



Business Report for
FY2012
From Apr. 2012 to Mar. 2013

SMK Corporation
April , 2013



FY2012

Outline of Financial Statement

Executive Vice President

KOHEI OHGAKI

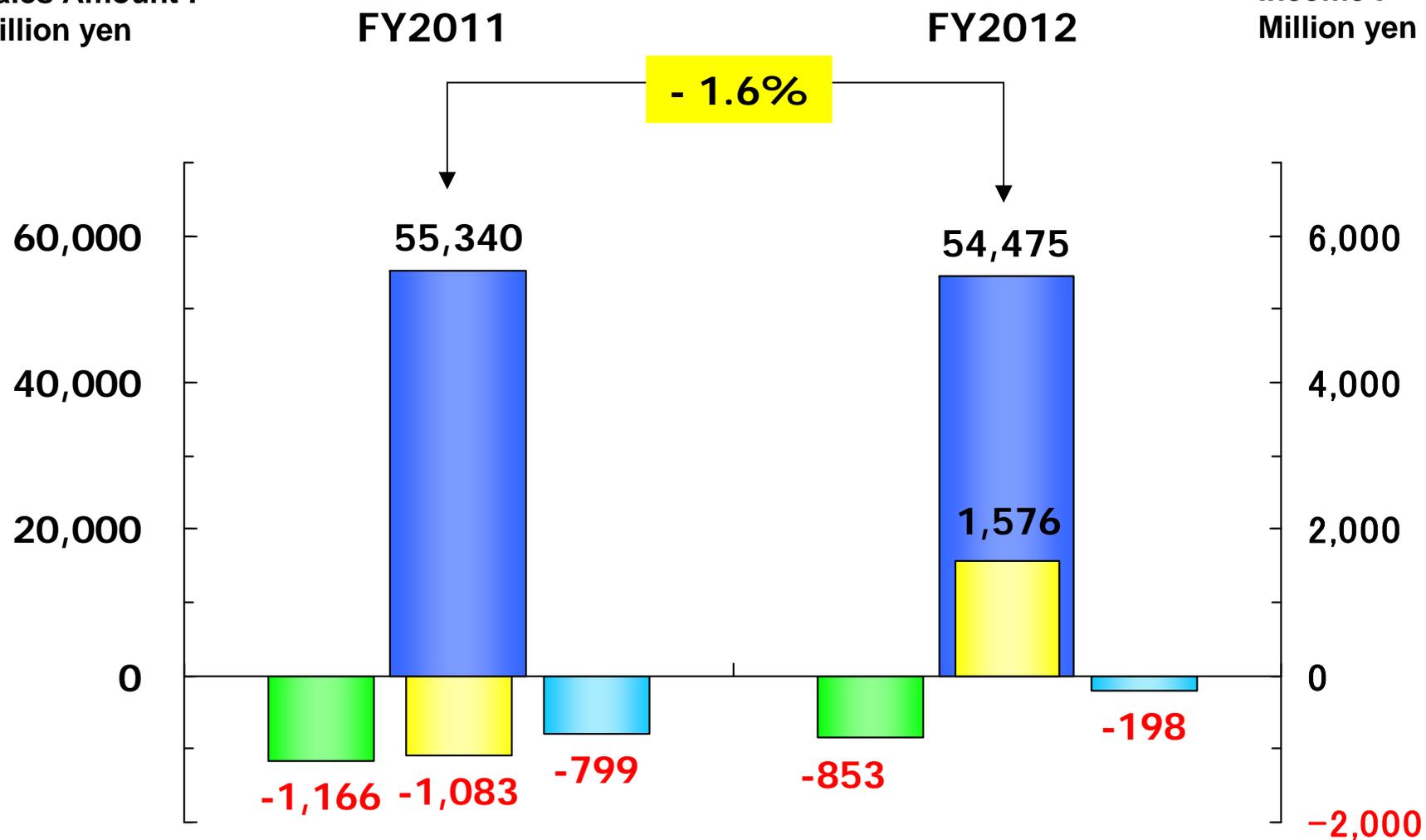


<Consolidated> Financial Result

3/30

Sales Amount :
Million yen

Income :
Million yen



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

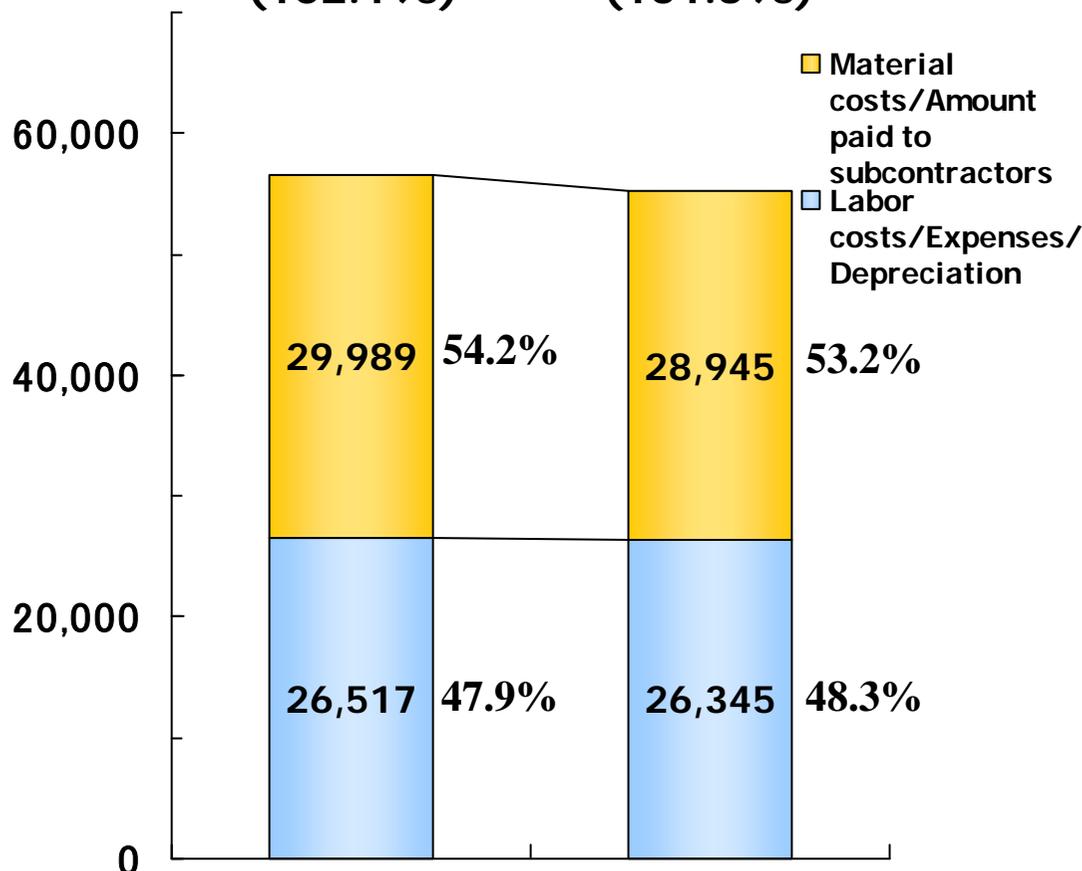


<Consolidated> Operating Expenses

4/30

Unit : Million yen

FY2011	FY2012	
56,506	55,328	():Sales ratio
(102.1%)	(101.5%)	



(1.0% improvement in (material costs + amount paid to subcontractors))

57.4→56.7% - 545 million yen

- Labor costs•Expenses•Depreciation allowances - 172 million yen

Positive aspects :

- Reducing labor cost
- Emergency measure

Negative aspects :

- Influence of exchange rate
- Chinese subsidiary-related costs
- Exhibition Technology (TEXPO2012)

Business profit **-1,166**
 (-2.1%)

-853
 (-1.5%)

*After adjusting impact of Chinese plant taking full ownership FY2011
 (amount paid to subcontractors ⇔ Labor costs•Expenses)



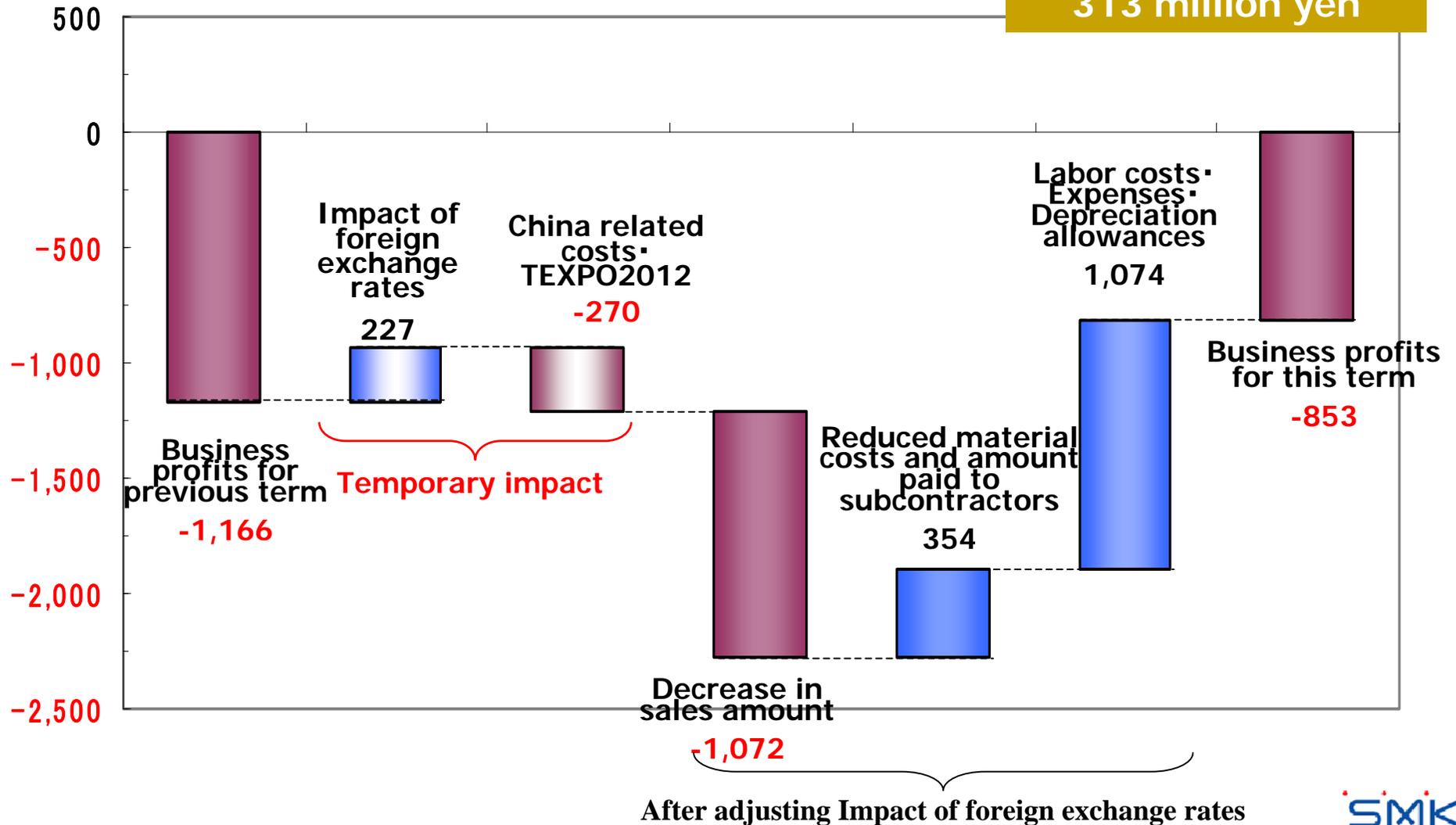


<Consolidated> Analysis of Sales Expenses

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

Unit : Million yen

Total
313 million yen





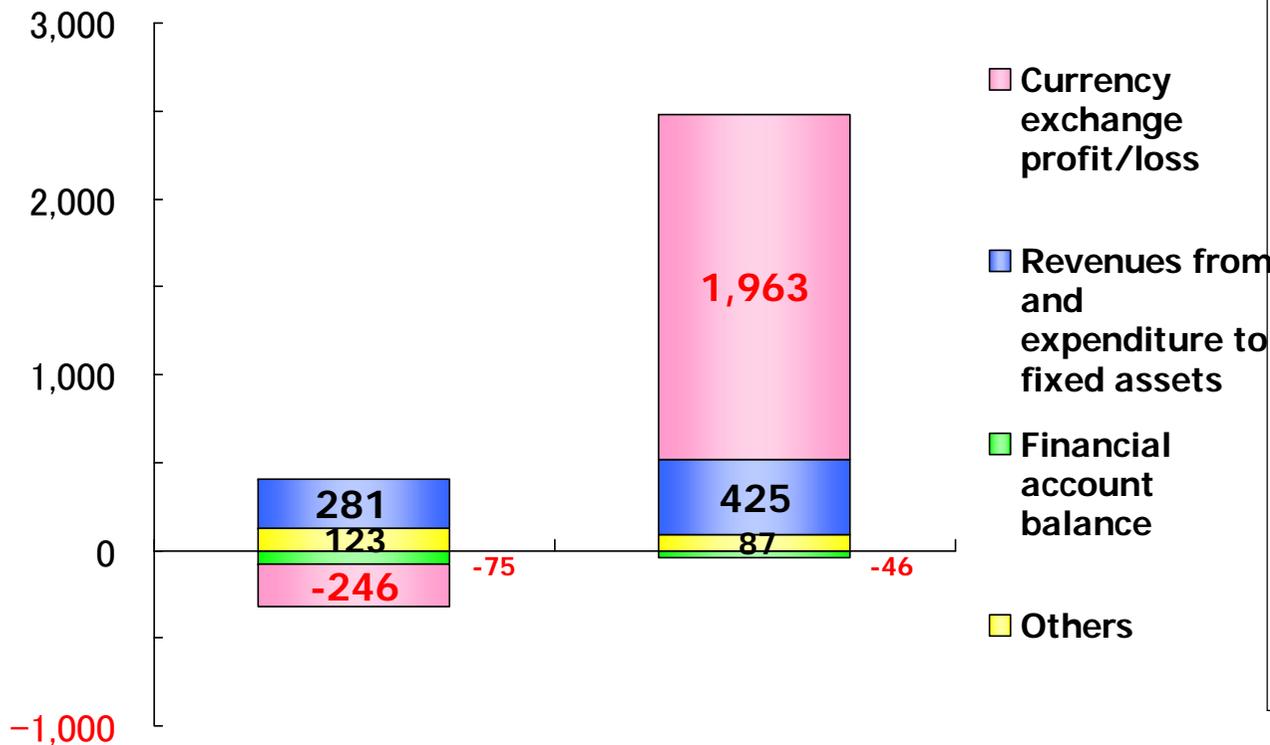
<Consolidated> Non-operating Profit and Loss 6/30

Unit : Million yen

FY2011
83
(0.1%)

FY2012
2,429
(4.5%)

() : percentage to sales amount



Exchange loss
⇒ **Exchange gain**
2,209 million yen

1. FY2011

2011/3 ¥ 83.15/\$

2012/3 ¥ 82.19/\$

Yen appreciated by 0.96 yen

2. FY2012

2012/3 ¥ 82.19/\$

2013/3 ¥ 94.05/\$

Yen appreciated by 11.86 yen

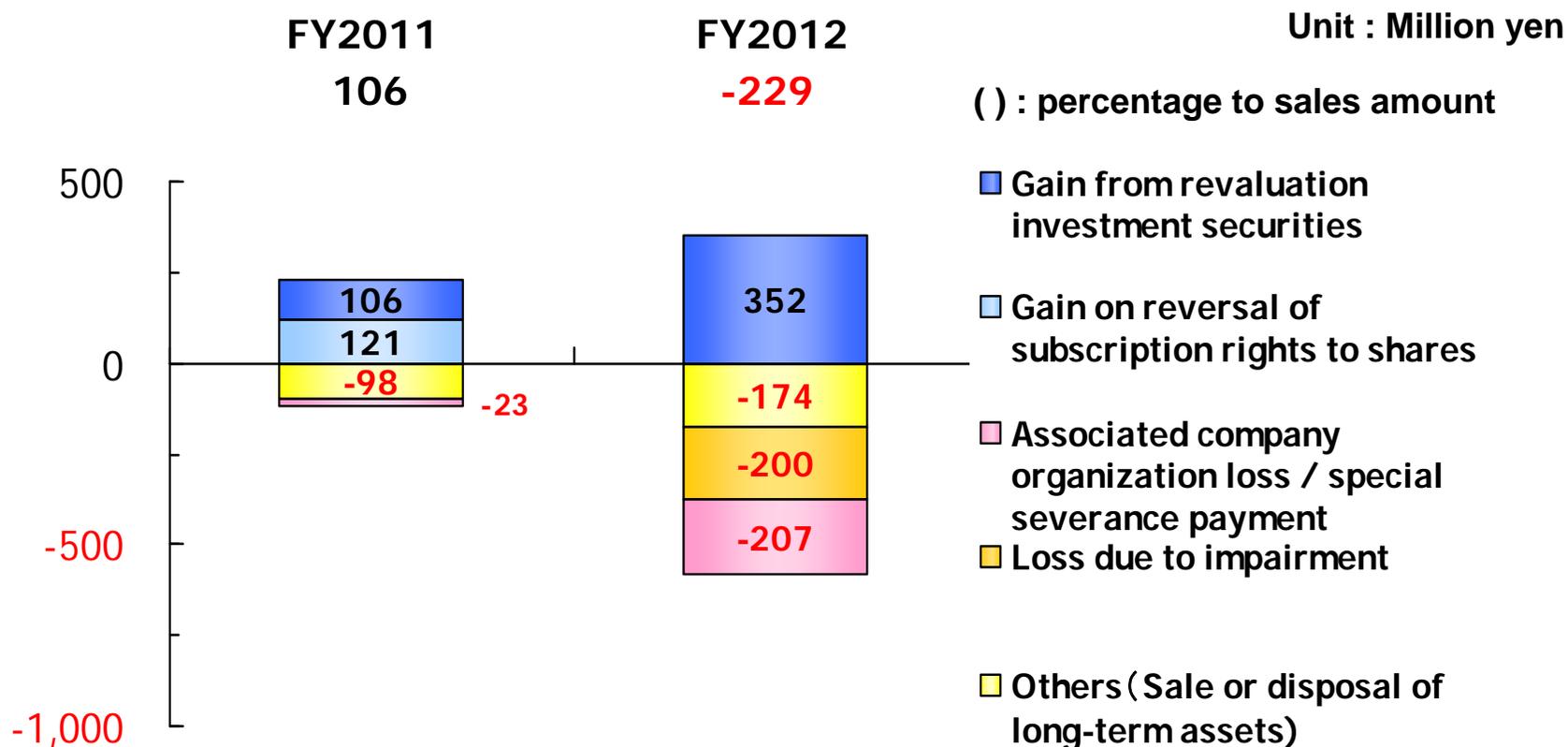
Ordinary Income
-1,083
(-2.0%)

1,576
(3.0%)



<Consolidated> Extraordinary Gain or Loss

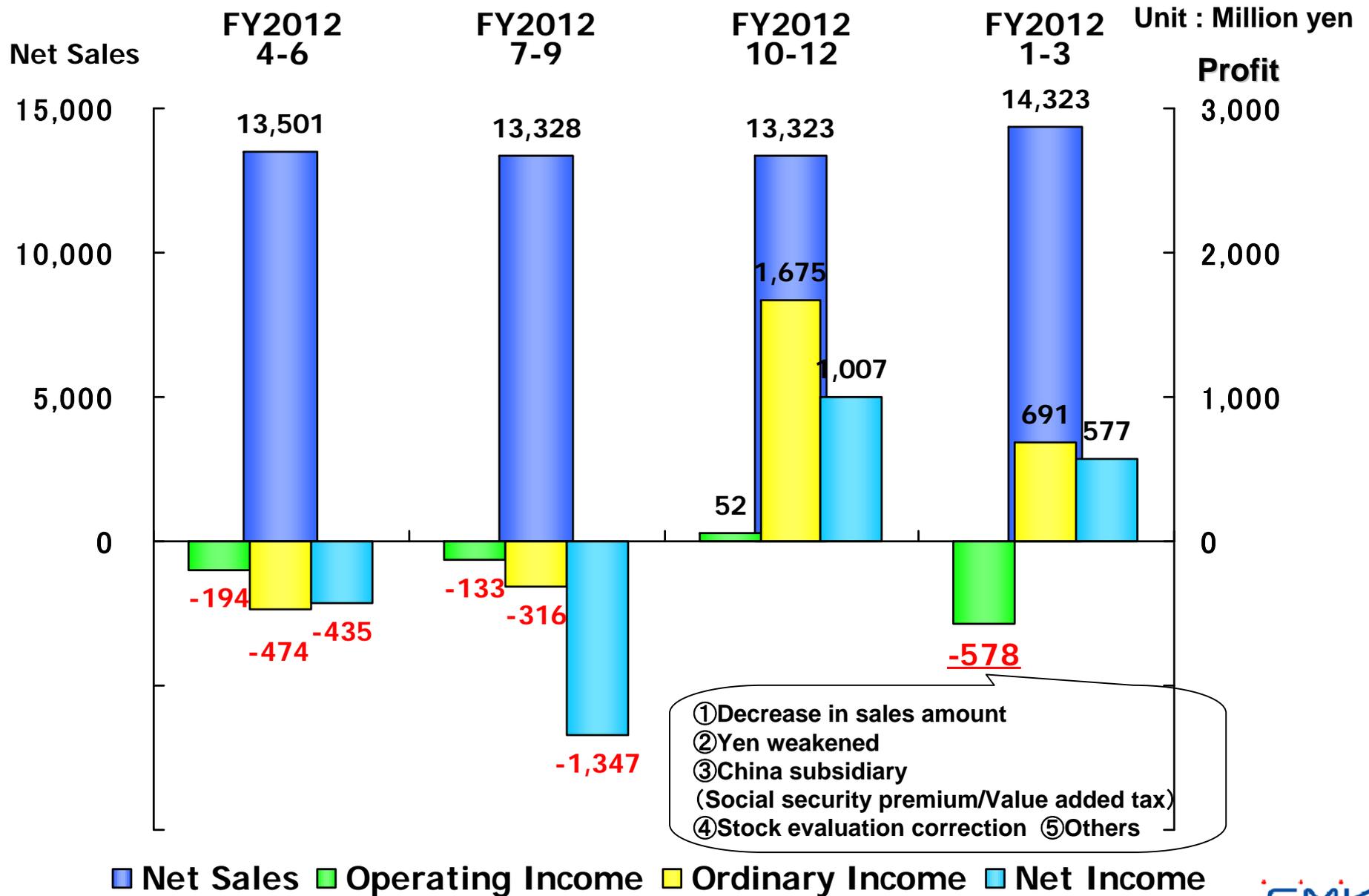
7/30



Income before income taxes	-977	1,347
Income taxes (Current and deferred)	178	-1,545
Net income	- 799	-198
	(-1.4%)	(-0.4%)



<Consolidated> Financial Highlights (Quarterly) 8/30





<Consolidated> Cash Position

10/30

Unit : Million yen

	2012/3 (A)	2013/3 (B)	Differential (B-A)
Assets	53,883	52,498	-1,385
Cash and cash equivalents	8,472	8,713	241
Accounts receivable	15,223	14,551	-672
Inventories	5,472	5,466	-6
Fixed assets	20,397	19,864	-533
Liabilities	25,626	24,293	-1,333
Accounts payable and accrued expenses	10,800	9,851	-949
Interest-bearing dept	12,157	11,488	-669
Net assets	28,257	28,204	-53
Common stock	7,996	7,996	—
Capital adequacy ratio	52.4%	53.6%	1.2%



<Consolidated> Cash Flow Position

11/30

Unit : Million yen

	FY2011	FY2012
Cash Flow from operating activities	2,001	4,855
Working capital	-430	-99
Income before income taxes	-977	1,347
Depreciation	3,664	3,438
Others	-256	169
Cash Flow from investing activities	-3,764	-2,946
Free Cash Flow	-1,763	1,909
Cash Flow from financing activities	2,686	-1,360
Increase (decrease) in interest-bearing dept	3,236	-788
Purchases of treasury stock	-259	-142
Dividends paid	-291	-430
Initial balance	7,382	8,389
Final balance	8,389	8,630



<Consolidated> Segment Information

12/30

Unit : Million yen

FY2012	Reporting Segment				Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Div.	FC Div.	TP Div.	Total		
Net Sales	25,498	18,803	9,923	54,224	251	54,475
Segment gain or loss (Operating Income)	521	-1,430	12	-897	44	-853

FY2011	Reporting Segment				Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Div.	FC Div.	TP Div.	Total		
Net Sales	22,639	22,049	10,418	55,106	234	55,340
Segment gain or loss (Operating Income)	-312	-717	-154	-1,183	17	-1,166

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



Annual Dividend

	End of the second quarter	End of year	Annual
FY2013(Plan)	Undecided		
FY2012	0.00 yen	5.00 yen	5.00 yen

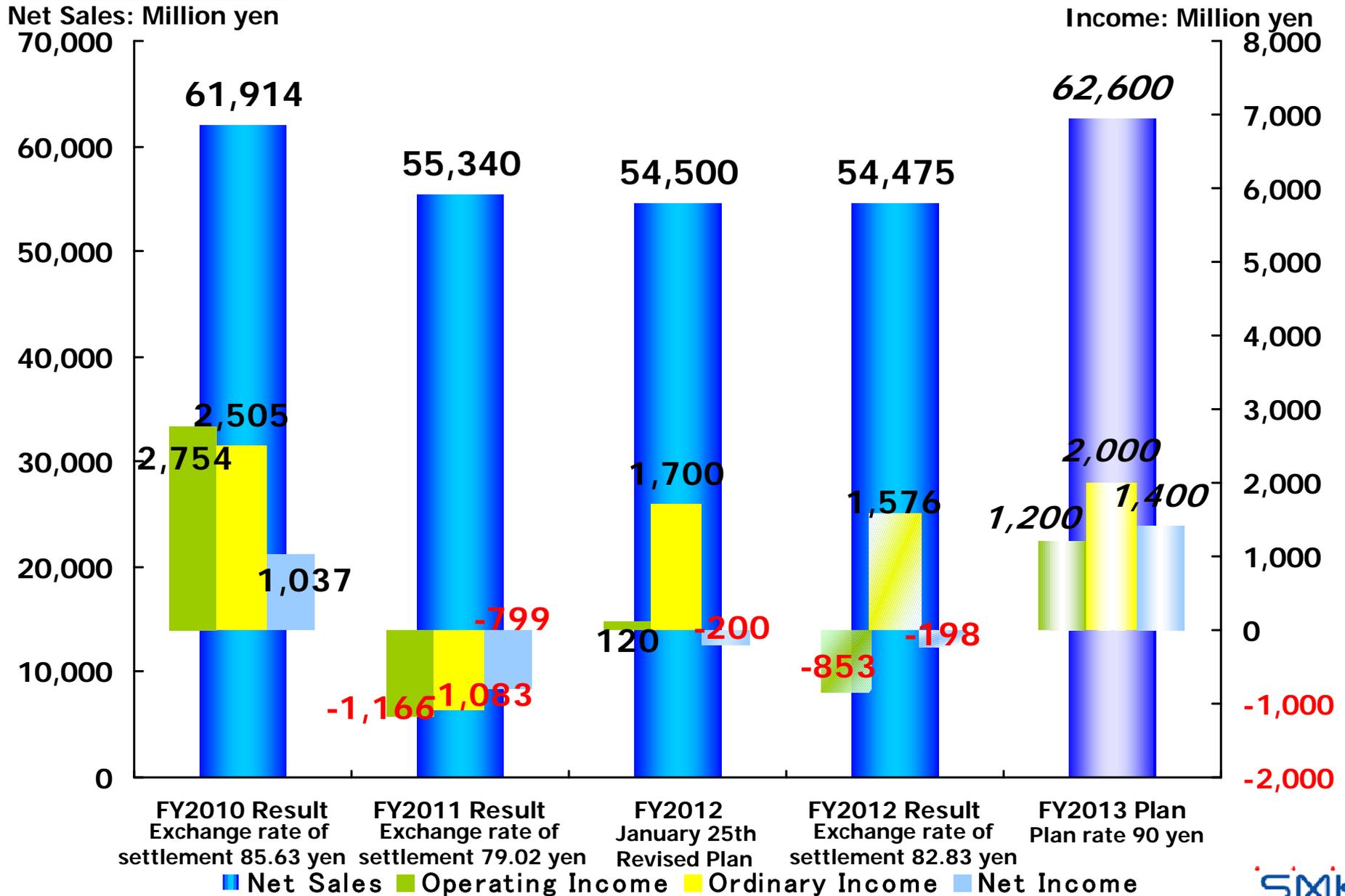


FY2012 Result and FY2013 Prospect

President and COO Yasumitsu Ikeda

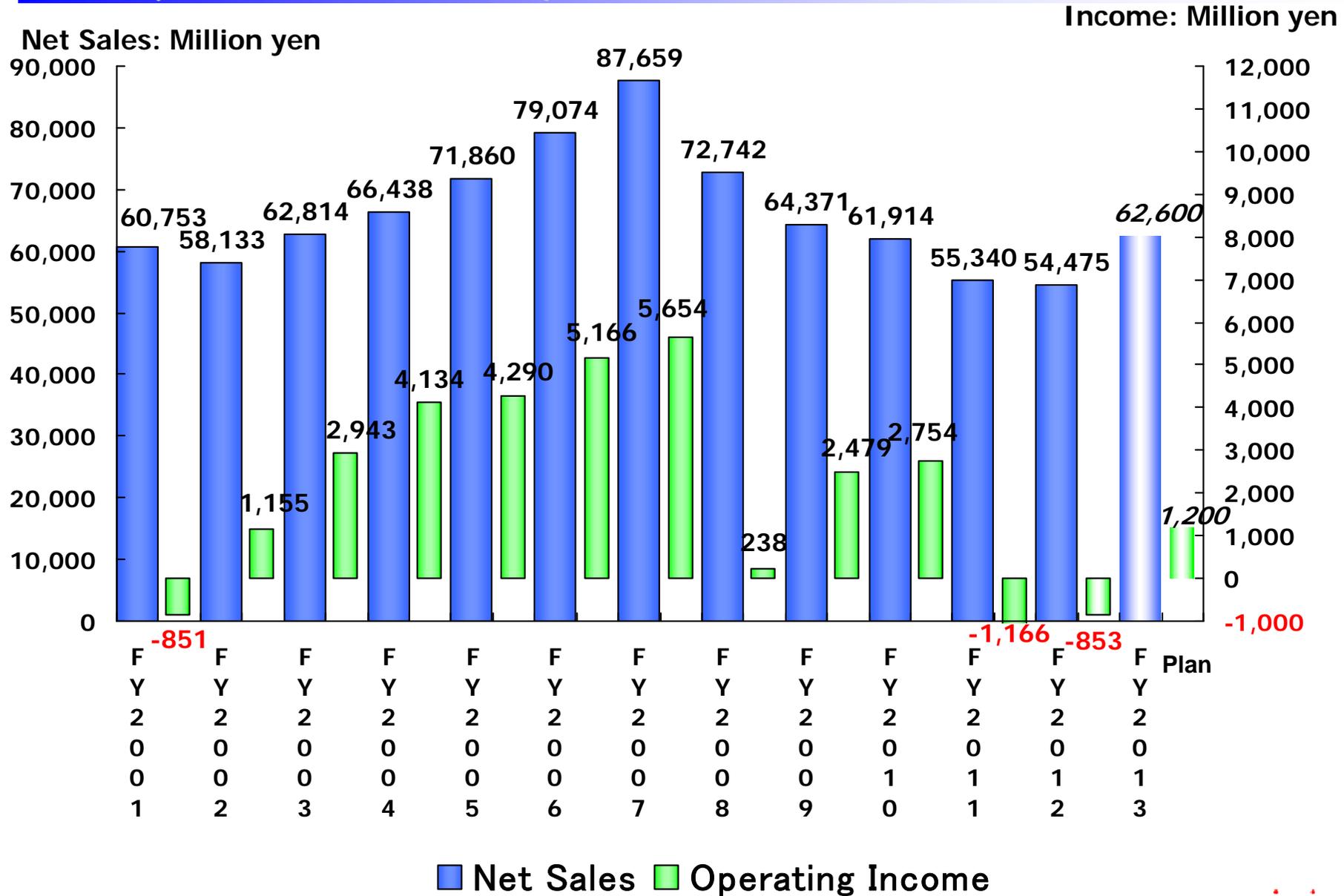


Full Fiscal Term Performance (FY2010- FY2013)





Fiscal Term Sales & Operating Income Performance (FY2001 ~ FY2013)

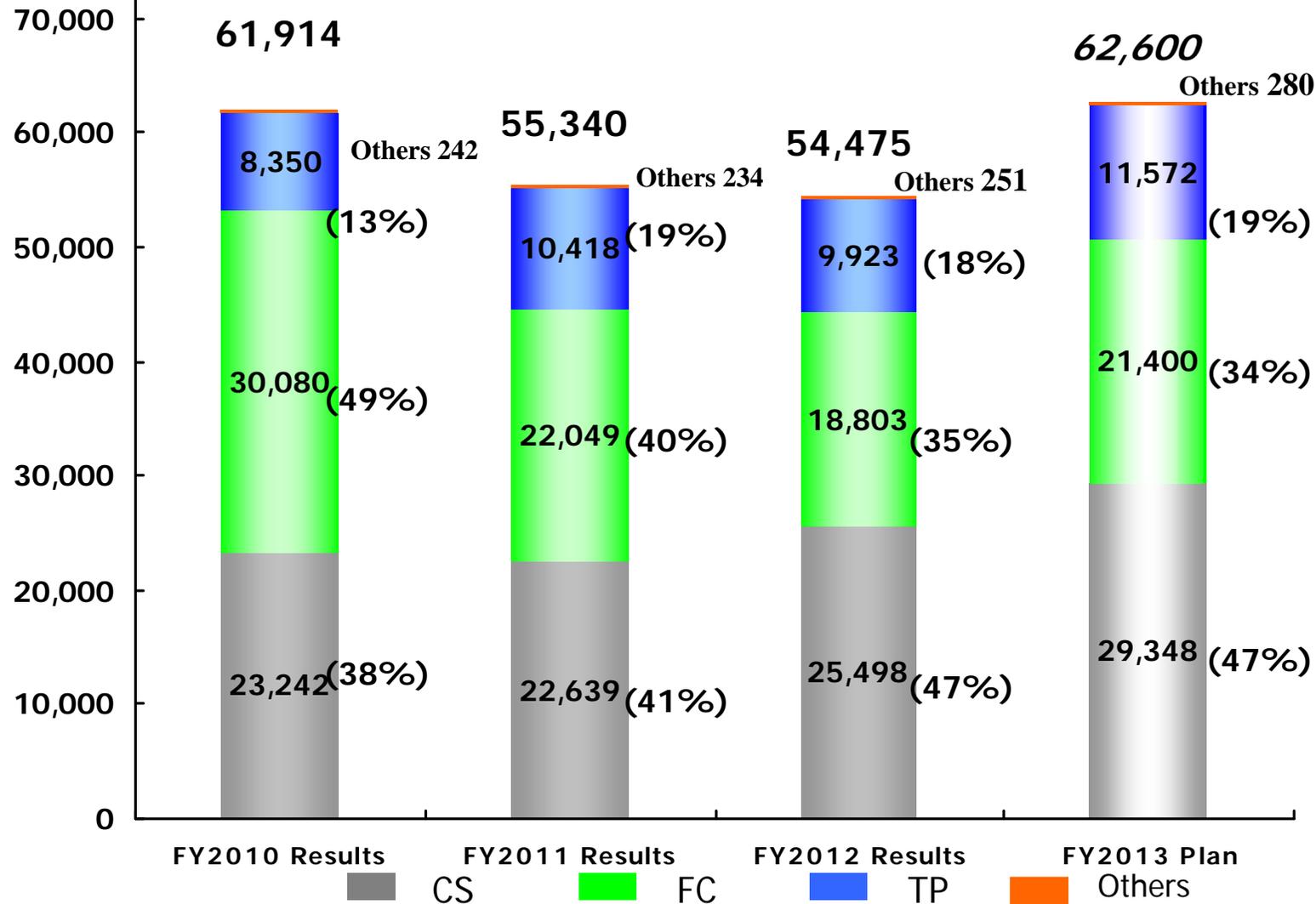




Net Sales by Product Division (FY2010-FY2013)^{17/30}

Net Sales: Million yen

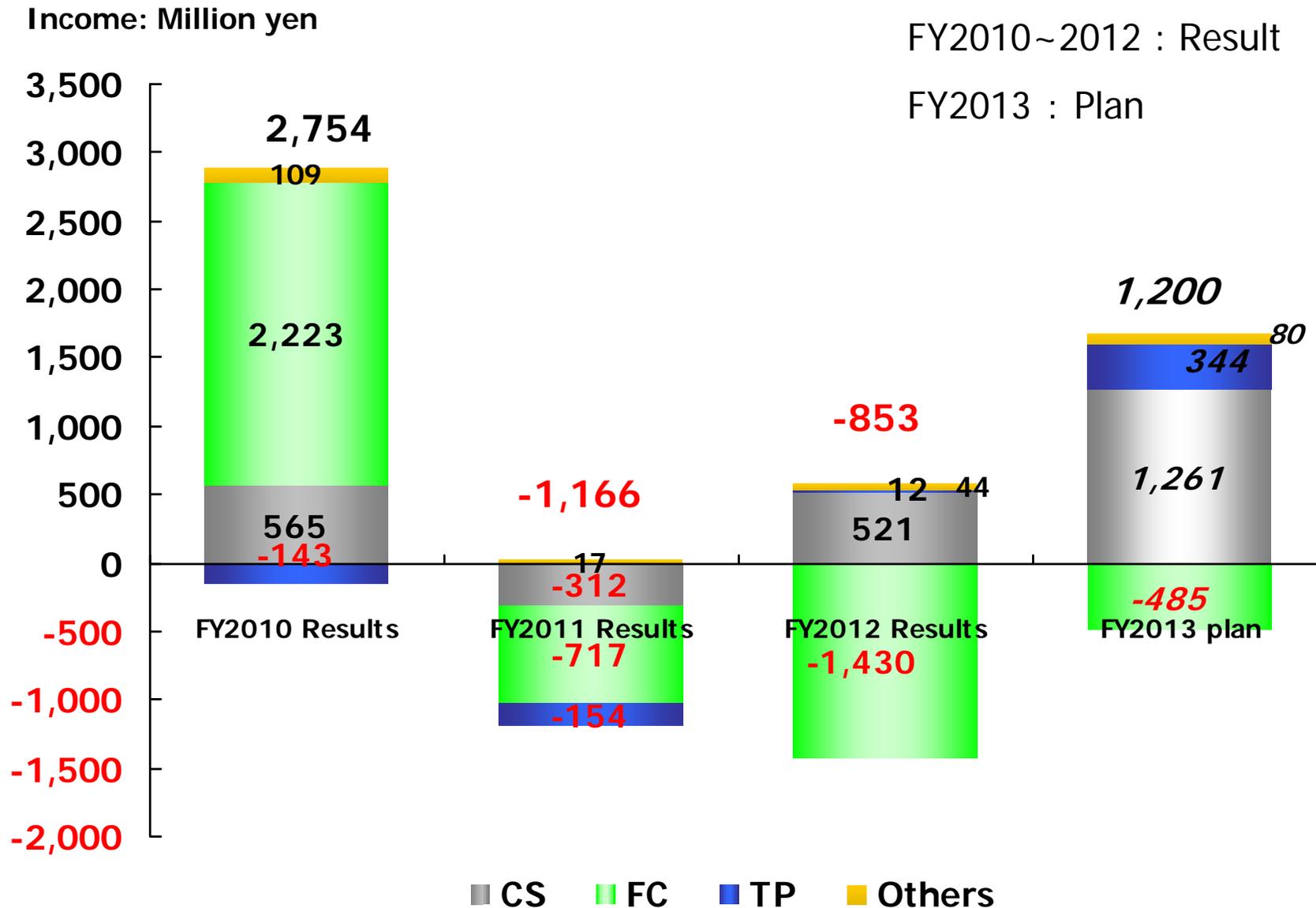
FY2010~2012: Result () : Composition ratio
FY2013: Plan





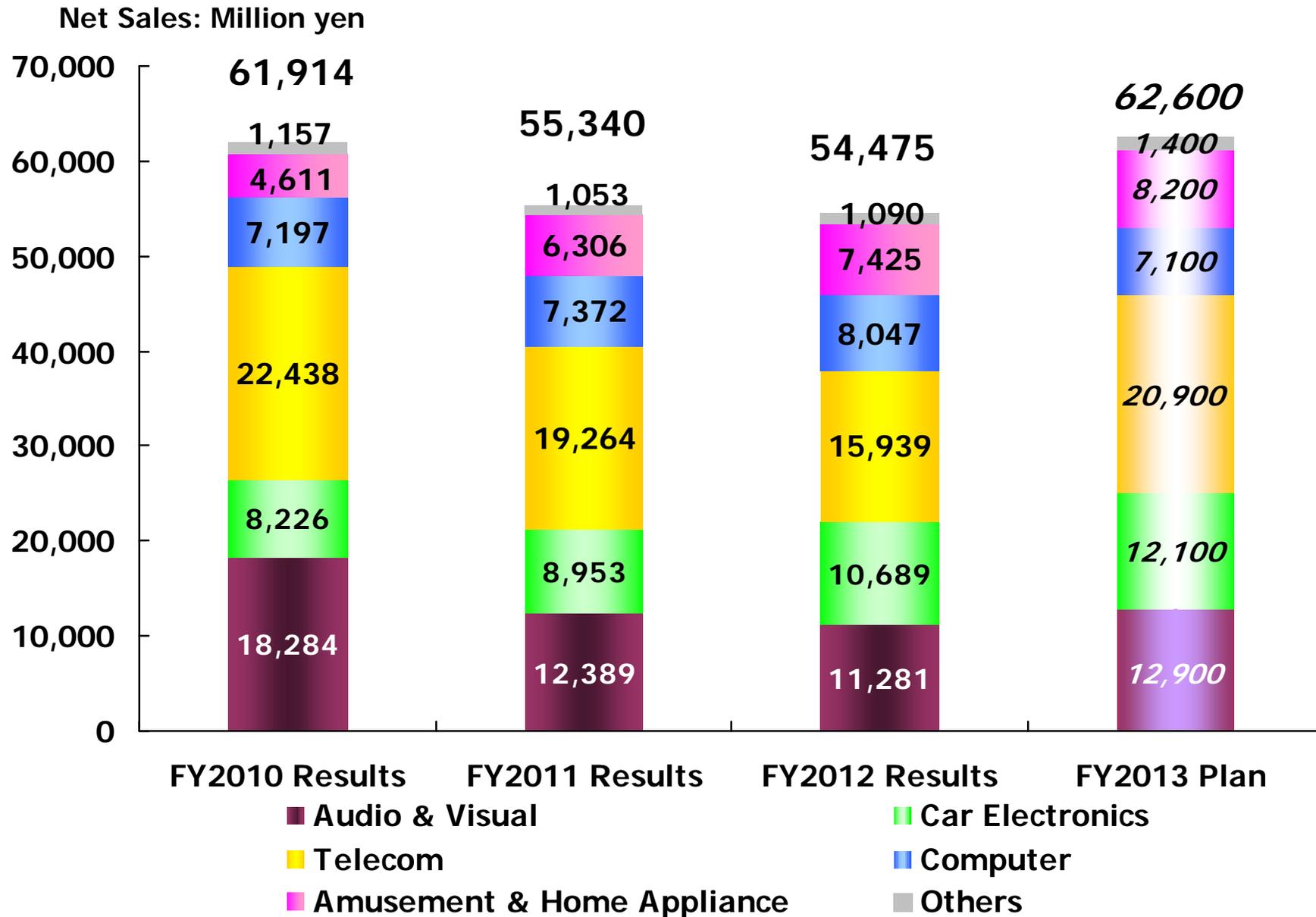
Operating Income by Product Division (FY2010-FY2013)

18/30





Net Sales by Market (FY2010-FY2013)

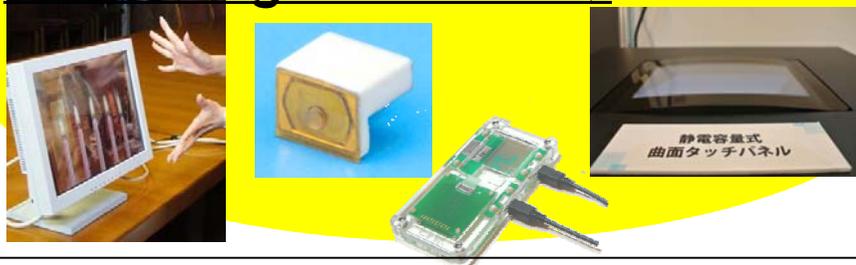




Look-Back at FY2012 – 1



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



JUL 2012~MAR 2013



Japan: JUL~ SEP 2012

JUL.	:	7 customers
AUG.	:	7 customers
SEP.	:	11 customers
OCT.	:	3 customers
JUN.	:	1 customers
<hr/>		
TOTAL	:	29 customers
<hr/>		
Visitor	:	2,719、 Inquiry : 540

Overseas: OCT 2012~ MAR 2013

OCT.	US	:	7
NOV.	EU	:	4
DEC.~FEB.	China/Taiwan	:	38
FEB.	Korea	:	4
MAR.	Singapore/India	:	10
MAR.	Malaysia	:	4
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TOTAL		:	67 customers
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Visitor	:	1,635、 Inquiry : 431	

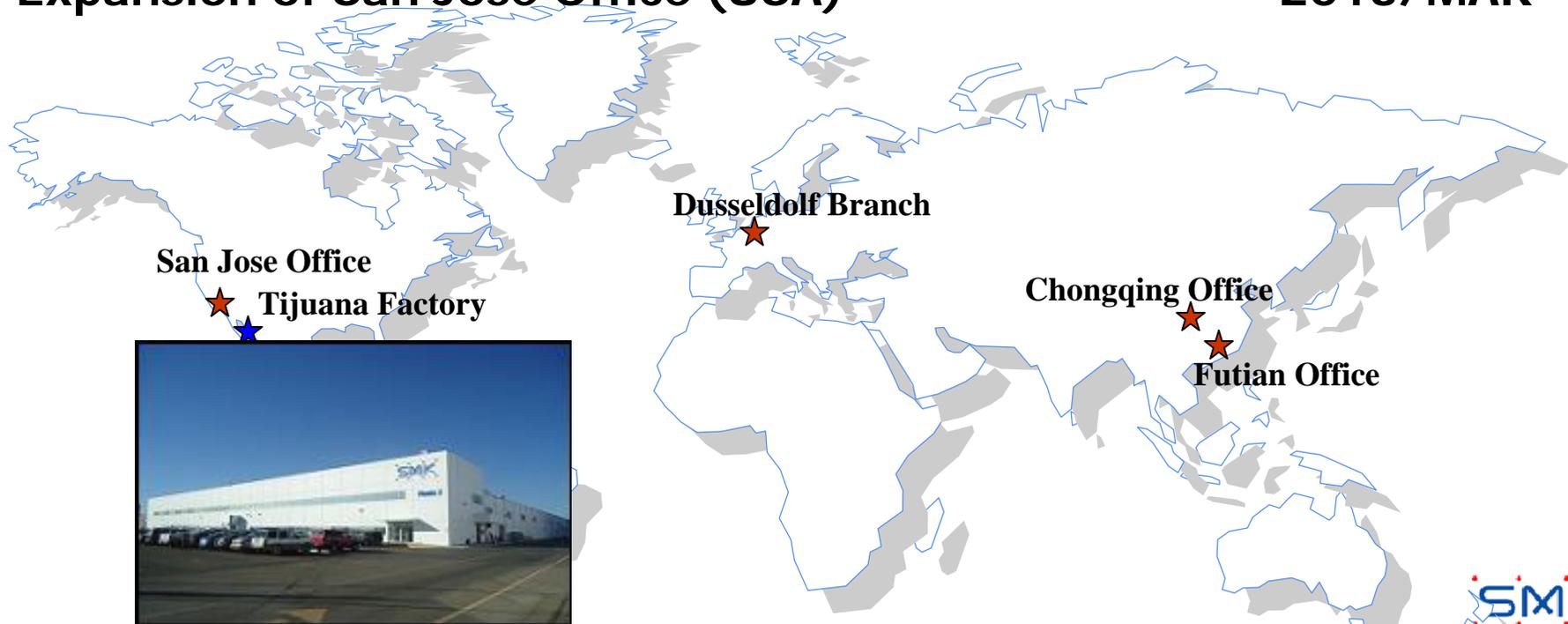




Look-Back at FY2012 – 2

● Enhancement of Overseas Sales Offices and Factories

- Expansion of Futian Office (P.R.CHINA) 2012/JUL
- Establishment of Chongqing Office (P.R.CHINA) 2012/AUG
- Establishment of Dusseldorf Branch (GERMANY) 2012/AUG
- Relocation and Expansion of Tijuana Factory (MEXICO) 2013/Jan
- Expansion of San Jose Office (USA) 2013/MAR





● Action for increasing operational efficiency

✓ Closing of Yamato Works of SMK-Japan

✓ Consolidation of FC-JAPAN operation

Toyama/Hitachi → Toyama

✓ Closing of SMK-Malaysia 2nd factory
(Kota Bharu)





FY2013 Business Environment

23/30

Positive aspects



- ✓ Change to weak Yen and progress of high stock prices
- ✓ The sign of U.S. economy recovery
- ✓ Growth of emerging nations' economies (ASEAN, South America, etc.)

Negative aspects



- ✓ Continuing European financial crisis
- ✓ Rising labor costs in China and ASEAN
- ✓ Emergence of political and social risks globally



1. Reinforce efforts to increase sales

- ✓ Expand growing market businesses
(Smartphone, Car Electronics, IP TV/ STB)
- ✓ Enter new markets and acquire new customers
- ✓ Realize new businesses

2. Increase profitability by promoting BPR

- ✓ Enhance manufacturing performance
(automation, manpower saving, no-man operation)
- ✓ Realize profits of unprofitable businesses and companies



Smart Phone-Tablet PC Market

Personal Navigation Device

W/W 2013 Production
(vs. 2009)



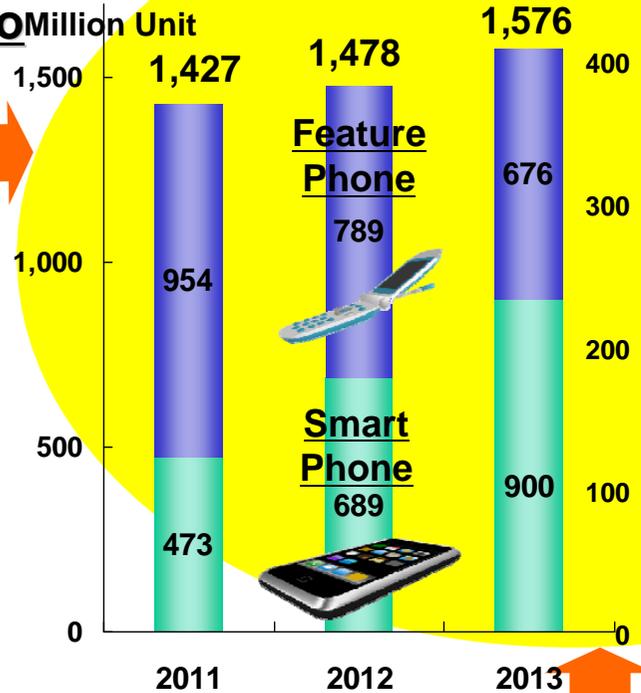
33 million unit
(▲9%)

Portable Memory Audio

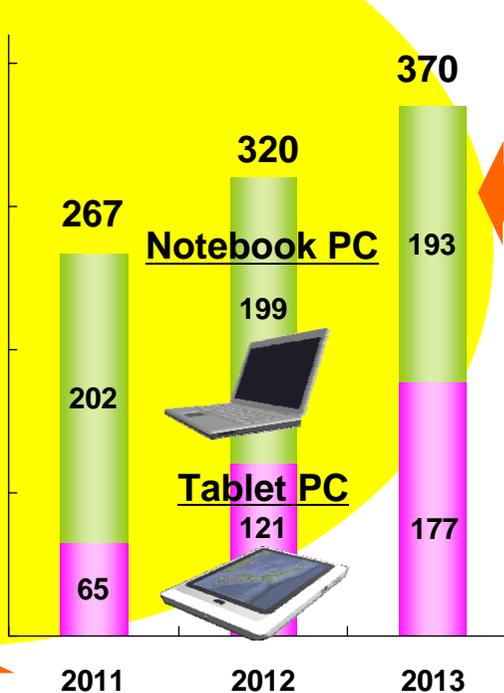
25 million unit
(▲58%)



Mobile Phone Market



Mobile PC Market



Portable Game

39 million unit
(▲2%)



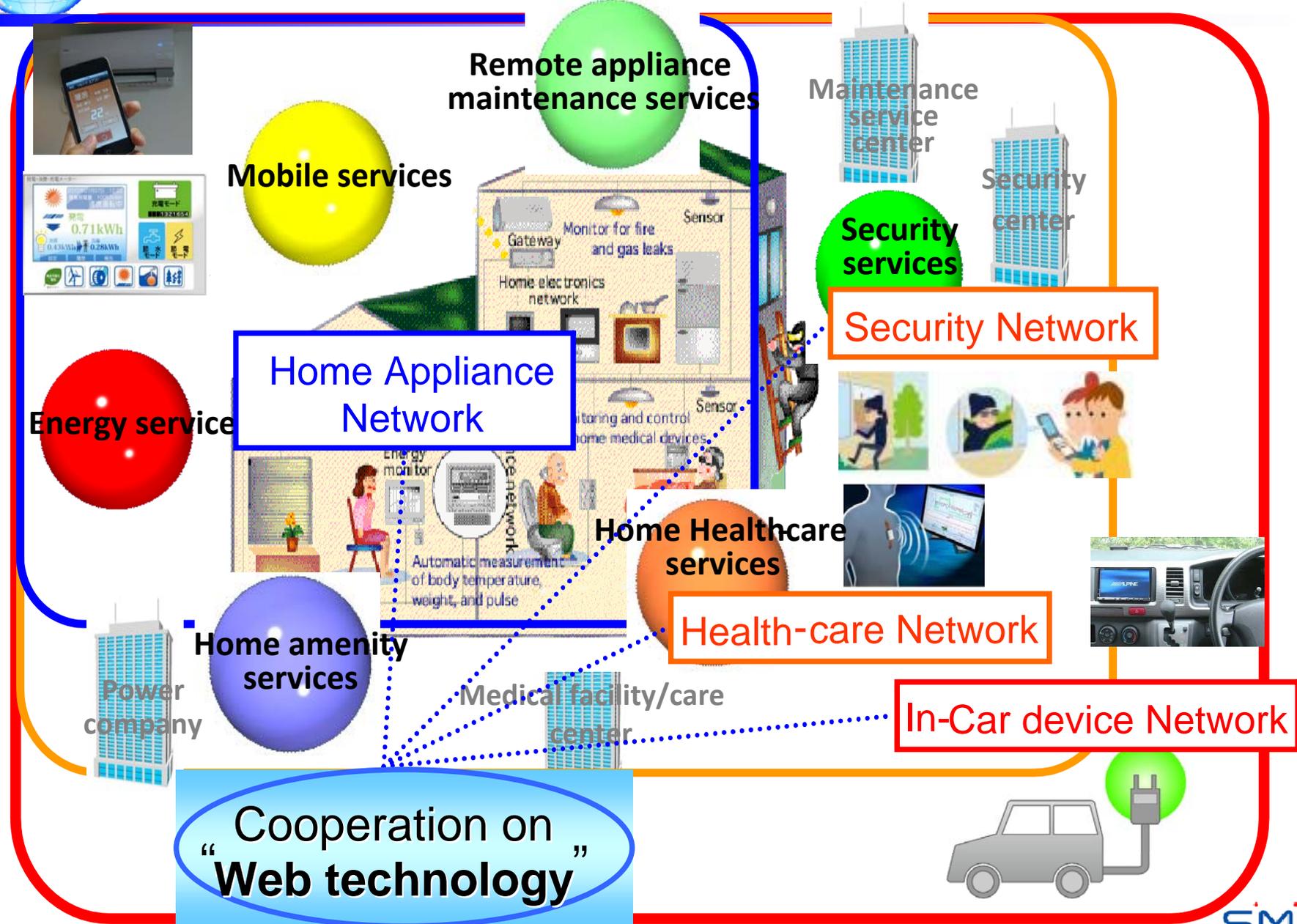
Digital Still Camera (Compact type)

86 million unit
(▲23%)





The Steps Aimed at the Smart Life



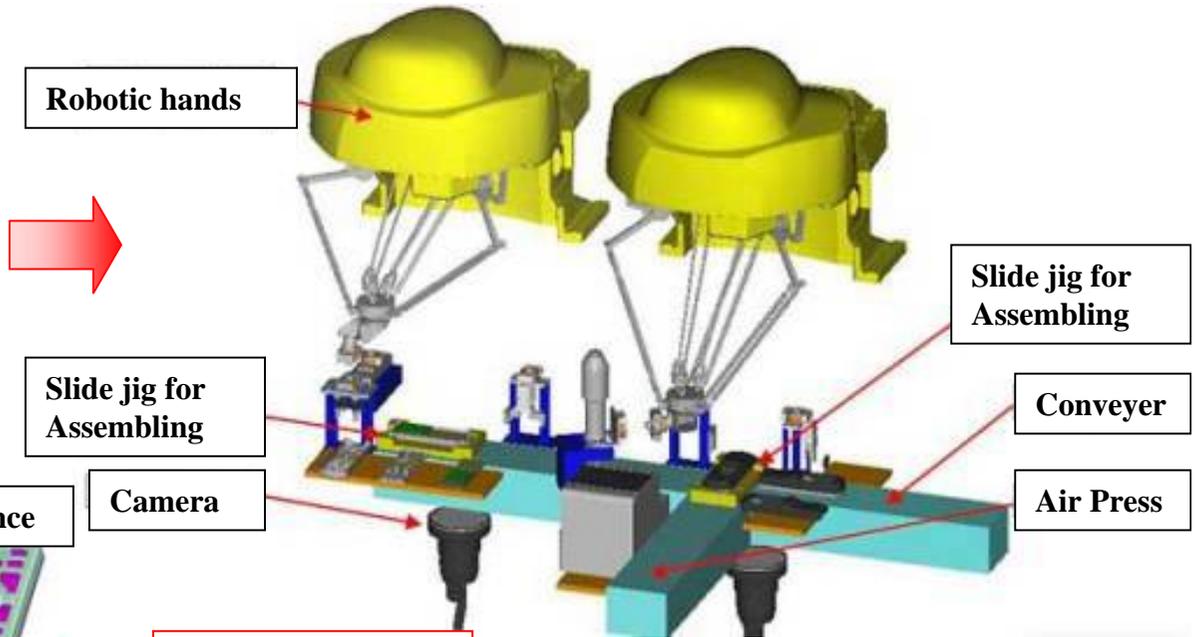


Manpower Saving Line Using Robots

Present situation
Remote-control Product

Remote-control assembly process
by robotic hands

line (SMK-DG)



Appearance

Camera

Robotic hands

Slide jig for Assembling

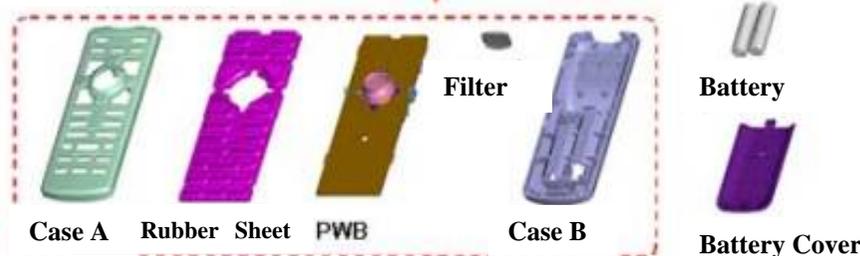
Slide jig for Assembling

Conveyer

Air Press

Automation object of this Project

Part constitution



Order of Assembly



Manpower Saving Line Using Robots

28/30

新しいものづくり
への挑戦

高度技術の追求

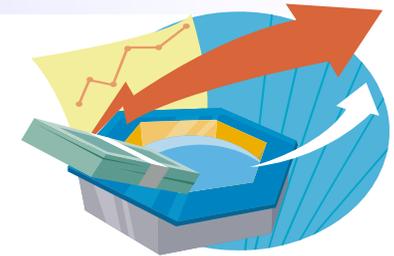
一貫生産

生産性向上

クリーン技術

精密加工





**Implement New Growth Strategy and
Build Corporate Systems to Cope with Changing Markets**



Notice

30/30

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.