

MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED BALANCE SHEET**

September 30, 2015

**ASSETS**

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and time deposits	¥35,691
Accounts receivable - trade	161,236
Inventories	2,189
Short-term loans receivable	40,380
Other current assets	16,097
Less-Allowance for bad debts	(423)
Total current assets	<u>255,172</u>
PROPERTY AND EQUIPMENT:	
Vessels and equipment	16,740
Other	2,592
Total property and equipment	<u>19,332</u>
INTANGIBLE ASSETS:	6,992
INVESTMENTS AND OTHER ASSETS:	
Investment securities	52,025
Long-term loans receivable	26,349
Other investments	10,421
Less - Allowance for bad debts	(1,814)
Total investments and other assets	<u>86,981</u>
Total assets	<u><u>¥368,478</u></u>

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

## LIABILITIES AND NET ASSETS

	<u>Millions of Japanese yen</u>
<b>CURRENT LIABILITIES:</b>	
Accounts payable - trade	¥159,218
Short-term loans payable	1,874
Current portion of long-term loans payable	3,902
Accrued expenses	8,727
Income taxes payable	3,956
Advances received	3,316
Accrued employees' bonuses	100
Accrued directors' bonuses	9
Provision for product warranties	6,248
Provision for loss on construction contracts	39
Other provisions	342
Other current liabilities	2,114
Total current liabilities	<u>189,850</u>
<b>LONG-TERM LIABILITIES:</b>	
Long-term loans payable	50,872
Net defined benefit liabilities	220
Other long-term liabilities	14,402
Total long-term liabilities	<u>65,494</u>
Total liabilities	255,345
<b>NET ASSETS</b>	
<b>SHAREHOLDERS' EQUITY:</b>	
Common stock; authorized - 102,868,000 shares outstanding - 56,408,000 shares	30,122
Capital surplus	30,852
Retained earnings	39,079
Less - Treasury stock at cost	(1)
Total shareholders' equity	<u>100,052</u>
<b>ACCUMULATED GAINS (LOSSES) FROM VALUATION</b>	
Unrealized gains/(losses) on available-for-sale securities, net of tax	0
Unrealized gains/(losses) on hedging derivative, net of tax	(18,804)
Foreign currency translation adjustments	18,471
Retirement liability adjustments for foreign consolidated subsidiaries, net of tax	(185)
Total accumulated gains (losses) from valuation	<u>(518)</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES:	13,598
Total net assets	113,133
Total liabilities and net assets	<u><u>¥368,478</u></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, 2015

	Millions of Japanese yen
SALES	¥226,587
COST OF SALES	213,114
Gross profit (loss)	13,472
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	10,583
Operating profit (loss)	2,889
OTHER INCOME (EXPENSES):	
Interest income and dividend income	2,719
Interest expense	(965)
Equity in earnings of affiliates and unconsolidated subsidiaries	9,473
Gain on revaluation of derivatives	2,027
Foreign exchange gain (loss), net	(7,119)
Insurance income	3,117
Gain on liquidation of subsidiaries and affiliates	586
Loss on liquidation of subsidiaries and affiliates	(114)
Loss on abandonment of property and equipment	(645)
Other, net	311
Total other income (expenses)	9,391
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS:	12,281
INCOME TAXES:	
Current	4,986
Prior	3
Deferred	(63)
INCOME (LOSS) BEFORE MINORITY INTERESTS	7,354
MINORITY INTERESTS	710
NET INCOME (LOSS)	¥6,644
<i>* The figures are rounded down to the nearest million yen.</i>	
Net income (loss) per share	¥117.80

MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the nine months ended September 30, 2015

	Millions of Japanese yen
Income (loss) before minority interests	<u>¥7,354</u>
Other comprehensive income	
Unrealized gains/(losses) on available-for-sale securities, net of tax	(1)
Unrealized gains/(losses) hedging derivatives, net of tax	(940)
Foreign currency transaction adjustments	3,153
Retirement liability adjustments for foreign consolidated subsidiaries	13
Share of other comprehensive income of associates accounted for using equity method	<u>(4,167)</u>
Total	<u>(1,943)</u>
Comprehensive income	<u><u>¥5,411</u></u>
Comprehensive income attributable to owners of the parent	¥4,661
Comprehensive income attributable to owners of minority interests	¥749

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