



Makita Corporation

Consolidated Financial Results for the three months ended June 30, 2007 (U.S. GAAP Financial Information)

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



CONSOLIDATED FINANCIAL RESULTS **FOR THE THREE MONTHS ENDED JUNE 30, 2007**

July 31, 2007

Makita Corporation

Stock code: 6586

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

Masahiko Goto, President

1. Results of the three months ended June 30, 2007 (From April 1, 2007 to June 30, 2007)

(1) CONSOLIDATED FINANCIAL RESULTS

	Yen (million)					
	For the three months ended June 30, 2006		For the three months ended June 30, 2007		For the year ended March 31, 2007	
		%		%		%
Net sales.....	61,951	23.4	80,615	30.1	279,933	22.2
Operating income	10,480	(33.9)	14,992	43.1	48,176	5.2
Income before income taxes	11,058	(31.3)	15,417	39.4	49,323	0.4
Net income.....	7,820	(49.9)	11,243	43.8	36,971	(8.5)
Yen						
Net income per share:						
Basic.....	54.41		78.24		257.27	
Diluted.....	54.41		78.24		257.27	

Notes:

1. Amounts of less than one million yen have been rounded.
2. The table above shows the change in the percentage ratio of net sales, operating income, income before income taxes, and net income against the corresponding period of the previous year.

(2) CONSOLIDATED FINANCIAL POSITION

	Yen (million)		
	As of June 30, 2006	As of June 30, 2007	As of March 31, 2007
Total assets.....	321,780	386,361	368,494
Shareholders' equity.....	267,556	316,071	302,675
Shareholders' equity ratio to total assets (%)	83.1%	81.8%	82.1%
Yen			
Shareholders' equity per share	1,861.78	2,199.54	2,106.28

(3) CONSOLIDATED CASH FLOWS

	Yen (million)		
	For the three months ended June 30, 2006	For the three months ended June 30, 2007	For the year ended March 31, 2007
Net cash provided by operating activities....	2,368	3,337	32,360
Net cash provided by (used in)			
investing activities	2,252	6,157	(27,276)
Net cash used in financing activities.....	(5,043)	(7,928)	(8,307)
Cash and cash equivalents, end of period	38,859	39,602	37,128



2. Consolidated forecast for the year ending March 31, 2008 (From April 1, 2007 to March 31, 2008) (Ref.)

	Yen (million)			
	For the six months ending		For the year ending	
	September 30, 2007		March 31, 2008	
		%		%
Net sales.....	162,000	22.8	320,000	14.3
Operating income	29,000	35.6	56,500	17.3
Income before income taxes	29,900	37.2	57,800	17.2
Net income.....	20,500	33.2	39,700	7.4
Yen				
Net income per share	142.66		276.27	

3. Other

- (1) Changes in important subsidiaries during the term (Changes in specific subsidiaries accompanied by changes in scope of consolidation): None.
- (2) Adoption of simplified accounting methods: None.
- (3) Accounting policy changes from the year ended March 31, 2007: None.

Explanation regarding proper use of business forecasts, and other significant matters

This report modifies the consolidated forecast for the year ending March 31, 2008. Regarding the assumptions for the revised forecast and other matters, refer to [Qualitative Information and Financial Statements] Section 3 "Qualitative information on consolidated forecast for the year ending March 31, 2008" (on page 3).

The forecast given above is based on information as available at the present time, and includes potential risk and uncertainties. As a consequence of this and other factors, actual results may vary from the forecasts provided above.

[Qualitative Information and Financial Statements]

1. Qualitative information on consolidated financial results

Net sales rose 30.1% over the same quarter of the previous year, to 80,615 million yen. This performance was due to strong sales in Europe and other regions, and included a contribution from sales made by Fuji Robin Industries Ltd., which became a consolidated subsidiary in May of this year. Reflecting the weaker yen, sales also rose when currency conversions were performed.

With regard to earnings, operating income amounted to 14,992 million yen (ratio of operating income to net sales; 18.6%), up 43.1% from the same quarter of the previous year, income before income taxes amounted to 15,417 million yen (ratio of income before income taxes to net sales; 19.1%), up 39.4% and net income for the quarter amounted to 11,243 million yen (ratio of net income to net sales; 13.9%), up 43.8%.

2. Qualitative information on consolidated financial position

Total cash and cash equivalents ("cash") at the end of period amounted to 39,602 million yen, up 2,474 million yen from the end of the previous year.

(Net Cash Provided by Operating Activities)

Net cash provided by operating activities amounted to 3,337 million yen, reflecting factors including favorable business performance.

(Net Cash Provided by Investing Activities)

Net cash provided by investing activities amounted to 6,157 million yen. Although the Company made capital expenditures, principally for the rebuilding of Head office and Okazaki plant, these cash outflows were more than offset by proceeds from the sale of securities.

(Net Cash Used in Financing Activities)

Net cash used in financing activities amounted to 7,928 million yen, reflecting the payment of cash dividends and other factors.

3. Qualitative information on consolidated forecast for the year ending March 31, 2008

Consolidated performance during the fiscal 2008 is expected to exceed the earlier forecasts (as of May 8, 2007). In addition to strong sales in Eastern Europe and Russia for the quarter under review, weakness of the Japanese yen serves to increase both sales and earnings.

(Ref.) Revised outlook for consolidated performance during the fiscal 2008

	Yen (millions)			
	For the six months ending September 30, 2007			
	Net sales	Operating income	Income before income taxes	Net income
Outlook announced previously (A).....	149,800	26,700	27,000	18,500
Revised outlook (B).....	162,000	29,000	29,900	20,500
Change (B-A)	12,200	2,300	2,900	2,000
Percentage revision.....	8.1%	8.6%	10.7%	10.8%
Actual results for the previous period ended September 30, 2006.....	131,891	21,387	21,796	15,390

	Yen (millions)			
	For the year ending March 31, 2008			
	Net sales	Operating income	Income before income taxes	Net income
Outlook announced previously (A).....	302,000	53,300	53,900	37,000
Revised outlook (B).....	320,000	56,500	57,800	39,700
Change (B-A)	18,000	3,200	3,900	2,700
Percentage revision.....	6.0%	6.0%	7.2%	7.3%
Actual results for the previous year ended March 31, 2007	279,933	48,176	49,323	36,971

Assumptions:

The above forecast is based on the assumption of exchange rates of 117 yen to US\$1 and 163 yen to 1 Euro.



4. Other

Changes in important subsidiaries during the term (Changes in specific subsidiaries accompanied by changes in scope of consolidation): None.

(Ref.) Changes in scope of consolidation and equity method

Consolidation	(Newly included)	2 subsidiaries (Fuji Robin Industries Ltd., etc.)
		2 equity method affiliates

Note:

The name of Fuji Robin Industries Ltd. is scheduled to change to “Makita Numazu Corporation” on August 1, 2007.

(FORWARD-LOOKING STATEMENTS)

This document contains forward-looking statements based on information available and rational assumptions as of this time. Actual results could differ substantially from the content of these statements, due to one or more of a variety of factors. Important factors deemed to have potential to significantly influence actual results are those noted below. Note that these are not the only factors that can influence actual performance.

- (1) Makita's sales are affected by the levels of construction activities and capital investments in its markets.
- (2) Currency exchange rate fluctuations may adversely affect Makita's financial results.
- (3) The global intensified competition may adversely affect Makita's sales results.
- (4) If Makita is not able to develop attractive products, Makita's sales activities may be adversely affected.
- (5) Geographic concentration of Makita's main facilities may have adverse effects on Makita's business activities.
- (6) Makita's overseas activities and entry into overseas markets entail risks, which may have a material adverse effect on Makita's business activities.
- (7) If Makita fails to maintain cooperative relationships with significant customers, Makita's sales may be seriously affected.
- (8) If any of Makita's suppliers fail to deliver materials or parts required for production as scheduled, Makita's production activities may be adversely affected.
- (9) When the procurement of raw materials used by Makita becomes difficult or prices of these raw materials rise sharply, this may have an adverse impact on performance.
- (10) Product liability litigation or recalls may harm Makita's financial statements and reputation.
- (11) Fluctuations in stock market prices may adversely affect Makita's financial statements.
- (12) Violation of intellectual property rights may have an adverse impact on performance.
- (13) Environmental or other government regulations may have a material adverse impact on Makita's business activities.
- (14) Investor confidence and the value of Makita's ADRs and ordinary shares may be adversely impacted if Makita's management concludes that Makita's internal controls over financial reporting are not effective as of March 31, 2008, or if Makita's independent registered public accounting firm is unable to attest to management's assessment, or to provide unqualified opinion on the effectiveness of Makita's internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002.

Regarding the assumptions for the revised forecast, refer to [Qualitative Information and Financial Statements] Section 3 “Qualitative information on consolidated forecast for the year ending March 31, 2008” (on page 3).



5. Condensed quarterly consolidated financial statements

(1) CONDENSED CONSOLIDATED BALANCE SHEETS

	Yen (millions)		
	As of March 31, 2007	As of June 30, 2007	Increase (Decrease)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents.....	37,128	39,602	2,474
Time deposits	6,866	8,691	1,825
Marketable securities	58,217	45,546	(12,671)
Trade receivables-			
Notes.....	3,125	4,045	920
Accounts.....	54,189	58,034	3,845
Less- Allowance for doubtful receivables	(869)	(982)	(113)
Inventories	92,800	104,632	11,832
Deferred income taxes	5,080	3,999	(1,081)
Prepaid expenses and other current assets	9,963	11,715	1,752
Total current assets	<u>266,499</u>	<u>275,282</u>	<u>8,783</u>
PROPERTY, PLANT AND EQUIPMENT, at cost:			
Land	16,732	19,050	2,318
Buildings and improvements	57,242	62,309	5,067
Machinery and equipment.....	74,087	78,269	4,182
Construction in progress	5,576	4,955	(621)
	<u>153,637</u>	<u>164,583</u>	<u>10,946</u>
Less- Accumulated depreciation	<u>(90,257)</u>	<u>(93,287)</u>	<u>(3,030)</u>
	<u>63,380</u>	<u>71,296</u>	<u>7,916</u>
INVESTMENTS AND OTHER ASSETS:			
Investment securities.....	27,279	26,892	(387)
Deferred income taxes	1,367	1,392	25
Other assets.....	9,969	11,499	1,530
	<u>38,615</u>	<u>39,783</u>	<u>1,168</u>
	<u>368,494</u>	<u>386,361</u>	<u>17,867</u>

	Yen (millions)		
	As of March 31, 2007	As of June 30, 2007	Increase (Decrease)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings	1,892	3,146	1,254
Trade notes and accounts payable	16,025	21,069	5,044
Accrued payroll.....	8,571	7,012	(1,559)
Accrued expenses and other.....	17,353	18,255	902
Income taxes payable.....	10,447	5,417	(5,030)
Deferred income taxes	28	31	3
Total current liabilities.....	54,316	54,930	614
LONG-TERM LIABILITIES:			
Long-term indebtedness.....	53	956	903
Accrued retirement and termination allowances.....	3,227	4,053	826
Deferred income taxes	4,976	5,720	744
Other liabilities	1,112	2,017	905
	9,368	12,746	3,378
MINORITY INTERESTS	2,135	2,614	479
SHAREHOLDERS' EQUITY:			
Common stock	23,805	23,805	-
Additional paid-in capital.....	45,437	45,437	-
Legal reserve and retained earnings	221,034	224,374	3,340
Accumulated other comprehensive income.....	12,697	22,764	10,067
Treasury stock, at cost.....	(298)	(309)	(11)
	302,675	316,071	13,396
	368,494	386,361	17,867



(2) CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Yen (millions)							
	For the three months ended June 30, 2006		For the three months ended June 30, 2007		Increase (Decrease)		For the year ended March 31, 2007	
	(Amount)	(%)	(Amount)	(%)	(Amount)	(%)	(Amount)	(%)
NET SALES	61,951	100.0	80,615	100.0	18,664	30.1	279,933	100.0
Cost of sales	36,374	58.7	47,862	59.4	11,488	31.6	163,909	58.6
GROSS PROFIT.....	25,577	41.3	32,753	40.6	7,176	28.1	116,024	41.4
Selling, general, administrative and other expenses	15,097	24.4	17,761	22.0	2,664	17.6	67,848	24.2
OPERATING INCOME	10,480	16.9	14,992	18.6	4,512	43.1	48,176	17.2
OTHER INCOME (EXPENSES) :								
Interest and dividend income.....	342	0.6	585	0.7	243	71.1	1,364	0.5
Interest expense	(70)	(0.1)	(89)	(0.1)	(19)	27.1	(316)	(0.1)
Exchange gains (losses) on foreign currency transactions, net.....	15	-	31	-	16	106.7	(418)	(0.2)
Realized gains on securities, net.....	339	0.5	12	-	(327)	(96.5)	918	0.3
Other, net.....	(48)	(0.1)	(114)	(0.1)	(66)	137.5	(401)	(0.1)
Total	578	0.9	425	0.5	(153)	(26.5)	1,147	0.4
INCOME BEFORE INCOME TAXES.....	11,058	17.8	15,417	19.1	4,359	39.4	49,323	17.6
PROVISION FOR INCOME TAXES:.....	3,238	5.2	4,174	5.2	936	28.9	12,352	4.4
NET INCOME.....	7,820	12.6	11,243	13.9	3,423	43.8	36,971	13.2



(3) CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Yen (millions)		
	For the three months ended June 30, 2006	For the three months ended June 30, 2007	For the year ended March 31, 2007
Net cash provided by operating activities.....	2,368	3,337	32,360
Net cash provided by (used in) investing activities	2,252	6,157	(27,276)
Net cash used in financing activities.....	(5,043)	(7,928)	(8,307)
Effect of exchange rate changes on cash and cash equivalents	228	908	1,297
Net change in cash and cash equivalents	(195)	2,474	(1,926)
Cash and cash equivalents, beginning of period.....	39,054	37,128	39,054
Cash and cash equivalents, end of period	38,859	39,602	37,128



(4) OPERATING SEGMENT INFORMATION

For the three months ended June 30, 2006

	Yen (millions)						Corporate and elimi- nations	Consoli- dated
	Japan	Europe	North America	Asia	Other	Total		
Sales:								
(1) External customers	14,152	26,310	11,942	2,440	7,107	61,951	-	61,951
(2) Intersegment	14,354	1,313	1,311	15,089	48	32,115	(32,115)	-
Total	<u>28,506</u>	<u>27,623</u>	<u>13,253</u>	<u>17,529</u>	<u>7,155</u>	<u>94,066</u>	<u>(32,115)</u>	<u>61,951</u>
Operating expenses	24,636	24,231	12,909	14,822	6,231	82,829	(31,358)	51,471
Operating income	3,870	3,392	344	2,707	924	11,237	(757)	10,480

For the three months ended June 30, 2007

	Yen (millions)						Corporate and elimi- nations	Consoli- dated
	Japan	Europe	North America	Asia	Other	Total		
Sales:								
(1) External customers	16,479	37,760	13,540	2,888	9,948	80,615	-	80,615
(2) Intersegment	15,924	1,476	1,217	22,030	49	40,696	(40,696)	-
Total	<u>32,403</u>	<u>39,236</u>	<u>14,757</u>	<u>24,918</u>	<u>9,997</u>	<u>121,311</u>	<u>(40,696)</u>	<u>80,615</u>
Operating expenses	27,056	33,079	14,143	21,518	8,666	104,462	(38,839)	65,623
Operating income	5,347	6,157	614	3,400	1,331	16,849	(1,857)	14,992

For the year ended March 31, 2007

	Yen (millions)						Corporate and elimi- nations	Consoli- dated
	Japan	Europe	North America	Asia	Other	Total		
Sales:								
(1) External customers	61,776	124,924	51,432	9,698	32,103	279,933	-	279,933
(2) Intersegment	64,040	5,709	5,297	67,021	149	142,216	(142,216)	-
Total	<u>125,816</u>	<u>130,633</u>	<u>56,729</u>	<u>76,719</u>	<u>32,252</u>	<u>422,149</u>	<u>(142,216)</u>	<u>279,933</u>
Operating expenses	108,403	112,577	54,217	66,815	28,786	370,798	(139,041)	231,757
Operating income	17,413	18,056	2,512	9,904	3,466	51,351	(3,175)	48,176

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

SUPPORT DOCUMENTATION (CONSOLIDATION)

1. Consolidated results and outlook

	Yen (millions)			
	For the three months ended June 30, 2006		For the three months ended June 30, 2007	
	(Results)		(Results)	
	(Amount)	(%)	(Amount)	(%)
Net sales.....	61,951	23.4	80,615	30.1
Domestic	10,777	14.7	12,090	12.2
Overseas	51,174	25.4	68,525	33.9
Operating income	10,480	(33.9)	14,992	43.1
Income before income taxes	11,058	(31.3)	15,417	39.4
Net income.....	7,820	(49.9)	11,243	43.8
Net income per share (Yen)	54.41		78.24	
Employees	8,708		9,443	

	Yen (millions)					
	For the year ended March 31, 2007		For the six months ending September 30, 2007 (Outlook)		For the year ending March 31, 2008 (Outlook)	
	(Results)		(Results)		(Results)	
	(Amount)	(%)	(Amount)	(%)	(Amount)	(%)
Net sales.....	279,933	22.2	162,000	22.8	320,000	14.3
Domestic	46,860	12.6	25,400	10.8	52,400	11.8
Overseas	233,073	24.3	136,600	25.4	267,600	14.8
Operating income	48,176	5.2	29,000	35.6	56,500	17.3
Income before income taxes	49,323	0.4	29,900	37.2	57,800	17.2
Net income.....	36,971	(8.5)	20,500	33.2	39,700	7.4
Net income per share (Yen)	257.27		142.66		276.27	
Employees	9,062		-		-	

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

Please refer to page 3 for the qualitative information on the outlook for the six months and fiscal year.

2. Consolidated net sales by geographic area

	Yen (millions)					
	For the three months ended June 30, 2006		For the three months ended June 30, 2007		For the year ended March 31, 2007	
	(Results)		(Results)		(Results)	
	(Amount)	(%)	(Amount)	(%)	(Amount)	(%)
Japan	10,777	14.7	12,090	12.2	46,860	12.6
Europe.....	26,131	30.0	37,632	44.0	124,020	37.0
North America	11,988	30.5	13,672	14.0	51,472	8.0
Asia.....	4,621	6.3	5,422	17.3	19,469	14.6
Other regions	8,434	17.3	11,799	39.9	38,112	18.0
The Middle East and Africa.....	2,931	16.4	4,038	37.8	13,064	19.6
Central and South America.....	2,749	35.8	3,828	39.3	12,704	20.6
Oceania.....	2,754	4.0	3,933	42.8	12,344	13.7
Total.....	61,951	23.4	80,615	30.1	279,933	22.2

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

3. Exchange rates

	Yen				
	For the three months ended June 30, 2006 (Results)	For the three months ended June 30, 2007 (Results)	For the year ended March 31, 2007 (Results)	For the six months ending September 30, 2007 (Outlook)	For the year ending March 31, 2008 (Outlook)
Yen/U.S. Dollar.....	114.50	120.82	116.97	119	118
Yen/Euro	143.82	162.75	150.02	163	163

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

	For the three months ended June 30, 2007 (Results)
U.S.A.	1.3%
Germany	19.0%
U.K.	28.9%
France	16.9%
China.....	37.5%
Australia	18.4%

5. Production ratio (unit basis)

	For the three months ended June 30, 2006 (Results)	For the three months ended June 30, 2007 (Results)	For the year ended March 31, 2007 (Results)
Domestic.....	28.5%	24.7%	27.4%
Overseas	71.5%	75.3%	72.6%

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

	Yen (millions)			
	For the three months ended June 30, 2006 (Results)	For the three months ended June 30, 2007 (Results)	For the year ended March 31, 2007 (Results)	For the year ending March 31, 2008 (Outlook)
Capital expenditures	2,443	3,961	12,980	17,700
Depreciation and amortization...	1,484	1,802	8,773	8,700
R&D cost.....	1,260	1,403	5,460	5,800