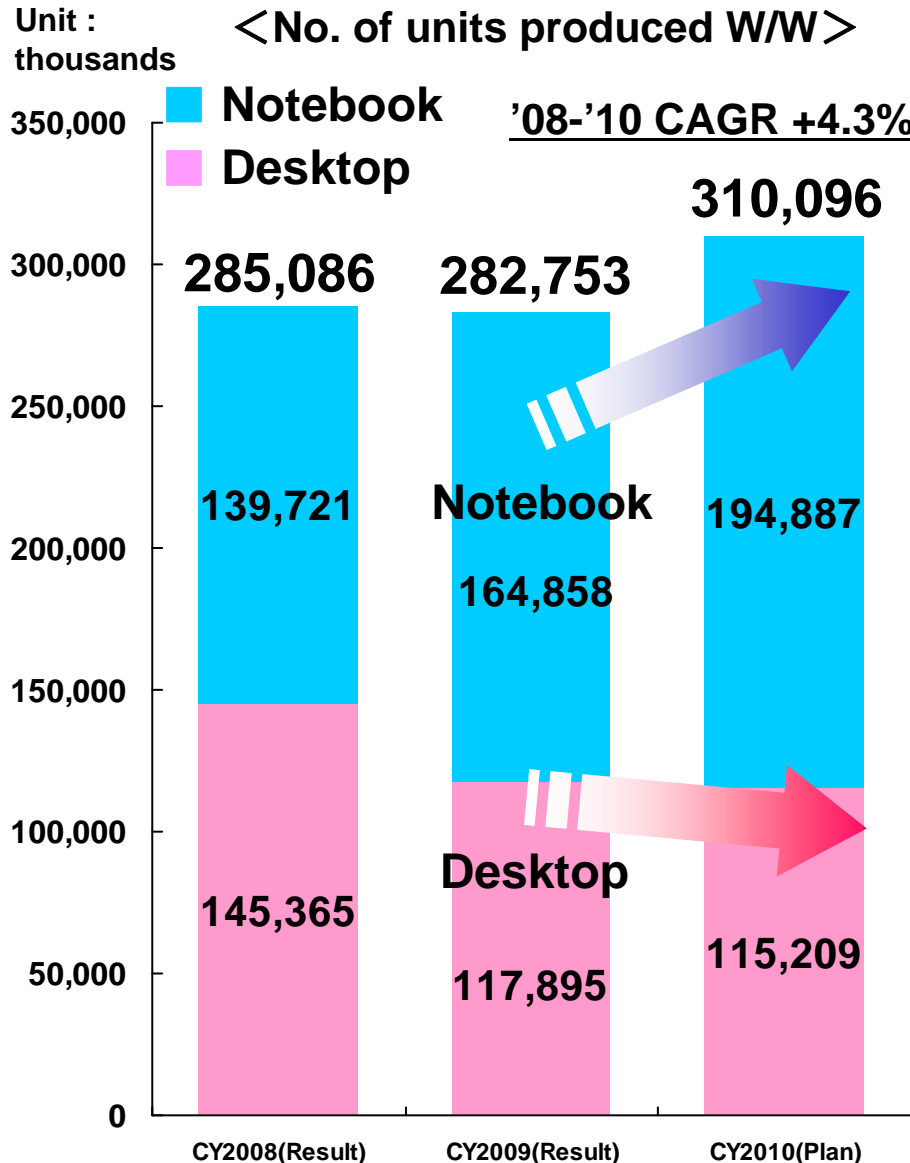
Focus on developing new products for antennas and high frequency components





<Main Market Trends-4>

Personal Computer(Desktop & Notebook PCs)



Source : JEITA

<SMK strategy>

- Improve Windows 7 supported remote controls and touch panels

Approach major overseas manufacturers



- Promote expansion of high frequency components to the notebook computer and i-card market

Propose composite coaxial connector and antenna for mobile WiMAX

- Development promotion of high value added products

Quick-release power connectors, new pointing device attached remote controls etc.

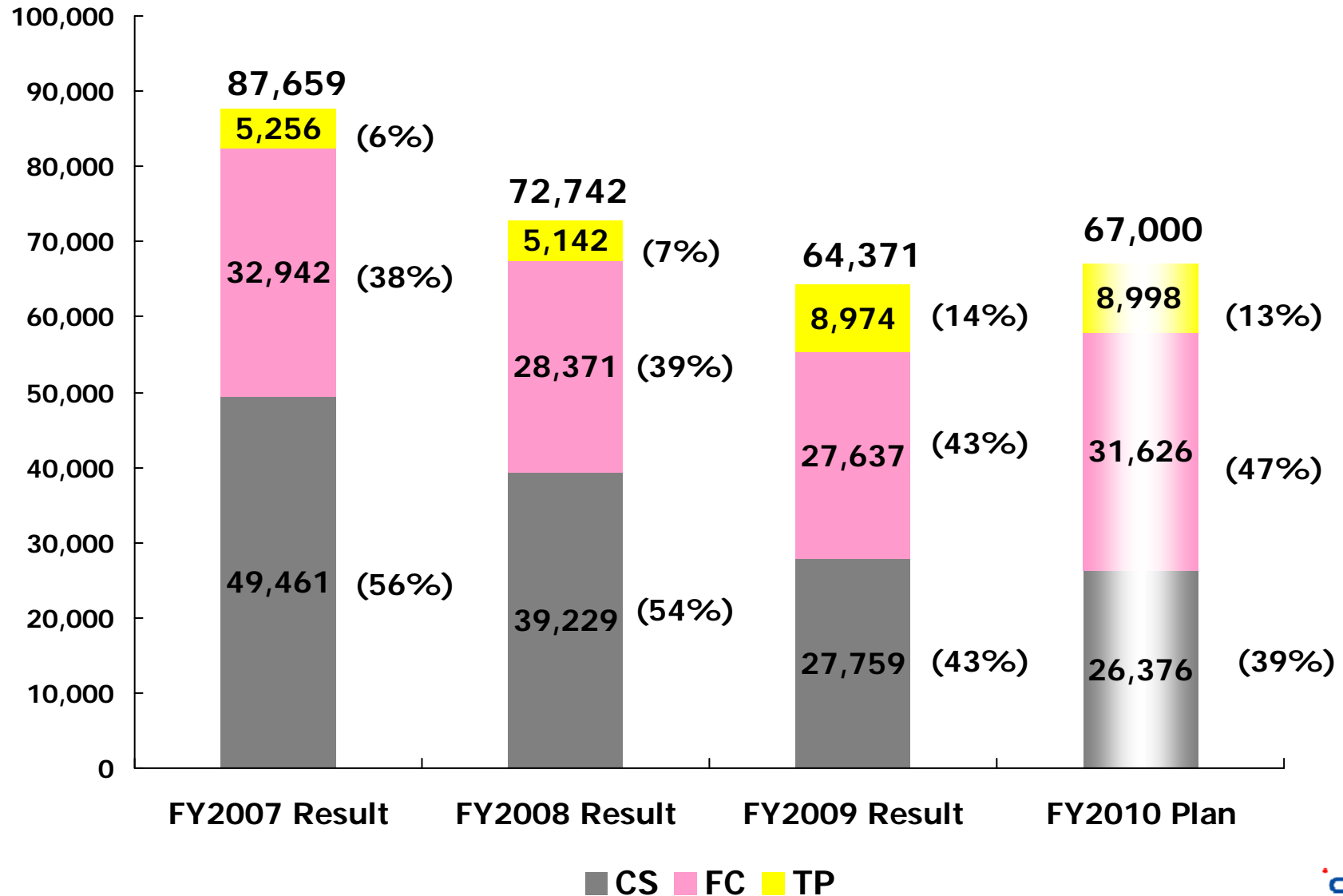




Reference: <Consolidated> Net Sales by Product Division 23/51 (FY2007-FY2010)

Sales Amount : Million yen

() : Composition ratio

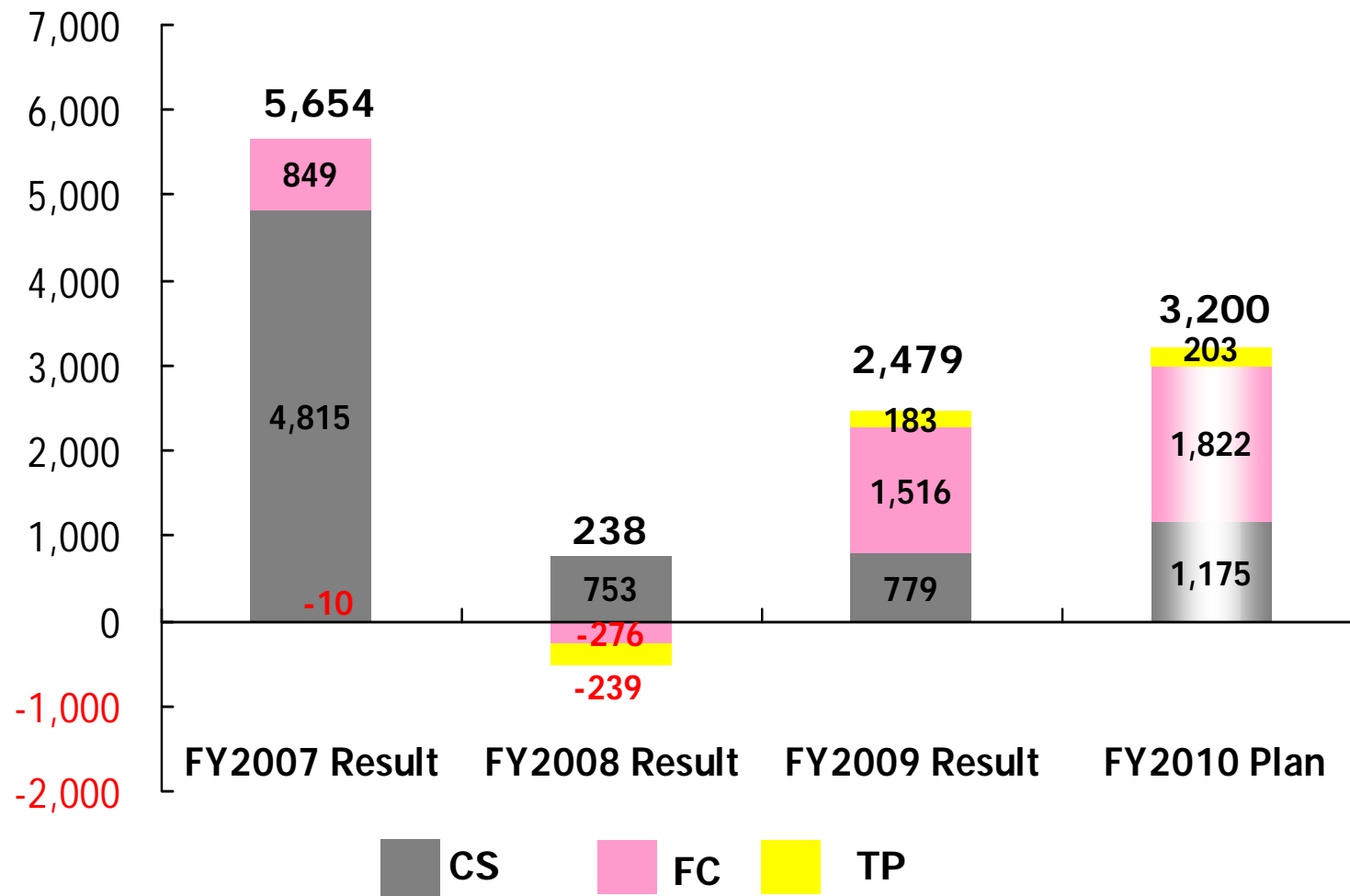




Reference: <Consolidated> Operating Income by Product Division (FY2007-FY2010)

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Profit Amount : Million yen





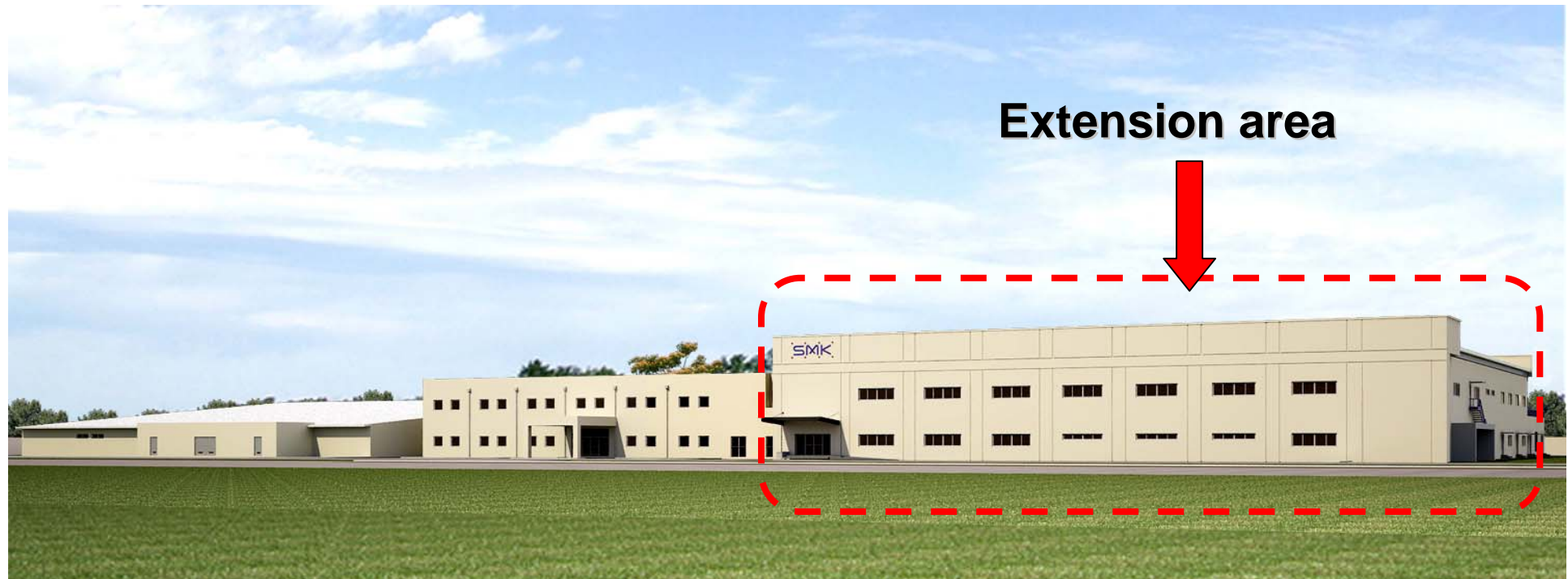
Ability reinforcement of Filipino factory (Touch Panel) 25/51

Extension area : 4,000m² × house of 2 stories

Finish date : 2010, Oct

Investment amount : 1 billion yen

Capacity of production : 1.5 times





Transfer of executive officer

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Valid date : 2010, JUN, 24th

(Announce date : 2010, APR, 26th)

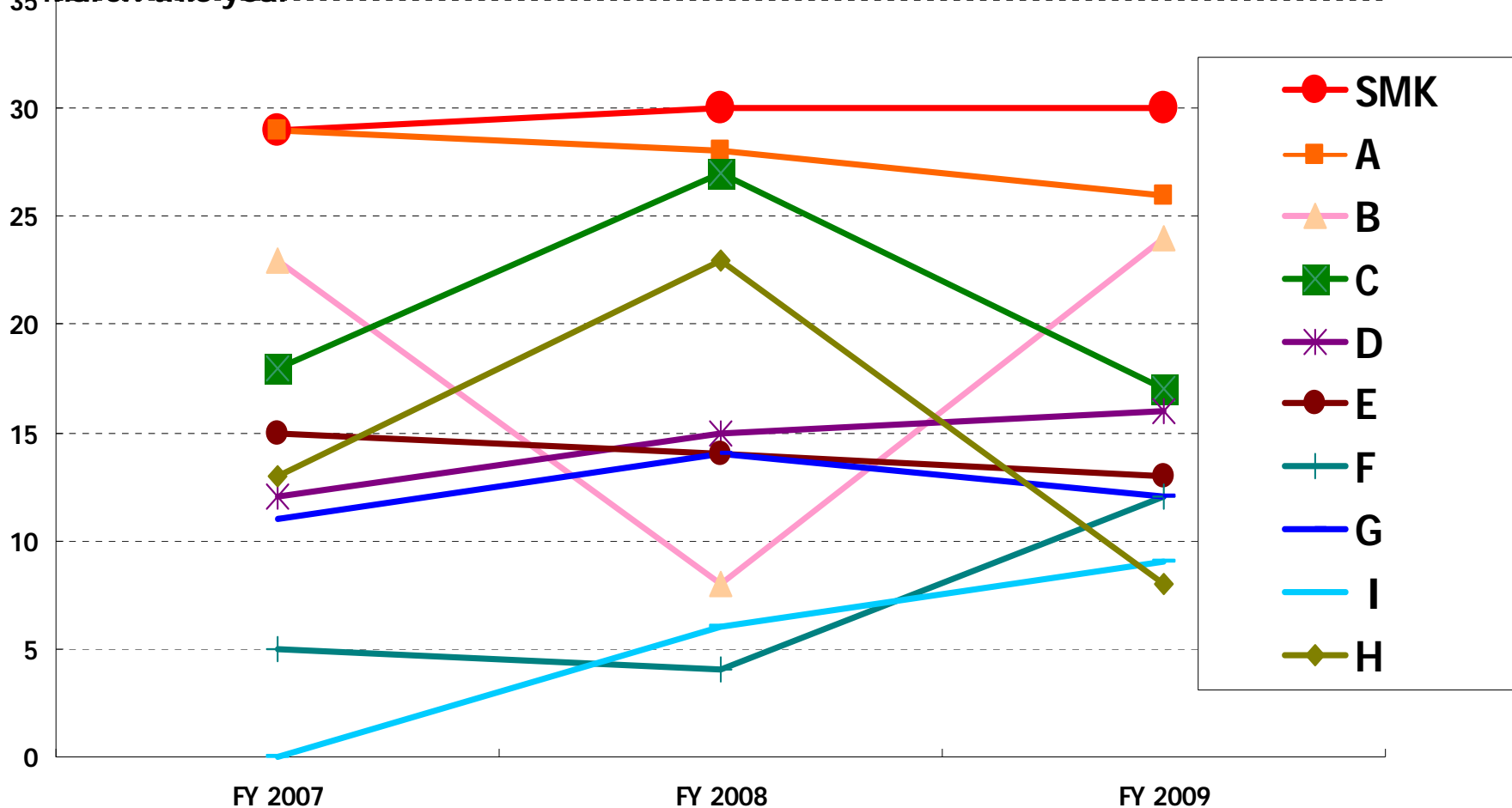
New	Before	Name
Director and Executive Vice President	Executive Vice President	Sakurai Yoshio
Executive Vice President	Vice President	Paul Evans
Vice President	TP senior general manager	Yanagi Shigechika
Vice President	Production Management Dept. General Manager	Ishibashi Takemi
Vice President	General Affairs Dept. General Manager	Ohgaki Kohei
Superior Advisor	Director and Senior Executive Vice President	Yamamoto Tadashi
Adviser	Executive Vice President	Irisawa Makoto



Number of New Product Press Releases <Comparison Top 10 Companies of Electronic Parts>

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Number of new product releases : 12 months from April of the previous year to March this year

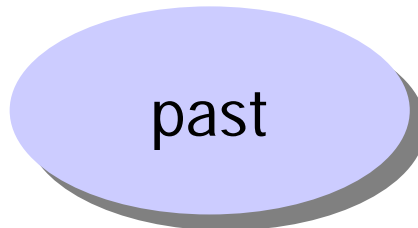
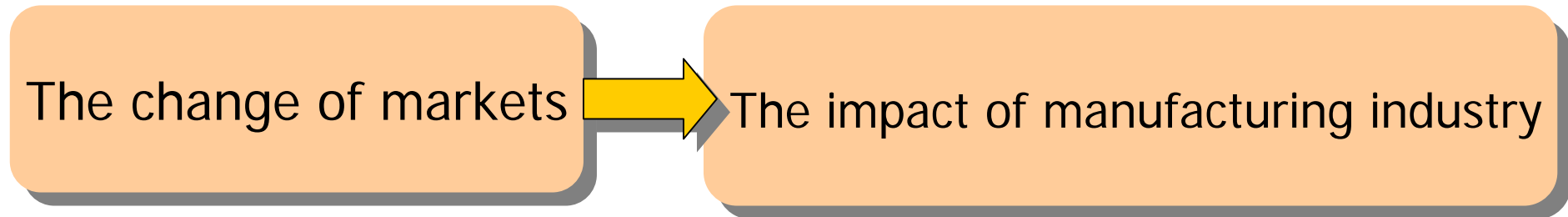


* Out of 50 companies listed in the “50 Major Companies for Electronic Parts,” an article from February 22, 2010 in Dempa Shimbun (Newspaper)
* The top 10 companies listed here were identified by counting the number of new product press releases from each company’s website in SMK.

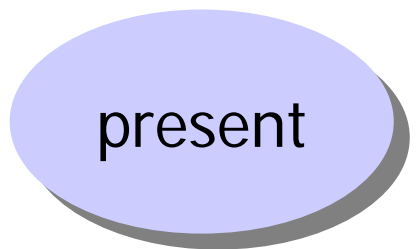
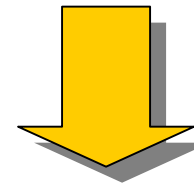


Paradigm shift

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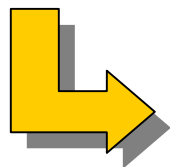


Lower price = Poor quality



Lower price = Acceptable quality

From vertical integration to horizontal division of work



There is a move to introduce the vertical integration again?



Basic Approach: Expansion with reasonable profits

- Review production system to deal with the paradigm shift of the market.
 - Focus on basics of manufacturing and accumulate element technologies internally.
 - Plan new strategic products and expand sales by restructuring marketing activities.
 - Make strategic investments to produce high-value-added products.
 - Rebuild business in Europe and expand business in developing countries.
 - Develop businesses in ecology, energy and health markets.
 - Improve competitiveness by enhancing environmental management
 - Make enhancements to SMK risk management (compliance, business secrets, and BCM) .
-
- Making innovations to be a value-creating company which can realize continuous growth.



"Value Improvement" and "New Challenges"

"We have to change to remain the same."

**Dedication to and devotion in marketing and selling.
Creation, manufacturing, and perfecting of products.**



CS Division



CS Division

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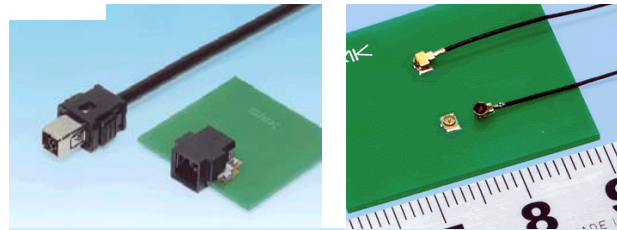
CS=Connection System

【Major Products】 : Connector/Jack

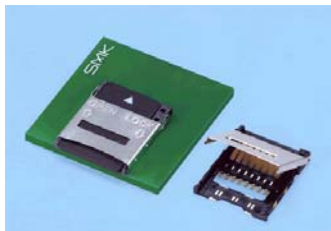
■ Connector



FPC Connector



Coaxial Connector

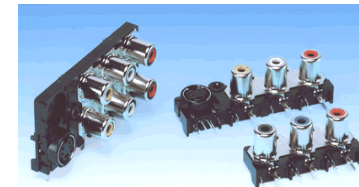


Card Connector



Interface Connector

■ Jack



Pin Jack
Speaker Terminal



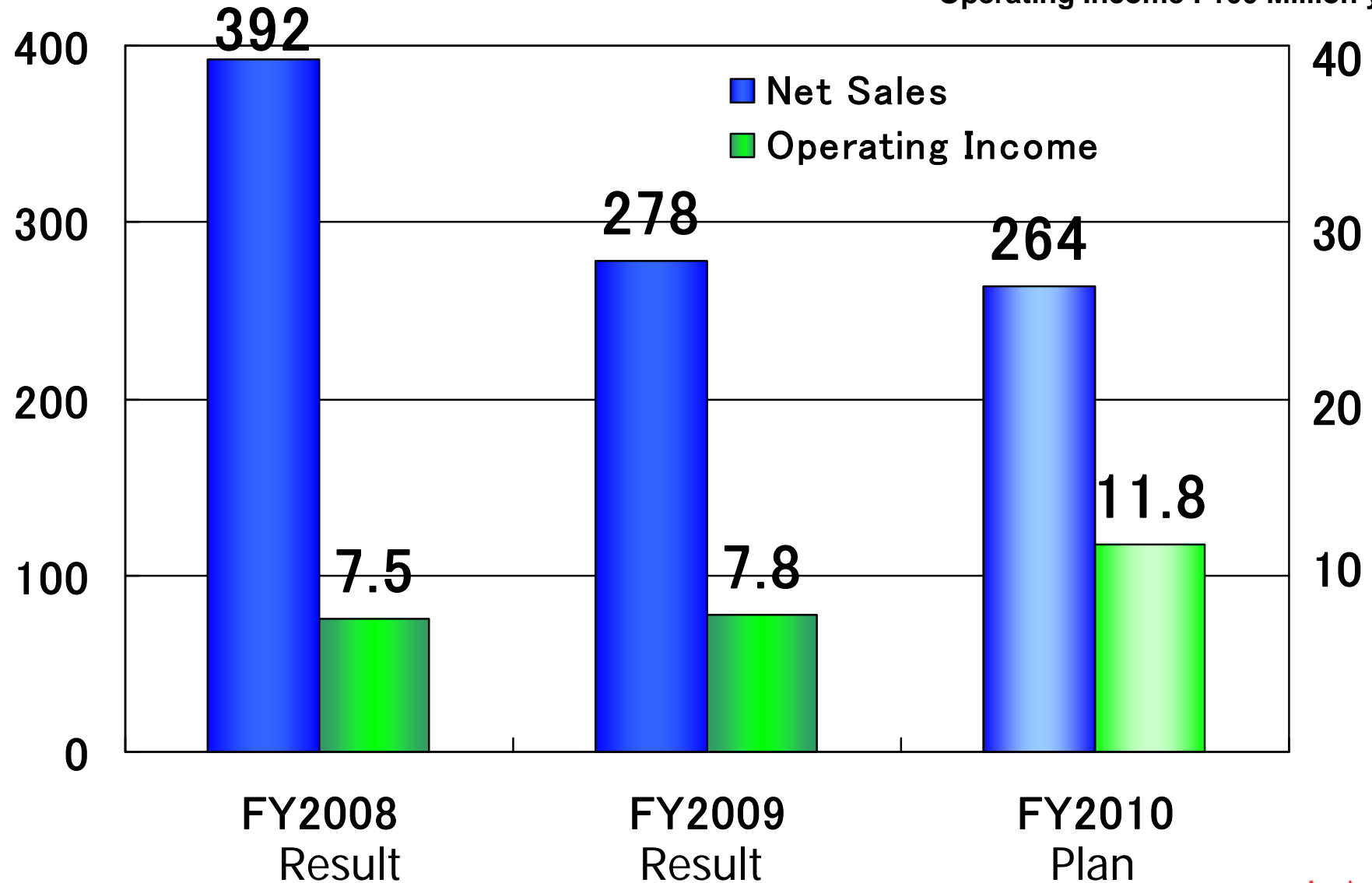
DC Power Supply Jack
Headphone Jack



CS Division Net Sales, Operating Income (Consolidated)

Sales Amount : 100 Million yen

Operating Income : 100 Million yen

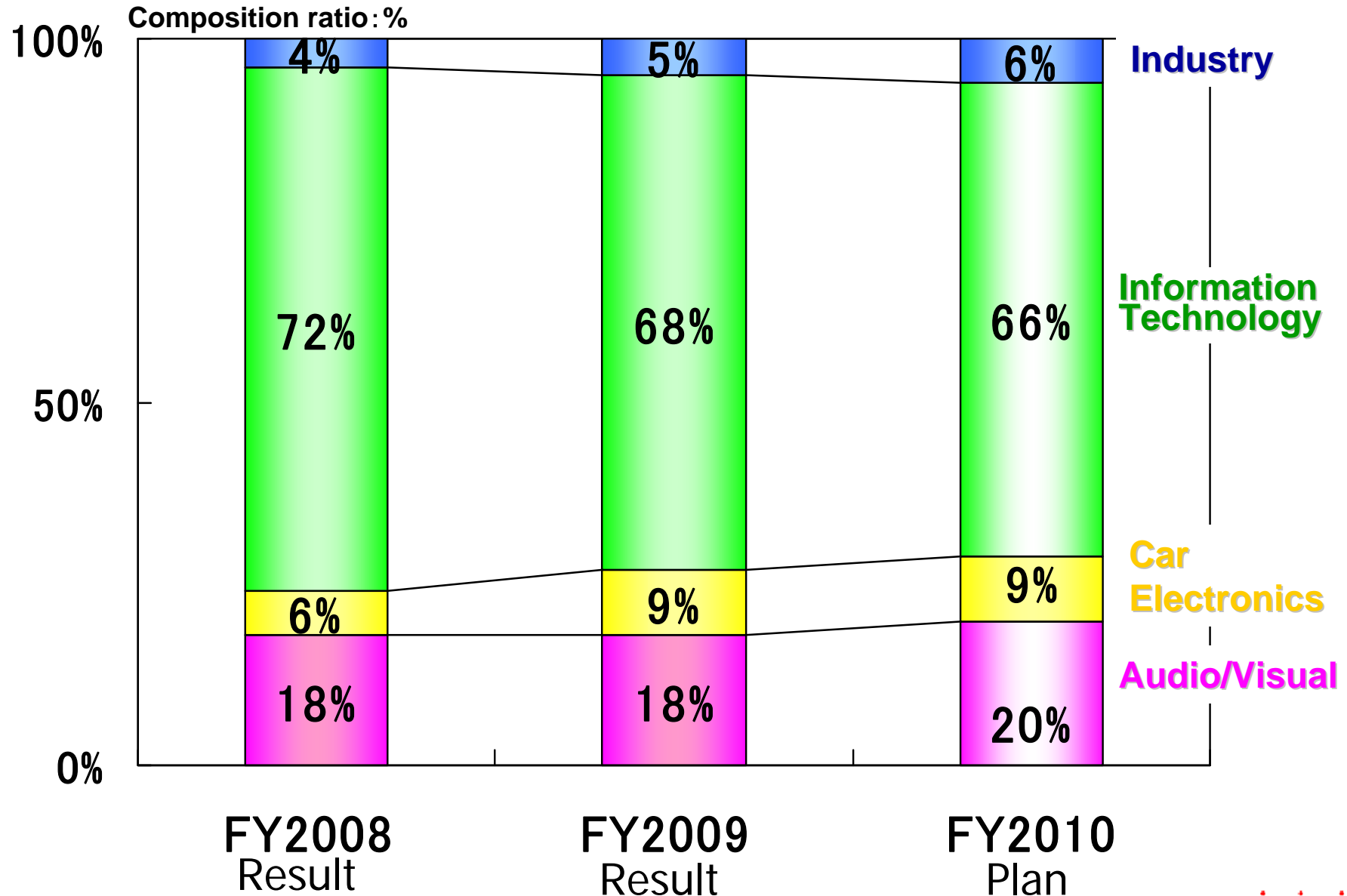




CS Division (Consolidated)

Transition of market-specific sales

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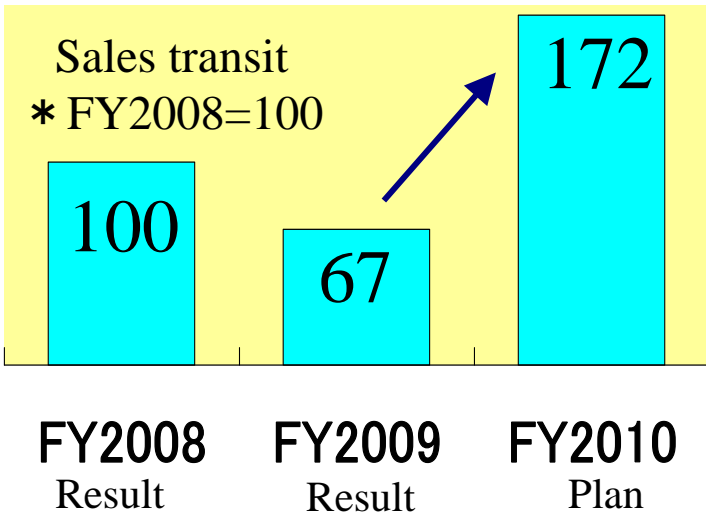




CS Division Product strategy - sales expansion through higher functionality and technological ideas

Increase amount of information
→ support high-speed transmission

Improve high value added products for internal connections: FPC connectors

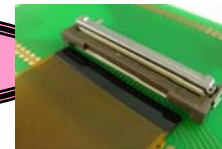


For compact devices: smartphones and electronic books etc.

Space-saving, low-profile **EN Series** successful, production upgrade



High-reliability, robust type currently improving variation



Car electronics Meter area, sensors, radar connection

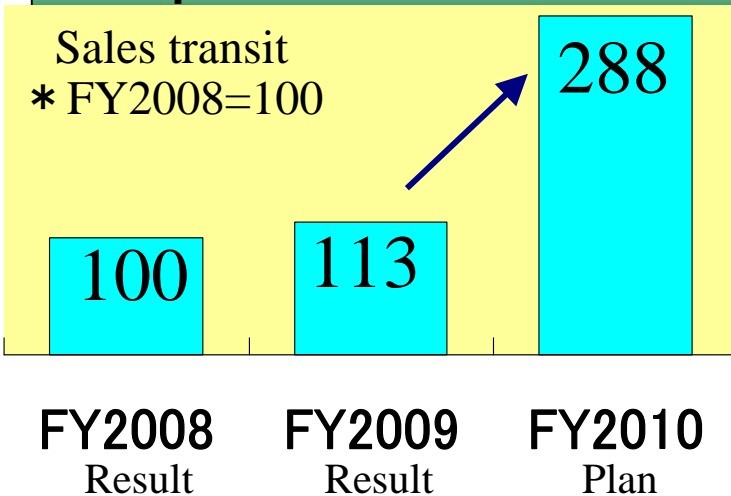


EC/EF Series successful

⇒ Development of new **BF Series** products

Improve high value added products for internal connections: insulation Displacement connectors and Crimping connectors

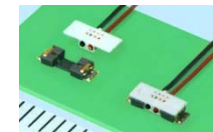
- ◆ Lowest profile in the industry ◆
- ◆ Emphasis on durability and performance ◆



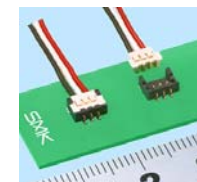
For compact devices: smartphones and electronic books etc.

Low-profile insulation displacement **ID Series**

⇒ Increase number of adopting manufacturers



Increased variation



1.2mm pitch

Board to wire crimping connectors



Mobile phone / portable device market

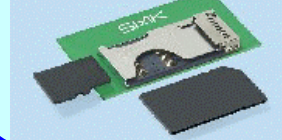


Board to board connectors
PB-4 >> improved variation

Strive for low-profile / space-saving products

Composite card connectors

Low-profile type



Battery connector (new mechanism)



Eco market

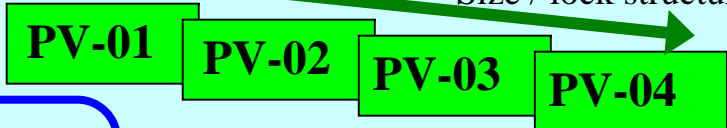


Solar cell
Module connectors



Waterproof technology
Weatherability / flame-retardant

Increased variation



Next generation illumination



LED illumination connectors

Wireless modules – increase installation rate

Coaxial connectors

TS-9
support mobile
WiMAX™

Expand application
>>notebook PCs
>>smart meters
etc.



Car electronics market



Car camera connectors



Installation rate UP

Healthcare market

Increased personal use

Medical equipment connectors
(Interface connectors, sensor connectors etc.)



Reactivation to growth

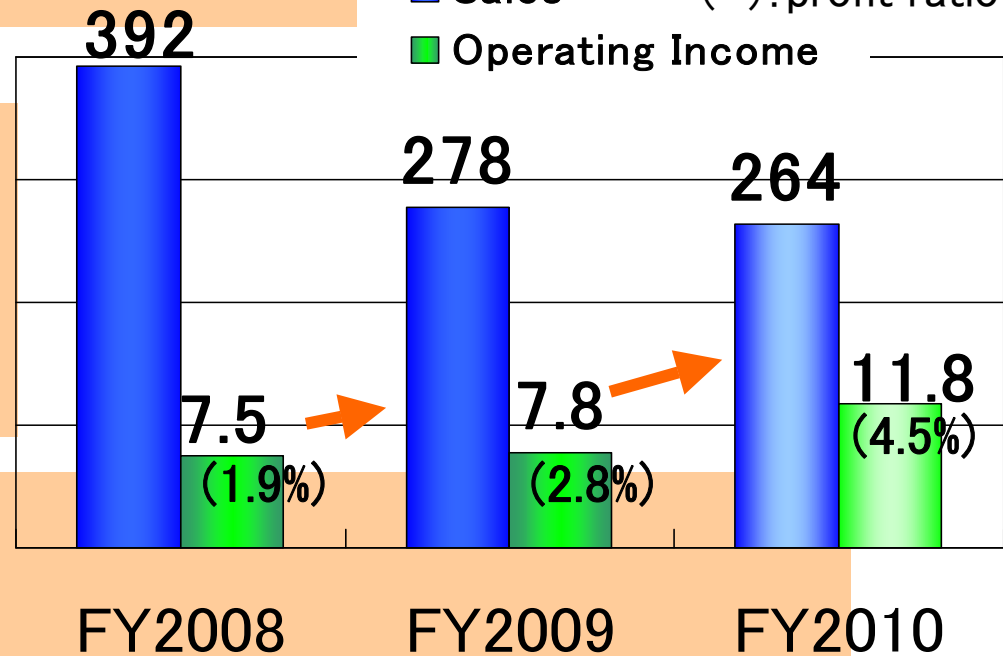
1. Development power strengthening

- Speed
- New items
- Choice and Concentration

constitution strength

Improvement of Sales/Profit ratio

■ Sales (): profit ratio
 ■ Operating Income



2. Pursuit of Efficiency

Keep gain on board

All perfectly suit

Total quality

3. Improvement of Competitiveness

Manufacturing --- self-manufacture ▪ unmanned

Marketing power

Push ahead with SCM make something of IT



FC Division

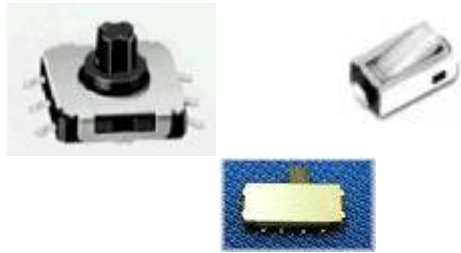


FC Division

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【Main products】 FC=Functional Components

SW (Switch)



Various types of switches

UN (Unit)



Antenna



Bluetooth Unit
(Microphone-free
Bluetooth headset)



Control Panel

RC (Remote Control)



Remote
Control



Color Intelligent
Remote Control

MD (Module)



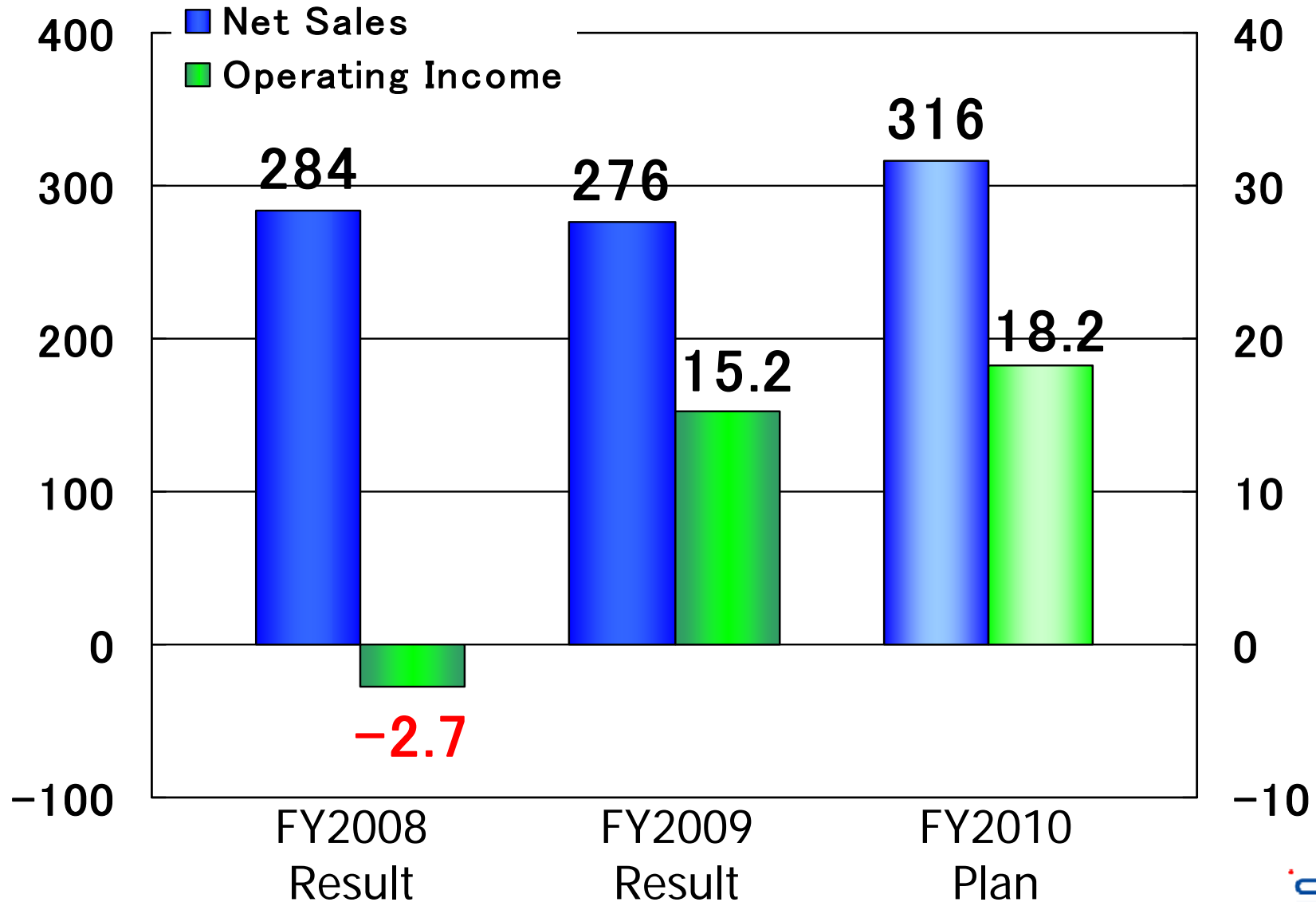
Camera Module



FC Division Net Sales, Operating Income (Consolidated)

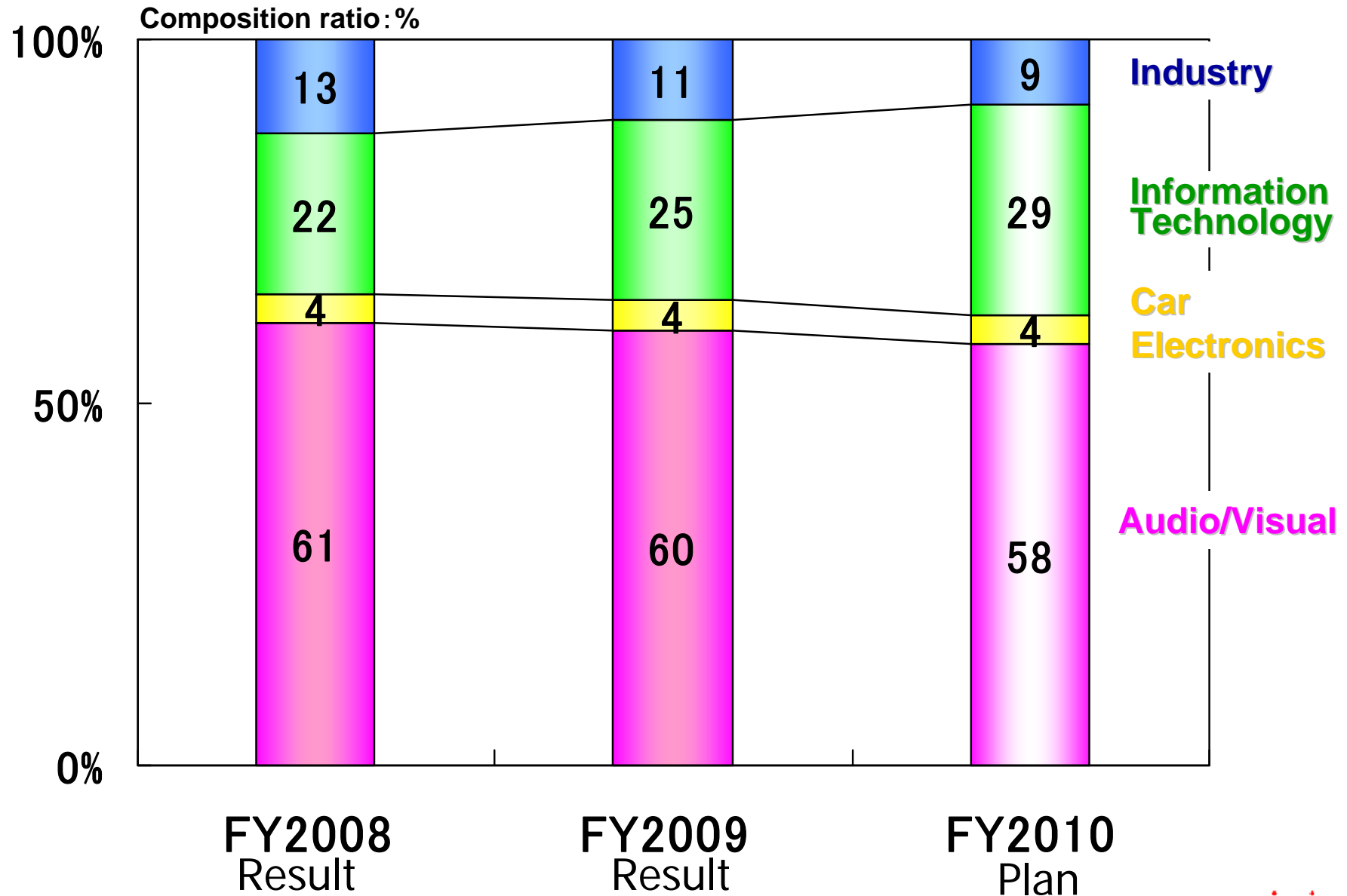
Sales Amount : 100 Million yen

Operating Income : 100 Million yen





FC Division Transition of market-specific sales 41/51 (Consolidated)





FC Division Priority Approach Market/Priority Product

Smart Phone



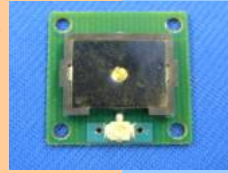
1 Dome Switch



Midmount Horizontal Push Switch



Capacitive switch

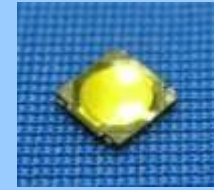


Antenna coupler



RF Remote Control Unit

Audio & Visual



MT Switch

(H=0.4mm)



Control Panel

Remote Control Unit for Automotive

Car Electronics



Long stroke push switch



Camera module



Remote control unit for air conditioner



Remote control unit for Sanitary

Home Appliance



Crystal Lipstick Mouse

超小型・充電式ワイヤレスマウス

The Best Mouse for Mobile PC

- Features
- Wireless Control:RF2.4GHz
 - Power Source:Rechargeable Lithium Polymer Battery Recharging by USB port

Made with CRYSTALLIZED™ - Swarovski Elements
Made with CRYSTALLIZED™ - Swarovski Elementsはスワロフスキー社の最高級カットクリスタルのプロダクトブランドです。





Shift to a path of growth

Strengthen technological development

No.1 product

Strengthen marketing

Capture volume zone

Maintain profit structure
(Cut variable costs + reduce fixed costs)



TP Division



TP Division

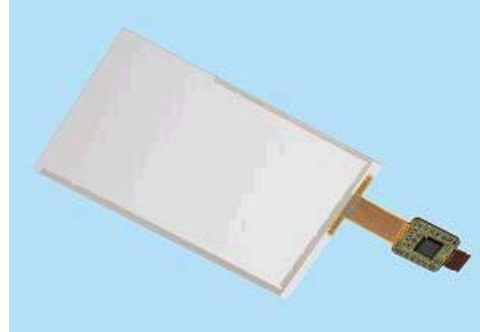
TP=Touch Panel

【Main products】 Touch Panel

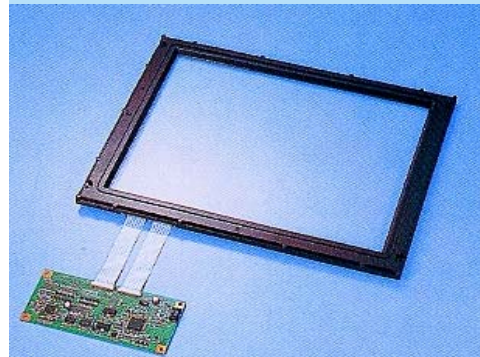
Resistance Sensitive Touch Panel



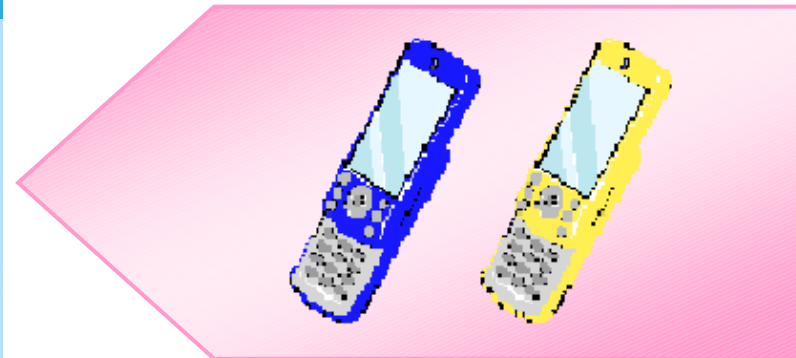
Capacitive Touch Panel



Optical Touch Panel



【Main application】

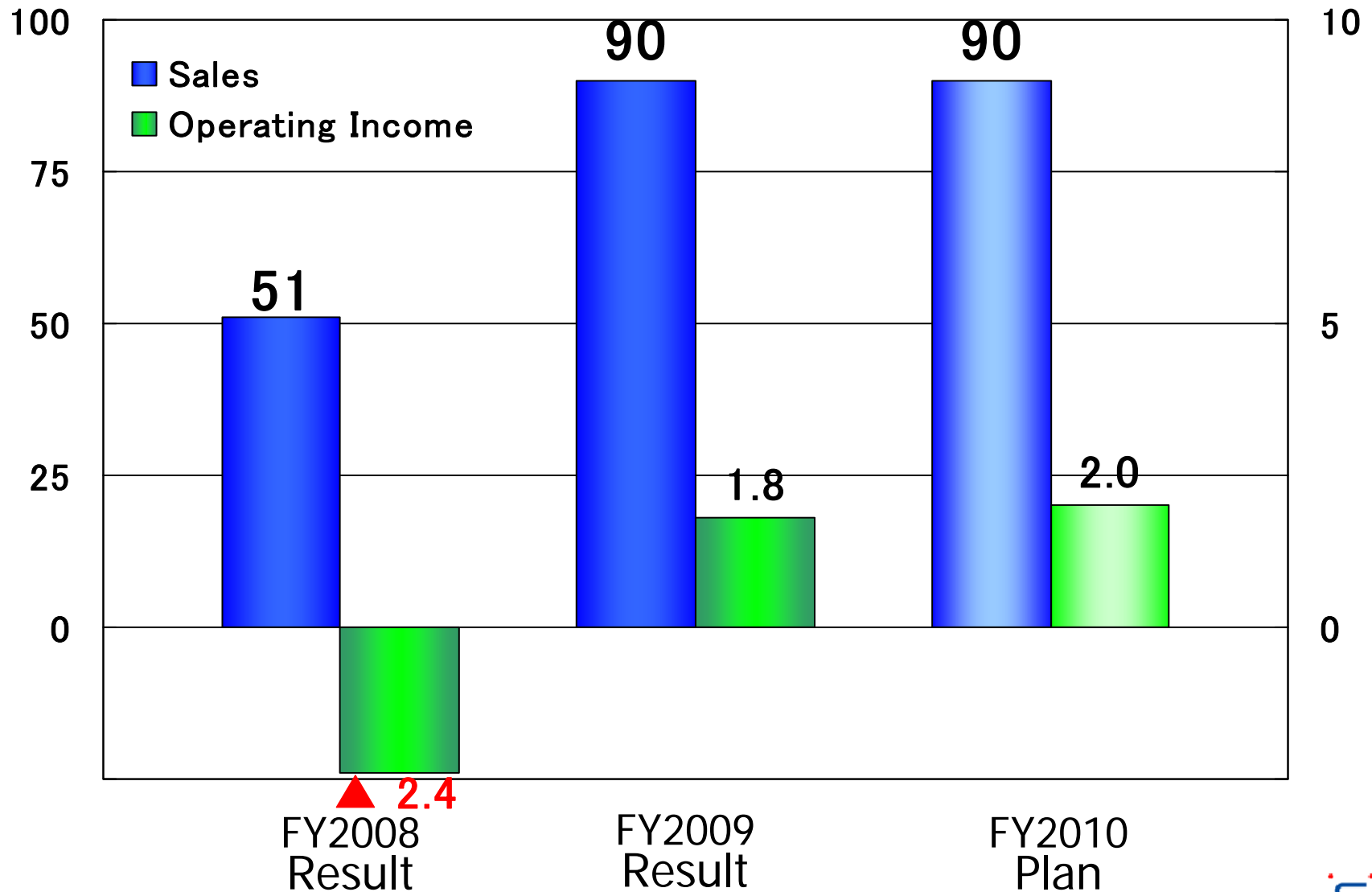




TP Division Net Sales, Operating Income (Consolidated)

Sales Amount : 100 Million yen

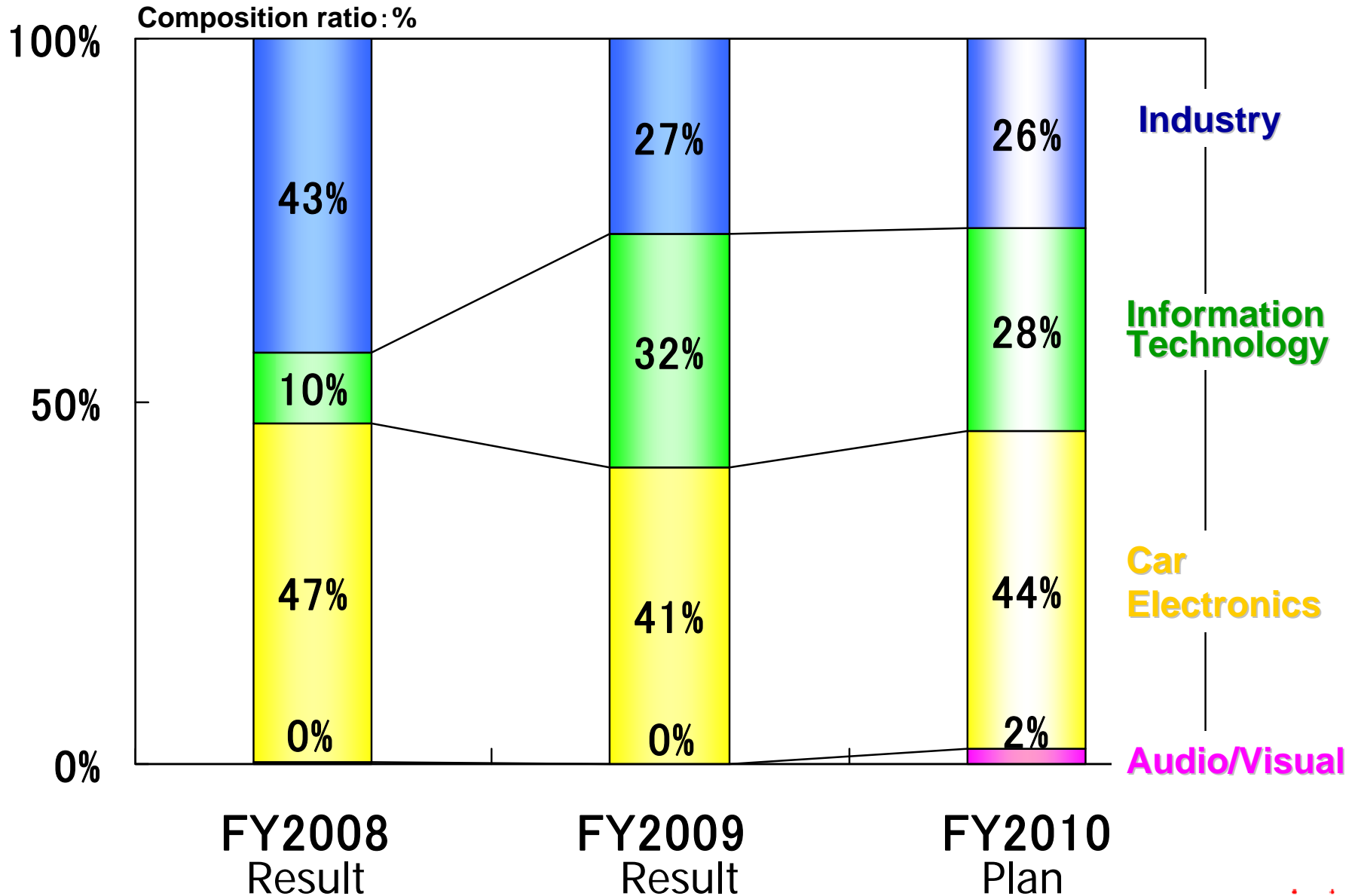
Operating Income : 100 Million yen





TP Division (Consolidated)

Transition of market-specific sales 48/51



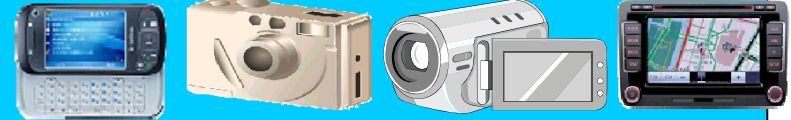


TP Division Priority Products and Priority Markets

Capacitance

Application-based product lineup enhancement

Strive for increased product thinness and lower costs



Break into new application markets
Expand cell-phone market share

In-car market

High value added products

- ★ Decoration touch panel (full flat)
- ★ Multi-touch input resistance-sensitive system
- ★ "Dokodemo touch" two-step input force feedback function



Expand market share



SMK-PH Plant

Plant expansion (due for completion by October 2010)

Production capacity – 150%





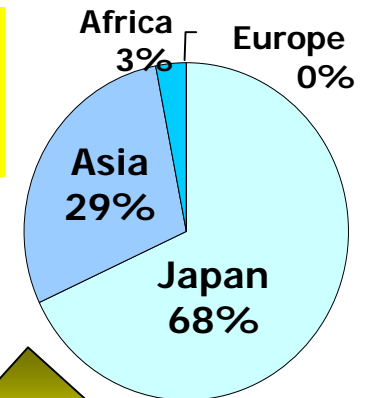
In preparation for expanding market

1 Expansion of sales

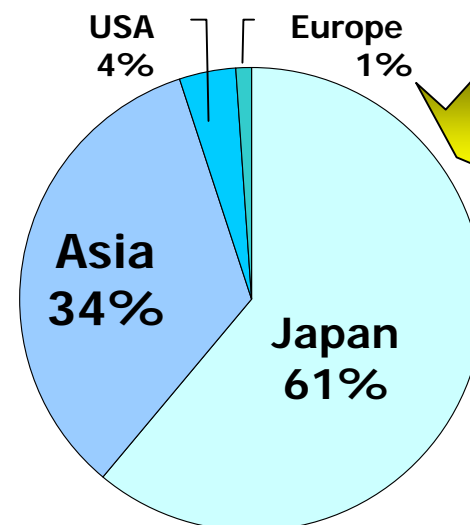
Capture of overseas market

Overseas Market Sales ratio

FY2009 Result

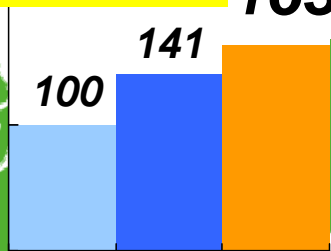


FY2010 Plan



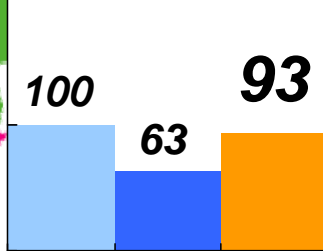
Asia(Outside of Japan)

163



USA

93



■ FY2008 Result = index number 100
 ■ FY2009 Result
 ■ FY2010 Plan

2 Expansion of gain

Products lineup

Development of new products

Products promotion of streamlining



Notice

51/51

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/>