

CONSOLIDATED FINANCIAL RESULTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2008

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CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

Date : November 6, 2008
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 (Managing Director, Member of the Board)
Adoption of U.S. Accounting Standards : Not applicable

1. Overview of Results for the Nine months ended September 30, 2008

(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, 2008	74,553	(8.4)	5,901	(41.2)	4,684	(50.2)
Nine months ended September 30, 2007	81,366	7.6	10,035	14.9	9,412	10.7
Year ended December 31, 2007	107,640	-	11,685	-	10,914	-

	Net income per share	Fully diluted net income per share
	yen	yen
Nine months ended September 30, 2008	123.70	-
Nine months ended September 30, 2007	240.08	-
Year ended December 31, 2007	280.90	-

(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, 2008	213,061	198,421	93.1	5,356.80
As of September 30, 2007	229,221	212,623	92.8	5,559.65
As of December 31, 2007	230,960	213,314	92.4	5,577.84

(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
As of September 30, 2008	3,460	(4,453)	(10,589)	61,486
As of September 30, 2007	8,192	(5,449)	(13,525)	61,225
Year ended December 31, 2007	15,447	3,687	(13,531)	76,897

2. Dividends

Record date	Dividend per share (yen)		
	Midyear-end	Year-end	For the year
FY2007	61.00	62.00	123.00
FY2008 (Actual)	61.00	-	123.00
FY2008 (Forecast)	-	62.00	

3. Prospect for the fiscal year (From January 1 to December 31, 2008)

(The percentages indicate year-on-year changes for the full year.)

Annual	Net sales	Operating income	Net income	Net income per share
	millions of yen	millions of yen	millions of yen	yen
	96,000	6,300	5,500	148.48

4. Others

- (1) Changes in significant subsidiaries during the quarter (Changes in certain subsidiaries resulting in change in scope of consolidation.) : None
(2) Concise accounting procedures adopted : Yes
(3) Change in accounting method : None

QUALITATIVE INFORMATION

1. Qualitative Information on Consolidated Operating Results

During the nine months ended September 30, 2008 (January 1 - September 30, 2008), the economic slowdown in the wake of the financial crisis triggered by the US subprime mortgage issue has exacerbated the global slump in consumption. In particular, automobile sales have decreased far below expectations, both in developed countries and emerging countries.

Under these business conditions, looking at the sales performance of Mabuchi motors, sales volume decreased 4.3% and sales revenue decreased 8.3% compared to the same period last year. Furthermore, in comparison to the third quarter forecasts contained within the full-year sales plan, which was announced in the Consolidated Financial Results for the Six Months Ended June 30, 2008, sales volume is down 3.0% and sales revenue is down 1.1%. As a result, net sales for the nine months ended September 30, 2008 amounted to 74,553 million yen (8.4% decrease on a year-over-year basis), and sales of motors, which account for the majority of this, amounted to 74,478 million yen (8.3% decrease on a year-over-year basis). The most significant factors contributing to the decrease in revenue have been the fall in global consumption attributed to the business slowdown, and the sharp appreciation of the Japanese yen.

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

1) Automotive Products Market

In this market, we can look forward to further growth in the medium and long term. 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. During this period, even as the global decrease in automobile sales became definite, there was an increase in the number of electrical components used in vehicles for existing applications, and so sales of motors for power window lifters, our strategic product, and sales of motors for new applications, including steering locks, electric parking brakes, and headlight beam level adjusters, remained strong. Net sales in this market declined only slightly to 31,383 million yen (2.2% decrease on a year-over-year basis).

2) Audio & Visual Equipment Market

The market for household CD players continued to contract, and sales of motors for DVD players decreased due to a slump in the North American markets and to the first signs of declines in the Asian markets. Sales of motors for car CD players decreased due to weak automobile sales. Net sales in this market decreased to 13,063 million yen (18.5% decrease on a year-over-year basis).

3) Information & Communication Equipment Market

Sales of motors for inkjet printers and digital cameras performed strongly with the market remaining buoyant. However, our market share of motors for PC drives fell as we focused on profitability amid intense price competition. Net sales in this market decreased to 12,540 million yen (8.2% decrease on a year-over-year basis).

4) Home Appliances, Power Tools, Toys & Hobbies Market

Both the sales of motors for personal care products such as electric toothbrushes and shavers, and the sales of motors for health-related equipment such as blood pressure meters and massagers continued strongly, especially for middle-grade products. Sales of motors for power tools increased due to expansion of the market for professional high-power tools. However, with no hit products in the market, sales of motors for toys and hobbies remained weak. Net sales in this market decreased to 17,491 million yen (10.0% decrease on a year-over-year basis).

Net sales for the nine months ended September 30, 2008 are as described above. Operating income decreased 41.2% compared to the same period last year, to amount to 5,901 million yen. Despite the profit growth effects attributable to an improvement in the product mix, these were exceeded by the soaring prices of iron, copper and other materials, increases in labor costs and other manufacturing costs, increases in fixed costs per unit attributable to a decrease in the volume of production, upfront investments in new production bases, and other cost-increase factors. Ordinary income amounted to 8,435 million yen (38.0% decrease on a year-over-year basis). This was due to a decrease in financial investment returns (interest income, etc.) resulting from falls in the interest rates on U.S. dollar deposits, and to the foreign currency gains that were recorded during the same period last year shifting to losses as a result of the appreciating yen. Net income for the nine months ended September 30, 2008 amounted to 4,684 million yen (50.2% decrease on a year-over-year basis). This was due to having recorded extraordinary losses for the loss on the write-down of investment securities and for the compensation paid in response to a customer claim, despite having recorded extraordinary gains such as for the proceeds from the sale of unused land held by an overseas subsidiary.

2. Qualitative Information on Consolidated Financial Position

Total assets as of September 30, 2008 stood at 213,061 million yen, a decrease of 16,159 million yen compared to the end of the same quarter last year. The most noticeable changes included a decrease in cash and bank deposits of 10,450 million yen, a decrease in trade notes and accounts receivable of 2,698 million yen, an increase in short-term investments of 2,183 million yen, an increase in inventories of 1,206 million yen, a decrease in buildings and structures of 2,213 million yen, and a decrease in investment securities of 4,182 million yen.

Total liabilities stood at 14,640 million yen, a decrease of 1,957 million yen compared to the end of the same quarter last year. The most noticeable changes included a decrease in accrued income taxes of 1,360 million yen, a decrease in deferred tax liabilities of 1,628 million yen, and a decrease in accrued retirement benefits for directors and statutory auditors of 519 million yen.

Total net assets stood at 198,421 million yen, a decrease of 14,202 million yen compared to the end of the same quarter last year. The main changes included a decrease in retained earnings of 3,335 million yen, a decrease in treasury stock of 1,070 million yen, a decrease in unrealized holding gains on securities of 2,500 million yen, and a decrease in foreign currency translation adjustments of 7,295 million yen.

Shareholders' equity per share was 5,356.80 yen, and the capital adequacy ratio was 93.1%.

3. Qualitative Information on Forecasts for Consolidated Business Results

With regard to the full-year outlook, it is expected that the global financial instability, economic slowdown and other difficult circumstances will continue. With regard to the markets in which our products are sold, despite the effects from falling automobile sales, sales for new applications are expected to do well, thus keeping sales for the Automotive Products market to only a slight decline from the previous period. Sales for the Home Appliances and Power Tools market and for the Information & Communication Equipment market are forecast to decrease due to the effects of predictions that the Christmas trade war will be sluggish. Sales for the Audio & Visual Equipment market are expected to decrease substantially due to the ongoing contraction of the CD player markets and to the slump in North American and Asian markets for DVD players, which are the two largest applications. Net sales for the full year had originally been forecast at 99,000 million yen, or an 8.0% decrease from the previous year, but based on the sales forecasts above, and considering the usual seasonal factor of sales volumes decreasing in the fourth quarter, as well as the predictions for further global economic slowdown, we have revised our expected sales volume downward

a further 5.1%, and we have revised the full-year net sales forecast to 96,000 million yen, which is a decrease of 10.8% from the previous year. By factoring in the negative effects attributable to a decrease in sales volume and production volume, we have also revised downward the forecasts for business results as follows: operating income of 6,300 million yen, ordinary income of 9,600 million yen, and net income of 5,500 million yen. The assumed foreign exchange rate is 100 yen to the U.S. dollar, and has not been revised. Furthermore, no changes have been made to the non-operating gains and losses or to the extraordinary gains and losses planned for the fourth quarter.

No changes have been made to the forecast for the year-end dividend payment.

CONSOLIDATED BALANCE SHEETS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES SEPTEMBER 30, 2007 and 2008, and DECEMBER 31, 2007

ASSETS		(Millions of yen)			
		September 30 2007	September 30 2008	Increase (Decrease)	December 31 2007
Current Assets	Cash and bank deposits	62,076	51,626	(10,450)	61,269
	Trade notes and accounts receivable	17,536	14,838	(2,698)	15,145
	Short-term investments	24,941	27,124	2,183	30,250
	Inventories	18,581	19,787	1,206	18,048
	Deferred tax assets	1,237	1,379	141	1,375
	Other current assets	1,255	1,920	664	1,206
	Allowance for doubtful accounts	(314)	(271)	42	(290)
	Total current assets	125,314	116,404	(8,909)	127,006
Fixed Assets	Property, Plant and Equipment				
	Buildings and structures	20,007	17,793	(2,213)	19,683
	Machinery, equipment and vehicles	9,870	9,535	(334)	9,881
	Tools, furniture and fixture	2,167	2,078	(88)	2,186
	Land	6,191	6,028	(162)	6,190
	Construction in progress	1,060	1,682	621	894
	Total	39,297	37,118	(2,178)	38,835
	Intangible Assets	580	518	(61)	585
	Investments and Other assets				
	Investment securities	62,262	58,080	(4,182)	63,172
	Long-term loans receivable	136	116	(19)	133
	Deferred tax assets	128	132	4	129
	Other investments and other assets	1,503	691	(811)	1,098
	Allowance for doubtful accounts	(1)	(1)	-	(1)
	Total	64,029	59,019	(5,010)	64,532
	Total fixed assets	103,906	96,656	(7,250)	103,953
Total assets		229,221	213,061	(16,159)	230,960

CONSOLIDATED BALANCE SHEETS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES SEPTEMBER 30, 2007 and 2008, and DECEMBER 31, 2007

LIABILITIES AND NET ASSETS		(Millions of yen)			
		September 30 2007	September 30 2008	Increase (Decrease)	December 31 2007
Liabilities	Current Liabilities				
	Trade notes and accounts payable	4,168	3,902	(265)	3,948
	Accrued income taxes	1,815	455	(1,360)	2,676
	Accrued bonus to employees	597	648	50	248
	Accrued bonus for directors	61	40	(21)	81
	Accrued factory closing loss	349	2	(346)	346
	Other current liabilities	4,621	5,635	1,014	5,185
	Total current liabilities	11,614	10,685	(929)	12,485
	Long-term Liabilities				
	Deferred tax liabilities	4,194	2,565	(1,628)	3,793
	Accrued retirement benefits for employees	179	222	42	187
	Accrued retirement benefits for directors and statutory auditors	519	-	(519)	1,094
	Other long-term liabilities	89	1,166	1,077	84
	Total long-term liabilities	4,983	3,954	(1,028)	5,160
Total liabilities	16,597	14,640	(1,957)	17,645	
Net Assets	Shareholders' Equity				
	Common stock	20,704	20,704	-	20,704
	Additional paid-in capital	20,419	20,419	-	20,419
	Retained earnings	239,481	236,145	(3,335)	240,983
	Treasury stock	(73,430)	(74,500)	(1,070)	(73,436)
	Total shareholders' equity	207,175	202,769	(4,406)	208,671
	Revaluation / Translation differences				
	Unrealized holding gains(losses) on securities	2,488	(12)	(2,500)	1,956
	Foreign currency translation adjustments	2,959	(4,336)	(7,295)	2,686
	Total Revaluation / Translation differences	5,447	(4,348)	(9,796)	4,643
Total net assets	212,623	198,421	(14,202)	213,314	
Total liabilities and net assets	229,221	213,061	(16,159)	230,960	

CONSOLIDATED STATEMENTS OF INCOME

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 and 2008, and YEAR ENDED DECEMBER 31, 2007

	2007	2008	Increase (Decrease)	Year ended Dec. 31, 2007
				(Millions of yen)
Net Sales	81,366	74,553	(6,813)	107,640
Cost of Sales	57,717	55,080	(2,636)	77,207
Gross profit	23,648	19,472	(4,176)	30,433
Selling, General and Administrative Expenses	13,613	13,571	(42)	18,747
Operating income	10,035	5,901	(4,133)	11,685
Other Income (Expenses)				
Interest and dividend income	2,432	1,758	(673)	3,396
Exchange gains(losses) on foreign currency transactions	172	(460)	(633)	131
Other, net	1,408	17	(1,391)	1,316
Income before Income Taxes and Minority Interests	14,049	7,216	(6,832)	16,530
Income Taxes				
Current	4,636	2,532	(2,104)	5,851
Deferred	-	-	-	(235)
Net Income	9,412	4,684	(4,728)	10,914

CONSOLIDATED STATEMENTS OF CASH FLOWS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 and 2008, and YEAR ENDED DECEMBER 31, 2007

		(Millions of yen)			
		2007	2008	Increase (Decrease)	Year ended Dec. 31, 2007
Cash Flows from Operating Activities	Income before income taxes and minority interests	14,049	7,216	(6,832)	16,530
	Depreciation and amortization	3,679	3,280	(399)	4,913
	Impairment loss	25	-	(25)	24
	Provision for retirement benefits, net payments	20	406	386	603
	Decrease in accrued factory closing loss	(160)	(343)	(183)	(163)
	Interest and dividends income	(2,432)	(1,758)	674	(3,396)
	Foreign exchange (gain) loss	167	578	410	388
	Loss(Gain) on sales of short-term investments	(292)	(11)	280	(292)
	Loss on sales and disposal of fixed assets	(254)	(1,293)	(1,039)	(161)
	Valuation loss on Golf course membership	-	1,781	1,781	-
	Decrease(Increase) in trade notes and accounts receivables	(3,118)	(598)	2,520	(742)
	Decrease(Increase) in inventories	(617)	(3,455)	(2,837)	(470)
	Increase(Decrease) in trade notes and accounts payable	215	1,057	842	210
	Other, net	(192)	51	243	164
	Sub total	11,089	6,911	(4,177)	17,610
	Interest and dividends received	2,447	1,602	(845)	3,388
	Interest paid	(0)	-	0	-
	Income taxes paid	(5,344)	(5,053)	291	(5,552)
Net cash provided by operating activities	8,192	3,460	(4,732)	15,447	
Cash Flows from Investing Activities	Paying in time deposit	(21,219)	(15,790)	5,428	(26,073)
	Withdrawal time deposit	9,952	15,018	5,065	27,173
	Purchase of short-term investments	(10,724)	(9,998)	726	(14,704)
	Proceeds from sales of short-term investments	8,708	12,998	4,290	13,769
	Purchase of property, plant and equipment	(3,127)	(3,723)	(596)	(3,903)
	Proceeds from sales of property, plant and equipment	598	2,152	1,554	589
	Purchase of investment securities	(2,112)	(8,544)	(6,432)	(7,150)
	Sales of investment securities	11,678	3,513	(8,164)	12,823
	Other, net	795	(80)	(876)	1,163
Net cash used in investing activities	(5,449)	(4,453)	995	3,687	
Cash Flows from Financing Activities	Cash dividends paid	(4,828)	(4,670)	157	(4,828)
	Purchase of treasury stock	(8,696)	(5,918)	2,777	(8,702)
	Net cash used in financing activities	(13,525)	(10,589)	2,935	(13,531)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(632)	(3,828)	(3,195)	(1,346)
Net (Decrease) Increase in Cash and Cash Equivalents		(11,414)	(15,410)	(3,996)	4,257
Cash and Cash Equivalents at Beginning of Year		72,639	76,897	4,257	72,639
Cash and Cash Equivalents at End of Period		61,225	61,486	261	76,897

CURRENT STATUS OF PRODUCTION AND SALES

(1) Production(Quantity only)

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

Manufacturing Subsidiary	Period	Nine months ended September 30, 2007		Nine months ended September 30, 2008		Increase (Decrease) thousand pieces
		thousand pieces	% (component)	thousand pieces	% (component)	
Small Motors						
MABUCHI INDUSTRY CO., LTD.		736,553	53.2	686,916	50.7	(49,637)
MABUCHI MOTOR DALIAN CO., LTD.		109,313	7.9	103,053	7.6	(6,259)
MABUCHI MOTOR WAFANGDIAN CO., LTD.		161,436	11.7	170,499	12.6	9,063
MABUCHI MOTOR (JIANGSU) CO., LTD.		119,013	8.6	93,333	6.9	(25,680)
MABUCHI MOTOR VIETNAM LTD.		243,904	17.6	257,470	19.0	13,566
MABUCHI MOTOR DANANG LTD.		11,499	0.8	40,044	2.9	28,545
MABUCHI TAIWAN CO., LTD.		3,383	0.2	3,473	0.3	90
Total		1,385,103	100.0	1,354,791	100.0	(30,311)

(Notes) Figures are based on products volume.

(2) Sales by application

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

Application	Period	Nine months ended September 30, 2007		Nine months ended September 30, 2008		Increase (Decrease) millions of yen
		millions of yen	% (component)	millions of yen	% (component)	
Small Motors						
Automotive Products		32,087	39.5	31,383	42.1	(703)
Audio and Visual Equipment		16,030	19.8	13,063	17.6	(2,966)
Information & Communication Equipment		13,656	16.8	12,540	16.8	(1,115)
Home Appliances, Power Tool and Others		19,432	23.9	17,491	23.5	(1,940)
Total		81,206	100.0	74,478	100.0	(6,727)

(Notes) Consumption taxes were excluded.