Makita Corporation

Consolidated Financial Results
for the year ended March 31, 2013
(U.S. GAAP Financial Information)

(English translation of "KESSAN TANSHIN"

originally issued in Japanese)

CONSOLIDATED FINANCIAL RESULTS
FOR THE YEAR ENDED MARCH 31, 2013 (Unaudited)

April 26, 2013

Makita Corporation
Stock code: 6586
URL: http://www.makita.co.jp/
Masahiko Goto, President, Representative Director & CEO

1. Summary operating results of the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (million)			
	For the year ended March 31, 2012		For the year ended March 31, 2013	
		%		%
Net sales	295,711	8.5	309,630	4.7
Operating income	48,516	15.8	45,366	(6.5)
Income before income taxes	46,963	9.9	45,691	(2.7)
Net income attributable to Makita Corporation	32,497	8.7	31,076	(4.4)
Comprehensive income (loss)	28,401	64.1	62,444	119.9

	Yen	
Earning per share (Basic) Net income attributable to Makita Corporation common shareholders	236.78	228.92
Ratio of net income attributable to Makita Corporation to shareholders' equity	10.3%	8.9%
Ratio of income before income taxes to total assets	12.4%	11.1%
Ratio of operating income to net sales	16.4%	14.7%

Notes:
1. Amounts of less than one million yen have been rounded.
2. The table above shows the changes in the percentage ratio of net sales, operating income, income before income taxes, net income attributable to Makita Corporation, and comprehensive income (loss) against the corresponding period of the previous year.
3. Equity in net earnings of affiliated companies (including non-consolidated subsidiaries): NIL

(2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (million)	
	As of March 31, 2012	As of March 31, 2013
Total assets	383,256	440,974
Total equity	323,778	376,332
Total Makita Corporation shareholders' equity	321,253	373,543
Total Makita Corporation shareholders' equity ratio to total assets (%)	83.8%	84.7%

	Yen	
Total Makita Corporation shareholders' equity per share	2,366.50	2,751.78

(3) CONSOLIDATED CASH FLOWS

	Yen (million)	
	For the year ended March 31, 2012	For the year ended March 31, 2013
Net cash provided by operating activities	8,622	38,364
Net cash used in investing activities	(4,500)	(15,414)
Net cash used in financing activities	(12,707)	(10,650)
Cash and cash equivalents, end of year	44,812	62,283

2. Dividend Information

	Yen		
	For the year ended March 31, 2012	For the year ended March 31, 2013	For the year ending March 31, 2014 (Forecast)
Cash dividend per share:			
Interim	15.00	15.00	18.00
Year-end	57.00	54.00	(Note)
Total	72.00	69.00	(Note)
	Yen (million)		
Total cash dividend	9,804	9,366	-
Dividend payout ratio (%)	30.4%	30.1%	-
Dividend to shareholders' equity ratio (%)	3.1%	2.7%	-

Note:
While the Company has set forth under the Articles of Corporation of the Company that the record date for the payment of dividend shall be the last day of a relevant period, at the present time, the projected amount of dividends as of the said record date has not been determined yet. For further details, refer to "Explanation regarding proper use of business forecasts, and other significant matters" on page 3.

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

	Yen (million)			
	For the six months ending September 30, 2013		For the year ending March 31, 2014	
		%		%
Net sales	171,000	13.1	345,000	11.4
Operating income	26,700	11.1	56,000	23.4
Income before income taxes	27,500	21.2	57,500	25.8
Net income attributable to Makita Corporation	18,400	15.9	39,000	25.5

	Yen	
Earning per share (Basic) Net income attributable to Makita Corporation common shareholders	135.55	287.30

4. Others

(1) Changes in important subsidiaries for the year (Changes in specified subsidiaries accompanied by changes in scope of consolidation): Not applicable

(2) Changes in accounting policies:
1. Changes due to revisions to accounting standards: Yes
2. Changes due to other reasons: Not applicable

(3) Number of shares outstanding (common stock)

1. Number of shares issued (including treasury stock):	As of March 31, 2013:	140,008,760
	As of March 31, 2012:	140,008,760
2. Number of treasury stock:	As of March 31, 2013:	4,262,833
	As of March 31, 2012:	4,258,242
3.Average number of shares outstanding:	For the year ended March 31,2013	135,748,088
	For the year ended March 31,2012	137,244,683

Information regarding financial statements audit

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

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

1. Regarding the assumptions for the forecasts and other matters, refer to 1. Operating results (2) Outlook for the year ending March 31, 2014, on page 5. The financial forecasts given above are based on information as available at the present time, and include potential risks and uncertainties. As a consequence of the factors above and other, actual results may vary from the forecasts provided above.
2. Makita's basic policy on the distribution of profits is to maintain a consolidated dividend payout ratio of 30% or greater, with a lower limit on annual cash dividends of 18 yen per share. However, in the event special circumstances arise, computation of the amount of dividends will be based on consolidated net income attributable to Makita Corporation after certain adjustments.

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

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

1. OPERATING RESULTS

1. Operating results

(1) Outline of operations results for the year ended March 31, 2013

Looking at the global economic situation for the year ended March 31, 2013, economic conditions remained stagnant in Western Europe because the sovereign debt crisis in the region lingered, also affecting the German economy. However, the Russian economy was steady on the whole, with crude oil prices staying at high levels. In the United States, economic recovery remained moderate, but there was significant improvement in housing investment from the latter half of the term. In Asia, the economy grew steadily in Southeast Asian countries, although China's economic growth lost momentum. In Japan, business sentiment improved toward the end of the term against the backdrop of implementation of the easy-money policy by the government and Bank of Japan, while the Japanese economy remained weak**.**

Under these circumstances, on the development side, we focused on further expanding and rolling out our lithium-ion battery product line as a series, which we began marketing ahead of competitors. In addition, we broadened product lines with the right combination of affordability, functionality and durability to meet the needs in emerging countries. On the production side, we began full operation of a plant in Thailand in July 2012 to shorten the lead time for supplying products to Southeast Asian countries, while expanding production capacity in our Brazil, China and Romania plants to cope with growing demand. On the sales side, we rebuilt the buildings for the Osaka and Fukuoka branches in Japan and sales subsidiaries in Belgium and Taiwan to meet diversified needs. Through these steps, we have strived to maintain and improve our system of providing sales and after-sales services closer to customers.

Our consolidated net sales for this year increased by 4.7% to 309,630 million yen compared to the previous year. It exceeded 300 billion yen for the first time in five years and hit the second highest level. Operating income decreased by 6.5% to 45,366 million yen (operating income ratio: 14.7%) mainly due to the rises in the ratio of cost of sales from 61.1% for the previous year to 62.9% for this period by 1.8 points as a result of depreciation of the euro and the decline in capacity utilization at the plants. Meanwhile, because we recorded non-operating income of 325 million yen due to a decrease in foreign exchange losses and gains on securities (non-operating loss of 1,553 million yen for the previous year), income before income taxes and net income attributable to Makita Corporation decreased by 2.7% to 45,691 million yen (income before income taxes ratio: 14.8%) and by 4.4% to 31,076 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 6.4% to 56,555 million yen compared to the previous year. This was because sales remained favorable due to expansion of lithium-ion battery product lineups, mainly impact drivers.

Net sales in Europe increased by 1.4% to 125,024 million yen compared to the previous year. This was because sales remained solid in Russia, though sales stayed sluggish in Western countries because of the effects of financial uncertainty.

Net sales in North America increased by 10.7% to 41,483 million yen compared to the previous year. This was because the yen exchange rate took a downward turn against the US dollar in addition to the recovery in housing investment and strong Christmas sales.

Net sales in Asia increased by 11.9% to 29,106 million yen compared to the previous year. This was because demand remained robust in Southeast Asian countries.

The sales situations in other regions are as follows. Net sales in Central and South America decreased by 1.9% to 22,919million yen compared to the previous year, because local currencies depreciated. Net sales in Oceania increased by 6.0% to 18,848 million yen due to the effects of sales promotion activities.

Net sales in the Middle East and Africa increased by 7.2% to 15,695 million yen because of the effects of depreciation of the yen.

(2) Outlook for the year ending March 31, 2014

In developed countries, competition among companies is expected to intensify further because recovery of demand will remain moderate. In emerging countries including Asia, where construction demand is expected to continuously expand, the needs for affordable products are forecast to grow. With trends in crude oil prices and the foreign exchange rates being unpredictable, Makita is expected to continue facing a challenging business environment.

In projecting the operational results for the next year, we use the following assumptions:

- Demand for electric power tools is unlikely to increase in Europe because construction investment will decrease since the European sovereign debt crisis is expected to linger;
- Competition is expected to intensify further in Japan and North America, though demand for electric power tools is likely to increase due to the recovery of housing markets; and
- Demand for electric power tools is expected to expand in emerging countries due to economic growth.

To cope with these assumed conditions, Makita will:

- Strengthen its R&D and product development capabilities with respect to environmentally friendly power tools and gardening equipment;
- Further expanding and rolling out each product line as a series;
- Implement measures to reduce production , procurement and distribution costs, while taking advantage of global production organizations; and
- Strive to improve its marketing and brand power by fine-tuned response to customer needs and further improved after-sales service.

On the basis of these factors, Makita forecasts the following performance for the year ending March 31, 2014.

Consolidated Financial Performance Forecast for the Year Ending March 31, 2014

	Yen (million)	
	For the six months ending September 30, 2013	For the year ending March 31, 2014
Net sales	171,000	345,000
Operating income	26,700	56,000
Income before income taxes	27,500	57,500
Net income attributable to Makita Corporation	18,400	39,000

The above forecast is based on the assumption of exchange rates of 95 yen to the U.S. dollar and 125 yen to the euro.
(Reference)
The actual exchange rate for the year ended March 31, 2013 was 82.9 yen to the U.S. dollar and 106.8 yen to the euro.

FORWARD-LOOKING STATEMENTS
This document contains forward-looking statements based on Makita's own projections and estimates. The power tools market, where Makita is mainly active, is subject to the effects of rapid shifts in economic conditions, demand for housing, currency exchange rates, changes in competitiveness, and other factors. Due to the risks and uncertainties involved, actual results could differ substantially from the content of these statements. Therefore, these statements should not be interpreted as representation where such objectives will be achieved.

2. Financial position

(1) Analysis on assets, liabilities and total assets

The amounts, after converting to Japanese yen, on balance sheets increased because the yen depreciated against major currencies compared with the level at the end of March 31, 2012.

Total assets as of the end of the year increased by 57,718 million yen to 440,974 million yen compared to the previous year. The increase was mainly due to an increase in “Cash and cash equivalents” and securities.

Total liabilities as of the end of the year increased by 5,164 million yen to 64,642 million yen compared to the previous year. This increase was mainly due to the increase in “Other payable” and “Long-term deferred income taxes”.

Total equity as of the end of the year increased by 52,554 million yen to 376,332 million yen compared to the previous year. This increase was mainly attributable to the increase in “Retained earnings” and due to a change in foreign currency translation adjustment.

(2) Analysis on cash flows and financial ratios

Total cash and cash equivalents at the end of the year amounted to 62,283 million yen, increased by 17,471 million yen compared to the end of the previous year.

(Net Cash Provided by Operating Activities)

Net cash provided by operating activities amounted to 38,364 million yen, up 29,742 million yen over the previous year (8,622 million yen for the previous year), because we conducted inventory adjustment this year since we substantially built up inventory in the previous year.

(Net Cash Used in Investing Activities)

Net cash used in investing activities amounted to 15,414 million yen, up 10,914 million yen over the previous year (4,500 million yen for the previous year) because we purchased investment securities and conducted capital expenditures.

(Net Cash Used in Financing Activities)

Net cash used in financing activities amounted to 10,650 million yen, down by 2,057 million yen over the previous year (12,707 million yen for the previous year) because we decreased purchase of treasury stock from the previous year.

(Reference)

Trend information of financial ratios

	As of (year ended) March 31,				
	2009	2010	2011	2012	2013
Ratio of operating income to net sales.............	17.0%	12.4%	15.4%	16.4%	14.7%
Equity ratio..	84.2%	85.0%	82.5%	83.8%	84.7%
Equity ratio based on a current market price....	90.0%	121.3%	143.1%	117.6%	131.6%
Interest-bearing liabilities to net cash provided by operating activities (years)	0.0	0.0	0.0	0.3	0.0
Interest coverage ratio (times).........................	95.6	984.9	400.3	43.5	219.2

Definitions:

Operating income to net sales ratio: operating income/net sales

Equity ratio: shareholders' equity/total assets

Equity ratio based on a current market price: total current market value of outstanding shares/total assets

Interest-bearing liabilities to net cash provided by operating activities

: interest-bearing liabilities /net cash inflow from operating activities

Interest coverage ratio: net cash inflow from operating activities/interest expense

Notes:

1. All figures are calculated based on a consolidated basis.
2. The total current market value of outstanding shares is calculated by multiplying the closing market price at the period end by the number of outstanding shares (after deducting the number of treasury stock.)
3. Interest-bearing debt includes all consolidated balance-sheet debt on which interest payments are made.

3. Basic policy regarding profit distribution and cash dividend for the fiscal 2013 and 2014

Makita's basic policy on the distribution of profits is to maintain a consolidated dividend payout ratio of 30% or greater, with a lower limit on annual cash dividends of 18 yen per share. However, in the event special circumstances arise, computation of the amount of dividends will be based on consolidated net income attributable to Makita Corporation after certain adjustments. With respect to repurchases of its outstanding shares, Makita aims to implement a flexible capital policy, augment the efficiency of its capital employment, and thereby boost shareholder profit. Also Makita continues to consider execution of own share repurchases in light of trends in stock prices.

Makita intends to maintain a financial position strong enough to withstand the challenges associated with changes in its operating environment and other changes and allocate funds for strategic investments aimed at expanding its global operations.

Our forecast for dividends is as follows;

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

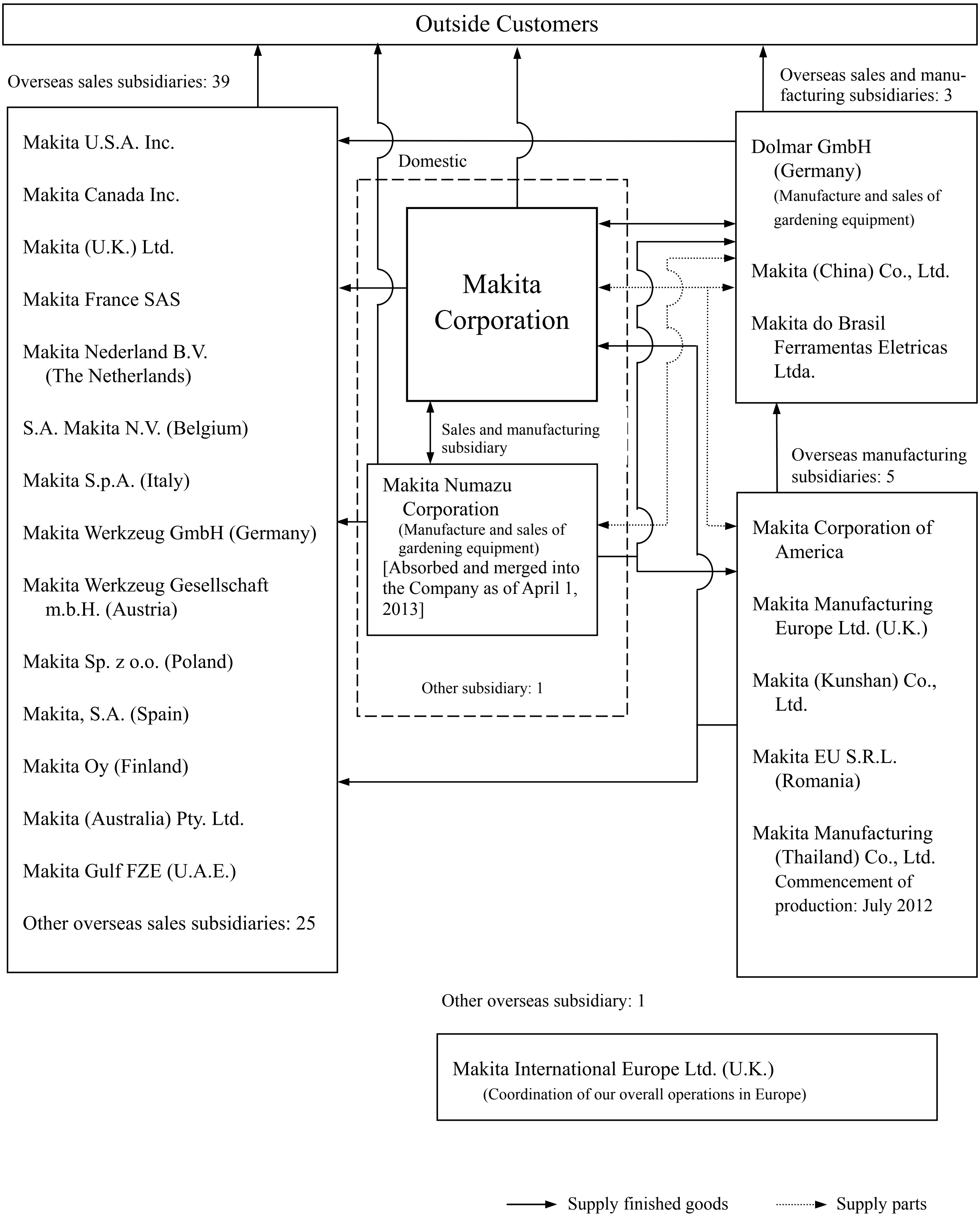
Notes: The Board of Directors plans to meet in April 2014 for a report on earnings for the year ending March 31, 2014. At such time, in accordance with the basic policy regarding profit distribution mentioned above, the Board of Directors plans to propose a dividend equivalent to at least 30% of net income attributable to Makita Corporation. The Board of Directors will submit this proposal to the General Meeting of Shareholders scheduled for June 2014. However, if certain special circumstances arise, computation of the amount of dividends will be based on consolidated net income attributable to Makita Corporation after certain adjustments.

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

2. GROUP STRUCTURE

Makita Corporation (the "Company") and its consolidated subsidiaries (collectively "Makita") mainly manufacture and sell portable electric power tools. Makita is comprised of the Company and 50 consolidated subsidiaries.

Group Structure of Makita is outlined as follows;



3. MANAGEMENT POLICIES

1. Basic Policies

Makita has set itself the goal of consolidating a strong position in the global power tool industry as a global supplier of a comprehensive range of power tools that assist people in creating homes and living environments. In order to achieve this, Makita has established strategic business approaches and quality policies such as "A management approach in symbiosis with society" "Managing to take good care of our customers," "Proactive, sound management" and "Emphasis on trustworthy and reliable corporate culture as well as management to draw out the capabilities of each employee." Makita aims to generate solid profitability so that Makita can promote its sustained corporate development and meet the needs of its shareholders, customers, and employees as well as regional societies where Makita operates.

2. Target Management Indicators

Makita believes that attaining sustained growth and maintaining high profitability are the ways to increase corporate value. Makita's specific numerical target is to maintain a stable ratio of operating income to net sales on a consolidated basis of 10% or more.

3. Medium-to-Long-Term Management Strategy

Makita aims to establish high brand recognition and become a “Strong Company” capable of acquiring and maintaining the top market share as an international total supplier of power tools for professional use, pneumatic tools, gardening equipment and other tools in each international region. To achieve these objectives, we will put focus on maintaining and expanding our efforts to develop new products that guarantee great satisfaction to professional users, our global production structure realizing both high quality and cost competitiveness at the same time, and the best marketing and after-sale service structure of the power tools industry in Japan and in international regions.

In order to carry out this management strategy, Makita is focusing its management resources on the professional-use tool category, while maintaining its strong financial position that can withstand any unpredictable changes in the operational environment including those related to foreign exchange risk and country risk.

4. Preparing for the Future

Makita will strive to reinforce its R&D and product development activities to deliver more user-friendly and earth-conscious power tools and gardening equipment. It will also strengthen the technical development of compact engines. The global production organizations will be strengthened to respond to changes in demand conditions. Sales activities to professional users will be promoted. In addition, activities to maintain and improve our No. 1 sales and after-sales service system in the industry will be aggressively promoted. We strive to improve our corporate value.

4. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Consolidated Balance Sheets

	Yen (millions)			
	As of March 31, 2012		As of March 31, 2013	
		Composition ratio		Composition ratio
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	44,812		62,283	
Time deposits	13,504		13,262	
Short-term investments	25,125		38,060	
Trade receivables-				
Notes	1,769		1,398	
Accounts	48,445		53,583	
Less- Allowance for doubtful receivables	(753)		(899)	
Inventories	129,571		138,953	
Deferred income taxes	5,898		5,533	
Prepaid expenses and other current assets	8,392		11,102	
Total current assets	276,763	72.2%	323,275	73.3%
PROPERTY, PLANT AND EQUIPMENT, AT COST:				
Land	20,498		22,710	
Building and improvements	73,332		84,482	
Machinery and equipment	75,460		80,484	
Construction in progress	6,594		3,349	
Sub total	175,884		191,025	
Less- Accumulated depreciation and amortization	(98,146)		(104,740)	
Total net property, plant and equipment	77,738	20.3%	86,285	19.6%
INVESTMENTS AND OTHER ASSETS:				
Investments	19,154		18,461	
Goodwill	721		721	
Other intangible assets, net	4,515		4,549	
Deferred income taxes	853		961	
Other assets	3,512		6,722	
Total investments and other assets	28,755	7.5%	31,414	7.1%
Total assets	383,256	100.0%	440,974	100.0%

	Yen (millions)			
	As of March 31, 2012		As of March 31, 2013	
		Composition ratio		Composition ratio
LIABILITIES				
CURRENT LIABILITIES:				
Short-term borrowings	2,351		1,695	
Trade notes and accounts payable	21,822		21,910	
Other payables	4,313		5,556	
Accrued expenses	6,314		7,148	
Accrued payroll	7,803		8,295	
Income taxes payable	5,293		5,221	
Deferred income taxes	125		129	
Other liabilities	5,697		6,371	
Total current liabilities	53,718	14.0%	56,325	12.8%
LONG-TERM LIABILITIES:				
Long-term indebtedness	12		8	
Accrued retirement and termination benefits	3,027		3,513	
Deferred income taxes	130		3,136	
Other liabilities	2,591		1,660	
Total long-term liabilities	5,760	1.5%	8,317	1.9%
Total liabilities	59,478	15.5%	64,642	14.7%
EQUITY				
MAKITA CORPORATION SHAREHOLDERS' EQUITY:				
Common stock	23,805		23,805	
Additional paid-in capital	45,421		45,421	
Legal reserve	5,669		5,669	
Retained earnings	316,937		338,239	
Accumulated other comprehensive income (loss)	(59,066)		(28,064)	
Treasury stock, at cost	(11,513)		(11,527)	
Total Makita Corporation shareholders' equity	321,253	83.8%	373,543	84.7%
NONCONTROLLING INTEREST	2,525	0.7%	2,789	0.6%
Total equity	323,778	84.5%	376,332	85.3%
Total liabilities and equity	383,256	100.0%	440,974	100.0%

2. Consolidated Statements of Income

	Yen (millions)			
	For the year ended March 31, 2012		For the year ended March 31, 2013	
		Composition ratio		Composition ratio
NET SALES	295,711	100.0%	309,630	100.0%
Cost of sales	180,541	61.1%	194,859	62.9%
GROSS PROFIT	115,170	38.9%	114,771	37.1%
Selling, general, administrative and others, net	66,654	22.5%	69,405	22.4%
OPERATING INCOME	48,516	16.4%	45,366	14.7%
OTHER INCOME (EXPENSE):				
Interest and dividend income	1,491		1,732	
Interest expense	(242)		(180)	
Exchange gains (losses) on foreign currency transactions, net	(2,150)		(1,324)	
Realized gains (losses) on securities, net	(652)		97	
Total other income (expense), net	(1,553)	(0.5%)	325	0.1%
INCOME BEFORE INCOME TAXES	46,963	15.9%	45,691	14.8%
Provision for income taxes:				
Current	14,309		13,206	
Deferred	(135)		1,301	
Total income tax expense	14,174	4.8%	14,507	4.7%
NET INCOME	32,789	11.1%	31,184	10.1%
Less-Net income attributable to the non-controlling interest	292	0.1%	108	0.1%
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION	32,497	11.0%	31,076	10.0%

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the year ended March 31, 2012	For the year ended March 31, 2013
NET INCOME	32,789	31,184
OTHER COMPREHENSIVE INCOME (LOSS):		
Foreign currency translation adjustment	(4,952)	27,740
Unrealized holding gains (losses) on available-for-sale securities	487	2,699
Pension liability adjustment	77	821
Total other comprehensive income (loss)	(4,388)	31,260
COMPREHENSIVE INCOME (LOSS)	28,401	62,444
Less-Comprehensive income (loss) attributable to the non-controlling interest	146	366
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO MAKITA CORPORATION	28,255	62,078

4. Condensed Consolidated Statements of Cash Flows

	Yen (millions)	
	For the year ended March 31, 2012	For the year ended March 31, 2013
Net cash provided by operating activities	8,622	38,364
Net cash used in investing activities	(4,500)	(15,414)
Net cash used in financing activities	(12,707)	(10,650)
Effect of exchange rate changes on cash and cash equivalents	1,564	5,171
Net change in cash and cash equivalents	(7,021)	17,471
Cash and cash equivalents, beginning of year	51,833	44,812
Cash and cash equivalents, end of year	44,812	62,283

5. Notes on the assumptions for a going concern: None

6. Significant Accounting Policies

(1) Scope of consolidation and equity method

Number of consolidated subsidiaries: 50

Major subsidiaries are as follows;

Makita U.S.A. Inc., Makita (U.K.) Ltd., Makita France SAS, Makita Werkzeug GmbH (Germany), Makita Oy (Finland), Makita Gulf FZE (UAE), Makita (China) Co., Ltd., Makita (Kunshan) Co., Ltd., Makita (Australia) Pty. Ltd. Makita do Brasil Ferramentas Eletricas Ltda.

(2) Significant Accounting Policies (Summary)

Consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

1. Short-term investments and Investments

Makita classifies investments in debt and marketable equity securities as available-for-sale or held-to-maturity securities. Makita does not hold any marketable or investment securities that are bought and held primarily for the purpose of sale in the near term.

2. Inventories

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

3. Property, Plant and Equipment and Depreciation

Property, plant and equipment is stated at cost. For the Company, depreciation is computed principally by using the declining-balance method over the estimated useful lives. Most of the subsidiaries have adopted the straight-line method for computing depreciation.

4. Income Taxes

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. The effect on deferred income tax assets and liabilities of a change in tax rates or laws is recognized in income in the period that includes the enactment date.

5. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6. Revenue Recognition

Makita recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services are rendered, the sales price is fixed or determinable and collectibility is reasonably assured.

(3) Changes in accounting principles, procedures and presentations:

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05, *Comprehensive Income (Accounting Standards Codification (ASC) Topic 220)*: *Presentation of Comprehensive Income.* ASU 2011-05 requires an entity to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. ASU 2011-05 is retrospectively applied to all periods presented. Makita adopted ASU 2011-05 since the first quarter of this fiscal year began April 1, 2012. This adoption did not have an impact on Makita's financial position and results of operations.

7. Notes to Consolidated Financial Statements (Unaudited)

Condensed Operating Segment Information

	Yen (millions)							
	For the year ended March 31, 2012							
	Japan	Europe	North America	Asia	Other	Total	Eliminations	Consolidated
Sales:								
(1) External customers	71,499	123,537	38,073	12,887	49,715	295,711	-	295,711
(2) Inter-segment	54,183	4,094	3,145	108,288	351	170,061	(170,061)	-
Total	125,682	127,631	41,218	121,175	50,066	465,772	(170,061)	295,711
Operating expenses	110,086	113,726	38,921	110,396	43,614	416,743	(169,548)	247,195
Operating income	15,596	13,905	2,297	10,779	6,452	49,029	(513)	48,516

	Yen (millions)							
	For the year ended March 31, 2013							
	Japan	Europe	North America	Asia	Other	Total	Eliminations	Consolidated
Sales:								
(1) External customers	77,194	126,380	41,885	13,104	51,067	309,630	-	309,630
(2) Inter-segment	47,835	3,892	2,466	111,478	137	165,808	(165,808)	-
Total	125,029	130,272	44,351	124,582	51,204	475,438	(165,808)	309,630
Operating expenses	109,883	118,466	42,689	110,158	46,150	427,346	(163,082)	264,264
Operating income	15,146	11,806	1,662	14,424	5,054	48,092	(2,726)	45,366

Net sales by product categories

	Yen (millions)				Increase (Decrease)
	For the year ended March 31, 2012		For the year ended March 31, 2013		
		Composition ratio		Composition ratio	(%)
Finished goods	253,101	85.6	265,205	85.7	4.8
Parts, repairs and accessories	42,610	14.4	44,425	14.3	4.3
Total net sales	295,711	100.0	309,630	100.0	4.7

Information per share

	Yen	
	As of March 31, 2012	As of March 31, 2013
Total Makita Corporation Shareholders' equity per share	2,366.50	2,751.78

	Yen	
	For the year ended March 31, 2012	For the year ended March 31, 2013
Earning per share (Basic) Net income attributable to Makita Corporation common shareholders	236.78	228.92

Note: Net income per share is calculated on the basis of the average number of shares outstanding during the year.

Average number of shares outstanding is as follows:

For the year ended March 31, 2013: 135,748,088

For the year ended March 31, 2012: 137,244,683

Short-term investments and Investments

Yen (millions)

As of March 31, 2012			Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value	Carrying amount
Short-term investments:	Available-for-sale securities:	Corporate debt securities	589	2	-	591	591
		Investments in trusts	6,074	451	13	6,512	6,512
		MMF and FFF	13,336	-	-	13,336	13,336
		Marketable equity securities	606	262	-	868	868
		Total	20,605	715	13	21,307	21,307
	Held-to-maturity securities:	Corporate debt securities	3,517	1	3	3,515	3,517
		Public debt securities (except Government debt securities)	301	-	1	300	301
		Total	3,818	1	4	3,815	3,818
	Total		24,423	716	17	25,122	25,125
Investments:	Available-for-sale securities:	Marketable equity securities	7,173	4,704	-	11,877	11,877
		Total	7,173	4,704	-	11,877	11,877
	Held-to-maturity securities:	Corporate debt securities	6,086	10	18	6,078	6,086
		Government debt securities	200	1	-	201	200
		Public debt securities (except Government debt securities)	604	4	-	608	604
		Total	6,890	15	18	6,887	6,890
	Total		14,063	4,719	18	18,764	18,767

In addition to the above investments, Makita holds 387 million yen of non-marketable equity securities (carried at cost).

Yen (millions)

As of March 31, 2013			Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value	Carrying amount
Short-term investments:	Available-for-sale securities:	Corporate debt securities	726	32	-	758	758
		Investments in trusts	5,655	1,368	-	7,023	7,023
		MMF and FFF	24,927	-	-	24,927	24,927
		Marketable equity securities	587	951	-	1,538	1,538
		Total	31,895	2,351	-	34,246	34,246
	Held-to-maturity securities:	Corporate debt securities	3,513	3	-	3,516	3,513
		Government debt securities	100	-	-	100	100
		Public debt securities (except Government debt securities)	201	-	-	201	201
		Total	3,814	3	-	3,817	3,814
	Total		35,709	2,354	-	38,063	38,060
Investments:	Available-for-sale securities:	Marketable equity securities	6,910	7,232	-	14,142	14,142
		Total	6,910	7,232	-	14,142	14,142
	Held-to-maturity securities:	Corporate debt securities	3,432	23	-	3,455	3,432
		Government debt securities	100	1	-	101	100
		Public debt securities (except Government debt securities)	400	3	-	403	400
		Total	3,932	27	-	3,959	3,932
	Total		10,842	7,259	-	18,101	18,074

In addition to the above investments, Makita holds 387 million yen of non-marketable equity securities (carried at cost).

Significant Subsequent Events: None

SUPPORT DOCUMENTATION (CONSOLIDATED)

1. Consolidated Financial Results and Forecast

	Yen (millions)					
	For the year ended March 31, 2011		For the year ended March 31, 2012		For the year ended March 31, 2013	
		(%)		(%)		(%)
Net sales	272,630	10.9	295,711	8.5	309,630	4.7
Domestic	46,065	7.9	53,175	15.4	56,555	6.4
Overseas	226,565	11.5	242,536	7.0	253,075	4.3
Operating income	41,909	37.9	48,516	15.8	45,366	(6.5)
Income before income taxes	42,730	27.5	46,963	9.9	45,691	(2.7)
Net income attributable to Makita Corporation	29,905	34.4	32,497	8.7	31,076	(4.4)
Earning per share (Basic)						
Net income attributable to Makita Corporation common shareholders (Yen)	217.08		236.78		228.92	
Cash dividend per share (Yen)	66.00		72.00		69.00	
Dividend payout ratio (%)	30.4		30.4		30.1	
Number of Employees	12,054		12,563		12,680	

	Yen (millions)			
	For the six months ending September 30, 2013 (Forecast)		For the year ending March 31, 2014 (Forecast)	
		(%)		(%)
Net sales	171,000	13.1	345,000	11.4
Domestic	27,500	1.1	57,000	0.8
Overseas	143,500	15.7	288,000	13.8
Operating income	26,700	11.1	56,000	23.4
Income before income taxes	27,500	21.2	57,500	25.8
Net income attributable to Makita Corporation	18,400	15.9	39,000	25.5
Earning per share (Basic)				
Net income attributable to Makita Corporation common shareholders (Yen)	135.55		287.30	
Cash dividend per share (Yen)	18.00		(Note 2)	

Notes:
1. The table above shows the changes in the percentage ratio of Net sales, Operating income, Income before income taxes, and Net income attributable to Makita Corporation against the previous year.
2. Regarding our forecast for dividends, refer to page 7.

2. Consolidated Net Sales by Geographic Area

	Yen (millions)					
	For the year ended March 31, 2011		For the year ended March 31, 2012		For the year ended March 31, 2013	
		(%)		(%)		(%)
Japan	46,065	7.9	53,175	15.4	56,555	6.4
Europe	115,977	6.3	123,251	6.3	125,024	1.4
North America	37,111	7.5	37,475	1.0	41,483	10.7
Asia	23,073	25.6	26,013	12.7	29,106	11.9
Other regions	50,404	22.5	55,797	10.7	57,462	3.0
Central and South America	20,295	33.3	23,370	15.2	22,919	(1.9)
Oceania	15,383	17.3	17,780	15.6	18,848	6.0
The Middle East and Africa	14,726	15.1	14,647	(0.5)	15,695	7.2
Total	272,630	10.9	295,711	8.5	309,630	4.7

Note: The table above sets forth Makita's consolidated net sales by geographic area based on the customer's location for the years presented. Accordingly, it differs from operating segment information on page 15. The table above shows the changes in the percentage ratio of net sales compared to the corresponding period of the previous year.

3. Exchange Rates

	Yen			
	For the year ended March 31, 2011	For the year ended March 31, 2012	For the year ended March 31, 2013	For the year ending March 31, 2014 (Forecast)
Yen/U.S. Dollar	85.73	79.06	82.91	95
Yen/Euro	113.12	109.00	106.78	125

4. Production Ratio (unit basis)

	For the year ended March 31, 2011	For the year ended March 31, 2012	For the year ended March 31, 2013
Domestic	14.5%	12.2%	11.6%
Overseas	85.5%	87.8%	88.4%

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

	Yen (millions)			
	For the year ended March 31, 2011	For the year ended March 31, 2012	For the year ended March 31, 2013	For the year ending March 31, 2014 (Forecast)
Capital expenditures	9,742	13,481	11,481	15,000
Depreciation and amortization	7,557	7,237	7,542	8,000
R&D cost	7,283	7,603	8,396	9,300