

MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED BALANCE SHEET**

September 30, 2016

**ASSETS**

	<u>Millions of Japanese yen</u>
<b>CURRENT ASSETS:</b>	
Cash and time deposits	¥42,962
Accounts receivable - trade	85,335
Inventories	3,635
Short-term loans receivable	15,751
Other current assets	21,508
Less - Allowance for bad debts	<u>(1,043)</u>
Total current assets	168,149
<b>PROPERTY AND EQUIPMENT:</b>	
Machinery and equipment	11,249
Other property and equipment	<u>1,903</u>
Total property and equipment	13,152
<b>INTANGIBLE ASSETS:</b>	6,676
<b>INVESTMENTS AND OTHER ASSETS:</b>	
Investment securities	48,493
Long-term loans receivable from unconsolidated subsidiaries and affiliates	25,515
Collateralized deposits	4,031
Other investments	13,438
Less - Allowance for bad debts	<u>(1,528)</u>
Total investments and other assets	89,950
Total assets	<u><u>¥277,929</u></u>

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

## LIABILITIES AND NET ASSETS

	Millions of Japanese yen
<b>CURRENT LIABILITIES:</b>	
Accounts payable - trade	¥84,934
Current portion of long-term loans payable	6,577
Accrued expenses	10,171
Income taxes payable	5,642
Advances received	6,071
Accrued employees' bonuses	103
Accrued directors' bonuses	9
Provision for product warranty	6,381
Provision for repairs	100
Other provisions	5
Other current liabilities	1,841
Total current liabilities	<u>121,837</u>
<b>LONG-TERM LIABILITIES:</b>	
Long-term loans payable	40,302
Net defined benefit liabilities	258
Other long-term liabilities	15,002
Total long-term liabilities	<u>55,562</u>
Total liabilities	177,400
<b>NET ASSETS:</b>	
<b>SHAREHOLDERS' EQUITY:</b>	
Common stock;	
Authorized - 102,868,000 shares	
Issued and outstanding - 56,408,000 shares	30,122
Capital surplus	30,852
Retained earnings	44,241
Treasury stock at cost	(1)
Total shareholders' equity	<u>105,214</u>
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME:</b>	
Unrealized holding gains/(losses) on securities, net of tax	(30)
Unrealized gains/(losses) on hedging derivatives, net of tax	(17,977)
Foreign currency translation adjustments	1,609
Retirement liability adjustments for foreign consolidated subsidiaries	(151)
Total accumulated other comprehensive income	<u>(16,550)</u>
<b>NON-CONTROLLING INTERESTS</b>	11,864
Total net assets	<u>100,529</u>
Total liabilities and net assets	<u><u>¥277,929</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, 2016

	Millions of Japanese yen
SALES	¥149,372
COST OF SALES	136,144
Gross profit (loss)	<u>13,227</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	8,383
Operating profit (loss)	<u>4,844</u>
OTHER INCOME (EXPENSES):	
Interest income and dividend income	2,791
Interest expense	(1,026)
Equity in earnings of unconsolidated subsidiaries and affiliates, net	5,592
Gain on revaluation of derivatives	3,030
Foreign exchange gain (loss), net	(5,193)
Others, net	582
Total other income (expenses)	<u>5,776</u>
INCOME (LOSS) BEFORE INCOME TAXES	10,620
INCOME TAXES:	
Current	4,471
Deferred	(2,568)
PROFIT (LOSS)	<u>¥8,717</u>
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	¥690
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS of PARENT	¥8,026
<i>* The figures are rounded down to the nearest million yen.</i>	
Net income (loss) per share	¥142.30

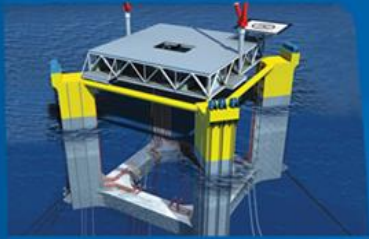
MODEC, INC. and Consolidated Subsidiaries

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the nine months ended September 30, 2016

	Millions of Japanese yen
Profit (Loss)	¥8,717
Other comprehensive income/(loss):	
Unrealized holding gains/(losses) on securities, net of tax	(38)
Unrealized gains/(losses) hedging derivatives, net of tax	2,090
Foreign currency translation adjustments	(8,655)
Retirement liability adjustments for foreign consolidated subsidiaries	42
Share of other comprehensive income/(loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	(14,566)
Total other comprehensive income/(loss)	<u>(21,126)</u>
Comprehensive income/(loss)	<u>¥12,409</u>
Comprehensive income/(loss) attributable to owners of parent	(¥10,846)
Comprehensive income/(loss) attributable to non-controlling interests	(¥1,563)

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



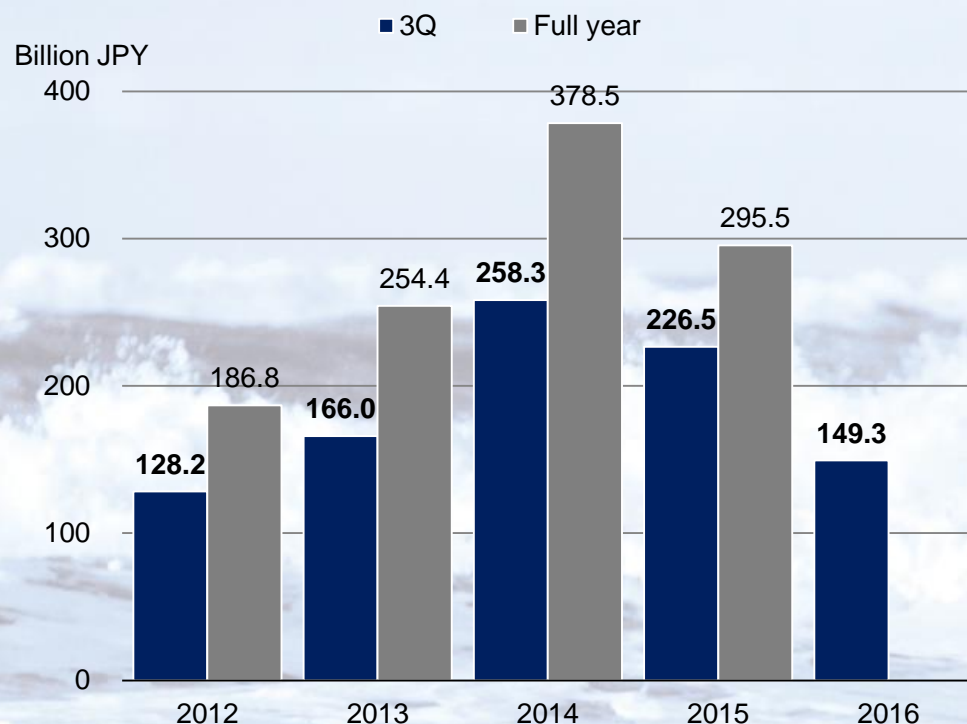
# MODEC, Inc. 2016 Third Quarter Financial Results Supplementary Presentation

November 4, 2016



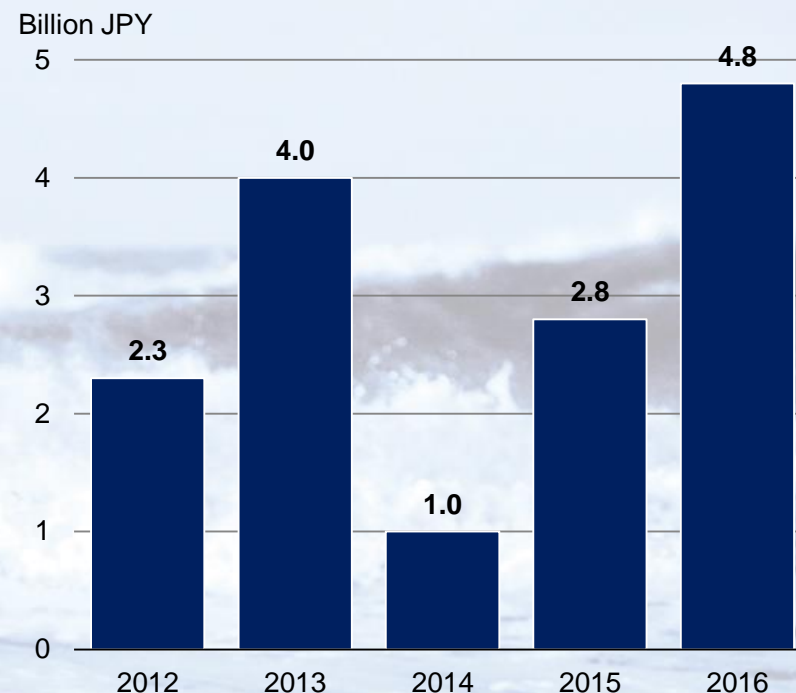
# 2016 Third Quarter : Highlight

## Revenue



- Revenue totaled 149.3 billion yen
- EPC(I) of 3 FPSOs, 1 FSO and 1 TLP progressed on track

## 3Q Operating Profit



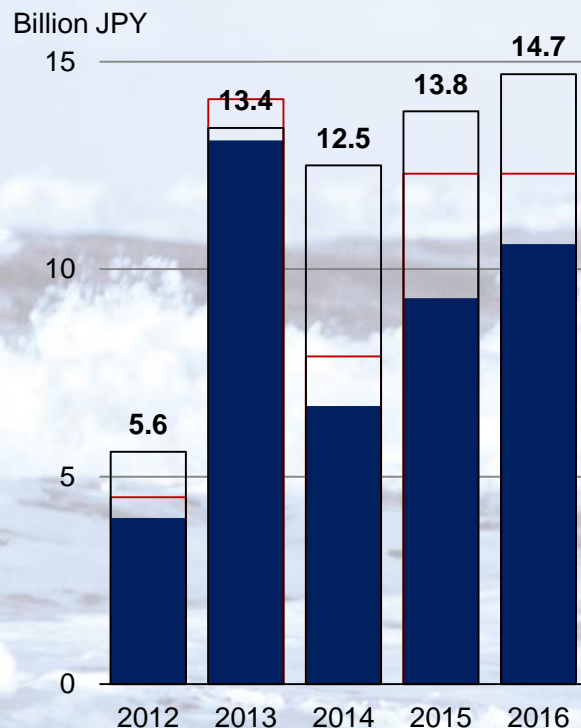
- Operating profit was 4.8 billion yen
- Profitability of EPC(I) improved
- 2.4 billion yen of profit relating to FPSO construction was deferred



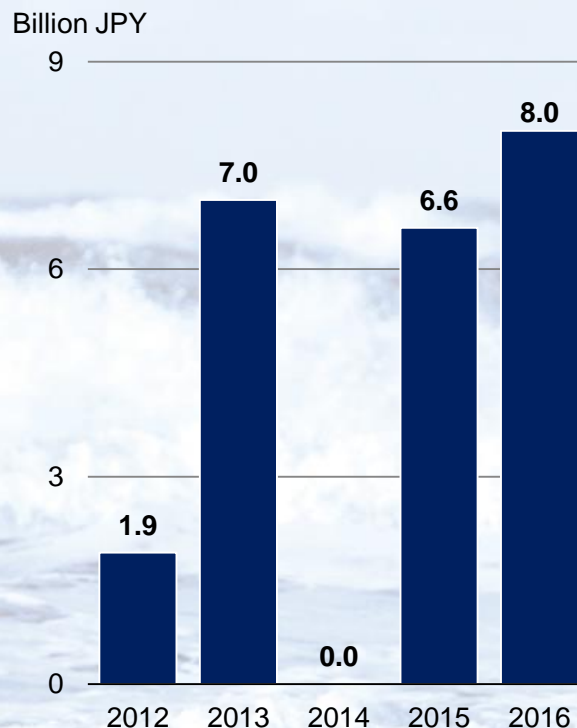
# 2016 Third Quarter : Highlight

## 3Q Ordinary Profit

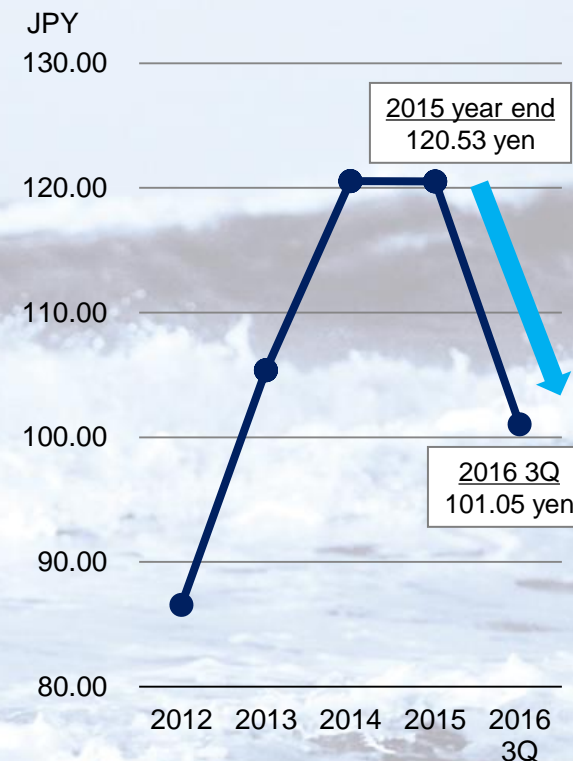
- Consolidated
- After equity method portion adjustment
- After deferred profit adjustment



## 3Q Profit Attributable to Owners of Parent



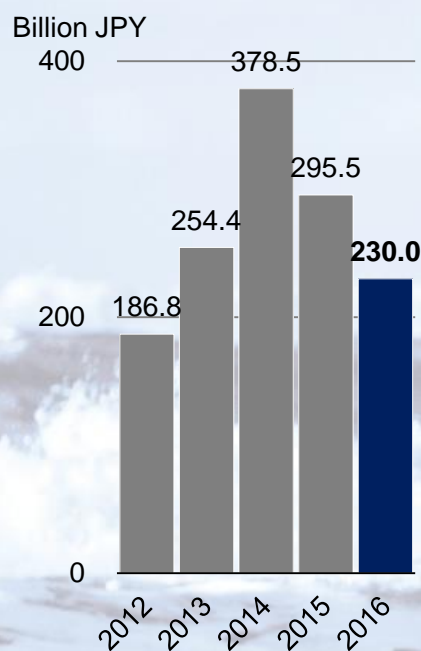
## Exchange Rate on Closing Dates (\$/¥)



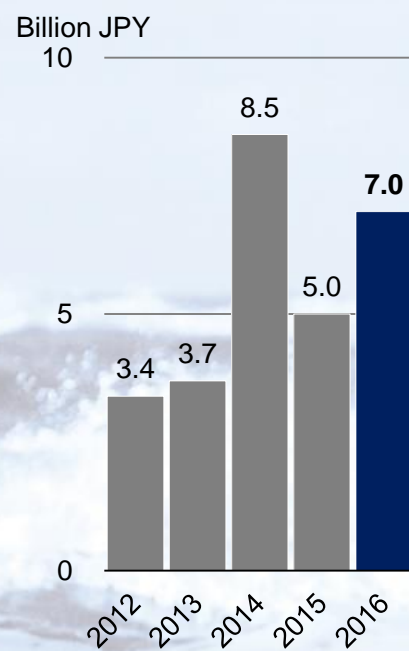
- Ordinary profit and profit attributable to owners parent increased respectively in accordance with increase in operating profit
- Due to the appreciation of yen, approximately 2 billion yen of foreign exchange evaluation loss was recognized for foreign currency denominated assets

# FY2016 : Outlook

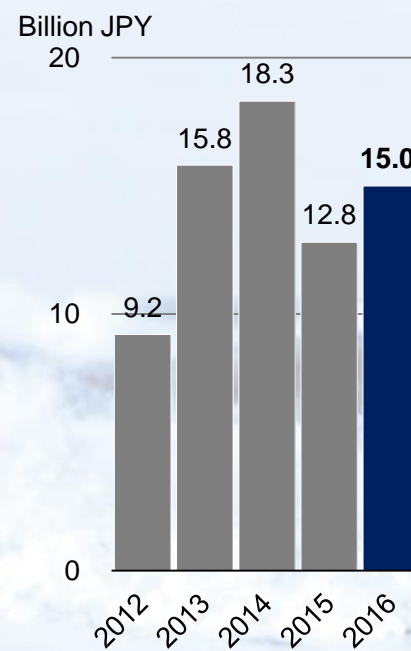
## Revenue



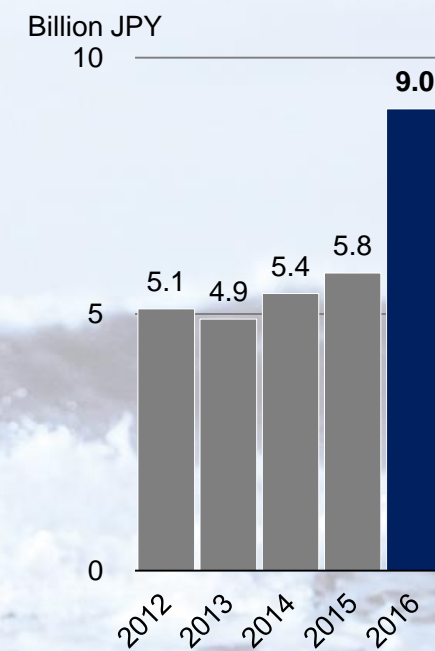
## Operating Profit



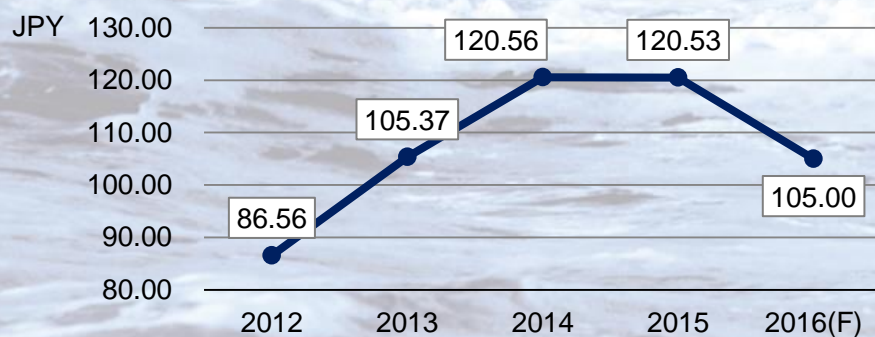
## Ordinary Profit



## Profit Attributable to Owners of Parent



## Exchange Rate on Closing Dates (\$/¥)



- The assumed year-end exchange rate was revised from 110 yen/\$ to 105 yen/\$
- Year-end guidance remains unchanged