Makita

Reliable Power Tools

Makita Corporation Annual Report 2002 Fiscal Year Ended March 31, 2002

A World Leader in Electric Power Tools

Established in 1915, Makita Corporation has grown to become Japan's top manufacturer of portable electric power tools as well as a leader in global markets. Headquartered in Anjo, near Nagoya, Makita designs, manufactures, and markets an extensive lineup of power tools. Makita's principal products include circular saws, jig saws, planers, drills, hammers, grinders, and sanders. To meet an even wider range of customer needs, Makita also markets stationary woodworking machines and pneumatic tools as well as garden tools. The unsurpassed quality and reliability of these power tools and other products have earned Makita products the trust of customers in markets around the world.

Backed by a strong domestic network that includes production plants in Okazaki and Ichinomiya and more than 100 sales offices, Makita carries out its global activities through 37 overseas subsidiaries. As it strives to become a truly global supplier of a comprehensive array of power tools and other related products, and in line with its policy of manufacturing products close to its customers, Makita manufactures power tools and other products at facilities in Brazil, Canada, China, Germany, the United Kingdom, and the United States.

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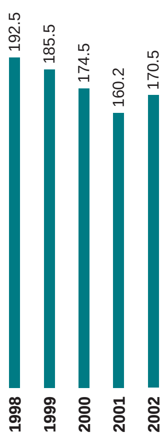
Financial Highlights

Makita Corporation and Consolidated Subsidiaries
Years ended March 31, 2000, 2001 and 2002

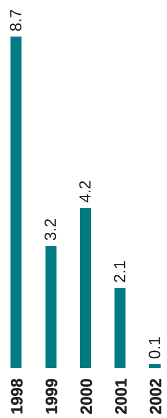
	Yen (millions) 2000	2001	2002	U.S. Dollars (thousands) 2002
Net sales	¥174,548	¥160,180	**¥170,529**	**$1,282,173**
Operating income	10,906	9,785	**6,954**	**52,286**
Income before income taxes	8,521	6,644	**3,403**	**25,586**
Net income	4,187	2,133	**133**	**1,000**
Working capital	143,049	142,700	**144,929**	**1,089,692**
Shareholders' equity	197,834	192,547	**189,939**	**1,428,113**
Total assets	288,847	293,995	**285,138**	**2,143,895**
			Yen	U.S. Dollars
Per share data:				
Net income	¥26.2	¥13.6	**¥ 0.9**	**$0.01**
Diluted net income	25.9	13.6	**0.9**	**0.01**
Cash dividends applicable to the year	19.0	18.0	**18.0**	**0.14**

Notes: (1) The U.S. dollar amounts above and elsewhere in this report represent translations, for the convenience of the reader, at the rate of ¥133 to US$1.
(2) Cash dividends per share applicable to fiscal 2000 include a special commemorative dividend of ¥1 per share.
(3) Refer to Note 12 of the Notes to Consolidated Financial Statements for the computation of per share data.

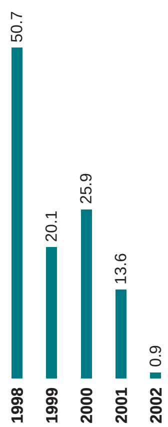
Net Sales
(¥ billions)



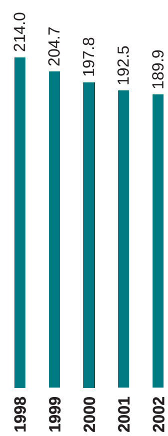
Net Income
(¥ billions)



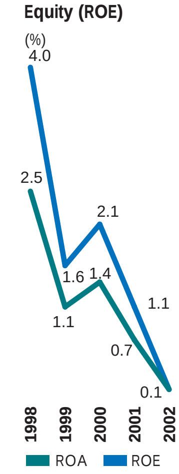
Diluted Net Income per Share
(¥)



Shareholders' Equity
(¥ billions)



Return on Total Assets (ROA) and Return on Shareholders' Equity (ROE)



An Interview with the President

Masahiko Goto, President and Representative Director

Could you describe Makita's business performance in fiscal 2002, ended March 31, 2002?

Makita was able to increase its consolidated net sales 6.5%, to ¥170,529 million ($1,282,173 thousand), despite the overall harshness of conditions in the global power tool market. This harshness reflected slack demand for power tools due to the weakness of construction markets in Japan, Germany, and other countries as well as the sharp deterioration in U.S. economic conditions following the terrorist incidents of September 11. Makita's net sales were down 5.6% in Japan. However, our local currency-denominated net sales in North America edged up slightly and we achieved single-digit growth in local currency-denominated net sales in Europe. An additional factor that affected performance during the year was the depreciation of the yen.

In light of the severe conditions in power tool markets, what is Makita's corporate vision?

As a "global supplier of a comprehensive range of power tools that assist people in creating homes and living environments," Makita is aiming to consolidate its position as a leader in the global power tool industry. To do this, we are emphasizing such strategic management concepts as giving top priority to customer satisfaction, proactively striving to work in harmony with society, and fostering a flexibly dynamic corporate culture that makes the most of each individual employee's potential. Our principal power tool products are indispensable means of improving people's living environments. While generating solid profitability through our contributions to power tool markets, we are striving to live up to our responsibility to promote our sustained corporate development and meet the needs of our shareholders and customers as well as regional societies.

During fiscal 2003, what kinds of strategies is Makita going to implement in line with its vision? And what kinds of results do you expect from those strategies?

Our first task is to restore the profitability of our North American operations. As you can see in the operating segment information section (page 44) of this annual report, we are unfortunately not generating a profit in North America. The fundamental reason for this is the deterioration of our brand-name power there, although this has nothing to do with the quality of our products. We believe the brand name's image problem stems from an excessive marketing emphasis on expanding sales, which led us to temporarily place insufficient emphasis on ensuring customer satisfaction. In fiscal 2001, we began strengthening our marketing directed at exclusive distributors and hardware stores that cater to professional craftspeople, and we have subsequently continued to emphasize this goal. Gary Morikawa, president of Makita U.S.A. Inc., will explain the details of our strategies in North America (page 6); I, however, will point out here that we do not expect immediate results but are intending to work unflaggingly to foster our premium brand-name image. We have already established the systems that we believe are capable of restoring the profitability of our North American operations.

The second task is reducing manufacturing costs. China-based companies have utilized their low-cost manufacturing capabilities to bring about a gradual rise in customers' price consciousness, although this trend has manifested itself somewhat differently in the various regions of the world. We are implementing various measures to equip ourselves with low-cost manufacturing systems. For example, we are increasing the speed of our systems by standardizing manufacturing processes, and we are taking new approaches with regard to the procurement of materials and components. The share of our output that is manufactured in China rose from 24% in fiscal 2001 to 28% in fiscal 2002. These steps supported improvement in the Company's overseas gross profit ratio during fiscal 2002.

How is Makita responding to the rapidly expanding presence of China-based power tool manufacturers?

If you look at the power tool market as a whole, then the Chinese companies are certainly expanding their presence. On the other hand, Makita is targeting the professional power tool user market segment, which demands high-performance products of top quality. Targeting professional users also requires a different type of marketing network along with superior after-sales service capabilities. In view of these factors, I am confident we can maintain a competitive edge over the Chinese companies for some time. The Asian region has still not been able to regain its economic dynamism, however, and it is true that it is increasingly difficult for Makita to maintain its competitiveness

vis-à-vis Chinese companies in that region. To respond to this situation, we developed a new line of products marketed under the "Maktec" brand name. These products offer the high quality that users expect from Makita but we have been able to manufacture them at a relatively low cost at our factories in China. There are three products in the initial Maktec line, and we began marketing these products exclusively in Asian markets in spring 2002.

Chinese power tool companies are certainly threatening the market positions of many established power tool companies throughout the world. This reflects the progress China has made regarding a wide range of technologies, including those for manufacturing components. Makita is also utilizing China's manufacturing power and developing its operations in China in harmony with local industries. We believe we are well positioned to do this, having begun manufacturing in China from an early date. Makita (China) Co., Ltd., was established in 1993, while our second subsidiary in China, Makita (Kunshan) Co., Ltd., just began manufacturing in June 2002 and is steadily expanding its operations.

Are there any other noteworthy aspects of your current and future management strategies?

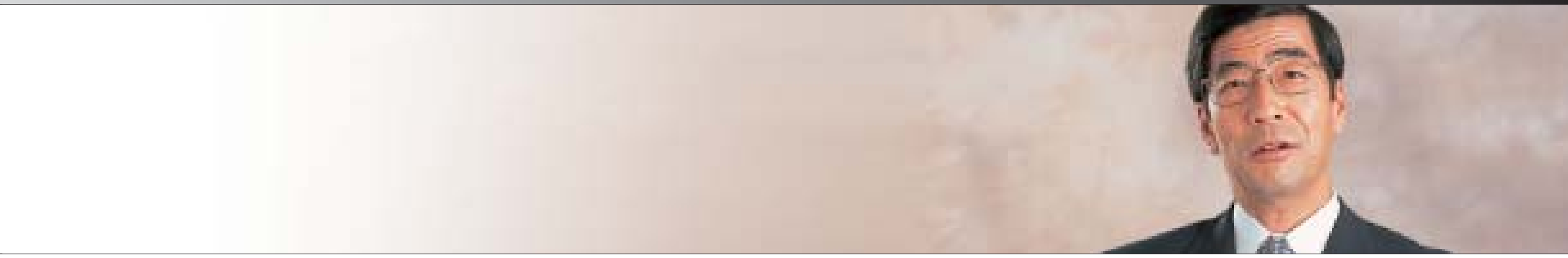
We do not plan to deviate from our traditional, fundamental strategy of emphasizing the professional power tool user market. We do, however, intend to strengthen our capabilities in peripheral fields, such as the marketing of accessories. In addition, to broaden our product lines and thereby better meet the needs of a greater number of users, we believe that it has now become necessary to augment our handling products procured from other companies on an original equipment manufacturing (OEM) basis.

To dynamically implement these new strategies, we established two new domestic units in April 2002—the Accessory Marketing Division and the OEM Marketing Division. Both of these units are making optimal use of Makita's brand-name power to establish strong positions in their respective markets.

What is your projection of future trends in the world's power tool markets?

We do not anticipate large growth in such established markets as those of North America, Western Europe, and Japan. However, we are not pessimistic about those markets. For example, we believe we are in a position to further increase our share of the professional-user market in North America, while the slowdown in Japanese housing construction may well elicit greater demand related to refurbishment and remodeling. It is also worth noting that our success in augmenting sales in Eastern Europe compensated for declines in Germany and other Western European countries so that we were able to increase our overall sales in Europe during fiscal 2002.

The majority of the world's population resides in such regions with immature power tool markets as Asia and Latin America and we believe there is considerable latent demand for our products there. Makita has had bases in those regions for some time, and we are further reinforcing our systems there in preparation for responding promptly to signs of growth in local markets. We are eagerly looking forward to expanding our business in those regions.



What are Makita's R&D strategies?

The principal basis for our sustained competitiveness is the wide range of technological capabilities that enable us to provide products with superior performance and quality. Accordingly, we consider the maintenance and strengthening of our R&D systems and the innovative use of those systems in line with user needs to be the keys to sustaining our dynamic corporate development.

In Japan, for example, we have noted that the average age of professional power tool users is rising, and those users must often work in cramped and dark conditions. We have responded by marketing such products as a cordless impact driver with integral LED illumination and a miter saw with integral fluorescent illumination. In fiscal 2002, the Makita Group launched more than 30 new products. While the majority of those products was developed in Japan, we proactively use our marketing and service networks to solicit information on user needs throughout the world, and responding to the feedback is a high priority within product development programs. Makita places strong emphasis on product development based on information from a global network of local marketing and service networks that are highly familiar with needs in their respective regions.

Regarding corporate governance, what is Makita doing to maximize its corporate value?

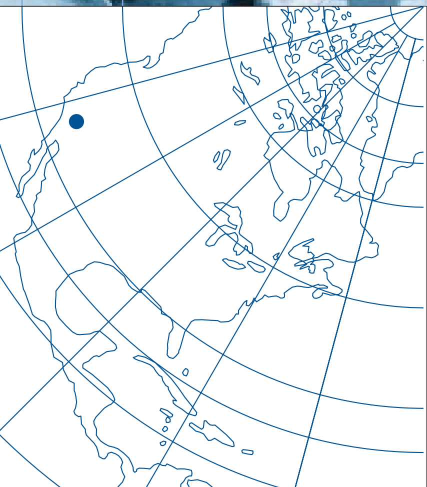
Makita's medium-term plan calls for implementing a variety of management reforms in line with the Company's emphasis on giving top priority to customer satisfaction, proactively striving to work in harmony with society, and fostering a flexibly dynamic corporate culture that makes the most of each individual employee's potentials. The plan seeks to promote the dynamic development of the Company's global operations while improving profitability and management efficiency so that the Makita Group can maximize its corporate value. We are actively utilizing IR programs and are taking other measures to create a solid framework for highly transparent management processes. Naturally, we are also sustaining our programs aimed at making special contributions to environmental protection and society at large.

Makita intends to continue doing what is needed to maintain sound corporate development and maximize its corporate value in line with the expectations of its shareholders and society. I would like to thank the Company's shareholders and other associates for their support in the past and request their continued understanding and cooperation in the future.

July 2002

Masahiko Goto
President and Representative Director

Makita U.S.A. Inc.



Gary Morikawa
President
Makita U.S.A. Inc.

The business environment in the Americas was extremely difficult during fiscal 2002, ended March 31, 2002. U.S. economic conditions were sluggish from the start of the year and general anticipation of a recession subsequently increased.

Following the terrorist incidents of September 11, the trend of implementing large-scale layoffs spread to airlines and other companies outside the IT industry, and concerns regarding the employment environment exacerbated the weakness of personal consumption. In 2001, however, the government proactively implemented various economic countermeasures, and the official discount rate was reduced 11 times. The resulting firmness in housing starts helped restrain a decline in demand for reliable power tools from professional users, who are the principal customers of our U.S. sales subsidiary Makita U.S.A. Inc. (MA).

Makita Corporation of America

Makita do Brasil Ferramentas Elétricas Ltda.

Having established a training and educational center at the Georgia plant of Makita Corporation of America (MCA) all the sales and marketing staff of MA attended courses there during fiscal 2001, ended March 31, 2001, to upgrade and refresh their product-related knowledge. During fiscal 2002, the programs of this facility were opened up to the sales staff of all the Company's customers in the United States. These sales staff were given training courses as well as plant tours, with the objective of emphasizing the superior quality of Makita products.

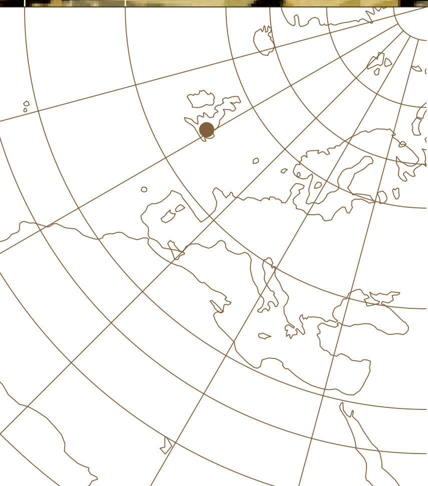
To improve the efficiency of shipments to such retail national account (RNA) customers as major home improvement centers and mass merchandisers, a 200,000-square-foot shipping center focused exclusively on the needs of RNA customers was constructed at MCA's plant. At the same time, measures were taken at the warehouses of MA's seven branches throughout the United States to improve shipping services for industrial and commercial customers who distribute Makita products to professional users.

To further augment the appeal of Makita products to professional power tool users, product specialists (PSs) have been assigned to visit professional power tool users and develop additional demand by explaining and demonstrating the performance of newly developed products. The first PSs began working in fiscal 2001 and their operations were supplemented by the creation of strike forces based on the West and East coasts. Such activities made a large contribution to boosting demand for Makita products during fiscal 2002.

Reflecting Makita's use of leading-edge technologies to develop large numbers of innovative products, the high quality of service and support available from MA's seven branches, the additional demand stimulated by the PSs and strike forces, such organizations as Sphere One, I-Mark, and IBC have agreed to give Makita preferred vendor status. These organizations introduce Makita to their members as a preferred vendor and otherwise supply marketing support.

Despite continuing concerns regarding the war on terrorism, the United States and its markets have maintained their confidence and optimism, as reflected by the country's continued ability to dynamically absorb large numbers of immigrants. In view of this, Makita anticipates that the U.S. power tool market will see sustained growth. Because leading home improvement center chains are steadily strengthening their market shares and can be expected to continue expanding their operations, Makita intends to augment its business with home improvement centers. However, the Company also believes it must quickly bolster its position in the industrial and commercial customer market. To reinvigorate its leading image, Makita will use its newly developed products to spotlight and reconfirm the superior quality of all its products.

Makita International Europe Ltd.



Yasuhiko Kanzaki
President
Makita International Europe Ltd.

We face almost 40 competitors in Germany alone, and the total number of competitors becomes considerable when other Western, central, and Eastern European countries as well as Russia are included. However, we have created a strong regional network of 18 marketing bases and two manufacturing facilities that work together effectively to satisfy the rigorous requirements of professional power tool users. The European market appears to be traditional and stable regarding power tool users but is rapidly undergoing major changes with respect to distribution modes. While responding to the recent unification of EU markets, currencies, and regulations, we still have to overcome the distinctive challenges of disparate user needs and market trends in each EU member country. Accordingly, it is not easy to summarize our responses in each market. For some time, local power tool makers have been struggling due to competition from a large inflow of low-priced products from China. This has had a minimal effect on Makita's performance, however, because of our strong emphasis on strategies that address the needs of the professional users market.

Makita Manufacturing Europe Ltd. (U.K.)

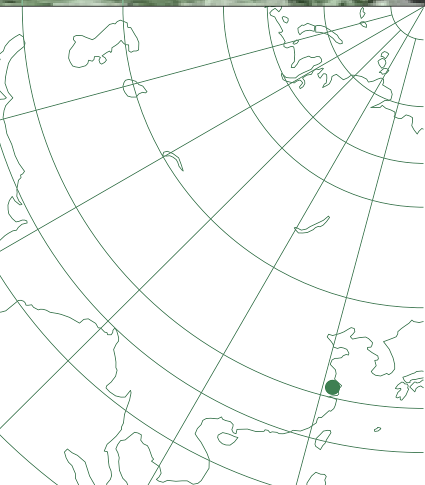
Dolmar GmbH (Germany)

By promoting the increased use of electronic data interchange systems, we have been able to share and make use of various types of technical data at a greater number of Group units. To make better use of its strengths in each regional market while reducing expenses, the Group is working to consolidate certain work processes. These and other initiatives have enabled Makita to increase its consolidated sales in Europe.

In view of the dramatic changes seen in its operating environment, Makita International Europe Ltd. (MIE) is striving to maintain a streamlined and flexible organizational structure that will enable it to respond promptly to such changes. Working to ensure that the Makita Group will expeditiously take advantage of opportunities stemming from advances in distribution methods and information technologies, MIE is placing great emphasis on promoting greater awareness of value-chain management strategies and greater information sharing among Group units. MIE is also planning to augment the lines of products distributed through the Company's own strong marketing routes. While seeking to rationalize administrative operations in Europe, MIE is proceeding carefully with centralization measures in view of continued differences among the laws and regulations of each country as well as EU laws and regulations. Moreover, MIE is retaining systems for the semi-autonomous management of marketing operations in Europe's various regional markets so that the Company can respond to the distinctive characteristics of each market.

During the fiscal year under review, for example, the power tool market in Western Europe, centered on the German market, shrank due to sluggish construction demand, but the power tool markets of Eastern Europe and Russia expanded. By making good use of its superior network of marketing and service bases, Makita was able to sustain its sales in the Western European market at roughly the same level as in the previous year and increase its net sales in the Eastern European market at a double-digit rate. With its wide range of products, Makita is better positioned than competing companies to meet the special needs of individual European regions, such as the demand for environment-friendly products in northern Europe and large-model power hammers in Eastern Europe.

Makita (China) Co., Ltd.



Toshihito Yamazoe
President
Makita (China) Co., Ltd.

Makita (China) Co., Ltd.

Based in Kunshan, which is 60 kilometers northwest of Shanghai, Makita (China) Co., Ltd. (MCC), has expanded steadily since its establishment in 1993. It is currently the Makita Group's largest overseas manufacturing base. In fiscal 2001, MCC was ranked in the top 300 among all foreign-affiliated companies in China in terms of net sales. By making good use of the abundance of highly diligent and resourceful workers in China together with the Makita Group's corporate policies and superior technologies, MCC has become a prominent example of a highly successful manufacturing operation in China by a foreign-affiliated company.

MCC recorded a decline in exports to the United States in the first half of 2002 but was able to improve its performance during the latter half of the year. Reflecting a shift of manufacturing responsibilities from the United States to China, total production volume was maintained at 2.5 million units. During the fourth quarter of the year, manufacturing start-ups for a new rotary hammer series as well as the initial models of the new "Maktec" product line for Asian markets outside Japan led to growth in orders.

Established in November 2000, Makita (Kunshan) Co., Ltd. (MKC), specializes in the assembly of products for export. Construction of MKC's first plant was begun in July 2001 and completed in March 2002. MKC will enable MCC to progressively tighten its focus on component processing. After shifting its component assembly lines to MKC, MCC will increase its component processing capacity so that it can become a principal source of components for other Makita Group factories overseas, thereby providing a solid basis for increasing the Group's overall cost competitiveness.

In March 2001, Makita established Makita (Shanghai) Trading Co., Ltd. (MST), to handle the export of other locally produced low-cost components and materials to the Group's overseas manufacturing and marketing units. Based in Shanghai's Waigaoqiao (free-trade zone), MST has been helping improve the Makita Group's services and competitiveness since it began operating in July 2001. MST plans to broaden the scope of its operations during fiscal 2003, and is considering the possibility of beginning the import of products and components for distribution in China.

Makita's manufacturing volume in China is expected to rise at a double-digit rate during fiscal 2003, largely due to the start of full-scale production of a new rotary hammer series and the Maktec series. As both MST and MCC are supplying components to other Makita Group overseas factories, China is expected to become an increasingly important component procurement base for the Group. Many of the concepts and methodologies developed for the Maktec line are expected to find application with respect to a growing number of other Makita products, and MCC will continue its efforts to further strengthen its capabilities for supplying components and materials to the Makita Group's overseas factories.

Makita Corporation

Masami Tsuruta
Director, General Manager of Domestic Sales Headquarters
Makita Corporation

Okazaki Plant

During fiscal 2002, domestic investment in housing was sluggish, as reflected in the number of housing construction starts — only 1.17 million. The entire economy was affected by concerns regarding the difficulty of anticipating future trends. The situation weakened demand for power tools from professional users, who generate most of the overall domestic demand for power tools.

Amid deflationary conditions, many power tool distributors and marketers strove to reduce their inventory levels, presenting difficulties for the power tool industry. However, as we are able to provide a distinctively high level of service through our 113 domestic marketing bases, this environment enabled us to use our strengths to full advantage.

Reflecting the severity of economic conditions in recent years as well as the damage caused by the Great Hanshin Earthquake in 1995, Japanese construction methods have been changing, with increasing emphasis being placed on cost reduction and earthquake resistance. Carpenters are using a greater number of metal connectors to join housing components and they are also using more precut lumber components rather than processing certain wood components at building sites. Such trends are causing changes in the structure of domestic demand for power tools. Demand is rising for such joining and attaching tools as impact drivers and such interior finishing work tools as circular saws and others.

To effectively promote sales of new products, Makita is organizing study groups and exhibitions spotlighting the new products as well as sending the Company's staff to accompany distributor and marketing agency employees when they visit customers.

Makita is building systems for marketing accessories. Leading stores are designated as "Makita's accessory shops" on the understanding that they will broaden the range of accessories they carry and augment accessory marketing efforts.

In addition to the hardware stores that have previously been the focus of Makita's marketing programs, since fiscal 2001 the Company has progressively increased its marketing activities directed at such potential corporate customers as automobile manufacturing plants.

In view of the changing structure of domestic demand for power tools, Makita launched new cordless impact driver and circular saw products during fiscal 2002. In Japan, where professional users generate most of the demand for power tools, power tool makers are being required to launch still lighter tools and tools that facilitate highly precise usage. Makita is preparing to respond to user needs by launching a broad array of new products during fiscal 2003.

The changes in Japanese construction methods and power tool markets described previously are projected to continue. Against the backdrop of deflationary trends, customers are requiring that the power tools they purchase be superior with respect to quality and service, and it will become increasingly important to maintain superiority with respect to both factors. Makita will sustain the high quality that has always been a characteristic of its products. Regarding service, the Company will work through its 113 domestic marketing offices to provide highly responsive after-service assistance. Makita anticipates that it can cope with challenging conditions in its operating environment by further leveraging its superiority regarding quality and service.

To generate additional profits in a market that is not projected to grow appreciably, Makita is taking various measures to expand its business in accessories, which was previously relatively small in scale. In April 2002, the Company established the Accessory Marketing Division, which is working to address demand for accessories throughout the world.

Makita and the Environment

Overview

Makita has employed environmental management systems based on ISO 14001 standards at its headquarters and Okazaki Plant since April 1998. Makita has articulated its corporate mission as being "to promote societal progress through the manufacture and marketing of tools." Its long-term goal is to be a truly "Strong Company" that has a solid position within the global power tool industry and supplies a comprehensive range of power tools that benefit people's lives and home building throughout the world.

Environmental Charter

In March 1993, Makita formulated its Environmental Charter and Basic Environmental Principles. In May 2002, the Environmental Principles were revised to further broaden the scope of environmental protection programs.

Basic Environmental Philosophy

As a "global supplier of a comprehensive range of power tools that assist people in creating homes and living environments," Makita carries out a wide range of environmental activities to work toward a clean and healthy planet for future generations.

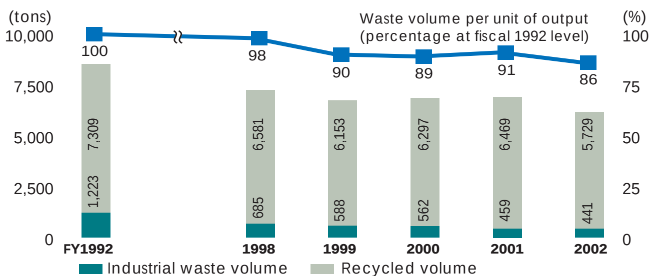
Environmental Principles

1. Makita will create an organization capable of undertaking activities on a global scale and engage in business operations that give due consideration to their impact on the natural environment.
2. While accurately assessing the impact of business operations on the natural environment, Makita will continually increase the effectiveness of its environmental protection programs by reevaluating the programs and setting new goals that are as ambitious as is technically and economically feasible.
3. In addition to strictly complying with environment-related laws, regulations, and agreements, Makita will strive to protect the environment by creating and observing its own operational standards.
4. Makita will proactively strive to greatly reduce the environmental impact of its operations by taking the initiative in:
   - reducing waste volume and increasing recycling,
   - reducing energy consumption, and
   - shifting from the use of environmentally detrimental materials to alternative materials and controlling the emissions of environmentally detrimental materials.
5. Makita will develop environment-friendly products by performing environmental impact assessments at the initial product design stage.
6. Makita will conduct internal and external information dissemination activities to ensure that all employees are aware of the Company's Voluntary Plan on the Environment and to respond to all requests from outside the Company for environmental protection-related information.

Resource Conservation and Recycling

Initially drafted in 1993, Makita's Voluntary Plan on the Environment is aimed at reducing the volume of waste products. The themes of the plan have been adjusted in line with trends in environmental protection programs throughout society. Initially, the principal objective of the plan was to increase resource recycling. From October 1999, the focus was shifted to the reduction of the volume of waste. The goals for fiscal 2003 are to reduce general and industrial waste product volume 8.0%.

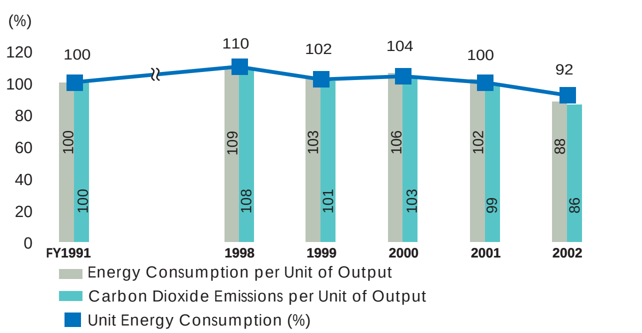
Industrial Waste Volumes



Climate Change

Makita is engaged in various programs to help prevent global warming. It has set itself the goal of reducing carbon dioxide emissions per unit of output by 1.0% during fiscal 2003. By 2011, the Company is aiming to cut carbon dioxide emissions per unit of output to 25.0% below the fiscal 1991 level.

Energy Consumption and Carbon Dioxide Emissions per Unit of Output (percentage of fiscal 1991 levels)



Restricting Emissions of Chemical Substances

In line with the Pollutant Release and Transfer Register Law, Makita has developed and begun employing computerized systems for managing chemical substances. These systems enable Makita to track and monitor substance emissions and substance transfers involving the Company's facilities as well as the incorporation of substances in products.

Introduction of Lead-Free Solder

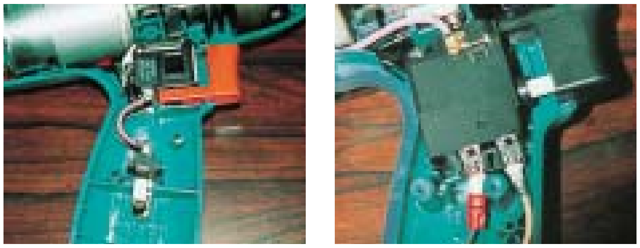
Makita uses solder that contains lead in electric circuitry components and other applications. The amount of such solder used is already small, but the Company is working to reduce it further. From fiscal 2003, the Company will progressively introduce lead-free solder in assembly processes.

Survey of Soil and Groundwater Quality

Makita periodically conducts surveys of soil and groundwater quality. A survey in fiscal 2001 detected a minute quantity of trichloroethylene in groundwater under the Okazaki Plant. However, the quantity was greatly below the level permitted by environmental protection regulations and does not represent a problem. No other potentially harmful substances were detected. The Company will continue to vigilantly conduct soil and groundwater quality surveys.

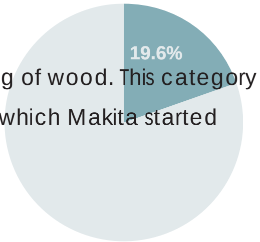
Environment-Friendly Technology and Products

Since fiscal 1997, Makita has used recycling check sheets in conducting product assessments for all new products to ensure they comply with the Company's recycling standards. The check sheets for assessments of portable tools include a section focused on batteries.



Soldered connections (left) have been replaced with screw-fastened connections (right) that facilitate disconnecting, reconnecting, and environment-friendly disposal processes.

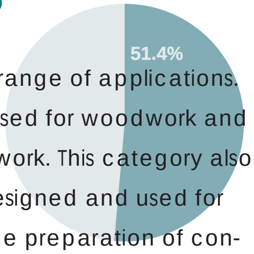
Portable Woodworking Tools



Power tools used for the processing of wood. This category includes the electric planers with which Makita started manufacturing power tools.

Product name	Principal application
Circular Saw	Straight cutting of wood and other building materials
Miter Saw, Slide Compound Saw	Precision cutting of wood and component materials (including diagonal cuts)
Jig Saw	Unrestricted cutting of wood and other materials
Recipro Saw	Fast cutting of wood and other construction materials
Planer	Smooth finishing of wood surfaces
Router/Trimmer	Creating decorative edges, profiles, and construction joints
Pneumatic Nailers	Framing, exterior sheeting and siding, roofing, and interior finish nailing

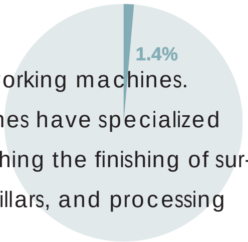
Portable General Purpose Tools



These power tools have a wide range of applications. General purpose tools can be used for woodwork and metalwork as well as with stonework. This category also includes power tools that are designed and used for the drilling, breaking, and surface preparation of concrete and other stone-related materials.

Product name	Principal application
Driver Drill	Fastening screws and boring holes
Impact Driver	Powerful and fast driving of fasteners into both wood and metal
Grinder	Grinding, cutting, and surface preparation of various materials including ferrous and nonferrous metals as well as concrete and stone
Rotary Hammer	Powerful boring of holes into concrete
Demolition Hammer	Breaking and chipping of both concrete and asphalt
Sander	Surface finish preparation of wood and metal
Screwdriver	Driving and assembly of fasteners for various construction materials
Cutter	Cutting such materials as concrete, stone, and steel

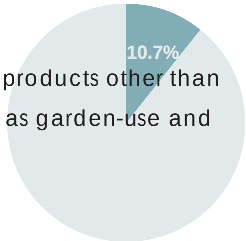
Stationary Woodworking Machines



This includes large-scale woodworking machines. Stationary woodworking machines have specialized applications that include smoothing the finishing of surfaces, cutting angles on large pillars, and processing joining components.

Product name	Principal application
Table Saw	Precision cuts in wood and component materials for building
Planer-Jointer	Wood surfacing to specific dimensions
Band Saw	Unrestricted cutting of large-sized wood and other materials

Other Products



This category includes industrial products other than those mentioned above as well as garden-use and household tools.

Product name	Principal application
Dust Collector	Removes dust produced by all types of construction-related work
Generator	Generating electricity where no power sources are available
Chain Saw	Trimming and felling trees
Brush Cutter	Cutting brush and grass
Hedge Trimmer	Trimming of hedges and other foliage
Blower	Blows away dust and debris for fast and efficient cleanup
Cordless Cleaner	Simple, quick, and easy cleaning

■ BUSINESS RESULTS FOR FISCAL 2002

In fiscal 2002, consolidated sales by Makita Corporation (the Company) and its consolidated subsidiaries (together, Makita) increased 6.5%, to ¥170,529 million ($1,282,173 thousand). In Japan, the slackness of housing investment caused demand for power tools to decrease, and a deflationary trend spurred efforts by our distributors to control their inventory levels. As a consequence, Makita's domestic sales decreased 5.6%, to ¥39,510 million ($297,068 thousand). On the other hand, overseas sales increased 10.7%, to ¥131,019 million ($985,105 thousand), reflecting a trend of yen depreciation as well as moderate rises in local sales in the United States and Europe.

By geographic area, sales in North America advanced 14.1%, to ¥49,954 million ($375,594 thousand), and accounted for 29.3% of net sales. This increase reflected the depreciation of the yen, which had an average dollar-denominated value 13.1% lower than in fiscal 2001. The 10.0% depreciation of the yen vis- à-vis the euro along with double-digit sales growth in Eastern Europe and Russia boosted European sales 12.4%, to ¥50,401 million ($378,955 thousand), or 29.5% of net sales. Such factors as the weakening of local demand due to the low level of housing demand in Taiwan and Singapore caused a decline in sales in Southeast Asia on a local currency basis. However, the depreciation of the yen supported a 1.2% increase in yen-denominated sales in Southeast Asia, to ¥12,374 million ($93,037 thousand), making up 7.3% of net sales. Sales in Oceania grew 7.5%, to ¥7,857 million ($59,075 thousand), accounting for 4.6% of net sales. The economic crisis in Argentina brought Makita's marketing activities in that country to an almost-complete halt, but the situation had little effect on performance in other Latin American countries. Consequently, Makita recorded sales of ¥10,433 million ($78,444 thousand), or 6.1% of net sales, in other geographic regions, up 2.1% from the previous fiscal year.

During fiscal 2002, the cost of sales rose 7.2% from the previous fiscal year, to ¥109,182 million ($820,917 thousand). The cost of sales ratio increased from 63.6% to 64.0%, principally owing to a reduction of production in the United States with the objective of lowering inventory levels.

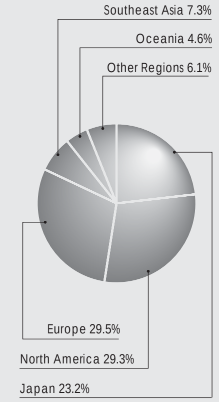
Selling, general and administrative (SG&A) expenses amounted to ¥54,393 million ($408,970 thousand), an increase of 12.0% from the previous fiscal year. SG&A expenses as a percentage of net sales rose from 30.3% to 31.9%, mainly because of a rise in the personnel, advertising, and promotional expenses of sales subsidiaries in the United States and Europe that were striving to strengthen their marketing power.

As a result of the preceding developments, operating income fell 28.9% from the previous fiscal year, to ¥6,954 million ($52,286 thousand). The ratio of operating income to net sales was 4.1%, down from 6.1% in the previous fiscal year.

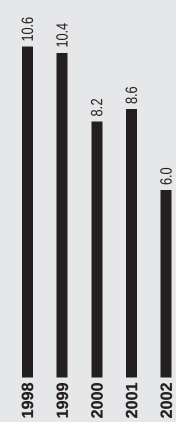
In other income (expenses), Makita recorded other expenses of ¥3,551 million ($26,700 thousand), compared with ¥3,141 million in the previous fiscal year. This was mainly because the weakness of stock markets caused net realized losses on securities to greatly exceed those of the previous fiscal year.

As a result of the preceding factors, income before income taxes decreased 48.8%, to ¥3,403 million ($25,586 thousand). Due to the recording of a loss before income taxes in the United States, the effective tax rate increased because the related tax effect on the loss was offset by a

Net Sales by Geographic Area
(year ended March 31, 2002)

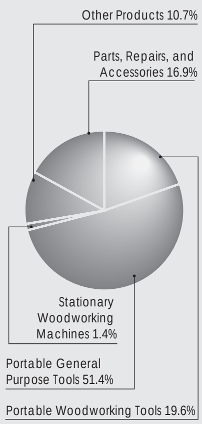


Capital Expenditures
(¥ billions)



Shareholders' Equity Ratio
(%)

Net Sales by Product Group
(year ended March 31, 2002)



Portable Woodworking Tools Sales
(¥ billions)

Portable General Purpose Tools Sales
(¥ billions)

corresponding increase in valuation allowance and net income dropped 93.8%, to ¥133 million ($1,000 thousand).

Basic net income per share of common stock and American Depositary Share (ADS) amounted to ¥0.9 ($0.01), compared with ¥13.6 in fiscal 2001. There was no income dilution effect during the year while diluted net income per share and ADS amounted to ¥13.6 in fiscal 2001.

■ RESEARCH AND DEVELOPMENT

Makita places high priority on R&D and believes that strong capabilities in R&D are crucial to the continued development of high-quality, reliable products that meet user needs. In fiscal 2002, Makita allocated ¥3,746 million ($28,165 thousand) for R&D, up 9.1% from the ¥3,435 million allocation in the previous year. This was equivalent to 2.2% of net sales, up from 2.1% in the previous fiscal year.

■ CAPITAL EXPENDITURES

Makita has continued to allocate sizable amounts of funds for capital expenditures, which Makita believes is crucial to sustaining long-term growth. In view of the harshness of the operating environment, however, Makita restrained its capital expenditures in fiscal 2002, to ¥5,958 million ($44,797 thousand), which were mainly for the purchase of new machinery and molds for new products. Capital investment in fiscal 2001 amounted to ¥8,558 million.

■ FINANCIAL POSITION

Total assets at the end of fiscal 2002 declined 3.0% from the previous fiscal year-end, to ¥285,138 million ($2,143,895 thousand). Total current assets decreased 3.5%, to ¥181,417 million ($1,364,038 thousand), owing to production cutbacks in the United States and Japan that enabled the lowering of inventory levels.

Property, plant and equipment, at cost decreased 3.6%, to ¥75,810 million ($570,000 thousand), as capital investment was restrained to a considerably lower level than in previous years. Investments and other assets increased 2.1%, to ¥27,911 million ($209,857 thousand).

Total current liabilities dropped 19.5%, to ¥36,488 million ($274,346 thousand), reflecting Makita's promotion of intra-Group financing, which led to a noteworthy fall in the short-term borrowings of a sales subsidiary in the United States. Although long-term indebtedness declined, long-term liabilities expanded 4.4%, to ¥57,766 million ($434,331 thousand), mainly because of a rise in estimated retirement and termination allowances due to a drop, from 3.1% to 2.6%, in the assumed discount rate.

Working capital amounted to ¥144,929 million ($1,089,692 thousand). The current ratio was 5.0, compared with 4.1 at the previous year-end, as Makita continued to maintain a high rate of liquidity.

Shareholders' equity declined 1.4%, to ¥189,939 million ($1,428,113 thousand), because of a ¥2,229 million ($16,759 thousand) purchase of common stock that is being held as treasury stock. As a result, the shareholders' equity ratio increased to 66.6%, from 65.5% at the previous fiscal year-end.

■ FUND PROCUREMENT

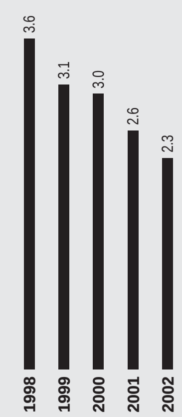
Makita's total debt at March 31, 2002 amounted to ¥29,086 million ($218,692 thousand), down from ¥38,878 million at March 31, 2001. The debt-to-equity ratio improved 4.9 percentage points, to 15.3%. The drop in the balance of debt and the debt-to-equity ratio reflect Makita's efforts to improve capital utilization efficiency by using the surplus portion of net cash from operating activities and cash reserves to repay debt. All short-term borrowings are borrowings from banks. Long-term debt is comprised of convertible bonds and borrowings from banks. At March 31, 2002, Makita's credit ratings by leading outside credit rating institutions were A by Standard & Poor's, A2 by Moody's Investors Service, and A+ by Rating and Investment Information Inc., and Makita is confident that it will be able to raise sufficient funds in the forms of bank borrowings or debt financing when the need arises.

Makita's contractual obligations and other commercial commitments as of March 31, 2002, were as follows:

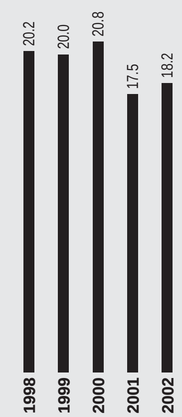
	Yen (millions)	U.S. Dollars (thousands)
Contractual obligations:		
Long-term debt	¥21,866	$164,406
Lease commitments	3,155	23,722
Club members' deposits	16,628	125,023
Total contractual obligations	¥41,649	$313,151
Other commercial commitments:		
Lines of credit granted by banks	¥46,672	$350,917
Guarantees	50	376
Total other commercial commitments	¥46,722	$351,293

For further discussion of the above contractual obligations and other commercial commitments, refer to notes 8, 9, and 13 of the consolidated financial statements.

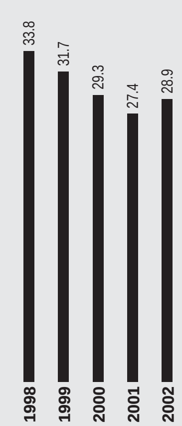
Stationary Woodworking Machines Sales
(¥ billions)



Other Products Sales
(¥ billions)



Parts, Repairs, and Accessories Sales
(¥ billions)



■ CASH FLOWS

During the fiscal year under review, Makita's cash flows from operating activities served as the basic financing source for funds required for operating activities, capital investment, and the payment of dividends. When this source was insufficient, additional amounts were provided with Makita's own funds derived from retained earnings. Capital investment was restrained to below the level of depreciation during fiscal 2002, just as in the previous fiscal year.

Net cash provided by operating activities was ¥20,196 million ($151,850 thousand), compared with ¥6,145 million in the previous fiscal year, mainly reflecting a considerable reduction of inventories. Net cash used in investing activities amounted to ¥1,151 million ($8,654 thousand), compared with ¥912 million in net cash provided by investing activities in the previous fiscal year. This reflected cash outflow due to capital expenditures, which greatly exceeded net cash inflow from sales and purchases of securities. Reflecting a drop in short-term borrowings, due to the promotion of intra-Group financing transactions as well as the purchase and sales of common stock, net cash used in financing activities amounted to ¥16,318 million ($122,692 thousand), compared with ¥6,038 million in the previous fiscal year.

As a result of the preceding activities as well as the effects of exchange rate changes on cash and cash equivalents, cash and cash equivalents, end of year, increased ¥1,742 million ($13,098 thousand), to ¥15,730 million ($118,271 thousand).

■ DIVIDEND POLICY

Makita aims to carry out stable operations over the long term by bolstering its internal reserves in preparation for the future and strengthening its business structure. Subject to Makita's earnings and financial condition and other factors, including legal restrictions with respect to the payment of dividends, Makita believes that annual cash dividends per share of ¥18 represent a stable dividend, and as a basic policy Makita will strive to maintain these dividends.

In keeping with this basic policy, Makita paid cash dividends in fiscal 2002 of ¥18.0 ($0.14) per share, unchanged from fiscal 2001.

■ REVIEW OF PERFORMANCE BY PRODUCT GROUP

Portable Woodworking Tools

Principal products in Makita's portable woodworking tools group include circular saws, jig saws, recipro saws, planers, routers, trimmers, and pneumatic nailers. In fiscal 2002, Makita recorded a 12.2% increase in sales of portable woodworking tools, to ¥33,464 million ($251,609 thousand), or 19.6% of consolidated net sales. Domestic sales of portable woodworking tools decreased 6.2%, to ¥6,642 million ($49,940 thousand), and accounted for 16.8% of total domestic sales. Makita posted a 17.9% rise in overseas sales of portable woodworking tools, to ¥26,822 million ($201,669 thousand), which accounted for 20.5% of total overseas sales in fiscal 2002.

Portable General Purpose Tools

The portable general purpose tools group offers a wide range of dependable cordless drills, hammer drills, rotary hammers, demolition hammers, grinders, drills, sanders, screwdrivers, impact wrenches, shears, nibblers, and cutters. This group generates the largest portion of Makita's consolidated net sales. In fiscal 2002, sales of portable general purpose tools grew 5.9%, to ¥87,667 million ($659,150 thousand), accounting for 51.4% of consolidated net sales. In Japan, sales of portable general purpose tools decreased 10.0%, to ¥13,993 million ($105,210 thousand), and made up 35.4% of total domestic sales. Overseas sales of portable general purpose tools were up 9.5%, to ¥73,674 million ($553,940 thousand), or 56.2% of total overseas sales.

Stationary Woodworking Machines

Makita's extensive lineup of stationary woodworking machines encompasses table saws, planer-jointers, and band saws. Sales of stationary woodworking machines in fiscal 2002 declined 12.9%, to ¥2,282 million ($17,158 thousand), and made up 1.4% of consolidated net sales. Domestic sales of stationary woodworking machines dropped 20.0%, to ¥1,127 million ($8,474 thousand), and made up 2.9% of total domestic sales. Overseas sales of stationary woodworking machines were ¥1,155 million ($8,684 thousand), a 4.7% decrease from the previous fiscal year, and accounted for 0.9% of Makita's total overseas sales.

Other Products

Makita's other products category includes industrial-use dust collectors and generators as well as various products for garden and home use, including chain saws, brush cutters, grass cutters, hedge trimmers, blowers, and cordless cleaners. In fiscal 2002, sales of other products grew 4.3%, to ¥18,239 million ($137,135 thousand), accounting for 10.7% of net sales. In Japan, Makita recorded a 2.7% decrease in sales of other products, to ¥8,535 million ($64,173 thousand), or 21.6% of total domestic sales. Overseas sales of other products increased 11.4%, to ¥9,704 million ($72,962 thousand), or 7.4% of total overseas sales.

Parts, Repairs, and Accessories

Makita's after-sales services include the sale of parts and accessories and repairs. In fiscal 2002, parts, repairs, and accessories sales advanced 5.2%, to ¥28,877 million ($217,121 thousand), or 16.9% of consolidated net sales. Domestic sales of parts, repairs, and accessories grew 1.9%, to ¥9,213 million ($69,271 thousand), and contributed 23.3% of total domestic sales. Overseas sales of parts, repairs, and accessories increased 6.9%, to ¥19,664 million ($147,850 thousand), or 15.0% of total overseas sales.

■ MARKET RISK MANAGEMENT

Market Risk Exposure

Makita is exposed to various market risks, including those related to changes in foreign exchange rates, interest rates, and the prices of marketable securities and investment securities. In order to hedge the risks of fluctuations in foreign exchange rates and interest rates, Makita uses derivative financial instruments. Makita does not hold or use derivative financial instruments for trading purposes. Although the use of derivative financial instruments exposes Makita to the risk of credit-related losses in the event of nonperformance by counterparties, Makita believes that its counterparties are creditworthy because they are required to have a credit rating of a specified level or above, and Makita does not expect credit-related losses, if any, to be significant.

Equity Price Risk

Makita classified investments of cash available for current operations as marketable securities within current assets. Other investments are classified as investment securities as a part of investments and other assets in the consolidated balance sheets.

Makita does not hold marketable securities and investment securities for trading purposes.

The maturities and fair values of such marketable securities and investment securities at March 31, 2001 and 2002 were as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2001		**2002**		**2002**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Due within one year	¥40,158	¥40,328	**¥36,446**	**¥36,656**	**$274,031**	**$275,609**
Due after one year through five years	4,363	4,574	**5,974**	**5,839**	**44,917**	**43,902**
Due after five years	271	314	**230**	**228**	**1,729**	**1,714**
Indefinite periods	2,863	2,842	**1,400**	**1,405**	**10,526**	**10,564**
Equity securities	12,313	17,193	**11,559**	**14,446**	**86,909**	**108,616**
	¥59,988	¥65,251	**¥55,609**	**¥58,574**	**$418,112**	**$440,405**

■ FOREIGN EXCHANGE RISK

Makita's international operations and indebtedness denominated in foreign currencies expose Makita to the risk of fluctuation in foreign currency exchange rates. To manage this exposure, Makita enters into certain foreign exchange contracts with respect to a part of such international operations and indebtedness.

The following table provides information about Makita's major derivative financial instruments related to foreign currency transactions as of March 31, 2001, and March 31, 2002. Figures are translated into yen at the rates prevailing at March 31, 2001, and March 31, 2002, together with the relevant weighted average contractual exchange rates at March 31, 2002.

All of the foreign exchange contracts listed in the following table have contractual maturities in fiscal 2001 and 2002.

	Yen (millions) (except average contractual rates)						U.S. Dollars (thousands)	
	2001			2002			2002	
	Contract amounts	Estimated amounts	Average contractual rates	Contract amounts	Estimated amounts	Average contractual rates	Contract amounts	Estimated amounts
Foreign currency contracts:								
ASSETS								
U.S.$/Yen	¥ —	¥ —	¥ —	**¥ 133**	**¥ 0**	**¥133.25**	**$ 1,000**	**$ 0**
Euro/Yen	—	—	—	**637**	**3**	**115.92**	**4,789**	**23**
STG£/Yen	—	—	—	**95**	**0**	**189.53**	**715**	**0**
Other	—	—	—	**659**	**0**	**—**	**4,955**	**0**
Total	¥ —	¥ —		**¥1,524**	**¥ 3**		**$11,459**	**$ 23**
Foreign currency contracts:								
LIABILITIES								
U.S.$/Yen	¥3,196	¥275	¥113.00	**¥2,374**	**¥ 83**	**¥128.30**	**$17,850**	**$ 624**
Euro/Yen	3,009	75	106.15	**4,131**	**145**	**111.65**	**31,060**	**1,090**
A$/Yen	—	—	—	**33**	**2**	**66.40**	**248**	**15**
Other	—	—	—	**1,744**	**14**	**—**	**13,113**	**106**
Total	¥6,205	¥350		**¥8,282**	**¥244**		**$62,271**	**$1,835**
Foreign currency swaps:								
U.S.$/Yen	¥3,349	¥ 77	¥118.36	**¥4,830**	**¥428**	**¥127.80**	**$36,316**	**$3,218**
Euro/Yen	—	—	—	**2,435**	**171**	**108.24**	**18,308**	**1,286**
SFr./Yen	125	20	62.41	**139**	**18**	**69.49**	**1,045**	**135**
Total	¥3,474	¥ 97		**¥7,404**	**¥617**		**$55,669**	**$4,639**
Options purchased to sell foreign currencies:								
U.S.$/Yen	¥ 980	¥ 0	¥109.00	**¥1,096**	**¥ 2**	**¥128.94**	**$ 8,240**	**$ 15**
Euro/Yen	884	0	98.22	**1,231**	**1**	**111.91**	**9,256**	**8**
A$/Yen	228	5	57.00	**133**	**0**	**66.25**	**1,000**	**0**
Total	¥2,092	¥ 5		**¥2,460**	**¥ 3**		**$18,496**	**$ 23**
Options written to buy foreign currencies:								
U.S.$/Yen	¥1,157	¥ 8	¥128.61	**¥1,144**	**¥ 10**	**¥134.58**	**$ 8,601**	**$ 75**
Euro/Yen	1,053	3	117.05	**1,283**	**10**	**116.65**	**9,647**	**75**
A$/Yen	257	4	64.32	**140**	**3**	**70.04**	**1,053**	**23**
Total	¥2,467	¥ 15		**¥2,567**	**¥ 23**		**$19,301**	**$ 173**

■ INTEREST RATE RISK

Makita's exposure to market risk due to changes in interest rates relates primarily to its debt obligations. The Company's long-term debt bears both fixed rates and floating rates. Interest rate swaps may be entered into from time to time by Makita to hedge fair values of debt in accordance with the Company's internal rules.

For interest rate swap agreements, which are sensitive to changes in interest rates, their estimated notional principal amounts aggregate ¥6,000 million ($45,113 million), and this total will mature in the fiscal year ending March 31, 2006. The average pay rate for the agreements is 1.59%. Notional principal amounts are used to calculate the contractual payments to be made under the contracts.

Regarding obligations as of March 31, 2002, the following tables present information translated into yen at the rate prevailing at the balance sheet date, together with the relevant weighted average contractual interest rates at March 31, 2002.

Long-Term Indebtedness (including due within one year)

		Yen (millions)						
			Expected maturity date, year ending March 31,					
	Average interest rates (%)	Total	2003	2004	2005	2006	2007	Thereafter
Japanese yen convertible bonds	1.51	¥14,604	¥1,610	¥ —	¥12,994	¥ —	¥—	¥—
Japanese yen loans from banks	3.28	6,025	—	25	—	6,000	—	—
Japanese yen leases	1.86	529	154	111	90	88	41	45
Total		¥21,158	¥1,764	¥136	¥13,084	¥6,088	¥41	¥45

		U.S. Dollars (thousands)						
			Expected maturity date, year ending March 31,					
	Average interest rates (%)	Total	2003	2004	2005	2006	2007	Thereafter
Japanese yen convertible bonds	1.51	$109,804	$12,105	$ —	$97,699	$ —	$ —	$ —
Japanese yen loans from banks	3.28	45,301	—	188	—	45,113	—	—
Japanese yen leases	1.86	3,978	1,158	835	677	662	308	338
Total		$159,083	$13,263	$1,023	$98,376	$45,775	$308	$338

■ CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in accordance with generally accepted accounting practices in the United States requires that management makes certain estimates and assumptions. These estimates and assumptions exert an influence on the level of assets and liabilities reported as of the balance-sheet date, the disclosure of incidental liabilities, and the level of revenues and expenses during the fiscal period. These consolidated financial statements include figures determined by management based on its best estimates and judgments regarding currently knowable situations and plans for future activities. Accordingly, when there are changes regarding the factors that serve as the basis for estimates and judgments, actual results may differ from the previously estimated results. The following accounting policies that affect Makita's consolidated financial statements have the potential for resulting in figures that considerably differ from reported figures in case of changes in estimates or assumptions. Regarding accounting policies that affect Makita's consolidated financial statements, the following items have the potential for figures to considerably differ from reported figures in case of changes in estimates or assumptions.

Recoverability of Investments

Makita monthly evaluates the recoverability of its investments. When performing such evaluations, Makita must determine the fair value of the investments. In the case of publicly traded investments, the fair value can be determined from prices on stock exchanges and in other markets. The fair value of other non-marketable investments is determined by Makita's management based on consideration of the investee company's future performance prospects. Makita's management also determines whether a decline in the fair value of an investment is temporary or other than temporary through review of the investee's financial condition and operating performance as well as general market conditions. When an investment is impaired and the decline in value is other than temporary, the fair value is written down and a loss on revaluation is recorded.

Estimated Retirement and Termination Allowances

Estimated retirement and termination allowances is determined based on consideration of the levels of retirement and termination liabilities and plan assets at the end of a given fiscal year. The levels of retirement and termination liabilities and plan assets are calculated based on various annuity actuarial calculation assumptions (experience assumptions). Principal assumptions include discount rates, assumed rates of increase in future compensation levels, and expected long-term rates of return on plan assets. Discount rates, expected long-term rates on plan assets, and other assumptions that are employed by Makita must be optimized in light of market developments related to debt assets, stocks, and other factors. Accordingly, these assumptions are evaluated annually and retirement and termination liabilities are recalculated at the end of each fiscal year based on the latest assumptions.

Derivative Financial Instruments

Derivative transactions are all accounted for at fair value. For transactions that have market prices, the fair value is determined based on market prices. Transactions that do not have market prices are valued rationally based on such factors as cash flows. Makita receives information about the financial instruments from banks principally.

■ FORWARD-LOOKING STATEMENTS

This report 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 fulfilled.

Makita Corporation and Consolidated Subsidiaries
Years ended March 31, 1998, 1999, 2000, 2001 and 2002

	Yen (millions) and U.S. Dollars (thousands)				
	1998	1999	2000	2001	**2002**
Net sales	¥ 192,454	¥ 185,489	¥ 174,548	¥ 160,180	**¥ 170,529**
	$1,447,023	$1,394,654	$1,312,391	$1,204,361	**$1,282,173**
Domestic	46,147	40,587	41,123	41,849	**39,510**
	346,970	305,165	309,195	314,654	**297,068**
Overseas	146,307	144,902	133,425	118,331	**131,019**
	1,100,053	1,089,489	1,003,196	889,707	**985,105**
Operating income	20,816	14,167	10,906	9,785	**6,954**
	156,511	106,519	82,000	73,571	**52,286**
Income before income taxes	18,767	8,289	8,521	6,644	**3,403**
	141,105	62,323	64,068	49,955	**25,586**
Net income	8,654	3,246	4,187	2,133	**133**
	65,068	24,406	31,481	16,038	**1,000**
Working capital	146,420	145,581	143,049	142,700	**144,929**
	1,100,902	1,094,594	1,075,556	1,072,932	**1,089,692**
Long-term indebtedness	25,336	28,983	24,479	21,135	**20,102**
	190,496	217,917	184,053	158,910	**151,143**
Shareholders' equity	214,016	204,698	197,834	192,547	**189,939**
	1,609,143	1,539,083	1,487,474	1,447,722	**1,428,113**
Total assets	350,085	303,690	288,847	293,995	**285,138**
	2,632,218	2,283,383	2,171,782	2,210,489	**2,143,895**
Capital expenditures	10,584	10,372	8,168	8,558	**5,958**
	79,579	77,985	61,414	64,346	**44,797**
Depreciation and amortization	8,036	9,145	9,613	9,167	**9,754**
	60,421	68,759	72,278	68,925	**73,339**

	Yen and U.S. Dollars				
Per share of common stock and American Depositary Share:					
Net income per share:					
Basic	¥53.7	¥20.2	¥26.2	¥13.6	**¥ 0.9**
	$0.40	$0.15	$0.20	$0.10	**$0.01**
Diluted	50.7	20.1	25.9	13.6	**0.9**
	0.38	0.15	0.19	0.10	**0.01**
Cash dividends applicable to the year	18.0	18.0	19.0	18.0	**18.0**
	0.14	0.14	0.14	0.14	**0.14**
Number of employees	7,631	7,546	7,915	7,953	**8,157**

Notes: (1) The U.S. dollar amounts above and elsewhere in this report represent translations, for the convenience of the reader, at the rate of ¥133 to US$1.
(2) Cash dividends per share applicable to fiscal 2000 include a special commemorative dividend of ¥1 per share.
(3) Refer to Note 12 of the notes to the consolidated financial statements for the computation of per share data.

Makita Corporation and Consolidated Subsidiaries
March 31, 2001 and 2002

ASSETS	Yen (millions) 2001	Yen (millions) 2002	U.S. Dollars (thousands) 2002
CURRENT ASSETS:			
Cash and cash equivalents	¥ 13,988	**¥ 15,730**	**$ 118,271**
Time deposits	8,563	**4,572**	**34,376**
Marketable securities	48,789	**43,091**	**323,992**
Trade receivables—			
Notes	2,143	**2,453**	**18,444**
Accounts	33,012	**35,680**	**268,271**
Less—Allowance for doubtful receivables	(1,363)	**(1,519)**	**(11,421)**
Inventories	75,303	**69,507**	**522,609**
Deferred income taxes	4,322	**7,393**	**55,586**
Prepaid expenses and other current assets	3,252	**4,510**	**33,910**
Total current assets	188,009	**181,417**	**1,364,038**
PROPERTY, PLANT AND EQUIPMENT, AT COST:			
Land	21,913	**21,907**	**164,714**
Buildings and improvement	66,911	**69,205**	**520,338**
Machinery and equipment	82,772	**83,720**	**629,474**
	171,596	**174,832**	**1,314,526**
Less—Accumulated depreciation	(92,944)	**(99,022)**	**(744,526)**
	78,652	**75,810**	**570,000**
INVESTMENTS AND OTHER ASSETS:			
Investment securities	16,462	**15,483**	**116,413**
Deferred income taxes	5,326	**4,784**	**35,970**
Other assets	5,546	**7,644**	**57,474**
	27,334	**27,911**	**209,857**
	¥293,995	**¥285,138**	**$2,143,895**

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)
	2001	**2002**	**2002**
CURRENT LIABILITIES:			
Short-term borrowings	¥ 17,743	**¥ 8,984**	**$ 67,549**
Trade notes and accounts payable	14,621	**14,681**	**110,384**
Accrued payroll	6,649	**6,568**	**49,383**
Other accrued expenses	2,647	**3,173**	**23,857**
Income taxes payable	3,571	**3,043**	**22,880**
Deferred income taxes	78	**39**	**293**
Total current liabilities	45,309	**36,488**	**274,346**
LONG-TERM LIABILITIES:			
Long-term indebtedness	21,135	**20,102**	**151,143**
Club members' deposits	17,364	**16,628**	**125,023**
Estimated retirement and termination allowances	13,213	**19,050**	**143,233**
Deferred income taxes	3,622	**1,986**	**14,932**
	55,334	**57,766**	**434,331**
MINORITY INTERESTS	805	**945**	**7,105**
COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)			
SHAREHOLDERS' EQUITY:			
Common stock			
Authorized— 292,000,000 shares in 2001 and 2002			
Outstanding—153,006,992 shares in 2001 and 2002	23,803	**23,803**	**178,970**
Additional paid-in capital	45,419	**45,419**	**341,496**
Legal reserve	5,525	**5,669**	**42,624**
Retained earnings	136,488	**133,723**	**1,005,436**
Accumulated other comprehensive income (loss)	(18,688)	**(16,446)**	**(123,654)**
Treasury stock, at cost:—3,333,250 shares in 2002	—	**(2,229)**	**(16,759)**
	192,547	**189,939**	**1,428,113**
	¥293,995	**¥285,138**	**$2,143,895**

Makita Corporation and Consolidated Subsidiaries
For the years ended March 31, 2000, 2001 and 2002

	Yen (millions)			U.S. Dollars (thousands)
	2000	2001	**2002**	**2002**
NET SALES	¥174,548	¥160,180	**¥170,529**	**$1,282,173**
Cost of sales	112,141	101,827	**109,182**	**820,917**
GROSS PROFIT	62,407	58,353	**61,347**	**461,256**
Selling, general and administrative expenses	51,501	48,568	**54,393**	**408,970**
OPERATING INCOME	10,906	9,785	**6,954**	**52,286**
OTHER INCOME (EXPENSES):				
Interest and dividend income	2,924	1,453	**848**	**6,376**
Interest expense	(1,231)	(1,430)	**(968)**	**(7,278)**
Exchange gains (losses) on foreign currency transactions, net	(2,321)	(203)	**273**	**2,052**
Realized losses on securities, net	(1,162)	(661)	**(2,740)**	**(20,602)**
Losses on disposition of property	—	(1,944)	**—**	**—**
Other, net	(595)	(356)	**(964)**	**(7,248)**
Total	(2,385)	(3,141)	**(3,551)**	**(26,700)**
INCOME BEFORE INCOME TAXES	8,521	6,644	**3,403**	**25,586**
PROVISION FOR INCOME TAXES:				
Current	4,759	5,547	**4,027**	**30,278**
Deferred	(425)	(1,036)	**(757)**	**(5,692)**
Total	4,334	4,511	**3,270**	**24,586**
NET INCOME	¥ 4,187	¥ 2,133	**¥ 133**	**$ 1,000**

	Yen			U.S. Dollars
PER SHARE OF COMMON STOCK AND AMERICAN DEPOSITARY SHARE:				
Net income per share (Notes 3 (k) and 12):				
Basic	¥26.2	¥13.6	**¥ 0.9**	**$0.01**
Diluted	25.9	13.6	**0.9**	**0.01**
Cash dividends applicable to the year	19.0	18.0	**18.0**	**0.14**

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

Makita Corporation and Consolidated Subsidiaries
For the years ended March 31, 2000, 2001 and 2002

	Yen (millions)			U.S. Dollars (thousands)
	2000	2001	**2002**	**2002**
COMMON STOCK:				
Beginning balance	¥ 24,153	¥ 24,053	**¥ 23,803**	**$ 178,970**
Purchase and retirement of common stock	(100)	(250)	**—**	**—**
Ending balance	¥ 24,053	¥ 23,803	**¥ 23,803**	**$ 178,970**
ADDITIONAL PAID-IN CAPITAL:				
Beginning balance	¥ 45,419	¥ 45,419	**¥ 45,419**	**$ 341,496**
Purchase and retirement of common stock	—	—	**0**	**0**
Ending balance	¥ 45,419	¥ 45,419	**¥ 45,419**	**$ 341,496**
LEGAL RESERVE:				
Beginning balance	¥ 4,926	¥ 5,220	**¥ 5,525**	**$ 41,541**
Transfer from retained earnings	294	305	**144**	**1,083**
Ending balance	¥ 5,220	¥ 5,525	**¥ 5,669**	**$ 42,624**
RETAINED EARNINGS:				
Beginning balance	¥142,642	¥141,691	**¥136,488**	**$1,026,226**
Net income	4,187	2,133	**133**	**1,000**
Cash dividends	(2,880)	(2,994)	**(2,754)**	**(20,707)**
Transfer to legal reserve	(294)	(305)	**(144)**	**(1,083)**
Purchase and retirement of common stock	(1,964)	(4,037)	**—**	**—**
Ending balance	¥141,691	¥136,488	**¥133,723**	**$1,005,436**
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):				
Beginning balance	¥ (12,442)	¥ (18,549)	**¥ (18,688)**	**$ (140,511)**
Adjustment for the year	(6,107)	(139)	**2,242**	**16,857**
Ending balance	¥ (18,549)	¥ (18,688)	**¥ (16,446)**	**$ (123,654)**
DISCLOSURE OF COMPREHENSIVE INCOME (LOSS):				
Net income for the year	¥ 4,187	¥ 2,133	**¥ 133**	**$ 1,000**
Other comprehensive income (loss) for the year, net of tax (Note 11)	(6,107)	(139)	**2,242**	**16,857**
Total comprehensive income (loss) for the year (Note 11)	¥ (1,920)	¥ 1,994	**¥ 2,375**	**$ 17,857**
TREASURY STOCK:				
Beginning balance	¥ —	¥ —	**¥ —**	**$ —**
Purchases	—	—	**(2,247)**	**(16,895)**
Sales	—	—	**18**	**136**
Ending balance	¥ —	¥ —	**¥ (2,229)**	**$ (16,759)**

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

Makita Corporation and Consolidated Subsidiaries
For the years ended March 31, 2000, 2001 and 2002

	Yen (millions)			U.S. Dollars (thousands)
	2000	2001	**2002**	**2002**
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	¥ 4,187	¥ 2,133	**¥ 133**	**$ 1,000**
Adjustments to reconcile net income to net cash provided by operating activities—				
Depreciation and amortization	9,613	9,167	**9,754**	**73,339**
Estimated retirement and termination allowances	690	1,312	**246**	**1,850**
Deferred income taxes	(425)	(1,036)	**(757)**	**(5,692)**
Realized losses on securities, net	1,162	661	**2,740**	**20,602**
Loss on disposals or sale of property, plant and equipment	90	1,944	**339**	**2,549**
Changes in current assets and liabilities—				
Trade receivables	(1,044)	3,089	**(950)**	**(7,143)**
Inventories	233	(9,283)	**10,110**	**76,015**
Payables and accrued expenses	6,194	(2,290)	**(1,246)**	**(9,369)**
Income taxes payable	(624)	987	**(646)**	**(4,857)**
Other, net	(1,013)	(539)	**473**	**3,556**
Net cash provided by operating activities	19,063	6,145	**20,196**	**151,850**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	(8,168)	(8,366)	**(5,958)**	**(44,797)**
Purchase of marketable and investment securities	(59,455)	(59,765)	**(81,402)**	**(612,045)**
Proceeds from sales of marketable and investment securities	54,328	66,074	**82,926**	**623,504**
Proceeds from sales of property, plant and equipment	989	1,201	**534**	**4,015**
Decrease (increase) in time deposits	(2,186)	1,970	**4,122**	**30,992**
Decrease (increase) in other assets, net	774	(202)	**(1,373)**	**(10,323)**
Net cash provided by (used in) investing activities	(13,718)	912	**(1,151)**	**(8,654)**
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (decrease) in short-term borrowings, net	(4,032)	5,569	**(7,058)**	**(53,067)**
Redemption of convertible bonds or straight bonds	—	(4,000)	**(128)**	**(963)**
Proceeds from long-term indebtedness	565	—	**22**	**165**
Repayment of long-term indebtedness	—	—	**(3,749)**	**(28,188)**
Repayment of club members' deposits	(102)	(326)	**(422)**	**(3,173)**
Purchase and sales of common stock, net	(2,064)	(4,287)	**(2,229)**	**(16,759)**
Cash dividends paid	(2,880)	(2,994)	**(2,754)**	**(20,707)**
Net cash used in financing activities	(8,513)	(6,038)	**(16,318)**	**(122,692)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(962)	1,013	**(985)**	**(7,406)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,130)	2,032	**1,742**	**13,098**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,086	11,956	**13,988**	**105,173**
CASH AND CASH EQUIVALENTS, END OF YEAR	¥11,956	¥13,988	**¥15,730**	**$118,271**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid during the year for—				
Interest	¥1,215	¥1,445	**¥ 970**	**$ 7,293**
Income taxes	5,384	4,560	**4,673**	**35,135**
Noncash investing and financing activities—				
Capital lease obligation incurred	119	192	**—**	**—**

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

1 DESCRIPTION OF BUSINESS

Makita Corporation ("the Company") and consolidated subsidiaries are a top manufacturer of portable electric power tools and a recognized leader globally. The Company and consolidated subsidiaries' main products include circular saws, jig saws, planers, drills, hammers, grinders and sanders. The Company and consolidated subsidiaries also manufacture and sell stationary woodworking machines and pneumatic tools as well as garden tools and products for indoor household use.

Domestic sales are made by the Company, while overseas sales are made under the Makita brand name, almost entirely through sales subsidiaries and distributors. Approximately 76.8% of consolidated net sales for the year ended March 31, 2002 were generated from customers outside Japan, with 29.3% from North America, 29.6% from Europe and 17.9% from other areas.

The Company and consolidated subsidiaries' manufacturing operations are conducted primarily at three plants in Japan and six plants overseas, located in the United States, Germany, the United Kingdom, Brazil, China and Canada. A new plant in China is under construction and will start its operations in June 2002.

2 BASIS OF PRESENTING FINANCIAL STATEMENTS

Foreign subsidiaries translate their financial statements into Japanese yen from each of their functional currencies. The accounts and the financial statements of the Company and domestic subsidiaries are maintained and reported in Japanese yen.

The accompanying consolidated financial statements reflect certain adjustments, not recorded in the Company and consolidated subsidiaries' books, to present them in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"), modified for the accounting for stock splits (see Note 3(j)). The principal adjustments include accruals for certain expenses, pension liabilities, accounting for derivatives, the recognition of capital leases and the recognition of deferred income taxes relating to these adjustments.

For the convenience of the reader, the accompanying consolidated financial statements as of March 31, 2002 and for the year then ended are also presented in U.S. dollars by arithmetically translating all yen amounts using the approximate exchange rate prevailing in the Federal Reserve Bank of New York of ¥133 to US$1 at March 29, 2002.

3 SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Foreign Currency Translation

Under the provisions of the Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation," assets and liabilities are translated at the exchange rate in effect at each fiscal year-end and revenues and expenses are translated at the average rates of exchange prevailing during each fiscal year in translating the financial statements of the overseas subsidiaries. The local currencies of the overseas subsidiaries are regarded as their functional currencies. The resulting translation adjustments are included in accumulated other comprehensive income (loss) in shareholders' equity.

(c) Consolidated Statements of Cash Flows

For purposes of the consolidated balance sheets and the consolidated statements of cash flows, the Company considers highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents.

(d) Marketable and Investment Securities

The Company conforms with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." All marketable securities and investment securities are categorized as available-for-sale securities. Such available-for-sale securities are reported at fair value, and unrealized gains or losses are recorded through other comprehensive income (loss), net of applicable income taxes. However, the Company and consolidated subsidiaries recognize holding losses as realized in respect of available-for-sale securities for which the market prices have been below the acquisition costs for more than one year or earlier, if management believes that the decline is considered to be other than temporary through review of the investee's financial condition and operating performance as well as general market conditions.

Non-marketable equity securities are carried at cost.

The Company and consolidated subsidiaries classify investments of cash available for current operations as marketable securities as a part of current assets. Other investments are classified as investment securities as a part of investments and other assets in the consolidated balance sheets.

(e) Inventories

Inventories are mainly stated at the lower of average cost or market. Inventory costs include raw materials, labor and manufacturing overheads.

(f) Property, Plant and Equipment and Depreciation

Depreciation of property, plant and equipment is computed by using the declining-balance method over the estimated useful lives. Effective rates of depreciation for the years ended March 31, 2000, 2001 and 2002 are summarized below:

	2000	2001	2002
Buildings and improvement	8.2%	6.7%	**8.8%**
Machinery and equipment	32.1%	28.0%	**28.1%**

Certain leased buildings and improvement, machinery and equipment are accounted for as capital leases in conformity with SFAS No. 13, "Accounting for Leases." The aggregate cost included in property, plant and equipment and related accumulated depreciation as of March 31, 2001 and 2002 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2001	**2002**	**2002**
Aggregate cost	¥1,301	**¥1,139**	**$8,564**
Accumulated depreciation	626	**636**	**4,782**

Expenditures for ordinary maintenance and repairs are expensed as incurred. Major replacements and improvements are capitalized. When properties are retired or otherwise disposed of, the property and related accumulated depreciation accounts are relieved of the applicable amounts and any differences are included in consolidated statements of income.

(g) Research and Development and Advertising Costs

Research and development costs are expensed as incurred and totaled ¥3,484 million, ¥3,435 million and ¥3,746 million ($28,165 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively.

Advertising costs are expensed as incurred and totaled ¥5,063 million, ¥4,520 million and ¥5,271 million ($39,632 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively.

(h) Income Taxes

The Company and consolidated subsidiaries compute and record income taxes currently payable based on their separate determinations of taxable income which may be different from accounting income.

The Company conforms with SFAS No. 109, "Accounting for Income Taxes," which requires an asset and liability approach for financial accounting and reporting for income taxes. Income taxes estimated to be payable upon distribution of all earnings of overseas subsidiaries are provided for.

(i) Pension Plans

The Company conforms with SFAS No. 87, "Employers' Accounting for Pensions," in accounting for retirement and termination benefit plans.

(j) Accounting for Stock Splits

The Commercial Code of Japan (the "Code") permits Japanese companies, upon approval of the Board of Directors, to make a free share distribution to existing shareholders in the form of a stock split. The Code requires no accounting recognition for such free share distribution.

U.S. GAAP requires such stock splits to be accounted for as stock dividends by reducing retained earnings by an amount equal to the market value of the shares issued. Had such stock splits been accounted for in this manner, additional paid-in capital as of March 31, 2002 would have been increased by approximately ¥115,072 million ($865,203 thousand) with a corresponding decrease in retained earnings, and total shareholders' equity would have remained unchanged.

(k) Net Income Per Share

The Company conforms with SFAS No. 128, "Earnings per Share," which establishes standards for computing and presenting net income per share. SFAS No. 128 also requires dual presentation of basic and diluted net income per share on the face of the consolidated statements of income for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic and diluted net income per share computation (see Note 12).

Basic net income per share has been computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during each year. Diluted net income per share reflects the potential dilution and has been computed on the basis that all convertible bonds were converted at the beginning of the year or at the time of issuance.

(l) Impairment of Long-Lived Assets

The Company conforms with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment, based on the undiscounted cash flows expected to be generated therefrom, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 121 also requires that any such impaired assets and other long-lived assets and certain identifiable intangibles to be disposed of be reported at the lower of carrying amount or fair value less cost to sell.

(m) Derivative Financial Instruments

On April 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of SFAS No. 133." Both statements require the Company and consolidated subsidiaries to recognize all derivative instruments as either assets or liabilities in the consolidated balance sheets and measure those instruments at fair values. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship, and on the type of hedging relationship.

The Company and consolidated subsidiaries use various derivative instruments to manage interest rate and currency exchange rate risk for the purpose of fair value hedge. To qualify for hedge accounting in accordance with SFAS No. 133, the Company and consolidated subsidiaries require that the derivative instruments are effective in reducing the risk exposure that they are designated to hedge. The Company and consolidated subsidiaries formally designate and document the derivative instruments as hedge of specific underlying exposures, as well as the risk management objectives and strategies for undertaking the hedge transactions. Derivative instruments that meet established accounting criteria are formally designated as hedges at the inception of the contract. These criteria demonstrate that the derivative instruments are expected to be highly effective at offsetting changes in fair value of the underlying exposure both at the inception of the hedging relationship and on an ongoing basis.

Changes in the fair value of a derivative instrument that is designated as a fair value hedge and highly effective, along with offsetting changes in fair value of the underlying hedged exposure, are recorded in earnings.

When the underlying hedged item ceases to exist, all changes in the fair value of the derivative instrument are recognized in earnings until the derivative instrument matures. When the underlying transaction ceases to exist, a hedged asset or liability is no longer adjusted for changes in its fair value.

Any changes in the fair value of derivative instruments that are not designated as hedges, as well as changes in the value of derivatives that do not offset the underlying hedged item throughout the designated hedge period (collectively "ineffectiveness"), are immediately recognized in earnings.

Prior to the adoption of SFAS No. 133 and No. 138, net interest receivables or payables arising from the interest rate swaps, which were used as a means of managing interest rate exposures, were accrued over the contracted periods, and changes in fair values of the interest rate swaps were not reflected in the consolidated financial statements. Gains and losses arising from forward exchange contracts, currency swaps and currency options, which were used as a means of hedge against foreign currency exposure on assets and liabilities denominated in foreign currencies, were recognized based on changes in foreign currency exchange rates, and were offset by foreign exchange gains or losses on the assets and liabilities hedged.

The cumulative effect on net income of adopting SFAS No. 133 and SFAS No. 138, net of related income taxes, was not material.

(n) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The areas where management believes that assumptions and estimates are particularly critical to the consolidated financial statements include the determination of unrealized losses on securities of which the decline in market value is considered to be other than temporary, the actuarial assumptions on retirement and termination benefit plans and the determination of fair value of derivative instruments.

(o) Revenue Recognition

The Company and consolidated subsidiaries recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured, which typically occurs when products are received by customers.

(p) Operating Segment Information

The Company conforms to SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which requires disclosure of financial and descriptive information about the Company's reportable operating segments.

(q) New Accounting Standards

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets."

SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001 and further clarifies the criteria for recognition of intangible assets separately from goodwill.

SFAS No. 142 requires that goodwill and indefinite-lived intangible assets no longer be amortized, but instead requires that an annual review for impairment be performed. The Company will adopt SFAS No. 142 on April 1, 2002. SFAS No. 142 requires that an initial impairment assessment be performed at the date of adoption on all goodwill and indefinite-lived intangible assets. As the Company and consolidated subsidiaries do not have significant goodwill and indefinite-lived intangible assets as of April 1, 2002, the cumulative effect of adopting this statement will not be material.

In June 2001, FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires that a liability for an asset retirement obligation be recognized at the fair value. SFAS No. 143 will be effective for fiscal years beginning after June 15, 2002. The Company will adopt SFAS No. 143 on April 1, 2003. The effect on the Company's consolidated results of operations and financial position of adopting SFAS No. 143 has not been determined.

In August 2001, FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS No. 144 provides financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 retains the fundamental provisions in SFAS No. 121 for recognizing and measuring impairment losses on long-lived assets held for use or to be disposed by sale. The Company adopted SFAS No. 144 on April 1, 2002. The adoption of SFAS No. 144 is not expected to have a material effect on the Company's consolidated results of operations and financial position.

In April 2002, FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 updates, clarifies and simplifies existing accounting pronouncements. While the technical corrections to existing pronouncements are not substantive in nature, in some instances they may change accounting practices. The provisions of this statement related to SFAS No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of this statement must be applied for financial statements beginning on or after May 15, 2002, with early application encouraged. The Company is currently evaluating the effects of adopting SFAS No. 145.

(r) Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform with the presentation used for the year ended March 31, 2002.

4 INVENTORIES

Inventories as of March 31, 2001 and 2002 comprised the following:

	Yen (millions)		U.S. Dollars (thousands)
	2001	**2002**	**2002**
Finished goods	¥65,104	**¥59,796**	**$449,594**
Work in process	2,195	**2,030**	**15,263**
Raw materials and parts	8,004	**7,681**	**57,752**
	¥75,303	**¥69,507**	**$522,609**

5 MARKETABLE SECURITIES AND INVESTMENT SECURITIES

Marketable securities and investment securities as of March 31, 2001 and 2002 consisted of available-for-sale securities.

The cost, gross unrealized holding gains and losses and fair value for such securities by major security type as of March 31, 2001 and 2002 were as follows:

		Gross Unrealized Holding		
	Cost	Gains	Losses	Fair Value
As of March 31, 2001				Yen (millions)
Marketable securities:				
Japanese and foreign governmental debt securities	¥ 200	¥ 25	¥ —	¥ 225
Corporate and bank debt securities	7,219	187	5	7,401
Funds in trusts	1,238	—	108	1,130
Investments in trusts	33,869	406	163	34,112
Marketable equity securities	4,362	1,613	54	5,921
	¥46,888	¥2,231	¥330	¥48,789
Investment securities:				
Corporate and bank debt securities	¥ 2,873	¥ —	¥ 21	¥ 2,852
Investments in trusts	2,276	62	0	2,338
Marketable equity securities	7,379	3,351	30	10,700
Non-marketable equity securities	572	—	—	572
	¥13,100	¥3,413	¥ 51	¥16,462

As of March 31, 2002	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
				Yen (millions)
Marketable securities:				
Japanese and foreign governmental debt securities	**¥ 201**	**¥ 20**	**¥ —**	**¥ 221**
Corporate and bank debt securities	**6,111**	**19**	**166**	**5,964**
Funds in trusts	**1,123**	**1**	**—**	**1,124**
Investments in trusts	**33,255**	**203**	**4**	**33,454**
Marketable equity securities	**1,944**	**413**	**29**	**2,328**
	¥42,634	**¥ 656**	**¥199**	**¥43,091**
Investment securities:				
Corporate and bank debt securities	**¥ 2,953**	**¥ 5**	**¥ —**	**¥ 2,958**
Investments in trusts	**407**	**—**	**—**	**407**
Marketable equity securities	**9,038**	**2,669**	**166**	**11,541**
Non-marketable equity securities	**577**	**—**	**—**	**577**
	¥12,975	**¥2,674**	**¥166**	**¥15,483**

As of March 31, 2002	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
				U.S. Dollars (thousands)
Marketable securities:				
Japanese and foreign governmental debt securities	**$ 1,511**	**$ 150**	**$ —**	**$ 1,661**
Corporate and bank debt securities	**45,947**	**143**	**1,248**	**44,842**
Funds in trusts	**8,444**	**8**	**—**	**8,451**
Investments in trusts	**250,038**	**1,526**	**30**	**251,534**
Marketable equity securities	**14,616**	**3,105**	**218**	**17,504**
	$320,556	**$ 4,932**	**$1,496**	**$323,992**
Investment securities:				
Corporate and bank debt securities	**$ 22,203**	**$ 37**	**$ —**	**$ 22,241**
Investments in trusts	**3,060**	**—**	**—**	**3,060**
Marketable equity securities	**67,955**	**20,068**	**1,248**	**86,774**
Non-marketable equity securities	**4,338**	**—**	**—**	**4,338**
	$ 97,556	**$20,105**	**$1,248**	**$116,413**

Funds in trusts represent short-term funds deposited with trust banks in individual accounts and managed by the Company. As of March 31, 2002, each fund mainly consisted of bank deposits (99.6%) and marketable equity securities (0.4%).

Investments in trusts represent funds deposited with trust banks in multiple investor accounts and managed by the fund managers in the trust banks. As of March 31, 2002, each fund consisted of marketable equity securities and interest-bearing bonds.

Maturities of debt securities classified as available-for-sale as of March 31, 2002, regardless of their balance sheet classification, were as follows:

	Yen (millions)		U.S. Dollars (thousands)	
	Cost	Fair value	Cost	Fair value
Due within one year	¥2,508	¥2,518	$18,857	$18,932
Due after one to five years	5,127	4,992	38,549	37,534
Due after five to ten years	123	123	925	925
Due after ten years	107	105	804	789
Indefinite periods	1,400	1,405	10,526	10,564

Debt securities which have indefinite periods showed above represent investments in perpetual subordinated bonds held by a subsidiary.

Gross realized gains on the sales of marketable securities and investment securities for the years ended March 31, 2000, 2001 and 2002 amounted to ¥429 million, ¥713 million and ¥546 million ($4,105 thousand), respectively, and gross realized losses, which include the gross realized losses to be considered as other than temporary, during the years ended March 31, 2000, 2001 and 2002 amounted to ¥1,591 million, ¥1,374 million and ¥3,286 million ($24,707 thousand), respectively. The cost of the securities sold was computed based on the average cost of all the shares of each such security held at the time of sale. Gross unrealized losses on marketable securities and investment securities of which declines in market value are considered to be other than temporary were charged to income as realized losses on securities, amounting to ¥1,218 million, ¥1,126 million and ¥2,970 million ($22,331 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively.

Proceeds from the sales of available-for-sale securities were ¥54,328 million, ¥66,074 million and ¥82,926 million ($623,504 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively.

6 INCOME TAXES

Income before income taxes and the provision for income taxes for the years ended March 31, 2000, 2001 and 2002 were as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2000	2001	**2002**	**2002**
Income before income taxes:				
Domestic	¥3,728	¥6,403	**¥4,221**	**$31,736**
Foreign	4,793	241	**(818)**	**(6,150)**
	¥8,521	¥6,644	**¥3,403**	**$25,586**
Provision for income taxes:				
Current—				
Domestic	¥3,104	¥4,465	**¥2,729**	**$20,519**
Foreign	1,655	1,082	**1,298**	**9,759**
	4,759	5,547	**4,027**	**30,278**
Deferred—				
Domestic	(101)	(1,217)	**(599)**	**(4,504)**
Foreign	(324)	181	**(158)**	**(1,188)**
	(425)	(1,036)	**(757)**	**(5,692)**
Consolidated provision for income taxes	¥4,334	¥4,511	**¥3,270**	**$24,586**

Total income taxes were allocated as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2000	2001	**2002**	**2002**
Provision for income taxes	¥4,334	¥4,511	**¥3,270**	**$24,586**
Shareholders' equity:				
Foreign currency translation adjustment	(455)	(269)	**(619)**	**(4,654)**
Net unrealized holding gains (losses) on available-for-sale securities	1,340	(2,376)	**(949)**	**(7,135)**
Minimum pension liability adjustment	1,119	(2,501)	**(1,822)**	**(13,700)**
	¥6,338	¥ (635)	**¥ (120)**	**$ (903)**

Reconciliations of the normal income tax rates to the effective income tax rates were as follows:

	Years ended March 31,		
	2000	2001	**2002**
Normal income tax rate in Japan	41.4%	41.4%	**41.4%**
Permanently non-deductible expenses	1.1	1.4	**2.2**
Permanently non-taxable dividends received	(1.2)	(1.1)	**(1.6)**
Effect of net operating loss carryforwards of subsidiaries	11.1	26.9	**56.8**
Other, net	(1.5)	(0.7)	**(2.7)**
Effective income tax rate	50.9%	67.9%	**96.1%**

Significant components of deferred income tax assets and liabilities as of March 31, 2001 and 2002 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2001	**2002**	**2002**
Deferred income tax assets:			
Intercompany profits	¥ 2,661	**¥ 3,256**	**$ 24,481**
Other than temporary decline in values of securities	1,240	**1,464**	**11,008**
Estimated retirement and termination allowances and other accrued expenses	1,963	**1,866**	**14,030**
Minimum pension liability adjustment	3,352	**5,174**	**38,902**
Valuation of inventories	1,840	**2,941**	**22,113**
Depreciation	688	**1,208**	**9,083**
Accrued payroll	1,384	**1,496**	**11,248**
Net operating loss carryforwards	4,941	**5,872**	**44,150**
Other	1,135	**956**	**7,188**
Less—Valuation allowance	(6,115)	**(8,373)**	**(62,955)**
	¥13,089	**¥15,860**	**$119,248**
Deferred income tax liabilities:			
Undistributed earnings of overseas subsidiaries	¥ 3,253	**¥ 2,596**	**$ 19,519**
Unrealized holding gains on available-for-sale securities	2,179	**1,227**	**9,226**
Valuation of inventories	1,643	**1,667**	**12,533**
Other	66	**218**	**1,639**
	¥ 7,141	**¥ 5,708**	**$ 42,917**

The net changes in the total valuation allowances for the years ended March 31, 2001 and 2002 were increases of ¥3,193 million and ¥2,258 million ($16,977 thousand), respectively.

The valuation allowance was established to reduce the deferred tax assets to the amount that is expected to be realized. The valuation allowance principally relates to the tax effects of net operating losses recorded by certain subsidiaries.

As of March 31, 2002, certain subsidiaries had net operating loss carryforwards for income tax purposes of ¥13,561 million ($101,962 thousand) which were available to reduce future income taxes, if any. The operating loss carryforwards of ¥12,000 million ($90,226 thousand) will expire through 2002 to 2022, while the remainder has an indefinite carryforward period.

7 RETIREMENT AND TERMINATION BENEFIT PLANS

The Company and certain of its consolidated subsidiaries have various contributory and noncontributory employees benefit plans covering substantially all of the employees. Under the plans, employees are entitled to lump-sum payments at the time of termination or retirement, or to pension payments. A domestic contributory plan, which covers substantially all of the employees of the Company, includes a portion of the governmental welfare pension benefits that would otherwise be provided by the Japanese government in accordance with the Welfare Pension Insurance Law in Japan.

The amounts of lump-sum or pension payments under the plans are generally determined on the basis of length of service and remuneration at the time of termination or retirement.

The Company and consolidated subsidiaries' funding policy is to contribute monthly the amounts actuarially determined which would provide sufficient assets for projected benefit obligations. The plans' assets are invested primarily in interest-bearing securities and marketable equity securities.

The net periodic benefit costs of the defined benefit plans for the years ended March 31, 2000, 2001 and 2002 consisted of the following components:

	Yen (millions)			U.S. Dollars (thousands)
	2000	2001	**2002**	**2002**
Service cost-benefit earned during the year	¥2,027	¥1,970	**¥1,983**	**$14,910**
Interest cost on projected benefit obligation	1,216	1,321	**1,386**	**10,421**
Expected return on plan assets	(824)	(930)	**(850)**	**(6,391)**
Amortization of prior service cost	55	32	**66**	**496**
Recognized actuarial loss	276	138	**340**	**2,556**
Net periodic pension cost	¥2,750	¥2,531	**¥2,925**	**$21,992**

Reconciliations of beginning and ending balances of the benefit obligations and the fair value of the plan assets were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2001	**2002**	**2002**
Change in benefit obligation:			
Benefit obligation at beginning of year	¥ 36,991	**¥ 43,881**	**$ 329,932**
Service cost	1,970	**1,983**	**14,910**
Interest cost	1,321	**1,386**	**10,421**
Employees' contributions	252	**267**	**2,007**
Amendments	(398)	**1,161**	**8,730**
Actuarial loss	4,256	**2,900**	**21,805**
Benefits paid	(605)	**(1,017)**	**(7,647)**
Foreign exchange impact	94	**90**	**677**
Benefit obligation at end of year	¥ 43,881	**¥ 50,651**	**$ 380,835**
Change in plan assets:			
Fair value of plan assets at beginning of year	¥ 28,244	**¥ 27,433**	**$ 206,263**
Actual return on plan assets	(1,721)	**(1,418)**	**(10,662)**
Employer contributions	1,207	**2,549**	**19,166**
Employees' contributions	252	**267**	**2,007**
Benefits paid	(559)	**(945)**	**(7,105)**
Foreign exchange impact	10	**9**	**68**
Fair value of plan assets at end of year	¥ 27,433	**¥ 27,895**	**$ 209,737**
Funded status	¥(16,448)	**¥(22,756)**	**$(171,098)**
Unrecognized net actuarial loss	12,051	**16,882**	**126,932**
Prior service cost not yet recognized in net periodic benefit cost	(193)	**940**	**7,068**
Unrecognized net transition obligation being recognized over 19 years	264	**227**	**1,707**
Net amount recognized	¥ (4,326)	**¥ (4,707)**	**$ (35,391)**
Amounts recognized in the consolidated balance sheets consist of:			
Accrued benefit liability	¥(12,531)	**¥(18,412)**	**$(138,436)**
Prepaid benefit expenses	38	**40**	**301**
Intangible assets included in other assets	71	**1,167**	**8,774**
Accumulated other comprehensive income, gross of tax	8,096	**12,498**	**93,970**
Net amount recognized	¥ (4.326)	**¥ (4,707)**	**$ (35,391)**
Weighted-average actuarial assumptions:			
Discount rate	3.1%	**2.6%**	
Assumed rate of increase in future compensation levels	2.4%	**2.3%**	
Expected long-term rate on plan assets	3.0%	**2.5%**	

The domestic plan represents substantially the entire pension obligation as of March 31, 2002. The discount rate and expected long-term rate on plan assets assumed to determine the pension obligation for the Company were 3.0% and 3.0% as of March 31, 2001 and 2.5% and 2.5% as of March 31, 2002, respectively.

Accumulated benefit obligations of the plans were ¥39,636 million and ¥46,069 million ($346,383 thousand) as of March 31, 2001 and 2002, respectively.

As a result of the changes in the discount rates used for the domestic plan in the years ended March 31, 2001 and 2002, the benefit obligation as of March 31, 2001 and 2002 was approximately ¥3,815 million and ¥4,936 million ($37,113 thousand) more than it would have been using the previous discount rates of 3.5% and 3.0%, respectively.

Certain foreign subsidiaries have defined contribution plans, which are not applicable to SFAS No. 87. The total expenses charged to income under these plans were ¥224 million, ¥217 million and ¥252 million ($1,895 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively.

8 SHORT-TERM BORROWINGS AND LONG-TERM INDEBTEDNESS

Short-term borrowings consisted primarily of the borrowings by subsidiaries from banks. As of March 31, 2001 and 2002, the average interest rates on the borrowings were 5.7% and 2.9%, respectively.

Certain subsidiaries of the Company had unused lines of credit for the short-term borrowings amounting to ¥39,087 million and ¥46,672 million ($350,917 thousand) as of March 31, 2001 and 2002, respectively.

As of March 31, 2001 and 2002, long-term indebtedness consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2001	**2002**	**2002**
2.1% unsecured convertible bonds, payable in yen, due 2002	¥ 128	**¥ —**	**$ —**
1.6% unsecured convertible bonds, payable in yen, due 2003	1,610	**1,610**	**12,105**
1.5% unsecured convertible bonds, payable in yen, due 2005	12,994	**12,994**	**97,699**
3.1%~3.75% unsecured loans from banks and insurance companies in various foreign currencies, due 2002 through 2006	9,717	**6,733**	**50,624**
Capital lease obligations (see Note 3 (f))	715	**529**	**3,978**
Total	25,164	**21,866**	**164,406**
Less—Current maturities included in short-term borrowings	(4,029)	**(1,764)**	**(13,263)**
	¥21,135	**¥20,102**	**$151,143**

In accordance with SFAS No. 133, changes in fair values of fixed rate long-term indebtedness amounting to ¥708 million ($5,323 thousand), which are effectively hedged by using derivative instruments, are reflected in the carrying value of the long-term indebtedness in the accompanying consolidated balance sheets.

The convertible bonds are currently convertible into common stock at the option of the holders at conversion prices as follows:

	Conversion Price (Yen)
1.6% convertible bonds	¥1,736.40
1.5% convertible bonds	2,259.90

The conversion prices are subject to adjustment for stock splits and for shares issued at less than market value. The outstanding convertible bonds are redeemable at the option of the Company on or after April 1, 2002 at prices ranging from 102.0% to 100.0% of the principal amount under certain conditions as provided in the agreements.

If all outstanding bonds were converted as of March 31, 2002, approximately 6,677 thousand shares of common stock would be issuable.

The aggregate annual maturities of long-term indebtedness excluding SFAS No. 133 fair value adjustments, subsequent to March 31, 2003 are summarized below:

Year ending March 31,	Yen (millions)	U.S. Dollars (thousands)
2004	¥ 136	$ 1,023
2005	13,084	98,376
2006	6,088	45,775
2007	41	308
2008 and thereafter	45	338
	¥19,394	$145,820

9 CLUB MEMBERS' DEPOSITS

Joyama Kaihatsu Ltd. ("Joyama"), a wholly owned Japanese subsidiary, owns and operates a golf club in Japan.

Joyama solicited golf club members and received noninterest-bearing deposits. All golf club members are required to maintain such deposits for at least a 10-year term, but they are refundable when members terminate their memberships thereafter. Accordingly, such deposits are recorded as club members' deposits in long-term liabilities in the accompanying consolidated balance sheets.

10 SHAREHOLDERS' EQUITY

Prior to October 1, 2001, the Code provided that an amount equal to at least 10% of cash dividends paid and other cash outlays resulting from the appropriation of retained earnings with respect to each fiscal period be transferred to the legal reserve until such reserve equals 25% of the stated common stock. The legal reserve and additional paid-in capital were not available for dividends but may be used to reduce a deficit by resolution of the shareholders or may be capitalized by resolution of the Board of Directors.

The Code, amended effective October 1, 2001, provides that such transfer from retained earnings to the legal reserve is required until an aggregated amount of additional paid-in capital and the legal reserve equals 25% of the stated common stock. Under the condition that the aggregate amount of additional paid-in capital and legal reserve remains being equal to or exceeding 25% of common stock, the excess portion is available for distribution or release for certain other purposes by the resolution of the annual general shareholders' meeting.

In addition, the Code provides that at least one-half of the issue price of new shares be included in common stock. In conformity therewith, the Company may divide the principal amount of bonds converted into common stock equally into common stock and additional paid-in capital by resolution of the Board of Directors.

Prior to October 1, 2001, the Code allowed a company to retire a portion of its outstanding shares upon approval of the shareholders at the annual general shareholders' meeting or of the Board of Directors if stipulated in the Articles of Incorporation. On June 26, 1998, the Company's annual general shareholders' meeting passed a resolution to enable the Company to purchase and retire outstanding shares and to approve the retirement of the outstanding shares up to a maximum of 16.0 million shares. In accordance with the resolution, the Company repurchased 2.0 million shares and 5.0 million shares amounting to ¥2,064 million and ¥4,287 million for the years ended March 31, 2000 and 2001, respectively. The repurchases reduced common stocks by ¥100 million and ¥250 million, and retained earnings by ¥1,964 million and ¥4,037 million during the years ended March 31, 2000 and 2001, respectively.

The Code, amended effective October 1, 2001, allows a company to purchase its outstanding shares regardless of its objectives upon approval of the Board of Directors for the period from October 2001 to the date of the next annual general shareholders' meeting, if the company has already passed a resolution to purchase and retire outstanding shares at the annual general shareholders' meeting. The shares purchased for the period from October 2001 to March 31, 2002 must not be sold or retired until March 31, 2002.

On November 2, 2001, the Board of Directors passed a resolution approving the purchase of the outstanding shares of the Company up to a maximum of 4.0 million shares and ¥3,500 million. In connection therewith, the Company had purchased such shares totaling 3.3 million shares at a cost of ¥2,204 million ($16,571 thousand) for the year ended March 31, 2002.

As of March 31, 2001 and 2002, the Company's unused approved shares of the repurchase for retirement were 8.0 million shares and 4.7 million shares, respectively.

The Code provides that cash dividends may be approved semiannually by the resolution of the annual general shareholders' meeting after the end of each fiscal period or by the declaration of 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 or interim six-month period. In accordance with the Code, the resolution or declaration of these dividends and the related appropriations of retained earnings have not been reflected in the consolidated financial statements at the end of such fiscal or interim six-month periods.

The amount of retained earnings legally available under the Code for distribution is that recorded in the Company's books and was ¥111,807 million ($840,654 thousand) as of March 31, 2002.

The Board of Directors intends to recommend to the shareholders, at the next annual general shareholders' meeting to be held on June 27, 2002, a cash dividend totaling ¥1,347 million ($10,128 thousand) to the shareholders of record on March 31, 2002.

11 OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) as of March 31, 2000, 2001, and 2002 was as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2000	2001	**2002**	**2002**
Foreign currency translation adjustments:				
Beginning balance	¥(14,047)	¥(23,634)	**¥(16,870)**	**$(126,842)**
Adjustment for the year	(9,587)	6,764	**6,171**	**46,398**
Ending balance	¥(23,634)	¥(16,870)	**¥(10,699)**	**$ (80,444)**
Net unrealized holding gains on securities available for sale:				
Beginning balance	¥ 4,140	¥ 6,037	**¥ 2,672**	**$ 20,105**
Adjustment for the year	1,897	(3,363)	**(1,349)**	**(10,143)**
Ending balance	¥ 6,037	¥ 2,674	**¥ 1,325**	**$ 9,962**
Minimum pension liability adjustment:				
Beginning balance	¥ (2,535)	¥ (952)	**¥ (4,492)**	**$ (33,774)**
Adjustment for the year	1,583	(3,540)	**(2,580)**	**(19,398)**
Ending balance	¥ (952)	¥ (4,492)	**¥ (7,072)**	**$ (53,172)**
Total of accumulated comprehensive income:				
Beginning balance	¥(12,442)	¥(18,549)	**¥(18,688)**	**$(140,511)**
Adjustment for the year	(6,107)	(139)	**2,242**	**16,857**
Ending balance	¥(18,549)	¥(18,688)	**¥(16,446)**	**$(123,654)**

Tax effects allocated to each component of other comprehensive income (loss) and adjustments are as follows:

	Yen (millions)		
As of March 31, 2000	Pretax Amount	Tax (Expense) of Benefit	Net of Tax Amount
Foreign currency translation adjustment	¥(10,042)	¥ 455	¥(9,587)
Unrealized gain on securities:			
Unrealized holding gains (losses) arising during the year	2,075	(859)	1,216
Reclassification adjustment for (gains) losses realized in net income	1,162	(481)	681
Net unrealized gains (losses)	3,237	(1,340)	1,897
Minimum pension liability adjustment	2,702	(1,119)	1,583
Other comprehensive income (loss)	¥ (4,103)	¥(2,004)	¥(6,107)

	Yen (millions)		
As of March 31, 2001	Pretax Amount	Tax (Expense) of Benefit	Net of Tax Amount
Foreign currency translation adjustment	¥ 6,495	¥ 269	¥6,764
Unrealized gain on securities:			
Unrealized holding gains (losses) arising during the year	(6,400)	2,650	(3,750)
Reclassification adjustment for (gains) losses realized in net income	661	(274)	387
Net unrealized gains (losses)	(5,739)	2,376	(3,363)
Minimum pension liability adjustment	(6,041)	2,501	(3,540)
Other comprehensive income (loss)	¥(5,285)	¥5,146	¥ (139)

As of March 31, 2002	Pretax Amount	Tax (Expense) of Benefit	Net of Tax Amount
	Yen (millions)		
Foreign currency translation adjustment	**¥ 5,552**	**¥ 619**	**¥6,171**
Unrealized gain (loss) on securities:			
Unrealized holding gains (losses) arising during the year	**(5,038)**	**2,083**	**(2,955)**
Reclassification adjustment for (gains) losses realized in net income	**2,740**	**(1,134)**	**1,606**
Net unrealized gains (losses)	**(2,298)**	**949**	**(1,349)**
Minimum pension liability adjustment	**(4,402)**	**1,822**	**(2,580)**
Other comprehensive income (loss)	**¥(1,148)**	**¥3,390**	**¥2,242**

As of March 31, 2002	Pretax Amount	Tax (Expense) of Benefit	Net of Tax Amount
	U.S. Dollars (thousands)		
Foreign currency translation adjustment	**$41,744**	**$ 4,654**	**$46,398**
Unrealized gain (loss) on securities:			
Unrealized holding gains (losses) arising during the year	**(37,880)**	**15,661**	**(22,219)**
Reclassification adjustment for (gains) losses realized in net income	**20,602**	**(8,526)**	**12,076**
Net unrealized gains (losses)	**(17,278)**	**7,135**	**(10,143)**
Minimum pension liability adjustment	**(33,098)**	**13,700**	**(19,398)**
Other comprehensive income (loss)	**$ (8,632)**	**$25,489**	**$16,857**

12 NET INCOME PER SHARE

A reconciliation of the numerators and denominators of the basic and diluted net income per share computations is as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2000	2001	**2002**	**2002**
Net income available to common shareholders	¥4,187	¥2,133	**¥133**	**$1,000**
Effect of dilutive securities:				
2.1% unsecured convertible bonds, due 2002	2	2	**—**	**—**
1.6% unsecured convertible bonds, due 2003	15	—	**—**	**—**
1.5% unsecured convertible bonds, due 2005	114	—	**—**	**—**
Diluted net income	¥4,318	¥2,135	**¥133**	**$1,000**
	Number of thousand shares			
Average common shares outstanding	159,680	156,631	151,776	
Dilutive effect of:				
2.1% unsecured convertible bonds, due 2002	122	122	—	
1.6% unsecured convertible bonds, due 2003	927	—	—	
1.5% unsecured convertible bonds, due 2005	5,750	—	—	
Diluted common shares outstanding	166,479	156,753	151,776	

1.6% unsecured convertible bonds, due 2003, and 1.5% unsecured convertible bonds, due 2005, were excluded from the net income per share calculation because the effect would have been antidilutive. 2.1% unsecured convertible bonds were redeemed in February 2002.

13 COMMITMENTS AND CONTINGENT LIABILITIES

The Company was contingently liable for guarantees of housing loans to employees totaling ¥50 million ($376 thousand) as of March 31, 2002.

The Company and consolidated subsidiaries made rental payments of ¥1,620 million, ¥1,620 million and ¥1,770 million ($13,308 thousand) under cancelable and noncancelable operating lease agreements for offices, warehouses, automobiles and office equipment during the years ended March 31, 2000, 2001 and 2002, respectively. The minimum rental payments required under noncancelable operating lease agreements as of March 31, 2002 were as follows:

Year ending March 31,	Yen (millions)	U.S. Dollars (thousands)
2003	¥ 989	$ 7,436
2004	543	4,083
2005	425	3,196
2006	329	2,474
2007	259	1,947
2008 and thereafter	610	4,586
	¥3,155	$23,722

14 DERIVATIVES AND HEDGING ACTIVITIES

(a) Risk Management Policy

The Company and consolidated subsidiaries are exposed to market risks, such as changes in currency exchange rates and interest rates. Derivative financial instruments are comprised principally of foreign exchange contracts, currency swaps, currency options and interest rate swaps utilized by the Company and certain of its consolidated subsidiaries to reduce these risks. The Company and consolidated subsidiaries do not use derivative instruments for trading or speculation purposes.

The Company and consolidated subsidiaries are also exposed to risk of credit-related losses in the event of nonperformance by counterparties to the financial instrument contracts, while it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are internationally recognized financial institutions and contracts are diversified into a number of major financial institutions.

(b) Foreign Currency Exchange Rate Risk Management

The Company and consolidated subsidiaries operate internationally, giving rise to significant exposure to market risks from changes in foreign exchange rates, and enter into forward exchange contracts, currency swaps and currency options to hedge the foreign currency exposure.

These derivative instruments are principally intended to protect against foreign exchange exposure related to intercompany transfer of inventories and financing activities. The fair value of these derivative instruments as of March 31, 2002 were recorded as ¥6 million ($46 thousand) in assets and ¥884 million ($6,647 thousand) in liabilities, and changes in the fair values amounted to ¥421 million ($3,165 thousand) and were recorded in earnings and classified in other income (expenses) for the year ended March 31, 2002.

(c) Interest Rate Risk Management

The Company and consolidated subsidiaries execute financing and investing activities through its financial subsidiary. To manage the variability in the fair values of long-term indebtedness and investment securities caused by fluctuations in interest rates, the subsidiary enters into interest rate swaps for the purpose of fair value hedge.

As of March 31, 2002, the subsidiary had interest rate swaps with a fair value of ¥708 million ($5,323 thousand), which have been designated as fair value hedges of underlying long-term indebtedness with fixed interest rates and recorded as current assets. Changes in fair values of both the hedging interest rate swaps and the underlying long-term indebtedness were recorded as equal and offsetting gains and losses in other income (expenses). There was no hedging ineffectiveness or net gains or losses excluded from the assessment of hedge effectiveness for the year ended March 31, 2002, as the critical terms of the interest rate swaps match the terms of the hedged long-term indebtedness.

As of March 31, 2002, the subsidiary also had interest rate swaps with a fair value of ¥38 million ($286 thousand), which have been designated as fair value hedges of underlying investment securities with fixed interest rates and recorded as current liabilities. As the interest rate swaps do not meet hedge accounting criteria, changes in fair value of the hedging interest rate swaps amounting to ¥38 million ($286 thousand) were recorded in earnings and classified in other income (expenses) for the year ended March 31, 2002.

15 DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and significant assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate a value:

(a) Cash and Cash Equivalents, Trade Notes and Accounts Receivable, Short-Term Borrowings, Trade Notes and Accounts Payable and Other Accrued Expenses

The carrying amount approximates fair value because of the short or undefined maturities of those instruments.

(b) Time Deposits

The fair value was estimated by discounting the future cash flows using the current rates the Company and consolidated subsidiaries would be offered for deposits with similar terms and remaining maturities.

(c) Marketable Securities and Investment Securities

The fair value of marketable securities is estimated based on quoted market prices. For other investments for which there are no quoted market prices, a reasonable estimation of fair value could not be made without incurring excessive cost.

(d) Long-Term Indebtedness

The fair value of long-term indebtedness is based on the quoted price in the most active market or the present value of future cash flows associated with each instrument discounted using the current borrowing rate for similar debt of comparable maturity.

(e) Club Members' Deposits

The fair value of club members' deposits is based on the latest actual transaction price.

(f) Interest Rate Swap Agreements

The fair values of interest rate swap agreements are based on the estimated amount the Company and consolidated subsidiaries would receive or pay to terminate the swap agreements.

(g) Other Derivative Financial Instruments

The fair values of other derivative financial instruments, consisting of convertible options embedded in convertible bonds, foreign currency contracts, currency swaps and currency option contracts, all of which are used for hedging purposes, are estimated by obtaining quotes and other relevant information from brokers.

The estimated fair value of the financial instruments was as follows:

	Yen (millions)				U.S. Dollars (thousands)	
	2001		**2002**		**2002**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Time deposits	¥ 8,563	¥ 8,610	**¥ 4,572**	**¥ 4,604**	**$ 34,376**	**$ 34,617**
Marketable securities	48,789	48,789	**43,091**	**43,091**	**323,992**	**323,992**
Investment securities	16,462	16,462	**15,483**	**15,483**	**116,414**	**116,414**
Long-term indebtedness	(21,135)	(21,964)	**(20,102)**	**(20,232)**	**(151,143)**	**(152,120)**
Club members' deposits	(17,364)	(10,488)	**(16,628)**	**(9,427)**	**(125,023)**	**(70,880)**
Interest rate swap agreements:						
Assets	—	831	**708**	**708**	**5,323**	**5,323**
Interest rate swap agreements:						
Liabilities	—	—	**38**	**38**	**286**	**286**
Convertible option:						
Assets	137	68	**—**	**—**	**—**	**—**
Foreign currency contracts:						
Assets	—	—	**3**	**3**	**23**	**23**
Foreign currency contracts:						
Liabilities	358	350	**244**	**244**	**1,835**	**1,835**
Currency swaps:						
Liabilities	158	97	**617**	**617**	**4,639**	**4,639**
Currency option contracts:						
Assets	5	5	**3**	**3**	**23**	**23**
Currency option contracts:						
Liabilities	15	15	**23**	**23**	**173**	**173**

(h) Limitation

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

16 OPERATING SEGMENT INFORMATION

The operating segments presented as follows are defined as components of an enterprise for which separate financial information is available and regularly reviewed by the Company's senior management. The Company's senior management utilizes various measurements to assess segment performance and allocate resources to segments.

During the three years ended March 31, 2002, the Company's operating structure included the following operating segments: Japan Group, North America Group, Europe Group, Southeast Asia Group and Other Group.

Prior to April 1, 2001, the Company assessed the financial performance of the Japan Group segment based on information prepared in accordance with accounting principles generally accepted in Japan.

Effective April 1, 2001, the Company changed its policy to measure all the operating segments' financial performance based on information prepared in accordance with U.S. GAAP, and accordingly the presentations for the previous periods have been restated. The effect of this change was to increase the operating expenses of the Japan Group by ¥2,771 million, ¥625 million and ¥588 million ($4,421 thousand), and to decrease the operating income of the Japan Group by the same amount for the years ended

March 31, 2000, 2001 and 2002, respectively. Also, identifiable assets of the Japan Group as of March 31, 2000, 2001 and 2002 increased by ¥5,171 million, ¥651 million and ¥3,351 million ($25,195 thousand), respectively.

Segment Products and Services

The Company and consolidated subsidiaries are manufacturers and wholesalers of electric power tools and other tools. The operating segments derive substantially all their revenues from the sale of electric power tools and parts and repairs.

								Yen (millions)
Year ended March 31, 2000	Japan	North America	Europe	Southeast Asia	Other	Total	Corporate and Eliminations	Consolidated
Sales:								
External customers	¥ 47,974	¥56,291	¥46,643	¥ 7,442	¥16,198	¥174,548	¥ —	¥174,548
Intersegment	47,985	2,510	4,087	9,610	171	64,363	(64,363)	—
Total	¥ 95,959	¥58,801	¥50,730	¥17,052	¥16,369	¥238,911	¥(64,363)	¥174,548
Operating expenses	¥ 92,267	¥58,217	¥46,355	¥15,310	¥16,276	¥228,425	¥(64,783)	¥163,642
Operating income	3,692	584	4,375	1,742	93	10,486	420	10,906
Long-lived assets	61,553	7,547	6,517	5,953	1,541	83,111	—	—
Identifiable assets	243,962	44,856	51,621	18,642	13,240	372,321	(83,474)	288,847
Depreciation and amortization	5,994	1,541	1,293	660	190	9,678	(65)	9,613
Capital expenditures	5,016	1,516	768	729	139	8,168	—	8,168

								Yen (millions)
Year ended March 31, 2001	Japan	North America	Europe	Southeast Asia	Other	Total	Corporate and Eliminations	Consolidated
Sales:								
External customers	¥ 49,524	¥44,246	¥44,227	¥ 6,796	¥15,387	¥160,180	¥ —	¥160,180
Intersegment	48,223	2,382	4,297	15,391	111	70,404	(70,404)	—
Total	¥ 97,747	¥46,628	¥48,524	¥22,187	¥15,498	¥230,584	¥(70,404)	¥160,180
Operating expenses	¥ 88,894	¥48,703	¥45,498	¥20,456	¥15,346	¥218,897	¥(68,502)	¥150,395
Operating income (loss)	8,853	(2,075)	3,026	1,731	152	11,687	(1,902)	9,785
Long-lived assets	56,866	8,484	6,840	7,240	1,502	80,932	—	—
Identifiable assets	242,085	54,692	53,218	23,862	14,312	388,169	(94,174)	293,995
Depreciation and amortization	5,780	1,584	976	709	177	9,226	(59)	9,167
Capital expenditures	4,847	1,627	882	1,071	178	8,605	(47)	8,558

								Yen (millions)
Year ended March 31, 2002	Japan	North America	Europe	Southeast Asia	Other	Total	Corporate and Eliminations	Consolidated
Sales:								
External customers	**¥ 46,029**	**¥50,443**	**¥50,661**	**¥ 6,700**	**¥16,696**	**¥170,529**	**¥ —**	**¥170,529**
Intersegment	**44,065**	**1,584**	**4,071**	**16,524**	**91**	**66,335**	**(66,335)**	**—**
Total	**¥ 90,094**	**¥52,027**	**¥54,732**	**¥23,224**	**¥16,787**	**¥236,864**	**¥(66,335)**	**¥170,529**
Operating expenses	**¥ 83,093**	**¥55,681**	**¥52,012**	**¥21,045**	**¥16,708**	**¥228,539**	**¥(64,964)**	**¥163,575**
Operating income (loss)	**7,001**	**(3,654)**	**2,720**	**2,179**	**79**	**8,325**	**(1,371)**	**6,954**
Long-lived assets	**54,466**	**7,848**	**7,166**	**8,057**	**1,468**	**79,005**	**—**	**—**
Identifiable assets	**239,891**	**50,059**	**63,163**	**26,972**	**15,162**	**395,247**	**(110,109)**	**285,138**
Depreciation and amortization	**5,807**	**1,819**	**1,075**	**910**	**197**	**9,808**	**(54)**	**9,754**
Capital expenditures	**2,823**	**827**	**1,029**	**1,210**	**116**	**6,005**	**(47)**	**5,958**

								U.S. dollars (thousands)
Year ended March 31, 2002	Japan	North America	Europe	Southeast Asia	Other	Total	Corporate and Eliminations	Consolidated
Sales:								
External customers	**$ 346,082**	**$379,271**	**$380,910**	**$ 50,376**	**$125,534**	**$1,282,173**	**$ —**	**$1,282,173**
Intersegment	**331,316**	**11,909**	**30,609**	**124,241**	**684**	**498,759**	**(498,759)**	**—**
Total	**$ 677,398**	**$391,180**	**$411,519**	**$174,617**	**$126,218**	**$1,780,932**	**$(498,759)**	**$1,282,173**
Operating expenses	**$ 624,759**	**$418,654**	**$391,068**	**$158,233**	**$125,624**	**$1,718,338**	**$(488,451)**	**$1,229,887**
Operating income (loss)	**52,639**	**(27,474)**	**20,451**	**16,384**	**594**	**62,594**	**(10,308)**	**52,286**
Long-lived assets	**409,519**	**59,007**	**53,880**	**60,579**	**11,038**	**594,023**	**—**	**—**
Identifiable assets	**1,803,692**	**376,383**	**474,910**	**202,797**	**114,000**	**2,971,782**	**(827,887)**	**2,143,895**
Depreciation and amortization	**43,662**	**13,676**	**8,083**	**6,842**	**1,482**	**73,745**	**(406)**	**73,339**
Capital expenditures	**21,225**	**6,218**	**7,737**	**9,098**	**872**	**45,150**	**(353)**	**44,797**

Transfers between segments are made at arm's-length prices. No single external customer accounted for 10% or more of the Company and consolidated subsidiaries' revenues for each of the years ended March 31, 2000, 2001 and 2002.

To The Shareholders and The Board of Directors of Makita Corporation

We have audited the accompanying consolidated balance sheets of MAKITA CORPORATION (a Japanese corporation) and consolidated subsidiaries as of March 31, 2001 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2002, expressed in Japanese yen. These consolidated financial statements referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Makita Corporation and consolidated subsidiaries as of March 31, 2001 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2002, in conformity with accounting principles generally accepted in the United States of America (see Note 3).

Also, in our opinion, the translated amounts in the accompanying consolidated financial statements translated into U.S. dollars have been computed on the basis set forth in Note 2.

As explained in Note 3 and 14 to the consolidated financial statements, effective April 1, 2001, the Company changed its method of accounting for derivative instruments and hedging activities.

Arthur Andersen

Tokyo, Japan,
June 18, 2002

ASIA

JAPAN

Makita Ichinomiya Corporation
2-13, Kogane, Ashiyamada,
Ichinomiya-cho, Hoi-gun,
Aichi 441-1203
Phone: (0533) 93-1811

Joyama Kaihatsu Ltd.
20-2, Okutakiba, Ashiyamada,
Ichinomiya-cho, Hoi-gun,
Aichi 441-1203
Phone: (0533) 93-6550

SINGAPORE

Makita Singapore Pte. Ltd.
7, Changi South Street 3,
Singapore 486348
Phone: 6546-8700
Fax: 6546-8711

TAIWAN

Makita (Taiwan) Ltd.

Head office
1-2F, No. 4, Lane 83, Kuang-fu
Road, Sec. 1, San-chung,
Taipei Hsien, Taiwan
Phone: (02) 2999-0600~4
Fax: (02) 2999-0605

Sales offices
Kaohsiung, Taichung

CHINA

Makita (China) Co., Ltd.

Head office & plant
288 Huangpujiang Road,
Kunshan Economic & Technical
Development Zone,
Jiangsu 215300
Phone: 0512-57707710
Fax: 0512-57713623

Guangzhou sales branch
1F, No. 22-24, Jinguangdajie,
Huadidadao Road,
Fangcum District, Guangzhou,
Guangdong 510380
Phone: 020-87518872
Fax: 020-87518873

Shanghai sales branch
No. 88 Tongren Road,
Jingan District,
Shanghai 200040
Phone: 021-62473908
Fax: 021-62476732

Beijing sales branch
1F, No. 8, Yili, Jianxinyuan,
4, Dahongmen West Road,
Fengtai District, Beijing 100075
Phone: 010-87290071
Fax: 010-87290068

Chengdu sales branch
No. 360, Qingjiang East Road,
Qingyang District,
Chengdu, Sichuan 610072
Phone: 028-87337028
Fax: 028-87337018

Shenyang sales branch
No. 34 Baogong South Road,
Tiexi District, Shenyang,
Liaoning 110023
Phone: 024-25638598
Fax: 024-25638599

Makita (Kunshan) Co., Ltd.
Nan Zi Road, Kunshan Export
Processing Zone, Jiangsu 215301
Phone: 0512-57367367
Fax: 0512-57365575

Makita Power Tools (HK) Ltd.
3F, Grandtech Centre,
8 On Ping Street, Shatin,
N.T., Hong Kong
Phone: 2648-8683
Fax: 2648-5237

Makita (Shanghai) Trading Co., Ltd.
Block A, 70 Fu Te Dong Yi Road,
Waigaoqiao Free Trade Zone,
Shanghai 200131
Phone: 021-58661290
Fax: 021-58661277

KOREA

Makita Korea Co., Ltd.
Suite 901, Seocho Plaza,
1573-1, Seocho-Dong,
Seocho-ku, Seoul
Phone: (02) 3471-3111~3
Fax: (02) 3471-3114

AMERICAS

UNITED STATES

Makita U.S.A. Inc.

Head office
14930 Northam Street,
La Mirada, CA 90638-5753
Phone: (714) 522-8088
Fax: (714) 522-8133

Los Angeles office
14930 Northam Street,
La Mirada, CA 90638-5753
Phone: (714) 522-8088
Fax: (714) 522-2437

San Francisco office
41850 Christy Street,
Fremont, CA 94538-5107
Phone: (510) 657-9881
Fax: (510) 657-7196

New Jersey office
251 Herrod Boulevard,
Dayton, NJ 08810-1539
Phone: (609) 655-1212
Fax: (609) 655-1683

Chicago office
1450 Feehanville Drive,
Mount Prospect, IL 60056-6011
Phone: (847) 297-3100
Fax: (847) 297-1544

Houston office
12701 Directors Drive,
Stafford, TX 77477-3701
Phone: (281) 565-8665
Fax: (281) 565-4600

Atlanta office
4680 River Green Parkway,
Duluth, GA 30096-2566
Phone: (770) 476-8911
Fax: (770) 476-0795

Denver office
11839 East 51st Avenue,
Denver, CO 80239-2709
Phone: (303) 371-2850
Fax: (303) 371-0633

Factory service centers
Phoenix, San Diego, Van Nuys, Fresno, San Bernardino, Las Vegas, Portland, Seattle, Salt Lake City, Sacramento, San Francisco, Philadelphia, Buffalo, Washington/Baltimore, Queens, Minneapolis, St. Louis, Kansas City, Milwaukee, Pittsburgh, Cleveland, Cincinnati, Indianapolis, Columbus, Louisville, Dallas, Oklahoma City, San Antonio, New Orleans, Little Rock, Orlando, Nashville, Fort Lauderdale, Charlotte, Tampa, Birmingham, Omaha, Boston, Puerto Rico

Makita Corporation of America
2650 Buford Highway,
Buford, GA 30518
Phone: (770) 932-2901
Fax: (770) 932-2905

Makita Latin America Inc.
1301 West Copans Road,
Pompano Beach, FL 33064
Phone: (954) 970-0806
Fax: (954) 970-8740

CANADA

Makita Canada Inc.

Head office & plant
1950 Forbes Street,
Whitby, ON L1N 7B7
Phone: (905) 571-2200
Fax: (905) 571-7434

Vancouver office
11771 Hammersmith Way,
Richmond, BC V7A 5H6
Phone: (604) 272-3104
Fax: (604) 272-5416

Factory service centers
St. Léonard (Montreal), Dartmouth, Nepean (Ottawa), Les Saules (Quebec), London, Mississauga, Whitby, St. Laurent (Montreal), Calgary, Edmonton, Winnipeg, Saskatoon, Richmond, Coquitlam

MEXICO

Makita México, S.A. de C.V.
Norte 35#780-B
Col. Industrial Vallejo
Del. Azcapotzalco Mexico,
D.F. Mexico C.P. 02300
Phone: (555) 567-3387
Fax: (555) 567-3282

BRAZIL

Makita do Brasil Ferramentas Elétricas Ltda.

Head office
Rua Makita Brasil, Nº 200,
Bairro dos Alvarengas,
São Bernardo do Campo,
São Paulo,
CEP: 09852-080
Phone: (011) 4392-2411
Fax: (011) 4392-2183

Salvador office
Av. Santos Dumont 1200–loja 02,
Lauro de Freitas/BA,
CEP: 42700-000
Phone: (071) 252-0154
Fax: (071) 252-0070

ARGENTINA

Makita Herramientas Eléctricas de Argentina S.A.
Av. Eva Perón 4148,
Capital Federal,
Buenos Aires, C.P. 1407
Phone: (11) 4674-4040
Fax: (11) 4674-4140

CHILE

Makita Chile Ltda.
San Ignacio 500, Modulo No. 8,
Quilicura, Santiago
Phone: (2) 733-5111
Fax: (2) 733-5030

EUROPE / MIDDLE EAST

■ UNITED KINGDOM

Makita International Europe Ltd.
Michigan Drive,
Tongwell, Milton Keynes,
Bucks MK15 8JD
Phone: (01908) 211678
Fax: (01908) 211500

Makita (U.K.) Ltd.
Michigan Drive,
Tongwell, Milton Keynes,
Bucks MK15 8JD
Phone: (01908) 211678
Fax: (01908) 211400

Makita Manufacturing Europe Ltd.
Hortonwood 7,
Telford, Shropshire TF1 7YX
Phone: (01952) 677688
Fax: (01952) 677678

■ FRANCE

Makita France S.A.

Head office
2, Allée des Performances,
Z.I. des Richardets, (B.P.119) 93162
Noisy le Grand Cedex
Phone: (0) 149326200
Fax: (0) 143059913

Marseille office
151, Avenue des Aygalades,
13015 Marseille
Phone: (0) 491033960
Fax: (0) 491033961

Nantes office
Le Pan Loup, 44220 Couéron
Phone: (0) 251778977
Fax: (0) 240638376

Bordeaux office
137, Rue de la
Croix-de-Monjous,
33170 Gradignan
Phone: (0) 557965270
Fax: (0) 557965275

Nord office
Village d'Entreprises,
51, Rue Trémière,
59650 Villeneuve d'Ascq
Phone: (0) 320054646
Fax: (0) 320472220

Nancy office
Z.I. Ouest,
22 Allee des Peupliers
54180 Heillecourt
Phone: (0) 383252850

Dijon office
5, Rue Edmond Voisenet,
21000 Dijon
Phone: (0) 380540880
Fax: (0) 380540881

Toulouse office
15, Rue de Boudeville,
Z.I. de Thibaud, 31100 Toulouse
Phone: (0) 561432200
Fax: (0) 561432201

■ SPAIN

Makita, S.A.
C/ Juan de la Cierva, 7-13,
28820 Coslada (Madrid)
Phone: (91) 671-1262
Fax: (91) 671-8293

■ ITALY

Makita S.p.A.
Via Sempione 269A,
20028 S. Vittore Olona (MI)
Phone: (0331) 524111
Fax: (0331) 421580

■ GREECE

Makita Hellas S.A.
Tatoiou 232, Acharnes
Phone: (01) 8071241
Fax: (01) 8072245

■ FINLAND

Makita Oy
Muonamiehentie 14, 00390 Helsinki
Phone: (09) 857-880
Fax: (09) 857-88211

■ THE NETHERLANDS

Makita Benelux B.V.
Ekkersrijt 4086, 5692 DA, Son
Phone: (0499) 484848
Fax: (0499) 484849

Euro Makita Corporation B.V.
De Boelelaan 7,
1083 HJ, Amsterdam
Phone: 020-6465996
Fax: 020-6427675

■ BELGIUM

S.A. Makita N.V.
Mechelsesteenweg 323,
1800 Vilvoorde
Phone: (02) 257-1840
Fax: (02) 253-0101

■ GERMANY

Makita Werkzeug GmbH

Head office
Keniastraße 20,
47269 Duisburg
Phone: (0203) 9757-0
Fax: (0203) 9757-127

Denmark office
Sandøvej 11, 8700 Horsens,
Denmark
Phone: 76 254400
Fax: 76 254401

Dolmar GmbH
Jenfelder Strasse 38,
D-22045 Hamburg
Phone: (040) 66986-0
Fax: (040) 66986-352

■ SWITZERLAND

Makita SA
Route de Denges 6,
Case Postale 35,
CH-1027 Lonay
Phone: (021) 811-5656
Fax: (021) 811-5678

■ AUSTRIA

Makita Werkzeug Gesellschaft m.b.H.
Kolpingstraße 13,
A-1232 Wien
Phone: (01) 6162730
Fax: (01) 616273040

Russia Representative Office
Leningradskaya ul, 29
141400, Khimki, Moscow
Phone: (007) 095-571-8294
Fax: (007) 095-571-8294

■ POLAND

Makita Sp. Z O.O.
UL. Strażacka 81,
PL 43-382
Bielsko-Biała
Phone: (033) 816-4524
Fax: (033) 818-4059

■ CZECH REPUBLIC

Makita S.R.O.
Pražákova 51 CZ-619 00, Brno
Phone: (05) 432-16944
Fax: (05) 432-16946

■ HUNGARY

Makita Kft.
8000, Székesfehérvár,
Seregélyesi u. 96
Phone: (22) 327-025
Fax: (22) 348-092

■ ROMANIA

Makita Romania S.R.L.
Sos. Bucharest-Urziceni, No. 31
(EXPO MARKET DORALY, Pavilion A)
Afmati, Ilfov
Phone: (21) 491-3232
Fax: (21) 312-5495

■ UNITED ARAB EMIRATES

Makita Gulf FZE
P.O. Box 17133,
Jebel Ali Free Zone,
Dubai
Phone: 04-8836118
Fax: 04-8835302

OCEANIA

■ AUSTRALIA

Makita (Australia) Pty. Ltd.

Head office
92 Wetherill Street,
Silverwater, NSW 2128
Phone: (02) 9748-3944
Fax: (02) 9748-4220

Sydney office
92 Wetherill Street,
Silverwater, NSW 2128
Phone: (02) 9748-3944
Fax: (02) 9748-4290

Melbourne office
89 Rushdale Street,
Scoresby, VIC 3179
Phone: (03) 9764-8055
Fax: (03) 9764-9298

Adelaide office
45 Birralee Road,
Regency Park, SA 5010
Phone: (08) 8347-1933
Fax: (08) 8347-0996

Perth office
31 Furnace Road,
Welshpool, WA 6106
Phone: (08) 9350-5666
Fax: (08) 9350-6977

Hobart office
3/65 Albert Road,
Moonah, TAS 7009
Phone: (03) 6278-1899
Fax: (03) 6278-1732

Darwin office
35 Benison Road,
Winnellie, NT 0820
Phone: (08) 8947-0944
Fax: (08) 8947-2991

Brisbane office
78 Pritchard Road,
Virginia, QLD 4014
Phone: (07) 3265-1888
Fax: (07) 3265-2030

■ NEW ZEALAND

Makita (New Zealand) Ltd.
7 Atlas Place,
Mairangi Bay, Auckland
Phone: (09) 479-8250
Fax: (09) 479-8259

BOARD OF DIRECTORS

PRESIDENT AND REPRESENTATIVE DIRECTOR

Masahiko Goto

MANAGING DIRECTOR

Yoshiyuki Toma

DIRECTORS

Katsuya Inagaki

Masami Tsuruta

Atsushi Sugiura

Kazuyuki Miyamoto

Yasuhiko Kanzaki

Kenichiro Nakai

Tadayoshi Torii

Tomoyasu Kato

Kazuya Nakamura

STANDING STATUTORY AUDITORS

Ryota Ichikawa

Kenichi Ikeda

STATUTORY AUDITORS

Keiichi Usui*

Shoichi Hase*

*Outside Auditors

(As of June 27, 2002)

CORPORATE DATA

MAKITA CORPORATION

Head Office
3-11-8, Sumiyoshi-cho,
Anjo, Aichi 446-8502, Japan
Phone: (0566) 98-1711
Fax: (0566) 98-6021

Okazaki Plant
22-1, Watarijima, Nemunoki-cho,
Okazaki, Aichi 444-0232
Phone: (0564) 43-3111

Tokyo Branch Office
3-5-3, Hongo, Bunkyo-ku,
Tokyo 113-0033
Phone: (03) 3816-1141
Fax: (03) 3813-1633

Nagoya Branch Office
4-12-5, Meiekiminami,
Nakamura-ku, Nagoya 450-0003
Phone: (052) 571-6451
Fax: (052) 581-5434

Osaka Branch Office
1-26-8, Tenma, Kita-ku,
Osaka 530-0043
Phone: (06) 6351-8771
Fax: (06) 6352-4607

Domestic Sales Offices
Sapporo, Sendai, Niigata, Utsunomiya, Saitama, Chiba, Yokohama, Shizuoka, Gifu, Kanazawa, Kyoto, Hyogo, Hiroshima, Takamatsu, Fukuoka, Kumamoto, and other major cities

Date of Founding
March 21, 1915

Paid-in Capital
¥23,803 million

Number of Shares Outstanding
153,006,992 shares

Independent Public Accountants
Arthur Andersen

Common Stock Listings
Domestic
Tokyo, Osaka, and Nagoya stock exchanges
Overseas
Euronext Amsterdam

Transfer Agent of Common Stock
The Chuo Mitsui Trust & Banking Co., Ltd.
3-33-1, Shiba, Minato-ku,
Tokyo 105-8574, Japan

American Depositary Receipts
NASDAQ System
Symbol: MKTAY
CUSIP: 560877300

MKTA™ NASDAQ LISTED

Depositary, Transfer Agent, and Registrar for American Depositary Receipts
The Bank of New York
101 Barclay Street,
New York, NY 10286, U.S.A.
Phone: (212) 815-2042
U.S. toll free: (888) 269-2377
http://www.adrbny.com/

Web Site
http://www.makita.co.jp/

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