

CONSOLIDATED FINANCIAL RESULTS
OF THE FISCAL YEAR ENDED
DECEMBER 31, 2007

Consolidated Financial Results of Fiscal 2007	2
Operating Results and Financial Position	3
Management Principles	9
Consolidated Balance Sheets	12
Consolidated Statements of Income	14
Consolidated Statements of Shareholders' Equity	15
Consolidated Statements of Cash Flows	16
Segment Information	17
Current Status of Production and Sales	18

CONSOLIDATED FINANCIAL RESULTS OF THE FISCAL YEAR ENDED DECEMBER 31, 2007

Date : February 15 , 2008
MABUCHI MOTOR CO., LTD.
Code : 6592
Listed on Tokyo stock exchange

Headquarters : Chiba-ken (URL <http://www.mabuchi-motor.co.jp>)
Representative : Shinji Kamei (President and Representative Director)
Contact : Shunroku Nishimura (Managing Director, Member of the Board)
Adoption of U.S. Accounting Standards : Not applicable

1. Results of the fiscal year ended December 31, 2007 (From January 1 to December 31, 2007)

(1) Operating Results

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

	Net sales		Operating income		Net income	
	millions of yen	% (change)	millions of yen	% (change)	millions of yen	% (change)
FY2007	107,640	7.1	11,685	9.2	10,914	2.9
FY2006	100,517	7.0	10,700	31.3	10,603	44.3

	Net income per share	Fully diluted net income per share	Return (net income) on equity	Return (operating income) on sales
	yen	yen	%	%
FY2007	280.90	-	5.0	10.9
FY2006	268.03	-	4.9	10.6

(Notes) The percentages of net sales, operating income, and net income show year-on-year changes

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	millions of yen	millions of yen	%	yen
FY2007	230,960	213,314	92.4	5,577.84
FY2006	236,999	219,217	92.5	5,541.46

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	millions of yen	millions of yen	millions of yen	millions of yen
FY2007	15,447	3,687	(13,531)	76,897
FY2006	17,500	(6,321)	(4,009)	72,639

2. Cash dividends

	Cash dividends per share			Total cash dividend	Dividends payout ratio	Dividends on net assets
	Interim	Year-end	Annual			
	yen	yen	yen			
FY2006 (Actual)	51.00	63.00	114.00	4,509	42.5	2.1
FY2007 (Actual)	61.00	62.00	123.00	4,703	43.8	2.2
FY2008 (Plan)	61.00	62.00	123.00	-	53.5	-

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

	Net sales	Operating income	Net income	Net income per share
	millions of yen	millions of yen	millions of yen	yen
Interim	49,000	4,600	4,100	107.21
Annual	102,000	10,300	8,800	230.11

4. Others

(1) Changes in significant subsidiaries during the year (Change in certain subsidiaries resulting in change in the scope of consolidation) : None

(2) Changes in accounting principles, procedures, presentations, etc. for preparation of consolidated financial statements

1. Changes associated with revision of accounting standards : Yes

2. Other : None

(3) Number of shares outstanding

1. Number of shares outstanding at end of year (including treasury stock)

2007 : 47,075,881 shares 2006 : 47,075,881 shares

2. Number of treasury shares at end of year

2007 : 8,832,718 shares 2006 : 7,516,420 shares

OPERATING RESULTS AND FINANCIAL POSITION

1. Analysis of the Operating Results

Results for the Current Period

During the current period, the Japanese economy remained robust supported by strong external demand although there were some signs of a slowdown in housing investment. Overseas, the U.S. economy continued its modest growth backed by strong exports and a weak dollar, despite signs of a slowdown in housing investment and private consumption. The European economy continued to be strong because of ongoing, strong external demand despite the strengthening of the euro. In Asia, China continued its rapid growth and other Asian countries also enjoyed strong economies overall.

Under these economic circumstances and the circumstances of the markets which concern Mabuchi Group, the Automotive Products market, which is the pillar of Mabuchi Group's growth, saw further market expansion and sales growth of existing products for which Mabuchi Group already holds a large market share. The increased variety of vehicles that are equipped with power unit motors, our strategic products, and favorable market conditions contributed to their sales growth. In the Audio & Visual Equipment market, sales are on a declining trend owing to the decrease in the sales of CD players and the inventory adjustment of DVD players, but the increase in CD players for automobile use helped minimize this downward effect. In the meantime, in the Information & Communication Equipment market and the Home Appliances, Power Tools, Toys & Hobbies markets, sales increased thanks to the strength of the markets and the sales expansion of value-enhanced motors.

As a result, consolidated sales for the period increased to 107,640 million yen (7.1% increase on a year-over-year basis). Motor sales, which account for the majority of consolidated net sales, came to 107,446 million yen (7.8% increase on a year-over-year basis). Operating income amounted to 11,685 million yen (9.2% increase on a year-over-year basis), as negative factors including the rise in material costs from the surge in the prices of copper and other materials, rising labor costs, the increase in manufacturing costs from the up-front investment in a new production site, and the increase in sales, general and administrative expenses, were offset by higher sales, an improvement in the product mix, and our efforts at reducing other material costs. Ordinary income amounted to 16,736 million yen (5.0% increase on a year-over-year basis), as financial investment returns (including interest income) increased while foreign exchange gains declined. Net income finished at 10,914 million yen (2.9% increase on a year-over-year basis), as impairment losses on fixed assets declined from the previous period, gains on sales of investment securities declined, and a provision for retirement allowance for directors was made.

We would like next to explain the market trends and motor sales conditions by application.

(1) Automotive Products Market

There is an ongoing trend in which electronic components are being used more in vehicles in search of safety, convenience, amenity and economic efficiency, and as the average number of small motors used in one vehicle increases, our sales of motors for the automotive products market are growing steadily.

Driven by demand from China and other BRICs countries, automotive sales are growing strongly. And, helped also by the increase in the ratio of vehicles equipped with electronic motors, sales were robust for the existing major applications such as for car mirrors, door locks actuators, air-conditioning damper actuators and headlight beam level adjusters. Sales of units for power window lifters, our strategic products, grew rapidly helped by the increase in the variety of vehicles equipped with them, and by the strength of the Chinese and South American markets. Motors for steering locks and door closers saw steady sales growth as well. As a new application, sales of motors for electric parking brakes started in full. As a result, sales in the Automotive Products market amounted to 42,820 million yen (16.4% increase on a year-over-year basis).

(2) Audio & Visual Equipment Market

Sales of motors for car CD players are increasing especially in the overseas markets, but demand for household and portable CD players is on a downward trend. Sales of motors for DVD players declined owing mainly to the decline in the North American market, but those for use in game machines doubled. As a result, sales in the Audio & Visual Equipment market marked a slight decline at 21,308 million yen (4.7% decrease on a year-over-year basis).

(3) Information & Communication Equipment Market

We continued to do well and sales increased rapidly in the ink-jet printer market, boosted by the sales growth in high value-added motors fitted with rotation control mechanisms. With the expansion of the digital camera market, sales of motors for zoomers increased rapidly. Additionally, sales of motors for digital single-lens reflex cameras increased because they are used to drive mirrors in cameras. On the other hand, sales of motors for PC drives decreased because of the discontinuation of brushless spindle motors. As a result, sales in the Information & Communication Equipment market amounted to 18,139 million yen (8.9% increase on a year-over-year basis).

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

Sales of motors for power tools were low in the North American market, but were offset by the growth in the European and South American markets, and sales for high-output use increased thanks to the adoption of high-quality rechargeable batteries. Sales of motors for toothbrushes and shavers were strong, too, boosted especially by the demand for brand-name shavers in the whole product range from the lower end to the medium and high end. As a result, sales in the Home Appliances, Power Tools, Toys & Hobbies Markets amounted to 25,178 million yen (5.3% increase on a year-over-year basis).

Non-consolidated Results

With regard to non-consolidated business results for this fiscal period, sales of motors amounted to 72,025 million yen (13.3% increase on a year-over-year basis), and overall net sales, including parts and production equipment amounted to 75,643 million yen (12.5% increase on a year-over-year basis). Operating income was 3,924 million yen (20.0% decrease on a year-over-year basis), owing to the increase in purchasing costs and in sales, general and administrative expenses. Despite the decline in operating income, ordinary income marked an increase at 16,145 million yen (12.0% increase on a year-over-year basis) owing to the increase in financial investment returns (including interest income) and dividends received from affiliated companies. Finally, net income finished at 11,587 million yen (8.6% increase on a year-over-year basis) while gains on the sale of investment securities declined and provision of the reserve for directors' retirement allowances were made.

With respect to the payment of year-end dividends, we plan to pay 62 yen per share (an ordinary dividend of 30 yen, and a special dividend of 32 yen). We have already paid an interim dividend of 61 yen per share (an ordinary dividend of 30 yen and a special dividend of 31 yen). This will bring the total dividend per share for the year to 123 yen (an ordinary dividend of 60 yen and a special dividend of 63 yen), as we projected during the period.

Outlook for 2008

Although 2008 is an Olympic year which would normally lead to expectations for positive economic effects, it is difficult to foresee how the subprime issue in the U.S. will affect the rest of the U.S. economy and the world economy. In addition, there are a mountain of uncertain factors affecting the economic outlook such as the strengthening of the yen, rising oil prices and the prices of materials staying at high levels.

With regards to the markets that concern our company, while sales related to the Automotive Products market will likely grow further from the previous period, those related to the Home Appliances and Power Tools and to the Information and

Communication Equipment markets will likely decline somewhat, and those related to the Audio & Visual Equipment market are on a declining trend. With the negative effects of the strengthening yen, we expect the overall sales to decline by 5.2% on a year-over-year basis.

Looking at our profit figures, we expect operating income to fall by 11.9% on a year-over-year basis, despite the continued improvement in the product mix, owing to the continued increase in material costs from the soaring material prices and the increase in labor costs. We expect ordinary income will decline by 16.3% and net income will fall by 19.4% on a year-over-year basis, because of the expected decrease in interest income from the fall in U.S. interest rates and increase in the corporate tax rate in China.

Our projections for the full-year business results for fiscal 2008 are as follows:

1. Consolidated results forecast (compared to the previous period)

Net sales	102,000 million yen	(5.2% decrease)
Operating income	10,300 million yen	(11.9% decrease)
Ordinary income	14,000 million yen	(16.3% decrease)
Net income	8,800 million yen	(5.1% decrease)

2. Unconsolidated results forecast (compared to the previous period)

Net sales	71,800 million yen	(5.1% decrease)
Operating income	4,000 million yen	(1.9% increase)
Ordinary income	13,500 million yen	(16.4% decrease)
Net income	9,700 million yen	(16.3% decrease)

The above projections assume an exchange rate of 1 USD = 107 JPY. No allowances have been made for foreign exchange gains or losses.

Notes: The above projections were made based on information that is available at the present moment. Actual results may differ from expectations owing to various future factors, the main ones of which are as follows:

- * Fluctuations in the exchange rates for Japanese yen and other Asian currencies
- * Changes in economic conditions and demand trends in our business areas
- * Rapid technological innovations, such as new technologies or new products
- * Fluctuations in the market price of copper, etc.

Note, however, that the factors that could affect our results are not limited to the above.

2. Analysis of the Financial Position

Condition of the Assets, Liabilities and Net Assets

Consolidated total assets as of the end of this period stood at 230,960 million yen, decreasing by 6,039 million yen from the previous fiscal-year end. The most noticeable changes were a decrease in cash and deposits of 6,134 million yen, an increase in marketable securities of 14,189 million yen, and a decrease in investment marketable securities of 11,968 million yen.

Total liabilities decreased by 136 million yen from the previous fiscal-year end, standing at 17,645 million yen. The most noticeable changes were an increase in accrued retirement benefits for directors of 571 million yen, and a decrease in deferred tax liabilities of 1,094 million yen.

Total net assets decreased by 5,902 million yen, finishing at 213,314 million yen. The most noticeable changes were an increase in retained earnings of 6,089 million yen; a decrease in unrealized holding gains on securities of 1,522 million yen; a decrease in foreign currency translation adjustments of 1,767 million yen; and an increase in treasury stock of 8,702 million yen, which is an

item to be deducted from net assets.

The figure for net assets per share was 5,577.84 yen, and shareholders' equity ratio was 92.4%.

Status of the Cash Flows

Cash flows from operating activities stood at 15,447 million yen, decreasing by 2,052 million yen from the previous period. The main reason was the increase in corporate tax payment.

Net cash provided by investing activities stood at 3,687 million yen, which makes for a positive change of 10,009 million yen. The main reason was that the cash received from the sale of marketable and investment securities exceeded the cash payment for the acquisition of marketable securities.

Cash flows from financing activities were a net outflow of 13,531 million yen, marking an increase in cash outflow of 9,521 million yen, for the acquisition of treasury stocks and increased dividend payments.

As a result, the balance of cash and cash equivalents stood at 76,897 million yen, marking an increase of 4,257 million yen from the previous fiscal-year end.

The following table shows the trend of the company's cash flow indicators:

	June 30, 2005	Dec. 31, 2005	June 30, 2006	Dec. 31, 2006	June 30, 2007
Capital adequacy ratio	92.7%	93.1%	93.2%	92.5%	92.4%
Capital adequacy ratio based on market value	154.9%	138.5%	114.0%	127.8%	111.6%

* The indicators have been calculated using the following formulae, and are based on figures in the consolidated financial statements.

Capital adequacy ratio = Capital adequacy / Total assets

Capital adequacy ratio based on market value = Total market value of shares / Total assets

* The total market value of shares has been calculated using the following formula:

Closing stock price at the end of the period × Number of shares outstanding at the end of the period (less treasury stock)

* Since Mabuchi Group does not have any interest-bearing liabilities, the number of years required to repay debt and interest coverage ratio are not listed.

3. Basic policy for profit allocation and dividend payments for the current and the next periods

Mabuchi maintains a basic policy of actively returning profits through long-term stable dividend payments as well as through dividend increases and stock splits in accordance with our business results. We do this while also providing funds from internal reserves for capital expenditure, research and development which are necessary for the growth of our company, and while maintaining our financial soundness.

For dividends, the basis for computation is such that a yearly ordinary dividend of 60 yen per share is paid out as a long-term stable dividend, and an additional payment is made as a special dividend that corresponds to 20% of the consolidated net income divided by the number of outstanding shares. The actual dividend payment for the full year is based on this computation, and, unless substantial downward revision is made to the company performance, shall not fall below the projected dividend amount that is announced during the period.

From 2002 to 2007, the company acquired a total of 8,832,718 treasury stocks through public purchase offers and at-market purchases, and by purchasing fractional shares. We will continue to consider purchasing more treasury stocks as necessary, as a way to flexibly respond to changes in the stock price and the business environment, and as a means of fulfilling our capital policy and sharing profit with our shareholders.

It is the company's policy to appropriate the internal reserves to the further strengthening of the existing operations as well as to the investment in the future growth areas with a view to increasing the corporate value.

4. Business and Other Risks

(1) Changes in Economic Conditions

The demand for Mabuchi products, which are incorporated into our customers' products, is influenced by the economic conditions present in the diverse markets in which our group sells. Consequently, our group's business results and financial position may be adversely affected by economic recessions and the corresponding contraction in demand in Mabuchi's key markets, including Japan, North America, Europe and Asia.

(2) Fluctuations in Foreign Exchange Rates

Items denominated in local currencies on the financial statements of our overseas subsidiaries are converted into Japanese yen when the consolidated financial statements are prepared. Consequently, amounts which are to be recorded after being converted into Japanese yen are subject to the foreign exchange rates at the time of conversion. In particular, appreciation of the Japanese yen against the U.S. dollar will have a negative effect on our group's consolidated business results, and conversely any depreciation of the Japanese yen will have a positive effect.

Appreciation of local currencies in regions where the Mabuchi group carries out production will push up manufacturing and procurement costs which are denominated in those local currencies. Increased costs will lower our group's profit margins and price competitiveness, and will impact negatively on our business results.

(3) Development of New Products and New Technologies

The development and sale of new products, by their very nature, involve both complexities and uncertainties, and include a broad array of risks.

In the event our group cannot fully predict the changing needs of the market, or cannot develop appealing new products in a timely fashion, or in the event a technological innovation emerges which causes our products to become obsolete, then our group's business results and financial position may be subject to significant adverse effects.

(4) Price Competition

Our customers are businesses in a diverse range of sectors that belong to the electrical and electronic equipment and machinery manufacturing industries, and price competition in these industries is extremely severe. In these kinds of environments, prices are a major contributing factor to competition in all sectors, and with the prominence of rival Chinese manufacturers, competition is becoming even more intense.

If our cost-reduction activities cannot keep up with falling prices over the long-term, then our group's business results and financial position may be subject to significant adverse effects.

(5) Potential Risks in International Economic Transactions and in Expanding Business Overseas

The majority of our group's business activities are conducted in the various countries in Europe, North America and Asia.

Within these overseas business activities there are certain inherent risks, including changes in political and economic environments, undeveloped infrastructures, changes in laws, tax affairs or various other systems, or social unrest.

For example, much of our group's production activity is conducted in China. The occurrence of an unexpected event (such as changes in the Chinese political or legal environment, changes in economic conditions, problems related to the employment environment or SARS, problems of anti-Japanese sentiment, or other changes to the social environment) may lead to significant problems for our production and/or sales activities, and these may lead to our group's business results and financial position being subject to significant adverse effects.

(6) Product Quality

There is no guarantee that all of our group products will be without defect or that there will be no major quality problems either now or in the future. If a quality-related issue was to occur, the amount of compensation may be influenced by the effect on the quality of the final product which contains the Mabuchi product. In the unlikely event a product defect occurred that led to a large-scale recall or product liability compensation, then this may trigger an explosion in costs or a plunge in sales due to a loss of credibility, and our group's business results and financial position may be subject to significant adverse effects.

(7) Protection of Intellectual Property

We recognize that the acquisition of intellectual property can greatly influence the growth of the Mabuchi group. However, in certain regions, for certain inherent reasons, our group's intellectual property rights may not be completely protected. In such instances, our group's intellectual property may be used without authority by third parties, and through the manufacture of similar products, we may suffer damages. Or we may lose our competitive advantage through the outflow of other technology or expertise, and then having it exploited by other companies. Or even still, there is a possibility that it could be claimed that our group has impinged on the intellectual property of another company.

The failure of protection or the violation of intellectual property rights, or the outflow of other intellectual property may lead to our group's business results and financial position being subject to significant adverse effects.

(8) Procurement of Raw Materials

Depending on the type of raw material that our group procures from external sources, we may be dependent on a limited number of suppliers.

There is a possibility that supply of the raw material is suspended due to an accident befalling the supplier or for some other reason, or that a shortage of supply transpires due to a sudden upsurge in demand. If such conditions were to continue long-term and alternative materials were not easily available, then there is a possibility that our group's production activities would be affected dramatically, and in turn this would undermine the assurance of delivery and quality of products to our customers. It is also possible, that the prices of such materials would escalate, which would trigger a rise in manufacturing costs.

If such an event were to occur, then our group's business results and financial position may be subject to significant adverse effects.

(9) Natural Disasters and Accidents

The Mabuchi Group has established a system of international division of labor. We conduct business activities in countries throughout the world, and we own facilities and equipment at our various bases, including plants and offices. Our group has implemented measures to prevent our exposure to risks associated with the occurrence of disasters and accidents at these centers, and we have implemented measures to reduce damages, including by insuring. However, there is no guarantee that completely protects us against, or which can reduce as planned, the effects of disruptions to our business activities caused by disasters or accidents at our Head Office or individual bases. In the event these kinds of unforeseeable events occurred, our group's business results and financial position may be subject to significant adverse effects.

MANAGEMENT PRINCIPLES

(1) Management principles

At Mabuchi Motor Co., Ltd. (Mabuchi), we start creative endeavors aimed at new stages of growth in order that we remain the leader in the small motor industry, supporting a high quality of life for people.

In the context of our Management Philosophy, that is, “Contributing to International Society and Ever-expanding Our Contribution”, we have reaffirmed the corporate image for which the Mabuchi Group strives, and we have developed a course that will lead us to this image, in the form of the “Mabuchi Management Vision”.

In our Management Vision, the “Management Guidelines” clarify how to understand and realize the concept of “Contribution” as based on our “Management Philosophy”, and the “Management Policies” clarify the guidelines for action in performing our business activities. Our Management Philosophy, Management Guidelines and Management Policies are the genes of our company, and form the basis of our founding management to be passed down through eternity to subsequent generations.

Management Guidelines

The following 1 through 4 are our Management Guidelines, and are the concepts that form the “standards” by which management decisions are made.

- 1) Contribute to the realization of an affluent society and comfortable lifestyles for people by supplying superior products at less expensive prices.
- 2) Position “people” as our most important management resource, make the most of people’s abilities through work, and nurture workers who can contribute positively to society.
- 3) Conduct business activities which are not detrimental to the global environment or human health.
- 4) Contribute to the economic development of foreign countries and to narrowing the economic disparity between nations, by extensively providing employment opportunities and transferring technology to countries overseas.

Management Policies

The “Management Policies” direct our business activities so that we can “accurately determine societal needs as a specialized manufacturer of small motors, and provide a stable supply of products based on these needs in a faster and cheaper manner”. The “Management Policies” also show what course of activities we should take as a business entity.

In addition, the “Management Policies for Overseas Bases” clearly show our basic philosophy for the management of our overseas bases on the basis of co-existence and co-prosperity for both Mabuchi and the respective country.

Management Policies

- 1) Develop products with an emphasis on versatility, and appropriately develop conditions for optimum production.
- 2) Ensure that products are developed and improved based on comprehensive value analyses, and that parts and materials are standardized.
- 3) Pursue reductions in costs by utilizing advanced processing technologies and by minimizing waste.
- 4) Seek out new markets, and secure reasonable market shares.
- 5) Maximize the potential of employees through appropriate placements, and conduct on-the-job human resource development.
- 6) Promote business activities that are based on minimizing environmental burdens and on the pursuit of safety.
- 7) Promote management measures and policies from a perspective of long-term stability.

Management Policies for Overseas Bases

- 1) Promote co-existence and co-prosperity with the respective country based on a long-term perspective.

- 2) Establish a system of international division of labor that capitalizes on the strengths of each overseas base, and maintain and expand our international competitiveness.
- 3) Promote the spread of the Mabuchi corporate culture emphasizing contributions to society, and promote the transfer of knowledge and technology.

(2) Medium- to long-term management strategy and issues to be addressed

Promotion of focus areas

Under our business strategy to maximize the potential of small DC brush motors, our mainstay products, we will focus on the following two areas and continue to promote efforts to turn applications and new fields with high market potential into growth opportunities.

- (i) Expansion of sales for Automotive Product use, especially for power windows and seat adjusters
- (ii) Development of new applications and sales expansion by the introduction of compact high-torque motors

We will accelerate the reform of our existing business portfolio with a view to a rapid expansion of the focus areas and shift the headquarters' resources to the strategic products, so that we can take full advantage of our strength areas while seeking the potential of new fields at the same time, and expand our turf.

Innovation in Production Technology

We have been working on saving the production site space as we review the immediate supply-demand balance with the purpose of curtailing excess production capacities and optimizing the operation size at all our production sites. We will continue to further such efforts, strive to streamline the production process, and work on achieving improved efficiency and optimization in in-plant logistics at all production sites and steps.

Also, we will step up our efforts to locate the most effective and efficient production technologies in the production sites, apply such technologies to automated equipment, and introduce such equipment starting with labor-intensive production steps. We believe that the expansion of automation is essential from the viewpoint of improving product quality.

With these focus measures as the pillar, we will actively pursue our efforts while ensuring consistency with other plans, and aim to reduce the production costs at such sites by 15%.

We will endeavor to put such truly effective innovation in production technology into practice at an early timing, establish a lean production base which is high-quality and low-cost at the same time, and will aim to achieve solid competitiveness of our future growth model.

Re-organization of production sites

We currently produce about 80% of our products in China, but various risks are coming to the surface such as the increase in labor costs, deterioration of the turnover ratio, and the rise in strength of the Chinese currency. Under these circumstances, as a focus measure for production site reorganization, we are shifting our production capacity to Vietnam, which has a labor-cost advantage and export competitiveness, so that we can proactively maintain and improve our relative cost advantage against competing manufacturers.

More precisely, we are planning to lower the proportion of products made in China to about 60% by 2011, and bring the proportion of products made in Vietnam from the current 20% to about 40%. At the same time, taking advantage of our success at making more efficient use of space and reducing the factory floor space without compromising the production capacity, we will work at optimizing the production capacity at each site while we review the overall production scheme.

With the shift of our main target market from Audio-Visual to Automotive Products, the expected level of quality control has risen

drastically, and an issue immediately facing us is how to set up production sites which can respond to such heightened quality level. Aiming to establish a production infrastructure which can meet quality demands from automakers, we will specify production sites for large automotive-use motors based on the different weightings of quality requirement for each application, and will work at improving our product quality further.

CONSOLIDATED BALANCE SHEETS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES DECEMBER 31, 2007 and 2006

		(Millions of yen)		
ASSETS		December 31 2007	December 31 2006	Increase (Decrease)
Current Assets	Cash and bank deposits	61,269	67,403	(6,134)
	Trade notes and accounts receivable	15,145	14,533	612
	Short-term investments	30,250	16,061	14,189
	Inventories	18,048	17,814	233
	Deferred tax assets	1,375	1,215	160
	Other current assets	1,206	2,159	(952)
	Allowance for doubtful accounts	(290)	(308)	18
	Total current assets	127,006	118,879	8,126
Fixed Assets	Property, Plant and Equipment			
	Buildings and structures	19,683	21,307	(1,624)
	Machinery, equipment and vehicles	9,881	9,634	246
	Tools, furniture and fixture	2,186	1,975	211
	Land	6,190	6,197	(7)
	Construction in progress	894	1,247	(352)
	Total	38,835	40,362	(1,526)
	Intangible Assets	585	598	(12)
	Investments and Other assets			
	Investment securities	63,172	75,141	(11,968)
	Long-term loans receivable	133	151	(17)
	Deferred tax assets	129	113	16
	Other investments and other assets	1,098	1,753	(655)
	Allowance for doubtful accounts	(1)	(1)	(0)
	Total	64,532	77,158	(12,626)
	Total fixed assets	103,953	118,119	(14,165)
Total assets		230,960	236,999	(6,039)

CONSOLIDATED BALANCE SHEETS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES DECEMBER 31, 2007 and 2006

LIABILITIES AND NET ASSETS		December 31 2007	December 31 2006	Increase (Decrease)
(Millions of yen)				
Liabilities	Current Liabilities			
	Trade notes and accounts payable	3,948	3,845	102
	Accrued income taxes	2,676	2,464	212
	Accrued bonus to employees	248	216	31
	Accrued bonus for directors	81	62	18
	Accrued loss on reorganization of subsidiary	346	509	(163)
	Other current liabilities	5,185	5,001	183
	Total current liabilities	12,485	12,100	385
	Long-term Liabilities			
	Deferred tax liabilities	3,793	4,887	(1,094)
	Accrued retirement benefits for employees	187	162	24
	Accrued retirement benefits for directors and statutory auditors	1,094	522	571
	Other long-term liabilities	84	108	(23)
	Total long-term liabilities	5,160	5,681	(521)
	Total liabilities	17,645	17,781	(136)
Net Assets	Shareholders' Equity			
	Common stock	20,704	20,704	-
	Additional paid-in capital	20,419	20,419	-
	Retained earnings	240,983	234,893	6,089
	Treasury stock	(73,436)	(64,733)	(8,702)
	Total shareholders' equity	208,671	211,284	(2,613)
	Revaluation / Translation differences			
	Unrealized holding gains on securities	1,956	3,478	(1,522)
	Foreign currency translation adjustments	2,686	4,454	(1,767)
	Total Revaluation / Translation differences	4,643	7,932	(3,289)
	Total net assets	213,314	219,217	(5,902)
Total liabilities and net assets		230,960	236,999	(6,039)

CONSOLIDATED STATEMENTS OF INCOME

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2007 and 2006

	(Millions of yen)		
	2007	2006	Increase (Decrease)
Net Sales	107,640	100,517	7,122
Cost of Sales	77,207	71,919	5,288
Gross profit	30,433	28,598	1,834
Selling, General and Administrative Expenses	18,747	17,898	848
Operating income	11,685	10,700	985
Other Income (Expenses)			
Interest and dividend income	3,396	2,907	488
Exchange gains on foreign currency transactions	131	957	(826)
Other, net	1,316	1,348	(31)
Income before Income Taxes	16,530	15,914	616
Income Taxes			
Current	5,851	4,945	906
Deferred	(235)	365	(600)
Net Income	10,914	10,603	311

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2007 and 2006

		(Millions of yen)		
		December 31 2007	December 31 2006	Increase (Decrease)
Common Stock	Beginning balance	20,704	20,704	
	Ending balance	20,704	20,704	-
Additional Paid-in Capital	Beginning balance	20,419	20,419	
	Ending balance	20,419	20,419	-
Retained Earnings	Beginning balance	234,893	228,319	
	Net income	10,914	10,603	
	Cash dividends	(4,825)	(3,995)	
	Bonuses to directors and statutory auditors	-	(36)	
	Increase in accounting changes of scope of consolidation	-	3	
	Ending balance	240,983	234,893	6,089
Unrealized Holding Gains on Securities	Beginning balance	3,478	4,034	
	Net change during the year	(1,522)	(555)	
	Ending balance	1,956	3,478	(1,522)
Foreign Currency Translation Adjustments	Beginning balance	4,454	3,115	
	Net change during the year	(1,767)	1,338	
	Ending balance	2,686	4,454	(1,767)
Treasury Stock	Beginning balance	(64,733)	(64,718)	
	Net change during the year	(8,702)	(15)	
	Ending balance	(73,436)	(64,733)	(8,702)
Total shareholders' equity at end of year		213,314	219,217	(5,902)

CONSOLIDATED STATEMENTS OF CASH FLOWS

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2007 and 2006

		(Millions of yen)		
		2007	2006	Increase (Decrease)
Cash Flows from Operating Activities	Income before income taxes and minority interests	16,530	15,914	616
	Depreciation and amortization	4,913	5,360	(447)
	Impairment loss	24	521	(497)
	Provision for retirement benefits, net payments	603	77	526
	Decrease in accrued loss on reorganization of Subsidiary	(163)	(48)	(114)
	Interest and dividends income	(3,396)	(2,907)	(488)
	Foreign exchange gains (loss)	388	(98)	487
	Gain on sales of short-term investments	(292)	(704)	412
	Gain on sales and disposal of fixed assets	(161)	(36)	(124)
	Decrease in trade notes and accounts receivables	(742)	(139)	(602)
	Decrease in inventories	(470)	(197)	(273)
	Increase in trade notes and accounts payable	210	962	(751)
	Other, net	164	(1,012)	1,177
	Sub total	17,610	17,691	(80)
	Interest and dividends received	3,388	2,911	477
	Interest paid	-	(0)	0
	Income taxes paid	(5,552)	(3,102)	(2,450)
	Net cash provided by operating activities	15,447	17,500	(2,052)
	Cash Flows from Investing Activities	Payments for deposit into time deposits	(26,073)	-
Proceeds from withdrawal from time deposits		27,173	-	27,173
Purchase of short-term investments		(14,704)	(4,781)	(9,922)
Proceeds from sales of short-term investments		13,769	7,080	6,689
Purchase of property, plant and equipment		(3,903)	(4,261)	358
Proceeds from sales of property, plant and equipment		589	390	199
Purchase of investment securities		(7,150)	(9,411)	2,261
Proceeds from sales of investment securities		12,823	5,518	7,304
Other, net		1,163	(856)	2,019
Net cash used in investing activities	3,687	(6,321)	10,009	
Cash Flows from Financing Activities	Cash dividends paid	(4,828)	(3,994)	(833)
	Purchase of treasury stock	(8,702)	(15)	(8,687)
	Net cash used in financing activities	(13,531)	(4,009)	(9,521)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(1,346)	852	(2,198)
Net Increase in Cash and Cash Equivalents		4,257	8,020	(3,763)
Cash and Cash Equivalents at Beginning of Year		72,639	64,596	8,043
Increase in accounting changes of scope of consolidation		-	22	(22)
Cash and Cash Equivalents at End of Year		76,897	72,639	4,257

SEGMENT INFORMATION

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

			(Millions of yen)	
1. Segment information by geographic area			Year ended Dec. 31, 2007	Year ended Dec. 31, 2006
Net sales	Japan	Outside customers	23,986	22,659
		Intersegment	51,656	44,584
		Total	75,643	67,243
	Asia	Outside customers	57,305	54,419
		Intersegment	57,375	48,622
		Total	114,680	103,041
	U.S.A.	Outside customers	9,533	9,035
		Intersegment	53	43
		Total	9,587	9,078
	Europe	Outside customers	16,814	14,403
		Intersegment	-	-
		Total	16,814	14,403
	Eliminations	(109,085)	(93,249)	
	Consolidated	107,640	100,517	
Operating income	Japan		3,924	4,905
	Asia		7,589	5,335
	U.S.A.		315	181
	Europe		(72)	70
	Eliminations		(70)	207
	Consolidated		11,685	10,700

			(Millions of yen)	
2. Overseas sales			Year ended Dec. 31, 2007	Year ended Dec. 31, 2006
Overseas sales	U.S.A.		11,697	10,459
	Europe		16,912	14,430
	Asia and other		68,034	64,106
	Total		96,644	88,996
Net sales			107,640	100,517
% of overseas sales to net sales			89.8%	88.5%

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

CURRENT STATUS OF PRODUCTION AND SALES

(1) Production(Quantity only)

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

	Manufacturing Subsidiary	Year ended December 31, 2007		Year ended December 31, 2006		Increase (Decrease) thousand pieces
		thousand pieces	%(change)	thousand pieces	%(change)	
Small Motors	MABUCHI INDUSTRY CO., LTD.	969,703	52.8	1,013,214	55.8	(43,511)
	MABUCHI MOTOR DALIAN LTD.	141,432	7.7	148,569	8.2	(7,137)
	MABUCHI MOTOR WAFANGDIAN LTD.	212,487	11.6	171,470	9.4	41,017
	MABUCHI MOTOR (JIANGSU) CO., LTD.	157,185	8.5	162,266	8.9	(5,081)
	MABUCHI MOTOR VIETNAM LTD.	332,548	18.1	316,080	17.4	16,468
	MABUCHI MOTOR DANANG LTD.	19,654	1.1	840	0.1	18,813
	MABUCHI TAIWAN CO., LTD.	4,522	0.2	3,385	0.2	1,136
	Total	1,837,533	100.0	1,815,828	100.0	21,704

(Notes) Figures are based on products volume.

(2) Sales by application

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

	Application	Year ended December 31, 2007		Year ended December 31, 2006		Increase (Decrease) millions of yen
		millions of yen	%(change)	millions of yen	%(change)	
Small Motors	Automotive Products	42,820	39.9	36,781	36.9	6,038
	Audio & Visual Equipment	21,308	19.8	22,361	22.4	(1,053)
	Information & Communication Equipment	18,139	16.9	16,658	16.7	1,480
	Home Appliances & Power Tools & Others	25,178	23.4	23,900	24.0	1,278
	Total	107,446	100.0	99,702	100.0	7,744

(Notes) Consumption taxes were excluded.