July 10, 2014

Summary of Financial Results for the Third 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 Nine Months Ended May 31, 2014 (September 1, 2013 through May 31, 2014)

(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	%
Nine months ended May 31, 2014	11,057	247.2	276	-	294	-	(4)	-
Nine months ended May 31, 2013	3,184	(55.7)	(1,048)	-	(607)	-	(530)	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended May 31, 2014	(0.20)	-
Nine months ended May 31, 2013	(24.08)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2014	12,455	4,540	36.5
As of August 31, 2013	11,139	4,148	37.2

[Reference] Shareholders' equity (million yen): May 31, 2014: 4,540 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	-	0.00	-		
Year ending August 31, 2014 (forecast)				-	-

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

[Note] The amount of year-end dividends for 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	16,025	253.7	401	-	382	-	50	-	2.29

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

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, 2014:	22,052,426 shares
August 31, 2013:	22,052,426 shares

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

May 31, 2014:	435 shares
August 31, 2013:	435 shares

3) Average number of shares during the period

Nine months ended May 31, 2014:	22,051,991 shares
Nine months ended May 31, 2013:	22,052,011 shares

* Indication of the implementation status of the quarterly review procedure

The Financial Results for the Third Quarter of Fiscal Year Ending August 31, 2014 is exempt from the quarterly review procedure stipulated in the Financial Instruments and Exchange Act. The quarterly review procedure for the Quarterly Consolidated 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 and do not guarantee the realization of the future performance stated in these materials. Actual results may differ significantly from these forecasts for a number of factors. Please refer to section 1 on page 2 “(2) Qualitative information about consolidated earnings forecast” for details on the above forecasts.

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1. Qualitative Information Concerning Financial Results for the Third Quarter Ended May 31, 2014

(1) Qualitative information about consolidated results of operations

During the quarter ended on May 31, 2014, a tendency of gradual recovery in Japanese economy was seen. Although personal consumption was weak after a last-minute rush before consumption tax hike, continuous yen depreciation and various economic measurements had positive effects on the business environment.

In the photovoltaic (hereinafter referred to as "PV") industry, to which the NPC Group, hereinafter referred to as "the Group", belongs, domestic demand of PV system installation has been steadily expanding with the FIT program of renewable energy. Global demand and supply balance has been recently stabilized due to demand increase mainly in Japan, USA, and China, and clarification of PV manufacturers with competitive advantages. Under such circumstances, PV manufacturers, who are the Group's customers, strengthened production efficiency and production capacity by raising utilization ratio or upgrading their existing equipment, as well as secured production quantity by contract module assembly as needed.

In the situation stated above, sales of the Group have been almost on track due to the sales mainly booked from upgrading in the equipment related business and the steady production in the contract module assembly business. Also, the Group reduced costs and thus secured profit in line with its plan by reducing SG&A by around 46% compared to the same period of the previous fiscal year and maintaining the utilization ratio at a high level.

In the third quarter of this fiscal year, the Group booked an extraordinary income of 59 million yen of gain on sales of noncurrent assets, which has been included in the Group's business forecast.

As a result of the above activities, consolidated net sales were 11,057 million yen, 347.2% of the same period of the previous fiscal year. Operating income was 276 million yen, compared with operating loss of 1,048 million yen in the same period of the previous fiscal year. Ordinary income was 294 million yen, compared with ordinary loss of 607 million yen in the same period of the previous fiscal year. Net loss was 4 million yen, compared with that of 530 million yen in the same period of the previous fiscal year.

The financial results by segment are as follows:

1) Equipment related business

Sales of equipment related business were 1,896 million yen, mainly booked from the order backlog at the end of the previous fiscal year and upgrading the existing equipment. As for profits, operating income was 203 million yen as the Group had improved gross profit margin through costs reduction, continuous reduction of SG&A, etc.

2) Contract module assembly business

The quantities agreed in the contracts with the customers were steadily booked as sales and the Group strived to decrease the defect rate by properly maintaining manufacturing equipment and improving operation efficiency. As a result, sales of contract module assembly business were 9,160 million yen and operating income was 351 million yen.

[Note]

Year-on-year ratios by segment 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 segment, please refer to "4. Other Information."

(2) Qualitative information about consolidated earnings forecast

The consolidated earnings forecast for the full year is the same as the forecast in the "Announcement on the Revision of Business Forecast" announced on April 9, 2014.

2. Going Concern Assumption

The Group's sales were 11,057 million yen, 347.2% of the sales for the same period of the previous fiscal year and the amount of cash and deposits increased to 2,072 million yen from 972 million yen at the end of the previous fiscal year. As for profits, operating income was 276 million yen in the third quarter of this fiscal year, however, 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) Establishing profitable structure in equipment related business

In R&D, the Group has been striving to increase the added values of the existing machines in order to create products with high values and high profitability. In the second quarter of the fiscal year 2014, it introduced a tabbing & stringing machine with process speed doubling that of the conventional machine of the Group. 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 and relocating existing equipment and installing new equipment 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) Stabilizing contract module assembly business

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," which performs quality inspection of already-installed PV systems on site for the first time in the industry and coating agent 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 Third Quarter Ended May 31, 2014

(September 1, 2013 through May 31, 2014)

(1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2013	As of May 31, 2014
Assets		
Current assets		
Cash and deposits	972,691	2,072,173
Notes and accounts receivable-trade	1,357,544	1,618,817
Merchandise and finished goods	56,236	79,209
Work in progress	1,686,018	1,871,132
Raw materials and supplies	626,143	658,563
Other	194,366	89,946
Allowance for doubtful accounts	(236,052)	(51,504)
Total current assets	4,656,949	6,338,339
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,307,085	4,231,287
Accumulated depreciation	(767,363)	(866,047)
Building and structures, net	3,539,722	3,365,239
Machinery and equipment	550,004	591,172
Accumulated depreciation	(73,141)	(84,259)
Accumulated impairment loss	(438,474)	(422,352)
Machinery and equipment, net	38,388	84,560
Land	2,063,794	2,043,719
Lease assets	-	763,520
Accumulated depreciation	-	(219,411)
Lease assets, net	-	544,108
Construction in progress	671,012	460
Other	318,534	255,969
Accumulated depreciation	(278,552)	(227,156)
Other, net	39,981	28,812
Total property, plant and equipment	6,352,900	6,066,901
Intangible assets		
Other	35,240	23,614
Total intangible assets	35,240	23,614
Investments and other assets		
Long-term loans receivable	-	1,971,202
Claims provable in bankruptcy, claims provable in rehabilitation and other	63,506	441,802
Other	93,570	26,285
Allowance for doubtful accounts	(62,282)	(2,413,005)
Total investments and other assets	94,793	26,285
Total noncurrent assets	6,482,934	6,116,801
Total assets	11,139,884	12,455,140

(Thousand yen)

	As of August 31, 2013	As of May 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,236,688	2,496,361
Short-term loans payable	3,000,000	3,000,000
Current portion of long-term loans payable	700,000	652,000
Lease obligations	-	264,271
Income taxes payable	24,009	25,749
Advances received	442,948	324,084
Provision for loss on liquidation of subsidiaries and affiliates	205,814	115,410
Provision for loss on order received	-	59,950
Other	487,292	253,802
Total current liabilities	6,096,752	7,191,629
Noncurrent liabilities		
Long-term loans payable	875,000	324,285
Lease obligations	-	346,406
Deferred tax liabilities	19,667	17,408
Other	-	35,229
Total noncurrent liabilities	894,667	723,330
Total liabilities	6,991,420	7,914,959
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)	(1,041,043)
Treasury stock	(431)	(431)
Total shareholders' equity	4,478,984	4,505,862
Accumulated other comprehensive income		
Foreign currency translation adjustment	(330,520)	34,318
Total accumulated other comprehensive income	(330,520)	34,318
Total net assets	4,148,464	4,540,180
Total liabilities and net assets	11,139,884	12,455,140

(2) Consolidated statement of income

(Thousand yen)

	Nine months ended May 31, 2013	Nine months ended May 31, 2014
Net sales	3,184,444	11,057,272
Cost of sales	2,732,686	9,968,962
Gross profit	451,758	1,088,309
Selling, general and administrative expenses	1,499,896	811,448
Operating income (loss)	(1,048,138)	276,861
Non-operating income		
Interest income	702	244
Foreign exchange gains	478,982	142,492
Other	54,565	115,510
Total non-operating income	534,250	258,247
Non-operating expenses		
Interest expenses	44,219	81,456
Provision of allowance for doubtful accounts	-	126,767
Commission fee	33,775	18,064
Other	15,423	14,387
Total non-operating expenses	93,419	240,674
Ordinary income (loss)	(607,307)	294,434
Extraordinary income		
Gain on sales of noncurrent assets	-	59,401
Subsidy	200,000	134,184
Total extraordinary income	200,000	193,585
Extraordinary loss		
Reversal of foreign currency translation adjustment	-	483,306
Liquidation of subsidiaries and affiliates	122,034	-
Total extraordinary loss	122,034	483,306
Income (loss) before income taxes and minority interests	(529,341)	4,713
Income taxes-current	31,495	11,012
Income taxes-deferred	(29,895)	(1,952)
Total income taxes	1,600	9,060
Loss before minority interests	(530,941)	(4,346)
Net income (loss)	(530,941)	(4,346)

4. Other Information

(1) Production, Orders, and Sales

1) Production

Production amounts by segment in the period are as follows:

(Thousand yen)

Segment	Nine months ended May 31, 2014	Year-on-year ratio (%)
Equipment related business	2,029,884	-
Contract module assembly business	9,270,671	-
Total	11,300,556	685.3

[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	2,330,597	-	3,518,486	-
Contract module assembly business	(184,613)	-	10,371,772	-
Total	2,145,983	10.7	13,890,259	64.7

[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 segment in the period are as follows:

(Thousand yen)

Segment	Nine months ended May 31, 2014	Year-on-year ratio (%)
Equipment related business	1,896,989	-
Contract module assembly business	9,160,282	-
Total	11,057,272	347.2

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

※ Year-on-year ratios by segment 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