(Summary English Translation of the Notice of the 102nd Ordinary General Meeting of Shareholders Originally Issued in Japanese Language)

MAKITA CORPORATION

(Stock code: 6586)
June 4, 2014

To the Shareholders of
MAKITA CORPORATION

NOTICE OF THE 102ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are respectfully requested to attend the 102nd 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.

Shiro Hori
President
MAKITA CORPORATION
3-11-8, Sumiyoshi-cho, Anjo City,
Aichi Prefecture, 446-8502, Japan

1. **Date and Time:** 10 a.m., Wednesday, June 25, 2014

2. **Place:** Head Office of MAKITA CORPORATION, 5th Floor
3-11-8, Sumiyoshi-cho, Anjo City,
Aichi Prefecture, 446-8502, Japan

3. **Agenda:**

Items to be Reported:

1. The Business Report, Consolidated Financial Statements for the 102nd period (from April 1, 2013 to March 31, 2014) and the Audit Reports on such Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Board
2. The Financial Statements for the 102nd period

Items to be Resolved:

No.1 Appropriation of Surplus
No.2 Payment of Bonus to Directors

BUSINESS REPORT

(From April 1, 2013 to March 31, 2014)

1. Matters on the Current Status of Makita

(1) Progress and Results of Operations

Looking at the global economic situation for the year ended March 31, 2014, the Western European economy, which had been weak after the sovereign debt crisis, gradually recovered, while the Russian economy, which is influenced by the movement of crude oil prices, slowed down. The U.S. economy continued recovering supported by strong housing demand on the whole, but showed influence of a setback due to a cold snap toward the beginning of 2014. In Asia, the economy relatively remained steady along with underlying strength of the Chinese economy. In Japan, the economy gained momentum, since new housing starts remained at a high level because of last-minute demand ahead of the scheduled consumption tax rate hike.

Under these circumstances, on the development side, we marketed many new products, including high-capacity lithium-ion battery products and power tools with a brushless motor featuring compact design and high power, to expand our product lineups. On the production side, to strengthen a production system that can flexibly cope with changes in demand, we enhanced functions of our plants, mainly in China and Romania. We also improved our quality control system to maintain high-quality brand. On the sales side, we ran a TV commercial for a cordless brushcutter in July 2013 in Japan, spreading brand image not only in the field of electric power tools but also in the field of outdoor power equipment (OPE*). Overseas, our local subsidiary in Malaysia began full-scale sales activities and we newly established a branch both in Panama and Belem, a northern part of Brazil. Through such steps, we tried harder to maintain and improve our sales and after-sales services near the customers.

In addition, we signed a business collaboration and capital alliance agreement with Sharp Corporation on September 18, to expand our product lineups by using the advanced technologies including sensors, etc. possessed by Sharp in our product development.

Our consolidated net sales for this year increased by 23.8% to 383,207 million yen compared to the previous year, marking the fourth consecutive year increase and an all-time high. Operating income increased by 21.0% to 54,914 million yen (operating income ratio: 14.3%) from the previous year, thanks to robust sales, although a temporary cost was incurred due to the shutdown of Numazu office. Meanwhile, because we recorded non-operating income of 2,060 million yen due to gains on securities and other factors (non-operating income of 325 million yen for the previous year), income before income taxes and net income attributable to Makita Corporation increased from the previous year by 24.7% to 56,974 million yen (income before income taxes ratio: 14.9%) and by 23.7% to 38,453 million yen (net income attributable to Makita Corporation ratio: 10.0%), respectively.

Net sales results by region were as follows:

Net sales in Japan increased by 16.7% to 66,019 million yen compared to the previous year. This was because of the continuing favorable sales supported by expanded product lineup of lithium-ion battery products, mainly impact drivers, and the rise in housing demand ahead of the consumption tax hike.

Net sales in Europe increased by 32.3% to 165,357 million yen. This was because the yen drastically depreciated against the euro as compared to the previous year and sales remained solid in main Western European markets. Net sales in North America increased by 20.3% to 49,891 million yen. This was because the yen dropped sharply against the US dollar compared to the previous year although sales temporarily declined due to a cold snap.

Net sales in Asia increased by 20.3% to 35,004 million yen. This was because sales in China recovered, although demand in Southeast Asian countries was mixed.

Sales situation in the other regions are as follows: Net sales in Central and South America kept solid, increased to 28,069 million yen, up 22.5% compared to the previous year, despite sluggish economy, while net sales in Oceania increased to 20,805 million yen, up 10.4% compared to the previous year. Though local sales stagnated due to political uncertainty, net sales in the Middle East and Africa increased to 18,062 million yen, up 15.1% because of a sharp drop in the yen against local currencies as compared to the previous year.

Overall, overseas sales accounted for 82.8% of total sales.

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

(2) Management Challenges

In developed countries, competition among companies is expected to intensify further because recovery of demand will remain moderate. In emerging countries including Asia, where economy is expected to expand over the medium term, the needs for affordable products are forecast to grow. With foreign exchange rate trends and international political situations being unpredictable, Makita is expected to continue facing a challenging business environment.

Under these circumstances, Makita is developing new products that fully satisfy professional users. To that end, the corporation is strengthen its R & D and product development capabilities with respect to environmentally friendly power tools and OPE, while promoting the development of products that meet needs in both developed countries and emerging countries, which have been becoming bipolar. Also, Makita is strengthening its global production organizations and enhancing its efficiency in production, procurement and distribution, thereby accommodating changes in demand status and exchange rates while achieving both quality and cost competitiveness. Further, Makita is addressing customer needs more precisely and enhancing its after-sale services, thereby strengthening its marketing in emerging countries that are expected to grow in the future, as well as in developed countries.

(3) Capital Expenditures

During the period, Makita allocated 11,417 million yen for its capital expenditures. These funds used by the Corporation amounted to 2,138 million yen. This reflected mainly capital expenditures for machinery equipment and metal molds for new products. These funds also used by subsidiaries amounted to 9,279 million yen. This reflected mainly capital expenditures for buildings, machinery equipment of Romania plant, and machinery equipment and metal molds for new products of China plant.

(4) Financial Position and Results of Operations for the Recent 3 Periods

Description	99th period (ended March 31, 2011)	100th period (ended March 31, 2012)	101st period (ended March 31,2013)	102nd period (ended March 31,2014)
Net sales (Millions of Yen)	272,630	295,711	309,630	383,207
Operating income (Millions of Yen)	41,909	48,516	45,366	54,914
Income before income taxes (Millions of Yen)	42,730	46,963	45,691	56,974
Net income attributable to Makita Corporation (Millions of Yen)	29,905	32,497	31,076	38,453
Earning per share (Basic) Net income attributable to Makita Corporation common shareholders (Yen)	217.08	236.78	228.92	283.28
Total assets (Millions of Yen)	372,507	383,256	440,974	519,121
Total Makita Corporation Shareholders' equity (Millions of Yen)	307,149	321,253	373,543	435,934

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

2. Earning per share (Basic) Net income attributable to Makita Corporation common shareholders is calculated based on the average number of outstanding shares during the period.

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

(5) Significant Subsidiaries

Company Name	Capital (Thousands)		Proportion of Ownership and Voting interest (%)	Principal Business
Makita U.S.A. Inc.	USD	161,400	100.0	Sales of power tools
Makita (U.K.) Ltd.	GBP	21,700	100.0*	Sales of power tools
Makita Werkzeug G.m.b.H (Germany)	EUR	7,669	100.0*	Sales of power tools
Makita Oy (Finland)	EUR	100	100.0*	Sales of power tools
Makita Gulf FZE (U.A.E.)	AED	22,391	100.0	Sales of power tools
Makita (China) Co., Ltd.	USD	80,000	100.0	Production and sales of power tools
Makita (Kunshan) Co., Ltd.	USD	25,000	100.0	Production of power tools
Makita (Australia) Pty. Ltd.	AUD	13,000	100.0	Sales of power tools
Makita do Brasil Ferramentas Elétricas Ltda.	BRL	201,948	99.9	Production and sales of power tools

Note: * indicates that the Proportion of Ownership and Voting interest include the shares owned by the subsidiaries.

(6) Principal 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, pneumatic tools such as air nailers and tackers, OPE such as hedge trimmers and petrol brushcutters, and household tools such as cordless cleaners.

(7) Principal Sales Offices and Plants

1. The Corporation

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

2. Subsidiaries

Name	Location
For Sales	
Makita U.S.A. Inc.	Los Angeles (United States)
Makita (U.K.) Ltd.	London (United Kingdom)
Makita Werkzeug G.m.b.H	Ratingen (Germany)
Makita Oy	Helsinki (Finland)
Makita Gulf FZE	Dubai (U.A.E.)
Makita (Australia) Pty. Ltd.	Sydney (Australia)
For Production and Sales	
Makita (China) Co., Ltd.	Kunshan, Jiangsu (China)
Makita do Brasil Ferramentas Elétricas Ltda.	Ponta Grossa (Brazil)
For Production	
Makita (Kunshan) Co., Ltd.	Kunshan, Jiangsu (China)

(8) Employees

1. Employees of Makita

Number of Employees	Increase/Decrease
12,804	124(Increase)

2. Employees of the Corporation

Number of Employees	Increase/Decrease	Average Age	Average Years of Service
2,966	170 (Increase)	40.6	18.3

2. Shareholding Status of the Corporation

(1) Total Number of Shares Authorized to be Issued by the Corporation: 496,000,000 shares

(2) Total Number of Outstanding Shares: 135,737,626 shares
(excluding treasury stock of 4,271,134 shares)

(3) Number of Shareholders: 10,684

(4) Major Shareholders:

Name of Shareholders	Number of shares held (Thousands of Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	7,903	5.82
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,213	3.10
Maruwa, Ltd.	4,069	2.99
Japan Trustee Services Bank, Ltd. (Trust account)	3,969	2.92
Makita Cooperation Companies' Investment Association	3,832	2.82
Nippon Life Insurance Company	3,611	2.66
The Bank of New York Mellon as Depositary Bank for DR Holders	3,239	2.38
Sumitomo Mitsui Banking Corporation	2,900	2.13
Mellon bank, N.A. as agent for its client mellon omnibus US pension	2,223	1.63
State street bank and trust company	2,012	1.48

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

3. Directors and Audit & Supervisory Board Members of the Corporation

(1) Directors and Audit & Supervisory Board Members

Title	Name	Position at the Corporation and Important Concurrent Posts
Chairman*	Masahiko Goto	
President*	Shiro Hori	
Director Managing Corporate Officer	Tadayoshi Torii	In charge of Production and General Manager of Production Headquarters
Director Corporate Officer	Tomoyasu Kato	General Manager of Research and Development Headquarters
Director Corporate Officer	Tadashi Asanuma	In charge of Domestic Sales and General Manager of Domestic Sales Marketing Headquarters
Director Corporate Officer	Hisayoshi Niwa	General Manager of Quality Headquarters
Director Corporate Officer	Shinichiro Tomita	General Manager of Purchasing Headquarters
Director Corporate Officer	Tetsuhisa Kaneko	General Manager of Production Headquarters (in charge of China plant)
Director Corporate Officer	Yoji Aoki	General Manager of Administration Headquarters
Director Corporate Officer	Tomoyuki Ota	Assistant General Manager of Research and Development Headquarters
Director Corporate Officer	Munetoshi Goto	General Manager of International Sales Headquarters
Director	Akiyoshi Morita	Advisor of Aichi Steel Corporation Outside Director of Showa Denko K.K.
Standing Audit & Supervisory Board Member	Toshihito Yamazoe	
Standing Audit & Supervisory Board Member	Haruhito Hisatsune	
Audit & Supervisory Board Member	Michiyuki Kondo	Representative of Kondo Michiyuki Law Firm
Audit & Supervisory Board Member	Fusahiro Yamamoto	Representative of Yamamoto Accounting Office

Notes: 1. * denotes Representative Director.

2. In order to promote swift execution of group strategies and strengthen the business affairs of Makita, the Corporation has introduced the corporate officer system.
   Corporate officers consist of 16 members including directors.
3. Mr. Akiyoshi Morita is an Outside Director.
4. Mr. Haruhito Hisatsune, Mr. Michiyuki Kondo, and Mr. Fusahiro Yamamoto are Outside Audit & Supervisory Board Members.
5. Mr. Haruhito Hisatsune, a Standing Audit & Supervisory Board Member, has a substantial amount of expertise in finance and accounting, through experience working at financial institution for many years.
6. Mr. Fusahiro Yamamoto, an Audit & Supervisory Board Member, is a certified public accountant both of Japan and U.S.A., and has a substantial amount of expertise in finance and accounting.
7. Changes of Directors during the term
   1) At the 101st Ordinary General Meeting of Shareholders held on June 25, 2013, the following Directors were retired from their respective offices.

      Director　　Yasuhiko Kanzaki
      Director　　Motohiko Yokoyama

   2) At the 101st Ordinary General Meeting of Shareholders held on June 25, 2013, the following Directors newly elected and assumed offices.

      Director　　Tomoyuki Ota
      Director　　Munetoshi Goto
      Director　　Akiyoshi Morita

3) At the Board Meeting of the Corporation held on June 25, 2013, the following Representative Directors appointed and assumed offices.

Representative Director Masahiko Goto

Representative Director Shiro Hori

Also, Mr. Masahiko Goto assumed the office of Chairman and Mr. Shiro Hori assumed the office of President both on the same day.

8. Change of the Audit & Supervisory Board Member during the term

At the 101st Ordinary General Meeting of Shareholders held on June 25, 2013, the following Audit & Supervisory Board Member newly elected and assumed office.

Audit & Supervisory Board Member Fusahiro Yamamoto

9. The Corporation has designated Mr. Akiyoshi Morita, a Director, and Mr. Haruhito Hisatsune, Mr. Michiyuki Kondo and Mr. Fusahiro Yamamoto each an Audit & Supervisory Board Member, as the "Independent Director(s) / Audit & Supervisory Board Member(s)" as required by the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange and made required notification therefore to these Stock Exchanges.

(2) Total Amounts of Compensation and Bonus to Directors and Audit & Supervisory Board Members

Classification	Total amounts of Compensation (Millions of Yen)	Total amounts of each type of Compensation and Number of payment recipients			
		Base Compensation (Millions of Yen)	Number of payment recipients	Bonuses (Millions of Yen)	Number of payment recipients
Directors	330	161	14	169	11
Audit & Supervisory Board Members	39	39	4	-	-
Total	369	200	18	169	11

Notes: 1. The aggregate amount of base compensation includes the amount of 29 million yen paid to Outside Executives (2 Outside Directors and 3 Outside Audit & Supervisory Board Members).

2. The aggregate amount of base compensation includes compensation for the 2 Directors retired on June 25, 2013 during their term of office.

3. Other than the above, the amount of 116 million yen was paid to 8 Directors who concurrently serve as employees as employee salaries (including bonuses).

4. In addition to the above, the amount of 21 million yen was paid to 1 Director (who was not an Outside Director) out of 2 Directors who retired during the period as a retirement allowance for a Director. The Corporation terminated the retirement allowance plan for Directors and Audit & Supervisory Board Members as of the end of the ordinary general meeting of shareholders held on June 29, 2006. At such ordinary general meeting of shareholders, it was resolved that retirement allowances for Directors and Audit & Supervisory Board Members were to be paid at the time of each retirement, and it was further resolved that the determination of the specific amount, payment method and other related matters are left to resolutions of meetings of the Board of Directors with respect to the Directors and discussion of the Audit & Supervisory Board Members with respect to the Audit & Supervisory Board Members. The amount recorded in the retirement allowances for Directors and Audit & Supervisory Board Members as of March 31, 2014 is 360 million yen, which will be paid to 6 Directors, excluding the amount that was paid at this time.

5. The maximum amounts of annual compensation for all Directors and Audit & Supervisory Board Members, 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 bonuses and the amounts paid to Directors who concurrently serve as employees as employee salaries) and 60 million yen, respectively.

(3) Decision-Making Policy on Compensation for Directors and Audit & Supervisory Board Members

Monthly compensation for the Directors is in the form of fixed compensation, as the consideration for each Director's performance of business in charge and responsibility therefore. After the termination of the retirement allowance plan for Directors and Audit & Supervisory Board Members by resolution of the General Meeting of Shareholders held on June 29, 2006, the compensation program linked to the stock price of the Corporation was introduced as part of director's compensation. The Directors acquire the stock of the Corporation by making contributions to the Executive Stock Ownership Plan in an amount equal to the retirement bonuses added to Directors' monthly compensation. Acquired stock for this purpose is retained by the Directors during their tenure. The introduction of this system effectively links a part of director's compensation to the stock price of the Corporation, providing further transparency of Directors' managerial

responsibility to improve the Corporation's enterprise value.
For the purpose of enhancing corporate governance, the bonuses to Directors are to be paid to the Directors who are responsible for the consolidated business results, other than the Outside Directors, and are linked to consolidated business results so that the relevant Directors share the risks and returns with the shareholders.
Full amount of the compensation to Audit & Supervisory Board Members is fixed so that the independence of the Audit & Supervisory Board Members from the management can be secured and the specific amount for each Audit & Supervisory Board Member is decided through discussions among Audit & Supervisory Board Members.

(4) Outside Director and Audit & Supervisory Board Members

1. Director, Akiyoshi Morita
   (i) Relation between important organization of concurrent post and the Corporation
   There is no special interest between important organization of concurrent post and the Corporation.
   (ii) Major activities during the period
   Mr. Morita attended all meetings of the Board of Directors held after his assumption on June 25, 2013. At the attended meetings, he expressed his opinions as necessary based on the great perspective and management experience in the Toyota Group companies which are 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 Companies Act, the Corporation has entered into a liability limitation agreement with Mr. Morita 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 Companies Act.

2. Audit & Supervisory Board Member, Haruhito Hisatsune
   (i) Major activities during the period
   Mr. Hisatsune attended all meetings of the Board of Directors and the Audit & Supervisory Board. 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 Companies Act, the Corporation has entered into a liability limitation agreement with Mr. Hisatsune 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 Companies Act.

3. Audit & Supervisory Board Member, Michiyuki Kondo
   (i) Relation between important organization of concurrent post and the Corporation
   There is no special interest between important organization of concurrent post and the Corporation.
   (ii) Major activities during the period
   Mr. Kondo attended all meetings of the Board of Directors and the Audit & Supervisory Board. At the attended meetings, he expressed his opinions from the professional perspective of attorney at law.
   (iii) Outline of Liability Limitation Agreement
   With respect to liabilities set forth in Article 423, Paragraph 1 of the Companies Act, the Corporation has entered into a liability limitation agreement with Mr. Kondo 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 Companies Act.

4. Audit & Supervisory Board Member, Fusahiro Yamamoto
   (i) Relation between important organization of concurrent post and the Corporation
   There is no special interest between important organization of concurrent post and the Corporation.
   (ii) Major activities during the period
   Mr. Yamamoto attended all meetings of the Board of Directors and Audit & Supervisory Board held after his assumption on June 25, 2013. At the attended meetings, he expressed his opinions from the professional perspective of certified public accountant.
   (iii) Outline of Liability Limitation Agreement
   With respect to liabilities set forth in Article 423, Paragraph 1 of the Companies Act, the Corporation has entered into a liability limitation agreement with Mr. Yamamoto 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 Companies Act.

4. Accounting Auditor

(1) Name of Accounting Auditor: KPMG AZSA LLC

(2) Compensation and Other Amounts

	Amount of payment (Millions of Yen)
1. Compensation and other amounts to the Accounting Auditor for the period	175
2. Total amount of cash and other financial benefits payable by the Corporation and its subsidiaries to the Accounting Auditor	175

Notes: 1. As the audit agreement between the Corporation and its accounting auditors does not differentiate compensation for audit under the Companies Act from the one for audit under Financial Instruments and Exchange Law, the amount shown in 1. above represents total compensation and other amounts for both audits.

2. KPMG AZSA LLC is a member firm in Japan of KPMG International and the accounting audits of all principal subsidiaries of the Corporation are conducted by member firms of KPMG International.

(3) Contents of Non-Audit 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 Companies Act, the Audit & Supervisory Board shall dismiss such accounting auditor with the consent of all the Audit & Supervisory Board Members. In the case of such dismissal, such dismissal and reasons therefore 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 with a consent of the Audit & Supervisory Board or upon a request of the Audit & Supervisory Board.

5. Systems and Policies of the Corporation

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 Corporation'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 establishes the Code of Ethics and the Guidelines to the Code of Ethics as the principles for all Executives, and employees of Makita and each of the Directors shall keep all Corporate Officers and employees informed of and in compliance with such ethics.

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

   (iii) An Internal Audit Division 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 Audit & Supervisory Board Members 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 Makita in the business areas of which they are in charge, and in the case where a significant event affecting the management of Makita arises, the Director shall report such event to the Board of Directors and Audit & Supervisory Board.

   (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 period. 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.

   (iii) The Board of Directors introduces the Corporate Officer system in order to promptly implement Makita strategy and strengthen the operational organization, and thereby make the business operation flexible and efficient.

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

   (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) To ensure the credibility of financial reporting, the Board of Directors establishes policies on documentation and assessment of internal controls of financial reporting of Makita and evaluates the effectiveness of said policies.

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

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

6. Matters concerning employees posted to assist the duties of the Audit & Supervisory Board Members when the Audit & Supervisory Board Members so require and such employees' independence from Directors

   As employees assisting the duties of the Audit & Supervisory Board Members, necessary personnel be posted to assist the duties of the Audit & Supervisory Board Members. In order to ensure the independence of such employees from Directors, the consent of the Audit & Supervisory Board is required for the appointment and change of such employees.

7. Systems in accordance with which the Directors and employees report to the Audit & Supervisory Board Members and other systems concerning reports to the Audit & Supervisory Board Members

(i) Directors, Corporate Officers and employees shall report to the Audit & Supervisory Board Members with respect to matters that may cause significant damage to the Corporation, important management matters, matters concerning misconduct, status of structures and operation of the internal control system, and the operation of internal reporting system and the results of reports received under such system.

(ii) The Corporation shall prepare a system that enables the Audit & Supervisory Board Members to request reports from Directors, Corporate Officers and employees when necessary and that the Audit & Supervisory Board to exchange opinions with the Directors and Accounting Auditors.

8. Other systems to ensure that audits by the Audit & Supervisory Board Members will be conducted effectively

(i) In order to enhance the supervisory function of the Audit & Supervisory Board 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 Audit & Supervisory Board Members will be conducted effectively, audit shall be conducted in accordance with Standards for audit by Audit & Supervisory Board.

(ii) Full amount of the compensation to Audit & Supervisory Board Members shall be fixed so that the independence of the Audit & Supervisory Board Members can be secured.

9. Systems to ensure elimination of antisocial forces

From the viewpoint of corporate social responsibility, Makita 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) Makita's policy of "no intervention by antisocial forces has been permitted" is publicly announced, both internally and outside the Corporation, by expressly stipulating such in the management policy/quality policy and by displaying such on the Corporation's website.

(ii) Ban on transactions with antisocial forces are expressly stated in the "Guidelines to the Code of Ethics for Makita", which prescribes the standards for officer and employee conduct applicable in the execution of their tasks. Each Director shall keep all Corporate Officers and employees informed of and in compliance with such prohibition.

(iii) The Corporation has been liaising closely with the police and external related organizations, including the Public Interest Incorporated 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 Corporation voluntarily participates in seminars. Also, the Corporation endeavors to share information within the Corporation and related departments of Makita.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2014)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	**380,037**	**Current liabilities**	**69,287**
Cash and cash equivalents	81,732	Short-term borrowings	4,147
Time deposits	15,673	Trade notes and accounts payable	21,406
Short-term investments	41,048	Other payables	6,647
Trade receivables-		Accrued expenses	10,566
Notes	1,402	Accrued payroll	9,083
Accounts	64,176	Income taxes payable	8,210
Less- Allowance for doubtful receivables	(1,001)	Deferred income taxes	1,029
Inventories	156,111	Other liabilities	8,199
Deferred income taxes	7,231	**Long-term liabilities**	**10,390**
Prepaid expenses and other current assets	13,665	Long-term indebtedness	16
Property, plant and equipment, at cost	**91,602**	Accrued retirement and termination benefits	3,689
Land	22,793	Deferred income taxes	5,332
Buildings and improvements	91,184	Other liabilities	1,353
Machinery and equipment	86,594	**Total liabilities**	**79,677**
Construction in progress	3,174	(Equity)	
Less- Accumulated depreciation and amortization	(112,143)	Common stock	23,805
Investments and other assets	**47,482**	Additional paid-in capital	45,421
Investments	30,413	Legal reserve and retained earnings	
Goodwill	721	Legal reserve	5,669
Other intangible assets, net	4,692	Retained earnings	366,919
Deferred income taxes	623	Accumulated other comprehensive income	5,693
Other assets	11,033	Treasury stock, at cost	(11,573)
		Total Makita Corporation shareholders' equity	**435,934**
		Noncontrolling interest	3,510
		Total equity	**439,444**
Total assets	**519,121**	**Total liabilities and equity**	**519,121**

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2013 to March 31, 2014)

(Millions of Yen)

Net sales		**383,207**
Cost of sales		**244,053**
Gross profit		**139,154**
Selling, general, administrative and others, net		84,240
Operating income		**54,914**
Other income (Expense):		
Interest and dividend income	2,326	
Interest expense	(202)	
Exchange losses on foreign currency transactions, net	(1,700)	
Realized gains on securities, net	1,636	2,060
Income before income taxes		**56,974**
Provision for income taxes:		
Current	18,749	
Deferred	(518)	18,231
Net income		**38,743**
Less- Net income attributable to the non-controlling interest		290
Net income attributable to Makita Corporation		**38,453**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(From April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Makita Corporation shareholders' equity					
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock
Beginning balance	23,805	45,421	5,669	338,239	(28,064)	(11,527)
Purchases and disposal of treasury stock, net						(46)
Cash dividends				(9,773)		
Comprehensive income (loss):						
Net income				38,453		
Other comprehensive income					33,757	
Ending balance	23,805	45,421	5,669	366,919	5,693	(11,573)

	Non- controlling interest	Total
Beginning balance	2,789	376,332
Purchases and disposal of treasury stock, net		(46)
Cash dividends	(25)	(9,798)
Comprehensive income (loss):		
Net income	290	38,743
Other comprehensive income	456	34,213
Ending balance	3,510	439,444

Notes to Consolidated Financial Statements

Notes to Important Basic Matters for Preparation of Consolidated Financial Statements

1. Basis of presentation

The consolidated financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") pursuant to the provision of Article 120-2, paragraph 1 of the Ordinance on Accounting of Companies. However, certain disclosures required under U.S. GAAP are omitted pursuant to the second sentence of said paragraph.

2. Scope of consolidation

Number of consolidated subsidiaries: 50

Major subsidiaries are as follows:

Makita U.S.A. Inc., Makita (U.K.) Ltd., Makita Werkzeug G.m.b.H (Germany), Makita Oy (Finland), Makita Gulf FZE (U.A.E.), Makita (China) Co., Ltd., Makita (Kunshan) Co., Ltd., Makita (Australia) Pty. Ltd., Makita do Brasil Ferramentas Elétricas Ltda., etc.

3. Valuation of Short-term investments and Investments

The Corporation conforms to Accounting Standards Codification ("ASC") 320, "Investments-Debt and Equity Securities"

Held-to-maturity securities:	Amortized cost
Available-for-sale securities:	Evaluation by the fair value All valuation allowances are reported in Accumulated other comprehensive income. The cost of securities sold is based on the moving-average method.

4. Valuation of inventories

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

5. Depreciation method of non-current assets

Property, plant and equipment:	Depreciation of property, plant and equipment of Makita is computed by using the straight-line method for computing depreciation.
Goodwill and other intangible assets, net:	With respect to goodwill, in compliance with ASC 350, "Intangibles -Goodwill and Other", amortization is not performed, but impairment testing is carried out at least once a year in principle. Amortization is performed using the straight-line method with regard to other intangible assets with definite useful lives.

6. 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 ASC 715, "Compensation-Retirement Benefits", 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 difference 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 at the beginning of the period by the straight-line method over the average remaining service period of employees.

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

8. Changes in accounting policies.

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 is because we now regard our plants in Japan mainly as production centers of high-value-added products that are consistently in demand due to the fact that we have established a system for mass production at our overseas manufacturing subsidiaries through our efforts to globalize our production. As such, we expect generally stable realization 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 conducting cost allocation. In addition, useful life estimates have also been reevaluated and changed according to the actual status of use.

As a result of these changes, for this period, depreciation cost decreased by 239 million yen, while net income and earnings per share net income attributable to Makita Corporation common shareholders increased by 81 million yen and 0.59 yen, respectively.

Notes to Consolidated Balance Sheet

Guarantee (contingent liabilities): 1 million yen

Notes to Consolidated Statement of Shareholders' Equity and Comprehensive Income (Loss)

1. Matter regarding shares issued

Kind of shares	Beginning of the period	Increase	Decrease	End of the period
Common stock	140,008,760 shares	-	-	140,008,760 shares

2.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 25, 2013	Common stock	7,330	54	March 31, 2013	June 26, 2013
Board of Directors' meeting held on October 31, 2013	Common stock	2,443	18	September 30, 2013	November 26, 2013

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

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 to be held on June 25, 2014	Common stock	Retained earnings	9,909	73	March 31, 2014	June 26, 2014

Notes to Financial Instruments

1. Matter regarding status of financial instruments

Makita carries out short-term and other investments in order to secure profits on a stable basis. Short-term investment consists primarily of MMF (Money Management Fund) and FFF (Free Financial Fund). Other investment is made mainly in marketable shares (shares other than those purely for trading purpose). Long-term liabilities comprise long-term loans from banks and capital-lease obligations. Forward exchange contracts were entered into with the aim of reducing such market risks as foreign exchange rate fluctuations.

2. Matter regarding such as fair value of financial instruments

The following methods and significant assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate a fair value:

(1) Cash and Cash Equivalents, Time Deposits, Trade Receivable, Short-term Borrowings, Trade Notes and Accounts Payable, Other payables, and Accrued expenses

The carrying amounts approximate fair value because of the short maturities of those instruments.

(2) Long-term Time Deposits

The fair value is estimated by discounting future cash flows using the current rates that Makita would be offered for deposits with similar terms and remaining maturities.

(3) Short-term investments and Investments

The fair value of marketable and investment securities is estimated based on quoted market prices. For certain investments such as non-marketable securities, since there are no quoted market prices existing, a reasonable estimation of a fair value could not be made without incurring excessive cost, and such securities have been excluded from fair value disclosure. The fair value of such securities is estimated if and when there are indications that the investment may be impaired. Non-marketable securities amounted to 387 million yen as of March 31, 2014.

(4) Long-term Indebtedness

The fair value of long-term indebtedness is a present value of future cash flows associated with each instrument discounted using Makita's current borrowing rates for similar debt instruments of comparable maturities.

(5) Derivative Financial Instruments

The fair values of other derivative financial instruments, composed by foreign currency contracts, and currency swap agreements which are used for hedging purposes, are estimated by obtaining quotes and other relevant information from brokers.

The carrying amounts and estimated fair value of the financial instruments, and the amount of difference thereof as of March 31, 2014 are as follows:

	(Millions of Yen)		
	Carrying amount	Fair value	Amount of difference
Short-term investments	41,048	41,053	5
Investments	30,026	30,041	15
Long-term time deposits	17	17	-
Long-term indebtedness including current maturities	(29)	(29)	-
Foreign currency contracts:			
Assets	38	38	-
Liabilities	(366)	(366)	-
Currency swap agreements:			
Assets	39	39	
Liabilities	(127)	(127)	

The fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument.

These estimates are subjective in nature and involve uncertainties and are matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Notes to Information Per Share

Total Makita Corporation shareholders' equity per share	3,211. 59	yen

Total Makita Corporation shareholders' equity per share attributable to common stock was computed based on following;

Total Makita Corporation shareholders' equity in the consolidated balance sheet	435,934	million yen
Total Makita Corporation shareholders' equity available to common stock	435,934	million yen
Number of shares issued (excluding treasury stock) as of March 31, 2014	135,737,626	shares

Earning per share (Basic) Net income attributable to Makita Corporation common shareholders	283. 28	yen

Earning per share (Basic) Net income attributable to Makita Corporation common shareholders was computed based on following;

Net income attributable to Makita Corporation in the consolidated statement of income	38,453	million yen
Net income attributable to Makita Corporation available to common stock	38,453	million yen
Average number of outstanding shares of common stock	135,740,827	shares

BALANCE SHEET

(As of March 31, 2014)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	**87,528**	**Current liabilities**	**27,780**
Cash and time deposits	6,335	Trade accounts payable	9,587
Trade notes receivable	523	Other payable	2,831
Trade accounts receivable	27,063	Accrued expenses	5,552
Marketable securities	22,944	Income taxes payable	5,815
Finished goods and merchandise	13,464	Allowance for directors’ bonuses	169
Work-in-process	1,243	Allowance for product warranties	441
Raw materials and supplies	2,857	Allowances for environmental measures	2,404
Short-term loans receivable	9,062	Other	981
Deferred income tax assets	3,549	**Long term liabilities**	**4,796**
Other	493	Retirement and termination allowances	608
Allowance for doubtful accounts	(5)	Retirement allowances for directors and audit & supervisory board members	360
Fixed assets	**184,674**	Asset retirement obligation	26
Tangible fixed assets	**35,916**	Deferred income tax liabilities	3,802
Buildings	17,854	**Total liabilities**	**32,576**
Structures	671		
Machinery and equipment	1,066	(Net assets)	
Vehicles and transportation equipment	48	**Shareholders' equity**	**230,710**
Tools, furniture and fixtures	1,883	**Common stock**	**24,206**
Land	14,138	**Capital surplus**	**47,526**
Construction in progress	256	Additional paid-in capital	47,525
Intangible fixed assets	**3,273**	Other capital surplus	1
Software	883	**Retained earnings**	**170,551**
Industrial property rights	1,892	Legal reserve	5,669
Other	498	Other retained earnings	164,882
Investment and other assets	**145,485**	Reserve for dividend	750
Investment securities	36,331	Reserve for technical research	1,500
Stocks of affiliates	62,124	Reserve for advanced depreciation	1,052
Investment in affiliates	36,108	General reserves	85,000
Long-term loans receivable	1,102	Retained earnings carried forward	76,580
Lease deposits	304	**Treasury stock**	**(11,573)**
Prepaid pension expenses	9,471	**Valuation and translation adjustments**	**8,916**
Other	59	Net unrealized gains on securities	8,916
Allowance for doubtful accounts	(14)	**Total net assets**	**239,626**
Total assets	**272,202**	**Total liabilities and net assets**	**272,202**

STATEMENT OF INCOME

(From April 1, 2013 to March 31, 2014)

(Millions of Yen)

Net sales		**145,238**
Cost of sales		**91,848**
Gross profit		**53,390**
Selling, general and administrative expenses		30,738
Operating income		**22,652**
Non-operating income		
Interest and dividend income	14,510	
Exchange gains on foreign currency transactions, net	520	
Other non-operating income	1,386	16,416
Non-operating expense		
Foreign withholding taxes	919	
Other non-operating expenses	3	922
Ordinary income		**38,146**
Extraordinary gain		
Gain on sales of fixed assets	302	
Gain on sales of investment securities	604	906
Extraordinary loss		
Loss on sales and disposal of fixed assets	61	
Impairment loss	1,239	
Provision of allowance for environmental measures	2,404	
Special incentive of early retirement program	460	4,164
Income before income taxes		**34,888**
Income taxes - current		8,456
Income taxes - deferred		(1,739)
Net income		**28,171**

STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Beginning balance	24,206	47,525	1	47,526
Changes during the period				
Transfer to reserve for advanced depreciation				
Reversal of reserve for advanced depreciation				
Dividends paid				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Net change of items other than shareholders' equity				
Total changes during the period	—	—	0	0
Ending balance	24,206	47,525	1	47,526

	Shareholders' equity								
	Retained earnings							Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings					Total retained earnings		
		Reserve for dividend	Reserve for technical research	Reserve for advanced depreciation	General reserves	Retained earnings carried forward			
Beginning balance	5,669	750	1,500	936	85,000	58,299	152,154	(11,527)	212,359
Changes during the period									
Transfer to reserve for advanced depreciation				156		(156)	—		—
Reversal of reserve for advanced depreciation				(40)		40	—		—
Dividends paid						(9,774)	(9,774)		(9,774)
Net income						28,171	28,171		28,171
Purchase of treasury stock								(47)	(47)
Disposal of treasury stock								1	1
Net change of items other than shareholders' equity									
Total changes during the period	—	—	—	116	—	18,281	18,397	(46)	18,351
Ending balance	5,669	750	1,500	1,052	85,000	76,580	170,551	(11,573)	230,710

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities	Total valuation and translation adjustments	
Beginning balance	6,068	6,068	218,427
Changes during the period			
Transfer to reserve for advanced depreciation			—
Reversal of reserve for advanced depreciation			—
Dividends paid			(9,774)
Net income			28,171
Purchase of treasury stock			(47)
Disposal of treasury stock			1
Net change of items other than shareholders' equity	2,848	2,848	2,848
Total changes during the period	2,848	2,848	21,199
Ending balance	8,916	8,916	239,626

Notes to Non-consolidated Financial Statements

Notes to 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 period-end Valuation differencese are presented as valuation and translation adjustments in net assets. The cost of securities sold is calculated 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 period-end

3. Valuation of inventories

Inventories are valued at the lower of cost based (the balance sheet amount is computed using the method of devaluing the book price to reflect declines in profitability).

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

At average cost

Supplies: At latest purchase cost

4. Depreciation method of fixed assets

Tangible fixed assets: (Excluding lease assets)	Straight-line method	
	Useful life:	
	Buildings:	38 to 50 years
	Machinery and equipment:	5 to 10 years

Intangible fixed assets: (Excluding lease assets)	Straight-line method Software for internal use is depreciated on the straight-line method over its estimated useful life (5 years). Industrial property rights are depreciated on the straight-line method over 8 to 14 year period.
Lease assets:	Lease assets relating to finance lease transactions, excluding those whose ownership is transferred to the lessee upon lease expiration, are depreciated by the straight-line method over the lease term with no residual value, the lease term being regarded as the useful life.

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 directors' bonuses:	In preparation for the anticipated payment of directors' bonuses, we appropriate the amount estimated to pay for the period.
Allowance for product warranties:	In preparation for the payment of product after-service and free post-sale repair services, we appropriate the projected amount based on actual payment in the past.
Allowance for environmental measures:	In preparation for the future payment concerning environmental measures, we appropriate the amount expected to incur in the future.
Retirement and termination allowances:	To be prepared for employee retirement, retirement and termination allowances and prepaid pension expenses are reserved based on projected benefit obligations and plan assets at the balance sheet date. Past service costs are amortized by the straight-line method over the average remaining employment period. Actuarial differences are amortized starting immediately after the year of accruement by the straight-line method over the average remaining employment period.

Retirement allowances for Directors and Audit & Supervisory Board Members:

The Corporation terminated the retirement allowance plan for directors and audit & supervisory board members as of the end of the ordinary general meeting of shareholders held on June 29, 2006. The balance of the period 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) who served until June 29, 2006.

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

Notes to Change of Accounting Policies

Change of the depreciation method applied to tangible fixed assets and reevaluation of useful lives of the property, plant and equipment

On April 1, 2013, the depreciation method to compute the depreciation of tangible fixed assets was changed from the declining-balance method to the straight-line method. This is because we now regard our plants in Japan mainly as production centers of high-value-added products that are consistently in demand due to the fact that we have established a system for mass production through our globalization. As such, we expect generally stable realization of the economic benefits of our tangible fixed assets. In view of these developments, we decided that the straight-line method is a more realistic and rational way of conducting cost allocation. In addition, useful life estimates have also been reevaluated and changed according to the actual status of use.

As a result of these changes, for this period, depreciation cost decreased by 563 million yen, operating income, ordinary income and income before income taxes increased by 468 million yen, respectively.

Notes to Balance Sheet

1. Accumulated depreciation on tangible fixed assets:

Buildings	25,548	million yen
Structures	2,262	million yen
Machinery and equipment	14,275	million yen
Vehicles and transportation equipment	326	million yen
Tools, furniture and fixtures	27,516	million yen
Total	69,927	million yen

2. Guarantee:

Guarantee for borrowing from financial institution		
Maximum amount of guarantee for Makita U.S.A. Inc. (50 million U.S. dollars)	5,146	million yen
Maximum amount of guarantee for Makita Power Tools India Private. Ltd. (400 million India Rupee)	692	million yen
Guarantee for educational loan to employees	1	million yen
Guarantee for accounts payable of the following company		
Makita General Service Co., Ltd.	10	million yen
Total	5,849	million yen

3. Receivables and payables for affiliates:

Short-term receivables	21,609	million yen
Long-term receivables	400	million yen
Short-term payables	5,900	million yen

Notes to Statement of Income

Transactions with affiliates

Amount of operating transactions		
Sales	54,500	million yen
Purchases, etc.	36,514	million yen
Amount of non-operating transactions	14,368	million yen

Notes to Statement of Changes in Net Assets

Matter regarding treasury stock

Kind of shares	Beginning of the period	Increase	Decrease	End of the period
Common stock	4,262,833 shares	8,514 shares	213 shares	4,271,134 shares

(Reasons for the change)

The reasons for the increase are as follows:

Purchase of shares constituting less than a full unit: 8,514 shares

The reason for the decrease is as follows:

Sales of shares constituting less than a full unit: 213 shares

Notes to Tax Effect Accounting

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

Short-term deferred income tax assets		
Accrued expenses	1,713	million yen
Allowances for environmental measures	844	million yen
Inventories	486	million yen
Accrued enterprise taxes	479	million yen
Others	27	million yen
Net amount of short-term deferred income tax assets	3,549	million yen
Long-term deferred income tax assets		
Loss on evaluation of investment securities	2,176	million yen
Excess in depreciation	2,502	million yen
Retirement allowances for directors and audit & supervisory board members	126	million yen
Loss on impairment of fixed assets	386	million yen
Others	329	million yen
Subtotal	5,519	million yen
Valuation allowance	(482)	million yen
Total	5,037	million yen
Long-term deferred income tax liabilities		
Retirement and termination allowances	(3,111)	million yen
Net unrealized gains on securities	(4,806)	million yen
Reserve for advanced depreciation of fixed assets.	(569)	million yen
Other	(353)	million yen
Total	(8,839)	million yen
Net amount of long-term deferred income tax liabilities	(3,802)	million yen

2. Major items causing the significant difference between the statutory income tax rates applicable to the Corporation and the effective income tax rates after the adoption of tax effect accounting are as follows:

Statutory income tax rate	37.4%
(Reconciliations)	
Dividend income and other permanently non-taxable income	(14.5%)
Tax sparing impact	(1.7%)
Effect of merger	(2.7%)
Other	0.8%
Effective income tax rate	19.3%

3. Change of the amount of deferred income tax assets and liabilities due to a change in the statutory effective tax rate

As a result of the promulgation of the Act Concerning Partial Amendment of the Income Tax Act, etc. (Act No. 10 of 2014) on March 31, 2014, a special reconstruction corporation tax would not be imposed starting from the business year beginning on April 1, 2014. Following such promulgation, the statutory effective tax rate used for calculating deferred income tax assets and liabilities was changed from 37.4% applicable in the previous term to 35.1% for temporary difference expected to be eliminated during the business year beginning on April 1, 2014.

As a result of this change in the tax rate, the amount of deferred income tax assets (net of the amount of deferred income tax liabilities) decreased by 229 million yen, while income taxes-deferred increased by 230 million yen and the net unrealized gains on securities increased by 1 million yen.

Notes to Fixed Assets Used through Leases

Operating leases

Lease commitments under non-cancelable operating leases

Within 1 year	149	million yen
Over 1 year	263	million yen

Notes to Transactions with Related Parties

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)
Principal business or position	Director of the Corporation (Chairman and Representative Director of JTEKT Corporation)(Note 4)	Design, production 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: 2.9
Relationship	Purchase of production equipment Interlocking Directors (Number of directors: 1)	Purchase of production equipment Interlocking Directors (Number of directors: 2)	Advertising Interlocking Directors (Number of directors: 2)
Principal transactions	Purchase of production equipment (Note 1)	Purchase of production equipment (Note 1)	Advertising (Note 1)
Transaction amount (Millions of Yen) (Note 5)	1	66	2
Account title	-	Other payable	-
Balance at end of the period (Millions of Yen) (Note 5)	-	5	-

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, Chairman and Representative Director of the Corporation, Munetoshi Goto, Director of the Corporation,and their relatives own 100% of voting rights of TOA Co., Ltd.

(Note 3) Masahiko Goto, Chairman and Representative Director of the Corporation, Munetoshi Goto, Director of the Corporation,and their relatives own 68.1% of voting rights of Maruwa, Ltd.

(Note 4) The director retired on June 25, 2013.

(Note 5) The above stated transaction amount do not include consumption tax, and that balance at end of the period includes consumption tax.

2. Subsidiaries

Attribute	Subsidiaries			
Corporate name	Makita U.S.A. Inc. (United States)	Makita Gulf FZE (U.A.E.)	Dolmar GmbH (Germany)	Makita EU S.R.L. (Romania)
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0	Direct owning ratio: 100.0	Direct owning ratio: 1.0 Indirect owning ratio: 99.0	Direct owning ratio: 100.0
Relationship	Debt guarantee Interlocking Directors (Number of directors:2)	Money loan Interlocking Directors (Number of directors: 1)	Money loan Interlocking Directors (Number of directors: 1)	Subscription of additional increase of capital Interlocking Directors (Number of directors: 1)
Principal transactions	Debt guarantee (Note 1)	Money loan (Note 2)	Money loan (Note 2)	Capital increase (Note 3)
Transaction amount (Millions of Yen) (Note 6)	5,146	11,480	8,596	3,854
Account title	-	Short-term loans receivable	Short-term loans receivable	Investment in affiliates
Balance at end of the period (Millions of Yen) (Note 6)	-	3,293	2,125	12,258

Attribute	Subsidiaries	
Corporate name	Makita (Kunshan) Co., Ltd. (China)	
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0	
Relationship	Sales of finished goods Receipt of royalty Purchase of finished goods and merchandise Interlocking Directors (Number of directors: 5)	
Principal transactions	Sales of finished goods (Note 4) Receipt of royalty (Note 4)	Purchase of finished goods and merchandise (Note 4)
Transaction amount (Millions of Yen) (Note 6)	10,213	22,814
Account title	Trade accounts receivable	Trade accounts payable
Balance at end of the period (Millions of Yen) (Note 6)	3,475	3,425

Terms of transactions and the policy to decide the terms

(Note 1) For Makita U.S.A. Inc., we have guaranteed its debt, and the amount shown in “Transaction amount” represents the maximum amount of guarantee (50 million U.S. dollars with no payment deadline).

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

(Note 3) The Corporation subscribed for additional increase of capital.

(Note 4) Conducted on the ordinary terms of transactions that are equal to arm’s-length transactions.

(Note 5) Consumption tax is not included in the transaction amount and the balance at end of the period.

Notes to Information Per Share

Net assets per share	1,765.36	yen
Net assets per share attributable to common stock was computed based on following;		
Total net assets in the balance sheet	239,626	million yen
Net assets available to common stock	239,626	million yen
Number of shares issued (excluding treasury stock) as of March 31, 2014	135,737,626	shares
Net income per share	207. 54	yen
Net income per share attributable to common stock was computed based on following;		
Net income	28,171	million yen
Net income available to common stock	28,171	million yen
Average number of outstanding shares of common stock	135,740,827	shares

Notes on a Business Combination

The Board of Directors of the Corporation resolved at its meeting held on May 29, 2012 that the absorption-type merger be conducted between the Corporation as the surviving corporation and Makita Numazu Corporation, a consolidated subsidiary of the Corporation, as the dissolving company, and Makita Numazu Corporation was merged into the Corporation as of April 1, 2013.

1. Purpose of merger

   It is necessary for Makita to respond resiliently and flexibly to the changes in the business environment, such as global economic situations, exchange rates, global competition and environmental regulations, and to improve the efficiency of the management within the group. So, the Corporation decided to absorb and merge Makita Numazu Corporation as of April 1, 2013.

2. Method of merger

   In this merger, the Corporation is a surviving company, and Makita Numazu Corporation is dissolved and absorbed into the surviving company as of April 1, 2013.

3. .Overview of the Parties to the Merger (As of March 31, 2013)

	Surviving Corporation	Dissolving Corporation
Corporate Name	Makita Corporation	Makita Numazu Corporation
Principal Business	Production and sales of electric power tools, pneumatic tools, wood-working tools, gardening equipment, and household tools	Production and sales of gardening equipment, etc.

4. Overview of implemented accounting procedures

   In accordance with the “Accounting Standard for Business Combination” (ASBJ Statement No. 21, as of December 26, 2008) and the “Guidance on Accounting Standard for Business Combination and Standard for Business Separation, Etc.” (ASBJ Guidance No. 10, as of December 26, 2008), the Corporation treated the merger as a transaction under common control.

Independent Auditor's Report

May 26, 2014

The Board of Directors
Makita Corporation

KPMG AZSA LLC

Hideaki Koyama (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hisashi Ohkita (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of shareholders' equity and comprehensive income (loss) and the notes to consolidated financial statements of Makita Corporation as at March 31, 2014 and for the year from April 1, 2013 to March 31, 2014 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provision of the second sentence of Article 120-2-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the second sentence of Article 120-2-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under accounting principles generally accepted in the United States of America, present fairly, in all material respects, the financial position and the results of operations of Makita Corporation and its subsidiaries for the period, for which the consolidated financial statements were prepared.

Other Matter

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.

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 26, 2014

The Board of Directors
Makita Corporation

KPMG AZSA LLC

Hideaki Koyama (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hisashi Ohkita (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the notes to non-consolidated financial statements, and the supplementary schedules of Makita Corporation as at March 31, 2014 and for the year from April 1, 2013 to March 31, 2014 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary 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 financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

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.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

(English Translation of the Audit Report of Audit & Supervisory Board Originally Issued in Japanese Language)

AUDIT REPORT

The Audit & Supervisory Board, having discussed with each other based on the audit reports prepared by each Audit & Supervisory Board Member regarding the performance of duties of Directors during the 102nd period, from April 1, 2013 to March 31, 2014, does hereby report the results of their audit as follows:

1. Auditing Method Employed by Audit & Supervisory Board Members and Audit & Supervisory Board and Details Thereof

The Audit & Supervisory Board established the audit policy and duties of each Audit & Supervisory Board Member, received reports from each Audit & Supervisory Board Member 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 Audit & Supervisory Board Members established by the Audit & Supervisory Board and in accordance with the audit policy and the duties assigned to each Audit & Supervisory Board Member by the Audit & Supervisory Board, each Audit & Supervisory Board Member has had communication with Directors, employees such as a staff of Internal Audit Division and other related persons and endeavored to gather information and create an improved environment for auditing. Each Audit & Supervisory Board Member 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 Audit & Supervisory Board Member also inspected the important documents and examined the status of operations and properties at the head office and the principal offices of the Corporation. The Audit & Supervisory Board Members regularly received from Directors, employees and other related persons reports and, when necessary, requested explanations and expressed opinions with respect to the status of establishment and operation of systems to ensure that the Directors perform their duties stated in the Business Report in compliance with applicable laws and regulations and the Articles of Incorporation, the content of a resolution of the Board of Directors concerning the establishment of other systems necessary to ensure the propriety of company's operations as provided for in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act (internal control system), and the systems established based on said resolution. As for the subsidiaries of the Corporation, the Audit & Supervisory Board Members, having communication with the directors and Audit & Supervisory Board Members 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 period.

In addition, the Audit & Supervisory Board Members also monitored and examined whether the Accounting Auditors maintain their independence and conduct their audits in an appropriate manner. The Audit & Supervisory Board Members received reports from the Accounting Auditors on the performance of their duties and, when necessary, requested their explanations. The Audit & Supervisory Board Members 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 131 of the Ordinance on Corporate Accounting) in compliance with the "Quality Control Standard for Auditing" (adopted by the Business Accounting Council on October 28, 2005). The Audit & Supervisory Board Members requested explanations on such notifications as necessary. According to the foregoing method, the Audit & Supervisory Board Members reviewed the financial statements for this period (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 comprehensive income 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 Corporation in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Corporation.

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 Corporation 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 description of the business report, and 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 LLC, 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 LLC, the Accounting Auditors, are appropriate.

May 28, 2014

Audit & Supervisory Board
Makita Corporation

Toshihito Yamazoe (Seal)
Standing Audit & Supervisory Board Member

Haruhito Hisatsune (Seal)
Standing Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

Michiyuki Kondo (Seal)
Outside Audit & Supervisory Board Member

Fusahiro Yamamoto (Seal)
Outside Audit & Supervisory Board Member

REFERENCE DOCUMENT

Propositions and Explanatory Information

Agenda Item No. 1: Appropriation of Surplus

The Corporation has 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 Net income attributable to Makita Corporation after certain adjustments reflecting such circumstances.

In accordance with this basic policy for profit distribution, and based on our comprehensive review of the consolidated business result for this period and forecasts and plans of our future businesses, we propose a year-end dividends to shareholders as follows. As this dividend, the total dividends for the period under review shall amount to 91 yen per share that include interim dividends in the amount of 18 yen per share, and the consolidated dividend payout ratio is 32.1% of net income.

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

   73 yen per share of common stock

   Total amount: 9,908,846,698 yen

2. Effective date of dividend payment

   June 26, 2014

Agenda Item No. 2: Payment of Bonus to Directors

Bonus to Directors of the Corporation are, as with the basic policy for profit distributions, linked to consolidated business result. Compensation to Outside Director and Audit & Supervisory Board Members are fixed, and they are not eligible to receive bonus payments.

At end of the period, the Corporation has 12 directors. In accordance with above policy, we would like to pay directors' bonuses to 11 directors in the amount of 169 million yen considering performance during the period. This is with the exception of Mr. Akiyoshi Morita, who is an Outside Director.