



Makita Corporation

Consolidated Financial Results
for the three months
ended June 30, 2005
(U.S. GAAP Financial Information)

(English translation of "ZAIMU/GYOSEKI NO GAIKYO"
originally issued in the Japanese language)



CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2005

July 26, 2005

Makita Corporation

Stock code: 6586

URL: <http://www.makita.co.jp/>

Masahiko Goto, President

1. Notes to consolidated financial statements for the three months ended June 30, 2005

(1) Adoption of simplified accounting methods: None.

(2) Accounting policy changes from the year ended March 31, 2005: None.

(3) Change in scope of consolidation and equity method: Consolidation (Excluded): 1 Joyama Kaihatsu Ltd.

2. Results of the three months ended June 30, 2005 (From April 1, 2005 to June 30, 2005)

(1) CONSOLIDATED FINANCIAL RESULTS

	Yen (million)					
	For the three months ended June 30, 2004		For the three months ended June 30, 2005		For the year ended March 31, 2005	
	%	%	%	%	%	%
Net sales	46,575	8.5	50,221	7.8	194,737	5.8
Operating income	10,451	245.7	15,861	51.8	31,398	113.6
Income before income taxes.....	10,933	230.5	16,105	47.3	32,618	101.7
Net income	6,847	383.9	15,621	128.1	22,136	187.8
Yen						
Net income per share:						
Basic	47.59		108.65		153.89	
Diluted.....	45.95		-		148.78	

Note: The table above shows the change in the percentage ratio of Net sales, Operating income, Income before income taxes, and Net income against the corresponding period of the previous year.

[Qualitative information on consolidated financial results]

Owing to strong sales of new products in Japan as well as increases in sales in overseas markets, with the exception of Asia outside Japan, net sales were 7.8% higher than for the same quarter of the previous year and amounted to 50,221 million yen.

Profitwise, as a result of special factors, including exemption from a portion of the liabilities of a golf course management subsidiary that has undergone civil rehabilitation and has been sold, operating income rose 51.8% over the same quarter of the previous year, to 15,861 million yen; income before income taxes increased 47.3%, to 16,105 million yen; and net income rose 2.3 times, to 15,621 million yen.



(2) CONSOLIDATED FINANCIAL POSITION

	Yen (million)		
	As of June 30, 2004	As of June 30, 2005	As of March 31, 2005
Total assets	280,500	284,636	289,904
Shareholders' equity	203,796	230,572	219,640
Shareholders' equity ratio to total assets (%).....	72.7%	81.0%	75.8%
		Yen	
Shareholders' equity per share.....	1,416.46	1,603.85	1,527.64

[CONSOLIDATED CASH FLOWS]

	Yen (million)		
	For the three months ended June 30, 2004	For the three months ended June 30, 2005	For the year ended March 31, 2005
Net cash provided by operating activities ...	1,752	2,448	16,842
Net cash provided by (used in) investing activities	(101)	12,514	154
Net cash used in financing activities	(1,916)	(9,917)	(16,177)
Cash and cash equivalents, end of period ...	24,892	30,447	25,384

[Qualitative information on consolidated cash flows]

Total cash and cash equivalents ("cash") at the end of period amounted to 30,447 million yen, up 5,063 million yen from the previous year.

(Net Cash Provided by Operating Activities)

Net cash provided by operating activities amounted to 2,448 million yen for the quarter under review. This reflected net income of 15,621 million yen, the deduction of a gain of 8,479 million yen due to the exemption of liabilities of a golf course management subsidiary that did not result in an increase in cash, and an increase in inventories of 1,921 million yen.

(Net Cash Provided by Investing Activities)

Net cash provided by investing activities amounted to 12,514 million yen for the quarter under review. Although the Company made capital investments of 1,977 million yen, this was more than offset by proceeds from the sale of securities and the transfer of certain time deposits to cash accounts.

(Net Cash Used in Financing Activities)

Net cash used in financing activities was 9,917 million yen, reflecting the reimbursement of a portion of golf course members' deposits in connection with civil rehabilitation of a golf course management subsidiary, the payment of dividends and other factors.

(Ref.)

[Qualitative information about the forecast for the year ending March 31, 2006]

The outlook for performance announced on April 28, 2005, has not been revised.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on Makita's own projections and estimates. The power tools market, where Makita is mainly active, is subject to the effects of rapid shifts in economic conditions, demand for housing, currency exchange rates, changes in competitiveness, and other factors. Due to the risks and uncertainties involved, actual results could differ substantially from the content of these statements. Therefore, these statements should not be interpreted as representation that such objectives will be achieved.



CONDENSED CONSOLIDATED BALANCE SHEETS

	Yen (millions)		
	As of March 31, 2005	As of June 30, 2005	Increase (Decrease)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	25,384	30,447	5,063
Time deposits	7,867	3,950	(3,917)
Marketable securities.....	58,015	49,576	(8,439)
Trade receivables-			
Notes	1,687	1,767	80
Accounts	38,997	36,638	(2,359)
Less- Allowance for doubtful receivables.....	(1,178)	(1,193)	(15)
Inventories.....	66,003	68,237	2,234
Deferred income taxes.....	3,831	6,356	2,525
Prepaid expenses and other current assets	7,286	8,027	741
Total current assets.....	207,892	203,805	(4,087)
PROPERTY, PLANT AND EQUIPMENT, at cost:			
Land.....	17,673	17,550	(123)
Buildings and improvements.....	51,085	51,117	32
Machinery and equipment.....	73,356	72,375	(981)
Construction in progress.....	790	1,487	697
	142,904	142,529	(375)
Less- Accumulated depreciation	(90,080)	(89,185)	895
	52,824	53,344	520
INVESTMENTS AND OTHER ASSETS:			
Investment securities	22,373	20,876	(1,497)
Deferred income taxes.....	390	344	(46)
Other assets	6,425	6,267	(158)
	29,188	27,487	(1,701)
	289,904	284,636	(5,268)



CONDENSED CONSOLIDATED BALANCE SHEETS

	Yen (millions)		
	As of March 31, 2005	As of June 30, 2005	Increase (Decrease)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings	9,060	8,565	(495)
Trade notes and accounts payable	10,574	10,551	(23)
Accrued payroll	7,695	5,834	(1,861)
Club members' deposits	12,836	-	(12,836)
Accrued expenses and other	12,248	12,958	710
Income taxes payable	5,695	3,074	(2,621)
Deferred income taxes	118	133	15
Total current liabilities	58,226	41,115	(17,111)
LONG-TERM LIABILITIES:			
Long-term indebtedness	88	76	(12)
Accrued retirement and termination benefits	5,126	4,968	(158)
Deferred income taxes	4,538	5,494	956
Other liabilities	887	1,023	136
	10,639	11,561	922
MINORITY INTERESTS	1,399	1,388	(11)
SHAREHOLDERS' EQUITY:			
Common stock	23,805	23,805	-
Additional paid-in capital	45,430	45,430	-
Legal reserve and retained earnings	163,171	173,616	10,445
Accumulated other comprehensive loss	(9,249)	(8,728)	521
Treasury stock, at cost	(3,517)	(3,551)	(34)
	219,640	230,572	10,932
	289,904	284,636	(5,268)



CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Yen (millions)							
	For the three months ended June 30, 2004		For the three months ended June 30, 2005		Increase (Decrease)		For the year ended March 31, 2005	
	(Amount)	(%)	(Amount)	(%)	(Amount)	(%)	(Amount)	(%)
NET SALES.....	46,575	100.0	50,221	100.0	3,646	7.8	194,737	100.0
Cost of sales.....	27,672	59.4	29,625	59.0	1,953	7.1	113,323	58.2
GROSS PROFIT	18,903	40.6	20,596	41.0	1,693	9.0	81,414	41.8
Selling, general, administrative and other expenses	8,452	18.2	4,735	9.4	(3,717)	(44.0)	50,016	25.7
OPERATING INCOME.....	10,451	22.4	15,861	31.6	5,410	51.8	31,398	16.1
OTHER INCOME (EXPENSES) :								
Interest and dividend income	329	0.7	317	0.6	(12)	(3.6)	1,157	0.6
Interest expense	(159)	(0.3)	(133)	(0.3)	26	16.4	(588)	(0.3)
Exchange gains (losses) on foreign currency transactions, net	(82)	(0.2)	(154)	(0.3)	(72)	(87.8)	37	0.0
Realized gains on securities, net	208	0.4	189	0.4	(19)	(9.1)	453	0.2
Other, net	186	0.5	25	0.1	(161)	(86.6)	161	0.1
Total.....	482	1.1	244	0.5	(238)	(49.4)	1,220	0.6
INCOME BEFORE INCOME TAXES	10,933	23.5	16,105	32.1	5,172	47.3	32,618	16.7
PROVISION FOR INCOME TAXES:	4,086	8.8	484	1.0	(3,602)	(88.2)	10,482	5.3
NET INCOME	6,847	14.7	15,621	31.1	8,774	128.1	22,136	11.4



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Yen (millions)		
	For the three months ended June 30, 2004	For the three months ended June 30, 2005	For the year ended March 31, 2005
Net cash provided by operating activities	1,752	2,448	16,842
Net cash provided by (used in) investing activities.....	(101)	12,514	154
Net cash used in financing activities	(1,916)	(9,917)	(16,177)
Effect of exchange rate changes on cash and cash equivalents.....	581	18	(11)
Net change in cash and cash equivalents.....	316	5,063	808
Cash and cash equivalents, beginning of period	24,576	25,384	24,576
Cash and cash equivalents, end of period	24,892	30,447	25,384



OPERATING SEGMENT INFORMATION

For the three months ended June 30, 2004

	Yen (millions)						Corporate and elimi- nations	Consoli- dated
	Japan	North America	Europe	Asia	Other	Total		
Sales:								
(1) External customers.....	12,441	8,904	17,833	1,974	5,423	46,575	-	46,575
(2) Intersegment.....	10,242	903	1,303	7,945	55	20,448	(20,448)	-
Total.....	<u>22,683</u>	<u>9,807</u>	<u>19,136</u>	<u>9,919</u>	<u>5,478</u>	<u>67,023</u>	<u>(20,448)</u>	<u>46,575</u>
Operating expenses	15,790	9,472	17,224	8,775	5,056	56,317	(20,193)	36,124
Operating income	6,893	335	1,912	1,144	422	10,706	(255)	10,451

For the three months ended June 30, 2005

	Yen (millions)						Corporate and elimi- nations	Consoli- dated
	Japan	North America	Europe	Asia	Other	Total		
Sales:								
(1) External customers.....	12,329	9,294	20,242	2,173	6,183	50,221	-	50,221
(2) Intersegment.....	10,924	604	1,553	8,527	55	21,663	(21,663)	-
Total.....	<u>23,253</u>	<u>9,898</u>	<u>21,795</u>	<u>10,700</u>	<u>6,238</u>	<u>71,884</u>	<u>(21,663)</u>	<u>50,221</u>
Operating expenses	12,199	9,782	19,083	9,232	5,515	55,811	(21,451)	34,360
Operating income	11,054	116	2,712	1,468	723	16,073	(212)	15,861

For the year ended March 31, 2005

	Yen (millions)						Corporate and elimi- nations	Consoli- dated
	Japan	North America	Europe	Asia	Other	Total		
Sales:								
(1) External customers.....	50,955	38,607	75,864	7,378	21,933	194,737	-	194,737
(2) Intersegment.....	47,786	3,583	5,802	34,937	168	92,276	(92,276)	-
Total.....	<u>98,741</u>	<u>42,190</u>	<u>81,666</u>	<u>42,315</u>	<u>22,101</u>	<u>287,013</u>	<u>(92,276)</u>	<u>194,737</u>
Operating expenses	82,826	40,580	71,541	37,389	21,146	253,482	(90,143)	163,339
Operating income	15,915	1,610	10,125	4,926	955	33,531	(2,133)	31,398

Note: Segment information is determined by the location of the Company and its relevant subsidiaries.



SUPPORT DOCUMENTATION (CONSOLIDATION)

1. Consolidated results and forecast

	Yen (millions)			
	For the three months ended June 30, 2004 (Results)		For the three months ended June 30, 2005 (Results)	
	(Amount)	(%)	(Amount)	(%)
Net sales	46,575	8.5	50,221	7.8
Domestic.....	8,896	(1.8)	9,399	5.7
Overseas	37,679	11.3	40,822	8.3
Operating income.....	10,451	245.7	15,861	51.8
Income before income taxes.....	10,933	230.5	16,105	47.3
Net income	6,847	383.9	15,621	128.1
Net income per share (Yen).....	47.59		108.65	
Employees.....	8,499		8,427	

	Yen (millions)					
	For the year ended March 31, 2005 (Results)		For the six months ending September 30, 2005 (Forecast)		For the year ending March 31, 2006 (Forecast)	
	(Amount)	(%)	(Amount)	(%)	(Amount)	(%)
Net sales	194,737	5.8	99,300	1.9	198,500	1.9
Domestic.....	39,379	0.6	19,300	1.4	39,000	(1.0)
Overseas	155,358	7.2	80,000	2.0	159,500	2.7
Operating income.....	31,398	113.6	23,000	18.2	36,000	14.7
Income before income taxes.....	32,618	101.7	23,500	16.1	37,000	13.4
Net income	22,136	187.8	21,500	66.0	30,000	35.5
Net income per share (Yen).....	153.89		149.54		208.66	
Employees.....	8,560		-		-	

Note: The table above shows the change in the percentage ratio of Net sales, Operating income, Income before income taxes, and Net income against the corresponding period of the previous year.



2. Consolidated net sales by geographic area

	Yen (millions)					
	For the three months ended June 30, 2004 (Results)		For the three months ended June 30, 2005 (Results)		For the year ended March 31, 2005 (Results)	
	(Amount)	(%)	(Amount)	(%)	(Amount)	(%)
Japan	8,896	(1.8)	9,399	5.7	39,379	0.6
North America.....	8,937	(8.1)	9,184	2.8	38,490	(8.0)
Europe	17,676	15.2	20,098	13.7	75,263	13.4
Asia	4,883	33.5	4,348	(11.0)	16,341	14.7
Other regions.....	6,183	20.4	7,192	16.3	25,264	12.2
Total	46,575	8.5	50,221	7.8	194,737	5.8

Note: The table above sets forth Makita's consolidated net sales by geographic area based on customers location for the periods presented.

3. Exchange rates

	Yen			
	For the three months ended June 30, 2004 (Results)	For the three months ended June 30, 2005 (Results)	For the year ended March 31, 2005 (Results)	For the year ending March 31, 2006 (Forecast)
Yen/U.S. Dollar	109.63	107.73	107.55	105
Yen/Euro	132.15	135.47	135.17	135

4. Sales growth in local currency basis (major countries)

	For the three months ended June 30, 2005 (Results)
U.S.A.....	4.5%
Germany.....	4.4%
U.K.....	10.2%
France.....	22.4%
China.....	0.3%
Australia.....	2.3%

5. Production ratio (unit basis)

	For the three months ended June 30, 2004 (Results)	For the three months ended June 30, 2005 (Results)	For the year ended March 31, 2005 (Results)
Domestic	31.5%	28.6%	28.4%
Overseas	68.5%	71.4%	71.6%



6. Consolidated capital expenditures, depreciation and amortization, and R&D cost

	Yen (millions)			
	For the three months ended June 30, 2004 (Results)	For the three months ended June 30, 2005 (Results)	For the year ended March 31, 2005 (Results)	For the year ending March 31, 2006 (Forecast)
Capital expenditures.....	1,035	1,977	6,655	11,000
Depreciation and amortization ...	1,321	1,260	5,381	5,400
R&D cost	1,031	1,096	4,085	4,200

7. Consolidated cash flow

	Yen (millions)		
	For the three months ended June 30, 2004 (Results)	For the three months ended June 30, 2005 (Results)	For the year ended March 31, 2005 (Results)
Net cash provided by operating activities	1,752	2,448	16,842
Net cash provided by (used in) investing activities.....	(101)	12,514	154
Net cash used in financing activities	(1,916)	(9,917)	(16,177)