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### **Revision of 2007 Full-Year Financial Results**

MODEC, Inc. today announced the revision of the 2007 Full-Year Financial Results which were announced on February 21, 2008.

1. Reason for the revision

Following the auditor's comments, consolidated balance sheet and the statement of cash flow were revised.

2. Revised financial statements (attached)

## CONSOLIDATED BALANCE SHEET

December 31, 2007

### ASSETS

	Thousands of Japanese yen
<b>CURRENT ASSETS:</b>	
Cash and time deposits	¥21,499,163
Accounts receivable - trade	23,226,559
Inventories	2,809,596
Short-term loans receivable	31,234,140
Other current assets	6,066,203
Less-Allowance for bad debts	(9,726)
Total current assets	<u>84,825,936</u>
<b>PROPERTY AND EQUIPMENT:</b>	
Buildings and equipment	3,085,531
Other	1,652,117
	<u>4,737,648</u>
<b>INTANGIBLE ASSETS</b>	13,134,794
<b>OTHER ASSETS:</b>	
Investment securities	15,517,685
Long-term loans receivable	12,242,617
Other investments	3,277,867
Less-Allowance for bad debts	(2,400)
	<u>31,035,771</u>
Total assets	<u>¥133,734,152</u>

## LIABILITIES AND SHAREHOLDERS' EQUITY

	Thousands of Japanese yen
<b>CURRENT LIABILITIES:</b>	
Accounts payable - trade	¥25,899,016
Short-term loans payable	19,152,987
Current portion of long-term loans payable	13,565,629
Accrued expenses	3,653,131
Income taxes payable	2,342,699
Other current liabilities	3,875,545
Total current liabilities	<u>68,489,008</u>
<b>LONG-TERM LIABILITIES:</b>	
Long-term loans payable	14,092,281
Severance and retirement benefits	
For employees	310,224
For directors and corporate auditors	265,684
Deferred tax liabilities	1,903,333
Other long-term liabilities	641,784
Total long-term liabilities	<u>17,213,307</u>
<b>NET ASSETS</b>	
<b>SHAREHOLDERS' EQUITY:</b>	
Common stock;	
authorized - 102,868,000 shares	
outstanding - 37,408,000 shares	12,391,600
Capital surplus	13,121,672
Retained earnings	17,421,014
Less-Treasury stock at cost	(922)
Total shareholders' equity	<u>42,933,364</u>
<b>DISCREPANCIES IN APPRAISALS and     CONVERSION:</b>	
Net unrealized holding gains on securities	12,519
Deferred Hedge Reserves	(114,483)
Foreign currency translation adjustments	314,348
Total discrepancies in appraisals and Conversions	<u>212,384</u>
<b>MINORITY INTERESTS IN CONSOLIDATED     SUBSIDIARIES:</b>	4,886,087
Total net assets	48,031,835
Total liabilities, net assets	<u>¥133,734,152</u>

## CONSOLIDATED STATEMENT OF INCOME

For year ended December 31, 2007

	Thousands of Japanese yen
SALES	¥144,040,900
COST OF SALES	127,132,992
Gross profit	<u>16,907,907</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>9,947,983</u>
Operating profit	6,959,924
OTHER INCOME (EXPENSES):	
Interest income and dividend income	3,579,807
Interest expense	(3,679,818)
Foreign exchange gain (loss), net	(652,060)
Equity in earnings of affiliates	1,877,634
Other, net	(1,692,637)
Total other income (expenses)	<u>(567,074)</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	6,392,851
INCOME TAXES:	
Current	3,814,186
Deferred	(1,964,093)
	<u>4,542,758</u>
INCOME BEFORE MINORITY INTERESTS	4,542,758
MINORITY INTERESTS	43,429
NET INCOME	<u>¥4,499,328</u>

## CONSOLIDATED STATEMENT OF CASH FLOW

For year ended December 31, 2007

	<u>Thousands of Japanese yen</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Income before income taxes and minority interests	¥6,392,851
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:	
Depreciation and amortization	1,656,995
Amortization of consolidated differences	26,485
Provision for (reversal of) allowance for bad debts	6,318
Provision for severance and retirement benefits for employees	184,630
Provision for severance and retirement benefits for directors and corporate auditors	76,013
Provision for bonus to directors	6,000
Provision for product warranty	661,398
Interest income and dividend income	(3,579,807)
Interest expense	3,679,818
Foreign exchange (gain) loss	20,129
Equity in earnings of affiliates	(1,877,634)
Impairment loss from intangible asset	2,064,544
Gain from sale of available for sale securities	(781,002)
Changes in assets and liabilities:	
Decrease (Increase) in	
– Accounts receivable - trade	(9,312,149)
– Inventories	(692,137)
Increase (Decrease) in	
– Accounts payable - trade	8,215,368
Other, net	279,238
	<u>7,027,059</u>
Interest and dividend received	3,756,457
Interest paid	(3,720,049)
Income taxes paid	(3,251,471)
Other, net	0
Net cash provided by operating activities	<u>3,811,995</u>

	Thousands of Japanese yen
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Purchases of property and equipment and intangible assets	¥(3,091,452)
Purchases of investments in affiliates	(4,739,027)
Increase in short-term loans receivable	(2,165,521)
Disbursement of long-term loans receivable	(27,914,524)
Collection of long-term loans receivable	24,553,356
Purchases of investments in subsidiaries	(942,733)
Proceeds from disposal of stock in subsidiaries	3,538,960
Proceeds from sale of available for sale securities	909,490
Other, net	(35,929)
Net cash used in investing activities	<u>(9,887,380)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Decrease in short-term loans payable	(12,325,661)
Proceeds from long-term loans payable	18,135,929
Repayment of long-term loans payable	(5,663,979)
Cash dividends paid to minority interests	(130,142)
Cash dividends paid	(514,844)
Other, net	(209)
Net cash used in financing activities	<u>(498,908)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(809,511)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(7,383,804)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>28,827,361</u>
CASH AND CASH EQUIVALENTS AT ENDING OF YEAR	<u><u>¥21,443,557</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For year ended December 31, 2007

Thousands of Japanese yen

	Shareholders' equity					Discrepancies in appraisals and conversions				Minority Interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred Hedge Reserve	Foreign currency translation adjustments	Total discrepancies in appraisals and		
Balance at December 31, 2006	12,391,600	13,121,672	13,319,510	(712)	38,832,070	780,351		1,237,041	2,017,392	1,373,012	42,222,475
Change of items											
Cash dividends paid			(514,356)		(514,356)				—		(514,356)
Bonuses paid to directors					—				—		—
Net income			4,499,328		4,499,328				—		4,499,328
Increase due to changes in accounting principles adopted for overseas subsidiaries			116,532		116,532				—		116,532
Other					—				—		—
Purchases of treasury stock				(209)	(209)				—		(209)
Change in items other than					—	(767,832)	(114,483)	(922,693)	(1,805,008)	3,513,074	1,708,065
Total change of items	—	—	4,101,504	—	4,101,294	(767,832)	(114,483)	(922,693)	(1,805,008)	3,513,074	5,809,360
Balance at December 31, 2007	12,391,600	13,121,672	17,421,014	(922)	42,933,364	12,518	(114,483)	314,348	212,384	4,886,086	48,031,835