

MODEC, INC. and Subsidiaries

CONSOLIDATED BALANCE SHEET

March 31, 2008

ASSETS

	<u>Thousands of Japanese yen</u>
CURRENT ASSETS:	
Cash and time deposits	¥19,907,539
Accounts receivable - trade	20,904,253
Inventories	1,423,002
Short-term loans receivable	14,629,796
Other current assets	6,245,509
Less-Allowance for bad debts	(4,010)
Total current assets	<u>63,106,092</u>
PROPERTY AND EQUIPMENT:	
Buildings and equipment	3,353,789
Other	877,715
	<u>4,231,504</u>
INTANGIBLE ASSETS	11,457,970
OTHER ASSETS:	
Investment securities	13,767,084
Long-term loans receivable	12,854,042
Other investments	3,654,770
Less-Allowance for bad debts	(2,400)
	<u>30,273,497</u>
Total assets	<u>¥109,069,065</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

	Thousands of Japanese yen
CURRENT LIABILITIES:	
Accounts payable - trade	¥19,355,413
Short-term loans payable	18,277,695
Other current liabilities	12,918,955
Total current liabilities	<u>50,552,064</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	10,452,021
Severance and retirement benefits	
For employees	330,670
For directors and corporate auditors	0
Deferred tax liabilities	1,358,246
Other long-term liabilities	2,223,569
Total long-term liabilities	<u>14,364,506</u>
NET ASSETS	
SHAREHOLDERS' EQUITY:	
Common stock;	
authorized - 102,868,000 shares	
outstanding - 37,408,000 shares	12,391,600
Capital surplus	13,121,672
Retained earnings	17,564,977
Less-Treasury stock at cost	(957)
Total shareholders' equity	<u>43,077,292</u>
DISCREPANCIES IN APPRAISALS and CONVERSION:	
Net unrealized holding gains on securities	(1,207)
Deferred Hedge Reserves	(181,195)
Foreign currency translation adjustments	(3,177,404)
Total discrepancies in appraisals and Conversions	<u>(3,359,806)</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES:	4,435,008
Total net assets	44,152,494
Total liabilities, net assets	<u>¥109,069,065</u>

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CONSOLIDATED STATEMENT OF INCOME

For year ended March 31, 2008

	Thousands of Japanese yen
SALES	<u>¥25,776,441</u>
COST OF SALES	<u>22,273,540</u>
Gross profit	3,502,900
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>2,575,611</u>
Operating profit	927,289
OTHER INCOME (EXPENSES):	
Interest income and dividend income	783,401
Interest expense	(400,047)
Foreign exchange gain (loss), net	(635,797)
Equity in earnings of affiliates	223,949
Other, net	2,144
Total other income (expenses)	<u>(26,349)</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	900,938
INCOME TAXES:	
Current	1,176,987
Deferred	(915,494)
	<u>261,493</u>
INCOME BEFORE MINORITY INTERESTS	639,445
MINORITY INTERESTS	209,009
NET INCOME	<u>¥430,437</u>
Net income per share	¥11.51