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annual report

the **MOTOR**
the **WORLD**
URNS TO.

 MABUCHI MOTOR

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2003 Financial Highlights

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

Net Sales (¥ in millions)		Net Income (¥ in millions)		Net Income Per Share (¥)	
2003	105,743	2003	16,731	2003	375.41
2002	116,356	2002	18,025	2002	392.13
2001	105,129	2001	16,281	2001	345.85
2000	116,233	2000	23,472	2000	498.61
1999	117,545	1999	18,792	1999	399.20

	Yen (millions)		U.S. Dollars (thousands)	
	2001	2002	2003	2003
Net sales	¥ 105,129	¥ 116,356	¥ 105,743	\$ 988,252
Operating income	22,079	29,122	24,576	229,682
Income before income taxes and minority interests	23,495	27,968	24,741	231,224
Net income	16,281	18,025	16,731	156,364
Shareholders' equity	241,859	224,315	212,803	1,988,813
Total assets	260,328	244,987	229,674	2,146,485

Per share of common stock:	Yen		U.S. Dollars	
Net income	¥ 345.85	¥ 392.13	¥ 375.41	\$ 3.51
Cash dividends	67.00	70.00	128.00	1.20

Notes:

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107=U.S.\$1, the approximate exchange rate on December 31, 2003.
2. Until the year ended December, 2002, net income per share was computed based on the net income reported in the consolidated statements of income and the weighted average number of shares of common stock outstanding during each year.
In accordance with a new accounting standard for earnings per share which became effective April 1, 2002, basic net income per share for 2003 was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year ended December 31, 2003.

New leadership brings with it new direction, as is evident in the bold initiative announced in the first quarter of this year. *Innovation 2005* authorizes measures such as the reinforcement of our management base, substantial physical improvements, and a reorganization of production lines to be more responsive to changes in demand. This endeavor will enable Mabuchi Motor to be even more efficient, productive and cost-competitive as we prepare for the future.

Mabuchi's focus for the past few years has been on "creating profit when sales are stagnant," without sacrificing market share. By developing and implementing cost-reduction strategies, we are evolving into a stronger, more profitable enterprise, equipped to set and pursue ambitious new sales objectives.

The Iraq war and the threat of SARS took their toll on the world economy, and the yen rose sharply against the dollar in the second half of 2003. Even so, momentum from the previous term boosted total unit sales to a record-breaking 1.8 billion pieces — 4% over 2002. Since that term, however, we have faced the effects of a drastic shift to a strong-yen exchange level, a fall in product prices as a result of fierce and unavoidable competition with Chinese manufacturers, and a transition period to diversify our product line in order to capitalize on emerging market trends and opportunities.

Consolidated sales for this term fell to 105,743 million yen with an operating profit of 24,576 million yen (down 15.6% from the preceding year), ordinary profit of 25,629 million yen (down 15.4% from the preceding year), net income of 16,731 million yen (down 7.2% from the preceding year), and an EPS of 375.41 yen — a result which closely follows our forecast from last term. To protect our shareholders, who receive a base dividend per share of 50 yen, we increased a supplemental dividend rate linked to results of fiscal year 2003 from 5% to 20% of the consolidated net income and carried it out from the interim dividend in September 2003. Consequently, the dividend of this term rose to 128.00 yen (up 82.9% from the preceding year) and shareholders' equity settled at 212,803 million yen.

Facing the Challenges Ahead with *Challenge 550*

The goal of our *Challenge 550* is to increase sales over the next five years by 50%. Setting an operating profit ratio of 25% and a target total cost reduction of 25 billion yen, we aim to achieve 150 billion yen in sales by 2008 — 50 billion yen of which will be generated by new businesses. The three pillars of *Challenge 550* include new-business strategies for sales growth, cost-reduction strategies to maximize the potential of existing businesses, and the consolidation of our management base to support the whole initiative.

Mabuchi has already begun to pursue new business in several areas. We have taken steps to augment our *Power Unit Motor* division with power-window motors offering higher added value, as well as large high-rigidity motors under development for entry into other automotive power-unit-motor applications. We are now in the process of expanding our *Brushless Motor* business for optical disc drives. We plan to expand sales activity in regions not yet aggressively entered by Mabuchi, such as the local Chinese market, South America, and Eastern Europe, including Russia. We shall consider broadening our horizons further by venturing into business areas new to Mabuchi, perhaps by means of corporate alliances or mergers and acquisitions.



Takaichi Mabuchi
Chairman



Shinji Kamei
President

Cost-reduction strategies are centered on the further reduction of manufacturing costs through the development of systems for optimizing each management resource, including a plan entailing in-house creation of parts. Key to the effort of strengthening our management base is establishing a Mabuchi Motor China (*MMC*), which would assume some of our headquarters' functions, in Guangdong, China. The four missions of *MMC* are technology development, integration of production and manufacturing facilities for parts in China, development of motors for the domestic Chinese market, and creation of a sales division within China. We believe that this international specialization will contribute significantly to the realization of our targets in growth and cost-reduction alike.

First steps towards implementing *Challenge 550* look most auspicious, particularly the initial expansion of our *Power Unit Motor (PUM)* and *Brushless Motor* businesses. Since the inauguration of our *PUM* division two years ago with the production of our own model for automobile windows, we have reached sales of 3.9 billion yen and expect to add 5 billion yen in sales next term. We are challenging the automotive product market, traditionally served exclusively by electrical equipment suppliers, and are actively working towards developing our *PUM* business to achieve and maintain rapid growth at an annual rate of 40%. The audio-visual market for brushless motors, on the other hand, has become intensely price sensitive, forcing stiff competition among other brushless suppliers. However, Mabuchi is leveraging close relationships with audio-visual manufacturers to whom we have long supplied brush motors, and indeed have already entered that market for the portable CD-player, having sold 2.9 million pieces in 2003, and securing a market share of 24%. This product is also being favorably promoted towards other applications, and we are confident that we can achieve the same kind of "standardization" for the Mabuchi brushless motor that has made our brush motors so successful.

While extremely promising for future business, our *PUM* and *Brushless Motor* businesses will require a few years of growth to achieve any marked impact on overall consolidated sales. A realistic sales prospect for the next term must take this into account, along with influential factors on the world economy such as political problems after the Iraq war, a weak dollar, and the U.S. presidential election.

Following is our forecast for fiscal year 2004:

- Sales 93.0 Billion Yen (down 12.1% from the preceding year)
- Operating Profit 19.5 Billion Yen (down 20.7% from the preceding year)
- Ordinary Profit 21.4 Billion Yen (down 16.5% from the preceding year)
- Net Income 14.5 Billion Yen (down 13.3% from the preceding year)

By strictly re-examining all of our current business endeavors and the organization of our enterprise as a whole, and devoting ourselves to achieving our management target each term, we are confident that Mabuchi will overcome the obstacles ahead and remain on the road to growth and prosperity.



Takaichi Mabuchi, Chairman



Shinji Kamei, President

March 30, 2004

RUNNING **SMOOTHLY** AND REVVED UP FOR **TOMORROW**

The world's foremost producer of small direct-current brush motors, Mabuchi has become the dominant player in **a global industry**. How does an established leader remain a force to be reckoned with in an ever evolving marketplace? By evolving with it. That means balancing valuable experience with **visionary enterprise**. It means consolidating our strengths and pursuing our goals with unwavering commitment. And it means seizing every new opportunity with the same pioneering spirit that made us what we are today.



**Mabuchi sells more
Small Brush Motors**
worldwide than any other manufacturer.

Since 1954, Mabuchi has met the growing need for small direct-current brush motors by leading the way in product development, manufacturing capability, environmental responsibility, and superior performance. Our ability to meet exact performance specifications with motors that work in as many diverse applications as possible has continually enabled us to produce the low-cost, high-quality product that our customers require.



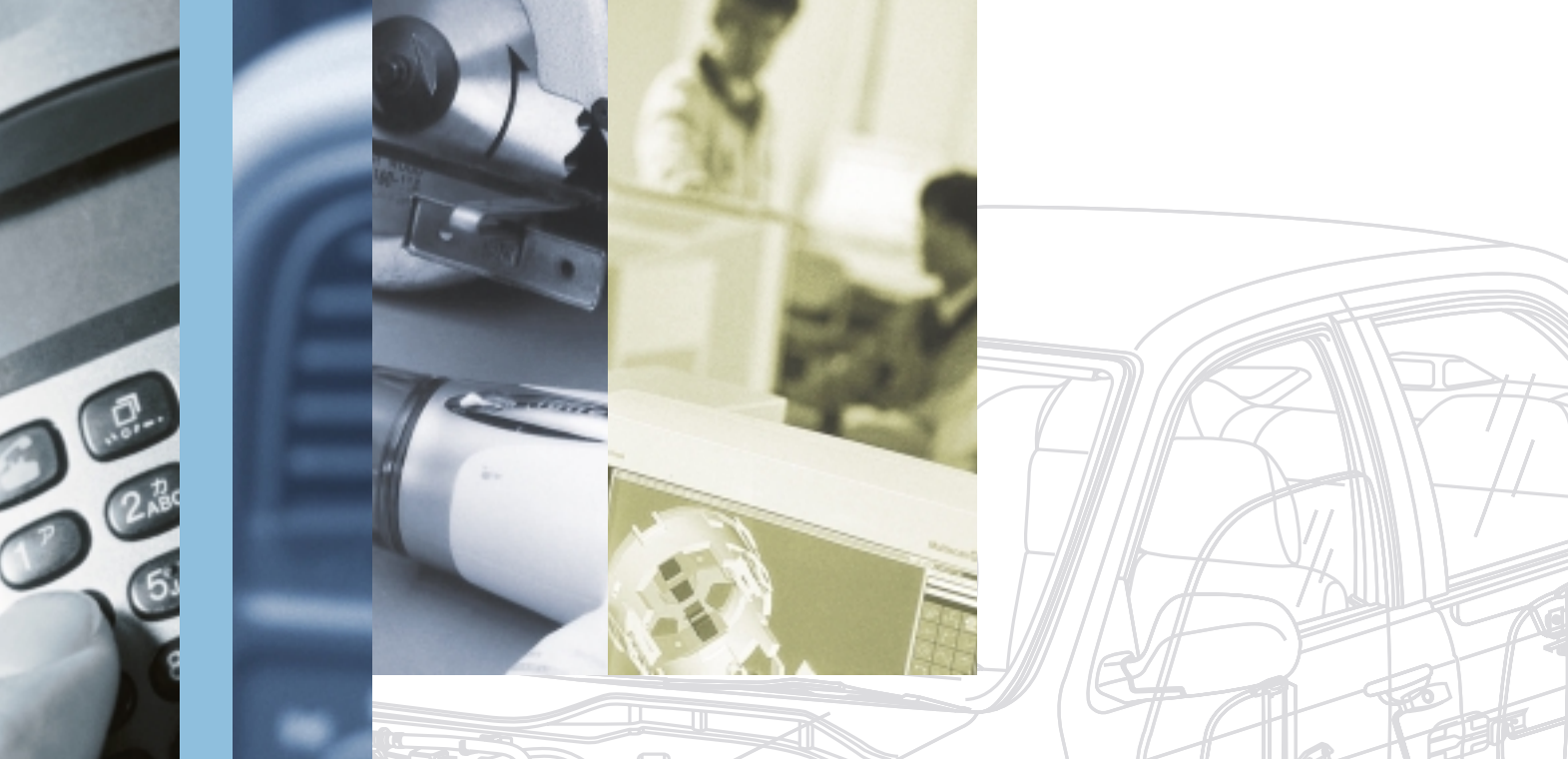
**Our new
Brushless Motor**

already accounts for a 24% share of the portable CD-player market, and has comparable potential in applications like DVD players and other digital products.



**High-torque
Power Unit
Motors**

like this one for power windows may be developed for numerous other applications in the automotive industry.



The Business That Keeps On Buzzing.

Leading manufacturers in so many industries trust Mabuchi quality, service and innovation to help their own products deliver peak performance. From digital cameras and mobile phones to pagers and power tools, Mabuchi brush motors are at work day and night in countless devices the world over. One way or another, they've been making life a little easier for fifty years.

A Motor For Every Market? We're Getting There.

Mabuchi is expanding its relatively new *Brushless Motor* and *Power Unit Motor* Businesses for entry into new applications, markets and industries. For established customers and new prospects alike, Mabuchi will be equipped to address a broader range of high-performance motor needs than ever before — always with our unparalleled quality and service.

How Global Can We Get? Just Watch Us.

Mabuchi is venturing into areas of burgeoning economic activity such as the local Chinese market, South America, and Eastern Europe including Russia. An ambitious new facility in Guangdong, China with product development, manufacturing, sales and management operations will widen our supply network, reduce costs, and promote growth internationally.

Meeting A World's Demand The Mabuchi Way.

From stringent quality control and environmental responsibility to cost-effective production and timely delivery, Mabuchi Motor continues to set the standard for the industry. Only by striving for constant improvement and tolerating no compromises can we fulfill an important need and contribute to a better tomorrow. That's the pledge we live up to every day.

2003 Financial Review

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

Net Sales

In fiscal 2003, the number of motors sold grew and set a new record, breaking last year's figure. Nonetheless, adverse effects of appreciation of the yen, fall of sales price due to fiercer competition and change in model-mix due to the demand shift to lower priced motors resulted in a decrease of net sales. After all, consolidated net sales for this fiscal year decreased 9.1% year on year to ¥105,743 million.

Audio and Visual Equipment

Net sales decreased 15.5% to ¥37,866 million due to high yen appreciation, fall of unit sale prices, and model-mix change to lower-priced motors which negated the demand expansion of motors for digital appliances as represented by DVD players.

Automotive Products

Net sales increased 1.8% to ¥30,127 million. As the demand for electrical parts for automobiles is rising seeking for safety, convenience, comfort and economy, the number of motors used per automobile is increasing and its growth is kept upwardly.

Especially, the use in the power-window lifters, air-conditioning damper actuators, retractable rearview mirrors, and door locks are showing the significant growth which overlaid the negative factors mentioned above.

Information and Communication Equipment

Net sales decreased 12.1% to ¥14,273 million. The demand for motors in printers is continuously growing as well as the motors in personal computer drives. Net sales of motors for the digital camera market, into which we entered from the previous term, has been expanding at a satisfactory pace. However, the net sales decreased due to the negative factors mentioned above.

Home Appliances and Power Tools and others

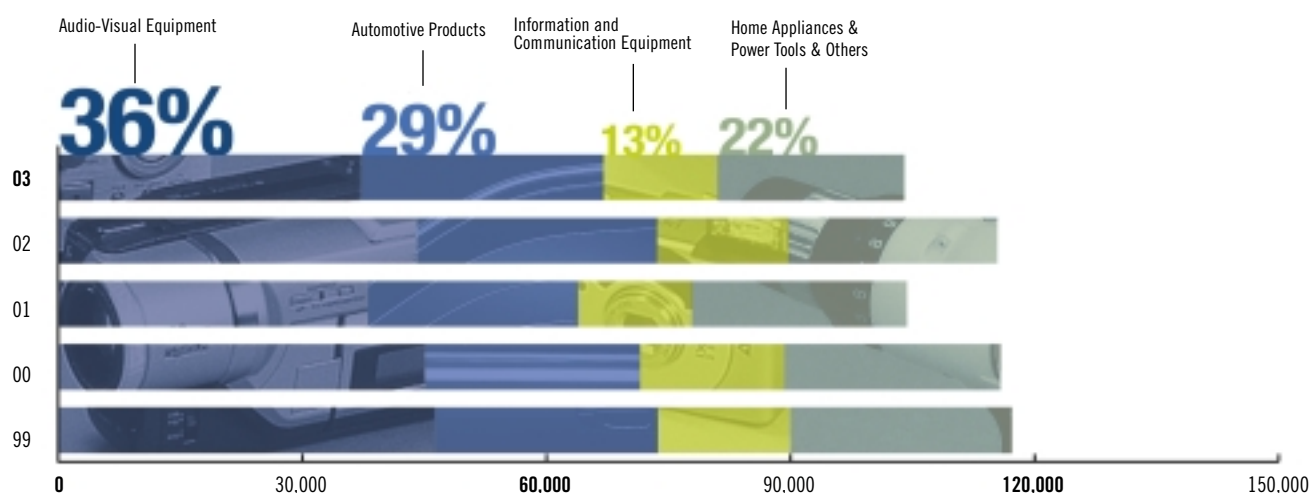
Net sales decreased 8.8% to ¥23,435 million. In spite of the fact that demands for health care products, shavers, rotating tooth brushes and tools are good, as a whole demand remained at almost the same level. Due to the negative factors mentioned above, the net sales decreased.

Net Sales by Application

Years ended December 31

	Yen (millions)					U.S. Dollars (thousands)
	1999	2000	2001	2002	2003	2003
Audio-Visual Equipment	¥ 46,207	¥ 45,068	¥ 38,663	¥ 44,800	¥ 37,866	\$ 353,887
Automotive Products	27,598	26,758	25,907	29,603	30,127	281,560
Information & Communication Equipment	16,399	17,830	14,051	16,240	14,273	133,392
Home Appliances & Power Tools & Others	27,266	26,529	26,451	25,688	23,435	219,018
Other*	75	48	57	25	39	364
Total	¥ 117,545	¥ 116,233	¥ 105,129	¥ 116,356	¥ 105,743	\$ 988,252

*Other includes parts and equipment sales.



2003 Financial Review

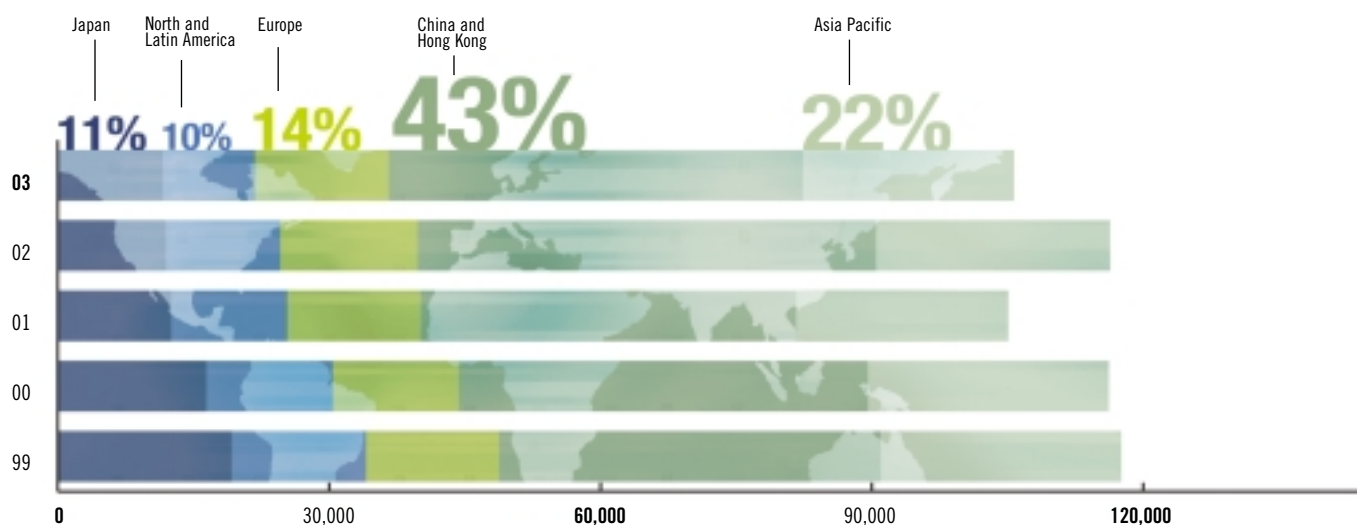
MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • YEARS ENDED DECEMBER 31

Net Sales by Geographic Area of Destination

Years ended December 31

	Yen (millions)					U.S. Dollars (thousands)
	1999	2000	2001	2002	2003	2003
Japan	¥ 19,124	¥ 16,429	¥ 12,534	¥ 11,942	¥ 11,611	\$ 108,514
North and Latin America	14,843	13,945	12,830	12,624	10,183	95,168
Europe	14,731	13,951	14,767	15,187	14,781	138,140
China and Hong Kong	42,188	45,262	41,641	50,736	45,797	428,009
Asia Pacific	26,584	26,598	23,300	25,842	23,331	218,046
Other*	75	48	57	25	39	364
Total	¥ 117,545	¥ 116,233	¥ 105,129	¥ 116,356	¥ 105,743	\$ 988,252

*Other includes parts and equipment sales.



Costs, Expenses and Net income

Cost of sales decreased by 9.2%, to ¥63,334 million (\$591 million). The cost of sales ratio was 59.9% in 2003 and remained the same as in 2002 due mainly to the continued cost reduction and an increase of production over 2002.

Selling, general and administrative expenses increased by 1.9% over the previous year due to an increase of the ratio of social insurance premium on employee's bonuses and a reclassification of certain manufacturing costs to administrative expenses.

As a result of these factors, operating income decreased 15.6%, to ¥24,576 million (\$229 million) over the previous year.

Other income (expenses) includes net other income of ¥165 million (\$1.5 million) in 2003 versus net other expense of ¥1,154 million in 2002. The change in 2003 was principally due to decreases in exchange losses and loss on valuation of investment securities compared with those in 2002.

Net income decreased 7.2%, to ¥16,731 million (\$156 million). The effective corporate income tax in 2003 decreased to 32.0% from 35.3% in 2002.

2003 Financial Review

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

Foreign Currency

As indicated in Note 11 “Segment Information” to consolidated financial statements, overseas sales accounted for approximately 89% of consolidated net sales in 2003, of which 90% was transacted by the U.S. dollar and U.S. dollar linked currencies.

In 2003, the average rate of the yen appreciated approximately 7.5% against the U.S. dollar, compared with 2002. The appreciation of the yen against the foreign currencies resulted in decreases of net sales of approximately ¥6,700 million (\$63 million) and operating income of ¥2,300 million (\$21 million), respectively.

The Company uses foreign exchange forward contracts to hedge foreign exchange risks associated with accounts receivable and payables denominated in foreign currencies (see Note 9 “Derivative Financial Instruments”).

Financial Position

Net working capital at December 31, 2002 and 2003

is summarized as follows (millions of yen):

	2002	2003	Increase (Decrease)
Current assets	¥ 131,065	¥ 124,731	¥ (6,333)
Current liabilities	11,461	10,725	(736)
Net working capital	¥ 119,603	¥ 114,006	¥ (5,597)
Current ratio	11.4	11.6	

The decrease in current assets at December 31, 2003 consisted mainly of a decrease of cash and bank deposits by ¥1,478 million, a decrease of short-term investments by ¥2,432 million, and a decrease of inventories by ¥2,925 million. The decrease of cash and bank deposits was due to the purchase of treasury stock of ¥16,166 million in June and December 2003 by tender offer and from stock market.

Long-term liabilities decreased by ¥2,984 million due mainly to a decrease of deferred tax liability on undistributed earnings of foreign subsidiaries.

Shareholders' equity decreased by ¥11,512 million due primarily to the purchase of treasury stock mentioned above and a decrease of foreign currency translation adjustments by ¥8,354 million over the previous year. As a result, the shareholder's equity ratio increased 1.1 percentage points, to 92.7% from 91.6% at the previous year-end.

Cash Flow

The major items of cash flows for the years ended December 31, 2002 and 2003 are summarized below:

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Net income before income taxes and minority interests	¥ 27,968	¥ 24,741	\$ 231,224
Depreciation	6,336	5,578	52,130
Increase in property, plant and equipment	(5,068)	(5,869)	(54,850)
Change in short-term investments and investment securities, net	2,292	9,083	84,887
Cash dividends paid	(3,082)	(4,493)	(41,990)
Purchase of treasury stock	(23,895)	(16,182)	(151,233)
Effect of exchange rate changes on cash and cash equivalents	(6,028)	(5,721)	(53,467)
Other, net	(1,888)	(9,961)	(93,093)
Net increase (decrease) in cash and cash equivalents	¥ (3,365)	¥ (2,824)	\$ (26,392)

Net cash provided by operating activities decreased ¥14,926 million from 2002, to ¥20,506 million (\$191 million) due mainly to decreases in net income and accrued income taxes.

Net cash provided by investing activities increased ¥8,857 million from 2002, to ¥3,066 million (\$28 million) which was attributable to a decrease in purchase of investment securities in connection with the purchase of treasury stock in 2003.

Net cash used in financing activities increased ¥6,302 million from 2002, to ¥20,676 million (\$193 million) due to the purchase of treasury stock of ¥16,166 million in June and December 2003 as aforementioned.

The Company believes that its financial condition remains very strong. The present balance of liquid assets are indispensable for the Company to further strengthen its existing core business and create the opportunities for new business. This should absolutely help appreciate our shareholder value.

2003 Five-Year Financial Summary

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

	Yen (millions)					U.S. Dollars (thousands)
	1999	2000	2001	2002	2003	2003
Operating Results						
Net sales	¥ 117,545	¥ 116,233	¥ 105,129	¥ 116,356	¥ 105,743	\$ 988,252
Operating income	28,480	28,624	22,079	29,122	24,576	229,682
Income before income taxes and minority interests	28,497	33,643	23,495	27,968	24,741	231,224
Net income	18,792	23,472	16,281	18,025	16,731	156,364
Per share of common stock:						
Net income (Yen and U.S. Dollars)	¥ 399.20	¥ 498.61	¥ 345.85	¥ 392.13	¥ 375.41	\$ 3.51
Cash dividends per share (Yen and U.S. Dollars)	70.00	75.00	67.00	70.00	128.00	1.20
Depreciation and amortization	¥ 7,234	¥ 6,425	¥ 6,599	¥ 6,336	¥ 5,578	\$ 52,130
Capital expenditures	4,051	4,627	5,132	6,278	5,673	53,018
R&D expenses	3,752	2,832	3,421	3,535	3,714	34,710
Balance Sheet						
Shareholders' equity	¥ 204,403	¥ 218,471	¥ 241,859	¥ 224,315	¥ 212,803	\$ 1,988,813
Total assets	¥ 218,083	¥ 242,626	¥ 260,328	¥ 244,987	¥ 229,674	\$ 2,146,485
Other Data						
Number of shares outstanding (thousands of shares)	47,075	47,075	47,075	45,966	44,223	
Number of employees	58,279	60,511	45,203	50,762	51,796	

Notes

- U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107=U.S. \$1, the approximate exchange rate on December 31, 2003.
- Until the year ended December, 2002, net income per share was computed based on the net income reported in the consolidated statements of income and the weighted average number of shares of common stock outstanding during each year.
In accordance with a new accounting standard for earnings per share which became effective April 1 2002, basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year ended December 31, 2003.
- Number of employees includes contract manufacturing labor at plants in Guangdong, China.
- Effective 2000, the Company adopted a new accounting standard for research and development costs.
The Company changed the previous scope of such costs to disclose only costs incurred in research and development activities for new products and processes. Those costs based on the previous scope in 2000 were ¥4,456.

2003 Consolidated Balance Sheets

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • DECEMBER 31, 2002 AND 2003

Assets	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Current Assets:			
Cash and bank deposits	¥ 78,665	¥ 77,187	\$ 721,373
Short-term investments	18,443	16,011	149,635
Trade notes and accounts receivable	13,811	14,129	132,046
Less-Allowance for doubtful receivables	(351)	(298)	(2,785)
Inventories	17,602	14,677	137,168
Deferred tax assets	1,526	1,575	14,719
Other current assets	1,367	1,449	13,542
Total current assets	131,065	124,731	1,165,710
Property, Plant and Equipment, at cost:			
Land	6,146	6,130	57,289
Buildings	37,072	34,222	319,831
Machinery and equipment	59,273	55,439	518,121
Construction in progress	1,299	3,157	29,504
	103,792	98,950	924,766
Less-Accumulated depreciation	(68,522)	(65,374)	(610,971)
	35,270	33,575	313,785
Investments and Other assets:			
Investment securities	75,049	68,416	639,401
Long-term loans receivable	709	479	4,476
Deferred tax assets	135	138	1,289
Other investments and other assets	2,758	2,331	21,785
	78,652	71,367	666,981
	¥ 244,987	¥ 229,674	\$ 2,146,485

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

Liabilities and Shareholders' Equity

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Current Liabilities:			
Trade notes and accounts payable	¥ 2,647	¥ 2,944	\$ 27,514
Accrued income taxes	4,176	2,618	24,467
Deferred tax liabilities	0	16	149
Accrued bonus to employees	306	328	3,065
Other current liabilities	4,331	4,817	45,018
Total current liabilities	11,461	10,725	100,233
Long-term Liabilities:			
Accrued retirement benefits for employees	1,755	925	8,644
Accrued retirement benefits for directors and statutory auditors	452	435	4,065
Deferred tax liabilities	5,399	3,261	30,476
Other long-term liabilities	30	31	289
	7,637	4,653	43,485
Minority Interests	1,573	1,492	13,943
Contingent Liabilities			
Shareholders' Equity:			
Common stock, without par value:			
Authorized: 100,000,000 shares:			
Issued: 47,075,881 shares in 2002 and 2003	20,704	20,704	193,495
Additional paid-in capital	20,419	20,419	190,831
Retained earnings	204,805	216,890	2,027,009
Unrealized holding (losses) gains on securities	(769)	171	1,598
Foreign currency translation adjustments	3,055	(5,299)	(49,523)
Treasury stock, at cost; 2,009,096 shares in 2002 and 3,975,389 shares in 2003	(23,900)	(40,083)	(374,607)
Total shareholders' equity	224,315	212,803	1,988,813
	¥ 244,987	¥ 229,674	\$ 2,146,485

2003 Consolidated Statements of Income

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2003

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Net Sales	¥ 116,356	¥ 105,743	\$ 988,252
Cost of Sales	69,735	63,334	591,906
Gross profit	46,621	42,409	396,345
Selling, General and Administrative Expenses	17,498	17,833	166,663
Operating income	29,122	24,576	229,682
Other Income (Expenses):			
Interest and dividend income	2,265	2,068	19,327
Exchange losses on foreign currency transactions	(1,717)	(1,369)	(12,794)
Loss on valuation of investment securities	(623)	-	-
Other, net	(1,079)	(533)	(4,981)
	(1,154)	165	1,542
Income before Income Taxes and Minority Interests	27,968	24,741	231,224
Income Taxes:			
Current	8,757	10,036	93,794
Deferred	1,113	(2,125)	(19,859)
	9,871	7,911	73,934
Minority Interests	(72)	(99)	(925)
Net Income	¥ 18,025	¥ 16,731	\$ 156,364

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Per Share of Common Stock:			
Net income	¥ 392.13	¥ 375.41	\$ 3.51
Cash dividends applicable to earnings of the year	70.00	128.00	1.20

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

2003 Consolidated Statements of Shareholders' Equity

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2003

	Number of Shares (thousands)		Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2002	2003	2003
Common Stock:					
Beginning balance	47,075	47,075	¥ 20,704	¥ 20,704	\$ 193,495
Ending balance	47,075	47,075	¥ 20,704	¥ 20,704	\$ 193,495
Additional Paid-in Capital:					
Beginning balance			¥ 20,419	¥ 20,419	\$ 190,831
Ending balance			¥ 20,419	¥ 20,419	\$ 190,831
Retained Earnings:					
Beginning balance			¥ 189,972	¥ 204,805	\$ 1,914,065
Net income			18,025	16,731	156,364
Cash dividends			(3,083)	(4,495)	(42,009)
Bonuses to directors and statutory auditors			(108)	(150)	(1,401)
Ending balance			¥ 204,805	¥ 216,890	\$ 2,027,009
Unrealized (Losses) Gains on Investments:					
Beginning balance			¥ (168)	¥ (769)	\$ (7,186)
Net change during the year			(601)	941	8,794
Ending balance			¥ (769)	¥ 171	\$ 1,598
Foreign Currency Translation Adjustments:					
Beginning balance			¥ 10,936	¥ 3,055	\$ 28,551
Net change during the year			(7,880)	(8,355)	(78,084)
Ending balance			¥ 3,055	¥ (5,299)	\$ (49,523)
Treasury Stock:					
Beginning balance			¥ (4)	¥ (23,900)	\$ (223,364)
Net change during the year			(23,895)	(16,182)	(151,233)
Ending balance			¥ (23,900)	¥ (40,083)	\$ (374,607)

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

2003 Consolidated Statements of Cash Flows

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES • FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2003

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Cash Flows from Operating Activities:			
Net income before income taxes and minority interests	¥ 27,968	¥ 24,741	\$ 231,224
Depreciation and amortization	6,336	5,578	52,130
Provision for retirement benefits, net payments	(147)	(817)	(7,635)
Interest and dividend income	(2,265)	(2,068)	(19,327)
Foreign exchange loss	2,434	1,941	18,140
Loss (Gain) on sales of short-term investments	623	(11)	(102)
Loss on sales and disposal of fixed assets	546	183	1,710
Loss on valuation of investment securities	623	-	-
Increase in trade notes and accounts receivables	(1,419)	(1,217)	(11,373)
Decrease in inventories	7,553	1,440	13,457
Increase in trade notes and accounts payable	882	1,014	9,476
Other, net	(3,035)	(229)	(2,140)
Sub total	40,101	30,555	285,560
Interest and dividends received	2,258	2,055	19,205
Interest paid	(0)	(0)	(0)
Income taxes paid	(6,927)	(12,104)	(113,121)
Net cash provided by operating activities	35,433	20,506	191,644
Cash Flows from Investing Activities:			
Purchase of short-term investments	(1,799)	(3,376)	(31,551)
Proceeds from sales of short-term investments	6,093	12,348	115,401
Purchase of property, plant and equipment	(5,951)	(6,029)	(56,345)
Proceeds from sales of property, plant and equipment	883	160	1,495
Purchase of investment securities	(36,084)	(20,212)	(188,897)
Proceeds from sales of investment securities	34,083	20,323	189,934
Other, net	(3,015)	(147)	(1,373)
Net cash (used in) provided by investing activities	(5,791)	3,066	28,654
Cash Flows from Financing Activities:			
Cash dividends paid	(3,082)	(4,493)	(41,990)
Purchase of treasury stock	(23,895)	(16,182)	(151,233)
Net cash used in financing activities	(26,978)	(20,676)	(193,233)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(6,028)	(5,721)	(53,467)
Net Decrease in Cash and Cash Equivalents	(3,365)	(2,824)	(26,392)
Cash and Cash Equivalents at Beginning of Year	84,223	80,857	755,672
Net Increase resulting from changes in scope of consolidation	-	55	514
Cash and Cash Equivalents at End of Year	¥ 80,857	¥ 78,089	\$ 729,803

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

1. Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting financial statements

The accompanying consolidated financial statements of Mabuchi Motor Co., Ltd. (the "Company") and its consolidated subsidiaries are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan and are prepared on the basis of accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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

For the convenience of the reader, the accompanying consolidated financial statements have also been presented in U.S. dollars by translating yen amounts at the rate of ¥107 to U.S. \$1, which was the approximate exchange rate prevailing on December 31, 2003.

Certain reclassifications have been made to the accompanying consolidated financial statements for 2002 to conform to the 2003 presentations.

(b) Principles of consolidation

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

(c) Translation of foreign currencies

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

(d) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(e) Securities

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

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

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

(f) Inventories

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

(g) Property, Plant and Equipment and Depreciation

Property, plant and equipment is stated at cost. Depreciation is computed primarily by the declining-balance method for the Company and principally by the straight-line method for overseas subsidiaries over their estimated useful lives. Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

(h) Leases

Noncancelable leases of the Company and its consolidated subsidiaries are accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(i) Research and development expenses

Expenditures relating to research and development activities are charged to income as incurred and amounted to ¥3,535 million and ¥3,714 million (\$34,710 thousand) for the years ended December 31, 2002 and 2003, respectively.

2003 Notes to Consolidated Financial Statements

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

(j) Income taxes

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

(k) Retirement benefits

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

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

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

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

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

(L) Derivative and hedging activities

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

2. Cash and Cash Equivalents

Reconciliation of cash and cash equivalents for the accounts on statement of cash flows for the year ended December 31, 2002 and 2003 are as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Cash and bank deposits on the consolidated balance sheet	¥ 78,665	¥ 77,187	\$ 721,373
Time deposits with original maturities over three months			
at the time of purchase	(4,098)	(3,865)	(36,121)
Short-term investments	18,443	16,011	149,635
Securities under the risk of value fluctuation	(12,152)	(11,243)	(105,074)
Cash and cash equivalents	¥ 80,857	¥ 78,089	\$ 729,803

3. Inventories

Inventories as of December 31, 2002 and 2003 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Finished goods	¥ 10,198	¥ 8,289	\$ 77,467
Work in process	1,706	1,510	14,112
Raw materials	5,698	4,876	45,570
	¥ 17,602	¥ 14,677	\$ 137,168

4. Securities

The cost, net of unrealized gains and losses, and fair value for securities classified as available-for-sale and held-to-maturity as of December 31, 2002 and 2003 were as follows:

	Yen (millions)		
	Cost	Fair Value	Gains (losses)
2002			
Available-for-sale:			
Debt securities	¥ 22,653	¥ 22,461	¥ (191)
Equity securities	3,055	3,241	186
Other	23,457	22,141	(1,316)
	¥ 49,167	¥ 47,845	¥ (1,321)
Held-to-maturity:			
Debt securities	¥ 38,260	¥ 37,838	¥ (421)

	Yen (millions)			U.S. Dollars (thousands)		
	Cost	Fair Value	Gains (losses)	Cost	Fair Value	Gains (losses)
2003						
Available-for-sale:						
Debt securities	¥ 17,824	¥ 16,951	¥ (872)	\$ 166,579	\$ 158,420	\$ (8,149)
Equity securities	3,056	4,372	1,316	28,560	40,859	12,299
Other	20,758	20,605	(153)	194,000	192,570	(1,429)
	¥ 41,639	¥ 41,929	¥ 290	\$ 389,149	\$ 391,859	\$ 2,710
Held-to-maturity:						
Debt securities	¥ 34,315	¥ 31,976	¥ (2,339)	\$ 320,700	\$ 298,841	\$ (21,859)

The securities for which fair values were not available as of December 31, 2002 and 2003 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Commercial paper	¥ 2,271	¥ 3,745	\$ 35,000
Money Management Funds	4,940	4,257	39,785
Equity securities of non-consolidated subsidiaries	70	70	654
Other equity securities	104	109	1,018
	¥ 7,387	¥ 8,182	\$ 76,467

2003 Notes to Consolidated Financial Statements

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

The contractual maturities for securities classified as available-for-sale and held-to-maturity at December 31, 2002 and 2003 were as follows:

	Yen (millions)					Total
	2002					
	Within one year	Over one year through five years	Over five years through ten years	Over ten years		
Corporate bonds	¥ 11,153	¥ 22,869	¥ 7,112	¥ 19,585	¥ 60,721	
Commercial paper	2,271	-	-	-	2,271	
Other	-	1,815	7,197	117	9,130	
	¥ 13,425	¥ 24,685	¥ 14,309	¥ 19,703	¥ 72,123	

	Yen (millions)					U.S. Dollars (thousands)
	2003					2003
	Within one year	Over one year through five years	Over five years through ten years	Over ten years	Total	Total
Corporate bonds	¥ 6,988	¥ 14,447	¥ 7,370	¥ 22,461	¥ 51,267	\$ 479,130
Commercial paper	3,745	-	-	-	3,745	35,000
Other	949	5,706	2,971	-	9,627	89,971
	¥ 11,683	¥ 20,153	¥ 10,341	¥ 22,461	¥ 64,639	\$ 604,102

5. Retirement plans

The table below sets forth the plan's funded status and amounts recognized in the balance sheets at December 31, 2002 and 2003.

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
	Retirement benefit obligation	¥ (7,437)	¥ (7,173)
Plan assets at fair value	5,415	6,001	56,084
Unfunded retirement benefit obligation	(2,022)	(1,171)	(10,943)
Unrecognized actuarial gain or loss	266	246	2,299
Accrued retirement benefits	¥ 1,755	¥ 925	\$ 8,644

The components of net periodic benefit cost for the years ended December 31, 2002 and 2003 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
	Service cost	¥ 614	¥ 575
Interest cost	141	121	1,130
Expected return on plan assets	(40)	(45)	(420)
Amortization of unrecognized actuarial gain or loss	0	26	(242)
Net periodic pension cost	¥ 715	¥ 678	\$ 6,336

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

	2002	2003
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	1.0%	1.0%

6. Income Taxes

The Company and domestic consolidated subsidiaries are subject to a number of taxes based on income with a normal tax rate aggregating approximately 41.7% for the years ended December 31, 2002 and 2003. Foreign subsidiaries are subject to income taxes in the countries where they operate.

The following table summarizes the significant differences between the Japanese statutory income tax rate and the effective income tax rate on pre-tax income for the years ended December 31, 2002 and 2003:

	2002	2003
Statutory income tax rate	41.7%	41.7%
International income taxed at varying rates	(20.0)	(18.3)
Effect on elimination of dividend income from foreign subsidiaries for consolidation purposes	11.9	20.0
Foreign and R & D tax credit utilization	(2.9)	(5.4)
Undistributed earnings in foreign subsidiaries	4.0	(10.2)
Other, net	0.6	4.2
Effective income tax rates	35.3%	32.0%

Provision for Japanese income taxes on undistributed earnings of foreign subsidiaries is made only on those amounts in excess of the funds considered to be permanently reinvested.

In 2003, in connection with the Company's strategy for reconstruction and reallocation of its global functions and operating systems, the Company reviewed the current dividend policy on the foreign subsidiaries and changed the level of the funds to be reinvested in those operations. As a result of this change, deferred tax liability decreased by ¥2,440 million (\$22,804 thousand) at December 31, 2003, and net income for the year ended December 31, 2003 increased by the same amount.

New legislation on enterprise tax was enacted in March 2003 which will result in a decrease of the aggregate statutory tax rate from 41.7% to 40.4% effective for fiscal years beginning after December 31, 2004. However the effect of this tax rate change was immaterial.

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, 2002 and 2003 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Deferred tax assets:			
Unrealized profits on inventories and fixed assets	¥ 1,533	¥ 1,379	\$ 12,887
Evaluation losses on assets	2,820	2,171	20,289
Depreciation	151	162	1,514
Accrued enterprise taxes	287	420	3,925
Accrued retirements benefits	719	510	4,766
Other	116	281	2,626
Total	¥ 5,628	¥ 4,927	\$ 46,046
Deferred tax liabilities:			
Tax on undistributed foreign earnings	¥ 9,207	¥ 5,974	\$ 55,831
Unrealized losses on investments	-	118	1,102
Other	158	397	3,710
Total	¥ 9,366	¥ 6,489	\$ 60,644
As reported in the consolidated balance sheet:			
Deferred tax assets	¥ 1,661	¥ 1,714	\$ 16,018
Deferred tax liabilities	5,400	3,277	30,626

7. Shareholders' Equity

The amended Japanese Commercial Code (the "Code") enacted effective from October 1, 2001 provides that an amount equivalent to at least 10% of cash dividends paid and other cash outlays, resulting from appropriations of retained earnings with respect to each annual period, be appropriated to the legal reserve until total of such reserve and additional paid-in capital equals 25% of the stated capital. As of December 31, 2003, the total of the legal reserve of ¥ 3,811 million (\$35,616 thousand) which is included in retained earnings at December 31, 2003, and additional paid-in capital, already reached 25% of the stated capital. The Code also provides that additional paid-in capital and the legal reserve up to 25% of the stated capital are not available for cash dividends but may be used to reduce a capital deficit or may be capitalized. The paid-in capital and legal reserve exceeding 25% of the stated capital are available for dividends or purchase of treasury stock upon approval of shareholders' meeting.

The Code also provides that all share issuances after September 30, 2001 will be of shares with no par value. Prior to the date on which the Amendment came into effect, the Company's shares had a par value of ¥50.

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

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

On September 24, 2003, semi-annual interim cash dividends (¥67 or \$0.62 per share) of ¥2,918 million (\$27,271 thousand) were paid to shareholders of record at June 30, 2003. On March 30, 2004, the shareholders approved the declaration of cash dividends (¥61 or \$0.57 per share) totaling ¥2,629 million (\$24,570 thousand) and payments of bonuses to directors and statutory auditors totaling ¥124 million (\$1,158 thousand).

8. Per Share Data

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

In accordance with a new accounting standard for earnings per share which became effective April 1, 2002, basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year ended December 31, 2003.

9. Derivative Financial Instruments

The Company enters into forward exchange contracts, forward precious metal contracts and currency option contracts with no option premiums as a normal part of risk management efforts. As a result, the Company is exposed to risk of credit-related losses in the event of nonperformance of counterparties to foreign exchange contracts, precious metal contracts and currency option contracts. Management believes such risks are minor because of the high credit worthiness of the counterparties and such financial instruments have not been held for trading or other speculative purposes. Following is a summary of derivative financial instruments which are currently held by the Company.

The Company uses foreign exchange forward contracts and currency option contracts to hedge the risk of changes in foreign exchange rates substantially associated with receivables, net of payables, denominated in foreign currencies and foreign currency bank deposits. Gains and losses explicitly deferred, arising from foreign exchange forward contracts related to future trade transactions, are insignificant at December 31, 2002 and 2003. There were no outstanding currency option contracts at December 31, 2002 and 2003.

Forward precious metal contracts are used by the Company to hedge the risk of changes in market prices resulting from purchase of precious metals as raw materials for motor products. There were no outstanding forward precious metal contracts at December 31, 2002 and 2003.

10. Contingent Liabilities

As of December 31, 2003, there were no significant reportable contingent liabilities.

11. Segment Information

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

Segment Information by Geographic Area

	Yen (millions)		U.S. Dollars (thousands)
	2002	2003	2003
Net sales:			
Japan			
Outside customers	¥ 24,857	¥ 20,864	\$ 194,990
Intersegment	50,018	46,364	433,308
Total	74,875	67,229	628,308
Asia			
Outside customers	64,378	60,666	566,971
Intersegment	47,874	43,053	402,364
Total	112,253	103,719	969,336
U.S.A.			
Outside customers	11,970	9,518	88,953
Intersegment	0	0	0
Total	11,971	9,519	88,962
Europe			
Outside customers	15,149	14,694	137,327
Intersegment	9	7	65
Total	15,159	14,701	137,392
Corporate and elimination	(97,903)	(89,426)	(835,757)
Consolidated	¥ 116,356	¥ 105,743	\$ 988,252
Operating Income:			
Japan	¥ 12,901	¥ 8,858	\$ 82,785
Asia	15,226	14,524	135,738
U.S.A.	467	257	2,401
Europe	258	(82)	(766)
Corporate and elimination	268	1,018	9,514
Consolidated	¥ 29,122	¥ 24,576	\$ 229,682
Assets:			
Japan	¥ 68,639	¥ 82,151	\$ 767,766
Asia	100,270	89,334	834,897
U.S.A.	5,348	4,421	41,317
Europe	5,724	5,149	48,121
Corporate and elimination	65,004	48,618	454,373
Consolidated	¥ 244,987	¥ 229,674	\$ 2,146,485

The amount of corporate assets included in "Corporate and elimination" is ¥115,962 million in 2002 and ¥97,606 million (\$912,205 thousand) in 2003, which comprises principally cash, short-term investments and investment securities.

2003 Notes to Consolidated Financial Statements

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES

Overseas Sales

		Yen (millions)		U.S. Dollars (thousands)
		2002	2003	2003
Overseas Sales				
U.S.A.	¥	12,624	¥ 10,183	\$ 95,168
Europe		15,186	14,781	138,140
Asia and Other		76,599	69,150	646,261
Total	¥	104,410	¥ 94,115	\$ 879,579
Net Sales		116,356	105,743	988,252
% of Overseas Sales to Net Sales		89.7%	89.0%	89.0%

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

2003 Independent Auditors' Report

The Board of Directors
Mabuchi Motor Co., Ltd.

We have audited the accompanying consolidated balance sheets of Mabuchi Motor Co., Ltd. and consolidated subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mabuchi Motor Co., Ltd. and consolidated subsidiaries at March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 (a) to the consolidated financial statements.

Shin Nihon & Co.

Shin Nihon & Co.
March 30, 2004

See Note 1 (a) to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of Mabuchi Motor Co., Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

Board of directors

As of March 30, 2004

Chairman

Takaichi Mabuchi

President

Shinji Kamei

Managing Director

Nobuyo Habuchi

Directors

Sun Zuei Che

Seiya Nakanishi

Yasuo Uehara

Shunroku Nishimura

Yoshinori Sugimoto

Statutory Auditors

Kiyoshi Iwakura

Ichiro Ando

Yuzaburo Nagase

Toyokuni Yazaki

Corporate Directory

Consolidated Subsidiaries

As of December 31, 2003

MABUCHI INDUSTRY CO., LTD.

19 Sam Chuk St., San Po Kong

Kowloon, Hong Kong

Tel: 852-2328-5575

Fax: 852-2352-5266

MABUCHI TAIWAN CO., LTD.

6/F No.3 Sec.1 Tun Hwa South Rd.

Taipei, Taiwan

Tel: 886-2-2579-0155

Fax: 886-2-2570-6535

MABUCHI MOTOR TAIWAN LTD.

No.66 Kaifa Rd., N.E.P.Z.

Kaohsiung, Taiwan

Tel: 886-7-362-1111

Fax: 886-7-361-9111

MABUCHI MOTOR DALIAN LTD.

No.41 Harbin Rd., Dalian Economic
and Technical Development Zone

China

Tel: 86-411-8761-1111

Fax: 86-411-8761-2900

MABUCHI MOTOR WAFANGDIAN LTD.

Laohutun Town

Wafangdian City, Liaoning Province

China

Tel: 86-411-8537-0241

Fax: 86-411-8537-0291

MABUCHI MOTOR (JIANGSU) CO., LTD.

No.1 Liuxu Rd.

Wujiang Economic Development Zone

Jiangsu Province, China

Tel: 86-512-6345-1111

Fax: 86-512-6345-0438

MABUCHI MOTOR (MALAYSIA) SDN. BHD.

Plot 15, Kanthan Industrial Estate

31200 Chemor, Perak, Malaysia

Tel: 60-5-201-1888

Fax: 60-5-201-2288

MABUCHI MOTOR VIETNAM LTD.

No.28, Bienhoa Industrial Zone 2

Long Binh Ward, Bienhoa City

Dongnai Province, Vietnam

Tel: 84-61-836711

Fax: 84-61-836712

MABUCHI PRECISION INDUSTRIES

HONG KONG LTD.

19 Sam Chuk St., San Po Kong

Kowloon, Hong Kong

Tel: 852-2328-5575

Fax: 852-2352-1008

DONGGUAN MABUCHI MOTOR

EQUIPMENT CO., LTD.

No.16 Tianbao Road, Dongzong Road

Dongguan City, Guangdong Province

China

Tel: 86-769-2256985

Fax: 86-769-2256984

MABUCHI MOTOR AMERICA CORP.

3001, West Big Beaver Rd., Suite 520

Troy, MI 48084 U.S.A.

Tel: 1-248-816-3100

Fax: 1-248-816-3242

MABUCHI MOTOR (SINGAPORE) PTE. LTD.

111 North Bridge Rd., #12-05

Peninsula Plaza, Singapore 179098

Tel: 65-6339-9991

Fax: 65-6339-9091

MABUCHI MOTOR (EUROPE) GmbH

Hahnstrasse 38, 60528

Frankfurt/Main, F.R.Germany

Tel: 49-69-6690220

Fax: 49-69-66902229

MABUCHI MOTOR (SHANGHAI) CO., LTD.

Room1409, PartC, Orient International Building

No.85 Loushanguan Road, Shanghai 200336

China

Tel: 86-21-6278-7764

Fax: 86-21-6278-7767

Non-Consolidated Subsidiaries

As of December 31, 2003

MABUCHI REAL ESTATE CO., LTD.

TAIWAN MABUCHI (HONG KONG) CO., LTD.

Investor Information

As of March 31, 2004

Corporate Headquarters

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Chiba-ken 270-2280, Japan
Tel: 81-47-384-1111
Fax: 81-47-389-5299
<http://www.mabuchi-motor.co.jp>

Ordinary General Meeting of Shareholders

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

Independent Accountants

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

Transfer Agent of Common Shares Handling Office

UFJ Trust Bank Limited
Corporate Agency Department
10-11, Higashi-suna 7-chome, Koto-ku
Tokyo 137-8081, Japan
Tel: 81-3-5683-5111

Japanese Stock Exchange Listing

Tokyo stock exchange



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