

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2015 (Based on Japanese GAAP)

August 7, 2015

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: August 11, 2015  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2015	4,380	(12.3)	(162)	–	(105)	–	(115)	–
Three months ended June 30, 2014	4,996	7.1	18	(31.7)	120	87.4	110	34.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2015	(9.26)		–	
Three months ended June 30, 2014	8.81		–	

(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, 2015	26,832	16,871	62.8	1,346.70
As of March 31, 2015	26,560	16,700	62.8	1,333.13

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2015	–	0.00	–	20.00	20.00
Year ending March 31, 2016	–	–	–	–	–
Year ending March 31, 2016 (Forecast)	–	0.00	–	20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2015	10,700	(4.5)	220	17.7	240	(14.8)	210	(30.0)	16.76
Full year	23,000	(2.6)	700	164.6	740	78.6	660	15.6	52.68

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2015  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2015	12,548,134 shares	As of March 31, 2015	12,548,134 shares
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Number of treasury shares at the end of the period

As of June 30, 2015	30,503 shares	As of March 31, 2015	30,402 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, 2015	12,517,682 shares	Three months ended June 30, 2014	12,530,480 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	2,589	2,428
Notes and accounts receivable - trade	7,172	6,087
Electronically recorded monetary claims - operating	958	789
Securities	700	1,000
Merchandise and finished goods	252	294
Work in process	3,116	3,469
Raw materials and supplies	266	293
Deferred tax assets	166	168
Other	166	169
Allowance for doubtful accounts	(12)	(8)
Total current assets	15,377	14,691
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,705	2,729
Other, net	2,298	2,435
Total property, plant and equipment	5,003	5,165
Intangible assets	114	110
Investments and other assets		
Investment securities	5,109	5,911
Other	1,036	1,034
Allowance for doubtful accounts	(80)	(80)
Total investments and other assets	6,065	6,864
Total non-current assets	11,183	12,140
<b>Total assets</b>	<b>26,560</b>	<b>26,832</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,158	2,739
Short-term loans payable	435	437
Current portion of bonds	170	170
Accounts payable - other	249	447
Accrued expenses	960	1,185
Income taxes payable	53	20
Accrued consumption taxes	49	18
Provision for bonuses	421	221
Provision for loss on construction contracts	58	60
Provision for environmental safety measures	124	124
Other	149	297
Total current liabilities	5,831	5,721

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Non-current liabilities		
Bonds payable	160	120
Long-term loans payable	239	317
Deferred tax liabilities	811	1,066
Provision for environmental safety measures	4	4
Net defined benefit liability	2,184	2,118
Asset retirement obligations	82	82
Other	547	530
Total non-current liabilities	4,028	4,239
Total liabilities	9,859	9,961
Net assets		
Shareholders' equity		
Capital stock	9,019	9,019
Retained earnings	5,725	5,359
Treasury shares	(27)	(27)
Total shareholders' equity	14,718	14,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,725	2,270
Remeasurements of defined benefit plans	244	235
Total accumulated other comprehensive income	1,969	2,505
Non-controlling interests	13	13
Total net assets	16,700	16,871
Total liabilities and net assets	26,560	26,832

**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, 2014	Three months ended June 30, 2015
Net sales	4,996	4,380
Cost of sales	4,241	3,764
Gross profit	754	615
Selling, general and administrative expenses	736	777
Operating income (loss)	18	(162)
Non-operating income		
Interest income	0	0
Dividend income	59	63
Subsidy income	45	-
Miscellaneous income	34	18
Total non-operating income	138	81
Non-operating expenses		
Interest expenses	2	1
Insurance expenses	8	6
Maintenance cost for idle assets	9	6
Miscellaneous loss	16	11
Total non-operating expenses	36	25
Ordinary income (loss)	120	(105)
Extraordinary income		
Gain on sales of non-current assets	5	2
Other	0	0
Total extraordinary income	5	2
Extraordinary losses		
Other	0	0
Total extraordinary losses	0	0
Income (loss) before income taxes and minority interests	125	(103)
Income taxes	19	11
Profit (loss)	106	(115)
Profit (loss) attributable to non-controlling interests	(3)	0
Profit (loss) attributable to owners of parent	110	(115)

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

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit (loss)	106	(115)
Other comprehensive income		
Valuation difference on available-for-sale securities	138	544
Deferred gains or losses on hedges	(0)	–
Remeasurements of defined benefit plans, net of tax	9	(8)
Total other comprehensive income	148	536
Comprehensive income	255	420
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	259	420
Comprehensive income attributable to non-controlling interests	(3)	0