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(Securities Code: 6269)
March 4, 2016

To Our Shareholders with Voting Rights:

Toshiro Miyazaki
President and Chief Executive Officer
MODEC, INC.
3-10, Nihonbashi 2-chome Chuo-ku, Tokyo

**NOTICE OF CONVOCAION OF
THE 30TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 30th Annual General Meeting of Shareholders of MODEC, INC. (the “Company”) to be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing (by mail) or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:40 p.m. on Wednesday, March 23, 2016.

[Exercise of Voting Rights in Writing]

Please indicate your approval or disapproval of each of the proposals on the enclosed Voting Rights Exercise Form and return it by mail so that it is received by the deadline as stated above.

[Exercise of Voting Rights via the Internet]

Upon reading “Exercise of Voting Rights via the Internet” (Japanese only), please access the website designated by the Company for the purpose of exercising your voting rights (<http://www.web54.net>). Please enter the “vote exercising code” and “password” written on the enclosed Voting Rights Exercise Form and follow the instructions on the screen to enter your approval or disapproval of each of the proposals by the deadline as stated above.

If any voting right is exercised both in writing and via the Internet, the vote that reached the Company at a later timing will be recognized as valid. In the event that both votes arrive on the same day, the vote via the Internet will be recognized as valid.

If you exercise your voting rights more than once via the Internet, the most recent vote will be recognized as valid.

1. Date and Time: Thursday, March 24, 2016, at 10:00 a.m. (The reception desk opens at 9:00 a.m.)

2. Place: BELLESALLE Tokyo Nihonbashi B2 Event Hall
Tokyo Nihonbashi Tower, 7-1, Nihonbashi 2-chome Chuo-ku, Tokyo
(Please note that the venue has changed from last year)

3. Meeting Agenda:

- Matters to be reported:**
1. Operations Report, Consolidated Financial Statements, and Audit Report concerning Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors for the 30th Term (from January 1, 2015 to December 31, 2015)
 2. Non-consolidated Financial Statements for the 30th Term (from January 1, 2015 to December 31, 2015)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Nine Directors
- Proposal 3:** Election of Two Corporate Auditors
- Proposal 4:** Revision of the Amount of Remuneration for Corporate Auditors
- Proposal 5:** Payment of Bonuses to Directors

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1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 2. In case of voting by proxy, you can exercise your voting rights by appointing one shareholder who has voting rights as your proxy.
 3. Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements are posted on the Company's website (<http://www.modec.com/jp/>) (Japanese only) pursuant to applicable laws and regulations as well as Article 15 of the Company's Articles of Incorporation, and they are not included in the Appendix to this notice. Accordingly, the Appendix to this notice is a portion of the Consolidated Financial Statements or Non-consolidated Financial Statements audited by the Accounting Auditor for the preparation of the Accounting Audit Report.
 4. In case of circumstances requiring revisions to the Reference Documents for the General Meeting of Shareholders, Operations Report, Consolidated Financial Statements or Non-consolidated Financial Statements, the revised items will be posted on the Company's website (<http://www.modec.com/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The distribution of stable and consecutive dividends to shareholders while retaining an appropriate amount of internal reserve required for future business development and reinforcement of management base is the Company's basic policy on distribution of profits.

Based on this policy, as well as in light of the Company's performance, management base reinforcement for this fiscal year and future business development, a year-end dividend for this fiscal year is proposed as stated below.

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount thereof
¥17.50 per share of common stock of the Company
Total amount of dividends: ¥987,128,398
- (3) Effective date of dividends from surplus
March 25, 2016

Proposal 2: Election of Nine Directors

The terms of office of all the current directors will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the election of nine Directors is proposed, including an increase of two additional Directors with a view to strengthen the Board of Directors' function of monitoring and supervision.

The candidates for Directors are as stated below.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	Toshiro Miyazaki (August 21, 1949)	<p>April 1972 Joined Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>October 2002 General Manager of Corporate Planning Dept., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>March 2005 Corporate Auditor (part-time) of the Company</p> <p>June 2005 Deputy Director, General Manager of Corporate Planning Dept. and General Manager of Asset Utilization Sect., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>June 2007 Director, in charge of Finance Dept., Accounting Dept. and IR & Public Relations, Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>March 2008 Director of the Company</p> <p>March 2011 President and Chief Executive Officer of the Company (current position)</p>	19,100
2	Teruhisa Konishi (November 19, 1957)	<p>April 1981 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>June 2005 General Manager of Global Business Dept., Sumitomo Mitsui Banking Corporation</p> <p>April 2008 Head of Sydney Branch, Sumitomo Mitsui Banking Corporation</p> <p>September 2010 President, Banco Sumitomo Mitsui Brasileiro S.A.</p> <p>April 2011 Deputy Director, Sumitomo Mitsui Banking Corporation, President, Banco Sumitomo Mitsui Brasileiro S.A.</p> <p>April 2013 Executive Officer, General Manager of Human Resources Dept. of the Company (current position)</p> <p>March 2015 Director of the Company (current position)</p>	4,200

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
(*) 3	Minoru Sawada (August 12, 1960)	<p>April 1983 Joined Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>April 2011 General Manager of Planning & Administration Dept., Environment & Plant Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>June 2012 General Manager of Planning & Administration Dept., Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>April 2013 General Manager of Procurement Dept., Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>October 2014 General Manager of Project Management Dept., Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>April 2015 Deputy Director, Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>October 2015 Deputy Director of the Company (current position)</p>	4,000
4	Akira Nishihata (May 27, 1955)	<p>April 1980 Joined Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>April 2007 General Manager of Planning & Co-ordination Dept., Chiba Shipyard, Ship & Ocean Project Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>June 2009 General Manager of Planning & Administration Dept., Ship & Ocean Project Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>March 2010 Corporate Auditor (part-time) of the Company</p> <p>March 2011 General Manager of Corporate Planning Dept., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>June 2011 Deputy Director, General Manager of Corporate Planning Dept., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>March 2012 Resigned from Corporate Auditor of the Company</p> <p>March 2013 Director of the Company (current position)</p> <p>June 2013 Director, in charge of Corporate Planning Dept. and Research & Development Hq., Mitsui Engineering & Shipbuilding Co., Ltd. (current position)</p>	0
5	Shinsuke Nippo (October 17, 1956)	<p>April 1981 Joined Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>June 2007 General Manager of Plant Sales Dept., Environment & Plant Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>April 2013 General Manager of Energy Solutions & Infrastructure Sales Dept. and General Manager of Plant Sales Dept., Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>June 2013 Deputy Director, General Manager of Energy Solutions & Infrastructure Sales Dept. and General Manager of Plant Sales Dept., Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>March 2014 Director of the Company (current position)</p> <p>April 2014 Deputy General Manager of Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>June 2014 Director, Deputy General Manager of Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>June 2015 Executive Officer, Deputy General Manager of Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd. (current position)</p>	0
(*) 6	Yoshio Kometani (April 11, 1962)	<p>April 1985 Joined Mitsui & Co., Ltd.</p> <p>March 2010 General Manager of Planning and Administrative Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>April 2013 Operating Officer of Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>May 2014 Deputy Chief Operating Officer of Asia Pacific Business Unit, Mitsui & Co., Ltd. and Senior Vice President, Mitsui & Co. (Asia Pacific) Pte. Ltd. (located at Singapore) (current position)</p> <p>April 2015 Managing Officer, Mitsui & Co., Ltd. (current position)</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
7	Katsuya Natori (May 15, 1959)	<p>April 1986 Registered as an attorney, joined Masuda and Ejiri Law Office (currently Nishimura & Asahi)</p> <p>June 1990 Joined Davis Wright Tremaine LLP (Seattle, U.S.)</p> <p>July 1992 Joined Wilmer, Cutler & Pickering (Washington D.C., U.S.)</p> <p>July 1993 Joined Esso Sekiyu K.K.</p> <p>January 1995 Joined Apple Japan, Inc.</p> <p>January 1998 Director, Sun Microsystems K.K.</p> <p>March 2002 Executive Officer, FAST RETAILING CO., LTD.</p> <p>January 2004 Director, VP, IBM Japan, Ltd.</p> <p>April 2010 VP, IBM Japan, Ltd.</p> <p>February 2012 Founded Natori Law Office Chief, Natori Law Office (current position)</p> <p>April 2012 Outside Audit & Supervisory Board Member, OLYMPUS CORPORATION (current position)</p> <p>March 2015 External Director of the Company (current position)</p> <p>November 2015 External Director, MORITEX CORPORATION (current position)</p>	100
(*) 8	Shigenobu Aikyo (October 1, 1949)	<p>April 1972 Joined Sumitomo Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>June 1999 Executive Officer, Head of Human Resources Dept., Sumitomo Bank</p> <p>April 2001 Executive Officer, Head of Corporate Management Dept., Sumitomo Mitsui Banking Corporation</p> <p>June 2003 Managing Executive Officer, Head of Tokyo Corporate Banking Division I, Sumitomo Mitsui Banking Corporation</p> <p>June 2005 Managing Director and Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2006 Senior Managing Director, Sumitomo Mitsui Banking Corporation Senior Managing Director (Executive Officer), Sumitomo Mitsui Financial Group, Inc.</p> <p>April 2007 Deputy President, Head of Corporate Banking Unit, Sumitomo Mitsui Banking Corporation</p> <p>April 2010 Chairman and Representative Director, Nikko Cordial Securities Inc.</p> <p>April 2011 Chairman and Representative Director, SMBC Nikko Securities Inc.</p> <p>April 2015 Advisor, SMBC Nikko Securities Inc.</p> <p>June 2015 External Director, HASHIMOTO SOGYO CO., LTD. (current position)</p>	0
(*) 9	Hiroshi Kanno (November 14, 1958)	<p>April 1983 Joined Nikken Sekkei Ltd</p> <p>August 1991 Joined The Boston Consulting Group Partner and Managing Director, the last position at The Boston Consulting Group</p> <p>July 2008 Professor, Hitotsubashi University Graduate School of International Corporate Strategy (current position)</p> <p>June 2011 External Director, Omron Healthcare, Co., Ltd. (current position)</p> <p>April 2012 Dean, Hitotsubashi University Graduate School of International Corporate Strategy</p> <p>October 2012 Outside Director, Japan Display Inc. (current position)</p> <p>June 2014 External Director, WOWOW INC. (current position)</p>	0

(Notes) 1. The persons with an asterisk (*) are new candidates for Directors.

2. Mitsui Engineering & Shipbuilding Co., Ltd. is the Company's parent company. The positions and responsibilities at the parent company of the candidates who currently serve or had served during the past five years as executives at Mitsui Engineering & Shipbuilding Co., Ltd. are stated in the above "Career summary, positions and responsibilities at the Company, and significant concurrent positions."

Other candidates for Directors have no special interest in the Company.

3. Messrs. Yoshio Kometani, Katsuya Natori, Shigenobu Aikyo and Hiroshi Kanno are candidates for External Directors.
4. The term of office of Mr. Katsuya Natori, a current External Director, will be one year as of the conclusion of this General Meeting of Shareholders.
5. Matters related to the candidates for External Directors
 - (1) Reasons for the selection of Mr. Yoshio Kometani as a candidate for External Director are that he has acquired a wide range of experience and knowledge related to the Company's business and has abundant experience in corporate management.
 - (2) Reasons for the selection of Mr. Katsuya Natori as a candidate for External Director are that he has a wealth of experience and broad insight as a corporate manager and as an attorney cultivated through his overseas business experience over the years. If election of Mr. Katsuya Natori is approved, the Company intends to appoint him as Independent Director as prescribed by the Tokyo Stock Exchange.
 - (3) Reasons for the selection of Mr. Shigenobu Aikyo as a candidate for External Director are that he has gained extensive knowledge regarding finance and management through his longtime involvement in the management of financial institutions. If election of Mr. Shigenobu Aikyo is approved, the Company intends to appoint him as Independent Director as prescribed by the Tokyo Stock Exchange.
 - (4) Reasons for the selection of Mr. Hiroshi Kanno as a candidate for External Director are that he has abundant experience as a business management consultant and professional insights as a researcher on business strategy planning. If election of Mr. Hiroshi Kanno is approved, the Company intends to appoint him as Independent Director as prescribed by the Tokyo Stock Exchange.
6. Liability limitation contract with the External Directors

The Company stipulates in its current Articles of Incorporation that the Company may enter into contracts with External Directors which limit their liabilities for compensation of damages to the Company within a certain range so that the Company can invite competent personnel as External Directors. If the reelection of Mr. Katsuya Natori, a candidate for External Director, is approved, the Company intends to renew the liability limitation contract with him with a content as stated below. Furthermore, if the election of Messrs. Yoshio Kometani, Shigenobu Aikyo and Hiroshi Kanno is approved, the Company intends to enter into similar liability limitation contracts with them.

 - In the event that External Directors cause damages to the Company by performing their duties, the maximum amount of liability shall be the minimum amount prescribed in Article 425, Paragraph 1 of the Japanese Companies Act, on the condition that they perform their duties in good faith and without gross negligence.

Proposal 3: Election of Two Corporate Auditors

Corporate Auditors, Messrs. Takehiko Tsubokawa and Hiroki Higuchi will resign at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of two Corporate Auditors as substitutes.

The election of Mr. Kenji Seto is proposed as a substitute for Mr. Takehiko Tsubokawa, resigning from his post as Corporate Auditor, and Mr. Yoshihiro Kato as a substitute for Mr. Hiroki Higuchi, also resigning from the same post. The term of office for the Corporate Auditors to be elected shall be the remaining term of office of the predecessors, as stipulated in the Company's Articles of Incorporation.

The candidates for Corporate Auditors are as follows, and the Board of Corporate Auditors has given its approval to this proposal.

No.	Name (Date of birth)	Career summary, positions at the Company and significant concurrent positions	Number of shares of the Company held
(*) 1	Kenji Seto (July 4, 1953)	<p>April 1976 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>October 2000 Head of Financial Products Dept., Mitsui Bank</p> <p>April 2001 Head of Business Dept. I, Europe, Middle East and Africa Division, Sumitomo Mitsui Banking Corporation</p> <p>October 2005 Joined JCB Co., Ltd.</p> <p>June 2006 Board Member, Executive Officer, General Manager of International Headquarters, JCB Co., Ltd. and President and Director, JCB International Co., Ltd.</p> <p>April 2013 Board Member, Senior Executive Officer, JCB Co., Ltd. (current position)</p>	0
(*) 2	Yoshihiro Kato (November 20, 1954)	<p>April 1977 Joined Bridgestone Tire Co., Ltd.</p> <p>April 1986 Joined Pricewaterhouse Aoyama Audit Corporation</p> <p>July 1997 Director, PricewaterhouseCoopers Tax Corporation</p> <p>April 2005 Founded Yoshihiro Kato International Accounting Office Head, Yoshihiro Kato International Accounting Office (current position)</p> <p>April 2005 Professor, Kanazawa Seiryō University and Graduate School of Kanazawa Seiryō University</p> <p>April 2012 Part-time Lecturer, Faculty of Law, Toin University of Yokohama</p> <p>April 2014 Part-time Lecturer, Faculty of Human Life, Jumonji University Professor, Faculty of Human Life, Jumonji University (current position)</p>	0

- (Notes)
- The persons with an asterisk (*) are new candidates for Corporate Auditors.
 - The above candidates for Corporate Auditors have no special interest in the Company.
 - Messrs. Kenji Seto and Yoshihiro Kato are candidates for External Corporate Auditors.
 - Matters related to the candidates for External Corporate Auditors
 - Reasons for the selection of Mr. Kenji Seto as a candidate for External Corporate Auditor are that he has abundant experience as a corporate manager and has acquired a wide range of knowledge related to finance. If election of Mr. Kenji Seto is approved, the Company intends to appoint him as Independent Corporate Auditor as prescribed by the Tokyo Stock Exchange.
 - Reasons for the selection of Mr. Yoshihiro Kato as a candidate for External Corporate Auditor are that he has a wealth of knowledge and experience as a tax accountant and researcher on tax accounting. If election of Mr. Yoshihiro Kato is approved, the Company intends to appoint him as Independent Corporate Auditor as prescribed by the Tokyo Stock Exchange. Although Mr. Yoshihiro Kato has never been directly engaged in corporate management, he is judged to be capable of appropriately performing the duties of an External Corporate Auditor for the reasons mentioned above.
 - Liability limitation contract with the External Corporate Auditors

The Company stipulates in its current Articles of Incorporation that the Company may enter into contracts with External Corporate Auditors which limit their liabilities for compensation of damages to the Company within a certain range so that the Company can invite competent personnel as External Corporate Auditors. If the election of Messrs. Kenji Seto and Yoshihiro Kato, candidates for External Corporate Auditors, is approved, the Company intends to renew the liability limitation contract with them with a content as stated below.

- In the event that External Corporate Auditors cause damages to the Company by performing their duties, the maximum

amount of liability shall be the minimum amount prescribed in Article 425, Paragraph 1 of the Japanese Companies Act, on the condition that they perform their duties in good faith and without gross negligence.

Proposal 4: Revision of the Amount of Remuneration for Corporate Auditors

At the 23rd Annual General Meeting of Shareholders held on March 27, 2009, the upper limit of remuneration for Corporate Auditors of the Company was approved to be ¥50 million per year and it has not been revised. However, in consideration of changes in the roles and responsibilities of Corporate Auditors in line with subsequent changes in business environment and other various circumstances, it is hereby proposed to revise the upper limit of remuneration for Corporate Auditors to ¥70 million per year.

If Proposal 3 is approved as proposed, the total number of Corporate Auditors will be four (currently four as well), of which three will be Independent External Corporate Auditors (currently one).

Proposal 5: Payment of Bonuses to Directors

In view of the Company's performance for this fiscal year, it is proposed that bonuses of up to ¥20 million in total be paid to three Directors (excluding External Directors) who were in office as of December 31, 2015.

[Appendix]

Operations Report (from January 1, 2015 to December 31, 2015)

Overview and Results of Operations

During the consolidated fiscal year under review, the Japanese economy followed a recovery trend, reflecting an improvement in corporate earnings and capital investment mainly due to the economic and monetary policies introduced by the government and steady consumer spending on the back of the recovering employment and income situation. Overseas, while some emerging countries' economic growth slowed, the U.S. saw an increase in consumer spending and private capital investment, thus maintaining a moderate economic recovery as a whole.

Looking at crude oil prices, WTI oil prices trended at a low level and plunged to the level of 30 dollars per barrel at the end of the year amid mounting concerns over prolonged oversupply. However, in the medium and long term, oil companies are nonetheless likely to continue oil and gas exploration and development activities, with a view to ensuring the sustainable supply of energy resources. Business related to floating production systems, the MODEC Group's mainstay business, is expected to experience long range stable growth.

Under these circumstances, the Company received an order in September 2015 from Maersk Oil North Sea UK Limited for the construction of a Floating Storage and Offloading system (FSO) for the Culzean field in the U.K. North Sea, the Company's first project in the North Sea. Orders resulted in ¥188,767 million (down 52.3% year on year) mainly due to the postponement of orders for the expected projects in spite of the aforementioned order received for the new FSO. Revenue was ¥295,596 million (down 21.9%) due to steady progress in construction of FPSOs and ongoing revenue recognition by charter and O&M services, while percentage of completion of newly awarded projects was in early stage and thus little contributed to revenue recognition.

In terms of profit, operating profit stood at ¥5,075 million (down 40.8%), reflecting the impact of incurring repair expenses at overseas subsidiaries, despite steady progress in FPSO construction work. Ordinary profit came to ¥12,819 million (down 30.1%) due to the posting of stable equity in earnings of the affiliates accounted for by the equity method engaged in the lease business and gain on valuation of derivatives, despite the recording of foreign exchange losses at overseas subsidiaries. Net income stood at ¥5,824 million (up 7.4%), reflecting the recording of extraordinary income due to insurance income and a decrease in minority interests.

Financial Statements
Consolidated Balance Sheet
(December 31, 2015)

(Millions of Japanese yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	242,120	Current liabilities	177,251
Cash and time deposits	57,956	Accounts payable - trade	145,230
Accounts receivable - trade	145,752	Current portion of long-term loans payable	6,044
Inventories	3,814	Lease obligations	30
Short-term loans receivable	4,214	Accrued expenses	8,822
Deferred tax assets	20,239	Income taxes payable	4,360
Other current assets	11,539	Advances received	4,031
Less - allowance for bad debts	(1,395)	Accrued employees' bonuses	12
		Accrued directors' bonuses	14
Non-current assets	112,343	Provision for product warranty	6,699
Property and equipment	18,485	Provision for repairs	3
Buildings and structures	127	Other provisions	5
Machinery and equipment	15,982	Deferred tax liabilities	0
Other property and equipment	2,358	Foreign exchange contract	87
Construction in progress	16	Other current liabilities	1,910
		Long-term liabilities	62,229
Intangible assets	7,476	Long-term loans payable	50,219
Goodwill	3,423	Lease obligations	29
Other	4,053	Net defined benefit liabilities	220
		Liabilities from application of equity method	4,906
Investments and other assets	86,381	Other non-current liabilities	6,855
Investment securities	50,987	Total liabilities	239,481
Long-term loans receivable from unconsolidated subsidiaries and affiliated companies	27,009	(Net assets)	
Deferred tax assets	4,663	Shareholders' equity	99,232
Bankrupt and substantially bankrupt claims	1,823	Common stock	30,122
Other investments	3,722	Capital surplus	30,852
Less - allowance for bad debts	(1,823)	Retained earnings	38,259
		Less - treasury stock at cost	(1)
		Accumulated gains (losses) from valuation	2,322
		Unrealized gains (losses) on available-for-sale securities, net of tax	7
		Unrealized gains (losses) on hedging derivative, net of tax	(15,667)
		Foreign currency translation adjustments	18,170
		Retirement liability adjustments for foreign consolidated subsidiaries, net of tax	(187)
		Minority interests in consolidated subsidiaries	13,428
		Total net assets	114,983
Total assets	354,464	Total liabilities and net assets	354,464

(Note) The figures are rounded down to the nearest million yen.

Consolidated Statement of Income

(For year ended December 31, 2015)

(Millions of Japanese yen)

Description	Amount	
Revenue		295,596
Cost of sales		275,517
Gross profit		20,078
Selling, general and administrative expenses		15,003
Operating profit		5,075
Non-operating income		
Interest income and dividend income	3,652	
Equity in earnings of affiliates and unconsolidated subsidiaries	8,345	
Gain on revaluation of derivatives	2,078	
Other	641	14,717
Non-operating expenses		
Interest expense	1,395	
Commission fee	244	
Foreign exchange gains (losses), net	5,306	
Other	26	6,972
Ordinary profit		12,819
Extraordinary income		
Gain on sales of investment securities	12	
Gain on liquidation of subsidiaries and affiliates	586	
Insurance income	3,117	3,715
Extraordinary losses		
Loss on disposal of non-current assets	161	
Loss on abandonment of property and equipment	645	
Loss on liquidation of subsidiaries and affiliates	686	
Provision of allowance for doubtful accounts	212	1,705
Income before income taxes and minority interests		14,829
Income taxes - current		7,800
Income taxes - prior		(32)
Income taxes - deferred		797
Income before minority interests		6,263
Minority interests		438
Net income		5,824

Consolidated Statement of Changes in Net Assets

(For year ended December 31, 2015)

(Millions of Japanese yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at January 1, 2015	30,122	30,852	34,338	(1)	95,311
Change in items					
Cash dividends paid			(1,903)		(1,903)
Net Income			5,824		5,824
Change in items other than shareholders' equity					
Total change in items	—	—	3,921	—	3,921
Balance at December 31, 2015	30,122	30,852	38,259	(1)	99,232

	Accumulated gains (losses) from valuation					Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gains (losses) on available-for-sale securities, net of tax	Unrealized gains (losses) on hedging derivative, net of tax	Foreign currency translation adjustments	Retirement liability adjustments for foreign consolidated subsidiaries, net of tax	Total accumulated gains (losses) from valuation		
Balance at January 1, 2015	1	(13,741)	15,402	(197)	1,464	12,855	109,631
Change in items							
Cash dividends paid							(1,903)
Net Income							5,824
Change in items other than shareholders' equity	6	(1,926)	2,767	10	858	572	1,431
Total change in items	6	(1,926)	2,767	10	858	572	5,352
Balance at December 31, 2015	7	(15,667)	18,170	(187)	2,322	13,428	114,983

Non-Consolidated Balance Sheet

(December 31, 2015)

(Millions of Japanese yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	173,289	Current liabilities	114,113
Cash and time deposits	35,014	Accounts payable - trade	77,512
Accounts receivable - trade	78,989	Short-term loans payable	10,245
Work in process	1,351	Current portion of long-term loans payable	4,652
Advance payments - trade	904	Lease obligations	30
Prepaid expenses	1,758	Accounts payable - other	1,683
Deferred tax assets	1,377	Accrued expenses	420
Accrued income	281	Advances received	2,130
Other current assets	2,419	Deposits received	62
Less - allowance for bad debts	(2,197)	CMS deposits received	16,798
		Accrued employees' bonuses	12
Non-current assets	72,199	Accrued directors' bonuses	14
Property and equipment	225	Other provisions	5
Buildings	127	Other current liabilities	544
Tools, furniture and fixtures	42		
Leased assets	54	Long-term liabilities	49,489
		Long-term loans payable	47,606
Intangible assets	71	Lease obligations	29
Software	69	Provision for retirement benefits	220
Other	1	Other non-current liabilities	1,634
		Total liabilities	163,603
Investments and other assets	71,903	(Net assets)	
Investment securities	176	Shareholders' equity	83,293
Shares of subsidiaries and affiliates	48,383	Common stock	30,122
Long-term loans receivable from unconsolidated subsidiaries and affiliated companies	19,946	Capital surplus	30,852
Deferred tax assets	280	Legal capital surplus	30,852
Insurance funds	299	Retained earnings	22,320
Bankrupt and substantially bankrupt claims	1,823	Legal retained earnings	68
Other investments	2,816	Other retained earnings	22,252
Less - allowance for bad debts	(1,823)	Retained earnings brought forward	22,252
		Less-treasury stock at cost	(1)
		Valuation and translation adjustments	(1,407)
		Unrealized gains (losses) on available-for-sale securities, net of tax	7
		Unrealized gains (losses) on hedging derivative, net of tax	(1,415)
		Total net assets	81,886
Total assets	245,489	Total liabilities and net assets	245,489

Non-Consolidated Statement of Income

(For year ended December 31, 2015)

(Millions of Japanese yen)

Description	Amount	
Revenue		117,871
Cost of sales		110,005
Gross profit		7,865
Selling, general and administrative expenses		6,325
Operating profit		1,540
Non-operating income		
Interest income and dividend income	5,808	
Foreign exchange gains (losses), net	178	
Gain on revaluation of derivatives	2,090	
Other	471	8,549
Non-operating expenses		
Interest expense	1,234	
Commission fee	244	
Other	25	1,504
Ordinary profit		8,585
Extraordinary income		
Gain on liquidation of subsidiaries and affiliates	4	
Gain on sales of investment securities	12	
Insurance income	3,117	3,133
Extraordinary losses		
Loss on abandonment of property and equipment	645	
Provision of allowance for doubtful accounts	1,880	2,525
Income before income taxes		9,192
Income taxes - current		1,073
Income taxes - deferred		1,965
Net income		6,153

Non-Consolidated Statement of Changes in Net Assets

(For year ended December 31, 2015)

(Millions of Japanese yen)

	Shareholders' equity				
	Common stock	Capital surplus		Retained earnings	
		Legal capital surplus	Legal retained earnings	Other retained earnings	
				Retained earnings brought forward	
Balance at January 1, 2015	30,122	30,852	68	18,002	
Change in items					
Cash dividends paid				(1,903)	
Net Income				6,153	
Change in items other than shareholders' equity					
Total change in items	—	—	—	4,249	
Balance at December 31, 2015	30,122	30,852	68	22,252	

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on available-for-sale securities, net of tax	Unrealized gains (losses) on hedging derivative, net of tax	
Balance at January 1, 2015	(1)	79,044	1	—	79,045
Change in items					
Cash dividends paid		(1,903)			(1,903)
Net Income		6,153			6,153
Change in items other than shareholders' equity			6	(1,415)	(1,409)
Total change in items	—	4,249	6	(1,415)	2,840
Balance at December 31, 2015	(1)	83,293	7	(1,415)	81,886