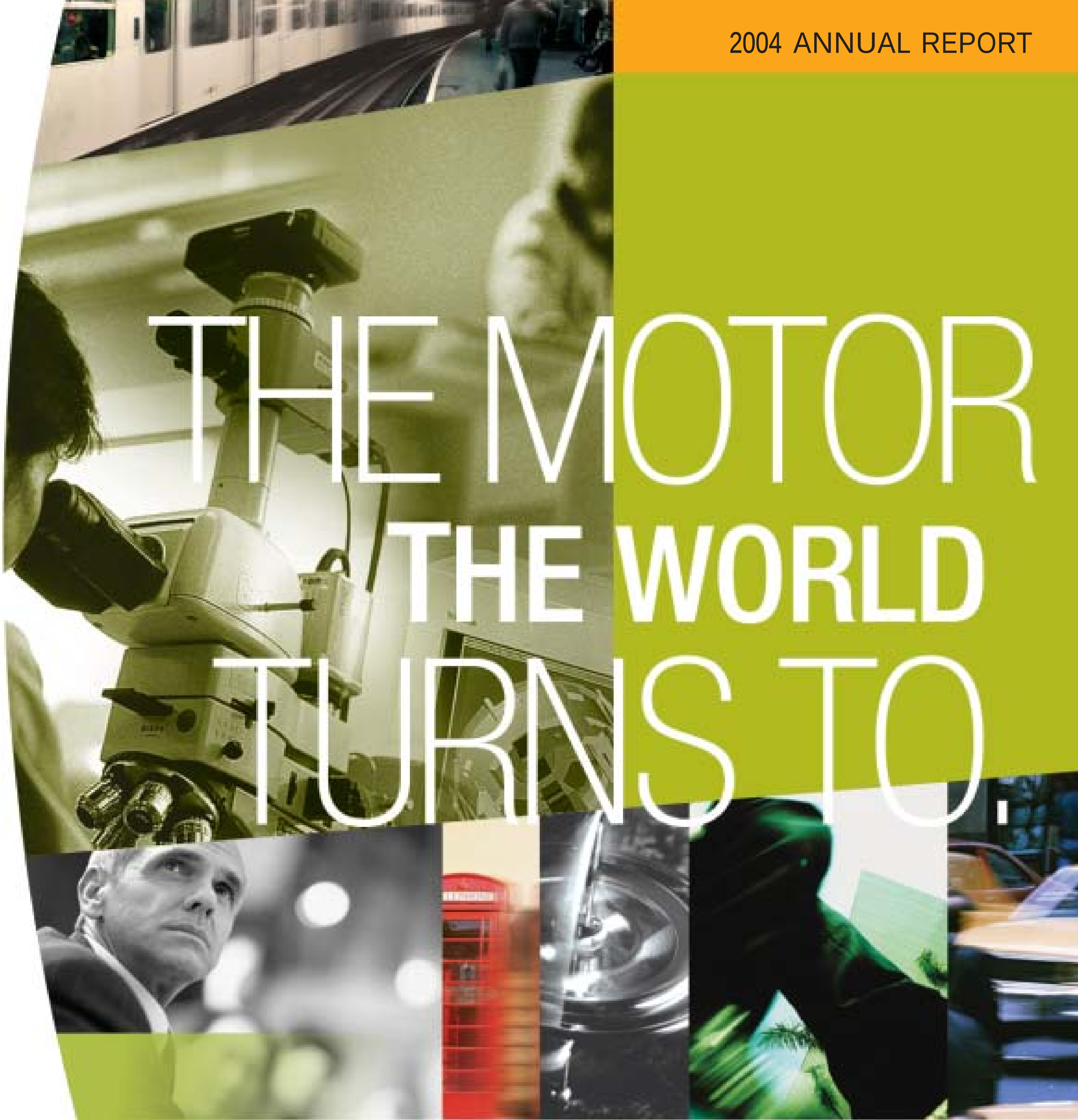
2004 ANNUAL REPORT



THE MOTOR THE WORLD TURNS TO.

MABUCHI MOTOR

2004 ANNUAL REPORT

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2004

Financial Highlights

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • **YEARS ENDED DECEMBER 31**

NET SALES (¥ in millions)		NET INCOME (¥ in millions)		NET INCOME PER SHARE (¥)	
2004	99,347	**2004**	13,279	**2004**	316.14
2003	105,743	**2003**	16,731	**2003**	375.41
2002	116,356	**2002**	18,025	**2002**	392.13
2001	105,129	**2001**	16,281	**2001**	345.85
2000	116,233	**2000**	23,472	**2000**	498.61

	Yen (millions)			U.S. Dollars (thousands)
	2002	2003	2004	2004
Net sales	¥116,356	¥105,743	**¥ 99,347**	**$ 955,259**
Operating income	29,122	24,576	**17,312**	**166,461**
Income before income taxes and minority interests	27,968	24,741	**19,676**	**189,192**
Net income	18,025	16,731	**13,279**	**127,682**
Shareholders' equity	224,315	212,803	**201,543**	**1,937,913**
Total assets	244,987	229,674	**216,489**	**2,081,625**
Per share of common stock:		**Yen**		**U.S. Dollars**
Net income	¥ 392.13	¥ 375.41	**¥ 316.14**	**$ 3.03**
Cash dividends	70.00	128.00	**115.00**	**1.10**

Notes

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥104=U.S.$1, the approximate exchange rate on December 31, 2004.

2. Until the year ended December, 2002, net income per share was computed based on the net income reported in the consolidated statements of income and the weighted average number of shares of common stock outstanding during each year.

In accordance with a new accounting standard for earnings per share which became effective April 1, 2002, basic net income per share since 2003 was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during each year.

2004 Letter to Shareholders

MABUCHI MOTOR CO., LTD.

Takaichi Mabuchi, Chairman

Shinji Kamei, President

Mabuchi is pleased to report a new all-time high in unit sales of 1.95 billion motors in 2004 and an increase in market share of our DC brush motors to 62%. With the appreciation of the yen against the US dollar, however, and stiff but decelerating price competition, net sales dipped below 2003. Global trends like the advent of digital products, the development of advanced information societies, and improved environmental compliance have all contributed to changes in the marketplace affecting businesses worldwide.

CHALLENGE 550

Mabuchi management issued Challenge 550 to help the company prosper in this shifting environment. Growth in our *Power Unit* Motor business, key to this strategy, exceeded projections for the term with the sale of 6.4 million units. Net sales for the division climbed 30% to 4.6 billion yen this past term alone. While production in the automobile industry has risen only slightly in recent years, the number of motors has risen appreciably for reasons of comfort, safety, and added high-tech features. Moreover, we anticipate soaring demand in China, now in the midst of full-scale motorization. This represents an excellent opportunity for Mabuchi, which unlike most Chinese manufacturers already has the organizational capability needed to service the auto industry. Finally, brush motors remain an essential product for this market and no other manufacturer can rival Mabuchi in this area for quality and service at competitive pricing. We therefore enjoy a strong upper hand going forward in developing superior module products for the automotive industry.

Also critical to Mabuchi's growth strategy is our *Brushless Motor* business, launched in 2003 with a unit developed for the portable CD player. Mabuchi could not be better poised for success in the market for this and other devices using brushless motors, thanks to our expertise in standardization and mass production, and an established manufacturing base in China. Parts and production requirements shared by brush and brushless motors give Mabuchi an edge in material procurement, tooling depreciation, and labor costs. As a major motor supplier with longstanding relationships with audio makers, we have insight into technological trends driving product advances. We are now preparing mass production of a very intricate brushless motor with a sensor that will be used for DVD recorders, and AV and navigation systems for cars. A leading PC manufacturer has given us the basic design for a PC spindle motor, which we have also taken steps to develop for mass production. Already part way through a successful launch phase, we expect our motor for the optical disk to reach full-scale production after this year. For fiscal year 2005, we plan to produce 1.3 million pieces monthly, and increase gradually to 3 million.

Another pillar of Challenge 550 is a comprehensive cost-reduction strategy to meet our goal of cutting costs by 15 billion yen. We have devoted much energy thus far to reducing costs in our manufacturing processes. This year we plan to focus on reviewing our raw material procurement strategies, placement of functions for improved cost structure, speed of business, and adoption of new materials at the product design

stage. To this end we have developed alternative models using less expensive materials. We have designed more efficient dies and tools that can fashion more parts from raw materials. We have also increased our recycling rate of materials. Without sacrificing quality or performance, we have devised a framework in which we can respond more effectively than ever to customer demands for cost-effective products. Regrettably, overall cost reductions achieved this term have been offset by a sharp rise in the cost of particular metal materials including oil-related materials affected by the skyrocketing price of crude oil.

To augment cost reductions made to date, we plan to introduce *Value-Added Manufacturing* by increasing our in-house manufacturing of production equipment and parts. While we could opt to acquire cheap Chinese parts, no single maker could supply enough parts for our considerable needs as a producer of nearly 2 billion motors annually, and grooming Chinese suppliers to meet our production quota would expose our production expertise to competitors. We therefore intend to achieve cost reduction by mass production and vertical integration among processes, and take the additional value into the company itself. By creating new cost-down policies now, we can over time realize significant cost-reductions in this area.

Yet another priority of Challenge 550 has been to re-allocate and consolidate our management infrastructure to take fullest advantage of burgeoning markets, particularly China. To meet the needs of the rising number of product makers scrambling to serve more than 1.3 billion consumers, Mabuchi is developing a standard motor specifically geared for this market and training staff to handle design, production, sales, and technical service at our office in Dongguan Mabuchi Motor (DGM), Guangdong. Several re-engineering functions previously handled in Japan have already moved to DGM, as have parts and equipment functions once handled throughout Guangdong province. Our aim is to transfer the majority of engineering and other functions for existing motors there by 2008. A part of our Mabuchi Hong Kong business function is also moving to DGM in order to stay in close touch with important customers including domestic and foreign product makers in China, and to create a well-balanced sales network. We are developing an integrated IT system so that every office can share with headquarters all development-related information.

Mabuchi has always chosen new business ventures mindful of the needs of our customers and the market, carefully identifying, evaluating and selecting the most promising opportunities. Since launching *Challenge 550* early in 2004, the road ahead has not been without obstacles, but the direction for growth remains clear. In fiscal year 2005, we expect to contend with a global slowdown in the aftermath of U.S. tax cuts and efforts to rein in China's booming economy. Our forecast takes these factors into consideration:

MABUCHI FORECAST FOR FISCAL YEAR 2005:

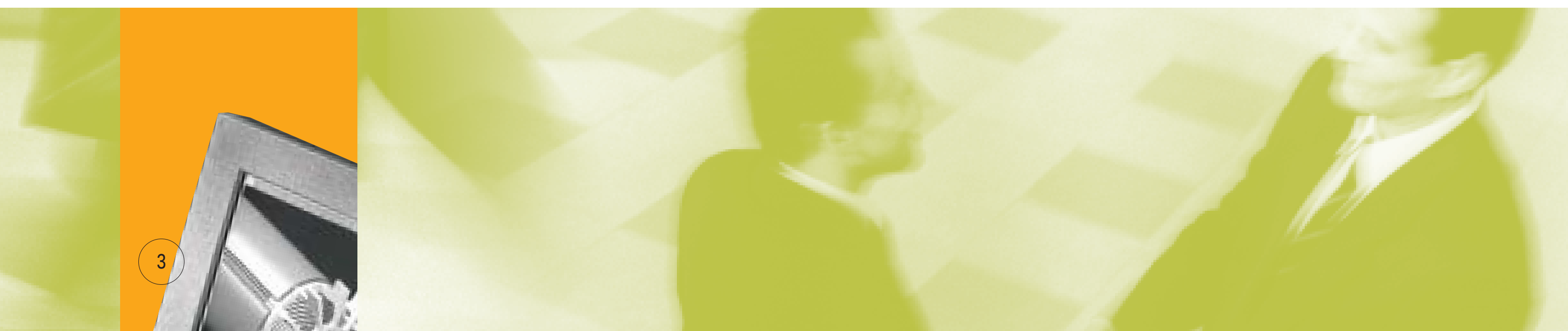
- **SALES** 96.0 Billion Yen
  (down 3.4% from the preceding year)
- **OPERATING INCOME** 13.0 Billion Yen
  (down 24.9% from the preceding year)
- **ORDINARY INCOME** 14.6 Billion Yen
  (down 26.3% from the preceding year)
- **NET INCOME** 10.4 Billion Yen
  (down 21.7% from the preceding year)

We fully anticipate ongoing sensitivity in the small-motor market to evolving conditions, and will continually review our business objectives and refine our management strategies to maximize our potential for long-term growth and profitability.

T. Mabuchi S. Kamei

Takaichi Mabuchi, Chairman Shinji Kamei, President

March 30, 2005



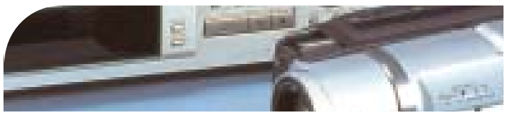
In fifty years of producing small motors, Mabuchi has grown to dominate the industry. No one today is more relied upon by diverse product makers to deliver a consistently high-quality, cost-effective motor. No one is more trusted to meet rapidly evolving technological requirements and daunting service demands than Mabuchi.

Mabuchi faces the challenges ahead armed with peerless expertise in product development and standardization, and unrivaled capability in manufacturing and cost-controlled mass production. Strong and longstanding relationships with product makers in multiple industries give Mabuchi Motor unusual sensitivity to market needs and trends. This combination of expertise and experience makes Mabuchi uniquely equipped to handle everything from precision requirements necessitated by product advances to enormous demand and exacting delivery schedules. As we at once fortify our position in established markets and prepare to conquer new frontiers, the same qualities that have made us a global leader light the way for sustained growth and profitability.

MEETING THE NEED
LEADING THE WAY

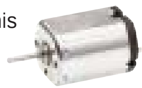
Mabuchi is attuned to the precise requirements of diverse industries.

AUDIO & VISUAL

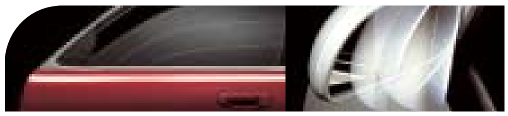


Analog or digital, today's cutting-edge devices require the superior performance and reliability that sets Mabuchi apart.

Production of our new brushless motors for optical disks is rising steeply in response to product advances in this market.



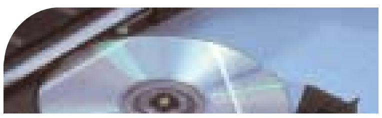
AUTOMOTIVE



Mabuchi motors power windows, locks, mirrors, antennas and myriad other equipment that contributes to your safety and comfort on the road.

No one better meets the stringent performance requirements and delivery schedules of the auto industry.

INFORMATION & COMMUNICATION



Mabuchi is helping to advance our information society by motorizing the new generation of compact multi-functional devices like Web-ready camera cell phones and computer printers that fax, scan and copy, among other lifestyle-improving products.

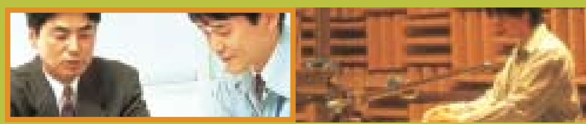
HOME & INDUSTRIAL

There's a tiny and trustworthy Mabuchi motor in countless household appliances used around the world on a daily basis, from hair dryers and shavers to clocks and coffee makers.

Product makers routinely turn to us to help bring you so many of life's modern conveniences.

R & D

We design every Mabuchi motor to excel at the job it was created to do. By developing each motor for as many applications as possible and producing it on a very large scale, we can realize remarkable economies without ever sacrificing quality. That's how Mabuchi time after time delivers a superior product at low cost to every customer while meeting exact performance specifications.



Research & Development

New Motors. New Markets.

While small direct-current Brush Motors remain our flagship business, Mabuchi has recently expanded into other areas. Our new Brushless Motor and Power Unit Motor businesses are already making inroads into markets, industries and applications with enormous growth potential. Now established Mabuchi customers can rely on us for a broader range of products than ever before. And new customers are beginning to discover the quality and service only Mabuchi can provide. It's all part of the energetic and forward-thinking strategy developed by Mabuchi management to widen and deepen market share in a competitive and rapidly evolving business environment. Innovations in both the manufacture and marketing of Mabuchi motors will keep the company vital for generations to come.

Mabuchi's Global Strategy

Reconfiguring operations to pursue international market opportunities and meet global strategic objectives.

MABUCHI WORLDWIDE LINKAGE

Mabuchi's management strategy is geared to promote growth internationally by expanding markets and controlling production costs.

With product development and re-engineering functions partially relocated from headquarters to DGM, Dongguan in China and ongoing upgrades of our facilities in other countries, Mabuchi can remain cost-competitive in a global marketplace.

Our aggressive pursuit of burgeoning markets and promising new industry niches and applications means that Mabuchi is poised to seize every opportunity for growth, prosperity and continued dominance.

HEADQUARTERS
Chiba, Japan

SALES OFFICES
Frankfurt, Germany
Hong Kong, China
Shanghai, China
Singapore
Taipei, Taiwan
Troy, the United States

PRODUCTION
Bienhoa, Vietnam
Dalian, China
Dongguan, China
Hong Kong, China
Kaohsing, Taiwan
Chemor, Malaysia
Wafangdian, China

2004 Financial Review

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • **YEARS ENDED DECEMBER 31**

Net Sales

In fiscal 2004, demand for motors grew and the number of motors sold increased by 7.3% compared with the last year, making an all-time high for the third consecutive year. Nonetheless, adverse effects of appreciation of the yen, fall of sales price due to fiercer competition and change in model-mix due to the demand shift to lower priced motors resulted in a decrease of net sales. After all, consolidated net sales for this fiscal year decreased 6.0% year on year to ¥99,347 million.

Audio and Visual Equipment

Net sales decreased 19.3% to ¥30,567 million due to unit price decline, model mix shift to low-end motors as well as the appreciation of the yen which negated the demand expansion of motors for digital appliances as represented by DVD players.

Automotive Products

Net sales increased 0.8% to ¥30,376 million. As the demand for electrical parts for automobiles is rising, seeking for safety, convenience, comfort and economy, the number of motors used per automobile is increasing and its growth is kept upwardly. Especially, the use in the power-window lifters, air-conditioning damper actuators, retractable rearview mirrors, and door locks are showing the significant growth.

Information and Communication Equipment

Net sales increased 1.6% to ¥14,499 million. The demand for motors in printers and digital cameras is continuously growing as well as the motors in personal computer drives.

Home Appliances and Power Tools and others

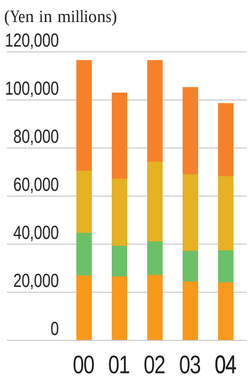
Net sales increased 1.6% to ¥23,806 million. Demands for motors for tools, hair dryers, shavers and rotating toothbrushes were favorable. In addition, sales for motors for fragrance generators and micro-pulse wet shavers which were big hits, made a contribution to net sales.

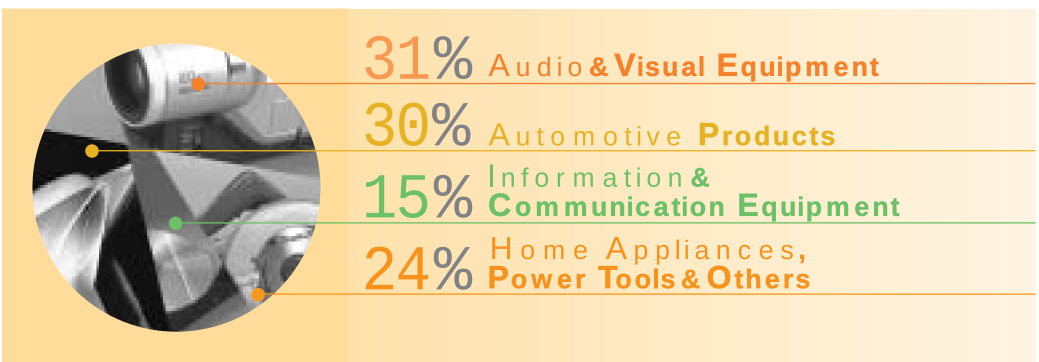
Net Sales by Application

Years ended December 31

	Yen (millions)					U.S. Dollars (thousands)
	2000	2001	2002	2003	2004	2004
Audio & Visual Equipment	¥ 45,068	¥ 38,663	¥ 44,800	¥ 37,866	**¥ 30,567**	**$ 293,913**
Automotive Products	26,758	25,907	29,603	30,127	**30,376**	**292,076**
Information & Communication Equipment	17,830	14,051	16,240	14,273	**14,499**	**139,413**
Home Appliances, Power Tools & Others	26,529	26,451	25,688	23,435	**23,806**	**228,903**
Other*	48	57	25	39	**97**	**932**
Total	¥ 116,233	¥ 105,129	¥ 116,356	¥ 105,743	**¥ 99,347**	**$ 955,259**

*Other includes parts and equipment sales.





2004 Financial Review

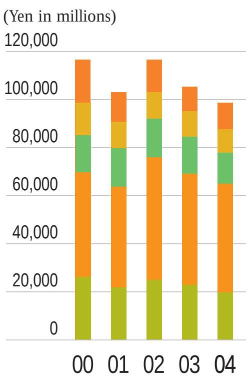
MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • **YEARS ENDED DECEMBER 31**

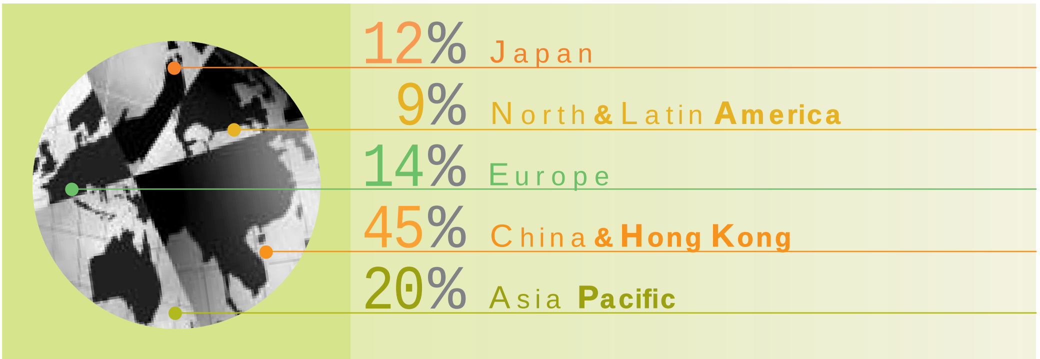
Net Sales by Geographic Area of Destination

Years ended December 31

	Yen (millions)					U.S. Dollars (thousands)
	2000	2001	2002	2003	2004	2004
Japan	¥ 16,429	¥ 12,534	¥ 11,942	¥ 11,611	**¥ 11,536**	**$ 110,923**
North and Latin America	13,945	12,830	12,624	10,183	**9,091**	**87,413**
Europe	13,951	14,767	15,187	14,781	**13,848**	**133,153**
China and Hong Kong	45,262	41,641	50,736	45,797	**44,855**	**431,298**
Asia Pacific	26,598	23,300	25,842	23,331	**19,917**	**191,509**
Other*	48	57	25	39	**97**	**932**
Total	¥ 116,233	¥ 105,129	¥ 116,356	¥ 105,743	**¥ 99,347**	**$ 955,259**

*Other includes parts and equipment sales.





Costs, Expenses and Net Income

While net sales in 2004 decreased compared with the prior year as mentioned above, cost of sales in 2004 was ¥63,329 million ($608 million) which was almost the same as in 2003.

As a result, gross profit ratio decreased to 36.3% in 2004 from 40.1% in 2003.

The cost of sales ratio rose in 2004 due mainly to start up costs of new products and skyrocketing price of raw materials such as copper and steel.

Selling, general and administrative expenses increased by 4.9% over the previous year due primarily to an increase of R&D expenditures and various expenses related to the completion of construction of the new head office building.

Consequently, operating income decreased 29.6%, to ¥17,312 million ($166 million) over the previous year.

Other income, net of expenses was ¥2,364 million ($22 million) in 2004 versus net other income of ¥165 million in 2003. The improvement in 2004 was principally due to occurrence of exchange gains in 2004 while exchange losses were incurred in 2003.

Net income decreased 20.6%, to ¥13,279 million ($127 million) with an effective income tax rate of 32.0% in 2004 which remained the same as in 2003.

Foreign Currency

As indicated in Note 11 "Segment Information" to consolidated financial statements, overseas sales accounted for approximately 88% of consolidated net sales in 2004, of which 90% was transacted by the U.S. dollar and U.S. dollar linked currencies.

In 2004, the average rate of the yen appreciated approximately 6.7% against the U.S. dollar, compared with 2003. The appreciation of the yen against the foreign currencies resulted in decreases of net sales of approximately ¥5,600 million ($53 million) and operating income of ¥1,700 million ($16 million), respectively.

The Company in principle uses foreign exchange forward contracts to hedge foreign exchange risks associated with accounts receivable and payables denominated in U.S. dollar. (see Note 9 "Derivative Financial Instruments").

Financial Position

Net working capital at December 31, 2003 and 2004 is summarized as follows (millions of yen):

	2003	2004	Increase (Decrease)
Current assets	¥ 124,731	**¥ 99,713**	¥ (25,018)
Current liabilities	10,725	**11,021**	295
Net working capital	¥ 114,006	**¥ 88,692**	¥ (25,313)
Current ratio	11.6	**9.0**	

The decrease in current assets at December 31, 2004 consisted mainly of a decrease of cash and bank deposits by ¥20,796 million, a decrease of trade notes and accounts receivable by ¥893 million, and a decrease of short-term investments by ¥5,238 million. The decrease of cash and cash equivalents was due to the purchase of treasury stock of ¥18,042 million in June 2004 by tender offer.

Long-term liabilities decreased by ¥728 million due mainly to a decrease of deferred tax liability on undistributed earnings of foreign subsidiaries, and a decrease of accrued retirement benefits for employees.

Shareholder's equity decreased by ¥11,260 million due primarily to the purchase of treasury stock mentioned above and a decrease of foreign currency translation adjustments by ¥1,563 million over the previous year. As a result, the shareholder's equity ratio increased 0.4 percentage points, to 93.1% from 92.7% at the previous year-end.

Cash Flow

The major items of cash flows for the years ended December 31, 2003 and 2004 are summarized below:

	Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2004
Income before income taxes and minority interests	¥ 24,741	**¥ 19,676**	**$ 189,192**
Depreciation and amortization	5,578	**5,241**	**50,394**
Increase in property, plant and equipment	(5,869)	**(12,030)**	**(115,673)**
Change in short-term investments and purchase investment securities	9,083	**(462)**	**(4,442)**
Cash dividends paid	(4,493)	**(5,220)**	**(50,192)**
Purchase of treasury stock	(16,182)	**(18,062)**	**(173,673)**
Effect of exchange rate changes on cash and cash equivalent	(5,721)	**(931)**	**(8,951)**
Other, net	(9,961)	**(7,701)**	**(74,048)**
Net decrease in cash and cash equivalents	¥ (2,824)	**¥ (19,491)**	**$ (187,413)**

Net cash provided by operating activities decreased ¥4,031 million from 2003, to ¥16,475 million ($158 million) due mainly to a decrease of income before tax.

Net cash used in investing activities increased ¥14,818 million from 2003, to ¥11,752 million ($113 million) as a result of mainly capital expenditures such as the construction of the new head office building and machinery and equipment.

Net cash used in financing activities increased ¥2,606 million from 2003, to ¥23,282 million ($223 million) due to the dividend payment and the purchase of treasury stock as aforementioned.

2004 Five-Year Financial Summary

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • **YEARS ENDED DECEMBER 31**

	Yen (millions)					U.S. Dollars (thousands)
	2000	2001	2002	2003	2004	2004
Operating Results						
Net sales	¥ 116,233	¥ 105,129	¥ 116,356	¥ 105,743	**¥ 99,347**	**$ 955,259**
Operating income	28,624	22,079	29,122	24,576	**17,312**	**166,461**
Income before income taxes and minority interests	33,643	23,495	27,968	24,741	**19,676**	**189,192**
Net income	23,472	16,281	18,025	16,731	**13,279**	**127,682**
Per share of common stock:						
Net income (Yen and U.S. Dollars)	¥ 498.61	¥ 345.85	¥ 392.13	¥ 375.41	**¥ 316.14**	**$ 3.03**
Cash dividends per share (Yen and U.S. Dollars)	75.00	67.00	70.00	128.00	**115.00**	**1.10**
Depreciation and amortization	¥ 6,425	¥ 6,599	¥ 6,336	¥ 5,578	**¥ 5,241**	**$ 50,394**
Capital expenditures	4,627	5,132	6,278	5,673	**11,606**	**111,596**
R&D expenses	2,832	3,421	3,535	3,714	**4,035**	**38,798**
Balance Sheet						
Shareholders' equity	¥ 218,471	¥ 241,859	¥ 224,315	¥ 212,803	**¥ 201,543**	**$ 1,937,913**
Total assets	242,626	260,328	244,987	229,674	**216,489**	**2,081,625**
Other Data						
Number of shares outstanding (thousands of shares)	47,075	47,075	45,966	44,223	**41,770**	
Number of employees	60,511	45,203	50,762	51,796	**49,743**	

Notes

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥104=U.S. $1, the approximate exchange rate on December 31, 2004.
2. Until the year ended December, 2002, net income per share was computed based on the net income reported in the consolidated statements of income and the weighted average number of shares of common stock outstanding during each year.
In accordance with a new accounting standard for earnings per share which became effective April 1, 2002, basic net income per share since 2003 was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during each year.
3. Number of employees includes contract manufacturing labor at plants in Guangdong, China.
4. Effective 2000, the Company adopted a new accounting standard for research and development costs.
The Company changed the previous scope of such costs to disclose only costs incurred in research and development activities for new products and processes. Those costs based on the previous scope in 2000 were ¥4,456.

2004 Consolidated Balance Sheets

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • **DECEMBER 31, 2003 AND 2004**

Assets	Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2004
Current Assets:			
Cash and bank deposits	¥ 77,187	**¥ 56,390**	**$ 542,211**
Short-term investments	16,011	**10,772**	**103,576**
Trade notes and accounts receivable	14,129	**13,235**	**127,259**
Less-Allowance for doubtful receivables	(298)	**(267)**	**(2,567)**
Inventories	14,677	**16,430**	**157,980**
Deferred tax assets	1,575	**1,593**	**15,317**
Other current assets	1,449	**1,557**	**14,971**
Total current assets	124,731	**99,713**	**958,778**
Property, Plant and Equipment, at cost:			
Land	6,130	**6,173**	**59,355**
Buildings	34,222	**41,419**	**398,259**
Machinery and equipment	55,439	**56,763**	**545,798**
Construction in progress	3,157	**1,673**	**16,086**
	98,950	**106,030**	**1,019,519**
Less-Accumulated depreciation	(65,374)	**(66,324)**	**(637,730)**
Property, plant and equipment, net	33,575	**39,705**	**381,778**
Investments and Other assets:			
Investment securities	68,416	**74,130**	**712,788**
Long-term loans receivable	479	**338**	**3,250**
Deferred tax assets	138	**157**	**1,509**
Other investments and other assets	2,331	**2,444**	**23,500**
Total investments and other assets	71,367	**77,070**	**741,057**
Total assets	¥ 229,674	**¥216,489**	**$2,081,625**

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

Liabilities and Shareholders' Equity

	Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2004
Current Liabilities:			
Trade notes and accounts payable	¥ 2,944	**¥ 3,094**	**$ 29,750**
Accrued income taxes	2,618	**2,562**	**24,634**
Deferred tax liabilities	16	**-**	**-**
Accrued bonus to employees	328	**396**	**3,807**
Other current liabilities	4,817	**4,968**	**47,769**
Total current liabilities	10,725	**11,021**	**105,971**
Long-term Liabilities:			
Accrued retirement benefits for employees	925	**379**	**3,644**
Accrued retirement benefits for directors and statutory auditors	435	**446**	**4,288**
Deferred tax liabilities	3,261	**3,017**	**29,009**
Other long-term liabilities	31	**81**	**778**
Total long-term liabilities	4,653	**3,924**	**37,730**
Minority Interests	1,492	**-**	**-**
Contingent Liabilities			
Shareholders' Equity:			
Common stock, without par value:			
Authorized:			
2003 and 2004 - 100,000,000 shares			
Issued:			
2003 - 47,075,881 shares	20,704	**-**	**-**
2004 - 47,075,881 shares	-	**20,704**	**199,076**
Additional paid-in capital	20,419	**20,419**	**196,336**
Retained earnings	216,890	**224,816**	**2,161,692**
Unrealized holding gains on securities	171	**611**	**5,875**
Foreign currency translation adjustments	(5,299)	**(6,863)**	**(65,990)**
Treasury stock, at cost; 3,975,389 shares in 2003 and 6,511,971 shares in 2004	(40,083)	**(58,145)**	**(559,086)**
Total shareholders' equity	212,803	**201,543**	**1,937,913**
Total liabilities and shareholders' equity	¥ 229,674	**¥216,489**	**$2,081,625**

2004 Consolidated Statements of Income

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • **FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2004**

	Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2004
Net Sales	¥ 105,743	**¥ 99,347**	**$ 955,259**
Cost of Sales	63,334	**63,329**	**608,932**
Gross profit	42,409	**36,018**	**346,326**
Selling, General and Administrative Expenses	17,833	**18,705**	**179,855**
Operating income	24,576	**17,312**	**166,461**
Other Income (Expenses):			
Interest and dividend income	2,068	**1,736**	**16,692**
Exchange (losses) gains on foreign currency transactions	(1,369)	**414**	**3,980**
Other, net	(533)	**213**	**2,048**
	165	**2,364**	**22,730**
Income before Income Taxes and Minority Interests	24,741	**19,676**	**189,192**
Income Taxes:			
Current	10,036	**6,889**	**66,240**
Deferred	(2,125)	**(585)**	**(5,625)**
	7,911	**6,304**	**60,615**
Minority Interests	(99)	**(93)**	**(894)**
Net Income	¥ 16,731	**¥ 13,279**	**$ 127,682**

	Yen		U.S. Dollars
	2003	2004	2004
Per Share of Common Stock:			
Net income	¥ 375.41	**¥ 316.14**	**$ 3.03**
Cash dividends applicable to earnings of the year	128.00	**115.00**	**1.10**

The accompanying notes to consolidated financial statements are an integral part of these statements.

2004 Consolidated Statements of Shareholders' Equity

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • **FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2004**

	Number of Shares (thousands)		Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2003	2004	2004
Common Stock:					
Beginning balance	47,075	**47,075**	¥ 20,704	**¥ 20,704**	**$ 199,076**
Ending balance	47,075	**47,075**	¥ 20,704	**¥ 20,704**	**$ 199,076**
Additional Paid-in Capital:					
Beginning balance			¥ 20,419	**¥ 20,419**	**$ 196,336**
Ending balance			¥ 20,419	**¥ 20,419**	**$ 196,336**
Retained Earnings:					
Beginning balance			¥ 204,805	**¥216,890**	**$2,085,480**
Net income			16,731	**13,279**	**127,682**
Cash dividends			(4,495)	**(5,225)**	**(50,240)**
Bonuses to directors and statutory auditors			(150)	**(127)**	**(1,221)**
Ending balance			¥ 216,890	**¥224,816**	**$2,161,692**
Unrealized (Losses) Gains on Investments:					
Beginning balance			¥ (769)	**¥ 171**	**$ 1,644**
Net change during the year			941	**439**	**4,221**
Ending balance			¥ 171	**¥ 611**	**$ 5,875**
Foreign Currency Translation Adjustments:					
Beginning balance			¥ 3,055	**¥ (5,299)**	**$ (50,951)**
Net change during the year			(8,355)	**(1,563)**	**(15,028)**
Ending balance			¥ (5,299)	**¥ (6,863)**	**$ (65,990)**
Treasury Stock:					
Beginning balance			¥ (23,900)	**¥ (40,083)**	**$ (385,413)**
Net change during the year			(16,182)	**(18,062)**	**(173,673)**
Ending balance			¥ (40,083)	**¥ (58,145)**	**$ (559,086)**

The accompanying notes to consolidated financial statements are an integral part of these statements.

2004 Consolidated Statements of Cash Flows

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • **FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2004**

	Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2004
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 24,741	**¥ 19,676**	**$ 189,192**
Depreciation and amortization	5,578	**5,241**	**50,394**
Provision for retirement benefits, net payments	(817)	**(532)**	**(5,115)**
Interest and dividend income	(2,068)	**(1,736)**	**(16,692)**
Foreign exchange loss	1,941	**387**	**3,721**
Gain on sales of short-term investments	(11)	-	-
Loss on sales and disposal of fixed assets	183	**73**	**701**
Loss on valuation of investment securities	0	-	-
(Increase) Decrease in trade notes and accounts receivables	(1,217)	**801**	**7,701**
Decrease (Increase) in inventories	1,440	**(1,968)**	**(18,923)**
Increase in trade notes and accounts payable	1,014	**217**	**2,086**
Other, net	(229)	**(216)**	**(2,076)**
Sub total	30,555	**21,945**	**211,009**
Interest and dividends received	2,055	**1,737**	**16,701**
Interest paid	(0)	**(0)**	**(0)**
Income taxes paid	(12,104)	**(7,206)**	**(69,288)**
Net cash provided by operating activities	20,506	**16,475**	**158,413**
Cash Flows from Investing Activities:			
Purchase of short-term investments	(3,376)	**(5,849)**	**(56,240)**
Proceeds from sales of short-term investments	12,348	**13,677**	**131,509**
Purchase of property, plant and equipment	(6,029)	**(12,175)**	**(117,067)**
Proceeds from sales of property, plant and equipment	160	**144**	**1,384**
Purchase of investment securities	(20,212)	**(14,017)**	**(134,778)**
Acquisition of minority interests	-	**(1,710)**	**(16,442)**
Proceeds from sales of investment securities	20,323	**7,437**	**71,509**
Other, net	(147)	**741**	**7,125**
Net cash provided by (used in) investing activities	3,066	**(11,752)**	**(113,000)**
Cash Flows from Financing Activities:			
Cash dividends paid	(4,493)	**(5,220)**	**(50,192)**
Purchase of treasury stock	(16,182)	**(18,062)**	**(173,673)**
Net cash used in financing activities	(20,676)	**(23,282)**	**(223,865)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5,721)	**(931)**	**(8,951)**
Net Decrease in Cash and Cash Equivalents	(2,824)	**(19,491)**	**(187,413)**
Cash and Cash Equivalents at Beginning of Year	80,857	**78,089**	**750,855**
Net Increase resulting from changes in scope of consolidation	55	-	-
Cash and Cash Equivalents at End of Year	¥ 78,089	**¥ 58,598**	**$ 563,442**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

1. Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting financial statements

The accompanying consolidated financial statements of Mabuchi Motor Co., Ltd. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information. For the purpose of this report, certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

For the convenience of the reader, the accompanying consolidated financial statements have also been presented in U.S. dollars by translating yen amounts at the rate of ¥104 to U.S.$1, which was the approximate exchange rate prevailing on December 31, 2004.

Certain reclassifications have been made to the accompanying consolidated financial statements for 2003 to conform to the 2004 presentations.

(b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and all significant subsidiaries. All significant inter-company balances, transactions, and profits have been eliminated in consolidation. Investments in unconsolidated subsidiaries are stated at cost.

(c) Translation of foreign currencies

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rate of exchange in effect at the balance sheet date. Exchange differences resulting from these translations are included in income. Foreign subsidiaries' assets and liabilities are translated into yen at the rates of exchange in effect at the balance sheet date. The accounts of shareholders' equity are translated at historical rates. Revenues and expenses are translated at the average rates of exchange for the year. The resulting foreign currency translation adjustments are shown as a separate component of shareholders' equity.

(d) Cash equivalents

For purposes of the statements of cash flows, the Company considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(e) Short-term investments and investment securities

The Company classifies securities as "held-to-maturity" for which management has the positive intent and ability to hold to maturity, and "available-for-sale" which represent securities not classified as either trading or held-to-maturity.

Held-to-maturity securities are reported at amortized or accumulated cost. Available-for-sale securities are stated at fair value with changes in unrealized holding gains or losses, net of the applicable income taxes, and are reported in a separate component of shareholders' equity. However, when the fair value of available-for-sale securities declines significantly and is considered to be irrecoverable to the book value, such unrealized holding losses are charged to income.

Available-for-sale securities for which fair value is not readily determinable are stated at moving average cost.

(f) Inventories

Finished goods, work in process and raw materials are principally stated at average cost. Marketable raw materials such as copper, gold, silver and palladium are stated at the lower of average cost or market.

(g) Property, Plant and Equipment and Depreciation

Property, plant and equipment is stated at cost. Depreciation is computed primarily by the declining-balance method for the Company (except for certain buildings) and principally by the straight-line method for overseas subsidiaries over their estimated useful lives. Buildings acquired by the Company on and after April 1, 1998 are depreciated by the straight-line method. Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

(h) Leases

Finance leases, except for those leases of which lease agreements stipulate the transfer of ownership of the leased assets to the lessee, are accounted for as operating leases.

(i) Research and development expenses

Expenditures relating to research and development activities are charged to income as incurred and amounted to ¥3,714 million and ¥4,035 million ($38,798 thousand) for the years ended December 31, 2003 and 2004, respectively.

(j) Income taxes

Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using presently enacted tax rates. Provision for Japanese income taxes on undistributed earnings of foreign subsidiaries is made only on those amounts in excess of the funds considered to be permanently reinvested.

(k) Retirement benefits

The Company has a trusteed noncontributory pension plan covering substantially all qualified full-time employees. Under the plan, eligible employees are entitled to a 10-year annuity or lump-sum payments based on the rate of pay at the time of retirement or termination, length of service and certain other factors. Annual payments to the trustees for the pension plan, which are deductible for tax purposes, are based on actuarially determined costs of the plan.

Accrued retirement benefits are provided based on the amount of retirement benefit obligation reduced by the fair value of pension plan assets at the end of the annual period.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss recognized primarily by the straight-line method over the period of mainly 10 years which are shorter than the average remaining years of service of the employees.

Certain subsidiaries have pension plans similar to the Company or unfunded retirement and termination allowance plans for qualified employees. The amounts required under the plans have been fully accrued.

The Company also has an unfunded retirement benefits plan for directors and statutory auditors and has fully accrued the amount required under the plan.

(l) Derivative and hedging activities

If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the Company defers recognition of gains or losses on evaluation of derivative financial instruments until the related losses or gains on the hedged items are recognized.

2. Cash and Cash Equivalents

Reconciliation of cash and cash equivalents for the accounts on statement of cash flows for the years ended December 31, 2003 and 2004 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2004
Cash and bank deposits on the consolidated balance sheet	¥ 77,187	**¥ 56,390**	**$ 542,211**
Time deposits with original maturities over three months at the time of purchase	(3,865)	**(3,243)**	**(31,182)**
Short-term investments	16,011	**10,772**	**103,576**
Securities under the risk of value fluctuation	(11,243)	**(5,321)**	**(51,163)**
Cash and cash equivalents	¥ 78,089	**¥ 58,598**	**$ 563,442**

3. Inventories

Inventories as of December 31, 2003 and 2004 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2004
Finished goods	¥ 8,289	**¥ 9,327**	**$ 89,682**
Work in process	1,510	**1,433**	**13,778**
Raw materials	4,876	**5,668**	**54,500**
	¥ 14,677	**¥ 16,430**	**$ 157,980**

4. Short-term investments and investment securities

The cost, net of unrealized gains and losses, and fair value for securities classified as available-for-sale and held-to-maturity as of December 31, 2003 and 2004 were as follows:

	Yen (millions) 2003		
	Cost	Fair Value	Gains (losses)
Available-for-sale:			
Debt securities	¥ 17,824	¥ 16,951	¥ (872)
Equity securities	3,056	4,372	1,316
Other	20,758	20,605	(153)
	¥ 41,639	¥ 41,929	¥ 290
Held-to-maturity:			
Debt securities	¥ 34,315	¥ 31,976	¥ (2,339)

	Yen (millions) 2004			U.S. Dollars (thousands) 2004		
	Cost	Fair Value	Gains (losses)	Cost	Fair Value	Gains (losses)
Available-for-sale:						
Debt securities	**¥ 19,152**	**¥ 17,992**	**¥ (1,159)**	**$ 184,153**	**$ 173,000**	**$ (11,144)**
Equity securities	**3,056**	**4,861**	**1,805**	**29,384**	**46,740**	**17,355**
Other	**18,246**	**18,625**	**378**	**175,442**	**179,086**	**3,634**
	¥ 40,455	**¥ 41,479**	**¥ 1,024**	**$ 388,990**	**$ 398,836**	**$ 9,846**
Held-to-maturity:						
Debt securities	**¥ 34,709**	**¥ 31,789**	**¥ (2,920)**	**$ 333,740**	**$ 305,663**	**$(28,076)**

The securities for which fair values were not available as of December 31, 2003 and 2004 were as follows:

	Yen (millions) 2003	Yen (millions) 2004	U.S. Dollars (thousands) 2004
Commercial paper	¥ 3,745	**¥ 4,274**	**$ 41,096**
Money Management Funds	4,257	**4,259**	**40,951**
Equity securities of non-consolidated subsidiaries	70	**70**	**673**
Other equity securities	109	**109**	**1,048**
	¥ 8,182	**¥ 8,713**	**$ 83,778**

2004 Notes to Consolidated Financial Statements

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

The contractual maturities for securities classified as available-for-sale and held-to-maturity at December 31, 2003 and 2004 were as follows:

	Yen (millions) 2003				
	Within one year	Over one year through five years	Over five years through ten years	Over ten years	Total
Corporate bonds	¥ 6,988	¥ 14,447	¥ 7,370	¥ 22,461	¥ 51,267
Commercial paper	3,745	-	-	-	3,745
Other	949	5,706	2,971	-	9,627
	¥ 11,683	¥ 20,153	¥ 10,341	¥ 22,461	¥ 64,639

	Yen (millions) 2004					U.S. Dollars (thousands) 2004
	Within one year	Over one year through five years	Over five years through ten years	Over ten years	Total	Total
Corporate bonds	**¥ 2,169**	**¥ 18,720**	**¥ 8,414**	**¥ 23,397**	**¥ 52,702**	**$ 506,750**
Commercial paper	**4,274**	**-**	**-**	**-**	**4,274**	**41,096**
Other	**-**	**7,282**	**1,652**	**-**	**8,935**	**85,913**
	¥ 6,444	**¥ 26,003**	**¥ 10,067**	**¥ 23,397**	**¥ 65,912**	**$ 633,769**

5. Retirement plans

The table below sets forth the plan's funded status and amounts recognized in the balance sheets at December 31, 2003 and 2004.

	Yen (millions) 2003	2004	U.S. Dollars (thousands) 2004
Retirement benefit obligation	¥ (7,173)	**¥ (7,108)**	**$ (68,346)**
Plan assets at fair value	6,001	**6,597**	**63,432**
Unfunded retirement benefit obligation	(1,171)	**(510)**	**(4,903)**
Unrecognized actuarial gain or loss	246	**131**	**1,259**
Accrued retirement benefits	¥ 925	**¥ 379**	**$ 3,644**

The components of net periodic pension cost for the years ended December 31, 2003 and 2004 were as follows:

	Yen (millions) 2003	2004	U.S. Dollars (thousands) 2004
Service cost	¥ 575	**¥ 507**	**$ 4,875**
Interest cost	121	**123**	**1,182**
Expected return on plan assets	(45)	**(51)**	**(490)**
Amortization of unrecognized actuarial gain or loss	26	**27**	**259**
Net periodic pension cost	¥ 678	**¥ 607**	**$ 5,836**

The assumptions used in accounting for the above plans were as follows:

	2003	2004
Discount rate	2.0%	**2.0%**
Expected rate of return on plan assets	1.0%	**1.0%**

6. Income Taxes

The Company and domestic consolidated subsidiaries are subject to a number of taxes based on income with a normal tax rate aggregating approximately 41.7% for the years ended December 31, 2003 and 2004. Foreign subsidiaries are subject to income taxes in the countries where they operate.

The following table summarizes the significant differences between the Japanese statutory income tax rate and the effective income tax rate on pre-tax income for the years ended December 31, 2003 and 2004:

	2003	2004
Statutory income tax rate	41.7%	**41.7%**
International income taxed at varying rates	(18.3)	**(16.3)**
Effect on elimination of dividend income from foreign subsidiaries for consolidation purposes	20.0	**21.6**
Foreign and R&D tax credit utilization	(5.4)	**(10.1)**
Undistributed earnings in foreign subsidiaries	(10.2)	**(5.1)**
Other, net	4.2	**0.2**
Effective income tax rates	32.0%	**32.0%**

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of deferred tax assets and liabilities at December 31, 2003 and 2004 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2004
Deferred tax assets:			
Unrealized profits on inventories and fixed assets	¥ 1,379	**¥ 1,367**	**$ 13,144**
Evaluation losses on assets	2,171	**2,004**	**19,269**
Depreciation	162	**201**	**1,932**
Accrued enterprise taxes	420	**272**	**2,615**
Accrued retirements benefits	510	**303**	**2,913**
Other	281	**439**	**4,221**
Total	¥ 4,927	**¥ 4,589**	**$ 44,125**
Deferred tax liabilities:			
Tax on undistributed foreign earnings	¥ 5,974	**¥ 4,974**	**$ 47,826**
Unrealized losses on investments	118	**508**	**4,884**
Other	397	**372**	**3,576**
Total	¥ 6,489	**¥ 5,855**	**$ 56,298**
As reported in the consolidated balance sheet:			
Deferred tax assets	¥ 1,714	**¥ 1,751**	**$ 16,836**
Deferred tax liabilities	3,277	**3,017**	**29,009**

7. Shareholders' Equity

The Japanese Commercial Code (the "Code") provides that an amount equivalent to at least 10% of cash dividends paid and other cash outlays, resulting from appropriations of retained earning with respect to each annual period, be appropriated to the legal reserve until total of such reserve and additional paid-in capital equals 25% of the stated capital. As of December 31, 2004, the total of the legal reserve of ¥3,811 million ($36,644 thousand) which is included in retained earnings at December 31, 2004, and additional paid-in capital, already reached 25% of the stated capital. The Code also provides that additional paid-in capital and the legal reserve up to 25% of the stated capital are not available for cash dividends but may be used to reduce a capital deficit or may be capitalized. The paid-in capital and legal reserve exceeding 25% of the stated capital are available for dividends or purchase of treasury stock upon approval of shareholders' meeting.

Year-end cash dividends are approved by the shareholders after the end of each fiscal year. Semi-annual interim cash dividends are declared by the Board of Directors after the end of each interim six-month period. Such dividends are payable to shareholders of record at the end of each fiscal year or interim six-month period.

In accordance with the Code, these dividends and the related appropriations of retained earnings have not been reflected in the financial statements at the end of such fiscal year. However, dividends per share shown in the accompanying consolidated statements of income reflect dividends applicable to the respective fiscal year.

On September 24, 2004, semi-annual interim cash dividends (¥64 or $0.61 per share) of ¥2,596 million ($24,961 thousand) were paid to shareholders of record at June 30, 2004. On March 30, 2005, the shareholders approved the declaration of cash dividends (¥51 or $0.49 per share) totaling ¥2,068 million ($19,884 thousand) and payments of bonuses to directors and statutory auditors totaling ¥68 million ($653 thousand).

8. Per Share Data

Until the year ended December, 2002, net income per share was computed based on the net income reported in the consolidated statements of income and the weighted average number of shares of common stock outstanding during each year.

In accordance with a new accounting standard for earnings per share which became effective April 1, 2002, basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year ended December 31, 2004.

9. Derivative Financial Instruments

The Company enters into forward exchange contracts and forward precious metal contracts as a normal part of risk management efforts. As a result, the Company is exposed to risk of credit-related losses in the event of nonperformance of counterparties to foreign exchange contracts and precious metal contracts. Management believes such risks are minor because of the high credit worthiness of the counterparties and such financial instruments have not been held for trading purpose. Following is a summary of derivative financial instruments which are currently held by the Company.

The Company uses foreign exchange forward contracts to hedge the risk of changes in foreign exchange rates substantially associated with accounts receivable and payable denominated in foreign currencies. Gains and losses explicitly deferred, arising from contracts related to future trade transactions, are insignificant, at December 31, 2003 and 2004. There were no outstanding currency option contracts at December 31, 2003 and 2004.

Forward precious metal contracts are used by the Company to hedge the risk of changes in market prices resulting from purchase of precious metals as raw materials for motor products.

There were no outstanding forward precious metal contracts at December 31, 2003 and 2004.

10. Contingent Liabilities

As of December 31, 2004, there were no significant reportable contingent liabilities.

11. Segment Information

The Company and consolidated subsidiaries manufacture and sell small electric motors, parts and equipment used for production purposes. Substantially all of the consolidated net sales and operating income are generated from a broad range of motor products. The information on net sales, operating income and assets by geographic area, and overseas sales is summarized as follows:

Segment Information by Geographic Area

	Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2004
Net sales:			
Japan			
Outside customers	¥ 20,864	**¥ 20,395**	**$ 196,105**
Intersegment	46,364	**42,365**	**407,355**
Total	67,229	**62,760**	**603,461**
Asia			
Outside customers	60,666	**56,795**	**546,105**
Intersegment	43,053	**39,918**	**383,826**
Total	103,719	**96,714**	**929,942**
U.S.A.			
Outside customers	9,518	**8,289**	**79,701**
Intersegment	0	**0**	**0**
Total	9,519	**8,289**	**79,701**
Europe			
Outside customers	14,694	**13,866**	**133,326**
Intersegment	7	**0**	**0**
Total	14,701	**13,866**	**133,326**
Corporate and elimination	(89,426)	**(82,283)**	**(791,182)**
Consolidated	¥ 105,743	**¥ 99,347**	**$ 955,259**
Operating Income:			
Japan	¥ 8,858	**¥ 7,003**	**$ 67,336**
Asia	14,524	**10,058**	**96,711**
U.S.A.	257	**137**	**1,317**
Europe	(82)	**(14)**	**(134)**
Corporate and elimination	1,018	**127**	**1,221**
Consolidated	¥ 24,576	**¥ 17,312**	**$ 166,461**
Assets:			
Japan	¥ 82,151	**¥ 63,492**	**$ 610,500**
Asia	89,334	**86,087**	**827,759**
U.S.A.	4,421	**4,225**	**40,625**
Europe	5,149	**5,968**	**57,384**
Corporate and elimination	48,618	**56,714**	**545,326**
Consolidated	¥ 229,674	**¥ 216,489**	**$ 2,081,625**

The amount of corporate assets included in “Corporate and elimination” is ¥97,606 million in 2003 and ¥106,273 million ($1,021,855 thousand) in 2004, which comprises principally cash, short-term investments and investment securities.

Overseas Sales

	Yen (millions)		U.S. Dollars (thousands)
	2003	2004	2004
Overseas Sales			
U.S.A.	¥ 10,183	**¥ 9,091**	**$ 87,413**
Europe	14,781	**13,914**	**133,788**
Asia and Other	69,150	**64,801**	**623,086**
Total	¥ 94,115	**¥ 87,807**	**$ 844,298**
Net Sales	105,743	**99,347**	**955,259**
% of Overseas Sales to Net Sales	89.0%	**88.4.%**	**88.4%**

Overseas sales are the total of exports by the Company and sales by consolidated overseas subsidiaries.

2004 Independent Auditors' Report

MABUCHI MOTOR CO., LTD.

The Board of Directors

Mabuchi Motor Co., Ltd.

We have audited the accompanying consolidated balance sheets of Mabuchi Motor Co., Ltd. and consolidated subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mabuchi Motor Co., Ltd. and consolidated subsidiaries at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2004 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 (a) to the consolidated financial statements.

Ernst & Young ShinNihon

Ernst & Young ShinNihon

March 30, 2005

2004 Board of Directors / Corporate Directory

MABUCHI MOTOR CO., LTD.

BOARD OF DIRECTORS

As of March 30, 2005

Chairman Takaichi Mabuchi

President Shinji Kamei

Managing Director Nobuyo Habuchi

Directors
Sun Zuei Che
Seiya Nakanishi
Yasuo Uehara
Shunroku Nishimura
Yoshinori Sugimoto

Statutory Auditors
Kiyoshi Iwakura
Ichiro Ando
Yuzaburo Nagase
Toyokuni Yazaki

CORPORATE DIRECTORY

As of December 31, 2004

Consolidated Subsidiaries

MABUCHI INDUSTRY CO., LTD.
19 Sam Chuk Street, San Po Kong
Kowloon, Hong Kong
Tel. 852-2328-5575
Fax. 852-2352-1008

MABUCHI TAIWAN CO., LTD.
No.18, Chung Hwa Road
Hsinchu Ind. District
Hsinchu, Taiwan
Tel. 886-3-598-1111
Fax. 886-3-598-6256

MABUCHI MOTOR TAIWAN LTD.
No.66 Kaifa Road., N. E. P. Z.
Kaohsiung, Taiwan
Tel. 886-7-362-1111
Fax. 886-7-361-9111

MABUCHI MOTOR DALIAN LTD.
No.41 Harbin Road, Dalian Economic
and Technical Development Zone
China
Tel. 86-411-8761-1111
Fax. 86-411-8761-2900

MABUCHI MOTOR WAFANGDIAN LTD.
Laohutun Town
Wafangdian City, Liaoning Province
China
Tel. 86-411-8537-0241
Fax. 86-411-8537-0291

MABUCHI MOTOR (JIANGSU) CO., LTD.
No.1 Liuxu Road
Wujiang Economic Development Zone
Jiangsu Province, China
Tel. 86-512-6345-1111
Fax. 86-512-6345-0438

MABUCHI MOTOR (MALAYSIA) SDN. BHD.
Plot 15, Kanthan Industrial Estate
31200 Chemor, Perak, Malaysia
Tel. 60-5-201-1888
Fax. 60-5-201-2288

MABUCHI MOTOR VIETNAM LTD.
No.28, Bienhoa Industrial Zone 2
Long Binh Ward, Bienhoa City
Dongnai Province, Vietnam
Tel. 84-61-836711
Fax. 84-61-836712

MABUCHI PRECISION INDUSTRIES HONG KONG LTD.
19 Sam Chuk Street, San Po Kong
Kowloon, Hong Kong
Tel. 852-2328-5575
Fax. 852-2352-1008

DONGGUAN MABUCHI MOTOR EQUIPMENT CO., LTD.
Guan Cheng Science & Technology Park
Shilong Road
Guanlong Road's Section, Dongguan City
Guangdong Province, 523119
China
Tel. 86-769-225-6985
Fax. 86-769-225-6984

MABUCHI MOTOR AMERICA CORP.
3001 West Big Beaver Road, Suite 520
Troy, MI 48084 U.S.A.
Tel. 1-248-816-3100
Fax: 1-248-816-3242

MABUCHI MOTOR (SINGAPORE) PTE. LTD.
111 North Bridge Road, #12-05
Peninsula Plaza, Singapore 179098
Tel. 65-6339-9991
Fax. 65-6339-9091

MABUCHI MOTOR (EUROPE) GmbH
Hahnstrasse 38, 60528
Frankfurt am Main, Germany
Tel. 49-69-6690220-68
Fax. 49-69-669022-29

MABUCHI MOTOR (SHANGHAI) CO., LTD.
Room1409, Part C
Orient International Building
No.85 Lon Shan Guan Road, Changning Dist.
Shanghai, 200336, China
Tel. 86-21-6278-7764
Fax. 86-21-6278-7767

Non-Consolidated Subsidiaries

MABUCHI REAL ESTATE CO., LTD.

TAIWAN MABUCHI (HONG KONG) CO., LTD.

INVESTOR INFORMATION

As of March 31, 2005

Corporate Headquarters

MABUCHI MOTOR CO., LTD.
430 Matsuhidai, Matsudo-shi
Chiba-ken 270-2280, Japan
Tel. 81-47-710-1111
Fax. 81-47-710-1141
http://www.mabuchi-motor.co.jp

Ordinary General Meeting of Shareholders

The Ordinary General Meeting of Shareholders will be held at the end of March in Matsudo.

Independent Accountants

ERNST & YOUNG SHINNIHON
Tokyo, Japan

Transfer Agent of Common Shares Handling Office

UFJ TRUST BANK LIMITED
Corporate Agency Department
10-11, Higashi-suna 7-chome, Koto-ku
Tokyo 137-8081, Japan
Tel. 81-3-5683-5111

Japanese Stock Exchange Listing

Tokyo stock exchange