



Makita Corporation

Consolidated Financial Results for the three months ended June 30, 2018 (IFRS Financial Information)

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



CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2018 (Unaudited)

July 31, 2018

Makita Corporation

Stock code: 6586

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

Munetoshi Goto, President, Representative Director

1. Summary operating results of the three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the three months ended June 30, 2017		For the three months ended June 30, 2018	
		(%)		(%)
Revenue	113,064	-	122,638	8.5
Operating profit	18,084	-	21,029	16.3
Profit before income taxes	18,751	-	22,285	18.8
Profit	13,179		15,684	19.0
Profit attributable to owners of the parent....	13,037	-	15,550	19.3
Comprehensive income	21,922	-	6,897	(68.5)
			Yen	
Profit attributable to Owners of the parent per share				
(Basic).....	48.03		57.28	
(Diluted)	48.02		57.28	

Notes:

- Amounts of less than one million yen have been rounded.
- The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes and profit attributable to owners of the parent, and comprehensive income against the corresponding period of the previous year.

(2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2018	As of June 30, 2018
Total assets.....	654,841	635,615
Total equity	558,439	551,501
Equity attributable to owners of the parent.....	554,046	547,024
Total Makita Corporation shareholders' equity ratio to total assets (%)	84.6%	86.1%

2. Dividend Information

	Yen	
	For the year ended March 31, 2018	For the year ending March 31, 2019 (Forecast)
Cash dividend per share:		
Interim.....	10.00	10.00
Year-end	51.00	(Note)
Total	61.00	(Note)

Notes:

- The forecast for cash dividend announced on April 26, 2018 has not been revised.
- The projected amount of dividends for the year ending March 31, 2019 has not been determined yet. For further details, refer to "Explanation regarding proper use of business forecast, and other significant matters" on page 2.



3. Consolidated Financial Performance Forecast for the year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

	Yen (millions)	
	For the year ending March 31, 2019	
		(%)
Revenue	490,000	2.7
Operating profit	78,500	(2.2)
Profit before income taxes	78,700	(1.5)
Profit attributable to owners of the parent	54,800	(0.3)
	Yen	
Profit attributable to Owners of the parent per share	201.87	

Notes:

1. The consolidated financial forecast for the year ending March 31, 2019 has not been revised.
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes and profit attributable to owners of the parent against the previous year.

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) Changes in accounting policies and accounting estimates:
 1. Changes in accounting policies required by IFRS: None
 2. Changes in accounting policies other than 1.: None
 3. Changes in accounting estimate: None
- (3) Number of shares outstanding (common stock)
 1. Number of shares issued (including treasury stock):

As of June 30, 2018:	280,017,520
As of March 31, 2018:	280,017,520
 2. Number of treasury stock:

As of June 30, 2018:	8,549,648
As of March 31, 2018:	8,549,592
 3. Average number of shares outstanding:

For the three months ended June 30, 2018:	271,467,893
For the three months ended June 30, 2017:	271,460,148

This consolidated financial report is not subject to audit procedures by certified public accountants or an auditing firm.

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

1. Makita has adopted International Financial Reporting Standards (IFRS) in its consolidated financial statements from the year ending March 31, 2019. Furthermore, the Company has presented financial figures for the three-month period ended June 30, 2017 and the year ended March 31, 2018 in accordance with IFRS.
2. The financial forecast given above 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 forecasts provided above. Regarding the assumptions for the forecasts and other matters, refer to [Qualitative Information and Financial Performance Statements] Section 3 “Explanation of Information Relevant to Forecast such as Consolidated Financial Performance Forecast” on page 3.
3. 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 10 yen per share. However, in the event special circumstances arise, computation of the amount of dividends will be based on profit attributable to owners of the parent after certain adjustments.

The Board of Directors plans to meet in April 2019 for a report on earnings for the year ending March 31, 2019. 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 2019.

The consolidated dividend payout ratio is calculated as annual dividends per share divided by consolidated profit attributable to owners of the parent per share (after adjustments for special circumstances) and multiplied by 100.



[Qualitative Information and Financial Statements]

1. Explanation of Consolidated Operating Results

We have adopted International Financial Reporting Standards (hereinafter “IFRS”) instead of accounting principles generally accepted in the United States of America (hereinafter “U.S. GAAP”) from the beginning of the fiscal year ending March 31, 2018. In addition, financial figures for the three months ended June 30, 2017 and the year ended March 31, 2017, which were prepared in accordance with U.S.GAAP in the reporting of those previous periods, are also reclassified in accordance with IFRS and used in the comparative analysis.

Looking at the global economic situation during the first three-month (the “period”) ended June 30, 2018, the economy gradually expanded, supported by a strong employment and income situation and robust business performance in developed countries, principally the U.S., although there were rising uncertainties, such as a decline in emerging-market currencies caused by a rise in U.S. interest rates, the escalation of a trade dispute between the U.S. and China, and growing political tension among EU members over the refugee and immigration issue.

Our consolidated revenue for this period increased by 8.5% to 122,638 million yen compared to the same period of the previous year due to robust sales at home and abroad. Operating profit increased by 16.3% to 21,029 million yen (operating profit ratio: 17.1%) owing to an improvement in the cost-of-sales ratio due to the impact of the exchange rate. Profit before income taxes increased by 18.8% to 22,285 million yen (profit before income taxes ratio: 18.2%) and profit attributable to owners of the parent increased by 19.3% to 15,550 million yen (ratio of profit attributable to owners of the parent: 12.7%).

Revenue results by region were as follows:

Revenue in Japan increased by 10.0% to 21,475 million yen compared to the same period of the previous year. This was due to the continuation of steady sales of power tools and gardening equipment, particularly lithium-ion battery products.

Revenue in Europe increased by 14.1% to 55,172 million yen, supported by solid demand for power tools in almost all areas and steady sales of gardening equipment, mainly rechargeable products.

Revenue in North America increased by 1.3% to 17,165 million yen due to solid sales through other sales routes and in Canada, despite poor shipments to home improvement centers in the U.S.

Revenue in Asia decreased by 6.7% to 10,163 million yen. This was due to sluggish sales in Vietnam, despite steady sales in China.

Revenue in Central and South America increased by 3.7% to 6,701 million yen, due to robust sales in almost all countries amid concerns over negative impacts from the depreciation of each country’s currency.

Revenue in Oceania increased by 8.3% to 7,921 million yen, supported by continued steady sales, mainly driven by lithium-ion battery products.

Revenue in the Middle East and Africa increased by 12.2% to 4,041 million yen. This was because of large shipments to local distributors, despite poor sales amid political and economic turmoil in the Middle East.

2. Explanation of Consolidated Financial Position

Total assets as of June 30, 2018 decreased by 19,226 million yen to 635,615 million yen compared to the balance as of March 31, 2018. The decrease was mainly due to the decrease in “Cash and cash equivalents” and “Other financial assets”.

Total liabilities decreased by 12,288 million yen to 84,114 million yen compared to the balance as of March 31, 2018. This decrease was mainly due to the decrease in “Income taxes payable”.

Total equity decreased by 6,938 million yen to 551,501 million yen compared to the balance as of March 31, 2018. The decrease was mainly due to the inclusion of changes in foreign currency translation adjustment in other components of equity.

3. Explanation of Information Relevant to Forecast such as Consolidated Financial Performance Forecast

Makita has not revised the forecast of its consolidated financial performance for the year ending March 31, 2019 announced on April 26, 2018.



4. Condensed Consolidated Financial Statements (Unaudited)

(1) Condensed Consolidated Balance Sheets

	Yen (millions)					
	As of April 1, 2017		As of March 31, 2018		As of June 30, 2018	
	Composition ratio		Composition ratio		Composition ratio	
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents.....	142,181		147,320		140,512	
Trade receivables and other receivables.....	67,262		78,988		73,798	
Inventories	167,523		196,454		201,092	
Other financial assets	50,112		48,037		35,631	
Prepaid expenses and other current assets.....	6,682		8,663		10,421	
Total current assets	<u>433,760</u>	72.3%	<u>479,462</u>	73.2%	<u>461,454</u>	72.6%
NON-CURRENT ASSETS:						
Property, plant and equipment, at cost	95,488		100,813		103,895	
Goodwill and intangible assets.....	6,637		6,991		7,090	
Other financial assets	43,339		45,121		41,532	
Net defined benefit asset.....	8,382		9,729		9,671	
Deferred income taxes	9,169		10,049		9,329	
Other non-current assets.....	2,778		2,676		2,644	
Total non-current assets	<u>165,793</u>	27.7%	<u>175,379</u>	26.8%	<u>174,161</u>	27.4%
Total assets.....	<u>599,553</u>	100.0%	<u>654,841</u>	100.0%	<u>635,615</u>	100.0%

	Yen (millions)					
	As of April 1, 2017		As of March 31, 2018		As of June 30, 2018	
	Composition ratio		Composition ratio		Composition ratio	
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES:						
Trade payables and other payables.....	33,460		35,024		32,054	
Borrowings.....	6,564		3,361		2,546	
Other financial liabilities.....	284		429		158	
Income taxes payable.....	7,264		10,071		4,744	
Provisions.....	3,412		2,928		3,016	
Other liabilities.....	24,899		29,294		27,317	
Total current liabilities.....	<u>75,883</u>	12.7%	<u>81,107</u>	12.4%	<u>69,835</u>	11.0%
NON-CURRENT LIABILITIES:						
Retirement benefit liabilities.....	3,161		3,206		3,142	
Other financial liabilities.....	18		133		125	
Provisions.....	1,440		1,352		1,262	
Deferred income taxes.....	10,738		10,388		9,537	
Other non-current liabilities.....	234		216		213	
Total non-current liabilities.....	<u>15,591</u>	2.6%	<u>15,295</u>	2.3%	<u>14,279</u>	2.2%
Total liabilities.....	<u>91,474</u>	15.3%	<u>96,402</u>	14.7%	<u>84,114</u>	13.2%
EQUITY						
Common stock.....	23,805		23,805		23,805	
Additional paid-in capital.....	45,501		45,531		45,541	
Retained earnings.....	427,999		469,232		471,225	
Treasury stock, at cost.....	(11,623)		(11,617)		(11,617)	
Other components of equity.....	18,557		27,095		18,070	
Total equity attributable to owners of the parent.....	<u>504,239</u>	84.1%	<u>554,046</u>	84.6%	<u>547,024</u>	86.1%
NON-CONTROLLING INTEREST.....	3,840	0.6%	4,393	0.7%	4,477	0.7%
Total equity.....	<u>508,079</u>	84.7%	<u>558,439</u>	85.3%	<u>551,501</u>	86.8%
Total liabilities and equity.....	<u>599,553</u>	100.0%	<u>654,841</u>	100.0%	<u>635,615</u>	100.0%



(2) Condensed Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Condensed Consolidated Statements of Income

	Yen (millions)			
	For the three months ended June 30, 2017		For the three months ended June 30, 2018	
	Composition ratio		Composition ratio	
Revenue	113,064	100.0%	122,638	100.0%
Cost of sales	(72,226)	(63.9%)	(76,736)	(62.6%)
Gross profit	40,838	36.1%	45,902	37.4%
Selling, general, administrative and others, net	(22,754)	(20.1%)	(24,873)	(20.3%)
Operating profit	18,084	16.0%	21,029	17.1%
Financial income	994		1,272	
Financial expenses	(327)		(16)	
Profit before income taxes	18,751	16.6%	22,285	18.2%
Income tax expenses	(5,572)		(6,601)	
Profit	13,179	11.7%	15,684	12.8%
Profit attributable to:				
Owners of the parent	13,037	11.6%	15,550	12.7%
Non-controlling interests	142	0.1%	134	0.1%

Condensed Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the three months ended June 30, 2017	For the three months ended June 30, 2018
PROFIT	13,179	15,684
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Items that will not be reclassified to loss		
Equity financial goods measured at fair value through other comprehensive loss	(399)	(2,053)
Total of items that will not be reclassified to loss	(399)	(2,053)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	9,142	(6,734)
Total of items that may be reclassified to profit (loss)	9,142	(6,734)
Total other comprehensive income (loss), net of tax	8,743	(8,787)
COMPREHENSIVE INCOME	21,922	6,897
Comprehensive income attributable to:		
Owners of the parent	21,566	6,813
Non-controlling interests	356	84



(3) Condensed Consolidated Statement of Changes in Equity

	Yen (millions)							
	For the three months ended June 30, 2017							
	Equity attributable to owners of the parent						Non-Controlling interest	Total equity
Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total			
Balance at April 1, 2017	23,805	45,501	427,999	(11,623)	18,557	504,239	3,840	508,079
Profit for the period			13,037			13,037	142	13,179
Other comprehensive income					8,529	8,529	214	8,743
Comprehensive income	-	-	13,037	-	8,529	21,566	356	21,922
Dividends paid			(11,130)			(11,130)		(11,130)
Purchase of treasury stock				(3)		(3)		(3)
Share-based payment transaction		12				12		12
Total amounts of transactions with owners	-	12	(11,130)	(3)	-	(11,121)	-	(11,121)
Balance at June 30, 2017	23,805	45,513	429,906	(11,626)	27,086	514,684	4,196	518,880

	Yen (millions)							
	For the three months ended June 30, 2018							
	Equity attributable to owners of the parent						Non-Controlling interest	Total equity
Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total			
Balance at April 1, 2018	23,805	45,531	469,232	(11,617)	27,095	554,046	4,393	558,439
Profit for the period			15,550			15,550	134	15,684
Other comprehensive income					(8,737)	(8,737)	(50)	(8,787)
Comprehensive income	-	-	15,550	-	(8,737)	6,813	84	6,897
Dividends paid			(13,845)			(13,845)		(13,845)
Purchase of treasury stock				(0)		(0)		(0)
Disposal of treasury stock		0		0		0		0
Share-based payment transaction		10				10		10
Transfer from other components of equity to retained earnings			288		(288)			
Total amounts of transactions with owners	-	10	(13,557)	(0)	(288)	(13,835)	-	(13,835)
Balance at June 30, 2018	23,805	45,541	471,225	(11,617)	18,070	547,024	4,477	551,501



(4) Condensed Consolidated Statements of Cash Flows

	Yen (millions)	
	For the three months ended June 30, 2017	For the three months ended June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit.....	13,179	15,684
Depreciation and amortization.....	2,531	2,769
Income tax expenses.....	5,572	6,601
Financial income and expenses.....	(667)	(1,257)
Loss (gain) on sales and retirement of property, plant and equipment	26	(19)
Decrease (increase) in trade receivables and other receivables.....	(1,593)	4,364
Increase in inventories.....	(5,882)	(8,199)
Decrease in trade payables and other payables.....	(1,418)	(5,416)
Increase in retirement benefit assets and liabilities.....	15	44
Other.....	(400)	(2,804)
Subtotal.....	11,363	11,767
Dividends received.....	231	346
Interest received.....	650	573
Interest paid.....	(23)	(16)
Income taxes paid.....	(8,953)	(10,777)
Cash flows from operating activities.....	3,268	1,893
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of non-current assets.....	(3,927)	(7,171)
Proceeds from sales of non-current assets.....	24	346
Purchase of investments.....	(741)	(10,265)
Proceeds from sales and redemption of investments.....	911	896
Payments into time deposits.....	(7,910)	(3,026)
Proceeds from withdrawal of time deposits.....	7,712	24,294
Other.....	34	(264)
Cash flows from investing activities.....	(3,897)	4,810
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings.....	378	(774)
Purchase and sales of treasury stock, net.....	(2)	(0)
Cash dividends paid.....	(11,130)	(13,845)
Other.....	785	920
Cash flows from financing activities.....	(9,969)	(13,699)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS.....	1,592	188
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(9,006)	(6,808)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD ...	142,181	147,320
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	133,175	140,512



(5) Notes to Consolidated Financial Statements

Notes on the assumptions for a going concern: None

Condensed Operating Segment Information

	Yen (millions)							
	For the three months ended June 30, 2017							
	Japan	Europe	North America	Asia	Total	Other	Eliminations	Consolidated
Revenue:								
External customers	25,379	48,425	17,450	6,235	97,489	15,575	-	113,064
Inter-segment	47,346	1,166	1,154	48,673	98,339	70	(98,409)	-
Total	<u>72,725</u>	<u>49,591</u>	<u>18,604</u>	<u>54,908</u>	<u>195,828</u>	<u>15,645</u>	<u>(98,409)</u>	<u>113,064</u>
Operating profit	8,451	4,124	633	5,331	18,539	1,004	(1,459)	18,084

	Yen (millions)							
	For the three months ended June 30, 2018							
	Japan	Europe	North America	Asia	Total	Other	Eliminations	Consolidated
Revenue:								
External customers	26,849	55,331	17,732	6,906	106,818	15,820	-	122,638
Inter-segment	46,439	1,241	1,020	50,653	99,353	187	(99,540)	-
Total	<u>73,288</u>	<u>56,572</u>	<u>18,752</u>	<u>57,559</u>	<u>206,171</u>	<u>16,007</u>	<u>(99,540)</u>	<u>122,638</u>
Operating profit	6,414	6,002	547	5,530	18,493	1,126	1,410	21,029



First-time Adoption of IFRS

The Makita Group has disclosed quarterly consolidated financial statements prepared in accordance with IFRS from the three-month period ended June 30, 2018. The Group prepared the latest consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for the year ended March 31, 2018. The IFRS transition date is April 1, 2017.

(1) Exemptions of Retrospective Adoption of IFRS 1

IFRS 1 “First-time Adoption of International Financial Reporting Standards” (“IFRS 1”) requires an entity that adopts IFRS for the first time to prepare a complete set of financial statements based on IFRS retrospectively to prior periods. However, IFRS 1 provides mandatory exceptions and voluntary exemptions from full retrospective application. The effects of applying these provisions are adjusted in retained earnings or other components of equity on the transition date.

The main exemptions adopted by the Company are as follows:

- Business combinations

IFRS 1 allows an entity not to apply IFRS 3 “Business Combinations” (“IFRS 3”) retrospectively to business combinations that occurred prior to the transition date.

The Makita Group chose not to apply IFRS 3 retrospectively to business combinations that occurred prior to the transition date. Consequently, the Group recognized goodwill arisen from business combinations that occurred prior to the transition date at book value based on US GAAP. Makita performed impairment tests on the goodwill at the transition date regardless of whether there was any indication that the goodwill may be impaired.

- Exchange differences on translating foreign operations

IFRS 1 allows an entity to choose to deem the cumulative amount of the exchange differences on translating foreign operations to be zero as of the transition date. The Makita Group deemed the cumulative amount of the exchange differences on translating foreign operations to be zero on the transition date.

- Designation of financial instruments recognized prior to the IFRS transition date

IFRS 1 allows an entity to designate financial instruments valued at fair value through other comprehensive income in accordance with IFRS 9 “Financial Instruments,” based on facts and circumstances that existed as of the transition date. The Makita Group designated its financial instruments based on the circumstances as of the transition date.

(2) Mandatory Exceptions of Retrospective Adoption of IFRS 1

IFRS 1 prohibits an entity from retrospectively applying IFRS with respect to “Accounting estimates,” “Derecognition of financial assets and liabilities,” “Non-controlling interest,” and “Classification and measurement of financial assets.” The Makita Group has applied the relevant IFRSs to these transactions prospectively from the transition date.

(3) Reconciliation

In preparing the consolidated financial position statement on the IFRS transition date, the Makita Group has reconciliated amounts in consolidated financial statements prepared based on US GAAP.

The effects of the transition from US GAAP to IFRS on the Group’s financial position, financial results, and cash flow position are presented in the following table:



Reconciliation of equity on the transition date (April 1, 2017)

Presentation under U.S.GAAP	Yen (millions)			IFRS	Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement			
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	142,181	-	-	142,181		Cash and cash equivalents
Time deposits	34,329	(34,329)	-	-		
Short-term investments	23,441	(23,441)	-	-		
Notes	1,199	(1,199)	-	-		
Accounts	67,086	(67,086)	-	-		
Less- Allowance for doubtful receivables	(1,137)	1,137	-	-		
	-	67,262	-	67,262		Trade receivables and other receivables
Inventories	167,398	-	125	167,523		Inventories
	-	50,112	-	50,112	E	Other financial assets
Deferred income taxes	4,723	(4,723)	-	-	E	
Prepaid expenses and other current assets	13,349	(183)	(6,484)	6,682	D	Prepaid expenses and other current assets
Total current assets	452,569	(12,450)	(6,359)	433,760		Total current assets
NON-CURRENT ASSETS						
PROPERTY, PLANT AND EQUIPMENT, AT COST:						
Land	22,358	(22,358)	-	-		
Building and improvements	94,927	(94,927)	-	-		
Machinery and equipment	91,493	(91,493)	-	-		
Construction in progress	5,531	(5,531)	-	-		
Less-Accumulated depreciation and amortization	(119,802)	119,802	-	-		
Total net property, plant and equipment	-	94,507	981	95,488		Property, plant and equipment
INVESTMENTS AND OTHER ASSETS:						
Investments	34,004	(34,004)	-	-		
Goodwill	721	(721)	-	-		
Other intangible assets, net	3,641	(3,641)	-	-		
	-	3,735	2,902	6,637	A	Goodwill and intangible assets
	-	42,521	818	43,339	E	Other financial assets
	-	8,385	(3)	8,382	B	Net defined benefit asset
Deferred income taxes	650	4,723	3,796	9,169	D,E	Deferred income taxes
Other assets	11,157	(8,242)	(137)	2,778		Other non-current assets
Total non-current assets	144,680	12,756	8,357	165,793		Total non-current assets
Total assets	597,249	306	1,998	599,553		Total assets



Yen (millions)						
Presentation under U.S.GAAP	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement	IFRS	Note	Presentation under IFRS
LIABILITIES				LIABILITIES		
CURRENT LIABILITIES:				CURRENT LIABILITIES:		
Short-term borrowings	6,579	(15)	-	6,564		Borrowings
Trade notes and accounts payable	26,347	7,113	-	33,460		Trade payables and other payables
Other payables	7,122	(7,122)	-	-		
Accrued expenses	10,537	(10,537)	-	-		
Accrued payroll	9,431	(9,431)	-	-		
	-	284	-	284	E	Other financial liabilities
Income taxes payable	6,944	320	-	7,264		Income taxes payable
Deferred income taxes	3,134	(3,134)	-	-	E	
	-	3,412	-	3,412		Provisions
Other liabilities	8,178	16,273	448	24,899		Other liabilities
Total current liabilities	78,272	(2,837)	448	75,883		Total current liabilities
LONG-TERM LIABILITIES:				NON-CURRENT LIABILITIES		
Long-term indebtedness	18	(18)	-	-		
Accrued retirement and termination benefits	3,161	-	-	3,161		Retirement benefit liabilities
	-	18	-	18	E	Other financial liabilities
	-	1,440	-	1,440		Provisions
Deferred income taxes	8,313	3,143	(718)	10,738	E	Deferred tax liabilities
Other liabilities	1,674	(1,440)	-	234		Other non-current liabilities
Total long-term liabilities	13,166	3,143	(718)	15,591		Total non-current liabilities
Total liabilities	91,438	306	(270)	91,474		Total liabilities
EQUITY				EQUITY		
MAKITA CORPORATION SHAREHOLDERS' EQUITY:				MAKITA CORPORATION SHAREHOLDERS' EQUITY:		
Common stock	23,805	-	-	23,805		Common stock
Additional paid-in capital	45,501	-	-	45,501		Additional paid-in capital
Legal reserve	5,669	(5,669)	-	-		
Retained earnings	456,546	(29,516)	969	427,999	A,B,C,D	Retained earnings
Treasury stock, at cost	(11,623)	-	-	(11,623)		Treasury stock, at cost
Accumulated other comprehensive loss	(17,728)	34,986	1,299	18,557	B,C	Other components of equity
Total Makita Corporation shareholders' equity	502,170	(199)	2,268	504,239		Total equity attributable to owners of the parent
NON-CONTROLLING INTEREST	3,641	199	-	3,840	C	NON-CONTROLLING INTEREST
Total equity	505,811	-	2,268	508,079		Total equity
Total liabilities and equity	597,249	306	1,998	599,553		Total liabilities and equity



Reconciliation of equity as of June 30, 2017

Presentation under U.S.GAAP	Yen (millions)				Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement	IFRS		
ASSETS						ASSETS
CURRENT ASSETS:						CURRENT ASSETS:
Cash and cash equivalents	133,175	-	-	133,175		Cash and cash equivalents
Time deposits	34,751	(34,751)	-	-		
Short-term investments	23,502	(23,502)	-	-		
Notes	1,151	(1,151)	-	-		
Accounts	70,493	(70,493)	-	-		
Less- Allowance for doubtful receivables	(1,176)	1,176	-	-		
	-	70,590	-	70,590		Trade receivables and other receivables
Inventories	178,625	-	137	178,762		Inventories
	-	50,228	-	50,228	E	Other financial assets
Prepaid expenses and other current assets	13,969	77	(6,996)	7,050	D	Prepaid expenses and other current assets
Total current assets	454,490	(7,826)	(6,859)	439,805		Total current assets
						NON-CURRENT ASSETS
PROPERTY, PLANT AND EQUIPMENT, AT COST:						
Land	22,671	(22,671)	-	-		
Building and improvements	98,235	(98,235)	-	-		
Machinery and equipment	94,387	(94,387)	-	-		
Construction in progress	4,891	(4,891)	-	-		
Less-Accumulated depreciation and amortization	(122,688)	122,688	-	-		
Total net property, plant and equipment	-	97,496	972	98,468		Property, plant and equipment
INVESTMENTS AND OTHER ASSETS:						
Investments	33,360	(33,360)	-	-		
Goodwill	721	(721)	-	-		
Other intangible assets, net	3,634	(3,634)	-	-		
	-	3,725	2,921	6,646	A	Goodwill and intangible assets
	-	41,945	826	42,771	E	Other financial assets
	-	8,553	(206)	8,347	B	Net defined benefit asset
Deferred income taxes	3,671	-	5,744	9,415	D	Deferred income taxes
Other assets	11,263	(8,381)	(135)	2,747		Other non-current assets
	150,145	8,127	10,122	168,394		Total non-current assets
Total assets	604,635	301	3,263	608,199		Total assets



Yen (millions)						
Presentation under U.S.GAAP	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement	IFRS	Note	Presentation under IFRS
LIABILITIES						
CURRENT LIABILITIES:						
Short-term borrowings	7,390	(15)	-	7,375		Borrowings
Trade notes and accounts payable	26,712	7,703	-	34,415		Trade payables and other payables
Other payables	7,713	(7,713)	-	-		
Accrued expenses	9,791	(9,791)	-	-		
Accrued payroll	7,733	(7,733)	-	-		
	-	771	-	771	E	Other financial liabilities
Income taxes payable	4,666	145	-	4,811		Income taxes payable
	-	3,495	-	3,495		Provisions
Other liabilities	10,003	13,439	322	23,764		Other liabilities
Total current liabilities	74,008	301	322	74,631		Total current liabilities
LONG-TERM LIABILITIES:						
Accrued retirement and termination benefits	3,330	-	-	3,330		Retirement benefit liabilities
	-	15	-	15	E	Other financial liabilities
	-	1,376	-	1,376		Provisions
Deferred income taxes	8,829	-	906	9,735		Deferred tax liabilities
Other liabilities	1,622	(1,391)	-	231		Other non-current liabilities
Total long-term liabilities	13,781	-	906	14,687		Total non-current liabilities
Total liabilities	87,789	301	1,228	89,318		Total liabilities
EQUITY						
MAKITA CORPORATION SHAREHOLDERS' EQUITY:						
Common stock	23,805	-	-	23,805		Common stock
Additional paid-in capital	45,513	-	-	45,513		Additional paid-in capital
Legal reserve	5,669	(5,669)	-	-		
Retained earnings	458,752	(29,516)	671	429,907	A,B,C,D	Retained earnings
Treasury stock, at cost	(11,626)	-	-	(11,626)		Treasury stock, at cost
Accumulated other comprehensive loss	(9,264)	34,986	1,364	27,086	B,C	Other components of equity
Total Makita Corporation shareholders' equity	512,849	(199)	2,035	514,685		Total equity attributable to owners of the parent
NON-CONTROLLING INTEREST	3,997	199	-	4,196	C	NON-CONTROLLING INTEREST
Total equity	516,846	-	2,035	518,881		Total equity
Total liabilities and equity	604,635	301	3,263	608,199		Total liabilities and equity



Reconciliation of equity as of March 31, 2018

Presentation under U.S.GAAP	Yen (millions)				Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement	IFRS		
ASSETS						ASSETS
CURRENT ASSETS:						CURRENT ASSETS:
Cash and cash equivalents	147,320	-	-	147,320		Cash and cash equivalents
Time deposits	43,013	(43,013)	-	-		
Short-term investments	14,782	(14,782)	-	-		
Notes	1,343	(1,343)	-	-		
Accounts	79,092	(79,092)	-	-		
Less- Allowance for doubtful receivables	(1,340)	1,340	-	-		
	-	78,988	-	78,988		Trade receivables and other receivables
Inventories	196,217	-	237	196,454		Inventories
	-	48,037	-	48,037	E	Other financial assets
Prepaid expenses and other current assets	16,150	(43)	(7,444)	8,663	D	Prepaid expenses and other current assets
Total current assets	496,577	(9,908)	(7,207)	479,462		Total current assets
PROPERTY, PLANT AND EQUIPMENT, AT COST:						NON-CURRENT ASSETS
Land	22,626	(22,626)	-	-		
Building and improvements	98,648	(98,648)	-	-		
Machinery and equipment	98,868	(98,868)	-	-		
Construction in progress	6,027	(6,027)	-	-		
Less-Accumulated depreciation and amortization	(126,305)	126,305	-	-		
Total net property, plant and equipment	-	99,864	949	100,813		Property, plant and equipment
INVESTMENTS AND OTHER ASSETS:						
Investments	33,815	(33,815)	-	-		
Goodwill	721	(721)	-	-		
Other intangible assets, net	3,944	(3,944)	-	-		
	-	4,033	2,958	6,991	A	Goodwill and intangible assets
	-	44,181	940	45,121	E	Other financial assets
	-	9,564	165	9,729	B	Net defined benefit asset
Deferred income taxes	3,975		6,074	10,049	D	Deferred income taxes
Other assets	12,135	(9,315)	(144)	2,676		Other non-current assets
Total assets	651,031	75	3,735	654,841		Total assets



Yen (millions)						
Presentation under U.S.GAAP	U.S. GAAP	Reclassification	Difference between recognition and measurement	IFRS	Note	Presentation under IFRS
LIABILITIES						
CURRENT LIABILITIES:						
Short-term borrowings	3,411	(50)	-	3,361		Borrowings
Trade notes and accounts payable	28,156	6,868	-	35,024		Trade payables and other payables
Other payables	7,131	(7,131)	-	-		
Accrued expenses	11,952	(11,952)	-	-		
Accrued payroll	10,731	(10,731)	-	-		
	-	429	-	429	E	Other financial liabilities
Income taxes payable	9,720	351	-	10,071		Income taxes payable
	-	2,928	-	2,928		Provisions
Other liabilities	9,497	19,363	434	29,294		Other liabilities
Total current liabilities	80,598	75	434	81,107		Total current liabilities
LONG-TERM LIABILITIES:						
Accrued retirement and termination benefits	3,206	-	-	3,206		Retirement benefit liabilities
	-	133	-	133		Other financial liabilities
	-	1,352	-	1,352		Provisions
Deferred income taxes	9,391	-	997	10,388		Deferred tax liabilities
Other liabilities	1,703	(1,485)	(2)	216		Other non-current liabilities
Total long-term liabilities	14,300	-	995	15,295		Total non-current liabilities
Total liabilities	94,898	75	1,429	96,402		Total liabilities
EQUITY						
MAKITA CORPORATION SHAREHOLDERS' EQUITY:						
Common stock	23,805	-	-	23,805		Common stock
Additional paid-in capital	45,531	-	-	45,531		Additional paid-in capital
Legal reserve	5,669	(5,669)	-	-		
Retained earnings	497,456	(29,044)	820	469,232	A,B,C,D	Retained earnings
Treasury stock, at cost	(11,617)	-	-	(11,617)		Treasury stock, at cost
Accumulated other comprehensive loss	(8,905)	34,514	1,486	27,095	B,C	Other components of equity
Total Makita Corporation shareholders' equity	551,939	(199)	2,306	554,046		Total equity attributable to owners of the parent
NON-CONTROLLING INTEREST	4,194	199	-	4,393	C	NON-CONTROLLING INTEREST
Total equity	556,133	-	2,306	558,439		Total equity
Total liabilities and equity	651,031	75	3,735	654,841		Total liabilities and equity



Reconciliation of profit and loss for the three-month period ended June 30, 2017 (April 1, 2017 to June 30, 2017)

Presentation under U.S.GAAP	Yen (millions)				Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement	IFRS		
NET SALES	113,064	-	-	113,064		Revenue
Cost of sales	(72,246)	18	2	(72,226)	B	Cost of sales
GROSS PROFIT	40,818	18	2	40,838		Gross profit
Selling, general, administrative and others, net	(22,570)	(103)	(81)	(22,754)	A,B	Selling, general, administrative and others, net
OPERATING INCOME	18,248	(85)	(79)	18,084		Operating profit
OTHER INCOME (EXPENSE):						
	-	1,004	(10)	994	F	Financial income
	-	(263)	(64)	(327)	F	Financial expenses
Interest and dividend income	883	(883)	-	-		
Interest expense	(7)	7	-	-		
Exchange losses on foreign currency transactions, net	(249)	249	-	-		
Realized gains on securities, net	121	(121)	-	-		
Valuation losses on securities	(7)	7	-	-		
INCOME BEFORE INCOME TAXES	18,989	(85)	(153)	18,751		Income before income taxes
Income tax expense:						
Current	(6,274)	85	(500)	(6,689)		
Deferred	763	-	354	1,117		
	(5,511)	85	(146)	(5,572)	D	Income tax expenses
NET INCOME	13,478	-	(299)	13,179		Profit
						Profit attributable to:
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION	13,336	-	(299)	13,037		Owners of the parent
Less-Net income attributable to the non-controlling interest	142	-	-	142		Non-controlling interests



**Reconciliation of comprehensive income for the three-month period ended June 30, 2017
(April 1, 2017 to June 30, 2017)**

Presentation under U.S.GAAP	Yen (millions)			IFRS	Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement			
NET INCOME	13,478	-	(299)	13,179		PROFIT
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX						OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX
Unrealized holding gains (expense) on available-for-sale securities	(451)	-	52	(399)		Items that will not be reclassified to profit or loss Equity financial assets measured at fair value through other comprehensive income
Pension liability adjustment	(14)	-	14	-		
	(465)	-	66	(399)		Total of items that will not be reclassified to profit or loss
Foreign currency translation adjustment	9,143	-	(1)	9,142		Items that may be reclassified to profit or loss Exchange differences on translating foreign operations
	9,143	-	(1)	9,142		Total of items that may be reclassified to profit or loss
Total other comprehensive income (loss)	8,678	-	65	8,743		Total other comprehensive income (loss), net of tax
COMPREHENSIVE INCOME	22,156	-	(234)	21,922		COMPREHENSIVE INCOME
Less-Comprehensive income attributable to the non-controlling interest	21,800	-	(234)	21,566		Comprehensive income attributable to: Owners of the parent
COMPREHENSIVE INCOME ATTRIBUTABLE TO MAKITA CORPORATION	356	-	-	356		Non-controlling interests



Reconciliation of profit and loss for the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Presentation under U.S.GAAP	Yen (millions)			IFRS	Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement			
NET SALES	477,298	-	-	477,298		Revenue
Cost of sales	(302,173)	159	622	(301,392)	B	Cost of sales
GROSS PROFIT	175,125	159	622	175,906		Gross profit
Selling, general, administrative and others, net	(95,363)	(563)	251	(95,675)	A,B	Selling, general, administrative and others, net
OPERATING INCOME	79,762	(404)	873	80,231		Operating profit
OTHER INCOME (EXPENSE):						
	-	3,218	(38)	3,180	F	Financial income
	-	(3,302)	(244)	(3,546)	F	Financial expenses
Interest and dividend income	2,919	(2,919)	-	-		
Interest expense	(43)	43	-	-		
Exchange losses on foreign currency transactions, net	(3,235)	3,235	-	-		
Realized gains on securities, net	299	(299)	-	-		
Valuation losses on securities	(24)	24	-	-		
INCOME BEFORE INCOME TAXES	79,678	(404)	591	79,865		Income before income taxes
Income tax expense:						
Current	(24,943)	404	(948)	(25,487)		
Deferred	536	-	545	1,081		
	(24,407)	404	(403)	(24,406)	D	Income tax expenses
NET INCOME	55,271	-	188	55,459		Profit
						Profit attributable to:
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION	54,755	-	188	54,943		Owners of the parent
Less-Net income attributable to the non-controlling interest	516	-	-	516		Non-controlling interests



Reconciliation of comprehensive income for the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Presentation under U.S.GAAP	Yen (millions)				Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement	IFRS		
NET INCOME	55,271	-	188	55,459		PROFIT
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX						OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX
Unrealized holding gains (expense) on available-for-sale securities	(1,364)	-	266	(1,098)		Items that will not be reclassified to profit or loss Equity financial assets measured at fair value through other comprehensive income
Pension liability adjustment	544	-	(356)	188		Remeasurement of defined benefit pension plans
	(820)	-	(90)	(910)		Total of items that will not be reclassified to profit or loss
Foreign currency translation adjustment	9,860	-	(7)	9,853		Items that may be reclassified to profit or loss Exchange differences on translating foreign operations
	9,860	-	(7)	9,853		Total of items that may be reclassified to profit or loss
Total other comprehensive income (loss)	9,040	-	(97)	8,943		Total other comprehensive income (loss), net of tax
COMPREHENSIVE INCOME	64,311	-	91	64,402		COMPREHENSIVE INCOME
Less-Comprehensive income attributable to the non-controlling interest	63,578	-	91	63,669		Comprehensive income attributable to: Owners of the parent
COMPREHENSIVE INCOME ATTRIBUTABLE TO MAKITA CORPORATION	733	-	-	733		Non-controlling interests



Notes to Reconciliation

A. Intangible assets

As some development costs, which are a part of expenditures related to R&D that were expensed under U.S. GAAP, meet the requirements to be capitalized under IFRS, they are recognized as intangible assets in its consolidated financial position statement and amortized over its expected useful lives on a straight-line basis.

Due to the above-mentioned differences in the accounting standards, the unamortized balance of capitalized development costs of 2,902 million yen, 2,921 million yen, and 2,958 million yen, respectively, were recorded as intangible assets on the transition date, at the end of the three-month period ended June 30, 2017, and at the end of the year ended March 31, 2018, respectively. Consequently, retained earnings after deducting the adjusted deferred tax of 876 million yen, 882 million yen, and 893 million yen on the transition date, at the end of the three-month period ended June 30, 2017, and at the end of the year ended March 31, 2018, respectively, increased by 2,026 million yen, 2,039 million yen, and 2,065 million yen, respectively.

B. Employee benefits

Under U.S. GAAP, regarding post-employment benefits under defined benefit pension plans, service cost, interest cost, and expected return on plan assets were recognized in profit or loss. The portion of actuarial differences arising from the relevant plans and past service cost incurred that was not recognized as expenses for the period was recognized in the amount net of tax in accumulated other comprehensive income (loss), and the amount recognized in accumulated other comprehensive income (loss) was subsequently recognized in income or loss over the average remaining service years of employees.

Under IFRS, regarding post-employment benefits under defined benefit pension plans, current service cost and past service cost are recognized in profit or loss, and the amount calculated by multiplying net defined benefit liability (asset) by the discount rate is recognized as interest expense (income) in profit or loss. Remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income, and transferred from other components of equity directly to retained earnings, not through profit or loss.

Due to the above-mentioned differences in the accounting standards, actuarial differences of 8,869 million yen (loss) and past service liability of 2,455 million yen (profit) on the transition date are transferred to retained earnings.

C. Exchange differences on translating foreign operations

IFRS allows an entity to choose to deem the full cumulative amount of the exchange differences on translating foreign operations to be zero on the transition date.

Consequently, the exchange differences on translating foreign operations of 28,572 million yen out of accumulated other comprehensive income on the transition date are transferred to retained earnings.

D. Income taxes

Under U.S. GAAP, regarding tax effect from the elimination of unrealized gains on intercompany transactions, income taxes paid by the seller were recorded as prepaid income taxes. Under IFRS, regarding the said tax effect, a deferred tax asset is recorded using the effective tax rate of the buyer as a temporary difference of assets held by the buyer.

Due to the above-mentioned differences in the accounting standards, on the transition date, at the end of the three-month period ended June 30, 2017, and at the end of the year ended March 31, 2018, deferred tax assets decreased by 7,444 million yen, 6,484 million yen, and 6,996 million yen, respectively, while retained earnings declined by 1,024 million yen, 754 million yen, and 997 million yen, respectively.

E. Reclassification of items in consolidated financial position statement

Although some items are reclassified in the consolidated financial position statement to conform with IFRS provisions, there is no effect on consolidated statements of income, consolidated statements of comprehensive income, and retained earnings. The following items represent major items that are reclassified in the consolidated financial position statement.

- (i) In accordance with the presentation provisions under IFRS, financial assets and financial liabilities are presented on an individual basis.



- (ii) Under U.S. GAAP, deferred tax assets and deferred tax liabilities were presented separately in current assets/liabilities and non-current assets/liabilities. However, since they are not allowed to be presented in current assets/liabilities under IFRS, they are reclassified as non-current assets/liabilities.
- (iii) Other reclassifications have been made by aggregating or separating presentation under U.S. GAAP to be consistent with the presentation under IFRS.

F. Reclassification of items in consolidated statements of income

Although some items are reclassified in the consolidated statements of income to conform with IFRS provisions, there is no effect on retained earnings. The following items represent major items that are reclassified in the consolidated statements of income.

- (i) In accordance with the presentation provisions under IFRS, financial income and financial expenses are presented on an individual basis.

Reconciliation of consolidated cash flows for the three-month period ended June 30, 2017 and the year ended March 31, 2018

There is no material difference between consolidated statements of cash flows disclosed in accordance with U.S. GAAP and those disclosed in accordance with IFRS.



SUPPORT DOCUMENTATION (CONSOLIDATED)

1. Consolidated Financial Results and Forecast

	Yen (millions)			
	For the three months ended June 30, 2017		For the three months ended June 30, 2018	
		(%)		(%)
Revenue	113,064	-	122,638	8.5
Domestic	19,516	-	21,475	10.0
Overseas	93,548	-	101,163	8.1
Operating profit	18,084	-	21,029	16.3
Profit before income taxes	18,751	-	22,285	18.8
Profit attributable to owners of the parent	13,037	-	15,550	19.3
Profit attributable to owners of the parent per share (Yen)	48.03		57.28	
Number of Employees	15,745		16,064	

	Yen (millions)			
	For the year ended March 31, 2018		For the year ending March 31, 2019 (Forecast)	
		(%)		(%)
Revenue	477,298	-	490,000	2.7
Domestic	82,575	-	86,000	4.1
Overseas	394,723	-	404,000	2.4
Operating profit	80,231	-	78,500	(2.2)
Profit before income taxes	79,865	-	78,700	(1.5)
Profit attributable to owners of the parent	54,943	-	54,800	(0.3)
Profit attributable to				
Owners of the parent per share (Yen).....	202.39		201.87	
Number of Employees	16,137		-	

Notes:

1. Please refer to [Qualitative Information and Financial Statements] Section 3 “Explanation of Information Relevant to Forecast such as Consolidated Financial Performance Forecast” on page 3.
2. The table above shows the changes in the percentage ratio of net sales, operating income, income before income taxes, and net income attributable to Makita Corporation compared to the corresponding period of the previous year.
3. The percentage changes from results for the three months ended June 30, 2016 and for the year ended March 31, 2017 based on U.S. GAAP have been omitted.



2. Consolidated Revenue by Geographic Area

	Yen (millions)					
	For the three months ended June 30, 2017		For the three months ended June 30, 2018		For the year ended March 31, 2018	
		(%)		(%)		(%)
Japan	19,516	-	21,475	10.0	82,575	-
Europe.....	48,340	-	55,172	14.1	202,054	-
North America	16,942	-	17,165	1.3	73,873	-
Asia.....	10,889	-	10,163	(6.7)	44,094	-
Central and South America.....	6,464	-	6,701	3.7	27,922	-
Oceania.....	7,311	-	7,921	8.3	31,284	-
The Middle East and Africa.....	3,602	-	4,041	12.2	15,496	-
Total.....	113,064	-	122,638	8.5	477,298	-

Notes:

1. The table above sets forth Makita's consolidated revenue by geographic area based on the customer's location for the periods presented. Accordingly, it differs from "Condensed Operating Segment Information" on page 9.
2. The table above shows the changes in the percentage ratio of net sales compared to the corresponding period of the previous year.
3. The percentage changes from results for the three months ended June 30, 2016 and for the year ended March 31, 2017 based on U.S. GAAP have been omitted.

3. Exchange Rates

	Yen			
	For the three months ended June 30, 2017	For the three months ended June 30, 2018	For the year ended March 31, 2018	For the year ending March 31, 2019 (Forecast)
USD/JPY	111.09	109.10	110.85	105
EUR/JPY	122.26	130.03	129.66	130
RMB/JPY	16.22	17.12	16.74	16.8

4. Production Ratio (unit basis)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018	For the year ended March 31, 2018
	Composition ratio	Composition ratio	Composition ratio
Domestic.....	9.7%	9.7%	9.3%
Overseas	90.3%	90.3%	90.7%

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

	Yen (millions)			
	For the three months ended June 30, 2017	For the three months ended June 30, 2018	For the year ended March 31, 2018	For the year ending March 31, 2019 (Forecast)
Capital expenditures	3,927	7,171	14,149	50,000
Depreciation and amortization...	2,531	2,769	9,917	12,000
R&D cost.....	2,701	2,689	10,894	10,800