MODEC, INC.

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Recording of Extraordinary Loss and Revision of Financial Forecast

MODEC, INC. revised today the consolidated financial forecast for the full-year ended December 31, 2014, which was announced on February 14, 2014 and revised on November 6, 2014. The revision is due to the company's recent business performance and an application of accounting policy to its fixed asset.

● Full-year Consolidated Financial Forecast (From January 1, 2014 to December 31, 2014)

	Revenue	Operating Profit	Ordinary Profit	Net Income	Net Income per share
	million yen	million yen	million yen	million yen	yen
Previous Forecast (A)	300,000	5,000	13,000	5,000	93.76
Revised Forecast(B)	370,000	8,000	17,500	5,000	93.76
Variance (B-A)	70,000	3,000	4,500	—	
Variance (%)	23.3	60.0	34.6	—	
2013 Full-year financial results	254,401	3,704	15,820	4,922	106.07

● Reason for the Revision

1. Revision of the Financial Forecast

Revenue forecast has been revised upward due to the FPSO EPCI projects performed better than the previous forecast and the Japanese yen depreciated lower than the company's exchange rate assumption of 105 yen per US dollar. In accordance with the increase in revenue, operating profit forecast and ordinary profit forecast have been raised as well.
Net income forecast is unchanged due to the recording of extraordinary loss as described in the next section.

2. Recording of Extraordinary Loss

With respect to the *skwid*, floating wind and current hybrid power generation system, as it sank into the water during the installation, approximately 1 billion yen of loss on disposal of property and equipment is recognized in the fourth quarter of 2014.

The consolidated financial forecast announced today is based on the information available as of February 3, 2015. There is a possibility that the actual financial results might differ from the forecast due to various factors.