MAKITA CORP
Form 6-K
June 03, 2009

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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 June, 2009
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 x Form 40-F o

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): x

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): 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 x

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: June 3, 2009

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(Summary English Translation of the Notice of the 97th Ordinary General Meeting of Shareholders Originally Issued in Japanese Language)

MAKITA CORPORATION

(Stock code: 6586)
June 3, 2009

To the Shareholders of
MAKITA CORPORATION

NOTICE OF THE 97th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are respectfully requested to attend the 97th 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.

Masahiko Goto
President
MAKITA CORPORATION
3-11-8, Sumiyoshi-cho, Anjo,
Aichi Prefecture, 446-8502, Japan

1. Date: 10 a.m., Thursday, June 25, 2009

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 Financial Statements for the 97th term (from April 1, 2008 to March 31, 2009) and the Audit Reports on such Consolidated Financial Statements by the Accounting Auditors and the Board of Statutory Auditors

2. The Non-consolidated Financial Statements for the 97th term

Items to be resolved:

No.1 Appropriations of Surplus
No.2 Partial amendment to the Articles of Incorporaiton
No.3 Election of 11 directors
No.4 Payment of Bonus to Directors

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BUSINESS REPORT

(From April 1, 2008 to March 31, 2009)

1. Matters on the Current Status of the Makita Group

(1) Progress and Results of Operations

The business environments surrounding Makita Corporation (the Company) and its consolidated subsidiaries (collectively Makita) have remained severe in Japan and the United States since the beginning of the year mainly due to the impact of the weak housing market, while in Western Europe, Russia and Eastern Europe and other emerging countries, the business was generally strong until the summer of 2008 supported by active investments in construction, the high prices of crude oil and other resources. However, the financial crisis expanded from the United States to other economies worldwide in September 2008 as a result of a series of stock price crashes and steep depreciation of currency values. The keen sense of recession has spread everywhere from Japan, Western Europe and developed countries to emerging countries in Eastern Europe and Russia, Central and South America, the Middle East and others. Consequently, investment in construction and housing dropped significantly in the world, which resulted in a sharp decrease in the demand for power tools. Accordingly, business conditions in the power tool market further worsened in the second half of the year forward the end of the year.

Under these circumstances, in development side, Makita expanded its product lines, including those of power tools, rechargeable tools and gardening equipment designed to further improve working conditions for users through the development of smaller and lighter tools or tools with lower noise and vibration. In production side, the construction of the second plant in Brazil, South America and the expansion of a plant in Romania, Eastern Europe, were completed and both plants began smooth operations. The aim of these plants is to further strengthen the global production system of the Group in order to flexibly satisfy the demand worldwide. In sales side, Makita strove to strengthen its global sales systems throughout the year. In North America, our business relationship with Home Depot, Inc. was strengthened. In addition, we strove to maintain and improve our No.1 sales and after-sales service system in the industry in Japan and other developed countries. Subsidiaries were established in Bulgaria, Colombia, and India, to strengthen our marketing in the expanding emerging countries. A subsidiary was also established in the Kingdom of Morocco, which serves as a marketing base in the expanding African market.

Our consolidated net sales decreased by 14.2% from the previous year to 294,034 million yen. This was because the significant appreciation of the yen had advanced steeply since last fall and the demand for power tools weakened throughout the world. The demand shrinkage in Japan and the United States started in the beginning of the current year, followed by weakening demand in West European countries. Moreover, economic growth in Eastern Europe and Russia, Asia, Central and South America, the Middle East and other emerging markets, where it had previously remained strong, also slowed down.

Our profit figures were adversely affected by a decrease in sales on the Japanese yen basis due to the appreciation of the yen against many other currencies and a higher ratio of SG&A expenses to sales, especially in the second half of the year. Consequently, operating income for the year decreased by 25.3% to 50,075 million yen from the previous year (operating income ratio: 17.0%). As for other expenses, exchange losses on foreign currency transactions and realized losses on securities due to falling stock prices increased from the previous year. Consequently, income before income taxes was 44,017 million yen (income before income taxes ratio: 15.0%), a 33.1% decrease from the previous year, and net income was 33,286 million yen (net income ratio: 11.3%), a 27.7% decrease.

Sales results by region were as follows:

Sales in Japan decreased by 11.4% from the previous year to 46,222 million yen due to the economic stagnation and weak housing start. There was no sign of recovery in the demand for power tools in the domestic market.

Sales in Europe decreased by 14.5% to 137,113 million yen due to the decline in construction demand in Western Europe, along with the decline in demand since last fall in Eastern Europe and Russia, where sales had been strong in the past. The stronger yen against the British pound, the euro and other European currencies also had an adverse effect on sales.

Sales in North America decreased by 25.0% to 42,289 million yen due to the worsening housing and commercial construction markets in the United States, weak sales in the Christmas season and the stronger yen against the U.S. dollar.

Sales in Asia totaled 21,995 million yen, a 2.8% decrease from the previous year. Sales in Asia were significantly affected by the steep decline in construction investments in Southeast Asian countries.

Sales results in other areas were negatively affected by sharply worsening economic conditions in these areas caused mainly by the steep decline in the prices of crude oil and other mineral resources. Significant depreciation in local currency values against yen also had a negative effect. Consequently, sales in Central and South America totaled 16,738 million yen, a 0.2% decrease from the previous year, sales in the Middle East and Africa region totaled 16,466 million yen, an 11.9% decrease, and sales in Oceania totaled 13,211 million yen, a 14.9% decrease.

Overall, overseas sales accounted for 84.3% of total sales.

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(2) Future Tasks

Regarding the future forecast, business conditions for Makita are expected to remain severe for the present. The global simultaneous recession is expected to continue to worsen. Consequently, the demand for power tools will remain low everywhere in the world, with competition in the industry intensifying further. Movement in the foreign exchange market will be unpredictable. However, it is expected that the economy will show some signs of recovery in the second half of 2009 by the effect of all economic and financial measures implemented by countries around the world in concert.

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

In order to carry out this management strategy, Makita will strive to reinforce its R&D and product development activities to deliver more user-friendly and earth-conscious power tools and gardening equipment. It will also strengthen technical development of compact engines including the establishment of the technical center. The global production organizations will be strengthened to respond to changes in demand conditions, Sales activities to professional users will be promoted. In addition, activities to maintain and improve our sales and after-sales service will be aggressively promoted.

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

(3) Capital Expenditures

During the term, Makita allocated 17,046 million yen for its capital expenditures. These funds used by the Company amounted to approximately 6.2 billion yen. This reflected mainly capital expenditures for rebuilding the Shipping building at Okazaki plant, and metal molds for new products. These funds also used by subsidiaries amounted to approximately 10.8 billion yen. This reflected mainly capital expenditures for construction of R&D facility of China plant, second plant in Brazil, and new Sales office in France, and expansion of Romanian plant.

(4) Financial Position and Results of Operations for the Recent Three Fiscal Years

Description	94rd term (ended March 31, 2006)	95th term (ended March 31, 2007)	96th term (ended March 31, 2008)	97th term (ended March 31, 2009)
Net sales (in millions of yen)	229,075	279,933	342,577	294,034
Operating income (in millions of yen)	45,778	48,176	67,031	50,075
Income before income taxes (in millions of yen)	49,143	49,323	65,771	44,017
Net income (in millions of yen)	40,411	36,971	46,043	33,286
Net income per share (in yen)	281.15	257.27	320.30	236.88
Total assets (in millions of yen)	326,038	368,494	386,467	336,644
Shareholders equity (in millions of yen)	266,584	302,675	316,498	283,485

Notes:
1. Consolidated financial statements are prepared in accordance with United States Generally Accepted Accounting Principles.
2. Net income per share is computed based on the average number of common stock outstanding during the term.
3. Amounts of less than 1 million yen have been rounded.

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(5) 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 France SAS	Euro	12,436	55.0*	Sales of electric power tools
Makita Werkzeug GmbH (Germany)	Euro	7,669	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.$	25,000	100.0	Manufacture of electric power tools
Makita Australia Pty. Ltd.	A$	13,000	100.0	Sales of electric power tools

Note: The ownership ratios with asterisks include the shares owned by the subsidiaries.

(6) Principal Operations

Makita is primarily involved in the production and sales of electric power tools such as cordless impact drivers, rotary hammers, circular saws and angle grinders, air tools such as air nailers and tackers, gardening equipments such as hedge trimmers and petrol brushcutters, and household tools such as cordless cleaners.

(7) Principal Sales Offices and Plants

1. Makita Corporation

Head office	Anjo (Aichi)
Sales offices	Tokyo, Nagoya, Osaka
Plant	Okazaki (Aichi)

2. Subsidiaries

For Sales	
Makita U.S.A. Inc.	Los Angeles (United States)
Makita (U.K.) Ltd.	London (United Kingdom)
Makita France SAS	Bussy-Saint-Georges (France)
Makita Werkzeug GmbH	Duisburg (Germany)
Makita Oy	Helsinki (Finland)
Makita Australia Pty. Ltd.	Sydney (Australia)
For Production	
Makita Corporation of America	Atlanta (United States)
Makita (Kunshan) Co., Ltd.	Kunshan (China)
For Production and sales	
Makita (China) Co., Ltd.	Kunshan (China)

Makita Numazu Corporation	Numazu (Shizuoka)

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(8) Employees
1. Employees of the Makita Group

Number of Employees	Increase/Decrease
10,412	24(Decrease)

2. Employees of the Company

Number of Employees	Increase/Decrease	Average Age	Average Years of Service
2,896	45 (Decrease)	41.2	19.5

2. Shareholding Status of the Company

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

(2) Total number of shares outstanding: 137,764,005 shares

(excluding treasury stock of 2,244,755 shares)

(3) Number of shareholders: 16,768

(4) Major Shareholders:

Name of Shareholders	Number of Shares Held Units (thousands)	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	8,868	6.43
Japan Trustee Services Bank, Ltd. (Trust account)	8,539	6.19
Japan Trustee Services Bank, Ltd.(Trust account 4G)	6,539	4.74
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,213	3.78
JPMorgan Chase Bank 380055	4,224	3.06
Nippon Life Insurance Company	4,013	2.91
Makita Cooperation Companies' Investment Association	3,838	2.78
The Bank of New York Mellon as Depositary Bank for DR Holders	3,620	2.62
Maruwa, Ltd.	3,309	2.40
Sumitomo Mitsui Banking Corporation	2,900	2.10

Note: The ownership ratio is calculated based on the total number of shares outstanding (excluding treasury stock) at the end of the term.

(5) Other Important Matters on Shares of the Company

The Company purchased 3 million shares of treasury stock for 11,923 million yen in the market in May, 2008, and 3 million shares of treasury stock for 5,687 million yen in November, 2008, pursuant to a resolution of the Board of

Directors, to which the Articles of Incorporation delegate such authority.

In thoughtful consideration of the utilization of the treasury stock in the future and the standards of the volume of its treasury stock holdings, the Company has cancelled 4 million shares of treasury stock on February 9, 2009.

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3. Directors and Statutory Auditors of the Company
(1) Directors and Statutory Auditors

Title	Name	Position at the Company and representative status in other companies
President*	Masahiko Goto	
Managing Director	Masami Tsuruta	In Charge of Domestic Sales
Managing Director	Yasuhiko Kanzaki	In Charge of International Sales and General Manager of International Sales Headquarters: Europe Region
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	Shiro Hori	General Manager of International Sales Headquarters: America, Asia and Oceania Region and International Administration
Director	Tadashi Asanuma	General Manager of Domestic Sales Marketing Headquarters: Tokyo Area
Director	Hisayoshi Niwa	General Manager of Quality Headquarters
Director	Zenji Mashiko	General Manager of Domestic Sales Marketing Headquarters: Nagoya Area
Director	Toshio Hyuga	General Manager of Domestic Sales Marketing Headquarters: Osaka Area
Director	Shinichiro Tomita	Assistant General Manager of Production Headquarters: China Plant
Director	Tetsuhisa Kaneko	General Manager of Purchasing Headquarters
Director	Motohiko Yokoyama	President and Representative Director of JTEKT Corporation
Standing Statutory Auditor	Toshihito Yamazoe	
Standing Statutory Auditor	Haruhito Hisatsune	
Statutory Auditor	Masafumi Nakamura	Certified Public Accountant
Statutory Auditor	Michiyuki Kondo	Attorney at Law

Notes: 1. The asterisk denotes Representative Director.

2. Changes of Directors and Statutory Auditors during the term

(1) At the 96th Ordinary General Meeting of Shareholders held on June 26, 2008, the following Statutory Auditors were retired from their respective offices.

Statutory Auditor	Akio Kondo
Statutory Auditor	Hiromichi Murase
Statutory Auditor	Shoichi Hase

(2) At the 96th Ordinary General Meeting of Shareholders held on June 26, 2008, the following Statutory Auditors newly elected and each of them assumed their respective offices.

Statutory Auditor	Toshihito Yamazoe
Statutory Auditor	Haruhito Hisatsune
Statutory Auditor	Michiyuki Kondo

3. Mr. Motohiko Yokoyama is an Outside Director.

4. Messrs. Haruhito Hisatsune, Masafumi Nakamura, and Michiyuki Kondo are Outside Statutory Auditors.

5. Mr. Haruhito Hisatsune, Standing Statutory Auditor, has a substantial amount of expertise in finance and accounting, includng experience working at financial institution for many years.

6. Mr. Masafumi Nakamura, Statutory Auditor, is a certified public accountant and has a substantial amount of expertise in finance and accounting.

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

Classification	Number of payment recipients	Aggregate amount paid (in millions of yen)
Directors	14	276
Statutory Auditors	7	41
Total	21	317

Notes: 1. The aggregate amount of remuneration includes the remuneration paid to the three Statutory Auditors (including one Outside Statutory Auditor) during their terms of service, who retired at the conclusion of the 96th Ordinary General Meeting of Shareholders held on June 26, 2008.

2. The aggregate amount of remuneration includes the amount of 27 million yen paid to Outside Executives (one Outside Director and four Outside Statutory Auditors).

3. The aggregate amount paid to Directors includes the amount of 128 million yen for the bonuses to be paid to 13 Directors (excluding one Outside Director), which will be resolved at the 97th Ordinary General Meeting of Shareholders.

4. Other than the above, the amount of 157 million yen was paid to 10 Directors who concurrently serve as employees as employee salaries (including bonuses).

5. Other than the above, the amount of 17 million yen was paid to 3 Statutory Auditors who were retired from their respective offices during the term as retirement allowance (including 3million yen for one Outside Statutory Auditor).

The Company terminated the retirement allowance plan for Directors and Statutory Auditors at the Ordinary General Meeting of Shareholders held on June 29, 2006. It was resolved that payment of retirement allowance be made when the relevant Director or Statutory Auditor resigns his office, and that specific amount and payment methods for each Director should be decided by the Board of Directors and such matters for Statutory Auditors should be decided through discussions among Statutory Auditors.

6. The maximum amounts of annual remuneration for all Directors and Statutory Auditors, each of which was approved by a resolution passed at the Ordinary General Meeting of Shareholders held in May 1989, is 240 million yen (excluding bonuses and the amounts paid to Directors who concurrently serve as employees as employee salaries) and 60 million yen, respectively

(3) Matters on Outside Executives

1. Director, Motohiko Yokoyama

(i) Concurrent offices as an executive director of other companies

Mr. Yokoyama concurrently serves as the president and representative director of JTEKT Corporation and Makita purchases parts, machinery and equipment from the group companies of JTEKT Corporation.

(ii) Major activities during the term

Mr. Yokoyama attended 10 of 13 meetings of the Board of Directors (attendance rate: 77%) during the term. At the attended meetings, he expressed his opinions as necessary from the top management perspective of the core company of Toyota Group which is a world s leading corporate group.

(iii) Outline of Liability Limitation Agreement

With respect to liabilities set forth in Article 423, Paragraph 1 of the Company Law of Japan, the Company has entered into a liability limitation agreement with Mr. Yokoyama which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Company Law of Japan.

2. Statutory Auditor, Haruhito Hisatsune

(i) Major activities during the term

Mr. Hisatsune attended all meetings of the Board of Directors and of the Statutory Auditors (10 meetings, respectively) that were held during the term after he took office as statutory auditor on June 26, 2008. At the attended meetings, he expressed his opinions from his independent position as necessary.

(ii) Outline of Liability Limitation Agreement

With respect to liabilities set forth in Article 423, Paragraph 1 of the Company Law of Japan, the Company has entered into a liability limitation agreement with Mr. Hisatsune which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Company Law of Japan.

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3. Statutory Auditor, Masafumi Nakamura

(i) Status of offices concurrently held in other companies

Mr. Nakamura concurrently serves as an Outside Statutory Auditor of Suzuken Co., Ltd., Taiyo Kagaku Co., Ltd. and Shinwa Co., Ltd.

(ii) Major activities during the term

Mr. Nakamura attended 11 of 13 meetings of the Board of Directors (attendance rate: 85%) and 13 of 14 meetings of the Statutory Auditors (attendance rate:93%) during the term. At the attended meetings, he expressed his opinions from the professional perspective of certified public accountant.

(iii) Outline of Liability Limitation Agreement

With respect to liabilities set forth in Article 423, Paragraph 1 of the Company Law of Japan, the Company has entered into a liability limitation agreement with Mr. Nakamura which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Company Law of Japan.

4. Statutory Auditor, Michiyuki Kondo

(i) Status of offices concurrently held in other companies

Mr. Kondo concurrently serves as an Outside Statutory Auditor of ELMO Co., Ltd.

(ii) Major activities during the term

Mr.Kondo attended all meetings of the Board of Directors and of the Statutory Auditors (10 meetings, respectively) that were held during the term after he took office as statutory auditor during on June 26, 2008. At the attended meetings, he expressed his opinions from the professional perspective of attorney at law.

(iii) Outline of Liability Limitation Agreement

With respect to liabilities set forth in Article 423, Paragraph 1 of the Company Law of Japan, the Company has entered into a liability limitation agreement with Mr. Kondo which limits the maximum amount of his liabilities to the total amount provided for in each of the items of Article 425, Paragraph 1 of the Company Law of Japan.

(4) Other Important Matters on Directors and Statutory Auditors of the Company

At the Board of Directors held on April 28, 2009, it was resolved that the Corporate Officer system be introduced beginning June 25, 2009 in order to promptly execute group strategy and strengthen the operational organization.

4. Accounting Auditors

(1) Name of Accounting Auditor: KPMG AZSA & Co.

(2) Amount of Remuneration of Accounting Auditor for this term

	Amount of payment
1. Amount of remuneration for accounting auditors to be paid by the Company	316 million yen
2. Total amount of remuneration for accounting auditors to be paid by the Company and its subsidiaries	332 million yen

Notes: 1. As the audit agreement between the Company and its accounting auditors does not differentiate remuneration for audit under the Company Law of Japan from the one for audit under Financial Instruments and Exchange Law, the amount shown in 1. above represents total remuneration for both audits.

2. KPMG AZSA & Co. is a member firm of KPMG International and the accounting audits of all principal subsidiaries of the Company are conducted by member firms of KPMG International.

(3) Decision-Making Policy on Dismissal or Non-Reappointment of Accounting Auditor

If the accounting auditor falls under any of the events prescribed in each of the items of Article 340, Paragraph 1 of the Company Law of Japan, the Board of Statutory Auditors shall dismiss such accounting auditor with the consent of all the Statutory Auditors. In the case of such dismissal, such dismissal and reasons therefor shall be reported to the first General Meeting of Shareholders to be held after such dismissal.

In addition, if it is identified as difficult for the accounting auditor to properly conduct audits as a result of any reason that may harm independence of the accounting auditor, the Board of Directors will submit an agenda concerning non-reappointment of such accounting auditor to a General Meeting of Shareholders with a consent of the Board of Statutory Auditors or upon a request of the Board of Statutory Auditors.

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5. Systems and Policies of the Company

(1) Systems to ensure that the duties of Directors are executed in compliance with laws and regulations and the Articles of Incorporation, and other systems necessary for ensuring that the company s operation will be conducted appropriately

1. Systems to ensure that the duties of Directors and employees are executed in compliance with laws and regulations and the Articles of Incorporation

(i) The Board of Directors establishes the Code of Ethics and the Guidelines to the Code of Ethics as the principles for all Executives, and employees of the Makita Group and each of the Directors shall keep all Corporate Officers and employees informed of and in compliance with such ethics.

(ii) In order to ensure corporate ethics and compliance, a system to discover problems within the Company is created by establishing consulting facility as well as Internal Reporting Policy. In addition, an inquiry window shall be established on the Company s website to receive opinions and suggestions from outside the Company concerning accounting, internal controls and auditing.

(iii) An Internal Audit Deparment is established that conducts internal audit as deemed necessary.

2. Systems concerning the retention and management of information regarding the execution of duties by Directors

Information regarding the execution of duties by Directors shall be appropriately kept and managed in accordance with internal regulations such as the Regulations of the Board of Directors and the Regulations on Corporate Approval. Directors and Statutory Auditors shall have access to such information.

3. Rules and other systems for risk management

(i) Each Director has the power and responsibility to build a risk management system in the Makita Group in the business areas of which they are in charge, and in the case where a significant event affecting the management of the Company arises, the Director shall report such event to the Board of Directors and Board of Statutory Auditors.

(ii) Rules and guidelines on risk management regarding quality control, accident prevention, cash management and others, shall be established as necessary and operated by each department.

4. Systems to ensure the efficient execution of Director s duties

(i) A regular meeting of the Board of Directors shall be held once a month and extraordinary meetings shall be held whenever necessary. In addition, pursuant to management policy decided by the Board of Directors, priority targets shall be established for each department in each fiscal year. Each Director shall execute his duty to accomplish relevant target and the Board of Directors shall oversight the progress and performance thereof.

(ii) The Board of Directors establish standards concerning management structure and organization, positions, divisions of functions and duties and powers, which constitute the basis for implementing management policy, and operates business systematically and efficiently.

(iii) The Board of Directors introduces the Corporate Officer system in order to promptly implement the Makita group strategy and strengthen the operational organization, and thereby make the business operation flexible and efficient.

5. Systems to ensure the adequacy of business operations within the Makita Group

(i) Each of all subsidiaries is under control of Directors who are in charge of such subsidiary and important management matters and matters concerning misconduct shall be reported appropriately to such Director in accordance with the Reporting Policy. The Director who is in charge of such subsidiary, upon receipt of such report, shall inform the Board of Directors of the status of supervision when necessary.

(ii) The Board of Directors establish policies on documentation and assessment of internal controls of financial reporting of the Makita Group.

(iii) In order to enhance the corporate governance of the Makita Group, Outside Directors shall be appointed.

(iv) For supervision and review of internal control systems of the Makita Group by Statutory Auditors, a system shall be established for Statutory Auditors to cooperate with the Internal Audit Department and other related division and to receive report from Accounting Auditors.

6. Matters concerning employees posted to assist the duties of the Statutory Auditors when the Statutory Auditors so require and such employees independence from Directors

Necessary personnel be posted to assist the duties of the Statutory Auditors. In order to ensure the independence of such employees from Directors, the consent of the Board of Statutory Auditors is required for the appointment and change of such employees.

7. Systems in accordance with which the Directors and employees report to the Statutory Auditors and other systems concerning reports to the Statutory Auditors
   (i) Directors, Corporate Officers and employees shall report to the Statutory Auditors with respect to matters that may cause significant damage to the Company, important management matters, matters concerning misconduct, status of structures and operation of the internal control system, and the operation of internal hotline system and the results of reports received under such system.

   (ii) The Company shall prepare a system that enables the Statutory Auditors to request reports from Directors, Corporate Officers and employees when necessary and that the Board of Statutory Auditors to exchange opinions with the Directors and Accounting Auditors.
8. Other systems to ensure that audits by the Statutory Auditors will be conducted effectively
   (i) In order to enhance the supervisory function of the Board of Statutory Auditors over Accounting Auditors, Policies and Procedures concerning Prior Approval of Auditing and Non-Auditing Services shall be established. In addition, to ensure that audits by the Statutory Auditors will be conducted effectively, audit shall be conducted in accordance with standards for audit by Statutory Auditors.

   (ii) Full amount of the compensation to Statutory Auditors shall be fixed so that the independence of the Statutory Auditors can be secured.
9. Systems to ensure elimination of antisocial forces

From the viewpoint of corporate social responsibility, Makita will consistently take a resolute stance against involvement in, and have absolutely no relationship with, the activities of antisocial forces that may threaten the order and the security of civil society.

(i) The Company s policy of no intervention by antisocial forces has been permitted is publicly announced, both internally and outside the Company, by expressly stipulating such in the management policy/quality policy and by displaying such on the Company s homepage.

(ii) Ban on transactions with antisocial forces are expressly stated in the Guidelines to the Code of Ethics for Makita , which prescribes the standards for officer and employee conduct applicable in the execution of their tasks. Each Director shall keep all Corporate Officers and employees informed of and in compliance with such prohibition.

(iii) The Company has been liaising closely with the police and external related organizations, including the Foundation for Aichi Residents Conference for Violence, and endeavors to prevent any involvement in activities of antisocial forces, any damage caused thereby, and others.

(iv) In addition to collecting information relevant to activities of antisocial forces from the police and external related organizations, the Company voluntarily participates in seminars. Also, the Company endeavors to share information within the Company and related departments of Makita.

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CONSOLIDATED BALANCE SHEET
(As of March 31, 2009)

(Millions of Yen)

(Assets)		(Liabilities)	
Current assets	**240,403**	**Current liabilities**	**40,817**
Cash and cash equivalents	34,215	Short-term borrowings	239
Time deposits	2,623	Trade notes and accounts payable	14,820
Marketable securities	29,470	Accrued payroll	7,361
Trade receivables-		Accrued expenses and other	15,575
Notes	2,611	Income taxes payable	2,772
Accounts	43,078	Deferred income taxes	50
Less- Allowance for doubtful receivables	(1,129)		
Inventories	111,002	**Long-term liabilities**	**10,081**
Deferred income taxes	7,264	Long-term indebtedness	818
Prepaid expenses and other current assets	11,269	Accrued retirement and termination benefits	7,116
Property, plant and equipment, at cost	**72,696**	Deferred income taxes	548
Land	18,173	Other liabilities	1,599
Buildings and improvements	65,223		
Machinery and equipment	74,458	(Minority interests)	
Construction in progress	4,516	**Minority interests**	**2,261**
Less- Accumulated depreciation	(89,674)		
		(Shareholders equity)	
Investments and other assets	**23,545**	Common stock	23,805
Investment securities	11,290	Additional paid-in capital	45,420
Goodwill	1,987	Legal reserve and retained earnings	263,156

		Legal reserve	5,669
		Retained earnings	257,487
Other intangible assets, net	2,280	Accumulated other comprehensive Income (loss)	(42,461)
Deferred income taxes	5,050		
Other assets	2,938	Treasury stock, at cost	(6,435)
		Total shareholders equity	**283,485**
Total assets	**336,644**	**Total liabilities, minority interests and shareholders equity**	**336,644**

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CONSOLIDATED STATEMENT OF INCOME
(From April 1, 2008 to March 31, 2009)

(Millions of Yen)

Net sales		**294,034**
Cost of sales		170,894
Gross profit		123,140
Selling, general and administrative expenses		73,065
Operating income		**50,075**
Other income (expenses):		
Interest and dividend income	1,562	
Interest expense	(236)	
Exchange losses on foreign currency transactions, net	(3,408)	
Realized losses on securities, net	(3,548)	
Other, net	(428)	(6,058)
Income before income taxes		**44,017**
Provision for income taxes:		
Current	11,277	
Deferred	(546)	10,731
Net income		**33,286**

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CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY
(From April 1, 2008 to March 31, 2009)

(Millions of Yen)

Common stock:	
Beginning balance	23,805
Ending balance	23,805
Additional paid-in capital:	
Beginning balance	45,753
Retirement of treasury stock	(329)
Disposal of treasury stock	(4)
Ending balance	45,420
Legal reserve	
Beginning balance	5,669
Ending balance	5,669
Retained earnings:	
Beginning balance	249,191
Cash dividends	(13,855)
Retirement of treasury stock	(11,135)
Net income	33,286
Ending balance	257,487
Accumulated other comprehensive income (loss):	

Beginning balance	(7,657)
Other comprehensive income (loss) for the year	(34,804)
Ending balance	(42,461)
Treasury stock, at cost:	
Beginning balance	(263)
Purchases	(17,655)
Retirement	11,464
Disposal	19
Ending balance	(6,435)
Total shareholders equity	283,485

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Notes to Consolidated Financial Statements
Important Basic Matters for Preparation of Consolidated Financial Statements
Scope of consolidation
Number of consolidated subsidiaries: 48
Major subsidiaries are as follows:
Makita U.S.A. Inc., Makita Corporation of America,
Makita (U.K.) Ltd., Makita France SAS,
Makita Werkzeug GmbH (Germany),
Makita Oy (Finland),
Makita (China) Co., Ltd., Makita (Kunshan) Co., Ltd.,
Makita Australia Pty Ltd., etc.
Number of equity method affiliates: 1
Significant Accounting Policies
1. Basis of presentation
The consolidated financial statements are prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP) pursuant to the provision of paragraph 1 of Article 120 of the Ordinance for Corporate Accounting. 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. The cost of securities sold is based on the moving-average method.

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

Tangible fixed assets:	Depreciation of tangible fixed assets of the Company is computed 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.
Goodwill and other intangible assets:	In accordance with SFAS No.142 Goodwill and Other Intangible Fixed Assets, impairment testing is carried out at least once a year and at the time of the event which shows the possibility of impairment occurring, with regard to other intangible fixed assets for which goodwill or service life cannot be established. Amortization is performed using the straight-line method with regard to other intangible fixed assets that have clearly established years of service.

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5. Allowances

Allowance for doubtful receivables:	The allowance is determined based on, but is not limited to, historical collection experience adjusted for the effects of the current economic environment, assessment of inherent risks, aging and financial performance. Allowance for doubtful receivables represents the Makita s best estimate of the amount of probable credit losses in its existing receivables.
Retirement and termination allowances:	In accordance with SFAS No.87 Employers Accounting for Pensions and SFAS No.158 Employers Accounting For Defined Benefit Pension and Other Postretirement Plans, pension and severance cost is accrued based on the projected benefit obligations and the fair value of plan assets at the balance sheet date. Each overfunded plans and postretirement plans are recognized as an asset and each underfunded plan and postretirement plans are recognized as a liability. Unrecognized prior service cost is amortized by the straight-line method over the average remaining service period of employees. Unrecognized actuarial loss is recognized by amortizing a portion in excess of 10% of the greater of the projected benefit obligations or the fair value of plan assets by the straight-line method over the average remaining service period of employees.

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

Notes to Consolidated Balance Sheet

1. Accumulated other comprehensive income (loss) includes foreign currency translation adjustments, net unrealized holding gains on available-for-sale securities, and minimum pension liability adjustment.

2. Guarantee (contingent liabilities): 100 million yen

3. Notes receivable discounted: 481 million yen

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Notes to Consolidated Statement of Shareholders Equity

1. Matter regarding shares issued

Kind of shares	End of the previous term	Increase	Decrease	End of the present term
Common stock	144,008,760 shares	-	4,000,000 shares	140,008,760 shares

(Reasons for the change)

The reason for the decrease is the retirement of tresury stock:4,000,000 shares

2. Matter regarding treasury stock

Kind of shares	End of the previous term	Increase	Decrease	End of the present term
Common stock	235,135 shares	6,014,938 shares	4,005,318 shares	2,244,755 shares

(Reasons for the cha