

MAKITA CORPORATION

(Stock code: 6586)
June 4, 2008

To the Shareholders of
MAKITA CORPORATION

NOTICE OF THE 96th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are respectfully requested to attend the 96th Ordinary General Meeting of Shareholders of MAKITA CORPORATION, which is hereby announced.

If you do not expect to attend the meeting, you may exercise your voting rights through the enclosed voting form. Please review the accompanying information and send the enclosed voting form to us by return mail after indicating your vote for or against the proposition.

Masahiko Goto
President
MAKITA CORPORATION
3-11-8, Sumiyoshi-cho, Anjo,
Aichi Prefecture, 446-8502, Japan

1. Date: 10 a.m., Thursday, June 26, 2008
2. Place: Head Office of MAKITA CORPORATION
3-11-8, Sumiyoshi-cho, Anjo,
Aichi Prefecture, 446-8502, Japan
3. Agenda:
 - Items to be reported:
 1. The Business Report, Consolidated Financial Statements for the 96th term (from April 1, 2007 to March 31, 2008) and the Audit Reports on such Consolidated Financial Statements by the Accounting Auditors and the Board of Statutory Auditors
 2. The Non-consolidated Financial Statements for the 96th term
 - Items to be resolved:

No.1	Appropriations of Surplus
No.2	Election of three Statutory Auditors
No.3	Payment of Bonus to Directors
No.4	Presentation of condolence money for the late Director, Mr. Kazuya Nakamura

BUSINESS REPORT

(From April 1, 2007 to March 31, 2008)

1. Matters on the Current Status of the Makita Group

(1) Progress and Results of Operations

When we review the economic conditions that prevailed abroad for the year ended March 31, 2008, we see that in Europe, the high growth was achieved in the Eastern Europe and Russian economies while signs of a slowdown in Western Europe began to become evident with consumer spending remaining weak during the second half of the term. In the US, a decline in residential property investments and turmoil in financial markets in the wake of the sub-prime loan problem rapidly increased apprehensions of a slowdown. Regarding Asia, business conditions for the most part remained sound in Asian countries, particularly in China where robust growth continues. In Japan, the number of new housing starts decreased under the influence of a tightening of the procedures for applying for building permission under the revised Building Standard Law. Moreover, steep rise in the price of crude oil, raw materials and sharp appreciation of yen to US dollar have suppressed corporate earnings. And these negative factors have been acting as a brake on the recovery trend in the economy.

Under these conditions, Makita focused its product development efforts on meeting marketplace needs, creating and expanding further its line up of lithium-ion battery products that have been highly rated by both domestic and overseas markets ever since initial launch in February 2005. Makita increased production at the China plant and expanded the Romania plant in order to enhance its ability to supply products to the markets to meet the strong demand. In Central and South America, Makita started building its second factory in Brazil. Moreover, Makita has been devoting efforts to increasing management efficiency and cooperating with group companies to take full advantage of the technical expertise of Makita Numazu Corporation(former Fuji Robin Industries Ltd.),which was incorporated as a subsidiary in May 2007 to strengthen the area of gardening equipments including engine-powered tools.

Consolidated sales grew by 22.4% over the previous year to 342,577 million yen, marking its fourth consecutive year of record sales and its seventh consecutive year of sales growth. Consolidated operating income increased by 39.1% to 67,031 million yen (19.6% of operating income to net sales), thanks to an improved sales cost ratio caused by an increase in its Chinese production and by an increase in sales due to the weaker yen against euro. Despite realized losses on securities and exchange losses reported as other income or expenses, a new record was set for net profit for the year. Income before income taxes were higher by 33.3% to 65,771 million yen (ratio of income before income taxes to net sales; 19.2%), and net income for the year ended March 31, 2008 rose by 24.5% amounted to 46,043 million yen (ratio of net income to net sales; 13.4%).

Overseas sales by region were as follows;

In Japan, although it is in the severe situation where the number of new housing starts has fallen under the influence of the revision of the Building Standard Law, the sales grew by 11.4% from the previous year to 52,193 million yen with contribution of solid sales of lithium-ion battery products, such as Cordless Impact Driver, and the inclusion of sales from the acquired Makita Numazu Corporation.

Sales in Europe surged by 29.3% to 160,360 million yen, fuelled by solid sales in the UK, Germany and other Western countries, and by a continued expansion of demand in Eastern Europe and Russia.

In North America, despite falls in the housing investments in the wake of the sub-prime loan problem, sales rose to 56,422 million yen, up 9.6% over the previous year due mainly to solid sales of lithium-ion battery products.

Sales in Asia rose by 16.2% to 22,629 million yen with contribution of solid sales in Singapore and Indonesia.

With regard to other regions, construction investment was strong due to continued economic growth with a backdrop of an increase in the price of mineral resources and crude oil. Accordingly, the sales in the Middle East and Africa rose by 43.0% to 18,687 million yen, the sales in Central and South America were up by 32.0% to 16,764 million yen, and the sales in Oceania were higher by 25.7% to 15,522 million yen.

Overall, overseas sales accounted for 84.8% of total sales.

In the North American market, Makita entered into a sales agreement in March 2008 with Home Depot U.S.A., Inc. which is the largest home improvement chain in the US. Makita's goal is to continue to distribute its products through the home improvement channel which has a significant influence on the sales trend of electric power tools in the North American market and to consistently increase sales and raise awareness of Makita's brand name. Accordingly, Makita's goals will be met by solidifying a business partnership with Home Depot in the North American market through which new and innovative Makita products will be distributed in the home improvement channel. Makita will continue to strengthen its relationship with important specialty stores such as independent construction supply and hardware stores which provide Makita products and enhanced after-sales service.

(2) Future Tasks

There is still an uncertain outlook for the business environment in which Makita operates, due not just to concerns about the impact that the down-turn in the US economy may influence on the global economy due to the sub-prime loan problem, but also to fluctuation in exchange rates and the prices of oil and raw materials.

Duly noting these circumstances, Makita aims to build a strong brand equity that is unrivaled in the industry and to become a "Strong Company." In other words, to become a company that can obtain and maintain worldwide market leadership as a global total supplier of products such as power tools for professional use, air tools, and gardening equipments. This is to be accomplished by the ability to develop new products that satisfy professional users, by global production structure that achieves both high quality and price competitiveness, as well as sales and after-sales service structure that secure the Company to lead the industry both in the domestic and overseas markets.

In order to carry out this management strategy, Makita will devote its energy to further improvement in performance by aggressively tackling issues such as the ongoing early release of new products ahead of competitors, the establishment of a production system that can accommodate the diverse needs of the market, enhancement in brand power by boosting sales via home improvement channel in North America, and intensification of the areas of gardening equipments including engine-powered tools and air tools.

In closing, we would like to thank you for your ongoing support and ask you for continued backing.

(3) Investment in Plant and Equipment

During the term, Makita allocated 15,036 million yen for its capital expenditures. These funds used by the Company amounted to approximately 8.6 billion yen. This reflected mainly capital expenditures for rebuilding of an office building and research and development buildings at head office, and construction work of quake-resistant building at Okazaki plant. These funds also used by manufacturing subsidiaries amounted to approximately 4.8 billion yen. This reflected mainly capital expenditures for building, machinery and equipment at China factory, machinery and equipment at Romania factory, and construction work of second factory in Brazil.

(4) Capital Procurement

During the term, Makita did not procure capital by issuing new shares or bonds.

(5) Acquisition of Shares of Other Companies

In order to strengthen its position as a comprehensive supplier of tools for professional use in the areas of gardening equipments including engine-powered tools, the Company carried out a tender offer for shares of Fuji Robin Industries Ltd. ("Fuji Robin") during the period from March 22, 2007 through May 7, 2007, and acquired 10,270,000 shares at an aggregate purchase price of 2,673 million yen. As of August 1, 2007, the Company acquired shares of Fuji Robin by means of a share exchange, and made Fuji Robin into a wholly owned subsidiary that was given the new name Makita Numazu Corporation.

(6) Financial Position and Results of Operations for the Recent Three Fiscal Years

Description	93 rd term (ended March 31, 2005)	94 th term (ended March 31, 2006)	95 th term (ended March 31, 2007)	96 th term (ended March 31, 2008)
Net sales (in millions of yen)	194,737	229,075	279,933	342,577
Operating income (in millions of yen)	31,398	45,778	48,176	67,031
Income before income taxes (in millions of yen)	32,618	49,143	49,323	65,771
Net income (in millions of yen)	22,136	40,411	36,971	46,043
Net income per share (in yen)	153.89	281.15	257.27	320.30
Total assets (in millions of yen)	289,904	326,038	368,494	386,467
Shareholders' equity (in millions of yen)	219,640	266,584	302,675	316,498

Notes: 1. Consolidated financial statements are prepared in accordance with United States Generally Accepted Accounting Principles.

2. Net income per share is computed based on the average number of common stock outstanding during the term.

3. Amounts of less than 1 million yen have been rounded.

(7) Significant Subsidiaries

Company Name	Capital (thousands)	Ownership ratio (%)	Principal Business
Makita U.S.A. Inc.	U.S.\$ 161,400	100.0	Sales of electric power tools
Makita Corporation of America	U.S.\$ 73,600	100.0*	Manufacture of electric power tools
Makita (U.K.) Ltd.	£ 21,700	100.0*	Sales of electric power tools
Makita Manufacturing Europe Ltd.	£ 37,600	100.0*	Manufacture of electric power tools
Makita Werkzeug GmbH (Germany)	Euro 7,669	100.0*	Sales of electric power tools
Dolmar GmbH (Germany)	Euro 13,805	100.0*	Manufacture and sales of gardening equipments
Makita S.p.A. (Italy)	Euro 6,000	100.0*	Sales of electric power tools
Makita Oy (Finland)	Euro 100	100.0*	Sales of electric power tools
Makita (China) Co., Ltd.	U.S.\$ 65,000	100.0	Manufacture and sales of electric power tools
Makita (Kunshan) Co., Ltd.	U.S.\$ 25,000	100.0	Manufacture of electric power tools

Note: The ownership ratios with asterisks include the shares owned by the subsidiaries.

(8) Major Operations

Makita is primarily involved in the production and sales of electric power tools such as cordless impact drivers, rotary hammers, circular saws and angle grinders, air tools such as air nailers and tackers, gardening equipments such as hedge trimmers and petrol brushcutters, and household tools such as cordless cleaners.

(9) Principal Sales Offices and Plants

1. Makita Corporation (the Company)

Head office	Anjo (Aichi)
Sales offices	Tokyo, Nagoya, Osaka
Plant	Okazaki (Aichi)

2. Subsidiaries

For Sales Makita U.S.A. Inc. Makita (U.K.) Ltd. Makita S.p.A. Makita Werkzeug GmbH Makita Oy	Los Angeles (United States) London (United Kingdom) Milan (Italy) Duisburg (Germany) Helsinki (Finland)
For Production Makita Corporation of America Makita Manufacturing Europe Ltd. Makita (Kunshan) Co., Ltd.	Atlanta (United States) Telford (United Kingdom) Kunshan (China)
For Production and sales Makita (China) Co., Ltd. Dolmar GmbH Makita Numazu Corporation	Kunshan (China) Hamburg (Germany) Numazu (Shizuoka)

(10) Employees

1. Employees of the Makita Group

Number of Employees	Increase/Decrease
10,436	1,374 (Increase)

Note: The main reasons for the increase in the number of employees are due to the increase in employees at our plants in China and Romania with start of production and the incorporation of Makita Numazu Corporation as a consolidated subsidiary.

2. Employees of the Company

Number of Employees	Increase/Decrease	Average Age	Average Years of Service
2,941	11 (Decrease)	41.6	19.9

2. Shareholding Status of the Company

- (1) Total number of shares authorized to be issued by the Company: 496,000,000 shares
 (2) Total number of shares outstanding: 143,773,625 shares
 (excluding treasury stock of 235,135 shares)

Note: At the Board of Directors' meeting held on April 30, 2008, it was resolved that the Company should repurchase its own shares as follows:

Class of shares to be repurchased: Common stock
 Total number of shares to be repurchased: Up to 3,000,000 shares
 Aggregate repurchase amount: Up to 12 billion yen
 Period for repurchases: From May 1, 2008 to May 26, 2008

As a results, the Company repurchased its own shares as follows in accordance with the resolution:

Total number of shares repurchased: 3,000,000 shares
 Total amount of shares repurchased: 11,923 million yen

(3) Number of shareholders: 13,952

(4) Major Shareholders:

Name of Shareholders	Number of Shares Held	
	Units (thousands)	Ownership ratio (%)
Japan Trustee Services Bank, Ltd. (Trust account)	10,695	7.42
The Master Trust Bank of Japan, Ltd. (Trust account)	7,767	5.39
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,213	3.62
Nippon Life Insurance Company	4,013	2.78
Makita Cooperation Companies' Investment Association	3,726	2.58
Maruwa, Ltd.	3,309	2.29
National Mutual Insurance Federation of Agricultural Cooperatives	3,130	2.17
Sumitomo Mitsui Banking Corporation	2,900	2.01
Hero & Co.	2,563	1.77
State Street Bank and Trust Company 505103	2,146	1.49

Note: The Company received copy of a report of bulk holding (report on change) filed with the Financial Services Agency as of April 21, 2008, and the contents of such report are as follows:

Persons who submitted the report	Date on which obligation of report arose	Number of shares held (thousands)	Ownership ratio (%)
Mitsubishi UFJ Financial Group, Inc.	April 14, 2008	10,023	6.97

Note: The ownership ratio is calculated based on the total number of shares outstanding (excluding treasury stock) at the end of the term.

3. Directors and Statutory Auditors of the Company

(1) Directors and Statutory Auditors

Title	Name	Position at the Company and representative status in other companies
President*	Masahiko Goto	
Managing Director	Masami Tsuruta	In Charge of Domestic Sales
Managing Director	Yasuhiko Kanzaki	In Charge of International Sales and General Manager of International Sales Headquarters: Europe Region
Director	Kenichiro Nakai	General Manager of Administration Headquarters
Director	Tadayoshi Torii	General Manager of Production Headquarters
Director	Tomoyasu Kato	General Manager of Development and Engineering Headquarters
Director	Shiro Hori	General Manager of International Sales Headquarters: America, Asia and Oceania Region and International Administration
Director	Tadashi Asanuma	General Manager of Domestic Sales Marketing Headquarters: Tokyo Area
Director	Hisayoshi Niwa	General Manager of Quality Headquarters
Director	Zenji Mashiko	General Manager of Domestic Sales Marketing Headquarters: Nagoya Area
Director	Toshio Hyuga	General Manager of Domestic Sales Marketing Headquarters: Osaka Area
Director	Shinichiro Tomita	Assistant General Manager of Production Headquarters: China Plant
Director	Tetsuhisa Kaneko	General Manager of Purchasing Headquarters
Director	Motohiko Yokoyama	President and Representative Director of JTEKT Corporation
Standing Statutory Auditor	Akio Kondo	
Standing Statutory Auditor	Hiromichi Murase	
Statutory Auditor	Shoichi Hase	Patent Attorney
Statutory Auditor	Masafumi Nakamura	Certified Public Accountant

Notes: 1. The asterisk denotes Representative Director.

2. Changes of Directors and Statutory Auditors during the term

(1) At the 95th Ordinary General Meeting of Shareholders held on June 27, 2007, the following Director and Statutory Auditor were retired from their respective offices.

Director Masahiro Yamaguchi

Statutory Auditor Keiichi Usui

(2) At the 95th Ordinary General Meeting of Shareholders held on June 27, 2007, the following Directors and Statutory Auditor newly elected and each of them assumed their respective offices.

Director Toshio Hyuga

Director Shinichiro Tomita

Director Tetsuhisa Kaneko

Statutory Auditor Masafumi Nakamura

(3) On June 27, 2007, the following change of Director's title and position was made. Title and position in parenthesis is the former one.

Managing Director (Director) Yasuhiko Kanzaki

In Charge of International Sales and General Manager of International Sales Headquarters: Europe Region
(General Manager of International Sales Headquarters: Europe Region)

- (4) On September 19, 2007, a Director, Mr. Kazuya Nakamura, passed away. As a result, position of the following Director was changed as of September 20, 2007. The position indicated in parenthesis is the previous position of the Director.

Director Shiro Hori
General Manager of International Sales Headquarters:
America, Asia and Oceania Region and International Administration
(General Manager of International Sales Headquarters:
America Region and International Administration)

3. Mr. Motohiko Yokoyama is an Outside Director.
4. Messrs. Shoichi Hase and Masafumi Nakamura are Outside Statutory Auditors.
5. Mr. Akio Kondo, Standing Statutory Auditor, had worked at the Financial Department of the Company for 25 years and has considerable expertise in finance and accounting.
6. A Statutory Auditor, Mr. Masafumi Nakamura, is a certified public accountant and has a substantial amount of expertise in finance and accounting.

(2) Total Amounts Paid as Remuneration and Bonus to Directors and Statutory Auditors

Classification	Number of payment recipients	Aggregate amount paid (in millions of yen)
Directors	15	308
Statutory Auditors	4	40
Total	19	348

Notes: 1. The aggregate amount of remuneration includes the amount of 14 million yen paid to Outside Executives (one Outside Director and two Outside Statutory Auditors).

2. Aggregate amount paid to Directors includes the amount of 170 million yen for the bonuses to be paid to 13 Directors (excluding one Outside Director), which will be resolved at the 96th Ordinary General Meeting of Shareholders.

3. Other than the above, there is the amount of 33 million yen in the payment of retirement allowance for two Directors and one Statutory Auditor who were retired from their respective offices during the term and the payment of condolence money which will be resolved at the 96th Ordinary General Meeting of Shareholders.

The Company terminated the retirement allowance plan for Directors and Statutory Auditors at the Ordinary General Meeting of Shareholders held on June 29, 2006. It was resolved that payment of retirement allowance be made when the relevant Director or Statutory Auditor resigns his office, and that specific amount and payment methods for each Director should be decided by the Board of Directors and such matters for Statutory Auditors should be decided through discussions among Statutory Auditors.

4. Other than the above, the amount of 148 million yen was paid to 12 Directors who concurrently serve as employees as employee salaries (including bonuses).

5. The maximum amounts of annual remuneration for all Directors and Statutory Auditors, each of which was approved by a resolution passed at the Ordinary General Meeting of Shareholders held in May 1989, is 240 million yen (excluding the amounts paid to Directors who concurrently serve as employees as employee salaries) and 60 million yen, respectively.

(3) Matters on Outside Executives

1. Director, Motohiko Yokoyama

(i) Concurrent office as an executive director of other companies

Mr. Yokoyama concurrently serves as the president and representative director of JTEKT Corporation and Makita purchases parts, machinery and equipment from the group companies of JTEKT Corporation.

(ii) Major activities during the fiscal year ended March 31, 2008

Mr. Yokoyama attended 75% of the meetings of the Board of Directors held during this fiscal year. At the attended meetings, he expressed his opinions as necessary from the top management perspective of the core company of Toyota Group which is a world's leading corporate group.

(iii) Outline of Liability Limitation Agreement

With respect to liabilities set forth in Article 423, Paragraph 1 of the Company Law of Japan, the Company has entered into a liability limitation agreement with Mr. Yokoyama which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Company Law of Japan.

2. Statutory Auditor, Shoichi Hase

(i) Major activities during the fiscal year ended March 31, 2008

Mr. Hase attended 100% of the meetings of the Board of Directors and 93% of the meetings of the Statutory Auditors held during this fiscal year. At the attended meetings, he expressed his opinions from his independent position as necessary.

(ii) Outline of Liability Limitation Agreement

With respect to liabilities set forth in Article 423, Paragraph 1 of the Company Law of Japan, the Company has entered into a liability limitation agreement with Mr. Hase which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Company Law of Japan.

3. Statutory Auditor, Masafumi Nakamura

(i) Status of offices concurrently held in other companies

Mr. Nakamura concurrently serves as an Outside Statutory Auditor of Suzuken Co., Ltd. and Taiyo Kagaku Co., Ltd.

(ii) Major activities during the fiscal year ended March 31, 2008

Mr. Nakamura attended 100% of the meetings of the Board of Directors and 82% of the meetings of the Statutory Auditors held during this fiscal year. At the attended meetings, he expressed his opinions from his independent position as necessary.

(iii) Outline of Liability Limitation Agreement

With respect to liabilities set forth in Article 423, Paragraph 1 of the Company Law of Japan, the Company has entered into a liability limitation agreement with Mr. Nakamura which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Company Law of Japan.

4. Accounting Auditors

(1) Name of Accounting Auditor: KPMG AZSA & Co.

(2) Amount of Remuneration of Accounting Auditor for this Fiscal Year

	Amount of payment
1. Amount of remuneration for accounting auditors to be paid by the Company	339 million yen
2. Total amount of remuneration for accounting auditors to be paid by the Company and its subsidiaries	352 million yen

Notes: 1. As the audit agreement between the Company and its accounting auditors does not differentiate remuneration for audit under the Company Law of Japan from the one for audit under Financial Instruments and Exchange Law, the amount shown in 1. above represents total remuneration for both audits.

2. KPMG AZSA & Co. is a member firm of KPMG International and the accounting audits of all principal subsidiaries of the Company are conducted by member firms of KPMG International.

(3) Non-Auditing Services: None.

(4) Decision-Making Policy on Dismissal or Non-Reappointment of Accounting Auditor

If the accounting auditor falls under any of the events prescribed in each of the items of Article 340, Paragraph 1 of the Company Law of Japan, the Board of Statutory Auditors shall dismiss such accounting auditor with the consent of all the Statutory Auditors. In the case of such dismissal, such dismissal and reasons therefor shall be reported to the first General Meeting of Shareholders to be held after such dismissal.

In addition, if it is identified as difficult for the accounting auditor to properly conduct audits as a result of any reason that may harm independence of the accounting auditor, the Board of Directors will submit an agenda concerning non-reappointment of such accounting auditor to a General Meeting of Shareholders.

5. Systems and Policies of the Company

(1) Systems to ensure that the duties of Directors are executed in compliance with laws and regulations and the Articles of Incorporation, and other systems necessary for ensuring that the company's operation will be conducted appropriately

1. Systems to ensure that the duties of Directors and employees are executed in compliance with laws and regulations and the Articles of Incorporation

(i) The Board of Directors establish the Code of Ethics and the Guidelines to the Code of Ethics as the principles for all Executives and employees of the Makita Group and each of the Directors shall keep all employees informed of and in compliance with such ethics.

(ii) In order to ensure corporate ethics and compliance, a system to discover problems within the Company is created by establishing consulting facility as well as Internal Reporting Policy. In addition, an inquiry window shall be established on the Company's website to receive opinions and suggestions from outside the Company concerning accounting, internal controls and auditing.

(iii) An Internal Audit Department is established that conducts internal audit as deemed necessary.

2. Systems concerning the retention and management of information regarding the execution of duties by Directors

Information regarding the execution of duties by Directors shall be appropriately kept and managed in accordance with internal regulations such as the Regulations of the Board of Directors and the Regulations on Corporate Approval. Directors and Statutory Auditors shall have access to such information.

3. Rules and other systems for risk management

(i) Each Director has the power and responsibility to build a risk management system in the Makita Group in the business areas of which they are in charge, and in the case where a significant event affecting the management of the Company arises, the Director shall report such event to the Board of Directors and Board of Statutory Auditors.

(ii) Rules and guidelines on risk management regarding quality control, accident prevention, cash management and others, shall be established as necessary and operated by each department.

4. Systems to ensure the efficient execution of Director's duties

(i) A regular meeting of the Board of Directors shall be held once a month and extraordinary meetings shall be held whenever necessary. In addition, pursuant to management policy decided by the Board of Directors, priority targets shall be established for each department in each fiscal year. Each Director shall execute his duty to accomplish relevant target and the Board of Directors shall oversight the progress and performance thereof.

(ii) The Board of Directors establish standards concerning management structure and organization, positions, divisions of functions and duties and powers, which constitute the basis for implementing management policy, and operates business systematically and efficiently.

5. Systems to ensure the adequacy of business operations within the Makita Group

(i) Each of all subsidiaries is under control of Directors who are in charge of such subsidiary and important management matters and matters concerning misconduct shall be reported appropriately to such Director in accordance with the Reporting Policy. The Director who is in charge of such subsidiary, upon receipt of such report, shall inform the Board of Directors of the status of supervision when necessary.

(ii) The Board of Directors establish policies on documentation and assessment of internal controls of financial reporting of the Makita Group.

(iii) In order to enhance the corporate governance of the Makita Group, Outside Directors shall be appointed.

(iv) For supervision and review of internal control systems of the Makita Group by Statutory Auditors, a system shall be established for Statutory Auditors to cooperate with the Internal Audit Department and other related division and to receive report from Accounting Auditors.

6. Matters concerning employees posted to assist the duties of the Statutory Auditors when the Statutory Auditors so require and such employees' independence from Directors

Necessary personnel be posted to assist the duties of the Statutory Auditors. In order to ensure the independence of such employees from Directors, the consent of the Board of Statutory Auditors is required for the appointment and change of such employees.

7. Systems in accordance with which the Directors and employees report to the Statutory Auditors and other systems concerning reports to the Statutory Auditors

- (i) Directors and employees report to the Statutory Auditors with respect to matters that may cause significant damage to the Company, important management matters, matters concerning misconduct, status of buildings and operation of the internal control system, and the operation of internal reporting system and the results of reports from such system.
- (ii) The Company prepare a system that enables the Board of Statutory Auditors to request reports from Directors and employees when necessary and to exchange opinions with the Directors and Accounting Auditors.

8. Other systems to ensure that audits by the Statutory Auditors will be conducted effectively

- (i) In order to enhance the supervisory function of the Board of Statutory Auditors over Accounting Auditors, “Policies and Procedures concerning Prior Approval of Auditing and Non-Auditing Services” shall be established. In addition, to ensure that audits by the Statutory Auditors will be conducted effectively, audit shall be conducted in accordance with standards for audit by Statutory Auditors.
- (ii) Bonuses and retirement allowances to Statutory Auditors shall be terminated and full amount of the compensation to Statutory Auditors shall be fixed so that the independence of the Statutory Auditors shall be secured.

9. Systems to ensure elimination of antisocial forces

From the viewpoint of corporate social responsibility, the Company will consistently take a resolute stance against involvement in, and have absolutely no relationship with, the activities of antisocial forces that may threaten the order and the security of civil society.

- (i) The Company’s policy of “no intervention by antisocial forces has been permitted” is publicly announced, both internally and outside the Company, by expressly stipulating such in the management policy/quality policy and by displaying such on the Company’s homepage.
- (ii) Transactions with antisocial forces are expressly prohibited in the “Guidelines to the Code of Ethics for Makita Corporation,” which prescribes the standards for employee conduct applicable to all employees of the Makita group in the execution of their tasks.
- (iii) The Company has been liaising closely with the police and external related organizations, including the Foundation for Aichi Residents’ Conference for Violence, and endeavors to prevent any involvement in activities of antisocial forces, any damage caused thereby, and others.
- (iv) In addition to collecting information relevant to activities of antisocial forces from the police and external related organizations, the Company voluntarily participates in seminars. Also, the Company endeavors to share information within the Company and related departments of the Makita group.

(2) Policies on Determination of Distribution of Surplus

With respect to cash dividend, Makita's basic policy on the distribution of profits is to maintain a dividend payout ratio of 30% or greater, with a lower limit on annual cash dividends of 18 yen per share. However, in the event special circumstances arise, computation of the amount of dividends will be based on consolidated net income after certain adjustments.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2008)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	290,355	Current liabilities	59,656
Cash and cash equivalents	46,306	Short-term borrowings	1,724
Time deposits	2,393	Trade notes and accounts payable	23,372
Marketable securities	49,443	Accrued payroll	8,096
Trade receivables-		Accrued expenses and other	18,888
Notes	2,950	Income taxes payable	7,518
Accounts	60,234	Deferred income taxes	58
Less- Allowance for doubtful receivables	(1,018)		
Inventories	112,187	Long-term liabilities	7,797
Deferred income taxes	6,478	Long-term indebtedness	908
Prepaid expenses and other current assets	11,382	Accrued retirement and	
		termination allowances	3,716
Property, plant and equipment, at cost	69,058	Deferred income taxes	1,215
Land	18,370	Other liabilities	1,958
Buildings and improvements	64,268		
Machinery and equipment	75,651	(Minority interests)	
Construction in progress	2,765	Minority interests	2,516
Less- Accumulated depreciation	(91,996)		
		(Shareholders' equity)	
Investments and other assets	27,054	Common stock	23,805
Investment securities	18,034	Additional paid-in capital	45,753
Goodwill	2,001	Legal reserve and retained earnings	254,860
Other intangible assets	2,240	Accumulated other comprehensive	
Deferred income taxes	1,826	Income (loss)	(7,657)
Other assets	2,953	Treasury stock, at cost	(263)
		Total shareholders' equity	316,498
Total assets	386,467	Total liabilities, minority interests and shareholders' equity	386,467

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2007 to March 31, 2008)

(Millions of Yen)

Net sales		342,577
Cost of sales		199,220
Gross profit		143,357
Selling, general, administrative and other expenses		76,326
Operating income		67,031
Other income (expenses):		
Interest and dividend income	2,092	
Interest expense	(269)	
Exchange losses on foreign currency transactions, net	(1,233)	
Realized losses on securities, net	(1,384)	
Other, net	(466)	(1,260)
Income before income taxes		65,771
Provision for income taxes:		
Current	19,148	
Deferred	580	19,728
Net income		46,043

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(From April 1, 2007 to March 31, 2008)

(Millions of Yen)

Common stock:	
Beginning balance	23,805
Ending balance	23,805
Additional paid-in capital:	
Beginning balance	45,437
Disposal of treasury stock	316
Ending balance	45,753
Legal reserve and retained earnings:	
Beginning balance	221,034
Cash dividends	(12,217)
Net income	46,043
Ending balance	254,860
Accumulated other comprehensive income (loss):	
Beginning balance	12,697
Other comprehensive income (loss) for the year	(20,354)
Ending balance	(7,657)
Treasury stock, at cost:	
Beginning balance	(298)
Purchases	(51)
Disposal	86
Ending balance	(263)
Total shareholders' equity	316,498

Notes to Consolidated Financial Statements

Important Basic Matters for Preparation of Consolidated Financial Statements

Scope of consolidation

Number of consolidated subsidiaries: 48

Major subsidiaries are as follows:

Makita U.S.A. Inc., Makita Corporation of America,
Makita (U.K.) Ltd., Makita Manufacturing Europe Ltd. (U.K.),
Makita Werkzeug GmbH (Germany), Dolmar GmbH (Germany),
Makita S.p.A. (Italy), Makita Oy (Finland),
Makita (China) Co., Ltd., Makita (Kunshan) Co., Ltd., etc.

Number of equity method affiliates: 1

Significant Accounting Policies

1. Basis of presentation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") pursuant to the provision of paragraph 1 of Article 148 of the Ordinance for Corporate Accounting. However, certain disclosures required under US GAAP are omitted pursuant to the same provision.

2. Valuation of securities

The Company conforms with Statement of Financial Accounting Standards ("SFAS") No.115 "Accounting for Certain Investments in Debt and Equity Securities."

Held-to-maturity securities:	Amortized cost
Available-for-sale securities:	Fair market value as of fiscal year-end
	All valuation allowances are credited to shareholders' equity.
	The cost of securities sold is based on the moving-average method.

3. Valuation of inventories

Inventories are valued at the lower of cost or market price, with cost determined principally based on the average cost method. Inventory costs include raw materials, labor and manufacturing overheads.

4. Depreciation method of fixed assets

Tangible fixed assets:	Depreciation of tangible fixed assets of the Company is computed by using the declining-balance method over the estimated useful lives. Most of the consolidated subsidiaries have adopted the straight-line method for computing depreciation.
Goodwill and other intangible assets:	In accordance with SFAS No.142 "Goodwill and Other Intangible Fixed Assets," impairment testing is carried out at least once a year and at the time of the event which shows the possibility of impairment occurring, with regard to other intangible fixed assets for which goodwill or service life cannot be established. Amortization is performed using the straight-line method with regard to other intangible fixed assets that have clearly established years of service.

5. Allowances

- Allowance for doubtful receivables: The allowance is determined based on, but is not limited to, historical collection experience adjusted for the effects of the current economic environment, assessment of inherent risks, aging and financial performance. Allowance for doubtful receivables represents the Makita's best estimate of the amount of probable credit losses in its existing receivables.
- Retirement and termination allowances: In accordance with SFAS No.87 "Employers' Accounting for Pensions" and SFAS No.158 "Employers' Accounting For Defined Benefit Pension and Other Postretirement Plans," pension and severance cost is accrued based on the projected benefit obligations and the fair value of plan assets at the balance sheet date.
- Each overfunded plans and postretirement plans are recognized as an asset and each underfunded plan and postretirement plans are recognized as a liability.
- Unrecognized prior service cost is amortized by the straight-line method over the average remaining service period of employees.
- Unrecognized actuarial loss is recognized by amortizing a portion in excess of 10% of the greater of the projected benefit obligations or the fair value of plan assets by the straight-line method over the average remaining service period of employees.

6. Consumption tax is accounted for by allocation separately from related sales and purchase accounts.

Notes to Consolidated Balance Sheet

1. Accumulated other comprehensive income includes foreign currency translation adjustments, net unrealized holding gains on available-for-sale securities, and minimum pension liability adjustment.
2. Guarantee (contingent liabilities): 536 million yen
3. Acquisition of Fuji Robin Industries Ltd.

To strengthen the area of gardening equipments including engine-powered tools, which is one of the important measures for achieving the Group's long-term goals, the Company made Fuji Robin Industries Ltd. a wholly-owned subsidiary.

As the first stage in this process, we made a tender offer for ordinary shares of Fuji Robin, and following the acquisition of 10,270,000 shares at a cost of 2,673 million yen paid for by the Company's own funds, we made the company a consolidated subsidiary as of May 15, 2007.

Following that, we allocated 81,456 shares of treasury stock held by Makita Corporation for an exchange of shares with shares of Fuji Robin under an exchange of shares agreement signed on May 25, 2007. On August 1, 2007 we made Fuji Robin a wholly owned subsidiary and changed the business name to Makita Numazu Corporation. The share exchange ratio was one Fuji Robin common share to 0.059 shares of Makita's common stock.

The amount of 3,380 million yen required for the acquisition of Fuji Robin are accounted for according to the purchase method of accounting pursuant to the Statement of Financial Accounting Standard (SFAS) No. 141 "Business Combinations." In line with the acquisition, an amount of 1,251 million yen was recorded as goodwill.

Notes to Consolidated Statement of Shareholders' Equity

1. Matter regarding shares issued

Kind of shares	End of the previous term	Increase	Decrease	End of the present term
Common stock	144,008,760 shares	-	-	144,008,760 shares

2. Matter regarding treasury stock

Kind of shares	End of the previous term	Increase	Decrease	End of the present term
Common stock	307,481 shares	10,319 shares	82,665 shares	235,135 shares

(Reasons for the change)

The reason for the increase is the purchases of fractional shares: 10,319 shares.

The reasons for the decrease are the share exchange for the purpose of the acquisition of shares of the subsidiary: 81,456 shares, and the sales of fractional shares: 1,209 shares.

Notes to Information Per Share

Shareholders' equity per share	2,201.36	yen
Shareholders' equity per share attributable to common stock was computed based on following;		
Shareholders' equity in the balance sheet	316,498	million yen
Shareholders' equity available to common stock	316,498	million yen
Number of shares outstanding (excluding treasury stock) as of March 31, 2008	143,773,625	shares
Net income per share	320.30	yen
Net income per share attributable to common stock was computed based on following;		
Net income in the statement of income	46,043	million yen
Net income available to common stock	46,043	million yen
Average number of outstanding shares of common stock	143,749,824	shares

Notes to Significant Subsequent Events

At the Board of Directors' meeting held on April 30, 2008, it was resolved that the Company should repurchase its own shares, and the Company repurchased its own shares as follows in accordance with the resolution.

Class of shares repurchased:	Common stock
Total number of shares repurchased:	3,000,000 shares
Total amount of shares repurchased:	11,923 million yen

Note: Details of the resolution at the Board of Directors' meeting held on April 30, 2008

Class of shares to be repurchased:	Common stock
Total number of shares to be repurchased:	Up to 3,000,000 shares
Ratio to total number of shares outstanding (excluding treasury stock):	2.09%
Aggregate repurchase amount:	Up to 12,000 million yen
Period for repurchases:	From May 1, 2008 to May 26, 2008

BALANCE SHEET

(As of March 31, 2008)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	94,618	Current liabilities	19,254
Cash and time deposits	6,917	Trade notes payable	329
Trade notes receivable	282	Trade accounts payable	7,509
Trade accounts receivable	24,698	Other accounts payable	2,121
Marketable securities	33,045	Corporate and inhabitant	
Finished goods and merchandise	11,116	income taxes payable	2,696
Work-in-process	1,414	Accrued expenses	5,532
Raw materials and supplies	2,411	Allowance for officers bonuses	172
Short-term loans receivable	10,127	Allowance for product warranties	276
Deferred tax assets	2,801	Other current liabilities	619
Other current assets	1,812	Long-term liabilities	2,068
Allowance for doubtful accounts	(5)	Retirement and termination allowances	207
Fixed assets	162,081	Estimated retirement	
Tangible fixed assets	39,666	allowances for directors and	
Buildings	20,227	statutory auditors	468
Structures	822	Deferred tax liabilities	1,393
Machinery and equipment	2,907	Total liabilities	21,322
Vehicles and transportation equipment	57		
Tools, furniture and fixtures	2,810	(Net assets)	
Land	12,609	Shareholders' equity	230,489
Construction in progress	234	Common stock	24,206
Intangible fixed assets	1,072	Additional paid-in capital	47,858
Right of facility use	36	Additional paid-in capital	47,525
Software	443	Other additional paid-in capital	333
Goodwill	360	Retained earnings	158,689
Other intangible fixed assets	233	Legal reserve	5,669
Investment and other assets	121,343	Other retained earnings	153,020
Investment securities	34,512	Reserve for dividend	750
Stocks of affiliates	59,538	Reserve for technical research	1,500
Investment in affiliates	21,350	Reserve for deduction entries	1,045
Long-term loans receivable	104	General reserves	85,000
Long-term time deposits	2,200	Retained earnings carried forward	64,725
Lease deposits	381	Treasury stock	(264)
Prepaid pension expenses	3,243	Difference of valuation and translation	4,888
Other investments	32	Net unrealized gains on securities	4,888
Allowance for doubtful accounts	(17)	Total net assets	235,377
Total assets	256,699	Total liabilities and net assets	256,699

STATEMENT OF INCOME

(From April 1, 2007 to March 31, 2008)

(Millions of Yen)

Net sales		133,137
Cost of sales		87,230
Gross profit		45,907
Selling, general, administrative and other expenses		25,356
Operating income		20,551
Non-operating income		
Interest and dividend income	16,734	
Other non-operating income	676	17,410
Non-operating expense		
Exchange losses on foreign currency transactions	480	
Other non-operating expense	3	483
Ordinary profit		37,478
Special profit		
Gains on the sale of fixed assets	28	
Gains on the sale of investment securities	180	208
Special loss		
Losses on the sale and disposal of properties	331	
Unrealized losses on investment securities	621	952
Income before income taxes		36,734
Tax provision, current	7,139	
Tax provision, deferred	1,156	8,295
Net income		28,439

STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2007 to March 31, 2008)

(Millions of Yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital		
		Additional paid-in capital	Other additional paid-in capital	Total additional paid-in capital
Balance of March 31, 2007	24,206	47,525	17	47,542
Changes in the term				
Transfer to reserve for advanced depreciation of fixed assets				-
Reversal of reserve for advanced depreciation of fixed assets				-
Dividends from surplus				-
Net income				-
Purchase of treasury stock				-
Share exchange			312	312
Disposal of treasury stock			4	4
Net change of items other than shareholders' equity				-
Total changes in the term	-	-	316	316
Balance of March 31, 2008	24,206	47,525	333	47,858

	Shareholders' equity				
	Retained earnings			Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings	Total retained earnings		
Balance of March 31, 2007	5,669	136,797	142,466	(298)	213,916
Changes in the term					
Transfer to reserve for advanced depreciation of fixed assets			-		-
Reversal of reserve for advanced depreciation of fixed assets			-		-
Dividends from surplus		(12,216)	(12,216)		(12,216)
Net income		28,439	28,439		28,439
Purchase of treasury stock			-	(52)	(52)
Share exchange			-	85	397
Disposal of treasury stock			-	1	5
Net change of items other than shareholders' equity			-		-
Total changes in the term	-	16,223	16,223	34	16,573
Balance of March 31, 2008	5,669	153,020	158,689	(264)	230,489

	Difference of valuation and translation		Total net assets
	Net unrealized gains on securities	Total difference of valuation and translation	
Balance of March 31, 2007	11,918	11,918	225,834
Changes in the term			
Transfer to reserve for advanced depreciation of fixed assets		-	-
Reversal of reserve for advanced depreciation of fixed assets		-	-
Dividends from surplus		-	(12,216)
Net income		-	28,439
Purchase of treasury stock		-	(52)
Share exchange		-	397
Disposal of treasury stock		-	5
Net change of items other than shareholders' equity	(7,030)	(7,030)	(7,030)
Total changes in the term	(7,030)	(7,030)	9,543
Balance of March 31, 2008	4,888	4,888	235,377

Details of other retained earnings are as follows:

	Other retained earnings		
	Reserve for dividend	Reserve for technical research	Reserve for deduction entries
Balance of March 31, 2007	750	1,500	1,079
Changes in the term			
Transfer to reserve for advanced depreciation of fixed assets			12
Reversal of reserve for advanced depreciation of fixed assets			(46)
Dividends from surplus			
Net income			
Purchase of treasury stock			
Share exchange			
Disposal of treasury stock			
Net change of items other than shareholders' equity			
Total changes in the term	-	-	(34)
Balance of March 31, 2008	750	1,500	1,045

	Other retained earnings		Total
	General reserves	Retained earnings carried forward	
Balance of March 31, 2007	85,000	48,468	136,797
Changes in the term			
Transfer to reserve for advanced depreciation of fixed assets		(12)	-
Reversal of reserve for advanced depreciation of fixed assets		46	-
Dividends from surplus		(12,216)	(12,216)
Net income		28,439	28,439
Purchase of treasury stock			-
Share exchange			-
Disposal of treasury stock			-
Net change of items other than shareholders' equity			-
Total changes in the term	-	16,257	16,223
Balance of March 31, 2008	85,000	64,725	153,020

Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Valuation of securities

Held-to-maturity securities:	Amortized cost (Straight-line method)
Stocks of subsidiaries:	At moving-average cost
Available-for-sale securities	
Those having fair market value:	Fair market value as of fiscal year-end
	All valuation allowances are credited to shareholders' equity.
	The cost of securities sold is based on the moving-average method.
Those having no fair market value:	At moving-average cost

2. Valuation of net assets and liabilities accrued from derivative transactions:

Fair market value as of fiscal year-end

3. Valuation of inventories

Finished goods, merchandise, work in process, and raw materials:

At the lower of average cost or market

Supplies:

At the lower of latest purchase cost or market

4. Depreciation method of fixed assets

Tangible fixed assets: Declining-balance method

However, buildings acquired on or after April 1, 1998, (excluding fixtures) are depreciated on the straight-line method.

Estimated life:

Buildings: 38 to 50 years

Machinery and equipment: 10 years

(Change in Accounting Policy)

In line with the amendment of the Corporation Tax Law, the method of depreciation for tangible fixed assets acquired on or after April 1, 2007 has been changed. As a result, gross profit on sales is 480 million yen less than under the previous method and operating income, ordinary profit, and income before income taxes 552 million yen less.

(Additional information)

Tangible fixed assets acquired on or before March 31, 2007 are depreciated from the following year by the straight line method for a period of 5 years until depreciation of the allowable limit is completed. As a result, in comparison with accounting under the previous method, gross profit on sales is down 219 million yen, and operating income, ordinary profit, and income before income taxes down 254 million yen.

Intangible fixed assets: Straight-line method

Goodwill is amortized uniformly over a five-year period.

Software for internal use is depreciated on the straight-line method over its estimated useful life (five years).

5. Allowances

- Allowance for doubtful accounts: The allowance for doubtful accounts is reserved based on the historical write-off ratio for accounts receivable. For accounts receivable that are difficult to collect, individually estimated write-off amounts are reserved.
- Allowance for officers bonuses: In preparation for the anticipated payment of bonuses to directors, we appropriated the amount estimated to pay for the term.
- Allowance for product warranties: In preparation for the payment of product after-service and free post-sale repair services, we appropriated the projected amount based on actual payment in the past.
- Retirement and termination allowances: To be prepared for employee retirement, pension costs during the year are reserved based on projected benefit obligations and plan assets. Past service liabilities are amortized by the straight-line method over the average remaining employment period. Actuarial differences are amortized starting immediately after the year of accrual by the straight-line method over the average remaining employment period.
- Estimated retirement allowances for directors and statutory auditors: The Company terminated the retirement allowance plan for directors and statutory auditors as of the end of the Ordinary General Meeting of Shareholders held on June 29, 2006. The balance of the term end is the amount of the reserve for the period of office served until abolition of the plan by those current directors (excluding outside director) and statutory auditors who served until June 29, 2006.

6. Accounting for lease transactions

Finance lease transactions other than for changes in ownership of finance leases are accounted for as rental transactions.

7. Consumption tax is accounted for by allocation separately from related sales and purchase accounts.

Notes to Balance Sheet

1. Accumulated depreciation on tangible fixed assets:

Buildings	20,596	million yen
Structures	1,812	million yen
Machinery and equipment	14,600	million yen
Vehicles and transportation equipment	341	million yen
Tools, furniture and fixtures	23,939	million yen
Total	61,288	million yen

2. Guarantee (contingent liabilities):

Makita U.S.A. Inc.	5,010	million yen
Others	375	million yen
Total	5,385	million yen

3. Receivables and payables for affiliates:

Short-term receivables	22,777	million yen
Short-term payables	3,064	million yen

Notes to Statement of Income

Transactions with affiliates

Amount of operating transactions

Sales	65,482	million yen
Purchases	16,713	million yen

Amount of non-operating transactions

17,299 million yen

Notes to Statement of Changes in Net Assets

1. Matter regarding shares issued

Kind of shares	End of the previous term	Increase	Decrease	End of the present term
Common stock	144,008,760 shares	-	-	144,008,760 shares

2. Matter regarding treasury stock

Kind of shares	End of the previous term	Increase	Decrease	End of the present term
Common stock	307,481 shares	10,319 shares	82,665 shares	235,135 shares

(Reasons for the change)

The reason for the increase is the purchases of fractional shares: 10,319 shares.

The reasons for the decrease are the share exchange for the purpose of the acquisition of shares of the subsidiary: 81,456 shares, and the sales of fractional shares: 1,209 shares.

3. Matter regarding subscription rights

There is nothing for this item.

4. Matter regarding dividend distribution

(1) Amount of dividend distribution

Resolution	Kind of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2007	Common stock	7,904	55	March 31, 2007	June 28, 2007
Board of Directors' meeting held on October 31, 2007	Common stock	4,313	30	September 30, 2007	November 26, 2007

(2) Although the record date falls in the term, some dividends become effective during the following term.

Scheduled resolution	Kind of shares	Dividend resource	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2008	Common stock	Retained earnings	9,633	67	March 31, 2008	June 27, 2008

Notes to Tax Effect Accounting

The main reason for deferred tax assets is the temporary difference in unconfirmed items of account payable. The main reason for deferred tax liabilities is the difference in revaluation of securities.

The main reasons for deferred tax assets and liabilities are as follows:

Short-term deferred tax assets

Accrued expenses	1,821	million yen
Enterprise tax payable	621	million yen
Inventories	315	million yen
Others	44	million yen
Net amount of short-term deferred tax assets	<u>2,801</u>	<u>million yen</u>

Long-term deferred tax assets

Unrealized losses on securities	2,572	million yen
Excess in depreciation	1,200	million yen
Impairment of land	623	million yen
Others	448	million yen
Subtotal	<u>4,843</u>	<u>million yen</u>
Allowance account	<u>(1,057)</u>	<u>million yen</u>
Total	<u>3,786</u>	<u>million yen</u>

Long-term deferred tax liabilities

Difference in revaluation of securities	(3,268)	million yen
Advanced depreciation	(697)	million yen
Retirement and termination allowances	<u>(1,214)</u>	<u>million yen</u>
Total	<u>(5,179)</u>	<u>million yen</u>
Net amount of long-term deferred tax liabilities	<u>(1,393)</u>	<u>million yen</u>

Notes to Fixed Assets Used through Leases

1. Amount equivalent to acquisition cost, accumulated depreciation and balance at end of the term for leased assets

(Millions of Yen)

	Acquisition cost	Accumulated depreciation	Balance at end of the term
Buildings	157	157	-
Tools, furniture and fixtures	23	16	7
Total	180	173	7

2. Amount equivalent to balance at end of the term for unexpired leases

Within one year 5 million yen

Over one year 3 million yen

Total 8 million yen

3. Amount of lease paid, equivalent amount of depreciation and interest expense

Lease paid 14 million yen

Depreciation 12 million yen

Interest expense 0 million yen

4. Method for calculating the equivalent amount of depreciation

The lease period is considered the service life, using the straight-line method such that zero is the salvage value at end of the lease period.

5. Method for calculating the equivalent amount of interest expense

The difference between the total amount of the lease and the amount to acquire the leased items is treated as the amount equivalent to interest expense. It is applied to each term in accordance with the interest calculation method.

Notes to Transactions with Affiliates

1. Directors and primary individual shareholders

Attribute	Directors and their relatives	Companies which directors and their relatives own the majority of voting rights (including the subsidiaries of such companies)	
Corporate name	JTEKT Corporation	TOA Co., Ltd. (Note 2)	Maruwa, Ltd. (Note 3)
Address	-	Okazaki City, Aichi Prefecture	Okazaki City, Aichi Prefecture
Capital stock (millions of yen)	-	50	24
Principal business or position	Director of the Company (President and Representative Director of JTEKT Corporation)	Design, manufacture and distribution of automatic regulators	Real estate business
Owning and owned ratio of voting rights (%)	Direct owning ratio: 0.0 Direct owned ratio: 0.1	Direct owned ratio: 0.0	Direct owned ratio: 2.2
Relationship with affiliates	Purchase of production equipment	Purchase of production equipment Concurrently serving as a director	Advertising Concurrently serving as a director
Principal transactions	Purchase of production equipment (Note 1)	Purchase of production equipment (Note 1)	Advertising (Note 1)
Transaction amount (millions of yen) (Note 4)	19	96	2
Account title	Other accounts payable	Other accounts payable	-
Balance at end of the term (millions of yen) (Note 4)	1	15	-

Terms of transactions and the policy to decide the terms

- (Note 1) The terms of the transactions with JTEKT Corporation, TOA Co., Ltd. and Maruwa, Ltd. are the same as those other general transactions.
- (Note 2) Masahiko Goto, President and Representative Director of the Company, and his relatives own 100% of voting rights of TOA Co., Ltd.
- (Note 3) Masahiko Goto, President and Representative Director of the Company, and his relatives own 74.2% of voting rights of Maruwa, Ltd.
- (Note 4) The above stated transaction amount do not include consumption tax, and that balance at end of the term includes consumption tax.

2. Subsidiaries

Attribute	Subsidiaries				
Corporate name	Makita U.S.A. Inc.		Dolmar GmbH (Germany)		Makita Gulf FZE (UAE)
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0		Direct owning ratio: 1.0 Indirect owning ratio: 99.0		Direct owning ratio: 100.0
Relationship with affiliates	Debt guarantee Money loan Concurrently serving as a director (Number of directors: 1)		Money loan Concurrently serving as a director (Number of directors: 1)		Money loan Concurrently serving as a director (Number of directors: 1)
Principal transactions	Debt guarantee (Note 1)	Money loan (Note 2)	Money loan (Note 2)	Collection of loan	Money loan (Note 2)
Transaction amount (millions of yen) (Note 3)	5,010	4,570	4,233	4,867	3,035
Account title	-	Short-term loans receivable	Short-term loans receivable		Short-term loans receivable
Balance at end of the term (millions of yen) (Note 3)	-	4,308	1,819		2,906

Attribute	Subsidiaries		
Corporate name	Makita EU S.R.L. (Romania)	Makita (Kunshan) Co., Ltd. (China)	Makita International Europe Ltd. (U.K.)
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0	Direct owning ratio: 100.0	Direct owning ratio: 100.0
Relationship with affiliates	Capital increase Concurrently serving as a director (Number of directors: 1)	Receipt of dividends Concurrently serving as a director (Number of directors: 4)	Receipt of dividends Concurrently serving as a director (Number of directors: 2)
Principal transactions	Subscription for capital increase	Receipt of dividends	Receipt of dividends
Transaction amount (millions of yen) (Note 3)	3,307	8,851	3,630
Account title	Investment in affiliates	Dividend income	Dividend income
Balance at end of the term (millions of yen) (Note 3)	4,875	-	-

Terms of transactions and the policy to decide the terms

(Note 1) For Makita U.S.A. Inc., we have guaranteed liabilities up to 50 million US dollars. (No time limit)

(Note 2) Regarding money loan, we decide upon reasonable rates of interest, considering the prevailing market rate.
We have not taken collateral.

(Note 3) Consumption tax is not included in the transaction amount and the balance at end of the term.

Notes to Information Per Share

Net assets per share	1,637.14	yen
Net assets per share attributable to common stock was computed based on following;		
Total net assets in the balance sheet	235,377	million yen
Net assets available to common stock	235,377	million yen
Number of shares outstanding (excluding treasury stock) as of March 31, 2008	143,773,625	shares
Net income per share	197.84	yen
Net income per share attributable to common stock was computed based on following;		
Net income	28,439	million yen
Net income available to common stock	28,439	million yen
Average number of outstanding shares of common stock	143,749,824	shares

Notes to Significant Subsequent Events

At the Board of Directors' meeting held on April 30, 2008, it was resolved that the Company should repurchase its own shares, and the Company repurchased its own shares as follows in accordance with the resolution.

Class of shares repurchased:	Common stock
Total number of shares repurchased:	3,000,000 shares
Total amount of shares repurchased:	11,923 million yen

Note: Details of the resolution at the Board of Directors' meeting held on April 30, 2008

Class of shares to be repurchased:	Common stock
Total number of shares to be repurchased:	Up to 3,000,000 shares
Ratio to total number of shares outstanding (excluding treasury stock):	2.09%
Aggregate repurchase amount:	Up to 12,000 million yen
Period for repurchases:	From May 1, 2008 to May 26, 2008

Independent Auditors' Report

May 26, 2008

The Board of Directors
Makita Corporation

KPMG AZSA & Co.

Tetsuzo Hamajima
Designated and Engagement Partner
Certified Public Accountant

Hideki Okano
Designated and Engagement Partner
Certified Public Accountant

Noriaki Habuto
Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated statutory report, that is the consolidated balance sheet, the consolidated statement of income, the consolidated statement of shareholders' equity and footnotes of Makita Corporation for the year from April 1, 2007 to March 31, 2008 in accordance with Article 444(4) of the Corporate Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the consolidated financial position of Makita Corporation and consolidated subsidiaries as of March 31, 2008 and the consolidated results of their operations for the year then ended, in conformity with the Article 148(1) of the regulation on the Corporate Law and the recognition and measurement criteria of accounting principles generally accepted in the United States of America (Refer to Note 1, Basis of presentation).

Supplementary information:

As discussed in the significant subsequent event of the accompanying footnotes, at the Board of Directors' meeting held on April 30, 2008, it was resolved that the Company should repurchase its own shares, and the Company repurchased its own shares in accordance with the resolution.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Independent Auditors' Report

May 26, 2008

The Board of Directors
Makita Corporation

KPMG AZSA & Co.

Tetsuzo Hamajima
Designated and Engagement Partner
Certified Public Accountant

Hideki Okano
Designated and Engagement Partner
Certified Public Accountant

Noriaki Habuto
Designated and Engagement Partner
Certified Public Accountant

We have audited the statutory report, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and its supporting schedules of Makita Corporation as of March 31, 2008 and for the 96th business year from April 1, 2007 to March 31, 2008 in accordance with Article 436(2)① of the Corporate Law. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Makita Corporation for the period, for which the statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

Supplementary information:

As discussed in the significant subsequent event of the accompanying footnotes, at the Board of Directors' meeting held on April 30, 2008, it was resolved that the Company should repurchase its own shares, and the Company repurchased its own shares in accordance with the resolution.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

AUDIT REPORT

The Board of Statutory Auditors, having discussed with each other based on the audit reports prepared by each Statutory Auditor regarding the performance of duties of Directors during the 96th fiscal period, from April 1, 2007 to March 31, 2008, does hereby report the results of their audit as follows:

1. Auditing Method Employed by Statutory Auditors and Board of Statutory Auditors and Details Thereof

The Board of Statutory Auditors established the audit policy and duties of each Statutory Auditor, received reports from each Statutory Auditor on the execution of audits and results thereof and received reports from Directors and other related persons and Accounting Auditors on the performance of their duties, and, when necessary, requested explanations.

In conformity with the auditing standards for the Statutory Auditors established by the Board of Statutory Auditors and in accordance with the audit policy and the duties assigned to each Statutory Auditor by the Board of Statutory Auditors, each Statutory Auditor has had communication with Directors, employees such as a staff of Internal Auditing Office and other related persons and endeavored to gather information and create an improved environment for auditing. Each Statutory Auditor also attended meetings of the Board of Directors and other important meetings, received from Directors, employees and other related persons reports on the performance of their duties, and, when necessary, requested explanations. Each Statutory Auditor also inspected the important documents and examined the status of operations and properties at the head office and the principal offices of the Company. The Statutory Auditors monitored and examined the contents of resolutions by the Board of Directors regarding establishment of the systems to ensure that the duties of Directors are executed in compliance with laws and regulations and the Articles of Incorporation, and other systems as provided for in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Company Law of Japan necessary for ensuring that the company's operation will be conducted appropriately (Internal Control System) and the status of such system being established in accordance with such resolutions. As for the subsidiaries of the Company, the Statutory Auditors, having communication with the directors and statutory auditors and other related persons of the subsidiaries and sharing information among them, received reports from such subsidiaries as necessary. According to the foregoing method, we examined the business report and the accompanying supplemental schedules for this fiscal year.

In addition, the Statutory Auditors also monitored and examined whether the Accounting Auditors maintain their independence and conduct their audits in an appropriate manner. The Statutory Auditors received reports from the Accounting Auditors on the performance of their duties and, when necessary, requested their explanations. The Statutory Auditors also received notification from the Accounting Auditors that they have taken steps to improve the "system for ensuring appropriate execution of the duties of the accounting auditors" (as set forth in Items of Article 159 of the Ordinance for Corporate Accounting) in compliance with the "Quality Control Standard for Auditing" (adopted by the Business Accounting Council on October 28, 2005). The Statutory Auditors requested explanations on such notifications as necessary. According to the foregoing method, the Statutory Auditors reviewed the financial statements for this fiscal year (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements) and the accompanying supplemental schedules and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of shareholders' equity and notes to consolidated financial statements).

2. Results of Audit

(1) Results of Audit of the Business Report and Others

- A. We confirm that the business report and the accompanying supplemental schedules present fairly the status of the Company in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Company.
- B. We confirm that there are no fraudulent acts or material facts that violated the applicable laws and regulations of Japan or the Articles of Incorporation of the Company in the course of the performance of the duties of the Directors.
- C. We confirm that the substance of the resolutions by the Board of Directors regarding establishment of Internal Control System is appropriate. We do not see anything to be pointed out on the performance of the Directors regarding the Internal Control System.

(2) Results of Audit of the Financial Statements and the Accompanying Supplemental Schedules

We confirm that the method and the results of the audit conducted by KPMG AZSA & Co., the Accounting Auditors, are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

We confirm that the method and the results of the audit conducted by KPMG AZSA & Co., the Accounting Auditors, are appropriate.

May 27, 2008

Board of Statutory Auditors
Makita Corporation

Akio Kondo
Standing Statutory Auditor

Hiromichi Murase
Standing Statutory Auditor

Shoichi Hase
Outside Statutory Auditor

Masafumi Nakamura
Outside Statutory Auditor

REFERENCE DOCUMENT

Propositions and explanatory information

Agenda Item No. 1: Appropriations of Surplus

The Company makes it its basic policy for profit distribution to propose the dividends with a target consolidated dividend payout ratio of at least 30% of net income, with a minimum amount for annual total dividends at 18 yen per share; provided, however, that if special circumstances arise, the amount of dividends will be determined based on consolidated net income after certain adjustments reflecting such circumstances.

For the term under review, taking into consideration this basic policy and the reinforcement of the Company's profitability and the future business environment, it is proposed that the surplus be appropriated as follows.

1. Matters on allocation of dividends to shareholders and total amount of allocation

67 yen per share of common stock

Total amount: 9,632,832,875 yen

2. Effective date of dividend payment

June 27, 2008

The total dividends for the term under review shall amount to 97 yen per share which include interim dividends in the amount of 30 yen per share.

Agenda Item No. 2: Election of three Statutory Auditors

The term of office of three Statutory Auditors presently in office, Messrs. Akio Kondo, Hiromichi Murase and Shoichi Hase, will have expired at the conclusion of this General Shareholders' Meeting. We would like to request the election of three Statutory Auditors.

The candidates are as follows:

The Board of Statutory Auditors has agreed to this proposal.

Candidate Number	Name (Date of birth)	Brief personal background, title and position at the Company and representative status in other companies	Number of the Company's shares held
1	Toshihito Yamazoe (October 16, 1949)	March 1974: Joined the Company December 1980: Transferred to Makita (U.K.) Ltd. March 1984: Transferred to Makita Werkzeug GmbH (Germany) February 1985: Transferred to Makita Werkzeug Gesellschaft m.b.H. (Austria) March 1991: Transferred to S.A. Makita N.V. (Belgium) April 1999: Assistant General Manager of Asia and Oceania Sales Department of International Sales Headquarters 2 of the Company August 2000: President of Makita (China) Co., Ltd. April 2006 up to the present: General Manager of Europe Sales Department of International Sales Headquarters of the Company	4,847

Candidate Number	Name (Date of birth)	Brief personal background, title and position at the Company and representative status in other companies	Number of the Company's shares held
2	Haruhito Hisatsune (February 7, 1947)	<p>July 1969: Joined the Bank of Japan</p> <p>May 1990: Manager of Government Securities Services Section of Operations Department</p> <p>May 1991: Officer of Examination Department</p> <p>April 1997: Joined the Hekikai Shinkin Bank, General Manager of Overseas Section</p> <p>May 1997: Director, General Manager of Overseas Section</p> <p>June 1999: Managing Director (in charge of Securities, Overseas and Compliance Supervision Office)</p> <p>January 2001: Managing Director (in charge of Business Center), Director of Business Center</p> <p>August 2003: Managing Director and Corporate Officer (in charge of Business Center), Director of Business Center (scheduled to retire from office in June 2008)</p>	-
3	Michiyuki Kondo (October 23, 1944)	<p>April 1971: Attorney-at-law, admitted and belonging to the Nagoya Bar Association (currently, Aichi Bar Association)</p> <p>April 1971: Joined Takasu Hiroo Law Firm</p> <p>May 1977: Established Kondo Michiyuki Law Firm (incumbent)</p> <p>May 2005 up to the present: Outside Statutory Auditor for ELMO Company, Limited</p>	-

Notes: 1. There is no special interest between the above candidates and the Company.

2. Both Mr. Haruhito Hisatsune and Mr. Michiyuki Kondo are candidates for the Outside Statutory Auditor of the Company.

3. The Company proposes the election of Mr. Haruhito Hisatsune as Outside Statutory Auditor, considering that his many years of experience at financial institutions and his expertise in accounting, etc. will greatly contribute to the auditing system of the Company.

4. The Company proposes the election of Mr. Michiyuki Kondo as Outside Statutory Auditor, considering that, although he does not have any experience directly involving the corporate management, he will provide appropriate supervision for the management of the Company with his extensive knowledge and abundant experience through his practices as a lawyer.

5. In case where both Mr. Haruhito Hisatsune and Mr. Michiyuki Kondo are appointed as Outside Statutory Auditor, with respect to liabilities set forth in Article 423, Paragraph 1 of the Company Law of Japan, the Company will enter into a liability limitation agreement with them which limits the maximum amount of their liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Company Law of Japan.

Agenda Item No. 3: Payment of Bonus to Directors

At end of the term, the Company has 14 directors. We would like to pay directors bonuses to 13 directors in the amount of 170 million yen considering performance during the term. This is with the exception of Mr. Motohiko Yokoyama, who is an Outside Director.

Agenda Item No. 4: Presentation of condolence money for the late Director, Mr. Kazuya Nakamura

The Company would like to present condolence money to the late Director, Mr. Kazuya Nakamura, who passed away on September 19, 2007, within the appropriate range of the amount determined in accordance with certain company standards in order to honor his meritorious services to the Company during his tenure of office. The Company proposes that the specific amount and the timing and method of the presentation be decided by the Board of Directors.

His brief personal background is as follows:

Name	Brief personal background
Kazuya Nakamura	June 2001: Director, General Manager of International Sales Headquarters 2 June 2003: Director, General Manager of International Sales Headquarters: Asia and Oceania Region September 2007: Passing away

Note: Retirement Allowance

At the conclusion of the Ordinary General Meeting of Shareholders held on June 29, 2006, it was resolved (i) that the Company would terminate the retirement allowance plan for Directors, (ii) that the Company would pay retirement allowances to Directors for their respective services rendered up to the conclusion of the said General Meeting of Shareholders in respective amounts determined in accordance with certain company standards at the time of retirement, and (iii) that the specific amount and payment method shall be decided by the Board of Directors. Accordingly, a retirement allowance was paid to the bereaved family of Mr. Nakamura as of November 1, 2007, pursuant to the resolution of the meeting of the Board of Directors held on October 31, 2007.