



January 8, 2016

Summary of Financial Results for the First Quarter of Fiscal Year Ending August 31, 2016

(All financial information has been prepared in accordance with the Generally Accepted Accounting Principles in Japan)

Company name: NPC Incorporated

Listing: Mothers of TSE

Stock code: 6255

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Filing date of securities report:

January 14, 2016

Payment date of cash dividends:

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Supplementary materials prepared for quarterly financial results:

None

Financial results meeting for institutional investors and securities analysts:

None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended November 30, 2015 (September 1, 2015 through November 30, 2015)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3 months ended November 30, 2015	412	(90.2)	(133)	-	(132)	-	(34)	-
3 months ended November 30, 2014	4,220	25.5	394	791.5	369	186.5	353	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
3 months ended November 30, 2015	(1.54)	-
3 months ended November 30, 2014	16.03	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2015	9,337	5,235	56.1
As of August 31, 2015	10,084	5,281	52.4

[Reference] Shareholders' equity (million yen): November 30, 2015: 5,235 August 31, 2015: 5,281

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2015	-	0.00	-	0.00	0.00
Year ending August 31, 2016	-				
Year ending August 31, 2016 (forecast)		0.00	-	-	-

[Notes] 1. Revision of dividend forecast during the period: None

2. Year-end dividend is yet to be decided and is to be announced shortly after decision.

3. Consolidated Forecast for the Fiscal Year Ending August 31, 2016 (September 1, 2015 through August 31, 2016)

(Percentages represent year-on-year changes)

	Sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2016	1,017	(83.9)	(219)	-	(323)	-	(234)	-	(10.64)
Full year of FY2016	5,701	(39.0)	284	(45.2)	228	(46.0)	305	(45.5)	13.87

[Notes] Revision of consolidated forecast during the period: Yes

4. Others

(1) Changes in significant subsidiaries during the period: None

(2) Adoption of accounting methods specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, procedures and presentation methods

- 1) Changes in accounting policies arising from revision of accounting standards: Yes
- 2) Other changes: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury stock) at the end of the period

November 30, 2015: 22,052,426 shares

August 31, 2015: 22,052,426 shares

2) Number of treasury stock at the end of the period

November 30, 2015: 435 shares

August 31, 2015: 435 shares

3) Average number of shares during the period

Three months ended November 30, 2015: 22,051,991 shares

Three months ended November 30, 2014: 22,051,991 shares

*Implementation status of quarterly review procedures:

This quarterly financial report is outside the scope of quarterly review procedures pursuant to the Financial Instruments and Exchange Act and the procedures for the review are in progress at the disclosure of this report.

*Appropriate use of the forecast of financial results and other matters:

Forward-looking statements in this report such as financial results forecasts are based on the information available to NPC Incorporated ("the Company") at the time when this report is prepared and the assumption that the forecasts are reasonable. The actual results may significantly differ from the forecast due to various factors. Please refer to the 1. (2) Qualitative information about consolidated earnings forecast on page 2 for conditions of assumptions for the forecast and notes concerning on appropriate use of the forecast.

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1. Qualitative Information Concerning Financial Results for the First Quarter Ended November 30, 2015

(1) Qualitative information about consolidated results of operations

During the quarter ended on November 30, 2015, the Japanese economy continued to recover gradually due to the improvement in employment and income situations along with the corporate profitability increase. However, uncertainties in overseas economy remained as the risk pushing down the Japanese economy.

In the photovoltaic ("PV") industry, to which the NPC Group ("the Group") belongs, PV system installation demand has been growing throughout the world centering on Japan, USA, and China. Therefore, PV manufacturers, who are the customers of the Group, maintained the operating ratio at a high level, showing the move towards upgrading of the existing equipment to raise production capacity and capital expenditure on new equipment. Due to the expectation of residential PV market growth especially in the domestic market, increasing demands in OEM of PV panels in Japan have been seen among overseas and domestic manufacturers. Importance of maintenance of PV systems has been more and more recognized with the growing attention on long-term reliability of PV systems.

Under such circumstances, the Group focused on manufacturing of large-scale assembly lines whose sales were to be booked in the second half in the equipment related business, while continuing negotiations with several new customers, aiming at production start in the second half in the contract module assembly business. Since the beginning of this fiscal year, the Group has expected the sales booking mainly in the second half, therefore, the Group considers the first quarter as the preparation period.

As a result of the above factors, consolidated net sales were 412 million yen, 9.8% of that of the same period of the previous year. Operating loss was 133 million yen, compared with 394 million yen of operating income of the same period of the previous year. These results were along with the forecast of the Group.

Ordinary loss was 132 million yen, compared with ordinary income of 369 million yen of the same period of the previous year, due to non-operating expenses such as depreciation in the contract module assembly business and commission fees, and non-operating income in reversal on provision for loss on liquidation of NPC-Meier GmbH, the previous subsidiary of the Company. As the loss was compressed by extraordinary income of 96 million yen from sales of property and building of the previous headquarters, net loss attributable to the parent was 34 million yen compared with net income of 353 million yen of the same period of the previous year.

The financial results by business segment are as follows:

1) Equipment Related Business

Sales of equipment related business were 396 million yen, 47.2% of that of same period of the previous year. During the first quarter, the Group focused on manufacturing of large-scale lines whose sales are to be booked in the second half. As a result, sales were at a low level and operating income was 1 million yen, 0.5% of that of the same period of the previous year.

2) Contract Module Assembly Business

In the contract module assembly business, the sales were booked only from the inventory products manufactured in the end of the previous year, as the Group planned to continue negotiations with new customers in the first half aiming at the production start in the second half. As a result, sales of contract module assembly business were 15 million yen, 0.5% of that of the same period of the previous year and operating loss was 24 million yen, compared with operating income of 181 million yen of the same period of the previous year.

(2) Qualitative information about consolidated earnings forecast

The business forecast for the first half is the same as the forecast in the "Summary of Financial Results for the Fiscal Year Ended August 31, 2015" announced on October 7, 2015, and for the full year as the forecast in the "Announcement on Revision of Business Forecasts" released on January 8, 2016.

2. Consolidated Financial Statements for the First Quarter Ended November 30, 2015**(September 1, 2015 through November 30, 2015)****(1) Consolidated balance sheets**

(Thousand yen)

	As of August 31, 2015	As of November 30, 2015
Assets		
Current assets		
Cash and deposits	2,441,149	2,137,906
Notes and accounts receivable-trade	801,337	602,577
Merchandise and finished goods	15,184	5,110
Work in progress	617,997	586,781
Raw materials and supplies	385,840	410,646
Deferred tax assets	48,340	51,921
Other	100,439	102,688
Allowance for doubtful accounts	(34,828)	(41,524)
Total current assets	4,375,461	3,856,109
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,244,149	4,185,353
Accumulated depreciation	(1,094,481)	(1,095,478)
Building and structures, net	3,149,668	3,089,874
Machinery and equipment	658,112	658,112
Accumulated depreciation	(99,927)	(103,092)
Accumulated impairment loss	(466,759)	(466,759)
Machinery and equipment, net	91,425	88,260
Land	2,043,719	1,898,173
Lease assets	763,520	763,520
Accumulated depreciation	(468,341)	(483,100)
Lease assets, net	295,178	280,419
Other	254,652	256,538
Accumulated depreciation	(198,918)	(202,024)
Other, net	55,734	54,513
Total property, plant and equipment	5,635,726	5,411,241
Intangible assets		
Other	21,580	19,685
Total intangible assets	21,580	19,685
Investments and other assets		
Deferred tax assets	5,965	5,255
Other	46,671	46,398
Allowance for doubtful accounts	(1,082)	(1,082)
Total investments and other assets	51,555	50,571
Total noncurrent assets	5,708,861	5,481,499
Total assets	10,084,323	9,337,608

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2015	As of November 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	792,288	433,586
Short-term loans payable	3,000,000	3,000,000
Current portion of long-term loans payable	161,285	-
Lease obligation	57,980	58,852
Income taxes payable	20,979	6,174
Advances received	126,062	108,218
Provision for bonuses	12,583	12,911
Provision for loss on liquidation of subsidiaries and affiliates	43,000	7,000
Other	291,588	195,329
Total current liabilities	4,505,768	3,822,073
Noncurrent liabilities		
Lease obligation	269,855	254,811
Other	26,841	25,164
Total noncurrent liabilities	296,697	279,975
Total liabilities	4,802,465	4,102,048
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	(350,565)	(384,626)
Treasury stock	(431)	(431)
Total shareholders' equity	5,196,340	5,162,279
Accumulated other comprehensive income		
Foreign currency translation adjustment	85,516	73,280
Total accumulated other comprehensive income	85,516	73,280
Total net assets	5,281,857	5,235,559
Total liabilities and net assets	10,084,323	9,337,608

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income

(Thousand yen)

	Three months ended November 30, 2014	Three months ended November 30, 2015
Net sales	4,220,789	412,000
Cost of sales	3,714,719	280,274
Gross profit	506,069	131,725
Selling, general and administrative expenses	111,389	265,702
Operating income	394,680	(133,977)
Non-operating income		
Interest income	43	52
Foreign exchange gains	-	5,686
Reversal on provision for loss on liquidation of subsidiaries and affiliates	-	36,000
Other	144	58
Total non-operating income	187	41,798
Non-operating expenses		
Interest expenses	21,122	13,509
Commission fee	2,432	2,059
Foreign exchange loss	1,435	-
Depreciation	-	24,444
Other	20	96
Total non-operating expenses	25,010	40,110
Ordinary income	369,857	(132,288)
Extraordinary income		
Gain on sales of property, plant and equipment	-	96,673
Total extraordinary income	-	96,673
Income (loss) before income taxes and minority interests	369,857	(35,615)
Income taxes-current	17,046	1,343
Income taxes-deferred	(648)	(2,897)
Total income taxes	16,398	(1,554)
Income (Loss) before minority interests	353,459	(34,061)
Net income (loss) attributable to owners of the parent	353,459	(34,061)

[Note] The numbers parenthesized represent minus figures.

4. Other Information

(1) Production, Orders, and Sales

1) Production

Production amounts by business segment in the period are as follows.

(Thousand yen)

Segment	Three months ended November 30, 2015	Year-on-year ratio (%)
Equipment related business	349,094	50.7
Contract module assembly business	-	-
Total	349,094	8.6

[Notes] 1. The above amounts are calculated based on selling prices.

2. The above amounts are exclusive of consumption taxes.

2) Orders

Orders received by business segment in the period are as follows.

(Thousand yen)

Segment	Orders received	Year on year ratio (%)	Order backlog	Year-on-year ratio (%)
Equipment related business	546,456	98.9	3,386,240	510.7
Contract module assembly business	15,663	-	-	-
Total	562,120	135.7	3,386,240	68.1

[Note] The above amounts are exclusive of consumption taxes.

3) Sales

Sales by business segment in the period are as follows.

(Thousand yen)

Segment	Three months ended November 30, 2015	Year-on-year ratio (%)
Equipment related business	396,337	47.2
Contract module assembly business	15,663	0.5
Total	412,000	9.8

[Note] The above amounts are exclusive of consumption taxes.