

# Consolidated Financial Statements--Summary

(For the fiscal year ended March 31, 2004)

May 17, 2004

The following statements are an English-language translation of 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: **May 17, 2004**

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 fiscal 2003 (April 1, 2003–March 31, 2004)

(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)	(%)
Mar. 2004 term	409,961	8.4	15,486	(9.3)	18,481	24.9
Mar. 2003 term	378,063	12.8	17,080	(14.5)	14,801	(34.3)

	Net income		Earnings per share (Yen)	Earnings per share (diluted) (Yen)	Return on equity (%)	Ordinary income/ total assets (%)	Ordinary income/ net sales (%)
	(Millions of yen)	(%)					
Mar. 2004 term	10,587	56.4	40.88	–	7.6	5.4	4.5
Mar. 2003 term	6,768	37.0	25.65	25.62	5.2	4.5	3.9

Notes:

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

Mar. 2004 term: 1,088      Mar. 2003 term: (838)

② Average number of shares outstanding (consolidated):

Mar. 2004 term: 254,276,910      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 term.

(2) Consolidated financial position

	Total assets (Millions of yen)	Shareholders' equity (Millions of yen)	Shareholders' equity/total assets (%)	Shareholders' equity per share (Yen)
Mar. 31, 2004	355,009	146,289	41.2	575.60
Mar. 31, 2003	335,778	131,248	39.1	515.52

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

Mar. 31, 2004: 254,151,280      Mar. 31, 2003: 254,597,259

(3) Consolidated cash flows

	Cash flows from operating activities (Millions of yen)	Cash flows from investing activities (Millions of yen)	Cash flows from financing activities (Millions of yen)	Cash and cash equivalents at term-end (Millions of yen)
Mar. 2004 term	18,778	(3,944)	(3,437)	99,987
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 2004 (April 1, 2004–March 31, 2005)

	Net sales (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)
Interim term	200,000	8,400	5,300
Entire term	440,000	18,500	11,000

Reference: Estimated earnings per share

(yen, fiscal 2004): 43.28

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 Statements of Income

Years ended	March 31, 2004 <small>(Millions of yen)</small>	March 31, 2003 <small>(Millions of yen)</small>	Increase (decrease) <small>(Millions of yen)</small>
<b>Net sales</b>	<b>409,961</b>	<b>378,063</b>	<b>31,898</b>
Cost of sales	379,534	345,784	33,750
Gross profit	30,427	32,279	(1,852)
Selling, general and administrative expenses	14,940	15,198	(258)
<b>Operating income</b>	<b>15,486</b>	<b>17,080</b>	<b>(1,594)</b>
<b>Non-operating income:</b>	<b>3,990</b>	<b>2,580</b>	<b>1,410</b>
Interest income	1,158	1,333	(175)
Dividend income	244	219	25
Exchange gain, net	197	-	197
Rental income from fixed assets	858	823	35
Amortization for consolidation difference	29	-	29
Equity in earnings of affiliates	1,088	-	1,088
Other non-operating income	413	204	209
<b>Non-operating expenses:</b>	<b>994</b>	<b>4,859</b>	<b>(3,865)</b>
Interest expense	328	389	(61)
Exchange loss, net	-	1,900	(1,900)
Provision for allowance for doubtful accounts	-	789	(789)
Equity in loss of affiliates	-	838	(838)
Other non-operating expenses	666	941	(275)
<b>Ordinary income</b>	<b>18,481</b>	<b>14,801</b>	<b>3,680</b>
<b>Extraordinary gain:</b>	<b>616</b>	<b>3,910</b>	<b>(3,294)</b>
Gain on sales of property and equipment	0	3,591	(3,591)
Gain on sales of investment securities	73	282	(209)
Reversal of allowance for doubtful accounts	534	11	523
Other extraordinary gain	7	24	(17)
<b>Extraordinary loss:</b>	<b>1,914</b>	<b>7,215</b>	<b>(5,301)</b>
Loss on sales or disposal of property and equipment	575	229	346
Loss on sales of investment securities	2	304	(302)
Loss on devaluation of marketable and investment securities	5	5,809	(5,804)
Provision for doubtful accounts	-	136	(136)
Special early retirement benefits	5	280	(275)
Loss on devaluation of investment in affiliates	524	-	524
Loss on withdrawal from certain business	312	-	312
Loss on devaluation of property and equipment	420	-	420
Loss on secession from welfare pension fund	-	216	(216)
Other extraordinary loss	68	240	(172)
<b>Income before taxes on income</b>	<b>17,184</b>	<b>11,497</b>	<b>5,687</b>
<b>Taxes on income:</b>	<b>6,050</b>	<b>4,130</b>	<b>1,920</b>
Current	6,050	6,964	(914)
Deferred	0	(2,834)	2,834
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>546</b>	<b>598</b>	<b>(52)</b>
<b>Net income</b>	<b>10,587</b>	<b>6,768</b>	<b>3,819</b>

## Consolidated Balance Sheets

### ASSETS

	March 31, 2004 <small>(Millions of yen)</small>	March 31, 2003 <small>(Millions of yen)</small>	Increase (decrease) <small>(Millions of yen)</small>
<b>Current assets:</b>	<b>234,521</b>	<b>218,488</b>	<b>16,033</b>
Cash	79,470	66,517	12,953
Notes and accounts receivable	72,205	60,634	11,571
Marketable securities	20,516	22,515	(1,999)
Contract works in progress	51,327	55,012	(3,685)
Other inventories	3,858	5,502	(1,644)
Deferred tax assets	5,275	5,229	46
Other receivables	4,683	6,717	(2,034)
Other current assets	5,153	5,828	(675)
Allowance for doubtful accounts	(7,970)	(9,469)	1,499
<b>Fixed assets:</b>	<b>120,487</b>	<b>117,290</b>	<b>3,197</b>
<b>Tangible fixed assets:</b>	<b>67,170</b>	<b>68,874</b>	<b>(1,704)</b>
Buildings and structures	52,628	52,473	155
Machinery, vehicles, tools and equipment	33,103	31,786	1,317
Land	26,759	26,238	521
Construction in progress	272	291	(19)
Less accumulated depreciation	(45,593)	(41,915)	(3,678)
<b>Intangible fixed assets:</b>	<b>3,938</b>	<b>3,806</b>	<b>132</b>
Consolidation account adjustment	-	0	(0)
Software	3,826	3,736	90
Other intangible fixed assets	112	69	43
<b>Investments and other assets:</b>	<b>49,379</b>	<b>44,609</b>	<b>4,770</b>
Investments in securities	33,446	23,179	10,267
Long-term loans receivable	4,959	6,250	(1,291)
Deferred tax assets	9,779	13,538	(3,759)
Deferred tax assets for land revaluation	1,061	1,264	(203)
Other investments and other assets	3,739	4,156	(417)
Allowance for doubtful accounts	(3,607)	(3,780)	173
<b>Total assets</b>	<b>355,009</b>	<b>335,778</b>	<b>19,231</b>

Note: These unaudited financial statements have been translated into English for the convenience of foreign readers, and are based on financial statements disclosed by JGC Corporation to the Tokyo Stock Exchange on May 17, 2004.

## LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2004 (Millions of yen)	March 31, 2003 (Millions of yen)	Increase (decrease) (Millions of yen)
<b>Total liabilities:</b>	<b>203,886</b>	<b>199,937</b>	<b>3,949</b>
<b>Current liabilities:</b>	<b>160,127</b>	<b>160,552</b>	<b>(425)</b>
Notes and accounts payable	57,218	69,513	(12,295)
Short-term loans	1,379	2,176	(797)
Convertible bonds	-	24	(24)
Income taxes payable	2,325	4,650	(2,325)
Advances received on uncompleted contracts	85,756	68,533	17,223
Reserve for job warranty costs	1,761	1,352	409
Reserve for bonuses	4,451	3,543	908
Other current liabilities	7,235	10,758	(3,523)
<b>Long-term liabilities:</b>	<b>43,758</b>	<b>39,384</b>	<b>4,374</b>
Long-term loans	16,086	15,855	231
Reserve for retirement benefits	21,639	17,822	3,817
Reserve for directors' retirement bonuses	1,236	1,013	223
Liabilities resulting from application of equity-method accounting	-	375	(375)
Consolidation account adjustment	273	-	273
Deferred tax liabilities	113	-	113
Other long-term liabilities	4,408	4,318	90
<b>Minority interests</b>	<b>4,833</b>	<b>4,592</b>	<b>241</b>
<b>Shareholders' equity:</b>	<b>146,289</b>	<b>131,248</b>	<b>15,041</b>
Common stock	23,511	23,499	12
Capital surplus	25,578	25,566	12
Retained earnings	96,029	87,495	8,534
Land revaluation, net of deferred tax assets	(1,870)	(2,229)	359
Net unrealized holding gains on securities	7,019	306	6,713
Foreign currency translation adjustments	(498)	(343)	(155)
Treasury stock, at cost	(3,480)	(3,045)	(435)
<b>Total liabilities and shareholders' equity</b>	<b>355,009</b>	<b>335,778</b>	<b>19,231</b>

## Consolidated Statements of Cash Flows

Years ended	March 31, 2004 (Millions of yen)	March 31, 2003 (Millions of yen)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	17,184	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	5,042	4,482
Amortization of consolidation account adjustment	(29)	0
Increase (decrease) in allowance for doubtful accounts	(1,837)	1,767
Increase (decrease) in retirement and severance benefits	3,415	2,125
Interest and dividend income	(1,403)	(1,552)
Interest expense	328	389
Equity in losses (earnings) of affiliates	(1,088)	838
Gain on sales of property and equipment	(0)	(3,591)
Gain on sales of investment securities	(73)	(282)
Loss on devaluation of marketable and investment securities	5	5,809
Loss on sales or disposal of property and equipment	575	229
Special early retirement benefits	5	280
Loss on withdrawal of business operations	312	-
Loss on devaluation of property and equipment	420	-
Loss on devaluation of investment in affiliates	524	-
Decrease (increase) in notes and accounts receivable	(8,113)	18,584
Decrease (increase) in inventories	5,945	(2,860)
Decrease (increase) in other assets	2,251	(1,564)
Increase (decrease) in notes and accounts payable	(14,849)	5,541
Increase (decrease) in advances received on uncompleted contracts	17,017	13,253
Other	(271)	(1,160)
Subtotal	25,361	53,787
Interest and dividends received	2,131	2,323
Interest paid	(340)	(377)
Special early retirement benefits paid	(5)	(280)
Income taxes paid	(8,368)	(4,055)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	18,778	51,397
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for purchases of property and equipment	(2,486)	(2,083)
Proceeds from sales of property and equipment	802	4,216
Payments for purchases of intangible fixed assets	(1,134)	(1,620)
Payments for purchases of investment securities	(1,504)	(2,590)
Proceeds from sale of investment securities	533	2,507
Decrease (increase) in short-term loans receivable	(1,045)	(161)
Payments for long-term loans receivable	-	(104)
Proceeds from long-term loans receivable	513	220
Other	376	432
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(3,944)	816
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase (decrease) in short-term loans	(1,063)	(10,942)
Proceeds from long-term bank loans	633	25
Repayments of long-term bank loans	(709)	(1,065)
Payments for purchase of treasury stock	(434)	(3,116)
Cash dividends paid	(1,530)	(1,289)
Cash dividends paid to minority shareholders	(333)	(279)
NET CASH USED IN FINANCING ACTIVITIES	(3,437)	(16,668)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	(452)	(142)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	10,943	35,403
<b>CASH AND CASH EQUIVALENTS at beginning of year</b>	89,032	53,217
<b>INCREASE IN CASH AND CASH EQUIVALENTS FROM NEWLY CONSOLIDATED SUBSIDIARIES</b>	10	411
<b>CASH AND CASH EQUIVALENTS at end of year</b>	99,987	89,032