



October 11, 2016

## Summary of Financial Results for the Fiscal Year Ended August 31, 2016

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

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General meeting of shareholders: November 29, 2016

Filing date of securities report: November 30, 2016

Payment date of cash dividends: -

Supplementary materials prepared for quarterly financial results: Yes

Financial results meeting for institutional investors and securities analysts: Yes

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

### 1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2016 (September 1, 2015 through August 31, 2016)

#### (1) Consolidated results of operations (Percentages represent year-on-year changes)

	Sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended August 31, 2016	3,996	(57.3)	116	(77.6)	81	(80.8)	(122)	-
Year ended August 31, 2015	9,349	(40.4)	519	11.1	422	(4.7)	561	350.8

	Earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary income-to-equity ratio	Operating income-to-net sales ratio
	Yen	Yen	%	%	%
Year ended August 31, 2016	(5.57)	-	(2.4)	0.8	2.9
Year ended August 31, 2015	25.47	-	11.3	3.8	5.6

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2016	10,611	5,078	47.9	230.29
As of August 31, 2015	10,084	5,281	52.4	239.52

[Reference] Shareholders' equity (million yen): August 31, 2016: 5,078 August 31, 2015: 5,281

#### (3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the period end
	Million yen	Million yen	Million yen	Million yen
As of August 31, 2016	627	152	(1,719)	1,292
As of August 31, 2015	958	(29)	(860)	2,334

### 2. Dividends

	Dividend per share					Dividend in total (full year) Million yen	Dividend payout ratio (consolidated) %	Dividends on net assets (consolidated) %
	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 ended August 31, 2016	-	0.00	-	0.00	0.00	-	-	-
Year ending August 31, 2017 (forecast)	-	0.00	-	0.00	0.00		-	

**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
1 <sup>st</sup> half ending February 28, 2017	1,305	89.9	(223)	-	(308)	-	(316)	-	(14.35)
Year ending August 31, 2017	6,608	65.3	524	349.8	358	341.3	340	-	15.45

**4. Others**

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

(2) 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

(3) Number of shares outstanding (common shares)

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

August 31, 2016: 22,052,426 shares

August 31, 2015: 22,052,426 shares

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

August 31, 2016: 435 shares

August 31, 2015: 435 shares

3) Average number of shares during the period

Fiscal year ended August 31, 2016: 22,051,991 shares

Fiscal year ended August 31, 2015: 22,051,991 shares

[Reference]

**1. Non-Consolidated Financial Results for the Year Ended August 31, 2016  
(September 1, 2015 through August 31, 2016)**

(1) Non-Consolidated results of operations

	Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended August 31, 2016	3,979	(57.0)	146	(65.8)	79	(77.5)	(131)	-
Year ended August 31, 2015	9,245	(40.6)	428	13.0	352	13.6	513	7.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended August 31, 2016	(5.97)		-	
Year ended August 31, 2015	23.27		-	

(2) Non-Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of August 31, 2016	10,410		4,872		46.8		220.97	
As of August 31, 2015	9,772		5,004		51.2		226.95	

[Reference] Shareholders' equity (million yen): August 31, 2016: 4,872 August 31, 2015: 5,004

**2. Non-Consolidated Forecast for the Year Ending August 31, 2017  
(September 1, 2016 through August 31, 2017)**

	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
1 <sup>st</sup> half ending February 28, 2017	1,291	95.7	(228)	-	(313)	-	(316)	-	(14.36)
Year ending August 31, 2017	6,572	65.2	499	240.2	333	319.5	327	-	14.86

\* Indication of the implementation status of the quarterly review procedure

The Financial Results for the Fiscal Year Ended August 31, 2015 is exempt from the auditing procedure stipulated in the Financial Instruments and Exchange Act. The auditing procedure for the Financial Statement is in process at the time of disclosure.

\* Cautionary statement with respect to forward-looking statements

Forecasts of future performance in these materials are based on assumptions judged to be valid and information currently available to NPC Incorporated. Actual results may differ significantly from these forecasts for a number of factors. Please refer to page 2, "1. Qualitative Information Concerning Financial Results for the Fiscal Year Ended August 31, 2016: (2) Qualitative information about consolidated earnings forecast" for details.

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## 1. Qualitative Information Concerning Financial Results for the Fiscal Year Ended August 31, 2016

### (1) Qualitative information about consolidated results of operations

During the fiscal year ended on August 31, 2016, Japanese economy was recovering gradually due to employment and earnings environment continuously improved. Weak overseas economies, however, such as Asian emerging countries and resourceful countries remained as the risk pushing down the Japanese economy.

In the photovoltaic industry, to which the NPC Group (“the Group”) belongs, demand for the photovoltaic (“PV”) systems was expanding throughout the world centering on China and USA. Therefore, PV manufacturers, who are the customers of the Group, showed the move towards upgrading of the existing equipment to raise production capacity and capital expenditure on new equipment. In the domestic market, the recognition of maintenance of PV systems further grew as the Feed-in Tariff Scheme for Renewable Energy is to be revised next April which will require inspection and maintenance of PV systems for their stable operation.

Under such circumstances, sales of 2 assembly lines of large-scale PV module manufacturing equipment, etc. were booked as planned while the sales of parts, panel inspection equipment and services were slower than forecast. In the contract module assembly business, on the other hand, there was no production nor sales related to the contract concluded in this fiscal year although the production had been scheduled to start in this fiscal year. With regard to profits, the Group secured profits almost as planned due to sales efforts and cost reduction in the equipment related business. In the contract module assembly business, however, cost incurred from the production preparation reduced profits. Also impairment loss was booked as extraordinary loss due to the equipment not used for the production.

As a result of the above activities, the consolidated net sales were 3,996 million yen, 42.7% of the net sales of the previous fiscal year. Operating income was 116 million yen, 22.4% of the operating income of the previous fiscal year. Ordinary income was 81 million yen, 19.2% of the ordinary income of the previous fiscal year. Net loss was 122 million yen, compared with 561 million yen of net income of the previous fiscal year.

Financial results by segment are as follows:

#### a) Equipment related business

Sales of 2 large-scale assembly lines of PV module manufacturing equipment, etc. were booked as planned while the sales of parts, panel inspection equipment and services were slower than forecast. As a result, sales were 3,980 million yen, 111.8% of sales of the previous fiscal year. With regard to profits, the Group secured profits almost as planned due to sales efforts and cost reduction. Furthermore, as the Group reduced sales, general, and administrative expenses from the forecast, operating income was 701 million yen, 105.0% of operating income of the previous fiscal year.

#### b) Contract module assembly business

As stated above, there was no production related to the contract concluded in this fiscal year despite the original schedule of start in this fiscal year. Therefore, sales were 15 million yen, 0.3% of sales of the previous fiscal year, booked only from the inventory at the previous fiscal year. Due to the cost incurred from the production preparation, operating loss was 156 million yen, compared with 253 million yen of operating income of the previous fiscal year.

### (2) Qualitative information about consolidated earnings forecast

In September 2016, the Group reorganized its business portfolio into 2 businesses: the machinery business which deals with various equipment including PV module manufacturing equipment and vacuum insulation panel sealing machines, and the environmental business which deals with PV panel inspection equipment and services, PV panel reuse/recycling, etc. According to this shift, the Group has changed its segments from the equipment related business and the contract module assembly business, to the equipment related business and the environmental business.

Regarding the earnings forecast, the Group expects the stable order and sales in the equipment related business as the global PV demand continues, despite a slight slowdown in the growth rate compared with the previous year. In the environmental business, the Company expects its sales to almost double the sales of the previous fiscal year as the panel inspection demand will increase due to the revision of the Feed-in Tariff Scheme for Renewable Energy and the commencement of completion inspection of a large-scale PV plant. Therefore, the sales are expected to increase, however, mainly to be booked in the second half when the sales of the rest 2 large-scale lines will be booked.

As for profits, the Company expects it can maintain high profitability by continuing sales efforts and cost reduction.

As a result of the above activities, the consolidated business forecast for the fiscal year 2017 will be: sales at 6,608 million yen, 165.3% of the previous fiscal year; operating income at 524 million yen, 449.8% of the previous fiscal year; ordinary income at 358 million yen, 441.3% of the previous fiscal year; net income attributable to owners of the parent at 340 million yen, compared with net loss of 122 million yen of the previous fiscal year.

**(3) Basic policy on profit allocation and dividends in the current and next fiscal years**

The Group strives to strengthen its financial standings and increase profits in a long term by utilizing internal reserves for R&D and capital expenditures, and at the same time ensure a stable profit return to the shareholders. It is therefore the Group's basic policy to pay out dividends in accordance with the Group's business performance and financial conditions.

Taking into account the business results and the financial positions during the fiscal year ended August 31, 2016, the Group regrets to say that there will be no year-end dividend. With regard to the dividend for the fiscal year 2017, the Group expects no year-end dividend due to the financial positions.

The Group adopts interim dividend which complies with the paragraph 5 of the article 454 of the Companies Act. The decision-making body of the dividend of earnings retained is the General Shareholders' Meeting for the year-end dividend and the Board of Directors for the interim dividend.

**2. Consolidated Financial Statements for the Fiscal Year Ended August 31, 2016****(September 1, 2015 through August 31, 2016)**

(1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2015	As of August 31, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,441,149	1,293,505
Notes and accounts receivable-trade	801,337	1,967,755
Merchandise and finished goods	15,184	5,179
Work in progress	617,997	1,609,558
Raw materials and supplies	385,840	276,387
Deferred tax assets	48,340	44,192
Other	100,439	330,332
Allowance for doubtful accounts	(34,828)	(37,635)
<b>Total current assets</b>	<b>4,375,461</b>	<b>5,489,275</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	4,244,149	4,193,633
Accumulated depreciation	(1,094,481)	(1,230,433)
Accumulated impairment loss	-	(8,073)
<b>Building and structures, net</b>	<b>3,149,668</b>	<b>2,955,126</b>
Machinery and equipment	658,112	761,009
Accumulated depreciation	(99,927)	(116,839)
Accumulated impairment loss	(466,759)	(562,093)
<b>Machinery and equipment, net</b>	<b>91,425</b>	<b>82,076</b>
Land	2,043,719	1,898,173
Lease assets	763,520	763,520
Accumulated depreciation	(468,341)	(527,377)
Accumulated impairment loss	-	(236,142)
<b>Lease assets, net</b>	<b>295,178</b>	<b>-</b>
Other	254,652	262,859
Accumulated depreciation	(198,918)	(217,510)
Accumulated impairment loss	-	(4,514)
<b>Other, net</b>	<b>55,734</b>	<b>40,835</b>
<b>Total property, plant and equipment</b>	<b>5,635,726</b>	<b>4,976,211</b>
<b>Intangible assets</b>		
Other	21,580	26,651
<b>Total intangible assets</b>	<b>21,580</b>	<b>26,651</b>
<b>Investments and other assets</b>		
Deferred tax assets	5,965	26,346
Other	46,671	93,889
Allowance for doubtful accounts	(1,082)	(1,082)
<b>Total investments and other assets</b>	<b>51,555</b>	<b>119,154</b>
<b>Total noncurrent assets</b>	<b>5,708,861</b>	<b>5,122,017</b>

Total assets

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10,084,323

10,611,292

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[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2015	As of August 31, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	792,288	2,464,071
Short-term loans payable	3,000,000	1,500,000
Current portion of long-term loans payable	161,285	-
Lease obligation	57,980	61,547
Income taxes payable	20,979	1,897
Advances received	126,062	1,043,238
Provision for bonuses	12,583	25,210
Provision for loss on order received	-	7,715
Provision for loss on liquidation of subsidiaries and affiliates	43,000	-
Other	291,588	220,956
<b>Total current liabilities</b>	<b>4,505,768</b>	<b>5,324,637</b>
<b>Noncurrent liabilities</b>		
Lease obligation	269,855	208,307
Other	26,841	-
<b>Total noncurrent liabilities</b>	<b>296,697</b>	<b>208,307</b>
<b>Total liabilities</b>	<b>4,802,465</b>	<b>5,532,945</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	(350,565)	(484,118)
Treasury stock	(431)	(431)
<b>Total shareholders' equity</b>	<b>5,196,340</b>	<b>5,062,786</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	85,516	15,560
<b>Total accumulated other comprehensive income</b>	<b>85,516</b>	<b>15,560</b>
<b>Total net assets</b>	<b>5,281,857</b>	<b>5,078,347</b>
<b>Total liabilities and net assets</b>	<b>10,084,323</b>	<b>10,611,292</b>

[Note] The numbers parenthesized represent minus figures.

## (2) Consolidated statement of income

(Thousand yen)

	Year ended August 31, 2015	Year ended August 31, 2016
Net sales	9,349,317	3,996,650
Cost of sales	8,029,345	2,926,980
Gross profit	1,319,971	1,069,669
Selling, general and administrative expenses	800,567	953,071
Operating income	519,404	116,598
Non-operating income		
Interest income	609	330
Foreign exchange gain	-	37,497
Gain on bad debts recovered	-	43,184
Reversal of provision for loss on liquidation of subsidiaries and affiliates	72,410	43,000
Other	2,194	3,862
Total non-operating income	75,214	127,874
Non-operating expenses		
Interest expenses	69,209	43,287
Foreign exchange losses	18,618	-
Depreciation	38,130	65,135
Commission fee	32,141	37,500
Other	13,712	17,287
Total non-operating expenses	171,813	163,210
Ordinary income	422,805	81,261
Extraordinary income		
Gain on sales of noncurrent assets	-	96,673
Foreign currency translation adjustment	-	9,865
Compensation income	160,141	-
Total extraordinary income	160,141	106,539
Extraordinary loss		
Impairment loss	44,407	317,222
Total extraordinary losses	44,407	317,222
Income (Loss) before income taxes and minority interests	538,539	(129,421)
Income taxes-current	47,987	9,787
Income taxes-deferred	(71,018)	(16,400)
Total income taxes	(23,031)	(6,612)
Income (Loss) before minority interests	561,570	(122,809)
Net income (loss)	561,570	(122,809)

[Note] The numbers parenthesized represent minus figures.

## (3) Consolidated statement of cash flows

(Thousand yen)

	Year ended August 31, 2015	Year ended August 31, 2016
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	538,539	(129,421)
Depreciation and amortization	341,893	279,489
Impairment loss	44,407	317,222
Increase (decrease) in allowance for doubtful accounts	(222,133)	(9,391)
Increase (decrease) in provision for bonuses	12,583	12,626
Increase (decrease) in provision for loss on order received	-	7,715
Increase (decrease) in provision for loss on business of subsidiaries and associates	(72,410)	(43,000)
Interest and dividends income	(609)	(330)
Interest expenses	69,209	43,287
Loss (gain) on sales of property, plant and equipment	-	(96,673)
Reversal of foreign currency translation adjustment	-	(9,865)
Decrease (increase) in notes and accounts receivable-trade	1,160,111	(1,177,326)
Decrease (increase) in inventories	1,049,760	(876,586)
Increase (decrease) in notes and accounts payable-trade	(1,844,827)	1,688,000
Increase (decrease) in advances received	(154,605)	923,157
Other, net	185,866	(235,530)
Subtotal	1,107,783	693,374
Interest and dividends income received	612	338
Interest expenses paid	(72,558)	(43,287)
Income taxes (paid) refund	(77,178)	(23,189)
Net cash provided by (used in) operating activities	958,659	627,236
Net cash provided by (used in) investing activities		
Payments into time deposits	(79,948)	(16,397)
Proceeds from withdrawal of time deposits	144,813	121,939
Purchase of property, plant and equipment and intangible assets	(105,325)	(179,356)
Proceeds from sales of property, plant and equipment	27,720	229,850
Other, net	(16,638)	(3,666)
Net cash provided by (used in) investing activities	(29,377)	152,369
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	(1,500,000)
Repayment of long-term loans payable	(652,000)	(161,285)
Repayments for lease obligations	(208,264)	(57,980)
Cash dividends paid	(12)	-
Net cash provided by (used in) financing activities	(860,277)	(1,719,265)
Effect of exchange rate change on cash and cash equivalents	37,628	(50,324)
Net increase (decrease) in cash and cash equivalents	106,633	(989,984)
Cash and cash equivalents at beginning of period	2,228,291	2,334,924
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(52,117)
Cash and cash equivalents at end of period	2,334,924	1,292,822

[Note] The numbers parenthesized represent minus figures.

### 3. Other Information

#### (1) Production, Orders, and Sales

##### 1) Production

Production amounts by segment in the period are as follows:

(Thousand yen)		
Segment	Year ended August 31, 2016	Year-on-year ratio (%)
Equipment related business	5,412,129	204.2
Contract module assembly business	9,255	0.2
Total	5,421,384	65.5

[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 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	4,542,630	77.7	3,797,763	117.4
Contract module assembly business	15,663	-	-	-
Total	4,558,293	119.7	3,797,763	117.4

[Notes] 1. The above amounts are exclusive of consumption taxes.  
2. 888,960 thousand yen of order received for contract module assembly business booked in the second quarter was cancelled in the fourth quarter due to breach of the contract by a customer. Thus, order backlog is zero at the end of fiscal year ended August 31, 2016.

##### 3) Sales

Sales by segment in the period are as follows:

(Thousand yen)		
Segment	Year ended August 31, 2016	Year-on-year ratio (%)
Equipment related business	3,980,987	111.8
Contract module assembly business	15,663	0.3
Total	3,996,650	42.7

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