July 9, 2013

To whom it may concern

NPC Incorporated
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Announcement on the Revision of Business Forecast and Extraordinary Loss

NPC Incorporated, hereinafter referred to as "the Company", hereby notifies that the business forecast which was announced on April 9, 2013 has been revised in view of recent business trends. Additionally, extraordinary loss is expected to incur. Details are as follows.

Descriptions

Revision of consolidated business forecast for the full year (September 1, 2012 through August 31, 2013)

(Million yen)

	Sales	Operating income / loss	Ordinary income / loss	Net income / loss	Net income per share (yen)
Previous forecast (A)	8,220	-533	-212	4	0.19
Revised forecast (B)	4,998	-1,872	-1,717	-2,192	-99.40
Amount of increase/decrease (B-A)	-3,222	-1,339	-1,505	-2,196	
Change (%)	-39.2	-	-	-	
[Reference] Full year of FY2012	9,446	-945	-1,194	-1,806	-90.79

Revision of non-consolidated business forecast for the full year (September 1, 2012 through August 31, 2013)

(Million yen)

	Sales	Operating income / loss	Ordinary income / loss	Net income / loss	Net income per share (yen)
Previous forecast (A)	7,000	-318	41	258	11.72
Revised forecast (B)	3,695	-976	-802	-2,264	-102.70
Amount of increase/decrease (B-A)	-3,305	-658	-843	-2,522	
Change (%)	-47.2	-	-	-	
[Reference] Full year of FY2012	8,138	-454	-635	-1,542	-77.56

[Reasons for the Revisions]

The consolidated business forecast for the fiscal year 2013 has been revised for the following reasons.

In the photovoltaic, hereinafter referred to as “PV,” industry, to which the NPC Group, hereinafter referred to as “the Group,” belongs, Japanese market has been expanding rapidly supported by the feed-in-tariff system of renewable energy. The Group successfully concluded another large and long-term contract on the contract assembly service of PV modules following the contract concluded in the second quarter. In the PV module manufacturing equipment business, the expanding demands for PV system installation in Japan, North America, and China had improved the utilization ratio of the PV module manufacturers, who are the Group’s customers. However, since PV module manufacturers maintained careful stance to make capital investments, the full-scale recovery of equipment orders was yet to be seen. Therefore, the level of orders which had been expected to be received in the second-half and booked as sales during this fiscal year, is now expected to decline compared with the plan. Also, the timing of the equipment delivery for some orders already in the order book was shifted behind due to the changes in customers’ project plans. Thus, the timing of expected sales booking is expected to be also shifted to the next fiscal year.

Due to the above reasons, the Group’s sales remained at a low level. Moreover, since the timing of the full contribution of contract module assembly service to the Group’s sales and profits is expected to start from next fiscal year onward, consolidated sales of the Group are expected to be 4,998 million yen, a decrease of 3,222 million yen from the previous forecast announced on April 9, 2013. On the other hand, cost reduction is mostly on track with the initial plan resulting from the thorough business streamlining implemented last fiscal year, the improving factory utilization, etc.

However, as stated in the “Announcement on Commencement of Procedures for Dissolution and Liquidation of Consolidated Subsidiary” dated July 9, 2013, due to the severe business environment surrounding NPC-Meier GmbH, hereinafter referred to as “NMG,” expenses such as allowance for doubtful debts are expected to widen the operating loss. As sales are expected to be below the previous target, the fixed costs are to put pressure on profit. As a result, operating loss is expected to widen by 1,339 million yen to 1,872 million yen from the previous forecast. Ordinary loss is expected to be 1,717 million yen, an increase of 1,505 million yen from the previous forecast. As for extraordinary loss, on the assumption that the dissolution and liquidation procedures of NMG will complete, allowances for retirement expenses, legal fees, cancellation of rent contracts, etc. of 238 million yen will be booked. This figure includes expenses to dissolve and liquidate NPC Taiwan Co., Ltd. and NPC Korea Co., Ltd., both in charge of sales support and maintenance service mainly in Asia region. Furthermore, foreign currency translation adjustment of 330 million yen related to the Company’s investment into NMG is also expected to be booked as extraordinary loss. As a result, the Group expects a net loss of 2,192 million yen, compared with the previous forecast of a net profit of 4 million yen.

In addition to the reasons above, as for the non-consolidated business forecast for the fiscal year 2013, allowances for doubtful loans, etc. of 1,595 million yen are to be booked as extraordinary loss. As a result, the non-consolidated sales of the Company are expected to be 3,695 million yen, a decrease of 3,305 million yen from the previous forecast. Operating loss is expected to be 976 million yen, an increase of 658 million yen from the previous forecast. Ordinary loss of 802 million yen is expected to incur, compared with ordinary income of 41 million yen in the previous forecast. Net loss of 2,264 million yen is expected, compared with net income of 258 million yen in the previous forecast.

[Note] Since the numerical values described in this notification were prepared based on the information available as of the day when this notification was prepared, the actual results may differ from the above-mentioned numerical values depending on various factors afterwards.

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