MAKITA CORP
Form 6-K
June 07, 2005

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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, 2005

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

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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
(Signature)
Masahiko Goto
President

Date: June 7, 2005

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(English Translation of the Notice of the 93rd Annual General Meeting
of Shareholders Originally Issued in Japanese Language)

MAKITA CORPORATION

June 7, 2005

To the Shareholders of
MAKITA CORPORATION

NOTICE OF THE 93rd ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are respectfully requested to attend the 93rd Annual 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., Wednesday, June 29, 2005

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 93rd term (from April 1, 2004 to March 31, 2005) 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 93rd term

   Items to be resolved:

   No.1. Approval of the Proposed Appropriation of Retained Earnings for the 93rd term

No.2. Partial amendment to the Articles of Incorporation

The proposal is detailed in Information relating to exercise of voting rights on pages 23 to 24.

No.3. Election of thirteen Directors

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BUSINESS REPORT

(From April 1, 2004, to March 31, 2005)

1. The Business Environment

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

Regarding economic trends overseas during the year under review, the U.S. showed a moderate expansionary trend supported by firmness in private consumption and private capital investment. In Europe, although the U.K. economy was strong, boosted by demand for construction, the economies of Germany and other major countries saw a weakening of export growth because of the appreciation of the euro. Asian economies outside Japan, especially China, continued to sustain high rates of economic growth.

In Japan, firm expansion in private capital investment continued, but as a result of sharp increases in raw materials prices and other factors, the performance of the economy as whole lost robustness in the second half of the year, thus bringing only relatively weak recovery.

Under these conditions, the Makita Group worked to expand its production in China and proceeded with initiatives to develop high value-added products that accurately meet user needs. In its sales activities, Makita continued to implement a global marketing strategy founded on after sales service that is closely integrated into local areas.

In addition, Makita made the decision to withdraw from golf course operations, and on September 8, 2004, petitioned the Nagoya District Court for the commencement of civil rehabilitation proceedings for its wholly owned subsidiary Joyama Kaihatsu, Ltd. On April 11, 2005, the court decided to approve the plan for rehabilitation. Going forward, after making final confirmation of the rehabilitation plan, Makita plans to settle obligations related to the rehabilitation and then plans to transfer management rights of the company to a third party, Tokyo Tatemono Co., Ltd., towards the end of May 2005.

Regarding consolidated results for the year under review, net sales totaled 194,737 million yen, up 5.8% from the previous year, the highest level in the Company s history. Sales in Japan rose 0.6%, to 39,379 million yen despite relatively weak sales of the existing lineup of products because of the strong performance of new products, including impact drivers. Overseas sales climbed 7.2%, to 155,358 million yen, reflecting increases in sales in Europe and Asia outside Japan as well as other factors. As a consequence, overseas sales accounted for 79.8% of net sales for the year.

Examining overseas sales by individual region, sales in Europe were up 13.4%, to 75,263 million yen, while sales in North America declined 8.0%, to 38,490 million yen. Sales in Asia outside Japan rose 14.7%, to 16,341 million yen, and sales in other regions increased 12.2%, to 25,264 million yen.

Regarding earnings, the Company s cost to sales ratio improved because of expansion in production at plants in Japan and China. Moreover, during the previous year, Makita reported an impairment loss of approximately 6.0 billion yen related to its golf course subsidiary. The absence of this loss in the year under review and other 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 operating income of 2.1 times, to 31,398 million yen. Similarly, income before income taxes rose 2.0 times, to 32,618 million yen, and net income climbed 2.9 times, to 22,136 million yen.

Please note that on a non-consolidated basis, Makita reported an extraordinary loss of approximately 7.0 billion yen in connection with the civil rehabilitation proceedings for its subsidiary engaged in golf course operations. However, for purposes of consolidated accounting, the Company recognized the full amount of impairment losses related to this subsidiary in the previous year and it had no impact on the results for the year under review.

We were able to celebrate our 90th anniversary on March 21, 2005. We appreciate your cooperation over the years. We are delighted to distribute dividend of 36 yen per share, with the memorial dividend of 4 yen added to the ordinary dividend of 9 yen and the special dividend of 23 yen.

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(2) Future Tasks of the Makita Group

Despite expectations for a global trend toward modest economic recovery, sharply higher oil prices and increased prices of other basic materials continue to make the corporate operating environment uncertain.

Duly noting these circumstances, Makita intends to further strengthen its subsidiaries and affiliates in all overseas markets and will work to expand production overseas, in China and other countries, to substantially enhance its cost competitiveness. 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.

Regarding the previously announced plan to acquire the nailer business of Kanematsu-NNK Corp. on April 1, 2005, at the request of Kanematsu-NNK Corp., Makita announced a postponement of the acquisition on February 22, 2005. Makita is scheduled to announce further details related to this acquisition when they have been decided.

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 6,655 million yen for its capital expenditures. These funds were used primarily for production of metal molds for new products manufactured by the Company, construction of the manufacturing equipment at Makita (China) Co., Ltd., construction of the new building of the head office of Makita (Australia) Pty. Ltd. and production of metal molds for new products manufactured by Dolmar GmbH (Germany).

(4) Capital Procurement of the Makita Group

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

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

1. Summary of Consolidated Business Results and State of Assets

Description	90th term (ended March 31, 2002)	91st term (ended March 31, 2003)	92nd term (ended March 31, 2004)	93rd term (ended March 31, 2005)
Net sales (in millions of yen)	166,169	175,603	184,117	194,737
Operating income (in millions of yen)	5,873	12,468	14,696	31,398
Income before income taxes (in millions of yen)	3,403	9,292	16,170	32,618
Net income (in millions of yen)	133	6,723	7,691	22,136
Net income per share (in yen)	0.88	45.29	53.16	153.89
Total assets (in millions of yen)	285,138	278,600	278,116	289,904
Shareholders equity (in millions of yen)	189,939	182,400	193,348	219,640

Notes: 1. Consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. From the 91st term, sales promotion expenses and other costs which deemed as discount to sales were excluded from net sales and such change was applied for the 90th term retroactively.

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 90th term:

Net sales increased 6.5% from the previous fiscal year to 166,169 million yen, owing to the depreciation of the yen. Net income amounted to 133 million yen, decreased 93.8% from the previous fiscal year, due to a rise in selling, general and administrative expenses in oversea subsidiaries, increased losses in U.S. manufacturing subsidiary due to inventory reduction and the losses on marketable and investment securities.

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, because 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 because 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:

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

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

Description	90th term (ended March 31, 2002)	91st term (ended March 31, 2003)	92nd term (ended March 31, 2004)	93rd term (ended March 31, 2005)
Net sales (in millions of yen)	89,424	86,132	88,335	97,873
Ordinary profit (in millions of yen)	9,494	7,551	9,444	18,399
Net income (in millions of yen)	2,100	1,494	5,668	9,149
Net income per share (in yen)	13.84	9.76	38.79	63.22
Total assets (in millions of yen)	221,966	217,976	228,504	222,899
Shareholders equity (in millions of yen)	189,997	185,222	192,356	197,891

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

2. Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, Accounting Standard for Earnings Per Share and Financial Standards Implementation Guidance No. 4, Implementation Guidance for Accounting Standard for Earnings Per Share).

3. As a result of the reform of Commercial Code Enforcement Regulation, from the 92nd term, amounts of less than 1 million yen have been rounded. Before 91st term, amounts of less than 1 million yen had been eliminated.

The 90th term:

Net sales amounted to 89,424 million yen, down 8.0% from the previous fiscal year, owing to such factors as a shift of manufacturing operations to a China-based subsidiary and moves taken by Japanese retailers to reduce inventory levels that had risen amid the protracted recession. Just as in the previous year, 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 47.5%, to 2,100 million yen.

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, primarily 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, primarily 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, primarily 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.

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2. Profile of the Makita Group (as of March 31, 2005)

(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 Plant of the Makita Group

MAKITA CORPORATION	Head office	Anjo (Aichi)
	Branch offices	Tokyo, Nagoya, Osaka, etc.
	Plant	Okazaki (Aichi)
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	Dusseldorf (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: 287,000,000 shares

2. Total number of shares outstanding: 148,008,760 shares

Note: Due to the conversion of convertible bonds during the fiscal year, the Company s outstanding shares increased by 1,768 shares over the previous fiscal year end.

3. Number of shareholders: 10,200

4. Major shareholders are as follows:

Name of Shareholder	Number of Shares Held: Units (thousands)	Number of Shares Held: Ownership ratio (%)	The Company s Investment in Major Shareholders: Units (thousands)	The Company s Investment in Major Shareholders: Ownership ratio (%)
The Chase Manhattan Bank, N.A. London	8,468	5.72		
Hero and Co.	6,923	4.68		
Japan Trustee Services Bank, Ltd. (Trust account)	6,528	4.41		
Northern Trust Company (AVFC) Sub-account American Client	5,551	3.75		
The Master Trust Bank of Japan, Ltd. (Trust account)	5,540	3.74		

The UFJ Bank, Limited	4,370	2.95
The Bank of New York, Treaty Jasdec Account	4,031	2.73

Notes: 1. The Company holds 3,212 shares of common stock of UFJ Holdings, Inc. (ownership ratio: 0.05%), a parent company of The UFJ Bank, Limited.

2. Hero and Co. is the nominee of The Bank of New York which is the Depositary for holders of the Company s American Depositary Receipts (ADRs).

3. In addition to the above, the Company owns 4,231 thousand shares of treasury stock without voting rights.

4. Although the Company received copies of substantial shareholding reports and the related documents which contained the following information, the Company does not count them as major shareholders stated in the above table because the Company cannot confirm the number of shares held beneficially by the persons named below as of the end of the fiscal year.

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Person who submitted the report	Date on which obligation of report arose	Number of shares held (thousands)	Ownership ratio (%)
Silchester International Investors Limited	February 15, 2005	8,959	6.05
Goldman Sachs and the affiliated companies	September 30, 2004	8,899	6.01
Barclays Global Investors and the affiliated companies	March 31, 2005	7,783	5.26

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

1. Acquisition

Common stock:	125,702 shares
Aggregate acquisition price:	209 million yen

2. Disposition

Common stock:	8,350 shares
Aggregate disposition price:	7 million yen

3. Retirement

There is no retirement of common stock during period.

4. Shares held at the end of the fiscal year

Common stock:	4,231,153 shares

(5) Employees

1. Employees of the Makita Group

Number of Employees	Increase/Decrease
8,560	127 (Increase)

2. Employees of the Company

Number of Employees	Increase/Decrease	Average Age	Average Years of Service
2,852	56 (Decrease)	41.0	20.2

(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.$56,000	100.0	Manufacture and sales of electric power tools
Makita (Kunshan) Co., Ltd.	U.S.$ 18,500	100.0	Manufacture of electric power tools

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

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2. Developments of Makita Group

From this fiscal year, Makita General Service Ltd. and Makita Fastenings Corporation became consolidated subsidiaries of the Company. As a result, number of consolidated subsidiaries of the Company increased to 44.

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 Control Headquarters
Director	Zenji Mashiko	Assistant General Manager of Domestic Sales Marketing Headquarters
Standing Statutory Auditor	Akio Kondo	
Standing Statutory Auditor	Hiromichi Murase	
Statutory Auditor	Keiichi Usui	
Statutory Auditor	Shoichi Hase	Patent Attorney

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Notes: 1. The asterisk denotes Representative Director.

2. Changes of Statutory Auditors during the fiscal year

(1) At the 92nd General Shareholders Meeting held on June 29, 2004, the following Statutory Auditors were retired from their respective offices.

Standing Statutory Auditor	Ryota Ichikawa
Standing Statutory Auditor	Kenichi Ikeda

(2) At the 92nd General Shareholders Meeting held on June 29, 2004, the following Statutory Auditors newly elected and each of them assumed their respective offices.

Standing Statutory Auditor	Akio Kondo
Standing Statutory Auditor	Hiromichi Murase

3. Subsequent change of Director

On April 1, 2005, the following changes of Directors position were made. Positions in parenthesis are the former positions.

Director	Hisayoshi Niwa	General Manager of Quality Headquarters (General Manager of Quality Control Headquarters)

4. 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.

(8) 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	59 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	59 million yen
3. Out of the amount shown in 2. above, amount of remuneration owed by the Company	53 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

Joyama Kaihatsu, Ltd., the Company s wholly owned subsidiary, filed with the Nagoya District Court an application for the commencement of civil rehabilitation proceedings on September 8, 2004. On April 11, 2005, the court approved the plan for rehabilitation. Going forward, after the rehabilitation plan is finalized, Joyama Kaihatsu, Ltd. plans to settle obligations under the rehabilitation and then transfer its management rights to a third party, Tokyo Tatemono Co., Ltd., at the end of May 2005.

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CONSOLIDATED BALANCE SHEET
(As of March 31, 2005)

	(Millions of Yen)
(Assets)	
Current assets	**207,892**
Cash and cash equivalents	25,384
Time deposits	7,867
Marketable securities	58,015
Trade receivables-	
Notes	1,687
Accounts	38,997
Less- Allowance for doubtful receivables	(1,178)
Inventories	66,003
Deferred income taxes	3,831
Prepaid expenses and other current assets	7,286
Property, plant and equipment, at cost	**52,824**
Land	17,673
Buildings and improvements	51,085
Machinery and equipment	73,356
Construction in progress	790
Less- Accumulated depreciation	(90,080)
Investments and other assets	**29,188**
Investment securities	22,373
Deferred income taxes	390
Other assets	6,425
Total assets	**289,904**
(Liabilities)	
Current liabilities	**58,226**
Short-term borrowings	9,060
Trade notes and accounts payable	10,574
Accrued payroll	7,695
Club members deposits	12,836
Accrued expenses and other	12,248
Income taxes payable	5,695
Deferred income taxes	118
Long-term liabilities	**10,639**
Long-term indebtedness	88
Estimated retirement and termination allowances	5,126
Deferred income taxes	4,538
Other liabilities	887
(Minority interests)	
Minority interests	**1,399**
(Shareholders equity)	
Common stock	23,805

Additional paid-in capital	45,430
Legal reserve and retained earnings	163,171
Accumulated other comprehensive loss	(9,249)
Treasury stock, at cost	(3,517)
Total shareholders equity	**219,640**
Total liabilities, minority interests and shareholders equity	**289,904**

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CONSOLIDATED STATEMENT OF INCOME
(From April 1, 2004, to March 31, 2005)

		(Millions of Yen)
Net sales		**194,737**
Cost of sales		113,323
Gross profit		81,414
Selling, general, administrative and other expenses		50,016
Operating income		**31,398**
Other income (expenses):		
Interest and dividend income	1,157	
Interest expense	(588)	
Exchange gains on foreign currency transactions, net	37	
Realized gains on securities, net	453	
Other, net	161	1,220
Income before income taxes		**32,618**
Provision for income taxes:		
Current	10,071	
Deferred	411	10,482
Net income		**22,136**

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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. The cost of securities sold is based on the moving-average method.

3. Valuation of inventories

   Inventories are stated at the lower of average cost or market. Inventory costs include raw materials, labor and manufacturing overheads.

4. Depreciation method of fixed assets

Tangible fixed assets:	Declining-balance method	
	Estimated life:	
	Buildings and structures:	10 to 50 years
	Machinery and equipment:	3 to 10 years
Goodwill and other intangible assets:	Straight-line method	