



# Creating the future

**2012 Business Report** Year Ended March 31, 2012

**CMK**

**CMK CORPORATION**



## Message from the President

On behalf of the Company, I would like to take this opportunity to express my gratitude to our shareholders for their support. It is my pleasure to deliver the Company's 52nd Financial Report (from April 1, 2011 to March 31, 2012).

I hope that we will be able to continue to count on the support and understanding of our shareholders.

June 2012

Kuniaki Kanemoto  
President and CEO

## Summary of results for fiscal 2011

During fiscal 2011, the business environment surrounding the Company remained severe, given the impact of the Great East Japan Earthquake, the flooding in Thailand, and the challenging global economic situation mainly reflected by the European financial crisis, as well as the impact of the continued appreciation of the yen, which reached historic levels.

In this management environment, under its policy of quality-first management, the CMK Group focused across the board on improving the quality management, bolstering productivity, thoroughly streamlining production costs, and implementing operational reform in an effort to improve its performance.

On the sales front, sales of automobile-related products were at almost the same level as the previous fiscal year, after a recovery in the

second half of the fiscal year under review, despite a drop in sales in the wake of the earthquake. Meanwhile, orders for AV and digital home appliances and telecommunications-related products declined year on year, mainly reflecting escalating competition. As a result, the Group recorded net sales of 80,563 million yen (down 7.4% from the previous fiscal year).

Looking at profits, despite the effects of lower net sales, operating income amounted to 757 million yen (compared with an operating loss of 1,041 million yen in the previous fiscal year), and ordinary income reached 346 million yen (compared with an ordinary loss of 1,991 million yen).

Net loss amounted to 2,873 million yen (compared with a net loss of 5,726 million yen in the previous fiscal year), chiefly reflecting the recording of temporary expenses, necessary for business restructuring in Japan, as extraordinary losses.

## Outlook for fiscal 2012 and priorities

In fiscal 2012, the management environment is likely to remain difficult, due to concerns over the financial crisis in Europe and other negative factors. Responding to this management environment, under the policy of quality-first management, all employees of the Company will fully focus on “conscientious manufacturing.” As “CMK, a quality manufacturer,” and the leading manufacturer of printed wiring boards, the Company will also strive to gain the absolute trust of its customers, business partners, and society, and contribute to society through its business activities. To achieve this, the Company will make an effort to improve its results by carrying out the initiatives described below.

### [\[\(i\) Improve the earnings structure\]](#)

The Company will aim to develop stable earnings strength by improving the earnings structure of the overall Group.

### [\[\(ii\) Strengthen the ability to respond to changes in the management environment\]](#)

The Company will respond to the severe management environment by striving to improve its competitiveness in terms of quality, technologies, costs, and services.

### [\[\(iii\) Review the business structure\]](#)

The Company will work to optimize its business structure and scale in Japan by taking steps such as reviewing the direction of its high-value-added business. Overseas, it will strive to strengthen the production systems that are based in the optimal locations to respond to demand in growing markets.

## Message to shareholders

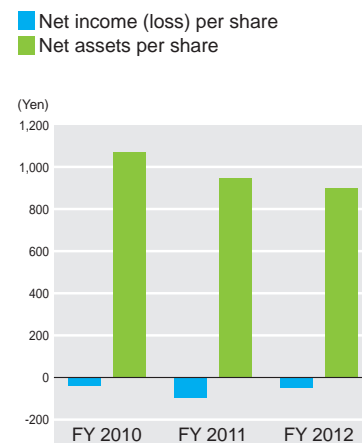
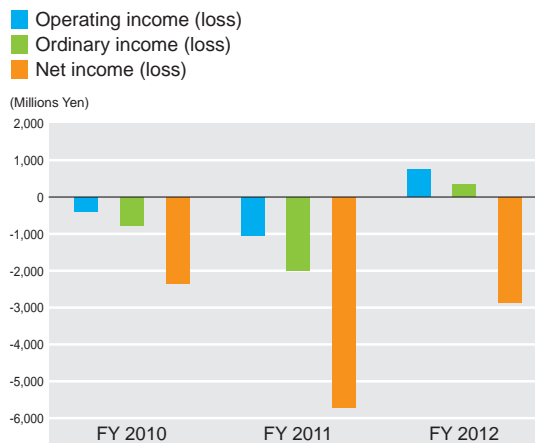
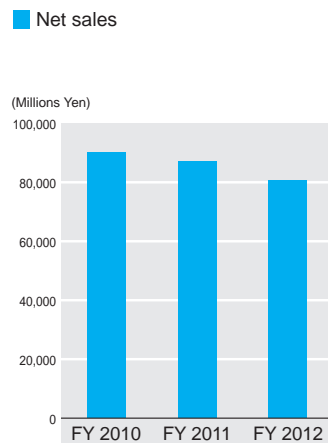
The basic policy of the CMK Group with respect to returning profits to shareholders is to pay steady dividends while maintaining a stable level of internal reserves, which are to be effectively used to expand operations and maintain and strengthen competitiveness. During the fiscal year under review, the Group was forced to record substantial losses. However, because certain sectors showed an economic upturn in the second half of the fiscal year under review, the Company also improved its performance, achieving ordinary income on a full-year basis. As a result, in line with its basic policy—to pay the highest dividends possible to its shareholders—the Company has determined that it will pay a year-end dividend of 2.50 yen per share.

All Group employees are making their best efforts to squarely address management issues, achieve income on a full-year basis, and improve corporate value. We ask for the continued support and understanding of our shareholders.

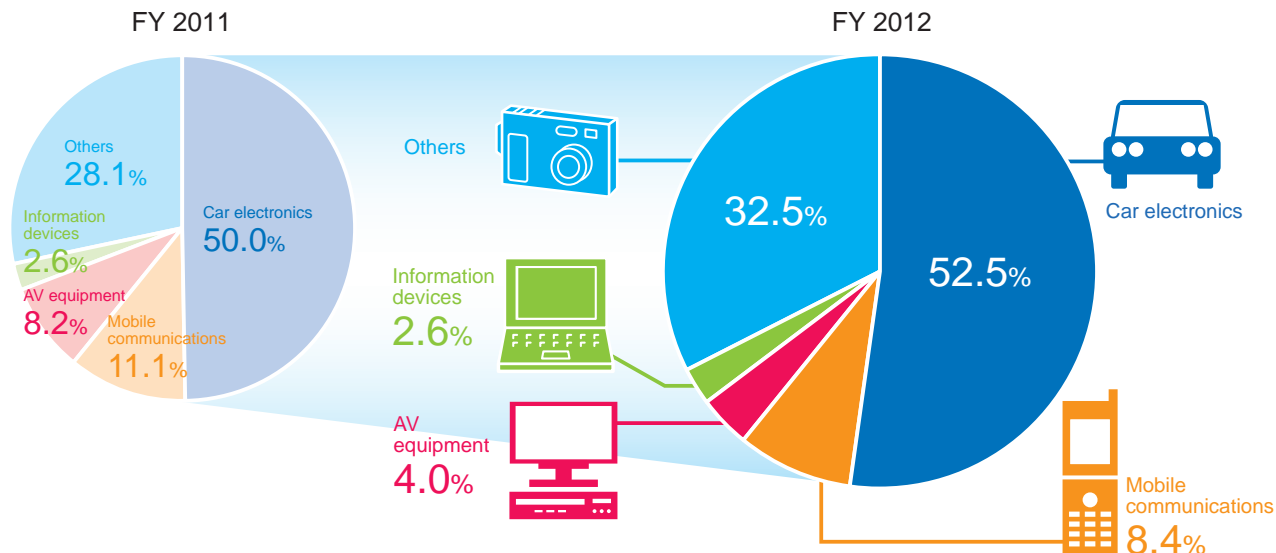
# Financial Highlights (Consolidated)

	Yen (Millions)			U.S. Dollars (Thousands)
	FY 2010 April 1, 2009 - March 31, 2010	FY 2011 April 1, 2010 - March 31, 2011	FY 2012 April 1, 2011 - March 31, 2012	FY 2012 April 1, 2011 - March 31, 2012
Net sales	90,070	87,023	80,563	\$980,801
Operating income(loss)	(395)	(1,041)	757	9,216
Ordinary income(loss)	(777)	(1,991)	346	4,212
Net income(loss)	(2,340)	(5,726)	(2,873)	(34,977)
Net assets	65,986	58,423	5,589	\$68,042
Total assets	124,140	113,433	99,201	1,207,706
Net income(loss) per share	(39.84)	(97.48)	(48.92)	(\$0.60)
Net assets per share	1,069.80	945.68	900.50	10.96

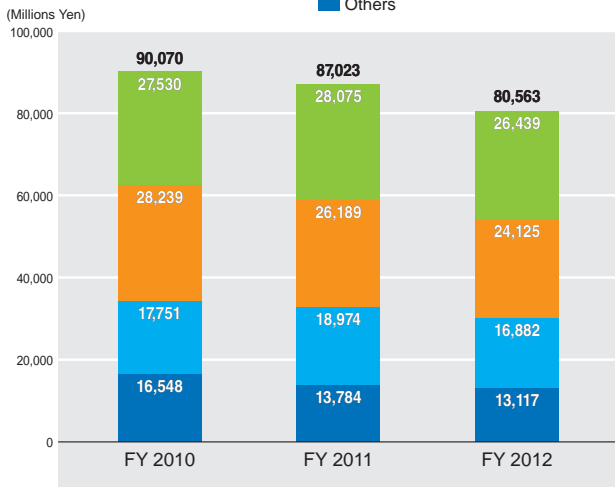
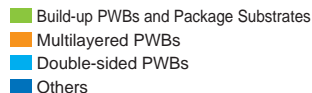
Notes: 1. U.S. Dollars amounts have been translated from Yen, for convenience only, at the rate of ¥82.14=\$1, the Tokyo foreign exchange market rate as of March 30, 2012.  
2. All Millions Yen and Thousands U.S. Dollars amounts are rounded to the nearest figure.



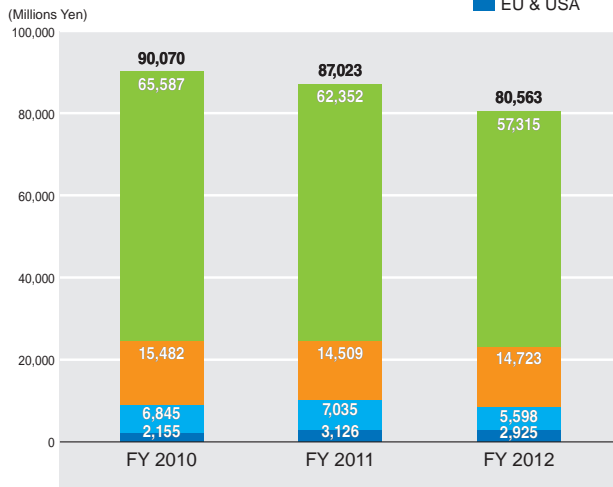
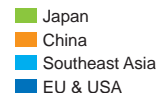
## Sales by application



## Sales by type of PWB



## Sales by region



## Consolidated Balance Sheet

	Yen (Millions)		U.S. Dollars (Thousands)
	FY 2012 And of March 31, 2012	FY 2011 And of March 31, 2011	FY 2012 And of March 31, 2012
<b>(Assets)</b>			
Current assets	55,069	62,328	\$670,429
Cash and deposits	19,295	26,383	234,904
Notes and accounts receivable	26,596	25,479	323,789
Marketable securities	34	36	414
Merchandise and finished goods	3,587	4,238	43,669
Work in process	2,988	3,070	36,377
Raw materials and supplies	1,458	1,696	17,750
Deferred income taxes	200	376	2,435
Other current assets	955	1,059	11,626
Allowance for doubtful accounts	(49)	(11)	(597)
Fixed assets	44,124	51,087	537,180
Tangible fixed assets	38,006	44,133	462,698
Buildings and structures	15,954	17,654	194,229
Machinery, equipment, and others	11,009	15,270	134,027
Land	10,309	10,336	125,505
Construction in process	138	261	1,680
Other tangible fixed assets	595	610	7,244
Intangible fixed assets	596	635	7,256
Goodwill	335	348	4,078
Other intangible fixed assets	261	287	3,178
Investments and other assets	5,520	6,318	67,202
Investments in securities	2,859	3,391	34,806
Deferred income taxes	30	40	365
Other	2,839	2,920	34,563
Allowance for doubtful accounts	(210)	(34)	(2,557)
Deferred assets	8	16	97
Bond issue costs	8	16	97
<b>Total assets</b>	<b>99,201</b>	<b>113,433</b>	<b>1,207,706</b>

	Yen (Millions)		U.S. Dollars (Thousands)
	FY 2012 And of March 31, 2012	FY 2011 And of March 31, 2011	FY 2012 And of March 31, 2012
<b>(Liabilities)</b>			
Current liabilities	29,508	31,317	\$359,240
Notes and accounts payable	10,505	11,582	127,891
Short-term borrowings	4,517	10,855	54,991
Trade payable	5,500	—	66,959
Account payable	5,274	5,817	64,207
Income taxes payable	303	177	3,689
Allowance for employee bonuses	457	681	5,564
Provision for loss on order received	192	248	2,337
Allowance for restructuring	1,865	726	22,705
Other current liabilities	891	1,229	10,847
Fixed liabilities	13,863	23,692	168,773
Bonds	—	5,500	—
Long-term debt	10,666	14,352	129,851
Lease debt	2,193	2,753	26,698
Deferred tax liabilities	475	482	5,783
Allowance for employee retirement benefits	291	305	3,543
Allowance for executive retirement benefits	63	181	767
Other	174	118	2,118
<b>Total liabilities</b>	<b>43,372</b>	<b>55,009</b>	<b>528,025</b>
<b>(Net assets)</b>			
Shareholder's equity	55,425	58,333	674,763
Capital	22,306	22,306	271,561
Additional paid-in capital	22,063	22,063	268,602
Retained earnings	14,558	17,466	177,234
Treasury stock	(3,502)	(3,502)	(42,635)
Accumulated other comprehensive income	(2,525)	(2,779)	(30,740)
Valuation difference on available-for-sale securities	216	164	2,630
Deferred hedge gains and losses	(0)	0	0
Foreign currency translation adjustment	(2,741)	(2,944)	(33,370)
Minority interests in subsidiaries	2,929	2,868	35,659
<b>Total net assets</b>	<b>55,829</b>	<b>58,423</b>	<b>679,681</b>
<b>Total liabilities and net assets</b>	<b>99,201</b>	<b>113,433</b>	<b>1,207,706</b>

## Consolidated Statement of Operations

	Yen (Millions)		U.S. Dollars (Thousands)
	FY 2012 For the year ended March 31, 2012	FY 2011 For the year ended March 31, 2011	FY 2012 For the year ended March 31, 2012
Net sales	80,563	87,023	\$980,801
Cost of sales	71,939	80,098	875,810
Gross profit	8,624	6,925	104,991
Selling, general, and administrative expenses	7,866	7,966	95,763
Operating income(loss)	757	(1,041)	9,216
Non-operating income	971	857	11,821
Non-operating expenses	1,381	1,807	16,813
Ordinary income(loss)	346	(1,991)	4,212
Extraordinary income	772	146	9,399
Extraordinary losses	3,312	3,331	40,321
Net income (loss) before taxes and other adjustments	(2,193)	(5,175)	(26,698)
Corporate, residence, and enterprise taxes	333	174	4,054
Corporate, taxes and other adjustments	284	361	3,458
Net income before minority interests	(2,811)	(5,711)	(34,222)
Gains on minority interests in subsidiaries	62	15	755
Net income (loss)	(2,873)	(5,726)	(34,977)

## Consolidated Statement of Cash Flows

	Yen (Millions)		U.S. Dollars (Thousands)
	FY 2012 For the year ended March 31, 2012	FY 2011 For the year ended March 31, 2011	FY 2012 For the year ended March 31, 2012
Cash flows from operating activities	3,132	5,215	\$38,130
Cash flows from investing activities	(855)	(1,101)	(10,409)
Cash flows from financing activities	(9,301)	(626)	(113,234)
Effect of exchange-rate changes on cash and cash equivalents	(62)	(731)	(755)
Net increase (decrease) in cash and cash equivalents	(7,087)	2,756	(86,280)
Cash and cash equivalents at beginning of year	26,365	23,637	320,976
Cash according to change within the range of connection and amount of increase and decrease of cash equivalent	—	(28)	—
Cash and cash equivalents at end of year	19,278	26,365	234,697

## Consolidated Statement of Shareholders' Equity

(FY 2012: April 1, 2011 - March 31, 2012) (Unit: Thousands of U.S. Dollars/Millions of yen)

	Shareholder's equity									
	Common stock		Additional paid-in capital		Retained earnings		Treasury stock		Total shareholder's equity	
Balance at beginning of year	\$271,561	22,306	\$268,602	22,063	\$212,637	17,466	\$(42,635)	(3,502)	\$710,166	58,333
Change during this consolidated fiscal year										
Net loss					(34,977)	(2,873)			(34,977)	(2,873)
Purchase of treasury stock							0	(0)	0	(0)
Disposal of treasury stock					0	(0)	0	0	0	0
Change of range of connection					(414)	(34)			(414)	(34)
(Net) change during this consolidated fiscal year in accounts other than shareholder's equity										
Total change during this consolidated fiscal year		—		—	(35,403)	(2,908)		(0)	(35,403)	(2,908)
Balance as of March 31, 2012	271,561	22,306		22,063	177,234	14,558	(42,635)	(3,502)	674,763	55,425

	Accumulated other comprehensive income								Minority shareholder's 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 at beginning of year	\$1,997	164	\$0	0	\$(35,841)	(2,944)	\$(33,832)	(2,779)	\$34,916	2,868	\$711,261	58,423
Change during this consolidated fiscal year												
Net loss											(34,977)	(2,873)
Purchase of treasury stock											0	(0)
Disposal of treasury stock											0	0
Change of range of connection											(414)	(34)
(Net) change during this consolidated fiscal year in accounts other than shareholder's equity	621	51	0	(0)	2,459	202	3,080	253	743	61	3,823	314
Total change during this consolidated fiscal year	621	51	0	(0)	243	20	3,080	253	743	61	(31,568)	(2,593)
Balance as of March 31, 2012	2,630	216	0	(0)	(33,370)	(2,741)	(30,740)	(2,525)	35,659	2,929	679,681	55,829



To improve performance and establish a steady earnings structure.

# CMK Begins Its Medium-Term Management Plan

The CMK Group has established a medium-term management plan toward the fiscal year ending March 2015. Under this plan, the Group will strive to improve its earnings capabilities and establish a steady earnings structure by changing its business structure in Japan and strengthening its overseas production and sales bases.

## Management Targets ▶ Target figures for the fiscal year ending March 2015

Consolidated net sales:	Consolidated operating income:	Consolidated operating income margin:
<b>85</b> billion yen	<b>4.5</b> billion yen	<b>5.3</b> %

## Business Continuity Plan (BCP) Initiative

In preparation for major earthquakes and other risks, the CMK Group has taken the initiative to improve its Business Continuity Plan (BCP). The Group has established the basic policies of (i) prioritizing the protection of the lives and health of its employees and their family members, while paying close attention to the status of neighboring companies; and (ii) retaining customers' trust by establishing an early production restoration structure in consideration of logistics and

procurement operations. Under these policies, the Group has established a cooperative relationship with alternative production companies, has transferred servers to its data center, and has been holding a range of training sessions and exercises. By reconfirming the CMK Group's position as an institution that is embedded in supply chain management, the Group will strive to maintain the trust of its customers and other stakeholders.



BCP - Damage confirmation and reporting exercise (Niigata district)



BCP - Evacuation and safety confirmation exercise (Gunma district)

(As of March 31, 2012)

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	944 (Group total 5,590)

## Management

Directors and Auditors (as of June 28, 2012)

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	Akiharu Nakayama
Director and Executive Officer	Takaya Oguchi
Standing Auditor	Yutaka Ishii
Auditor	Hiroo Wakabayashi
Auditor	Shigeo Ichikawa

Executive Officers (as of July 1, 2012)

Managing Executive officer	Hiroshi Nakano
Executive Officer	Kazuhiro Ito
Executive Officer	Takashi Ogasawara
Executive Officer	Masashi Koike
Executive Officer	Hiroshi Hanaoka

## Primary Consolidated Subsidiaries

### Japan

- CMK Mechanics Corporation
- CMK Multi 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



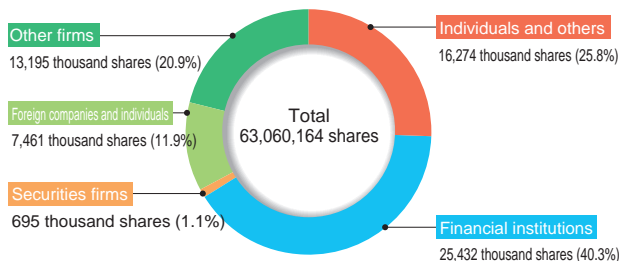
(As of March 31, 2012)

Total number of shares authorized	227,922,000
Total number of shares issued and outstanding	63,060,164
Number of shareholders	7,258
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)	5,488	8.7
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 Master Trust Bank of Japan, Ltd. (Trust account)	2,404	3.8
The Dai-ichi Mutual Life Insurance Company	1,895	3.0
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 <a href="http://www.cmk-corp.com">http://www.cmk-corp.com</a> ). If notification cannot be made electronically, it will be made using the <i>Nihon Keizai Shimbun</i> .
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



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