



## 2013 Business Report

● Year Ended March 31, 2013

C r e a t i n g   t h e   f u t u r e



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 53rd Financial Report (from April 1, 2012 to March 31, 2013).

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

June 2013

**Kuniaki Kanemoto**  
President and CEO

### Results for fiscal 2012

During fiscal 2012, the business environment surrounding the Company remained generally severe, given the stagnant global economy and sluggish consumer spending, despite improvements in certain areas, mainly due to the correction of the strong yen and rising stock prices.

In this business environment, CMK Group's sales of automobile-related products and products for digital cameras increased year on year, reflecting a recovery in orders. However, orders for products for telecommunications-related equipment, amusement equipment and visual home appliances remained sluggish throughout the year. As a result, for the fiscal year under review, the Group recorded net sales of 72,677 million yen (down 9.8% year on year) on a consolidated basis.

On the profit front, operating income amounted to 434 million yen (down 42.7% year on year), mostly affected by a decline in sales despite steady progress in the review of the domestic business structure, the improvement of productivity, cost reduction, and the improvement of other earnings structures.

Ordinary income stood at 567 million yen (up 63.5% year on year), partly due to the recording of foreign exchange gains, as a result of the depreciation of the yen in the foreign exchange market in the fourth quarter.

The Group posted a net income of 712 million yen (compared with a net loss of 2,873 million yen in the previous fiscal year), recording full-year profits for the first time in five years, reflecting the effects of the reversal of the loss on valuation of investments in securities.

## Outlook and priorities

In the electronics industry in which the Company operates, price competition and technological competition on a global scale are expected to escalate, and thus the management environment is likely to remain challenging in fiscal 2013 and beyond.

Responding to this management environment, under the management policy of “Quality First,” all employees of the CMK Group will focus fully on “Wholehearted Manufacturing.” As “CMK, a quality manufacturer,” the Group will also strive to gain the absolute trust of its customers, business partners, and society, and be a company that contributes continuously to society through its business activities. To achieve this, the Group will strive to steadily improve its results by responding sincerely to management issues, as described below.

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

The Group will aim to develop stable earnings strength by positioning the improvement of the earnings structure of the overall Group as the most important issue.

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

The Group will strive to strengthen the ability to respond to changes in the economic and management environment by establishing superior positions in quality, technologies, costs, and services.

### [(iii) Transform the business structure]

The Group will work to optimize its business structure and scale in its domestic operations by taking steps such as focusing on the development of new business sectors and new products. In its overseas operations, it will seek to develop production systems that are based in the optimal locations from a global viewpoint by expanding its production ability to respond to growing demand.

## Message to shareholders

The basic policy of the CMK Group with respect to returning profits to shareholders is to maximize its enterprise value and the distribution of steady dividends.

In the fiscal year under review, despite the severe management environment, the Group managed to secure profits on a full-year basis. Although the future outlook remained uncertain, in accordance with its commitment to paying as stable dividends as possible to shareholders, the Group has determined that it will pay a year-end dividend of 2.50 yen per share. The Group is resolved to make its best effort to secure steady earnings and further improve its enterprise value in the future. As we pursue this course, we ask for the continued support and understanding of our shareholders.

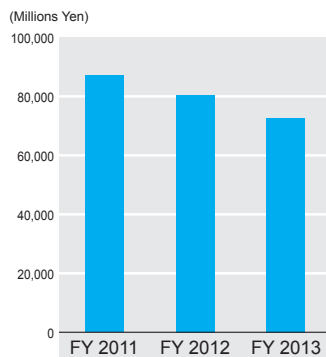
# Financial Highlights (Consolidated)

	Millions of Yen			Thousands of U.S. Dollars
	FY 2011 April 1, 2010 - March 31, 2011	FY 2012 April 1, 2011 - March 31, 2012	FY 2013 April 1, 2012 - March 31, 2013	FY 2013 April 1, 2012 - March 31, 2013
Net sales	87,023	80,563	72,677	\$773,241
Operating income(loss)	(1,041)	757	434	4,617
Ordinary income(loss)	(1,991)	346	567	6,032
Net income(loss)	(5,726)	(2,873)	712	7,575
Net assets	58,423	55,829	57,773	\$614,671
Total assets	113,433	99,201	95,434	1,015,363
Net income(loss) per share	(97.48)	(48.92)	12.13	\$0.12
Net assets per share	945.68	900.50	927.18	9.86

Notes: 1. U.S. Dollars amounts have been translated from Yen, for convenience only, at the rate of ¥93.99=\$1, the Tokyo foreign exchange market rate as of March 29, 2013.

2. All Millions Yen and Thousands U.S. Dollars amounts are rounded to the nearest figure.

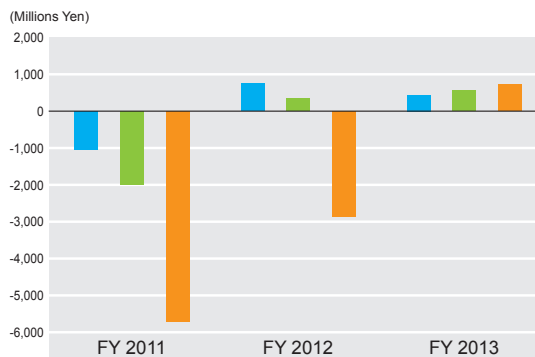
■ Net sales



■ Operating income (loss)

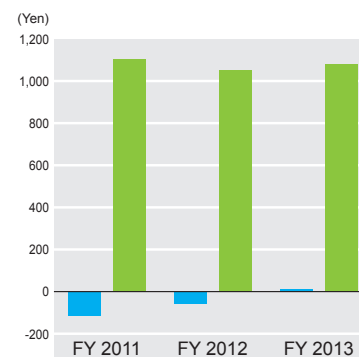
■ Ordinary income (loss)

■ Net income (loss)

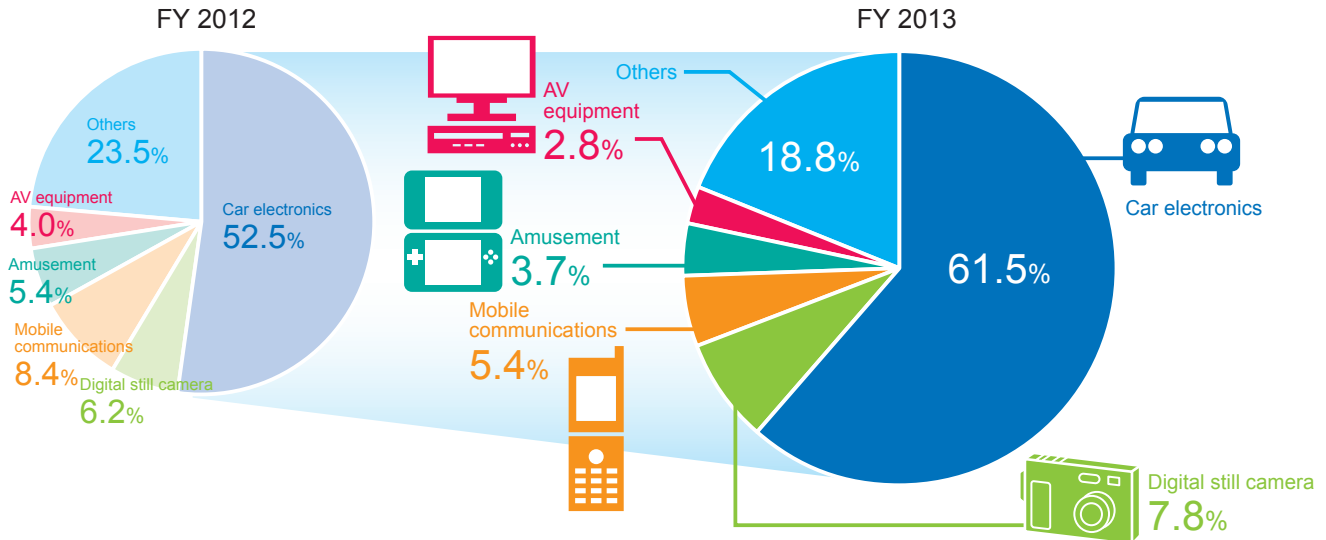


■ Net income (loss) per share

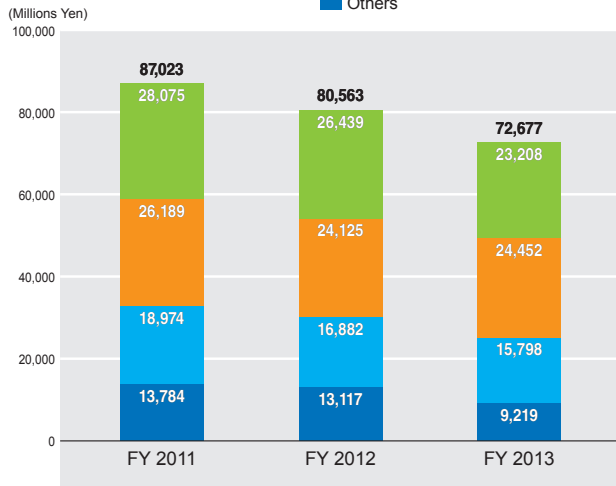
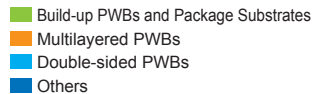
■ Net assets per share



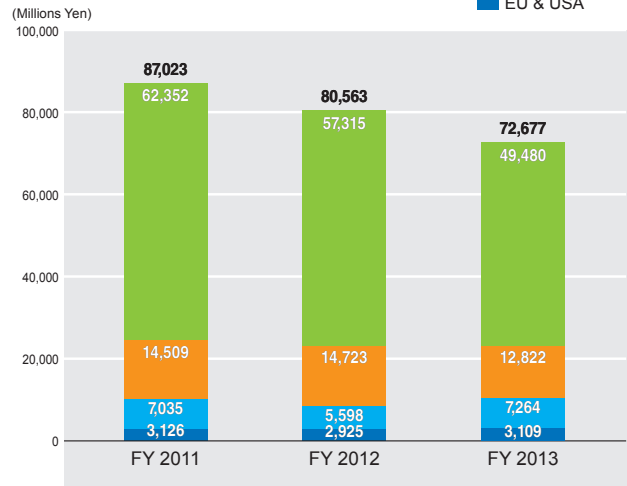
## Sales by application



## Sales by type of PWB



## Sales by region



## Consolidated Balance Sheet

	Millions of Yen		Thousands of U.S. Dollars
	FY 2013 As of March 31, 2013	FY 2012 As of March 31, 2012	FY 2013 As of March 31, 2013
<b>(Assets)</b>			
Current assets	49,444	55,069	\$526,055
Cash and deposits	20,906	19,295	222,427
Notes and accounts receivable	19,810	26,596	210,767
Marketable securities	44	34	468
Merchandise and finished goods	3,010	3,587	32,024
Work in process	2,421	2,988	25,758
Raw materials and supplies	1,301	1,458	13,841
Deferred income taxes	193	200	2,053
Other current assets	1,799	955	19,140
Allowance for doubtful accounts	(43)	(49)	(457)
Fixed assets	45,946	44,124	488,839
Tangible fixed assets	39,170	38,006	416,746
Buildings and structures	15,593	15,954	165,900
Machinery, equipment, and others	12,097	11,009	128,705
Land	10,262	10,309	109,181
Construction in process	439	138	4,670
Other tangible fixed assets	775	595	8,245
Intangible fixed assets	587	596	6,245
Goodwill	327	335	3,479
Other intangible fixed assets	259	261	2,755
Investments and other assets	6,189	5,520	65,847
Investments in securities	2,873	2,859	30,567
Deferred income taxes	28	30	297
Other	3,346	2,839	35,599
Allowance for doubtful accounts	(58)	(210)	(617)
Deferred assets	42	8	446
Bond issue costs	42	8	446
<b>Total assets</b>	<b>95,434</b>	<b>99,201</b>	<b>1,015,363</b>

	Millions of Yen		Thousands of U.S. Dollars
	FY 2013 As of March 31, 2013	FY 2012 As of March 31, 2012	FY 2013 As of March 31, 2013
<b>(Liabilities)</b>			
Current liabilities	30,156	29,508	\$320,842
Notes and accounts payable	8,611	10,505	91,616
Short-term borrowings	15,084	4,517	160,485
Current portion of bonds	—	5,500	—
Trade payable	4,669	5,274	49,675
Income taxes payable	170	303	1,808
Allowance for employee bonuses	210	457	2,234
Provision for loss on order received	97	192	1,032
Allowance for restructuring	308	1,865	3,276
Other current liabilities	1,002	891	10,660
Fixed liabilities	7,504	13,863	79,838
Bonds	4,500	—	47,877
Long-term debt	—	10,666	—
Lease debt	2,162	2,193	23,002
Deferred tax liabilities	494	475	5,255
Allowance for employee retirement benefits	248	291	2,638
Allowance for executive retirement benefits	6	63	63
Other	91	174	968
<b>Total liabilities</b>	<b>37,660</b>	<b>43,372</b>	<b>400,680</b>
<b>(Net assets)</b>			
Shareholder's equity	55,991	55,425	595,712
Capital	22,306	22,306	237,323
Additional paid-in capital	22,063	22,063	234,737
Retained earnings	15,123	14,558	160,900
Treasury stock	(3,502)	(3,502)	(37,259)
Accumulated other comprehensive income	(1,523)	(2,525)	(16,203)
Valuation difference on available-for-sale securities	224	216	2,383
Deferred hedge gains and losses	(0)	(0)	(0)
Foreign currency translation adjustment	(1,747)	(2,741)	(18,587)
Minority interests in subsidiaries	3,306	2,929	35,173
<b>Total net assets</b>	<b>57,773</b>	<b>55,829</b>	<b>614,671</b>
<b>Total liabilities and net assets</b>	<b>95,434</b>	<b>99,201</b>	<b>1,015,363</b>

## Consolidated Statement of Operations

	Millions of Yen		Thousands of U.S. Dollars
	FY 2013 For the year ended March 31, 2013	FY 2012 For the year ended March 31, 2012	FY 2013 For the year ended March 31, 2013
Net sales	72,677	80,563	\$773,241
Cost of sales	64,668	71,939	688,030
Gross profit	8,008	8,624	85,200
Selling, general, and administrative expenses	7,574	7,866	80,583
Operating income	434	757	4,617
Non-operating income	1,184	971	12,597
Non-operating expenses	1,050	1,381	11,171
Ordinary income	567	346	6,032
Extraordinary income	743	772	7,905
Extraordinary losses	192	3,312	2,042
Net income (loss) before taxes and other adjustments	1,117	(2,193)	11,884
Corporate, residence, and enterprise taxes	299	333	3,181
Corporate, taxes and other adjustments	10	284	106
Net income (loss) before minority interests	807	(2,811)	8,586
Gains on minority interests in subsidiaries	94	62	1,000
Net income (loss)	712	(2,873)	7,575

## Consolidated Statement of Cash Flows

	Millions of Yen		Thousands of U.S. Dollars
	FY 2013 For the year ended March 31, 2013	FY 2012 For the year ended March 31, 2012	FY 2013 For the year ended March 31, 2013
Cash flows from operating activities	8,871	3,132	\$94,382
Cash flows from investing activities	(4,046)	(855)	(43,047)
Cash flows from financing activities	(3,964)	(9,301)	(42,174)
Effect of exchange-rate changes on cash and cash equivalents	750	(62)	7,979
Net increase (decrease) in cash and cash equivalents	1,610	(7,087)	17,129
Cash and cash equivalents at beginning of year	19,278	26,365	205,106
Cash and cash equivalents at end of year	20,888	19,278	222,236

## Consolidated Statement of Shareholders' Equity

(FY 2013: April 1, 2012 - March 31, 2013) (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	\$237,323	22,306	\$234,737	22,063	\$154,888	14,558	(\$37,259)	(3,502)	\$589,690	55,425
Change during this year										
Dividend of surplus					(1,553)	(146)			(1,553)	(146)
Net income					7,575	712			7,575	712
Purchase of treasury stock							(0)	(0)	(0)	(0)
(Net)change during this year in accounts other than shareholder's equity										
Total change during this year	—	—	—	—	6,011	565	(0)	(0)	6,011	565
Balance at end of year	237,323	22,306	234,737	22,063	160,900	15,123	(37,259)	(3,502)	595,712	55,991

	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	\$2,298	216	(\$0)	(0)	(\$29,162)	(2,741)	(\$26,864)	(2,525)	\$31,162	2,929	\$593,988	55,829
Change during this year												
Dividend of surplus											(1,553)	(146)
Net income											7,575	712
Purchase of treasury stock											(0)	(0)
(Net)change during this year in accounts other than shareholder's equity	74	7	0	0	10,564	993	10,650	1,001	4,000	376	14,661	1,378
Total change during this year	74	7	0	0	10,564	993	10,650	1,001	4,000	376	20,683	1,944
Balance at end of year	2,383	224	(0)	(0)	(18,587)	(1,747)	(16,203)	(1,523)	35,173	3,306	614,671	57,773



## CMK's Website Has Been Renewed

The Company comprehensively renewed its website in February 2013 to enhance its corporate image and improve IR information and product information.

The design of the website has been fully revised, and images of messages for “Quality First,” “Wholehearted Manufacturing,” and “Global Operations” automatically appear on the top page in turn.

The new website has also adopted new presentation methods so that both domestic and overseas customers can conveniently access product and technological information.

On the IR information page, “IR Library” and “IR Calendar” have been included to ensure that shareholders and investors can easily obtain the necessary information.

Please make the most of our new website. We will strive to improve the website by reflecting requests to make it an easy and convenient website.

Website

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



## Initiatives for Environmental Conservation Activities

Under the management policy of “Quality First,” the CMK Group is also actively taking initiatives related to environmental conservation activities to be a company that contributes continuously to society through its business activities.

CMK Multi Corporation (Seirou-machi, Niigata Prefecture), a Group company, has been making efforts to reduce the discharge of industrial waste through the initiatives of saving resources and recycling. It received the 2012 Superior Recycle Operator Award of the Niigata Environmental Conference, because its promotion for the internal processing of waste liquid from production, the thorough segregation of waste, and recycling was rated highly.



(As of March 31, 2013)

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	769 (Group total 5,127)

## Executives (as of June 25, 2013)

### Board of Directors

Chairman and Representative Director	Noboru Nakayama
President and Chief Executive Officer	Kuniaki Kanemoto
Representative Director Vice President and Executive Officer	Takeo Takai
Managing Director and Executive Officer	Sadanobu Kondo
Director and Executive Officer	Akiharu Nakayama
Director and Executive Officer	Takaya Oguchi

### Board of Corporate Auditors

Standing Corporate Auditor	Yutaka Ishii
Corporate Auditor	Hiroo Wakabayashi
Corporate Auditor	Shigeo Ichikawa

### Executive Officers

Executive Officer	Kazuhiro Ito
Executive Officer	Takashi Ogasawara
Executive Officer	Eizo Shibata
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

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



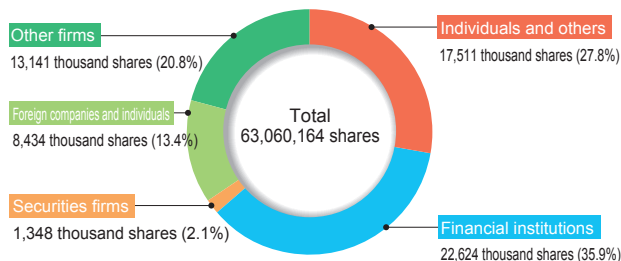
(As of March 31, 2013)

Total number of shares authorized	227,922,000
Total number of shares issued and outstanding	63,060,164
Number of shareholders	7,515
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)	2,875	4.6
Takahiro Nakayama	2,835	4.5
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)	2,417	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 4,315 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, 8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-8620 ☎ 0120-707-843



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