Revision to Financial Forecast with Occurrence of Extra Cost

The MODEC full-year financial forecast announced on February 21, 2008 has been revised.

1. Revision of financial result forecast for the year of 2008

The forecast assumed an exchange rate of 105 yen per US dollar. Because the JPY has appreciated against the USD, MODEC has revised the full-year financial forecast as follows:

(Millions of Japanese Yen)

<table>
<thead>
<tr>
<th>Consolidated MODEC Group</th>
<th>Sales (A)</th>
<th>Operating P/L</th>
<th>Ordinary P/L</th>
<th>Net P/L</th>
<th>Net P/L per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Forecast (A)</td>
<td>140,000</td>
<td>5,200</td>
<td>6,500</td>
<td>4,600</td>
<td>¥122.97</td>
</tr>
<tr>
<td>Revised Forecast (B)</td>
<td>140,000</td>
<td>1,400</td>
<td>2,600</td>
<td>1,300</td>
<td>¥34.75</td>
</tr>
<tr>
<td>Variance (B - A)</td>
<td>△3,800</td>
<td>△3,900</td>
<td>△3,300</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Variance (%)</td>
<td>△73.1</td>
<td>△60.0</td>
<td>△71.7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2007 Financial Results</td>
<td>144,040</td>
<td>6,959</td>
<td>7,828</td>
<td>4,499</td>
<td>¥120.28</td>
</tr>
</tbody>
</table>

2. Background of the Revision

a) Occurrence of Extra Cost

The FSO RANG DONG MV17 incurred additional expense during installation because soil conditions differed from research data and additional work was needed to safely moor the vessel. Estimated cost is JPY 2 billion.

The FPSO SONG DOC PRIDE MV19 was delayed at the shipyard and extra costs could run to JPY 1 billion. MODEC is in negotiation with the shipyard, other
sub-contractors and the client to determine final cost, however, MODEC may book the
cost in this fiscal year if negotiations continue over year-end.

b) Margin in Operation Services

MODEC provides FPSO/FSO operation and maintenance services globally to oil
companies. Although operation fees are reviewed regularly, a recent rise in both labor
and energy costs have narrowed its margin. While MODEC is negotiating with clients
to raise fees, profit from operation services may be JPY 500 million less this year than
originally projected.

c) Risk in Ongoing Negotiation for Re-charter Project of MODEC Venture 1

MODEC is in negotiations, but has not reached a final agreement, with an oil
company for a time charter contract on MODEC Venture 1, which ELANG EPS PTE
LTD. (EEPL), a MODEC-owned subsidiary, owns. If negotiations take substantial
time, EEPL may be obliged to execute an evacuation work at its own cost in the oil
field where the FPSO previously operated. MODEC expects a final agreement before
year end and therefore does not anticipate incurring evacuation costs.

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