

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 2014

ASSETS

	Millions of Japanese yen
CURRENT ASSETS:	
Cash and time deposits	¥30,632
Accounts receivable - trade	168,012
Inventories	5,929
Short-term loans receivable	41,008
Other current assets	14,891
Less-Allowance for bad debts	(481)
Total current assets	259,992
PROPERTY AND EQUIPMENT:	
Vessels and equipment	14,142
Other	2,782
Total property and equipment	16,924
INTANGIBLE ASSETS:	7,795
INVESTMENTS AND OTHER ASSETS:	
Investment securities	37,388
Long-term loans receivable	20,153
Other investments	8,046
Less - Allowance for bad debts	(1,824)
Total investments and other assets	63,763
Total assets	¥348,477

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

LIABILITIES AND NET ASSETS

	Millions of Japanese yen
CURRENT LIABILITIES:	
Accounts payable - trade	¥160,077
Short-term loans payable	5,967
Current portion of long-term loans payable	2,198
Accrued expenses	8,677
Income taxes payable	8,521
Advances received	4,657
Accrued employees' bonuses	7
Accrued directors' bonuses	15
Provision for product warranties	5,692
Provision for repairs	1,137
Other provisions	7
Other current liabilities	6,191
Total current liabilities	203,152
LONG-TERM LIABILITIES:	
Long-term loans payable	15,205
Severance and retirement benefits for employees	192
Other long-term liabilities	20,295
Total long-term liabilities	35,693
Total liabilities	238,845
NET ASSETS	
SHAREHOLDERS' EQUITY:	
Common stock;	
authorized - 102,868,000 shares	
outstanding - 56,408,000 shares	30,122
Capital surplus	30,852
Retained earnings	34,338
Less - Treasury stock at cost	(1)
Total shareholders' equity	95,311
ACCUMULATED GAINS (LOSSES) FROM VALUATION	
Unrealized gains/(losses) on available-for-sale securities, net of tax	1
Unrealized gains/(losses) on hedging derivative, net of tax	(13,741)
Foreign currency translation adjustments	15,402
Retirement liability adjustments for foreign consolidated subsidiaries, net of tax	(197)
Total accumulated gains (losses) from valuation	1,464
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES:	12,855
Total net assets	109,631
Total liabilities and net assets	¥348,477

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

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2014

	Millions of Japanese yen
SALES	¥378,523
COST OF SALES	356,565
Gross profit (loss)	<u>21,958</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	13,391
Operating profit (loss)	<u>8,566</u>
OTHER INCOME (EXPENSES):	
Interest income and dividend income	2,826
Interest expense	(740)
Commission fee	(153)
Equity in earnings of affiliates and unconsolidated subsidiaries	6,694
Foreign exchange gain (loss), net	236
Loss on disposal of property and equipment	(1,207)
Impairment loss	(604)
Loss on liquidation of subsidiaries and affiliates	(214)
Provision of allowance for doubtful accounts	(229)
Other, net	1,137
Total other income (expenses)	<u>7,743</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS:	16,309
INCOME TAXES:	
Current	10,916
Prior	131
Deferred	<u>(1,935)</u>
INCOME BEFORE MINORITY INTERESTS	7,197
MINORITY INTERESTS	1,775
NET INCOME	<u><u>¥5,422</u></u>

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

Net income per share	¥101.67
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MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2014

	Millions of Japanese yen
Income before minority interests	<u>¥7,197</u>
Other comprehensive income	
Unrealized gains/(losses) on available-for-sale securities, net of tax	1
Unrealized gains/(losses) hedging derivatives, net of tax	(299)
Foreign currency transaction adjustments	7,158
Retirement liability adjustments for foreign consolidated subsidiaries	(70)
Share of other comprehensive income of associates accounted for using equity method	<u>(3,068)</u>
Total	<u>3,721</u>
Comprehensive income	<u><u>¥10,919</u></u>
Comprehensive income attributable to owners of the parent	¥7,703
Comprehensive income attributable to owners of minority interests	¥3,215

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

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2014

Millions of Japanese yen

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized losses on available-for- sales securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Foreign currency translation adjustments	Retirement liability adjustments for foreign consolidated subsidiaries	Minority interests	Total net assets
Balance at January 1, 2014	¥20,185	¥20,915	¥30,528	(¥1)	(¥0)	(¥4,977)	¥4,306	(¥145)	¥9,633	¥80,444
Issuance of stocks	9,936	9,936								19,873
Cash dividends paid			(1,612)							(1,612)
Net Income			5,422							5,422
Net changes of items in accumulated gains (losses) from revaluation and translation adjustments					1	(8,763)	11,095	(52)	3,222	5,503
Balance at December 31, 2014	¥30,122	¥30,852	¥34,338	(¥1)	¥1	(¥13,741)	¥15,402	(¥197)	¥12,855	¥109,631

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

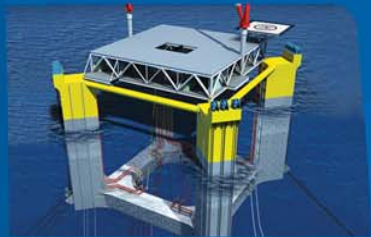
MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31, 2014

	<u>Millions of Japanese yen</u>
CASH FLOW FROM OPERATING ACTIVITIES:	
Income before income taxes and minority interests	¥16,309
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:	
Depreciation and amortization	5,257
Impairment loss	604
Amortization of goodwill	399
Increase (Decrease) of allowance for bad debts	226
Increase (Decrease) of severance and retirement benefits for employees	16
Increase (Decrease) of directors' bonuses	4
Increase (Decrease) of product warranty	2,040
Increase (Decrease) of repairs	1,137
Interest income and dividend income	(2,826)
Interest expense	740
Foreign exchange (gains) losses	884
Equity in earnings of affiliates and unconsolidated subsidiaries	(6,694)
Loss on disposal of property and equipment	1,207
Gain on liquidation of subsidiaries and affiliates	214
Decrease (Increase) in	
– Accounts receivable - trade	(74,482)
– Inventories	(1,916)
– Claims provable in bankruptcy, claims provable in rehabilitation and other	(229)
Increase (Decrease) in	
– Accounts payable - trade	63,499
– Consumption tax payable	(1,179)
Other, net	9,419
	<u>14,633</u>
Interest and dividend received	3,693
Interest paid	(860)
Income taxes paid	(5,133)
Net cash provided by operating activities	<u>¥12,333</u>

	Millions of Japanese yen
CASH FLOW FROM INVESTING ACTIVITIES:	
Decrease (Increase) in short-term loans receivable	¥(4,826)
Disbursement of long-term loans receivable	(12,349)
Collection of long-term loans receivable	2,876
Purchases of property and equipment and intangible assets	(3,755)
Proceeds from sales of property and equipment and intangible assets	3
Purchases of investments in subsidiaries and affiliates	(3)
Proceeds from liquidation of subsidiaries and affiliates	20
Net cash used in investing activities	(18,033)
CASH FLOW FROM FINANCING ACTIVITIES:	
Increase (Decrease) in short-term loans payable	(4,584)
Repayment of long-term loans payable	(1,935)
Proceeds from issuance of stocks	19,873
Cash dividends paid	(1,611)
Repayments of finance lease obligations	(29)
Net cash provided by financing activities	11,713
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,833
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,846
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21,786
CASH AND CASH EQUIVALENTS AT ENDING OF YEAR	¥30,632
* The figures are rounded down to the nearest million yen.	



MODEC, Inc. 2014 Financial Results Supplementary Presentation

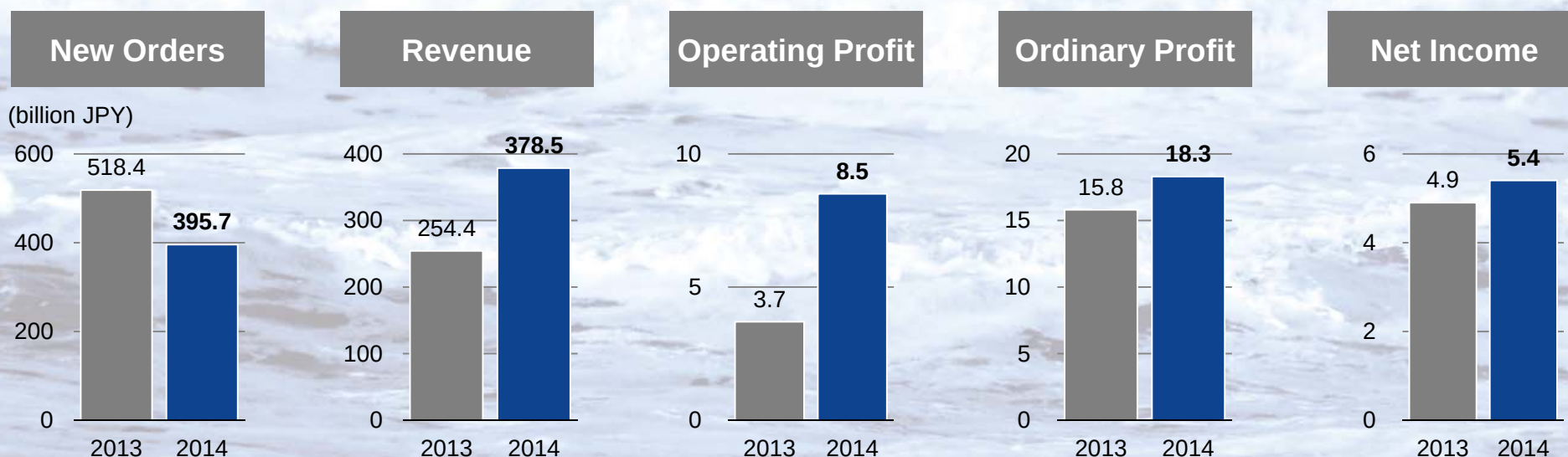
February 10, 2015



2014 Financial Results : Highlight

	(billion JPY)		
	2013	2014	Variance
New Orders	518.4	395.7	- 23.7%
Revenue	254.4	378.5	+ 48.8%
Operating Profit	3.7	8.5	+ 131.3%
Ordinary Profit	15.8	18.3	+ 15.9%
Net Income	4.9	5.4	+ 10.2%
FX Rate on Closing Dates(\$/¥)	105.37	120.56	+ 15.19 yen

- New orders for 1 FPSO (Petrobras Tartaruga MV29: EPCI + Charter) and 1 TLP (Hess Stampede: ECM)
- Revenue hit a record high of 378.5 billion JPY
 - EPCI progressed well on MV25 (Tullow TEN), MV26 (Petrobras Iracema Norte) and MV27 (Petrobras Carioca); revenue from EPCI was an all-time high of approx. 290 billion JPY
- Operating profit, ordinary profit, net income, all hit record highs



2014 Financial Results : Highlight

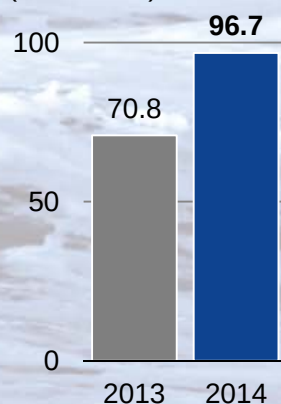
(billion JPY)

	2013	2014	Variance
Total Assets	215.6	348.4	+ 61.6%
Total Liabilities	135.2	238.8	+ 76.6%
Interest-Bearing Debt	26.5	23.3	- 11.8%
Total Net Assets	80.4	109.6	+ 36.3%
Equity	70.8	96.7	+ 36.7%
Dividends per Share (yen)	30.00	32.50	+ 2.50 yen

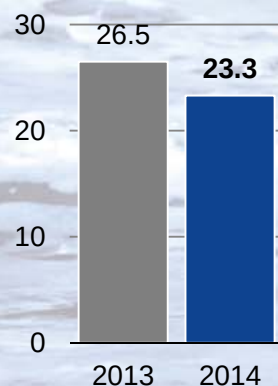
- Raised approx. 20 billion JPY by public offering and third-party allotment; equity increased to 96.7 billion JPY
- Accounts receivable and payable increased to approx. 83 billion JPY and 72 billion JPY respectively, due to EPCI progress and timing difference between progress recognition and actual cash settlement
- Proposed annual dividends: 32.50 yen per share
 - Dividends increased 10 years in a row

Equity

(billion JPY)

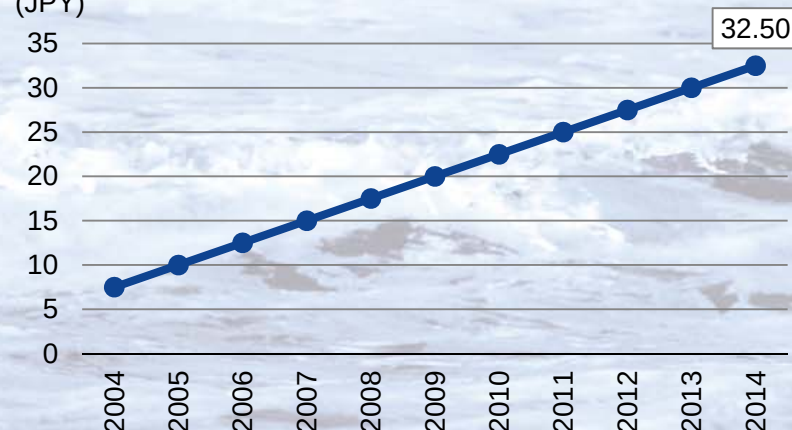


Interest-Bearing Debt



Dividends per Share

(JPY)



2015 Financial Forecast

Exchange Rate on Closing Dates (\$/¥)

2011	2012	2013	2014	2015(F)
77.74	86.56	105.37	120.56	110.00

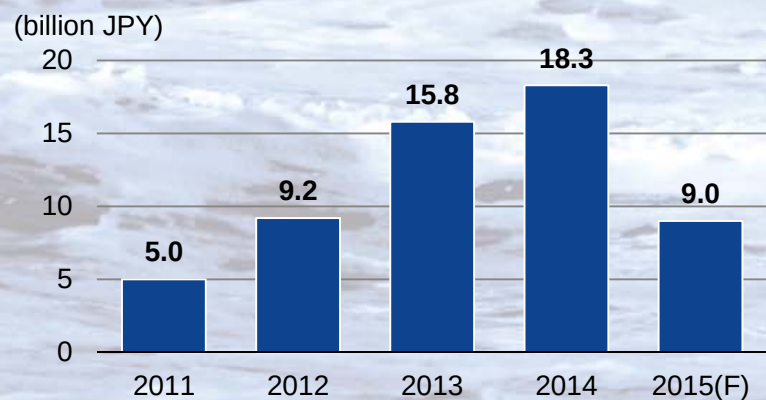
Revenue



Operating Profit



Ordinary Profit



Net Income

