

Summary of Consolidated Second Quarter Financial Results for Fiscal 2008 (the Year Ending March 2009)

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**

Stock exchange: **Tokyo**

Code number: **1963**

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

Representative

Title: **Chairman and Chief Executive Officer**

Tel: **045-682-1111**

Name: **Yoshihiro Shigehisa**

Contact

Title: **Director, Senior General Manager, Finance & Accounting Department**

Name: **Hiroyoshi Suga**

1. Business results of second quarter for fiscal 2008 (April 1, 2008 - September 30, 2008)

(1) Consolidated financial results

Note: All amounts are rounded down to the nearest million yen. Percentage indicate changes from the previous term.

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
2Q FY2008	227,571	—	26,055	—	27,719	—	16,877	—
2Q FY2007	314,066	14.1	24,372	100.6	25,504	75.3	16,402	77.4

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2Q FY2008	66.75	—
2Q FY2007	64.63	—

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio	Total net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of Sep. 30, 2008	479,373	217,563	45.3	858.94
As of March 31, 2008	466,772	207,536	44.4	819.59

Reference:

Shareholders' equity (millions of yen): Sep. 30, 2008: 217,157 Mar. 31, 2008: 207,254

2. Dividends

	Annual dividends per share (Yen)				
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual
Mar. 2008 term	—	—	—	21.00	21.00
Mar. 2009 term	—	—	—	—	—
Mar. 2009 term (Forecast)	—	—	—	27.00	27.00

Note: Revision of dividend forecast during this period: None

3. Earnings forecast for fiscal 2008 (April 1, 2008 - March 31, 2009)

Note: Percentage indicate changes from the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Entire term	490,000	(11.1)	50,000	11.4	48,500	3.5	31,000	3.3

	Earnings per share
	(Yen)
Entire term	122.62

Note: Revision of earnings forecast during this period: None

4. Others

(1) Changes in scope of important consolidated subsidiary

Consolidated subsidiaries: (increase) None (decrease) None

(2) Adoption of simplified accounting methods or special accounting methods for preparing quarterly consolidated financial statements: Yes

(3) Changes of accounting principles, procedures and presentation when preparing quarterly consolidated financial statement.

① Changes due to revisions of accounting standards: Yes

② Changes other than the above ①: Yes

(4) Number of shares outstanding

① Number of shares outstanding at term-end (including treasury stock):

Sep. 2008 term: 259,052,929 Mar. 2008 term: 259,052,929

② Number of treasury stock at term-end:

Sep. 2008 term: 6,233,327 Mar. 2008 term: 6,178,157

③ Average Number of shares outstanding (second quarter term):

Sep. 2008 term: 252,849,787 Sep. 2007 term: 253,777,860

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,

Consolidated Balance Sheets

	2Q FY2008 (As of Sep. 30, 2008) (Millions of yen)	FY2007 (As of Mar. 31, 2008) (Millions of yen)
ASSETS		
Current assets		
Cash and deposits	134,809	93,617
Notes receivable, accounts receivable from completed construction contracts and other	60,906	68,131
Short-term investment securities	42,000	71,000
Costs on uncompleted construction contracts	56,229	58,496
Merchandise and finished goods	7,619	5,292
Work in process	2,608	1,654
Raw materials and supplies	4,471	3,200
Other inventories	178	99
Accounts receivable-other	6,793	11,457
Deferred tax assets	9,298	9,135
Other current assets	6,006	3,063
Allowance for doubtful accounts	(3)	(532)
Total current assets	330,920	324,616
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	55,642	54,827
Machinery, vehicles, tools, furniture and fixtures	43,935	43,316
Land	26,580	26,516
Lease assets	175	—
Construction in progress	570	95
Accumulated depreciation	(59,051)	(56,305)
Total Property, plant and equipment	67,852	68,450
Intangible assets		
Goodwill	807	1,211
Software	2,509	2,410
Other intangible assets	112	115
Total intangible assets	3,429	3,737
Investments and other assets		
Investment securities	48,090	47,695
Long-term loans receivable	33,528	24,435
Deferred tax assets	8,566	6,188
Other investments and other assets	2,480	2,390
Allowance for doubtful accounts	(15,495)	(10,741)
Total investments and other assets	77,171	69,968
Total noncurrent assets	148,453	142,155
Total assets	479,373	466,772

	2Q FY2008 (As of Sep. 30, 2008) (Millions of yen)	FY2007 (As of Mar. 31, 2008) (Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	76,813	72,470
Short-term loans payable	686	761
Income taxes payable	10,928	9,368
Advances received on uncompleted construction contracts	106,204	111,955
Provision for warranties for completed construction	492	694
Provision for loss on construction contracts	2,320	2,611
Provision for bonuses	4,574	6,679
Provision for directors' bonuses	135	289
Deferred tax liabilities	—	36
Other current liabilities	16,729	12,472
Total current liabilities	218,885	217,339
Noncurrent liabilities		
Long-term loans payable	18,189	17,299
Provision for retirement benefits	15,732	15,699
Provision for directors' retirement benefits	446	514
Negative goodwill	25	62
Deferred tax liabilities	61	66
Deferred tax liabilities for land revaluation	3,783	3,783
Other noncurrent liabilities	4,684	4,471
Total noncurrent liabilities	42,923	41,896
Total liabilities	261,809	259,236
NET ASSETS		
Shareholders' equity		
Capital stock	23,511	23,511
Capital surplus	25,595	25,593
Retained earnings	173,884	160,310
Treasury stock	(5,647)	(5,532)
Total shareholders' equity	217,343	203,882
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	6,506	8,055
Deferred gains or losses on hedges	(1,132)	331
Revaluation reserve for land	(6,589)	(6,589)
Foreign currency translation adjustment	1,029	1,574
Total valuation and translation adjustments	(186)	3,372
Minority interests	406	281
Total net assets	217,563	207,536
Total liabilities and net assets	479,373	466,772

Consolidated Statements of Income (6 months)

Years ended	2Q FY2008 term (Apr. 1, 2008 - Sep. 30, 2008) (Millions of yen)
Net sales	227,571
Cost of sales	191,843
Gross profit	35,728
Selling, general and administrative expenses	9,672
Operating income	26,055
Non-operating income:	6,509
Interest income	1,846
Dividends income	620
Foreign exchange gains	1,344
Rent income on noncurrent assets	335
Amortization of negative goodwill	36
Equity in earnings of affiliates	2,205
Other non-operating income	119
Non-operating expenses:	4,845
Interest expense	399
Rent expenses on noncurrent assets	161
Provision of allowance for doubtful accounts	4,201
Other non-operating expenses	82
Ordinary income	27,719
Extraordinary gain:	2,656
Gain on sales of noncurrent assets	31
Gain on sales of investment securities	2,577
Reversal of allowance for doubtful accounts	18
Other extraordinary gain	29
Extraordinary loss:	665
Loss on retirement of noncurrent assets	40
Loss on valuation of investment securities	611
Other extraordinary loss	14
Income before taxes on income	29,710
Income taxes	12,846
Minority interests in income	(13)
Net income	16,877

Consolidated Statements of Income (3 months)

Years ended	2Q FY2008 term (Jul. 1, 2008 - Sep. 30, 2008) (Millions of yen)
Net sales	112,687
Cost of sales	92,898
Gross profit	19,789
Selling, general and administrative expenses	4,832
Operating income	14,957
Non-operating income:	2,359
Interest income	914
Dividends income	133
Rent income on noncurrent assets	171
Amortization of negative goodwill	18
Equity in earnings of affiliates	1,044
Other non-operating income	75
Non-operating expenses:	5,649
Interest expense	246
Foreign exchange losses	1,703
Rent expenses on noncurrent assets	56
Provision of allowance for doubtful accounts	3,588
Other non-operating expenses	53
Ordinary income	11,668
Extraordinary gain:	2,638
Gain on sales of noncurrent assets	29
Gain on sales of investment securities	2,577
Reversal of allowance for doubtful accounts	3
Other extraordinary gain	29
Extraordinary loss:	631
Loss on retirement of noncurrent assets	16
Loss on valuation of investment securities	611
Other extraordinary loss	3
Income before taxes on income	13,675
Income taxes	4,937
Minority interests in income	(4)
Net income	8,742

Consolidated Statements of Cash Flows

Years ended	2Q FY2008 term (Apr. 1, 2008 - Sep. 30, 2008) (Millions of yen)
Net cash provided by (used in) operating activities:	
Income before income taxes	29,710
Depreciation and amortization	3,401
Increase (decrease) in allowance for doubtful accounts	4,191
Increase (decrease) in provision for loss on construction contracts	(290)
Increase (decrease) in provision for retirement benefits	(31)
Interest and dividends income	(2,467)
Equity in (earnings) losses of affiliates	(2,205)
Loss (gain) on sales of investment securities	(2,577)
Loss (gain) on valuation of investment securities	611
Foreign exchange losses (gains)	(977)
Decrease (increase) in notes and accounts receivable-trade	8,564
Decrease (increase) in inventories	(1,640)
Decrease (increase) in accounts receivable-other	5,045
Increase (decrease) in notes and accounts payable-trade	4,117
Increase (decrease) in advances received on uncompleted construction contracts	(7,259)
Other	(2,373)
Subtotal	35,817
Interest and dividends income received	4,485
Interest expenses paid	(417)
Income taxes paid	(10,525)
Net cash provided by (used in) operating activities	29,359
Net cash provided by (used in) investment activities:	
Purchase of property, plant and equipment	(2,555)
Purchase of investment securities	(7,523)
Proceeds from sales and redemption of investment securities	5,396
Payments of long-term loans receivable	(7,578)
Other	(1,980)
Net cash provided by (used in) investment activities	(14,240)
Net cash provided by (used in) financing activities:	
Proceeds from long-term loans payable	1,019
Cash dividends paid	(5,303)
Other	(519)
Net cash provided by (used in) financing activities	(4,803)
Effect of exchange rate change on cash and cash equivalents	50
Net increase (decrease) in cash and cash equivalents	10,366
Cash and cash equivalents at beginning of year	164,617
Increase in cash and cash equivalents from newly consolidated subsidiary	1,826
Cash and cash equivalents at end of the quarter	176,809

Segment Information

【 Information by business segment 】

Second quarter (3 months) for FY 2008 (July 1, 2008 - September 30, 2008) (Millions of yen)

	Total engineering	Catalysts and fine products	Total	Elimination or corporation	Consolidated
Net sales					
External customers	102,122	10,565	112,687	—	112,687
Inter-segment	8	—	8	(8)	—
Total	102,130	10,565	112,695	(8)	112,687
Operating profit	14,147	804	14,952	5	14,957

Second quarter (6 months) for FY 2008 (April 1, 2008 - September 30, 2008) (Millions of yen)

	Total engineering	Catalysts and fine products	Total	Elimination or corporation	Consolidated
Net sales					
External customers	207,154	20,416	227,571	—	227,571
Inter-segment	11	0	12	(12)	—
Total	207,166	20,417	227,584	(12)	227,571
Operating profit	24,284	1,760	26,044	11	26,055

【 Information by geographic segment 】

Geographic segment information is not disclosed, as the Company and its consolidated subsidiaries operate mainly within Japan.

【 Overseas sales 】

Second quarter (3 months) for FY 2008 (July 1, 2008 - September 30, 2008) (Millions of yen)

	East Asia	Southeast Asia	Middle East	Africa	Other	Total
I Overseas sales	1,569	17,713	43,888	436	936	64,545
II Consolidated sales						112,687
III Percentage of overseas sales over consolidated sales	1.4	15.7	39.0	0.4	0.8	57.3

Second quarter (6 months) for FY 2008 (April 1, 2008 - September 30, 2008) (Millions of yen)

	East Asia	Southeast Asia	Middle East	Africa	Other	Total
I Overseas sales	1,858	34,148	91,897	1,724	2,039	131,668
II Consolidated sales						227,571
III Percentage of overseas sales over consolidated sales	0.8	15.0	40.4	0.8	0.9	57.9

Major countries and areas included in each geographic area are as follows:

East Asia: China, Korea

Southeast Asia: Vietnam, Indonesia, Singapore

Middle East: Saudi Arabia, Qatar, Yemen

Africa: Nigeria, Algeria

Other: the United States, Austria, Australia

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2008	September 30, 2008		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Domestic	Oil and gas development	2,766	297	1,007	2,056
	Petroleum refining	99,104	27,383	22,654	103,832
	LNG	18	455	350	122
	Chemical	43,886	12,494	30,386	25,995
	Power generation, nuclear power and new energy	7,777	2,524	3,067	7,234
	Living and general production facility	29,284	3,005	14,873	17,416
	Environmental protection, social development and IT	16,409	7,291	5,808	17,892
	Others	551	2,981	890	2,642
	Subtotal	199,797	56,434	79,038	177,193
Overseas	Oil and gas development	36,333	271,300	30,740	276,892
	Petroleum refining	53,981	242,587	15,356	281,212
	LNG	53,334	10,644	19,647	44,332
	Chemical	265,091	1,533	46,526	220,098
	Power generation, nuclear power and new energy	27,506	12,511	9,707	30,310
	Living and general production facility	4,723	—	3,091	1,631
	Environmental protection, social development and IT	—	0	0	—
	Others	4,368	2,293	3,045	3,616
	Subtotal	445,341	540,871	128,116	858,095
Total Engineering Business		*2 645,138	597,305	207,154	1,035,288
Catalysts and Fine Products Business		*3 —	*3 —	20,416	*3 —
Grand Total				227,571	

Notes:

*1 Figures for each business area are exclusive of consumption and other taxes.

*2 The balances of new contracts as of the end of the previous fiscal year have been revised to reflect foreign currency translation adjustments, changes contract amounts and increase in newly consolidated subsidiary for the period under review as follows:

(Millions of yen)

Business area	Foreign currency translation adjustment	Revision for changes in contract amounts	Increase in newly consolidated subsidiary	Total
Oil and gas development	3,085	(83)	1	3,003
Petroleum refining	865	—	7	872
LNG	3,416	(4,598)	—	(1,181)
Chemical	389	(556)	—	(166)
Power generation, nuclear power and new energy	307	(20)	—	287
Living and general production facility	313	(132)	—	181
Environmental protection, social development and IT	—	(546)	—	(546)
Others	(0)	3	4,368	4,371
Total	8,379	(5,933)	4,378	6,823

*3 As the order received system is not applied to the Catalysts and Fine Products Business area, no figures are given.

*4 All amounts are rounded down to the nearest million yen.

Consolidated Statements of Income of 2Q FY2007 Term

	2Q FY2007 term (Apr. 1, 2007 - Sep. 30, 2007) (Millions of yen)
Net sales	314,066
Cost of sales	280,451
Gross profit	33,614
Selling, general and administrative expenses	9,242
Operating income	24,372
Non-operating income:	5,227
Interest income	3,104
Dividend income	570
Rental income from fixed assets	326
Goodwill amortization	36
Equity in earnings of affiliates	1,032
Other non-operating income	156
Non-operating expenses:	4,095
Interest expense	291
Exchange loss, net	1,373
Expense of rental fixed assets	169
Provision for allowance for doubtful accounts	2,183
Other non-operating expenses	77
Ordinary income	25,504
Extraordinary gain:	288
Gain on sales of property and equipment	1
Gain on sales of investment securities	147
Reversal of allowance for doubtful accounts	116
Other extraordinary gain	21
Extraordinary loss:	141
Loss on sales of property and equipment	0
Loss on disposal of property and equipment	110
Loss on devaluation of marketable and investment securities	23
Other extraordinary loss	7
Income before taxes on income	25,650
Taxes on income:	9,261
Current	7,725
Deferred	1,536
Minority interests in earnings of consolidated subsidiaries	(13)
Net income	16,402

Consolidated Statements of Cash Flows of 2Q FY2007 Term

	2Q FY2007 term (Apr. 1, 2007 - Sep. 30, 2007) (Millions of yen)
I CASH FLOWS FROM OPERATING ACTIVITIES:	
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	25,650
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	2,799
Goodwill amortization	366
Increase (decrease) in allowance for doubtful accounts	2,063
Increase (decrease) in reserve for possible losses on construction projects	(1,888)
Increase (decrease) in retirement and severance benefits	(368)
Interest and dividend income	(3,675)
Interest expense	291
Equity in losses (earnings) of affiliates	(1,032)
Gain on sales of investment securities	(147)
Loss on devaluation of investment securities	23
Loss on sales of property and equipment	0
Loss on disposal of property and equipment	110
Decrease (increase) in notes and accounts receivable	(18,277)
Decrease (increase) in inventories	(7,358)
Decrease (increase) in other receivables	1,702
Increase (decrease) in notes and accounts payable	1,745
Increase (decrease) in advances received on uncompleted contracts	15,921
Other	(1,372)
Subtotal	16,555
Interest and dividends received	3,966
Interest paid	(284)
Income taxes paid	(7,729)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	12,508
II CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for purchases of property and equipment	(3,847)
Proceeds from sales of property and equipment	45
Payments for purchases of intangible fixed assets	(463)
Payments for purchases of investment securities	(2,046)
Proceeds from sale of investment securities	568
Decrease (increase) in short-term loans receivable	11
Payments for long-term loans receivable	(4,038)
Proceeds from long-term loans receivable	657
Other	(154)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(9,269)
III CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase (decrease) in short-term loans	(2,275)
Repayments of long-term bank loans	(410)
Cash dividends paid	(3,802)
Cash dividends paid to minority shareholders	(12)
Payments for purchases of treasury stock	(157)
NET CASH USED IN FINANCING ACTIVITIES	(6,658)
IV EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	468
V NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,950)
VI CASH AND CASH EQUIVALENTS at beginning of year	159,410
VII CASH AND CASH EQUIVALENTS at end of term	156,459

Segment Information of 2Q FY2007 Term

【 Information by business segment 】

Second quarter for FY 2007 (April 1, 2007 - September 30, 2007)

(Millions of yen)

	Total engineering	Catalysts and fine products	Total	Elimination or corporation	Consolidated
Net sales					
External customers	293,386	20,679	314,066	—	314,066
Inter-segment	10	2	13	(13)	—
Total	293,397	20,682	314,079	(13)	314,066
Operating expenses	271,771	17,948	289,720	(25)	289,694
Operating profit	21,625	2,734	24,359	12	24,372

【 Information by geographic segment 】

Geographic segment information is not disclosed, as the Company and its consolidated subsidiaries operate mainly within Japan.

【 Overseas sales 】

Second quarter (6 months) for FY 2008 (April 1, 2008 - September 30, 2008)

(Millions of yen)

	East Asia	Southeast Asia	Middle East	Africa	Other	Total
I Overseas sales	2,672	48,784	127,256	10,607	3,002	192,322
II Consolidated sales						314,066
III Percentage of overseas sales over consolidated sales	0.9	15.5	40.5	3.4	0.9	61.2

Major countries and areas included in each geographic area are as follows:

East Asia: Taiwan, China

Southeast Asia: Indonesia, Vietnam,

Middle East: Saudi Arabia, Qatar, Yemen

Africa: Nigeria, Algeria

Other: the United States