



January 10, 2018

Summary of Financial Results for the First Quarter of Fiscal Year Ending August 31, 2018

(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 12, 2018

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, 2017 (September 1, 2017 through November 30, 2017)

(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 the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3 months ended November 30, 2017	1,567	249.0	190	-	186	-	191	-
3 months ended November 30, 2016	449	9.0	(39)	-	(55)	-	(56)	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
3 months ended November 30, 2017	8.68		-	
3 months ended November 30, 2016	(2.57)		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2017	9,039	5,568	61.6
As of August 31, 2017	7,937	5,374	67.7

[Reference] Shareholders' equity (million yen): November 30, 2017: 5,568 August 31, 2017: 5,374

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2017	-	0.00	-	0.00	0.00
Year ending August 31, 2018	-				
Year ending August 31, 2018 (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, 2018 (September 1, 2017 through August 31, 2018)

(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 FY2018	3,519	54.5	319	(23.9)	271	(23.7)	231	524.4	10.49
Full year of FY2018	5,978	25.5	239	(59.5)	177	(64.4)	150	(46.8)	6.83

[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, 2017: 22,052,426 shares

August 31, 2017: 22,052,426 shares

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

November 30, 2017: 435 shares

August 31, 2017: 435 shares

3) Average number of shares during the period

Three months ended November 30, 2017: 22,051,991 shares

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

*This quarterly financial report is exempt from the quarterly review.

*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) Description of outlook, including consolidated earnings forecast on page 2 for conditions of assumptions for the forecast and notes concerning appropriate use of the forecast.

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1. Qualitative Information Concerning Financial Results for the First Quarter Ended November 30, 2017

(1) Description of operating results

During the quarter ended November 30, 2017, the Japanese economy maintained recovery trend due to the improvement in employment and income situations. Globally, the recovery of economy in Europe and USA continued and the economic environment in emerging nations was also favorable in general.

In the photovoltaic ("PV") industry, to which the NPC Group ("the Group") belongs, installation of PV system has continued in various markets, with China at the top, followed by the USA and India. In Japan, some measures were taken by the government to establish the system to promote sound PV power generation. One example is the revised FIT scheme, which mandates check-up and maintenance of PV power generation plants. Regarding disposal of PV panels, the General Affairs Ministry admonished the Ministry of Economy, Trade and Industry and the Environment Ministry to study a framework for collecting and recycling panels with futuristic regulation in view, in September 2017.

Under such circumstances, sales of the machinery business were almost as planned due to steady sales of PV module manufacturing equipment and automated machines. In the environmental business, sales were also broadly in line with the plan due to steady performance of PV plants inspection, and sales of reuse panels and a new inspection device. As a result, consolidated net sales were 1,567 million yen, 1,118 million yen increase year on year. Operating income was 190 million yen, compared with operating loss of 39 million yen in the same period of the previous year and ordinary income was 186 million yen, compared with ordinary loss of 55 million yen in the same period of the previous year. As the Company has received payment for agreed settlement from the other party with regards to the conflict related to the contract module assembly service, 28 million yen of compensation income was booked as an extraordinary income. As a result, net income attributable to owners of the parent was 191 million yen, compared with net loss attributable to owners of the parent of 56 million yen in the same period of the previous year.

The financial results by business segment are as follows:

1) Machinery Business

In the machinery business, sales and profits were almost as planned. As a result, sales were 1,499 million yen, 1,086 million yen increase year on year, and operating income was 301 million yen, 208 million yen increase year on year.

2) Environmental Business

In the environmental business, sales were 68 million yen, 32 million yen increase year on year, due to steady sales of inspection service, reuse panels, and a new inspection device. The business turned to be profitable, with operating income of 0 million yen (558 thousand yen), compared with operating loss of 14 million yen in the same period of the previous year.

(2) Description of outlook, including consolidated earnings forecast

There is no change in the business forecasts for the first half and the full year from the forecasts announced on October 12, 2017.

2. Consolidated Financial Statements for the First Quarter Ended November 30, 2017**(September 1, 2017 through November 30, 2017)****(1) Consolidated balance sheets**

(Thousand yen)

	As of August 31, 2017	As of November 30, 2017
Assets		
Current assets		
Cash and deposits	1,031,333	1,043,382
Notes and accounts receivable-trade	1,034,749	1,900,318
Merchandise and finished goods	16,767	16,767
Work in progress	1,041,529	1,212,882
Raw materials and supplies	195,048	190,332
Deferred tax assets	35,372	35,919
Other	270,963	385,226
Allowance for doubtful accounts	(22,268)	(32,270)
Total current assets	3,603,494	4,752,559
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,817,291	3,817,291
Accumulated depreciation	(1,235,198)	(1,275,673)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	2,574,019	2,533,544
Machinery and equipment	759,205	759,205
Accumulated depreciation	(127,104)	(129,749)
Accumulated impairment loss	(562,093)	(562,093)
Machinery and equipment, net	70,007	67,362
Land	1,548,050	1,548,050
Lease assets	763,520	763,520
Accumulated depreciation	(527,377)	(527,377)
Accumulated impairment loss	(236,142)	(236,142)
Lease assets, net	-	-
Other	279,527	279,556
Accumulated depreciation	(227,267)	(231,961)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	47,744	43,080
Total property, plant and equipment	4,239,821	4,192,036
Intangible assets		
Other	24,112	24,224
Total intangible assets	24,112	24,224
Investments and other assets		
Deferred tax assets	21,881	21,895
Other	49,705	50,240
Allowance for doubtful accounts	(1,082)	(1,082)
Total investments and other assets	70,504	71,053
Total noncurrent assets	4,334,438	4,287,314
Total assets	7,937,933	9,039,874

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2017	As of November 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	984,359	1,323,483
Short-term loans payable	500,000	1,000,000
Lease obligation	65,334	66,316
Income taxes payable	13,070	35,001
Advances received	664,034	718,882
Provision for bonuses	24,825	12,430
Provision for loss on liquidation of subsidiaries and affiliates	9,003	27,534
Other	159,795	158,594
Total current liabilities	2,420,422	3,342,242
Noncurrent liabilities		
Net defined benefit liability	-	2,768
Lease obligation	142,973	126,021
Total noncurrent liabilities	142,973	128,790
Total liabilities	2,563,395	3,471,033
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	(201,210)	(9,804)
Treasury stock	(431)	(431)
Total shareholders' equity	5,345,695	5,537,101
Accumulated other comprehensive income		
Foreign currency translation adjustment	28,842	31,739
Total accumulated other comprehensive income	28,842	31,739
Total net assets	5,374,538	5,568,841
Total liabilities and net assets	7,937,933	9,039,874

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income

(Thousand yen)

	Three months ended November 30, 2016	Three months ended November 30, 2017
Net sales	449,268	1,567,729
Cost of sales	261,796	1,140,105
Gross profit	187,471	427,623
Selling, general and administrative expenses	226,934	237,456
Operating income (loss)	(39,463)	190,166
Non-operating income		
Interest income	17	4
Foreign exchange gains	-	99
Fiduciary obligation fee	390	390
Penalty income	-	1,401
Gain on bad debts recovered	-	549
Other	114	122
Total non-operating income	522	2,568
Non-operating expenses		
Interest expenses	7,345	3,561
Commission fee	3,184	2,693
Foreign exchange loss	1,291	-
Depreciation	5,040	-
Total non-operating expenses	16,861	6,254
Ordinary income (loss)	(55,802)	186,480
Extraordinary income		
Compensation income	-	28,420
Total extraordinary income	-	28,420
Income (loss) before income taxes and minority interests	(55,802)	214,900
Income taxes-current	1,435	24,043
Income taxes-deferred	(638)	(549)
Total income taxes	797	23,494
Income (Loss) before minority interests	(56,600)	191,406
Net income (loss) attributable to owners of the parent	(56,600)	191,406

[Note] The numbers parenthesized represent minus 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	Three Months Ended November 30, 2017	Year-on-year change (%)
Machinery business	1,736,908	134.9
Environmental business	68,758	151.3
Total	1,805,666	135.5

[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	2,155,131	1,676.0	5,151,936	155.8
Environmental business	34,993	75.3	105,322	48.4
Total	2,190,124	1,251.1	5,257,259	149.2

[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, 2017	Year-on-year change (%)
Machinery business	1,499,602	362.8
Environmental business	68,126	189.7
Total	1,567,729	349.0

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