

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

June 30, 2012

ASSETS

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and time deposits	¥17,480
Accounts receivable - trade	54,634
Inventories	2,209
Short-term loans receivable	6,281
Other current assets	10,346
Less-Allowance for bad debts	(308)
Total current assets	<u>90,642</u>
PROPERTY AND EQUIPMENT:	
Vessels and equipment	10,764
Other	692
Total property and equipment	<u>11,457</u>
INTANGIBLE ASSETS:	6,396
INVESTMENTS AND OTHER ASSETS:	
Investment securities	10,318
Long-term loans receivable	8,863
Other investments	4,146
Total investments and other assets	<u>23,328</u>
 Total assets	 <u><u>¥131,825</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	¥54,904
Short-term loans payable	1,585
Current portion of long-term loans payable	3,622
Accrued expenses	4,371
Income taxes payable	2,346
Advances Received	1,271
Provision for product warranties	1,999
Other current liabilities	1,398
Total current liabilities	<u>71,500</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	4,438
Severance and retirement benefits for employees	162
Other long-term liabilities	4,080
Total long-term liabilities	<u>8,680</u>
 Total liabilities	 80,180
NET ASSETS	
SHAREHOLDERS' EQUITY:	
Common stock;	
authorized - 102,868,000 shares	
outstanding - 46,408,000 shares	20,185
Capital surplus	20,915
Retained earnings	22,924
Less-Treasury stock at cost	(1)
Total shareholders' equity	<u>64,024</u>
ACCUMULATED GAINS (LOSSES) FROM VALUATION AND TRANSLATION ADJUSTMENTS:	
Unrealized losses on available-for-sales securities, net of taxes	(14)
Unrealized losses on hedging derivative, net of tax	(8,190)
Foreign currency translation adjustments	(9,589)
Total accumulated gains (losses) from valuation and translation adjustments	<u>(17,795)</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES:	5,415
 Total net assets	 <u>51,644</u>
Total liabilities and net assets	<u><u>¥131,825</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, 2012

	Millions of Japanese yen
SALES	¥85,606
COST OF SALES	80,793
Gross profit (loss)	4,813
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	4,325
Operating profit (loss)	487
OTHER INCOME (EXPENSES):	
Interest income and dividend income	722
Interest expense	(232)
Equity in earnings of affiliates and unconsolidated subsidiaries	679
Loss on valuation of derivatives	(82)
Foreign exchange gain (loss), net	167
Other, net	260
Total other income (expenses)	1,515
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS:	2,002
INCOME TAXES:	
Current	1,378
Prior	100
Deferred	(362)
INCOME BEFORE MINORITY INTERESTS	886
MINORITY INTERESTS	409
NET INCOME	¥476

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

Net income per share ¥10.28

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the six months ended June 30, 2012

	Millions of Japanese yen
Income before minority interests	<u>¥886</u>
Other comprehensive income	
Unrealized losses on available-for-sales securities, net of taxes	(2)
Unrealized losses hedging derivatives, net of tax	38
Foreign currency transaction adjustments	429
Share of other comprehensive income of associates accounted for using equity method	<u>(1,357)</u>
Total	<u>(892)</u>
Comprehensive income	<u><u>(¥5)</u></u>
Comprehensive income attributable to owners of the parent	(¥545)
Comprehensive income attributable to owners of minority interests	¥539