



HALF-YEAR RESULTS 2006
ANALYSTS PRESENTATION

AUGUST 18, 2006

CONTENTS

I.	HALF-YEAR 2006 HIGHLIGHT	P. 3
II.	MARKET & PROJECTS REVIEW	P. 9
III.	PROFIT & LOSS	P. 17
IV.	BALANCE SHEET & CASH FLOW	P. 22
V.	FINANCIAL INDICATOR	P. 26
VI.	FORECAST for FY 2006	P. 28

I. HALF-YEAR 2006 HIGHLIGHT

1. NEWLY AWARDED PROJECTS
2. DELIVERED UNITS
3. PROGRESS OF EPCI WORKS
4. ACQUISITION of SHARES of NATCO JAPAN
5. OTHER TOPICS

HALF-YEAR 2006 HIGHLIGHT

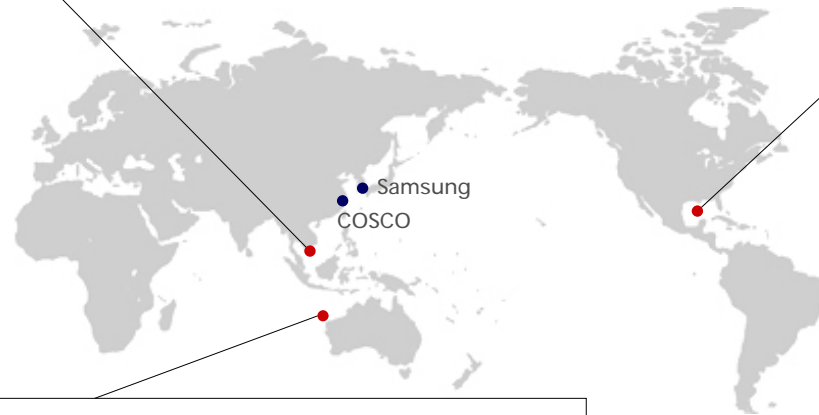
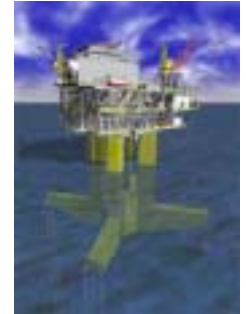
1. NEWLY AWARDED PROJECTS

JVPC Rang Dong FSO (Vietnam)

Client: JVPC
 EPCI + Time Charter (New Built)
 Charter Period: 9 years + option (1x5 years)
 First Oil: planned 2008 3Q
 Shipyard: COSCO Shipyard (China)
 350,000 bbl Storage; 60,000 bopd Inlet

BHPB Shenzi TLP (GOM)

Client: BHPB
 EPC + pre-commissioning
 Installation: planned 2008 Summer
 First Oil: planned mid 2009
 Shipyard: Samsung Heavy Industries (Korea)
 100,000 bopd; 50 mmscfd



BHPBP Stybarrow FPSO (Australia)

Client: BHPBP
 EPC + Time Charter (New Built)
 Charter Period: 10 years + option (1 x 5 years)
 First Oil: 2008 1Q
 Shipyard: Samsung Heavy Industries (Korea)
 900,000 bbl Storage; 80,000 bopd



HALF-YEAR 2006 HIGHLIGHT 2. DELIVERED UNITS



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

Client: Amerada Hess

EPC

Installed: 2006 April

First Oil: planned 2006 December

Production: 25,000 bopd; 30 mmscfd each



Oveng TLP



Okume/Ebano TLP

HALF-YEAR 2006 HIGHLIGHT

3. PROGRESS OF EPCI WORKS

KNOC Rong Doi FSO (Vietnam)

EPCI + Time Charter (New Built)

First Oil: planned 2006 3Q

Shipyard: Yantai Raffles Shipyard (China)



JVPC Rang Dong FSO (Vietnam)

EPCI + Time Charter (New Built)

First Oil: planned 2008 3Q

Shipyard: COSCO Shipyard (China)

BHPB Shenzi TLP (GOM)

EPC + pre-commissioning

Installation: planned 2008 Summer

Shipyard: Samsung Heavy Industries (Korea)



Petrobras PRA-1 FSO (Brazil)

EPCI + Time Charter (Conversion)

First Oil: 2007 2Q

Shipyard: Jurong Shipyard (Singapore)



Petrobras Espadarte Sul FPSO (Brazil)

EPCI + Time Charter (Conversion)

First Oil: 2007 1st Half

Shipyard: Jurong Shipyard (Singapore)



BHPBP Stybarrow FPSO (Australia)

EPC + Time Charter (New Built)

First Oil: 2008 1Q

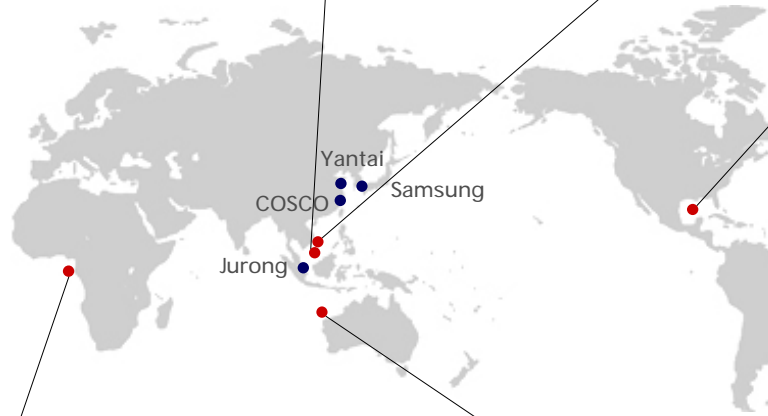
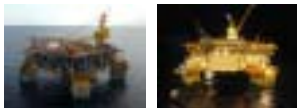
Shipyard: Samsung Heavy Industries (Korea)



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

EPC

Delivered



HALF-YEAR 2006 HIGHLIGHT

4. ACQUISITION of SHARES of NATCO JAPAN

- Purpose
 - Strategic Partnership aimed at Technological Synergy effects in FPSO business

- Effects
 - MODEC Competitiveness
 - Hull: Design & Engineering expertise based on Japanese marine technology
 - Mooring: SPM technology
 - Topside: partnership with NATCO group
 - Enhanced expertise in FPSO core technologies; Differentiation from other FPSO contractors

- About NATCO (National Tank Company)
 - NYSE: NTG (NATCO Group Inc.)
 - Founded in 1926
 - Leading provider of wellhead process equipment, systems and services used in the production of oil and gas

HALF-YEAR 2006 HIGHLIGHT

5. OTHER TOPICS

April 2006: MODEC Serviços de Petróleo do Brasil Ltda. received "Company of the Year Award" (7th Re[ha]bilita Rio Award) in Brazil



II. MARKET & PROJECTS REVIEW

MARKETING ACTIVITIES in 2006 1st HALF

MAJOR FPSO/FSO ORDERS in 2006 1st HALF

NEW PRODUCTS: CP SEMI

MAJOR PROSPECTIVE PROJECTS in 2006~2007

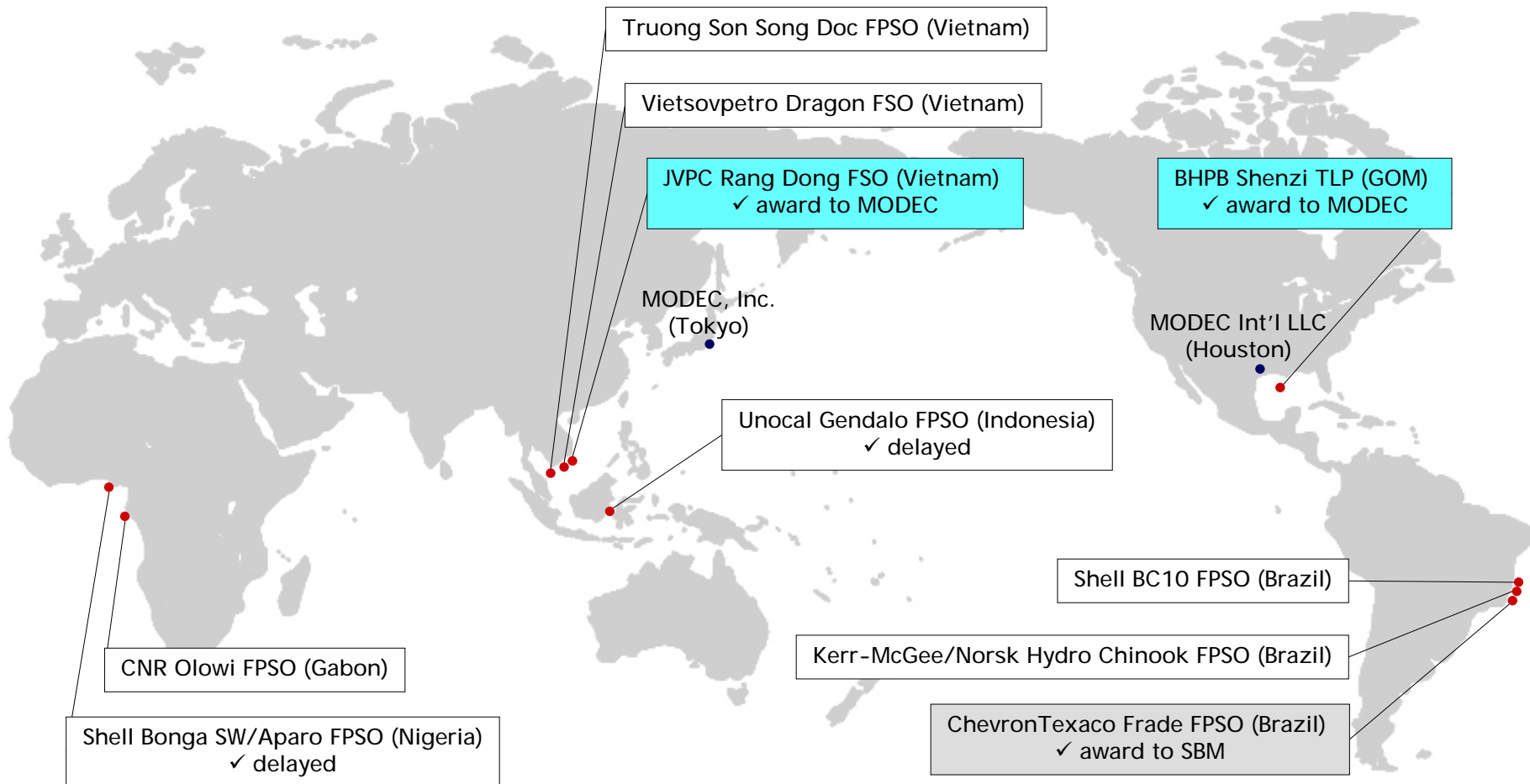
MODEC PROJECT LOCATION

TIME CHARTER / O&M PROJECTS

TIME CHARTER / O&M PERIOD

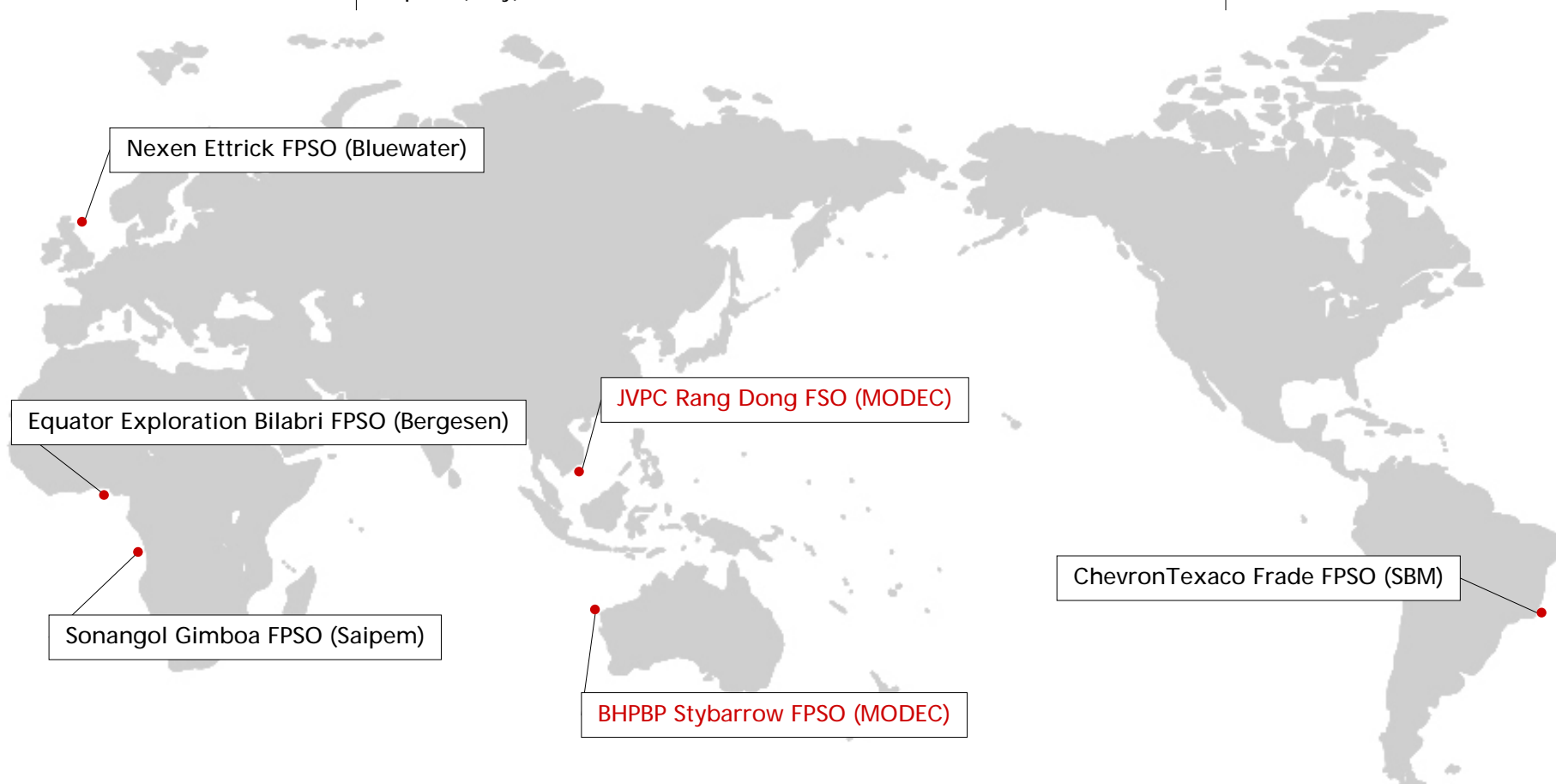
MARKETING ACTIVITIES in 2006 1st HALF

Current status of prospective projects announced at analysts presentation in February 2006



MAJOR FPSO/FSO ORDERS in 2006 1st HALF

MODEC (Japan/USA)	Stybarrow FPSO	Rang Dong FSO
SBM (Netherlands/Monaco)	Frade FPSO	
Bluewater (Netherlands)	Ettrick FPSO	
Bergesen (Norway)	Bilabri FPSO	
Saipem (Italy)	Gimboa FPSO	



NEW PRODUCTS: CP SEMI

- CP Semi: Central Pontoon Semisubmersible

- Conceptual Work Started June 2003
- Developed Designs:

<u>Location</u>	<u>Water depth(ft)</u>	<u>Payload(st)</u>
GOM	7,500	28,000
GOM	6,500	12,000
GOM	4,300	8,500
GOM	7,000	5,500

- Approved by ABS
- Model Tested – wind tunnel, wave basin, towing tank
- Constructability Reviews



CP Semi 28000



CP Semi 12000

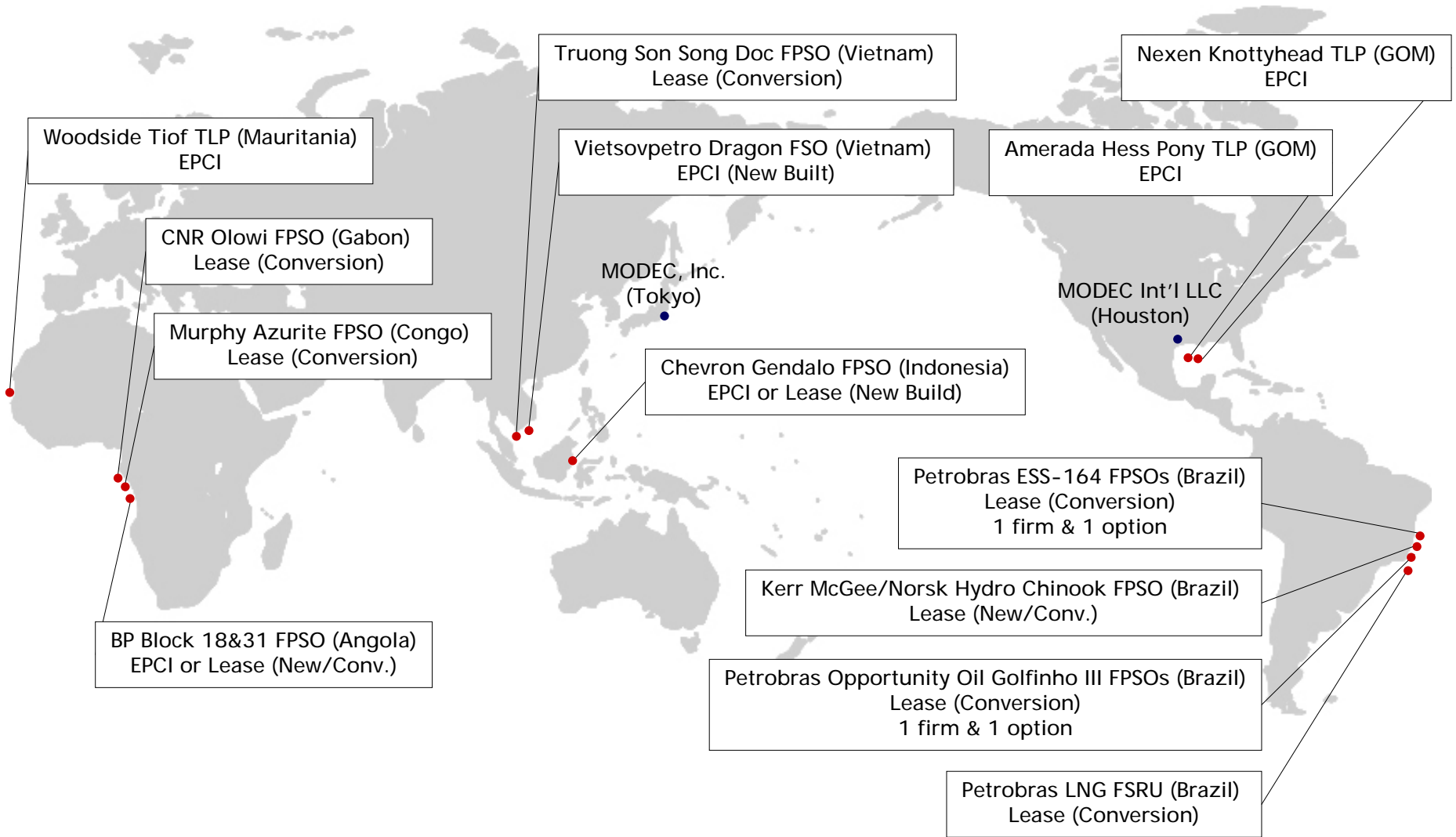


CP Semi 8500

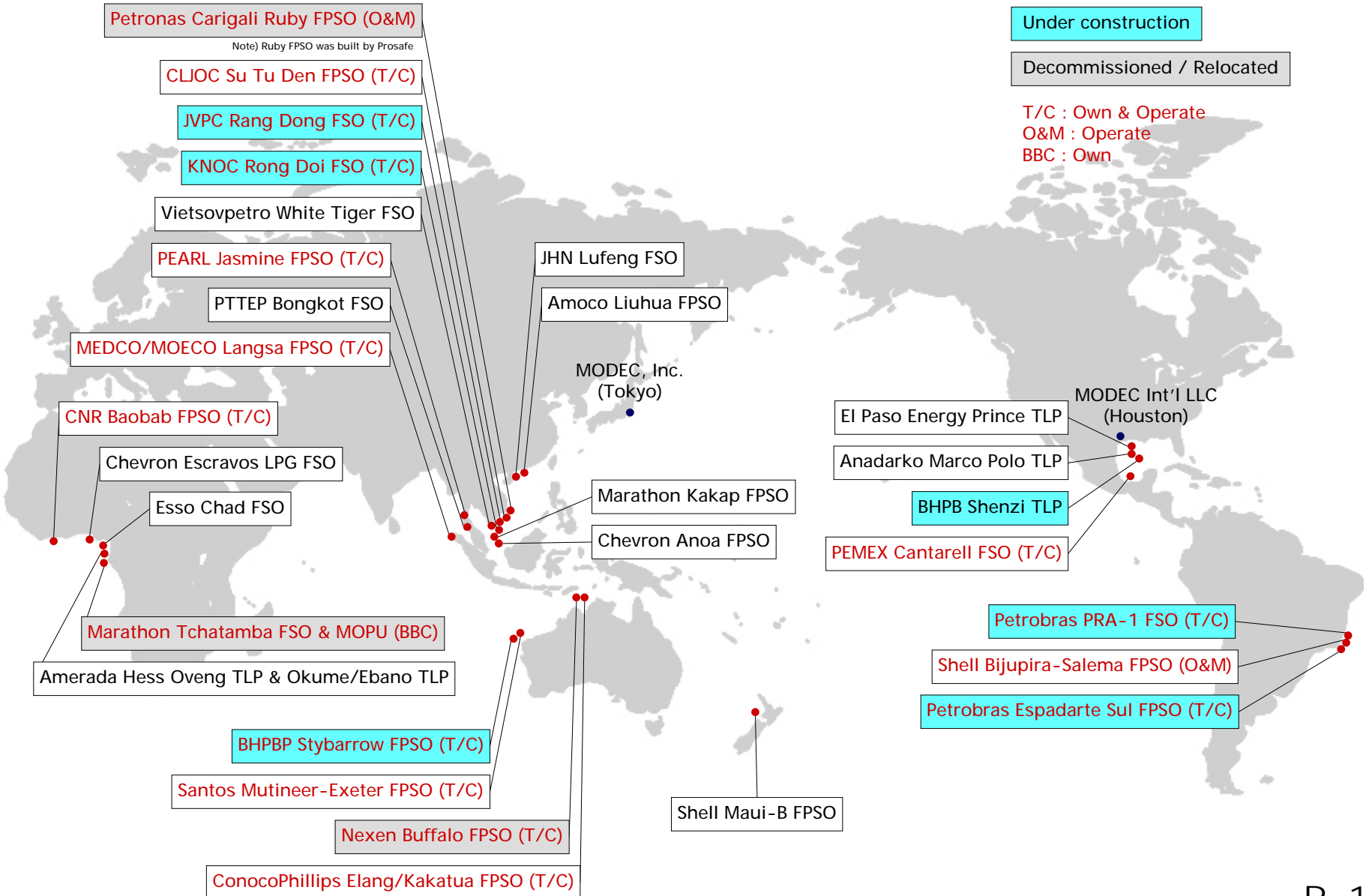


CP Semi 5500

MAJOR PROSPECTIVE PROJECTS in 2006~2007

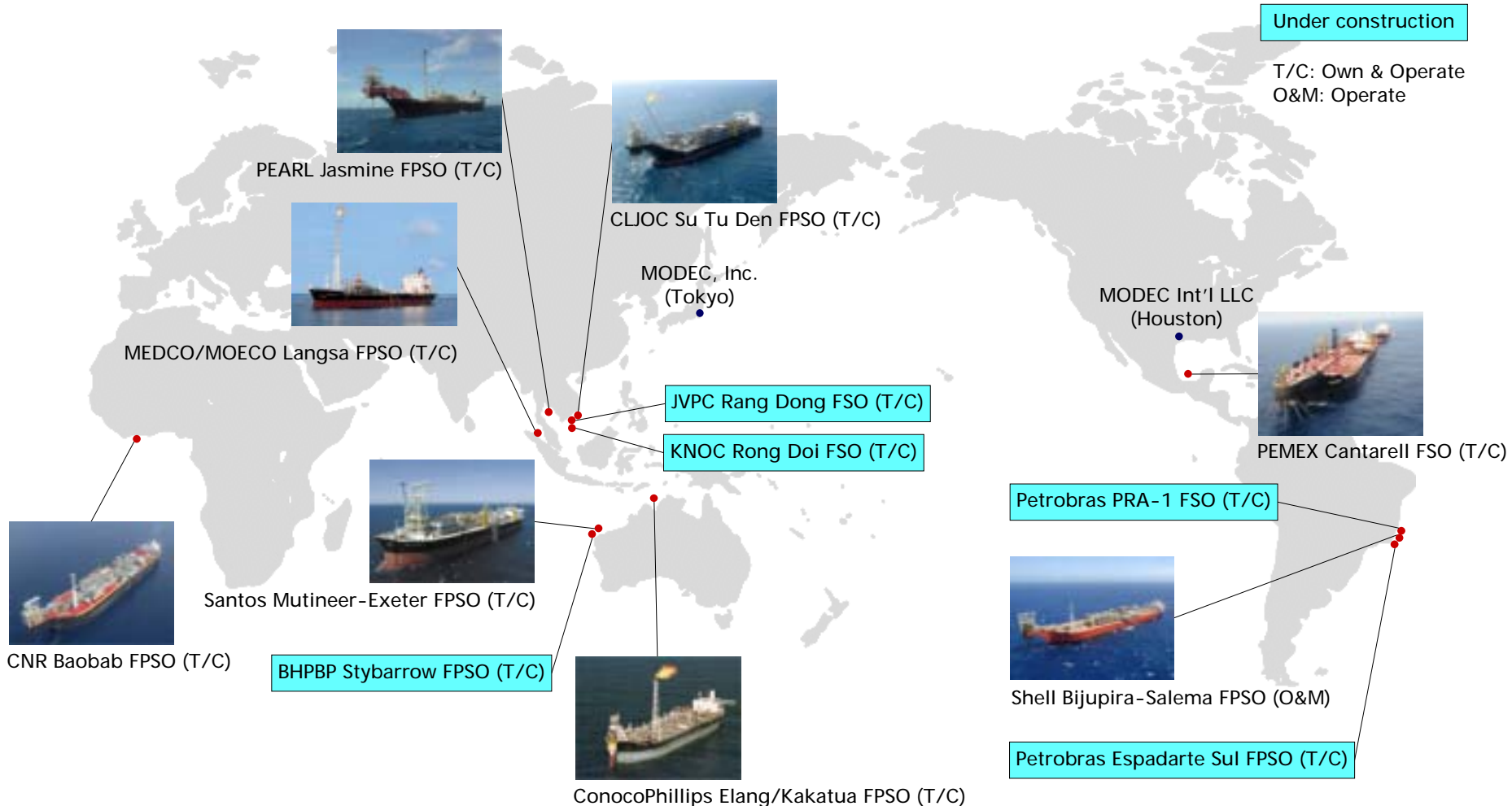


MODEC PROJECT LOCATION

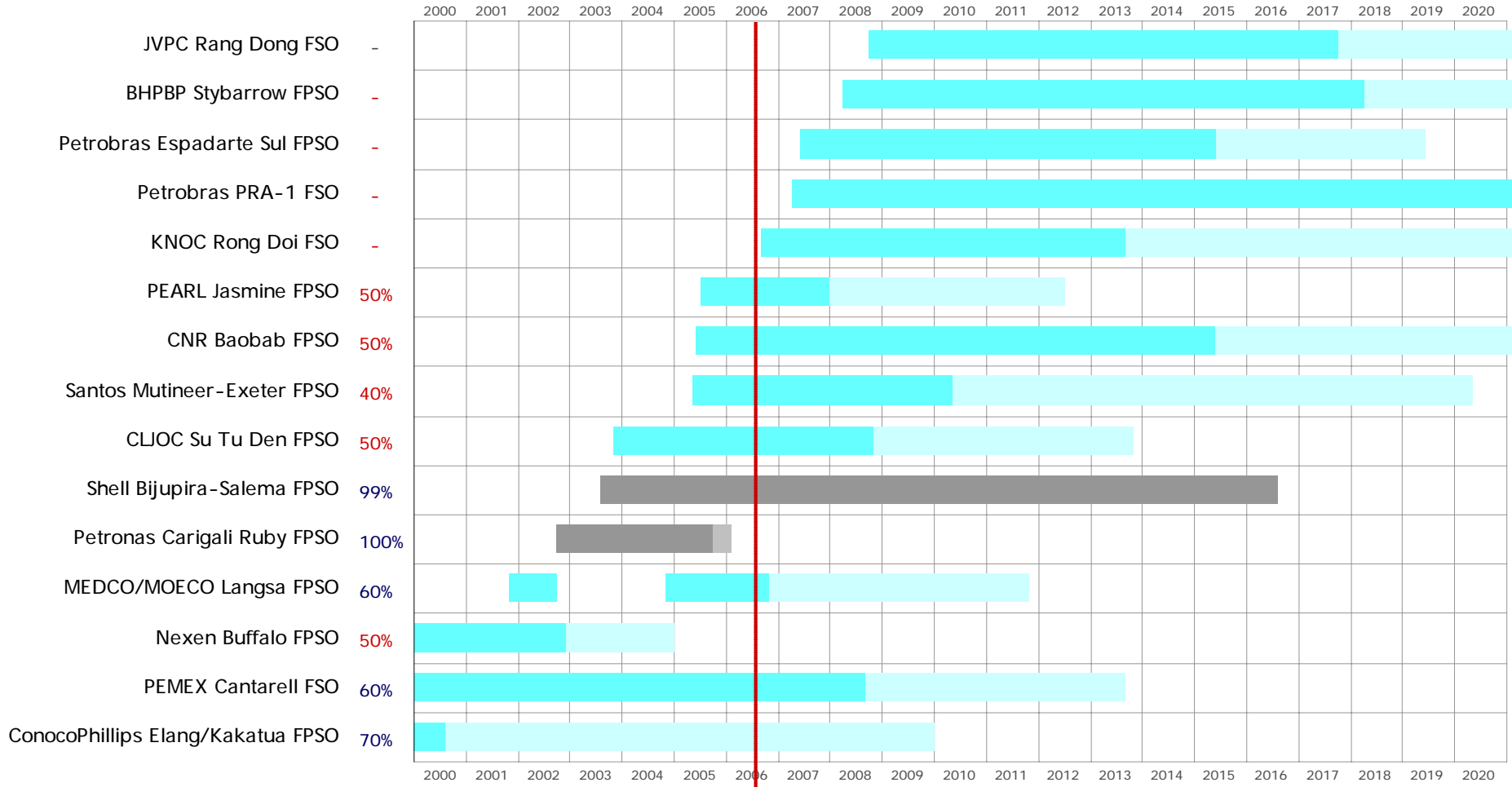
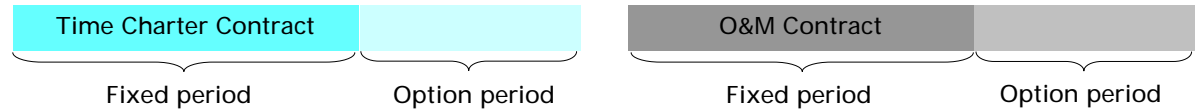


TIME CHARTER / O&M PROJECTS

- MODEC currently owns 7 FPSO/FSOs and operates 8 FPSO/FSOs
- MODEC will add 5 more FPSO/FSOs by 2008 leading to 13 FPSO/FSOs operations



TIME CHARTER / O&M PERIOD



Blue: Consolidated Subsidiary
 Red: Affiliates accounted for by the Equity Method
 Gray: TBA

August 2006 : Time Charter: 7 FPSO/FSOs, O&M: 1 FPSO

III. PROFIT & LOSS

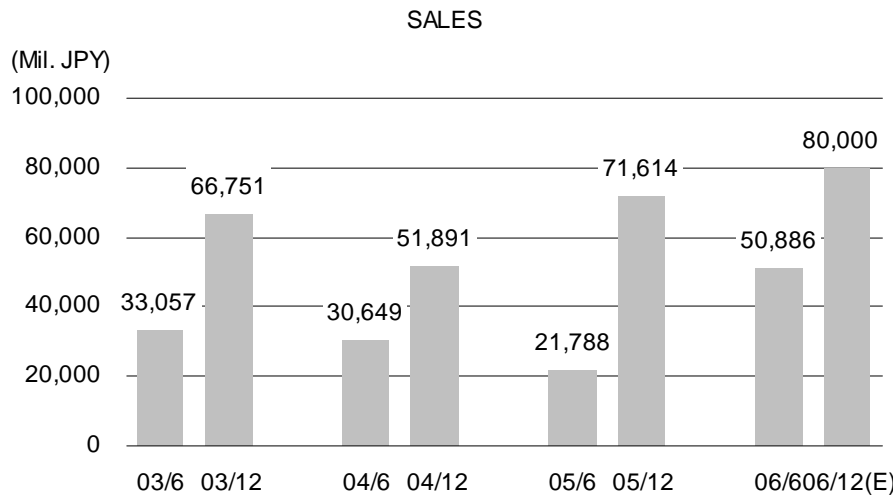
SALES

ORDERS, SALES and ORDER BACKLOGS by SERVICE TYPES

ORDINARY INCOME

NET INCOME

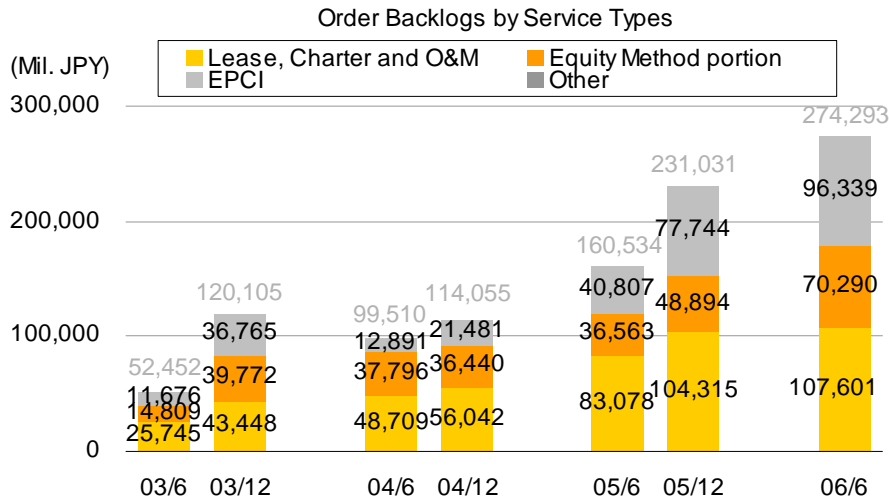
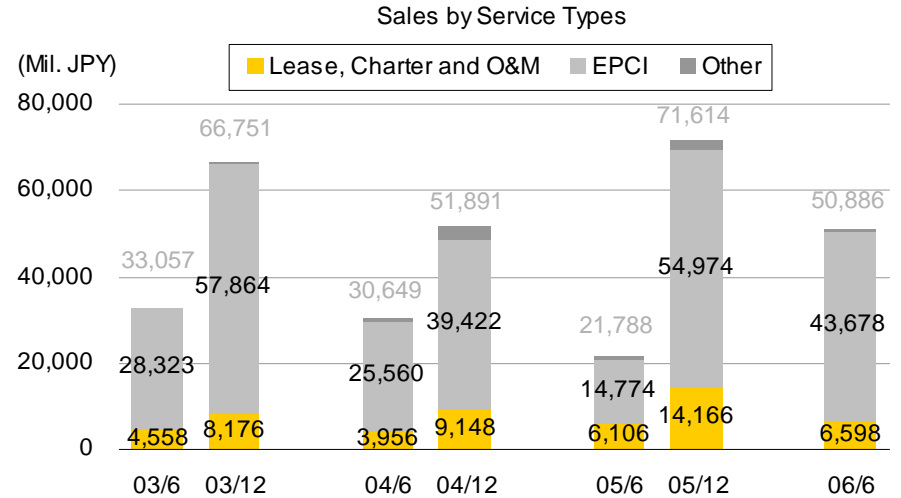
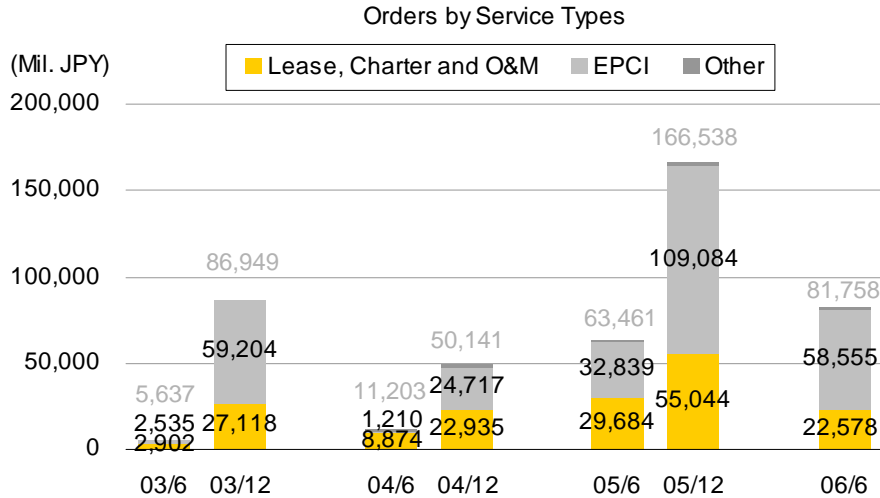
SALES



- Progress of EPCI works
 - KNOC Rong Doi FSO
 - Petrobras Espadarte Sul FPSO
 - Petrobras PRA-1 FSO
 - BHPBP Stybarrow FPSO
 - Amerada Hess Oveng TLP & Okume/Ebano TLP
 - BHPB Shenzi TLP
- Charter and O&M
 - Operation of 8 FPSO/FSOs

	2003/6	2004/6	2005/6	2006/6	05/6-06/6 Variance	2005/12 (Mil. JPY)
Sales	33,057	30,649	21,788	50,886	133.6%	71,614
Gross Profit	4,224	2,601	4,174	3,974	4.8%	8,560
Gross Profit Ratio	12.8%	8.5%	19.2%	7.8%		12.0%
Operating Profit	2,148	702	2,098	1,272	39.4%	3,895
Operating Profit Ratio	6.5%	2.3%	9.6%	2.5%		5.5%
Other Income	146	796	1,064	2,250	111.4%	2,978
Other Expenses	799	578	548	1,983	261.5%	1,465
Ordinary Income	1,495	920	2,614	1,539	41.1%	5,408
Ordinary Income Ratio	4.5%	3.0%	12.0%	3.0%		7.6%
Extraordinary Income	381	41	-	-	-	-
Extraordinary Loss	-	346	-	-	-	-
Income before Income Taxes and Minority Interests	1,877	615	2,614	1,539	41.1%	5,408
Net Income	1,005	814	1,500	1,068	28.8%	3,213
Net Profit Ratio	3.0%	2.7%	6.9%	2.1%		4.5%

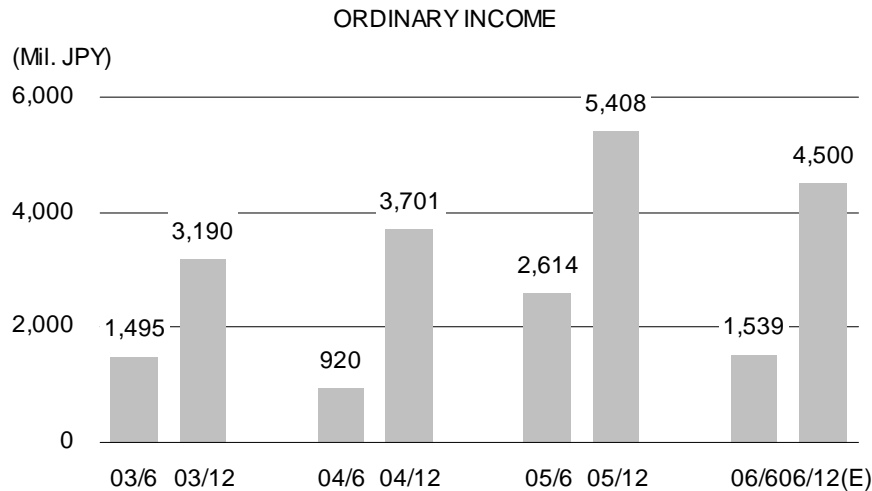
ORDERS, SALES and ORDER BACKLOGS by SERVICE TYPES



Santos Mutineer-Exeter FPSO

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

ORDINARY INCOME



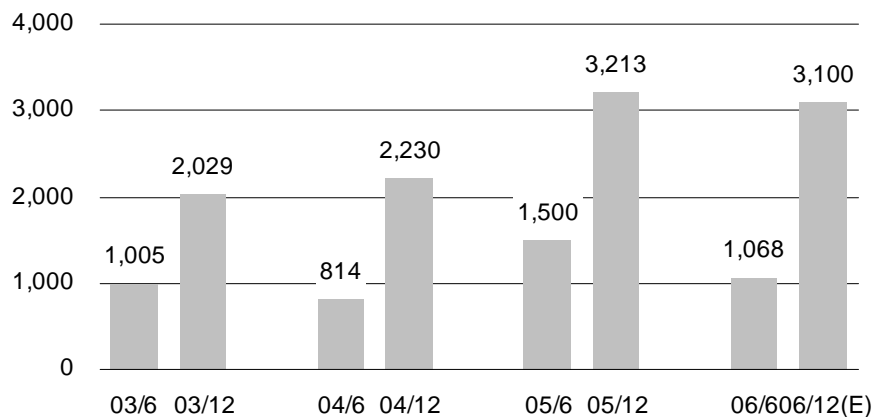
- Equity in earnings of affiliates: Lease income from affiliates
 - CLJOC Su Tu Den FPSO
 - CNR Baobab FPSO
 - Santos Mutineer-Exeter FPSO
 - PEARL Jasmine FPSO

	2003/6	2004/6	2005/6	2006/6	05/6-06/6 Variance	2005/12 (Mil. JPY)
Sales	33,057	30,649	21,788	50,886	133.6%	71,614
Gross Profit	4,224	2,601	4,174	3,974	4.8%	8,560
	Gross Profit Ratio	12.8%	8.5%	19.2%	7.8%	12.0%
Operating Profit	2,148	702	2,098	1,272	39.4%	3,895
	Operating Profit Ratio	6.5%	2.3%	9.6%	2.5%	5.5%
Other Income	146	796	1,064	2,250	111.4%	2,978
Other Expenses	799	578	548	1,983	261.5%	1,465
Ordinary Income	1,495	920	2,614	1,539	41.1%	5,408
	Ordinary Income Ratio	4.5%	3.0%	12.0%	3.0%	7.6%
Extraordinary Income	381	41	-	-	-	-
Extraordinary Loss	-	346	-	-	-	-
Income before Income Taxes and Minority Interests	1,877	615	2,614	1,539	41.1%	5,408
Net Income	1,005	814	1,500	1,068	28.8%	3,213
	Net Profit Ratio	3.0%	2.7%	6.9%	2.1%	4.5%

NET INCOME

NET INCOME

(Mil. JPY)



Influence of deferred profits

(Mil. JPY)

	04/6	04/12	05/6	05/12	06/6
Deferred	895	1,355	407	1,211	1,093
Realized	14	31	1,175	1,473	502
Influence	881	1,324	768	262	590
Balance	2,132	2,575	1,806	2,313	2,904

	2003/6	2004/6	2005/6	2006/6	05/6-06/6 Variance	2005/12 (Mil. JPY)
Sales	33,057	30,649	21,788	50,886	133.6%	71,614
Gross Profit	4,224	2,601	4,174	3,974	4.8%	8,560
	Gross Profit Ratio	12.8%	8.5%	19.2%		12.0%
Operating Profit	2,148	702	2,098	1,272	39.4%	3,895
	Operating Profit Ratio	6.5%	2.3%	9.6%		5.5%
Other Income	146	796	1,064	2,250	111.4%	2,978
Other Expenses	799	578	548	1,983	261.5%	1,465
Ordinary Income	1,495	920	2,614	1,539	41.1%	5,408
	Ordinary Income Ratio	4.5%	3.0%	12.0%		7.6%
Extraordinary Income	381	41	-	-	-	-
Extraordinary Loss	-	346	-	-	-	-
Income before Income Taxes and Minority Interests	1,877	615	2,614	1,539	41.1%	5,408
Net Income	1,005	814	1,500	1,068	28.8%	3,213
	Net Profit Ratio	3.0%	2.7%	6.9%		4.5%

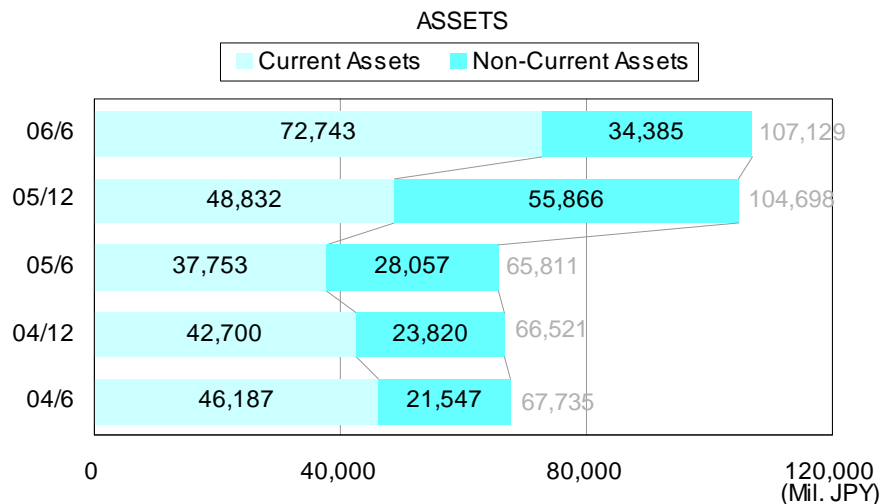
IV. BALANCE SHEET & CASH FLOW

ASSETS

LIABILITIES & NET ASSETS / SHAREHOLDERS' EQUITY

CASH FLOW

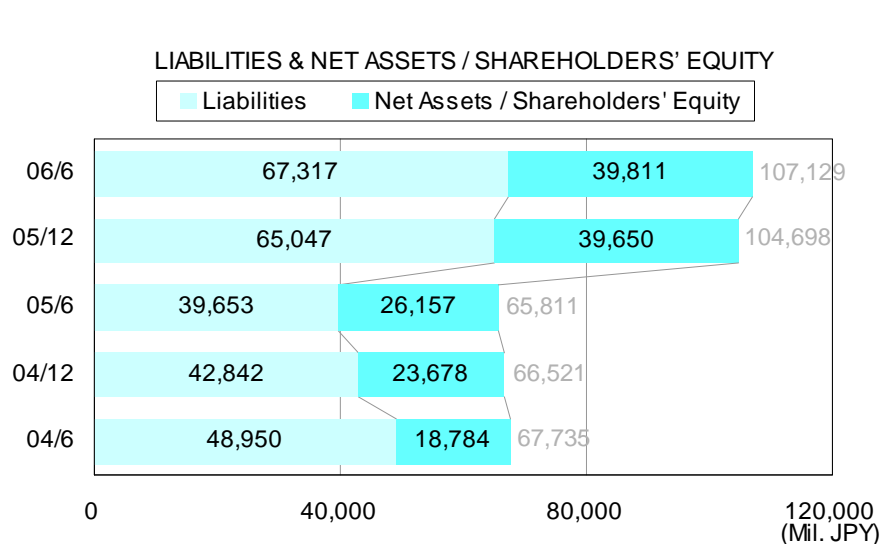
ASSETS



- Financing to affiliate during EPCI periods remained on high level
- Cash and time deposits temporarily increased due to the timing differential of payment between Accounts receivable-trade and Accounts payable-trade

	05/6	05/12	06/6	05/12-06/6 Variance
Cash and time deposits	10,529	25,061	31,811	6,749
Accounts receivable - trade	12,063	16,409	10,328	6,081
Inventories	498	2,237	1,911	326
Short-term loans receivable	10,821	255	23,728	23,473
Other	3,840	4,867	4,964	97
Current Assets	37,753	48,832	72,743	23,911
Lease Assets (FPSOs, etc.)	5,256	2,882	3,274	392
Investments securities	5,309	8,463	8,776	313
Long-term loans receivable from an affiliated company	3,060	28,289	10,916	17,372
Long-term lease receivable	5,840	5,043	3,861	1,182
Other	8,590	11,187	7,555	3,631
Non-Current Assets	28,057	55,866	34,385	21,481
Total Assets	65,811	104,698	107,129	2,430

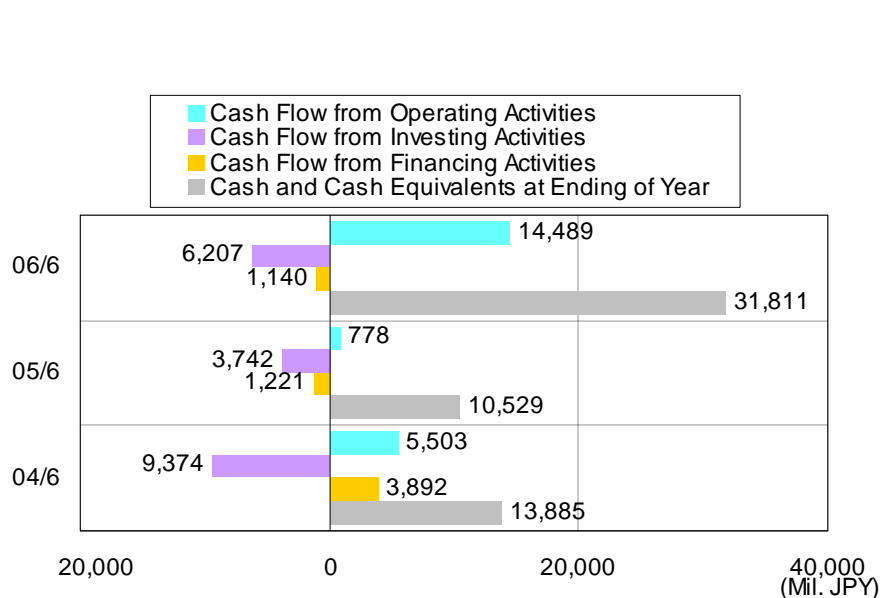
LIABILITIES & NET ASSETS / SHAREHOLDERS' EQUITY



- Loans payable which corresponds to loans receivable during EPCI periods remained on high level despite the scheduled repayment

	05/6	05/12	06/6	05/12-06/6 Variance
Accounts payable - trade	6,447	18,889	23,302	4,412
Short-term loans payable	16,335	27,960	27,190	769
Current portion of long-term loans payable	2,784	3,107	3,005	101
Other	5,353	6,473	6,730	257
Current Liabilities	30,921	56,431	60,230	3,798
Long-term loans payable	7,023	6,478	5,213	1,265
Other	1,708	2,138	1,874	263
Long-term Liabilities	8,732	8,616	7,087	1,529
Total Liabilities	39,653	65,047	67,317	2,269
Common Stock	7,159	12,391	12,391	-
Capital surplus and Retained earnings	16,567	23,555	24,460	904
Minority Interest in Consolidated Subsidiaries	1,699	1,807	1,341	465
Other	731	1,896	1,617	278
Total Shareholders' Equity / Net Assets	24,457	37,843	39,811	n/a
Total Liabilities and Shareholders' Equity / Net Assets	65,811	104,698	107,129	n/a

CASH FLOW



(Mil. JPY)

CF from Financing Activities	04/6	05/6	06/6	05/6-06/6 Variance
Increase (Decrease) in short-term loans payable	7,050	2,954	85	3,039
Proceeds from long-term loans payable	162	2,094	1,153	940
Repayment of long-term loans payable	3,010	6,086	1,462	4,624
Cash dividends paid	222	127	186	59
Other	87	56	559	502
Net cash provided by Financing Activities	3,892	1,221	1,140	81

(Mil. JPY)

CF from Operating Activities	04/6	05/6	06/6	05/6-06/6 Variance
Income before income taxes and minority interests	615	2,614	1,539	1,074
Depreciation and amortization	268	497	332	165
Interest expense	323	471	1,202	730
Decrease (Increase) in Accounts receivable - trade	404	4,693	7,058	2,365
Decrease (Increase) in Inventories	1,946	333	281	615
Increase (Decrease) in Accounts payable - trade	2,911	4,264	4,806	9,070
Other	753	849	690	158
Sub Total	4,907	2,829	14,530	11,700
Interest paid	244	658	1,119	461
Income taxes paid	366	1,543	382	1,160
Other	1,207	149	1,460	1,310
Net cash provided by Operating Activities	5,503	778	14,489	13,711

CF from Investing Activities	05/6	05/6	06/6	05/6-06/6 Variance
Purchase of property and equipment and intangible assets	1,571	2,129	469	1,659
Purchase of Investments in affiliates	562	1,076	1	1,075
Increase (Decrease) in loans receivable	7,140	536	5,721	5,184
Other	100	-	14	14
Net cash used in Investing Activities	9,374	3,742	6,207	2,464

V. FINANCIAL INDICATOR



Amerada Hess Oveng TLP & Okume/Ebano TLP

FINANCIAL INDICATOR

	03/6	04/6	05/6	06/6	05/6-06/6 Variance	(Mil. JPY) 05/12
Operating profit	2,148	702	2,098	1,272	826	3,895
Depreciation and amortization	1,316	268	497	332	165	1,116
Amortization of consolidated differences	-	13	13	13	0	26
Collection of lease receivable (Cantarell FSO, Inc., S.A. de C.V.)	711	747	966	1,267	301	1,991
EBITDA	4,175	1,730	3,574	2,884	690	7,029
Operating profit (equity method portion)	144	446	572	1,517	945	2,167
Depreciation and amortization (equity method portion)	131	695	850	1,233	383	2,190
Collection of lease receivable (equity method portion: MODEC Venture 10 B.V.)	-	-	-	476	476	1,216
EBITDA (after adjustment)	4,450	2,871	4,996	6,110	1,114	12,604
Interest expense	419	323	471	1,202	731	1,261
Interest expense (equity method portion)	36	165	399	526	127	705
Interest expense (after adjustment)	455	488	870	1,728	858	1,966
EBITDA Interest Coverage Ratio	9.8	5.9	5.7	3.5	2.2	6.4
Liabilities with interest	25,684	30,064	26,143	35,409	9,266	37,545
Liabilities with interest (equity method portion)	10,154	7,837	10,134	17,224	7,090	19,574
Cash and time deposits	7,987	9,699	10,529	31,811	21,282	25,061
Cash and time deposits (equity method portion)	329	860	956	1,484	528	1,406
Net liabilities with interest (after adjustment)	27,522	27,342	24,792	19,338	5,454	30,651
Net liabilities with interest / EBITDA	3.1	4.8	2.5	1.6	0.9	2.4
ROE (%) *	20.0	10.4	12.8	5.5	7.3	10.7
ROA (%) *	3.9	2.4	4.6	2.0	2.6	3.8
Equity Ratio (%)	20.1	23.8	37.2	35.9	1.3	36.1

* After annualized rate

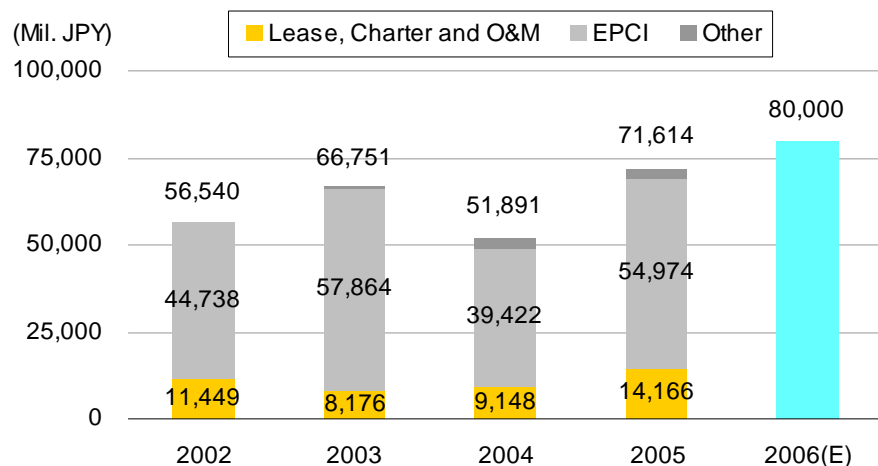
VI. FORECAST for FY 2006



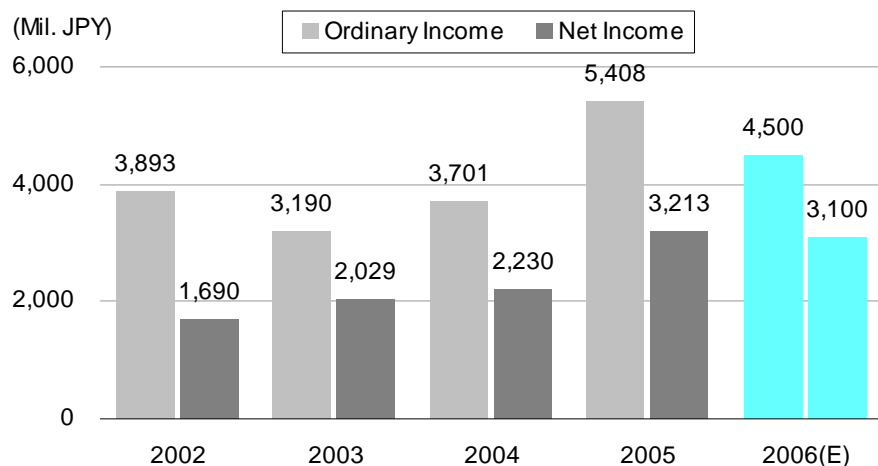
KNOC Rong Doi FSO Naming Ceremony
July 1, 2006
Yantai Raffles Shipyard, People's Republic of China

FORECAST for FY 2006

SALES



ORDINARY INCOME & NET INCOME



- 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)