

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2013 (Based on Japanese GAAP)

November 11, 2013

Company name	Howa Machinery, Ltd.		
Stock exchange listing	Tokyo, Nagoya		
Stock Code	6203	URL	http://www.howa.co.jp/
Representative	President	Kazuhide banno	
Inquiries	Managing Director	Hiromitsu Ishihara	TEL 052-408-1001
Scheduled date to file Quarterly Securities Report	November 14, 2013		
Scheduled date to commence dividend payments	-		
Preparation of supplementary material on quarterly earnings	yes		
Holding of quarterly earnings performance review	yes	(for institutional investors and analysts)	

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2013 (from April 1, 2013 to September 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	%
Six months ended September 30, 2013	10,955	(7.7)	451	(16.5)	456	(9.3)	488	58.7
Six months ended September 30, 2012	11,865	11.0	540	24.0	502	26.1	307	(2.8)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2013	38.95		-	
Six months ended September 30, 2012	24.54		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2013	25,554	14,582	56.6	1,155.22
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 six months ended September 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 September 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 September 30, 2013	17,357 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)

Six months ended September 30, 2013	12,530,812 shares	Six months ended September 30, 2012	12,531,173 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	2,802	3,221
Notes and accounts receivable-trade	10,033	7,787
Securities	200	693
Merchandise and finished goods	257	336
Work in process	3,207	3,081
Raw materials and supplies	258	249
Deferred tax assets	41	31
Other	485	180
Allowance for doubtful accounts	(12)	(13)
Total current assets	17,274	15,568
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	2,457	2,393
Other, net	1,756	1,969
Total property, plant and equipment	4,213	4,363
Intangible assets	23	32
Investments and other assets		
Investment securities	4,159	4,549
Other	1,149	1,135
Allowance for doubtful accounts	(92)	(93)
Total investments and other assets	5,216	5,591
Total noncurrent assets	9,454	9,986
Total assets	26,729	25,554

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,806	3,113
Short-term loans payable	901	667
Current portion of bonds	345	295
Accounts payable-other	156	124
Accrued expenses	861	752
Income taxes payable	53	59
Accrued consumption taxes	76	21
Provision for bonuses	448	441
Provision for directors' bonuses	7	-
Provision for loss on construction contracts	-	0
Provision for loss on removal of fixed assets	52	44
Other	201	160
Total current liabilities	6,909	5,681
Noncurrent liabilities		
Bonds payable	577	430
Long-term loans payable	263	67
Deferred tax liabilities	594	701
Provision for retirement benefits	3,545	3,438
Provision for environmental safety measures	124	124
Asset retirement obligations	78	79
Other	522	449
Total noncurrent liabilities	5,706	5,290
Total liabilities	12,615	10,971
Net assets		
Shareholders' equity		
Capital stock	9,019	9,019
Retained earnings	3,884	4,122
Treasury stock	(17)	(17)
Total shareholders' equity	12,887	13,124
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,111	1,351
Deferred gains or losses on hedges	(0)	-
Total accumulated other comprehensive income	1,111	1,351
Minority interests	114	106
Total net assets	14,113	14,582
Total liabilities and net assets	26,729	25,554

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net sales	11,865	10,955
Cost of sales	9,805	8,907
Gross profit	2,060	2,047
Selling, general and administrative expenses	1,519	1,596
Operating income	540	451
Non-operating income		
Interest income	0	0
Dividends income	57	53
Miscellaneous income	25	35
Total non-operating income	84	89
Non-operating expenses		
Interest expenses	23	11
Maintenance cost for idle assets	26	24
Miscellaneous loss	72	49
Total non-operating expenses	122	84
Ordinary income	502	456
Extraordinary income		
Gain on sales of noncurrent assets	2	87
Other	0	0
Total extraordinary income	2	88
Extraordinary loss		
Loss on sales of noncurrent assets	-	12
Loss on disposal of noncurrent assets	0	2
Compensation for damage	-	19
Impairment loss	64	-
Loss on valuation of investment securities	40	-
Loss on product safety measures	28	-
Total extraordinary losses	133	34
Income before income taxes and minority interests	371	509
Income taxes	55	22
Income before minority interests	316	487
Minority interests in income (loss)	9	(0)
Net income	307	488

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Income before minority interests	316	487
Other comprehensive income		
Valuation difference on available-for-sale securities	(295)	239
Deferred gains or losses on hedges	0	0
Total other comprehensive income	(295)	239
Comprehensive income	21	726
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11	727
Comprehensive income attributable to minority interests	9	(0)