



2010 Business Report
Year Ended March 31, 2010

The background of the cover features a large, semi-transparent globe showing the Americas, set against a light green sky. Below the globe, there is a dark green circuit board with numerous small components. The text 'Creating the future' is overlaid in a large, bold, green font across the middle of the image.

Creating the future

CMK CORPORATION

Securities Code No.: 6958



To Our Shareholders

I am pleased to present our 50th business report for the fiscal year from April 1, 2009 to March 31, 2010. I would like to take this opportunity to express our gratitude to our shareholders for your support, and respectfully ask for your continued support and understanding in the future.

June 2010

A handwritten signature in black ink that reads "T. Nakayama." The signature is written in a cursive, flowing style.

Takahiro Nakayama
Representative Director and President

"With aggressive business development, we will establish a highly profitable operating structure."

Q Please summarize the results for fiscal 2009.

Through business restructuring and comprehensive cost cutting, the CMK Group achieved profitable operations in the second half of the fiscal year.

During fiscal 2009, the Japanese economy staged a gradual improvement, reflecting the effects of fiscal stimulus introduced by governments around the world, and the strong growth of emerging countries, such as China. However, given the appreciation of the yen and the progress of deflation, as well as sluggish capital spending and an anemic employment environment, the actual recovery remained weak. In the electronic parts industry, in which the CMK Group operates, despite a recovery in demand from sectors related to digital home electrical appliances and hybrid cars, the overall industry continued to face challenging conditions.

Responding to these conditions, the CMK Group continued to focus on strengthening its global production and sales. Consequently, sales improved every quarter. However, with the severe operating environment both in Japan and overseas in the first half of the fiscal year under review, and a delay in the full recovery of demand from the auto and digital home electrical appliances industries, in addition to escalating price competition with competitors, our consolidated net sales declined 16.3% from the previous fiscal year, to 90,070 million yen.

Turning to profits, we carried out business restructuring, including the closure of some production bases, and Group-wide

comprehensive cost cutting, including a reduction in labor costs. As a consequence of these efforts, the Group recorded ordinary income in the second half of the fiscal year under review. However, this turnaround could not offset significant losses recorded in the first half. As a result, the Group was forced to post an operating loss of 395 million yen (compared with an operating loss of 2,633 million yen for the previous fiscal year) on a consolidated basis, an ordinary loss of 777 million yen (compared with an ordinary loss of 3,587 million yen for the previous fiscal year), and a net loss 2,340 million yen (compared with a net loss of 8,378 million yen for the previous fiscal year).

Q Please explain the outlook for fiscal 2010.

Through business restructuring and a focus on strengthening sales of high-value added products, we will aim to achieve profitable operations on a full-year basis.

In fiscal 2010, I believe that the global economy will continue its recovery, benefiting from the strong growth in emerging countries, such as China and India. However, given concerns over the surging prices of raw materials and the fiscal problems in the euro zone, which could potentially have a significant impact on the global economy, considerable economic uncertainty remains. The Japanese economy, meanwhile, is likely to remain unable to manage an independent recovery, as it will still rely heavily on a recovery in the global economy, and concerns over the appreciation of the yen and the persistent deflation are likely to

become apparent. The electronic parts industry is also expected to face difficult operating conditions, given a fall in sales prices in the face of increasing global competition and higher raw material prices.

In this very challenging management environment, the CMK Group is committed to achieving a steady recovery in earnings through the business restructuring initiatives it has carried out. We will also strive to expand our operations by stepping up sales of high-value added products, such as build-up PWBs and package substrates, and by responding promptly to rapidly growing demand for new products.

Through these initiatives, we expect to record net sales of 105 billion yen on a consolidated basis, up 16.6% from the previous fiscal year, operating income of 2.3 billion yen, compared with an operating loss of 395 million yen, ordinary income of 2 billion yen, compared with an ordinary loss of 777 million yen, and net income of 1 billion yen, compared with a net loss of 2,340 million yen.

Q What specific business development will you particularly focus on during fiscal 2010?

We will make capital investments of 2.5 billion yen in the cutting-edge production lines of highly complex products, while also investing 500 million yen in products related to LEDs.

Targeting the automotive, digital home electrical appliances and mobile phone markets as growth markets, the CMK Group has been strengthening its global production and sales systems. In the automotive market, in particular, the Group's products have been steadily adopted for hybrid and electric cars as the Group's high quality manufacturing technologies and their reliability are highly evaluated by manufacturing customers. Because the control systems of automobiles are expected to become increasingly computerized, products provided by the Group are believed to become more important for the development and the progress of automobiles in the future. The Group will strengthen its global production and sales systems, and is resolved to develop operations that will be unmatched by competitors by taking its product quality and reliability to new levels.

In the digital home electrical appliances market, the CMK Group will actively develop its operations in the LED market, given a rise in the use of LEDs for LCD televisions and lighting. To reduce the heat emitted from LEDs, metallic substrates based on aluminum and copper are used for LCDs. In response, the Group has invested approximately 500 million yen in its plant in Malaysia, and has established production lines that specialize in manufacturing metallic substrates, harnessing the Group's know-

how in the production of metallic substrates. The plant in Malaysia has been managed as a plant specializing in the manufacture of single-side substrates. However, considering a recent rise in demand for LEDs, in its effort to bolster earnings, the Group has decided to transform the plant in Malaysia into one that specializes in manufacturing metallic substrates. The Group aims to increase the plant's monthly production capacity from the current 20,000m² to 100,000m² in the future.

In the mobile phone market, demand for high-function information terminals, such as smart phones, is expected to grow in the future. While these terminals have been steadily miniaturized, their functions have improved significantly. Consequently, requirements for printed wiring boards have been rising dramatically. The CMK Group has been rapidly expanding its operations associated with these high-function information terminals. In particular, it has invested approximately 2.5 billion yen in production lines for high-value added products, such as package substrates and component embedded substrates, to make these products an earnings mainstay in the future.

The CMK Group is resolved to strengthen its competitiveness by bolstering its product quality, reliability and superior technologies. By actively developing its operations to capture growing demand for new products, the Group aims to improve its performance.

Q Finally, what message do you have for shareholders?

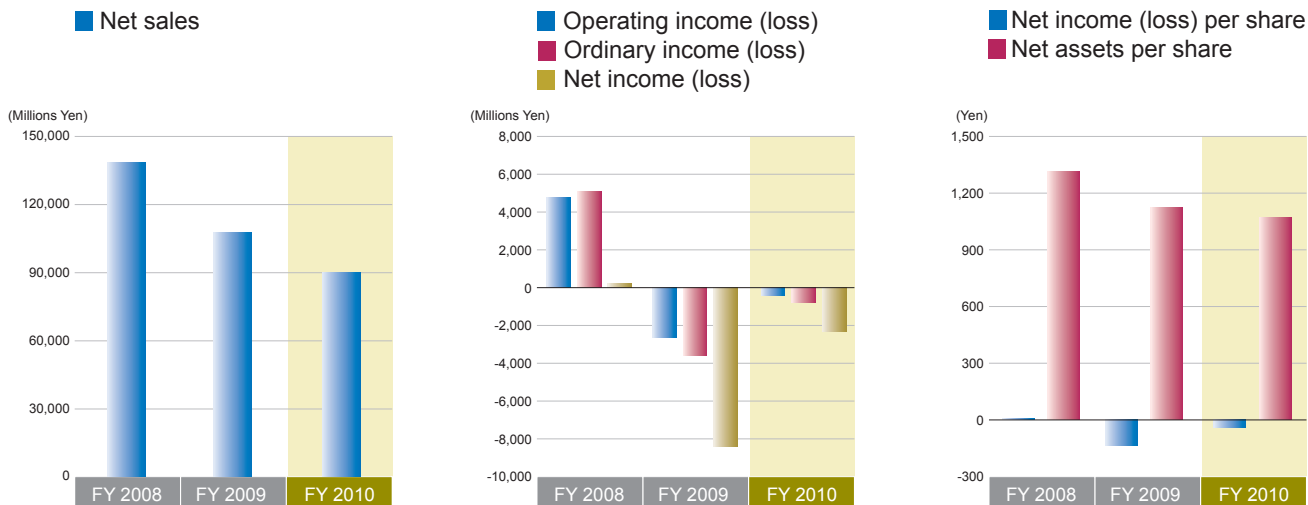
By actively making the investments that are essential for the expansion of its operations, the CMK Group seeks to bolster its corporate value.

The basic policy of the CMK Group with respect to the return of profits to its shareholders is to pay steady dividends while maintaining a sound level of internal reserves, to be used effectively to expand operations and maintain and strengthen competitiveness. Because the Group recorded substantial losses during the fiscal year under review, it regrets to report that it did not pay interim dividends. However, in the second half of the fiscal year, with the impact of its business restructuring initiatives, the Group recorded profits on a consolidated basis. Although the economic outlook remains uncertain, in accordance of the above basic policy of paying steady dividends wherever possible, it has determined to pay a year-end dividend of 2 yen per share for the fiscal year under review.

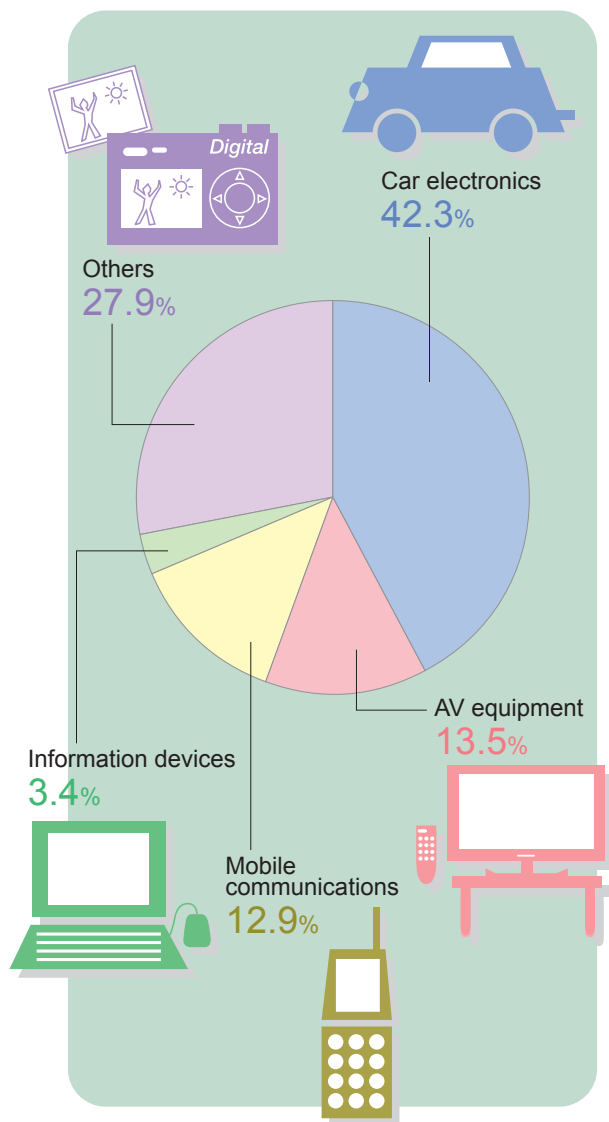
The CMK Group is determined to achieve its management objectives, and will make concerted efforts to bolster its corporate value in the future. As we pursue this course, we hope that we can continue to count on the support and understanding from our shareholders.

	Yen (Millions)			U.S. Dollars (Thousands)
	FY 2008 April 1, 2007 - March 31, 2008	FY 2009 April 1, 2008 - March 31, 2009	FY 2010 April 1, 2009 - March 31, 2010	FY 2010 April 1, 2009 - March 31, 2010
Net sales	¥138,502	¥107,583	¥90,070	\$968,078
Operating income (loss)	4,779	(2,633)	(395)	(4,245)
Ordinary income (loss)	5,105	(3,587)	(777)	(8,351)
Net income (loss)	221	(8,378)	(2,340)	(25,150)
Net assets	¥84,046	¥68,985	¥65,986	\$709,221
Total assets	150,060	129,044	124,140	1,334,264
Net income (loss) per share	¥3.62	¥(138.94)	¥(39.84)	\$(0.42)
Net assets per share	1,314.00	1,123.42	1,069.80	11.49

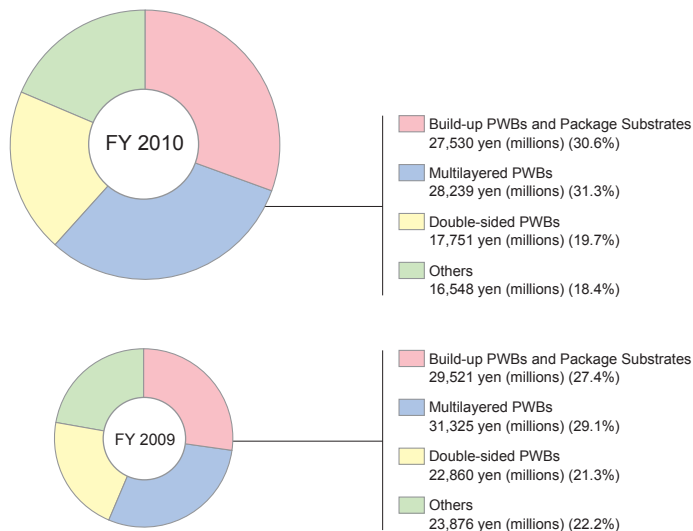
Notes: 1. U.S. Dollars amounts have been translated from Yen, for convenience only, at the rate of ¥93.04 = \$1, the Tokyo foreign exchange market rate as of March 31, 2010.
2. All Millions Yen and Thousands U.S. Dollars amounts are rounded to the nearest figure.



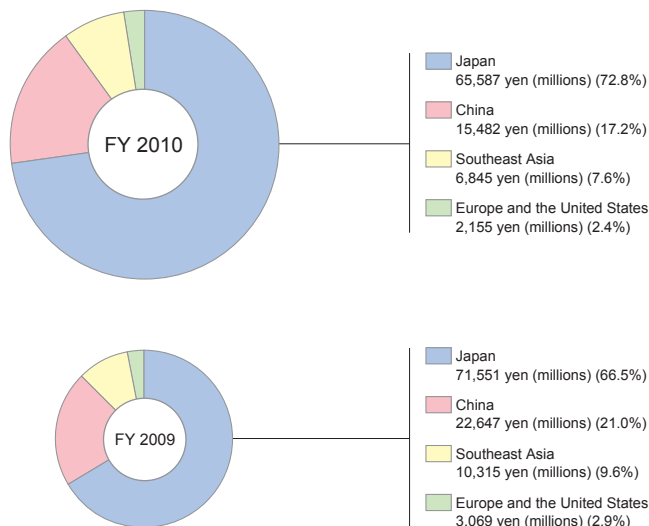
● Sales by application



● Sales by type of PWB



● Sales by region



Consolidated Balance Sheet

(Unit: Thousands of U.S. Dollars/Millions of yen)

	Yen (Millions)		U.S. Dollars (Thousands)		Yen (Millions)		U.S. Dollars (Thousands)
	FY 2010 As of March 31, 2010	FY 2009 As of March 31, 2009	FY 2010 As of March 31, 2010		FY 2010 As of March 31, 2010	FY 2009 As of March 31, 2009	FY 2010 As of March 31, 2010
(Assets)				(Liabilities)			
Current assets	¥65,267	¥62,335	\$701,493	Current liabilities	¥32,849	¥29,576	\$353,063
Cash and deposits	23,655	31,056	254,245	Notes and accounts payable	15,005	10,050	161,274
Notes and accounts receivable	30,894	21,763	332,050	Short-term borrowings	8,756	9,232	94,110
Marketable securities	47	43	505	Trade payables	6,305	4,370	67,766
Merchandise and finished goods	3,948	3,726	42,433	Income taxes payable	384	109	4,127
Work in process	3,931	2,122	42,250	Allowance for employee bonuses	722	717	7,760
Raw materials and supplies	1,733	2,080	18,626	Provision for loss on order received	247	154	2,654
Deferred income taxes	222	400	2,386	Allowance for restructuring	414	2,836	4,449
Other current assets	847	1,169	9,103	Other current liabilities	1,012	2,104	10,877
Allowance for doubtful accounts	(14)	(26)	(150)	Fixed liabilities	25,304	30,483	271,969
Fixed assets	58,846	66,675	632,480	Bonds	5,500	5,500	59,114
Tangible fixed assets	50,932	57,180	547,420	Long-term debt	19,006	23,669	204,277
Buildings and structures	20,467	23,158	219,980	Deferred tax liabilities	146	94	1,569
Machinery, equipment, and others	19,223	22,117	206,610	Allowance for employee retirement benefits	366	721	3,933
Land	10,328	10,561	111,006	Allowance for executive retirement benefits	163	226	1,751
Construction in process	111	424	1,193	Other	121	271	1,300
Other tangible fixed assets	800	918	8,598	Total liabilities	58,153	60,059	625,032
Intangible fixed assets	1,131	1,348	12,156	(Net assets)			
Goodwill	716	707	7,695	Shareholders' equity	63,818	68,039	685,920
Other intangible fixed assets	414	641	4,449	Capital	22,306	22,306	239,746
Investments and other assets	6,782	8,146	72,893	Additional paid-in capital	22,063	22,063	237,134
Investments in securities	3,602	5,035	38,714	Retained earnings	22,950	27,171	246,668
Deferred income taxes	80	281	859	Treasury stock	(3,502)	(3,501)	(37,639)
Other	3,163	2,866	33,996	Unrealized gains, translation gains, etc.	(971)	(2,041)	(10,436)
Allowance for doubtful accounts	(63)	(36)	(677)	Unrealized gains on available-for-sale securities	370	26	3,976
Deferred assets	25	34	268	Deferred hedge gains and losses	0	(0)	4
Bond issue costs	25	34	268	Foreign currency translation adjustment	(1,342)	(2,068)	(14,423)
				Minority interests in subsidiaries	3,139	2,987	33,738
				Total net assets	65,986	68,985	709,221
Total assets	124,140	129,044	1,334,264	Total liabilities and net assets	124,140	129,044	1,334,264

● Consolidated Statement of Operations

(Unit: Thousands of U.S. Dollars/Millions of yen)

	Yen (Millions)		U.S. Dollars (Thousands)
	FY 2010 For the year ended March 31, 2010	FY 2009 For the year ended March 31, 2009	FY 2010 For the year ended March 31, 2010
Net sales	¥90,070	¥107,583	\$968,078
Cost of sales	81,949	100,098	880,793
Gross profit	8,120	7,485	87,274
Selling, general, and administrative expenses	8,516	10,118	91,530
Operating income (loss)	(395)	(2,633)	(4,245)
Non-operating income	1,079	1,133	11,597
Non-operating expenses	1,461	2,087	15,702
Ordinary income (loss)	(777)	(3,587)	(8,351)
Extraordinary income	182	27	1,956
Extraordinary losses	749	3,655	8,050
Net income (loss) before taxes and other adjustments	(1,344)	(7,215)	(14,445)
Corporate, residence, and enterprise taxes	619	589	6,653
Corporate taxes and other adjustments	197	536	2,117
Gains on minority Interests in subsidiaries	177	36	1,902
Net income (loss)	(2,340)	(8,378)	(25,150)

● Consolidated Statement of Cash Flows

(Unit: Thousands of U.S. Dollars/Millions of yen)

	Yen (Millions)		U.S. Dollars (Thousands)
	FY 2010 For the year ended March 31, 2010	FY 2009 For the year ended March 31, 2009	FY 2010 For the year ended March 31, 2010
Cash flows from operating activities	¥(1,067)	¥17,495	\$(11,468)
Cash flows from investing activities	(1,798)	(8,896)	(19,325)
Cash flows from financing activities	(4,623)	7,343	(49,688)
Effect of exchange-rate changes on cash and cash equivalents	88	(1,160)	945
Net increase (decrease) in cash and cash equivalents	(7,400)	14,782	(79,535)
Cash and cash equivalents at beginning of year	31,038	16,255	333,598
Cash and cash equivalents at end of year	23,637	31,038	254,052

● Consolidated Statement of Shareholders' Equity (FY 2010: April 1, 2009 - March 31, 2010) (Unit: Thousands of U.S. Dollars/Millions of yen)

	Shareholders' equity									
	Common stock		Additional paid-in capital		Retained earnings		Treasury stock		Total shareholders' equity	
Balance as of March 31, 2009	\$239,746	¥22,306	\$237,134	¥22,063	\$292,035	¥27,171	\$(37,628)	¥(3,501)	\$731,287	¥68,039
Change during this consolidated fiscal year										
Net loss					(25,150)	(2,340)			(25,150)	(2,340)
Purchase of treasury stock							(8)	(0)	(8)	(0)
Sale of treasury stock					(0)	(0)	1	0	0	0
Change of scope equity method					(20,206)	(1,880)			(20,206)	(1,880)
(Net) change during this consolidated fiscal year in accounts other than shareholders' equity										
Total change during this consolidated fiscal year	—	—	—	—	(45,356)	(4,220)	(7)	(0)	(45,367)	(4,221)
Balance as of March 31, 2010	239,746	22,306	237,134	22,063	246,668	22,950	(37,639)	(3,502)	685,920	63,818

	Unrealized gains (losses)								Minority shareholders' interests		Total net assets	
	Unrealized gains (losses) on available-for-sale securities		Deferred hedge gains and losses		Foreign currency translation adjustment		Total unrealized gains (losses)					
Balance as of March 31, 2009	\$279	¥26	\$(0)	¥(0)	\$(22,226)	¥(2,068)	\$(21,936)	¥(2,041)	\$32,104	¥2,987	\$741,455	¥68,985
Change during this consolidated fiscal year												
Net loss											(25,150)	(2,340)
Purchase of treasury stock											(8)	(0)
Sale of treasury stock											0	0
Change of scope of equity method											(20,206)	(1,880)
(Net) change during this consolidated fiscal year in accounts other than shareholders' equity	3,697	344	4	0	7,792	725	11,500	1,070	1,622	151	13,123	1,221
Total change during this consolidated fiscal year	3,697	344	4	0	7,792	725	11,500	1,070	1,622	151	(32,233)	(2,999)
Balance as of March 31, 2010	3,976	370	4	0	(14,423)	(1,342)	(10,436)	(971)	33,738	3,139	709,221	65,986

Activities to protect the environment

Environmental Initiatives of the CMK Group

The activities the CMK Group undertakes to protect the environment are reported and disclosed in the CSR Report and in the environmental data that supplement the report. Here we describe measures being taken to combat global warming and achieve zero emissions, areas that have attracted growing attention recently.



● Measures to combat global warming

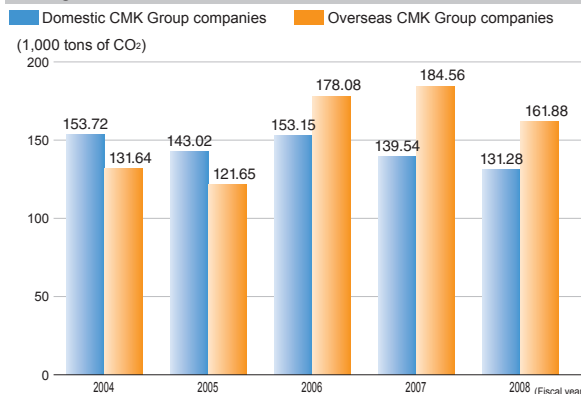
To reduce CO₂ emissions that cause global warming, our Group has taken steps to conserve energy in all of its business activities, irrespective of whether they taken place in production facilities or offices.

- ▶ Energy conversion has been achieved (from Bunker A to city gas)
- ▶ Steps have been taken to reduce compressed air leakage and the operation loss of air compressors
- ▶ Inverters have been adopted with air compressors and production line pumps
- ▶ The number of fluorescent lamps has been reduced and high-efficiency lamps and human sensors have been adopted
- ▶ Production lines have been terminated or integrated in a planned manner, and their layout has been changed
- ▶ Cool Biz and Warm Biz measures are being implemented
- ▶ The CO₂ Reduction Working Group is active as an expert subcommittee

The above activities have resulted in a reduction in annual CO₂ emissions of 8,260 tons by domestic Group companies and 22,680 tons by overseas Group companies.

*When actual CO₂ emissions in FY2007 and FY2008 are compared

Change in annual CO₂ emissions



● Introduction of environmental account book

Starting in fiscal 2009, an environmental account book has been introduced in the homes of employees of domestic Group companies. By converting the electricity and gas consumed at households into CO₂ emissions, we can see how much CO₂ is being generated. The account book helps enhance our awareness on household CO₂ emissions and energy conservation.

● Measures to achieve zero-emission

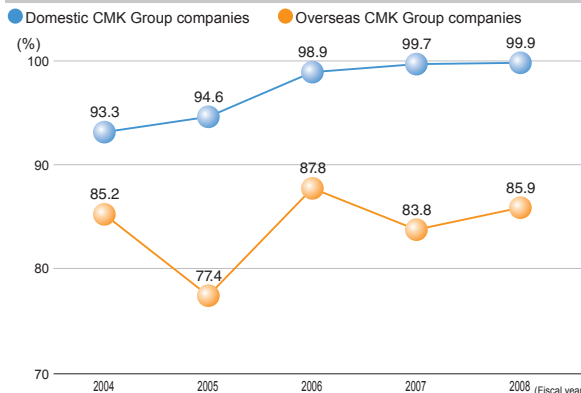
Active measures are being pursued to reduce the amount of waste generated and recycle waste into resources.

- ▶ Recycling is being encouraged by sorting the waste collected
- ▶ The volume of waste has been reduced
- ▶ Acid and plastic waste, as well as metal scrap, are being sold as valuable resources

The above activities enabled all production premises of the domestic Group companies to attain zero emissions, according to quick updates in fiscal 2009.

*CMK defines zero emissions as bringing the volume of waste treated by direct burial to zero.

Change in zero-emission ratio



- Name of listed company CMK CORPORATION
(Securities code no.: 6958)
- Date of establishment February 25, 1961
- Capital ¥22,306,203,140
- Address of head office 5-1 Nishishinjuku 6-chome,
Shinjuku-ku, Tokyo, Japan
- Number of employees 1,065

● Management (as of June 29, 2010)

Directors	President and Chief Executive Officer	Takahiro Nakayama
	Director and Executive Senior Managing Officer	Mikihiko Hattori
	Director and Executive Managing Officer	Takeo Takai
	Director and Executive Managing Officer	Tsutomu Yamaguchi
	Director and Executive Officer	Kazuhiro Ito
	Director and Executive Officer	Akiharu Nakayama

Auditors	Standing Auditor	Nobuo Akiyama
	Auditor	Hiroo Wakabayashi
	Auditor	Kimiaki Inagi

Executive Officers	Executive Officer	Kenichi Urushiyama
	Executive Officer	Nobuyuki Kageyama
	Executive Officer	Toshimi Kuroki
	Executive Officer	Masashi Koike
	Executive Officer	Kazuma Shiobara
	Executive Officer	Takahiro Shirai
	Executive Officer	Hiroshi Hanaoka

Senior Counselor	Noboru Nakayama
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● Primary Consolidated Subsidiaries

Japan

- CMK Mechanics Corporation
- CMK Multi Corporation
- CMK Niigata Corporation
- CMK Finance Corporation
- CMK Products Corporation
- Yamanashi Sanko Co., Ltd.
- CMK Kanbara Electronic Corporation Japan

Overseas

- CMKC (Hong Kong) Ltd.
- CMKC (Dong Guan) Ltd.
- CMK Electronics (Wuxi) Co., Ltd.
- CMK EUROPE N.V.
- CMK ASIA (PTE.) LTD.
- CMK CORPORATION (THAILAND) CO.,LTD.
- CMK AMERICA CORPORATION



- Total number of shares authorized 227,922,000
- Total number of shares issued and outstanding 63,060,164
- Number of shareholders 7,022
- Share trading unit 100
- Major shareholders (10 largest)

Shareholders	Investment in CMK	
	Number of shares held (thousands)	Percentage (%)
Japan Trustee Services Bank, Ltd. (Trust account)	8,651	13.7
The Master Trust Bank of Japan, Ltd. (Trust account)	2,992	4.7
Takahiro Nakayama	2,941	4.6
The Dai-ichi Mutual Life Insurance Company	2,845	4.5
Mizuho Corporate Bank, Ltd.	2,576	4.0
The Foundation for Technology Promotion of Electronic Circuit Board	2,500	3.9
Akiharu Nakayama	1,886	2.9
Panasonic Electric Works Co., Ltd.	1,860	2.9
Trust & Custody Services Bank, Ltd. as trustee for Hitachi Chemical Co., Ltd.; retirement benefit trust account re-entrusted by Mizuho Trust and Banking Co., Ltd.	1,822	2.8
Trust & Custody Services Bank, Ltd. as trustee for Tokyo Tomin Bank, Ltd.; retirement benefit trust account re-entrusted by Mizuho Trust and Banking Co., Ltd.	1,745	2.7

Note: Although the Company holds 4,313 thousand shares of treasury stock, it is not included in the above list of major shareholders.

Note: The Dai-ichi Mutual Life Insurance Company was renamed The Dai-ichi Life Insurance Company, Limited, as of April 1, 2010.

Fiscal year: April 1 through March 31 of the following year

Regular general meeting of shareholders: Held in June each year

Date of record for end-of-year dividends: March 31

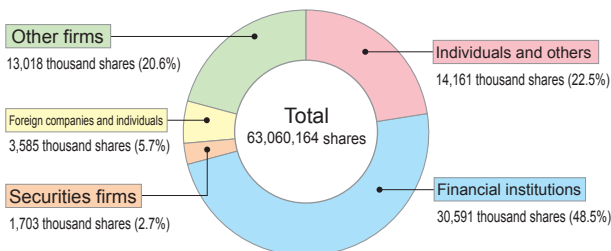
Date of record for mid-year dividends: September 30

Notification method: Electronic notification (company website at <http://www.cmk-corp.com>). If notification cannot be made electronically, it will be made using the *Nihon Keizai Shimbun*.

Stock transfer agent: Japan Securities Agents, Ltd. 2-4 Kayabacho 1-chome, Nihonbashi, Chuo-ku, Tokyo, Japan

Contact address: Japan Securities Agents, Ltd., Agent Division, 8-18 Shiohama 2-chome, Koto-ku, Tokyo 137-8650 ☎ 0120-707-843

● Shareholder Breakdown





<http://www.cmk-corp.com>

CMK

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