

Consolidated Interim Financial Statements--Summary

November 19, 2003

(For the fiscal year ending March 31, 2004)

The following statements are an English-language translation from the original Japanese-language document.
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of listed company: **JGC Corporation**

Code number: **1963**

Representative

Title: **Chairman and Chief Executive Officer**

Name: **Yoshihiro Shigehisa**

Contact

Title: **Associate Director, Finance & Accounting Department**

Name: **Yasumasa Saito**

Board of Directors meeting: **November 19, 2003**

Use of U.S. accounting standards: **No**

Stock exchange: **Tokyo**

Head office: **Tokyo**

Tel: **045-682-1111**

URL: <http://www.jgc.co.jp>

1. Business results for the interim term (April 1, 2003–September 30, 2003)

(1) Consolidated financial results

Note: All amounts are rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Sep. 2003 interim term	189,085	2.2	8,258	13.6	8,703	30.7
Sep. 2002 interim term	184,950	28.6	7,266	(1.0)	6,661	(13.8)
Mar. 2003 term	378,063		17,080		14,801	

	Net income		Earnings per share	Earnings per share (diluted)
	(Millions of yen)	(%)	(Yen)	(Yen)
Sep. 2003 interim term	6,088	(6.1)	23.93	23.92
Sep. 2002 interim term	6,482	25.1	25.11	25.07
Mar. 2003 term	6,768		25.65	25.62

Notes:

① Equity in earning of affiliates (millions of yen):

Sep. 2003 interim term: 774

Sep. 2002 interim term: 456

Mar. 2003 term: (838)

② Average number of shares outstanding (consolidated):

Sep. 2003 interim term: 254,412,582

Sep. 2002 interim term: 258,173,439

Mar. 2003 term: 257,162,188

③ Changes in accounting methods: None

④ Percentages for net sales, operating income, ordinary income and net income indicate changes from the previous corresponding term.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity/total assets	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Sep. 2003 interim term	342,857	138,556	40.4	545.27
Sep. 2002 interim term	332,817	133,135	40.0	517.02
Mar. 2003 term	335,778	131,248	39.1	515.52

Note: Number of shares outstanding at term-end (consolidated):

Sep. 2003 interim term: 254,108,257

Sep. 2002 interim term: 257,506,330

Mar. 2003 term: 254,597,259

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at term-end
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Sep. 2003 interim term	(13,064)	(4,050)	(2,163)	70,386
Sep. 2002 interim term	15,302	1,845	(9,033)	61,268
Mar. 2003 term	51,397	816	(16,668)	89,032

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 14 companies

Non-consolidated subsidiaries accounted for by the equity method: None

Affiliated companies accounted for by the equity method: 2 companies

(5) Changes in scope of consolidation and application of the equity method

Consolidated subsidiaries: (increase) 1

(decrease) None

Equity-method companies: (increase) None

(decrease) 1

2. Forecast for fiscal 2003 (April 1, 2003–March 31, 2004)

	Net sales	Ordinary income	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Entire term	390,000	16,000	9,300

Reference: Estimated earnings per share (yen, fiscal 2003): 36.60

Note: The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

Consolidated Balance Sheets

ASSETS

	September 30, 2003 (Millions of yen)	September 30, 2002 (Millions of yen)	March 31, 2003 (Millions of yen)
Current assets:	¥ 221,184	¥ 206,832	¥218,488
Cash	50,871	40,775	66,517
Notes and accounts receivable	66,869	69,575	60,634
Marketable securities	19,515	20,584	22,515
Contract works in progress	69,064	60,432	55,012
Other inventories	5,424	5,346	5,502
Deferred tax assets	5,007	4,461	5,229
Other receivables	6,966	5,862	6,717
Other current assets	6,138	7,813	5,828
Allowance for doubtful accounts	(8,673)	(8,020)	(9,469)
Fixed assets:	121,672	125,985	117,290
Tangible fixed assets:	69,856	70,534	68,874
Buildings and structures	34,873	36,489	35,617
Land	28,080	26,267	26,238
Other tangible fixed assets	6,902	7,777	7,017
Intangible fixed assets:	4,137	2,801	3,806
Consolidation account adjustment	0	0	0
Software	4,024	2,731	3,736
Other intangible fixed assets	112	69	69
Investments and other assets:	47,679	52,649	44,609
Investment securities	28,735	31,295	23,179
Long-term loans receivable	5,761	6,399	6,250
Deferred tax assets	11,619	12,569	13,538
Deferred tax assets for land revaluation	1,264	1,337	1,264
Other investments and other assets	3,791	4,308	4,156
Allowance for doubtful accounts	(3,493)	(3,261)	(3,780)
Total assets	¥ 342,857	¥ 332,817	¥ 335,778

Note: These unaudited financial statements have been translated to English for the convenience of foreign readers, and have been based on financial statements disclosed by JGC Corporation on the Tokyo Stock Exchange on November 19, 2003.

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 2003 (Millions of yen)	September 30, 2002 (Millions of yen)	March 31, 2003 (Millions of yen)
Total liabilities:	199,553	195,161	199,937
Current liabilities:	157,419	157,179	160,552
Notes and accounts payable	53,515	74,892	69,513
Short-term loans	2,285	7,128	2,176
Convertible bonds	22	-	24
Accrued expenses	6,587	7,236	6,816
Income taxes payable	1,482	3,121	4,650
Advances received on uncompleted contracts	85,026	56,698	68,533
Reserve for job warranty costs	1,554	1,473	1,352
Reserve for bonuses	3,322	3,070	3,543
Other current liabilities	3,623	3,558	3,942
Long-term liabilities:	42,134	37,981	39,384
Convertible bonds	-	38	-
Long-term loans	16,244	16,005	15,855
Reserve for retirement benefits	19,923	16,774	17,822
Reserve for directors' retirement bonuses	1,076	860	1,013
Consolidation account adjustment	304	-	-
Deffered tax liabilities	245	-	-
Other long-term liabilities	4,339	4,302	4,693
Minority interests	4,746	4,520	4,592
Shareholders' equity:	138,556	133,135	131,248
Common stock	23,500	23,492	23,499
Additional paid-in capital	25,567	25,559	25,566
Retained earnings	91,889	87,336	87,495
Land revaluation, net of deferred tax assets	(2,229)	(2,356)	(2,229)
Net unrealized holding gains (losses) on securities	3,438	321	306
Foreign currency translation adjustments	(178)	(323)	(343)
Treasury stock, at cost	(3,431)	(892)	(3,045)
Total liabilities and shareholders' equity	¥ 342,857	¥332,817	¥335,778

Consolidated Statements of Income

	Sep. 2003 interim term (Millions of yen)	Sep. 2002 interim term (Millions of yen)	Mar. 2003 term (Millions of yen)
Net sales	¥189,085	¥184,950	¥378,063
Cost of sales	173,513	170,582	345,784
Gross profit	15,571	14,368	32,279
Selling, general and administrative expenses	7,312	7,101	15,198
Operating income	8,258	7,266	17,080
Non-operating income:	2,162	1,843	2,580
Interest income	653	714	1,333
Dividend income	183	152	219
Rental income from fixed assets	346	353	823
Equity in earnings of affiliates	774	456	-
Other non-operating income	203	165	204
Non-operating expenses:	1,717	2,449	4,859
Interest expense	163	217	389
Exchange loss, net	1,214	1,754	1,900
Provision for allowance for doubtful accounts	-	-	789
Equity in loss of affiliates	-	-	838
Other non-operating expenses	339	477	941
Ordinary income	8,703	6,661	14,801
Extraordinary gain:	733	3,470	3,910
Gain from adjustment in the prior term	-	8	-
Gain on sale of property and equipment	6	3,217	3,591
Reversal of allowance for doubtful accounts	722	215	11
Other extraordinary gain	3	28	307
Extraordinary loss:	432	442	7,215
Loss on sale or disposal of property and equipment	15	49	229
Special early retirement benefits	-	219	280
Loss on devaluation of investment securities	4	71	5,809
Loss on devaluation of investment in an affiliate	400	-	-
Loss on liquidation of an affiliate	5	76	78
Provision for allowance for doubtful accounts	-	-	136
Other extraordinary loss	6	25	681
Income before taxes on income	9,004	9,689	11,497
Taxes on income:	2,612	2,859	4,130
Current	2,225	4,052	6,964
Deferred	387	(1,193)	(2,834)
Minority interests in earnings of consolidated subsidiaries	302	348	598
Net income	¥6,088	¥6,482	¥6,768

Consolidated Statements of Cash Flows

	Sep. 2003 interim term (Millions of yen)	Sep. 2002 interim term (Millions of yen)	Mar. 2003 term (Millions of yen)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	¥9,004	¥9,689	¥11,497
Adjustments to reconcile income before taxes on income and minority interests in earnings of consolidated subsidiaries to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,385	2,163	4,482
Amortization of consolidation account adjustment	0	0	0
Increase (decrease) in allowance for doubtful accounts	(1,248)	(200)	1,767
Increase (decrease) in retirement and severance benefits	1,699	1,078	2,125
Interest and dividend income	(837)	(867)	(1,552)
Interest expense	163	217	389
Equity in losses (earnings) of affiliates	(774)	(456)	838
Gain on sale of property and equipment	(6)	(3,217)	(3,591)
Gain on sale of investment securities	-	(20)	(282)
Loss on devaluation of investment securities	4	71	5,809
Loss on sale or disposal of property and equipment	15	49	229
Special early retirement benefits	-	219	280
Loss on devaluation of investment in an affiliate	400	-	-
Loss on liquidation of an affiliate	5	76	-
Decrease (increase) in notes and accounts receivable	(2,747)	9,598	18,584
Decrease (increase) in inventories	(13,342)	(8,127)	(2,860)
Decrease (increase) in other assets	(150)	(719)	(1,564)
Increase (decrease) in notes and accounts payable	(18,597)	10,872	5,541
Increase (decrease) in advances received on uncompleted contracts	16,286	1,412	13,253
Other	(749)	(4,528)	(1,160)
Subtotal	(8,488)	17,309	53,787
Interest and dividends received	994	1,068	2,323
Interest paid	(176)	(187)	(377)
Special early retirement benefits paid	-	(219)	(280)
Income taxes paid	(5,393)	(2,668)	(4,055)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(13,064)	15,302	51,397
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchases of marketable securities	-	(102)	-
Payments for purchases of property and equipment	(1,014)	(1,573)	(2,083)
Proceeds from sales of property and equipment	16	3,767	4,216
Payments for purchases of intangible fixed assets	(1,142)	(202)	(1,620)
Payments for purchases of investment securities	(1,564)	(1,151)	(2,590)
Proceeds from sale of investment securities	245	555	2,507
Decrease (increase) in short-term loans receivable	(1,239)	(55)	(161)
Payments for long-term loans receivable	-	(121)	(104)
Proceeds from long-term loans receivable	255	508	220
Other	392	219	432
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(4,050)	1,845	816
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in short-term loans	(216)	(6,000)	(10,942)
Proceeds from long-term bank loans	334	25	25
Repayments of long-term bank loans	(192)	(897)	(1,065)
Cash dividends paid	(1,528)	(1,288)	(1,289)
Cash dividends paid to minority shareholders	(175)	(101)	(279)
Payments for purchases of treasury stock	(385)	(768)	(3,116)
NET CASH USED IN FINANCING ACTIVITIES	(2,163)	(9,033)	(16,668)
EFFECT OF EXCHANGE RATE CHANGES ON			
CASH AND CASH EQUIVALENTS	621	(475)	(142)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,656)	7,639	35,403
CASH AND CASH EQUIVALENTS at beginning of year	89,032	53,217	53,217
INCREASE IN CASH AND CASH EQUIVALENTS FROM			
 NEWLY CONSOLIDATED SUBSIDIARIES	10	411	411
CASH AND CASH EQUIVALENTS at end of year	¥70,386	¥61,268	¥89,032

Note: The above Statements of Cash Flows are unaudited.