

# Consolidated Financial Statements--Summary

May 11, 2005

(For the fiscal year ended March 31, 2005)

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: **Executive Officer, Senior Manager, Finance & Accounting Department**

Name: **Hiroyoshi Suga**

Board of Directors meeting: **May 11, 2005**

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 2004 (April 1, 2004–March 31, 2005)

### (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. 2005 term	435,197	6.2	13,220	(14.6)	16,001	(13.4)
Mar. 2004 term	409,961	8.4	15,486	(9.3)	18,481	24.9

	Net income		Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/total assets	Ordinary income/net sales
	(Millions of yen)	(%)	(Yen)	(Yen)	(%)	(%)	(%)
Mar. 2005 term	11,585	9.4	44.93	–	7.8	4.4	3.7
Mar. 2004 term	10,587	56.4	40.88	–	7.6	5.4	4.5

Notes:

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

Mar. 2005 term: 1,359 Mar. 2004 term: 1,088

② Average number of shares outstanding (consolidated):

Mar. 2005 term: 254,101,172 Mar. 2004 term: 254,276,910

③ Changes in accounting methods: Changed

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, 2005	367,437	151,155	41.1	595.01
Mar. 31, 2004	355,009	146,289	41.2	575.60

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

Mar. 31, 2005: 254,040,214 Mar. 31, 2004: 254,151,280

### (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. 2005 term	(16,848)	(10,656)	(3,456)	68,925
Mar. 2004 term	18,778	(3,944)	(3,437)	99,987

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

Consolidated subsidiaries: 13 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) None (decrease) 1 company

Equity-method companies: (increase) None (decrease) None

## 2. Forecast for fiscal 2005 (April 1, 2005–March 31, 2006)

	Net sales (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)
Interim term	240,000	8,500	5,000
Entire term	490,000	20,000	12,000

Reference: Estimated earnings per share

(yen, fiscal 2005): 47.24

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	Mar. 2005 term (Millions of yen)	Mar. 2004 term (Millions of yen)	Increase (decrease) (Millions of yen)
<b>Net sales</b>	<b>435,197</b>	<b>409,961</b>	<b>25,236</b>
Cost of sales	406,902	379,534	27,368
Gross profit	28,295	30,427	(2,132)
Selling, general and administrative expenses	15,075	14,940	135
<b>Operating income</b>	<b>13,220</b>	<b>15,486</b>	<b>(2,266)</b>
<b>Non-operating income:</b>	<b>4,166</b>	<b>3,990</b>	<b>176</b>
Interest income	1,071	1,158	(87)
Dividend income	642	244	398
Exchange gain, net	-	197	(197)
Rental income from fixed assets	681	858	(177)
Amortization for consolidation difference	60	29	31
Equity in earnings of affiliates	1,359	1,088	271
Other non-operating income	351	413	(62)
<b>Non-operating expenses:</b>	<b>1,386</b>	<b>994</b>	<b>392</b>
Interest expense	348	328	20
Exchange loss, net	382	-	382
Expense of rental fixed assets	391	286	105
Other non-operating expenses	262	380	(118)
<b>Ordinary income</b>	<b>16,001</b>	<b>18,481</b>	<b>(2,480)</b>
<b>Extraordinary gain:</b>	<b>5,484</b>	<b>616</b>	<b>4,868</b>
Gain on sales of property and equipment	44	0	44
Gain on sales of investment securities	1,591	73	1,518
Reversal of allowance for doubtful accounts	90	534	(444)
Gain on return of the substituted portion of the government's welfare pension insurance scheme	3,668	-	3,668
Other extraordinary gain	88	7	81
<b>Extraordinary loss:</b>	<b>3,803</b>	<b>1,914</b>	<b>1,889</b>
Loss on sale or disposal of property and equipment	137	620	(483)
Loss on sales of investment securities	0	2	(2)
Loss on devaluation of marketable and investment securities	23	5	18
Special early retirement benefits	-	5	(5)
Loss on devaluation of investment in affiliates	200	524	(324)
Loss on withdrawal from certain business	-	312	(312)
Loss on devaluation of property and equipment	25	420	(395)
Lump-sum amortization of net transition obligation arising from change in retirement benefit accounting	3,357	-	3,357
Other extraordinary loss	60	23	37
<b>Income before taxes on income</b>	<b>17,681</b>	<b>17,184</b>	<b>497</b>
<b>Taxes on income:</b>	<b>5,783</b>	<b>6,050</b>	<b>(267)</b>
Current	4,563	6,050	(1,487)
Deferred	1,219	0	1,219
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>313</b>	<b>546</b>	<b>(233)</b>
<b>Net income</b>	<b>11,585</b>	<b>10,587</b>	<b>998</b>

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 May 11, 2005.

## Consolidated Balance Sheets

## ASSETS

	March 31, 2005 (Millions of yen)	March 31, 2004 (Millions of yen)	Increase (decrease) (Millions of yen)
<b>Current assets</b>			
Cash	55,940	79,470	(23,530)
Notes and accounts receivable	65,057	72,205	(7,148)
Marketable securities	12,984	20,516	(7,532)
Contract works in progress	74,367	51,327	23,040
Other inventories	5,582	3,858	1,724
Deferred tax assets	5,499	5,275	224
Other receivables	9,287	4,683	4,604
Other current assets	6,571	5,153	1,418
Allowance for doubtful accounts	(3,480)	(7,970)	4,490
<b>Total current assets</b>	<b>231,810</b>	<b>234,521</b>	<b>(2,711)</b>
<b>Fixed assets</b>			
<b>1 Tangible fixed assets:</b>			
Buildings and structures	52,234	52,628	(394)
Machinery, vehicles, tools and equipment	33,784	33,103	681
Land	26,422	26,759	(337)
Construction in progress	283	272	11
Less accumulated depreciation	(46,836)	(45,593)	(1,243)
<b>Net tangible fixed assets</b>	<b>65,887</b>	<b>67,170</b>	<b>(1,283)</b>
<b>2 Intangible fixed assets</b>			
Consolidation account adjustment	3,633	-	3,633
Software	3,586	3,826	(240)
Other intangible fixed assets	110	112	(2)
<b>Total intangible fixed assets</b>	<b>7,330</b>	<b>3,938</b>	<b>3,392</b>
<b>3 Investments and other assets</b>			
Investment securities	35,621	33,446	2,175
Long-term loans receivable	23,651	4,959	18,692
Deferred tax assets	8,131	9,779	(1,648)
Deferred tax assets for land revaluation	-	1,061	(1,061)
Other investments and other assets	2,613	3,739	(1,126)
Allowance for doubtful accounts	(7,608)	(3,607)	(4,001)
<b>Total investments and other assets</b>	<b>62,409</b>	<b>49,379</b>	<b>13,030</b>
<b>Total fixed assets</b>	<b>135,627</b>	<b>120,487</b>	<b>15,140</b>
<b>Total assets</b>	<b>367,437</b>	<b>355,009</b>	<b>12,428</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2005 (Millions of yen)	March 31, 2004 (Millions of yen)	Increase (decrease) (Millions of yen)
<b>Current liabilities</b>			
Notes and accounts payable	61,614	57,218	4,396
Short-term loans	552	1,379	(827)
Income taxes payable	2,217	2,325	(108)
Advances received on uncompleted contracts	91,600	85,756	5,844
Reserve for job warranty costs	1,880	1,761	119
Reserve for losses on contracts	2,074	-	2,074
Reserve for bonuses	4,748	4,451	297
Other current liabilities	10,377	7,235	3,142
<b>Total current liabilities</b>	<b>175,065</b>	<b>160,127</b>	<b>14,938</b>
<b>Long-term liabilities</b>			
Long-term loans	15,711	16,086	(375)
Reserve for retirement benefits	16,252	21,639	(5,387)
Reserve for directors' retirement bonuses	385	1,236	(851)
Consolidation account adjustment	212	273	(61)
Deferred tax liabilities	63	113	(50)
Deferred tax liabilities for land revaluation	3,798	-	3,798
Other long-term liabilities	4,491	4,408	83
<b>Total long-term liabilities</b>	<b>40,916</b>	<b>43,758</b>	<b>(2,842)</b>
<b>Total liabilities</b>	<b>215,981</b>	<b>203,886</b>	<b>12,095</b>
<b>Minority interests</b>	<b>300</b>	<b>4,833</b>	<b>(4,533)</b>
<b>Common stock</b>	<b>23,511</b>	<b>23,511</b>	<b>-</b>
<b>Additional paid-in capital</b>	<b>25,580</b>	<b>25,578</b>	<b>2</b>
<b>Retained earnings</b>	<b>105,395</b>	<b>96,029</b>	<b>9,366</b>
<b>Land revaluation, net of deferred tax assets</b>	<b>(6,732)</b>	<b>(1,870)</b>	<b>(4,862)</b>
<b>Net unrealized holding gains (losses) on securities</b>	<b>7,284</b>	<b>7,019</b>	<b>265</b>
<b>Foreign currency translation adjustments</b>	<b>(285)</b>	<b>(498)</b>	<b>213</b>
<b>Treasury stock, at cost</b>	<b>(3,598)</b>	<b>(3,480)</b>	<b>(118)</b>
<b>Total shareholders' equity</b>	<b>151,155</b>	<b>146,289</b>	<b>4,866</b>
<b>Total liabilities and shareholders' equity</b>	<b>367,437</b>	<b>355,009</b>	<b>12,428</b>

## Consolidated Statements of Cash Flows

Years ended	Mar. 2005 term (Millions of yen)	Mar. 2004 term (Millions of yen)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	17,681	17,184
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	4,572	5,042
Amortization of consolidation account adjustment	342	(29)
Increase (decrease) in allowance for doubtful accounts	(178)	(1,837)
Increase(decrease) in reserve for possible losses on construction projects	2,074	-
Increase (decrease) in retirement and severance benefits	(5,075)	3,415
Interest and dividend income	(1,714)	(1,403)
Interest expense	348	328
Equity in losses (earnings) of affiliates	(1,359)	(1,088)
Gain on sales of property and equipment	(44)	(0)
Gain on sales of investment securities	(1,591)	(73)
Loss on devaluation of investment securities	23	5
Loss on sales or disposal of property and equipment	137	620
Special early retirement benefits	-	5
Loss on withdrawal from certain business	-	312
Loss on devaluation of property and equipment	25	420
Loss on devaluation of investment in affiliates	200	524
Decrease (increase) in notes and accounts receivable	(5,652)	(8,113)
Decrease (increase) in inventories	(24,757)	5,945
Decrease (increase) in other assets	(4,603)	2,251
Increase (decrease) in notes and accounts payable	4,334	(14,849)
Increase (decrease) in advances received on uncompleted contracts	(997)	17,017
Gain on return of the substituted portion of the government's welfare pension insurance scheme	(3,668)	-
Lump-sum amortization of net transition obligation arising from change in retirement benefit accounting	3,357	-
Other	989	(316)
Subtotal	(15,555)	25,361
Interest and dividends received	3,934	2,131
Interest paid	(350)	(340)
Special early retirement benefits paid	-	(5)
Income taxes paid	(4,876)	(8,368)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(16,848)	18,778
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for purchases of property and equipment	(3,458)	(2,486)
Proceeds from sales of property and equipment	429	802
Payments for purchases of intangible fixed assets	(855)	(1,134)
Payments for purchases of investment securities	(11,004)	(534)
Payments for acquisition of shares of a newly consolidated subsidiary	-	(970)
Proceeds from sale of investment securities	3,196	533
Decrease (increase) in short-term loans receivable	(33)	(1,045)
Payments for long-term loans receivable	(12)	-
Proceeds from long-term loans receivable	282	513
Other	799	376
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(10,656)	(3,944)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase (decrease) in short-term loans	(492)	(1,063)
Proceeds from long-term bank loans	2	633
Repayments of long-term bank loans	(711)	(709)
Payments for purchases of treasury stock	(116)	(434)
Cash dividends paid	(2,032)	(1,530)
Cash dividends paid to minority shareholders	(106)	(333)
NET CASH USED IN FINANCING ACTIVITIES	(3,456)	(3,437)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	(100)	(452)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(31,061)</b>	<b>10,943</b>
<b>CASH AND CASH EQUIVALENTS at beginning of year</b>	<b>99,987</b>	<b>89,032</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS FROM NEWLY CONSOLIDATED SUBSIDIARIES</b>	<b>-</b>	<b>10</b>
<b>CASH AND CASH EQUIVALENTS at end of year</b>	<b>68,925</b>	<b>99,987</b>

Note: The above statements of cash flows are unaudited.