Engineering the Future

Annual Report 2010

April 1, 2009 — March 31, 2010

JGC CORPORATION

Profile

JGC Corporation was founded in 1928, and in the ensuing years has completed over 20,000 projects in approximately 70 countries, making it one of the world's top engineering contractors. The Company has developed proprietary engineering technology and has displayed unsurpassed project management capabilities in the fields of oil and gas development, petroleum refining, natural gas processing, petrochemicals and other hydrocarbons, chemicals, power generation and new energy, as well as general production, environmental protection, IT and other industrial fields. In response to the diverse needs of its clients, JGC has moved beyond its role as contractor, and is also investing in businesses such as resource development, power generation and desalination. JGC is moving beyond the framework of the traditional engineering contractor to become a "Standout Engineering Enterprise."


CHOYANG

Corporate Philosophy

The JGC Group, with its core business of engineering-based services, reaffirms its corporate policy of pursuing the highest standards of performance and achieving enduring growth as a globally active company, while contributing to world economic and social prosperity as well as to the conservation of the earth's environment.

Core Values

Each and every person working in the JGC Group, from director to employee, full-time or part-time, understands and adheres to the core values stated below as integral to realizing corporate policy:

1. Decision-making: Highest ethical standards and sense of legal responsibility
2. Conduct: Fairness and transparency
3. Corporate atmosphere: Progressive spirit and open mind
4. Corporate direction: Customer satisfaction and trust of society, as well as corporate growth in harmony with society

Management Policies

Sharing these core values, the JGC Group seeks to continuously provide services and products based on the highest standards of technology and in compliance with the following management policies:

1. Secure profit and realize continuous growth
2. Strengthen power of JGC Group technologies and establish innovative technologies, as well as develop lines of business with vertical and horizontal diversification
3. Accumulate and utilize capital and resources with provision for the future
4. Maintain fair personnel policy and develop capabilities as well as vitality of individuals

Responsibilities

As a globally active entity with engineering-based services as its core business, JGC Group makes the maximum effort to enhance its corporate values and, in doing so, realize its corporate policy, with the fullest level of recognition given to social responsibilities:

1. Conservation of the earth's environment and engagement in corporate activities beneficial to society
2. Accountability and integrity
3. Fair trade and fostering mutually beneficial relationships
4. Shareholders' confidence

Principles of Business Conduct

For the long-term stability of the JGC Group and for its further growth, each person working, from director to employee, full-time or part-time, is required to keep in mind clear principles of business conduct and perform his or her daily activities in compliance with such principles. Through continued stable operations, JGC Group achieves its Corporate Philosophy by maintaining and honoring the following principles derived from the previously stated “Core Values”:

1. Decision-making: Highest ethical standards and sense of legal responsibility

(1) Behave in accordance with the highest ethical standards, and in a socially acceptable manner.

(2) Understand the requirements, and observe the laws, regulations and rules of the business conducted.

2. Conduct: Fairness and transparency

(1) Be fair, honest and transparent at all times in conducting business.

(2) Maintain integrity in all the relationships that constitute the business being conducted.

3. Corporate atmosphere: Progressive spirit and open mind

(1) Maintain a progressive spirit not restricted merely to established business practices, and behave at all times with a sense of innovation and improvement not limited to traditional practices.

(2) Based on a will to achieve objectives, devote oneself to the maximum extent possible as an individual and to the team.

(3) Through free and aggressive exchanges, strive to enhance the intelligence of the organization.

4. Corporate direction: Customer satisfaction and trust of society, as well as corporate growth in harmony with society

(1) Gain the trust of clients and shareholders by performing faithfully and by providing an adequate level of information.

(2) Direct efforts at providing reliable services and products that satisfy the client’s needs.

(3) Seek corporate growth together with the development of society, in the knowledge that without prosperity of society the JGC Group will not grow.

Management Vision

The first principle at JGC is to have an accurate grasp of customer needs and to bring the Company's unique intellectual capital to bear on these needs, thereby contributing to prosperity by providing customer satisfaction. Next, while moving forward with vertical integration and horizontal expansion, the Company is responding to changing customer requirements by using its operational assets in unlimited innovation, striving to remain a trusted partner for success and a solutions provider.

Contents

Caution Regarding Forward-Looking Statements

This annual report contains information about forward-looking statements related to such matters as the plans, strategies, and business results of JGC and the JGC Group. These forward-looking statements represent judgments made by the Company based on information available at present and are inherently subject to a variety of risks (see page 41) and uncertainties. The Company's actual activities and business results could differ significantly due to factors including, but not limited to, changes in the economic environment, business environment, demand, and exchange rates.

Financial Highlights

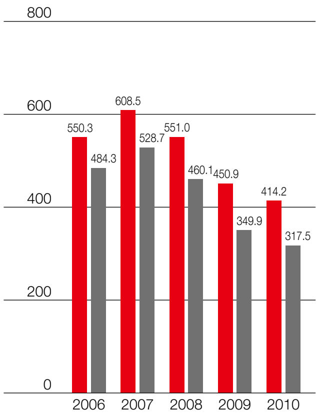
For the years ended March 31.
Yen amounts are in millions except per share data.

Consolidated			Millions of yen	Thousands of U.S. dollars
	2010	2009	2008	**2010**
Net Sales	**¥ 414,258**	¥450,912	¥551,062	**$ 4,452,472**
Operating Income	**41,919**	52,003	44,896	**450,548**
Income Before Taxes on Income and Minority Interests in Earnings of Consolidated Subsidiaries	**37,850**	49,444	46,908	**406,814**
Net Income	**27,112**	31,543	30,020	**291,402**
Net Income per Share (in yen and U.S. dollars)	**107.25**	124.76	118.33	**1.15**
New Contracts	**733,549**	506,135	402,352	**7,884,233**
Outstanding Contracts	**1,028,460**	671,341	632,827	**11,053,955**

Non-Consolidated			Millions of yen	Thousands of U.S. dollars
	2010	2009	2008	**2010**
Net Sales	**¥ 317,597**	¥349,925	¥460,161	**$ 3,413,553**
Operating Income	**32,145**	41,356	30,550	**345,497**
Income Before Taxes on Income	**27,934**	44,578	32,832	**300,236**
Net Income	**21,271**	30,214	21,312	**228,622**
Net Income per Share (in yen and U.S. dollars)	**84.15**	119.50	84.01	**0.90**
New Contracts	**675,505**	440,548	348,755	**7,260,372**
Outstanding Contracts	**999,689**	641,781	607,378	**10,744,723**

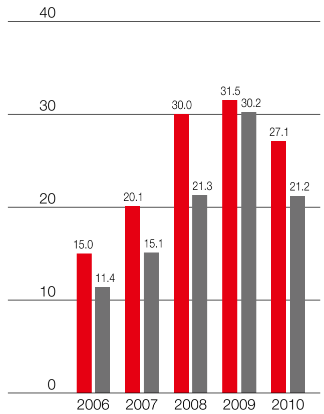
Notes: 1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥93.04=$1.00, the prevailing rate of exchange at March 31, 2010.
2. Net income per share is computed based upon the average number of shares of common stock outstanding during the period.

Net Sales
(Billions of yen)



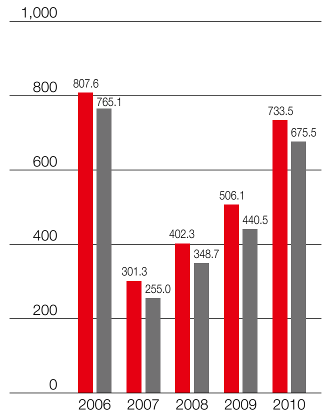
■ Consolidated
■ Non-consolidated

Net Income
(Billions of yen)



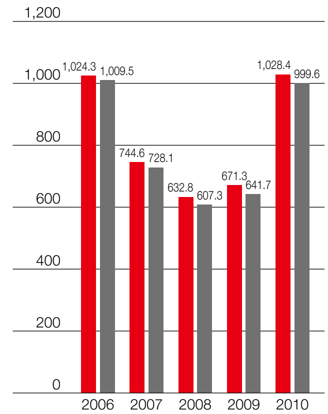
■ Consolidated
■ Non-consolidated

New Contracts
(Billions of yen)



■ Consolidated
■ Non-consolidated

Outstanding Contracts
(Billions of yen)



■ Consolidated
■ Non-consolidated

Engineering the Future

We would like to express our sincere gratitude to our shareholders for their constant support of the Company and the Group.
Fiscal 2010 is the final year of the JGC Group's medium-term management plan, "Scenario 2010," which aims at transforming JGC into a Group that meets the needs of all its customers by engineering the future. Culminating in fiscal 2010, the entire JGC Group is united in working to achieve the goals of "Scenario 2010."

(left) **Keisuke Takeuchi**
Chairman of the Board of Directors and Chief Executive Officer

(right) **Masahiko Yaegashi**
President and Chief Operating Officer

Third Highest Level of Net Income Achieved in Fiscal 2009

In fiscal 2009, the year ended March 31, 2010, the support of shareholders and customers, as well as the hard work of everybody in the Group, helped JGC to report consolidated net sales of ¥414.2 billion, operating income of ¥41.9 billion, and net income of ¥27.1 billion, attaining the third highest level of net income in the company's history. As a result, JGC was able to pay shareholders an annual dividend of ¥21.0 per share, as planned. As for new contracts, a total of ¥733.5 billion was achieved amidst a severe competitive environment.

Our forecast for fiscal 2010 is for consolidated net sales of ¥500.0 billion, operating income of ¥47.0 billion, and net income of ¥33.0 billion, and we plan on paying a full-year dividend of ¥30.0 per share. We have set a target for orders of ¥500.0 billion, and will do our best to achieve this target.

In fiscal 2009, there was a strong sense of uncertainty at first in the engineering market due to a decline in the economic viability of new capital investment plans resulting from the drop in crude oil prices in the wake of the financial crisis that occurred in the US in September 2008, which caused customers to take a wait-and-see stance with respect to decisions on investments, expecting plant costs to fall.

However, as crude oil recovered from $40 per barrel at the start of the year to around $70, the economic viability of capital investment projects improved, and there was also a sense that overall plant costs were no longer falling, so projects related to oil and natural gas development, and to petroleum refining and petrochemicals, especially in the Middle East and North Africa, moved to the execution phase.

JGC made sure it maximized such market changes, winning orders for large-scale gas processing projects in Algeria and Abu Dhabi and a large-sized LNG project in Australia by the end of September, and since the value of orders won reached ¥490.0 billion by the second quarter, the full-year consolidated target was raised from ¥500.0 billion at the start of the term to ¥700.0 billion. JGC continued to make its presence felt in its areas of strength, natural gas and LNG, thereafter, winning an LNG project order in Papua New Guinea, and we were able to exceed the revised target.

Meanwhile in the engineering and construction (E&C) market, emerging engineering contractors from South Korea and Europe made a full-scale entry into international bidding for downstream areas such as Middle East petroleum refining and petrochemicals by using low cost as a lever. Together with the traditional Japanese, US, and European engineering contractors, including JGC, this marked the arrival of an era of severe cost competition.

Customers to Maintain Development Investments Especially in Upstream Areas in Fiscal 2010

We are forecasting that the E&C market in fiscal 2010 will see an amount of investments executed equal to that of fiscal 2009, especially in upstream areas. We believe that natural gas development will further expand in the Middle East. The reasons for this are the transition to large-scale production in the region for natural gas-based petrochemicals, and the rising demand for natural gas-powered electricity generation and water desalination driven by increasing population and urbanization. In addition, projects to newly install and expand petroleum refining plants, including exports of products having high cost competitiveness, are being planned.

In Southeast Asia and Oceania, demand for natural gas is growing rapidly, not only among major consumers such as China and India but also in Indonesia, Thailand, Singapore, and Malaysia, and we forecast that new LNG projects will take shape in Australia. We believe one factor that will accelerate this trend is the depletion of existing gas fields in Indonesia. Meanwhile, within Japan, we forecast that the pharmaceutical industry will plan for investment in the biochemicals field, especially in custom-made antibodies.

E&C Business to Focus on Realizing Plant Costs Suited to Customer Needs and Strengthening Non-Price Competitiveness

JGC intends to concentrate all of its efforts in fiscal 2010 on coming out ahead in severe cost competition and attaining our order target of ¥500.0 billion. We will continue efforts to realize plant costs that match customer needs in all phases of project execution, such as pursuing strict economical design, procuring equipment that meets customer specifications, and utilizing construction subcontractors that can deliver on both performance and cost competitiveness. We also plan to have our overseas engineering subsidiaries zealously pursue more contracts for small- and medium-sized local projects. We will also continue to work on strengthening non-price competitiveness based on enhanced technology, such as entry into the floating LNG field, development of the small- and medium-sized LNG plant concept, high-pressure CO_2 recovery, new propylene manufacturing, and upgrading low-grade coal.

To date, JGC has carried out enterprise investment business in areas where we are able to leverage the technological capabilities we have accumulated through the E&C business, and in countries and regions where we have experience, such as the water desalination and power generation businesses, emissions credits trading and resource development. In fiscal 2009, there were major developments in the water business in particular, including participation in a seawater desalination project in Tianjin, China, as well as investment in Ebara Engineering Service Co., Ltd. and joint acquisition of an Australian water business company in fiscal 2010. We plan to continue with our investment business, especially in the areas of infrastructure and the environment in the Middle East, North Africa, and Asia, and we would like to be further involved in the businesses of power generation and water desalination, including photovoltaics (PV) and concentrated solar power (CSP), water, utilization of low-grade coal, and urban and regional development.

JGC will maintain E&C as its core business even while aiming to become a “Standout Engineering Enterprise” that can help customers in the enterprise investment business and a wide range of other business fields based on the current Scenario 2010 medium-term plan, for which fiscal 2010 will be the final year. We plan to announce our next medium-term management plan around fall to winter 2010.

We ask our shareholders for your continued support and guidance.

July 2010

Keisuke Takeuchi
Chairman of the Board of Directors and Chief Executive Officer

Masahiko Yaegashi
President and Chief Operating Officer

JGC's Initiatives Respond to the Significant Growth Foreseen in the Water Business

—JGC Active in Various Fields, Especially in Enterprise Investment

Leveraging its abundant capabilities and experience developed in the EPC business, JGC is actively pursuing initiatives in the water business, urban development and other infrastructure-related fields.

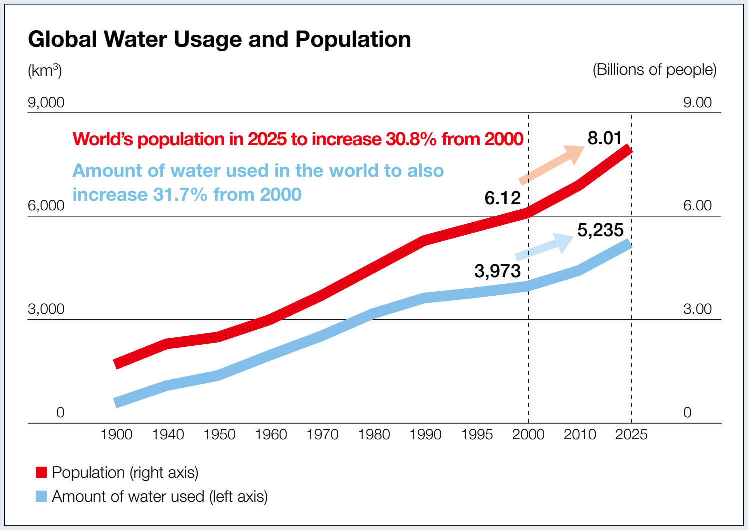
Promotion of Business Involving Mid-Small Scale LNG Plants

JGC is pushing ahead with its compact LNG plant initiative, which will lower costs and shorten delivery times. JGC will continue its efforts to contribute to the development of LNG, which is a clean source of energy, and to the preservation of the global environment.

JGC's Initiatives Respond to the Significant Growth Foreseen in the Water Business

—JGC Active in Various Fields, Especially in Enterprise Investment

Water is an essential resource for humanity, and is also an indispensable resource for economic activity of every description, including agriculture and industry. The earth is sometimes called the "Water Planet," but fresh water supplies that can be used by human beings are said to be only 0.01% of the total volume of water on the earth, and are thus very limited. In addition, the world's population is growing every year, and with the demand for water increasing further in the future due to urbanization and increasing water pollution, water-related businesses are also forecast to grow significantly. According to a Ministry of Economy, Trade and Industry of Japan estimate, the global market for water businesses is expected to expand from approximately ¥36 trillion at present to about ¥87 trillion in 2025.



(Source) Population: UN World Population Prospects
Amount of water used: World Water Resources and Their Use a joint SHI/UNESCO product

JGC, as an engineering & construction company, has to date constructed many types of plants, starting with energy-related plants, and at the same time, has also designed and constructed many water treatment facilities attached to these plants. In response to the development of the water market, where significant growth is expected in the future, JGC is currently applying

Abu Dhabi power generation and desalination facility operated by a company in which JGC has an investment.

its abundant knowledge built up over many years and its engineering technology covering a wide range of fields, including water, and is focusing on the expansion of water-related businesses both in Japan and overseas.

In water-related businesses, we plan to develop new businesses, acquire existing water businesses, and accumulate operational/management knowhow through companies we have invested in.


Signing ceremony for seawater desalination business in China with Hyflux. (Left: Chairman Emeritus of JGC Group Yoshihiro Shigehisa; right: Hyflux's Group CEO Olivia Lum)

In January 2005, we participated in our first investment project, the Taweelah B IWPP (Independent Water and Power Project) in Abu Dhabi, followed by investments in August of that year in the Rabigh IWSPP (Independent Water, Steam and Power Project) in Saudi Arabia and in April 2008 in the Taweelah A2 IWPP in Abu Dhabi. We will operate both Abu Dhabi businesses for 20 years, and the Saudi Arabian business for 25 years.

In December 2009, we began our 30-year operation of a seawater desalination business in Tianjin, China jointly with Hyflux Ltd., a major Singaporean water business company involved in the water business around the world. We plan to join forces with Hyflux in actively pursuing seawater desalination business opportunities, not only in China but also in the Middle East and North Africa.

In April of this year, we initiated capital participation, along with Mitsubishi Corporation, in Ebara Engineering Service Co., Ltd., the water business subsidiary of Ebara Corporation and one of the leading domestic companies in domestic water and sewage facility construction, maintenance and management. This new water business company, equally owned by the three companies, will combine Ebara Engineering Service's water processing engineering capabilities and maintenance/management knowhow and network, Mitsubishi Corporation's global network, business management capability and funding power, and JGC's outstanding global engineering and project management capabilities, and further strengthen Ebara Engineering Service's domestic business base as well as expand the business into overseas water markets in the future.

In May of this year, we agreed to acquire an Australian water company jointly with Mitsubishi Corporation and the Innovation Network Corporation of Japan, among others.

Elsewhere, JGC has started activities in various water-related fields, such as developing its water purification business in recent years in China, where water pollution is becoming worse in lakes and marshes.

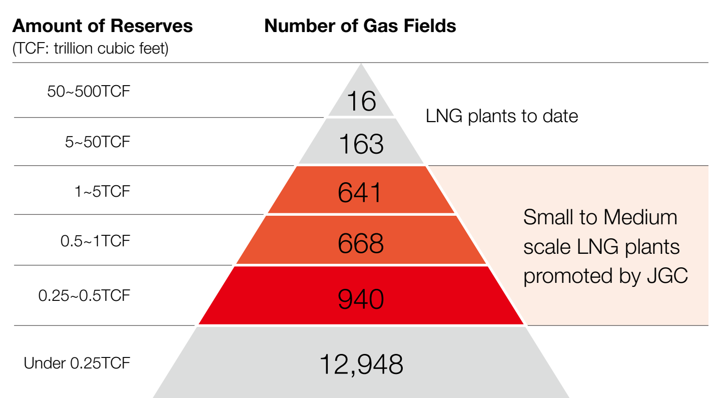
JGC has won praise from many customers and contributed to the economic development of many countries around the world through its EPC business for energy-related plants for over 80 years since its establishment. Going forward, we would like to contribute not only through our EPC business, but also in infrastructure-related fields, starting with water businesses and urban development, applying the project management capabilities we have built up over many years and our engineering technology expertise that covers a wide range of fields.

Promotion of Business Involving Mid-Small Scale LNG Plants

JGC, which has a successful track record of constructing many LNG plants around the world, is utilizing the LNG plant-related knowledge it has built up over many years to promote the development of small to medium-scale LNG plants that will excel in terms of short delivery times and cost efficiency.

In recent years, LNG plant construction has pursued a course that followed the “economies of scale” in order to maximize investment efficiency, often resulting in huge projects with annual production capacities of 5–10 million tons and construction costs of several hundred billion to over 1 trillion yen. Furthermore, implementing a large-scale LNG project requires a correspondingly large-sized natural gas field, but the reality is that the number of large, undeveloped gas fields is limited.

Size Dispersion of World’s Gas Fields



When we look at the world’s gas fields broken down by size, we can see that there are a large number of small to medium-sized gas fields, many of them undeveloped. Many of the undeveloped small to medium-sized gas fields are located in the Asia and Pacific region, where LNG demand is highest.

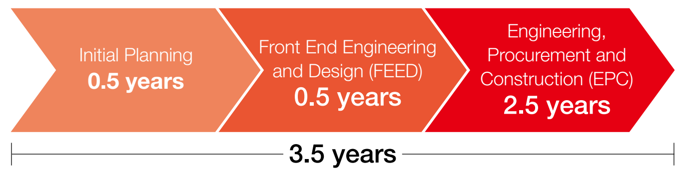
JGC, which has been involved in the construction of more than 1/3 of the world’s existing LNG plants, has taken advantage of its accumulated technical expertise in LNG plant engineering, procurement and construction to establish the concept of small to medium-size LNG plant businesses that can secure full economic viability.

Keywords in the JGC Approach

Repeat (Low cost)	:Reducing design costs by using standard designs
Speed (Short delivery time)	:Shortening production/delivery time by designating specific vendors for repeat orders
Compact	:Minimizing on-site construction by using modular plant facilities

JGC's aim is to lower costs by standardizing design specifications, starting by selecting the liquefaction process requiring minimum investment and fixing a standard gas processing volume. Based on this, we look to standardize design specifications for heat exchangers, acidic gas removal equipment, refrigerant compressors, gas turbines, and other equipment. Our plant design will also realize high operational flexibility and production stability in the face of various changes caused by fluctuations in gas volume and other external factors. In this effort, JGC will use to full effect our unique technological expertise garnered from designing many LNG plants in the past. Furthermore, we will select specific vendors as designated recipients of repeat orders for key equipment, thereby lowering costs and shortening delivery times. We will also use modular construction, assembling modular plant facilities at separate locations in order to minimize on-site construction work.

JGC's Small to Medium Scale LNG Plant Construction Schedule



Through the application of these techniques, JGC will be able to work as-yet undeveloped small to medium-sized gas fields previously considered to be unprofitable projects as successful LNG operations. JGC will also shorten the time from initial planning to the start of production to about 3.5 years, down from the usual 6-8 years required for large LNG plants.

As the top engineering contractor for LNG plants, JGC will continue to respond to market and customer needs, and by contributing to the development of clean sources of energy like LNG, helping in the preservation of the global environment.

Image of a completed small to medium-scale LNG plant

The market environment for the JGC Group's total engineering business in fiscal 2009 was filled with uncertainty at the start of the year as the financial crisis, which had its origins in events in the US in September of 2008, caused the economic viability of projects to decline, and forced clients to re-examine or put off capital investment plans as they waited to see how plant construction costs would fluctuate. However, due to the recovery in crude oil prices and the sense that a bottoming-out of overall plant costs was occurring, together with increasing demand for energy within oil- and gas-producing nations themselves, capital investment projects related to large-scale crude oil and natural gas development, and petroleum refining and petrochemicals in the Middle East and North Africa were again moved into the execution phase.

In these circumstances, the JGC Group aggressively focused on winning orders, and as for projects currently under way, close attention was paid to a variety of risks to ensure successful project execution.

Total Engineering Business

Oil and Gas Development Projects

In the field of oil and gas development, capital investment continues in upstream areas, led by crude oil and natural gas development, due to increasing demand for energy within oil- and gas-producing nations, with projects under way in the Middle East and North Africa.

In June 2009, JGC won an engineering, procurement and construction (EPC) services contract from Sonatrach, Algeria's state-owned oil and gas company, for a large-sized gas processing plant in the Gassi Touil field. Completion of this project is aimed for in the first half of 2013. JGC is also executing a construction project for oil and gas gathering units, separation, desalting and other facilities for Sonatrach in the Rhourde Nouss region, with completion targeted in the first half of 2011.

In Abu Dhabi, in the United Arab Emirates, JGC won an EPC contract in July 2009 from Abu Dhabi Gas Industries Ltd. (GASCO) to provide the EPC and commissioning services for a large-scale gas processing plant and other facilities in the Habshan district with a completion date in 2013. This project is the largest gas processing project ever awarded to JGC.

In Saudi Arabia, we are executing an EPC services contract for the state-owned oil company Saudi Aramco involving off-site facilities (including a water-injection system used in oil fields, crude oil storage tanks and shipping equipment) for a large-scale crude oil processing facility in the Manifa region of Saudi Arabia.

Petroleum Refining Projects

In the petroleum refining field, oil companies, led by the oil majors, have been in the process of successively closing ageing refineries with high maintenance costs in Japan, the US, and in EU countries such as Germany, the UK and France, since 2008. In place of these facilities, oil companies plan to build new, state-of-the-art refineries, or expand existing facilities, in oil-producing nations, starting with the Middle East, aimed at exporting products with high price competitiveness, and many projects of this type are under way in the Middle East and Asia.

Petroleum refinery for Petro Vietnam, Vietnam

In Japan, JGC is carrying out the revamping of refining facilities for petroleum refining companies, and completed a construction project for a heavy oil processing plant in early 2010.

In Singapore, an oil refinery upgrade project for Singapore Refining Co. Pte. Ltd. was completed in the second half of 2009, and in Vietnam, construction of the country's first large-scale petroleum refinery and off-site facilities for Vietnam Oil and Gas Corporation (Petro Vietnam) was completed in early 2010.

LNG Projects

In the LNG field, US imports of LNG dropped significantly as the development of shale gas progressed within the US, and with successive new LNG plants being completed or coming online, an oversupply of LNG is expected to continue over the short term. Over the long term, however, we believe that the demand for natural gas will grow rapidly, not only in China and India, where energy demand will increase even more sharply in the future, but also in Indonesia, Thailand, Singapore, and Malaysia. As a result, we expect new LNG projects to continue to take shape, especially in Southeast Asia and Oceania.


LNG plant for Yemen LNG Co., Ltd., Yemen

In September 2009, JGC was awarded the engineering, procurement, and construction management (EPCM) services contract for the Gorgon LNG project on Barrow Island in northwest Australia for the Chevron-operated Gorgon LNG joint venture. This project will apply the modular construction strategy, where small plant modules will be built at separate locations and ultimately assembled at the construction site in order to minimize the impact on the natural environment at the construction site. In another environmental measure, carbon dioxide included in the raw material gas will not be emitted into the atmosphere, but pressurized and injected deep underground into the world's largest carbon dioxide reservoir, making this LNG plant a very advanced facility with maximum consideration given to protection of the natural environment. In Australia, JGC is also executing Front End Engineering and Design (FEED) services for the Ichthys LNG project planned by INPEX Browse, Ltd.

In Papua New Guinea, JGC won the EPC services contract for the PNG LNG project operated by Esso Highlands Limited, owned by Exxon Mobil and others, in December 2009.

In Indonesia, Train 1 of the Tangguh LNG project operated by BP Berau, Ltd. started LNG shipments in mid-2009, and Train 2 also began production in the second half of 2009.

In Yemen, we constructed the country's first LNG plant, with production having started from Train 1 in the second half of 2009 and from Train 2 at the start of 2010.

Chemical Projects

In the chemical field, the weakening of the market for petrochemical and chemical products continues to cast uncertainty over the timing of the execution of new project plans in most areas, but in the Middle East, we believe that plans for projects to manufacture products with high price competitiveness using inexpensive oil and gas will move forward. We believe these moves apply not only to commodity products such as ethylene and propylene but also to high value-added, high-function, so-called specialty products, and the Middle East is likely to become the world's production base going forward.

In June 2009, JGC was awarded a contract by the state-owned oil company Saudi Aramco and Sumitomo Chemical Co., Ltd. for the project management services for the feasibility study of the development of the Rabigh Phase II project (Rabigh II Project) in Saudi Arabia. JGC is also working on a project to construct large-scale ethylene units and other facilities for Saudi Polymers Company.

In Japan, we are constructing a petrochemical plant for a major chemical company.

JGC has also constructed facilities for testing a new propylene manufacturing technology jointly with Mitsubishi Chemical Corporation and started preparations for commercialization, as explained in our Technology Feature 2, "Development of New Propylene Production Technology (DTP® Process)" (page 27).

Power Generation, Nuclear Power and New Energy Projects

In the new energy field, we are active in the area of gas to liquids (GTL) as well as in dimethyl ether (DME) and other projects.

Currently in Qatar, JGC is providing project management services for the world's largest GTL project for Qatar Shell GTL Limited, a subsidiary of Royal Dutch Shell plc. In addition, the role for JGC includes project management as well as EPCM activities for GTL synthesis.

In the nuclear power field, JGC installed piping in the active galleries of a spent nuclear fuel reprocessing facility being constructed in Rokkasho, Aomori Prefecture, by Japan Nuclear Fuel Ltd., and trials are currently under way in preparation for the start of commercial operations. Furthermore, construction needs for nuclear power stations are rapidly rising at present in the Middle East and Southeast Asia. To date, JGC has established a long track record of constructing radioactive waste treatment facilities at nuclear power stations in Japan, and has also completed numerous huge oil refineries and gas processing plants in the Middle East and Southeast Asia. We believe that our superior project management capabilities, as evidenced by this track record, will also be useful in overseas nuclear power station construction projects, and we intend to actively pursue business in this area in the future.

Living and General Production Projects

In the field of pharmaceuticals, in addition to our wide range of services related to pharmaceuticals production, including EPC services for pharmaceutical-related facilities and equipment, and good manufacturing practice (GMP) compliance, we are also focused on providing services related to new drug development, clinical development and commercial production, areas where business is likely to expand in the future.

JGC has been awarded contracts for EPC services and is executing construction projects for pharmaceutical production facilities from a number of pharmaceutical companies, such as the construction of pharmaceutical-related facilities for DENKA SEIKEN Co., Ltd. in Niigata Prefecture. We completed an upgrade of a pharmaceutical manufacturing facility for Fuji Pharmaceutical Co., Ltd. in mid-2009 in Toyama Prefecture, and completed construction of a Technology Center for TOA EIYO LTD., a circulatory and cardiovascular medication manufacturer, in early 2010 in Fukushima Prefecture.


Technology Center for TOA EIYO Ltd., Japan

Environmental Protection, Social Development and IT Projects

In the field of medical facilities, JGC has constructed high-quality medical facilities throughout Japan and offered project management services, both of which received high marks from many customers. Recently, an increasing number of projects are utilizing the Private Finance Initiative (PFI) method, where funding and knowhow from private-sector companies are used to efficiently construct and operate local public hospitals, and we intend to be actively involved in this area, taking advantage of the knowhow built up through our numerous experiences in the medical field to date.

In fiscal 2009, JGC received orders for construction work of residences for the elderly from the nursing business company I.P.C. Ltd. in Ibaraki Prefecture and for renovation of the Morita Hospital from the Yushinkai Foundation in Kanagawa Prefecture. In the refurbishing and management of the Tokyo Metropolitan Mental Health Center (tentative name), where JGC became the first domestic engineering contractor to be selected as a hospital PFI operator, construction of a new wing is currently under way, and we are also rebuilding Kido Hospital for the Niigata Medicalcare Cooperative in Niigata Prefecture. In mid-2009, we completed construction work for the Shinurayasu Toranomon Clinic for the Shin Toranomonkai Foundation in Chiba Prefecture as well as carrying out renewal of Maikohama Hospital for the Iwaki Saiseikai Foundation in Fukushima Prefecture.


Maikohama Hospital for the Iwaki Saiseikai Foundation, Japan

In the area of research facilities, we won an order for EPC services for a new research wing at the Fukuyama plant for YASUHARA CHEMICAL Co., Ltd. in Hiroshima Prefecture, and completed the first phase of renovations at the Tsukuba Research Center for Astellas Pharma Inc. in Ibaraki Prefecture in mid-2009, and the second phase in early 2010.

Enterprise Investment Business

Under the JGC Group's medium-term management plan, "Scenario 2010," which ends in fiscal 2010, we are focusing on expanding the enterprise investment business into a business pillar alongside the EPC business and the catalysts and fine products business. In this medium-term management plan, we have set a target of ¥40 billion worth of investments over five years in businesses where we can leverage our knowledge, and as of the end of March 2010, we had invested approximately ¥37 billion, steadily accumulating assets.

Seawater desalination plant jointly operated with Hyflux (China)

In fiscal 2009, we were able to make great strides in the water business, where the market is expected to expand globally, as explained in our Special Feature 1, "JGC's Initiatives Respond to the Significant Growth Foreseen in the Water Business" (page 12). In December 2009, we began operating a seawater desalination project in Tianjin, China jointly with the Singaporean water business company Hyflux Ltd. In February 2010, we agreed together with Mitsubishi Corporation to invest in Ebara Corporation's water business subsidiary, Ebara Engineering Service Co., Ltd. In fiscal 2010 as well, we agreed in May to acquire an Australian water company jointly with Mitsubishi Corporation and the Innovation Network Corporation of Japan, among others.

As an investment business initiative in a field other than the water business, we launched in April 2010 the Philippines' largest bio-ethanol production and power plant businesses together with Itochu Corporation and local Filipino partners.

The current status of the projects invested in to date is as follows.

Power Generation and Water Desalination Business

- Business rights to two projects acquired in Abu Dhabi. Power generation and desalination facilities are currently operating commercially.
- Business rights to one project acquired in Saudi Arabia. Power generation and desalination facilities are currently operating commercially.

Emissions Credits Business

- Five emissions credits business projects already developed in China. Of these, one project is smoothly issuing CER (Certified Emission Reduction) credits.

Resource Development Business

- One oil and gas field development and production project under way in the US. As announced in February 2010, a loss was booked in fiscal 2009 results because the amount of reserves in a newly drilled well was significantly lower than initially expected. Gas and crude oil are currently being produced and sold.

We also intend to continue expanding the enterprise investment business in the new medium-term management plan currently being drawn up (to be announced around fall 2010). Regarding areas of focus, we plan to pursue business mainly in the areas of infrastructure and the environment in the Middle East, North Africa, and Southeast Asia, such as power generation and water desalination businesses, including solar power and heating, water businesses, business utilizing low-grade coal, and the housing business.

Catalysts and Fine Products Business

The business environment in fiscal 2009 was very harsh, with customers both delaying and re-examining business plans and the product market contracting due to the global economic slowdown from the previous fiscal year, although there were signs of a recovery in demand for some products in the second half of the fiscal year. In response to this environment, JGC Group companies engaged in the catalyst and fine products business made efforts to improve profitability, such as building up a unified sales, production and development structure in line with demand fluctuations. As a result, operating profit increased compared to fiscal 2008, even though sales fell.


FCC catalysts


Hard disk abrasives

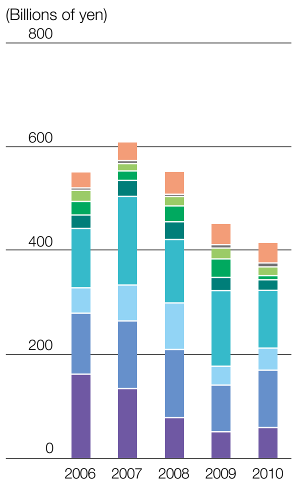
In the catalysts business, sales of FCC catalysts, for which we hold the leading market share in Japan, increased both domestically and for export as demand rose due to customers' shifts to heavy crude oil. Revenues for our hydro-treating catalyst declined due to falling demand and intensified competition from rivals. Sales of environmental protection catalysts grew thanks to increased demand to replace De-NOx catalysts at domestic thermal power stations, together with firm exports of raw materials to the US and Europe, as well as China. Revenues from petrochemical catalysts fell due to customers postponing deliveries after halting production, withdrawing from the business, or operating facilities at low capacity.

In the fine products business, demand for products in the IT field recovered due to measures by various countries, led by China, to stimulate their economies. The recovery was especially marked for hard disk abrasives, which have become a product that drives the Group's fine products business. Sales of antireflective and antistatic materials for flat-panel displays also increased thanks to a recovery in customer demand.

The market environment for the catalysts and fine products business in fiscal 2010 is expected to show a gradual continuation of the signs of market recovery seen in the second half of fiscal 2009, but there is limited room for optimism, and the business environment is forecast to be severe overall. In this climate, we will respond to the harsh business environment by promoting thorough reductions in various costs and active development of new clients. We will also work to improve profitability for all of our products, accelerate advances into overseas markets, and build a new business base.

Performance Highlights by Business Sector

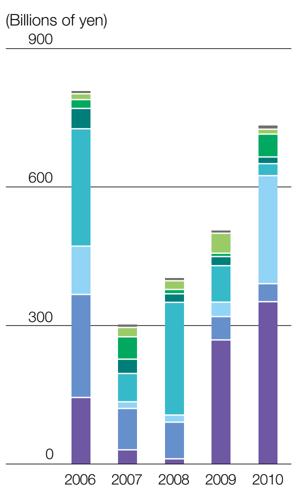
All figures are on a consolidated basis.



Net Sales

(Millions of yen)

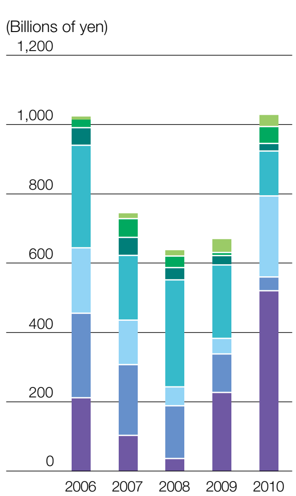
Years ended March 31	**2010**	2009	2008	2007	2006
Oil and Gas Development	**59,382**	51,304	78,500	134,557	162,120
	(58,753)	(48,470)	(78,200)	(134,151)	(161,749)
Petroleum Refining	**110,566**	89,838	131,116	130,194	117,558
	(31,894)	(36,182)	(48,809)	(68,191)	(75,505)
LNG	**42,428**	36,261	89,680	69,128	48,789
	(41,122)	(35,627)	(89,013)	(67,838)	(47,867)
Chemical	**111,216**	145,769	122,250	170,579	114,317
	(87,611)	(102,095)	(80,806)	(142,965)	(97,673)
Power Generation, Nuclear Power and New Energy	**20,391**	25,281	34,096	30,813	25,918
	(12,359)	(16,230)	(21,365)	(20,347)	(19,313)
Living and General Production	**8,128**	35,743	30,509	18,294	26,217
	(1,502)	(7,836)	(14,277)	(4,389)	(987)
Environmental Protection, Social Development and IT	**16,488**	20,788	18,144	14,127	21,258
	(15)	(1)	(35)	(2,726)	(572)
Others	**7,827**	6,654	4,419	5,766	4,654
	(3,578)	(2,059)	(252)	(558)	(447)
Total Engineering	**376,430**	411,642	508,717	573,463	520,835
(Overseas)	**(236,837)**	(248,503)	(332,762)	(441,169)	(404,114)
Catalysts and Fine Products	**37,828**	39,270	42,345	35,067	29,465
Total	**414,258**	450,912	551,062	608,530	550,301



New Contracts

(Millions of yen)

Years ended March 31	**2010**	2009	2008	2007	2006
Oil and Gas Development	**352,087**	268,868	11,301	30,288	143,946
	(351,358)	(268,519)	(8,398)	(29,889)	(143,643)
Petroleum Refining	**39,358**	50,826	79,191	89,179	223,374
	(13,228)	(7,716)	(20,479)	(27,423)	(103,104)
LNG	**233,553**	31,284	16,019	14,804	104,284
	(233,382)	(21,963)	(15,541)	(13,943)	(102,930)
Chemical	**25,492**	78,492	243,907	61,524	254,702
	(6,495)	(60,685)	(215,637)	(21,268)	(202,415)
Power Generation, Nuclear Power and New Energy	**15,038**	20,373	17,756	31,142	44,360
	(2,249)	(13,349)	(6,153)	(21,517)	(37,743)
Living and General Production	**48,902**	6,759	10,441	48,748	19,084
	(34,325)	(463)	(122)	(21,452)	(857)
Environmental Protection, Social Development and IT	**11,046**	43,376	19,234	20,077	13,198
	(34)	(1)	(15)	(118)	(130)
Others	**8,069**	6,153	4,498	5,580	4,698
	(3,844)	(1,493)	(247)	(470)	(442)
Total	**733,549**	506,135	402,352	301,347	807,649
(Overseas)	**(644,918)**	(374,193)	(266,596)	(136,084)	(591,268)



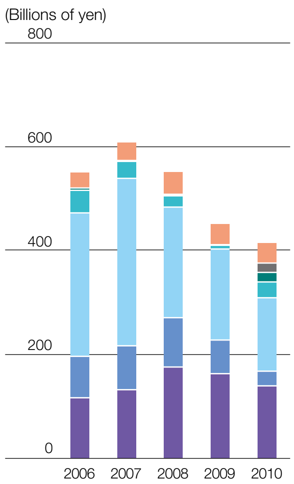
Outstanding Contracts

(Millions of yen)

Years ended March 31	**2010**	2009	2008	2007	2006
Oil and Gas Development	**520,445**	227,740	38,128	103,294	211,055
	(520,065)	(227,460)	(35,362)	(103,131)	(210,886)
Petroleum Refining	**38,830**	110,037	150,081	204,138	245,098
	(3,131)	(21,798)	(51,065)	(81,418)	(122,115)
LNG	**236,085**	44,960	50,612	128,195	187,541
	(228,515)	(36,255)	(50,594)	(127,988)	(186,906)
Chemical	**126,507**	212,230	304,917	187,487	296,522
	(113,101)	(194,217)	(261,032)	(130,426)	(252,103)
Power Generation, Nuclear Power and New Energy	**22,323**	27,677	33,594	51,336	51,127
	(11,817)	(21,927)	(25,817)	(42,411)	(41,362)
Living and General Production	**49,813**	9,040	37,939	53,894	22,296
	(34,234)	(1,410)	(8,683)	(18,690)	(466)
Environmental Protection, Social Development and IT	**33,597**	39,040	16,408	15,864	10,035
	(19)	(0)	(—)	(20)	(2,630)
Others	**855**	613	1,144	468	670
	(308)	(42)	(590)	(5)	(95)
Total	**1,028,460**	671,341	632,827	744,679	1,024,348
(Overseas)	**(911,194)**	(503,112)	(433,147)	(504,092)	(816,565)

Performance Highlights by Region

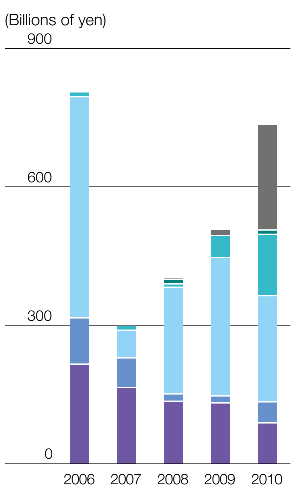
All figures are on a consolidated basis.



Net Sales

(Millions of yen)

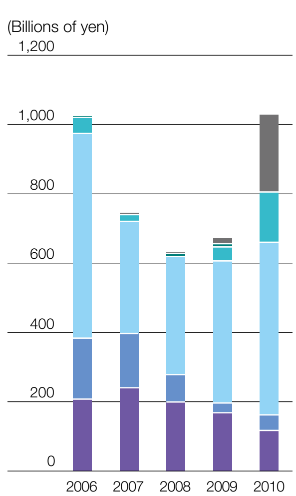
Years ended March 31	**2010**	2009	2008	2007	2006
Japan	**139,592**	163,138	175,952	132,297	116,721
Asia	**28,197**	64,730	95,128	84,425	79,851
Middle East	**141,355**	175,392	212,916	322,437	276,059
Africa	**30,533**	7,068	21,494	32,695	43,455
North and South America	**18,425**	76	1,289	1,479	4,594
Others	**18,325**	1,234	1,937	127	151
Total Engineering	**376,430**	411,642	508,717	573,463	520,835
Catalysts and Fine Products	**37,828**	39,270	42,345	35,067	29,465
Total	**414,258**	450,912	551,062	608,530	550,301



New Contracts

(Millions of yen)

Years ended March 31	**2010**	2009	2008	2007	2006
Japan	**88,630**	131,942	135,753	165,269	216,381
Asia	**45,547**	14,327	15,181	63,951	99,366
Middle East	**228,985**	299,650	232,030	60,103	479,298
Africa	**134,106**	47,609	7,556	9,095	11,312
North and South America	**9,305**	85	9,830	481	607
Others	**226,974**	12,521	1,999	2,445	682
Total	**733,549**	506,135	402,352	301,347	807,649



Outstanding Contracts

(Millions of yen)

Years ended March 31	**2010**	2009	2008	2007	2006
Japan	**117,266**	168,228	199,679	240,587	207,783
Asia	**45,520**	28,170	79,082	157,214	176,837
Middle East	**496,777**	409,148	338,897	323,251	589,509
Africa	**144,823**	41,250	2,125	19,191	47,480
North and South America	**178**	9,298	9,256	710	1,708
Others	**223,893**	15,244	3,787	3,724	1,030
Total	**1,028,460**	671,341	632,827	744,679	1,024,348

Major Projects

	Business Sector	Client	Project	Location
Contracts Awarded	Oil and Gas Development Projects	Abu Dhabi Gas Industries Ltd. Sonatrach	Gas Processing Plant Gas Processing Plant	Habshan/Abu Dhabi Gassi Touil/Algeria
	LNG Projects	Chevron Australia Pty Ltd. Esso Highlands Limited	LNG Plant LNG Plant	Barrow Island/Australia Port Moresby/Papua New Guinea
	Chemical Projects	Saudi Arabian Oil Co. (Saudi Aramco) and Sumitomo Chemical Co., Ltd	Engineering and Project Management Services for the Feasibility Study	Rabigh/Saudi Arabia
	Living and General Production Projects	DENKA SEIKEN Co., Ltd.	Pharmaceutical-related Facilities	Niigata/Japan
	Environmental Protection, Social Development and IT Projects	I.P.C. Ltd. Yushinkai Foundation YASUHARA CHEMICAL Co., Ltd.	Senior Citizen Complex Hospital Research Center	Ibaraki/Japan Kanagawa/Japan Hiroshima/Japan
Contracts Underway	Oil and Gas Development Projects	Sonatrach Saudi Arabian Oil Co. (Saudi Aramco)	Gas & Oil Separation Facilities Utilities, Storage and Shipping Facilities for the Central Processing Facilities	Rhourde Nouss/Algeria Manifa/Saudi Arabia
	LNG Projects	INPEX Browse, Ltd.	FEED Service for LNG Plant	Darwin/Australia
	Chemical Projects	Saudi Polymers Company	Petrochemical Plant	Al Jubail/Saudi Arabia
	Power Generation, Nuclear Power and New Energy Projects	Qatar Shell GTL Limited Japan Nuclear Fuel Ltd.	GTL Plant Test Operation of Nuclear Power Generation Facilities	Ras Laffan/Qatar Aomori/Japan
	Environmental Protection, Social Development and IT Projects	Medical Management Matsuzawa Co., Ltd. Niigata Medicalcare Cooperative	Hospital Hospital	Tokyo/Japan Niigata/Japan
Contracts Completed	Petroleum Refining Projects	Singapore Refining Co. Pte. Ltd. (SRC) Vietnam Oil and Gas Corp. (Petro Vietnam)	Petroleum-related Refinery Petroleum Refinery	Jurong/Singapore Dung Quat/Vietnam
	LNG Projects	Yemen LNG Co., Ltd. BP Berau, Ltd.	LNG Plant LNG Plant	Balhaf/Yemen Papua/Indonesia
	Living and General Production Projects	Fuji Pharmaceutical Co., Ltd. TOA EIYO LTD.	Pharmaceutical Manufacturing Facilities Pharmaceutical-related Facilities	Toyama/Japan Fukushima/Japan
	Environmental Protection, Social Development and IT Projects	Shin Toranomonkai Foundation Iwaki Saiseikai Foundation Astellas Pharma Inc.	Hospital Hospital Renovation of Research Center	Chiba/Japan Fukushima/Japan Ibaraki/Japan

Major Contracts Awarded

Announced as of March 31, 2007

Business Sector*	Client	Project	Location	Completion
PET	Singapore Refining Co. Pte. Ltd. (SRC)	Petroleum-related Refinery	Jurong/Singapore	2009
PWR	Fuel DME Production Co., Ltd.	DME Production Plant	Niigata/Japan	2008
LIV	Coral Bay Nickel Corp.	Nickel Refining Plant	Palawan/Philippines	2009
LIV	Kanae Co., Ltd.	Pharmaceutical-related Facilities	Hyogo/Japan	2008
LIV	DENKA SEIKEN Co., Ltd.	Pharmaceutical Manufacturing Plant	Niigata/Japan	2007
LIV	Asahi Glass Co., Ltd.	Bio Plant	Chiba/Japan	2008
ENV	Iwaki Saiseikai Foundation	Hospital	Fukushima/Japan	2009
ENV	Kowakai Foundation	Hospital	Shizuoka/Japan	2008

Announced as of March 31, 2008

Business Sector*	Client	Project	Location	Completion
CHM	Saudi Polymers Company	Petrochemical Plant	Al Jubail/Saudi Arabia	2011
ENV	Sanden Corporation	Research & Development Center	Gunma/Japan	2008
ENV	Shijinkai Foundation	Hospital	Saitama/Japan	2009
ENV	Seiryoukai Foundation	Hospital	Hyogo/Japan	2009
ENV	Maruho Co., Ltd.	Renovation of Research & Development Center	Kyoto/Japan	2008

Announced as of March 31, 2009

Business Sector*	Client	Project	Location	Completion
OGD	Sonatrach	Gas & Oil Separation Facilities	Rhourde Nouss/Algeria	2011
OGD	Saudi Arabian Oil Co. (Saudi Aramco)	Utilities, Storage and Shipping Facilities for the Central Processing Facilities	Manifa/Saudi Arabia	—
LNG	INPEX Browse, Ltd.	FEED Service for LNG Plant	Darwin/Australia	—
LIV	TOA EIYO LTD.	Pharmaceutical-related Facilities	Fukushima/Japan	2010
ENV	Medical Management Matsuzawa Co., Ltd.	Hospital	Tokyo/Japan	2013
ENV	Niigata Medicalcare Cooperative	Hospital	Niigata/Japan	2011

* BUSINESS SECTOR
OGD: Oil and Gas Development Projects
LNG: LNG Projects
PWR: Power Generation, Nuclear Power and New Energy Projects
ENV: Environmental Protection, Social Development and IT Projects
PET: Petroleum Refining Projects
CHM: Chemical Projects
LIV: Living and General Production Projects

Technology Feature 1

Utilizing Undeveloped Resources to Contribute to Energy Diversification in Asia

While 40% of the world's electricity overall is now being produced from coal, with the figure at 50% in the US and Germany and 25% for Japan, in Asian countries, coal, which is inexpensive and can be produced domestically, is the most common fuel for power generation, with a high percentage of 70% for both China and India. Coal reserves are said to be about 150 years' worth, and while this is abundant compared to other fossil fuels, half of this is young coal that has not matured, called low-rank coal. This low-rank coal, which includes lignite and sub-bituminous coal, contains a lot of water and has low caloric value and, because of these factors and the difficulty in handling brought about by its spontaneous combustibility, it is rarely used at present except on-site at mines.

To pursue the development of this potential resource, JGC has developed a technology for artificially upgrading low-rank coal, and has started construction of a test plant in Indonesia. This technology upgrades low-rank coal in high-pressure hot water at about 300°C, and is an "artificial coal production technology" that recreates the production of coal underground over hundreds of millions of years in an aboveground plant using water, heat and pressure. This technology can be applied not only to upgrade low-rank coal, but also to produce coal from biomass.

Furthermore, this upgraded coal can be processed into a liquid slurry fuel to be used as a substitute for petroleum. JGC has named this new fuel JGC Coal Fuel (JCF), and plans to construct a test plant with an annual production capacity of 10,000 tons to first spread this JCF in Indonesia, which has plentiful supplies of low-rank coal. We would like not only to prove our technology at this plant, but also to use it as a showcase plant to appeal to the Indonesian market and reach commercialization as soon as possible.


JGC Coal Fuel (JCF)

In Indonesia today, domestic crude oil production has declined and the country became a net importer of crude oil from 2004, so the government has announced a policy of reducing the proportion of petroleum within its primary energy mix from 52% at present to 20% in 2025. JGC, through commercialization of JCF, would like to contribute to the realization of Indonesia's energy policies, such as the effective use of unused low-rank coal, replacing petroleum with coal, and enabling priority to be given to the use of domestic resources.


JCF pilot plant constructed in Japan in 1996.

For JGC, this JCF business is one of the cases where its own technology is used as a key component of business development.

Further, it is worthy of note that the core technology for low-rank coal upgrading can also be used in various technological fields such as feedstock preparation for low-rank coal gasification from which a number of valuable chemical products are produced, including substitute natural gas (SNG), dimethyl ether (DME) and fertilizer.

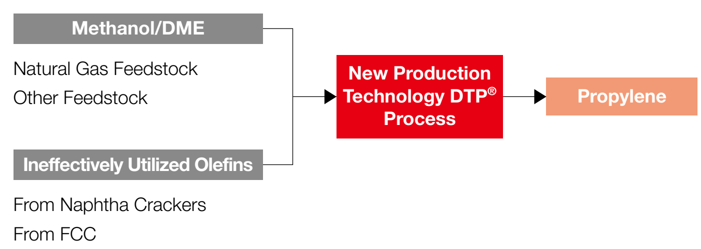
Furthermore, used in combination with Carbon Capture and Storage (CCS) technology, we believe this technology can contribute to the reduction of greenhouse gases.

Technology Feature 2

Development of New Propylene Production Technology (DTP® Process)

The Dominant Technology for the Propylene Production (DTP®) process that JGC has developed jointly with Mitsubishi Chemical Corporation is a high-yield propylene production technology that uses dimethyl ether (DME) or methanol produced from natural gas or other sources as a process feed. In addition, ineffectively utilized olefins by-produced from naphtha crackers, etc. can also serve as a process feed.

Overall Image of New Propylene Production Technology



Propylene is the basic petrochemical raw material for chemical products such as polypropylene, which is widely used in auto parts and daily sundries. The global demand for propylene is forecast to continue growing strongly, and the supply/demand balance for propylene is expected to remain tight. Propylene is mainly produced from petroleum-based raw materials through naphtha crackers or fluid catalytic cracking in petroleum refining (FCC equipment), but is a by-product in either case, and it is difficult to boost production of propylene alone with these manufacturing methods. In addition, diversification of propylene feedstock is needed as crude oil prices have soared.

With this background, attention has become focused on the diversification of feedstock and propylene production processes intended for "on purpose" propylene production, and their commercialization are eagerly awaited. JGC began joint development with Mitsubishi Chemical Corporation in 2007, and developed a DTP® catalyst that ensures high propylene selectivity and stable performance. We are now constructing a pilot plant within Mitsubishi Chemical's Mizushima Plant to conduct trials aimed toward commercialization.

In the DTP® process, the reaction proceeds at a temperature in the 500°C range through the catalyst method, giving it an energy advantage over the existing propylene production method of naphtha crackers, which require temperatures in the 800°C range. The DTP® process also contributes to a reduction in the emissions of CO_2, which is a greenhouse gas.

After tests are completed, we plan to consider supplying this process technology to domestic and foreign companies. We have high hopes for its success in the licensing business as well as in the plant construction business with petrochemical makers around the world that possess naphtha crackers, as well as with companies in gas-producing nations that can realize propylene production via methanol/DME using natural gas as the feedstock.

Through this DTP® process, which is the fruit of superior catalyst technology and process technology, JGC will contribute both to industrial development and to global environmental protection.

Features of the DTP® process

- A DTP® catalyst (zeolite type) ensures high propylene selectivity and stable performance.
- A fixed-bed adiabatic reactor is adopted as a DTP® reactor, which is easy to operate.
- A high propylene yield is attained by recycling by-produced hydrocarbons.
- Ineffectively utilized olefins can also be used in addition to DME or methanol for propylene production.

Pilot Plant

Our Engineering Activities Contribute to Preserving the Environment

Environmental Activities

JGC's Engineering & Construction (E&C) business, which provides engineering, procurement and construction (EPC) services for energy-related plants such as those for oil and natural gas, is closely related to environmental protection in and of itself.

Since the 1960s, JGC has worked on environmental issues as an E&C contractor, striving for cleaner petroleum products, making its plants more energy-efficient, and eliminating hazards from waste products. Our understanding that our business activities themselves contribute to environmental protection has not changed today, and this is symbolically expressed in our corporate philosophy.

Activities that contribute to environmental protection are expanding into a wider range outside of our E&C business, as we start up a new clean development mechanism (CDM) business as part of our enterprise investment business.

Activities focused on how to provide our customers with plants that place a minimum burden on the environment are also an important part of JGC's environmental management approach. We engage in testing various techniques and improvements at each stage of our E&C business, and these have won high marks from our customers.

These activities to lessen the burden on the environment at the home office and construction sites involved in EPC activities are the foundation supporting JGC's environmental management efforts. CO_2 reductions at the home office and reduction/recycling of waste products at construction sites are producing improved results every year.

Corporate Activities Related to Environmental Protection

JGC's business activities, such as the execution of energy-related plant construction projects for natural gas and oil, the development of new fuels, and the promotion of a global-warming-gas emission credits business, are closely connected to the protection of the global environment. Through these business activities, JGC is actively involved in reducing environmental burdens.

■ Effective Use of Natural Gas

The use of natural gas is rapidly increasing because it is a relatively clean fuel that is environmentally friendlier, not only having higher energy efficiency than oil or coal, and containing no sulfur, nitrogen, or metals, but also producing fewer CO_2 emissions when it burns. JGC is contributing to the expanded use of natural gas as a clean fuel by executing construction projects for liquefied natural gas (LNG) plants around the world and constructing the world's first GTL (Gas to Liquid) plant, which manufactures clean synthetic oil using natural gas as a raw material. In addition, we are developing manufacturing/usage technologies for dimethyl ether (DME) and manufacturing technologies for synthetic gas, aiming to further expand ways to use natural gas.

■ Making Fossil Fuels Cleaner

Transforming petroleum, a substance whose use can place a heavy burden on the environment, into a cleaner fuel is a major theme of JGC's business activities, which emphasize environmental protection. We are advancing various activities, such as the construction of plants compatible with moves to make petroleum fuel sulfur-free, and the development of technologies for removing toxic materials from crude oil.

■ Waste Disposal

Human activity generates various waste products. Waste products sometimes contain materials that are toxic to living organisms and leaving such toxic materials untreated increases the burden on the environment. JGC collects basic data related to radioactive waste disposal and is developing technologies for carrying out the effective disposal of these materials. We are also engaged in developing technologies for the disposal of sludge generated from sewage treatment in order to reduce the environmental impact of waste products.

■ Contributions to Greenhouse Gas Reduction

Global warming is a pressing issue that must be tackled by global society. JGC is promoting activities aimed at reducing greenhouse gases based on technologies and know-how accumulated over many years of energy plant construction and technological development.

Environmental Protection Activities During Project Execution

JGC's environmental management system takes into account the environmental impact of the project overall, including its construction and operation, and places emphasis on environmental management during project execution. We take particular care in drawing up and applying appropriate management systems in the design stage, when the basic specifications of the plant are determined.

Environmental Protection at the Design Stage—Creation and Implementation of Environmental Management Plans

The objective of the environmental management system at the design stage of project execution is to take up problem areas expected to affect the environment during operation based on the unique environment of each project, and take measures from the design stage to reduce that impact. By doing so, environmental issues are clarified within overall project operations, enabling specialist engineers to take appropriate measures systematically.

The contents of the environmental management system during the design stage are listed in a document called the Environmental Management Plan, summarized to enable environmentally friendly project execution (design, construction, operation), and contain the following items.

1. Project environmental policy
2. Organization, accountability for project environmental operations
3. Contents of operations that impact the environment
4. Audit of environmental operations

The environmental management plan takes into account not only the construction and operation of the plant, but also the dismantling/disposal of the plant 20 to 30 years down the road, and sometimes prohibits the use of materials and substances that impact the environment (such as asbestos and Freon) at the design stage.

Once the environmental management plan for the design stage is proposed, a meeting is held of project managers from the various design divisions to convey to them the contents of the plan and project-specific areas warranting caution. The project managers are then responsible for communicating this information to all members of the project team, and environmentally friendly project execution is implemented.

Chairman Takeuchi patrols a construction site

Environmental Protection at Construction Sites

JGC has long taken the environment into consideration during construction, based on customer requests. Since the environmental management system is a structured method that covers all aspects equally, and is not influenced by differences in the level of customer demands or personal experience and hunches, we are currently introducing the environmental management system into construction work to strengthen our consideration of the environment.

We are placing emphasis on the following.

1. Tightening legal compliance by specifying environmental regulations related to construction work.
2. Improving customer satisfaction and strengthening communication among interested parties.
3. Minimizing environmental disasters and managing environmental risks by anticipating, preparing for, and dealing effectively with emergencies.

At construction sites within Japan and abroad, we are advancing environmental management activities for construction work through the following steps.

1. Specifying of environmental aspects
2. Setting of environmental objectives/targets
3. Creation of environmental management plans for construction work
4. Environmental education/training
5. Implementation of regular tests for emergency response procedures
6. Monitoring the measurement of environment-related factors
7. Monthly reports

Activities to Lessen the Burden on the Environment

By employing environmental management systems for both office activities and project execution activities, we have reduced greenhouse gas emissions from office activities by more than 3,000 tons compared to fiscal 1998, when we moved our offices to Minato Mirai 21. In addition, we have steadily reduced the burden we place on the environment, turning close to 80% of waste products at medium-sized plant construction sites into resources.

Initiatives for Office Activities

JGC's Yokohama World Operations Center is located in Queen's Square Yokohama, a multi-use complex in the Minato Mirai 21 district of Nishi-ku, Yokohama. In the Minato Mirai 21 district, urban management is conducted based on the Basic Agreement on Town Development under the Minato Mirai 21 agreement, with emphasis placed on urban planning that takes into account energy conservation, measures toward a recycling society, urban disaster prevention and the effects on surrounding areas. JGC's initiatives to reduce the burden on the environment from office activities are being implemented on top of the basic foundation of environmental protection provided by these facilities.

Contribution to Society

As part of its social contribution activities, JGC has established the JGC-S Scholarship Foundation and the JGC Social Welfare Foundation, and provides support to them.

The JGC-S Scholarship Foundation was originally created from an endowment by the late Masao Saneyoshi, JGC founder and president. The foundation's main operations are the offering of educational loans to Japanese science and engineering students at undergraduate and graduate levels, the providing of grants to overseas students studying in Japan, and the offering of research assistantships to young science and engineering researchers. Up to fiscal 2009, the JGC-S Scholarship Foundation has disbursed educational loans to 13,005 students, grants to 4,607 students, and research assistantships to 1,943 researchers. Currently, the foundation is disbursing a total of approximately ¥324 million each year.

The JGC Social Welfare Foundation develops and provides social welfare equipment for physically disabled people, and also provides funding assistance to support groups and volunteer organizations in Japan's Kanagawa Prefecture involved in social welfare services for the mentally and physically disabled and the elderly. Through these activities, the foundation strives to make a positive contribution to the local community. In fiscal 2009, the foundation logged 38 cases of assistance to support groups, and 18 cases for volunteer organizations.

Furthermore, in Saudi Arabia JGC has been participating as one of the member companies of the KAUST Industrial Collaboration Program (KICP), an industrial collaboration program promoted by the King Abdullah University of Science & Technology (KAUST), which opened in 2009. KAUST is a graduate-studies level university established by an initiative of King Abdullah as a research base in such advanced technology fields as resources, energy, the environment, bioscience, biotechnology, applied mathematics, computer science and materials science. As a KICP member, and based on its technological prowess and expertise developed over many years of engineering and construction activities, JGC undertakes to support the creation of next-generation technology and the training of personnel that will contribute to the progress of both Saudi Arabia and international society. In fiscal 2010, JGC plans to participate in KICP's investigative research on the topic of "the water business and related technology."

JGC staff together with the staff and students of KAUST.

Improving Our Corporate Value by Fulfilling Our Social Responsibilities

JGC is keenly aware of the importance of corporate governance. Recognizing the need to foster that awareness in our corporate culture and climate, we have formulated the JGC Corporate Philosophy.
Through awareness-raising, education and training, we will work to win the public's trust and maintain harmony with society in our corporate activities.
Under the JGC Corporate Philosophy, we are working to increase corporate value and realize the principles set out in this philosophy while keeping corporate social responsibility in mind. At the same time, we make it a rule to strive for fairness and transparency in our corporate activities, in accordance with the Company's code of conduct.

Corporate Governance Framework

Executive Officer System

JGC has introduced an executive officer system, which clarifies the division of management decision-making and oversight functions from executive functions. This has further enhanced management efficiency and strengthened the Company's executive accountability system.

Board of Directors

The Board of Directors, headed by the Chairman of the Board of Directors, has 15 members and meets twice a month in principle. The Company also has five corporate auditors (including three outside auditors) who regularly attend board meetings. Following the conclusion of the General Meeting of Shareholders in June 2010, the Board of Directors now has 15 directors and five corporate auditors (including three outside auditors), the same as in fiscal 2009.

Meeting for the Execution of Business Operations

The Company has a Director and Executive Officer Committee, which meets once a month in principle for the purposes of sharing information regarding management policies and their status, and reporting/confirming the status of operations. The Chairman of the Board of Directors heads this committee, which is composed of directors, executive officers, and corporate auditors.

The Management Strategy Committee meets once a week in principle to examine and make decisions on important matters for the Company and the JGC Group relating to management strategy. The Chairman Emeritus of JGC Group heads this committee, which is comprised of directors, corporate auditors, and other members.

JGC has also established the Operations Steering Committee to consult and make decisions related to the execution of operations of the Company and the JGC Group. Chaired by the president, this committee includes corporate auditors and other individuals selected by the president. The committee meets twice a month in principle.

In addition, a Nominating Committee and an Assessment Committee have been established to enhance fairness and transparency in the selection of executive personnel and in the determination of compensation issues. The Nominating Committee and the Assessment Committee each meet once a year in principle.

Board of Auditors

The Company has adopted the "company with internal auditors" model to preserve the effectiveness of corporate governance by strengthening the framework of conducting audits by corporate auditors. In fiscal 2009, the Board of Auditors comprised five corporate auditors, including three outside appointments. In collaboration with the Internal Audit department and the accounting auditor, corporate auditors attend meetings of the Board of Directors and other important meetings, offer necessary comments, and further improve corporate governance through hearings regarding the business execution of internal divisions and through surveys of domestic and overseas offices and plants. In fiscal 2009, the Board of Directors met 23 times, and the outside auditor Mr. Murakami attended 19 times while the outside auditor Mr. Yamamoto attended 22 times. The outside auditor Mr. Sakuma attended 16 of the 17 meetings of the Board of Directors that were held since his appointment on June 26, 2009.

Outside Directors

Currently, the Company has appointed no outside directors. The reason for this is that the Company recognizes the importance of mainly appointing directors with a high degree of engineering business knowledge and who are well-versed in a wide range of business markets. As a result, the Board of Directors comprises only internal directors with abundant experience. However, the Company will again consider the appointment of outside directors in the future based on the availability of suitable candidates.

Independent Auditor

The certified public accountants who audit JGC's accounts are Makoto Ishikawa, Kazutoshi Isogai and Yoshihisa Uchida of KPMG AZSA & Co. Two other CPAs and nine other individuals assist with these audits.

Executive Compensation

Compensation for the Company's directors comprises fixed-amount remuneration and performance-based remuneration. The fixed-amount remuneration is determined according to the position and responsibilities of each director. The total amount of the performance-based remuneration is limited to a maximum of 1% of the net income of the fiscal year under review, and each director's remuneration is determined by reflecting the contributions of the directors to the successful accomplishment of their responsibilities and the fiscal year performance, and to provide an incentive for the improvement of business performance. Each director's contribution is determined after deliberation by the Assessment Committee to ensure the objectivity of the evaluation.

The compensation for corporate auditors is determined within a framework centered on fixed-amount remuneration, in order to help guarantee the appropriateness of audits as an independent mechanism that ensures suitable corporate governance.

Category	Total remuneration available	Remuneration breakdown			
		Fixed-amount remuneration		Performance-based remuneration	
		Number of recipients	Total remuneration paid	Number of recipients	Total remuneration paid
19 directors (excluding outside directors)	¥573.60 million	19	¥455.10 million	15	¥118.50 million
3 auditors (excluding outside auditors)	¥33.20 million	3	¥31.20 million	2	¥2.00 million
4 outside executive personnel (4 outside auditors)	¥31.28 million	4	¥29.28 million	3	¥2.00 million

Note: The annual compensation limit for directors is ¥690.00 million; the annual compensation limit for auditors is ¥88.00 million.

Compensation for Audits

	Compensation for audit certification activities	Compensation for non-audit activities
JGC	¥80 million	¥4 million
Consolidated subsidiaries	¥50 million	—
Total	¥130 million	¥4 million

Status of the Internal Control System

JGC has established an Internal Auditing Office to monitor, evaluate and improve the effectiveness of the internal control systems of JGC and of the Group as a whole, as well as to carry out individual audits where necessary. Additionally, JGC has created management authority regulations that specify the authority and responsibilities of all management personnel, thereby clarifying the system of accountability for corporate management and executive functions. JGC has also established Group management regulations for each Group member firm.

In terms of compliance, JGC's Legal & Compliance Office has compiled a corporate ethics and regulatory compliance manual, and conducts regular education and training to ensure a high level of fairness and transparency in all the Group's corporate activities. In addition, we are working through our PR and IR department to strengthen timely and appropriate disclosure of corporate information.

Status of the Risk Management System

JGC has established a Risk Management Committee as part of a comprehensive risk management system designed to systematically identify risks throughout the Group. In particular, project risk management is conducted in three broad stages: 1) the project selection stage, 2) the estimate and bidding stage, and 3) the execution stage.

1) Project Selection Stage

Sales divisions are constantly gathering a wide range of project information based on various factors such as region, customer, and technical field, and activities to obtain orders are conducted based on the study and evaluation of the following points.

· Project size (value)
· Technical expertise and experience required
· Country risk
· Allocation of engineers
· Competitive environment, etc.

The results of these studies and evaluations are used in determining JGC's level of interest in the respective projects.

2) Estimate and Bidding Stage

After acquiring requirement documents from the customer, the Project Divisions organize an estimate team, and examine the details of the bid. After the details have been identified, a Risk Study Committee meeting is held to analyze project-specific risks.

Major risk management points are:

· Clarity of project plan and scope of responsibility
· Customer's project funding plan and project execution policy
· Level of technology required and degree of difficulty
· Price and supply-demand trends for materials, machinery and labor
· Degree of difficulty in meeting deadlines
· Existence of excessive contractual obligations
· Competitiveness of bidding environment
· Appropriateness of project execution plan

A detailed estimate policy is drawn up and an estimate is created based on this risk analysis.

3) Execution Stage

Problems and other matters affecting the budget and timing that occur during execution of the project are reported in a timely manner, and problem areas are analyzed.

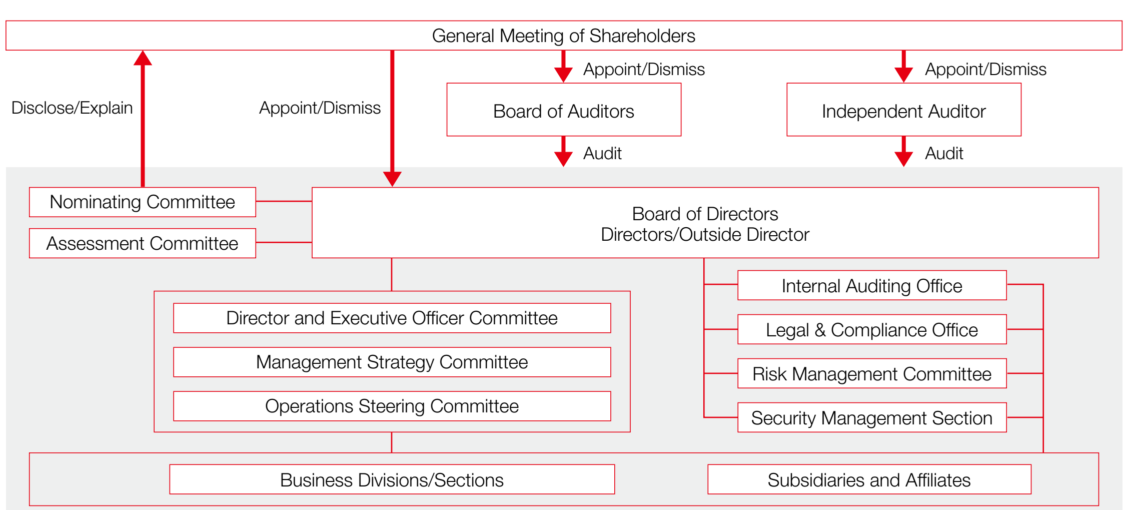
The Project Divisions regularly hold Project Review Committee meetings to ask the project manager for status reports, and if improvement is needed, smooth project management is supported through instructions and assistance designed to bring about appropriate improvements.

Regarding crisis management, the Company has established a Security Management Section to gather and process information related to risk management, conduct risk management training, and respond to any urgent issues that arise.

Furthermore, the JGC Group has also established a Personal Information Protection Policy and Personal Information Protection Regulations, to build a system for managing personal information, centered on those employees with duties that involve the handling of this information.

Corporate Governance System

(—) denotes "Direct" and "Report"



Board of Directors, Auditors and Executive Officers

As of July, 2010

Executive Vice President and Senior General Manager, Corporate Strategy Office*
Sei Tange

*President and Chief Operating Officer**
Masahiko Yaegashi

Chairman Emeritus of JGC Group
Yoshihiro Shigehisa

*Chairman and Chief Executive Officer**
Keisuke Takeuchi

*Executive Vice President**
Tadanori Aratani

*Executive Vice President**
Koichi Kawana

Senior Managing Director
Tadashi Ishizuka

Managing Directors

Yutaka Yamazaki
Senior General Manager,
International Project Division

Keitaro Ishii
Senior General Manager,
Legal & Compliance Office

Eiki Furuta
Senior General Manager,
Global Marketing Division

Hideaki Miura
Senior General Manager, Engineering
Division and Chief Information Officer

Tsutomu Akabane
General Manager,
International Project Division

Directors

Toyohiko Shimada
Senior General Manager, Business Planning &
Government/Industry Relations Office

Yasumasa Isetani
Senior General Manager,
Business Promotion & Execution Division

Kazuo Yamane
Senior General Manager, Corporate Planning &
Administration Division and Senior General
Manager, JGC Group Business Promotion Office

Masayuki Sato
Senior General Manager, Finance &
Accounting Division and Chief Financial Officer

Corporate Auditors

Toshiyuki Tsuchida
Minoru Sakuma**
Teruo Nakamura
Hiroyoshi Murakami**
Masaru Yamamoto**

Senior Executive Officers

Shuichi Tokumaru
Senior General Manager,
Project Operation Services Division

Hidenori Yashima
General Manager, International Project Division
and Senior General Manager,
Quality Assurance, Safety & Environment Office

Executive Officers

Yusuke Shinoda
General Manager, Global Marketing Division

Akira Wada
Senior General Manager,
Overseas Affiliate Strategy Office

Eiji Shimo
General Manager, Business Promotion &
Execution Division

Kensei Kagawa
General Manager, Global Marketing Division

Tetsuo Ando
Deputy General Manager,
International Project Division

Keiichi Shibata
General Manager, International Project Division

Yoshimichi Murakami
Senior General Manager,
Industrial & Domestic Energy Project Division

Tadao Takahashi
President, JGC Gulf International Co., Ltd.

Shigeru Abe
General Manager, International Project Division

Takashi Yasuda
Senior General Manager, Research &
Development Division and
Chief Technology Officer

Yasushi Momose
General Manager, Global Marketing Division

Toru Kikuchi
Senior General Manager,
China Business Development Office

Yutaka Yamanaka
General Manager, Engineering Division

Hiroshi Bunazawa
General Manager, International Project Division

Shin Matsui
Deputy General Manager,
International Project Division

Hitoshi Kitagawa
General Manager, Industrial &
Domestic Energy Project Division

Tokutaro Nomura
General Manager,
Project Operation Services Division

Satoshi Sato
General Manager, International Project Division

Note: * Representative Directors
** Outside Auditors

Financial Section

Contents

Six-Year Summary—Consolidated

For the six years ended March 31.
Yen amounts are in millions except per share data.

	2010	2009	2008	2007	2006	2005
Net Sales	**¥ 414,258**	¥450,912	¥551,062	¥608,530	¥ 550,301	¥435,198
Operating Income	**41,919**	52,003	44,896	26,413	20,389	13,221
Net Income	**27,112**	31,543	30,020	20,187	15,011	11,585
Total Current Assets	**283,538**	335,220	324,617	327,333	231,777	231,811
Total Current Liabilities	**137,728**	208,023	217,339	237,586	175,428	175,066
Working Capital	**145,810**	127,197	107,278	89,747	56,349	56,745
Current Ratio	**205.9%**	161.1%	149.4%	137.8%	132.1%	132.4%
Net Property and Equipment	**66,058**	66,509	68,450	67,220	65,688	65,887
Total Assets	**430,176**	480,279	466,773	470,286	375,288	367,438
Long-Term Debt, Less Current Maturities	**21,926**	23,255	17,300	17,799	993	15,712
Total Shareholders' Equity	**—**	—	—	—	—	151,155
Total Net Assets	**246,141**	224,488	207,537	189,239	173,355	—
New Contracts	**733,549**	506,135	402,352	301,347	807,649	469,534
Outstanding Contracts	**1,028,460**	671,341	632,827	744,679	1,024,348	722,374
Net Income per Share (in yen)	**107.25**	124.76	118.33	79.52	58.33	44.93
Cash Dividends per Share (in yen)	**21.0**	30.0	21.0	15.0	11.0	8.5
Number of Employees	**5,795**	5,739	4,723	4,531	4,205	4,147

Analysis of Performance and Financial Position

Our View of the Operating Environment

The global economy continued to face severe circumstances during the fiscal year under review. However, mainly due to the benefits of economic stimulation measures implemented in various countries, the Asian economies were robust and the European and U.S. economies gradually picked up. The Japanese economy steadily recovered mainly due to the leveling off of declines in domestic capital investment. However, overall the Japanese economy also continued to face severe circumstances, particularly because self-sustained momentum remained weak and unemployment levels remained high.

In oil and gas producing countries, which have the greatest impact on the total engineering business being developed by the JGC Group (the Group), the dramatic worsening of the global economy since summer 2008 has resulted in the delay of plant construction and the postponement of final investment decisions as clients increasingly took a wait-and-see approach with respect to plant construction costs. However, the Middle East, North Africa and other regions resumed capital investment in oil and natural gas development, and in petroleum refining and petrochemicals, based on investment policies from a medium- to long-term perspective, which included the nurturing of their own production industry, and on a recovery of crude oil prices since 2009.

Under these conditions, in the fiscal year 2009 under review the Group's total engineering business received orders that exceeded the initial target. This reflected the receiving of robust orders overseas centered on gas processing plants and LNG plants, and orders for project management services in new business fields. Paying close attention to the various risks involved, the Group worked to steadily implement projects, including those currently being carried out.

Results of Operations

Consolidated net sales for the JGC Group in the year ended March 31, 2010 declined 8.1% to ¥414,258 million. Consolidated operating income decreased 19.4% to ¥41,919 million, and consolidated net income was down 14.0% to ¥27,112 million.

Net Sales

Reflecting slow project progress and the impact of exchange rates, consolidated net sales declined by ¥36,654 million compared with the previous fiscal year, totaling ¥414,258 million.

Cost of Sales and Selling, General and Administrative Expenses

As a result of the decline in net sales, the cost of sales fell by ¥25,036 million to ¥353,906 million. Selling, general and administrative expenses decreased by ¥1,534 million to ¥18,433 million.

Operating Income

Operating income decreased by ¥10,084 million to ¥41,919 million, attributable to lower gross profit margins on completed projects. The operating income ratio was 10.1%, compared with 11.5% in the previous fiscal year.

Other Income (Expenses)

Other income (expenses) increased from net expenses of ¥2,559 million in the previous fiscal year to net expenses of ¥4,069 million. This was primarily due to a decrease in interest and dividend income and an increase in exchange loss, net, despite an increase in equity in earnings of affiliates and a decrease in the provision for doubtful accounts. Also, there was a decrease in gain on sales of marketable and investment securities despite the absence of a loss on devaluation of marketable and investment securities. The Company posted a loss on impairment of fixed assets in oil and gas field development and on production projects conducted by consolidated subsidiaries because the additional assumed reserves resulting from new drilling were significantly lower than initial assumptions. As a result, income before taxes on income for the year ended March 31, 2010 decreased ¥11,594 million to ¥37,850 million.

Taxes on Income

Income tax and other taxes decreased ¥11,246 million compared to the previous fiscal year to ¥12,431 million. This was attributable to the decrease in income before taxes on income and minority interests in earnings of consolidated subsidiaries as well as the decrease in tax expenses for tax calculation purposes. On the other hand, deferred taxes on income were minus ¥1,576 million, while tax expenses (net) came to ¥10,855 million.

Minority Interests in Earnings (Losses) of Consolidated Subsidiaries
Minority interests, primarily consisting of losses allocated to minority shareholders of consolidated subsidiary JGC-ITC Rabigh Utility Co., Ltd., increased by ¥56 million from the previous fiscal year to ¥117 million.

Net Income
As a result of the above, net income decreased by ¥4,431 million to ¥27,112 million.

Segment Information
Information by Business Segment
Net sales in the total engineering business declined by ¥35,212 million to ¥376,430 million, due to slow progress in projects and the unfavorable impact of foreign exchange rates. Operating income decreased by ¥11,368 million to ¥39,320 million, attributable to lower gross profit margins on completed projects.

In the catalysts and fine products business, net sales declined by ¥1,442 million from the previous fiscal year to ¥37,828 million because clients pushed back or reexamined business plans. However, operating income rose ¥1,291 million to ¥2,583 million, reflecting initiatives to improve profitability, including the production and promotion of a unified system for marketing, production and development to handle price negotiations with clients and fluctuations in demand. The total engineering business accounted for 91% of net sales and 94% of operating income.

Information by Region
Overseas sales declined by ¥11,419 million to ¥245,943 million. The breakdown of consolidated sales is 59% overseas and 41% domestic.

Financial Position
Consolidated total assets at the end of the fiscal year under review totaled ¥430,176 million, a decrease of ¥50,103 million from the end of the previous fiscal year. The decrease was due to a decrease in cash and deposits and other factors. Total liabilities declined by ¥71,756 million to ¥184,035 million, due to a decrease in advances received for uncompleted contracts. Shareholders' equity (total net assets-minority interests) increased by ¥21,932 million to ¥245,820 million, due to the increase in retained earnings.

As a result, the shareholders' equity ratio was 57.1%.

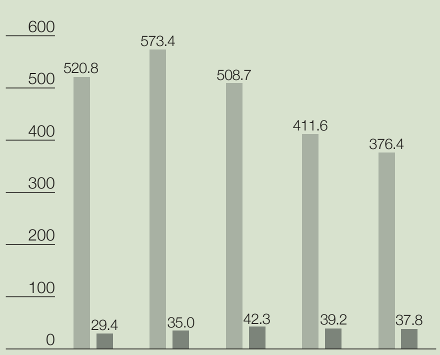
Effective from fiscal 2008, the Company has applied the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" and the "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet."

Balance sheet indicators for the JGC Group are as follows:

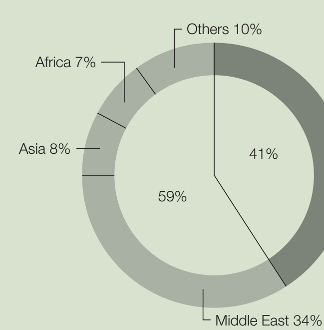
	Mar 2008	Mar 2009	**Mar 2010**
Current ratio (%)	149	161	**206**
Fixed assets ratio (%)	68	65	**60**

Notes: Current ratio: Current assets/current liabilities
Fixed asset ratio: (Net property and equipment+total other assets)/total net assets
All indicators are calculated using consolidated financial figures.

Segment Sales
(Billions of yen)



Ratio of Domestic and Overseas Net Sales
(%)



Cash Flow

Cash and cash equivalents on a consolidated basis decreased by ¥51,608 million to ¥123,808 million, excluding the increase associated with newly consolidated subsidiaries.

Net cash used in operating activities was ¥25,180 million, reflecting the decrease in advances received on uncompleted contracts, partly offset by ¥37,850 million in income before income taxes.

Net cash used in investing activities was ¥19,824 million, reflecting loans receivable extended to overseas subsidiaries and additional investments in these subsidiaries, as well as investments in new operating companies.

Net cash used in financing activities was ¥8,894 million, mainly due to dividend payments.

Cash flow indicators for the JGC Group are as follows:

	Mar 2008	Mar 2009	**Mar 2010**
Shareholders' equity ratio (%)	44.4	46.6	**57.1**
Shareholders' equity ratio (market basis, %)	82.5	58.7	**98.0**
Years to redemption of liabilities (years)	0.6	0.7	**—**
Interest coverage ratio (times)	62.8	47.1	**—**

Notes: Shareholders' equity ratio: (Total net assets–minority interests)/total assets
Shareholders' equity ratio (market basis): Total market value of shares/total assets
Years to redemption of liabilities: Interest-bearing liabilities/net operating cash flow
Interest coverage ratio: Net operating cash flow/interest expenses

*All indicators are calculated using consolidated financial figures.
*Interest-bearing liabilities include all liabilities posted on the Consolidated Balance Sheets on which interest was paid. Net operating cash flow is taken from cash flow provided by operating activities, as reported in the Consolidated Statements of Cash Flows. Interest paid is taken from the amount of interest paid as reported in the Consolidated Statements of Cash Flows.
*Years to redemption of liabilities and interest coverage ratio are not shown for fiscal years in which net cash is negative.

Analysis of New Contracts

At the end of the fiscal year under review, new contracts on a consolidated basis for the entire engineering business totaled ¥733,549 million (up 44.9% from the end of the previous fiscal year). This figure exceeded our initial forecast of ¥500,000 million.

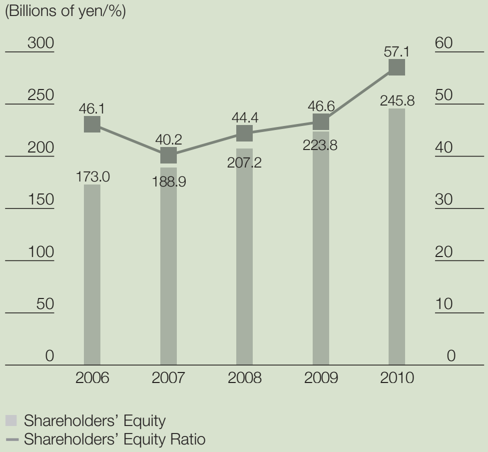
A breakdown of new contracts by business sector and region is as follows:

New Contracts by Business Sector

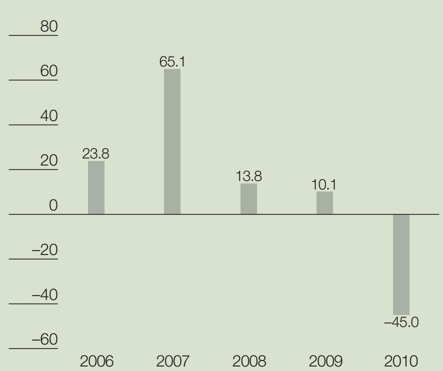
(Billions of yen)

	Mar 2009	**Mar 2010**	**Mar 2010 Percentage of new contracts**
Oil and gas development projects	268.8	**352.0**	**48.0%**
Petroleum refining projects	50.8	**39.3**	**5.4%**
LNG projects	31.2	**233.5**	**31.8%**
Chemical projects	78.4	**25.4**	**3.5%**
Other projects	76.6	**83.0**	**11.3%**

Shareholders' Equity and Shareholders' Equity Ratio
(Billions of yen/%)



Free Cash Flows
(Billions of yen)



New Contracts By Region

(Billions of yen)

	Mar 2009	Mar 2010	Mar 2010 Percentage of new contracts
Japan	131.9	**88.6**	**12.1%**
Asia	14.3	**45.5**	**6.2%**
Africa	47.6	**134.1**	**18.3%**
Middle East	299.6	**228.9**	**31.2%**
Other	12.6	**236.2**	**32.2%**

The consolidated outstanding contracts totaled ¥1,028,460 million, after adjustments for currency exchange and revision to contract figures.

Future Outlook

In the total engineering business, although we expect the desire to invest in plant facilities to remain firm in the Group's key markets centered on the Middle East, Asia and Africa due to increasing populations and economic growth in emerging nations, the Group expects the overall competitive environment to be severe, reflecting the accelerating price competition with competitors and the increasing tendency of clients to prioritize costs when selecting contractors. Against this backdrop, for the current fiscal 2010, the year ending March 31, 2011, we expect continued capital investment by clients in sectors including oil and gas development, LNG and petroleum refining. In these areas we will consider project scale, profitability, regions and sectors, while focusing our business activities on achieving the goals set forth in our "Scenario 2010" medium-term business plan.

In the catalysts and fine products business, there are still no signs for optimism concerning the future domestic market in light of the worsening market in fiscal 2008, but we expect the signs of recovery in the global market seen in the second half of fiscal 2009 to continue moderately in fiscal 2010. However, we expect the market's recovery momentum to remain weak, making for a continued difficult business environment. We will respond to these tough conditions by redoubling our efforts to cut costs, efficiently allocating our personnel and aggressively working to cultivate new clients. We will also strive to increase the profitability of each product, accelerate expansion into overseas markets, and build new business bases.

Other

< Nigeria LNG Project >

In or around 1995, JGC joined a consortium formed by M.W. Kellogg Company (a U.S. company that later became KBR), Technip (a French company), and Snamprogetti (an Italian company) in order to i) bid for the construction of liquefied natural gas plant in Bonny Island, Nigeria ("Project") and ii) implement the Project if awarded. The consortium was called "TSKJ". TSKJ was awarded the contract for the first staged of the Project (trains 1 & 2) in 1995, and thereafter up to 2004 three additional contracts to build additional 4 trains.

In or around 2002, French authority initiated investigations into TSKJ after allegations that in relation to the Project bribery payments were made to Nigerian government officials, and, in 2004, U.S. Department of Justice ("DOJ") and Securities and Exchange Commission ("SEC") initiated investigations in respect of the alleged breach of the U.S. Foreign Corrupt Practices Act.

As publicly reported, in 2009, KBR has reached the settlements with DOJ and SEC as a result of the aforesaid investigations. Technip and ENI (the parent company of Snamprogetti) announced in their recent disclosure that they have created accounting reserves for a potential settlement of the U.S. investigation.

We hereby report that DOJ has been in contact with JGC regarding their investigation of the TSKJ matter and JGC and DOJ are engaging in discussions about a potential resolution of that investigations relating to JGC.

Under the current circumstances, the impact of the ongoing discussions with DOJ on JGC's operation cannot be estimated.

Risks Impacting Operations

The following matters regarding risks associated with the businesses of the JGC Group could potentially have an effect on the judgments and decisions of investors.

Forward-looking statements are based on the best information available and give consideration to the overall activities of the JGC Group as of the date of publication of this annual report.

1. Risks With Overseas Causes

Overseas businesses generate about 60% of the JGC Group's total net sales. Such businesses are subject to country risks—economic, political and social. These include political unrest, wars, revolutions, civil strife, confiscation of property, changes in economic policy, default on foreign debts and changes in exchange and taxation systems. To minimize the effects on its businesses arising from these risks, the JGC Group continuously reviews and reinforces its risk management system, carries trade insurance, recovers receivables as early in a project as possible, forms joint ventures, and takes various other steps. However, when changes in the business environment are more radical than anticipated, and projects are canceled, suspended or delayed, the possibility of a negative impact on JGC's performance arises.

2. Risks Affecting Project Execution

Almost all contracts for projects in which the JGC Group participates are lump sum, full-turnkey contracts. However, to enable hedging of some of the risks in these contracts, the Group uses cost-plus-fee contracts and contracts based on the cost disclosure estimate method, depending on the project. The Group draws fully upon its past experience to anticipate and incorporate into each contract provisions for dealing with the risks that threaten to arise during its execution. When confronted with unforeseen impediments to the execution of a project, including sudden steep rises in the costs of materials, equipment, machinery and labor, outbreaks of disease, natural disasters, or if the JGC Group's actions or a problem during project execution should cause a major accident, the economics of a project can be adversely affected, which can have a negative impact on the JGC Group's performance.

3. Risks Affecting Investing Activities

The JGC Group invests in resource development businesses including oil and gas, new types of fuel business, water and power generation businesses, and the global warming gas-emissions credits business. In making these decisions, specific criteria are in place to facilitate new investments and reinvestments, monitoring of existing businesses, as well as decisions to withdraw from businesses, thereby ensuring the execution of appropriate risk management.

However, unanticipated dramatic changes in the investing environment, such as sudden price fluctuations in oil, gas or other energy resources, can have a negative impact on the JGC Group's performance.

4. Risks of Changes in Exchange Rates

Almost all of the income from JGC Group sales generated by overseas business is paid in foreign currencies. To hedge the associated exchange rate risk, we have introduced countermeasures including project contracts denominated in multiple currencies, conduct overseas procurement and enter into foreign exchange contracts. However, sudden exchange rate fluctuations could negatively affect the JGC Group's performance.

Consolidated Balance Sheets

JGC CORPORATION
March 31, 2010 and 2009

Assets	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current Assets:			
Cash and deposits (Notes 13 & 18)	**¥ 83,308**	¥117,782	**$ 895,400**
Marketable securities (Notes 9, 13 & 18)	**40,500**	56,500	**435,296**
Notes and accounts receivable (Notes 2 & 18)	**87,626**	72,455	**941,810**
Inventories (Note 4)	**36,897**	62,250	**396,571**
Deferred tax assets (Note 12)	**12,182**	13,734	**130,933**
Other current assets (Notes 2, 10 & 18)	**23,117**	12,559	**248,464**
Allowance for doubtful accounts	**(92)**	(60)	**(989)**
Total Current Assets	**283,538**	335,220	**3,047,485**
Property and Equipment (Note 3):			
Land (Notes 14 & 17)	**26,459**	26,561	**284,383**
Buildings and structures (Note 17)	**56,617**	55,509	**608,523**
Machinery and equipment	**45,520**	44,461	**489,252**
Construction in progress	**1,719**	853	**18,476**
Other (Note 19)	**1,747**	—	**18,777**
	132,062	127,384	**1,419,411**
Less accumulated depreciation	**(66,004)**	(60,875)	**(709,415)**
Net Property and Equipment	**66,058**	66,509	**709,996**
Other Assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 9)	**31,968**	27,804	**343,594**
Marketable and investment securities (Notes 9 & 18)	**29,699**	23,918	**319,207**
Long-term loans receivable (Notes 2, 15 & 18)	**1,085**	10,719	**11,662**
Deferred tax assets (Note 12)	**10,750**	11,241	**115,542**
Goodwill	**0**	404	**0**
Other (Note 19)	**7,078**	4,464	**76,074**
Total Other Assets	**80,580**	78,550	**866,079**
Total Assets	**¥430,176**	¥480,279	**$4,623,560**

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current Liabilities:			
Short-term loans and current maturities of long-term debt (Note 3)	**¥ 1,052**	¥ 762	**$ 11,307**
Notes and accounts payable (Notes 2 & 18)	**59,392**	80,608	**638,349**
Advances received on uncompleted contracts	**46,767**	81,501	**502,655**
Reserve for job warranty costs	**456**	468	**4,901**
Reserve for losses on contracts	**146**	1,835	**1,569**
Income taxes payable	**7,671**	14,592	**82,448**
Other current liabilities (Notes 2, 10 & 18)	**22,244**	28,257	**239,081**
Total Current Liabilities	**137,728**	208,023	**1,480,310**
Long-Term Debt, Less Current Maturities (Notes 3 & 18)	**21,926**	23,255	**235,662**
Retirement and Severance Benefits (Note 6)	**15,720**	16,226	**168,960**
Deferred Tax Liabilities for Land Revaluation (Notes 12 & 14)	**3,783**	3,783	**40,660**
Other Non-Current Liabilities (Notes 2 & 12)	**4,878**	4,504	**52,428**
Total Liabilities	**184,035**	255,791	**1,978,020**
Contingencies (Note 7)			
Net Assets (Note 8):			
Common stock			
Authorized — 600,000,000 shares,			
Issued — 259,052,929 shares in 2010 and 2009	**23,511**	23,511	**252,698**
Capital surplus	**25,601**	25,599	**275,161**
Retained earnings	**204,177**	188,547	**2,194,508**
Treasury stock, at cost	**(5,735)**	(5,671)	**(61,640)**
Net unrealized holding gains on securities (Notes 9 & 18)	**5,087**	2,481	**54,675**
Deferred gains (losses) on hedges (Note 10)	**2,712**	(1,027)	**29,149**
Land revaluation, net of deferred tax portion (Note 14)	**(6,553)**	(6,590)	**(70,432)**
Foreign currency translation adjustments	**(2,980)**	(2,962)	**(32,029)**
Minority interests	**321**	600	**3,450**
Total Net Assets	**246,141**	224,488	**2,645,540**
Total Liabilities and Net Assets	**¥430,176**	¥480,279	**$4,623,560**

Consolidated Statements of Income

JGC CORPORATION
Years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	**2010**
Net Sales (Note 11)	**¥414,258**	¥450,912	¥551,062	**$4,452,472**
Cost of Sales	**353,906**	378,942	487,362	**3,803,805**
Gross profit	**60,352**	71,970	63,700	**648,667**
Selling, General and Administrative Expenses	**18,433**	19,967	18,804	**198,119**
Operating income	**41,919**	52,003	44,896	**450,548**
Other Income (Expenses):				
Interest and dividend income	**1,814**	3,980	6,593	**19,497**
Interest expense	**(684)**	(807)	(558)	**(7,352)**
Loss on sales and disposal of property and equipment	**(98)**	(90)	(177)	**(1,053)**
Loss on impairment of fixed assets (Note 19)	**(3,649)**	—	—	**(39,220)**
Loss on devaluation of marketable and investment securities	**—**	(2,148)	(24)	**—**
Exchange loss, net	**(3,615)**	(1,611)	(8,152)	**(38,854)**
Equity in earnings of affiliates	**2,556**	2,143	5,078	**27,472**
Gain on sales of marketable and investment securities	**518**	2,577	148	**5,567**
Gain on revision of pension plan	**426**	—	—	**4,579**
Provision for doubtful accounts	**(1,496)**	(6,635)	(1,424)	**(16,079)**
Provision for retirement and severance benefits	**(138)**	—	—	**(1,483)**
Other, net	**297**	32	528	**3,192**
	(4,069)	(2,559)	2,012	**(43,734)**
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	**37,850**	49,444	46,908	**406,814**
Taxes on Income (Note 12)**:**				
Current	**12,431**	23,677	17,910	**133,609**
Deferred	**(1,576)**	(5,715)	(1,042)	**(16,939)**
Income before minority interests	**26,995**	31,482	30,040	**290,144**
Minority Interests in (Earnings) Losses of Consolidated Subsidiaries	**117**	61	(20)	**1,258**
Net Income	**¥ 27,112**	¥ 31,543	¥ 30,020	**$ 291,402**

	Yen			U.S. dollars (Note 1)
Amounts Per Share of Common Stock				
Net income	**¥107.25**	¥124.76	¥118.33	**$1.15**
Cash dividends applicable to the year	**¥ 21.00**	¥ 30.00	¥ 21.00	**$0.23**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

JGC CORPORATION
Years ended March 31, 2010, 2009 and 2008

	Thousands of shares	Millions of yen								
	Common stock									
	Shares	Amount	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities (Notes 9 & 18)	Deferred gains (losses) on hedges (Note 10)	Land revaluation, net of deferred tax portion (Note 14)	Foreign currency translation adjustments	Minority Interests
Balance at March 31, 2007	259,053	¥23,511	¥25,586	¥134,300	¥(4,032)	¥14,853	¥ —	¥(6,590)	¥ 1,337	¥ 274
Net income for the year				30,020						
Effect of change in scope of consolidation				(202)						
Cash dividends				(3,807)						
Gain on retirement of treasury stock			7		6					
Net unrealized holding losses on securities						(6,797)				
Net deferred gains on hedges							331			
Foreign currency translation adjustments									238	
Increase of treasury stock					(1,506)					
Net changes during the year										8
Balance at March 31, 2008	259,053	¥23,511	¥25,593	¥160,311	¥(5,532)	¥ 8,056	¥ 331	¥(6,590)	¥ 1,575	¥ 282
Net income for the year				31,543						
Effect of change in scope of consolidation				2,003					(48)	435
Cash dividends				(5,310)						
Gain on retirement of treasury stock			6		15					
Land revaluation, net of deferred tax portion				0				(0)		
Net unrealized holding losses on securities						(5,575)				
Net deferred losses on hedges							(1,358)			
Foreign currency translation adjustments									(4,489)	
Increase of treasury stock					(154)					
Net changes during the year										(117)
Balance at March 31, 2009	259,053	¥23,511	¥25,599	¥188,547	¥(5,671)	¥ 2,481	¥(1,027)	¥(6,590)	¥(2,962)	¥ 600
Net income for the year				**27,112**						
Effect of change in scope of consolidation				**(3,861)**					**(518)**	
Cash dividends				**(7,584)**						
Gain on retirement of treasury stock			**2**		**2**					
Land revaluation, net of deferred tax portion				**(37)**				**37**		
Net unrealized holding gains on securities						**2,606**				
Net deferred gains on hedges							**3,739**			
Foreign currency translation adjustments									**500**	
Increase of treasury stock					**(66)**					
Net changes during the year										**(279)**
Balance at March 31, 2010	**259,053**	**¥23,511**	**¥25,601**	**¥204,177**	**¥(5,735)**	**¥ 5,087**	**¥2,712**	**¥(6,553)**	**¥(2,980)**	**¥ 321**

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities (Notes 9 & 18)	Deferred gains (losses) on hedges (Note 10)	Land revaluation, net of deferred tax portion (Note 14)	Foreign currency translation adjustments	Minority Interests
Balance at March 31, 2009	$252,698	$275,140	$2,026,515	$(60,952)	$26,666	$(11,038)	$(70,830)	$(31,836)	$ 6,449
Net income for the year			**291,402**						
Effect of change in scope of consolidation			**(41,498)**					**(5,567)**	
Cash dividends			**(81,513)**						
Gain on retirement of treasury stock		**21**		**21**					
Land revaluation, net of deferred tax portion			**(398)**				**398**		
Net unrealized holding gains on securities					**28,009**				
Net deferred gains on hedges						**40,187**			
Foreign currency translation adjustments								**5,374**	
Increase of treasury stock				**(709)**					
Net changes during the year									**(2,999)**
Balance at March 31, 2010	**$252,698**	**$275,161**	**$2,194,508**	**$(61,640)**	**$54,675**	**$ 29,149**	**$(70,432)**	**$(32,029)**	**$ 3,450**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

JGC CORPORATION
Years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	2010
Cash Flows From Operating Activities:				
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	**¥ 37,850**	¥ 49,444	¥ 46,908	**$ 406,814**
Adjustments to reconcile income before taxes on income and minority interests in earnings of consolidated subsidiaries to net cash provided by operating activities:				
Depreciation and amortization	**9,134**	6,979	6,081	**98,173**
Amortization of goodwill	**391**	764	734	**4,202**
Increase in allowance for doubtful accounts	**780**	6,687	1,421	**8,383**
Decrease in reserve for losses on contracts	**(1,689)**	(776)	(2,403)	**(18,153)**
Decrease in retirement and severance benefits	**(375)**	(8)	(928)	**(4,031)**
Interest and dividend income	**(1,814)**	(3,980)	(6,593)	**(19,497)**
Interest expense	**684**	807	558	**7,352**
Exchange (gain) loss	**(15)**	660	5,005	**(161)**
Equity in earnings of affiliates	**(2,556)**	(2,143)	(5,078)	**(27,472)**
Gain on sales of marketable and investment securities	**(518)**	(2,577)	(148)	**(5,567)**
Loss on devaluation of marketable and investment securities	**—**	2,148	24	**—**
Loss on sales and disposal of property and equipment	**98**	90	177	**1,053**
Loss on impairment of fixed assets (Note 19)	**3,649**	—	—	**39,220**
Decrease (increase) in notes and accounts receivable	**(14,973)**	(4,141)	12,300	**(160,931)**
Decrease (increase) in inventories	**25,377**	7,146	(9,038)	**272,754**
Decrease (increase) in other assets	**(5,560)**	5,758	176	**(59,759)**
Increase (decrease) in notes and accounts payable	**(22,014)**	9,103	(27,782)	**(236,608)**
Increase (decrease) in advances received on uncompleted contracts	**(34,735)**	(31,909)	11,676	**(373,334)**
Other	**(3,404)**	5,014	(40)	**(36,587)**
Subtotal	**(9,690)**	49,066	33,050	**(104,149)**
Interest and dividends received	**4,854**	6,667	8,801	**52,171**
Interest paid	**(925)**	(777)	(460)	**(9,942)**
Income taxes paid	**(19,419)**	(18,361)	(12,526)	**(208,716)**
Net Cash Provided by Operating Activities	**(25,180)**	36,595	28,865	**(270,636)**
Cash Flows From Investing Activities:				
Payments for purchases of property and equipment	**(4,766)**	(6,042)	(6,494)	**(51,225)**
Proceeds from sales of property and equipment	**121**	195	133	**1,301**
Payments for purchase of intangible fixed assets	**(2,540)**	(1,211)	(997)	**(27,300)**
Payments for purchase of marketable and investment securities	**(12,494)**	(21,528)	(3,872)	**(134,286)**
Proceeds from sales of marketable and investment securities	**942**	5,399	550	**10,125**
Decrease (increase) in short-term loans receivable	**28**	(77)	293	**301**
Payments for long-term loans receivable	**(528)**	(3,375)	(5,233)	**(5,675)**
Proceeds from long-term loans receivable	**171**	63	658	**1,838**
Other	**(758)**	119	(70)	**(8,149)**
Net Cash Used in Investing Activities	**(19,824)**	(26,457)	(15,032)	**(213,070)**
Cash Flows From Financing Activities:				
Decrease in short-term loans	**—**	(75)	(2,389)	**—**
Proceeds from long-term bank loans	**—**	6,839	1,050	**—**
Repayments of long-term bank loans	**(737)**	(808)	(670)	**(7,921)**
Repayments of finance lease obligation	**(59)**	(33)	—	**(634)**
Payments for purchase of treasury stock	**(62)**	(133)	(1,492)	**(666)**
Cash dividends paid	**(7,579)**	(5,307)	(3,805)	**(81,460)**
Cash dividends paid to minority shareholders	**(20)**	(11)	(12)	**(215)**
Other	**(437)**	—	—	**(4,697)**
Net Cash Provided by (Used in) Financing Activities	**(8,894)**	472	(7,318)	**(95,593)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**2,290**	(2,815)	(1,360)	**24,613**
Net Increase in Cash and Cash Equivalents	**(51,608)**	7,795	5,155	**(554,686)**
Cash and Cash Equivalents at Beginning of Year	**174,282**	164,617	159,411	**1,873,194**
Increase in Cash and Cash Equivalents From Newly Consolidated Subsidiaries	**1,134**	1,870	—	**12,188**
Increase In Cash and Cash Equivalents From Subsidiaries Merged	**—**	—	51	**—**
Cash and Cash Equivalents at End of Year (Note 13)	**¥123,808**	¥174,282	¥164,617	**$1,330,696**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Note 1 — Summary of Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of JGC Corporation (Nikki Kabushiki Kaisha, the Company) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Prior to the year ended March 31, 2009, the accounts of consolidated overseas subsidiaries were based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. As discussed in Note 1 (e), the accounts of consolidated overseas subsidiaries for the year ended March 31, 2010 are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2010, which was ¥93.04 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(b) Reporting Entity

The consolidated financial statements include the accounts of the Company and its significant subsidiaries that include less than 50% owned affiliates controlled through substantial ownership of majority voting rights or existence of substantial control. All significant inter-company transactions and account balances are eliminated in consolidation.

Investments in non-consolidated subsidiaries and affiliates over which the Company has the ability to exercise significant influence over operating and financial policies of the investees are accounted for by the equity method.

The number of consolidated subsidiaries and affiliates accounted for using the equity method at March 31, 2010, 2009 and 2008, was as follows:

	2010	2009	2008
Consolidated subsidiaries	**14**	14	13
Affiliates under the equity method	**3**	3	3

Investments in non-consolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost, adjusted for any substantial and non-recoverable decline in value. The effect on net income (loss) and retained earnings from those investments not accounted for under the equity method is immaterial.

(c) Consolidated Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with negligible risk of changes in value, and maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(d) Conversion of Foreign Currencies and Translation of Statements

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates.

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rates except for net assets accounts, which are translated at the historical rates. Income statements of consolidated overseas subsidiaries are translated at average rates except for transactions with the Company, which are translated at the rates used by the Company.

(e) Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

On March 17, 2006, the Accounting Standards Board of Japan issued ASBJ Practical Issues Task Force No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No. 18"). PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that their impacts on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

(a) Goodwill not subjected to amortization
(b) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurement of investment properties, and revaluation of property, plant and equipment, and intangible assets
(e) Retrospective treatment of a change in accounting policies
(f) Accounting for net income attributable to minority interests

There were no material effects from adopting PITF No. 18 on the consolidated financial statements for the year ended March 31, 2010.

(f) Allowance for Doubtful Accounts

Notes and accounts receivable, including loans and other receivable, are valued by providing individually estimated uncollectible amounts plus the amounts for probable losses calculated by applying a percentage based on collection experience to the remaining accounts.

(g) Marketable Securities, Investments in Unconsolidated Subsidiaries and Affiliates, and Marketable and Investment Securities

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using the moving-average method. Other securities with no available fair market value are stated at moving-average cost. Equity securities issued by subsidiaries and affiliates, which are not consolidated or accounted for using the equity method, are stated at moving-average cost.

The companies are required to examine the intent of holding each security and classify those securities as (a) securities held for trading purposes, (b) debt securities intended to be held to maturities, (c) equity securities issued by subsidiaries and affiliates, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities"). The Company and its domestic consolidated subsidiaries did not have the securities defined as (a) and (b) above in the years ended March 31, 2010 and 2009.

If the market value of available-for-sale securities declines significantly, such securities are restated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of decline (See Note 9). For equity securities with no available fair market value, if the net asset value of the investee declines significantly, such securities are required to be written down to the net asset value with the corresponding losses in the period of decline. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(h) Recognition of Sales, Contract Works in Progress and Advances Received on Uncompleted Contracts

On December 27, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts." The new accounting standards require that if the construction activity is deemed certain during the course of the activity, the percentage-of-completion method shall be applied (the percentage of the cost incurred to the estimated total cost), otherwise the completed-contract method shall be applied. This standard is effective from the year ended March 31, 2010.

As a result, Net Sales increased by ¥2,407 million ($25,871 thousand) and Gross profit, Operating income, and Income before taxes on income and minority interests in earnings of consolidated subsidiaries increased by ¥318 million ($3,418 thousand), respectively for the year ended March 31, 2010.

Prior to the year ended March 31, 2010, the Company recognized sales on contracts using the completed-contract method except for long-term contracts. Under this method, costs and advances received on uncompleted contracts are accumulated during the period of construction. These costs and advances received on uncompleted contracts are not offset and are shown as contract works in progress and advances received on uncompleted contracts in the accompanying consolidated balance sheets. Accordingly, no profits or losses are recorded before the contract is completed.

Sales on other contracts for relatively large projects, which require long periods for completion and which generally include engineering, procurement (components, parts, etc.) and construction on a full-turnkey basis, are recognized on the percentage-of-completion method, primarily based on contract costs incurred to date compared with total estimated costs for contract completion. The percentage-of-completion method is adopted for large jobs for which the construction period exceeds 24 months and the contract amount exceeds ¥5,000 million (including jobs whose construction period exceeds 36 months and the contract amount exceeds ¥3,000 million). Revisions in contract revenue and cost estimates are recognized in the period in which they are determined.

Contract works in progress are stated at cost determined by a specific identification method and comprised of direct materials, components and parts, direct labor, subcontractors' fees and other items directly attributable to the contract, and job-related overheads. Selling, general and administrative expenses are charged to operations as incurred and are not allocated to contract job work costs.

The Company normally receives payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

Net sales recognized on the percentage-of-completion method for the years ended March 31, 2009 and 2008, were ¥270,696 million and ¥396,618 million, respectively.

(i) Inventories

Prior to April 1, 2008, Inventories of the Company and its consolidated subsidiaries were stated at cost determined using the moving-average method except for contract works in progress as stated Note 1 (h).

On July 5, 2006, the Accounting Standards Board of Japan issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories." As permitted under the superseded accounting standard, some consolidated domestic subsidiaries previously stated inventories at cost. The new accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net realizable value. The effect of this change on the financial result is immaterial.

(j) Operating Cycle

Assets and liabilities related to long-term contract jobs are included in current assets and current liabilities in the accompanying consolidated balance sheets, as they will be liquidated in the normal course of contract completion, although it may require more than one year.

(k) Property and Equipment, Depreciation and Finance Leases

Property and equipment are stated at cost, except for certain revalued land as explained in Note 14. Depreciation of property and equipment is calculated primarily using the straight-line method for buildings used for business operation, and the declining-balance method for other property and equipment over the estimated useful lives of the assets based on the Corporate Tax Code of Japan.

Effective from the year ended March 31, 2009, the Company and its domestic subsidiaries shortened the estimated useful lives of machinery and equipment based on the reassessment of the useful lives in light of the change in the Corporation Tax Code of Japan. The effect of this change on the financial result is immaterial.

Prior to the year ended March 31, 2009, the Company and its domestic subsidiaries accounted for finance leases which do not transfer ownership of the leased property to the lessee as operating leases with disclosure of certain "as if capitalized" information in a note to the consolidated financial statements.

On March 31, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions." The new accounting standards require that all finance leasing transactions should be capitalized.

Effective from the year ended March 31, 2009, the Company and its domestic subsidiaries adopted the new accounting standards for finance leases commencing after March 31, 2008 and capitalized assets used under such leases, except for certain immaterial or short-term finance leases, which are accounted for as operating leases. As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of "as if capitalized" information.

The effect of this change on the financial result is immaterial.

Expenditures for new facilities and those that substantially increase the useful lives of existing property and equipment are capitalized. Maintenance, repair and minor renewals are charged to expenses as incurred.

The cost and accumulated depreciation applicable to assets retired or otherwise disposed of are eliminated from the related accounts and the gain or loss on disposal is credited or charged to income.

(l) Impairment of Fixed Assets

The Company and its consolidated subsidiaries review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(m) Retirement and Severance Benefits and Pension Costs

(1) Employees' severance and retirement benefits

The Company and its consolidated subsidiaries provide two types of post-employment benefit plans, unfunded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

Some consolidated subsidiaries also have a defined-contribution pension plan, which was transferred from a portion of the defined-benefit pension plan.

The Company and its consolidated subsidiaries provided allowance for employees' severance and retirement benefits at March 31, 2010 and 2009, based on the estimated amounts of projected benefit obligation, actuarially calculated using certain assumptions and the fair value of the plan assets at that date.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years.

The Company and its consolidated subsidiaries recognize prior service costs as expenses in equal amounts over the average of the estimated remaining service lives of the employees, and actuarial gains and losses as expenses using the declining-balance method over the average of the estimated remaining service lives commencing in the following period.

However, some consolidated subsidiaries recognized prior service costs and actuarial differences as expenses in the period incurred.

(2) Officers' severance and retirement benefits

Domestic consolidated subsidiaries provide for liabilities in respect of lump-sum severance and retirement benefits to directors and corporate statutory auditors computed on the assumption that all officers retired at year-end.

Effective from the year ended March 31, 2010, the Company and consolidated domestic subsidiaries adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan ("ASBJ") Statement No. 19 issued on July 31, 2008). The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, domestic companies were allowed to use a discount rate determined taking into consideration fluctuations in the yield of long-term government and gilt-edged bonds over a certain period. This change had no material impact on the consolidated financial statements for the year ended March 31, 2010.

From the year ended March 31, 2010 one consolidated domestic subsidiary changed the calculation method about allowance for employees' severance and retirement benefit from accounting for 100% of the lump-sum retirement benefits to actuarial calculation.

As a result, Income before taxes on income and minority interests in earnings of consolidated subsidiaries decreased by ¥138 million ($1,483 thousand) for the year ended March 31, 2010.

On July 1, 2009, one consolidated domestic subsidiary unified its employees' severance and retirement benefits to the defined-benefit pension plan. This transfer is accounted for in accordance with the "Guidance on Accounting Standard for Transfer between Retirement Benefit Plans" (Accounting Standards Board of Japan Guidance No. 1).

(n) Research and Development Costs

Research and development costs for the improvement of existing skills and technologies or the development of new skills and technologies, including basic research and fundamental development costs, are charged to operations in the period incurred. The total amount of research and development expenses, included in Cost of Sales and Selling, General and Administrative Expenses, was ¥5,009 million ($53,837 thousand), ¥5,331 million, and ¥4,790 million, respectively, in 2010, 2009 and 2008.

(o) Taxes on Income

The Company and its consolidated subsidiaries provide tax effects of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(p) Reserve for Job Warranty Costs

A reserve for the estimated cost of warranty obligations is provided for the Company's engineering, procurement and construction work at the time the related sales on contracts are recorded.

(q) Reserve for Losses on Contracts

A reserve for losses on contracts is provided for an estimated amount of probable losses to be incurred in future years in respect of construction projects in progress.

(r) Per Share Information

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date but applicable to the year then ended.

(s) Amortization of Goodwill

Goodwill is amortized over five years on a straight-line basis, and either debited to Selling, General and Administrative Expenses, or credited to Other Income.

(t) Derivatives and Hedge Accounting

The accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless the derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its domestic consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner (Allocation method):

(1) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
   (i) The difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the statement of income in the period which includes the inception date, and
   (ii) The discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

(2) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, where interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed (Special method for interest rate swaps).

(u) Accrued Bonuses to Directors and Corporate Auditors

The company and consolidated subsidiaries recognize directors' and corporate auditors' bonuses as expenses when incurred.

(v) Reclassification and Restatement

Certain prior year amounts have been reclassified to conform to the current year presentation.

These reclassifications had no impact on previously reported results of operations or retained earnings.

Note 2 — Receivables From and Payables to Unconsolidated Subsidiaries and Affiliates

Significant receivables from and payables to unconsolidated subsidiaries and affiliates at March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Notes and accounts receivable	¥1,699	¥ 402	$18,261
Other current assets	5,074	1,266	54,536
Long-term loans receivable	849	8,014	9,125
Notes and accounts payable	2,447	1,099	26,301
Other current liabilities	583	448	6,266
Other non-current liabilities	3	3	32

Note 3 — Borrowings and Assets Pledged as Collateral

Short-term loans consisted mainly of unsecured notes and bank overdrafts and bore interest at the annual rates of 1.13% and 1.39% at March 31, 2010 and 2009, respectively. Such loans are generally renewable at maturity.

Long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Secured Loans			
0.55% – 1.75% loans from a governmental institution due serially through 2014	¥ 1,629	¥ 2,340	$ 17,508
Unsecured Debt			
0.48% – 3.00% loans from banks and insurance companies due serially through 2016	21,324	21,652	229,192
	22,953	23,992	246,700
Less current maturities	(1,027)	(737)	(11,038)
Long-term debt due after one year	¥21,926	¥23,255	$235,662

Assets pledged as collateral for long-term debt and other non-current liabilities at March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Land	¥ 5,071	¥ 5,071	$ 54,504
Buildings and structures, at net book value	3,615	3,819	38,854
Machinery and equipment, at net book value	3,611	4,809	38,811
Total	¥12,297	¥13,699	$132,169

The annual maturities of long-term debt outstanding at March 31, 2010, were as follows:

	Amount	
Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2011	¥ 1,027	$ 11,038
2012	14,793	158,996
2013	1,042	11,199
2014	5,719	61,468
2015 and thereafter	372	3,999
Total	¥22,953	$246,700

Note 4 — Inventories

Inventories at March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Inventories:			
Contract works in progress	¥28,123	¥48,998	$302,268
Finished goods and merchandise	4,715	7,729	50,677
Works in process	1,634	1,401	17,562
Raw materials and others	2,425	4,122	26,064
Total	¥36,897	¥62,250	$396,571

Note 5 — Lease Transactions

A. Lessee Leases

(a) Finance Lease Transactions Without Ownership Transfer to Lessee

As discussed in Note 1 (k), finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2010 and 2009 were as follows:

(1) Purchase price equivalents, accumulated depreciation equivalents, and book value equivalents

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Machinery and equipment and others:			
Purchase price equivalents	¥1,156	¥1,501	$12,425
Accumulated depreciation equivalents	(723)	(820)	(7,771)
Book value equivalents	¥ 433	¥ 681	$ 4,654

Purchase price equivalents are calculated using the inclusive-of-interest method.

(2) Lease commitments

March 31,	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 1) 2010
Due within one year	**¥152**	¥244	**$1,634**
Due after one year	**281**	437	**3,020**
Total	**¥433**	¥681	**$4,654**

Lease commitments as lessee are calculated using the inclusive-of-interest method.

(3) Lease payments and depreciation equivalents

Year ended March 31,	Millions of yen 2010	2009	2008	Thousands of U.S. dollars (Note 1) 2010
Lease payments	**¥243**	¥335	¥358	**$2,612**
Depreciation equivalents	**243**	335	358	**2,612**

(4) Calculation method of depreciation equivalents

Depreciation equivalents are computed by the straight-line method over the lease period without considering residual value.

(b) Operating Lease Transactions

Lease commitments under non-cancelable operating leases

March 31,	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 1) 2010
Due within one year	**¥ 527**	¥ 414	**$ 5,664**
Due after one year	**810**	1,103	**8,706**
Total	**¥1,337**	¥1,517	**$14,370**

B. Lessor Leases

(a) Finance Lease Transactions Without Ownership Transfer to Lessee, Whose Transaction Date Was After April 1, 2008

(1) Details of investment in leased assets

March 31,	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2010
Lease payment receivable	**¥76**	**$817**
Estimated residual value	**—**	**—**
Interest income	**—**	**—**
Total	**¥76**	**$817**

(2) As at March 31, 2010, the investment in leased assets due in each of the next five years was as follows:

Year ending March 31,	Amount: Millions of yen	Amount: Thousands of U.S. dollars (Note 1)
2011	¥17	$183
2012	18	194
2013	19	204
2014	16	172
2015	6	64
Total	¥76	$817

(b) Finance Lease Transactions Without Ownership Transfer to Lessee, Whose Transaction Date Was Before March 31, 2008

As discussed in Note 1 (k), finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2010 and 2009 were as follows:

(1) Purchase price, accumulated depreciation and book value

March 31,	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 1) 2010
Machinery and equipment and others:			
Purchase price	**¥ 61**	¥ 187	**$ 656**
Accumulated depreciation	**(44)**	(131)	**(473)**
Book value	**¥ 17**	¥ 56	**$ 183**

(2) Lease commitments

March 31,	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 1) 2010
Due within one year	**¥10**	¥32	**$108**
Due after one year	**7**	29	**75**
Total	**¥17**	¥61	**$183**

Lease commitments as lessor were calculated using the inclusive-of-interest method.

(3) Rental income and depreciation

Year ended March 31,	Millions of yen 2010	2009	2008	Thousands of U.S. dollars (Note 1) 2010
Rental income	**¥38**	¥87	¥99	**$408**
Depreciation	**30**	79	91	**322**

Note 6 — Retirement and Severance Benefits

The liabilities for employees' severance and retirement benefits included in retirement and severance benefits in the liability section of the consolidated balance sheets as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Projected benefit obligation	¥ 46,348	¥ 47,651	$ 498,152
Less fair value of pension assets	(26,849)	(25,363)	(288,575)
Unfunded projected benefit obligation	19,499	22,288	209,577
Less unrecognized net transition obligation	(17)	(38)	(183)
Unrecognized actuarial differences	(5,816)	(8,462)	(62,511)
Unrecognized prior service costs	1,686	1,934	18,121
Net liability for employees' severance and retirement benefits	15,352	15,722	165,004
Subtotal	15,352	15,722	165,004
Allowance for officers' lump-sum severance benefits	368	504	3,956
Retirement and severance benefits	¥ 15,720	¥ 16,226	$ 168,960

Included in the consolidated statements of income for the years ended March 31, 2010 and 2009, were severance and retirement benefit expenses comprising the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Service costs — benefits earned during the year	¥1,657	¥1,910	$17,810
Interest cost on projected benefit obligation	711	739	7,642
Expected return on plan assets	(374)	(428)	(4,020)
Amortization of net transition obligation	22	25	236
Amortization of actuarial differences	1,340	1,315	14,402
Amortization of prior service costs	(110)	(262)	(1,182)
Contribution for defined-contribution pension plan	81	109	871
Severance and retirement benefit expenses	¥3,327	¥3,408	$35,759

The discount rate used by the Company and its domestic consolidated subsidiaries was 1.5%–2.0% at March 31, 2010 and 2009. However, some overseas consolidated subsidiaries used the rate of 8.5% and 8.0% at March 31, 2010 and 2009, respectively. The rate of expected return on plan assets used by the Company and its domestic consolidated subsidiaries was 1.5%–2.0% for March 31, 2010 and 2009. However, some overseas consolidated subsidiaries used the rate of 9.0% and 8.0% at March 31, 2010 and 2009, respectively. Actuarial differences are recognized in consolidated statements of income using the declining-balance method over 12 years to 16 years for the years ended March 31, 2010 and 2009, beginning the following fiscal year of recognition. Prior service costs are recognized using the straight-line method over 12 years and 15 years for the years ended March 31, 2010 and 2009, respectively, from the fiscal year incurred. Net transition obligation is amortized over 15 years.

Note 7 — Contingencies

(1) It is a business practice in Japan for a company to guarantee the indebtedness of certain of its trading agents, suppliers, subcontractors and certain subsidiaries and affiliates. The aggregate amount of such guarantees were ¥5,217 million ($56,073 thousand) and ¥5,367 million at March 31, 2010 and 2009, respectively.

(2) The Company and one consolidated subsidiary have guaranteed employees' housing loans and others from banks in the amount of ¥10 million ($107 thousand) and ¥16 million at March 31, 2010 and 2009, respectively.

Note 8 — Net Assets

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve.

Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

At the annual shareholders' meeting of the Company held on June 29, 2010, the shareholders approved cash dividends amounting to ¥5,308 million ($57,051 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2010. Such appropriations are recognized in the period in which they are approved by the shareholders.

Note 9 — Information on Securities

A. The following tables summarize acquisition costs and book values stated at the fair value of securities with available fair values as of March 31, 2010 and 2009.

(a) Available-for-Sale Securities With Available Fair Values

(1) Securities with book values exceeding acquisition costs

March 31, 2010	Acquisition cost	Book value	Difference
			Millions of yen
Equity securities	¥9,271	¥17,502	¥8,231

March 31, 2009	Acquisition cost	Book value	Difference
			Millions of yen
Equity securities	¥7,400	¥11,948	¥4,548

March 31, 2010	Acquisition cost	Book value	Difference
	Thousands of U.S. dollars (Note 1)		
Equity securities	$99,645	$188,112	$88,467

(2) Securities with book values not exceeding acquisition costs

March 31, 2010	Acquisition cost	Book value	Difference
			Millions of yen
Equity securities	¥2,231	¥1,974	¥(257)

March 31, 2009	Acquisition cost	Book value	Difference
			Millions of yen
Equity securities	¥4,092	¥3,434	¥(658)

March 31, 2010	Acquisition cost	Book value	Difference
	Thousands of U.S. dollars (Note 1)		
Equity securities	$23,979	$21,217	$(2,762)

B. The following tables summarize book values of securities with no available fair values or securities not valued by fair market prices as of March 31, 2010 and 2009.

(a) Available-for-Sale Securities

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Non-listed equity securities	¥10,184	¥ 8,492	$109,459
Subscription certificate	39	38	419
Bonds	—	6	—
Negotiable certificate of deposit	40,500	56,500	435,296
Total	¥50,723	¥65,036	$545,174

(b) Unconsolidated Subsidiaries and Affiliates

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Securities of unconsolidated subsidiaries	¥ 5,470	¥10,276	$ 58,792
Securities of affiliates	26,498	17,528	284,802
Total	¥31,968	¥27,804	$343,594

C. Available-for-sale securities with maturities are as follows:

March 31, 2010	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
					Millions of yen
Negotiable certificate of deposit	¥40,500	¥—	¥—	¥—	¥40,500

March 31, 2009	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
					Millions of yen
Negotiable certificate of deposit	¥56,500	¥—	¥—	¥—	¥56,500

March 31, 2010	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
			Thousands of U.S. dollars (Note 1)		
Negotiable certificate of deposit	$435,296	$—	$—	$—	$435,296

The Company and its domestic consolidated subsidiaries follow a policy of devaluation of available-for-sale securities. The policy of devaluation for the Company and its domestic consolidated subsidiaries is that if the available fair value of the securities declines by 50% or more, compared with acquisition cost, all the corresponding securities are devalued as such decline in value is considered to be substantial and non-recoverable. In addition, in the case whereby the available fair value of the securities declines by more than 30% but by less than 50%, the Company and its domestic consolidated subsidiaries examine the recoverability of the fair value of the securities and devaluate if those securities are considered to be non-recoverable.

Note 10 — Derivative Transactions and Hedge Accounting

As explained in Note 1 (t), the accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

The Company utilizes foreign currency forward contracts and interest rate swap contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates with respect to foreign currency receivable and payable and mitigating future risks of interest rate increases and lowering the financing costs with respect to borrowings.

Foreign currency forward contracts and interest rate swap contracts are subject to risks of foreign exchange rate changes and interest rate changes, respectively.

The derivative transactions are executed and managed in accordance with the established policies and within the specified limit on the amounts of derivative transactions allowed.

The following summarizes hedging derivative financial instruments used by the Company and hedged items:

Hedging instruments:	Hedged items:
Foreign currency forward contracts	Foreign currency trade receivable, payable and future transactions denominated in a foreign currency
Foreign currency deposit	Foreign currency trade receivable, payable and future transactions denominated in a foreign currency
Interest rate swap contracts	Interest on loans payable

The Company evaluates hedge effectiveness semi-annually by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments. However, where the principal conditions underlying the hedging instruments and the hedged assets or liabilities are similar, the evaluation of hedge effectiveness is not performed.

The Company's financial instrument counter-parties were all prime banks operating domestically in Japan, and the Company does not expect non-performance by the counter-parties.

(a) Fair Value of Undesignated Derivative Financial Instruments

Fair value of undesignated derivative financial instruments as of March 31, 2010 and 2009 is summarized as follows:

	Millions of yen				
	Contract amounts				
March 31, 2010	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	**¥ 2,789**	**¥—**	**¥ 2,789**	**¥ (1)**	**¥ 0**
Buy Euro	**¥12,325**	**¥—**	**¥12,325**	**¥(2,225)**	**¥(2,222)**

	Millions of yen				
	Contract amounts				
March 31, 2009	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	¥6,864	¥—	¥6,864	¥(1)	¥(1)
Buy U.S. dollars	¥ 197	¥—	¥ 197	¥(3)	¥(3)

	Thousands of U.S. dollars (Note 1)				
	Contract amounts				
March 31, 2010	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	**$ 29,976**	**$—**	**$ 29,976**	**$ (11)**	**$ 0**
Buy Euro	**$132,470**	**$—**	**$132,470**	**$(23,914)**	**$(23,882)**

Fair value of forward exchange contracts is stated based on the quoted price from banks.

(b) Fair Value of Derivative Financial Instruments Designated as Hedging Instruments

Fair value of derivative financial instruments designated as hedging instruments as of March 31, 2010 is summarized as follows:

			Millions of yen		
March 31, 2010			Contract amounts		
Accounting method	Hedged instruments	Hedged item	Contract amount	Portion over one year	Fair value
Allocation method (Note 1 (t))	Forward exchange contracts				
	Sell U.S. dollars	Accounts receivable	**¥56,058**	**¥25,008**	**¥4,541**
	Buy Euro	Accounts payable	**¥ 7,263**	**¥ 4,364**	**¥ (125)**
	Buy British pound	Accounts payable	**¥ 1,232**	**¥ —**	**¥ (320)**
Special method for interest rate swap (Note 1 (t))	Interest rate swap contracts				
	Receive variable rate and Pay fixed rate swap	Long-term debt	**¥12,174**	**¥12,174**	*

* The fair value of the interest rate swap was included in the long-term debt.

March 31, 2010			Thousands of U.S. dollars (Note 1)		
			Contract amounts		
Accounting method	Hedged instruments	Hedged item	Contract amount	Portion over one year	Fair value
Allocation method (Note 1 (t))	Forward exchange contracts				
	Sell U.S. dollars	Accounts receivable	$602,515	$268,788	$48,807
	Buy Euro	Accounts payable	$ 78,063	$ 46,905	$ (1,344)
	Buy British pound	Accounts payable	$ 13,242	$ —	$ (3,439)
Special method for interest rate swap (Note 1 (t))	Interest rate swap contracts				
	Receive variable rate and Pay fixed rate swap	Long-term debt	$130,847	$130,847	*

* The fair value of the interest rate swap was included in the long-term debt.

Note 11 — Segment Information

(a) Information by Business Segment

The operations of the Company and its consolidated subsidiaries are classified into two reportable segments: the total engineering business and the catalysts and fine products business.

Major activities included in the total engineering business are design, procurement, construction and performance test services of machinery and plants for petroleum, petroleum refining, petrochemicals, gas, chemicals, nuclear energy, metal refining, biochemical, food, pharmaceuticals, medical, logistics, information technology, environment conservation and pollution control. Major activities in the catalysts and fine products business include manufacturing and distribution of chemical and catalyst products (FCC catalysts, hydrotreating catalysts, deNOx catalysts, petrochemical catalysts, etc.), and new functional material products (colloidal silica, coating materials for surface treatment on cathode ray tubes, material for semiconductors, cathode materials and cosmetic products, etc.).

The following is information by business segment for the years ended March 31, 2010, 2009 and 2008:

Year ended March 31, 2010	Total engineering	Catalysts and fine products	Total	Elimination or corporate	Consolidated
					Millions of yen
Net sales:					
External customers	¥376,430	¥37,828	¥414,258	¥ —	¥414,258
Inter-segment	14	13	27	(27)	—
Total	376,444	37,841	414,285	(27)	414,258
Operating expenses	337,124	35,258	372,382	(43)	372,339
Operating income	¥ 39,320	¥ 2,583	¥ 41,903	¥ 16	¥ 41,919
Identifiable assets	¥399,448	¥33,601	¥433,049	¥(2,873)	¥430,176
Depreciation and amortization	¥ 6,294	¥ 2,840	¥ 9,134	¥ (0)	¥ 9,134
Impairment loss on fixed assets	¥ 3,603	¥ —	¥ 3,603	¥ —	¥ 3,603
Capital expenditures	¥ 6,343	¥ 720	¥ 7,063	¥ (1)	¥ 7,062

Year ended March 31, 2009	Total engineering	Catalysts and fine products	Total	Elimination or corporate	Consolidated
					Millions of yen
Net sales:					
External customers	¥411,642	¥39,270	¥450,912	¥ —	¥450,912
Inter-segment	25	66	91	(91)	—
Total	411,667	39,336	451,003	(91)	450,912
Operating expenses	360,979	38,044	399,023	(114)	398,909
Operating income	¥ 50,688	¥ 1,292	¥ 51,980	¥ 23	¥ 52,003
Identifiable assets	¥446,976	¥39,064	¥486,040	¥(5,761)	¥480,279
Depreciation and amortization	¥ 3,625	¥ 3,354	¥ 6,979	¥ (0)	¥ 6,979
Capital expenditures	¥ 2,544	¥ 2,359	¥ 4,903	¥ —	¥ 4,903

Year ended March 31, 2008	Total engineering	Catalysts and fine products	Total	Elimination or corporate	Consolidated
					Millions of yen
Net sales:					
External customers	¥508,717	¥42,345	¥551,062	¥ —	¥551,062
Inter-segment	32	6	38	(38)	—
Total	508,749	42,351	551,100	(38)	551,062
Operating expenses	469,332	36,896	506,228	(62)	506,166
Operating income	¥ 39,417	¥ 5,455	¥ 44,872	¥ 24	¥ 44,896
Identifiable assets	¥429,567	¥40,188	¥469,755	¥(2,982)	¥466,773
Depreciation and amortization	¥ 3,706	¥ 2,375	¥ 6,081	¥ (0)	¥ 6,081
Capital expenditures	¥ 2,560	¥ 6,029	¥ 8,589	¥ —	¥ 8,589

Year ended March 31, 2010	Total engineering	Catalysts and fine products	Total	Elimination or corporate	Consolidated
					Thousands of U.S. dollars (Note 1)
Net sales:					
External customers	$4,045,894	$406,578	$4,452,472	$ —	$4,452,472
Inter-segment	151	139	290	(290)	—
Total	4,046,045	406,717	4,452,762	(290)	4,452,472
Operating expenses	3,623,431	378,955	4,002,386	(462)	4,001,924
Operating income	$ 422,614	$ 27,762	$ 450,376	$ 172	$ 450,548
Identifiable assets	$4,293,293	$361,146	$4,654,439	$(30,879)	$4,623,560
Depreciation and amortization	$ 67,648	$ 30,525	$ 98,173	$ (0)	$ 98,173
Impairment loss on fixed assets	$ 38,725	$ —	$ 38,725	$ —	$ 38,725
Capital expenditures	$ 68,175	$ 7,739	$ 75,914	$ (11)	$ 75,903

(b) Information by Geographic Segment

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

(c) Overseas Sales

The following is overseas sales information by geographic area for the years ended March 31, 2010, 2009 and 2008:

	Millions of yen			Thousands of U.S. dollars (Note 1)
Year ended March 31,	2010	2009	2008	2010
East Asia	¥ 4,714	¥ 4,182	¥ 6,537	$ 50,666
Southeast Asia	29,197	65,102	94,170	313,811
Middle East	141,467	175,872	213,437	1,520,497
Africa	30,534	7,069	21,494	328,181
Other	40,031	5,137	7,821	430,256
Total overseas sales	¥245,943	¥257,362	¥343,459	$2,643,411
Consolidated sales	¥414,258	¥450,912	¥551,062	$4,452,472
Percentage of overseas sales over consolidated sales	59.4%	57.1%	62.3%	59.4%

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

East Asia:	China
Southeast Asia:	Singapore, Vietnam, Indonesia
Middle East:	Saudi Arabia, Yemen, Qatar
Africa:	Algeria, Nigeria
Other:	Australia, Venezuela

Note 12 — Taxes on Income

The statutory tax rate for 2010, 2009 and 2008 was 36.2%.

The following table summarizes the significant differences between the statutory tax rate and the Company's and its consolidated subsidiaries' effective tax rate for financial statement purposes for the years ended March 31, 2010, 2009 and 2008:

	2010	2009	2008
Statutory tax rate	36.2%	36.2%	36.2%
Non-deductible expenses	0.3	0.6	0.3
Non-taxable dividend income	(3.0)	(1.8)	(0.7)
Tax credit utilized	(1.9)	(1.1)	(2.1)
Other	(2.9)	2.4	2.3
Effective tax rate	28.7%	36.3%	36.0%

Significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Current deferred taxes			
Deferred tax assets:			
Excess accrued employees' bonuses	¥ 2,474	¥ 2,601	$ 26,591
Excess reserve for job warranty costs	106	161	1,139
Excess reserve for losses on contracts	55	667	591
Other	11,472	11,559	123,302
Total current deferred tax assets	14,107	14,988	151,623
Deferred tax liabilities:			
Retained earnings of foreign subsidiaries	(206)	(195)	(2,214)
Other	(1,719)	(1,059)	(18,476)
Total current deferred tax liabilities	(1,925)	(1,254)	(20,690)
Net current deferred tax assets	¥12,182	¥13,734	$130,933

For the years ended March 31, 2010 and 2009, there was no valuation allowance.

March 31,	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 1) 2010
Non-current deferred taxes			
Deferred tax assets:			
Employee's retirement and severance benefits	**¥ 5,787**	¥ 5,711	**$ 62,199**
Excess bad debt expenses	**6,541**	5,595	**70,303**
Other	**1,451**	1,486	**15,596**
Total non-current deferred tax assets	**13,779**	12,792	**148,098**
Deferred tax liabilities:			
Net unrealized gains on securities	**(2,888)**	(1,409)	**(31,040)**
Other	**(141)**	(142)	**(1,516)**
Total non-current deferred tax liabilities	**(3,029)**	(1,551)	**(32,556)**
Net non-current deferred tax assets	**¥10,750**	¥11,241	**$115,542**
Deferred tax liabilities for land revaluation	**¥ 3,783**	¥ 3,783	**$ 40,660**
Deferred tax liabilities for full revaluation of the consolidated subsidiary	**¥ 48**	¥ 61	**$ 516**
Others	**1**	17	**11**
Non-current deferred tax liabilities	**¥ 49**	¥ 78	**$ 527**

For the years ended March 31, 2010 and 2009, the valuation allowances of ¥461 million ($4,955 thousand) and ¥701 million have been deducted from the gross amount of the non-current deferred tax assets, respectively.

Note 13 — Notes to the Consolidated Statements of Cash Flows

Reconciliation of cash in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows were as follows:

March 31,	Millions of yen 2010	2009	2008	Thousands of U.S. dollars (Note 1) 2010
Cash and deposits	**¥ 83,308**	¥117,782	¥ 93,617	**$ 895,400**
Marketable securities	**40,500**	56,500	71,000	**435,296**
Cash and cash equivalents	**¥123,808**	¥174,282	¥164,617	**$1,330,696**

Note 14 — Land Revaluation

Pursuant to Article 2 of the Enforcement Ordinance for the Law Concerning Land Revaluation ("the Law") effective March 31, 1998, the Company recorded its owned land used for business at the fair value as of March 31, 2002, and the related revaluation difference, net of income taxes, was debited to "Land revaluation, net of deferred tax portion" in the net assets section. The applicable income tax portion was reported as Deferred Tax Liabilities for Land Revaluation in the consolidated balance sheets at March 31, 2010 and 2009. When such land is sold, land revaluation is reversed and debited to retained earnings.

Fair value of the revalued land as of March 31, 2010 was ¥1,063 million ($11,425 thousand) less than the book value as of March 31, 2010, which includes ¥911 million relevant to rental property.

Note 15 — Related Party Transactions

Significant transactions with related parties for the years ended March 31, 2010, 2009 and 2008 were as follows:

Year ended March 31,	Millions of yen 2010	2009	2008	Thousands of U.S. dollars (Note 1) 2010
Rabigh Arabian Water and Electricity Co., Ltd. (affiliated company) —guarantee obligation	**¥2,115**	¥2,793	¥8,289	**$22,732**
JGC Energy Development (USA) Inc.* —unsecured long-term loan	**¥ —**	¥2,882	¥4,730	**$ —**

The balances of the Company due to related party transactions as of March 31, 2010, 2009 and 2008 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
March 31,	**2010**	2009	2008	**2010**
JGC Energy Development (USA) Inc.* —unsecured long-term loan receivable	**¥—**	¥7,171	¥4,358	**$—**

The Company doesn't receive a guarantee charge from Rabigh Arabian Water and Electricity Co., Ltd.

The interest rate for the long-term loan receivable was reasonably determined, considering the market interest rate. No pledged assets were furnished.

* JGC Energy Development (USA) Inc. has become material and was newly included within the scope of consolidation for the year ended March 31, 2010. All transactions and balances with JGC Energy Development (USA) Inc. were eliminated in the consolidated financial statements for the year ended March 31, 2010.

Note 16 — Business Combinations

Transactions under common control during the year ended March 31, 2010:

(a) Outline of the Transactions

(1) Name and business of combined entity

Merging company: JGC Information Systems Co., Ltd. ("J-SYS"), IT business

Merged company: J-SYS Software Co., Ltd. ("J-SYS SOFT"), software sales

(2) Form of business combination

Transactions under common control (Merger with companies which develop information systems, and produce and sell software)

(3) Name of the entity after the reorganization

JGC Information Systems Co., Ltd.

(4) Outline and purpose of the transaction

J-SYS, a consolidated subsidiary of the Company merged with J-SYS SOFT, a consolidated subsidiary of the Company on April 1, 2009. The purpose of this merger was to reinforce the following:

[1] Restructuring sales transaction and improvement of sales force;

[2] Reinforcement of employees and human resources; and

[3] Combine and develop customers' information system and sales channel.

(b) Accounting Method

These transactions were accounted for as a business combination among entities under common control.

(c) Amounts of Assets and Liabilities Received and Incurred on the Date of Business Combination

Total assets	¥173 million
Total liabilities	¥166 million

Transactions under common control during the year ended March 31, 2009:

(a) Outline of the Transactions

(1) Name and business of combined entity

Merging company: Catalysts and Chemicals Industries Co., Ltd. ("CCIC"), production and sales of catalysts

Merged company: Nikki Chemical Co., Ltd. ("NCC"), production and sales of catalysts

(2) Form of business combination

Transactions under common control (Merger with companies which produce and sell catalysts)

(3) Name of the entity after the reorganization

JGC Catalysts & Chemicals Ltd.

(4) Outline and purpose of the transaction

CCIC, a consolidated subsidiary of the Company merged with NCC, a consolidated subsidiary of the Company on July 1, 2008. The purpose of this merger was to reinforce the following:

[1] Fusion of proprietary techniques and R&D facilities, and accelerating R&D through qualitative and substantive expansion;

[2] Expansion of production capability by means of a two-factory system and a reduction in production risks; and

[3] Expanding the scope of business and stabilization of management base fulfillment by focusing on three main operations (petroleum refining catalysts, chemical catalysts, and fine chemicals products).

(b) Accounting Method

These transactions were accounted for as a business combination among entities under common control.

(c) Amounts of Assets and Liabilities Received and Incurred on the Date of Business Combination

Total assets	¥7,614 million
Total liabilities	¥4,216 million

Note 17 — Rental Property

Effective from the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted the "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (Accounting Standards Board of Japan ("ASBJ") Statement No. 20 issued on November 28, 2008) and the "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23 issued on November 28, 2008) for the years ending on or after March 31, 2010. Pursuant to the new requirements, information about fair value of investment and rental property on the consolidated financial statements at March 31, 2010, and 2009, were as follows:

	Book value (net of depreciation)			Fair value
	March 31, 2009	Decrease	March 31, 2010	March 31, 2010
Millions of yen	¥ 8,227	**¥ (130)**	**¥ 8,097**	**¥ 6,201**
Thousand of U.S. dollars (Note 1)	$88,424	**$(1,397)**	**$87,027**	**$66,649**

Rental real estate assets are presented on the consolidated balance sheets net of accumulated depreciation and accumulated impairment loss.

The reason of the decrease was mainly due to the depreciation of the assets.

The fair value was calculated by the Company based on "the guidance for apprising real estate."

The Company has rental commercial properties (included land) at Kanagawa prefecture. Rental income, included in Other Income, was ¥403 million ($4,331 thousand) and ¥277 million for the years ended March 31, 2010 and 2009, respectively.

Note 18 — Financial Instruments

Effective from the year ended March 31, 2010, the Company adopted the revised "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10 revised on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 revised on March 10, 2008). Information on financial instruments for the year ended March 31, 2010 required pursuant to the revised accounting standards is as follows:

A. Qualitative Information on Financial Instruments

(a) Policies for Using Financial Instruments

The Company manages surplus capital using financial instruments that are short-term and carry little or no risk. The Company uses derivatives to mitigate the risks that are described below, and as a matter of policy does not use derivatives for speculative transactions.

(b) Financial Instruments, Associated Risks and the Risk Management System

Notes and accounts receivable expose the Company to customer credit risk. Marketable securities are mainly negotiable certificate of deposit. Investment securities are mainly related to the business and capital alliance companies and expose the Company to the changes in market prices. Long-term loans receivable are mainly related to subsidiaries and affiliates.

Most notes and accounts payable are due within one year. Some accounts payable associated with purchasing machines and construction contracts are denominated in foreign currencies, which exposes the Company to the risks of exchange rate fluctuations. The Company generally procures capital required under its business plan through bank loans. Some bank loans expose the Company to the risks of interest rate fluctuations, which the Company uses interest rate swaps to hedge.

The Company uses derivative transactions including forward foreign exchange contracts to hedge the risk of exchange rate fluctuations associated with receivables and payables denominated in foreign currencies and interest rate swaps to hedge the risk of interest rate fluctuations associated with loans. "Derivative Transactions and Hedge Accounting" in Note 1 (t) and Note 10 presented earlier explain hedge accounting issues including methods, hedging policies, hedged items and recognition of gain or loss on hedged positions.

(c) Risk Management System for Financial Instruments

(1) Credit risk management (counterparty risk)

The Company has established internal procedures for receivables under which the related divisions are primarily responsible for periodically monitoring counterparty status. The department manages amounts and settlement dates by counterparty and works to quickly identify and mitigate payment risk that may result from situations including deterioration of the financial condition of counterparties. Consolidated subsidiaries are subject to the same risk management rules.

In using derivative transactions, the Company mitigates counterparty risk by conducting transactions with highly creditworthy financial institutions.

(2) Market risk management (risk of exchange rate and interest rate fluctuations)

The Company monitors the balance of the foreign currency receivables and payables by each currency and every month and utilizes foreign currency forward contracts and foreign currency deposits to hedge the risk of fluctuations. The Company uses interest rate swaps to mitigate the risk of interest rate fluctuations associated with loans.

Regarding marketable securities and investment securities, the Company periodically examines the fair values and financial condition of the issuing entities and revises its portfolio based on its relationships with issuing entities.

The derivative transactions are executed and managed in accordance with the established policies and within the specified limit on the amounts of derivative transactions allowed. The Company handles the transactions and periodically provides administrative reports on the results to the financial director and treasurer.

(3) Management of liquidity risk associated with capital procurement (payment default risk)
The Company manages liquidity risk by creating and updating a capital deployment plan based on reports from each division.

(d) Supplemental Information on the Fair Values of Financial Instruments

The fair values of financial instruments are based on market prices, or a reasonable estimate of fair values for instruments for which market prices are not available. Estimates of fair values are subject to fluctuation because they employ variable factors and assumptions.

In addition, the contractual amounts of the derivative transactions discussed in B (a) below are not an indicator of the market risk associated with derivatives transactions.

B. Fair Values of Financial Information

(a) Fair Values of Financial Instruments

Fair values of financial instruments as of March 31, 2010 are summarized as follows:

Financial instruments whose fair values were difficult to measure are not included in the below and are summarized in B (b).

	Millions of yen		
March 31, 2010	Carrying amount	Estimated fair value	Difference
Cash and deposits	¥ 83,308	¥ 83,308	¥ —
Marketable securities	40,500	40,500	—
Notes and accounts receivable	87,626	87,626	—
Marketable and investment securities	19,476	19,476	—
Long-term loans receivable*	1,103	1,139	36
Total assets	¥232,013	¥232,049	¥ 36
Notes and accounts payable	¥ 59,392	¥ 59,392	¥ —
Long-term debt	21,926	22,622	696
Total liabilities	¥ 81,318	¥ 82,014	¥696
Derivative financial instruments, net	¥ 1,870	¥ 1,870	¥ —

	Thousand of U.S. dollars (Note 1)		
March 31, 2010	Carrying amount	Estimated fair value	Difference
Cash and deposits	$ 895,400	$ 895,400	$ —
Marketable securities	435,296	435,296	—
Notes and accounts receivable	941,810	941,810	—
Marketable and investment securities	209,329	209,329	—
Long-term loans receivable*	11,856	12,243	387
Total assets	$2,493,691	$2,494,078	$ 387
Notes and accounts payable	$ 638,349	$ 638,349	$ —
Long-term debt	235,662	243,143	7,481
Total liabilities	$ 874,011	$ 881,492	$7,481
Derivative financial instruments, net	$ 20,099	$ 20,099	$ —

* The amounts for probable losses calculated by applying a percentage based on collection experience to the remaining accounts are included.

The following methods and assumptions were used to estimate the fair values of the financial instruments.

Cash and deposits, and Marketable securities
All deposits and negotiable certificate of deposit are short-term. Therefore, the carrying amount is used for the fair values of these items because these amounts are essentially the same.

Notes and accounts receivable
Notes and accounts receivable are short-term. Therefore, the carrying amount is used for the fair values of short-term receivables because these amounts are essentially the same.

Marketable and investment securities
Marketable and investment securities are the price listed on securities exchanges for equities. In addition, Note 9 provides information on marketable securities by holding intent.

Long-term loans receivable
Fair values of long-term loans receivable are estimated as discounted present value of total principal and interest using assumed interest rates for equivalent new loans.

Notes and accounts payable
Notes and accounts payable are short-term. Therefore, the carrying amount is used for the fair values of short-term payables because these amounts are essentially the same.

Long-term debt
Fair values of long-term debt are estimated as the discounted present value of total principal and interest using assumed interest rates for equivalent new loans. Interest rate swaps subject to the special method are used for long-term floating-rate loans. Principal and interest of the loans in which these interest rate swaps are embedded are discounted using a reasonable estimate of the interest rate on the loan at the time of issue.

Derivative financial instruments
Please refer to “Derivative Transactions and Hedge Accounting” in Note 1 (t) and Note 10.

(b) Financial Instruments Whose Fair Values Were Difficult to Measure

Financial instruments whose fair values were difficult to measure as of March 31, 2010 are summarized as follows:

March 31, 2010	Millions of yen	Thousands of U.S. dollars (Note 1)
Unconsolidated subsidiaries and affiliates	**¥31,968**	**$343,594**
Non-listed equity securities	**10,184**	**109,459**
Subscription certificate	**39**	**419**

It is difficult to measure the fair value of these financial instruments because there is no market price available and it is not efficient to calculate future cash flow. Therefore, these financial instruments were not included in the Marketable and investment securities described B (a).

(c) Maturities of Financial Instruments

Maturities of financial instruments at March 31, 2010 were as follows:

	Millions of yen			
Year ended March 31, 2010	2011	2012–2015	2016–2020	2021 and thereafter
Cash and deposits	¥ 83,308	¥ —	¥ —	¥ —
Marketable securities	40,500	—	—	—
Notes and accounts receivable	87,626	—	—	—
Long-term loans receivable, net	—	463	502	138
Total assets	¥211,434	¥463	¥502	¥138

	Thousand of U.S. dollars (Note 1)			
Year ended March 31, 2010	2011	2012—2015	2016—2020	2021 and thereafter
Cash and deposits	$ 895,400	$ —	$ —	$ —
Marketable securities	435,296	—	—	—
Notes and accounts receivable	941,810	—	—	—
Long-term loans receivable, net	—	4,976	5,396	1,483
Total assets	$2,272,506	$4,976	$5,396	$1,483

Please see Note 3 for the maturities of long-term debt.

Note 19 — Impairment of Fixed Assets

As discussed in Note 1 (l), the Company and its consolidated subsidiaries have applied the accounting standard for impairment of fixed assets.

The Company and its consolidated subsidiaries have grouped their fixed assets principally based on their business segment, while considering mutual supplementation of the cash flows.

Loss on impairment of fixed assets for the year ended March 31, 2010 consisted of the following:

Location	Use	Type of assets
Houston (U.S.A)	The concession for a mining area	Property and Equipment — Other Other Assets — Other

The carrying amount of certain assets was devalued to its recoverable amount, since the oil and gas reserves added by additional drilling have fallen short of the originally expected reserves. As a result, one consolidated overseas subsidiary recognized loss on impairment in the amount of ¥3,603 million ($38,725 thousand), which consisted of ¥2,716 million ($29,192 thousand) and ¥887 million ($9,533 thousand), included in Other Assets and Property and Equipment, respectively.

The overseas subsidiary used the value in use which was calculated by discounting future cash flows at the interest rate of 10% based on U.S. GAAP.

Internal Control Report

1 Framework of Internal Control Over Financial Reporting

Keisuke Takeuchi, Chief Executive Officer, Masahiko Yaegashi, Chief Operating Officer, and Masayuki Sato, Chief Financial Officer of JGC Corporation ("the Company") are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in the rule "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting").

Because of its inherent limitations, internal control over financial reporting may not completely prevent or detect misstatements.

2 Assessment Scope, Timing and Procedures

Basis of Presenting Internal Control Report

The report on internal control over financial reporting of the consolidated financial statements of the Company ("Internal Control Report") is prepared on the basis of generally accepted assessment standards of internal control over financial reporting in Japan ("Assessment Standards") and is compiled from the Internal Control Report prepared by the Company as required by the Financial Instruments and Exchange Law of Japan ("the Law").

The Assessment Standards require management to assess the internal control over financial reporting ("ICOFR"), which consists of the internal control over the consolidated/parent only financial statements included in the Annual Securities Report filed under the Law and the internal control over disclosure information and others included in the Annual Securities Report that materially affects the reliability of the financial statements.

The scope of management's assessment of ICOFR in this annual report is different from the scope required by the Assessment Standards. Management assessment of ICOFR for this annual report covers the ICOFR with respect to the accompanying consolidated financial statements only. In addition, as explained in Note 1 on the basis of presenting consolidated financial statements, the accompanying consolidated financial statements are reclassified and modified from the consolidated financial statements prepared for the purpose of the Law. Supplementary information is also added to the consolidated financial statements. The process of making reclassifications and modifications and the addition of certain information is for the convenience of readers outside Japan. Management voluntarily includes the process in its assessment of ICOFR, even though it is outside the scope of the Assessment Standards.

Scope of Assessment

We have assessed our ICOFR as of March 31, 2010 in accordance with the Assessment Standards.

We assessed the design and operation of our company-level control and based on this assessment, we analyzed business processes within the scope of the internal control to be assessed, identified a key control that would have a material impact on the reliability of financial reporting and assessed whether the basic components of internal control are operating with regard to the key control.

We assessed the effectiveness of ICOFR of the Company, consolidated subsidiaries and affiliates to the extent necessary in light of their degree of impact on the reliability of financial reporting.

In assessing the effectiveness of internal control, we decided on reasonable scope of assessment for the important business processes in light of their degree of quantitative and qualitative impact on financial reporting based on the assessment of the company-level control.

Locations and business units that did not have a material effect on financial reporting were excluded from the scope of assessments.

In assessing the period-end financial reporting process, we decided on reasonable scope of assessment in light of its degree of quantitative and qualitative impact on financial reporting in a similar manner as company-level control.

In assessing the business processes other than described above, based on the assessment of the company-level controls, we assessed the significant business locations based on the their sales levels until their combined sales amounts reaches approximately two-thirds on a consolidated basis and the business processes which impact the accounts (sales, accounts receivable and inventory) that were closely associated with the significant business locations' business objectives.

3 Results of Assessment

Based on the above assessments, the Company's management has concluded that, as of March 31, 2010, the Company's internal control over financial reporting was effective.

4 Supplementary Information

Not applicable.

5 Other

Not applicable.

Keisuke Takeuchi

Chairman of the Board of Directors
and Chief Executive Officer

June 29, 2010

Independent Auditors' Report

JGC CORPORATION

To the Shareholders and Board of Directors of
JGC Corporation (Nikki Kabushiki Kaisha):

Financial statement audit

We have audited the accompanying consolidated balance sheets of JGC Corporation (a Japanese corporation) and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets and cash flows for each of the three years in the period ended March 31, 2010, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of JGC Corporation and subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Internal control audit

We also have audited the accompanying report on internal control over financial reporting of the consolidated financial statements of JGC Corporation as of March 31, 2010 ("Internal Control Report"). The design and operation of internal control over financial reporting and the preparation of the Internal Control Report are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the Internal Control Report based on our audit. Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Internal Control Report is free of material misstatement. An internal control audit is performed on a test basis and includes evaluating the appropriateness of the scope, procedures and result of the assessment determined and presented by management and the overall Internal Control Report presentation. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, the Internal Control Report referred to above, in which JGC Corporation states that internal control over financial reporting of the consolidated financial statements was effective as of March 31, 2010, presents fairly, in all material respects, the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

KPMG & Co.

Tokyo, Japan
June 29, 2010

Six-Year Summary—Non-Consolidated

For the six years ended March 31.
Yen amounts are in millions except per share data.

	2010	2009	2008	2007	2006	2005
Net Sales	**¥317,597**	¥349,925	¥460,161	¥528,794	¥484,382	¥386,041
Operating Income	**32,145**	41,356	30,550	14,432	12,221	7,748
Income Before Taxes on Income	**27,934**	44,578	32,832	21,538	16,652	12,787
Net Income	**21,271**	30,214	21,312	15,183	11,412	8,690
Total Current Assets	**232,540**	276,325	270,646	278,627	191,149	201,338
Total Current Liabilities	**126,240**	184,205	194,470	216,473	158,011	161,881
Working Capital	**106,300**	92,120	76,176	62,154	33,138	39,457
Current Ratio	**184.2%**	150.0%	139.2%	128.7%	121.0%	124.4%
Net Property and Equipment	**50,364**	49,414	51,115	53,081	53,745	54,897
Total Assets	**374,549**	412,893	404,424	418,285	333,545	332,727
Long-Term Debt, Less Current Maturities	**16,104**	16,757	15,519	16,382	176	15,227
Total Net Assets	**212,619**	192,655	174,795	165,191	155,636	136,660
New Contracts	**675,505**	440,548	348,755	255,015	765,188	439,355
Outstanding Contracts	**999,689**	641,781	607,378	728,168	1,009,515	714,214
Net Income per Share (in yen)	**84.15**	119.50	84.01	59.81	44.49	33.82
Cash Dividends per Share (in yen)	**21.0**	30.0	21.0	15.0	11.0	8.5
Number of Employees	**2,107**	2,069	2,014	1,953	1,868	1,804

Non-Consolidated Balance Sheets

JGC CORPORATION
March 31, 2010 and 2009

Assets	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current Assets:			
Cash and deposits	**¥ 72,718**	¥106,889	**$ 781,578**
Marketable securities	**40,500**	56,500	**435,296**
Notes and accounts receivable (Note 2)	**62,857**	46,398	**675,591**
Contract works in progress	**25,479**	39,182	**273,850**
Deferred tax assets (Note 7)	**10,775**	12,363	**115,810**
Other current assets (Note 2)	**20,295**	15,041	**218,133**
Allowance for doubtful accounts	**(84)**	(48)	**(903)**
Total Current Assets	**232,540**	276,325	**2,499,355**
Property and Equipment (Note 3):			
Land (Note 8)	**22,391**	22,493	**240,660**
Buildings and structures	**46,830**	45,780	**503,332**
Machinery and equipment	**8,153**	7,708	**87,629**
Construction in progress	**1,643**	693	**17,659**
	79,017	76,674	**849,280**
Less accumulated depreciation	**(28,653)**	(27,260)	**(307,964)**
Net Property and Equipment	**50,364**	49,414	**541,316**
Other Assets:			
Investments in subsidiaries and affiliates	**37,719**	33,638	**405,406**
Marketable and investment securities	**29,568**	23,797	**317,799**
Long-term loans receivable (Note 2)	**12,047**	16,943	**129,482**
Deferred tax assets (Note 7)	**8,829**	9,300	**94,895**
Other	**3,482**	3,476	**37,424**
Total Other Assets	**91,645**	87,154	**985,006**
Total Assets	**¥374,549**	¥412,893	**$4,025,677**

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 1) 2010
Current Liabilities:			
Short-term loans (Notes 2 & 3)	**¥ 12,422**	¥ 10,976	**$ 133,512**
Notes and accounts payable (Note 2)	**49,387**	58,523	**530,815**
Advances received on uncompleted contracts (Note 2)	**44,844**	79,293	**481,986**
Reserve for job warranty costs	**225**	360	**2,418**
Reserve for losses on contracts	**86**	1,770	**924**
Income taxes payable	**4,515**	13,339	**48,528**
Other current liabilities (Note 2)	**14,761**	19,944	**158,653**
Total Current Liabilities	**126,240**	184,205	**1,356,836**
Long-Term Debt, Less Current Maturities (Note 3)	**16,104**	16,757	**173,087**
Retirement and Severance Benefits	**11,547**	11,510	**124,108**
Deferred Tax Liabilities for Land Revaluation (Notes 7 & 8)	**3,783**	3,783	**40,660**
Other Non-Current Liabilities (Note 2)	**4,256**	3,983	**45,743**
Total Liabilities	**161,930**	220,238	**1,740,434**
Contingencies (Note 5)			
Net Assets (Note 6)**:**			
Common stock			
Authorized — 600,000,000 shares,			
Issued — 259,052,929 shares in 2010 and 2009	**23,511**	23,511	**252,698**
Capital surplus	**25,601**	25,599	**275,161**
Legal earnings reserve	**2,693**	2,693	**28,945**
Retained earnings	**165,434**	151,784	**1,778,095**
Treasury stock, at cost	**(5,854)**	(5,790)	**(62,919)**
Net unrealized holding gains on securities	**5,075**	2,475	**54,546**
Deferred gains (losses) on hedges	**2,712**	(1,027)	**29,149**
Land revaluation, net of deferred tax portion (Note 8)	**(6,553)**	(6,590)	**(70,432)**
Total Net Assets	**212,619**	192,655	**2,285,243**
Total Liabilities and Net Assets	**¥374,549**	¥412,893	**$4,025,677**

Non-Consolidated Statements of Income

JGC CORPORATION
Years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	2010
Net Sales	**¥317,597**	¥349,925	¥460,161	**$3,413,553**
Cost of Sales	**275,446**	298,305	420,019	**2,960,511**
Gross profit	**42,151**	51,620	40,142	**453,042**
Selling, General and Administrative Expenses	**10,006**	10,264	9,592	**107,545**
Operating income	**32,145**	41,356	30,550	**345,497**
Other Income (Expenses):				
Interest and dividend income	**8,569**	12,030	11,701	**92,100**
Interest expense	**(530)**	(725)	(604)	**(5,696)**
Loss on sales and disposal of property and equipment	**(73)**	(31)	(22)	**(785)**
Gain on sales of marketable and investment securities	**516**	2,577	161	**5,546**
Loss on devaluation of marketable and investment securities	**—**	(2,143)	(24)	**—**
Loss on devaluation of investment in subsidiaries	**(6,364)**	—	—	**(68,401)**
Exchange loss, net	**(3,481)**	(2,196)	(7,963)	**(37,414)**
Provision for doubtful accounts	**(3,293)**	(6,638)	(1,477)	**(35,393)**
Other, net	**445**	348	510	**4,782**
	(4,211)	3,222	2,282	**(45,261)**
Income before taxes on income	**27,934**	44,578	32,832	**300,236**
Taxes on Income (Note 7)**:**				
Current	**8,200**	20,071	11,997	**88,134**
Deferred	**(1,537)**	(5,707)	(477)	**(16,520)**
Net Income	**¥ 21,271**	¥ 30,214	¥ 21,312	**$ 228,622**

	Yen			U.S. dollars (Note 1)
Amounts Per Share of Common Stock				
Net income	**¥84.15**	¥119.50	¥84.01	**$0.90**
Cash dividends applicable to the year	**¥21.00**	¥ 30.00	¥21.00	**$0.23**

The accompanying notes are an integral part of these statements.

Non-Consolidated Statements of Changes in Net Assets

JGC CORPORATION
Years ended March 31, 2010, 2009 and 2008

	Thousands of shares	Millions of yen							
	Common stock								
	Shares	Amount	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges (Note 1)	Land revaluation, net of deferred tax portion (Note 8)
Balance at March 31, 2007	259,053	¥23,511	¥25,586	¥2,693	¥109,375	¥(4,151)	¥14,767	¥ —	¥(6,590)
Net income for the year					21,312				
Cash dividends					(3,807)				
Land revaluation, net of deferred tax portion									
Gain on retirement of treasury stock			7			6			
Net unrealized holding losses on securities							(6,739)		
Net deferred gains on hedges								331	
Increase of treasury stock						(1,506)			
Balance at March 31, 2008	259,053	¥23,511	¥25,593	¥2,693	¥126,880	¥(5,651)	¥ 8,028	¥ 331	¥(6,590)
Net income for the year					30,214				
Cash dividends					(5,310)				
Land revaluation, net of deferred tax portion					0				(0)
Gain on retirement of treasury stock			6			15			
Net unrealized holding losses on securities							(5,553)		
Net deferred losses on hedges								(1,358)	
Increase of treasury stock						(154)			
Balance at March 31, 2009	259,053	¥23,511	¥25,599	¥2,693	¥151,784	¥(5,790)	¥ 2,475	¥(1,027)	¥(6,590)
Net income for the year					**21,271**				
Cash dividends					**(7,584)**				
Land revaluation, net of deferred tax portion					**(37)**				**37**
Gain on retirement of treasury stock			**2**			**2**			
Net unrealized holding gains on securities							**2,600**		
Net deferred gains on hedges								**3,739**	
Increase of treasury stock						**(66)**			
Balance at March 31, 2010	**259,053**	**¥23,511**	**¥25,601**	**¥2,693**	**¥165,434**	**¥(5,854)**	**¥ 5,075**	**¥ 2,712**	**¥(6,553)**

	Thousands of U.S. dollars (Note 1)							
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges (Note 1)	Land revaluation, net of deferred tax portion (Note 8)
Balance at March 31, 2009	$252,698	$275,140	$28,945	$1,631,384	$(62,231)	$26,601	$(11,038)	$(70,830)
Net income for the year				**228,622**				
Cash dividends				**(81,513)**				
Land revaluation, net of deferred tax portion				**(398)**				**398**
Gain on retirement of treasury stock		**21**			**21**			
Net unrealized holding gains on securities						**27,945**		
Net deferred gains on hedges							**40,187**	
Increase of treasury stock					**(709)**			
Balance at March 31, 2010	**$252,698**	**$275,161**	**$28,945**	**$1,778,095**	**$(62,919)**	**$54,546**	**$ 29,149**	**$(70,432)**

The accompanying notes are an integral part of these statements.

Notes to Non-Consolidated Financial Statements

Note 1 — Summary of Accounting Policies

(a) Basis of Presenting Non-Consolidated Financial Statements

The accompanying non-consolidated financial statements of JGC Corporation (Nikki Kabushiki Kaisha, the "Company") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying non-consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the non-consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language non-consolidated financial statements, but not required for fair presentation, is not presented in the accompanying non-consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2010, which was ¥93.04 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(b) Conversion of Foreign Currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates.

(c) Allowance for Doubtful Accounts

Notes and accounts receivables, including loans and other receivables, are valued by providing individually estimated uncollectible amounts plus the amounts for probable losses calculated by applying a percentage based on collection experience to the remaining accounts.

(d) Marketable Securities, Investments in Subsidiaries and Affiliates, and Marketable and Investment Securities

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using the moving-average method. Other securities with no available fair market value are stated at moving-average cost.

The companies are required to examine the intent of holding each security and classify those securities as (a) securities held for trading purposes, (b) debt securities intended to be held to maturities, (c) equity securities issued by subsidiaries and affiliates, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities"). The Company did not have the securities defined as (a) and (b) above in the years ended March 31, 2010 and 2009.

If the market value of available-for-sale securities declines significantly, such securities are restated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of decline. For equity securities with no available fair market value, if the net asset value of the investee declines significantly, such securities are required to be written down to the net asset value with the corresponding losses in the period of decline. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(e) Recognition of Sales, Contract Works in Progress and Advances Received on Uncompleted Contracts

On December 27, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts". The new accounting standards require that if the construction activity is deemed certain during the course of the activity, the percentage-of-completion method shall be applied (the percentage of the cost incurred to the estimated total cost), otherwise the completed-contract method shall be applied. This standard is effective from the year ended March 31, 2010.

As a result, Net Sales increased by ¥1,580 million ($16,982 thousand) and Gross profit, Operating income, and Income before taxes on income increased by ¥207 million ($2,225 thousand), respectively for the year ended March 31, 2010.

Prior to the year ended March 31, 2010, the Company recognized sales on contracts using the completed-contract method except for long-term contracts. Under this method, costs and advances received on uncompleted contracts are accumulated during the period of construction. These costs and advances received on uncompleted contracts are not offset and are shown as contract works in progress and advances received on uncompleted contracts in the accompanying non-consolidated balance sheets. Accordingly, no profits or losses are recorded before the contract is completed.

Sales on other contracts for relatively large projects which require long periods for completion and which generally include engineering, procurement (components, parts, etc.) and construction on a full-turnkey basis, are recognized on the percentage-of-completion method, primarily based on contract costs incurred to date compared with total estimated costs for contract completion. The percentage-of-completion method is adopted for large jobs for which the construction period exceeds 24 months and the contract amount exceeds ¥5,000 million (including jobs whose construction period exceeds 36 months and the contract amount exceeds ¥3,000 million). Revisions in contract revenue and cost estimates are recognized in the period in which they are determined.

Contract works in progress are stated at cost determined by a specific identification method and comprised of direct materials, components and parts, direct labor, subcontractors' fees and other items directly attributable to the contract, and job-related overheads. Selling, general and administrative expenses are charged to operations as incurred and are not allocated to contract job work costs.

The Company normally receives payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

Net sales recognized on the percentage-of-completion method for the years ended March 31, 2009 and 2008, were ¥270,696 million and ¥396,618 million, respectively.

(f) Operating Cycle

Assets and liabilities related to long-term contract jobs are included in current assets and current liabilities in the accompanying non-consolidated balance sheets, as they will be liquidated in the normal course of contract completion, although it may require more than one year.

(g) Property and Equipment, Depreciation and Finance Leases

Property and equipment are stated at cost, except for certain revalued land as explained in Note 8. Depreciation on property and equipment is calculated using the straight-line method for buildings used for business operation, and the declining-balance method for other property and equipment over the estimated useful lives of the assets based on the Corporate Tax Code of Japan.

Effective from the year ended March 31, 2009, the Company shortened the estimated useful lives of machinery and equipment based on the reassessment of the useful lives in light of the change in the Corporation Tax Code of Japan. The effect of this change on the financial result is immaterial.

Prior to the year ended March 31, 2009, the Company accounted for finance leases which do not transfer ownership of the leased property to the lessee as operating leases with disclosure of certain "as if capitalized" information in a note to the financial statements.

On March 31, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions". The new accounting standards require that all finance leasing transactions should be capitalized.

Effective from the year ended March 31, 2009, the Company adopted the new accounting standards for finance leases commencing after March 31, 2008 and capitalized assets used under such leases, except for certain immaterial or short-term finance leases, which are accounted for as operating leases. As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of "as if capitalized" information. The effect of this change on the financial result is immaterial.

Expenditures for new facilities and those that substantially increase the useful lives of existing property and equipment are capitalized. Maintenance, repair and minor renewals are charged to expenses as incurred.

The cost and accumulated depreciation applicable to assets retired or otherwise disposed of are eliminated from the related accounts and the gain or loss on disposal is credited or charged to income.

(h) Impairment of Fixed Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(i) Retirement and Severance Benefits and Pension Costs

The Company provides two types of post-employment benefit plans, unfunded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

The Company provided allowance for employees' severance and retirement benefits at March 31, 2010 and 2009, based on the estimated amounts of projected benefit obligation, actuarially calculated using certain assumptions, and the fair value of the plan assets at that date.

Prior service costs are recognized as expenses in equal amounts over the average of the estimated remaining service lives of the employees (12 years), and actuarial gains and losses are recognized as expenses using the declining-balance method over the average of the estimated remaining service lives (12 years) commencing in the following period.

Effective from the year ended March 31, 2010, the Company adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan ("ASBJ") Statement No. 19 issued on July 31, 2008). The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, domestic companies were allowed to use a discount rate determined taking into consideration fluctuations in the yield of long-term government and gilt-edged bonds over a certain period. This change had no material impact on the financial statements for the year ended March 31, 2010.

(j) Research and Development Costs

Research and development costs for the improvement of existing skills and technologies or the development of new skills and technologies, including basic research and fundamental development costs, are charged to operations in the period incurred.

(k) Taxes on Income

The Company provides tax effects of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(l) Reserve for Job Warranty Costs

A reserve for the estimated cost of warranty obligations is provided for the Company's engineering, procurement and construction work at the time the related sales on contracts are recorded.

(m) Reserve for Losses on Contracts

A reserve for losses on contracts is provided for an estimated amount of probable losses to be incurred in future years in respect of construction projects in progress.

(n) Per Share Information

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date but applicable to the year then ended.

(o) Derivatives and Hedge Accounting

The accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless the derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains of the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

(1) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
   (i) The difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the statement of income in the period which includes the inception date, and
   (ii) The discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

(2) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange are recognized.

Also, where interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(p) Accrued Bonuses to Directors and Corporate Auditors

The Company recognizes directors' and corporate auditors' bonuses as expenses when incurred.

(q) Reclassification and Restatement

Certain prior year amounts have been reclassified to conform to the current year presentation.

These reclassifications had no impact on previously reported results of operations or retained earnings.

Note 2 — Receivables from and Payables to Subsidiaries and Affiliates

Significant receivables from and payables to subsidiaries and affiliates at March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Notes and accounts receivable	¥ 1,744	¥ 534	$ 18,745
Other current assets	6,767	6,589	72,732
Long-term loans receivable	12,016	14,473	129,149
Notes and accounts payable	12,177	14,715	130,879
Short-term loans	12,072	10,976	129,751
Advances received on uncompleted contracts	211	1	2,268
Other current liabilities	999	964	10,737
Other non-current liabilities	176	12	1,892

Note 3 — Borrowings and Assets Pledged as Collateral

At March 31, 2010 and 2009, short-term loans consisted of unsecured debt from subsidiaries and bore interest at TIBOR.

Long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Unsecured Debt			
0.48% – 1.98% loans from banks and insurance companies, due serially through 2016	¥16,454	¥16,757	$176,849
Less current maturities	(350)	—	(3,762)
Long-term debt due after one year	¥16,104	¥16,757	$173,087

Assets pledged as collateral for other non-current liabilities at March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2010	2009	2010
Land	¥4,280	¥4,280	$46,001
Buildings and structures, at net book value	2,438	2,560	26,204
Machinery and equipment, at net book value	4	9	43
Total	¥6,722	¥6,849	$72,248

The annual maturities of long-term debt outstanding at March 31, 2010, were as follows:

	Amount	
Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2011	¥ 350	$ 3,762
2012	14,244	153,095
2013	744	7,997
2014	744	7,997
2015 and thereafter	372	3,998
Total	¥16,454	$176,849

Note 4 — Lease Transactions

(a) Finance Lease Transactions Without Ownership Transfer to Lessee

As discussed in Note 1 (g), finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2010 and 2009 are as follows:

(1) Purchase price equivalents, accumulated depreciation equivalents, and book value equivalents

	Millions of yen	
March 31,	2010	2009
Machinery and equipment:		
Purchase price equivalents	¥147	¥219
Accumulated depreciation equivalents	(36)	(44)
Book value equivalents	¥111	¥175

	Thousands of U.S. dollars (Note 1)
March 31,	2010
Machinery and equipment:	
Purchase price equivalents	$1,580
Accumulated depreciation equivalents	(387)
Book value equivalents	$1,193

Purchase price equivalents are calculated using the inclusive-of-interest method.

(2) Lease commitments

March 31,	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 1) 2010
Due within one year	**¥ 18**	¥ 36	**$ 193**
Due after one year	**93**	139	**1,000**
Total	**¥111**	¥175	**$1,193**

Lease commitments are calculated using the inclusive-of-interest method.

(3) Lease payments and depreciation equivalents

Year ended March 31,	Millions of yen 2010	2009	2008	Thousands of U.S. dollars (Note 1) 2010
Lease payments	**¥35**	¥33	¥25	**$376**
Depreciation equivalents	**35**	33	25	**376**

(4) Calculation method of depreciation equivalents

Depreciation equivalents are computed by the straight-line method over the lease period without considering residual value.

(b) Operating Lease Transactions

Lease commitments under non-cancelable operating leases

March 31,	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 1) 2010
Due within one year	**¥ 449**	¥ 358	**$ 4,826**
Due after one year	**689**	903	**7,405**
Total	**¥1,138**	¥1,261	**$12,231**

Note 5 — Contingencies

(1) It is a business practice in Japan for a company to guarantee the indebtedness of certain of its trading agents, suppliers, subcontractors and certain subsidiaries and affiliates. The aggregate amount of such guarantees was ¥5,274 million ($56,685 thousand) and ¥6,939 million at March 31, 2010 and 2009, respectively.

(2) The Company has guaranteed employees' housing loans and others from banks in the amount of ¥9 million ($97 thousand) and ¥15 million at March 31, 2010 and 2009, respectively.

Note 6 — Net Assets

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the prices of the new shares as additional paid-in capital, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

Note 7 — Taxes on Income

The statutory tax rate for 2010, 2009 and 2008, was 36.2%.

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the years ended March 31, 2010, 2009 and 2008:

	2010	2009	2008
Statutory tax rate	**36.2%**	36.2%	36.2%
Non-deductible expenses	**0.5**	0.6	0.5
Non-taxable dividend income	**(9.0)**	(6.0)	(4.4)
Tax credits utilized	**(1.3)**	(0.9)	(1.8)
Past year's income tax adjustment	**(3.1)**	1.0	2.1
Other	**0.6**	1.3	2.5
Effective tax rate	**23.9%**	32.2%	35.1%

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2010 and 2009, were as follows:

March 31,	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current deferred taxes			
Deferred tax assets:			
Excess accrued employees' bonuses	¥ 1,580	¥ 1,657	$ 16,982
Excess reserve for job warranty costs	81	130	871
Excess reserve for losses on contracts	31	641	333
Other	10,783	10,966	115,896
Total current deferred tax assets	12,475	13,394	134,082
Deferred tax liabilities:			
Other	(1,700)	(1,031)	(18,272)
Net current deferred tax assets	¥10,775	¥12,363	$115,810

For the years ended March 31, 2010 and 2009, there is no valuation allowance.

March 31,	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Non-current deferred taxes			
Deferred tax assets:			
Loss recognized on percentage-of-completion method not deductible for income tax purposes	¥ 196	¥ 196	$ 2,107
Employee's retirement and severance benefits	4,180	4,167	44,927
Excess bad debt expenses	6,686	5,724	71,862
Other	782	758	8,404
Total non-current deferred tax assets	11,844	10,845	127,300
Deferred tax liabilities:			
Net unrealized holding gains on securities	(2,880)	(1,405)	(30,954)
Other	(135)	(140)	(1,451)
Total deferred tax liabilities	(3,015)	(1,545)	(32,405)
Net non-current deferred tax assets	¥ 8,829	¥ 9,300	$ 94,895
Deferred tax liabilities for land revaluation	¥ 3,783	¥ 3,783	$ 40,660

For the years ended March 31, 2010 and 2009, the valuation allowances of ¥288 million ($3,095 thousand) and ¥559 million have been deducted from the gross amount of the non-current deferred tax assets, respectively.

Note 8 — Land Revaluation

Pursuant to Article 2 of the Enforcement Ordinance for the Law Concerning Land Revaluation ("the Law") effective March 31, 1998, the Company recorded its owned land used for business at the fair value as of March 31, 2002, and the related revaluation difference, net of income taxes, was debited to "Land revaluation, net of deferred tax portion" in the net assets section. The applicable income tax portion was reported as Deferred Tax Liabilities for Land Revaluation in the non-consolidated balance sheets at March 31, 2010 and 2009. When such land is sold, land revaluation is reversed and debited to retained earnings.

Fair value of revalued land as of March 31, 2010 was ¥1,063 million ($11,425 thousand) less than the book value as of March 31, 2010.

Independent Auditors’ Report

JGC CORPORATION

To the Shareholders and Board of Directors of
JGC Corporation (Nikki Kabushiki Kaisha):

We have audited the accompanying non-consolidated balance sheets of JGC Corporation (a Japanese corporation) as of March 31, 2010 and 2009, and the related non-consolidated statements of income, changes in net assets for each of the three years in the period ended March 31, 2010, expressed in Japanese yen. These non-consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to independently express an opinion on these non-consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of JGC Corporation as of March 31, 2010 and 2009, and the non-consolidated results of their operations for each of the three years in the period ended March 31, 2010, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

KPMG & Co.

Tokyo, Japan
June 29, 2010

JGC Group

As of March 31, 2010

PROCESS LICENSING SERVICES
- ● Nikki-Universal Co., Ltd.

SPECIALIZED CONSULTING SERVICES
- ■ Japan NUS Co., Ltd.

ENGINEERING & CONSTRUCTION SERVICES
- ■ Nikki Construction Co., Ltd.
- ○ Nikki Shoji Co., Ltd.
- ■ JGC PROJECT SERVICES Co., Ltd.
- ■ JGC Corporation Europe B. V.
- ● M.W. Kellogg Limited
- ■ JGC SINGAPORE PTE LTD
- ■ JGC PHILIPPINES, INC.
- □ PT. JGC INDONESIA
- □ JGC (USA), Inc.

GLOBAL WARMING GAS-EMISSIONS CREDITS BUSINESS
- ● JMD Greenhouse-Gas Reduction Co., Ltd.

OIL & GAS PRODUCTION AND SALES BUSINESS
- ■ JGC Energy Development (USA) Inc.

JGC CORPORATION

MAINTENANCE SERVICES
- ■ JGC PLANTECH Co., Ltd.
- ■ JGC PLANTECH AOMORI Co., Ltd.

SYSTEM SOLUTION SERVICES
- ■ JGC Information Systems Co., Ltd.

OFFICE SUPPORT SERVICES
- ■ Nikki Business Services Co., Ltd.

WATER & POWER GENERATION BUSINESS
- ■ JGC-ITC Rabigh Utility Co., Ltd.

CATALYSTS & FINE PRODUCTS
- ■ JGC Catalysts & Chemicals Ltd.
- ■ Japan Fine Ceramics Co., Ltd.
- ● Nikki-Universal Co., Ltd.

Total engineering
Catalysts and fine products

■ Consolidated subsidiary
□ Non-consolidated, non-equity-method subsidiary
● Equity-method subsidiary or affiliate
○ Non-equity-method subsidiary or affiliate

BUSINESS	COMPANY	COUNTRY	CAPITAL	CAPITAL SHARE	OTHER
Process Licensing Services	**Nikki-Universal Co., Ltd.**	Japan	¥1,000,000,000	50%	
Specialized Consulting Services	**Japan NUS Co., Ltd.**	Japan	¥50,000,000	80%	
Engineering & Construction Services	**Nikki Construction Co., Ltd.**	Japan	¥495,000,000	100%	
	Nikki Shoji Co., Ltd.	Japan	¥40,000,000	24.5%	
	JGC PROJECT SERVICES Co., Ltd.	Japan	¥200,000,000	100%	
	JGC Corporation Europe B. V.	The Netherlands	€2,768,000	100%	
	M.W. Kellogg Limited	U.K.	£Stg.890	44.94%	
	JGC SINGAPORE PTE LTD	Singapore	S$2,100,000	100%	
	JGC PHILIPPINES, INC.	Philippines	P340,000,000	100%	
	PT. JGC INDONESIA	Indonesia	US$1,600,000	100%	* JGC 70% * JGC PROJECT SERVICES 30%
	JGC (USA), Inc.	U.S.A.	US$100,000	100%	
Maintenance Services	**JGC PLANTECH Co., Ltd.**	Japan	¥135,000,000	100%	
	JGC PLANTECH AOMORI Co., Ltd.	Japan	¥50,000,000	100%	* JGC PLANTECH 100%
System Solution Services	**JGC Information Systems Co., Ltd.**	Japan	¥400,000,000	100%	
Office Support Services	**Nikki Business Services Co., Ltd.**	Japan	¥1,455,000,000	100%	
Catalysts & Fine Products	**JGC Catalysts & Chemicals Ltd.**	Japan	¥1,800,000,000	100%	
	Japan Fine Ceramics Co., Ltd.	Japan	¥300,000,000	100%	
	Nikki-Universal Co., Ltd.	Japan	¥1,000,000,000	50%	
Global Warming Gas-Emissions Credits Business	**JMD Greenhouse-Gas Reduction Co., Ltd.**	Japan	¥30,000,000	47%	
Water & Power Generation Business	**JGC-ITC Rabigh Utility Co., Ltd.**	Japan	¥319,533,500	55.43%	
Oil & Gas Production and Sales Business	**JGC Energy Development (USA) Inc.**	U.S.A.	US$58,000,000	100%	

Outline of JGC

As of March 31, 2010

Established October 25, 1928

Capital ¥23,511,189,612

Number of Employees 2,107 (Consolidated: 5,795)

Major Shareholders

	Number of shares (thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,181	7.01
Japan Trustee Services Bank, Ltd. (Trust Account)	16,975	6.55
Nikki Shoji Co., Ltd.	12,112	4.67
Sumitomo Mitsui Banking Corp.	11,000	4.24
JGC-S SCHOLARSHIP FOUNDATION	8,433	3.25
Mizuho Corporate Bank, Ltd.	5,700	2.20
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,500	1.73
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	4,223	1.63
State Street Bank and Trust Company 505223	4,174	1.61
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3,339	1.28

JGC's treasury stock holdings total 6,290 thousands shares, approximately 2.42% of total shares issued.

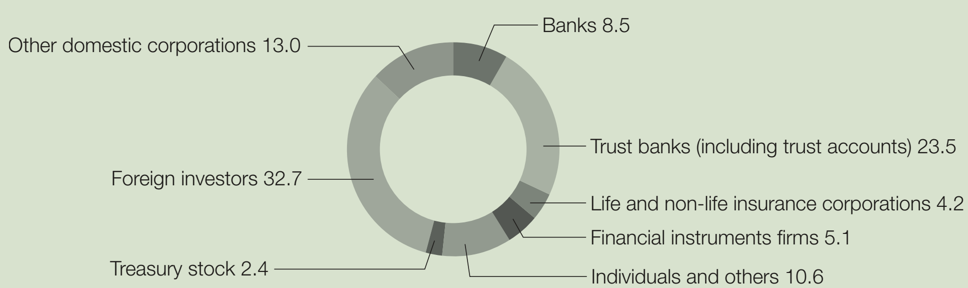
Authorized Shares 600,000,000

Issued and Outstanding Shares 259,052,929

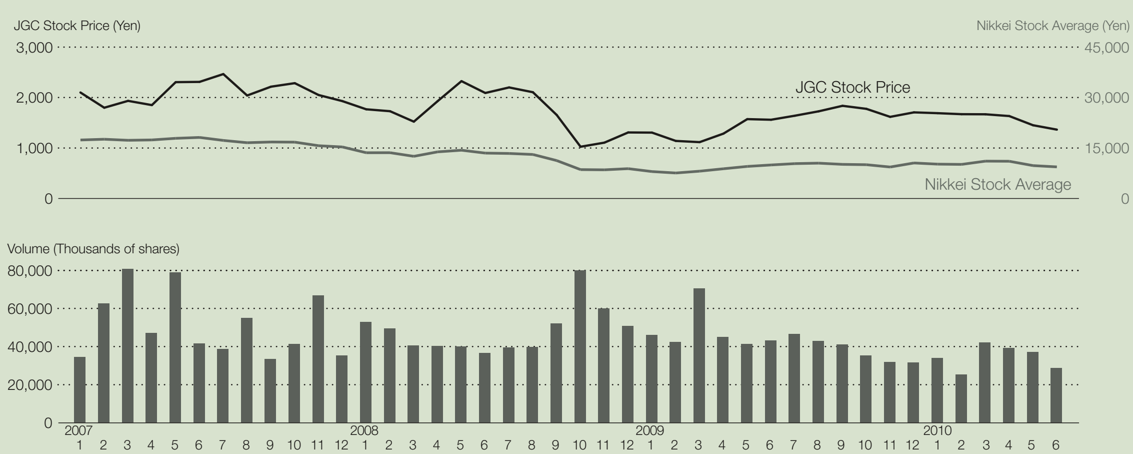
Number of Shareholders 12,927

Administrator of the Shareholders' Register Mitsubishi UFJ Trust and Banking Corp.
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan

Distribution of Shareholders (%)



Stock Price



Domestic Offices

Tokyo Corporate Office
New Ohtemachi Bldg., 2-2-1,
Ohtemachi, Chiyoda-ku,
Tokyo 100-0004, Japan
Tel: 81-3-3279-5441
Fax: 81-3-3273-8047

Yokohama World Operations Center
2-3-1, Minato Mirai, Nishi-ku,
Yokohama 220-6001, Japan
Tel: 81-45-682-1111
Fax: 81-45-682-1112

MM Park Building Office
3-6-3, Minato Mirai, Nishi-ku,
Yokohama 220-0012, Japan
Tel: 81-45-682-1111
Fax: 81-45-682-1112

Research and Development Center
2205, Narita-cho, Oarai-machi,
Higashi Ibaraki-gun, Ibaraki Pref.
311-1313, Japan
Tel: 81-29-266-3311
Fax: 81-29-266-3310

Osaka Office
3-1-18, Kitahama, Chuo-ku,
Osaka 541-0041, Japan
Tel: 81-6-6208-0260
Fax: 81-6-6208-0265

Overseas Offices

Asia

Beijing Office
Room No. 605, Office Tower I,
Henderson Centre, No. 18
Jianguomennei Dajie,
Dongcheng District, Beijing
100005, China
Tel: 86-10-6518-3001
Fax: 86-10-6518-3006

Jakarta Office
Wisma Kyoei Prince, 12A Floor,
Jl. Jend. Sudirman Kav. 3,
Jakarta 10220, Indonesia
Tel: 62-21-572-3320
Fax: 62-21-572-4311

Hanoi Office
A312, The Manor Towers, My Dinh, Me Tri,
Tu Liem, Hanoi, Vietnam
Tel: 84-4-3936-6850
Fax: 84-4-3936-6851

JGC KOREA CORPORATION
Lotte Kwanak Tower 5th Floor
395-67, Shindaebang-Dong,
Dongjak-Gu, Seoul, Korea
Tel: 82-2-831-7316
Fax: 82-2-831-7317

JGC Engineering Consultants (Shanghai) Co., Ltd.
Suite 1503-1504, POS-PLAZA,
1600 Century Avenue Pudong
New Area, Shanghai 200122, China
Tel: 86-21-5058-9881
Fax: 86-21-5058-9880

JGC PHILIPPINES, INC.
2109 Prime Street,
Madrigal Business Park,
Ayala Alabang, Muntinlupa City,
Philippines
Tel: 63-2-876-6000
Fax: 63-2-807-0668

JGC VIETNAM COMPANY LIMITED
A212, The Manor Towers, My Dinh, Me Tri,
Tu Liem, Hanoi, Vietnam
Tel: 84-4-3794-0520
Fax: 84-4-3794-0522

PT. JGC INDONESIA
Jl. TB Simatupang 7-B Jakarta 12430,
Indonesia
Tel: 62-21-29976500
Fax: 62-21-29976599

JGC SINGAPORE PTE LTD
29 International Business Park
#07-01 Acer Building, Tower A
Singapore 609923, Singapore
Tel: 65-6-227-0122
Fax: 65-6-227-0358

JGC CONSTRUCTION INTERNATIONAL PTE. LTD.
29 International Business Park
#07-01 Acer Building, Tower A
Singapore 609923, Singapore
Tel: 65-6-561-1255
Fax: 65-6-561-1767

Oceania

Perth Office
Level 18, Central Park 152-158
St Georges Terrace, Perth WA 6000,
Australia
Tel: 61-8-9288-1828
Fax: 61-8-9288-4400

Middle East

Abu Dhabi Office
Office No. 305, 3rd Floor
Al Salam Building
Junction of Zayed the 1st St./Al Salam Road
P.O. Box 28543
Abu Dhabi, U.A.E
Tel: 971-2-6443-335
Fax: 971-2-6444-204

JGC Arabia Limited
P.O. Box 2414, Al-Khobar 31952,
Saudi Arabia
Tel: 966-3-896-5055
Fax: 966-3-896-5056

JGC Gulf International Co., Ltd.
P.O. Box 2257, Al-Khobar 31952,
Saudi Arabia
Tel: 966-3-896-5060
Fax: 966-3-896-5071

JGC Middle East FZE
(Jebel Ali Head Office):
Office No. LB13124
P.O. Box 18414, Jebel Ali,
Dubai, U.A.E.
Tel: 971-4-8812102
Fax: 971-4-8873102
(Doha Branch):
Al Fardan Tower 25F, P. O. Box 22173,
Doha, Qatar
Tel: 974-409-3424
Fax: 974-409-3557

Europe

Almaty Office
050059 Almaty Samal-2
Microdistrict Bldg. 56A
Office 203, Kazakhstan
Tel: 7-727-263-5185
Fax: 7-727-263-5187

Paris Office
17 Rue de Quatre
Septembre 75002
Paris, France
Tel: 33-1-4477-4300
Fax: 33-1-4477-4311

London Office
Building 7E, Kellogg Tower,
Greenford Road,
Greenford, Middlesex,
UB6 OJA, U.K.
Tel: 44-20-8872-7851
Fax: 44-20-8872-7852

JGC Italy S.r.l.
Via Lallio n.35 Frazione
Sforzatica 24044-Dalmine (BG)
Italy
Tel: 39-035-373705
Fax: 39-035-373728

JGC Corporation Europe B.V.
Scheveningseweg 58,
2517 KW, The Hague,
The Netherlands
Tel: 31-70-306-6500
Fax: 31-70-306-6555

JGC CORPORATION (UK) LIMITED
Building 7E, Kellogg Tower,
Greenford Road,
Greenford, Middlesex,
UB6 OJA, U.K.
Tel: 44-20-8872-7851
Fax: 44-20-8872-7852

M.W. Kellogg Limited
Kellogg Tower, Greenford Road,
Greenford, Middlesex,
UB6 OJA, U.K.
Tel: 44-20-8872-7000
Fax: 44-20-8872-7272

Africa

Algiers Office
Boulevard du 11 decembre 1960,
Lotissement No.6, El-Biar, Alger, Algeria
Tel: 213-21-91-2366
Fax: 213-21-91-2285

JGC Algeria S.p.A
Boulevard du 11 decembre 1960,
Lotissement No.6, El-Biar, Alger, Algeria
Tel: 213-21-91-2366
Fax: 213-21-91-2285

JGC NIGERIA LIMITED
Block 1, Flat 6, Zion Court No.1 Samuel
Adedoyin Street, Ikate Lekki, Lagos Nigeria
Tel: 234-1-4630603

Americas

JGC (USA), Inc.
10370 Richmond Avenue, Suite 800,
Houston, TX 77042, U.S.A.
Tel: 1-713-789-1441
Fax: 1-713-975-7874

JGC Energy Development (USA), Inc.
10370 Richmond Avenue Suite 810,
Houston, TX 77042, U.S.A
Tel: 1-832-487-9965
Fax: 1-832-487-9973

JGC VENEZUELA C.A.
Edificio Bancaracas Piso 6
Oficina 6-06,
Av. San Felipe con 2da Calle,
La Castellana, Caracas, Venezuela
Tel: 58-212-266-9155
Fax: 58-212-265-9231

JGC CORPORATION

2-3-1, Minato Mirai, Nishi-Ku, Yokohama 220-6001, Japan
TEL. 81-45-682-1111 FAX. 81-45-682-1112
www.jgc.co.jp

Waterless
Printing. Naturally.

VEGETABLE OIL INK

Printed in Japan on recycled paper