

[Translation]

The following statements are an English-language translation of the original Japanese-language document for your convenience. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

November 10, 2010

Summary of Consolidated Second Quarter Financial Results for Fiscal 2010 (the Year Ending March 2011)

Name of listed company: **JGC Corporation**

Code number: **1963**

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

Representative

Title: **Chairman and Chief Executive Officer**

Name: **Keisuke Takeuchi**

Contact

Title: **Director and Chief Financial Officer and Senior General Manager, Finance & Accounting Department**

Name: **Masayuki Sato**

Stock exchange: **Tokyo**

Tel: **045-682-1111**

1. Business results of Second quarter for fiscal 2010 (April 1, 2010 - September 30, 2010)

(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 FY2010	178,990	(12.8)	18,116	(7.8)	15,317	(14.5)	10,132	(10.5)
2Q FY2009	205,255	(9.8)	19,647	(24.6)	17,921	(35.3)	11,321	(32.9)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2Q FY2010	40.09	—
2Q FY2009	44.79	—

(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 September 30, 2010	425,201	248,704	58.4	981.89
As of March 31, 2010	430,176	246,140	57.1	972.53

Reference:

Shareholders' equity (millions of yen): Sep. 30, 2010: 248,167 Mar. 31, 2010: 245,819

2. Dividends

	Annual dividends per share (Yen)				
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual
Mar. 2010 term	—	—	—	21.00	21.00
Mar. 2011 term	—	—	—	—	—
Mar. 2011 term (Forecast)	—	—	—	30.00	30.00

Note: Revision of dividend forecast during this period: None

3. Earnings forecast for fiscal 2010 (April 1, 2010 - March 31, 2011)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Full Year	480,000	15.9	49,500	18.1	49,000	20.0	33,000	21.7

	Earnings per share
	(Yen)
Full Year	130.56

Note: Revision of earnings forecast during this period: None

4. Others

(1) Changes in scope of important consolidated subsidiary
(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: None

(4) Number of shares outstanding

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

Sep. 2010 term: 259,052,929 Mar. 2010 term: 259,052,929

② Number of treasury stock at term-end:

Sep. 2010 term: 6,308,279 Mar. 2010 term: 6,290,126

③ Average Number of shares outstanding (1st Half term):

Sep. 2010 term: 252,754,864 Sep. 2009 term: 252,790,445

(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 : 84.00 yen/US\$ 1.00 110.00 yen/EUR1.00

< Nigeria LNG Project >

We hereby report that the discussions between JGC and DOJ concerning the TSKJ issue are continuing.

Under the current circumstances, the impact of the ongoing discussions with DOJ on JGC's operation cannot be estimated. (For details of the TSKJ issue, please refer to the Consolidated Financial Statements for the Fiscal Year ended March 31, 2010 issued on May 14, 2010.)

Consolidated Balance Sheets

	2Q FY2010 (As of Sep. 30, 2010) (Millions of yen)	FY2009 (As of Mar. 31, 2010) (Millions of yen)
ASSETS		
Current assets		
Cash and deposits	79,197	83,308
Notes receivable, accounts receivable from completed construction contracts and other	75,128	87,626
Short-term investment securities	48,000	40,500
Costs on uncompleted construction contracts	33,271	28,123
Merchandise and finished goods	4,674	4,714
Work in process	2,633	1,634
Raw materials and supplies	2,895	2,424
Accounts receivable-other	8,522	11,743
Deferred tax assets	11,335	12,182
Other current assets	14,431	11,372
Allowance for doubtful accounts	(57)	(91)
Total current assets	280,032	283,538
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	56,883	56,616
Machinery, vehicles, tools, furniture and fixtures	45,012	44,705
Land	26,459	26,459
Lease assets	852	813
Construction in progress	2,762	1,718
Other	1,663	1,747
Accumulated depreciation	(67,798)	(66,004)
Total Property, plant and equipment	65,833	66,057
Intangible assets		
Goodwill	0	0
Software	2,743	2,744
Other	2,233	2,703
Total intangible assets	4,977	5,448
Investments and other assets		
Investment securities	58,762	61,666
Long-term loans receivable	17,395	19,012
Deferred tax assets	12,472	10,749
Other	2,314	2,379
Allowance for doubtful accounts	(16,586)	(18,676)
Total investments and other assets	74,357	75,131
Total noncurrent assets	145,169	146,637
Total assets	425,201	430,176

	2Q FY2010 (As of Sep. 30, 2010) (Millions of yen)	FY2009 (As of Mar. 31, 2010) (Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	61,812	59,391
Short-term loans payable	1,009	1,051
Income taxes payable	5,123	7,671
Advances received on uncompleted construction contracts	39,722	46,766
Provision for warranties for completed construction	431	455
Provision for loss on construction contracts	150	146
Provision for bonuses	4,389	6,715
Provision for directors' bonuses	97	190
Other	18,932	15,339
Total current liabilities	131,667	137,728
Noncurrent liabilities		
Long-term loans payable	20,779	21,925
Provision for retirement benefits	15,154	15,352
Provision for directors' retirement benefits	347	368
Negative goodwill	—	6
Deferred tax liabilities	51	49
Deferred tax liabilities for land revaluation	3,783	3,783
Other	4,714	4,822
Total noncurrent liabilities	44,829	46,307
Total liabilities	176,497	184,035
NET ASSETS		
Shareholders' equity		
Capital stock	23,511	23,511
Capital surplus	25,601	25,600
Retained earnings	209,001	204,177
Treasury stock	(5,762)	(5,735)
Total shareholders' equity	252,351	247,553
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,739	5,086
Deferred gains or losses on hedges	4,440	2,712
Revaluation reserve for land	(6,553)	(6,553)
Foreign currency translation adjustment	(3,811)	(2,980)
Total valuation and translation adjustments	(4,184)	(1,734)
Minority interests	537	321
Total net assets	248,704	246,140
Total liabilities and net assets	425,201	430,176

Consolidated Statements of Income (6 months)

Years ended	2Q FY2010 term (6 months) (Apr. 1, 2010 - Sep. 30, 2010) (Millions of yen)	2Q FY2009 term (6 months) (Apr. 1, 2009 - Sep. 30, 2009) (Millions of yen)
Net sales	178,990	205,255
Cost of sales	151,938	176,494
Gross profit	27,051	28,761
Selling, general and administrative expenses	8,935	9,113
Operating income	18,116	19,647
Non-operating income:	3,400	2,493
Interest income	251	575
Dividends income	1,552	374
Rent income on noncurrent assets	336	338
Amortization of negative goodwill	6	6
Equity in earnings of affiliates	1,125	1,101
Other	127	97
Non-operating expenses:	6,199	4,219
Interest expense	337	345
Foreign exchange losses	5,543	3,383
Rent expenses on noncurrent assets	197	160
Provision of allowance for doubtful accounts	8	260
Other	111	70
Ordinary income	15,317	17,921
Extraordinary gain:	1,862	442
Gain on sales of noncurrent assets	3	0
Gain on sales of investment securities	6	—
Reversal of allowance for doubtful accounts	1,836	15
Gain on revision of retirement benefit plan	—	425
Other	16	0
Extraordinary loss:	290	249
Loss on sales of noncurrent assets	7	29
Loss on retirement of noncurrent assets	33	19
Impairment loss	—	46
Loss on sales of investment securities	3	7
Loss on valuation of investment securities	171	—
Retirement benefit expenses	—	138
Loss on adjustment for changes of accounting standard for asset retirement obligations	20	—
Other	52	8
Income before income taxes	16,890	18,113
Income tax	6,439	6,873
Income before minority interests	10,450	—
Minority interests in income	317	(81)
Net income	10,132	11,321

Consolidated Statements of Income (3 months)

Years ended	2Q FY2010 term (3 months) (Jul. 1, 2010 - Sep. 30, 2010) (Millions of yen)	2Q FY2009 term (3 months) (Jul. 1, 2009 - Sep. 30, 2009) (Millions of yen)
Net sales	106,476	118,988
Cost of sales	90,618	101,952
Gross profit	15,858	17,036
Selling, general and administrative expenses	4,674	4,535
Operating income	11,183	12,501
Non-operating income:	2,110	1,017
Interest income	144	237
Dividends income	1,004	57
Rent income on noncurrent assets	167	166
Amortization of negative goodwill	3	3
Equity in earnings of affiliates	715	483
Other	76	68
Non-operating expenses:	3,153	3,347
Interest expense	166	177
Foreign exchange losses	2,835	2,350
Rent expenses on noncurrent assets	85	80
Provision of allowance for doubtful accounts	8	697
Other	57	41
Ordinary income	10,139	10,172
Extraordinary gain:	941	427
Gain on sales of noncurrent assets	0	0
Gain on sales of investment securities	6	—
Reversal of allowance for doubtful accounts	923	—
Gain on revision of retirement benefit plan	—	425
Other	10	0
Extraordinary loss:	239	52
Loss on sales of noncurrent assets	2	29
Loss on retirement of noncurrent assets	24	15
Loss on sales of investment securities	3	—
Loss on valuation of investment securities	171	—
Other	38	7
Income before income taxes	10,841	10,546
Income tax	3,412	3,164
Income before minority interests	7,428	—
Minority interests in income	327	(28)
Net income	7,101	7,410

Consolidated Statements of Cash Flows

Years ended	2Q FY2010 term	2Q FY2009 term
	(Apr. 1, 2010 - Sep. 30, 2010) (Millions of yen)	(Apr. 1, 2009 - Sep. 30, 2009) (Millions of yen)
Net cash provided by (used in) operating activities:		
Income before income taxes	16,890	18,113
Depreciation and amortization	3,511	3,110
Impairment loss	—	46
Increase (decrease) in allowance for doubtful accounts	(2,123)	285
Increase (decrease) in provision for loss on construction contracts	4	(1,835)
Increase (decrease) in provision for retirement benefits	(189)	(399)
Interest and dividends income	(1,804)	(949)
Equity in (earnings) losses of affiliates	(1,125)	(1,101)
Loss (gain) on sales of investment securities	(3)	7
Loss (gain) on valuation of investment securities	171	—
Foreign exchange losses (gains)	3,333	1,896
Decrease (increase) in notes and accounts receivable-trade	12,421	7,663
Decrease (increase) in inventories	(6,582)	11,991
Decrease (increase) in accounts receivable-other	3,210	936
Increase (decrease) in notes and accounts payable-trade	2,444	(7,509)
Increase (decrease) in advances received on uncompleted construction contracts	(7,044)	(32,461)
Other	818	(7,685)
Subtotal	23,932	(7,890)
Interest and dividends income received	2,755	2,458
Interest expenses paid	(238)	(383)
Income taxes paid	(9,034)	(15,486)
Net cash provided by (used in) operating activities	17,414	(21,301)
Net cash provided by (used in) investment activities:		
Purchase of property, plant and equipment	(2,301)	(1,336)
Purchase of investment securities	(2,666)	(3,622)
Proceeds from sales and redemption of investment securities	148	2
Payments of long-term loans receivable	(501)	(804)
Other	(86)	(368)
Net cash provided by (used in) investment activities	(5,407)	(6,128)
Net cash provided by (used in) financing activities:		
Cash dividends paid	(5,298)	(7,573)
Other	(814)	(400)
Net cash provided by (used in) financing activities	(6,113)	(7,974)
Effect of exchange rate change on cash and cash equivalents	(2,504)	164
Net increase (decrease) in cash and cash equivalents	3,389	(35,240)
Cash and cash equivalents at beginning of year	123,808	174,281
Cash and cash equivalents at end of the quarter	127,197	139,041

Segment Information

【 Information by business segment 】

Second quarter (6 months) for FY 2009 (April 1, 2009 - September 30, 2009) (Millions of yen)

	Total engineering	Catalysts and fine products	Total	Elimination or corporation	Consolidated
Net sales					
External customers	186,229	19,026	205,255	—	205,255
Inter-segment	7	4	11	(11)	—
Total	186,237	19,030	205,267	(11)	205,255
Operating profit	19,183	458	19,642	5	19,647

Second quarter (3 months) for FY 2009 (July 1, 2009 - September 30, 2009) (Millions of yen)

	Total engineering	Catalysts and fine products	Total	Elimination or corporation	Consolidated
Net sales					
External customers	110,369	8,619	118,988	—	118,988
Inter-segment	5	3	9	(9)	—
Total	110,374	8,623	118,998	(9)	118,988
Operating profit	12,091	408	12,499	1	12,501

Second quarter (6 months) for FY 2010 (April 1, 2010 - September 30, 2010) (Millions of yen)

	Total engineering	Catalysts and fine products	Sub total	Others	Grand total	Adjustment	Consolidated
Net sales							
External customers	156,978	17,689	174,667	4,322	178,990	—	178,990
Inter-segment	6	6	12	2,392	2,405	(2,405)	—
Total	156,984	17,695	174,680	6,715	181,395	(2,405)	178,990
Segment profit	15,402	2,333	17,736	330	18,066	49	18,116

*1 : "Others" includes System Solution Services, Specialized Consulting Services, Office Support Services Business and Oil and Gas Production Sales Business.

*2 : Segment profits are adjusted to eliminate transactions between segments

*3: Segment profits are adjusted with the operation income figure from the Consolidated Statements of Income

Second quarter (3 months) for FY 2010 (July 1, 2010 - September 30, 2010) (Millions of yen)

	Total engineering	Catalysts and fine products	Sub total	Others	Grand total	Adjustment	Consolidated
Net sales							
External customers	95,876	8,366	104,243	2,232	106,476	—	106,476
Inter-segment	1	5	6	1,208	1,215	(1,215)	—
Total	95,877	8,372	104,250	3,441	107,692	(1,215)	106,476
Segment profit	10,008	970	10,978	184	11,162	21	11,183

*1 : "Others" includes System Solution Services, Specialized Consulting Services, Office Support Services Business and Oil and Gas Production Sales Business.

*2 : Segment profits are adjusted to eliminate transactions between segments

*3: Segment profits are adjusted with the operation income figure from the Consolidated Statements of Income

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2010	September 30, 2010		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Domestic	Oil and gas development	380	310	452	238
	Petroleum refining	35,675	9,170	13,832	31,013
	LNG	7,570	22,282	833	29,019
	Chemical	13,405	12,980	9,887	16,498
	Power generation, nuclear power and new energy	10,505	9,619	1,374	18,750
	Living and general production facility	15,579	4,978	2,941	17,617
	Environmental protection, social development and IT	33,578	6,276	4,135	35,718
	Others	543	2,501	639	2,405
	Subtotal	117,238	68,120	34,096	151,262
Overseas	Oil and gas development	510,425	424	56,042	454,808
	Petroleum refining	3,034	2,828	1,174	4,688
	LNG	226,898	5,615	21,824	210,689
	Chemical	100,379	3,416	35,306	68,488
	Power generation, nuclear power and new energy	10,093	5,383	8,376	7,100
	Living and general production facility	34,093	13	2,538	31,568
	Environmental protection, social development and IT	19	82	0	102
	Others	367	2,330	1,941	756
	Subtotal	885,312	20,093	127,204	778,201
Total Engineering Business		*2 1,000,761	81,852	156,978	925,635
Other Business		1,790	6,361	4,322	3,829
Subtotal		1,002,551	88,214	161,301	929,464
Catalysts and Fine Products Business		*3 —	*3 —	17,689	*3 —
Grand Total				178,990	

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 and changes contract amounts for the period under review as follows:

(Millions of yen)

Business area	Foreign currency translation adjustment	Revision for changes in contract amounts	Total
Oil and gas development	(9,639)	—	(9,639)
Petroleum refining	(119)	—	(119)
LNG	(1,605)	(11)	(1,617)
Chemical	(11,932)	(789)	(12,722)
Power generation, nuclear power and new energy	(1,724)	—	(1,724)
Living and general production facility	(140)	—	(140)
Environmental protection, social development and IT	0	—	0
Others	59	(4)	55
Total	(25,103)	(805)	(25,909)
Total Engineering Business	(25,145)	(801)	(25,947)
Other Business	41	(4)	37

*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.