

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

June 30, 2019

ASSETS

	<u>Millions of Japanese yen</u>
CURRENT ASSETS:	
Cash and time deposits	¥53,987
Accounts receivable-trade	120,327
Inventories	7,611
Short-term loans receivable	23,151
Other current assets	15,617
Less allowance for bad debts	<u>(764)</u>
Total current assets	219,931
PROPERTY AND EQUIPMENT:	
Machinery and equipment	6
Other property and equipment	<u>5,103</u>
Total property and equipment	5,110
INTANGIBLE ASSETS:	9,333
INVESTMENTS AND OTHER ASSETS:	
Investment securities	67,032
Long-term loans receivable from affiliates	34,712
Other investments	<u>10,186</u>
Total investments and other assets	111,932
Total assets	<u><u>¥346,307</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	¥116,674
Current portion of long-term loans payable	13,951
Accrued expenses	15,838
Income taxes payable	6,513
Advances received	8,657
Accrued employees' bonuses	53
Accrued directors' bonuses	8
Provision for loss on construction contracts	2,528
Provision for product warranty	5,511
Other provisions	44
Other current liabilities	3,507
Total current liabilities	<u>173,290</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	13,671
Net defined benefit liabilities	345
Other long-term liabilities	15,094
Total long-term liabilities	<u>29,111</u>
Total liabilities	202,401
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	29,506
Retained earnings	92,616
Treasury stock, at cost	(188)
Total shareholders' equity	<u>152,055</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	(13,316)
Foreign currency translation adjustments	1,104
Retirement liability adjustments for foreign consolidated subsidiaries	(730)
Total accumulated other comprehensive income	<u>(12,942)</u>
NON-CONTROLLING INTERESTS	4,791
Total net assets	<u>143,905</u>
Total liabilities and net assets	<u><u>¥346,307</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, 2019

	Millions of Japanese yen
SALES	¥148,428
COST OF SALES	144,465
Gross profit (loss)	3,963
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,259
Operating profit (loss)	(2,296)
OTHER INCOME (EXPENSES):	
Interest and dividend income	2,933
Equity in earnings of unconsolidated subsidiaries and affiliates, net	2,731
Gain on sales of non-current assets	376
Gain (loss) on revaluation of derivatives	(122)
Interest expense	(477)
Foreign exchange gain (loss), net	(328)
Others, net	(151)
Total other income (expenses)	4,960
PROFIT (LOSS) BEFORE INCOME TAXES	2,664
INCOME TAXES:	
Current	1,636
Deferred	(123)
PROFIT (LOSS)	1,151
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	344
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	¥806

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

Earnings (loss) per share ¥14.32

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2019

	Millions of Japanese yen
PROFIT	<u>¥1,151</u>
OTHER COMPREHENSIVE INCOME:	
Unrealized gains (losses) on hedging derivatives, net of tax	319
Foreign currency translation adjustments	(2,667)
Retirement liability adjustments for foreign consolidated subsidiaries	32
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	<u>(9,135)</u>
Total other comprehensive income (loss)	<u>(11,450)</u>
COMPREHENSIVE INCOME	<u><u>¥10,298</u></u>
Comprehensive income attributable to owners of parent	(¥10,354)
Comprehensive income attributable to non-controlling interests	¥55

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