



# MODEC, INC.

2005 HALF-YEAR RESULTS  
ANALYSTS PRESENTATION

August 19, 2005

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# I. 2005 HALF-YEAR HIGHLIGHT

1. NEWLY ORDERED PROJECTS
2. CONSTRUCTION WORKS
3. PROSPECTIVE PROJECTS
  - CURRENT PROSPECTIVE PROJECTS
  - OTHER TOPICS
  - PROJECT LOCATION
  - CHARTER and O&M PERIOD

# 2005 HALF-YEAR HIGHLIGHT

## 1. NEWLY ORDERED PROJECTS

### KNOC Rong Doi FSO (Vietnam)

Client: KNOC (Korea National Oil Corporation)

EPCI + Time Charter (New-built)

Charter Period: 7 years+option(max.30 years)

First Oil: Planned 2nd half 2006

Shipyard: Yantai Raffles Shipyard (China)

300,000 bbl Storage; 18,000 bopd Inlet

### Petrobras Espadarte Sul FPSO (Brazil)

Client: Petrobras

EPCI + Time Charter (Conversion)

Charter Period: 8 years+four(4)-1 year option

First Oil: Planned 1st half 2007

Shipyard: Jurong Shipyard (Singapore)

1,600,000 bbl Storage; 100,000 bopd

### Petrobras PRA-1 FSO (Brazil)

Client: Petrobras

EPCI + Time Charter (Conversion)

Charter Period: 20 years

First Oil: 2007 1Q

Shipyard: Jurong Shipyard (Singapore)

2,200,000 bbl Storage; 630,000 bopd Inlet



# 2005 HALF-YEAR HIGHLIGHT

## 2. CONSTRUCTION WORKS



Santos Mutineer-Exeter FPSO (Australia)

2005 March : First Oil

2005 April : Charter Start



CNR Baobab FPSO (Cote d'Ivoire)

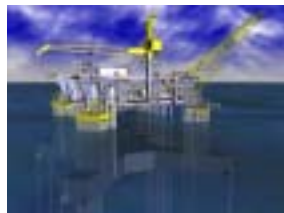
2005 May : Charter Start

2005 August : First Oil



PEARL Jasmine FPSO (Thailand)

2005 June : First Oil & Charter Start



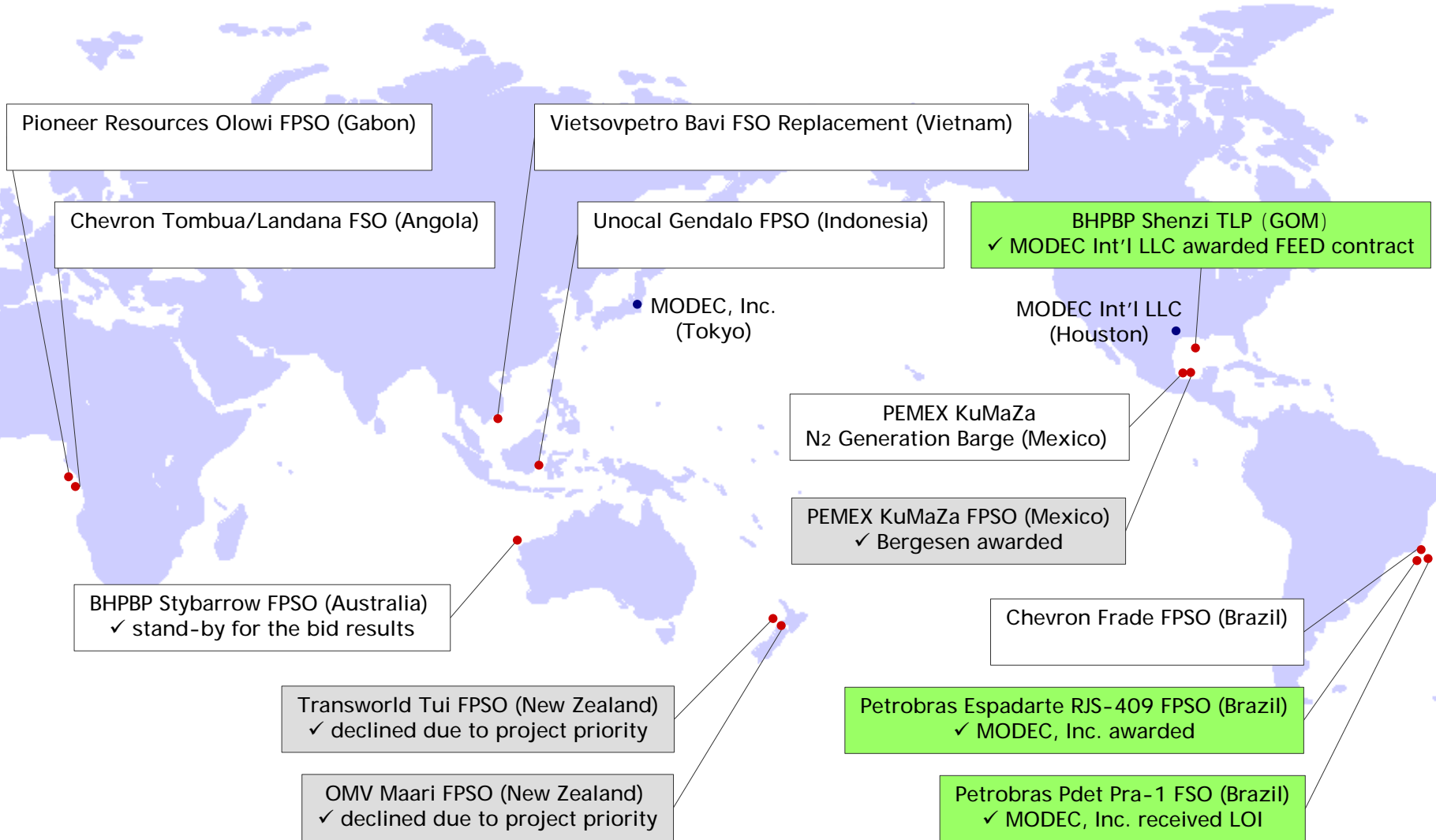
Amerada Hess Oveng & Okume/Ebano TLPs (Eq. Guinea)

Construction progressing on schedule

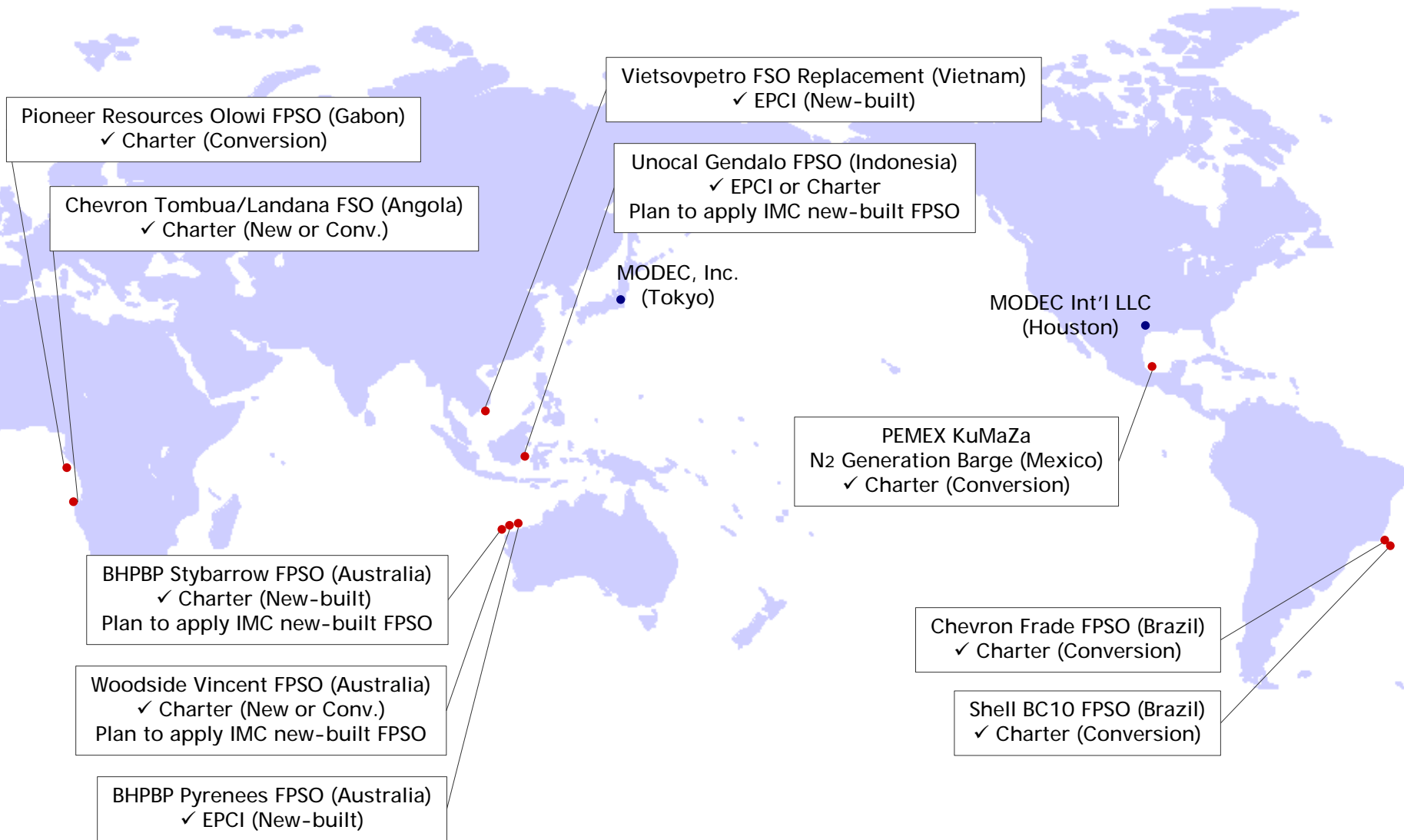
2006 2Q Installation Planned

# 2005 HALF-YEAR HIGHLIGHT

## 3. PROSPECTIVE PROJECTS



# CURRENT PROSPECTIVE PROJECTS



# OTHER TOPICS

January



Relief efforts for Tsunami victims to Indonesian government (USD 100,000) and Thai government (JPY 5,000,000)

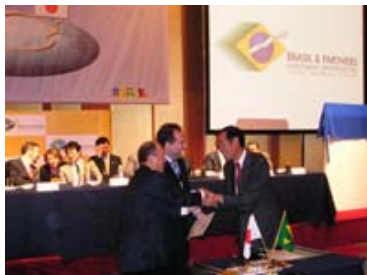
March

Deputy Prime Minister of Cambodia and Director General of Cambodia National Petroleum Authority visited MODEC Tokyo office



Contribution of USD 50,000 to East Timorese technical training center for supporting Occupational training for young engineers

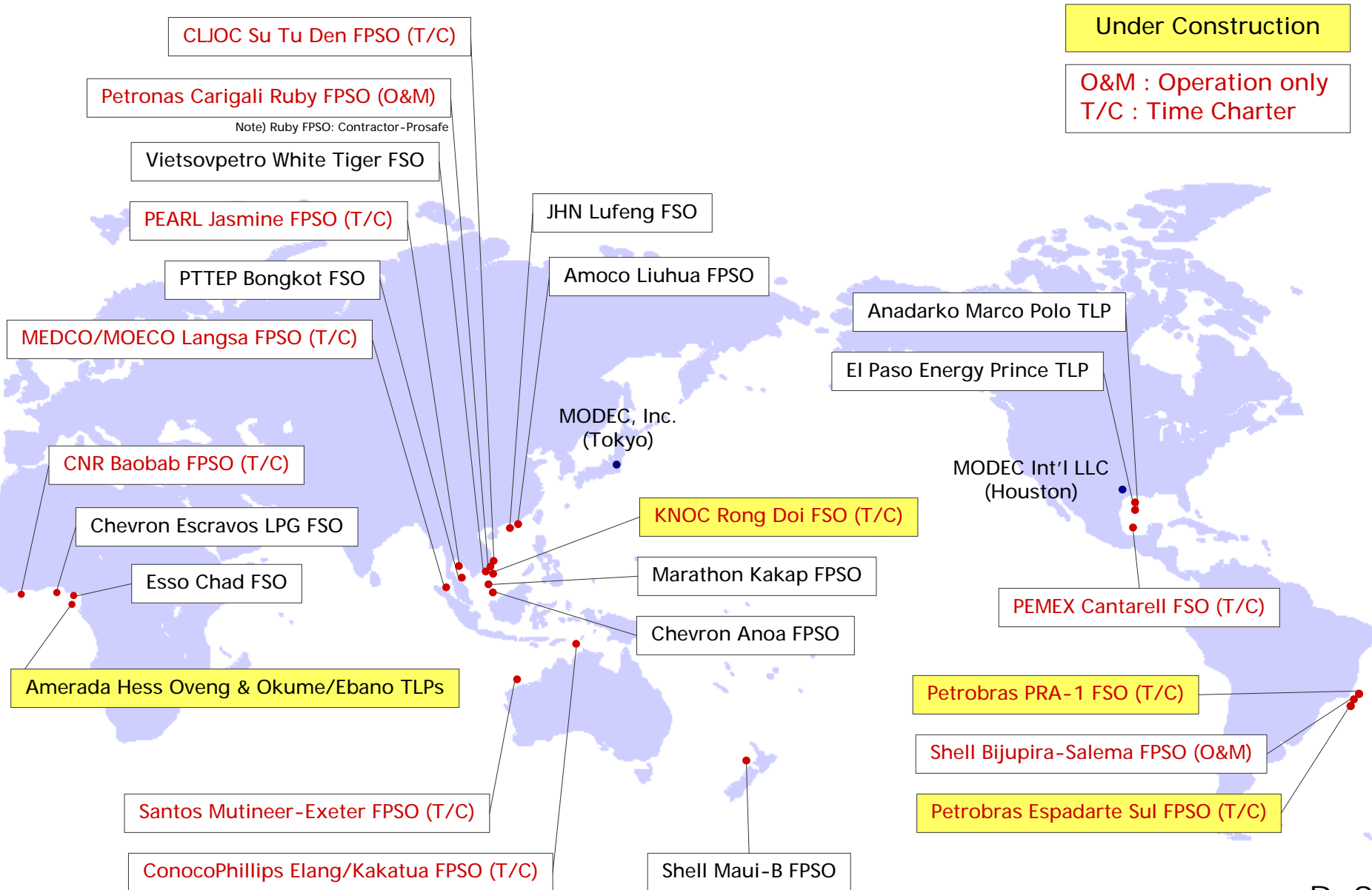
May



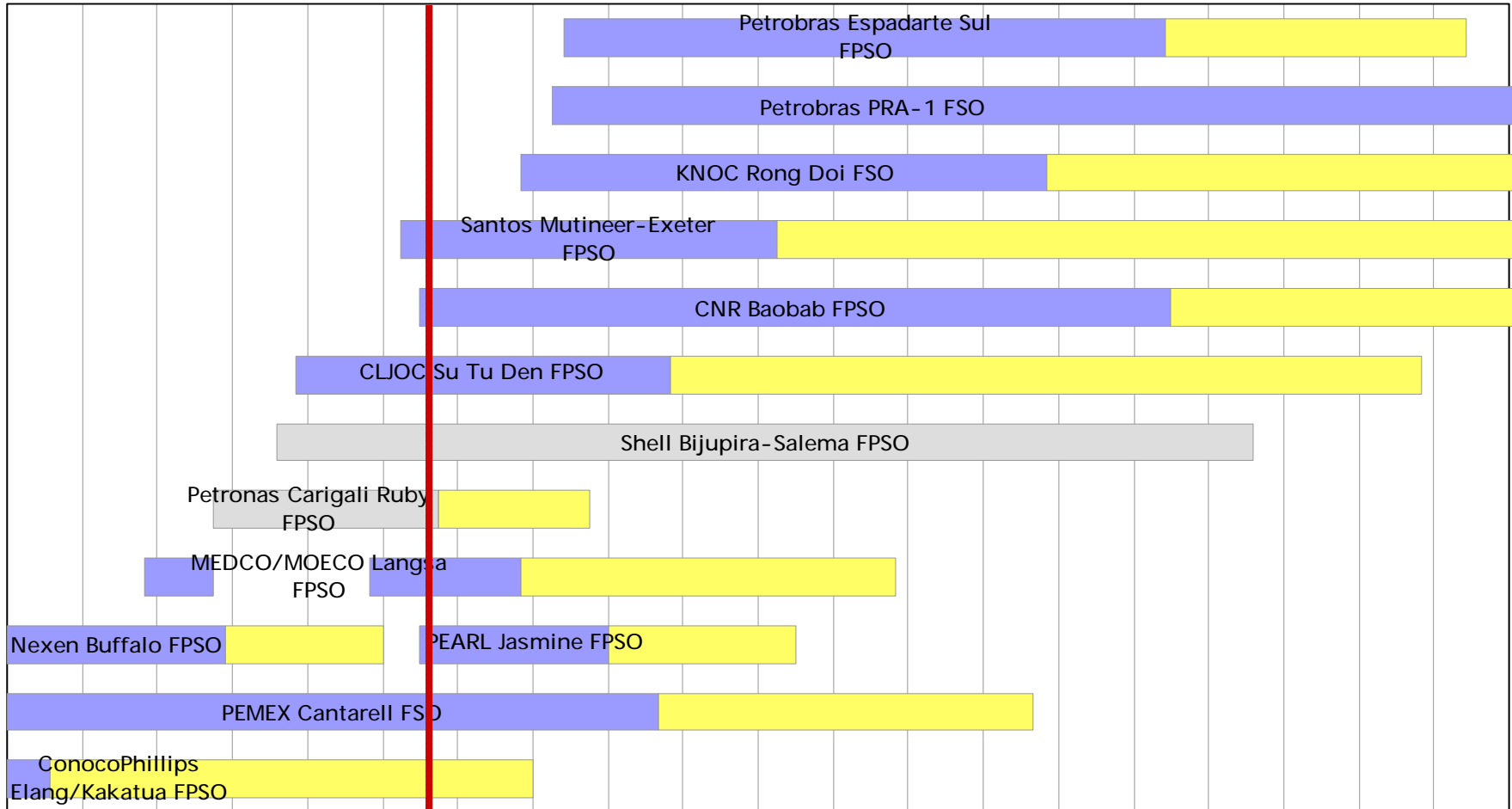
MODEC signed Corporation Agreement to explore the Brazilian oil services market



# PROJECT LOCATION



# CHARTER and O&M PERIOD



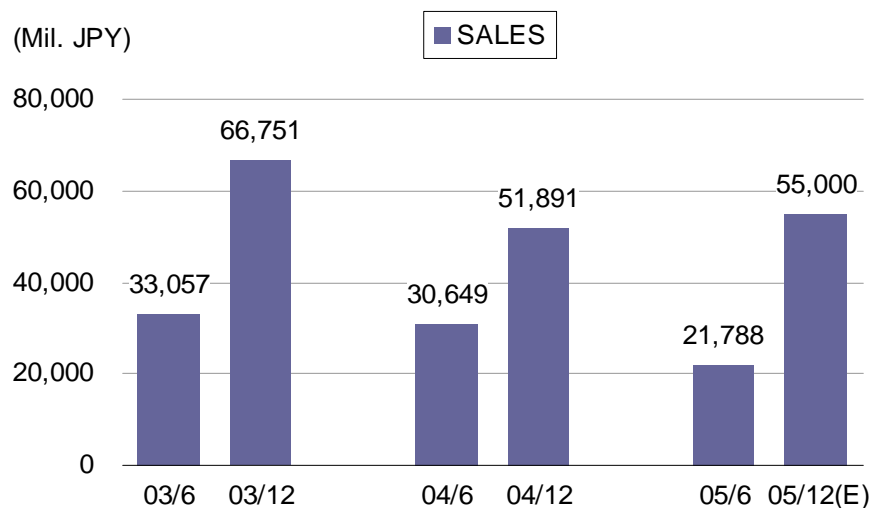
Aug. 2005



## II. PROFIT & LOSS

- SALES
- SALES by SERVICE TYPES & AREAS
- ORDERS by SERVICE TYPES
- ORDER BACKLOGS by SERVICE TYPES
- ORDINARY INCOME
- NET INCOME

# SALES



SALES Progress Ratio by Service Types

(Mil. JPY)

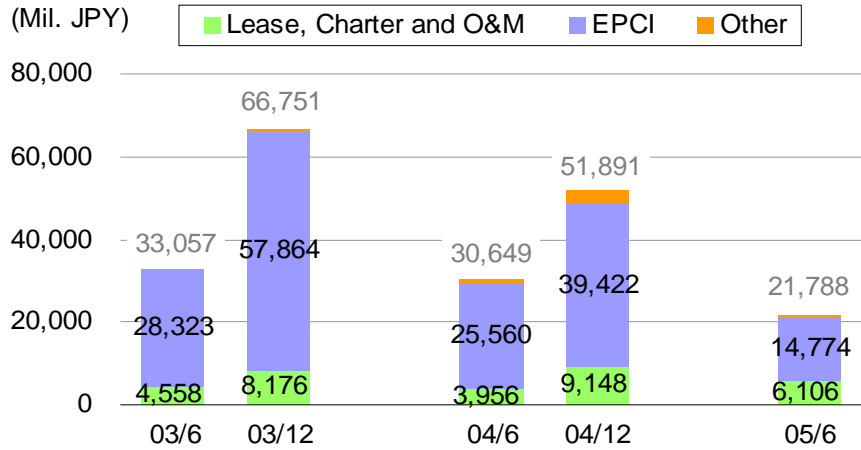
	2005/6	2005/12(E)	Progress Ratio
EPCI	14,774	42,000	35.2%
Lease, Charter and Operation	6,106	12,000	50.9%

(Mil. JPY)

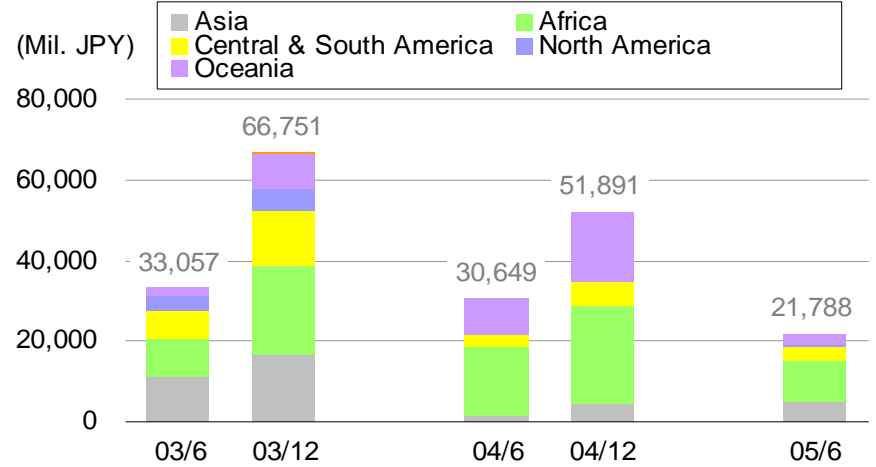
	2003/6	2004/6	2005/6	04-05 Valiance	2004/12
Sales	33,057	30,649	21,788	28.9%	51,891
Gross Profit	4,224	2,601	4,174	60.5%	7,338
Gross Profit Ratio	12.8%	8.5%	19.1%		14.1%
Operating Profit	2,148	702	2,098	198.8%	3,779
Operating Profit Ratio	6.5%	2.3%	9.6%		7.3%
Other Income	146	796	1,064	33.7%	1,342
Other Expenses	799	578	548	5.2%	1,420
Ordinary Income	1,495	920	2,614	184.1%	3,701
Ordinary Income Ratio	4.5%	3.0%	12.0%		7.1%
Extraordinary Income	381	41	-	-	41
Extraordinary Loss	-	346	-	-	329
Income before Income Taxes and Minority Interests	1,877	615	2,614	324.9%	3,414
Net Income	1,005	814	1,500	84.2%	2,230
Net Income Ratio	3.0%	2.7%	6.9%		4.3%

# SALES by SERVICE TYPES & AREAS

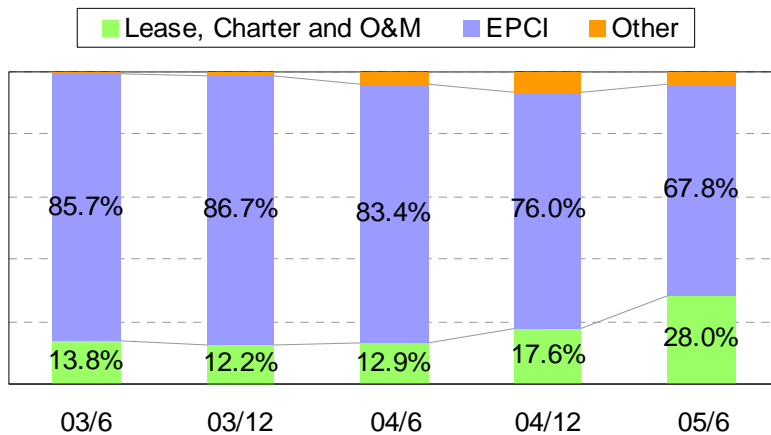
Sales by Service types



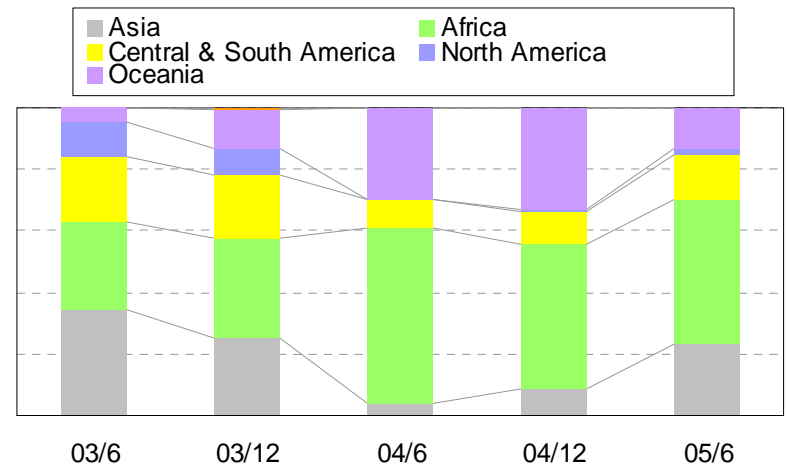
Sales by Areas



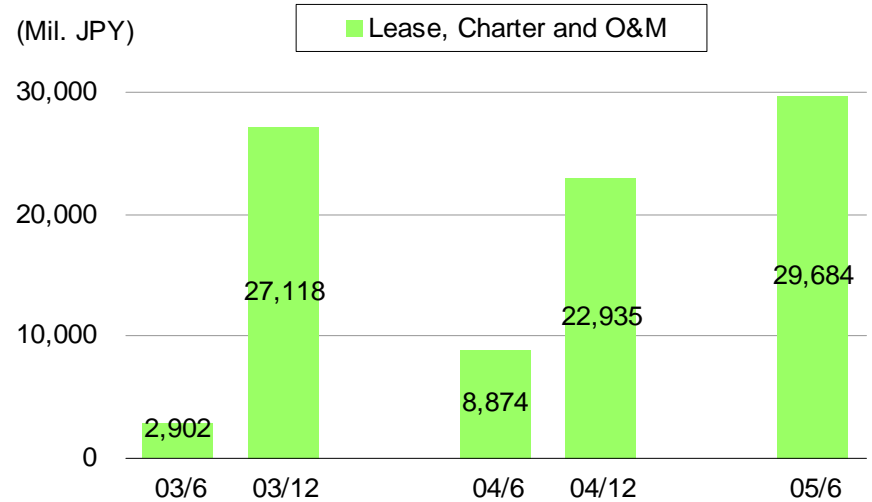
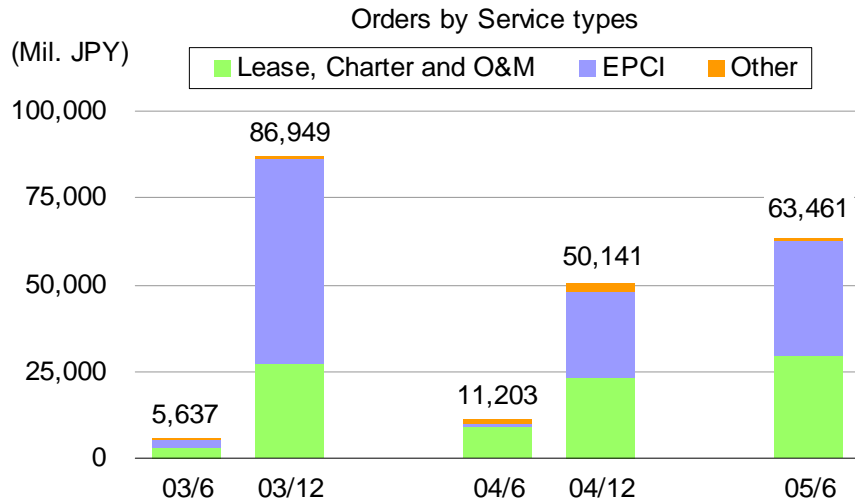
Ratio of Sales by Service types



Ratio of Sales by Areas

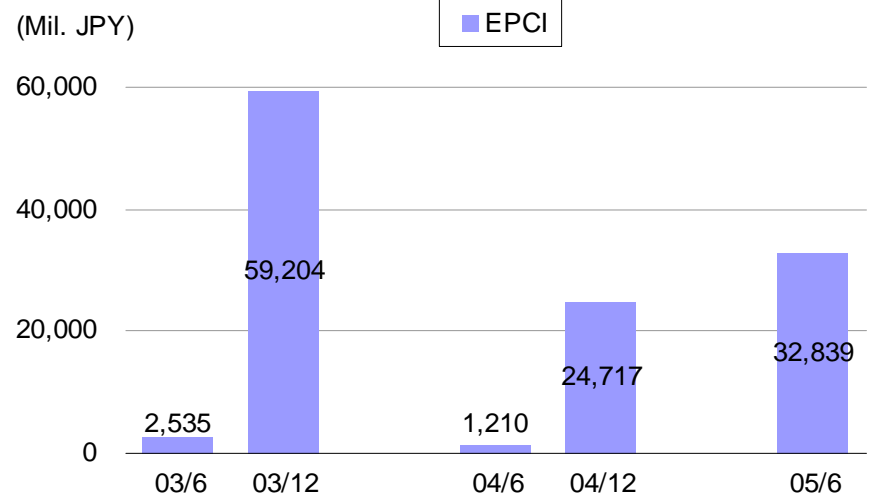


# ORDERS by SERVICE TYPES



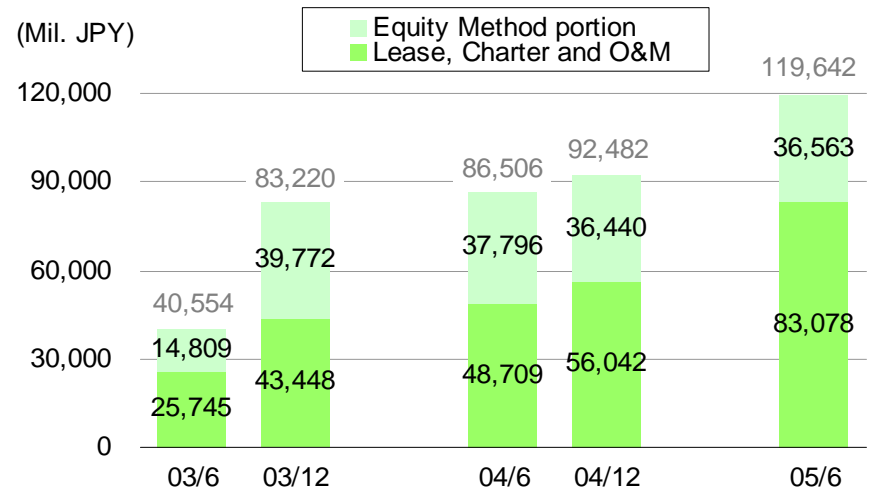
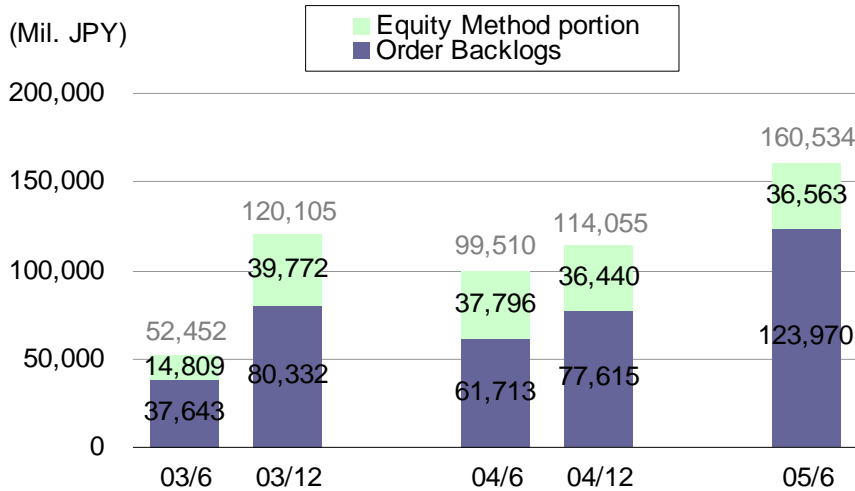
## Main Projects

- ✧ EPCI
  - ✧ Petrobras Espadarte Sul FPSO
- ✧ Charter and O&M
  - ✧ KNOC Rong Doi FSO
  - ✧ Petrobras Espadarte Sul FPSO  
(O&M only: MODEC's affiliate awarded FPSO lease)



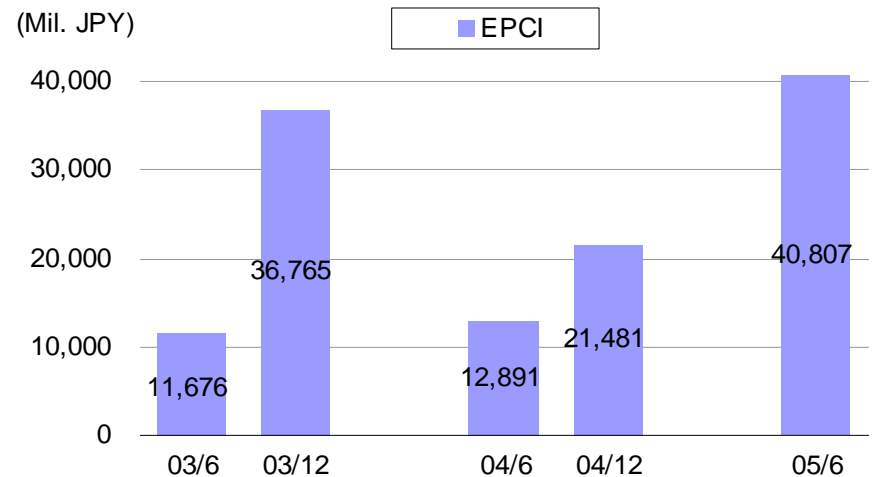
# ORDER BACKLOGS by SERVICE TYPES

indicates MODEC group's share in the "Lease, Charter and O&M services" of our affiliates accounted for by the equity method.

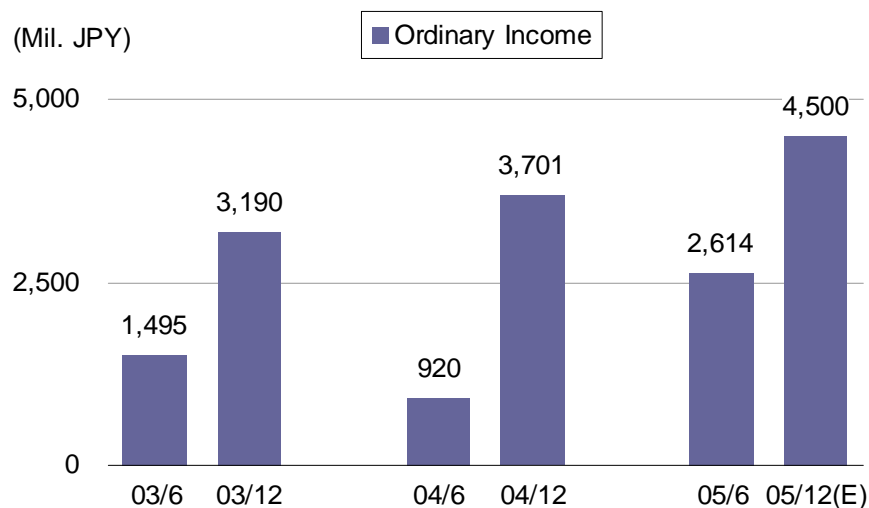


## Main Projects

- ✧ EPCI
  - ✧ Amerada Hess Oveng TLP & Okume/Ebano TLP project
- ✧ Charter and O&M
  - ✧ Santos Mutineer-Exeter FPSO
  - ✧ CNR Baobab FPSO
  - ✧ Shell Bijupira-Salema FPSO



# ORDINARY INCOME



## Influence of Unrealized Profits Elimination

(Mil. JPY)

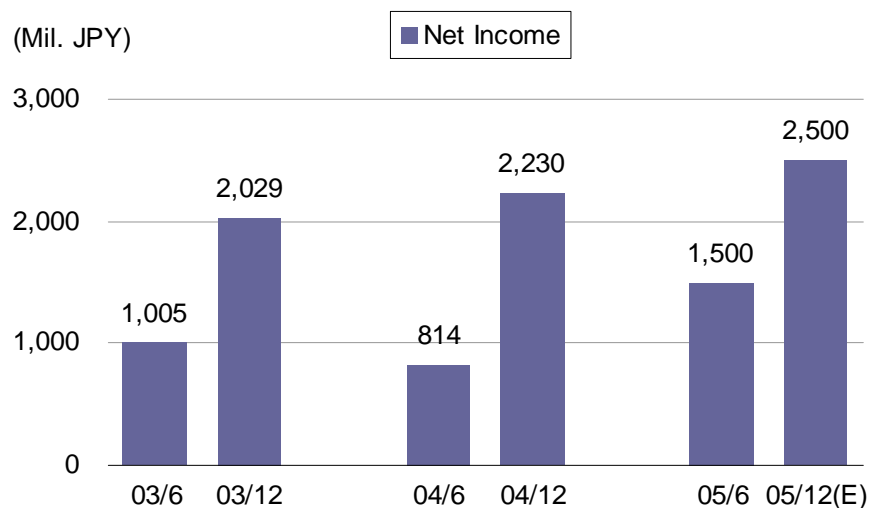
	2004/6	2005/6
Eliminated	895	407
Realized	14	1,175
Influence	881	768
Balance	2,132	1,806

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Net Income	1,005	814	1,500	84.2%	2,230

(Mil. JPY)



# NET INCOME



✧ Realization of deferred profits from CNR Baobab FPSO construction works pushed up the net income ratio

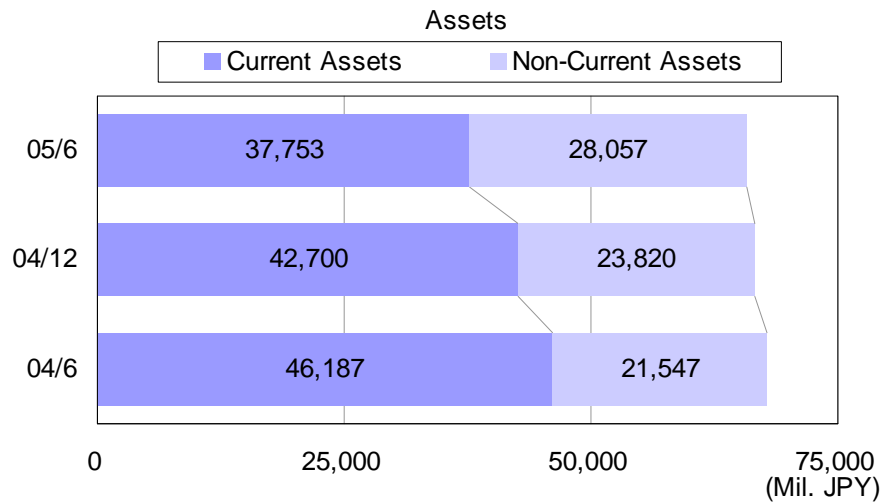
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# III. BALANCE SHEET & CASH FLOW

- ASSETS
- LIABILITIES & SHAREHOLDERS' EQUITY
- CASH FLOW

# ASSETS



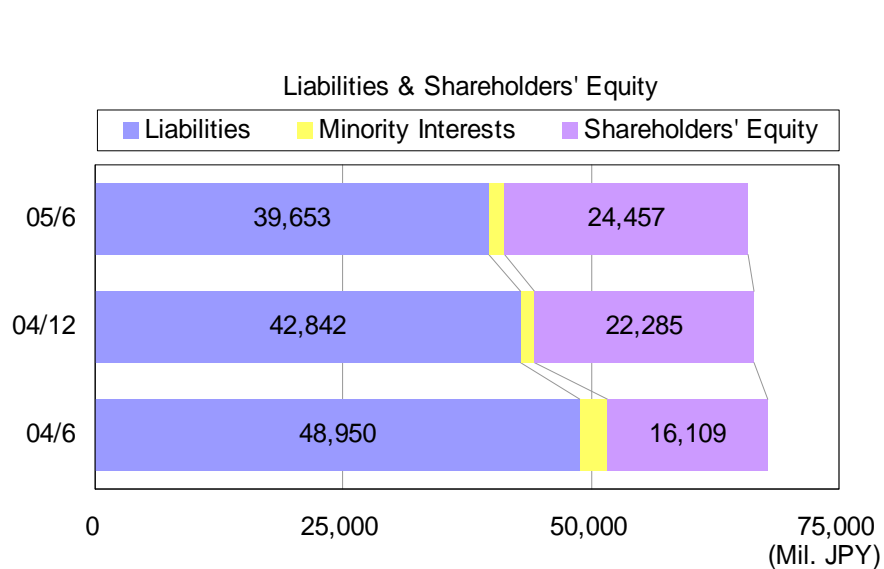
## Factors for Non-current Assets Increase

- ✧ Investments in affiliates (SPC) and Long-term loans receivable
- ✧ Construction in progress of KNOC Rong Doi FSO project

(Mil. JPY)

	04/6	04/12	05/6	04/12-05/6 Variance
<b>Current Assets</b>	<b>46,187</b>	<b>42,700</b>	<b>37,753</b>	<b>4,946</b>
Cash and time deposits	9,699	14,061	10,529	3,531
Accounts receivable - trade	16,590	14,059	12,063	1,995
Inventories	0	165	498	333
Short-term loans receivable	15,238	9,783	10,821	1,037
Other	4,658	4,630	3,840	790
<b>Non-Current Assets</b>	<b>21,547</b>	<b>23,820</b>	<b>28,057</b>	<b>4,237</b>
Lease Assets (FPSOs)	5,940	5,606	5,504	101
Investment securities	3,540	3,882	5,309	1,427
Long-term lease receivable	7,499	6,273	5,840	433
Long-term loans receivable	2,185	1,745	3,060	1,315
Goodwill on consolidation	544	3,768	3,977	208
Construction in progress	36	0	1,622	1,622
Other	1,800	2,545	2,743	198
<b>Total Assets</b>	<b>67,735</b>	<b>66,521</b>	<b>65,811</b>	<b>709</b>

# LIABILITIES & SHAREHOLDERS' EQUITY

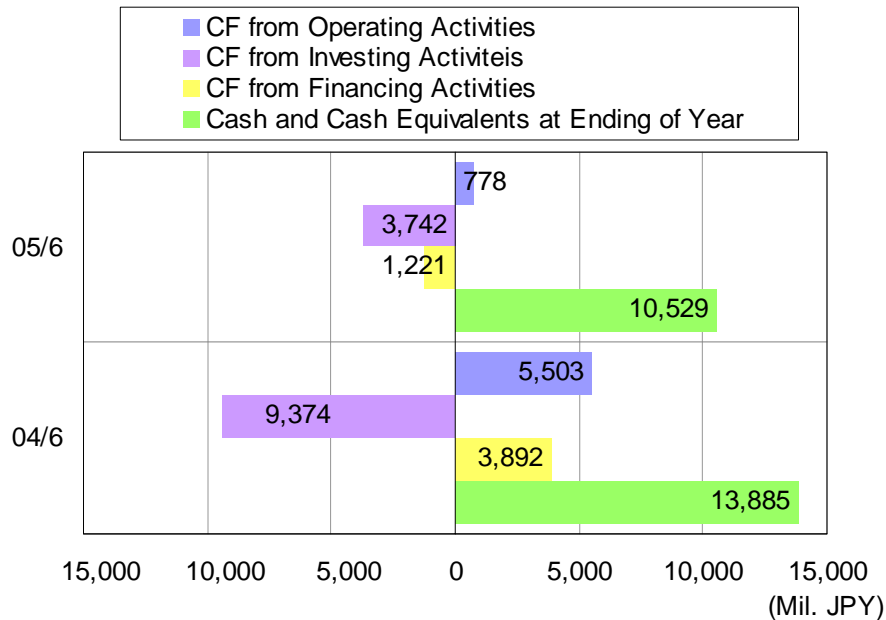


✧ Liabilities decreased due to payment of accounts payable - trade

(Mil. JPY)

	04/6	04/12	05/6	04/12-05/6 Variance
<b>Current Liabilities</b>	<b>39,724</b>	<b>34,909</b>	<b>30,921</b>	<b>3,988</b>
Accounts payable - trade	14,408	10,255	6,447	3,808
Short-term loans payable	15,628	12,663	16,335	3,672
Current portion of long-term loans payable	6,875	6,652	2,784	3,867
Other	2,810	5,337	5,353	15
<b>Long-term Liabilities</b>	<b>9,225</b>	<b>7,932</b>	<b>8,732</b>	<b>799</b>
Long-term loans payable	7,560	6,345	7,023	677
Other	1,665	1,587	1,708	121
<b>Total Liabilities</b>	<b>48,950</b>	<b>42,842</b>	<b>39,653</b>	<b>3,188</b>
<b>Minority Interests in Consolidated Subsidiaries</b>	<b>2,675</b>	<b>1,393</b>	<b>1,699</b>	<b>306</b>
Common Stock	4,659	7,159	7,159	-
Capital surplus and Retained earnings	11,403	15,206	16,567	1,360
Other	46	80	731	812
<b>Total Shareholders' Equity</b>	<b>16,109</b>	<b>22,285</b>	<b>24,457</b>	<b>2,172</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>67,735</b>	<b>66,521</b>	<b>65,811</b>	<b>709</b>

# CASH FLOW



	(Mil. JPY)		
CF from Financing Activities	04/6	05/6	Variance
Increase in short-term loans payable, net	7,050	2,954	4,096
Proceeds from long-term loans payable	162	2,094	1,931
Repayment of long-term loans payable	3,010	6,086	3,076
Cash dividends, paid	222	127	95
Other	87	56	31
<b>Net Cash provided by Financing Activities</b>	<b>3,892</b>	<b>1,221</b>	<b>5,114</b>

	(Mil. JPY)		
CF from Operating Activities	04/6	05/6	Variance
Income before income taxes and minority interests	615	2,614	1,998
Depreciation and amortization	268	497	229
Interest expense	323	471	148
Decrease (Increase) in Accounts receivable - trade	404	4,693	5,097
Decrease (Increase) in Inventories	1,946	333	2,280
Increase (Decrease) in Accounts payable - trade	2,911	4,264	7,175
Other	753	849	95
<b>Total</b>	<b>4,907</b>	<b>2,829</b>	<b>2,077</b>
Interest paid	244	658	413
Income taxes paid	366	1,543	1,176
Other	1,207	149	1,057
<b>Net Cash provided by Operating Activities</b>	<b>5,503</b>	<b>778</b>	<b>4,725</b>

	(Mil. JPY)		
CF from Investing Activities	04/6	05/6	Variance
Purchases of property and equipment and intangible assets	3,062	2,129	933
Purchases of investments in affiliates	562	1,076	514
Disbursement of long-term loans receivable	4,855	1,392	3,463
Other	894	855	1,749
<b>Net Cash used in Investing Activities</b>	<b>9,374</b>	<b>3,742</b>	<b>5,631</b>



# IV. FINANCIAL INDICATOR

- FINANCIAL INDICATOR

# FINANCIAL INDICATOR

(Mil. JPY)

	03/6	04/6	05/6	Valiance	04/12
Operating profit	2,148	702	2,098	1,395	3,779
Depreciation and amortization	1,316	268	497	229	635
Amortization of consolidated difference	-	13	13	-	26
Lease Assets (Cantarell FSO, Inc., S.A. de C.V.)	711	747	966	219	1,594
EBITDA	4,175	1,730	3,574	1,844	6,034
Operating profit (Equity Method portion)	144	446	572	126	651
Depreciation and amortization (Equity Method portion)	131	695	850	155	1,456
EBITDA (After adjustment)	4,450	2,871	4,995	2,124	8,141
Interest expense	419	323	471	148	685
Interest expense (Equity Method portion)	36	165	399	234	390
Interest expense (After adjustment)	455	488	870	382	1,075
EBITDA Interest Coverage Ratio	9.8	5.9	5.7	0.2	7.6
Interest accruing debts	25,684	30,064	26,143	3,920	25,661
Interest Accruing debts (Equity Method portion)	10,154	7,837	28,721	20,884	24,380
Cash and time deposits	7,987	9,699	10,529	830	14,061
Cash and time deposits (Equity Method portion)	329	860	956	96	1,093
Net interest accruing debts (After adjustment)	27,522	27,342	43,378	16,036	34,887
Net interest accruing debts / EBITDA	3.1	4.8	4.3	0.5	4.3
ROE (%)	20.0	10.4	12.8	2.4	11.9
ROA (%)	3.9	2.4	4.6	2.2	3.5
Equity Ratio (%)	20.1	23.8	37.2	13.4	33.5

After annualized rate