



*Creating the future*

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**2011 Business Report**

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Year Ended March 31, 2011

**CMK CORPORATION**

Securities Code No.: 6958



### Message from the President

My name is Kuniaki Kanemoto, and I am now the president and CEO of CMK Corporation. While continuing to face challenging business circumstances, we will seek to maintain the trust of all stakeholders in society, particularly our shareholders, in line with our policy of quality-first management.

We respectfully ask for the continued support and understanding of our shareholders.

June 2011

**Kuniaki Kanemoto**  
President and CEO

### Summary of results for fiscal 2010

During fiscal 2010, the Japanese economy showed moderate recovery, led by growth in emerging countries, particularly China. However, the economy continued to face a challenging situation, given the strong yen and surges in oil prices.

The electronic parts industry, in which the CMK Group operates, continued to face challenging conditions with falling sale prices due to intensifying global competition and rising material prices.

In the business environment, the Group focused on improving its results, using the global production and sales systems that were established following its restructure. However, although sales in automobile-related industries rose thanks to the economic stimulus measures introduced by governments, the prices of thin-screen televisions fell sharply, both in Japan and abroad, and demand for products for conventional mobile phones was weak. As a result, consolidated net sales in the fiscal year under review declined 3,047

million yen (3.4%) from the previous fiscal year, to 87,023 million yen.

Looking at profits, the entire Group sought to cut costs comprehensively and improve productivity. However, earnings worsened due to the decline in net sales, and the Group posted an operating loss of 1,041 million yen (compared with an operating loss of 395 million yen for the previous fiscal year). A foreign exchange revaluation loss of 591 million yen was recorded due to the strong yen. Consequently, ordinary loss stood at 1,991 million yen (compared with an ordinary loss of 777 million yen for the previous fiscal year).

Restructuring costs of 2,233 million yen, including costs associated with withdrawal from the single-sided PWB business in Malaysia, and compensation for damage of 802 million yen as a loss relating to claims for inferior quality were posted as extraordinary losses. As a consequence, the Group posted a net loss of 5,726 million yen (compared with a net loss of 2,340 million yen for the previous fiscal year).

## Outlook for fiscal 2011 and priorities

With the impact of the earthquake unclear, we expect that the Group will continue to face challenging management circumstances in fiscal 2011. However, we anticipate increased demand with high growth in emerging countries and continued market growth associated with the spread of digital home information appliances, particularly smartphones, and the development of electric vehicles and eco-friendly vehicles in the medium to long term as global price competition and technology competition in the electronics industry intensify.

In the business environment, the Group will boldly implement management reforms and focus on the following three business challenges as our top priorities.

### 1 Quality-first management

We will reaffirm our quality-first policy and will further enhance quality. We will respond to customers' requests, offering competitive prices and shortening lead times. To this end, we will bolster our production and sales systems and develop an efficient global production system, with products manufactured in the best locations. We will pursue strategic and flexible management. To overcome the challenging business environment, we will concentrate our management resources in growth fields and establish a profitable operating base.

### 2 Bolstering the overseas management system

To take advantage of increasing demand in global

markets, the Group promoted restructuring and developed an overseas production system for production in the best locations. The plants of overseas subsidiaries will do their best for quality management and cost cutting. We will consolidate those operating bases as the Group's main production bases.

### 3 Enhancing high-value-added products

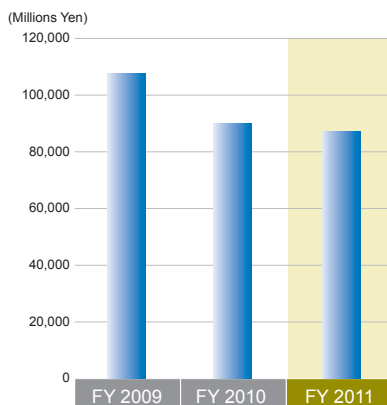
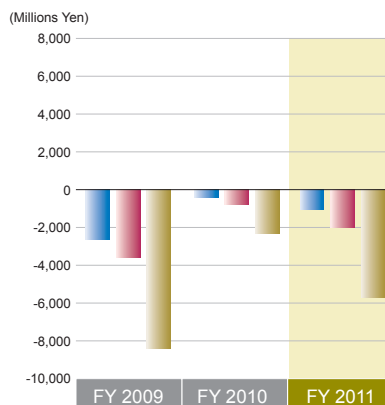
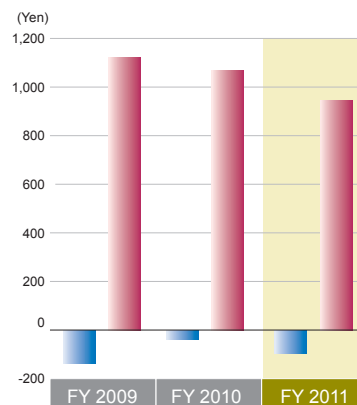
To improve profitability, we are placing priority on enhancing the productivity and quality of and technologies for products, such as build-up package substrates, which are compatible with high-value-added electronic devices. We are developing these technologies in Japan and bolstering high volume production systems at overseas production bases to ensure that we meet worldwide customer demand.

## Message for shareholders

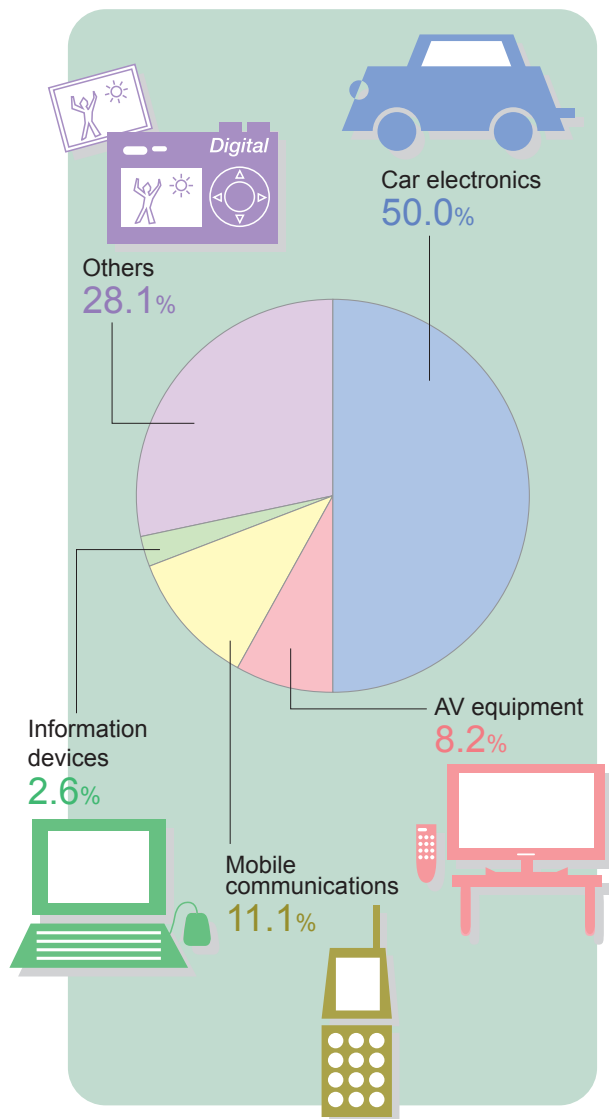
The basic policy of the CMK Group with respect to the return of profits to its shareholders is to pay steady dividends while maintaining a sound level of internal reserves, to be used effectively to expand operations and maintain and strengthen competitiveness. Because the Group recorded substantial losses during the fiscal year under review, it regrets to report that it did not pay any dividends. We will concentrate on the three priority challenges above to ensure that we post a net profit next fiscal year and enhance our corporate value. We ask for your continued support and understanding.

	Yen (Millions)			U.S. Dollars (Thousands)
	FY 2009 April 1, 2008 - March 31, 2009	FY 2010 April 1, 2009 - March 31, 2010	FY 2011 April 1, 2010 - March 31, 2011	FY 2011 April 1, 2010 - March 31, 2011
Net sales	¥107,583	¥90,070	¥87,023	\$1,046,578
Operating income (loss)	(2,633)	(395)	(1,041)	(12,519)
Ordinary income (loss)	(3,587)	(777)	(1,991)	(23,944)
Net income (loss)	(8,378)	(2,340)	(5,726)	(68,863)
Net assets	¥68,985	¥65,986	¥58,423	\$702,621
Total assets	129,044	124,140	113,433	1,364,197
Net income (loss) per share	¥(138.94)	¥(39.84)	¥(97.48)	\$(1.17)
Net assets per share	1,123.42	1,069.80	945.68	11.37

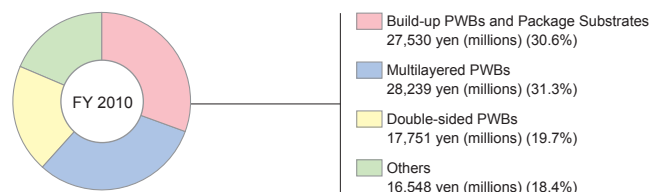
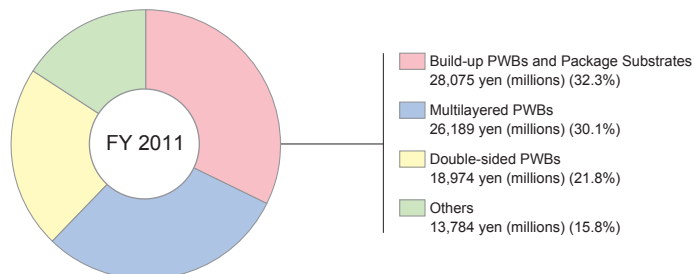
Notes: 1. U.S. Dollars amounts have been translated from Yen, for convenience only, at the rate of ¥83.15 = \$1, the Tokyo foreign exchange market rate as of March 31, 2011.  
2. All Millions Yen and Thousands U.S. Dollars amounts are rounded to the nearest figure.

**■ Net sales**

**■ Operating income (loss)**  
**■ Ordinary income (loss)**  
**■ Net income (loss)**

**■ Net income (loss) per share**  
**■ Net assets per share**


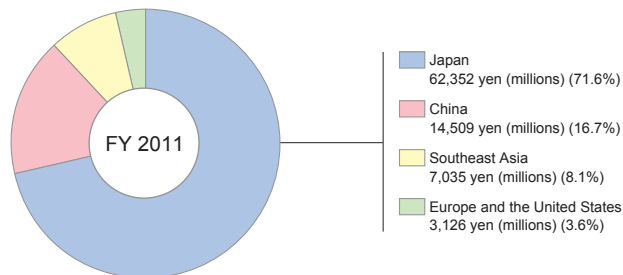
## Sales by application



## 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)
	FY 2011 As of March 31, 2011	FY 2010 As of March 31, 2010	FY 2011 As of March 31, 2011
<b>(Assets)</b>			
Current assets	¥62,328	¥65,267	\$749,585
Cash and deposits	26,383	23,655	317,294
Notes and accounts receivable	25,479	30,894	306,422
Marketable securities	36	47	432
Merchandise and finished goods	4,238	3,948	50,968
Work in process	3,070	3,931	36,921
Raw materials and supplies	1,696	1,733	20,396
Deferred income taxes	376	222	4,521
Other current assets	1,059	847	12,736
Allowance for doubtful accounts	(11)	(14)	(132)
Fixed assets	51,087	58,846	614,395
Tangible fixed assets	44,133	50,932	530,763
Buildings and structures	17,654	20,467	212,315
Machinery, equipment, and others	15,270	19,223	183,644
Land	10,336	10,328	124,305
Construction in process	261	111	3,138
Other tangible fixed assets	610	800	7,336
Intangible fixed assets	635	1,131	7,636
Goodwill	348	716	4,185
Other intangible fixed assets	287	414	3,451
Investments and other assets	6,318	6,782	75,983
Investments in securities	3,391	3,602	40,781
Deferred income taxes	40	80	481
Other	2,920	3,163	35,117
Allowance for doubtful accounts	(34)	(63)	(408)
Deferred tax assets	16	25	192
Bond issuing expenses	16	25	192
<b>Total assets</b>	<b>113,433</b>	<b>124,140</b>	<b>1,364,197</b>

	Yen (Millions)		U.S. Dollars (Thousands)
	FY 2011 As of March 31, 2011	FY 2010 As of March 31, 2010	FY 2011 As of March 31, 2011
<b>(Liabilities)</b>			
Current liabilities	¥31,317	¥32,849	\$376,632
Notes and accounts payable	11,582	15,005	139,290
Short-term borrowings	10,855	8,756	130,547
Trade payables	5,817	6,305	69,957
Income taxes payable	177	384	2,128
Allowance for employee bonuses	681	722	8,190
Provision for loss on order received	248	247	2,982
Allowance for restructuring	726	414	8,731
Other current liabilities	1,229	1,012	14,780
Fixed liabilities	23,692	25,304	284,930
Bonds	5,500	5,500	66,145
Long-term debt	14,352	19,006	172,603
Lease debt	2,753	—	33,108
Deferred tax liabilities	482	146	5,796
Allowance for employee retirement benefits	305	366	3,668
Allowance for executive retirement benefits	181	163	2,176
Other	118	121	1,419
<b>Total liabilities</b>	<b>55,009</b>	<b>58,153</b>	<b>661,563</b>
<b>(Net assets)</b>			
Shareholders' equity	58,333	63,818	701,539
Capital	22,306	22,306	268,262
Additional paid-in capital	22,063	22,063	265,339
Retained earnings	17,466	22,950	210,054
Treasury stock	(3,502)	(3,502)	(42,116)
Accumulated other comprehensive income	(2,779)	(971)	(33,421)
Valuation difference on available-for-sale securities	164	370	1,972
Deferred hedge gains and losses	0	0	0
Foreign currency translation adjustment	(2,944)	(1,342)	(35,405)
Minority interests in subsidiaries	2,868	3,139	34,491
<b>Total net assets</b>	<b>58,423</b>	<b>65,986</b>	<b>702,621</b>
<b>Total liabilities and net assets</b>	<b>113,433</b>	<b>124,140</b>	<b>1,364,197</b>

## ● Consolidated Statement of Operations

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

	Yen (Millions)		U.S. Dollars (Thousands)
	FY 2011 For the year ended March 31, 2011	FY 2010 For the year ended March 31, 2010	FY 2011 For the year ended March 31, 2011
Net sales	¥87,023	¥90,070	\$1,046,578
Cost of sales	80,098	81,949	963,295
Gross profit	6,925	8,120	83,283
Selling, general, and administrative expenses	7,966	8,516	95,802
Operating income (loss)	(1,041)	(395)	(12,519)
Non-operating income	857	1,079	10,306
Non-operating expenses	1,807	1,461	21,731
Ordinary income (loss)	(1,991)	(777)	(23,944)
Extraordinary income	146	182	1,755
Extraordinary losses	3,331	749	40,060
Net income (loss) before taxes and other adjustments	(5,175)	(1,344)	(62,236)
Corporate, residence, and enterprise taxes	174	619	2,092
Corporate taxes and other adjustments	361	197	4,341
Net income before minority interests	(5,711)	—	(68,683)
Gains on minority Interests in subsidiaries	15	177	180
Net income (loss)	(5,726)	(2,340)	(68,863)

## ● Consolidated Statement of Cash Flows

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

	Yen (Millions)		U.S. Dollars (Thousands)
	FY 2011 For the year ended March 31, 2011	FY 2010 For the year ended March 31, 2010	FY 2011 For the year ended March 31, 2011
Cash flows from operating activities	¥5,215	¥(1,067)	\$62,717
Cash flows from investing activities	(1,101)	(1,798)	(13,241)
Cash flows from financing activities	(626)	(4,623)	(7,528)
Effect of exchange-rate changes on cash and cash equivalents	(731)	88	8,791
Net increase (decrease) in cash and cash equivalents	2,756	(7,400)	33,144
Cash and cash equivalents at beginning of year	23,637	31,038	284,269
Cash according to change within the range of connection and amount of increase and decrease of cash equivalent	(28)	—	(336)
Cash and cash equivalents at end of year	26,365	23,637	(317,077)

## ● Consolidated Statement of Shareholders' Equity (FY 2011: April 1, 2010 - March 31, 2011) (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, 2010	\$268,262	¥22,306	\$265,339	¥22,063	\$276,007	¥22,950	\$(42,116)	¥(3,502)	\$767,504	¥63,818
Change during this consolidated fiscal year										
Dividends from surplus					(1,407)	(117)			(1,407)	(117)
Net loss					(68,863)	(5,726)			(68,863)	(5,726)
Purchase of treasury stock							(0)	(0)	(0)	(0)
Change of range of connection					4,317	359			4,317	359
(Net) change during this consolidated fiscal year in accounts other than shareholders' equity										
Total change during this consolidated fiscal year	—	—	—	—	(65,953)	(5,484)	(0)	(0)	(65,953)	(5,484)
Balance as of March 31, 2011	268,262	22,306	265,339	22,063	210,054	17,466	(42,116)	(3,502)	(701,539)	58,333

	Accumulated other comprehensive income								Minority shareholders' interests		Total net assets	
	Valuation difference on available-for-sale securities		Deferred hedge gains and losses		Foreign currency translation adjustment		Total accumulated other comprehensive income					
Balance as of March 31, 2010	\$4,449	¥370	\$0	¥0	\$(16,134)	¥(1,342)	\$(11,677)	¥(971)	\$37,751	¥3,139	\$793,577	¥65,986
Change during this consolidated fiscal year												
Dividends from surplus											(1,407)	(117)
Net loss											(68,863)	(5,726)
Purchase of treasury stock											(0)	(0)
Change of range of connection											4,317	359
(Net) change during this consolidated fiscal year in accounts other than shareholders' equity	(2,477)	(206)	0	0	(19,254)	(1,601)	(21,731)	(1,807)	(3,247)	(270)	(24,978)	(2,077)
Total change during this consolidated fiscal year	(2,477)	(206)	0	0	(19,254)	(1,601)	(21,731)	(1,807)	(3,247)	(270)	(90,944)	(7,562)
Balance as of March 31, 2011	1,972	164	0	0	(35,405)	(2,944)	(33,421)	(2,779)	(34,491)	2,868	702,621	58,423



## 50 Years of CMK

CMK Corporation celebrated its 50th anniversary on February 25, 2011. Please allow me to express my heartfelt gratitude for your support. As a leading manufacturer of printed wiring boards, we will continue to develop our operations and contribute to society.

**Founding of Chuo Meiban Kogyo Co., Ltd.**  
Noboru Nakayama, the Chairman of the Company, founded Chuo Meiban Kogyo Co., Ltd. in 1961. In the beginning, there were only five employees manufacturing brass and aluminum nameplates. Riding the wave of the development of the electronics industry, Chuo Meiban Kogyo began to manufacture printed wiring boards.



The home office in 1970

### First Use of a CAD System in the Industry

To promote efficiency in circuit design, Chuo Meiban Kogyo pioneered the use of a CAD system in Japan in 1975. All types of manufacturers, from auto manufacturers to apparel manufacturers, visited Chuo Meiban Kogyo to see the epoch-making system.

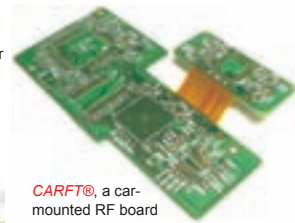
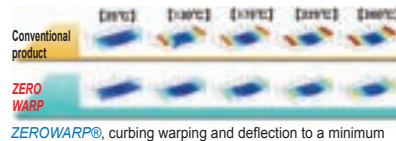


### Age of High Quality and Highly Complex Products

The Company achieved the largest market share for single-sided PWBs in 1983 and the largest market share for double-sided PWBs in 1985, and began manufacturing more sophisticated products.

CMK Corporation made a full-scale entry into the multilayer PWB market in 1989 and into the build-up PWB market in 1995, and established itself as a comprehensive manufacturer of PWBs.

CMK Corporation undertakes research on a daily basis to develop new technologies.



CARFT®, a car-mounted RF board

ZEROWARP®, curbing warping and deflection to a minimum

2010

2000

1990

1980

1970

1960



G Station Factory

### Business Expansion and Construction of Massive Plants

In response to increasing demand, Chuo Meiban Kogyo opened Saitama Factory (now called SE Center) in 1967 and became a specialized manufacturer of printed wiring boards in 1970. Chuo Meiban Kogyo built Gunma Factory (now called G Station Factory), equipped with an 80-meter automatic line, in 1974.

### Establishment of an Overseas Base

Chuo Meiban Kogyo established CMK SINGAPORE (PTE.) LTD. (now CMK ASIA (PTE.) LTD.) as its first overseas production base in 1980. The CMK Group launched its global production and sales systems, which have a large number of overseas production and sales bases.



CMKS (MALAYSIA) SDN. BHD. (established in 1989)

### Corporate Name Changed to CMK Corporation

Chuo Meiban Kogyo changed its name to CMK Corporation in 1984.

### Going Public

While expanding its operations, CMK Corporation was listed on the Second Section of the Tokyo Stock Exchange in 1985 and became the only PWB specialized manufacturer listed on the First Section of the Tokyo Stock Exchange in 1989.

### Expansion of the Domestic Production System

In response to increasing domestic demand, CMK Corporation built the Kiban Center Factory in 1986 and the Niigata Satellite Factory, with a site area of over 100,000 m<sup>2</sup>, in 1990. CMK Corporation invested in domestic production subsidiaries to increase the number of domestic production bases making highly complex products.



Niigata Satellite Factory

### Enhancement of the Global Production and Sales Systems

In response to requests from customers undertaking production shifts to Asia at an ever-increasing pace, CMK Corporation opened production bases in China in 2000 and 2001 and a production base in Thailand in 2006. The Company opened a sales base in North America in 2007 to further enhance its global production and sales systems.



CMK Electronics (Wuxi) Co., Ltd.



CMK CORPORATION (THAILAND) CO., LTD.

- 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 1,009 (Group total 5,723)

● Management (as of June 29, 2011)

Directors	Chairman and Representative Director	Noboru Nakayama
	President and Chief Executive Officer	Kuniaki Kanemoto
	Representative Director Vice President and Executive Officer	Takeo Takai
	Director Vice President and Executive Officer	Shigeo Araki
	Managing Director and Executive Officer	Sadanobu Kondo
	Director and Executive Officer	Kazuhiro Ito
	Director and Executive Officer	Akiharu Nakayama
	Auditors	Standing Auditor
Auditor		Hiroo Wakabayashi
Auditor		Shigeo Ichikawa
Executive Officers	Managing Executive officer	Hiroshi Nakano
	Executive Officer	Takaya Oguchi
	Executive Officer	Nobuyuki Kageyama
	Executive Officer	Toshimi Kuroki
	Executive Officer	Masashi Koike
	Executive Officer	Kazuma Shiobara
	Executive Officer	Takahiro Shirai
	Executive Officer	Takahiro Nakayama
	Executive Officer	Hiroshi Hanaoka

● 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

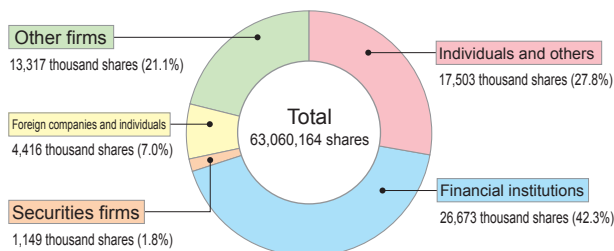


● Total number of shares authorized	227,922,000
● Total number of shares issued and outstanding	63,060,164
● Number of shareholders	8,064
● Share trading unit	100
● Major shareholders (10 largest)	

Shareholders	Investment in CMK	
	Number of shares held (thousands)	Percentage (%)
Japan Trustee Services Bank, Ltd. (Trust account)	6,345	10.1
Takahiro Nakayama	2,941	4.7
Mizuho Corporate Bank, Ltd.	2,576	4.1
The Foundation for Technology Promotion of Electronic Circuit Board	2,500	4.0
The Dai-ichi Mutual Life Insurance Company	2,495	4.0
The Master Trust Bank of Japan, Ltd. (Trust account)	2,195	3.5
Akiharu Nakayama	1,886	3.0
Panasonic Electric Works Co., Ltd.	1,860	3.0
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	2.9
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	2.8

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

● Shareholder Breakdown



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



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

**CMK**

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