



Makita Corporation

Consolidated Financial Results
for the three months
ended June 30, 2012
(U.S. GAAP Financial Information)

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



CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2012 (Unaudited)

July 31, 2012

Makita Corporation

Stock code: 6586

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

Masahiko Goto, President, Representative Director & CEO

1. Summary operating results of the three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the three months ended June 30, 2011		For the three months ended June 30, 2012	
		(%)		(%)
Net sales.....	76,078	17.4	74,942	(1.5)
Operating income	13,011	28.4	11,979	(7.9)
Income before income taxes	13,449	43.2	10,153	(24.5)
Net income attributable to Makita Corporation	9,456	56.4	6,991	(26.1)
Comprehensive income (loss)	7,616	—	(8,101)	—
	Yen			
Earning per share (Basic)				
Net income attributable to Makita Corporation common shareholders.....	68.64		51.50	

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, and net income attributable to Makita Corporation against the corresponding period of the previous year.

(2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2012	As of June 30, 2012
Total assets.....	383,256	357,171
Total equity	323,778	307,938
Total Makita Corporation shareholders' equity	321,253	305,635
Total Makita Corporation shareholders' equity ratio to total assets (%)	83.8%	85.6%

2. Dividend Information

	Yen	
	For the year ended March 31, 2012	For the year ending March 31, 2013 (Forecast)
Cash dividend per share:		
Interim	15.00	15.00
Year-end	57.00	(Note)
Total	72.00	(Note)

Note:

The forecast for cash dividend announced on April 27, 2012 has not been revised.



3. Consolidated Financial Performance Forecast for the year ending March 31, 2013 (From April 1, 2012 to March 31, 2013)

	Yen (millions)			
	For the six months ending September 30, 2012		For the year ending March 31, 2013	
		(%)		(%)
Net sales.....	144,000	(5.9)	280,000	(5.3)
Operating income	21,600	(19.9)	38,000	(21.7)
Income before income taxes	19,200	(21.7)	35,000	(25.5)
Net income attributable to Makita Corporation	13,400	(21.7)	24,000	(26.1)
	Yen			
Earning per share (Basic)				
Net income attributable to Makita Corporation common shareholders.....	98.71		176.80	

Note:

The consolidated financial forecast for the year ending March 31, 2013 has been revised.

4. Other

(Refer to [Qualitative Information and Financial Statements] Section 4 “Other” on page 5.)

- (1) Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): Not applicable
- (2) Adoption of simplified accounting methods and accounting methods that are specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, procedures and presentation rules applied in the preparation of the quarterly consolidated financial statements:
 1. Changes due to revisions to accounting standards:
 2. Changes due to other reasons: Not applicable
- (4) Number of shares outstanding (common stock)
 1. Number of shares issued (including treasury stock):

As of June 30, 2012:	140,008,760
As of March 31, 2012:	140,008,760
 2. Number of treasury stock:

As of June 30, 2012:	4,258,541
As of March 31, 2012:	4,258,242
 3. Average number of shares outstanding:

For the three months ended June 30, 2012:	135,750,299
For the three months ended June 30, 2011:	137,757,364

Information regarding quarterly review

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

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

Regarding the assumptions for the forecasts and other matters, refer to [Qualitative Information and Financial Statements] Section 3 “Qualitative information on consolidated financial performance forecast” on page 4. 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.



[Qualitative Information and Financial Statements]

1. Qualitative Information on Consolidated Operating Results

Looking at the global economic situation during the first three-month period of the fiscal year ending March 31, 2013, In Europe, Western Europe's economy remained sluggish due to the deterioration of the financial crisis in the region. However, the Russian economy was still solid due to the continuing high level of crude oil prices. In the United States, the economy remained weak because the housing market was still stagnant, though consumer spending showed some signs of recovery. In Asia, the economy expanded mainly in the Southeast Asia though the growth of the Chinese economy slowed down. The economy in Central and South America, which had been enjoying steady growth, started losing steam. Meanwhile, in Japan, the economy continued gradual recovery due to demand for reconstruction from the Great East Japan Earthquake.

In the first three-month period of the current fiscal year, our consolidated net sales decreased by 1.5% from a year earlier to 74,942 million yen. This was because demand slowed down in Europe and the yen became stronger against other major currencies compared to the same period in the previous year, although sales were solid in Japan. As for incomes, operating income decreased by 7.9% from a year earlier to 11,979 million yen (operating income ratio: 16.0%) due to a decline in the rate of operation at the plant compared to the previous year as well as a fall in net sales. Income before income taxes decreased by 24.5% from a year earlier to 10,153 million yen (income before income taxes ratio: 13.5%) due to an increase in non-operating expense, such as foreign exchange losses of 2,176 million yen because of the yen's appreciation. Consequently, net income attributable to Makita Corporation plunged by 26.1% from a year earlier to 6,991 million yen (net income attributable to Makita Corporation ratio: 9.3%).

Net sales by region are as follows:

Net sales in Japan increased by 11.5% to 13,059 million yen compared to the same period of the previous year. This was because of the continuing favorable sales of lithium-ion battery products, mainly impact drivers.

Net sales in Europe decreased by 7.4% to 30,238 million yen compared to the same period of the previous year. This was due to sales in Western Europe declined because of the effects of the financial uncertainty and a sharp appreciation of the yen against the euro from a year earlier, though sales to Russia continued to be strong.

Net sales in North America decreased by 1.5% from a year earlier to 9,668 million yen, because the U.S. housing market did not show a full recovery, although sales of cordless tools with lithium-ion battery were strong.

Net sales in Asia increased by 2.8% from a year earlier to 7,451 million yen, because demands were robust in Southeast Asian countries, although sales stalled in China.

Sales situation in other regions are as follows: Net sales in Central and South America decreased by 16.7% from a year earlier to 5,056 million yen, because demand was on the wane. Net sales in Oceania dropped by 1.3% from a year earlier to 4,674 million yen. Meanwhile, net sales in the Middle East and Africa increased by 25.1% from a year earlier to 4,796 million yen, because demand was strong in the Persian Gulf countries.

2. Qualitative Information on Consolidated Financial Position

Total assets as of June 30, 2012 decreased by 26,085 million yen to 357,171 million yen compared to the balance as of March 31, 2012. The decrease was mainly due to a decline in "Inventories" and "Time deposits".

Total liabilities as of June 30, 2012 decreased by 10,245 million yen to 49,233 million yen compared to the balance as of March 31, 2012. The decrease was mainly due to a decline in "Trade notes and accounts payable" and "Income taxes payable".

Total equity as of June 30, 2012 decreased by 15,840 million yen to 307,938 million yen compared to the balance as of March 31, 2012. The decrease was mainly due to a change in foreign currency translation adjustment because the yen remained stronger against other currencies compared to March 31, 2012.



3. Qualitative Information on Consolidated Financial Performance Forecast

Our sales during the first quarter of the current fiscal year as a whole were, although with some variations by regions, about the same level as we had expected. We revise our forecast, however, since the yen appreciation against foreign currencies including euro has been higher than our projection that was published on April 27, 2012.

Revised Forecast for Consolidated Performance during the fiscal 2012 (from April 1, 2012 to March 31, 2013)

	Yen (millions)				Yen
For the six months ending September 30, 2012					
	Net sales	Operating income	Income before income taxes	Net income attributable to Makita Corporation	Earning per share (Basic) Net income attributable to Makita Corporation common shareholders
Outlook announced previously (A).....	150,500	22,600	22,700	15,400	113.44
Revised forecast (B)	144,000	21,600	19,200	13,400	98.71
Change (B-A)	(6,500)	(1,000)	(3,500)	(2,000)	—
Percentage revision.....	(4.3%)	(4.4%)	(15.4%)	(13.0%)	—
Actual results for the previous period ended September 30, 2011	153,036	26,953	24,514	17,104	124.16

	Yen (millions)				Yen
For the year ending March 31, 2013					
	Net sales	Operating income	Income before income taxes	Net income attributable to Makita Corporation	Earning per share (Basic) Net income attributable to Makita Corporation common shareholders
Outlook announced previously (A).....	301,500	44,000	44,200	30,000	220.99
Revised forecast (B)	280,000	38,000	35,000	24,000	176.80
Change (B-A)	(21,500)	(6,000)	(9,200)	(6,000)	—
Percentage revision.....	(7.1%)	(13.6%)	(20.8%)	(20.0%)	—
Actual results for the previous period ended March 31, 2012.	295,711	48,516	46,963	32,497	236.78

The above forecast is based on the assumption of exchange rates of 78 yen to the U.S. dollar and 93 yen to the euro for the nine months period ending March 31, 2013.

(Reference) Our previous exchange rates that we announced on April 27, 2012 were 81 yen to the U.S. dollar and 107 yen to the euro.

The above forecast 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 forecast provided above.



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:

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.

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

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05, *Comprehensive Income (Accounting Standards Codification (ASC) Topic 220): Presentation of Comprehensive Income*. ASU2011-05 requires an entity to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. The Company adopted ASU2011-05 for the three months ended in June 30, 2012. This adoption did not have an impact on the Company's financial position and results of operations.



5. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets

	Yen (millions)			
	As of March 31, 2012		As of June 30, 2012	
		Composition ratio		Composition ratio
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents.....	44,812		42,936	
Time deposits.....	13,504		8,936	
Short-term investments.....	25,125		21,779	
Trade receivables-				
Notes.....	1,769		1,988	
Accounts.....	48,445		45,175	
Less- Allowance for doubtful receivables.....	(753)		(690)	
Inventories.....	129,571		119,833	
Deferred income taxes.....	5,898		5,341	
Prepaid expenses and other current assets.....	8,392		8,601	
Total current assets.....	<u>276,763</u>	72.2%	<u>253,899</u>	71.1%
PROPERTY, PLANT AND EQUIPMENT, at cost:				
Land.....	20,498		20,129	
Buildings and improvements.....	73,332		74,252	
Machinery and equipment.....	75,460		74,175	
Construction in progress.....	6,594		4,138	
	<u>175,884</u>		<u>172,694</u>	
Less- Accumulated depreciation.....	<u>(98,146)</u>		<u>(97,380)</u>	
Total net property, plant and equipment.....	<u>77,738</u>	20.3%	<u>75,314</u>	21.1%
INVESTMENTS AND OTHER ASSETS:				
Investments.....	19,154		17,663	
Goodwill.....	721		721	
Other intangible assets, net.....	4,515		4,485	
Deferred income taxes.....	853		1,031	
Other assets.....	3,512		4,058	
Total investments and other assets.....	<u>28,755</u>	7.5%	<u>27,958</u>	7.8%
Total assets.....	<u>383,256</u>	100.0%	<u>357,171</u>	100.0%



	Yen (millions)			
	As of March 31, 2012		As of June 30, 2012	
		Composition ratio		Composition ratio
LIABILITIES				
CURRENT LIABILITIES:				
Short-term borrowings	2,351		2,009	
Trade notes and accounts payable	21,822		17,965	
Other payables	4,313		5,063	
Accrued expenses	6,314		4,916	
Accrued payroll	7,803		5,732	
Income taxes payable	5,293		2,123	
Deferred income taxes	125		96	
Other current liabilities	5,697		5,827	
Total current liabilities	<u>53,718</u>	14.0%	<u>43,731</u>	12.3%
LONG-TERM LIABILITIES:				
Long-term indebtedness	12		10	
Accrued retirement and termination benefits	3,027		2,845	
Deferred income taxes	130		117	
Other liabilities	2,591		2,530	
Total long-term liabilities	<u>5,760</u>	1.5%	<u>5,502</u>	1.5%
Total liabilities	<u>59,478</u>	15.5%	<u>49,233</u>	13.8%
EQUITY				
MAKITA CORPORATION SHAREHOLDERS' EQUITY:				
Common stock	23,805		23,805	
Additional paid-in capital	45,421		45,421	
Legal reserve	5,669		5,669	
Retained earnings	316,937		316,190	
Accumulated other comprehensive income (loss)	(59,066)		(73,936)	
Treasury stock, at cost	(11,513)		(11,514)	
Total Makita Corporation shareholders' equity	<u>321,253</u>	83.8%	<u>305,635</u>	85.6%
NONCONTROLLING INTEREST	<u>2,525</u>	0.7%	<u>2,303</u>	0.6%
Total equity	<u>323,778</u>	84.5%	<u>307,938</u>	86.2%
Total liabilities and equity	<u>383,256</u>	100.0%	<u>357,171</u>	100.0%
<hr/>				
	As of March 31, 2012		As of June 30, 2012	
Total number of shares authorized	496,000,000		496,000,000	
Number of shares issued	140,008,760		140,008,760	
Number of shares issued (excluding treasury stock)	137,750,518		135,750,219	
Number of treasury stock	4,258,242		4,258,541	



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

	Yen (millions)			
	For the three months ended June 30, 2011		For the three months ended June 30, 2012	
	Composition ratio		Composition ratio	
NET SALES	76,078	100.0%	74,942	100.0%
Cost of sales	45,922	60.4%	46,034	61.4%
GROSS PROFIT.....	30,156	39.6%	28,908	38.6%
Selling, general, administrative and others, net.....	17,145	22.5%	16,929	22.6%
OPERATING INCOME	13,011	17.1%	11,979	16.0%
OTHER INCOME (EXPENSES):				
Interest and dividend income	436		437	
Interest expense.....	(21)		(83)	
Exchange gains (losses) on foreign currency transactions, net	64		(2,176)	
Realized gains (losses) on securities, net	(41)		(4)	
Total	438	0.6%	(1,826)	(2.5%)
INCOME BEFORE INCOME TAXES	13,449	17.7%	10,153	13.5%
PROVISION FOR INCOME TAXES:				
Current.....	2,850		2,560	
Deferred.....	1,039		586	
Total	3,889	5.1%	3,146	4.2%
NET INCOME.....	9,560	12.6%	7,007	9.3%
Less: Net income attributable to the noncontrolling interest	(104)	(0.2%)	(16)	(0.0%)
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION.....	9,456	12.4%	6,991	9.3%



Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the three months ended June 30, 2011	For the three months ended June 30, 2012
NET INCOME.....	9,560	7,007
OTHER COMPREHENSIVE INCOME (LOSS).....		
Foreign currency translation adjustment	(1,825)	(14,267)
Unrealized holding gains (losses) on available-for- sale securities.....	(152)	(910)
Pension liability adjustment	33	69
Total	(1,944)	(15,108)
COMPREHENSIVE INCOME (LOSS).....	7,616	(8,101)
Less: Comprehensive income attributable to the non-controlling interest.....	83	(222)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO MAKITA CORPORATION.....	7,533	(7,879)



(3) Condensed Consolidated Statements of Cash Flows

	Yen (millions)	
	For the three months ended June 30, 2011	For the three months ended June 30, 2012
Net cash used in operating activities.....	(4,277)	(108)
Net cash provided by investing activities	11,208	5,086
Net cash used in financing activities.....	(4,592)	(7,142)
Effect of exchange rate changes on cash and cash equivalents.....	(829)	288
Net change in cash and cash equivalents	1,510	(1,876)
Cash and cash equivalents, beginning of period	51,833	44,812
Cash and cash equivalents, end of period	53,343	42,936

(4) Note on the preconditions for a going concern: None

(5) Condensed Operating Segment Information

	Yen (millions)							
	For the three months ended June 30, 2011							
	Japan	Europe	North America	Asia	Other	Total	Eliminations	Consolidated
Sales:								
(1) External customers	16,507	32,601	9,977	3,728	13,265	76,078	-	76,078
(2) Inter-segment	13,664	786	905	30,263	228	45,846	(45,846)	-
Total	30,171	33,387	10,882	33,991	13,493	121,924	(45,846)	76,078
Operating expenses.....	26,259	29,535	10,208	30,099	11,540	107,641	(44,574)	63,067
Operating income	3,912	3,852	674	3,892	1,953	14,283	(1,272)	13,011

	Yen (millions)							
	For the three months ended June 30, 2012							
	Japan	Europe	North America	Asia	Other	Total	Eliminations	Consolidated
Sales:								
(1) External customers	18,506	30,808	9,600	3,314	12,714	74,942	-	74,942
(2) Inter-segment	10,824	1,008	620	26,927	14	39,393	(39,393)	-
Total	29,330	31,816	10,220	30,241	12,728	114,335	(39,393)	74,942
Operating expenses.....	26,218	28,575	9,701	26,752	10,955	102,201	(39,238)	62,963
Operating income	3,112	3,241	519	3,489	1,773	12,134	(155)	11,979

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



SUPPORT DOCUMENTATION (CONSOLIDATED)

1. Consolidated Financial Results and Forecast

	Yen (millions)			
	For the three months ended June 30, 2011		For the three months ended June 30, 2012	
		(%)		(%)
Net sales.....	76,078	17.4	74,942	(1.5)
Domestic	11,708	14.8	13,059	11.5
Overseas	64,370	17.8	61,883	(3.9)
Operating income	13,011	28.4	11,979	(7.9)
Income before income taxes	13,449	43.2	10,153	(24.5)
Net income attributable to Makita Corporation	9,456	56.4	6,991	(26.1)
Earning per share (Basic)				
Net income attributable to Makita Corporation common shareholders (Yen)	68.64		51.50	
Number of employees.....	11,856		12,501	

	Yen (millions)					
	For the year ended March 31, 2012		For the six months ending September 30, 2012 (Forecast)		For the year ending March 31, 2013 (Forecast)	
		(%)		(%)		(%)
Net sales.....	295,711	8.5	144,000	(5.9)	280,000	(5.3)
Domestic	53,175	15.4	26,500	4.9	54,700	2.9
Overseas	242,536	7.0	117,600	(8.0)	225,300	(7.1)
Operating income	48,516	15.8	21,600	(19.9)	38,000	(21.7)
Income before income taxes	46,963	9.9	19,200	(21.7)	35,000	(25.5)
Net income attributable to Makita Corporation.....	32,497	8.7	13,400	(21.7)	24,000	(26.1)
Earning per share (Basic)						
Net income attributable to Makita Corporation common shareholders (Yen)	236.78		98.71		176.80	
Number of employees.....	12,563		-		-	

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 corresponding period of the previous year.
2. Please refer to page 4 for the qualitative information on consolidated financial forecast for the six months and fiscal year 2013.



2. Consolidated Net Sales by Geographic Area

	Yen (millions)					
	For the three months ended June 30, 2011		For the three months ended June 30, 2012		For the year ended March 31, 2012	
		(%)		(%)		(%)
Japan	11,708	14.8	13,059	11.5	53,175	15.4
Europe.....	32,665	18.3	30,238	(7.4)	123,251	6.3
North America	9,816	6.4	9,668	(1.5)	37,475	1.0
Asia.....	7,249	36.4	7,451	2.8	26,013	12.7
Other regions	14,640	17.5	14,526	(0.8)	55,797	10.7
Central and South America.....	6,073	38.9	5,056	(16.7)	23,370	15.2
Oceania.....	4,734	21.5	4,674	(1.3)	17,780	15.6
The Middle East and Africa.....	3,833	(8.5)	4,796	25.1	14,647	(0.5)
Total.....	76,078	17.4	74,942	(1.5)	295,711	8.5

Note: 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 operating segment information on page 10. The table above shows the changes in the percentage ratio of Net sales against the corresponding period of the previous year.

3. Exchange Rates

	Yen				
	For the three months ended June 30, 2011	For the three months ended June 30, 2012	For the year ended March 31, 2012	For the six months ending September 30, 2012 (Forecast)	For the year ending March 31, 2013 (Forecast)
Yen/U.S. Dollar.....	81.71	80.18	79.06	79	79
Yen/Euro.....	117.38	102.84	109.00	98	95

4. Production Ratio (unit basis)

	For the three months ended June 30, 2011	For the three months ended June 30, 2012	For the year ended March 31, 2012
	Composition ratio	Composition ratio	Composition ratio
Domestic.....	12.9%	11.2%	12.2%
Overseas	87.1%	88.8%	87.8%

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

	Yen (millions)			
	For the three months ended June 30, 2011	For the three months ended June 30, 2012	For the year ended March 31, 2012	For the year ending March 31, 2013 (Forecast)
Capital expenditures	2,530	2,200	13,481	14,000
Depreciation and amortization...	1,715	1,754	7,237	7,800
R&D cost.....	1,935	2,048	7,603	8,500