January 8, 2015

Summary of Financial Results for the First Quarter of Fiscal Year Ending August 31, 2015

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

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Stock code: 6255 — URL: https://www.npcgroup.net/eng/
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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, 2014 (September 1, 2014 through November 30, 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	%
3 months ended November 30, 2014	4,220	25.5	394	791.5	369	186.5	353	-
3 months ended November 30, 2013	3,362	642.5	44	-	129	-	(354)	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
3 months ended November 30, 2014	16.03	-
3 months ended November 30, 2013	(16.09)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2014	11,790	5,035	42.7
As of August 31, 2014	12,419	4,669	37.6

[Reference] Shareholders' equity (million yen): November 30, 2014: 5,035 August 31, 2014: 4,669

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2014	-	0.00	-	0.00	0.00
Year ending August 31, 2015	-				
Year ending August 31, 2015 (forecast)		0.00	-	0.00	0.00

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

3. Consolidated Forecast for the Fiscal Year Ending August 31, 2015 (September 1, 2014 through August 31, 2015)

(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
First half of FY2015	6,265	(13.7)	324	138.0	259	35.7	381	-	17.32
Full year of FY2015	-	-	-	-	-	-	-	-	-

[Notes] 1. Revision of consolidated forecast during the period: Yes

2. Consolidated forecast for the full year is now under review and will be announced by the end of January, 2015.

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, 2015: 22,052,426 shares

August 31, 2014: 22,052,426 shares

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

November 30, 2015: 435 shares

August 31, 2014: 435 shares

3) Average number of shares during the period

Three months ended November 30, 2015: 22,051,991 shares

Three months ended November 30, 2014: 22,051,991 shares

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1. Qualitative Information Concerning Financial Results for the First Quarter Ended November 30, 2014

(1) Qualitative information about consolidated results of operations

During the quarter ended on November 30, 2014, a tendency of gradual recovery in the Japanese economy was seen due to the improvement in profitability and employment environment under the effects of various policies. However, slow personal consumption along with the price hike 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, PV system installation has been expanding not only in the Japanese market where the feed-in-tariff program has been the driving force, but also throughout the world. Therefore, PV manufacturers, who are the customers of the Group, have been dealing with the increase in the demand of PV systems by strengthening production efficiencies and capacities through raising utilization ratios of their factories and upgrading the existing equipment. At the same time, they have secured production quantities by OEM when needed. In PV project development, more attention has been focused on long-term reliability of PV systems as one of the most important factors for securing the investment return. Therefore, importance of maintenance of PV systems has been recognized.

Under such circumstances, the sales of the Group were almost on track due to the sales booked mainly from order backlog under the stable production structure. The inspection equipment for PV systems also contributed to the sales. Profitability exceeded the forecast due to the operating ratio maintained at a high level and reduction in costs and expenses. The Group successfully collected part of the claim written off as allowance for doubtful accounts booked in the fiscal years 2013 and 2014, thus the reduction in SG&A also contributed to the profitability.

As a result of the above factors, consolidated net sales were 4,220 million yen, 125.5% of that of the same period of the previous year. Operating income was 394 million yen, 891.5% of that of the same period of the previous year. Ordinary income was 369 million yen, 286.5% of that of the same period of the previous year. Net income was 353 million yen, compared with the net loss of 354 million yen in the same period of the previous year.

The financial results by business segment are as follows.

1) Equipment Related Business

Sales of equipment related business were 839 million yen, 98.8% of that of the previous year, mainly booked from the order backlog. Sales of PV system related equipment and maintenance service also contributed to the business results. As for profits, the Group maintained the gross profit margin at a high level due to reduction in costs and successfully collected the claim written off as allowance for doubtful accounts after the persistent negotiations as stated above. The operating income was 306 million yen, 440.9% of that of the same period of the previous year.

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 and improvement in operating efficiency. As a result, sales of contract module assembly business were 3,381 million yen, 134.6% of that of the same period of the previous year and operating income was 181 million yen, 249.9% of that of the same period of the previous year.

(2) Qualitative information about consolidated earnings forecast

The business forecast for the first half is the same as the forecast in the "Announcement on Revision of Business Forecast and the Extraordinary Income" released on January 8, 2015. The forecast for the full year is currently under review and will be announced by the end of January, 2015.

2. Consolidated Financial Statements for the First Quarter Ended November 30, 2014 (September 1, 2014 through November 30, 2014)

(1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2014	As of November 30, 2014
Assets		
Current assets		
Cash and deposits	2,399,381	2,027,152
Notes and accounts receivable-trade	1,946,397	1,915,829
Merchandise and finished goods	66,092	61,315
Work in progress	1,378,091	1,278,057
Raw materials and supplies	620,362	541,135
Other	102,847	58,623
Allowance for doubtful accounts	(87,751)	(75,551)
Total current assets	6,425,421	5,806,562
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,231,287	4,231,287
Accumulated depreciation	(912,295)	(957,654)
Building and structures, net	3,318,991	3,273,633
Machinery and equipment	591,172	591,172
Accumulated depreciation	(88,564)	(92,172)
Accumulated impairment loss	(422,352)	(422,352)
Machinery and equipment, net	80,255	76,647
Land	2,043,719	2,043,719
Lease assets	763,520	763,520
Accumulated depreciation	(292,549)	(365,686)
Lease assets, net	470,970	397,833
Construction in progress	4,409	4,247
Other	249,983	262,406
Accumulated depreciation	(222,489)	(227,073)
Other, net	27,494	35,333
Total property, plant and equipment	5,945,841	5,831,416
Intangible assets		
Other	20,379	29,872
Total intangible assets	20,379	29,872
Investments and other assets		
Other	196,848	197,479
Allowance for doubtful accounts	(169,022)	(74,711)
Total investments and other assets	27,826	122,767
Total noncurrent assets	5,994,047	5,984,056
Total assets	12,419,468	11,790,618

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2014	As of November 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,631,136	1,979,696
Short-term loans payable	3,000,000	3,000,000
Current portion of long-term loans payable	652,000	650,285
Lease obligations	208,264	146,197
Income taxes payable	50,693	36,479
Advances received	250,290	196,411
Provision for loss on liquidation of subsidiaries and affiliates	115,410	115,410
Other	302,476	268,842
Total current liabilities	7,210,271	6,393,321
Noncurrent liabilities		
Long-term loans payable	161,285	-
Lease obligations	327,836	313,664
Deferred tax liabilities	16,712	16,064
Other	33,552	31,874
Total noncurrent liabilities	539,386	361,602
Total liabilities	7,749,658	6,754,924
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	(912,135)	(558,676)
Treasury stock	(431)	(431)
Total shareholders' equity	4,634,770	4,988,229
Accumulated other comprehensive income		
Foreign currency translation adjustment	35,039	47,464
Total accumulated other comprehensive income	35,039	47,464
Total net assets	4,669,809	5,035,694
Total liabilities and net assets	12,419,468	11,790,618

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income

(Thousand yen)

	Three months ended November 30, 2013	Three months ended November 30, 2014
Net sales	3,362,246	4,220,789
Cost of sales	2,946,599	3,714,719
Gross profit	415,646	506,069
Selling, general and administrative expenses	371,374	111,389
Operating income	44,272	394,680
Non-operating income		
Interest income	55	43
Foreign exchange gains	158,956	-
Other	103,389	144
Total non-operating income	262,402	187
Non-operating expenses		
Interest expenses	28,766	21,122
Provision of allowance for doubtful accounts	145,098	-
Commission fee	1,848	2,432
Foreign exchange loss	-	1,435
Other	1,857	20
Total non-operating expenses	177,570	25,010
Ordinary income	129,104	369,857
Extraordinary loss		
Reversal of foreign currency translation adjustment	483,306	-
Total extraordinary loss	483,306	-
Income (loss) before income taxes and minority interests	(354,202)	369,857
Income taxes-current	1,104	17,046
Income taxes-deferred	(401)	(648)
Total income taxes	703	16,398
Income (Loss) before minority interests	(354,905)	353,459
Net income (loss)	(354,905)	353,459

[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, 2014	Year-on-year ratio (%)
Equipment related business	688,294	90.1
Contract module assembly business	3,372,913	126.8
Total	4,061,208	118.6

[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	552,723	192.6	662,997	26.3
Contract module assembly business	(138,403)	-	4,306,605	25.6
Total	414,320	-	4,969,602	25.7

[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. Order backlog of contract module assembly business is the amount as of November 30, 2014, thus does not reflect the influence by the quantity change in the contracted period as stated on the "Announcement on the Revision of Business Forecast and Extraordinary Income" disclosed on January 8, 2015.

3) Sales

Sales by business segment in the period are as follows.

(Thousand yen)

Segment	Three months ended November 30, 2014	Year-on-year ratio (%)
Equipment related business	839,724	98.8
Contract module assembly business	3,381,065	134.6
Total	4,220,789	125.5

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