

MAKITA CORP
Form 6-K
April 30, 2008

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UNITED STATES 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 April, 2008

Commission file number 0-12602

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 Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101

(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101

(b)(7):

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 No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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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
Masahiko Goto
President and Representative Director

Date: April 30, 2008

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Makita Corporation
Consolidated Financial Results
for the year ended March 31, 2008,
(U.S. GAAP Financial Information)

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

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FOR THE YEAR ENDED MARCH 31, 2008****April 30, 2008****Makita Corporation**

Stock code: 6586

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

Masahiko Goto, President

(Consolidated financial information has been prepared in accordance with accounting principles generally accepted in the United States.)

1. Results of the year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)**(1) CONSOLIDATED OPERATING RESULTS**

| | Yen (million) | | | |
|---|--------------------------------------|------------|--------------------------------------|-------|
| | For the year ended March 31, 2007 | | For the year ended March 31, 2008 | |
| | | % | | % |
| Net sales | 279,933 | 22.2 | 342,577 | 22.4 |
| Operating income | 48,176 | 5.2 | 67,031 | 39.1 |
| Income before income taxes | 49,323 | 0.4 | 65,771 | 33.3 |
| Net income | 36,971 | (8.5) | 46,043 | 24.5 |
| | | Yen | | |
| Net income per share: | | | | |
| Basic | 257.27 | | 320.30 | |
| Diluted | 257.27 | | 320.30 | |
| Ratio of net income to shareholders' equity | | 13.0% | | 14.9% |
| Ratio of income before income taxes to total assets | | 14.2% | | 17.4% |
| Ratio of operating income to net sales | | 17.2% | | 19.6% |

- 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 against the previous year.
 3. Equity in net earnings of affiliated companies (including non-consolidated subsidiaries): NIL

(2) CONSOLIDATED FINANCIAL POSITION

| | Yen (million) | |
|--|----------------------------|-------------------------|
| | As of March 31, 2007 | As of March 31, 2008 |
| Total assets | 368,494 | 386,467 |
| Shareholders' equity | 302,675 | 316,498 |
| Shareholders' equity ratio to total assets (%) | 82.1% | 81.9% |
| | | Yen |
| Shareholders' equity per share | 2,106.28 | 2,201.36 |

(3) CONSOLIDATED CASH FLOWS

| | Yen (million) | |
|---|--|--|
| | For the year ended March 31, 2007 | For the year ended March 31, 2008 |
| Net cash provided by operating activities | 32,360 | 29,275 |
| Net cash used in investing activities | (27,276) | (4,508) |
| Net cash used in financing activities | (8,307) | (13,815) |
| Cash and cash equivalents, end of year | 37,128 | 46,306 |

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Table of Contents**2. Cash dividend**

| | For the year ended March 31, 2007 | Yen For the year ended March 31, 2008 | For the year ending March 31, 2009 (Forecast) |
|--|--|--|--|
| Cash dividend per share: | | | |
| Interim | 19.00 | 30.00 | 30.00 |
| Year-end | 55.00 | 67.00 | (Note) |
| Total | 74.00 | 97.00 | (Note) |
| | | Yen (million) | |
| Total cash dividend | 10,634 | 13,946 | |
| Dividend payout ratio (%) | 28.8% | 30.3% | |
| Dividend ratio for shareholders equity (%) | 3.7% | 4.5% | |

Note: Regarding our forecast for dividends, refer to page 6.

3. Consolidated financial forecast for the year ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

| | Yen (million) | | | |
|----------------------------|---|----------|---|----------|
| | For the six months ending September 30, 2008 | % | For the year ending March 31, 2009 | % |
| Net sales | 169,500 | (0.0) | 343,000 | 0.1 |
| Operating income | 31,600 | (6.8) | 64,000 | (4.5) |
| Income before income taxes | 30,700 | (10.9) | 63,000 | (4.2) |
| Net income | 20,500 | (13.1) | 42,000 | (8.8) |
| | | | Yen | |
| Net income per share | 142.59 | | 292.13 | |

4. Other

(1) Changes in important subsidiaries for the year (Changes in specific subsidiaries accompanied by changes in scope of consolidation): None

(Ref.) Changes in scope of consolidation and equity method

Consolidation: Increase 3 Decrease 0

Equity Increase 2 Decrease 1

Method:

(2) Changes in principle, procedure and representation of the accounting policies concerning consolidated financial statements preparation (Changes indicated to CHANGE OF SIGNIFICANT ACCOUNTING POLICIES): None

(3) Number of shares outstanding (common stock)

1. Number of shares issued (including treasury stock): As of March 31, 2008: 144,008,760

| | | |
|--|-----------------------|-------------|
| | As of March 31, 2007: | 144,008,760 |
| 2. Number of treasury stock: | As of March 31, 2008: | 235,135 |
| | As of March 31, 2007: | 307,481 |
| 3. Average number of shares outstanding: | As of March 31, 2008: | 143,749,824 |
| | As of March 31, 2007: | 143,706,789 |

Note: Regarding number of shares used as the basis for calculation of net income per share, please see page 18 Information per share.

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

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 this and other factors, actual results may vary from the forecasts provided above.

Regarding the assumptions for the financial forecasts and other matters, refer to page 4.

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1. OPERATING RESULTS

1. Operating results

(1) Outline of operations and business results for the year ended March 31, 2008

When we review the economic conditions that prevailed abroad for the year ended March 31, 2008, we see that in Europe, the high growth was achieved in the Eastern Europe and Russian economies while signs of a slowdown in Western Europe began to become evident with consumer spending remaining weak during the second half of the term.

In the US, a decline in residential property investments and turmoil in financial markets in the wake of the sub-prime loan problem rapidly increased apprehensions of a slowdown.

Regarding Asia, business conditions for the most part remained sound in Asian countries, particularly in China where robust growth continues.

In Japan, the number of new housing starts decreased under the influence of a tightening of the procedures for applying for building permission under the revised Building Standard Law.

Moreover, steep rise in the price of crude oil, raw materials and sharp appreciation of yen to US dollar have suppressed corporate earnings. And these negative factors have been acting as a brake on the recovery trend in the economy.

Under these conditions, Makita focused its product development efforts on meeting marketplace needs, creating and expanding further its line up of lithium-ion battery products that have been highly rated by both domestic and overseas markets ever since initial launch in February 2005.

Makita increased production at the China plant and expanded the Romania plant in order to enhance its ability to supply products to the markets to meet the strong demand. In Central and South America, Makita started building its second factory in Brazil.

Moreover, Makita has been devoting efforts to increasing management efficiency and cooperating with group companies to take full advantage of the technical expertise of Makita Numazu Corporation(former Fuji Robin Industries Ltd.),which was incorporated as a subsidiary in May 2007 to strengthen the area of gardening tools including engine-powered tools.

Consolidated sales grew by 22.4% over the previous year to 342,577 million yen, marking its fourth consecutive year of record sales and its seventh consecutive year of sales growth.

Consolidated operating income increased by 39.1% to 67,031 million yen (19.6% of operating income to net sales), thanks to an improved sales cost ratio caused by an increase in its Chinese production and by an increase in sales due to the weaker yen against euro.

Despite realized losses on securities and exchange losses reported as other income or expenses, a new record was set for net profit during the current term. Income before income taxes were higher by 33.3% at 65,771 million yen (ratio of income before income taxes to net sales; 19.2%), and net income for the year ended March 31, 2008 rose by 24.5% amounted to 46,043 million yen (ratio of net income to net sales; 13.4%).

Overseas sales by region were as follows;

In Japan, although it is in the severe situation where the number of new housing starts has fallen under the influence of the revision of the Building Standard Law, the sales grew by 11.4% from the previous year to 52,193 million yen with contribution of solid sales of lithium-ion battery products, such as Cordless Impact Driver, and the inclusion of sales from the acquired Makita Numazu Corporation.

Sales in Europe surged by 29.3% to 160,360 million yen, fuelled by solid sales in the UK, Germany and other Western countries, and by a continued expansion of demand in Eastern Europe and Russia.

In North America, despite falls in the housing investments in the wake of the sub-prime loan problem, sales rose to 56,422 million yen, up 9.6% over the previous year due mainly to solid sales of lithium-ion battery products.

Sales in Asia rose by 16.2% to 22,629 million yen with contribution of solid sales in Singapore and Indonesia.

With regard to other regions, construction investment was strong due to continued economic growth with a backdrop of an increase in the price of mineral resources and crude oil.

Accordingly, the sales in the Middle East and Africa rose by 43.0% to 18,687 million yen, the sales in Central and South America were up by 32.0% to 16,764 million yen and the sales in Oceania were higher by 25.7% at 15,522 million yen.

Overall, overseas sales accounted for 84.8% of total sales.

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(2) Outlook for the year ending March 31, 2009

There is still an uncertain outlook for the business environment in which Makita operates, due not just to concerns about the impact that the down-turn in the US economy may influence the global economy due to the sub-prime loan problem, but also to fluctuation in exchange rates and the price of oil and raw materials.

In the light of this outlook, Makita aims to improve performance not only by continuing efforts to increase its market share of the power tool market for professionals but also by expanding its share of the air tools and gardening equipment markets. To achieve this, Makita is improving its global sales, service framework and developing high-value-added products.

In the North American market, Makita entered into a sales agreement in March 2008 with Home Depot U.S.A., Inc. which is the largest home improvement chain in the US.

Makita's goal is to continue to distribute its products through the home improvement channel which has a significant influence on the sales trend of electric power tools in the North American market and to consistently increase sales and raise awareness of Makita's brand name.

Accordingly, Makita's goals will be met by solidifying a business partnership with Home Depot in the North American market through which new and innovative Makita products will be distributed in the home improvement channel. Makita will continue to strengthen its relationship with important specialty stores such as independent construction supply and hardware stores which provide Makita products and enhanced after-sales service.

Predicting the following market trends for the next year,

The yen will appreciate from the previous year.

New product competition with rivals will intensify.

Domestic housing investments will continue to be weak and demand will slacken.

The Western European market, which has been performing strongly, will show signs of slowing.

The US economy entered into a phase of decline.

Demand will continue to grow in emerging markets such as Eastern Europe, Russia, Central and South America, the Middle East and Africa.

Construction investment in Asia will, on the whole, continue to grow steadily.

Given this outlook, Makita intends to further improve its business performance as follows;

Increase the globalization of our production by expanding our Chinese, Romanian and Brazilian factories.

Continue to develop high value-added products and various new products that meet users' needs.

Aim to promote sales and enhance our brand by strengthening our relationship with Home Depot in the North American market.

Further expand our global sales and after-sales support network.

On the basis of above measures, Makita forecasts the following performance for the year ending March 31, 2009.

Consolidated Financial Forecast for the Year Ending March 31, 2009

| | Yen (million) |
|------------------------|----------------------------|
| For the six | For the year ending |

| | months ending September 30, 2008 | March 31, 2009 |
|----------------------------|---|-----------------------|
| Net sales | 169,500 | 343,000 |
| Operating income | 31,600 | 64,000 |
| Income before income taxes | 30,700 | 63,000 |
| Net income | 20,500 | 42,000 |

Assumption:

The above forecast is based on the assumption of exchange rates of 100 yen to US\$1 and 158 yen to 1 Euro.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on Makita's own projections and estimates. The power tools market, where Makita is mainly active, is subject to the effects of rapid shifts in economic conditions, demand for housing, currency exchange rates, changes in competitiveness, and other factors. Due to the risks and uncertainties involved, actual results could differ substantially from the content of these statements. Therefore, these statements should not be interpreted as representation where such objectives will be achieved.

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Table of Contents**2. Financial position****(1) Analysis on assets, liabilities and total assets**

Total assets at the end of year increased by 17,973 million yen compared to the previous year to 386,467 million yen. This was due to increases in trade receivables and inventories that accompanying an increase in sales.

Liabilities rose by 5,340 million yen compared to the previous year to 59,656 million yen, reflecting increases in trade notes and accounts payable.

Shareholders' equity increased by 13,823 million yen compared to the previous year to 316,498 million yen, mainly due to an increase in retained earnings.

(2) Analysis on cash flows and financial ratios

Total cash and cash equivalents (cash) at the end of year amounted to 46,306 million yen, reflecting an increase of 9,178 million yen from the end of the previous year.

(Net Cash Provided by Operating Activities)

As mentioned in Outline of operations and business results for the year ended March 31, 2008 section above, strong performance resulted in net cash from operating activities amounting to 29,275 million yen.

(Net Cash Used in Investing Activities)

Net cash used in investing activities amounted to 4,508 million yen. This reflected mainly capital expenditures for the construction of facilities at Head office, machinery and equipment and metal molds for new products, and tender offer for shares of Fuji Robin Industries Ltd.

(Net Cash Used in Financing Activities)

Net cash used in financing activities amounted to 13,815 million yen, reflecting the payment of cash dividends and repayment of short-term borrowings.

Financial ratios

| | As of (year ended) March 31, | | | | |
|--|-------------------------------------|-------------|-------------|-------------|-------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Operating income to net sales ratio | 8.0% | 16.1% | 20.0% | 17.2% | 19.6% |
| Equity ratio | 69.5% | 75.8% | 81.8% | 82.1% | 81.9% |
| Equity ratio based on a current market price | 69.3% | 97.1% | 160.0% | 170.4% | 116.4% |
| Debt redemption (years) | 0.7 | 0.5 | 0.1 | 0.1 | 0.1 |
| Interest coverage ratio (times) | 47.8 | 28.4 | 54.7 | 102.4 | 108.8 |

Definitions:

Operating income to net sales ratio: operating income/net sales

Equity ratio: shareholders' equity/total assets

Equity ratio based on a current market price: total current market value of outstanding shares/total assets

Debt redemption: interest-bearing debt/net cash inflow from operating activities

Interest coverage ratio: net cash inflow from operating activities/interest expense

- Notes:
1. All figures are calculated based on a consolidated basis.
 2. The total current market value of outstanding shares is calculated by multiplying the closing market price at the period end by the number of outstanding shares (after deducting the number of treasury stock.)
 3. Interest-bearing debt includes all consolidated balance-sheet debt on which interest payments are made.

Table of Contents**3. Basic policy regarding profit distribution and cash dividend for the fiscal 2008 and 2009**

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 18 yen per share. However, in the event special circumstances arise, computation of the amount of dividends will be based on consolidated net income after certain adjustments. With respect to repurchases of its outstanding shares, Makita aims to implement a flexible capital policy, augment the efficiency of its capital employment, and thereby boost shareholder profit. Also Makita continues to consider execution of own share repurchases in light of trends in stock prices.

Makita intends to maintain a financial position strong enough to withstand the challenges associated with changes in its operating environment and other changes and allocate funds for strategic investments aimed at expanding its global operations.

Our forecast for dividends is as follows;

| | For the year ended March 31, 2008 (Result and Forecast) | For the year ending March 31, 2009 (Forecast) |
|--------------------------|--|--|
| Cash dividend per share: | | |
| Interim | 30.00 yen | 30.00 yen |
| Year-end | 67.00 yen | (Note 1) |
| Total | 97.00 yen | (Note 1) |

- Notes:
1. The Board of Directors plans to meet in April 2009 for a report on earnings for the year ending March 31, 2009. At such time, in accordance with the basic policy regarding profit distribution mentioned above, the Board of Directors plans to propose a dividend equivalent to at least 30% of net income. The Board of Directors will submit this proposal to the General Meeting of Shareholders scheduled for June 2009. However, if certain special circumstances arise, computation of the amount of dividends will be based on consolidated net income after certain adjustments.
 2. The consolidated dividend payout ratio is calculated as annual dividends per share divided by consolidated net income per share (after adjustments for special circumstances) and 100 is multiplied.

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2. GROUP STRUCTURE

Makita Corporation (the Company) and its consolidated subsidiaries (collectively Makita) mainly manufacture and sell portable electric power tools. Makita is comprised of the Company, 48 consolidated subsidiaries and an equity method affiliate.

Group Structure of Makita is outlined as follows;

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3. MANAGEMENT POLICIES

1. Basic Policies

Makita has set itself the goal of consolidating a strong position in the global power tool industry as a global supplier of a comprehensive range of power tools that assist people in creating homes and living environments. In order to achieve this, Makita has established strategic business approaches and quality policies such as A management approach in symbiosis with society Managing to take good care of our customers, Proactive, sound management and Emphasis on trustworthy and reliable corporate culture as well as management to draw out the capabilities of each employee. Makita aims to generate solid profitability so that Makita can promote its sustained corporate development and meet the needs of its shareholders, customers, and employees as well as regional societies where Makita operates.

2. Target Management Indicators

Makita believes that attaining sustained growth and maintaining high profitability are the ways to increase corporate value. Makita's specific numerical target is to maintain a stable ratio of operating income to net sales on a consolidated basis of 10% or more.

3. Medium-to-Long-Term Management Strategy

Makita aims to build a strong brand equity that is unrivaled in the industry and to become what it refers to as a Strong Company, In other words, to become a company that can obtain and maintain worldwide market leadership as a global total supplier of tools such as power tools for professional use, gardening tools, and air tools. This is to be accomplished through the ability to develop new products that satisfy professional users, a global production structure that achieves both high quality and cost competitiveness, as well as a sales and after-sales service structure that leads the industry both in the domestic and overseas markets.

In order to carry out this management strategy, Makita is focusing its management resources on the professional-use tool category, while maintaining its strong financial position that can withstand any unpredictable changes in the operational environment including those related to foreign exchange risk and country risk.

4. Preparing for the Future

Makita will devote its energy to further improvement in performance by aggressively tackling issues such as the ongoing early release of new products ahead of competitors, the establishment of a production system that can accommodate the diverse needs of the market, enhancement in brand power by boosting sales via home improvement channel in North America, and intensification of the areas of gardening equipment including engine-powered tools and air tools.

Table of Contents**4. CONSOLIDATED FINANCIAL STATEMENTS****1. CONDENSED CONSOLIDATED BALANCE SHEETS**

| | As of March 31, 2007 | Yen (millions) As of March 31, 2008 | Increase (Decrease) |
|--|----------------------------|---|------------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | 37,128 | 46,306 | 9,178 |
| Time deposits | 6,866 | 2,393 | (4,473) |
| Marketable securities | 58,217 | 49,443 | (8,774) |
| Trade receivables- Notes | 3,125 | 2,950 | (175) |
| Accounts | 54,189 | 60,234 | 6,045 |
| Less- Allowance for doubtful receivables | (869) | (1,018) | (149) |
| Inventories | 92,800 | 112,187 | 19,387 |
| Deferred income taxes | 5,080 | 6,478 | 1,398 |
| Prepaid expenses and other current assets | 9,963 | 11,382 | 1,419 |
| Total current assets | 266,499 | 290,355 | 23,856 |
| PROPERTY, PLANT AND EQUIPMENT, at cost: | | | |
| Land | 16,732 | 18,370 | 1,638 |
| Buildings and improvements | 57,242 | 64,268 | 7,026 |
| Machinery and equipment | 74,087 | 75,651 | 1,564 |
| Construction in progress | 5,576 | 2,765 | (2,811) |
| | 153,637 | 161,054 | 7,417 |
| Less- Accumulated depreciation | (90,257) | (91,996) | (1,739) |
| | 63,380 | 69,058 | 5,678 |
| INVESTMENTS AND OTHER ASSETS: | | | |
| Investment securities | 27,279 | 18,034 | (9,245) |
| Deferred income taxes | 1,367 | 1,826 | 459 |
| Other assets | 9,969 | 7,194 | (2,775) |
| | 38,615 | 27,054 | (11,561) |
| | 368,494 | 386,467 | 17,973 |

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| | As of March 31, 2007 | Yen (millions) As of March 31, 2008 | Increase (Decrease) |
|---|----------------------------|---|------------------------|
| LIABILITIES AND SHAREHOLDERS EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Short-term borrowings | 1,892 | 1,724 | (168) |
| Trade notes and accounts payable | 16,025 | 23,372 | 7,347 |
| Accrued payroll | 8,571 | 8,096 | (475) |
| Accrued expenses and other | 17,353 | 18,888 | 1,535 |
| Income taxes payable | 10,447 | 7,518 | (2,929) |
| Deferred income taxes | 28 | 58 | 30 |
| Total current liabilities | 54,316 | 59,656 | 5,340 |
| LONG-TERM LIABILITIES: | | | |
| Long-term indebtedness | 53 | 908 | 855 |
| Accrued retirement and termination allowances | 3,227 | 3,716 | 489 |
| Deferred income taxes | 4,976 | 1,215 | (3,761) |
| Other liabilities | 1,112 | 1,958 | 846 |
| | 9,368 | 7,797 | (1,571) |
| MINORITY INTERESTS | 2,135 | 2,516 | 381 |
| SHAREHOLDERS EQUITY: | | | |
| Common stock | 23,805 | 23,805 | |
| Additional paid-in capital | 45,437 | 45,753 | 316 |
| Legal reserve and retained earnings | 221,034 | 254,860 | 33,826 |
| Accumulated other comprehensive income (loss) | 12,697 | (7,657) | (20,354) |
| Treasury stock, at cost | (298) | (263) | 35 |
| | 302,675 | 316,498 | 13,823 |
| | 368,494 | 386,467 | 17,973 |

Note: Accumulated other comprehensive income (loss) as of March 31, 2007 and 2008 was as follows;

| | Yen (millions) As of March | As of March |
|--|----------------------------------|-------------|
|--|----------------------------------|-------------|

| | 31, 2007 | 31, 2008 |
|---|----------|----------|
| Foreign currency translation adjustments | 2,764 | (7,510) |
| Net unrealized holding gains on available-for-sale securities | 10,280 | 3,885 |
| Pension liability adjustment | (347) | (4,032) |
| Total accumulated other comprehensive income (loss) | 12,697 | (7,657) |

Table of Contents**2. CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

| | For the year ended March 31, 2007 | | Yen (millions) For the year ended March 31, 2008 | | Increase (Decrease) | |
|--|--------------------------------------|-------|--|-------|------------------------|------|
| | (Amount) | (%) | (Amount) | (%) | (Amount) | (%) |
| NET SALES | 279,933 | 100.0 | 342,577 | 100.0 | 62,644 | 22.4 |
| Cost of sales | 163,909 | 58.6 | 199,220 | 58.2 | 35,311 | 21.5 |
| GROSS PROFIT | 116,024 | 41.4 | 143,357 | 41.8 | 27,333 | 23.6 |
| Selling, general, administrative and other expenses | 67,848 | 24.2 | 76,326 | 22.2 | 8,478 | 12.5 |
| OPERATING INCOME | 48,176 | 17.2 | 67,031 | 19.6 | 18,855 | 39.1 |
| OTHER INCOME (EXPENSES) : | | | | | | |
| Interest and dividend income | 1,364 | 0.5 | 2,092 | 0.6 | 728 | 53.4 |
| Interest expense | (316) | (0.1) | (269) | (0.1) | 47 | |
| Exchange losses on foreign currency transactions, net | (418) | (0.2) | (1,233) | (0.4) | (815) | |
| Realized gains (losses) on securities, net | 918 | 0.3 | (1,384) | (0.4) | (2,302) | |
| Other, net | (401) | (0.1) | (466) | (0.1) | (65) | |
| Total | 1,147 | 0.4 | (1,260) | (0.4) | (2,407) | |
| INCOME BEFORE INCOME TAXES | 49,323 | 17.6 | 65,771 | 19.2 | 16,448 | 33.3 |
| PROVISION FOR INCOME TAXES: | | | | | | |
| Current | 16,486 | 5.9 | 19,148 | 5.6 | 2,662 | 16.1 |
| Deferred | (4,134) | (1.5) | 580 | 0.2 | 4,714 | |
| Total | 12,352 | 4.4 | 19,728 | 5.8 | 7,376 | 59.7 |
| NET INCOME | 36,971 | 13.2 | 46,043 | 13.4 | 9,072 | 24.5 |

Table of Contents**3. CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY AND COMPREHENSIVE INCOME**

| | Yen (millions) | |
|---|---|---|
| | For the year ended March 31, 2007 | For the year ended March 31, 2008 |
| COMMON STOCK: | | |
| Beginning balance | 23,805 | 23,805 |
| Ending balance | 23,805 | 23,805 |
| ADDITIONAL PAID-IN CAPITAL: | | |
| Beginning balance | 45,437 | 45,437 |
| Disposal of treasury stock | | 316 |
| Ending balance | 45,437 | 45,753 |
| LEGAL RESERVE AND RETAINED EARNINGS: | | |
| Beginning balance | 192,255 | 221,034 |
| Cash dividends | (8,192) | (12,217) |
| Net income | 36,971 | 46,043 |
| Ending balance | 221,034 | 254,860 |
| ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS): | | |
| Beginning balance | 5,345 | 12,697 |
| Other comprehensive income (loss) for the year | 7,515 | (20,354) |
| Adjustment to initially apply SFAS No.158, net of tax | (163) | |
| Ending balance | 12,697 | (7,657) |
| TREASURY STOCK, at cost: | | |
| Beginning balance | (258) | (298) |
| Purchases | (40) | (51) |
| Disposal | | 86 |
| Ending balance | (298) | (263) |
| TOTAL SHAREHOLDERS EQUITY | 302,675 | 316,498 |

DISCLOSURE OF COMPREHENSIVE INCOME:

| | | |
|---|--------|----------|
| Net income for the year | 36,971 | 46,043 |
| Other comprehensive income for the year | 7,515 | (20,354) |
| Total comprehensive income for the year | 44,486 | 25,689 |

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Table of Contents**4. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Yen (millions) | |
|--|--|--|
| | For the year ended March 31, 2007 | For the year ended March 31, 2008 |
| Net cash provided by operating activities | 32,360 | 29,275 |
| Net cash used in investing activities | (27,276) | (4,508) |
| Net cash used in financing activities | (8,307) | (13,815) |
| Effect of exchange rate changes on cash and cash equivalents | 1,297 | (1,774) |
| Net change in cash and cash equivalents | (1,926) | 9,178 |
| Cash and cash equivalents, beginning of year | 39,054 | 37,128 |
| Cash and cash equivalents, end of year | 37,128 | 46,306 |

5. SIGNIFICANT ACCOUNTING POLICIES**(1) Scope of consolidation and equity method**

Number of consolidated subsidiaries: 48

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. (China)

Number of equity method affiliates: 1

(2) Significant Accounting Policies (Summary)

Consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

1. Marketable and Investment Securities

Makita accounts for marketable and investment securities in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, which requires all investments in debt and marketable equity securities to be classified as either trading, available-for-sale securities or held-to-maturity securities.

2. Allowance for Doubtful Receivables

Allowance for doubtful receivables represents the Makita's best estimate of the amount of probable credit losses in its existing receivables. The allowance is determined based on, but is not limited to, historical collection experience adjusted for the effects of the current economic environment, assessment of inherent risks, aging and financial performance.

3. Inventories

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

4. Property, Plant and Equipment and Depreciation

For the Company, depreciation of property, plant and equipment is computed principally by using the declining-balance method over the estimated useful lives. Most of the consolidated subsidiaries have adopted the straight-line method for computing depreciation.

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5. Goodwill and Other Intangible Assets

Makita follows the provisions of SFAS No. 141 and SFAS No. 142. SFAS No. 141, Business Combinations requires the use of only the purchase method of accounting for business combinations and refines the definition of intangible assets acquired in a purchase business combination. SFAS No. 142, Goodwill and Other Intangible Assets eliminates the amortization of goodwill and instead requires annual impairment testing thereof. SFAS No. 142 also requires acquired intangible assets with a definite useful life to be amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets.

6. Income Taxes

Makita accounts for income taxes in accordance with the provision of SFAS No. 109, Accounting for Income Taxes, which requires an asset and liability approach for financial accounting and reporting for income taxes. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Makita also adopts FIN 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109, which does not have a significant impact on its consolidated financial results.

7. Pension Plans

Makita accounts for pension plans in accordance with the provisions of SFAS No. 87, Employers Accounting for Pensions and SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans.

8. Impairment of Long-Lived Assets

Makita accounts for impairment of long-lived assets with finite useful lives in accordance with the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets.

9. Derivative Financial Instruments

Makita conforms to SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities as amended.

10. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. Revenue Recognition

Makita recognizes revenue at the time of delivery or shipment when all of the following conditions are met; (1) The sales price is fixed and determinable, (2) Collectability is reasonably assured, (3) The title and risk of loss pass to the customer, and (4) Payment terms are established consistent with Makita's normal payment terms.

Table of Contents**6. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****Operating segment information**

For the year ended March 31, 2007

| | Yen (millions) | | | | | | Corporate and elimi- nations | Consoli- dated |
|---------------------------|----------------|---------|------------------|--------|--------|---------|------------------------------------|-------------------|
| | Japan | Europe | North America | Asia | Other | Total | | |
| Sales: | | | | | | | | |
| (1) External customers | 61,776 | 124,924 | 51,432 | 9,698 | 32,103 | 279,933 | | 279,933 |
| (2) Inter-segment | 64,040 | 5,709 | 5,297 | 67,021 | 149 | 142,216 | (142,216) | |
| Total | 125,816 | 130,633 | 56,729 | 76,719 | 32,252 | 422,149 | (142,216) | 279,933 |
| Operating expenses | 108,403 | 112,577 | 54,217 | 66,815 | 28,786 | 370,798 | (139,041) | 231,757 |
| Operating income | 17,413 | 18,056 | 2,512 | 9,904 | 3,466 | 51,351 | (3,175) | 48,176 |

For the year ended March 31, 2008

| | Yen (millions) | | | | | | Corporate and elimi- nations | Consoli- dated |
|---------------------------|----------------|---------|------------------|---------|--------|---------|------------------------------------|-------------------|
| | Japan | Europe | North America | Asia | Other | Total | | |
| Sales: | | | | | | | | |
| (1) External customers | 72,466 | 160,218 | 56,234 | 11,271 | 42,388 | 342,577 | | 342,577 |
| (2) Inter-segment | 69,540 | 5,606 | 5,212 | 101,211 | 172 | 181,741 | (181,741) | |
| Total | 142,006 | 165,824 | 61,446 | 112,482 | 42,560 | 524,318 | (181,741) | 342,577 |
| Operating expenses | 120,020 | 138,850 | 59,727 | 98,468 | 36,964 | 454,029 | (178,483) | 275,546 |
| Operating income | 21,986 | 26,974 | 1,719 | 14,014 | 5,596 | 70,289 | (3,258) | 67,031 |

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Table of Contents**Marketable securities and investment securities**

1. Available-for-sale securities

As of March 31, 2007

| | Cost | Yen (millions) | | Fair value | Carrying Amount |
|------------------------|--------|--------------------------------------|--------|------------|-----------------|
| | | Gross unrealized holding Gains | Losses | | |
| Marketable securities: | | | | | |
| Equity securities | 1,481 | 1,914 | | 3,395 | 3,395 |
| Debt securities | 6,438 | 10 | 1 | 6,447 | 6,447 |
| Investments in trusts | 45,115 | 2,025 | 64 | 47,076 | 47,076 |
| | 53,034 | 3,949 | 65 | 56,918 | 56,918 |
| Investment securities: | | | | | |
| Equity securities | 11,113 | 13,856 | 12 | 24,957 | 24,957 |
| Investments in trusts | 720 | 264 | 12 | 972 | 972 |
| | 11,833 | 14,120 | 24 | 25,929 | 25,929 |

As of March 31, 2008

| | Cost | Yen (millions) | | Fair value | Carrying Amount |
|------------------------|--------|--------------------------------------|--------|------------|-----------------|
| | | Gross unrealized holding Gains | Losses | | |
| Marketable securities: | | | | | |
| Equity securities | 1,473 | 941 | 2 | 2,412 | 2,412 |
| Debt securities | 3,411 | 83 | | 3,494 | 3,494 |
| Investments in trusts | 42,563 | 991 | 616 | 42,938 | 42,938 |
| | 47,447 | 2,015 | 618 | 48,844 | 48,844 |
| Investment securities: | | | | | |
| Equity securities | 10,234 | 5,977 | 107 | 16,104 | 16,104 |
| Investments in trusts | 184 | | 2 | 182 | 182 |
| | 10,418 | 5,977 | 109 | 16,286 | 16,286 |

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Table of Contents2. Held-to-maturity securities
As of March 31, 2007

| | Cost | Yen (millions) | | Fair value | Carrying Amount |
|------------------------|-------|----------------|--------|------------|-----------------|
| | | Gains | Losses | | |
| Marketable securities: | | | | | |
| Debt securities | 1,299 | | 1 | 1,298 | 1,299 |
| Investment securities: | | | | | |
| Debt securities | 1,350 | | 107 | 1,243 | 1,350 |

As of March 31, 2008

| | Cost | Yen (millions) | | Fair value | Carrying Amount |
|------------------------|-------|----------------|--------|------------|-----------------|
| | | Gains | Losses | | |
| Marketable securities: | | | | | |
| Debt securities | 599 | | | 599 | 599 |
| Investment securities: | | | | | |
| Debt securities | 1,748 | | 71 | 1,677 | 1,748 |

Net sales by product categories

| | Yen (millions) | | | | Increase (Decrease) (%) |
|--------------------------------|--------------------------------------|-------|--------------------------------------|-------|-------------------------------|
| | For the year ended March 31, 2007 | | For the year ended March 31, 2008 | | |
| | (Amount) | (%) | (Amount) | (%) | |
| Finished goods | 239,017 | 85.4 | 296,279 | 86.5 | 24.0 |
| Parts, repairs and accessories | 40,916 | 14.6 | 46,298 | 13.5 | 13.2 |
| Total net sales | 279,933 | 100.0 | 342,577 | 100.0 | 22.4 |

Overseas sales by product categories

| | Yen (millions) | | | | Increase (Decrease) (%) |
|--------------------------------|--------------------------------------|-------|--------------------------------------|-------|-------------------------------|
| | For the year ended March 31, 2007 | | For the year ended March 31, 2008 | | |
| | (Amount) | (%) | (Amount) | (%) | |
| Finished goods | 204,670 | 87.8 | 257,334 | 88.6 | 25.7 |
| Parts, repairs and accessories | 28,403 | 12.2 | 33,050 | 11.4 | 16.4 |
| Total overseas sales | 233,073 | 100.0 | 290,384 | 100.0 | 24.6 |

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Table of Contents**Information per share**

| | As of March 31, 2007 | Yen As of March 31, 2008 |
|--------------------------------|---------------------------------|---|
| Shareholders' equity per share | 2,106.28 | 2,201.36 |

| | For the year ended March 31, 2007 | Yen For the year ended March 31, 2008 |
|-----------------------|--|--|
| Net income per share: | | |
| Basic | 257.27 | 320.30 |
| Diluted | 257.27 | 320.30 |

Note: Net income per share is calculated on the basis of the average number of shares outstanding during the year. Average number of shares outstanding is as follows:

For the year ended March 31, 2008: 143,749,824

For the year ended March 31, 2007: 143,706,789

Moreover, there are no shares having a potentially dilute effect for the presented year.

Table of Contents**5. SUPPORT DOCUMENTATION (CONSOLIDATED)****1. Consolidated financial results and forecast**

| | Yen (millions) | | | | | |
|-------------------------------|--------------------------------------|------|--------------------------------------|-------|--------------------------------------|------|
| | For the year ended March 31, 2006 | | For the year ended March 31, 2007 | | For the year ended March 31, 2008 | |
| | (Results) | | (Results) | | (Results) | |
| | (Amount) | (%) | (Amount) | (%) | (Amount) | (%) |
| Net sales | 229,075 | 17.6 | 279,933 | 22.2 | 342,577 | 22.4 |
| Domestic | 41,600 | 5.6 | 46,860 | 12.6 | 52,193 | 11.4 |
| Overseas | 187,475 | 20.7 | 233,073 | 24.3 | 290,384 | 24.6 |
| Operating income | 45,778 | 45.8 | 48,176 | 5.2 | 67,031 | 39.1 |
| Income before income taxes | 49,143 | 50.7 | 49,323 | 0.4 | 65,771 | 33.3 |
| Net income | 40,411 | 82.6 | 36,971 | (8.5) | 46,043 | 24.5 |
| Net income per share (Yen) | 281.15 | | 257.27 | | 320.30 | |
| Cash dividend per share (Yen) | 57.00 | | 74.00 | | 97.00 | |
| Dividend payout ratio (%) | | | | | | |
| (Note 2) | 20.3 | | 28.8 | | 30.3 | |
| Employees | 8,629 | | 9,062 | | 10,436 | |

| | Yen (millions) | | | |
|-------------------------------|--|--------|---------------------------------------|-------|
| | For the six months ending September 30, 2008 | | For the year ending March 31, 2009 | |
| | (Forecast) | | (Forecast) | |
| | (Amount) | (%) | (Amount) | (%) |
| Net sales | 169,500 | (0.0) | 343,000 | 0.1 |
| Domestic | 24,700 | (3.7) | 50,000 | (4.2) |
| Overseas | 144,800 | 0.6 | 293,000 | 0.9 |
| Operating income | 31,600 | (6.8) | 64,000 | (4.5) |
| Income before income taxes | 30,700 | (10.9) | 63,000 | (4.2) |
| Net income | 20,500 | (13.1) | 42,000 | (8.8) |
| Net income per share (Yen) | 142.59 | | 292.13 | |
| Cash dividend per share (Yen) | 30.00 | | (Note 3) | |

- Notes:
1. The table above shows the changes in the percentage ratio of Net sales, Operating income, Income before income taxes, and Net income against the previous year.
 2. In computing the dividend for the year ended March 31, 2008, there occurred no special circumstances. Special circumstances that influenced the calculation of the dividend for the year ended March 31, 2006 were 13.4 billion yen. Meanwhile, special circumstances for the year ended March 31, 2007 were 1.7 billion yen.
Excluding these special circumstances, Net income, Net income per share and Dividend payout ratio for the year ended March 31, 2006 and 2007 are as follows;

| | For the year ended March 31, 2006 | For the year ended March 31, 2007 |
|-----------------------|--|--|
| Net income | 27.0 billion yen | 35.3 billion yen |
| Net income per share | 187.73 yen | 245.41 yen |
| Dividend payout ratio | 30.4% | 30.2% |

3. Regarding our forecast for dividends, refer to page 6.

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Table of Contents**2. Consolidated net sales by geographic area**

| | Yen (millions) | | | | | |
|----------------------------|--|------|--|------|--|------|
| | For the year ended March 31, 2006 | | For the year ended March 31, 2007 | | For the year ended March 31, 2008 | |
| | (Results) | | (Results) | | (Results) | |
| | (Amount) | (%) | (Amount) | (%) | (Amount) | (%) |
| Japan | 41,600 | 5.6 | 46,860 | 12.6 | 52,193 | 11.4 |
| Europe | 90,504 | 20.3 | 124,020 | 37.0 | 160,360 | 29.3 |
| North America | 47,673 | 23.9 | 51,472 | 8.0 | 56,422 | 9.6 |
| Asia | 16,993 | 4.0 | 19,469 | 14.6 | 22,629 | 16.2 |
| Other regions | 32,305 | 27.9 | 38,112 | 18.0 | 50,973 | 33.7 |
| The Middle East and Africa | 10,921 | 28.7 | 13,064 | 19.6 | 18,687 | 43.0 |
| Central and South America | 10,530 | 58.9 | 12,704 | 20.6 | 16,764 | 32.0 |
| Oceania | 10,854 | 6.9 | 12,344 | 13.7 | 15,522 | 25.7 |
| Total | 229,075 | 17.6 | 279,933 | 22.2 | 342,577 | 22.4 |

Note: The table above sets forth Makita's consolidated net sales by geographic area based on the customer's location for the years presented. Accordingly, it differs from operating segment information in 15-page.

3. Exchange rates

| | Yen | | | |
|-----------------|--|--|--|---|
| | For the year ended March 31, 2006 | For the year ended March 31, 2007 | For the year ended March 31, 2008 | For the year ending March 31, 2009 |
| | (Results) | (Results) | (Results) | (Forecast) |
| Yen/U.S. Dollar | 113.32 | 116.97 | 114.44 | 100 |
| Yen/Euro | 137.83 | 150.02 | 161.59 | 158 |

4. Sales growth in local currency basis (major countries)

| | For the year ended March 31, 2008 |
|--------------------|--|
| | (Results) |
| | (%) |
| U.S.A. | 7.6 |
| U.K. | 20.1 |
| China | 20.4 |
| Germany | 21.4 |
| France | 9.9 |
| Australia | 12.4 |
| Russia | 41.3 |
| Brazil | 30.0 |
| Makita Gulf (UAE)* | 43.6 |

*Including export sales for the Middle East and Africa.

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Table of Contents**5. Production ratio (unit basis)**

| | For the year ended March 31, 2006 (Results) | For the year ended March 31, 2007 (Results) | For the year ended March 31, 2008 (Results) |
|----------|--|--|--|
| Domestic | 29.4% | 27.4% | 22.5 |
| Overseas | 70.6% | 72.6% | 77.5 |

6. Consolidated capital expenditures, depreciation and amortization, and R&D cost

| | Yen (millions) | | | |
|-------------------------------|--|--|--|--|
| | For the year ended March 31, 2006 (Results) | For the year ended March 31, 2007 (Results) | For the year ended March 31, 2008 (Results) | For the year ending March 31, 2009 (Forecast) |
| Capital expenditures | 11,383 | 12,980 | 15,036 | 25,000 |
| Depreciation and amortization | 5,922 | 8,773 | 8,871 | 10,700 |
| R&D cost | 4,826 | 5,460 | 5,922 | 6,500 |

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