

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

September 30, 2012

ASSETS

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and time deposits	¥30,018
Accounts receivable - trade	41,677
Inventories	4,807
Short-term loans receivable	5,773
Other current assets	9,328
Less-Allowance for bad debts	(308)
Total current assets	<u>91,296</u>
PROPERTY AND EQUIPMENT:	
Vessels and equipment	10,074
Other	850
Total property and equipment	<u>10,925</u>
INTANGIBLE ASSETS:	6,248
INVESTMENTS AND OTHER ASSETS:	
Investment securities	11,896
Long-term loans receivable	8,567
Other investments	4,441
Total investments and other assets	<u>24,905</u>
 Total assets	 <u><u>¥133,376</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	¥53,915
Short-term loans payable	1,551
Current portion of long-term loans payable	4,188
Accrued expenses	5,258
Income taxes payable	3,731
Advances Received	1,106
Provision for product warranties	2,082
Other current liabilities	1,373
Total current liabilities	<u>73,206</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	3,356
Severance and retirement benefits for employees	163
Other long-term liabilities	4,587
Total long-term liabilities	<u>8,106</u>
Total liabilities	81,313
NET ASSETS	
SHAREHOLDERS' EQUITY:	
Common stock;	
authorized - 102,868,000 shares	
outstanding - 46,408,000 shares	20,185
Capital surplus	20,915
Retained earnings	23,771
Less-Treasury stock at cost	(1)
Total shareholders' equity	<u>64,871</u>
ACCUMULATED GAINS (LOSSES) FROM VALUATION AND TRANSLATION ADJUSTMENTS:	
Unrealized losses on available-for-sales securities, net of taxes	(1)
Unrealized losses on hedging derivative, net of tax	(7,972)
Foreign currency translation adjustments	(10,267)
Total accumulated gains (losses) from valuation and translation adjustments	<u>(18,241)</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES:	5,433
Total net assets	<u>52,063</u>
Total liabilities and net assets	<u>¥133,376</u>

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

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the nine months ended September 30, 2012

	Millions of Japanese yen
SALES	¥128,251
COST OF SALES	119,174
Gross profit (loss)	9,077
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,761
Operating profit (loss)	2,315
OTHER INCOME (EXPENSES):	
Interest income and dividend income	1,067
Interest expense	(365)
Equity in earnings of affiliates and unconsolidated subsidiaries	1,166
Foreign exchange gain (loss), net	(286)
Other, net	154
Total other income (expenses)	1,736
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS:	4,052
INCOME TAXES:	
Current	3,244
Prior	109
Deferred	(1,803)
INCOME BEFORE MINORITY INTERESTS	2,502
MINORITY INTERESTS	540
NET INCOME	¥1,962

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

Net income per share ¥42.28

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2012

	Millions of Japanese yen
Income before minority interests	<u>¥2,502</u>
Other comprehensive income	
Unrealized losses on available-for-sales securities, net of taxes	10
Unrealized losses hedging derivatives, net of tax	187
Foreign currency transaction adjustments	(59)
Share of other comprehensive income of associates accounted for using equity method	<u>(1,590)</u>
Total	<u>(1,451)</u>
Comprehensive income	<u>¥1,050</u>
Comprehensive income attributable to owners of the parent	¥493
Comprehensive income attributable to owners of minority interests	¥556