

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 6, 2017

Company name: Howa Machinery, Ltd.  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 6203 URL <http://www.howa.co.jp/>  
 Representative: President, Managing Director Takahiro Tsukamoto  
 Inquiries: Managing Director Hiromitsu Ishihara TEL 052-408-1001  
 Scheduled date to file Quarterly Securities Report: November 14, 2017  
 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, 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2017	9,199	2.7	(140)	–	(101)	–	(201)	–
Six months ended September 30, 2016	8,959	(7.7)	(162)	–	(232)	–	(313)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	(16.13)		–	
Six months ended September 30, 2016	(25.08)		–	

(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, 2017	23,458	14,950	63.7	1,193.49
As of March 31, 2017	24,078	15,220	63.2	1,215.13

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, 2017	–	0.00	–	20.00	20.00
Year ending March 31, 2018	–	0.00			
Year ending March 31, 2018 (Forecast)			–	20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	20,300	9.7	100	–	170	–	60	–	4.79

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017  
(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: No
- 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, 2017	12,548,134 shares	As of March 31, 2017	12,548,134 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	31,656 shares	As of March 31, 2017	31,175 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, 2017	12,516,766 shares	Six months ended September 30, 2016	12,517,210 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	3,867	2,584
Notes and accounts receivable - trade	4,648	5,318
Electronically recorded monetary claims - operating	1,477	1,405
Securities	20	40
Merchandise and finished goods	369	250
Work in process	3,452	3,588
Raw materials and supplies	275	284
Deferred tax assets	22	22
Other	293	281
Allowance for doubtful accounts	(5)	(14)
Total current assets	14,421	13,761
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,468	2,404
Other, net	1,875	1,735
Total property, plant and equipment	4,343	4,140
Intangible assets	97	82
Investments and other assets		
Investment securities	4,654	4,921
Other	625	617
Allowance for doubtful accounts	(65)	(65)
Total investments and other assets	5,215	5,473
Total non-current assets	9,656	9,696
<b>Total assets</b>	<b>24,078</b>	<b>23,458</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,527	2,569
Short-term loans payable	443	443
Current portion of bonds	60	30
Accounts payable - other	119	121
Accrued expenses	785	796
Income taxes payable	63	59
Accrued consumption taxes	254	19
Deferred tax liabilities	1	-
Provision for bonuses	291	290
Provision for loss on construction contracts	50	82
Other	216	185
Total current liabilities	4,814	4,598

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Non-current liabilities		
Long-term loans payable	837	680
Deferred tax liabilities	679	760
Provision for environmental safety measures	43	43
Net defined benefit liability	1,953	1,935
Asset retirement obligations	85	85
Other	444	403
Total non-current liabilities	4,042	3,908
Total liabilities	8,857	8,507
Net assets		
Shareholders' equity		
Capital stock	9,019	9,019
Retained earnings	4,407	3,954
Treasury shares	(27)	(28)
Total shareholders' equity	13,398	12,946
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,570	1,757
Deferred gains or losses on hedges	2	(1)
Foreign currency translation adjustment	106	104
Remeasurements of defined benefit plans	131	132
Total accumulated other comprehensive income	1,810	1,992
Non-controlling interests	10	12
Total net assets	15,220	14,950
Total liabilities and net assets	24,078	23,458

**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, 2016	Six months ended September 30, 2017
Net sales	8,959	9,199
Cost of sales	7,605	7,796
Gross profit	1,353	1,402
Selling, general and administrative expenses	1,516	1,543
Operating loss	(162)	(140)
Non-operating income		
Interest income	1	1
Dividend income	58	59
Miscellaneous income	26	31
Total non-operating income	87	92
Non-operating expenses		
Interest expenses	2	2
Insurance expenses	12	12
Maintenance cost for idle assets	10	11
Foreign exchange losses	108	6
Miscellaneous loss	23	21
Total non-operating expenses	157	53
Ordinary loss	(232)	(101)
Extraordinary income		
Gain on sales of non-current assets	1	1
Other	0	0
Total extraordinary income	1	1
Extraordinary losses		
Impairment loss	68	–
Loss on product safety measures	–	15
Environmental expenses	–	61
Other	0	0
Total extraordinary losses	69	77
Loss before income taxes	(299)	(177)
Income taxes	15	22
Loss	(315)	(200)
Profit (loss) attributable to non-controlling interests	(1)	1
Loss attributable to owners of parent	(313)	(201)

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

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Loss	(315)	(200)
Other comprehensive income		
Valuation difference on available-for-sale securities	(47)	187
Deferred gains or losses on hedges	0	(4)
Foreign currency translation adjustment	(10)	(2)
Remeasurements of defined benefit plans, net of tax	(0)	0
Total other comprehensive income	(58)	181
Comprehensive income	(373)	(19)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(372)	(20)
Comprehensive income attributable to non-controlling interests	(1)	1