

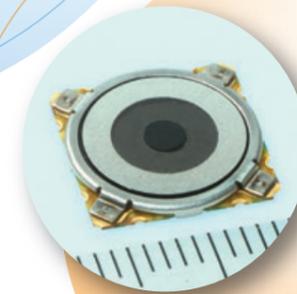


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**2010**

**ANNUAL REPORT**

For the fiscal year ended March 31, 2010



**SMK CORPORATION**

# “Value Improvement and New Challenges”

— We have to change to remain the same —

## • SMK Philosophy

SMK is committed to the advancement of mankind through development of the information society, by integrating its current technological strengths and creating advanced technology.



## • Action Guidelines

1. Contribute to society with pride and confidence.
2. Be customer-oriented, with zeal and sincerity.
3. Challenge courageously for higher goals without fear of failure.
4. Trust and respect each other for a brighter working atmosphere.
5. Keep an open mind, and view SMK from a global perspective.

## • Contents

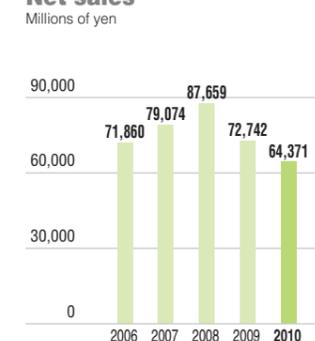
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## • Financial Highlights

	Millions of yen		Percent change	Thousands of
	2009	2010	2009/2010	U.S. dollars
<b>Operating Results</b>				
Net sales	¥ 72,742	¥ 64,371	(11.5)%	\$ 691,864
Operating income	238	2,479	938.8	26,647
Net income (loss)	(1,620)	1,862	—	20,013
<b>Financial Position</b>				
Total assets	¥ 58,168	¥ 56,113	(3.5)%	\$ 603,111
Total net assets	29,079	31,127	7.0	334,559
<b>Per Share Data</b>				
Yen / U.S. dollars				
Net income (loss)				
Basic	¥ (21.68)	¥ 25.19	— %	\$ 0.27
Diluted	—	—	—	—
Cash dividends	9.00	8.00	(11.1)	0.09

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥93.04 = U.S. \$1.00.

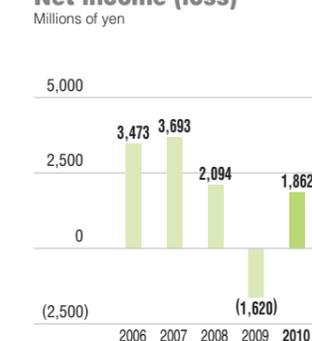
### Net sales



### Operating income



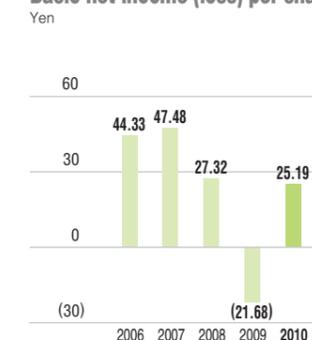
### Net income (loss)



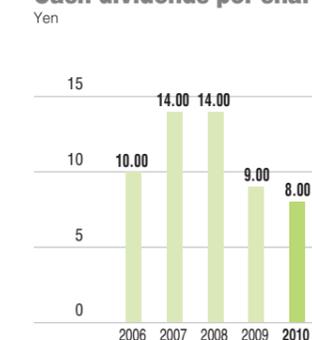
### Total assets/Total net assets



### Basic net income (loss) per share



### Cash dividends per share





**Tetsuya Nakamura**  
President and Chief Operating Officer

## Overview

Although the global economy is still feeling the lingering effects of the worldwide recession triggered by the Lehman Brothers crisis, there has been sustained underlying economic growth in China and other emerging nations, with the world's major economies also beginning to show signs of a turnaround as the downturn finally starts bottoming out.

In spite of negative factors such as the current problems in Greece and a general sense of uncertainty regarding the future, there is an overall air of recovery within the Japanese economy too, with an increase of corporate profits backed by booming overseas demand from the likes of China and the government's stimulus package also creating an impact.

The electronics industry is experiencing a gradual recovery on the whole, helped along primarily by components for digital appliances such as flat-panel televisions and automotive components.

In terms of consolidated sales and profits, the fact that the market is still in recovery from the worldwide recession resulted in a year-on-year decline in sales for the term under review, despite our best efforts to actively launch new products. On the profit front meanwhile, we successfully managed to increase profits year on year thanks to initiatives such as reviewing cost structure, resulting in improved profitability.

We will continue improving our product development capabilities in line with market trends in the future, as well as increasing production capacity and expanding our sales network. We will also continue working for more efficient operation through management streamlining and for fundamental strengthening of our operations. In this way, we are committed to making every effort to achieve further improvements in sales and profits.

## Value Improvement and New Challenges

— We have to change to remain the same —

With a continuing focus on three key management objectives over the coming fiscal year, “enhancement of SMK brand power,” “quality improvement (Zero Defects)” and “another challenge in product creation,” we are committed to comprehensively eliminating loss in all of its forms and actively investing in the development of technologies and products for the future.

Within the global market, there is growing demand for inexpensive products that can still offer a reasonable level of quality. By “cutting costs without affecting quality,” we intend to establish a framework that is capable of responding to such paradigm shifts in the market.

Our slogan for fiscal 2010 is “Value Improvement and New Challenges —We have to change to remain the same.” Encapsulating our strong desire to make changes, this slogan is based on the principle that enhancing value as individual employees will enhance the value of the company and the belief that we need to be bold in order to adapt to changes in the global market, including the possibility of establishing a new business model. With this slogan in mind, we are fully committed to working as a team to mold SMK into a value-creating company that will continue growing.

## Environmental Initiatives

We at SMK regard coexistence with the global environment as a corporate duty and have positioned it as a key management objective. We will continue tackling the reduction of greenhouse gas emissions in order to help prevent global warming and intend to further reinforce compliance with environmental legislation the world over.

We also intend to actively implement initiatives such as promoting and expanding environmentally conscious design concepts and developing new lines of business in the environmental, energy and health sectors.

Although market conditions are likely to remain unpredictable for the time being, we intend to capitalize on the current climate as an opportunity to make changes and will make every possible effort to enhance our corporate value and increase profits.

We look forward to the continuing support of our shareholders as we pursue these goals.

June 2010

A handwritten signature in black ink, appearing to read 'Tetsuya Nakamura', written over a white background.

**Tetsuya Nakamura**  
President and Chief Operating Officer

# Sales and Market Overview

(April 1, 2009 to March 31, 2010)

(Year ended March 31)

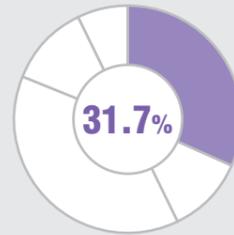
## Net Sales (Millions of yen)

2007 2008 2009 2010

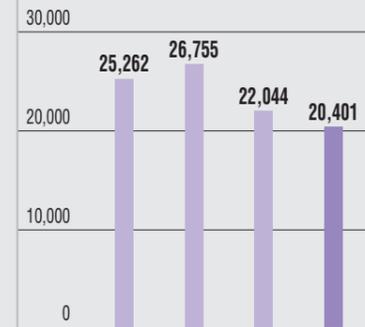
### Audio-Visual



HDMI Standard Type A receptacle



Audio-visual parts  
20,401 million yen

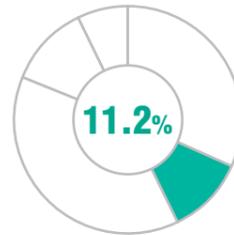


In spite of a contribution from remote control sales thanks to continuing strong demand for flat-panel televisions, overseas demand for audio equipment components remained sluggish due to the impact of worsening market conditions, compounded by declining sales in the digital camera and video camera sector. With a focus on networking audio-visual equipment, in the future we intend to actively develop products for flat-panel televisions and set-top boxes.

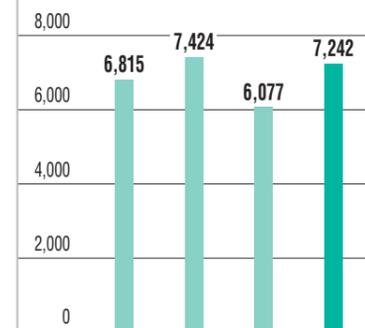
### Car Electronics



"Force-feedback" touch panels

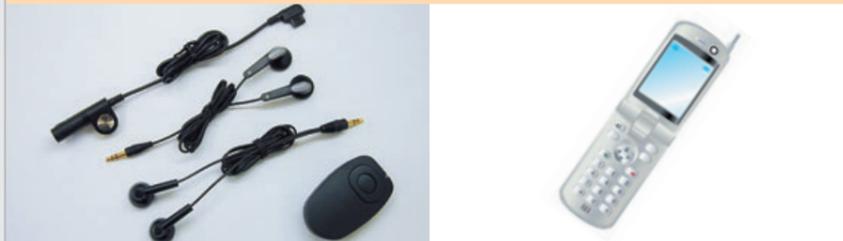


Electronic instruments  
7,242 million yen

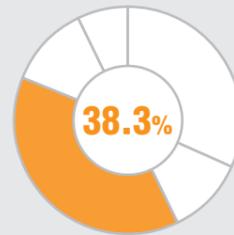


After a prolonged slump since fall 2008, demand for components has started to pick up again thanks to vehicle sales stimulus measures the world over, with sales of touch panels for car navigation systems also on the increase. In the domestic market meanwhile, sales of vehicle-mounted connectors for electronic toll collection (ETC) systems have also remained strong. We will continue to develop products such as operating system components and vehicle-mounted connectors and intend to increase the speed with which we respond to our customers' needs in the future.

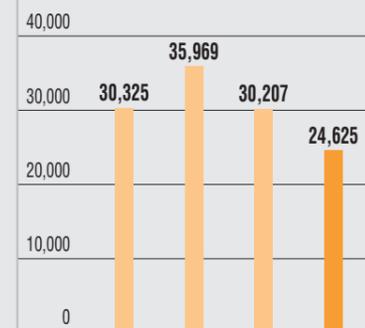
### Communication



Stereo earphone-microphone and Bluetooth unit



Communications parts  
24,625 million yen

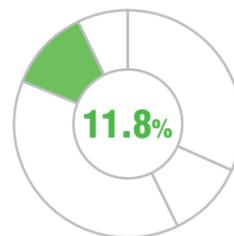


Despite an increase in sales in the smart-phone sector, revolving primarily around connectors, switches and touch panels, overall sales were down due to a slump in sales to overseas cellular phone manufacturers. We intend to actively develop products in line with new market demand in the future, keeping a close eye on the emerging next-generation wireless communication market, in order to secure new business.

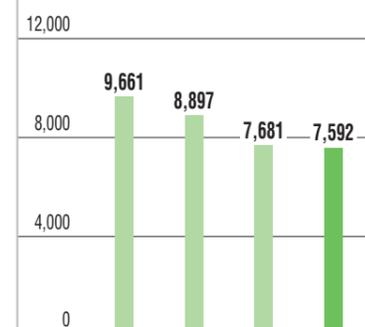
### Information



xD-4 in1 card connectors

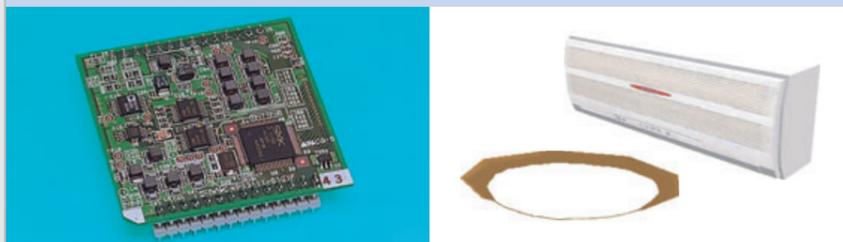


Information, office equipment parts  
7,592 million yen

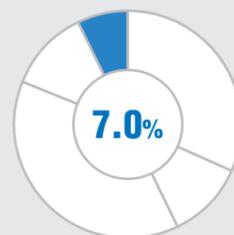


In spite of continuing healthy demand for components within the computer market since the second half of fiscal 2010 and a strong contribution from sales of new printer components, sales to business users were down, including products such as projectors and copiers. We intend to develop products with the aim of preempting market demand in the future, including expanding our touch panel operations in light of growing demand and developing components for the next-generation data transmission market.

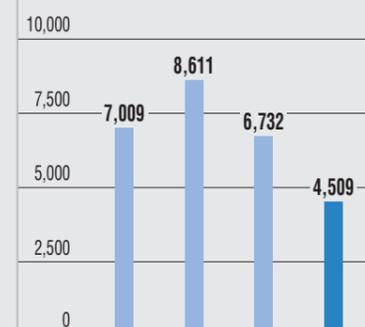
### Home Electronics



DS-SS modulation/demodulation engine for PLC



Electronic toys, home electronics and other parts  
4,509 million yen



Despite a contribution from sales of components for air purifiers for the first time, market conditions had a negative impact on demand for remote controls for home electric appliances such as air conditioners and lighting equipment and components for games consoles. We are in the process of developing products for the new energy sector and the LED lighting market, including photovoltaic power generation systems and fuel cells, and intend to expand operations within the environmental business market in the future.

## Product range expanded for photovoltaic module connectors for the photovoltaic power generation system market

As a clean source of energy with minimal environmental impact, photovoltaic power generation systems have been attracting a great deal of attention in recent years, a trend echoed by growing demand. Systems consist of multiple photovoltaic modules (solar panels), which are connected using cables. It is at this point that relay connectors are used to connect cables to one another.

We have been focusing on this market for some time now and have developed and released various types of photovoltaic module connectors, all of which have proved very popular. Our products have a unique waterproof structure that makes it easy to waterproof cables and offer excellent workability and all-round waterproof performance. Having obtained certification in accordance with TÜV standards in Germany and UL standards in the US, our connectors are compatible with markets in both Europe and the US. Being IP67 compliant, our products ensure safety and waterproof performance.

We have recently expanded our range of products with the development of a new compact connector. We will continue to cater to demand within this market, which is expected to keep on growing in the future, and to develop more environmentally friendly products.



Photovoltaic module connectors

**Application:**  
Photovoltaic power generation systems

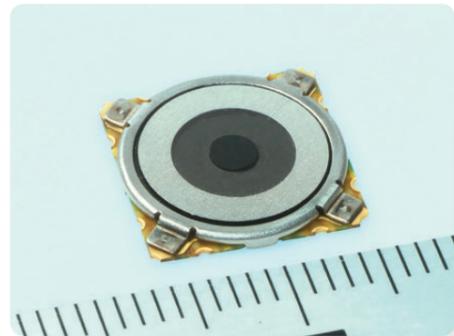
## Industry's thinnest capacitive switch developed

We have developed a capacitive switch that is the thinnest analog pointing device in the industry.

The growing popularity of cellular phones in recent years, especially smart-phones, has sent demand for analog-operated switches soaring. We developed our capacitive switch to cater to such demand. In addition to being analog-operated, this new product also has a switch height of just 1.0mm, the industry's thinnest, which will help meet current demand for increasingly slim cellular phones.

The analog-operated section of the switch can be operated from any angle through 360°, just like a mouse on a computer. It can also recognize pushing force in the Z direction as well as the simple X and Y directions, making it possible to change speed. This means that the switch can be used for purposes such as controlling the cursor on a map or analog controls within a game. The centrally mounted metal dome switch meanwhile enables the user to easily select options just using their thumb.

In addition to switches, we also have a low power consumption IC, to convert from analog to digital, available as a standard product.



Capacitive switch

**Applications:**  
Cellular phones, digital still cameras (DSC)

## Two-Step Input Force Feedback Touch Panels

We have developed and started to take orders for a resistance-sensing two-step input force feedback touch panel (FFB-TP).

We have been shipping standard FFB-TP and receiving many positive inquiries for the reason that it directly gives tactile feeling to users' fingertips.

We developed the new two-step input FFB-TP to make usability further better. The two-step system makes it possible to operate buttons for two different purposes simply by changing the inputting force with which the touch panel is pressed.

In order to make the most of this new technology, we have prepared an application software called Dokodemo Touch which displays a main menu button when the user touches any place on the screen. This enables users to access operations without looking, a feature that combines with force feedback capabilities to make operations even easier.

Introduction of Two Step Input FFB-TP to the market, touch panel operation is expected to be much easier Human-Machine Interface (HMI).



Two-Step Input Force Feedback Touch Panel

**Application:**  
Car navigation systems

## Mobile WiMAX™ USB dongle technology developed

Working in partnership with Fujitsu Semiconductor Limited (Head Office: Shin-Yokohama, Kohoku Ward, Yokohama), we have developed USB dongle technology for mobile WiMAX™, which is attracting a great deal of attention as a means of next-generation wireless communication.

Mobile WiMAX™ is a next-generation wireless broadband technology that is capable of higher speed data communication than current 3G cellular phones. As it also offers better quality communication than existing wireless LAN technology and enables services over a wider area, a range of new markets and services are expected to emerge.

The key features of this newly developed mobile WiMAX™ USB dongle are (1) coverage of frequency bands over a wide area, (2) a wide-area transmission range of 1-3km and (3) a maximum transmission speed of 40Mbps. Using MIMO technology to transmit and receive data via multiple antennas, it even enables communication when traveling at high speeds in excess of 60km/h.

We are committed to commercialization and intend to promote the development and sale of products compatible with a diverse range of WiMAX™ services in order to expand our operations.



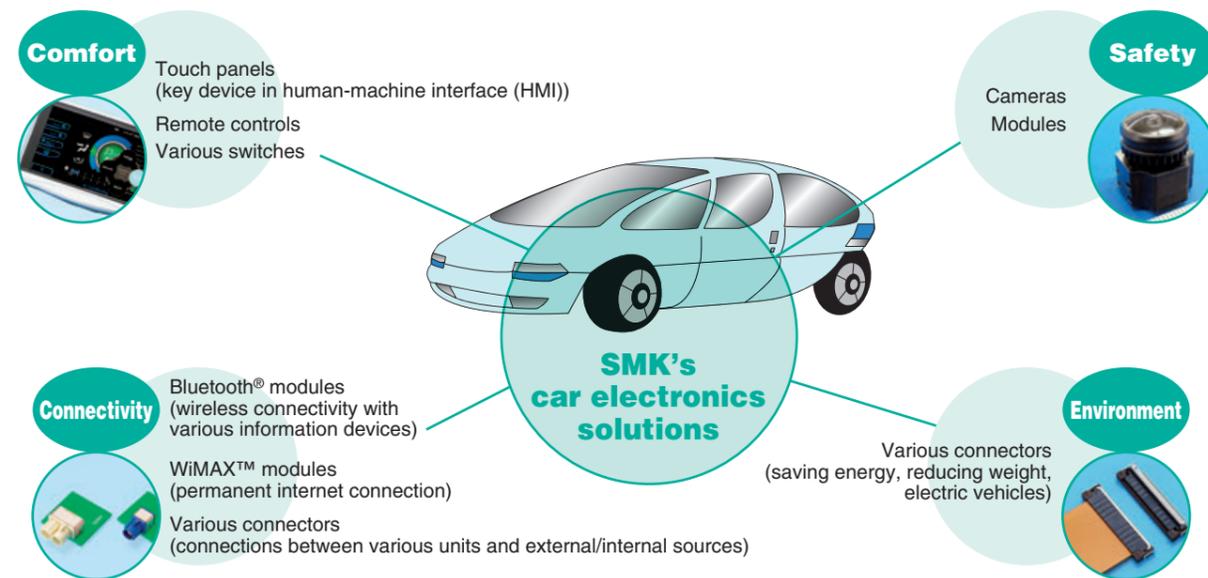
Mobile WiMAX™ USB dongle

**Application:**  
Laptop computers, etc.

## SMK targeting the car electronics market

The technology contained in each car can be broken down into four main categories: safety, connectivity, comfort and the environment. In order to meet demand in these areas, auto manufacturers are increasingly switching to electronic and computerized technology.

Our response to such demand here at SMK revolves around a range of product-based solutions, such as those outlined below.



### International Automotive Electronics Technology Expo

We organized an SMK exhibit at the International Automotive Electronics Technology Expo at Tokyo Big Sight, which took place over the course of three days from January 20 to 22, 2010. Taking place for only the second time, the event is a specialist technology exhibition designed to showcase automotive electronics technology under one roof. We exhibited a number of our core car electronics products as part of the Electronic Components & Devices Zone, including force feedback touch panels, connectors and modules for vehicle-mounted cameras and antenna connectors.

As a new venture at this year's event, we also set up a solution section within the SMK booth in order to introduce potential clients to our development solutions, all of which went down very well. With a 30% increase in both the number of visitors to the SMK booth and the number of negotiations initiated compared to the previous year, we successfully managed to showcase our products and technical capabilities to a large number of visitors.

## Crystal Lipstick Mouse™ launched

Launched in December 2009 as an SMK branded product for consumer use, the Crystal Lipstick Mouse™ is a lightweight, compact and highly portable wireless mouse that is ideal for use in limited spaces. Having been picked up by the media, including magazine and TV coverage, it is attracting a great deal of attention.



Stylish lipstick design

Ideal for use in limited spaces

### Features

- (1) Lightweight, compact and highly portable, ideal for use in limited spaces
- (2) Unique lipstick design
- (3) Stylish mouse decorated with CRYSTALLIZED™ Swarovski Elements
- (4) Rechargeable system that can be used without batteries
- (5) 2.4GHz wireless system to enable stable communication

## Exhibited at FPD International 2009

We organized an SMK exhibit at FPD International 2009, a comprehensive exhibition of flat-panel displays and manufacturing equipment, components and materials that took place at Pacifico Yokohama over the course of three days from October 28 to 30, 2009.

We showcased a number of industry-leading new products within the SMK booth, revolving primarily around a demonstration area that enabled visitors to actually touch products such as our vehicle-mounted specification capacitive touch panels and force feedback touch panels, which produce a “click” sensation when touched. Our Two-Step Input Force Feedback Touch Panels in particular proved to be a big hit, attracting a great deal of attention.



## Construction underway on new factory building in the Philippines

Demand for touch panels has risen in recent years on a global scale. This is because an increasing percentage of compact and medium-sized mobile devices, such as cellular phones, digital cameras, portable games consoles, electronic dictionaries, e-books and laptops, all of which are produced on a comparatively large scale, are being equipped with touch panels. This trend is likely to become even more pronounced in the future. There is also strong demand for car navigation systems, the traditional market for touch panels, not least in Europe and China.

We were quick to develop and start manufacturing projected capacitive touch panels for cellular phones at our Philippines Factory, and the resulting products are performing well in the market.

In order to increase production of touch panels for devices such as cellular phones and overseas car navigation systems, in March 2010 we started construction of a new factory building in the Philippines.

Located on the same site as our Philippines Factory and with a total floor area of 8,400m<sup>2</sup>, the new factory building is scheduled to be completed and up and running by October 2010.

The site's production capacity after operations get underway will be 1.5 million panels per month, an increase of 50% on current levels. We intend to use the extra items that can be produced flexibly in line with demand trends in the future.

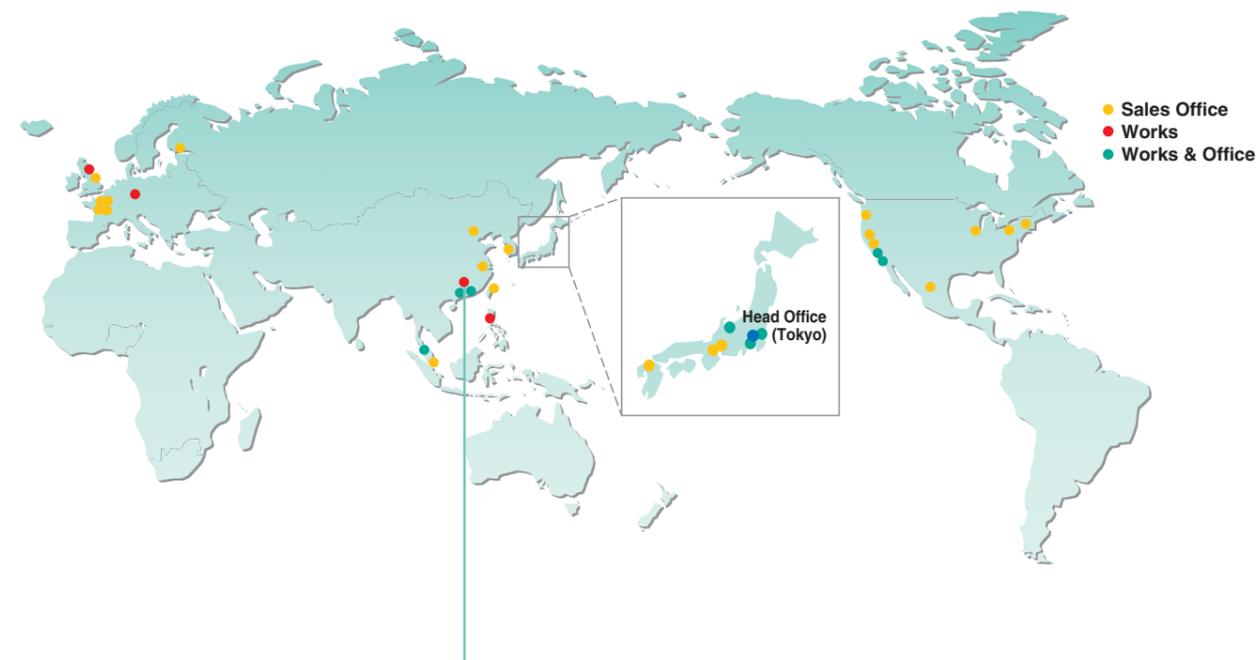


Conceptual drawing of the Philippines Factory after the extension (new building on right, from center)

## New US office established in Detroit

On April 1, 2010, we established SMK Electronics Corporation USA, Detroit Office and started operations in the US city of Detroit. Operating as a small office (SOHO), the new office will gather information on the latest trends in the auto industry, not only in the US but also in Europe, China and other key markets around the world, and share it with our clients, along with the latest updates on SMK technology. Run by highly experienced Japanese and local staff, the

office will help expand SMK's automotive business by providing more precise services out of Detroit and responding quickly to customer demand within the automotive industry. This will enable us to step up our efforts to target the global automotive market, which is expected to grow over the medium to long term.



### Dongguan, China SMK Dongguan Gaobu Factory



Mingyi Ri, General Manager, Production Department II

SMK Dongguan Gaobu Factory operates in the city of Dongguan, situated approximately 50km east of Guangzhou in the rapidly developing Chinese province of Guangdong.

The factory manufactures items such as dies and automatic assembly testing systems and handles every stage of the production process in-house, from manufacturing components through to finished products. By playing to its strengths, SMK Dongguan Gaobu Factory continues to expand as one of the SMK Group's core production bases.



#### ASIA

- SMK High-Tech Taiwan Trading Co., Ltd.
- SMK Electronics (H.K.) Ltd.
- SMK Trading (H.K.) Ltd.
- SMK Dongguan Gaobu Factory
- SMK Electronics (Shenzhen) Co., Ltd.
- SMK Electronics Technology Development (Shenzhen) Co., Ltd.
- SMK Electronics Trading (Shanghai) Co., Ltd.
- SMK Electronics Trading (Shanghai) Co., Ltd. Beijing Office
- SMK Electronics Int'l Trading (Shanghai) Co., Ltd.
- SMK Electronics Singapore Pte. Ltd.
- SMK Electronics (Malaysia) Sdn. Bhd.
- SMK Electronics (Philis.) Corporation
- SMK Korea Co., Ltd.

#### EUROPE

- SMK Europe N.V.
- SMK Europe N.V., U.K. Branch
- SMK Europe N.V., France Branch
- SMK Europe N.V., Munich Office
- SMK Europe N.V., Dortmund Office
- SMK (U.K.) Ltd.
- SMK Hungary Kft.
- SMK Corporation Helsinki Office

#### NORTH AMERICA

- SMK Electronics Corporation U.S.A.
- SMK-Link Electronics Corporation
- SMK Electronics Corporation U.S.A., East Office
- SMK Electronics Corporation U.S.A., San Jose Office
- SMK Electronics Corporation U.S.A., Los Angeles Office
- SMK Electronics Corporation U.S.A., Seattle Office
- SMK Electronics Corporation U.S.A., Chicago Office
- SMK Electronics Corporation U.S.A., Detroit Office
- SMK Mexicana S.R.L. de C.V.
- SMK Mexicana S.R.L. de C.V., Mexico City Office
- SMK Manufacturing, Inc.
- SMK Electronica S.A. de C.V.

# Five-Year Summary

## SMK Corporation and Consolidated Subsidiaries

Year ended and as of March 31	Millions of yen					Thousands of U.S. dollars
	2006	2007	2008	2009	2010	2010
<b>Operating Results</b>						
Net sales	¥ 71,860	¥ 79,074	¥ 87,659	¥ 72,742	¥ 64,371	\$ 691,864
Operating income	4,290	5,166	5,654	238	2,479	26,647
Net income (loss)	3,473	3,693	2,094	(1,620)	1,862	20,013
<b>Financial Position</b>						
Total assets	¥ 61,344	¥ 65,575	¥ 66,737	¥ 58,168	¥ 56,113	\$ 603,111
Total net assets	32,736	34,564	32,386	29,079	31,127	334,559
<b>Per Share Data</b>						
Total net assets	¥ 416.04	¥ 445.33	¥ 427.75	¥ 392.15	¥ 420.07	\$ 4.51
Net income (loss)						
Basic	44.33	47.48	27.32	(21.68)	25.19	0.27
Diluted	44.13	47.41	27.30	—	—	—
Cash dividends	10.00	14.00	14.00	9.00	8.00	0.09

SMK's net sales for fiscal 2010, which ended March 31, 2010, decreased 11.5% year on year, to ¥64,371 million (US\$691,864 thousand). Operating income rose 938.8% year on year, to ¥2,479 million (US\$26,647 thousand) with net income of ¥1,862 million (US\$20,013 thousand).

### Net Sales

Net sales recovered moderately for components for flat-panel televisions and other digital home electronics and automobiles, after struggling with the impact of the global economic recession that began in the second half of fiscal 2009. As a result, net sales were ¥64,371 million (US\$691,864 thousand), down 11.5% year on year.

### Operating Income

As a result of the efforts to restore profitability by introducing new products, reducing costs, and cutting fixed costs in the face of a decline in operating income attributable to lower net sales, operating income was ¥2,479 million (US\$26,647 thousand), rising 938.8% from the level of the previous fiscal year.

### Net Income

In spite of the generation of losses on foreign exchange resulting from the appreciation of the yen, net income was ¥1,862 million (US\$20,013 thousand) due to a fall in the loss on the valuation of investment securities from the previous fiscal year.

### Total Net Assets/ROE

As of March 31, 2010, total net assets were ¥31,127 million (US\$334,559 thousand). ROE stood at 6.2%.

### Total Assets/ROA

As of March 31, 2010, total assets were ¥56,113 million (US\$603,111 thousand). ROA stood at 3.3%.

### Cash Flows

Net cash flow from operating activities amounted to ¥9,004 million (US\$96,775 thousand), net cash used in investing activities totaled ¥2,481 million (US\$26,661 thousand) and net cash used in financing activities was valued at ¥6,742 million (US\$72,462 thousand).

#### Total net assets

Millions of yen



#### Return on equity (ROE)

%



#### Return on assets (ROA)

%



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# Consolidated Balance Sheets

SMK Corporation and Consolidated Subsidiaries

As of March 31, 2010 and 2009

Assets	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
<b>Current assets</b>			
Cash and cash equivalents (Note 16)	¥ 9,072	¥ 8,749	\$ 94,037
Time deposits (Note 16)	9	9	94
Notes and accounts receivable, trade (Note 16)	14,864	16,337	175,592
Allowance for doubtful accounts	(77)	(61)	(653)
Inventories (Note 3)	6,235	5,241	56,333
Deferred tax assets (Note 8)	555	1,303	14,001
Other current assets	3,645	2,402	25,816
	34,303	33,980	365,220
<b>Investments and long-term loans</b>			
Investment securities (Notes 12 and 16)	1,947	2,863	30,772
Long-term loans receivable	876	247	2,655
Other investments (Note 13)	1,880	1,659	17,835
Allowance for doubtful accounts	(259)	(232)	(2,498)
	4,444	4,537	48,764
<b>Property, plant and equipment (Notes 4, 7 and 17)</b>			
Land	4,437	4,432	47,635
Buildings	16,512	16,906	181,707
Machinery and vehicles	18,032	18,627	200,214
Tooling and office furniture	24,794	25,116	269,948
Construction in progress	6	10	107
	63,781	65,091	699,611
Less-accumulated depreciation	(45,760)	(48,158)	(517,609)
	18,021	16,933	182,002
<b>Other assets</b>			
Deferred tax assets (Note 8)	619	111	1,194
Intangible assets (Note 7)	781	552	5,931
	1,400	663	7,125
<b>Total assets</b>	¥ 58,168	¥ 56,113	\$ 603,111

See accompanying notes to consolidated financial statements.

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
<b>Current liabilities</b>			
Short-term loans payable (Notes 4 and 16)	¥ 10,528	¥ 4,406	\$ 47,360
Notes and accounts payable, trade (Note 16)	2,689	3,402	36,567
Accrued income taxes	49	197	2,123
Accrued bonus	592	828	8,896
Accrued directors' bonus	—	35	371
Accounts payable, non trade (Note 16)	6,502	7,440	79,965
Other current liabilities	1,450	1,325	14,240
	21,810	17,633	189,522
<b>Long-term liabilities</b>			
Long-term debt (Notes 4 and 16)	6,366	6,560	70,505
Accrued employees' retirement benefits (Note 13)	13	16	173
Accrued directors' and officers' retirement benefits	391	153	1,642
Other long-term liabilities (Note 8)	509	624	6,710
	7,279	7,353	79,030
<b>Net assets</b>			
<b>Shareholders' equity (Note 9)</b>			
Common stock			
Authorized: 195,961,274 shares			
Issued and outstanding: 79,000,000 shares	7,996	7,996	85,951
Capital surplus	12,348	12,353	132,773
Retained earnings	13,961	15,798	169,802
Treasury stock (Note 11)	(2,873)	(2,953)	(31,744)
	31,432	33,194	356,782
<b>Valuation, translation adjustments and other</b>			
Net unrealized gains (losses) on other securities	(29)	499	5,364
Foreign currency translation adjustments	(2,393)	(2,687)	(28,879)
	(2,422)	(2,188)	(23,515)
<b>Subscription rights to shares</b>	56	117	1,253
<b>Minority interests</b>	13	4	39
	29,079	31,127	334,559
<b>Total liabilities and net assets</b>	¥ 58,168	¥ 56,113	\$ 603,111

# Consolidated Statements of Income

SMK Corporation and Consolidated Subsidiaries

Year ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
<b>Net sales</b>	¥ 72,742	¥ 64,371	\$ 691,864
<b>Cost of sales</b> (Notes 3 and 5)	63,651	54,010	580,499
<b>Selling, general and administrative expenses</b> (Notes 5 and 6)	8,853	7,882	84,718
<b>Operating income</b>	238	2,479	26,647
<b>Other income</b>			
Interest and dividend income	170	72	772
Rent income	903	960	10,321
Foreign exchange gain, net	249	—	—
Gain on sales of fixed assets	69	91	977
Other	234	365	3,926
<b>Total other income</b>	1,625	1,488	15,996
<b>Other expenses</b>			
Interest expense	311	214	2,301
Rent expense	280	306	3,286
Foreign exchange loss, net	—	595	6,397
Loss on disposal of fixed assets	75	152	1,639
Loss on valuation of investment securities	1,681	1	9
Impairment loss of fixed assets (Note 7)	692	24	255
Other	166	601	6,460
<b>Total other expenses</b>	3,205	1,893	20,347
<b>Income (loss) before income taxes and minority interests</b>	(1,342)	2,074	22,296
<b>Income taxes</b> (Note 8)			
Current	(67)	561	6,029
Deferred	350	(349)	(3,746)
<b>Minority interests</b>	(5)	—	—
<b>Net income (loss)</b>	¥ (1,620)	¥ 1,862	\$ 20,013
	Yen		U.S. dollars (Note 2)
<b>Per share data</b>			
Total net assets	¥ 392.15	¥ 420.07	\$ 4.51
Net income (loss)			
Basic	(21.68)	25.19	0.27
Diluted	—	—	—
Cash dividends	9.00	8.00	0.09

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Changes in Net Assets

SMK Corporation and Consolidated Subsidiaries

Year ended March 31, 2010 and 2009

	Millions of yen											
	Shareholders' equity						Valuation, translation adjustments and other					
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Total valuation, translation adjustments and other	Subscription rights to shares	Minority interests	Total net assets
<b>Balance at March 31, 2008</b>	79,000,000	¥ 7,996	¥ 12,370	¥ 16,741	¥ (2,264)	¥ 34,843	¥ (161)	¥ (2,304)	¥ (2,465)	¥ —	¥ 8	¥ 32,386
Cash dividends paid				(981)		(981)						(981)
Decrease due to inclusion of subsidiaries in consolidation				(179)		(179)						(179)
Net loss				(1,620)		(1,620)						(1,620)
Acquisition of treasury stock					(667)	(667)						(667)
Disposition of treasury stock				(22)	58	36						36
Items other than shareholders' equity, net							132	(89)	43	56	5	104
<b>Total changes</b>	—	—	(22)	(2,780)	(609)	(3,411)	132	(89)	43	56	5	(3,307)
<b>Balance at March 31, 2009</b>	79,000,000	7,996	12,348	13,961	(2,873)	31,432	(29)	(2,393)	(2,422)	56	13	29,079
Cash dividends paid				(222)		(222)						(222)
Decrease due to exclusion of subsidiaries from consolidation				197		197						197
Net income				1,862		1,862						1,862
Acquisition of treasury stock					(66)	(66)						(66)
Disposition of treasury stock			5		10	15						15
Change in treasury stock resulting from change in equity in affiliates accounted for by equity method					(24)	(24)						(24)
Items other than shareholders' equity, net							528	(294)	234	61	(9)	286
<b>Total changes</b>	—	—	5	1,837	(80)	1,762	528	(294)	234	61	(9)	2,048
<b>Balance at March 31, 2010</b>	79,000,000	¥ 7,996	¥ 12,353	¥ 15,798	¥ (2,953)	¥ 33,194	¥ 499	¥ (2,687)	¥ (2,188)	¥ 117	¥ 4	¥ 31,127

	Thousands of U.S. dollars (Note 2)											
	Shareholders' equity						Valuation, translation adjustments and other					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Total valuation, translation adjustments and other	Subscription rights to shares	Minority interests	Total net assets	
<b>Balance at March 31, 2009</b>	\$ 85,951	\$ 132,717	\$ 150,054	\$ (30,887)	\$ 337,835	\$ (313)	\$ (25,714)	\$ (26,027)	\$ 599	\$ 145	\$ 312,552	
Cash dividends paid				(2,388)	(2,388)						(2,388)	
Decrease due to exclusion of subsidiaries from consolidation				2,123	2,123						2,123	
Net income				20,013	20,013						20,013	
Acquisition of treasury stock					(712)	(712)					(712)	
Disposition of treasury stock			56		109	165					165	
Change in treasury stock resulting from change in equity in affiliates accounted for by equity method					(254)	(254)					(254)	
Items other than shareholders' equity, net							5,677	(3,165)	2,512	654	(106)	3,060
<b>Total changes</b>	—	56	19,748	(857)	18,947	5,677	(3,165)	2,512	654	(106)	22,007	
<b>Balance at March 31, 2010</b>	\$ 85,951	\$ 132,773	\$ 169,802	\$ (31,744)	\$ 356,782	\$ 5,364	\$ (28,879)	\$ (23,515)	\$ 1,253	\$ 39	\$ 334,559	

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

SMK Corporation and Consolidated Subsidiaries

Year ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2010	2010
<b>Cash flows from operating activities</b>			
Income (loss) before income taxes and minority interests	¥ (1,342)	¥ 2,074	\$ 22,296
Depreciation and amortization	5,611	4,021	43,214
Impairment loss of fixed assets	692	24	255
Amortization of goodwill	172	159	1,705
Increase (decrease) in accrued directors' bonus	(83)	34	371
Increase (decrease) in accrued employees' retirement benefits	3	(3)	(35)
Increase (decrease) in prepaid pension costs	(852)	210	2,257
Increase (decrease) in accrued directors' retirement benefits	2	(238)	(2,555)
Interest and dividend income	(170)	(72)	(772)
Interest expense	311	214	2,301
Loss on disposal of fixed assets	75	152	1,639
Loss on valuation of investment securities	1,681	1	9
Loss on liquidation of subsidiaries and affiliates	—	78	834
Loss on compensation of products	—	378	4,063
(Increase) decrease in notes and accounts receivable, trade	5,523	(1,776)	(19,091)
(Increase) decrease in inventories	1,886	863	9,272
Increase (decrease) in notes and accounts payable, trade	(1,686)	1,337	14,372
Increase (decrease) in accounts payable, non-trade	(220)	1,162	12,494
Other	(1,389)	233	2,506
Subtotal	10,214	8,851	95,135
Receipts for interest and dividend income	179	73	789
Payments of interest expenses	(324)	(219)	(2,358)
Loss on compensation of products paid	—	(114)	(1,225)
Payments of income taxes	(1,248)	(165)	(1,779)
Refunds of income taxes	429	578	6,213
<b>Net cash provided by (used in) operating activities</b>	<b>9,249</b>	<b>9,004</b>	<b>96,775</b>
<b>Cash flows from investing activities</b>			
Proceeds from time deposits	435	—	—
Purchases of fixed assets	(4,970)	(2,843)	(30,553)
Proceeds from sale of fixed assets	74	325	3,489
Purchases of intangible fixed assets	(116)	(6)	(64)
Purchases of investment securities	(13)	—	—
Proceeds from sale of investment securities	506	56	603
Payment on loans receivable	(136)	(204)	(2,195)
Proceeds from loans receivable	202	135	1,458
Other	(2)	56	601
<b>Net cash provided by (used in) investing activities</b>	<b>(4,020)</b>	<b>(2,481)</b>	<b>(26,661)</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term loans payable	(1,585)	(6,268)	(67,373)
Proceeds from long-term debt	1,790	600	6,449
Payments of long-term debt	(1,990)	(466)	(5,004)
Redemption of bonds	—	(300)	(3,224)
Purchases of treasury stock	(667)	(65)	(698)
Proceeds from sale of treasury stock	13	8	90
Dividends paid	(980)	(251)	(2,702)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,419)</b>	<b>(6,742)</b>	<b>(72,462)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>55</b>	<b>(182)</b>	<b>(1,957)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,865</b>	<b>(401)</b>	<b>(4,305)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>7,073</b>	<b>9,073</b>	<b>97,515</b>
<b>Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation</b>	<b>134</b>	<b>77</b>	<b>827</b>
<b>Cash and cash equivalents at end of the year</b>	<b>¥ 9,072</b>	<b>¥ 8,749</b>	<b>\$ 94,037</b>

See accompanying notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

SMK Corporation and Consolidated Subsidiaries

## Note 1. Summary of significant accounting policies

- (a) Basis of presenting financial statements  
The accompanying consolidated financial statements of SMK Corporation (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. For the purpose of this document, certain reclassifications have been made in the accompanying consolidated financial statements to facilitate understanding by readers outside Japan. In addition, certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation.
- (b) Basis of consolidation and investments in affiliated companies  
The accompanying consolidated financial statements include the accounts of the Company and all subsidiaries over which substantial control is exercised either through majority ownership of voting stock and/or by other means.  
All significant intercompany balances and transactions have been eliminated in consolidation.  
Certain foreign subsidiaries' fiscal period ends December 31, which differs from the year-end date of the Company; however, the accounts of these companies were tentatively closed as of March 31 and the necessary adjustments for consolidation were made.  
Investments in affiliates (companies over which the Company has the ability to exercise significant influence) are stated at cost plus equity in their undistributed earnings or losses. Consolidated net income includes the Company's equity in the current net income or loss of such companies, after the elimination of unrealized intercompany profits.  
All assets and liabilities of the Company's subsidiaries are revalued at the acquisition, if applicable, and the excess of cost over the underlying net assets at the date of acquisition is amortized over a period of five years on a straight-line basis if such excess is material, or charged to income when incurred if immaterial.
- (c) Scope of consolidation  
Number of consolidated subsidiaries: 26  
The remaining 2 subsidiaries which are unconsolidated are deemed immaterial and, accordingly, their results of operations had no significant effect on the consolidated financial statements.  
From the year ended March 31, 2010, SMK Electronics Technology Development (Shenzhen) Co., Ltd., SMK Mexicana S.R.L. de C.V., Showa Enterprise Co., Ltd. and Ibaraki SMK Co., Ltd. were included in the scope of consolidation.
- (d) Application of equity method of accounting  
Number of affiliated companies accounted for by the equity method: 2  
The 2 unconsolidated subsidiaries and 1 other affiliated company are deemed immaterial. As the effect of their results of operations on the consolidated financial statements would be insignificant, the equity method of accounting has not been applied to these companies.
- (e) Translation of foreign currencies  
All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the appropriate year-end exchange rates except for shareholders' equity, which is translated at rates of exchange prevailing at the time the transactions occurred. Revenue and expense accounts are translated at the average rates of exchange prevailing during the year.
- (f) Cash and cash equivalents  
Cash and cash equivalents are composed of cash and time deposits all of which are low-risk, short-term financial instruments readily convertible into cash.
- (g) Inventories  
The following inventories are measured principally by their respective methods:  
Finished products: Retail cost method  
Work in process: Actual raw material cost, determined by the most recent purchase cost method, plus direct labor costs and manufacturing overheads  
Raw materials and supplies: Most recent purchase cost method  
(Change in accounting policy)  
From the year ended March 31, 2009, the Company and consolidated subsidiaries accounted for inventories in accordance with the Accounting Standard for Measurement of Inventories issued by the Accounting Standards Board of Japan. Under this standard, inventories held for sale in the ordinary course of business are stated at cost, written down due to decreased profitability.  
Due to the application of this standard, operating income for the year ended March 31, 2009 decreased by ¥115 million and loss before income taxes and minority interests increased the same amount.  
The impact on the segment is listed in the concerned note.
- (h) Securities  
Securities are classified into three categories depending upon the holding purpose and accounted for as follows:  
i) trading securities, which are held for the purpose of earning capital gains in the short-term, are stated at fair market value, with related gain and loss realized on disposal and unrealized gain and loss from market fluctuations recognized as gain or loss in the statement of income in the year of the change;  
ii) held-to-maturity debt securities, which a company has the positive intent to hold until maturity, are stated at amortized cost; and iii) other securities, which are not classified as either of the aforementioned categories but are stated at fair market value if such value is available, or, if not, at moving-average cost, with unrealized gain and loss, net of the applicable taxes, reported as a separate component of net assets. Realized gain and loss on sales of such securities are calculated based on the moving-average cost.
- (i) Derivatives  
Derivatives are stated at fair value.
- (j) Property, plant and equipment and depreciation  
Property, plant and equipment is stated at cost. Depreciation of property, plant and equipment is calculated principally by the declining-balance method for the Company and its domestic subsidiaries, and by the straight-line method mainly for foreign subsidiaries.  
(Additional information)  
From the year ended March 31, 2009, the Company and consolidated subsidiaries changed the residual term of a part of machinery under the 2008 revision of the Corporation Tax Law.  
As a result of this change, operating income decreased by ¥198 million and loss before income taxes and minority interests increased by the same amount.  
The impact on the segment is listed in the concerned note.
- (k) Intangible assets  
Amortization of intangible assets is calculated by the straight-line method. Software for own use is amortized based on the utilizable period (5 years).
- (l) Leases  
Finance leases which are deemed to transfer the ownership of the leased assets to the lessee are capitalized and depreciated over their lease term with no residual value.  
However, such finance lease agreements executed on or before March 31, 2008 are accounted for by a method similar to that applicable to operating leases.
- (m) Allowance for doubtful accounts  
The allowance for doubtful accounts is provided at the amount of estimated uncollectable accounts, based on individual collectability with respect to identified doubtful receivables and past experience of doubtful receivables.
- (n) Accrued bonuses  
Accrued bonuses are provided on the estimate of the amounts to be paid in the future by the Company, domestic consolidated subsidiaries and certain overseas subsidiaries based on an accrual basis at the balance sheet date.
- (o) Accrued directors' bonuses  
Accrued directors' bonuses are provided on the estimate of the amounts to be paid in the future by the Company based on an accrual basis at the balance sheet date.
- (p) Accrued retirement benefit obligations  
To cover projected employee retirement benefits, the Company records the estimated obligations at the end of the fiscal year based on projected year-end benefit obligations and plan assets, as adjusted for unrecognized actuarial gains or losses and unrecognized prior service cost.  
Unrecognized actuarial gains or losses are amortized in the year following the year in which the gains or losses are incurred by the straight-line method over

the period of 5 years which is within the average remaining years of service of the employees. Unrecognized prior service cost is amortized by the straight-line method over the period of 5 years which is within the average remaining years of service of the employees.

(Change in accounting policy)

From the year ended March 31, 2010, the Company and consolidated subsidiaries applied the Partial Amendments to Accounting Standard for Retirement Benefits (Part 3) issued by the Accounting Standards Board of Japan. The application of this standard, had no impact on profit and loss for the year ended March 31, 2010.

- (q) Accrued directors' and officers' retirement benefits  
Accrued directors' and officers' retirement benefits have been provided at an amount equal to 100% of the amount which would be required to be paid based on the Company's bylaws if all directors and officers resigned from the Company on the balance sheet date.
- (r) Hedge accounting  
(1) Method of hedge accounting  
The exceptional method of hedge accounting is applied for the transactions of interest rate swaps, in cases meeting certain conditions.  
(2) Hedge instrument and hedged item  
Hedge instrument: interest rate swap  
Hedged item: interest rate for long-term borrowings subject to interest rate fluctuations.  
(3) Hedge policy  
The Company uses interest rate swaps to avoid risks from interest rate fluctuations on borrowings, only when approved by the management.  
(4) Assessment of hedge effectiveness  
As the exceptional method is applied for interest rate swap, the assessment of hedge effectiveness is omitted.
- (s) Income taxes  
Deferred income taxes are recognized based on the differences between financial reporting and the tax bases of the assets and liabilities and are calculated using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.
- (t) Per share information  
Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and weighted-average number of shares of common stock outstanding during the year. Diluted net income per share is computed based on the net income available for distribution to shareholders and weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds.  
Net assets per share is computed based on the net assets available for distribution to shareholders of common stock and the number of shares of common stock outstanding at the balance sheet date. Cash dividends per share shown for each period in the consolidated statements of income represent the dividends applicable to the respective period.
- (u) Change in method of accounting  
(1) Accounting standard for lease transactions  
From the year ended March 31, 2009, the Company and consolidated subsidiaries accounted for leased assets in accordance with the Accounting Standard for Lease Transactions and the Guidance on Accounting Standard for Lease Transactions issued by the Accounting Standards Board of Japan. Under this standard and guidance, finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessee are accounted for in a manner similar to ordinary sales and purchase transactions.  
However, such finance lease agreements executed on or before March 31, 2008, are accounted for in a manner similar to the accounting for ordinary rental transactions.  
The application of this standard, had no impact on profit and loss for the year ended March 31, 2009.  
(2) Unification of accounting policies applied to foreign subsidiaries for consolidated financial statements  
From the year ended March 31, 2009, the Company applied the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements and made necessary modifications for the consolidated process.  
The application of this standard, had a slight impact on net loss for the year ended March 31, 2009.

#### Note 2. U.S. Dollar amounts

The U.S. dollar amounts are stated solely for the convenience of the reader at the rate of U.S.\$1.00 = ¥93.04, the approximate rate of exchange at March 31, 2010. The translation should not be construed as a representation that the Japanese yen amounts actually represent, have been or could be converted into U.S. dollars at that or any other rate.

#### Note 3. Inventories

Inventories as of March 31, 2009 and 2010, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Finished products	¥ 3,255	¥ 2,469	\$ 26,540
Work in process	527	588	6,321
Raw materials and supplies	2,453	2,184	23,472
Total	¥ 6,235	¥ 5,241	\$ 56,333

The write-downs of inventories resulted from decreased profitability for the year ended March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Cost of sales	¥ 387	¥ 459	\$ 4,932

#### Note 4. Short-term loans payable and long-term debt

Short-term loans payable principally to banks were unsecured and represented with interests ranging from 0.71% to 1.48% per annum as of March 31, 2010.

Long-term debt as of March 31, 2009 and 2010, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Loans, principally to banks with interest rates ranging from 0.89% to 2.40%:			
Secured	¥ 668	¥ 4,766	\$ 51,227
Unsecured	6,464	2,450	26,333
Less: portion due within one year	(766)	(656)	(7,055)
Total	¥ 6,366	¥ 6,560	\$ 70,505

The assets pledged as collateral for short-term and long-term debt as of March 31, 2010 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment-book value	¥ 1,973	\$ 21,209

The aggregate annual maturities of long-term debt outstanding as of March 31, 2010 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 656	\$ 7,055
2012	840	9,026
2013	3,903	41,952
2014	1,692	18,188
2015 and thereafter	125	1,339
Total	¥ 7,216	\$ 77,560

#### Note 5. Research and development costs

Research and development costs included in cost of sales and selling, general and administrative expenses for the year ended March 31, 2009 and 2010 amounted to ¥3,168 million and ¥2,770 million (\$29,768 thousand), respectively.

#### Note 6. Selling, general and administrative expenses

Major elements of selling, general and administrative expenses for the year ended March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Salaries and wages of employees	¥ 3,876	¥ 3,454	\$ 37,127
Provision for bonus	204	264	2,841
Provision for directors' and officers' bonus	—	34	371
Retirement benefit cost	(69)	271	2,921
Provision for directors' and officers' retirement benefit	57	41	442
Provision for doubtful accounts	2	—	—

#### Note 7. Impairment of fixed assets

An impairment loss is recognized when the carrying amount of asset exceeds undiscounted future net cash flows which are expected to be generated by such asset. The impairment loss is measured by the amount by which the carrying amount of the asset exceeds its recoverable amount being higher of discounted future net cash flows or net realizable value.

For the year ended March 31, 2009 and 2010, the impairment loss was recognized for the following assets:

Asset group	Location	Use	Millions of yen					
			2009					
			Buildings	Machinery and vehicles	Tooling and office furniture	Leased assets	Software	Total
Functional components	Japan	Switch/Unit production facilities	¥ 68	¥ 257	¥ 124	¥ 80	¥ 3	¥ 532
Touch panel	Japan	Touch panel production facilities	3	147	10	—	—	160
Total			¥ 71	¥ 404	¥ 134	¥ 80	¥ 3	¥ 692

Asset group	Location	Use	Millions of yen		
			2010		
			Machinery and vehicles	Tooling and office furniture	Total
SMK U.K.Ltd.	U.K.	Switch production facilities	¥ 17	¥ 7	¥ 24
Total			¥ 17	¥ 7	¥ 24

Asset group	Location	Use	Thousands of U.S. dollars		
			2010		
			Machinery and vehicles	Tooling and office furniture	Total
SMK U.K.Ltd.	U.K.	Switch production facilities	\$ 182	\$ 73	\$ 255
Total			\$ 182	\$ 73	\$ 255

#### Note 8. Income taxes

Income taxes applicable to the Company and its domestic subsidiaries comprised corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in statutory tax rates of approximately 40.5% for the year ended March 31, 2009 and 2010 respectively. Reconciliations between the statutory tax rate and the effective tax rates for the year ended March 31, 2009 and 2010 are as follows, however those for the year ended March 31, 2009 are omitted because the operating result ended with net loss:

	2010
Statutory tax rate	40.5%
Items such as entertainment expenses permanently not deductible for tax purposes	2.1
Items such as dividend income permanently not deductible for tax purposes	(14.7)
Tax credit for research and development cost	(1.1)
Foreign tax credit	(18.4)
Change in valuation allowance	(4.9)
Statutory tax rate differences in subsidiaries	(18.5)
Elimination of dividend income	23.5
Other	1.7
Effective tax rates	10.2%

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deferred tax assets:			
Inventory write-down disallowed	¥ 91	¥ 137	\$ 1,469
Accrued bonuses disallowed	224	320	3,440
Intercompany profit on inventory	54	70	753
Retirement benefits disallowed	178	263	2,832
Allowance for doubtful accounts	—	56	598
Impairment loss	361	252	2,712
Operating loss carryforwards for tax purposes	384	145	1,562
Net unrealized losses on other securities	22	—	—
Carried forward foreign tax credit	—	425	4,571
Other	726	638	6,856
Valuation allowance	(403)	(320)	(3,437)
Deferred tax assets	1,637	1,986	21,356
Deferred tax liabilities:			
Deferred gain on land	(108)	(108)	(1,165)
Advanced depreciation on buildings	(128)	(117)	(1,260)
Reserve for special depreciation	(39)	(30)	(326)
Net unrealized gains on other securities	—	(331)	(3,552)
Other	(188)	(155)	(1,669)
Net deferred tax assets	¥ 1,174	¥ 1,245	\$ 13,384

#### Note 9. Shareholders' equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholder's meeting, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

**Note 10. Contingent liabilities**

Contingent liabilities as of March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Guarantees of loans	¥ 250	¥ —	\$ —

**Note 11. Treasury stock**

The number of common stock of the Company held by the Company, consolidated subsidiaries and affiliated companies subject to the equity method at March 31, 2009 and 2010 totaled 5,021,837 shares and 5,185,336 shares, respectively.

**Note 12. Securities**

Information regarding marketable securities classified as other securities at March 31, 2009 was summarized as follows:

	Millions of yen		
	Costs	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost			
Stocks	¥ 196	¥ 275	¥ 79
Securities whose cost exceeds their fair value			
Stocks	1,582	1,452	(130)
Others	55	55	(0)
Total	¥ 1,833	¥ 1,782	¥ (51)

Information regarding other securities without market value at March 31, 2009 was as follows:

	Millions of yen
Unlisted securities	¥ 35

The schedules for redemption of other securities with maturity dates at March 31, 2009 was summarized as follows:

	Millions of yen		
	Due in one year	Due after one year through five years	Due after five years through ten years
Others	¥ 19	¥ 14	¥ 22

Information regarding securities classified as other securities at March 31, 2010 was summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	Fair value	Costs	Unrealized gain (loss)	Fair value	Costs	Unrealized gain (loss)
Securities whose fair value exceeds their cost						
Stocks	¥ 2,360	¥ 1,469	¥ 891	\$25,363	\$15,790	\$ 9,573
Others	47	36	11	511	387	124
Securities whose cost exceeds their fair value						
Stocks	248	320	(72)	2,660	3,440	(780)
Total	¥ 2,655	¥ 1,825	¥ 830	\$28,534	\$19,617	\$ 8,917

Unlisted stocks of ¥36 million at March 31, 2010 are not included in the above table because there were no quoted market prices available and the fair value is extremely difficult to determine.

Information regarding sales of securities for the year ended March 31, 2009 and 2010 was as follows, however that for the year ended March 31, 2009 was omitted because of low materiality:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Proceeds from sales of securities	¥ 53	\$ 573
Gains on sales	16	179
Losses on sales	(0)	(2)

**Note 13. Accrued employees' retirement benefits**

(a) Outline of retirement benefit plans

The Company and certain of its domestic consolidated subsidiaries transferred the retirement benefit plans to the corporate pension fund plans under the Defined Benefits Enterprise Pension Law of Japan on April 1, 2004. On the same day the approval was obtained for the exemption from the substituted portion of the welfare pension fund plans from the Minister of Health, Labor and Welfare. At the same time, the Company and certain of its domestic consolidated subsidiaries revised the retirement benefit schemes and adopted the cash balance pension plans and the defined contribution pension plans for a part of future contribution.

(b) Retirement benefit obligation as of March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Retirement benefit obligation	¥ 7,114	¥ 7,199	\$ 77,372
Fair value of plan assets	(5,245)	(6,289)	(67,596)
Funded status	1,869	910	9,776
Unrecognized actuarial gains (losses)	(3,085)	(1,913)	(20,556)
Net amount recognized in the consolidated balance sheets	(1,216)	(1,003)	(10,780)
Prepaid pension costs	1,229	1,019	10,953
Accrued employees' retirement benefits	¥ 13	¥ 16	\$ 173

(c) Retirement benefit cost

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Service cost, net of plan participants' contributions	¥ 289	¥ 322	\$ 3,461
Interest cost	139	142	1,532
Expected returns on plan assets	(205)	(162)	(1,743)
Amortization of unrecognized actuarial (gains) losses	(27)	471	5,060
Amortization of unrecognized prior service cost	(465)	—	—
Contribution to defined contribution pension plan	54	53	572
Net periodic cost	¥ (215)	¥ 826	\$ 8,882

(d) Assumptions to calculate the actuarial present value of the benefit obligation and the expected return on plan assets

	2009	2010
Discount rate	2.0%	2.0%
Expected return on plan assets	3.5%	3.5%
Amortization period of unrecognized actuarial gains or losses	5 years	5 years
Amortization period of unrecognized prior service cost	5 years	—

**Note 14. Derivatives**

As a matter of policy, the Company does not speculate in derivative transactions. The Company does not anticipate nonperformance by any of the counterparties to the derivative transactions, all of whom are leading domestic financial institutions with high bond ratings.

In accordance with the Company's policy, the accounting department controls derivative transactions and requires approval by the director responsible for accounting and the representative directors of the Company. The director who has the responsibility to control the performance and the related risks connected with derivatives reports these to the Management Committee of the Company.

The Company uses interest rate swaps to avoid risks from interest rate fluctuations on borrowings. The exception method of hedge accounting is used to account for those transactions.

(Currency related)

	Millions of yen						Thousands of U.S. dollars		
	Contract amount	Fair value		Unrealized gain (loss)		Contract amount	Fair value	Unrealized gain (loss)	
Forward foreign exchange contracts:									
Sell:	2009	2010	2009	2010	2009	2010	2010	2010	
US\$	¥ 1,137	¥ 1,780	¥ 1,208	¥ (46)	¥ (71)	¥ (46)	\$19,140	\$ (503)	
EUR	35	—	36	—	(1)	—	—	—	
Total	¥ 1,172	¥ 1,780	¥ 1,244	¥ (46)	¥ (72)	¥ (46)	\$19,140	\$ (503)	

(1) Calculation of fair value

The fair value is calculated by the forward exchange rate.

(2) Derivative transactions to which hedge accounting was applied are excluded from the above table.

(Interest related)

	Millions of yen		Thousands of U.S. dollars	
	Contract amount	Due after one year	Contract amount	Due after one year
Interest rate swaps	2010	2010	2010	2010
	¥ 2,636	¥ 2,468	\$28,332	\$26,526

Interest rate swaps

Since interest rate swaps transaction applied an exceptional treatment is accounted for as if they were an integral part of the hedged long-term loans payables, its fair value is included in the fair value of long-term loans payable in Note 16.

**Note 15. Leases**

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets commenced prior to the initial year of application of the Accounting Standard for Lease Transactions as of March 31, 2009 and 2010, which would have been reflected in the balance sheets if finance lease accounting had been applied to finance leases currently accounted for as operating leases.

(Millions of yen)	Acquisition costs		Accumulated depreciation		Net book value	
	2009	2010	2009	2010	2009	2010
Machinery and vehicles	¥ 896	¥ —	¥ 644	¥ —	¥ 251	¥ —
Tooling and office furniture	53	—	46	—	8	—
Total	¥ 949	¥ —	¥ 690	¥ —	¥ 259	¥ —

The amount of outstanding future lease payments for finance leases subsequent to March 31, 2009 and 2010 were as follows:

	Millions of yen	
	2009	2010
Due within one year	¥ 151	¥ —
Due over one year	204	—
Total	¥ 355	¥ —
Balance of accumulated impairment loss on leased assets	¥ 74	¥ —

Lease expenses and pro forma amounts of depreciation and interest expense for finance leases for the year ended March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Lease expenses	¥ 176	¥ 1	\$ 10
Reversal of allowance for impairment loss on leased assets	10	—	—
Depreciation	144	1	8
Interest expense	27	0	0
Impairment loss	80	—	—

Depreciation is calculated based on the straight-line method, assuming that useful life is within the lease term with no residual value.

Interest is calculated based on the discrepancy between total lease expenses and acquisition cost and is allocated to each term by the interest method.

The amount of future leasing fee for operating leases that could not be canceled in advance subsequent to March 31, 2010 is as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Due within one year	¥ 5	\$ 62
Due over one year	5	49
Total	¥ 10	\$ 111

**Note 16. Financial instruments**

(Additional information)

From the year ended March 31, 2010, the Company and consolidated subsidiaries applied the Accounting Standard for Financial Instruments and its Implementation Guidance issued by the Accounting Standards Board of Japan.

(1) Policy for financial instruments

The Company and consolidated subsidiaries raise funds through bank borrowings.

The Company and consolidated subsidiaries uses derivatives for the purpose of reducing risk and does not enter into derivatives for speculative or trading purposes.

(2) Types of financial instruments and related risk

Trade receivables—trade notes and accounts receivable—are exposed to credit risk in relation to customers. Regarding this risk, the credit management is executed periodically.

Marketable securities and investment securities are exposed to market risk. The fair value of those securities is reported in a board meeting periodically. Substantially all trade payables—trade notes and accounts payable—have payment due dates within one year.

Short-term borrowings are raised mainly in connection with business activities, and the repayment dates of long-term debt extend up to four years from the balance date. Long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk and fix interest expense for long-term debt bearing interest at variable rates, the Company and consolidated subsidiaries utilizes interest rate swap transactions as a hedging instrument.

Information regarding fair value of financial instruments at March 31, 2010 was summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2010	2010	Difference	2010	2010	Difference
Cash and cash equivalents	¥ 8,749	¥ 8,749	¥ —	\$ 94,037	\$ 94,037	\$ —
Time deposits	9	9	—	94	94	—
Notes and accounts receivable, trade	16,337	16,337	—	175,592	175,592	—
Investment securities	2,654	2,654	—	28,534	28,534	—
Short-term loans payable	3,750	3,750	—	40,305	40,305	—
Notes and accounts payable, trade	3,402	3,402	—	36,567	36,567	—
Accounts payable, non trade	7,440	7,440	—	79,965	79,965	—
Long-term loans debt	7,216	7,127	(89)	77,560	76,611	(949)
Derivatives	(46)	(46)	—	(503)	(503)	—

Long-term loans debt includes current portion of long-term loans debt which is booked as short-term loans payable in Balance sheets.

1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Cash and deposits, notes and accounts receivable, trade

Since these items are settled in a short period of time, their carrying value approximates fair value.

Investment securities

The fair value of stocks is based on quoted market prices.

Short-term loans payable, notes and accounts payable, trade and accounts payable, non trade

Since these items are settled in a short period of time, their carrying value approximates fair value.

Long-term loans payable

The fair value of long-term loans payable is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new loans were entered into.

Derivatives

Please refer to Note 14 Derivatives of the notes to the consolidated financial statements.

2. Financial instruments whose fair value is extremely difficult to determine

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Unlisted securities	¥ 208	\$ 2,238

Unlisted securities are not included in the investment securities because there were no quoted market prices available and the fair value is extremely difficult to determine.

3. The schedules for redemption of monetary assets and securities with maturities

	Millions of yen			Thousands of U.S. dollars		
	2010	2010	2010	2010	2010	2010
	Due in one year	Due after one year through five years	Due after five years through ten years	Due in one year	Due after one year through five years	Due after five years through ten years
Cash and deposits	¥ 8,749	¥ —	¥ —	\$ 94,044	\$ —	\$ —
Notes and accounts receivable, trade	16,337	—	—	175,592	—	—
Investment securities (other)	—	15	31	—	171	340
Total	25,086	15	31	269,636	171	340

#### Note 17. Investment and rental property

(Additional information)

From the year ended March 31, 2010, the Company and consolidated subsidiaries applied the Accounting Standard for Disclosures about Fair Value in Investment and Rental Property issued by the Accounting Standards Board of Japan.

The profit of investment and rental property for the year ended March 31, 2010 amounted to ¥655 million (\$7,035 thousand).

Information on the fair value of investment and rental property at March 31, 2010 was summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2010	2010	2010	2010	2010	2010
	Book value beginning of the year	Book value end of the year	Fair value	Book value beginning of the year	Book value end of the year	Fair value
	¥ 4,150	¥ 4,119	¥ 8,833	\$ 44,610	\$ 44,275	\$ 94,946

1. The fair value represents the acquisition cost less accumulated depreciation.

2. The fair value is mainly estimated by real estate agency.

#### Note 18. Segment information

The business segments are not presented because the Company's primary business activity consists of a single segment of electronic components.

#### Geographic segments

Year ended or as of March 31

	Millions of yen					
	2009	2009	2009	2009	2009	2009
	Japan	Asia	North America	Other areas	Elimination of corporate	Consolidated
<b>Net sales</b>						
Outside customers	¥ 31,162	¥ 24,574	¥ 15,850	¥ 1,156	¥ —	¥ 72,742
Intersegment sales	27,909	23,090	132	158	(51,289)	—
Total	59,071	47,664	15,982	1,314	(51,289)	72,742
<b>Cost and expenses</b>	59,011	48,471	14,963	1,542	(51,483)	72,504
<b>Operating income (loss)</b>	60	(807)	1,019	(228)	194	238
<b>Identifiable assets</b>	55,118	14,811	6,064	1,074	(18,899)	58,168

1. The division of these groups depends on the geographic proximity and region.

Asia ----- Singapore, Malaysia, China, Taiwan, Korea and Philippines

North America ----- U.S.A. and Mexico

Other areas ----- United Kingdom, Belgium and Hungary

2. As described in Note 1.(g)/(Change in accounting policy), from the year ended March 31, 2009, the Company and consolidated subsidiaries accounted for inventories in accordance with the Accounting Standard for Measurement of Inventories. Due to the application of this standard, operating income decreased by ¥41 million in Japan and by ¥6 million in North America, and operating loss increased by ¥66 million in Asia and ¥0 million in other areas compared with the amount which would have been recorded by the method applied in the previous year.

3. As described in Note 1.(j)/(Additional information), from the year ended March 31, 2009, the Company and consolidated subsidiaries changed the residual term of a part of machinery under the 2008 revision of the Corporation Tax Law. As a result of this change, operating income decreased by ¥198 million in Japan compared with the amount which would have been recorded by the method applied in the previous year.

	Millions of yen					
	2010	2010	2010	2010	2010	2010
	Japan	Asia	North America	Other areas	Elimination of corporate	Consolidated
<b>Net sales</b>						
Outside customers	¥ 28,501	¥ 19,709	¥ 15,300	¥ 861	¥ —	¥ 64,371
Intersegment sales	25,159	22,918	112	74	(48,263)	—
Total	53,660	42,627	15,412	935	(48,263)	64,371
<b>Cost and expenses</b>	53,166	41,214	14,614	1,150	(48,252)	61,892
<b>Operating income (loss)</b>	494	1,413	798	(215)	(11)	2,479
<b>Identifiable assets</b>	51,602	14,406	7,303	972	(18,170)	56,113

	Thousands of U.S. dollars					
	2010	2010	2010	2010	2010	2010
	Japan	Asia	North America	Other areas	Elimination of corporate	Consolidated
<b>Net sales</b>						
Outside customers	\$ 306,334	\$ 211,838	\$ 164,440	\$ 9,252	\$ —	\$ 691,864
Intersegment sales	270,413	246,321	1,199	799	(518,732)	—
Total	576,747	458,159	165,639	10,051	(518,732)	691,864
<b>Cost and expenses</b>	571,427	442,968	157,074	12,366	(518,618)	666,218
<b>Operating income (loss)</b>	5,320	15,191	8,565	(2,315)	(114)	26,647
<b>Identifiable assets</b>	554,617	154,839	78,496	10,449	(195,290)	603,111

The division of these groups depends on the geographic proximity and region.

Asia ----- Singapore, Malaysia, China, Taiwan, Korea and Philippines

North America ----- U.S.A. and Mexico

Other areas ----- United Kingdom, Belgium and Hungary

#### Overseas sales

	Millions of yen				
	2009	2009	2009	2009	2009
	Asia	North America	Europe	Other areas	Total
Overseas sales	¥ 31,595	¥ 16,681	¥ 3,551	¥ 683	¥ 52,510
Consolidated sales					72,742
Ratio of overseas sales (%)	43.4	22.9	4.9	1.0	72.2

	Millions of yen				
	2010	2010	2010	2010	2010
	Asia	North America	Europe	Other areas	Total
Overseas sales	¥ 26,696	¥ 15,643	¥ 1,911	¥ 382	¥ 44,632
Consolidated sales					64,371
Ratio of overseas sales (%)	41.5	24.3	3.0	0.6	69.4

	Thousands of U.S. dollars				
	2010	2010	2010	2010	2010
	Asia	North America	Europe	Other areas	Total
Overseas sales	\$ 286,925	\$ 168,134	\$ 20,538	\$ 4,105	\$ 479,702
Consolidated sales					691,865

The division of these groups depends on the geographic proximity and region.

Asia ----- Singapore, Malaysia, China, Taiwan, Korea and others

North America ----- U.S.A. and others

Europe ----- United Kingdom, Belgium and others

Other areas ----- Brazil and others

#### Note 19. Stock option plan

2009

At the shareholders' meeting held on June 20, 2003, a stock option plan was approved. Under this plan, certain employees and employees of affiliated companies were granted options to purchase common stock of 482,000 shares in total at an exercise price of ¥442. Those eligible could exercise the options when the market price exceeded 130% of the exercise price for preceding day within the term of exercise, which was from July 1, 2005 to June 30, 2008.

Stock option activities during the year ended March 31, 2009 were as follows:

Number of Shares	
Outstanding at beginning of year	100,000
Exercised	15,000
Expired	85,000
The weighted average price of stocks when exercised is	¥580.

At the board of directors meeting held on April 24, 2008, a stock option plan was approved. Under this plan, certain employees of the Company and a director and employees of affiliated companies were granted options to purchase common stock of 1,102,000 shares in total at an exercise price of ¥509. Those eligible could exercise the options when the market price exceeded 130% of the exercise price for preceding day within the term of exercise, which was from June 1, 2010 to May 31, 2013.

Stock option activities during the year ended March 31, 2009 were as follows:

Number of Shares	
Granted	1,102,000
Non-eligible at end of year	1,102,000
The fair value of stocks when granted is	¥115.

2010

At the board of directors meeting held on April 24, 2008, a stock option plan was approved. Under this plan, certain employees of the Company and a director and employees of affiliated companies were granted options to purchase common stock of 1,102,000 shares in total at an exercise price of ¥509 (\$5.47). Those eligible could exercise the options when the market price exceeded 130% of the exercise price for preceding day within the term of exercise, which was from June 1, 2010 to May 31, 2013.

Stock option activities during the year ended March 31, 2010 were as follows:

Number of Shares	
Outstanding at beginning of year	1,102,000
Non-eligible at end of year	1,102,000
The fair value of stocks when granted is	¥115 (\$1.24).

#### Note 20. Related party transactions

Significant transactions with related parties for the year ended March 31, 2009 and 2010 were as follows:

	Millions of yen					
	Transactions			Balances		
	Loans	Guarantees	Leases	Loan receivable	Guarantees	Outstanding future lease payments
2009						
Showa Enterprise Co., Ltd.	¥ 50	¥ 250	¥ 163	¥ 734	¥ —	¥ 332

	Millions of yen			
	Transactions		Balances	
	Guaranty money deposited	Rent	Other investments	Rent
2010				
Terutaka Ikeda	¥ —	¥ 14	¥ 15	¥ —

	Thousands of U.S. dollars			
	Transactions		Balances	
	Guaranty money deposited	Rent	Other investments	Rent
2010				
Terutaka Ikeda	\$ —	\$ 150	\$ 156	\$ —

(Additional information)

From the year ended March 31, 2009, the company applied the Accounting Standard for Related Party Disclosures and its Implementation Guidance. The adoption of this standard had no effect in the scope of the disclosures.

#### Note 21. Subsequent events

The following appropriation of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2010, was approved at a shareholder's meeting held on June 24, 2010.

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Cash dividends (¥8.00 = \$0.09 per share)	¥ 591	\$ 6,358

# Report of Independent Auditors



**Ernst & Young ShinNihon LLC**  
 Hibiya Kokusai Bldg.  
 2-2-3, Uchisaiwai-cho,  
 Chiyoda-ku, Tokyo, Japan 100-0011

Tel: +81 3 3503 1100  
 Fax: +81 3 3503 1197

## Report of Independent Auditors

The Board of Directors  
SMK Corporation

We have audited the accompanying consolidated balance sheets of SMK Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SMK Corporation and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.



Ernst & Young ShinNihon LLC

June 24, 2010

A member firm of Ernst & Young Global Limited

# Shares and Shareholders

(As of March 31, 2010)

<b>Authorized shares:</b>	<b>195,961,274</b>
<b>Issued shares:</b>	<b>79,000,000</b>
<b>Number of shareholders:</b>	<b>11,364</b>

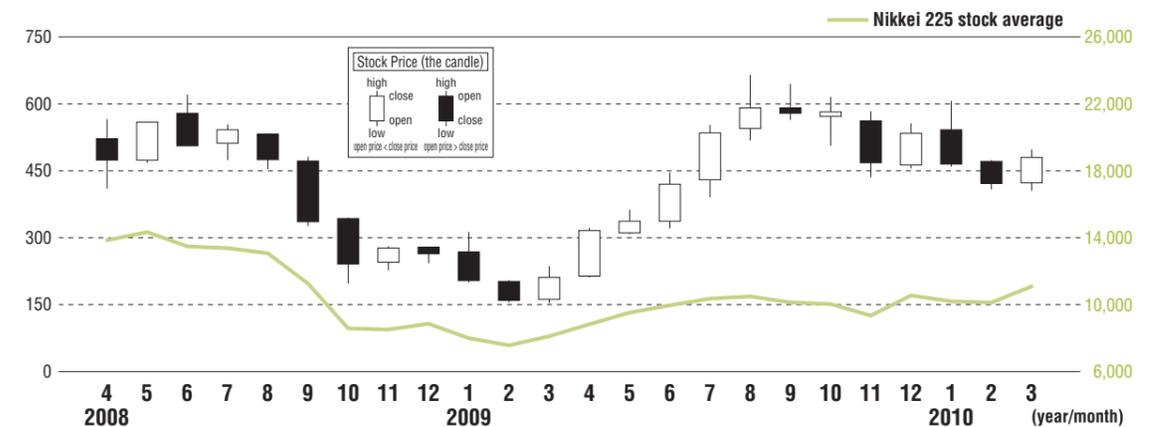
Major shareholders (top ten)	Shares Owned (1,000 shares)	Percentage of Shares (%)
Japan Trustee Services Bank, Ltd.	4,757	6.43
Nippon Life Insurance Company	4,001	5.41
Mizuho Corporate Bank, Ltd.	3,663	4.95
Dai Nippon Printing Co., Ltd.	3,200	4.33
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,134	4.24
Mitsubishi UFJ Trust and Banking Corporation	1,937	2.62
SMK Cooperating Company Share Holding Association	1,771	2.40
Terutaka Ikeda	1,717	2.32
Meiji Yasuda Life Insurance Company	1,566	2.12
The Showa Ikeda Memorial Foundation	1,500	2.03

Notes: 1. SMK holds 5,049 thousand shares of treasury stock, but is excluded from the above list. Figures for percentage of shares are calculated excluding treasury stock.  
 2. Of the above shares owned by major shareholders, the following number of shares are held in trust operations:  
 Japan Trustee Service Bank, Ltd.: 4,757 thousand shares

Share ownership by number	
1-999 shares	2,153 (18.95%)
1,000-9,999 shares	8,517 (74.94%)
10,000-99,999 shares	617 (5.43%)
100,000-499,999 shares	61 (0.54%)
500,000 shares-	16 (0.14%)

Share ownership by shareholder type (unit: share)	
Financial institutions	22,252,685 (28.17%)
Financial instruments dealers	2,843,526 (3.60%)
Companies and other entities	11,271,092 (14.27%)
Foreign investors	4,845,722 (6.13%)
Individuals and others	32,737,804 (41.44%)
Treasury stock	5,049,171 (6.39%)

## Share price chart (unit: yen)



# Board of Directors and Corporate Auditors

(As of June 24, 2010)

## DIRECTORS



**Yasumitsu Ikeda**  
Director, Executive Deputy President  
Sales Division

**Tetsuya Nakamura**  
President and COO



**Yoshio Sakurai**  
Director, Executive Vice President,  
Chief Technology Officer

**Hajime Yamada**  
Director, Executive Vice President,  
Chief Financial Officer

**Yuji Tanahashi**  
Director

## AUDITORS



**Terutaka Ikeda**  
Auditor and  
Chairman of Auditors  
Meeting



**Kenji Kobayashi**  
Auditor



**Hidefumi Kobayashi**  
Auditor



**Kouichiro Sugihara**  
Auditor



**Naru Nakashima**  
Auditor

## CORPORATE EXECUTIVE OFFICERS



**Yoshiyuki Kaku**  
Executive Vice President  
Connection System  
Division



**Paul Evans**  
Executive Vice President  
Sales Division, Americas



**Hideo Matsumoto**  
Vice President  
Sales Division, Europe



**Akira Utazaki**  
Vice President  
Deputy Division Director  
of Sales Division



**Mikio Wakabayashi**  
Vice President  
Functional Components  
Division



**Tsutomu Isoda**  
Vice President  
Research and Development



**Hiroshi Miyakawa**  
Vice President  
Sales Division



**Shigechika Yanagi**  
Vice President  
Touch Panel Division



**Takemi Ishibashi**  
Vice President  
Production Management



**Kohei Ohgaki**  
Vice President  
Corporate Planning and  
General Affairs

## Corporate Data

(As of March 31, 2010)

<b>Name:</b>	SMK Corporation
<b>Established:</b>	January 15, 1929
<b>Primary business:</b>	Manufacture and sale of various parts for electro-communication device and electronic equipment
<b>Capital:</b>	7,996,828,021 yen
<b>Stock exchange listing:</b>	Tokyo Stock Exchange
<b>Administrator of shareholders' register:</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Independent auditors:</b>	Ernst & Young ShinNihon LLC Tokyo, Japan
<b>Employees (SMK-Group):</b>	12,906
<b>Head office:</b>	5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo 142-8511, Japan TEL 81-3-3785-1111 FAX 81-3-3785-1878
<b>Subsidiaries &amp; affiliates:</b>	
<b>Domestic:</b>	Subsidiaries 5 companies Affiliates 2 companies
<b>Overseas:</b>	Subsidiaries 22 companies
<b>Website:</b>	<a href="http://www.smk.co.jp/">http://www.smk.co.jp/</a>