

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

March 31, 2018

A S S E T S

	Millions of Japanese yen
CURRENT ASSETS:	
Cash and time deposits	¥41,724
Accounts receivable-trade	91,421
Inventories	1,633
Short-term loans receivable	15,426
Other current assets	19,951
Less allowance for bad debts	(1,249)
Total current assets	168,908
PROPERTY AND EQUIPMENT:	
Machinery and equipment	1,456
Other property and equipment	1,639
Total property and equipment	3,095
INTANGIBLE ASSETS:	7,368
INVESTMENTS AND OTHER ASSETS:	
Investment securities	61,618
Long-term loans receivable from affiliates	34,951
Other investments	11,818
Total investments and other assets	108,387
Total assets	¥287,760

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

LIABILITIES AND NET ASSETS

	Millions of Japanese yen
CURRENT LIABILITIES:	
Accounts payable-trade	¥74,173
Current portion of long-term loans payable	5,994
Accrued expenses	12,799
Income taxes payable	5,393
Advances received	8,202
Accrued employees' bonuses	110
Provision for product warranty	4,989
Provision for repairs	63
Other provisions	5
Other current liabilities	1,224
Total current liabilities	112,955
LONG-TERM LIABILITIES:	
Long-term loans payable	28,231
Net defined benefit liabilities	320
Other long-term liabilities	5,252
Total long-term liabilities	33,804
Total liabilities	146,759
NET ASSETS:	
SHAREHOLDERS' EQUITY:	
Common stock;	
Authorized - 102,868,000 shares	
Issued - 56,408,000 shares	30,122
Capital surplus	30,852
Retained earnings	73,955
Treasury stock, at cost	(2)
Total shareholders' equity	134,928
ACCUMULATED OTHER COMPREHENSIVE INCOME:	
Unrealized holding gains (losses) on securities, net of tax	(27)
Unrealized gains (losses) on hedging derivatives, net of tax	(5,948)
Foreign currency translation adjustments	1,175
Retirement liability adjustments for foreign consolidated subsidiaries	(297)
Total accumulated other comprehensive income	(5,097)
NON-CONTROLLING INTERESTS	11,170
Total net assets	141,000
Total liabilities and net assets	¥287,760

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

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the three months ended March 31, 2018

	Millions of Japanese yen
SALES	¥46,784
COST OF SALES	42,664
Gross profit (loss)	4,120
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,740
Operating profit (loss)	1,379
OTHER INCOME (EXPENSES):	
Interest and dividend income	1,151
Equity in earnings of unconsolidated subsidiaries and affiliates, net	320
Gain (loss) on revaluation of derivatives	947
Interest expense	(247)
Foreign exchange gain (loss), net	(1,329)
Others, net	213
Total other income (expenses)	1,056
PROFIT (LOSS) BEFORE INCOME TAXES	2,435
INCOME TAXES:	
Current	1,289
Prior	3
Deferred	(9)
PROFIT (LOSS)	1,153
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	¥1,151

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

Earnings (loss) per share	¥20.42
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MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2018

	Millions of Japanese yen
PROFIT	<u>¥1,153</u>
OTHER COMPREHENSIVE INCOME:	
Unrealized holding gains (losses) on securities, net of tax	(9)
Unrealized gains (losses) on hedging derivatives, net of tax	162
Foreign currency translation adjustments	(5,556)
Retirement liability adjustments for foreign consolidated subsidiaries	19
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	<u>(1,463)</u>
Total other comprehensive income (loss)	<u>(6,847)</u>
COMPREHENSIVE INCOME	<u><u>(¥5,694)</u></u>
Comprehensive income attributable to owners of parent	(¥4,978)
Comprehensive income attributable to non-controlling interests	(¥715)

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