

CONSOLIDATED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2004

Consolidated Financial Results for the Six Months Ended	2
Management Principles.....	3
Operating Results and Financial Position.....	7
Consolidated Balance Sheets.....	9
Consolidated Statements of Income	10
Consolidated Statements of Shareholders' Equity.....	11
Consolidated Statements of Cash Flows.....	12
Segment Information	13
Current Status of Production and Sales	14

CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2004

Date : August 17, 2004
MABUCHI MOTOR CO., LTD.
Code : 6592
Listed on Tokyo Stock Exchange

Headquarters : Chiba-ken (URL <http://www.mabuchi-motor.co.jp>)
Representative : Shinji Kamei (President and Representative Director)
Contact : Shunroku Nishimura (Director, Member of the Board)
Adoption of U.S. Accounting Standards : Not applicable

1. Overview of Results for the six months ended June 30, 2004

(1) Operating Results

(Amounts less than one million yen have been omitted.)

	Net Sales		Operating income		Net income	
	millions of yen	% (change)	millions of yen	% (change)	millions of yen	% (change)
Six months ended June 30, 2004	49,525	(7.1)	10,413	(20.1)	8,422	(13.3)
Six months ended June 30, 2003	53,300	(8.4)	13,034	(10.6)	9,720	15.9
Year ended December 31, 2003	105,743	-	24,576	-	16,731	-

	Net income per share	Fully diluted net income per share
	yen	yen
Six months ended June 30, 2004	195.94	-
Six months ended June 30, 2003	216.45	-
Year ended December 31, 2003	375.41	-

(Notes) 1. Weighted average number of shares outstanding during the respective term(consolidation)
Six months ended June 30, 2004 : 42,988,594 shares, Six months ended June 30, 2003 : 44,908,290 shares,
Year ended December 31, 2003 : 44,223,384 shares
2. Change in accounting method : None
3. The percentages of net sales, operating income, and net income are the ratios of change
against the corresponding period of the previous year.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	millions of yen	millions of yen	%	yen
As of June 30, 2004	218,876	201,799	92.2	4,974.68
As of June 30, 2003	242,691	220,298	90.8	5,057.61
As of December 31, 2003	229,674	212,803	92.7	4,934.38

(Notes) Number of shares outstanding at end of period
June 30, 2004 : 40,565,252 shares, June 30, 2003 : 43,557,868 shares, December 31, 2003 : 43,100,492 shares

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	millions of yen	millions of yen	millions of yen	millions of yen
Six months ended June 30, 2004	7,911	154	(20,676)	66,163
Six months ended June 30, 2003	10,437	10,211	(14,028)	87,554
Year ended December 31, 2003	20,506	3,066	(20,676)	78,089

(4) Scope of consolidation and application of equity method

Number of consolidated companies : 14
Number of non-consolidated companies for equity method : None
Number of affiliated companies for equity method : None

(5) Accounting changes of scope of consolidation and application of equity method

Consolidated subsidiaries----- Added : None Excluded : None
Companies accounted for under the equity method ----- Added : None Excluded : None

2. Prospect for the fiscal year (From January 1, 2004 to December 31, 2004)

	Net Sales	Operating income	Net income
	millions of yen	millions of yen	millions of yen
Annual	100,500	20,100	15,800

(Reference) Projected annual net income per share:375.79 yen

MANAGEMENT PRINCIPLES

We, Mabuchi Motor Co., Ltd., have started creative activities for further development and to continue to be the top firm in the field of small motors that support the high quality of life for people.

We have developed the methods as “Mabuchi’s Management Vision” which leads us up to the realization of our company’s aim, that is, “Contributing to International Society and Ever-expanding Our Contribution” identified in our “Management Philosophy”. In the Management Vision, “Management Guidelines” clarifies how to understand and realize the concept of the “Contribution” in our “Management Philosophy” and “Management Policies clarifies policies of action in performing corporate activities. The concept in the Management Philosophy, the Management Guidelines and the Management Policies form the basis of our management and are to be maintained forever since our foundation.

Management Guidelines

The following 1 through 4 are Management Guidelines, our viewpoints as “standards” in making managerial decisions:

1. Create superior and reasonably priced products. Our hope is to help build a more satisfying and comfortable life for customers around the world who enjoy a life with products using our motors.
2. By placing “people” as an important managerial resource, we strive to heighten individual potential through work, and to raise more productive citizens of society.
3. Conduct corporate activities that promote the preservation of our earth’s environment and our own human health.
4. Transfer our technology and bring forth new opportunities for employment in other countries. We hope that our contribution can become a helping hand in leveling international economic disparities and stimulating global economic development in those countries.

Management Policies

Management Policies show courses of our corporate activities for “taking an accurate perception of the needs towards Mabuchi as a manufacturer specialized in small motors and stably providing products faster and at a lower cost in response to the needs.” Management Policies also show how to act as the above-defined corporation.

Management Policies for Overseas Operations clearly state fundamental viewpoints of management in overseas subsidiaries based on co-existence and mutual prosperity between Mabuchi and its host countries.

Management Policies

1. Develop products that have flexibility in application and consolidate the most appropriate production conditions.
2. Strive to improve product development based on value analysis and seek to originate interchangeable parts and materials.
3. Realize cost reduction by using advanced processing technologies and by minimizing waste.
4. Uncover new markets and secure fair market shares.
5. Maximize each employee’s potential and conduct employee education through an appropriate job placement.
6. Promote business activities that have minimal negative impact on the environment and that strictly abide by safety standards.
7. Promote management policies and strategies that promise long and stable growth.

Management Policies for Operating Overseas Subsidiaries

1. Promote co-existence and mutual prosperity on a long-term basis.
2. Solidify the structure of allocation of global functions and operating systems that parallel the strengths of each group company, and preserve and expand international competition.
3. Promote the Mabuchi corporate culture of contributing to society and support the transfer of knowledge and technology.

Basic Policy on Profit Sharing

From the past, we have been maintaining financial soundness by financing research and development and capital expenditure, which are necessary for our growth, by our retained earnings. Also, we have been maintaining our basic policy to positively return profits to shareholders through a long-term stable dividend and the increase of dividend and stock split based on our business results.

Under this policy, we have been paying an annual 50-yen ordinary dividend per share as the long-term stable dividend regardless of our business results. In addition to this, we are paying a special dividend, which is calculated by dividing a certain percentage of the consolidated net income by the number of shares issued.

For special dividend, considering the current and future corporate value, retained earnings and cash flow conditions, we changed its percentage to 20% of the consolidated net income and have been implementing that change since the payment of interim dividend of September 2003.

Regarding share repurchase, following the repurchase of 2-million shares through a-tender offer in June 2002, the repurchase of 1,508,500 shares through a-tender offer in June 2003, and the repurchase of 456,100 shares through the stock market in December 2003, we have repurchased 2,534,100 shares through a-tender offer in June 2004. We will review the chance to repurchase shares from now on timely in response to the change of share price and business environment, and as a mean to realize our capital policy and to return profits to shareholders.

We will utilize retained earnings to reinforce our existing businesses and to invest in the promising business area to increase the corporate value.

Our View on Reducing the Minimum Amount of Unit stock that may be Traded

We will, under the management policy that it is our fundamental mission to continuously improve performance to value shareholders, consider reducing the amount of unit stock taking into account of the level of stock price, the number of shareholders, liquidity of shares, balance of supply and demand of shares, and cost-effectiveness.

Medium- (long-) term Business Strategy and Issues to cope with

On the 50th anniversary of the foundation of Mabuchi, our important turning point, for further corporate growth we are going to work on our medium-term business strategies, which consist of growth strategy, cost strategy, and management infrastructure development, aiming at 50% increase in our consolidated net sales as our challenging target for the next five-year period.

First, as the growth strategy, we are going to actively develop our business by expanding our power unit motor business, moving into a brushless motor market, developing motors for new automotive products and motors for strategy for increasing our market share in China, increasing additional value of our motors by producing the parts in-house, and the like.

Second, as the cost strategy, in addition to reinforcing our cost reduction measures in our conventional purchasing and production activities, we are going to aim at reducing variable cost through the Head Office-driven technological improvement such as development of VA products and unification/abolition of models.

Further, through rationalization of functions of the Head Office, we are going to urge changes in our cost structure including reduction of fixed cost of the Head Office and change of some fixed cost to variable cost.

Lastly, in order to develop our management infrastructure for supporting the achievement of the above strategic objectives, we are going to work on the following: reconstruction of global functions and operating systems such as partial transfer of technology development functions to Chinese bases, organizational changes in sales and technology departments contributing to the improvement of product planning and cost planning functions, reconfiguring management information system (COMPASS II) including development of IT for business system, and establishment of a new global headquarters as a base to send new wisdom and energy.

Basic Policy on Corporate Governance and the State of Implementation thereof

Basic Policy

We recognize that the meaning of our existence lies in the realization of our Management Philosophy of “Contributing to International Society and Ever-expanding Our Contribution” through our small motor business. In terms of corporate governance, we think it is essential to see from the standpoints of a management structure to support the realization of the Management Philosophy and various administrative measures to maintain such structure. Therefore, it is one of the most important duties of management to build and maintain an appropriate corporate governance structure. Our basic policies regarding corporate governance are as follows:

1. Management decision making and business execution are carried out distinctively and it is clear where responsibility lies.
2. An appropriate internal control system is constructed and is being operated. Namely, both internal check function and management supervisory function are working effectively.
3. All employees have common understanding as a corporate culture that observing the corporate ethics and the compliance with laws is prerequisite for highly motivated business activities.
4. Disclosure to stakeholders are made fairly, timely, and clearly.

Implementation of Policies

(1) Board of Directors and Executive Committee

Board of Directors and Executive Committee are charged with determining fundamental management policies. Board of Directors consists of eight Directors (seven out of them are working in Japan) who are familiar with our business surroundings and well-informed in operations concerned. Board of Directors determines important matters defined in laws.

Board of Directors is properly held as necessary (held 18 times in this first half).

Executive Committee, which consists of Directors working in Japan, complements Board of Directors, conducts agile decision making, and performs a mutual supervisory function regarding execution of business by Directors.

(2) Management Monitoring Functions

1. Board of Statutory Auditors

Board of Auditors consists of four Auditors including three outside auditors (two lawyers and one certified public accountant) and audits business execution based on its own judgment from the viewpoint of legality. At least one Auditor attends each of Board of Directors and Executive Committee and makes suggestions and advice regarding legality in decision making and business execution by Directors.

2. Internal Audit Dept.

In 2002, Internal Audit Dept. was established to reinforce the global management monitoring function. Internal Audit Dept. has established a structure to implement continuous monitoring of compliance regarding effectiveness, procedure and rules, and the like of the internal control system in cooperation with Auditors and feed the results back to management.

3. Audit by Independent Auditors and Other Management Supervisory Functions

Regarding financial results and financial position/legality of the consolidated group companies, we have been audited by an auditing firm. We have been timely dealing with audit comments, including improvement-required matters relating to the internal control system that have been pointed out in the process of the audit.

In addition to the above, the following are also functioning as important management monitoring functions: environmental audits by internal/external audit staff, quality surveillance for production activities, design review for research and development activities, RINGI system (a system for requesting managerial decision) and the like. Also, periodic consultations with, advice from, and managerial opinions from a Senior Corporate Adviser and two Corporate Advisers, who are former Directors of Mabuchi, are helpful to management monitoring.

Neither the three outside statutory auditors nor the independent auditors have interests in Mabuchi. Therefore, independence and effectiveness of our management monitoring functions are sufficiently secured.

(3) Maintenance of Internal Control System

The internal control system is the foundation of corporate governance. Specifically, the internal check function, which is built in both organization and procedures for executing routine work, is effective for preventing irregularities and errors. We are properly reviewing our structures of organization such as departments and sections, segregation of duties, and various regulations related to the organizations and duties for this purpose.

(4) Compliance Culture

We expressed our Management Philosophy at an early stage of our foundation, established Our Mission based on the Management Philosophy, and have been making efforts at fixing the Mission to companies in Mabuchi Group as a corporate culture. Positioning this Management Philosophy on the top, we have mapped out “Mabuchi’s Management Vision,” which defines how Mabuchi should be in the 21st century. In the Management Vision, we are emphasizing our contribution to society and our justice/fairness to other people through our business and requesting all of our employees to make this our common sense of value.

(5) Disclosure of Information on Business Management

For the purpose of appropriately reporting and disclosing our management information to our stakeholders, our public relations department and accounting and finance department endeavor to disclose the information fairly, timely and clearly in cooperation with departments concerned. In addition to the disclosure of law-designated information, we are answering day-to-day questions from investors and analysts, reporting our interim results and year-end results for analysts, and providing effective IR information in English as well as in Japanese on our internet home page. We will make our best efforts to disclose the company information with transparency through more effective and better IR means.

We believe that our corporate governance has been functioning effectively so far. In the latest one year, we started internal audits by Internal Audit Dept. for our group companies regarding the compliance management. Also, we established a conference supervised by Managing Director to reinforce our structures to supervise progress of business strategy and business execution. We will continuously observe carefully changes in management environment, changes in various systems in society and will maintain our corporate governance to contribute to the realization of our corporate objectives based on our Management Philosophy.

OPERATING RESULTS AND FINANCIAL POSITION

1. Operating Results Survey of 2004 First Half

In this first half, the Japanese economy took on a long-term continuous economy recovery aspect resulting from recovery of revenue by restructuring in a variety of industries and an increase in revenue specifically in digital-related industries. However, some downside factors for corporate earnings also occurred. Representing by soaring of crude oil price and hike of prices of some parts and materials such as steel.

On the other hand, looking at the overseas economic conditions, the U.S. economy maintained its favorable condition, and FRB's policy for moderately increasing interest rates may make the its soft landing possible. Though the European economies (except the British economy that showed continuous economic growth) represented by that of the Euro economic bloc did not increase new employment, they showed moderate recovery trends. The Asian economies were based on bullish real economy. In China and ASEAN countries, roaring private consumption and investment supported the economies. In China, overheating investment was concerned. In NIES, bullish export stimulated domestic demand, and economic recovery trends became remarkable.

Under the circumstances mentioned above, the sales volume of the Mabuchi Group for the first half increased 10.6% compared to the same term of last year due to the expansion of demands in all market segments such as markets for the Audio & Visual Equipment, Information and Communication Equipment, Automotive Products, Home Appliances, Power Tools and Toys & Hobbies. Meanwhile, the sales plan for the first half of 2004 set in the beginning of the year was outperformed with an increase of 1.2% in the sales volume and 6.9% in the sales amount. However, sales for the term fell under the figure of the same term of the last year due to, though the trend of decreasing of the unit price slowed down, the model mix change to the lower priced models in addition to net of an 8.6% increase in the value of the yen against the U.S. dollar.

As a result, sales totaled to ¥49,525 million (down 7.1% from the same term of the last year). Most of its sales was earned by the motor sales that totaled in ¥49,514 million (down 7.1% from the same term of the last year.)

The trend in each market segment and sales status of motor sales which is the main business of MABUCHI MOTOR are shown: In Audio & Visual Equipment segment, the sales decreased to ¥15,926 million (down 15.1% from the same term of the last year) due to the shift of demands to lower priced unit though the demands of motors for the DVD player/recorder showed a growth in both sales volume and sales amount.

In Automotive Products segment, sales was increased to ¥15,821 million (up 1.3% from the same term of the last year) due to the good demands for motor units for power windows, and motors for retractable side-view mirror. The sales of this market expanded on a par with the sales of Audio & Visual Equipment segment.

In Information and Communication Equipment segment, sales was decreased to ¥6,678 million (down of 4.8% from the same term of the last year) due to the model mix change to the lower priced models though the sales volume was increased by gaining the bigger market share for ink jet printers and the sales of motors for the copying machine with multi-function, the zoom lens for digital camera and the personal computer drive are in good demand.

In Home Appliances, Power Tools and Toys & Hobbies segment, sales was down to ¥11,087 million (down 6.8% from the same term of the last year) due to the model mix change to the lower priced models though the sales volume was increased through the increase of motor sales for vibro-shaver and aroma diffuser(the new products) and stable odorants and the orders for motors for toothbrush and shaver.

Operating income decreased 20.1% to ¥10,413 million. The positive faction were an increase of the number of motors sold by 10.6% , reduction of indirect cost and the production costs per unit due to high level of capacity utilization resulting from. However, the negative factors such as high yen appreciation, price declines, the increase of market prices of steel, wires, and the

like negated such positive effects.

First-half net income decreased 13.3% to ¥8,422 million. Due to a decrease of write-down of investment in securities, occurrence of gain on redemption of investment securities, and a decrease in effective income tax rate resulting from the increase of foreign tax credit on dividends from foreign subsidiaries and on research and development expense.

2. Financial Position

With regard to cash flows of this first half, net cash provided by operating activities decreased ¥2,525 million to ¥7,911 million due to a decrease of first-half net income before taxes in spite of a decrease of corporate tax payment. Net cash provided by investing activities resulted in ¥154 million as a result of the additions to production facility, expenditure for construction of the new office building, purchasing of shares of a subsidiary from minority shareholders and the like in spite of the gains on sale of marketable securities and investment securities. Net cash used in financial activities resulted in ¥20,676 million due to the dividend payment and the repurchasing of own shares.

As a result of the above, the balance of cash and cash equivalents decreased by ¥11,926 million, to ¥66,163 million as of June 30, 2004.

3. Outlook

Many analysts see that the domestic economy would maintain its moderate and gradual economic recovery aspect. In overseas countries, for the U.S. economy it is said that expansion of job opportunities will become extensive and that the chances of significant decrease of consumption will be remote even after tax reduction effects become expired. For the Europe and Asian economies, even though they significantly depend on the strength of economic recovery in the U.S. and Japan, we expect that they will be likely to continue external demand-driven economic growth. However, they are also under uncertain conditions since they might move upward or downward depending on a demand decrease after the 2004 Athens Olympics and result of the U.S. presidential election.

Under the circumstances, we upwardly revised up our initial forecast for 2004 as follows:

Year ending December 31, 2004

(yens in millions)

	Initial (A)	Forecast (B)	Increase/Decrease Rate (B/A)	Actual results of Preceding Year (C)	Increase/Decrease Rate (B/C)
Net Sales	93,000	100,500	+8.1%	105,743	-5.0%
Operating Income	19,500	20,100	+3.1%	24,576	-18.2%
Net Income	14,500	15,800	+9.0%	16,731	-5.6%

In the above forecast, we assume that the yen/dollar exchange rate for the second half is 105¥/\$. Exchange gain/loss for the second half is not taken into account.

In our sales markets, competitions will be intensified more and more. We will make efforts to attain our management objectives through correctly determining changes in the markets and establishing/implementing appropriate policy for enhancing our readiness/response capability to customer needs.

Notes: Above forecast is based upon assumptions available at this point, and actual performance may differ materially from the forecast.

Factors which may affect are including, but are not limited to:

- * Foreign currency exchange rate such as exchange rate risk on yen and other Asian currencies.
- * Change of economic conditions, demand conditions for our products
- * Abrupt technological innovation.

CONSOLIDATED BALANCE SHEETS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES JUNE 30, 2004 and 2003, and DECEMBER 31, 2003

		(Millions of yen)		
ASSETS		June 30 2004	June 30 2003	December 31 2003
Current Assets	Cash and bank deposits	63,471	84,261	77,187
	Trade notes and accounts receivable	15,977	15,652	14,129
	Short-term investments	11,314	22,494	16,011
	Inventories	16,771	19,192	14,677
	Deferred tax assets	1,691	1,537	1,575
	Other current assets	1,105	1,417	1,449
	Less allowance for doubtful receivables	(323)	(340)	(298)
	Total current assets	110,009	144,216	124,731
Fixed Assets	Property, Plant and Equipment			
	Buildings and structures	11,664	13,438	12,059
	Machinery, equipment and vehicles	10,554	11,341	10,050
	Tools, furniture and fixture	2,261	2,626	2,177
	Land	6,133	6,147	6,130
	Construction in progress	6,749	1,526	3,157
	Total	37,363	35,080	33,575
	Intangible Assets	398	213	179
	Investments and Other assets			
	Investment securities	68,499	59,878	68,416
	Long-term loans receivable	407	623	479
	Deferred tax assets	156	135	138
	Other investments and other assets	2,042	2,543	2,151
	Allowance for doubtful accounts	(1)	-	-
	Total	71,105	63,181	71,187
	Total fixed assets	108,866	98,475	104,943
Total assets		218,876	242,691	229,674

		(Millions of yen)		
LIABILITIES AND SHAREHOLDERS' EQUITY		June 30 2004	June 30 2003	December 31 2003
Current Liabilities	Trade notes and accounts payable	3,677	3,527	2,944
	Accrued income taxes	3,612	4,905	2,618
	Deferred tax liabilities	-	0	16
	Accrued bonus to employees	337	290	328
	Other current liabilities	4,757	5,279	4,817
	Total current liabilities	12,385	14,002	10,725
Long-term Liabilities	Deferred tax liabilities	3,557	5,110	3,261
	Accrued retirement benefits for employees	615	1,214	925
	Accrued retirement benefits for directors and statutory auditors	427	416	435
	Other long-term liabilities	90	47	31
	Total long-term liabilities	4,691	6,788	4,653
Total liabilities		17,077	20,790	15,378
Minority Interests		-	1,601	1,492
Shareholders' Equity	Common stock	20,704	20,704	20,704
	Additional paid-in capital	20,419	20,419	20,419
	Retained earnings	222,555	212,797	216,890
	Unrealized holding gains(losses) on securities	801	(249)	171
	Foreign currency translation adjustments	(4,547)	2,975	(5,299)
	Treasury stock	(58,135)	(36,349)	(40,083)
	Total shareholders' equity	201,799	220,298	212,803
Total liabilities and shareholders' equity		218,876	242,691	229,674

CONSOLIDATED STATEMENTS OF INCOME

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE SIX MONTHS ENDED JUNE 30, 2004 and 2003, and YEAR ENDED DECEMBER 31, 2003

	(Millions of yen)		
	2004	2003	Year ended Dec. 31, 2003
Net Sales	49,525	53,300	105,743
Cost of Sales	30,297	31,359	63,334
Gross profit	19,227	21,941	42,409
Selling, General and Administrative Expenses	8,813	8,906	17,833
Operating income	10,413	13,034	24,576
Other Income (Expenses)			
Interest and dividend income	839	1,114	2,068
Exchange gains(losses) on foreign currency transactions	536	822	(1,369)
Other, net	369	(485)	(533)
Income before Income Taxes and Minority Interests	12,158	14,485	24,741
Income Taxes			
Current	3,642	4,707	10,036
Deferred			(2,125)
Minority Interests	93	57	99
Net Income	8,422	9,720	16,731

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE SIX MONTHS ENDED JUNE 30, 2004 and 2003, and YEAR ENDED DECEMBER 31, 2003

		(Millions of yen)		
		June 30 2004	June 30 2003	December 31 2003
Common Stock	Beginning balance	20,704	20,704	20,704
	Ending balance	20,704	20,704	20,704
Additional Paid-in Capital	Beginning balance	20,419	20,419	20,419
	Ending balance	20,419	20,419	20,419
Retained Earnings	Beginning balance	216,890	204,805	204,805
	Net income	8,422	9,720	16,731
	Cash dividends	(2,629)	(1,577)	(4,495)
	Bonuses to directors and statutory auditors	(127)	(150)	(150)
	Ending balance	222,555	212,797	216,890
Unrealized Holding (Losses) Gains on Securities	Beginning balance	171	(769)	(769)
	Net change during the year	629	520	941
	Ending balance	801	(249)	171
Foreign Currency Translation Adjustments	Beginning balance	(5,299)	3,055	3,055
	Net change during the year	752	(79)	(8,355)
	Ending balance	(4,547)	2,975	(5,299)
Treasury Stock	Beginning balance	(40,083)	(23,900)	(23,900)
	Net change during the year	(18,051)	(12,448)	(16,182)
	Ending balance	(58,135)	(36,349)	(40,083)
Total shareholders' equity at end of year		201,799	220,298	212,803

CONSOLIDATED STATEMENTS OF CASH FLOWS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE SIX MONTHS ENDED JUNE 30, 2004 and 2003, and YEAR ENDED DECEMBER 31, 2003

		(Millions of yen)		
		2004	2003	Year ended Dec. 31, 2003
Cash Flows from Operating Activities	Net income before income taxes and minority interests	12,158	14,485	24,741
	Depreciation and amortization	2,424	2,723	5,578
	Provision for retirement benefits, net payments	(319)	(573)	(817)
	Interest and dividends income	(839)	(1,114)	(2,068)
	Foreign exchange (gain) loss	(337)	58	1,941
	Gain on sales of short-term investments	-	(11)	(11)
	Loss on sales and disposal of fixed assets	20	38	183
	Loss on valuation of investment securities	-	337	-
	Increase in trade notes and accounts receivables	(1,746)	(1,796)	(1,217)
	(Increase) Decrease in inventories	(2,010)	(1,320)	1,440
	Increase in trade notes and accounts payable	875	761	1,014
	Other, net	(247)	(419)	(229)
	Sub total	9,978	14,008	30,555
	Interest and dividends received	844	1,123	2,055
	Interest paid	(0)	(0)	(0)
	Income taxes paid	(2,911)	(4,695)	(12,104)
Net cash provided by operating activities	7,911	10,437	20,506	
Cash Flows from Investing Activities	Purchase of short-term investments	(1,498)	(999)	(3,376)
	Proceeds from sales of short-term investments	8,723	2,919	12,348
	Purchase of property, plant and equipment	(6,174)	(2,529)	(6,029)
	Proceeds from sales of property, plant and equipment	15	102	160
	Purchase of investment securities	(6,003)	(6,008)	(20,212)
	Acquisition of minority interests	(1,710)	-	-
	Proceeds from sales of investment securities	5,427	15,821	20,323
	Other, net	1,375	905	(147)
Net cash provided by investing activities	154	10,211	3,066	
Cash Flows from Financing Activities	Cash dividends paid	(2,625)	(1,579)	(4,493)
	Purchase of treasury stock	(18,051)	(12,448)	(16,182)
	Net cash used in financing activities	(20,676)	(14,028)	(20,676)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	684	19	(5,721)	
Net Increase (Decrease) in Cash and Cash Equivalents	(11,926)	6,640	(2,824)	
Cash and Cash Equivalents at Beginning of Year	78,089	80,857	80,857	
Net Increase resulting from changes in scope of consolidation	-	55	55	
Cash and Cash Equivalents at End of Year	66,163	87,554	78,089	

SEGMENT INFORMATION

The Company and consolidated subsidiaries manufacture and sell small electric motors, parts and equipment used for production purpose. Substantially all of the consolidated net sales and operating income are generated from a broad range of similar motor products. The information on net sales, operating income and assets by geographic area, and overseas sales are summarized as follows.

			(Millions of yen)		
1. Segment Information by Geographic Area			Six months ended Jun. 30, 2004	Six months ended Jun. 30, 2003	Year ended Dec. 31, 2003
Net Sales	Japan	Outside customers	10,353	10,624	20,864
		Intersegment	21,332	24,121	46,364
		Total	31,685	34,746	67,229
	Asia	Outside customers	27,934	29,366	60,666
		Intersegment	20,255	21,905	43,053
		Total	48,190	51,272	103,719
	U.S.A.	Outside customers	4,268	5,305	9,518
		Intersegment	0	2	0
		Total	4,268	5,307	9,519
	Europe	Outside customers	6,968	8,003	14,694
		Intersegment	-	7	7
Total		6,968	8,011	14,701	
Eliminations		(41,588)	(46,037)	(89,426)	
Consolidated		49,525	53,300	105,743	
Operating Income	Japan		3,980	5,268	8,858
	Asia		6,115	7,193	14,524
	U.S.A.		76	193	257
	Europe		29	(51)	(82)
	Eliminations		212	430	1,018
	Consolidated			10,413	13,034

			(Millions of yen)		
2. Overseas sales			Six months ended Jun. 30, 2004	Six months ended Jun. 30, 2003	Year ended Dec. 31, 2003
Overseas Sales	U.S.A.		4,706	5,679	10,183
	Europe		6,974	8,032	14,781
	Asia and Other		31,929	33,820	69,150
	Total		43,610	47,532	94,115
Net Sales			49,525	53,300	105,743
% of Overseas Sales to Net Sales			88.1%	89.2%	89.0%

Overseas sales are the total of exports by the Company and sales by consolidated overseas Subsidiaries.

CURRENT STATUS OF PRODUCTION AND SALES

(1) Production(Quantity only)

(Volume less than one thousand pieces have been omitted.)

Manufacturing Subsidiary	Period	Six months ended June 30, 2004		Six months ended June 30, 2003		Year ended December 31, 2003	
		thousand pieces	%(change)	thousand pieces	%(change)	thousand pieces	%(change)
Small Motors							
MABUCHI INDUSTRY CO., LTD.		561,937	57.3	490,764	54.8	1,018,464	55.9
MABUCHI MOTOR DALIAN LTD.		83,070	8.5	81,916	9.1	162,563	8.9
MABUCHI MOTOR WAFANGDIAN LTD.		79,831	8.1	72,815	8.1	144,655	8.0
MABUCHI MOTOR (JIANGSU) CO., LTD.		72,101	7.4	83,810	9.4	158,013	8.7
MABUCHI MOTOR (MALAYSIA) SDN. BHD.		24,862	2.5	32,700	3.7	61,875	3.4
MABUCHI TAIWAN CO., LTD.		2,250	0.2	2,149	0.2	3,921	0.2
MABUCHI MOTOR VIETNAM LTD.		156,836	16.0	131,692	14.7	271,054	14.9
Total		980,891	100.0	895,849	100.0	1,820,548	100.0

(Notes) Figures are based on production volume.

(2) Sales by application

(Amounts less than one million yen have been omitted.)

Application	Period	Six months ended June 30, 2004		Six months ended June 30, 2003		Year ended December 31, 2003	
		millions of yen	%(change)	millions of yen	%(change)	millions of yen	%(change)
Small Motors							
Audio and Visual Equipment		15,926	32.2	18,753	35.2	37,866	35.8
Automotive Products		15,821	31.9	15,615	29.3	30,127	28.5
Information and Communication Equipment		6,678	13.5	7,014	13.2	14,273	13.5
Home Appliances, Power Tools and Others		11,087	22.4	11,891	22.3	23,435	22.2
Total		49,514	100.0	53,274	100.0	105,703	100.0

(Notes) Consumption taxes were excluded.