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**Business Report for**  
**FY2010**  
**From Apr. to Sep. 2010**

**SMK Corporation**  
**Oct , 2010**



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**FY2010**

# **Outline of 1H Financial Statement**

**Director and Executive Vice President  
Hajime Yamada**



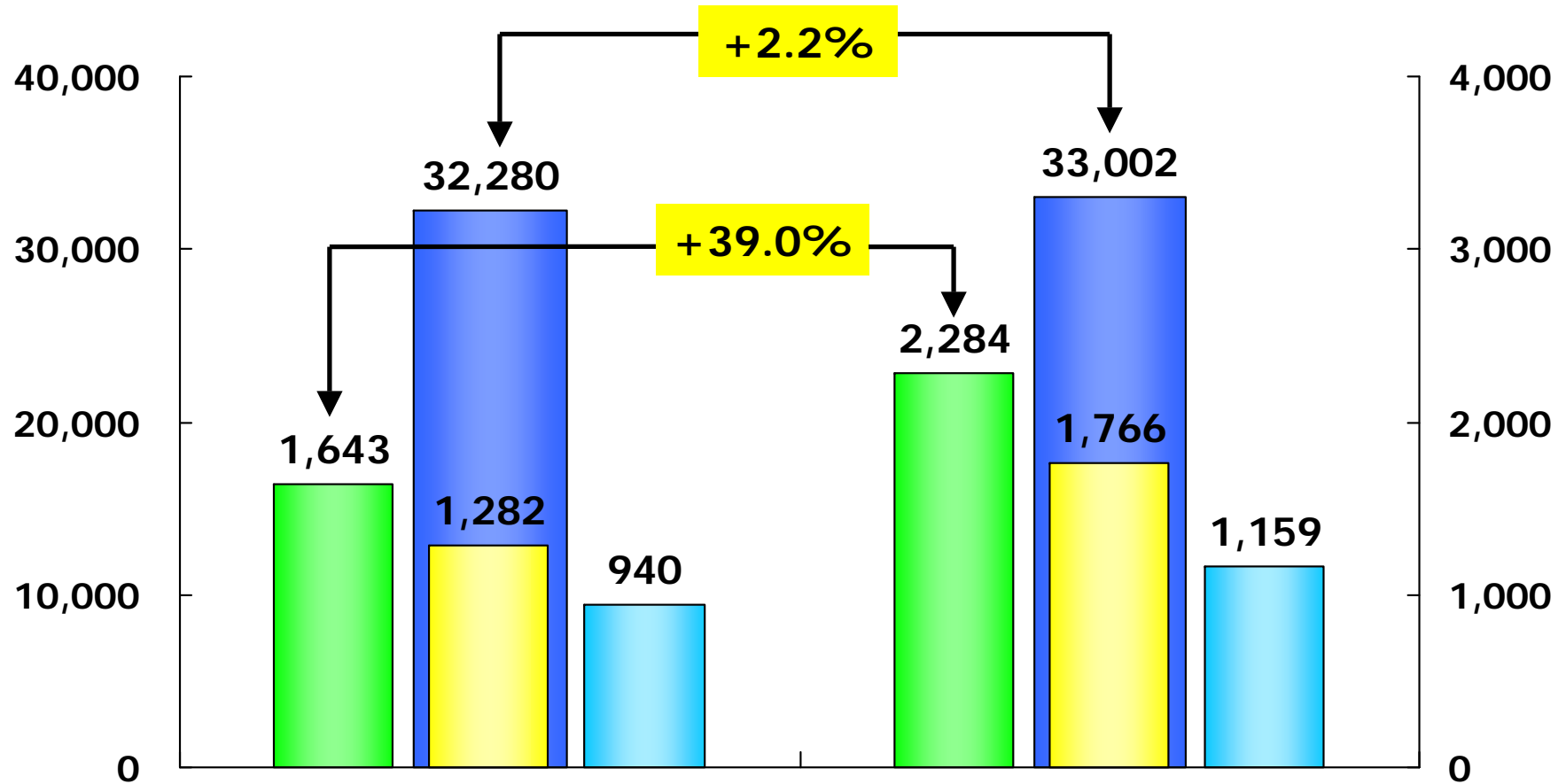
# <Consolidated> 1H Financial Result

Sales Amount :  
Million yen

FY2009  
Apr-Sep

FY2010  
Apr-Sep

Income :  
Million yen



■ Net Sales

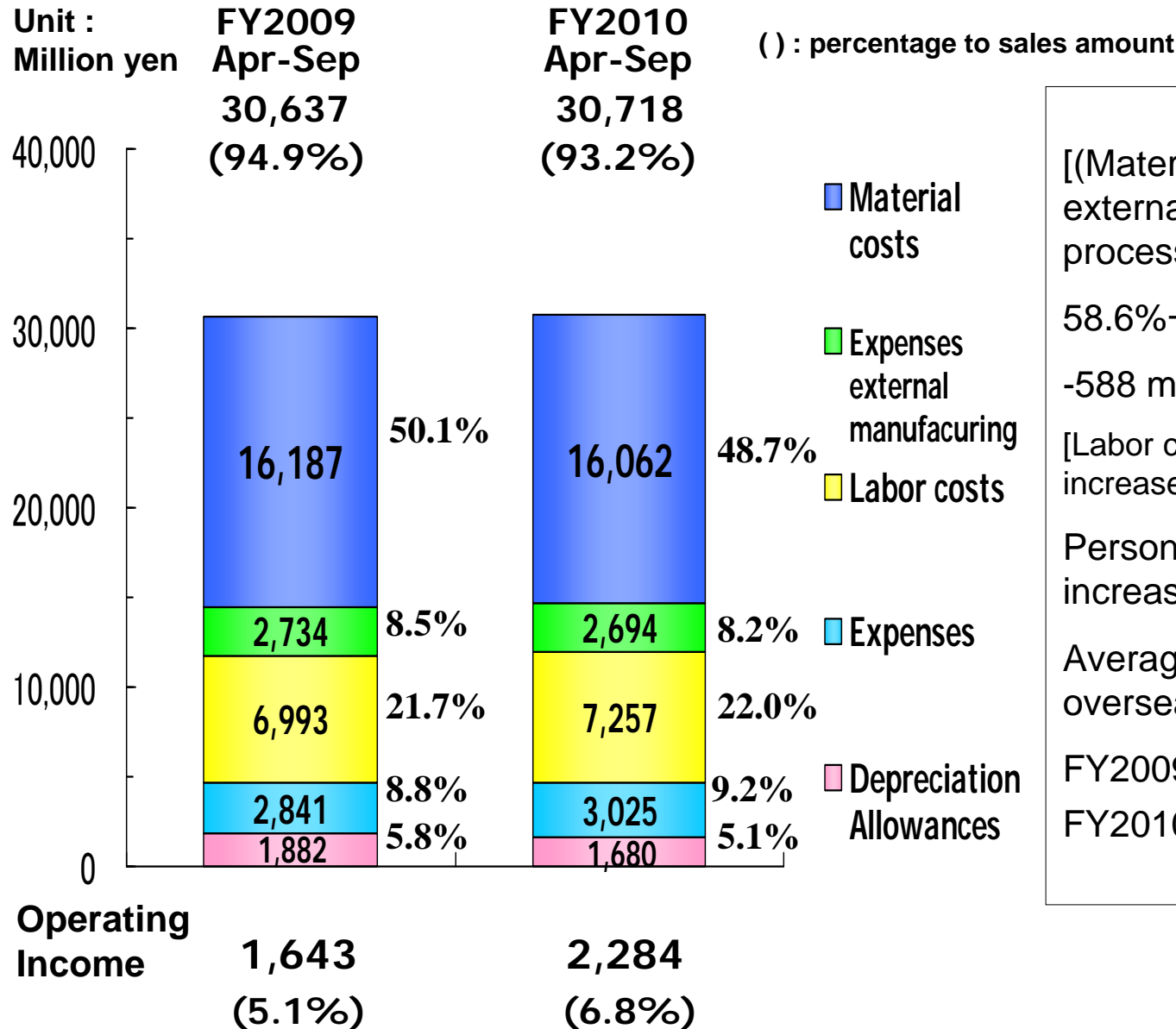
■ Operating Income

■ Ordinary Income

■ Net Income



# <Consolidated> Sales Expenses



[(Material costs + Expenses for external manufacturing processing) improved by 1.7%]  
 58.6% → 56.9%  
 -588 million yen  
 [Labor costs 264 million yen increase]  
 Personnel number and wage increase  
 Average number of workers in overseas works  
 FY2009/Apr-Sep 10,679 people  
 FY2010/Apr-Sep 11,283 people

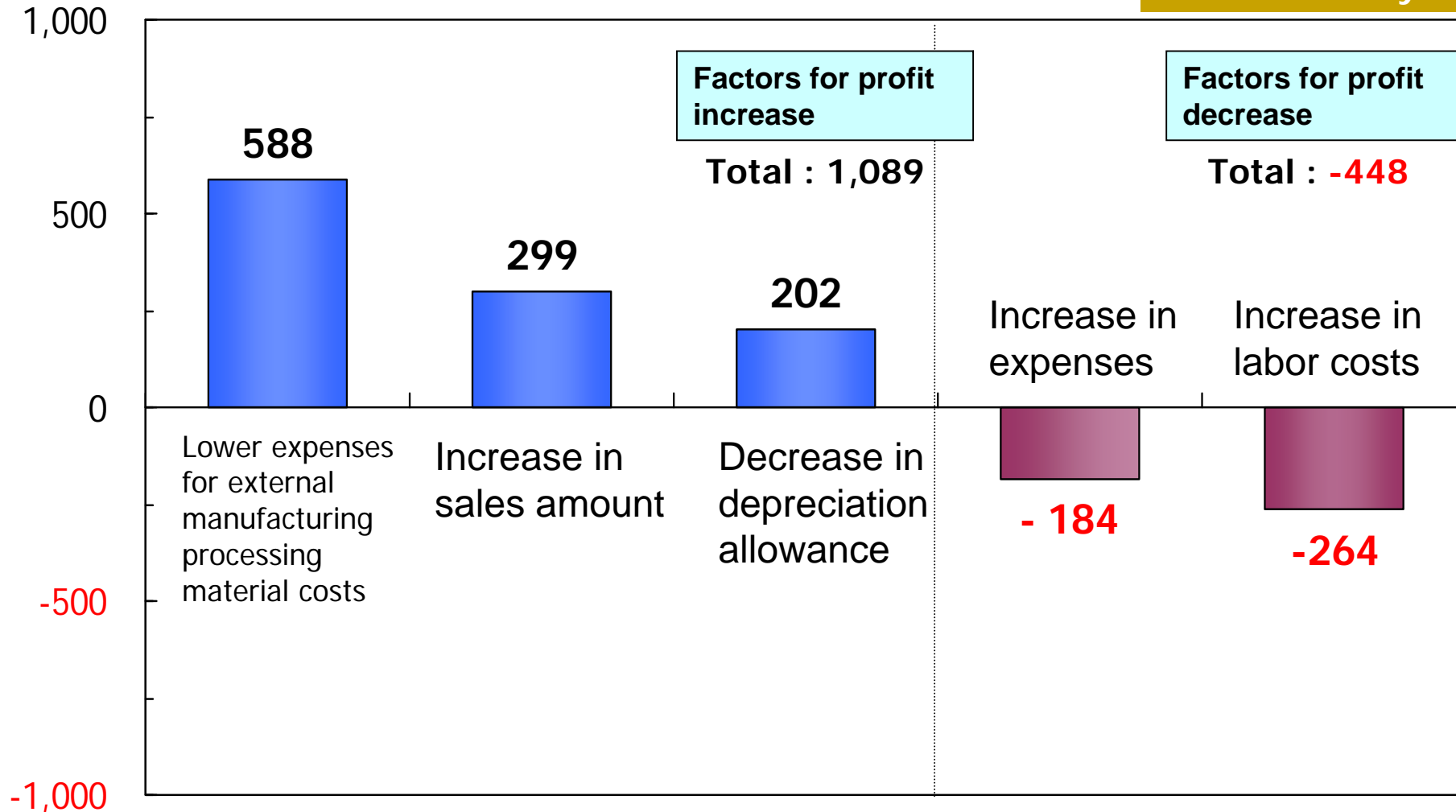


# <Consolidated> Analysis of sales expenses

Analysis of factors for increase/decrease of consolidated operating income  
[ FY2009 APR-SEP VS FY2010 APR-SEP ]

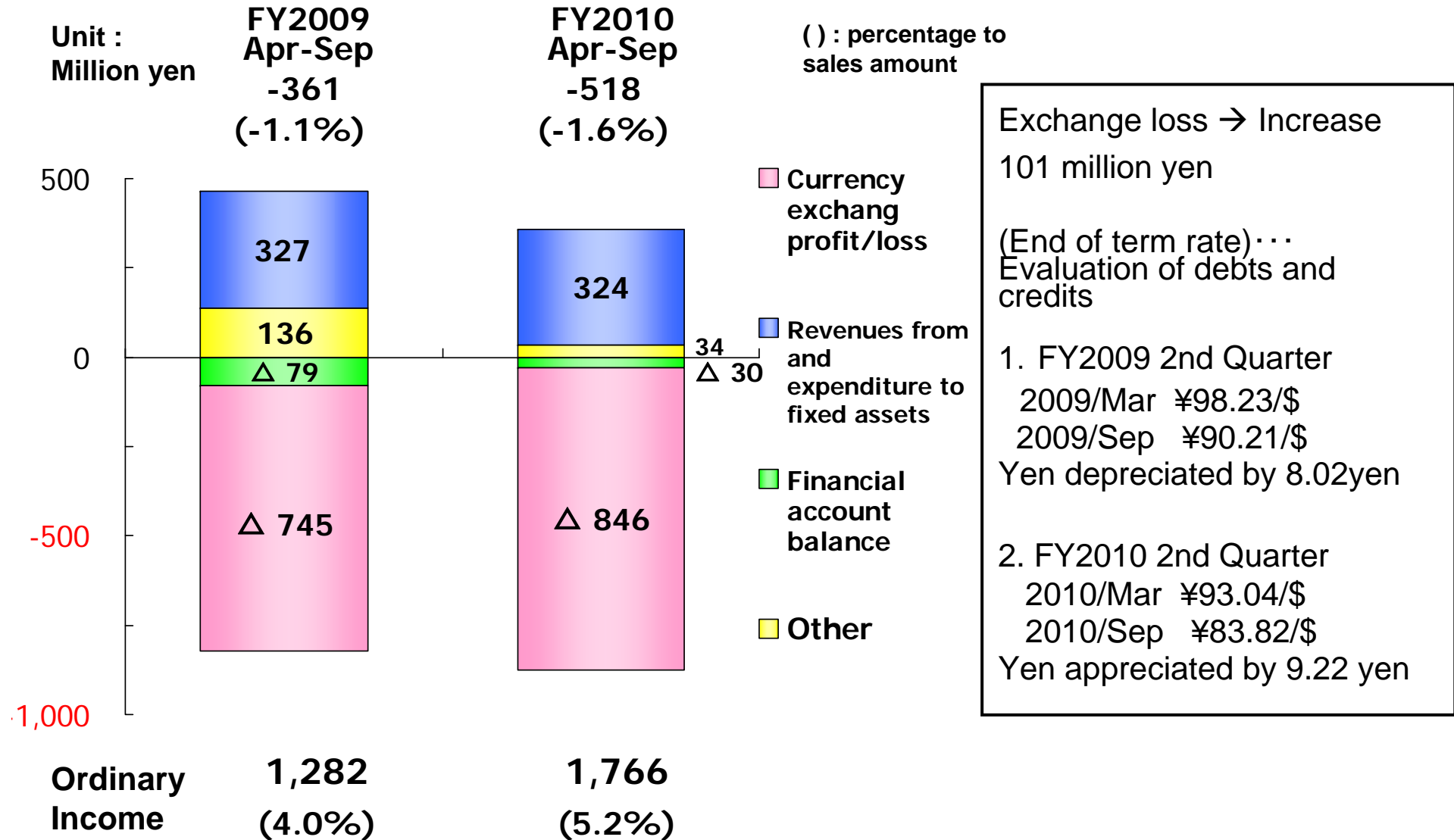
Unit : Million yen

**Total  
641 million yen**





# <Consolidated> Non-operating profit and loss

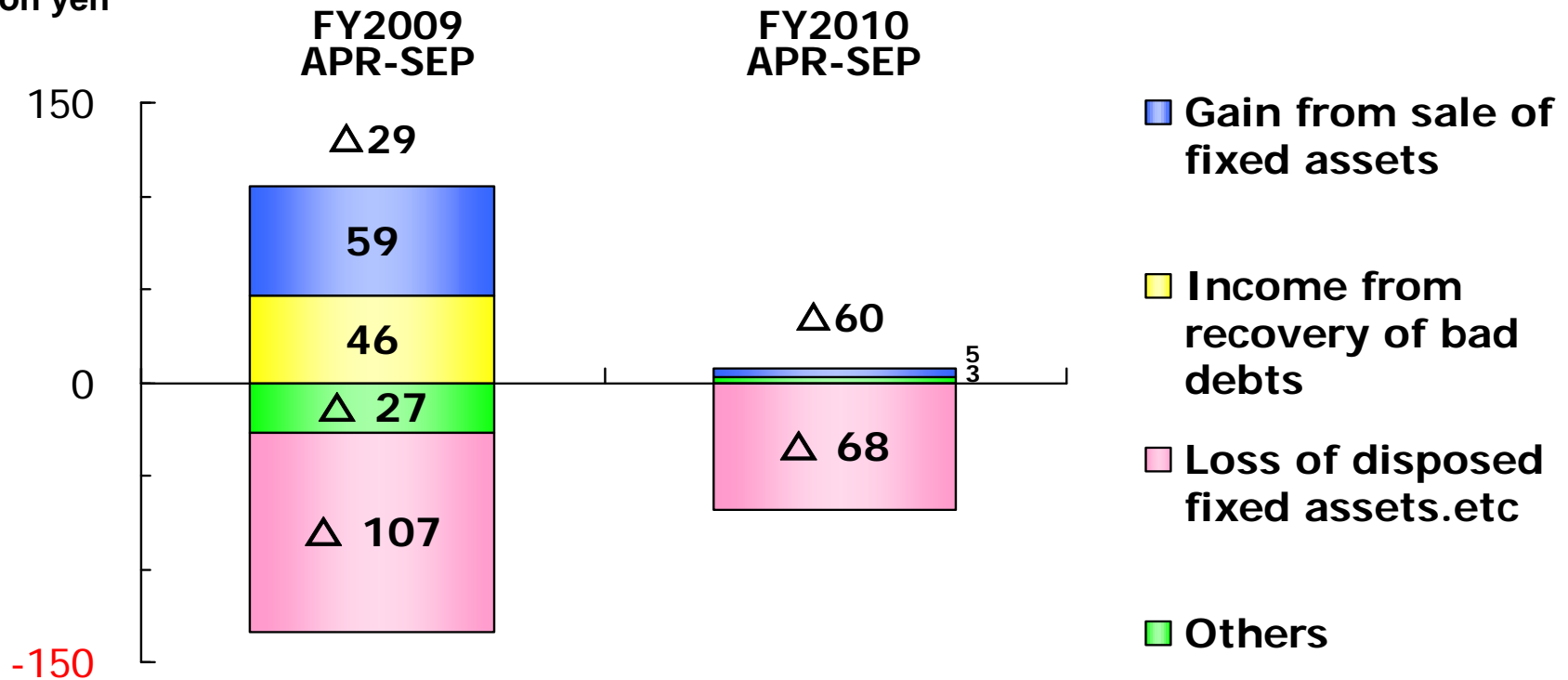




# <Consolidated> Extraordinary gain or loss

Unit :  
Million yen

( ) : percentage to sales amount



Income before income taxes	1,253	1,706
Income taxes (Current and deferred)	-313	-547
Net income	940	1,159
	(2.9%)	(3.5%)



# <Consolidated> Financial Highlights (Quarterly) <sup>6</sup>

## 1. FY2010 Plan

Unit : Million yen

	1 <sup>st</sup> Half Term			2 <sup>nd</sup> Half Term		Fiscal Term
	1QTR (10/APR~ JUN) [Result]	2QTR (10/JUL~ ~SEP) [Result]	TOTAL (10/APR~ SEP) [Result]	TOTAL (10/OCT~11/MAR) [Plan]		TOTAL (10/APR~ 11/MAR) [Plan]
① Net Sales	16,056	16,946	33,002	32,998		66,000
② Operating Income	1,215	1,069	2,284	1,316		3,600
③ Ordinary Income	937	829	1,766	1,634		3,400
④ Net Income	628	531	1,159	1,141		2,300

## 2. FY2009 Result

	1 <sup>st</sup> Half Term			2 <sup>nd</sup> Half Term			Fiscal Term
	1QTR (09/APR~ JUN)	2QTR (09/JUL~ SEP)	TOTAL (09/APR~ SEP)	3QTR (09/OCT~ DEC)	4QTR (10/JAN~ MAR)	TOTAL (09/OCT~ 10/MAR)	TOTAL (09/APR~ 10/MAR)
① Net Sales	15,684	16,596	32,280	16,164	15,927	32,091	64,371
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> 2Q Financial Result Compared with FY2010 1Q

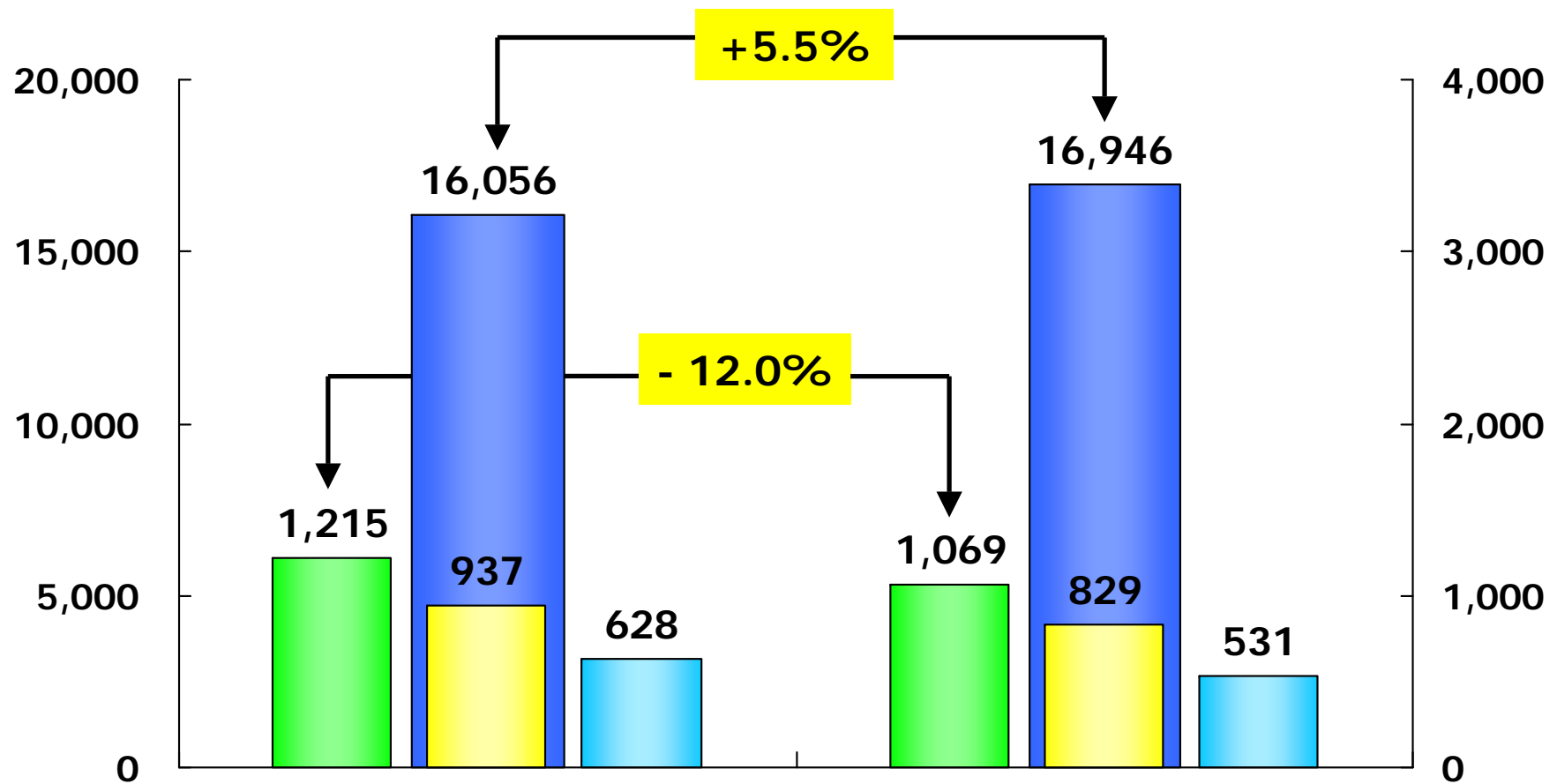
7

Sales Amount :  
Million yen

FY2010  
Apr-Jun

FY2010  
Jul-Sep

Income :  
Million yen



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

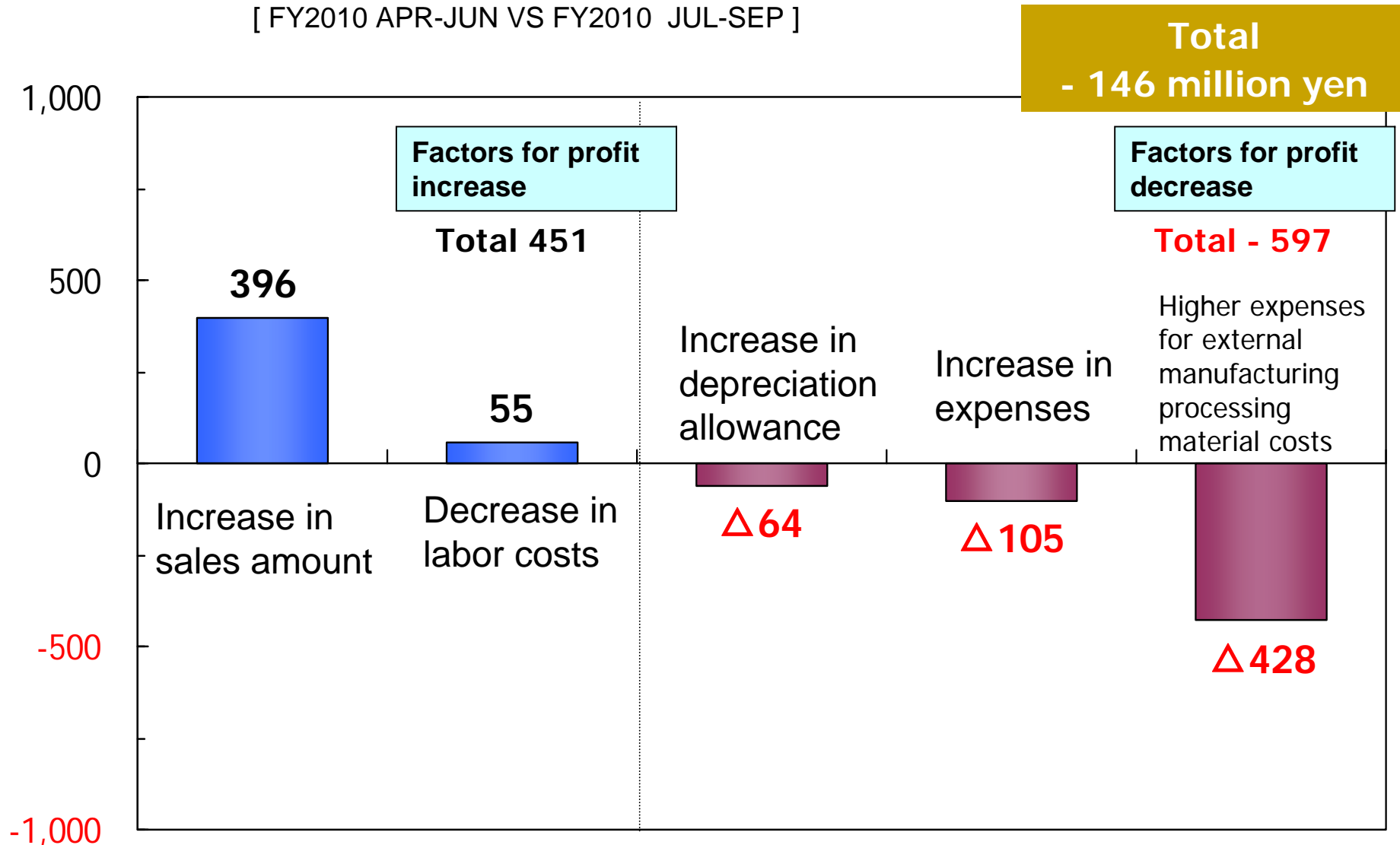


# <Consolidated> Analysis of sales expenses Compared with FY2010 1Q

8

Analysis of factors for increase/decrease of consolidated operating income  
[ FY2010 APR-JUN VS FY2010 JUL-SEP ]

Unit : Million yen





## <Consolidated> Cash Position

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Unit : Million yen

	2010/Mar (A)	2010/Sep (B)	Differential (B-A)
<b>Assets</b>	<b>56,113</b>	<b>54,420</b>	<b>-1,693</b>
Cash and cash equivalents	8,758	7,405	-1,353
Accounts receivable	16,337	16,288	△49
Inventories	5,240	5,615	375
Fixed assets	22,133	21,223	-910
<b>Liabilities</b>	<b>24,986</b>	<b>23,923</b>	<b>-1,063</b>
Accounts payable and accrued expenses	10,841	11,500	659
Interest-bearing dept	10,965	9,435	-1,530
<b>Net assets</b>	<b>31,127</b>	<b>30,497</b>	<b>-630</b>
Common stock	7,996	7,996	-
<b>Capital adequacy ratio</b>	<b>55.3%</b>	<b>55.8%</b>	<b>0.5%</b>



## <Consolidated> Cash Flow Position

10

Unit : Million yen

	FY2009 APR-SEP	FY2010 APR-SEP
<b>Operating Cash Flow</b>	5,494	2,783
Working capital	1,649	370
Income before income taxes	1,253	1,706
Depreciation	1,859	1,659
Others	733	-952
<b>Investing Cash Flow</b>	-1,160	-1,791
<b>Free Cash Flow</b>	4,334	992
<b>Financing Cash Flow</b>	-4,191	-2,203
Increase (decrease) in interest-bearing dept	-3,928	-1,529
Purchases of treasury stock	-16	-85
Dividends paid	-247	-589
<b>Initial balance</b>	9,072	8,749
<b>Final balance</b>	9,004	7,335



## <Consolidated> Segment Information

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FY2010 APR-SEP

Unit : Million yen

	Segment report			Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Division	FC Division	TP Division		
Net Sales	12,615	16,238	4,074	75	33,002
Segment gain or loss (Operating Income)	592	1,636	-7	63	2,284

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



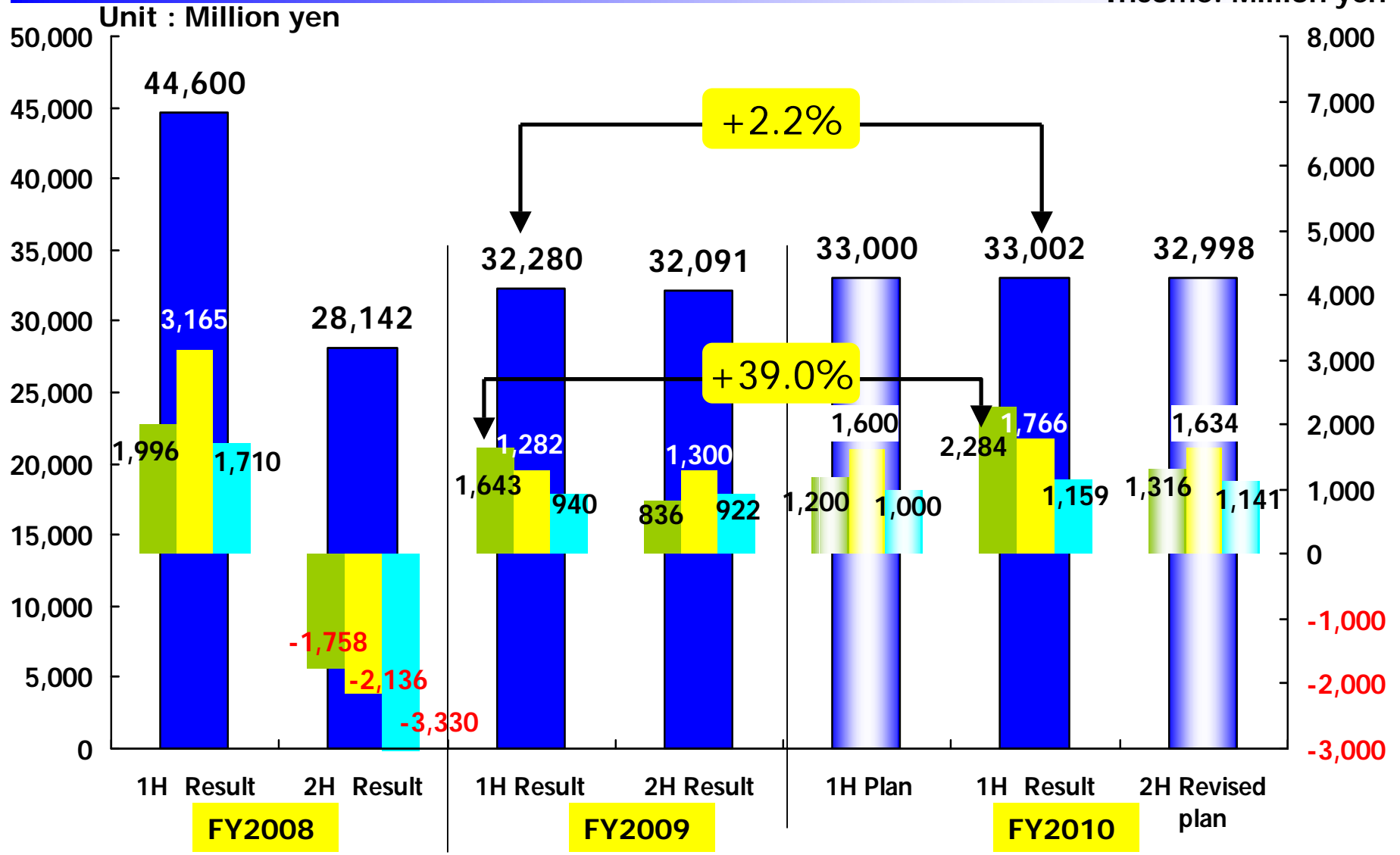
# **FY2010 2Q Result and Prospect**

**President and COO Tetsuya Nakamura**



# Half Fiscal Term Performance (FY2008-FY2010) 13

Income: Million yen

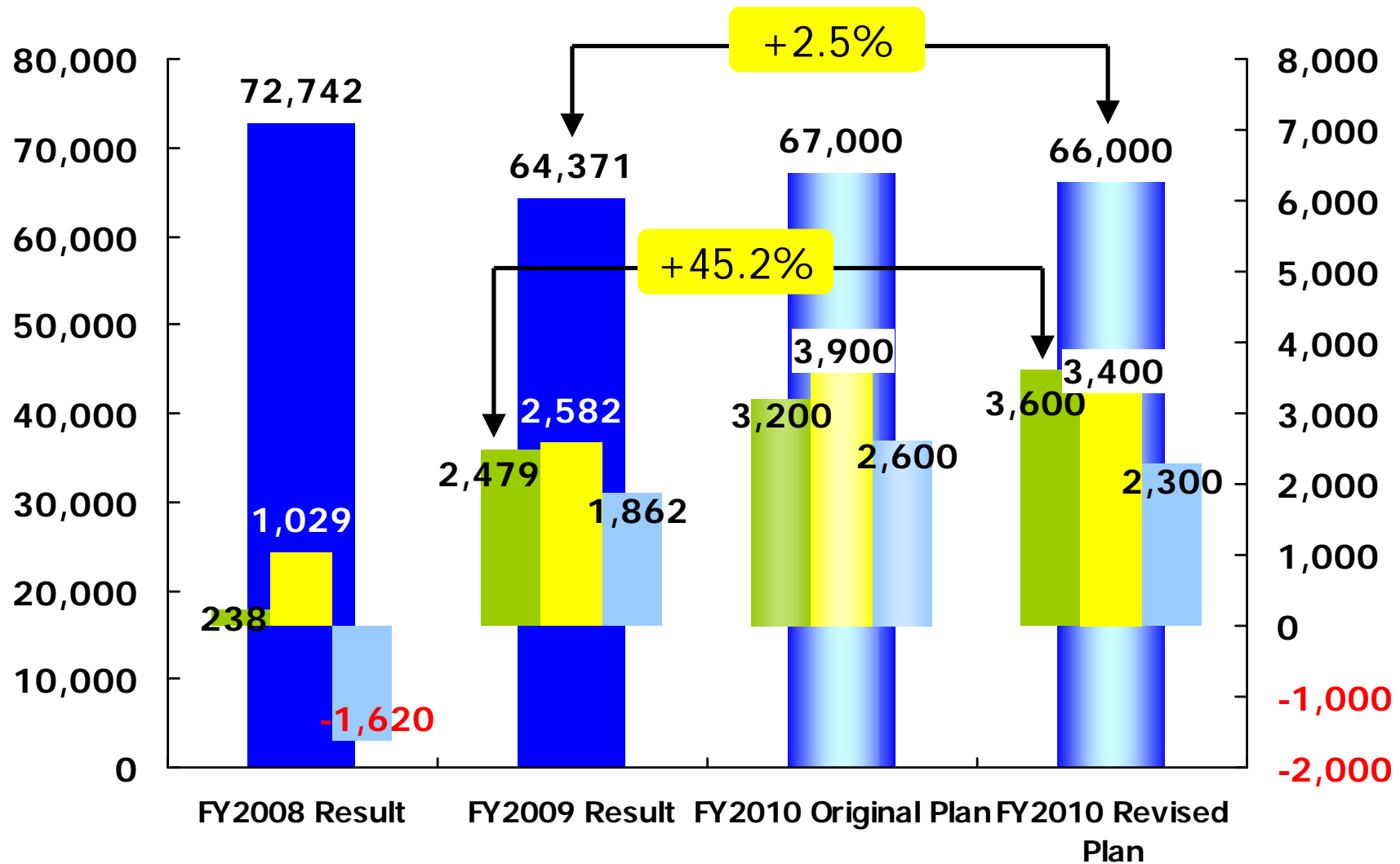




# Full Fiscal Term Performance (FY2008-FY2010) <sup>14</sup>

Net Sales: Million yen

Income: Million yen



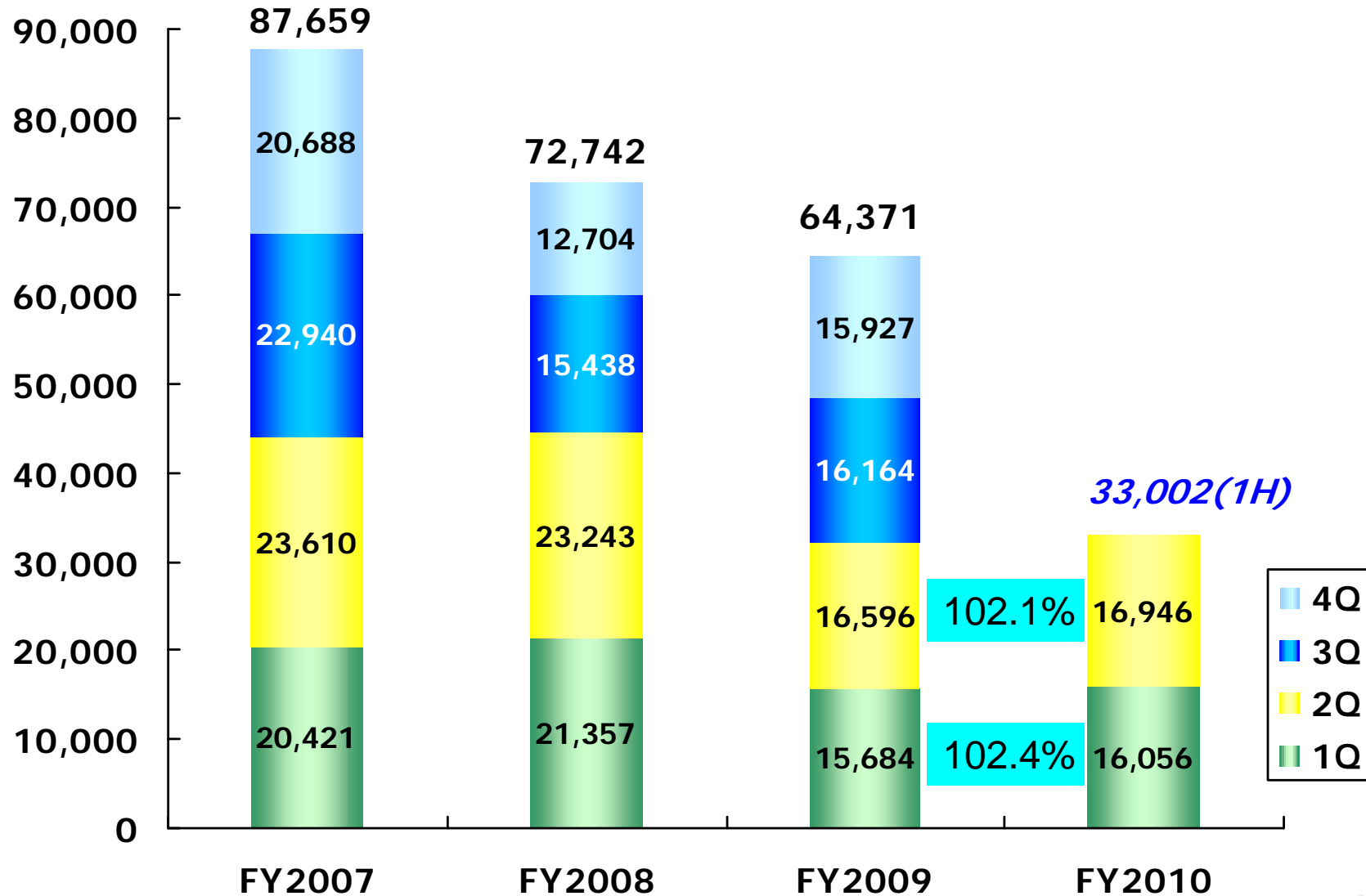
■ Net Sales ■ Operating Income ■ Ordinary Income ■ Net Income





# <Consolidated> Trends in performance of Net Sales (Quarterly)

Net Sales: Million yen

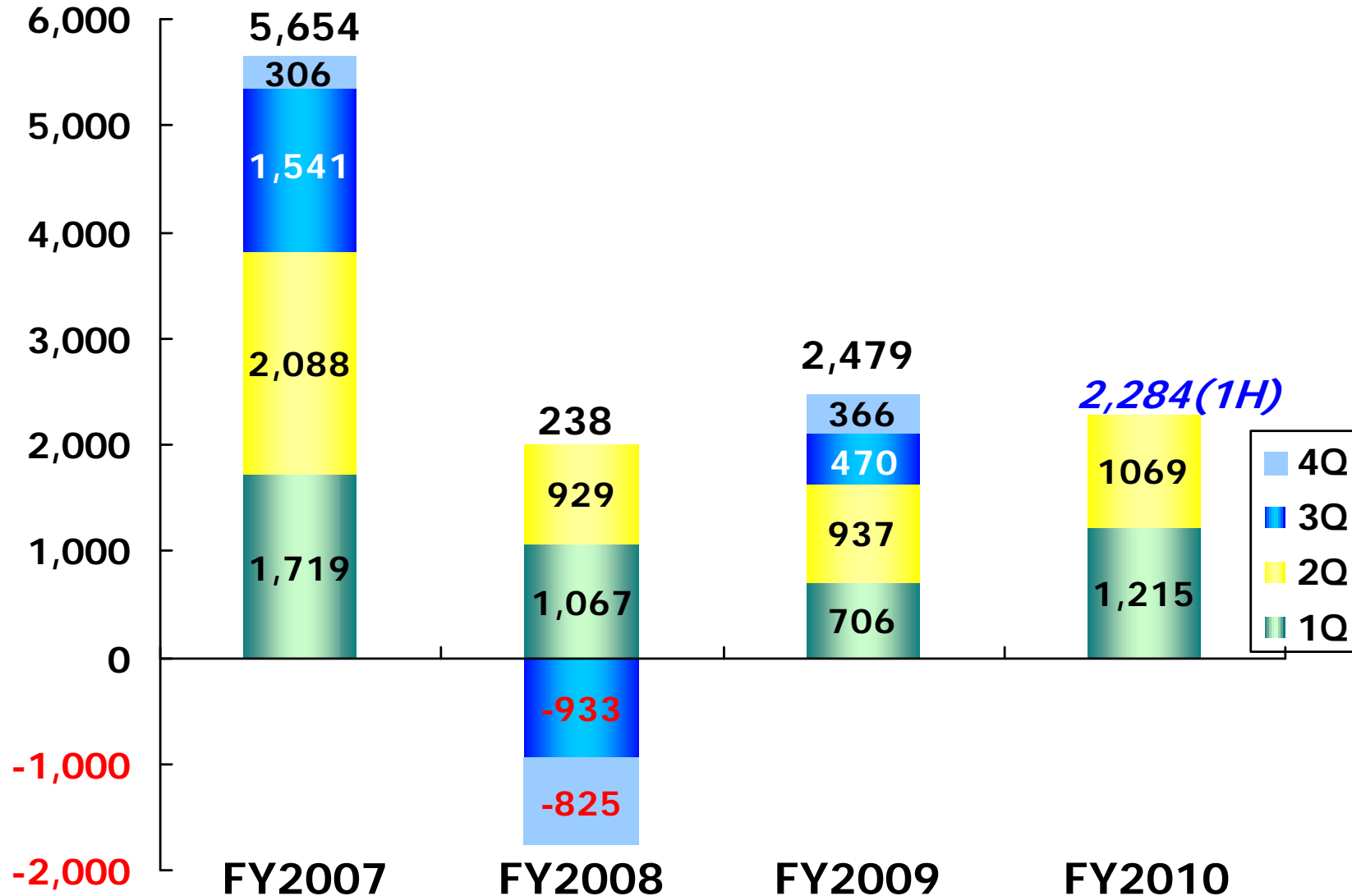




# <Consolidated> Fiscal Term Operating Income Performance

16

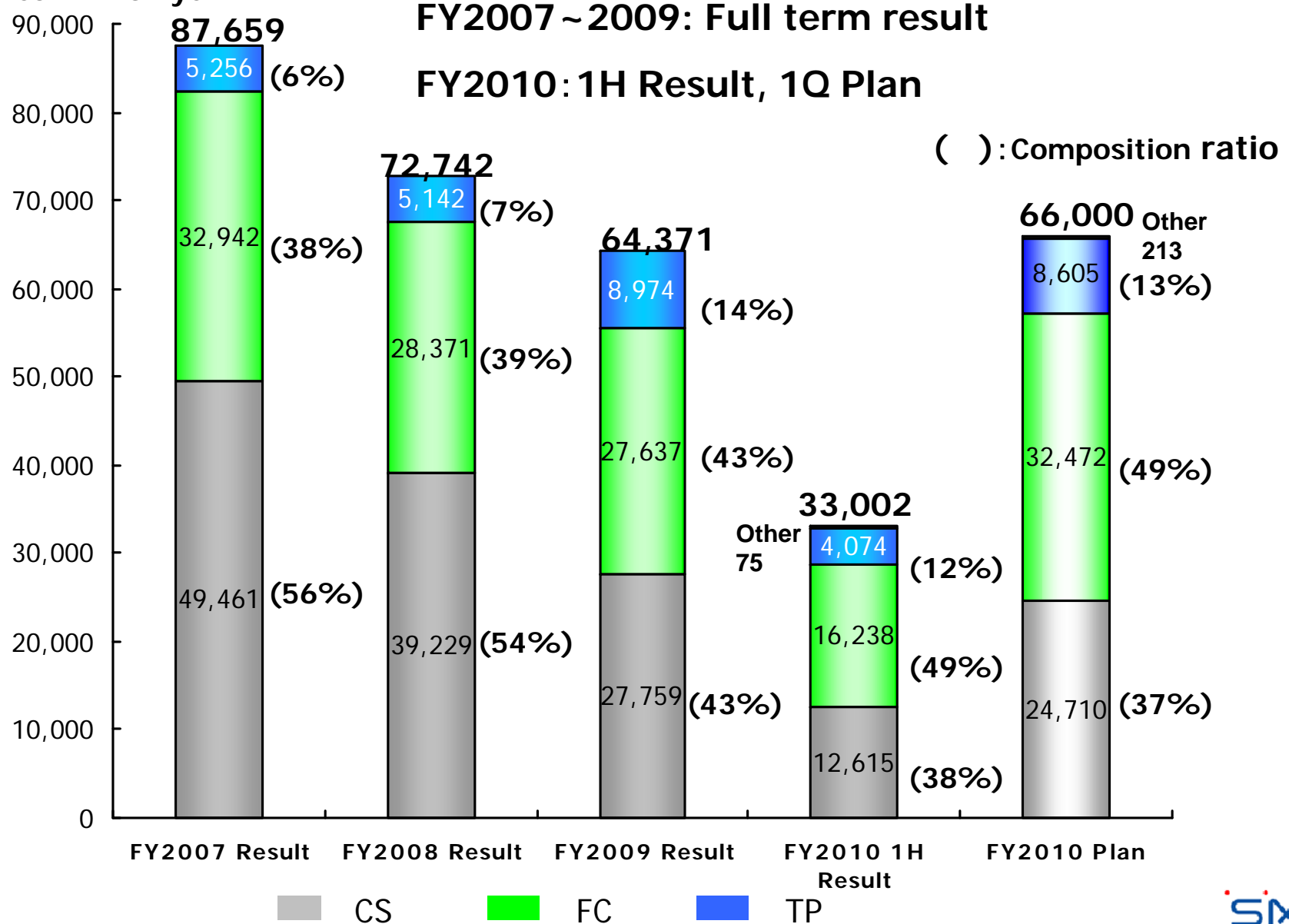
Net Sales: Million yen





# Reference: Net Sales by Product Division (FY2007-FY2010)

Net Sales: Million yen



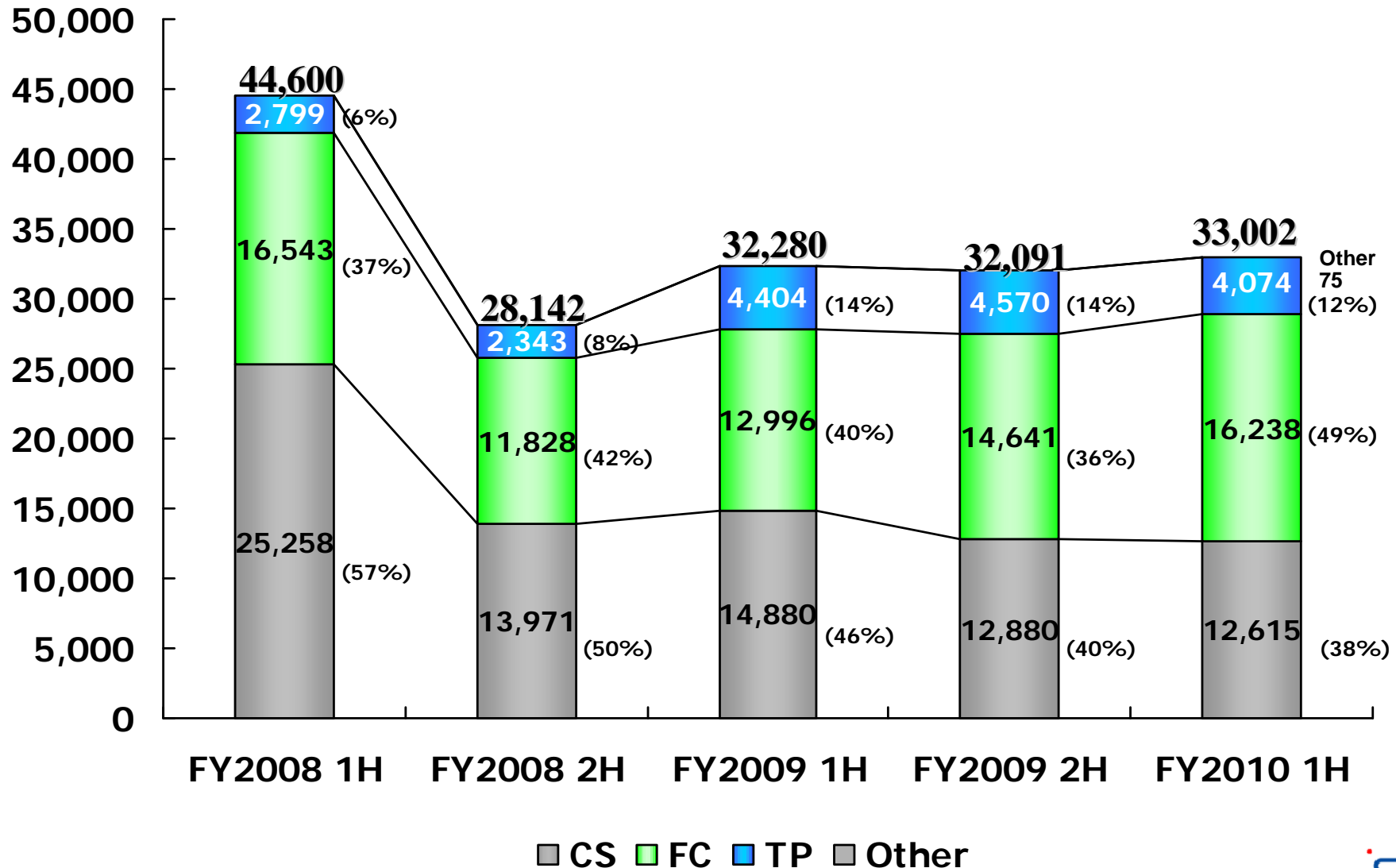


# Half Fiscal Term : Net Sales by Product Division (FY2008-FY2010)

18

Net Sales: Million yen

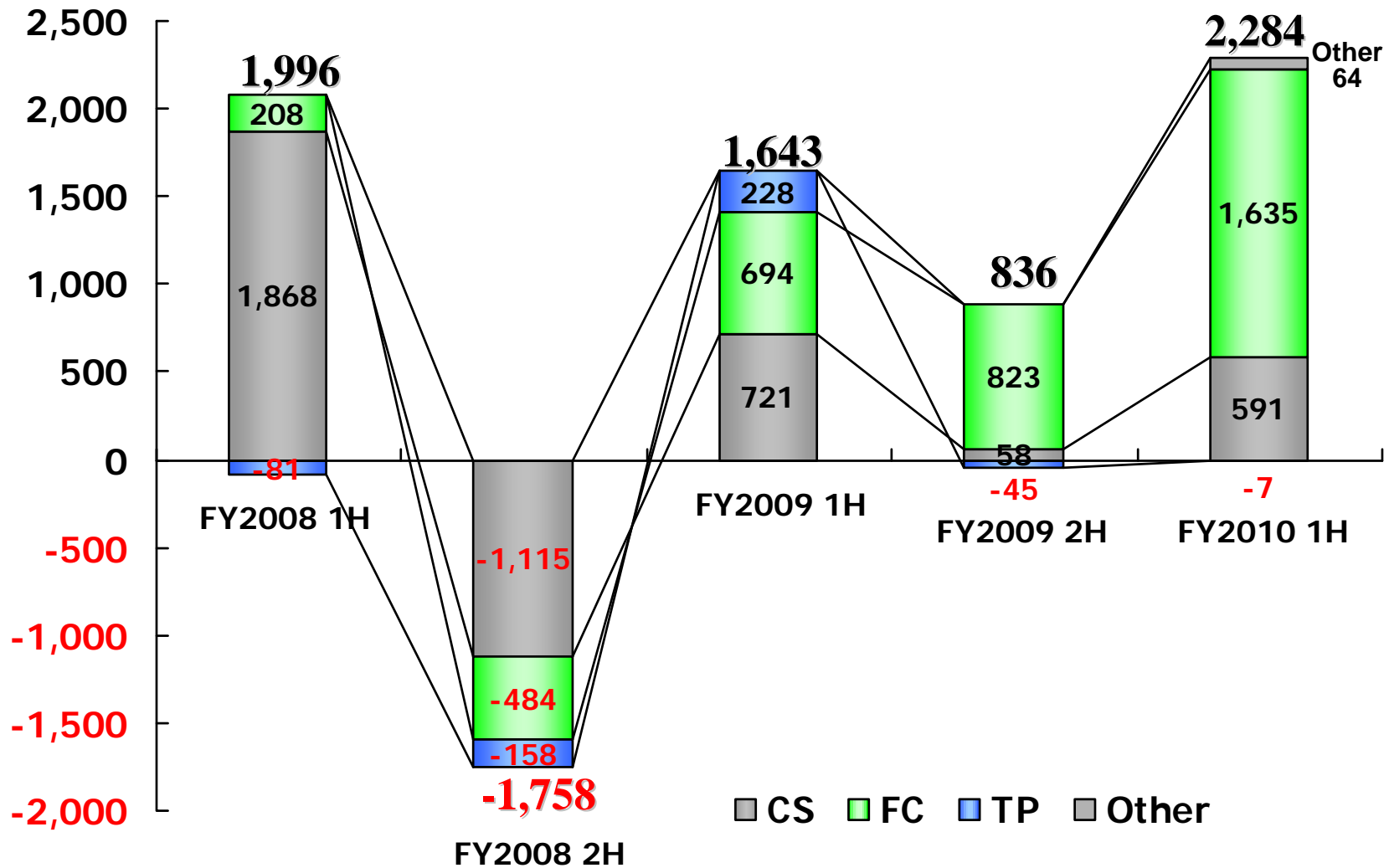
( ) : Composition ratio





# Operating Income by Product Division (FY2008-FY2010)

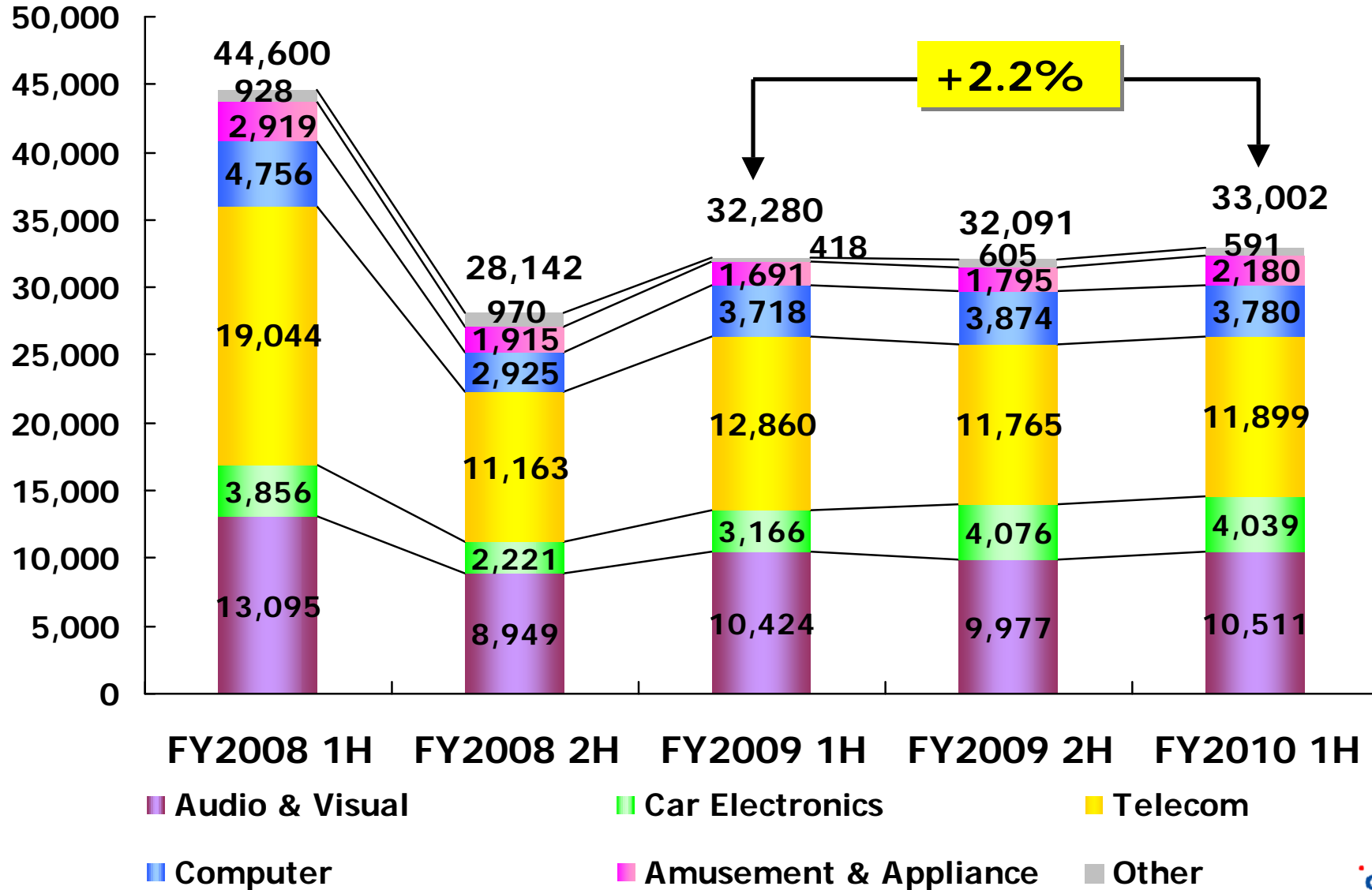
Income: Million yen





# Net Sales by Market (FY2008 – FY2010)

Sales Amount : Million yen

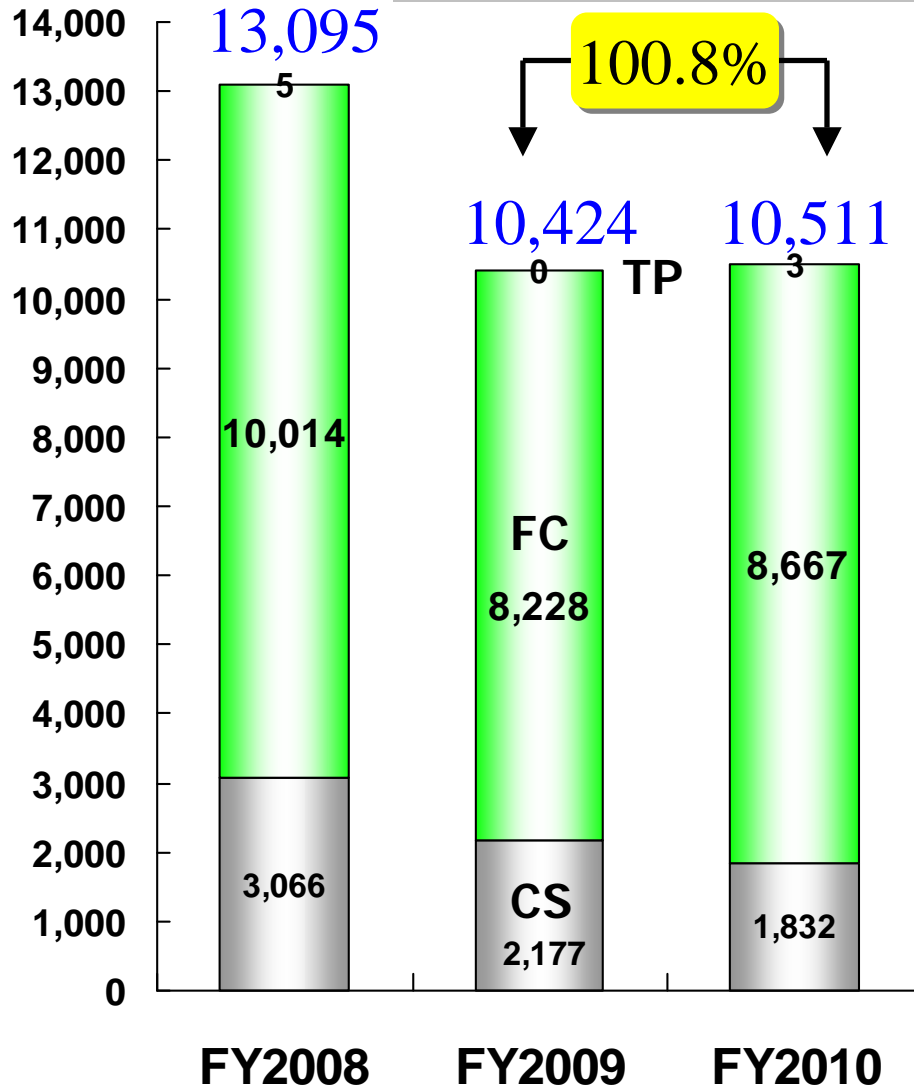




# <Consolidated> 1H Net Sales by Market -1

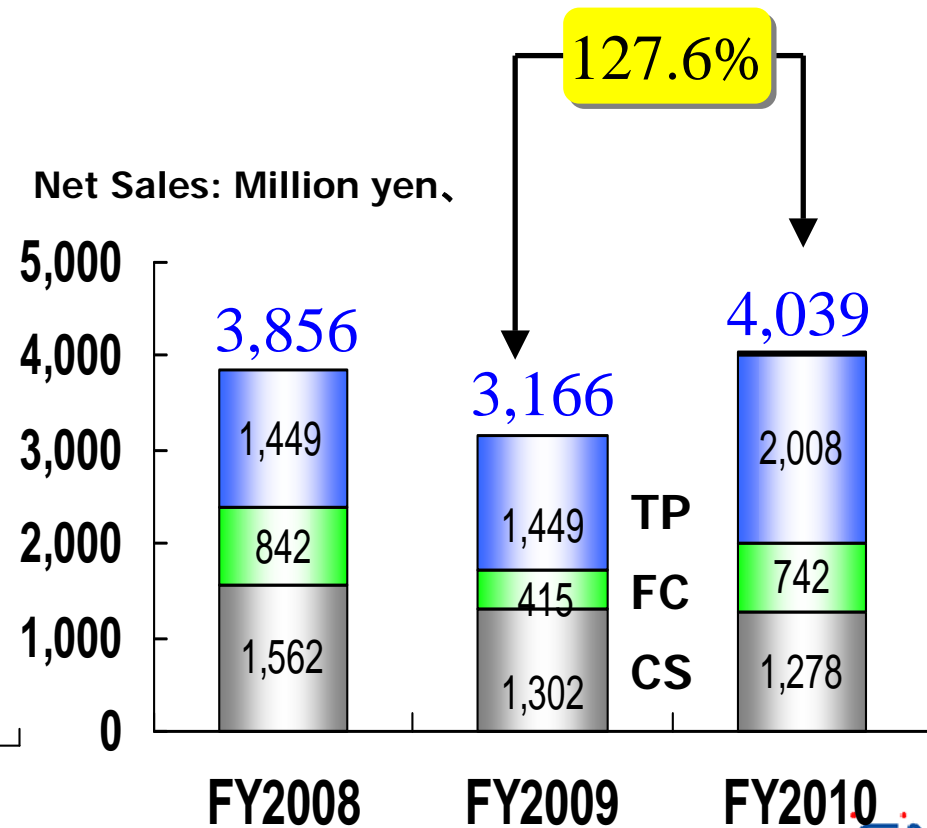
Net Sales: Million yen,

## Audio & Visual market



## Car Electronics

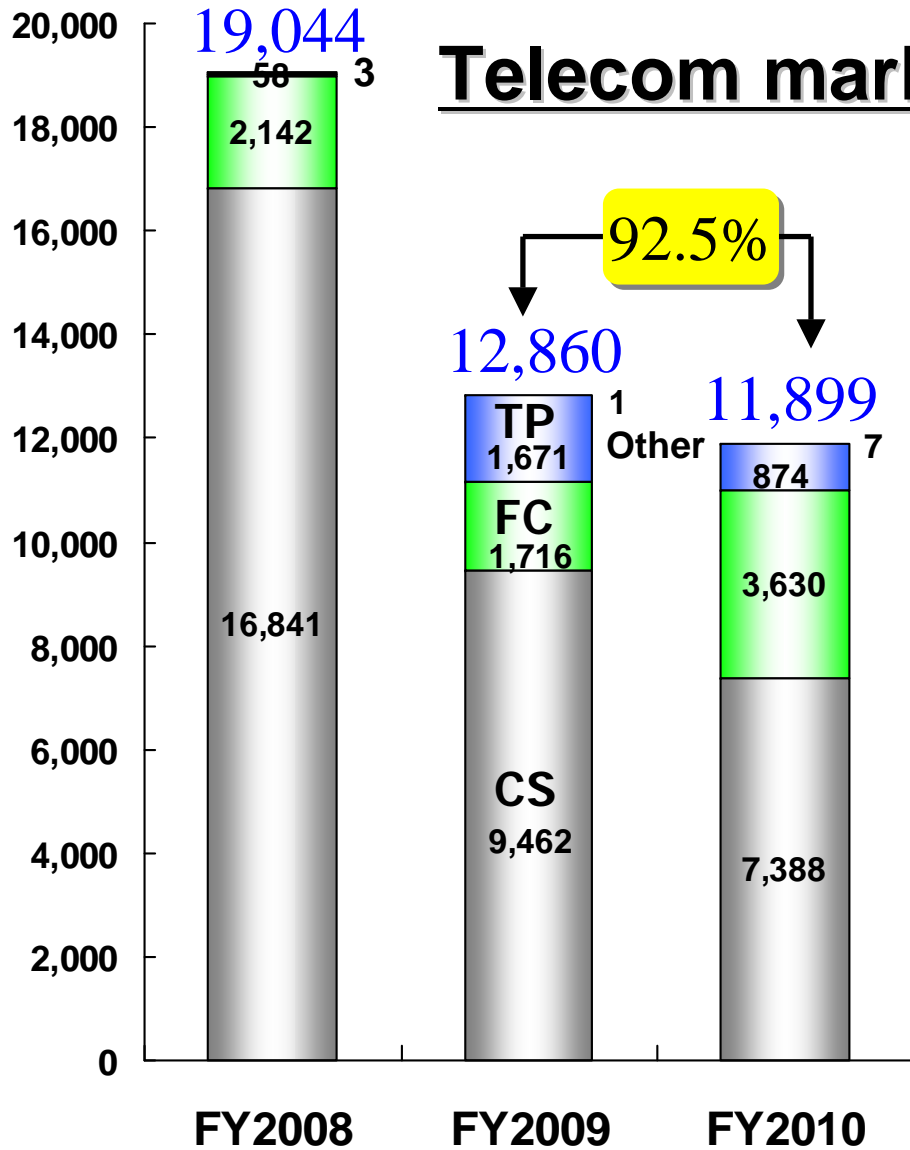
Net Sales: Million yen,





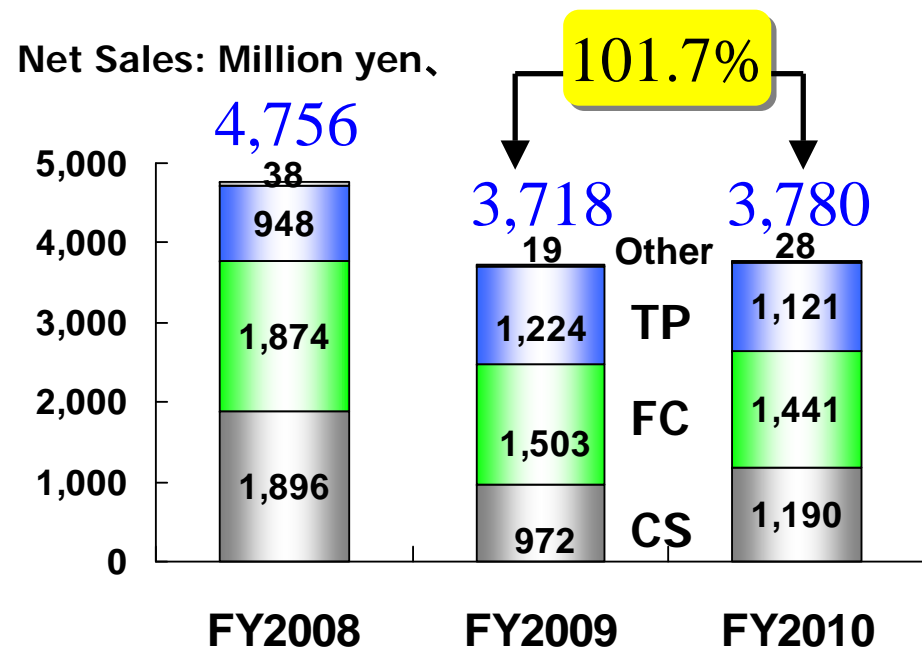
# <Consolidated> 1H Net Sales by Market -2

Net Sales: Million yen,



### Computer market

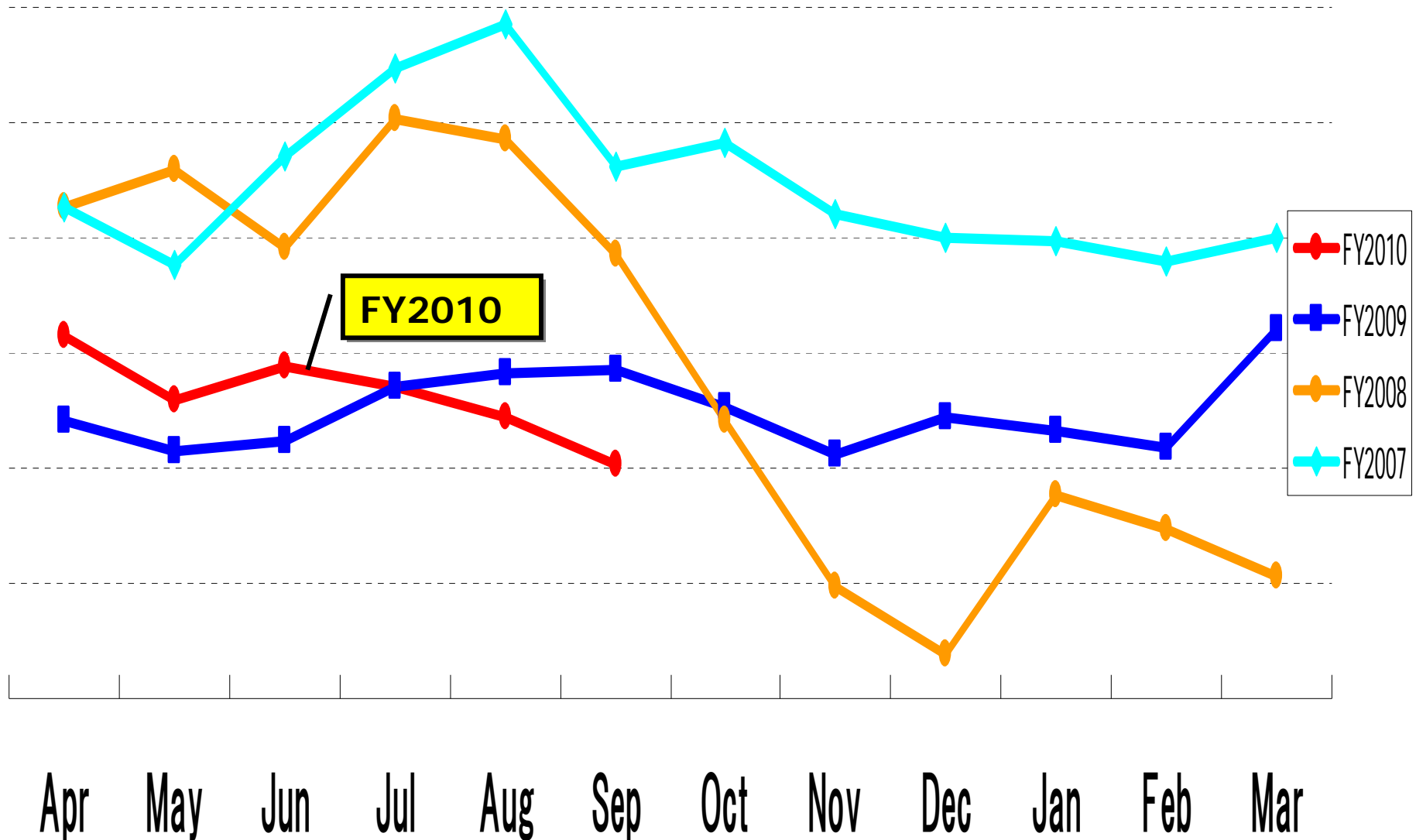
Net Sales: Million yen,







# Monthly booking Entry (FY2007~)

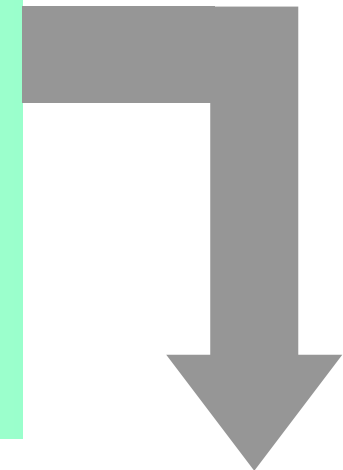




Reasonable profits accompanied by expansion

Business challenge problems that confront one

- ① *Yen appreciation*
- ② *China risk*
- ③ *Volume zone & double standard*



**Making innovations to be a value-creating company  
which can realize continuous growth.**





# CS Division



# CS Division

27

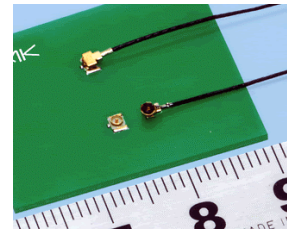
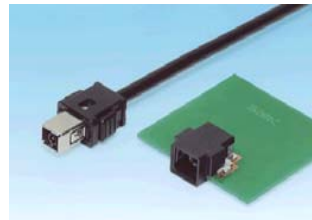
CS=Connection System

【Major Products】 : Connector/Jack

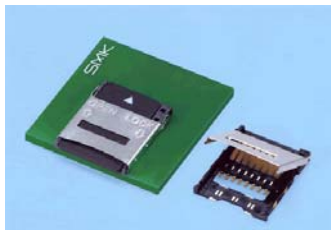
## ■ Connector



FPC Connector



Coaxial Connector



Card Connector



Interface Connector

## ■ Jack

Pin Jack  
Jack box



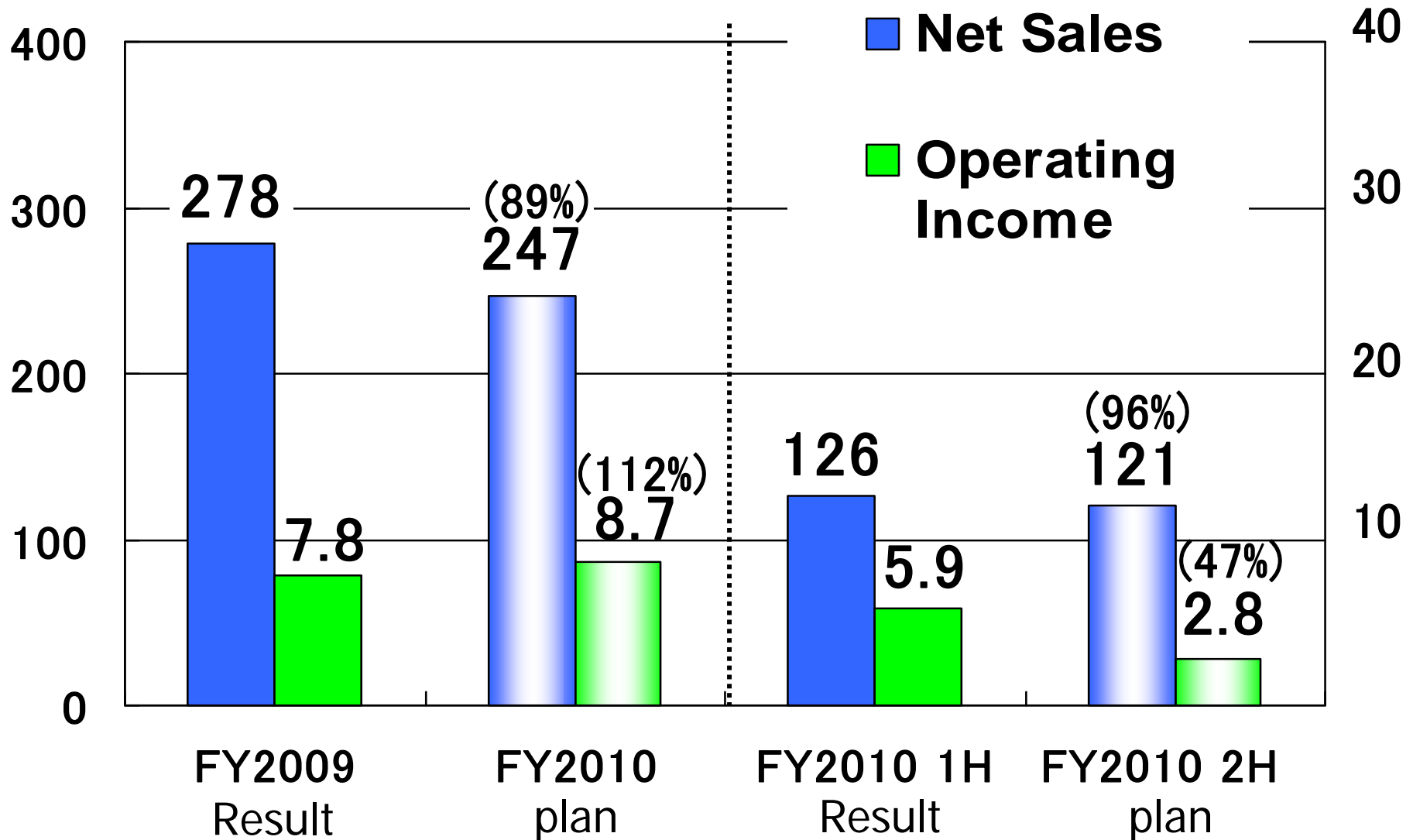
DC Power Supply Jacks  
Headphone Jacks



# CS Division Net Sales, Operating Income (Consolidated)

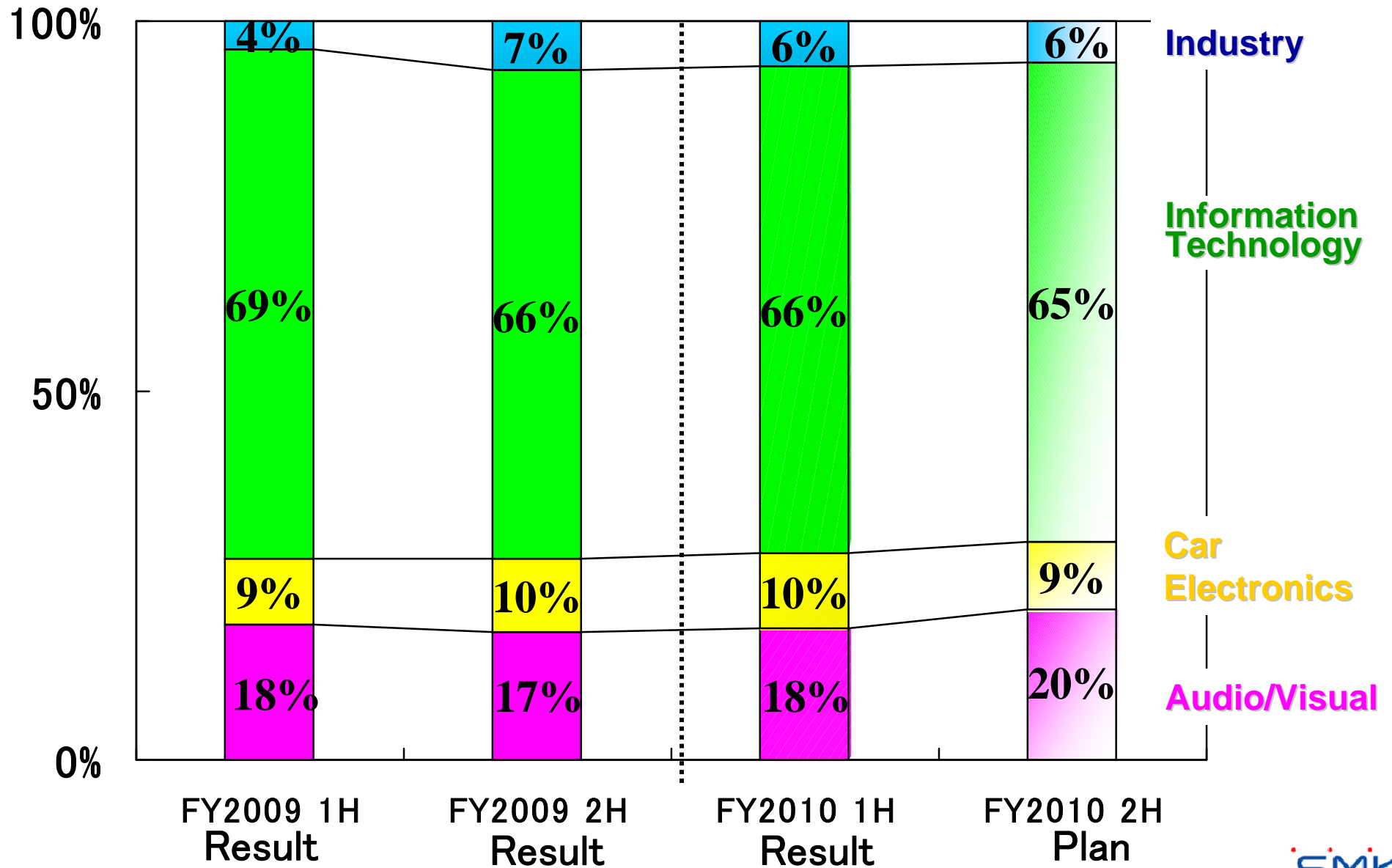
Sales Amount : 100 Million yen

Operating Income : 100 Million yen





# CS Division Transition of market-specific sales (Consolidated) 29





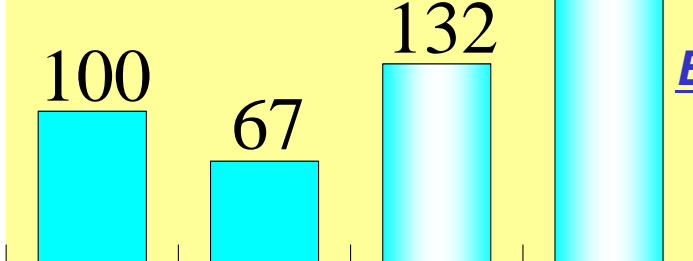


# CS Division Product Strategy – Expand sales through increased functionality and new technological ideas 30

## FPC Connectors

Changing sales figures 210

\* FY2008=100



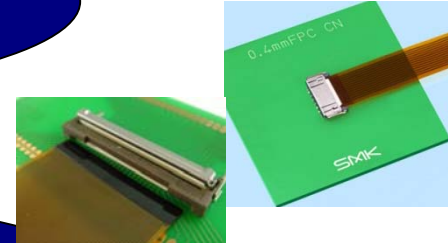
FY08 Result	FY09 Result	FY10 Plan	FY11 Plan
----------------	----------------	--------------	--------------

*Strong sales of smartphones, e-Books, wireless modules, data communication cards*

Shielded FPC connectors  
Support high image quality and high-speed transmission

Space-saving, low-profile  
**EN Series**

*Car electronics, meter parts, sensors, radar connections etc.*



**BF Series**

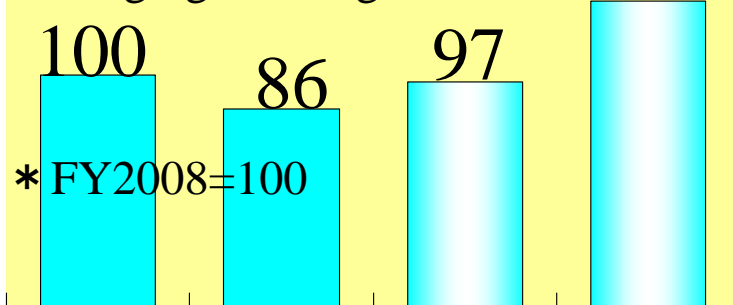
Highly-reliable and robust types, More variety



## External Multipole Connectors

Changing sales figures 132

\* FY2008=100



FY08 Result	FY09 Result	FY10 Plan	FY11 Plan
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Micro USB Connectors

Increased product repertoire inc. stand-off, reverse, mid-mounting and SMP/DIP types

Increased demand

Shock-resistant

Robust





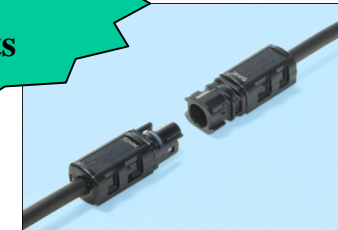


# CS Division Technical expansion into growing and new markets

Photovoltaic Cell Module Connector PV Series

⇒ 55% miniaturization compared to our traditional products

Waterproofing technology high-current compatible Simple workmanship  
Weatherability and flame retardancy Size/lock structure More variety



SIM card connectors

LED lighting connectors

⇒ Industry-first side-insertion type

Increased demand  
Enter period of real growth

- Low-profile and space-saving
- High contact reliability



Switch-attached coaxial connector TS-12

Achieves smallest size and lowest profile in market



**Ecology**

**Car Electronics**

**Smartphone · e-book**

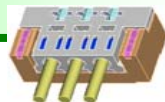
**Medical · Healthcare**

Multipole wire to board connector ID-MULTI Series

Low-profile and space-saving  
High mating force

Connectors for medical equipment (interface connectors, battery connectors, sensor connectors etc.)

Increased personal use





# CS Division FY2010 Policy

Reconsider mapping of growing markets

Continue focus on high value-added fields

*Speed*

*New product development*

*Technical partnerships*

*Priority products: FPC, PB, Coaxial*

*Improved products in growing markets  
car electronics / tablet PCs  
ecology / medical equipment*

## Volume zone strategy :V-Project

Develop local vendors  
Buying reform

Reformation

Function-focused design  
Design and quality assurance reform

Simplified manufacturing processes  
Manufacturing reform





# FC Division

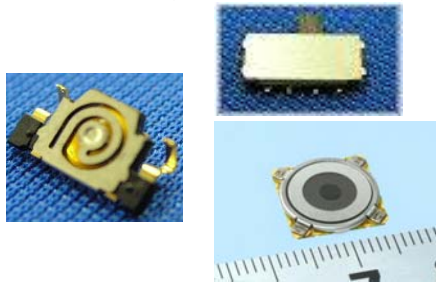


# FC Division

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)



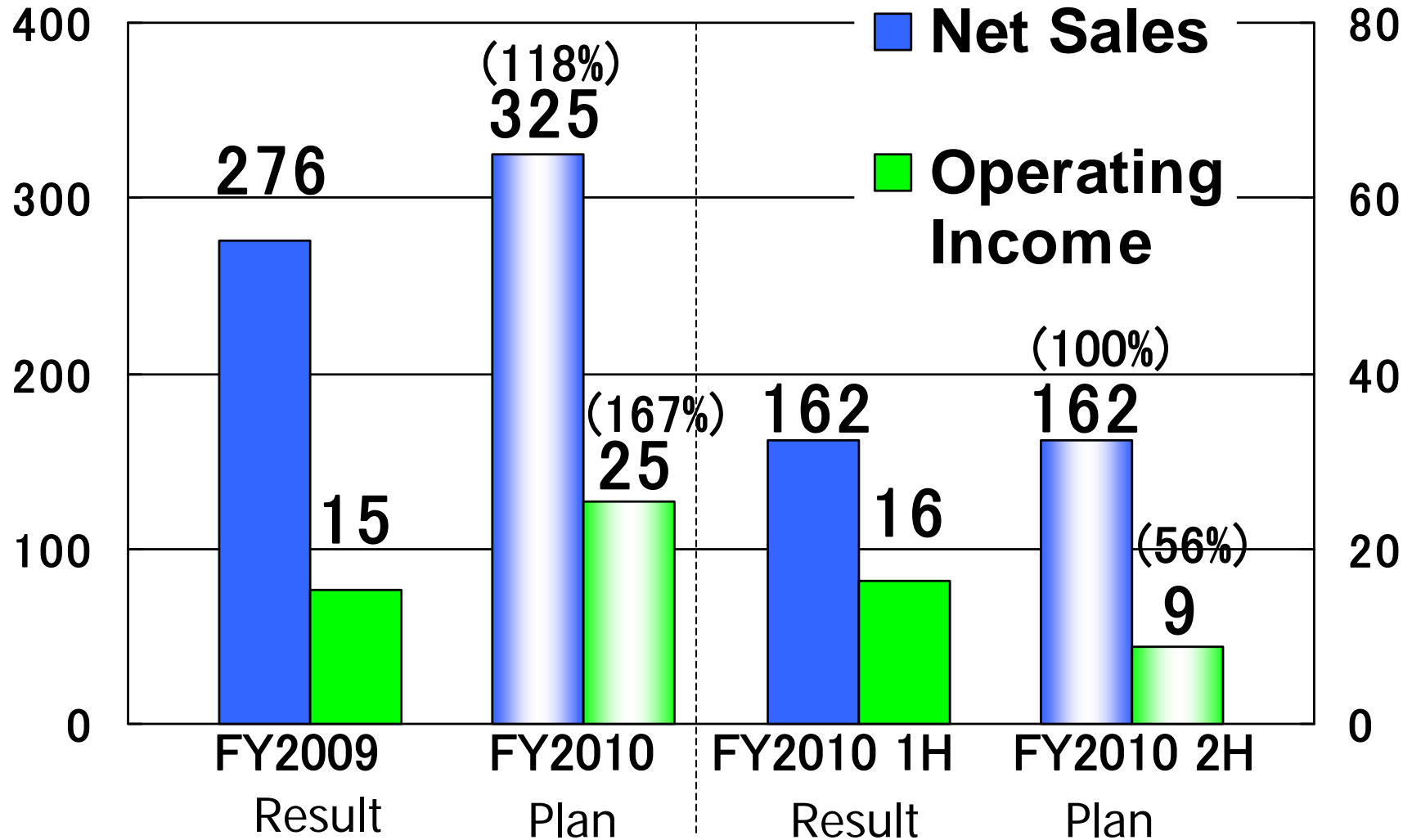
Camera Module



# FC Division Net Sales, Operating Income (Consolidated)

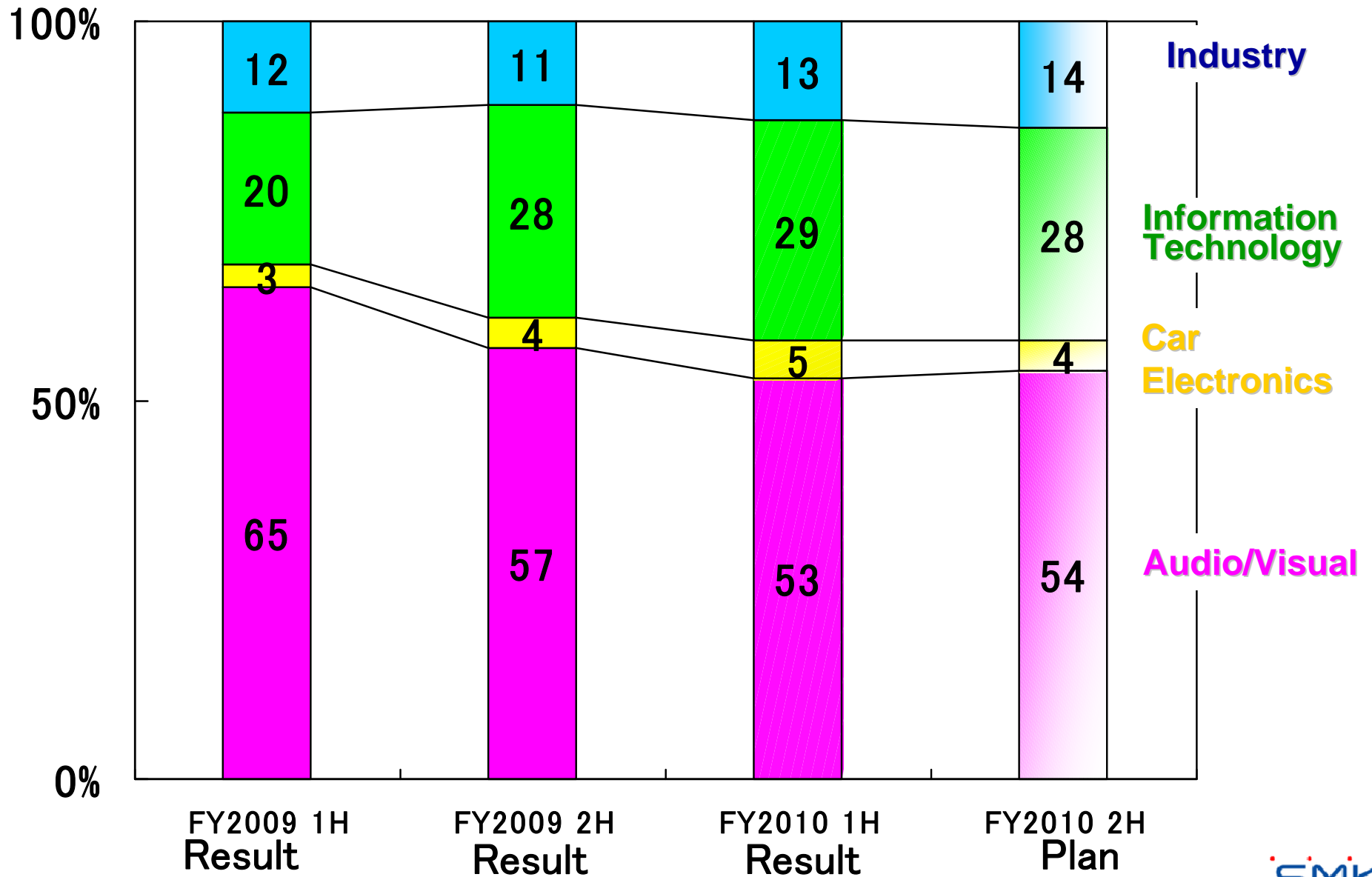
Sales Amount : 100 Million yen

Operating Income : 100 Million yen





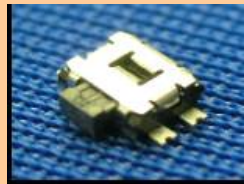
# FC Division Transition of market-specific sales (Consolidated) 36





# FC Division Priority Approach Market, Priority Product

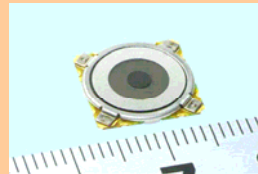
Smart Phone



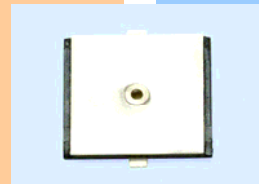
Thin Horizontal switch



1-dome switch



Featuring a capacitive type switch



antenna coupler



RF Remote Control

Audio&Visual



Development of Remote Control with Motion Control Sensor



Remote control for automotive applications

Car Electronics



Rubber single-key switch



Camera Module



Remote control for Air conditioner



Remote control for Sanitary

Home Appliance





## Shift to path of growth

Strengthen technical development

No.1 product

Strengthen marketing

Capture volume zone

Maintain profitable structure  
(cut variable costs + reduce fixed costs)





# TP Division



# TP Division

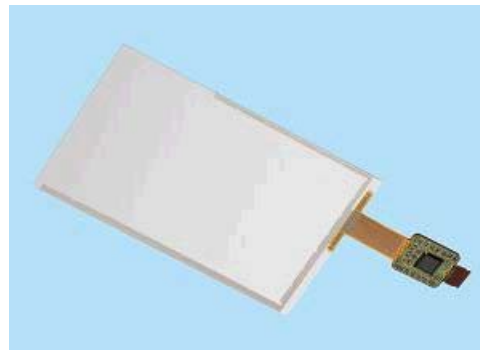
TP=Touch Panel

## 【Main products】

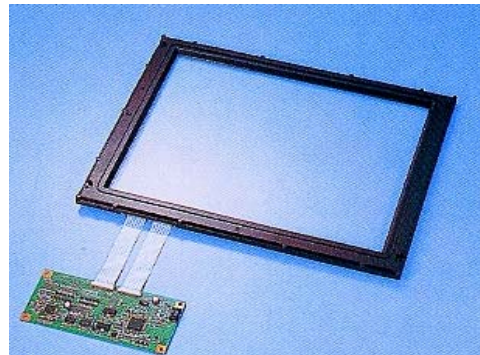
Resistance  
Sensitive  
Touch Panel



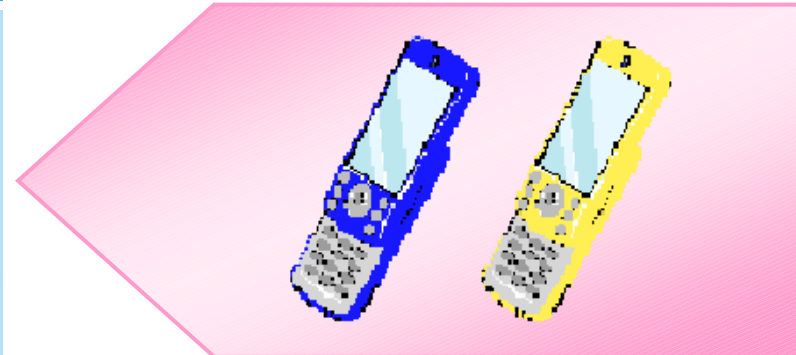
Capacitive  
Touch Panel



Optical Touch  
Panel



## 【Main applications】

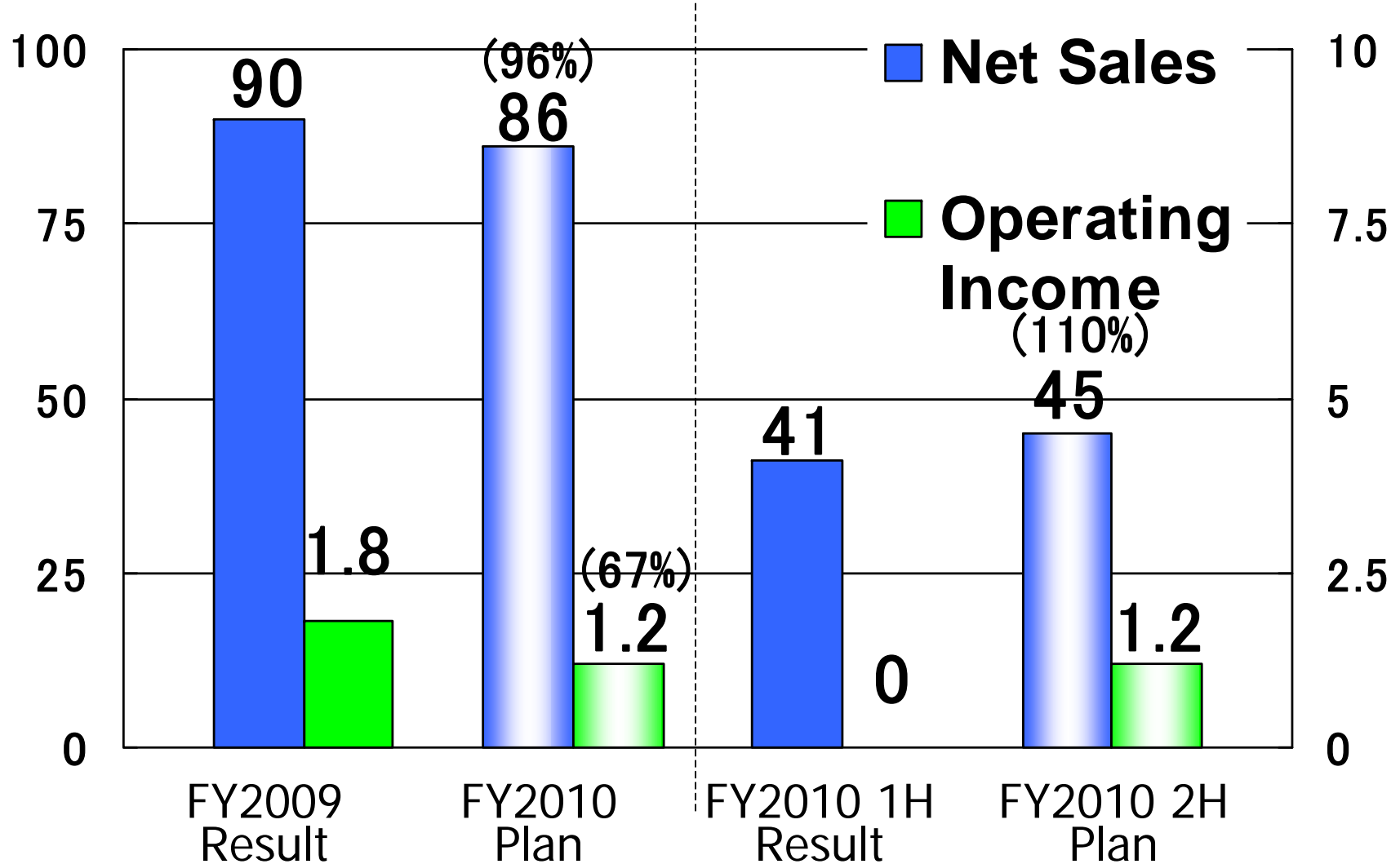




# TP Division Net Sales, Operating Income (Consolidated)

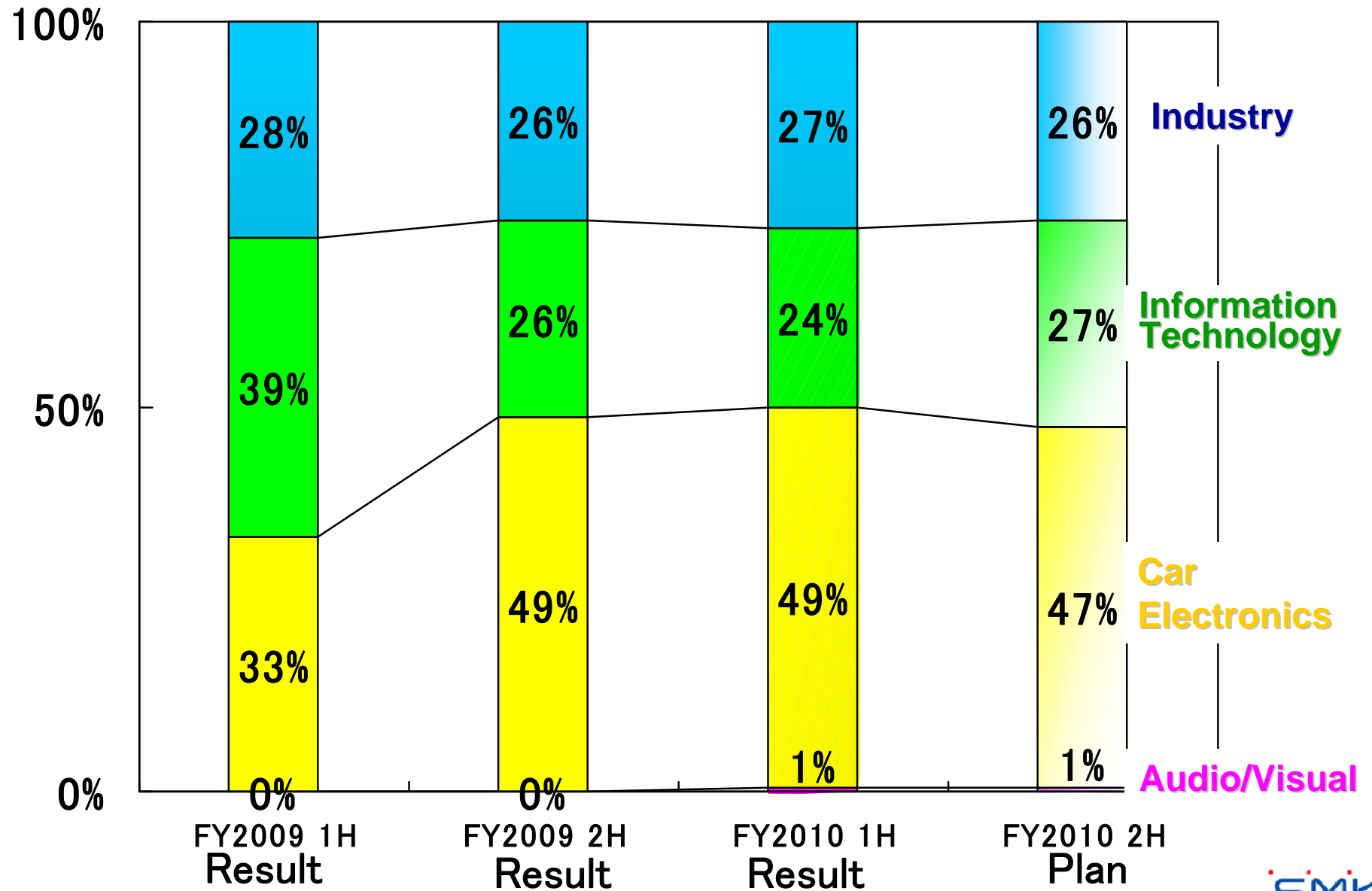
Sales Amount : 100 Million yen

Operating Income : 100 Million yen





# TP Division Transition of market-specific sales (Consolidated)





## Increase share

### Automotive market

- Develop high value-added products
- Strive to reduce costs by increasing production capacity and efficiency



### Mobile phone market

- Improve product lineup according to application
- Strive to make products even thinner and to reduce costs further

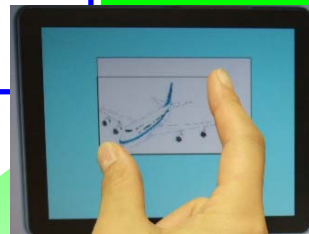


## Multi-touch

### Dokodemo touch



### Capacitive medium-size TP (automotive spec.)



Multi-touch models : 10  
 Sizes : 7 to 8-inch  
 Other : Win7, Android-compatible, high-transmission

### Expand SMK-PH Plant



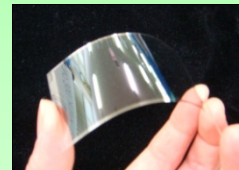
Due to go into full operation from Dec./2010

### Resistance sensitive multi-touch TP



Multi-touch models : 10  
 Sizes : 3 to 10-inch  
 Other : Input with pen and while wearing gloves is possible  
 \*Products exhibited at CEATEC JAPAN 2010

### Capacitive lightweight TP



Multi-touch models : 10  
 Sizes : 2.5 to 7-inch  
 Other : Lightweight, unbreakable  
 ※Product example





# TP Division FY2010 Policy

**Expand operations**

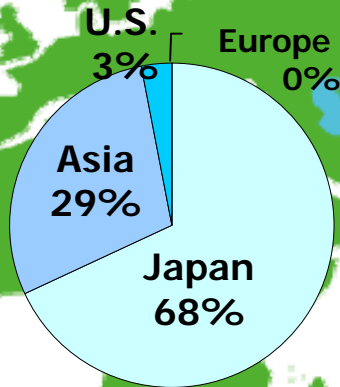


## 1 Increase sales

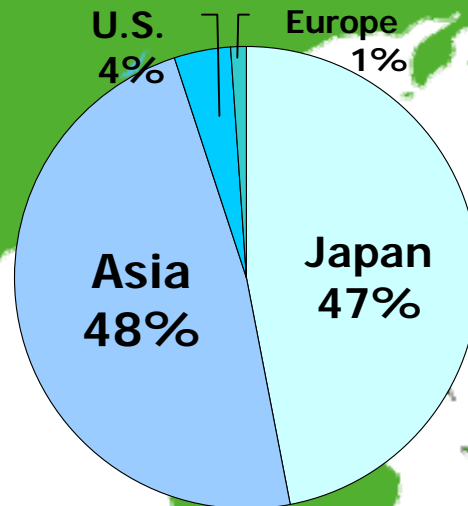
**Attack overseas market**

Overseas market sales ratio

FY2009 results



FY2010 forecast



~Respond to weak dollar ~

Shift production base  
Purchase in dollars  
Rare metal focus



## 2 Expand profits

Product configuration

New product development

Exchange-rate loss measures



## 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/>