



July 11, 2018

Summary of Financial Results for the Third 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: July 13, 2018

Payment date of cash dividends: -

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, 2018 (September 1, 2017 through May 31, 2018)

(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	%
9 months ended May 31, 2018	4,658	19.6	441	(39.3)	400	(39.0)	369	(17.1)
9 months ended May 31, 2017	3,894	346.0	727	-	657	-	446	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
9 months ended May 31, 2018	16.78		-	
9 months ended May 31, 2017	20.23		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2018	9,204	5,743	62.4
As of May 31, 2017	7,937	5,374	67.7

[Reference] Shareholders' equity (million yen): May 31, 2018: 5,743 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	-	0.00	-		
Year ending August 31, 2018 (forecast)				0.00	0.00

[Notes] Revision of dividend forecast for FY2018 from the latest disclosure: 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
Full year of FY2018	6,456	35.5	483	(18.1)	435	(12.6)	407	44.0	18.47

[Note] Revision of consolidated forecast for FY2018 from the latest disclosure: Yes

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: 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

May 31, 2018: 22,052,426 shares

August 31, 2017: 22,052,426 shares

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

May 31, 2018: 435 shares

August 31, 2017: 435 shares

3) Average number of shares during the period

Nine months ended May 31, 2018: 22,051,991 shares

Nine months ended May 31, 2017: 22,051,991 shares

*This quarterly financial report is exempt from the quarterly review by certified public accountants or auditing firms.

*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, 2018

(1) Qualitative information about consolidated results of operations

During the nine months ended on May 31, 2018, the Japanese economy continued to recover gradually due to the improvement in employment and income situations. Global economy generally showed the trend of gradual recovery despite the several trade issues being a downward risk.

In the photovoltaic (“PV”) industry, to which the NPC Group (“the Group”) belongs, capital expenditure plans of several manufacturers were announced such as opening a new factory and ramping manufacturing capacity in the USA amid the safeguard imposed by the USA on imported crystalline silicone PV modules. Also, PV system installation has increased centering on main markets such as China, the USA, and India. The Japanese PV market has been weak, however, large scale PV power plants have commenced operation throughout Japan.

Under such circumstances, the sales of the machinery business increased a little from the forecast due to the steady sales of PV module manufacturing equipment, automated/labor-saving machines and equipment parts. In the environmental business, sales increased from the forecast through continuously performing inspections of PV power plants and the contribution of sales from reuse panels. As a result, the consolidated net sales were 4,658 million yen, 763 million yen increase year on year. As for profits, the Company forecasted negative figures for the three months of this third quarter, however, they turned out to be positive due to increase in profit by the sales increase and cost reduction through improved operating efficiency and utilization rate. As a result, operating income was 441 million yen, 286 million yen decrease year on year, and ordinary income was 400 million yen, 256 million yen decrease year on year. As the Company 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. Thus, net income attributable to owners of the parent was 369 million yen, 76 million yen decrease year on year.

The financial results by business segment are as follows:

1) Machinery Business

The sales were 4,419 million yen, 691 million yen increase year on year, due to steady sales of PV module manufacturing equipment, automated/labor-saving machines, and equipment parts. Due to increase by the sales increase and cost reduction through improvement in operating efficiency and utilization rate, operating income was 774 million yen, 333 million yen decrease year on year, better than the forecast.

2) Environmental Business

The sales were 239 million yen, 72 million yen increase year on year, as the Group continuously performed PV plants inspections and sold reuse panels. Despite low profitability businesses in the three months of this third quarter, the group continued to make profits, resulting in operating income of 36 million yen, compared with operating loss of 16 million yen in the third quarter of the previous year.

(2) Qualitative information about consolidated earnings forecast

The business forecasts for the full year are the same as the forecasts in the “Announcement on Revision of Business Forecasts” released separately today.

2. Consolidated Financial Statements for the Third Quarter Ended May 31, 2018**(September 1, 2017 through May 31, 2018)**

(1) Consolidated balance sheet

(Thousand yen)

	As of August 31, 2017	As of May 31, 2018
Assets		
Current assets		
Cash and deposits	1,031,333	915,553
Notes and accounts receivable-trade	1,034,749	2,158,510
Merchandise and finished goods	16,767	16,850
Work in progress	1,041,529	1,445,146
Raw materials and supplies	195,048	170,655
Deferred tax assets	35,372	38,771
Other	270,963	297,168
Allowance for doubtful accounts	(22,268)	(37,905)
Total current assets	3,603,494	5,007,750
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,817,291	3,821,771
Accumulated depreciation	(1,235,198)	(1,356,774)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	2,574,019	2,456,923
Machinery and equipment	759,205	759,205
Accumulated depreciation	(127,104)	(135,038)
Accumulated impairment loss	(562,093)	(562,093)
Machinery and equipment, net	70,007	62,072
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	280,596
Accumulated depreciation	(227,267)	(238,686)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	47,744	37,395
Total property, plant and equipment	4,239,821	4,104,441
Intangible assets		
Other	24,112	22,003
Total intangible assets	24,112	22,003
Investments and other assets		
Deferred tax assets	21,881	21,879
Other	49,705	49,492
Allowance for doubtful accounts	(1,082)	(1,082)
Total investments and other assets	70,504	70,289
Total noncurrent assets	4,334,438	4,196,735
Total assets	7,937,933	9,204,486

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2017	As of May 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	984,359	1,329,100
Short-term loans payable	500,000	1,000,000
Lease obligations	65,334	68,326
Income taxes payable	13,070	81,040
Advances received	664,034	619,603
Provision for bonuses	24,825	24,813
Provision for loss on order received	9,003	588
Other	159,795	238,222
Total current liabilities	2,420,422	3,361,694
Noncurrent liabilities		
Net defined benefit liability	-	7,883
Lease obligations	142,973	91,348
Total noncurrent liabilities	142,973	99,232
Total liabilities	2,563,395	3,460,926
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	(201,210)	165,782
Treasury stock	(431)	(431)
Total shareholders' equity	5,345,695	5,715,688
Accumulated other comprehensive income		
Foreign currency translation adjustment	28,842	27,871
Total accumulated other comprehensive income	28,842	27,871
Total net assets	5,374,538	5,743,559
Total liabilities and net assets	7,937,933	9,204,486

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income

(Thousand yen)

	Nine months ended May 31, 2017	Nine months ended May 31, 2018
Net sales	3,894,824	4,658,489
Cost of sales	2,474,633	3,444,434
Gross profit	1,420,190	1,214,054
Selling, general and administrative expenses	692,919	772,874
Operating income	727,271	441,179
Non-operating income		
Interest income	59	16
Fiduciary obligation fee	1,170	1,170
Penalty income	931	1,401
Interest on refund	545	170
Other	718	2,048
Total non-operating income	3,424	4,806
Non-operating expenses		
Interest expenses	23,258	11,308
Commission fee	27,607	29,206
Foreign exchange loss	7,323	3,343
Depreciation	6,720	-
Other	8,251	1,199
Total non-operating expenses	73,160	45,057
Ordinary income	657,535	400,928
Extraordinary income		
Compensation income	-	28,420
Total extraordinary income	-	28,420
Extraordinary loss		
Impairment loss	201,911	-
Total extraordinary loss	201,911	-
Income before income taxes and minority interests	455,623	429,348
Income taxes-current	6,384	62,757
Income taxes-deferred	3,079	(3,402)
Total income taxes	9,463	59,355
Net income	446,159	369,992
Net income attributable to owners of the parent	446,159	369,992

[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	Nine months ended May 31, 2018	Year-on-year ratio (%)
Machinery business	4,928,488	206.6
Environmental business	238,730	124.4
Total	5,167,219	200.4

[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 (%)
Machinery business	3,207,427	86.9	3,284,828	92.5
Environmental business	145,047	113.8	44,021	26.3
Total	3,352,475	87.8	3,328,850	89.5

[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, 2018	Year-on-year ratio (%)
Machinery business	4,419,006	118.5
Environmental business	239,482	143.3
Total	4,658,489	119.6

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