

Flash Report (Year ended March 31, 2004)

Selected Financial Data

Years ended March 31, 2004 and 2003 / as of March 31, 2004 and 2003

		Consolidated Basis			Parent Co. Basis		
		2004	2003	Growth ratio	2004	2003	Growth ratio
Net sales	Millions of yen	414,247	394,955	4.9	343,374	313,392	9.6
	<%>*2	<17.9>	<15.0>		<6.2>	<3.5>	
Operating income	Millions of yen	74,210	59,187	25.4	21,348	10,976	94.5
Income before income taxes (and extraordinary item) *1	Millions of yen	78,685	59,094	33.2	42,396	25,664	65.2
	<%>*2	<11.7>	<10.0>		<10.7>	<6.4>	
Net income	Millions of yen	48,540	39,467	23.0	36,756	20,083	83.0
Total assets	Millions of yen	844,115	834,313	1.2	467,876	473,622	(1.2)
Shareholders' equity	Millions of yen	700,937	692,090	1.3	399,387	403,293	(1.0)
Shareholders' equity ratio	%	83.0	83.0	-	85.4	85.2	-
Basic earnings per share	Yen	208.46	163.47	-	157.38	82.77	-
Diluted earnings per share	Yen	208.46	163.47	-	157.38	-	-
Return on equity (ROE)	%	7.0	5.6	-	9.2	4.7	-
Shareholders' equity per share	Yen	3,052.25	2,939.41	-	1,738.66	1,712.42	-
Capital investment	Millions of yen	33,088	18,161	82.2	6,444	5,430	18.7
Depreciation and amortization	Millions of yen	44,649	50,846	(12.2)	12,105	13,799	(12.3)
	<%>	<10.8>*2	<12.9>*2		<3.6>*3	<4.5>*3	
R & D expenses *4	Millions of yen	34,163	31,427	8.7	28,686	26,795	7.1
	<%>	<8.2>*2	<8.0>*2		<8.6>*3	<8.8>*3	
Number of employees	*5	<8,468>	<8,467>	0.1	5,070	5,104	(0.7)
Average exchange rates							
Yen/US\$	Yen	113.07	121.95	-			
Yen/EURO	Yen	132.60	121.04	-			

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

*2 Ratio to net sales

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

*4 R & D expenses on consolidated basis for the year ended March 31, 2004 include Yen 1,413 million as the net amount of settlement loss and derecognition of previously accrued salary progression related to the transfer of the substitutional portion of the Employee Pension Fund to the government.
R & D expenses excluding this influence is Yen 32,750 million (a year-on-year increase of 4.2%) and ratio to net sales is 7.9%.

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

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, 2004 and six months ended September 30, 2003

		Consolidated Basis			Parent Co. Basis		
		2004 (Projection)	2003 (Actual)	Growth ratio	2004 (Projection)	2003 (Actual)	Growth ratio
Net sales	Millions of yen	222,000	198,713	11.7	185,000	160,937	15.0
	<%>*2	<18.0>	<13.1>		<7.3>	<4.1>	
Operating income	Millions of yen	40,000	26,008	53.8	13,500	6,653	102.9
Income before income taxes (and extraordinary item) *1	Millions of yen	41,000	28,549	43.6	22,000	17,504	25.7
	<%>*2	<11.7>	<9.1>		<8.9>	<8.6>	
Net income	Millions of yen	26,000	18,001	44.4	16,500	13,900	18.7
Basic earnings per share	Yen	113.22	76.85	-	71.85	59.34	-
Cash dividends per share *4	Yen	-	-	-	25.00	25.00	-
Capital investment	Millions of yen	33,000	12,346	167.3	5,500	2,690	104.5
Depreciation and amortization	Millions of yen	20,500	20,840	(1.6)	5,500	5,535	(0.6)
	<%>	<9.2>*2	<10.5>*2		<3.1>*3	<3.5>*3	
R & D expenses	Millions of yen	16,500	16,397	0.6	15,000	14,267	5.1
	<%>	<7.4>*2	<8.2>*2		<8.3>*3	<9.1>*3	

Year ending March 31, 2005 and year ended March 31, 2004

		Consolidated Basis			Parent Co. Basis		
		2005 (Projection)	2004 (Actual)	Growth ratio	2005 (Projection)	2004 (Actual)	Growth ratio
Net sales	Millions of yen	440,000	414,247	6.2	364,000	343,374	6.0
	<%>*2	<17.7>	<17.9>		<7.3>	<6.2>	
Operating income	Millions of yen	78,000	74,210	5.1	26,500	21,348	24.1
Income before income taxes (and extraordinary item) *1	Millions of yen	80,000	78,685	1.7	43,000	42,396	1.4
	<%>*2	<11.6>	<11.7>		<8.9>	<10.7>	
Net income	Millions of yen	51,000	48,540	5.1	32,500	36,756	(11.6)
Basic earnings per share	Yen	222.08	208.46	-	141.52	157.38	-
Cash dividends per share *4	Yen	-	-	-	50.00	50.00	-
Capital investment	Millions of yen	50,000	33,088	51.1	11,000	6,444	70.7
Depreciation and amortization	Millions of yen	44,500	44,649	(0.3)	12,000	12,105	(0.9)
	<%>	<10.1>*2	<10.8>*2		<3.4>*3	<3.6>*3	
R & D expenses *5	Millions of yen	33,000	34,163	(3.4)	29,500	28,686	2.8
	<%>	<7.5>*2	<8.2>*2		<8.3>*3	<8.6>*3	

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

*2 Ratio to net sales

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

*4 The Company has projected an annual dividend of Yen 50.00 per share of common stock for the year ending March 31, 2005. This dividend is assumed based on the current business conditions and the projected financial data.

*5 R & D expenses on consolidated basis for the year ended March 31, 2004 include Yen 1,413 million as the net amount of settlement loss and derecognition of previously accrued salary progression related to the transfer of the substitutional portion of the Employee Pension Fund to the government.

R & D expenses excluding this influence is Yen 32,750 million and ratio to net sales is 7.9%.

*6 The projections above are based on the assumed average exchange rates of Yen 105 per US\$ and Yen 125 per Euro for the year ending March 31, 2005.

Consolidated Financial Flash Report (March 31, 2004)

Date: May 11, 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. Financial results for the year ended March 31, 2004

(1) Operating results (Years ended March 31, 2004 and 2003)

	Net sales		Operating income		Income before income taxes		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2004	414,247	4.9	74,210	25.4	78,685	33.2	48,540	23.0
2003	394,955	0.0	59,187	16.1	59,094	12.8	39,467	12.8

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Income before income taxes / total assets	Income before income taxes / net sales
	Yen	Yen	%	%	%
2004	208.46	208.46	7.0	9.4	19.0
2003	163.47	163.47	5.6	7.1	15.0

*1 Equity in net income (loss) of affiliated companies: Yen (1) million for the year ended March 31, 2004 and Yen 2 million for the year ended March 31, 2003

*2 Average number of shares outstanding (consolidated): 232,853,787 shares for the year ended March 31, 2004 and 241,433,886 shares for the year ended March 31, 2003

*3 Change in accounting method: None

*4 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 (As of March 31, 2004 and 2003)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2004	844,115	700,937	83.0	3,052.25
2003	834,313	692,090	83.0	2,939.41

*1 Number of shares outstanding (consolidated): 229,646,371 shares as of March 31, 2004 and 235,451,909 shares as of March 31, 2003

(3) Cash flows (Years ended March 31, 2004 and 2003)

	Net cash from operating activities	Net cash from investing activities	Net cash from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2004	80,749	(51,271)	(41,189)	61,904
2003	136,655	(77,785)	(57,929)	77,773

(4) Scope of consolidation and application of the equity method

Number of consolidated subsidiaries : 54

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

(5) Changes in scope of consolidation and application of the equity method

Two companies were newly consolidated.

One company was excluded from consolidated subsidiaries.

2. Projected financial results for the six months ending September 30, 2004 and the year ending March 31, 2005

	Net sales	Income before income taxes	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending Sep. 30, 2004	222,000	41,000	26,000
Year ending March 31, 2005	440,000	80,000	51,000

*1 Projected basic earnings per share for the year ending March 31, 2005: Yen 222.08

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

Actual results may differ from the projections.

Murata Manufacturing Co., Ltd. and Affiliated Companies

The main business of Murata Manufacturing Co., Ltd. (the Company) and its affiliated companies (together the Companies) is the development, manufacturing and sales of electronic components and related products, such as capacitors, resistors, piezoelectric components, microwave devices and module products. Net sales, Operating income, and Assets in the main business comprise almost 100% of the corresponding amounts in the Consolidated Financial Statements.

The relationships among the Companies in the segment of "manufacturing and sales of electronic components" as of March 31, 2004 are as follows.

[Manufacturing and sales of electronic components]

Murata Manufacturing Co., Ltd. (the Company)

The Company manufactures semi-finished products for various electronic components and supplies them to its manufacturing affiliates in Japan and abroad. The Company also sells finished products, which are manufactured by the Companies, to customers in Japan and abroad, and to its overseas sales affiliates.

Affiliated companies in Japan

The Company's manufacturing affiliates in Japan purchase semi-finished products from the Company, complete the manufacturing into finished products, and resell them to the Company, who sells them to its customers.

The Company's sales affiliate in Japan sells finished products, which are manufactured by the Companies, to customers in Japan with small lot orders.

To strengthen the automotive business, and to strengthen its LTCC (Low Temperature Co-fired Ceramics) related technology and expand the module and substrate business, the Company has acquired 66.6% of stock of a 100% subsidiary of Sumitomo Metal Electronic Devices Inc. on January 1, 2004, and changed the name of the joint venture company to Ogaki Murata Manufacturing Co.,Ltd.

Overseas affiliated companies

The Company's overseas manufacturing affiliates purchase semi-finished products from the Company, complete the manufacturing into finished products and sells the products both directly to overseas customers and to overseas sales affiliates.

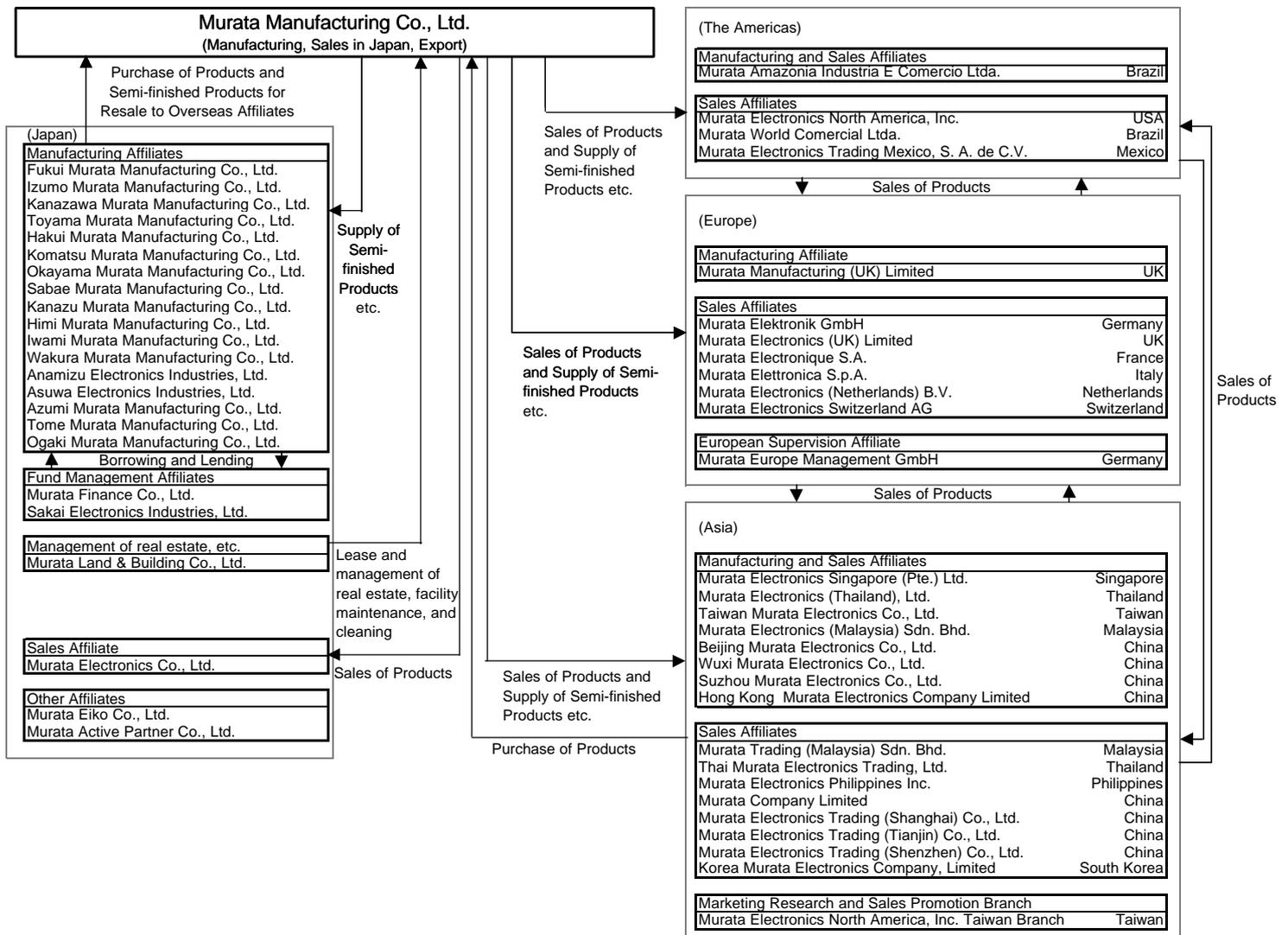
The Company's overseas sales affiliates sell finished products, which are manufactured by the Companies, and also act as sales agents of the products. The European supervision affiliate conducts market research activities in Europe, and supervises the Company's European affiliates.

[Others]

Six affiliates provide welfare services to the Companies' employees, manages the funds for the Companies, conducts personnel-service business, lease and management of real estate, facility maintenance, and cleaning.

Among the business units the Company operates, the insurance agency services unit, which is not closely related to the development, manufacturing and sales of electronic components, has been separated from the Company, and transferred to the Murata Land and Building Co., Ltd. on November 1, 2003.

The object of this transfer is to increase business efficiency.



*1 Other than the companies shown above, there are four consolidated subsidiaries.

*2 Murata Electronics North America, Inc., the Company's subsidiary in USA, has closed the production of capacitors, its major product, during this year. The present main business of Murata Electronics North America, Inc. is the sales of finished products, which are manufactured by the Companies.

Consolidated Balance Sheets (Assets)

As of March 31, 2004 and 2003

	Millions of Yen					
	2004		2003		Growth	
		%		%		%
Assets	844,115	100.0	834,313	100.0	9,802	1.2
Current assets	590,355	69.9	575,768	69.0	14,587	2.5
Cash	24,383		21,221		3,162	
Time deposits	37,521		56,552		(19,031)	
Marketable securities	357,098		343,257		13,841	
Trade notes receivable	19,659		14,153		5,506	
Trade accounts receivable	74,139		70,123		4,016	
Allowance for doubtful notes and accounts	(867)		(886)		19	
Inventories	54,785		53,317		1,468	
Prepaid expenses and other	7,952		3,716		4,236	
Deferred income taxes	15,685		14,315		1,370	
Property, plant and equipment	221,964	26.3	234,117	28.1	(12,153)	(5.2)
Land	42,981		42,838		143	
Buildings	185,187		185,314		(127)	
Machinery and equipment	414,124		415,679		(1,555)	
Construction in progress	12,266		3,950		8,316	
Accumulated depreciation	(432,594)		(413,664)		(18,930)	
Investments and other assets	31,796	3.8	24,428	2.9	7,368	30.2
Investments	13,863		8,218		5,645	
Other assets	8,905		5,440		3,465	
Deferred income taxes	9,028		10,770		(1,742)	
Total assets	844,115	100.0	834,313	100.0	9,802	1.2

Consolidated Balance Sheets (Liabilities and Shareholders' Equity)

As of March 31, 2004 and 2003

	Millions of Yen					
	2004		2003		Growth	
		%		%		%
Liabilities	143,178	17.0	142,223	17.0	955	0.7
Current liabilities	85,451	10.1	74,118	8.9	11,333	15.3
Short-term borrowings	5,144		3,134		2,010	
Trade notes payable	1,185		1,092		93	
Trade accounts payable	18,458		13,791		4,667	
Accrued payroll and bonuses	17,739		16,337		1,402	
Income taxes payable	15,657		20,232		(4,575)	
Accrued expenses and other	27,268		19,532		7,736	
Long-term liabilities	57,727	6.9	68,105	8.1	(10,378)	(15.2)
Long-term debt	1,050		53		997	
Termination and retirement benefits	44,159		64,207		(20,048)	
Deferred income taxes	12,518		3,845		8,673	
Shareholders' equity	700,937	83.0	692,090	83.0	8,847	1.3
Common stock	69,377		69,377		-	
Additional paid-in capital	102,222		102,222		-	
Retained earnings	571,478		587,893		(16,415)	
Accumulated other comprehensive income (loss) :	(15,057)		(19,218)		4,161	
<Unrealized gains on securities>	< 3,605 >		< 118 >		< 3,487 >	
<Minimum pension liability adjustments>	<(1,037)>		<(10,055)>		< 9,018 >	
<Unrealized gains on derivative instruments>	< 102 >		< 21 >		< 81 >	
<Foreign currency translation adjustments>	<(17,727)>		<(9,302)>		<(8,425)>	
Treasury stock, at cost	(27,083)		(48,184)		21,101	
Total liabilities and shareholders' equity	844,115	100.0	834,313	100.0	9,802	1.2

Consolidated Statements of Income

For the years ended March 31, 2004 and 2003

	Millions of Yen					
	2004		2003		Growth	
		%		%		%
Net sales	414,247	100.0	394,955	100.0	19,292	4.9
Cost of sales	257,402	62.1	244,923	62.0	12,479	5.1
Selling, general and administrative expenses	66,472	16.1	59,418	15.0	7,054	11.9
Research and development expenses	34,163	8.2	31,427	8.0	2,736	8.7
Subsidy from the government related to the transfer of the substitutional portion of the Employee Pension Fund to the government	(18,000)	(4.3)	-	-	(18,000)	-
Operating income	74,210	17.9	59,187	15.0	15,023	25.4
Interest and dividend income	1,643	0.4	2,507	0.6	(864)	(34.5)
Interest expense	(94)	(0.0)	(82)	(0.0)	(12)	(14.6)
Losses on impairment of investment securities	(14)	(0.0)	(2,364)	(0.6)	2,350	99.4
Foreign currency exchange gain	1,654	0.4	1,243	0.3	411	33.1
Other income (expenses) - net	1,286	0.3	(1,397)	(0.3)	2,683	-
Income before income taxes	78,685	19.0	59,094	15.0	19,591	33.2
Income taxes	30,145	7.3	19,627	5.0	10,518	53.6
<Current income tax>	< 28,587 >		< 25,288 >		< 3,299 >	
<Refund of previous years' income taxes>	< - >		<(1,765)>		< 1,765 >	
<Deferred income tax>	< 1,558 >		<(3,896)>		< 5,454 >	
Net income	48,540	11.7	39,467	10.0	9,073	23.0

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

	Millions of Yen		
	2004	2003	Growth
Net income	48,540	39,467	9,073
Other comprehensive income (loss), net of tax :	4,161	(13,300)	17,461
<Unrealized gains (losses) on securities>	< 3,487 >	<(143)>	< 3,630 >
<Minimum pension liability adjustments>	< 9,018 >	<(7,118)>	< 16,136 >
<Unrealized gains on derivative instruments>	< 81 >	< 25 >	< 56 >
<Foreign currency translation adjustments>	<(8,425)>	<(6,064)>	<(2,361)>
Comprehensive income	52,701	26,167	26,534

*2 The operating income of the year ended March 31, 2004 includes gain amounted to Yen 11,693 million related to the transfer of the substitutional portion of the Employee Pension Fund to the government.

The net amount of settlement loss and derecognition of previously accrued salary progression related to the transfer is Yen 6,307 million and the amount included in Cost of sales, Selling, general and administrative expenses, and Research and development expenses are Yen 2,489 million, Yen 2,405 million, and Yen 1,413 million, respectively.

Consolidated Statements of Shareholders' Equity (Unaudited)
Murata Manufacturing Co., Ltd. and Subsidiaries

Consolidated Statements of Shareholders' Equity

	Number of common shares issued	Millions of Yen				
		Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock
Balance at March 31, 2002	244,263,592	69,377	102,222	560,590	(5,918)	(35)
Purchases of treasury stock at cost						(48,149)
Net income				39,467		
Cash dividends, Yen 50.0 per share				(12,164)		
Other comprehensive loss, net of tax					(13,300)	
Balance at March 31, 2003	244,263,592	69,377	102,222	587,893	(19,218)	(48,184)
Purchases of treasury stock at cost						(32,129)
Retirement of treasury stock	(10,000,000)			(53,230)		53,230
Net income				48,540		
Cash dividends, Yen 50.0 per share				(11,725)		
Other comprehensive income, net of tax					4,161	
Balance at March 31, 2004	234,263,592	69,377	102,222	571,478	(15,057)	(27,083)

Consolidated Statements of Cash Flows

Years ended March 31, 2004 and 2003

	Millions of Yen	
	2004	2003
Operating activities:		
Net income	48,540	39,467
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	44,649	50,846
Losses on sales and disposals of property, plant and equipment	848	650
Gains on sales of investments	(79)	(39)
Losses on impairment of investment securities	14	2,364
Subsidy from the government related to the transfer of the substitutional portion of the Employee Pension Fund to the government	(18,000)	-
Provision for termination and retirement benefits, less payments	13,410	4,830
Deferred income taxes	1,558	(3,896)
Changes in assets and liabilities:		
Increase in trade notes and accounts receivable	(11,966)	(2,126)
Decrease (increase) in inventories	(2,674)	4,528
Decrease in income tax refunds receivable	-	24,828
Increase in prepaid expenses and other	(4,031)	(1,277)
Increase in trade notes and accounts payable	4,658	2,983
Increase in accrued payroll and bonuses	1,393	557
Increase (decrease) in income taxes payable	(4,548)	16,003
Increase (decrease) in accrued expenses and other	8,037	(3,500)
Other-net	(1,060)	437
Net cash provided by operating activities	80,749	136,655
Investing activities:		
Capital expenditures	(33,088)	(18,161)
Payment for purchases of investments	(4,841)	(1,031)
Net increase in marketable securities	(13,722)	(58,798)
Issuance of loans receivable	(11)	(5)
Proceeds from sales of property, plant and equipment	185	95
Proceeds from sales of investments	187	93
Collection of loans receivable	19	22
Net cash used in investing activities	(51,271)	(77,785)
Financing activities:		
Net increase in short-term borrowings	1,669	2,396
Increase in long-term debt	1,000	-
Dividends paid	(11,725)	(12,164)
Payment for purchases of treasury stock	(32,129)	(48,149)
Other	(4)	(12)
Net cash used in financing activities	(41,189)	(57,929)
Effect of exchange rate changes on cash and cash equivalents	(4,158)	(2,221)
Net decrease in cash and cash equivalents	(15,869)	(1,280)
Cash and cash equivalents at beginning of year	77,773	79,053
Cash and cash equivalents at end of year	61,904	77,773
Additional cash flow information:		
Interest paid	90	78
Income taxes paid (received), net of refunds	33,162	(17,309)
Non-cash financing activities:		
Decrease in retained earnings due to retirement of treasury stock	53,230	-

	Millions of Yen	
	2004	2003
Cash and cash equivalents at end of year	61,904	77,773
Marketable securities	357,098	343,257
Liquidity in hand	419,002	421,030

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.

(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

(Consolidated subsidiaries)

Two companies were newly consolidated.

Murata Trading Co., Ltd.: established on July 15, 2003.

Ogaki Murata Manufacturing Co., Ltd.: acquisition of stock on January 1, 2004.

One company was excluded from consolidated subsidiaries.

Murata Elektronik Handels GmbH : merged into Murata Elektronik GmbH on April 1, 2003.

3. Termination and retirement benefits

Termination and retirement benefits are accounted for in accordance with SFAS No. 87.

(1) The Transfer of the Substitutional Portion of the Employee Pension Fund to the Government

Following the enactment of the Welfare Pension Insurance Law in Japan, Murata Manufacturing Co. Ltd. (the Company) and a domestic subsidiary were approved by the Ministry of Health, Labor and Welfare for the transfer to the government of the benefit obligation related to past services under the substitutional portion on January 1, 2004. The benefit obligation of the substitutional portion and the related government-specified portion of the plan assets of the Employee Pension Fund was transferred to the government on March 23, 2004.

Gain and loss related to this transfer was recognized on the Company's consolidated financial statements for the year ended March 31, 2004, based on Emerging Issues Task Force Issue No. 03-2, "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities".

Gain and loss related to the transfer in accordance with Emerging Issues Task Force Issue No. 03-2 is as follows.

	(Millions of yen)
(a) Subsidy from the government	(18,000)
(b) Derecognition of previously accrued salary progression	(4,380)
(c) Settlement loss	10,687
Net amount recognized periodic cost (b+c)	6,307
Net amount effect on operating income (a+b+c)	(11,693)

(2) Outline of termination and retirement benefit plans

Following the enactment of the Welfare Pension Insurance Law in Japan, the Company and a domestic subsidiary were approved by the Ministry of Health, Labor and Welfare for the transfer to the government of the benefit obligation related to past services under the substitutional portion on January 1, 2004 and established corporate defined benefit pension plans. Other domestic subsidiaries have defined benefit termination and retirement benefit plans, part of which are funded outside as tax qualified pension plans. Certain of overseas subsidiaries have defined benefit contribution plans.

(3) Termination and retirement benefit obligation

	(Millions of yen)	
As of March 31,	2004	2003
Benefit obligation	95,165	130,020
Fair value of plan assets	46,869	52,729
Funded status	(48,296)	(77,291)
Unrecognized transition obligation	-	133
Unrecognized actuarial loss	24,000	46,348
Unrecognized prior service benefit	(18,072)	(16,150)
Unrecognized amount	5,928	30,331
Net amount recognized	(42,368)	(46,960)

"Net amount recognized" was recognized in the consolidated balance sheets as follows.

	(Millions of yen)	
As of March 31,	2004	2003
Termination and retirement benefits	(44,159)	(64,207)
Minimum pension liability adjustments, before tax	1,791	17,247
Net amount recognized	(42,368)	(46,960)

Segment Information

(1) Industry Segment Information

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

(2) Geographic Segment Information

1) Year ended March 31, 2004

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Corporate and eliminations	Consolidated
1. Sales and operating income							
Sales to :							
Unaffiliated customers	213,941	37,063	46,372	116,871	414,247	-	414,247
Intersegment	118,214	169	4	18,037	136,424	(136,424)	-
Total revenue	332,155	37,232	46,376	134,908	550,671	(136,424)	414,247
Operating expenses	263,380	39,606	44,148	130,200	477,334	(137,297)	340,037
<%> *2	20.7%	(6.4)%	4.8%	3.5%	13.3%		17.9%
Operating income	68,775	(2,374)	2,228	4,708	73,337	873	74,210
2. Assets	340,414	15,265	24,888	65,378	445,945	398,170	844,115

*1 Assets in the column of "Corporate and eliminations" consist mainly of deposits and available-for-sale securities in the amount of Yen 408,483 million held by the Company.

*2 Ratio to total revenue

2) Year ended March 31, 2003

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Corporate and eliminations	Consolidated
1. Sales and operating income							
Sales to :							
Unaffiliated customers	196,798	47,056	44,066	107,035	394,955	-	394,955
Intersegment	106,868	152	163	14,743	121,926	(121,926)	-
Total revenue	303,666	47,208	44,229	121,778	516,881	(121,926)	394,955
Operating expenses	259,343	45,180	41,154	112,830	458,507	(122,739)	335,768
<%> *2	14.6%	4.3%	7.0%	7.3%	11.3%		15.0%
Operating income	44,323	2,028	3,075	8,948	58,374	813	59,187
2. Assets	333,169	16,267	22,005	64,664	436,105	398,208	834,313

*1 Assets in the column of "Corporate and eliminations" consist mainly of time deposits and available-for-sale securities in the amount of Yen 408,027 million held by the Company.

*2 Ratio to total revenue

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

(3) Overseas sales

1) Year ended March 31, 2004

	Millions of yen			
	The Americas	Europe	Asia and Others	Total
1. Overseas sales	40,092	62,294	162,438	264,824
2. Consolidated sales				414,247
3. Ratio of overseas sales to consolidated sales	9.7%	15.0%	39.2%	63.9%

2) Year ended March 31, 2003

	Millions of yen			
	The Americas	Europe	Asia and Others	Total
1. Overseas sales	51,095	55,947	149,421	256,463
2. Consolidated sales				394,955
3. Ratio of overseas sales to consolidated sales	12.9%	14.2%	37.8%	64.9%

Production, Order, Backlog, and Sales (Unaudited)
Murata Manufacturing Co., Ltd. and Subsidiaries

Production, Order, Backlog and Sales

(1) Production by Product

	Millions of Yen					
	Year ended March 31, 2004		Year ended March 31, 2003		Growth	
		%		%		%
Capacitors	142,023	34.1	145,661	37.1	(3,638)	(2.5)
Resistors	13,440	3.2	14,293	3.6	(853)	(6.0)
Piezoelectric Components	75,631	18.2	78,348	19.9	(2,717)	(3.5)
Microwave Devices	65,486	15.7	50,421	12.8	15,065	29.9
Module Products	60,988	14.7	54,137	13.8	6,851	12.7
Other Products	58,615	14.1	50,345	12.8	8,270	16.4
Total	416,183	100.0	393,205	100.0	22,978	5.8

*1 Figures are based on sales price to customers.

*2 Exclusive of consumption taxes

*3 Production amounts of the foreign subsidiaries were translated into Japanese yen at average exchange rates for the periods.

*4 The tables by product indicate production, order, backlog, and sales of electronics components and related products.

(2) Order and Backlog by Product

<Order>

	Millions of Yen					
	Year ended March 31, 2004		Year ended March 31, 2003		Growth	
		%		%		%
Capacitors	150,070	35.3	144,324	37.2	5,746	4.0
Resistors	13,442	3.1	13,669	3.5	(227)	(1.7)
Piezoelectric Components	76,182	17.9	75,706	19.5	476	0.6
Microwave Devices	65,192	15.3	49,662	12.8	15,530	31.3
Module Products	60,895	14.3	53,927	13.9	6,968	12.9
Other Products	59,835	14.1	50,699	13.1	9,136	18.0
Total	425,616	100.0	387,987	100.0	37,629	9.7

*1 Figures are based on sales prices to customers.

*2 Exclusive of consumption taxes

<Backlog>

	Millions of Yen					
	As of March 31, 2004		As of March 31, 2003		Growth	
		%		%		%
Capacitors	16,750	34.5	10,871	30.3	5,879	54.1
Resistors	1,706	3.5	1,616	4.5	90	5.6
Piezoelectric Components	7,728	15.9	6,472	18.1	1,256	19.4
Microwave Devices	6,825	14.0	4,543	12.7	2,282	50.2
Module Products	7,673	15.8	6,937	19.3	736	10.6
Other Products	7,924	16.3	5,403	15.1	2,521	46.7
Total	48,606	100.0	35,842	100.0	12,764	35.6

*1 Figures are based on sales prices to customers.

*2 Exclusive of consumption taxes

(3) Sales by Product, Application and Area

1. Sales by Product

	Millions of Yen					
	Year ended March 31, 2004		Year ended March 31, 2003		Growth	
		%		%		%
Capacitors	144,191	34.9	148,299	37.7	(4,108)	(2.8)
Resistors	13,352	3.2	13,909	3.5	(557)	(4.0)
Piezoelectric Components	74,926	18.2	76,797	19.5	(1,871)	(2.4)
Microwave Devices	62,910	15.2	50,044	12.7	12,866	25.7
Module Products	60,159	14.6	54,187	13.8	5,972	11.0
Other Products	57,314	13.9	50,389	12.8	6,925	13.7
Net sales	412,852	100.0	393,625	100.0	19,227	4.9

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

	Millions of Yen					
	Year ended March 31, 2004		Year ended March 31, 2003		Growth	
		%		%		%
Video	47,945	11.6	45,134	11.4	2,811	6.2
Audio	17,556	4.3	20,310	5.2	(2,754)	(13.6)
Consumer total	65,501	15.9	65,444	16.6	57	0.1
Communication	170,293	41.2	151,114	38.4	19,179	12.7
EDP and Others *1	81,201	19.7	86,925	22.1	(5,724)	(6.6)
Industrial total	251,494	60.9	238,039	60.5	13,455	5.7
Home and Others *2	95,857	23.2	90,142	22.9	5,715	6.3
Net sales	412,852	100.0	393,625	100.0	19,227	4.9

*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

	Millions of Yen					
	Year ended March 31, 2004		Year ended March 31, 2003		Growth	
		%		%		%
The Americas	40,092	9.7	51,095	13.0	(11,003)	(21.5)
Europe	62,294	15.1	55,947	14.2	6,347	11.3
Asia and Others	162,438	39.3	149,421	38.0	13,017	8.7
Overseas total	264,824	64.1	256,463	65.2	8,361	3.3
Japan	148,028	35.9	137,162	34.8	10,866	7.9
Net sales	412,852	100.0	393,625	100.0	19,227	4.9

Marketable Securities and Investments (Unaudited)
Murata Manufacturing Co., Ltd. and Subsidiaries

Marketable Securities and Investments

The cost, gross unrealized gains, gross unrealized losses and fair value for available-for-sale securities by major security type at March 31, 2004 and 2003 were as follows:

Millions of yen

	March 31, 2004				March 31, 2003			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Governmental debt securities	147,283	117	19	147,381	135,497	8	12	135,493
Private debt securities	209,853	174	310	209,717	207,917	317	470	207,764
Current	357,136	291	329	357,098	343,414	325	482	343,257
Private debt securities	-	-	-	-	8	-	-	8
Equity securities	5,124	6,350	-	11,474	5,224	729	120	5,833
Non-current	5,124	6,350	-	11,474	5,232	729	120	5,841
Total	362,260	6,641	329	368,572	348,646	1,054	602	349,098

* The aggregate carrying amounts of the equity securities that do not have a readily determinable fair value at March 31, 2004 and 2003, which were valued at cost, were Yen 2,389 million and Yen 2,377 million, respectively. They were not included in the above schedule.

(4) Termination and retirement benefit cost

	(Millions of yen)	
For the year ended March 31,	2004	2003
Service cost, net of plan participants' contributions	6,057	5,715
Interest cost	2,548	2,820
Expected return on plan assets	(1,051)	(1,412)
Amortization of transition obligation	133	134
Recognized actuarial loss	6,721	4,460
Amortization of prior service benefit	(1,219)	(1,123)
Derecognition of previously accrued salary progression related to the transfer of the substitutional portion of the Employee Pension Fund to the government	(4,380)	-
Settlement loss related to the transfer of the substitutional portion of the Employee Pension Fund to the government	10,687	-
Net periodic cost	19,496	10,594

(5) Assumptions to calculate the actuarial present value of the benefit obligation and expected return on plan assets

	(%)	
As of March 31, / For the year ended March 31,	2004	2003
Discount rate	2.0	2.0
Compensation increase rate	2.0	2.0
Expected long-term rate of return on plan assets	2.0	2.5