Makita Corporation

Consolidated Financial Results
for the year ended March 31, 2014
(U.S. GAAP Financial Information)

(English translation of "KESSAN TANSHIN"

originally issued in Japanese)

CONSOLIDATED FINANCIAL RESULTS
FOR THE YEAR ENDED MARCH 31, 2014 (Unaudited)

April 28, 2014

Makita Corporation
Stock code: 6586
URL: http://www.makita.co.jp/
Shiro Hori, President, Representative Director

1. Summary operating results of the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the year ended March 31, 2013		For the year ended March 31, 2014	
		%		%
Net sales	309,630	4.7	383,207	23.8
Operating income	45,366	(6.5)	54,914	21.0
Income before income taxes	45,691	(2.7)	56,974	24.7
Net income attributable to Makita Corporation	31,076	(4.4)	38,453	23.7
Comprehensive income	62,444	119.9	72,956	16.8

	Yen	
Earning per share (Basic) Net income attributable to Makita Corporation common shareholders	228.92	283.28
Ratio of net income attributable to Makita Corporation to shareholders' equity	8.9%	9.5%
Ratio of income before income taxes to total assets	11.1%	11.9%
Ratio of operating income to net sales	14.7%	14.3%

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 (millions)	
	As of March 31, 2013	As of March 31, 2014
Total assets	440,974	519,121
Total equity	376,332	439,444
Total Makita Corporation shareholders' equity	373,543	435,934
Total Makita Corporation shareholders' equity ratio to total assets (%)	84.7%	84.0%

	Yen	
Total Makita Corporation shareholders' equity per share	2,751.78	3,211.59

(3) CONSOLIDATED CASH FLOWS

	Yen (millions)	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Net cash provided by operating activities	38,364	41,686
Net cash used in investing activities	(15,414)	(20,084)
Net cash used in financing activities	(10,650)	(7,365)
Cash and cash equivalents, end of the fiscal year	62,283	81,732

2. Dividend Information

	Yen		
	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ending March 31, 2015 (Forecast)
Cash dividend per share:			
Interim	15.00	18.00	18.00
Year-end	54.00	73.00	(Note)
Total	69.00	91.00	(Note)
	Yen (millions)		
Total cash dividend	9,366	12,352	-
Dividend payout ratio (%)	30.1%	32.1%	-
Dividend to shareholders' equity ratio (%)	2.7%	3.1%	-

Note:
While the Corporation has set forth under the Articles of Corporation of the Corporation 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, 2015 (From April 1, 2014 to March 31, 2015)

	Yen (millions)			
	For the six months ending September 30, 2014		For the year ending March 31, 2015	
		%		%
Net sales	193,500	4.1	385,000	0.5
Operating income	31,000	20.5	59,500	8.4
Income before income taxes	31,200	15.5	59,800	5.0
Net income attributable to Makita Corporation	20,800	8.9	39,800	3.5

	Yen	
Earning per share (Basic) Net income attributable to Makita Corporation common shareholders	153.24	293.21

4. Others

(1) Changes in important subsidiaries for the fiscal 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: Yes

(3) Number of shares outstanding (common stock)

1. Number of shares issued (including treasury stock):	As of March 31, 2014:	140,008,760
	As of March 31, 2013:	140,008,760
2. Number of treasury stock:	As of March 31, 2014:	4,271,134
	As of March 31, 2013:	4,262,833
3.Average number of shares outstanding:	For the year ended March 31,2014	135,740,827
	For the year ended March 31,2013	135,748,088

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 [Operating results] Section 2 “Outlook for the year ending March 31, 2015” 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 2015 for a report on earnings for the year ending March 31, 2015. 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 2015.

   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, 2014

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 establish 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 brush cutter in July 2013 in Japan, spreading brand image not only in the field of electric power tools but also in the field of 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 grew 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 grew by 15.1% to 18,062 million yen because of a sharp drop in the yen against local currencies as compared to the previous year.

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

(2) Outlook for the year ending March 31, 2015

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.

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

- In Japan, demand is forecast to decline due to a reaction to a sharp rise in last-minute demand ahead of the consumption tax hike in April 2014;
- In Europe and North America, competition is expected to intensify further, though demand for power tools is likely to increase due to gradual economic recovery; and
- It is hard to expect an increase in demand for power tools in emerging countries due to the stagnation of economic activities caused by uncertain political situations.

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;
- Promote the development of products that meet needs in both developed countries and emerging countries, which have been becoming bipolar;
- Implement measures to improve the efficiency of production, procurement and distribution, 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, 2015.

Consolidated Financial Performance Forecast for the Year Ending March 31, 2015

	Yen (millions)	
	For the six months ending September 30, 2014	For the year ending March 31, 2015
Net sales	193,500	385,000
Operating income	31,000	59,500
Income before income taxes	31,200	59,800
Net income attributable to Makita Corporation	20,800	39,800

[Preconditions]

The above forecast is based on the assumption of exchange rates of 100 yen to the U.S. dollar and 135 yen to the euro.

[Reference]

The actual exchange rate for the year ended March 31, 2014 was 100.2 yen to the U.S. dollar and 134.2 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, 2013.

Total assets as of the end of the year increased by 78,147 million yen to 519,121 million yen compared to the previous year. The increase was mainly due to an increase in “Cash and cash equivalents” and “Inventories.”

Total liabilities as of the end of the year increased by 15,035 million yen to 79,677 million yen compared to the previous year. This increase was mainly due to the increase in “Accrued expenses” and “Income taxes payable.”

Total equity as of the end of the year increased by 63,112 million yen to 439,444 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 81,732 million yen, increased by 19,449 million yen compared to the end of the previous year.

(Net Cash Provided by Operating Activities)

Net cash provided by operating activities amounted to 41,686 million yen, up 3,322 million yen over the previous year (38,364 million yen for the previous year).

(Net Cash Used in Investing Activities)

Net cash used in investing activities amounted to 20,084 million yen, up 4,670 million yen over the previous year (15,414 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 7,365 million yen, down by 3,285 million yen over the previous year (10,650 million yen for the previous year) because we increased short term borrowings from the previous year.

(Reference)

Trend information of financial ratios

	As of (year ended) March 31,				
	2010	2011	2012	2013	2014
Ratio of operating income to net sales.............	12.4%	15.4%	16.4%	14.7%	14.3%
Equity ratio..	85.0%	82.5%	83.8%	84.7%	84.0%
Equity ratio based on a current market price....	121.3%	143.1%	117.6%	131.6%	148.3%
Interest-bearing liabilities to net cash provided by operating activities (years)	0.0	0.0	0.3	0.0	0.1
Interest coverage ratio (times).........................	984.9	400.3	43.5	219.2	213.8

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 2014 and 2015

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, 2014 (Result and Forecast)	For the year ending March 31, 2015 (Forecast)
Cash dividend per share:		
Interim...	18.00 yen	18.00 yen
Year-end..	73.00 yen (Note1)	(Note2)
Total..	91.00 yen (Note1)	(Note2)

Notes:

1. A temporary cost was recorded as a result of the shutdown of Numazu office as of the year ended March 2014. When calculating the amount of dividends, the amount of after-tax impact of approximately 23 hundred million yen was added as a special circumstance to consolidated net income attributable to Makita Corporation.

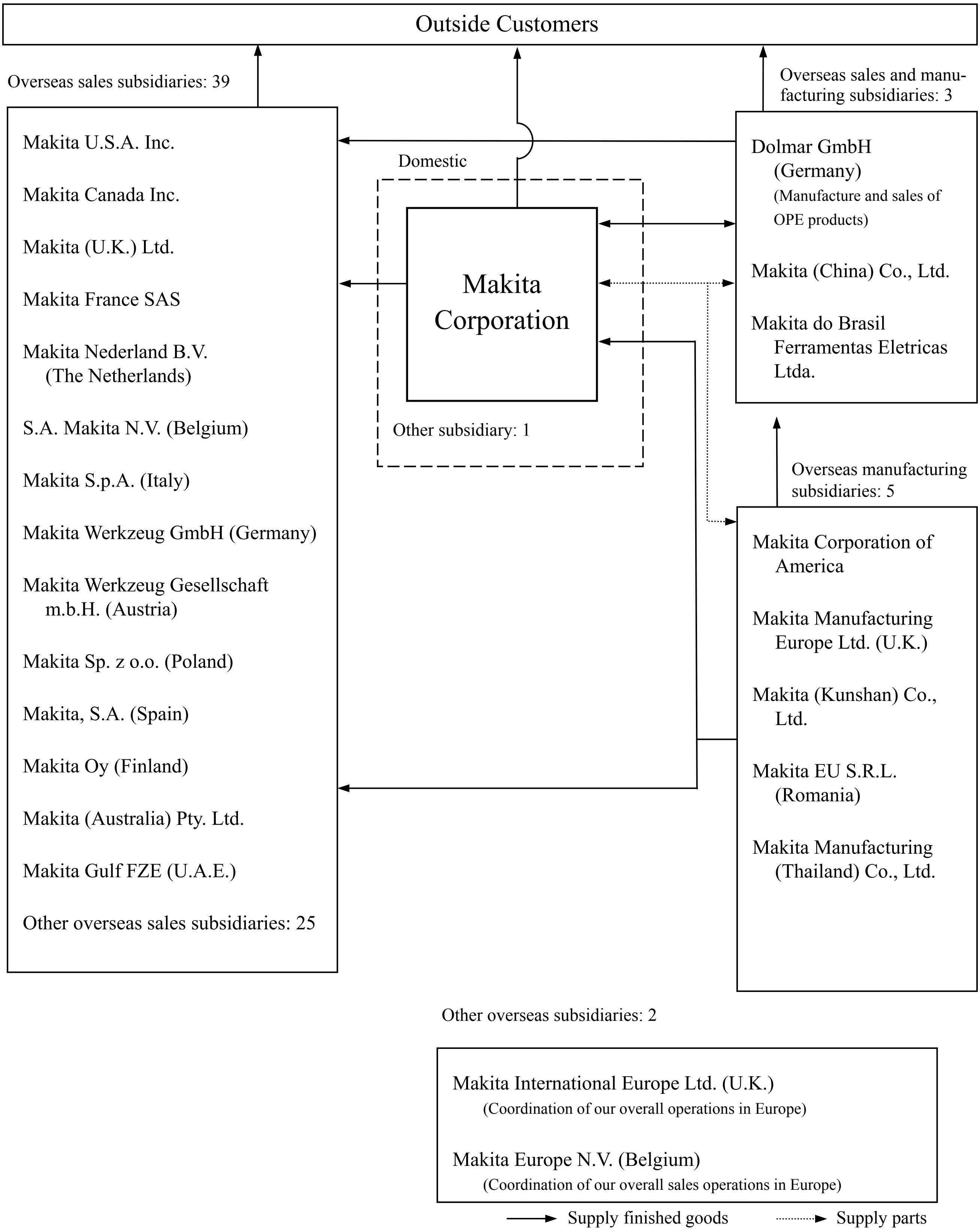
2. The Board of Directors plans to meet in April 2015 for a report on earnings for the year ending March 31, 2015. At such time, in accordance with the basic policy regarding profit distribution mentioned above, the Board of Directors plans to propose a dividend equivalent to at least 30% of net income attributable to Makita Corporation. The Board of Directors will submit this proposal to the General Meeting of Shareholders scheduled for June 2015. 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 "Corporation") and its consolidated subsidiaries (collectively "Makita") mainly manufacture and sell power tools. Makita is comprised of the Corporation 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, 2013		As of March 31, 2014	
		Composition ratio		Composition ratio
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	62,283		81,732	
Time deposits	13,262		15,673	
Short-term investments	38,060		41,048	
Trade receivables-				
Notes	1,398		1,402	
Accounts	53,583		64,176	
Less- Allowance for doubtful receivables	(899)		(1,001)	
Inventories	138,953		156,111	
Deferred income taxes	5,533		7,231	
Prepaid expenses and other current assets	11,102		13,665	
Total current assets	323,275	73.3%	380,037	73.2%
PROPERTY, PLANT AND EQUIPMENT, AT COST:				
Land	22,710		22,793	
Building and improvements	84,482		91,184	
Machinery and equipment	80,484		86,594	
Construction in progress	3,349		3,174	
Sub total	191,025		203,745	
Less- Accumulated depreciation and amortization	(104,740)		(112,143)	
Total net property, plant and equipment	86,285	19.6%	91,602	17.6%
INVESTMENTS AND OTHER ASSETS:				
Investments	18,461		30,413	
Goodwill	721		721	
Other intangible assets, net	4,549		4,692	
Deferred income taxes	961		623	
Other assets	6,722		11,033	
Total investments and other assets	31,414	7.1%	47,482	9.2%
Total assets	440,974	100.0%	519,121	100.0%

	Yen (millions)			
	As of March 31, 2013		As of March 31, 2014	
		Composition ratio		Composition ratio
LIABILITIES				
CURRENT LIABILITIES:				
Short-term borrowings	1,695		4,147	
Trade notes and accounts payable	21,910		21,406	
Other payables	5,556		6,647	
Accrued expenses	7,148		10,566	
Accrued payroll	8,295		9,083	
Income taxes payable	5,221		8,210	
Deferred income taxes	129		1,029	
Other liabilities	6,371		8,199	
Total current liabilities	56,325	12.8%	69,287	13.3%
LONG-TERM LIABILITIES:				
Long-term indebtedness	8		16	
Accrued retirement and termination benefits	3,513		3,689	
Deferred income taxes	3,136		5,332	
Other liabilities	1,660		1,353	
Total long-term liabilities	8,317	1.9%	10,390	2.0%
Total liabilities	64,642	14.7%	79,677	15.3%
EQUITY				
MAKITA CORPORATION SHAREHOLDERS' EQUITY:				
Common stock	23,805		23,805	
Additional paid-in capital	45,421		45,421	
Legal reserve	5,669		5,669	
Retained earnings	338,239		366,919	
Accumulated other comprehensive income (loss)	(28,064)		5,693	
Treasury stock, at cost	(11,527)		(11,573)	
Total Makita Corporation shareholders' equity	373,543	84.7%	435,934	84.0%
NON-CONTROLLING INTEREST	2,789	0.6%	3,510	0.7%
Total equity	376,332	85.3%	439,444	84.7%
Total liabilities and equity	440,974	100.0%	519,121	100.0%

2. Consolidated Statements of Income

	Yen (millions)			
	For the year ended March 31, 2013		For the year ended March 31, 2014	
		Composition ratio		Composition ratio
NET SALES	309,630	100.0%	383,207	100.0%
Cost of sales	194,859	62.9%	244,053	63.7%
GROSS PROFIT	114,771	37.1%	139,154	36.3%
Selling, general, administrative and others, net	69,405	22.4%	84,240	22.0%
OPERATING INCOME	45,366	14.7%	54,914	14.3%
OTHER INCOME:				
Interest and dividend income	1,732		2,326	
Interest expense	(180)		(202)	
Exchange losses on foreign currency transactions, net	(1,324)		(1,700)	
Realized gains on securities, net	97		1,636	
Total other income, net	325	0.1%	2,060	0.6%
INCOME BEFORE INCOME TAXES	45,691	14.8%	56,974	14.9%
Provision for income taxes:				
Current	13,206		18,749	
Deferred	1,301		(518)	
Total income tax expense	14,507	4.7%	18,231	4.8%
NET INCOME	31,184	10.1%	38,743	10.1%
Less-Net income attributable to the non-controlling interest	108	0.1%	290	0.1%
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION	31,076	10.0%	38,453	10.0%

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the year ended March 31, 2013	For the year ended March 31, 2014
NET INCOME	31,184	38,743
OTHER COMPREHENSIVE INCOME:		
Foreign currency translation adjustment	27,740	30,204
Unrealized holding gains on available-for-sale securities	2,699	2,687
Pension liability adjustment	821	1,322
Total other comprehensive income	31,260	34,213
COMPREHENSIVE INCOME	62,444	72,956
Less-Comprehensive income attributable to the non-controlling interest	366	746
COMPREHENSIVE INCOME ATTRIBUTABLE TO MAKITA CORPORATION	62,078	72,210

3. Consolidated Statements of Cash Flows

	Yen (millions)	
	For the year ended March 31, 2013	For the year ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	31,184	38,743
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	7,542	8,622
Deferred income tax expense (benefit)	1,301	(518)
Realized gains on available-for-sale securities, net	(97)	(1,636)
Losses (gains) on disposal or sales of property, plant and equipment, net	59	(297)
Impairment of goodwill and long-lived assets	45	1,239
Changes in assets and liabilities-		
Trade receivables	(551)	(6,092)
Inventories	3,238	152
Trade notes and accounts payable and accrued expenses	(1,097)	1,441
Income taxes payable	(1,857)	907
Accrued retirement and termination benefits	(1,100)	(1,323)
Other, net	(303)	448
Net cash provided by operating activities	38,364	41,686
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, including interest capitalized	(11,481)	(11,417)
Purchases of available-for-sale securities	(11,358)	(19,650)
Purchases of held-to-maturity securities	(1,216)	-
Proceeds from sales of available-for-sale securities	2,249	7,730
Proceeds from maturities of available-for-sale securities	156	200
Proceeds from maturities of held-to-maturity securities	3,900	3,800
Proceeds from sales of property, plant and equipment	759	1,259
Investment in time deposits	(21,828)	(16,549)
Withdrawal of time deposits	23,785	15,123
Other, net	(380)	(580)
Net cash used in investing activities	(15,414)	(20,084)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to borrowings with original maturities of more than three months	2,272	4,002
Payments on borrowings with original maturities of more than three months	(2,919)	(1,611)
Purchase of treasury stock, net	(15)	(46)
Cash dividends paid	(9,774)	(9,773)
Other, net	(214)	63
Net cash used in financing activities	(10,650)	(7,365)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	5,171	5,212
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,471	19,449
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	44,812	62,283
CASH AND CASH EQUIVALENTS, END OF PERIOD YEAR	62,283	81,732

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

5. 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 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. The Corporation and its consolidated subsidiaries have adopted the straight-line method over the estimated useful lives 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:

[Depreciation Method Change]

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

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

These changes have caused a decrease of 239 million yen in depreciation cost during the period, and respective increases of 81 million yen and 0.59 yen in net income and in earning per share net income attributable to Makita Corporation common shareholders.

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

In February 2013, FASB issued ASU 2013-02 which requires entities to provide information about the amounts reclassified out of accumulated other comprehensive income by component, and to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. Makita adopts this amended guidance from the quarter beginning April 1, 2013. This adoption has no impact on Makita's consolidated results of operations, financial condition and cash flows.

6. Notes to Consolidated Financial Statements

Condensed Operating Segment Information

Yen (millions) — For the year ended March 31, 2013

	Japan	Europe	North America	Asia	Other	Total	Elimi-nations	Consoli-dated
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

Yen (millions) — For the year ended March 31, 2014

	Japan	Europe	North America	Asia	Other	Total	Elimi-nations	Consoli-dated
Sales:								
(1) External customers	88,605	166,768	50,730	17,860	59,244	383,207	-	383,207
(2) Inter-segment	56,847	4,684	3,373	156,615	103	221,622	(221,622)	-
Total	145,452	171,452	54,103	174,475	59,347	604,829	(221,622)	383,207
Operating expenses	126,662	156,036	51,718	152,607	55,930	542,953	(214,660)	328,293
Operating income	18,790	15,416	2,385	21,868	3,417	61,876	(6,962)	54,914

Net sales by product categories

	Yen (millions) For the year ended March 31, 2013	Composition ratio	Yen (millions) For the year ended March 31, 2014	Composition ratio	Increase (Decrease) (%)
Finished goods	265,205	85.7	326,515	85.2	23.1
Parts, repairs and accessories	44,425	14.3	56,692	14.8	27.6
Total net sales	309,630	100.0	383,207	100.0	23.8

Information per share

	Yen	
	As of March 31, 2013	As of March 31, 2014
Total Makita Corporation Shareholders' equity per share	2,751.78	3,211.59

	Yen	
	For the year ended March 31, 2013	For the year ended March 31, 2014
Earning per share (Basic)		
Net income attributable to Makita Corporation common shareholders	228.92	283.28

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, 2014: 135,740,827
For the year ended March 31, 2013: 135,748,088

Short-term investments and Investments

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).

Yen (millions)

<table>
<tr><th colspan="3">As of March 31, 2014</th><th>Cost</th><th>Gross unrealized holding gains</th><th>Gross unrealized holding losses</th><th>Fair value</th><th>Carrying amount</th></tr>
<tr><td rowspan="10">Short-term investments:</td><td rowspan="5">Available-for-sale securities:</td><td>Corporate debt securities</td><td>583</td><td>11</td><td>-</td><td>594</td><td>594</td></tr>
<tr><td>Investments in trusts</td><td>3,489</td><td>1,006</td><td>-</td><td>4,495</td><td>4,495</td></tr>
<tr><td>MMF and FFF</td><td>32,022</td><td>-</td><td>-</td><td>32,022</td><td>32,022</td></tr>
<tr><td>Marketable equity securities</td><td>398</td><td>531</td><td>-</td><td>929</td><td>929</td></tr>
<tr><td>Total</td><td>36,492</td><td>1,548</td><td>-</td><td>38,040</td><td>38,040</td></tr>
<tr><td rowspan="4">Held-to-maturity securities:</td><td>Corporate debt securities</td><td>2,508</td><td>3</td><td>-</td><td>2,511</td><td>2,508</td></tr>
<tr><td>Government debt securities</td><td>100</td><td>-</td><td>-</td><td>100</td><td>100</td></tr>
<tr><td>Public debt securities (except Government debt securities)</td><td>400</td><td>2</td><td>-</td><td>402</td><td>400</td></tr>
<tr><td>Total</td><td>3,008</td><td>5</td><td>-</td><td>3,013</td><td>3,008</td></tr>
<tr><td colspan="2">Total</td><td>39,500</td><td>1,553</td><td>-</td><td>41,053</td><td>41,048</td></tr>
<tr><td rowspan="7">Investments:</td><td rowspan="2">Available-for-sale securities:</td><td>Marketable equity securities</td><td>16,930</td><td>12,195</td><td>-</td><td>29,125</td><td>29,125</td></tr>
<tr><td>Total</td><td>16,930</td><td>12,195</td><td>-</td><td>29,125</td><td>29,125</td></tr>
<tr><td rowspan="4">Held-to-maturity securities:</td><td>Corporate debt securities</td><td>901</td><td>15</td><td>-</td><td>916</td><td>901</td></tr>
<tr><td>Government debt securities</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Public debt securities (except Government debt securities)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>901</td><td>15</td><td>-</td><td>916</td><td>901</td></tr>
<tr><td colspan="2">Total</td><td>17,831</td><td>12,210</td><td>-</td><td>30,041</td><td>30,026</td></tr>
</table>

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, 2012		For the year ended March 31, 2013		For the year ended March 31, 2014	
		(%)		(%)		(%)
Net sales	295,711	8.5	309,630	4.7	383,207	23.8
Domestic	53,175	15.4	56,555	6.4	66,019	16.7
Overseas	242,536	7.0	253,075	4.3	317,188	25.3
Operating income	48,516	15.8	45,366	(6.5)	54,914	21.0
Income before income taxes	46,963	9.9	45,691	(2.7)	56,974	24.7
Net income attributable to Makita Corporation	32,497	8.7	31,076	(4.4)	38,453	23.7
Earning per share (Basic)						
Net income attributable to Makita Corporation common shareholders (Yen)	236.78		228.92		283.28	
Cash dividend per share (Yen)	72.00		69.00		91.00	
Dividend payout ratio (%)	30.4		30.1		32.1	
Number of Employees	12,563		12,680		12,804	

	Yen (millions)			
	For the six months ending September 30, 2014 (Forecast)		For the year ending March 31, 2015 (Forecast)	
		(%)		(%)
Net sales	193,500	4.1	385,000	0.5
Domestic	28,000	(5.2)	56,000	(15.2)
Overseas	165,500	5.9	329,000	3.7
Operating income	31,000	20.5	59,500	8.4
Income before income taxes	31,200	15.5	59,800	5.0
Net income attributable to Makita Corporation	20,800	8.9	39,800	3.5
Earning per share (Basic)				
Net income attributable to Makita Corporation common shareholders (Yen)	153.24		293.21	
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, 2012		For the year ended March 31, 2013		For the year ended March 31, 2014	
		(%)		(%)		(%)
Japan	53,175	15.4	56,555	6.4	66,019	16.7
Europe	123,251	6.3	125,024	1.4	165,357	32.3
North America	37,475	1.0	41,483	10.7	49,891	20.3
Asia	26,013	12.7	29,106	11.9	35,004	20.3
Other regions	55,797	10.7	57,462	3.0	66,936	16.5
Central and South America	23,370	15.2	22,919	(1.9)	28,069	22.5
Oceania	17,780	15.6	18,848	6.0	20,805	10.4
The Middle East and Africa	14,647	(0.5)	15,695	7.2	18,062	15.1
Total	295,711	8.5	309,630	4.7	383,207	23.8

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 17. 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, 2012	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ending March 31, 2015 (Forecast)
Yen/U.S. Dollar	79.06	82.91	100.17	100
Yen/Euro	109.00	106.78	134.21	135

4. Production Ratio (unit basis)

	For the year ended March 31, 2012	For the year ended March 31, 2013	For the year ended March 31, 2014
Domestic	12.2%	11.6%	11.2%
Overseas	87.8%	88.4%	88.8%

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

	Yen (millions)			
	For the year ended March 31, 2012	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ending March 31, 2015 (Forecast)
Capital expenditures	13,481	11,481	11,417	15,000
Depreciation and amortization	7,237	7,542	8,622	9,200
R&D cost	7,603	8,396	8,720	9,800