

## Flash Report (Three months ended June 30, 2006)

### Selected Financial Data

Three months ended June 30, 2006 and 2005 / As of June 30, 2006 and 2005

		Consolidated Basis			Parent Co. Basis		
		2006	2005	Growth ratio	2006	2005	Growth ratio
Net sales	Millions of yen	133,342	109,587	21.7	116,237	92,760	25.3
Operating income	<%>*4 Millions of yen	<18.9> 25,256	<15.9> 17,371	45.4	<8.6> 9,950	<6.3> 5,858	69.8
Income before income taxes ( and extraordinary item ) *3	<%>*4 Millions of yen	<20.5> 27,382	<16.7> 18,340	49.3	<14.5> 16,832	<14.1> 13,065	28.8
Net income	<%>*4 Millions of yen	<11.8> 15,794	<10.5> 11,527	37.0	<10.6> 12,292	<11.0> 10,184	20.7
Total assets	Millions of yen	912,303	839,927	8.6	497,255	464,087	7.2
Shareholders' equity	Millions of yen	760,107	712,868	6.6	404,391	389,529	3.8
Shareholders' equity ratio	%	83.3	84.9	-	81.3	83.9	-
Basic earnings per share	Yen	71.17	51.47	38.3	55.39	45.47	21.8
Diluted earnings per share	Yen	71.16	51.47	38.3	55.38	-	-
Shareholders' equity per share	Yen	3,425.00	3,187.72	-	1,822.17	1,741.86	-
Capital investment	Millions of yen	14,578	7,435	96.1	2,366	2,095	13.0
Depreciation and amortization	<%> Millions of yen	<7.8>*4 10,345	<9.0>*4 9,811	5.4	<2.2>*6 2,450	<2.4>*6 2,176	12.6
R & D expenses	<%> Millions of yen	<8.2>*4 10,925	<7.6>*4 8,378	30.4	<6.7>*6 7,628	<8.0>*6 7,134	6.9
Average exchange rates							
Yen/US\$	Yen	114.50	107.69	-			
Yen/EURO	Yen	143.78	135.57	-			

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

\*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

## Projected Financial Data

The following projections were prepared based on estimates using information currently available. Actual results may differ from the projections.

Six months ending September 30, 2006

		Consolidated Basis		Parent Co. Basis	
		Forecast announced on April 28, 2006	Current Forecast	Forecast announced on April 28, 2006	Current Forecast
Net sales	Millions of yen	265,000	270,000	230,000	235,000
	<*>	<18.1>	<19.3>	<7.4>	<7.9>
Operating income	Millions of yen	48,000	52,000	17,000	18,500
Income before income taxes (and extraordinary item) *1	Millions of yen	49,500	54,500	27,500	29,500
	<*>	<11.7>	<12.2>	<8.9>	<9.1>
Net income	Millions of yen	31,000	33,000	20,500	21,500
Basic earnings per share	Yen	139.70	148.70	92.38	96.88
Capital investment	Millions of yen	42,000	42,000	10,000	10,000
Depreciation and amortization	Millions of yen	21,000	22,000	5,500	5,500
	<*>	<6.8>*2	<7.4>*2	<7.1>*3	<7.0>*3
R & D expenses	Millions of yen	18,000	20,000	16,000	16,000

Year ending March 31, 2007

		Consolidated Basis		Parent Co. Basis	
		Forecast announced on April 28, 2006	Current Forecast	Forecast announced on April 28, 2006	Current Forecast
Net sales	Millions of yen	540,000	545,000	466,000	471,000
	<*>	<18.9>	<19.4>	<7.9>	<8.2>
Operating income	Millions of yen	102,000	106,000	37,000	38,500
Income before income taxes (and extraordinary item) *1	Millions of yen	105,000	110,000	58,000	60,000
	<*>	<12.2>	<12.5>	<9.4>	<9.6>
Net income	Millions of yen	66,000	68,000	44,000	45,000
Basic earnings per share	Yen	297.42	306.40	198.28	202.77
Capital investment	Millions of yen	80,000	80,000	17,000	17,000
Depreciation and amortization	Millions of yen	48,000	49,000	12,000	12,000
	<*>	<8.9>*2	<9.0>*2	<2.6>*3	<2.6>*3
R & D expenses	Millions of yen	36,000	38,000	31,500	31,500

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

\*2 Ratio to net sales

\*3 Ratio to net sales excluding revenue from services

\*4 The current forecast is based on the assumed average exchange rates of Yen 115 per US\$ and Yen 140 per Euro for July 1, 2006 through March 31, 2007.

## Consolidated Financial Flash Report (June 30, 2006)

Date: July 28, 2006

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  
Two companies were newly consolidated.

### 2. Consolidated financial results for the three months ended June 30, 2006

#### (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, 2006	133,342	21.7	25,256	45.4	27,382	49.3	15,794	37.0
Three months ended Jun. 30, 2005	109,587	0.2	17,371	(10.9)	18,340	(10.2)	11,527	(10.4)
Year ended Mar. 31, 2006	490,784		89,839		91,680		58,448	

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended Jun. 30, 2006	71.17	71.16
Three months ended Jun. 30, 2005	51.47	51.47
Year ended Mar. 31, 2006	262.49	262.47

\* 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, 2006	912,303	760,107	83.3	3,425.00
As of Jun. 30, 2005	839,927	712,868	84.9	3,187.72
As of Mar. 31, 2006	909,641	755,394	83.0	3,404.09

#### (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, 2006	14,867	(44,958)	(9,889)	85,951
Three months ended Jun. 30, 2005	9,510	18,093	(11,787)	109,657
Year ended Mar. 31, 2006	92,004	(37,469)	(25,873)	126,383

### 3. Projected financial results for the six months ending September 30, 2006 and the year ending March 31, 2007

#### (1) Consolidated Basis

	Net sales	Income before income taxes	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending Sep. 30, 2006	270,000	54,500	33,000
Year ending March 31, 2007	545,000	110,000	68,000

\* Projected basic earnings per share for the year ending March 31, 2007: Yen 306.40

#### (2) Parent Co. Basis

	Net sales	Income before income taxes and extraordinary item	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending Sep. 30, 2006	235,000	29,500	21,500
Year ending March 31, 2007	471,000	60,000	45,000

\*1 Projected basic earnings per share for the year ending March 31, 2007: Yen 202.77

\*2 These projections were prepared based on estimates using information currently available.

Actual results may differ from the projections.

### Consolidated Balance Sheets

	Millions of Yen							
	As of Jun. 30, 2006		As of Mar. 31, 2006		Growth		As of Jun. 30, 2005	
		%		%		%		%
Assets	912,303	100.0	909,641	100.0	2,662	0.3	839,927	100.0
Current assets	629,822	69.0	641,387	70.5	(11,565)	(1.8)	590,713	70.3
Cash and cash equivalents	85,951		126,383		(40,432)		109,657	
Marketable securities	329,306		313,181		16,125		307,424	
Notes and accounts receivable	113,354		110,999		2,355		92,282	
Inventories	73,766		66,419		7,347		60,603	
Other current assets	27,445		24,405		3,040		20,747	
Fixed assets	282,481	31.0	268,254	29.5	14,227	5.3	249,214	29.7
Property, plant and equipment	236,858		232,877		3,981		223,302	
Investments	18,175		19,674		(1,499)		12,794	
Other fixed assets	27,448		15,703		11,745		13,118	
<b>Total assets</b>	<b>912,303</b>	<b>100.0</b>	<b>909,641</b>	<b>100.0</b>	<b>2,662</b>	<b>0.3</b>	<b>839,927</b>	<b>100.0</b>

	Millions of Yen							
	As of Jun. 30, 2006		As of Mar. 31, 2006		Growth		As of Jun. 30, 2005	
		%		%		%		%
Liabilities	152,196	16.7	154,247	17.0	(2,051)	(1.3)	127,059	15.1
Current liabilities	92,647	10.2	95,114	10.5	(2,467)	(2.6)	72,172	8.6
Short-term borrowings	7,398		8,556		(1,158)		5,050	
Trade notes and accounts payable	31,869		28,883		2,986		19,536	
Accrued payroll and bonuses	19,493		19,225		268		18,227	
Income taxes payable	10,449		17,863		(7,414)		6,730	
Other current liabilities	23,438		20,587		2,851		22,629	
Long-term liabilities	59,549	6.5	59,133	6.5	416	0.7	54,887	6.5
Termination and retirement benefits	47,527		47,296		231		47,873	
Other long-term liabilities	12,022		11,837		185		7,014	
Shareholders' equity	760,107	83.3	755,394	83.0	4,713	0.6	712,868	84.9
Common stock	69,377		69,377		-		69,377	
Capital surplus	102,277		102,228		49		102,222	
Retained earnings	608,602		601,685		6,917		561,420	
Accumulated other comprehensive income (loss)	(1,591)		781		(2,372)		(11,034)	
Treasury stock, at cost	(18,558)		(18,677)		119		(9,117)	
<b>Total liabilities and shareholders' equity</b>	<b>912,303</b>	<b>100.0</b>	<b>909,641</b>	<b>100.0</b>	<b>2,662</b>	<b>0.3</b>	<b>839,927</b>	<b>100.0</b>

### Consolidated Statements of Income

Three months ended June 30, 2006 and 2005

	Millions of Yen					
	2006		2005		Growth	
		%		%		%
Net sales	133,342	100.0	109,587	100.0	23,755	21.7
Cost of sales	78,563	58.9	66,537	60.7	12,026	18.1
Selling, general and administrative expenses	18,598	14.0	17,301	15.8	1,297	7.5
Research and development expenses	10,925	8.2	8,378	7.6	2,547	30.4
Operating income	25,256	18.9	17,371	15.9	7,885	45.4
Interest and dividend income	868	0.7	588	0.5	280	47.6
Interest expense	(70)	(0.1)	(31)	(0.0)	(39)	-
Other income - net	1,328	1.0	412	0.3	916	-
Income before income taxes	27,382	20.5	18,340	16.7	9,042	49.3
Income taxes	11,588	8.7	6,813	6.2	4,775	70.1
Net income	15,794	11.8	11,527	10.5	4,267	37.0

### Consolidated Statements of Comprehensive Income

Three months ended June 30, 2006 and 2005

	Millions of Yen		
	2006	2005	Growth
Net income	15,794	11,527	4,267
Other comprehensive income (loss), net of tax :			
<Unrealized gains (losses) on securities>	<(1,235)>	<99>	<(1,334)>
<Minimum pension liability adjustments>	<(119)>	<(10)>	<(109)>
<Unrealized gains (losses) on derivative instruments>	<(56)>	<20>	<(76)>
<Foreign currency translation adjustments>	<(962)>	<542>	<(1,504)>
Other comprehensive income (loss)	(2,372)	651	(3,023)
Comprehensive income	13,422	12,178	1,244

**Consolidated Statements of Cash Flows**

Three months ended June 30, 2006 and 2005

	Millions of Yen			
	2006		2005	
Operating activities:				
Net income		15,794		11,527
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	10,345		9,811	
Losses on sales and disposals of property, plant and equipment	13		108	
Gains on sales of investments	-		(70)	
Provision for termination and retirement benefits, less payments	29		555	
Increase in trade notes and accounts receivable	(2,231)		(4,862)	
Increase in inventories	(7,306)		(1,377)	
Increase in other current assets	(2,584)		(893)	
Increase in trade notes and accounts payable	2,803		856	
Decrease in other current liabilities	(4,488)		(6,546)	
Other - net	2,492	(927)	401	(2,017)
Net cash provided by operating activities		14,867		9,510
Investing activities:				
Capital expenditures		(14,578)		(7,435)
Payment for purchases of investments and other		(577)		(289)
Net decrease (increase) in marketable securities		(15,226)		25,667
Payment for purchase of subsidiaries, net of cash acquired		(14,588)		-
Other		11		150
Net cash used in investing activities		(44,958)		18,093
Financing activities:				
Net decrease in short-term borrowings		(1,150)		(169)
Dividends paid		(8,876)		(5,618)
Payment for purchases of treasury stock		(7)		(6,000)
Other		144		-
Net cash used in financing activities		(9,889)		(11,787)
Effect of exchange rate changes on cash and cash equivalents		(452)		170
Net increase (decrease) in cash and cash equivalents		(40,432)		15,986
Cash and cash equivalents at beginning of period		126,383		93,671
Cash and cash equivalents at end of period		85,951		109,657

	Millions of Yen	
	As of Jun. 30, 2006	As of Jun. 30, 2005
Cash and cash equivalents at end of period	85,951	109,657
Marketable securities	329,306	307,424
Liquidity in hand	415,257	417,081

## **Notes to Consolidated Financial Statements**

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

(1) Number of consolidated subsidiaries: 57

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: 1 (Equity method is applied)

MTC Solutions Co., Ltd.

### 2. Changes in scope of consolidation and application of the equity method

(Consolidated subsidiaries)

Two companies were newly consolidated.

SyChip, Inc., SyChip Shanghai Co., Ltd. : Acquired on April 28, 2006 (US time)

**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, 2006**

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Corporate and eliminations	Consolidated
Sales to :							
Unaffiliated customers	57,942	10,457	12,708	52,235	133,342	-	133,342
Intersegment	53,866	0	-	5,993	59,859	(59,859)	-
<b>Total revenue</b>	<b>111,808</b>	<b>10,457</b>	<b>12,708</b>	<b>58,228</b>	<b>193,201</b>	<b>(59,859)</b>	<b>133,342</b>
Operating expenses	90,175	11,998	12,037	54,763	168,973	(60,887)	108,086
<%> *1	<19.3%>	<(14.7%)>	<5.3%>	<6.0%>	<12.5%>		<18.9%>
Operating income (loss)	21,633	(1,541)	671	3,465	24,228	1,028	25,256

\*1 Ratio to total revenue

**2) Three months ended June 30, 2005**

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Corporate and eliminations	Consolidated
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)	-
<b>Total revenue</b>	<b>89,079</b>	<b>8,714</b>	<b>11,711</b>	<b>39,693</b>	<b>149,197</b>	<b>(39,610)</b>	<b>109,587</b>
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

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

(3) Overseas sales

1) Three months ended June 30, 2006

	Millions of yen			
	The Americas	Europe	Asia and Others	Total
1. Overseas sales	10,904	17,808	69,273	97,985
2. Consolidated sales				133,342
3. Ratio of overseas sales to consolidated sales	8.2%	13.4%	51.9%	73.5%

2) 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%

## Order, Backlog and Sales

### (1) Order and Backlog by Product

#### <Order>

	Millions of Yen					
	Three months ended Jun. 30, 2006		Three months ended Jun. 30, 2005		Growth	
		%*1		%*1		%
Capacitors	51,911	37.7	39,279	36.0	12,632	32.2
Piezoelectric Components	20,021	14.5	17,024	15.6	2,997	17.6
Microwave Devices	29,551	21.5	18,558	17.0	10,993	59.2
Module Products	13,242	9.6	13,724	12.6	(482)	(3.5)
Other Products	23,019	16.7	20,441	18.8	2,578	12.6
<b>Total</b>	<b>137,744</b>	<b>100.0</b>	<b>109,026</b>	<b>100.0</b>	<b>28,718</b>	<b>26.3</b>

\*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, 2006		As of March. 31, 2006		Growth	
		%*1		%*1		%
Capacitors	23,703	42.0	20,659	40.0	3,044	14.7
Piezoelectric Components	8,316	14.7	7,278	14.1	1,038	14.3
Microwave Devices	7,138	12.6	6,182	12.0	956	15.5
Module Products	6,722	11.9	7,372	14.3	(650)	(8.8)
Other Products	10,604	18.8	10,146	19.6	458	4.5
<b>Total</b>	<b>56,483</b>	<b>100.0</b>	<b>51,637</b>	<b>100.0</b>	<b>4,846</b>	<b>9.4</b>

\*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, 2006		Three months ended Jun. 30, 2005		Growth	
		%*1		%*1		%
Capacitors	48,867	36.8	38,796	35.5	10,071	26.0
Piezoelectric Components	18,983	14.3	17,687	16.2	1,296	7.3
Microwave Devices	28,595	21.5	19,595	18.0	9,000	45.9
Module Products	13,892	10.4	13,249	12.1	643	4.9
Other Products	22,561	17.0	19,874	18.2	2,687	13.5
Net sales	132,898	100.0	109,201	100.0	23,697	21.7

\*1 Component ratio

\*2 Exclusive of consumption taxes

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

	Millions of Yen					
	Three months ended Jun. 30, 2006		Three months ended Jun. 30, 2005		Growth	
		%*1		%*1		%
AV	16,177	12.2	13,804	12.6	2,373	17.2
Communications	55,126	41.5	44,687	40.9	10,439	23.4
Computers and Peripherals	27,494	20.7	22,610	20.7	4,884	21.6
Automotive Electronics	14,933	11.2	13,093	12.0	1,840	14.1
Home and Others	19,168	14.4	15,007	13.8	4,161	27.7
Net sales	132,898	100.0	109,201	100.0	23,697	21.7

\*1 Component ratio

\*2 Exclusive of consumption taxes

### 3. Sales by Area

	Millions of Yen					
	Three months ended Jun. 30, 2006		Three months ended Jun. 30, 2005		Growth	
		%*1		%*1		%
The Americas	10,904	8.2	10,457	9.6	447	4.3
Europe	17,808	13.4	16,023	14.7	1,785	11.1
Asia and Others	69,273	52.1	50,929	46.6	18,344	36.0
Overseas total	97,985	73.7	77,409	70.9	20,576	26.6
Japan	34,913	26.3	31,792	29.1	3,121	9.8
Net sales	132,898	100.0	109,201	100.0	23,697	21.7

\*1 Component ratio

\*2 Exclusive of consumption taxes

## [Reference] Quarterly Consolidated Performance

### (1) Consolidated Financial Results

	Millions of yen							
	Three months ended Jun. 30, 2005		Three months ended Sep. 30, 2005		Three months ended Dec. 31, 2005		Three months ended Mar. 31, 2006	
		% *1		% *1		% *1		% *1
Net sales	109,587	100.0	119,350	100.0	129,804	100.0	132,043	100.0
Operating income	17,371	15.9	20,513	17.2	25,766	19.8	26,189	19.8
Income before income taxes	18,340	16.7	20,990	17.6	24,929	19.2	27,421	20.8
Net income	11,527	10.5	13,267	11.1	15,574	12.0	18,080	13.7

	Millions of yen	
	Three months ended Jun. 30, 2006	
		% *1
Net sales	133,342	100.0
Operating income	25,256	18.9
Income before income taxes	27,382	20.5
Net income	15,794	11.8

\*1 Ratio to net sales

\*2 Quarterly figures are unaudited.

\*3 The figures for each quarter are calculated by subtracting from the aggregated amount of the previous quarter.

### (2) Sales by Product

	Millions of yen							
	Three months ended Jun. 30, 2005		Three months ended Sep. 30, 2005		Three months ended Dec. 31, 2005		Three months ended Mar. 31, 2006	
		% *1		% *1		% *1		% *1
Capacitors	38,796	35.5	42,395	35.7	46,144	35.7	46,263	35.1
Piezoelectric Components	17,687	16.2	17,769	14.9	18,973	14.6	18,813	14.3
Microwave Devices	19,595	18.0	22,521	18.9	26,486	20.5	28,576	21.7
Module Products	13,249	12.1	14,562	12.3	15,405	11.9	15,087	11.5
Other Products	19,874	18.2	21,683	18.2	22,359	17.3	22,892	17.4
Net sales	109,201	100.0	118,930	100.0	129,367	100.0	131,631	100.0

	Millions of yen	
	Three months ended Jun. 30, 2006	
		% *1
Capacitors	48,867	36.8
Piezoelectric Components	18,983	14.3
Microwave Devices	28,595	21.5
Module Products	13,892	10.4
Other Products	22,561	17.0
Net sales	132,898	100.0

\*1 Component ratio

\*2 Exclusive of consumption taxes.

\*3 The figures for each quarter are calculated by subtracting from the aggregated amount of the previous quarter.