



January 11, 2017

Summary of Financial Results for the First Quarter of Fiscal Year Ending August 31, 2017

(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 13, 2017

Payment date of cash dividends: -

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, 2016 (September 1, 2016 through November 30, 2016)

(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, 2016	449	9.0	(39)	-	(55)	-	(56)	-
3 months ended November 30, 2015	412	(90.2)	(133)	-	(132)	-	(34)	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
3 months ended November 30, 2016	(2.57)		-	
3 months ended November 30, 2015	(1.54)		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2016	10,819	5,022	46.4
As of August 31, 2016	10,611	5,078	47.9

[Reference] Shareholders' equity (million yen): November 30, 2016: 5,022 August 31, 2016: 5,078

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2016	-	0.00	-	0.00	0.00
Year ending August 31, 2017	-				
Year ending August 31, 2017 (forecast)		0.00	-	0.00	0.00

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

3. Consolidated Forecast for the Fiscal Year Ending August 31, 2017 (September 1, 2016 through August 31, 2017)

(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 FY2017	1,305	89.9	(223)	-	(308)	-	(316)	-	(14.35)
Full year of FY2017	6,608	65.3	524	349.8	358	341.3	340	-	15.45

[Notes] Revision of consolidated forecast during the period: None

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: None
- 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, 2016: 22,052,426 shares

August 31, 2016: 22,052,426 shares

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

November 30, 2016: 435 shares

August 31, 2016: 435 shares

3) Average number of shares during the period

Three months ended November 30, 2016: 22,051,991 shares

Three months ended November 30, 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 First Quarter Ended November 30, 2016

(1) Qualitative information about consolidated results of operations

During the quarter ended November 30, 2016, the Japanese economy continued to recover gradually due to the improvement in employment and income situations. On the other hand, uncertainties in overseas economy and changes in financial and capital markets 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 has been continued in major markets such as USA and Japan, and in emerging markets like India. Oversupply of PV products, however, has been revealed in China, leading to the global decline in PV cost. Therefore, PV manufacturers, who are the customers of the Group, adjusted production schedule in order to deal with the cost competition. In the Japanese market, the FIT scheme for Renewable Energy is to be revised to include requirements of PV system check-up and maintenance in April, which increased the recognition of the importance of maintenance of PV systems.

Under such circumstances, sales of the machinery business were almost as planned although sales of parts and PV module manufacturing equipment were a little slow. In the environmental business, sales were almost as planned as well due to inspection of PV plants performed steadily. As a result, consolidated net sales were 449 million yen, 37 million yen increase year on year. Operating loss was 39 million yen, 94 million yen decrease year on year. Ordinary loss was 55 million yen, 76 million yen decrease year on year, and net loss attributable to the parent increased by 22 million yen year on year, to 56 million yen.

The financial results by business segment are as follows:

1) Machinery Business

In the machinery business, sales of parts and PV module manufacturing equipment was a little slow, however, sales cost ratio was successfully reduced. As a result, sales were 413 million yen and operating income was 92 million yen.

2) Environmental Business

In the environmental business, the sales were 35 million yen due to the steady sales booking from inspection service, etc., however, 14 million yen of operating loss was booked.

Year-on-year changes by business segment are not shown as the Group has changed its business segment from “equipment related business” and “contract module assembly business” to “machinery business” and “environmental business” since September, 2016, and it is practically difficult to create them by tracing back necessary financial information.

(2) Qualitative information about consolidated earnings forecast

The business forecasts for the first half and the full year are the same as the forecasts in the “Summary of Financial Results for the Fiscal Year Ended August 31, 2016” announced on October 11, 2016.

2. Consolidated Financial Statements for the First Quarter Ended November 30, 2016**(September 1, 2016 through November 30, 2016)****(1) Consolidated balance sheets**

(Thousand yen)

	As of August 31, 2016	As of November 30, 2016
Assets		
Current assets		
Cash and deposits	1,293,505	1,035,226
Notes and accounts receivable-trade	1,967,755	1,986,346
Merchandise and finished goods	5,179	11,414
Work in progress	1,609,558	2,132,933
Raw materials and supplies	276,387	269,893
Deferred tax assets	44,192	44,740
Other	330,332	297,042
Allowance for doubtful accounts	(37,635)	(32,657)
Total current assets	5,489,275	5,744,940
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,193,633	4,193,633
Accumulated depreciation	(1,230,433)	(1,274,909)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	2,955,126	2,910,650
Machinery and equipment	761,009	761,009
Accumulated depreciation	(116,839)	(119,762)
Accumulated impairment loss	(562,093)	(562,093)
Machinery and equipment, net	82,076	79,122
Land	1,898,173	1,898,173
Lease assets	763,520	763,520
Accumulated depreciation	(527,377)	(527,377)
Accumulated impairment loss	(236,142)	(236,142)
Lease assets, net	-	-
Construction in progress	-	21
Other	262,859	264,614
Accumulated depreciation	(217,510)	(221,434)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	40,835	38,665
Total property, plant and equipment	4,976,211	4,926,633
Intangible assets		
Other	26,651	28,733
Total intangible assets	26,651	28,733
Investments and other assets		
Deferred tax assets	26,346	26,439
Other	93,889	93,825
Allowance for doubtful accounts	(1,082)	(1,082)
Total investments and other assets	119,154	119,182

Total noncurrent assets	5,122,017	5,074,550
Total assets	10,611,292	10,819,490

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2016	As of November 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,464,071	1,906,698
Short-term loans payable	1,500,000	2,500,000
Lease obligation	61,547	62,473
Income taxes payable	1,897	932
Advances received	1,043,238	966,445
Provision for bonuses	25,210	12,398
Provision for loss on liquidation of subsidiaries and affiliates	7,715	5,886
Other	220,956	150,074
Total current liabilities	5,324,637	5,604,908
Noncurrent liabilities		
Lease obligation	208,307	192,337
Total noncurrent liabilities	208,307	192,337
Total liabilities	5,532,945	5,797,246
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	(484,118)	(540,719)
Treasury stock	(431)	(431)
Total shareholders' equity	5,062,786	5,006,186
Accumulated other comprehensive income		
Foreign currency translation adjustment	15,560	16,057
Total accumulated other comprehensive income	15,560	16,057
Total net assets	5,078,347	5,022,244
Total liabilities and net assets	10,611,292	10,819,490

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income

(Thousand yen)

	Three months ended November 30, 2015	Three months ended November 30, 2016
Net sales	412,000	449,268
Cost of sales	280,274	261,796
Gross profit	131,725	187,471
Selling, general and administrative expenses	265,702	226,934
Operating income (loss)	(133,977)	(39,463)
Non-operating income		
Interest income	52	17
Foreign exchange gains	5,686	-
Fiduciary obligation fee	-	390
Reversal on provision for loss on liquidation of subsidiaries and affiliates	36,000	-
Other	58	114
Total non-operating income	41,798	522
Non-operating expenses		
Interest expenses	13,509	7,345
Commission fee	2,059	3,184
Foreign exchange loss	-	1,291
Depreciation	24,444	5,040
Other	96	-
Total non-operating expenses	40,110	16,861
Ordinary income (loss)	(132,288)	(55,802)
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	(35,615)	(55,802)
Income taxes-current	1,343	1,435
Income taxes-deferred	(2,897)	(638)
Total income taxes	(1,554)	797
Income (Loss) before minority interests	(34,061)	(56,600)
Net income (loss) attributable to owners of the parent	(34,061)	(56,600)

[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, 2016	Year-on-year change (%)
Machinery business	1,287,274	-
Environmental business	45,438	-
Total	1,332,713	381.8

[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 change (%)	Order backlog	Year-on-year change (%)
Machinery business	128,587	-	3,306,048	-
Environmental business	46,465	-	217,499	-
Total	175,053	31.1	3,523,548	104.1

[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, 2016	Year-on-year change (%)
Machinery business	413,347	-
Environmental business	35,921	-
Total	449,268	109.0

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

* Year-on-year changes by business segments are not shown as the “contract module assembly business” was changed to the “environmental business” in the fiscal year 2017 and it is practically difficult to create them by tracing back necessary financial information.

The details of each segment are as follows:

Machinery business: R&D, manufacturing, and sales of PV module manufacturing equipment, VIP sealing machines, PV panel disassembly equipment, etc.

Environmental business: Sales of products and services related to PV panel inspection, PV panel reuse/recycling.