

## Flash Report (Three months ended June 30, 2005)

### Selected Financial Data

Three months ended June 30, 2005 and 2004 / As of June 30, 2005 and 2004

		Consolidated Basis			Parent Co. Basis		
		2005	2004	Growth ratio	2005	2004	Growth ratio
Net sales	Millions of yen	109,587	109,332	0.2	92,760	92,741	0.0
	<%>*4	<15.9>	<17.8>		<6.3>	<7.4>	
Operating income	Millions of yen	17,371	19,490	(10.9)	5,858	6,904	(15.2)
	<%>*4	<16.7>	<18.7>		<14.1>	<16.8>	
Income before income taxes ( and extraordinary item ) *3	Millions of yen	18,340	20,418	(10.2)	13,065	15,617	(16.3)
	<%>*4	<10.5>	<11.8>		<11.0>	<11.5>	
Net income	Millions of yen	11,527	12,859	(10.4)	10,184	10,678	(4.6)
	<%>*4	<10.5>	<11.8>		<11.0>	<11.5>	
Total assets	Millions of yen	839,927	843,155	(0.4)	464,087	470,180	(1.3)
Shareholders' equity	Millions of yen	712,868	706,141	1.0	389,529	401,006	(2.9)
Shareholders' equity ratio	%	84.9	83.7	-	83.9	85.3	-
Basic earnings per share	Yen	51.47	56.05	-	45.47	46.55	-
Diluted earnings per share	Yen	51.47	56.05	-	-	46.55	-
Shareholders' equity per share	Yen	3,187.72	3,081.25	-	1,741.86	1,749.80	-
Capital investment	Millions of yen	7,435	9,389	(20.8)	2,095	1,934	8.3
	<%>	<9.0>*4	<8.8>*4		<2.4>*6	<2.9>*6	
Depreciation and amortization	Millions of yen	9,811	9,580	2.4	2,176	2,578	(15.6)
	<%>	<7.6>*4	<7.3>*4		<8.0>*6	<7.8>*6	
R & D expenses	Millions of yen	8,378	7,982	5.0	7,134	7,058	1.1
Average exchange rates							
Yen/US\$	Yen	107.69	109.77	-			
Yen/EURO	Yen	135.57	132.27	-			

\*1 The consolidated financial statements are based on U.S. GAAP.

\*2 Quarterly figures are unaudited.

\*3 Consolidated Basis : Income before income taxes, Parent Co. Basis : Income before income taxes and extraordinary item

\*4 Ratio to net sales

\*5 The diluted earnings per share on Parent Co. Basis is not stated for 2005, since there were no potentially dilutive securities.

\*6 Ratio to net sales excluding revenue from services

## Consolidated Financial Flash Report (June 30, 2005)

Date: July 27, 2005

Company Name : Murata Manufacturing Co., Ltd.  
Listing Code : 6981  
(URL <http://www.murata.com/>)  
Phone : (075) 955-6511

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

### 1. Notes

- <1>Adoption of simplified accounting method: None  
<2>Change in accounting method: None  
<3>Change in scope of consolidation and application of the equity method: None

### 2. Consolidated financial results for the three months ended June 30, 2005

#### (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	%
Three months ended Jun. 30, 2005	109,587	0.2	17,371	(10.9)	18,340	(10.2)	11,527	(10.4)
Three months ended Jun. 30, 2004	109,332	16.9	19,490	68.2	20,418	63.6	12,859	63.9
Year ended Mar. 31, 2005	424,468		69,515		72,905		46,578	

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended Jun. 30, 2005	51.47	51.47
Three months ended Jun. 30, 2004	56.05	56.05
Year ended Mar. 31, 2005	204.99	204.99

\* 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.

#### (2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2005	839,927	712,868	84.9	3,187.72
As of Jun. 30, 2004	843,155	706,141	83.7	3,081.25
As of Mar. 31, 2005	850,748	712,309	83.7	3,169.82

#### (3) Cash flows

	Net cash from operating activities	Net cash from investing activities	Net cash from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Three months ended Jun. 30, 2005	9,510	18,093	(11,787)	109,657
Three months ended Jun. 30, 2004	16,759	(12,727)	(9,431)	57,482
Year ended Mar. 31, 2005	90,295	(21,976)	(38,514)	93,671

### 3. Consolidated projections for the year ending March 31, 2006

The consolidated projections for the year ending March 31, 2006 are the same as those announced on April 28, 2005.

### Consolidated Balance Sheets

	Millions of Yen							
	As of Jun. 30, 2005		As of Mar. 31, 2005		Growth		As of Jun. 30, 2004	
		%		%		%		%
Assets	839,927	100.0	850,748	100.0	(10,821)	(1.3)	843,155	100.0
Current assets	590,713	70.3	592,836	69.7	(2,123)	(0.4)	590,982	70.1
Cash and cash equivalents	109,657		93,671		15,986		57,482	
Marketable securities	307,424		332,849		(25,425)		360,398	
Notes and accounts receivable	92,282		87,045		5,237		92,051	
Inventories	60,603		59,007		1,596		58,041	
Other current assets	20,747		20,264		483		23,010	
Fixed assets	249,214	29.7	257,912	30.3	(8,698)	(3.4)	252,173	29.9
Property, plant and equipment	223,302		225,735		(2,433)		220,135	
Investments	12,794		12,818		(24)		13,846	
Other fixed assets	13,118		19,359		(6,241)		18,192	
Total assets	839,927	100.0	850,748	100.0	(10,821)	(1.3)	843,155	100.0

	Millions of Yen							
	As of Jun. 30, 2005		As of Mar. 31, 2005		Growth		As of Jun. 30, 2004	
		%		%		%		%
Liabilities	127,059	15.1	138,439	16.3	(11,380)	(8.2)	137,014	16.3
Current liabilities	72,172	8.6	77,836	9.2	(5,664)	(7.3)	78,664	9.4
Short-term borrowings	5,050		5,068		(18)		4,529	
Trade notes and accounts payable	19,536		18,668		868		18,295	
Accrued payroll and bonuses	18,227		17,426		801		18,604	
Income taxes payable	6,730		15,682		(8,952)		9,569	
Other current liabilities	22,629		20,992		1,637		27,667	
Long-term liabilities	54,887	6.5	60,603	7.1	(5,716)	(9.4)	58,350	6.9
Termination and retirement benefits	47,873		47,306		567		44,662	
Other long-term liabilities	7,014		13,297		(6,283)		13,688	
Shareholders' equity	712,868	84.9	712,309	83.7	559	0.1	706,141	83.7
Common stock	69,377		69,377		-		69,377	
Additional paid-in capital	102,222		102,222		-		102,222	
Retained earnings	561,420		555,512		5,908		578,596	
Accumulated other comprehensive loss	(11,034)		(11,685)		651		(13,829)	
Treasury stock, at cost	(9,117)		(3,117)		(6,000)		(30,225)	
Total liabilities and shareholders' equity	839,927	100.0	850,748	100.0	(10,821)	(1.3)	843,155	100.0

### Consolidated Statements of Income

Three months ended June 30, 2005 and 2004

	Millions of Yen					
	2005		2004		Growth	
		%		%		%
Net sales	109,587	100.0	109,332	100.0	255	0.2
Cost of sales	66,537	60.7	64,221	58.8	2,316	3.6
Selling, general and administrative expenses	17,301	15.8	17,639	16.1	(338)	(1.9)
Research and development expenses	8,378	7.6	7,982	7.3	396	5.0
Operating income	17,371	15.9	19,490	17.8	(2,119)	(10.9)
Interest and dividend income	588	0.5	412	0.4	176	42.7
Interest expense	(31)	(0.0)	(48)	(0.0)	17	-
Other income (expenses) - net	412	0.3	564	0.5	(152)	(27.0)
Income before income taxes	18,340	16.7	20,418	18.7	(2,078)	(10.2)
Income taxes	6,813	6.2	7,559	6.9	(746)	(9.9)
Net income	11,527	10.5	12,859	11.8	(1,332)	(10.4)

### Consolidated Statements of Comprehensive Income

Three months ended June 30, 2005 and 2004

	Millions of Yen		
	2005	2004	Growth
Net income	11,527	12,859	(1,332)
Other comprehensive income (loss), net of tax :			
<Unrealized gains (losses) on securities>	<99>	<(124)>	<223>
<Minimum pension liability adjustments>	<(10)>	<(23)>	<13>
<Unrealized gains (losses) on derivative instruments>	<20>	<(55)>	<75>
<Foreign currency translation adjustments>	<542>	<1,430>	<(888)>
Other comprehensive income	651	1,228	(577)
Comprehensive income	12,178	14,087	(1,909)

### Consolidated Statements of Cash Flows

Three months ended June 30, 2005 and 2004

	Millions of Yen			
	2005		2004	
Operating activities:				
Net income		11,527		12,859
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	9,811		9,580	
Losses on sales and disposals of property, plant and equipment	108		147	
Gains on sales of investments	(70)		(466)	
Provision for termination and retirement benefits, less payments	555		1,226	
Decrease (increase) in trade notes and accounts receivable	(4,862)		1,321	
Increase in inventories	(1,377)		(3,063)	
Decrease (increase) in other current assets	(893)		1,548	
Increase (decrease) in trade notes and accounts payable	856		(1,360)	
Decrease in other current liabilities	(6,546)		(4,929)	
Other - net	401	(2,017)	(104)	3,900
Net cash provided by operating activities		9,510		16,759
Investing activities:				
Capital expenditures		(7,435)		(9,389)
Payment for purchases of investments and other		(289)		(309)
Net decrease (increase) in marketable securities		25,667		(3,637)
Other		150		608
Net cash used in investing activities		18,093		(12,727)
Financing activities:				
Net decrease in short-term borrowings		(169)		(548)
Dividends paid		(5,618)		(5,741)
Payment for purchases of treasury stock		(6,000)		(3,142)
Other		-		(0)
Net cash used in financing activities		(11,787)		(9,431)
Effect of exchange rate changes on cash and cash equivalents		170		977
Net increase (decrease) in cash and cash equivalents		15,986		(4,422)
Cash and cash equivalents at beginning of period		93,671		61,904
Cash and cash equivalents at end of period		109,657		57,482

	Millions of Yen	
	As of Jun. 30, 2005	As of Jun. 30, 2004
Cash and cash equivalents at end of period	109,657	57,482
Marketable securities	307,424	360,398
Liquidity in hand	417,081	417,880

## **Notes to Consolidated Financial Statements**

### 1. Scope of consolidation and application of the equity method

(1) Number of consolidated subsidiaries: 54

Major consolidated subsidiaries:

Fukui Murata Manufacturing Co., Ltd.  
Izumo Murata Manufacturing Co., Ltd.  
Toyama Murata Manufacturing Co., Ltd.  
Komatsu Murata Manufacturing Co., Ltd.  
Kanazawa Murata Manufacturing Co., Ltd.  
Okayama Murata Manufacturing Co., Ltd.  
Murata Land & Building Co.,Ltd.  
Murata Electronics North America, Inc.  
Murata Electronics Singapore (Pte.) Ltd.  
Murata Company Limited

(2) Number of unconsolidated subsidiaries: None

(3) Number of affiliated companies: None

### 2. Changes in scope of consolidation and application of the equity method: None

## Segment Information

### (1) Industry Segment Information

The Companies mainly develop, manufacture and sell electronic components. Sales and Operating income (loss) for this segment represent almost 100% of the corresponding amounts in the Consolidated Financial Statements and, therefore, "Industry Segment Information" is not disclosed.

### (2) Geographic Segment Information

#### 1) Three months ended June 30, 2005

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Corporate and eliminations	Consolidated
Sales and operating income							
Sales to :							
Unaffiliated customers	53,929	8,711	11,709	35,238	109,587	-	109,587
Intersegment	35,150	3	2	4,455	39,610	(39,610)	-
Total revenue	89,079	8,714	11,711	39,693	149,197	(39,610)	109,587
Operating expenses	74,968	8,433	11,208	37,980	132,589	(40,373)	92,216
<%> *1	<15.8%>	<3.2%>	<4.3%>	<4.3%>	<11.1%>		<15.9%>
Operating income	14,111	281	503	1,713	16,608	763	17,371

\*1 Ratio to total revenue

#### 2) Three months ended June 30, 2004

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Corporate and eliminations	Consolidated
Sales and operating income							
Sales to :							
Unaffiliated customers	52,896	9,426	12,882	34,128	109,332	-	109,332
Intersegment	36,125	22	2	4,268	40,417	(40,417)	-
Total revenue	89,021	9,448	12,884	38,396	149,749	(40,417)	109,332
Operating expenses	72,538	9,759	12,070	36,164	130,531	(40,689)	89,842
<%> *1	<18.5%>	<(3.3%>	<6.3%>	<5.8%>	<12.8%>		<17.8%>
Operating income (loss)	16,483	(311)	814	2,232	19,218	272	19,490

\*1 Ratio to total revenue

Segment Information (Unaudited)  
Murata Manufacturing Co., Ltd. and Subsidiaries

(3) Overseas sales

1) Three months ended June 30, 2005

	Millions of yen			
	The Americas	Europe	Asia and Others	Total
1. Overseas sales	10,457	16,023	50,929	77,409
2. Consolidated sales				109,587
3. Ratio of overseas sales to consolidated sales	9.5%	14.6%	46.5%	70.6%

2) Three months ended June 30, 2004

	Millions of yen			
	The Americas	Europe	Asia and Others	Total
1. Overseas sales	10,351	17,371	46,666	74,388
2. Consolidated sales				109,332
3. Ratio of overseas sales to consolidated sales	9.4%	15.9%	42.7%	68.0%



## Order, Backlog and Sales

### (1) Order and Backlog by Product

#### <Order>

	Millions of Yen					
	Three months ended Jun. 30, 2005		Three months ended Jun. 30, 2004		Growth	
		%*1		%*1		%
Capacitors	39,279	36.0	39,487	36.3	(208)	(0.5)
Piezoelectric Components	17,024	15.6	18,228	16.8	(1,204)	(6.6)
Microwave Devices	18,558	17.0	16,262	15.0	2,296	14.1
Module Products	13,724	12.6	14,003	12.9	(279)	(2.0)
Other Products	20,441	18.8	20,607	19.0	(166)	(0.8)
Total	109,026	100.0	108,587	100.0	439	0.4

\*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 Jun. 30, 2005		As of March. 31, 2005		Growth	
		%*1		%*1		%
Capacitors	13,391	33.1	12,908	31.7	483	3.7
Piezoelectric Components	5,492	13.6	6,155	15.1	(663)	(10.8)
Microwave Devices	5,504	13.6	6,541	16.1	(1,037)	(15.9)
Module Products	7,429	18.3	6,954	17.1	475	6.8
Other Products	8,669	21.4	8,102	20.0	567	7.0
Total	40,485	100.0	40,660	100.0	(175)	(0.4)

\*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 Jun. 30, 2005		Three months ended Jun. 30, 2004		Growth	
		%*1		%*1		%
Capacitors	38,796	35.5	39,450	36.2	(654)	(1.7)
Piezoelectric Components	17,687	16.2	18,507	17.0	(820)	(4.4)
Microwave Devices	19,595	18.0	16,896	15.5	2,699	16.0
Module Products	13,249	12.1	13,845	12.7	(596)	(4.3)
Other Products	19,874	18.2	20,282	18.6	(408)	(2.0)
Net sales	109,201	100.0	108,980	100.0	221	0.2

\*1 Component ratio

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

	Millions of Yen					
	Three months ended Jun. 30, 2005		Three months ended Jun. 30, 2004		Growth	
		%*1		%*1		%
AV	13,804	12.6	13,886	12.7	(82)	(0.6)
Communication	44,687	40.9	44,319	40.7	368	0.8
Computers and Peripherals	22,610	20.7	20,767	19.1	1,843	8.9
Automotive Electronics	13,093	12.0	13,022	11.9	71	0.5
Home and Others	15,007	13.8	16,986	15.6	(1,979)	(11.7)
Net sales	109,201	100.0	108,980	100.0	221	0.2

\*1 Component ratio

### 3. Sales by Area

	Millions of Yen					
	Three months ended Jun. 30, 2005		Three months ended Jun. 30, 2004		Growth	
		%*1		%*1		%
The Americas	10,457	9.6	10,351	9.5	106	1.0
Europe	16,023	14.7	17,371	16.0	(1,348)	(7.8)
Asia and Others	50,929	46.6	46,666	42.8	4,263	9.1
Overseas total	77,409	70.9	74,388	68.3	3,021	4.1
Japan	31,792	29.1	34,592	31.7	(2,800)	(8.1)
Net sales	109,201	100.0	108,980	100.0	221	0.2

\*1 Component ratio

## [Reference] Quarterly Consolidated Performance

### (1) Consolidated Financial Results

	Millions of yen							
	Three months ended Jun. 30, 2004		Three months ended Sep. 30, 2004		Three months ended Dec. 31, 2004		Three months ended Mar. 31, 2005	
Net sales	109,332	% *1	109,001	% *1	105,448	100.0	100,687	% *1
Operating income	19,490	17.8	18,685	17.1	16,793	15.9	14,547	14.4
Income before income taxes	20,418	18.7	19,220	17.6	18,075	17.1	15,192	15.1
Net income	12,859	11.8	12,000	11.0	11,703	11.1	10,016	9.9

	Millions of yen	
	Three months ended Jun. 30, 2005	
Net sales	109,587	% *1
Operating income	17,371	15.9
Income before income taxes	18,340	16.7
Net income	11,527	10.5

\*1 Ratio to net sales

\*2 Quarterly figures are unaudited.

\*3 The figures for the three months ended September 30, 2004, and the three months ended March 31, 2005 are calculated by deduction from the semiannual and annual figures.

### (2) Sales by Product

	Millions of yen							
	Three months ended Jun. 30, 2004		Three months ended Sep. 30, 2004		Three months ended Dec. 31, 2004		Three months ended Mar. 31, 2005	
Capacitors	39,450	36.2	40,840	37.6	37,958	36.1	37,241	37.1
Piezoelectric Components	18,507	17.0	17,958	16.5	17,865	17.0	16,246	16.2
Microwave Devices	16,896	15.5	15,681	14.4	17,105	16.3	15,964	15.9
Module Products	13,845	12.7	14,423	13.3	13,345	12.7	12,225	12.2
Other Products	20,282	18.6	19,729	18.2	18,801	17.9	18,653	18.6
Net sales	108,980	100.0	108,631	100.0	105,074	100.0	100,329	100.0

	Millions of yen	
	Three months ended Jun. 30, 2005	
Capacitors	38,796	35.5
Piezoelectric Components	17,687	16.2
Microwave Devices	19,595	18.0
Module Products	13,249	12.1
Other Products	19,874	18.2
Net sales	109,201	100.0

\*1 Component ratio