Business Overview

Fiscal 2006 Interim Results Briefing

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JGC

Contents

1. Major Orders in First Half-Year

Japan
Pharmaceuticals
Chemicals

Asia
Chemicals

Africa
Gas Processing
(FEED)

<Total in first half-year> 133 billion yen
<Goal for full fiscal year> 440 billion yen

2. Ongoing Investment Business

Water & Power Generation [U.A.E.]

- Existing facilities operating normally
- Construction moving toward completion in mid-2008.


Existing facilities (U.A.E)

Water & Power Generation [Saudi Arabia]

- Construction moving toward completion in mid-2008.

CDM Business [China]

- Installation of HFC cracking units completed
- Trading of emissions credits to begin soon

April 2006: invested in an Egyptian ammonia manufacture & resale business

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3. Our Clients' Market Situation (1)

Over seas

- Accelerated development of new oil & gas fields generates large increases in downstream projects.
- Numerous refineries, gas processing and Petrochemical projects are planned in MENA region.
- Downstream projects revitalized in Southeast Asia.

3. Our Clients' Market Situation (2)

Japan

- Increased investment in refinery modernization, heavy crude oil processing and integrated facilities for refining and petrochemicals

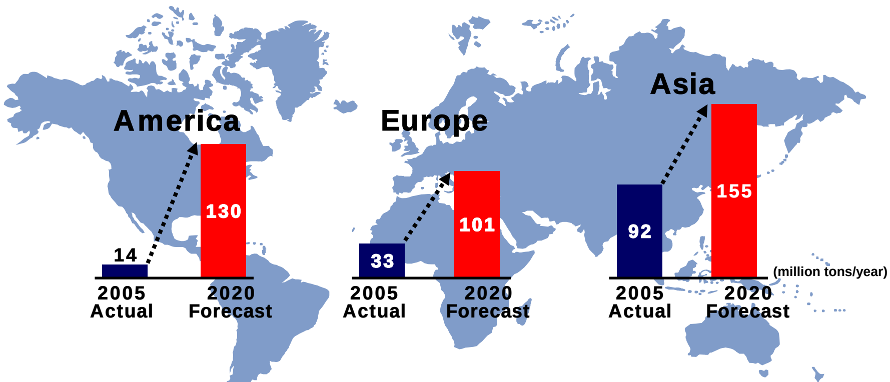
World forecast for 2007: **US$50 billion** to be spent on oil, gas, and petrochemical facilities, representing a 20% year-on-year increase

Source: Hydrocarbon Processing – Market DATA 2007

In the MENA region, more than **US$200** billion to be invested in oil and gas downstream facilities from 2007 thru 2011

Source: Middle East Economic Survey - APICORP Research

Outlook for World LNG Demand



- World LNG consumption in 2005: 139 million tons
  Estimated demand in 2020: 386 million tons
- Need to add facilities to meet needs for 10 million tons/year production increases annually over next 15 years

Source: IEEJ Asia/world Energy Outlook 2006

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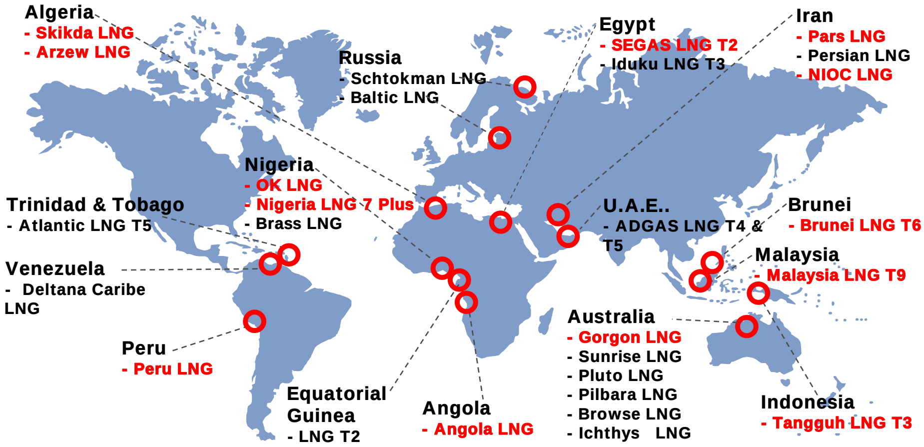
Planned LNG Projects

JGC has been involved in many of these projects



*Red indicates projects in which JGC provided FEED and/or EPC for existing facilities

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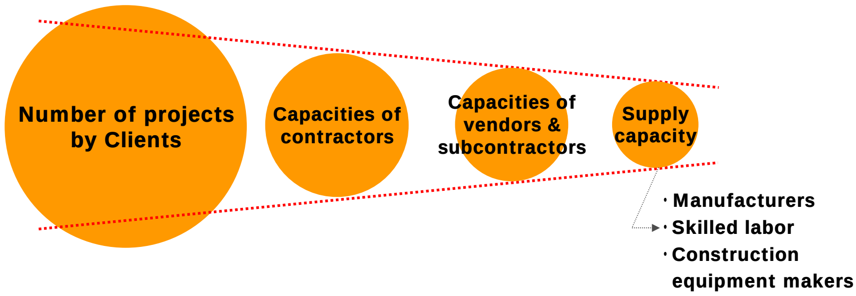
4. Current Environment for Contractors



- ▶Rises in equipment/materials costs caused by increased demand
- ▶Longer delivery periods and lower quality brought about by overburdened vendors
- ▶Shortage of qualified workforce at subcontractors

5. JGC Countermeasures

Concept

Minimize Risks

in All Project Phases

and Secure Profits

6. JGC Action Plan (1) For successful project execution

Action 1

- Strengthen partnerships with clients
- Diversify contract types (Open book estimates, Lump-sum conversion, Reimbursable, etc.)

Contract → Engineering → Procurement → Construction

6. JGC Action Plan (2) For successful project execution

Action 2

- Continue expansion of overseas engineering centers
- Increase use of outside resources

Contract → Engineering → Procurement → Construction

6. JGC Action Plan (3) For successful project execution

Action 3

- Engage in continuous gathering/ analysis of cost and delivery information for equipment & materials
- Strengthen schedule control and QC staff (monitoring and support for vendors)
- Secure close relationship with key vendors from early stages

Contract → Engineering → **Procurement** → Construction

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6. JGC Action Plan (4) For successful project execution

Action 4

- Use proven resources from current projects for upcoming projects
- Utilize reliable foreign subcontractors In other countries
- Secure close relationship with key subcontractors from early stage

Contract → Engineering → Procurement → **Construction**

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6. JGC Action Plan (5) For successful project execution

- Adopt thorough ‘Risk Management’
- Launch ‘Project Advisory System’ giving to management direct involvement in major projects

“Effort at all stages”

Contract → Engineering → Procurement → Construction

Note on Future Outlook

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