Makita Corporation

Consolidated Financial Results
for the six months
ended September 30, 2017
(U.S. GAAP Financial Information)

(English translation of "KESSAN TANSHIN"

originally issued in Japanese)

CONSOLIDATED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017 (Unaudited)

October 30, 2017

Makita Corporation

Stock code: 6586

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

Munetoshi Goto, President, Representative Director

1. Summary operating results of the six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the six months ended September 30, 2016		For the six months ended September 30, 2017	
		(%)		(%)
Net sales	200,055	(7.9)	230,951	15.4
Operating income	33,649	(2.6)	38,291	13.8
Income before income taxes	34,068	10.4	39,456	15.8
Net income attributable to Makita Corporation	24,073	12.0	27,679	15.0
Comprehensive income (loss)	(18,905)	-	46,147	-
	Yen			
Earning per share net income attributable to Makita Corporation common shareholders				
(Basic)	88.68		101.96	
(Diluted)	88.67		101.95	

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. The Company implemented a two-for-one common stock split, effective April 1, 2017. Net income attributable to Makita Corporation common shareholders per share (basic) and net income attributable to Makita Corporation common shareholders per share (diluted) were calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.

(2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2017	As of September 30, 2017
Total assets	597,249	634,897
Total equity	505,811	540,666
Total Makita Corporation shareholders' equity	502,170	536,638
Total Makita Corporation shareholders' equity ratio to total assets (%)	84.1%	84.5%

2. Dividend Information

	Yen	
	For the year ended March 31, 2017	For the year ending March 31, 2018 (Forecast)
Cash dividend per share:		
Interim	18.00	10.00
Year-end	82.00	(Note)
Total	100.00	(Note)

Notes:

1. The forecast for cash dividend announced on April 27, 2017 has not been revised.
2. The Company has revised the lower limit on annual cash dividend per share from 18 yen to 10 yen, reflecting a two-for-one common stock split, effective April 1, 2017. However, dividends per share for the fiscal year ended March 31, 2017 are amounts paid prior to the relevant stock split.
3. The projected amount of dividends for the year ending March 31, 2018 has not been determined yet. For further details, refer to "Explanation regarding proper use of business forecast, and other significant matters" on page 3.

3. Consolidated Financial Performance Forecast for the year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

	Yen (millions)	
	For the year ending March 31, 2018	
		%
Net sales	455,000	9.6
Operating income	70,000	11.9
Income before income taxes	72,300	11.7
Net income attributable to Makita Corporation	51,000	13.9

	Yen
Earning per share (Basic)	
Net income attributable to	
Makita Corporation common shareholders	187.87

Notes:

1. The consolidated financial forecast for the year ending March 31, 2018 has not been revised.
2. The Company implemented a two-for-one common stock split, effective April 1, 2017. Net income attributable to Makita Corporation common shareholders per share (basic) in the forecast of consolidated financial performance is calculated based on the number of shares outstanding (common stock) after the relevant stock split.

4. Other

(1) Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): None

(2) Adoption of simplified accounting methods and accounting methods that are specific to the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to “Adoption of simplified accounting methods and accounting methods that are specific to the preparation of quarterly consolidated financial statements” on page 10.

(3) Changes in accounting policies, procedures and presentation rule applied in the preparation of the quarterly consolidated financial statements:
1. Changes due to revisions to accounting standards: Yes
2. Changes due to other reasons: None

Note: Please refer to “Changes in accounting principles, procedures and presentations” on page 10.

(4) Number of shares outstanding (common stock)

1. Number of shares issued (including treasury stock):	As of September 30, 2017:	280,017,520
	As of March 31, 2017:	280,017,520
2. Number of treasury stock:	As of September 30, 2017:	8,549,102
	As of March 31, 2017:	8,556,948
3. Average number of shares outstanding:	For the six months ended September 30, 2017:	271,463,675
	For the six months ended September 30, 2016:	271,465,442

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. The number of shares outstanding (common stock) was calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.

Makita’s earnings releases (KESSAN TANSHIN) are not subject to the quarterly review.

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

1. 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 5.
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 10 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 2018 for a report on earnings for the year ending March 31, 2018. 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 2018.

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

[Qualitative Information and Financial Statements]

1. Explanation of Consolidated Operating Results

Looking at the global economic situation during the first six-month period of the fiscal year ending March 31, 2018, developed countries' economies gradually recovered due to steady improvement in employment and income situation, although there were uncertainties regarding the international political situation and policies. In emerging countries, the economy in general remained robust, since domestic demand and exports grew steadily in Southeast Asia.

Under these circumstance, on the development side, the Makita Group launched new products, mainly lithium-ion battery product lines, such as models with high power brushless motors featuring high power and speed equivalent to AC powered ones, and the industry's first dust-collecting system that is wirelessly connected to cordless tools. On the production side, our overseas factories strove to reduce costs while raising local content ratios. To improve product quality stability and enhance productivity, we continued to introduce facilities that require less manpower in each factory worldwide. On the sales side, while trying to strengthen our community- and customer-based sales network, including the construction of new office buildings in New Zealand and Austria and the opening of a new branch in Warsaw, Poland, we focused on expanding the sales of cordless gardening and cleaning tools.

Our consolidated net sales for this period increased by 15.4% from the previous year to 230,951 million yen due to steady sales at home and abroad and depreciation of the yen compared with the same period the previous year. Operating income increased by 13.8% to 38,291 million yen (operating income ratio: 16.6%), owing to a rise in net sales, despite deterioration in the cost-of-sales ratio due to the impact of the exchange rate. Meanwhile, income before income taxes increased by 15.8% to 39,456 million yen (income before income taxes ratio: 17.1%) and net income attributable to Makita Corporation shareholders increased by 15.0% to 27,679 million yen (ratio of net income attributable to Makita Corporation shareholders: 12.0%).

Net sales results by region were as follows:

Net sales in Japan increased by 13.3% to 39,877 million yen compared to the same period of the previous year. This was due to robust sales of power tools and gardening equipment, mainly lithium-ion battery products.

Net sales in Europe increased by 16.5% to 98,586 million yen. This was due to a rise in sales in Western and Eastern Europe (almost in all regions).

Net sales in North America increased by 10.3% to 35,031 million yen, supported by solid housing demand.

Net sales in Asia increased by 20.6% to 21,463 million yen. This was due to recovery of sales in China.

Sales situations in other regions are as follows: Net sales in Central and South America, where the Brazilian economy showed signs of breaking out from stagnation, increased by 25.8% to 13,483 million yen. Net sales in Oceania, where lithium-ion battery products sold well, increased by 33.2% to 15,597 million yen. Meanwhile, net sales in the Middle East and Africa, where a fall in crude oil prices affected the economy and political uncertainty continued, decreased by 16.1% to 6,914 million yen.

2. Explanation of Consolidated Financial Position

Total assets as of September 30, 2017 increased by 37,648 million yen to 634,897 million yen compared to the balance as of March 31, 2017. The increase was mainly due to the increase in "Inventories".

Total liabilities increased by 2,793 million yen to 94,231 million yen compared to the balance as of March 31, 2017. The increase was mainly due to the increase in "Short-term borrowings" and "Income taxes payable".

Total equity increased by 34,855 million yen to 540,666 million yen compared to the balance as of March 31, 2017. The increase was mainly due to the change in foreign currency translation adjustment included in "Accumulated other comprehensive income (loss)".

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

As "Revision of Forecast for Performance" announced on October 25, 2017, because the yen has remained weaker against major currencies compared to its initial assumed exchange rates announced on April 27, 2017, in addition to robust sales in Japan and overseas for the first six-months period of the fiscal year 2018 (April 1, 2017 to March 31, 2018). We forecasts for the fiscal year ending March 31, 2018, net sales of 455,000 million yen, operating income of 70,000 million yen, income before income taxes of 72,300 million yen, and net income attributable to Makita Corporation shareholders of 51,000 million yen.

[Preconditions]

The above forecast is based on the assumption of exchange rates of 110 yen to the U.S. dollar, 130 yen to the euro and 16.8 yen to the renminbi for the six months period ending March 31, 2018.

The above forecast is based on the assumption of exchange rates of 111 yen to the U.S. dollar and 128 yen to the euro and 16.6 yen to the renminbi for the year ending March 31, 2018.

[Reference]

Our previous exchange rates that we announced on April 27, 2017 were 105 yen to the U.S. dollar, 115 yen to the euro and 16.1 yen to the renminbi for the year ending March 31, 2018.

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.

4. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets

	Yen (millions)			
	As of March 31, 2017		As of September 30, 2017	
		Composition ratio		Composition ratio
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	142,181		141,863	
Time deposits	34,329		26,659	
Short-term investments	23,441		30,469	
Trade receivables-				
Notes	1,199		1,126	
Accounts	67,086		75,965	
Less-Allowance for doubtful receivables	(1,137)		(1,246)	
Inventories	167,398		190,234	
Deferred income taxes	4,723		-	
Prepaid expenses and other current assets	13,349		15,009	
Total current assets	452,569	75.8%	480,079	75.6%
PROPERTY, PLANT AND EQUIPMENT, AT COST:				
Land	22,358		22,887	
Building and improvements	94,927		99,743	
Machinery and equipment	91,493		97,049	
Construction in progress	5,531		5,334	
Sub total	214,309		225,013	
Less-Accumulated depreciation and amortization	(119,802)		(125,006)	
Total net property, plant and equipment	94,507	15.8%	100,007	15.8%
INVESTMENTS AND OTHER ASSETS:				
Investments	34,004		34,953	
Goodwill	721		721	
Other intangible assets, net	3,641		3,684	
Deferred income taxes	650		3,966	
Other assets	11,157		11,487	
Total investments and other assets	50,173	8.4%	54,811	8.6%
Total assets	597,249	100.0%	634,897	100.0%

	Yen (millions)			
	As of March 31, 2017		As of September 30, 2017	
		Composition ratio		Composition ratio
LIABILITIES				
CURRENT LIABILITIES:				
Short-term borrowings	6,579		8,019	
Trade notes and accounts payable	26,347		25,169	
Other payables	7,122		8,314	
Accrued expenses	10,537		11,403	
Accrued payroll	9,431		10,121	
Income taxes payable	6,944		8,333	
Deferred income taxes	3,134		-	
Other liabilities	8,178		9,388	
Total current liabilities	78,272	13.1%	80,747	12.7%
LONG-TERM LIABILITIES:				
Accrued retirement and termination benefits	3,161		3,430	
Deferred income taxes	8,313		8,400	
Other liabilities	1,692		1,654	
Total long-term liabilities	13,166	2.2%	13,484	2.1%
Total liabilities	91,438	15.3%	94,231	14.8%
EQUITY				
MAKITA CORPORATION SHAREHOLDERS' EQUITY:				
Common stock	23,805		23,805	
Additional paid-in capital	45,501		45,511	
Legal reserve	5,669		5,669	
Retained earnings	456,546		473,095	
Accumulated other comprehensive income (loss)	(17,728)		173	
Treasury stock	(11,623)		(11,615)	
Total Makita Corporation shareholders' equity	502,170	84.1%	536,638	84.5%
NON-CONTROLLING INTEREST	3,641	0.6%	4,028	0.7%
Total equity	505,811	84.7%	540,666	85.2%
Total liabilities and equity	597,249	100.0%	634,897	100.0%

	As of March 31, 2017	As of September 30, 2017
Total number of shares authorized	992,000,000	992,000,000
Number of shares issued	280,017,520	280,017,520
Number of shares issued (excluding treasury stock)	271,460,572	271,468,418
Number of treasury stock	8,556,948	8,549,102

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. The table above was calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.

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

Consolidated Statements of Income

	Yen (millions)			
	For the six months ended September 30, 2016		For the six months ended September 30, 2017	
		Composition ratio		Composition ratio
NET SALES	200,055	100.0%	230,951	100.0%
Cost of sales	124,778	62.4%	146,699	63.5%
GROSS PROFIT	75,277	37.6%	84,252	36.5%
Selling, general, administrative and others, net	41,628	20.8%	45,961	19.9%
OPERATING INCOME	33,649	16.8%	38,291	16.6%
OTHER INCOME (EXPENSE):				
Interest and dividend income	1,058		1,506	
Interest expense	(46)		(20)	
Exchange losses on foreign currency transactions, net	(579)		(471)	
Realized gains on securities, net	5		166	
Valuation losses on securities	(19)		(16)	
Total other income (expense), net	419	0.2%	1,165	0.5%
INCOME BEFORE INCOME TAXES	34,068	17.0%	39,456	17.1%
Income tax expense:				
Current	10,812		12,892	
Deferred	(999)		(1,357)	
Total income tax expense	9,813	4.9%	11,535	5.0%
NET INCOME	24,255	12.1%	27,921	12.1%
Less-Net income attributable to the non-controlling interest	182	0.1%	242	0.1%
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION	24,073	12.0%	27,679	12.0%

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the six months ended September 30, 2016	For the six months ended September 30, 2017
NET INCOME	24,255	27,921
OTHER COMPREHENSIVE INCOME (LOSS):		
Foreign currency translation adjustment	(43,034)	19,266
Unrealized holding gains (losses) on available-for-sale securities	(299)	(1,032)
Pension liability adjustment	173	(8)
Total other comprehensive income (loss)	(43,160)	18,226
COMPREHENSIVE INCOME (LOSS)	(18,905)	46,147
Less-Comprehensive income (loss) attributable to the non-controlling interest	(212)	567
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO MAKITA CORPORATION	(18,693)	45,580

(3) Consolidated Statements of Cash Flows

	Yen (millions)	
	For the six months ended September 30, 2016	For the six months ended September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	24,255	27,921
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	4,352	4,763
Deferred income tax benefit	(999)	(1,357)
Realized gains on securities, net	(5)	(166)
Valuation losses on securities	19	16
Gains (losses) on disposal or sales of property, plant and equipment, net	56	(104)
Changes in assets and liabilities-		
Trade receivables	(1,837)	(5,452)
Inventories	3,036	(12,762)
Trade notes, accounts payable and accrued expenses	(459)	(989)
Income taxes payable	1,853	841
Accrued retirement and termination benefits	(372)	(286)
Other, net	(276)	808
Net cash provided by operating activities	29,623	13,233
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(5,041)	(7,247)
Purchases of available-for-sale securities	(606)	(9,595)
Proceeds from sales of available-for-sale securities	25,068	1,014
Purchases of held-to-maturity securities	(3,601)	(300)
Proceeds from maturities of held-to-maturity securities	3,000	200
Proceeds from sales of property, plant and equipment	195	302
Investment in time deposit	(24,147)	(13,816)
Withdrawal of time deposit	14,989	22,162
Other, net	119	5
Net cash provided by (used in) investing activities	9,976	(7,275)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to borrowings with original maturities of three months or less, net	4,551	827
Purchase of treasury stock, net	(11)	(3)
Cash dividends paid	(11,266)	(11,130)
Other, net	(103)	(149)
Net cash used in financing activities	(6,829)	(10,455)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(9,286)	4,179
NET CHANGE IN CASH AND CASH EQUIVALENTS	23,484	(318)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	99,915	142,181
CASH AND CASH EQUIVALENTS, END OF PERIOD	123,399	141,863

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

Note in case there is any significant change in the shareholders' equity: None

Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): None

Adoption of simplified accounting methods and accounting methods that are specific to the preparation of quarterly consolidated financial statements:

With regard to the income tax expenses, the Company computes interim income tax expense by multiplying reasonably estimated annual effective tax rate, which includes the effects of deferred taxes, by year-to-date income before income taxes for the reporting period.

Changes in accounting principles, procedures and presentations:

In July 2015, Accounting Standards Update 2015-11 ("Simplifying the Measurement of Inventory" − ASC 330 ("Inventory")) was issued. This Update applies to all inventory except for which is measured using last-in, first-out (LIFO) or the retail inventory method, and requires an entity to measure inventory at the lower of cost and net realizable value. The Company adopted this standard on April 1, 2017. The adoption has no effect on the Company's financial statements.

In November 2015, the U.S. Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." This accounting standard change requires that all deferred tax liabilities and assets be classified as noncurrent in a consolidated balance sheet. Effective April 1, 2017, the Company has adopted this accounting standard. In adopting this accounting standard, the Company did not adjust the prior period's financial statement retrospectively.

Condensed Operating Segment Information

	Yen (millions)							
	For the six months ended September 30, 2016							
	Japan	Europe	North America	Asia	Other area	Total	Elimi-nations	Consoli-dated
Sales:								
(1) External customers	45,546	84,736	32,600	10,636	26,537	200,055	-	200,055
(2) Inter-segment	51,141	1,991	1,663	77,679	60	132,534	(132,534)	-
Total	96,687	86,727	34,263	88,315	26,597	332,589	(132,534)	200,055
Operating expenses.......	88,502	78,862	33,162	77,354	25,340	303,220	(136,814)	166,406
Operating income	8,185	7,865	1,101	10,961	1,257	29,369	4,280	33,649

	Yen (millions)							
	For the six months ended September 30, 2017							
	Japan	Europe	North America	Asia	Other area	Total	Elimi-nations	Consoli-dated
Sales:								
(1) External customers	51,409	98,706	36,174	12,639	32,023	230,951	-	230,951
(2) Inter-segment	99,738	2,228	2,219	102,294	509	206,988	(206,988)	-
Total	151,147	100,934	38,393	114,933	32,532	437,939	(206,988)	230,951
Operating expenses.......	132,962	92,342	37,136	104,653	30,157	397,250	(204,590)	192,660
Operating income	18,185	8,592	1,257	10,280	2,375	40,689	(2,398)	38,291

SUPPORT DOCUMENTATION (CONSOLIDATED)

1. Consolidated Financial Results and Forecast

	Yen (millions)					
	For the six months ended September 30, 2015	(%)	For the six months ended September 30, 2016	(%)	For the six months ended September 30, 2017	(%)
Net sales	217,187	4.6	200,055	(7.9)	230,951	15.4
Domestic	32,560	0.4	35,204	8.1	39,877	13.3
Overseas	184,627	5.4	164,851	(10.7)	191,074	15.9
Operating income	34,545	(9.1)	33,649	(2.6)	38,291	13.8
Income before income taxes	30,853	(16.8)	34,068	10.4	39,456	15.8
Net income attributable to Makita Corporation	21,487	(15.8)	24,073	12.0	27,679	15.0
Earning per share (Basic)						
Net income attributable to Makita Corporation common shareholders (Yen)	79.15		88.68		101.96	
Cash dividend per share (Yen)	18.00		18.00		10.00	
Dividend payout ratio (%)	11.4		10.1		9.8	
Number of Employees	14,332		14,878		15,976	

	Yen (millions)			
	For the year ended March 31, 2017	(%)	For the year ending March 31, 2018 (Forecast)	(%)
Net sales	414,999	(2.0)	455,000	9.6
Domestic	74,381	8.7	80,000	7.6
Overseas	340,618	(4.1)	375,000	10.1
Operating income	62,564	(3.3)	70,000	11.9
Income before income taxes	64,738	5.3	72,300	11.7
Net income attributable to Makita Corporation	44,782	7.6	51,000	13.9
Earning per share (Basic)				
Net income attributable to Makita Corporation common shareholders (Yen)	164.96		187.87	
Cash dividend per share (Yen)	100.00		-	
Dividend payout ratio (%)	30.3		-	
Number of Employees	15,344		-	

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 5.
2. The Company implemented a two-for-one common stock split, effective April 1, 2017. Net income attributable to Makita Corporation common shareholders per share (basic) was calculated on the assumption that the relevant stock split had been implemented at the beginning of the consolidated fiscal year ended March 31, 2016.
3. The Company has revised the lower limit on annual cash dividend per share from 18 yen to 10 yen, reflecting an above stock split. However, dividends per share for the fiscal year ended March 31, 2016 and 2017 are amounts paid prior to the relevant stock split.
4. 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.

2. Consolidated Net Sales by Geographic Area

	Yen (millions)					
	For the six months ended September 30, 2015		For the six months ended September 30, 2016		For the six months ended September 30, 2017	
		(%)		(%)		(%)
Japan	32,560	0.4	35,204	8.1	39,877	13.3
Europe	91,506	0.4	84,629	(7.5)	98,586	16.5
North America	34,466	23.0	31,751	(7.9)	35,031	10.3
Asia	20,641	4.6	17,804	(13.7)	21,463	20.6
Other regions	38,014	4.6	30,667	(19.3)	35,994	17.4
Central and South America	14,817	(3.2)	10,721	(27.6)	13,483	25.8
Oceania	12,168	9.5	11,709	(3.8)	15,597	33.2
The Middle East and Africa	11,029	10.9	8,237	(25.3)	6,914	(16.1)
Total	217,187	4.6	200,055	(7.9)	230,951	15.4

Notes:

1. The table above sets forth Makita's consolidated net sales by geographic area based on the customer's location for the periods presented. Accordingly, it differs from "Condensed Operating Segment Information" on page 10.
2. The table above shows the changes in the percentage ratio of net sales compared to the corresponding period of the previous year.

3. Exchange Rates

	Yen			
	For the six months ended September 30, 2015	For the six months ended September 30, 2016	For the six months ended September 30, 2017	For the year ending March 31, 2018 (Forecast)
USD/JPY	121.87	105.20	111.04	111
EUR/JPY	135.11	118.04	126.32	128
RMB/JPY	19.45	15.92	16.42	16.6

4. Production Ratio (unit basis)

	For the six months ended September 30, 2015	For the six months ended September 30, 2016	For the six months ended September 30, 2017
	Composition ratio	Composition ratio	Composition ratio
Domestic	9.8%	11.2%	9.1%
Overseas	90.2%	88.8%	90.9%

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

	Yen (millions)			
	For the six months ended September 30, 2015	For the six months ended September 30, 2016	For the six months ended September 30, 2017	For the year ending March 31, 2018 (Forecast)
Capital expenditures	6,177	5,041	7,247	19,000
Depreciation and amortization	4,573	4,352	4,763	10,000
R&D cost	4,587	4,950	5,451	11,000