MAKITA CORP
Form 6-K
June 29, 2006

Table of Contents

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
Pursuant to Rule 13a-16 or 15d-16 under
the Securities Exchange Act of 1934
For the month of June, 2006
MAKITA CORPORATION
(Translation of registrant s name into English)
3-11-8, Sumiyoshi-cho, Anjo City, Aichi Prefecture, Japan

(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:]

Form 20-F þ   Form 40-F o

[Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.]

Yes o   No þ

TABLE OF CONTENTS

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAKITA CORPORATION

(Registrant)

By: /s/ Masahiko Goto

(Signature)
Masahiko Goto
President

Date: June 29, 2006

Table of Contents

(Summary English Translation of the Notice of the 94th Ordinary General Meeting of Shareholders Originally Issued in Japanese Language)

MAKITA CORPORATION

June 7, 2006

To the Shareholders of
MAKITA CORPORATION

NOTICE OF THE 94th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are respectfully requested to attend the 94th Ordinary General Meeting of Shareholders of MAKITA CORPORATION, which is hereby announced.

If you do not expect to attend the meeting, you may exercise your voting rights through the enclosed voting form. Please review the accompanying information and send the enclosed voting form to us by return mail after indicating your vote for or against the proposition and affixing your seal.

Masahiko Goto
President
MAKITA CORPORATION
3-11-8, Sumiyoshi-cho, Anjo,
Aichi Prefecture, 446-8502, Japan
(Stock code: 6586)

1. Date: 10 a.m., Thursday, June 29, 2006

2. Place: Head Office of MAKITA CORPORATION
3-11-8, Sumiyoshi-cho, Anjo,
Aichi Prefecture, 446-8502, Japan

3. Agenda:

Items to be reported:

1. The Business Report, Consolidated Balance Sheet, Consolidated Statement of Income for the 94th term (from April 1, 2005 to March 31, 2006) and the Audit Reports on such Consolidated Financial Statements by the Accounting Auditors and the Board of Statutory Auditors

2. The Non-consolidated Balance Sheet and Non-consolidated Statement of Income for the 94th term

Items to be resolved:

No.1 Approval of the Proposed Appropriation of Retained Earnings for the 94th term
No.2 Partial amendment to the Articles of Incorporation

Details of amendment are described in the Reference document relating to exercise of voting rights on pages 23 to 30.

No.3 Election of one Supplementary Statutory Auditor
No.4 Payment of retirement allowances for Directors and Statutory Auditors for the period up to the termination of the retirement allowance plan

Table of Contents

BUSINESS REPORT

(From April 1, 2005, to March 31, 2006)

1. The Business Environment

(1) Progress and Results of Operations of the Makita Group

Looking at the overseas economic circumstances for the period under review, the U.S. economy showed a gradual expansion as personal consumption and capital investment remained firm. In Europe, personal consumption did not see a full-fledged recovery, but indications of a gradual recovery were evident as exports held firm and the Eastern European and Russian economies stabilized and expanded. In Asia, growth rates slowed in some areas, but the region s overall economic growth remained high, especially in China where exports were brisk. The Japanese economy experienced gradual recovery as capital investment increased along with the recovery in corporate profitability, and there was also an improvement in personal consumption and employment.

Under these conditions, the Makita Group worked diligently to develop high-value-added products that are precise in fitting the needs of users. By combining lithium ion batteries with the Company s proprietary optimum charging system, Makita created a series of rechargeable products featuring small size and high output, and released new products such as rotary hammers featuring newly developed low-vibration designs.

In regard to consolidated results for the period under review, net sales rose 17.6% over the same period of the previous fiscal year, to 229,075 million yen. This was the first time sales exceeded 200 billion yen. Year-on-year, sales in Japan rose 5.6%, to 41,600 million yen, as a result of the robust performance of newly introduced rechargeable power tools. Overseas sales expanded 20.7%, to 187,475 million yen, principally due to steady performance in the European markets, as well as the increase in sales that occurred in North American markets, which employed lithium ion battery based products as the centerpiece of their Christmas sales campaigns targeting major home centers. As a result, overseas sales accounted for 81.8% of net consolidated sales for the period.

Examining overseas sales by individual region, year-on-year sales were up 20.3% in Europe, to 90,504 million yen, 23.9% in North America, to 47,673 million yen, 4.0% in Asia, to 16,993 million yen, and 27.9% in other regions, to 32,305 million yen.

With regard to earnings, in addition to the cost to sales ratio improving owing to the impact of a stronger Euro, as a special factor, there was the resolution of the golf course rehabilitation issue followed by a gain from the sale of this business amounting to approximately 8.5 billion yen. Accordingly, year-on-year operating income climbed 45.8%, to 45,778 million yen, and earnings before income taxes increased 50.7% for the same period, to 49,143 million yen. In addition, a deferred tax asset resulting from an impairment charge recorded against our golf course business during the fiscal year ended March 2004, was not recognized at that time as we did not consider it to be more likely than not recoverable. However, following the completion of the civil rehabilitation proceedings and the sale of our golf course business, we determined the previously unrecognized deferred tax asset to be recoverable and recognized a tax benefit. As a consequence, net income for the current period was 40,411 million yen, exceeding the previous year by 82.6%.

To strengthen its position in the automatic nailer business as a comprehensive supplier of tools for professional use, Makita acquired the automatic nailer business of Kanematsu-NNK Corp. as of January 1, 2006 for a total of 1,754 million yen. In acquiring this business, Makita assumed no liabilities whatsoever for liabilities related to the issue regarding Kanematsu-NNK s falsification of certificates.

Table of Contents

(2) Future Tasks of the Makita Group

With regard to the outlook for the future, while the domestic economy is shrugging off deflation and heading for recovery, we anticipate that harsh conditions will continue. Given the escalation of raw material prices, including that for crude oil, and with the increasing trend to employ prefab/precut materials in residential construction, the demand for power tools will decline. A number of uncertainties also remain in the business environment. In addition to the global trend in interest rate hikes, there are also concerns about the US economy, where we are starting to see a decline in personal consumption. There are also concerns regarding the future course of Asia, where changes in the economy tend to be severe.

Duly noting these circumstances, we are in the process of improving our sales and service structures by further strengthening local subsidiaries in our overseas markets, as well as upgrading and expanding our Chinese factories to enhance the cost competitiveness of our production activities. Meanwhile, in Europe, where sales have transitioned very favorably with the appreciation of the Euro and the growth in the Eastern European and Russian economies, we are reducing shipping costs through the establishment of a new base of production in the cost-effective Romania, and taking measures aimed at reducing the risks associated with foreign exchange and a geographically concentrated production. Also, by increasing its capabilities for developing new products that satisfy professional users and maintaining its brand image, Makita is striving to be what it refers to as a Strong Company , or, in other words, a company that can earn and maintain worldwide market leadership in markets for professional-use power tools. In this way, Makita is striving to be such a Strong Company and achieve improved performance.

In closing, we would like to thank you for your ongoing support and ask for your continued backing.

(3) Investment in Plant and Equipment of the Makita Group

During the fiscal year, the Company allocated 11,383 million yen for its capital expenditures. These funds were used primarily for addition and betterment of building at the Okazaki plant of the Company, and the manufacturing equipment at Makita (China) Co., Ltd.

(4) Capital Procurement of the Makita Group

During the fiscal year, the Company did not procure capital by issuing new shares or bonds.

Table of Contents

(5) Summary of Business Results and State of Assets of the Makita Group
1. Summary of Consolidated Business Results and State of Assets

Description	91st term (ended March 31, 2003)	92nd term (ended March 31, 2004)	93rd term (ended March 31, 2005)	94th term (ended March 31, 2006)
Net sales (in millions of yen)	175,603	184,117	194,737	229,075
Operating income (in millions of yen)	12,468	14,696	31,398	45,778
Income before income taxes (in millions of yen)	9,292	16,170	32,618	49,143
Net income (in millions of yen)	6,723	7,691	22,136	40,411
Net income per share (in yen)	45.29	53.16	153.89	281.15
Total assets (in millions of yen)	278,600	278,116	289,904	326,038
Shareholders equity (in millions of yen)	182,400	193,348	219,640	266,584

Notes: 1. Consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States.

2. Net income per share is computed based on the average number of common stock outstanding during the fiscal year.

3. Amounts of less than 1 million yen have been rounded.

The 91st term:

Net sales amounted to 175,603 million yen, up 5.7% from the previous fiscal year due to sales increases in all regions but North America, the effects of the depreciation of the yen, and other factors. Net income amounted to 6,723 million yen, becausee of such developments as the restoration of U.S. operations profitability owing to the adoption of a lower-cost business structure and the shift of a greater share of the Makita Group s manufacturing operations to China-based subsidiaries.

The 92nd term:

Net sales amounted to 184,117 million yen, up 4.8% from the previous fiscal year as a result of sales increases in all regions except North America and Central/South America. Despite the recording of a loss at approximately 6 billion yen on the impairment on the assets of a golf course subsidiary, net income amounted to 7,691 million yen, up 14.4% from the previous fiscal year becausee of such developments as an improvement in the cost-of-sales ratio, owing to such factors as a rise in the share of manufacturing operations carried out in China and the appreciation of the euro.

The 93rd term:

Net sales increased 5.8% from the previous fiscal year to 194,737 million yen, reflecting increases in sales in Europe and Asia outside Japan as well as other factors. The Company s cost to sales ratio improved because of expansion in production at the plant in Japan. Moreover, the special factors, including the reporting of a gain of 4.4 billion yen in connection with the return of the substitutional portion of the Company s Employee Pension Fund to the government resulted in an increase in net income of about 2.9 times from the previous fiscal year, to 22,136 million yen.

The 94th term:

A review of the period is provided in (1) Progress and Results of Operations of the Makita Group.

Table of Contents

2. Summary of Non-consolidated Business Results and State of Assets

Description	91st term (ended March 31, 2003)	92nd term (ended March 31, 2004)	93rd term (ended March 31, 2005)	94th term (ended March 31, 2006)
Net sales (in millions of yen)	86,132	88,335	97,873	111,197
Ordinary profit (in millions of yen)	7,551	9,444	18,399	22,273
Net income (in millions of yen)	1,494	5,668	9,149	17,176
Net income per share (in yen)	9.76	38.79	63.22	118.76
Total assets (in millions of yen)	217,976	228,504	222,899	241,093
Shareholders equity (in millions of yen)	185,222	192,356	197,891	213,586

Notes: 1. Net income per share is computed based on the average number of common stock outstanding during the fiscal year.

2. In line with revisions to the Commercial Code Enforcement Regulation, amounts of less than 1 million yen have been rounded starting with the 92nd term. For the 91st term, amounts of less than 1 million yen had been eliminated.

The 91st term:

Net sales amounted to 86,132 million yen, down 3.7% from the previous fiscal year, because of stagnation in power tool demand in Japan, decrease in export sales as a shift of manufacturing operations to a China-based subsidiary, and other factors. The Company recorded an amortization of the pension liabilities (net of the fair market value of plan assets) that existed at the beginning of the period during which the new accounting standard was implemented, and it also recorded unrealized losses on investment securities. These and other factors depressed net income 28.8%, to 1,494 million yen.

The 92nd term:

Net sales rose 2.6% from the previous fiscal year to 88,335 million yen, primaliry due to sales growth in new products related to home remodeling and sales increases in Asia and Europe. Net income increased around 3.8 times from the previous fiscal year to 5,668 million yen, with a gain on the sale of the Company s No. 3 factory and a large drop in devaluation losses on investment securities.

The 93rd term:

Net sales rose 10.8% from the previous fiscal year to 97,873 million yen, primaliry due to sales growth of new products such as inpact drivers and strong sales increases in Asia and Europe. Net income increased 61.4% from the previous fiscal year to 9,149 million yen, primaliry due to a gain resulted from the return to the Government of the substitutional portion of the Company s Employee Pension Fund and an increase of dividends paid by our consolidated subsidiaries.

The 94th term:

Net sales rose 13.6% from the previous fiscal year to 111,197 million yen, reflecting a strong performance by new products such as rechargeable products that use lithium ion batteries, and increased sales in European and North American markets. Net income rose 87.7% from the previous fiscal year to 17,176 million yen, due mainly to a substantial decline in income taxes accompanying the completion of civil rehabilitation proceedings for a golf course subsidiary.

2. Profile of the Makita Group (as of March 31, 2006)

(1) Major Operations

The Makita Group is primarily involved in the production and sales of electric power tools such as planers, drills, cordless drills, circular saws and hammers, stationary woodworking machines such as planer-jointers and table saws, air tools such as air nailers and tackers, garden tools such as hedge trimmers, and household tools such as cordless cleaners.

(2) Principal Sales Offices and Plants of the Makita Group

MAKITA CORPORATION	Head office	Anjo (Aichi)
	Branch offices	Tokyo, Nagoya, Osaka, etc.
	Plants	Okazaki (Aichi), etc.
Makita U.S.A. Inc.	Head office	Los Angeles (United States)
Makita Corporation of America	Plant	Atlanta (United States)
Makita (U.K.) Ltd.	Head office	London (United Kingdom)
Makita Manufacturing Europe Ltd.	Plant	Telford (United Kingdom)
Makita Werkzeug GmbH	Head office	Duisburg (Germany)
Dolmar GmbH	Plant	Hamburg (Germany)
Makita S.p.A.	Head office	Milan (Italy)
Makita Oy	Head office	Helsinki (Finland)
Makita (China) Co., Ltd.	Plant	Kunshan (China)
Makita (Kunshan) Co., Ltd.	Plant	Kunshan (China)

(3) Shareholding Status

1. Total number of shares authorized to be issued by the Company: 496,000,000 shares

2. Total number of shares outstanding: 144,008,760 shares

Note: Total number of shares outstanding have been reduced by 4 million compared to the previous fiscal year end owing to the retirement of treasury stock on February 28, 2006.

3. Share trading unit: 100 shares

Note: Effective October 3, 2005, Makita reduced the size of its share trading unit from 1,000 to 100.

4. Number of shareholders: 12,342

5. Major shareholders are as follows:

	Number of Shares Held		The Company s Investment in Major Shareholders	
Name of Shareholder	Units (thousands)	Ownership ratio (%)	Units (thousands)	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	9,041	6.27		
Japan Trustee Services Bank, Ltd. (Trust account)	8,902	6.18		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,213	3.62		
Northern Trust Company (AVFC) Sub-account American Client	4,789	3.32		

The Chase Manhattan Bank, N.A. London	4,735	3.28
Makita Cooperation Companies Investment Association	3,819	2.65
Nippon Life Insurance Company	3,712	2.57

Notes: 1. The Company holds 2,570 shares of common stock of Mitsubishi UFJ Financial Group, Inc. (ownership ratio: 0.02%), a parent company of The Bank of Tokyo-Mitsubishi UFJ, Ltd.

2. The Company received copies of substantial shareholding reports and the related documents which contained the following information.

Table of Contents

Person who submitted the report	Date on which obligation of report arose	Number of shares held (thousands)	Ownership ratio (%)
Barclays Global Investors and the affiliated companies	March 31, 2006	9,029	6.27
Mitsubishi UFJ Financial Group, Inc.	January 31, 2006	9,022	6.26

Note: The ownership ratio is calculated based on the total number of shares outstanding at the end of the term.

(4) Acquisition, disposition, and holding of treasury stock

1. Acquisition

Common stock:	70,177 shares
Aggregate acquisition price:	164 million yen

2. Disposition

Common stock:	4,336 shares
Aggregate disposition price:	4 million yen

3. Retirement

Common stock:	4,000,000 shares

4. Shares held at the end of the fiscal year

Common stock:	296,994 shares

(5) Employees

1. Employees of the Makita Group

Number of Employees	Increase/Decrease
8,629	69 (Increase)

2. Employees of the Company

Number of Employees	Increase/Decrease	Average Age	Average Years of Service
2,991	139 (Increase)	41.4	19.7

(6) Makita Group (Status of Corporate Affiliation)

1. Significant Subsidiaries

Company Name	Capital (thousands)		Ownership ratio (%)	Principal Business
Makita U.S.A. Inc.	U.S.$	161,400	100.0	Sales of electric power tools
Makita Corporation of America	U.S.$	73,600	100.0*	Manufacture of electric power tools
Makita (U.K.) Ltd.	£	21,700	100.0*	Sales of electric power tools
Makita Manufacturing Europe Ltd.	£	37,600	100.0*	Manufacture of electric power tools
Makita Werkzeug GmbH (Germany)	Euro	7,669	100.0*	Sales of electric power tools

Dolmar GmbH (Germany)	Euro	13,805	100.0*	Manufacture and sales of garden tools
Makita S.p.A. (Italy)	Euro	6,000	100.0*	Sales of electric power tools
Makita Oy (Finland)	Euro	100	100.0*	Sales of electric power tools
Makita (China) Co., Ltd.	U.S.$	65,000	100.0	Manufacture and sales of electric power tools
Makita (Kunshan) Co., Ltd.	U.S.$	18,500	100.0	Manufacture of electric power tools

Note: The ownership ratios of the asterisks include the shares possessed through the subsidiaries.

Table of Contents

2. Developments of Makita Group

In this term, Makita Ukraine LLC and Makita EU S.R.L. (in Romania) became consolidated subsidiaries of the Company. Joyama Kaihatsu Ltd. is excluded from the total of consolidated subsidiaries due to the transfer of management rights to Tokyo Tatemono Co., Ltd. at the end of May 2005. As a result, the number of consolidated subsidiaries of the Company increased to 45.

3. Makita Group Results

A review of the Makita Group Results is provided in 1.(1) Progress and Results of Operations of the Makita Group.

(7) Directors and Statutory Auditors

Title	Name	Position or Principal Occupation
President*	Masahiko Goto	
Managing Director	Masami Tsuruta	General Manager of Domestic Sales Marketing Headquarters
Director	Yasuhiko Kanzaki	General Manager of International Sales Headquarters: Europe Area
Director	Kenichiro Nakai	General Manager of Administration Headquarters
Director	Tadayoshi Torii	General Manager of Production Headquarters
Director	Tomoyasu Kato	General Manager of Development and Engineering Headquarters
Director	Kazuya Nakamura	General Manager of International Sales Headquarters: Asia and Oceania Area
Director	Masahiro Yamaguchi	General Manager of Purchasing Headquarters
Director	Shiro Hori	General Manager of International Sales Headquarters: America Area and International Administration
Director	Tadashi Asanuma	Assistant General Manager of Domestic Sales Marketing Headquarters
Director	Hisayoshi Niwa	General Manager of Quality Headquarters
Director	Zenji Mashiko	Assistant General Manager of Domestic Sales Marketing Headquarters
Director	Motohiko Yokoyama	Vice-president and Representative Director of JTEKT Corporation
Standing Statutory Auditor	Akio Kondo	
Standing Statutory Auditor	Hiromichi Murase	
Statutory Auditor	Keiichi Usui	
Statutory Auditor	Shoichi Hase	Patent Attorney

Notes: 1. The asterisk denotes Representative Director.

2. Change of Director during the term
At the 93rd Ordinary General Meeting of Shareholders held on June 29, 2005, Director Motohiko Yokoyama was newly elected and has assumed his duties. Mr. Yokoyama is an Outside Director as provided in Article 188, Paragraph 2, Item 7-2 of the Commercial Code.

3. Keiichi Usui and Shoichi Hase are outside statutory auditors as provided in Paragraph 1 of Article 18 of the Law for Special Exceptions to the Commercial Code concerning Audit, etc. of Kabushiki Kaisha.

Table of Contents

(8) Amounts Paid as Remuneration and Bonus to Directors and Statutory Auditors

Amounts paid as remuneration and bonus to Directors and Statutory Auditors are as follows:

	Directors		Statutory Auditors		Total	
Classification	Number of Payment recipients	Aggregate Amount paid (million yen)	Number of Payment recipients	Aggregate Amount paid (million yen)	Number of Payment recipients	Aggregate Amount paid (million yen)
Remuneration paid pursuant to the Articles of Incorporation or a resolution of the General Meeting of Shareholders	13	74	4	34	17	108
Bonuses paid to executives by means of the appropriation of retained earnings	12	50	4	5	16	55
Total		124		39		163

Notes: 1. The above table does not include the amounts paid to Directors who currently serve as employees as employee salaries (including bonuses). The amounts of such employee salaries (including bonuses) paid in the term under review are as follows:

Directors who currently serve as employees: 10 Directors, 146 million yen

2. The maximum amount of annual remuneration for all Directors and all Statutory Auditors which amount was approved by a resolution passed at the Ordinary General Meeting of Shareholders held in May 1989 is 240 million yen and 60 million yen, respectively.

(9) Remuneration for Accounting Auditors

Remunerations to be paid by the Company and its consolidated subsidiaries to the Company s accounting auditors, are as follows:

		Amount of payment
1.	Total amount of remuneration owed by the Company and its consolidated subsidiaries	99 million yen
2.	Out of the amount shown in 1. above, total amount of remuneration for audit certification services rendered pursuant to Paragraph 1, Article 2 of Japanese Certified Public Accountant Law	90 million yen
3.	Out of the amount shown in 2. above, amount of remuneration owed by the Company	89 million yen

Note: As the audit agreement between the Company and its accounting auditors does not differentiate remuneration for audit under the Law for Special Exceptions to the Commercial Code concerning Audit, etc. of Kabushiki Kaisha from the one for audit under Securities and Exchange Law, the amount shown in 3. above represents total remuneration for both audits.

3. Subsequent Events

There are no pertinent items to be reported.

Table of Contents

CONSOLIDATED BALANCE SHEET
(As of March 31, 2006)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	**227,769**	**Current liabilities**	**45,961**
Cash and cash equivalents	39,054	Short-term borrowings	1,728
Time deposits	1,845	Trade notes and accounts payable	13,908
Marketable securities	47,773	Accrued payroll	8,224
Trade receivables-		Accrued expenses and other	15,224
Notes	1,936	Income taxes payable	6,701
Accounts	46,074	Deferred income taxes	176
Less- Allowance for doubtful receivables	(1,016)		
Inventories	79,821	**Long-term liabilities**	**11,858**
Deferred income taxes	3,661	Long-term indebtedness	104
Prepaid expenses and other current assets	8,621	Estimated retirement and termination allowances	2,901
		Deferred income taxes	7,923
Property, plant and equipment, at cost	**59,203**	Other liabilities	930
Land	17,737		
Buildings and improvements	55,470	(Minority interests)	
Machinery and equipment	74,501	**Minority interests**	**1,635**
Construction in progress	2,340		
Less- Accumulated depreciation	(90,845)	(Shareholders equity)	
		Common stock	23,805
Investments and other assets	**39,066**	Additional paid-in capital	45,437
Investment securities	30,439	Legal reserve and retained earnings	192,255
Deferred income taxes	698		5,345

		Accumulated other comprehensive income	
Other assets	7,929	Treasury stock, at cost	(258)
		Total shareholders equity	**266,584**
Total assets	**326,038**	**Total liabilities, minority interests and shareholders equity**	**326,038**

- 10 -

Table of Contents

CONSOLIDATED STATEMENT OF INCOME
(From April 1, 2005, to March 31, 2006)

		(Millions of Yen)
Net sales		**229,075**
Cost of sales		132,897
Gross profit		96,178
Selling, general, administrative and other expenses		50,400
Operating income		**45,778**
Other income (expenses):		
Interest and dividend income	1,301	
Interest expense	(364)	
Exchange losses on foreign currency transactions, net	(258)	
Realized gains on securities, net	2,918	
Other, net	(232)	3,365
Income before income taxes		**49,143**
Provision for income taxes:		
Current	9,365	
Deferred	(633)	8,732
Net income		**40,411**

- 11 -

Table of Contents

(Scope of consolidation)

Consolidated subsidiaries: 45

Major subsidiaries are as follows:

Makita U.S.A. Inc., Makita Corporation of America,
Makita (U.K.) Ltd., Makita Manufacturing Europe Ltd. (U.K.),
Makita Werkzeug GmbH (Germany), Dolmar GmbH (Germany),
Makita S.p.A. (Italy), Makita Oy (Finland),
Makita (China) Co., Ltd., Makita (Kunshan) Co., Ltd., etc.

(Significant accounting policies)

1. Basis of Presentation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) pursuant to the provision of paragraph 1 of Article 179 of Commercial Code Enforcement Regulation. However, certain disclosures required under US GAAP are omitted pursuant to the same provision.

2. Valuation of securities

The Company conforms with Statement of Financial Accounting Standards (SFAS) No.115 Accounting for Certain Investments in Debt and Equity Securities.

Held-to-maturity securities:	Amortized cost
Available-for-sale securities:	Fair market value as of fiscal year-end
	All valuation allowances are credited to shareholders equity.