### MODEC, INC. and Consolidated Subsidiaries

# CONSOLIDATED BALANCE SHEET

March 31, 2018

# ASSETS

	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

<sup>\*</sup> The figures are rounded down to the nearest million yen.

### **LIABILITIES AND NET ASSETS**

CURENT LIABILITIES:         \$74,173           Accounts payable-trade         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         12,255           LONG-TERM LIABILITIES:         28,231           Long-term loans payable         28,231           Net defined benefit liabilities         320           Other long-term liabilities         320           Other long-term liabilities         33,804           Total long-term liabilities         33,804           Total labilities         146,759           NET ASSETS:           SHAREHOLDERS' EQUITY:           Common stock;         30,122           Authorized - 102,868,000 shares         30,122           Issued - 56,408,000 shares         30,252           Retained earnings         73,955           Treasury stock, at cost         (2)		Millions of Japanese yen
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         12,24           Total current liabilities         112,955           LONG-TERM LIABILITIES:         28,231           Long-term loans payable         28,231           Net defined benefit liabilities         320           Other long-term liabilities         320           Total long-term liabilities         33,804           Total labilities         146,759           NET ASSETS:         SHAREHOLDERS' EQUITY:           Common stock:         30,122           Authorized - 102,868,000 shares         30,852           Issued - 56,408,000 shares         30,852           Retained earnings         30,852           Retained earnings         73,955           Treasury stock, at cost         (2)           Total shareholders' equity         134,928           ACCUMULATED OTHER C	CURRENT LIABILITIES:	
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Total accumulated other comprehensive income (5,097)  NON-CONTROLLING INTERESTS 11,170  Total net assets 141,000	Foreign currency translation adjustments	1,175
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Total net assets141,000	Total accumulated other comprehensive income	(5,097)
	NON-CONTROLLING INTERESTS	11,170
Total liabilities and net assets ¥287,760	Total net assets	141,000
	Total liabilities and net assets	¥287,760

<sup>\*</sup> 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
SALES	Japanese yen ¥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

# MODEC, INC. and Consolidated Subsidiaries

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

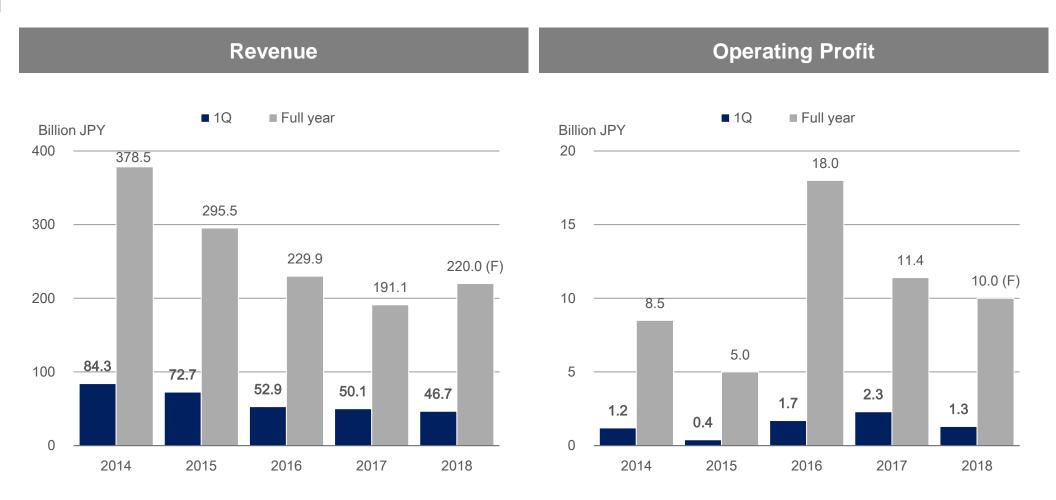
### For the three months ended March 31, 2018

	Millions of Japanese yen
PROFIT	¥1,153
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	(1,463)
Total other comprehensive income (loss)	(6,847)
COMPREHENSIVE INCOME	(¥5,694)
Comprehensive income attributable to owners of parent	(¥4,978)
Comprehensive income attributable to non-controlling interests	(¥715)

<sup>\*</sup> The figures are rounded down to the nearest million yen.



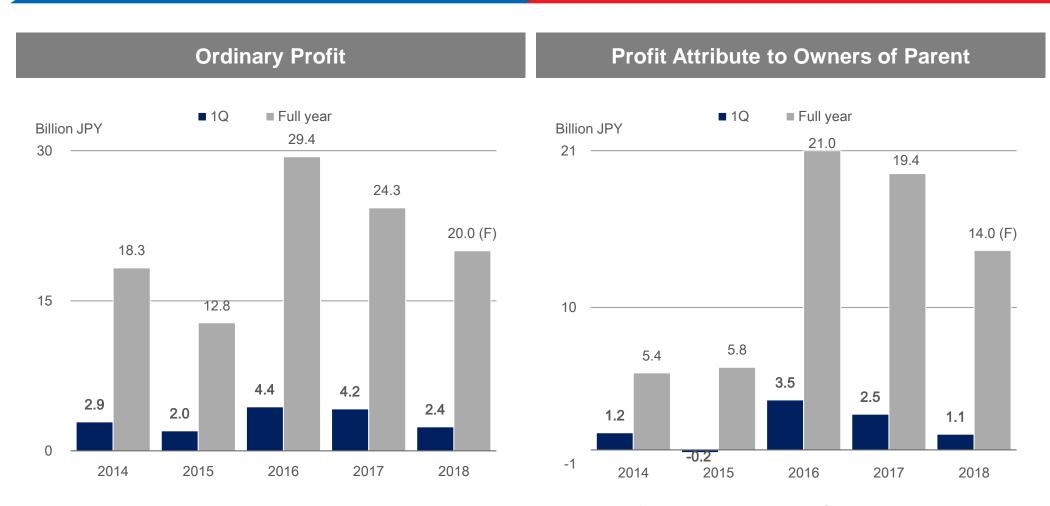




- EPCI revenue of FPSO which was awarded last year, has been recognized from this quarter.
   Total revenue this year is expected to increase mainly due to the progress of EPCI projects.
- In addition to the profits from EPCI projects, the differed profit is expected to be recognized upon MV29 Charter project commencement this year.



# 2018 First Quarter : Highlight



- Foreign exchange loss was recognized due to the appreciation of Japanese yen to U.S. dollar, but there's no substantially effect on financial results because the company conducts business mainly in U.S. dollar.
- Equity earnings of affiliates and unconsolidated subsidiaries and interest income are expected to be recognized stably in addition to profits from EPCI and lease, charter and operation.