

Flash Report (Nine months ended December 31, 2003)

Selected Financial Data

Nine months ended December 31, 2003 and 2002 / As of December 31, 2003 and 2002

		Consolidated Basis			Parent Co. Basis		
		2003	2002	Growth ratio	2003	2002	Growth ratio
Net sales	Millions of yen	306,003	298,826	2.4	253,157	236,862	6.9
	<*>	<13.9>	<15.0>		<5.8>	<3.9>	
Operating income	Millions of yen	42,436	44,957	(5.6)	14,791	9,151	61.6
Income before income taxes (and extraordinary item) *3	Millions of yen	45,603	45,309	0.6	33,397	18,759	78.0
	<*>	<9.4>	<9.6>		<9.9>	<7.3>	
Net income	Millions of yen	28,821	28,538	1.0	25,047	17,406	43.9
Total assets	Millions of yen	823,577	833,598	(1.2)	470,569	484,701	(2.9)
Shareholders' equity	Millions of yen	687,342	703,090	(2.2)	395,596	418,067	(5.4)
Shareholders' equity ratio	%	83.5	84.3	-	84.1	86.3	-
Basic earnings per share	Yen	123.33	117.63	-	107.18	71.75	-
Diluted earnings per share	Yen	123.33	117.63	-	107.18	-	-
Shareholders' equity per share	Yen	2,973.83	2,939.91	-	1,711.57	1,748.12	-
Depreciation and amortization	Millions of yen	32,121	36,438	(11.8)	8,530	10,070	(15.3)
	<*>	<7.9>*4	<7.8>*4		<8.6>*6	<8.7>*6	
R & D expenses	Millions of yen	24,214	23,419	3.4	21,192	19,968	6.1
Average exchange rates							
Yen/US\$	Yen	115.00	122.95	-			
Yen/EURO	Yen	132.12	118.81	-			

Three months ended December 31, 2003 and 2002 / As of December 31, 2003 and 2002

		Consolidated Basis			Parent Co. Basis		
		2003	2002	Growth ratio	2003	2002	Growth ratio
Net sales	Millions of yen	107,290	101,031	6.2	92,219	80,722	14.2
	<*>	<15.3>	<15.7>		<8.8>	<3.3>	
Operating income	Millions of yen	16,428	15,865	3.5	8,137	2,669	204.9
Income before income taxes (and extraordinary item) *3	Millions of yen	17,054	15,288	11.6	15,892	6,577	141.6
	<*>	<10.1>	<9.4>		<12.1>	<8.9>	
Net income	Millions of yen	10,820	9,535	13.5	11,147	7,209	54.6
Basic earnings per share	Yen	46.52	39.70	-	47.92	30.02	-
Diluted earnings per share	Yen	46.52	39.70	-	47.92	-	-
Depreciation and amortization	Millions of yen	11,281	12,346	(8.6)	2,995	3,436	(12.8)
	<*>	<7.3>*4	<7.6>*4		<7.7>*6	<8.4>*6	
R & D expenses	Millions of yen	7,817	7,687	1.7	6,924	6,572	5.4

*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 2002, since there were no potentially dilutive securities.

*6 Figures show the ratio to net sales excluding revenue from services.

Consolidated Financial Flash Report (December 31, 2003)

Date: February 9, 2004

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

Stock Exchange Listings:
Tokyo Stock Exchange
Osaka Securities Exchange
Stock Exchange of Singapore (DRSs)

1. Notes

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

2. Consolidated financial results for the nine months ended December 31, 2003

(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	%
Nine months ended Dec. 31, 2003	306,003	2.4	42,436	(5.6)	45,603	0.6	28,821	1.0
Nine months ended Dec. 31, 2002	298,826		44,957		45,309		28,538	
Year ended Mar. 31, 2003	394,955		59,187		59,094		39,467	

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec. 31, 2003	123.33	123.33
Nine months ended Dec. 31, 2002	117.63	117.63
Year ended Mar. 31, 2003	163.47	163.47

* Percentages in the fields of Net sales, Operating income, Income before income taxes, and Net income are the growth ratios against the previous term.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2003	823,577	687,342	83.5	2,973.83
As of Dec. 31, 2002	833,598	703,090	84.3	2,939.91
As of Mar. 31, 2003	834,313	692,090	83.0	2,939.41

3. Projected financial results for the year ending March 31, 2004

(1) Consolidated projections

	Net sales	Income before income taxes	Net income	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Year ending Mar. 31, 2004	405,000	60,000	39,500	170.90

(2) Parent co.'s projections

	Net sales	Ordinary income	Net income	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Year ending Mar. 31, 2004	331,500	40,000	36,000	155.76

*1 The consolidated projections for the year ending March 31, 2004 were unchanged from the figures announced on November 10, 2003.

*2 These projections are made in accordance with information currently available and include uncertain factors. Consequently, actual results may differ from the projections.

Consolidated Balance Sheets

	Millions of Yen							
	As of Dec. 31, 2003		As of Sep. 30, 2003		Growth		As of Dec. 31, 2002	
		%		%		%		%
Assets	823,577	100.0	834,660	100.0	(11,083)	(1.3)	833,598	100.0
Current assets	575,927	69.9	582,545	69.8	(6,618)	(1.1)	568,564	68.2
Cash and cash equivalents	65,386		69,951		(4,565)		79,571	
Marketable securities	336,972		348,801		(11,829)		330,495	
Notes and accounts receivable	97,547		91,204		6,343		87,356	
Inventories	51,352		51,717		(365)		53,325	
Other current assets	24,670		20,872		3,798		17,817	
Fixed assets	247,650	30.1	252,115	30.2	(4,465)	(1.8)	265,034	31.8
Property, plant and equipment	219,731		225,044		(5,313)		242,858	
Investments	12,125		11,169		956		7,693	
Other fixed assets	15,794		15,902		(108)		14,483	
Total assets	823,577	100.0	834,660	100.0	(11,083)	(1.3)	833,598	100.0

	Millions of Yen							
	As of Dec. 31, 2003		As of Sep. 30, 2003		Growth		As of Dec. 31, 2002	
		%		%		%		%
Liabilities	136,235	16.5	137,832	16.5	(1,597)	(1.2)	130,508	15.7
Current liabilities	72,443	8.8	72,213	8.6	230	0.3	69,511	8.4
Short-term borrowings	4,284		4,547		(263)		2,708	
Trade notes and accounts payable	16,037		16,212		(175)		14,331	
Other current liabilities	52,122		51,454		668		52,472	
Long-term liabilities	63,792	7.7	65,619	7.9	(1,827)	(2.8)	60,997	7.3
Termination and retirement benefits	59,307		59,603		(296)		55,608	
Other long-term liabilities	4,485		6,016		(1,531)		5,389	
Shareholders' equity	687,342	83.5	696,828	83.5	(9,486)	(1.4)	703,090	84.3
Common stock	69,377		69,377		-		69,377	
Additional paid-in capital	102,222		102,222		-		102,222	
Retained earnings	551,759		546,778		4,981		576,964	
Accumulated other comprehensive income (loss)	(17,812)		(17,739)		(73)		(14,828)	
Treasury stock, at cost	(18,204)		(3,810)		(14,394)		(30,645)	
Total liabilities and shareholders' equity	823,577	100.0	834,660	100.0	(11,083)	(1.3)	833,598	100.0

Consolidated Statements of Income
Nine months ended December 31, 2003 and 2002

	Millions of Yen					
	2003		2002		Growth	
		%		%		%
Net sales	306,003	100.0	298,826	100.0	7,177	2.4
Cost of sales	189,798	62.0	184,622	61.8	5,176	2.8
Selling, general and administrative expenses	49,555	16.2	45,828	15.4	3,727	8.1
Research and development expenses	24,214	7.9	23,419	7.8	795	3.4
Operating income	42,436	13.9	44,957	15.0	(2,521)	(5.6)
Interest and dividend income	1,221	0.4	1,992	0.7	(771)	(38.7)
Interest expense	(67)	(0.0)	(59)	(0.0)	(8)	(13.6)
Losses on impairment of investment securities	(14)	(0.0)	(1,819)	(0.6)	1,805	99.2
Other income (expenses) - net	2,027	0.6	238	0.1	1,789	-
Income before income taxes	45,603	14.9	45,309	15.2	294	0.6
Income taxes	16,782	5.5	18,538	6.2	(1,756)	(9.5)
Refund of previous years' income taxes	-	-	(1,767)	(0.6)	1,767	-
Net income	28,821	9.4	28,538	9.6	283	1.0

*1 Comprehensive income in accordance with SFAS No.130 "Reporting Comprehensive Income" is as follows.

	Millions of Yen		
	2003	2002	Growth
Net income	28,821	28,538	283
Other comprehensive income (loss), net of tax :	1,406	(8,910)	10,316
<Unrealized gains (losses) on securities>	<2,471>	<(284)>	<2,755>
<Minimum pension liability adjustments>	<5,856>	<(2,557)>	<8,413>
<Unrealized gains on derivative instruments>	<4>	<59>	<(55)>
<Foreign currency translation adjustments>	<(6,925)>	<(6,128)>	<(797)>
Comprehensive income	30,227	19,628	10,599

Consolidated Statements of Income
Three months ended December 31, 2003 and 2002

	Millions of Yen					
	2003		2002		Growth	
		%		%		%
Net sales	107,290	100.0	101,031	100.0	6,259	6.2
Cost of sales	66,062	61.6	61,610	61.0	4,452	7.2
Selling, general and administrative expenses	16,983	15.8	15,869	15.7	1,114	7.0
Research and development expenses	7,817	7.3	7,687	7.6	130	1.7
Operating income	16,428	15.3	15,865	15.7	563	3.5
Interest and dividend income	255	0.3	682	0.7	(427)	(62.6)
Interest expense	(26)	(0.0)	(22)	(0.0)	(4)	(18.2)
Losses on impairment of investment securities	-	-	(1,487)	(1.5)	1,487	-
Other income (expenses) - net	397	0.3	250	0.2	147	58.8
Income before income taxes	17,054	15.9	15,288	15.1	1,766	11.6
Income taxes	6,234	5.8	5,937	5.9	297	5.0
Refund of previous years' income taxes	-	-	(184)	(0.2)	184	-
Net income	10,820	10.1	9,535	9.4	1,285	13.5

*1 Comprehensive income in accordance with SFAS No.130 "Reporting Comprehensive Income" is as follows.

	Millions of Yen		
	2003	2002	Growth
Net income	10,820	9,535	1,285
Other comprehensive income (loss), net of tax :	(73)	(1,665)	1,592
<Unrealized gains (losses) on securities>	<871>	<(352)>	<1,223>
<Minimum pension liability adjustments>	<1,308>	<(1,248)>	<2,556>
<Unrealized gains (losses) on derivative instruments>	<(24)>	<61>	<(85)>
<Foreign currency translation adjustments>	<(2,228)>	<(126)>	<(2,102)>
Comprehensive income	10,747	7,870	2,877

(Notes)

1. Scope of consolidation and application of the equity method

(1) Number of consolidated subsidiaries: 53

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 Electronics North America, Inc.
Murata Electronics Singapore (Pte.) Ltd.

(2) Number of unconsolidated subsidiaries: None

(3) Number of affiliated companies: 1 (Equity method is applied.)

Murata Trading (Malaysia) Sdn. Bhd.

2. Changes in scope of consolidation and application of the equity method after September 30, 2003: None

Supplemental information

The Company and a domestic subsidiary were approved by the Ministry of Health, Labor and Welfare for the exemption from the obligation for the substitutional portion of benefits related to future employee service on January 30, 2003. The Companies were granted approval for separation of the remaining substitutional portion (that is, the benefit obligation related to past services) on January 1, 2004. Based on Emerging Issues Task Force Issue No. 03-2, gain or loss related to this transfer shall be recognized upon completion of the transfer to the government of the substitutional portion of the benefit obligation and related plan assets. However, since the dates of the completion have not yet been informed by the government, the consolidated projections for the year ending March 31, 2004 do not include this gain or loss.

Order, Backlog and Sales

(1) Order and Backlog by Product

<Order>

Nine months ended December 31, 2003 and 2002

	Millions of Yen					
	2003		2002		Growth	
		%		%		%
Capacitors	110,897	34.8	110,725	37.7	172	0.2
Resistors	10,168	3.2	10,450	3.6	(282)	(2.7)
Piezoelectric Components	58,244	18.3	57,976	19.7	268	0.5
Microwave Devices	49,544	15.6	37,157	12.6	12,387	33.3
Module Products	45,957	14.4	40,073	13.6	5,884	14.7
Other Products	43,574	13.7	37,562	12.8	6,012	16.0
Total	318,384	100.0	293,943	100.0	24,441	8.3

Three months ended December 31, 2003 and 2002

	Millions of Yen					
	2003		2002		Growth	
		%		%		%
Capacitors	39,668	34.6	35,714	37.0	3,954	11.1
Resistors	3,552	3.1	3,167	3.3	385	12.2
Piezoelectric Components	19,411	16.9	19,095	19.7	316	1.7
Microwave Devices	18,365	16.0	11,378	11.8	6,987	61.4
Module Products	18,103	15.8	14,715	15.2	3,388	23.0
Other Products	15,563	13.6	12,512	13.0	3,051	24.4
Total	114,662	100.0	96,581	100.0	18,081	18.7

*1 Figures are based on sales prices to customers.

*2 Exclusive of consumption taxes

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

<Backlog>

	Millions of Yen							
	As of Dec. 31, 2003		As of Sep. 30, 2003		Growth		As of Dec. 31, 2002	
		%		%		%		%
Capacitors	16,080	32.6	12,781	30.8	3,299	25.8	12,215	32.5
Resistors	1,681	3.4	1,559	3.8	122	7.8	1,470	3.9
Piezoelectric Components	7,903	16.1	7,674	18.5	229	3.0	6,676	17.7
Microwave Devices	7,126	14.5	6,482	15.6	644	9.9	5,998	16.0
Module Products	8,984	18.2	7,037	16.9	1,947	27.7	6,462	17.2
Other Products	7,484	15.2	5,976	14.4	1,508	25.2	4,797	12.7
Total	49,258	100.0	41,509	100.0	7,749	18.7	37,618	100.0

*1 Figures are based on sales prices to customers.

*2 Exclusive of consumption taxes

(2) Sales by Product, Application and Area

1. Sales by Product

Nine months ended December 31, 2003 and 2002

	Millions of Yen					
	2003		2002		Growth	
		%		%		%
Capacitors	105,688	34.7	113,356	38.1	(7,668)	(6.8)
Resistors	10,103	3.3	10,836	3.6	(733)	(6.8)
Piezoelectric Components	56,813	18.6	58,863	19.8	(2,050)	(3.5)
Microwave Devices	46,961	15.4	36,084	12.1	10,877	30.1
Module Products	43,910	14.4	40,808	13.7	3,102	7.6
Other Products	41,493	13.6	37,858	12.7	3,635	9.6
Net sales	304,968	100.0	297,805	100.0	7,163	2.4

Three months ended December 31, 2003 and 2002

	Millions of Yen					
	2003		2002		Growth	
		%		%		%
Capacitors	36,369	34.0	36,807	36.6	(438)	(1.2)
Resistors	3,430	3.2	3,511	3.5	(81)	(2.3)
Piezoelectric Components	19,182	17.9	19,702	19.6	(520)	(2.6)
Microwave Devices	17,721	16.6	14,040	13.9	3,681	26.2
Module Products	16,156	15.1	13,882	13.8	2,274	16.4
Other Products	14,055	13.2	12,722	12.6	1,333	10.5
Net sales	106,913	100.0	100,664	100.0	6,249	6.2

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

Nine months ended December 31, 2003 and 2002

	Millions of Yen					
	2003		2002		Growth	
		%		%		%
Video	35,969	11.8	36,073	12.1	(104)	(0.3)
Audio	13,327	4.4	15,801	5.3	(2,474)	(15.7)
Consumer total	49,296	16.2	51,874	17.4	(2,578)	(5.0)
Communication	127,208	41.7	112,124	37.7	15,084	13.5
EDP and Others *1	59,622	19.5	66,781	22.4	(7,159)	(10.7)
Industrial total	186,830	61.2	178,905	60.1	7,925	4.4
Home and Others *2	68,842	22.6	67,026	22.5	1,816	2.7
Net sales	304,968	100.0	297,805	100.0	7,163	2.4

Three months ended December 31, 2003 and 2002

	Millions of Yen					
	2003		2002		Growth	
		%		%		%
Video	13,068	12.2	11,248	11.2	1,820	16.2
Audio	4,163	3.9	4,555	4.5	(392)	(8.6)
Consumer total	17,231	16.1	15,803	15.7	1,428	9.0
Communication	46,345	43.4	41,581	41.3	4,764	11.5
EDP and Others *1	20,354	19.0	21,625	21.5	(1,271)	(5.9)
Industrial total	66,699	62.4	63,206	62.8	3,493	5.5
Home and Others *2	22,983	21.5	21,655	21.5	1,328	6.1
Net sales	106,913	100.0	100,664	100.0	6,249	6.2

*1 "EDP and Others" include computers and peripherals, copy machines, and measuring instruments.

*2 "Home and Others" include automotive electronics and household electrical appliances such as air conditioners, refrigerators, and lighting apparatuses.

3. Sales by Area

Nine months ended December 31, 2003 and 2002

	Millions of Yen					
	2003		2002		Growth	
		%		%		%
The Americas	30,670	10.1	40,195	13.5	(9,525)	(23.7)
Europe	45,349	14.9	40,259	13.5	5,090	12.6
Asia and Others	117,966	38.6	114,411	38.4	3,555	3.1
Overseas total	193,985	63.6	194,865	65.4	(880)	(0.5)
Japan	110,983	36.4	102,940	34.6	8,043	7.8
Net sales	304,968	100.0	297,805	100.0	7,163	2.4

Three months ended December 31, 2003 and 2002

	Millions of Yen					
	2003		2002		Growth	
		%		%		%
The Americas	10,024	9.4	12,221	12.1	(2,197)	(18.0)
Europe	16,314	15.2	14,494	14.4	1,820	12.6
Asia and Others	41,915	39.2	40,014	39.8	1,901	4.8
Overseas total	68,253	63.8	66,729	66.3	1,524	2.3
Japan	38,660	36.2	33,935	33.7	4,725	13.9
Net sales	106,913	100.0	100,664	100.0	6,249	6.2