



# Annual Report 2013

Year ended December 31, 2013

Small, Lightweight Motors  
Spearheading the Industry



Power Window Lifter  
GD-558RC/LC

# PROFILE

## Small Direct-Current Electric Motors



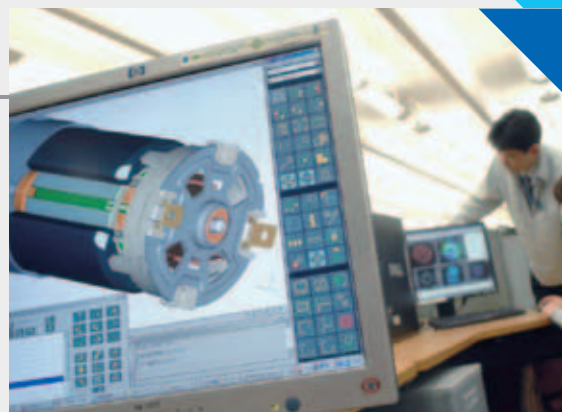
### Market Research

We engage in market research to rapidly, sufficiently and appropriately ascertain market and technology trends around the world and the motor functions that customers require. We provide our customers with low-cost, high-quality products and excellent delivery response times, while analyzing information we collect on diverse customer needs to discover commonalities that permit standardization.

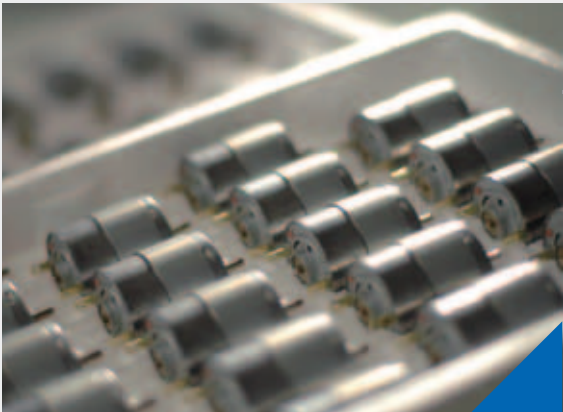
### Research and Development

Continuing to respond to a variety of needs with regard to motors, primarily the ability to be highly efficient and low in noise, Mabuchi Motor has always been leading the market in small motors.

From basic research, product development, product design, and production technology to motor-applied technology in these small machine components, Mabuchi has collected a wide range of technical capabilities over many years.



### Small, Lightweight Motors Spearheading the Industry

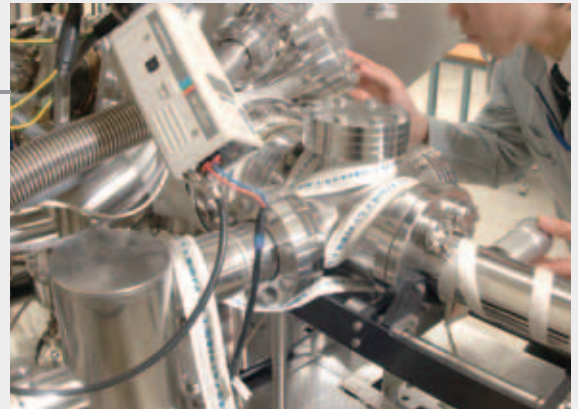


## Production

Mabuchi has established production bases across Asia with the aims of developing a competitive motor production system and providing employment opportunities in host countries. Furthermore, we strive to combine high quality and low cost in our production process by seeking an optimal balance between people and machines.

## Quality Assurance

Small motors from Mabuchi play an important role in many different settings in everyday life, mainly in the automotive products industry. To enable people to use our motors with confidence even in demanding environments, we conduct rigorous quality testing of every aspect of product performance, including the material quality and processing accuracy of parts, noise, change in temperature and humidity, and vibration.



Ever since its founding, Mabuchi Motor Co., Ltd. has been a specialist manufacturer of small motors that deliver consistently high quality and efficiency at low prices in line with our basic policy “Bringing better and more reasonably priced goods to the market.” Small motors from Mabuchi contribute to convenient, comfortable living for people the world over as functional components in a wide variety of applications in many industries, including automotive products, audio and visual equipment, optical and precision instruments, home appliances, power tools, toys, and hobbies.

The Mabuchi Group is the world’s leading producer of small motors. Our annual production volume of approximately 1,461 million units (2013 results) is testimony to the excellent reputation and trust we have built with our customers and a source of great pride for us. In the coming years, we will continue to aspire to create new value through product development adaptable to market needs, and a flexible supply system.

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### Forward-Looking Statements

This annual report contains forward-looking statements about Mabuchi's future plans, beliefs, strategies, and performance that are not historical facts. These statements are based on current expectations, forecasts, estimates, and projections about the industry in which Mabuchi operates and the beliefs and assumptions made by its management. As such 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 therefore cautions 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 continuing status of financing, financial instruments, and financial resources.

# To Our Shareholders

Underpinned by a recovering global economy, Mabuchi will advance its strategic measures to leverage its strength in the automotive industry and cultivate new customers.



**Hiroo Okoshi**  
Representative Director President and CEO

*Hiroo Okoshi*

## ◆ Overview of Sales during Fiscal 2013

During the fiscal year ended December 31, 2013, the world economy began to gradually recover in the second half. The U.S. economy remained strong due to solid consumer spending and capital investment. Although economic stagnation continued in Europe, signs of recovery began to appear in key countries. The economies of emerging countries showed only gradual growth, with domestic demand varying from region to region. In Japan, the historically unprecedented yen appreciation was corrected, corporate performance showed improvement, and gradual economic recovery continued.

In the markets in which the Mabuchi Group operates, in the Automotive Products Market, demand in the U.S. and emerging countries was strong, while in Europe demand appeared to have bottomed out in some areas. In the Home Appliances, Power Tools & Toys Market and the Precision & Office Equipment Market, the U.S. market, where housing-related spending and consumer spending were strong, acted as a locomotive for demand, and demand in emerging countries continued as well. On the other hand, the Audio & Visual Equipment Market continued to contract.

Under these business conditions, the Mabuchi Group addressed several issues: continued strengthening of the automotive products business and new activities in the consumer and industrial products businesses, sales expansion in China, reorganization of production bases, and manufacturing process innovation.

## Financial Highlights

	Millions of yen		Thousands of U.S. dollars	Rate of change
	2012	2013	2013	YoY
Net sales	¥ 85,254	¥108,401	\$1,032,390	+27.2%
Operating income	5,052	9,335	88,904	+84.8%
Net income	6,385	10,519	100,180	+64.7%
Total assets	196,702	227,253	2,164,314	+15.5%
Net assets	181,372	208,791	1,988,485	+15.1%

In fiscal 2013, the Mabuchi Group actively implemented measures to achieve further progress with sales and market share expansion, realizing results that will lead to future business growth.

Specifically, the Group actively implemented measures to achieve further progress with sales and market share expansion, and high quality and high efficiency, and achieved results that will lead to future business growth. These measures included 1) expansion of the customer base for new motors for power window lifters; 2) development and strengthening of sales of new medium-size automotive motors, such as products that do not use neodymium; 3) full-scale entry into the commercial office equipment sector; 4) building of an organizational structure for developing new applications and commencement of activities; 5) strengthening of the business in China by means of a locally self-contained business unit structure; 6) expansion of high-end product production capacity at the coastal production bases in China; 7) expansion of automotive motor production capacity at the two production sites in Vietnam; and 8) labor-saving in production processes and man-hour reduction through expanded introduction of facilities to rationalize production.

As a result, consolidated net sales for the period were ¥108,401 million (a 27.2% increase on a year-on-year basis). Motors sales, which account for the majority of consolidated net sales, were ¥108,340 million (a 27.3% increase on a year-on-year basis). By geographical segment, sales in Japan rose 2.8% to ¥10,461 million; sales in Asia climbed 28.0% to ¥66,750 million; sales in North America grew 31.7% to ¥11,475 million; and sales in Europe jumped 38.7% to ¥19,713 million.

Operating income for the year was ¥9,335 million (an 84.8% increase on a year-on-year basis) due to improvement in the gross profit ratio as a result of stabilization of the steep rise in materials costs, a trend toward improvement in the product mix, and further yen depreciation coupled with improvement in the selling, general and administrative expenses ratio accompanying the net sales increase. By geographical segment, the Group posted operating income of ¥1,490 million in Japan, ¥7,535 million in Asia, ¥328 million in North America, and ¥536 million in Europe, as well as an operating loss of ¥555 million on eliminations of intersegment transactions.

Income before income taxes was ¥15,015 million (a 78.2% increase on a year-on-year basis) as a result of improvement in the balance of extraordinary items due to the non-recurrence of restructuring expenses and loss on sales of investment securities recorded in the previous year, despite an impairment loss on fixed assets in connection with lower profits at some consolidated subsidiaries as a result of contraction of the DVD player market. Net income was ¥10,519 million (a 64.7% increase on a year-on-year basis), despite a slight increase in the consolidated effective tax rate due to the impact of an increase in foreign exchange gains at the parent company, which carries a comparatively high tax burden among its Group companies.

## ❖ Implementation of Growth and Cost Strategies in Preparation for New Breakthroughs

In fiscal 2014, Mabuchi will focus on the following three strategies for the establishment of new growth axes and cost optimization aligned with the business environment.

### Acceleration of Growth in the Automotive Products Business and Development of New Applications in the Consumer and Industrial Products Business

In the Automotive Products Business, the Mabuchi Group will work to expand sales of two new motors for power window lifters for which development has been completed: a medium-torque and a high-torque product. We will work to increase the number of models equipped with these products by stepping up sales activities. For the medium-torque product, we will target a Japanese automaker that has already decided to adopt the product. For the high-torque product, we will target a North American automaker for which Mabuchi became an authorized supplier in the previous year. Furthermore, using these motors as a spring-board, we will aim to win orders by focusing on acquiring new customers in Japan, North America, and Europe. In the Chinese market, we will maintain our top-level market share by working to increase the number of automobile models equipped with Mabuchi products.

Applications for medium-size automotive motors such as power seats, parking brakes, and engine air intake and exhaust constitute a market sector in which an increase in installation rates can be expected. By completing preparation of a line of new products meant to become standard products for each of these applications, Mabuchi will focus

on further expansion of sales of motors for these applications and aim to expand adoptions to new related applications. We will also undertake cost reduction and profitability improvement by boosting sales and production quantities and by optimizing production base location.

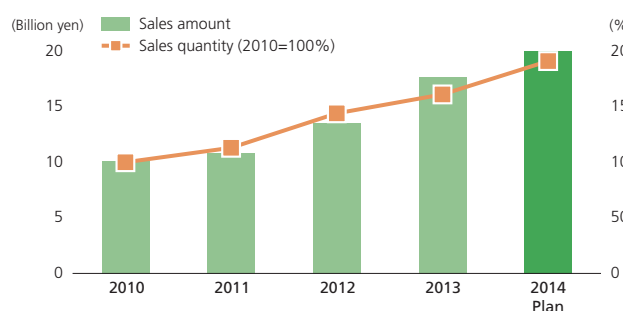
Next, in the consumer and industrial product sector, while making the small brush motor business the linchpin, Mabuchi is reinforcing initiatives for medium-size and large brushless motors to uncover latent needs. For medium-size brushless motors, in addition to increasing orders and opening up new customers for motors for copiers and multifunction printers (MFPs), a market sector Mabuchi has already entered, we will seek sales expansion into related applications. Large brushless motors are products developed for vehicles, including electrically assisted bicycles, and full-scale mass production of these motors for such application has already begun. It is possible to apply these motors in other wide-ranging fields, such as assistive equipment, gardening equipment, and industrial equipment, and we will work to open up new applications and win orders for these motors.

### Cost Reduction through Manufacturing Innovation

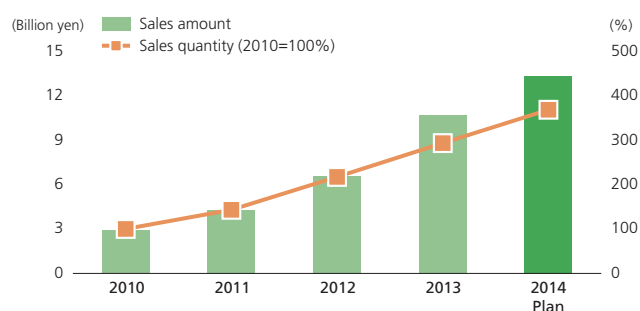
In order to prevail in global competition, the Mabuchi Group will continue to undertake development of a manufacturing base that cannot be easily imitated by competitors.

During the past three years, in response to sharp increases in labor costs accompanying economic development in countries where production bases are located, the Mabuchi Group has engaged in laborsaving activities and achieved a target of laborsaving equivalent to 30% of direct employees from the fiscal 2010 level. In the coming three years as well, we aim to achieve further laborsaving exceeding 30% by

#### Power Window Lifter Motor Sales Results and Forecast



#### Mid-sized Automotive Motor Sales Results and Forecast



\* Mid-sized automotive motor applications: power seats, electric parking brakes, steering column adjusters, engine air intake and exhaust, seatbelt pretensioners

## Production Base Strategy: Priority Activities

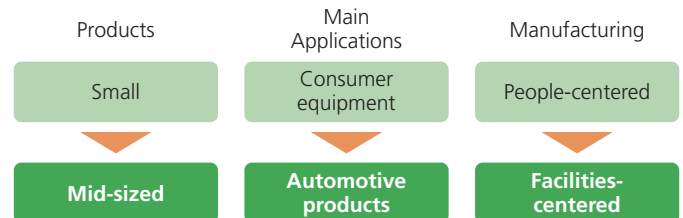
To accelerate growth of the mid-sized automotive motor business, accelerate investigation of construction of a global production and supply structure.

### Asia-Centered Production

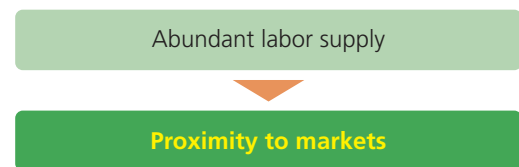


### Global Production and Supply Structure

#### ● Change in conditions



#### ● Important considerations when deciding location of production base.



leveraging the laborsaving know-how and automated laborsaving facilities accumulated through activities implemented to date and the structure we have developed to make acceleration of their deployment possible.

In addition to these measures, we will push forward with comprehensive activities to increase productivity, including reduction of non-value-added processes through improvement in production indicators and creation of quality in production processes, and make every effort to not merely eliminate the impact of labor cost increases, but to realize cost reduction.

### Construction of a New Global Production and Supply Structure

In an era in which labor-intensive manufacturing was prevalent, the ability to secure an abundant supply of workers with manual dexterity was an important consideration in deciding the location of production bases. Mabuchi has developed a structure in which production is concentrated in Asia, an optimal region in that regard, and supplied motors from Asia to the rest of the world.

Meanwhile, the concept of local production for local consumption has become a strong tendency among customers

for medium-size automotive motors, which Mabuchi has positioned as a strategically important application, and manufacturing innovation has brought about a shift from people to facilities as the core element of production.

Taking these developments into consideration—i.e., changes in the industry with regard to applications, changes in manufacturing, customs duties, and other factors—Mabuchi will accelerate its efforts to develop a global production and supply structure with the principal aim to expand the medium-size automotive motor business, which includes products such as power window motors.

### ◆ Basic Policy on Returning Profit to Shareholders and Dividends for the Year

Our basic policy on the appropriation of retained earnings is to retain necessary earnings for sound business activities, to maintain healthy financial strength and to ensure adequate dividends to our shareholders based on performance for the year. Based on the above policy, the Company makes it a principle to consistently distribute an ordinary dividend of ¥60 per share on an annual basis plus a special dividend equivalent to 20% (paid out on a per share basis) of the annual consolidated net income.



## Mabuchi will accelerate its efforts to develop a global production and supply structure with the principal aim to expand the medium-size automotive motor business, which includes products such as power window motors.

In addition, the actual full-year dividend amount shall be based in principle on the above calculation standards and calculated in consideration of the dividend payout ratio, dividend levels prior to the previous period, internal reserves, cash flows, and other factors. The amount shall not be less than the expected full-year dividend amount announced during the full-year period.

In addition to the aforementioned calculation standards, the Company declared a commemorative dividend of ¥20.00 per share to mark its 60th anniversary. This brought total annual dividends to ¥140.00 per share, consisting of a ¥60.00 ordinary dividend, a ¥60.00 special dividend, and a ¥20.00 commemorative dividend.

The Company purchased a total of 12 million shares of treasury stock through public tender offers or market purchases and purchases of fractional shares from fiscal 2002 to fiscal 2012, and has canceled 9.2 million of these shares.

The Company will continue to consider purchases of treasury stock as appropriate as a flexible response to changes in the share price or management environment and capital policy and as a method of returning profits to shareholders.

### ◆ Outlook

In the outlook for 2014, the forecast for the U.S. economy is for firm corporate earnings and consumer spending, and the European economy is expected to shift to gradual recovery centered on key countries. In Japan, an increase in exports is forecast, and the economy is likely to remain firm despite the impact of a consumption tax increase. On the other hand, only modest growth is forecast for emerging countries, where a sense of uncertainty regarding the economic outlook lingers.

The situation in the markets in which the Mabuchi Group operates is mixed. In the Automotive Products Market, worldwide automobile production is expected to grow and remain strong. In the Home Appliances, Power Tools & Toys Market, demand is expected to be stable in developed countries and to grow gradually in emerging countries. On the other hand, we expect market conditions for key items to soften in the Precision & Office Equipment Market and forecast continued market contraction in the Audio & Visual Equipment Market.

Concerning the dividend policy for fiscal 2014, to further increase the profit returns to shareholders, we have partially revised the calculation standards. Specifically, with regard to the performance-based special dividend, we will raise the previous “equal to 20% of consolidated net income (per-share calculation)” to “equal to 30% of consolidated net income (per-share calculation)” to boost the connection between dividend and performance. In addition, by returning to the originally intended performance-based dividend policy, we have withdrawn from the previous policy stating that “the actual full-year dividend payment shall not fall below the projected dividend amount announced during the period.”

With respect to total dividends for fiscal 2014, based on the new calculation standards, we plan to pay annual dividends of ¥140.00 per share, consisting of a ¥60.00 ordinary dividend and an ¥80.00 special dividend.

We look forward to the renewed support and understanding of all shareholders in the years ahead.

# Segment Information by Motor Application

In fiscal 2013, the Mabuchi Group actively implemented measures to achieve further progress with sales and market share expansion, realizing results that will lead to future business growth. A 27.3% year-on-year increase in motor sales, which accounts for the majority of the Group's consolidated net sales, reaching 108,340 million yen, further ensured the Group's progress.

## Automotive Products

### Major Applications

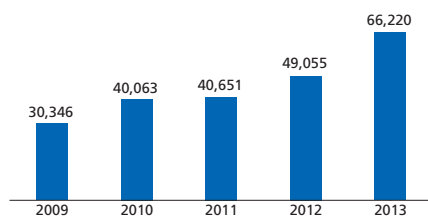
Power window lifters, door locks, mirrors, power seats, air conditioner dampers, etc.

### Automotive Products Market

Net sales in this market rose sharply to 66,220 million yen (a 35.0% increase on a year-on-year basis). Sales of products for all applications including motors for mirrors, door lock actuators, and air conditioning damper actuators, which are applications for compact motors, and motors for power window lifters, power seats, and electronic parking brakes, which are applications for medium- or large-sized motors, developed favorably due to growth in worldwide automobile production as well as an increase in Mabuchi's market share. Furthermore, the weak yen also contributed to the sharp increase.

#### Net sales

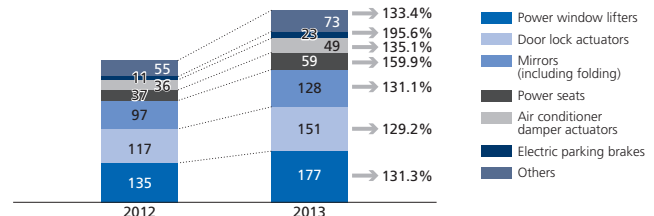
(Millions of yen)



#### Net sales by principal item

(100 millions of yen)

(Year-on-year change)



## Home Appliances, Power Tools & Toys

### Major Applications

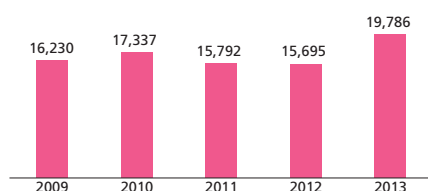
Beauty-related equipment, power tools, toys, health-related equipment, etc.

### Home Appliances, Power Tools & Toys Market

Net sales in this market rose sharply to 19,786 million yen (a 26.1% increase on a year-on-year basis). Sales of motors for hair dryers and toothbrushes developed favorably in preparation for the year-end sales season, sales of motors for power tools also increased due to a strong U.S. market and higher sales of motors for high-end products, and the weak yen also contributed to the sharp increase.

#### Net sales

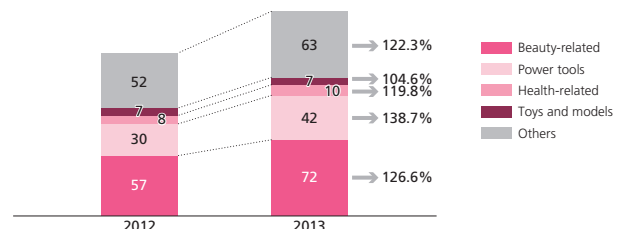
(Millions of yen)

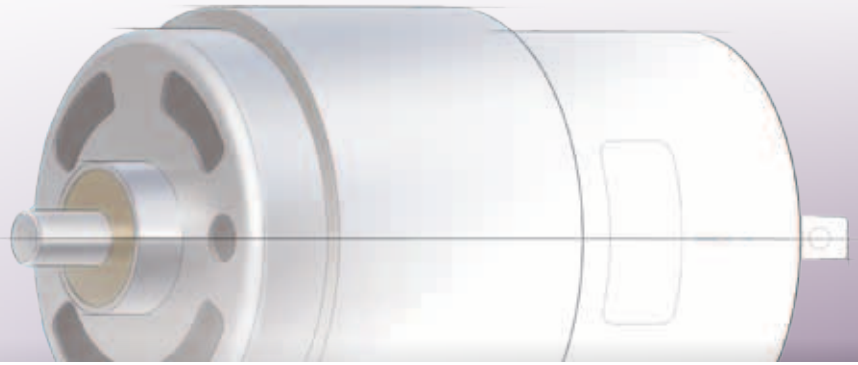


#### Net sales by principal item

(100 millions of yen)

(Year-on-year change)





## Precision & Office Equipment

### Major Applications

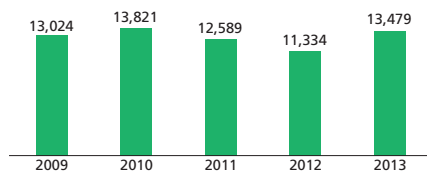
Inkjet printers, multifunction printers (MFPs), laser printers, etc.

### Precision & Office Equipment Market

Net sales in this market increased to 13,479 million yen (an 18.9% increase on a year-on-year basis). Sales of motors for inkjet printers increased due to product mix improvement and the impact of the weak yen. Sales of motors for multifunction printers (MFPs) and laser printers, existing products and newly launched products alike, developed favorably.

#### Net sales

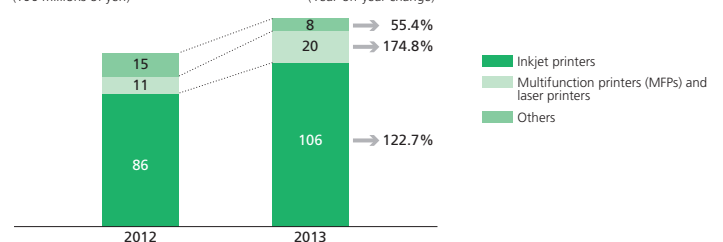
(Millions of yen)



#### Net sales by principal item

(100 millions of yen)

(Year-on-year change)



## Audio & Visual Equipment

### Major Applications

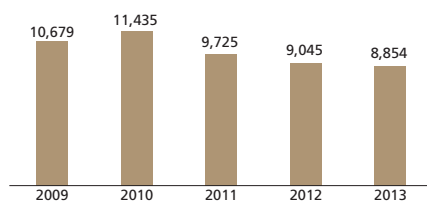
CD players, DVD players, etc.

### Audio & Visual Equipment Market

Net sales in this market decreased to 8,854 million yen (a 2.1% decrease on a year-on-year basis). Sales of motors for CD players in cars in the after-market sector decreased, and the market for motors for DVD players continued to contract. Sales of both product lines decreased as a result of a greater selectivity in accepting orders to maximize profitability.

#### Net sales

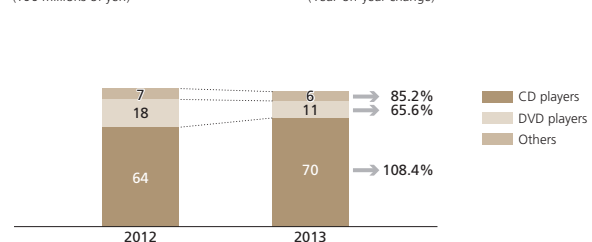
(Millions of yen)



#### Net sales by principal item

(100 millions of yen)

(Year-on-year change)



# Research and Development Activities

The Mabuchi Motor Group's R&D activities are spearheaded by Mabuchi Motor Co., Ltd. (the parent company) and MABUCHI MOTOR (DONGGUAN) CO., LTD. (in the Asia segment). In this section, we provide an overview of the Group's R&D activities.

The R&D organization consists of the Research and Development Headquarters and its subordinate organizations: the Research and Development Dept. 1, the Research and Development Dept. 2, and the Production Engineering Dept. In addition, the Research and Development Headquarters directly controls groups that engage in activities pertaining to fundamental technology, intellectual property, test evaluation, technology research, and engineering management. The organization engages mainly in high-value-added work, including the development of elemental technologies based on the Group's technology roadmap, described below, as well as new product development centered on strategically important applications. From its inception, the Research and Development Center of MABUCHI MOTOR (DONGGUAN) CO., LTD. (the "R&D Center") has mainly engaged in design improvement work. The R&D Center also handles new product development aimed at rapidly launching products in the Chinese local market, as well as new product development tasks entrusted by the parent company.

To materialize timely new product development and new product introductions, Mabuchi has prepared the technology roadmap based on information obtained from market research and benchmarking-based technical investigation, and is steadily developing elemental technologies in accordance with the roadmap. In fiscal 2013, we established a Cross-Functional Team (CFT) to spearhead initiatives across departmental lines, thus further strengthening our R&D system.

Among these development projects, Mabuchi is focusing particular attention on the strategies described below for examination and implementation of urgent measures, with the aims of strengthening its responsiveness to new motor-related fields and applications and addressing the steep rise in labor costs in overseas countries where it operates plants.

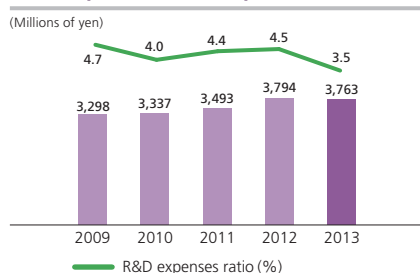
- 1) Strengthen our expertise in circuit design technologies required to increase our market share for brushless motors (a high-priority sector)
- 2) Adopt innovative perspectives to broaden the application of major reductions in production line workers
- 3) Return to generation principles to deepen our fundamental expertise in mechanical noise and vibration reduction technologies
- 4) Strengthen and broaden the application of optional mechanism attachment technologies

With respect to specific applications, at present we are focusing mainly on the automotive products business. Our R&D and sales departments work together to address specific applications in this business.

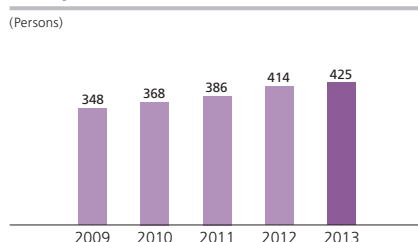
## ■ Motors for power window lifters

Thanks to increasing sales to large-scale customers in Japan and overseas, sales of motors for power window lifters exceeded ¥17 billion in fiscal 2013, making this a core business for the Group. We set up production of compact, lightweight power window lifter motors (more details later in this section), and we also acquired certification as a supplier from a major automaker in North America for a model currently under development. This success has brought an increase in trade inquiries from customers, and we are ramping up relevant personnel accordingly.

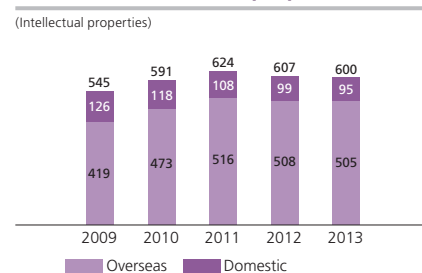
## R&D expenses/R&D expenses ratio



## R&D personnel



## Number of intellectual properties



## ■ Motors for power seats

The introduction of distinctive, small, high-torque motors has seen increasing adoption by large customers. We will reinforce our product lineup to further raise our share of this market.

## ■ Motors for other small automotive applications

Mabuchi has long enjoyed a competitive advantage in this market. Nevertheless, we are striving to further increase our competitive edge by promoting small, high-torque motors featuring low mechanical noise and low vibration.

With regard to existing models for other markets, Mabuchi will continue harnessing its know-how to improve its product features while promoting remodeling to enhance added value. At the same time, we will deploy the aforementioned R&D Center to build a structure for promptly meeting market and customer needs.

In fiscal 2013, R&D expenses amounted to ¥3,763 million. At fiscal year-end, the total number of industrial property rights held by the Company stood at 600 (95 in Japan and 505 overseas), and the total number of domestic and overseas new industrial property applications during the year was 30. A total of 425 employees engaged in R&D activities (238 at our headquarters and 178 at the R&D Center of MABUCHI MOTOR (DONGGUAN) CO., LTD.).

Below are major new products launched in fiscal 2013:

### 1) Small, high-torque automotive motor (RS-656WA)

Similar in size to existing types, this model features improvements in quietness, longevity, and rigidity. Significantly reduced vibration during operation has improved this product's quietness in actual-use environments. It also features higher rigidity, higher output, and longer life in response to demand for improved durability. In the automotive area, the RS-656WA is now being fitted to electric parking brakes (EPBs), and other applications are earmarked for the future.

### 2) Small, lightweight motor for power window lifters (GD-558)

Mabuchi's strengths lie in small, lightweight, low-cost products, and this model features enhancements in these areas. With reduced weight, it also meets the strong market need for improved fuel efficiency and lower costs. Despite using a general ferrite magnet instead of a neodymium magnet, we have achieved 15% reductions in weight and size vis-à-vis comparable existing models thanks to a new gear unit design and our original self-locking mechanism. We have started selling the GD-558 to major Japanese automakers.

### 3) Medium-size brushless motor (IS-94B)

Mabuchi's first 700W brushless motor, the IS-94B features enhancements in compactness and cost reduction over existing models. Its magnetic circuit design and overall structural design help maximize efficiency and lower noise and vibration. We have commenced sales to manufacturers of power-assisted bicycles, and plan to approach makers of welfare equipment, gardening equipment, and the like in the future.

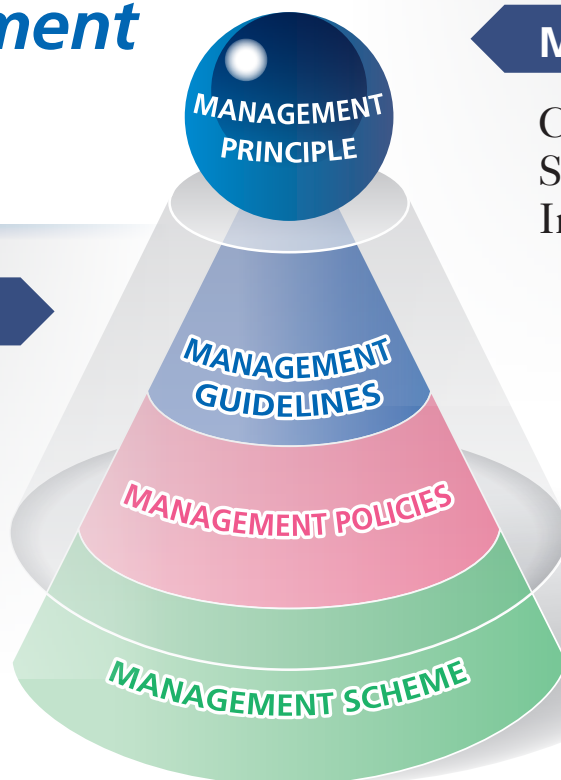
# Activities for Sustainable Management

The “Management Principle” of Mabuchi Motor encompasses the belief that we at Mabuchi must elevate our level of contribution to society and persevere as a prominent entity the world cannot do without. This principle is not only a guide for running our corporation but a gene to be carried down to subsequent generations of the Mabuchi enterprise.

## Mabuchi's Management Vision

### Our Missions

Mabuchi's missions embrace a set of values for all Mabuchi Group employees to share in overcoming various difficulties and conflicts that occur in carrying out their duties and achieving further growth.



### Our Management Vision

### MANAGEMENT PRINCIPLE

Contributing to International Society and Continuously Increasing Our Contribution

Mabuchi believes that a company can continue to exist and grow only if its business activities contribute to society on an ever-expanding basis. It goes without saying that a company cannot expand or even remain in business unless it generates profits. However, profit is not Mabuchi's sole management objective.

Our ultimate objective is to continue raising our level of contribution to society through our business activities and remain a company that society considers essential. This management principle is at the core of all our activities, unchanging through time and irrespective of the people at the management helm.

#### ● MANAGEMENT GUIDELINES

Mabuchi's management guidelines, which flow from our management principle, spell out specifically how we “contribute.” These guidelines outline the mission of Mabuchi's business activities.

#### ● MANAGEMENT POLICIES

Mabuchi's management policies provide guidelines for its corporate activities, which are a starting point for creating value and lead to greater levels of social contribution and achieving sound growth.

#### ● MANAGEMENT SCHEME

Based on Mabuchi's business policy of maximizing the potential of small DC brush motors as our core business, we mobilize our organizational skills and promote business activities in which we can continuously exert a unique “Mabuchi-ism” that cannot easily be emulated. Naturally, we do not aim at diversification without contributing to society, namely, diversification only to expand sales. We generate revenues and profits as a result of our contributions to markets in which we are truly welcome. We plan to continue reflecting this management philosophy, which has served us well in the past, into the future.

# Corporate Governance

## Basic Approach to Corporate Governance

We understand that realizing this principle is our *raison d'être*, and we recognize that corporate governance comprises the organizational/management systems and various managerial measures that support those systems. Accordingly, we believe that the fundamental objective in establishing and implementing an appropriate corporate governance framework is to further the interests of our shareholders and other stakeholders on an ongoing basis through the creation of fair profits and the enhancement of corporate value.

Constructing and maintaining a corporate governance system along the lines given below are indispensable for Mabuchi as a listed company.

1. To clearly separate management decision-making and efficient business execution, and to clarify the scope of accountability;
2. To build and operate a sound internal control system, namely, to effectively work the internal check system and the management supervision system;
3. To appoint a suitable number of independent officers whose interests do not conflict with those of general shareholders to ensure the objectivity and neutrality of management supervision functions;
4. To foster a corporate culture in which all Group employees recognize and share the understanding that the practices of corporate ethics and compliance support the organization's

social impartiality and are fundamental to living up to the trust and expectations of all stakeholders; and

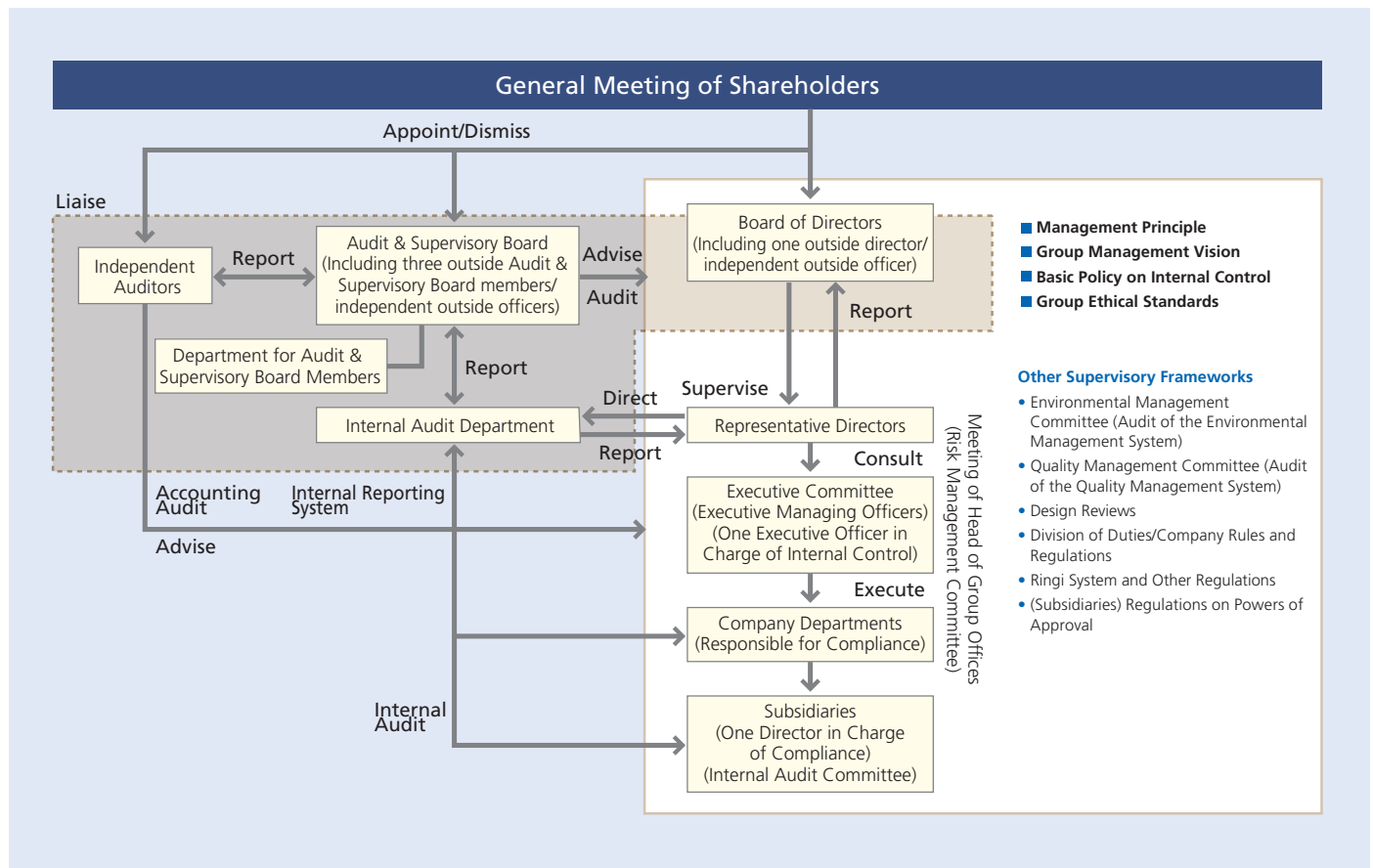
5. To disclose corporate information to shareholders and other stakeholders in an appropriate, fair, timely and clear manner and to ensure accountability through the Board of Directors, the Audit & Supervisory Board, and other bodies.

The Mabuchi Group employs a simple corporate management structure by establishing a corporate group consisting of Mabuchi Motor Co., Ltd., and its wholly owned subsidiaries as well as focusing and specializing its business resources on and in the small DC motor business. The Mabuchi Group employs the Audit & Supervisory Board System as the best-suited organizational design after considering such matters as directors' duties, management efficiency, and the maintenance of a management supervisory system that is appropriate to the above business contents and corporate management structure.

## Outline of Corporate Institutions

### ■ Board of Directors and Executive Committee

Significant management decision-making is carried out by the Board of Directors, consisting of six inside directors and one independent outside director who are familiar with the Company's management environment and business. The Board of Directors quintessentially serves the functions of management decision-making and supervision of the execution of directors' duties and, as required by laws and ordinances, reporting on important



executive management decisions and conditions. Responsibility for executing decisions that have been made by the Board of Directors is transferred to the representative directors and the executive officers. The Board of Directors convenes regularly once a month and at other times as required.

The Company deems that the independent outside director shall act in a supervisory and advisory role to the Company's management at the Board of Directors' meetings to not only ensure but also enhance transparency.

Mabuchi has established an Executive Committee, primarily composed of executive officers, with the objectives of supporting the functions of the Board of Directors, conducting preliminary consultations relating to important issues for deliberation by the Board of Directors, carrying out executive business decision-making outside the scope of the Board of Directors' legal powers, and reporting on executive business conditions. This arrangement enhances the Board of Directors' function, as it allows the Board to prioritize deliberation of reports and proposals, making decisions on these topics and monitoring and supervising the execution of duties. The Executive Committee meets regularly twice a month.

In addition, Mabuchi has introduced an Executive Officer System that centralizes strategic decision-making and supervision functions on directors and delegates powers and responsibilities to executive officers for the everyday execution of their duties. This system serves to enhance the functions of both directors and the executive officers.

#### ■ Audit & Supervisory Board

Mabuchi has appointed four Audit & Supervisory Board members, three of whom are outside members with a high degree of independence. Mabuchi has also established a department for Audit & Supervisory Board members and has made it possible for the Audit & Supervisory Board members to request audit-related assistance from employees of the Internal Audit Department and other departments where appropriate.

The Audit & Supervisory Board members (three of whom are outside members) carry out audits of the execution of duties by directors and other bodies in accordance with legal stipulations and the auditing standards, policies, plans, and apportioned duties determined by the Audit & Supervisory Board. Specifically, Audit & Supervisory Board members attend meetings of the Board of Directors and the Executive Committee and other important meetings and oversee major business execution decisions and documentation related to their execution, if necessary, requesting directors and employees to provide such documents or submit reports, in order to audit and supervise the execution of duties by the directors. The Audit & Supervisory Board convenes every second month and holds regular monthly meetings for the exchange of opinions between Audit & Supervisory Board members and essential deliberations regarding the execution of duties by directors.

#### ■ Internal Audit Department

Mabuchi has established an Internal Audit Department, with one full-time member, under the direct control of the president. This body liaises with the Audit & Supervisory Board (members), the Executive Officer Responsible for Internal Control, and the Internal Control Department on a timely basis and conducts ongoing supervision of the upgrading, running, and effectiveness of the internal control framework for Mabuchi and its Group companies. The Internal Audit Department reports its findings to the president, directors, and Audit & Supervisory Board members.

### Internal Control System

In accordance with the Basic Policy on Internal Controls approved at a meeting of the Board of Directors under the provisions of the Companies Act, Mabuchi is working to establish an internal control system that includes systems for risk management, compliance assurance, document management, Group management, and Audit & Supervisory Board members' audits. In this way, inadequacies in internal controls and other issues discovered in risk management activities, compliance activities, Audit & Supervisory Board members' audits, and internal audit activities are reported to the directors and Audit & Supervisory Board members on a periodic or nonperiodic basis, and appropriate corrective measures are taken in a timely manner. These efforts provide the Company with a framework for continuously enhancing the functioning and effectiveness of the internal control system. By establishing and ensuring the appropriate application of internal regulations governing the approval system, job authority and division of responsibilities, and other matters, the Company seeks to further ensure the appropriate conduct of business. These various internal mechanisms serve to support the directors and Audit & Supervisory Board members in their monitoring and supervision of the conduct of business by directors.

### Risk Management System

In accordance with the Basic Policy on Internal Controls, Mabuchi has designated an executive officer with overall control over risk management and the departments responsible for risk management; has prepared and established internal rules and procedures necessary for appropriate management of risk; and has taken necessary measures, including informing and educating employees about risk management.

In addition, Mabuchi has established the Risk Management Committee, whose members are the persons responsible for risk management at each company department and subsidiary; has made possible cross-organizational activities concerning risk awareness and assessment in routine business activities, risk response, and information provision; and has put in place a Group Emergency Response System to prepare for contingencies, with the objective of protecting all the Group business activities in the event of an emergency.

Furthermore, the Internal Audit Department periodically audits the status of risk management and reports the audit results to the Board of Directors and Audit & Supervisory Board. The Board of Directors reviews the report and takes any necessary measures. In this way, Mabuchi pursues continuous improvement of the risk management system.

### Disclosure of Corporate Management Data

Mabuchi's basic policy is to strive to carry out impartial, timely, and clear information disclosure to ensure a fair evaluation of the Company's corporate value and to gain the trust of its shareholders and investors. We innovate and improve our information disclosure to ensure highly effective data delivery that will cultivate broad understanding of the Company's business activities.

# Board of Directors, Audit & Supervisory Board Members, and Executive Officers

(As of March 28, 2014)

## Directors



**Shinji Kamei**

Representative Director  
and Chairman



**Hiroo Okoshi**

Representative Director  
President and CEO



**Takashi Kamei**

Executive Managing Director  
Senior Managing Executive Officer and General Manager of  
Operations Control Headquarters, in charge of China Business



**Tadashi Takahashi**

Director  
Executive Officer and General  
Manager of Research and  
Development Headquarters



**Akihiko Kitahashi**

Director  
Executive Officer and General  
Manager of Sales & Marketing  
Headquarters



**Masato Itokawa**

Director  
Executive Officer and General  
Manager of Quality Assurance  
Dept., in charge of Quality and  
Environmental Management



**Iwao Nakamura**

Director (Outside)

## Audit & Supervisory Board Members



**Masahiro Gennaka**

Audit & Supervisory Board  
Member (Full-time)



**Keiichi Horii**

Audit & Supervisory Board  
Member



**Nobutaka Motohashi**

Audit & Supervisory Board  
Member



**Toru Masuda**

Audit & Supervisory Board  
Member

## Executive Officers (excluding those also serving as directors)



**Tadahito Iyoda**

Executive Officer  
General Manager of  
Administration Headquarters, in  
charge of Internal Controls



**Chin Tai Yen**

Executive Officer  
Chairman of the Board and  
President, MABUCHI TAIWAN  
CO., LTD.



**Katsuhiko Katayama**

Executive Officer  
Director of the Board and  
President, MABUCHI MOTOR  
DALIAN CO., LTD.



**Tsuyoshi Nakamura**

Executive Officer  
Deputy General Manager –  
Sales & Marketing Headquarters



# Corporate Social Responsibility

Mabuchi's wide-ranging CSR activities include a social action program for which the Group is particularly well suited—sharing the importance and wonder of manufacturing.

## Basic Approach to CSR Activities

Mabuchi believes that no company can exist without the development of a better society. With this in mind, we undertake proactive CSR initiatives while continuously broadening our social contribution through our business activities.

## Science Lessons for Elementary School Students by the Company's Technical Staff

Seeking to help children experience the joys and wonders of science and understand how knowledge learned in science class contributes to their lives, Mabuchi has been dispatching staff to teach children about science since 2008. In 2013, we held classes at four elementary schools in Matsudo City in Chiba Prefecture, the Science Museum in Tokyo, and the Japanese School of Suzhou in China.

Using Mabuchi-made motors as learning tools, the children gained hands-on experience in disassembling and examining motors, while learning about how electromagnetic properties are used in rotating mechanisms and generate electricity. We also exhibited actual products that incorporate motors to help the children realize how extensively motors are used in our daily lives.



## Provision of Learning Materials

Each year Mabuchi provides a large amount of learning materials to support science education. In 2013, Mabuchi provided approximately 15,000 motors as well as case examples of handicrafts powered by motors. These learning materials are put to good use in science classes at public elementary schools in Matsudo City and at handicraft workshops held by numerous educational institutions all over Japan.

## Summer Vacation Handicraft Workshops

Every year since 2008, Mabuchi has held Summer Vacation Handicraft Workshops for parents and children to provide kids—



the leaders of the next generation—with experience in the magnificence of making things and in the mysteries of science, thus stimulating their interest in manufacturing.

During the summer holidays, we invited approximately 160 parent-child duos who used motors as power generators to create handicrafts using readily available waste materials such as discarded CDs and PET bottle caps.

## Workshop Event at Tokyo Motor Show

During the year, Mabuchi held children's workshops under the SMART MOBILITY CITY 2013 project, which was part of The 43rd Tokyo Motor Show 2013.

Around 200 parent-child groups participated in the project, held over three days. They made wooden automobiles powered by Mabuchi prototype motors and experienced the joy of manufacturing.



## Robot Contest Sponsorship

To support the education of tomorrow's technologists and encourage developments in science and technology, Mabuchi has sponsored ABU Robocon, NHK University Robocon and Kosen (technical college) Robocon every year since 2002, providing funding and motors.

## Providing Educational Opportunities

Since 1996, Dalian Mabuchi has been supporting the establishment of schools and carrying out other activities with the objective of providing children with the opportunity of gaining an education. To date, the company has helped to establish three elementary schools and one junior high school. Subsequently, the company has continued to furnish the school's students with invitations to tour its factories and to provide them with facilities and equipment. In addition, Dalian Mabuchi has established a scholarship system to support children and young people whose economic circumstances prevent them from attending schools and universities, providing assistance that enables them to grow into adults who will benefit society.

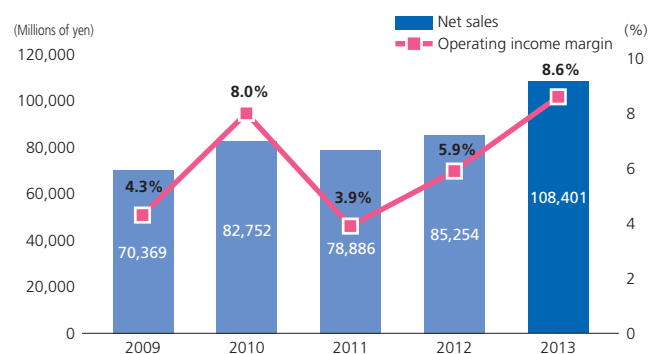
# Financial Summary

## Market Environment

In the Automotive Products Market, the primary market in which the Mabuchi Group operates, demand in the U.S. and emerging countries was strong, while in Europe demand appeared to have bottomed out in some areas. In the Home Appliances, Power Tools & Toys Market as well as the Precision & Office Equipment Market, housing-related spending and consumer spending in the U.S. were strong, acting as a locomotive for demand, and demand in emerging countries continued as well. On the other hand, the Audio & Visual Equipment Market continued to contract.

Under these business conditions, the Mabuchi Group addressed several issues in fiscal 2013, which included further strengthening of the automotive products business, the undertaking of new activities in the consumer and industrial products businesses, sales expansion in China, reorganization of production bases, and the introduction of manufacturing process innovations.

## Net Sales and Operating Income Margin



## Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries (Years Ended December 31)

	Millions of yen					Thousands of U.S. dollars
For the year:	2009	2010	2011	2012	2013	2013
<b>Net sales</b>	¥70,369	¥82,752	¥78,886	¥85,254	¥108,401	\$1,032,390
Cost of sales	51,805	60,062	59,838	64,214	81,546	776,628
Selling, general and administrative expenses	15,544	16,064	15,981	15,987	17,519	166,847
<b>Operating income</b>	3,019	6,624	3,066	5,052	9,335	88,904
Income before income taxes	3,013	7,291	3,248	8,426	15,015	143,000
<b>Net income (loss)</b>	5,450	5,260	(466)	6,385	10,519	100,180
Capital expenditures	3,659	3,210	6,524	6,825	5,755	54,809
Depreciation and amortization	4,031	3,603	3,326	3,579	4,571	43,533
R&D expenses	3,298	3,337	3,493	3,794	3,763	35,838
<b>Cash flows:</b>						
Net cash provided by operating activities	¥10,708	¥ 5,457	¥ 696	¥ 9,091	¥11,750	\$111,904
Net cash (used in) provided by investing activities	(1,630)	8,601	(2,874)	8,230	4,264	40,609
Net cash used in financing activities	(3,927)	(3,507)	(3,507)	(3,509)	(3,031)	(28,866)
<b>At year-end:</b>						
Total assets	¥192,362	¥185,408	¥181,351	¥196,702	¥227,253	\$2,164,314
Net assets	180,311	174,570	168,538	181,372	208,791	1,988,485
<b>Per share data:</b>	(Yen and U.S. dollars)					
Net income (loss)	¥ 155.54	¥ 150.14	¥ (13.31)	¥ 182.25	¥ 300.21	\$ 2.85
Net assets	5,146.04	4,982.43	4,810.36	5,176.75	5,956.04	56.72
Dividends payable	100.00	100.00	100.00	100.00	140.00	13.33
<b>Other data:</b>						
Operating income margin (%)	4.3	8.0	3.9	5.9	8.6	—
ROE (%)	3.0	3.0	(0.3)	3.5	5.4	—
Shareholders' equity ratio (%)	93.7	94.2	92.9	92.2	91.9	—
Number of shares outstanding (Thousands of shares)	35,038	35,037	35,036	35,035	35,145	—
Number of employees (Persons)	38,251	37,466	33,918	29,058	28,132	—

### Notes

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥105=U.S.\$1, the approximate exchange rate on December 31, 2013.
2. ROE is calculated by dividing net income by the average of total shareholders' equity plus the revaluation/translation adjustment during the period.
3. The shareholders' equity ratio is calculated by dividing the sum of total shareholders' equity and the revaluation/translation adjustment as of the end of the period by total assets as of the end of the period.

### Net Sales

**¥108,401**  
million

Consolidated net sales in fiscal 2013 rose 27.2% from the previous fiscal year to ¥108,401 million (US\$1,032,390 thousand).

### Operating Income

**¥9,335**  
million

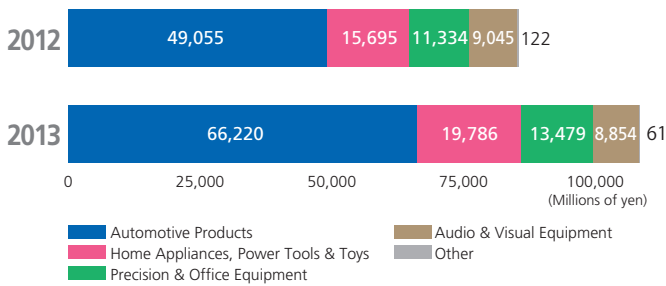
Operating income rose 84.8% to ¥9,335 million (US\$88,904 thousand).

### Net Income

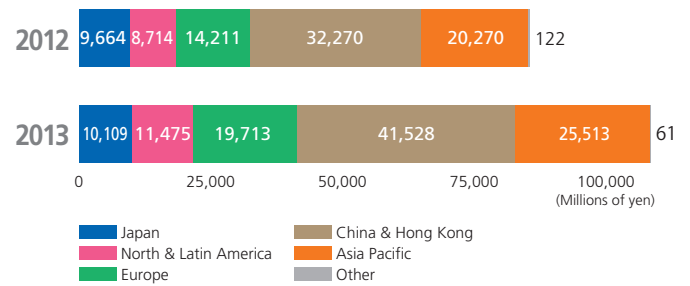
**¥10,519**  
million

The Mabuchi Group recorded a 64.7% increase in net income, reaching ¥10,519 million.

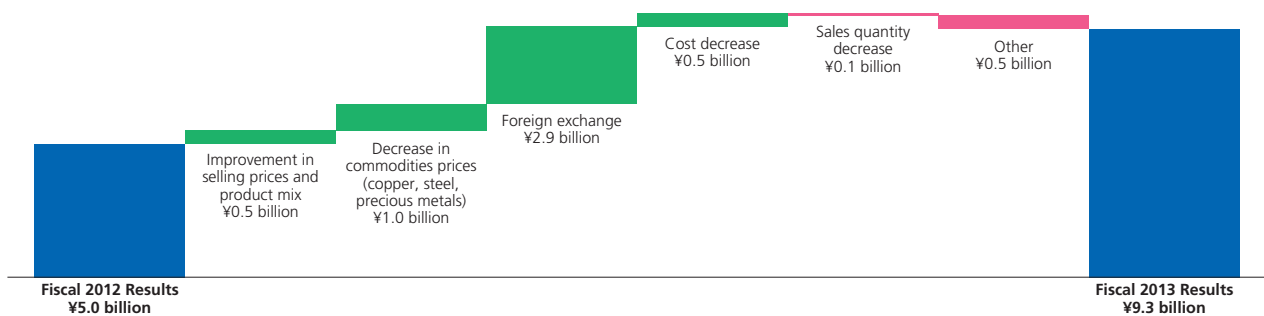
### Net Sales by Application



### Net Sales by Geographic Area

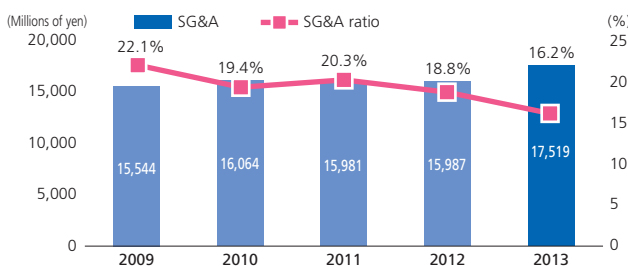


### Analysis of Operating Income

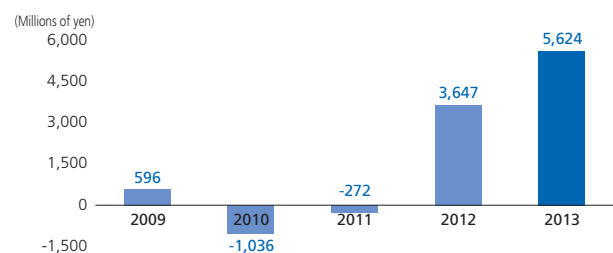


### Factors Affecting FY2009–FY2013 Consolidated Operating Income

#### Selling, General and Administrative Expenses

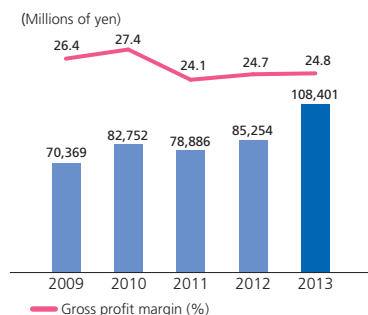


#### Exchange Gain/Loss

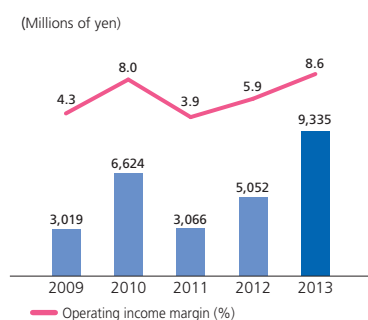


# Management's Discussion and Analysis

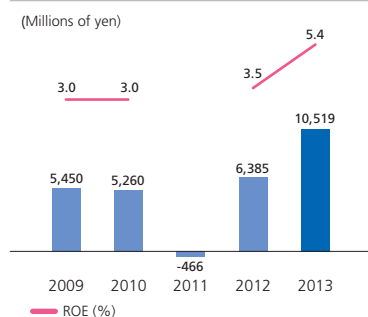
## Net sales/Gross profit margin



## Operating income/ Operating income margin



## Net income (loss)/ROE



## Net Sales by Application

	Millions of yen					Thousands of U.S. dollars
	2009	2010	2011	2012	2013	2013
Automotive Products	¥30,346	¥40,063	¥40,651	¥49,055	¥66,220	\$630,666
Home Appliances, Power Tools & Toys	16,230	17,337	15,792	15,695	19,786	188,438
Precision & Office Equipment	13,024	13,821	12,589	11,334	13,479	128,371
Audio & Visual Equipment	10,679	11,435	9,725	9,045	8,854	84,323
Other	88	93	126	122	61	580
<b>Total</b>	<b>¥70,369</b>	<b>¥82,752</b>	<b>¥78,886</b>	<b>¥85,254</b>	<b>¥108,401</b>	<b>\$1,032,390</b>

Note: Other includes parts and equipment sales.

## Market Conditions

During the fiscal year ended December 31, 2013, the world economy began to gradually recover in the second half. The U.S. economy remained strong due to solid consumer spending and capital investment. Although economic stagnation continued in Europe, signs of recovery began to appear in key countries. The economies of emerging countries showed only gradual growth, with domestic demand varying from region to region. In Japan, the historically unprecedented yen appreciation was corrected, corporate performance showed improvement, and gradual economic recovery continued.

In the markets in which the Mabuchi Group operates, in the Automotive Products Market, demand in the U.S. and emerging countries was strong, while in Europe demand appeared to have bottomed out in some areas. In the Home Appliances, Power Tools & Toys Market and the Precision & Office Equipment Market, the U.S. market, where housing-related spending and consumer spending were strong, acted as a locomotive for demand, and demand in emerging countries continued as well. On the other hand, the Audio & Visual Equipment Market continued to contract.

## Operating Results

### Net Sales

Consolidated net sales in fiscal 2013 increased 27.2% from the previous fiscal year to ¥108,401 million (US\$1,032 million). Sales of motors, which account for the majority of consolidated net sales, rose 27.3% to ¥108,340 million (US\$1,031 million). Sales volume of motors edged down 1.0% to 1,460 million units. In addition to the Automotive Products Market, a high-priority business, we generated solid sales in the Home Appliances, Power Tools & Toys Market and the Precision & Office Equipment Market. An improvement trend in the product mix, together with the weakened yen, pushed up unit selling prices, contributing to the year-on-year increase in revenue.

### Costs, Expenses and Operating Income

Operating income for the year jumped 84.8% to ¥9,335 million (US\$88 million). The main factors for this increase are as follows. Improvements in unit selling prices and the product mix boosted operating income by ¥500 million (US\$4 million). Also, stabilization of the steep rise in costs of major materials, such as copper and iron, bolstered operating income by ¥1,000 million (US\$9 million). Successful efforts to reduce various costs, as well as the curtailment of selling, general and administrative expenses, pushed up operating income by ¥500 million (US\$4 million). In addition, the weakened yen boosted operating income by ¥2,900 million (US\$27 million). By contrast, the decline in sales volume pushed down operating income by ¥100 million (US\$0.9 million).

### Other Income (Expenses), Income before Income Taxes, and Net Income

Other income totaled ¥5,679 million (US\$54 million), up ¥2,304 million (US\$21 million) from the previous fiscal year. This was due mainly to a foreign exchange gain, stemming from the yen's progressive decline during the year, as well as the absence of items incurred in the previous fiscal year, namely restructuring expenses and a loss on sales of investment securities. By contrast, the Company posted an impairment loss on fixed assets associated with weakened earnings of some consolidated subsidiaries resulting from contraction of the DVD player market.

As a result, income before income taxes climbed 78.2% to ¥15,015 million (US\$143 million).

Income taxes totaled ¥4,496 million (US\$42 million), up ¥2,454 million (US\$23 million) from the previous fiscal year. This resulted from a slight increase in the consolidated effective tax rate due to the impact of an increase in foreign exchange gains at the parent company, which carries a relatively high tax burden among its Group companies.

Consequently, net income for the year amounted to ¥10,519 million (US\$100 million).

## Net Sales by Geographic Area

	Millions of yen					Thousands of U.S. dollars
	2009	2010	2011	2012	2013	2013
Japan	¥8,056	¥10,069	¥8,773	¥9,664	¥10,109	\$96,276
North & Latin America	5,995	7,438	7,461	8,714	11,475	109,285
Europe	10,476	11,793	12,362	14,211	19,713	187,742
China & Hong Kong	29,423	34,477	32,135	32,270	41,528	395,504
Asia Pacific	16,327	18,880	18,027	20,270	25,513	242,980
Other	88	93	126	122	61	580
<b>Total</b>	<b>¥70,369</b>	<b>¥82,752</b>	<b>¥78,886</b>	<b>¥85,254</b>	<b>¥108,401</b>	<b>\$1,032,390</b>

Note: Other includes parts and equipment sales.

## Financial Position

### Assets

Total assets as of December 31, 2013 stood at ¥227,253 million (US\$2,164 million), an increase of ¥30,551 million (US\$290 million) from the previous year-end. The most noticeable changes included an increase in cash and bank deposits of ¥21,981 million (US\$209 million), an increase in trade notes and accounts receivable of ¥5,071 million (US\$48 million), an increase in inventories of ¥3,676 million (US\$35 million), and a decrease in investment securities of ¥5,172 million (US\$49 million). In addition, although total property, plant and equipment increased by ¥5,139 million (US\$48 million), this is mainly attributable to yen conversion of assets of overseas subsidiaries.

### Liabilities

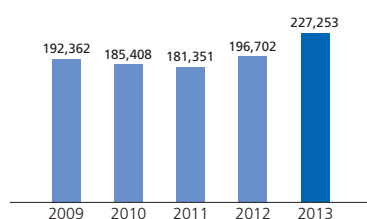
Total liabilities stood at ¥18,461 million (US\$175 million), an increase of ¥3,131 million (US\$29 million) from the previous year-end. The most noticeable changes were an increase in trade notes and accounts payable of ¥1,608 million (US\$15 million), an increase in accrued income taxes of ¥1,200 million (US\$11 million), increases in short-term loans payable and long-term loans payable of ¥113 million (US\$1 million) and ¥397 million (US\$3 million), respectively, in connection with the introduction of the ESOP Trust Utilizing Employee Shareholding Association, and a decrease in the provision for business structure improvement of ¥1,126 million (US\$10 million).

### Net Assets

Total net assets increased ¥27,419 million (US\$261 million) to ¥208,791 million. Net unrealized holding gains on securities increased ¥2,321 million (US\$22 million), and foreign currency translation adjustments increased ¥18,089 million (US\$172 million). In addition, retained earnings decreased by ¥14,359 million (US\$136 million) and treasury stock decreased by the same amount, due to the cancellation of treasury stock.

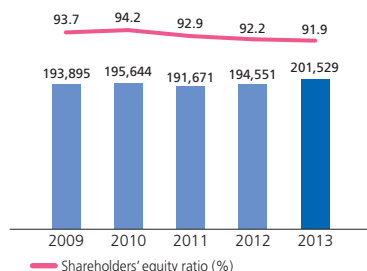
### Total assets

(Millions of yen)



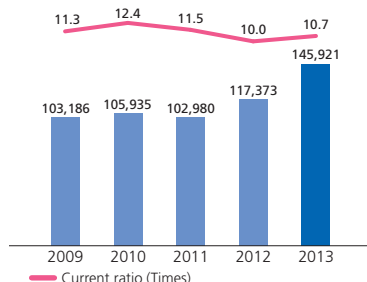
### Shareholders' equity/ Shareholders' equity ratio

(Millions of yen)



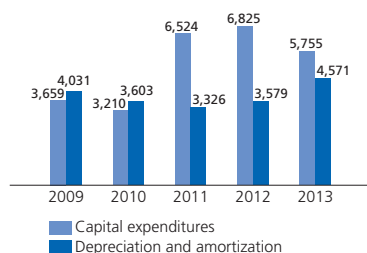
### Working capital/Current ratio

(Millions of yen)



### Capital expenditures/ Depreciation and amortization

(Millions of yen)



## Cash Flows

### Net Cash Provided by Operating Activities

Net cash provided by operating activities amounted to ¥11,750 million (US\$111 million), an increase of ¥2,659 million (US\$245 million) from the previous fiscal year. Cash flows from operating activities increased as a result of factors including an increase in income before income taxes of ¥6,588 million (US\$62 million).

### Net Cash Provided by Investing Activities

Net cash provided by investing activities amounted to ¥4,264 million (US\$40 million), a decrease of ¥3,966 million (US\$37 million) from the previous fiscal year. Cash flows from investing activities decreased as a result of factors including a decrease of ¥3,506 million (US\$33 million) in the balance of purchases and sales of short-term investments and investment securities.

### Net Cash Used in Financing Activities

Net cash used in financing activities amounted to ¥3,031 million (US\$28 million).

As a result, the balance of cash and cash equivalents amounted to ¥102,462 million (US\$975 million), an increase of ¥22,557 million (US\$214 million) from the end of the previous year.

## Capital Investments, Depreciation and Amortization

Capital investments decreased ¥1,070 million (US\$10 million) year on year to ¥5,755 million (US\$54 million).

Major components were ¥1,274 million (US\$12 million) for building construction costs at MABUCHI MOTOR (JIANGSU) CO., LTD., MABUCHI MOTOR (JIANGXI) CO., LTD., and MABUCHI MOTOR (DONGGUAN) CO., LTD.; ¥262 million (US\$2 million) for facilities and equipment for research and development; and ¥4,218 million (US\$40 million) for other facilities for expanding and updating motor production capacity.

Depreciation and amortization increased ¥992 million (US\$9 million) year on year to ¥4,571 million (US\$43 million).

## Outlook

In the outlook for 2014, the forecast for the U.S. economy is for firm corporate earnings and consumer spending, and the European economy is expected to shift to gradual recovery centered on key countries. In Japan, an increase in exports is forecast, and the economy is likely to remain firm despite the impact of a consumption tax increase. On the other hand, only modest growth is forecast for emerging countries, where a sense of uncertainty regarding the economic outlook lingers.

The situation in the markets in which the Mabuchi Group operates is mixed. In the Automotive Products Market, worldwide automobile production is expected to grow and remain strong. In the Home Appliances, Power Tools & Toys Market, demand is expected to be stable in developed countries and to grow gradually in emerging countries. On the other hand, we expect market conditions for key items to soften in the Precision & Office Equipment Market and forecast continued market contraction in the Audio & Visual Equipment Market.

As a result, in 2014 we expect to record net sales of ¥113,000 million (US\$1,076 million) (a 4.2% increase on a year-on-year basis).

In terms of our business results, we expect profit growth factors such as continuation of the product mix improvement trend and the effects of cost reduction measures. Consequently, we expect to record operating income of ¥11,300 million (US\$107 million) (a 21.0% increase on a year-on-year basis). We also anticipate net income of ¥9,400 million (US\$89 million) (a 10.6% decrease), owing to the expected non-recurrence of foreign exchange gains or losses.

# Business and Other Risks

## ■ 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.

## ■ 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.

## ■ 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.

## ■ 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.

## ■ Potential Risks in International Economic Transactions and 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 and Vietnam. The occurrence of an unexpected event (such as changes in the political or legal environment, changes in economic conditions, problems related to the employment environment, 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.

## ■ Product Quality

There is no guarantee that all of our Group products will have no major quality issues. If a quality issue occurs, the amount of compensation may be influenced by the effect on the quality of the final product in which the Mabuchi product is incorporated. The unlikely event of a product defect that leads to a large-scale product complaint, recall or product liability compensation may trigger an accrual of large amount of costs or downturn in sales due to a loss of credibility, and may have significant adverse effects on our Group's business results and financial position.

## ■ 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.

## ■ Securing and Developing Human Resources

The Mabuchi Group operates in a highly competitive corporate arena. This situation renders essential the recruitment and development of employees who are highly skilled in related areas: engineers with specialist scientific and technological expertise, and managers with top business strategy acumen and executive capacities. Mabuchi is fully cognizant of the need for the continuous enhancement and improvement of its human resources for the next generation and beyond. Meanwhile, the Group should put in a great deal to recruit and develop such a workforce.

The failure to recruit and cultivate such a workforce on an ongoing basis through the requisite expenditure and long-term human resource development vision would invite adverse impact on the Group's future performance and financial position.

## ■ 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.

## ■ 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.

# Consolidated Balance Sheets

Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries  
December 31, 2012 and 2013

ASSETS	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
<b>Current Assets:</b>			
Cash and bank deposits	¥ 79,071	¥101,053	\$ 962,409
Trade notes and accounts receivable	14,381	19,453	185,266
Less – Allowance for doubtful receivables	(79)	(58)	(552)
Short-term investments	12,675	12,113	115,361
Merchandise and finished goods	14,030	16,819	160,180
Work in process	1,055	1,262	12,019
Raw materials and supplies	5,391	6,071	57,819
Deferred tax assets – current	751	685	6,523
Other current assets	3,111	3,461	32,961
Total current assets	130,390	160,862	1,532,019
<b>Property, Plant and Equipment:</b>			
Land	6,023	6,029	57,419
Buildings	38,422	43,831	417,438
Machinery and equipment	36,331	45,806	436,247
Construction in progress	4,316	2,163	20,600
	85,095	97,830	931,714
Less – Accumulated depreciation	(45,220)	(52,816)	(503,009)
Property, plant and equipment, net	39,874	45,014	428,704
<b>Investments and Other Assets:</b>			
Investment securities	24,349	19,176	182,628
Long-term loans receivable	30	20	190
Deferred tax assets – non-current	357	325	3,095
Other investments and other assets	1,699	1,853	17,647
Total investments and other assets	26,436	21,376	203,580
<b>Total Assets</b>	¥196,702	¥227,253	\$2,164,314



LIABILITIES AND NET ASSETS	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
<b>Current Liabilities:</b>			
Trade notes and accounts payable	¥ 4,028	¥ 5,637	\$ 53,685
Short-term loans payable	–	113	1,076
Accrued income taxes	1,040	2,241	21,342
Accrued bonuses due to employees	209	220	2,095
Accrued bonuses due to directors	44	74	704
Provision for business structure improvement	1,126	–	–
Deferred tax liabilities – current	15	49	466
Other current liabilities	6,551	6,719	63,990
Total current liabilities	13,017	15,055	143,380
<b>Long-term Liabilities:</b>			
Long-term loans payable	–	397	3,780
Provision for retirement benefits for employees	440	484	4,609
Asset retirement obligations	15	22	209
Deferred tax liabilities – non-current	1,586	2,193	20,885
Other long-term liabilities – non-current	270	308	2,933
Total long-term liabilities	2,312	3,406	32,438
Total liabilities	15,330	18,461	175,819
<b>Net Assets:</b>			
Shareholders' Equity			
Common stock, no par value:			
Authorized: 100,000,000 shares			
Issued: 39,875,881 shares in 2012			
37,875,881 shares in 2013	20,704	20,704	197,180
Additional paid-in capital	20,419	20,419	194,466
Retained earnings	188,175	180,490	1,718,952
Treasury stock, at cost: 4,840,007 shares in 2012 and 2,825,415 shares in 2013	(34,749)	(20,084)	(191,276)
Total shareholders' equity	194,551	201,529	1,919,323
Accumulated other comprehensive income			
Net unrealized holding gains (losses) on securities	(158)	2,162	20,590
Foreign currency translation adjustments	(13,020)	5,069	48,276
Total accumulated other comprehensive income	(13,179)	7,232	68,876
Subscription rights to shares	–	29	276
Total net assets	181,372	208,791	1,988,485
<b>Total Liabilities and Net Assets</b>	<b>¥196,702</b>	<b>¥227,253</b>	<b>\$2,164,314</b>

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

# Consolidated Statements of Income

Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries  
For the years ended December 31, 2012 and 2013

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
<b>Net Sales</b>	¥85,254	¥108,401	\$1,032,390
<b>Cost of Sales</b>	64,214	81,546	776,628
Gross profit	21,039	26,854	255,752
<b>Selling, General and Administrative Expenses</b>	15,987	17,519	166,847
Operating income	5,052	9,335	88,904
<b>Other Income (Expenses):</b>			
Interest and dividend income	617	600	5,714
Exchange gain, net	3,647	5,624	53,561
Gain on sale of raw material scrap	1,045	1,182	11,257
Loss on disposal of fixed assets	(75)	(196)	(1,866)
Gain on sales of investment securities	–	13	123
Business structure improvement expenses	(1,046)	–	–
Impairment loss	–	(1,473)	(14,028)
Loss on sales of investment securities	(806)	–	–
Loss on revaluation of investment securities	(11)	–	–
Other, net	4	(71)	(676)
	3,374	5,679	54,085
<b>Income before Income Taxes</b>	8,426	15,015	143,000
<b>Income Taxes:</b>			
Current	2,422	4,090	38,952
Deferred	(381)	405	3,857
	2,041	4,496	42,819
<b>Income before Minority Interests</b>	6,385	10,519	100,180
<b>Net income</b>	¥ 6,385	¥ 10,519	\$ 100,180

	Yen		U.S. Dollars
	2012	2013	2013
<b>Per Share Data:</b>			
Basic net income	¥182.25	¥ 300.21	\$ 2.85
Diluted net income	–	300.18	2.85
Dividends applicable to current year earnings	100.00	140.00	1.33

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

# Consolidated Statements of Comprehensive Income

Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries  
For the years ended December 31, 2012 and 2013

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
<b>Income before Minority Interests</b>	¥ 6,385	¥10,519	\$100,180
<b>Other Comprehensive Income</b>			
Net unrealized holding gains on securities	1,298	2,321	22,104
Foreign currency translation adjustments	8,656	18,089	172,276
Total other comprehensive income	9,954	20,411	194,390
Comprehensive income	¥16,339	¥30,930	\$294,571
Comprehensive income attributable to:			
Shareholders of the parent	¥16,339	¥30,930	\$294,571
Minority interests	–	–	–

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

# Consolidated Statements of Changes in Net Assets

Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries  
For the years ended December 31, 2012 and 2013

	Number of Shares (Thousands)		Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2012	2013	2013
<b>Common Stock:</b>					
Beginning balance	39,875	39,875	¥ 20,704	¥ 20,704	\$ 197,180
Treasury stock cancellation	–	(2,000)	–	–	–
Ending balance	39,875	37,875	¥ 20,704	¥ 20,704	\$ 197,180
<b>Additional Paid-in Capital:</b>					
Beginning balance			¥ 20,419	¥ 20,419	\$ 194,466
Ending balance			¥ 20,419	¥ 20,419	\$ 194,466
<b>Retained Earnings:</b>					
Beginning balance			¥185,294	¥188,175	\$1,792,142
Net income			6,385	10,519	100,180
Dividends paid			(3,502)	(3,614)	(34,419)
Treasury stock disposal			–	(231)	(2,200)
Treasury stock cancellation			–	(14,359)	(136,752)
Ending balance			¥188,175	¥180,490	\$1,718,952
<b>Treasury Stock:</b>					
Beginning balance			¥ (34,747)	¥ (34,749)	\$ (330,942)
Treasury stock acquisition			(2)	(575)	(5,476)
Treasury stock disposal			–	881	8,390
Treasury stock cancellation			–	14,359	136,752
Ending balance			¥ (34,749)	¥ (20,084)	\$ (191,276)
<b>Net Unrealized Holding Gains (Losses) on Securities:</b>					
Beginning balance			¥ (1,457)	¥ (158)	\$ (1,504)
Net change during the year			1,298	2,321	22,104
Ending balance			¥ (158)	¥ 2,162	\$ 20,590
<b>Foreign Currency Translation Adjustments:</b>					
Beginning balance			¥ (21,676)	¥ (13,020)	\$ (124,000)
Net change during the year			8,656	18,089	172,276
Ending balance			¥ (13,020)	¥ 5,069	\$ 48,276
<b>Total Accumulated Other Comprehensive Income:</b>					
Beginning balance			¥ (23,133)	¥ (13,179)	\$ (125,514)
Net change during the year			9,954	20,411	194,390
Ending balance			¥ (13,179)	¥ 7,232	\$ 68,876
<b>Subscription Rights to Shares:</b>					
Beginning balance			–	–	–
Net change during the year			–	¥ 29	\$ 276
Ending balance			–	¥ 29	\$ 276
<b>Total Net Assets:</b>					
Beginning balance			¥168,538	¥181,372	\$1,727,352
Net income			6,385	10,519	100,180
Dividends paid			(3,502)	(3,614)	(34,419)
Treasury stock acquisition			(2)	(575)	(5,476)
Treasury stock disposal			–	649	6,180
Net changes in items other than those in shareholders' equity			9,954	20,440	194,666
Ending balance			¥181,372	¥208,791	\$1,988,485

The accompanying notes to the 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, 2012 and 2013

	Yen (Millions)	2013	U.S.Dollars (Thousands)
	2012	2013	2013
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥ 8,426	¥ 15,015	\$143,000
Depreciation and amortization	3,579	4,571	43,533
Impairment loss	–	1,473	14,028
Increase in allowance for retirement benefits, net of payments	5	32	304
Interest and dividend income	(617)	(600)	(5,714)
Exchange gain	(1,164)	(1,877)	(17,876)
(Gain) loss on sales of short-term investments and investment securities	806	(13)	(123)
Loss on disposal of fixed assets	71	196	1,866
Loss on revaluation of investment securities	11	–	–
Increase in trade notes and accounts receivable	(968)	(1,823)	(17,361)
Decrease in inventories	508	1,226	11,676
Increase (decrease) in trade notes and accounts payable	(516)	221	2,104
Increase (decrease) in provision for business structure improvement	1,034	(1,290)	(12,285)
Other, net	(741)	(1,534)	(14,609)
Subtotal	10,435	15,597	148,542
Interest and dividends received	645	611	5,819
Interest paid	(0)	–	–
Payments for directors retirement benefits	–	(935)	(8,904)
Income taxes paid	(1,988)	(3,522)	(33,542)
Net cash provided by operating activities	9,091	11,750	111,904
<b>Cash Flows from Investing Activities:</b>			
Increase in time deposits	(7,511)	(8,128)	(77,409)
Proceeds from withdrawal of time deposits	8,541	7,437	70,828
Purchases of short-term investments	(5,599)	(5,901)	(56,200)
Proceeds from sales of short-term investments	16,999	10,180	96,952
Purchases of property, plant and equipment	(6,763)	(5,658)	(53,885)
Proceeds from sales of property, plant and equipment	24	95	904
Purchases of investment securities	–	(1,703)	(16,219)
Proceeds from sales of investment securities	2,702	8,020	76,380
Other, net	(161)	(77)	(733)
Net cash provided by investing activities	8,230	4,264	40,609
<b>Cash Flows from Financing Activities:</b>			
Repayment of long-term loans payable	–	(56)	(533)
Proceeds from long-term loans payable	–	567	5,400
Cash dividends paid	(3,507)	(3,617)	(34,447)
Purchases of treasury stock	(2)	(575)	(5,476)
Proceeds from sales of treasury stock	–	649	6,180
Net cash used in financing activities	(3,509)	(3,031)	(28,866)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	4,824	9,575	91,190
<b>Net increase in cash and cash equivalents</b>	18,637	22,557	214,828
<b>Cash and Cash Equivalents at the Beginning of Year</b>	61,266	79,904	760,990
<b>Cash and Cash Equivalents at the End of Year</b>	¥79,904	¥102,462	\$975,828

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

# Notes to Consolidated Financial Statements

Mabuchi Motor Co., Ltd. and Consolidated Subsidiaries  
December 31, 2012 and 2013

## 1. Summary of Significant Accounting Policies

### a Basis of presentation

The accompanying consolidated financial statements of Mabuchi Motor Co., Ltd. (the "Company") and consolidated subsidiaries are prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects 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 Financial Instruments and Exchange Law of Japan.

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.

The consolidated financial statements are expressed in Japanese yen. However, the consolidated financial statements as of, and for the year ended, December 31, 2013 have been translated into United States dollars at a rate of ¥105 = U.S. \$1, the approximate exchange rate prevailing on December 31, 2013. Those U.S. dollar amounts presented in the consolidated financial statements and related notes are included solely for the reader. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars.

### 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 on 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 gains and/or losses resulting from such translations are included in income before income taxes.

Foreign subsidiaries' assets and liabilities are translated into yen at the rates of exchange in effect at the balance sheet date. The components of net assets 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 net assets.

### d Cash equivalents

For the 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 "trading securities," when they are held for the purpose of earning capital gains in the short-term, "held-to-maturity," where management has the positive intent and ability to hold the securities to maturity, and "other securities," where those securities are not classified as either trading or held-to-maturity, which represent primarily available-for-sale securities.

Held-to-maturity securities are reported at amortized cost. Available-for-sale securities are stated at fair value with changes in unrealized holding gains or losses, net of the applicable income taxes, presented in a separate component of net assets. However, when the fair value of held-to-maturity securities and available-for-sale securities declines significantly and the decline is considered to be irrecoverable, such unrealized holding losses are recognized as impairment losses. Available-for-sale securities for which fair value is not readily determinable are stated at moving average cost.

Corporate bonds classified as held-to-maturity securities and debt securities (corporate bonds) classified as available-for-sale securities include compound financial instruments.

The Company considers a decline in the value of securities to be irrecoverable where market values decline to more than 50% of acquisition costs. Where market values decline to between 30% and 50% of acquisition costs, the Company judges the necessity of recognizing any impairment losses by assessing the potential of market values to recover taking into consideration declining price trends and other individually relevant factors.

### f Inventories

Finished goods, work in process and raw materials are stated at average cost, however, where net realizable value is lower than cost, the carrying value of the inventory is reduced.

### g Property, plant and equipment and depreciation

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

### h Leased assets

Assets under finance leases, except for those under lease agreements which stipulate the transfer of ownership of the leased assets to the lessee, are depreciated using the straight-line method over the lease period and making the assumption that there is no residual value.

### i 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 current enacted tax rates.

### j Retirement benefits

The Company and certain subsidiaries have funded noncontributory pension plans covering substantially all qualifying full-time employees. Under the plan, eligible employees are entitled to a 10-year annuity or a lump-sum payment 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 the actuarially determined costs of the plan.

The allowance for retirement benefits is provided based on the amount of the retirement benefit obligation, reduced by the fair value of pension plan assets at the end of each fiscal year.

Actuarial gains and losses are amortized commencing from the year following the year in which the gains or losses arose, primarily using the straight-line method within the average remaining years of service of the employees, which is mainly 10 years.

Prior service costs are amortized using the straight-line method mainly over 10 years.

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

### k 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 revaluation of the forward foreign exchange contract until the related losses or gains on the

hedged items are recognized.

#### l Standards issued but not yet effective

“Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26 of May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of May 17, 2012)

##### 1) Overview

From the perspective of improving financial reporting and in light of global trends, the accounting standard and related guidance have been revised mainly in the areas of the accounting treatment for unrecognized actuarial gains and losses, unrecognized prior service costs, the calculation method for retirement benefit obligations and service costs, and the enhancement of disclosures.

##### 2) Scheduled date of application

The Company will apply this standard from the beginning of annual periods beginning on or after January 1, 2014. However, the Company will apply this standard regarding the revision of the determination of the calculation method for retirement benefit obligations and service costs from the fiscal year beginning January 1, 2015.

##### 3) Impact of application of accounting standards

The Company is currently evaluating the impact of the application of these accounting standards on the consolidated financial statements.

“Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30 of December 25, 2013)

##### 1) Overview

From the date of application of this standard, the Company will account for common stock held by the ESOP Trust Utilizing Employee Shareholding Association (the “ESOP Trust”) as treasury stock in the net assets section; however, the Company will recognize disposal of treasury stock when it sells to the ESOP Trust. Also, any capital gain in the ESOP Trust fund will be accounted for as a suspense liability to be settled in the future. If the ESOP Trust fund reports a loss, a suspense asset will be recorded. Additionally, when a debt obligation is expected to remain on termination of the ESOP Trust fund, a provision will be recorded.

##### 2) Scheduled date of application

The Company will apply this standard from the fiscal year beginning January 1, 2014.

##### 3) Impact of application of accounting standard

The impact of the application of this accounting standard on the consolidated financial statements will be immaterial.

#### m Additional information

The ESOP Trust is a trust-type employee incentive plan that uses the mechanism of an employee shareholding association, with the purpose of attempting to expand the savings system that promotes the asset accumulation of employees who own the Company’s shares (enhancement of the employee welfare programs).

A major purpose of introducing the ESOP Trust is to improve welfare programs for employees who support the Company’s growth. The introduction thereof also aims to enhance the Company’s corporate value over the medium to long term by granting an incentive toward high stock prices and creating greater awareness of the Company’s business performance and stock value among its employees.

The Company established a trust in which certain employee members of the Mabuchi Motor Employee Shareholding Association (hereinafter “Our Shareholding Association”) who meet certain requirements were its beneficiaries. During a predetermined period for acquisition, said trust, or the ESOP Trust, acquired the number of the Company’s shares that Our Shareholding Association was expected to acquire over the next several years. Afterward, the ESOP Trust sells off the Company’s shares to Our Shareholding Association on a fixed day every month.

From the beginning of the year ended December 31, 2013, the Company considers common stock held by the ESOP Trust as treasury stock. As a result the common stock held by the ESOP Trust is accounted for as “Treasury Stock” in the net assets section of the consolidated balance sheet as of December 31, 2013. For the purpose of calculating net income per share, the common stock held by the ESOP Trust is included in treasury stock.

The number of shares of common stock held by the ESOP Trust at December 31, 2013 was 95 thousand with a book value of ¥485 million (\$4,619 thousand).

Details of the loans payable for the borrowings of the ESOP Trust that have been guaranteed by the Company at December 31, 2013 were as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
Short-term loans payable	–	¥113	\$1,076
Long-term loans payable	–	397	3,780
Total	–	¥511	\$4,866

## 2. Accounting Changes

In accordance with an amendment to the Corporation Tax Law of Japan, effective April 1, 2012, the Company has changed the depreciation method for property, plant and equipment, except for certain buildings, acquired on or after January 1, 2013 to reflect the methods prescribed in the amended Corporation Tax Law. The previously applied 250% declining-balance method was changed to the 200% declining-balance method. The impact of the application of this accounting change on the consolidated financial statements was immaterial.

## 3. Changes in Net Assets

Information regarding changes in net assets for the years ended December 31, 2012 and 2013 is as follows:

#### a Shares issued and outstanding / Treasury stock

##### 2012

	Shares Issued (Thousands)		Treasury Stock (Thousands)	
	Common stock		Common stock	
Type of shares	Common stock		Common stock	
Number of shares as of December 31, 2011	39,875		4,839	
Increase in number of shares	–		0	
Decrease in number of shares	–		–	
Number of shares as of December 31, 2012	39,875		4,840	

Note: 1. The increase in the number of shares of treasury stock was due to the purchase of 0 thousand shares of less than one unit.

Dividends paid during the fiscal year ended December 31, 2012

**2012**

	Shareholders' Meeting	Board of Directors' Meeting
Resolution by	March 29, 2012	August 10, 2012
Total amount of dividends	¥1,751 million	¥1,751 million
Dividend per share	¥50	¥50
Record date	December 31, 2011	June 30, 2012
Effective date	March 30, 2012	September 14, 2012

Dividends whose record date was in the fiscal year ended December 31, 2012 but whose effective date was in the following fiscal year.

**2012**

	Shareholders' Meeting
Resolution by	March 28, 2013
Total amount of dividends	¥1,751 million
Dividend per share	¥50
Record date	December 31, 2012
Effective date	March 29, 2013

**2013**

	Shares Issued (Thousands)	Treasury Stock (Thousands)
Type of shares	Common stock	Common stock
Number of shares as of December 31, 2012	39,875	4,840
Increase in number of shares	-	112
Decrease in number of shares	2,000	2,127
Number of shares as of December 31, 2013	37,875	2,825

- Notes: 1. The decrease in the number of shares issued was due to the cancellation of 2,000 thousand shares by resolution of the Board of Directors.  
 2. The increase in the number of shares of treasury stock was due to the purchase of 111 thousand shares by the ESOP Trust and the purchase of 1 thousand shares of less than one unit.  
 3. The decrease in the number of treasury stock was due to cancellation of 2,000 thousand shares by resolution of the Board of Directors, sales of 111 thousand shares to the ESOP Trust and sales of 16 thousand shares to Our Shareholding Association by the ESOP Trust.  
 4. There were 95 thousand shares of treasury stock held by the ESOP Trust included in the number of treasury stock as of December 31, 2013.

Dividends paid during the fiscal year ended December 31, 2013

**2013**

	Shareholders' Meeting	Board of Directors' Meeting
Resolution by	March 28, 2013	August 13, 2013
Total amount of dividends	¥1,751 million (\$16,676 thousand)	¥1,862 million (\$17,733 thousand)
Dividend per share	¥50 (\$0.47)	¥53 (\$0.50)
Record date	December 31, 2012	June 30, 2013
Effective date	March 29, 2013	September 13, 2013

Note: Dividends paid to the ESOP Trust in the amount of ¥5 million (\$47 thousand) have been included in the total amount of dividends.

Dividends whose record date was in the fiscal year ended December 31, 2013 but whose effective date was in the following fiscal year.

**2013**

	Shareholders' Meeting
Resolution by	March 28, 2014
Total amount of dividends	¥3,057 million (\$29,114 thousand)
Dividend per share	¥87 (\$0.82)
Record date	December 31, 2013
Effective date	March 31, 2014

Note: Dividends paid to the ESOP Trust in the amount of ¥8 million (\$76 thousand) have been included in the total amount of dividends.

**b Share subscription rights**

Company	Description	Type of shares issued	Number of shares issued		Number of shares at December 31, 2013	Balance at December 31, 2013 (Millions)	U.S. Dollars (Thousands)
			Increase	Decrease			
Parent company	Subscription rights as stock options	Common stock	-	-	-	¥29	\$276
Total		-	-	-	-	¥29	\$276

**c Stock options**

The Company issued the following share subscription rights for the purchase of new shares of common stock in accordance with the Corporation Law of Japan

For the years ended December 31, 2013 the Company recognized and allocated share-based compensation costs as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
Selling, general and administrative expenses	–	¥29	\$276
Total	–	¥29	\$276

A description of the 2013 Stock Option Plan as of December 31, 2013 is summarized as follows:

	2013 Stock Option Plan
Grantee categories and number of grantees	6 directors of the Company
Number of shares	5,970 shares of common stock
Grant date	May 20, 2013
Vesting conditions	None
Service period	None
Exercisable period	May 21, 2013 to May 20, 2033

The following table summarizes the option activity under the stock option plan referred to above during the year ended December 31, 2013

	2013 Stock Option Plan
Non-vested:	
Beginning of the year	–
Granted	5,970
Forfeited	–
Vested	5,970
End of the year	–
Vested:	
Beginning of the year	–
Vested	5,970
Exercised	–
Forfeited	–
End of the year	5,970

Price information of stock options for the 2013 Stock Option Plan as of December 31, 2013 is summarized as follows:

	2013 Stock Option Plan
Exercise price (yen)	1
Average price on exercise (yen)	–
Fair value on grant date (yen)	4,967

Fair value as of the grant date for the stock options issued during the year ended December 31, 2013 was estimated using the Black-Scholes option pricing model with the following assumptions:

	2013 Stock Option Plan
Expected volatility <sup>*1</sup>	26.5%
Expected remaining period <sup>*2</sup>	5.6 years
Expected dividend yield <sup>*3</sup>	¥100 per share
Risk-free interest rate <sup>*4</sup>	0.43%

<sup>\*1</sup> Expected volatility is estimated based on a period of 5 years and 7 months (October 8, 2008 to May 13, 2013).

<sup>\*2</sup> Expected remaining period is based on the estimated term of incumbency of directors.

<sup>\*3</sup> Expected dividend yield is based on the actual dividend amount for interim and year end dividend of 2012.

<sup>\*4</sup> Risk-free interest rate represents the interest rate of Japanese government bonds whose remaining period corresponds to the expected remaining period of the stock options.

Because it is difficult to estimate the forfeited number of stock options for future periods, an estimation of the vested number is based upon actual forfeitures in prior periods.

## 4. Cash and Cash Equivalents

Cash and cash equivalents at the end of the year in the accompanying consolidated statements of cash flows are reconciled to cash and bank deposits reported in the accompanying consolidated balance sheets as of December 31, 2012 and 2013 as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
Cash and bank deposits	¥79,071	¥101,053	\$962,409
Time deposits with maturities over three months at the time of purchase	(3,679)	(5,104)	(48,609)
Short-term investments	12,675	12,113	115,361
Securities exposed to price risk	(8,164)	(5,600)	(53,333)
Cash and cash equivalents	¥79,904	¥102,462	\$975,828

Significant non-cash transactions for the years ended December 31, 2012 and 2013 were as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
Treasury stock cancellation	–	¥14,359	\$136,752



## 5. Financial Instruments

### (1) Financial Instruments

#### a. Policies for financial instruments

The Company funds R&D expenditure and equipment investment through retained earnings to maintain a sound financial position. According to this policy, the Company limits the management of surplus funds to short-term deposits and other highly secure financial assets. The Company uses derivatives to mitigate risks as described below, and does not engage in speculative transactions.

#### b. Financial instruments description and risks

Trade notes and accounts receivable are exposed to customer credit risk and some are also exposed to foreign currency risk.

Short-term investments and investment securities, primarily held-to-maturity securities, other securities and investments in the stocks of trading partners, are exposed to the risk of fluctuations in market price.

Trade notes and accounts payable are due within one year, and some are exposed to foreign currency risk.

The Company uses forward foreign exchange contracts to hedge the risk of foreign exchange fluctuations associated with receivables and payables denominated in foreign currencies.

#### c. Risk management of financial instruments

##### 1. Management of credit risk (risks associated with the default of counterparties)

The Company and its consolidated subsidiaries manage credit risk in compliance with internal control rules and procedures. The due dates and the balances of trade notes and accounts receivable from major counterparties are monitored and managed regularly to ensure early detection and to mitigate the risk of doubtful receivables.

##### 2. Management of market risk (risks associated with fluctuations in foreign exchange rates and interest rates)

The Company and some of its consolidated subsidiaries hedge the risk of foreign exchange rate fluctuations on foreign currency denominated receivables and payables, using foreign exchange forward contracts on a monthly and individual currency basis. The Company enters into exchange contracts based on the decision of the Board of Directors and these are monitored regularly by the head office administrative department.

The Company monitors the fair value and the financial position of the respective issuers of short-term investments and investment securities regularly in the head office administrative department, and continually reviews the condition of stocks held. The Company reports the condition of stocks held and their fair value to the Board of Directors, and monitors the rating and financial conditions of issuers.

##### 3. Management of liquidity risk related to financing activities (risk of non-payment on due date)

The Company manages liquidity risk centrally through the administrative department, which ensures a certain amount of liquidity through the preparation and update of cash forecasts based on reports from each department and the finance plans prepared by the accounting departments of each subsidiary.

#### d. Supplemental information on the fair value of financial instruments

The Company calculates the fair value of financial instruments based on market prices, or by using reasonable estimates when market prices are not available.

These estimates include variable factors, and therefore may change depending on changes in the underlying assumptions. The contract amounts of the derivatives are described in Note 7. Derivative Financial Instruments below and are not indicative of the market risk associated with derivatives transactions.

### (2) Fair Value of Financial Instruments

The carrying value, fair value and variance for financial instruments as of December 31, 2012 and 2013 are as follows. Fair values that are not readily determinable are not included in the following table.

	Yen (Millions)		
	Carrying value	Fair value	Variance
<b>2012</b>			
Assets:			
(1) Cash and bank deposits	79,071	79,071	-
(2) Trade notes and accounts receivable	14,381	14,381	-
(3) Short-term investments and investment securities	36,914	36,686	(228)
Total assets	130,368	130,140	(228)
Liabilities:			
(1) Trade notes and accounts payable	4,028	4,028	-
Total liabilities	4,028	4,028	-

	Yen (Millions)			U.S. Dollars (Thousands)		
	Carrying value	Fair value	Variance	Carrying value	Fair value	Variance
<b>2013</b>						
Assets:						
(1) Cash and bank deposits	101,053	101,053	-	962,409	962,409	-
(2) Trade notes and accounts receivable	19,453	19,453	-	185,266	185,266	-
(3) Short-term investments and investment securities	31,179	31,810	631	296,942	302,952	6,009
Total assets	151,686	152,317	631	1,444,628	1,450,638	6,009
Liabilities:						
(1) Trade notes and accounts payable	5,637	5,637	-	53,685	53,685	-
Total liabilities	5,637	5,637	-	53,685	53,685	-

#### 1. Method for calculating the fair values of financial instruments, short-term investments and derivative transactions

##### Assets:

##### (1) Cash and bank deposits and (2) Trade notes and accounts receivable

The carrying value is used for the fair value of these short-term items because these amounts are approximately the same.

##### (3) Short-term investments and investment securities

Market prices on securities exchanges are used to determine the fair value of stock. Prices quoted by exchanges or financial institutions are used to determine the fair value of bonds.

##### Liabilities:

##### (1) Trade notes and accounts payable

The carrying value is used for the fair value of these short-term items because these amounts are approximately the same.

## Derivative instruments

Please refer to Note 7. Derivative Financial Instruments.

### 2. Carrying value of financial instruments for which fair values were extremely difficult to determine

	Yen (Millions)	Yen (Millions)	U.S. Dollars (Thousands)
	2012	2013	2013
Unlisted stocks	110	111	1,057

These items are not included in "(3) Short-term investments and investment securities" because market prices do not exist for these items and their fair values are not readily determinable.

### 3. Redemption schedule for receivables and marketable securities with maturities at December 31, 2012 and 2013

	Yen (Millions)		
	2012		
	Within 1 year	1-5 years	5-10 years
Cash and bank deposits	79,071	-	-
Trade notes and accounts receivable	14,381	-	-
Short-term investments and investment securities			
Held-to-maturity securities			
Corporate bonds	1,800	4,375	13,000
Other securities			
Corporate bonds	6,199	1,200	-
Certificates of deposit	2,000	-	-
Investment trust	180	-	-
Total	103,633	5,575	13,000

	Yen (Millions)			U.S. Dollars (Thousands)		
	2013					
	Within 1 year	1-5 years	5-10 years	Within 1 year	1-5 years	5-10 years
Cash and bank deposits	101,053	-	-	962,409	-	-
Trade notes and accounts receivable	19,453	-	-	185,266	-	-
Short-term investments and investment securities						
Held-to-maturity securities						
Corporate bonds	-	5,375	4,000	-	51,190	38,095
Commercial paper	500	-	-	4,761	-	-
Other securities						
Corporate bonds	5,600	700	-	53,333	6,666	-
Certificates of deposit	2,000	-	-	19,047	-	-
Investment trust	1,500	-	-	14,285	-	-
Total	130,106	6,075	4,000	1,239,104	57,857	38,095

## 6. Investment Securities

The carrying value, fair value and variance for held-to-maturity securities as of December 31, 2012 and 2013 were as follows:

### (1) Held-to-maturity securities

	Yen (Millions)		
	2012		
	Carrying value	Fair value	Variance
Securities whose fair value exceeds their carrying value			
Corporate bonds	2,375	2,977	602
Subtotal	2,375	2,977	602
Securities whose carrying value exceeds their fair value			
Corporate bonds	16,800	15,969	(830)
Subtotal	16,800	15,969	(830)
Total	19,175	18,947	(228)

	Yen (Millions)			U.S. Dollars (Thousands)		
	2013					
	Carrying value	Fair value	Variance	Carrying value	Fair value	Variance
Securities whose fair value exceeds their carrying value						
Corporate bonds	4,375	5,096	721	41,666	48,533	6,866
Subtotal	4,375	5,096	721	41,666	48,533	6,866
Securities whose carrying value exceeds their fair value						
Corporate bonds	5,499	5,409	(90)	52,371	51,514	(857)
Subtotal	5,499	5,409	(90)	52,371	51,514	(857)
Total	9,875	10,506	631	94,047	100,057	6,009

The acquisition cost, carrying value and variance for other securities as of December 31, 2012 and 2013 were as follows:

(2) Other securities

	Yen (Millions)		
	2012		
	Acquisition cost	Carrying value	Variance
Securities whose carrying value exceeds their acquisition cost			
Stock	983	1,858	874
Corporate bonds	1,000	1,002	2
Subtotal	1,983	2,860	877
Securities whose acquisition cost exceeds their carrying value			
Stock	1,856	1,561	(294)
Corporate bonds	6,399	6,391	(8)
Other	7,430	6,924	(505)
Subtotal	15,686	14,877	(808)
Total	17,669	17,738	68

	Yen (Millions)			U.S. Dollars (Thousands)		
	2013					
	Acquisition cost	Carrying value	Variance	Acquisition cost	Carrying value	Variance
Securities whose carrying value exceeds their acquisition cost						
Stock	3,285	5,804	2,519	31,285	55,276	23,990
Corporate bonds	2,103	2,104	0	20,028	20,038	0
Other	1,627	2,092	464	15,495	19,923	4,419
Subtotal	7,016	10,001	2,984	66,819	95,247	28,419
Securities whose acquisition cost exceeds their carrying value						
Stock	54	44	(9)	514	419	(85)
Corporate bonds	4,201	4,200	(1)	40,009	40,000	(9)
Other	7,116	7,058	(58)	67,771	67,219	(552)
Subtotal	11,373	11,302	(70)	108,314	107,638	(666)
Total	18,389	21,304	2,914	175,133	202,895	27,752

Unlisted stocks are not included in "Other securities" because their market prices do not exist and their fair values are not readily determinable.

## 7. Derivative Financial Instruments

The Company enters into forward exchange contracts and options, and forward precious metal contracts, as a normal part of risk management efforts. The Company also utilizes compound financial instruments for the purpose of efficient management of surplus funds. However, only principal guaranteed instruments are used, and derivatives are not used for speculative trading purposes. As a result, the Company is exposed to risk of currency rate fluctuations and commodity price risk. The Company is also exposed to credit related losses in the event of the nonperformance of the counterparties to foreign exchange contracts, precious metal contracts and compound instruments. Management believes such credit risks are minor because of the high credit worthiness of the counterparties and as such financial instruments are not held for trading purposes.

Forward precious metal contracts are used by the Company to hedge the risk of changes in market prices resulting from the purchase of precious metals as raw materials for motor products. The contracted amounts outstanding at December 31, 2012 and 2013 were ¥1,509 million and ¥3,604 million (\$34,323 thousand), respectively.

The estimated fair values at December 31, 2012 and 2013 were ¥1,697 million and ¥ 3,579 million (\$34,085 thousand), respectively.

These forward contracts are long-term purchase contracts of raw materials, and are also not in the scope of the accounting standards of financial instruments.

## 8. Retirement Benefit Plans

The table below sets forth the plans' statuses and amounts recognized in the balance sheets at December 31, 2012 and 2013.

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
Projected benefit obligation	¥(9,456)	¥(10,280)	\$(97,904)
Plan assets at fair value	9,196	9,869	93,990
Unfunded retirement benefit obligation	(260)	(411)	(3,914)
Unrecognized prior service cost	106	85	809
Unrecognized actuarial gains	(153)	(46)	(438)
Net retirement benefit obligation	(307)	(372)	(3,542)
Prepaid pension cost	133	111	1,057
Accrued retirement benefits	¥ (440)	¥ (484)	\$ (4,609)

The components of net periodic pension cost for the years ended December 31, 2012 and 2013 were as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
Service cost	¥ 551	¥ 661	\$ 6,295
Interest cost	161	171	1,628
Amortization of prior service cost	20	20	190
Expected return on plan assets	(111)	(105)	(1,000)
Amortization of unrecognized actuarial gain	(44)	(56)	(533)
Net periodic pension cost	¥ 578	¥ 691	\$ 6,580

Other than the above pension cost, temporary severance benefit costs of ¥142 million for the year ended December 31, 2012 were incurred. There were no temporary severance benefit costs incurred for the year ended December 31, 2013.

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

	2012	2013
Discount rate	mainly 2.0%	mainly 2.0%
Expected rate of return on plan assets	mainly 1.0%	mainly 1.0%

## 9. Income Taxes

The Company is subject to a number of taxes based on income with normal aggregate tax rates of approximately 40.4% and 37.8% for the years ended December 31, 2012 and 2013, respectively. Foreign subsidiaries are subject to income taxes in the countries in which 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, 2012 and 2013.

	2012	2013
	%	%
Statutory income tax rate	40.4	37.8
Tax credits on dividend income	(0.3)	0.5
Different tax rates applied to foreign subsidiaries	(10.0)	(10.9)
Undistributed earnings in foreign subsidiaries	1.6	0.6
Valuation allowance	(9.4)	0.7
Tax deduction	(0.6)	(2.5)
Other, net	2.5	3.7
Effective income tax rate	24.2	29.9

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, 2012 and 2013 were as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
<b>Deferred tax assets:</b>			
Unrealized profits on inventories and fixed assets	¥ 752	¥ 871	\$ 8,295
Evaluation losses on investment securities and other assets	911	911	8,676
Depreciation	91	114	1,085
Allowance for retirement benefits	89	148	1,409
Unrealized loss on available-for-sale securities	286	25	238
Net operating loss carry forwards	108	325	3,095
Allowance for restructuring of production bases	281	–	–
Impairment loss	–	368	3,504
Other	742	531	5,057
Valuation allowance	(2,048)	(2,149)	(20,466)
Total	¥ 1,216	¥ 1,147	\$ 10,923
<b>Deferred tax liabilities:</b>			
Tax on undistributed earnings in foreign subsidiaries	¥ 1,368	¥ 1,457	\$ 13,876
Unrealized holding gain on securities	228	751	7,152
Other	114	169	1,609
Total	¥ 1,710	¥ 2,379	\$ 22,657
<b>As reported in the consolidated balance sheet:</b>			
Deferred tax assets	¥ 1,108	¥ 1,011	\$ 9,628
Deferred tax liabilities	¥ 1,602	¥ 2,243	\$ 21,361

## 10. Consolidated Statements of Comprehensive Income

The following table presents reclassification adjustments and tax effects for each component of other comprehensive income for the years ended December 31, 2012 and 2013.

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
Unrealized holding gains on securities:			
Amount arising during the year	¥2,154	¥ 2,858	\$ 27,219
Reclassification adjustments for gains and losses included in net income	(817)	(13)	(123)
Amount before tax effect	1,337	2,844	27,085
Tax effect	(39)	(522)	(4,971)
Unrealized holding gains on securities	1,298	2,321	22,104
Foreign currency translation adjustments:			
Amount arising during the year	8,656	18,089	172,276
Total other comprehensive income	¥9,954	¥20,411	\$194,390

## 11. Shareholders' Equity

Under the Japanese Corporation Law ("the Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, where a distribution of earnings is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and the legal earnings reserve must be set aside as additional paid-in capital or as part of the legal earnings reserve. The legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

As of December 31, 2013, the total amount of additional paid-in capital and the legal earnings reserve exceeded 25% of the common stock, therefore, no additional transfer is required.

Additional paid-in capital and the legal earnings reserve may not be distributed as dividends. However, by a resolution at a shareholders' meeting, additional paid-in capital and the legal earnings reserve may be transferred to other retained earnings and capital surplus, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

Year end dividends are approved by the shareholders after the end of each fiscal year, and semiannual interim cash dividends are declared by the Board of Directors after the end of each interim six-month period.

On September 13, 2013, interim dividends (¥53 or \$0.50 per share) totaling ¥1,862 million (\$17,733 thousand) were paid to shareholders based on the shareholders' record at June 30, 2013. On March 28, 2014, the shareholders approved a declaration of dividends (¥87 or \$0.82 per share) totaling ¥3,057 million (\$29,114 thousand).

## 12. Per Share Data

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 the accounting standard for earnings per share, 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.

Diluted net income per share was computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon exercise of stock subscription rights.

Net assets per share are computed based on total net assets, excluding share subscription rights, and the number of shares of common stock outstanding at the year end.

Reconciliation of the number of shares for computation of basic and diluted net income per share for the years ended December 31, 2012 and 2013 were as follows:

	(Thousands of shares)	
	2012	2013
Weighted average number of shares for basic net income	35,036	35,039
Increase in shares of common stock		
Exercise of share subscription rights	–	3
Number of shares for dilutive net income	35,036	35,043

## 13. Selling, General and Administrative Expenses

The main components of "Selling, General and Administrative Expenses" for the years ended December 31, 2012 and 2013 were as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
Packing and freightage expenses	¥ 846	¥1,050	\$10,000
Salaries and wages	6,747	7,315	69,666
Provision for bonuses due to employees	207	228	2,171
Provision for bonuses due to directors	44	74	704
Retirement benefit expenses	347	564	5,371
Employee benefit costs	1,191	1,282	12,209
Depreciation	1,231	1,285	12,238
Provision (Reversal) of allowance for doubtful debts	14	(28)	(266)
Research expenses	894	1,031	9,819

## 14. Contingent Liabilities

As of December 31, 2013, the Company is contingently liable principally for forward precious metal contracts in the amount of ¥3,604 million (\$34,323 thousand).

## 15. Research and Development Expenses

Expenditures relating to research and development activities are charged to income as incurred and amounted to ¥3,794 million and ¥3,763 million (\$35,838 thousand) for the years ended December 31, 2012 and 2013, respectively.

## 16. Impairment of Fixed Assets

There were no impairment losses relating to fixed assets for the year ended December 31, 2012. Impairment losses relating to a fixed asset group in a subsidiary in China of ¥1,473 million (\$14,028 thousand) were incurred due to the decline in demand for small motors for DVD players during the year ended December 31, 2013. The recoverable amount of the fixed asset group was calculated by discounting the estimated future cash flows at a discount rate of 9.9% per annum. Accumulated losses on impairment are directly deducted from the related assets.

## 17. Segment Information

### 1. Overview of reporting segments

The reporting segments of the Company and its consolidated subsidiaries are regularly reviewed by the Board of Directors using the segregated financial information available within each segment of the Company and its consolidated subsidiaries, to determine the allocation of management resources and evaluate business results.

The Company and its consolidated subsidiaries specialize in small motors manufacturing and sales as a single line of business. The Company is in charge of the business activities in Japan. Meanwhile, subsidiaries located overseas are in charge of operations in Asia, the U.S.A., Europe, etc. Subsidiaries located overseas are independent management units and propose comprehensive product strategies while pursuing business expansion.

Since the Company and its consolidated subsidiaries are composed of regional segments based on a manufacturing and selling system, the Company and its consolidated subsidiaries have designated "Japan," "Asia," "U.S.A." and "Europe" as their reporting segments.

### 2. Basis of measurement for reporting segment income or loss, segment assets and other material items

The accounting policies and methods for the Group's reporting segments are the same as described in "1. Summary of Significant Accounting Policies."

### 3. Information concerning net sales, income or loss, assets, liabilities and other items by reporting segment

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
<b>Net sales:</b>			
Japan			
External customers	¥ 10,177	¥ 10,461	\$ 99,628
Intersegment	53,580	70,263	669,171
Total	63,757	80,725	768,809
Asia			
External customers	52,151	66,750	635,714
Intersegment	54,579	68,871	655,914
Total	106,731	135,622	1,291,638
U.S.A.			
External customers	8,714	11,475	109,285
Intersegment	–	–	–
Total	8,714	11,475	109,285
Europe			
External customers	14,211	19,713	187,742
Intersegment	–	–	–
Total	14,211	19,713	187,742
Corporate and elimination	(108,160)	(139,135)	(1,325,095)
Consolidated	¥ 85,254	¥ 108,401	\$ 1,032,390
<b>Segment Income (Loss):</b>			
Japan	¥ (1,663)	¥ 1,490	\$ 14,190
Asia	4,964	7,535	71,761
U.S.A.	498	328	3,123
Europe	805	536	5,104
Corporate and elimination	447	(555)	(5,285)
Consolidated	¥ 5,052	¥ 9,335	\$ 88,904
<b>Segment Assets:</b>			
Japan	¥ 67,451	¥ 75,051	\$ 714,771
Asia	110,813	133,718	1,273,504
U.S.A.	4,122	4,894	46,609
Europe	7,216	9,767	93,019
Corporate and elimination	7,097	3,821	36,390
Consolidated	¥ 196,702	¥ 227,253	\$ 2,164,314
<b>Others:</b>			
<b>Depreciation and Amortization:</b>			
Japan	¥ 944	¥ 862	\$ 8,209
Asia	2,819	3,972	37,828
U.S.A.	3	5	47
Europe	6	10	95
Corporate and elimination	(194)	(278)	(2,647)
Consolidated	¥ 3,579	¥ 4,571	\$ 43,533
<b>Increase in Tangible and Intangible Fixed Assets:</b>			
Japan	¥ 270	¥ 500	\$ 4,761
Asia	8,335	5,479	52,180
U.S.A.	5	7	66
Europe	4	11	104
Corporate and elimination	(1,170)	(204)	(1,942)
Consolidated	¥ 7,445	¥ 5,795	\$ 55,190

- Notes: 1. (1) The reported "segment income (loss) corporate and elimination" of ¥447 million in fiscal 2012 and ¥(555) million (\$5,285 thousand) in fiscal 2013 represent intersegment transaction eliminations.  
(2) The reported "segment assets corporate and elimination" include: corporate assets of ¥80,799 million in fiscal 2012 and ¥85,535 million (\$814,619 thousand) in fiscal 2013, not allocated to each segment; intersegment debt and credit eliminations of ¥73,701 million in fiscal 2012 and ¥81,714 million (\$778,228 thousand) in fiscal 2013.  
(3) The reported "depreciation and amortization corporate and elimination" of ¥194 million in fiscal 2012 and ¥278 million (\$2,647 thousand) in fiscal 2013 represent intersegment transaction eliminations.  
(4) The reported "increase in tangible and intangible fixed assets corporate and elimination" of ¥1,170 million in fiscal 2012 and ¥204 million (\$1,942 thousand) in fiscal 2013 represent intersegment transaction eliminations.  
2. Segment income (loss) is adjusted for operating income reported in the consolidated statements of income.

#### Related information

Information on net sales, tangible fixed assets and impairment losses by geographic area is summarized as follows. There is no information on major customers because individual sales ratios for major customers are lower than 10% of total net sales.

#### Geographical Information

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
<b>Net Sales</b>			
Japan	¥ 9,718	¥ 10,113	\$ 96,314
Asia	52,609	67,099	639,038
U.S.A.	8,714	11,475	109,285
Europe	14,211	19,713	187,742
Total	¥85,254	¥108,401	\$ 1,032,390

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
Tangible Fixed Assets			
Japan	¥16,526	¥16,172	\$154,019
Asia	23,307	28,789	274,180
U.S.A.	12	17	161
Europe	28	34	323
Total	¥39,874	¥45,014	\$428,704

	Yen (Millions)		U.S. Dollars (Thousands)
	2012	2013	2013
Impairment Loss			
Japan	¥-	¥ -	\$ -
Asia	-	1,473	14,028
U.S.A.	-	-	-
Europe	-	-	-
Total	¥-	¥1,473	\$14,028

## 18. Subsequent Events

### (Stock-based compensation)

On March 28, 2014, the Company resolved, at the Board of Directors' meeting, to issue subscription rights to shares for directors based on Articles 236, 238 and 240 of the Law, for the purpose of increasing their willingness to serve and motivation toward improved corporate value and raised share prices.

#### Details

Resolution date	March 28, 2014
Classification and number of grantees	Six directors of the Company (excluding outside directors)
Type of shares to be issued under the subscription rights to shares	Common stock
Number of shares	3,990 shares
Amount to be paid at the time of exercise of the subscription rights to shares	¥1 per share
Period during which the subscription rights to shares may be exercised	Note 8
Conditions for the exercise of the subscription rights to shares	Note 9
Matters relating to restriction on transfer of the subscription rights to shares	Note 11
Matters relating to the distribution of the subscription rights to shares following a reorganization	Note 13

Notes:

#### (1) Designation of the subscription rights to shares

Mabuchi Motor Co., Ltd. 2nd Subscription Rights to Shares (Stock-compensation Type)

#### (2) Eligible persons to whom the subscription rights to shares are allotted and the number thereof

Six (6) directors of the Company

#### (3) Total number of the subscription rights to shares: 399 units

The above figure is the planned number to be allotted and therefore if the total number of the subscription rights to shares allotted decreases, for example, in the case where applications for the subscription are not made, the total number of the subscription rights to shares to be allotted shall be the total number of the subscription rights to shares issued.

#### (4) The type and number of shares underlying the subscription rights to shares

The type of shares underlying the subscription rights to shares shall be the Company's common stock, and the number of shares underlying for each subscription right to shares (hereinafter the "Number of Granted Shares") shall be ten (10).

In case where the Company conducts stock splits or reverse stock splits for the Company's common stock, the Number of Granted Shares shall be adjusted according to the following formula, and the resulting fractions of less than one (1) share, if any, shall be rounded down.

Number of Granted Shares after adjustment = Number of Granted Shares before adjustment × Ratio of the stock split or reverse stock split

In case where the Company conducts a merger, a demerger or a gratis allotment of shares after the allotment date or any adjustment to the Number of Granted Shares is necessary mutatis mutandis to these cases, the Number of Granted Shares shall be appropriately adjusted within a reasonable range.

#### (5) Subscription amount for the subscription rights to shares

The subscription amount for the subscription rights to shares shall be the value based on the fair value, which is calculated using the Black-Scholes value calculation model as of the allotment date of the subscription rights to shares. Persons to whom the subscription rights to shares have been allotted (hereinafter the "Subscription Right Holders") shall offset the claim for compensation held thereby toward the Company instead of payment of said subscription amount.

#### (6) Allotment date of the subscription rights to shares

April 24, 2014

#### (7) Amount to be paid at the time of exercise of the subscription rights to shares

Amount to be paid per share in exercising subscription rights to shares shall be one (1) yen, and total amount to be paid is calculated by multiplying one (1) yen by the number of shares to be issued.

#### (8) Period during which the subscription rights to shares may be exercised

The period during which the subscription rights to shares may be exercised shall be from April 22, 2014 to April 21, 2034.

Provided, however, that if the last day of such exercise period falls on a holiday of the Company, the business day preceding said date shall be the last exercisable day.

#### (9) Conditions for the exercise of the subscription rights to shares

1) A Subscription Right Holder shall be allowed to exercise the subscription rights to shares, solely in a lump sum, only within a period of ten (10) days after he/she forfeits the director's position of the Company.

2) In case where a Subscription Right Holder dies, his/her heir may exercise the subscription rights to shares. Provided, however,



that any person who has inherited the subscription rights to shares from the heir of an allotted person is not allowed to exercise the subscription rights to shares.

**(10) Matters relating to acquisition of the subscription rights to shares**

1) In case where a Subscription Right Holder forfeits his/her subscription rights to shares before the exercise thereof pursuant to either of the clauses in Item (9) above or any provision(s) of the Subscription Rights to Shares Allotment Agreement, the Company may acquire said subscription rights to shares without charge as of a date separately specified by the Board of Directors of the Company.

2) In case a General Meeting of Shareholders of the Company (the Board of Directors if such a General Meeting of Shareholders is unnecessary) approves a proposal for (i) a merger agreement by which the Company becomes extinct; (ii) an absorption-type company split agreement or an incorporation-type company split plan by which the Company becomes a splitting company; or (iii) a share exchange agreement or a share transfer plan by which the Company becomes a wholly owned subsidiary of another company or companies, the Company may acquire the subscription rights to shares that have not been exercised as of a date separately specified by the Board of Directors of the Company without charge as of such a date.

**(11) Restriction on transfer of the subscription rights to shares**

Approval of the Board of Directors of the Company via resolution thereat shall be required for the transfer of the subscription rights to shares.

**(12) Matters relating to common stock and additional paid-in capital that will be increased in case of stock issuance as a result of the exercise of subscription rights to shares**

1) The amount of common stock that will be increased in case of stock issuance as a result of the exercise of the subscription rights to shares shall be one-half (1/2) of the maximum limit of common stock, etc., which is calculated in accordance with Article 17, Paragraph 1, of the Ordinance on Company Accounting, and the resulting fractions of less than one (1) yen, if any, shall be rounded up.

2) The amount of additional paid-in capital that will be increased in case of stock issuance as a result of the exercise of the subscription rights to shares shall be the amount of the maximum limit of common stock, etc., stated in 1) above after deducting the amount of common stock to increase, which is set forth in 1) above.

**(13) Treatment of the subscription rights to shares in conducting organizational restructuring**

In cases where the Company conducts mergers (limited to cases where the Company is to become extinct as a result of the merger), absorption-type company splits, incorporation-type company splits, share exchanges or share transfers (hereinafter collectively an "Organizational Restructuring Action"), the subscription rights to shares of any of the joint-stock corporations (hereinafter the "Reorganized Company"), which are listed in sub-items (a) through (e) of Article 236, Paragraph 1, Item 8, of the Law, shall be newly issued pursuant to the following conditions with regard to the subscription rights to shares that remain as of the effective date of the Organizational Restructuring Action (hereinafter the "Residual Subscription Rights to Shares"). In such cases, the Residual Subscription Rights to Shares shall be extinguished and the subscription rights to shares of the Reorganized Company shall be newly issued.

Provided, however, that the aforementioned clause shall apply only to cases where such issuance of subscription rights to shares of the Reorganized Company pursuant to the following conditions has been stipulated in the statement to that effect in the relevant merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan.

1) Number of the subscription rights to shares of the Reorganized Company to be issued

The subscription rights to shares of the Reorganized Company shall be issued in the same number as the Residual Subscription Rights to Shares held by the Subscription Right Holders.

2) The type and number of the Reorganized Company's shares underlying the subscription rights to shares

The type of shares underlying the subscription rights to shares shall be the Reorganized Company's common stock, and the number of such Reorganized Company's common stock to be issued as a result of the exercise of the subscription rights to shares shall be determined mutatis mutandis to Item (4) above by taking into account the conditions for the Organizational Restructuring Action and the like.

3) Amount to be paid at the time of exercise of the subscription rights to shares

The exercise price after the restructuring shall be one (1) yen per share of the Reorganized Company's shares that could be issued as a result of the exercise of the subscription rights to shares issued. Amount to be paid at the time of exercise of the subscription rights to shares is calculated by multiplying the exercise price after the restructuring by the number of shares underlying each subscription rights to shares.

4) Period during which the subscription rights to shares may be exercised

Period during which the subscription rights to shares may be exercised shall be from the later date of either the start date of the period during which the subscription rights to shares may be exercised, which is set forth in the aforementioned Item (8), or the effective date of the Organizational Restructuring Action, until the expiration date of the period during which the subscription rights to shares may be exercised, which is set forth in the aforementioned Item (8).

5) Matters relating to acquisition of the subscription rights to shares

Acquisition of the subscription rights to shares shall be determined mutatis mutandis to Item (10) above.

6) Restriction on transfer of the subscription rights to shares

Approval of the Board of Directors of the Reorganized Company shall be required for the transfer of the subscription rights to shares.

7) Matters relating to common stock and additional paid-in capital that will be increased in case of stock issuance as a result of the exercise of subscription rights to shares

Common stock and additional paid-in capital to be increased in case of stock issuance as a result of the exercise of subscription rights to shares shall be determined mutatis mutandis to Item (12) above.

**(14) Treatment of fractions of less than one (1) share**

In case where there are fractions of less than one (1) share in the number of shares to be issued to a Subscription Right Holder when the subscription rights to shares are exercised by said Subscription Right Holder, the resulting fractions shall be rounded down.

**(15) Non-issuance of certificates for subscription rights to shares**

The Company shall not issue certificates for the subscription rights to shares.

**(16) Place for payment in exercising the subscription rights to shares**

Asakusabashi Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
23-6, Yanagibashi 1-chome, Taito-ku, Tokyo

# Independent Auditor's Report



Ernst & Young ShinNihon LLC  
Hibiya Kokusai Bldg.  
2-2-3 Uchisaiwai-cho, Chiyoda-ku  
Tokyo, Japan 100-0011

Tel: +81 3 3503 1100  
Fax: +81 3 3503 1197  
www.shinnihon.or.jp

## Independent Auditor's Report

The Board of Directors  
Mabuchi Motor Co., Ltd.

We have audited the accompanying consolidated financial statements of Mabuchi Motor Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at December 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mabuchi Motor Co., Ltd. and its consolidated subsidiaries as at December 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

*Ernst & Young ShinNihon LLC*

March 31, 2014

# Investor Information

(As of December 31, 2013)

## Stock Data

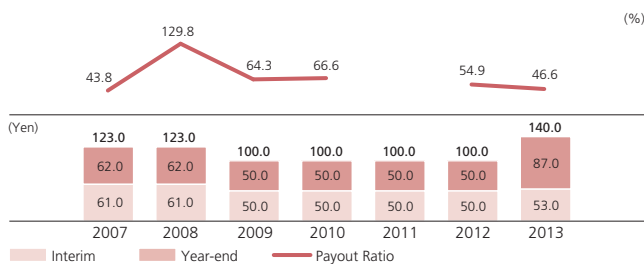
Number of Shares Authorized ..... 100,000,000  
 Number of Shares Issued ..... 37,875,881  
 Number of Shareholders ..... 10,139

## Major Shareholders

Major Shareholders	Number of Shares Held (Thousands)	Ratio of Shareholders (%)
Takaichi Mabuchi	2,500	7.1
Northern Trust Co. (AVFC) Sub-account American Clients	2,286	6.5
Mabuchi International Scholarship Foundation	1,500	4.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,181	3.4
Japan Trustee Services Bank, Ltd. (Trust Account)	1,155	3.3
Takashi Mabuchi	1,130	3.2
Tamotsu Mabuchi	1,130	3.2
Premiere Corporation	1,034	2.9
Taka Corporation Co., Ltd.	1,028	2.9
TEXAS Inc.	1,028	2.9

- Notes: 1. In addition to the above, Mabuchi Motor Co., Ltd. retains 2,730,215 treasury shares.  
 2. The number of shares of treasury stock is excluded from "Ratio of Shareholders." The percentages are rounded to one decimal place.  
 3. 95,200 shares held by the ESOP Trust Utilizing Employee Shareholding Association are included in the calculation of "Percentage of shares held."

## Cash Dividends per Share/Payout Ratio



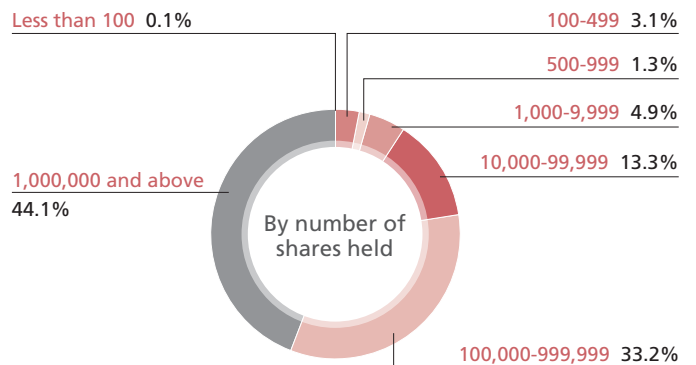
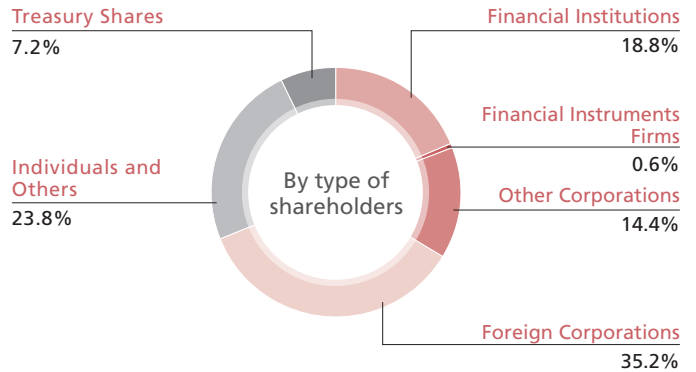
Note: The above graph does not show the payout ratio for 2011, as the Company recorded a net loss for the year.

## Changes in Standards for Calculating Dividends

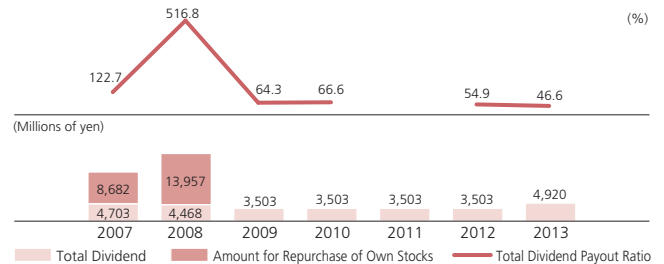
Year	Ordinary Dividend per Share	Standard Value for Calculating Special Dividend
2007 <sup>(*)</sup>	60 yen	20% of consolidated net income
2005	60 yen	20% of consolidated net income
2003	50 yen	20% of consolidated net income
1999	50 yen	5% of consolidated net income

(\* Additional policy) Actual full-year dividend amount shall be based on the above calculation standards and shall not be less than the expected dividend amount announced during the full-year period unless a significant profit warning is issued.

## Composition of Shareholders



## Total Dividend/Amount for Repurchase of Own Stocks/Total Dividend Payout Ratio



Note: The above graph does not show the total dividend payout ratio for 2011, as the Company recorded a net loss for the year.

## Trend of Stock Price and Related Indicators

	2009	2010	2011	2012	2013
High (Yen)	5,010	5,520	4,305	3,930	6,380
Low (Yen)	3,230	3,920	3,075	2,931	3,675
At Year-end (Yen)	4,580	4,185	3,205	3,655	6,250
PER	29.4	27.9	-	20.1	20.8
PBR	0.9	0.8	0.7	0.7	1.0

# Corporate Data

(As of December 31, 2013)

## Company Name

MABUCHI MOTOR CO., LTD.

## Corporate Headquarters

430 Matsuhidai, Matsudo City,  
Chiba 270-2280, Japan  
Tel: 81-47-710-1111

## Established

January 18, 1954

## Paid-in Capital

¥20,704,818,800

## Number of Employees

717 (Non-consolidated)  
28,132 (Consolidated)

## Ordinary General Meeting of Shareholders

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

## Independent Accountants

Ernst & Young ShinNihon LLC  
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

## Stock Listing

Japanese Stock Exchange Listing  
Tokyo Stock Exchange

## Corporate Directory

### Consolidated Subsidiaries

#### [North America]

##### MABUCHI MOTOR AMERICA CORP.

3001, West Big Beaver Road, Suite 328,  
Troy, MI 48084, U.S.A.

#### [Europe]

##### MABUCHI MOTOR (EUROPE) GmbH

Herriotstrasse 1, 60528 Frankfurt am Main,  
Germany

#### [China & Hong Kong]

##### MABUCHI INDUSTRY CO., LTD.

19 Sam Chuk Street, San Po Kong,  
Kowloon, Hong Kong

##### MABUCHI MOTOR DALIAN CO., LTD.

No. 41 Harbin Road, Dalian Economic and  
Technical Development Zone,  
Dalian 116600, China

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

No. 100 Liuxu Road, Wujiang Economic and  
Technological Development Zone,  
Jiangsu Province 215200, China

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

Guancheng Science & Technology Park,  
Shilong Road, Guanlong Road's Section,  
Dongguan City, Guangdong Province  
523119, China

##### MABUCHI MOTOR WAFANGDIAN CO., LTD.

Laohutun Town, Wafangdian City,  
Liaoning Province 116322, China

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

Room 1901, Kirin Plaza Building, No. 666  
Gubei Road, Changning District,  
Shanghai 200336, China

##### MABUCHI MOTOR TRADING (SHENZHEN) CO., LTD.

Room 1704-05 Great China International  
Exchange Square, Jintian Road,  
Futian District, Shenzhen City,  
Guangdong Province 518034, China

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

Yingtian Economic and Technological  
Development Zone, Yingtian City,  
Jiangxi Province 335000, China

##### MABUCHI PRECISION (DONGGUAN) CO., LTD.

Ludong Industrial Area, Humen Town,  
Dongguan City, Guangdong Province  
523935, China

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

Industrial Main Road, Daojiao Town,  
Dongguan City, Guangdong Province  
523179, China

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

Jinlong Road, Ganzhou Development Zone,  
Jiangxi 341000, China

#### [Asia Pacific]

##### MABUCHI TAIWAN CO., LTD.

No. 18, Chungghwa Road, Hsinchu Industrial  
District, Hsinchu 30352, Taiwan

##### MABUCHI MOTOR TAIWAN LTD.

No. 66 Kai-Fa Road, N.E.P.Z., Kaohsiung  
81170, Taiwan

##### MABUCHI MOTOR (SINGAPORE) PTE. LTD.

111, North Bridge Road, #12-05  
Peninsula Plaza, Singapore, 179098

##### MABUCHI MOTOR VIETNAM LTD.

No. 2 5A Street, Bien Hoa II Industrial Zone,  
Bienhoa, Dong Nai, Vietnam

##### MABUCHI MOTOR DANANG LTD.

Lot A2, No. 3 Street, Hoa Khanh Industrial  
Zone, Lien Chieu District, Da Nang City,  
Vietnam

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

G-five Central Plaza 328, 27,  
Seochojungang-Ro 24-Gil, Seocho-Gu,  
Seoul, 137-882 Korea

#### Non-consolidated Subsidiary

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





CORPORATE HEADQUARTERS  
430 Matsuhidai, Matsudo-City, Chiba 270-2280, Japan  
<http://www.mabuchi-motor.co.jp>