



# FIRST HALF 2007

(Six months ended September 30, 2006)

## RESULTS

Masahiko Goto  
President  
Makita Corporation

November 7, 2006  
January 30, 2007 revised(P14)

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## 1H 2007 Results

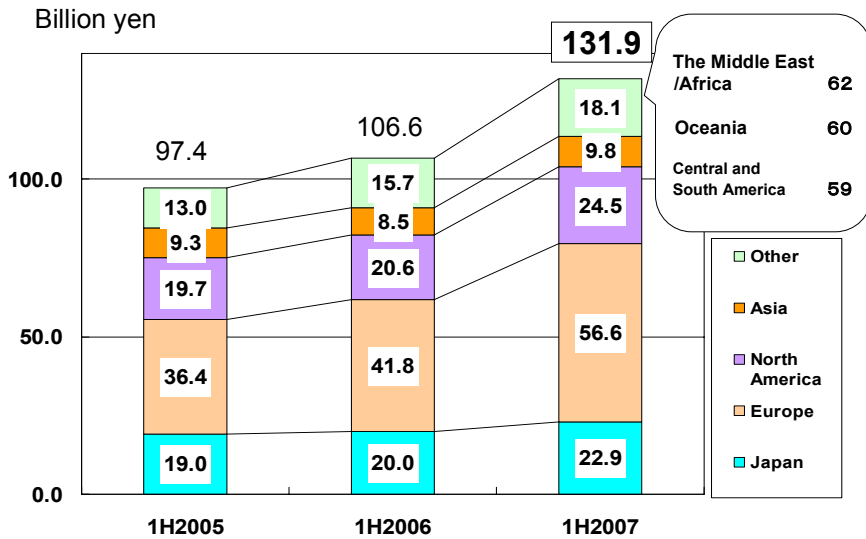


		% Change
<b>Net sales</b>	<b>¥131.9billion</b>	<b>+23.7%</b>
	(A record high in Makita's history)	
Domestic	¥22.9billion	+14.5%
Overseas	¥109.0billion	+25.8%
	(A record high in Makita's history)	

Overseas sales ratio:82.6% (1H 2006:81.2%)

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# Sales by Geographic Area



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# Exchange Rate Trends



	2005/9	2006/9	
US\$	¥109.52	¥115.38	+5.4%
EURO	¥135.61	¥146.01	+7.7%

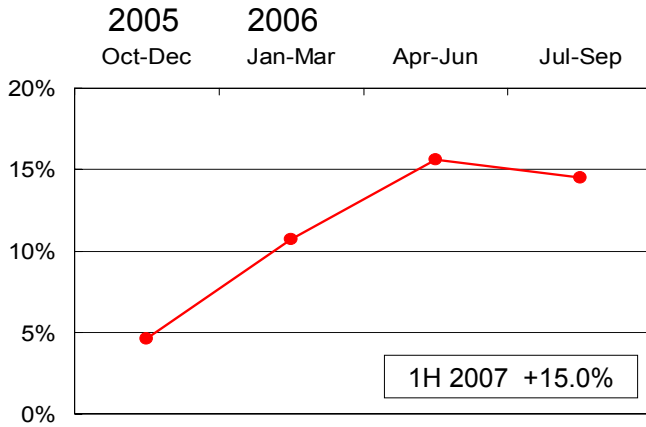
Weighted average change for all foreign currency:  
 6.6% depreciated in the value of the yen  
 Effect on net sales: increase of ¥6.8 billion

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# Sales Growth (Local Currency Basis)



## Japan (Non-consolidated)



Pen-Impact Driver

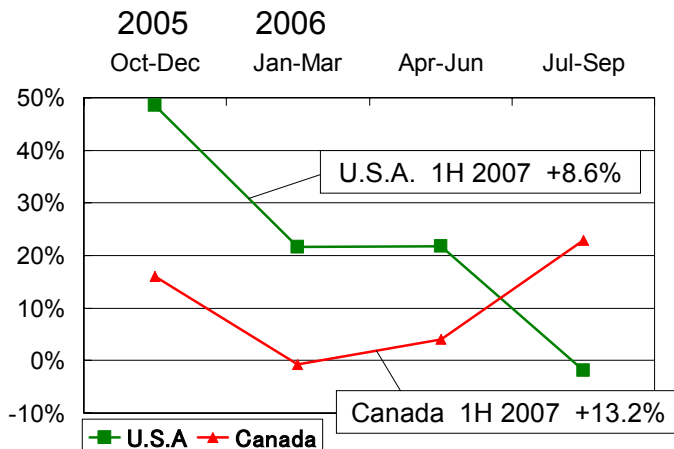


Finish Nailer

# Sales Growth (Local Currency Basis)



## North America



Circular Saw

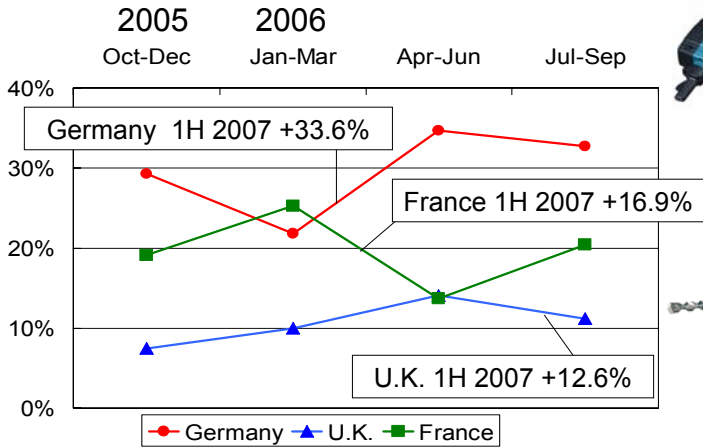


Combo Kit

# Sales Growth (Local Currency Basis)



## Germany/U.K./France



Electric Breaker

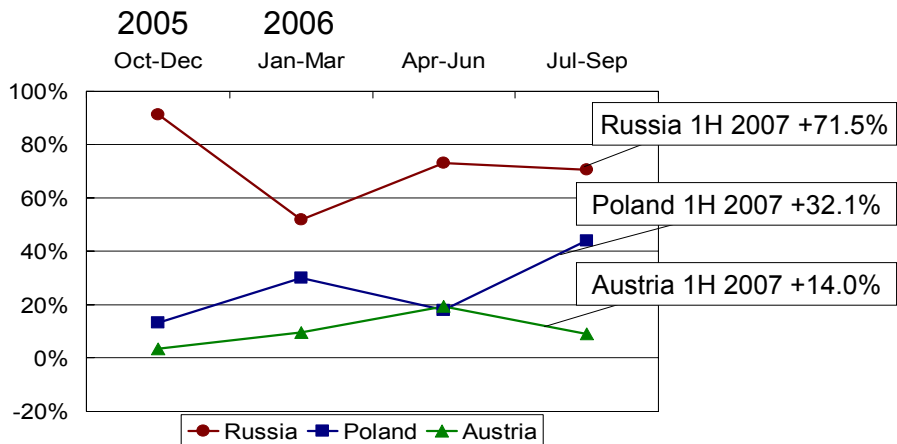


Rotary Hammer

# Sales Growth (Local Currency Basis)



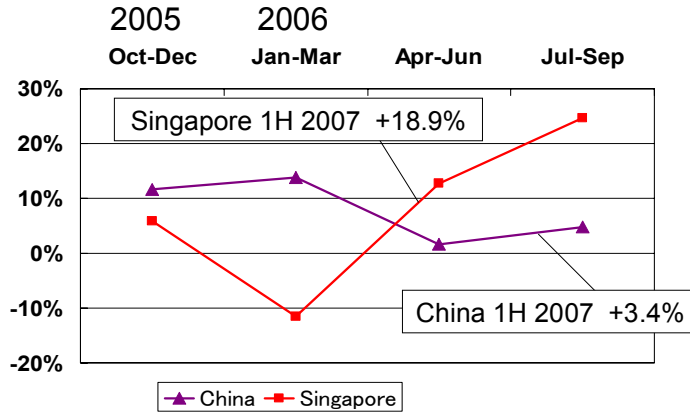
## Eastern Europe/Russia



# Sales Growth (Local Currency Basis)



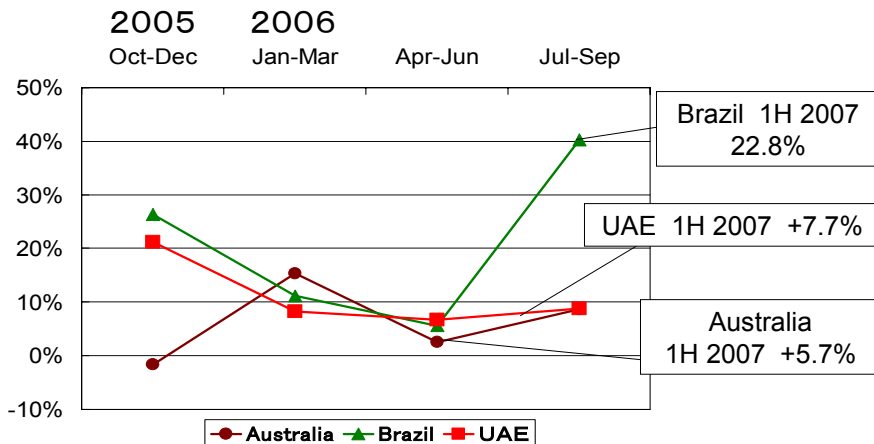
## China/Singapore



# Sales Growth (Local Currency Basis)



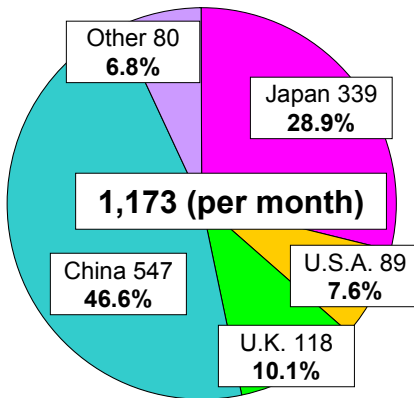
## Other regions



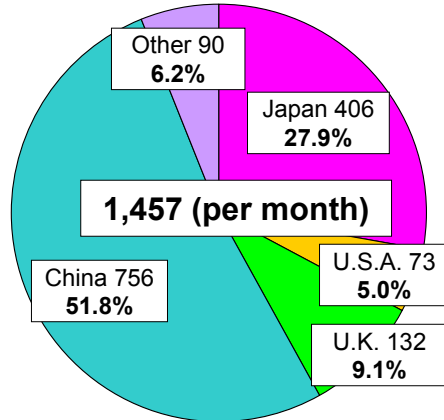
# Production by Country (Unit Basis)



1H 2006  
Total 7,038 thousand units



1H 2007  
Total 8,743 thousand units



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# 1H 2007 Results



**Net Sales ¥131.9billion**

Cost of Sales ¥77.3billion  
 Cost of Sales Ratio **58.6%**  
**+0.9 pt**

SG&A expenses ¥33.2billion **+¥14.0billion**  
 Change  
 (Excluding previous year's special factors : +¥5.5 billion)

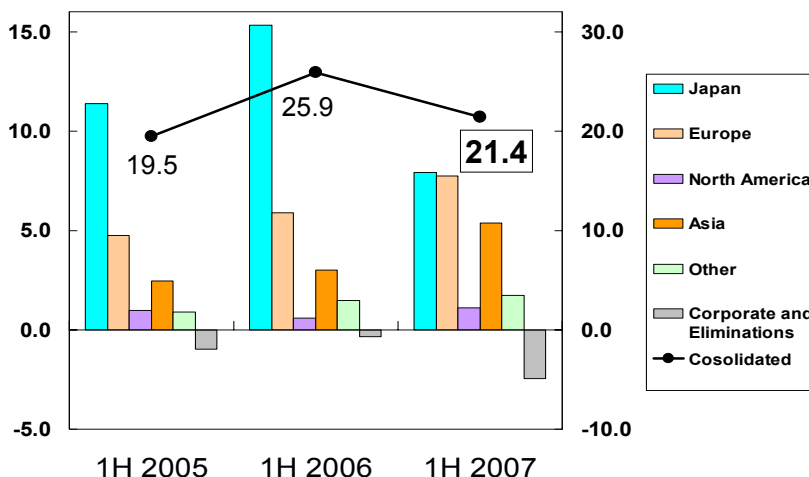
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# Operating Income

(By Geographic Segment Basis)

Billion yen



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# 1H 2007 Results



	1H 2006	1H 2007	% Change
Net Sales	¥106.6billion	¥131.9billion	+23.7%
Operating Income	¥25.9billion	¥21.4billion	-17.4%
Operating Income Ratio	24.3%	16.2%	
Excluding special factors:			
Operating Income	¥17.4 billion	¥21.4billion	+23.0%
Operating Income Ratio	16.3%	16.2%	
Income before			
Income Taxes	¥26.5billion	¥21.8billion	-17.8%
Net Income	¥25.8billion	¥15.4billion	-40.4%
EPS	¥179.52	¥107.09	
Excluding special factors:			
Net Income	¥13.9billion	¥15.4billion	+10.8%
EPS	¥105	¥107	

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# Major Balance Sheet Items



(vs 2006/3)

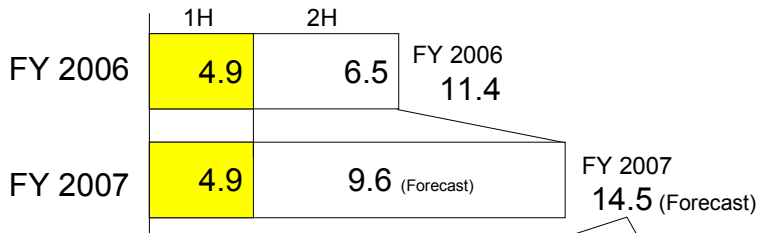
**Inventories** **+¥8.9billion**

- Calculated excluding currency factors, the change would have been +¥6.4 billion.
- Inventories have increased in European and South American regions to meet sales demands.

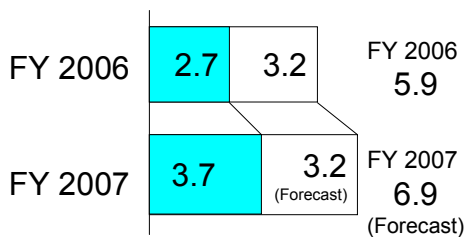
{	Short-term time deposits	+¥3.1billion
	Marketable securities	+¥4.9billion

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# Capital expenditures (Billion yen)



# Depreciation (Billion yen)



Composition:

Parent company: ¥8.5billion  
 Earthquake proofing :  
 Approximately ¥3.4billion

Subsidiaries: ¥6.0billion  
 China Plant: Approximately ¥2.4billion  
 Romania Plant: Approximately ¥1.3billion

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# FY 2007 Forecast



		% Change
<b>Net Sales</b>	<b>¥260.0billion</b>	<b>+13.5%</b>
Domestic	¥46.5billion	+11.8%
Overseas	¥213.5billion	+13.9%

**Exchange rate:**

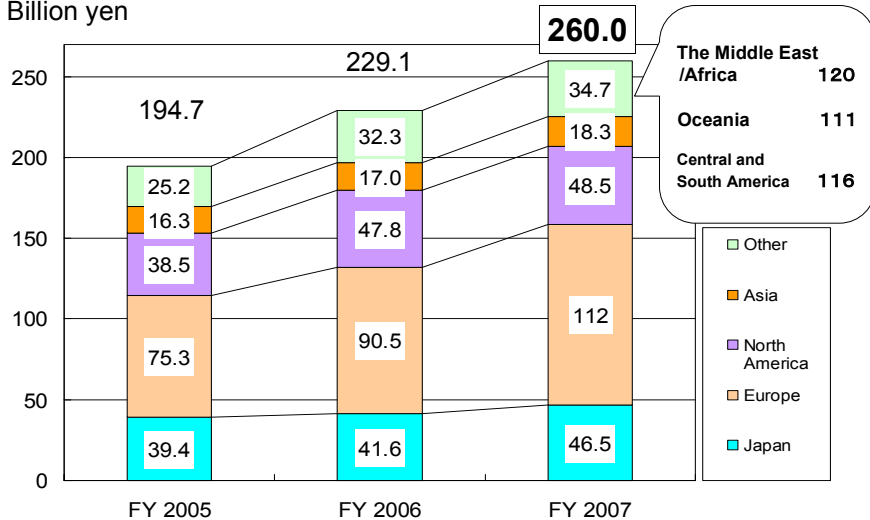
(2H 2007 assumption)    ¥115 to US\$ 1 and ¥146 to 1 EURO  
 (FY 2007 assumption)    ¥115 to US\$ 1 and ¥146 to 1 EURO

# FY2007 Forecast

(Sales by Geographic Area)



Billion yen



## FY 2007 Forecast



	FY 2006	FY 2007	% Change
<b>Net Sales</b>	¥229.1billion	¥260.0billion	+13.5%
<b>Operating Income</b>	¥45.8billion	¥41.0billion	-10.4%
<b>Operating Income Ratio</b>	20.0%	15.8%	
<b>Special factors to be included</b>			
<b>in Operating Income</b>	+¥8.5 billion	—	-¥8.5 billion
<small>(Liquidation of golf course management subsidiary)</small>			
<b>Excluding special factors:</b>			
<b>Operating Income</b>	¥37.3billion	¥41.0billion	+9.9%
<b>Operating Income Ratio</b>	16.3%	15.8%	

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## FY 2007 Forecast



	FY 2006	FY 2007	% Change
<b>Net Sales</b>	¥229.1billion	¥260.0billion	+13.5%
<b>Operating Income</b>	¥45.8billion	¥41.0billion	-10.4%
<b>Income before Income Taxes</b>	¥49.1billion	¥42.0billion	-14.5%
<b>Net Income</b>	¥40.4billion	¥29.0billion	-28.2%
<b>EPS</b>	¥281.15	¥201.80	-28.2%
<b>Special factors after tax</b>			
	+¥13.4billion	—	-¥13.4billion
<small>(Liquidation of golf course management subsidiary)</small>			
<small>(Gain on the evaluation of shares of UFJ Holding that Makita owns)</small>			
<b>Excluding special factors:</b>			
<b>Net Income</b>	¥27.0billion	¥29.0billion	+7.5%
<b>EPS</b>	¥188	¥202	+7.5%

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## Cash Dividends



	FY2006	FY2007
<b>Net income after adjustments</b>	¥27.0billion	¥29.0billion <sub>(forecast)</sub>
<b>EPS after adjustments</b>	¥188	¥202
<b>Annual cash dividend</b>	¥57	※
<b>Dividend propensity after adjustments</b>	30.4%	More than 30%

	FY2006	FY2007
<b>Ordinary dividend(Stability)</b>	¥18	¥18
<b>Special dividend</b>	¥39	※
( Includes an interim dividend (already paid) of and a year-end dividend (proposed) of                 )	¥19	¥19
	¥38	※

※Dividend payout ratio: 30% or over

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### 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.

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## Notice of amendments to certain portions of the materials

Makita Corporation has reviewed the figures in its original announcement regarding the factors affecting changes in the consolidated operating income for 1st half 2007. As a result, effective January 30, 2007, we have made the following partial revisions to the results previously announced herein on November 7, 2006.

**Makita Corporation**

supplement-1



### 【Amended section】 Variance Analysis (P14)

#### 【Reason of Amendment】

★ **Cost Reduction +4.9 (original +6.2) (Billion yen)**

Factors affecting cost reductions include a lowering of costs in areas affected by exchange rates, including improved productivity at overseas plants, the shift of production to China, and a reassessment of suppliers. When analyzing the variables behind changes in operating income, it is necessary to break out the effects of exchange rates; certain inaccuracies were found in the categorization of such items, as noted below, and the amendments herein are intended to address those inaccuracies.

★ **Exchange rate +1.9 (original +0.6)**

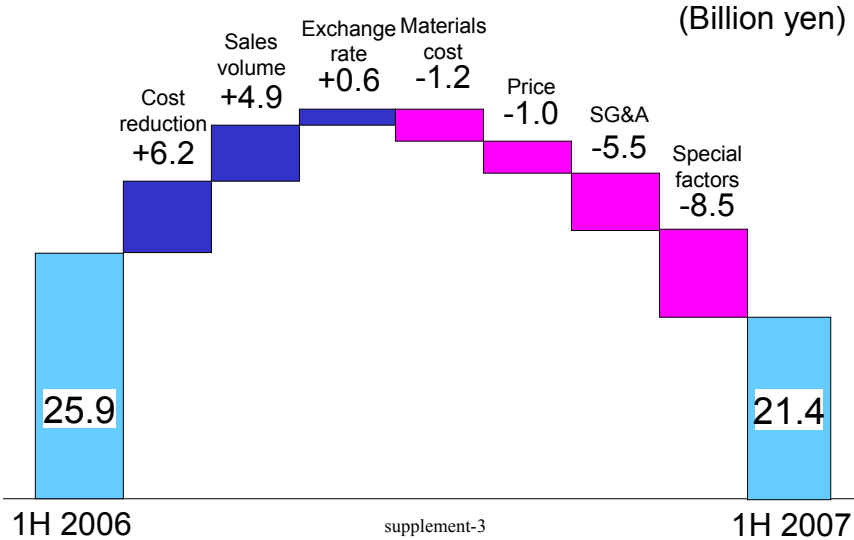
Amounts affected by certain currencies, which were originally assumed to be influenced by their link to the U.S. dollar, were calculated using a concise method. Upon review, however, it was found that the amount affected by foreign exchange rates, which at the time the financial statements for 1st half 2007 were released was +600 million yen, should actually have been +1.9 billion yen. This amendment reflects that correction.

\* Breakdown of the 1.9 billion yen amount: Euro = approximately 1.7 billion yen, U.S. Dollars (including the Chinese RMB and Hong Kong Dollar) = approximately  $\Delta$ 600 million yen, other currencies = approximately 800 million yen (including the Canadian Dollar, Brazilian Real, English Pound, Australian Dollar, and others).

supplement-2

Original

# Variance Analysis (Operating Income)



Revision

# Variance Analysis (Operating Income)

\*2007.1.30 revised

