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MODEC, INC.
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Revision of Half-Year Financial Results Forecast for the Fiscal Year Ending December 31, 2007

MODEC, INC. revised today the forecast for consolidated and non-consolidated half-year financial results for the fiscal year ending December 31, 2007, previously announced on February 14, 2007.

1. Forecast for half-year consolidated financial results for the fiscal year ending December 31, 2007 (January 1, 2007 to June 30, 2007)

(Millions of Japanese yen)

	Sales	Ordinary Income	Net Income
Previous Forecast (A)	55,000	2,100	1,200
Revised Forecast (B)	72,000	1,900	1,100
Variance (B-A)	17,000	-200	-100
Variance (%)	30.9	-9.5	-8.3

2. Forecast for half-year non-consolidated financial results for the fiscal year ending December 31, 2007 (January 1, 2007 to June 30, 2007)

(Millions of Japanese yen)

	Sales	Ordinary Income	Net Income
Previous Forecast (A)	13,000	800	450
Revised Forecast (B)	22,000	1,600	850
Variance (B-A)	9,000	800	400
Variance (%)	69.2	100.0	88.9

(Note) Forecast for consolidated and non-consolidated financial results for the fiscal year ending December 31, 2007, which was announced on February 14, 2007 has not changed.

3. Reasons for the revision of the forecast

Forecast for half-year consolidated sales was revised to 72,000 million yen, an increase of 17,000 million yen, and non-consolidated sales was revised to 22,000 million yen, an increase of 9,000 million yen from the previous forecast respectively. Construction work of FPSO/FSOs has progressed ahead of original schedules, increasing the sales from EPCI services that are booked on a project milestone basis.

On the profit side, in accordance with the increase in sales, non-consolidated ordinary income was revised to 1,600 million yen, an increase of 800 million yen, and non-consolidated net income was revised to 850 million yen, an increase of 400 million yen from the previous forecast.

However, consolidated ordinary income was revised to 1,900 million yen and consolidated net income was revised to 1,100 million yen for the following reasons:

- The majority of the EPCI services were for affiliates accounted for by the equity method, therefore affiliates' portion of the profits will not be booked until FPSO/FSO lease services will start.
- In subsidiaries accrued expenses for approximately 500 million yen were booked in the first half of the fiscal year 2007 although the sales from the corresponding EPCI services will be booked in the second half of the fiscal year 2007.

Because there is uncertainty in the exchange rate for foreign currency at the end of the fiscal year 2007 and in the future construction work progress, forecast for either consolidated or non-consolidated financial results have not been revised.