

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

March 31, 2014

ASSETS

Millions of
Japanese yen

CURRENT ASSETS:

Cash and time deposits	¥25,665
Accounts receivable - trade	109,886
Inventories	3,691
Short-term loans receivable	9,244
Other current assets	12,925
Less-Allowance for bad debts	(461)
Total current assets	<u>160,952</u>

PROPERTY AND EQUIPMENT:

Vessels and equipment	15,053
Other	<u>2,472</u>
Total property and equipment	<u>17,526</u>

INTANGIBLE ASSETS:

6,970

INVESTMENTS AND OTHER ASSETS:

Investment securities	27,629
Long-term loans receivable	34,597
Other investments	6,865
Less - Allowance for bad debts	<u>(1,556)</u>
Total investments and other assets	<u>67,536</u>

Total assets

¥252,986

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

LIABILITIES AND NET ASSETS

Millions of
Japanese yen

CURRENT LIABILITIES:	
Accounts payable - trade	¥109,102
Short-term loans payable	23,839
Current portion of long-term loans payable	2,352
Accrued expenses	6,652
Income taxes payable	4,597
Advances received	2,023
Provision for product warranties	3,333
Accrued employees' bonuses	89
Other provisions	5
Other current liabilities	1,658
Total current liabilities	<u>153,654</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	13,949
Severance and retirement benefits for employees	167
Other long-term liabilities	6,359
Total long-term liabilities	<u>20,476</u>
Total liabilities	174,131
NET ASSETS	
SHAREHOLDERS' EQUITY:	
Common stock;	
authorized - 102,868,000 shares	
outstanding - 46,408,000 shares	20,185
Capital surplus	20,915
Retained earnings	31,062
Less - Treasury stock at cost	(1)
Total shareholders' equity	<u>72,161</u>
ACCUMULATED GAINS (LOSSES) FROM VALUATION	
Unrealized gains/(losses) on available-for-sale securities, net of tax	(3)
Unrealized gains/(losses) on hedging derivative, net of tax	(5,830)
Foreign currency translation adjustments	2,877
Retirement liability adjustments for foreign consolidated subsidiaries, net of tax	(138)
Total accumulated gains (losses) from valuation	<u>(3,094)</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES:	9,787
Total net assets	<u>78,854</u>
Total liabilities and net assets	<u><u>¥252,986</u></u>

* 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, 2014

	Millions of Japanese yen
SALES	¥84,323
COST OF SALES	79,922
Gross profit (loss)	4,401
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,165
Operating profit (loss)	1,236
OTHER INCOME (EXPENSES):	
Interest income and dividend income	592
Interest expense	(191)
Equity in earnings of affiliates and unconsolidated subsidiaries	1,344
Foreign exchange gain (loss), net	(264)
Impairment loss	(196)
Loss on liquidation of subsidiaries and affiliates	(179)
Other, net	193
Total other income (expenses)	1,298
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS:	2,535
INCOME TAXES:	
Current	2,245
Prior	(4)
Deferred	(1,284)
INCOME BEFORE MINORITY INTERESTS	1,579
MINORITY INTERESTS	349
NET INCOME	¥1,229
<i>* The figures are rounded down to the nearest million yen.</i>	
Net income per share	¥26.50

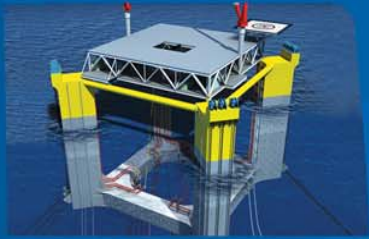
MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended March 31, 2014

	Millions of Japanese yen
Income before minority interests	<u>¥1,579</u>
Other comprehensive income	
Unrealized gains/(losses) on available-for-sale securities, net of tax	(3)
Unrealized gains/(losses) hedging derivatives, net of tax	256
Foreign currency transaction adjustments	(961)
Retirement liability adjustments for foreign consolidated subsidiaries	8
Share of other comprehensive income of associates accounted for using equity method	<u>(1,772)</u>
Total	<u>(2,472)</u>
Comprehensive income	<u><u>(¥893)</u></u>
Comprehensive income attributable to owners of the parent	(¥1,048)
Comprehensive income attributable to owners of minority interests	¥154

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



MODEC, INC.

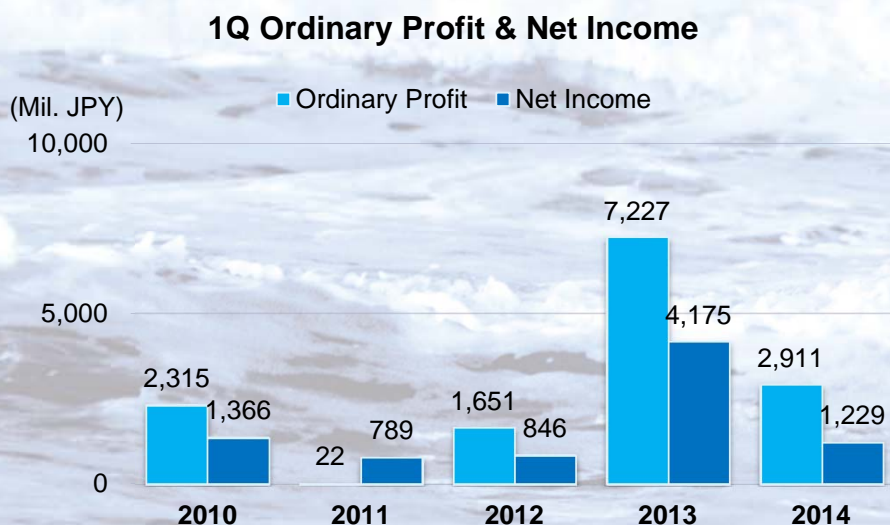
2014 First Quarter Financial Results Supplementary Presentation

May 9, 2014



2014 First Quarter - Operations Overview

- Revenue recorded JPY 84.3 billion, 49.9% increase on the same period last year
 - Construction well progressed for Tullow T.E.N. FPSO and three Petrobras FPSOs
- Orders recorded JPY 16.9 billion, 2.4% increase on the same period last year



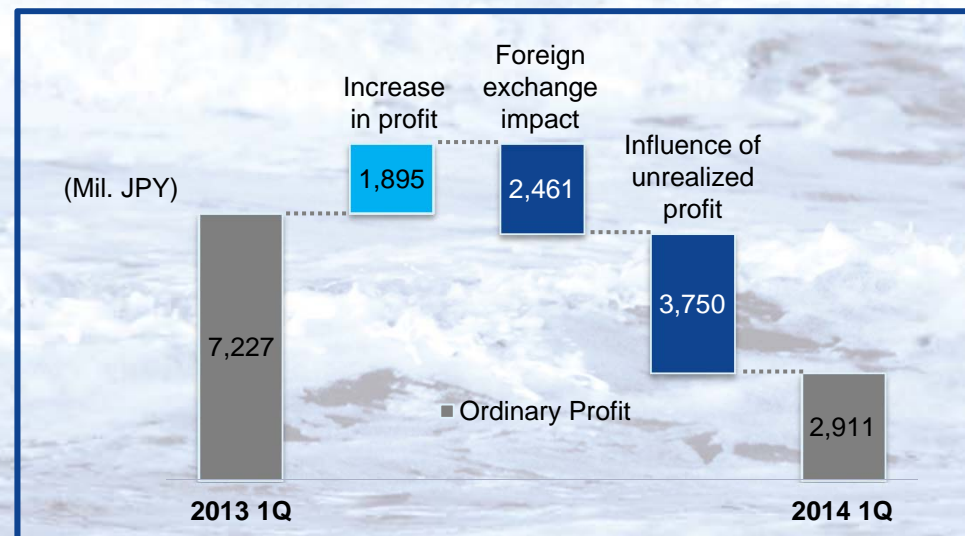
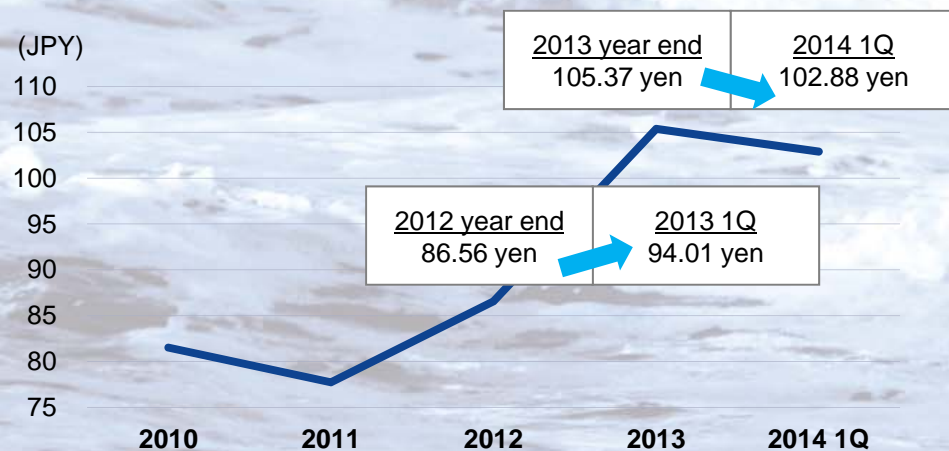
2014 First Quarter - Operations Overview

- Profit increased compared to 2013 1Q which was affected by specific factors (Realization of deferred profit for FPSO Cidade de Sao Paulo MV23 upon its commencement of charter service, influence of depreciation of yen)
- 2014 1Q exchange rate = 102.88 yen vs. 2013 1Q exchange rate = 94.01 yen

1Q Ordinary Profit

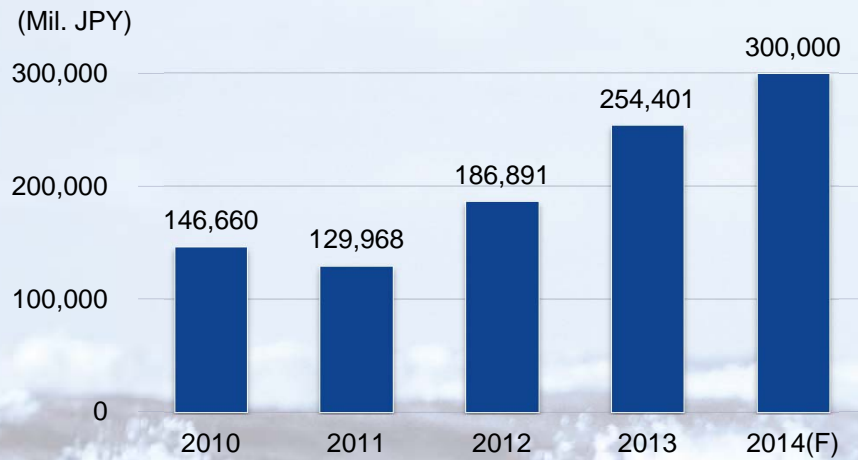


Exchange Rate (\$/¥)

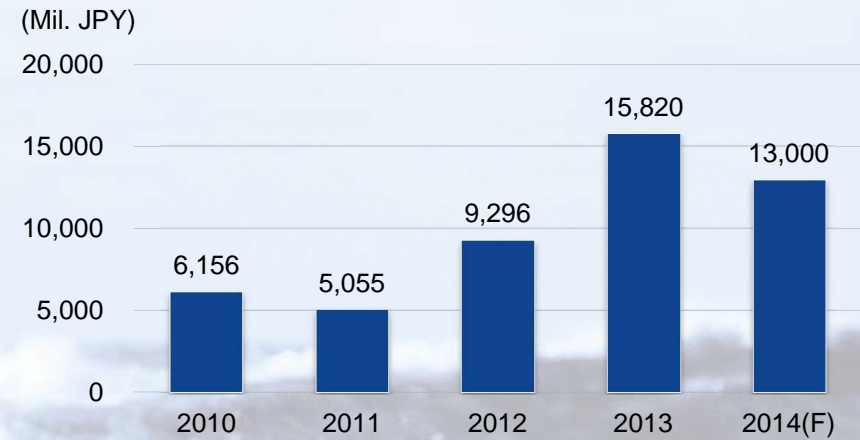


2014 Financial Forecast

Revenue



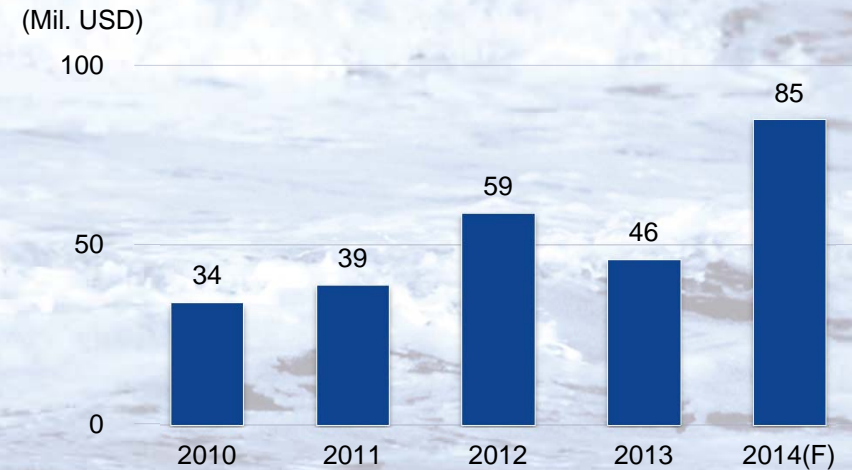
Ordinary Profit



Net Income (JPY)



Net Income (USD)



Exchange Rate 81.52 77.74 86.56 105.37 100.00(F)