



# The Motor the World Turns to

**ANNUAL REPORT 2007**

Fiscal Year Ended December 31, 2007

## Profile

Established in 1954, Mabuchi Motor Co., Ltd. has constantly delivered small, high-quality, high-performance, direct-current motors at affordable prices. Used in automotive products, audio and visual equipment, information and communication equipment, home appliances and power tools, toys, and models, they support convenient and comfortable lifestyles. Today, Mabuchi boasts over 50% worldwide market share in unit sales and conducts all production overseas, mainly in China and Vietnam.

Under the management creed “Contributing to International Society and Ever-expanding Our Contribution,” we take initiatives for new growth. Mabuchi will progress as a leading company specializing in small motors by providing even better, more affordable products to support society and deliver comfort.

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# Financial Highlights

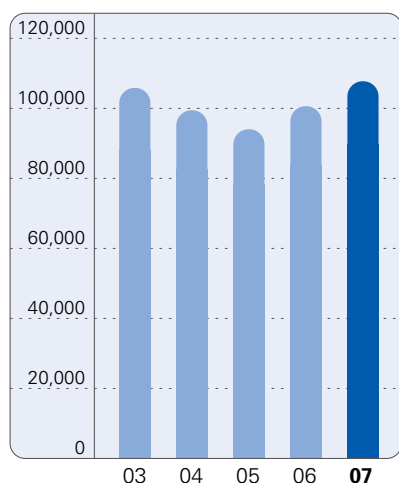
Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31

	Yen (millions)					U.S. Dollars (thousands)
	2003	2004	2005	2006	2007	2007
Net sales . . . . .	¥105,743	¥ 99,347	¥ 93,927	¥100,517	<b>¥107,640</b>	<b>\$ 944,210</b>
Operating income . . . . .	24,576	17,312	8,149	10,700	<b>11,685</b>	<b>102,500</b>
Income before income taxes and minority interests . . . . .	24,741	19,676	11,597	15,914	<b>16,530</b>	<b>145,000</b>
Net income . . . . .	16,731	13,279	7,350	10,603	<b>10,914</b>	<b>95,736</b>
Shareholders' equity . . . . .	212,803	201,543	211,875	211,284	<b>208,671</b>	<b>1,830,447</b>
Total assets . . . . .	229,674	216,489	227,375	236,999	<b>230,960</b>	<b>2,025,964</b>

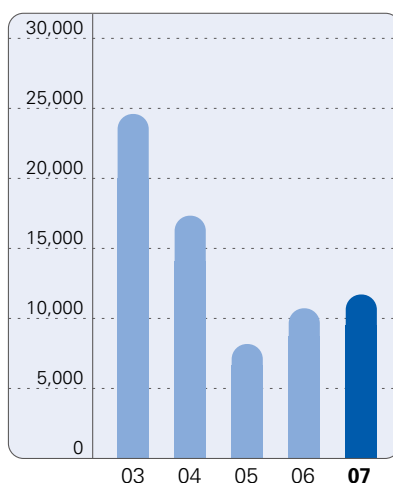
	Yen					U.S. Dollars
Per share of common stock:						
Net income . . . . .	¥ 375.41	¥ 316.14	¥ 180.72	¥ 268.03	<b>¥ 280.90</b>	<b>\$ 2.46</b>
Cash dividends . . . . .	128.00	115.00	92.00	114.00	<b>123.00</b>	<b>1.07</b>

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥114=U.S.\$1, the approximate exchange rate on December 31, 2007.

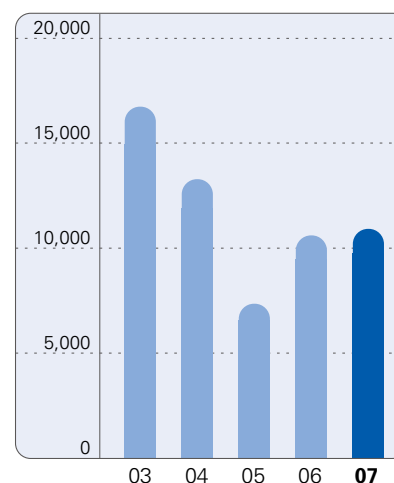
## **NET SALES** Yen (millions)



## **OPERATING INCOME** Yen (millions)



## **NET INCOME** Yen (millions)



## Forward-looking Statements

This annual report contains forward-looking statements about Mabuchi Motor Co., Ltd.'s future plans, beliefs, strategies and performance that are not historical facts. They are based on current expectations, forecasts, estimates and projections about the industry in which Mabuchi Motor Co., Ltd. operates and beliefs and assumptions made by management. As the expectations, forecasts, estimates and projections are subject to a number of risks, uncertainties and assumptions, they may cause actual results to differ materially from those projected. Mabuchi Motor Co., Ltd., therefore, wishes to caution readers not to place undue reliance on forward-looking statements. Furthermore, the company undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.

Risks, uncertainties and assumptions mentioned above include, but are not limited to, exchange rates and economic conditions; the outcome of pending and future litigation; commodity prices; and the continued financing, financial instruments and financial resources.



**Takaichi Mabuchi**  
Chairman



**Shinji Kamei**  
President

## Fiscal 2007 in Review

For the fiscal year ended December 31, 2007, Mabuchi posted generally robust sales. Although audio & visual equipment sales fell ¥1,053 million, or 4.7%, year on year, sales grew in the Company's other three segments. In automotive products, the main pillar of the Company's growth strategy, sales jumped ¥6,038 million, or 16.4%; in information & communication equipment, sales increased ¥1,480 million, or 8.9%; and in home appliances, power tools & others, sales rose ¥1,278 million, or 5.3%, year on year.

The Company faced an increasingly challenging external cost environment, as the price of copper and other materials surged while labor costs rose. However, the benefits of the weaker yen and an improved product mix raised average unit prices, thus boosting revenue.

On a consolidated basis, Mabuchi reported both higher sales and earnings. Operating income totaled ¥11,685 million, up 9.2%, on net sales of ¥107,640 million, which were 7.1% higher than the previous fiscal year. Net income was ¥10,914 million, an increase of 2.9%.

## Targeting Steady Growth

In 2007, we put priority on driving a recovery in profitability, placing particular focus on paring back fixed costs to transform the Company's earnings structure. Moreover, we achieved some success by implementing initiatives to develop new products that will lead to new sales.

In our outlook for 2008, we are projecting higher sales in automotive products, while sales in audio & visual equipment are forecast to remain weak.

Meanwhile, we expect difficulties on the cost front during the year ahead due to rising commodity prices, rising wages, and unfavorable exchange rates. Against this backdrop, we are forecasting a decrease in operating income of 11.9%, to ¥10.3 billion, on net sales of ¥102 billion, down 5.2% from the previous year. We are also projecting a 19.4% drop in net income to ¥8.8 billion. Building on our activities to date, we will work to respond to changes in our business environment based on core strategies of creating new sales and boosting cost competitiveness, and tackle any issues that stand in the way of returning the Company to steady growth.

## 1. Growth Strategy

In line with our policy of maximizing the potential of our mainstay small direct-current (DC) brush motor business, we will work to quickly create growth opportunities by combining new product fields with applications that boast high market demand. To this end, we have selected the following two approaches that will enable us to create a more competitive business portfolio:

- (i) Boost sales of products for automotive applications, particularly power windows and seat adjusters
- (ii) Release new compact, high-torque motors to develop new applications and boost sales

### 1. Increase our share of the automotive power unit motor market

Up to now, Mabuchi has steadily increased sales of these motors, achieving a three-year average growth rate of 28% in BRICs and 16% in developed countries. Based on the use of different sales strategies in different regions and efforts to enhance the

competitiveness of strategic products, we plan to increase our visibility in BRICs markets and improve new product development in developed nations. This, plus an increase in sales activities globally, should allow us to increase sales and expand our market share. We are taking these steps because demand has risen for compact and lightweight automotive power window motors, while sales of low-priced automobiles are surging in emerging markets. Looking ahead, we will expand this business by focusing resources on compact products that best leverage our strengths and lead to growth, even if small.

## 2. Offer a wider lineup of compact, high-torque motors

Mabuchi has identified extremely strong market needs for compact, high-torque motors. In response, we completed the design of strategic products for volume production, and in the second half of 2007 we started shipments of motors that are half the size of previous motors while maintaining the same torque. We have already received inquiries about these products from companies around the world. These new motors will allow customers to make their finished products smaller and lighter, while also helping them to standardize designs. At the same time, the motors have the potential to move into new markets that have previously been difficult for us to develop. Leveraging the core technologies of existing products, we will bring newly developed motors to market and expand our product offering to drive an increase in sales.

## 2. Cost Strategy

Centered on the following two initiatives to strengthen our manufacturing foundation, we will work to build a powerful earnings structure capable of responding to changes in our business environment.

### 1. Production technology reforms

#### (i) Optimize saving factory space

Mabuchi has engaged in space-saving efforts at manufacturing sites to reduce excess production capacity and optimize production

scale. Going forward, we will focus on simplifying all processes at all manufacturing sites and increasing the efficiency of the movement of material within all facilities.

#### (ii) Develop labor-saving equipment

Mabuchi has been steadily installing labor-saving equipment, starting with the processes that are most labor-intensive. We will now accelerate the mechanization process in order to improve product quality.

Based on these two core initiatives, Mabuchi aims to reduce production costs at our manufacturing site by 15%. We will establish a powerful manufacturing foundation designed to produce high-quality products at low cost by quickly implementing innovations in production technology. This will give us a firm basis for future growth.

### 2. Realignment of manufacturing sites

#### (i) Move manufacturing sites from China to Vietnam

Mabuchi currently conducts 80% of its manufacturing in China, where manufacturing activities face a variety of increasingly apparent risks, including surging labor costs, a worsening personnel retention rate, and a strengthening Chinese yuan. As a result, Mabuchi is increasingly looking to Vietnam, a country with considerable labor cost advantages and export competitiveness, to improve our cost competitiveness. By 2011, we plan to conduct 60% of our manufacturing in China and 40% in Vietnam, up from the current 20%.

#### (ii) Build dedicated factories for the manufacture of motors for automobile components

Mabuchi has put a priority on building manufacturing sites to accommodate the ongoing shift in our mainstay products from audio & visual applications to automobile component applications, as well as demands for increasingly high levels of quality control. We will specify which sites should produce motors for automobile components based on the quality each product requires. Moreover, we will further improve quality standards at our factories.



### Working to Boost Mabuchi's Corporate Value

Mabuchi boasts the world's top market share for small DC motors. Our production volume of these products, unrivaled worldwide, testifies to the high acclaim and trust received from customers. Therefore, as a leading company in the industry, Mabuchi understands the importance of fulfilling its corporate social responsibility, and in this context, recognizes long-term sustained growth as its ultimate goal. In 2007, we put priority on driving a recovery in profitability. As a result of these efforts, we posted an increase in both sales and earnings. We will now work on the issues outlined earlier to ensure we continue to sustain this growth going forward. Guided by this thinking, we will continue to place top priority on sharing the fruits of our efforts with shareholders, and the active participation and support of our shareholders will be extremely important to achieving these goals.

We have paid an annual dividend (which includes an interim dividend) for fiscal 2007 of ¥123 per share, representing an increase of ¥9 over the ¥114 dividend for fiscal 2006. The fiscal 2007 annual dividend comprises an ordinary dividend of ¥60 per share, a fixed amount paid consistently to shareholders, and a special dividend linked to business performance equivalent to 20% of consolidated net income divided among the number of applicable shares.

Mabuchi will maintain a flexible approach toward purchasing its own shares, taking into consideration such factors as PBR, surplus funds, and cash flow.

We hope we can count on your continued support as we work to take Mabuchi to the next stage of growth.

March 28, 2008

*T. Mabuchi*

**Takaichi Mabuchi**, Chairman

*S. Kamei*

**Shinji Kamei**, President

### **Basic Approach to Corporate Governance**

The Mabuchi Group recognizes that the fulfillment of the mission stated in our management philosophy, “Contributing to International Society and Ever-expanding Our Contribution,” through our small motor business forms the very basis of our existence. Corporate governance comprises the management framework needed to fulfill our management philosophy and the management strategies needed to ensure it remains an underlying aspect of our business. Therefore, building an appropriate corporate governance structure and ensuring its efficacy is one of Mabuchi’s most important responsibilities. Mabuchi considers building and maintaining the management framework described below as indispensable for maintaining appropriate relationships with stakeholders, as well as for generating the sound profits and ensuring the long-term stable management needed to fulfill our management philosophy.

Mabuchi endeavors to fulfill the following corporate governance criteria:

1. Ensure that management decision-making and efficient business execution are clearly separated and the scope of accountability is clear.
2. Build and operate a sound internal control system to establish an effective framework for checks and balances and management supervision.
3. Foster a corporate culture in which all Group directors and employees recognize that the implementation of compliance and adherence to corporate ethics form the basis of our organization, and are crucial to maintaining stakeholder trust and satisfying stakeholder expectations.
4. Disclose corporate and management information to stakeholders in a fair, timely and clear manner.

### **Group Organizations and Status of Internal Control System**

Mabuchi employs a system of corporate auditors. Corporate bodies, accounting auditors and other organizations stipulated by the Corporate Law fulfill their respective legal functions. In addition to these organizations, Mabuchi has independently established an Executive Committee, an Internal Audit Department and other organizations related to business execution and internal control. Through the participation of these internal organizations and other means, we have established and are operating a Group-wide internal control system.

At each of our overseas Group companies, we also conduct internal control through corporate bodies required by the laws of the respective countries, and through internal organizations that complement these corporate bodies. Moreover, Mabuchi has established a Risk Management Committee that implements countermeasures to prevent damage from various risks. We also share our corporate culture and values across the world through the Mabuchi Group Management Vision and are striving to improve our internal control functions throughout the Group by holding meetings for the management of overseas bases and for the heads of different Group departments, as well as through operational audits of Group companies conducted by the Internal Audit Department.

### **Board of Directors and Executive Committee**

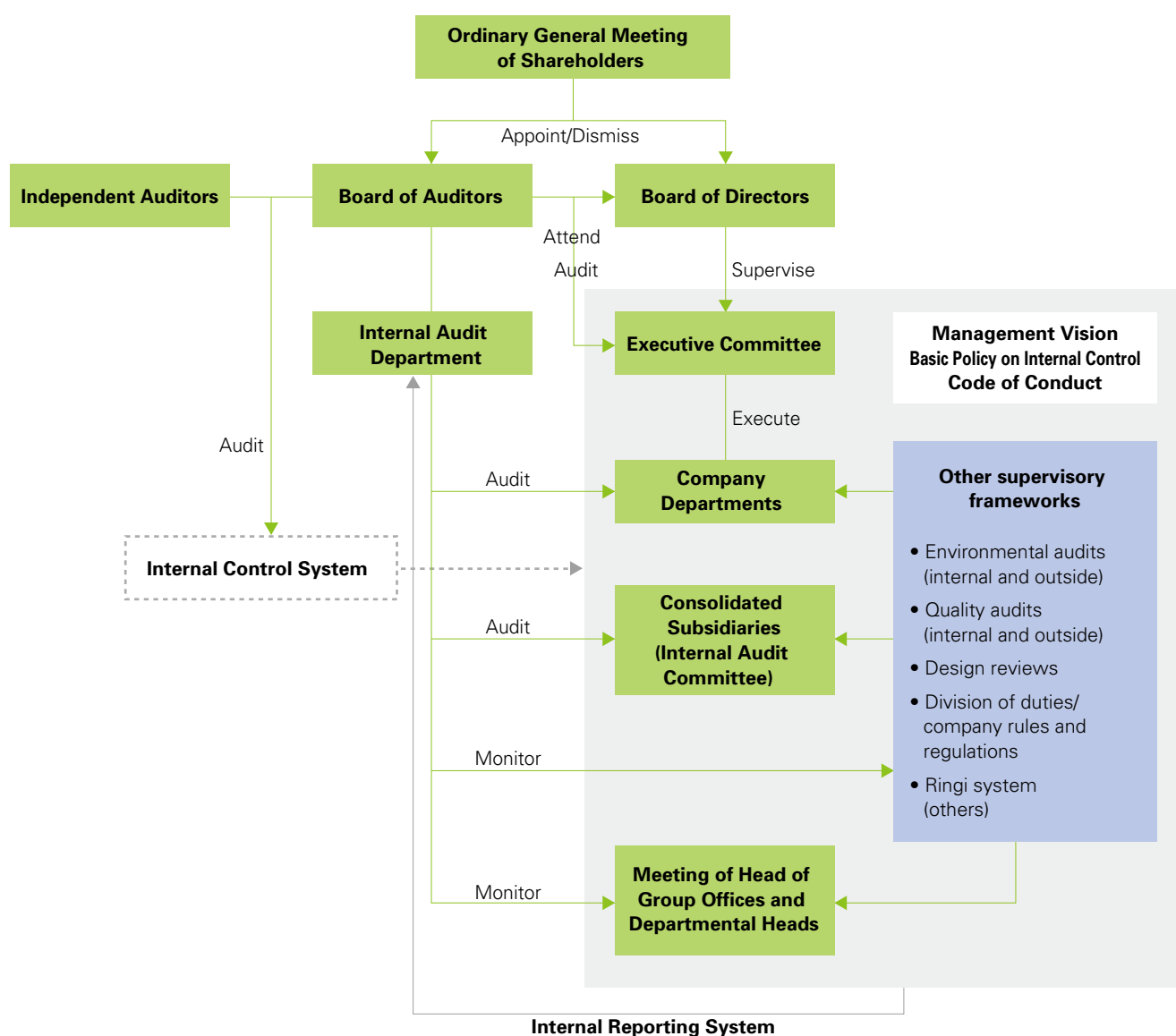
Management decisions are made by the Board of Directors, which comprises seven members, and the Executive Committee, which mainly comprises executive directors. The main functions of the Board of Directors are to monitor management decision-making and the directors’ execution of duties. As stipulated by law, the Board of Directors decides about important business matters to be executed and reports on the execution of business. Business matters decided by the Board of Directors are moved to actual business execution through the representative directors and the various executive directors. The Board of Directors meets regularly once a month, and at other appropriate times when necessary (it met 28 times during the year under review).

### Management Supervisory System

The Board of Auditors comprises four auditors, including three outside auditors, who, as stipulated by law, monitor the Board of Directors based on the audit standards, policies, plans and work responsibilities determined by the Board of Auditors. Mabuchi has also established an Internal Audit Department under the direct control of the President, to strengthen the global management supervisory system and establish a framework for providing feedback to management. In cooperation with the appropriate corporate auditors, the Department monitors the effectiveness of procedures and rules applied by internal control organizations at each Group company in an effort to ensure compliance.

Mabuchi has a contract with Ernst & Young ShinNihon to act as our accounting auditors, and Ernst & Young ShinNihon conduct independent third-party audits. When Mabuchi receives an audit report, we appropriately respond to the audit evaluation, including by making any needed improvements to the internal control system pointed out by the audit.

In addition, Mabuchi has introduced the following systems from a Group-wide perspective to function as an important management supervisory system: environmental audits, quality audits on production activities, design reviews on research and development activities, and a collective decision-making system (ringi system) by which decisions are reviewed by the concerned person.





### Environmental Activities

Based on one of its core management guidelines—“conduct corporate activities that promote the preservation of our earth’s environment and our own human health,” Mabuchi is working hard on many fronts to reduce its environmental impact. Activities range from R&D into eco-motors to reducing electricity usage, particularly by facilities and machinery used in manufacturing processes, and creating better work environments for employees. Furthermore, through participation in “Team Minus 6%,” a nationwide campaign to combat global warming, Head Office will raise the environmental awareness of all employees and implement various initiatives to cut greenhouse gas emissions.

For more details on the Mabuchi Group’s efforts to protect the environment, please visit our website.  
[http://www.mabuchi-motor.co.jp/en\\_US/environ/e\\_0300.html](http://www.mabuchi-motor.co.jp/en_US/environ/e_0300.html)

### Contributing to Society

At Mabuchi, we believe that the survival and development of a company can only be realized when it continues to increase its contribution to society. By raising our level of contribution, we aim to remain a company that plays an indispensable role in society.

### Mabuchi’s Activities

- MABUCHI MOTOR DALIAN CO., LTD., a Chinese consolidated manufacturing subsidiary of Mabuchi, was named one of the “50 foreign investment enterprises that are making excellent social contributions” in an award sponsored by China Association of Enterprises with Foreign Investment (CAEFI). This award recognizes companies whose business operations balance the interests of various stakeholders in such areas as legal compliance, environmental protection activities, sound labor-management relations and community and educational support programs.
- Mabuchi has put in place various programs at Head Office in support of employees’ diverse work styles. This is in response to changes in Japanese society that are affecting households and communities, including Japan’s decreasing population in recent years due to the aging of society and fewer births. Ensuring that workplaces allow employees to balance their careers with child raising or nursing care responsibilities, while maximizing their abilities, is an important goal. We are working to achieve this, for example, by revising our rules on child-raising and nursing care leave, making available discounted babysitting services, offering vouchers for nursing care services, enhancing self-improvement programs and providing information on various topics.
- The entire Mabuchi Group is implementing ongoing measures to help build a better society. To build lasting, mutually beneficial relationships with local communities, we conduct local cleanup activities, tree planting, blood donation and other activities. Our support for education is aimed at cultivating the next generation of engineers and contributing to the advancement of science and technology. Here, Mabuchi sponsors a robot building contest and has established scholarships and schools.

## AUTOMOTIVE PRODUCTS



SHARE OF NET SALES:

**39.9%**

### MAJOR APPLICATIONS:

Rearview mirrors, door locks, air conditioning damper actuators, power window lifters, head light beam level adjusters, seat adjusters, steering locks, electric parking brakes



Rearview Mirrors



Power Window Lifters

## AUDIO & VISUAL EQUIPMENT



SHARE OF NET SALES:

**19.8%**

### MAJOR APPLICATIONS:

DVD players/recorders, car CD players, car navigation systems, video game equipment



DVD Player



Car Component Systems

## INFORMATION & COMMUNICATION EQUIPMENT



SHARE OF NET SALES:

**16.9%**

### MAJOR APPLICATIONS:

Printers, digital cameras, PC (DVD/CD-ROM) drives, copying machines



Digital Cameras



Printers

## HOME APPLIANCES, POWER TOOLS & OTHERS



SHARE OF NET SALES:

**23.4%**

### MAJOR APPLICATIONS:

Electric toothbrushes, hair dryers, electric shavers, drills, blood pressure gauges, screwdrivers, toys, plastic models



Shavers, Toothbrushes

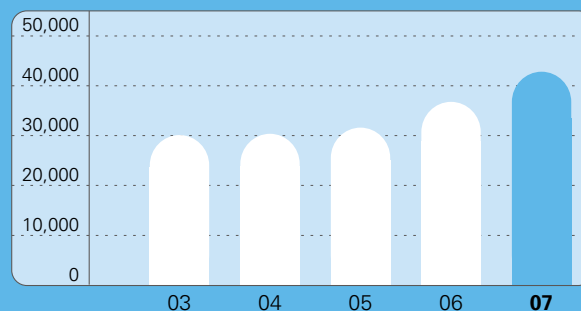


Cordless Power Tools

The number of small electric motors installed in a single automobile is increasing due to the ongoing development and installation of automotive equipment that uses more electronics and offers more advanced functions, to make automobiles safer and more comfortable and environmentally friendly. In addition to stable demand for this automotive equipment in developed countries, BRICs and South America are expected to drive growth in medium- and long-term demand.

#### NET SALES

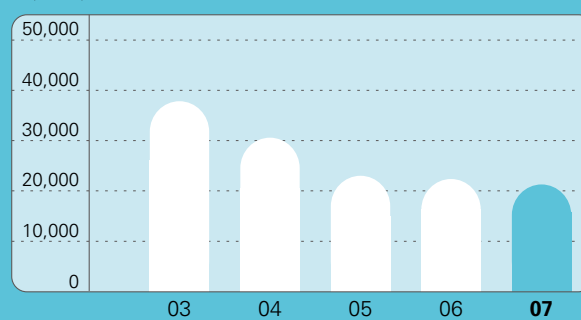
Yen (millions)



Demand for home portable audio-visual equipment that uses electric motors is declining due to the appearance of equipment that uses flash memory or other devices. In response, Mabuchi will conduct sales activities focused on high added-value products such as car navigation systems and car audio-visual equipment, as well as on DVD players, home video game equipment and other products in the entertainment field.

#### NET SALES

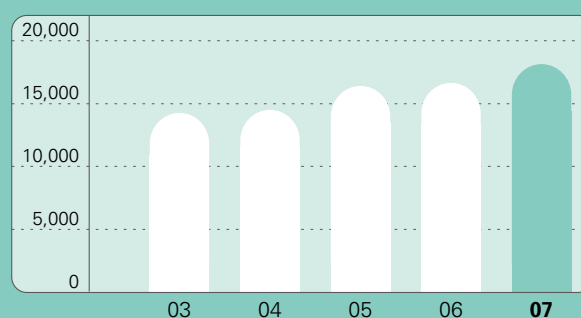
Yen (millions)



A variety of functions are integrated over networks, products such as personal computers, digital cameras and printers continue to evolve, becoming smaller and offering more functions. In tandem, Mabuchi continues to propose and develop small electric motors in response to these diversifying needs, thereby acting as an indispensable player in the continuing evolution of these products.

#### NET SALES

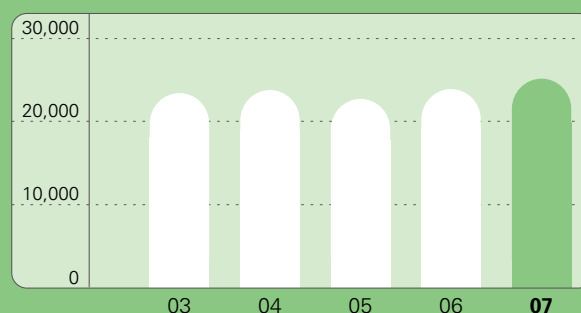
Yen (millions)



Small electric motors find numerous applications in many aspects of everyday life, ranging from home appliances to beauty equipment, hairdressing products and health-related and DIY equipment. As long as people seek to lead more convenient and comfortable lives, the application possibilities for electric motors will remain unlimited.

#### NET SALES

Yen (millions)



## Research & Development Activities

### Mabuchi's R&D Activities

The Mabuchi Group's research and development activities are concentrated at the Company's corporate headquarters. The Research and Development Headquarters covers two R&D departments and the Production Engineering Department—each with their own areas of specialization. In conjunction with our strategy to shift design improvement activities to China, we are also transferring related functions in the Research and Development Headquarters to strengthen our R&D framework.

Against the backdrop of product diversification and demand for shorter delivery times, we have been working to enhance our basic research and design technologies with a focus on making products quieter, smaller and more affordable while offering greater torque. At the same time, we have been conducting applied R&D to develop products that draw on Mabuchi's core strengths. Aiming to reduce delivery times, we have been promoting even greater use of concurrent engineering and implementing reforms centered on using computer-aided design, manufacturing and engineering to create fully integrated work practices

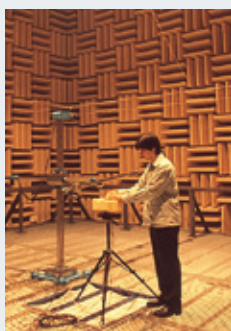
### R&D Achievements in Fiscal 2007



- High-voltage high-output motor for power tools (RZ-8BAWA)

- General-purpose high-rigidity motors for electronic throttles and other products (FT-558WA/FS-558WA)

High-rigidity motors developed to withstand high-temperature environments for use in automotive electrical equipment, particularly in engine compartments. The motors can withstand high temperatures up to 130°C, and the rotor area has been strengthened to withstand 30G.



- Gear units for power windows (GA-558RN/LN/RP/NP)

A lightweight low-cost next-generation power window gear unit developed without the unneeded functions of previous units for power windows.

- General-purpose gear unit for power windows and other products (GA-658RP/NP)

A small, lightweight general-purpose gear unit developed with magnetic circuits different from those in existing base motors. The gear unit is also used in such applications as sun roofs and electric seat adjusters.

- Gear unit for power windows (JJ/LJ-578VA)

A power window gear unit, which includes an electric noise elimination device as an option, developed after changing the gear box's mounting pitch.

- Motor for automotive power seats (RZ-55AWA)

A small high-torque motor 40% lighter than existing models developed to find new applications in the market. A high-quality low-vibration model that is also quiet.

from design and infrastructure to tool production. Furthermore, we have been conducting production technology development and implementing the Mabuchi Production System (MPS) across the Group to boost manufacturing efficiency. These steps have led to significant cost reductions through production process reforms that cut both inventories and the number of manufacturing steps.

We have been putting particular focus on developing motors for power windows as a new business, and production has increased steadily on the back of rising demand from car makers in Japan and overseas. We have also begun production of motors for newly developed power windows.

## R&D Expenses

For fiscal 2007, Mabuchi recorded ¥4.1 billion in R&D expenses. Mabuchi holds a total of 497 industrial property rights (132 in Japan and 365 overseas) and has 335 employees engaged in R&D activities (231 at headquarters and 104 at the DGM R&D Center).

- **Small general-purpose motor for installation in door locks and other components (FK-280SB)**

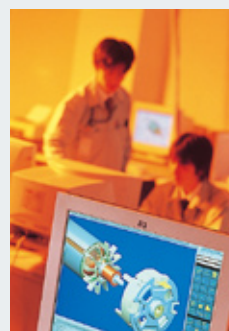
An advanced model that meets increasing market demand for silent motors.

- **Motor with onboard encoder for scanners (FC-140SW)**

A motor, for use in scanners, with an onboard optical analog 2-channel (32-pulse resolution) encoder developed as a high added-value product. This motor is expected to achieve increased sales in the office-automation equipment market.

- **Environmentally friendly eco-motors**

Mabuchi has completed the switch to production of motors that do not contain the six substances restricted by Europe's ELV and RoHS Directives, both in response to tightening regulations concerning substances harmful to the environment and to satisfy the wide variety of customer demands for environmentally friendly products. In response to demands from our customers for assurance regarding environmentally friendly substances, we will provide certification that we are not using the aforementioned six environmentally harmful substances as well as evidence to that effect from precise testing. In addition, we will provide IMDS/JAMA sheets in a timely manner. Moreover, we are working to eliminate all environmentally harmful substances used in production, by eliminating cleaning in the washing process and by introducing environmentally friendly hydrocarbon washing machines at all production sites.



## Six-year Financial Summary

Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31

	Yen (millions)					U.S. Dollars (thousands)	
	2002	2003	2004	2005	2006	2007	2007
<b>Operating Results</b>							
Net sales . . . . .	¥116,356	¥105,743	¥ 99,347	¥ 93,927	¥100,517	<b>¥107,640</b>	<b>\$ 944,210</b>
Operating income . . . . .	29,122	24,576	17,312	8,149	10,700	<b>11,685</b>	<b>102,500</b>
Income before income taxes and minority interests . . . . .	27,968	24,741	19,676	11,597	15,914	<b>16,530</b>	<b>145,000</b>
Net income . . . . .	18,025	16,731	13,279	7,350	10,603	<b>10,914</b>	<b>95,736</b>
<b>Per Share of Common Stock:</b>							
Net income . . . . . (Yen and U.S. Dollars)	¥ 392.13	¥ 375.41	¥ 316.14	¥ 180.72	¥ 268.03	<b>¥ 280.90</b>	<b>\$ 2.46</b>
Cash dividends per share . . . . . (Yen and U.S. Dollars)	70.00	128.00	115.00	92.00	114.00	<b>123.00</b>	<b>1.07</b>
Depreciation and Amortization . . . . .	¥ 6,336	¥ 5,578	¥ 5,241	¥ 5,734	¥ 5,360	<b>¥ 4,913</b>	<b>\$ 43,096</b>
Capital Expenditures . . . . .	6,278	5,673	11,606	5,543	3,627	<b>3,700</b>	<b>32,456</b>
R&D Expenses . . . . .	3,535	3,714	4,035	4,196	4,076	<b>4,187</b>	<b>36,728</b>
<b>Balance Sheets</b>							
Shareholders' equity . . . . .	¥224,315	¥212,803	¥201,543	¥211,875	¥211,284	<b>¥208,671</b>	<b>\$1,830,447</b>
Total assets . . . . .	244,987	229,674	216,489	227,375	236,999	<b>230,960</b>	<b>2,025,964</b>
<b>Other Data</b>							
Number of shares outstanding . . . . . (thousands of shares)	45,966	44,223	41,770	40,469	39,560	<b>38,243</b>	
Number of employees . . . . .	50,762	51,796	49,743	46,412	45,015	<b>45,601</b>	

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥114=U.S.\$1, the approximate exchange rate on December 31, 2007.

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 the respective year.

3. Number of employees includes contract manufacturing labor at plants in Guangdong and Wafangdian, China.

## Management's Discussion and Analysis

### Net Sales

In fiscal 2007, consolidated net sales increased 7.1% year on year to ¥107,640 million (U.S.\$944 million). Motor sales, which account for the majority of consolidated sales, rose 7.8% to ¥107,446 million (U.S.\$942 million). The robust sales were attributable to strong demand for motors used in automotive applications, an improved product mix due to increased sales of high-priced motors, and the benefits of the weaker yen.

### Net Sales by Application

Years ended December 31

	Yen (millions)					U.S. Dollars (thousands)
	2003	2004	2005	2006	2007	2007
Automotive Products . . . . .	¥ 30,127	¥30,376	¥31,597	¥ 36,781	¥ 42,820	\$375,614
Audio & Visual Equipment . . . . .	37,866	30,567	23,061	22,361	21,308	186,912
Information & Communication Equipment . . . . .	14,273	14,499	16,402	16,658	18,139	159,114
Home Appliances, Power Tools & Others . . . . .	23,435	23,806	22,772	23,900	25,178	220,859
Other . . . . .	39	97	93	815	194	1,701
Total . . . . .	¥105,743	¥99,347	¥93,927	¥100,517	¥107,640	\$944,210

Other includes parts and equipment sales.

### Automotive Products

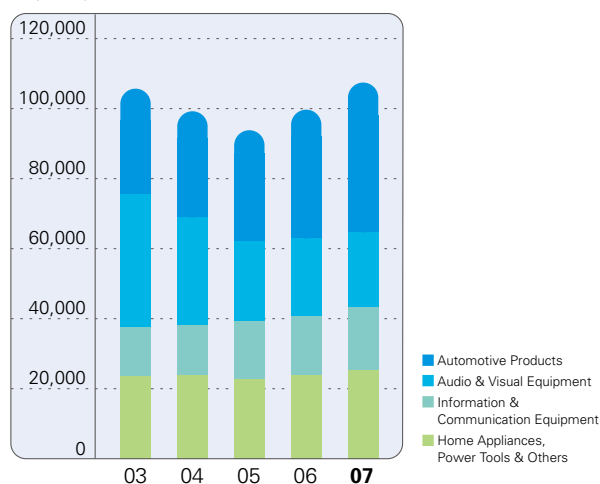
Net sales increased 16.4% year on year to ¥42,820 million (U.S.\$375 million). This strong growth was due mainly to an increase in the number of motors installed per vehicle, driven by a continuing rise in electronics used in automobiles. Automobile sales grew steadily on the back of demand in BRICs, and the ratio of motors used in automobile applications also increased. Demand, particularly for motors used in mainstay applications such as mirrors, door locks, air conditioning damper actuators, and headlight beam level adjusters, grew steadily. New car models are increasingly installing power window lifter units, a strategic product, and this plus strong demand in BRICs and South America resulted in a surge in sales. Sales of motors used in steering locks and door closers also grew steadily, and full-scale shipments commenced for new applications such as electric parking brakes.

### Audio & Visual Equipment

Net sales fell 4.7% from the previous fiscal year to ¥21,308 million (U.S.\$186 million). Sales of motors for car CD players continued to rise, thanks primarily to overseas demand. However, demand for motors used in household and portable CD players continued to drop, and sales of motors used in DVD players and recorders fell in North America. Among other applications, sales of motors used in game consoles doubled, supported by strong sales of new consoles.

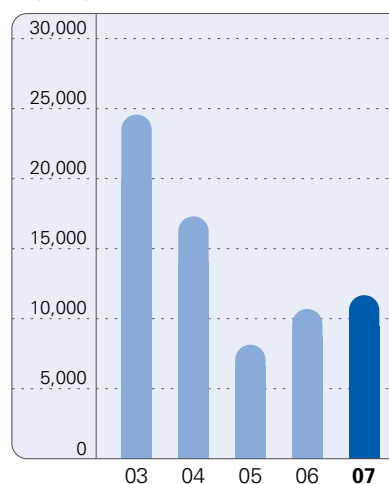
### NET SALES BY APPLICATION

Yen (millions)



### OPERATING INCOME

Yen (millions)





### Information & Communication Equipment

Net sales rose 8.9% year on year to ¥18,139 million (U.S.\$159 million). Sales to major customers of motors used in inkjet printers were strong, and sales of high-value-added motor equipment with optical encoders increased. In addition, sales of motors for camera zoom units increased due to growth in sales of digital cameras and expanding BRICs markets. However, sales of motors used in PC drives declined due to the discontinuation of brushless spindle motor production.

### Home Appliances, Power Tools & Others

Net sales increased 5.3% to ¥25,178 million (U.S.\$220 million). Sales of motors used in power tools declined in North America, but this was offset by growth in demand in Europe and South America. Also, the adoption of lithium batteries in high-output power tools drove an increase in motor usage. Moreover, sales of low-price motors used in toothbrushes rose, as did sales of linear motors used in premium shavers.

## Net Sales by Geographic Area

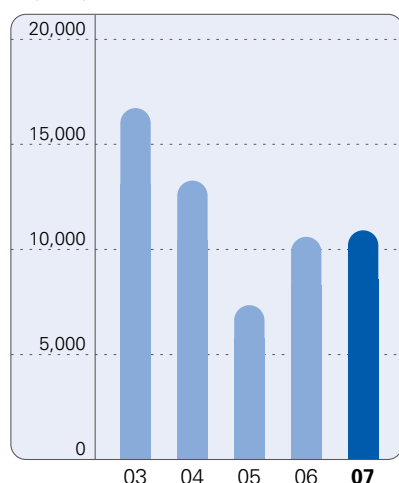
Years ended December 31

	Yen (millions)					U.S. Dollars (thousands)
	2003	2004	2005	2006	2007	2007
Japan	¥ 11,611	¥11,536	¥10,928	¥ 10,902	<b>¥ 10,980</b>	<b>\$ 96,315</b>
North and Latin America	10,183	9,091	8,728	10,459	<b>11,697</b>	<b>102,605</b>
Europe	14,781	13,848	13,068	14,430	<b>16,912</b>	<b>148,350</b>
China and Hong Kong	45,797	44,855	41,665	41,105	<b>41,290</b>	<b>362,192</b>
Asia Pacific	23,331	19,917	19,443	22,804	<b>26,564</b>	<b>233,017</b>
Other	39	97	93	815	<b>194</b>	<b>1,701</b>
Total	¥105,743	¥99,347	¥93,927	¥100,517	<b>¥107,640</b>	<b>\$944,210</b>

Other includes parts and equipment sales.

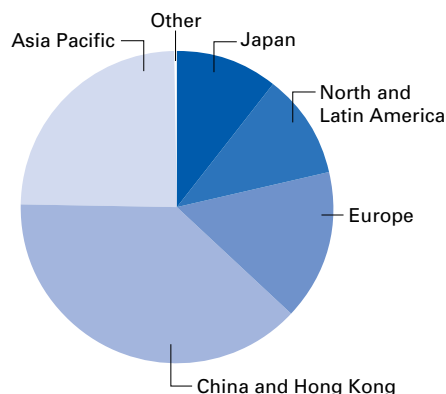
### NET INCOME

Yen (millions)



### SHARE OF NET SALES IN 2007

Year ended December 31, 2007



Japan	10.2%
North and Latin America	10.9%
Europe	15.7%
China and Hong Kong	38.4%
Asia Pacific	24.7%
Other	0.1%



## Costs, Expenses and Net Income

Mabuchi faced a number of increased costs in 2007, such as surging prices for raw materials like copper and precious metals, rising wages, mainly in China, and start-up costs for the new plant in Danang, Vietnam. Also, selling, general and administrative expenses rose mainly due to an increase of performance-linked bonuses at headquarters and losses for after-care of products. However, operating income increased 9.2% year on year to ¥11,685 million (U.S.\$102 million) due to increased sales and product mix improvement as mentioned previously, and cost reduction in other raw materials.

Other income, net of other expenses decreased 7% to ¥4,844 million (U.S.\$42 million) due mainly to a decrease in exchange gains compared to the previous year.

As a result, net income increased 2.9% to ¥10,914 million (U.S.\$95 million) with an effective income tax rate of 34.0% in 2007, while it was 33.4% in 2006.

## Foreign Currency

In preparing consolidated financial statements, items in the financial statements of foreign subsidiaries that are recorded in local currencies are converted to Japanese yen. As a result, post-conversion figures are affected by the exchange rate on the conversion date.

In fiscal 2007, overseas sales accounted for 90% of consolidated net sales, and 81% of overseas sales were transacted in U.S. dollars. The average exchange rate during the period under review was ¥117.84 per U.S. dollar, a depreciation of 1.3% compared to the previous fiscal year. For every ¥1 depreciation in fiscal 2007, sales increased by approximately ¥740 million (U.S.\$6 million) and operating income by around ¥130 million (U.S.\$1 million).

## Financial Position

Net working capital at December 31, 2006 and 2007 is summarized as follows:

	Yen (millions)		Increase
	2006	2007	
Current assets	¥118,879	<b>¥127,006</b>	¥8,126
Current liabilities	12,100	<b>12,485</b>	385
Net working capital	¥106,779	<b>¥114,520</b>	¥7,741
Current ratio (%)	9.8	<b>10.2</b>	

As of December 31, 2007, total assets were ¥230,960 million (U.S.\$2,025 million), a decrease of ¥6,039 million (U.S.\$52 million) compared to the end of the previous fiscal year. The main changes were a decrease in cash and bank deposits of ¥6,134 million (U.S.\$53 million), a decrease in investment securities of ¥11,968 million (U.S.\$104 million) and an increase in short-term securities of ¥14,189 million (U.S.\$124 million).

Total liabilities decreased ¥136 million (U.S.\$1 million) to ¥17,645 million (U.S.\$154 million). Allowance for retirement benefits for directors and statutory auditors increased ¥571 million (U.S.\$5 million). Total net assets decreased ¥5,902 million (U.S.\$51 million) to ¥213,314 million (U.S.\$187 million) owing mainly to the purchase of treasury stock of ¥8,702 million (U.S.\$76 million).

## Cash Flows

The major items of cash flows for the years ended December 31, 2006 and 2007 are summarized below:

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
Income before income taxes and minority interests . . . . .	¥15,914	<b>¥16,530</b>	<b>\$145,000</b>
Depreciation and amortization . . . . .	5,360	<b>4,913</b>	<b>43,096</b>
Increase in property, plant and equipment . . . . .	(3,871)	<b>(3,313)</b>	<b>(29,061)</b>
Change in short-term investment and purchase of investment securities . . . . .	(1,593)	<b>4,738</b>	<b>41,561</b>
Cash dividends paid . . . . .	(3,994)	<b>(4,828)</b>	<b>(42,350)</b>
Purchase of treasury stock . . . . .	(15)	<b>(8,702)</b>	<b>(76,333)</b>
Effect of exchange rate changes on cash and cash equivalents . . . . .	852	<b>(1,346)</b>	<b>(11,807)</b>
Other, net . . . . .	(4,631)	<b>(3,733)</b>	<b>(32,745)</b>
Net increase in cash and cash equivalents . . . . .	¥ 8,020	<b>¥ 4,257</b>	<b>\$ 37,342</b>

Net cash provided by operating activities was ¥15,447 million (U.S.\$135 million), a decrease of ¥2,052 million (U.S.\$18 million). This was mainly attributable to an increase in income taxes paid.

Net cash provided by investing activities was ¥3,687 million (U.S.\$32 million), an increase of ¥10,009 million (U.S.\$87 million), as proceeds from sales of securities and investment securities exceeded cash used for the purchase of such securities.

Net cash used in financing activities was ¥13,531 million (U.S.\$118 million), which consisted of purchase of its own shares of ¥8,702 million (U.S.\$76 million) and the payment of cash dividends of ¥4,828 million (U.S.\$42 million).

Cash and cash equivalents at the end of the fiscal year under review were ¥76,897 million (U.S.\$674 million), up ¥4,257 million (U.S.\$37 million) from ¥72,639 million (U.S.\$637 million) a year ago.

## Risks

The following is a list of risks related to Group businesses and other risks that could have a significant influence on investment decisions. Based on an awareness of these risks, the Mabuchi Group is endeavoring to avoid their occurrence and mitigate any impact in the event they do materialize.

### • Changes in Economic Conditions

Demand for Mabuchi products, which are incorporated into our customers' products, is influenced by economic conditions in diverse markets where the Group's products are sold. Consequently, the Group's operating results and financial position may be adversely affected by economic downturns and any related drop in demand in Mabuchi's key markets, including Japan, other Asian countries, North America, and Europe. Changes in economic conditions in overseas markets where competitors carry out manufacturing activities may also have an indirect impact on the Mabuchi Group.

### • Fluctuations in Foreign Exchange Rates

The Mabuchi Group conducts its business through manufacturing and sales subsidiaries worldwide. Consequently, local currency items converted into Japanese yen during the preparation of consolidated financial statements are subject to foreign exchange rates at the time of conversion. Additionally, any appreciation in the local currency of a country where manufacturing activities are conducted may push up manufacturing and procurement costs, leading to deterioration in the Group's profitability and price competitiveness. Mabuchi therefore works to minimize the negative effects of short-term exchange rate fluctuations by preventing excessive increases in deposits denominated in foreign currencies and by entering into forward-exchange contracts with respect to receivables and payables from import and export transactions. However, significant or medium- to long-term fluctuations in exchange rates may have a major impact on the Group's operating results and financial position.

• **Development of New Products and Technologies**

The development and sale of new products, by its very nature, involves both complexities and uncertainties, and includes a broad array of risks: there is no guarantee that the Group can translate medium- to long-term investment or other resources into successful new products or the creation of new technologies, or that it can sell new products and technologies that accurately predict future customer and market needs. Technological innovation and changes in market needs may also hurt the marketability of certain Mabuchi products, while failure to develop and launch new products and technologies in a timely manner may prevent the Group from responding to market needs.

• **Price Competition**

Technological advances or the emergence of new competitors may lead to increased market or customer pressure to reduce prices, causing further drops in the price of products Mabuchi supplies. Failure to cut costs in response to long-term price reductions may have a significant impact on the Group's operating results and financial position.

• **International Operating Environment**

The Mabuchi Group operates in a number of countries in Europe, North America and Asia. In these countries, unforeseen changes to systems, laws or regulations, unfavorable political or economic factors, difficulties in employing and retaining personnel, the negative impact on manufacturing activities of inadequate infrastructure, international tax risks, and social unrest attributable to terrorist activities, conflict and other factors, may impact on the Group's operating results and financial position.

• **Product Quality**

Although the Mabuchi Group manufactures its products in accordance with internationally recognized quality standards, there is no guarantee that the Group can supply all its products without defects, or that no major product quality issue will occur in the future. In the event of a large-scale product recall or a defect that leads to product liability damages, substantial costs incurred and/or deterioration in sales due to a loss of customer trust could have a significant impact on the Group's operating results and financial position.

• **Intellectual Property**

The Mabuchi Group may suffer a loss of competitiveness in the event that its intellectual property rights are infringed or not fully protected, or from damage due to the manufacture of similar products following the unauthorized use of other intellectual property. Any related lawsuit filed by Mabuchi could require significant costs and time, and may result in losses from the payment of damages or the forfeit of markets.

• **Raw Material Procurement**

Long-term difficulties in securing raw materials due to any halt or lack of supplies arising from accidents or other issues at suppliers, poor quality, or sharply higher demand in the marketplace, could have a significant impact on manufacturing activities and prevent the Group from delivering products to customers or maintaining quality standards.

• **Natural Disasters and Accidents**

There is no guarantee that the Mabuchi Group can fully protect itself against or mitigate damages as planned arising from the halt of business operations due to disasters, accidents or other issues occurring at its operating sites worldwide.

## Consolidated Balance Sheets

Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries  
December 31, 2006 and 2007

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and bank deposits . . . . .	¥ 67,403	¥ 61,269	\$ 537,447
Trade notes and accounts receivable . . . . .	14,533	15,145	132,850
Less—Allowance for doubtful receivables . . . . .	(308)	(290)	(2,543)
Short-term investments . . . . .	16,061	30,250	265,350
Inventories . . . . .	17,814	18,048	158,315
Deferred tax assets—current . . . . .	1,215	1,375	12,061
Other current assets . . . . .	2,159	1,206	10,578
Total current assets . . . . .	118,879	127,006	1,114,087
 <b>Property, Plant and Equipment, at Cost:</b>			
Land . . . . .	6,197	6,190	54,298
Buildings . . . . .	46,108	45,028	394,982
Machinery and equipment . . . . .	62,685	61,079	535,780
Construction in progress . . . . .	1,247	894	7,842
	116,238	113,191	992,903
Less—Accumulated depreciation . . . . .	(75,875)	(74,356)	(652,245)
Property, plant and equipment, net . . . . .	40,362	38,835	340,657
 <b>Investments and Other Assets:</b>			
Investment securities . . . . .	75,141	63,172	554,140
Long-term loans receivable . . . . .	151	133	1,166
Deferred tax assets—non-current . . . . .	113	129	1,131
Other investments and other assets . . . . .	2,350	1,682	14,754
Total investments and other assets . . . . .	77,757	65,118	571,210
Total assets . . . . .	¥236,999	¥230,960	\$2,025,964

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

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Trade notes and accounts payable . . . . .	¥ 3,845	¥ 3,948	\$ 34,631
Accrued income taxes . . . . .	2,464	2,676	23,473
Accrued bonus to employees . . . . .	216	248	2,175
Accrued bonus for directors . . . . .	62	81	710
Allowance for loss on reorganization of subsidiary . . . . .	509	346	3,035
Other current liabilities . . . . .	5,001	5,185	45,482
Total current liabilities . . . . .	12,100	12,485	109,517
<b>Long-term Liabilities:</b>			
Allowance for retirement benefits for employees . . . . .	162	187	1,640
Allowance for retirement benefits for directors and statutory auditors . . . . .	522	1,094	9,596
Deferred tax liabilities . . . . .	4,887	3,793	33,271
Other long-term liabilities . . . . .	108	84	736
Total long-term liabilities . . . . .	5,681	5,160	45,263
<b>Net Assets:</b>			
Shareholders' Equity:			
Common stock, without par value:			
Authorized: 100,000,000 shares			
Issued: 47,075,881 shares . . . . .	20,704	20,704	181,614
Additional paid-in capital . . . . .	20,419	20,419	179,114
Retained earnings . . . . .	234,893	240,983	2,113,885
Treasury stock, at cost: 7,516,420 shares in 2006			
Treasury stock, at cost: 8,832,718 shares in 2007 . . . . .	(64,733)	(73,436)	(644,175)
Total shareholders' equity . . . . .	211,284	208,671	1,830,447
Revaluation/translation adjustment:			
Unrealized holding gains on securities . . . . .	3,478	1,956	17,157
Foreign currency translation adjustments . . . . .	4,454	2,686	23,561
Total revaluation/translation differences . . . . .	7,932	4,643	40,728
Total net assets . . . . .	219,217	213,314	1,871,175
Total liabilities and net assets . . . . .	¥236,999	¥230,960	\$2,025,964

## Consolidated Statements of Income

Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries  
For the years ended December 31, 2006 and 2007

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
<b>Net Sales</b> .....	¥100,517	<b>¥107,640</b>	<b>\$944,210</b>
<b>Cost of Sales</b> .....	71,919	<b>77,207</b>	<b>677,254</b>
Gross profit .....	28,598	<b>30,433</b>	<b>266,956</b>
<b>Selling, General and Administrative Expenses</b> .....	17,898	<b>18,747</b>	<b>164,447</b>
Operating income .....	10,700	<b>11,685</b>	<b>102,500</b>
<b>Other Income (Expenses):</b>			
Interest and dividend income .....	2,907	<b>3,396</b>	<b>29,789</b>
Exchange gains on foreign currency transactions .....	957	<b>131</b>	<b>1,149</b>
Other, net .....	1,348	<b>1,316</b>	<b>11,543</b>
	5,213	<b>4,844</b>	<b>42,491</b>
<b>Income before Income Taxes</b> .....	15,914	<b>16,530</b>	<b>145,000</b>
<b>Income Taxes:</b>			
Current .....	4,945	<b>5,851</b>	<b>51,324</b>
Deferred .....	365	<b>(235)</b>	<b>(2,061)</b>
	5,310	<b>5,615</b>	<b>49,254</b>
<b>Net Income</b> .....	¥ 10,603	<b>¥ 10,914</b>	<b>\$ 95,736</b>
	Yen		U.S. Dollars
	2006	2007	2007
<b>Per Share of Common Stock:</b>			
Net income .....	¥ 268.03	<b>¥ 280.90</b>	<b>\$ 2.46</b>
Cash dividends applicable to earnings of the year .....	114.00	<b>123.00</b>	<b>1.07</b>

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

## Consolidated Statements of Change in Net Assets

Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries  
For the years ended December 31, 2006 and 2007

	Number of Shares (thousands)		Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2006	2007	2007
<b>Common Stock:</b>					
Beginning balance . . . . .	47,075	47,075	¥ 20,704	¥ 20,704	\$ 181,614
Ending balance . . . . .	47,075	47,075	¥ 20,704	¥ 20,704	\$ 181,614
<b>Additional Paid-in Capital:</b>					
Beginning balance . . . . .			¥ 20,419	¥ 20,419	\$ 179,114
Ending balance . . . . .			¥ 20,419	¥ 20,419	\$ 179,114
<b>Retained Earnings:</b>					
Beginning balance . . . . .			¥228,319	¥234,893	\$2,060,464
Net income . . . . .			10,603	10,914	95,736
Cash dividends . . . . .			(3,995)	(4,825)	(42,324)
Bonuses to directors and statutory auditors . . . . .			(36)	—	—
Increase in accounting changes of scope of consolidation . . . . .			(3)	—	—
Ending balance . . . . .			¥234,893	¥240,983	\$2,113,885
<b>Unrealized Holding Gains on Investments:</b>					
Beginning balance . . . . .			¥ 4,034	¥ 3,478	\$ 30,508
Net change during the year . . . . .			(555)	(1,522)	(13,350)
Ending balance . . . . .			¥ 3,478	¥ 1,956	\$ 17,157
<b>Foreign Currency Translation Adjustments:</b>					
Beginning balance . . . . .			¥ 3,115	¥ 4,454	\$ 39,070
Net change during the year . . . . .			1,338	(1,767)	(15,500)
Ending balance . . . . .			¥ 4,454	¥ 2,686	\$ 23,561
<b>Treasury Stock:</b>					
Beginning balance . . . . .			¥ (64,718)	¥ 64,733	\$ 567,833
Net change during the year . . . . .			(15)	(8,702)	(76,333)
Ending balance . . . . .			¥ (64,733)	¥ (73,436)	\$ (644,175)

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

## Consolidated Statements of Cash Flows

Mabuchi Motor Co., Ltd and Consolidated Subsidiaries  
For the years ended December 31, 2006 and 2007

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥15,914	<b>¥16,530</b>	<b>\$145,000</b>
Depreciation and amortization	5,360	<b>4,913</b>	<b>43,096</b>
Impairment loss	521	<b>24</b>	<b>210</b>
Allowance for retirement benefits, net payments	77	<b>603</b>	<b>5,289</b>
Decrease in allowance for loss on reorganization of subsidiary	(48)	<b>(163)</b>	<b>(1,429)</b>
Interest and dividend income	(2,907)	<b>(3,396)</b>	<b>(29,789)</b>
Foreign exchange (gain) loss	(98)	<b>388</b>	<b>3,403</b>
Gain on sales of short-term investment and investment securities	(704)	<b>(292)</b>	<b>(2,561)</b>
Gain on sales and disposal of fixed assets	(36)	<b>(161)</b>	<b>(1,412)</b>
Increase in trade notes and accounts receivables	(139)	<b>(742)</b>	<b>(6,508)</b>
Increase in inventories	(197)	<b>(470)</b>	<b>(4,122)</b>
Increase in trade notes and accounts payable	962	<b>210</b>	<b>1,842</b>
Other, net	(1,012)	<b>164</b>	<b>1,438</b>
Sub total	17,691	<b>17,610</b>	<b>154,473</b>
Interest and dividends received	2,911	<b>3,388</b>	<b>29,719</b>
Interest paid	(0)	<b>—</b>	<b>—</b>
Income taxes paid	(3,102)	<b>(5,552)</b>	<b>(48,701)</b>
Net cash provided by operating activities	17,500	<b>15,447</b>	<b>135,500</b>
<b>Cash Flows from Investing Activities:</b>			
Deposition of time deposit	—	<b>(26,073)</b>	<b>(228,710)</b>
Proceeds from withdrawal of time deposit	—	<b>27,173</b>	<b>238,359</b>
Purchase of short-term investments	(4,781)	<b>(14,704)</b>	<b>(128,982)</b>
Proceeds from sales of short-term investments	7,080	<b>13,769</b>	<b>120,780</b>
Purchases of property, plant and equipment	(4,261)	<b>(3,903)</b>	<b>(34,236)</b>
Proceeds from sales of property, plant and equipment	390	<b>589</b>	<b>5,166</b>
Purchase of investment securities	(9,411)	<b>(7,150)</b>	<b>(62,719)</b>
Proceeds from sales of investment securities	5,518	<b>12,823</b>	<b>112,482</b>
Other, net	(856)	<b>1,163</b>	<b>10,201</b>
Net cash (used in) provided by investing activities	(6,321)	<b>3,687</b>	<b>32,342</b>
<b>Cash Flows from Financing Activities:</b>			
Cash dividends paid	(3,994)	<b>(4,828)</b>	<b>(42,350)</b>
Purchase of treasury stock	(15)	<b>(8,702)</b>	<b>(76,333)</b>
Net cash used in financing activities	(4,009)	<b>(13,531)</b>	<b>(118,692)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	852	<b>(1,346)</b>	<b>(11,807)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	8,020	<b>4,257</b>	<b>37,342</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	64,596	<b>72,639</b>	<b>637,184</b>
<b>Increase in Accounting Changes of Scope of Consolidation</b>	22	<b>—</b>	<b>—</b>
<b>Cash and Cash Equivalents at End of Year</b>	¥72,639	<b>¥76,897</b>	<b>\$674,535</b>

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



# Notes to Consolidated Financial Statements

Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

### (a) Basis of Presenting Consolidated 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 ¥114 to U.S.\$1, which was the approximate exchange rate prevailing on December 31, 2007.

### (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 adjustments 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 and improvements, are charged to income as incurred.

### (Change in accounting policy)

Due to the amendment of Japanese Corporate Tax Law in 2007, the Company changed the methods of depreciation of tangible fixed assets purchased on or after April 1, 2008 to the method at the rates prescribed in the amended corporate tax law, under which purchase costs of the qualified tangible fixed assets are allowed to be fully depreciated. The effect of the change to income was immaterial.

**(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. There were no significant reportable leases.

**(i) Research and development expenses**

Expenditures relating to research and development activities are charged to income as incurred and amounted to ¥4,076 million and ¥4,187 million (\$36,728 thousand) for the years ended December 31, 2006 and 2007, 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 trustee 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.

Allowance for 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 is recognized primarily by the straight-line method over a period of mainly 10 years which is shorter than the average remaining years of service of the employees. Prior service costs are amortized using the straight-line method over 10 years.

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.

**(Additional information)**

Effective April 1, 2008, the Company amended its retirement benefit plan to introduce a "point" based retirement benefit plan. This amendment resulted in the recognition of prior service costs of ¥202 million. Under the amended plan, the estimated amount of all retirement benefits to be paid upon retirement is allocated to each service year based on points earned.

**Retirement benefit plan for directors and statutory auditors**

Following a resolution by the Board of Directors to abolish the unfunded retirement benefits plan for directors and statutory auditors at the close of the shareholders meeting on March 28, 2008, the shareholders' meeting approved a payment to directors and statutory auditors to settle the retirement benefits plan. As a result, the allowance for retirement benefits for directors and statutory auditors, including an additional payment of ¥552 million to a director of significant merit, which is over the amount of retirement benefits determined based on the standard prescribed by the Company, was fully provided as of December 31, 2007, and charged to income as other expense for the year then ended. Actual payments of the retirement benefits to directors and statutory auditors will be made upon retirement from their posts.

**(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.

**(m) Impairment of fixed assets**

The Company adopted the Accounting Standard for Impairment of Fixed Assets and the Guidance on Accounting for Impairment of Fixed Assets from the previous fiscal year. As a result, impairment of fixed assets incurred totaled ¥521 million and ¥24 million (U.S.\$210 thousand) in 2006 and 2007, respectively. Accumulated loss on impairment is directly deducted from the related assets.

#### (n) Allowance for loss on reorganization of a subsidiary

The allowance for loss on reorganization of a subsidiary incurred in connection with the closure of Mabuchi Motor (Malaysia) SDN. BHD. was reported at the reasonably estimated amount.

#### (o) Changes in accounting presentation

"Payment of time deposit" and "Proceeds from withdrawal of time deposit" in cash flows from investing activities were included in "Other, net" in 2006. However, due to their increase in materiality in monetary terms, these items have been presented separately in 2007. The amounts for "Payment of time deposit" and "Proceeds from withdrawal of time deposit" included in "Other, net" in 2006 were ¥7,410 million and ¥6,980 million, respectively.

## 2. CASH AND CASH EQUIVALENTS

Reconciliation of cash and cash equivalents to the accounts on the statement of cash flow as of December 31, 2006 and 2007 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
Cash and bank deposits on the consolidated balance sheet . . . . .	¥67,403	¥61,269	\$537,447
Time deposits with maturities over three months at the time of purchase . . .	(3,778)	(2,639)	(23,149)
Short-term investments . . . . .	16,061	30,250	265,350
Securities under the risk value fluctuation . . . . .	(7,046)	(11,983)	(105,114)
Cash and cash equivalents . . . . .	¥72,639	¥76,897	\$674,535

## 3. INVENTORIES

Inventories as of December 31, 2006 and 2007 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
Finished goods . . . . .	¥ 9,506	¥ 9,705	\$ 85,131
Work in process . . . . .	1,849	1,703	14,938
Raw materials . . . . .	6,457	6,639	58,236
	¥17,814	¥18,048	\$158,315

## 4. SECURITIES

The Company and its consolidated subsidiaries have no trading 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, 2006 and 2007 were as follows:

	Yen (millions)		
	2006		
	Cost	Fair value	Gains (losses)
<b>Available-for-sale:</b>			
Debt securities . . . . .	¥17,571	¥17,491	¥ (80)
Equity securities . . . . .	3,540	7,332	3,792
Other . . . . .	17,120	19,244	2,123
	¥38,232	¥44,068	¥ 5,835
<b>Held-to-maturity:</b>			
Debt securities . . . . .	¥34,683	¥32,257	¥(2,425)

	Yen (millions)			U.S. Dollars (thousands)		
	<b>2007</b>			<b>2007</b>		
	Cost	Fair value	Gains (losses)	Cost	Fair value	Gains (losses)
<b>Available-for-sale:</b>						
Debt securities	<b>¥18,185</b>	<b>¥17,680</b>	<b>¥ (504)</b>	<b>\$159,517</b>	<b>\$155,087</b>	<b>\$ (4,421)</b>
Equity securities	<b>3,641</b>	<b>6,381</b>	<b>2,740</b>	<b>31,938</b>	<b>55,973</b>	<b>24,035</b>
Other	<b>11,484</b>	<b>12,529</b>	<b>1,045</b>	<b>100,736</b>	<b>109,903</b>	<b>9,166</b>
	<b>¥33,310</b>	<b>¥36,592</b>	<b>¥ 3,281</b>	<b>\$292,192</b>	<b>\$320,982</b>	<b>\$ 28,780</b>

<b>Held-to-maturity:</b>						
Debt securities	<b>¥37,475</b>	<b>¥35,179</b>	<b>¥(2,296)</b>	<b>\$328,728</b>	<b>\$308,587</b>	<b>\$(20,140)</b>

The securities for which fair values were not available as of December 31, 2006 and 2007 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2006	<b>2007</b>	<b>2007</b>
<b>Securities with no fair value</b>			
Commercial paper	¥ 8,295	<b>¥14,186</b>	<b>\$124,438</b>
Money Management Funds	3,975	<b>4,988</b>	<b>43,754</b>
Equity securities of non-consolidated subsidiaries	70	<b>70</b>	<b>614</b>
Other equity securities	110	<b>110</b>	<b>964</b>
	¥12,451	<b>¥19,355</b>	<b>\$169,780</b>

The contractual maturities for securities classified as available-for-sale and held-to-maturity at December 31, 2006 and 2007 were as follows:

	Yen (millions)				
	2006				
	Within one year	Over one year through five years	Over five years through ten years	Over ten years	Total
Corporate bonds	¥ 710	¥15,660	¥8,707	¥27,096	¥52,174
Commercial paper	8,295	—	—	—	8,295
Other	—	7,961	290	—	8,252
	¥9,005	¥23,622	¥8,998	¥27,096	¥68,722

	Yen (millions)					U.S. Dollars (thousands)
	<b>2007</b>					<b>2007</b>
	Within one year	Over one year through five years	Over five years through ten years	Over ten years	Total	Total
Corporate bonds	<b>¥10,992</b>	<b>¥10,687</b>	<b>¥16,475</b>	<b>¥17,000</b>	<b>¥55,156</b>	<b>\$483,824</b>
Commercial paper	<b>14,186</b>	—	—	—	<b>14,186</b>	<b>124,438</b>
Other	<b>0</b>	<b>1,723</b>	<b>4,517</b>	—	<b>6,241</b>	<b>54,745</b>
	<b>¥25,179</b>	<b>¥12,411</b>	<b>¥20,993</b>	<b>¥17,000</b>	<b>¥75,584</b>	<b>\$663,017</b>

## 5. RETIREMENT PLANS

The table below sets forth the plan's status and amounts recognized in the balance sheets at December 31, 2006 and 2007.

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
Retirement benefit obligation	¥(7,254)	¥(7,165)	\$(62,850)
Plan assets of fair value	7,320	7,445	65,307
Unfunded retirement benefit obligation	65	280	2,456
Unrecognized prior service cost	—	202	1,771
Unrecognized actuarial gain or loss	(38)	(324)	(2,842)
Net retirement benefit obligation	27	158	1,385
Prepaid pension cost	189	345	3,026
Accrued retirement benefits	¥ (162)	¥ (187)	\$ (1,640)

The components of net periodic pension cost for the years ended December 31, 2006 and 2007 were as follows:

Effective as of April 1, 2008, the Company amended its retirement benefit plan to introduce a "point" based retirement benefit plan. This plan amendment resulted in prior service cost of ¥202 million. Under the amended plan, the estimated amount of all retirement benefits to be paid upon retirement is allocated to each service year based on points earned.

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
Service cost	¥485	¥486	\$4,263
Interest cost	121	122	1,070
Expected return on plan assets	(60)	(63)	(552)
Amortization of unrecognized actuarial gain or loss	10	4	35
Net periodic pension cost	¥556	¥549	\$4,815

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

	2006	2007
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 40.4% for the years ended December 31, 2006 and 2007. 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, 2006 and 2007:

	2006	2007
Statutory income tax rate	40.4%	40.4%
International income taxed at varying rates	(13.6)	(16.4)
Effect on elimination of dividend income from foreign subsidiaries for consolidation purposes	19.0	24.6
Foreign and R&D tax credit utilization	(11.3)	(14.6)
Undistributed earnings in foreign subsidiaries	0.2	0.1
Other, net	(1.3)	(0.1)
Effective income tax rate	33.4%	34.0%

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, 2006 and 2007 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
<b>Deferred tax assets</b>			
Unrealized profits on inventories and fixed assets . . . . .	¥1,095	<b>¥1,144</b>	<b>\$10,035</b>
Evaluation losses on assets . . . . .	1,601	<b>1,479</b>	<b>12,973</b>
Depreciation . . . . .	187	<b>193</b>	<b>1,692</b>
Accrued enterprise taxes . . . . .	296	<b>276</b>	<b>2,421</b>
Allowance for retirements benefits . . . . .	(71)	<b>(132)</b>	<b>(1,157)</b>
Other . . . . .	397	<b>755</b>	<b>6,622</b>
Total . . . . .	¥3,507	<b>¥3,715</b>	<b>\$32,587</b>
<b>Deferred tax liabilities</b>			
Tax on undistributed foreign earnings . . . . .	¥4,478	<b>¥4,491</b>	<b>\$39,394</b>
Unrealized loss on investments . . . . .	2,356	<b>1,325</b>	<b>11,622</b>
Other . . . . .	230	<b>187</b>	<b>1,640</b>
Total . . . . .	¥7,065	<b>¥6,004</b>	<b>\$52,666</b>

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
<b>As reported in the consolidated balance sheet</b>			
Deferred tax assets . . . . .	¥1,328	<b>¥1,505</b>	<b>\$13,201</b>
Deferred tax liabilities . . . . .	4,887	<b>3,793</b>	<b>33,271</b>

## 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 earnings with respect to each annual period, be appropriated to the legal reserve until the total of such reserve and additional paid-in capital equals 25% of the stated capital. As of December 31, 2007, the total of the legal reserve of ¥3,819 million (\$33,500 thousand) which is included in retained earnings at December 31, 2007, 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 the shareholders' meeting.

The new Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. Under the Law, distribution of earnings can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met. The Company's policy on distribution of earnings is that, as in the past, year-end cash dividends are approved by the shareholders after the end of each fiscal year and 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.

On September 21, 2007, semi-annual interim cash dividends (¥61 or \$0.53 per share) of ¥2,332 million (\$20,456 thousand) were paid to shareholders of record at June 30, 2007. On March 28, 2008, the shareholders approved the declaration of cash dividends (¥62 or \$0.54 per share) totaling ¥2,371 million (\$20,798 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, 2007.

## 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 purposes. The 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, were insignificant at December 31, 2006 and 2007. There were no outstanding currency option contracts at December 31, 2006 and 2007.

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. The contracted amounts outstanding at December 31, 2007 were ¥101 million (\$885 thousand). The estimated fair value at December 31, 2007 was ¥107 million (\$938 thousand). There were no outstanding forward precious metal contracts at December 31, 2006.

## 10. CONTINGENT LIABILITIES

As of December 31, 2007, there were contingent liabilities principally for forward precious metal contracts in the amount of ¥101 million (\$885 thousand).

## 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)
	2006	2007	2007
Net sales:			
Japan			
Outside customers	¥ 22,659	¥ 23,986	\$ 210,403
Intersegment	44,584	51,656	453,122
Total	67,243	75,643	663,535
Asia			
Outside customers	54,419	57,305	502,675
Intersegment	48,622	57,375	503,289
Total	103,041	114,680	1,005,964
U.S.A.			
Outside customers	9,035	9,533	83,622
Intersegment	43	53	464
Total	9,078	9,587	84,096
Europe			
Outside customers	14,403	16,814	147,491
Intersegment	—	—	—
Total	14,403	16,814	147,491
Corporate and elimination	(93,249)	(109,085)	(956,885)
Consolidated	¥100,517	¥107,640	\$ 944,210
Operating Income:			
Japan	¥ 4,905	¥ 3,924	\$ 34,421
Asia	5,335	7,589	66,570
U.S.A.	181	315	2,763
Europe	70	(72)	(631)
Corporate and elimination	207	(70)	(614)
Consolidated	¥ 10,700	¥ 11,685	\$ 102,500

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
Assets:			
Japan .....	¥ 69,841	<b>¥ 70,551</b>	<b>\$ 618,868</b>
Asia .....	101,155	<b>100,415</b>	<b>880,833</b>
U.S.A. ....	5,043	<b>5,097</b>	<b>44,710</b>
Europe .....	6,470	<b>6,818</b>	<b>59,807</b>
Corporate and elimination .....	54,488	<b>48,076</b>	<b>421,719</b>
Consolidated .....	¥236,999	<b>¥230,960</b>	<b>\$2,025,964</b>

The amount of corporate assets included in "Corporate and elimination" is ¥114,611 million in 2006 and ¥109,987 million (\$964,798 thousand) in 2007, which comprises principally cash, short-term investments and investment securities.

### Overseas Sales

	Yen (millions)		U.S. Dollars (thousands)
	2006	2007	2007
Overseas Sales			
U.S.A. ....	¥ 10,459	<b>¥ 11,697</b>	<b>\$102,605</b>
Europe .....	14,430	<b>16,912</b>	<b>148,350</b>
Asia and Other .....	64,106	<b>68,034</b>	<b>596,789</b>
Total .....	¥ 88,996	<b>¥ 96,644</b>	<b>\$847,754</b>
Net Sales .....	100,517	<b>107,640</b>	<b>944,210</b>
% of Overseas Sales to Net Sales .....	88.5%	<b>89.8%</b>	<b>89.8%</b>

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

## 12. SUBSEQUENT EVENT

On March 10, 2008, the Board of Directors resolved to repurchase its own shares from the market as follows:

(1) Purpose for repurchase of shares

To swiftly implement flexible capital policies under the variable business environment, thereby making an appropriate return to shareholders and improving capital efficiency.

(2) Class of shares to be repurchased

Common stock of the Company

(3) Number of shares to be repurchased

Up to 600,000 shares

(4) Cost of repurchase

Up to ¥4,000 million

(5) Period of repurchase

From March 11, 2008 to April 18, 2008



## INDEPENDENT AUDITORS' REPORT

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, 2006 and 2007, and the related consolidated statements of income, changes in net assets, 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, 2006 and 2007, 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, 2007 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 Shin Nihon*

March 28, 2008

# Corporate Information

## BOARD OF DIRECTORS

As of March 28, 2008

**Chairman** Takaichi Mabuchi

**President** Shinji Kamei

**Executive Managing Director** Nobuyo Habuchi

**Managing Director** Shunroku Nishimura

**Directors** Akira Okuma  
Takashi Kamei  
Kaoru Kato

**Statutory Auditors** Masahiro Gennaka  
Ichiro Ando  
Toyokuni Yazaki  
Keiichi Horii

## CORPORATE DIRECTORY

As of December 31, 2007

### Consolidated Subsidiaries

#### MABUCHI INDUSTRY CO., LTD.

19 Sam Chuk Street, San Po Kong,  
Kowloon, Hong Kong  
Tel: 852-2328-5575  
Fax: 852-2352-5266

#### 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 Kai-Fa Road, N.E.P.Z.,  
Kaohsiung, Taiwan  
Tel: 886-7-362-1111  
Fax: 886-7-361-2446

#### 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 City Economic  
Development Zone, Jiangsu Province, China  
Tel: 86-512-6345-1111  
Fax: 86-512-6345-0438

#### MABUCHI MOTOR VIETNAM LTD.

No. 2-5A Street, Bienhoa II Industrial Zone,  
Bienhoa, Dongnai, Vietnam  
Tel: 84-61-3836711  
Fax: 84-61-3836712

#### MABUCHI MOTOR DANANG LTD.

Lot A2, No. 3 Street, Hoa Khanh Industrial  
Zone, Lien Chieu, Da Nang, Vietnam  
Tel: 84-511-3731931  
Fax: 84-511-3731932

#### DONGGUAN MABUCHI MOTOR EQUIPMENT CO., LTD.

Guancheng Science & Technology Park,  
Shilong Road, Guanlong Road's Section,  
Dongguan City, Guangdong Province,  
523119, China  
Tel: 86-769-2225-6985  
Fax: 86-769-2220-6984

#### MABUCHI MOTOR AMERICA CORP.

3001, West Big Beaver Road, Suite 520,  
Troy, MI 48064 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

Herriotstrasse 1, 60528 Frankfurt  
am Main, Germany  
Tel: 49-69-6690220  
Fax: 49-69-6690229

#### MABUCHI MOTOR (SHANGHAI) CO., LTD.

Room 2001 Tower A, City of Shanghai City  
Building, No. 100 Zunyi Road, Changning  
District, Shanghai, China  
Tel: 86-21-6237-1533  
Fax: 86-21-6237-1933

#### MABUCHI MOTOR KOREA CO., LTD.

Room 426, Central Plaza G-five, 1685-8  
Seocho-Dong, Seocho-Gu, Seoul, Korea  
Tel: 82-2-534-8131  
Fax: 82-2-534-8135

#### MABUCHI MOTOR (MALAYSIA) SDN. BHD.

This company closed during 2005

#### MABUCHI PRECISION INDUSTRIES HONG KONG LTD.

This company closed during 2007.

### Non-Consolidated Subsidiary

#### MABUCHI REAL ESTATE CO., LTD.

## **INVESTOR INFORMATION**

As of March 31, 2008

### **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**

Shin Nihon & Co. (Member Firm of Ernst & Young)  
Tokyo, Japan

### **Shareholders' Register Custodian**

Mitsubishi UFJ Trust and Banking Corporation  
Corporate Agency Department  
10-11, Higashi-suna 7-chome, Koto-ku  
Tokyo 137-8081, Japan  
Tel: 81-120-232-711

### **Japanese Stock Exchange Listing**

Tokyo Stock Exchange

## **MABUCHI MOTOR CO., LTD.**

### **CORPORATE HEADQUARTERS**

430 Matsuhidai, Matsudo-shi, Chiba-ken 270-2280, Japan

Tel. 81-47-710-1111 Fax. 81-47-710-1141 [www.mabuchi-motor.co.jp](http://www.mabuchi-motor.co.jp)



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