

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2013 (Based on Japanese GAAP)

August 8, 2013

Company name	Howa Machinery, Ltd.		
Stock exchange listing	Tokyo, Nagoya		
Stock Code	6203	URL	<a href="http://www.howa.co.jp/">http://www.howa.co.jp/</a>
Representative	President	Kazuhide banno	
Inquiries	Managing Director	Hiromitsu Ishihara	TEL 052-408-1001
Scheduled date to file Quarterly Securities Report	August 9, 2013		
Scheduled date to commence dividend payments	-		
Preparation of supplementary material on quarterly earnings	no		
Holding of quarterly earnings performance review	no -		

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2013 (from April 1, 2013 to June 30, 2013)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2013	4,667	(15.9)	27	(86.2)	64	(68.9)	82	(10.6)
Three months ended June 30, 2012	5,548	15.3	197	379.6	207	195.3	91	66.8

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended June 30, 2013	6.56		-	
Three months ended June 30, 2012	7.34		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2013	25,779	14,030	54.0	1,111.12
As of March 31, 2013	26,729	14,113	52.4	1,117.16

2. Cash dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2013	-	0.00	-	2.00	2.00
Year ending March 31, 2014	-	-	-	-	-
Year ending March 31, 2014 (Forecast)	-	0.00	-	20.00	20.00

3. Forecast for the year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2013	10,400	(12.4)	310	(42.7)	310	(38.3)	280	(8.9)	22.34
Full year	21,600	(9.5)	870	(36.6)	870	(36.3)	780	(37.6)	62.25

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2013  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): no
- (2) Application of special accounting for preparing quarterly consolidated financial statements: yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- Changes in accounting policies due to revisions to accounting standards and other regulations: no
  - Changes in accounting policies due to other reasons: no
  - Changes in accounting estimates: no
  - Restatement of prior period financial statements after error corrections: no

(4) Number of issued shares

Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2013	12,548,134 shares	As of March 31, 2013	12,548,134 shares
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Number of shares of treasury stock at the end of the period

As of June 30, 2013	17,292 shares	As of March 31, 2013	17,287 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2013	12,530,844 shares	Three months ended June 30, 2012	12,531,252 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
Assets		
Current assets		
Cash and deposits	2,802	3,234
Notes and accounts receivable-trade	10,033	7,761
Securities	200	400
Merchandise and finished goods	257	251
Work in process	3,207	3,760
Raw materials and supplies	258	259
Deferred tax assets	41	39
Other	485	204
Allowance for doubtful accounts	(12)	(10)
Total current assets	17,274	15,902
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	2,457	2,416
Other, net	1,756	2,067
Total property, plant and equipment	4,213	4,484
Intangible assets	23	23
Investments and other assets		
Investment securities	4,159	4,314
Other	1,149	1,147
Allowance for doubtful accounts	(92)	(92)
Total investments and other assets	5,216	5,369
Total noncurrent assets	9,454	9,876
Total assets	26,729	25,779

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,806	3,197
Short-term loans payable	901	783
Current portion of bonds	345	295
Accounts payable-other	156	260
Accrued expenses	861	1,219
Income taxes payable	53	12
Accrued consumption taxes	76	11
Provision for bonuses	448	200
Provision for directors' bonuses	7	-
Provision for loss on construction contracts	-	0
Provision for loss on removal of fixed assets	52	52
Other	201	194
<b>Total current liabilities</b>	<b>6,909</b>	<b>6,227</b>
<b>Noncurrent liabilities</b>		
Bonds payable	577	537
Long-term loans payable	263	187
Deferred tax liabilities	594	630
Provision for retirement benefits	3,545	3,480
Provision for environmental safety measures	124	124
Asset retirement obligations	78	79
Other	522	483
<b>Total noncurrent liabilities</b>	<b>5,706</b>	<b>5,521</b>
<b>Total liabilities</b>	<b>12,615</b>	<b>11,748</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	9,019	9,019
Retained earnings	3,884	3,716
Treasury stock	(17)	(17)
<b>Total shareholders' equity</b>	<b>12,887</b>	<b>12,718</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,111	1,204
Deferred gains or losses on hedges	(0)	-
<b>Total accumulated other comprehensive income</b>	<b>1,111</b>	<b>1,204</b>
<b>Minority interests</b>	<b>114</b>	<b>107</b>
<b>Total net assets</b>	<b>14,113</b>	<b>14,030</b>
<b>Total liabilities and net assets</b>	<b>26,729</b>	<b>25,779</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Net sales	5,548	4,667
Cost of sales	4,622	3,861
Gross profit	926	806
Selling, general and administrative expenses	728	778
Operating income	197	27
Non-operating income		
Interest income	0	0
Dividends income	57	53
Miscellaneous income	15	19
Total non-operating income	73	72
Non-operating expenses		
Interest expenses	12	6
Maintenance cost for idle assets	13	11
Miscellaneous loss	37	17
Total non-operating expenses	63	35
Ordinary income	207	64
Extraordinary income		
Gain on sales of noncurrent assets	0	2
Other	0	0
Total extraordinary income	0	3
Extraordinary loss		
Loss on product safety measures	28	-
Loss on valuation of investment securities	3	-
Impairment loss	64	-
Other	0	0
Total extraordinary losses	96	0
Income before income taxes and minority interests	111	67
Income taxes	20	(14)
Income before minority interests	91	81
Minority interests in loss	(0)	(0)
Net income	91	82

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Income before minority interests	91	81
Other comprehensive income		
Valuation difference on available-for-sale securities	(210)	92
Deferred gains or losses on hedges	0	0
Total other comprehensive income	(210)	92
Comprehensive income	(119)	174
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(118)	174
Comprehensive income attributable to minority interests	(0)	(0)