January 9, 2014

# Summary of Financial Results for the First Quarter of Fiscal Year Ending August 31, 2014

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

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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, 2013 (September 1, 2013 through November 30, 2013)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

| | Sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| 3 months ended November 30, 2013 | 3,362 | 642.5 | 44 | - | 129 | - | (354) | - |
| 3 months ended November 30, 2012 | 452 | (79.3) | (431) | - | (331) | - | (335) | - |

| | Earnings per share | Diluted earnings per share |
|---|---|---|
| | Yen | Yen |
| 3 months ended November 30, 2013 | (16.09) | - |
| 3 months ended November 30, 2012 | (15.22) | - |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | Million yen | Million yen | % |
| As of November 30, 2013 | 12,727 | 4,179 | 32.8 |
| As of August 31, 2013 | 11,139 | 4,148 | 37.2 |

[Reference] Shareholders' equity (million yen): November 30, 2013: 4,179 August 31, 2013: 4,148

## 2. Dividends

| | Dividend per share | | | | |
|---|---|---|---|---|---|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended August 31, 2013 | - | 0.00 | - | 0.00 | 0.00 |
| Year ending August 31, 2014 | - | | | | |
| Year ending August 31, 2014 (forecast) | | - | - | - | - |

[Notes] 1. Revision of dividend forecast during the period: None

2. The amount of dividend in the fiscal year 2014 is not determined.

## 3. Consolidated Forecast for the Fiscal Year Ending August 31, 2014 (September 1, 2013 through August 31, 2014)

(Percentages represent year-on-year changes)

| | Sales | | Operating income | | Ordinary income | | Net income | | Earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Year ending August 31, 2014 | 17,443 | 285.0 | 419 | - | 286 | - | 38 | - | 1.73 |

[Notes] 1. Revision of consolidated forecast during the period: None

2. The business forecast for the first half is not to be disclosed. This is because the size of each order received in the photovoltaic business is getting larger and the timing of sales booking for these orders are influenced fully by many uncertain external factors. Also the contract module assembly business is at the full-scale launching stage. Therefore, the Group does not disclose its business forecast in a short span.

## 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

November 30, 2013: 22,052,426 shares

August 31, 2013: 22,052,426 shares

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

November 30, 2013: 435 shares

August 31, 2013: 435 shares

3) Average number of shares during the period

Three months ended November 30, 2013: 22,051,991 shares

Three months ended November 30, 2012: 22,052,031 shares

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## 1. Qualitative Information Concerning Financial Results for the First Quarter Ended November 30, 2013

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

During the quarter ended on November 30, 2013, a tendency of profitability recovery in Japanese economy was seen in the environment surrounding especially large companies. This is because weakening yen contributed to export recovery and because increases in household earnings and investment were expected due to positive impacts of various policies. However, uncertainties of overseas economy still remained as the risk pushing down the Japanese economy.

In the photovoltaic (hereinafter referred to as "PV") industry, to which the NPC Group, hereinafter referred to as "the Group", belongs, supply and demand balance has been stabilizing along with ongoing consolidation of PV manufacturers and global increase in demand of PV systems installation. Therefore, the Group expects capital expenditure of PV manufacturers, who are its customers, will recover in the future. For the time being, however, they have been coping with increase in the demand of PV systems by raising utilization ratios of their existing equipment.

Despite such circumstances, the Group's sales have been on track due to the steady transactions in the contract module assembly business, which started in the previous fiscal year with the rapid expansion of the Japanese PV market in the background. Also the restructuring of overseas subsidiaries contributed to SG&A reduction by around 20% compared to the previous year and the utilization ratio was maintained at a high level. Therefore the cost reduction and gross profit margin have been generally on track with the initial plan as well.

The Group booked an extraordinary loss of 483 million yen of reversal of foreign currency translation adjustment related to the completion of the closedown procedures of NPC-Meier GmbH, the former consolidated subsidiary. This extraordinary loss has been already included in the Group's business forecast.

As a result of the above activities, consolidated net sales were 3,362 million yen, 742.5% of the same period of the previous fiscal year. Operating income was 44 million yen, compared with operating loss of 431 million yen in the same period of the previous fiscal year. Ordinary income was 129 million yen, compared with ordinary loss of 331 million yen in the same period of the previous fiscal year. Net loss was 354 million yen, compared with that of 335 million yen in the same period of the previous fiscal year.

The financial results by business segment are as follows.

1) Equipment Related Business

Sales of equipment related business were 850 million yen, mainly booked from the order backlog at the end of the previous fiscal year of remodeling to improve power generation efficiency of modules or yield ratio and equipment applicable for new materials. As for profits, 81 million yen of allowance for doubtful accounts was booked since there occurred a possibility of delay in collection of accounts receivable from one of the Group's customers, Stion Corporation, which went under after the negotiation over cash collection. However, operating income was 69 million yen as the Group had improved gross profit margin through its efforts to reduce costs and had already succeeded in reducing the total cost for its business recovery.

2) Contract Module Assembly Business

As for contract module assembly business, the quantities agreed in the contracts with the customers were steadily booked as sales. Also the Group strived to decrease the defect rate through proper maintenance of manufacturing equipment. As a result, sales of contract module assembly business were 2,511 million yen and operating income was 72 million yen.

[Note]

Year-on-year ratios by business segments are not shown as the results by each segment are newly shown in the fiscal year 2014 and it is practically difficult to create them by tracing back the necessary financial information. As for respective business segment, please refer to "4. Other Information."

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

In the fiscal year ending August 31, 2014, the Group assumes that orders of PV module manufacturing equipment will recover along with the recovery of capital expenditure of PV manufacturers as stated in (1) Qualitative information about consolidated results of operations. Also, the Group expects steady sales booking throughout this fiscal year from the contract module assembly business as it has been proceeding as planned. As for profits, the Group has been striving to secure profitability by maintaining the high utilization ratio and to reduce the total costs by concentrating management resources for

efficient management.

As a result of the above activities, the consolidated business forecast for the fiscal year 2014 will be as follows. Sales will increase to 17,443 million yen, 285.0% of the previous fiscal year. Operating income will be 419 million yen, compared with an operating loss of 1,573 million yen in the previous fiscal year. Ordinary income will be 286 million yen, compared with an ordinary loss of 1,169 million yen in the previous fiscal year. Net income will be 38 million yen, compared with a net loss of 2,282 million yen.

This business forecast is the same as the forecast in the "Summary of Financial Results for the Fiscal Year 2013," released on October 9, 2013. The business forecast for the first half of fiscal year 2014 is not to be disclosed. This is because the size of each order in the PV manufacturing equipment business is getting larger, and the timing of sales booking of orders are influenced by many uncertain factors. Also, the contract module assembly business is at the launching stage. Therefore, the Group has decided not to disclose its business forecast in a short span.

## 2. Going Concern Assumption

The Group's sales were 3, 362 million yen, 742.5% of the sales for the same period of the previous fiscal year and the amount of cash and deposits increased to 1,580 million yen from 972 million yen at the end of the previous fiscal year. As for profits, the operating income was 44 million yen in the first quarter of this fiscal year, however, the operating loss had been booked for the three consecutive years until the fiscal year 2013. Therefore, there exist phenomena or conditions which might raise uncertainties about the Group being an assumed going concern.

The Group had continuously taken actions to reduce fixed costs including consolidation of domestic and overseas bases and personnel reduction corresponding to the market environment. In addition, the Group had started implementing the following measures to resolve these phenomena or conditions.

1) Equipment related business: establishing the framework of gross profit margin of 20% or more

In R&D, in order to create products with high values and high profitability, the Group has been striving to increase the added values of the existing machines such as improving their performance, adding new functions, or providing machines compatible with new materials for improving power generation efficiency of modules or yield ratio. In productivity, the Group has been tackling with increasing profitability through maintaining the factory utilization ratio at a high level by optimization of manufacturing departments and efficient outsourcing. In sales, the Group has been thriving to secure sales and profitability by in-taking demands of remodeling, transferring, and capital expenditure from major PV manufacturers or new customers, utilizing the Group's competitive edge of the world No.1 delivery records and deep relationship with main customers.

2) Contract module assembly business: aiming at gross profit margin of 5% over medium term

The Group has been thriving to stabilize productivity, which leads to securing stable profitability by utilizing knowhow and experience as a module equipment manufacturer. To be more concrete, the Group has been tackling with improvement of utilization ratio and yield ratio through elaborate maintenance of the equipment and improvement of production efficiency by remodeling the installed equipment for automatization. The Group also expects that utilizing knowledge and experience obtained through this business for improvement of manufacturing equipment and its sales will contribute to enhance the Group's competitiveness in equipment related business.

3) Establishing new business domain

Aiming to expand business domain in the PV industry and secure sales and profits, the Group has been developing business into PV systems process. To be more concrete, the Group has been providing maintenance service using the inspection machine "EPTiF" that performs quality inspection of already-installed PV systems on site for the first time in the industry and coating material that prevents degradation of power generation. The Group has also started providing environmental products such as power conditioners for industrial use, low-cost and large-capacity Li-ion batteries, etc.

4) Strengthening financial structure

The Group had been striving to improve cash collection by widening application of inventories for PV module manufacturing equipment. The Group had also been striving to collect advances received aiming to securely collect cash and had improved management system of cash collecting schedule for thorough collection of

accounts receivable. Furthermore, the Group had established the timely and accurate monitoring system of balance sheet and cash flow.

The Group will continuously implement these action measures and maintain the stable business relationship with financial institutes, with the credit facility agreement already extended. Therefore the Group concluded there is no material uncertainty that may cast significant doubt about its ability to continue as a going concern.

## 3. Consolidated Financial Statements for the First Quarter Ended November 30, 2013 (September 1, 2013 through November 30, 2013)

(1) Consolidated balance sheets

(Thousand yen)

| | As of August 31, 2013 | As of November 30, 2013 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 972,691 | 1,580,578 |
| Notes and accounts receivable-trade | 1,357,544 | 2,007,670 |
| Merchandise and finished goods | 56,236 | 90,824 |
| Work in progress | 1,686,018 | 1,737,328 |
| Raw materials and supplies | 626,143 | 638,043 |
| Other | 194,366 | 233,315 |
| Allowance for doubtful accounts | (236,052) | (61,624) |
| Total current assets | 4,656,949 | 6,226,137 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 4,307,085 | 4,306,701 |
| Accumulated depreciation | (767,363) | (807,700) |
| Building and structures, net | 3,539,722 | 3,499,000 |
| Machinery and equipment | 550,004 | 562,660 |
| Accumulated depreciation | (73,141) | (76,100) |
| Accumulated impairment loss | (438,474) | (438,474) |
| Machinery and equipment, net | 38,388 | 48,085 |
| Land | 2,063,794 | 2,063,794 |
| Lease assets | - | 690,382 |
| Construction in progress | 671,012 | 45,095 |
| Other | 318,534 | 266,932 |
| Accumulated depreciation | (278,552) | (230,894) |
| Other, net | 39,981 | 36,038 |
| Total property, plant and equipment | 6,352,900 | 6,382,396 |
| Intangible assets | | |
| Other | 35,240 | 30,252 |
| Total intangible assets | 35,240 | 30,252 |
| Investments and other assets | | |
| Long-term loans receivable | - | 1,987,305 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 63,506 | 439,715 |
| Other | 93,570 | 88,405 |
| Allowance for doubtful accounts | (62,282) | (2,427,020) |
| Total investments and other assets | 94,793 | 88,405 |
| Total noncurrent assets | 6,482,934 | 6,501,054 |
| Total assets | 11,139,884 | 12,727,192 |

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

| | As of August 31, 2013 | As of November 30, 2013 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 1,236,688 | 2,675,607 |
| Short-term loans payable | 3,000,000 | 3,000,000 |
| Current portion of long-term loans payable | 700,000 | 700,000 |
| Lease obligations | - | 295,127 |
| Income taxes payable | 24,009 | 13,748 |
| Advances received | 442,948 | 193,323 |
| Provision for loss on liquidation of subsidiaries and affiliates | 205,814 | 115,410 |
| Provision for loss on order received | - | 12,533 |
| Other | 487,292 | 318,061 |
| Total current liabilities | 6,096,752 | 7,323,811 |
| Noncurrent liabilities | | |
| Long-term loans payable | 875,000 | 700,000 |
| Lease obligations | - | 459,861 |
| Deferred tax liabilities | 19,667 | 18,972 |
| Other | - | 45,151 |
| Total noncurrent liabilities | 894,667 | 1,223,984 |
| Total liabilities | 6,991,420 | 8,547,796 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,812,461 | 2,812,461 |
| Capital surplus | 2,734,875 | 2,734,875 |
| Retained earnings | (1,067,921) | (1,391,472) |
| Treasury stock | (431) | (431) |
| Total shareholders' equity | 4,478,984 | 4,155,433 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | (330,520) | 23,963 |
| Total accumulated other comprehensive income | (330,520) | 23,963 |
| Total net assets | 4,148,464 | 4,179,396 |
| Total liabilities and net assets | 11,139,884 | 12,727,192 |

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income

(Thousand yen)

| | Three months ended November 30, 2012 | Three months ended November 30, 2013 |
|---|---|---|
| Net sales | 452,829 | 3,362,246 |
| Cost of sales | 418,584 | 2,946,599 |
| Gross profit | 34,244 | 415,646 |
| Selling, general and administrative expenses | 465,870 | 371,374 |
| Operating income (loss) | (431,626) | 44,272 |
| Non-operating income | | |
| Interest income | 12 | 55 |
| Foreign exchange gains | 120,866 | 158,956 |
| Other | 5,759 | 103,389 |
| Total non-operating income | 126,638 | 262,402 |
| Non-operating expenses | | |
| Interest expenses | 14,869 | 28,766 |
| Provision of allowance for doubtful accounts | - | 145,098 |
| Commission fee | 11,083 | 1,848 |
| Other | 805 | 1,857 |
| Total non-operating expenses | 26,758 | 177,570 |
| Ordinary income (loss) | (331,746) | 129,104 |
| Extraordinary loss | | |
| Reversal of foreign currency translation adjustment | - | 483,306 |
| Total extraordinary loss | - | 483,306 |
| Loss before income taxes and minority interests | (331,746) | (354,202) |
| Income taxes-current | 4,624 | 1,104 |
| Income taxes-deferred | (679) | (401) |
| Total income taxes | 3,945 | 703 |
| Loss before minority interests | (335,691) | (354,905) |
| Net income (loss) | (335,691) | (354,905) |

[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, 2013 | Year-on-year ratio (%) |
|---|---|---|
| Equipment related business | 763,812 | - |
| Contract module assembly business | 2,659,315 | - |
| Total | 3,423,128 | 740.8 |

[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 ratio (%) | Order backlog | Year-on-year ratio (%) |
|---|---|---|---|---|
| Equipment related business | 287,014 | - | 2,521,571 | - |
| Contract module assembly business | (392,460) | - | 16,812,284 | - |
| Total | (105,446) | - | 19,333,855 | 412.2 |

[Notes] 1. The above amounts are exclusive of consumption taxes.
2. Orders received for contract module assembly business are negative due to unit price change resulting from changes in quantity and unit price of raw materials because of the customers' production schedule adjustment.

#### 3) Sales

Sales by business segment in the period are as follows.

(Thousand yen)

| Segment | Three months ended November 30, 2013 | Year-on-year ratio (%) |
|---|---|---|
| Equipment related business | 850,332 | - |
| Contract module assembly business | 2,511,923 | - |
| Total | 3,362,246 | 742.5 |

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

※ Year-on-year ratios by business segments are not shown as the results by each segment are newly shown in the fiscal year 2014 and it is practically difficult to create them by tracing back necessary financial information. The details of each segment are as follows:

Equipment related business – business related to R&D, production, and sales of PV module manufacturing equipment, vacuum packing machines, automation systems, etc.

Contract module assembly business – business related to contract module assembly business