



# Makita Corporation

Consolidated Financial Results  
for the three months  
ended June 30, 2010  
(U.S. GAAP Financial Information)

(English translation of "KESSAN TANSHIN"  
originally issued in Japanese)



## CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2010 (Unaudited)

July 30, 2010

### Makita Corporation

Stock code: 6586

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

Masahiko Goto, President, Representative Director & CEO

### 1. Summary operating results of the three months ended June 30, 2010 (From April 1, 2010 to June 30, 2010)

#### (1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the three months ended June 30, 2009		For the three months ended June 30, 2010	
		%		%
Net sales.....	55,395	(34.5)	64,822	17.0
Operating income .....	6,639	(61.2)	10,136	52.7
Income before income taxes .....	8,218	(51.2)	9,393	14.3
Net income attributable to Makita Corporation .....	5,287	(55.1)	6,045	14.3
Earning per share (Basic)				
Net income attributable to				
Makita Corporation common shareholders.....				
	38.38		43.88	

Notes:

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

#### (2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2010	As of June 30, 2010
Total assets.....	349,839	333,975
Total equity .....	299,673	284,100
Total Makita Corporation shareholders' equity.....	297,207	281,862
Total Makita Corporation shareholders' equity ratio to total assets (%) .....	85.0%	84.4%
Yen		
Total Makita Corporation shareholders' equity per share.....	2,157.42	2,046.03

### 2. Dividend Information

	Yen	
	For the year ended March 31, 2010	For the year ending March 31, 2011 (Forecast)
Cash dividend per share:		
Interim.....	15.00	15.00
Year-end .....	37.00	(Note)
Total .....	52.00	(Note)

Notes:

The forecast for cash dividend announced on April 28, 2010 has not been revised.



### 3. Consolidated Financial Performance Forecast for the year ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

	Yen (millions)			
	For the six months ending September 30, 2010		For the year ending March 31, 2011	
		%		%
Net sales.....	128,000	7.9	250,000	1.7
Operating income .....	17,000	14.4	30,000	(1.3)
Income before income taxes .....	16,000	(7.4)	29,500	(12.0)
Net income attributable to Makita Corporation .....	10,600	(0.2)	19,800	(11.0)
Earning per share (Basic)	Yen			
Net income attributable to Makita Corporation common shareholders.....	76.95		143.73	

#### Notes:

The consolidated financial forecast for the year ending March 31, 2011 has been revised.

#### 4. Other

(Refer to [Qualitative Information and Financial Statements] Section 4 “Other” on page 4.)

- (1) Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): None
- (2) Adoption of simplified accounting methods and accounting methods that are specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, procedures and presentations: None
- (4) Number of shares outstanding (common stock)
  1. Number of shares issued (including treasury stock):
 

As of June 30, 2010:	140,008,760
As of March 31, 2010	140,008,760
  2. Number of treasury stock:
 

As of June 30, 2010:	2,248,613
As of March 31, 2010:	2,248,358
  3. Average number of shares outstanding:
 

For the three months ended June 30, 2010:	137,760,233
For the three months ended June 30, 2009:	137,763,434

#### Information regarding quarterly review

This consolidated financial results is not subject to a quarterly review stipulated under the Financial Instruments and Exchange Act. As of the release date of this document, the quarterly review under the Financial Instruments and Exchange Act has not been completed.

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

The consolidated financial forecast for the year ending March 31, 2011 has been revised. Regarding the assumptions for the forecasts and other matters, refer to [Qualitative Information and Financial Statements] Section 3 “Qualitative information on consolidated financial performance forecast” on page 4. The financial forecasts given above are based on information as available at the present time, and include potential risks and uncertainties. As a consequence of the factors above and other, actual results may vary from the forecasts provided above.



## [Qualitative Information and Financial Statements]

### 1. Qualitative Information on Consolidated Operating Results

During the three months (the “period”) ended June 30, 2010, the housing market remained weak in developed countries such as Japan, the United States and Western European countries. However, while economic recovery in these regions was modest, strong economic growth continued in emerging countries of Asia and Central and South America, supported by strong capital investments and consumer spending.

Under these circumstances, Makita’s consolidated net sales for the period increased by 17.0% to 64,822 million yen compared to the same period of the previous year, mainly due to solid demand for power tools in the overseas market although the depreciation of euro currency as a result of the Greek crisis had some negative impact. Operating income increased 52.7% to 10,136 million yen (operating income ratio: 15.6%). This increase was mainly due to the increased sales and the improvement in the ratio of cost of sales for decline in unit production cost resulting from the increased production volume, while selling, general and administrative expenses increased only by 2.5% compared to the same period of the previous year. Income before income taxes increased by 14.3% to 9,393 million yen (income before income taxes ratio: 14.5%). Net income attributable to Makita Corporation increased by 14.3% to 6,045 million yen (net income attributable to Makita Corporation ratio: 9.3%).

Net sales by region are as follows:

Net sales in Japan increased by 3.0% compared to the same period of the previous year to 10,201 million yen. This increase was mainly because sales of impact drivers and other new products were strong, although the domestic housing market was weak.

Net sales in Europe increased by 13.8% to 27,620 million yen. Although the depreciation of euro currency, destocking activities in Western European market have been completed and stocks were deemed in short in Western Europe. In addition, the demand that had significantly dropped last year in Russia and Eastern Europe began to recover.

Net sales in North America increased by 19.8% to 9,228 million yen mainly supported by the recovery in retailers’ buying willingness, although the recovery of the U.S. housing market was modest.

Net sales in Asia increased by 27.3% to 5,315 million yen mainly due to the demand recovery in Asian countries positively affected by China’s economic growth.

Net sales in other regions grew strongly, because of the demand had been recovery mainly due to robust economic growth with a backdrop of an increase in the price of material. Net sales in Central and South America increased by 34.9% compared to the same period of the previous year to 4,371 million yen; sales in the Middle East and Africa increased by 36.0% to 4,190 million yen; and sales in Oceania increased by 29.2% to 3,897 million yen.

### 2. Qualitative Information on Consolidated Financial Position

(Analysis on assets, liabilities and shareholders' equity)

Total assets as of June 30, 2010 decreased by 15,864 million yen to 333,975 million yen compared to the balance as of March 31, 2010. Major factors affecting this change were the decrease in marketable securities due to sales of them for payment of dividends and decreased trade accounts receivable and inventories.

The total liabilities as of June 30, 2010 decreased by 291 million yen to 49,875 million yen compared to the balance as of March 31, 2010. Major factor affecting this change was decrease in accrued payroll.

Total equity as of June 30, 2010 decreased by 15,573 million yen to 284,100 million yen compared to the balance as of March 31, 2010. This decrease was mainly because foreign currency translation adjustment decreased due to the stronger yen against other currencies compared with that as of March 31, 2010.



### 3. Qualitative Information on Consolidated Financial Performance Forecast

Sales in the overseas market has grown steadily, supported by demand recovery in developed countries and expanded sales in emerging countries. However, since the appreciation of the yen against the euro and other currencies has been steeper than as estimated in our initial forecasts announced on April 28, 2010, the forecasts of consolidated performance for the fiscal year ending March 2011 announced on April 28, 2010 are revised as follows:

#### Revised Forecast for Consolidated Performance during the fiscal 2011 (from April 1, 2010 to March 31, 2011)

	Yen (millions)				Yen
	For the six months ending September 30, 2010				
	Net sales	Operating income	Income before income taxes	Net income attributable to Makita Corporation	Earning per share (Basic) Net income attributable to Makita Corporation common shareholders
Outlook announced previously (A).....	127,000	16,200	16,700	11,100	80.57
<b>Revised forecast (B).....</b>	<b>128,000</b>	<b>17,000</b>	<b>16,000</b>	<b>10,600</b>	<b>76.95</b>
Change (B-A) .....	1,000	800	(700)	(500)	—
Percentage revision.....	0.8%	4.9%	(4.2)%	(4.5)%	—
Actual results for the previous period ended September 30, 2009.....	118,681	14,866	17,271	10,622	77.10

	Yen (millions)				Yen
	For the year ending March 31, 2011				
	Net sales	Operating income	Income before income taxes	Net income attributable to Makita Corporation	Earning per share (Basic) Net income attributable to Makita Corporation common shareholders
Outlook announced previously (A).....	255,000	33,000	34,000	22,500	163.33
<b>Revised forecast (B).....</b>	<b>250,000</b>	<b>30,000</b>	<b>29,500</b>	<b>19,800</b>	<b>143.73</b>
Change (B-A) .....	(5,000)	(3,000)	(4,500)	(2,700)	—
Percentage revision.....	(2.0)%	(9.1)%	(13.2)%	(12.0)%	—
Actual results for the previous year ended March 31, 2010 .....	245,823	30,390	33,518	22,258	161.57

The above forecast is based on the assumption of exchange rates of 90 yen to the U.S. dollar and 110 yen to the euro for the nine months period ending March 31, 2011.

Our previous exchange rates that we announced on April 28, 2010 were 92 yen to the U.S. dollar and 123 yen to the euro.

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

#### 4. Other

- (1) Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): None
- (2) Adoption of simplified accounting methods and accounting methods that are specific to the preparation of quarterly consolidated financial statements:  
With regard to the income tax expenses, the Company computes interim income tax expense by multiplying reasonably estimated annual effective tax rate, which includes the effects of deferred taxes, by year-to-date income before income taxes for the reporting period.
- (3) Changes in accounting principles, procedures and presentations: None



## 5. Consolidated Financial Statements (Unaudited)

### (1) Consolidated Balance Sheets

	Yen (millions)			
	As of March 31, 2010		As of June 30, 2010	
		Composition ratio		Composition ratio
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents.....	62,290		54,425	
Time deposits.....	8,383		13,309	
Short-term investments.....	33,639		28,394	
Trade receivables-				
Notes.....	2,214		2,336	
Accounts.....	43,680		40,771	
Less- Allowance for doubtful receivables.....	(1,010)		(875)	
Inventories.....	88,811		86,357	
Deferred income taxes.....	6,434		6,133	
Prepaid expenses and other current assets.....	9,356		10,547	
Total current assets.....	<u>253,797</u>	72.6%	<u>241,397</u>	72.3%
<b>PROPERTY, PLANT AND EQUIPMENT, at cost:</b>				
Land.....	19,050		18,517	
Buildings and improvements.....	70,668		68,516	
Machinery and equipment.....	74,652		72,946	
Construction in progress.....	2,257		2,995	
	<u>166,627</u>		<u>162,974</u>	
Less- Accumulated depreciation.....	<u>(93,427)</u>		<u>(92,684)</u>	
Total net property, plant and equipment.....	<u>73,200</u>	20.9%	<u>70,290</u>	21.0%
<b>INVESTMENTS AND OTHER ASSETS:</b>				
Investments.....	15,166		14,688	
Goodwill.....	721		721	
Other intangible assets, net.....	4,664		4,538	
Deferred income taxes.....	1,611		1,679	
Other assets.....	680		662	
Total investments and other assets.....	<u>22,842</u>	6.5%	<u>22,288</u>	6.7%
Total assets.....	<u>349,839</u>	100.0%	<u>333,975</u>	100.0%



	Yen (millions)			
	As of March 31, 2010		As of June 30, 2010	
		Composition ratio		Composition ratio
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Short-term borrowings .....	385		309	
Trade notes and accounts payable .....	18,359		20,062	
Other payables .....	5,089		4,261	
Accrued expenses .....	4,694		4,337	
Accrued payroll .....	6,835		5,628	
Income taxes payable .....	1,722		2,254	
Deferred income taxes .....	40		33	
Other current liabilities .....	5,337		5,991	
Total current liabilities .....	<u>42,461</u>	12.1%	<u>42,875</u>	12.8%
<b>LONG-TERM LIABILITIES:</b>				
Long-term indebtedness .....	544		539	
Accrued retirement and termination benefits .....	3,778		3,191	
Deferred income taxes .....	677		678	
Other liabilities .....	2,706		2,592	
Total long-term liabilities .....	<u>7,705</u>	2.2%	<u>7,000</u>	2.1%
Total liabilities .....	<u>50,166</u>	14.3%	<u>49,875</u>	14.9%
<b>EQUITY</b>				
<b>MAKITA CORPORATION SHAREHOLDERS' EQUITY:</b>				
Common stock .....	23,805		23,805	
Additional paid-in capital .....	45,420		45,420	
Legal reserve .....	5,669		5,669	
Retained earnings .....	270,790		271,738	
Accumulated other comprehensive income (loss) .....	(42,032)		(58,325)	
Treasury stock, at cost .....	(6,445)		(6,445)	
Total Makita Corporation shareholders' equity .....	<u>297,207</u>	85.0%	<u>281,862</u>	84.4%
NONCONTROLLING INTEREST .....	<u>2,466</u>	0.7%	<u>2,238</u>	0.7%
Total equity .....	<u>299,673</u>	85.7%	<u>284,100</u>	85.1%
Total liabilities and equity .....	<u>349,839</u>	100.0%	<u>333,975</u>	100.0%
<hr/>				
	As of March 31, 2010		As of June 30, 2010	
Total number of shares authorized .....	496,000,000		496,000,000	
Number of shares issued .....	140,008,760		140,008,760	
Number of shares issued (excluding treasury stock) .....	137,760,402		137,760,147	
Number of treasury stock .....	2,248,358		2,248,613	



**(2) Consolidated Statements of Income**

	Yen (millions)			
	For the three months ended June 30, 2009		For the three months ended June 30, 2010	
	Composition ratio		Composition ratio	
NET SALES .....	55,395	100.0%	64,822	100.0%
Cost of sales .....	33,735	60.9%	39,290	60.6%
GROSS PROFIT.....	21,660	39.1%	25,532	39.4%
Selling, general, administrative and other expenses .....	15,021	27.1%	15,396	23.8%
OPERATING INCOME .....	6,639	12.0%	10,136	15.6%
OTHER INCOME (EXPENSES):				
Interest and dividend income .....	210		395	
Interest expense .....	(27)		(8)	
Exchange gains (losses) on foreign currency transactions, net .....	1,251		(1,220)	
Realized gains on securities, net.....	145		90	
Total .....	1,579	2.8%	(743)	(1.1)%
INCOME BEFORE INCOME TAXES .....	8,218	14.8%	9,393	14.5%
PROVISION FOR INCOME TAXES:				
Current.....	2,269		2,362	
Deferred.....	556		886	
Total .....	2,825	5.1%	3,248	5.0%
NET INCOME.....	5,393	9.7%	6,145	9.5%
Less: Net income attributable to the noncontrolling interest .....	(106)	(0.2)%	(100)	(0.2)%
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION.....	5,287	9.5%	6,045	9.3%





### (3) Consolidated Statements of Changes in Equity & Comprehensive Income (Loss)

Yen (millions)

For the three months ended June 30, 2009											
	Makita Corporation shareholders' equity						Non-controlling interest	Total	Comprehensive income (Loss)		
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock			Net income attributable to Makita Corporation	Net income attributable to the non-controlling interest	Total
Beginning balance	23,805	45,420	5,669	257,487	(42,461)	(6,435)	2,261	285,746			
Purchases and disposal of treasury stock, net						(3)		(3)			
Cash dividends				(6,888)				(6,888)			
Comprehensive income (loss)											
Net income				5,287			106	5,393	5,287	106	5,393
Foreign currency translation adjustment					3,006		102	3,108	3,006	102	3,108
Unrealized holding gains (losses) on available-for-sale securities					1,951			1,951	1,951		1,951
Pension liability adjustment					(4)			(4)	(4)		(4)
Total comprehensive income (loss)									10,240	208	10,448
Ending balance	23,805	45,420	5,669	255,886	(37,508)	(6,438)	2,469	289,303			

Yen (millions)

For the three months ended June 30, 2010											
	Makita Corporation shareholders' equity						Non-controlling interest	Total	Comprehensive income (Loss)		
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock			Net income attributable to Makita Corporation	Net income attributable to the non-controlling interest	Total
Beginning balance	23,805	45,420	5,669	270,790	(42,032)	(6,445)	2,466	299,673			
Purchases and disposal of treasury stock, net											
Cash dividends				(5,097)				(5,097)			
Comprehensive income (loss)											
Net income				6,045			100	6,145	6,045	100	6,145
Foreign currency translation adjustment					(15,004)		(328)	(15,332)	(15,004)	(328)	(15,332)
Unrealized holding gains (losses) on available-for-sale securities					(1,323)			(1,323)	(1,323)		(1,323)
Pension liability adjustment					34			34	34		34
Total comprehensive income (loss)									(10,248)	(228)	(10,476)
Ending balance	23,805	45,420	5,669	271,738	(58,325)	(6,445)	2,238	284,100			



#### (4) Condensed Consolidated Statements of Cash Flows

	Yen (millions)	
	For the three months ended June 30, 2009	For the three months ended June 30, 2010
Net cash provided by operating activities .....	10,346	4,138
Net cash provided by (used in) investing activities .....	3,184	(4,652)
Net cash used in financing activities .....	(6,696)	(5,173)
Effect of exchange rate changes on cash and cash equivalents .....	(804)	(2,178)
Net change in cash and cash equivalents .....	6,030	(7,865)
Cash and cash equivalents, beginning of period .....	34,215	62,290
Cash and cash equivalents, end of period .....	40,245	54,425

(5) Note on the preconditions for a going concern: None

#### (6) Condensed Operating Segment Information

	Yen (millions)							
	For the three months ended June 30, 2009							
	Japan	Europe	North America	Asia	Other	Total	Corporate and eliminations	Consolidated
Sales:								
(1) External customers .....	12,766	24,377	7,667	2,292	8,293	55,395	-	55,395
(2) Inter-segment .....	6,390	450	450	10,924	10	18,224	(18,224)	-
Total .....	19,156	24,827	8,117	13,216	8,303	73,619	(18,224)	55,395
Operating expenses .....	20,287	22,629	8,277	11,392	7,660	70,245	(21,489)	48,756
Operating income (loss) .....	(1,131)	2,198	(160)	1,824	643	3,374	3,265	6,639

	Yen (millions)							
	For the three months ended June 30, 2010							
	Japan	Europe	North America	Asia	Other	Total	Corporate and eliminations	Consolidated
Sales:								
(1) External customers .....	13,984	27,548	9,244	2,957	11,089	64,822	-	64,822
(2) Inter-segment .....	10,626	710	635	22,428	21	34,420	(34,420)	-
Total .....	24,610	28,258	9,879	25,385	11,110	99,242	(34,240)	64,822
Operating expenses .....	23,552	24,600	9,305	22,109	9,502	89,068	(34,382)	54,686
Operating income (loss) .....	1,058	3,658	574	3,276	1,608	10,174	(38)	10,136

(7) Note in case there is any significant change in the shareholders' equity: None



## SUPPORT DOCUMENTATION (CONSOLIDATED)

### 1. Consolidated Financial Results and Forecast

	Yen (millions)			
	For the three months ended June 30, 2009		For the three months ended June 30, 2010	
		(%)		(%)
Net sales.....	55,395	(34.5)	64,822	17.0
Domestic .....	9,903	(13.5)	10,201	3.0
Overseas .....	45,492	(37.8)	54,621	20.1
Operating income .....	6,639	(61.2)	10,136	52.7
Income before income taxes .....	8,218	(51.2)	9,393	14.3
Net income attributable to Makita Corporation .....	5,287	(55.1)	6,045	14.3
Earning per share (Basic)				
Net income attributable to Makita Corporation common shareholders (Yen) .....	38.38		43.88	
Number of employees.....	10,112		10,549	

	Yen (millions)					
	For the year ended March 31, 2010		For the six months ending September 30, 2010 (Forecast)		For the year ending March 31, 2011 (Forecast)	
		(%)		(%)		(%)
Net sales.....	245,823	(16.4)	128,000	7.9	250,000	1.7
Domestic .....	42,697	(7.6)	21,700	4.2	43,200	1.2
Overseas .....	203,126	(18.0)	106,300	8.6	206,800	1.8
Operating income .....	30,390	(39.3)	17,000	14.4	30,000	(1.3)
Income before income taxes .....	33,518	(24.6)	16,000	(7.4)	29,500	(12.0)
Net income attributable to Makita Corporation.....	22,258	(33.1)	10,600	(0.2)	19,800	(11.0)
Earning per share (Basic)						
Net income attributable to Makita Corporation common shareholders (Yen) .....	161.57		76.95		143.73	
Number of employees.....	10,328		-		-	

Notes:

1. The table above shows the changes in the percentage ratio of Net sales, Operating income, Income before income taxes, and Net income attributable to Makita Corporation against the corresponding period of the previous year.
2. Please refer to page 4 for the qualitative information on consolidated financial forecast for the six months and fiscal year 2011.



## 2. Consolidated Net Sales by Geographic Area

	Yen (millions)					
	For the three months ended June 30, 2009		For the three months ended June 30, 2010		For the year ended March 31, 2010	
		(%)		(%)		(%)
Japan .....	9,903	(13.5)	10,201	3.0	42,697	(7.6)
Europe.....	24,280	(40.5)	27,620	13.8	109,106	(20.4)
North America .....	7,700	(32.7)	9,228	19.8	34,509	(18.4)
Asia.....	4,175	(40.7)	5,315	27.3	18,373	(16.5)
Other regions .....	9,337	(32.7)	12,458	33.4	41,138	(11.4)
Central and South America.....	3,241	(34.7)	4,371	34.9	15,228	(9.0)
The Middle East and Africa.....	3,080	(36.2)	4,190	36.0	12,794	(22.3)
Oceania.....	3,016	(26.3)	3,897	29.2	13,116	(0.7)
Total.....	55,395	(34.5)	64,822	17.0	245,823	(16.4)

Note: The table above sets forth Makita's consolidated net sales by geographic area based on the customer's location for the periods presented. Accordingly, it differs from operating segment information on page 9. The table above shows the changes in the percentage ratio of Net sales against the corresponding period of the previous year.

## 3. Exchange Rates

	Yen				
	For the three months ended June 30, 2009	For the three months ended June 30, 2010	For the year ended March 31, 2010	For the six months ending September 30, 2010 (Forecast)	For the year ending March 31, 2011 (Forecast)
Yen/U.S. Dollar.....	97.36	92.01	92.89	91	91
Yen/Euro.....	132.66	117.03	131.18	114	112

## 4. Production Ratio (unit basis)

	For the three months ended June 30, 2009	For the three months ended June 30, 2010	For the year ended March 31, 2010
	Composition ratio	Composition ratio	Composition ratio
Domestic.....	20.5%	16.1%	16.8%
Overseas .....	79.5%	83.9%	83.2%

## 5. Consolidated Capital Expenditures, Depreciation and Amortization, and R&D cost

	Yen (millions)			
	For the three months ended June 30, 2009	For the three months ended June 30, 2010	For the year ended March 31, 2010	For the year ending March 31, 2011 (Forecast)
Capital expenditures .....	3,129	2,506	10,837	10,000
Depreciation and amortization...	2,024	1,806	8,308	8,500
R&D cost.....	1,606	1,738	6,782	7,000