

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

September 30, 2017

ASSETS

	Millions of Japanese yen
CURRENT ASSETS:	
Cash and time deposits	¥33,834
Accounts receivable – trade	100,211
Inventories	1,190
Short-term loans receivable	42,956
Other current assets	22,426
Less- Allowance for bad debts	(1,807)
Total current assets	198,811
PROPERTY AND EQUIPMENT:	
Machinery and equipment	9,699
Other property and equipment	2,089
Total property and equipment	11,788
INTANGIBLE ASSETS:	7,331
INVESTMENTS AND OTHER ASSETS:	
Investment securities	61,798
Long-term loans receivable from affiliates	32,686
Long-term time deposits	4,267
Other investments	5,311
Total investments and other assets	104,064
Total assets	¥321,996

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

LIABILITIES AND NET ASSETS

	Millions of Japanese yen
CURRENT LIABILITIES:	
Accounts payable – trade	¥86,076
Short-term loans payable	5,637
Current portion of long-term loans payable	11,586
Accrued expenses	14,637
Income taxes payable	6,956
Advances received	4,101
Accrued employees' bonuses	136
Accrued directors' bonuses	9
Provision for product warranty	5,887
Other provisions	5
Other current liabilities	1,752
Total current liabilities	<u>136,785</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	32,247
Net defined benefit liabilities	302
Other long-term liabilities	12,143
Total long-term liabilities	<u>44,693</u>
Total liabilities	181,479
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	30,852
Retained earnings	68,008
Treasury stock, at cost	(2)
Total shareholders' equity	<u>128,981</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized holding gains/(losses) on securities, net of tax	(17)
Unrealized gains/(losses) on hedging derivatives, net of tax	(10,871)
Foreign currency translation adjustments	10,784
Retirement liability adjustments for foreign consolidated subsidiaries	(167)
Total accumulated other comprehensive income	<u>(270)</u>
NON-CONTROLLING INTERESTS	11,806
Total net assets	<u>140,517</u>
Total liabilities and net assets	<u><u>¥321,996</u></u>

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

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the nine months ended September 30, 2017

	Millions of Japanese yen
SALES	¥146,938
COST OF SALES	127,440
Gross profit (loss)	<u>19,497</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	9,870
Operating profit (loss)	<u>9,627</u>
OTHER INCOME (EXPENSES):	
Interest and dividend income	3,889
Equity in earnings of unconsolidated subsidiaries and affiliates, net	6,443
Interest expense	(1,099)
Foreign exchange gain (loss), net	(1,295)
Gain on liquidation of affiliates	247
Gain on sales of affiliate's stock	491
Others, net	821
Total other income (expenses)	<u>9,499</u>
PROFIT (LOSS) BEFORE INCOME TAXES	19,126
INCOME TAXES:	
Current	3,393
Prior	28
Deferred	2,193
	<u>5,614</u>
PROFIT (LOSS)	<u>13,510</u>
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	542
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	<u><u>¥12,967</u></u>

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

Earnings (loss) per share	¥229.89
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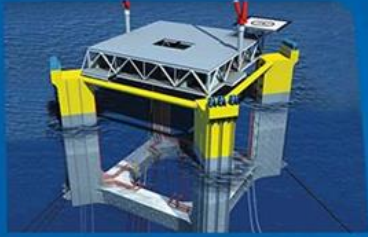
MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2017

	Millions of Japanese yen
PROFIT (LOSS)	<u>¥13,510</u>
OTHER COMPREHENSIVE INCOME/(LOSS):	
Unrealized holding gains/(losses) on securities, net of tax	(5)
Unrealized gains/(losses) on hedging derivatives, net of tax	(1,079)
Foreign currency translation adjustments	(2,237)
Retirement liability adjustments for foreign consolidated subsidiaries	10
Share of other comprehensive income/(loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	<u>(2,105)</u>
Total other comprehensive income/(loss)	<u>(5,417)</u>
COMPREHENSIVE INCOME/(LOSS)	<u><u>¥8,093</u></u>
 COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	 ¥7,847
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	¥245

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



MODEC, Inc. 2017 Third Quarter Financial Results Supplementary Presentation

November 2, 2017

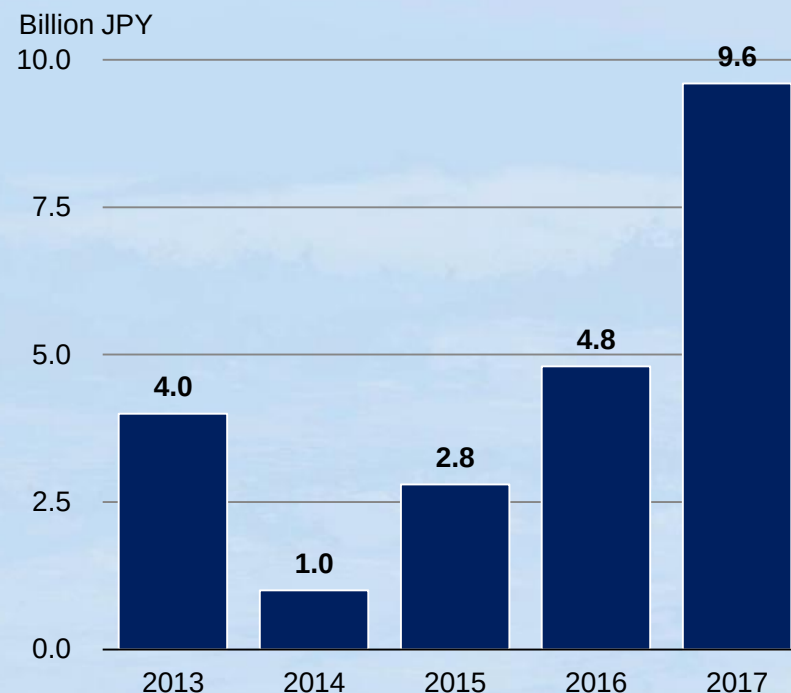
2017 Third Quarter : Highlight

Revenue



- Revenue totaled 146.9 billion yen
- EPC(I) of FPSO/FSO progressed on track

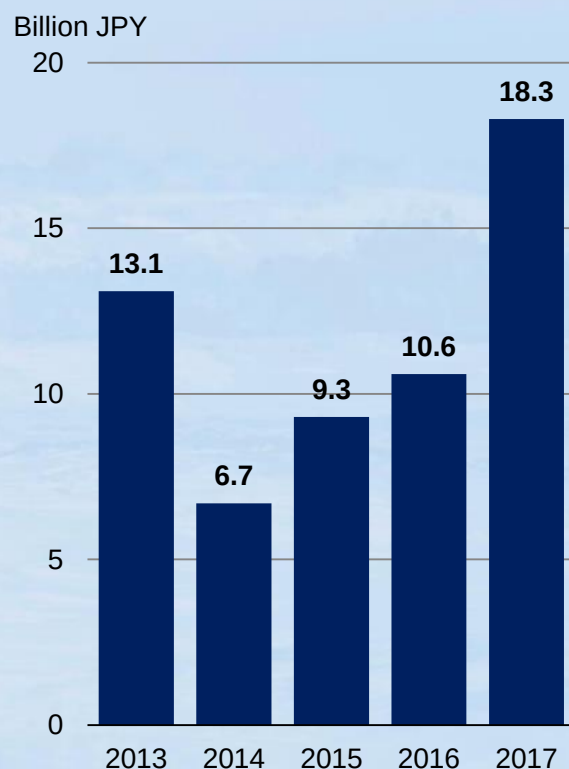
3Q Operating Profit



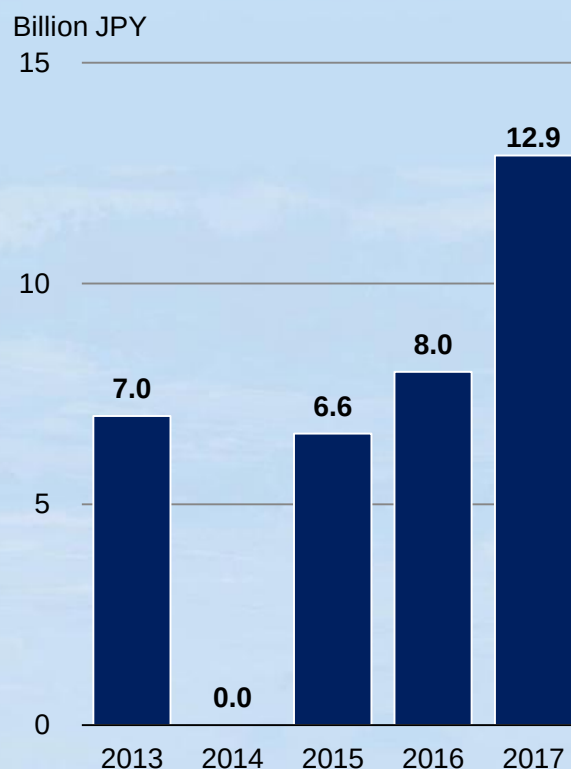
- Operating profit was 9.6 billion yen
- Deferred profit realized in this quarter upon commencement of MV25 charter service

2017 Third Quarter : Highlight

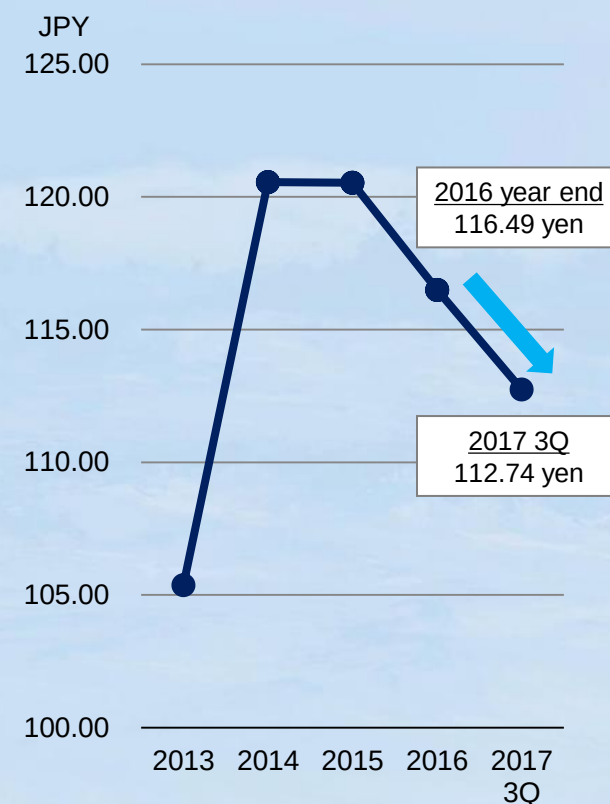
3Q Ordinary Profit



3Q Profit Attributable to Owners of Parent



Exchange Rate on Closing Dates (\$/¥)

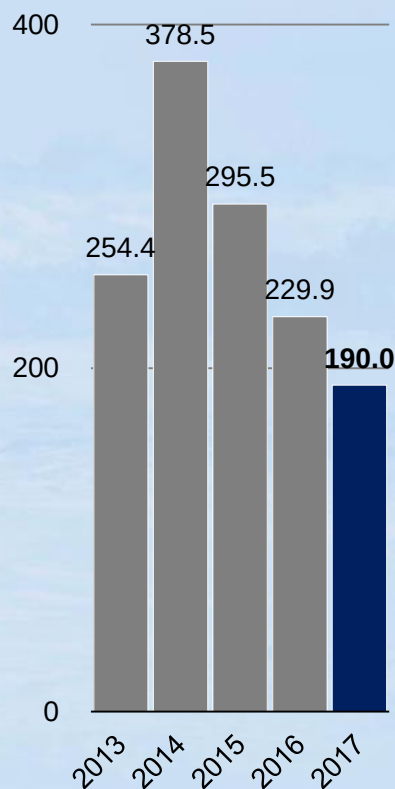


- Ordinary profit and profit attributable to owners parent increased respectively in accordance with increase in operating profit and equity in earnings of affiliates

FY2017 : Outlook

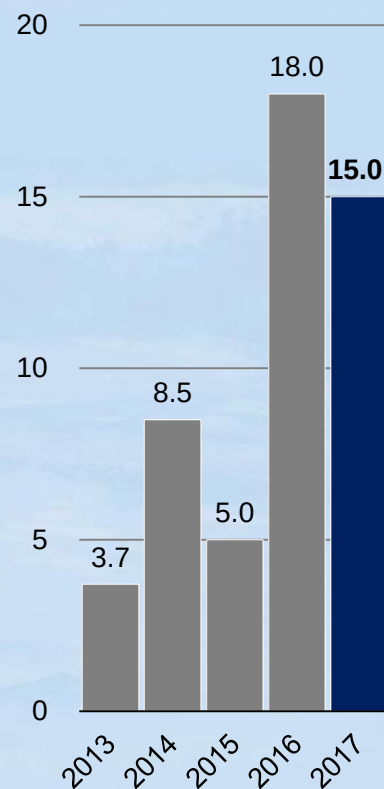
Revenue

Billion JPY



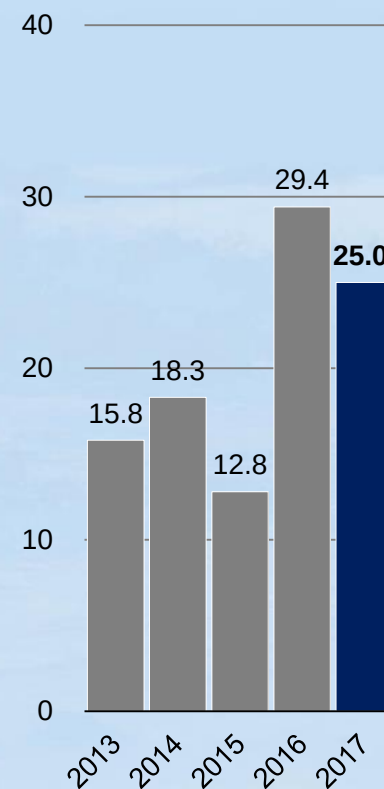
Operating Profit

Billion JPY



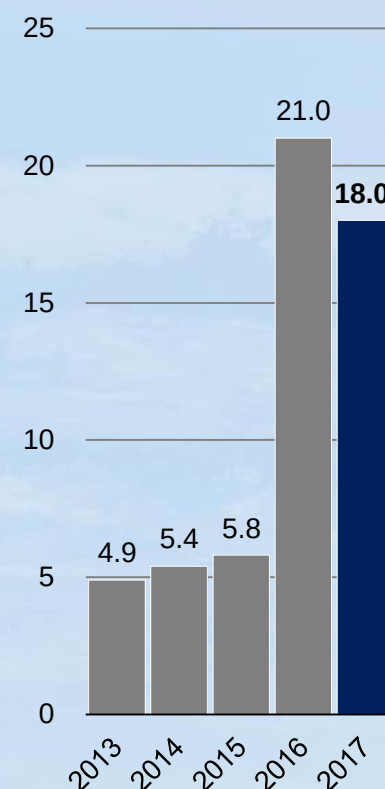
Ordinary Profit

Billion JPY



Profit Attributable to Owners of Parent

Billion JPY



- Year-end guidance remains unchanged