

Translation

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

November 6, 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: November 13, 2015  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: 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, 2015 (from April 1, 2015 to September 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	%
Six months ended September 30, 2015	9,701	(13.4)	(123)	–	(79)	–	(98)	–
Six months ended September 30, 2014	11,205	2.3	186	(58.6)	281	(38.3)	299	(38.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2015	(7.85)	–
Six months ended September 30, 2014	23.94	–

(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, 2015	25,530	16,349	64.0	1,305.13
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	Yen	Yen	Yen	Yen
Year ended March 31, 2015	–	0.00	–	20.00	20.00
Year ending March 31, 2016	–	0.00			
Year ending March 31, 2016 (Forecast)			–	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
Full year	22,500	(4.8)	290	9.6	360	(13.1)	300	(47.5)	23.97

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2015	30,566 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)

Six months ended September 30, 2015	12,517,628 shares	Six months ended September 30, 2014	12,530,198 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,589	2,391
Notes and accounts receivable - trade	7,172	5,554
Electronically recorded monetary claims - operating	958	534
Securities	700	650
Merchandise and finished goods	252	305
Work in process	3,116	3,752
Raw materials and supplies	266	283
Deferred tax assets	166	165
Other	166	211
Allowance for doubtful accounts	(12)	(8)
<b>Total current assets</b>	<b>15,377</b>	<b>13,840</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	2,705	2,684
Other, net	2,298	2,371
<b>Total property, plant and equipment</b>	<b>5,003</b>	<b>5,055</b>
Intangible assets	114	124
<b>Investments and other assets</b>		
Investment securities	5,109	5,359
Other	1,036	1,231
Allowance for doubtful accounts	(80)	(80)
<b>Total investments and other assets</b>	<b>6,065</b>	<b>6,510</b>
<b>Total non-current assets</b>	<b>11,183</b>	<b>11,690</b>
<b>Total assets</b>	<b>26,560</b>	<b>25,530</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,158	2,934
Short-term loans payable	435	445
Current portion of bonds	170	140
Accounts payable - other	249	220
Accrued expenses	960	877
Income taxes payable	53	47
Accrued consumption taxes	49	17
Provision for bonuses	421	362
Provision for loss on construction contracts	58	49
Provision for environmental safety measures	124	-
Other	149	188
<b>Total current liabilities</b>	<b>5,831</b>	<b>5,284</b>

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Non-current liabilities		
Bonds payable	160	90
Long-term loans payable	239	319
Deferred tax liabilities	811	824
Provision for environmental safety measures	4	6
Net defined benefit liability	2,184	2,063
Asset retirement obligations	82	82
Other	547	510
Total non-current liabilities	4,028	3,896
Total liabilities	9,859	9,181
Net assets		
Shareholders' equity		
Capital stock	9,019	9,019
Retained earnings	5,725	5,377
Treasury shares	(27)	(27)
Total shareholders' equity	14,718	14,369
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,725	1,753
Remeasurements of defined benefit plans	244	214
Total accumulated other comprehensive income	1,969	1,967
Non-controlling interests	13	12
Total net assets	16,700	16,349
Total liabilities and net assets	26,560	25,530

**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, 2014	Six months ended September 30, 2015
Net sales	11,205	9,701
Cost of sales	9,527	8,280
Gross profit	1,678	1,421
Selling, general and administrative expenses	1,491	1,545
Operating income (loss)	186	(123)
Non-operating income		
Interest income	0	2
Dividend income	59	65
Subsidy income	46	0
Miscellaneous income	64	32
Total non-operating income	170	101
Non-operating expenses		
Interest expenses	4	3
Insurance expenses	15	12
Maintenance cost for idle assets	16	12
Miscellaneous loss	39	28
Total non-operating expenses	76	56
Ordinary income (loss)	281	(79)
Extraordinary income		
Gain on sales of non-current assets	65	7
Insurance income	–	11
Other	0	0
Total extraordinary income	65	18
Extraordinary losses		
Loss on disposal of non-current assets	8	1
Compensation for damage	–	14
Other	0	–
Total extraordinary losses	8	15
Income (loss) before income taxes and minority interests	338	(76)
Income taxes	44	21
Profit (loss)	293	(98)
Loss attributable to non-controlling interests	(6)	(0)
Profit (loss) attributable to owners of parent	299	(98)

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit (loss)	293	(98)
Other comprehensive income		
Valuation difference on available-for-sale securities	118	28
Deferred gains or losses on hedges	(15)	–
Remeasurements of defined benefit plans, net of tax	19	(30)
Total other comprehensive income	122	(1)
Comprehensive income	416	(100)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	422	(100)
Comprehensive income attributable to non-controlling interests	(6)	(0)