

CONSOLIDATED FINANCIAL RESULTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2004

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CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004

Date : November 2, 2004
MABUCHI MOTOR CO., LTD.
Code : 6592
Listed on the 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 the results for the nine months ended September 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) |
| Nine months ended September 30, 2004 | 76,400 | (6.0) | 15,175 | (23.7) | 12,429 | (8.0) |
| Nine months ended September 30, 2003 | 81,293 | - | 19,889 | - | 13,502 | - |
| Year ended December 31, 2003 | 105,743 | | 24,576 | | 16,731 | |

| | Net income per share | Fully diluted net income per share |
|--------------------------------------|----------------------|------------------------------------|
| | yen | yen |
| Nine months ended September 30, 2004 | 294.70 | - |
| Nine months ended September 30, 2003 | 303.76 | - |
| Year ended December 31, 2003 | 375.41 | - |

- (Notes)
- The percentages of net sales, operating income, and net income are the ratios of change against the corresponding period of the previous year.
 - Accounting methods used for this quarterly financial report, which are different from those used for the latest fiscal year;
Income taxes : Calculated by estimated annual income tax rate based on effective statutory income tax rate.
Insignificant items : Simplified accounting procedures are adopted.
 - Change in scope of consolidation and application of the equity method : None

(2) Financial Position

| | Total assets | Shareholders' equity | Shareholders' equity ratio | Shareholders' equity per share |
|--------------------------|-----------------|----------------------|----------------------------|--------------------------------|
| | millions of yen | millions of yen | % | yen |
| As of September 30, 2004 | 219,994 | 204,764 | 93.1 | 5,047.84 |
| As of September 30, 2003 | 234,361 | 215,826 | 92.1 | 4,955.04 |
| As of December 31, 2003 | 229,674 | 212,803 | 92.7 | 4,934.38 |

(3) Cash Flows

| | Cash flows from operating activities | Cash flows(used for) from investing activities | Cash flows used for financing activities | Cash and cash equivalents at the end of period |
|--------------------------------------|--------------------------------------|--|--|--|
| | millions of yen | millions of yen | millions of yen | millions of yen |
| Nine months ended September 30, 2004 | 9,707 | (5,126) | (23,281) | 61,035 |
| Nine months ended September 30, 2003 | - | - | - | - |
| Year ended December 31, 2003 | 20,506 | 3,066 | (20,676) | 78,089 |

2. Prospect for the fiscal year (From January 1 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

OPERATING RESULTS AND FINANCIAL POSITION

1. Operating Results

During this period, Economy of Japan continued its recovery and also the world economy was in the modest recovery as a whole. On the other hand, we had adverse factors on our performance such as a 7.9% increase in the value of the yen against the U.S. dollar, year-over-year basis, and considerable rise of certain material costs for such as oil and steel.

Under such economic circumstances, the sales volume of the entire Mabuchi Group increased 10.6% compared to the same period of the last year due to the steady expansion of demands in all the market segments including markets for the Audio & Visual Equipment, Information and Communication Equipment, Automotive Products, Home Appliances, Power Tools and Toys & Hobbies. However, net sales fell 6.0%, compared to the same period of the last year due to the adverse factors mentioned above and the model mix change to the lower priced models though the pace of a decrease of the unit price has slowed down.

We are in progress within the expected range to accomplish the sales forecast for 2004, which was upwardly revised at the time of the public announcement of our operating results for the first half year ended June 30, 2004.

Thus, net sales of the three quarters (January 1st – September 30th) totaled ¥76,400 million (decreased 6% over the same period of the last year). Of the sales, the motor sales totaled ¥76,385 million (decreased 6% over the same period of the last year).

The trend in each market segment and sales status of the motor sales which is the main business of MABUCHI MOTOR are shown below;

Audio & Visual Equipment

Net sales of this market decreased to ¥24,302 million (decreased 16% over the same period of the last year) due to inclined demands to lower priced unit items (sales volume was increased) though the demands of motors for the DVD player/recorder showed a continuous growth in both sales volume and amount.

Automotive Products

Net sales of this market increased to ¥23,161 million (increased 1.8% over the same period of the last year) due to favorable demands for motors for such as the power windows, the side-view mirror and the door lock.

Information and Communication Equipment

Net sales of this market was slightly decreased to ¥10,801 million (decreased 0.4% over the same period of the last year although sales volume was largely increased. The demands for motors for the ink jet printers further increased because of the expansion of market share and the increase of percentage of items with multi-function in the products of ink jet printers. The demands for motors for zoom lens for digital camera are continuously in good demand.

Home Appliances, Power Tools and Toys & Hobbies

Net sales of this market decreased to ¥18,119 million (decreased 3.2% over the same period of the last year) due to the fall of sales figure though the demands for motors for newly introduced vibro-shaver and aroma diffuser sharply increased and the demands for motors for toothbrush, shaver, dryer, power tool and toys and hobbies were steady.

2. Financial Position

With regard to the consolidated cash flows for the nine months ended September 30, 2004, net cash provided by operating activities resulted in ¥9,707 million. Net cash used in investing activities resulted in ¥5,126 million as a result of investment in production facilities and expenditures for the construction of the new building of the headquarters.

Net cash used in financing activities resulted in ¥23,281 million due mainly to the dividend payments and purchase of treasury stock.

As a result, the balance of cash and cash equivalents is ¥61,035 million as of September 30, 2004.

3. Outlook

Regarding the forecast for the fiscal year ending December 31, 2004, some observers view that our economy is likely to continue its course toward recovery. However, our economic prospects remain uncertain because of the effects on our domestic economy by a lot of damage from the several typhoons and torrential rains, additionally of the damage from Great Chuetsu Earthquake, and globally the effect of result of the U.S. presidential election.

Although there are several uncertain factors, we observe that our current operating results for the nine months ended September 30, 2004 are almost in line with our expectation.

Therefore, for our expected operating results for 2004, we have not changed our revised forecast announced on August 17, 2004. The forecast assumes currency exchange rate of ¥105 to the U.S. dollar for the remainder of 2004.

- * The projection shown above involves provisions based upon assumptions, forecasts and plans as of the issuing date of this report, and therefore, the actual results may differ from these forecasted figures due to risks or uncertain factors by the global economy, competitive conditions, exchange fluctuations and so on.

CONSOLIDATED BALANCE SHEETS

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

(Millions of yen)

| ASSETS | | September 30 2004 | December 31 2003 | Increase (Decrease) | September 30 2003 |
|---------------------------|-------------------------------------|----------------------|---------------------|------------------------|----------------------|
| Current Assets | Cash and bank deposits | 59,168 | 77,187 | (18,018) | 79,894 |
| | Trade notes and accounts receivable | 17,190 | 14,129 | 3,061 | 16,098 |
| | Short-term investments | 11,370 | 16,011 | (4,640) | 18,576 |
| | Inventories | 17,708 | 14,677 | 3,030 | 15,973 |
| | Deferred tax assets | 1,791 | 1,575 | 216 | 1,522 |
| | Other current assets | 1,194 | 1,449 | (254) | 1,183 |
| | Allowance for doubtful accounts | (389) | (298) | (91) | (333) |
| | Total current assets | 108,034 | 124,731 | (16,697) | 132,915 |
| Fixed Assets | Property, Plant and Equipment | | | | |
| | Buildings and structures | 11,488 | 12,059 | (571) | 12,657 |
| | Machinery and vehicles | 11,025 | 10,050 | 974 | 10,561 |
| | Tools, furniture and fixture | 2,212 | 2,177 | 34 | 2,425 |
| | Land | 6,137 | 6,130 | 6 | 6,138 |
| | Construction in progress | 8,222 | 3,157 | 5,065 | 1,874 |
| | Total | 39,085 | 33,575 | 5,510 | 33,658 |
| | Intangible Assets | 403 | 179 | 224 | 209 |
| | Investments and Other assets | | | | |
| | Investment securities | 69,865 | 68,416 | 1,448 | 64,374 |
| | Long-term loans receivable | 409 | 479 | (69) | 570 |
| | Deferred tax assets | 158 | 138 | 19 | 131 |
| | Other investments and other assets | 2,037 | 2,151 | (114) | 2,501 |
| | Allowance for doubtful accounts | (1) | - | (1) | - |
| | Total | 72,469 | 71,187 | 1,282 | 67,577 |
| Total fixed assets | 111,959 | 104,943 | 7,016 | 101,445 | |
| Total assets | 219,994 | 229,674 | (9,680) | 234,361 | |

(Millions of yen)

| LIABILITIES AND SHAREHOLDERS' EQUITY | | September 30 2004 | December 31 2003 | Increase (Decrease) | September 30 2003 |
|---|--|----------------------|---------------------|------------------------|----------------------|
| Current Liabilities | Trade notes and accounts payable | 3,499 | 2,944 | 554 | 2,431 |
| | Accrued income taxes | 2,432 | 2,618 | (186) | 3,144 |
| | Deferred tax liabilities | - | 16 | (16) | 2 |
| | Accrued bonus to employees | 825 | 328 | 496 | 822 |
| | Other current liabilities | 4,282 | 4,817 | (534) | 4,100 |
| | Total current liabilities | 11,040 | 10,725 | 314 | 10,501 |
| Long-term Liabilities | Deferred tax liabilities | 3,165 | 3,261 | (95) | 4,940 |
| | Accrued retirement benefits for employees | 498 | 925 | (426) | 1,059 |
| | Accrued retirement benefits for directors and statutory auditors | 436 | 435 | 1 | 426 |
| | Other long-term liabilities | 88 | 31 | 57 | 73 |
| Total long-term liabilities | 4,189 | 4,653 | (463) | 6,499 | |
| Total liabilities | 15,229 | 15,378 | (149) | 17,001 | |
| Minority Interests | - | 1,492 | (1,492) | 1,533 | |
| Shareholders' Equity | Common stock | 20,704 | 20,704 | - | 20,704 |
| | Additional paid-in capital | 20,419 | 20,419 | - | 20,419 |
| | Retained earnings | 223,965 | 216,890 | 7,075 | 213,661 |
| | Unrealized holding gains(losses) on securities | 450 | 171 | 278 | (108) |
| | Foreign currency translation adjustments | (2,637) | (5,299) | 2,662 | (2,493) |
| | Treasury stock | (58,138) | (40,083) | (18,055) | (36,358) |
| Total shareholders' equity | 204,764 | 212,803 | (8,038) | 215,826 | |
| Total liabilities and shareholders' equity | 219,994 | 229,674 | (9,680) | 234,361 | |

CONSOLIDATED STATEMENTS OF INCOME

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 and 2003, and YEAR ENDED DECEMBER 31, 2003

| | 2004 | 2003 | Increase (Decrease) | Year ended Dec. 31, 2004 |
|---|---------------|---------------|------------------------|-----------------------------|
| | | | | (Millions of yen) |
| Net Sales | 76,400 | 81,293 | (4,892) | 105,743 |
| Cost of Sales | 47,784 | 48,076 | (292) | 63,334 |
| Gross profit | 28,616 | 33,216 | (4,600) | 42,409 |
| Selling, General and Administrative Expenses | 13,440 | 13,327 | 113 | 17,833 |
| Operating income | 15,175 | 19,889 | (4,713) | 24,576 |
| Other Income (Expenses) : | | | | |
| Interest and dividend income | 1,258 | 1,456 | (198) | 2,068 |
| Exchange gains(losses) on foreign currency transactions | 1,184 | (918) | 2,103 | (1,369) |
| Other, net | 269 | (301) | 571 | (533) |
| Income before Income Taxes and Minority Interests | 17,888 | 20,125 | (2,236) | 24,741 |
| Income Taxes : | | | | |
| Current | 5,366 | 6,540 | (1,174) | 10,036 |
| Deferred | - | - | - | (2,125) |
| Minority Interests | 93 | 81 | 11 | 99 |
| Net Income | 12,429 | 13,502 | (1,073) | 16,731 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 and YEAR ENDED DECEMBER 31, 2003

| | | (Millions of yen) | |
|--|---|-------------------|-----------------------------|
| | | 2004 | Year ended Dec. 31, 2004 |
| Cash Flows from Operating Activities | Net income before income taxes and minority interests | 17,888 | 24,741 |
| | Depreciation and amortization | 3,810 | 5,578 |
| | Provision for retirement benefits, net payments | (429) | (817) |
| | Interest and dividends income | (1,258) | (2,068) |
| | Foreign exchange (gain) loss | (599) | 1,941 |
| | Gain on sales of short-term investments | - | (11) |
| | Loss on sales and disposal of fixed assets | 8 | 183 |
| | Increase in trade notes and accounts receivables | (2,682) | (1,217) |
| | (Increase) Decrease in inventories | (2,427) | 1,440 |
| | Increase in trade notes and accounts payable | 80 | 1,014 |
| | Other, net | 147 | (229) |
| | Sub total | 14,537 | 30,555 |
| | Interest and dividends received | 1,257 | 2,055 |
| | Interest paid | (0) | (0) |
| | Income taxes paid | (6,087) | (12,104) |
| Net cash provided by operating activities | 9,707 | 20,506 | |
| Cash Flows from Investing Activities | Purchase of short-term investments | (2,712) | (3,376) |
| | Proceeds from sales of short-term investments | 9,501 | 12,348 |
| | Purchase of property, plant and equipment | (8,869) | (6,029) |
| | Proceeds from sales of property, plant and equipment | 96 | 160 |
| | Purchase of investment securities | (9,004) | (20,212) |
| | Acquisition of minority interests | (1,710) | - |
| | Proceeds from sales of investment securities | 6,420 | 20,323 |
| | Other, net | 1,152 | (147) |
| Net cash (used in) provided by investing activities | (5,126) | 3,066 | |
| Cash Flows from Financing Activities | Cash dividends paid | (5,226) | (4,493) |
| | Purchase of treasury stock | (18,055) | (16,182) |
| | Net cash used in financing activities | (23,281) | (20,676) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 1,647 | (5,721) | |
| Net Decrease in Cash and Cash Equivalents | (17,053) | (2,824) | |
| Cash and Cash Equivalents at Beginning of Period | 78,089 | 80,857 | |
| Net Increase resulting from changes in scope of consolidation | - | 55 | |
| Cash and Cash Equivalents at End of Period | 61,035 | 78,089 | |

CURRENT STATUS OF PRODUCTION AND SALES

(1) Production

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

| | Period | Nine months ended September 30, 2004 | | Nine months ended September 30, 2003 | |
|---------------------|------------------------------------|---|--------------|---|--------------|
| | | thousand pieces | %(change) | thousand pieces | %(change) |
| Small Motors | Manufacturing Subsidiary | | | | |
| | MABUCHI INDUSTRY CO., LTD. | 893,566 | 58.2 | 745,565 | 55.3 |
| | MABUCHI MOTOR DALIAN LTD. | 124,796 | 8.1 | 122,888 | 9.1 |
| | MABUCHI MOTOR WAFANGDIAN LTD. | 121,387 | 7.9 | 109,034 | 8.1 |
| | MABUCHI MOTOR (JIANGSU) CO., LTD. | 110,822 | 7.2 | 117,126 | 8.7 |
| | MABUCHI MOTOR (MALAYSIA) SDN. BHD. | 39,243 | 2.6 | 48,686 | 3.6 |
| | MABUCHI TAIWAN CO., LTD. | 2,945 | 0.2 | 3,076 | 0.2 |
| | MABUCHI MOTOR VIETNAM LTD. | 241,563 | 15.8 | 202,725 | 15.0 |
| | Total | 1,534,325 | 100.0 | 1,349,103 | 100.0 |

(Notes) Figures represent volume of motors produced during the nine months ended September 30, 2003 and 2004.

(2) Sales by application

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

| | Period | Nine months ended September 30, 2004 | | Nine months ended September 30, 2003 | |
|---------------------|--|---|--------------|---|--------------|
| | | millions of yen | %(change) | millions of yen | %(change) |
| Small Motors | Application | | | | |
| | Audio & Visual Equipment | 24,302 | 31.8 | 28,945 | 35.6 |
| | Automotive Products | 23,161 | 30.3 | 22,754 | 28.0 |
| | Information & Communication Equipment | 10,801 | 14.2 | 10,843 | 13.4 |
| | Home Appliances & Power Tools & Others | 18,119 | 23.7 | 18,717 | 23.0 |
| | Total | 76,385 | 100.0 | 81,260 | 100.0 |

(Notes) Consumption taxes were excluded.