



Business Report for **FY2010**

From Apr. to June 2010

SMK Corporation
July, 2010



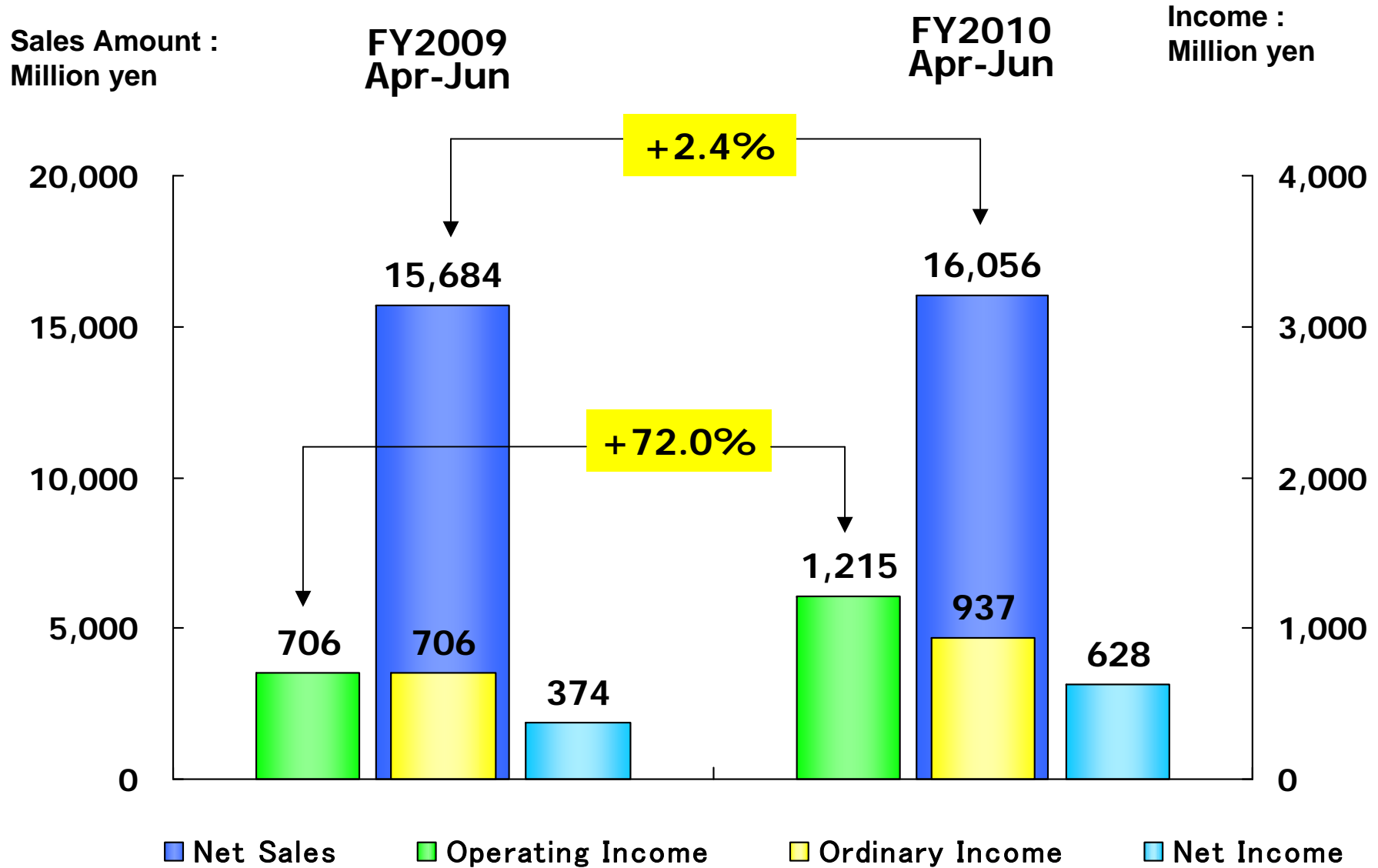
FY2010

Outline of 1Q Financial Statement

**Director and Executive Vice President
Hajime Yamada**

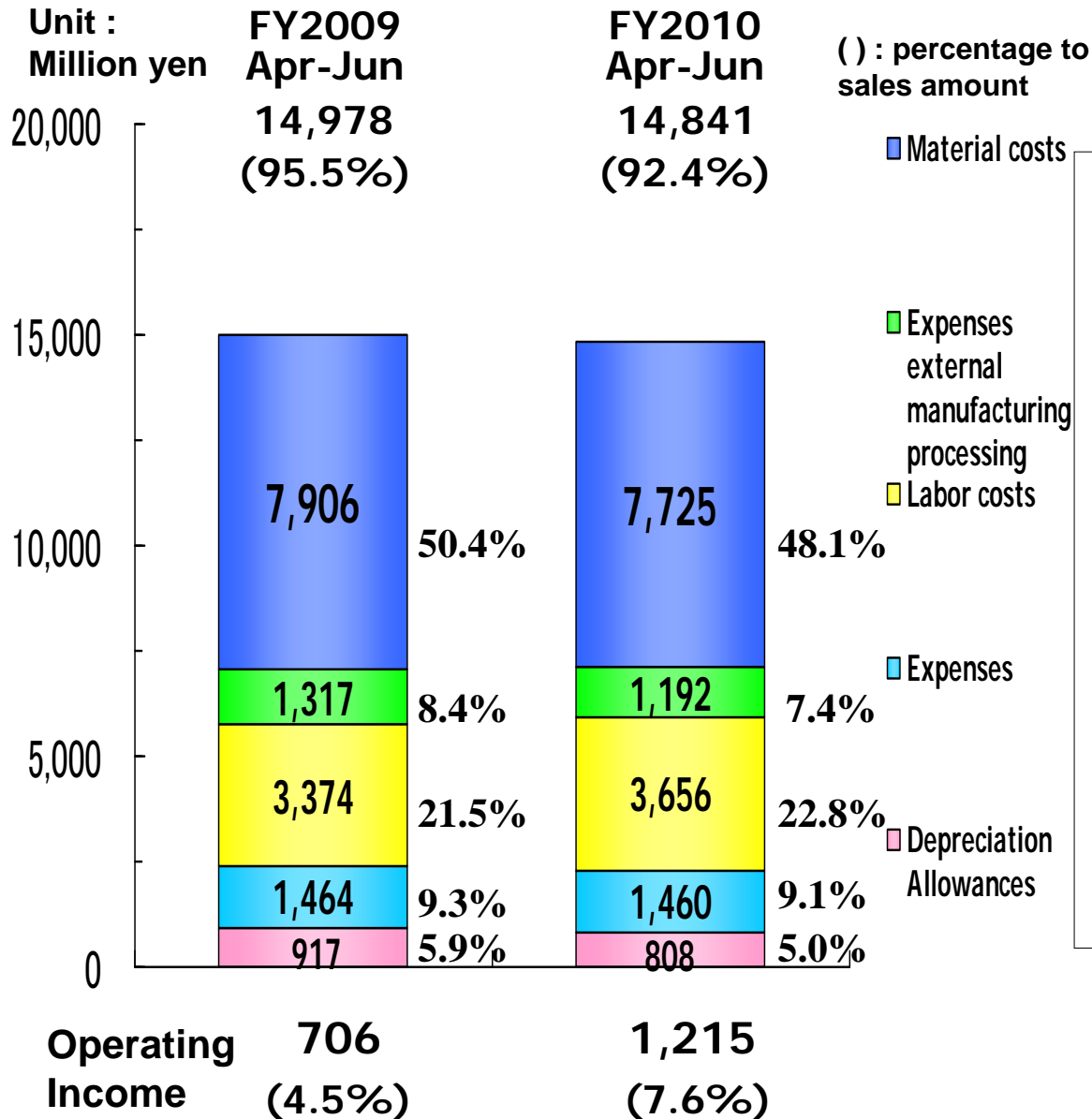


<Consolidated> Financial Result





<Consolidated> Sales Expenses



■ Material costs

■ Expenses external manufacturing processing

■ Labor costs

■ Expenses

■ Depreciation Allowances

[(Material costs + Expenses for external manufacturing processing) improved by 3.3%]
 58.8% → 55.5% -525 million yen

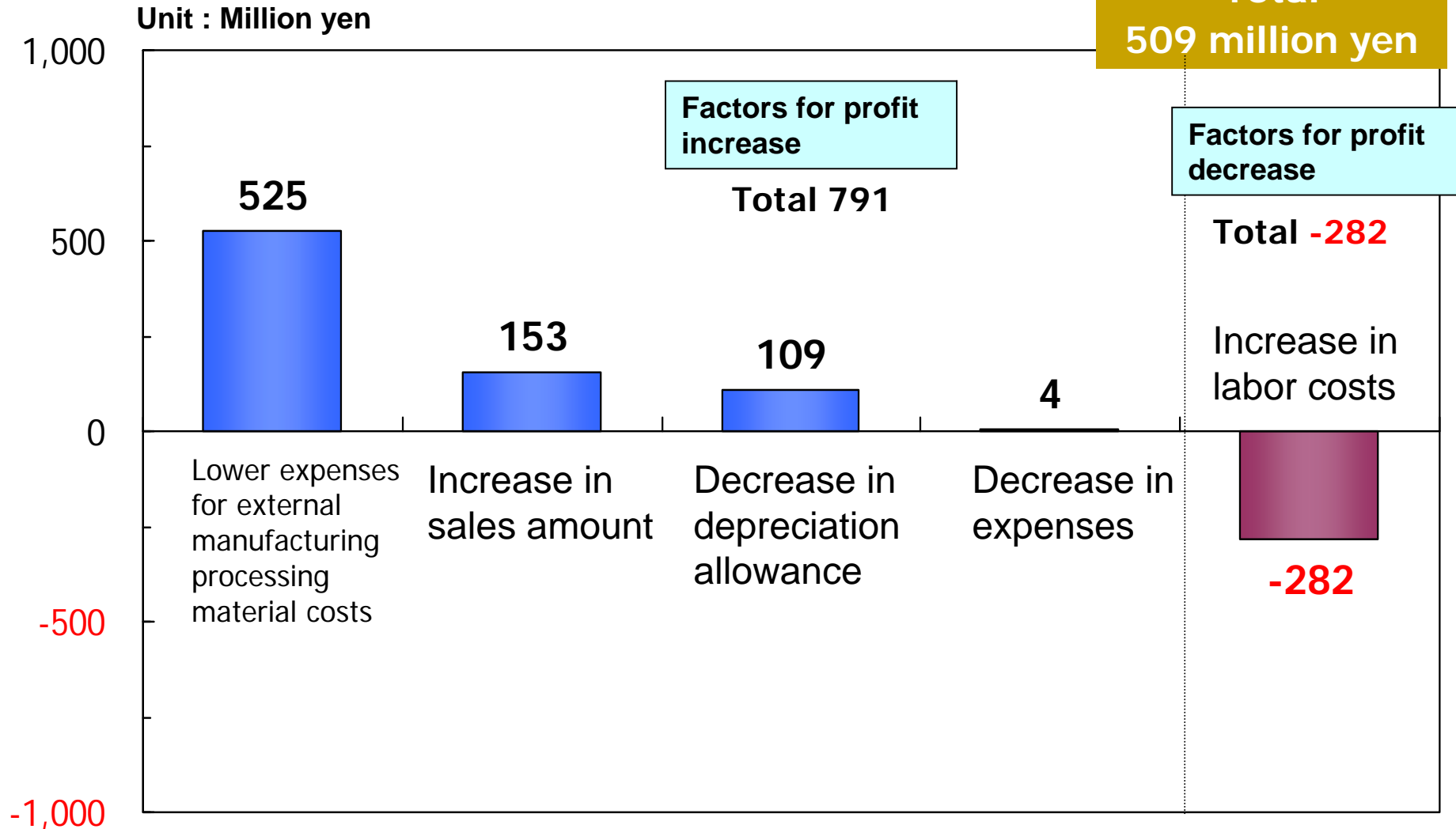
Labor costs 282 million yen Increase.
 Employees, hire cost benefits Increase.

[Average number of workers in overseas works]
 FY2009/Apr-Jun 10,500 peoples
 FY2010/Apr-Jun 11,900 peoples



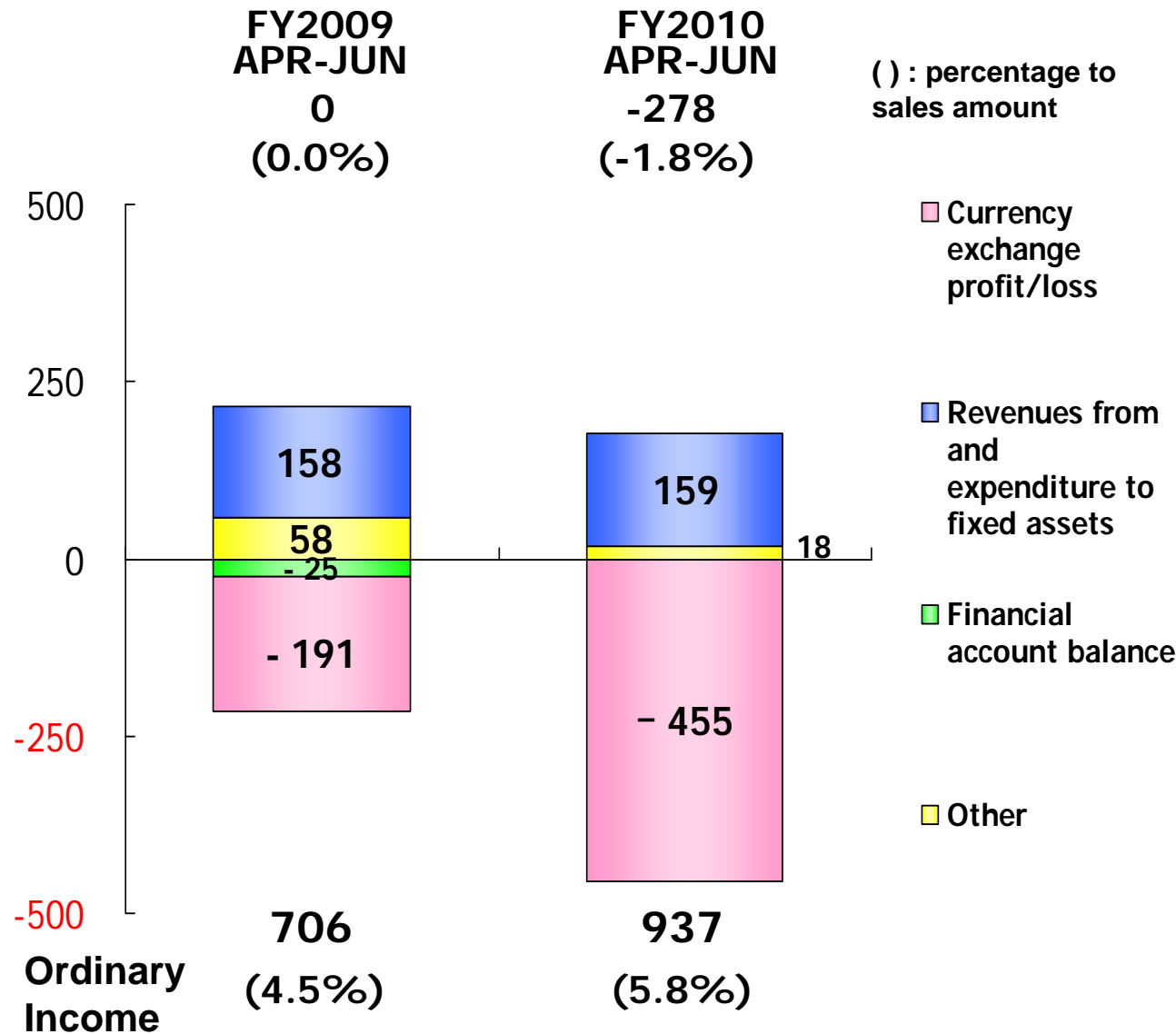
<Consolidated> Analysis of sales expenses

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





<Consolidated> Non-operating profit and loss



Unit : Million yen

() : percentage to sales amount

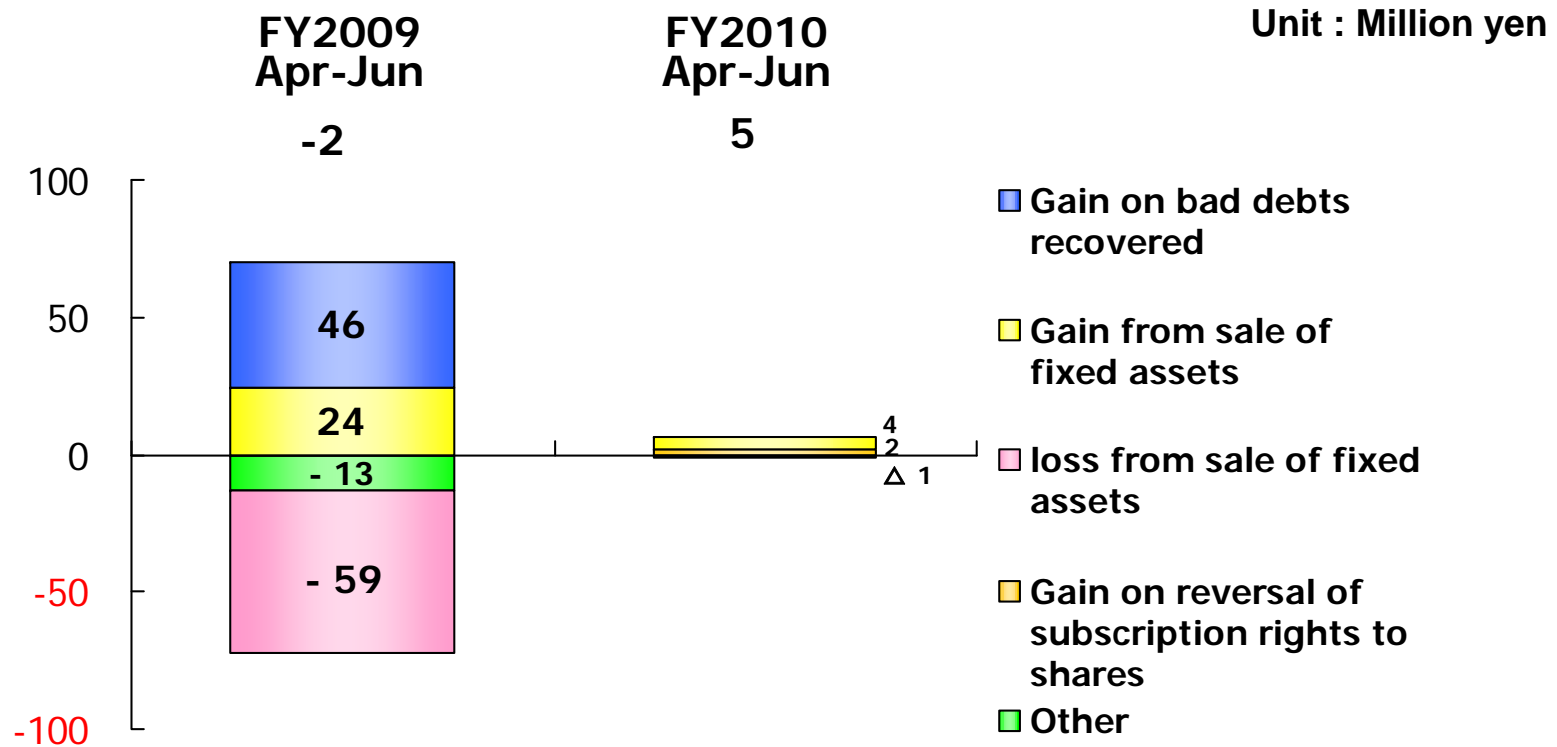
[Exchange loss 264 million yen increase]

- FY2009 1Q**
 2009/Mar ¥ 98.23/\$
 2009/Jun ¥ 96.01/\$
 Yen depreciated by 2.22yen
- FY2010 1Q**
 2010/Mar ¥ 93.04/\$
 2010/Jun ¥ 88.48/\$
 Yen depreciated by 4.56 yen



<Consolidated> Extraordinary gain or loss

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Income before income taxes	704	942
Income taxes (Current and deferred)	-330	-314
Net income	374	628
	(2.4%)	(3.9%)



<Consolidated> Financial Highlights (Quarterly) ^{8/31}

1. FY2010 Plan

Unit : Million yen

	1 st Half Term			2 nd Half Term		Fiscal Term
	1Q (10/Apr- Jun)Result	2Q (10/Jul- Sep)Plan	TOTAL (10/Apr- Sep)Plan	TOTAL (10/Oct - 11/Mar) Plan		TOTAL (10/Apr-11/Mar) Plan
① Net Sales	16,056	16,944	33,000	34,000		67,000
② Operating Income	1,215	685	1,900	1,300		3,200
③ Ordinary Income	937	863	1,800	2,100		3,900
④ Net Income	628	622	1,250	1,350		2,600

2. FY2009 Result

Unit : Million yen

	1 st Half Term			2 nd Half Term			Fiscal Term
	1Q (09/Apr- Jun)	2Q (09/Jul - Sep)	TOTAL (09/Apr-Sep)	3Q (09/Oct- Dec)	4Q (10/Jun-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> 1Q Financial Result compared with FY2009 4Q

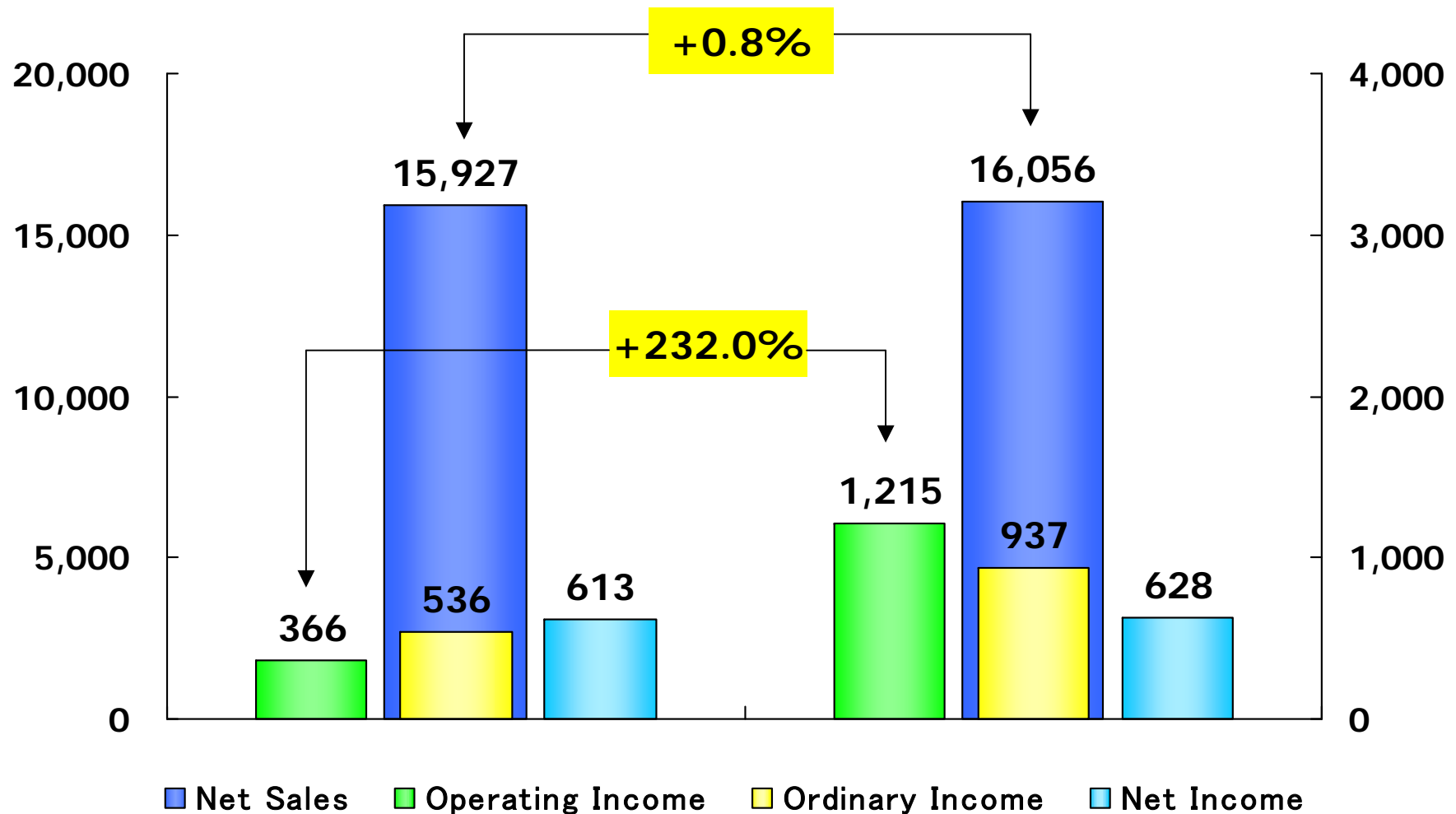
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Sales Amount :
Million yen

FY2009
Jan-Mar

FY2010
Apr-Jun

Income :
Million yen



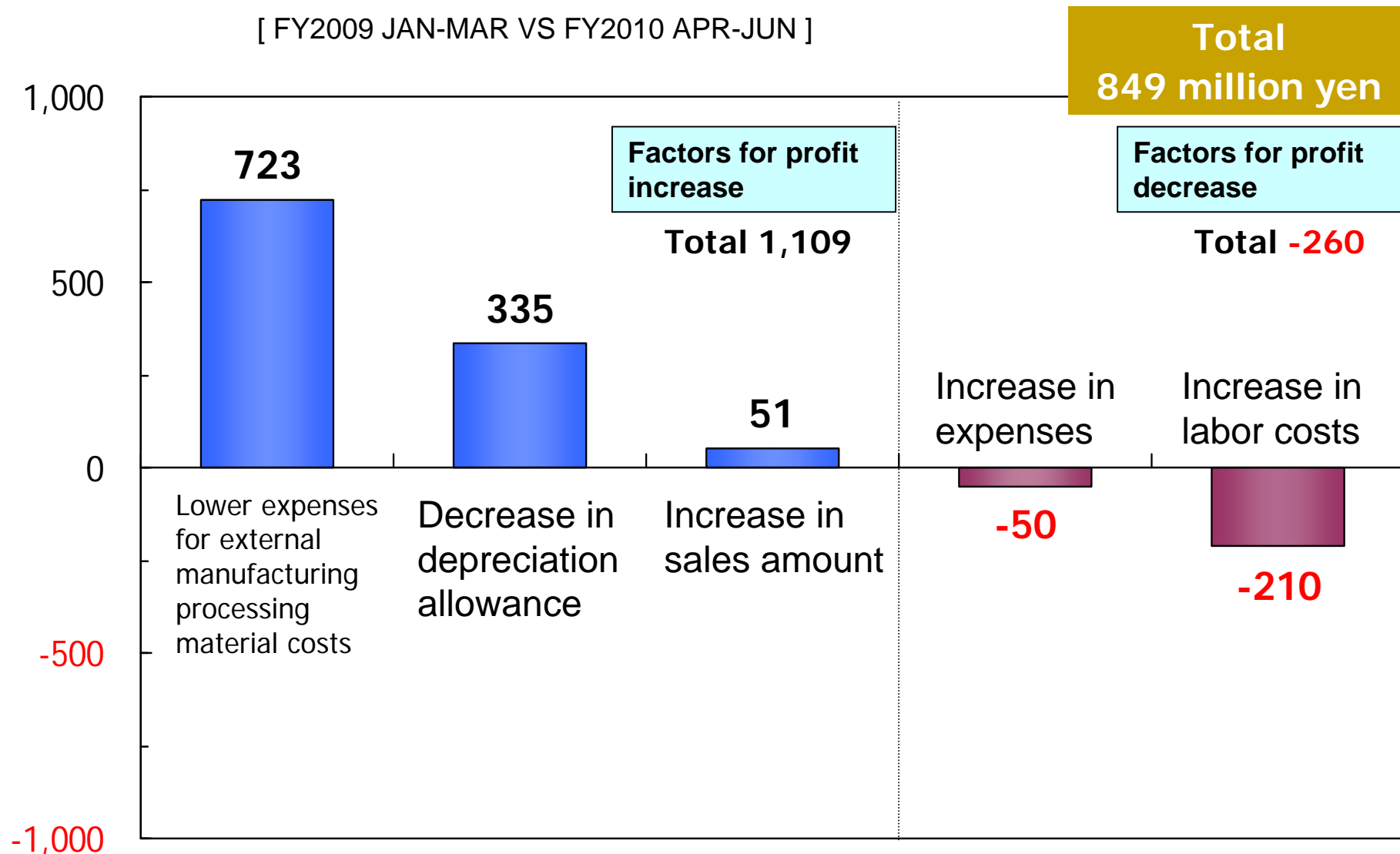


<Consolidated> Analysis of sales expenses compared with FY2009 4Q

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Analysis of factors for increase/decrease of consolidated operating income Unit : Million yen

[FY2009 JAN-MAR VS FY2010 APR-JUN]





<Consolidated> Cash Position

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Unit : Million yen

	2010/MAR (A)	2010/JUN (B)	Differential (B-A)
Assets	56,113	55,927	-186
Cash and cash equivalents	8,758	8,879	121
Accounts receivable	16,337	15,832	-505
Inventories	5,240	6,084	844
Fixed assets	22,133	21,396	-737
Liabilities	24,986	25,477	491
Accounts payable and accrued expenses	10,841	11,834	993
Interest-bearing dept	10,965	10,871	-94
Net assets	31,127	30,450	-677
Common stock	7,996	7,996	None
Capital adequacy ratio	55.3 %	54.2 %	-1.1 %



<Consolidated> Cash Flow Position

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Unit : Million yen

	FY2009 APR-JUN	FY2010 APR-JUN
Operating Cash Flow	2,343	1,487
Working capital	74	358
Income before income taxes	704	942
Depreciation	946	835
Accrued bonus etc...	619	-648
Investing Cash Flow	-535	-734
Free Cash Flow	1,808	753
Financing Cash Flow	-640	-582
Increase(decrease) in interest-bearing dept.	-458	-94
Purchases of treasury stock	-1	-1
Dividends paid	-181	-487
Initial balance	9,072	8,749
Final balance	10,216	8,803



<Consolidated> Segment information

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FY2010 Apr-Jun

Unit : Million yen

	Segment report				TOTAL (Quarterly consolidation profit and loss statement)
	CS Division	FC Division	TP Division	Others	
Net Sales	6,087	7,994	1,940	35	16,056
Segment Income (Operating income)	280	902	9	24	1,215

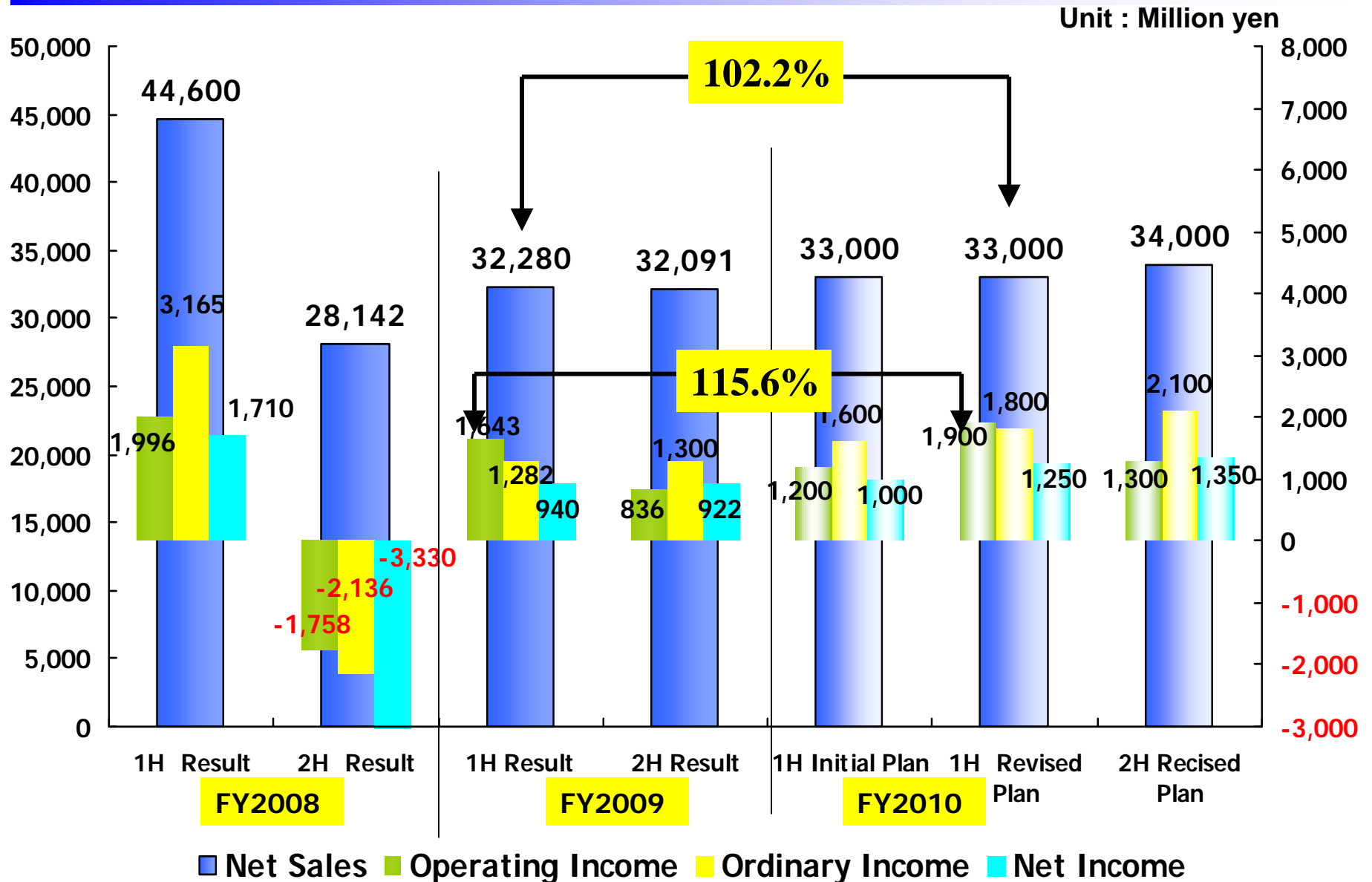


FY2010 1Q Result and Prospect

President and COO Tetsuya Nakamura



Half Fiscal Term Performance (FY2008-FY2010) 15/31

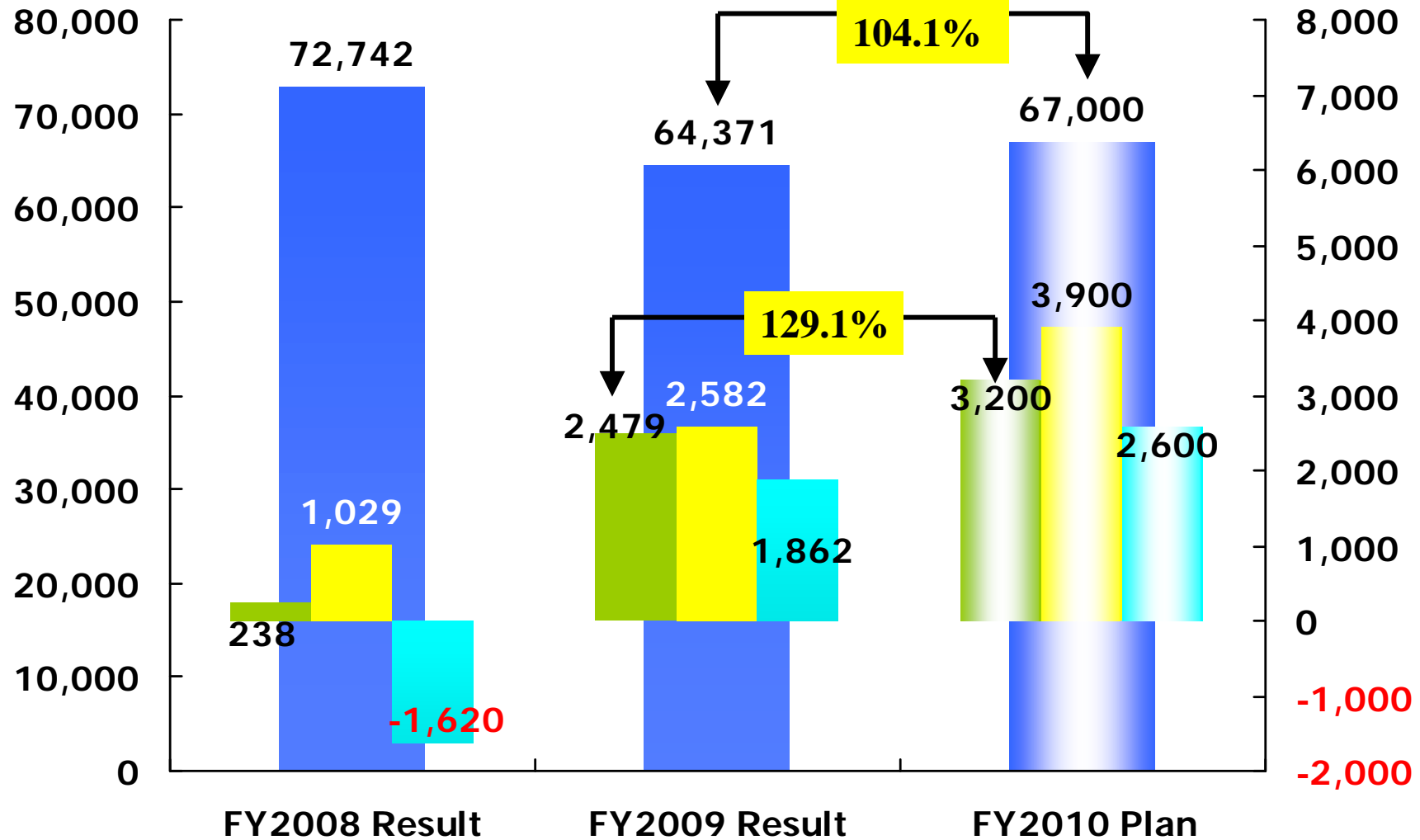




Full Fiscal Term Performance (FY2008-FY2010) 16/31

Sales Amount :
Million yen

Income : Million yen



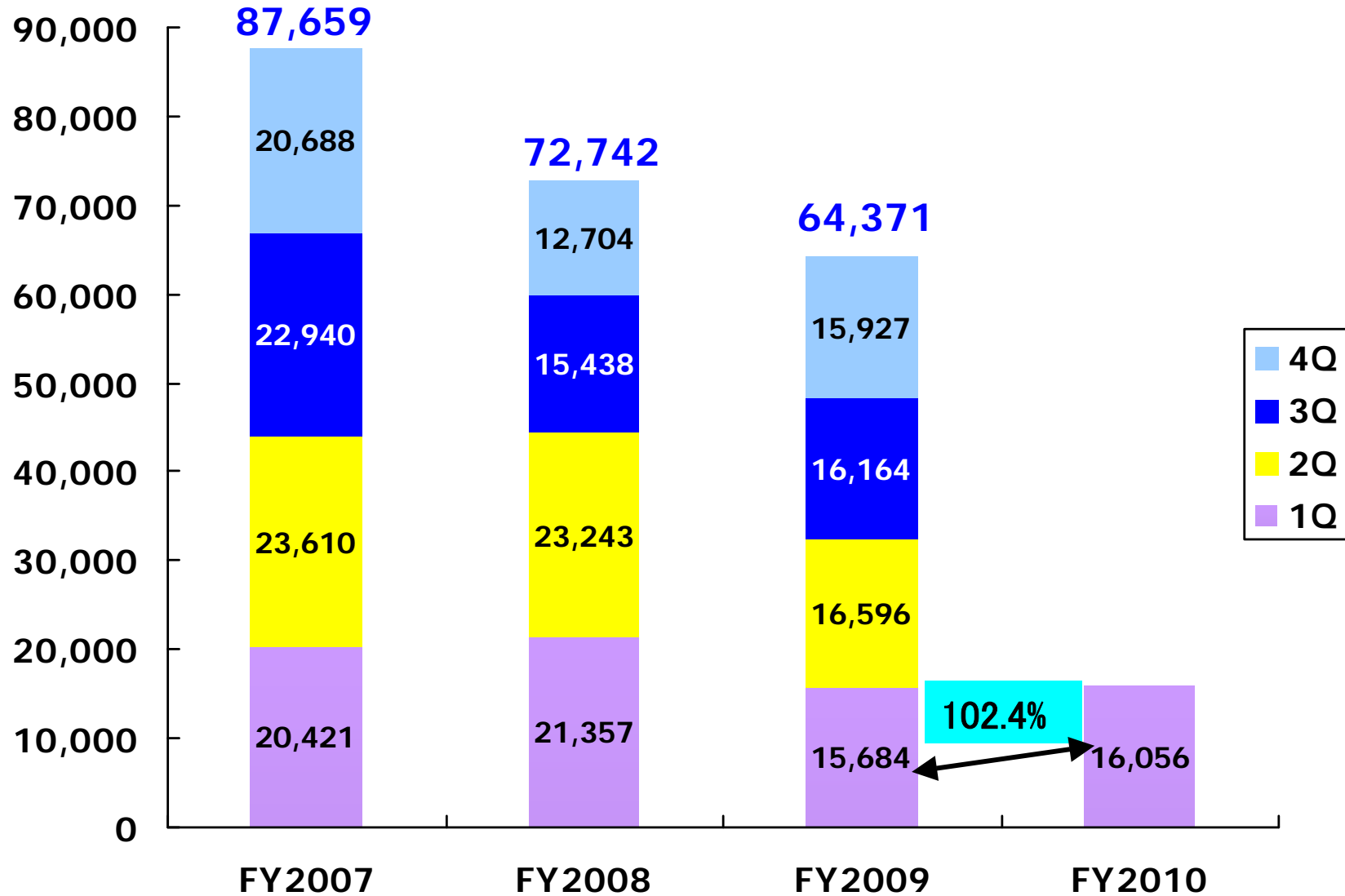
■ Net Sales ■ Operating Income ■ Ordinary Income ■ Net Income





<Consolidated> Trends in performance Net Sales (Quarterly)

Unit : Million yen

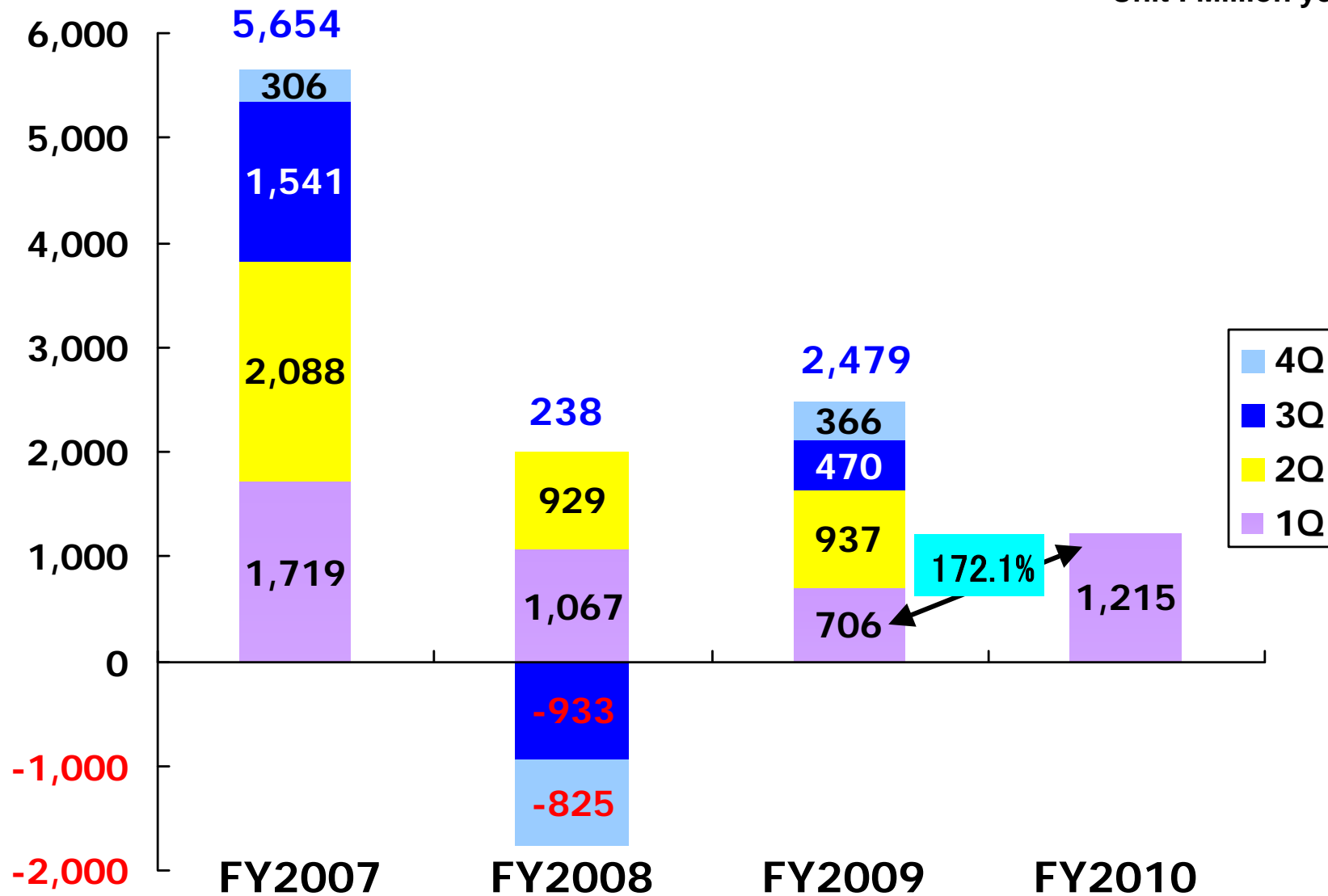




<Consolidated> Trends in performance Operating Income (Quarterly)

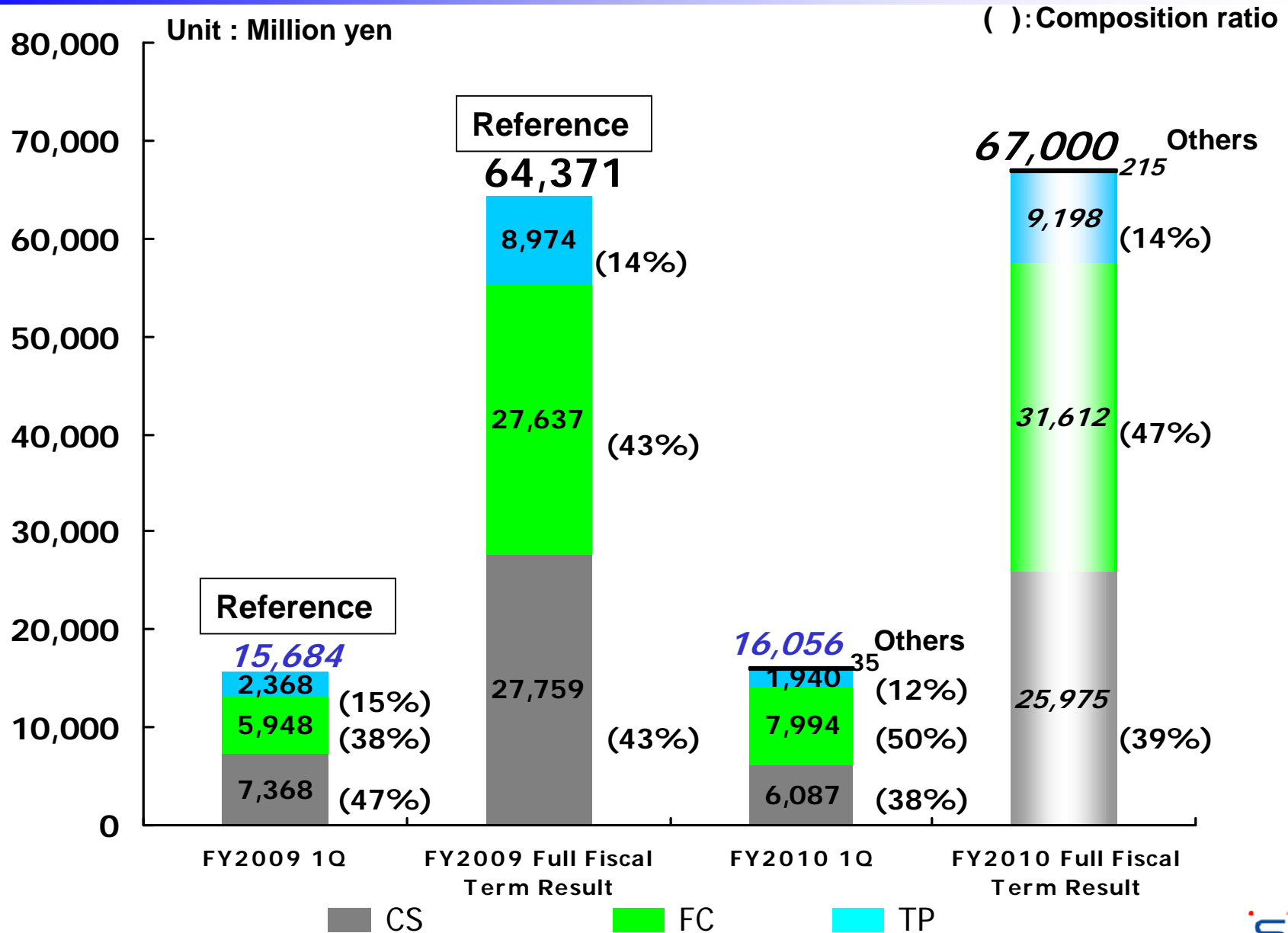
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Unit : Million yen





<Consolidated> Net Sales by production division (FY2009~FY2010)

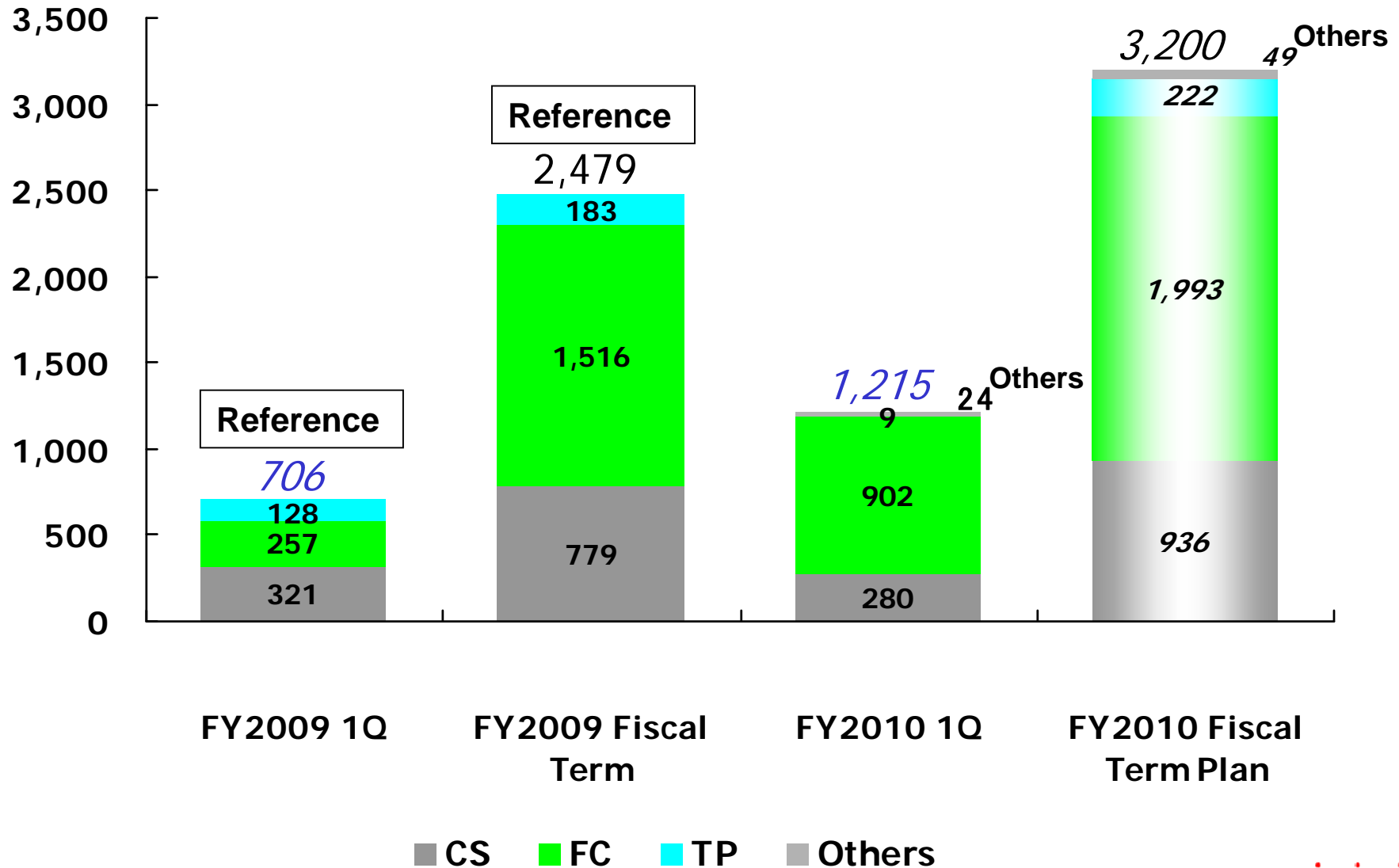




<Consolidated> Operating Income by production division (FY2009~FY2010)

20/31

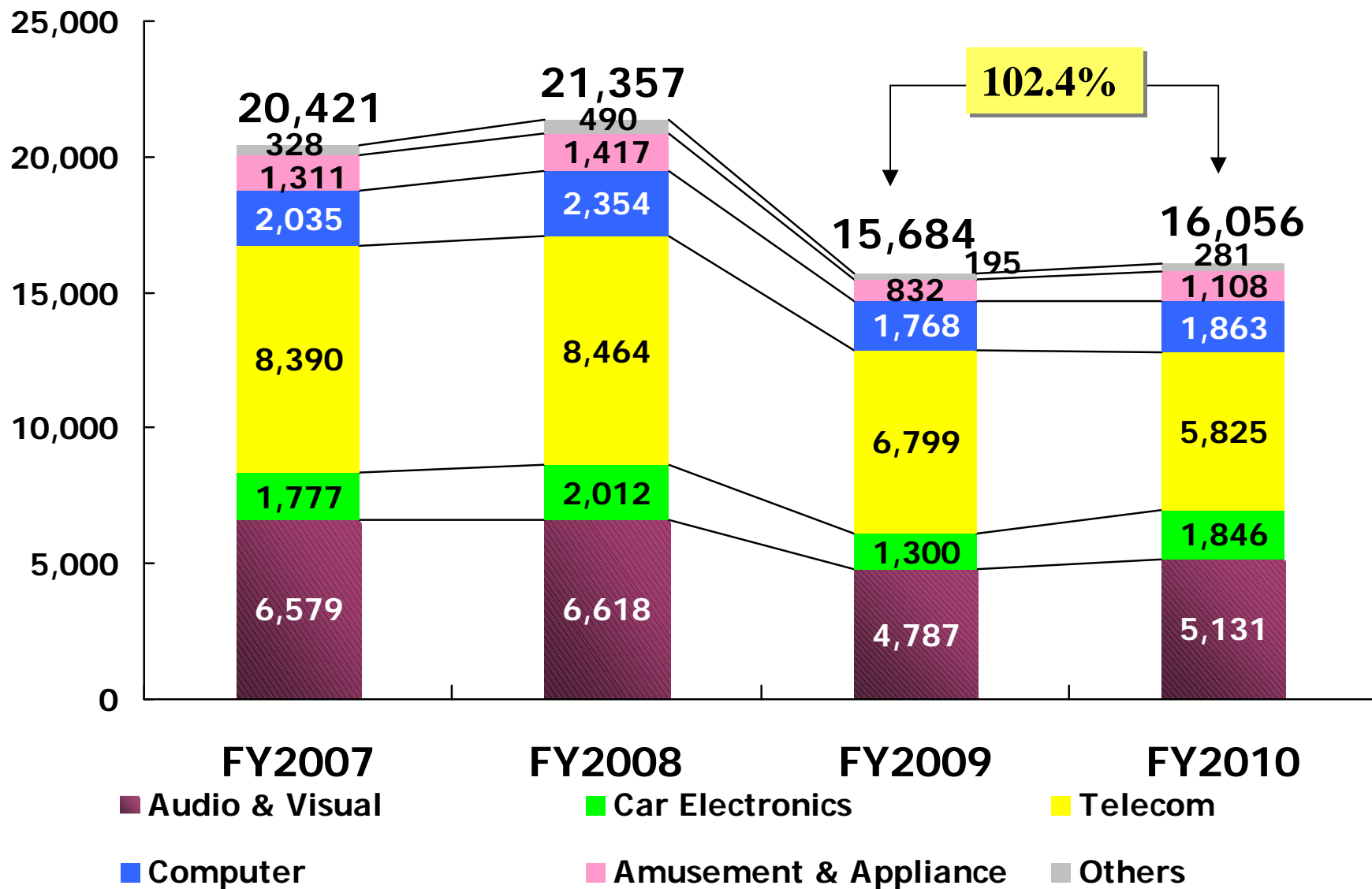
Unit : Million yen





Reference: 1Q Net Sales by Market (FY2007~FY2010)

Sales Amount : Million yen





Basic Stance
Expansionary Course Accompanied by Fair Profit

**Responding to market
paradigm shifts**

Technical and product development
Emphasis on "monozukuri"

**Volume zone-aware
product development**

**Value-creating company
that continues growing**

**Environment, energy and health
market
business development**

Strengthen marketing capabilities

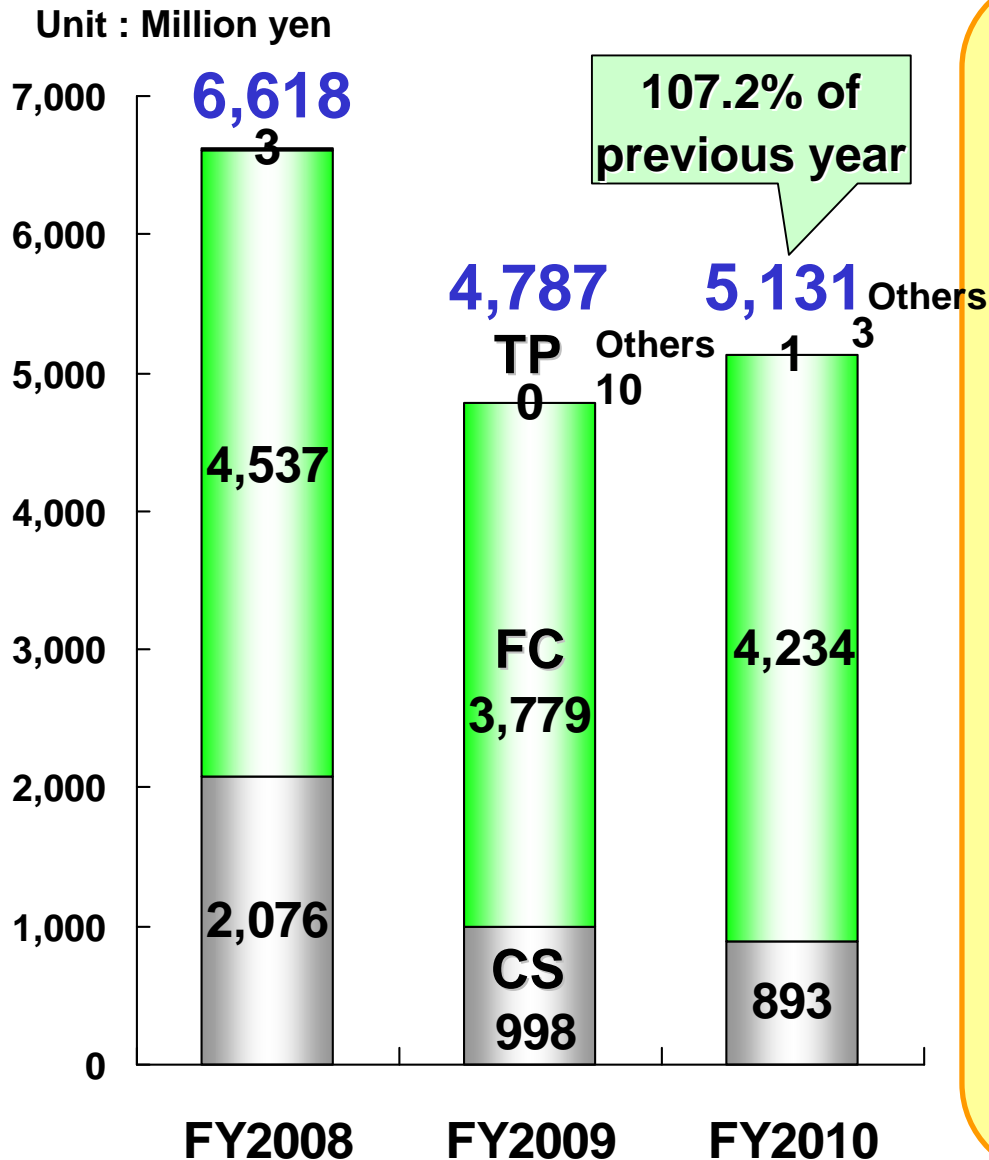


FY2010 1Q Market Trends

Vice President Hiroshi Miyakawa

Audio & Visual Market < 1Q Sales >

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FC

Increased sales due to greater share of the market for flat TV RF remote controls

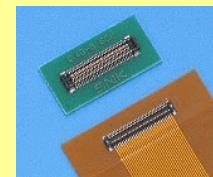


Increased sales of modems for set-top boxes



CS

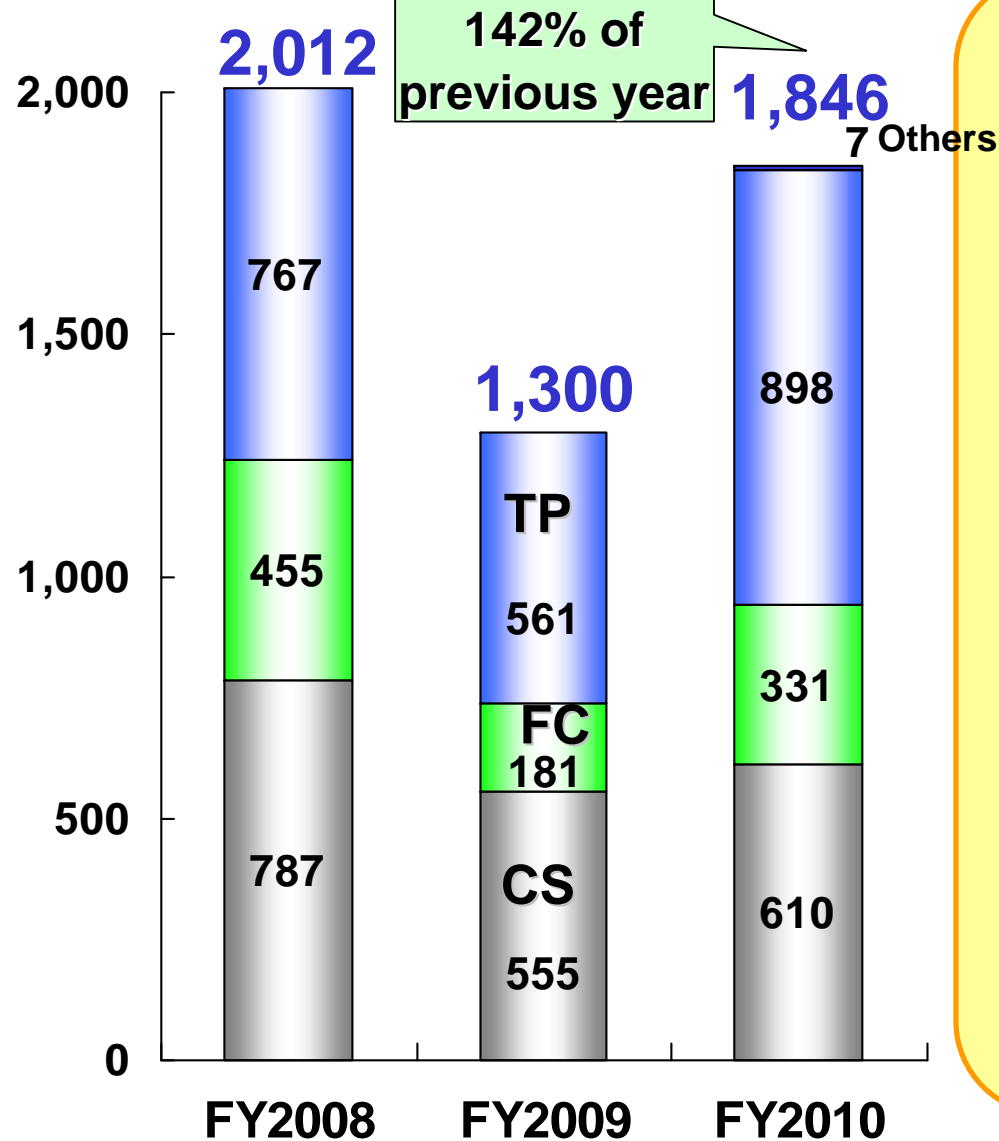
Increased competition for portable audio equipment B-to-B connectors



Car Electronics Market < 1Q Sales >

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Unit : Million yen



TP

Increased sales of touch panel for car navigation systems



FC

Increased sales of microphone units for car navigation systems and remote controls for commercial car navigation systems

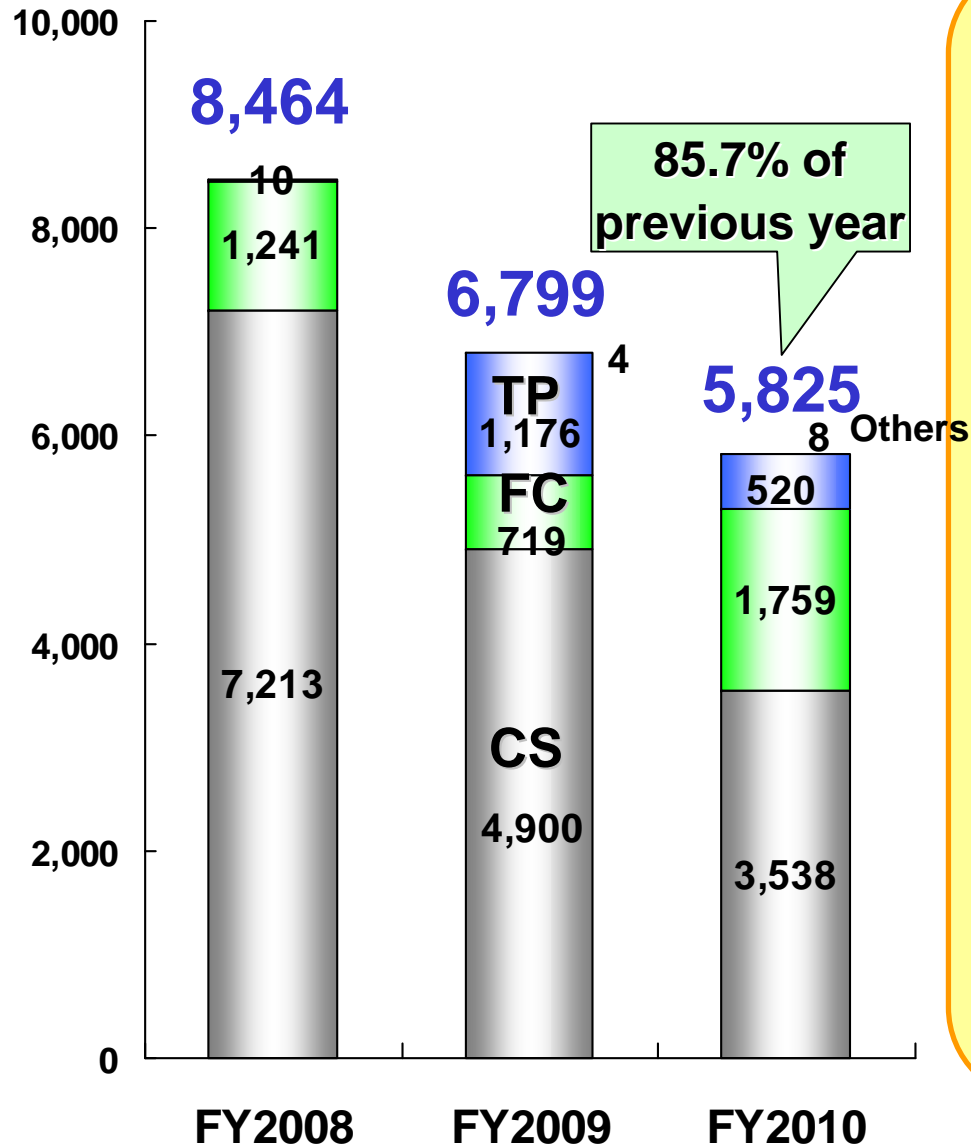


CS

Increased sales of audio jacks for commercial car navigation systems and car audio equipment



Unit : Million yen



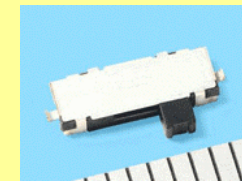
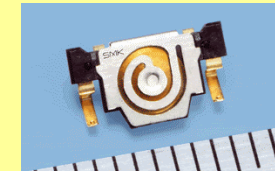
TP

Decreased sales of touch panel for domestic mobile phones



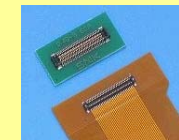
FC

Increased sales due to greater share of the market for smart phone (overseas market) switches



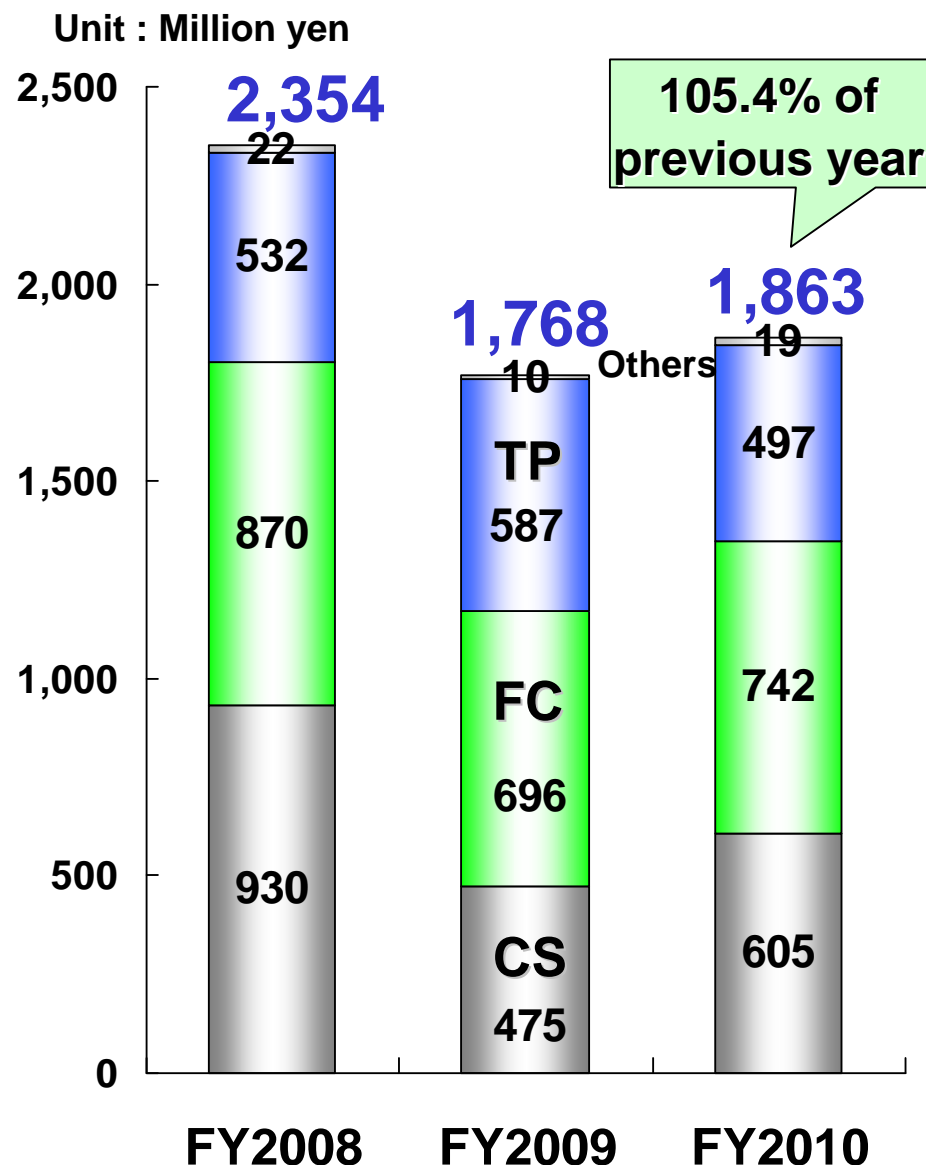
CS

Increased competition for overseas market mobile phone I/O connectors and internal connectors, and reduced potential of camera connectors



Personal Computer Market < 1Q Sales >

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TP

Reduced sales of touch panels due to POS production adjustment



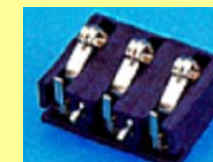
FC

Increased sales of remote control for Windows 7 and optical receiver



CS

Increased sales of battery connector for note personal computer

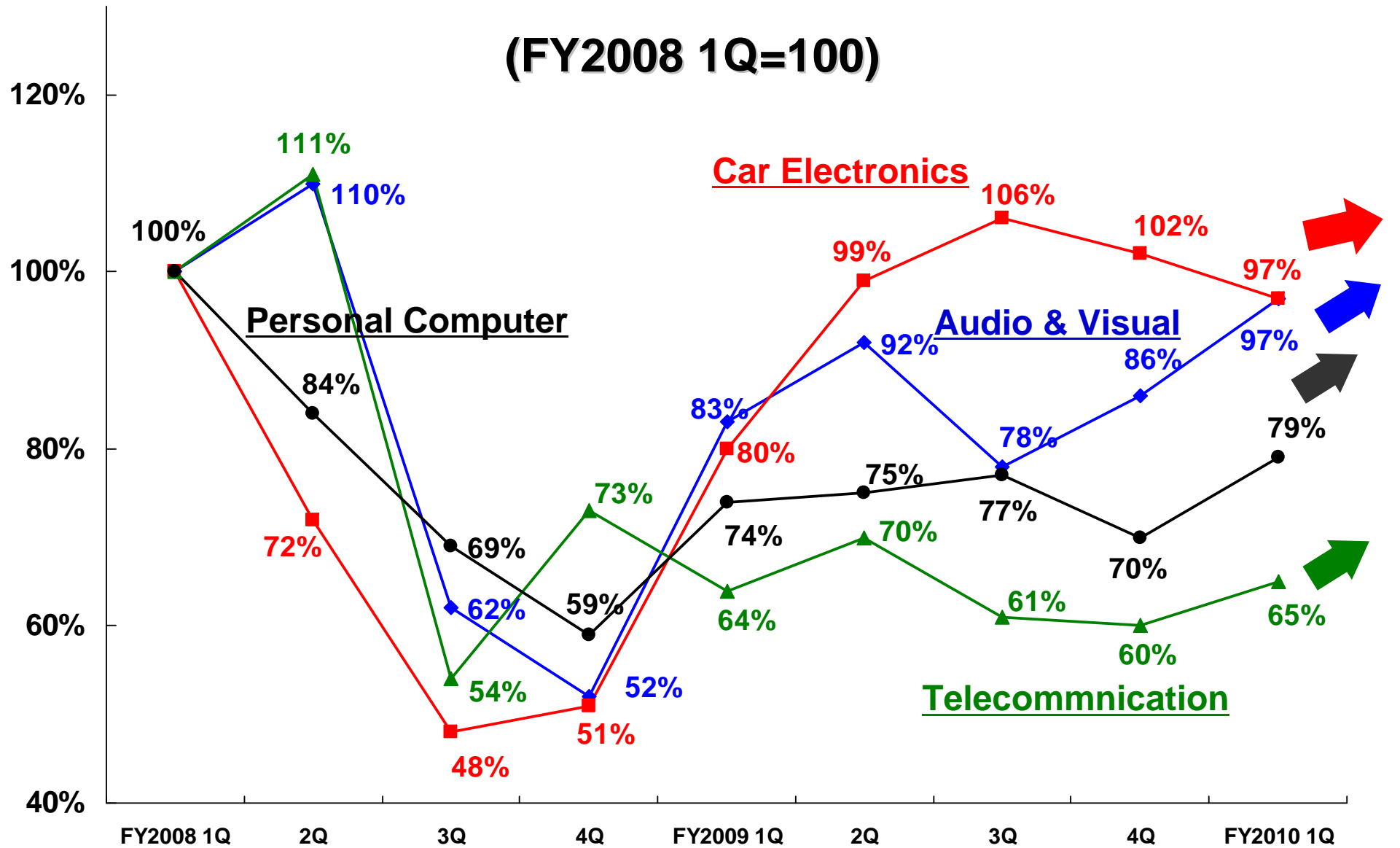


Increased sales of coaxial connector for communication card



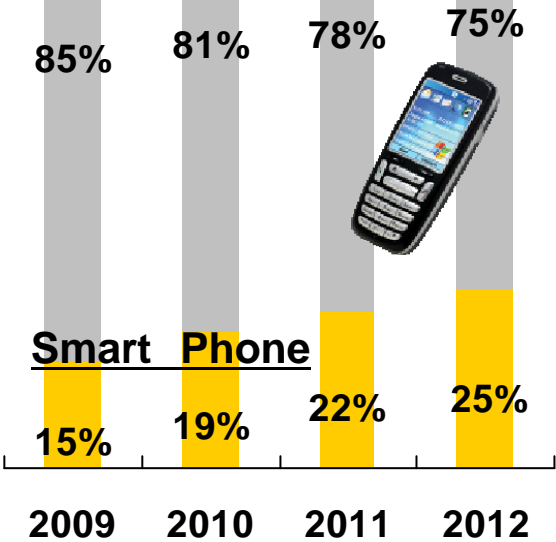
Order index transition by Market

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Mobile Phone Market

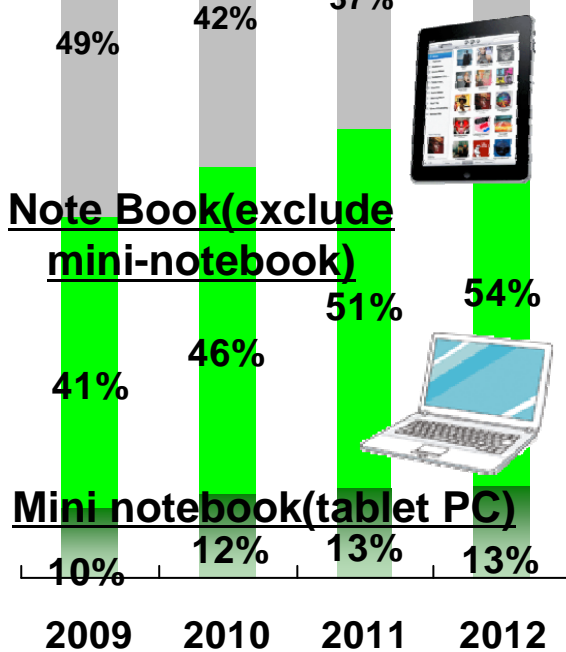
Standard Type



Smart Phone

Personal Computer Market

Desk Top

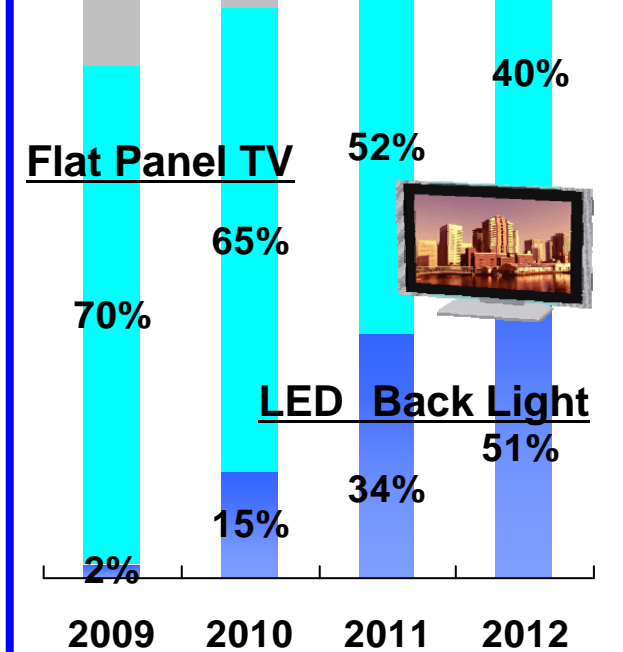


Note Book (exclude mini-notebook)

Mini notebook (tablet PC)

Audio & Visual Market

CRT TV



Flat Panel TV

LED Back Light

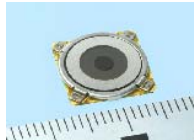
Micro USB Connector



Capacitive Touch Panel



Capacitive Switch



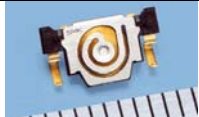
HDMI Connector



Interface connector (thin type)



Dome Switch



Battery Connector



Touch Panel

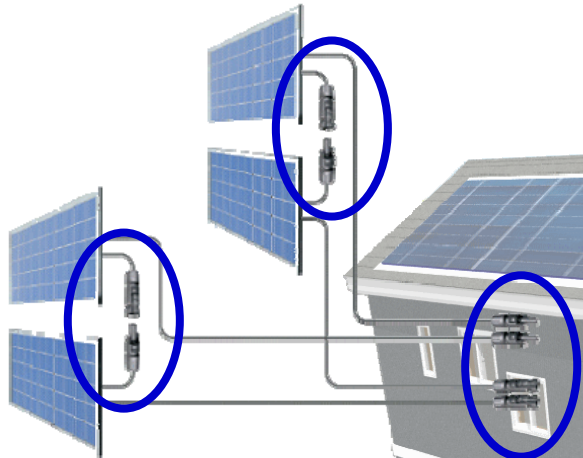


High performance RF Remote Control



Proposal of Connector to Eco-Product 30/31

For Solar Light Panel



For LED Back Light



Connectors for Photovoltaic Module

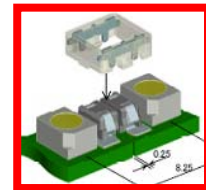


For Smart Meter

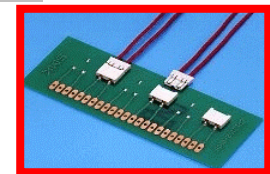
Coaxial Connector



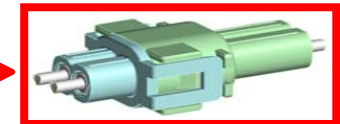
Board to Board Connector



Wire to Board Connector



Relay Connector





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/>