

CONSOLIDATED FINANCIAL RESULTS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2006

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# CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

Date : November 7 , 2006  
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, 2006

### (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, 2006	75,623	8.1	8,736	28.2	8,506	48.0
Nine months ended September 30, 2005	69,973	(8.4)	6,813	(55.1)	5,748	(53.7)
Year ended December 31, 2005	93,927		8,149		7,350	

	Net income per share	Fully diluted net income per share
	yen	yen
Nine months ended September 30, 2006	215.02	-
Nine months ended September 30, 2005	141.72	-
Year ended December 31, 2005	180.72	-

- (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 : Mabuchi Motor Korea Co., Ltd.

### (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, 2006	232,782	215,445	92.6	5,446.04
As of September 30, 2005	225,389	211,445	93.8	5,212.82
As of December 31, 2005	227,375	211,875	93.2	5,354.64

### (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, 2006	10,707	(4,226)	(4,024)	67,144
Nine months ended September 30, 2005	4,885	(3,074)	(3,782)	60,194
Year ended December 31, 2005	11,034	(719)	(10,343)	64,596

## 2. Prospect for the fiscal year (From January 1 to December 31, 2006)

	Net Sales	Operating income	Net income
	millions of yen	millions of yen	millions of yen
Annual	97,500	9,000	8,500

( Reference ) Projected annual net income per share : 214.86 yen

# OPERATING RESULTS AND FINANCIAL POSITION

## 1. Qualitative Information on Consolidated Operating Results

Results for the nine months ended September 30, 2006 (January 1 - September 30) are outlined above. During this period, the Japanese economy continued to expand. The expansion was led by capital expenditure and consumer spending, although there was also a negative impact of overseas business in terms of a slowdown in some exports. Turning our attention to the global economy, and we can see that, overall, it performed steadily. Despite there being signs of an overall global economic slowdown, individual countries had differing factors shaping their economies and differing results between industries and individual businesses were observed.

Under these business conditions, the sales volume across all Mabuchi retail segments decreased slightly by 1.9%. In spite of a steady increase in demand for motors in the Automotive Products market and in the Home Appliances and Power Tools market, overall sales were hit by a contraction of the Audio Equipment market. On the other hand, in terms of sales revenue, net sales increased 8.1% compared to the same period last year. This increase was chiefly driven by three factors: a greater sales volume in the Automotive Products market and the Home Appliances and Power Tools market, increased unit prices attributable to high value-added products, and lower rates of exchange for the yen compared to the same period last year. As a result, on the whole, sales volume and sales revenue are both on track to achieve the forecasts contained in the upwardly revised full-year sales plan, which was announced in conjunction with the half-year consolidated financial results.

As a result, net sales for the nine months ended September 30, 2006 amounted to 75,623 million yen (an 8.1% increase from the same period last year), and net sales of motors, which account for nearly all net sales, reached 74,857 million yen (a 7.1% increase from 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 principle business.

In the Automotive Products market, growth is being successfully sustained. As drivers seek safety, convenience, comfort and efficiency in their automobiles, the number of electrical components in vehicles continues to rise, and hence the number of small motors used in any one vehicle also increases. There was increased demand for motors in all major applications, including motors for power windows, door locks, mirrors, air conditioning damper actuators and headlight beam level adjusters. Net sales in this market increased significantly to 27,340 million yen (a 17.5% increase from the same period last year).

In the Audio & Visual Equipment market, while the market for CD players continued to contract, the demand for motors for DVD and video players increased beyond expectations. Overall, net sales decreased only marginally to amount to 16,991 million yen (a 1.6% decrease from the same period last year).

In the Information & Communication market, motors for printers and digital cameras continued to perform strongly, and there was an increased demand for printer assist motors. Net sales increased to 12,346 million yen (a 3.3% increase from the same period last year).

In the Home Appliances, Power Tools, Toys & Hobbies market, motors for hair care and beauty products, hair dryers, toothbrushes and power tools performed strongly, and net sales increased to 18,178 million yen (a 4.4% increase from the same period last year).

Net sales for the nine months ended September 30, 2006 are as described above. Operating income amounted to 8,736 million yen (a 28.2% increase from the same period last year). Despite the negative impact caused by the soaring prices of copper and other such materials, operating income was boosted by the effects of a depreciated Japanese yen, as well as by minor decreases in the costs of other parts and materials, manufacturing expenses and selling and general administrative expenses. Supported by an increase in interest income, ordinary income amounted to 12,433 million yen (an increase of 23.5% from the same period last year). Net income for the nine months ended September 30, 2006 amounted to 8,506 million yen (a 48.0% increase from the same period last year). This relative increase was in part due to the recording of an extraordinary loss during the same period last year.

of about 1,000 million yen on the closure of our Malaysian subsidiary, as well as the recording of an extraordinary gain during this period of about 700 million yen due to gains on sales of investment securities.

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

With regard to our consolidated cash flows for the nine months ended September 30, 2006, net cash provided by our operating activities increased 5,821 million yen compared to the same period last year, to amount to 10,707 million yen. The increase was mostly due to an increase in net income before income taxes and minority interests. Net cash used in investing activities increased 1,151 million yen compared to the same period last year, to amount to 4,226 million yen. The increase resulted from the purchases of short-term investments and investment securities exceeding the proceeds from such sales. Net cash used in financial activities amounted to 4,024 million yen, due mainly to an increased payment of dividends. As a result, the balance of cash and cash equivalents at the end of this period was 67,144 million yen.

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

With regard to the full-year outlook for the global economy, a general trend of moderate deceleration is forecast. This forecast is suggested by individual regional and national economies including: Japan, where future prospects for the electronics and other industries are unclear, and where there are concerns of an impending period of adjustment brought on by inventory buildups; the U.S., which, while stopping short of a recession, has entered a period of moderate deceleration; the European economy, which shows signs of deceleration; and other Asian economies, which have a high dependence on exports and for which a slowdown is forecast, and where there are predictions in China of an appreciating yuan. Furthermore, there are some uncertain parameters that dominate economic trends, including energy prices, the prices of raw materials and the employment environment.

With regard to markets in which our products are sold, although sales of motors in the Audio Equipment market are expected to remain weak, it is anticipated that net sales in the Automotive Products market and the Home Appliances and Power Tools market will record year-on-year increases, and even the Information & Communication market is expected to secure similar net sales to last year.

In terms of our business results, we expect that results will be similar to the full-year business results previously announced with our consolidated financial results for the six months ended June 30, 2006. While forecasts for full-year net sales are as outlined above, we also envisage several negative factors, including the cost of parts and materials to remain high, an increase in direct labor costs associated with a rise in minimum wages at our production centers in China, and a reduction in our capacity utilization. Accordingly, no changes have been made to the forecasts for full-year business results which were announced on August 17, 2006.

The above statements related to the forecasts for business results are based on information available at present. The actual results might differ from the forecasts depending on various factors in the future.

\* Figures stated in this document have been rounded down to the nearest 1 million yen.

# CONSOLIDATED BALANCE SHEETS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES SEPTEMBER 30, 2006 and 2005, and DECEMBER 31, 2005

		(Millions of yen)			
ASSETS		September 30 2006	December 31 2005	Increase (Decrease)	September 30 2005
<b>Current Assets</b>	Cash and bank deposits	61,911	61,399	512	58,374
	Trade notes and accounts receivable	17,166	14,407	2,759	16,324
	Short-term investments	12,953	11,325	1,628	10,985
	Inventories	18,302	17,061	1,241	17,625
	Deferred tax assets	1,277	1,132	145	1,201
	Other current assets	1,904	2,384	(479)	1,990
	Allowance for doubtful accounts	(420)	(344)	(76)	(357)
	<b>Total current assets</b>	<b>113,095</b>	<b>107,365</b>	<b>5,730</b>	<b>106,144</b>
<b>Fixed Assets</b>	<b>Property, Plant and Equipment</b>				
	Buildings and structures	21,543	20,648	894	20,270
	Machinery, equipment and vehicles	9,746	11,259	(1,512)	11,370
	Tools, furniture and fixture	1,958	2,490	(531)	2,368
	Land	6,197	6,198	(1)	6,186
	Construction in progress	1,199	1,106	92	1,216
	<b>Total</b>	<b>40,646</b>	<b>41,703</b>	<b>(1,057)</b>	<b>41,412</b>
	<b>Intangible Assets</b>	<b>586</b>	<b>602</b>	<b>(15)</b>	<b>573</b>
	<b>Investments and Other assets</b>				
	Investment securities	76,319	75,668	650	74,097
	Long-term loans receivable	218	224	(5)	285
	Deferred tax assets	118	142	(23)	152
	Other investments and other assets	1,798	1,670	127	2,725
	Allowance for doubtful accounts	(1)	(1)	-	(1)
	<b>Total</b>	<b>78,453</b>	<b>77,704</b>	<b>749</b>	<b>77,259</b>
<b>Total fixed assets</b>	<b>119,686</b>	<b>120,009</b>	<b>(323)</b>	<b>119,245</b>	
<b>Total assets</b>	<b>232,782</b>	<b>227,375</b>	<b>5,406</b>	<b>225,3894</b>	

# CONSOLIDATED BALANCE SHEETS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES SEPTEMBER 30, 2006 and 2005, and DECEMBER 31, 2005

		(Millions of yen)			
LIABILITIES AND SHAREHOLDERS' EQUITY		September 30 2006	December 31 2005	Increase (Decrease)	September 30 2005
<b>Liabilities</b>	<b>Current Liabilities</b>				
	Trade notes and accounts payable	4,336	2,877	1,458	3,454
	Accrued income taxes	1,803	891	911	37
	Accrued bonus to employees	577	293	284	782
	Accrued Bonus for directors	25	-	25	-
	Accrued loss on reorganization of Subsidiary	509	558	(48)	602
	Other current liabilities	4,887	5,300	(412)	4,644
	<b>Total current liabilities</b>	<b>12,139</b>	<b>9,920</b>	<b>2,218</b>	<b>9,522</b>
	<b>Long-term Liabilities</b>				
	Deferred tax liabilities	4,434	4,847	(412)	3,687
	Accrued retirement benefits for employees	137	122	14	134
	Accrued retirement benefits for directors and statutory auditors	513	484	28	475
	Other long-term liabilities	111	124	(12)	125
	<b>Total long-term liabilities</b>	<b>5,197</b>	<b>5,579</b>	<b>(382)</b>	<b>4,421</b>
<b>Total liabilities</b>	<b>17,336</b>	<b>15,500</b>	<b>1,836</b>	<b>13,944</b>	
<b>Shareholders' Equity</b>	<b>Common stock</b>				
	Common stock	-	20,704	(20,704)	20,704
	Additional paid-in capital	-	20,419	(20,419)	20,419
	Retained earnings	-	228,319	(228,319)	226,717
	Unrealized holding gains on securities	-	4,034	(4,034)	2,430
	Foreign currency translation adjustments	-	3,115	(3,115)	(673)
	Treasury stock	-	(64,718)	64,718	(58,153)
<b>Total shareholders' equity</b>	<b>-</b>	<b>211,875</b>	<b>(211,875)</b>	<b>211,445</b>	
<b>Total liabilities and shareholders' equity</b>		<b>-</b>	<b>227,375</b>	<b>(227,375)</b>	<b>225,389</b>
<b>Net Assets</b>	<b>Shareholders' Equity</b>				
	Common stock	20,704	-	20,704	-
	Additional paid-in capital	20,419	-	20,419	-
	Retained earnings	232,796	-	232,796	-
	Treasury stock	(64,729)	-	(64,729)	-
	<b>Total shareholders' equity</b>	<b>209,191</b>	<b>-</b>	<b>209,191</b>	<b>-</b>
	<b>Revaluation / Translation differences</b>				
	Unrealized holding gains on securities	3,278	-	3,278	-
	Foreign currency translation adjustments	2,975	-	2,975	-
	<b>Total Revaluation / Translation differences</b>	<b>6,253</b>	<b>-</b>	<b>6,253</b>	<b>-</b>
<b>Total net assets</b>	<b>215,445</b>	<b>-</b>	<b>215,445</b>	<b>-</b>	
<b>Total liabilities and net assets</b>		<b>232,782</b>	<b>-</b>	<b>232,782</b>	<b>-</b>

# CONSOLIDATED STATEMENTS OF INCOME

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 and 2005, and YEAR ENDED DECEMBER 31, 2005

	(Millions of yen)			
	2006	2005	Increase (Decrease)	Year ended Dec. 31, 2005
Net Sales	75,623	69,973	5,650	93,927
Cost of Sales	53,490	48,809	4,681	66,479
<b>Gross profit</b>	<b>22,132</b>	<b>21,163</b>	<b>969</b>	<b>27,447</b>
Selling, General and Administrative Expenses	13,396	14,350	(953)	19,298
<b>Operating income</b>	<b>8,736</b>	<b>6,813</b>	<b>1,922</b>	<b>8,149</b>
Other Income (Expenses) :				
Interest and dividend income	2,013	1,412	600	2,169
Exchange gains on foreign currency transactions	685	1,413	(728)	2,029
Other, net	1,055	(982)	2,038	(751)
Income before Income Taxes and Minority Interests	12,490	8,657	3,833	11,597
Income Taxes :				
Current	3,984	2,908	1,075	4,277
Deferred	-	-	-	(30)
<b>Net Income</b>	<b>8,506</b>	<b>5,748</b>	<b>2,757</b>	<b>7,350</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 and 2005, YEAR ENDED DECEMBER 31, 2005

(Millions of yen)

	2006	2005	Increase (Decrease)	Year ended Dec. 31, 2005
<b>Cash Flows from Operating Activities</b>				
Income before income taxes and minority interests	12,490	8,657	3,833	11,597
Depreciation and amortization	4,025	4,215	(189)	5,734
Impairment loss	426	-	426	-
Provision for retirement benefits, net payments	44	(223)	267	(230)
(Decrease) Increase in accrued factory closing loss	(48)	602	(650)	558
Interest and dividends income	(2,013)	(1,412)	(600)	(2,169)
Foreign exchange gain	(43)	(659)	615	(1,220)
Gain on sales of short-term investments	(704)	-	(704)	-
Loss on sales and disposal of fixed assets	146	215	(69)	267
(Increase) Decrease in trade notes and accounts receivables	(2,783)	(2,225)	(558)	236
(Increase) Decrease in inventories	(1,003)	26	(1,030)	1,329
Increase (Decrease) in trade notes and accounts payable	1,419	(322)	1,742	(943)
Other, net	(390)	115	(506)	(216)
Sub total	11,564	8,988	2,575	14,943
Interest and dividends received	2,029	1,417	611	2,162
Interest paid	(0)	(0)	0	(13)
Income taxes paid	(2,886)	(5,520)	2,634	(6,058)
Net cash provided by operating activities	10,707	4,885	5,821	11,034
<b>Cash Flows from Investing Activities</b>				
Purchase of short-term investments	(1,585)	(3,325)	1,739	(5,712)
Proceeds from sales of short-term investments	4,165	5,739	(1,573)	8,881
Purchase of property, plant and equipment	(3,399)	(4,453)	1,054	(5,411)
Proceeds from sales of property, plant and equipment	143	37	106	502
Purchase of investment securities	(7,308)	(6,144)	(1,164)	(6,558)
Proceeds from sales of investment securities	3,868	5,193	(1,324)	7,193
Other, net	(109)	(120)	10	384
Net cash used in investing activities	(4,226)	(3,074)	(1,151)	(719)
<b>Cash Flows from Financing Activities</b>				
Cash dividends paid	(4,013)	(3,773)	(239)	(3,771)
Purchase of treasury stock	(10)	(8)	(2)	(6,572)
Net cash used in financing activities	(4,024)	(3,782)	(242)	(10,343)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	69	3,567	(3,498)	6,026
<b>Net Increase in Cash and Cash Equivalents</b>	2,525	1,596	929	5,997
<b>Cash and Cash Equivalents at Beginning of Year</b>	64,596	58,598	5,997	58,598
Cash and Cash Equivalents of initially consolidated subsidiaries at Beginning of Year	22	-	22	-
<b>Cash and Cash Equivalents at End of Period</b>	<b>67,144</b>	<b>60,194</b>	<b>6,950</b>	<b>64,596</b>

## 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, 2006		Nine months ended September 30, 2005		Increase (Decrease) thousand pieces
		thousand pieces	% (component)	thousand pieces	% (component)	
	Manufacturing Subsidiary					
<b>Small Motors</b>	MABUCHI INDUSTRY CO., LTD.	783,760	56.6	773,956	56.5	9,804
	MABUCHI MOTOR DALIAN LTD.	114,530	8.3	130,601	9.5	(16,070)
	MABUCHI MOTOR WAFANGDIAN LTD.	124,458	9.0	102,684	7.5	21,773
	MABUCHI MOTOR (JIANGSU) CO., LTD.	124,725	9.0	92,659	6.8	32,066
	MABUCHI MOTOR (MALAYSIA) SDN. BHD.	-	-	31,953	2.3	(31,953)
	MABUCHI TAIWAN CO., LTD.	2,485	0.2	2,171	0.2	313
	MABUCHI MOTOR VIETNAM LTD.	234,552	16.9	235,207	17.2	(655)
	<b>Total</b>	<b>1,384,513</b>	<b>100.0</b>	<b>1,369,234</b>	<b>100.0</b>	<b>15,278</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, 2006		Nine months ended September 30, 2005		Increase (Decrease) millions of yen
		millions of yen	% (component)	millions of yen	% (component)	
	Application					
<b>Small Motors</b>	Automotive Products	27,340	36.5	23,268	33.3	4,072
	Audio and Visual Equipment	16,991	22.7	17,265	24.7	(273)
	Information & Communication Equipment	12,346	16.5	11,955	17.1	390
	Home Appliances, Power Tool and Others	18,178	24.3	17,414	24.9	764
		<b>Total</b>	<b>74,857</b>	<b>100.0</b>	<b>69,903</b>	<b>100.0</b>

(Notes) Consumption taxes were excluded.