

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2013 (Based on Japanese GAAP)

February 10, 2014

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	February 14, 2014				
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 nine months ended December 31, 2013 (from April 1, 2013 to December 31, 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	%
Nine months ended December 31, 2013	16,702	(7.1)	715	(22.1)	746	(17.8)	735	16.1
Nine months ended December 31, 2012	17,980	6.7	917	19.3	907	22.2	633	(3.6)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2013	58.73	-
Nine months ended December 31, 2012	50.58	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2013	26,218	15,087	57.1	1,195.32
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	-	0.00	-	-	-
Year ending March 31, 2014 (Forecast)	-	-	-	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
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 nine months ended December 31, 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 December 31, 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 December 31, 2013	17,575 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)

Nine months ended December 31, 2013	12,530,703 shares	Nine months ended December 31, 2012	12,531,135 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Assets		
Current assets		
Cash and deposits	2,802	2,403
Notes and accounts receivable-trade	10,033	8,550
Electronically recorded monetary claims-operating	-	148
Securities	200	500
Merchandise and finished goods	257	400
Work in process	3,207	3,176
Raw materials and supplies	258	271
Deferred tax assets	41	33
Other	485	197
Allowance for doubtful accounts	(12)	(13)
Total current assets	<u>17,274</u>	<u>15,668</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	2,457	2,565
Other, net	1,756	1,954
Total property, plant and equipment	<u>4,213</u>	<u>4,519</u>
Intangible assets	23	37
Investments and other assets		
Investment securities	4,159	4,953
Other	1,149	1,133
Allowance for doubtful accounts	(92)	(93)
Total investments and other assets	<u>5,216</u>	<u>5,992</u>
Total noncurrent assets	<u>9,454</u>	<u>10,550</u>
Total assets	<u>26,729</u>	<u>26,218</u>

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,806	3,314
Short-term loans payable	901	444
Current portion of bonds	345	295
Accounts payable-other	156	219
Accrued expenses	861	802
Income taxes payable	53	52
Accrued consumption taxes	76	12
Provision for bonuses	448	215
Provision for directors' bonuses	7	-
Provision for loss on construction contracts	-	2
Provision for loss on removal of fixed assets	52	-
Deferred tax liabilities	-	19
Other	201	242
<b>Total current liabilities</b>	<b>6,909</b>	<b>5,620</b>
<b>Noncurrent liabilities</b>		
Bonds payable	577	390
Long-term loans payable	263	245
Deferred tax liabilities	594	821
Provision for retirement benefits	3,545	3,377
Provision for environmental safety measures	124	124
Asset retirement obligations	78	80
Other	522	472
<b>Total noncurrent liabilities</b>	<b>5,706</b>	<b>5,509</b>
<b>Total liabilities</b>	<b>12,615</b>	<b>11,130</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	9,019	9,019
Retained earnings	3,884	4,370
Treasury stock	(17)	(17)
<b>Total shareholders' equity</b>	<b>12,887</b>	<b>13,372</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,111	1,605
Deferred gains or losses on hedges	(0)	-
<b>Total accumulated other comprehensive income</b>	<b>1,111</b>	<b>1,605</b>
<b>Minority interests</b>	<b>114</b>	<b>109</b>
<b>Total net assets</b>	<b>14,113</b>	<b>15,087</b>
<b>Total liabilities and net assets</b>	<b>26,729</b>	<b>26,218</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net sales	17,980	16,702
Cost of sales	14,735	13,564
Gross profit	3,244	3,137
Selling, general and administrative expenses	2,327	2,422
Operating income	917	715
Non-operating income		
Interest income	1	0
Dividends income	99	97
Miscellaneous income	44	55
Total non-operating income	144	153
Non-operating expenses		
Interest expenses	32	14
Maintenance cost for idle assets	37	37
Miscellaneous loss	84	70
Total non-operating expenses	154	121
Ordinary income	907	746
Extraordinary income		
Gain on sales of noncurrent assets	2	87
Gain on disposal of noncurrent assets	0	0
Other	-	0
Total extraordinary income	2	88
Extraordinary loss		
Loss on product safety measures	93	-
Loss on valuation of investment securities	3	-
Loss on sales of noncurrent assets	0	13
Loss on disposal of noncurrent assets	2	15
Compensation for damage	-	19
Impairment loss	64	-
Total extraordinary losses	163	48
Income before income taxes and minority interests	747	787
Income taxes	102	48
Income before minority interests	644	738
Minority interests in income	10	2
Net income	633	735

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

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Income before minority interests	644	738
Other comprehensive income		
Valuation difference on available-for-sale securities	113	493
Deferred gains or losses on hedges	(5)	0
Total other comprehensive income	108	494
Comprehensive income	752	1,232
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	741	1,230
Comprehensive income attributable to minority interests	10	2