



Business Report for FY2007

-From Apr. to June 2007-

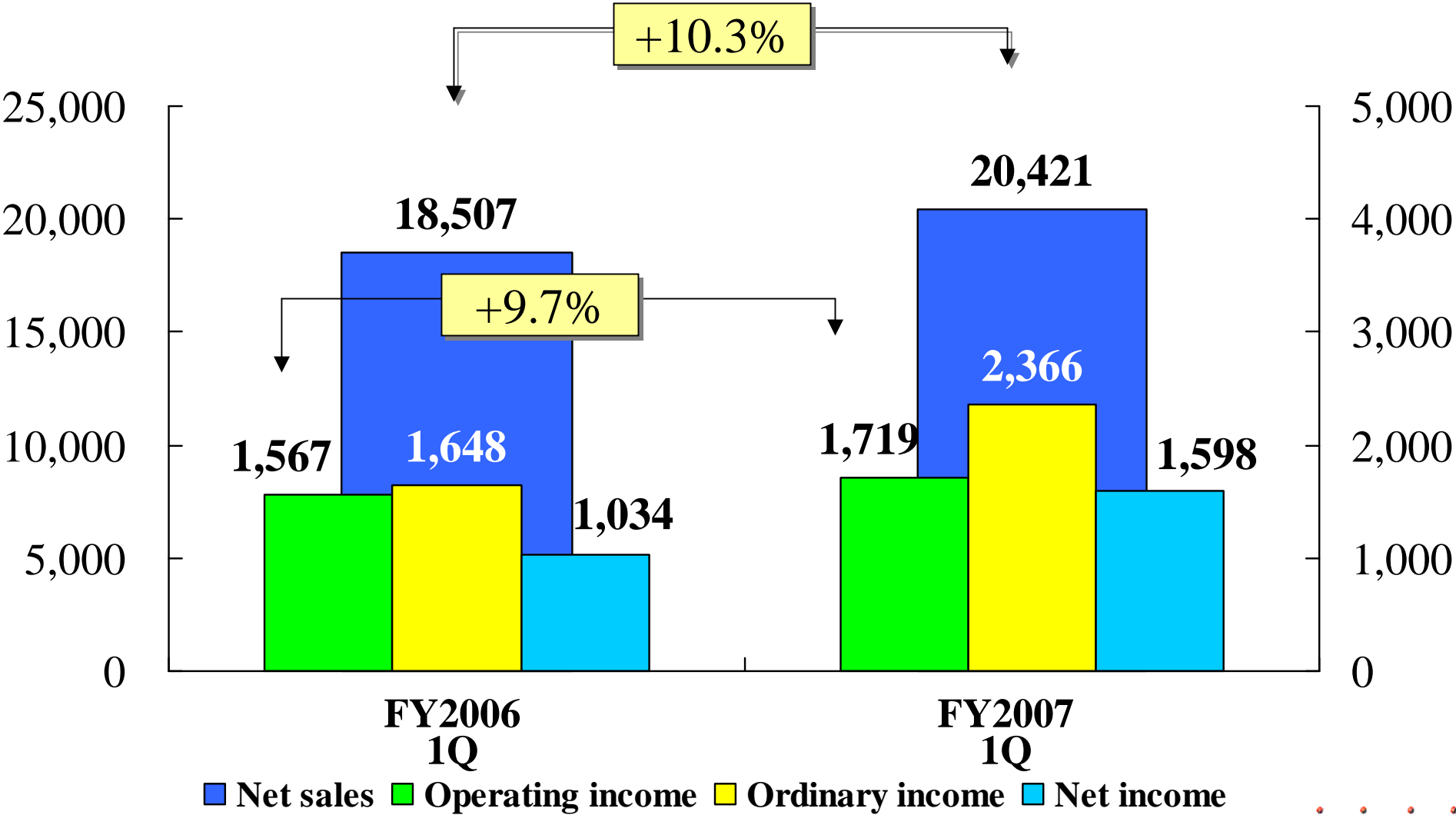
SMK Corporation

July, 2007

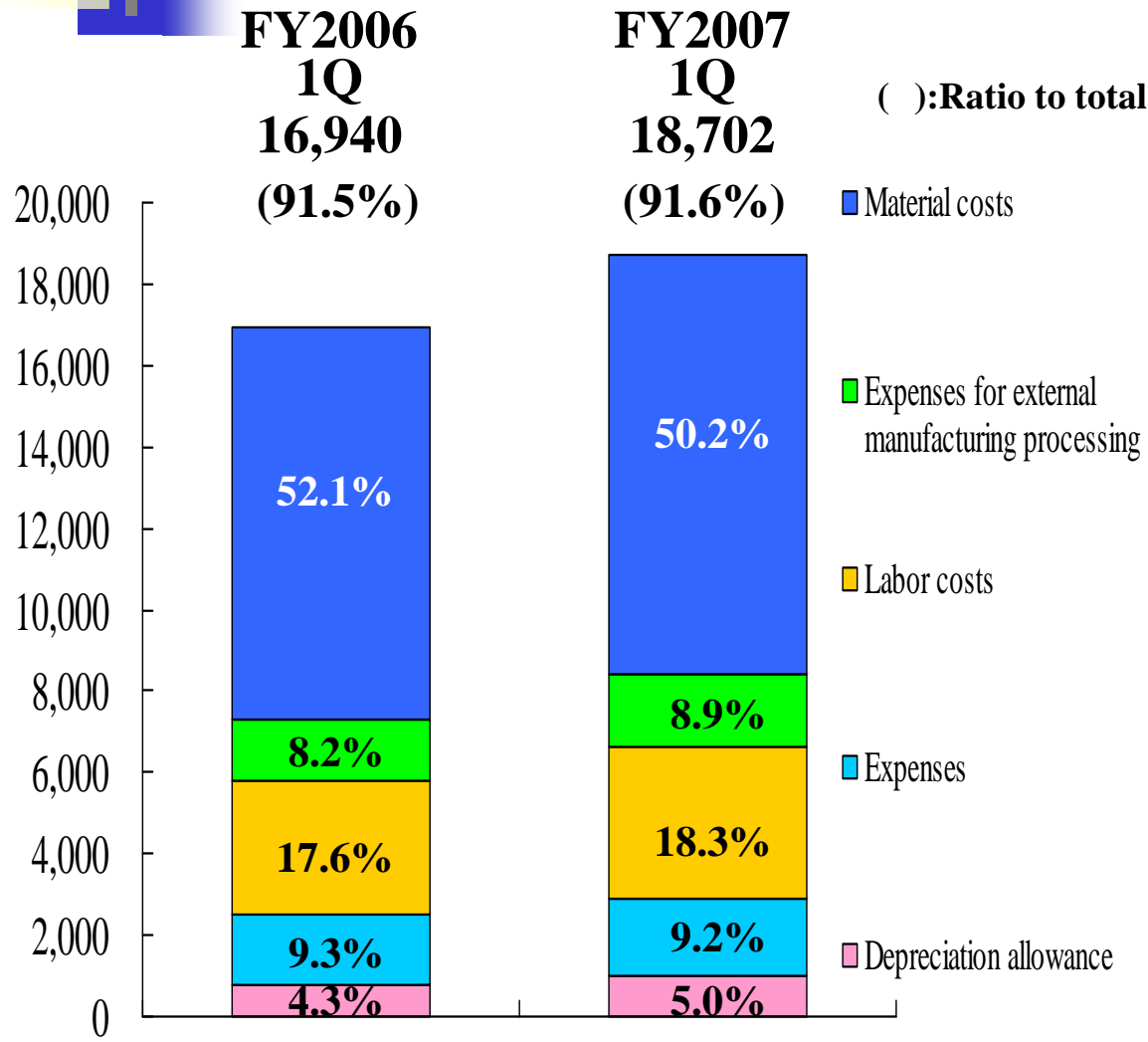
1Q Financial Result

Sales amount: Million yen

Profit: Million yen



Sales expenses



():Ratio to total sales

[(Material costs + Expenses for external manufacturing processing) improved by 1.2%]

60.3%→59.1% About 241million yen

[Labor costs increased by 0.7%]

Average number of work force of overseas Works

06/4-6 9,700 people } Increased by
 07/4-6 12,200 people } 2,500 people

Main works reporting increase:

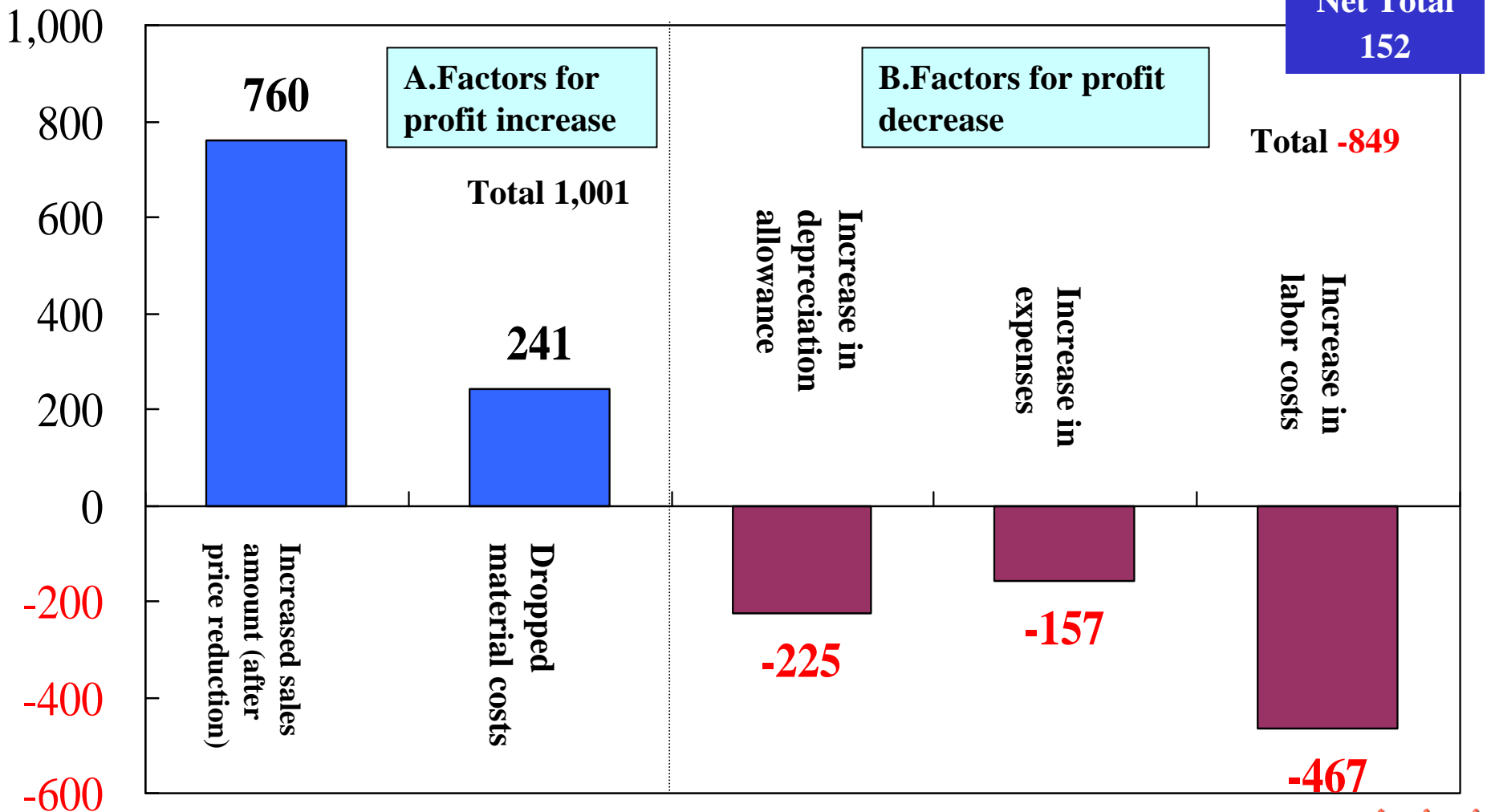
- :Huanan,China 2,200 people**
- :Mexico 300people**

Analysis of sales expenses

4/17

(Unit: Million yen)

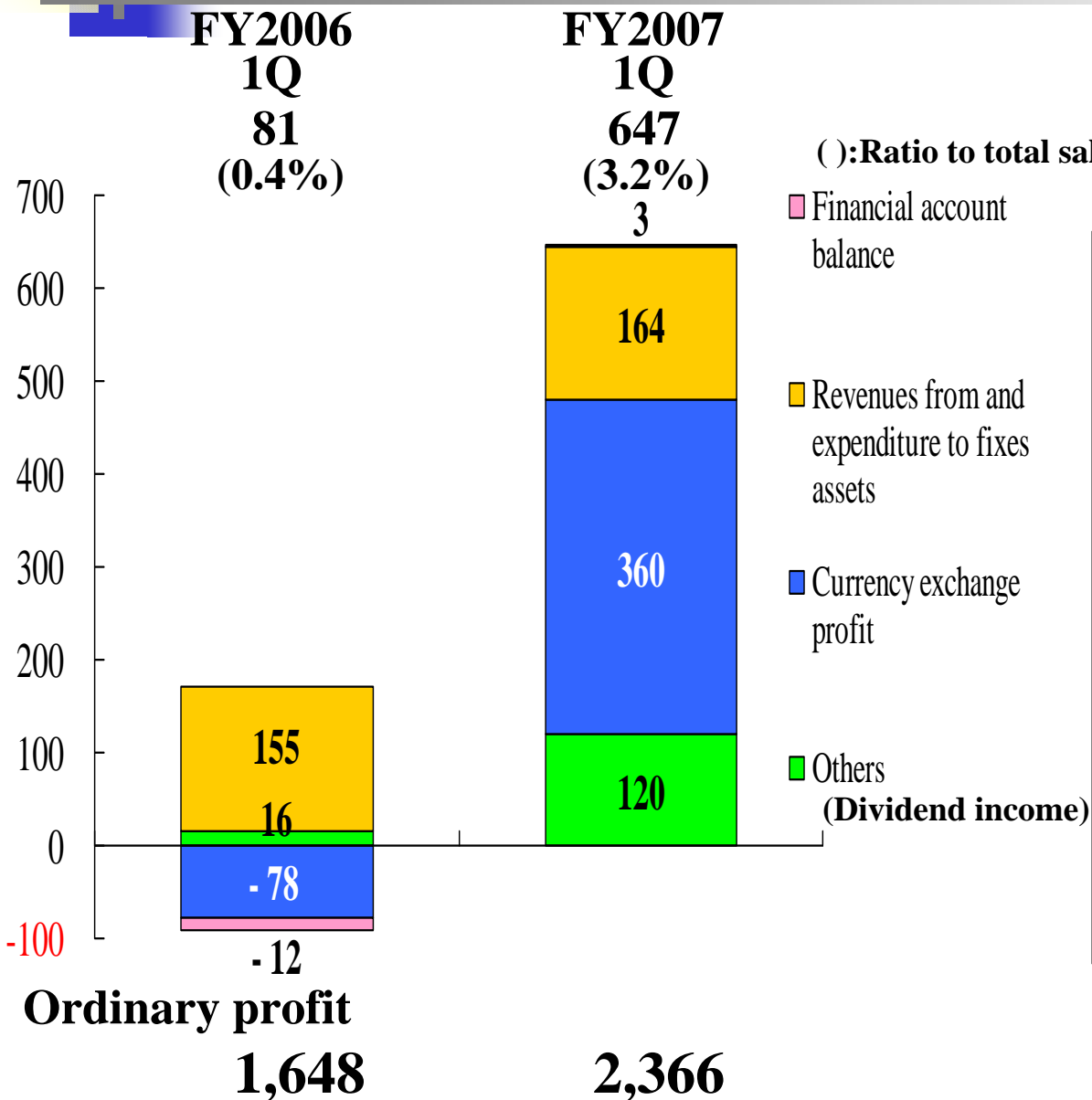
Analysis of factors for increase/decrease of consolidated operating profits [FY2006 1Q vs. FY2007 1Q]



Non-operating profit and loss

5/17

(Unit :Million yen)



Comparison to the previous quarter 566 million yen [Increase in currency exchange profit by 438 million yen]

Yen higher by 2.23 yen last quarter At the end of June 2006

[117.47(Mar.2006)-115.24(June 2006)]

Yen lower by 5.21 yen in the current quarter

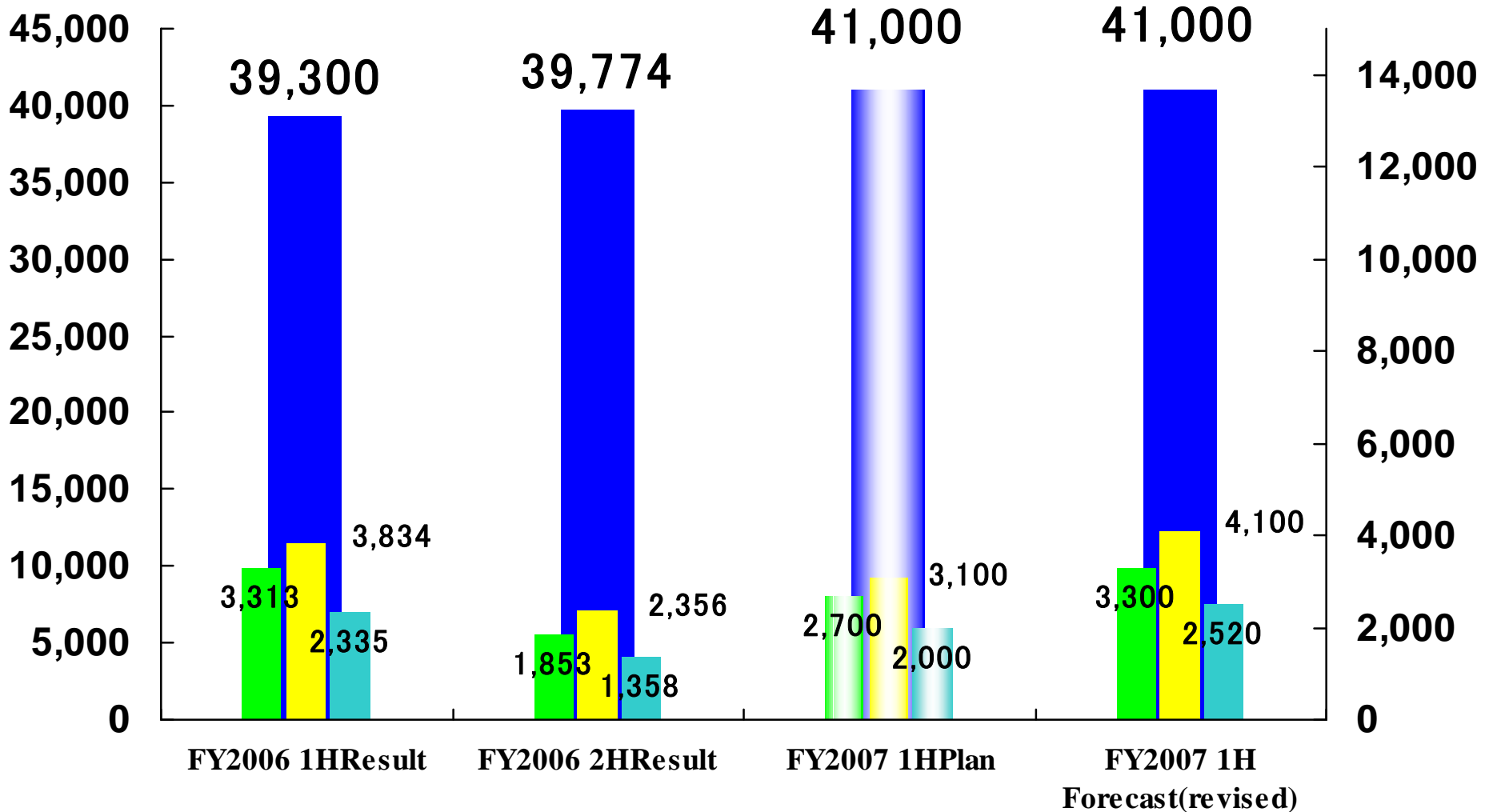
At the end of June 2007

[118.05(Mar.2007)-123.26(June 2007)]

Sales amount and trend of profit (FY2006~FY2007/1H)

Sales amount: Million yen

Profit : Million yen

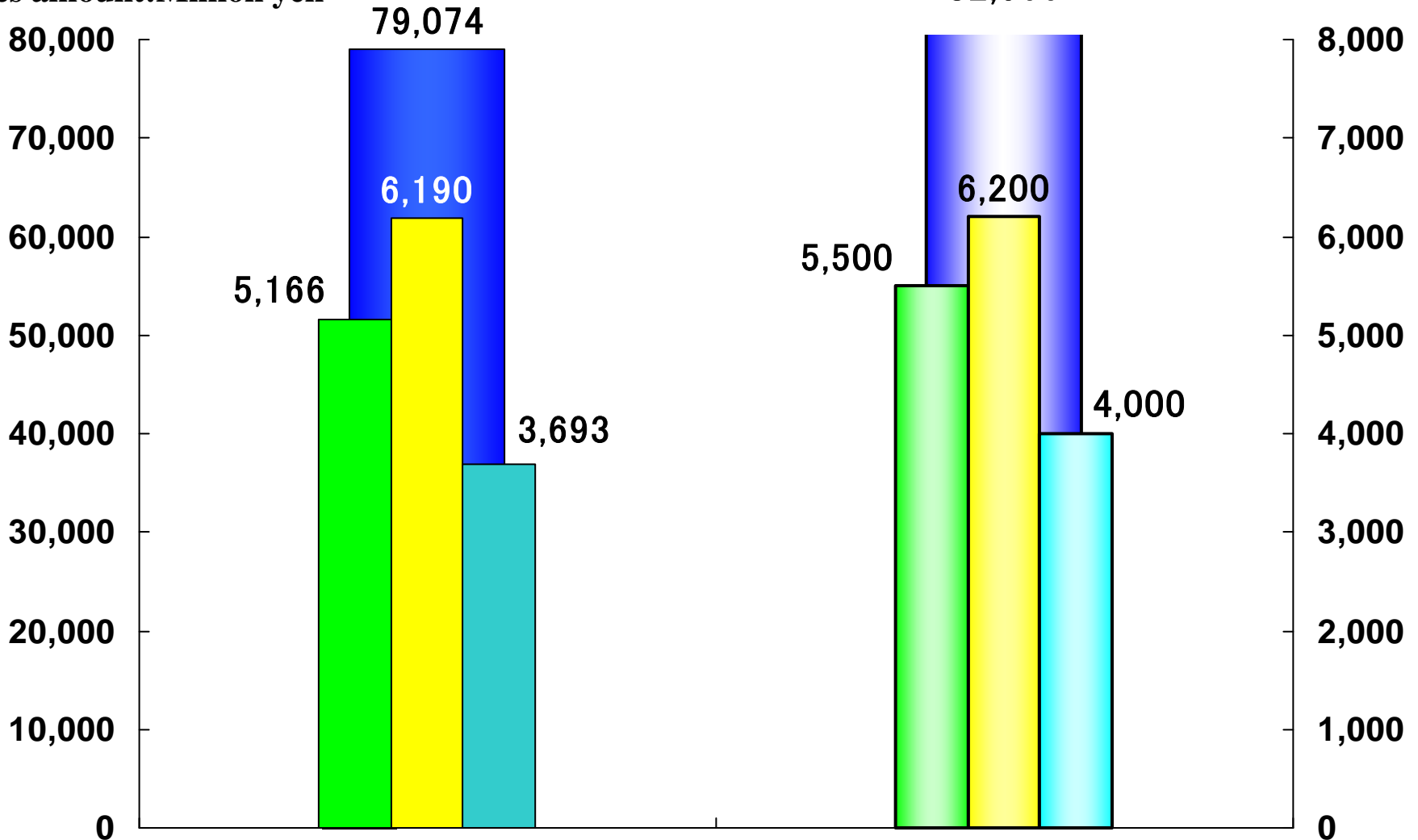


■ Net sales
 ■ Operating income
 ■ Ordinary income
 ■ Net income

Sales amount and trend of profit (FY2006~FY2007)

Sales amount: Million yen

Profit : Million yen



FY2006Result

FY2007Plan

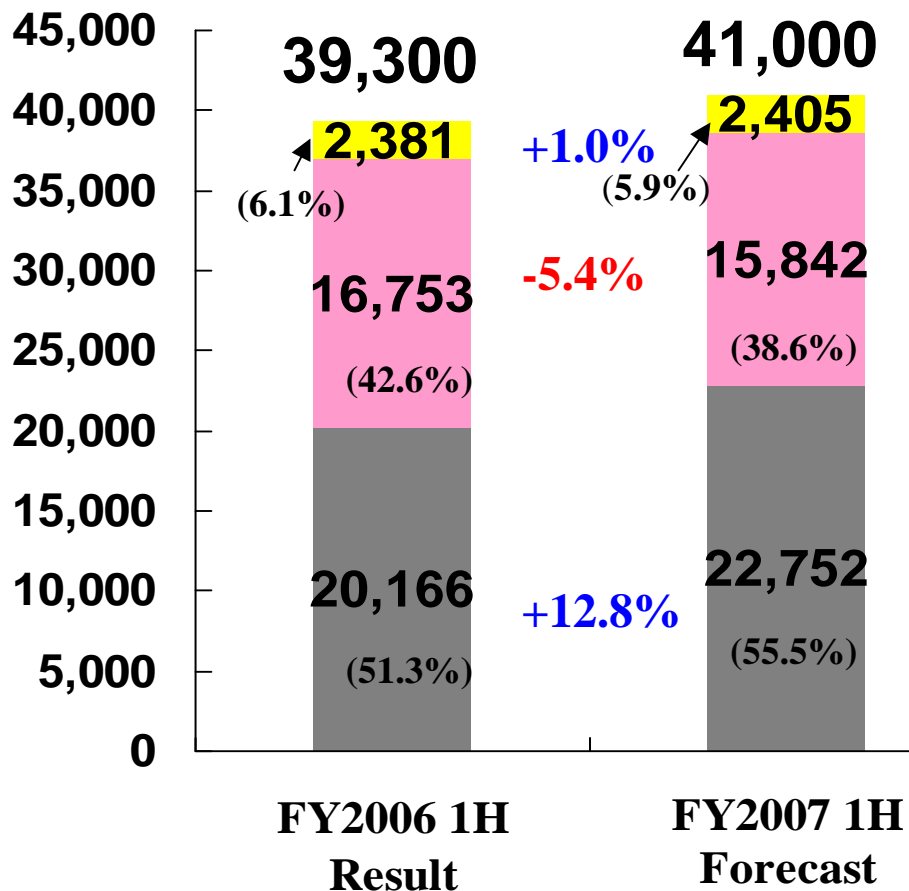
■ Net sales
 ■ Operatin income
 ■ Ordinary income
 ■ Net income

Reference: Net sales and Operating profit by Product Division (FY2006 1H, FY2007 1H forecast)

Million yen

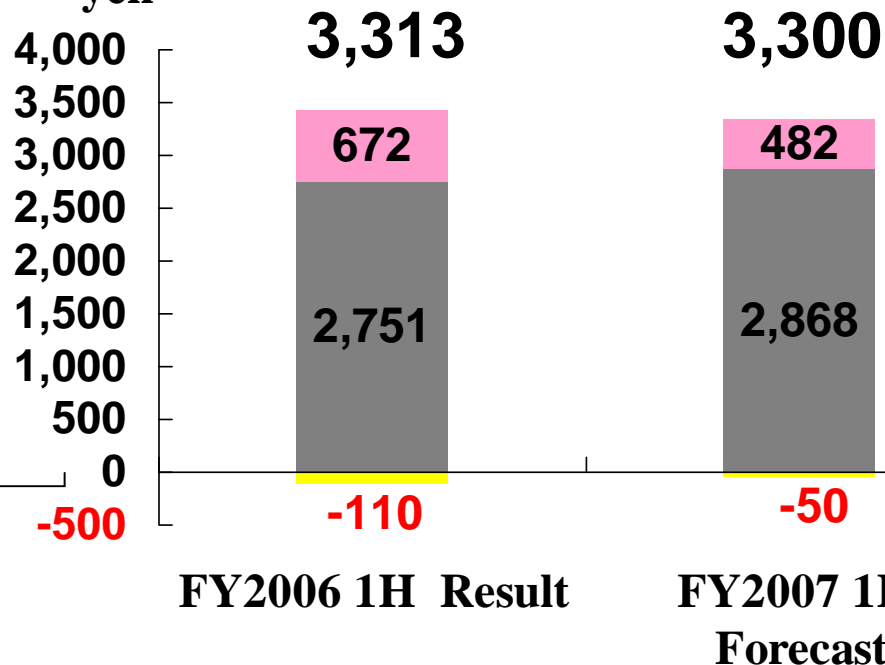
Net sales

(): Composition ratio



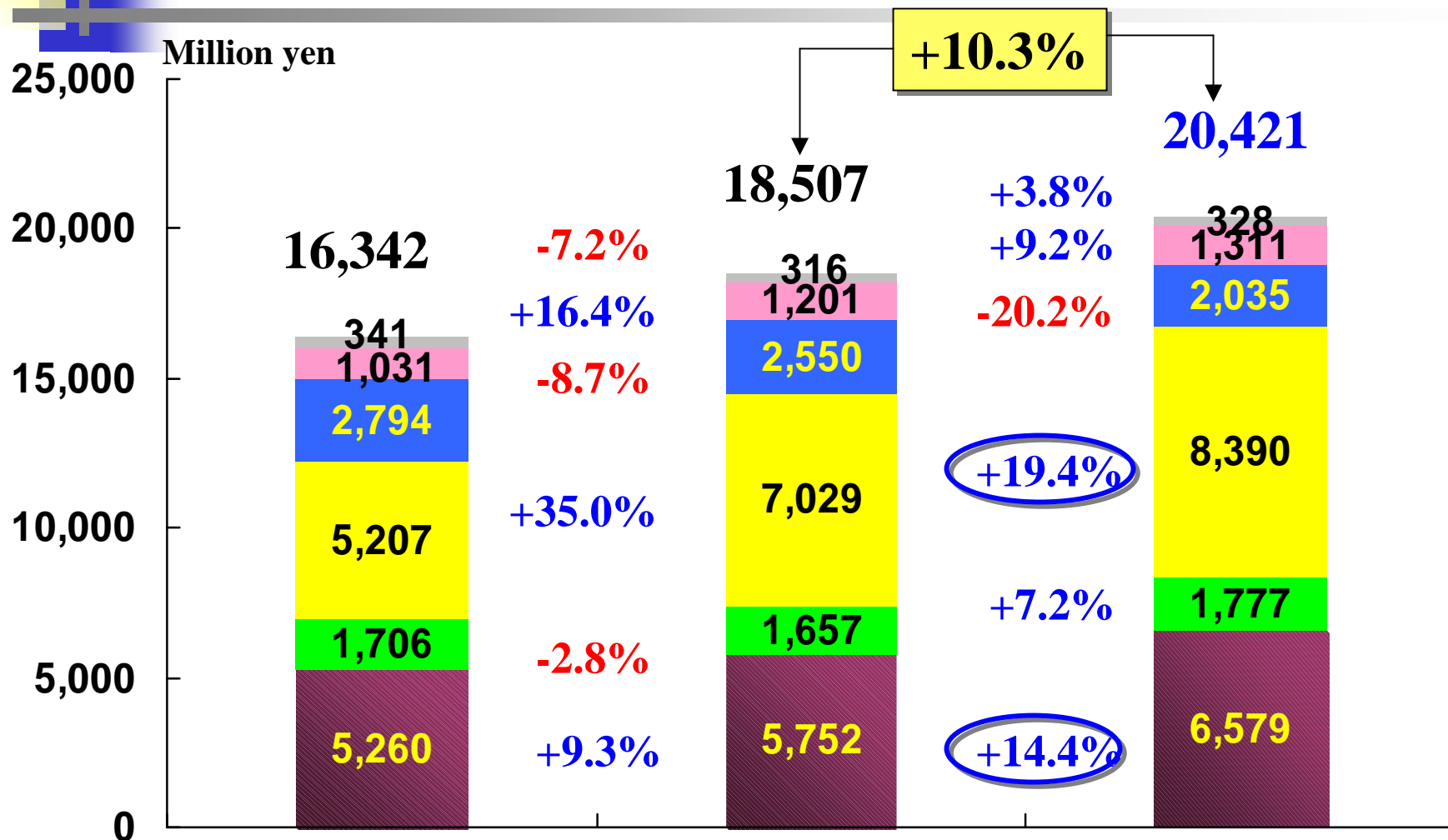
Operating income

Million yen



CS FC TP

1Q Net sales by Market (FY2005 ~FY2007)



FY2005 1Q

FY2006 1Q

FY2007 1Q

Audio & Visual

Telecom.

Amusement & Appliance

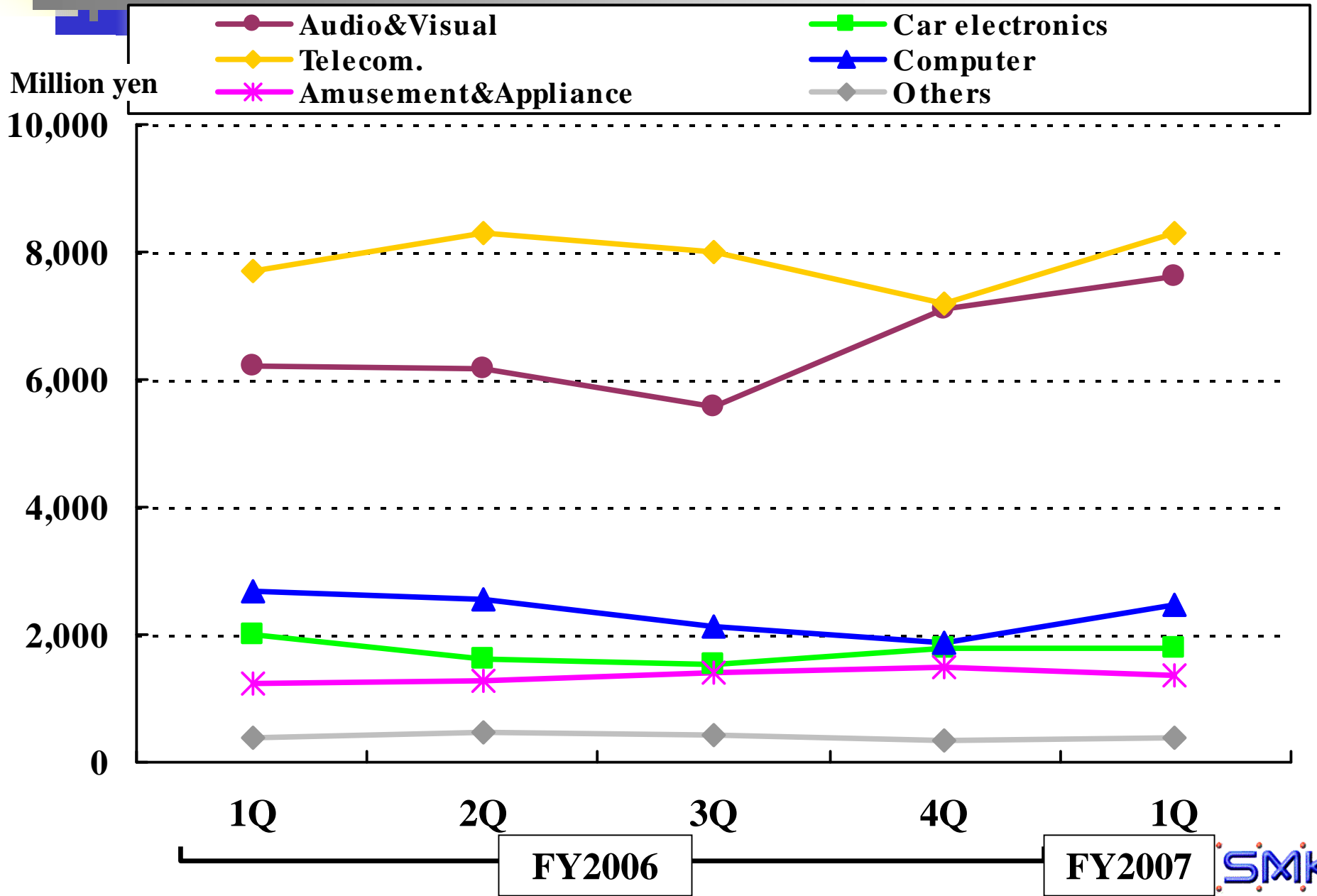
Car electronics

Computer

Others

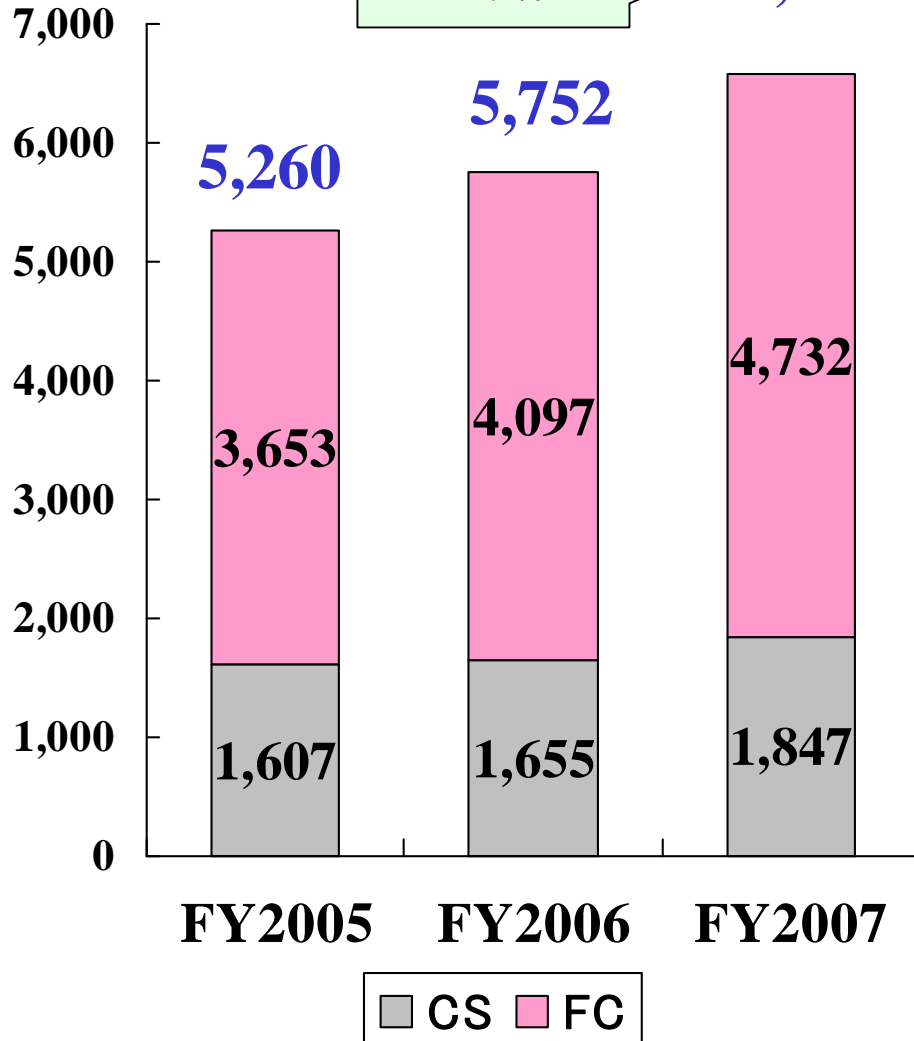
Trend of order by Market

10/17



Unit: Million yen

Comparison to last year performance
114.4%



FC division

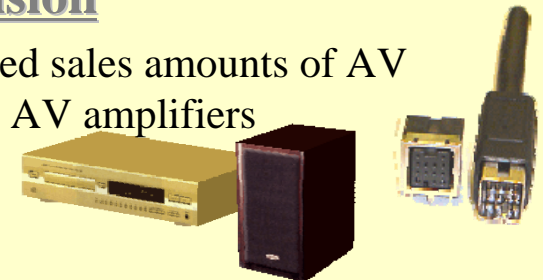
- Increased sales amounts of remote controls for digital AV equipment



- Contribution of LCD TV control panels to total sales

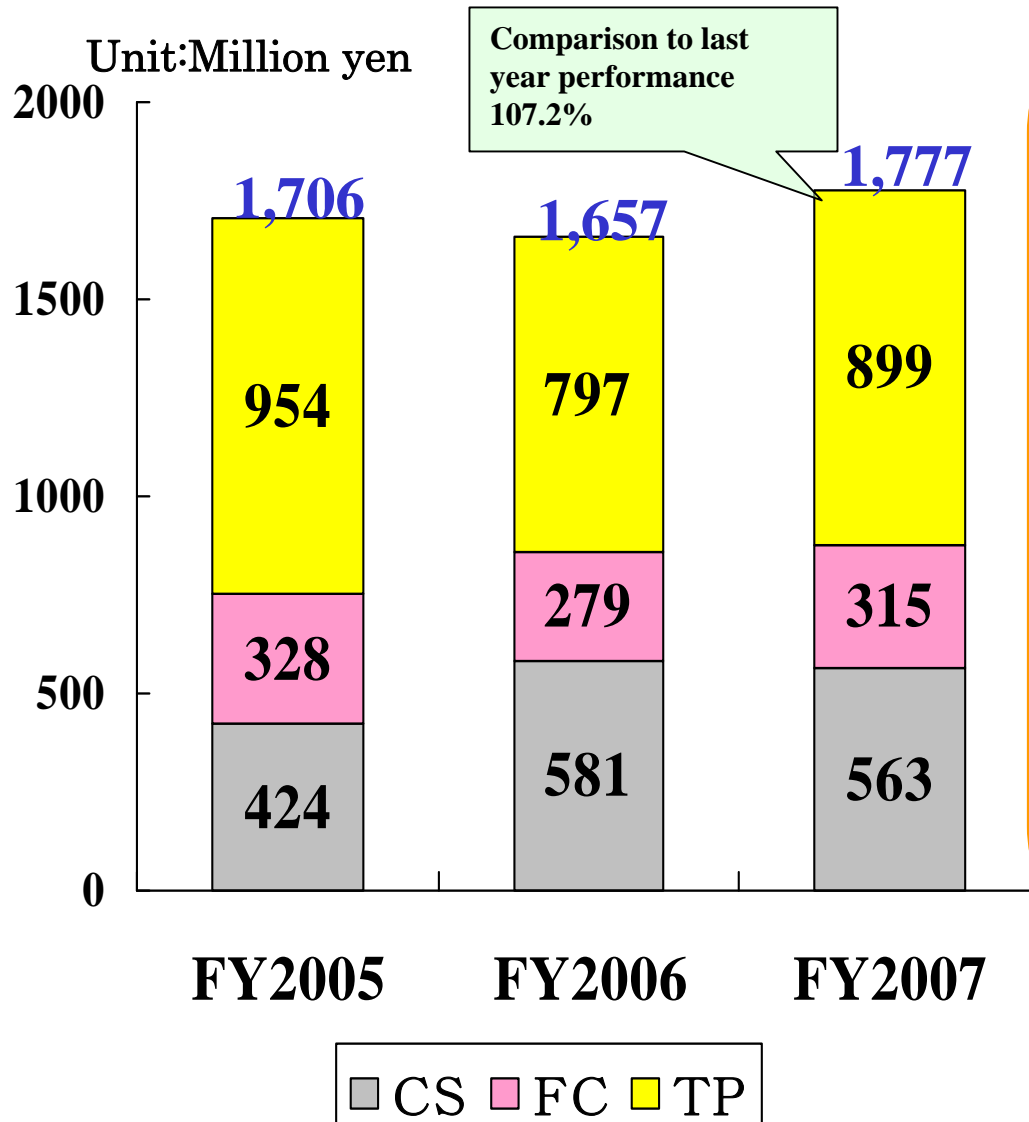
CS division

- Increased sales amounts of AV cables for AV amplifiers



- Declined sales amounts of projector lamp connectors due to reduced unit prices





TP division



● Increased sales amounts of factory-installation touch panels

CS division

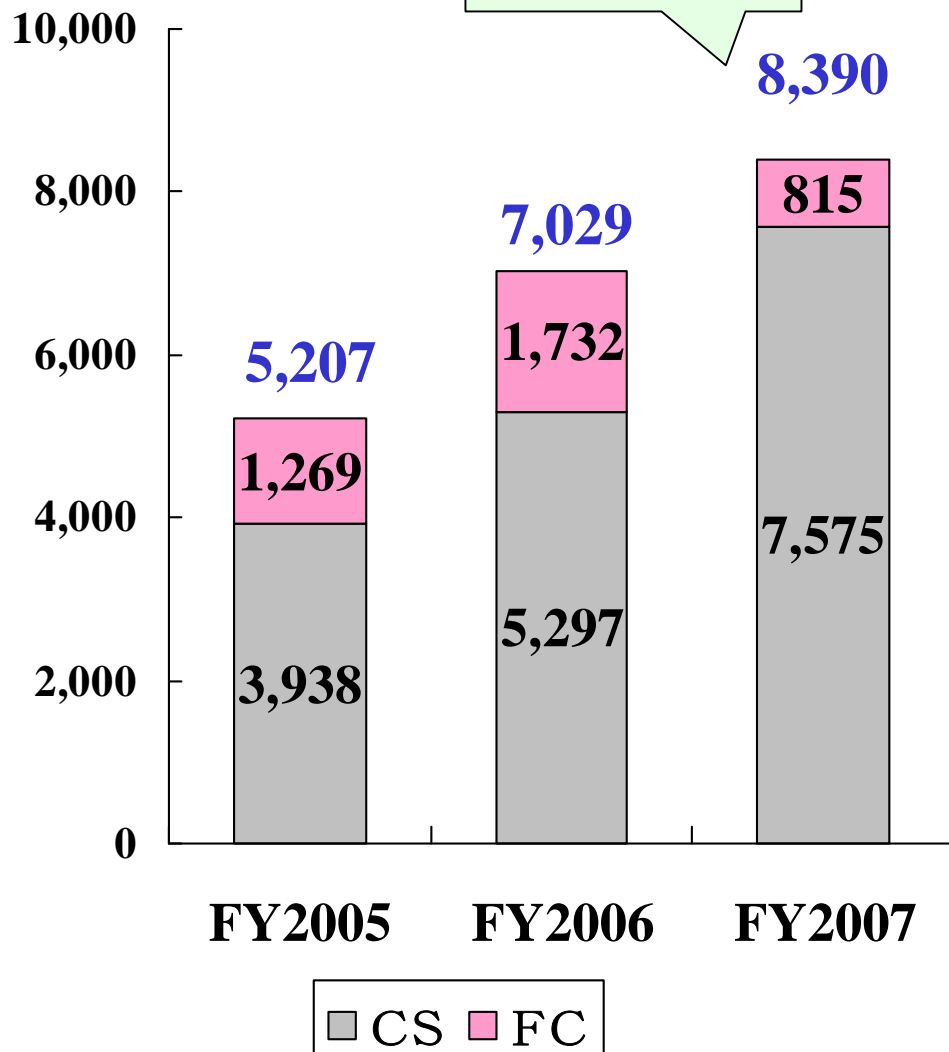


● Increased sales amounts of jacks for car audio equipment for factory-installation and retrofitting



● Reduced demand for digital radio coaxial connectors for the North American market

Unit: Million yen



FC division



- Declined sales amounts of camera modules

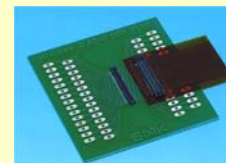


- Declined sales amounts of Bluetooth™ receivers for the domestic market

CS division



- Increased sales amounts of 2.5 dia. jacks for offshore markets

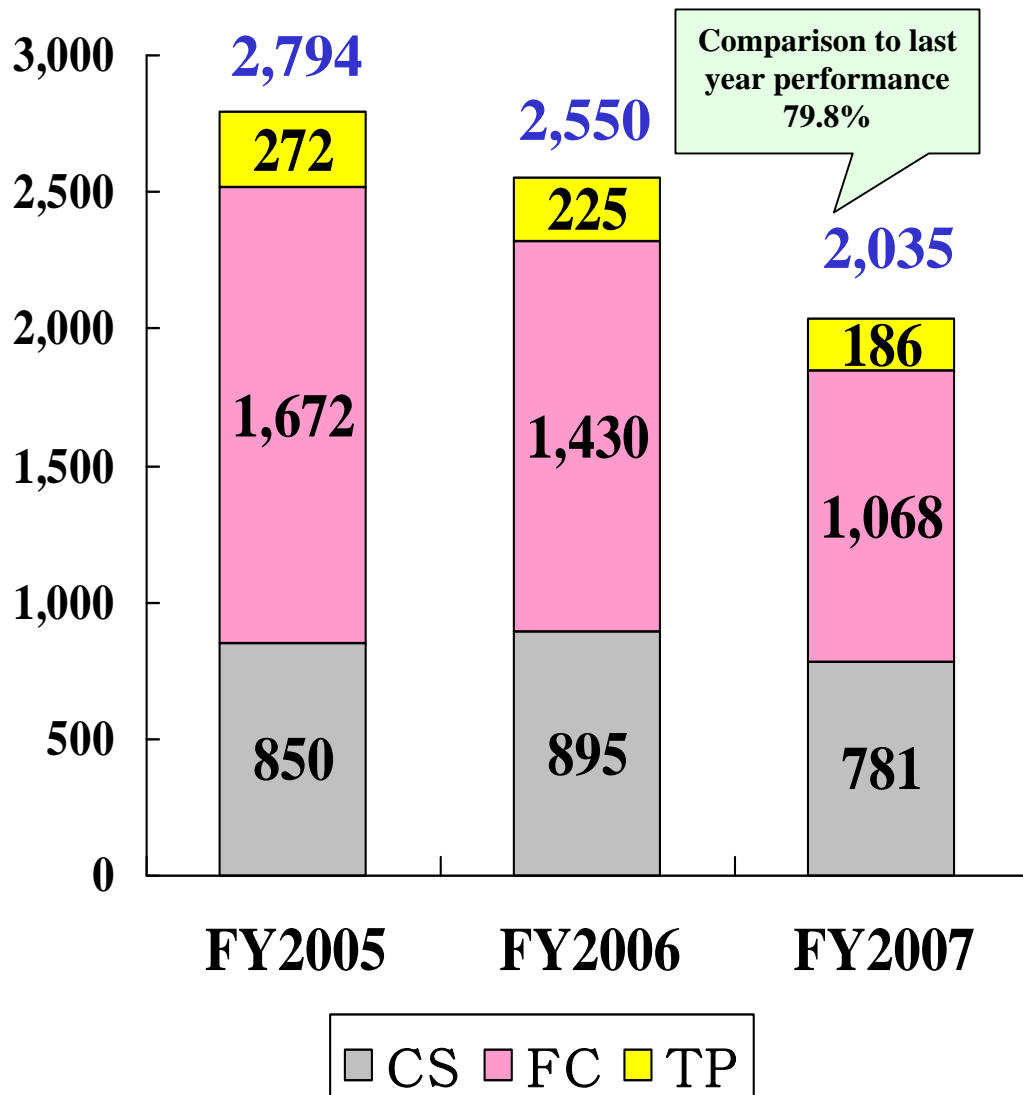


- Increased sales amounts of PB connectors fit for thin terminal equipment



- Increased sales amounts of camera connectors and memory cards connectors, backed by respectable sales of mobile phones in offshore markets

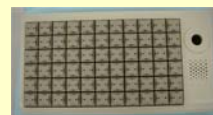
Unit: Million yen



FC division



- Declined sales amounts of remote controls and optical receivers for AV PCs

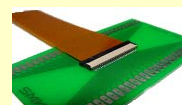


- Declined sales amounts of keyboards for ECRs/POS equipment



- Increased sales amounts of digital camera cradles

CS division



- Declined sales amounts of FPC connectors for optical discs

1. Three challenges

- * Enhancement of SMK's brand recognition
- * Quality improvement by TN (transnational) ZD activities
- * Another try for creation of better quality products, "Only conscientious parts can build good equipment"

2. Turn-around of red-ink business into black earliest possible

3. Efforts for achievement of our middle term business plan

- * ROA 13%
- * ROE 15%
- * Annual dividend of 25% to 30% dividend payout ratio

4. Environmental corporate management

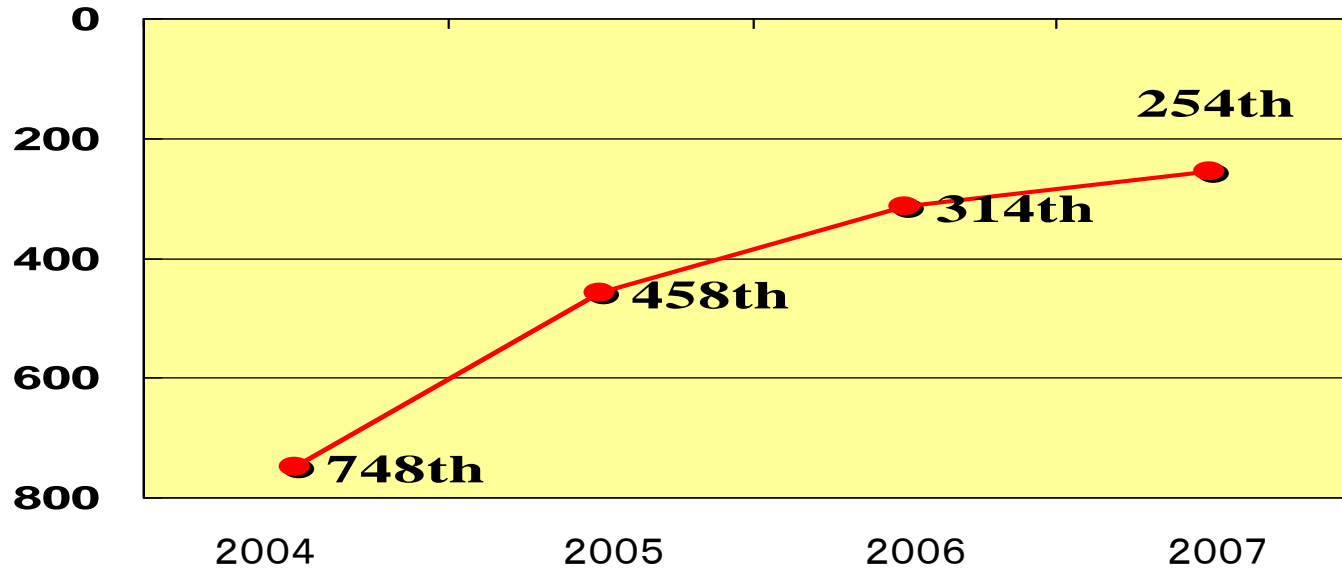
- * RoHS Directive and Chinese regulation in respect to its own RoHS
- * Publication of environmental reports

5. CSR management

- * Compliance with the Japanese version of the SOX Act

Topics-1

1. Our overall ranking in prominent companies quoted in Nikkei PRISM has risen.



2. SMK-SZ (SMK Electronics (Shenzhen) Co., Ltd.)

Chosen by the China Electronic Components Association as one of the best 100 companies for 2007

Overall ranking: 46th

Sales: 44th

Profits: 30th

Assets: 62nd

※Ranking was determined by the China Electronic Components Association on the basis of the grand total of sales amounts, profit amounts and asset amounts.

Topics-2

17/17

SMK Special completed the “Beijin-Paris Rally”.



* SMK supported “SMK Special” which participated in the "3rd Beijing-Paris Rally".

(Our “SMK Special” entry was a 1916 Lancia Theta. All 129 entries were antique cars.)

*The rally started on May 27, 2007 from the Great Walls of China in Beijing and arrived at VanDome Plaza in Paris on June 30, for a total road distance of 12,600 km.

