



Business Report for
FY2012

SMK Corporation
Oct, 2012



FY2012

Outline of 1H Financial Statement

Executive Vice President

KOHEI OHGAKI

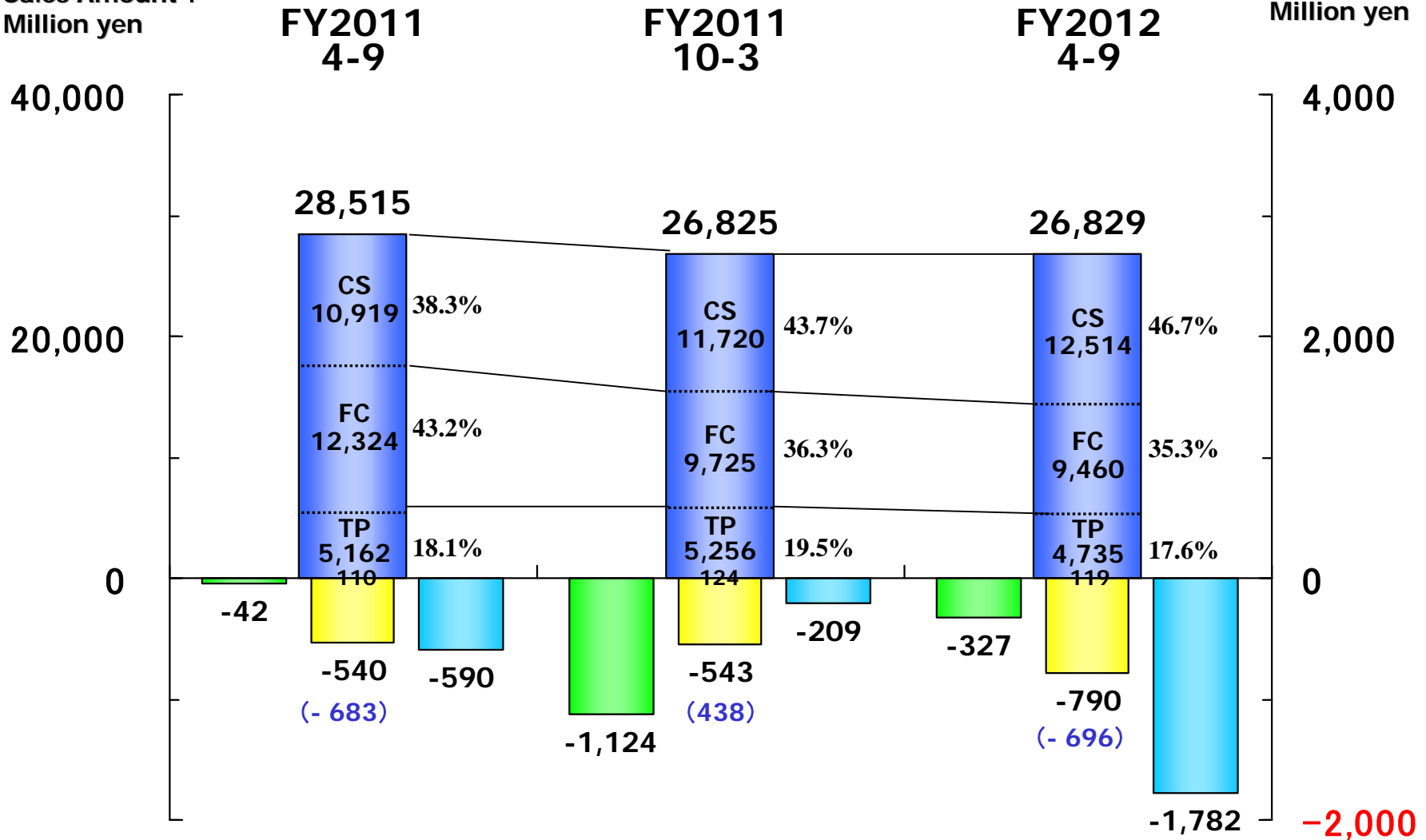


<Consolidated> 1H Financial Result

3/25

Sales Amount :
Million yen

Income :
Million yen

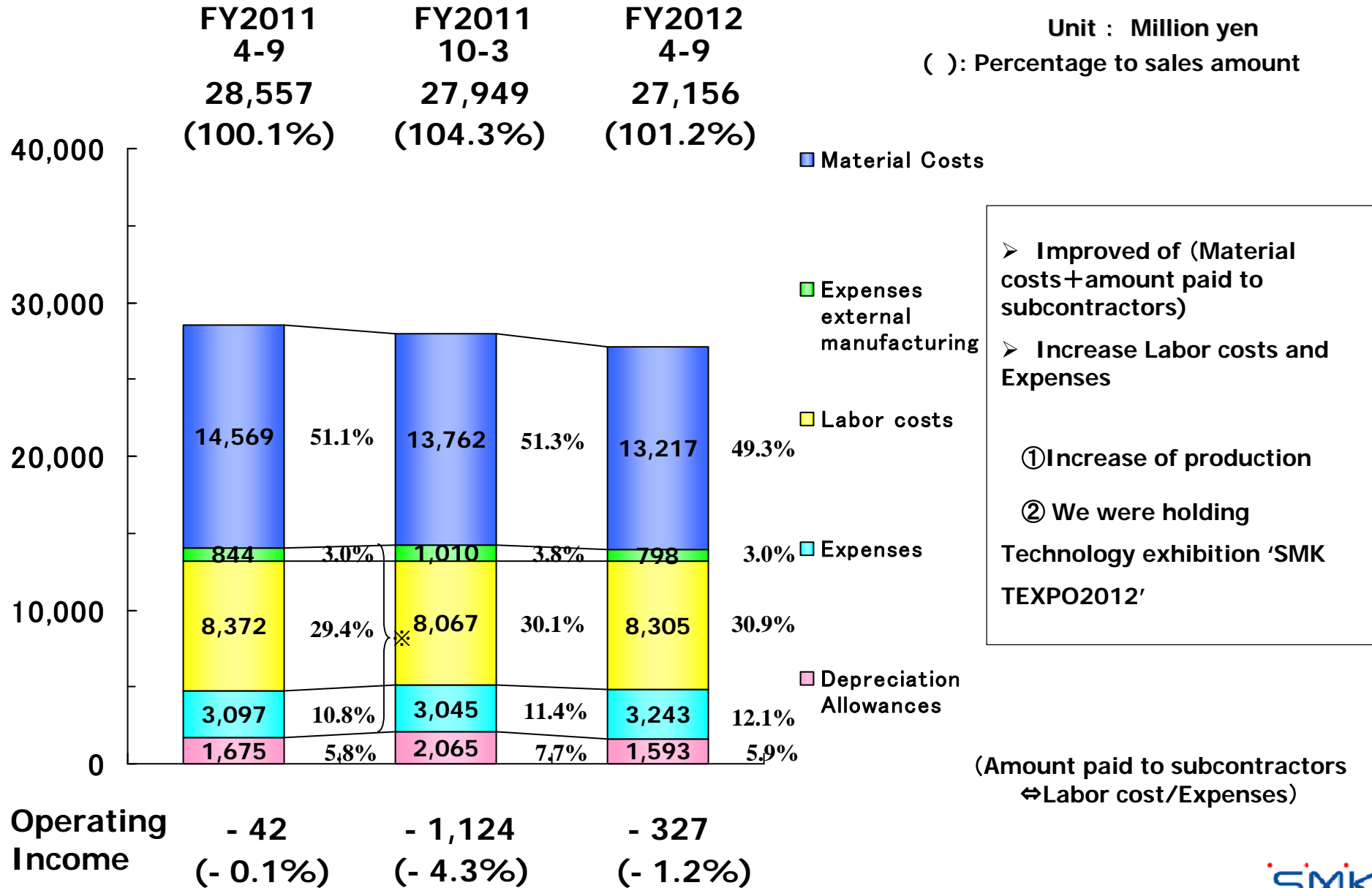


■ Net Sales
 ■ Operating Income
 ■ Ordinary Income
 ■ Net Income
 (exchange gain or loss)



<Consolidated> Sales Expenses

4/25

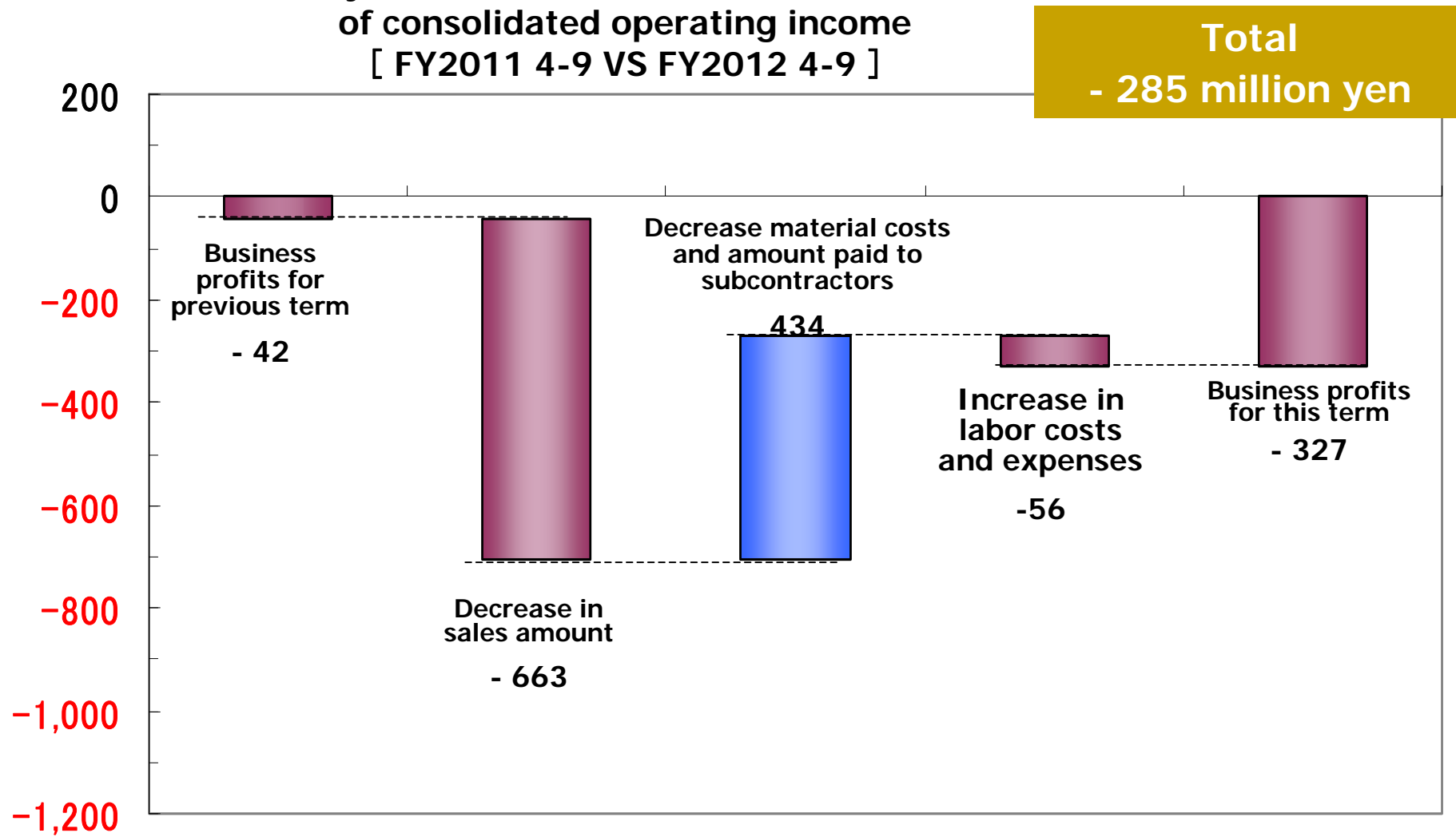




<Consolidated> Analysis of sales expenses -1 ^{5/25}

Analysis of factors for increase/decrease
of consolidated operating income
[FY2011 4-9 VS FY2012 4-9]

Unit : Million yen



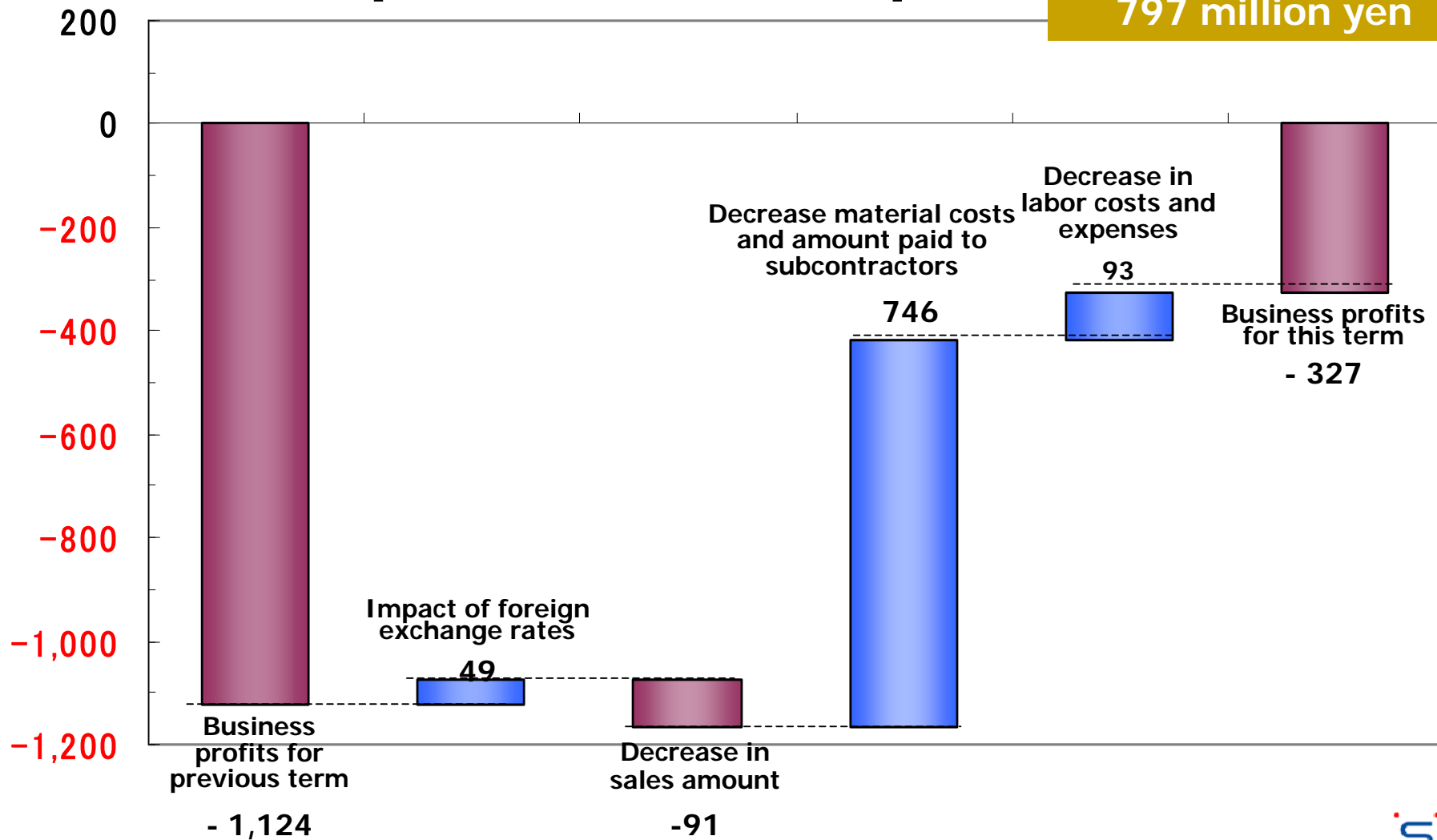


<Consolidated> Analysis of sales expenses -2 ^{6/25}

Analysis of factors for increase/decrease
of consolidated operating income
[FY2011 10-3 VS FY2012 4-9]

Unit : Million yen

Total
797 million yen



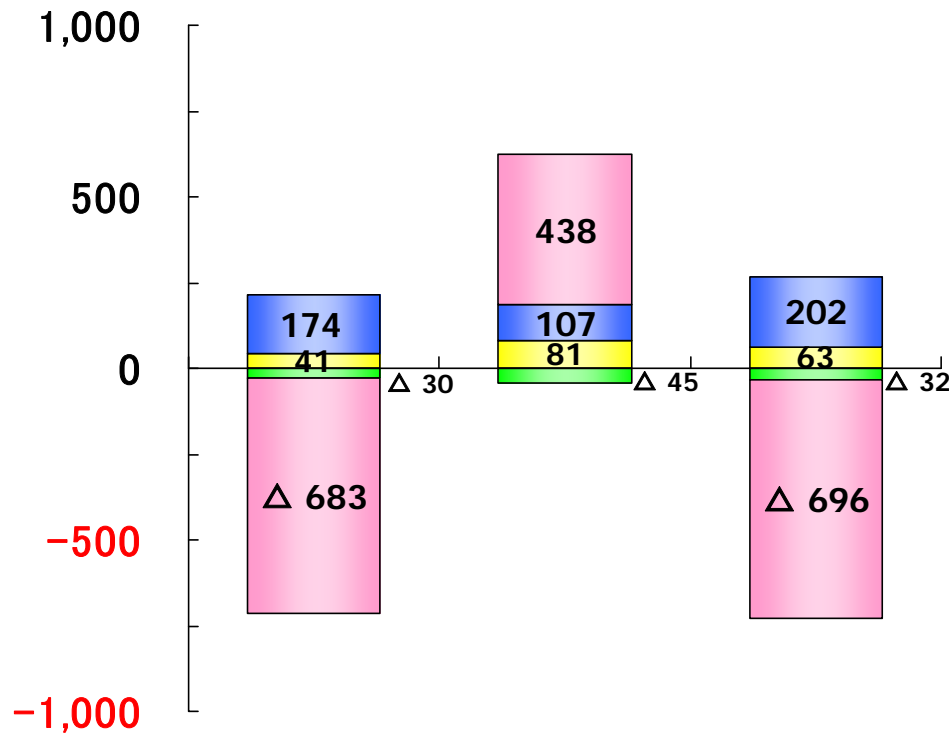


<Consolidated> Non-operating profit and loss

7/25

| FY2011 4-9 | FY2011 10-3 | FY2012 4-9 |
|---------------|----------------|---------------|
| - 498 | 581 | - 463 |
| (- 1.8%) | (2.1%) | (- 1.7%) |

Unit : Million yen
() : Percentage to sales amount



□ Currency exchange profit/loss

□ Revenues from and expenditure to fixed assets

□ Financial account balance

□ Others

➤ Increase of Exchange loss

1. FY2011 APR-SEP

Yen appreciated by 6.50 yen/ \$

2. FY2011 OCT-MAR

Yen weakened 5.54 yen/ \$

3. FY2012 APR-SEP

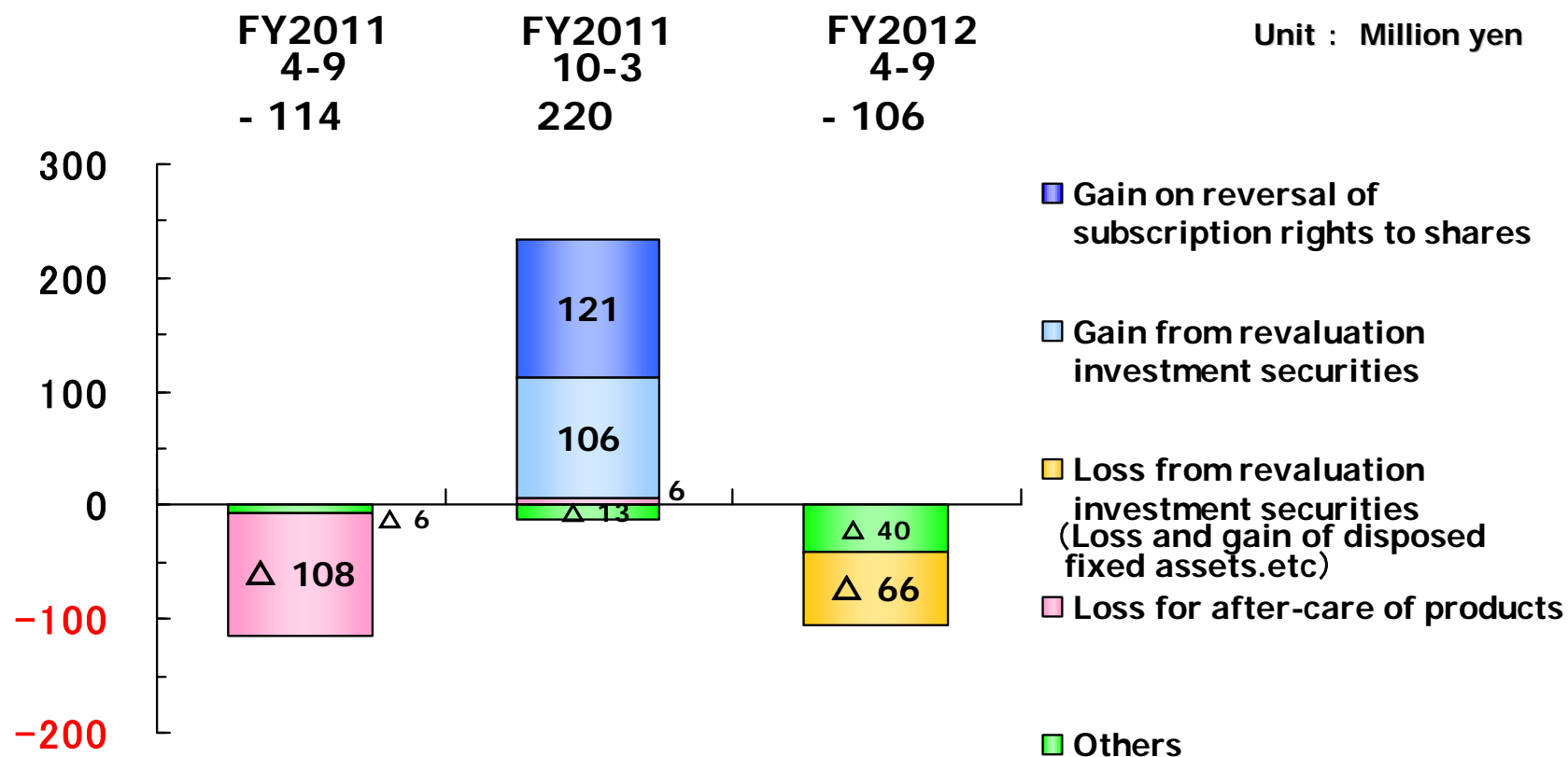
Yen appreciated by 4.59 yen/ \$

| | | | |
|----------|----------|----------|----------|
| Ordinary | - 540 | - 543 | - 790 |
| Income | (- 1.9%) | (- 2.0%) | (- 2.9%) |



<Consolidated> Extraordinary gain or loss

8/25



| | | | |
|-------------------------------------|----------|----------|----------|
| Income before income taxes | 654 | - 323 | - 896 |
| Income taxes (Current and deferred) | 64 | 114 | - 886 |
| Net income | - 590 | - 209 | - 1,782 |
| | (- 2.1%) | (- 0.8%) | (- 6.6%) |

() : percentage to sales amount



<Consolidated> Cash Position

9/25

Unit : Million yen

| | 2012/3 (A) | 2012/9 (B) | <i>Differential</i> (B-A) |
|---------------------------------------|---------------|---------------|------------------------------|
| Assets | 53,883 | 50,627 | - 3,256 |
| Cash and cash equivalents | 8,472 | 7,960 | - 512 |
| Accounts receivable | 15,223 | 14,158 | - 1,065 |
| Inventories | 5,472 | 5,714 | 242 |
| Fixed assets | 20,397 | 19,067 | - 1,330 |
| Liabilities | 25,626 | 25,470 | - 156 |
| Accounts payable and accrued expenses | 10,800 | 9,609 | - 1,191 |
| Interest-bearing dept | 12,157 | 13,333 | 1,176 |
| Net assets | 28,257 | 25,157 | - 3,100 |
| Common stock | 7,996 | 7,996 | — |
| Capital adequacy ratio | 52.4% | 49.6% | - 2.8% |



<Consolidated> Cash Flow Position

10/25

Unit : Million yen

| | FY2011 APR-SEP | FY2011 OCT-MAR | FY2012 APR-SEP |
|--|-------------------|-------------------|----------------|
| Cash Flow from operating activities | 162 | 1,839 | 871 |
| Working capital | - 980 | 550 | - 153 |
| Income before income taxes | - 654 | - 323 | - 896 |
| Depreciation | 1,635 | 2,029 | 1,561 |
| Others | 161 | - 417 | 359 |
| Cash Flow from investing activities | - 1,887 | - 1,877 | - 1,859 |
| Free Cash Flow | - 1,725 | - 38 | - 988 |
| Cash Flow from financing activities | 1,137 | 1,549 | 650 |
| Increase (decrease) in interest-bearing dept | 1,502 | 1,733 | 1,221 |
| Purchases of treasury stock | - 75 | - 184 | - 142 |
| Dividends paid | - 290 | — | - 429 |
| Initial balance | 7,382 | 6,695 | 8,389 |
| Final balance | 6,695 | 8,389 | 7,902 |



<Consolidated> Segment Information

11/25

Unit : Million yen

FY2012 4-9

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

| | Reporting Segment | | | | Other(*) | TOTAL (Consolidated gain and loss exhibit) |
|---|-------------------|---------|---------|--------|----------|---|
| | CS Div. | FC Div. | TP Div. | Total | | |
| Net Sales | 12,514 | 9,460 | 4,735 | 26,710 | 119 | 26,829 |
| Segment gain or loss (Operating Deficit) | 383 | - 708 | 9 | - 317 | - 10 | - 327 |

FY2011 10-3

| | Reporting Segment | | | | Other(*) | TOTAL (Consolidated gain and loss exhibit) |
|---|-------------------|---------|---------|---------|----------|---|
| | CS Div. | FC Div. | TP Div. | Total | | |
| Net Sales | 11,720 | 9,725 | 5,256 | 26,701 | 124 | 26,825 |
| Segment gain or loss (Operating Deficit) | - 226 | - 760 | - 119 | - 1,105 | - 19 | - 1,124 |

FY2011 4-9

| | Reporting Segment | | | | Other(*) | TOTAL (Consolidated gain and loss exhibit) |
|---|-------------------|---------|---------|--------|----------|---|
| | CS Div. | FC Div. | TP Div. | Total | | |
| Net Sales | 10,919 | 12,324 | 5,162 | 28,405 | 110 | 28,515 |
| Segment gain or loss (Operating Deficit) | - 86 | 43 | - 35 | - 78 | 36 | - 42 |



<Consolidated> Financial Highlights (Quarterly) ^{12/25}

1. FY2012

Unit : Million yen

| | 1 st Half Term | | | 2 nd Half Term | | Fiscal Term |
|--------------------|----------------------------|----------------------------|-------------------------------|---------------------------------|--|--------------------------------|
| | 1Q (12/4~6) [Result] | 2Q (12/7~9) [Result] | TOTAL (12/4~9) [Result] | TOTAL (12/10~13/3) [Plan] | | TOTAL (12/4~13/3) [Plan] |
| ① Net Sales | 13,501 | 13,328 | 26,829 | 27,671 | | 54,500 (60,000) |
| ② Operating Income | - 194 | - 133 | - 327 | 527 | | 200 (1,000) |
| ③ Ordinary Income | - 474 | - 316 | - 790 | 1,090 | | 300 (1,300) |
| ④ Net Income | - 435 | - 1,347 | - 1,782 (- 1,049) | 582 | | - 1,200 (750) |

2. FY2011

() Reduced to deferred tax assets

() Originally expected

| | 1 st Half Term | | | 2 nd Half Term | | | Fiscal Term |
|--------------------|---------------------------|----------------|-------------------|---------------------------|----------------|-----------------------|----------------------|
| | 1Q (11/4~6) | 2Q (11/7~9) | TOTAL (11/4~9) | 3Q (11/10~12) | 4Q (12/1~3) | TOTAL (11/10~12/3) | TOTAL (11/4~12/3) |
| ① Net Sales | 14,111 | 14,404 | 28,515 | 13,104 | 13,721 | 26,825 | 55,340 |
| ② Operating Income | 47 | - 89 | - 42 | - 506 | - 618 | - 1,124 | - 1,166 |
| ③ Ordinary Income | - 106 | - 434 | - 540 | - 317 | - 226 | - 543 | - 1,083 |
| ④ Net Income | - 161 | - 429 | - 590 | - 244 | 35 | - 209 | - 799 |

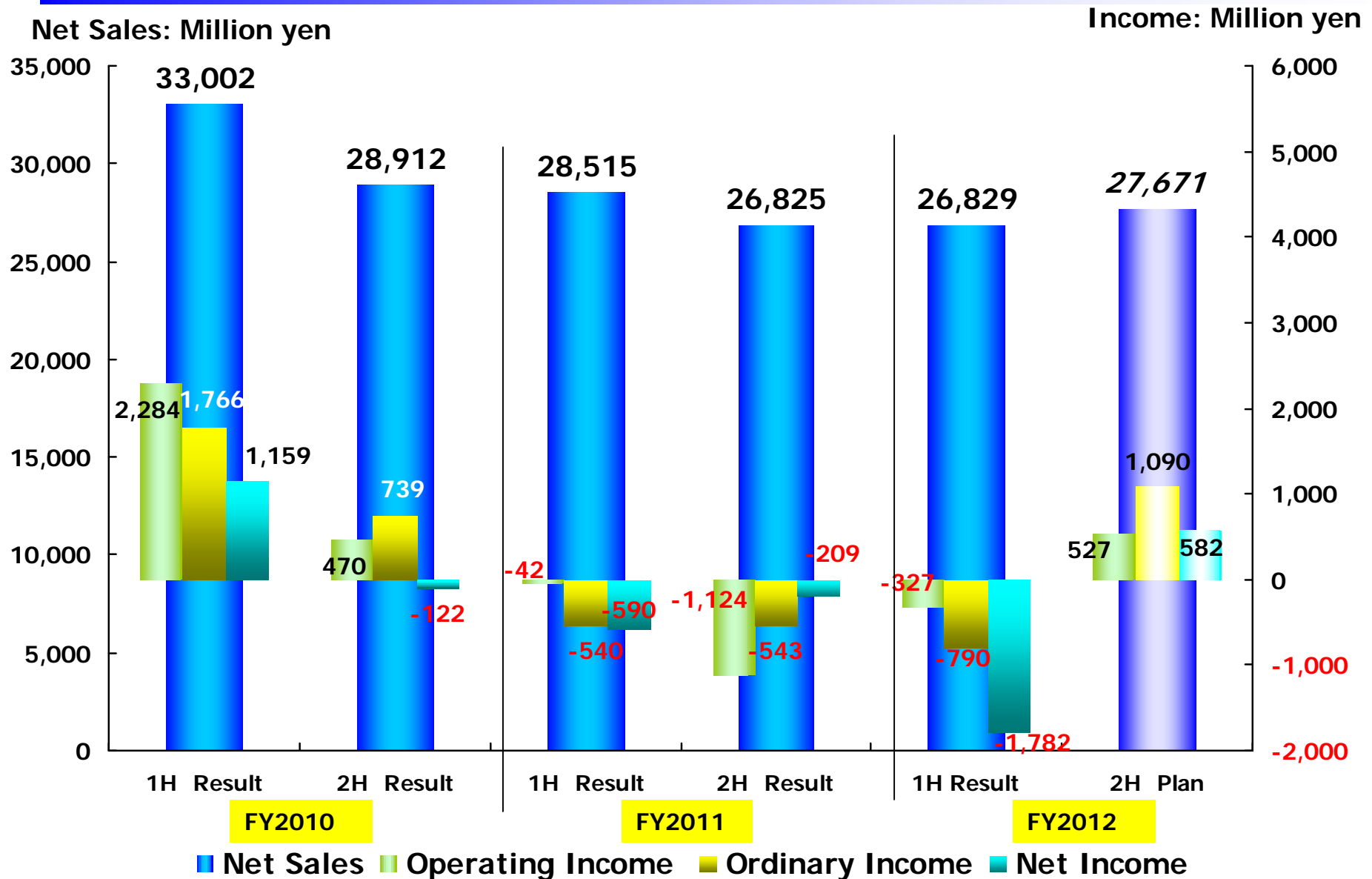


FY2012 1H Result and Prospect

President and COO Yasumitsu Ikeda



Half Fiscal Term Performance (FY2010- FY2012) ^{14/25}



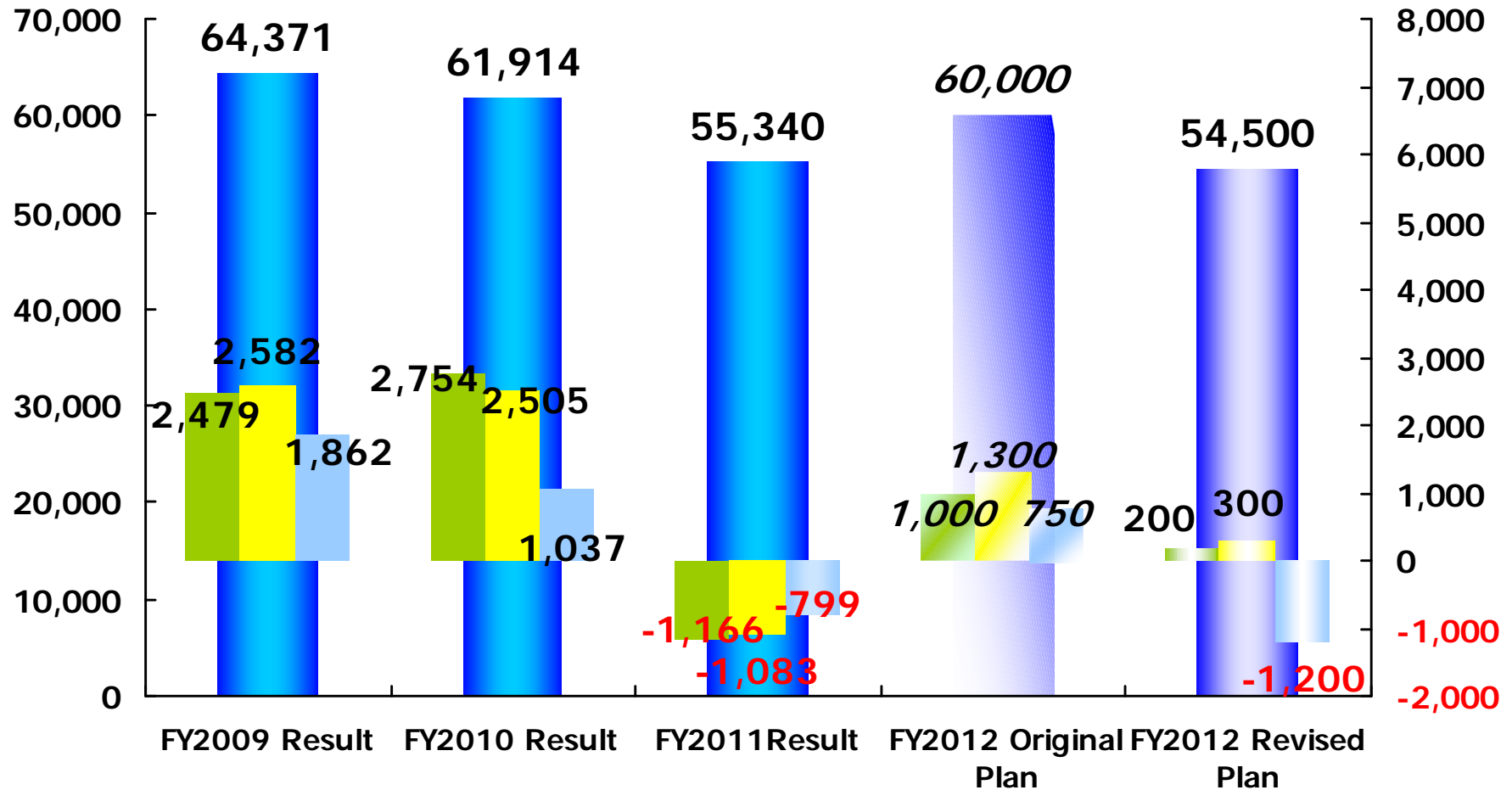


Full Fiscal Term Performance (FY2009- FY2012)

15/25

Net Sales: Million yen

Income: Million yen

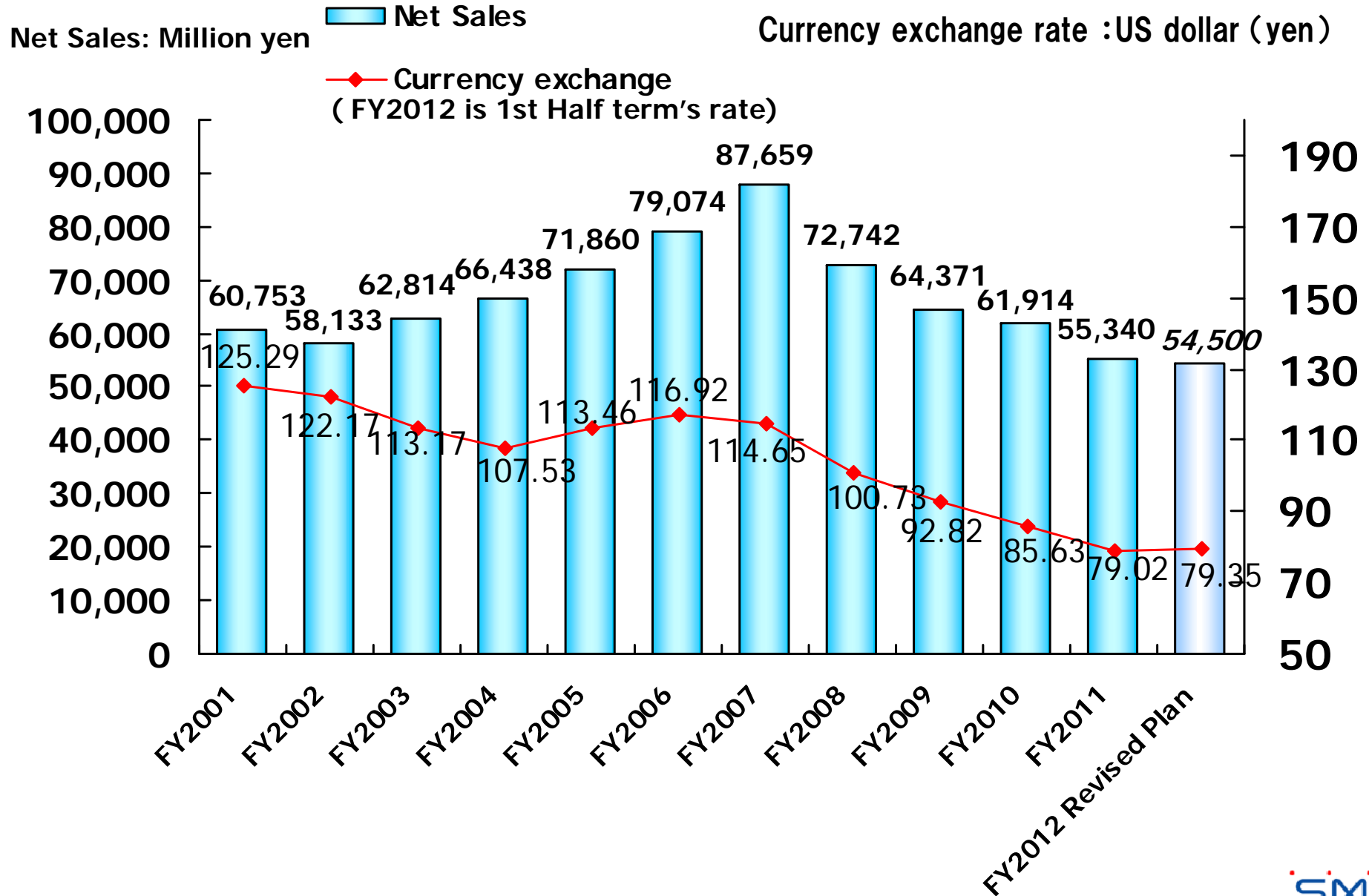


■ Net Sales ■ Operating Income ■ Ordinary Income ■ Net Income



Net Sales (FY2001~FY2012)

16/25





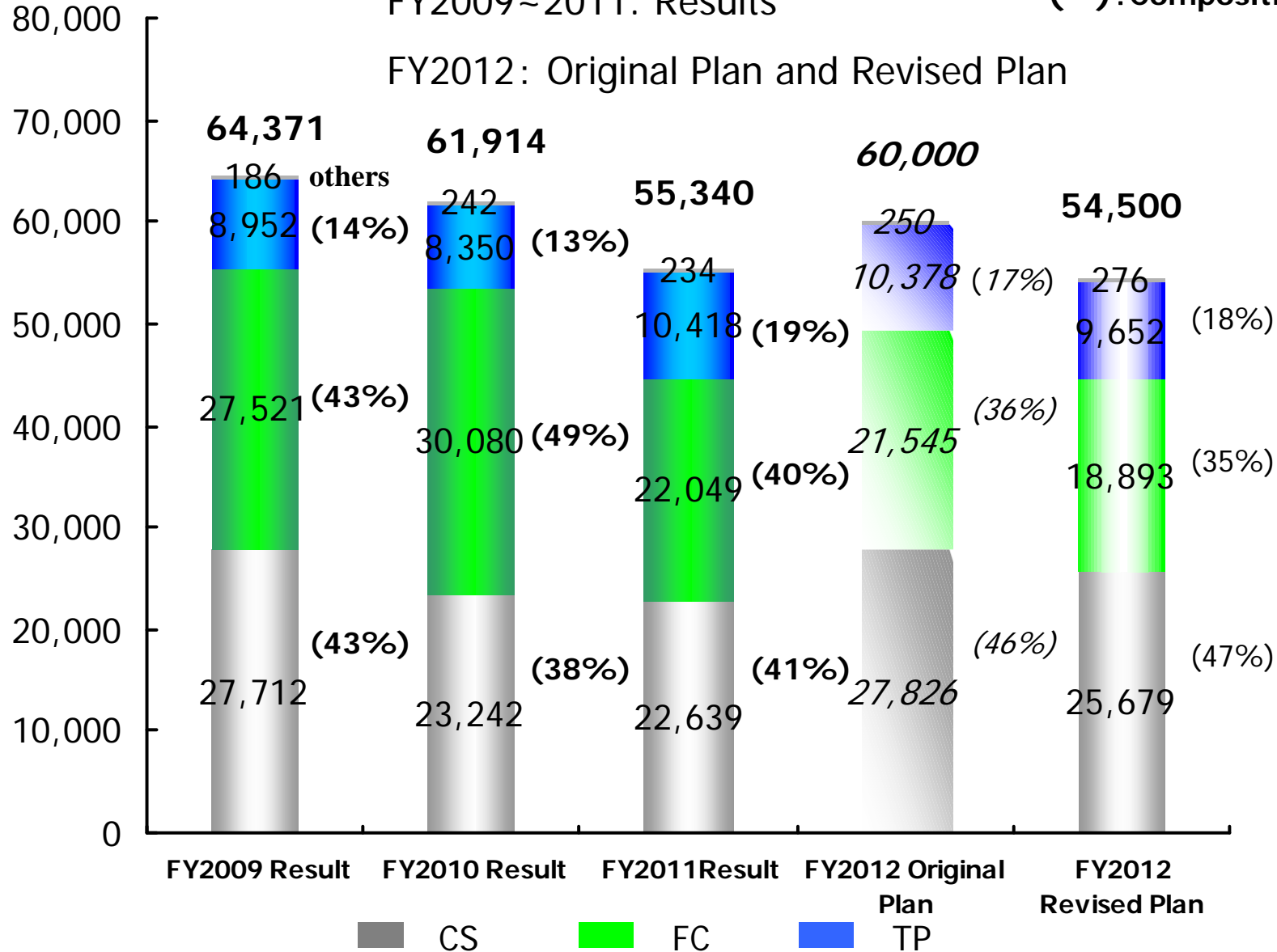
Net Sales by Product Division (FY2009-FY2012)

Net Sales: Million yen

FY2009~2011: Results

(): Composition ratio

FY2012: Original Plan and Revised Plan





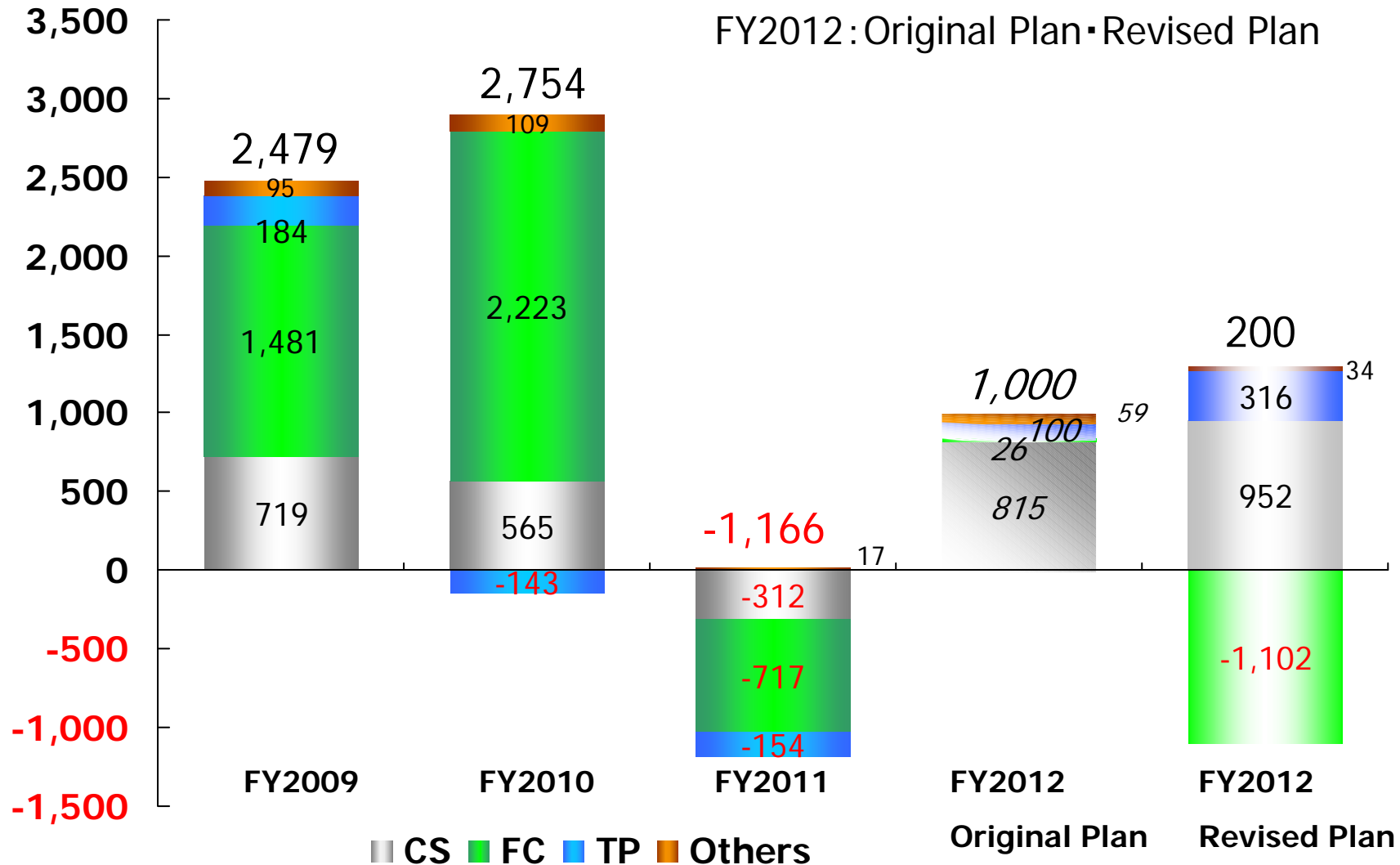
Operating Income by Product Division (FY2009-FY2012)

18/25

Income: Million yen

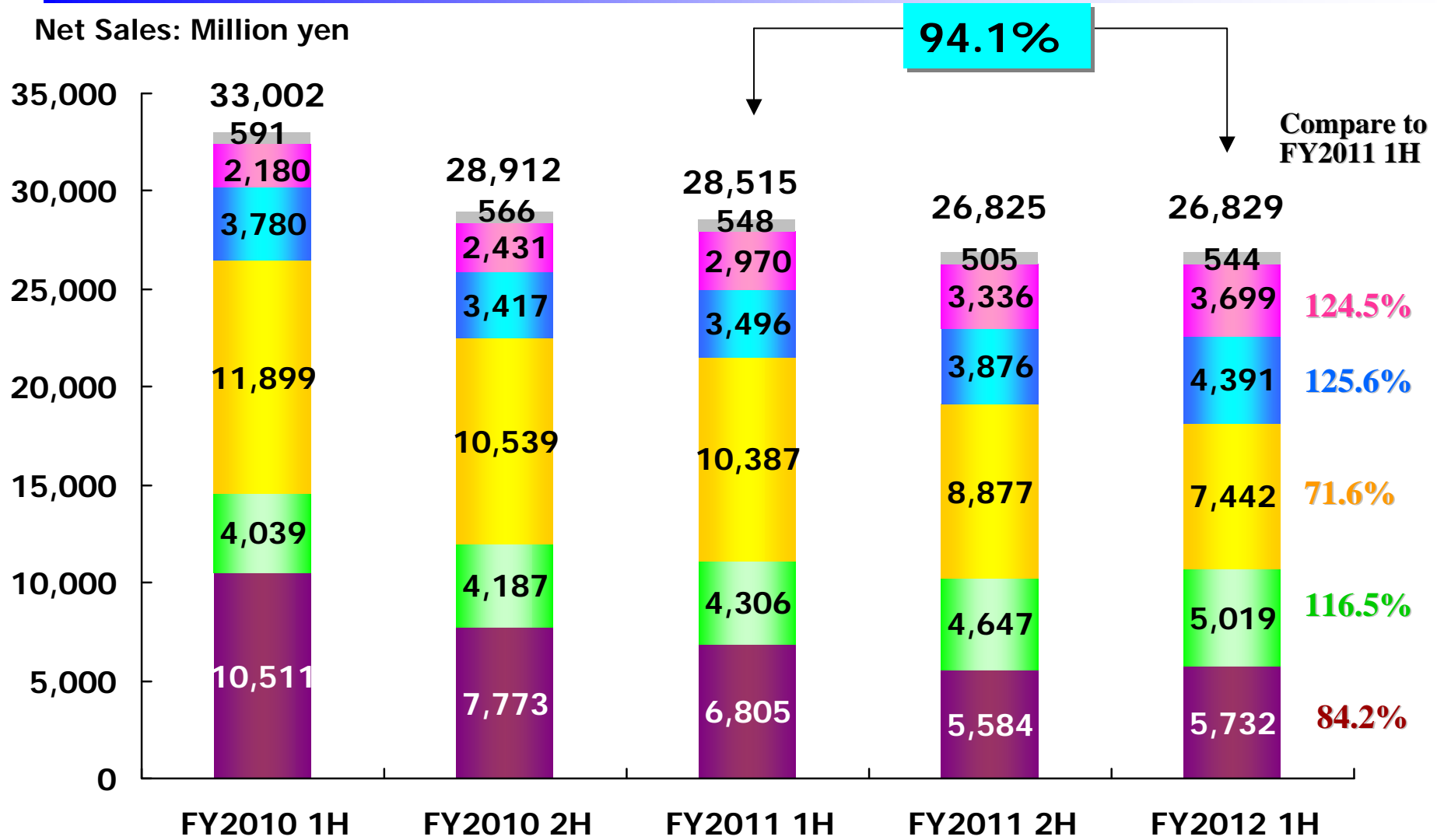
FY2009~2011: Results

FY2012: Original Plan • Revised Plan





Net Sales by Market (FY2010 – FY2012)



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



Look-back at FY2012 – 1 Organized Mini TEXPO2012

20/25



**6th JUN ~ 8th JUN 2012
(at Shinagawa JAPAN)**



**mini
TEXPO 2012**
JUL 2012 ~ MAR 2013

Domestic: JUL ~ SEP 2012

7月 (Result) : 7 companies
 8月 (Result) : 7 companies
 9月 (Result) : 11 companies
 10月 (Result) : 3 companies
TOTAL : 28 companies

Overseas: OCT 2012 ~ MAR 2013

1. US → 2. Europe →
 3. China → 4. Taiwan →
 5. Korea → 6. Malaysia →
 7. Singapore



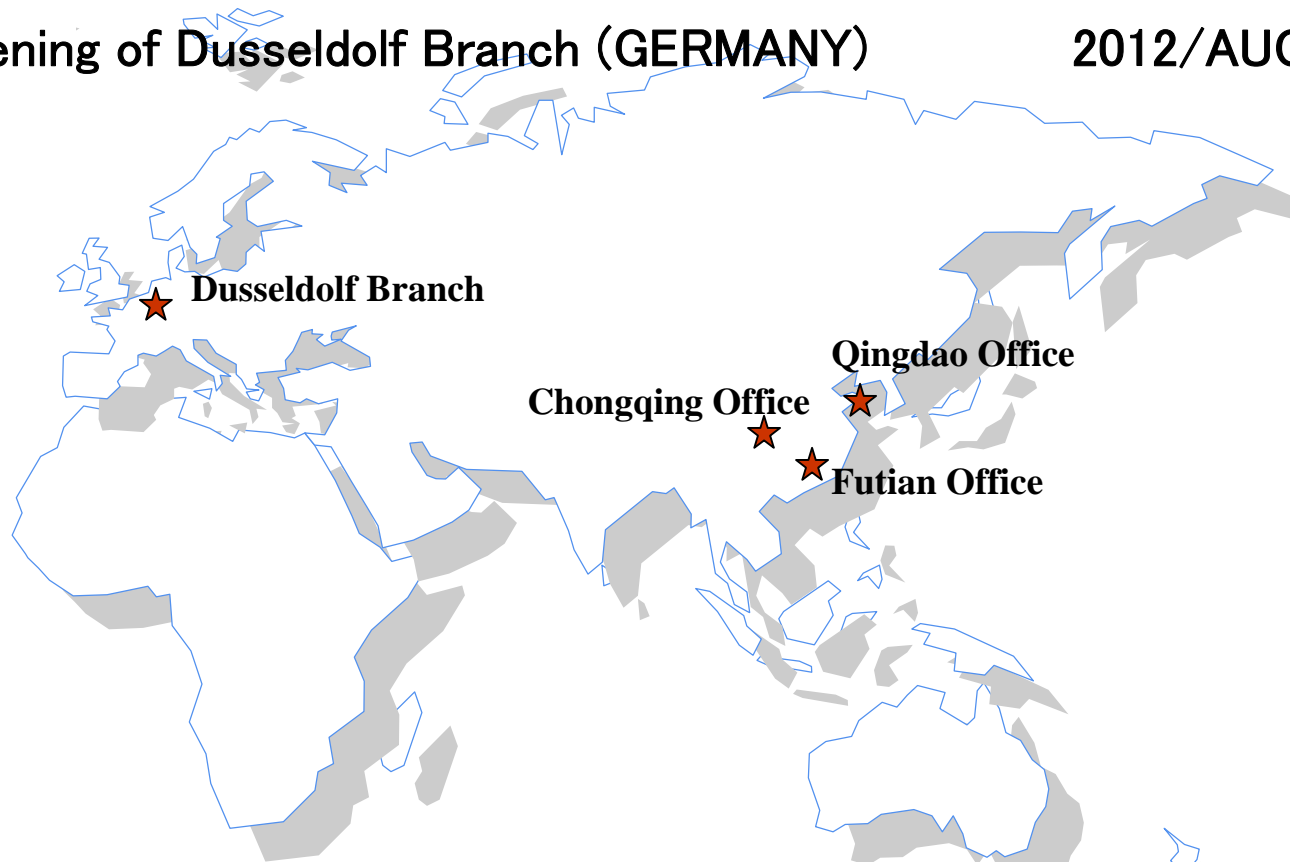


Look-back at FY2012 – 2

21/25

● Expanding of Overseas Branches and Offices

| | |
|---|----------|
| Opening of Qingdao Office (P.R.CHINA) | 2012/MAR |
| Expanding of Futian Office (P.R.CHINA) | 2012/JUL |
| Opening of Chongqing Office (P.R.CHINA) | 2012/AUG |
| Opening of Dusseldorf Branch (GERMANY) | 2012/AUG |





Management Environment in the FY2012 2H

22/25

Continuing uncertainty surrounding the global economy (continuing financial instability in Europe, economic slowdown of emerging countries such as China, continuing extremely strong yen)

Chinese risk (impact on political, social, economic, and business activities)

Differentiation between winners and losers in smartphone customers

Continuing depression of the Japanese AV electronics industry

Robust car electronics market

Steady development of new markets such as environment, energy and healthcare



FY2012 2H Priority issues

23/25

- Secure operating profit by reducing costs
- Enhance approaches toward sales increase
- Realize new business ideas
- Respond to China risk





Sales Expansion Policy for the 2H of FY2012

24/25

1. Existing markets

- Strengthening of automotive market
- Further development of smartphone business

2. New markets

- Development of new clients (Korean-based clients, etc.)
- Strengthened participation in new markets



IP TV/ IP STB
Single-lens
reflex cameras



Human-machine
interfaces

Automotive cameras

Automotive
communications

IT
market



Tablet PCs
Smartphones
Base stations



Photovoltaic
power
generation

Smart meters

HEMS

Medical and
healthcare



Notice

25/25

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/>