

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

June 30, 2014

ASSETS

Millions of
Japanese yen

CURRENT ASSETS:	
Cash and time deposits	¥25,714
Accounts receivable - trade	128,137
Inventories	5,704
Short-term loans receivable	23,241
Other current assets	10,986
Less-Allowance for bad debts	(454)
Total current assets	<u>193,329</u>
PROPERTY AND EQUIPMENT:	
Vessels and equipment	14,163
Other	2,736
Total property and equipment	<u>16,900</u>
INTANGIBLE ASSETS:	6,897
INVESTMENTS AND OTHER ASSETS:	
Investment securities	28,862
Long-term loans receivable	31,923
Other investments	6,895
Less - Allowance for bad debts	(1,533)
Total investments and other assets	<u>66,147</u>
Total assets	<u><u>¥283,274</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	¥118,445
Short-term loans payable	22,759
Current portion of long-term loans payable	2,065
Accrued expenses	7,535
Income taxes payable	5,336
Advances received	3,342
Accrued employees' bonuses	4
Accrued directors' bonuses	5
Provision for product warranties	3,545
Other provisions	5
Other current liabilities	1,187
Total current liabilities	<u>164,233</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	13,248
Severance and retirement benefits for employees	174
Other long-term liabilities	8,775
Total long-term liabilities	<u>22,198</u>
Total liabilities	186,432
NET ASSETS	
SHAREHOLDERS' EQUITY:	
Common stock;	
authorized - 102,868,000 shares	
outstanding - 56,408,000 shares	30,122
Capital surplus	30,852
Retained earnings	30,911
Less - Treasury stock at cost	(1)
Total shareholders' equity	<u>91,885</u>
ACCUMULATED GAINS (LOSSES) FROM VALUATION	
Unrealized gains/(losses) on available-for-sale securities, net of tax	(1)
Unrealized gains/(losses) on hedging derivative, net of tax	(7,021)
Foreign currency translation adjustments	1,890
Retirement liability adjustments for foreign consolidated subsidiaries, net of tax	(138)
Total accumulated gains (losses) from valuation	<u>(5,270)</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES:	10,227
Total net assets	<u>96,842</u>
Total liabilities and net assets	<u><u>¥283,274</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, 2014

	Millions of Japanese yen
SALES	¥161,977
COST OF SALES	152,864
Gross profit (loss)	9,112
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	5,944
Operating profit (loss)	3,168
OTHER INCOME (EXPENSES):	
Interest income and dividend income	1,263
Interest expense	(365)
Equity in earnings of affiliates and unconsolidated subsidiaries	2,178
Foreign exchange gain (loss), net	(450)
Impairment loss	(363)
Loss on liquidation of subsidiaries and affiliates	(179)
Other, net	66
Total other income (expenses)	2,151
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS:	5,319
INCOME TAXES:	
Current	4,548
Prior	(3)
Deferred	(1,243)
INCOME BEFORE MINORITY INTERESTS	2,018
MINORITY INTERESTS	939
NET INCOME	¥1,079
<i>* The figures are rounded down to the nearest million yen.</i>	
Net income per share	¥21.50

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the six months ended June 30, 2014

	Millions of Japanese yen
Income before minority interests	<u>¥2,018</u>
Other comprehensive income	
Unrealized gains/(losses) on available-for-sale securities, net of tax	(1)
Unrealized gains/(losses) hedging derivatives, net of tax	310
Foreign currency transaction adjustments	(1,567)
Retirement liability adjustments for foreign consolidated subsidiaries	8
Share of other comprehensive income of associates accounted for using equity method	<u>(3,548)</u>
Total	<u>(4,798)</u>
Comprehensive income	<u><u>¥2,779</u></u>
Comprehensive income attributable to owners of the parent	(¥3,374)
Comprehensive income attributable to owners of minority interests	¥594

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