

MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED BALANCE SHEET**

June 30, 2015

**ASSETS**

	<u>Millions of Japanese yen</u>
<b>CURRENT ASSETS:</b>	
Cash and time deposits	¥28,986
Accounts receivable - trade	167,257
Inventories	2,348
Short-term loans receivable	36,131
Other current assets	18,134
Less-Allowance for bad debts	(410)
Total current assets	<u>252,446</u>
<b>PROPERTY AND EQUIPMENT:</b>	
Vessels and equipment	18,001
Other	3,553
Total property and equipment	<u>21,555</u>
<b>INTANGIBLE ASSETS:</b>	7,484
<b>INVESTMENTS AND OTHER ASSETS:</b>	
Investment securities	48,762
Long-term loans receivable	27,798
Other investments	11,098
Less - Allowance for bad debts	(1,852)
Total investments and other assets	<u>85,807</u>
Total assets	<u><u>¥367,292</u></u>

\* The figures are rounded down to the nearest million yen.

## LIABILITIES AND NET ASSETS

	<u>Millions of Japanese yen</u>
<b>CURRENT LIABILITIES:</b>	
Accounts payable - trade	¥157,299
Short-term loans payable	3,490
Current portion of long-term loans payable	2,084
Accrued expenses	9,253
Income taxes payable	7,394
Advances received	4,732
Accrued employees' bonuses	6
Accrued directors' bonuses	4
Provision for product warranties	6,026
Provision for loss on construction contracts	149
Other provisions	1,096
Other current liabilities	3,044
Total current liabilities	<u>194,582</u>
<b>LONG-TERM LIABILITIES:</b>	
Long-term loans payable	53,702
Net defined benefit liabilities	209
Other long-term liabilities	7,089
Total long-term liabilities	<u>61,000</u>
Total liabilities	255,583
<b>NET ASSETS</b>	
<b>SHAREHOLDERS' EQUITY:</b>	
Common stock;	
authorized - 102,868,000 shares	
outstanding - 56,408,000 shares	30,122
Capital surplus	30,852
Retained earnings	33,198
Less - Treasury stock at cost	(1)
Total shareholders' equity	<u>94,171</u>
<b>ACCUMULATED GAINS (LOSSES) FROM VALUATION</b>	
Unrealized gains/(losses) on available-for-sale securities, net of tax	15
Unrealized gains/(losses) on hedging derivative, net of tax	(13,838)
Foreign currency translation adjustments	18,294
Retirement liability adjustments for foreign consolidated subsidiaries, net of tax	(191)
Total accumulated gains (losses) from valuation	<u>4,279</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES:	13,258
Total net assets	<u>111,709</u>
Total liabilities and net assets	<u>¥367,292</u>

\* The figures are rounded down to the nearest million yen.

MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED STATEMENT OF INCOME**

For the six months ended June 30, 2015

	Millions of Japanese yen
SALES	¥156,773
COST OF SALES	151,637
Gross profit (loss)	<u>5,136</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	7,296
Operating profit (loss)	<u>(2,159)</u>
OTHER INCOME (EXPENSES):	
Interest income and dividend income	1,773
Interest expense	(523)
Equity in earnings of affiliates and unconsolidated subsidiaries	3,106
Gain on revaluation of derivatives	1,771
Foreign exchange gain (loss), net	(1,413)
Loss on liquidation of subsidiaries and affiliates	(114)
Loss on abandonment of property and equipment	(188)
Provision for abandonment of property and equipment	(571)
Other, net	133
Total other income (expenses)	<u>3,974</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS:	1,814
INCOME TAXES:	
Current	4,378
Prior	2
Deferred	<u>(2,456)</u>
INCOME (LOSS) BEFORE MINORITY INTERESTS	(110)
MINORITY INTERESTS	113
NET INCOME (LOSS)	<u><u>(¥223)</u></u>
<i>* The figures are rounded down to the nearest million yen.</i>	
Net income (loss) per share	(¥3.96)

MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the six months ended June 30, 2015

	Millions of Japanese yen
Income (loss) before minority interests	(¥110)
Other comprehensive income	
Unrealized gains/(losses) on available-for-sale securities, net of tax	14
Unrealized gains/(losses) hedging derivatives, net of tax	(1,151)
Foreign currency transaction adjustments	2,131
Retirement liability adjustments for foreign consolidated subsidiaries	6
Share of other comprehensive income of associates accounted for using equity method	2,110
Total	<u>3,111</u>
Comprehensive income	<u>¥3,000</u>
Comprehensive income attributable to owners of the parent	¥2,591
Comprehensive income attributable to owners of minority interests	¥409

\* *The figures are rounded down to the nearest million yen.*