

MODEC, INC. and Subsidiaries

CONSOLIDATED BALANCE SHEET

September 30, 2008

ASSETS

	Thousands of Japanese yen
CURRENT ASSETS:	
Cash and time deposits	¥31,686,351
Accounts receivable - trade	24,305,186
Inventories	7,562,980
Short-term loans receivable	25,045,061
Other current assets	5,380,372
Less-Allowance for bad debts	(794)
Total current assets	<u>93,979,157</u>
PROPERTY AND EQUIPMENT:	
Buildings and equipment	3,357,853
Other	799,815
	<u>4,157,668</u>
INTANGIBLE ASSETS	11,862,254
OTHER ASSETS:	
Investment securities	13,406,192
Long-term loans receivable	12,900,915
Other investments	3,635,071
Less-Allowance for bad debts	(2,400)
	<u>29,939,780</u>
Total assets	<u>¥139,938,859</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

	Thousands of Japanese yen
CURRENT LIABILITIES:	
Accounts payable - trade	¥25,185,766
Short-term loans payable	38,863,563
Other current liabilities	20,265,566
Total current liabilities	<u>84,314,896</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	6,204,846
Severance and retirement benefits	
For employees	142,545
Long-term accrued liability	412,150
Deferred tax liabilities	1,095,608
Other long-term liabilities	1,775,141
Total long-term liabilities	<u>9,630,291</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	18,421,270
Less-Treasury stock at cost	(1,623)
Total shareholders' equity	<u>43,932,919</u>
DISCREPANCIES IN APPRAISALS and	
Net unrealized holding gains on securities	(6,778)
Deferred Hedge Reserves	(126,571)
Foreign currency translation adjustments	(2,556,738)
Total discrepancies in appraisals and	
Conversions	<u>(2,690,088)</u>
MINORITY INTERESTS IN CONSOLIDATED	
SUBSIDIARIES:	4,750,840
Total net assets	45,993,671
Total liabilities, net assets	<u>¥139,938,859</u>

MODEC, INC. and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For year ended September 30, 2008

	Thousands of Japanese yen
SALES	<u>¥94,403,169</u>
COST OF SALES	<u>84,207,005</u>
Gross profit	10,196,163
SELLING, GENERAL AND ADMINISTRATIVE	<u>8,737,589</u>
Operating profit	1,458,573
OTHER INCOME (EXPENSES):	
Interest income and dividend income	2,125,595
Interest expense	(1,244,485)
Foreign exchange gain (loss), net	(764,741)
Equity in earnings of affiliates	1,377,244
Other, net	(149,401)
Total other income (expenses)	<u>1,344,212</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	2,802,785
INCOME TAXES:	
Current	2,201,245
Deferred	<u>(1,483,818)</u>
INCOME BEFORE MINORITY INTERESTS	2,085,359
MINORITY INTERESTS	328,812
NET INCOME	<u><u>¥1,756,545</u></u>
Net income per share	¥46.96