



Makita Corporation

Consolidated Financial Results for the nine months ended December 31, 2018 (IFRS Financial Information)

(English translation of "KESSAN TANSHIN")

originally issued in Japanese)



CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2018 (Unaudited)

January 30, 2019

Makita Corporation

Stock code: 6586

URL: <http://www.makita.biz/>

Munetoshi Goto, President, Representative Director

1. Summary operating results of the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the nine months ended December 31, 2017		For the nine months ended December 31, 2018	
		%		%
Revenue	355,234	-	366,952	3.3
Operating profit	58,969	-	60,070	1.9
Profit before income taxes	60,017	-	61,950	3.2
Profit	41,690	-	43,440	4.2
Profit attributable to owners of the parent	41,324	-	43,151	4.4
Comprehensive income	66,670	-	20,982	(68.5)
	Yen			
Profit attributable to Owners of the parent per share				
(Basic).....	152.23		158.95	
(Diluted)	152.21		158.93	

Notes:

1. Amounts of less than one million yen have been rounded.
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes, profit attributable to owners of the parent, and comprehensive income against the corresponding period of the previous year.

(2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2018	As of December 31, 2018
Total assets.....	654,841	649,890
Total equity	558,439	562,664
Equity attributable to owners of the parent.....	554,046	558,278
Ratio of equity attributable to owners of the parent to total assets (%).....	84.6%	85.9%

2. Dividend Information

	Yen	
	For the year ended March 31, 2018	For the year ending March 31, 2019 (Forecast)
Cash dividend per share:		
Interim.....	10.00	10.00
Year-end	51.00	(Note)
Total	61.00	(Note)

Notes:

1. The forecast for cash dividend announced on April 26, 2018 has not been revised.
2. The projected amount of dividends for the year ending March 31, 2019 has not been determined yet. For further details, refer to "Explanation regarding proper use of business forecast, and other significant matters" on page 2.



3. Consolidated Financial Performance Forecast for the year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

	Yen (millions)	
	For the year ending March 31, 2019	
		%
Revenue	490,000	2.7
Operating profit	78,500	(2.2)
Profit before income taxes	78,700	(1.5)
Profit attributable to owners of the parent	54,800	(0.3)
	Yen	
Profit attributable to Owners of the parent per share	201.87	

Notes:

- The consolidated financial forecast for the year ending March 31, 2019 has not been revised.
- The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes and profit attributable to owners of the parent against the previous year.

4. Other

- Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): None
- Changes in accounting policies and accounting estimates:
 - Changes in accounting policies required by IFRS: None
 - Changes in accounting policies other than 1: None
 - Changes in accounting estimate: None
- Number of shares outstanding (common stock)
 - Number of shares issued (including treasury stock):

As of December 31, 2018:	280,017,520
As of March 31, 2018:	280,017,520
 - Number of treasury stock:

As of December 31, 2018:	8,550,074
As of March 31, 2018:	8,549,592
 - Average number of shares outstanding:

For the nine months ended December 31, 2018:	271,467,689
For the nine months ended December 31, 2017:	271,465,233

This consolidated financial report is not subject to audit procedures by certified public accountants or an auditing firm.

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

- Makita has adopted International Financial Reporting Standards (IFRS) in its consolidated financial statements from the year ending March 31, 2019. Furthermore, the Company has presented financial figures for the nine-month period ended December 31, 2017 and the year ended March 31, 2018 in accordance with IFRS.
- 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 Statements] Section 3 "Explanation of Information Relevant to Forecast such as Consolidated Financial Performance Forecast" on page 4.
- 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 profit attributable to owners of the parent after certain adjustments.

The Board of Directors plans to meet in April 2019 for a report on earnings for the year ending March 31, 2019. 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 profit attributable to owners of the parent. The Board of Directors will submit this proposal to the General Meeting of Shareholders scheduled for June 2019.

The consolidated dividend payout ratio is calculated as annual dividends per share divided by consolidated profit attributable to owners of the parent per share (after adjustments for special circumstances) and multiplied by 100.



[Qualitative Information and Financial Statements]

1. Explanation of Consolidated Operating Results

We have adopted International Financial Reporting Standards (hereinafter “IFRS”) instead of accounting principles generally accepted in the United States of America (hereinafter “U.S. GAAP”) from the beginning of the fiscal year ending March 31, 2019. In addition, financial figures during the first nine-month period the fiscal year ended March 31, 2018 and the year ended March 31, 2018, which were prepared in accordance with U.S. GAAP in the reporting of those previous periods, are also reclassified in accordance with IFRS and used in the comparative analysis.

Looking at the global economic situation during the nine months (the “period”) ended December 31, 2018, the economy gradually expanded, supported by a strong employment and income situation and robust business performance in developed countries, principally the U.S. However, there were growing concerns over the slowing global economy and uncertainties about the future because of escalating tensions between the U.S. and China over trade and a decline in emerging-country currencies.

Our consolidated revenue for this period increased by 3.3% from the previous year to 366,952 million yen due to robust sales primarily in Japan, although the value of overseas revenue translated into yen was eroded by a fall in emerging-country currencies. Operating profit increased by 1.9% to 60,070 million yen (operating profit ratio: 16.4%), owing to a rise in revenue, although selling, general and administrative expenses increased. Meanwhile, profit before income taxes increased by 3.2% to 61,950 million yen (profit before income taxes ratio: 16.9%) and profit attributable to owners of the parent increased by 4.4% to 43,151 million yen (ratio of profit attributable to owners of the parent : 11.7%).

Revenue results by region were as follows:

Revenue in Japan increased by 10.8% to 67,170 million yen compared to the same period of the previous year. This was due to the continuation of steady sales of power tools and gardening equipment, particularly lithium-ion battery products.

Revenue in Europe increased by 6.1% to 158,128 million yen, supported by solid demand for power tools in almost all areas, although sales of gardening equipment stagnated due to an extremely hot summer and droughts.

Revenue in North America increased by 0.4% to 57,019 million yen due to solid sales through other sales routes, despite poor shipments to home improvement centers in the U.S.

Revenue in Asia decreased by 8.9% to 30,334 million yen. This was due to sluggish sales in other countries, despite steady sales in China and India.

Revenue in Central and South America increased by 0.1% to 21,248 million yen, due to robust sales in almost all countries amid a sharp depreciation in each country’s currency against the yen compared to the same period of the previous year.

In Oceania, sales continued growing at a level as high as the same period of the previous year, although the housing market, which had been overheated, showed signs of slowing down. However, revenue declined by 2.8% to 22,871 million yen due to the yen’s appreciation against local currencies.

Revenue in the Middle East and Africa decreased by 4.6% to 10,182 million yen due to poor sales amid political and economic turmoil in the Middle East.

2. Explanation of Consolidated Financial Position

Total assets as of December 31, 2018 decreased by 4,951 million yen to 649,890 million yen compared to the balance as of March 31, 2018. The decrease was mainly due to the decrease in “Other financial assets” caused by fluctuations in the stock market.

Total liabilities decreased by 9,176 million yen to 87,226 million yen compared to the balance as of March 31, 2018. The decrease was mainly due to the decrease in “Income taxes payable”.

Total equity increased by 4,225 million yen to 562,664 million yen compared to the balance as of March 31, 2018. The increase was mainly due to the increase in “Retained earnings”.



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

Although the strength of demand varied from region to region, Makita saw its consolidated financial results for the first nine-month period of the fiscal year ending March 31, 2019 almost match its expectations. Therefore, the Company has not revised the forecast of its consolidated financial performance for the year ending March 31, 2019 announced on April 26, 2018.

Considering the actual exchange rates for the first nine-month period of the fiscal year ending March 31, 2019, Makita has revised its assumed exchange rates for the full year, a precondition for its forecast of consolidated financial performance, as follows.

[Preconditions]

The above forecast is based on the assumption of exchange rates of 110 yen to the U.S. dollar, 125 yen to the euro and 16.3 yen to the renminbi for the three months period ending March 31, 2019.

The above forecast is based on the assumption of exchange rates of 111 yen to the U.S. dollar, 128 yen to the euro and 16.5 yen to the renminbi for the year ending March 31, 2019.

[Reference]

Our previous exchange rates that we announced on April 26, 2018 were 105 yen to the U.S. dollar, 130 yen to the euro and 16.8 yen to the renminbi for the year ending March 31, 2019.

Notes: 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. Condensed Consolidated Financial Statements (Unaudited)
(1) Condensed Consolidated Statement of Financial Position

	Yen (millions)					
	As of April 1, 2017		As of March 31, 2018		As of December 31, 2018	
	Composition ratio		Composition ratio		Composition ratio	
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents.....	142,181		147,320		133,853	
Trade receivables and other receivables.....	67,262		78,988		71,753	
Inventories	167,523		196,454		215,536	
Other financial assets	50,112		48,037		41,063	
Prepaid expenses and other current assets.....	6,682		8,663		9,647	
Total current assets	<u>433,760</u>	72.3%	<u>479,462</u>	73.2%	<u>471,852</u>	72.6%
NON-CURRENT ASSETS:						
Property, plant and equipment, at cost	95,488		100,813		107,156	
Goodwill and intangible assets.....	6,637		6,991		7,537	
Other financial assets	43,800		45,561		42,550	
Retirement benefit asset.....	8,382		9,729		9,532	
Deferred income taxes	9,169		10,049		9,187	
Other non-current assets.....	2,317		2,236		2,076	
Total non-current assets	<u>165,793</u>	27.7%	<u>175,379</u>	26.8%	<u>178,038</u>	27.4%
Total assets.....	<u>599,553</u>	100.0%	<u>654,841</u>	100.0%	<u>649,890</u>	100.0%

	Yen (millions)					
	As of April 1, 2017		As of March 31, 2018		As of December 31, 2018	
	Composition ratio		Composition ratio		Composition ratio	
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES:						
Trade payables and other payables.....	33,460		35,024		33,112	
Borrowings.....	6,564		3,361		6,445	
Other financial liabilities.....	284		429		202	
Income taxes payable.....	7,264		10,071		5,766	
Provisions.....	3,412		2,928		2,995	
Other current liabilities	24,899		29,294		27,436	
Total current liabilities.....	75,883	12.7%	81,107	12.4%	75,956	11.7%
NON-CURRENT LIABILITIES:						
Retirement benefit liabilities.....	3,161		3,206		3,138	
Other financial liabilities.....	18		133		128	
Provisions.....	1,440		1,352		1,302	
Deferred income taxes	10,738		10,388		6,489	
Other non-current liabilities	234		216		213	
Total non-current liabilities.....	15,591	2.6%	15,295	2.3%	11,270	1.7%
Total liabilities	91,474	15.3%	96,402	14.7%	87,226	13.4%
EQUITY						
Common stock	23,805		23,805		23,805	
Additional paid-in capital.....	45,501		45,531		45,561	
Retained earnings.....	427,999		469,232		496,109	
Treasury stock, at cost.....	(11,623)		(11,617)		(11,619)	
Other components of equity	18,557		27,095		4,422	
Total equity attributable to owners of the parent ..	504,239	84.1%	554,046	84.6%	558,278	85.9%
NON-CONTROLLING INTEREST	3,840	0.6%	4,393	0.7%	4,386	0.7%
Total equity	508,079	84.7%	558,439	85.3%	562,664	86.6%
Total liabilities and equity.....	599,553	100.0%	654,841	100.0%	649,890	100.0%



(2) Condensed Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

Condensed Consolidated Statements of Profit or Loss

	Yen (millions)			
	For the nine months ended December 31, 2017		For the nine months ended December 31, 2018	
	Composition ratio		Composition ratio	
REVENUE.....	355,234	100.0%	366,952	100.0%
Cost of sales.....	(224,860)	(63.3%)	(231,772)	(63.2%)
GROSS PROFIT.....	130,374	36.7%	135,180	36.8%
Selling, general, administrative and others, net	(71,405)	(20.1%)	(75,110)	(20.4%)
OPERATING PROFIT	58,969	16.6%	60,070	16.4%
Financial income.....	2,596		2,146	
Financial expenses.....	(1,548)		(266)	
PROFIT BEFORE INCOME TAXES	60,017	16.9%	61,950	16.9%
Income tax expenses.....	(18,327)		(18,510)	
PROFIT	41,690	11.7%	43,440	11.8%
Profit attributable to:				
Owners of the parent.....	41,324	11.6%	43,151	11.7%
Non-controlling interests	366	0.1%	289	0.1%

Condensed Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
INCOME	41,690	43,440
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Items that will not be reclassified to income (loss)		
Equity financial goods measured at fair value through other comprehensive income (loss).....	2,014	(9,430)
Total of items that will not be reclassified to income (loss).....	2,014	(9,430)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	22,966	(13,028)
Total of items that may be reclassified to profit (loss).....	22,966	(13,028)
Total other comprehensive income (loss), net of tax	24,980	(22,458)
COMPREHENSIVE INCOME	66,670	20,982
Comprehensive income attributable to:		
Owners of the parent.....	65,927	20,764
Non-controlling interests	743	218



(3) Condensed Consolidated Statement of Changes in Equity

	Yen (millions)							Total equity
	For the nine months ended December 31, 2017							
	Equity attributable to owners of the parent						Non-Controlling interest	
Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total			
Balance at April 1, 2017	23,805	45,501	427,999	(11,623)	18,557	504,239	3,840	508,079
Profit for the period			41,324			41,324	366	41,690
Other comprehensive income					24,603	24,603	377	24,980
Comprehensive income	-	-	41,324	-	24,603	65,927	743	66,670
Dividends paid			(13,845)			(13,845)	(180)	(14,025)
Purchase of treasury stock				(3)		(3)		(3)
Disposal of treasury stock		(11)		11		0		0
Share-based payment transaction		31				31		31
Total amounts of transactions with owners	-	20	(13,845)	8	-	(13,817)	(180)	(13,997)
Balance at December 31, 2017	23,805	45,521	455,478	(11,615)	43,160	556,349	4,403	560,752

	Yen (millions)							Total equity
	For the nine months ended December 31, 2018							
	Equity attributable to owners of the parent						Non-Controlling interest	
Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total			
Balance at April 1, 2018	23,805	45,531	469,232	(11,617)	27,095	554,046	4,393	558,439
Profit for the period			43,151			43,151	289	43,440
Other comprehensive income					(22,387)	(22,387)	(71)	(22,458)
Comprehensive income	-	-	43,151	-	(22,387)	20,764	218	20,982
Dividends paid			(16,560)			(16,560)	(225)	(16,785)
Purchase of treasury stock				(2)		(2)		(2)
Disposal of treasury stock		0		0		0		0
Share-based payment transaction		30				30		30
Transfer from other components of equity to retained earnings			286		(286)	-		-
Total amounts of transactions with owners	-	30	(16,274)	(2)	(286)	(16,532)	(225)	(16,757)
Balance at December 31, 2018	23,805	45,561	496,109	(11,619)	4,422	558,278	4,386	562,664



(4) Condensed Consolidated Statements of Cash Flows

	Yen (millions)	
	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit.....	41,690	43,440
Depreciation and amortization.....	7,893	8,370
Income tax expenses.....	18,327	18,510
Financial income and expenses.....	(1,048)	(1,880)
Loss (gain) on sales and retirement of property, plant and equipment	(38)	137
Decrease (increase) in trade receivables and other receivables	(5,422)	5,996
Increase in inventories	(17,345)	(26,149)
Increase (decrease) in trade payables and other payables	2,159	(55)
Increase in retirement benefit assets and liabilities.....	170	198
Increase in guarantee deposits	-	(8,991)
Other	(2,524)	(4,652)
Subtotal.....	<u>43,862</u>	<u>34,924</u>
Dividends received	483	627
Interest received.....	1,836	1,519
Interest paid	(38)	(37)
Income taxes paid	(18,184)	(22,119)
Cash flows from operating activities	<u>27,959</u>	<u>14,914</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of non-current assets.....	(11,076)	(17,451)
Proceeds from sales of non-current assets	453	328
Purchase of investments	(11,646)	(15,205)
Proceeds from sales and redemption of investments	659	2,424
Payments into time deposits	(42,526)	(18,931)
Proceeds from withdrawal of time deposits.....	30,930	35,269
Other	0	(94)
Cash flows from investing activities.....	<u>(33,206)</u>	<u>(13,660)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings	(1,268)	3,189
Purchase and sales of treasury stock, net.....	(3)	(2)
Cash dividends paid.....	(13,845)	(16,560)
Other	(194)	(260)
Cash flows from financing activities	<u>(15,310)</u>	<u>(13,633)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	5,010	(1,088)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(15,547)	(13,467)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD ...	<u>142,181</u>	<u>147,320</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>126,634</u>	<u>133,853</u>



(5) Notes to Consolidated Financial Statements

Notes on the assumptions for a going concern: None

Condensed Operating Segment Information

	Yen (millions)							
	For the nine months ended December 31, 2017							
	Japan	Europe	North America	Asia	Total	Other	Eliminations	Consolidated
Revenue:								
External customers	78,233	149,277	58,564	19,890	305,964	49,270	-	355,234
Inter-segment	154,152	3,546	3,459	160,031	321,188	908	(322,096)	-
Total	<u>232,385</u>	<u>152,823</u>	<u>62,023</u>	<u>179,921</u>	<u>627,152</u>	<u>50,178</u>	<u>(322,096)</u>	<u>355,234</u>
Operating profit	23,099	14,345	2,254	19,246	58,944	4,114	(4,089)	58,969

	Yen (millions)							
	For the nine months ended December 31, 2018							
	Japan	Europe	North America	Asia	Total	Other	Eliminations	Consolidated
Revenue:								
External customers	81,554	158,651	58,708	20,362	319,275	47,677	-	366,952
Inter-segment	164,598	4,371	3,123	165,246	337,338	664	(338,002)	-
Total	<u>246,152</u>	<u>163,022</u>	<u>61,831</u>	<u>185,608</u>	<u>656,613</u>	<u>48,341</u>	<u>(338,002)</u>	<u>366,952</u>
Operating profit	24,133	15,033	1,433	18,340	58,939	2,482	(1,351)	60,070



First-time Adoption of IFRS

The Makita Group has disclosed quarterly consolidated financial statements prepared in accordance with IFRS from the three-month period ended June 30, 2018. The Group prepared the latest consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for the year ended March 31, 2018. The IFRS transition date is April 1, 2017.

(1) Exemptions of Retrospective Adoption of IFRS 1

IFRS 1 “First-time Adoption of International Financial Reporting Standards” (“IFRS 1”) requires an entity that adopts IFRS for the first time to prepare a complete set of financial statements based on IFRS retrospectively to prior periods. However, IFRS 1 provides mandatory exceptions and voluntary exemptions from full retrospective application. The effects of applying these provisions are adjusted in retained earnings or other components of equity on the transition date.

The main exemptions adopted by the Company are as follows:

- Business combinations

IFRS 1 allows an entity not to apply IFRS 3 “Business Combinations” (“IFRS 3”) retrospectively to business combinations that occurred prior to the transition date.

The Makita Group chose not to apply IFRS 3 retrospectively to business combinations that occurred prior to the transition date. Consequently, the Group recognized goodwill arisen from business combinations that occurred prior to the transition date at book value based on U.S. GAAP. Makita performed impairment tests on the goodwill at the transition date regardless of whether there was any indication that the goodwill may be impaired.

- Exchange differences on translating foreign operations

IFRS 1 allows an entity to choose to deem the cumulative amount of the exchange differences on translating foreign operations to be zero as of the transition date. The Makita Group deemed the cumulative amount of the exchange differences on translating foreign operations to be zero on the transition date.

- Designation of financial instruments recognized prior to the IFRS transition date

IFRS 1 allows an entity to designate financial instruments valued at fair value through other comprehensive income in accordance with IFRS 9 “Financial Instruments,” based on facts and circumstances that existed as of the transition date. The Makita Group designated its financial instruments based on the circumstances as of the transition date.

(2) Mandatory Exceptions of Retrospective Adoption of IFRS 1

IFRS 1 prohibits an entity from retrospectively applying IFRS with respect to “Accounting estimates,” “Derecognition of financial assets and liabilities,” “Non-controlling interest,” and “Classification and measurement of financial assets.” The Makita Group has applied the relevant IFRSs to these transactions prospectively from the transition date.



(3) Reconciliation

In preparing the consolidated financial position statement on the IFRS transition date, the Makita Group has reconciliated amounts in consolidated financial statements prepared based on U.S. GAAP.

The effects of the transition from U.S. GAAP to IFRS on the Group's financial position, financial results, and cash flow position are presented in the following table:

Reconciliation of equity on the transition date (April 1, 2017)

Presentation under U.S.GAAP	Yen (millions)			IFRS	Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement			
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	142,181	-	-	142,181		Cash and cash equivalents
Time deposits	34,329	(34,329)	-	-		
Short-term investments	23,441	(23,441)	-	-		
Notes	1,199	(1,199)	-	-		
Accounts	67,086	(67,086)	-	-		
Less- Allowance for doubtful receivables	(1,137)	1,137	-	-		
	-	67,262	-	67,262		Trade receivables and other receivables
Inventories	167,398	-	125	167,523		Inventories
	-	50,112	-	50,112	E	Other financial assets
Deferred income taxes	4,723	(4,723)	-	-	E	
Prepaid expenses and other current assets	13,349	(183)	(6,484)	6,682	D	Prepaid expenses and other current assets
Total current assets	452,569	(12,450)	(6,359)	433,760		Total current assets
NON-CURRENT ASSETS						
PROPERTY, PLANT AND EQUIPMENT, AT COST:						
Land	22,358	(22,358)	-	-		
Building and improvements	94,927	(94,927)	-	-		
Machinery and equipment	91,493	(91,493)	-	-		
Construction in progress	5,531	(5,531)	-	-		
Less-Accumulated depreciation and amortization	(119,802)	119,802	-	-		
Total net property, plant and equipment	-	94,507	981	95,488		Property, plant and equipment
INVESTMENTS AND OTHER ASSETS:						
Investments	34,004	(34,004)	-	-		
Goodwill	721	(721)	-	-		
Other intangible assets, net	3,641	(3,641)	-	-		
	-	3,735	2,902	6,637	A	Goodwill and intangible assets
	-	42,982	818	43,800	E	Other financial assets
	-	8,385	(3)	8,382	B	Retirement benefit asset
Deferred income taxes	650	4,723	3,796	9,169	D,E	Deferred income taxes
Other assets	11,157	(8,703)	(137)	2,317		Other non-current assets
	144,680	12,756	8,357	165,793		Total non-current assets
Total assets	597,249	306	1,998	599,553		Total assets



Presentation under U.S.GAAP	Yen (millions)			IFRS	Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement			
LIABILITIES						LIABILITIES
CURRENT LIABILITIES:						CURRENT LIABILITIES:
Short-term borrowings	6,579	(15)	-	6,564		Borrowings
Trade notes and accounts payable	26,347	7,113	-	33,460		Trade payables and other payables
Other payables	7,122	(7,122)	-	-		
Accrued expenses	10,537	(10,537)	-	-		
Accrued payroll	9,431	(9,431)	-	-		
	-	284	-	284	E	Other financial liabilities
Income taxes payable	6,944	320	-	7,264		Income taxes payable
Deferred income taxes	3,134	(3,134)	-	-	E	
	-	3,412	-	3,412		Provisions
Other liabilities	8,178	16,273	448	24,899		Other current liabilities
Total current liabilities	78,272	(2,837)	448	75,883		Total current liabilities
LONG-TERM LIABILITIES:						NON-CURRENT LIABILITIES:
Long-term indebtedness	18	(18)	-	-		
Accrued retirement and termination benefits	3,161	-	-	3,161		Retirement benefit liabilities
	-	18	-	18	E	Other financial liabilities
	-	1,440	-	1,440		Provisions
Deferred income taxes	8,313	3,143	(718)	10,738	E	Deferred tax liabilities
Other liabilities	1,674	(1,440)	-	234		Other non-current liabilities
Total long-term liabilities	13,166	3,143	(718)	15,591		Total non-current liabilities
Total liabilities	91,438	306	(270)	91,474		Total liabilities
EQUITY						EQUITY
MAKITA CORPORATION SHAREHOLDERS' EQUITY:						
Common stock	23,805	-	-	23,805		Common stock
Additional paid-in capital	45,501	-	-	45,501		Additional paid-in capital
Legal reserve	5,669	(5,669)	-	-		
Retained earnings	456,546	(29,516)	969	427,999	A,B,C,D	Retained earnings
Treasury stock, at cost	(11,623)	-	-	(11,623)		Treasury stock, at cost
Accumulated other comprehensive income (loss)	(17,728)	34,986	1,299	18,557	B,C	Other components of equity
Total Makita Corporation shareholders' equity	502,170	(199)	2,268	504,239		Total equity attributable to owners of the parent
NON-CONTROLLING INTEREST	3,641	199	-	3,840	C	NON-CONTROLLING INTEREST
Total equity	505,811	-	2,268	508,079		Total equity
Total liabilities and equity	597,249	306	1,998	599,553		Total liabilities and equity



Reconciliation of equity as of December 31, 2017

Presentation under U.S.GAAP	Yen (millions)			IFRS	Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement			
ASSETS						ASSETS
CURRENT ASSETS:						CURRENT ASSETS:
Cash and cash equivalents	126,634	-	-	126,634		Cash and cash equivalents
Time deposits	47,141	(47,141)	-	-		
Short-term investments	34,526	(34,526)	-	-		
Notes	1,351	(1,351)	-	-		
Accounts	75,916	(75,916)	-	-		
Less- Allowance for doubtful receivables	(1,234)	1,234	-	-		
	-	76,168	-	76,168		Trade receivables and other receivables
Inventories	196,537	-	127	196,664		Inventories
	-	71,515	-	71,515	E	Other financial assets
Prepaid expenses and other current assets	16,804	35	(7,851)	8,988	D	Prepaid expenses and other current assets
Total current assets	497,675	(9,982)	(7,724)	479,969		Total current assets
PROPERTY, PLANT AND EQUIPMENT, AT COST:						NON-CURRENT ASSETS
Land	22,985	(22,985)	-	-		
Building and improvements	100,404	(100,404)	-	-		
Machinery and equipment	99,348	(99,348)	-	-		
Construction in progress	5,135	(5,135)	-	-		
Less-Accumulated depreciation and amortization	(127,206)	127,206	-	-		
Total net property, plant and equipment	-	100,666	959	101,625		Property, plant and equipment
INVESTMENTS AND OTHER ASSETS:						
Investments	37,791	(37,791)	-	-		
Goodwill	721	(721)	-	-		
Other intangible assets, net	3,736	(3,736)	-	-		
	-	3,806	2,989	6,795	A	Goodwill and intangible assets
	-	48,956	854	49,810	E	Other financial assets
	-	8,892	(615)	8,277	B	Retirement benefit asset
Deferred income taxes	3,659	-	6,415	10,074	D	Deferred income taxes
Other assets	11,572	(9,090)	(144)	2,338		Other non-current assets
Total non-current assets	158,145	10,316	10,458	178,919		Total non-current assets
Total assets	655,820	335	2,734	658,888		Total assets



Presentation under U.S.GAAP	Yen (millions)			IFRS	Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement			
LIABILITIES						LIABILITIES
CURRENT LIABILITIES:						CURRENT LIABILITIES:
Short-term borrowings	5,979	(15)	-	5,964		Borrowings
Trade notes and accounts payable	25,744	8,509	-	34,253		Trade payables and other payables
Other payables	8,522	(8,522)	-	-		
Accrued expenses	14,215	(14,215)	-	-		
Accrued payroll	8,522	(8,522)	-	-		
	-	882	-	882	E	Other financial liabilities
Income taxes payable	8,534	203	-	8,737		Income taxes payable
	-	3,631	-	3,631		Provisions
Other liabilities	9,665	18,384	88	28,137		Other current liabilities
Total current liabilities	81,181	335	88	81,604		Total current liabilities
LONG-TERM LIABILITIES:						NON-CURRENT LIABILITIES
Accrued retirement and termination benefits	3,445	-	-	3,445		Retirement benefit liabilities
	-	14	-	14	E	Other financial liabilities
	-	1,398	-	1,398		Provisions
Deferred income taxes	10,769	-	686	11,455		Deferred tax liabilities
	-	-	-	-		Other non-current liabilities
Other liabilities	1,632	(1,413)	-	219		liabilities
Total long-term liabilities	15,846	-	686	16,532		Total non-current liabilities
Total liabilities	97,027	335	774	98,136		Total liabilities
EQUITY						EQUITY
MAKITA CORPORATION SHAREHOLDERS' EQUITY:						
Common stock	23,805	-	-	23,805		Common stock
Additional paid-in capital	45,521	-	-	45,521		Additional paid-in capital
Legal reserve	5,669	(5,669)	-	-		
Retained earnings	484,521	(29,516)	473	455,478	A,B,C,D	Retained earnings
Treasury stock, at cost	(11,615)	-	-	(11,615)		Treasury stock, at cost
Accumulated other comprehensive income (loss)	6,688	34,986	1,486	43,160	B,C	Other components of equity
Total Makita Corporation shareholders' equity	554,589	(199)	1,959	556,349		Total equity attributable to owners of the parent
NON-CONTROLLING INTEREST						NON-CONTROLLING INTEREST
	4,204	199	-	4,403	C	
Total equity	558,793	-	1,959	560,752		Total equity
Total liabilities and equity	655,820	335	2,733	658,888		Total liabilities and equity



Reconciliation of equity as of March 31, 2018

Presentation under U.S.GAAP	Yen (millions)				Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement	IFRS		
ASSETS						ASSETS
CURRENT ASSETS:						CURRENT ASSETS:
Cash and cash equivalents	147,320	-	-	147,320		Cash and cash equivalents
Time deposits	43,013	(43,013)	-	-		
Short-term investments	14,782	(14,782)	-	-		
Notes	1,343	(1,343)	-	-		
Accounts	79,092	(79,092)	-	-		
Less- Allowance for doubtful receivables	(1,340)	1,340	-	-		
	-	78,988	-	78,988		Trade receivables and other receivables
Inventories	196,217	-	237	196,454		Inventories
	-	48,037	-	48,037	E	Other financial assets
Prepaid expenses and other current assets	16,150	(43)	(7,444)	8,663	D	Prepaid expenses and other current assets
Total current assets	496,577	(9,908)	(7,207)	479,462		Total current assets
PROPERTY, PLANT AND EQUIPMENT, AT COST:						NON-CURRENT ASSETS
Land	22,626	(22,626)	-	-		
Building and improvements	98,648	(98,648)	-	-		
Machinery and equipment	98,868	(98,868)	-	-		
Construction in progress	6,027	(6,027)	-	-		
Less-Accumulated depreciation and amortization	(126,305)	126,305	-	-		
Total net property, plant and equipment	-	99,864	949	100,813		Property, plant and equipment
INVESTMENTS AND OTHER ASSETS:						
Investments	33,815	(33,815)	-	-		
Goodwill	721	(721)	-	-		
Other intangible assets, net	3,944	(3,944)	-	-		
	-	4,033	2,958	6,991	A	Goodwill and intangible assets
	-	44,621	940	45,561	E	Other financial assets
	-	9,564	165	9,729	B	Retirement benefit asset
Deferred income taxes	3,975	-	6,074	10,049	D	Deferred income taxes
Other assets	12,135	(9,755)	(144)	2,236		Other non-current assets
	154,454	9,983	10,942	175,379		Total non-current assets
Total assets	651,031	75	3,735	654,841		Total assets



Yen (millions)						
Presentation under U.S.GAAP	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement	IFRS	Note	Presentation under IFRS
LIABILITIES				LIABILITIES		
CURRENT LIABILITIES:				CURRENT LIABILITIES:		
Short-term borrowings	3,411	(50)	-	3,361		Borrowings
Trade notes and accounts payable	28,156	6,868	-	35,024		Trade payables and other payables
Other payables	7,131	(7,131)	-	-		
Accrued expenses	11,952	(11,952)	-	-		
Accrued payroll	10,731	(10,731)	-	-		
	-	429	-	429	E	Other financial liabilities
Income taxes payable	9,720	351	-	10,071		Income taxes payable
	-	2,928	-	2,928		Provisions
Other liabilities	9,497	19,363	434	29,294		Other current liabilities
Total current liabilities	80,598	75	434	81,107		Total current liabilities
LONG-TERM LIABILITIES:				NON-CURRENT LIABILITIES		
Accrued retirement and termination benefits	3,206	-	-	3,206		Retirement benefit liabilities
	-	133	-	133	E	Other financial liabilities
	-	1,352	-	1,352		Provisions
Deferred income taxes	9,391	-	997	10,388		Deferred tax liabilities
Other liabilities	1,703	(1,485)	(2)	216		Other non-current liabilities
Total long-term liabilities	14,300	-	995	15,295		Total non-current liabilities
Total liabilities	94,898	75	1,429	96,402		Total liabilities
EQUITY				EQUITY		
MAKITA CORPORATION SHAREHOLDERS' EQUITY:				MAKITA CORPORATION SHAREHOLDERS' EQUITY:		
Common stock	23,805	-	-	23,805		Common stock
Additional paid-in capital	45,531	-	-	45,531		Additional paid-in capital
Legal reserve	5,669	(5,669)	-	-		
Retained earnings	497,456	(29,044)	820	469,232	A,B,C,D	Retained earnings
Treasury stock, at cost	(11,617)	-	-	(11,617)		Treasury stock, at cost
Accumulated other comprehensive income (loss)	(8,905)	34,514	1,486	27,095	B,C	Other components of equity
Total Makita Corporation shareholders' equity	551,939	(199)	2,306	554,046		Total equity attributable to owners of the parent
NON-CONTROLLING INTEREST	4,194	199	-	4,393	C	NON-CONTROLLING INTEREST
Total equity	556,133	-	2,306	558,439		Total equity
Total liabilities and equity	651,031	75	3,735	654,841		Total liabilities and equity



Reconciliation of profit and loss for the nine-month period ended December 31, 2017 (April 1, 2017 to December 31, 2017)

Presentation under U.S.GAAP	Yen (millions)			IFRS	Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement			
NET SALES	355,234	-	-	355,234		REVENUE
Cost of sales	(224,917)	90	(32)	(224,860)	B	Cost of sales
GROSS PROFIT	130,317	90	(32)	130,374		GROSS PROFIT
Selling, general, administrative and others, net	(70,872)	(388)	(145)	(71,405)	A,B	Selling, general, administrative and others, net
OPERATING INCOME	59,445	(298)	(177)	58,969		OPERATING PROFIT
OTHER INCOME (EXPENSE):						
	-	2,606	(10)	2,596	F	Financial income
	-	(1,344)	(204)	(1,548)	F	Financial expenses
Interest and dividend income	2,328	(2,328)	-	-		
Interest expense	(37)	37	-	-		
Exchange losses on foreign currency transactions, net	(1,307)	1,307	-	-		
Realized gains on securities, net	299	(299)	-	-		
Valuation losses on securities	(21)	21	-	-		
INCOME BEFORE INCOME TAXES	60,707	(298)	(391)	60,017		PROFIT BEFORE INCOME TAXES
Income tax expense:						
Current	(18,635)	298	(1,353)	(19,690)		
Deferred	114	-	1,249	1,363		
	(18,521)	298	(104)	(18,327)	D	Income tax expenses
NET INCOME	42,186	-	(496)	41,690		PROFIT
						Profit attributable to:
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION	41,820	-	(496)	41,324		Owners of the parent
Less-Net income attributable to the non-controlling interest	366	-	-	366		Non-controlling interests



Reconciliation of comprehensive income for the nine-month period ended December 31, 2017
(April 1, 2017 to December 31, 2017)

Presentation under U.S.GAAP	Yen (millions)				Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement	IFRS		
NET INCOME	42,186	-	(496)	41,690		INCOME
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX						OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX
Unrealized holding gains (expense) on available-for-sale securities	1,816	-	198	2,014		Items that will not be reclassified to profit or loss Equity financial assets measured at fair value through other comprehensive income
Pension liability adjustment	14	-	(14)	-		
	1,830	-	184	2,014		Total of items that will not be reclassified to profit or loss
Foreign currency translation adjustment	22,963	-	3	22,966		Items that may be reclassified to profit or loss Exchange differences on translating foreign operations
	22,963	-	3	22,966		Total of items that may be reclassified to profit or loss
Total other comprehensive income (loss)	24,793	-	187	24,980		Total other comprehensive income (loss), net of tax
COMPREHENSIVE INCOME	66,979	-	(309)	66,670		COMPREHENSIVE INCOME
						Comprehensive income attributable to:
COMPREHENSIVE INCOME ATTRIBUTABLE TO MAKITA CORPORATION	66,236	-	(309)	65,927		Owners of the parent
Less-Comprehensive income attributable to the non-controlling interest	743	-	-	743		Non-controlling interests



Reconciliation of profit and loss for the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Presentation under U.S.GAAP	Yen (millions)				Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement	IFRS		
NET SALES	477,298	-	-	477,298		REVENUE
Cost of sales	(302,173)	159	622	(301,392)	B	Cost of sales
GROSS PROFIT	175,125	159	622	175,906		GROSS PROFIT
Selling, general, administrative and others, net	(95,363)	(563)	251	(95,675)	A,B	Selling, general, administrative and others, net
OPERATING INCOME	79,762	(404)	873	80,231		OPERATING PROFIT
OTHER INCOME (EXPENSE):						
	-	3,218	(38)	3,180	F	Financial income
	-	(3,302)	(244)	(3,546)	F	Financial expenses
Interest and dividend income	2,919	(2,919)	-	-		
Interest expense	(43)	43	-	-		
Exchange losses on foreign currency transactions, net	(3,235)	3,235	-	-		
Realized gains on securities, net	299	(299)	-	-		
Valuation losses on securities	(24)	24	-	-		
INCOME BEFORE INCOME TAXES	79,678	(404)	591	79,865		PROFIT BEFORE INCOME TAXES
Income tax expense:						
Current	(24,943)	404	(948)	(25,487)		
Deferred	536	-	545	1,081		
	(24,407)	404	(403)	(24,406)	D	Income tax expenses
NET INCOME	55,271	-	188	55,459		PROFIT
						Profit attributable to:
NET INCOME ATTRIBUTABLE TO MAKITA CORPORATION	54,755	-	188	54,943		Owners of the parent
Less-Net income attributable to the non-controlling interest	516	-	-	516		Non-controlling interests



Reconciliation of comprehensive income for the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Presentation under U.S.GAAP	Yen (millions)			IFRS	Note	Presentation under IFRS
	U.S. GAAP	Reclassifi- cation	Difference between recognition and measurement			
NET INCOME	55,271	-	188	55,459		INCOME
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX						OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX
						Items that will not be reclassified to profit (loss)
Unrealized holding expense on available-for-sale securities	(1,364)	-	266	(1,098)		Equity financial assets measured at fair value through other comprehensive loss
Pension liability adjustment	544	-	(356)	188		Remeasurement of defined benefit pension plans
	(820)	-	(90)	(910)		Total of items that will not be reclassified to loss
						Items that may be reclassified to profit
Foreign currency translation adjustment	9,860	-	(7)	9,853		Exchange differences on translating foreign operations
	9,860	-	(7)	9,853		Total of items that may be reclassified to profit
Total other comprehensive income	9,040	-	(97)	8,943		Total other comprehensive income, net of tax
COMPREHENSIVE INCOME	64,311	-	91	64,402		COMPREHENSIVE INCOME
						Comprehensive income attributable to:
COMPREHENSIVE INCOME ATTRIBUTABLE TO MAKITA CORPORATION	63,578	-	91	63,669		Owners of the parent
Less-Comprehensive income attributable to the non-controlling interest	733	-	-	733		Non-controlling interests

Notes to Reconciliation

A. Intangible assets

As some development costs, which are a part of expenditures related to R&D that were expensed under U.S. GAAP, meet the requirements to be capitalized under IFRS, they are recognized as intangible assets in its consolidated financial position statement and amortized over its expected useful lives on a straight-line basis.

Due to the above-mentioned differences in the accounting standards, the unamortized balance of capitalized development costs of 2,902 million yen, 2,989 million yen, and 2,958 million yen, respectively, were recorded as intangible assets on the transition date, at December 31, 2017, and at March 31, 2018, respectively. Consequently, retained earnings after deducting the adjusted deferred tax of 876 million yen, 903 million yen, and 893 million yen on the transition date, at December 31, 2017, and at March 31, 2018, respectively, increased by 2,026 million yen, 2,086 million yen, and 2,065 million yen, respectively.

B. Employee benefits

Under U.S. GAAP, regarding post-employment benefits under defined benefit pension plans, service cost, interest cost, and expected return on plan assets were recognized in profit or loss. The portion of actuarial differences arising from the relevant plans and past service cost incurred that was not recognized as expenses for the period was recognized in the amount net of tax in accumulated other comprehensive income (loss), and the amount recognized in accumulated other comprehensive income (loss) was subsequently recognized in income or loss over the average remaining service years of employees.

Under IFRS, regarding post-employment benefits under defined benefit pension plans, current service cost and past service cost are recognized in profit or loss, and the amount calculated by multiplying net defined benefit liability (asset) by the discount rate is recognized as interest expense (income) in profit or loss. Remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income, and transferred from other components of equity directly to retained earnings, not through profit or loss.

Due to the above-mentioned differences in the accounting standards, actuarial differences of 8,869 million yen (loss) and past service liability of 2,455 million yen (profit) on the transition date are transferred to retained earnings.

C. Exchange differences on translating foreign operations

IFRS allows an entity to choose to deem the full cumulative amount of the exchange differences on translating foreign operations to be zero on the transition date.

Consequently, the exchange differences on translating foreign operations of 28,572 million yen out of accumulated other comprehensive income on the transition date are transferred to retained earnings.

D. Income taxes

Under U.S. GAAP, regarding tax effect from the elimination of unrealized gains on intercompany transactions, income taxes paid by the seller were recorded as prepaid income taxes. Under IFRS, regarding the said tax effect, a deferred tax asset is recorded using the effective tax rate of the buyer as a temporary difference of assets held by the buyer.

Due to the above-mentioned differences in the accounting standards, on the transition date, at December 31, 2017, and at March 31, 2018, other comprehensive income, net of tax decreased by 6,484 million yen, 7,851 million yen, and 7,444 million yen, respectively, deferred tax assets increased by 5,730 million yen, 6,750 million yen, and 6,420 million yen, respectively, while retained earnings declined by 754 million yen, 1,101 million yen, and 1,024 million yen, respectively.

E. Reclassification of items in consolidated statement of financial position

Although some items are reclassified in the consolidated statement of financial position to conform with IFRS provisions, there is no effect on consolidated statements of income, consolidated statements of comprehensive income, and retained earnings. The following items represent major items that are reclassified in the consolidated statement of financial position.



- (i) In accordance with the presentation provisions under IFRS, financial assets and financial liabilities are presented on an individual basis.
- (ii) Under U.S. GAAP, deferred tax assets and deferred tax liabilities were presented separately in current assets/liabilities and non-current assets/liabilities. However, since they are not allowed to be presented in current assets/liabilities under IFRS, they are reclassified as non-current assets/liabilities.
- (iii) Other reclassifications have been made by aggregating or separating presentation under U.S. GAAP to be consistent with the presentation under IFRS.

F. Reclassification of items in consolidated statements of profit or loss

Although some items are reclassified in the consolidated statements of profit or loss to conform with IFRS provisions, there is no effect on retained earnings. The following items represent major items that are reclassified in the consolidated statements of profit or loss.

- (i) In accordance with the presentation provisions under IFRS, financial income and financial expenses are presented on an individual basis.

Reconciliation of consolidated cash flows for the nine-month period ended December 31, 2017 and the year ended March 31, 2018

There is no material difference between consolidated statements of cash flows disclosed in accordance with U.S. GAAP and those disclosed in accordance with IFRS.



SUPPORT DOCUMENTATION (CONSOLIDATED)

1. Consolidated Financial Results and Forecast

	Yen (millions)			
	For the nine months ended December 31, 2017		For the nine months ended December 31, 2018	
		(%)		(%)
Revenue	355,234	-	366,952	3.3
Domestic	60,637	-	67,170	10.8
Overseas	294,597	-	299,782	1.8
Operating profit	58,969	-	60,070	1.9
Profit before income taxes	60,017	-	61,950	3.2
Profit attributable to owners of the parent	41,324	-	43,151	4.4
Profit attributable to owners of the parent per share (Yen)	152.23		158.95	
Number of Employees	15,969		16,469	

	Yen (millions)			
	For the year ended March 31, 2018		For the year ending March 31, 2019 (Forecast)	
		(%)		(%)
Revenue	477,298	-	490,000	2.7
Domestic	82,575	-	89,800	8.7
Overseas	394,723	-	400,200	1.4
Operating profit	80,231	-	78,500	(2.2)
Profit before income taxes	79,865	-	78,700	(1.5)
Profit attributable to owners of the parent	54,943	-	54,800	(0.3)
Profit attributable to owners of the parent per share (Yen)	202.39		201.87	
Number of Employees	16,137		-	

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 4.
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes, and profit attributable to owners of the parent compared to the corresponding period of the previous year.
3. The percentage changes from results for the nine months ended December 31, 2016 and for the year ended March 31, 2017 based on U.S. GAAP have been omitted.



2. Consolidated Revenue by Geographic Area

	Yen (millions)					
	For the nine months ended December 31, 2017		For the nine months ended December 31, 2018		For the year ended March 31, 2018	
		(%)		(%)		(%)
Japan	60,637	-	67,170	10.8	82,575	-
Europe.....	149,067	-	158,128	6.1	202,054	-
North America	56,806	-	57,019	0.4	73,873	-
Asia.....	33,295	-	30,334	(8.9)	44,094	-
Central and South America	21,231	-	21,248	0.1	27,922	-
Oceania	23,528	-	22,871	(2.8)	31,284	-
The Middle East and Africa	10,670	-	10,182	(4.6)	15,496	-
Total	355,234	-	366,952	3.3	477,298	-

Notes:

1. The table above sets forth Makita's consolidated revenue 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 revenue compared to the corresponding period of the previous year.
3. The percentage changes from results for the nine months ended December 31, 2016 and for the year ended March 31, 2017 based on U.S. GAAP have been omitted.

3. Exchange Rates

	Yen			
	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018	For the year ended March 31, 2018	For the year ending March 31, 2019 (Forecast)
USD/JPY	111.69	111.14	110.85	111
EUR/JPY	128.55	129.47	129.66	128
RMB/JPY	16.64	16.60	16.74	16.5

4. Production Ratio (unit basis)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018	For the year ended March 31, 2018
	Composition ratio	Composition ratio	Composition ratio
Domestic.....	9.5%	9.5%	9.3%
Overseas	90.5%	90.5%	90.7%

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

	Yen (millions)			
	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018	For the year ended March 31, 2018	For the year ending March 31, 2019 (Forecast)
Capital expenditures	11,076	17,451	15,045	35,000
Depreciation and amortization...	7,893	8,370	10,783	11,000
R&D cost	8,212	8,265	10,924	11,000