



Business Report for
FY2010
From Apr. 2010 to Mar. 2011

SMK Corporation

May, 2011



FY2010

Outline of Financial Statement

Director and Executive Vice President

Hajime Yamada



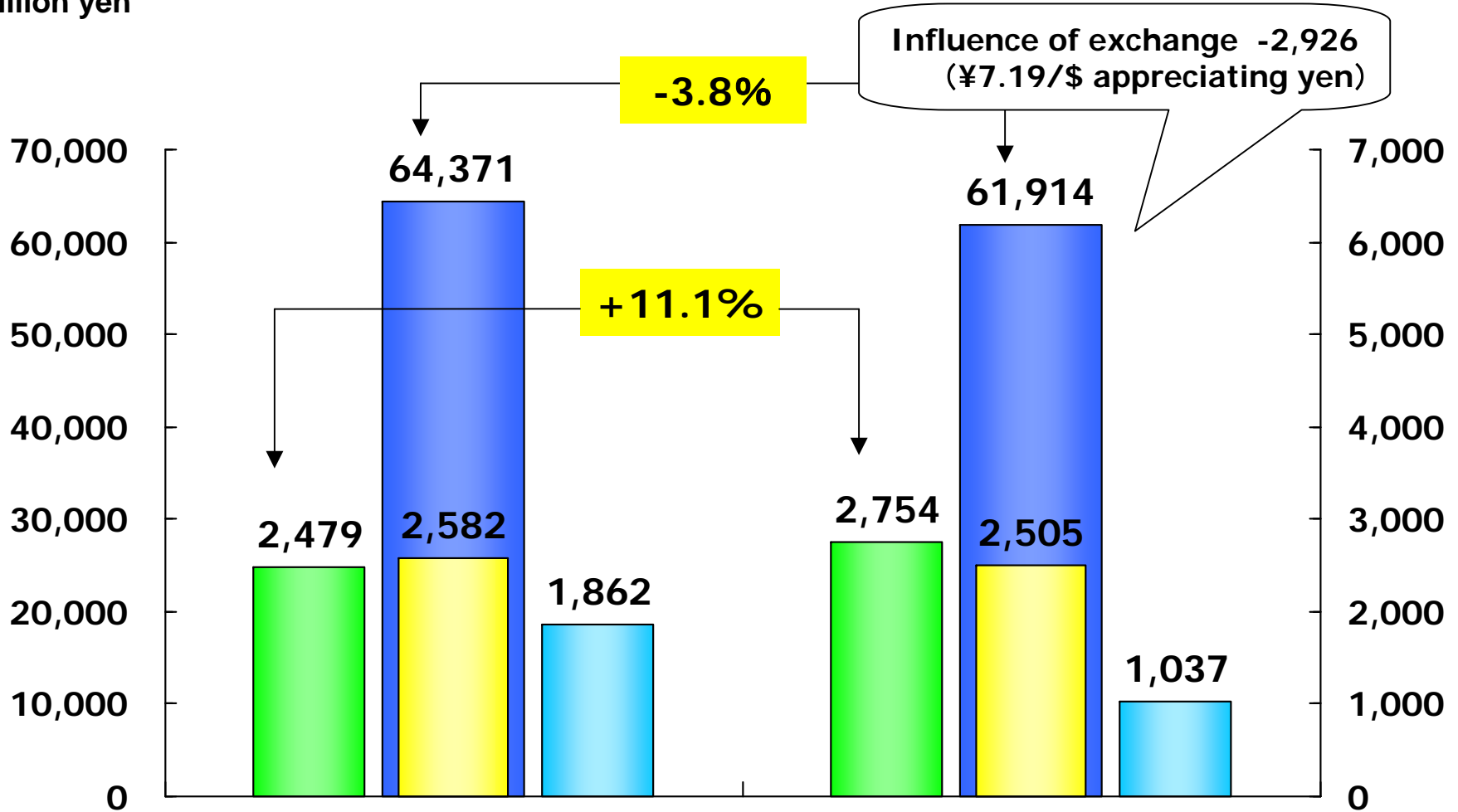
<Consolidated> Financial Result

Sales Amount :
Million yen

FY2009

FY2010

Income :
Million yen



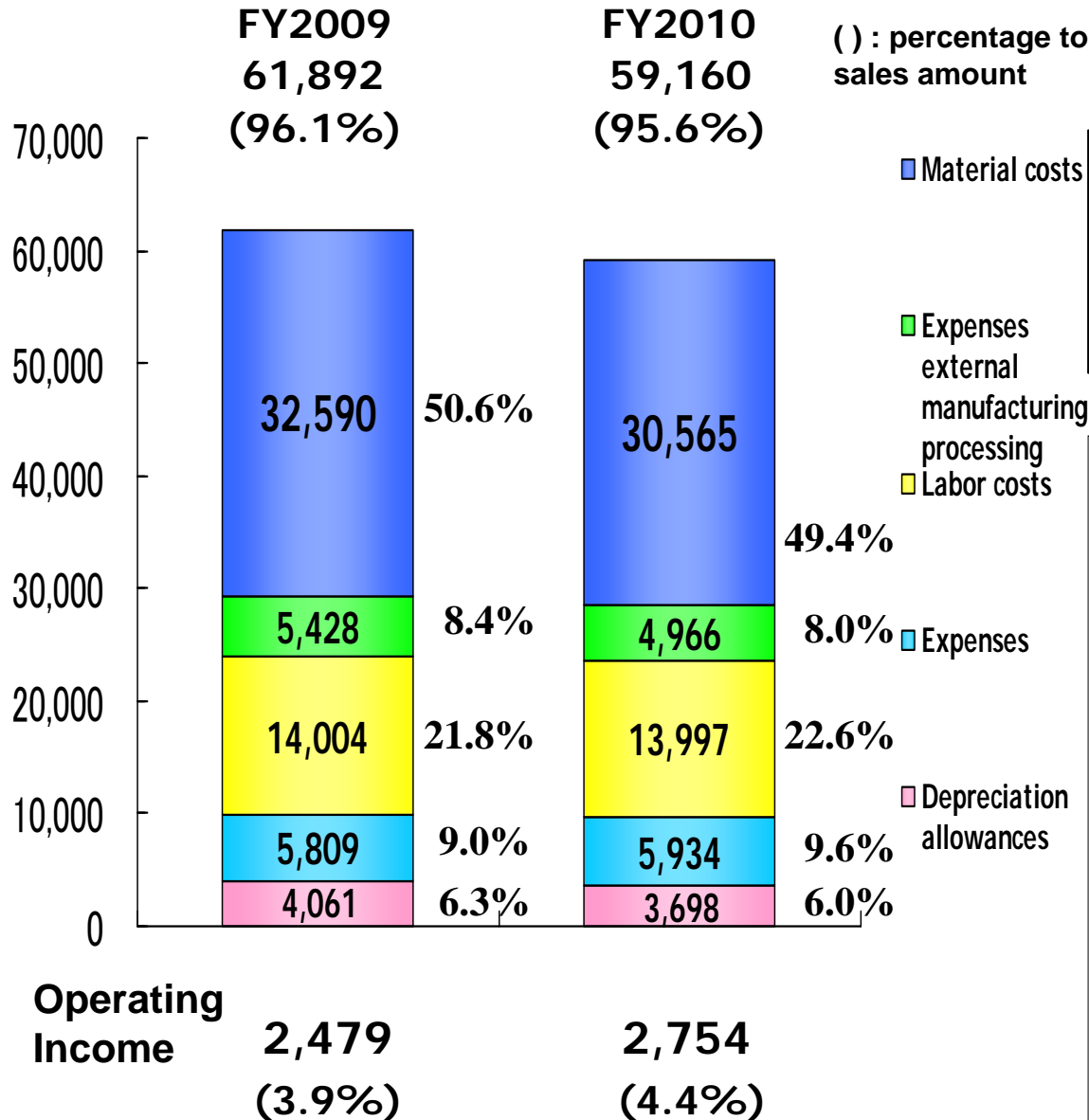
■ Net Sales ■ Operating Income ■ Ordinary Income ■ Net Income





<Consolidated> Sales Expenses

Unit : Million yen



() : percentage to sales amount

<Rate of average during period>

FY2009 : ¥ 92.82/\$

FY2010 : ¥ 85.63/\$

[(Material costs + Expenses for external manufacturing processing) improved by 1.6%]

59.0% → 57.4% -1,037 million yen

[Expenses Increase 125 million yen]

Experiment cost 72 million yen etc

[Depreciation allowances decrease 363 million yen]

Mold Tool -210 million yen

Machine -138 million yen etc

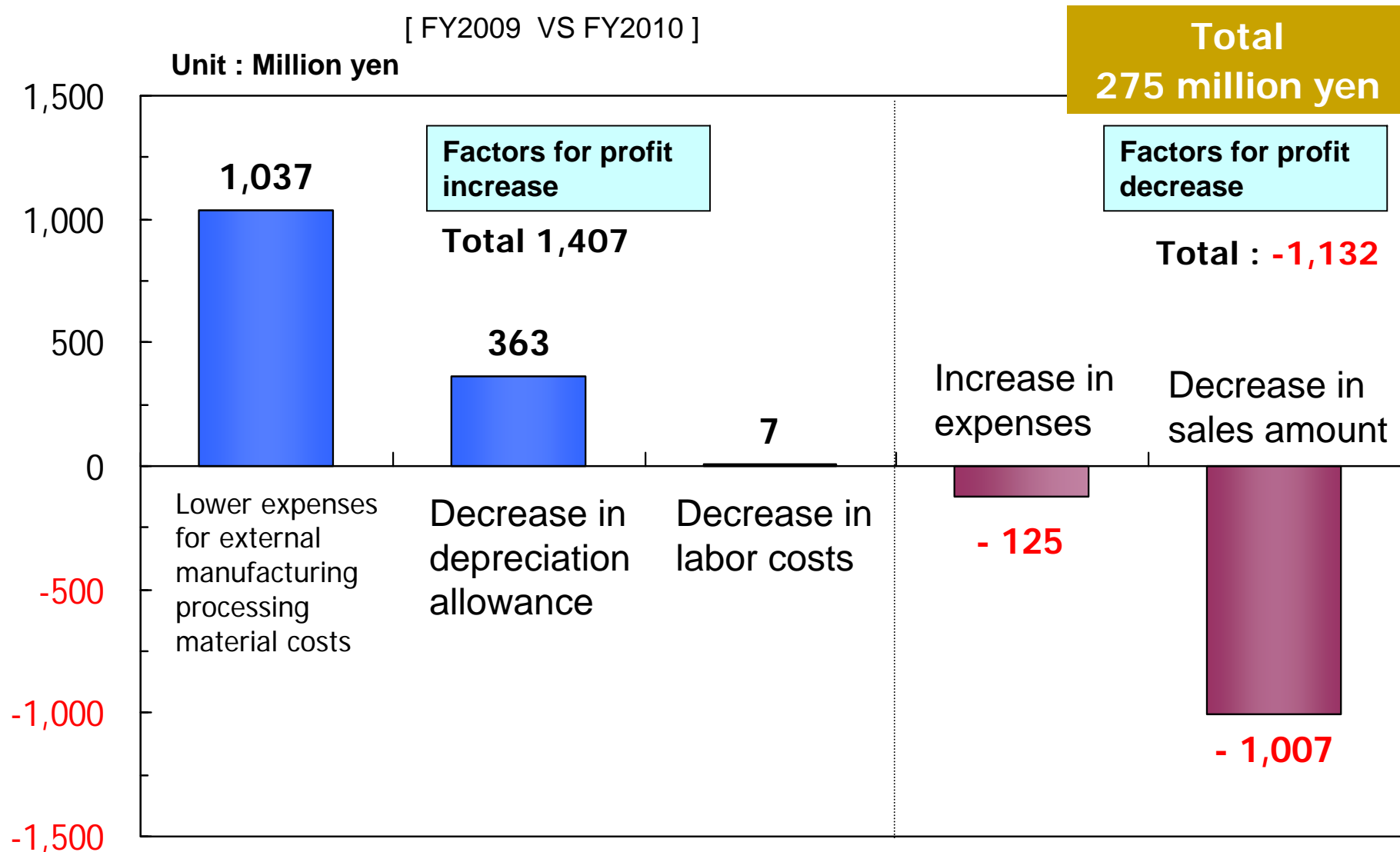


<Consolidated> Analysis of sales expenses

Analysis of factors for increase/decrease of consolidated operating income

[FY2009 VS FY2010]

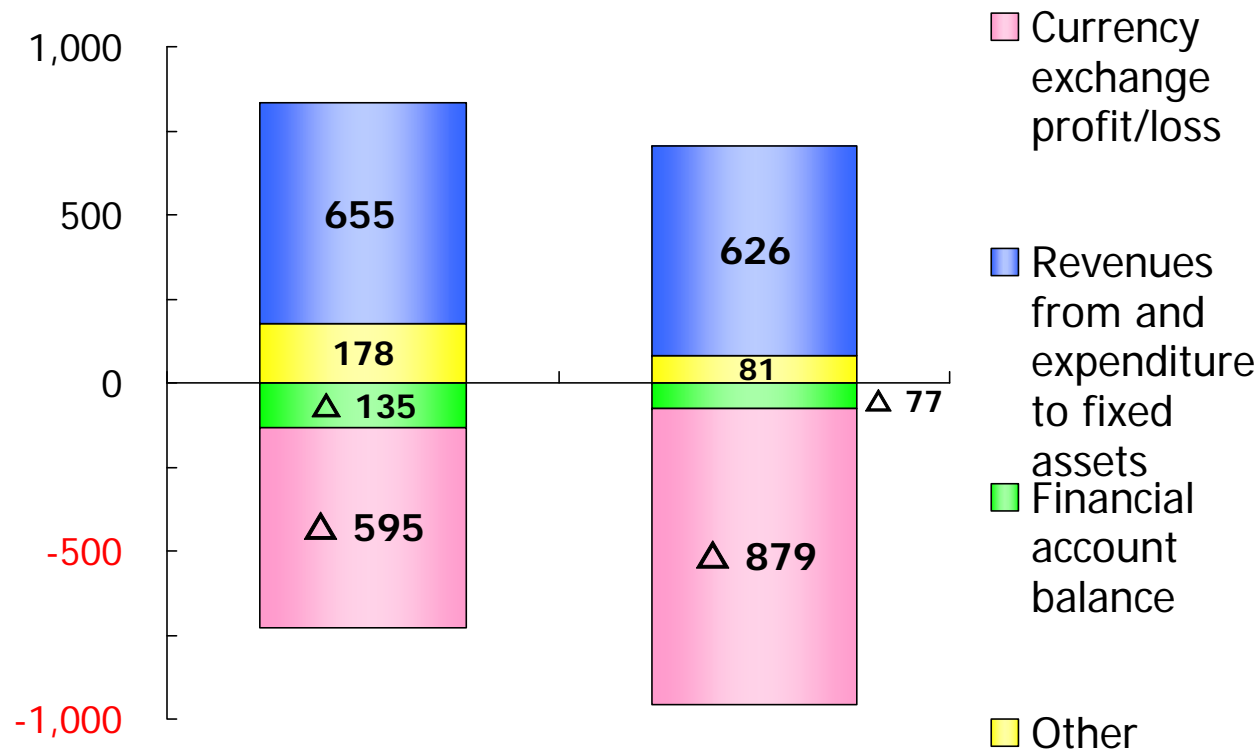
Unit : Million yen





<Consolidated> Non-operating profit and loss 6/51

	FY2009	FY2010	
Unit : Million yen	103	- 249	() : percentage to sales amount
	(0.1%)	(- 0.4%)	



Exchange loss : Increase 284 million yen

1. FY2009

2009/Mar ¥ 98.23/\$

2010/Mar ¥ 93.04/\$

Yen appreciated by 5.19 yen

2. FY2010

2010/Mar ¥ 93.04/\$

2011/Mar ¥ 83.15/\$

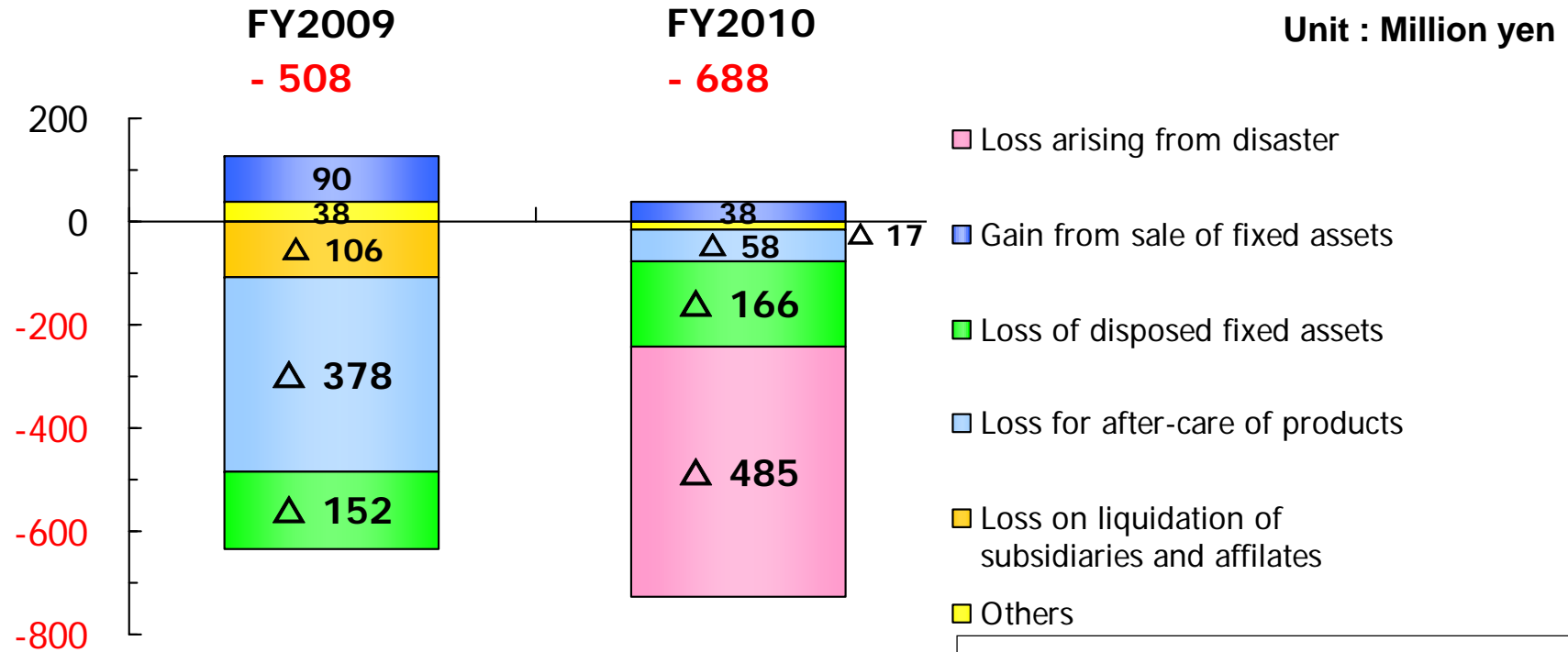
Yen appreciated by 9.89 yen

Ordinary Income	2,582	2,505
	(4.0%)	(4.0%)



<Consolidated> Non-operating profit and loss

7/51



Income before income taxes	2,074	1,817
Income taxes (Current and deferred)	-212	-780
Net income	1,862	1,037
	(2.9%)	(1.7%)

<Loss arising from disaster 485 million yen>

The impact of the East Japan Great Earthquake

Loss of fixed assets	379
Loss of inventories	30
Repair cost for building	76
Total	485 million yen



<Consolidated> Financial Highlights (Quarterly) 8/51

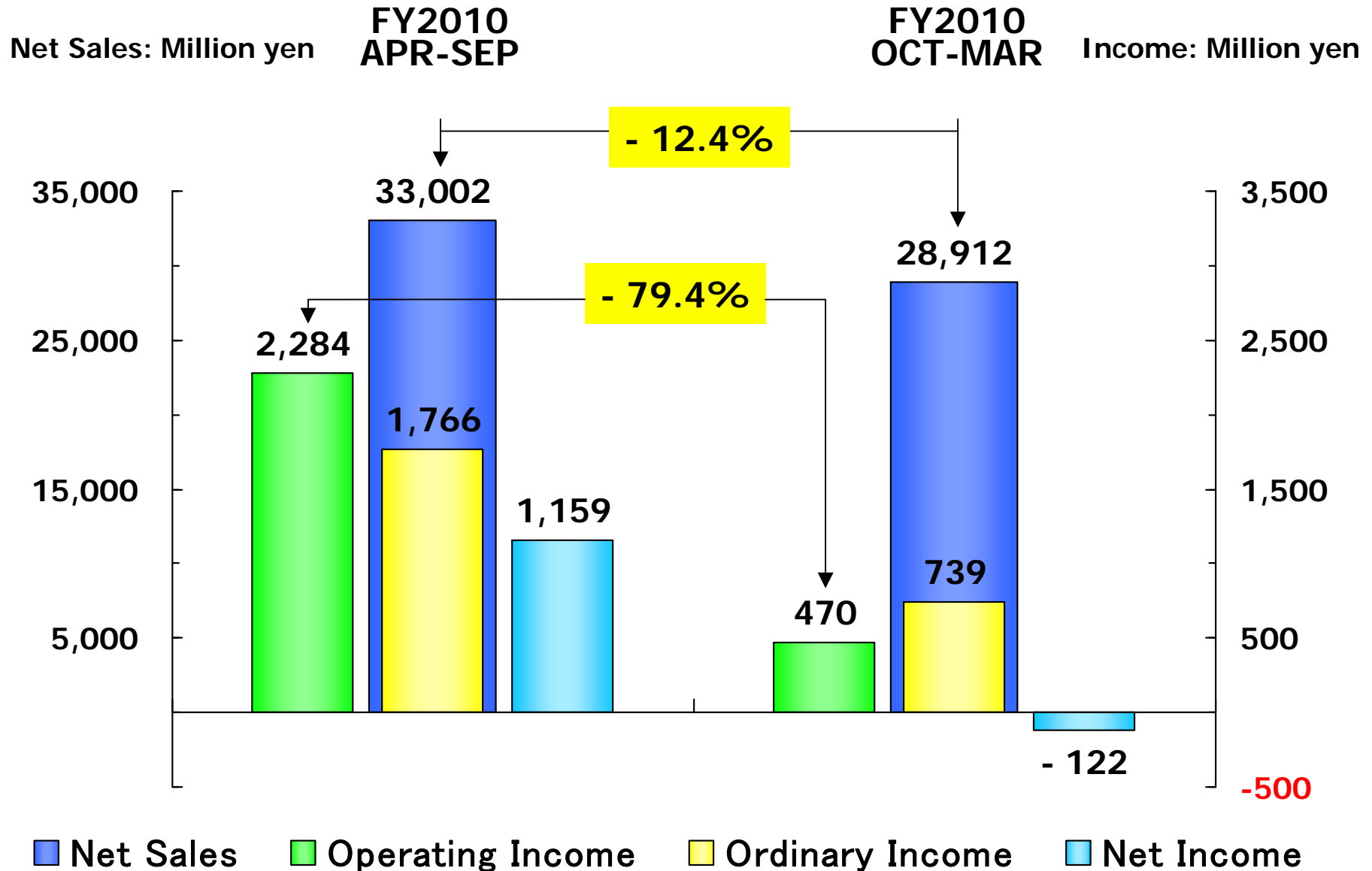
Unit : Million yen

FY2010 Result	1 st Half Term			2 nd Half Term			Fiscal Term
	1Q (10/Apr~Jun)	2Q (10/Jul~Sep)	TOTAL (10/Apr~Sep)	3Q (10/Oct~Dec)	4Q (11/Jan~Mar)	TOTAL (10/Oct~11/Mar)	TOTAL (10/Apr~11/Mar)
① Net Sales	16,056	16,946	33,002	14,732	14,180	28,912	61,914
② Operating Income	1,215	1,069	2,284	355	115	470	2,754
③ Ordinary Income	937	829	1,766	297	442	739	2,505
④ Net Income	628	531	1,159	51	- 173	- 122	1,037

FY2009 Result	1 st Half Term			2 nd Half Term			Fiscal Term
	1Q (09/Apr~Jun)	2Q (09/Jul~Sep)	TOTAL (09/Apr~Sep)	3Q (09/Oct~Dec)	4Q (09/Jan~Mar)	TOTAL (09/Oct~10/Mar)	TOTAL (09/Apr~10/Mar)
① Net Sales	15,684	16,596	32,280	16,164	15,927	32,091	64,371
② Operating Income	706	937	1,643	470	366	836	2,479
③ Ordinary Income	706	576	1,282	764	536	1,300	2,582
④ Net Income	374	566	940	309	613	922	1,862



<Consolidated> FY2010 2H Financial Results compared with FY2010 1H





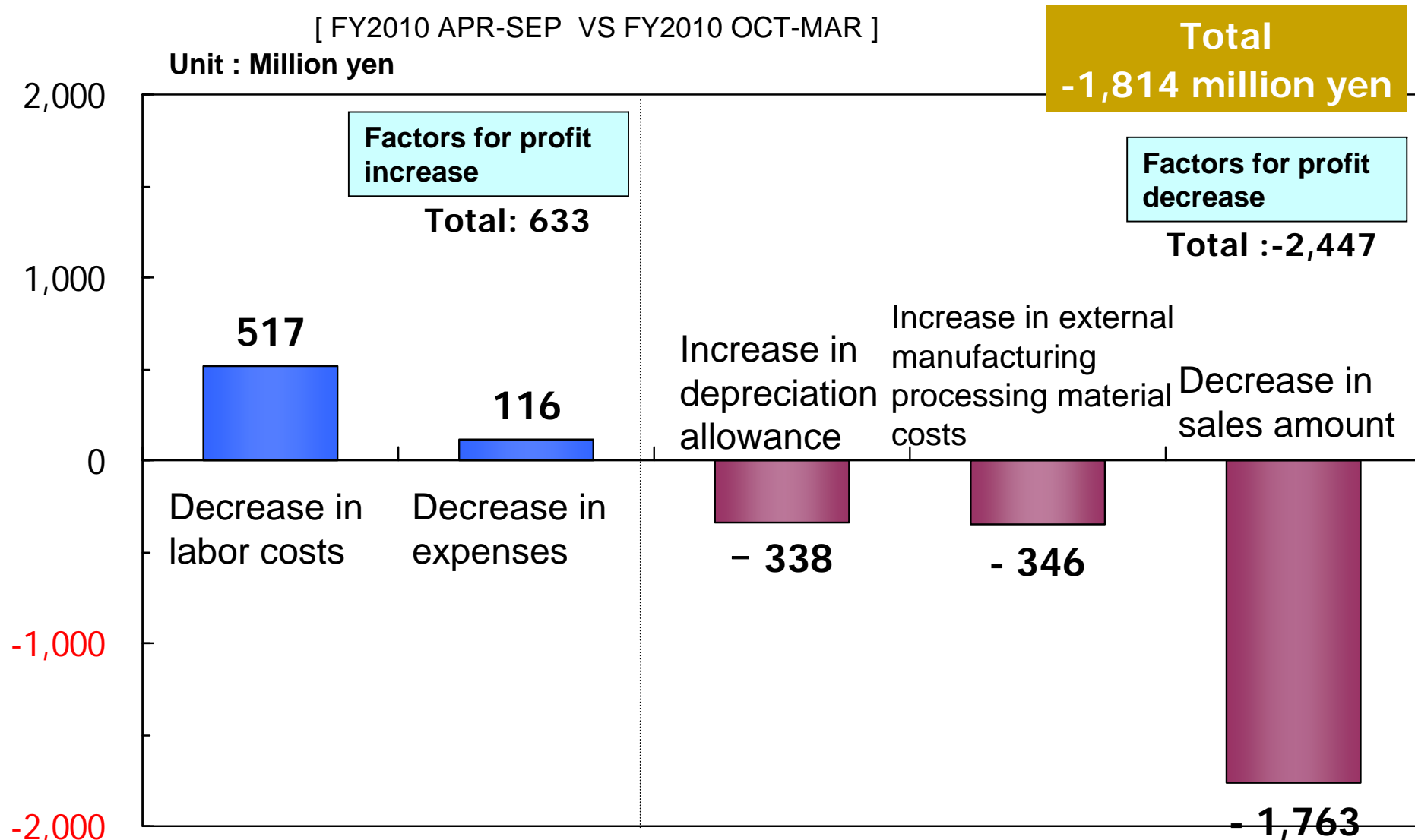
<Consolidated> Analysis of sales expenses compared with FY2010 1H

10/51

Analysis of factors for increase/decrease of consolidated operating income

[FY2010 APR-SEP VS FY2010 OCT-MAR]

Unit : Million yen





<Consolidated> Cash Position

11/51

Unit : Million yen

	2010/MAR (A)	2011/MAR (B)	Differential (B-A)
Assets	56,113	53,059	-3,054
Cash and cash equivalents	8,758	7,442	-1,316
Accounts receivable	16,337	14,841	-1,496
Inventories	5,240	5,672	432
Fixed assets	22,133	21,205	-928
Liabilities	24,986	23,197	-1,789
Accounts payable and accrued expenses	10,841	10,981	140
Interest-bearing dept	10,965	8,926	-2,039
Net assets	31,127	29,862	-1,265
Common stock	7,996	7,996	-
Capital adequacy ratio	55.3%	56.0%	0.7%



<Consolidated> Cash Flow Position

12/51

Unit : Million yen

	FY2009	FY2010
Operating Cash Flow	9,003	6,230
Working capital	1,586	1,233
Income before income taxes	2,074	1,817
Depreciation	4,020	3,652
Others	1,323	-472
Investing Cash Flow	-2,480	-4,001
Free Cash Flow	6,523	2,229
Financing Cash Flow	-6,741	-3,347
Increase (decrease) in interest-bearing dept	-6,434	-2,039
Purchases of treasury stock	-56	-354
Dividends paid	-251	-954
Initial balance	9,072	8,749
Final balance	8,749	7,382



<Consolidated> Segment Information

13/51

Unit : Million yen

(*) Other: research and development, lease, real-estate rental, factoring

FY2010	Segment report				Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Division	FC Division	TP Division	Total		
Net Sales	23,242	30,080	8,350	61,672	242	61,914
Segment gain or loss(Operating Income)	565	2,223	-143	2,645	109	2,754

FY2009	Segment report				Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Division	FC Division	TP Division	Total		
Net Sales	27,712	27,521	8,952	64,185	186	64,371
Segment gain or loss(Operating Income)	719	1,481	184	2,384	95	2,479



<Consolidation> Business Forecast / Dividends ^{14/51}

- **Consolidated Performance Forecast**

FY2011 : Undetermined ⇒ results due to be released in 2011/7 (at time of FY2011 1Q earnings announcement)

- **Annual dividend**

	End of the second quarter	End of year	Annual
FY2010	5.00 yen	4.00 yen	9.00 yen
FY2009	0.00 yen	8.00 yen	8.00 yen

FY2011 : Undetermined ⇒ results due to be released in 2011/7 (at time of FY2011 1Q earnings announcement)



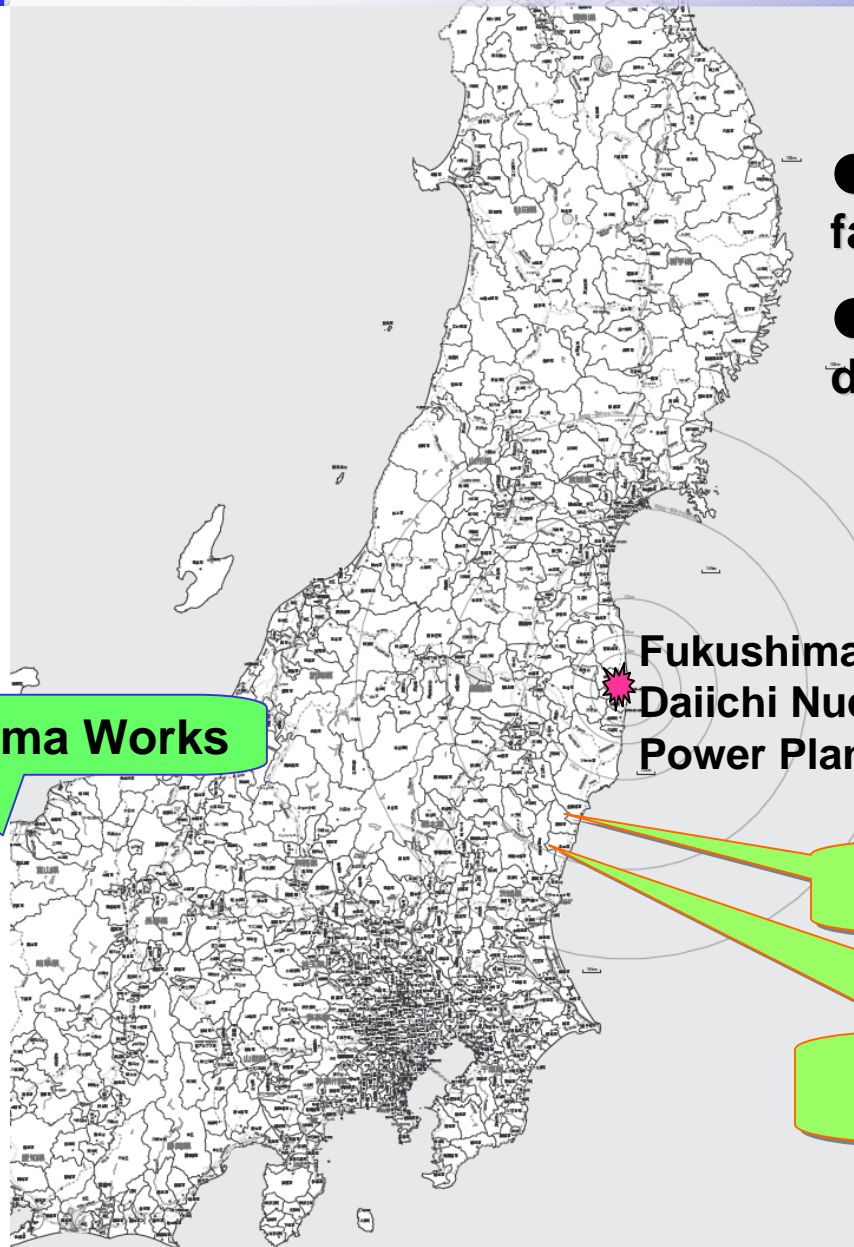
FY2010 Result and Prospect

President and COO Tetsuya Nakamura



The Impact of the East Japan Great Earthquake

16/51



Hitachi Works, Ibaraki Works

- Employees and their co-residing family members were all unharmed
- Some buildings and facilities were damaged



Recommended operations from 22nd March

Toyama Works

Fukushima Daiichi Nuclear Power Plant

Ibaraki works (Kita Ibaraki-shi)

Hitachi works (Hitachi-shi)

The East Japan Great Earthquake damage situation : 17/51 Hitachi Works



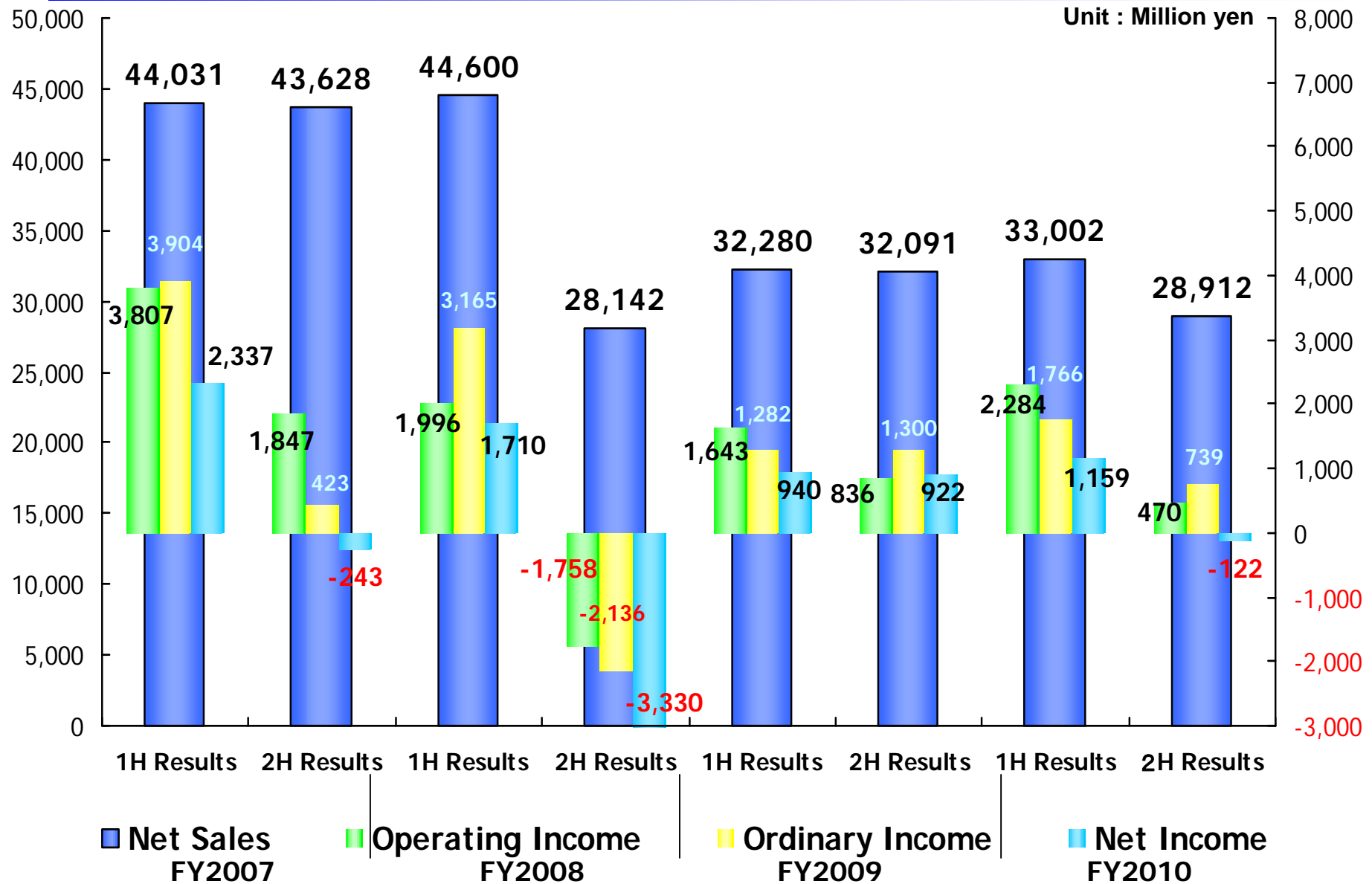
The East Japan Great Earthquake damage situation : 18/51 Ibaraki Works

【 Ibaraki SMK Co., Ltd. 】





Half Fiscal Term Performance (FY2007~FY2010) 19/51

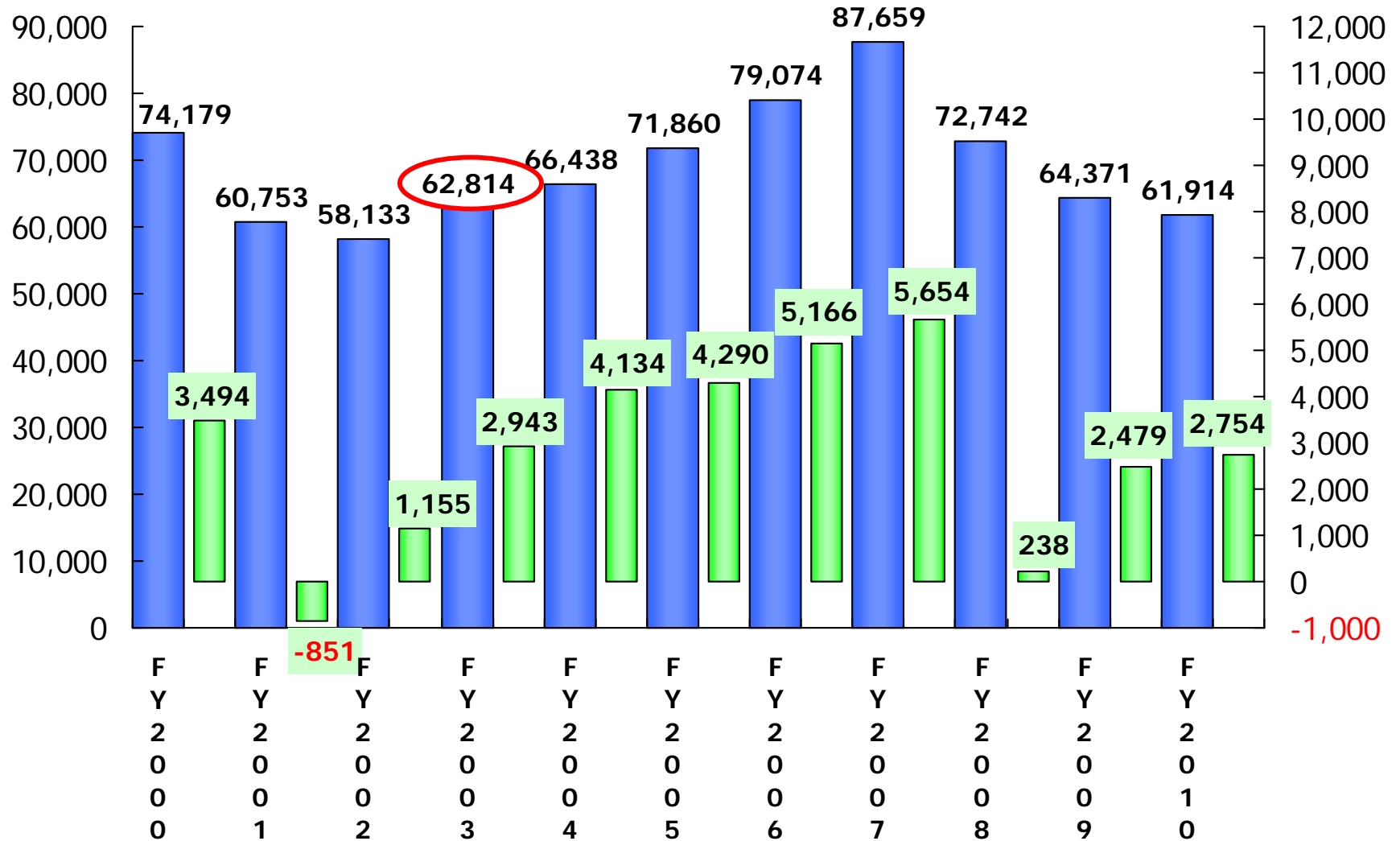




Fiscal Term Sales & Operating Income Performance

Net Sales: Million yen

Income: Million yen

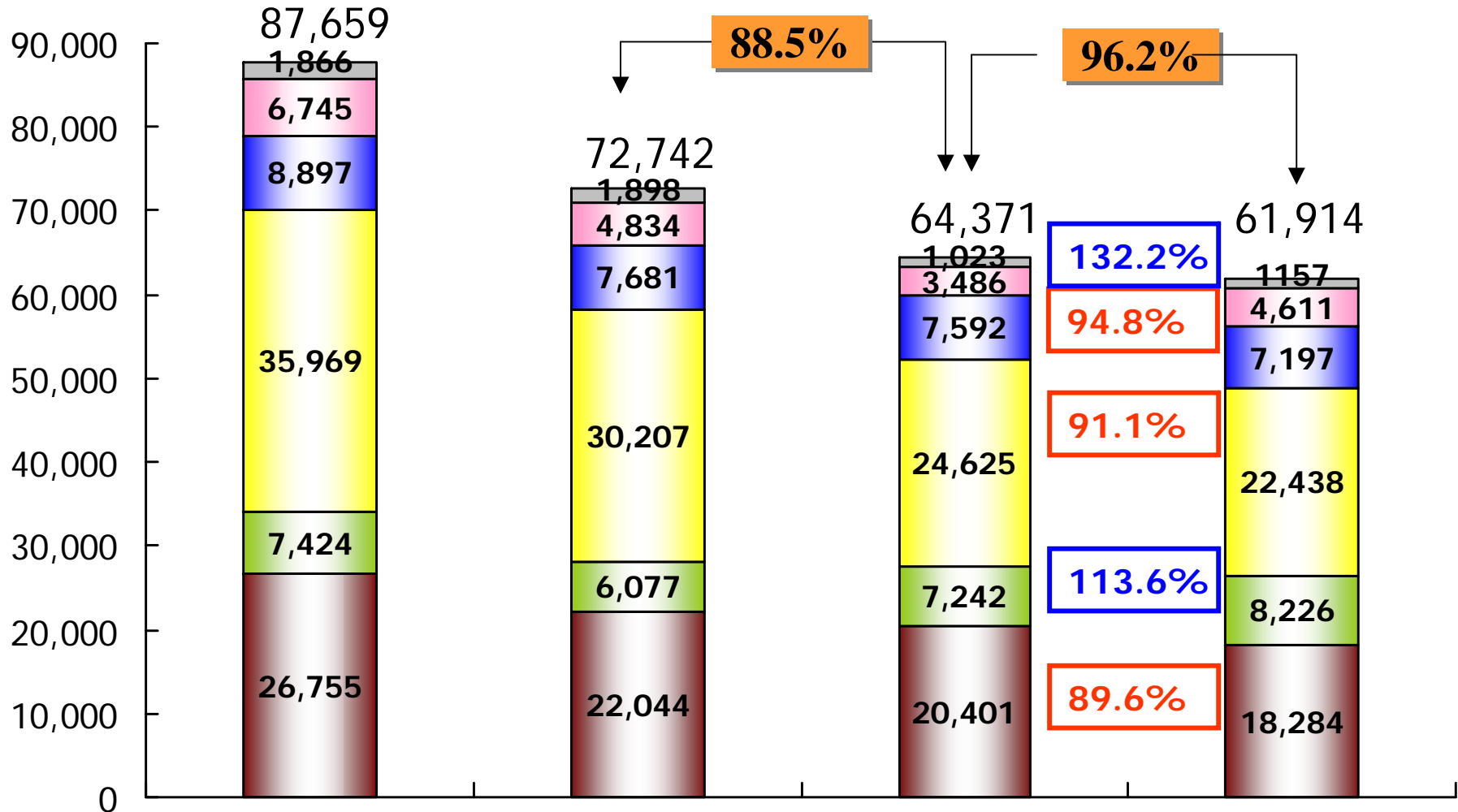


■ Net Sales ■ Operating Income



<Consolidated> Net Sales by Market

Net Sales: Million yen



- Audio & Visual
- Car Electronics
- Telecom
- Computer
- Amusement & Appliance
- Others

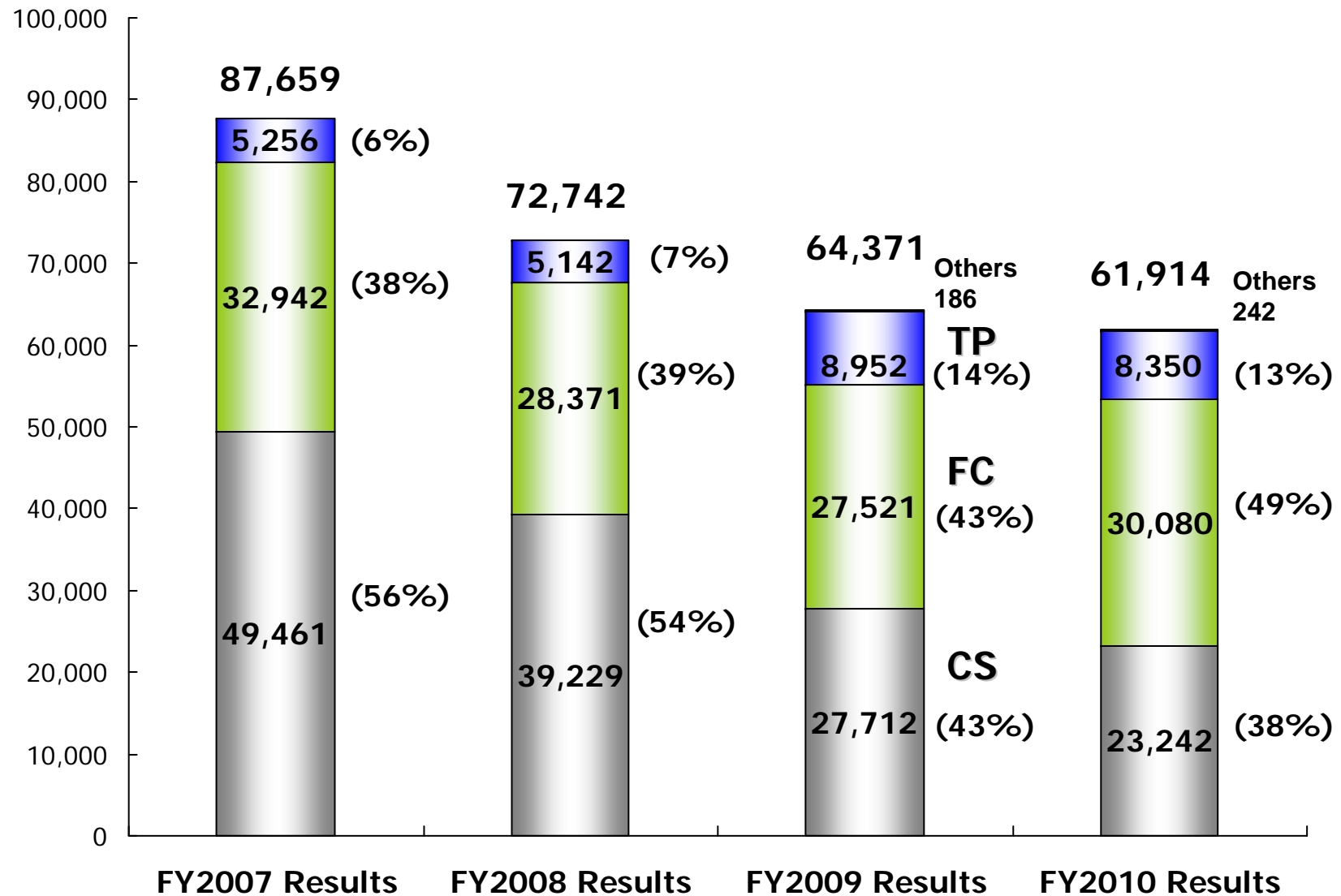




Reference : <Consolidated> Net Sales by Product Division (FY2007-FY2010)

Unit : Million yen

() : component ratio

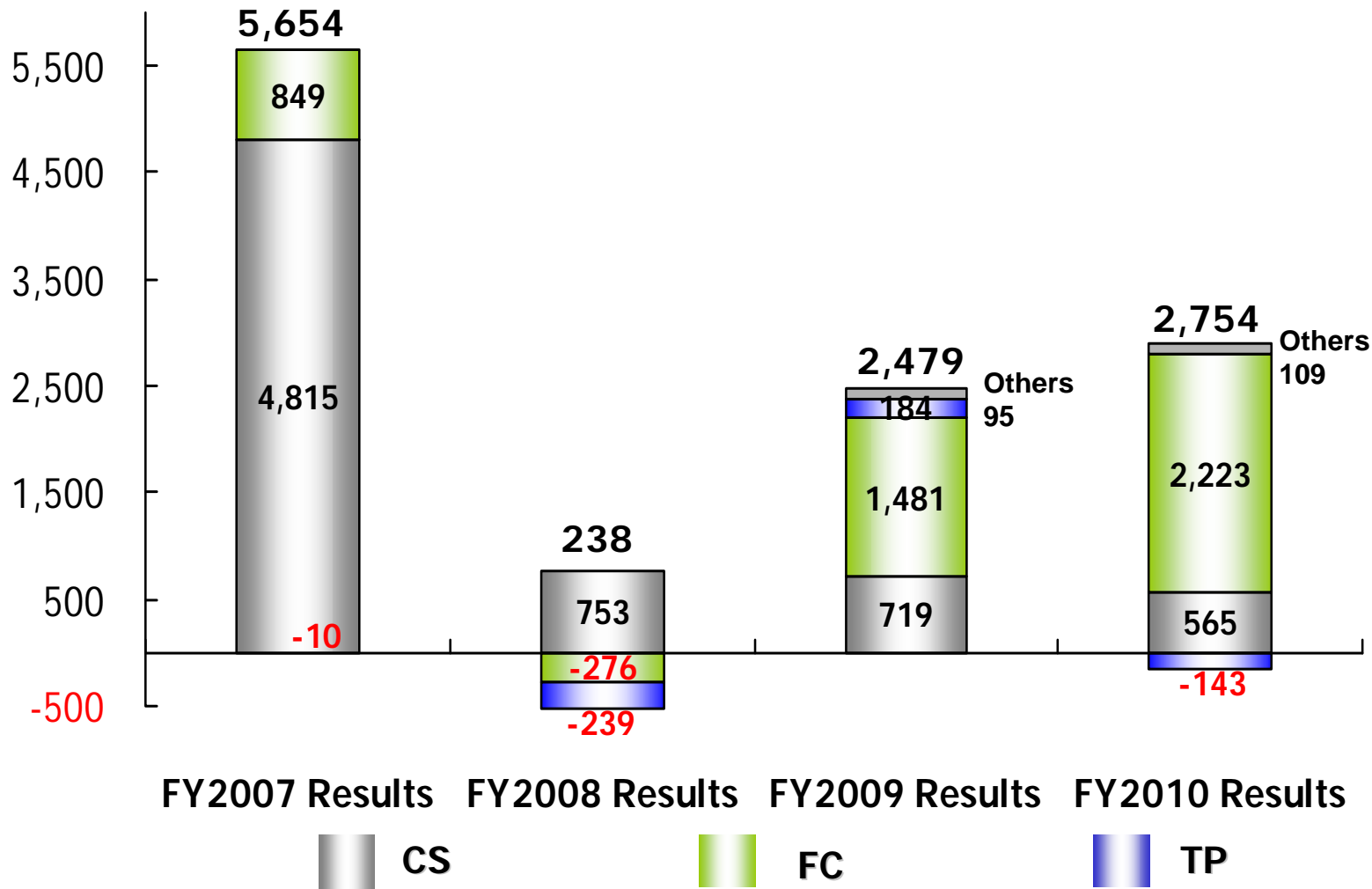




Operating Income by Product Division (FY2007-FY2010)

23/51

Income : Million yen





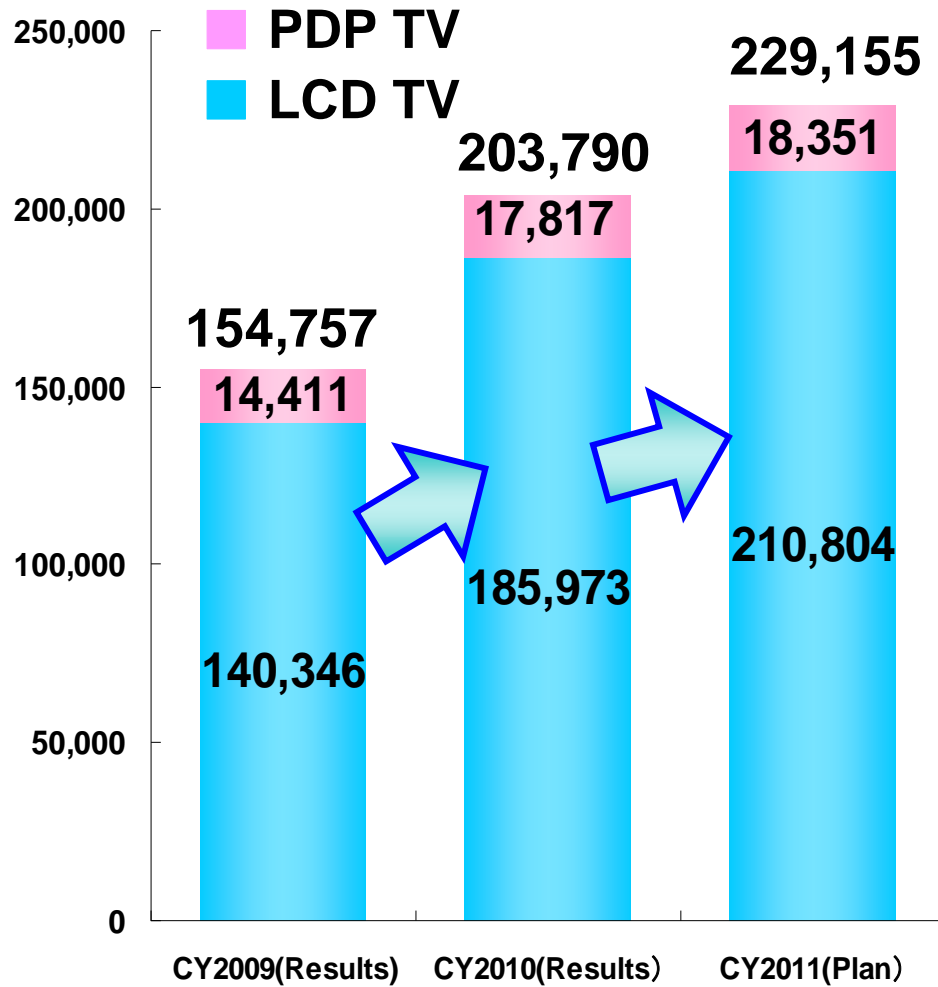
<Main market trends -1>

Flat Panel TV (LCD and PDP TVs)

<W/W production numbers>

Unit : thousands

'09-'11 CAGR: +21.7%



Source: JEITA

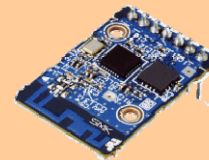
<Action by SMK>

- **Expand remote control business sales**

Expand RF (wireless)

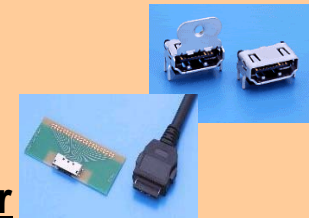
remote control business

Promote development of products for network-supported TVs

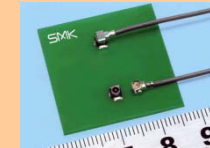
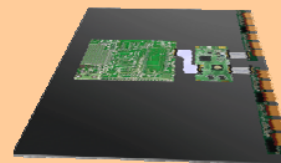


- **New idea-based expanded sales of products that respond to market needs**

Increase market share of thin interface connectors



Step up new proposals for shielded FFC connectors



Focus on promoting sales of high-frequency components





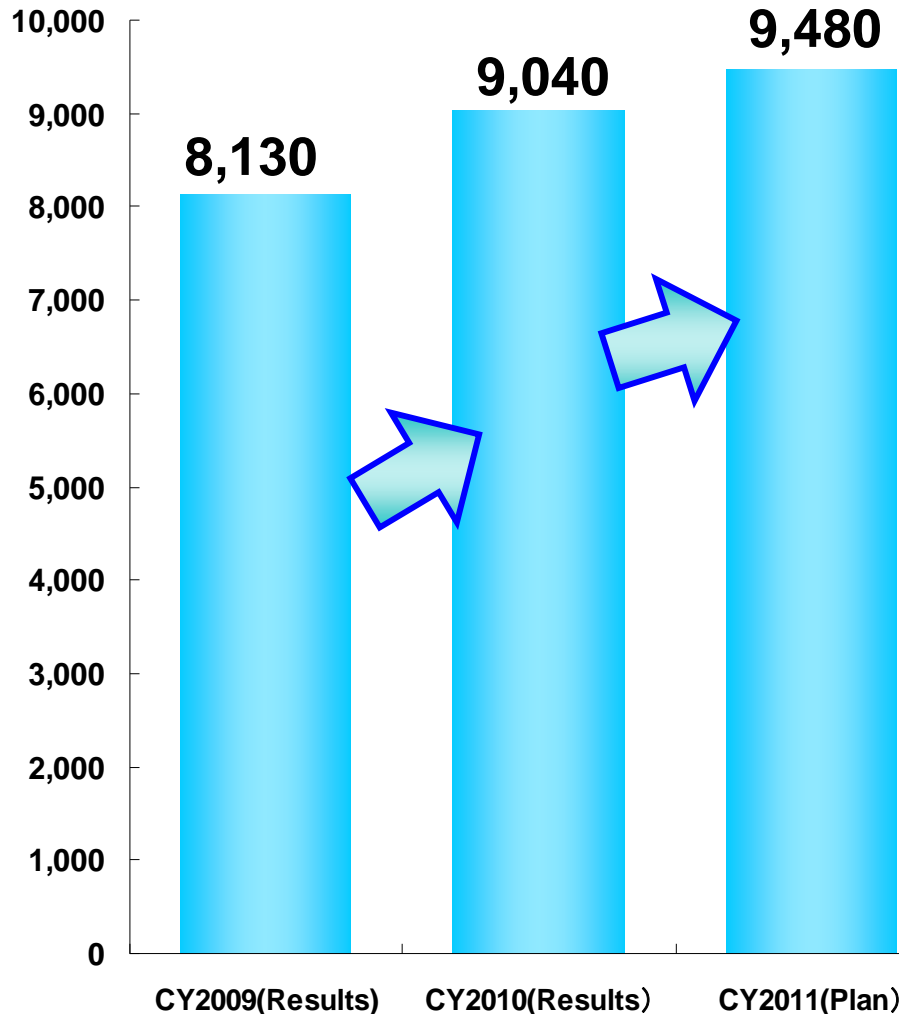
<Main market trends -2>

25/51

Car Navigation Systems

<W/W production numbers>, 09-'11 CAGR: +8.0%

Unit : thousands



Source: JEITA

<Action by SMK>

- Expansion of touch panel business to meet increased rate of installed car navigation systems



- Concentrated and expanded sales of products that respond to market needs

Automotive camera module connectors, terrestrial digital-related and antenna coaxial connectors

Expanded sales of operating panels



- Step up operations to expand new business

Target domestic and foreign car manufacturers and foreign Tier 1 manufacturers

Promotion of product development through a stronger approach towards electrical vehicles

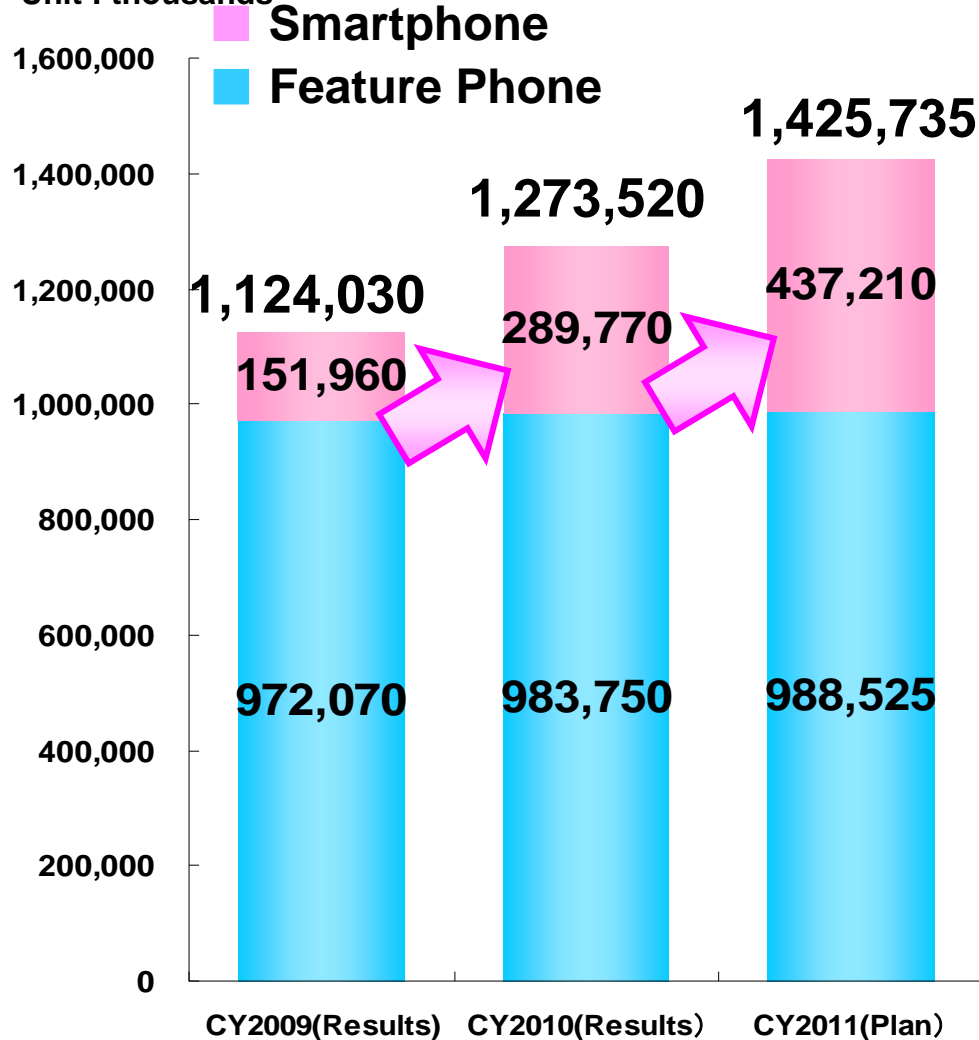


<Main market trends -3>

Mobile Phones

<W/W production numbers> '09-'11 CAGR: +12.6%

Unit : thousands

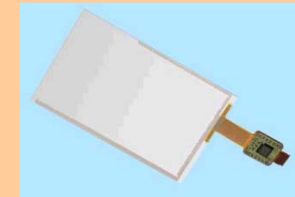
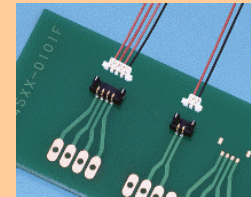


Source: JEITA

<Action by SMK>

- **New proposals for high-reliability and differentiated products for the expanding smartphone market**

Touch panels, interface connectors, connectors for internal connection



- **Step up operations in Greater China**

Proactively propose new ideas and increased sales to expand business

- **Strengthen efforts in the next generation high-speed wireless communication market**



High-frequency components,

internal connectors for high-speed transmission

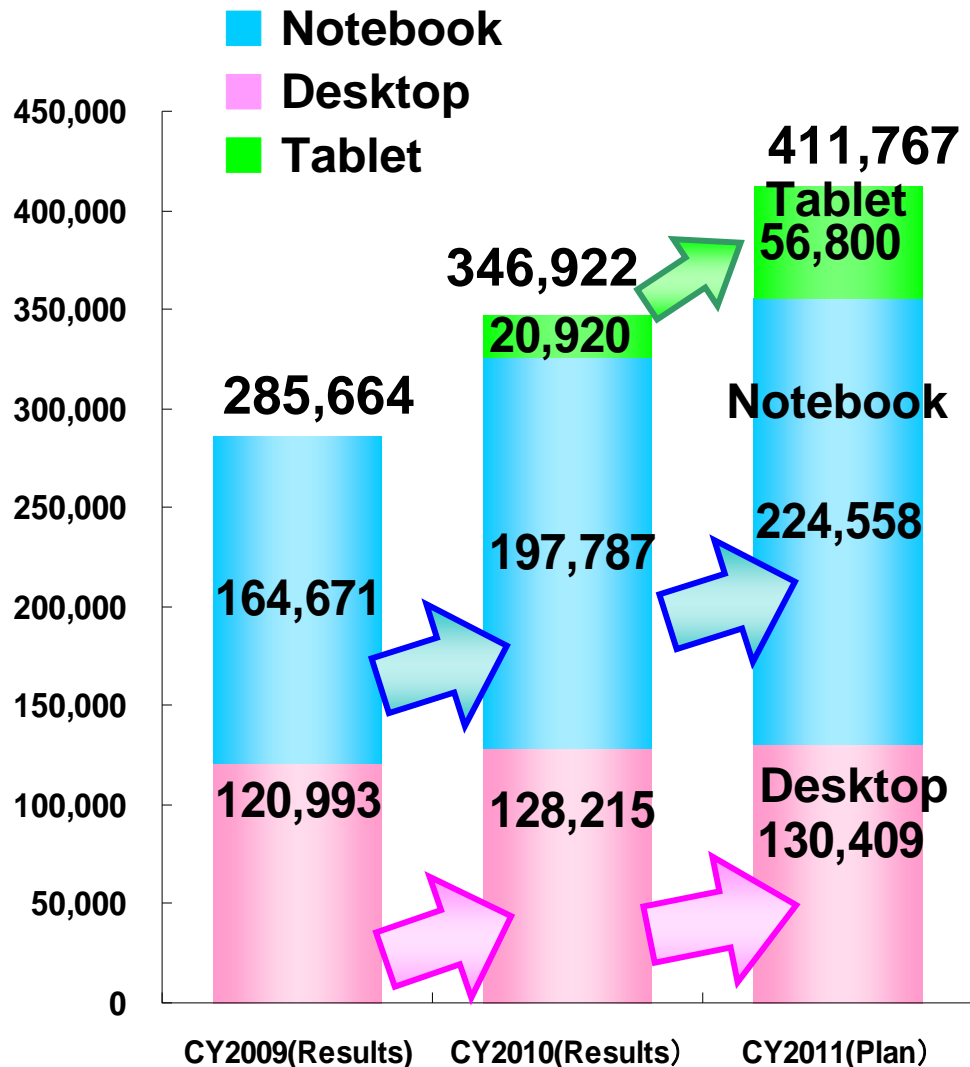


<Main market trends -4>

Personal Computers (Desktop, Notebook & Tablet PCs)

<W/W production numbers> '09-'11 CAGR: +20.1%

Unit : thousands



Source: JEITA

<Action by SMK>

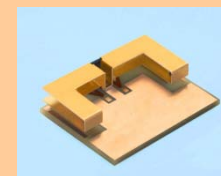
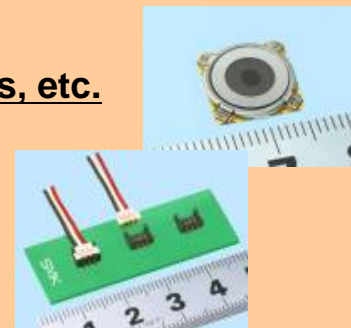
- Strengthen efforts in the expanding tablet PC market

Propose new ideas for and promote differentiated products such as crimp connectors, board-to-board connectors and electrostatic switches, etc.

Increased sales focusing on Greater China

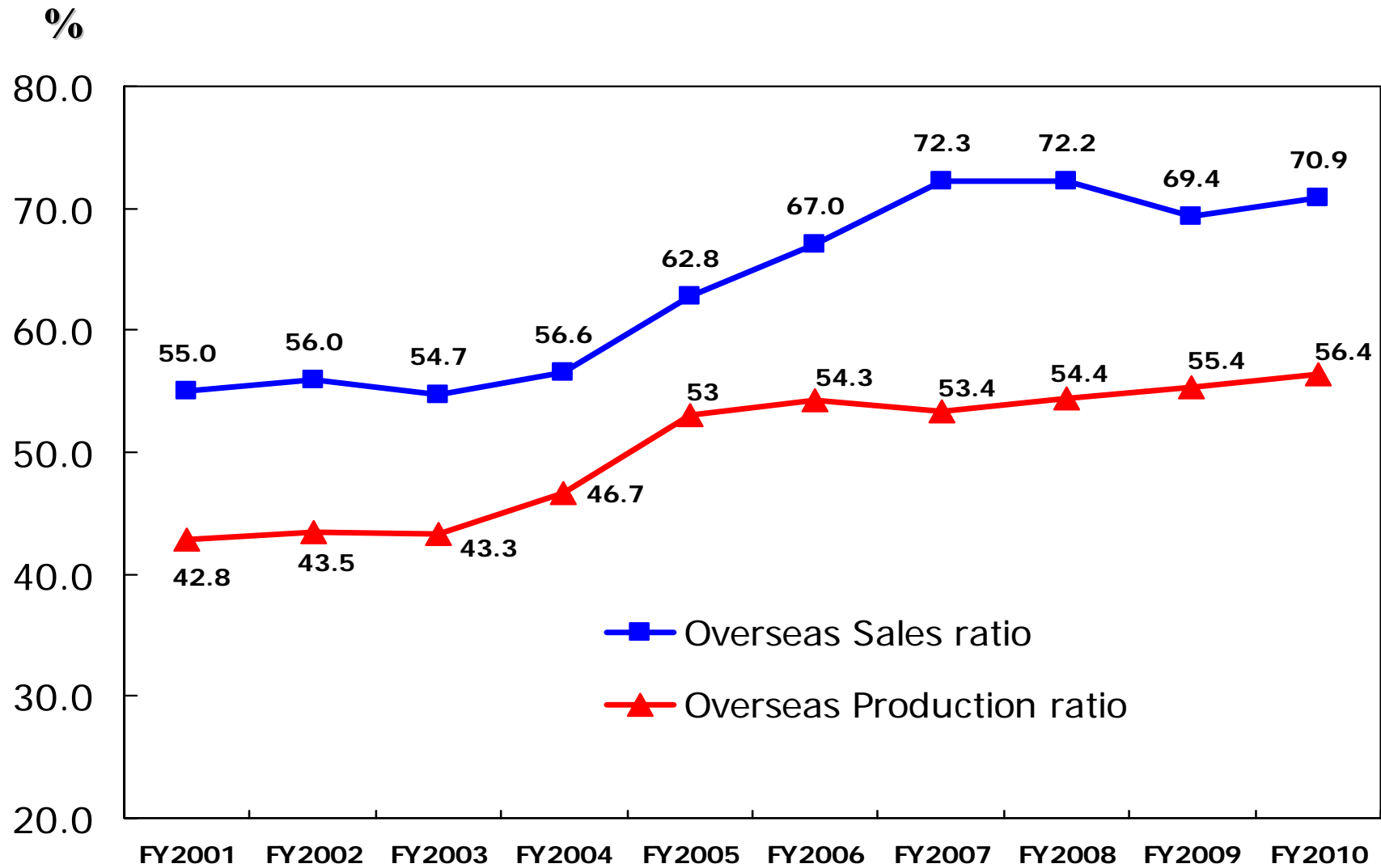
- Promote increased sales of high-frequency components that support high-speed communication technology

Explore new ideas for coaxial connectors and MIMO antenna equipment for mobile WiMAX





【Overseas】 production ratio/sales ratio 28/51





Forecast for FY2011

29/51

	1H	2H
SMK Production	Return to pre-earthquake levels ● Supply Chain Management ● Alternate production	As per left + facility enhancement such as new products
	● Respond to power shortages (help to save energy such as introducing in-house power generation and revising employment systems) ● Respond to nuclear power and its harmful rumors	
SMK Sales	Reduced sales due to the earthquake disaster (approx. 1.4 billion yen) * Our post-earthquake response has been praised by customers and there are examples of it leading to increased sales.	Predict increased sales due to recovery from the disaster
Markets and customers	Impact of the earthquake remains due to an insufficient supply of some components	Recovery from the impact of the earthquake



Implement New Growth Strategy

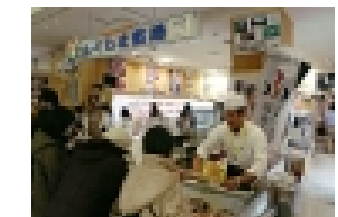
and



Build Change Responsive

Corporate Structure





Don't give up, Japan
Don't give up, Tohoku



CS Division



CS Division

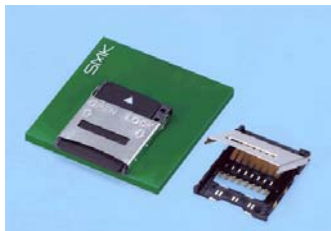
CS = Connection System

【Major Products】 : Connector/Jack

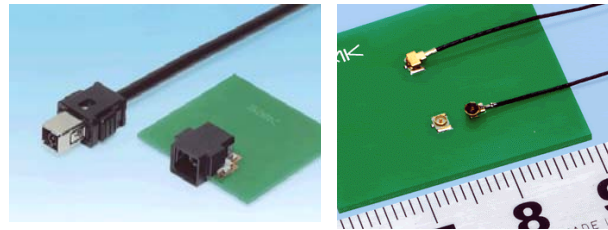
■ Connector



FPC Connector



Card Connector



Coaxial Connector



Interface Connector

■ Jack

Pin Jack
Jack box



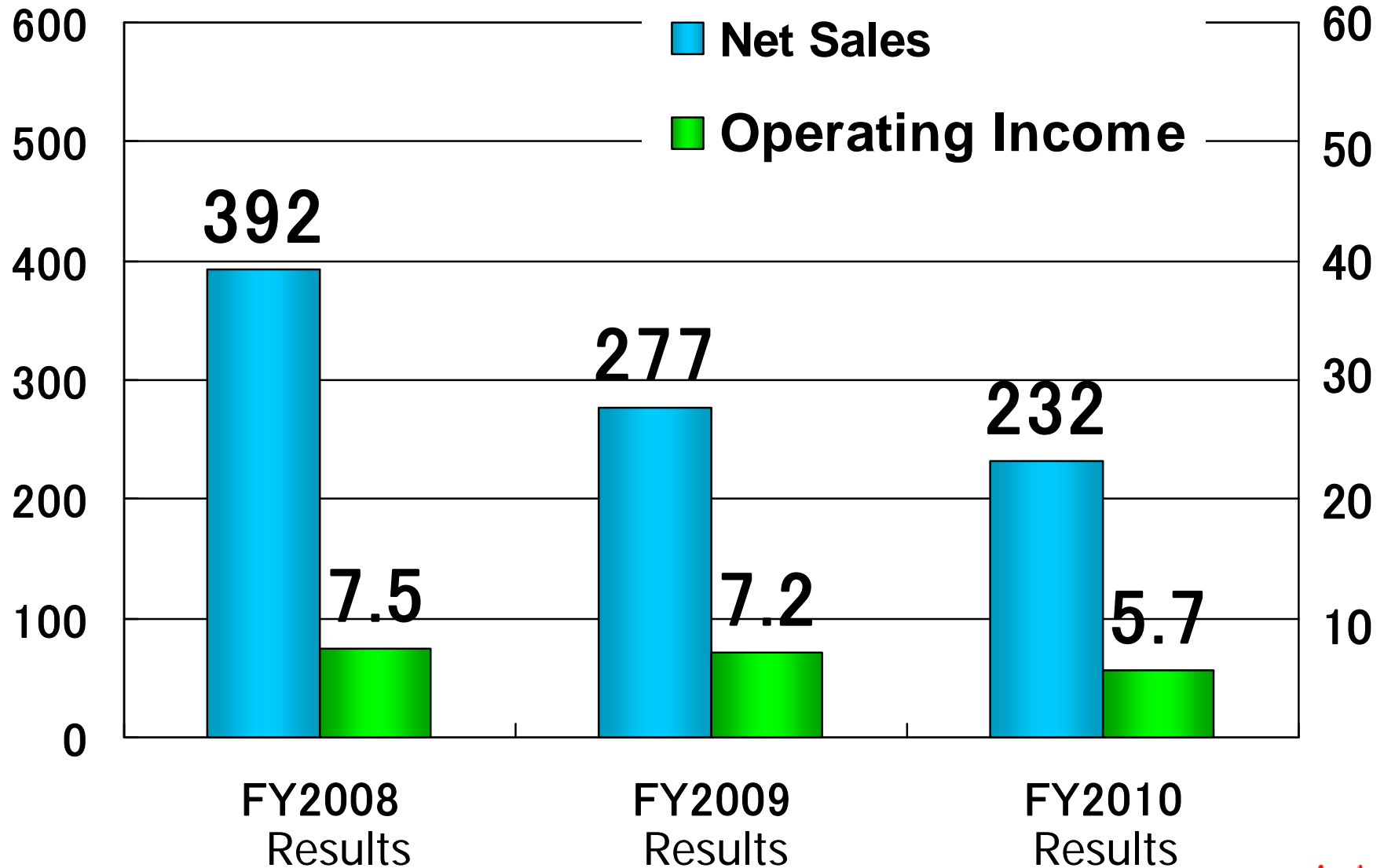
DC Power Supply Jack
Headphone Jack



CS Division Net Sales, Operating Income (Consolidated)

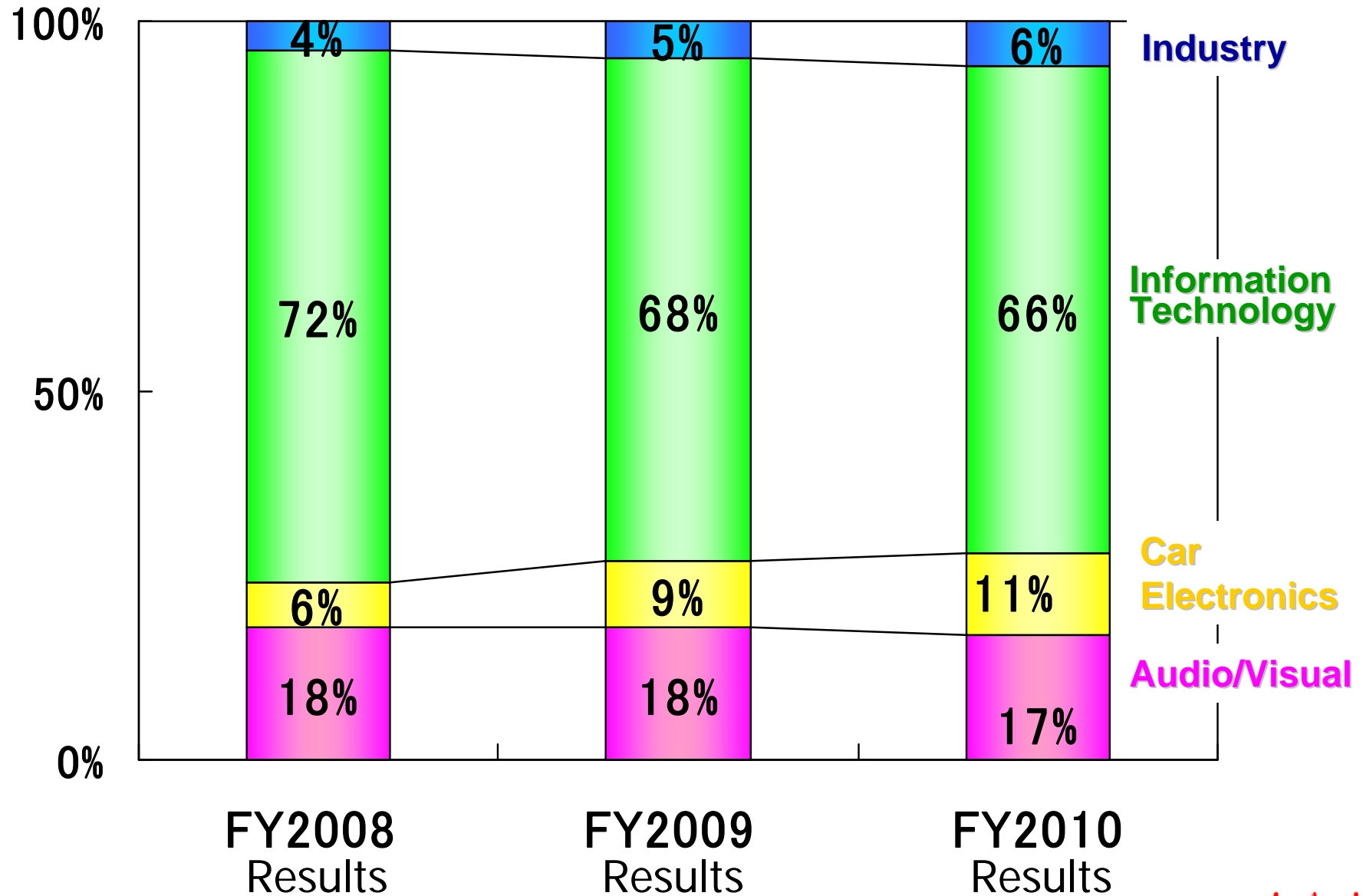
Sales Amount : 100 Million yen

Operating Income : 100 Million yen



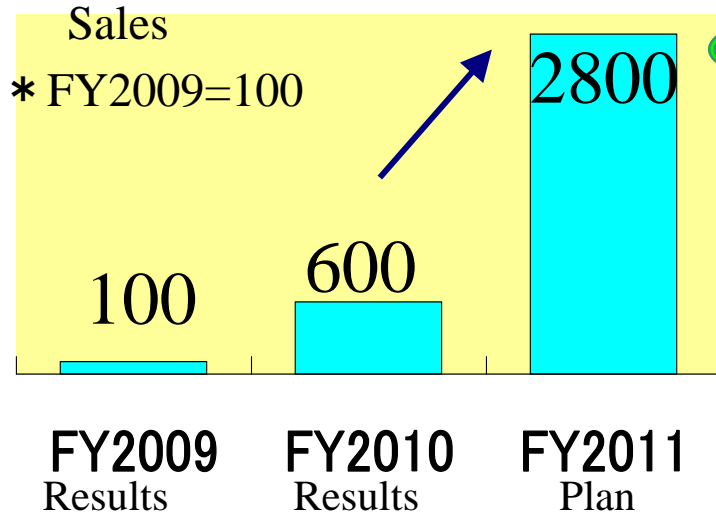


CS Division Transition of market-specific sales (Consolidated)





“PV Series” photovoltaic cell module connectors



Market expansion

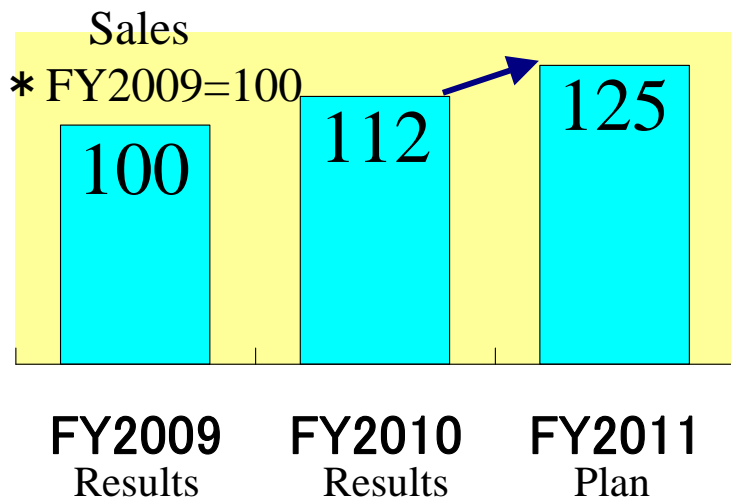
Green energy

- ◆ Industry's smallest class
- ◆ Easy to manufacture
- ◆ Waterproof, weatherproof, and flame-retardant



Increased varieties

Battery connector: New “High Performance Pogo” product



【For small devices: smartphones, mobile telephones, and e-books, etc.】
New structure “High Performance Pogo”



- ◆ Smaller and lower profile
- ◆ High contact reliability
- ◆ Impact resistant



CS Division *Technical development in growing and new markets*

Small devices: smartphones, mobile telephones, and e-books, etc.

Car electronics
Meter components, sensors, radar connection, etc.

Space-saving and low profile
Strong **“EN Series”**

Increased demand for LCD connection
Supports high speed transmission

Increasing demand
EC and EF Series

High reliability and robust



microSD™ card connectors



- Variable height
- Industry's smallest mounting area
- Increased product range

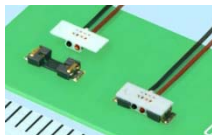
Connectors for LED

Long-life and environment-responsive

Full market penetration

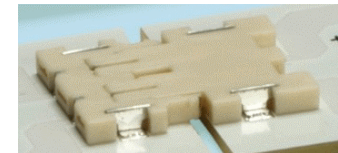
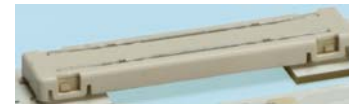
Low profile insulation displacement connector

Multipole and arrangement into series



Space-saving and high interlocking force

ID Series
Realized lowest profile



Connectors for medical equipment
▪ Interface connectors
▪ Sensor connectors



Restart to Growth

1. Revitalized and speeded up development

Improved products for growing markets

Efforts to create high-value added products

2. Capture the volume zone: V-Project

Simplified manufacturing processes

3. Efficient domestic and foreign support

4. Self-manufacture and automation in China

5. Promotion of component innovation projects

Ecology



Car Electronics



Smartphone

e-book



Medical
Healthcare





FC Division

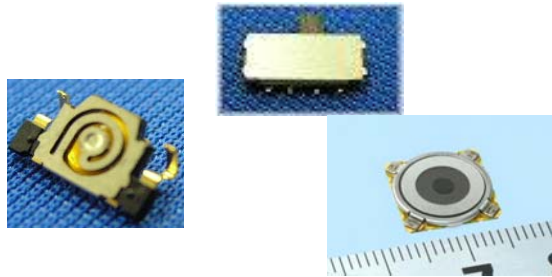


FC Division

FC = Functional Components

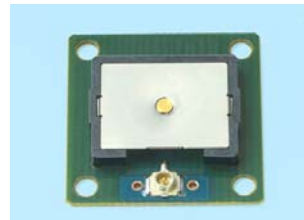
【Major Products】

■ SW (Switch)



Various types of switches

■ UN (Unit)



Transfer Jet™
Antenna Coupler



AC adapters



Control Panel

■ RC (Remote Control)



Remote Control

■ MD (Module)



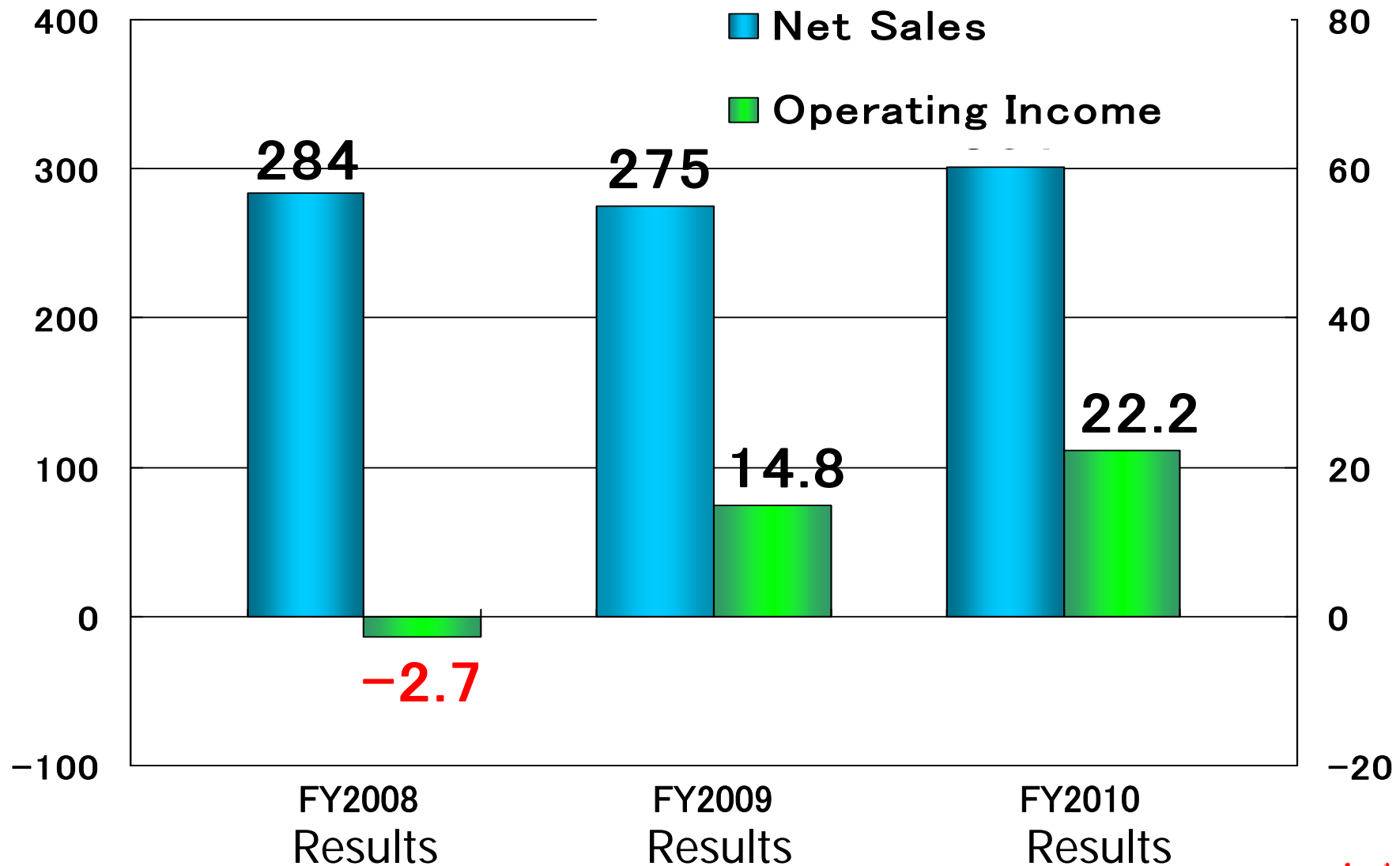
Camera Module



FC Division Net Sales, Operating Income (Consolidated)

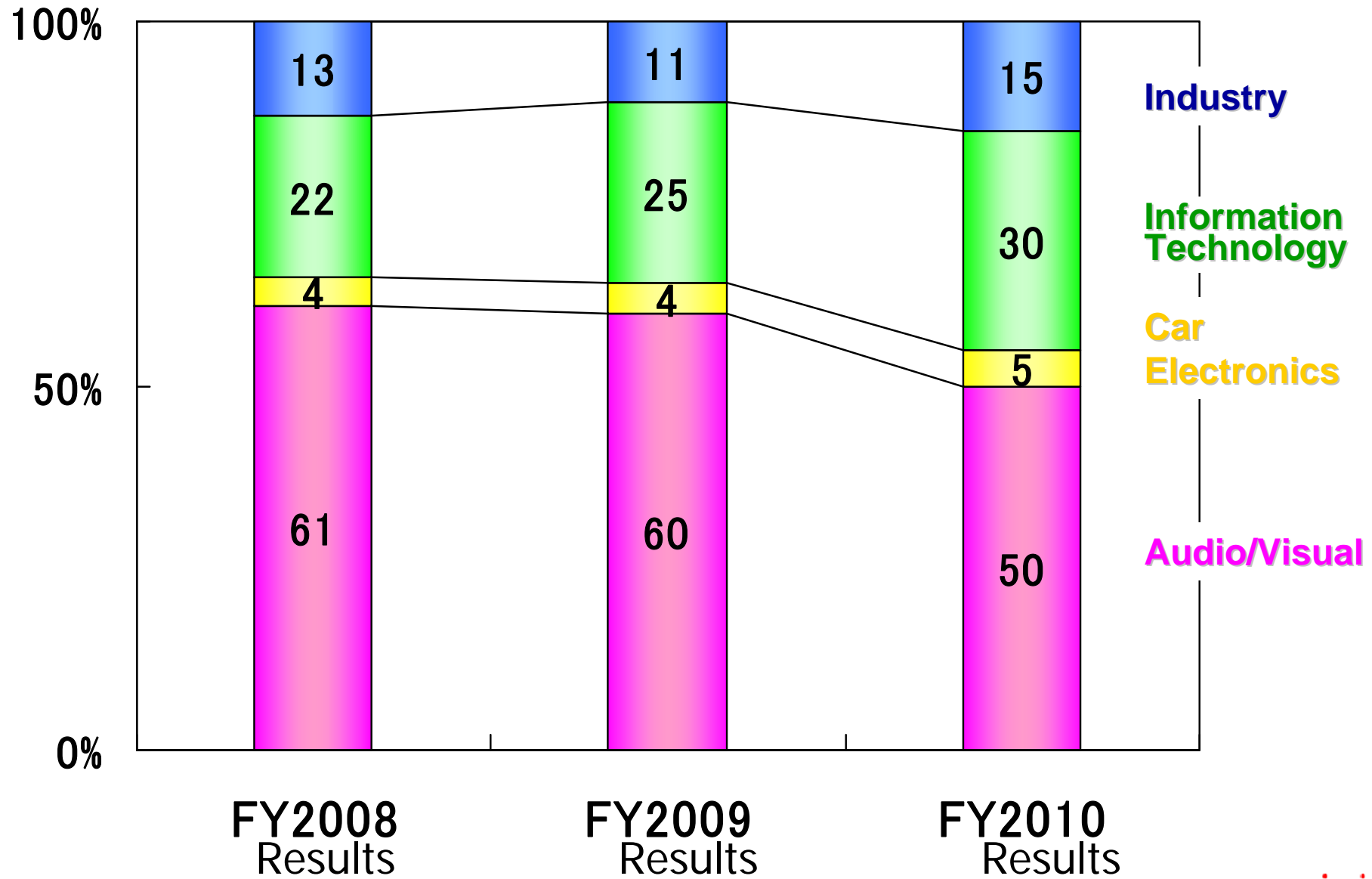
Sales Amount : 100 Million yen

Operating Income : 100 Million yen





FC Division Transition of market-specific sales (Consolidated)

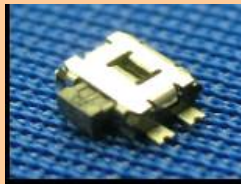




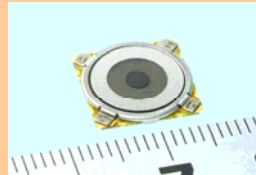
Smart Phone



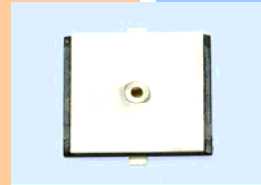
1 Dome Switch



Midmount Horizontal Push Switch



Capacitance Switch

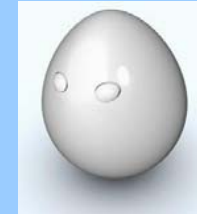


Antenna coupler



RF Remote Control Unit

Audio & Visual



Remote control with Motion control sensor



Remote Control Unit for Automotive

Car Electronics



Long stroke push switch



Camera module



Remote control unit for air conditioner



Remote control unit for Sanitary Home Appliance

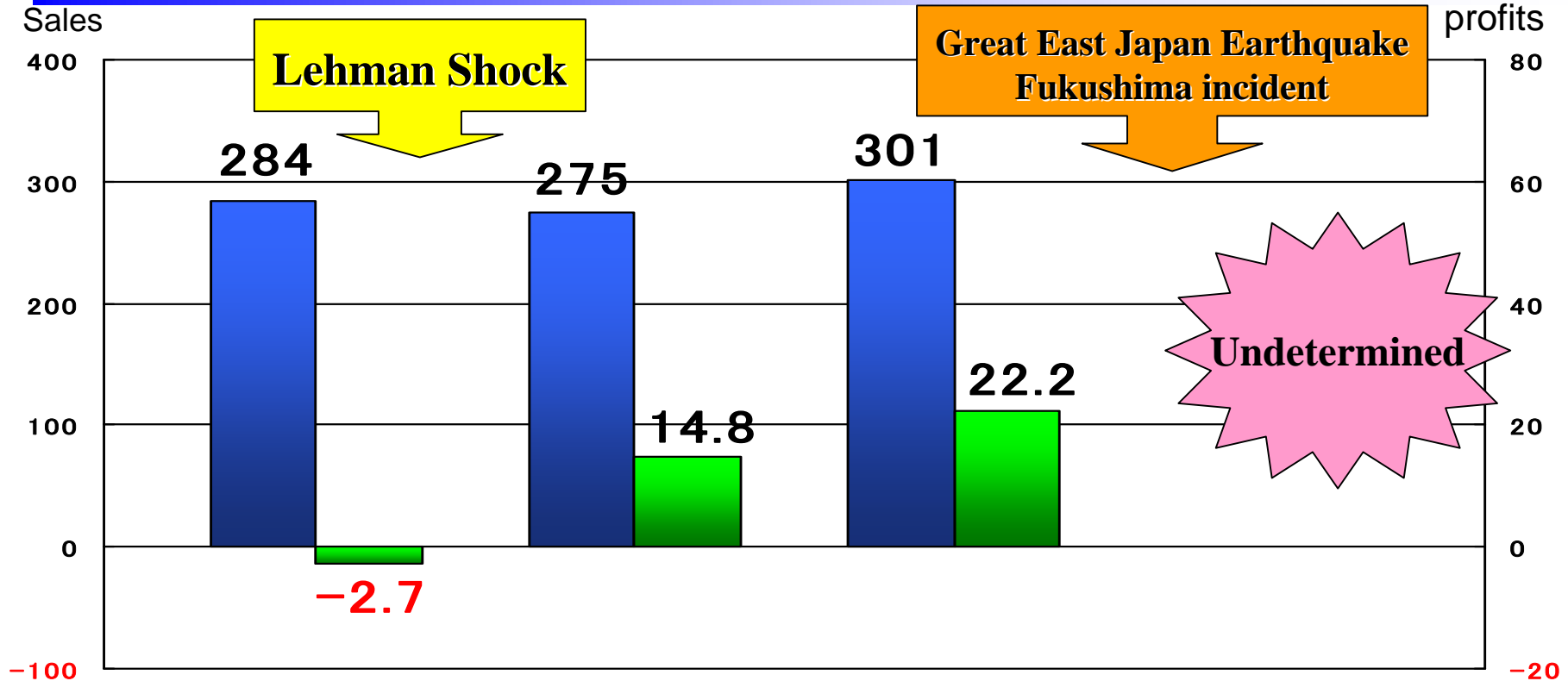
Home Appliance



FC Division FY 2011 Policy

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Business profits



FY2008 results	FY2009 results	FY2010 results	FY2011 plans
【Basic Plan】 Growth coupled with profits	【Basic Plan】 Improvement of profit structure	【Basic Plan】 Shift to path of growth	【Basic Plan】 Continue growth path
First deficit since inception of FC Division	Realize highest profits since inception of FC Division	Realize increases in sales and profits	
×	○	◎	



TP Division



TP Division

TP=Touch Panel

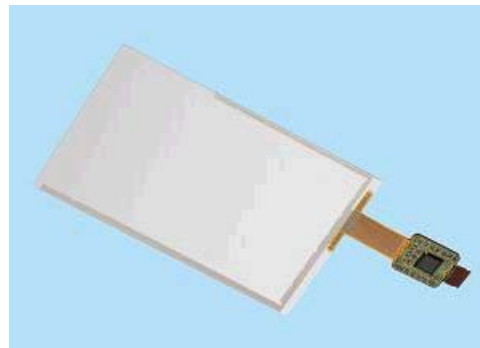
【Major Products】 Touch Panel

【Main application】

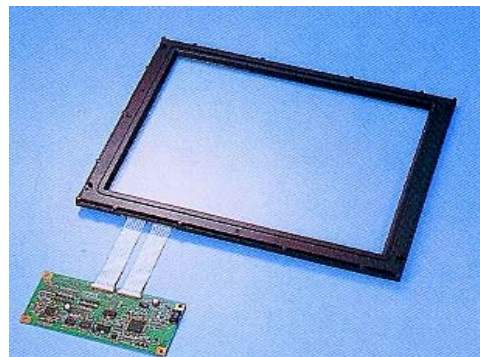
Resistance Sensitive Touch Panel



Capacitive Touch Panel



Optical Touch Panel



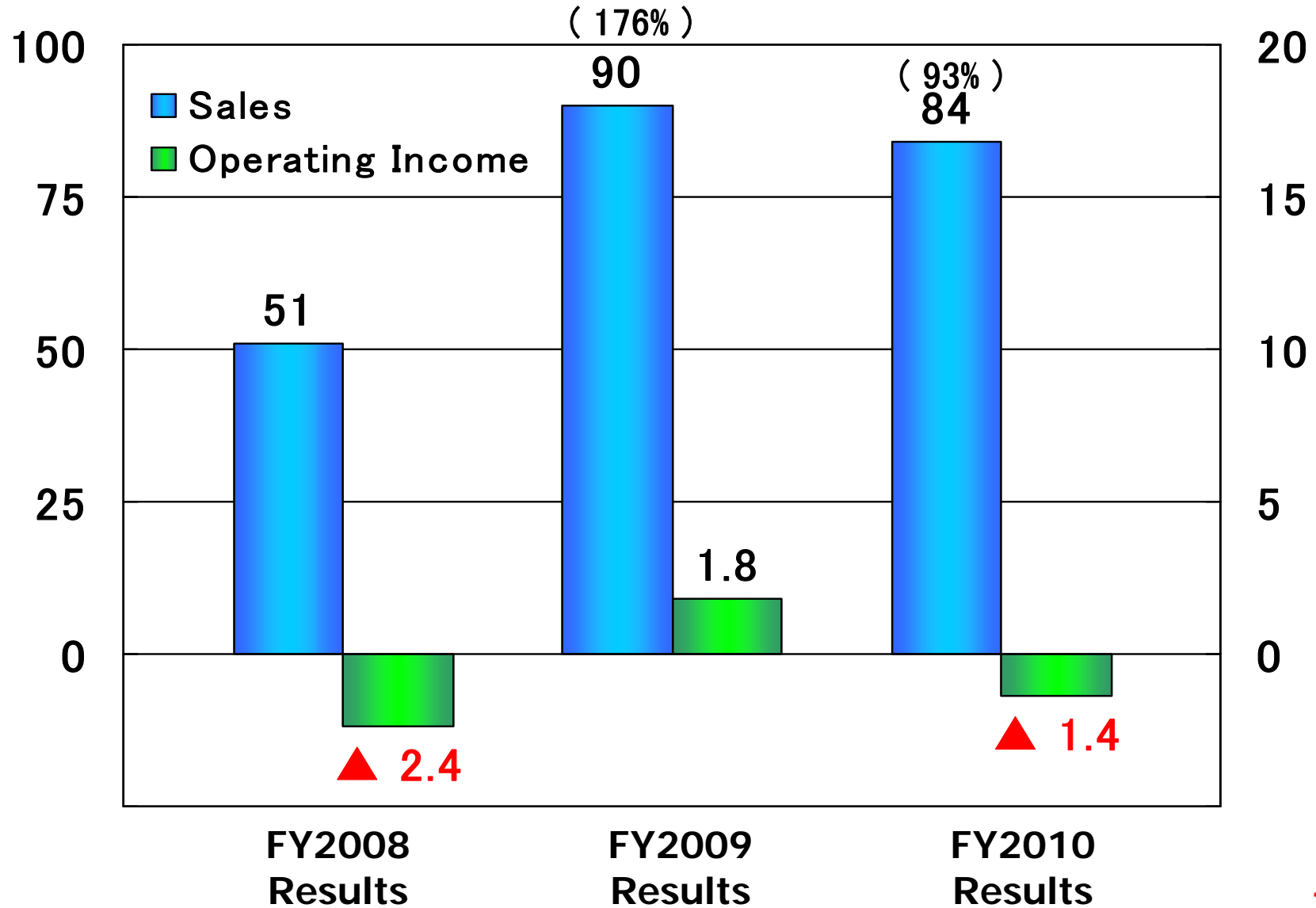


TP Division Net Sales, Operating Income (Consolidated)

Sales Amount : 100 Million yen

Composition ratio : %

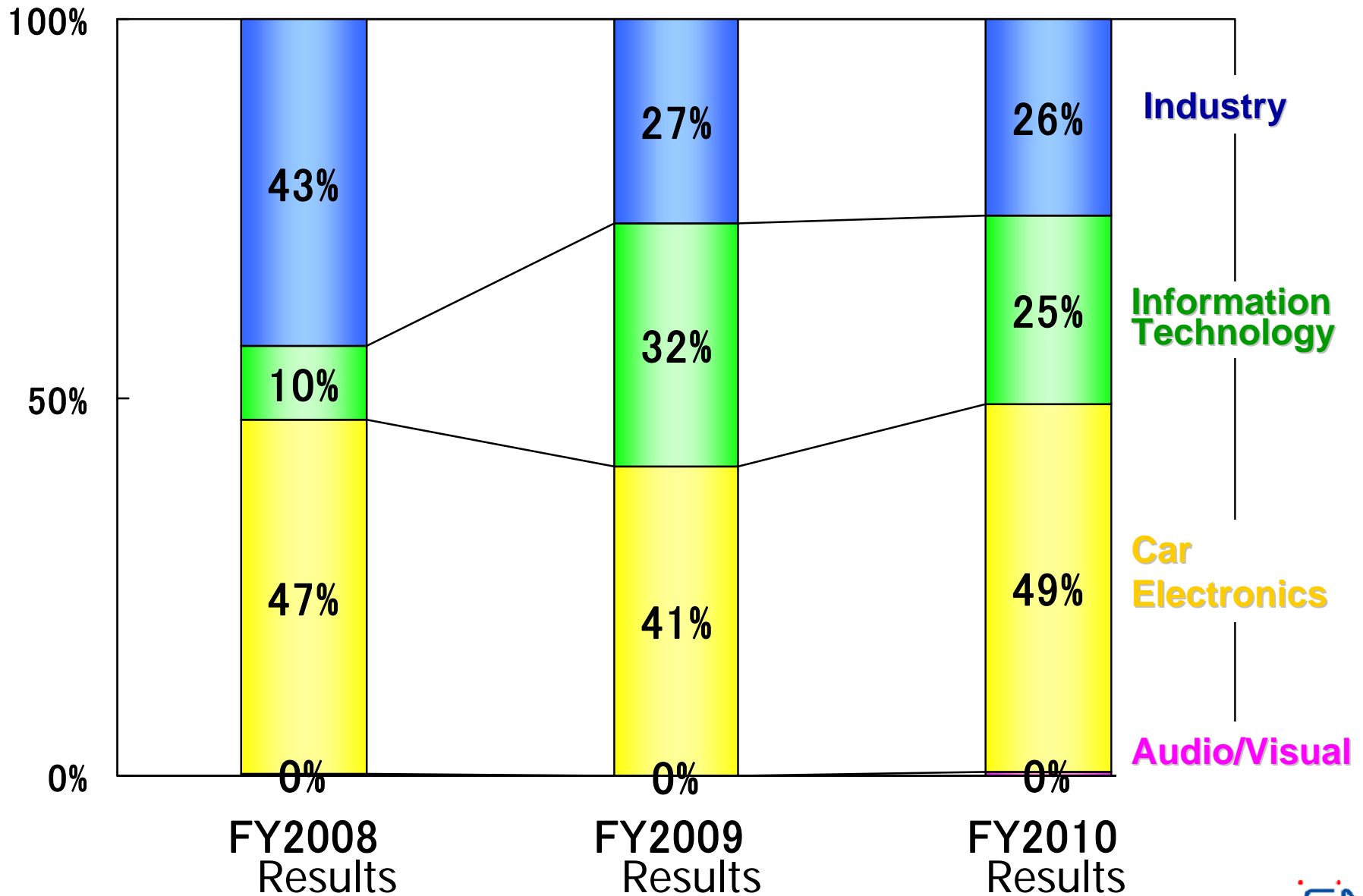
Operating Income : 100 Million yen





TP Division (Consolidated)

Transition of market-specific sales

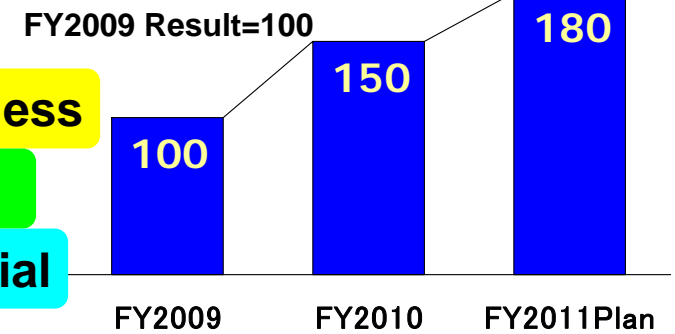




TP Division Emphasis approach

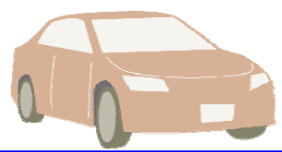
Development and expansion of overseas market

TP Division Sales Results



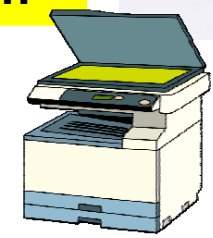
In-car market

- Further expansion of overseas business
- Put in Capacitive Touch Panel
- Cost decrease with low-priced material



Information Technology market

- Business development for overseas consumption
- Put in middle/large size
- Development of differentiation product by pursuit of state-of-the-art technology



Other market

- Approach strengthening to market related to environment
- Challenge to undeveloped market
- Enhancement of lineup according to usage





TP Division FY 2011 Policy

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In preparation for expanding market

1

Capture of overseas market

2

Securing of profit

New product development

Site remediation

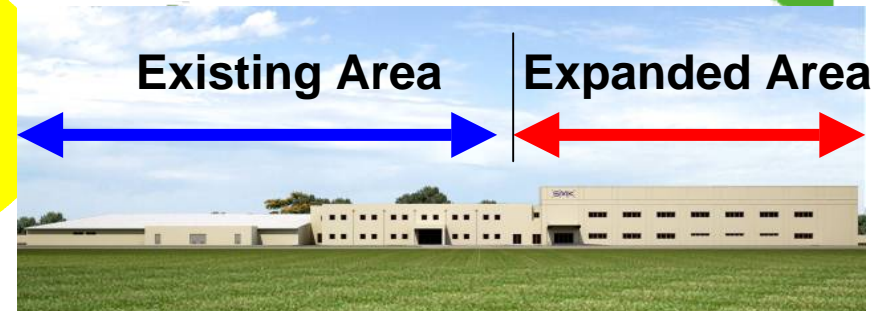
Pay attention to PH factory products
(Export business)

Exchange-rate loss measures

~For weak dollar~

- Production base shift
- dollar-based transaction

SMK-PH
Go into full-scale operation from DEC/2010





Notice

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All information in this material concerning the forecast of business achievements, projections of general business conditions and our business strategies is dependent on our conclusion made to a normally foreseeable extent applying information reasonably accessible to us at the time of preparation of this material. However, the reality is that it contains risks and uncertainties which may cause result to materially differ from business projections, stated or implied, due to situations which are unforeseeable under normal conditions, or of results which are beyond a reasonably foreseeable outcome at that time.

Despite our active efforts to disclose information which is considered to be important to investors of our company, total dependence on the business projections in this material, stated or implied, must be refrained from when decisions of any kind are made regarding our company.

*The materials for this presentation to our investors is available on the IR Information Section of our Web site, <http://www.smk.co.jp/>