

CONSOLIDATED FINANCIAL RESULTS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2005

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# CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

Date : November 7, 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. Overview of Results for the Nine months ended September 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)
Nine months ended September 30, 2005	69,973	(8.4)	6,813	(55.1)	5,748	(53.7)
Nine months ended September 30, 2004	76,400	(6.0)	15,175	(23.7)	12,429	(8.0)
Year ended December 31, 2004	99,347		17,312		13,279	

	Net income per share	Fully diluted net income per share
	yen	yen
Nine months ended September 30, 2005	141.72	-
Nine months ended September 30, 2004	294.70	-
Year ended December 31, 2004	316.14	-

- (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, 2005	225,389	211,445	93.8	5,212.82
As of September 30, 2004	219,994	204,764	93.1	5,047.84
As of December 31, 2004	216,489	201,543	93.1	4,966.70

### (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
Nine months ended September 30, 2005	4,885	(3,074)	(3,782)	60,194
Nine months ended September 30, 2004	9,707	(5,126)	(23,281)	61,035
Year ended December 31, 2004	16,475	(11,752)	(23,282)	58,598

## 2. Prospect for the fiscal year (From January 1 to December 31, 2005)

	Net Sales	Operating income	Net income
	millions of yen	millions of yen	millions of yen
Annual	93,000	12,100	7,100

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

# OPERATING RESULTS AND FINANCIAL POSITION

## 1. Qualitative Information on Consolidated Operating Results

Results for the nine months ended September 30, 2005 (January 1 - September 30) are outlined above. During this period, the Japanese economy has generally experienced a steady recovery, and we have seen signs that the economy is awakening from its deflationary past, although there have been variations between individual industries and businesses. Turning our attention first to the global economy, we can see that the economic climate of the world as a whole has also generally performed steadily. This is despite the fact that, similarly to Japan, other countries too have differing factors shaping their economies and differing results between industries and individual businesses. However, negative factors remain which affect business results, such as soaring global prices of crude oil and elevated prices of steel and other parts and materials.

Under these business conditions, the sales volume across Mabuchi Group retail market segments decreased 5.7% compared to the same period last year. There were steady increases in the demand for motors in the Automotive Products segment, the Information and Communication Equipment segment, and the Home Appliances, Power Tools and Toys & Hobbies segment. However, these increases were not enough to cover the slump in the Audio and Visual Equipment segment. In terms of sales revenue as well, net sales fell below last year's level, even though the decline in selling prices had leveled out. In addition to the decrease in sales volume and the appreciated levels of exchange for the Japanese yen, the decrease in net sales can also be attributed to the change in model-mix resulting from a continuing shift in preferences by consumers for lower priced models in certain applications.

Despite the decrease, on the whole, sales volume and sales revenue are both proceeding within the scope of forecasts contained within the full-year sales plan as announced at the time of announcement of the half-year consolidated financial results (January 1 - June 30, 2005).

As a result, net sales for the nine months ended September 30, 2005 amounted to 69,973 million yen (decreased 8.4% over the same period last year), and net sales of motors, which account for nearly all net sales, reached 69,903 million yen (decreased 8.5% over the same period last year).

The next section describes market trends and sales conditions, categorized into separate applications for motors, which is Mabuchi Motor's principal business.

First, the steady growth in the Automotive Products segment is continuing. The market is demanding safety, convenience, amenity, and economic efficiency in motors, and as the number of electrical components in vehicles continues to rise, the number of motors used in any one vehicle also increases. In particular, there has been notable growth in the demand for motors used in air conditioning damper actuators and retractable rearview mirrors. Net sales for this segment amounted to 23,268 million yen (increased 0.5% over the same period last year).

In the Audio & Visual Equipment segment, in recent years, the demand for motors used in digital equipment had been expanding. However, in spite of the steady demand for motors used in DVD-video players, since the fourth quarter last year, the market for these motors has been rapidly shrinking, because CD players are being replaced by DVD and Solid Audio players. Consequently, the demand for motors used in these applications has plummeted, and net sales for this segment amounted to 17,265 million yen (decreased 29.0% over the same period last year).

In the Information & Communication Equipment segment, market growth in recent years has been led by the demand for motors used in printers and digital cameras. This demand has continued to fare strongly, and the demand for motors used in computer drives has also been strengthening. In terms of sales revenue as well, the influence of the previously mentioned negative factors in the market has been more than offset. Net sales increased significantly to 11,955 million yen (increased 10.7% over the same period last year).

In the Home Appliances, Power Tools and Toys & Hobbies segment, there has been favorable demand for motors used in shavers, health-related products, hair dryers, and power tools. This demand sufficiently covered the decrease in demand for motors used in other items, resulting in an overall increase in sales volume for the segment. Nevertheless, due to the influence of

the previously mentioned negative factors, net sales for the segment decreased to 17,414 million yen (decreased 3.9% over the same period last year).

Operating income for the nine months ended September 30, 2005 amounted to 6,813 million yen (decreased 55.1% over the same period last year). The main factors driving the increase in the cost of sales ratio are by and large in concordance with the forecasts announced at the time of announcement of the operating results for the six months ended June 30, 2005. These drivers include the previously mentioned reduction in capacity utilization, attributable to the sharp decline in demand for motors in the audio equipment market, and the appreciation in costs for parts and materials and costs involved with new products. Net income for the nine months ended September 30, 2005 amounted to 5,748 million yen (a decrease of 53.7% from the same period last year). This was, in part, the result of recording close to a 1,000 million yen loss on the closure of our Malaysian subsidiary.

## 2. Qualitative Information on Movements in Consolidated Financial Position

With regard to our consolidated cash flows for the nine months to September 30, 2005, net cash provided by our operating activities decreased 4,821 million yen compared to the same period last year, to 4,885 million yen. The decline was mostly due to a decrease in net income before income taxes and minority interests. Net cash used in investing activities decreased 2,052 million yen compared to the same period last year, to 3,074 million yen. This decline was mostly due to a reduction in capital expenditure. Net cash used in financial activities amounted to 3,782 million yen, due mainly to a dividend payment. As a result, the balance of cash and cash equivalents at the end of this period was 60,194 million yen.

## 3. Qualitative Information on Forecasts for Consolidated Business Results

With regard to the full-year outlook for the global economy, a trend of moderate deceleration is forecast, in spite of the world's economies being on course for stable growth. This forecast has been suggested by individual regional and national economies, including: Japan where, compared to the healthy automobile industry, the direction is unclear for the electrical and other industries in which businesses are divided into winners and losers; the U.S., where it is said that the economy has already entered into a period of moderate deceleration; the European economy, where moderate expansive trends are forecast, despite almost no expectations for improvements in employment, and despite domestic demand lacking strength; the Asian economies, where trends are forecast for a deceleration in domestic demand associated with the slowdown in external demand; and China, where there is speculation of further revaluation of the Chinese yuan. Furthermore, there are a number of uncertain parameters that dominate economic trends, including fears of interest rate rises, a worsening of business confidence caused by soaring prices of crude oil, and the prices of raw materials hovering at high levels.

With regard to the markets in which our products are sold, on the whole, it is predicted that net sales will fall slightly below last year's levels. Although year-on-year increases in net sales are forecast for the Automotive Products and Information and Communication Equipment markets, the outlook for the audio equipment market is that sales of motors will continue to remain weak.

In terms of our business results, it is predicted that the cost of parts and materials will remain high, start-up and other costs related to new products will continue to be incurred, and our capacity utilization will remain weak. However, despite these difficult circumstances, we believe that we will remain within the scope of the forecasts for the full-year business results that were announced at the time of announcement of operating results for the six months ended June 30, 2005. Accordingly, there are no changes to the forecasts for full-year business results, which were announced on August 16, 2005.

\* Descriptions on prospects for the operating results in this document are based on information available at present. The actual results might differ from the prospects depending on various factors in the future.

# CONSOLIDATED BALANCE SHEETS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES SEPTEMBER 30, 2005 and 2004, and DECEMBER 31, 2004

(Millions of yen)

ASSETS		September 30 2005	December 31 2004	Increase (Decrease)	September 30 2004
<b>Current Assets</b>	Cash and bank deposits	58,374	56,390	1,983	59,168
	Trade notes and accounts receivable	16,324	13,235	3,089	17,190
	Short-term investments	10,985	10,772	213	11,370
	Inventories	17,625	16,430	1,194	17,708
	Deferred tax assets	1,201	1,593	(392)	1,791
	Other current assets	1,990	1,557	432	1,194
	Allowance for doubtful accounts	(357)	(267)	(90)	(389)
	<b>Total current assets</b>	<b>106,144</b>	<b>99,713</b>	<b>6,430</b>	<b>108,034</b>
<b>Fixed Assets</b>	Property, Plant and Equipment				
	Buildings and structures	20,270	19,043	1,227	11,488
	Machinery, equipment and vehicles	11,370	10,426	943	11,025
	Tools, furniture and fixture	2,368	2,389	(20)	2,212
	Land	6,186	6,173	13	6,137
	Construction in progress	1,216	1,673	(456)	8,222
	<b>Total</b>	<b>41,412</b>	<b>39,705</b>	<b>1,706</b>	<b>39,085</b>
	Intangible Assets	573	528	44	403
	Investments and Other assets				
	Investment securities	74,097	74,130	(33)	69,865
	Long-term loans receivable	285	338	(52)	409
	Deferred tax assets	152	157	(4)	158
	Other investments and other assets	2,725	1,916	808	2,037
	Allowance for doubtful accounts	(1)	(1)	(0)	(1)
	<b>Total</b>	<b>77,259</b>	<b>76,541</b>	<b>718</b>	<b>72,469</b>
<b>Total fixed assets</b>	<b>119,245</b>	<b>116,775</b>	<b>2,469</b>	<b>111,959</b>	
<b>Total assets</b>	<b>225,389</b>	<b>216,489</b>	<b>8,900</b>	<b>219,994</b>	

(Millions of yen)

LIABILITIES AND SHAREHOLDERS' EQUITY		September 30 2005	December 31 2004	Increase (Decrease)	September 30 2004
<b>Current Liabilities</b>	Trade notes and accounts payable	3,454	3,094	360	3,499
	Accrued income taxes	37	2,562	(2,524)	2,432
	Accrued bonus to employees	782	396	386	825
	Accrued factory closing loss	602	-	602	-
	Other current liabilities	4,644	4,968	(323)	4,282
	<b>Total current liabilities</b>	<b>9,522</b>	<b>11,021</b>	<b>(1,498)</b>	<b>11,040</b>
<b>Long-term Liabilities</b>	Deferred tax liabilities	3,687	3,017	669	3,165
	Accrued retirement benefits for employees	134	379	(244)	498
	Accrued retirement benefits for directors and statutory auditors	475	446	29	436
	Other long-term liabilities	125	81	43	88
	<b>Total long-term liabilities</b>	<b>4,421</b>	<b>3,924</b>	<b>497</b>	<b>4,189</b>
<b>Total liabilities</b>	<b>13,944</b>	<b>14,945</b>	<b>(1,001)</b>	<b>15,229</b>	
<b>Shareholders' Equity</b>	Common stock	20,704	20,704	-	20,704
	Additional paid-in capital	20,419	20,419	-	20,419
	Retained earnings	226,717	224,816	1,901	223,965
	Unrealized holding gains on securities	2,430	611	1,818	450
	Foreign currency translation adjustments	(673)	(6,863)	6,190	(2,637)
	Treasury stock	(58,153)	(58,145)	(8)	(58,138)
	<b>Total shareholders' equity</b>	<b>211,445</b>	<b>201,543</b>	<b>9,901</b>	<b>204,764</b>
<b>Total liabilities and shareholders' equity</b>	<b>225,389</b>	<b>216,489</b>	<b>8,900</b>	<b>219,994</b>	

# CONSOLIDATED STATEMENTS OF INCOME

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 and 2004, and YEAR ENDED DECEMBER 31, 2004

	2005	2004	Increase (Decrease)	Year ended Dec. 31, 2004
				(Millions of yen)
Net Sales	69,973	76,400	(6,427)	99,347
Cost of Sales	48,809	47,784	1,025	63,329
<b>Gross profit</b>	<b>21,163</b>	<b>28,616</b>	<b>(7,452)</b>	<b>36,018</b>
Selling, General and Administrative Expenses	14,350	13,440	909	18,705
<b>Operating income</b>	<b>6,813</b>	<b>15,175</b>	<b>(8,362)</b>	<b>17,312</b>
Other Income (Expenses) :				
Interest and dividend income	1,412	1,258	154	1,736
Exchang gains on foreign currency transactions	1,413	1,184	228	414
Other, net	(982)	269	(1,252)	213
Income before Income Taxes and Minority Interests	8,657	17,888	(9,231)	19,676
Income Taxes :				
Current	2,908	5,366	(2,457)	6,889
Deferred	-	-	-	(585)
Minority Interests	-	93	(93)	93
<b>Net Income</b>	<b>5,748</b>	<b>12,429</b>	<b>(6,680)</b>	<b>13,279</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 and 2004, YEAR ENDED DECEMBER 31, 2004

		(Millions of yen)			
		2005	2004	Increase (Decrease)	Year ended Dec. 31, 2004
<b>Cash Flows from Operating Activities</b>	Income before income taxes and minority interests	8,657	17,888	(9,231)	19,676
	Depreciation and amortization	4,215	3,810	404	5,241
	Provision for retirement benefits, net payments	(223)	(429)	205	(532)
	Increase in accrued factory closing loss	602	-	602	-
	Interest and dividends income	(1,412)	(1,258)	(154)	(1,736)
	Foreign exchange (gain) loss	(659)	(599)	(60)	387
	Loss on sales and disposal of fixed assets	215	8	207	73
	(Increase) Decrease in trade notes and accounts receivables	(2,225)	(2,682)	457	801
	(Decrease) Increase in inventories	26	(2,427)	2,454	(1,968)
	Decrease (Increase) in trade notes and accounts payable	(322)	80	(403)	217
	Other, net	115	147	(31)	(216)
	Sub total	8,988	14,537	(5,549)	21,945
	Interest and dividends received	1,417	1,257	159	1,737
	Interest paid	(0)	(0)	0	(0)
Income taxes paid	(5,520)	(6,087)	566	(7,206)	
Net cash provided by operating activities	4,885	9,707	(4,821)	16,475	
<b>Cash Flows from Investing Activities</b>	Purchase of short-term investments	(3,325)	(2,712)	(612)	(5,849)
	Proceeds from sales of short-term investments	5,739	9,501	(3,762)	13,677
	Purchase of property, plant and equipment	(4,453)	(8,869)	4,415	(12,175)
	Proceeds from sales of property, plant and equipment	37	96	(59)	144
	Purchase of investment securities	(6,144)	(9,004)	2,860	(14,017)
	Acquisition of minority interests	-	(1,710)	1,710	(1,710)
	Proceeds from sales of investment securities	5,193	6,420	(1,226)	7,437
	Other, net	(120)	1,152	(1,273)	741
Net cash (used in) provided by investing activities	(3,074)	(5,126)	2,052	(11,752)	
<b>Cash Flows from Financing Activities</b>	Cash dividends paid	(3,773)	(5,226)	1,452	(5,220)
	Purchase of treasury stock	(8)	(18,055)	18,046	(18,062)
	Net cash used in financing activities	(3,782)	(23,281)	19,499	(23,282)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	3,567	1,647	1,920	(931)	
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,596	(17,053)	18,650	(19,491)	
<b>Cash and Cash Equivalents at Beginning of Year</b>	58,598	78,089	(19,491)	78,089	
<b>Cash and Cash Equivalents at End of Period</b>	60,194	61,035	(840)	58,598	

## CURRENT STATUS OF PRODUCTION AND SALES

### (1) Production (Quantity only)

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

	Period	Nine months ended September 30, 2005		Nine months ended September 30, 2004		Increase (Decrease) thousand pieces
		thousand pieces	% (component)	thousand pieces	% (component)	
<b>Small Motors</b>	Manufacturing Subsidiary					
	MABUCHI INDUSTRY CO., LTD.	773,956	56.5	893,566	58.2	(119,609)
	MABUCHI MOTOR DALIAN LTD.	130,601	9.5	124,796	8.1	5,804
	MABUCHI MOTOR WAFANGDIAN LTD.	102,684	7.5	121,387	7.9	(18,703)
	MABUCHI MOTOR (JIANGSU) CO., LTD.	92,659	6.8	110,822	7.2	(18,163)
	MABUCHI MOTOR (MALAYSIA) SDN. BHD.	31,953	2.3	39,243	2.6	(7,289)
	MABUCHI TAIWAN CO., LTD.	2,171	0.2	2,945	0.2	(773)
	MABUCHI MOTOR VIETNAM LTD.	235,207	17.2	241,563	15.8	(6,355)
	<b>Total</b>	<b>1,369,234</b>	<b>100.0</b>	<b>1,534,325</b>	<b>100.0</b>	<b>(165,091)</b>

(Notes) Figures are based on products volume.

### (2) Sales by application

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

	Period	Nine months ended September 30, 2005		Nine months ended September 30, 2004		Increase (Decrease) millions of yen
		millions of yen	% (component)	millions of yen	% (component)	
<b>Small Motors</b>	Application					
	Audio and Visual Equipment	17,265	24.7	24,302	31.8	(7,037)
	Automotive Products	23,268	33.3	23,161	30.3	107
	Information & Communication Equipment	11,955	17.1	10,801	14.2	1,154
	Home Appliances, Power Tools and Others	17,414	24.9	18,119	23.7	(705)
	<b>Total</b>	<b>69,903</b>	<b>100.0</b>	<b>76,385</b>	<b>100.0</b>	<b>(6,481)</b>

(Notes) Consumption taxes were excluded.