

Results briefing on performance of the first half of the 2006 fiscal year

Performance of the first half of the 2006 fiscal year and
Forecast of performance of the whole fiscal year

August 17, 2006

Mabuchi Motor Co., Ltd.

- * **1** Outline of performance of the first half
of the 2006 fiscal year
- 2 Forecast of performance of the whole fiscal year
- 3 Our efforts and results so far

The interim consolidated performance of the first half of the 2006 fiscal year

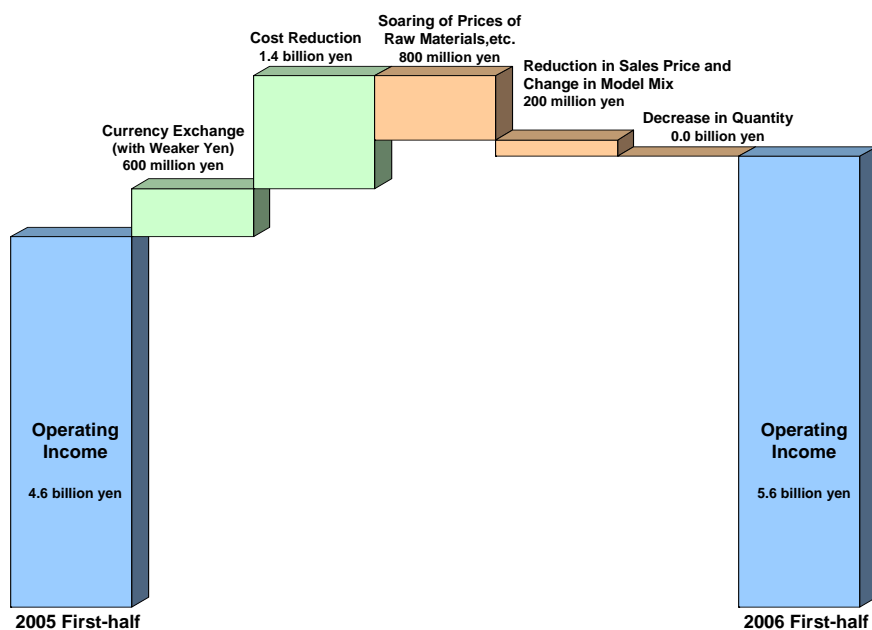


Unit: 100 million yen

	Performance of the first half of the 2005 fiscal year	Forecast of performance of the first half of the 2006 fiscal year (previously announced in May, 2006)	Performance of the first half of the 2006 fiscal year	Differences between forecast and actual performances	Year-to-year comparison	
					Differences	Rate of change
Net Sales	444(100%)	475(100%)	491(100%)	3.5%	47	10.7%
Gross Profit	142(32.1%)	129(27.2%)	145(29.7%)	13.1%	3	2.5%
Operating Income	46(10.5%)	40(8.4%)	56(11.5%)	40.9%	9	21.2%
Ordinary Income	67(15.3%)	55(11.6%)	77(15.7%)	40.1%	9	13.6%
Net Income	41(9.4%)	36(7.6%)	53(10.8%)	47.9%	11	28.1%
Average Rate during Period	106.10yen	113.47yen	115.72yen			
Year-end Rate	110.62yen		115.24yen			

The interim consolidated performance of the first half of the 2006 fiscal year

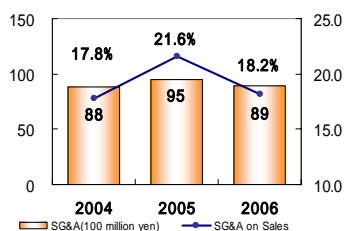
Analysis on Factors for Increase/Decrease of Operating Income



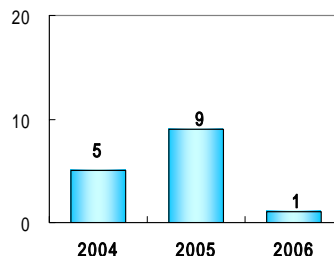
Factors affected the interim consolidated performance



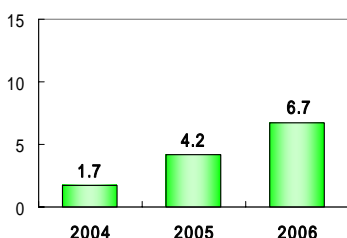
1. Selling, General and Administrative Expenses



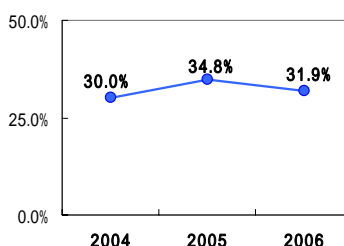
2. Foreign Exchange Gains/Losses (100 million yen)



3. Extraordinary Loss (100 million yen)



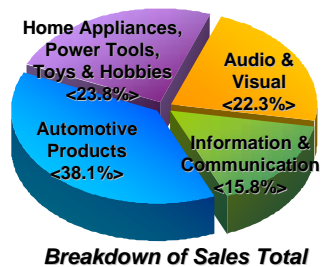
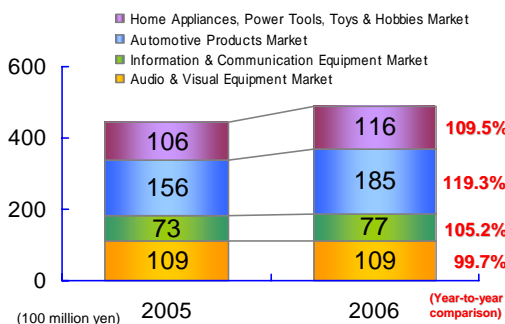
4. Corporate Tax Rate



Sales performance of the first half of the 2006 fiscal year



	The first half of the 2005 fiscal year	The plan for the first half of the 2006 fiscal year	The result of the first half of the 2006 fiscal year	Year-to-year comparison	Achievement rate
Quantity	902 million pcs	900 million pcs	901 million pcs	99.9%	100.2%
Amount	44.4 billion yen (Average rate during period: ¥106.10)	47.5 billion yen (Average rate during period: ¥113.47)	48.7 billion yen* (Average rate during period: ¥115.72)	109.8%	102.6%
Average Unit Price	¥49.17		¥54.06		

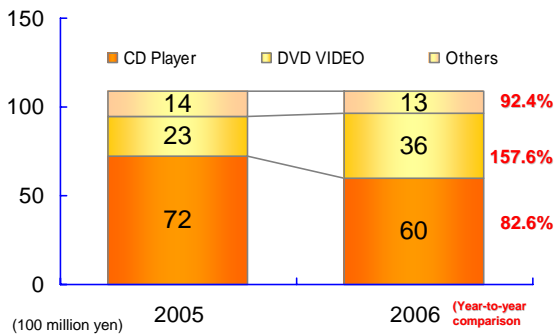


* Including equipment sales of ¥400M

Sales Performance by Market [Audio & Visual Equipment Market]



	The first half of the 2005 fiscal year	The plan for the first half of the 2006 fiscal year	The result of the first half of the 2006 fiscal year	Year-to-year comparison	Achievement rate
Quantity	321 million pcs	296 million pcs	370 million pcs	95.7%	103.7%
Amount	10.9 billion yen	10.3 billion yen	10.9 billion yen	99.7%	105.6%
Average Unit Price	¥34.04		¥35.46		

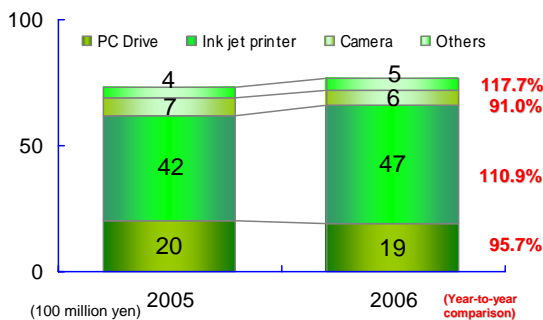


- Sales for Home CD and Portable CD players shrank faster than expected.
- Sales for Car CD and DVD players continuously expanded.
- Substantial enhancement of share for traverse mechanism manufacturers contributed the increase of sales for DVD players.

Sales Performance by Market [Information & Communication Equipment Market]



	The first half of the 2005 fiscal year	The plan for the first half of the 2006 fiscal year	The result of the first half of the 2006 fiscal year	Year-to-year comparison	Achievement rate
Quantity	160 million pcs	154 million pcs	150 million pcs	93.1%	97.2%
Amount	7.3 billion yen	7.8 billion yen	7.7 billion yen	105.2%	99.0%
Average Unit Price	¥45.47		¥51.39		



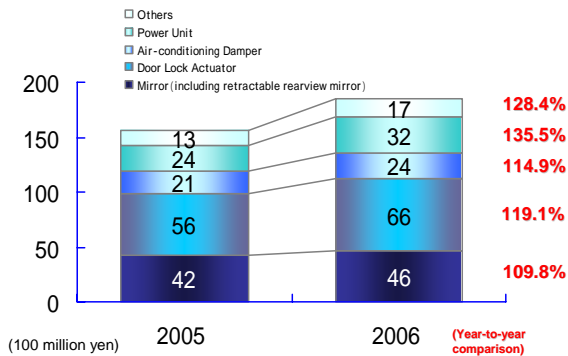
- Unit sales prices for ink jet printers increased due to price changes and the sales commencement of motors with encoders.
- Share for digital cameras decreased due to restructuring of digital camera manufacturers.
- Sales volumes for half height PC drives decreased due to production adjustment.

Sales Performance by Market

[Automotive Products Market]



	The first half of the 2005 fiscal year	The plan for the first half of the 2006 fiscal year	The result of the first half of the 2006 fiscal year	Year-to-year comparison	Achievement rate
Quantity	237 million pcs	264 million pcs	260 million pcs	109.6%	98.6%
Amount	15.6 billion yen	18.4 billion yen	18.5 billion yen	119.3%	101.1%
Average Unit Price	¥65.52		¥71.34		



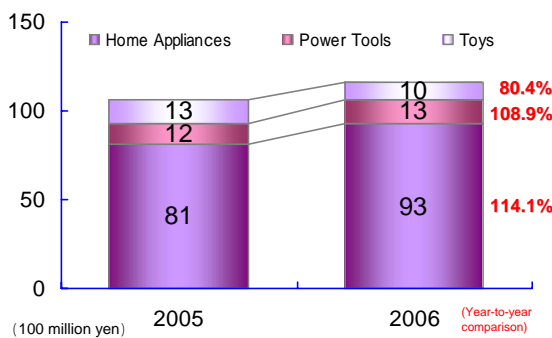
- Markets of side-view mirrors and door locks were strong.
- Sales for air conditioning dampers increased due to increase of the attach rate, the numbers of motors per vehicle and share expansion in Europe market.
- Sales for headlight beam level adjusters doubled due to the newly acquired orders from a major client in Europe.
- Sales for power windows increased significantly due to the increase of vehicle models with power windows and the increase of sales of vehicles with power windows. Sales for Japan, Asia and Middle East were remarkably strong.

Sales Performance by Market

[Home Appliances, Power Tools, Toys & Hobbies Market]



	The first half of the 2005 fiscal year	The plan for the first half of the 2006 fiscal year	The result of the first half of the 2006 fiscal year	Year-to-year comparison	Achievement rate
Quantity	183 million pcs	186 million pcs	184 million pcs	100.6%	99.4%
Amount	10.6 billion yen	11.0 billion yen	11.6 billion yen	109.5%	105.0%
Average Unit Price	¥57.71		¥62.81		



- Sales for vibro-wet shavers decreased due to production adjustment according to model change of our customer.
- Shipment for linear shavers commenced and this model will contribute to the increase of sales in the second half of the year.
- Orders for toothbrushes increased with the solution of consumer complaints against our client's products.
- Sales for hair dryers were far larger than our expectations.
- Sales for toys decreased since there was no hot-selling products such as radio controlled toys as we had in the last year.

Overview of performance of the first half of the 2006 fiscal year



- Results of measures based on our basic management policy are beginning to be visible.
- Earnings recovery was achieved from the same term of the last year.

Sales situation

- Sales for DVD players were strong (stronger than our expectation at the beginning of the term).
- Sales for automotive products market were strong (especially for door locks and power windows)
- Sales for home appliances market and information and communication equipment market were as planned.

Costs situation

- Spike of copper prices (more than our expectation at the beginning of the term).
- Reduction of indirect manufacturing costs and selling, general and administrative expenses (SG&A).
- Cost improvement by product mix.

Toward the last half of the 2006 fiscal year

We are not allowed for any optimism in both terms of sales and costs expectation. Looking deeply at changes in market, we will exert every possible effort to assess business profitability precisely, promote cross-section cost reduction activities and release of new products which are in the last stage of development.



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Outline of performance of the first half of the 2006 fiscal year

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Forecast of performance of the whole fiscal year

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Our efforts and results so far

2006 Consolidated Operational Results Outlook

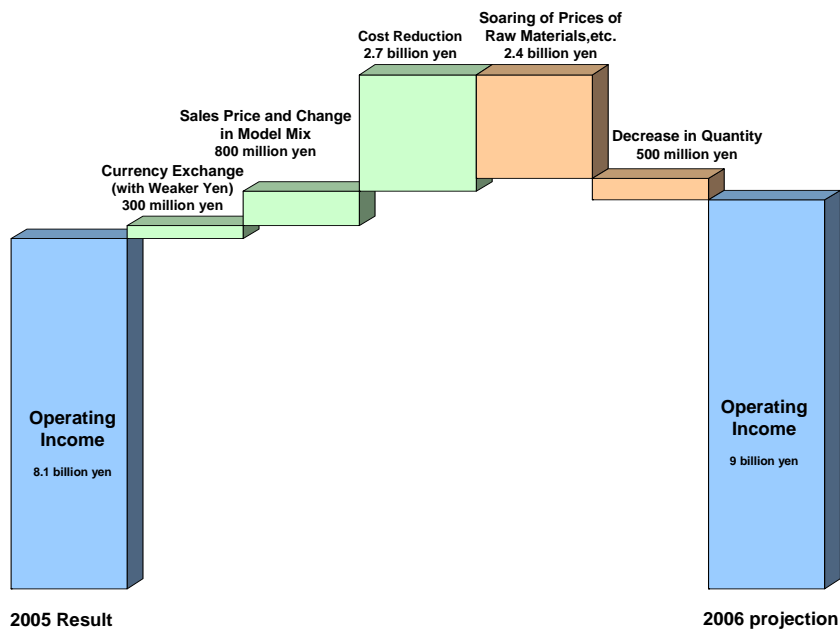


Unit:100 million yen

	The results of the whole 2005 fiscal year	Forecast of performance of the whole 2006 fiscal year (previously announced in May,2006)	Forecast of performance of the whole 2006 fiscal year	Differences between forecast and actual performances	Year-to-year comparison	
					Differences	Rate of change
Net Sales	939(100%)	950(100%)	975(100%)	2.6%	35	3.8%
Gross Profit	274(29.2%)	246(25.9%)	269(27.6%)	9.3%	-5	-2.0%
Operating Income	81(8.7%)	69(7.3%)	90(9.2%)	30.4%	8	10.4%
Ordinary Income	132(14.1%)	100(10.5%)	128(13.1%)	28.0%	-4	-3.4%
Net Income	73(7.8%)	65(6.8%)	85(8.7%)	30.8%	11	15.6%
Average Rate during Period	110.21yen	111.74yen	112.86yen	(First half actual rate 115.72, Second half projected rate 110.00)		
Year-end Rate	118.07yen					

2006 Consolidated Operational Results Outlook

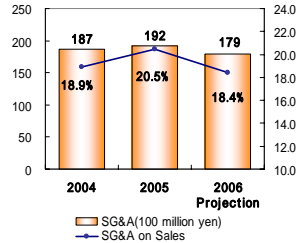
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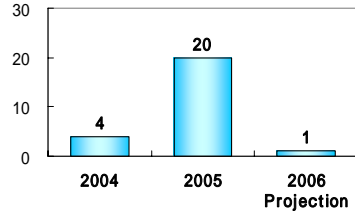
Factors to Affect 2006 Consolidated Operational Results Outlook



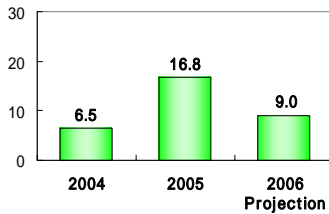
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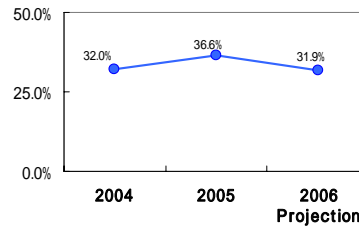
2. Foreign Exchange Gains/Losses (100 million yen)



3. Extraordinary Loss (100 million yen)



4. Corporate Tax Rate



Market environment recognition underlying sales forecasts



Overview	<p>Mabuchi's largest market segment shifted from audio & visual equipment to automotive products in 2005. Sales for automotive products further expanded in the first half of the 2006 fiscal year. Development of new applications of automotive products and releases thereof is the key for our further growth.</p>
Market for audio & visual equipment	<ul style="list-style-type: none"> • Market for CD players will remain shrinking. • Market for DVD players will expand though share competition will continue.
Market for information & communication equipment	<ul style="list-style-type: none"> • Market for ink jet printers will continuously expand. • Market for digital cameras will expand slightly.
Market for automotive products	<ul style="list-style-type: none"> • Worldwide automotive production number will increase. • Attach rate will further increase by awareness-raising in aspects of environment, safety and economical efficiency.
Market for home appliances, power tools and toys & hobbies	<ul style="list-style-type: none"> • Popularization of cordless products (shift to DC products) according to emergence of high-performance battery. • Demand increase of assistive medical products and in the area of labor saving devices according to increase of consumption-goods demands in aging society.

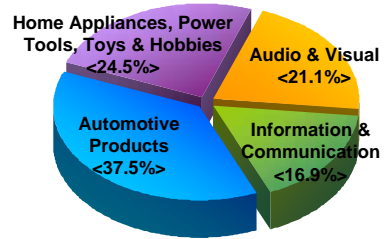
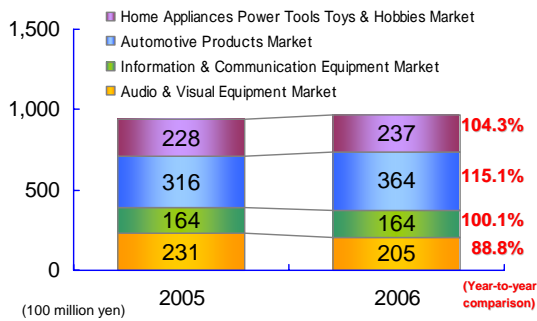
Forecast of sales of the whole fiscal year (consolidated)



	First half of the 2006 fiscal year		Second half of the 2006 fiscal year		Forecast of performance of the whole 2006 fiscal year		
	Result	Year-to-year comparison	Forecast	Year-to-year comparison	Forecast	Year-to-year comparison	Progress
Quantity	901 million pcs	99.9%	918 million pcs	96.6%	1,820 million pcs	98.2%	100.0%
Amount	48.7 billion yen	109.8%	48.3 billion yen	97.6%	97 billion yen*	103.4%	102.1%

Second half Projected Rate US\$1.00 = ¥ 110

Average Unit Price: ¥50.62/2005 53.30/2006 (+5%)



Breakdown of Sales Total

* Including equipment sales of ¥500M



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Measures to strengthen product competitiveness and results 1



Motors	Measures	Results
Power unit motors With brush · medium / high torque	<ul style="list-style-type: none"> • In the stage of commercial production preparation of a strategic product. • Reduction in size and weight of existing models. 	<ul style="list-style-type: none"> • Adopted for a specific automotive model of one of domestic automotive manufacturers. • Adopted by one of European automotive unit manufacturers.
Stiffness High output With brush · medium / high torque	<ul style="list-style-type: none"> • Development of a prototype with new structure for commercial production for seat adjusters (realized substantial reduction in size and weight) 	<ul style="list-style-type: none"> • Adopted by one of European automotive unit manufacturers.
Small · High torque With brush · low torque	<ul style="list-style-type: none"> • Production of 4 prototype models which are with same in torque and half in size compared to the existing model completed. • Market cultivation of the above prototype models. 	<ul style="list-style-type: none"> • Evaluation by Japanese automotive manufacturers on the presumption of adoption thereby for commercial production. • Evaluation by clients of other prototype models commenced.

Measures to strengthen product competitiveness and results 2



Motors	Measures	Results
Vibration Motors With new structure · Medium / high torque	<ul style="list-style-type: none"> • Commercial production of motors with low vibration and high controllability for deluxe shavers with new structure commenced. 	<ul style="list-style-type: none"> • Shipment to one of major European consumer-electronics manufacturers commenced.
Power brushless With new structure · Low torque	<ul style="list-style-type: none"> • Realized both reduction in size and high controllability by optimization of magnetic circuit and shape etc. 	<ul style="list-style-type: none"> • Delivery of samples for evaluation to one of major manufacturers.

Measures for cost structural reform and results



Item	Measures	Results
<p>Cost competitiveness improvement</p> <p>Product cost competitiveness improvement (Reduction of variable cost)</p>	<ul style="list-style-type: none"> • Closedown of Malaysia plant. • Preparation of the launch of new Danang plant in Vietnam • Reconsideration of unprofitable business. 	<ul style="list-style-type: none"> • Cost reduction by consolidating plants. • Production will start at Danang plant in Vietnam in September. • Increase of profitability.
<p>Reconsideration of plant functions / efficiency promotion</p> <p>Optimization of fixed cost</p>	<ul style="list-style-type: none"> • Reconsideration of functions and organizations regarding plant indirect departments. • Transfer of development work to a facility in China. 	<ul style="list-style-type: none"> • Plant indirect personnel reduction of 550 employees • Guangdong indirect personnel: Reduced 10% compared to the one at the end of 2005. • All Mabuchi indirect personnel: Reduced 6% compared to the one at the end of 2005. • Placing on the market of models aiming at China market.
<p>Downsizing of head office indirect departments.</p> <p>Optimization of fixed cost.</p>	<ul style="list-style-type: none"> • Tightening of budget control • Labor cost reduction through efficiency promotion and reconsideration of jobs. 	<ul style="list-style-type: none"> • Reduction of ¥630M SG&A of the first half of the 2006 fiscal year from the same term of the last year. • Improvement of SG&A as a percentage of sales from 21.6% to 18.2%.



The above full-year operational results outlook is based on certain assumptions that we deem reasonable at this point, and actual results may differ from the outlook.

Factors that may affect the operational results are including, but not limited to:

- Fluctuations in exchange rates for yen and other Asian currencies
- Changes in economic conditions, demand trends and the like that surround Mabuchi's domain identity
- Rapid technological innovations such as new technologies and new products