

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

Date: October 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 six months ended September 30, 2010

#### (1) Operating results

	Net sales		Operating income		Income before income taxes		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2010	314,989	23.2	46,256	658.3	47,462	512.3	31,066	555.0
Six months ended September 30, 2009	255,595	(15.9)	6,100	(77.4)	7,751	(73.0)	4,743	(75.1)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2010	144.74	144.74
Six months ended September 30, 2009	22.10	22.10

\* Percentages in the fields of Net sales, Operating income, Income before income taxes, and Net income are the growth ratios against the same period of the previous fiscal year.

\*The Companies' "Net income" is computed in the same method as "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 September 30, 2010	963,010	812,661	84.4	3,786.35
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	-	50.00	-	50.00	100.00
2011 (Projected)	-	-	-	50.00	100.00

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

### 3. Projected financial results for 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
Year ending March 31, 2011	615,000	15.9	78,000	191.8	81,000	133.7	53,000	114.1	246.94

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

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 September 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 September 30, 2010 and as of March 31, 2010

Number of treasury stock: 10,634,614 shares as of September 30, 2010 and 10,633,763 shares as of March 31, 2010

Average number of shares outstanding: 214,629,337 shares for the six months ended September 30, 2010 and 214,632,162 shares for the six months ended September 30, 2009

### (Reference) Projected financial results for 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
Year ending March 31, 2011	530,000	15.4	17,000	110.4	29,000	55.9	24,000	47.1	111.82

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

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 September 30, 2010)

### 1. Business Results

#### (1) General Overview

During the six-month period under review, the global electronics market continued to be strong, thanks to demand expansion in emerging countries such as China, as well as economic recovery and growing demand for high-end models in developed countries. In the market of electronic components, demand for mobile phones grew greatly owing to an increased number of handsets with growing ranks of new subscribers in emerging countries such as China and India, and strong demand for smartphones that incorporate a larger number of components. Also, demand for electronic components maintained steady growth, driven by new applications that incorporate more components, such as a new MPU platform for notebook PCs, LED-backlit LCD TVs and new mobile wireless devices (e.g. tablet PCs).

Under these market environments, the Company has continued to maintain a high level of capacity utilization through measures such as operating on holidays in response to demand expansion. It has also increased the production capacity through productivity improvement and capital investment for boosting sales volume. Aiming at improving profitability, it has implemented cost reduction measures such as the streamlining of the manufacturing processes 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					
	Six months ended September 30, 2009		Six months ended September 30, 2010		Growth	
		%*		%*		%
Net sales	255,595	100.0	314,989	100.0	59,394	23.2
Operating income	6,100	2.4	46,256	14.7	40,156	658.3
Income before income taxes	7,751	3.0	47,462	15.1	39,711	512.3
Net income	4,743	1.9	31,066	9.9	26,323	555.0
Average exchange rates (Yen/U.S. dollar)	95.49	-	88.95	-	(6.54)	-
Average exchange rates (Yen/EURO)	133.16	-	113.84	-	(19.32)	-

\* Ratio to net sales

Net sales for the six-month period under review increased to 314,989 million yen, up 23.2% from the six months ended September 30, 2009. Operating income was 46,256 million yen, up 658.3% from the same period of 2009, income before income taxes was 47,462 million yen, up 512.3% from the same period of 2009, and net income was 31,066 million yen, up 555.0% from the same period of 2009. The primary factors for the profitability improvement were a rise in capacity utilization and comprehensive cost reductions that exceeded negative factors such as price decline and the appreciation of the yen, whose average rate against the U.S. dollar rose by 6.54 yen from the same period of the previous year. Operating income margin was sharply improved to 14.7% from 2.4% for the same period of 2009.

Net sales for the three months ended September 30, 2010 increased by 5.0% compared with the preceding quarter (the three months ended June 30, 2010). The negative impacts from price decline of components and the appreciation of the yen, whose average rate against the U.S. dollar rose by 6.15 yen from the preceding quarter, were fully offset by positive effects from a rise in capacity utilization and comprehensive cost reductions. As a result, operating income increased by 15.2%, income before income taxes increased by 3.9% and net income increased by 0.9%, respectively from the preceding quarter. Operating income margin was improved to 15.3% from 14.0% for the preceding quarter.

	Millions of yen					
	Three months ended June 30, 2010		Three months ended September 30, 2010		Growth	
		%*		%*		%
Net sales	153,672	100.0	161,317	100.0	7,645	5.0
Operating income	21,494	14.0	24,762	15.3	3,268	15.2
Income before income taxes	23,275	15.1	24,187	15.0	912	3.9
Net income	15,464	10.1	15,602	9.7	138	0.9
Average exchange rates (Yen/U.S. dollar)	92.02	-	85.87	-	(6.15)	-
Average exchange rates (Yen/EURO)	117.00	-	110.68	-	(6.32)	-

\*Ratio to net sales

### (3) Sales by Product Category

Net sales by product category for the six-month period under review compared with the figures for the same period of 2009 are as follows.

	Millions of yen					
	Six months ended September 30, 2009		Six months ended September 30, 2010		Growth	
		%*		%*		%
Capacitors	83,094	32.6	114,172	36.4	31,078	37.4
Piezoelectric Components	39,175	15.4	46,017	14.7	6,842	17.5
Other Components	46,420	18.2	60,335	19.2	13,915	30.0
Components Total	168,689	66.2	220,524	70.3	51,835	30.7
Communication Modules	64,499	25.3	65,898	21.0	1,399	2.2
Other Modules	21,476	8.5	27,427	8.7	5,951	27.7
Modules Total	85,975	33.8	93,325	29.7	7,350	8.5
Net sales	254,664	100.0	313,849	100.0	59,185	23.2

\* Component ratio

#### <Components>

Sales of Components for the period under review increased by 30.7% year-on-year to 220,524 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, increased number of components per equipment, and improvement of a product mix through growing demand for ultra-compact and high-capacitance capacitors. Sales of application-specific capacitors for computers and peripheral equipment dropped significantly because of price decline and a fall in average unit price owing to a change in a product mix for this product line, although sales volume increased with the expansion of the personal computer market.

As a result, overall net sales increased by 37.4% year-on-year to 114,172 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 terms of quantity and value, owing to growing production of mobile phones and data cards, and increased number of components per equipment with the spread of multi-band devices. 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 car navigation systems and for use in communication devices. Sales of piezoelectric actuators rose largely for fuel injection systems of automobile diesel engines in the European market. On the other hand, sales of piezoelectric speakers dropped significantly for portable media players.

As a result, overall net sales increased by 17.5% year-on-year to 46,017 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 use in communication equipment, computers and peripheral equipment, and automotive electronics 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, smartphones and notebook PCs. Sales of gyroscopes grew significantly for use in toy products and car navigation systems. On the other hand, sales of isolators for use in mobile phones slowed down.

As a result, overall net sales increased by 30.0% year-on-year to 60,335 million yen.

<Modules>

Sales of Modules for the period under review increased by 8.5% year-on-year to 93,325 million yen.

[Communication Modules]

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

For the period under review, sales of wireless LAN modules in the short-range wireless communication modules category grew largely especially for smartphones. On the other hand, multilayer ceramic devices and circuit modules for mobile phones decreased in sales.

As a result, overall net sales posted a year-on-year increase of 2.2% to 65,898 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 increased largely.

As a result, overall net sales posted a year-on-year rise of 27.7% to 27,427 million yen.

## 2. Financial Position

Liquidity in hand (cash, short-term investments, available-for-sale securities (government and private debt securities) and long-term deposits) as of September 30, 2010 increased by 17,284 million yen from March 31, 2010 to 378,126 million yen. Trade accounts receivable increased by 13,968 million yen to 123,910 million yen owing to robust sales, and inventories increased by 11,125 million yen to 100,341 million yen. As a result, total assets as of September 30, 2010 increased by 34,220 million yen from the end of the previous fiscal year to 963,010 million yen. The ratio of shareholders' equity to total assets decreased by 1.8 percentage points from the end of the previous fiscal year to 84.4% as of September 30, 2010.

Cash flows for the period under review are as follows.

	Millions of yen		
	Six months ended September 30, 2009	Six months ended September 30, 2010	Growth
Operating activities	37,536	47,794	10,258
Investing activities	(22,142)	(79,079)	(56,937)
Financing activities	(11,907)	(7,378)	4,529
Effect of exchange rate changes on cash and cash equivalents	234	(1,878)	(2,112)
Net increase (decrease) in cash and cash equivalents	3,721	(40,541)	(44,262)

### < Net Cash Provided by Operating Activities >

For the period under review, net cash provided by operating activities was 47,794 million yen. As for the details, net income, a major source of operating cash flows, was 31,066 million yen, depreciation and amortization were 29,412 million yen, while trade notes and accounts receivable increased by 20,357 million yen.

Net cash provided by operating activities increased by 10,258 million yen from the six months ended September 30, 2009.

### < Net Cash Used in Investing Activities >

For the period under review, net cash used in investing activities was 79,079 million yen. While cash inflows from maturities and sales of marketable securities, investments and other were 24,048 million yen, cash outflows from purchases of marketable securities, investments and other were 69,872 million yen and those from capital expenditures were 20,845 million yen.

Net cash used in investing activities increased by 56,937 million yen from the six months ended September 30, 2009.

< Net Cash Used in Financing Activities >

For the period under review, net cash used in financing activities was 7,378 million yen mainly owing to 7,512 million yen of dividends paid.

Net cash used in financing activities decreased by 4,529 million yen from the six months ended September 30, 2009.

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

The projected results for the year ending March 31, 2011, which was announced on July 29, 2010, have been revised upward as per the table below.

Projected Results for the Year Ending March 31, 2011

		Consolidated Basis		Parent Co. Basis	
		Previous Projections Announced in July 29, 2010	Revised Projections	Previous Projections Announced in July 29, 2010	Revised Projections
Net sales	Millions of yen	605,000	615,000	510,000	530,000
	<%>*2	<11.7>	<12.7>	<3.4>	<3.2>
Operating income	Millions of yen	71,000	78,000	17,200	17,000
Income before income taxes (and extraordinary items) *1	<%>*2	<12.7>	<13.2>	<5.7>	<5.5>
	Millions of yen	77,000	81,000	29,200	29,000
Net income	<%>*2	<8.6>	<8.6>	<4.5>	<4.5>
	Millions of yen	52,000	53,000	23,000	24,000
Capital expenditures	Millions of yen	45,000	52,000	8,500	9,000

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

\*2 Ratio to net sales

\*3 Assumed exchange rates for the six months ending March 31, 2011: JPY82/USD, JPY110/EUR

Production of major equipment in the global electronics market is expected to experience continued steady growth in this fiscal year driven by strong demand for mobile phones, although the original forecasts for personal computers and flat-screen TVs have been revised downward. The company will continue to maintain a high level of capacity utilization for the second half of this fiscal year, because of a high level of order backlog and continued demand expansion, thanks to production growth of electronic equipment and increased number of components per equipment. Consequently, in spite of negative impact from the appreciation of the yen, net sales for the year ending March 31, 2011 are projected to exceed its previous latest forecast, which was announced on July 29, 2010.

The projections are based on the assumed exchange rates of 82 yen against the U.S. dollar and 110 yen against the Euro for the second half of this fiscal year.

The projection of the capital expenditures for the year ending March 31, 2011 has also been revised upward to 52,000 million yen from the projection of 45,000 million yen, which was announced on July 29, 2010, in response to demand expansion of electronic components in emerging countries and increasing number of components per equipment with the shift towards high-end models of electronic equipment.

[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 September 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 six months ended September 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 September 30, 2010 and March 31, 2010

	Millions of Yen			
	As of September 30, 2010		As of March 31, 2010	
		%		%
Assets	963,010	100.0	928,790	100.0
Current assets	402,390	41.8	388,141	41.8
Cash	49,537		66,688	
Short-term investments	47,075		63,986	
Marketable securities	52,148		32,793	
Trade notes receivable	1,927		2,088	
Trade accounts receivable	123,910		109,942	
Allowance for doubtful notes and accounts	(1,078)		(1,021)	
Inventories	100,341		89,216	
Deferred income taxes	19,220		17,378	
Prepaid expenses and other	9,310		7,071	
Property, plant and equipment	277,664	28.8	285,265	30.7
Land	43,981		43,829	
Buildings	271,515		272,070	
Machinery and equipment	576,832		570,701	
Construction in progress	12,749		12,162	
Accumulated depreciation	(627,413)		(613,497)	
Investments and other assets	282,956	29.4	255,384	27.5
Investments	233,319		207,958	
Deferred income taxes	8,548		9,654	
Other	41,089		37,772	
<b>Total assets</b>	<b>963,010</b>	<b>100.0</b>	<b>928,790</b>	<b>100.0</b>

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

As of September 30, 2010 and March 31, 2010

	Millions of Yen			
	As of September 30, 2010		As of March 31, 2010	
		%		%
Liabilities	150,349	15.6	127,933	13.8
Current liabilities	99,917	10.4	78,746	8.5
Short-term borrowings	5,225		5,476	
Trade notes payable	306		777	
Trade accounts payable	33,107		28,861	
Accrued payroll and bonuses	23,329		20,351	
Income taxes payable	16,812		3,226	
Accrued expenses and other	21,138		20,055	
Long-term liabilities	50,432	5.2	49,187	5.3
Termination and retirement benefits	47,878		46,496	
Deferred income taxes	1,340		1,812	
Other	1,214		879	
Shareholders' equity	812,661	84.4	800,857	86.2
Common stock	69,377		69,377	
Capital surplus	102,388		102,388	
Retained earnings	722,167		698,613	
Accumulated other comprehensive loss :	(33,193)		(21,447)	
Unrealized gains on securities	2,722		3,132	
Pension liability adjustments	2,957		3,167	
Unrealized gains (losses) on derivative instruments	56		(300)	
Foreign currency translation adjustments	(38,928)		(27,446)	
Treasury stock, at cost	(48,078)		(48,074)	
Total liabilities and shareholders' equity	963,010	100.0	928,790	100.0

**(2) Consolidated Statements of Income**

Six months ended September 30, 2010 and 2009

	Millions of Yen			
	Six months ended September 30, 2009		Six months ended September 30, 2010	
		%		%
Net sales	255,595	100.0	314,989	100.0
Cost of sales	188,553	73.8	206,019	65.4
Selling, general and administrative	40,244	15.7	42,465	13.5
Research and development	20,698	8.1	20,249	6.4
Operating income	6,100	2.4	46,256	14.7
Interest and dividend income	1,558	0.6	1,995	0.6
Interest expense	(35)	(0.0)	(20)	(0.0)
Foreign currency exchange loss	(1,920)	(0.8)	(896)	(0.3)
Other - net	2,048	0.8	127	0.1
Income before income taxes	7,751	3.0	47,462	15.1
Income taxes	3,008	1.1	16,396	5.2
<Current income tax>	< 2,532 >		< 17,405 >	
<Deferred income tax>	< 476 >		<(1,009)>	
Net income	4,743	1.9	31,066	9.9

**(3) Consolidated Statements of Comprehensive Income**

Six months ended September 30, 2010 and 2009

	Millions of Yen	
	Six months ended September 30, 2009	Six months ended September 30, 2010
Net income	4,743	31,066
Other comprehensive income (loss), net of tax :		
Unrealized gains (losses) on securities	1,966	(410)
Pension liability adjustments	2,314	(210)
Unrealized gains on derivative instruments	1,631	356
Foreign currency translation adjustments	(3,405)	(11,482)
Other comprehensive income (loss)	2,506	(11,746)
Comprehensive income	7,249	19,320

### Consolidated Statements of Income

Three months ended September 30, 2010 and 2009

	Millions of Yen			
	Three months ended September 30, 2009		Three months ended September 30, 2010	
		%		%
Net sales	138,088	100.0	161,317	100.0
Cost of sales	97,239	70.4	104,919	65.0
Selling, general and administrative	20,537	14.9	21,216	13.2
Research and development	10,437	7.5	10,420	6.5
Operating income	9,875	7.2	24,762	15.3
Interest and dividend income	737	0.5	987	0.6
Interest expense	(16)	(0.0)	(11)	(0.0)
Foreign currency exchange gain (loss)	494	0.4	(1,878)	(1.1)
Other - net	1,725	1.2	327	0.2
Income before income taxes	12,815	9.3	24,187	15.0
Income taxes	4,405	3.2	8,585	5.3
<Current income tax>	< 1,436 >		< 11,400 >	
<Deferred income tax>	< 2,969 >		<(2,815)>	
Net income	8,410	6.1	15,602	9.7

### Consolidated Statements of Comprehensive Income

Three months ended September 30, 2010 and 2009

	Millions of Yen	
	Three months ended September 30, 2009	Three months ended September 30, 2010
Net income	8,410	15,602
Other comprehensive income (loss), net of tax :		
Unrealized gains (losses) on securities	(51)	211
Pension liability adjustments	288	(111)
Unrealized gains (losses) on derivative instruments	571	(378)
Foreign currency translation adjustments	(6,525)	(2,548)
Other comprehensive loss	(5,717)	(2,826)
Comprehensive income	2,693	12,776

#### (4) Consolidated Statements of Cash Flows

Six months ended September 30, 2010 and 2009

	Millions of Yen			
	Six months ended September 30, 2009		Six months ended September 30, 2010	
Operating activities:				
Net income		4,743		31,066
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	33,538		29,412	
Losses (Gains) on sales and disposals of property, plant and equipment	(280)		103	
Provision for termination and retirement benefits, less payments	2,086		1,078	
Deferred income taxes	476		(1,009)	
Changes in assets and liabilities:				
Increase in trade notes and accounts receivable	(30,923)		(20,357)	
Decrease (Increase) in inventories	5,690		(13,394)	
Decrease (Increase) in prepaid expenses and other	13,891		(2,083)	
Increase in trade notes and accounts payable	7,132		4,126	
Increase in accrued payroll and bonuses	1,177		3,079	
Increase in income taxes payable	1,027		13,702	
Increase (Decrease) in accrued expenses and other	(736)		2,353	
Other-net	(285)	32,793	(282)	16,728
Net cash provided by operating activities		37,536		47,794
Investing activities:				
Capital expenditures		(10,658)		(20,845)
Payment for purchases of marketable securities, investments and other		(65,612)		(69,872)
Maturities and sales of marketable securities, investments and other		47,637		24,048
Decrease (Increase) in short-term investments		4,882		(6,479)
Other		1,609		(5,931)
Net cash used in investing activities		(22,142)		(79,079)
Financing activities:				
Net increase (decrease) in short-term borrowings		(1,099)		204
Dividends paid		(10,732)		(7,512)
Other		(76)		(70)
Net cash used in financing activities		(11,907)		(7,378)
Effect of exchange rate changes on cash and cash equivalents		234		(1,878)
Net increase (decrease) in cash and cash equivalents		3,721		(40,541)
Cash and cash equivalents at beginning of period		117,502		108,777
Cash and cash equivalents at end of period		121,223		68,236
Additional cash and cash equivalents information:				
Cash		53,629		49,537
Short-term investments		85,296		47,075
Short-term investments with the original maturities over three months		(17,702)		(28,376)
Cash and cash equivalents at end of period		121,223		68,236

	Millions of Yen	
	As of September 30, 2009	As of September 30, 2010
Cash and cash equivalents at end of period	121,223	68,236
Short-term investments with the original maturities over three months	17,702	28,376
Available-for-sale securities (Governmental and Private debt securities)	182,546	275,514
Long-term deposits	-	6,000
Liquidity in hand	321,471	378,126

## (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.

Three months ended September 30, 2010 and 2009

		Millions of Yen			
		Three months ended September 30, 2009		Three months ended September 30, 2010	
Components	Sales to :		%		%
	Unaffiliated customers	91,242		113,257	
	Intersegment	3,362		2,610	
	Total revenue	94,604	100.0	115,867	100.0
	Segment income	15,555	16.4	28,316	24.4
Modules	Sales to :		%		%
	Unaffiliated customers	46,354		47,465	
	Intersegment	177		124	
	Total revenue	46,531	100.0	47,589	100.0
	Segment income	1,573	3.4	4,138	8.7
Others	Sales to :		%		%
	Unaffiliated customers	492		595	
	Intersegment	2,077		5,797	
	Total revenue	2,569	100.0	6,392	100.0
	Segment income	76	3.0	473	7.4
Corporate and eliminations	Sales to :		%		%
	Unaffiliated customers	-		-	
	Intersegment	(5,616)		(8,531)	
	Total revenue	(5,616)	-	(8,531)	-
	Corporate expenses	(7,329)	-	(8,165)	-
Consolidated	Sales to :		%		%
	Unaffiliated customers	138,088		161,317	
	Intersegment	-		-	
	Total revenue	138,088	100.0	161,317	100.0
	Operating income	9,875	7.2	24,762	15.3

Six months ended September 30, 2010 and 2009

		Millions of Yen			
		Six months ended September 30, 2009		Six months ended September 30, 2010	
Components	Sales to :		%		%
	Unaffiliated customers	168,689		220,524	
	Intersegment	6,443		5,298	
	Total revenue	175,132	100.0	225,822	100.0
	Segment income	18,982	10.8	53,807	23.8
Modules	Sales to :		%		%
	Unaffiliated customers	85,975		93,325	
	Intersegment	342		298	
	Total revenue	86,317	100.0	93,623	100.0
	Segment income	1,931	2.2	8,052	8.6
Others	Sales to :		%		%
	Unaffiliated customers	931		1,140	
	Intersegment	3,905		10,820	
	Total revenue	4,836	100.0	11,960	100.0
	Segment income (loss)	(32)	(0.7)	1,093	9.1
Corporate and eliminations	Sales to :		%		%
	Unaffiliated customers	-		-	
	Intersegment	(10,690)		(16,416)	
	Total revenue	(10,690)	-	(16,416)	-
	Corporate expenses	(14,781)	-	(16,696)	-
Consolidated	Sales to :		%		%
	Unaffiliated customers	255,595		314,989	
	Intersegment	-		-	
	Total revenue	255,595	100.0	314,989	100.0
	Operating income	6,100	2.4	46,256	14.7

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, 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 (Six months ended September 30, 2010)**

**Selected Financial Data**

Six months ended September 30, 2010 and 2009 / As of September 30, 2010 and 2009

		Consolidated Basis			Parent Co. Basis		
		2009	2010	Growth ratio	2009	2010	Growth ratio
Net sales	Millions of yen	255,595	314,989	23.2	219,714	277,351	26.2
	<%>*3	<2.4>	<14.7>		<0.8>	<3.7>	
Operating income	Millions of yen	6,100	46,256	658.3	1,745	10,349	493.0
Income before income taxes ( and extraordinary items ) *2	Millions of yen	7,751	47,462	512.3	6,300	16,521	162.2
	<%>*3	<3.0>	<15.1>		<2.9>	<6.0>	
Net income	Millions of yen	4,743	31,066	555.0	6,155	13,162	113.8
	<%>*3	<1.9>	<9.9>		<2.8>	<4.7>	
Total assets	Millions of yen	909,979	963,010	5.8	542,750	617,477	13.8
Shareholders' equity	Millions of yen	780,853	812,661	4.1	396,164	404,746	2.2
Shareholders' equity ratio	%	85.8	84.4	-	73.0	65.5	-
Basic earnings per share	Yen	22.10	144.74	554.9	28.68	61.33	113.8
Diluted earnings per share	Yen	22.10	144.74	554.9	-	-	-
Shareholders' equity per share	Yen	3,638.11	3,786.35	-	1,845.79	1,885.80	-
Capital expenditures	Millions of yen	10,658	20,845	95.6	4,211	3,563	(15.4)
	<%>	<13.1>*3	<9.3>*3		<4.3>*5	<3.5>*5	
Depreciation and amortization	Millions of yen	33,538	29,412	(12.3)	9,114	9,451	3.7
	<%>	<8.1>*3	<6.4>*3		<7.7>*5	<6.3>*5	
R & D expenses	Millions of yen	20,698	20,249	(2.2)	16,561	17,050	3.0
	<%>	<8.1>*3	<6.4>*3		<7.7>*5	<6.3>*5	
Number of employees	*6	<11,140>	<12,987>	4.9	6,916	6,954	0.5
Average exchange rates							
Yen/US dollar	Yen	95.49	88.95	-			
Yen/EURO	Yen	133.16	113.84	-			

Three months ended September 30, 2010 and 2009

		Consolidated Basis			Parent Co. Basis		
		2009	2010	Growth ratio	2009	2010	Growth ratio
Net sales	Millions of yen	138,088	161,317	16.8	119,636	141,961	18.7
	<%>*3	<7.2>	<15.3>		<2.8>	<4.0>	
Operating income	Millions of yen	9,875	24,762	150.8	3,294	5,707	73.2
Income before income taxes ( and extraordinary items ) *2	Millions of yen	12,815	24,187	88.7	3,300	7,007	112.4
	<%>*3	<9.3>	<15.0>		<2.8>	<4.9>	
Net income	Millions of yen	8,410	15,602	85.5	1,310	5,491	319.2
	<%>*3	<6.1>	<9.7>		<1.1>	<3.9>	
Basic earnings per share	Yen	39.18	72.69	85.5	6.10	25.59	319.5
Diluted earnings per share	Yen	39.18	72.69	85.5	-	-	-
Capital expenditures	Millions of yen	5,245	12,304	134.6	2,343	2,049	(12.5)
	<%>	<12.4>*3	<9.5>*3		<4.1>*5	<3.6>*5	
Depreciation and amortization	Millions of yen	17,178	15,276	(11.1)	4,756	4,889	2.8
	<%>	<12.4>*3	<9.5>*3		<4.1>*5	<3.6>*5	
R & D expenses	Millions of yen	10,437	10,420	(0.2)	8,297	8,731	5.2
	<%>	<7.5>*3	<6.5>*3		<7.1>*5	<6.3>*5	

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

\*2 Consolidated Basis : Income 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

Year ending March 31, 2011

		Consolidated Basis		Parent Co. Basis	
		Previous Projections Announced in July, 2010	Revised Projections	Previous Projections Announced in July, 2010	Revised Projections
Net sales	Millions of yen	605,000	615,000	510,000	530,000
	<%>*2	< 11.7 >	< 12.7 >	< 3.4 >	< 3.2 >
Operating income	Millions of yen	71,000	78,000	17,200	17,000
Income before income taxes (and extraordinary items) *1	Millions of yen	77,000	81,000	29,200	29,000
	<%>*2	< 8.6 >	< 8.6 >	< 4.5 >	< 4.5 >
Net income	Millions of yen	52,000	53,000	23,000	24,000
Basic earnings per share	Yen	242.28	246.94	107.16	111.82
Capital expenditures	Millions of yen	45,000	52,000	8,500	9,000
	<%>	< 10.6 >*2	< 10.4 >*2	< 3.9 >*3	< 3.8 >*3
Depreciation and amortization	Millions of yen	64,000	64,000	19,400	19,400
	<%>	< 6.8 >*2	< 6.7 >*2	< 6.9 >*3	< 6.6 >*3
R & D expenses	Millions of yen	41,000	41,000	34,000	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 82 per US\$ and Yen 110 per Euro for the six months ending March 31, 2011.

\*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>

Six months ended September 30, 2010 and 2009

	Millions of Yen					
	Six months ended September 30, 2009		Six months ended September 30, 2010		Growth	
		%*1		%*1		%
Capacitors	94,934	34.1	113,462	35.8	18,528	19.5
Piezoelectric Components	42,693	15.3	45,269	14.3	2,576	6.0
Other Components	49,981	18.0	60,550	19.1	10,569	21.1
Components Total	187,608	67.4	219,281	69.2	31,673	16.9
Communication Modules	67,797	24.4	70,809	22.3	3,012	4.4
Other Modules	22,947	8.2	26,983	8.5	4,036	17.6
Modules Total	90,744	32.6	97,792	30.8	7,048	7.8
Total	278,352	100.0	317,073	100.0	38,721	13.9

Three months ended September 30, 2010 and 2009

	Millions of Yen					
	Three months ended September 30, 2009		Three months ended September 30, 2010		Growth	
		%*1		%*1		%
Capacitors	49,319	34.0	53,069	34.6	3,750	7.6
Piezoelectric Components	22,224	15.3	20,474	13.3	(1,750)	(7.9)
Other Components	26,620	18.4	29,096	19.0	2,476	9.3
Components Total	98,163	67.7	102,639	66.9	4,476	4.6
Communication Modules	34,802	24.0	37,663	24.5	2,861	8.2
Other Modules	11,926	8.3	13,210	8.6	1,284	10.8
Modules Total	46,728	32.3	50,873	33.1	4,145	8.9
Total	144,891	100.0	153,512	100.0	8,621	5.9

\*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 September 30, 2010		Growth	
		%*1		%*1		%
Capacitors	29,983	41.9	29,273	39.1	(710)	(2.4)
Piezoelectric Components	9,635	13.4	8,887	11.9	(748)	(7.8)
Other Components	12,754	17.8	12,969	17.3	215	1.7
Components Total	52,372	73.1	51,129	68.3	(1,243)	(2.4)
Communication Modules	14,498	20.3	19,409	25.9	4,911	33.9
Other Modules	4,746	6.6	4,302	5.8	(444)	(9.4)
Modules Total	19,244	26.9	23,711	31.7	4,467	23.2
Total	71,616	100.0	74,840	100.0	3,224	4.5

\*1 Component ratio

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

\*3 Exclusive of consumption taxes

(2) Sales by Product Category, Application and Area

1. Sales by Product Category

Six months ended September 30, 2010 and 2009

	Millions of Yen					
	Six months ended September 30, 2009		Six months ended September 30, 2010		Growth	
		% <sup>*1</sup>		% <sup>*1</sup>		%
Capacitors	83,094	32.6	114,172	36.4	31,078	37.4
Piezoelectric Components	39,175	15.4	46,017	14.7	6,842	17.5
Other Components	46,420	18.2	60,335	19.2	13,915	30.0
Components Total	168,689	66.2	220,524	70.3	51,835	30.7
Communication Modules	64,499	25.3	65,898	21.0	1,399	2.2
Other Modules	21,476	8.5	27,427	8.7	5,951	27.7
Modules Total	85,975	33.8	93,325	29.7	7,350	8.5
Net sales	254,664	100.0	313,849	100.0	59,185	23.2

Three months ended September 30, 2010 and 2009

	Millions of Yen					
	Three months ended September 30, 2009		Three months ended September 30, 2010		Growth	
		% <sup>*1</sup>		% <sup>*1</sup>		%
Capacitors	44,893	32.6	59,270	36.9	14,377	32.0
Piezoelectric Components	21,633	15.7	22,834	14.2	1,201	5.6
Other Components	24,716	18.0	31,153	19.4	6,437	26.0
Components Total	91,242	66.3	113,257	70.5	22,015	24.1
Communication Modules	34,735	25.2	33,884	21.1	(851)	(2.4)
Other Modules	11,619	8.5	13,581	8.4	1,962	16.9
Modules Total	46,354	33.7	47,465	29.5	1,111	2.4
Net sales	137,596	100.0	160,722	100.0	23,126	16.8

\*1 Component ratio

\*2 Exclusive of consumption taxes

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

Six months ended September 30, 2010 and 2009

	Millions of Yen					
	Six months ended September 30, 2009		Six months ended September 30, 2010		Growth	
		% <sup>*1</sup>		% <sup>*1</sup>		%
AV	40,665	16.0	42,934	13.7	2,269	5.6
Communications	115,195	45.2	132,529	42.2	17,334	15.0
Computers and Peripherals	43,780	17.2	59,527	19.0	15,747	36.0
Automotive Electronics	29,277	11.5	39,482	12.6	10,205	34.9
Home and Others	25,747	10.1	39,377	12.5	13,630	52.9
Net sales	254,664	100.0	313,849	100.0	59,185	23.2

Three months ended September 30, 2010 and 2009

	Millions of Yen					
	Three months ended September 30, 2009		Three months ended September 30, 2010		Growth	
		% <sup>*1</sup>		% <sup>*1</sup>		%
AV	24,696	18.0	22,769	14.2	(1,927)	(7.8)
Communications	60,112	43.7	68,635	42.7	8,523	14.2
Computers and Peripherals	23,538	17.1	29,537	18.4	5,999	25.5
Automotive Electronics	16,664	12.1	19,946	12.4	3,282	19.7
Home and Others	12,586	9.1	19,835	12.3	7,249	57.6
Net sales	137,596	100.0	160,722	100.0	23,126	16.8

\*1 Component ratio

\*2 Exclusive of consumption taxes

### 3. Sales by Area

Six months ended September 30, 2010 and 2009

	Millions of Yen					
	Six months ended September 30, 2009		Six months ended September 30, 2010		Growth	
		% <sup>*1</sup>		% <sup>*1</sup>		%
The Americas	16,953	6.6	25,082	8.0	8,129	48.0
Europe	25,438	10.0	35,517	11.3	10,079	39.6
Greater China	116,936	45.9	150,276	47.9	33,340	28.5
Asia and Others	46,485	18.3	53,992	17.2	7,507	16.1
Overseas total	205,812	80.8	264,867	84.4	59,055	28.7
Japan	48,852	19.2	48,982	15.6	130	0.3
Net sales	254,664	100.0	313,849	100.0	59,185	23.2

Three months ended September 30, 2010 and 2009

	Millions of Yen					
	Three months ended September 30, 2009		Three months ended September 30, 2010		Growth	
		% <sup>*1</sup>		% <sup>*1</sup>		%
The Americas	9,171	6.7	12,719	7.9	3,548	38.7
Europe	13,502	9.8	18,063	11.3	4,561	33.8
Greater China	64,795	47.1	78,760	49.0	13,965	21.6
Asia and Others	25,098	18.2	27,028	16.8	1,930	7.7
Overseas total	112,566	81.8	136,570	85.0	24,004	21.3
Japan	25,030	18.2	24,152	15.0	(878)	(3.5)
Net sales	137,596	100.0	160,722	100.0	23,126	16.8

\*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		Three months ended September 30, 2010	
		% *1		% *1
Net sales	153,672	100.0	161,317	100.0
Operating income	21,494	14.0	24,762	15.3
Income before income taxes	23,275	15.1	24,187	15.0
Net Income	15,464	10.1	15,602	9.7

\*1 Ratio to net sales

### (2) Sales by Product Category

	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		Three months ended September 30, 2010	
		% *1		% *1
Capacitors	54,902	35.9	59,270	36.9
Piezoelectric Components	23,183	15.1	22,834	14.2
Other Components	29,182	19.1	31,153	19.4
Components Total	107,267	70.1	113,257	70.5
Communication Modules	32,014	20.9	33,884	21.1
Other Modules	13,846	9.0	13,581	8.4
Modules Total	45,860	29.9	47,465	29.5
Net sales	153,127	100.0	160,722	100.0

\*1 Component ratio

\*2 Exclusive of consumption taxes