Makita Corporation

Consolidated Financial Results
for the six months
ended September 30, 2013
(U.S. GAAP Financial Information)

(English translation of "KESSAN TANSHIN"

originally issued in Japanese)

CONSOLIDATED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2013 (Unaudited)

October 31, 2013

Makita Corporation

Stock code: 6586

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

Shiro Hori, President, Representative Director

1. Summary operating results of the six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the six months ended September 30, 2012		For the six months ended September 30, 2013	
				%
Net sales	151,232	(1.2)	185,886	22.9
Operating	24,030	(10.8)	25,717	7.0
Income before income taxes	22,693	(7.4)	27,020	19.1
Net income attributable to Makita Corporation	15,874	(7.2)	19,104	20.3
Comprehensive income (loss)	995	-	36,380	3,556.3
	Yen			
Earning per share (Basic) Net income attributable to Makita Corporation common shareholders	116.94		140.74	

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, net income attributable to Makita Corporation, and comprehensive income (loss) against the corresponding period of the previous year.

(2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2013	As of September 30, 2013
Total assets	440,974	478,444
Total equity	376,332	405,321
Total Makita Corporation shareholders' equity	373,543	402,203
Total Makita Corporation shareholders' equity ratio to total assets (%)	84.7%	84.1%

2. Dividend Information

	Yen	
	For the year ended March 31, 2013	For the year ending March 31, 2014
Cash dividend per share:		
Interim	15.00	18.00
Year-end	54.00	(Note)
Total	69.00	(Note)

Notes:
1. The forecast for cash dividend announced on April 26, 2013 has not been revised.
2. The projected amount of dividends for the year ending March 31, 2014 has not been determined yet. For further details, refer to "Explanation regarding proper use of business forecasts, and other significant matters" on page 2.

3. Consolidated Financial Performance Forecast for the year ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

	Yen (millions)	
	For the year ending March 31, 2014	
		%
Net sales	360,000	16.3
Operating income	49,000	8.0
Income before income taxes	50,400	10.3
Net income attributable to Makita Corporation	35,700	14.9
	Yen	
Earning per share (Basic)		
Net income attributable to		
Makita Corporation common shareholders	263.00	

Note: The consolidated financial forecast for the year ending March 31, 2014 has been revised.

4. Other

(Refer to [Qualitative Information and Financial Statements] Section 4 “Other” on page 6.)

(1) Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): Not applicable

(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 policies, procedures and presentation rules applied in the preparation of the quarterly consolidated financial statements:
1. Changes due to revisions to accounting standards: Yes
2. Changes due to other reasons: Yes

(4) Number of shares outstanding (common stock)

1. Number of shares issued (including treasury stock):	As of September 30, 2013:	140,008,760
	As of March 31, 2013:	140,008,760
2. Number of treasury stock:	As of September 30, 2013:	4,269,147
	As of March 31, 2013:	4,262,833
3. Average number of shares outstanding:	For the six months ended September 30, 2013:	135,743,127
	For the six months ended September 30, 2012:	135,749,263

Information regarding quarterly review

This consolidated financial results report 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

1. 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 5. 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.
2. Makita's basic policy on the distribution of profits is to maintain a consolidated 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 attributable to Makita Corporation after certain adjustments.

   The Board of Directors plans to meet in April 2014 for a report on earnings for the year ending March 31, 2014. At the time, in accordance with the basic policy regarding profit distribution mentioned above, the Board of Directors plans to propose a dividend equivalent to at least 30% of net income attributable to Makita Corporation. The Board of Directors will submit this proposal to the General Meeting of Shareholders scheduled for June 2014.

   The consolidated dividend payout ratio is calculated as annual dividends per share divided by consolidated net income attributable to Makita Corporation per share (after adjustments for special circumstances) and multiplied by 100.

[Qualitative Information and Financial Statements]

1. Qualitative Information on Consolidated Operating Results

Looking at the global economic situation during the first six-month period of the fiscal year ending March 31, 2014, there were some signs that Western European economy, which had been stagnant since the occurrence of sovereign debt crises in the region, began recovering. Meanwhile, the robustly growing Russian economy started slowing down. In the United States, the economy gradually recovered, supported by a steadily growing housing market. As for Asia, although the Chinese economy lost momentum, the Southeast Asian countries, in general, saw their economy grow strongly. In Japan, business sentiment changed for the better against the backdrop of monetary relaxation by the Japanese government and the Bank of Japan.

Under these circumstances, on the development side, we added a high-capacity 4Ah battery to our product line of lithium-ion battery products, strengthening the lineup. In addition, we continuously expanded the selection of electric power tools, cordless tools, and outdoor power equipment (OPE*) featuring compact and lightweight design and low-noise and low-vibration operation. On the production side, to establish a production system that can flexibly cope with changes in demand, we enhanced functions of our plants, mainly in China, Romania, and Thailand. We also improved our quality control system to maintain high-quality brand. On the sales side, we ran a TV commercial for a cordless brush cutter in July 2013 in Japan, spreading brand image not only in the field of electric power tools but also in the field of OPE. Overseas, our newly established local company in Malaysia began full-scale sales activities. Through such steps, we tried harder to meet diversified needs and to maintain and improve our sales and after-sales services near the customers.

On May 14, we signed a basic agreement on business collaboration with Sharp Corporation, since we appreciate the advanced electronics technologies including sensors, etc. possessed by Sharp, with whom we have had business transactions including the supply of OEM products to us. After mutual consultation following conclusion of the basic agreement, we signed a business collaboration and capital alliance agreement with Sharp on September 18, to strengthen our product lines, accelerate new product development, and expand businesses of both corporations through mutual utilization of value chains of the two corporations in procurement and marketing. Consequently, we acquired new shares of Sharp Corporation for 10 billion yen through a third party allotment and completed payment for it on October 22.

Our consolidated net sales for this period increased by 22.9 % to 185,886 million yen compared to the same period of the previous year. This is due to favorable domestic sales and the appreciation of such major currencies as the US dollar and the euro against the yen. Operating income increased by a mere 7.0% to 25,717 million yen (operating income ratio: 13.8%) due to a rise in cost of sales resulting from the significant increase in elimination of unrealized profit in inventories. Meanwhile, we recorded non-operating income of 1,303 million yen as compared to the non-operating loss of 1,337 million yen for the same period of the previous year, due to a decrease in foreign exchange losses and an increase in realized gains on securities. As a result, income before income taxes increased by 19.1% to 27,020 million yen (income before income taxes ratio: 14.5%) and net income attributable to Makita Corporation shareholders increased by 20.3% to 19,104 million yen (ratio of net income attributable to Makita Corporation shareholders: 10.3%), respectively, from the same period of the previous year.

Net sales by region are as follows:

Net sales in Japan increased by 8.6% to 29,536 million yen compared to the same period of the previous year. This was because of the continuing favorable sales supported by expanded product lineup of lithium-ion battery products, mainly impact drivers, the effects of TV commercial, and the rise in housing demand ahead of the consumption tax hike.

Net sales in Europe increased by 33.5% to 82,325 million yen compared to the same period of the previous year. This was because there were some signs that the southern European markets began bottoming out and the yen drastically depreciated against the euro as compared to the same period of the previous year, although sales in Russia, which had been steadily growing, began losing momentum.

Net sales in North America increased by 26.6% to 24,561 million yen compared to the same period of the previous year. This was because the yen dropped sharply against the US dollar compared to the same period of the previous year, in addition to favorable sales to home improvement retailers.

Net sales in Asia increased by 15.8% to 16,500 million yen compared to the same period of the previous year. This was because sales in China recovered, although demand in Southeast Asian countries was mixed.

The sales situations in other regions are as follows. Net sales in Central and South America increased by 32.3% to 14,564 million yen thanks to a recovery in demand in this region. Meanwhile, net sales in Oceania increased by a mere 6.9% to 9,863 million yen compared to the same period of the previous year due to declining demand and net sales in the Middle East and Africa grew by an only 0.7% to 8,537 million yen due to sluggish economic activities associated with political uncertainty.

*OPE stands for “Outdoor Power Equipment,” which is used for outdoor work such gardening, agriculture and forestry.

2. Qualitative Information on Consolidated Financial Position

The amounts, after converting to Japanese yen, on balance sheets increased because the yen depreciated against major currencies compared with the level at the end of March 31, 2013.

Total assets as of September 30, 2013 increased by 37,470 million yen to 478,444 million yen compared to the balance as of March 31, 2013. The increase was mainly due to an increase in “Cash and cash equivalents” and “Short-term investment”.

Total liabilities as of September 30, 2013 increased by 8,481 million yen to 73,123 million yen compared to the balance as of March 31, 2013. The increase was mainly due to the increase in “Short-term borrowings”, “Trade notes and accounts payable” and “Income taxes payable”.

Total equity as of September 30, 2013 increased by 28,989 million yen to 405,321 million yen compared to the balance as of March 31, 2013. The main reason for this increase was a change in foreign currency translation adjustment due to the falling yen’s value against other major currencies.

3. Qualitative Information on Consolidated Financial Performance Forecast

Looking at our consolidated performance for the first six-month period of the current fiscal year, net sales exceeded our outlook announced on April 26, 2013. This is due to favorable sales and the appreciation of such major currencies as the US dollar and the euro against the yen. On the other hand, operating income was less than our forecast due to a rise in cost of sales resulting from the significant increase in elimination of unrealized profit in inventories. We expect business conditions will continue to be tough because of uncertain outlook of global demand and intensifying competition in the third quarter and onwards. Meanwhile, we reviewed our production system to raise production efficiency and then determined to terminate our production at Numazu plant at the end of the fiscal year ending March 2014. Consequently, we expect temporary costs will be incurred in the second half of the current fiscal year. Considering the factors mentioned above, we have revised our consolidated financial forecast for the full year.

Revised Forecast for consolidated performance during the fiscal 2014 (From April 1, 2013 to March 31, 2014)

	Yen (millions)				Yen
	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)......	345,000	56,000	57,500	39,000	287.30
Revised forecast (B)	**360,000**	**49,000**	**50,400**	**35,700**	**263.00**
Changes (B-A)....................................	15,000	(7,000)	(7,100)	(3,300)	—
Percentage revision.............................	4.3%	(12.5%)	(12.3%)	(8.5%)	—
Actual results for the previous year ended March 31, 2013	309,630	45,366	45,691	31,076	228.92

[Preconditions]

The above forecast is based on the assumption of exchange rates of 95 yen to the U.S. dollar and 125 yen to the euro for the six months period ending March 31, 2014.

The above forecast is based on the assumption of exchange rates of 97 yen to the U.S. dollar and 127 yen to the euro for the year ending March 31, 2014.

[Reference]

Our previous exchange rates that we announced on April 26, 2013 were 95 yen to the U.S. dollar and 125 yen to the euro for the year ending March 31, 2014.

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 Corporation 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:

[Depreciation Method Change]

On April 1, 2013, the depreciation method used by the Corporation and some of its consolidated subsidiaries to compute the depreciation of property, plant and equipment was changed from the declining-balance method to the straight-line method.

This change has its basis in the following: through Makita's efforts to globalize its production, it has established a system for mass production at its overseas manufacturing subsidiaries. As a result, we can now regard our plants in Japan as production centers of mainly high-value-added products that are consistently in demand and so we can expect the generally stable consumption of the economic benefits of our property, plant and equipment. In view of these developments, we decided that the straight-line method is a more realistic and rational way of cost allocation. Estimated useful lives have also been reevaluated and changed according to the actual status of use.

These changes have caused an increase of 436 million yen in depreciation cost during the period, and respective decreases of 273 million yen and 2.01 yen in net income and in earning per share net income attributable to Makita Corporation common shareholders.

[Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income]

In February 2013, FASB issued ASU 2013-02 which requires entities to provide information about the amounts reclassified out of accumulated other comprehensive income by component, and to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. Makita adopts this amended guidance from the quarter beginning April 1, 2013, and does not expect the adoption of this guidance to have a material impact on Makita's consolidated results of operations, financial condition and cash flows.

5. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets

	Yen (millions)			
	As of March 31, 2013		As of September 30, 2013	
		Composition ratio		Composition ratio
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	62,283		72,461	
Time deposits	13,262		13,887	
Short-term investments	38,060		43,978	
Trade receivables-				
Notes	1,398		1,182	
Accounts	53,583		57,725	
Less- Allowance for doubtful receivables	(899)		(858)	
Inventories	138,953		147,723	
Deferred income taxes	5,533		5,620	
Prepaid expenses and other current assets	11,102		13,794	
Total current assets	323,275	73.3%	355,512	74.3%
PROPERTY, PLANT AND EQUIPMENT, AT COST:				
Land	22,710		22,890	
Buildings and improvements	84,482		87,500	
Machinery and equipment	80,484		83,768	
Construction in progress	3,349		4,886	
Sub total	191,025		199,044	
Less- Accumulated depreciation and amortization	(104,740)		(109,601)	
Total net property, plant and equipment	86,285	19.6%	89,443	18.7%
INVESTMENTS AND OTHER ASSETS:				
Investments	18,461		19,558	
Goodwill	721		721	
Other intangible assets, net	4,549		4,615	
Deferred income taxes	961		656	
Other assets	6,722		7,939	
Total investments and other assets	31,414	7.1%	33,489	7.0%
Total assets	440,974	100.0%	478,444	100.0%

	Yen (millions)			
	As of March 31, 2013		As of September 30, 2013	
		Composition ratio		Composition ratio
LIABILITIES				
CURRENT LIABILITIES:				
Short-term borrowings	1,695		3,938	
Trade notes and accounts payable	21,910		23,890	
Other payables	5,556		6,669	
Accrued expenses	7,148		7,501	
Accrued payroll	8,295		8,661	
Income taxes payable	5,221		6,390	
Deferred income taxes	129		216	
Other liabilities	6,371		7,733	
Total current liabilities	56,325	12.8%	64,998	13.6%
LONG-TERM LIABILITIES:				
Long-term indebtedness	8		8	
Accrued retirement and termination benefits	3,513		3,712	
Deferred income taxes	3,136		3,121	
Other liabilities	1,660		1,284	
Total long-term liabilities	8,317	1.9%	8,125	1.7%
Total liabilities	64,642	14.7%	73,123	15.3%
EQUITY				
MAKITA CORPORATION SHAREHOLDERS' EQUITY:				
Common stock	23,805		23,805	
Additional paid-in capital	45,421		45,421	
Legal reserve	5,669		5,669	
Retained earnings	338,239		350,013	
Accumulated other comprehensive income (loss)	(28,064)		(11,142)	
Treasury stock, at cost	(11,527)		(11,563)	
Total Makita Corporation shareholders' equity	373,543	84.7%	402,203	84.1%
NONCONTROLLING INTEREST	2,789	0.6%	3,118	0.6%
Total equity	376,332	85.3%	405,321	84.7%
Total liabilities and equity	440,974	100.0%	478,444	100.0%

	As of March 31, 2013	As of September 30, 2013
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)	135,745,927	135,739,613
Number of treasury stock	4,262,833	4,269,147

(2) Consolidated Statements of Income

	Yen (millions)			
	For the six months ended September 30, 2012		For the six months ended September 30, 2013	
		Composition ratio		Composition ratio
NET SALES	151,232	100.0%	185,886	100.0%
Cost of sales	94,136	62.2%	121,063	65.1%
GROSS PROFIT	57,096	37.8%	64,823	34.9%
Selling, general, administrative and others, net	33,066	21.9%	39,106	21.1%
OPERATING INCOME	24,030	15.9%	25,717	13.8%
OTHER INCOME (EXPENSE):				
Interest and dividend income	770		1,086	
Interest expense	(115)		(135)	
Exchange gains (losses) on foreign currency transactions, net	(1,708)		(880)	
Realized gains (losses) on securities, net	(284)		1,232	
Total other income (expense), net	(1,337)	(0.9%)	1,303	0.7%
INCOME BEFORE INCOME TAXES	22,693	15.0%	27,020	14.5%
Provision for income taxes:				
Current	6,808		8,419	
Deferred	(7)		(622)	
Total income tax expense	6,801	4.5%	7,797	4.2%
NET INCOME	15,892	10.5%	19,223	10.3%
Less-Net income attributable to the non-controlling interest	18	0.0%	119	0.0%
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION	15,874	10.5%	19,104	10.3%

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the six months ended September 30, 2012	For the six months ended September 30, 2013
NET INCOME	15,892	19,223
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation adjustment	(13,983)	15,705
Unrealized holding gains (losses) on available-for- sale securities	(1,036)	1,342
Pension liability adjustment	122	110
Total other comprehensive income (loss)	(14,897)	17,157
COMPREHENSIVE INCOME (LOSS)	995	36,380
Less-Comprehensive income (loss) attributable to the non-controlling interest	(190)	354
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO MAKITA CORPORATION	1,185	36,026

(3) Consolidated Statements of Cash Flows

	Yen (millions)	
	For the six months ended September 30, 2012	For the six months ended September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	15,892	19,223
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	3,549	4,573
Deferred income tax expense (benefit)	(7)	(622)
Realized (gains) losses on available-for-sale securities, net	284	(1,232)
Losses (gains) on disposal or sales of property, plant and equipment, net	20	74
Changes in assets and liabilities-		
Trade receivables	(2,477)	(2,028)
Inventories	2,540	948
Trade notes and accounts payable and accrued expenses	(2,784)	1,904
Income taxes payable	(863)	(645)
Accrued retirement and termination benefits	(571)	(879)
Other, net	(397)	203
Net cash provided by operating activities	15,186	21,519
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, including interest capitalized	(4,055)	(5,865)
Purchases of available-for-sale securities	(2,796)	(14,981)
Purchases of held-to-maturity securities	(1,216)	-
Proceeds from sales of available-for-sale securities	-	9,139
Proceeds from maturities of available-for-sale securities	61	100
Proceeds from maturities of held-to-maturity securities	2,100	2,800
Proceeds from sales of property, plant and equipment	449	366
Investment in time deposits	(6,197)	(13,109)
Withdrawal of time deposits	12,814	12,931
Other, net	(409)	(303)
Net cash provided by (used in) investing activities	751	(8,922)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to borrowings with original maturities of more than three months	1,638	3,394
Payments on borrowings with original maturities of more than three months	(1,832)	(958)
Purchase (sale) of treasury stock, net	(8)	(35)
Cash dividends paid	(7,738)	(7,330)
Other, net	(163)	(25)
Net cash used in financing activities	(8,103)	(4,954)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(180)	2,535
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,654	10,178
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	44,812	62,283
CASH AND CASH EQUIVALENTS, END OF PERIOD	52,466	72,461

(4) Note on the assumptions for a going concern: None

(5) Condensed Operating Segment Information

	Yen (millions)							
	For the six months ended September 30, 2012							
	Japan	Europe	North America	Asia	Other area	Total	Elimi-nations	Consoli-dated
Sales:								
(1) External customers	37,497	62,489	19,437	6,387	25,422	151,232	-	151,232
(2) Inter-segment	21,740	1,856	1,184	53,688	22	78,490	(78,490)	-
Total	59,237	64,345	20,621	60,075	25,444	229,722	(78,490)	151,232
Operating expenses	52,914	57,584	19,561	53,289	22,182	205,530	(78,328)	127,202
Operating income (loss)	6,323	6,761	1,060	6,786	3,262	24,192	(162)	24,030

	Yen (millions)							
	For the six months ended September 30, 2013							
	Japan	Europe	North America	Asia	Other area	Total	Elimi-nations	Consoli-dated
Sales:								
(1) External customers	40,209	82,853	24,980	8,574	29,270	185,886	-	185,886
(2) Inter-segment	27,787	2,064	1,784	79,941	59	111,635	(111,635)	-
Total	67,996	84,917	26,764	88,515	29,329	297,521	(111,635)	185,886
Operating expenses	58,474	77,567	25,507	77,497	27,100	266,145	(105,976)	160,169
Operating income (loss)	9,522	7,350	1,257	11,018	2,229	31,376	(5,659)	25,717

(6) 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 six months ended September 30, 2011	(%)	For the six months ended September 30, 2012	(%)	For the six months ended September 30, 2013	(%)
Net sales	153,036	14.4	151,232	(1.2)	185,886	22.9
Domestic	25,263	13.9	27,189	7.6	29,536	8.6
Overseas	127,773	14.5	124,043	(2.9)	156,350	26.0
Operating income	26,953	23.4	24,030	(10.8)	25,717	7.0
Income before income taxes	24,514	12.7	22,693	(7.4)	27,020	19.1
Net income attributable to Makita Corporation	17,104	13.1	15,874	(7.2)	19,104	20.3
Earning per share (Basic)						
Net income attributable to Makita Corporation common shareholders (Yen)	124.16		116.94		140.74	
Cash dividend per share (Yen)	15.00		15.00		18.00	
Dividend payout ratio (%)	12.1		12.8		12.8	
Number of Employees	12,177		12,793		12,746	

	Yen (millions)			
	For the year ended March 31, 2013	(%)	For the year ending March 31, 2014 (Forecast)	(%)
Net sales	309,630	4.7	360,000	16.3
Domestic	56,555	6.4	59,500	5.2
Overseas	253,075	4.3	300,500	18.7
Operating income	45,366	(6.5)	49,000	8.0
Income before income taxes	45,691	(2.7)	50,400	10.3
Net income attributable to Makita Corporation	31,076	(4.4)	35,700	14.9
Earning per share (Basic)				
Net income attributable to Makita Corporation common shareholders (Yen)	228.92		263.00	
Cash dividend per share (Yen)	69.00		-	
Dividend payout ratio (%)	30.1		-	
Number of Employees	12,680		-	

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 [Qualitative Information and Financial Statements] Section 3 "Qualitative Information on Consolidated Financial Performance Forecast" on page 5.

2. Consolidated Net Sales by Geographic Area

	Yen (millions)					
	For the six months ended September 30, 2011	(%)	For the six months ended September 30, 2012	(%)	For the six months ended September 30, 2013	(%)
Japan	25,263	13.9	27,189	7.6	29,536	8.6
Europe	64,604	13.3	61,688	(4.5)	82,325	33.5
North America	19,822	7.3	19,400	(2.1)	24,561	26.6
Asia	14,136	24.1	14,246	0.8	16,500	15.8
Other regions	29,211	18.1	28,709	(1.7)	32,964	14.8
Central and South America	12,618	31.1	11,005	(12.8)	14,564	32.3
Oceania	9,586	21.5	9,225	(3.8)	9,863	6.9
The Middle East and Africa	7,007	(3.0)	8,479	21.0	8,537	0.7
Total	153,036	14.4	151,232	(1.2)	185,886	22.9

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 12. The table above shows the changes in the percentage ratio of net sales compared to the corresponding period of the previous year.

3. Exchange Rates

	Yen				
	For the six months ended September 30, 2011	For the six months ended September 30, 2012	For the six months ended September 30, 2013	For the six months ending March 31, 2014 (Forecast)	For the year ending March 31, 2014 (Forecast)
Yen/U.S. Dollar	79.74	79.41	98.86	95	97
Yen/Euro	113.72	100.54	129.98	125	127

4. Production Ratio (unit basis)

	For the six months ended September 30, 2011	For the six months ended September 30, 2012	For the six months ended September 30, 2013
	Composition ratio	Composition ratio	Composition ratio
Domestic	12.6%	11.1%	10.9%
Overseas	87.4%	88.9%	89.1%

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

	Yen (millions)			
	For the six months ended September 30, 2011	For the six months ended September 30, 2012	For the six months ended September 30, 2013	For the year ending March 31, 2014 (Forecast)
Capital expenditures	5,820	4,055	5,865	15,000
Depreciation and amortization	3,474	3,549	4,573	8,000
R&D cost	3,978	4,039	4,360	9,300