

## Summary of Consolidated First Quarter Financial Results for the Year Ending March 2006

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**  
(URL: <http://www.jgc.co.jp>)

Stock exchange: **Tokyo**  
Code number: **1963**

Representative

Title: **Chairman and Chief Executive Officer**

Name: **Yoshihiro Shigehisa**

Contact

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

Tel: **045-682-1111**

Name: **Hiroyoshi Suga**

### 1. Regarding the Preparation of Quarterly Financial Information

- (1) Use of Simplified Accounting Procedures: **Yes**  
**Simplified methods are employed in calculation of income taxes using annual effective tax rates and in some other items with little influence on overall accounting.**
- (2) Changes in Accounting Procedures from the Most Recent Consolidated Fiscal Year: **Yes**  
**The new accounting standards for the impairment of fixed assets have been employed beginning in the current consolidated fiscal year.**
- (3) Changes in the Scope of Consolidation or Application of the Equity Method: **No**

### 2. Summary of First Quarter Financial Results for the Year Ending March 2006 (April 1, 2005-June 30, 2005)

#### (1) Progress in Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
1Q FY2005	105,438	—	4,245	—	6,193	—	4,176	—
1Q FY2004 (reference) FY ended March 31,	—	—	—	—	—	—	—	—
	435,197		13,220		16,001		11,585	

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
1Q FY2005	16.44	—
1Q FY2004 (reference) FY ended March 31,	—	—
	44.93	

Note: Quarterly financial statements have only been disclosed since the first quarter under review, so there are no entries for results from the same quarter of the previous year or year-on-year change.

#### (2) Changes in Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity / total assets	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of June 30, 2005	373,924	152,880	40.9	601.84
As of June 30, 2004 (reference) As of March 31, 2005	—	—	—	—
	367,437	151,155	41.1	595.01

Note: Quarterly financial statements have only been disclosed since the first quarter under review, so there are no entries for results from the same quarter of the previous year or year-on-year change.

## [ 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)
1Q FY2005	14,270	(1,082)	(1,895)	80,602
1Q FY2004 (reference) FY ended March 31,	— (16,848)	— (10,656)	— (3,456)	— 68,925

Note: Quarterly financial statements have only been disclosed since the first quarter under review, so there are no entries for results from the same quarter of the previous year or year-on-year change.

**3. Forecast for fiscal year ending March 31, 2006 (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:

(1) 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.

(2) Forecast based on: ¥107.00/US\$1.00

**4. New contracts up to the first quarter ended June 30, 2005 (April 1, 2005-June 30, 2005)**

	(Millions of yen)	(%)
1Q FY2005	198,693	77.9
1Q FY2004	111,707	(44.4)

Note:

(1) Figures for new contracts are cumulative totals through this quarter.

(2) Percentages show the increase or decrease in comparison to the same quarter of the preceding fiscal year.

**5. Forecast of total amount of new contracts for the fiscal year ending March 31, 2006 (April 1, 2005-March 31, 2006)**

	(Millions of yen)	(%)
FY ended March 31, 2006 (forecast)	430,000	(8.4)
FY ended March 31, 2005	469,534	(5.8)

Note: Percentages show the increase or decrease in comparison to the preceding fiscal year.

## Summary of Consolidated Statements of Income

	1Q FY2005 term (Apr. 1 2005 - Jun. 30, 2005) (Millions of yen)	FY2004 term (Apr. 1, 2004 - Mar. 31, 2005) (Millions of yen)
<b>Net sales</b>	<b>105,438</b>	<b>435,197</b>
Cost of sales	97,261	406,902
Gross profit	8,177	28,295
Selling, general and administrative expenses	3,931	15,075
<b>Operating income</b>	<b>4,245</b>	<b>13,220</b>
<b>Non-operating income:</b>	<b>2,373</b>	<b>4,166</b>
Interest income	307	1,071
Dividend income	443	642
Exchange gain, net	931	-
Rental income from fixed assets	172	681
Amortization for consolidation difference	15	60
Equity in earnings of affiliates	366	1,359
Other non-operating income	136	351
<b>Non-operating expenses:</b>	<b>425</b>	<b>1,386</b>
Interest expense	64	348
Exchange loss, net	-	382
Expense of rental fixed assets	151	391
Provision for allowance for doubtful accounts	196	-
Other non-operating expenses	13	262
<b>Ordinary income</b>	<b>6,193</b>	<b>16,001</b>
<b>Extraordinary gain:</b>	<b>609</b>	<b>5,484</b>
Gain on sales of property and equipment	-	44
Gain on sales of investment securities	-	1,591
Reversal of allowance for doubtful accounts	142	90
Reversal of retirement and severance benefits	295	-
Gain on return of the substituted portion of the government's welfare pension insurance scheme	171	3,668
Other extraordinary gain	-	88
<b>Extraordinary loss:</b>	<b>46</b>	<b>3,803</b>
Loss on sale or disposal of property and equipment	7	137
Loss on sales of investment securities	-	0
Loss on devaluation of marketable and investment securities	9	23
Loss on devaluation of investment in affiliates	-	200
Directors' retirement bonuses	5	-
Loss on devaluation of property and equipment	-	25
Impairment loss	22	-
Lump-sum amortization of net transition obligation arising from change in retirement benefit accounting	-	3,357
Other extraordinary loss	1	60
<b>Income before taxes on income</b>	<b>6,756</b>	<b>17,681</b>
<b>Taxes on income:</b>	<b>2,500</b>	<b>5,783</b>
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>78</b>	<b>313</b>
<b>Net income</b>	<b>4,176</b>	<b>11,585</b>

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

## Summary of Consolidated Balance Sheets

### ASSETS

	1Q FY2005 (As of Jun. 30, 2005) (Millions of yen)	FY2004 (As of Mar. 31, 2005) (Millions of yen)
<b>I Current assets</b>		
Cash	73,616	55,940
Notes and accounts receivable	50,830	65,057
Marketable securities	6,985	12,984
Contract works in progress	80,126	74,367
Other inventories	6,612	5,582
Deferred tax assets	5,426	5,499
Other receivables	10,175	9,287
Other current assets	7,026	6,571
Allowance for doubtful accounts	(3,332)	(3,480)
<b>Total current assets</b>	<b>237,467</b>	<b>231,810</b>
<b>II Fixed assets</b>		
<b>1 Tangible fixed assets:</b>		
Buildings and structures	52,266	52,234
Machinery, vehicles, tools and equipment	34,444	33,784
Land	26,378	26,422
Construction in progress	525	283
Less accumulated depreciation	(47,609)	(46,836)
<b>Net tangible fixed assets</b>	<b>66,005</b>	<b>65,887</b>
<b>2 Intangible fixed assets</b>		
Consolidation account adjustment	3,431	3,633
Software	3,292	3,586
Other intangible fixed assets	110	110
<b>Total intangible fixed assets</b>	<b>6,834</b>	<b>7,330</b>
<b>3 Investments and other assets</b>		
Investment securities	36,157	35,621
Long-term loans receivable	24,324	23,651
Deferred tax assets	8,281	8,131
Other investments and other assets	2,610	2,613
Allowance for doubtful accounts	(7,757)	(7,608)
<b>Total investments and other assets</b>	<b>63,616</b>	<b>62,409</b>
<b>Total fixed assets</b>	<b>136,456</b>	<b>135,627</b>
<b>Total assets</b>	<b>373,924</b>	<b>367,437</b>

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

## LIABILITIES AND SHAREHOLDERS' EQUITY

	1Q FY2005 (As of Jun. 30, 2005) (Millions of yen)	FY2004 (As of Mar. 31, 2005) (Millions of yen)
<b>I Current liabilities</b>		
Notes and accounts payable	60,069	61,614
Short-term loans	887	552
Income taxes payable	2,632	2,217
Advances received on uncompleted contracts	94,415	91,600
Reserve for job warranty costs	2,050	1,880
Reserve for losses on contracts	1,627	2,074
Reserve for bonuses	5,976	4,748
Other current liabilities	12,327	10,377
<b>Total current liabilities</b>	<b>179,986</b>	<b>175,065</b>
<b>II Long-term liabilities</b>		
Long-term loans	15,687	15,711
Reserve for retirement benefits	16,095	16,252
Reserve for directors' retirement bonuses	391	385
Consolidation account adjustment	197	212
Deferred tax liabilities	49	63
Deferred tax liabilities for land revaluation	3,787	3,798
Other long-term liabilities	4,491	4,491
<b>Total long-term liabilities</b>	<b>40,701</b>	<b>40,916</b>
<b>Total liabilities</b>	<b>220,687</b>	<b>215,981</b>
<b>Minority interests</b>	<b>355</b>	<b>300</b>
<b>I Common stock</b>	<b>23,511</b>	<b>23,511</b>
<b>II Additional paid-in capital</b>	<b>25,580</b>	<b>25,580</b>
<b>III Retained earnings</b>	<b>107,089</b>	<b>105,395</b>
<b>IV Land revaluation, net of deferred tax assets</b>	<b>(6,582)</b>	<b>(6,732)</b>
<b>V Net unrealized holding gains (losses) on securities</b>	<b>7,203</b>	<b>7,284</b>
<b>VI Foreign currency translation adjustments</b>	<b>(298)</b>	<b>(285)</b>
<b>VII Treasury stock, at cost</b>	<b>(3,622)</b>	<b>(3,598)</b>
<b>Total shareholders' equity</b>	<b>152,880</b>	<b>151,155</b>
<b>Total liabilities and shareholders' equity</b>	<b>373,924</b>	<b>367,437</b>

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

## Summary of Consolidated Statements of Cash Flows

	1Q FY2005 term (Apr. 1 2005 - Jun. 30, 2005) (Millions of yen)	FY2004 term (Apr. 1, 2004 - Mar. 31, 2005) (Millions of yen)
<b>I CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	6,756	17,681
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	1,150	4,572
Amortization of consolidation account adjustment	186	342
Increase (decrease) in allowance for doubtful accounts	0	(178)
Increase(decrease) in reserve for losses on contracts	(446)	2,074
Increase (decrease) in retirement and severance benefits	14	(5,075)
Interest and dividend income	(751)	(1,714)
Interest expense	64	348
Equity in losses (earnings) of affiliates	(366)	(1,359)
Gain on sales of property and equipment	—	(44)
Gain on sales of investment securities	—	(1,591)
Loss on devaluation of investment securities	9	23
Loss on sales or disposal of property and equipment	7	137
Loss on devaluation of property and equipment	—	25
Impairment loss	22	—
Loss on devaluation of investment in affiliates	—	200
Decrease (increase) in notes and accounts receivable	14,226	(5,652)
Decrease (increase) in inventories	(6,786)	(24,757)
Decrease (increase) in other assets	(887)	(4,603)
Increase (decrease) in notes and accounts payable	(1,242)	4,334
Increase (decrease) in advances received on uncompleted contracts	2,813	(997)
Gain on return of the substituted portion of the government's welfare pension insurance scheme	(171)	(3,668)
Lump-sum amortization of net transition obligation arising from change in retirement benefit accounting	—	3,357
Other	788	989
Subtotal	15,388	(15,555)
Interest and dividends received	1,212	3,934
Interest paid	(136)	(350)
Income taxes paid	(2,193)	(4,876)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	14,270	(16,848)
<b>II CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for purchases of property and equipment	(707)	(3,458)
Proceeds from sales of property and equipment	27	429
Payments for purchases of intangible fixed assets	(60)	(855)
Payments for purchases of investment securities	(410)	(11,004)
Proceeds from sale of investment securities	—	3,196
Decrease (increase) in short-term loans receivable	64	(33)
Payments for long-term loans receivable	—	(12)
Proceeds from long-term loans receivable	12	282
Other	(9)	799
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,082)	(10,656)
<b>III CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase (decrease) in short-term loans	350	(492)
Proceeds from long-term bank loans	—	2
Repayments of long-term bank loans	(39)	(711)
Payments for purchases of treasury stock	(23)	(116)
Cash dividends paid	(2,160)	(2,032)
Cash dividends paid to minority shareholders	(21)	(106)
NET CASH USED IN FINANCING ACTIVITIES	(1,895)	(3,456)
<b>IV EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	384	(100)
<b>V NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	11,677	(31,061)
<b>VI CASH AND CASH EQUIVALENTS at beginning of year</b>	68,925	99,987
<b>VII CASH AND CASH EQUIVALENTS at end of quarter (year)</b>	80,602	68,925

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

## Summary of Non-Consolidated Statements of Income

	1Q FY2005 term (Apr. 1 2005 - Jun. 30, 2005) (Millions of yen)	FY2004 term (Apr. 1, 2004 - Mar. 31, 2005) (Millions of yen)
<b>Net sales</b>	<b>91,240</b>	<b>386,040</b>
Cost of sales	86,809	369,945
Gross profit	4,431	16,095
Selling, general and administrative expenses	2,170	8,348
<b>Operating income</b>	<b>2,260</b>	<b>7,747</b>
<b>Non-operating income:</b>	<b>3,260</b>	<b>4,407</b>
Interest income and dividend income	2,004	3,353
Exchange gain, net	924	-
Rental income from fixed assets	206	824
Other non-operating income	124	229
<b>Non-operating expenses:</b>	<b>422</b>	<b>1,279</b>
Interest expense	61	303
Exchange loss, net	-	427
Provision for allowance for doubtful accounts	196	-
Expense of rental fixed assets	151	391
Other non-operating expenses	12	157
<b>Ordinary income</b>	<b>5,098</b>	<b>10,875</b>
<b>Extraordinary gain:</b>	<b>303</b>	<b>4,804</b>
Reversal of allowance for doubtful accounts	132	0
Gain on sales of property and equipment	-	2
Gain on sales of investment securities	-	1,591
Gain on return of the substituted portion of the government's welfare pension insurance scheme	171	3,203
Other extraordinary gain	-	6
<b>Extraordinary loss:</b>	<b>30</b>	<b>2,893</b>
Loss on sales or disposal of property and equipment	7	39
Loss on devaluation of investment securities	9	23
Loss on devaluation of investment in subsidiaries	-	200
Loss on devaluation of property and equipment	-	25
Impairment loss	12	-
Lump-sum amortization of net transition obligation arising from change in retirement benefit accounting	-	2,567
Other extraordinary loss	1	37
<b>Income before taxes on income</b>	<b>5,371</b>	<b>12,787</b>
<b>Taxes on income:</b>	<b>1,934</b>	<b>4,096</b>
<b>Net income</b>	<b>3,437</b>	<b>8,690</b>
<b>Retained earnings at the beginning of the period</b>	<b>2,306</b>	<b>2,370</b>
<b>Disposition on revaluation of land</b>	<b>(150)</b>	<b>1</b>
<b>Unappropriated earnings for the period</b>	<b>5,594</b>	<b>11,062</b>

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

## Summary of Non-Consolidated Balance Sheets

### ASSETS

	1Q FY2005 (As of Jun. 30, 2005) (Millions of yen)	FY2004 (As of Mar. 31, 2005) (Millions of yen)
<b>I Current assets</b>		
Cash	67,939	51,168
Notes receivable	547	580
Accounts receivable for completed works	34,173	47,412
Marketable securities	6,985	12,984
Contract works in progress	77,323	72,886
Other receivables	9,923	8,746
Deferred tax assets	4,285	4,285
Other current assets	6,554	6,668
Allowance for doubtful accounts	(3,261)	(3,394)
<b>Total current assets</b>	<b>204,471</b>	<b>201,337</b>
<b>II Fixed assets</b>		
<b>1 Tangible fixed assets:</b>		
Buildings and structures	30,035	30,435
Machinery and vehicles tools and equipment	764	724
Land	1,127	1,141
Construction in progress	22,509	22,542
	318	53
<b>Net tangible fixed assets</b>	<b>54,755</b>	<b>54,897</b>
<b>2 Intangible fixed assets</b>		
Software	2,821	3,094
Telephone rights and other intangible fixed assets	41	41
<b>Total intangible fixed assets</b>	<b>2,862</b>	<b>3,136</b>
<b>3 Investments and other assets</b>		
Investments securities	25,103	25,242
Investments in affiliates	24,121	23,711
Long-term loans receivable	24,586	23,986
Deferred tax assets	6,112	6,065
Other investments and other assets	1,722	1,689
Allowance for doubtful accounts	(7,539)	(7,340)
<b>Total investments and other assets</b>	<b>74,106</b>	<b>73,355</b>
<b>Total fixed assets</b>	<b>131,725</b>	<b>131,389</b>
<b>Total assets</b>	<b>336,197</b>	<b>332,727</b>

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

## LIABILITIES AND SHAREHOLDERS' EQUITY

	1Q FY2005 (As of Jun. 30, 2005) (Millions of yen)	FY2004 (As of Mar. 31, 2005) (Millions of yen)
<b>I Current liabilities</b>		
Notes payable	40	78
Notes payable on works	47,535	50,546
Short-term loans	4,174	4,455
Accrued expenses	6,434	5,300
Income taxes payable	1,975	693
Advances received on uncompleted contracts	93,769	91,551
Reserve for job warranty costs	2,050	1,880
Reserve for losses on contracts	1,473	2,074
Reserve for bonuses	4,007	2,940
Other current liabilities	2,656	2,360
<b>Total current liabilities</b>	<b>164,117</b>	<b>161,881</b>
<b>II Long-term liabilities</b>		
Long-term loans	15,226	15,226
Reserve for retirement benefits	11,194	11,025
Long-term deposits	4,135	4,135
Deferred tax liabilities for land revaluation	3,787	3,798
<b>Total long-term liabilities</b>	<b>34,344</b>	<b>34,185</b>
<b>Total liabilities</b>	<b>198,461</b>	<b>196,067</b>
<b>I Common stock</b>	<b>23,511</b>	<b>23,511</b>
<b>II Capital reserve</b>		
Additional paid-in capital	25,578	25,578
Gain on retirement of treasury stock	2	2
<b>Total capital reserve</b>	<b>25,580</b>	<b>25,580</b>
<b>III Retained earnings</b>		
Legal reserve	2,692	2,692
Voluntary reserve	83,521	77,021
Unappropriated profit for the current period	5,594	11,062
<b>Total retained earnings</b>	<b>91,808</b>	<b>90,776</b>
<b>IV Land revaluation, net of deferred tax assets</b>	<b>(6,582)</b>	<b>(6,732)</b>
<b>V Net unrealized holding gains on securities</b>	<b>7,157</b>	<b>7,240</b>
<b>VI Treasury stock, at cost</b>	<b>(3,740)</b>	<b>(3,716)</b>
<b>Total shareholders' equity</b>	<b>137,735</b>	<b>136,660</b>
<b>Total liabilities and shareholders' equity</b>	<b>336,197</b>	<b>332,727</b>

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