(Summary English Translation of the Materials disclosed via the Internet pursuant to Laws, Regulations, and the Articles of Incorporaion regarding the Notice of the 105th Ordinary General Meeting of Shareholders Originally Issued in Japanese Language)

June 6, 2017

MATERIALS DISCLOSED VIA THE INTERNET PURSUANT TO LAWS, REGULATIONS, AND THE ARTICLES OF INCORPORATION REGARDING THE NOTICE OF THE 105TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Notes to Consolidated Financial Statements
Notes to Non-consolidated Financial Statements

MAKITA CORPORATION

Pursuant to applicable laws and regulations and Article 15 of the Articles of Incorporation of the Corporation, these contents are deemed to be provided to shareholders by posting them on our website (http://www.makita.biz/ir/stock.html).

Notes to Consolidated Financial Statements

Notes to Important Basic Matters for Preparation of Consolidated Financial Statements

1. Basis of presentation

The consolidated financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") pursuant to the provision of Article 120-3, paragraph 1 of the Ordinance on Accounting of Companies.

Provided that certain statements and notes required by U.S. GAAP are omitted in accordance with Article 120, the second sentence of Paragraph 1 of the said Ordinance, as applied *mutatis mutandis* pursuant to Article 120-3, Paragraph 3 of the said Ordinance.

2. Scope of consolidation

Number of consolidated subsidiaries: 51

Major subsidiaries are as follows:

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

3. Valuation of Short-term investments and Investments

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

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

4. Valuation of inventories

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

5. Depreciation method of fixed assets

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

6. Allowances

Allowance for doubtful receivables:	The allowance is determined based on, but is not limited to, historical collection experience adjusted for the effects of the current economic environment, assessment of inherent risks, aging and financial performance. Allowance for doubtful receivables represents the Makita's best estimate of the amount of probable credit losses in its existing receivables.
Retirement and termination allowance:	In accordance with ASC 715, "Compensation-Retirement Benefits", pension and severance cost is accrued based on the projected benefit obligations and the fair value of plan assets at the balance sheet date. Each overfunded plans and postretirement plans is recognized as an asset and each underfunded plan and postretirement plans is recognized as a liability. Unrecognized prior service cost is amortized by the straight-line method over the average remaining service period of employees.

Unrecognized actuarial difference is recognized by amortizing a portion in excess of 10% of the greater of the projected benefit obligations or the fair value of plan assets at the beginning of the period by the straight-line method over the average remaining service period of employees.

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

Notes to Consolidated Balance Sheet

Guarantee (contingent liabilities): 1 million yen

Notes to Consolidated Statement of Changes in Equity

1. Matter regarding shares issued

Kind of shares	Beginning of the period	Increase	Decrease	End of the period
Common stock	280,017,520 shares	-	-	280,017,520 shares

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. The number of the shares of common stock of the Corporation was calculated on the assumption that the relevant stock split had been implemented at the beginning of the fiscal year ended March 31, 2017.

2. Matter regarding dividend distribution

(1) Amount of dividend distribution

Resolution	Kind of shares	Total amount of dividends (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2016	Common stock	11,266	83	March 31, 2016	June 29, 2016
Board of Directors' meeting held on October 27, 2016	Common stock	2,443	18	September 30, 2016	November 25, 2016

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

Scheduled resolution	Kind of shares	Dividend resource	Total amount of dividends (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 28, 2017	Common stock	Retained earnings	11,130	82	March 31, 2017	June 29, 2017

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. Dividends, the record date of which is March 31, 2017, shall be distributed based on the number of shares before the relevant stock split.

Notes to Financial Instruments

1. Matter regarding status of financial instruments

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

2. Matter regarding such as fair value of financial instruments

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

(1) Cash and cash equivalents, Time deposits, Trade receivable, Short-term borrowings, Trade notes and accounts payable, Other payables, and Accrued expenses

The carrying amount is considered to be fair value since maturities are either short or do not exist.

(2) Long-term time-deposits

The fair value is estimated by discounting the future cash flow by the market interest rate at the end of the period for time deposits for the period corresponding to the remaining period up to the maturity date.

(3) Short-term investments and Investments

The fair value of marketable investment securities is estimated based on quoted market prices. For certain investments such as non-marketable securities, since there are no quoted market prices existing, a reasonable estimation of a fair value could not be made without incurring excessive cost, and such securities have been excluded from fair value disclosure. Fair value is measured if it declines significantly or there is a likelihood of such. There are non-marketable securities in the amount of 0 million yen for short-term investments and 382 million yen for investments as of March 31, 2017.

(4) Long-term indebtedness

The fair value of the long-term indebtedness is calculated based on the present value, which is calculated by discounting from the future cash flow for each borrowing, using the borrowing rate at the end of the period that is applied to borrowings with similar maturity date.

(5) Derivative financial instruments

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

The carrying amounts and estimated fair value of the financial instruments, and the amount of difference thereof as of March 31, 2017 are as follows:

	(Millions of Yen)		
	Carrying amount	Fair value	Amount of difference
Short-term investments	23,441	23,438	(3)
Investments	33,622	33,633	11
Long-term time deposits	10	10	-
Long-term indebtedness including current maturities	(33)	(33)	-
Foreign currency contracts:			
Assets	274	274	-
Liabilities	(269)	(269)	-

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

These estimates are made by the Corporation based on the Corporation’s judgment and contain uncertainties. Therefore, any changes to the underlying assumptions may significantly affect estimates.

Notes to Information Per Share

Total Makita Corporation shareholders' equity per share	1,849.88	yen

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

Total Makita Corporation shareholders' equity in the consolidated balance sheet	502,170	million yen
Total Makita Corporation shareholders' equity available to common stock	502,170	million yen
Number of shares issued (excluding treasury stock) as of March 31, 2017	271,460,572	shares

Earning per share (Basic) Net income attributable to Makita Corporation common shareholders	164.96	yen

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

Net income attributable to Makita Corporation in the consolidated statement of income	44,782	million yen
Net income attributable to Makita Corporation available to common stock	44,782	million yen
The average number of shares of common stock outstanding during the period	271,463,676	shares

Earning per share (Diluted) Net income attributable to Makita Corporation common shareholders	164.95	yen

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

Net income attributable to Makita Corporation in the consolidated statement of income	44,782	million yen
Net income attributable to Makita Corporation available to common stock	44,782	million yen
The average number of diluted shares of common stock outstanding during the period	271,486,195	shares

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. “Makita Corporation shareholder’s equity per share”, “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 fiscal year ended March 31, 2017.

Significant Subsequent Events:

The Company executed a stock split effective April 1, 2017, according to the resolution of the Board of Directors’ meeting on February 22, 2017.

1. Purpose of the stock split

The stock split will be conducted with the aim of increasing the liquidity of the Company's stock and expanding its investor base by reducing the price of share-trading units.

2. Outline of the stock split

(1) Method of the stock split

Each of the shares of the Company’s common stock held by shareholders included or recorded in the final register of shareholders as of the record date of March 31, 2017 split into two shares.

(2) Inclease in the number of shares due to the stock split

Total number of issued shares before the stock split	140,008,760 shares
Inclease in the number of shares due to the stock split	140,008,760 shares
Total number of issued shares after the stock split	280,017,520 shares

We calculated “Notes to Information Per Share” on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.

Notes to Non-consolidated Financial Statements
Notes to Significant Accounting Policies

1. Valuation of securities

Held-to-maturity securities:	Amortized cost (straight-line method)
Stocks of subsidiaries:	At moving-average cost
Other securities	
Those having fair market value:	Fair market value as of the end of the period Valuation differences are presented as valuation and translation adjustments in net assets. The cost of securities sold is calculated based on the moving-average method.
Those having no fair market value:	At moving-average cost

2. Valuation of net assets and liabilities accrued from derivative transactions:
   Fair market value as of the end of the period

3. Valuation of inventories
   Inventories are valued at the lower of cost based (the balance sheet amount is computed using the method of devaluing the book price to reflect declines in profitability).
   Finished goods, merchandise, work in process, and raw materials:
   At average cost
   Supplies: At latest purchase cost

4. Depreciation method of fixed assets

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

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

5. Allowances

Allowance for doubtful accounts: The allowance for doubtful accounts is reserved based on the historical write-off ratio for accounts receivable. For accounts receivable that are difficult to collect, individually estimated write-off amounts are reserved.

Allowance for directors' bonuses: In preparation for the anticipated payment of directors' bonuses, we appropriate the amount estimated to pay for the period.

Allowance for product warranties: In preparation for the payment of product after-service and free post-sale repair services, we appropriate the projected amount based on actual payment in the past.

Allowance for environmental measures: In preparation for the future payment concerning environmental measures, we appropriate the amount expected to incur in the future.

Retirement and termination allowance: To be prepared for employee retirement, retirement and termination allowance and prepaid pension cost are reserved based on projected benefit obligations and plan assets at the balance sheet date. In calculating the projected benefit obligations, the Corporation adopted the benefit formula basis as the method for attributing the expected benefit to the period up to the end of the period. Past service costs are amortized by the straight-line method over the average remaining employment period. Actuarial differences are amortized starting immediately after the year of accruement by the straight-line method over the average remaining employment period.

Retirement allowance for Directors and Audit & Supervisory Board Members:
The Corporation terminated the retirement allowance plan for Directors and Audit & Supervisory Board Members as of the conclusion of the ordinary general meeting of shareholders held on June 29, 2006. The balance of the period end is the amount of the reserve for the period of office served until abolition of the plan by those current directors (excluding outside directors) who served until June 29, 2006.

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

(Additional Information)
Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) is applied from the fiscal year ended March 31, 2017.

Notes to Balance Sheet

1. Accumulated depreciation on tangible fixed assets:

Buildings	27,352	million yen
Structures	2,371	million yen
Machinery and equipment	13,071	million yen
Vehicles and transportation equipment	250	million yen
Tools, furniture and fixtures	26,880	million yen
Total	69,924	million yen

2. Guarantee:

Guarantee for borrowing from financial institution		
Maximum amount of guarantee for Makita U.S.A. Inc. (50 million U.S. dollars)	5,610	million yen
Maximum amount of guarantee for Makita Power Tools India Private Ltd. (700 million India Rupees)	1,211	million yen
Guarantee for educational loan to employees	1	million yen
Guarantee for accounts payable of the following company		
Makita General Service Co., Ltd.	12	million yen
Total	6,834	million yen

3. Receivables and payables for affiliates:

Short-term receivables	42,298	million yen
Short-term payables	38,979	million yen

Notes to Statement of Income

Transactions with affiliates		
Amount of operating transactions		
Sales	143,047	million yen
Purchases, etc.	130,879	million yen
Amount of non-operating transactions	24,105	million yen

Notes to Statement of Changes in Net Assets

1. Matter regarding treasury stock

Kind of shares	Beginning of the period	Increase	Decrease	End of the period
Common stock	8,550,998 shares	5,950 shares	-	8,556,948 shares

(Reasons for the change)

The reasons for the increase are as follows:

Purchase of shares constituting less than a full unit: 5,950 shares

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. The number of the shares of common stock of the Corporation was calculated on the assumption that the relevant stock split had been implemented at the beginning of the fiscal year ended March 31, 2017.

2. Matter regarding stock acquisition rights

Type and number of shares to be issued or transferred upon the exercise of Stock Acquisition Rights (excluding Stock Acquisition Rights that are not exercisable) at the end of the period

Common stock	27,640	shares

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. The number of the shares of common stock of the Corporation to be issued upon exercise of the stock acquisition rights was calculated on the assumption that the relevant stock split had been implemented at the beginning of the fiscal year ended March 31, 2017.

Notes to Tax Effect Accounting

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

Short-term deferred income tax assets		
Accrued expenses	1,532	million yen
Allowance for environmental measures	170	million yen
Inventories	583	million yen
Accrued enterprise taxes	316	million yen
Other	224	million yen
Net amount of short-term deferred income tax assets	2,825	million yen
Long-term deferred income tax assets		
Loss on evaluation of investment securities	173	million yen
Excess in depreciation	2,779	million yen
Retirement allowance for directors and audit & supervisory board members	107	million yen
Loss on impairment of fixed assets	85	million yen
Other	50	million yen
Subtotal	3,194	million yen
Valuation allowance	(376)	million yen
Total	2,818	million yen
Long-term deferred income tax liabilities		
Prepaid pension cost	(2,689)	million yen
Net unrealized gains on securities	(5,017)	million yen
Reserve for advanced depreciation of fixed assets	(613)	million yen
Other	(271)	million yen
Total	(8,590)	million yen
Net amount of long-term deferred income tax liabilities	(5,772)	million yen

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

Statutory income tax rate	30.4%
(Reconciliations)	
Dividend income and other permanently non-taxable income	(14.8%)
Withholding tax on foreign dividends	3.6%
Tax sparing impact	(0.9%)
Other	(0.5%)
Effective income tax rate after the adoption of tax effect accounting	17.8%

Notes to Fixed Assets Used through Leases

Operating leases

Lease commitments under non-cancelable operating leases

Within 1 year	147	million yen
Over 1 year	431	million yen

Notes to Transactions with Related Parties

1. Directors and primary individual shareholders

Attribute	Companies which directors and their relatives own the majority of voting rights (including the subsidiaries of such companies)	
Corporate name	TOA Co., Ltd. (Note 1)	Maruwa, Ltd. (Note 2)
Principal business or position	Design, production and distribution of automatic regulators	Real estate business
Owning and owned ratio of voting rights (%)	Direct owned ratio: 0.0	Direct owned ratio: 2.9
Relationship	Purchase of production equipment Interlocking Directors (Number of directors: 2)	Advertising Interlocking Directors (Number of directors: 2)
Principal transactions	Purchase of production equipment (Note 3)	Advertising (Note 3)
Transaction amount (Millions of Yen) (Note 4)	93	2
Account title	Other payable	−
Balance at end of the period (Millions of Yen) (Note 4)	14	−

Terms of transactions and the policy to decide the terms

(Note 1) Masahiko Goto, Chairman and Representative Director of the Corporation, Munetoshi Goto, Director of the Corporation, and their relatives own 100% of voting rights of TOA Co., Ltd.

(Note 2) Masahiko Goto, Chairman and Representative Director of the Corporation, Munetoshi Goto, Director of the Corporation, and their relatives own 68.1% of voting rights of Maruwa, Ltd.

(Note 3) The terms of the transactions with TOA Co., Ltd. and Maruwa, Ltd. are the same as those other general transactions.

(Note 4) The above stated transaction amount does not include consumption tax, and that balance at the end of the period includes consumption tax.

2. Subsidiaries

Attribute	Subsidiaries		
Corporate name	Makita U.S.A. Inc. (United States)		
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0		
Relationship	Debt guarantee Sales of finished goods and merchandise Subscription of additional increase of capital Interlocking Directors (Number of directors:2)		
Principal transactions	Debt guarantee (Note 1)	Sales of finished goods and merchandise (Note 2)	Capital increase (Note 4)
Transaction amount (Millions of Yen) (Note 5)	5,610	32,201	4,500
Account title	–	Trade accounts receivable	Stocks of affiliates
Balance at end of the period (Millions of Yen) (Note 5)	–	5,221	26,440

Attribute	Subsidiaries
Corporate name	Makita Oy (Finland)
Owning and owned ratio of voting rights (%)	Indirect owning ratio: 100.0
Relationship	Sales of finished goods and merchandise Interlocking Directors (Number of director: 1)
Principal transactions	Sales of finished goods and merchandise (Note 2)
Transaction amount (Millions of Yen) (Note 5)	9,816
Account title	Trade accounts receivable
Balance at end of the period (Millions of Yen) (Note 5)	3,639

Attribute	Subsidiaries		
Corporate name	Makita do Brasil Ferramentas Elétricas Ltda. (Brazil)		
Owning and owned ratio of voting rights (%)	Direct owning ratio: 99.9		
Relationship	Money loan Subscription of additional increase of capital		
Principal transactions	Money loan (Note 3)	Collection of loan	Capital increase (Note 4)
Transaction amount (Millions of Yen) (Note 5)	300	8,197	15,288
Account title	Investment in affiliates		
Balance at end of the period (Millions of Yen) (Note 5)	27,631		

Attribute	Subsidiaries	
Corporate name	Makita (China) Co., Ltd. (China)	Makita (Kunshan) Co., Ltd. (China)
Owning and owned ratio of voting rights (%)	Direct owning ratio: 100.0	Direct owning ratio: 100.0
Relationship	Purchase of finished goods and merchandise Interlocking Directors (Number of directors: 5)	Purchase of finished goods and merchandise Interlocking Directors (Number of directors: 5)
Principal transactions	Purchase of finished goods and merchandise (Note 2)	Purchase of finished goods and merchandise (Note 2)
Transaction amount (Millions of Yen) (Note 5)	25,382	97,437
Account title	Trade accounts payable	Trade accounts payable
Balance at end of the period (Millions of Yen) (Note 5)	8,943	28,874

Terms of transactions and the policy to decide the terms

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

(Note 2) The price and other terms of transactions are determined upon consultation, considering the prevailing market conditions.

(Note 3) Regarding money loan, we decide upon reasonable rates of interest, considering the prevailing market rate. We have not taken collateral.

(Note 4) Investment by way of capital increase was made.

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

Notes to Information Per Share

Net assets per share	1,070.10	yen
Net assets per share attributable to common stock was computed based on following:		
Total net assets in the balance sheet	290,490	million yen
Net assets available to common stock	290,490	million yen
Number of shares issued (excluding treasury stock) as of March 31, 2017	271,460,572	shares
Net income per share	141.25	yen
Net income per share attributable to common stock was computed based on following:		
Net income	38,344	million yen
Net income available to common stock	38,344	million yen
Average number of outstanding shares of common stock	271,463,676	shares

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. "Net assets per share" and "Net income per share" were calculated on the assumption that the relevant stock split had been implemented at the beginning of the fiscal year ended March 31, 2017.

Significant Subsequent Events:

The Company executed a stock split effective April 1, 2017, according to the resolution of the Board of Directors' meeting on February 22, 2017.

1. Purpose of the stock split

The stock split will be conducted with the aim of increasing the liquidity of the Company's stock and expanding its investor base by reducing the price of share-trading units.

2. Outline of the stock split

(1) Method of the stock split

Each of the shares of the Company's common stock held by shareholders included or recorded in the final register of shareholders as of the record date of March 31, 2017 split into two shares.

(2) Inclease in the number of shares due to the stock split

Total number of issued shares before the stock split	140,008,760 shares
Inclease in the number of shares due to the stock split	140,008,760 shares
Total number of issued shares after the stock split	280,017,520 shares

We calculated "Notes to Information Per Share" on the assumption that the relevant stock split had been implemented at the beginning of the previous fiscal year.