

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

June 30, 2016

ASSETS

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and time deposits	¥38,748
Accounts receivable - trade	104,369
Inventories	3,879
Short-term loans receivable	28,939
Other current assets	21,361
Less-Allowance for bad debts	<u>(1,029)</u>
Total current assets	196,270
PROPERTY AND EQUIPMENT:	
Machinery and equipment	12,161
Other property and equipment	<u>2,148</u>
Total property and equipment	14,309
INTANGIBLE ASSETS:	6,372
INVESTMENTS AND OTHER ASSETS:	
Investment securities	46,878
Long-term loans receivable from unconsolidated subsidiaries and affiliates	25,804
Collateralized deposits	2,293
Other investments	13,627
Less - Allowance for bad debts	<u>(1,557)</u>
Total investments and other assets	87,046
Total assets	<u><u>¥303,998</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	¥114,197
Current portion of long-term loans payable	5,751
Accrued expenses	9,407
Income taxes payable	4,281
Advances received	8,350
Accrued employees' bonuses	4
Accrued directors' bonuses	4
Provision for product warranty	5,659
Other provisions	6
Other current liabilities	1,303
Total current liabilities	<u>148,967</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	43,698
Net defined benefit liabilities	244
Other long-term liabilities	12,857
Total long-term liabilities	<u>56,800</u>
Total liabilities	205,767
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	30,852
Retained earnings	41,677
Treasury stock at cost	(1)
Total shareholders' equity	<u>102,650</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized holding gains/(losses) on securities, net of tax	(36)
Unrealized gains/(losses) on hedging derivatives, net of tax	(19,540)
Foreign currency translation adjustments	3,488
Retirement liability adjustments for foreign consolidated subsidiaries	(155)
Total accumulated other comprehensive income	<u>(16,244)</u>
NON-CONTROLLING INTERESTS	11,825
Total net assets	<u>98,231</u>
Total liabilities and net assets	<u><u>¥303,998</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, 2016

	Millions of Japanese yen
SALES	¥104,031
COST OF SALES	96,273
Gross profit (loss)	7,758
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	5,413
Operating profit (loss)	2,344
OTHER INCOME (EXPENSES):	
Interest income and dividend income	1,868
Interest expense	(709)
Equity in earnings of unconsolidated subsidiaries and affiliates, net	3,773
Gain on revaluation of derivatives	2,977
Foreign exchange gain (loss), net	(4,762)
Others, net	577
Total other income (expenses)	3,724
INCOME (LOSS) BEFORE INCOME TAXES	6,069
INCOME TAXES:	
Current	2,206
Deferred	(974)
PROFIT (LOSS)	¥4,837
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	432
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS of PARENT	4,405
<i>* The figures are rounded down to the nearest million yen.</i>	
Net income (loss) per share	¥78.09

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2016

	Millions of Japanese yen
Profit (Loss)	¥4,837
Other Comprehensive income/(loss):	
Unrealized holding gains/(losses) on securities, net of tax	(44)
Unrealized gains/(losses) hedging derivatives, net of tax	2,090
Foreign currency translation adjustments	(7,560)
Retirement liability adjustments for foreign consolidated subsidiaries	37
Share of other Comprehensive income/(loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	(15,126)
Total other Comprehensive income/(loss)	<u>(20,602)</u>
Comprehensive income/(loss)	<u>¥15,765</u>
Comprehensive income/(loss) attributable to owners of the parent	(¥14,162)
Comprehensive income/(loss) attributable to non-controlling interests	(¥1,603)

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