

## Consolidated Financial Flash Report (June 30, 2010)

Date: July 29, 2010

Company Name : Murata Manufacturing Co., Ltd.  
Listing Code : 6981  
(URL <http://www.murata.com/>)  
Phone : (075) 955-6525

Stock Exchange Listings:  
Tokyo Stock Exchange  
Osaka Securities Exchange  
Stock Exchange of Singapore

### 1. Consolidated financial results for the three months ended June 30, 2010

#### (1) Operating results

	Net sales		Operating income (loss)		Income (loss) before income taxes		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2010	153,672	30.8	21,494	-	23,275	-	15,464	-
Three months ended June 30, 2009	117,507	(20.4)	(3,775)	-	(5,064)	-	(3,667)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2010	72.05	72.05
Three months ended June 30, 2009	(17.09)	(17.09)

\* Percentages in the fields of Net sales are the growth ratios against the same period of the previous fiscal year.

\*The Companies' "Net income (loss)" is computed in the same method as for "Net income attributable to the Company's shareholders" under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, "Consolidation" in the United States of America.

#### (2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2010	932,031	799,887	85.8	3,726.83
As of March 31, 2010	928,790	800,857	86.2	3,731.34

### 2. Dividends (Year ended March 31, 2010 and the year ending March 31, 2011)

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2010	-	35.00	-	35.00	70.00
2011	-	-	-	-	-
2011 (Projected)	-	50.00	-	50.00	100.00

\*No change in the projected dividends during the three months ended June 30, 2010.

### 3. Projected financial results for the six months ending September 30, 2010 and the year ending March 31, 2011 (Consolidated basis)

	Net sales		Operating income		Income before income taxes		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2010	315,000	23.2	42,000	588.5	46,000	493.5	31,000	553.6	144.43
Year ending March 31, 2011	605,000	14.0	71,000	165.6	77,000	122.2	52,000	110.0	242.28

\*Projected financial results have been revised during the three months ended June 30, 2010.

Percentages in the fields of Net sales, Operating income, Income before income taxes and Net income for the six months ending September 30, 2010 are the growth ratio against the six months ended September 30, 2009.

Percentages for the year ending March 31, 2011 are the growth ratio against the previous year.

### 4. Other

(1) Changes in significant subsidiaries during the three months ended June 30, 2010 (changes in specific subsidiaries that caused change in scope of consolidation) : None

(2) Adoption of simplified and specifically applied accounting method

The Company adopted accounting method specifically applied for quarterly consolidated financial reporting.

\*See "Business Results and Financial Position - 4. Other" for more detailed information.

(3) Changes in accounting principle, method and representation

Changes due to adoption of new accounting standard: None

Changes due to reasons other than above: None

(4) Number of common shares outstanding

Number of shares outstanding including treasury stock: 225,263,592 shares as of June 30, 2010 and as of March 31, 2010

Number of treasury stock: 10,634,280 shares as of June 30, 2010 and 10,633,763 shares as of March 31, 2010

Average number of shares outstanding: 214,629,537 shares for the three months ended June 30, 2010 and 214,632,650 shares for the three months ended June 30, 2009

### (Reference) Projected financial results for the six months ending September 30, 2010 and the year ending March 31, 2011 (Parent Co. basis)

	Net sales		Operating income		Income before income taxes and extraordinary items		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2010	275,000	25.2	10,000	473.1	16,000	154.0	13,000	111.2	60.57
Year ending March 31, 2011	510,000	11.0	17,200	112.9	29,200	57.0	23,000	41.0	107.16

\*Projected financial results have been revised during the three months ended June 30, 2010.

Percentages in the fields of Net sales, Operating income, Income before income taxes and extraordinary items, and Net income for the six months ending September 30, 2010 are the growth ratio against the six months ended September 30, 2009.

Percentages for the year ending March 31, 2011 are the growth ratio against the previous year.

\*Notes to the projected financial results

The above projections were prepared based on estimates using information currently available.

Actual results may differ from the projections. For assumptions and other information regarding the projections, refer to "Business Results and Financial Position".

Business Results and Financial Position  
(from April 1, 2010 through June 30, 2010)

1. Business Results

(1) General Overview

During the three-month period under review, the global electronics markets continued to be strong, thanks to demand expansion in emerging countries such as China, as well as economic recovery and growing replacement demand for high-end models in developed nations. In the market of electronic components, demand grew greatly owing to the increased production of electronic equipment and the spread of high-end models such as third-generation (3G) phones, smartphones, laptop computers and LED-backlit LCD TVs, which incorporate a larger number of components.

Under these market environments, the Company has continued to maintain high level of capacity utilization through measures such as operation on holidays in response to demand expansion. It has also increased the production capacity through productivity improvement and capital investment. Aiming at improving profitability, it has steadily implemented the streamlining of the manufacturing processes and the comprehensive reduction of indirect expenses to cope with price decline and severe competition with its competitors.

(2) Consolidated Results Overview

As a result, the Company's business results for the period under review are as follows.

	Millions of yen									
	Three months ended June 30, 2009		Three months ended March 31, 2010		Three months ended June 30, 2010		Growth (vs. three months ended June 30, 2009)		Growth (vs. three months ended March 31, 2010)	
		%*		%*		%*		%*		%*
Net sales	117,507	100.0	135,318	100.0	153,672	100.0	36,165	30.8	18,354	13.6
Operating income (loss)	(3,775)	(3.2)	9,330	6.9	21,494	14.0	25,269	-	12,164	130.4
Income (Loss) before income taxes	(5,064)	(4.3)	11,591	8.6	23,275	15.1	28,339	-	11,684	100.8
Net income (loss)	(3,667)	(3.1)	10,722	7.9	15,464	10.1	19,131	-	4,742	44.2

\* Ratio to net sales

Net sales for the three-month period under review increased to 153,672 million yen, up 30.8% from the three months ended June 30, 2009. Operating income was 21,494 million yen (operating loss for the same period of 2009: 3,775 million yen), income before income taxes was 23,275 million yen (loss before income taxes for the same period of 2009: 5,064 million yen) and net income was 15,464 million yen (net loss for the same period of 2009: 3,667 million

yen). The primary factors for the profitability improvement were a rise in capacity utilization and comprehensive cost reduction that exceeded the negative factors such as price decline and the appreciation of the yen, whose average rate against the U.S. dollar rose by 5.31 yen to 92.02 yen from 97.33 yen for the same period of the previous fiscal year.

Net sales also increased by 13.6% compared with the previous quarter (the three months ended March 31, 2010). The negative impact from component price decline was fully offset by positive effects from a rise in capacity utilization, comprehensive cost reduction and the depreciation of the yen, whose average rate against the U.S. dollar fell by 1.31 yen from 90.71 yen for the previous quarter. As a result, operating income increased by 130.4%, income before income taxes increased by 100.8% and net income increased by 44.2%, respectively from the previous quarter. Operating margin sharply improved to 14.0% from 6.9% for the previous quarter.

### (3) Sales by Product Category

Net sales by product category for the three-month period under review compared with the figures for the same period of the previous fiscal year are as follows.

	Millions of yen									
	Three months ended June 30, 2009		Three months ended March 31, 2010		Three months ended June 30, 2010		Growth (vs. three months ended June 30, 2009)		Growth (vs. three months ended March 31, 2010)	
		%*		%*		%*		%*		%*
Capacitors	38,201	32.6	47,999	35.6	54,902	35.9	16,701	43.7	6,903	14.4
Piezoelectric Components	17,542	15.0	21,380	15.9	23,183	15.1	5,641	32.2	1,803	8.4
Other Components	21,704	18.6	26,056	19.3	29,182	19.1	7,478	34.5	3,126	12.0
Components Total	77,447	66.2	95,435	70.8	107,267	70.1	29,820	38.5	11,832	12.4
Communication Modules	29,764	25.4	26,922	20.0	32,014	20.9	2,250	7.6	5,092	18.9
Other Modules	9,857	8.4	12,421	9.2	13,846	9.0	3,989	40.5	1,425	11.5
Modules Total	39,621	33.8	39,343	29.2	45,860	29.9	6,239	15.7	6,517	16.6
Net sales	117,068	100.0	134,778	100.0	153,127	100.0	36,059	30.8	18,349	13.6

\* Component ratio

#### <Components>

Sales of Components for the period under review increased by 38.5% year-on-year to 107,267 million yen.

#### [Capacitors]

The Capacitors category includes multilayer ceramic capacitors.

For the period under review, sales of multilayer ceramic capacitors, the main product in this

category, grew significantly both in quantity and value terms thanks to production growth of electronic equipment and increasing demand for high-capacitance capacitors. Sales of application-specific capacitors for computers and peripheral equipment dropped significantly because of price decline, although sales volume increased with the expansion of the personal computer market.

As a result, overall net sales increased by 43.7% year-on-year to 54,902 million yen.

#### [Piezoelectric Components]

The Piezoelectric Components category includes SAW (surface acoustic wave) filters, ceramic resonators, piezoelectric sensors, ceramic filters and piezoelectric speakers.

For the period under review, sales of SAW filters increased greatly both in quantity and value terms owing to growing production of mobile phones and data cards. Sales of ceramic resonators rose significantly for all applications including automotive electronics. Piezoelectric sensors attained large growth in sales of shock sensors for hard disk drives and ultrasonic sensors for back sonar. Sales of ceramic filters greatly increased especially for automotive electronics such as satellite navigation systems and car audio systems. Sales of piezoelectric speakers rose largely for portable media players. Sales of piezoelectric actuators also expanded significantly for fuel injection systems of automobile diesel engines in the European market.

As a result, overall net sales increased by 32.2% year-on-year to 23,183 million yen.

#### [Other Components]

Other Components include EMI (electro-magnetic interference) suppression filters, inductors (coils), thermistors, connectors, sensors and isolators.

For the period under review, sales of EMI suppression filters increased significantly for all applications because of production growth in key electronic equipment. Inductors (coils) and connectors showed steady growth in sales for mobile phones. Sales of thermistors were strong for use in home appliances and batteries for laptop computers. Sales of gyroscopes grew significantly for use in toy products and satellite navigation systems. On the other hand, sales of isolators for use in mobile phones declined.

As a result, overall net sales increased by 34.5% year-on-year to 29,182 million yen.

#### <Modules>

Sales of Modules for the period under review increased by 15.7% year-on-year to 45,860 million yen.

#### [Communication Modules]

The Communication Modules include short-range wireless communication modules, multilayer ceramic devices and circuit modules.

For the period under review, sales of short-range wireless communication modules grew steadily for mobile phones and portable media players. Sales of multilayer ceramic devices

for mobile phones and data cards displayed healthy growth. Circuit modules decreased in sales of digital TV tuners used in mobile phones but increased sharply in sales of wireless communication modules.

As a result, overall net sales posted a year-on-year increase of 7.6% to 32,014 million yen.

[Other Modules]

This product category includes power supplies.

Sales of power supplies for use in office automation equipment such as printers and copiers grew strongly.

As a result, overall net sales posted a year-on-year rise of 40.5% to 13,846 million yen.

## 2. Financial Position

Liquidity in hand (cash, short-term investments and available-for-sale securities (government and private debt securities)) as of June 30, 2010 decreased by 6,844 million yen from March 31, 2010 to 353,998 million yen. Trade accounts receivable increased by 6,671 million yen to 116,613 million yen owing to robust sales, and inventories increased by 3,536 million yen to 92,752 million yen. As a result, total assets as of June 30, 2010 increased by 3,241 million yen from the end of the previous fiscal year to 932,031 million yen.

The ratio of shareholders' equity to total assets decreased by 0.4 percentage points from the end of the previous fiscal year to 85.8% as of June 30, 2010 because of drop in shareholders' equity by 970 million yen.

Cash flows for the period under review are as follows.

### < Net Cash Provided by Operating Activities >

For the period under review, net cash provided by operating activities was 17,623 million yen. As for the details, net income was 15,464 million yen, depreciation and amortization were 14,136 million yen, while trade notes and accounts receivable increased by 11,042 million yen.

Net cash provided by operating activities increased by 4,898 million yen from the three months ended June 30, 2009.

### < Net Cash Used in Investing Activities >

For the period under review, net cash used in investing activities was 37,770 million yen. While cash inflows from maturities and sales of marketable securities, investments and other were 17,792 million yen, cash outflows from purchases of marketable securities, investments and other were 30,045 million yen, those from increase in short-term investments were 11,036 million yen, and those from capital expenditures were 8,541 million yen.

Net cash used in investing activities increased by 40,480 million yen from the three months ended June 30, 2009.

< Net Cash Used in Financing Activities >

For the period under review, net cash used in financing activities was 7,434 million yen mainly owing to 7,512 million yen of dividends paid.

Net cash used in financing activities decreased by 6,497 million yen from the three months ended June 30, 2009.

3. Projected Results for the Year Ending March 31, 2011

The projected results for the six months ending September 30, 2010 and for the year ending March 31, 2011, which were announced on April 30, 2010, have been revised upward as per the tables below.

Projected Results for the Six Months Ending September 30, 2010

		Consolidated Basis		Parent Co. Basis	
		Previous Projections Announced in April, 2010	Revised Projections	Previous Projections Announced in April, 2010	Revised Projections
Net sales	Millions of yen	300,000	315,000	247,000	275,000
	< % > *2	< 11.0 >	< 13.3 >	< 3.4 >	< 3.6 >
Operating income	Millions of yen	33,000	42,000	8,300	10,000
	< % > *2	< 11.7 >	< 14.6 >	< 6.0 >	< 5.8 >
Income before income taxes (and extraordinary items) *1	Millions of yen	35,000	46,000	14,800	16,000
	< % > *2	< 7.7 >	< 9.8 >	< 4.9 >	< 4.7 >
Net income	Millions of yen	23,000	31,000	12,000	13,000

Projected Results for the Year Ending March 31, 2011

		Consolidated Basis		Parent Co. Basis	
		Previous Projections Announced in April, 2010	Revised Projections	Previous Projections Announced in April, 2010	Revised Projections
Net sales	Millions of yen	590,000	605,000	482,000	510,000
	< % > *2	< 10.5 >	< 11.7 >	< 3.2 >	< 3.4 >
Operating income	Millions of yen	62,000	71,000	15,500	17,200
	< % > *2	< 11.2 >	< 12.7 >	< 5.8 >	< 5.7 >
Income before income taxes (and extraordinary items) *1	Millions of yen	66,000	77,000	28,000	29,200
	< % > *2	< 7.5 >	< 8.6 >	< 4.6 >	< 4.5 >
Net income	Millions of yen	44,000	52,000	22,000	23,000

\*1 Consolidated Basis: Income before income taxes, Parent Co. Basis: Income before income taxes and extraordinary items

\*2 Ratio to net sales

Production of major equipment in the global electronics markets is expected to continue steady growth. Amid recent strong demand for electronic components, order backlog as of June 30, 2010 increased by 14.6% to 82,050 million yen from the end of the previous year. The company will continue to maintain high level of capacity utilization for the three months ending September 30, 2010, since it still has high level of order backlog. Consequently, net sales for the six months ending September 30, 2010 are expected to exceed its original forecast. The company will therefore revise upward its consolidated forecast for the six months ending September 30, 2010, which was announced on April 30, 2010, as listed above.

The projections are based on the assumed exchange rates of 86.50 yen against the U.S. dollar and 110 yen against the Euro for the three months ending September 30, 2010.

On the other hand, the Company has not revised its consolidated forecast for the second half of the year ending March 31, 2011. This is due to an uncertain outlook for the market environment such as credit impairment of European countries, which could effect on financial markets and real economy, and the current exchange rate of the yen, which has risen significantly.

The projection for the capital investment has not been changed from the projection of 45,000 million yen, which was announced on April 30, 2010.

[Cautionary Statement on Forward-looking Statements]

This report contains forward-looking statements concerning Murata Manufacturing Co., Ltd. and its Group companies' projections, plans, policies, strategies, schedules, and decisions. These forward-looking statements are not historical facts; rather, they represent the assumptions of the Murata Group based on information currently available and certain assumptions we deem as reasonable. Actual results may differ materially from expectations due to various risks and uncertainties. Readers are therefore requested not to rely on these forward-looking statements as the sole basis for evaluating the Group. The Company has no obligation to revise any of the forward-looking statements as a result of new information, future events or otherwise.

Risks and uncertainties that may affect actual results include, but are not limited to, the following: (1) economic conditions of the Company's business environment, and trends, supply-demand balance, and price fluctuations in the markets for electronic equipment and components; (2) price fluctuations and insufficient supply of raw materials; (3) exchange rate fluctuations; (4) the Group's ability to provide a stable supply of new products that are compatible with the rapid technical innovation of the electronic components market and to continue to design and develop products and services that satisfy customers; (5) changes in the market value of the Group's financial assets; (6) drastic legal, political, and social changes in the Group's business environment; and (7) other uncertainties and contingencies.

#### 4. Other

- (1) Changes in significant subsidiaries during the three months ended June 30, 2010  
(changes in specific subsidiaries that caused change in scope of consolidation)

None

- (2) Adoption of simplified and specifically applied accounting method

Income tax expense for the three months ended June 30, 2010 was calculated using reasonably estimated annual effective tax rate for this fiscal year including this period.

- (3) Changes in accounting principle, method and representation

None

Consolidated Balance Sheets (Unaudited)  
Murata Manufacturing Co., Ltd. and Subsidiaries

**(1) Consolidated Balance Sheets (Assets)**

As of June 30, 2010 and March 31, 2010

	Millions of Yen			
	As of June 30, 2010		As of March 31, 2010	
		%		%
Assets	932,031	100.0	928,790	100.0
Current assets	392,088	42.1	388,141	41.8
Cash	51,168		66,688	
Short-term investments	60,368		63,986	
Marketable securities	43,949		32,793	
Trade notes receivable	1,861		2,088	
Trade accounts receivable	116,613		109,942	
Allowance for doubtful notes and accounts	(1,021)		(1,021)	
Inventories	92,752		89,216	
Deferred income taxes	15,598		17,378	
Prepaid expenses and other	10,800		7,071	
Property, plant and equipment	279,974	30.0	285,265	30.7
Land	43,783		43,829	
Buildings	271,643		272,070	
Machinery and equipment	571,736		570,701	
Construction in progress	13,101		12,162	
Accumulated depreciation	(620,289)		(613,497)	
Investments and other assets	259,969	27.9	255,384	27.5
Investments	207,883		207,958	
Deferred income taxes	9,783		9,654	
Other	42,303		37,772	
Total assets	932,031	100.0	928,790	100.0

**Consolidated Balance Sheets (Liabilities and Shareholders' Equity)**

As of June 30, 2010 and March 31, 2010

	Millions of Yen			
	As of June 30, 2010		As of March 31, 2010	
		%		%
Liabilities	132,144	14.2	127,933	13.8
Current liabilities	82,385	8.9	78,746	8.5
Short-term borrowings	5,350		5,476	
Trade notes payable	401		777	
Trade accounts payable	31,208		28,861	
Accrued payroll and bonuses	14,596		20,351	
Income taxes payable	5,794		3,226	
Accrued expenses and other	25,036		20,055	
Long-term liabilities	49,759	5.3	49,187	5.3
Long-term debt	11		11	
Termination and retirement benefits	47,180		46,496	
Deferred income taxes	1,478		1,812	
Other	1,090		868	
Shareholders' equity	799,887	85.8	800,857	86.2
Common stock	69,377		69,377	
Capital surplus	102,388		102,388	
Retained earnings	706,565		698,613	
Accumulated other comprehensive loss :	(30,367)		(21,447)	
Unrealized gains on securities	2,511		3,132	
Pension liability adjustments	3,068		3,167	
Unrealized gains (losses) on derivative instruments	434		(300)	
Foreign currency translation adjustments	(36,380)		(27,446)	
Treasury stock, at cost	(48,076)		(48,074)	
Total liabilities and shareholders' equity	932,031	100.0	928,790	100.0

## (2) Consolidated Statements of Income

Three months ended June 30, 2010 and 2009

	Millions of Yen			
	Three months ended June 30, 2009		Three months ended June 30, 2010	
Net sales	117,507	100.0	153,672	100.0
Cost of sales	91,314	77.7	101,100	65.8
Selling, general and administrative	19,707	16.8	21,249	13.8
Research and development	10,261	8.7	9,829	6.4
Operating income (loss)	(3,775)	(3.2)	21,494	14.0
Interest and dividend income	821	0.7	1,008	0.6
Interest expense	(19)	(0.0)	(9)	(0.0)
Foreign currency exchange gain (loss)	(2,414)	(2.1)	982	0.6
Other - net	323	0.3	(200)	(0.1)
Income (loss) before income taxes	(5,064)	(4.3)	23,275	15.1
Income taxes	(1,397)	(1.2)	7,811	5.0
<Current income tax>	< 1,096 >		< 6,005 >	
<Deferred income tax>	<(2,493)>		< 1,806 >	
Net income (loss)	(3,667)	(3.1)	15,464	10.1

## (3) Consolidated Statements of Comprehensive Income

Three months ended June 30, 2010 and 2009

	Millions of Yen	
	Three months ended June 30, 2009	Three months ended June 30, 2010
Net income (loss)	(3,667)	15,464
Other comprehensive income (loss), net of tax :		
Unrealized gains (losses) on securities	2,017	(621)
Pension liability adjustments	2,026	(99)
Unrealized gains (losses) on derivative instruments	1,060	734
Foreign currency translation adjustments	3,120	(8,934)
Other comprehensive income (loss)	8,223	(8,920)
Comprehensive income	4,556	6,544

**(4) Consolidated Statements of Cash Flows**  
**Three months ended June 30, 2010 and 2009**

	Millions of Yen	
	Three months ended June 30, 2009	Three months ended June 30, 2010
<b>Operating activities:</b>		
Net income (loss)	(3,667)	15,464
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,360	14,136
Losses (gains) on sales and disposals of property, plant and equipment	(78)	24
Provision for termination and retirement benefits, less payments	1,292	661
Deferred income taxes	(2,493)	1,806
Changes in assets and liabilities:		
Increase in trade notes and accounts receivable	(11,553)	(11,042)
Decrease (increase) in inventories	7,902	(5,244)
Increase in prepaid expenses and other	(3,297)	(2,772)
Increase in trade notes and accounts payable	3,978	2,192
Increase (decrease) in accrued payroll and bonuses	745	(5,674)
Increase in income taxes payable	430	2,715
Increase in accrued expenses and other	2,987	6,021
Other-net	119	(664)
Net cash provided by operating activities	12,725	17,623
<b>Investing activities:</b>		
Capital expenditures	(5,413)	(8,541)
Payment for purchases of marketable securities, investments and other	(26,967)	(30,045)
Maturities and sales of marketable securities, investments and other	26,723	17,792
Decrease (increase) in short-term investments	7,094	(11,036)
Other	1,273	(5,940)
Net cash provided by (used in) investing activities	2,710	(37,770)
<b>Financing activities:</b>		
Net increase (decrease) in short-term borrowings	(3,161)	114
Dividends paid	(10,732)	(7,512)
Other	(38)	(36)
Net cash used in financing activities	(13,931)	(7,434)
Effect of exchange rate changes on cash and cash equivalents	1,696	(2,593)
Net increase (decrease) in cash and cash equivalents	3,200	(30,174)
Cash and cash equivalents at beginning of period	117,502	108,777
Cash and cash equivalents at end of period	120,702	78,603
<b>Additional cash and cash equivalents information:</b>		
Cash	63,848	51,168
Short - term investments	72,344	60,368
Short - term investments with the original maturities over three months	(15,490)	(32,933)
Cash and cash equivalents at end of period	120,702	78,603

	Millions of Yen	
	As of June 30, 2009	As of June 30, 2010
Cash and cash equivalents at end of period	120,702	78,603
Short - term investments with the original maturities over three months	15,490	32,933
Available-for-sale securities (Governmental and Private debt securities)	165,997	242,462
Liquidity in hand	302,189	353,998

## (5) Assumptions for Going Concern

None

## (6) Segment Information

### Operating Segment Information

The Companies mainly develop, manufacture and sell electronic components and related products.

Operating segments of the Companies are classified based on the nature of products and the Companies recognized Components segment, Modules segment and Others.

		Millions of Yen			
		Three months ended June 30, 2009		Three months ended June 30, 2010	
Components	Sales to :		%		%
	Unaffiliated customers	77,447		107,267	
	Intersegment	3,081		2,688	
	Total revenue	80,528	100.0	109,955	100.0
	Segment income	3,427	4.3	25,491	23.2
Modules	Sales to :		%		%
	Unaffiliated customers	39,621		45,860	
	Intersegment	165		174	
	Total revenue	39,786	100.0	46,034	100.0
	Segment income	358	0.9	3,914	8.5
Others	Sales to :		%		%
	Unaffiliated customers	439		545	
	Intersegment	1,828		5,023	
	Total revenue	2,267	100.0	5,568	100.0
	Segment income (loss)	(108)	(4.8)	620	11.1
Corporate and eliminations	Sales to :		%		%
	Unaffiliated customers	-		-	
	Intersegment	(5,074)		(7,885)	
	Total revenue	(5,074)	-	(7,885)	-
	Corporate expenses	(7,452)	-	(8,531)	-
Consolidated	Sales to :		%		%
	Unaffiliated customers	117,507		153,672	
	Intersegment	-		-	
	Total revenue	117,507	100.0	153,672	100.0
	Operating income (loss)	(3,775)	(3.2)	21,494	14.0

Notes : 1. Major products and businesses included in the operating segments.

(1) Components : Capacitors, Piezoelectric Components

(2) Modules : Communication Modules

(3) Others : Machinery manufacturing, welfare services, personnel services, education and training services, lease and management of real estate, facility maintenance and cleaning, sales of software

2. Intersegment transactions are based on market prices.

3. Segment income (loss) for each operating segments represents net sales, less related costs.

Corporate expenses represent expenses of headquarters functions and fundamental researches.

## (7) Significant changes in shareholders' equity

None

(8) Other

**Flash Report (Three months ended June 30, 2010)**

**Selected Financial Data**

Three months ended June 30, 2010 and 2009 / As of June 30, 2010 and 2009

		Consolidated Basis			Parent Co. Basis		
		2009	2010	Growth ratio	2009	2010	Growth ratio
Net sales	Millions of yen	117,507	153,672	30.8	100,077	135,389	35.3
Operating income (loss)	Millions of yen	(3,775)	21,494	-	(1,549)	4,642	-
Income (loss) before income taxes (and extraordinary items) *2	Millions of yen	(5,064)	23,275	-	3,000	9,513	217.1
Net income (loss)	Millions of yen	(3,667)	15,464	-	4,845	7,670	58.3
Total assets	Millions of yen	905,183	932,031	3.0	534,943	590,133	10.3
Shareholders' equity	Millions of yen	778,163	799,887	2.8	394,865	399,031	1.1
Shareholders' equity ratio	%	86.0	85.8	-	73.8	67.6	-
Basic earnings per share	Yen	(17.09)	72.05	-	22.58	35.74	58.3
Diluted earnings per share	Yen	(17.09)	72.05	-	-	-	-
Shareholders' equity per share	Yen	3,625.57	3,726.83	-	1,839.73	1,859.17	-
Capital investment	Millions of yen	5,413	8,541	57.8	1,867	1,514	(18.9)
Depreciation and amortization	Millions of yen	16,360	14,136	(13.6)	4,357	4,562	4.7
R & D expenses	Millions of yen	10,261	9,829	(4.2)	8,264	8,319	0.7
Number of employees	*6	33,647	34,930	3.8	6,904	6,990	1.2
Average exchange rates							
Yen/US dollar	Yen	97.33	92.02	-			
Yen/EURO	Yen	132.58	117.00	-			

\*1 The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

\*2 Consolidated Basis : Income (loss) before income taxes, Parent Co. Basis : Income before income taxes and extraordinary items

\*3 Ratio to net sales

\*4 The diluted earnings per share on Parent Co. Basis is not stated, since there were no dilutive potential securities.

\*5 Ratio to net sales excluding revenue from services

\*6 Figures in parentheses show the number of employees in overseas countries.

## Projected Financial Data

Six months ending September 30, 2010

		Consolidated Basis		Parent Co. Basis	
		Previous Projections Announced in April, 2010	Revised Projections	Previous Projections Announced in April, 2010	Revised Projections
Net sales	Millions of yen	300,000	315,000	247,000	275,000
	< % > *2	< 11.0 >	< 13.3 >	< 3.4 >	< 3.6 >
Operating income	Millions of yen	33,000	42,000	8,300	10,000
Income before income taxes (and extraordinary items) *1	< % > *2 Millions of yen	< 11.7 > 35,000	< 14.6 > 46,000	< 6.0 > 14,800	< 5.8 > 16,000
Net income	< % > *2 Millions of yen	< 7.7 > 23,000	< 9.8 > 31,000	< 4.9 > 12,000	< 4.7 > 13,000
Basic earnings per share	Yen	107.16	144.43	55.91	60.57
Capital expenditures	Millions of yen	21,400	21,400	3,900	3,900
Depreciation and amortization	< % > Millions of yen	< 10.0 > *2 30,000	< 9.5 > *2 30,000	< 3.8 > *3 9,100	< 3.4 > *3 9,100
R & D expenses	< % > Millions of yen	< 6.8 > *2 20,500	< 6.3 > *2 20,000	< 7.4 > *3 17,700	< 6.5 > *3 17,300

Year ending March 31, 2011

		Consolidated Basis		Parent Co. Basis	
		Previous Projections Announced in April, 2010	Revised Projections	Previous Projections Announced in April, 2010	Revised Projections
Net sales	Millions of yen	590,000	605,000	482,000	510,000
	< % > *2	< 10.5 >	< 11.7 >	< 3.2 >	< 3.4 >
Operating income	Millions of yen	62,000	71,000	15,500	17,200
Income before income taxes (and extraordinary items) *1	< % > *2 Millions of yen	< 11.2 > 66,000	< 12.7 > 77,000	< 5.8 > 28,000	< 5.7 > 29,200
Net income	< % > *2 Millions of yen	< 7.5 > 44,000	< 8.6 > 52,000	< 4.6 > 22,000	< 4.5 > 23,000
Basic earnings per share	Yen	205.00	242.28	102.50	107.16
Capital expenditures	Millions of yen	45,000	45,000	8,500	8,500
Depreciation and amortization	< % > Millions of yen	< 10.8 > *2 64,000	< 10.6 > *2 64,000	< 4.2 > *3 19,400	< 3.9 > *3 19,400
R & D expenses	< % > Millions of yen	< 7.0 > *2 41,500	< 6.8 > *2 41,000	< 7.4 > *3 34,400	< 6.9 > *3 34,000

\*1 Consolidated Basis : Income before income taxes, Parent Co. Basis : Income before income taxes and extraordinary items

\*2 Ratio to net sales

\*3 Ratio to net sales excluding revenue from services

\*4 The revised projections are based on the assumed average exchange rates of Yen 86.50 per US\$ and Yen 110 per Euro for the three months ending September 30, 2010.

\*5 The above projections were prepared based on estimates using information currently available. Actual results may differ from the projections. For assumptions and other information regarding the projections, refer to "Business Results and Financial Position".

## Order, Backlog and Sales

### (1) Order and Backlog by Product

#### <Order>

	Millions of Yen					
	Three months ended June 30, 2009		Three months ended June 30, 2010		Growth	
		%*1		%*1		%
Capacitors	45,615	34.2	60,393	36.9	14,778	32.4
Piezoelectric Components	20,469	15.3	24,795	15.2	4,326	21.1
Other Components	23,361	17.5	31,454	19.2	8,093	34.6
Components Total	89,445	67.0	116,642	71.3	27,197	30.4
Communication Modules	32,995	24.7	33,146	20.3	151	0.5
Other Modules	11,021	8.3	13,773	8.4	2,752	25.0
Modules Total	44,016	33.0	46,919	28.7	2,903	6.6
Total	133,461	100.0	163,561	100.0	30,100	22.6

\*1 Component ratio

\*2 Figures are based on sales prices to customers.

\*3 Exclusive of consumption taxes

\*4 The tables by product indicate order, backlog, and sales of electronic components and related products

#### <Backlog>

	Millions of Yen					
	As of March 31, 2010		As of June 30, 2010		Growth	
		%*1		%*1		%
Capacitors	29,983	41.9	35,474	43.3	5,491	18.3
Piezoelectric Components	9,635	13.4	11,247	13.7	1,612	16.7
Other Components	12,754	17.8	15,026	18.3	2,272	17.8
Components Total	52,372	73.1	61,747	75.3	9,375	17.9
Communication Modules	14,498	20.3	15,630	19.0	1,132	7.8
Other Modules	4,746	6.6	4,673	5.7	(73)	(1.5)
Modules Total	19,244	26.9	20,303	24.7	1,059	5.5
Total	71,616	100.0	82,050	100.0	10,434	14.6

\*1 Component ratio

\*2 Figures are based on sales prices to customers.

\*3 Exclusive of consumption taxes

(2) Sales by Product, Application and Area

1. Sales by Product

	Millions of Yen					
	Three months ended June 30, 2009		Three months ended June 30, 2010		Growth	
		%*1		%*1		%
Capacitors	38,201	32.6	54,902	35.9	16,701	43.7
Piezoelectric Components	17,542	15.0	23,183	15.1	5,641	32.2
Other Components	21,704	18.6	29,182	19.1	7,478	34.5
Components Total	77,447	66.2	107,267	70.1	29,820	38.5
Communication Modules	29,764	25.4	32,014	20.9	2,250	7.6
Other Modules	9,857	8.4	13,846	9.0	3,989	40.5
Modules Total	39,621	33.8	45,860	29.9	6,239	15.7
Net sales	117,068	100.0	153,127	100.0	36,059	30.8

\*1 Component ratio

\*2 Exclusive of consumption taxes

2. Sales by Application (based on the Company's estimate)

	Millions of Yen					
	Three months ended June 30, 2009		Three months ended June 30, 2010		Growth	
		%*1		%*1		%
AV	15,969	13.6	20,165	13.2	4,196	26.3
Communication	55,083	47.1	63,894	41.7	8,811	16.0
Computers and Peripherals	20,242	17.3	29,990	19.6	9,748	48.2
Automotive Electronics	12,613	10.8	19,536	12.7	6,923	54.9
Home and Others	13,161	11.2	19,542	12.8	6,381	48.5
Net sales	117,068	100.0	153,127	100.0	36,059	30.8

\*1 Component ratio

\*2 Exclusive of consumption taxes

3. Sales by Area

	Millions of Yen					
	Three months ended June 30, 2009		Three months ended June 30, 2010		Growth	
		%*1		%*1		%
The Americas	7,782	6.7	12,363	8.1	4,581	58.9
Europe	11,936	10.2	17,454	11.4	5,518	46.2
Greater China	52,141	44.5	71,516	46.7	19,375	37.2
Asia and Others	21,387	18.3	26,964	17.6	5,577	26.1
Overseas total	93,246	79.7	128,297	83.8	35,051	37.6
Japan	23,822	20.3	24,830	16.2	1,008	4.2
Net sales	117,068	100.0	153,127	100.0	36,059	30.8

\*1 Component ratio

\*2 Exclusive of consumption taxes

## Quarterly Consolidated Performance

### (1) Consolidated Financial Results

	Millions of yen							
	Three months ended June 30, 2009		Three months ended September 30, 2009		Three months ended December 31, 2009		Three months ended March 31, 2010	
		% *1		% *1		% *1		% *1
Net sales	117,507	100.0	138,088	100.0	139,906	100.0	135,318	100.0
Operating income (loss)	(3,775)	(3.2)	9,875	7.2	11,300	8.1	9,330	6.9
Income (loss) before income taxes	(5,064)	(4.3)	12,815	9.3	15,316	10.9	11,591	8.6
Net income (loss)	(3,667)	(3.1)	8,410	6.1	9,292	6.6	10,722	7.9

	Millions of yen	
	Three months ended June 30, 2010	
		% *1
Net sales	153,672	100.0
Operating income	21,494	14.0
Income before income taxes	23,275	15.1
Net Income	15,464	10.1

\*1 Ratio to net sales

### (2) Sales by Product

	Millions of yen							
	Three months ended June 30, 2009		Three months ended September 30, 2009		Three months ended December 31, 2009		Three months ended March 31, 2010	
		% *1		% *1		% *1		% *1
Capacitors	38,201	32.6	44,893	32.6	47,784	34.3	47,999	35.6
Piezoelectric Components	17,542	15.0	21,633	15.7	21,715	15.6	21,380	15.9
Other Components	21,704	18.6	24,716	18.0	25,746	18.4	26,056	19.3
Components Total	77,447	66.2	91,242	66.3	95,245	68.3	95,435	70.8
Communication Modules	29,764	25.4	34,735	25.2	31,635	22.7	26,922	20.0
Other Modules	9,857	8.4	11,619	8.5	12,491	9.0	12,421	9.2
Modules Total	39,621	33.8	46,354	33.7	44,126	31.7	39,343	29.2
Net sales	117,068	100.0	137,596	100.0	139,371	100.0	134,778	100.0

	Millions of yen	
	Three months ended June 30, 2010	
		% *1
Capacitors	54,902	35.9
Piezoelectric Components	23,183	15.1
Other Components	29,182	19.1
Components Total	107,267	70.1
Communication Modules	32,014	20.9
Other Modules	13,846	9.0
Modules Total	45,860	29.9
Net sales	153,127	100.0

\*1 Component ratio

\*2 Exclusive of consumption taxes