

Creating the Future

Profile

As a leading company in the printed wiring board (PWB) industry, CMK Corporation has developed expertise and built up a firm business foundation. Currently, the PWB industry is showing promise due to demand from IT related industries, but tough competition against foreign products is requiring highly cost-effective and more sophisticated products.

In order to succeed amidst this fierce competition domestically, CMK is promoting cost reduction and business reconstruction, restructuring and integrating to a self-contained business unit with a more clearly defined structure of responsibility.

Overseas, on the other hand, CMK group as a whole is deploying our corporate strategy with the world market as the target. In this process, the group is moving factories to China, making capital alliances that aim for expansion of market-share in the European and the U.S. automotive-related markets, wholeheartedly working together in development, production and sales to ensure the satisfaction of our customers.

CMK will continue to contribute to the world's progress and advancement, and pursue our company motto of "Permanent Growth"

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Cautionary Statement with Respect to Forward-Looking Statements

Statements made in this annual report with respect to CMK's plans, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of CMK, which are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and unpredictability. Potential risks and unpredictability include, without limitation, general economic conditions in CMK's markets; industrial market conditions, exchange rates in which CMK makes significant sales or in which CMK's assets and liabilities are denominated; and CMK's ability to continue to win acceptance of its products and services, which are offered in highly competitive markets characterized by the continual introduction of new products, rapid developments in technology, and changing customer requirements.

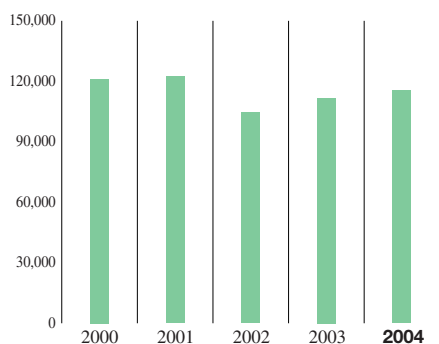
Financial Highlights

CMK CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2004, 2003 and 2002

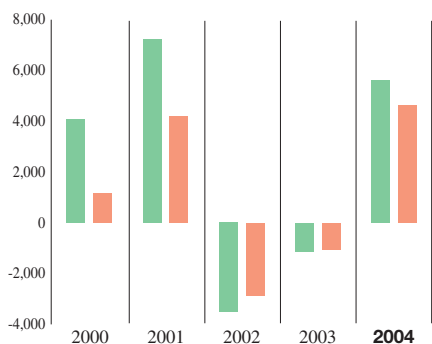
	Yen (Millions)		U.S. Dollars (Thousands)	
	(except per share amounts)		(except per share amounts)	
Operating Results:	2002	2003	2004	2004
For the year				
Net sales	¥104,540	¥111,744	¥115,366	\$1,092,170
Income (loss) before income taxes	(3,507)	(1,134)	5,613	53,138
Net income (loss)	(2,871)	(1,057)	4,612	43,661
At year-end				
Shareholders' equity	¥ 49,715	¥ 46,205	¥ 51,024	\$ 483,044
Total assets	149,476	154,271	134,263	1,271,068
Per share				
Net income (loss)				
— Basic	¥ (54.66)	¥ (20.16)	¥ 87.12	\$ 0.82
— Diluted	—	—	74.16	0.70
Shareholders' equity	946.43	883.26	975.88	9.23

Notes: 1. U.S. Dollars amounts have been translated from Yen, for convenience only, at the rate of ¥105.63 = \$1, the Tokyo foreign exchange market rate as of March 31, 2004.
2. All Millions Yen and thousands U.S. Dollars amounts are rounded to the nearest figure.

Net Sales
Yen (Millions)



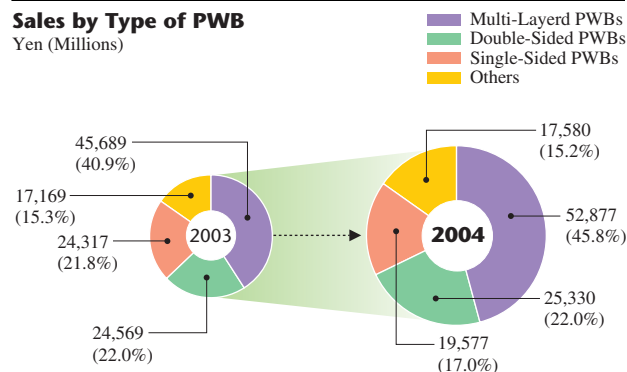
Income (Loss) before Income Taxes and Net Income (Loss)
Yen (Millions)



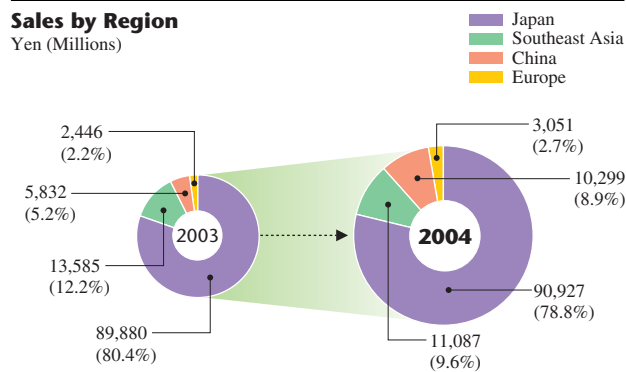
Net Income (loss) per Share of Common Stock
Yen



Sales by Type of PWB
Yen (Millions)



Sales by Region
Yen (Millions)



Message from the Management



Despite concerns about the lingering impact of SARS in the beginning of the fiscal year, situation surrounding the Middle East peace process, and the U.S. economic outlook, businesses saw signs of a Japanese economic recovery this term. This was attributed to stronger exports, more capital investment, and an upward trend in the stock market. These conditions continued throughout the term, but what kept us from seeing a full-scale recovery were challenges such as the surging yen and a prolonged slump in employment and consumer spending.

Overseas production of PWBs for mainstay electronics goods, including AV equipment, has intensified, and the domestic PWB industry has been affected by an overall downward trend in sales prices. However, there has been a favorable upturn for PWBs used in high-performance devices, driven by units for mobile phone handsets, digital cameras, and other digital products.

This sets the scene for our current activities. Under a new framework, we are pursuing strategic orders of highly value-added products. Meanwhile, our restructuring efforts have raised production efficiency and reduced fixed costs through workforce streamlining and other programs. These efforts, along with cost-cutting measures across the board, have yielded a significantly greater net profit than that of the previous term.

Though the economy has been and still remains inscrutable, we refuse to be satisfied with the results of the current term. Marking this as a starting point in our policy guidelines, we are aiming for a more fast-paced working style and tighter group unity to respond swiftly and flexibly to all the changes in our business environment. As before, we will uphold an ongoing management policy that puts customer trust first.

We thank you all for your continuous support.

June 2004

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

Takahiro Nakayama
President and Chief Executive Officer

Management Issues

We anticipate market growth in the electronics industry will be driven by digital products such as mobile phone handsets, flat-screen TVs, DVD recorders, and digital cameras, as well as greater use of electronics in automobiles. Growth is expected to be focused in these and related markets. This will fuel the demand for smaller, lighter, and more precise electronics, and price competition seems likely to intensify.

While seeking strategic orders of highly value-added products this term, we continued restructuring efforts directed toward improving productivity and lowering fixed costs, through workforce streamlining and other programs. Such activities, along with careful cost-cutting and prudence in maintaining or severing ties with affiliates, have yielded excellent results. But we are not content to rest on this success. Working faster, with stronger group solidarity during restructuring, to enable greater responsiveness and flexibility in the face of the different changes around us – this is the starting point of our management policy. We will continue striving to be, first and foremost, a company that customers rely on.

Please share your impressions from your first year as president.

Nakayama: This term was quite a challenging time to start, with the global IT slump and low consumer spending. CMK did enjoy a synergetic effect from increased demand for information and communication devices and digital home appliances coupled with the restructuring we have been taking on. This yielded much larger profit than the previous term. But the challenges we must overcome are mounting. We are promoting further reform aimed at improving future profitability. We believe we have started down a path to real growth. As a management guideline at this juncture, we stand committed to putting our motto into practice: “progress and endurance.”

Update us on how things are going in the current term.

Nakayama: Domestically, we are pushing to gear up for production of highly value-added products such as build-up PWBs in a move for strategic orders. Meanwhile, restructuring efforts have helped us streamline operations by reducing the workforce to a more manageable level, among other methods of reducing fixed costs. Meticulous cost-cutting measures helped us achieve a significantly greater net profit.

Abroad, we continue to monitor fluctuations in demand with the overseas expansion of our corporate users. We are working to strengthen our foreign business network and round out our production infrastructure as appropriate. Chinese plants in particular are among sites where we have secured considerable profitability.

Describe the ongoing strategy for group companies overseas.

Nakayama: We now have fully established the framework abroad to produce and supply a range of components, from single-sided to build-up PWBs. For single-sided PWBs, we are keeping a close eye on fluctuations in demand. As we look to expand into Southeast Asia, we are also eyeing ways to improve profitability. For double-sided, multilayer, and build-up PWBs, we anticipate a huge increase in demand. We are putting in place the optimal supply infrastructure and strengthening our sales network to respond swiftly and flexibly to customer needs. Especially in build-up PWBs, we are asserting our technical leadership in China. Solid orders have enabled us to plan for increased production at our plant in Wuxi, Jiangsu. (For details, see CMK Topics.)

Tell us what's happening in product development.

Nakayama: In information and communication applications we're seeing remarkable technical innovations in the creation of smaller, lighter, faster, and more energy-efficient digital appliances and other electronics. PWBs, their key components, must in turn be more highly integrated, better at dissipating and withstanding heat, and more reliable. What's more, they must support higher frequencies and faster transmission rates while conforming to stricter regulations for environmental protection. To meet these needs, we are promoting new product development through the advancement of core technologies for finer circuit formation and more highly integrated, faster semiconductor packages. These new products will include next-generation build-up PWBs, compound substrates of diverse materials, integrated substrates, and substrates for semiconductor packages. We are also actively engaged in joint R&D with firms and organizations that possess outstanding technology, working hard to be the first to market new, distinctive products.

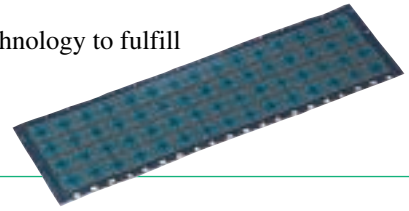
Can you illustrate your mid- and long-term management vision?

Nakayama: We will practice a “choose and focus” policy, focusing our investment of business resources in highly value-added products. We are promoting development and volume production of next-generation PWBs in Japan. This is how we are establishing the framework to meet customer needs swiftly and flexibly. To prevail against international competition as markets become global in scope, we will support further development of business overseas. We aim to be the top company in the electronic components industry as a global firm that has earned the trust of our customers.

Package Substrate

• **Rigid Substrate**

Rigid substrate is a package substrate, and the advanced technology to fulfill the requirement of miniaturization and thin substrate as the same as semiconductor devices.



E-Spec

• **E-Spec**

The “E-spec”, the CMK original environment PWB specifications, has fulfilled the ecological requirements in the market. CMK continuously minimizes hazardous chemicals to our neighbors and eliminates negative impact to our children.

*“E-Spec” is a registered trademark of CMK CORPORATION.



“E-Spec” mark

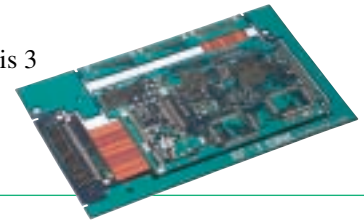


Rigid-Flex Series

• **Rigid-Flex Series**

The combination of flexible and rigid structure. The Rigid-Flex is 3 dimensionally bendable and twistable.

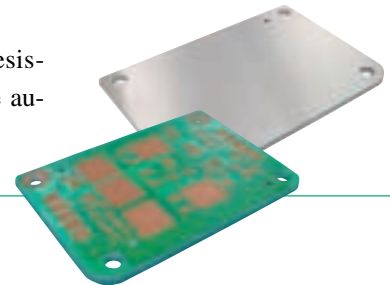
Applications: Digital Still Cameras, Mobile Phones



Heat Sink PWB exclusively for Automobiles

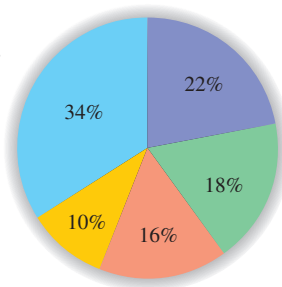
• **MB/MC Series**

Newly developed for excellent heat sink, high pressure resistance, and assembled high density circuitry under the severe automotive conditions.



Sales by Different Applications

- Car electronics
- Mobile communications
- AV equipment
- Information devices
- Others



Examining sales for different applications, we see strong sales in camera-phones and other mobile IT devices, as well as automotive electronics.

Digital AV devices, such as digicams, plasma television displays and LCD televisions, sales are also strong, and we aim these as the target markets from now on.

CMK Electronics (Wuxi) Co., Ltd. Expands Monthly Production to 10,000 m²

CMK Electronics (Wuxi) Co., Ltd. in Wuxi, China produces and supplies build-up PWBs for digital devices such as PDAs and other mobile information devices. Since their founding four years ago, they have been making steady gains. The plant was initially set up for a monthly production capacity of 5,000 m², but, as orders poured in, last year they boosted monthly capacity to 7,000 m².

With companies from around the world already established in China, demand for advanced products here continues to increase. CMK Electronics Wuxi was the first plant to produce high technology PWBs in China. With orders steadily increasing, CMK has invested additional business resources in the plant, leading to a decision to boost monthly output to 10,000 m² by July 2004. They have sought to cut manufacturing costs by trimming raw material costs, reviewing production processes with an eye toward greater efficiency, and encouraging skill improvement among employees – actions we trust will be rewarded with an even better profit ratio.



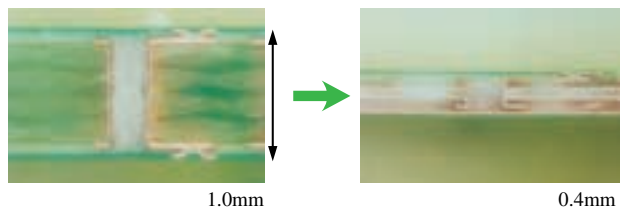
CMK Electronics (Wuxi) Co., Ltd.

Improving Thin Build-Up PWBs for Mobile Phone Handsets and Digital Cameras

3G mobile phones are becoming more popular, and digital cameras offer ever-higher resolutions and more advanced functionality – signs of our increasingly sophisticated, information-oriented societies. This is triggering demand for the smaller, thinner, and more highly integrated PWBs these devices rely on.

We answer the needs of customers who manufacture such products. Besides conventional build-up technology, CMK has also established technology for simultaneous production of filled via and through-hole plating and made possible a filled via structure for all layers. To meet needs for thinner PWBs, we have studied techniques to make the core and build-up layers thinner, leading to the development of a thin build-up PWB that offers a 1-4-1 substrate at a thinness of 0.4 mm. We are currently gearing up to start volume production of components that take advantage of these technologies in October of this year. Looking ahead, we plan to extend use of these technologies to the production of high-performance modules and highly integrated semiconductor packages for high-frequency wireless devices, digital cameras, and other products.

1-4-1 build-up PWB



Take a Virtual Tour of CMK Circuit Technology Center

CMK Circuit Technology Center
Corporation in Saitama



CMK Circuit Technology Center was spun off from the CMK Circuit Design Department in April 1994. They operate a network of seven sites in Japan: Saitama, Gunma, Matsumoto, Toyota, Nagoya, Osaka, and Gotanda. About 90 designers (80 of whom have passed a PWB-design engineering examination) take advantage of over 100 CAD stations to meet customer needs. Their advanced technical expertise enables prompt design support. Here we would like to introduce the CMK Circuit Technology Center, a core member of the CMK Group.

The Technical Expertise Behind CMK's Rapid Advances

Creating products unparalleled in quality and precision – that was our objective when we deployed our own CAD system in 1975, the first in the industry. The system provided a platform for building up a range of applications and technical expertise and for constructing our proprietary production system, which helped CMK grow into the industry leader. In April 1994, the circuit design department boasting these sophisticated engineering capabilities was spun off into an independent company called CMK Circuit Technology Center Corporation. The center conducts a vigorous training program for designers, making the most of its specialized knowledge. By leveraging CMK's collective, wide-ranging technical expertise as a PWB manufacturer, the center offers sophisticated design solutions that take manufacturing costs into account.

Maintaining a high profit ratio since its establishment, the center became ISO 9001-certified in June 1999, a testament to its extraordinary level of quality management.

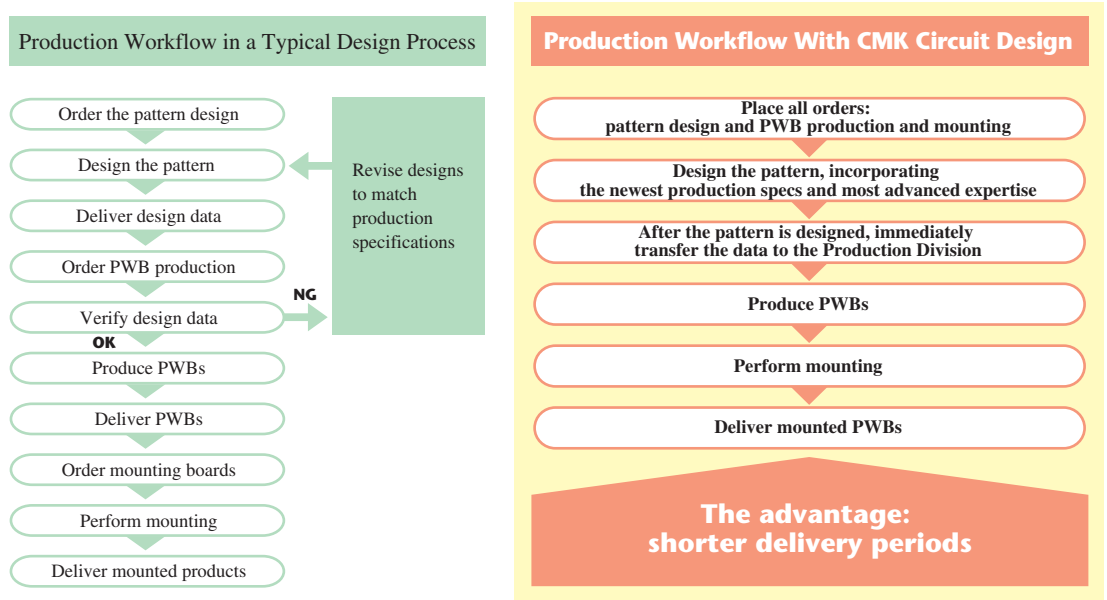
Advantages of "Design-In"

CMK Circuit Technology Center applies customer concepts as the main guidelines in product development, upholding its commitment to customers as its primary responsibility. They incorporate wide-ranging expertise in PWB manufacturing to provide "design-in" (collaborative design) solutions with a focus on high performance, a high level of integration, a favorable cost-performance ratio, fast delivery, conformity with environmental regulations, and other such considerations. They also take a bal-



Circuit designers in Saitama

Faster Delivery - A Benefit of Collaborative Design

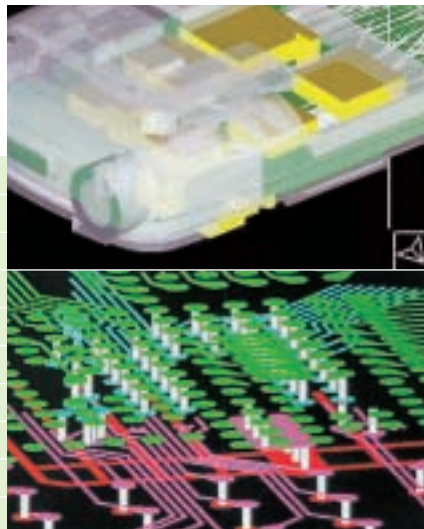


anced approach to design support, seeking better ways to reduce the electromagnetic interference that produces different kinds of “noise” by considering the electrical characteristics involved. The center practices the latest design techniques for solutions proven through electromagnetic field analysis.

Facing Tomorrow's Challenges

The center stands at a great divide in the electronics industry in Japan from the standpoints of business and technology. Pressure to keep prices for general-use products low has caused a continuing hollowing-out of industry in Japan as the pace accelerates in shifting production overseas. An indispensable factor for keeping production in Japan is the development of ever-more sophisticated value-added products. To prevail in this harsh business environment, CMK Circuit Technology Center has established a design system for advanced multilayer build-up PWBs (highly value-added products) and introduced the use of a 3D viewer, among other strategies. These systems offer 3D display in real-time, simulations of component mounting, and more, enabling sophisticated and flexible design support.

Advances in PWBs have kept pace with those in other electronic components and semiconductors. Changes in semiconductors, in particular, force changes in PWBs. To keep pace with these changes, the center has started taking on LSI design in recent years. As CMK Circuit Technology Center continues to seek out the most advanced circuit design technology, we appreciate the support of our business partners and shareholders.



A component mounting simulation during PWB design

A three-dimensional circuit diagram shown on the 3D viewer

Environmental Protection

We practice environmental preservation activities such as acquisition of ISO14001 Certificate and sales of “E-Spec” (environmental-friendly PWBs) production.

Recently, we accomplished to develop the industrial waste recycled procedure during the PWB manufacturing processes.

Schedule of Acquisition of ISO14001

We consider the environment management systems as the foundation of the environmental activities. Therefore, we aim to acquire the ISO14001 Certificate in FY2004 for all the CMK production site.

Environmental Policy

Based on one of our management policies, “fulfillment of the Company’s social responsibility as a good corporate citizen”, CMK CORPORATION makes the best efforts to all the business operation in order to protect the global environment.

General Environmental Policy

As a member of society, CMK believes that we are also responsible for harmony with the global environment.

Our policies are as follows:

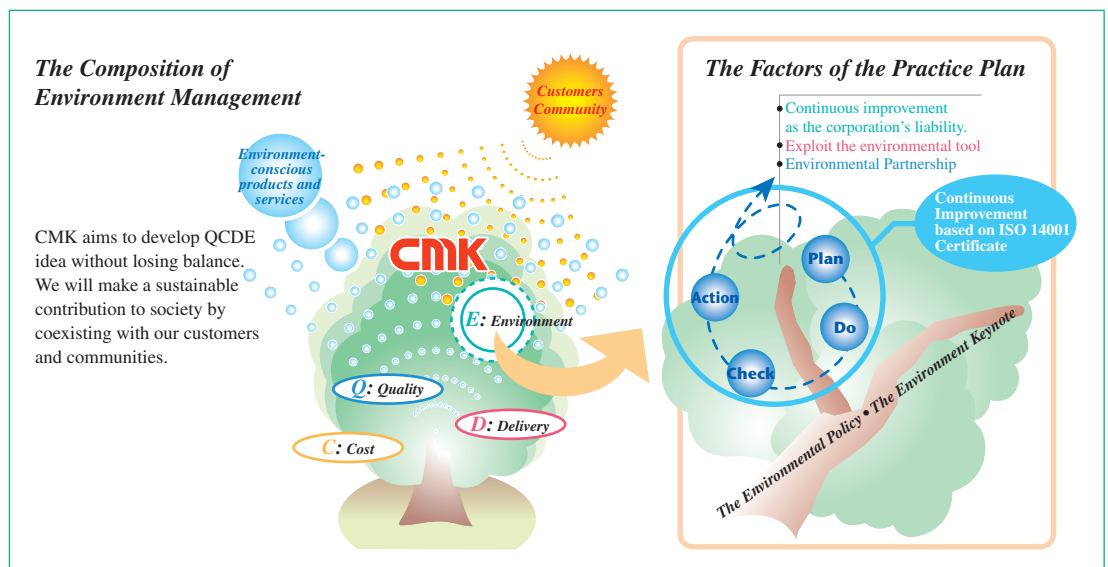
1. To develop how to deal with environmental problems, establish an environmental promotion system of the CMK Group.
2. To abide by environmental laws and regulations, customers’ requirements, and strictly control corporate activities.
3. To encourage energy- saving, recycling and the reduction of industrial waste with an aim to conserving limited resources.
4. To perform environmental assessment as part of corporate activities to reduce the load on the environment and promote the use of substitutes for toxic substances.
5. To perform environmental inspections to confirm and continuously improve environmental control activities.
6. To make every effort to protect natural areas and scenic sites, and coexist with the global environment.
7. To elevate awareness through environmental education and open to publicity measures.

History of ISO14001

Plants and Offices	Acquired Date
KIBAN Center Plant	Sep. 1998
NIIGATA SATELLITE PLANT	Aug. 1999
JSIC CORPORATION	Dec. 1999
CMK EUROPE N. V.	Oct. 2000
G-Station Plant	Oct. 2000
JT CMK CORPORATION	Dec. 2000
CMK Global Brands Manufacture, Ltd.	Feb. 2001
CMK SINGAPORE (PTE.) LTD.	Aug. 2001
WAKOH ELECTRONICS CORPORATION	Oct. 2001
P. T. CMKS INDONESIA	Dec. 2001
CMKS (MALAYSIA) SDN. BHD.	Dec. 2001
CMK KANBARA ELECTRONIC CORPORATION JAPAN	Dec. 2002
CMKC (DONG GUAN) LTD.	Dec. 2003



Environmental report 2004



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Five-Year Summary

CMK CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2004, 2003, 2002, 2001 and 2000

		Yen (Millions)				U.S. Dollars (Thousands)
	2004	2003	2002	2001	2000	2004
For the year						
Net sales	¥115,366	¥111,744	¥104,540	¥122,292	¥121,245	\$1,092,170
Operating income (loss)	9,212	703	(1,138)	9,284	4,944	87,210
Net income (loss)	4,612	(1,057)	(2,871)	4,182	1,146	43,661
At year end						
Shareholders' equity	51,024	46,205	49,715	52,822	49,820	483,044
Total assets	134,263	154,271	149,476	144,749	153,500	1,271,068

		Yen				U.S. Dollars
Per Share						
Net income						
—Basic	¥87.12	¥(20.16)	¥(54.66)	¥80.36	¥22.21	\$0.82
—Diluted	74.16	—	—	69.75	19.74	0.70
Price at Tokyo Stock Exchange						
High	1,710	1,219	1,480	2,390	1,600	16.19
Low	454	460	735	1,130	1,005	4.30
Cash dividends, applicable to period	10.00	8.00	10.00	12.00	10.00	0.09

		%			
Ratios					
Equity Ratio	38.0	29.95	33.26	36.49	32.46
Return on Equity	9.5	—	—	8.15	2.34
Price Earnings Ratio	19.3	—	—	16.80	54.89

Number of employees (Person)	6,646	7,122	6,780	6,180	6,103
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Notes: 1. U.S. Dollars amounts have been translated from Yen, for convenience only, at the rate of ¥105.63= \$1, the Tokyo foreign exchange market rate as of March 31, 2004.

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

C Consolidated Balance Sheets

CMK CORPORATION and Consolidated Subsidiaries
March 31, 2004, and 2003

	Yen (Millions)		U.S.Dollars (Thousands)
	March 31		March 31
ASSETS	2004	2003	2004
Current assets :			
Cash and time deposits (Note 5)	¥ 13,276	¥ 28,523	\$ 125,683
Marketable securities (Note 3 & 5)	103	150	975
Trade receivables :			
Accounts and notes (Note 13)	32,522	27,200	307,886
Allowance for doubtful accounts	(20)	(44)	(189)
Inventories (Note 4)	9,555	9,942	90,457
Deferred income taxes (Note 9)	773	661	7,317
Other current assets	1,830	1,590	17,324
Total current assets	58,042	68,024	549,484
Property, plant and equipment (Note 7, 10 & 12) :			
Land	13,690	13,462	129,603
Buildings	58,058	58,261	549,635
Machinery and equipment	91,227	100,591	863,646
Construction in progress	654	1,149	6,191
	163,629	173,464	1,549,076
Less accumulated depreciation	104,368	106,144	988,052
	59,260	67,320	561,014
Investments and other assets :			
Investments in securities (Note 3 & 6)	9,451	7,969	89,472
Long-term loans	1,149	2,869	10,877
Deferred income taxes (Note 9)	1,271	2,166	12,032
Others	5,087	5,922	48,158
	16,959	18,926	160,550
	¥134,263	¥154,271	\$1,271,068

The accompanying notes are an integral part of these statements.

	Yen (Millions)		U.S.Dollars (Thousands)
	March 31		March 31
LIABILITIES AND SHAREHOLDERS' EQUITY	2004	2003	2004
Current liabilities :			
Short-term borrowings (Note 7)	¥ 5,666	¥ 7,447	\$ 53,640
Current portion of long-term debt (Note 7)	5,298	26,366	50,156
Trade payables :			
Accounts and notes	13,270	11,112	125,627
Income taxes payables (Note 9)	1,476	329	13,973
Other current liabilities (Note 9)	10,709	11,080	101,382
Total current liabilities	36,422	56,339	344,807
Long-term liabilities :			
Long-term debt (Note 7)	40,544	43,238	383,830
Accrued pension and severance costs (Note 12)	204	245	1,931
Retirement and severance benefits	621	629	5,879
Others (Note 9)	636	1,671	6,021
Total long-term liabilities	42,007	45,786	397,680
Minority interests in subsidiaries	4,809	5,939	45,526
Contingent liabilities (Note 13) :	—	—	—
Shareholders' equity (Note 8) :			
Common stock			
Authorized : 199,871,000 Shares			
Issued:			
March 31, 2004: 53,284,741 Shares	16,167	—	153,053
March 31, 2003: 53,205,124 Shares	—	16,117	—
Additional paid-in capital	15,924	15,874	150,752
Retained earnings	22,889	18,059	216,690
Unrealized gains on securities	852	(260)	8,065
Foreign currency translation adjustments	(3,202)	(2,087)	(30,313)
Treasury stock, at cost			
March 31, 2004: 1,066,883 Shares	(1,607)	—	(15,213)
March 31, 2003: 892,084 Shares	—	(1,497)	—
Total shareholders' equity	51,024	46,205	483,044
	¥134,263	¥154,271	\$1,271,068

Consolidated Statements of Income

CMK CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2004, 2003 and 2002

	Yen (Millions)			U.S.Dollars (Thousands)
	Year ended March 31			Year ended March 31
	2004	2003	2002	2004
Net sales (Note 14)	¥115,366	¥111,744	¥104,540	\$1,092,170
Cost of sales	95,491	99,767	94,625	904,014
Gross profit	19,874	11,977	9,915	188,147
Selling, general and administrative expenses	10,661	11,273	11,054	100,927
Operating income (loss) (Note 14)	9,212	703	(1,138)	87,210
Other income (expenses) :				
Interest and dividend income	89	267	143	842
Interest expenses	(955)	(1,182)	(1,239)	(9,040)
Others, net	(2,733)	(922)	(1,273)	(25,873)
Income (loss) before income taxes	5,613	(1,134)	(3,507)	53,138
Income taxes (Note 9)	1,679	707	(380)	15,895
Income (loss) before minority interests	3,934	(1,841)	(3,127)	37,243
Minority interests in subsidiaries	678	784	255	6,418
Net income (loss)	¥ 4,612	¥ (1,057)	¥ (2,871)	\$ 43,661

	Yen			U.S.Dollars
Per share of common stock :				
Net income (loss) – Basic	¥ 87.12	¥ (20.16)	¥ (54.66)	\$ 0.82
– Diluted	74.16	—	—	0.70
Cash dividends, applicable to period	10.00	8.00	10.00	0.09

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

CMK CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2004, 2003 and 2002

	Yen (Millions)					
	Common stock	Additional paid-in capital	Retained earnings	Unrealized gains on securities	Foreign currency translation adjustment	Treasury stock, at cost
Balance at March 31, 2001	¥16,117	¥15,874	¥24,037	¥222	¥(2,059)	¥(1,370)
Net income	—	—	(2,871)	—	—	—
Cash dividends	—	—	(630)	—	—	—
Effect arising from changes of subsidiaries for consolidation	—	—	(67)	—	—	—
Bonuses to directors and statutory auditors	—	—	(70)	—	—	—
Unrealized holding loss arising during the period	—	—	—	(191)	—	—
Translation adjustment	—	—	—	—	707	—
Purchase of treasury stock	—	—	—	—	—	(22)
Sale of treasury stock	—	—	—	—	—	39
Balance at March 31, 2002	¥16,117	¥15,874	¥20,398	¥31	¥(1,352)	¥(1,353)
Net income	—	—	(1,057)	—	—	—
Cash dividends	—	—	(525)	—	—	—
Effect arising from changes of subsidiaries for consolidation	—	—	(751)	—	—	—
Bonuses to directors and statutory auditors	—	—	(5)	—	—	—
Unrealized holding loss arising during the period	—	—	—	(291)	—	—
Translation adjustment	—	—	—	—	(735)	—
Purchase of treasury stock	—	—	—	—	—	(338)
Reissuance of treasury stock	—	—	—	—	—	194
Balance at March 31, 2003	¥16,117	¥15,874	¥18,059	¥(260)	¥(2,087)	¥(1,497)
Net income (loss)	—	—	4,612	—	—	—
Cash dividends	—	—	(417)	—	—	—
Shares issued upon conversion of convertible bond	49	49	—	—	—	—
Increase due to inclusion of consolidated subsidiaries	—	—	639	—	—	—
Bonuses to directors and statutory auditors	—	—	(2)	—	—	—
Unrealized holding gain arising during the period	—	—	—	1,112	—	—
Translation adjustment	—	—	—	—	(1,115)	—
Purchase of treasury stock	—	—	—	—	—	(310)
Sale of treasury stock	—	—	—	—	—	200
Balance at March 31, 2004	¥16,167	¥15,924	¥22,889	¥852	¥(3,202)	¥(1,607)

	U.S.Dollars (Thousands)					
	Common stock	Additional paid-in capital	Retained earnings	Unrealized gains (losses) on securities	Foreign currency translation adjustment	Treasury stock, at cost
Balance at March 31, 2003	\$152,579	\$150,279	\$170,964	\$(2,461)	\$(19,757)	\$(14,172)
Net income (loss)	—	—	43,661	—	—	—
Cash dividends	—	—	(3,947)	—	—	—
Shares issued upon conversion of convertible bond	463	463	—	—	—	—
Increase due to inclusion of consolidated subsidiaries	—	—	6,049	—	—	—
Bonuses to directors and statutory auditors	—	—	(18)	—	—	—
Unrealized holding loss arising during the period	—	—	—	10,527	—	—
Translation adjustment	—	—	—	—	(10,555)	—
Purchase of treasury stock	—	—	—	—	—	(2,934)
Sale of treasury stock	—	—	—	—	—	1,893
Balance at March 31, 2004	\$153,053	\$150,752	\$216,690	\$8,065	\$(30,313)	\$(15,213)

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

CMK CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2004, 2003 and 2002

	Yen (Millions)			U.S.Dollars (Thousands)
	Year ended March 31			Year ended March 31
	2004	2003	2002	2004
Cash flows from operating activities :				
Income (loss) before income taxes and minority interest	¥ 5,613	¥ (1,134)	¥ (3,507)	\$ 53,138
Depreciation and amortization	8,150	9,458	10,061	77,156
Increase (Decrease) in allowance for bad debts	1,009	(50)	(56)	9,552
Interest and dividend income	(90)	(268)	(143)	(852)
Interest expense	955	1,182	1,239	9,040
Equity in net (earnings) losses of affiliates	(1,006)	(2)	(22)	(9,523)
Loss on write-down of investment securities	0	392	966	0
Loss on disposal of property, plant and equipment	505	317	327	4,780
Impairment loss	955	0	0	9,040
Restructuring cost	751	0	0	7,109
(Increase) decrease in notes and accounts receivable, trade	(5,979)	(631)	7,215	(56,603)
(Increase) decrease in inventories	212	208	63	2,007
Increase (decrease) in notes and accounts payable, trade	2,034	200	(116)	19,255
Others, net	451	676	(1,126)	4,269
Sub total	13,563	10,351	14,901	128,401
Interest and dividend income, received	91	132	162	861
Interest expense, paid	(998)	(1,174)	(1,191)	(9,448)
Income taxes, paid	(461)	311	(3,115)	(4,364)
Net cash provided by operating activities	12,194	9,620	10,755	115,440
Cash flows from investing activities :				
Payments for acquisition of property, plant and equipment	(3,453)	(9,863)	(11,446)	(32,689)
Proceeds from sales of property, plant and equipment	1,029	781	547	9,741
Payments for acquisition of intangible fixed assets	(319)	(332)	(689)	(3,019)
Payments for purchases of investment securities	(30)	(1,209)	(271)	(284)
Proceeds from sales of investment securities	1,142	1,498	500	10,811
Payments for loan receivables	(254)	(2,848)	(37)	(2,404)
Collections of loan receivables	318	593	104	3,010
Acquisitions of subsidiaries, net of cash acquired	(51)	(584)	(3,977)	(482)
Others, net	808	257	(430)	7,649
Net cash used in investing activities	(810)	(11,705)	(15,699)	(7,668)
Cash flows from financing activities :				
Proceeds from short-term borrowings	46,262	57,723	41,687	437,962
Repayment of short-term borrowings	(47,578)	(56,700)	(45,496)	(450,421)
Proceeds from issuance of bonds	0	5,540	0	0
Repayment of bonds	(20,000)	0	0	(189,340)
Proceeds from long-term debt	3,142	9,664	21,300	29,745
Repayment of long-term debt	(6,671)	(6,787)	(9,366)	(63,154)
Others, net	(1,407)	(395)	336	(13,320)
Net cash provided by (used in) financing activities	(26,254)	9,045	8,458	(248,546)
Effect of exchange rate changes on cash and cash equivalents	(194)	(136)	7	(1,836)
Net increase (decrease) in cash and cash equivalents	(15,064)	6,823	3,522	(142,611)
Increase in cash and cash equivalents from the addition or exclusion of consolidated company	45	3,431	65	426
Cash and cash equivalents at beginning of year	27,977	17,722	14,134	264,858
Cash and cash equivalents at end of year (Note 5)	¥12,959	¥27,977	¥17,722	\$122,682

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

CMK CORPORATION and Consolidated Subsidiaries

1. Basis of presenting financial statement

The accompanying consolidated financial statements have been prepared from accounting records maintained by CMK CORPORATION (the "Company") and consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In order to facilitate the understanding of readers outside Japan, certain reclassifications are made to the consolidated financial statements prepared for domestic reporting purposes. In addition, the notes to the consolidated financial statements include information that is not required under accounting prin-

ciples generally accepted in Japan but is presented herein as additional information.

The yen amounts are rounded off in millions. Therefore, total or subtotal amounts do not correspond with the aggregation of such account balance.

U.S. dollar amounts presented in the financial statements are included solely for convenience. The rate of ¥105.63 to US\$1.00, prevailing on March 31, 2004, has been used for translation into U.S. dollar amounts in the financial statements. The U.S. dollar amounts are then rounded off in thousands. The inclusion of such amounts should not be construed as a representation that Japanese yen amounts have been or could in the future be converted into U.S. dollar at that rate.

2. Summary of significant accounting policies

(a) Principle of consolidation

The Company had 25 and 26 subsidiaries as of March 31, 2004 and 2003 respectively. The consolidated financial statements included the accounts of the Company and its 22 and 21 significant subsidiaries as of March 31, 2004 and 2003, respectively.

Intercompany accounts and significant intercompany transactions have been eliminated on consolidation.

The investments in (20% to 50% owned) affiliates, except some of them, are accounted for by the equity method.

Non-consolidated subsidiaries and a part of investments in affiliates are stated at cost because of their immateriality. Earnings of these companies are recorded in the Company's books only to the extent that cash dividends are received.

The difference between the cost of investments in consolidated subsidiaries and the equity in their net assets at dates of acquisition is amortized, on a straight-line basis, over five years.

(b) Cash and cash equivalents

The cash and cash equivalents include certificates of deposit, bank deposit with a maturity of three months or less which can be withdrawn without any restriction, and highly liquid debt instruments purchased with maturity of three months or less.

(c) Marketable securities and investment securities

Debt and equity securities are classified in one of three categories: available-for-sale, trading, or held-to-maturity. Debt securities are classified as "held-to-maturity" securities and reported at amortized cost. Debt and equity securities that are classified as "trading" securities are reported at fair value, with unrealized gains and losses included in earnings. Other debt and equity securities are classified as "available-for-sale" securities and are reported at fair value at the closing date, with unrealized gains or losses net of deferred taxes, included in unrealized gains (losses) on securities in the stockholders' equity section of the consolidated balance sheet. Realized gains and losses which are determined on the moving average cost method are reflected in income.

(d) Inventories

Merchandise except for molds, raw materials, finished goods and work in process are stated at cost determined by the aver-

age method. Molds are stated at cost determined by the specific identification method. Subsidiary outside of Japan, inventories are valued at lower of cost or market, which are determined by the moving-average method.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost. In the company and subsidiaries inside Japan, depreciation is computed by the declining-balance method at rates based on estimated useful lives of the respective assets according to general class, type of construction and use. For subsidiaries outside Japan, depreciation is computed by straight-line method. Significant renewals and additions are capitalized at cost. Maintenance, repairs, minor renewals and betterments are charged to income as incurred.

(f) Accounting for leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees, are accounted for by the method similar to that applicable to ordinary operating leases.

(g) Income taxes

The provision for income taxes is computed based on the pre-tax income included in the consolidated statements of income. The assets and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

(h) Retirement and pension plans

The Company and its subsidiaries in Japan have various defined benefit pension plans and severance indemnity plans. The Company provided for retirement allowance to directors and statutory auditors determined based on their pertinent rules that calculate the estimated amount to be paid if all directors and statutory auditors retired at the balance sheet date.

(i) Research and development costs

Research and development costs are charged to income as incurred.

(j) Foreign currency translation

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese Yen at appropriate year-

end current rates, and the shareholders' equity accounts except for retained earnings are translated at historical rates. All income and expense accounts of foreign subsidiaries and affiliates are translated into Japanese Yen at the average rate during the fiscal year. The resulting translation adjustments are presented as "foreign currency translation adjustments" in the accompanying consolidated financial statements.

The monetary assets and liabilities in foreign currencies are translated into Japanese Yen at applicable current year-end rates, and other assets and liabilities are translated at historical rates, and differences due to translation are credited or charged to income as incurred.

(k) Impairment of assets accounting

Accounting for impairment of assets (real property, long-lived assets) is not required under generally accepted accounting principles and practices in Japan, which differ from IAS No.36.

Some overseas subsidiaries apply accounting for impairment of assets in accordance with the local accounting principles and practices.

(l) Net income and dividends per share

Basic net income per share is computed based on the weighted average number of shares outstanding during each period, and diluted net income per share assumes the dilution that could occur if convertible bonds or similar securities were converted into common stock or exercised to result in the issuance of common stock.

Cash dividends per share reflect cash dividends applicable to the respective periods.

(m) Reclassifications

Certain reclassifications of the financial statements and related footnote amounts in the years ended March 31, 2003 and 2002 have been made to conform to the presentation in the year ended March 31, 2004.

3. Marketable securities and investments

The cost and fair value of marketable securities and investments as of March 31, 2004 are shown below:

	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Debt and equity securities – available-for-sale:			
Cost	¥2,343	¥2,410	\$22,181
Gross unrealized gains	1,499	94	14,191
Gross unrealized losses	30	543	284
Amount in balance sheet	¥3,812	¥1,961	\$36,088

Non-marketable securities are not included in the above cost and fair value.

4. Inventories

Inventories at March 31, 2004 and 2003 comprise the following:

	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Merchandise	¥ 926	¥1,503	\$ 8,766
Finished goods	3,006	2,648	28,457
Work in process	3,774	3,436	35,728
Raw materials and supplies	1,849	2,355	17,504
	¥9,555	¥9,942	\$90,457

5. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts at March 31, 2004 and 2003:

	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Cash and time deposits	¥13,276	¥28,523	\$125,683
Marketable securities	—	150	—
Deposits with a maturity of three months or more	(317)	(696)	(3,001)
Cash and cash equivalents	¥12,959	¥27,977	\$122,682

6. Investment in affiliates

Investment in the non-consolidated subsidiaries and affiliates are shown below:

	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Investment in the non-consolidated subsidiaries and affiliates	¥3,998	¥3,372	\$37,849

7. Bonds Payable and Borrowings

Bonds payable as of March 31, 2004 and 2003 consisted of the following:

Item	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Due 2005 Unsecured Convertible Bonds*	¥12,308	¥12,408	\$116,519
Due 2003 Unsecured Straight Bonds	—	20,000	—
Due 2006 Unsecured Straight Bonds	100	100	946
Due 2008 Unsecured Straight Bonds	2,500	2,500	23,667
Due 2008 Unsecured Straight Bonds	3,000	3,000	28,401
Total	¥17,908	¥38,008	\$169,535

*The conversion period of the Unsecured Convertible Bonds is from October 1, 1996 to September 29, 2005 and the conversion price was ¥1,256 (\$11.89) per share as of March 31, 2004.

Borrowings as of March 31, 2004 and 2003 consisted of the following:

Item	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Short-term Borrowings	¥ 5,666	¥ 7,447	\$ 53,640
Current Portion of Long-term Debt	5,298	6,366	50,156
Long-term Debt	22,636	25,230	214,295
Total	¥33,601	¥39,045	\$318,100

As of March 31, 2004 and 2003, long-term debt is secured by property, plant and equipment with a net value of ¥11,686 million (\$ 110,631 thousand) and ¥13,291 million, respectively.

As is customary in Japan, short-term and long-term bank

loans are made under general agreements, which provide that security, and guarantees for future and present indebtedness will be given upon request of the bank.

The aggregate annual maturities of long-term debt are as follows:

Year ending March 31	Yen (Millions)	U.S. Dollars (Thousands)
2005	¥ 5,298	\$ 50,156
2006	19,832	187,749
2007	12,378	117,182
2008	7,897	74,760
2009	435	4,118
	¥45,842	\$433,986

8. Shareholders' equity

Under the Japanese Commercial Code, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its board of directors, account for an amount not exceeding one-half of the issue price of the new shares as capital surplus.

The Japanese Commercial Code provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal reserve

until the total amount of legal reserve and capital surplus equals 25% of common stock. The legal reserve is not available for dividends unless the total amount of legal reserve and capital surplus exceeds 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit by resolution of the stockholders or may be capitalized by resolution of the Board of Directors. Legal reserve is included in retained earnings.

9. Income taxes

The Company and its domestic subsidiaries are subject to a number of taxes based on income, which in the aggregate

resulted in normal tax rates of approximately 42% for the year ended March 31, 2004 and 2003.

Income tax expense comprises the following:

	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Income taxes:			
Current	¥1,643	¥549	\$15,554
Deferred	36	158	340
	¥1,679	¥707	\$15,895

The significant components of deferred tax assets and liabilities are as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Deferred tax assets:			
Accrued employee's bonuses	¥ 258	¥ 240	\$ 2,442
Retirement and severance benefit	253	256	2,395
Depreciation	279	296	2,641
Fix assets - intercompany profits	109	115	1,031
Provision for enterprises tax	131	25	1,240
Securities evaluation loss	842	842	7,971
Tax loss	—	212	—
Others	169	837	1,599
Gross deferred tax assets	¥2,045	¥2,828	\$19,360
Deferred tax liabilities:			
Allowance for doubtful receivables — intercompany losses	17	21	160
Others	56	36	530
Gross deferred tax liabilities	74	59	700
	¥1,971	¥2,769	\$18,659

Reconciliation of the differences between the statutory tax rate and the effective tax rate is as follows:

	2004	2003
Statutory tax rate	42.0%	42.0%
Increase (reduction) in taxes resulting from:		
Unrealized effects of tax loss	(3.2%)	—
Tax loss carry forward	—	(78.8%)
Effect of equity earnings of affiliates	(7.5%)	—
Effect of changes in tax rate applied	0.6%	(13.7%)
Others	(2.0%)	(11.9%)
Effective income tax rate	29.9%	(62.4%)

Net deferred tax assets are included in the consolidated balance sheets as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Current assets - deferred income taxes	¥ 773	¥ 661	\$ 7,317
Investments and other assets — deferred income taxes	1,271	2,166	12,032
Current liabilities - other current liabilities	—	(6)	—
Long-term liabilities — other	(74)	(53)	(700)
Net deferred tax assets	¥1,971	¥2,769	\$18,659

10. Leased assets

Under Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased assets to the lessees are permitted to be accounted for as rental transactions if certain “as if capitalized” information is disclosed in notes to lessee’s

financial statements. For the years ended March 31, 2004, 2003 and 2002, the Company and its domestic subsidiaries made payments of ¥620 million (\$5,869 thousand), ¥581 million and ¥633 million, respectively, on these finance leases.

	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Class of property (inclusive of interest)			
Machinery and equipment	¥2,032	¥2,630	\$19,236
Other	884	965	8,368
Accumulated depreciation	(1,661)	(2,145)	(15,724)
	¥1,255	¥1,450	\$11,881

Depreciation charges are computed using straight-line method over lease terms assuming no residual value.

Future minimum lease payments, inclusive of interest, as of March 31, 2004 and 2003 are:

Year ending March 31	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Payments due within one year	¥ 458	¥ 566	\$ 4,335
Payments due after one year	796	884	7,535
Total future minimum lease payment	¥1,255	¥1,450	\$11,881

11. Pension and severance plans

The Company and its domestic subsidiaries have various defined benefit pension plans and severance indemnity plans.

Accrued pension and severance costs at March 31, 2004	Yen (Millions)	U.S. Dollars (Thousands)
	2004	2004
Benefit obligation	¥(3,742)	\$(35,425)
Plan assets	3,093	29,281
Funded status	(648)	(6,134)
Unrecognized actuarial loss	796	7,535
Net amount recognized	147	1,391
Prepaid benefit cost	352	3,332
Accrued pension and severance costs	¥ (204)	\$ (1,931)

The Company partially shifted to a defined contribution pension system in January 2004, while still retaining a partial balance from the former tax-qualified pension plan system.

The effects of the Company’s partial transition from a tax-qualified pension system to a defined contribution pension system were as follows:

	Yen (Millions)	U.S. Dollars (Thousands)
	2004	2004
Decrease in project benefit obligation	¥980	\$9,277
Unrecognized net actuarial gains and losses	(211)	(1,997)
Amount of the transferred assets to new pension system	(450)	(4,260)
Gain from transition to new pension system	¥318	\$3,010

	Yen (Millions)	U.S. Dollars (Thousands)
	2004	2004
Detail of net periodic benefit cost		
Service cost	¥348	\$3,294
Interest cost	96	908
Expected return on plan assets	(77)	(728)
Amortization of net transition obligation	101	956
Periodic benefit cost	¥469	\$4,440
Gain from transition to new pension system	(318)	(3,010)
Others	27	255
Total	¥178	\$1,685

Basis for calculation of retirement benefit obligation, etc Periodic allocation method for projected benefits	Straight-line standard
Discount rate	2.5%
Expected rate of return	2.5%
Years over which prior service cost is amortized	10 years
Years over which net actuarial gains and losses are amortized	10 years

12. Impairment loss

Some overseas subsidiaries are accounting for impairment loss in accordance with the local accounting principles and practices. Impairment losses as of March 31, 2004 consisted of the following:

Geographic area: South East Asia

Application: Circuit board production facilities

	Yen (Millions)	U.S. Dollars (Thousands)
	2004	2004
Buildings and structure	¥275	\$2,603
Machinery and equipment	503	4,761
Construction in progress	21	198
Tangible fixed assets, other	14	132
Intangible fixed assets, other	141	1,334
Total impairment loss	¥955	\$9,040

13. Contingent liabilities

Contingent liabilities at March 31, 2004 and 2003 are as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2004	2003	2004
Notes receivable discounted with banks	¥ 0	¥223	\$ 8
Endorsed notes	49	446	463
	¥49	¥670	\$471

14. Segment information

The following segment information has been prepared according to a Ministerial Ordinance under the Securities and Exchange Law of Japan.

The printed circuit board sector, for each of the years in the three-year period ended March 31, 2004, is more than 90%.

The Company changed the segments of geographic areas. Therefore China area has been growing its significance, the Company broke Asia into 2 areas: China and South East Asia.

China: China (include Hongkong)

South East Asia: Asia other than China

Geographic areas:

	Yen (Millions)			U.S.Dollars (Thousands)
	Year ended March 31			Year ended March 31
	2004	2003	2002	2004
Sales and operating revenue:				
Japan				
Customers	¥90,927	¥89,880	¥86,323	\$860,806
Intersegment	2,722	4,117	2,644	25,769
Total	93,649	93,997	88,968	886,575
China				
Customers	¥10,299	¥5,832	¥—	\$97,500
Intersegment	5,102	3,774	—	48,300
Total	15,401	9,606	—	145,801
South East Asia				
Customers	¥11,087	¥13,585	¥—	\$104,960
Intersegment	1,926	2,247	—	18,233
Total	13,014	15,833	—	123,203
Asia				
Customers	¥—	¥—	¥16,511	\$—
Intersegment	—	—	1,317	—
Total	—	—	17,829	—
Europe				
Customers	¥3,051	¥2,446	¥1,705	\$28,883
Intersegment	13	8	—	123
Total	3,065	2,455	1,705	29,016
Elimination	(9,765)	(10,147)	(3,962)	(92,445)
Consolidated	¥115,366	¥111,744	¥104,540	\$1,092,170
Operating income:				
Japan	¥9,519	¥3,094	¥438	\$90,116
China	1,133	(643)	—	10,726
South East Asia	(571)	(389)	—	(5,405)
Asia	—	—	(464)	—
Europe	(14)	(144)	(267)	(132)
Corporate and elimination	(854)	(1,212)	(845)	(8,084)
Consolidated	¥9,212	¥703	¥(1,138)	\$87,210
Identifiable assets:				
Japan	¥105,924	¥111,159	¥107,057	\$1,002,783
China	12,830	12,363	—	121,461
South East Asia	6,216	9,849	—	58,846
Asia	—	—	17,491	—
Europe	2,340	2,302	2,034	22,152
Corporate and elimination	6,952	18,596	22,893	65,814
Consolidated	¥134,263	¥154,271	¥149,476	\$1,271,068
Export sales:				
To China	¥9,603	¥6,749	¥—	\$90,911
To South East Asia	11,676	12,896	—	110,536
To Asia	—	—	18,412	—
To Europe	3,213	2,517	1,752	30,417
To Other	1,995	1,849	2,134	18,886
Total	¥26,489	¥24,013	¥22,300	\$250,771

General corporate expenses of ¥1,370 million (\$ 12,969 thousand), ¥1,591 million and ¥1,221 million in 2004, 2003 and 2002, respectively, are included in “Corporate and elimination”.

Corporate assets of ¥19,246 million (\$ 182,202 thousand),

¥31,842 million and ¥30,390 million in 2004, 2003 and 2002, respectively, which mainly consists of investment securities and corporate properties, are included in “Corporate and elimination”.

15. Subsequent events

(a) On June 29, 2004, the following appropriations of retained earnings were approved at an annual general meeting of shareholders of the Company:

	Yen (Millions)	U.S. Dollars (Thousands)
	2004	2004
Cash dividends	¥261	\$2,470
Bonuses to directors	60	568

(b) Incorporation with CMK HI-TECHS

On June 1, 2004, the Company incorporated with CMK HI-TECHS, which was a consolidated subsidiary of the Company, and had been acquired 100% shares by the Company.

	Yen (Millions)	U.S. Dollars (Thousands)
	2004	2004
Financial condition of CMK HI-TECHS		
Total assets	¥678	\$6,418
Total liabilities	611	5,784
Shareholders' equity	¥66	\$ 624

Independent Auditors' Report

CMK CORPORATION and Consolidated Subsidiaries

To the shareholders and the Board of Directors of
CMK CORPORATION

We have audited the accompanying consolidated balance sheets of CMK CORPORATION and subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended March 31, 2004, all expressed in Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CMK CORPORATION and subsidiaries as of March 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2004, in conformity with accounting principles generally accepted in Japan.

As explained Note 12, some overseas subsidiaries adopted an accounting for impairment of assets in accordance with the local accounting principles and practices.

As described Note 15, on June 1, 2004, CMK CORPORATION incorporated with CMK HI-TECHS, which had been held 100% shares by CMK CORPORATION.

The amounts expressed in U.S. Dollars, provided solely for the convenience of readers, have been translated on the basis set forth in Note 1 to consolidated financial statements.

Tokyo, Japan
June 29, 2004

Shinjuku Audit Corporation

Company Name	Equity held by the Company (%)	Principal Business	Country
Subsidiaries			
CMK MECHANICS CORPORATION	100.0	Manufacturing and sales of PWBs and molds	Japan
CMK HI-TECHS CORPORATION	100.0	Manufacturing and sales of PWBs	Japan
CMK DRILLING CORPORATION	100.0	Manufacturing and sales of PWBs	Japan
CMK MULTI CORPORATION	100.0	Manufacturing and sales of PWBs	Japan
CMK CIRCUIT TECHNOLOGY CENTER CORPORATION	100.0	Designing circuit of PWBs	Japan
SE PRODUCTS CORPORATION	100.0	Manufacturing and sales of PWBs	Japan
CMK NIIGATA CORPORATION	100.0	Manufacturing and sales of PWBs	Japan
CMK FINANCE CORPORATION	100.0	Credit and loan to subsidiaries	Japan
CMK PACKAGE TECH CORPORATION	100.0	Manufacturing and sales of PWBs	Japan
YAMANASHI SANKO CO., LTD.	90.0	Manufacturing and sales of PWBs	Japan
CMK EUROPE N. V.	80.0	Manufacturing and sales of PWBs	Belgium
CMK KANBARA ELECTRONIC CORPORATION JAPAN	75.5	Manufacturing and sales of PWBs	Japan
JT CMK CORPORATION	66.6	Manufacturing and sales of PWBs	Japan
CMK ELECTRONICS (WUXI) CO., LTD.	65.0	Manufacturing and sales of PWBs	China
JSIC CORPORATION	50.2	Manufacturing and sales of PWBs	Japan
WAKOH ELECTRONICS CORPORATION	52.6	Manufacturing and sales of PWBs	Japan
CMK SINGAPORE (PTE.) LTD.	51.0	Manufacturing and sales of PWBs	Singapore
CMKS (MALAYSIA) SDN. BHD.	64.1 (26.8)	Manufacturing and sales of PWBs	Malaysia
P. T. CMKS INDONESIA	100.0 (100.0)	Manufacturing and sales of PWBs	Indonesia
CMKS (HONG KONG) CO., LIMITED	100.0 (100.0)	Manufacturing and sales of PWBs	Hong Kong
CMKC (HONG KONG) LIMITED	100.0	Sales of PWBs	Hong Kong
CMKC (DONG GUAN) LTD.	95.3 (95.3)	Manufacturing and sales of PWBs	China
Affiliate			
SNC INDUSTRIAL LAMINATES SDN. BHD.	49.0	Manufacturing and sales of copper-clad laminates	Malaysia
CMK GLOBAL BRANDS MANUFACTURE, LTD.	49.0	Manufacturing and sales of PWBs	China

Note: Equity held by the Company equals the total of direct and indirect holdings. Figures in parentheses are indirect holdings.

Directors

Chairman	Noboru Nakayama
President and Chief Executive Officer	Takahiro Nakayama
Director and Executive Managing Officer	Mikihiko Hattori
Director and Executive Managing Officer	Kuniaki Kanemoto
Director and Executive Managing Officer	Shigeyuki Seki
Director and Executive Managing Officer	Kunio Nishi
Director and Executive Officer	Tsutomu Yamaguchi

Auditors

Standing Auditor	Nobuo Akiyama
Auditor	Hideaki Takahashi
Auditor	Tatsunao Matsuta

Executive officers

Executive Vice President	Shigeo Araki
Executive officer	Shinji Kadono
Executive officer	Sadanobu Kondou
Executive officer	Takeo Takai

Established

February 1961

Business Activities

Research and Development, production and sales of PWBs and electronic devices.

Major Shareholders

Shareholders	Number of shares held (Thousands)	Percentage (%)
Japan Trustee Services Bank, Ltd. (Trustee account)	8,839	17.1
The Master Trust Bank of Japan, Ltd. (Trustee account)	3,793	7.3
Noboru Nakayama	2,652	5.1
Mizuho Corporate Bank Ltd.	2,576	4.9
The Foundation for Technology Promotion of Electronic Circuit Board	2,500	4.8
The Dai-ichi Mutual Life Insurance Company	2,345	4.5
Matsushita Electric Works, Ltd.	1,860	3.6
The Master Trust Bank of Japan, Ltd. / Retirement Benefit for Hitachi Chemical Co., Ltd.	1,822	3.5
Sumitomo Mitsui Banking Corporation	1,613	3.1
Nakayama Kikaku	1,600	3.1

Correspondent Banks

(As of June 29, 2004)

Mizuho Corporate Bank, Ltd.
Sumitomo Mitsui Banking Corporation
The Tokyo Tomin Bank, Ltd.
Resona Bank, Limited.

Principal Customers

Sharp Corporation
Matsushita Electric Industrial Co., Ltd.
Denso Corporation
Sanyo Electric Co., Ltd.
Toyota Tsusho Corporation



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