

August 9, 2006

MODEC, Inc.  
Kenji Yamada, President & CEO  
Code: TSE 6269  
Contact: Yasuhiro Takano, General Manager  
Corporate Planning & Strategies  
TEL: 03-5800-6081

**Revision of Half-Year Financial Results Forecast**  
**for the Fiscal Year Ending December 31, 2006**

MODEC, Inc. revised today the previous forecast for consolidated and non-consolidated half-year financial results for the fiscal year ending December 31, 2006, which had been announced on May 16, 2006.

1. Forecast for half-year consolidated financial results for the fiscal year ending December 31, 2006 (January 1, 2006 to June 30, 2006)

(Millions of Japanese yen)

	Sales	Ordinary Income	Net Income
Previous Forecast (A)	35,000	1,500	800
Revised Forecast (B)	50,000	1,500	1,050
Variance (B-A)	15,000	-	250
Variance (%)	42.9	-	31.2

2. Forecast for half-year non-consolidated financial results for the fiscal year ending December 31, 2006 (January 1, 2006 to June 30, 2006)

(Millions of Japanese yen)

	Sales	Ordinary Income	Net Income
Previous Forecast (A)	11,000	1,800	1,300
Revised Forecast (B)	13,000	1,900	1,400
Variance (B-A)	2,000	100	100
Variance (%)	18.2	5.6	7.7

(Note) Forecast for consolidated and non-consolidated financial results for the fiscal year ending December 31, 2006, which was announced on February 13 and May 16, 2006 has not changed.

### 3. Reasons for the revision of the forecast

Forecast for half-year consolidated sales was revised to 50,000 million yen, 15,000 million yen above the previous forecast. This is mainly due to the construction works of FPSO/FSOs progressed ahead of the original schedules, which increased the sales from EPCI services that is booked on project milestone basis.

On the profit side, increased sales will have a minor impact on the profits. Change orders caused expenses in the first half of the fiscal year 2006 although the sales from the change orders will be booked in the second half of the fiscal year 2006. Also, increased sales are largely from the EPCI services for affiliates accounted for by the equity method, therefore affiliates' portion of the profits will not be booked until FPSO/FSO lease services start. As a result, half-year consolidated ordinary income is expected to be 1,500 million yen and net income to be 1,050 million yen respectively.

Since there is uncertainty in the exchange rate for foreign currency translation at the end of the fiscal year 2006 and in the future construction works progress, forecast for either consolidated or non-consolidated financial results are not revised at this point.