

SEMI ANNUAL REPORT 2012

For the six months ended September 30, 2012



Capacitive Touch Panels

Board to Board Connectors

Micro-USB Connectors

Slide Switches

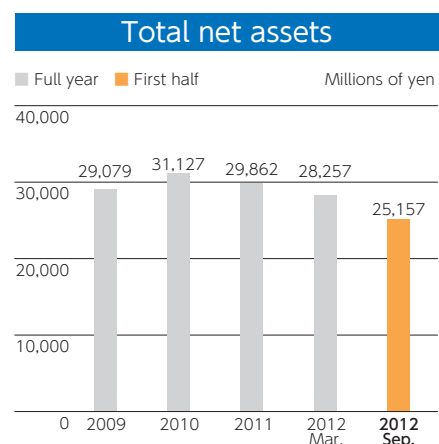
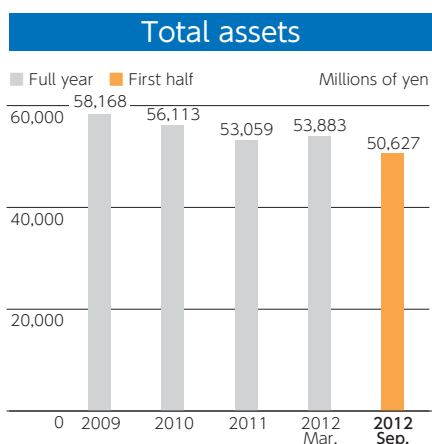
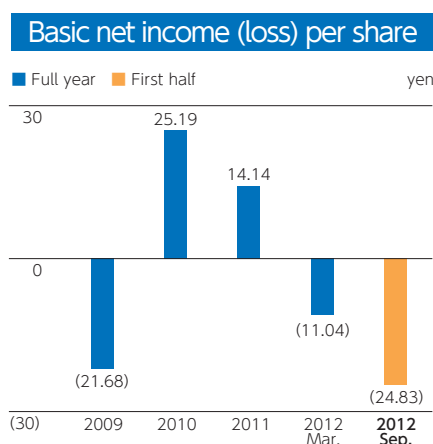
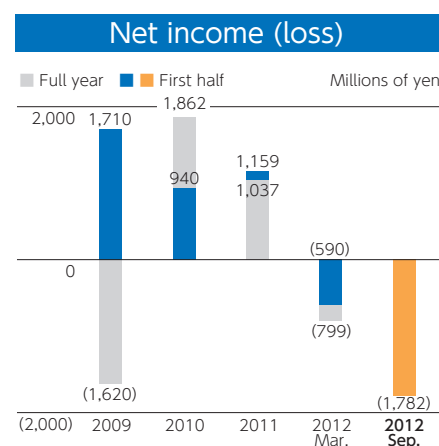
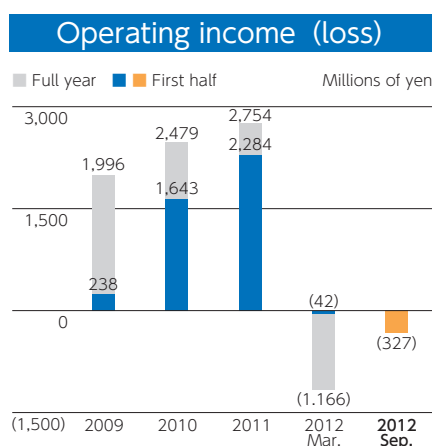
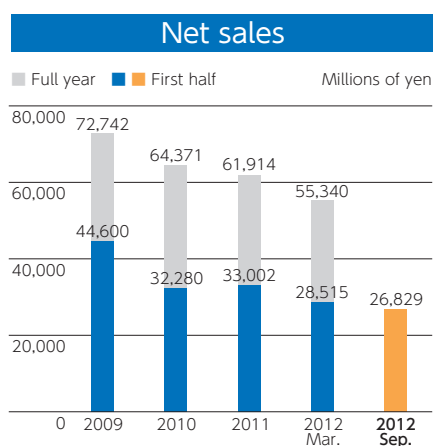
SMK CORPORATION

Financial Highlights

SMK Corporation and Consolidated Subsidiaries

Six months ended September 30	Millions of yen		Thousands of U.S. dollars	Millions of yen
	2011	2012	2012	2012 Year ended March 31
Operating Results				
Net sales	¥ 28,515	¥ 26,829	\$ 345,744	¥ 55,340
Operating income (loss)	(42)	(327)	(4,215)	(1,166)
Net income (loss)	(590)	(1,782)	(22,966)	(799)
Financial Position				
Total assets	¥ 51,611	¥ 50,627	\$ 652,419	¥ 53,883
Total net assets	28,066	25,157	324,196	28,257
Per Share Data				
Net income (loss) :	Yen	U.S. dollars	U.S. dollars	Yen
Basic	¥ (8.10)	¥ (24.83)	\$ (0.32)	¥ (11.04)

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥77.60 = U.S. \$1.00.



To Our Shareholders and Investors

We are obliged to you for your continued support and patronage.

We would like to report on the outline and results of the SMK Group's businesses for the half period of the 91st fiscal year (April 1, 2012 to September 30, 2012).

We look forward to your continuing support and encouragement.



November 2012

Yasumitsu Ikeda
President and COO

Tetsuya Nakamura
Chairman and CEO

Performance Overview

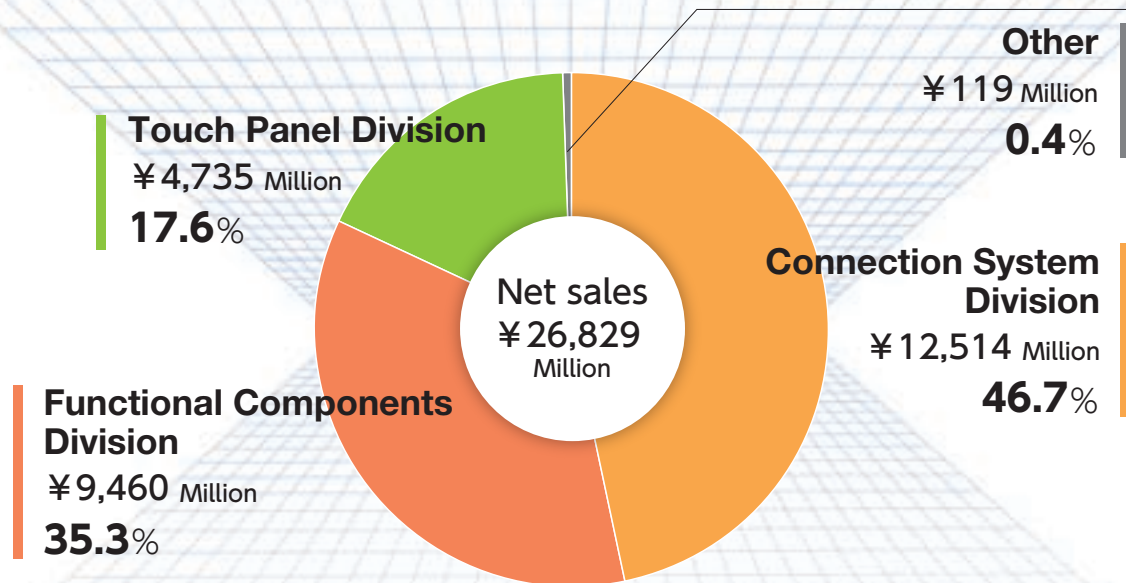
During the half period of the 91st fiscal year ended September 30, 2012, although the U.S. economy showed a moderate recovery as consumer spending recovered against the backdrop of improved employment, the overall growth of the global economy slowed due to decreased exports and the stagnant growth of capital investments in emerging nations such as China and India, and the impact of the deterioration of European economies caused by governmental debt crises. Despite demand for recovery from damage caused by the Great East Japan Earthquake, the Japanese economy continued to face severe circumstances due to issues such as the persistently strong yen and the restriction of electricity supply. In the electronic component industry, demand for smartphone and tablet device-related components expanded, whereas demand for our components for flat-panel televisions and laptop computers remained low.

Under such circumstances, SMK Corporation strove to develop new products that can be differentiated from those of our competitors and reinforce our efficient sales structure. Despite such efforts, our revenue decline, lingering yen appreciation and increased costs at manufacturing bases led to decreases in consolidated revenues and income for the half period of the 91st fiscal year ended September 30, 2012, compared with a year earlier.

Looking ahead, to recover business performance quickly amid uncertainty in the global economy, we will strive to develop businesses in new markets such as the environmental, energy and healthcare industries and improve operational efficiency with stronger cost competitiveness, thereby ensuring a corporate structure that can address market changes.

Overview of Consolidated Results by Division

(April 1, 2012 to September 30, 2012)



Connection System Division



Connector for LED lighting
Applications : LED lighting

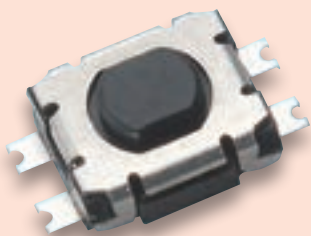
Major Products

- RF coaxial connectors
- FPC connectors
- Board to Board connectors
- Jacks

Driven by positive growth of smartphones, tablet devices, along with contribution of steady expansion of automotive and photovoltaic modules, the sales of connectors grew remarkably compared to the previous year. However, the serious impact of the plunge in sales in the audiovisual (AV) market and unsatisfactory sales of mobile game consoles kept us from achieving our target.

Despite uncertainty over the super strong yen and the international market, we will strive to develop new products and product series in our mainstay information communications field and other markets that have growth potential.

Functional Components Division



High-load push switches

Applications : Keyless entry systems, car audio equipment and operational use for other devices and equipment

Major Products

- Remote controls
- Switches
- Bluetooth® units
- Camera modules

In the audiovisual industry, sales of our functional components for IP television sets and other audiovisual sets progressed favorably. However, sales for flat-panel televisions and disc players continued to be stagnant. Sales for cellular phones fell significantly because of customers' low business performance. In contrast, sales for air conditioners, home appliances and environmentally friendly products achieved solid figures as a result of shifting to highly functioned products.

For the second half where uncertainty is expected to further increase, the Division will focus on increasing sales by striving to acquire orders in growing markets.

Touch Panel Division



Capacitive touch panel integrated with capacitive switch

Applications : Car navigation, automotive central control and tablet devices

Major Products

- Resistive touch panels
- Capacitive touch panels
- Optical touch panels

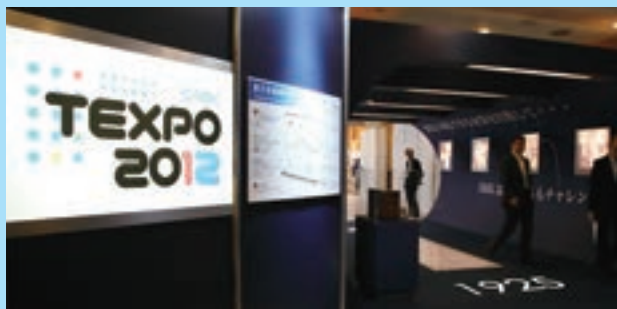
Sales of our touch panels for automotives were favorable with strong demand for touch panels for car navigation system in Japan and overseas. Demand for optical touch panels for the ATM market expanded and sales grew steadily. Although the cellular phone market was challenging due to intensified competition, demand of touch panels for smartphones is growing stronger, for which we will further reinforce order receiving activities.

We will strive to expand sales of capacitive touch panels and other products in the automotive and tablet device markets which have the potential to grow.

TEXPO2012

From June 6 (Wednesday) to June 8 (Friday) 2012, we held SMK TEXPO2012, SMK Corporation's technical exhibition, at Garden City Shinagawa in Tokyo. Our first exhibition was held in 1985, and this was the eighth time of this event. With a theme of "Navigating smartly for the people, the future, and the environment" we exhibited approximately 300 items consisting of new products and our latest technologies currently under research and development.

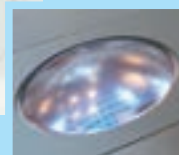
At TEXPO2012, which was visited by 2,430 people, we had a full line of exhibitions such as the Future Technology corner, through which we propose the future that SMK envisions; the EcoTechnology corner, at which we introduced environmentally friendly products and technologies; and the High-Speed and High-Frequency Device corner, at which we introduced high-speed communications and high frequency technologies. Many demonstrations were conducted so visitors could experience the ease of use of our products, and we in turn received high evaluations.



Demonstration of a speech recognition remote control. Operation through verbal expressions is made possible.



Demonstration through video image and narration at the Future Technology corner

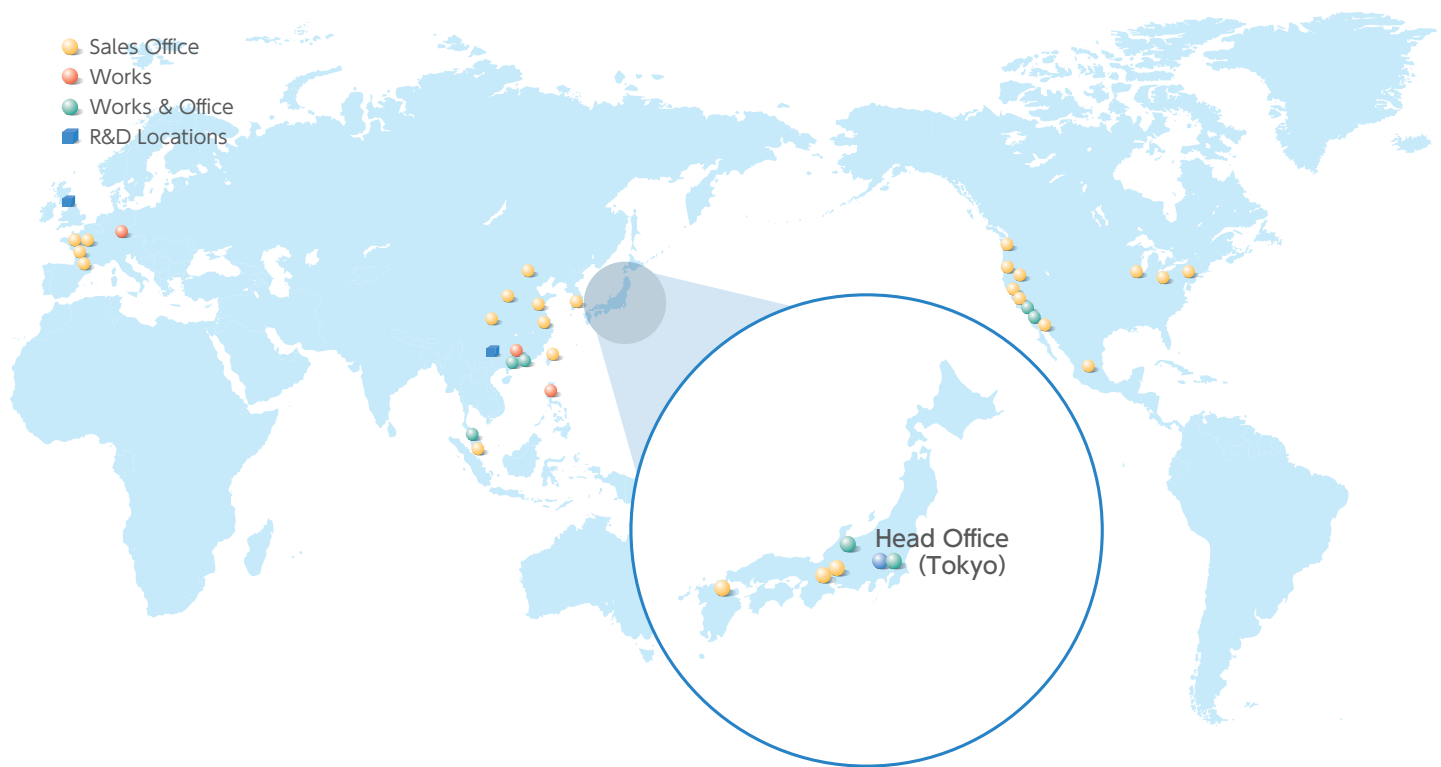


3D Touch Sensor
Lightweight and odd-shaped touch sensor for automobiles with the potential for differentiation in design



Touch panel that can be operated without touching the screens, as introduced in *World Business Satellite* by TV Tokyo

Global Network



ASIA

SMK High-Tech Taiwan Trading Co., Ltd.
 SMK Electronics (H.K.) Ltd.
 SMK Trading (H.K.) Ltd.
 SMK Electronics (Dongguan) Co., Ltd.
 SMK Electronics (Shenzhen) Co., Ltd.
 SMK Electronics (Shenzhen) Co., Ltd. Futian Office
 SMK Electronics (Shenzhen) Co., Ltd. Xi'an Office
 SMK Electronics (Shenzhen) Co., Ltd. Chongqing Office
 SMK Electronics Technology Development (Shenzhen) Co., Ltd.
 SMK Electronics Trading (Shanghai) Co., Ltd.
 SMK Electronics INT'L Trading (Shanghai) Co., Ltd.
 SMK Electronics INT'L Trading (Shanghai) Co., Ltd. Beijing Office
 SMK Electronics INT'L Trading (Shanghai) Co., Ltd. Qingdao Office
 SMK Electronics Singapore Pte. Ltd.
 SMK Electronics (Malaysia) Sdn. Bhd.
 SMK Electronics (Phils.) 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., Dusseldorf Branch
 SMK Hungary Kft.

NORTH AMERICA

SMK Electronics Corporation U.S.A.
 SMK Electronics Corporation U.S.A., San Jose Office
 SMK Electronics Corporation U.S.A., East 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-Link Electronics Corporation
 SMK-Link Electronics Corporation, Milpitas Office
 SMK Manufacturing, Inc.
 SMK Electronica S.A. de C.V.
 SMK Mexicana S de RL de C.V.
 SMK Mexicana S de RL de C.V. Mexico City Office

Consolidated Balance Sheets

SMK Corporation and Consolidated Subsidiaries
As of September 30

Assets	Millions of yen		Thousands of U.S. dollars	Millions of yen
	2011	2012	2012	As of March 31 2012
Current assets				
Cash and cash equivalents	¥ 6,695	¥ 7,903	\$ 101,839	¥ 8,390
Time deposits	115	58	751	83
Notes and accounts receivable, trade	15,305	14,159	182,457	15,223
Allowance for doubtful accounts	(44)	(44)	(569)	(45)
Inventories	5,555	5,714	73,637	5,473
Deferred tax assets	949	—	—	1,149
Other current assets	2,668	3,771	48,595	3,213
	31,243	31,561	406,710	33,486
Investments and long-term loans				
Investment securities	2,101	1,713	22,071	2,212
Long-term loans receivable	91	131	1,696	102
Other investments	1,332	752	9,685	1,044
Allowance for doubtful accounts	(115)	(118)	(1,518)	(117)
	3,409	2,478	31,934	3,241
Property, plant and equipment				
Land	4,412	4,424	57,018	4,418
Buildings	17,003	17,161	221,148	17,242
Machinery and vehicles	16,687	17,087	220,197	16,975
Tooling and office furniture	21,032	20,896	269,274	20,716
Construction in progress	68	122	1,571	19
	59,202	59,690	769,208	59,370
Less-accumulated depreciation	(43,204)	(43,628)	(562,222)	(43,171)
	15,998	16,062	206,986	16,199
Other assets				
Deferred tax assets	490	246	3,181	567
Intangible assets	471	280	3,608	390
	961	526	6,789	957
Total assets	¥ 51,611	¥ 50,627	\$ 652,419	¥ 53,883

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥77.60 = U.S. \$1.00.

	Millions of yen		Thousands of U.S. dollars	Millions of yen
Liabilities and net assets	2011	2012	2012	As of March 31 2012
Current liabilities				
Short-term loans payable	¥ 8,427	¥ 9,121	\$ 117,539	¥ 9,675
Notes and accounts payable, trade	3,377	3,111	40,094	3,283
Accrued income taxes	219	89	1,146	94
Accrued bonus	575	633	8,162	630
Accounts payable, non-trade	6,926	6,498	83,740	7,517
Other current liabilities	1,424	1,275	16,425	1,357
	20,948	20,727	267,106	22,556
Long-term liabilities				
Long-term debt	1,966	4,213	54,285	2,483
Accrued employees' retirement benefits	17	17	217	21
Accrued directors' and officers' retirement benefits	133	122	1,573	119
Other long-term liabilities	481	391	5,042	447
	2,597	4,743	61,117	3,070
Net assets				
Shareholders' equity				
Common stock				
Authorized : 195,961,274 shares				
Issued and outstanding : 79,000,000 shares	7,996	7,996	103,052	7,996
Capital surplus	12,353	12,345	159,091	12,345
Retained earnings	14,994	12,571	161,991	14,785
Treasury stock	(3,384)	(3,697)	(47,643)	(3,554)
	31,959	29,215	376,491	31,572
Accumulated other comprehensive income				
Net unrealized gains (losses) on other securities	46	(204)	(2,630)	147
Foreign currency translation adjustments	(4,075)	(3,909)	(50,379)	(3,499)
	(4,029)	(4,113)	(53,009)	(3,352)
Subscription rights to shares	131	55	714	32
Minority interests	5	—	—	5
	28,066	25,157	324,196	28,257
Total liabilities and net assets	¥ 51,611	¥ 50,627	\$ 652,419	¥ 53,883

Consolidated Statements of Income

SMK Corporation and Consolidated Subsidiaries
Six months ended September 30

	Millions of yen		Thousands of U.S. dollars	Millions of yen
	2011	2012	2012	As of March 31 2012
Net sales	¥ 28,515	¥ 26,829	\$ 345,744	¥ 55,340
Cost of sales	24,574	22,981	296,152	48,564
Selling, general and administrative expenses	3,983	4,175	53,807	7,942
Operating income (loss)	(42)	(327)	(4,215)	(1,166)
Other income				
Interest and dividend income	35	40	512	67
Rent income	315	342	4,406	590
Gain on sales of fixed assets	26	28	357	45
Other	113	120	1,546	468
Total other income	489	530	6,821	1,170
Other expenses				
Interest expense	71	66	849	152
Rent expense	141	140	1,804	309
Foreign exchange loss, net	684	697	8,978	246
Loss on disposal of fixed assets	24	50	649	35
Loss on valuation of investment securities	—	67	859	—
Other	182	79	1,020	239
Total other expenses	1,102	1,099	14,159	981
Income (loss) before income taxes and minority interests	(655)	(896)	(11,553)	(977)
Income taxes :				
Current	138	161	2,076	263
Deferred	(204)	730	9,407	(441)
Income (loss) before minority interests	(589)	(1,787)	(23,036)	(799)
Minority interests	1	(5)	(70)	0
Net income	¥ (590)	¥ (1,782)	\$ (22,966)	¥ (799)

	Yen	U.S. dollars	Yen
Per share data			
Net income (loss):			
Basic	¥ (8.10)	\$ (0.32)	¥ (11.04)

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥77.60 = U.S. \$1.00.

Consolidated Statements of Comprehensive Income

SMK Corporation and Consolidated Subsidiaries
Six months ended September 30

	Millions of yen		Thousands of U.S. dollars	Millions of yen
	2011	2012	2012	As of March 31 2012
Income (loss) before minority interests	¥ (589)	¥ (1,787)	\$ (23,036)	¥ (799)
Other comprehensive income				
Net unrealized gains (losses) on other securities	(220)	(351)	(4,524)	(119)
Foreign currency translation adjustments	(626)	(410)	(5,284)	(50)
Total other comprehensive income	(846)	(761)	(9,808)	(169)
Comprehensive income	(1,435)	(2,548)	(32,844)	(968)
Total comprehensive income attributable to:				
Shareholders of the Company	(1,436)	(2,543)	(32,774)	(968)
Minority interests	1	(5)	(70)	0

Consolidated Statements of Cash Flows

SMK Corporation and Consolidated Subsidiaries
Six months ended September 30

	Millions of yen		Thousands of U.S. dollars	Millions of yen
	2011	2012	2012	As of March 31 2012
Cash flows from operating activities				
Income (loss) before income taxes and minority interests	¥ (655)	¥ (896)	\$ (11,553)	¥ (977)
Depreciation and amortization	1,635	1,561	20,116	3,664
Amortization of goodwill	93	81	1,043	184
Increase (decrease) in accrued employees' retirement benefits	2	(4)	(49)	6
Increase (decrease) in prepaid pension costs	260	276	3,558	522
Increase (decrease) in accrued directors' and officers' retirement benefits	7	4	45	(7)
Interest and dividend income	(35)	(40)	(512)	(67)
Interest expense	71	66	849	152
Loss on disposal of fixed assets	24	50	649	35
(Increase) decrease in notes and accounts receivable, trade	(1,360)	311	4,014	(339)
(Increase) decrease in inventories	(189)	(464)	(5,980)	196
Increase (decrease) in notes and accounts payable, trade	1,124	746	9,619	(166)
Increase (decrease) in accounts payable, non-trade	(555)	(747)	(9,632)	(121)
Other	(45)	106	1,370	(330)
Subtotal	377	1,050	13,537	2,752
Interest and dividends received	25	28	357	68
Interest paid	(70)	(66)	(855)	(147)
Compensation of products paid	—	—	—	(246)
Income taxes paid	(373)	(150)	(1,929)	(644)
Income taxes refunded	203	10	123	218
Net cash provided by (used in) operating activities	162	872	11,233	2,001
Cash flows from investing activities				
Payments into time deposits	(100)	(8)	(100)	(138)
Proceeds from time deposits	41	29	373	118
Purchases of fixed assets	(1,930)	(1,957)	(25,218)	(3,926)
Proceeds from sale of fixed assets	83	84	1,086	130
Purchases of intangible fixed assets	(19)	(9)	(110)	(31)
Proceeds from sale of investment securities	0	—	—	87
Payments for execution of loans	(15)	(49)	(632)	(145)
Collection of loans receivable	21	45	574	112
Other	32	5	70	29
Net cash provided by (used in) investing activities	(1,887)	(1,860)	(23,957)	(3,764)
Cash flows from financing activities				
Increase (decrease) in short-term loans payable	1,693	1,400	18,042	3,261
Proceeds from long-term debt	—	2,400	30,928	816
Payments of long-term debt	(190)	(2,579)	(33,228)	(840)
Purchases of treasury stock	(75)	(141)	(1,823)	(262)
Proceeds from sale of treasury stock	0	0	0	3
Dividends paid	(291)	(429)	(5,533)	(292)
Net cash provided by (used in) financing activities	1,137	651	8,386	2,686
Effect of exchange rate changes on cash and cash equivalents	(100)	(150)	(1,939)	84
Increase (decrease) in cash and cash equivalents	(688)	(487)	(6,277)	1,007
Cash and cash equivalents at beginning of the year	7,383	8,390	108,116	7,383
Cash and cash equivalents at end of six months and the year	¥ 6,695	¥ 7,903	\$ 101,839	¥ 8,390

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥77.60 = U.S. \$1.00.

Corporate Information

(As of September 30, 2012)

Corporate Data

Name	SMK Corporation
Established	January 15, 1929
Primary business	Manufacture and sale of various parts for electro-communication device and electronic equipment
Capital	¥7,996,828,021
Stock exchange listing	Tokyo Stock Exchange
Administrator of shareholders register	Mitsubishi UFJ Trust and Banking Corporation
Independent auditors	Ernst & Young ShinNihon LLC Tokyo, Japan
Employees (SMK-Group)	7,660
Head office	5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo 142-8511, Japan TEL : 81-3-3785-1111 FAX : 81-3-3785-1878
Subsidiaries & affiliates	
Domestic	Subsidiaries - 5companies Affiliates - 1companies
Overseas	Subsidiaries - 22companies
Website	http://www.smk.co.jp/

Shares and Shareholders

Total number of Authorized shares	195,961,274
Total number of Issued shares	79,000,000
Number of shareholders	10,700

Major shareholders (top ten)	Shares owned (1,000 shares)	Percentage of shares (%)
Nippon Life Insurance Company	3,601	5.04
Mizuho Corporate Bank, Ltd.	3,562	4.99
Dai Nippon Printing Co., Ltd.	3,200	4.48
SMK Cooperating Company Share Holding Association	2,952	4.13
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,508	3.51
Mitsubishi UFJ Trust and Banking Corporation	1,937	2.71
SMK Employees Share Holding Association	1,924	2.69
Japan Trustee Services Bank, Ltd. (Trust Account)	1,666	2.33
The Showa Ikeda Memorial Foundation	1,500	2.10
Terutaka Ikeda	1,466	2.05

Note: SMK holds 7,618 thousand shares of treasury stock, but these are excluded from the above list. Figures for percentage of shares are calculated excluding the treasury stock.

Board of Directors and Corporate Auditors

Directors

Chairman and CEO	Tetsuya Nakamura
President and COO	Yasumitsu Ikeda
Director, Executive Deputy President, Chief Information Officer	Yoshio Sakurai
Director, Executive Vice President, Chief Technology Officer	Yoshiyuki Kaku
Director	Yuji Tanahashi

Auditors

Auditor and Chairman of Auditors Meeting	Terutaka Ikeda
Auditor	Hajime Yamada
Auditor	Kouichiro Sugihara
Auditor	Naru Nakashima

Corporate Executive Officers

Executive Vice President	Paul Evans
Executive Vice President	Mikio Wakabayashi
Executive Vice President, Chief Financial Officer	Kohei Ohgaki
Vice President	Hideo Matsumoto
Vice President	Tsutomu Isoda
Vice President	Hiroshi Miyakawa
Vice President	Shigechika Yanagi
Vice President	Takemi Ishibashi
Vice President	Harutaka Seki



5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo 142-8511, JAPAN
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<http://www.smk.co.jp/>