

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

June 30, 2017

ASSETS

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and time deposits	¥34,435
Accounts receivable – trade	101,921
Inventories	1,208
Short-term loans receivable	68,836
Other current assets	26,745
Less- Allowance for bad debts	(1,790)
Total current assets	<u>231,355</u>
PROPERTY AND EQUIPMENT:	
Machinery and equipment	10,286
Other property and equipment	2,007
Total property and equipment	<u>12,294</u>
INTANGIBLE ASSETS:	7,109
INVESTMENTS AND OTHER ASSETS:	
Investment securities	55,558
Long-term loans receivable from affiliates	28,528
Long-term time deposits	4,218
Other investments	6,503
Total investments and other assets	<u>94,809</u>
Total assets	<u><u>¥345,569</u></u>

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

LIABILITIES AND NET ASSETS

	Millions of Japanese yen
CURRENT LIABILITIES:	
Accounts payable – trade	¥93,768
Short-term loans payable	20,152
Current portion of long-term loans payable	13,001
Accrued expenses	14,653
Income taxes payable	9,884
Advances received	4,924
Accrued employees' bonuses	4
Accrued directors' bonuses	4
Provision for product warranty	6,614
Provision for repairs	181
Other provisions	5
Other current liabilities	1,457
Total current liabilities	<u>164,652</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	33,422
Net defined benefit liabilities	288
Other long-term liabilities	14,755
Total long-term liabilities	<u>48,467</u>
Total liabilities	213,119
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	30,852
Retained earnings	62,495
Treasury stock, at cost	(1)
Total shareholders' equity	<u>123,469</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized holding gains/(losses) on securities, net of tax	(17)
Unrealized gains/(losses) on hedging derivatives, net of tax	(11,390)
Foreign currency translation adjustments	9,212
Retirement liability adjustments for foreign consolidated subsidiaries	(167)
Total accumulated other comprehensive income	<u>(2,363)</u>
NON-CONTROLLING INTERESTS	11,344
Total net assets	132,449
Total liabilities and net assets	<u><u>¥345,569</u></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, 2017

	Millions of Japanese yen
SALES	¥101,719
COST OF SALES	92,153
Gross profit (loss)	9,565
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,822
Operating profit (loss)	2,743
OTHER INCOME (EXPENSES):	
Interest and dividend income	2,533
Equity in earnings of unconsolidated subsidiaries and affiliates, net	3,647
Gain on revaluation of derivatives	243
Interest expense	(703)
Foreign exchange gain (loss), net	(1,047)
Gain on liquidation of affiliates	244
Gain on sales of affiliates' stock	492
Others, net	829
Total other income (expenses)	6,239
PROFIT (LOSS) BEFORE INCOME TAXES	8,983
INCOME TAXES:	
Current	2,272
Prior	28
Deferred	185
	185
PROFIT (LOSS)	6,496
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	170
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	¥6,326

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

Earnings (loss) per share	¥112.16
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MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2017

	Millions of Japanese yen
PROFIT (LOSS)	<u>¥6,496</u>
OTHER COMPREHENSIVE INCOME/(LOSS):	
Unrealized holding gains/(losses) on securities, net of tax	(6)
Unrealized gains/(losses) on hedging derivatives, net of tax	(726)
Foreign currency translation adjustments	(3,458)
Retirement liability adjustments for foreign consolidated subsidiaries	10
Share of other comprehensive income/(loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	<u>(3,417)</u>
Total other comprehensive income/(loss)	<u>(7,599)</u>
COMPREHENSIVE INCOME/(LOSS)	<u><u>(¥1,102)</u></u>
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	(¥886)
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(¥216)