

July 31, 2003

Makita Corporation

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

Masahiko Goto, President

**Financial Results (Consolidated)
for the three months ended June 30, 2003**

1. Notes to consolidated financial statements for the three months ended June 30, 2003

- (1) Accounting policy changes from the fiscal year ended March 31, 2003: No.
(2) Change in scope of consolidation and equity method: No.

2. Results of the first quarter ended June 30, 2003 (From April 1, 2003 to June 30, 2003)

(1) FINANCIAL RESULTS

| | Net sales | | Operating income | | Income before income taxes | | Net income | |
|----------------------------------|-------------|-----|------------------|-------|----------------------------|-------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Three months ended June 30, 2003 | 42,918 | 4.4 | 3,023 | 7.4 | 3,308 | 104.3 | 1,415 | 128.2 |
| Three months ended June 30, 2002 | 41,120 | - | 2,816 | - | 1,619 | - | 620 | - |
| (Ref.) Year ended March 31, 2003 | 175,603 | 5.7 | 12,468 | 112.3 | 9,292 | 173.1 | 6,723 | - |

| | Basic net income per share | Diluted net income per share |
|----------------------------------|----------------------------|------------------------------|
| | Yen | Yen |
| Three months ended June 30, 2003 | 9.69 | 9.51 |
| Three months ended June 30, 2002 | 4.14 | 4.14 |
| (Ref.) Year ended March 31, 2003 | 45.29 | 44.20 |

Note: Percent indicates the change against corresponding period of the previous year on Net sales, Operating income, Income before income taxes and Net income.

[Qualitative information about financial results]

During the three months under review, the Company proceeded with manufacturing cost-cutting measures, including the expansion of production by a subsidiary in China.

Net sales were weak in North America but strong in Europe and Southeast Asia, boosting consolidated net sales to 42,918 million yen, up 4.4% from the same period of the previous fiscal year.

Profitability was improved by such factors as a shift from exchange losses on foreign currency transactions to exchange gains on such transactions, causing income before income taxes to surge to 3,308 million yen, approximately twice the level in the same period of the previous fiscal year. Net income amounted to 1,415 million yen, approximately 2.3 times the level in the same period of the previous fiscal year.

(2) FINANCIAL POSITION

| | Total assets | Shareholders' equity | Shareholders' equity ratio to Total assets | Shareholders' equity per share |
|-----------------------------|--------------|----------------------|--|--------------------------------|
| | Million yen | Million yen | % | Yen |
| As of June 30, 2003 | 280,040 | 186,342 | 66.5 | 1,276.71 |
| (Ref.) As of March 31, 2003 | 278,600 | 182,400 | 65.5 | 1,249.59 |

Note: The Company did not compile data for total assets, shareholders' equity, shareholders' equity ratio to total assets, and shareholders' equity per share in the first quarter of the previous fiscal year.

[CASH FLOWS]

| | Net cash provided by operating activities | Net cash used in investing activities | Net cash used in financing activities | Cash and cash equivalents, end of period |
|----------------------------------|---|---------------------------------------|---------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| Three months ended June 30, 2003 | 3,334 | (211) | (755) | 22,254 |
| (Ref.) Year ended March 31, 2003 | 27,141 | (9,659) | (13,381) | 20,370 |

Note: The Company did not compile data for cash flows in the first quarter of the previous fiscal year.

3. Forecast for the fiscal year ending March 31, 2004 (From April 1, 2003 to March 31, 2004)

| | Net sales | Income before income taxes | Net income | Net income per share |
|--|-------------|-------------------------------|-------------|-------------------------|
| | Million yen | Million yen | Million yen | Yen |
| For the six months ending September 30, 2003 | 87,000 | 8,200 | 4,000 | 27.41 |
| For the year ending March 31, 2004 | 176,500 | 14,200 | 7,000 | 47.96 |

[Qualitative information about forecast for the fiscal year ending March 31, 2004]

The above consolidated performance has been adjusted for the fiscal year ending March 31, 2004; following the announcement of a previous forecast on April 25, 2003.

Assumption applied for adjusted forecast:

Exchange rates of 118 yen to US\$1 and 131 yen to 1 Euro for the fiscal year ending March 31, 2004.

At present, the forecast of nonconsolidated performance for the fiscal year ending March 31, 2004 that was announced on April 25, 2003, has not been adjusted.

Notes: (1) Amount less than 1 million yen has been rounded up or down to the nearest million yen.

(2) These forecasts, based on the Company's current assumptions and beliefs in light of the information currently available, involve known and unknown risks and uncertainties.

FORWARD-LOOKING STATEMENTS

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

Consolidated Balance Sheets

Yen (millions)

| | As of June 30, 2003 | As of March 31, 2003 | Change |
|---|------------------------|-------------------------|---------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | 22,254 | 20,370 | 1,884 |
| Time deposits | 5,285 | 4,520 | 765 |
| Marketable securities | 37,142 | 39,193 | (2,051) |
| Trade receivables- | | | |
| Notes | 2,535 | 2,122 | 413 |
| Accounts | 32,750 | 34,630 | (1,880) |
| Less- Allowance for doubtful receivables | (1,485) | (1,456) | (29) |
| Inventories | 64,039 | 62,606 | 1,433 |
| Deferred income taxes | 2,839 | 3,515 | (676) |
| Prepaid expenses and other current assets | 8,011 | 8,065 | (54) |
| Total current assets | 173,370 | 173,565 | (195) |
| PROPERTY, PLANT AND EQUIPMENT, at cost: | | | |
| Land | 21,609 | 21,497 | 112 |
| Buildings and improvements | 69,538 | 66,738 | 2,800 |
| Machinery and equipment | 79,108 | 78,221 | 887 |
| Construction in progress | 168 | 2,165 | (1,997) |
| | 170,423 | 168,621 | 1,802 |
| Less- Accumulated depreciation | (102,923) | (100,823) | (2,100) |
| | 67,500 | 67,798 | (298) |
| INVESTMENTS AND OTHER ASSETS: | | | |
| Investment securities | 21,827 | 19,342 | 2,485 |
| Deferred income taxes | 9,816 | 10,386 | (570) |
| Other assets | 7,527 | 7,509 | 18 |
| | 39,170 | 37,237 | 1,933 |
| | 280,040 | 278,600 | 1,440 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Short-term borrowings | 3,201 | 2,892 | 309 |
| Trade notes and accounts payable | 14,662 | 13,956 | 706 |
| Accrued payroll | 5,497 | 7,162 | (1,665) |
| Accrued expenses and other | 3,536 | 3,535 | 1 |
| Income taxes payable | 2,777 | 3,858 | (1,081) |
| Deferred income taxes | 309 | 403 | (94) |
| Total current liabilities | 29,982 | 31,806 | (1,824) |
| LONG-TERM LIABILITIES: | | | |
| Long-term indebtedness | 20,320 | 19,843 | 477 |
| Club members' deposits | 13,709 | 14,207 | (498) |
| Estimated retirement and termination allowances | 27,674 | 27,778 | (104) |
| Deferred income taxes | 768 | 1,407 | (639) |
| | 62,471 | 63,235 | (764) |
| MINORITY INTERESTS | 1,245 | 1,159 | 86 |
| SHAREHOLDERS' EQUITY: | | | |
| Common stock | 23,803 | 23,803 | - |
| Additional paid-in capital | 45,419 | 45,419 | - |
| Legal reserve and retained earnings | 143,523 | 143,422 | 101 |
| Accumulated other comprehensive loss | (21,281) | (25,134) | 3,853 |
| Treasury stock, at cost | (5,122) | (5,110) | (12) |
| | 186,342 | 182,400 | 3,942 |
| | 280,040 | 278,600 | 1,440 |

Consolidated Statements of Income

Yen (millions)

| | For the three months ended June 30, | | | | Increase/Decrease | |
|---|-------------------------------------|-------|----------|-------|-------------------|--------|
| | 2003 | | 2002 | | | |
| | (Amount) | (%) | (Amount) | (%) | (Amount) | (%) |
| NET SALES | 42,918 | 100.0 | 41,120 | 100.0 | 1,798 | 4.4 |
| Cost of sales | 26,783 | 62.4 | 25,987 | 63.2 | 796 | 3.1 |
| GROSS PROFIT | 16,135 | 37.6 | 15,133 | 36.8 | 1,002 | 6.6 |
| Selling, general and administrative expenses | 13,112 | 30.6 | 12,317 | 30.0 | 795 | 6.5 |
| OPERATING INCOME | 3,023 | 7.0 | 2,816 | 6.8 | 207 | 7.4 |
| OTHER INCOME (EXPENSES) : | | | | | | |
| Interest and dividend income | 175 | 0.4 | 383 | 0.9 | (208) | (54.3) |
| Interest expense | (150) | (0.3) | (215) | (0.5) | 65 | 30.2 |
| Exchange gains (losses) on foreign currency transactions, net | 144 | 0.3 | (1,429) | (3.5) | 1,573 | - |
| Other, net | 116 | 0.3 | 64 | 0.2 | 52 | 81.3 |
| Total | 285 | 0.7 | (1,197) | (2.9) | 1,482 | - |
| INCOME BEFORE INCOME TAXES | 3,308 | 7.7 | 1,619 | 3.9 | 1,689 | 104.3 |
| PROVISION FOR INCOME TAXES | 1,893 | 4.4 | 999 | 2.4 | 894 | 89.5 |
| NET INCOME | 1,415 | 3.3 | 620 | 1.5 | 795 | 128.2 |

Support Documentation (Consolidated)

1. Results and forecast

(Left: amount, millions of yen Right: change)

| | For the three months ended June 30, 2002 (Results) | | For the three months ended June 30, 2003 (Results) | | For the year ended March 31, 2003 (Results) | | For the six months ending September 30, 2003 (Forecast) | | For the year ending March 31, 2004 (Forecast) | |
|----------------------------|--|--------|--|--------|---|----------|---|--------|---|--------|
| | Amount | Change | Amount | Change | Amount | Change | Amount | Change | Amount | Change |
| Net sales | 41,120 | - | 42,918 | 4.4% | 175,603 | 5.7% | 87,000 | -0.7% | 176,500 | 0.5% |
| Domestic | 9,084 | - | 9,061 | -0.3% | 38,781 | -1.8% | 19,000 | -1.4% | 38,200 | -1.5% |
| Overseas | 32,036 | - | 33,857 | 5.7% | 136,822 | 8.0% | 68,000 | -0.6% | 138,300 | 1.1% |
| Operating income | 2,816 | - | 3,023 | 7.4% | 12,468 | 112.3% | 7,800 | 24.4% | 13,600 | 9.1% |
| Income before income taxes | 1,619 | - | 3,308 | 104.3% | 9,292 | 173.1% | 8,200 | 85.4% | 14,200 | 52.8% |
| Net income | 620 | - | 1,415 | 128.2% | 6,723 | 4,954.9% | 4,000 | 27.5% | 7,000 | 4.1% |
| Net income per share | 4.14 | Yen | 9.69 | Yen | 45.29 | Yen | 27.41 | Yen | 47.96 | Yen |
| Employees | 8,148 | | 8,310 | | 8,344 | | - | | - | |

2. Net sales by geographic area

(Left: amount, millions of yen Right: change)

| | For the three months ended June 30, 2002 (Results) | | For the three months ended June 30, 2003 (Results) | |
|----------------|--|--------|--|--------|
| | Amount | Change | Amount | Change |
| Japan | 9,084 | - | 9,061 | -0.3% |
| North America | 11,221 | - | 9,720 | -13.4% |
| Europe | 12,699 | - | 15,345 | 20.8% |
| Southeast Asia | 3,327 | - | 3,657 | 9.9% |
| Other regions | 4,789 | - | 5,135 | 7.2% |
| Total | 41,120 | - | 42,918 | 4.4% |

3. Exchange rates

(Yen)

| | For the three months ended June 30, 2002 (Results) | | For the three months ended June 30, 2003 (Results) | | For the year ended March 31, 2003 (Results) | | For the year ending March 31, 2004 (Forecast) | |
|-------------|--|--|--|--|---|--|---|--|
| U.S. Dollar | 127.10 | | 118.49 | | 121.98 | | 118 | |
| Euro | 116.55 | | 134.66 | | 120.88 | | 131 | |

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

| | | | |
|--------|-------|-----------|-------|
| U.S.A. | -8.9% | Germany | 3.9% |
| U.K. | 9.6% | France | 2.2% |
| China | 14.8% | Australia | 18.2% |

5. Production ratio (unit basis)

| | For the three months ended June 30, 2003 (Results) | For the year ended March 31, 2003 (Results) |
|----------|--|---|
| Domestic | 36.7% | 36.9% |
| Overseas | 63.3% | 63.1% |

6. Capital expenditures, depreciation and amortization, and R&D cost (Millions of yen)

| | For the three months ended June 30, 2003 (Results) | For the year ended March 31, 2003 (Results) | For the year ending March 31, 2004 (Forecast) |
|-------------------------------|--|---|---|
| Capital expenditures | 1,633 | 5,691 | 6,000 |
| Depreciation and amortization | 2,173 | 9,740 | 9,500 |
| R&D cost | 949 | 3,856 | 3,900 |

7. Cash flows

(Millions of yen)

| | For the three months ended June 30, 2003 (Results) | For the year ended March 31, 2003 (Results) |
|----------------------|--|---|
| Cash flows from: | | |
| Operating activities | 3,334 | 27,141 |
| Investing activities | -211 | -9,659 |
| Financing activities | -755 | -13,381 |