



July 8, 2016

Summary of Financial Results for the Third 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:

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Payment date of cash dividends:

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Supplementary materials prepared for quarterly financial results: No

Financial results meeting for institutional investors and securities analysts: No

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

1. Consolidated Financial Results for the Nine Months Ended May 31, 2016 (September 1, 2015 through May 31, 2016)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Sales		Operating income (loss)		Ordinary income (loss)		Net income (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
9 months ended May 31, 2016	873	(87.9)	(438)	-	(499)	-	(409)	-
9 months ended May 31, 2015	7,213	(34.8)	431	55.7	316	7.6	471	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
9 months ended May 31, 2016	(18.56)	-
9 months ended May 31, 2015	21.38	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2016	9,444	4,828	51.1
As of August 31, 2015	10,084	5,281	52.4

[Reference] Shareholders' equity (million yen): May 31, 2016: 4,828

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	-	0.00	-		
Year ending August 31, 2016 (forecast)				0.00	0.00

[Note] Revision of dividend forecast during the period: No

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 (loss)		Ordinary income (loss)		Net income (loss) attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year of FY2016	5,225	(44.1)	158	(69.4)	92	(78.0)	175	(68.7)	7.98

[Note] Revision of consolidated forecast during the period: No

4. Others

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

(2) Adoption of simplified accounting methods and special accounting methods: 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

May 31, 2016: 22,052,426 shares

August 31, 2015: 22,052,426 shares

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

May 31, 2016: 435 shares

August 31, 2015: 435 shares

3) Average number of shares during the period

Nine months ended May 31, 2016: 22,051,991 shares

Nine months ended May 31, 2015: 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 Third Quarter Ended May 31, 2016

(1) Qualitative information about consolidated results of operations

During the quarter ended on May 31, 2016, a tendency of gradual recovery in the Japanese economy was seen due to the improvement in profitability and employment environment under the effects of various policies. 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, demand for PV system installation has been expanding throughout the world centering on China, USA, and Japan. 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. In the domestic market, defects in PV systems have been increasingly found after installation. Thus the recognition of maintenance of PV systems has been further growing.

Under such circumstances, the customer's finalizing the specifications of the large-scale lines took more time than expected in the equipment related business. Accordingly, the production started later than the forecast; the sales of the line are to be booked in and after the fourth quarter. In the contract module assembly business, preparation for full scale production of a new large contract took more time than the forecast and the sales are to be booked in and after the fourth quarter as well. As sales of these large-scale business transactions that have impacts on the sales plan of this fiscal year are to be booked in the fourth quarter, the financial results of the nine months ended May 31, 2016 were weak.

As a result of the above factors, consolidated net sales were 873 million yen, 12.1% of that of the same period of the previous year. Operating loss was 438 million yen, compared to operating income of 431 million yen of the same period of the previous year.

While non-operating expenses occurred such as depreciation of equipment for the contract module assembly business and interest expenses, foreign exchange gains were booked as non-operating income. As a result, ordinary loss was 499 million yen, compared to ordinary income of 316 million yen of the same period of the previous year. Also, 96 million yen of extraordinary income booked from sales of the property and the building of the former Tokyo Headquarters reduced net loss attributable to the parent to 409 million yen, compared with the net income attributable to the parent of 471 million yen in the same period of the previous year.

The financial results by business segment are as follows:

1) Equipment Related Business

The Group focused on manufacturing of large-scale lines whose sales are to be booked in and after the fourth quarter and sales of PV panel inspection equipment were slow. As a result, sales of equipment related business were 857 million yen, 45.9% of that of same period of the previous year and operating loss was 37 million yen, compared to operating income of 493 million yen of that of the same period of the previous year.

2) Contract Module Assembly Business

In the contract module assembly business, full-scale production of the new large contract was delayed from the forecast. As a result, sales of contract module assembly business were 15 million yen, 0.3% of that of the same period of the previous year and operating loss was 78 million yen, compared with operating income of 217 million yen of the same period of the previous year.

(2) Qualitative information about consolidated earnings forecast

The business forecast for the full year is the same as the forecast in the "Announcement on Differences between Business Forecasts and Results for the First Half Ended February 29, 2016 and Revision of Business Forecast" released on April 6, 2016.

2. Consolidated Financial Statements for the Third Quarter Ended May 31, 2016**(September 1, 2015 through May 31, 2016)****(1) Consolidated balance sheets**

(Thousand yen)

	As of August 31, 2015	As of May 31, 2016
Assets		
Current assets		
Cash and deposits	2,441,149	1,450,327
Notes and accounts receivable-trade	801,337	106,686
Merchandise and finished goods	15,184	704
Work in progress	617,997	1,873,355
Raw materials and supplies	385,840	341,150
Deferred tax assets	48,340	48,663
Other	100,439	168,391
Allowance for doubtful accounts	(34,828)	(16,562)
Total current assets	4,375,461	3,972,717
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,244,149	4,185,353
Accumulated depreciation	(1,094,481)	(1,185,310)
Building and structures, net	3,149,668	3,000,042
Machinery and equipment	658,112	661,617
Accumulated depreciation	(99,927)	(109,470)
Accumulated impairment loss	(466,759)	(466,759)
Machinery and equipment, net	91,425	85,387
Land	2,043,719	1,898,173
Lease assets	763,520	763,520
Accumulated depreciation	(468,341)	(512,618)
Lease assets, net	295,178	250,901
Construction in progress	-	110,543
Other	254,652	258,245
Accumulated depreciation	(198,918)	(210,936)
Other, net	55,734	47,308
Total property, plant and equipment	5,635,726	5,392,357
Intangible assets		
Other	21,580	29,369
Total intangible assets	21,580	29,369
Investments and other assets		
Deferred tax assets	5,965	6,269
Other	46,671	45,049
Allowance for doubtful accounts	(1,082)	(1,082)
Total investments and other assets	51,555	50,237
Total noncurrent assets	5,708,861	5,471,963
Total assets	10,084,323	9,444,681

[Note] The numbers in parenthesis indicate negative figures.

(Thousand yen)

	As of August 31, 2015	As of May 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	792,288	1,316,639
Short-term loans payable	3,000,000	2,500,000
Current portion of long-term loans payable	161,285	-
Lease obligations	57,980	60,636
Income taxes payable	20,979	-
Advances received	126,062	282,813
Provision for bonuses	12,583	13,054
Provision for loss on liquidation of subsidiaries and affiliates	43,000	-
Other	291,588	196,908
Total current liabilities	4,505,768	4,370,053
Noncurrent liabilities		
Lease obligations	269,855	224,040
Other	26,841	21,808
Total noncurrent liabilities	296,697	245,849
Total liabilities	4,802,465	4,615,902
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	(350,565)	(759,946)
Treasury stock	(431)	(431)
Total shareholders' equity	5,196,340	4,786,959
Accumulated other comprehensive income		
Foreign currency translation adjustment	85,516	41,818
Total accumulated other comprehensive income	85,516	41,818
Total net assets	5,281,857	4,828,778
Total liabilities and net assets	10,084,323	9,444,681

[Note] The numbers in parenthesis indicate negative figures.

(2) Consolidated statement of income

(Thousand yen)

	Nine months ended May 31, 2015	Nine months ended May 31, 2016
Net sales	7,213,877	873,209
Cost of sales	6,265,247	576,431
Gross profit	948,629	296,777
Selling, general and administrative expenses	517,579	735,775
Operating income (loss)	431,050	(438,997)
Non-operating income		
Interest income	319	306
Foreign exchange gains	-	22,833
Reversal of provision for loss on liquidation of subsidiaries and affiliates	-	43,000
Other	2,081	899
Total non-operating income	2,401	67,039
Non-operating expenses		
Interest expenses	54,919	35,072
Commission fee	26,379	26,712
Foreign exchange loss	5,913	-
Depreciation	19,065	65,135
Other	10,316	275
Total non-operating expenses	116,594	127,196
Ordinary income (loss)	316,857	(499,153)
Extraordinary income		
Gain on sales of non-current assets	-	96,673
Compensation income	160,141	-
Total extraordinary income	160,141	96,673
Income (Loss) before income taxes and minority interests	476,998	(402,480)
Income taxes-current	8,873	7,650
Income taxes-deferred	(3,245)	(749)
Total income taxes	5,627	6,900
Income (Loss) before minority interests	471,370	(409,380)
Net income (loss) attributable to owners of parent	471,370	(409,380)

[Note] The numbers in parenthesis indicate negative figures.

3. Other Information

(1) Production, Orders, and Sales

1) Production

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

(Thousand yen)

Segment	Nine months ended May 31, 2016	Year-on-year ratio (%)
Equipment related business	3,001,279	136.5
Contract module assembly business	2,586	0.0
Total	3,003,866	40.7

[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	3,708,331	152.3	6,086,906	401.7
Contract module assembly business	904,623	-	888,960	180.5
Total	4,612,955	1,034.7	6,975,866	347.4

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

3) Sales

Sales by business segment in the period are as follows.

(Thousand yen)

Segment	Nine months ended May 31, 2016	Year-on-year ratio (%)
Equipment related business	857,545	45.9
Contract module assembly business	15,663	0.3
Total	873,209	12.1

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