



FINAL RESULTS 2005  
ANALYSTS PRESENTATION  
February 17, 2006

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# I. FY 2005 HIGHLIGHT

1. NEWLY AWARDED PROJECTS
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  - D: PROJECT LOCATION
  - E: CHARTER and O&M PERIOD

# FY 2005 HIGHLIGHT

## 1. NEWLY AWARDED PROJECTS

### **KNOC Rong Doi FSO (Vietnam)**

Client: KNOC (Korea National Oil Corporation)  
Charter project (New Built)  
Charter Period: 7 years + option (1 x max.23 years)  
First Oil: planned 2006 2<sup>nd</sup> half  
Shipyard: Yantai Raffles Shipyard (China)  
300,000 bbl Storage; 18,000 bopd Inlet

### **Petrobras PRA-1 FSO (Brazil)**

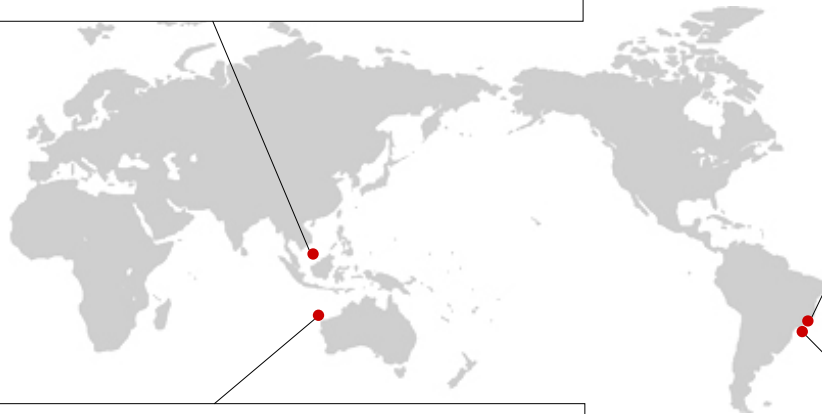
Client: Petrobras  
Charter project (Conversion)  
Charter period: 20 years  
First Oil: planned 2007 1Q  
Shipyard: Jurong Shipyard (Singapore)  
2,200,000 bbl Storage; 630,000 bopd Inlet

### **Petrobras Espadarte Sul FPSO (Brazil)**

Client: Petrobras  
Charter project (Conversion)  
Charter period: 8 years + option (1 x 4 years)  
First Oil: planned 2007 1<sup>st</sup> half  
Shipyard: Jurong Shipyard (Singapore)  
1,600,000 bbl Storage; 100,000 bopd

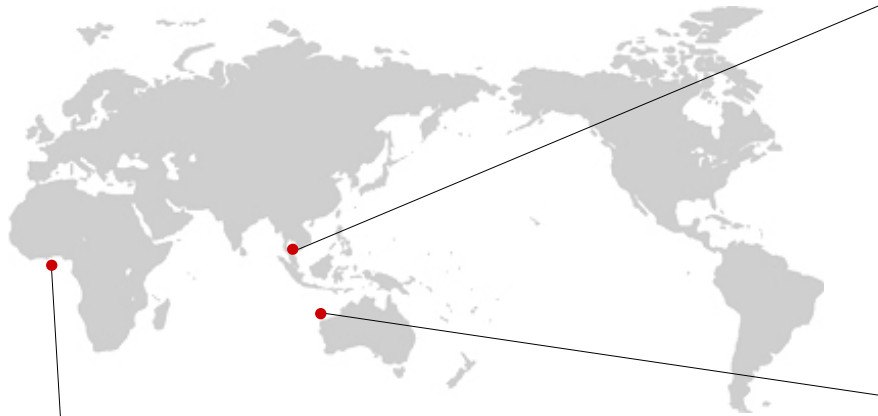
### **BHPBP Stybarrow FPSO (Australia)**

Client: BHPBP  
Charter project (New Built)  
Charter period: 10 years + option (1 x 10 years)  
First Oil: planned 2007 2<sup>nd</sup> half  
Shipyard: Samsung Heavy Industries (Korea)  
800,000 bbl Storage; 80,000 bopd



# FY 2005 HIGHLIGHT

## 2. CHARTER START PROJECTS



### PEARL Jasmine FPSO (Thailand)

Client: PEARL Energy Pte Ltd.

Charter period: 2.5 years + option  
(max. 7 years including option period)

First Oil: June 2005

Charter start: June 2005

800,000 bbl Storage; 20,000 bopd



### Santos Mutineer-Exeter FPSO (Australia)

Client: Santos Ltd.

Charter period: 5-7 years + option  
(max. 15 years including option period)

First Oil: March 2005

Charter start: April 2005

930,000 bbl Storage; 100,000 bopd



### CNR Baobab FPSO (Cote d'Ivoire)

Client: CNR International S.A.R.L.

Charter period: 10 years + option  
(max. 10 years)

Charter start: May 2005

First Oil: August 2005

2,000,000 bbl Storage; 70,000 bopd



# FY 2005 HIGHLIGHT

## 3. PROGRESS OF EPCI WORKS

### **KNOC Rong Doi FSO (Vietnam)**

Charter project (New Built)

First Oil: planned 2006 2<sup>nd</sup> half

Shipyard: Yantai Raffles Shipyard (China)



### **Petrobras PRA-1 FSO (Brazil)**

Charter project (Conversion)

First Oil: planned 2007 1Q

Shipyard: Jurong Shipyard (Singapore)



### **Petrobras Espadarte Sul FPSO (Brazil)**

Charter project (Conversion)

First Oil: planned 2007 1<sup>st</sup> half

Shipyard: Jurong Shipyard (Singapore)



### **BHPBP Stybarrow FPSO (Australia)**

Charter project (New Built)

First Oil: planned 2007 2<sup>nd</sup> half

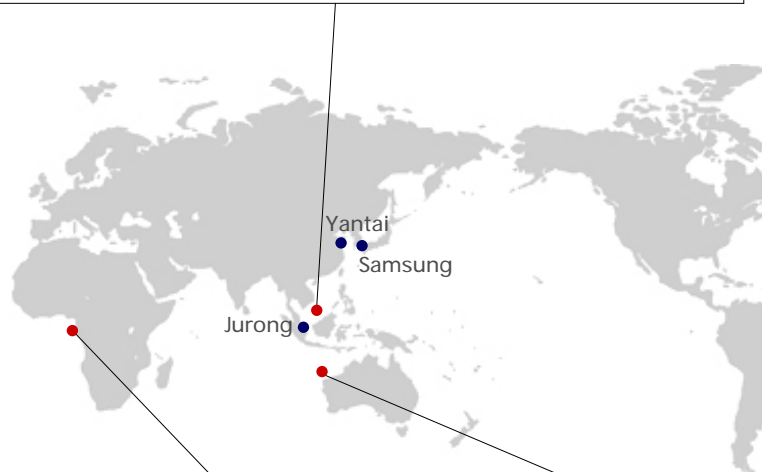
Shipyard: Samsung Heavy Industries (Korea)

### **Amerada Hess Oveng TLP & Okume/Ebano TLP (Eq. Guinea)**

EPCI project (New Built)

First Oil: planned 2006 4Q

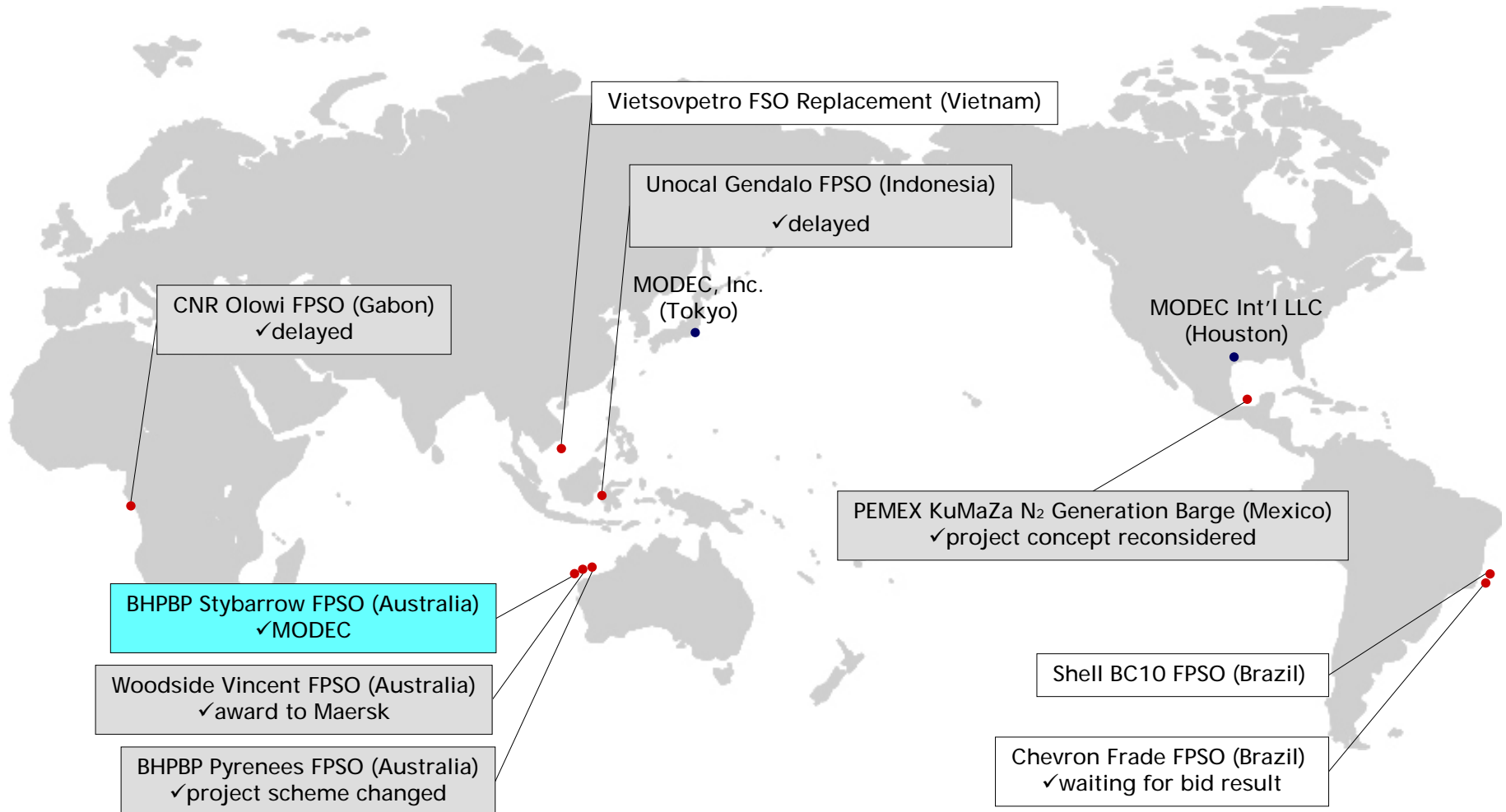
Shipyard: Samsung Heavy Industries (Korea)



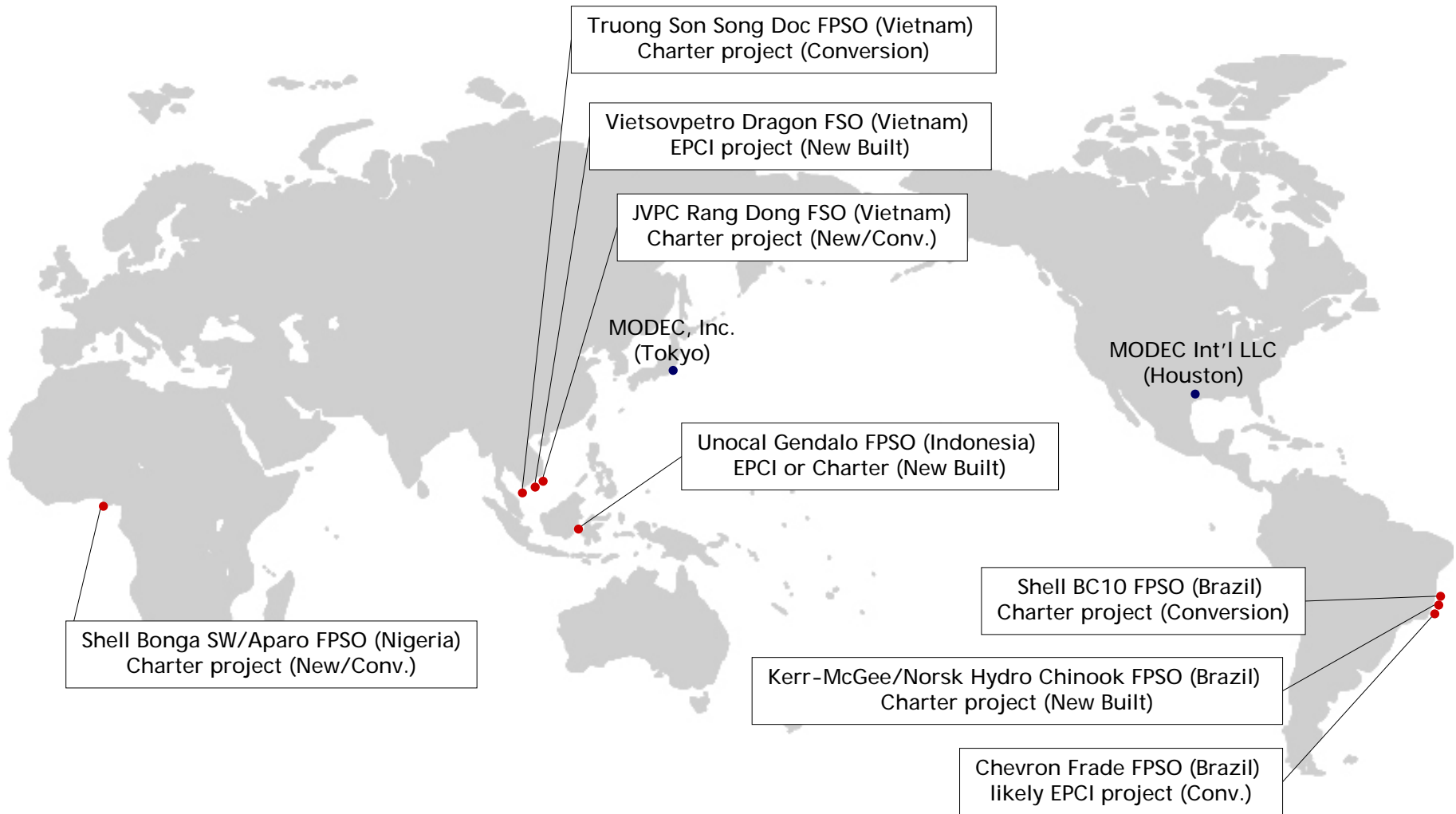
# FY 2005 HIGHLIGHT

## 4. MARKETING ACTIVITIES in 2005 2<sup>ND</sup> HALF

- current status of prospective projects announced at analysts presentation in August 2005 -



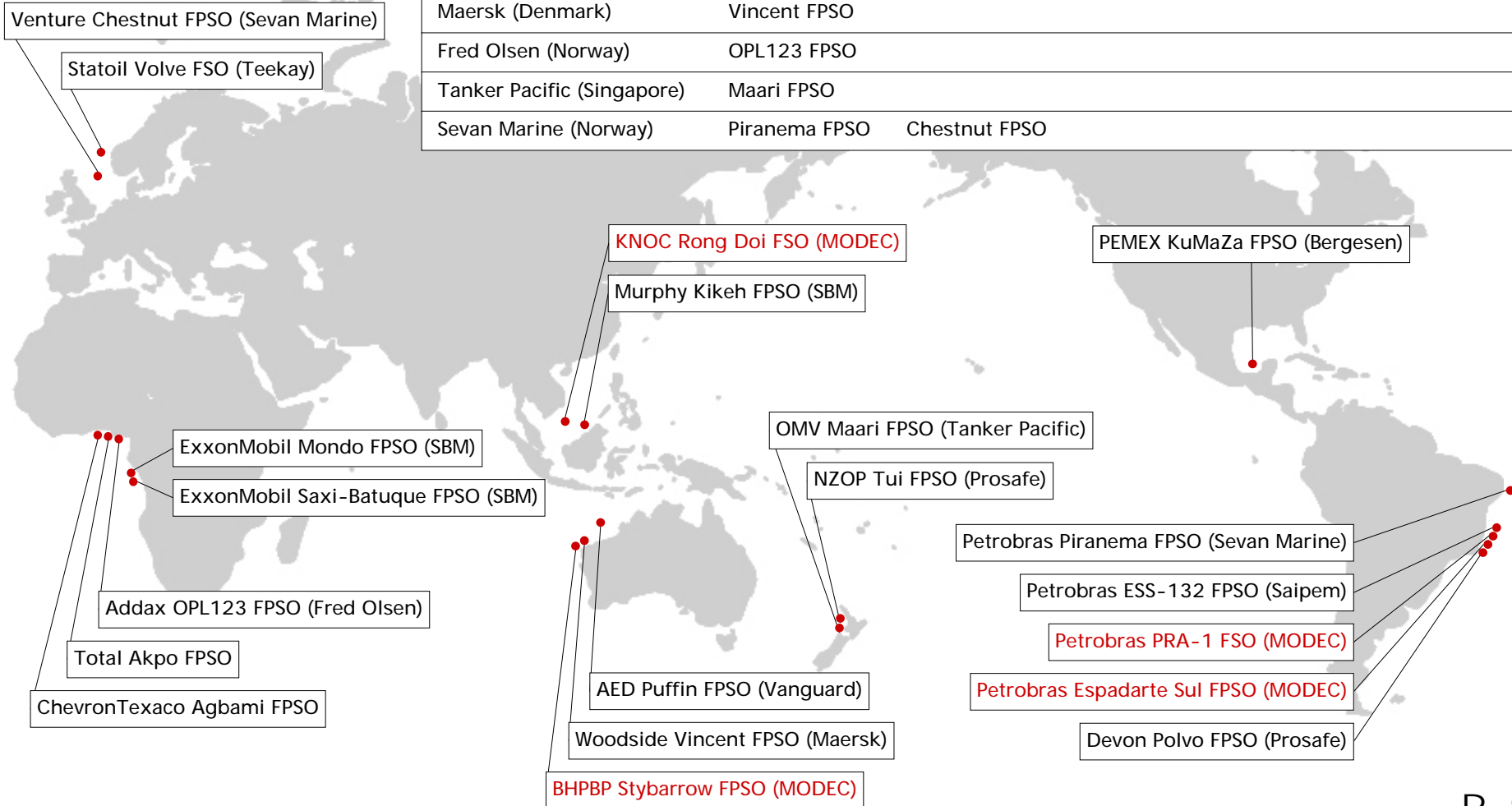
# A: MAJOR PROSPECTIVE PROJECTS in 2006





# B: MAJOR FPSO/FSO ORDERS in 2005~2006

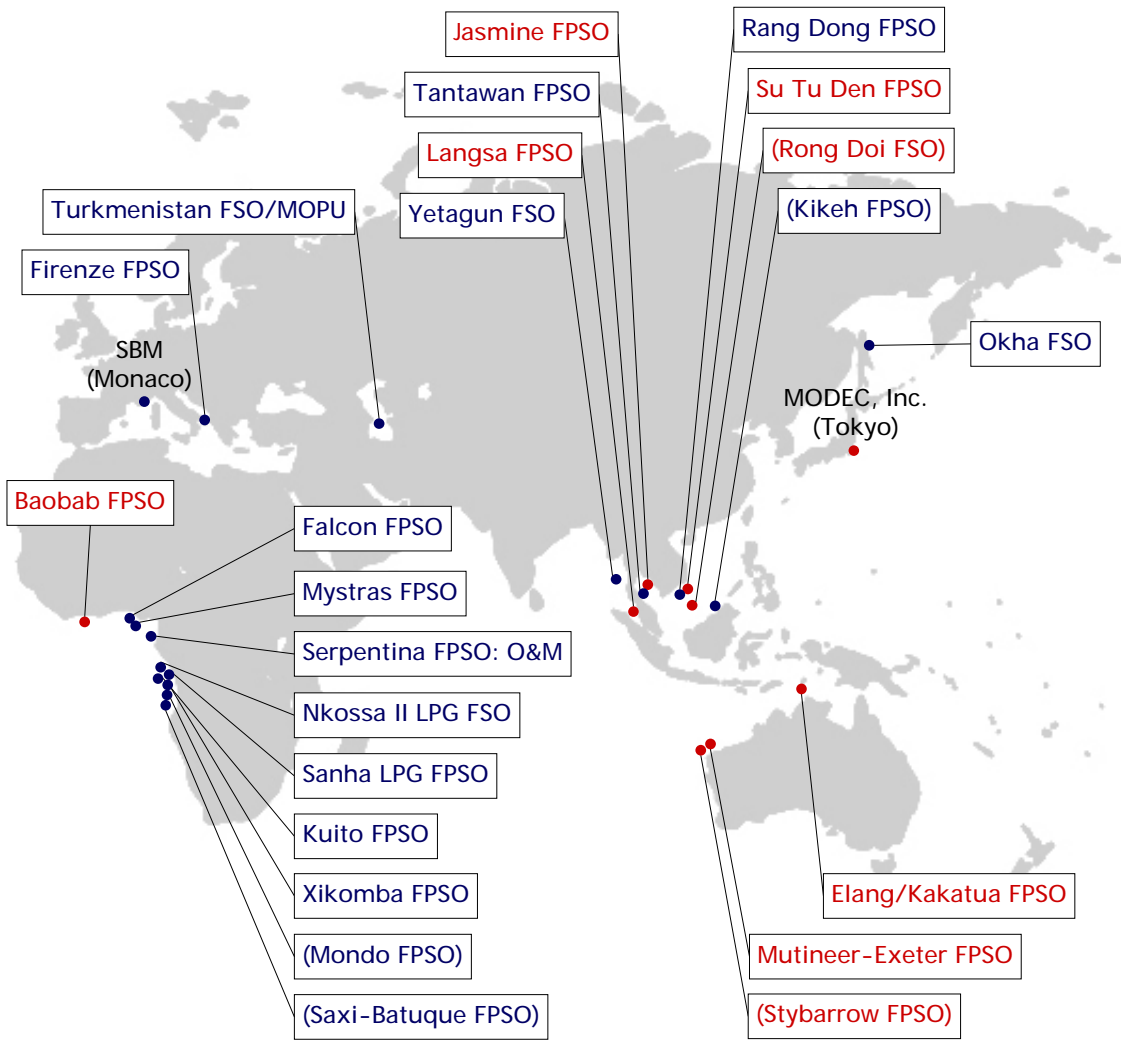
MODEC (Tokyo/Houston)	Rong Doi FSO	Espadarte Sul FPSO	PRA-1 FSO	Stybarrow FPSO
SBM (Netherlands/Monaco)	Kikeh FPSO	Mondo FPSO	Saxi-Batuque FPSO	
Prosafe (Norway)	Polvo FPSO	Tui FPSO		
Bergesen (Norway)	KuMaZa FPSO			
Saipem (Italy)	ESS-132 FPSO			
Maersk (Denmark)	Vincent FPSO			
Fred Olsen (Norway)	OPL123 FPSO			
Tanker Pacific (Singapore)	Maari FPSO			
Sevan Marine (Norway)	Piranema FPSO	Chestnut FPSO		



# C: CHARTER/O&M PROJECTS COMPARISON

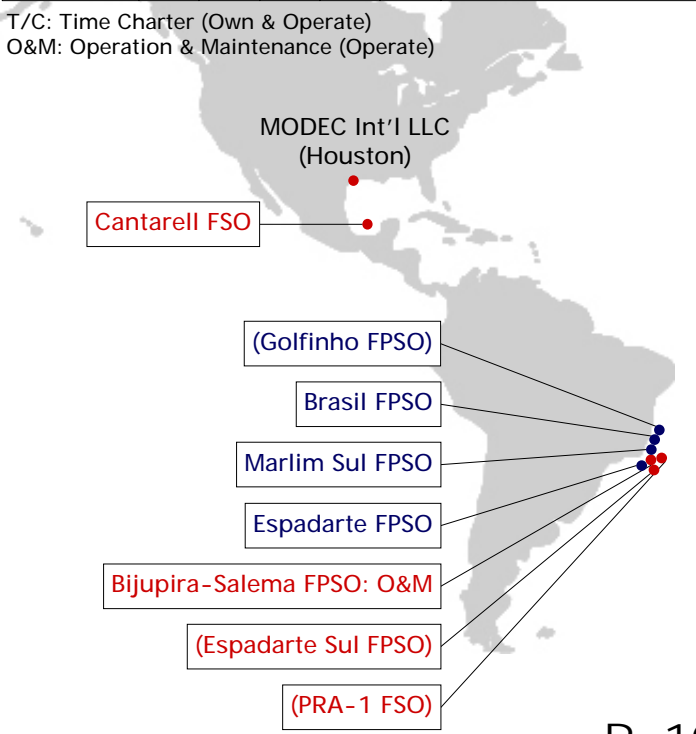
Number of T/C and O&M projects as of February 2006  
(includes projects under construction)

- MODEC: T/C 11 (4 under construction), O&M 1
- SBM: 19 (4 under construction), O&M 1

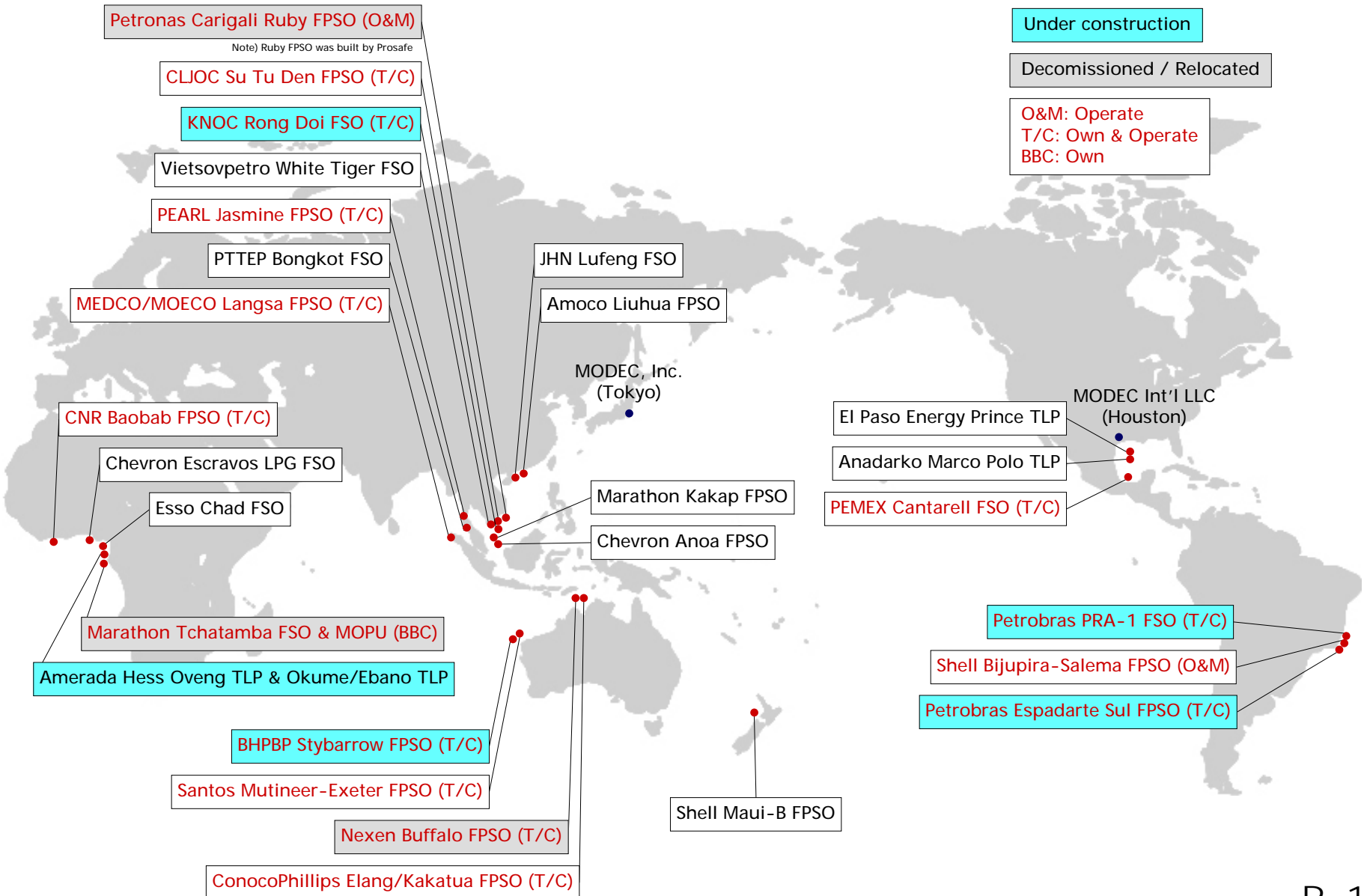


() under construction	FPSO			FSO, other		Total
	T/C	O&M	Sub Total	T/C	Sub Total	
MODEC	6 (+2)	1	9	1 (+2)	3	12 (4 under construction) [ T/C:11, O&M:1 FPSO:9, FSO:3 ]
SBM	11 (+4)	1	16	4	4	20 (4 under construction) [ T/C:19, O&M:1 FPSO:16, FSO:4 ]

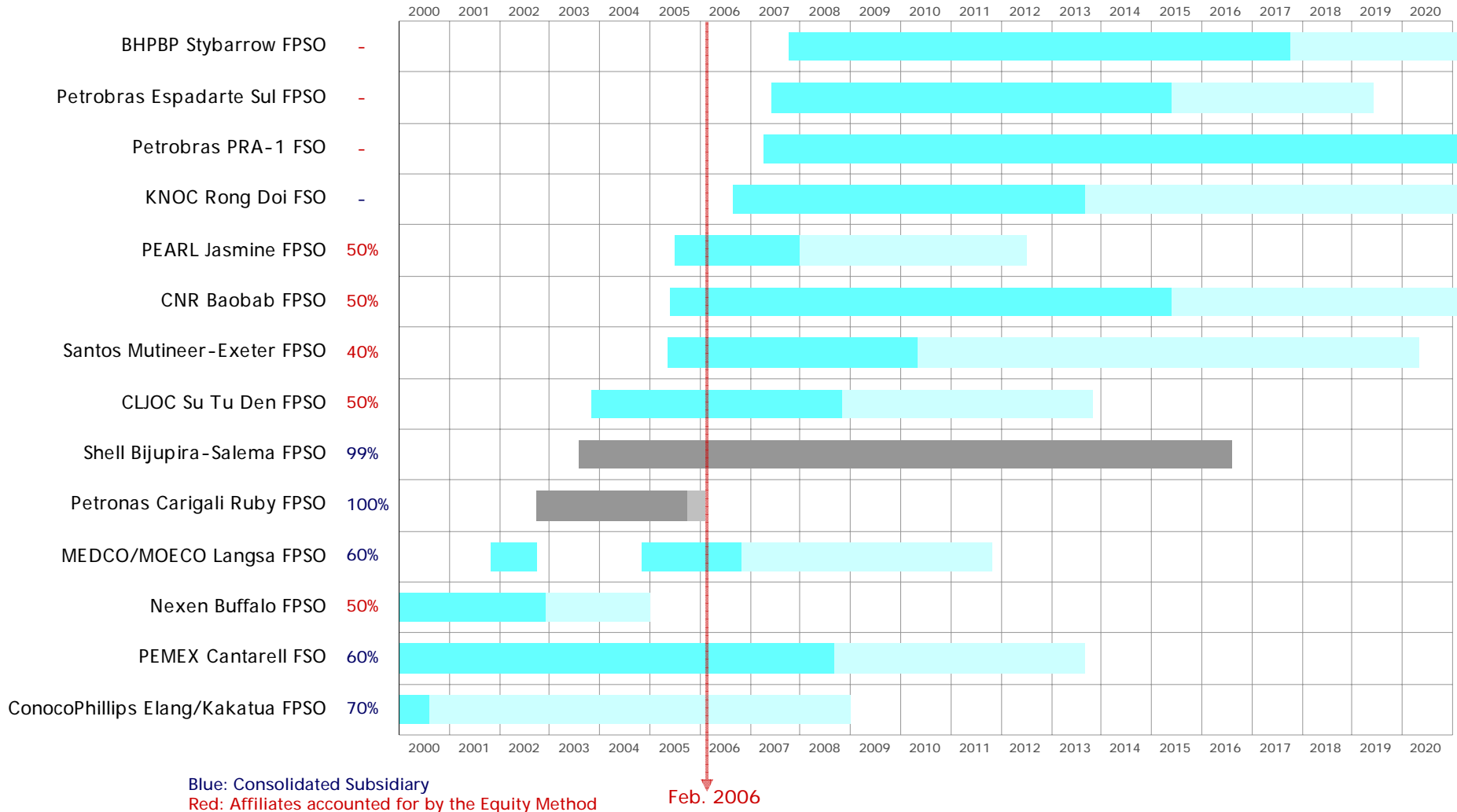
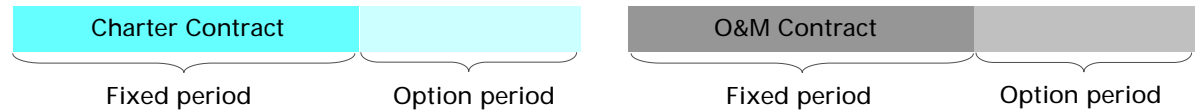
T/C: Time Charter (Own & Operate)  
O&M: Operation & Maintenance (Operate)



# D: PROJECT LOCATION



# E: CHARTER and O&M PERIOD



## II. PROFIT & LOSS

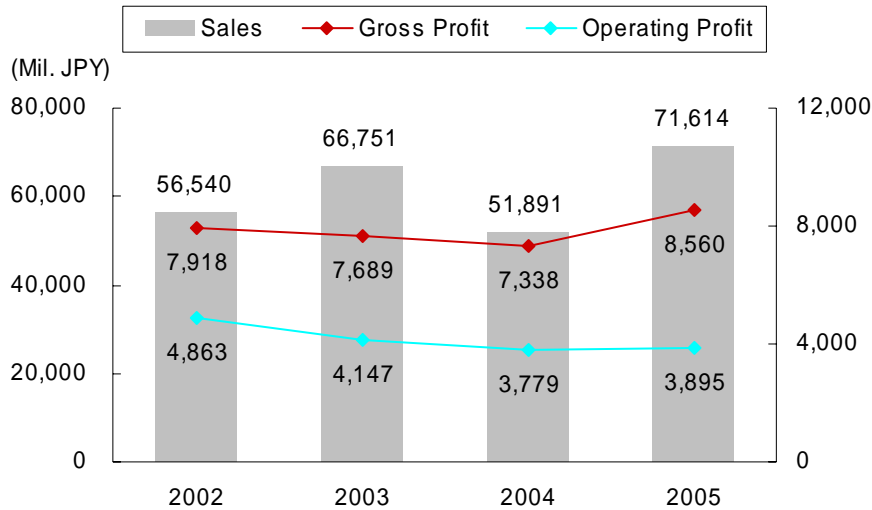
SALES

SALES, ORDERS and ORDER BACKLOGS by SERVICE TYPES

ORDINARY INCOME

NET INCOME

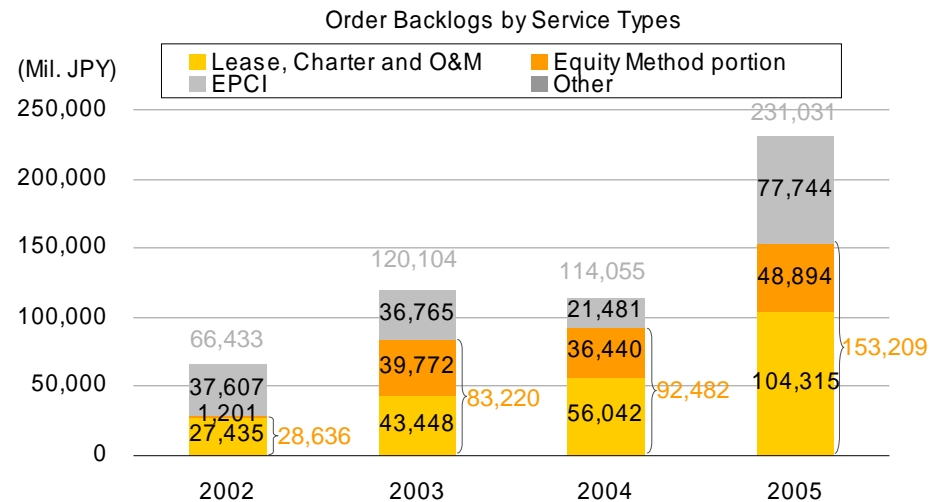
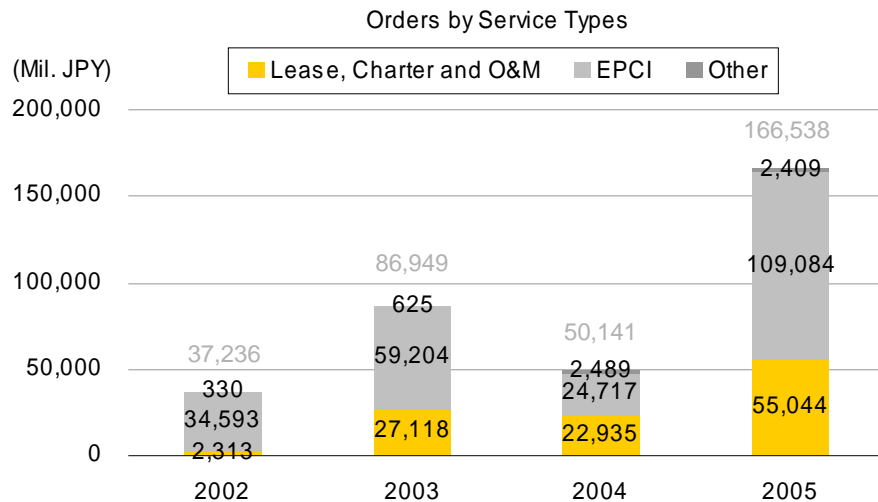
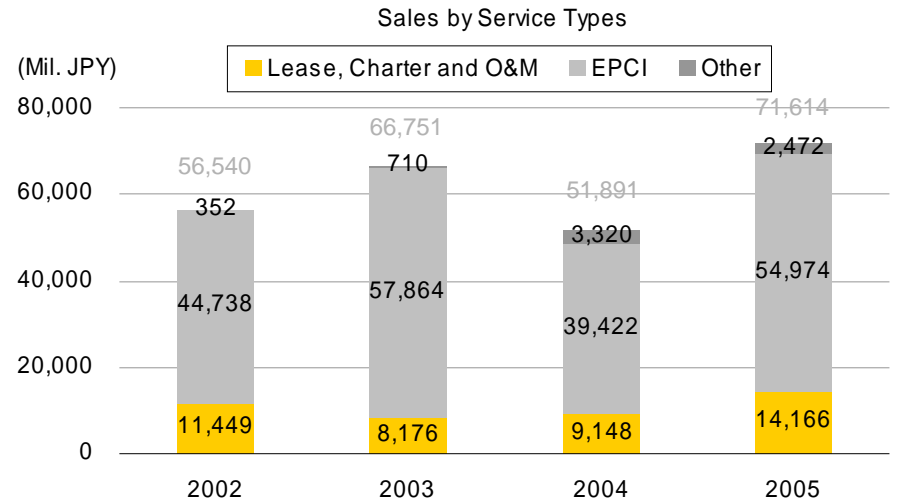
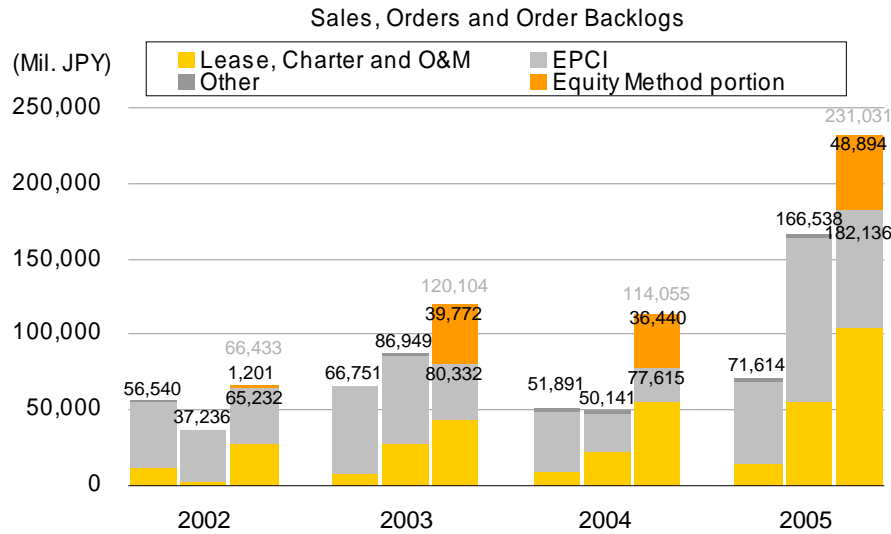
# SALES



- Consolidated Sales: 71,614 million yen
- Sales from EPCI services consists of 7 FPSO/FSO projects (includes newly awarded charter projects) and 2 TLP projects
- Production start from 3 charter projects and the production restart of Langsa FPSO pushed up the Sales from Charter and O&M services

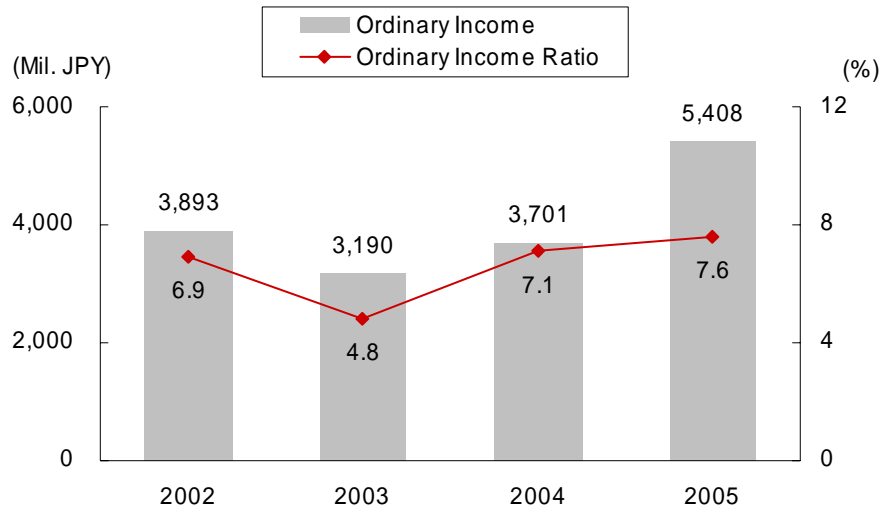
	2002		2003		2004		2005		04-05 Variance
Sales	56,540		66,751		51,891		71,614		38.0%
Gross Profit	7,918	14.0%	7,689	11.5%	7,338	14.1%	8,560	12.0%	16.7%
Operating Profit	4,863	8.6%	4,147	6.2%	3,779	7.3%	3,895	5.4%	3.1%
Other Income	432		379		1,342		2,978		121.8%
Other Expenses	1,402		1,336		1,420		1,465		3.2%
Ordinary Income	3,893	6.9%	3,190	4.8%	3,701	7.1%	5,408	7.6%	46.1%
Extraordinary Income	320		731		41		-		100.0%
Extraordinary Loss	-		-		329		-		100.0%
Income before Income Taxes and Minority Interests	4,214		3,922		3,414		5,408		58.4%
Net Income	1,690	3.0%	2,029	3.0%	2,230	4.3%	3,213	4.5%	44.0%

# SALES, ORDERS and ORDER BACKLOGS by SERVICE TYPES



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

# ORDINARY INCOME



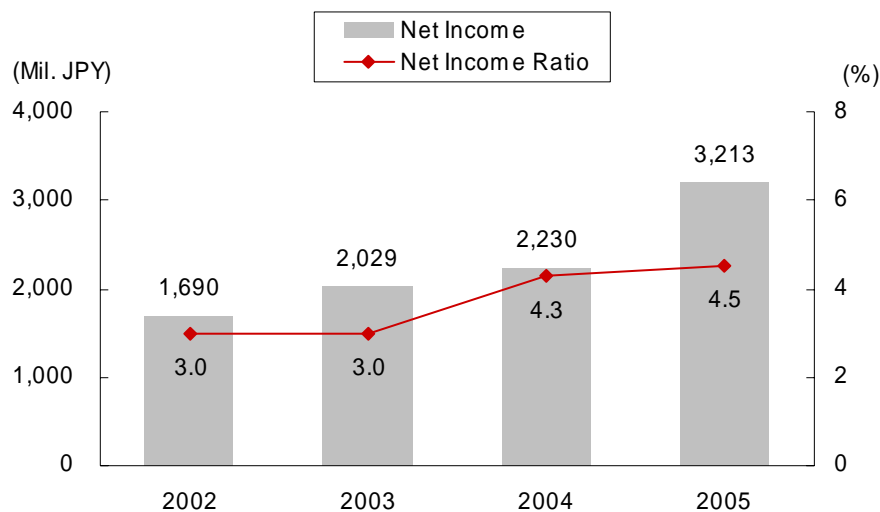
- Finance lease accounting method is applied to CNR Baobab FPSO project
  - Deferred profits of approx. 1,000 million yen during the EPCI period was realized at one time

	Influence of deferred profits (Mil. JPY)		
	2003	2004	2005
Deferred	461	1,355	1,211
Realized	147	31	1,473
Influence	314	1,324	262
Balance	1,251	2,575	2,313

	2002	2003	2004	2005	04-05 Variance
Sales	56,540	66,751	51,891	71,614	38.0%
Gross Profit	7,918	7,689	7,338	8,560	16.7%
Operating Profit	4,863	4,147	3,779	3,895	3.1%
Other Income	432	379	1,342	2,978	121.8%
Other Expenses	1,402	1,336	1,420	1,465	3.2%
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Extraordinary Income	320	731	41	-	100.0%
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Income before Income Taxes and Minority Interests	4,214	3,922	3,414	5,408	58.4%
Net Income	1,690	2,029	2,230	3,213	44.0%



# NET INCOME



- Production start from 2 new charter projects (Mutineer-Exeter FPSO and Baobab FPSO) and relocated Jasmine FPSO boosted the equity in earnings of affiliates
- Yen depreciation in exchange rate at December 31, 2005 pushed up the consolidated profits
  - exchange fluctuation of 1 yen – impact of approx. 30 million yen
- Operating profit remained on the same level due to the increase of other income

	2002		2003		2004		2005		04-05 Variance
Sales	56,540		66,751		51,891		71,614		38.0%
Gross Profit	7,918		7,689		7,338		8,560		16.7%
	Gross Profit Ratio		14.0%		11.5%		14.1%		12.0%
Operating Profit	4,863		4,147		3,779		3,895		3.1%
	Operating Profit Ratio		8.6%		6.2%		7.3%		5.4%
Other Income	432		379		1,342		2,978		121.8%
Other Expenses	1,402		1,336		1,420		1,465		3.2%
Ordinary Income	3,893		3,190		3,701		5,408		46.1%
	Ordinary Income Ratio		6.9%		4.8%		7.1%		7.6%
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Net Income	1,690		2,029		2,230		3,213		44.0%
	Net Profit Ratio		3.0%		3.0%		4.3%		4.5%

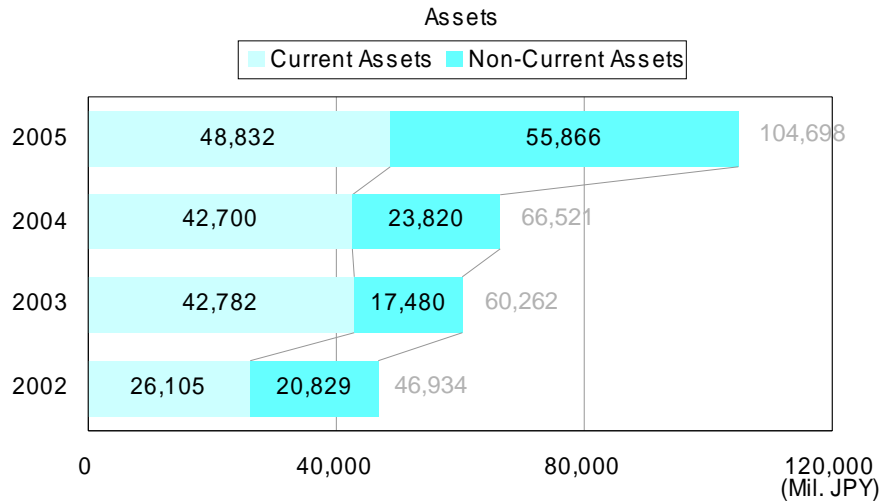
## III. BALANCE SHEET & CASH FLOW

ASSETS

LIABILITIES & SHAREHOLDERS' EQUITY

CASH FLOW

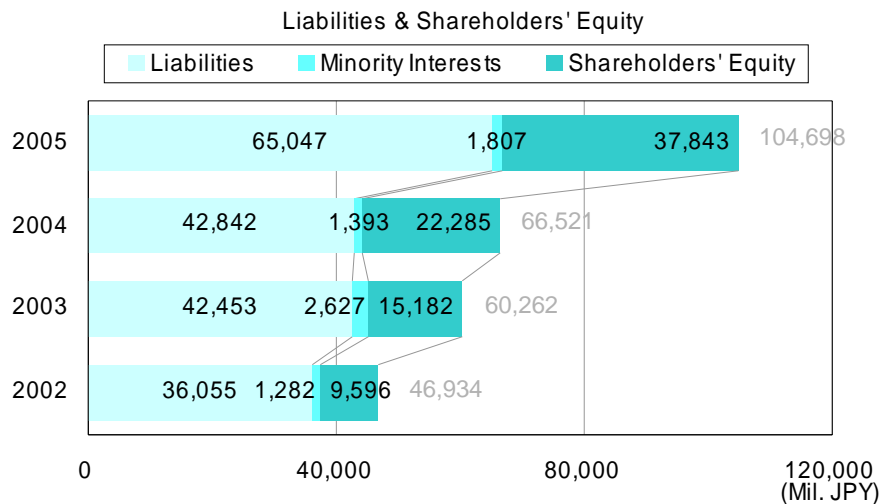
# ASSETS



- Non-Current Assets increased considerably**
  - Loans receivable (for newly awarded projects) increased due to the financing to affiliates during EPCI periods**
    - These loans are reported as long-term loans with its maturity exceeding 1 year**
  - Investments and long-term loans increased as affiliates started charter services**

	2003	2004	2005	(Mil. JPY) 04-05 Variance
Cash and time deposits	12,264	14,061	25,061	11,000
Accounts receivable - trade	15,326	14,059	16,409	2,349
Inventories	1,924	165	2,237	2,072
Short-term loans receivable	8,945	9,783	255	9,527
Short-term lease receivable	1,542	1,735	2,145	409
Other	2,779	2,894	2,721	173
<b>Current Assets</b>	<b>42,782</b>	<b>42,700</b>	<b>48,832</b>	<b>6,131</b>
Lease Assets (FPSOs, etc.)	4,563	5,606	3,168	2,438
Investments securities	2,492	3,882	8,463	4,581
Long-term loans receivable from an affiliated company	-	1,745	28,289	26,544
Long-term lease receivable	8,256	6,273	5,043	1,229
Other	2,168	6,313	10,901	4,588
<b>Non-Current Assets</b>	<b>17,480</b>	<b>23,820</b>	<b>55,866</b>	<b>32,046</b>
<b>Total Assets</b>	<b>60,262</b>	<b>66,521</b>	<b>104,698</b>	<b>38,177</b>

# LIABILITIES & SHAREHOLDERS' EQUITY



□ Liabilities

- Increase of loans payable corresponds to the increase of loans receivable

□ Shareholders' Equity

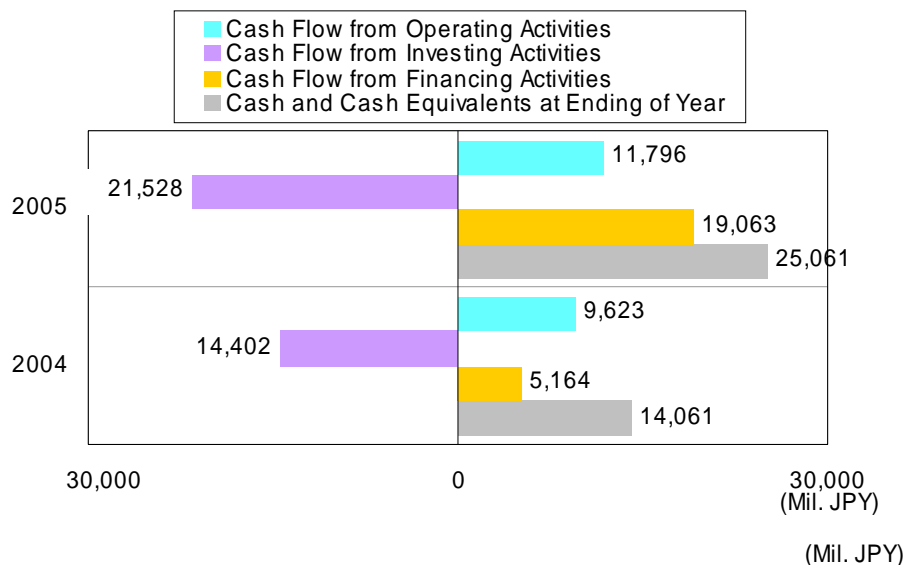
- 10.6 billion yen raised from public offering and third party allotment in December 2005
- Equity ratio increased to 36%

(Mil. JPY)

	2003	2004	2005	04-05 Valiance
Accounts payable - trade	11,329	10,255	18,889	8,634
Short-term loans payable	8,529	12,663	27,960	15,296
Current portion of long-term loans payable	3,314	6,652	3,107	3,545
Other	3,049	5,337	6,473	1,135
<b>Current Liabilities</b>	<b>26,222</b>	<b>34,909</b>	<b>56,431</b>	<b>21,521</b>
Long-term loans payable	13,897	6,345	6,478	132
Other	2,332	1,587	2,138	551
<b>Long-term Liabilities</b>	<b>16,230</b>	<b>7,932</b>	<b>8,616</b>	<b>684</b>
<b>Total Liabilities</b>	<b>42,453</b>	<b>42,842</b>	<b>65,047</b>	<b>22,205</b>
<b>Minority Interest in Consolidated Subsidiaries</b>	<b>2,627</b>	<b>1,393</b>	<b>1,807</b>	<b>413</b>
Common Stock	4,659	7,159	12,391	5,232
Capital surplus and Retained earnings	10,824	15,206	23,555	8,348
Other	301	80	1,896	1,977
<b>Total Shareholders' Equity</b>	<b>15,182</b>	<b>22,285</b>	<b>37,843</b>	<b>15,558</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>60,262</b>	<b>66,521</b>	<b>104,698</b>	<b>38,177</b>

## CASH FLOW

(Mil. JPY)



CF from Financing Activities	2003	2004	2005	04-05 Valiance
Proceeds from short-term loans payable	40,545	161,116	162,014	898
Repayment of short-term loans payable	36,386	156,871	148,161	8,710
Proceeds from long-term loans payable	6,902	156	3,075	2,918
Repayment of long-term loans payable	7,545	3,816	8,225	4,409
Issuance of shares	4,018	4,999	10,679	5,679
Cash dividends paid	192	334	236	97
Other	51	84	83	1
<b>Net cash provided by Financing Activities</b>	<b>7,290</b>	<b>5,164</b>	<b>19,063</b>	<b>13,898</b>

CF from Operating Activities	2003	2004	2005	04-05 Valiance
Income before income taxes and minority interests	3,922	3,414	5,408	1,993
Depreciation and amortization	1,834	635	1,116	480
Interest expense	652	685	1,261	575
Decrease (Increase) in Accounts receivable - trade	1,255	3,559	2,263	1,296
Decrease (Increase) in Inventories	9,786	1,708	2,072	3,781
Decrease (Increase) in Accounts payable - trade	6,345	856	7,614	8,470
Other	1,386	478	1,361	1,839
<b>Sub Total</b>	<b>7,208</b>	<b>9,626</b>	<b>14,229</b>	<b>4,603</b>
Interest paid	681	426	1,513	1,087
Income taxes paid	1,513	685	2,051	1,365
Other	438	1,109	1,132	23
<b>Net cash provided by Operating Activities</b>	<b>5,452</b>	<b>9,623</b>	<b>11,796</b>	<b>2,173</b>

CF from Investing Activities	2003	2004	2005	04-05 Valiance
Purchase of property and equipment and intangible assets	301	3,785	4,399	613
Purchase of Investments in affiliates	1,290	1,624	2,593	968
Disbursement of loans receivable	8,356	27,164	26,809	355
Other	1,320	18,172	12,273	5,899
<b>Net cash used in Investing Activities</b>	<b>8,629</b>	<b>14,402</b>	<b>21,528</b>	<b>7,126</b>

## IV. FINANCIAL INDICATOR



Santos Mutineer-Exeter FPSO

## FINANCIAL INDICATOR

	(Mil. JPY)				
	2002	2003	2004	2005	04-05 Valiance
Operating profit	4,863	4,147	3,779	3,895	116
Depreciation and amortization	3,668	1,834	635	1,116	480
Amortization of consolidated differences	-	13	26	26	0
Collection of lease receivable (Cantarell FSO, Inc., S.A. de C.V.)	1,283	1,321	1,594	1,991	397
EBITDA	9,814	7,315	6,034	7,029	995
Operating profit (equity method portion)	314	317	651	2,167	1,516
Depreciation and amortization (equity method portion)	693	648	1,456	2,190	734
Collection of lease receivable (equity method portion: MODEC Venture 10 B.V.)	-	-	-	1,216	1,216
EBITDA (after adjustment)	10,821	8,280	8,141	12,604	4,463
Interest expense	1,212	652	685	1,261	575
Interest expense (equity method portion)	105	116	390	705	315
Interest expense (after adjustment)	1,317	768	1,075	1,966	891
EBITDA Interest Coverage Ratio	8.2	10.8	7.6	6.4	1.2
Liabilities with interest	24,650	25,741	25,661	37,545	11,884
Liabilities with interest (equity method portion)	2,181	12,634	24,380	19,574	4,806
Cash and time deposits	9,766	12,264	14,061	25,061	11,000
Cash and time deposits (equity method portion)	166	579	1,093	1,406	313
Net liabilities with interest (after adjustment)	16,899	25,532	34,887	30,651	4,236
Net liabilities with interest / EBITDA	1.6	3.1	4.3	2.4	1.9
ROE (%)	18.7	16.4	11.9	10.7	1.2
ROA (%)	3.6	3.8	3.5	3.8	0.3

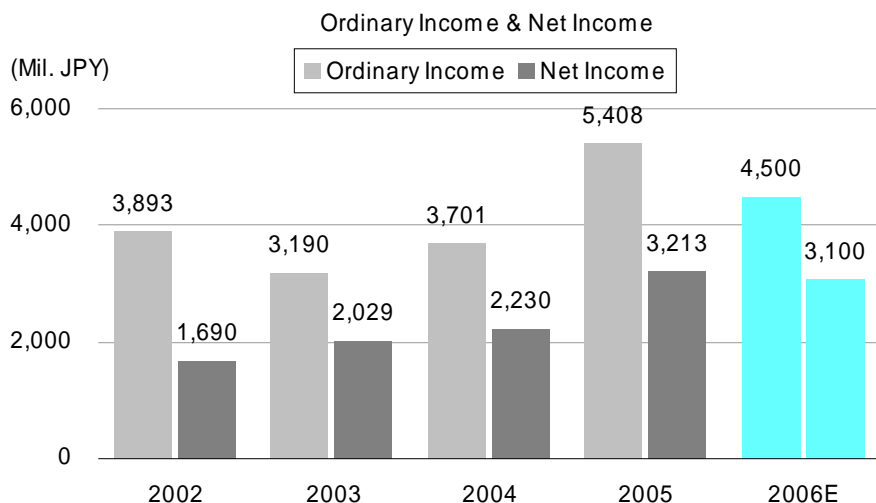
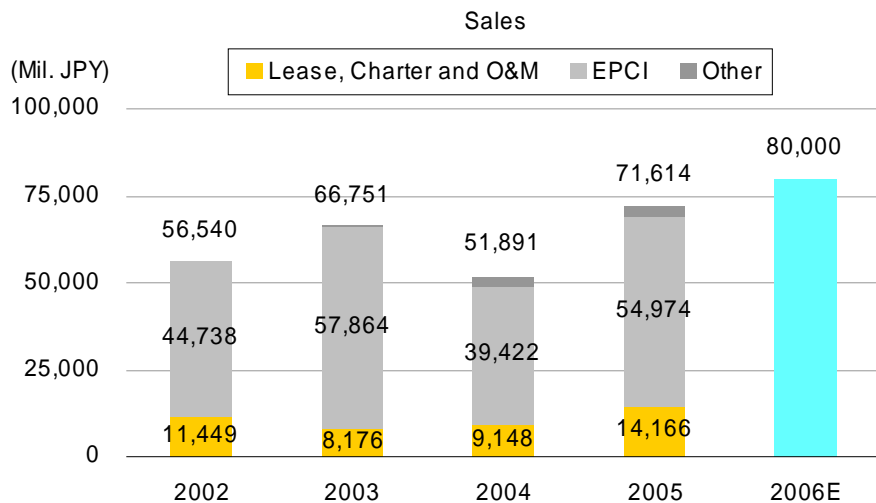
## V. FORECAST for FY 2006



Anadarko Marco Polo TLP



# FORECAST for FY 2006



- Keep pursuing new project awards in 2006
- Adding newly awarded projects in 2005, Sales from EPCI services will remain on high level
- Sales to affiliates from EPCI services will further the deferment of profits
  - Impact of deferred profits on ordinary income is expected to be -1,300 million yen in 2006  
(cf. +260 million yen in 2005)
- Ordinary income before deferred profits adjustment will increase from 5,140 million yen in 2005 to 5,800 million yen in 2006
- Estimated exchange rate as of December 31, 2006
  - 110.00 yen @ U.S.\$1  
(cf. 118.07 yen @ U.S.\$1 in 2005)