

CONSOLIDATED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2005

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CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2005

Date : August 16 , 2005
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. Results for the six months ended June 30, 2005 (From January 1 to June 30, 2005)

(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, 2005	44,406	(10.3)	4,651	(55.3)	4,156	(43.1)
Six months ended June 30, 2004	49,525	(7.1)	10,413	(20.1)	8,422	(13.0)
Year ended December 31, 2004	99,347	-	17,312	-	13,279	-

	Net income per share	Fully diluted net income per share
	yen	yen
Six months ended June 30, 2005	102.47	-
Six months ended June 30, 2004	195.94	-
Year ended December 31, 2004	316.14	-

(Notes) 1. Weighted average number of shares outstanding during the respective term(consolidation)
Six months ended June 30, 2005 : 40,563,598 shares, Six months ended June 30, 2004 : 42,988,594 shares,
Year ended December 31, 2004 : 41,770,076 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, 2005	223,073	208,543	93.5	5,141.20
As of June 30, 2004	218,876	201,799	92.2	4,974.68
As of December 31, 2004	216,489	201,543	93.1	4,966.70

(Notes) Number of shares outstanding at end of period (net of treasury stocks)
June 30, 2005 : 40,563,243 shares, June 30, 2004 : 40,565,252 shares, December 31, 2004 : 40,563,910 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, 2005	4,275	856	(2,071)	64,111
Six months ended June 30, 2004	7,911	154	(20,676)	66,163
Year ended December 31, 2004	16,475	(11,752)	(23,282)	58,598

(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, 2005 to December 31, 2005)

	Net Sales	Operating income	Net income
	millions of yen	millions of yen	millions of yen
Annual	93,000	8,700	7,100

(Reference) Projected annual net income per share : 174.68yen

MANAGEMENT PRINCIPLES

We, Mabuchi Motor Co., Ltd., have started activities to expand to continue to be the top firm in the small motor industry and to support the high quality of life for people.

We have developed the methods as “Mabuchi’s Management Vision” which leads us 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. Creation of 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 develop human resources who can make contribution to the society.
3. Operation of corporation that promote the preservation of our earth’s environment and our own human health.
4. Contribution by expanding employment opportunities and transferring of our technology to under developing countries so as to contribute to the economic development thereof and to narrow their economic disparities with the developed 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 and promptly provide products with reasonable price in response to the needs.” “Management Policies” also show how to act as the above-defined corporation.

“Management Policies of Overseas Operations” explicitly state basic understanding on the basis of co-existence and co-prosperity for both Mabuchi and their parent 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 Overseas Operation

1. Promote co-existence and mutual prosperity on a long-term basis.
2. Solidify the structure of international production lines that parallel the strengths of each branch, and preserve and expand international competition.
3. Promote the Mabuchi corporate culture of philanthropy 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 equipment, which are necessary for our growth, by our internal reserves. Also, we have been maintaining our basic policy to positively return profits to stockholders through a long-term stable dividend and the increase of dividend and stock split in compliance with our business results. Based on 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 20% of the consolidated net income by the number of shares issued.

Regarding share repurchase, in the last three years we have repurchased 6,498,700 shares in total. The breakdown of the shares is as follows: the repurchase of 2-million shares through self-tender offer in June 2002, the repurchase of 1,508,500 shares through self-tender offer in June 2003, the repurchase of 456,100 shares through the stock market in December 2003, and the repurchase of 2,534,100 shares through self-tender offer in June 2004. We will repurchase shares from now on timely as a mean to cope with the ups and downs of share price and business environment, and as a mean to realize our capital policy and to return profits to shareholders.

We will utilize internal reserves 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 Shares 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 shares in a unit 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 Issue to cope with

We are working on our mid-term business strategy, consisting of three major elements, i.e., growth strategy, cost strategy and management infrastructure development, aiming at further corporate growth. The details thereof are as follows:

First, as the growth strategy, we will work on the following: enlarging automotive products business focusing on motors for power windows; and entering into the market of brushless motors for optical disks. For realizing the above, we are increasing our lineup of the existing motors with brushes; differentiating technologies for manufacturing power unit motors; innovating in production processes for the brushless motors, and facilitating self-manufacturing of parts for the brushless motors. Also, we are pushing forward development of our business through exploiting new technologies, new applications, and new market.

Second, as the cost strategy, though it is expected that material costs will increase because of recent soaring of market prices thereof such as steel and copper, we will aim at reducing variable costs by improving technologies with the initiative of the Head Office such as improving costs at the design phase as well as strengthening cost reduction activities in purchasing and production activities. Also, we will facilitate self-manufacturing of equipment and parts and work at differentiating both technologies and costs from a long-term point of view. In addition, we will promote improvement in cost structure, including reduction of fixed costs of the Head Office, through rationalizing both indirect manufacturing departments and the Head Office functions.

Last, regarding the management infrastructure development, while we are aiming at establishing product improvement functions in our facility in China, we are promoting the establishment of IT infrastructure (PDM: Product Data Management) for real-time utilization and sharing of development and design related data in order to dramatically heighten productivity of development activities in Mabuchi Group. Moreover, we introduced MVU (Mabuchi Virtual Unit), a customer-oriented organization aiming at heightening our ability to respond to our customers through fusing functions of sales department, product development department and technology planning department and through defining the performances and the responsibilities. We are utilizing MVU as an organization effective in sales enhancement.

Basic Policy on Corporate Governance and the State of Implementation thereof

Basic Policy on Corporate Governance

Mabuchi Group recognizes 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 Mabuchi Group’s corporate governance, it is essential to see from the standpoints of the management structure and various administrative measures to support the realization of the Management Philosophy. Therefore, it is one of the most important duties of management to build and maintain an appropriate corporate governance structure. Mabuchi Group’s basic policies regarding corporate governance are as follows:

1. The structure warrants proper administrative decision making and effective business execution and making clear where the responsibility lies.
2. An appropriate internal control organization is constructed and is being operated properly. Namely, both the internal check system and the managerial auditing system are working effectively.
3. All employees of Mabuchi Group have common understanding, as a corporate culture, that observing the corporate ethics and complying with laws are prerequisite for highly motivated business activities.
4. Disclosure to stakeholders is made fairly, timely, and clearly.

Description of Mabuchi Group’s Organizations and Status of Development of Internal Control System

Mabuchi Motor Co., Ltd. adopts the auditors system. Namely, the company’s organizations under Commercial Law, accounting auditors and other organizations are performing their functions based on laws. In addition, the entire internal control system was established and is functioning through the Executive Committee and the Internal Audit Dept., which are our unique organizations, and other duty executing organizations and internal control-related organizations with the participation of outside experts. Also, each of Mabuchi’s overseas group companies is implementing the internal control through organizations which were established based on laws of a country where the base is located and through the internal organizations and the outside experts that complement the above. And we are attempting to improve the world-wide internal control system by sharing the corporate culture/sense of values in Mabuchi Group’s management vision, by holding overseas-bases managers meetings and by implementing the audits for activities of the group companies by the Internal Audit Dept.

The following are descriptions of Mabuchi’s organizations and status of internal control:

(1) Board of Directors and Executive Committee

Managerial decision-making is done by Board of Directors which is composed of 8 directors (seven out of them are working in Japan) who have full knowledge of managerial environment for businesses and are extremely knowledgeable in business and Executive Committee which is composed of directors who work in Japan. Board of Directors determines the critical matters defined in the laws and held when the holding of the meeting is needed (held 13 times in this first half). Executive Committee complements Board of Directors, conducts agile decision making, and the directors monitor the execution/performance of other directors each other.

(2) Management Supervisory Functions

1. Board of Auditors

Board of Auditors which is composed of four Auditors including three outside auditors (two lawyers and one certified public accountant) 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 advices regarding legality in decision making and business execution by Directors or maintenance/improvement of internal control mechanisms.

2. Internal Audit Dept.

Internal Audit Dept. (which is composed of one full-time staff member; outside experts periodically participate in the activities) has been established to reinforce the global management supervisory function. Internal Audit Dept. has established a structure to implement continuous monitoring of compliance regarding effectiveness, procedures and rules of the internal control system of Mabuchi Group in cooperation with Auditors and feed the results back to management.

3. Audit of Financial Accounts and Other Management Supervisory Functions

Regarding financial results and financial rightness/legality of each of the consolidated group companies, we have been audited by an auditing company. We have been timely coping with auditors' comments, including improvement-required matters relating to the internal control organization that have been pointed out during the audit.

In addition to the above, we have also introduced the following system from a group-based viewpoint: 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). These are functioning as important management supervisory system. Also, periodic consultations with, advice from, and administrative opinions from a Senior Corporate Adviser and a Corporate Adviser, who are former Directors of Mabuchi, are helpful to management supervision.

(3) Maintenance of Internal Control Organization

The internal control system is the foundation of corporate governance. Specifically, the internal check function, which is built in both organizations and procedures for executing routine work, is effective for preventing irregularities and errors. For both Mabuchi Motor Co., Ltd. and each group company, we are properly reviewing functions, the division of duties, and various regulations related to the functions and duties for this purpose.

(4) Compliance Culture

We expressed our Management Philosophy promptly after the company formation, and we had established Our Mission based on the Management Philosophy, and have been made 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 the contribution to society and the justice/fairness to other people through our business and requesting all of our employees to share this our common sense of value.

Moreover, in this past April we mapped out "Mabuchi Motor Compliance Manual" as standards for compliance and ethical behavior for supporting the mechanisms of corporate governance and internal control, and for complementing, enhancing and implementing the Management Vision. We are aiming at the penetration of the Manual through in-house education/training and the like.

(5) Disclosure of Information on Business Management

For the purpose of appropriately reporting and describing our management information to our stakeholders, we have established intra-group regulations and have been making efforts to disclose the information fairly, timely and clearly, mainly by our function to implement public relations and our function to implement management control, in cooperation with departments concerned and executive officers of the group companies. In addition to the disclosure of information based on laws or various systems, 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.

Status of Development of Risk Management System

We have established a risk management committee for the purpose of preventing and decreasing damages which may be caused by various risks related to corporate activities and early recovering from damages and minimizing damages in case any risk emerges. The risk management committee is extracting and evaluating risks qualitatively and quantitatively, mapping out a countermeasures plan and developing the plan from a Group-wide viewpoint.

Also, we have also formed an emergency measures headquarters function and are developing systems for emergency for securing both communication system and initial-stage action taking system in case of emergency.

Summary of Interests between Mabuchi Group and Mabuchi Group's External Executives and the like

Neither the three outside auditors nor the staff who audits the financial accounts of Mabuchi have interests in Mabuchi. Therefore, independence and effectiveness of our management supervisory functions are sufficiently secured.

Status of Implementation of New Efforts toward Completion of Corporate Governance

As new activities for completion of corporate governance, we are implementing, continued from the preceding term, internal audits of our overseas production subsidiaries regarding the implementation status of compliance management. Also, as mentioned above, in this past April we mapped out "Mabuchi Motor Compliance Manual" and are aiming at the penetration of the Manual by implementing company-wide educational/training activities and monthly study meetings for directors. We will continuously observe carefully changes in management environment, changes in various systems in society and will maintain our corporate governance so as to realize our Management Philosophy.

OPERATING RESULTS AND FINANCIAL CONDITIONS

1. Operating Results

Review of Operation of This First Half (Consolidated Results)

In the first half of this fiscal year the Japanese economy generally showed resilience of economic recovery as a result of improvement in corporate profits represented by automotive industry, and the sign of the departure from deflation were seen. However, a negative factor for corporate earnings, i.e., a sudden rise in prices of some materials such as crude oil and steel, are still continuing.

On the other hand, looking at the overseas economic conditions, the U.S. economy showed a trend toward a moderate slowdown under the influence of the termination of the special depreciation allowance (additional depreciation allowance) system though it was still on the stable growth track. The European economy was taking a moderate growth route as a result of the contribution of the weakness of the exchange rate of the euro against the U.S. dollar and the support by the growth of overseas demand though it slowed down in the Euro Economic Bloc compared with the preceding year. In the Asian economies, it is hard to think that the economy in China, where selective squeezes continue, will be widely depressed furthermore; the Asian economies show resilience in both domestic demands and overseas demands. In ASEAN countries, where the economic conditions had been favorable, an impression of slowdown somewhat intensified. Moreover, in NIES, as a result of recent production adjustment in electronics industry, their economic growth rates were revised downward. Therefore, the global economy generally kept its resilience even though it showed an impression of an economic slowdown.

The sales volume of the Mabuchi Group decreased 6.1% compared to the same term of last year due to the decrease of demands for Audio & Visual Equipment market. The demands for each Information and Communication Equipment, Automotive Products, Home appliances, Power tools and Toys & Hobbies market expanded. However those expansions were not enough to make up for the slump in Audio & Visual Equipment market.

Net sales fell under the figure of the same term of the last year due to still continuing unit price decline for certain applications, though the trend of unit price decline came to a halt as a whole, and the model mix change to the lower priced models in addition to the sales volume decline and the increase in the value of the yen against the U.S. dollar.

Thus, net sales totaled to ¥44.406 billion a 10.3% decrease from the same term of the last year. Most of its sales was earned by the motor sales that totaled ¥44.377 billion a 10.4% decrease from the same term of the last year.

Following are the trend in each market segment and sales status of motor sales by application;

In Audio & Visual Equipment, net sales of this market decreased to ¥10.915 billion (a 31.5% decrease from the same term of the last year) due to the drastic drop in demands for CD players ascribable to the popularization of DVD players and digital audio devices such as ones with flash memories though motor demands for digital applications and DVD video were strong.

In Automotive Products, the sales volume for this market has been growing steadily and increased compared with the same term of the last year due to the advance to the use of a lot of electrical components per vehicle seeking for safety, convenience, comfort and economical efficiency and the increase of number of motors used in a vehicle. Specifically, the demands increased for air conditioner dumpers and side-view mirrors were quite noticeable.

Net sales of this market was slightly decreased to ¥15.561 billion (a 1.6% decrease from the same term of the last year) due to the weak demand of motors for the power windows ascribable to the temporal slump of China automotive market.

In Information and Communication Equipment, net sales of this market increased to ¥7.319 billion (an 9.6% increase from the same term of the last year) due to favorable demands for ink jet printers and zoom lens for digital cameras. The demands for

motors for personal computer drives have been increasing as well.

In Home Appliances, Power Tools and Toys & Hobbies, net sales of this market decreased to ¥10.581 billion (a 4.6% decrease from the same term of the last year) due to the above mentioned negative market conditions repercussions. However, the sales volume increased due to the favorable demands for hair dryers, shavers, power tools offsetting the decrease in other applications in this market.

Operating income decreased 55.3% from the same term of the previous year to 4,651 million yen. In addition to an increase in the production costs per unit associated with a decrease in capacity utilization, increases in start-up costs for new products and parts/materials costs worsened the cost of sales as a percentage of sales and resulted in the decrease in the operating income. Net income decreased 50.7% from the same term of the previous year to 4,156 million yen since the effective tax rate increased on the whole as a result of losses on disposal of fixed assets associated with the demolition of the old building of the Head Office and a decrease in pretax income a profit of a manufacturing subsidiaries which are located in a lower tax rate countries.

Non-consolidated Results and Dividend

Non-consolidated net sales for the first half of this year decreased 11.2% from the same term of the previous year to 28,151 million yen of which net sales of motors decreased 10.4% from the same term of the previous year to 26,278 million yen due to the factors mentioned in consolidated results above. Operating income decreased 58.3% from the same term of the previous year to 1,659 million yen as results of a decrease in sales volume and a increase of administrative expenses such as new office building-related expenses and IT-related costs for increasing productivity of development activities. Net income decreased 29.1% from the same term of the previous year to 7,620 million yen.

On the semi-annual dividends for this term, based upon our dividend policy, we are planning to pay 42 yen per share, which is made up of 25 yen as an ordinary dividend and 17 yen as a special dividend.

2. Financial Conditions

With regard to consolidated cash flows of this first half, net cash provided by operating activities decreased ¥3,635 million to ¥4,275 million due mainly to a decrease of income before tax. Net cash provided by investing activities resulted in ¥856 million as a result of net proceeds from purchase and sales of short-term investments, property, plant and equipment. Net cash used in financial activities resulted in ¥2,071 million due to the dividend payment.

As a result of the above, the balance of cash and cash equivalents decreased by ¥2,051 million, to ¥64,111 million as of June 30, 2005.

3. Full Year Forecasts

There are two views of the forecast of the full-year global economy: One is that it will move with relatively high economic growth rate and the other is that it will fall into a slump. We expect that in general the full-year global economy will show a moderate slowdown trend although it is on a stable track. Further, there are a lot of uncertain conditions such as concern about interest rate rising, deterioration in the economic outlook due to a rise in a crude oil price, the remaining of high materials/parts prices and the like, which may affect the economic conditions.

With regard to the markets of our products, while net sales for both the Automotive Products market and the Information & Communication Equipment market are expected to be increased from the previous year, it is predicted that a weak trend in sale of

motors for the Audio & Visual Equipment market will continue as ever in the second half of this year. On the whole, it seems that the net sales will slightly fall under the result of the preceding year.

Moreover, with regard to the earnings, we expect that the severe business environment will continue as ever since an increase in the production costs per unit due to a decrease in production volume, and increases in start-up costs for new products, product development-related costs, costs for dealing with environmental care on products and facility management costs are continuously expected. In addition, and since occurrence of an extraordinary loss and the like associated with the liquidation of our subsidiary in Malaysia is expected.

Under these circumstances, our forecast for 2005 fiscal year is as follows:

1. Forecast (consolidated)

Net Sales	93 billion yen (6.4% decrease year on year)
Operating Income	8.7 billion yen (49.7% decrease year on year)
Net Income	7.1 billion yen (46.6% decrease year on year)

2. Forecast (non-consolidated)

Net Sales	59 billion yen (6.0% decrease year on year)
Operating Income	3 billion yen (57.2% decrease year on year)
Net Income	8.8 billion yen (32.1% decrease year on year)

(Assumptions: Exchange Rate 105¥/\$. Exchange gain/loss in the second half is not taken into account.)

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, 2005 and 2004, and DECEMBER 31, 2004

		(Millions of yen)		
ASSETS		June 30 2005	June 30 2004	December 31 2004
Current Assets	Cash and bank deposits	62,923	63,471	56,390
	Trade notes and accounts receivable	14,604	15,977	13,235
	Short-term investments	10,535	11,314	10,772
	Inventories	17,844	16,771	16,430
	Deferred tax assets	1,299	1,691	1,593
	Other current assets	1,413	1,105	1,557
	Allowance for doubtful accounts	(278)	(323)	(267)
	Total current assets	108,342	110,009	99,713
Fixed Assets	Property, Plant and Equipment			
	Buildings and structures	19,652	11,664	19,043
	Machinery, equipment and vehicles	11,282	10,554	10,426
	Tools, furniture and fixture	2,416	2,261	2,389
	Land	6,186	6,133	6,173
	Construction in progress	1,760	6,749	1,673
	Total	41,298	37,363	39,705
	Intangible Assets	553	398	528
	Investments and Other assets			
	Investment securities	70,751	68,499	74,130
	Long-term loans receivable	285	407	338
	Deferred tax assets	158	156	157
	Other investments and other assets	1,685	2,042	1,916
	Allowance for doubtful accounts	(1)	(1)	(1)
	Total	72,879	71,105	76,541
Total fixed assets	114,731	108,866	116,775	
Total assets	223,073	218,876	216,489	

		(Millions of yen)		
LIABILITIES AND SHAREHOLDERS' EQUITY		June 30 2005	June 30 2004	December 31 2004
Current Liabilities	Trade notes and accounts payable	3,731	3,677	3,094
	Accrued income taxes	2,110	3,612	2,562
	Accrued bonus to employees	345	337	396
	Other current liabilities	4,453	4,757	4,968
	Total current liabilities	10,640	12,385	11,021
Long-term Liabilities	Deferred tax liabilities	3,132	3,557	3,017
	Accrued retirement benefits for employees	165	615	379
	Accrued retirement benefits for directors and statutory auditors	465	427	446
	Other long-term liabilities	126	90	81
	Total long-term liabilities	3,890	4,691	3,924
Total liabilities	14,530	17,077	14,945	
Shareholders' Equity	Common stock	20,704	20,704	20,704
	Additional paid-in capital	20,419	20,419	20,419
	Retained earnings	226,829	222,555	224,816
	Unrealized holding gains(losses) on securities	1,289	801	611
	Foreign currency translation adjustments	(2,550)	(4,547)	(6,863)
	Treasury stock	(58,149)	(58,135)	(58,145)
	Total shareholders' equity	208,543	201,799	201,543
Total liabilities and shareholders' equity	223,073	218,876	216,489	

CONSOLIDATED STATEMENTS OF INCOME

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE SIX MONTHS ENDED JUNE 30, 2005 and 2004, and YEAR ENDED DECEMBER 31, 2004

	(Millions of yen)		
	2005	2004	Year ended Dec. 31, 2004
Net Sales	44,406	49,525	99,347
Cost of Sales	30,173	30,297	63,329
Gross profit	14,232	19,227	36,018
Selling, General and Administrative Expenses	9,581	8,813	18,705
Operating income	4,651	10,413	17,312
Other Income (Expenses)			
Interest and dividend income	895	839	1,736
Exchange gains on foreign currency transactions	915	536	414
Other, net	(89)	368	213
Income before Income Taxes and Minority Interests	6,373	12,158	19,676
Income Taxes			
Current	2,216	3,642	6,889
Deferred			(585)
Minority Interests	-	93	93
Net Income	4,156	8,422	13,279

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE SIX MONTHS ENDED JUNE 30, 2005 and 2004, and YEAR ENDED DECEMBER 31, 2004

		(Millions of yen)		
		June 30 2005	June 30 2004	December 31 2004
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	224,816	216,890	216,890
	Net income	4,156	8,422	13,279
	Cash dividends	(2,068)	(2,629)	(5,225)
	Bonuses to directors and statutory auditors	(74)	(127)	(127)
	Ending balance	226,829	222,555	224,816
Unrealized Holding Gains on Securities	Beginning balance	611	171	171
	Net change during the year	678	629	439
	Ending balance	1,289	801	611
Foreign Currency Translation Adjustments	Beginning balance	(6,863)	(5,299)	(5,299)
	Net change during the year	4,312	752	(1,563)
	Ending balance	(2,550)	(4,547)	(6,863)
Treasury Stock	Beginning balance	(58,145)	(40,083)	(40,083)
	Net change during the year	(4)	(18,051)	(18,062)
	Ending balance	(58,149)	(58,135)	(58,145)
Total shareholders' equity at end of year		208,543	201,799	201,543

CONSOLIDATED STATEMENTS OF CASH FLOWS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE SIX MONTHS ENDED JUNE 30, 2005 and 2004, and YEAR ENDED DECEMBER 31, 2004

		(Millions of yen)		
		Six months ended Jun. 30, 2005	Six months ended Jun. 30, 2004	Year ended Dec. 31, 2004
Cash Flows from Operating Activities	Income before income taxes and minority interests	6,373	12,158	19,676
	Depreciation and amortization	2,685	2,424	5,241
	Provision for retirement benefits, net payments	(199)	(319)	(532)
	Interest and dividend income	(895)	(839)	(1,736)
	Foreign exchange (gain) loss	(397)	(337)	387
	Loss on sales and disposal of fixed assets	211	20	73
	(Increase) decrease in trade notes and accounts receivables	(990)	(1,746)	801
	Increase in inventories	(587)	(2,010)	(1,968)
	Increase in trade notes and accounts payable	269	875	217
	Other, net	(366)	(247)	(216)
	Sub total	6,102	9,978	21,945
	Interest and dividends received	892	844	1,737
	Interest paid	7	(0)	(0)
	Income taxes paid	(2,726)	(2,911)	(7,206)
	Net cash provided by operating activities	4,275	7,911	16,475
Cash Flows from Investing Activities	Purchase of short-term investments	(2,149)	(1,498)	(5,849)
	Proceeds from sales of short-term investments	4,662	8,723	13,677
	Purchase of property, plant and equipment	(3,124)	(6,174)	(12,175)
	Proceeds from sales of property, plant and equipment	38	15	144
	Purchase of investment securities	(1,606)	(6,003)	(14,017)
	Acquisition of minority interests	-	(1,710)	(1,710)
	Proceeds from sales of investment securities	3,786	5,427	7,437
	Other, net	(750)	1,375	741
Net cash provided by (used in) investing activities	856	154	(11,752)	
Cash Flows from Financing Activities	Cash dividends paid	(2,067)	(2,625)	(5,220)
	Purchase of treasury stock	(4)	(18,051)	(18,062)
	Net cash used in financing activities	(2,071)	(20,676)	(23,282)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	2,453	684	(931)	
Net Increase (Decrease) in Cash and Cash Equivalents	5,513	(11,926)	(19,491)	
Cash and Cash Equivalents at Beginning of Year	58,598	78,089	78,089	
Cash and Cash Equivalents at End of Period	64,111	66,163	58,598	

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, 2005	Six months ended Jun. 30, 2004	Year ended Dec. 31, 2004
Net Sales	Japan	Outside customers	9,977	10,353	20,395
		Intersegment	18,173	21,332	42,365
		Total	28,151	31,685	62,760
	Asia	Outside customers	23,789	27,934	56,795
		Intersegment	18,641	20,255	39,918
		Total	42,430	48,190	96,714
	U.S.A.	Outside customers	4,067	4,268	8,289
		Intersegment	0	0	0
		Total	4,067	4,268	8,289
	Europe	Outside customers	6,572	6,968	13,866
		Intersegment	-	-	0
		Total	6,572	6,968	13,866
Eliminations		(36,814)	(41,588)	(82,283)	
Consolidated		44,406	49,525	99,347	
Operating Income	Japan		1,659	3,980	7,003
	Asia		2,276	6,115	10,058
	U.S.A.		64	76	137
	Europe		(36)	29	(14)
	Eliminations		688	212	127
	Consolidated		4,651	10,413	17,312

(Millions of yen)

2. Overseas sales		Six months ended Jun. 30, 2005	Six months ended Jun. 30, 2004	Year ended Dec. 31, 2004
Overseas Sales	U.S.A.	4,347	4,706	9,091
	Europe	6,582	6,974	13,914
	Asia and Other	27,855	31,929	64,801
	Total	38,785	43,610	87,807
Net Sales		44,406	49,525	99,347
% of Overseas Sales to Net Sales		87.3%	88.1%	88.4%

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.)

	Period	Six months ended June 30, 2005		Six months ended June 30, 2004		Year ended December 31, 2004	
		thousand pieces	% (change)	thousand pieces	% (change)	thousand pieces	% (change)
Small Motors	Manufacturing Subsidiary						
	MABUCHI INDUSTRY CO., LTD.	479,941	55.2	561,937	57.3	1,153,267	57.9
	MABUCHI MOTOR DALIAN LTD.	87,340	10.0	83,070	8.5	161,124	8.1
	MABUCHI MOTOR WAFANGDIAN LTD.	65,112	7.5	79,831	8.1	158,175	8.0
	MABUCHI MOTOR (JIANGSU) CO., LTD.	56,113	6.5	72,101	7.4	143,445	7.2
	MABUCHI MOTOR (MALAYSIA) SDN. BHD.	26,721	3.1	24,862	2.5	52,174	2.6
	MABUCHI TAIWAN CO., LTD.	1,447	0.2	2,250	0.2	3,569	0.2
	MABUCHI MOTOR VIETNAM LTD.	152,320	17.5	156,836	16.0	319,122	16.0
	Total	868,998	100.0	980,891	100.0	1,990,879	100.0

(Notes) Figures are based on production volume.

(2) Sales by application

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

	Period	Six months ended June 30, 2005		Six months ended June 30, 2004		Year ended December 31, 2004	
		millions of yen	% (change)	millions of yen	% (change)	millions of yen	% (change)
Small Motors	Application						
	Audio and Visual Equipment	10,915	24.6	15,926	32.2	30,567	30.8
	Automotive Products	15,561	35.1	15,821	31.9	30,376	30.6
	Information and Communication Equipment	7,319	16.5	6,678	13.5	14,499	14.6
	Home Appliances, Power Tools and Others	10,581	23.8	11,087	22.4	23,806	24.0
	Total	44,377	100.0	49,514	100.0	99,249	100.0

(Notes) Consumption taxes were excluded.