

MODEC, INC. and Subsidiaries

**CONSOLIDATED BALANCE SHEET (SUMMARY)**

September 30, 2004

**ASSETS**

	Thousands of Japanese yen	
	September 30, 2004	December 31, 2003
<b>CURRENT ASSETS:</b>		
Cash and time deposits	¥ 7,871,773	¥ 12,264,060
Accounts receivable - trade	14,170,295	15,326,103
Inventories	65,999	1,924,492
Short-term loans receivable	20,700,099	8,945,744
Other	5,000,600	4,321,874
Total current assets	47,808,769	42,782,275
<b>NON-CURRENT ASSETS:</b>		
<b>PROPERTY AND EQUIPMENT:</b>		
Machinery and equipment	6,012,464	4,563,132
Other	146,413	114,440
	6,158,878	4,677,572
INTANGIBLE ASSETS	944,165	994,619
<b>OTHER ASSETS:</b>		
Investment securities	3,653,078	2,492,456
Long-term lease receivable	7,244,268	8,256,419
Other	3,712,628	1,059,117
	14,609,974	11,807,993
Total non-current assets	21,713,017	17,480,185
Total assets	¥ 69,521,787	¥ 60,262,460

## LIABILITIES AND SHAREHOLDERS' EQUITY

	Thousands of Japanese yen	
	September 30, 2004	December 31, 2003
<b>CURRENT LIABILITIES:</b>		
Accounts payable - trade	¥ 10,601,873	¥ 11,329,726
Short-term loans payable	28,294,758	11,843,970
Other	2,957,951	3,049,131
Total current liabilities	41,854,583	26,222,828
<b>LONG-TERM LIABILITIES:</b>		
Long-term loans payable	6,729,045	13,897,863
Severance and retirement benefits	104,671	95,859
Other	1,519,938	2,236,778
Total long-term liabilities	8,353,654	16,230,501
Total liabilities	50,208,238	42,453,330
<b>MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES</b>		
	2,724,127	2,627,103
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock;		
authorized - 102,868,000 shares		
outstanding - 29,992,000 shares	4,659,200	4,659,200
Capital surplus	5,175,350	5,175,350
Retained earnings	6,621,559	5,648,661
Net unrealized holding gains on securities	367,089	337,397
Foreign currency translation adjustments	(233,547)	(638,582)
Treasury stock	(230)	-
Total shareholders' equity	16,589,421	15,182,026
Total liabilities and shareholders' equity	¥ 69,521,787	¥ 60,262,460

MODEC, INC. and Subsidiaries

**CONSOLIDATED STATEMENT OF INCOME (SUMMARY)**

For 9 months ended September 30, 2004

	<u>Thousands of Japanese yen</u>	
	<u>January 1, 2004 thru</u>	<u>January 1, 2003 thru</u>
	<u>September 30, 2004</u>	<u>December 31, 2003</u>
SALES	¥ 39,259,823	¥ 66,751,629
COST OF SALES	<u>35,207,930</u>	<u>59,062,169</u>
Gross profit	4,051,893	7,689,460
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>2,999,505</u>	<u>3,541,508</u>
Operating profit	1,052,388	4,147,951
OTHER INCOME:		
Interest income and dividend income	647,411	192,943
Equity in earnings of affiliates	378,075	148,154
Other	<u>365,682</u>	<u>38,661</u>
Total other income	<u>1,391,168</u>	<u>379,759</u>
OTHER EXPENSES:		
Interest expenses	516,166	652,809
Depreciation of idle assets	222,171	366,597
Other	<u>58,963</u>	<u>317,320</u>
Total other expenses	<u>797,301</u>	<u>1,336,728</u>
ORDINARY INCOME	1,646,255	3,190,982
Extraordinary Profits		
Gain from sales of fixed assets	41,874	-
Recovery of repair costs	-	369,378
Gain from forgiveness of debt	<u>-</u>	<u>361,766</u>
	<u>41,874</u>	<u>731,145</u>
Extraordinary Loss		
Bad debts loss	258,769	-
Loss on sales of fixed assets	<u>98,633</u>	<u>-</u>
	<u>357,402</u>	<u>-</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	1,330,726	3,922,127
INCOME TAXES:		
Current and adjustment to prior years	671,200	845,795
Deferred	<u>(741,503)</u>	<u>197,768</u>
MINORITY INTERESTS	<u>80,722</u>	<u>849,272</u>
NET INCOME	<u>¥ 1,320,308</u>	<u>¥ 2,029,291</u>
	<u>Japanese yen</u>	
Net income per share	¥44.02	¥72.67
Diluted net income per share	¥42.03	¥70.54