

## Summary of Consolidated Third 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: **Yes**  
**JGC Dordtse Engineering B.V. is excluded from consolidated subsidiaries due to sale.**

### 2. Summary of Third Quarter Financial Results for the Year Ending March 2006 (April 1, 2005-December 31, 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)	(%)
3Q FY2005	371,310	—	13,872	—	17,192	—	11,562	—
3Q FY2004	—	—	—	—	—	—	—	—
(reference) FY ended March 31, 2005	435,197		13,220		16,001		11,585	

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
3Q FY2005	45.52	—
3Q FY2004	—	—
(reference) FY ended March 31, 2005	44.93	—

Note: Quarterly financial statements have only been disclosed since the first quarter for the year ending March 2006, 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 (Millions of yen)	Shareholders' equity (Millions of yen)	Shareholders' equity / total assets (%)	Shareholders' equity per share (Yen)
As of December 31, 2005	384,052	168,864	44.0	665.05
As of December 31, 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 for the year ending March 2006, 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)
3Q FY2005	6,315	(3,518)	(2,397)	70,132
3Q 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 for the year ending March 2006, 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)
Entire term	490,000	21,000	13,500

Reference: Estimated earnings per share (yen, fiscal 2005): **53.16**

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 Third Quarter Ended December 31, 2005 (April 1, 2005-December 31, 2005)**

	(Millions of yen)	(%)
3Q FY2005	550,521	78.2
3Q FY2004	308,895	18.0

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)	780,000	66.1
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

	3Q FY2005 term (Apr. 1 2005 - Dec. 31, 2005) (Millions of yen)	FY2004 term (Apr. 1, 2004 - Mar. 31, 2005) (Millions of yen)
<b>Net sales</b>	<b>371,310</b>	<b>435,197</b>
Cost of sales	345,591	406,902
Gross profit	25,718	28,295
Selling, general and administrative expenses	11,845	15,075
<b>Operating income</b>	<b>13,872</b>	<b>13,220</b>
<b>Non-operating income:</b>	<b>4,788</b>	<b>4,166</b>
Interest income	920	1,071
Dividend income	694	642
Exchange gain, net	1,147	-
Rental income from fixed assets	539	681
Amortization for consolidation difference	48	60
Equity in earnings of affiliates	1,155	1,359
Other non-operating income	281	351
<b>Non-operating expenses:</b>	<b>1,469</b>	<b>1,386</b>
Interest expense	245	348
Exchange loss, net	-	382
Expense of rental fixed assets	331	391
Provision for allowance for doubtful accounts	549	-
Other non-operating expenses	343	262
<b>Ordinary income</b>	<b>17,192</b>	<b>16,001</b>
<b>Extraordinary gain:</b>	<b>957</b>	<b>5,484</b>
Gain on sales of property and equipment	0	44
Gain on sales of investment securities	179	1,591
Reversal of allowance for doubtful accounts	300	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	11	88
<b>Extraordinary loss:</b>	<b>590</b>	<b>3,803</b>
Loss on sale or disposal of property and equipment	79	137
Loss on devaluation of marketable and investment securities	9	23
Loss on sales of investment in affiliates	136	-
Loss on devaluation of investment in affiliates	-	200
Provision for reserve for losses on investment	331	-
Loss on devaluation of property and equipment	-	25
Impairment loss	23	-
Lump-sum amortization of net transition obligation arising from change in retirement benefit accounting	-	3,357
Other extraordinary loss	11	60
<b>Income before taxes on income</b>	<b>17,559</b>	<b>17,681</b>
<b>Taxes on income:</b>	<b>5,924</b>	<b>5,783</b>
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>73</b>	<b>313</b>
<b>Net income</b>	<b>11,562</b>	<b>11,585</b>

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

## Summary of Consolidated Balance Sheets

### ASSETS

	3Q FY2005 (As of Dec. 31, 2005) (Millions of yen)	FY2004 (As of Mar. 31, 2005) (Millions of yen)
<b>I Current assets</b>		
Cash	70,132	55,940
Notes and accounts receivable	65,156	65,057
Marketable securities	-	12,984
Contract works in progress	71,009	74,367
Other inventories	9,589	5,582
Deferred tax assets	5,664	5,499
Other receivables	12,899	9,287
Other current assets	6,367	6,571
Allowance for doubtful accounts	(3,338)	(3,480)
<b>Total current assets</b>	<b>237,480</b>	<b>231,810</b>
<b>II Fixed assets</b>		
<b>1 Tangible fixed assets:</b>		
Buildings and structures	52,398	52,234
Machinery, vehicles, tools and equipment	34,796	33,784
Land	26,378	26,422
Construction in progress	1,050	283
Less accumulated depreciation	(48,541)	(46,836)
<b>Net tangible fixed assets</b>	<b>66,081</b>	<b>65,887</b>
<b>2 Intangible fixed assets</b>		
Consolidation account adjustment	3,027	3,633
Software	3,005	3,586
Other intangible fixed assets	110	110
<b>Total intangible fixed assets</b>	<b>6,143</b>	<b>7,330</b>
<b>3 Investments and other assets</b>		
Investment securities	50,957	35,621
Long-term loans receivable	24,835	23,651
Deferred tax assets	3,404	8,131
Other investments and other assets	2,374	2,613
Reserve for losses on investment	(331)	-
Allowance for doubtful accounts	(6,894)	(7,608)
<b>Total investments and other assets</b>	<b>74,347</b>	<b>62,409</b>
<b>Total fixed assets</b>	<b>146,572</b>	<b>135,627</b>
<b>Total assets</b>	<b>384,052</b>	<b>367,437</b>

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

## LIABILITIES AND SHAREHOLDERS' EQUITY

	3Q FY2005 (As of Dec. 31, 2005) (Millions of yen)	FY2004 (As of Mar. 31, 2005) (Millions of yen)
<b>I Current liabilities</b>		
Notes and accounts payable	71,135	61,614
Short-term loans	655	552
Income taxes payable	3,753	2,217
Advances received on uncompleted contracts	76,033	91,600
Reserve for job warranty costs	2,086	1,880
Reserve for losses on contracts	1,556	2,074
Reserve for bonuses	2,580	4,748
Other current liabilities	15,948	10,377
<b>Total current liabilities</b>	<b>173,751</b>	<b>175,065</b>
<b>II Long-term liabilities</b>		
Long-term loans	15,613	15,711
Reserve for retirement benefits	16,569	16,252
Reserve for directors' retirement bonuses	440	385
Consolidation account adjustment	227	212
Deferred tax liabilities	82	63
Deferred tax liabilities for land revaluation	3,787	3,798
Other long-term liabilities	4,468	4,491
<b>Total long-term liabilities</b>	<b>41,190</b>	<b>40,916</b>
<b>Total liabilities</b>	<b>214,941</b>	<b>215,981</b>
<b>Minority interests</b>	<b>246</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>25,582</b>	<b>25,580</b>
<b>III Retained earnings</b>	<b>114,474</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>15,883</b>	<b>7,284</b>
<b>VI Foreign currency translation adjustments</b>	<b>(183)</b>	<b>(285)</b>
<b>VII Treasury stock, at cost</b>	<b>(3,820)</b>	<b>(3,598)</b>
<b>Total shareholders' equity</b>	<b>168,864</b>	<b>151,155</b>
<b>Total liabilities and shareholders' equity</b>	<b>384,052</b>	<b>367,437</b>

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

## Summary of Consolidated Statements of Cash Flows

	3Q FY2005 term (Apr. 1 2005 - Dec. 31, 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	17,559	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	3,552	4,572
Amortization of consolidation account adjustment	556	342
Increase (decrease) in allowance for doubtful accounts	228	(178)
Increase(decrease) in reserve for losses on contracts	(517)	2,074
Increase (decrease) in retirement and severance benefits	489	(5,075)
Increase(decrease) in reserve for losses on investment	331	—
Interest and dividend income	(1,615)	(1,714)
Interest expense	245	348
Equity in losses (earnings) of affiliates	(1,155)	(1,359)
Gain on sales of property and equipment	0	(44)
Gain on sales of investment securities	(179)	(1,591)
Loss on devaluation of investment securities	9	23
Loss on sales or disposal of property and equipment	79	137
Loss on devaluation of property and equipment	—	25
Loss on sales of investment in affiliates	136	—
Impairment loss	23	—
Loss on devaluation of investment in affiliates	—	200
Decrease (increase) in notes and accounts receivable	(571)	(5,652)
Decrease (increase) in inventories	(788)	(24,757)
Decrease (increase) in other assets	(3,632)	(4,603)
Increase (decrease) in notes and accounts payable	9,850	4,334
Increase (decrease) in advances received on uncompleted contracts	(15,569)	(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	(757)	989
Subtotal	8,103	(15,555)
Interest and dividends received	3,224	3,934
Interest paid	(302)	(350)
Income taxes paid	(4,709)	(4,876)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	6,315	(16,848)
<b>II CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for purchases of property and equipment	(2,685)	(3,458)
Proceeds from sales of property and equipment	59	429
Payments for purchases of intangible fixed assets	(323)	(855)
Payments for purchases of investment securities	(1,502)	(11,004)
Proceeds from sale of investment securities	389	3,196
Payments for sales of investment in subsidiaries related to change in scope of consolidation	(75)	—
Decrease (increase) in short-term loans receivable	56	(33)
Payments for long-term loans receivable	(594)	(12)
Proceeds from long-term loans receivable	902	282
Other	253	799
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(3,518)	(10,656)
<b>III CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase (decrease) in short-term loans	117	(492)
Proceeds from long-term bank loans	—	2
Repayments of long-term bank loans	(113)	(711)
Payments for purchases of treasury stock	(221)	(116)
Cash dividends paid	(2,159)	(2,032)
Cash dividends paid to minority shareholders	(21)	(106)
NET CASH USED IN FINANCING ACTIVITIES	(2,397)	(3,456)
<b>IV EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	807	(100)
<b>V NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,207	(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>	70,132	68,925

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

( For reference )

## Summary of Non-Consolidated Statements of Income

	3Q FY2005 term (Apr. 1 2005 - Dec. 31, 2005) (Millions of yen)	FY2004 term (Apr. 1, 2004 - Mar. 31, 2005) (Millions of yen)
<b>Net sales</b>	<b>328,939</b>	<b>386,040</b>
Cost of sales	313,819	369,945
Gross profit	15,120	16,095
Selling, general and administrative expenses	6,398	8,348
<b>Operating income</b>	<b>8,721</b>	<b>7,747</b>
<b>Non-operating income:</b>	<b>5,488</b>	<b>4,407</b>
Interest income and dividend income	3,481	3,353
Exchange gain, net	1,119	-
Rental income from fixed assets	646	824
Other non-operating income	240	229
<b>Non-operating expenses:</b>	<b>1,397</b>	<b>1,279</b>
Interest expense	238	303
Exchange loss, net	-	427
Provision for allowance for doubtful accounts	547	-
Expense of rental fixed assets	331	391
Other non-operating expenses	280	157
<b>Ordinary income</b>	<b>12,813</b>	<b>10,875</b>
<b>Extraordinary gain:</b>	<b>623</b>	<b>4,804</b>
Reversal of allowance for doubtful accounts	290	0
Gain on sales of property and equipment	0	2
Gain on sales of investment securities	161	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>394</b>	<b>2,893</b>
Loss on sales or disposal of property and equipment	37	39
Loss on devaluation of investment securities	9	23
Loss on devaluation of investment in affiliates	-	200
Provision for reserve for losses on investment	331	-
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	4	37
<b>Income before taxes on income</b>	<b>13,042</b>	<b>12,787</b>
<b>Taxes on income:</b>	<b>4,043</b>	<b>4,096</b>
<b>Net income</b>	<b>8,999</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>11,155</b>	<b>11,062</b>

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

## Summary of Non-Consolidated Balance Sheets

### ASSETS

	3Q FY2005 (As of Dec. 31, 2005) (Millions of yen)	FY2004 (As of Mar. 31, 2005) (Millions of yen)
<b>I Current assets</b>		
Cash	62,812	51,168
Notes receivable	1,142	580
Accounts receivable for completed works	46,250	47,412
Marketable securities	-	12,984
Contract works in progress	67,892	72,886
Other receivables	12,715	8,746
Deferred tax assets	4,285	4,285
Other current assets	5,887	6,668
Allowance for doubtful accounts	(3,330)	(3,394)
<b>Total current assets</b>	<b>197,655</b>	<b>201,337</b>
<b>II Fixed assets</b>		
<b>1 Tangible fixed assets:</b>		
Buildings and structures	29,420	30,435
Machinery and vehicles	954	724
Tools and equipment	1,056	1,141
Land	22,509	22,542
Construction in progress	576	53
<b>Net tangible fixed assets</b>	<b>54,517</b>	<b>54,897</b>
<b>2 Intangible fixed assets</b>		
Software	2,585	3,094
Telephone rights and other intangible fixed assets	41	41
<b>Total intangible fixed assets</b>	<b>2,626</b>	<b>3,136</b>
<b>3 Investments and other assets</b>		
Investments securities	39,441	25,242
Investments in affiliates	26,423	23,711
Long-term loans receivable	25,412	23,986
Deferred tax assets	1,203	6,065
Other investments and other assets	1,447	1,689
Reserve for losses on investment	(331)	-
Allowance for doubtful accounts	(6,562)	(7,340)
<b>Total investments and other assets</b>	<b>87,034</b>	<b>73,355</b>
<b>Total fixed assets</b>	<b>144,178</b>	<b>131,389</b>
<b>Total assets</b>	<b>341,834</b>	<b>332,727</b>

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

## LIABILITIES AND SHAREHOLDERS' EQUITY

	3Q FY2005 (As of Dec. 31, 2005) (Millions of yen)	FY2004 (As of Mar. 31, 2005) (Millions of yen)
<b>I Current liabilities</b>		
Notes payable	13	78
Notes payable on works	62,621	50,546
Short-term loans	1,695	4,455
Accrued expenses	5,747	5,300
Income taxes payable	2,367	693
Advances received on uncompleted contracts	74,487	91,551
Reserve for job warranty costs	2,073	1,880
Reserve for losses on contracts	1,512	2,074
Reserve for bonuses	1,679	2,940
Other current liabilities	3,146	2,360
<b>Total current liabilities</b>	<b>155,343</b>	<b>161,881</b>
<b>II Long-term liabilities</b>		
Long-term loans	15,201	15,226
Reserve for retirement benefits	11,615	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>34,739</b>	<b>34,185</b>
<b>Total liabilities</b>	<b>190,083</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	3	2
<b>Total capital reserve</b>	<b>25,582</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	11,155	11,062
<b>Total retained earnings</b>	<b>97,370</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>15,809</b>	<b>7,240</b>
<b>VI Treasury stock, at cost</b>	<b>(3,939)</b>	<b>(3,716)</b>
<b>Total shareholders' equity</b>	<b>151,750</b>	<b>136,660</b>
<b>Total liabilities and shareholders' equity</b>	<b>341,834</b>	<b>332,727</b>

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