



# SEMI ANNUAL REPORT 2011

For the six months ended September 30, 2011

Connectors for Photovoltaic Module



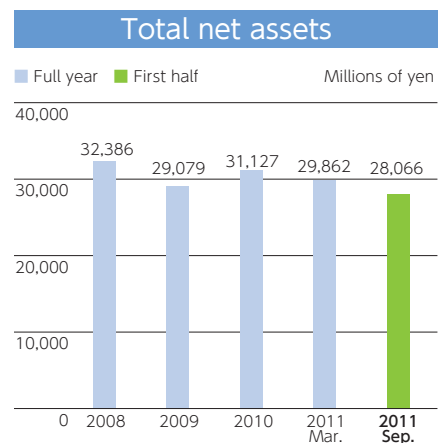
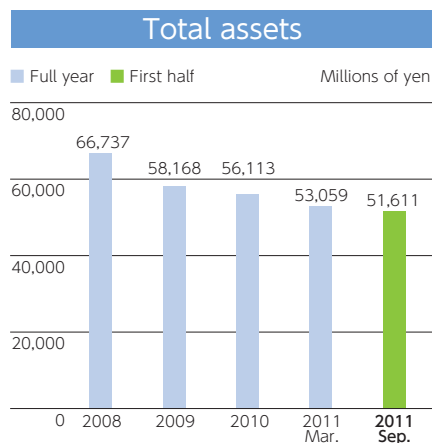
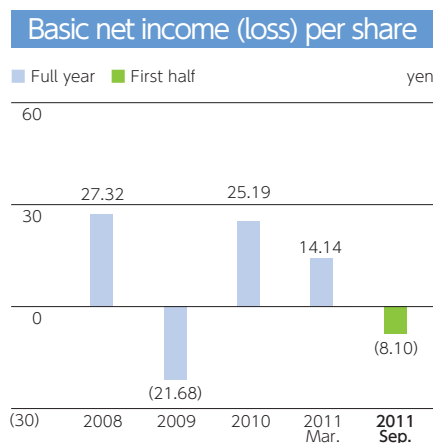
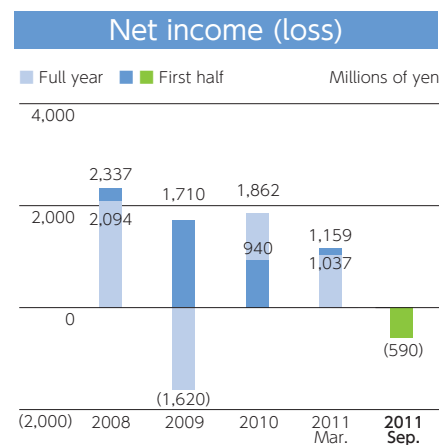
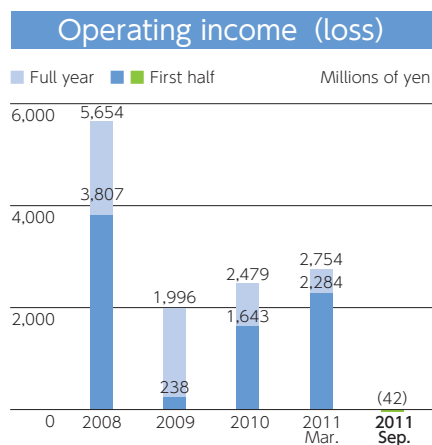
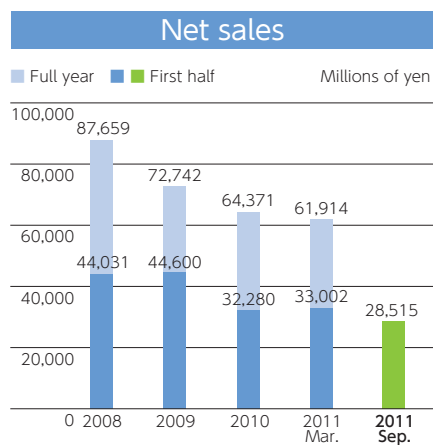
SMK CORPORATION

# Financial Highlights

SMK Corporation and Consolidated Subsidiaries

Six months ended September 30	Millions of yen		Thousands of U.S. dollars	Millions of yen
	2010	2011	2011	2011 Year ended March 31
<b>Operating Results</b>				
Net sales	¥ 33,002	¥ 28,515	\$ 372,018	¥ 61,914
Operating income (loss)	2,284	(42)	(549)	2,754
Net income (loss)	1,159	(590)	(7,701)	1,037
<b>Financial Position</b>				
Total assets	¥ 54,420	¥ 51,611	\$ 673,336	¥ 53,059
Total net assets	30,497	28,066	366,159	29,862
<b>Per Share Data</b>				
	Yen		U.S. dollars	Yen
Net income (loss)				
Basic	¥ 15.71	¥ (8.10)	\$ (0.11)	¥14.14
Diluted	—	—	—	—

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥76.65 = U.S. \$1.00.





I am obliged to you for your continued support and good patronage.

We would like to report on the outline and results of the SMK Group's businesses for the mid-term of the 90th fiscal year (April 1, 2011 to September 30, 2011).

The Japanese economy is in the recovery process from damage caused by the Great East Japan Earthquake which occurred in March 2011. However, while a stable supply of electric power still stands as a "post-earthquake issue," future economic prospects are not optimistic due to the lasting appreciation of the yen and the financial problems in Europe.

We will exercise our best efforts to gain the trust of customers as well as to promptly respond to drastically changing environments and pursue product creation that is always one step ahead of the times as a leading supplier of information infrastructure.

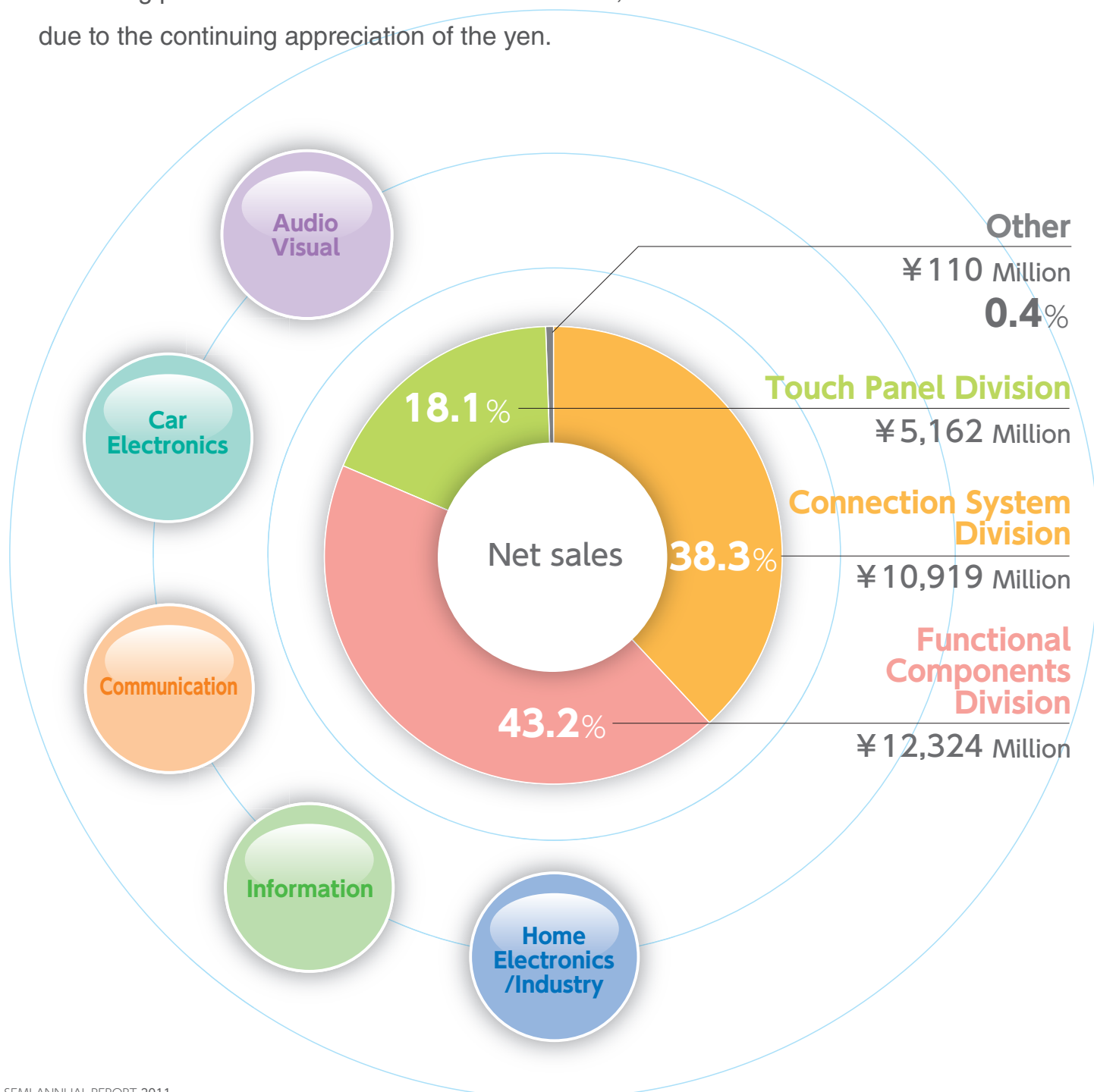
November 2011

A handwritten signature in black ink, appearing to read 'Tetsuya Nakamura', written in a cursive style.

**Tetsuya Nakamura**  
President and Chief Operating Officer

During the interim term under review, touch panels achieved solid results against the backdrop of steady demand in Japan and overseas, and businesses expanded in new markets, such as the solar-related market and the LED lighting market. We also actively focused on the smartphone market. Nevertheless, overall net sales declined year-on-year due to factors including the sluggish video equipment field with flat-panel televisions at its core.

Despite overall cost saving activities through the promotion of cost reduction, control of expenses and other items, earnings also decreased year-on-year as a result of the impact of soaring prices of raw materials and other factors, in addition to the decrease of net sales due to the continuing appreciation of the yen.



# Overview of Consolidated Results by Division

(April 1, 2011 to September 30, 2011)

## Connection System Division



LED lighting connectors(LT-6 series)  
Application : LED lighting

### Principal Products

- RF Coaxial Connectors
- FPC Connectors
- Board to Board Connectors
- Jacks

Sales in the first quarter were comparatively sluggish compared to the entire interim term because of restricted demand for components due to the impact of the Earthquake; however, by September, a recovery in set production along with a sharp increase in demand for connectors led to sales exceeding the previous year during the second quarter. Particularly, sales for smartphones, laptop PCs and solar-related fields were robust throughout the interim period, exceeding the previous year.

Under a difficult economic environment characterized by the sharp appreciation of the yen, the European credit problems and concerns about an economic slowdown in the United States, the Division will push ahead with developing new products for the communications market, our main market, and other expanding markets including digital appliances, car electronics, and new energy.

## Functional Components Division



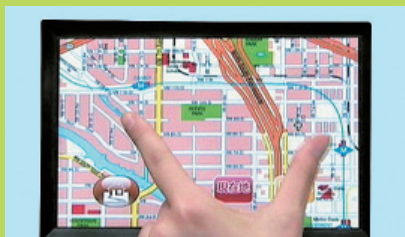
50W/20W enabled AC ADAPTER(EPM series)  
Applications : scanners, printers, etc.

### Principal Products

- Switches
- Bluetooth® Units
- Remote Control Units
- Camera Modules

Sales in the audio-visual devices market, mainly the video equipment field with flat-panel televisions at its core, were sluggish. Additionally, sales of components for cellular phones and other communications equipment, particularly smartphones, remained stagnant because customers had sharp ups and downs in their business performance. In contrast, sales of components for air conditioners and home appliances achieved solid results thanks to expanding business opportunities of the Division resulting from a shift to high function in those fields. For the second half of the fiscal year, the Division will endeavor to expand sales by focusing on developing new components.

## Touch Panel Division



Vehicle-mounted Capacitive touch panel  
Applications : automotive devices such as car navigation

### Principal Products

- Resistance Sensitive Touch Panels
- Capacitive Touch Panels
- Optical Touch Panels

Sales of the touch panel division as a whole increased substantially compared with both the previous fiscal year and our management plan. Sales in the automotive products market recovered smoothly despite concerns about the impact of the Earthquake. Sales in the smartphone market showed solid performance resulting from strong sales for models utilizing our products, and the ATM market saw increased demand in the Chinese market.

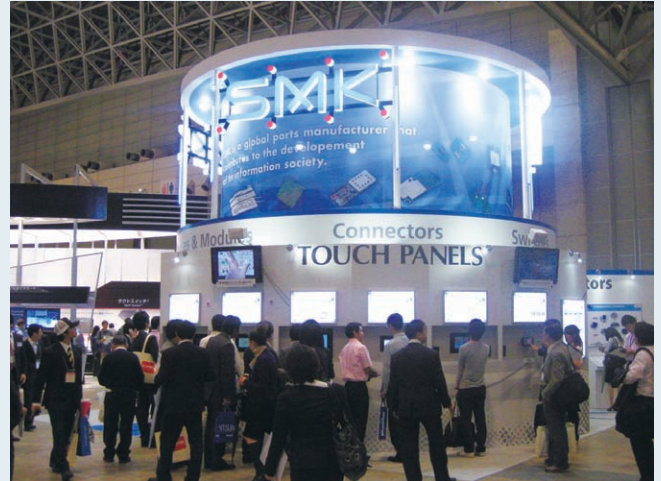
Looking ahead, the Division will proceed with its efforts to expand sales further by developing and launching medium-sized capacitive touch panels for the automotive products market and the tablet device market.

## 01 | SMK exhibit at CEATEC JAPAN 2011

We exhibited at the comprehensive IT and electronics trade fair “CEATEC JAPAN 2011” held at the Makuhari Messe (Chiba) for five days from October 4th to October 8th.



With “Let’s see, touch, feel NEW Technology” as a concept, we displayed enhanced demonstration exhibits including “mutual-capacitance” automotive capacitive touch panels, and exercised our ingenuity in turning our booth into a place where visitors were able to physically experience SMK products. In the ecology zone, we exhibited LED lighting connectors and connectors for photovoltaic



modules, demonstrating to visitors our commitment to the eco-friendly equipment market.

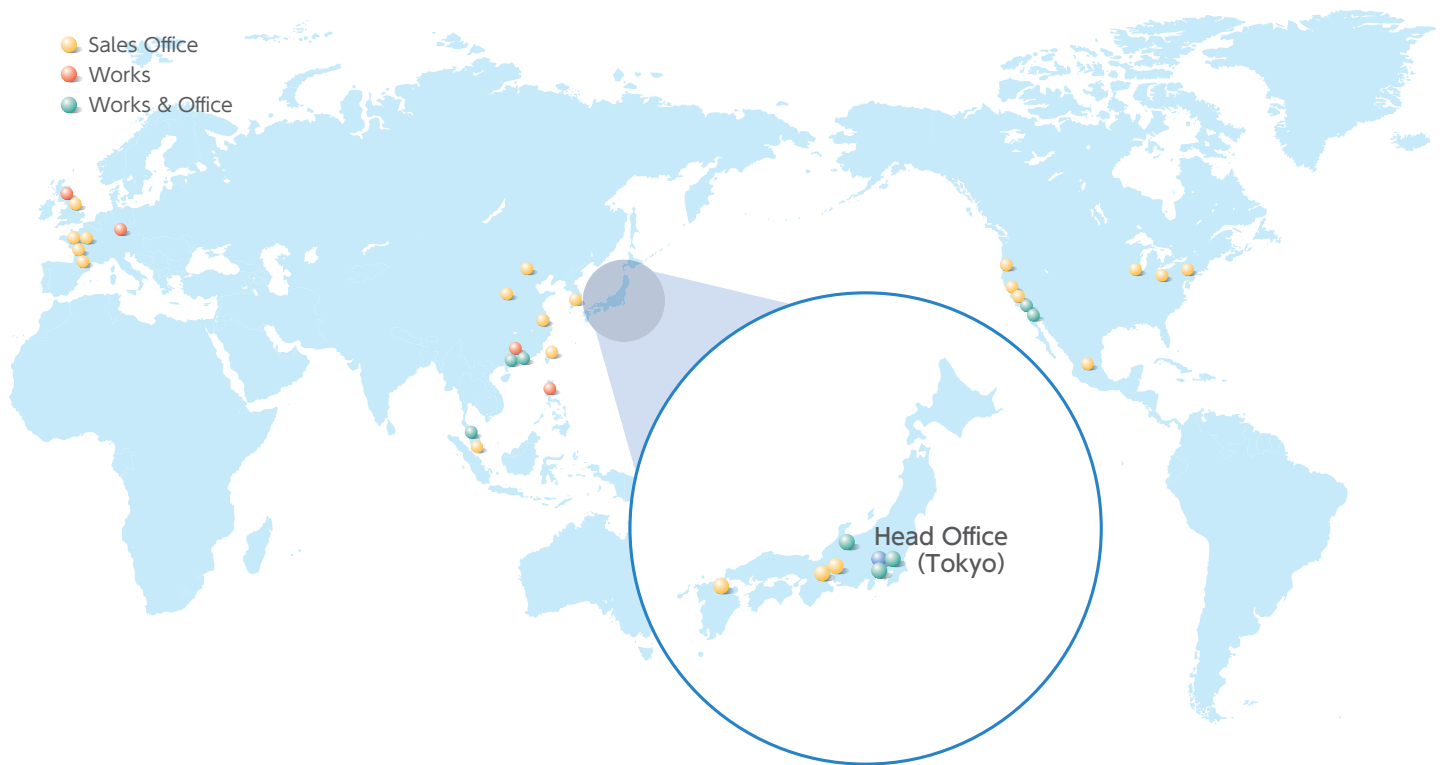
We had a record high of approximately 5,900 visitors to our booth during the event.

## 02 | Business Development in Asia

SMK’s business in Asia accounts for about 40% in total net sales of the group and about 80% of the total number of employees of the SMK group. It has become a major pillar of SMK’s transnational management.

In order to further strengthen our production and sales system in Asia, we are promoting various activities. On the production front, we established a second Malaysian factory in April 2011 at Kota Bharu, which is located on the east coast of the Malay Peninsula. Furthermore, in October 2011, we turned the factory in Dongguan, China, to which our subsidiary SMK Electronics (H.K.) Ltd. previously outsourced its manufacturing, into one of our subsidiaries. On the sales front, we established a sales office at Xi’an, China in May 2011, and are actively promoting sales to our customers in China.





## ASIA

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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 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 Singapore Pte. Ltd.  
 SMK Electronics (Malaysia) Sdn. Bhd.  
 SMK Electronics (Phils.) Corporation  
 SMK Korea Co., Ltd.

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## EUROPE

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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., Dortmund Office  
 SMK (U.K.) Ltd.  
 SMK Hungary Kft.

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## NORTH AMERICA

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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

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## Consolidated Balance Sheets

SMK Corporation and Consolidated Subsidiaries

As of September 30

	Millions of yen		Thousands of U.S. dollars	Millions of yen
<b>Assets</b>	2010	2011	2011	As of March 31 2011
<b>Current assets</b>				
Cash and cash equivalents	¥ 7,335	¥ 6,695	\$ 87,347	¥ 7,383
Time deposits	71	115	1,498	60
Notes and accounts receivable, trade	16,289	15,305	199,678	14,842
Allowance for doubtful accounts	(52)	(44)	(574)	(48)
Inventories	5,615	5,555	72,488	5,672
Deferred tax assets	1,108	949	12,376	885
Other current assets	2,831	2,668	34,812	3,060
	33,197	31,243	407,625	31,854
<b>Investments and long-term loans</b>				
Investment securities	2,301	2,101	27,415	2,493
Long-term loans receivable	247	91	1,185	103
Other investments	1,587	1,332	17,380	1,602
Allowance for doubtful accounts	(211)	(115)	(1,511)	(116)
	3,924	3,409	44,469	4,082
<b>Property, plant and equipment</b>				
Land	4,422	4,412	57,558	4,424
Buildings	16,660	17,003	221,830	17,143
Machinery and vehicles	17,888	16,687	217,705	16,843
Tooling and office furniture	24,734	21,032	274,390	20,503
Construction in progress	258	68	889	29
	63,962	59,202	772,372	58,942
Less-accumulated depreciation	(47,410)	(43,204)	(563,657)	(42,696)
	16,552	15,998	208,715	16,246
<b>Other assets</b>				
Deferred tax assets	324	490	6,388	271
Intangible assets	423	471	6,139	606
	747	961	12,527	877
<b>Total assets</b>	¥ 54,420	¥ 51,611	\$ 673,336	¥ 53,059

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥76.65 = U.S. \$1.00.



	Millions of yen		Thousands of U.S. dollars	Millions of yen
<b>Liabilities and net assets</b>	2010	2011	2011	As of March 31 2011
<b>Current liabilities</b>				
Short-term loans payable	¥ 3,067	¥ 8,427	\$ 109,937	¥ 3,207
Notes and accounts payable, trade	3,607	3,377	44,056	3,290
Accrued income taxes	283	219	2,852	344
Accrued bonus	778	575	7,502	771
Accounts payable, non-trade	7,894	6,926	90,355	7,691
Other current liabilities	1,202	1,424	18,585	1,459
	16,831	20,948	273,287	16,762
<b>Long-term liabilities</b>				
Long-term debt	6,370	1,966	25,654	5,720
Accrued employees' retirement benefits	17	17	226	16
Accrued directors' and officers' retirement benefits	108	133	1,731	125
Other long-term liabilities	597	481	6,279	574
	7,092	2,597	33,890	6,435
<b>Net assets</b>				
<b>Shareholders' equity</b>				
Common stock				
Authorized : 195,961,274 shares				
Issued and outstanding : 79,000,000 shares	7,996	7,996	104,329	7,996
Capital surplus	12,353	12,353	161,158	12,353
Retained earnings	16,366	14,994	195,614	15,876
Treasury stock	(3,039)	(3,384)	(44,146)	(3,308)
	33,676	31,959	416,955	32,917
<b>Accumulated other comprehensive income</b>				
Net unrealized gains (losses) on other securities	160	46	603	266
Foreign currency translation adjustments	(3,469)	(4,075)	(53,170)	(3,449)
	(3,309)	(4,029)	(52,567)	(3,183)
<b>Subscription rights to shares</b>	124	131	1,702	123
<b>Minority interests</b>	6	5	69	5
	30,497	28,066	366,159	29,862
<b>Total liabilities and net assets</b>	¥ 54,420	¥ 51,611	\$ 673,336	¥ 53,059

## 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
	2010	2011	2011	As of March 31 2011
<b>Net sales</b>	¥ 33,002	¥28,515	\$ 372,018	¥ 61,914
<b>Cost of sales</b>	26,775	24,574	320,598	51,345
<b>Selling, general and administrative expenses</b>	3,943	3,983	51,969	7,815
<b>Operating income(loss)</b>	2,284	(42)	(549)	2,754
<b>Other income</b>				
Interest and dividend income	38	35	455	68
Rent income	471	315	4,111	927
Gain on sales of fixed assets	6	26	339	39
Other	91	113	1,474	167
<b>Total other income</b>	606	489	6,379	1,201
<b>Other expenses</b>				
Interest expense	84	71	920	156
Rent expense	147	141	1,834	301
Foreign exchange loss, net	846	684	8,922	879
Loss on disposal of fixed assets	68	24	311	166
Other	39	182	2,381	636
<b>Total other expenses</b>	1,184	1,102	14,368	2,138
<b>Income before income taxes and minority interests</b>	1,706	(655)	(8,538)	1,817
<b>Income taxes</b>				
Current	402	138	1,808	434
Deferred	142	(204)	(2,655)	345
<b>Minority interests</b>	3	1	10	1
<b>Net income</b>	¥ 1,159	¥ (590)	\$ (7,701)	¥ 1,037

	Yen	U.S. dollars	Yen
<b>Per share data</b>			
Net income			
Basic	¥ 15.71	\$ (0.11)	¥ 14.14
Diluted	—	—	—

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥76.65 = 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
	2010	2011	2011	As of March 31 2011
<b>Income before minority interests</b>	¥ 1,161	¥ (589)	\$ (7,691)	¥1,038
<b>Other comprehensive income</b>				
Net unrealized gains (losses) on other securities	(339)	(220)	(2,873)	(233)
Foreign currency translation adjustments	(783)	(626)	(8,170)	(762)
<b>Total other comprehensive income</b>	(1,122)	(846)	(11,043)	(995)
<b>Comprehensive income</b>	39	(1,435)	(18,734)	43
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	37	(1,436)	(18,743)	42
Minority interests	2	1	10	1

# 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
	2010	2011	2011	As of March 31 2011
<b>Cash flows from operating activities</b>				
Income before income taxes and minority interests	¥ 1,706	¥ (654)	\$ (8,538)	¥ 1,817
Depreciation and amortization	1,659	1,635	21,336	3,653
Amortization of goodwill	76	93	1,209	155
Increase (decrease) in accrued employees' retirement benefits	3	2	31	0
Increase (decrease) in prepaid pension costs	45	260	3,390	87
Increase (decrease) in accrued directors' and officers' retirement benefits	(45)	7	94	(28)
Interest and dividend income	(38)	(35)	(455)	(68)
Interest expense	84	71	920	156
Loss on disposal of fixed assets	68	24	311	166
(Increase) decrease in notes and accounts receivable, trade	(995)	(1,360)	(17,740)	706
(Increase) decrease in inventories	(718)	(189)	(2,467)	(683)
Increase (decrease) in notes and accounts payable, trade	1,386	1,124	14,667	990
Increase (decrease) in accounts payable, non-trade	697	(555)	(7,246)	221
Other	(855)	(46)	(602)	(464)
Subtotal	3,073	377	4,910	6,708
Interest and dividends received	26	25	340	58
Interest paid	(84)	(70)	(910)	(157)
Income taxes paid	(271)	(373)	(4,872)	(418)
Income taxes refunded	39	203	2,647	39
<b>Net cash provided by (used in) operating activities</b>	<b>2,783</b>	<b>162</b>	<b>2,115</b>	<b>6,230</b>
<b>Cash flows from investing activities</b>				
Payments into time deposits	(52)	(100)	(1,298)	(87)
Proceeds from time deposits	10	41	539	59
Purchases of fixed assets	(1,819)	(1,930)	(25,185)	(3,598)
Proceeds from sale of fixed assets	14	83	1,087	68
Purchases of intangible fixed assets	—	(19)	(246)	(49)
Proceeds from sale of investment securities	0	0	0	0
Payments for execution of loans	(30)	(15)	(200)	(52)
Collection of loans receivable	94	21	268	112
Other	(8)	32	413	(454)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,791)</b>	<b>(1,887)</b>	<b>(24,622)</b>	<b>(4,001)</b>
<b>Cash flows from financing activities</b>				
Increase(decrease) in short-term loans payable	(1,327)	1,693	22,080	(1,383)
Payments of long-term debt	(202)	(190)	(2,477)	(656)
Purchases of treasury stock	(85)	(75)	(977)	(355)
Proceeds from sale of treasury stock	0	0	3	1
Dividends paid	(590)	(291)	(3,794)	(954)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,204)</b>	<b>1,137</b>	<b>14,835</b>	<b>(3,347)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(202)</b>	<b>(100)</b>	<b>(1,300)</b>	<b>(248)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,414)</b>	<b>(688)</b>	<b>(8,792)</b>	<b>(1,366)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>8,749</b>	<b>7,383</b>	<b>96,319</b>	<b>8,749</b>
<b>Cash and cash equivalents at end of six months and the year</b>	<b>¥ 7,335</b>	<b>¥ 6,695</b>	<b>\$ 87,347</b>	<b>¥ 7,383</b>

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥76.65 = U.S. \$1.00.

# Corporate Information

(As of September 30, 2011)

## Corporate Data

<b>Name</b>	SMK Corporation
<b>Established</b>	January 15, 1929
<b>Primary business</b>	Manufacture and sale of various parts for electro-communication device and electronic equipment
<b>Capital</b>	¥ 7,996,828,021
<b>Stock exchange listing</b>	Tokyo Stock Exchange
<b>Administrator of shareholders register</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Independent auditors</b>	Ernst & Young ShinNihon LLC Tokyo, Japan
<b>Employees (SMK-Group)</b>	11,493
<b>Head office</b>	5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo 142-8511, Japan TEL 81-3-3785-1111 FAX 81-3-3785-1878
<b>Subsidiaries &amp; affiliates</b>	
<b>Domestic</b>	Subsidiaries - 5companies Affiliates - 2companies
<b>Overseas</b>	Subsidiaries - 22companies
<b>Website</b>	<a href="http://www.smk.co.jp/">http://www.smk.co.jp/</a>

## Shares and Shareholders

**Authorized shares** 195,961,274

**Issued shares** 79,000,000

**Number of shareholders** 11,243

Major Shareholders (top ten)	Shares Owned (1,000 shares)	Percentage of Shares (%)
Nippon Life Insurance Company	4,001	5.50
Mizuho Corporate Bank, Ltd.	3,619	4.98
Dai Nippon Printing Co., Ltd.	3,200	4.40
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,134	4.31
SMK Cooperating Company Share Holding Association	2,314	3.18
Mitsubishi UFJ Trust and Banking Corporation	1,937	2.66
Japan Trustee Services Bank, Ltd. (Trust Account)	1,764	2.43
SMK Employees Share Holding Association	1,621	2.23
Terutaka Ikeda	1,540	2.12
The Showa Ikeda Memorial Foundation	1,500	2.06

Note: SMK holds 6,274 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

President and Chief Operating Officer	Tetsuya Nakamura
Director, Executive Deputy President Sales Division	Yasumitsu Ikeda
Director, Executive Vice President, Chief Financial Officer	Hajime Yamada
Director, Executive Vice President, Chief Technology Officer	Yoshio Sakurai
Director	Yuji Tanahashi

### Auditors

Auditor and Chairman of Auditors Meeting	Terutaka Ikeda
Auditor	Harutaka Seki
Auditor	Kenji Kobayashi
Auditor	Kouichiro Sugihara
Auditor	Naru Nakashima

### Corporate Executive Officers

Executive Vice President Connection System Division	Yoshiyuki Kaku
Executive Vice President Sales Division, Americas	Paul Evans
Vice President Sales Division, Europe	Hideo Matsumoto
Vice President Deputy Division Director of Sales Division	Akira Utazaki
Vice President Functional Components Division	Mikio Wakabayashi
Vice President Research and Development	Tsutomu Isoda
Vice President Sales Division	Hiroshi Miyakawa
Vice President Touch Panel Division	Shigechika Yanagi
Vice President Production Management	Takemi Ishibashi
Vice President Corporate Planning and General Affairs	Kohei Ohgaki



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