

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

June 30, 2018

ASSETS

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and time deposits	¥35,592
Accounts receivable-trade	104,647
Inventories	907
Short-term loans receivable	36,830
Other current assets	23,623
Less allowance for bad debts	<u>(1,298)</u>
Total current assets	200,301
PROPERTY AND EQUIPMENT:	
Machinery and equipment	1,008
Other property and equipment	<u>1,585</u>
Total property and equipment	2,594
INTANGIBLE ASSETS:	8,457
INVESTMENTS AND OTHER ASSETS:	
Investment securities	65,540
Long-term loans receivable from affiliates	34,150
Other investments	<u>10,035</u>
Total investments and other assets	109,726
Total assets	<u><u>¥321,079</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	¥87,783
Current portion of long-term loans payable	6,113
Accrued expenses	11,701
Income taxes payable	5,665
Advances received	12,967
Accrued employees' bonuses	21
Accrued directors' bonuses	6
Provision for product warranty	5,778
Provision for repairs	43
Other provisions	5
Other current liabilities	1,174
Total current liabilities	131,261
LONG-TERM LIABILITIES:	
Long-term loans payable	27,903
Net defined benefit liabilities	335
Other long-term liabilities	6,489
Total long-term liabilities	34,729
Total liabilities	165,990
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	30,851
Retained earnings	83,011
Treasury stock, at cost	(98)
Total shareholders' equity	143,886
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized holding gains (losses) on securities, net of tax	(28)
Unrealized gains (losses) on hedging derivatives, net of tax	(5,480)
Foreign currency translation adjustments	4,986
Retirement liability adjustments for foreign consolidated subsidiaries	(325)
Total accumulated other comprehensive income	(847)
NON-CONTROLLING INTERESTS	12,050
Total net assets	155,089
Total liabilities and net assets	¥321,079

* 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, 2018

	Millions of Japanese yen
SALES	¥112,843
COST OF SALES	96,390
Gross profit (loss)	16,453
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	5,609
Operating profit (loss)	10,844
OTHER INCOME (EXPENSES):	
Interest and dividend income	2,942
Equity in earnings of unconsolidated subsidiaries and affiliates, net	1,762
Gain (loss) on revaluation of derivatives	230
Interest expense	(478)
Foreign exchange gain (loss), net	(1,197)
Others, net	256
Total other income (expenses)	3,516
PROFIT (LOSS) BEFORE INCOME TAXES	14,361
INCOME TAXES:	
Current	2,664
Prior	3
Deferred	977
PROFIT (LOSS)	10,716
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	508
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	¥10,207

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

Earnings (loss) per share	¥181.00
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MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2018

	Millions of Japanese yen
PROFIT	<u>¥10,716</u>
OTHER COMPREHENSIVE INCOME:	
Unrealized holding gains (losses) on securities, net of tax	(10)
Unrealized gains (losses) on hedging derivatives, net of tax	(323)
Foreign currency translation adjustments	(4,075)
Retirement liability adjustments for foreign consolidated subsidiaries	(11)
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	<u>2,197</u>
Total other comprehensive income (loss)	<u>(2,223)</u>
COMPREHENSIVE INCOME	<u><u>¥8,492</u></u>
Comprehensive income attributable to owners of parent	¥8,328
Comprehensive income attributable to non-controlling interests	¥164

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