JGC CORPORATION

Program Management Contractor & Investment Partner

Annual Report 2013

April 1, 2012 — March 31, 2013

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 37) 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.

Profile

JGC Corporation was founded in 1928 and has since 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 displayed unsurpassed project management capabilities in the fields of petroleum refining and gas processing, LNG, petrochemicals and other hydrocarbons as well as those involving non-ferrous metals, nuclear power, pharmaceuticals, hospitals, and numerous other sectors.

In order to respond to the diverse needs of its clients, JGC has moved beyond its role as an engineering contractor to expand its investment business into such domains as power generation and desalination, water, the environment, renewable energy, and resource development. At the same time, JGC provides planning and management services in the urban development domain. JGC recently launched its medium-term management plan, "NEW HORIZON 2015," under which it has charted a course to become a "Program Management Contractor & Investment Partner."

Using this Annual Report

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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, the 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, the 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

- Behave in accordance with the highest ethical standards and in a socially acceptable manner.
- Understand the requirements, and observe the laws, regulations and rules of the business conducted.

2. Conduct: Fairness and transparency

- Be fair, honest and transparent at all times in conducting business.
- Maintain integrity in all the relationships that constitute the business being conducted.

3. Corporate atmosphere: Progressive spirit and open mind

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

- Gain the trust of clients and shareholders by performing faithfully and by providing an adequate level of information.
- Direct efforts at providing reliable services and products that satisfy the client's needs.
- 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.

Financial Highlights

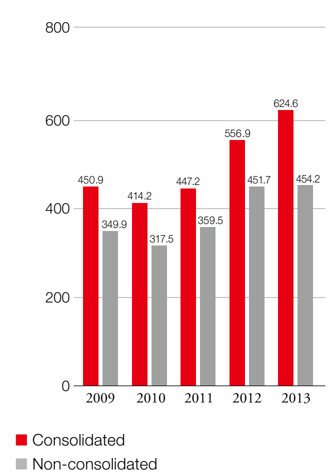
For the years ended March 31.
Yen amounts are in millions except per share data.

		Millions of yen		Thousands of U.S. dollars
Consolidated	2013	2012	2011	2013
Net Sales	¥ **624,637**	¥ 556,967	¥ 447,223	**$ 6,641,542**
Operating Income	**64,123**	67,054	63,559	**681,797**
Income before Taxes on Income and Minority Interests in Earnings of Consolidated Subsidiaries	**62,313**	71,479	52,771	**662,552**
Net Income	**46,179**	39,111	25,478	**491,005**
Net Income per Share (in yen and U.S. dollars)	**182.91**	154.90	100.83	**1.94**
New Contracts	**594,091**	793,278	618,203	**6,316,757**
Outstanding Contracts	**1,514,108**	1,506,146	1,163,256	**16,098,969**

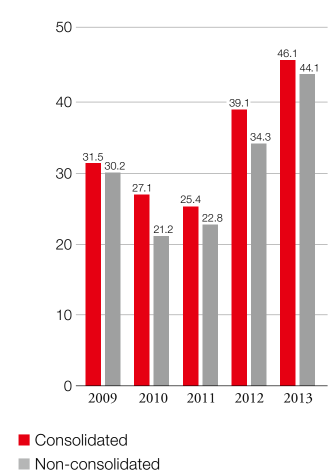
		Millions of yen		Thousands of U.S. dollars
Non-Consolidated	2013	2012	2011	2013
Net Sales	¥ **454,261**	¥ 451,724	¥ 359,561	**$ 4,829,995**
Operating Income	**48,946**	54,218	51,918	**520,426**
Income before Taxes on Income	**56,250**	60,708	45,205	**598,086**
Net Income	**44,147**	34,304	22,853	**469,399**
Net Income per Share (in yen and U.S. dollars)	**174.86**	135.86	90.44	**1.86**
New Contracts	**468,427**	342,983	569,128	**4,980,617**
Outstanding Contracts	**1,019,426**	1,005,260	1,114,182	**10,839,192**

Notes: 1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥94.05 = $1.00, the prevailing rate of exchange at March 31, 2013.
2. Net income per share is computed based on the average number of shares of common stock outstanding during the period.

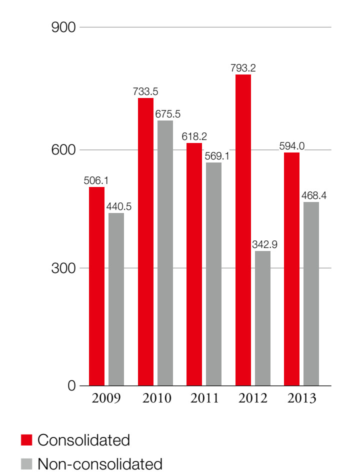
Net Sales
(Billions of yen)



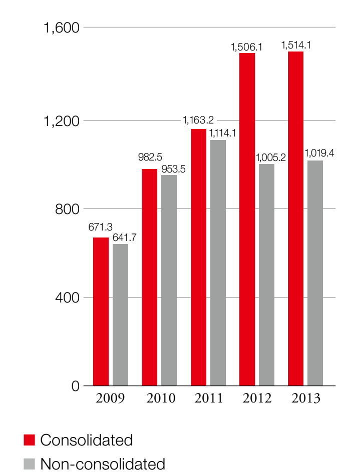
Net Income
(Billions of yen)



New Contracts
(Billions of yen)



Outstanding Contracts
(Billions of yen)



To Our Stakeholders

Keisuke Takeuchi
Chairman and Representative Director

Koichi Kawana
President and Representative Director

Program Management Contractor & Investment Partner

In fiscal 2012, ended March 31, 2013, JGC received a large volume of orders, primarily in the Middle East and Southeast Asia. Furthermore, due to steady progress in our projects in hand, we achieved our highest level of earnings ever. In fiscal 2013, in addition to further strengthening our cost-competitiveness, technological capabilities, and project execution capabilities, we intend to continue to fully respond to the high expectations of our clients in not only existing markets but also the "new frontiers" that hold the promise of additional growth.

In our consolidated results for fiscal 2012, thanks to the support of our stakeholders and our clients, as well as the efforts of the directors and employees of JGC and the JGC Group, we recorded net sales of ¥624.6 billion, gross profit of ¥84.4 billion, operating income of ¥64.1 billion, and net income of ¥46.1 billion. In fact, net sales and net income were our highest on record. We paid a dividend to shareholders of ¥45.5 per share. Consolidated orders received were ¥594.0 billion, nearly achieving the fiscal 2012 target of ¥600.0 billion. In our consolidated earnings forecast for fiscal 2013, we have projected net sales of ¥690.0 billion, gross profit of ¥90.0 billion, operating income of ¥69.5 billion, and net income of ¥47.0 billion. We plan to pay a dividend of ¥46.5 per share. With respect to orders, taking into account the strong market conditions, we have raised our full-year target from ¥600.0 billion in fiscal 2012 to ¥650.0 billion for the current year, and we intend to make every possible effort in our sales activities to achieve that target.

Looking back on fiscal 2012, crude oil prices moved at high levels on increasing demand for energy in emerging countries due to population growth and ongoing urbanization. In response to rising LNG demand in Asia, and especially in Japan, capital investment plans were seen for oil, petrochemicals, gas processing, and LNG, mainly in the Middle East, Asia, and Oceania. Amid such market conditions, we were successful in fierce competition in our engineering business, receiving orders overseas for an oil refinery project in Saudi Arabia, for a petroleum refining and petrochemicals complex project in Vietnam, and for an LNG plant expansion project in Malaysia.

In Japan, we received plant construction project orders that included an Integrated coal Gasification Combined Cycle (IGCC) demonstration plant, a Carbon Dioxide Capture and Storage (CCS) demonstration plant, and for fiscal 2013 a solar power plant. We also received orders for the provision of FEED (Front End Engineering and Design) services for a floating LNG project in Malaysia, an LNG project in Mozambique, and a floating LNG plant in Indonesia. We thereby secured a foothold for receiving EPC (Engineering, Procurement and Construction) orders from fiscal 2013 onward. In fiscal 2012, a significant achievement was the receipt by JGC Gulf International Co. Ltd., a Saudi Arabia-based consolidated subsidiary of JGC, of two important orders: a project to build an aromatics production plant and the expansion of an ethylene plant.

Meanwhile, in our investment business, in fiscal 2012 JGC made the decision to acquire 100% of a solar power generation project in Japan, with operation of the plant beginning in May 2013. We also committed to participating in a business park project in Chongqing City, in China. In fiscal 2013, we plan to continue to invest in quality projects in such fields as resource development, power generation, desalination, photovoltaic power generation, solar thermo-electric power generation, and urban infrastructure development.

Our outlook for the engineering market in fiscal 2013 is as follows. Continuing from fiscal 2012, against a backdrop of increasing energy demand in emerging countries due to population growth and ongoing urbanization, projects—on a scale equal to or larger than that in fiscal 2012—will be executed by the oil majors and national oil companies of resource-rich countries, mainly in the Middle East, North Africa, Southeast Asia, North America, and Russia. Particularly in the United States and Canada, planning is under way for the construction of numerous LNG projects and ethylene projects that use cheap shale gas as feedstock, and there are also plans for GTL (Gas-to-Liquids) projects to produce a variety of petroleum products from shale gas. We recognize that North America and Russia—where LNG plans are progressing on the Arctic Ocean side as well as the Far East side—are new and very promising markets for JGC.

In fiscal 2013, we believe that our most important issue is how to break into these markets and receive large numbers of project orders. Fortunately, in early fiscal 2013, by receiving an order for some of the services on the Yamal LNG project in Russia and for the FEED work on the Pacific Northwest LNG project in Canada, we marked our first steps into these "new frontiers". In fiscal 2013, we will continue to devote our efforts toward receiving orders for projects in such new frontiers. In the course of broadening JGC's target market to become worldwide in scope, there is expected to be an increase in instances where project execution will face challenging climate conditions. We acknowledge that in undertaking those projects we will be required to carry out schedule management more carefully than ever before. In an era that requires contractors to excel not only in cost-competitiveness but also in technological capabilities and project execution capabilities, JGC intends to respond fully to the high expectations of its clients.

As a final point, we have the sad duty of reporting on the attack by an armed group on a JGC construction site in Algeria in January 2013. This was an event that was beyond anything that the Company imagined could occur. In the future, while receiving support from the governments and relevant ministries and agencies of the countries concerned, as well as from business partners and clients, all companies in the JGC Group will work together to strengthen their security measures.

Throughout the coming year, the entire JGC Group will strive to achieve its consolidated orders target and consolidated earnings forecast. We ask our stakeholders for their continued support as we work toward reaching our goals.

July 2013

Keisuke Takeuchi
Chairman and Representative Director

Koichi Kawana
President and Representative Director

Special Feature

Meeting the challenge of receiving orders for large-scale EPC projects in North America

Focusing on the expanding EPC market in North America

In May 2013, JGC jointly received an order with KBR for Front End Engineering and Design (FEED) services on an LNG plant construction project promoted in British Columbia, Canada, by Petroliam Nasional Berhad (PETRONAS), Malaysia's national oil company, and Japan Petroleum Exploration Co., Ltd. (JAPEX).

As exemplified by this project, at present in North America, many projects that use abundant and cheap shale gas as feedstock are planned, and expectations for North America as a promising EPC market are high.

Meeting the challenge of receiving orders for large-scale EPC projects in North America

Focusing on the expanding EPC market in North America

With the revolution in drilling technology, shale gas development succeeded in the United States in the early 2000s. From 2007 onward, about the same time that full-scale shale gas production began to expand, U.S. natural gas production capacity increased sharply. While the United States had previously been importing natural gas, with the expansion in shale gas production, the country became able to meet its natural gas demand through its own production. Consequently, the balance between supply and demand in the natural gas market in the United States collapsed, and natural gas prices fell sharply. Thus, in the United States, there are now plans for many projects that will use abundant and cheap shale gas as feedstock to make LNG and ethylene (gas chemical) as well as GTL for higher value-added products.

Specifically, in addition to plans for roughly a dozen LNG projects, there are also plans for roughly a dozen projects to construct or expand ethylene plants, as well as plans for multiple GTL production projects.

Meanwhile, as for Canada, the natural gas it produced until now had been exported by pipeline to the United States. However, because the United States has seen its natural gas demand fall sharply as its shale gas production has moved into full swing, in order for Canada to find new export destinations for its natural gas, new construction of multiple LNG plants on the Pacific coast of the country is planned.

JGC takes pride in having constructed LNG plants that account for more than 30% of the world's LNG production capacity. Similarly, in the ethylene field, JGC is proud of having completed 44 projects, mainly in the Middle East. In the GTL field, moreover, for Shell MDS in Malaysia, we constructed the world's first commercial GTL plant, and, for Qatar Shell GTL Ltd in Qatar, we constructed a GTL plant boasting the world's largest production capacity. Now, in North America, the oil majors and other customers are advancing plans for projects—in LNG, ethylene, GTL, and other fields—that use abundant and cheap shale gas as feedstock. We believe that, by utilizing our abundance of past achievements, in primarily the Middle East, as well as our superior project management capabilities for large projects, we will definitely produce good results in the plant market in North America.

To that end, JGC will establish a North American project execution system by forming joint ventures with U.S. contractors that have abundant project execution experience in the region. On another front, while giving consideration to establishing our own EPC subsidiary, we will strive to strengthen our presence in North America.

JGC regards fiscal 2013 as a year to take up the challenge of expanding its market and will actively work to increase its orders in North America.

Ranking of Countries by Technically Recoverable Shale Gas Reserves

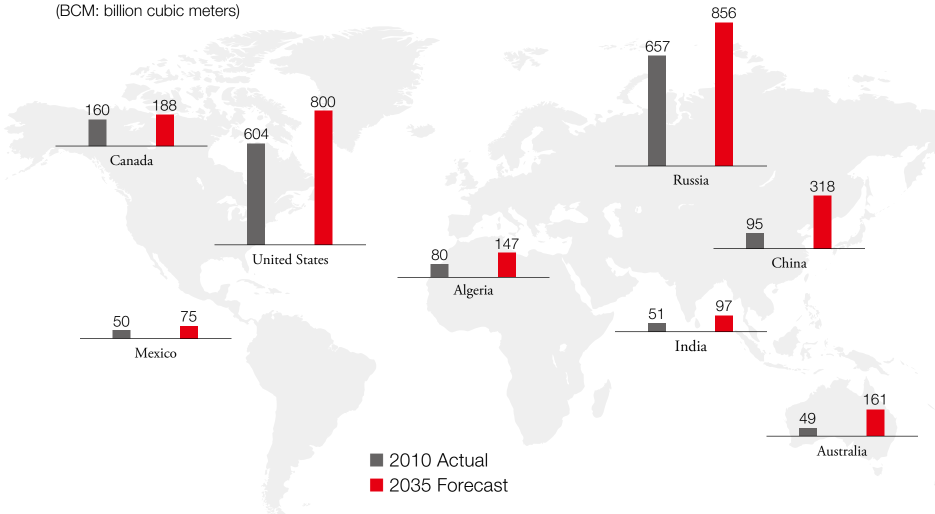
(TCF: trillion cubic feet)

Country	Reserves
China	1,115
Argentina	802
Algeria	707
United States	665
Canada	573
Mexico	545
Australia	437
South Africa	390
Russia	285
Brazil	245
Total	7,299

Source: U.S. Energy Information Administration

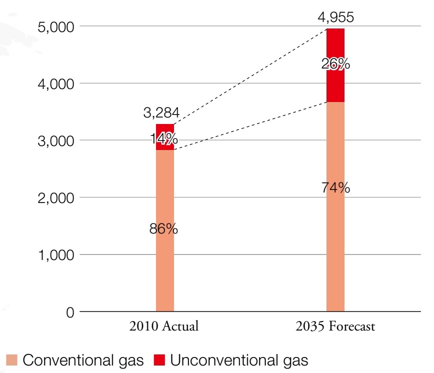
World Natural Gas Production Forecasts by Region

(BCM: billion cubic meters)



World Conventional and Unconventional Gas Production Forecasts

(BCM: billion cubic meters)



Source: World Energy Outlook 2012

Review of Operations

The market environment for total engineering projects in fiscal 2012 saw capital investments in oil and gas-related projects grow steadily, particularly in oil and gas producing countries. Against the backdrop of continued increases in the world population and economic growth in emerging nations, such capital investments resulted from increasing demand for energy as well as continuing high prices for crude oil. In addition, in North America, numerous planned projects based on abundant and cheap natural gas, particularly those to produce LNG, gas chemicals, or GTL (Gas-to-Liquids) products, continued to progress toward realization.

In this positive climate, while continuing to work to strengthen cost-competitiveness throughout the whole organization, the JGC Group implemented aggressive sales activities aimed at achieving its target for orders. Furthermore, for projects that were already under way, we strove to maximize the reliability of our project execution by paying the closest possible attention to the matter of risk.

Meanwhile, due to the attack on a JGC construction site that occurred in Algeria in January 2013, we temporarily suspended construction work on the three projects that we had been executing in the country until site safety could be guaranteed. However, construction work for the Gassi Touil gas processing plant was recommenced in April after security had been guaranteed, and that for the crude oil processing plant in the Bir Seba area was begun again in June.

Total Engineering Business

Oil and Gas Development Projects

In the field of oil and gas development, supported by continuing high crude oil prices and robust demand for crude oil and natural gas, aggressive capital investments continued to be made by the oil majors, major state-run oil companies, and other players.

In the Ras Laffan area of Qatar, JGC is carrying out a large-scale gas processing plant construction project promoted by the state-run oil company and ExxonMobil to meet the rapidly growing demand for natural gas for domestic consumption in Qatar.

In the Emirate of Abu Dhabi in the United Arab Emirates, JGC is executing a large-scale gas processing plant construction project in the Habshan area for Abu Dhabi Gas Industries Ltd., with completion targeted in fiscal 2013.

In Saudi Arabia, for Saudi Aramco, the state-owned oil company, JGC executed through to successful completion a project for off-site facilities, including an oil-field water injection system, crude oil storage tanks, and shipping equipment, for a large-scale crude oil processing plant in the Manifa region.


A large gas processing plant under construction for Abu Dhabi Gas Industries (Emirate of Abu Dhabi, United Arab Emirates)

Petroleum Refining Projects

In the petroleum refining field, oil companies, including the majors, are proceeding with downsizing and separating slumping downstream businesses by closing aging refineries with high maintenance costs in developed countries, among other measures. At the same time, oil companies are concentrating their management resources on upstream businesses, especially the development and production of crude oil and natural gas. Meanwhile, in China, India, and emerging countries in Southeast Asia, with remarkable economic growth as a backdrop, oil companies, including the majors, plan to continue constructing or expanding oil refineries.

In Vietnam, in January 2013, JGC was awarded an EPC contract for the country's second oil refining and petrochemicals complex from a joint venture group led by Idemitsu Kosan Co., Ltd.

In Saudi Arabia, in November 2012, the company was awarded a contract to construct the core facilities for a large-scale oil refinery owned by Saudi Aramco, in the Jazan area. This refinery will produce 400,000 barrels per day, and completion is targeted for the second half of 2016. Additionally, in September 2012, JGC Gulf International Co. Ltd., a Saudi Arabian subsidiary of JGC, received an EPC order from Sadara Chemical Company, a joint venture between Saudi Aramco and The Dow Chemical Company, to construct an aromatics production plant.

Likewise, in Venezuela, JGC is carrying out a project to expand an oil refinery for PDVSA Petroelo, S.A. (PDVSA), the country's state-run oil company. This is a project to build a heavy oil processing plant that employs the HDH Plus® heavy crude oil cracking process. The plant will be the first commercial plant to utilize the process.

Meanwhile, in Singapore, JGC is carrying out a project to construct a diesel hydrotreater plant for ExxonMobil Asia Pacific Pte. Ltd., aiming for completion in 2014.

Finally, in Japan, JGC is carrying out renovation and other work on oil refinery facilities for a number of oil companies.

Signing ceremony with Saudi Aramco for the Jazan oil refinery (Saudi Arabia)

LNG Projects

In the LNG field, in addition to stable demand from such traditional LNG importers as Japan, South Korea, and Taiwan, demand for LNG in the medium-to-long term in China, India, and emerging countries in Southeast Asia is expected to increase. Against this backdrop of brisk demand for LNG, plans to construct or expand LNG plants in a wide range of regions worldwide, such as Southeast Asia, North America, Russia, and East Africa, progressed toward project implementation.

In Malaysia, in March 2013, JGC was awarded a contract for an LNG expansion project by PETRONAS, the country's state-owned oil and gas company. Beginning in the 1980s, for more than 30 years, JGC has carried out not only all construction work for the eight existing LNG trains but also, on a continuing basis since the plants' completion, production capacity increases and renovation work. In the current expansion project, a ninth train will be added to the existing eight trains, and we are aiming for completion by the end of 2015. Likewise, in September 2012, we received an order from PETRONAS for the FEED (Front End Engineering and Design) work for a project to build a floating LNG plant for the offshore gas fields of Sabah, Malaysia.

In January 2013, JGC also received an order for the FEED work for a floating LNG project, promoted by INPEX CORPORATION and others in Indonesia.

In the Republic of Mozambique, JGC received an order for the FEED work for a project promoted mainly by Anadarko Petroleum Corporation to construct an LNG plant. The plan for this project, a large LNG plant using natural gas supplied from the country's huge offshore gas fields as feedstock, calls for exports to Asian markets, including Japan.

Additionally, since January 2012 in Australia, JGC has been executing a project to construct an onshore LNG plant for Ichthys LNG Pty Ltd, a consortium headed by INPEX CORPORATION. Completion is scheduled for the end of 2016. Furthermore, on Barrow Island off the northwest coast of the country, JGC is carrying out a project to build an onshore LNG plant for the Gorgon Project, which comprises companies that include Chevron Corporation.

In Sulawesi, Indonesia, JGC is executing a construction project to build an LNG plant for Sulawesi LNG Development, which comprises companies that include Mitsubishi Corporation. Completion is targeted in 2014.

In Papua New Guinea, JGC is executing a project to build an LNG plant for Esso Highlands Limited, which comprises companies that include ExxonMobil.

Moreover, in Japan, JGC is carrying out a project to build an LNG receiving terminal for JX Nippon Oil & Energy Corporation in Hachinohe City, Aomori Prefecture.

In fiscal 2013, in Russia, JGC received from a joint venture between Novatek, a Russian company, and Total, a French company, an order that mainly comprises the detailed engineering services for a large-scale LNG plant. Furthermore, we also received a FEED contract for a project promoted by PETRONAS and other companies in British Columbia, Canada, to build a large LNG plant.


An LNG plant under construction for Sulawesi LNG Development (Indonesia)

As of the end of May 2013, JGC was not only executing a total of six projects to build LNG plants but also participating in four projects by providing FEED services. As the top contractor for the construction of LNG plants, JGC continues to be busily engaged in projects throughout the world.

Power Generation, Nuclear Power, and New Energy Projects

In the domestic power generation field in fiscal 2012, amid challenging conditions for the resumption of operations at all of the nuclear power plants in Japan following the Great East Japan Earthquake, various initiatives were undertaken. With a view toward achieving the diversification of energy supply sources as well as a low-carbon society, the initiatives include demonstration testing of Integrated coal Gasification Combined Cycle (IGCC) plants as well as the implementation of plans for many large-scale solar photovoltaic ("mega-solar") power plants.

Under such circumstances, in August 2012, JGC won an EPC order for gas purification facilities that will be the core facilities of the oxygen-blown coal IGCC Demonstration Plant advanced by Osaki CoolGen Corporation. With the goal of achieving revolutionary zero-emission thermal power generation, this project—led by the Ministry of Economy, Trade and Industry—involves the construction of Japan's first oxygen-blown IGCC plant, with work completion targeted by 2016.

In March 2013, JGC received an EPC order for the construction of a mega-solar power plant in Futtsu City, Chiba Prefecture, promoted by Futtsu Solar Inc., a joint venture comprising Mitsuuroko Green Energy Co., Ltd., Recycle One, Inc., and other partners. This project, which calls for the construction of a mega-solar power plant with a generating capacity of 40,000 kW, the largest in the Kanto region, is scheduled for completion in 2014.

In Iraq, JGC had been executing a project to reconstruct cooling water systems and other facilities for the Nassiriyah thermal power station, and the project was brought to successful completion in July 2013.


Conceptual drawing of the completed IGCC Demonstration Plant for Osaki CoolGen

Chemical Projects

In the area of petrochemical and chemical products, due to falling domestic demand and declining price-competitiveness, the production of basic petrochemical products, such as ethylene and propylene, is contracting in developed countries, including Japan. Furthermore, production bases are shifting to oil and gas producing countries in the Middle East as well as to China, India, and other emerging countries. In particular, in the Middle East, to increase the added value of energy resources and improve local industrial diversification, many new projects continue to be planned under the leadership of national governments. Although the projects are based on cost-competitive feedstock, they utilize the capital, technical capabilities, and project management know-how of foreign companies. Additionally, in North America, there are plans to build various chemical plants for such products as ethylene, with the goal of realizing a highly cost-competitive gas chemicals business that uses cheap and abundant shale gas as feedstock.

In October 2012, JGC Gulf International received an order for a project to expand an ethylene plant in Saudi Arabia for a joint venture comprising Saudi Aramco and Sumitomo Chemical Co., Ltd. The project calls for completion in the second half of 2014.

In addition, for several chemical companies in Japan, JGC is carrying out renovation and other work on plants producing petrochemical and chemical products.

Living and General Production Projects

In the field of pharmaceuticals, capital investments in facilities for the production of antibody drugs and facilities for manufacturing high potency active pharmaceutical ingredients were continuously and aggressively carried out, and such investments will likely continue in the future.

In fiscal 2012, in addition to receiving an EPC order for the construction of pharmaceutical manufacturing facilities in Yamaguchi Prefecture for Terumo Yamaguchi Corporation, JGC also won a number of orders from multiple major domestic pharmaceutical companies for the construction of similar facilities, and work is currently under way. Further, in fiscal 2013, JGC completed the construction of a sterile products plant for TOYAMA CHEMICAL Co., Ltd. in Toyama Prefecture.

In the field of non-ferrous metal refining, JGC has executed and completed, in June 2013, a nickel refinery construction project promoted by Sumitomo Metal Mining Co., Ltd., in Taganito on the island of Mindanao in the Philippines.


A sterile products plant for TOYAMA CHEMICAL

Environmental Protection, Social Development, and IT Projects

In the field of environmental protection, in recent years, against the backdrop of rapid economic growth in emerging countries, increased greenhouse gases in the atmosphere have prompted growing concerns over worsening global warming. As a measure to address global warming in the medium-to-long term, Carbon Dioxide Capture and Storage (CCS) technology is gathering worldwide attention, and there are widespread hopes that the technology will become well established and achieve economic efficiency. In Japan, with the Ministry of Economy, Trade and Industry at its center, an initiative that aims at putting CCS technology to practical use after 2020 has been launched.

Against this backdrop, in November 2012, for the CCS demonstration project promoted by Japan CCS Co., Ltd., in Tomakomai City, Hokkaido, JGC received an EPC order for the construction of facilities to separate, capture, and compress carbon dioxide as well as for the construction of various facilities to transport carbon dioxide to injection wells. The project calls for completion in 2016.

In the medical field, throughout Japan, JGC has constructed high-quality medical facilities and provided project management services, receiving high accolades from many clients.

In fiscal 2012, JGC received an order from SHONAN DAIICHI HOSPITAL, in Kanagawa Prefecture, for construction work associated with the hospital's refurbishment plan.

In addition, JGC completed a project to develop a medical facility on the former site of a company housing facility in Onazuka, Tokyo, for Japan Freight Railway Company; a project to refurbish Kano Hospital for the Houshikai Group, a medical corporation, in Fukuoka Prefecture; construction work on a new hospital ward in a hospital facility for Medical Co. LTA.; and a project to rebuild Ushioda Clinic for the Yokohama Labor Welfare Association, in Kanagawa Prefecture. Additionally, as the operator under the Private Finance Initiative (PFI) system, JGC is conducting maintenance, operations, and procurement at Tokyo Metropolitan Matsuzawa Hospital under a long-term contract. A further project awarded to the company called for the improvement of treatment facilities for dehydrated and separated effluent for Osaka City.

Enterprise Investment Business

Under "NEW HORIZON 2015," JGC's medium-term management plan launched in fiscal 2011, JGC aims to further increase its enterprise investment business. In the fields of conventional power generation, renewable energy, the environment, water, and resource development, as well as in new areas, the company intends to actively invest in businesses in which it can utilize its advantages. In fiscal 2012, as in the previous fiscal year, we carried out aggressive business investments.

In May 2012, the construction and trial operation of a demonstration plant for producing new liquid fuel from low-rank coal as feedstock was completed, with the demonstration operation commenced. The fuel bears the trademarked name JGC COAL FUEL (JCF®), and the yearly output of the plant is approximately 10,000 tons. In August 2012, in British Columbia, Canada, JGC formally acquired an interest in shale gas assets owned by Nexen Inc., a Canadian oil and natural gas development company. In the same month, on land owned by Nissan Motor Co., Ltd., in Oita Prefecture, JGC joined a mega-solar power generation project, and the sale of electric power began in May 2013. With a generating capacity of 26,500 kW, as of May 2013, when the sale of electricity commenced, this was the largest mega-solar power plant in Japan.

A ceremony for the completion of the mega-solar power plant in Oita

Additionally, in the licensing business, JGC jointly developed with MITSUBISHI GAS CHEMICAL COMPANY, INC., a process for producing dimethyl ether (DME). Both companies had jointly licensed the process to a German chemical manufacturer, and, in October 2012, a plant utilizing the licensed process was completed.

Catalysts and Fine Products Business

In fiscal 2012, due to a contraction in domestic demand and fierce price competition with other companies in the same industry, the market environment of the catalysts and fine products business remained challenging.

Although JGC Group companies in the catalysts and fine products business pursued various measures, including price negotiations with customers and reductions of product unit costs, the diversification of feedstock suppliers, reductions of fixed costs, and overseas business expansion, sales and profits both decreased from the previous fiscal year.

In its catalysts operations, sales of fluid catalytic cracking (FCC) catalysts, for which JGC boasts the top market share in Japan, declined. This was due to such factors as decreased usage resulting from the delayed resumption of refinery operations following the Great East Japan Earthquake and increased competition from overseas companies in the same industry as they leveraged the stronger yen. Furthermore, sales of hydrotreating and chemical catalysts also decreased, in response to falling domestic demand and intensifying competition in international product pricing.

Meanwhile, sales of JGC's fine products increased overall compared with the previous fiscal year. While sales of cathode materials for lithium-ion batteries used in eco-cars and sales of materials for cosmetics both decreased, positive factors included our launch of a business for optical materials for glasses, targeting China and South Korea, as well as large increases in demand for glass-grinding silica sol and anti-glare film for smartphones and tablets.

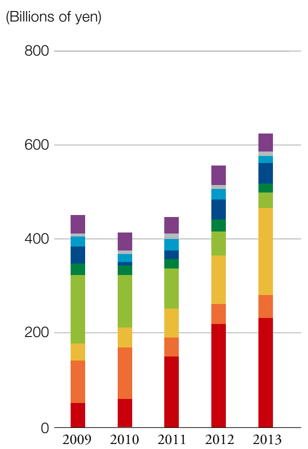
In fiscal 2013, the market environment for the catalysts and fine products business will likely continue to see challenging conditions, including stagnation of the markets in Europe and Japan, slowdowns in the growth of such markets as China, as well as those of emerging countries, and continually high prices of raw materials and fuel.

In this operating environment, while promoting continuous cost-cutting, in its catalysts operations the JGC Group will concentrate on enhancing competitiveness by winning steady domestic project orders and expanding overseas sales for petroleum refining and DeNOx catalysts; developing sophisticated products in the area of hydrotreating catalysts; and establishing a recycling system for rare metals, as the raw materials for hydrotreating catalysts. In addition, we will strive to be responsive through our chemical catalysts operations to overseas expansion by our customers as well as to the integration of petroleum and petrochemical operations by petroleum refinery companies.

In its fine products operations, JGC will aggressively carry out such activities as establishing the mass production of hard disk abrasives and other new abrasives; expanding sales channels to overseas markets for optical materials for glasses and materials for cosmetics; increasing sales of such products as functional optical film material for smartphones and tablets; and accelerating the development of next-generation and generation-after-next products in the area of positive-electrode materials for lithium-ion secondary batteries.

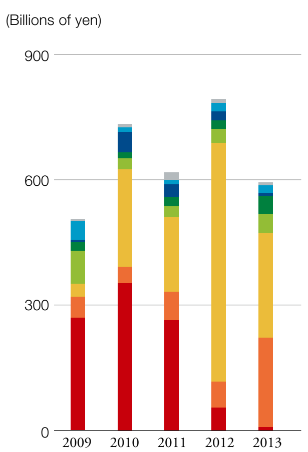
Performance Highlights by Business Sector

All figures are on a consolidated basis.



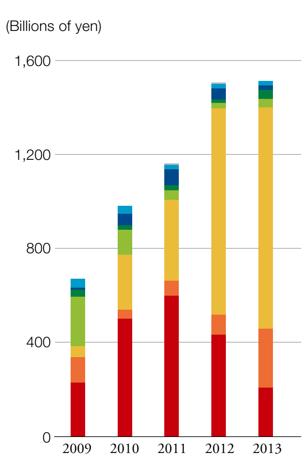
(Millions of yen)

Net Sales (Years ended March 31)	2013	2012	2011	2010	2009
Oil and Gas Development	**232,554**	219,574	150,688	59,382	51,304
	(232,042)	(219,123)	(149,895)	(58,753)	(48,470)
Petroleum Refining	**48,012**	42,191	40,292	110,566	89,838
	(22,297)	(14,682)	(8,711)	(31,894)	(36,182)
LNG	**185,649**	103,299	61,512	42,428	36,261
	(178,439)	(97,435)	(58,969)	(41,122)	(35,627)
Chemical	**32,707**	51,426	84,377	111,216	145,769
	(14,209)	(29,338)	(64,049)	(87,611)	(102,095)
Power Generation, Nuclear Power, and New Energy	**19,536**	24,825	20,869	20,391	25,281
	(471)	(4,613)	(12,621)	(12,359)	(16,230)
Living and General Production	**43,022**	43,059	17,255	8,128	35,743
	(13,738)	(18,693)	(7,938)	(1,502)	(7,836)
Environmental Protection, Social Development, and IT	**15,517**	21,570	25,344	16,488	20,788
	(101)	(176)	(46)	(15)	(1)
Others	**9,129**	8,974	10,851	7,827	6,654
	(4,954)	(4,682)	(6,937)	(3,578)	(2,059)
Total Engineering Business and Other Business	**586,129**	514,922	411,191	376,430	411,642
(Overseas)	**(466,254)**	(388,746)	(309,170)	(236,837)	(248,503)
incl. Total Engineering Business	**576,627**	506,177	401,198	—	—
incl. Other Business	**9,501**	8,745	9,992	—	—
Catalysts and Fine Products	**38,508**	42,045	36,031	37,828	39,270
Total	**624,637**	556,967	447,223	414,258	450,912



(Millions of yen)

New Contracts (Years ended March 31)	2013	2012	2011	2010	2009
Oil and Gas Development	**7,341**	53,909	264,042	352,087	268,868
	(7,004)	(53,322)	(263,483)	(351,358)	(268,519)
Petroleum Refining	**214,388**	62,672	67,188	39,358	50,826
	(192,197)	(34,935)	(52,129)	(13,228)	(7,716)
LNG	**249,887**	570,988	180,096	233,553	31,284
	(242,363)	(569,583)	(157,267)	(233,382)	(21,963)
Chemical	**46,557**	33,865	24,838	25,492	78,492
	(36,137)	(10,539)	(9,288)	(6,495)	(60,685)
Power Generation, Nuclear Power, and New Energy	**43,081**	21,490	23,575	15,038	20,373
	(149)	(5,069)	(8,463)	(2,249)	(13,349)
Living and General Production	**7,327**	21,472	29,255	48,902	6,759
	(604)	(3,034)	(79)	(34,325)	(463)
Environmental Protection, Social Development, and IT	**17,258**	19,610	11,280	11,046	43,376
	(44)	(176)	(94)	(34)	(1)
Others	**8,248**	9,267	17,924	8,069	6,153
	(4,378)	(5,108)	(13,351)	(3,844)	(1,493)
Total	**594,091**	793,278	618,203	733,549	506,135
(Overseas)	**(482,879)**	(681,768)	(504,157)	(644,918)	(374,193)
incl. Total Engineering Business	**584,450**	784,642	608,288	—	—
incl. Other Business	**9,640**	8,636	9,914	—	—

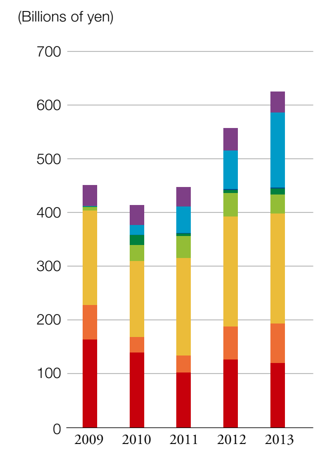


(Millions of yen)

Outstanding Contracts (Years ended March 31)	2013	2012	2011	2010	2009
Oil and Gas Development	**206,969**	432,181	599,271	501,414	227,740
	(206,929)	(431,966)	(599,192)	(501,034)	(227,460)
Petroleum Refining	**251,068**	84,692	63,830	38,024	110,037
	(235,259)	(65,358)	(44,724)	(2,354)	(21,798)
LNG	**941,815**	877,577	343,687	232,881	44,960
	(918,147)	(854,223)	(315,875)	(225,311)	(36,255)
Chemical	**37,067**	23,217	41,055	106,953	212,230
	(35,275)	(13,347)	(32,424)	(93,548)	(194,217)
Power Generation, Nuclear Power, and New Energy	**39,047**	15,502	19,681	19,541	27,677
	(2,387)	(2,709)	(2,804)	(9,035)	(21,927)
Living and General Production	**17,665**	53,361	68,137	49,029	9,040
	(11,062)	(24,196)	(33,045)	(33,449)	(1,410)
Environmental Protection, Social Development, and IT	**19,307**	17,565	19,532	33,597	39,040
	(10)	(67)	(67)	(19)	(0)
Others	**1,168**	2,048	8,060	1,149	613
	(367)	(943)	(6,815)	(596)	(42)
Total	**1,514,108**	1,506,146	1,163,256	982,594	671,341
(Overseas)	**(1,409,438)**	(1,392,813)	(1,034,949)	(865,351)	(503,112)
incl. Total Engineering Business	**1,512,356**	1,504,533	1,161,323	980,664	—
incl. Other Business	**1,752**	1,613	1,932	1,929	—

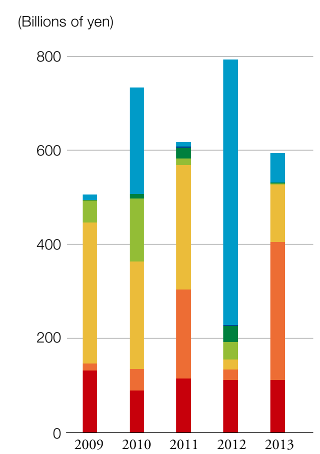
Performance Highlights by Region

All figures are on a consolidated basis.



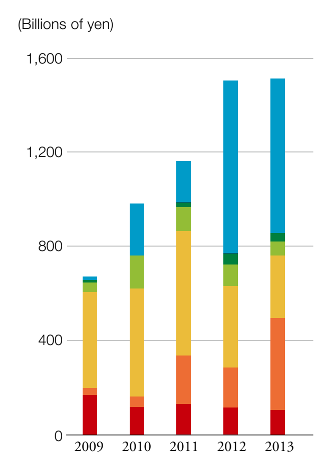
(Millions of yen)

Net Sales (Years ended March 31)	2013	2012	2011	2010	2009
Japan	**119,874**	126,176	102,020	139,592	163,138
Asia	**73,329**	60,686	31,240	28,197	64,730
Middle East	**204,899**	205,161	181,683	141,355	175,392
Africa	**34,672**	44,342	40,899	30,533	7,068
North and South America	**12,003**	5,140	4,633	18,425	76
Europe and CIS	**1,465**	2,122	1,342	5	38
Oceania	**139,884**	71,291	49,372	18,320	1,196
Total Engineering Business and Other Business	**586,129**	514,922	411,191	376,430	411,642
Catalysts and Fine Products	**38,508**	42,045	36,031	37,828	39,270
Total	**624,637**	556,967	447,223	414,258	450,912



(Millions of yen)

New Contracts (Years ended March 31)	2013	2012	2011	2010	2009
Japan	**111,211**	111,509	114,045	88,630	131,942
Asia	**293,356**	22,333	189,614	45,547	14,327
Middle East	**122,601**	20,339	264,921	228,985	299,650
Africa	**1,266**	37,883	13,504	134,106	47,609
North and South America	**2,802**	33,090	23,100	9,305	85
Europe and CIS	**330**	2,617	2,391	142	38
Oceania	**62,521**	565,505	10,625	226,831	12,483
Total	**594,091**	793,278	618,203	733,549	506,135



(Millions of yen)

Outstanding Contracts (Years ended March 31)	2013	2012	2011	2010	2009
Japan	**104,670**	113,333	128,306	117,243	168,228
Asia	**391,459**	171,432	207,014	43,896	28,170
Middle East	**264,006**	346,304	530,201	461,257	409,148
Africa	**59,637**	93,043	102,769	138,964	41,250
North and South America	**37,399**	46,599	18,861	349	9,298
Europe and CIS	**298**	1,432	1,187	137	0
Oceania	**656,637**	734,001	174,914	220,746	15,244
Total	**1,514,108**	1,506,146	1,163,256	982,594	671,341

Major Projects

	Business Sector	Client	Project	Location
Contracts Awarded	Petroleum Refining Projects	Nghi Son Refinery Petrochemical Limited Liability Company	Petroleum Refining and Petrochemicals Complex	Nghi Son/Vietnam
		Saudi Arabian Oil Co. (Saudi Aramco)	Petroleum Refining	Jazan/Saudi Arabia
	LNG Projects	Petroliam Nasional Bhd. (PETRONAS)	LNG Plant	Bintulu/Malaysia
		INPEX Masela, Ltd.	FEED Service for Floating LNG Plant	—
		Petroliam Nasional Bhd. (PETRONAS)	FEED Service for Floating LNG Plant	—
		Anadarko Moçambique Área 1, Limitada	FEED Service for LNG Plant	Cabo Delgado/Mozambique
	Power Generation, Nuclear Power, and New Energy Projects	Osaki CoolGen Corporation	Integrated coal Gasification Combined Cycle (IGCC) Demonstration Plant	Hiroshima/Japan
	Living and General Production Projects	Terumo Yamaguchi Corporation	Pharmaceutical-Related Facilities	Yamaguchi/Japan
	Environmental Protection, Social Development, and IT Projects	Japan CCS Co., Ltd	Carbon Dioxide Capture, Storage, and Compression Facilities	Hokkaido/Japan
		SHONAN DAIICHI HOSPITAL	Hospital	Kanagawa/Japan
Contracts Under Way	Oil and Gas Development Projects	Ras Gas Company Limited	Gas Processing Plant	Ras Laffan/Qatar
		Abu Dhabi Gas Industries Ltd.	Gas Processing Plant	Habshan/Abu Dhabi
		Sonatrach	Gas Processing Plant	Gassi Touil/Algeria
		Groupement Bir Seba	Crude Oil Processing Facilities	Bir Seba/Algeria
	Petroleum Refining Projects	PDVSA Petroleo, S.A. (PDVSA)	Heavy Crude Oil Upgrading Facilities	Puerto La Cruz/Venezuela
		ExxonMobil Asia Pacific Pte. Ltd.	Petroleum Refining-Related Plant	Jurong/Singapore
	LNG Projects	Chevron Australia Pty Ltd	LNG Plant	Barrow Island/Australia
		Sulawesi LNG Development	LNG Plant	Luwuk/Indonesia
		JX Nippon Oil & Energy Corporation	LNG Receiving Terminal	Aomori/Japan
		Ichthys LNG Pty Ltd	LNG Plant	Darwin/Australia
		Esso Highlands Limited	LNG Plant	Port Moresby/Papua New Guinea
	Power Generation, Nuclear Power, and New Energy Projects	General Directorate of Electric Energy Production in Nassiriyah	Cooling Water Facility	Nassiriyah/Iraq
		Japan Nuclear Fuel Limited	Vitrification Facility	Aomori/Japan
	Living and General Production Projects	TOYAMA CHEMICAL CO., LTD.	Pharmaceutical-Related Facilities	Toyama/Japan
	Environmental Protection, Social Development, and IT Projects	Ibaraki Resident Co-operative Union	Headquarters Building	Ibaraki/Japan
		Medical Management Matsuzawa Co., Ltd.	Hospital	Tokyo/Japan
Contracts Completed	Oil and Gas Development Projects	Saudi Arabian Oil Co. (Saudi Aramco)	Utilities, Storage, and Shipping Facilities for the Central Processing Facilities	Manifa/Saudi Arabia
		Sonatrach	Gas & Oil Separation Facilities	Rhourde Nouss/Algeria
	LNG Projects	Petroliam Nasional Bhd. (PETRONAS)	FEED Service for LNG Plant	Bintulu/Malaysia
	Chemical Projects	Saudi Polymers Company	Petrochemical Plant	Al Jubail/Saudi Arabia
	Living and General Production Projects	DENKA SEIKEN Co., Ltd.	Pharmaceutical-Related Facilities	Niigata/Japan
	Environmental Protection, Social Development, and IT Projects	Japan Freight Railway Company	Hospital	Tokyo/Japan
		Houshikai Group	Hospital	Fukuoka/Japan
		Medical Co. LTA.	Hospital	Kumamoto/Japan
		I. P. C Ltd.	Senior Citizen Complex	Ibaraki/Japan

Major Contracts Awarded

Announced as of March 31, 2010

Business Sector*	Client	Project	Location	Completion
OGD	Abu Dhabi Gas Industries Ltd.	Gas Processing Plant	Habshan/Abu Dhabi	2013
OGD	Sonatrach	Gas Processing Plant	Gassi Touil/Algeria	2013
LNG	Chevron Australia Pty Ltd.	LNG Plant	Barrow Island/Australia	—
LNG	Esso Highlands Limited	LNG Plant	Port Moresby/Papua New Guinea	—
CHM	Saudi Arabian Oil Co. (Saudi Aramco) and Sumitomo Chemical Co., Ltd.	Engineering and Project Management Services for the Feasibility Study	Rabigh/Saudi Arabia	—
LIV	DENKA SEIKEN Co., Ltd.	Pharmaceutical-Related Facilities	Niigata/Japan	2011
ENV	I. P. C Ltd.	Senior Citizen Complex	Ibaraki/Japan	2012
ENV	Yushinkai Foundation	Hospital	Kanagawa/Japan	2011
ENV	YASUHARA CHEMICAL Co., Ltd.	Research Center	Hiroshima/Japan	2010

Announced as of March 31, 2011

Business Sector*	Client	Project	Location	Completion
OGD	Ras Gas Company Limited	Gas Processing Plant	Ras Laffan/Qatar	—
PET	ExxonMobil Asia Pacific Pte. Ltd.	Petroleum Refining-Related Plant	Jurong/Singapore	2014
LNG	Sulawesi LNG Development	LNG Plant	Luwuk/Indonesia	2014
LNG	JX Nippon Oil & Energy Corporation	LNG Receiving Terminal	Aomori/Japan	2015
ENV	Ibaraki Resident Co-operative Union	Headquarters Building	Ibaraki/Japan	2012
ENV	Medical Co. LTA.	Hospital	Kumamoto/Japan	2012
ENV	Hokuyokai Group	Hospital	Hokkaido/Japan	2012

Announced as of March 31, 2012

Business Sector*	Client	Project	Location	Completion
OGD	Groupement Bir Seba	Crude Oil Processing Facilities	Bir Seba/Algeria	—
PET	PDVSA Petroleo, S.A. (PDVSA)	Heavy Crude Oil Upgrading Facilities	Puerto La Cruz/Venezuela	—
LNG	Ichthys LNG Pty Ltd	LNG Plant	Darwin/Australia	2016
LNG	Petroliam Nasional Bhd. (PETRONAS)	FEED Service for LNG Plant	Bintulu/Malaysia	2013
PWR	Japan Nuclear Fuel Limited	Vitrification Facility	Aomori/Japan	2013
PWR	General Directorate of Electric Energy Production in Nassiriyah	Cooling Water Facility	Nassiriyah/Iraq	2013
LIV	TOYAMA CHEMICAL CO., LTD.	Pharmaceutical-Related Facilities	Toyama/Japan	2013
ENV	Japan Freight Railway Company	Hospital	Tokyo/Japan	2012
ENV	Houshikai Group	Hospital	Fukuoka/Japan	2013

* 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

Environmental Activities and Contribution to Society

In accordance with the JGC CSR Basic Policy, the JGC Group will continue to involve itself in activities that contribute to the well-being and prosperity of society.

JGC CSR (Corporate Social Responsibility) Basic Policy

JGC is committed to fulfilling its role as a member of society (Corporate Citizenship). We recognize that the foundation of our business is strengthened by contributing to the prosperity of the world economy and society; to the healthy preservation of the global environment; and to sustainable development of society in harmony with nature.

To meet this commitment, JGC hereby establishes the following principles, which shall be applied, throughout its operations.

1. We shall conduct our business with a full understanding of the importance of quality, safety, and the environment.
2. We shall make contributions to society that draw on the unique strengths of the JGC Group.
3. We shall comply with all legal requirements, both within Japan and internationally, and conduct our business in a fair and transparent manner under a proper corporate governance system.
4. We shall disclose necessary information to our stakeholders in a timely and appropriate manner.
5. We shall endeavor to maintain and further improve fair human resource management to develop the abilities of our personnel based on mutual trust and responsibility.
6. We shall promote CSR awareness and further develop our CSR contributions, reflecting input from stakeholders.

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 engineering contractor, striving to develop cleaner petroleum products, make its plants more energy-efficient, and eliminate the production of hazardous waste. Through to today, our understanding that our business activities can themselves contribute to environmental protection has not changed, and it is symbolically expressed in our corporate philosophy.

Furthermore, we are expanding our environmental protection activities into a wider range of fields outside of our EPC business, including our new clean development mechanism (CDM) business, which we are developing as part of our enterprise investment initiatives.

Working to provide our clients with plants that place a minimum burden on the environment is also an important part of JGC's environmental management approach. We engage in testing various techniques and improvements at each stage of our EPC business, and our methods have been evaluated highly by our clients.

Measures taken to lessen the environmental impact of operations at both our head office and the construction sites of our EPC projects constitute the foundation of JGC's environmental management efforts. We have been improving our records every year for CO_2 reductions at the head office and reduction/recycling of waste products at construction sites.

Considering HSE in Business Activities

The JGC Group executes projects around the world, in sectors ranging from resource development, oil, natural gas, and petrochemicals to the environment, catalysts and fine chemicals, pharmaceuticals, water resources, and new energy. Through all these projects, the JGC Group always strives to fully account for factors concerning health, safety, and the environment (HSE). HSE aspects must of course be considered in EPC services, but they must also be considered in marketing and at all project stages, from feasibility studies to maintenance and plant decommissioning, as well as in our investment and services businesses. The JGC Group has added HSE factors to its engineering and management capabilities, as it aims to help create a sustainable society.

In this section, we look at some examples of how the JGC Group considers the environment at the construction planning and construction stages of project execution.

Construction Planning Stage

Meticulous concern for sustainability at plant construction sites is essential. In many countries, the construction of new plants requires submission of an environmental impact assessment (EIA) report for the purpose of minimizing environmental impacts wherever possible. The EIA report describes in detail the impacts that construction work will have on the air, water, soil, flora, fauna, and marine life. JGC applies environmental management systems to construction work to ensure that it demonstrates consideration for the environment in compliance with EIA reports, emphasizing the following points:

① We practice strict legal compliance and environmental risk management by identifying environmental laws and regulations and environmental considerations that have a bearing on construction work.
② We endeavor to increase customer satisfaction and reinforce communication with stakeholders.
③ We manage environmental risks and endeavor to minimize the possibility of incidents that may have a negative impact on the environment by anticipating, preparing for, and speedily responding to emergencies.

Before starting construction work, we consider the above matters and unfailingly perform the following preliminary work:

① Identifying environmental impacts of the construction work
② Setting environmental objectives and targets for the construction work
③ Preparing an environmental management plan for the construction work
④ Providing new workers with environmental education and training

We incorporate the Zero Emissions Initiative 2015, a JGC Group independent environmental conservation initiative, into this preliminary work and thoroughly confirm environmental conservation measures before starting construction.

Construction Stage

Construction work by JGC is preceded by thorough consideration of possible effects on the environment at the planning stage.

Matters decided in the Construction Environmental Management Plan include the project environmental policy, which organizations and persons will be responsible for environment-related work, what environmental protection measures will be put in place, guidelines for environmental performance monitoring and measurement, emergency prevention and mitigation procedures, environmental monitoring, and monthly reporting. Following the start of construction, a review of the environmental aspects of the project (the relationship between construction work and the environment) is conducted to confirm whether the construction work differs from the plan. If any deviations are found, the plan is revised to ensure that there are no omissions in the environmental considerations included in the environmental management framework.

Continuous Improvement of Environmental Management Systems

In December 2003, JGC obtained international standard ISO 14001 certification for its environmental management systems from Lloyd's Register Quality Assurance (LRQA).

After two renewals, JGC completed the fiscal 2011 maintenance examination in September 2011, which included overseas sites.

Making Environmental Improvement Activities More Applicable to Core Business

In the past, environmental improvement activities at JGC's headquarters have tended to center on the reduction of waste, paper, and electricity consumption. For this reason, the challenge for JGC has been to shift focus to environmental improvement activities more related to its core business. In order to address this challenge, all department heads took part in discussions about how to identify opportunities for environmental conservation in their primary work and review target-setting procedures.

These discussions established the following shared awareness:

- It is important to strive for the development of a sustainable society by addressing environmental problems through our core business and to link this with the creation of corporate value and greater competitiveness.
- Amid rising global concern over environmental problems, JGC has been helping to address environmental issues directly and indirectly through its core business activities. JGC recognizes that its pursuit of sustainability must be undertaken in its core business.
- JGC is mindful of the following points for achieving continuous development.

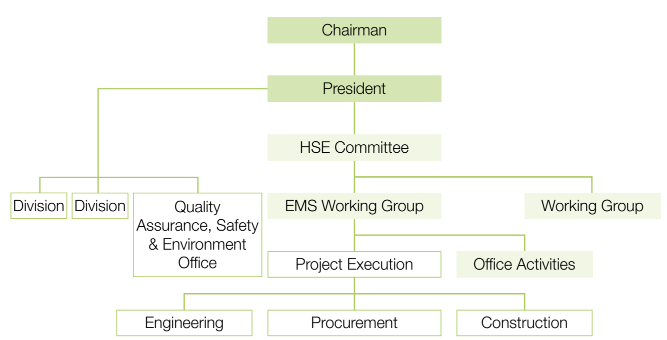
① Maintaining and managing operations so as not to cause environmental problems.
② Making continuous improvements so as to raise earnings while taking environmental concerns into consideration.

Based on this shared understanding, JGC has continued to explore the significance of environmental targets and goals, and it has promoted environmental management activities along the following lines:

- Environmental management activities based on environmental targets and goals are business operations in themselves, rather than separate activities.
- The operating policies of divisions and departments are set with the aim of raising the actual performance of the organization and business operations.
- The environmental targets are to be considered as quality targets.

In this way, JGC's environmental management systems are loosely linked to the quality management system, and JGC promotes environmental improvement activities that are applicable to its core businesses.

Environmental Management Systems



Construction Waste Recycling

JGC aims to minimize its final disposal amount of waste through rigorous implementation of the Zero Emissions Initiative 2015. In fiscal 2012, the final disposal rate for construction work in Japan was 4.2%. Each site uses industrial waste management survey forms prescribed by JGC to confirm the recycling rate with companies taking charge of intermediate waste disposal before contracting with them. Because there is a large difference among waste disposal companies in terms of the disposal method for construction sludge and the recycling rate in particular, an extensive comparative analysis of each company is conducted regarding the disposal methods and disposal costs. Furthermore, appropriate plans for separating waste are drawn up before the commencement of construction based on the nature of the waste generated. During construction, efforts are made to improve the recycling rate by rigidly enforcing waste separation in accordance with the plan.

Social Contribution Activities

Basic Policy for Social Contribution Activities

The JGC Group has declared that it will contribute to the sustainable development of society and the global environment in the JGC CSR Basic Policy. The Group has specified four key fields for realizing this and for conducting suitable social contribution activities.

1. Environment
   Actively contribute to environmental conservation
2. Education
   Support the professional development of future engineers
3. Science and Technology
   Support science and technology as the basis for sustainable development
4. Community Contribution
   Contribute to the sustainable development of the communities where we conduct business

Here, we introduce actual activities in the areas of education, science and technology, and community contribution.

Campaign for Donating Foreign Coins and Used Stamps

As a social contribution activity that employees can undertake themselves while working, JGC has permanently installed donation boxes for the collection of foreign coins left over from overseas business trips as well as used stamps from materials received in the mail.

Coins from a variety of countries are contained in the donation box for foreign coins, which shows that our employees are doing business throughout the world. We donate the collected coins to UNICEF in lump sums, and, after donating such coins to the Japan Committee for UNICEF in November 2012, we received a letter of thanks for our efforts.

Similarly, used stamps in all kinds of designs received from around the world are donated to the Make-A-Wish Foundation, an international volunteer group, thereby being put to good use in activities that support children stricken with serious diseases.

Donation of collected foreign coins to UNICEF

Participating in the Post-Tsunami Monitoring Project

In order to enable effective contributions in the fields of the environment, education, science and technology, and community contribution, JGC has begun carrying out collaborative activities with NGOs that suit particular objectives. As a part of this initiative, JGC is cooperating with Earthwatch Japan as a member company. In the Tohoku region of Japan, which was devastated by the Great East Japan Earthquake in March 2011, Earthwatch Japan launched the Post-Tsunami Monitoring Project, which is intended to give due consideration to the natural environment by promoting biodiversity.

In the project, Tohoku University, NPOs, companies, and private citizens are collaborating to monitor the ecosystems in the tsunami-devastated region. Looking ahead to the future bounty of the ecosystems, which the local agriculture, forestry, and fisheries industries should enjoy, the goal is to achieve a sustainable regional recovery.

In fiscal 2012, as in fiscal 2011, JGC strongly endorsed this activity. In August 2012, one of our employees participated in a "living nature survey of devastated wetlands" that was held in Ishinomaki City and on Sabusawa Island, which is part of Shiogama City, in Miyagi Prefecture. In the survey, participants searched for living matter on the surface and in the subsoil of the wetlands, and they recorded the species that appeared. By comparing the data with pre-disaster data, the data will be put to good use in impact assessments and enable the preservation of places with high species diversity as well as the protection of places where there are many rare species. The Company's participant in the project commented that the experience was very worthwhile. In particular, through the activity, he was able to understand the importance of ecosystems and sensed the need to carry out recovery measures that do not emphasize only short-term efficiency but that give due consideration to long-term and multifaceted perspectives as well as to biodiversity.

As this project will be carried out over a span of 10 years, JGC certainly intends to continue its active support.

Corporate Governance

Improving Our Corporate Value by Fulfilling Our Social Responsibilities

JGC is keenly aware of the importance of proper 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 our 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 our executive accountability system.

Board of Directors

The Board of Directors is headed by the Chairman of the Board of Directors and comprises 15 board members, including one outside board member, and four corporate auditors, including two outside corporate auditors. In principle, the Board of Directors meets twice a month.

Meetings for the Execution of Business Operations

JGC has the Director and Executive Officer Committee, which meets once a month in principle for the purposes of sharing information regarding the status of management policies 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 important matters for JGC and the JGC Group relating to management strategy. The Chairman Emeritus of the 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 JGC Corporation 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, the Nominating Committee and the 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

JGC 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. At present, the Board of Auditors has four corporate auditors, including two 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 when appropriate, and further improve corporate governance through hearings regarding the business execution of the Company's divisions and through surveys of domestic and overseas offices and plants.

Independent Auditor

The certified public accountants who audit JGC's accounts are Kazutoshi Isogai, Yoshihisa Uchida, and Yoshinori Saito of KPMG AZSA LLC. Eight other CPAs and nine other individuals assist in carrying out these audits.

Status of the Internal Control System

Internal Control System

At the meeting of the Board of Directors held on March 27, 2006, the Basic Policy on Internal Control Systems was adopted by resolution, and it has been amended as necessary thereafter.

JGC has established the 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.

Compliance

In order to conduct sustainable business development as a member of the international community, JGC believes that it is essential for each and every employee to conduct business in conformity with corporate ethical standards as well as to observe local laws and regulations not only in Japan but also overseas. To this end, JGC has formulated the Corporate Philosophy for the entire JGC Group, the Principles of Business Conduct, and the Code of Conduct manual as well as anti-bribery and other rules and policies. Furthermore, by providing regular opportunities for education and training on the various laws and regulations, JGC has raised the compliance awareness of each of its employees.

JGC recognizes that the level of compliance demanded of global companies will increase even more in the future. In order to respond to demands like this from international society, JGC is strengthening its internal compliance system by expanding its specialist departments responsible for compliance and constantly developing, implementing, monitoring, and improving its compliance programs.

In addition, based on our recognition of the importance of building a compliance system that also encompasses JGC Group companies in Japan and overseas, while fostering close coordination with the compliance officers of each company, JGC constantly develops, implements, monitors, and improves compliance programs that are uniform and consistent throughout the entire JGC Group.

Corporate Information Disclosure

JGC discloses information in accordance with the statutory disclosure system based on the Japanese Financial Instruments and Exchange Act. In addition, in accordance with the timely disclosure system at Japanese financial instruments exchanges, JGC promptly discloses important company information through its Public Relations & Investor Relations Department. JGC also proactively discloses corporate information falling outside the scope of such regulations and system through news organizations and other media, in cases where it determines that disclosure is desirable.

Status of the Risk Management System

<Corporate Risk Management>

JGC has established the Risk Management Committee as part of a comprehensive risk management system designed to systematically identify risks throughout the Group, particularly company risk related to management, disasters, incidents, and society. The Risk Management Committee meets as necessary.

<Project Risk Management>

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

The Global Marketing Division is constantly gathering a wide range of project information based on various factors, such as region, client, 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

The Project Risk Review Meeting analyzes project-specific risks. The main risk management items are as follows:

- Clarity of the project plan and scope of responsibility
- Client'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 the 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.

If improvement is needed, quick and smooth project management is supported through instructions and assistance designed to bring about appropriate improvements.

<Crisis Management>

Regarding crisis management, based on its Basic Procedures for Crisis Management and on cooperation with all interested parties, including the government and government offices, with the Security Management Section playing a central role, JGC strives to strengthen the information collection and analysis that it conducts at ordinary times to improve its various preventive measures and further strengthen its security functions, especially those for responding to emergency situations.

<Handling of Personal Information>

The JGC Group has established the Personal Information Protection Policy and the 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.

Executive Compensation

JGC's basic policy on executive compensation is to secure the management personnel necessary for enhancing the global competitiveness of JGC as an engineering contractor and continuously raising its corporate value. Executive compensation is set within the bounds of the remuneration cap stipulated by a resolution passed at the 113th General Meeting of Shareholders held on June 26, 2009.

Compensation for the Company's directors comprises fixed-amount remuneration and performance-based remuneration. Furthermore, this remuneration framework is structured so that directors can approach their responsibilities from a medium-to-long-term perspective, considering that a number of years are required from winning an order through to project completion in the EPC business, JGC's main business. 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.

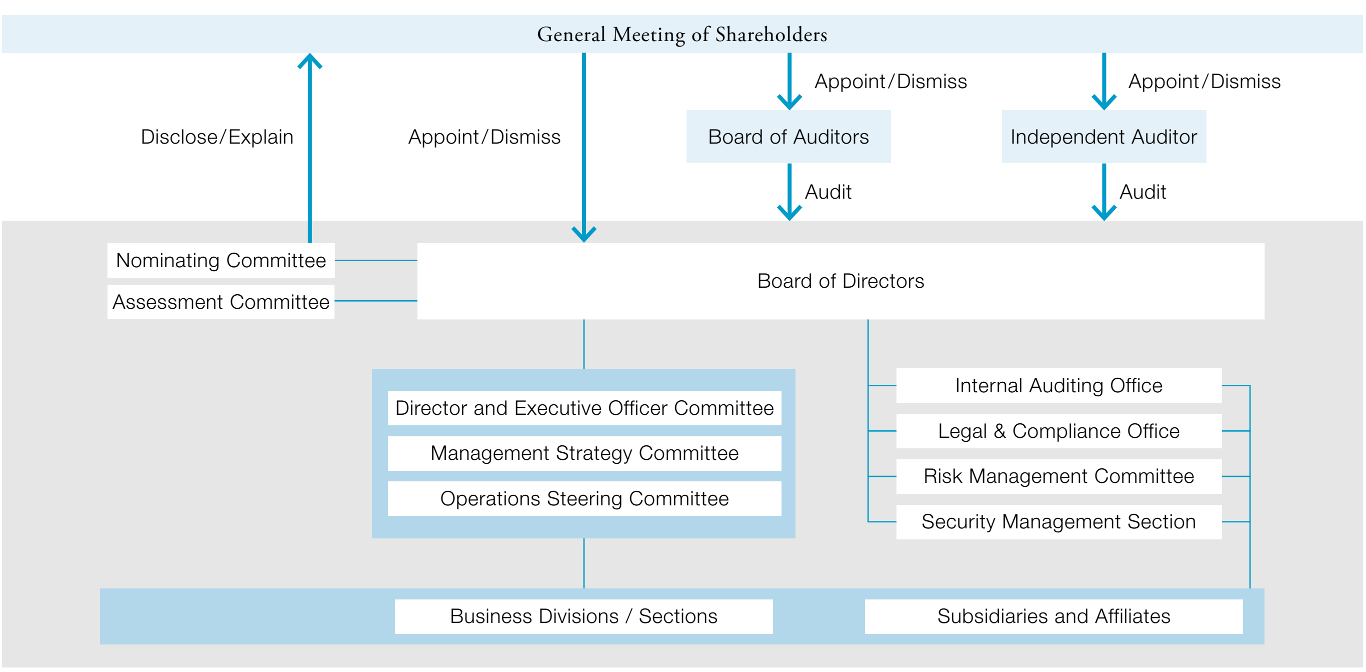
JGC abolished the retirement benefit system for directors and corporate auditors with the close of the 108th General Meeting of Shareholders held on June 29, 2004. It was also resolved that directors and corporate auditors who remained in office after the close of the same meeting would be paid retirement benefit allowances when they retire for their period in office through to the abolition of the retirement benefit system.

Category	Total remuneration available	Remuneration breakdown			
		Fixed-amount remuneration		Performance-based remuneration	
		Number of recipients	Total remuneration paid	Number of recipients	Total remuneration paid
18 directors	¥591.20 million	18	¥466.80 million	15	¥124.40 million
3 auditors (excluding outside auditors)	¥33.20 million	3	¥31.20 million	2	¥2.00 million
3 outside executive personnel (3 outside auditors)	¥31.28 million	3	¥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.

Corporate Governance System

* denotes "Direct" and "Report"



JGC's Top Management

Board of Directors, Auditors, and Executive Officers

As of July 2013

Chairman Emeritus of JGC Group

Yoshihiro Shigehisa

Chairman and Representative Director

Keisuke Takeuchi

President and Representative Director

Koichi Kawana

Executive Vice President

Tadashi Ishizuka

Executive Vice President and Chief Financial Officer and Senior General Manager, Corporate Administrative & Financial Affairs Division

Masayuki Sato

Executive Vice President

Yutaka Yamazaki

Senior Managing Director

Tsutomu Akabane
Senior General Manager, No. 2 Project Division

Managing Directors

Hideaki Miura
Senior General Manager, Engineering Division

Satoshi Sato
Senior General Manager, No. 1 Project Division

Directors

Yasumasa Isetani
Senior General Manager, Business Promotion & Execution Division

Hiroyasu Fukuyama
Senior General Manager, Global Marketing Division

Hitoshi Kitagawa
Senior General Manager, No. 3 Project Division

Yasushi Momose
General Manager, Global Marketing Division

Takehito Hidaka
General Manager, Global Marketing Division

Hiroyuki Miyoshi
General Manager, No. 1 Project Division

Shigeru Endo
Outside Director

Corporate Auditors

Yukihiko Shimizu
Minoru Sakuma*
Toyohiko Shimada
Masao Mori*

* Outside Auditor

Executive Officers

Tadao Takahashi
President, JGC Gulf International Co. Ltd.

Shigeru Abe
General Manager, No. 1 Project Division

Takashi Yasuda
Senior General Manager, Technology Innovation Center

Toru Kikuchi
General Manager, Global Marketing Division

Yutaka Yamanaka
General Manager, Engineering Division

Hiroshi Bunazawa
Senior Manager, Business Strategy Office, No. 1 Project Division

Tokutaro Nomura
General Manager, No. 2 Project Division

Shigeo Kobayashi
General Manager, No. 2 Project Division

Yoshikatsu Nishida
General Manager, Business Promotion & Execution Division

Hisakazu Nishiguchi
Senior General Manager, Legal & Compliance Office

Kazuyoshi Muto
General Manager, No.1 Project Division

Takahiro Kobori
Managing Director, JGC (MALAYSIA) SDN. BHD.

Yasutoshi Okazaki
Project Director, NSRP Project, No. 1 Project Division

Masato Kato
President, JGC Energy Development (USA) Inc.

Nobuhiro Kobayashi
Executive Vice President, JGC Gulf International Co. Ltd.

Kenichi Yamazaki
General Manager, No. 2 Project Division

Yasuhiro Okuda
Senior General Manager, Quality Assurance, Safety & Environment Office

Nobutaka Nohara
General Manager, Corporate Administrative & Financial Affairs Division

Akio Yoshida
General Manager, Global Marketing Division

Toru Amemiya
General Manager, Engineering Division

Financial Section

Contents

Program Management Contractor & Investment Partner

Six-Year Summary—Consolidated

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

	2013	2012	2011	2010	2009	2008
Net Sales	¥ 624,637	¥ 556,967	¥ 447,223	¥414,258	¥450,912	¥551,062
Operating Income	64,123	67,054	63,559	41,919	52,003	44,896
Net Income	46,179	39,111	25,478	27,112	31,543	30,020
Total Current Assets	460,232	376,173	319,464	283,538	335,220	324,617
Total Current Liabilities	262,439	205,772	174,293	137,728	208,023	217,339
Working Capital	197,793	170,401	145,171	145,810	127,197	107,278
Current Ratio	175.4%	182.8%	183.3%	205.9%	161.1%	149.4%
Net Property and Equipment	71,708	64,887	64,634	66,058	66,509	68,450
Total Assets	628,758	526,169	468,503	430,176	480,279	466,773
Long-Term Debt, Less Current Maturities	9,363	7,591	6,624	21,926	23,255	17,300
Total Net Assets	336,084	291,042	264,483	246,141	224,488	207,537
New Contracts	594,091	793,278	618,203	733,549	506,135	402,352
Outstanding Contracts	1,514,108	1,506,146	1,163,256	982,594	671,341	632,827
Net Income per Share (in yen)	182.91	154.90	100.83	107.25	124.76	118.33
Cash Dividends per Share (in yen)	45.5	38.5	30.0	21.0	30.0	21.0
Number of Employees	6,721	6,524	5,826	5,795	5,739	4,723

Analysis of Performance and Financial Position

Our View of the Operating Environment

In the fiscal year under review, ended March 31, 2013, the Japanese economy showed signs of recovery on the strength of such factors as improvement in the export environment and the positive effects of economic policies and monetary measures. Nonetheless, due to such factors as the European sovereign debt crisis, which still has no solution in sight; the financial problems in the United States; and the concerns over a growth slowdown in the Chinese economy, the world economy was in the midst of uncertainty with continuing risk of an economic downturn.

In oil and gas producing countries, with which the total engineering business promoted by the JGC Group is most deeply linked, due to increasing energy demand resulting from world population growth and emerging nations' economic growth, there continue to be many plans for investments in oil and gas resources. In particular, in the Middle East and North Africa, in addition to oil and gas processing projects, there are many plans for petroleum refining projects and gas chemical projects aimed at increasing the added value of oil and gas. Furthermore, in Southeast Asia, East Africa, and Russia, since demand for LNG (liquefied natural gas) is expected to increase in the future primarily in Asian markets, including Japan, there are numerous plans for LNG projects. Meanwhile, in North America, due to the progress in shale gas development, there are many plans for mainly LNG and gas chemical projects that use cheap and abundant shale gas as feedstock, and expectations are high for future realization of the projects.

Results of Operations

Consolidated net sales for the Group in the year ended March 31, 2013, were ¥624,637 million, up 12.1% year on year. Consolidated operating income decreased 4.4%, to ¥64,123 million. Consolidated net income increased 18.1%, to ¥46,179 million.

Net Sales

Reflecting steady progress in projects accounted for on a percentage of completion basis, consolidated net sales increased ¥67,670 million year on year, to ¥624,637 million.

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales was ¥540,164 million, increasing ¥69,937 million year on year in line with higher net sales. Selling, general and administrative expenses increased ¥664 million, to ¥20,350 million.

Operating Income

Despite the increase in net sales, operating income decreased ¥2,931 million year on year, to ¥64,123 million.

Other Income (Expenses)

Other income (expenses) decreased ¥6,235 million, from a net gain of ¥4,425 million in the previous consolidated fiscal year, to a net loss of ¥1,810 million. This ¥6,235 million decrease is because, with regard to investments in subsidiaries and affiliates in the previous fiscal year, JGC recorded loss on allowance for investment, which was considered necessary in view of such factors as financial position, to provide for losses that could arise in the future. As a result, income before taxes on income and minority interests in earnings of consolidated subsidiaries decreased ¥9,166 million year on year, to ¥62,313 million.

Taxes on Income

Due mainly to a tax refund, income tax and other taxes decreased ¥5,028 million year on year, to ¥20,377 million. Meanwhile, deferred taxes on income were minus ¥4,290 million, and tax expenses (net), were ¥16,087 million.

Minority Interests in Earnings (Losses) of Consolidated Subsidiaries

Minority interests, primarily consisting of earnings allocated to minority shareholders of the consolidated subsidiary JGC-ITC Rabigh Utility Co., Ltd., decreased ¥433 million year on year to ¥47 million.

Net Income

As a result of the above, net income increased ¥7,068 million, to ¥46,179 million.

Segment Information

Reporting Segment

Net sales in the total engineering business rose ¥70,450 million, to ¥576,627 million, the result of steady progress with projects accounted for on a percentage of completion basis. Segment profit was ¥58,874 million.

Net sales in the catalysts and fine products business fell ¥3,537 million year on year, to ¥38,508 million. This occurred because demand for chemical catalysts decreased, even though sales in our fine products operations increased on strong growth in hard disk abrasives. Segment profit decreased ¥2,556 million, to ¥4,291 million. The total engineering business accounted for 92% of net sales and 91% of operating income.

Financial Position

Consolidated total assets at March 31, 2013, totaled ¥628,758 million, a year-on-year increase of ¥102,589 million.

Total liabilities increased ¥57,547 million, to ¥292,674 million.

Total net assets were ¥336,084 million, up ¥45,042 million year on year.

The shareholders' equity ratio was 53.4%.

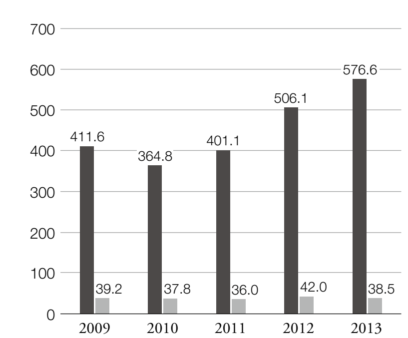
Balance sheet indicators for the Group were as follows:

	March 31, 2011	March 31, 2012	**March 31, 2013**
Current ratio (%)	183	183	**175**
Fixed asset ratio (%)	56	52	**50**

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.

Net Sales by Reporting Segment

(Billions of yen)



■ Total Engineering Business
■ Catalysts and Fine Products Business

Effective from the fiscal year ended March 31, 2011, the Company adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information." Figures for the fiscal year ended March 31, 2010, have been retroactively restated.

Cash Flow

In the fiscal year under review, cash and cash equivalents increased ¥62,221 million year on year, to ¥284,777 million.

Net cash provided by operating activities was ¥85,010 million, mainly reflecting ¥62,313 million recorded in income before taxes on income as well as customer advances for projects in hand and payment of income taxes.

Net cash used in investing activities was ¥28,371 million, primarily due to investments in new fields.

Financing activities used net cash of ¥3,695 million, mainly because of new borrowings and cash dividends paid.

Cash flow indicators for the Group are as follows:

	March 31, 2011	March 31, 2012	**March 31, 2013**
Shareholders' equity ratio (%)	56.3	55.2	**53.4**
Shareholders' equity ratio (market basis, %)	104.9	123.1	**95.5**
Years to redemption of liabilities (years)	0.4	0.1	**0.2**
Interest coverage ratio (times)	86.2	145.3	**338.6**

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 reported on the Consolidated Balance Sheets on which interest was paid. Net operating cash flow is taken from cash flows from 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.

Analysis of New Contracts

In the fiscal year under review, orders received were ¥594,091 million, nearly achieving the initial target of ¥600 billion.

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

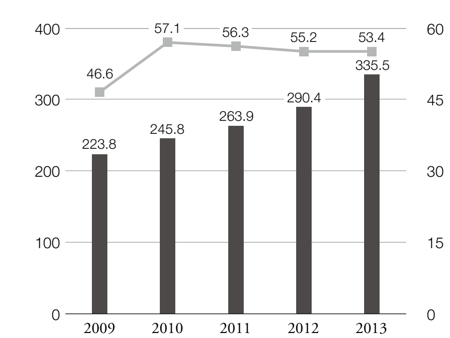
New Contracts by Business Sector

(Billions of yen)

	March 31, 2012	**March 31, 2013**	**March 31, 2013 Percentage of New Contracts**
Oil and gas development projects	53.9	**7.3**	**1.2%**
Petroleum refining projects	62.6	**214.3**	**36.1%**
LNG projects	570.9	**249.8**	**42.1%**
Chemical projects	33.8	**46.5**	**7.8%**
Other projects	71.8	**75.9**	**12.8%**

Shareholders' Equity and Shareholders' Equity Ratio

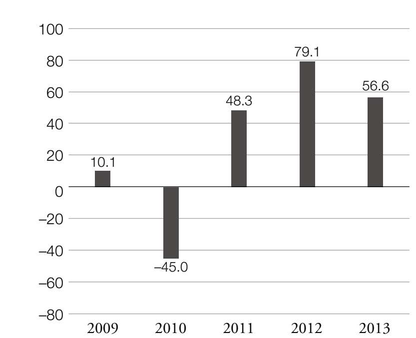
(Billions of yen) (%)



■ Shareholders' Equity
■ Shareholders' Equity Ratio

Free Cash Flows

(Billions of yen)



New Contracts by Region

(Billions of yen)

	March 31, 2012	March 31, 2013	March 31, 2013 Percentage of New Contracts
Japan	111.5	**111.2**	**18.7%**
Asia	22.3	**293.3**	**49.4%**
Africa	37.8	**1.2**	**0.2%**
Middle East	20.3	**122.6**	**20.6%**
Oceania and Others	601.2	**65.6**	**11.1%**

Future Outlook

In the JGC Group's total engineering business, capital investments by customers will likely remain strong in the future for the following reasons. First, in plant markets, including the Group's key markets of the Middle East, Southeast Asia, Russia (CIS), and North America, energy demand is increasing in line with population growth and economic growth in emerging nations. Second, LNG demand is increasing in Asian markets, especially Japan. Nonetheless, due to continuing price competition with our competitors mainly in Asia and Europe, the competitive environment is expected to continue to be challenging from the next fiscal year onward as well. Amid these conditions, in fiscal 2013, the year ending March 31, 2014, the Group will continue its Companywide initiatives to strengthen its cost-competitiveness in all processes of the EPC business. At the same time, the Group will maintain a solid competitive position in fields where it has a highly competitive edge, such as LNG, develop new markets, and steadily execute sophisticated projects, such as those that apply modular construction. As for the Company's consolidated subsidiaries, as of July 2013, JGC Plant Solutions Co., Ltd., and JGC PLANTECH Co., Ltd., merged to establish JGC Plant Innovation Co., Ltd. By integrating our EPC and plant maintenance business and our facilities inspection and QC (quality control) technology, we will construct a framework for providing consistent services to our clients, thereby promoting the JGC Group's business expansion domestically and overseas. Furthermore, we will carry out business investments not only in the fields of power generation, new energy, desalination, water, the enviroment, and resource development but also in such new fields as urban infrastructure development.

With regard to the catalysts and fine products business, over the past few years, the business environment has changed markedly, largely due to such factors as the stagnation of markets in Europe and Japan, slowdowns of economic growth in China and other emerging markets, continually high prices of feedstock and fuel, and the actualization of risk in rare metals and rare earths.

In its catalysts operations, the JGC Group will concentrate on enhancing competitiveness by winning steady orders for domestic projects and expanding sales to overseas markets in the areas of petroleum refining and DeNOx catalysts; developing sophisticated products in the area of hydrotreating catalysts; and establishing a recycling system for rare metals, which are a feedstock. Furthermore, the Group will strive to respond to the overseas expansion by chemical catalyst customers as well as to the integration of petroleum and petrochemical operations by petroleum refinery companies, with the goal of expanding its sales.

In its fine products operations, the JGC Group will aggressively carry out such activities as establishing the mass production of lithium-ion battery polishing agents; expanding sales channels to overseas markets for optical materials for glasses and materials for cosmetics; increasing sales of products for smartphones and tablets; and accelerating the development of next-generation and generation-after-next products in the area of cathode (positive-electrode) materials.

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 March 31, 2013.

1. Risks with Overseas Causes

Overseas businesses generate more than 80% of the JGC Group's total net sales. Such businesses are subject to country risks, including political unrest, wars, revolutions, civil strife, terrorism, 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, and 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 primarily invests in resource development businesses, especially those for oil and gas; new fuels businesses; and water and power generation businesses; as well as urban development and infrastructure development businesses.
In executing new investments and reinvestments, the Group carries out risk assessments, as well as the monitoring of existing businesses, thereby conducting appropriate risk management.

4. Risks of Changes in Exchange Rates

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

Consolidated Balance Sheets

JGC CORPORATION
March 31, 2013 and 2012

Assets	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 1) 2013
Current Assets:			
Cash and deposits (Notes 3, 13 & 18)	¥259,777	¥195,056	$2,762,116
Marketable securities (Notes 9, 13 & 18)	25,000	27,500	265,816
Notes and accounts receivable (Notes 2, 15 & 18)	96,570	87,248	1,026,794
Inventories (Note 4)	44,385	36,862	471,930
Deferred tax assets (Note 12)	15,069	11,516	160,223
Other current assets (Notes 2, 10 & 18)	19,523	18,097	207,581
Allowance for doubtful accounts	(92)	(106)	(978)
Total Current Assets	460,232	376,173	4,893,482
Property and Equipment (Note 3)**:**			
Land (Notes 14, 17 & 19)	25,977	25,998	276,204
Buildings and structures (Note 17)	62,316	58,516	662,584
Machinery and equipment	52,523	51,052	558,458
Construction in progress	7,720	2,430	82,084
Other	2,573	1,655	27,358
	151,109	139,651	1,606,688
Less accumulated depreciation	(79,401)	(74,764)	(844,242)
Net Property and Equipment	71,708	64,887	762,446
Other Assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 9)	33,324	36,920	354,322
Marketable and investment securities (Notes 9 & 18)	44,578	29,952	473,982
Long-term loans receivable (Notes 2 & 18)	1,412	1,598	15,013
Deferred tax assets (Note 12)	2,667	4,486	28,357
Other	14,837	12,153	157,757
Total Other Assets	96,818	85,109	1,029,431
Total Assets	¥628,758	¥526,169	$6,685,359

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 1) 2013
Current Liabilities:			
Short-term loans and current maturities of long-term debt (Note 3)	¥ 6,686	¥ 1,498	$ 71,090
Notes and accounts payable (Notes 2 & 18)	93,335	82,376	992,398
Advances received on uncompleted contracts	87,711	66,035	932,600
Reserve for job warranty costs	1,863	2,176	19,809
Reserve for losses on contracts	22,031	5,089	234,248
Income taxes payable	18,759	14,662	199,458
Provision for loss on guarantees	2,417	—	25,699
Other current liabilities (Notes 2, 10 & 18)	29,637	33,936	315,119
Total Current Liabilities	262,439	205,772	2,790,421
Long-Term Debt, Less Current Maturities (Notes 3 & 18)	9,363	7,591	99,553
Retirement and Severance Benefits (Note 6)	12,627	13,695	134,258
Deferred Tax Liabilities for Land Revaluation (Notes 12 & 14)	3,692	3,692	39,256
Other Non-Current Liabilities (Notes 2 & 12)	4,553	4,377	48,410
Total Liabilities	292,674	235,127	3,111,898
Contingencies (Note 7)			
Net Assets (Note 8)**:**			
Shareholders' Equity			
Common stock			
Authorized — 600,000,000 shares,			
Issued — 259,052,929 shares in 2013 and 2012	23,511	23,511	249,984
Capital surplus	25,603	25,603	272,228
Retained earnings	291,782	255,323	3,102,414
Treasury stock, at cost	(6,330)	(6,257)	(67,305)
Total Shareholders' Equity	334,566	298,180	3,557,321
Accumulated Other Comprehensive Income (Loss)			
Net unrealized holding gains on securities (Notes 9 & 18)	5,418	2,319	57,608
Deferred gains on hedges (Note 10)	1,606	39	17,076
Land revaluation, net of deferred tax portion (Note 14)	(6,542)	(6,542)	(69,559)
Foreign currency translation adjustments	487	(3,581)	5,178
Total Accumulated Other Comprehensive Income (Loss)	969	(7,765)	10,303
Minority Interests	549	627	5,837
Total Net Assets	336,084	291,042	3,573,461
Total Liabilities and Net Assets	¥628,758	¥526,169	$6,685,359

Consolidated Statements of Income

JGC CORPORATION
Years ended March 31, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	**2013**
Net Sales (Note 11)	**¥624,637**	¥556,967	¥447,223	**$6,641,542**
Cost of Sales	**540,164**	470,227	365,824	**5,743,371**
Gross profit	**84,473**	86,740	81,399	**898,171**
Selling, General and Administrative Expenses	**20,350**	19,686	17,840	**216,374**
Operating income	**64,123**	67,054	63,559	**681,797**
Other Income (Expenses):				
Interest and dividend income	**4,497**	4,681	2,672	**47,815**
Interest expense	**(238)**	(502)	(659)	**(2,531)**
Loss on sales and disposal of property and equipment	**(23)**	(688)	(109)	**(245)**
Loss on impairment of fixed assets (Note19)	**(94)**	(420)	—	**(999)**
Loss on devaluation of marketable and investment securities	**—**	—	(197)	**—**
Exchange (loss), net	**2,944**	(686)	(4,707)	**31,302**
Equity in earnings of affiliates	**657**	1,177	2,153	**6,986**
Gain on sales of marketable and investment securities	**91**	16	10,593	**968**
Loss on allowance for investment	**(6,286)**	—	—	**(66,837)**
Loss on provision of guarantees	**(2,417)**	—	—	**(25,699)**
Provision for doubtful accounts	**—**	—	44	**—**
Loss on disposition of foreign currency translation adjustments	**(1,343)**	—	—	**(14,279)**
Other, net	**402**	847	(20,578)	**4,274**
	(1,810)	4,425	(10,788)	**(19,245)**
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	**62,313**	71,479	52,771	**662,552**
Taxes on Income (Note 12)**:**				
Current	**20,377**	25,405	23,493	**216,661**
Deferred	**(4,290)**	6,483	3,520	**(45,614)**
Income before minority interests	**46,226**	39,591	25,758	**491,505**
Minority Interests in (Earnings) Losses of Consolidated Subsidiaries	**(47)**	(480)	(280)	**(500)**
Net Income	**¥ 46,179**	¥ 39,111	¥ 25,478	**$ 491,005**

	Yen			U.S. dollars (Note 1)
Amounts Per Share of Common Stock				
Net income	**¥182.91**	¥154.90	¥100.83	**$1.94**
Cash dividends applicable to the year	**¥ 45.50**	¥ 38.50	¥ 30.00	**$0.48**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

JGC CORPORATION
Years ended March 31, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	**2013**
Income Before Minority Interests	**¥46,226**	¥39,591	¥25,758	**$491,505**
Other Comprehensive Income (Loss) (Note 20)				
Net unrealized holding gains on securities (Notes 9 & 18)	**3,099**	(1,019)	(1,750)	**32,950**
Deferred gains (losses) on hedges (Note 10)	**1,567**	(2,480)	(193)	**16,661**
Land revaluation (Note 14)	**—**	63	—	**—**
Translation adjustments	**4,068**	(968)	(862)	**43,254**
Share of other comprehensive income of associates accounted for using equity method	**(0)**	(1)	1,230	**(0)**
Total Other Comprehensive Income (Loss)	**¥ 8,734**	¥ (4,405)	¥ (1,575)	**$ 92,865**
Total Comprehensive Income	**¥54,960**	¥35,186	¥24,183	**$584,370**
Comprehensive Income attributable to JGC Corporation	**¥54,913**	¥34,706	¥23,903	**$583,870**
Comprehensive Income (loss) attributable to minority interest	**¥ 47**	¥ 480	¥ 280	**$ 500**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

JGC CORPORATION
Years ended March 31, 2013, 2012 and 2011

	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 April 1, 2010	259,053	¥23,511	¥25,601	¥204,177	¥(5,735)	¥ 5,087	¥ 2,712	¥(6,553)	¥(2,980)	¥321
Net income for the year				25,478						
Effect of change in scope of consolidation									1,229	
Cash dividends				(5,308)						
Gain on disposal of treasury stock			2		2					
Net unrealized holding losses on securities						(1,749)				
Net deferred losses on hedges							(193)			
Foreign currency translation adjustments									(862)	
Increase of treasury stock					(436)					
Net changes during the year										179
Balance at March 31 and April 1, 2011	259,053	¥23,511	¥25,603	¥224,347	¥(6,169)	¥ 3,338	¥ 2,519	¥(6,553)	¥(2,613)	¥500
Net income for the year				39,111						
Effect of change in scope of consolidation				(611)					(322)	
Cash dividends				(7,576)						
Gain on disposal of treasury stock			0		0					
Land revaluation, net of deferred tax portion				52				11		
Net unrealized holding losses on securities						(1,019)				
Net deferred losses on hedges							(2,480)			
Foreign currency translation adjustments									(646)	
Increase of treasury stock					(88)					
Net changes during the year										127
Balance at March 31 and April 1, 2012	259,053	¥23,511	¥25,603	¥255,323	¥(6,257)	¥ 2,319	¥ 39	¥(6,542)	¥(3,581)	¥627
Net income for the year				**46,179**						
Effect of change in scope of consolidation									**1,343**	
Cash dividends				**(9,720)**						
Net unrealized holding gains on securities						**3,099**				
Net deferred gains on hedges							**1,567**			
Foreign currency translation adjustments									**2,725**	
Increase of treasury stock					**(73)**					
Net changes during the year										**(78)**
Balance at March 31, 2013	**259,053**	**¥23,511**	**¥25,603**	**¥291,782**	**¥(6,330)**	**¥ 5,418**	**¥ 1,606**	**¥(6,542)**	**¥ 487**	**¥549**

									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 April 1, 2012	$249,984	$272,228	$2,714,758	$(66,528)	$24,658	$ 415	$(69,559)	$(38,076)	$6,667
Net income for the year			**491,005**						
Effect of change in scope of consolidation								**14,280**	
Cash dividends			**(103,349)**						
Net unrealized holding gains on securities					**32,950**				
Net deferred gains on hedges						**16,661**			
Foreign currency translation adjustments								**28,974**	
Increase of treasury stock				**(777)**					
Net changes during the year									**(830)**
Balance at March 31, 2013	**$249,984**	**$272,228**	**$3,102,414**	**$(67,305)**	**$57,608**	**$17,076**	**$(69,559)**	**$ 5,178**	**$5,837**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

JGC CORPORATION
Years ended March 31, 2013, 2012 and 2011

		Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2011	**2013**
Cash Flows from Operating Activities:				
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	**¥ 62,313**	¥ 71,479	¥ 52,771	**$ 662,552**
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	**8,264**	7,795	7,517	**87,868**
Amortization of goodwill	**0**	0	(6)	**0**
Increase (decrease) in allowance for doubtful accounts	**2,222**	(208)	(2,271)	**23,626**
Increase (decrease) in reserve for losses on contracts	**16,842**	4,572	380	**179,075**
Decrease in retirement and severance benefits	**(1,055)**	(954)	(1,056)	**(11,218)**
Interest and dividend income	**(4,497)**	(4,681)	(2,672)	**(47,815)**
Interest expense	**238**	502	659	**2,531**
Exchange (gain) loss	**(6,403)**	1,211	3,788	**(68,081)**
Equity in earnings of affiliates	**(657)**	(1,177)	(2,153)	**(6,986)**
Gain on sales of marketable and investment securities	**(91)**	(16)	(10,593)	**(968)**
Loss on devaluation of marketable and investment securities	**—**	—	197	**—**
Loss on sales and disposal of property and equipment	**23**	689	109	**245**
Loss on impairment of fixed assets (Note 19)	**94**	420	—	**999**
Decrease (increase) in notes and accounts receivable	**(8,517)**	22,433	(21,343)	**(90,558)**
Decrease (increase) in inventories	**(5,843)**	(12,158)	12,451	**(62,127)**
Decrease (increase) in other assets	**2,957**	(6,425)	4,474	**31,441**
Increase (decrease) in notes and accounts payable	**8,894**	9,678	11,450	**94,567**
Increase (decrease) in advances received on uncompleted contracts	**17,979**	38,408	(20,948)	**191,164**
Other	**4,114**	(9,096)	21,633	**43,743**
Subtotal	**96,877**	122,472	54,387	**1,030,058**
Interest and dividends received	**4,947**	5,537	6,783	**52,600**
Interest paid	**(251)**	(673)	(559)	**(2,669)**
Income taxes paid	**(16,563)**	(29,488)	(12,396)	**(176,108)**
Net Cash Provided by Operating Activities	**85,010**	97,848	48,215	**903,881**
Cash Flows from Investing Activities:				
Payments for purchases of property and equipment	**(12,164)**	(8,055)	(3,252)	**(129,335)**
Proceeds from sales of property and equipment	**172**	732	57	**1,829**
Payments for purchase of marketable and investment securities	**(12,814)**	(3,989)	(8,652)	**(136,247)**
Proceeds from sales of marketable and investment securities	**1,069**	443	13,740	**11,366**
Other	**(4,634)**	(7,877)	(1,777)	**(49,272)**
Net Cash Used in Investing Activities	**(28,371)**	(18,746)	116	**(301,659)**
Cash Flows from Financing Activities:				
Increase (decrease) in short-term loans	**(204)**	541	—	**(2,169)**
Proceeds from long-term bank loans	**7,634**	1,600	—	**81,169**
Repayments of long-term bank loans	**(987)**	(14,414)	(1,339)	**(10,494)**
Payments for purchase of treasury stock	**(74)**	(88)	(432)	**(787)**
Cash dividends paid	**(9,723)**	(7,572)	(5,296)	**(103,381)**
Cash dividends paid to minority shareholders	**(124)**	(353)	(16)	**(1,318)**
Other	**(217)**	(250)	(234)	**(2,307)**
Net Cash Provided by (Used in) Financing Activities	**(3,695)**	(20,536)	(7,317)	**(39,287)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**9,277**	(1,442)	(2,928)	**98,639**
Net Increase (Decrease) in Cash and Cash Equivalents	**62,221**	57,124	38,086	**661,574**
Cash and Cash Equivalents at Beginning of Year	**222,556**	161,894	123,808	**2,366,358**
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries	**—**	3,538	—	**—**
Cash and Cash Equivalents at End of Year (Note 13)	**¥284,777**	¥222,556	¥161,894	**$3,027,932**

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 are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified five 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 Japanese 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, 2013, which was ¥94.05 to U.S.$1. The convenience translations should not be construed as representations that the Japanese yen amounts could 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 intercompany 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, 2013, 2012 and 2011, was as follows:

	2013	2012	2011
Consolidated subsidiaries	**17**	16	14
Affiliates under the equity method	**2**	2	2

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.

At the year ended March 31, 2013, two of the subsidiaries, JGC Mirai Solar Co. Ltd., and JGC EXPLORATION CANADA LTD. were included in the scope of consolidation because their effect on the consolidated financial statement became significant and JGC Corporation Europe B.V. was excluded from the scope of consolidation because the company liquidated during the period.

At the year ended March 31, 2012, three of subsidiaries, JGC Gulf International Co. Ltd., JGC Exploration Eagle Ford LLC, and JGC OCEANIA PTY LTD were included in the scope of consolidation because their effect on the consolidated financial statement became significant and Nikki Construction Co., Ltd. was excluded from the scope of consolidation because the company merged into JGC Project Services Co., Ltd. (The company name after the merger: JGC PLANT SOLUTIONS., LTD.) and liquidated during the period.

At the year ended March 31, 2011, one of affiliates, M. W. Kellogg Limited was excluded from the scope of equity method because the Company sold out all securities.

However, equity in earnings of M. W. Kellogg Limited before selling date was included in consolidated statements of income for the year ended March 31, 2011.

On March 10, 2008, the Accounting Standards Board of Japan issued ASBJ Statement No.16 "Accounting Standard for Equity Method of Accounting for Investments" and PITF No. 24 "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method". This standard is effective from the year ended March 31, 2011. There were no effects of this change on the consolidated financial statements for the year ended March 31, 2011.

(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 five 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.

(1) Goodwill not subjected to amortization
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalized expenditures for research and development activities
(4) Fair value measurement of investment properties, and revaluation of property, plant and equipment, and intangible assets
(5) Accounting for net income attributable to minority interests

(f) Recently Issued Accounting Standards

On May 17, 2012, the Accounting Standards Board of Japan issued ASBJ Statement No. 26 "Accounting Standard for Retirement Benefits", and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits", which replaced the Accounting Standard for Retirement Benefits that was issued by the Business Accounting Council in 1998 with effective date of April 1, 2000 and other related practical guidance.
Major changes are as follows:

(1) Treatment in the consolidated balance sheets
Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.
Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability or asset.

(2) Treatment in the consolidated statements of income and the statements of comprehensive income
The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and are yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

The Company and its consolidated subsidiaries expect to apply the revised accounting standard from the end of fiscal year beginning on April 1, 2013 and are in the process of measuring the effects of applying the revised accounting standard.

(g) 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.

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

The company and its consolidated subsidiaries are required to examine the intent of holding each security and classify those securities as (1) securities held for trading purposes, (2) debt securities intended to be held to maturities, (3) equity securities issued by subsidiaries and affiliates, and (4) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities"). The Company and its consolidated subsidiaries did not have the securities defined as (1) and (2) above in the years ended March 31, 2013 and 2012.

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.

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.

(i) Allowance for Losses on Investment

To prepare for estimated losses to be incurred in the future, allowance for losses on investment is stated in amounts considered to be appropriate based on financial condition of investments. The amount of ALLOWANCE FOR LOSSES ON INVESTMENT is deducted from long-term loans receivable.

(j) Provision for Losses on Guarantees

To provide for losses on guarantees, the Company makes a provision for potential losses at the end of the fiscal year.

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

Sales on 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.

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.

(l) Inventories

Inventories of the Company and its consolidated subsidiaries are stated at cost determined using the moving-average method (which writes off the book value of inventories based on decreases in profitability) except for contract works in progress as stated in Note 1(k).

(m) 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.

(n) 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 as of the consolidated accounting period ended March 31, 2013, the Company and its domestic subsidiaries have changed their depreciation procedure based on an amendment in corporation tax law for the tangible assets acquired on and after April 1, 2012. The effect of this change on the financial statement result is immaterial.

All finance leasing transactions were capitalized except for finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, and continue to be accounted for as operating leases with disclosure of "as if capitalized" information.

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.

(o) 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.

(p) 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 defined benefit pension plan.

The Company and its consolidated subsidiaries provided allowance for employees' severance and retirement benefits at March 31, 2013 and 2012, 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.

On July 1, 2011, one consolidated domestic subsidiary transferred its employees' severance and retirement benefits to the defined contribution pension plan. And one consolidated domestic subsidiary terminated its defined benefit pension plan due to the merger. These transfers are accounted for in accordance with the "Guidance on Accounting Standard for Transfer between Retirement Benefit Plans" (Accounting Standards Board of Japan Guidance No. 1).

On July 1, 2013, one consolidated subsidiary transferred its employees' severance and retirement benefits to the defined contribution pension plan. The 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) and "Practical Solution on Accounting Standards for Transfer between Retirement Benefit Plans" (Practical Issue Task Force No. 2).

The effect of these changes on the financial statement result is immaterial.

(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 a year-end.

(q) 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 ¥4,527 million ($48,134 thousand), ¥5,042 million, and ¥4,998 million, respectively, in 2013, 2012 and 2011.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) Amortization of Goodwill

Goodwill is amortized over five years on a straight-line basis.

(w) 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 swap).

(x) Accrued Bonuses to Directors and Corporate Auditors

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

(y) Accounting Changes and Error Corrections

On December 4, 2009, the Accounting Standards Board of Japan issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under the new accounting standard are as follows:

(1) Change in Accounting Policies
When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless revised accounting standards include specific transitional provisions. When revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors
When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applied to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

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

Significant receivables from and payables to unconsolidated subsidiaries and affiliates at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Notes and accounts receivable	¥ 786	¥7,039	$ 8,357
Other current assets	2,063	2,731	21,935
Long-term loans receivable	1,350	1,400	14,354
Notes and accounts payable	774	940	8,230
Other current liabilities	135	796	1,435
Other non-current liabilities	11	11	117

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 0.70% and 0.80% at March 31, 2013 and 2012, 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,	2013	2012	2013
Secured Loans			
1.49% – 2.03% loans from banks and a governmental institution due serially through 2029	¥ 4,460	¥ 402	$ 47,421
Unsecured Debt			
0.74% – 3.00% loans from banks and insurance companies due serially through 2023	10,812	8,176	114,960
	15,272	8,578	162,381
Less current maturities	(5,909)	(987)	(62,828)
Long-term debt due after one year	¥ 9,363	¥7,591	$ 99,553

Assets pledged as collateral for short-term loans, long-term debt and other non-current liabilities at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Land	¥ 5,071	¥ 5,071	$ 53,918
Buildings and structures, at net book value	3,087	3,248	32,823
Machinery and equipment, at net book value	2,025	2,522	21,531
Cash and deposits	256	—	2,722
Total	¥10,439	¥10,841	$110,994

The annual maturities of long-term debt outstanding at March 31, 2013 were as follows:

	Amount	
Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2014	¥ 5,909	$ 62,828
2015	703	7,474
2016	775	8,240
2017	695	7,390
2018 and thereafter	7,190	76,449
Total	¥15,272	$162,382

Note 4 — Inventories

Inventories at March 31, 2013 and 2012 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Inventories:			
Contract works in progress	¥35,840	¥25,705	$381,074
Finished goods and merchandise	4,514	5,630	47,996
Works in process	1,912	1,991	20,330
Raw materials and others	2,119	3,536	22,530
Total	¥44,385	¥36,862	$471,930

Note 5 — Lease Transactions

A. Lessee Leases

(a) Finance Lease Transactions Without Ownership Transfer to Lessee

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, 2013 and 2012 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,	2013	2012	2013
Machinery and equipment and others:			
Purchase price equivalents	¥ 498	¥ 527	$ 5,295
Accumulated depreciation equivalents	(361)	(332)	(3,838)
Book value equivalents	¥ 137	¥ 195	$ 1,457

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

(2) Lease commitments

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Due within one year	¥ 56	¥ 58	$ 596
Due after one year	81	137	861
Total	¥137	¥195	$1,457

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

(3) Lease payments and depreciation equivalents

	Millions of yen			Thousands of U.S. dollars (Note 1)
Year ended March 31,	2013	2012	2011	2013
Lease payments	¥59	¥81	¥151	$627
Depreciation equivalents	59	81	151	627

(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:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Due within one year	¥399	¥594	$4,242
Due after one year	202	364	2,148
Total	¥601	¥958	$6,390

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Lease payment receivable	¥61	¥80	$649
Estimated residual value	—	—	—
Interest Income	—	—	—
Book value	¥61	¥80	$649

(2) The investment in leased assets due in each of the next five years at March 31, 2013 was as follows:

Year ending March 31,	Amount Millions of yen	Amount Thousands of U.S. dollars (Note 1)
2014	¥22	$234
2015	18	191
2016	14	149
2017	6	64
2018	1	11
Total	¥61	$649

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

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, 2013 and 2012 were as follows:

(1) Purchase price, accumulated depreciation and book value

March 31,	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S. dollars (Note 1))
Machinery and equipment and others:			
Purchase price	¥—	¥ 4	$—
Accumulated depreciation	—	(3)	—
Book value	¥—	¥ 1	$—

(2) Lease commitments

March 31,	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S. dollars (Note 1))
Due within one year	¥—	¥ 1	$—
Due after one year	—	—	—
Total	¥—	¥ 1	$—

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

(3) Rental income and depreciation

Year ended March 31,	2013 (Millions of yen)	2012 (Millions of yen)	2011 (Millions of yen)	2013 (Thousands of U.S. dollars (Note 1))
Rental income	¥1	¥2	¥14	$11
Depreciation	1	2	9	11

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, 2013 and 2012 consisted of the following:

March 31,	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S. dollars (Note 1))
Projected benefit obligation	¥ 44,180	¥ 44,500	$ 469,750
Less fair value of pension assets	(30,740)	(27,555)	(326,847)
Unfunded projected benefit obligation	13,440	16,945	142,903
Less unrecognized net transition obligation	—	(13)	—
Unrecognized actuarial differences	(1,919)	(4,664)	(20,404)
Unrecognized prior service costs	835	1,093	8,878
Net liability for employees' severance and retirement benefits	12,356	13,361	131,377
Allowance for officers' lump-sum severance benefits	271	334	2,881
Retirement and severance benefits	¥ 12,627	¥ 13,695	$ 134,258

Included in the consolidated statements of income for the years ended March 31, 2013 and 2012, were severance and retirement benefit expenses comprising the following:

March 31,	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S. dollars (Note 1))
Service costs—benefits earned during the year	¥1,748	¥1,667	$18,586
Interest cost on projected benefit obligation	666	691	7,081
Expected return on plan assets	(392)	(384)	(4,168)
Amortization of net transition obligation	3	3	32
Amortization of actuarial differences	766	936	8,145
Amortization of prior service costs	(223)	(217)	(2,371)
Contribution for defined contribution pension plan	145	141	1,541
Severance and retirement benefit expenses	¥2,713	¥2,837	$28,846

The discount rate used by the Company and its domestic consolidated subsidiaries was 1.43%–1.5% and 1.5%–2.0% at March 31, 2013 and 2012, respectively. However, one overseas consolidated subsidiary used the rate of 5.7% and 6.5% at March 31, 2013 and 2012, respectively. The rate of expected return on plan assets used by the Company and its domestic consolidated subsidiaries was 1.5% for March 31, 2013 and 2012. However, some overseas consolidated subsidiaries used the rate of 5.0% and 7.0% at March 31, 2013 and 2012, respectively. Actuarial differences are recognized in the consolidated statements of income using the declining-balance method over 12 years to 15 years for the years ended March 31, 2013 and 2012, respectively, beginning the following fiscal year of recognition. Prior service costs are recognized using the straight line method over 12 years to 15 years for the years ended March 31, 2013 and 2012, 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 ¥14,695 million ($156,247 thousand) and ¥15,520 million at March 31, 2013 and 2012, respectively.

(2) The Company and one consolidated subsidiary have guaranteed employees' housing loans and others from banks in the amount of ¥7 million ($74 thousand) and ¥5 million at March 31, 2013 and 2012, respectively.

Note 8 — Net Assets

Dividends

At the annual shareholders' meeting of the Company held on June 27, 2013, the shareholders approved cash dividends amounting to ¥11,486 million ($122,127 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2013. 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, 2013 and 2012.

Available-for-Sale Securities With Available Fair Values:

(1) Securities with book values exceeding acquisition costs:

Millions of yen

March 31, 2013	Acquisition cost	Book value	Difference
Equity securities	¥10,501	¥18,986	¥8,485

Millions of yen

March 31, 2012	Acquisition cost	Book value	Difference
Equity securities	¥9,490	¥15,087	¥5,597

Thousands of U.S. dollars (Note 1)

March 31, 2013	Acquisition cost	Book value	Difference
Equity securities	$111,654	$201,872	$90,218

(2) Securities with book values not exceeding acquisition costs:

Millions of yen

March 31, 2013	Acquisition cost	Book value	Difference
Equity securities	¥2,407	¥2,049	¥(358)

Millions of yen

March 31, 2012	Acquisition cost	Book value	Difference
Equity securities	¥4,032	¥3,168	¥(864)

Thousands of U.S. dollars (Note 1)

March 31, 2013	Acquisition cost	Book value	Difference
Equity securities	$25,592	$21,786	$(3,806)

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, 2013 and 2012.

(a) Available-For-Sale Securities With No Available Fair Values:

March 31,	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S. dollars (Note 1))
Non-listed equity securities	¥23,505	¥11,659	$249,920
Subscription certificate	38	38	404
Negotiable certificate of deposit	25,000	27,500	265,816
Total	¥48,543	¥39,197	$516,140

(b) Unconsolidated Subsidiaries and Affiliates:

March 31,	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S. dollars (Note 1))
Securities of unconsolidated subsidiaries	¥ 2,648	¥ 5,886	$ 28,155
Securities of affiliates	30,676	31,034	326,167
Total	¥33,324	¥36,920	$354,322

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

	Millions of yen				
March 31, 2013	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Negotiable certificate of deposit	**¥25,000**	**¥—**	**¥—**	**¥—**	**¥25,000**

	Millions of yen				
March 31, 2012	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Negotiable certificate of deposit	¥27,500	¥—	¥—	¥—	¥27,500

	Thousands of U.S. dollars (Note 1)				
March 31, 2013	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Negotiable certificate of deposit	**$265,816**	**$—**	**$—**	**$—**	**$265,816**

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 is considered to be substantial and non-recoverable decline in value. 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 (w), 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 are 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, 2013 and 2012 is summarized as follows:

	Millions of yen				
	Contract amounts				
March 31, 2013	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	**¥23,827**	**¥—**	**¥23,827**	**¥(741)**	**¥(741)**
Forward exchange contracts					
Buy Chinese Yuan	**521**	**—**	**521**	**17**	**17**
Buy U.S. dollars	**289**	**—**	**289**	**(2)**	**(2)**

	Millions of yen				
	Contract amounts				
March 31, 2012	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	¥23,539	¥297	¥23,836	¥(30)	¥(30)

	Thousands of U.S. dollars (Note 1)				
	Contract amounts				
March 31, 2013	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	**$253,344**	**$—**	**$253,344**	**$(7,879)**	**$(7,879)**
Forward exchange contracts					
Buy Chinese Yuan	**5,540**	**—**	**5,540**	**181**	**181**
Buy U.S. dollars	**3,073**	**—**	**3,073**	**(21)**	**(21)**

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, 2013 and 2012 is summarized as follows:

			Millions of yen		
March 31, 2013			Contract amounts		
Accounting Method	Hedged Instruments	Hedged Item	Contract amounts	Portion over one year	Fair value
Allocation Method (Note 1(w))	Forward exchange contracts				
	Sell Euro	Accounts Receivable	**¥ 2,478**	**¥ —**	**¥ (437)**
	Buy Euro	Accounts Payable	**¥12,630**	**¥ 607**	**¥3,028**
Special method for interest rate swap (Note 1(w))	Interest rate swap contracts				
	Receive variable rate and Pay fixed rate swap	Long-Term Debt	**¥ 5,771**	**¥5,301**	*

			Millions of yen		
March 31, 2012			Contract amounts		
Accounting Method	Hedged Instruments	Hedged Item	Contract amounts	Portion over one year	Fair value
Allocation Method (Note 1(w))	Forward exchange contracts				
	Sell U.S. dollars	Accounts Receivable	**¥13,400**	**¥ —**	**¥(246)**
	Sell Euro	Accounts Receivable	**¥ 1,643**	**¥ —**	**¥(154)**
	Buy Euro	Accounts Payable	**¥23,975**	**¥9,112**	**¥ 463**
Special method for interest rate swap (Note 1(w))	Interest rate swap contracts				
	Receive variable rate and Pay fixed rate swap	Long-Term Debt	**¥ 822**	**¥ 411**	*

			Thousands of U.S. dollars (Note 1)		
March 31, 2013			Contract amounts		
Accounting Method	Hedged Instruments	Hedged Item	Contract amounts	Portion over one year	Fair value
Allocation Method (Note 1(w))	Forward exchange contracts				
	Sell Euro	Accounts Receivable	**$ 26,348**	**$ —**	**$ (4,646)**
	Buy Euro	Accounts Payable	**$134,290**	**$ 6,454**	**$32,196**
Special method for interest rate swap (Note 1(w))	Interest rate swap contracts				
	Receive floating and Pay fixed swap	Long-Term Debt	**$ 61,361**	**$56,364**	*

Fair value of forward exchange contracts is stated based on the quoted price from banks.
* The fair value of the interest rate swap was included in long-term debt.

Note 11 — Segment Information

The Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan ("ASBJ") Statement No. 17 on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008).

(a) Overview of Reported Segments

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and regularly examined by the Chief Executive Officer (CEO) for decisions on the allocation of management resources and for assessing business performance. 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 was information about sales and profit or loss by reported segments for the years ended March 31, 2013, 2012 and 2011:

Millions of yen

Year ended March 31, 2013	Reported Segment: Total engineering	Catalysts and fine products	Sub Total	Other	Total	Adjustment	Consolidated
Net sales:							
External customers	**¥576,627**	**¥38,508**	**¥615,135**	**¥ 9,502**	**¥624,637**	**¥ —**	**¥624,637**
Inter-segment	**30**	**166**	**196**	**4,906**	**5,102**	**(5,102)**	**—**
Total	**¥576,657**	**¥38,674**	**¥615,331**	**¥14,408**	**¥629,739**	**¥ (5,102)**	**¥624,637**
Segment profit	**¥ 58,874**	**¥ 4,291**	**¥ 63,165**	**¥ 973**	**¥ 64,138**	**¥ (15)**	**¥ 64,123**
Segment assets	**¥559,836**	**¥37,287**	**¥597,123**	**¥50,656**	**¥647,779**	**¥(19,021)**	**¥628,758**
Depreciation and amortization	**¥ 4,574**	**¥ 2,480**	**¥ 7,054**	**¥ 1,183**	**¥ 8,237**	**¥ 27**	**¥ 8,264**
Capital expenditures	**¥ 5,470**	**¥ 2,024**	**¥ 7,494**	**¥ 8,782**	**¥ 16,276**	**¥ (53)**	**¥ 16,223**

Millions of yen

Year ended March 31, 2012	Reported Segment: Total engineering	Catalysts and fine products	Sub Total	Other	Total	Adjustment	Consolidated
Net sales:							
External customers	¥506,177	¥42,045	¥548,222	¥ 8,745	¥556,967	¥ —	¥556,967
Inter-segment	60	232	292	5,064	5,356	(5,356)	—
Total	¥506,237	¥42,277	¥548,514	¥13,809	¥562,323	¥ (5,356)	¥556,967
Segment profit	¥ 59,420	¥ 6,847	¥ 66,267	¥ 694	¥ 66,961	¥ 93	¥ 67,054
Segment assets	¥469,453	¥40,769	¥510,222	¥35,828	¥546,050	¥(19,881)	¥526,169
Depreciation and amortization	¥ 4,134	¥ 2,572	¥ 6,706	¥ 1,077	¥ 7,783	¥ 12	¥ 7,795
Capital expenditures	¥ 3,600	¥ 2,919	¥ 6,519	¥ 7,274	¥ 13,793	¥ —	¥ 13,793

Millions of yen

Year ended March 31, 2011	Reported Segment: Total engineering	Catalysts and fine products	Sub Total	Other	Total	Adjustment	Consolidated
Net sales:							
External customers	¥401,199	¥36,031	¥437,230	¥ 9,993	¥447,223	¥ —	¥447,223
Inter-segment	24	13	37	5,097	5,134	(5,134)	—
Total	¥401,223	¥36,044	¥437,267	¥15,090	¥452,357	¥ (5,134)	¥447,223
Segment profit	¥ 57,688	¥ 4,989	¥ 62,677	¥ 784	¥ 63,461	¥ 98	¥ 63,559
Segment assets	¥421,190	¥37,135	¥458,325	¥28,709	¥487,034	¥(18,531)	¥468,503
Depreciation and amortization	¥ 3,660	¥ 2,480	¥ 6,140	¥ 1,368	¥ 7,508	¥ 9	¥ 7,517
Capital expenditures	¥ 4,598	¥ 1,769	¥ 6,367	¥ 358	¥ 6,725	¥ (164)	¥ 6,561

Thousands of U.S. dollars (Note 1)

Year ended March 31, 2013	Reported Segment: Total engineering	Catalysts and fine products	Sub Total	Other	Total	Adjustment	Consolidated
Net sales:							
External customers	**$6,131,069**	**$409,442**	**$6,540,511**	**$101,031**	**$6,641,542**	**$ —**	**$6,641,542**
Inter-segment	**319**	**1,765**	**2,084**	**52,164**	**54,248**	**(54,248)**	**—**
Total	**$6,131,388**	**$411,207**	**$6,542,595**	**$153,195**	**$6,695,790**	**$ (54,248)**	**$6,641,542**
Segment profit	**$ 625,986**	**$ 45,625**	**$ 671,611**	**$ 10,345**	**$ 681,956**	**$ (159)**	**$ 681,797**
Segment assets	**$5,952,536**	**$396,459**	**$6,348,995**	**$538,607**	**$6,887,602**	**$(202,243)**	**$6,685,359**
Depreciation and amortization	**$ 48,634**	**$ 26,369**	**$ 75,003**	**$ 12,578**	**$ 87,581**	**$ 287**	**$ 87,868**
Capital expenditures	**$ 58,161**	**$ 21,520**	**$ 79,681**	**$ 93,376**	**$ 173,057**	**$ (564)**	**$ 172,493**

(b) Related Information

I. Information by Geography

(1) Net Sales

Year ended March 31,	Millions of yen 2013	2012	2011	Thousands of U.S. dollars (Note 1) 2013
Japan	**¥146,326**	¥155,501	¥130,975	**$1,555,832**
East and Southeast Asia	**74,293**	61,533	32,533	**789,931**
Middle East	**204,900**	205,429	181,683	**2,178,629**
Africa	**34,673**	44,343	40,900	**368,666**
Oceania	**140,320**	72,057	49,901	**1,491,972**
Other	**24,125**	18,104	11,231	**256,512**
Total	**¥624,637**	¥556,967	¥447,223	**$6,641,542**

*1. Net sales are classified by the place of customers' address.
*2. Middle East includes the State of Qatar ¥105,450 million ($1,121,212 thousand), ¥49,396 million, and ¥16,204 million for the years ended March 31, 2013, 2012, and 2011, respectively.
*3. Oceania includes Australia ¥98,129 million ($1,043,371 thousand), ¥27,401 million, and ¥21,256 million for the years ended March 31, 2013, 2012, and 2011, respectively.

(2) Property and equipment

Property and equipment information is not disclosed, as the Company and its consolidated subsidiaries operate mainly within Japan for the years ended March 31, 2012 and 2011.

The following is information on property and equipment for the year ended March 31, 2013:

Year ended March 31, 2013	Millions of yen	Thousands of U.S. dollars (Note 1)
Japan	**¥61,527**	**$654,195**
Other	**10,181**	**108,251**
Total	**¥71,708**	**$762,446**

II. Information by Major Customers

The following is information on major customers which account for 10% or more of the net sales on the consolidated statements of income for the years ended March 31, 2013, 2012 and 2011:

Year ended March 31, 2013	Millions of yen	Thousands of U.S. dollars (Note 1)	Related segments
Ras Laffan Liquefied Natural Gas Company Limited.	**104,621**	**1,112,398**	**Total engineering**
Ichthys LNG Pty Ltd	**68,903**	**732,621**	**Total engineering**

Year ended March 31, 2012	Millions of yen	Related segments
Abu Dhabi Gas Industries Ltd.	74,281	Total engineering

Year ended March 31, 2011	Millions of yen	Related segments
Saudi Polymers Company	57,730	Total engineering
Abu Dhabi Gas Industries Ltd.	51,281	Total engineering
Saudi Arabian Oil Company	50,797	Total engineering

III. Information on Impairment Loss

This information is not disclosed, as this is immaterial for the years ended March 31, 2013 and 2011.

The following is information on impairment loss by reported segments for the year ended March 31, 2012:

Millions of yen

Year ended March 31, 2012	Reported Segment: Total engineering	Catalysts and fine products	Sub Total	Other	Total	Adjustment	Consolidated
Impairment loss	¥420	¥—	¥420	¥—	¥420	¥—	¥420

IV. Information on Amortization of Goodwill and Amortized Balance

This information is not disclosed, as this is immaterial for the years ended March 31, 2013, 2012, and 2011.

Note 12 — Taxes on Income

The statutory effective tax rates are 38.0%, 40.7%, and 36.2% for the years ended March 31, 2013, 2012 and 2011, respectively.

(1) 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, 2013, 2012 and 2011:

	2013	2012	2011
Statutory tax rate	**38.0%**	40.7%	36.2%
Non-deductible expenses	**1.0**	0.7	0.2
Non-taxable dividend income	**(1.1)**	(1.5)	(3.0)
Tax credit utilized	**(0.6)**	(0.5)	(0.7)
Other	**(11.5)**	5.2	18.5
Effective tax rate	**25.8%**	44.6%	51.2%

(2) Significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2013 and 2012 were as follows:

March 31,	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 1) 2013
Current deferred taxes			
Deferred tax assets:			
Accrued employees' bonuses	¥ 2,606	¥ 2,599	$ 27,709
Reserve for job warranty costs	667	812	7,092
Reserve for losses on contracts	7,926	1,801	84,274
Other	5,024	6,539	53,418
Total current deferred tax assets	16,223	11,751	172,493
Deferred tax liabilities:			
Foreign currency hedge	(1,150)	(176)	(12,227)
Other	(4)	(59)	(43)
Total current deferred tax liabilities	(1,154)	(235)	(12,270)
Net current deferred tax assets	¥15,069	¥11,516	$160,223

March 31,	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 1) 2013
Non-current deferred taxes			
Deferred tax assets:			
Employee's retirement and severance benefits	¥ 4,528	¥ 4,877	$ 48,145
Depreciation	384	363	4,083
Other	933	751	9,920
Total non-current deferred tax assets	5,845	5,991	62,148
Deferred tax liabilities:			
Net unrealized holding gains on securities	(2,995)	(1,283)	(31,845)
Other	(183)	(222)	(1,946)
Total non-current deferred tax liabilities	(3,178)	(1,505)	(33,791)
Net non-current deferred tax assets	¥ 2,667	¥ 4,486	$ 28,357
Deferred tax liabilities for land revaluation	¥ 3,692	¥ 3,692	$ 39,256
Deferred tax liabilities for full revaluation of the consolidated subsidiary	¥ 290	¥ 178	$ 3,083
Others	3	26	32
Non-current deferred tax liabilities	¥ 293	¥ 204	$ 3,115

For the years ended March 31, 2013 and 2012, the valuation allowances of ¥10,532 million ($111,983 thousand) and ¥6,166 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 was as follows:

March 31,	Millions of yen 2013	2012	2011	Thousands of U.S. dollars (Note 1) 2013
Cash and deposits	¥259,777	¥195,056	¥131,894	$2,762,116
Marketable securities	25,000	27,500	30,000	265,816
Cash and cash equivalents	¥284,777	¥222,556	¥161,894	$3,027,932

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, 2013 and 2012. When such land is sold, land revaluation is reversed and debited to retained earnings.

Fair value of the revalued land as of March 31, 2013 was ¥4,177 million ($44,413 thousand) less than the book value as of March 31, 2013, which amounts include ¥1,199 million ($12,749 thousand) relevant to rental property.

Note 15 — Related Party Transactions

This information is not disclosed, as this is immaterial for the year ended March 31, 2013. Significant transactions with related parties for the years ended March 31, 2012 and 2011 were as follows:

Year ended March 31,	Millions of yen 2012	2011
Medical Management Matsuzawa Co. Ltd., —Support management and order acceptance for construction service	¥7,653	¥8,533
Solacor Electricidad Uno S.A. (affiliated company) —guarantee obligation	¥5,382	¥5,763
Solacor Electricidad Dos S.A. (affiliated company) —guarantee obligation	¥5,321	¥5,698

The balances of the Company due to related parties as of March 31, 2012 and 2011 were as follows:

March 31,	Millions of yen 2012	2011
Medical Management Matsuzawa Co. Ltd., —Accounts receivable	¥6,764	¥7,837

The Company does not receive a guarantee charge from Solacor Electricidad Uno S.A. and Solacor Electricidad Dos S.A..

The supporting management fee and the construction service fee were reasonably determined. No pledged assets were furnished.

Note 16 — Business Combinations

Transactions under common control during the year ended March 31, 2012:

(a) Outline of the Transactions

(1) Name and business of combined entity
Merging company: JGC Project Services Co., Ltd, total engineering
Merged company: Nikki Construction Co., Ltd, total engineering
(2) Form of business combinations
Transactions under common control
(3) Name of the entity after the reorganization
JGC PLANT SOLUTIONS CO., LTD.
(4) Outline and purpose of the transaction
JGC Project Services Co., Ltd, a consolidated subsidiary of the Company merged with Nikki Construction Co., Ltd, a consolidated subsidiary of the Company on April 1, 2011. The purpose of this merger was to reinforce the following:
[1] Increase cost competitiveness
[2] Increase depth and breadth of business operations
[3] Expand overseas

(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	¥7,461 million
Total liabilities	¥2,845 million

Note 17 — Rental Property

The fair value of investment and rental property on the consolidated financial statements at March 31, 2013 and 2012 were as follows:

	Book value (net of depreciation) March 31, 2011	Decrease	March 31, 2012	Fair value March 31, 2012
Millions of Yen	¥7,973	¥(122)	¥7,851	¥6,201

	March 31, 2012	Decrease	March 31, 2013	March 31, 2013
Millions of Yen	¥7,851	¥(108)	¥7,743	¥6,180
Thousands of U.S dollars (Note1)	$83,477	$(1,148)	$82,329	$65,710

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 appraising real estate".

The Company has rental commercial properties (including land) in Kanagawa Prefecture. The rental incomes in the Other income were ¥404 million ($4,296 thousand) and ¥404 million for the years ended March 31, 2013 and 2012, respectively.

Note 18 — Financial Instruments

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 low risk. The Company uses derivatives to mitigate the risks that are described below, and 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 of 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 of bank loans expose the Company to the risks of interest rate fluctuations, which the Company uses interest rate swaps to hedge.

The Company uses derivatives transactions including forward foreign exchange contracts to hedge the risk of exchange rate fluctuations associated with accounts receivable and payable denominated in foreign currencies and interest rate swaps to hedge the risk of interest rate fluctuations associated with loans. "Derivative and Hedge Accounting" in Note 1(w) 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 (counter-party risk)
The Company has established internal procedures for receivables under which the related divisions are primarily responsible for periodically monitoring counter-party 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 derivatives 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 receivable and payable by each currency and every month and utilizes foreign currency forward contracts and foreign currency deposit 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 fair value and the financial condition of the issuing entities and revises its portfolio based on its relationships with issuing entities.

The derivative transactions are executed and managed by the Finance & Accounting Department in accordance with the established policies and within the specified limit on the amounts of derivative transactions allowed. The Department 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 Value of Financial Instruments

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

In addition, the contractual amounts of the derivatives 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, 2013 and 2012 were summarized as follows:

The financial instruments, whose fair value were difficult to measure, were not included in the table below and were summarized in B (b).

	Millions of yen		
March 31, 2013	Carrying Amount	Estimated fair value	Difference
Cash and deposits	**¥259,777**	**¥259,777**	**—**
Marketable securities	**25,000**	**25,000**	**—**
Notes and accounts receivable	**96,570**	**96,570**	**—**
Other receivable*1	**10,972**	**10,972**	
Marketable and investment securities	**21,035**	**21,035**	**—**
Long-term loans receivable, net*2	**1,412**	**1,452**	**¥ 40**
Total Assets	**¥414,766**	**¥414,806**	**¥ 40**
Notes and accounts payable	**¥ 93,335**	**¥ 93,335**	**—**
Long-term Debt	**9,363**	**9,919**	**¥556**
Total Liabilities	**¥102,698**	**¥103,254**	**¥556**
Derivative financial instruments, net	**¥ 1,864**	**¥ 1,864**	**—**

	Millions of yen		
March 31, 2012	Carrying Amount	Estimated fair value	Difference
Cash and deposits	¥195,056	¥195,056	—
Marketable securities	27,500	27,500	—
Notes and accounts receivable	87,248	87,248	—
Other receivable*1	13,745	13,745	
Marketable and investment securities	18,255	18,255	—
Long-term loans receivable, net*2	1,598	1,659	¥61
Total Assets	¥343,402	¥343,463	¥61
Notes and accounts payable	¥ 82,376	¥ 82,376	—
Long-term Debt	7,591	7,675	¥84
Total Liabilities	¥ 89,967	¥ 90,051	¥84
Derivative financial instruments, net	¥ 33	¥ 33	—

	Thousands of U.S. dollars (Note 1)		
March 31, 2013	Carrying Amount	Estimated fair value	Difference
Cash and deposits	**$2,762,116**	**$2,762,116**	**—**
Marketable securities	**265,816**	**265,816**	**—**
Notes and accounts receivable	**1,026,794**	**1,026,794**	**—**
Other receivable*1	**116,661**	**116,661**	
Marketable and investment securities	**223,658**	**223,658**	**—**
Long-term loans receivable, net*2	**15,013**	**15,439**	**$ 426**
Total Assets	**$4,410,058**	**$4,410,484**	**$ 426**
Notes and accounts payable	**$ 992,398**	**$ 992,398**	**—**
Long-term debt	**99,553**	**105,465**	**$5,912**
Total Liabilities	**$1,091,951**	**$1,097,863**	**$5,912**
Derivative financial instruments, net	**$ 19,819**	**$ 19,819**	**—**

*1 Other receivable is included in Other current assets on the consolidated balance sheets.
*2 The amount of individual allowance for doubtful accounts is deducted from long-term loans receivable.

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

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

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

Other receivable
Other receivable are short-term. Therefore, carrying amount is used for the fair value of short-term receivable 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 value 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, carrying amount is used for the fair value of short-term payable because these amounts are essentially the same.

Long-term debt
Fair value of long-term debt is estimated as discounted present value of total principal and interest using assumed interest rates for equivalent new loans. Interest rate swaps subject to 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(w) and Note 10.

(b) Financial Instruments, Whose Fair Value Were Difficult to Measure

The financial instruments, whose fair value were difficult to measure, as of March 31, 2013 and 2012, were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2013**	2012	**2013**
Unconsolidated subsidiaries and affiliates	**¥33,324**	¥36,920	**$354,322**
Non-listed equity securities	**23,505**	11,659	**249,920**
Subscription certificate	**38**	38	**404**

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

(c) Maturities of Financial Instruments

The maturities of the financial instruments at March 31, 2013 were as follows:

	Millions of yen			
Year ending March 31,	2014	2015–2018	2019–2023	2024 and thereafter
Cash and deposits	¥259,777	—	—	—
Marketable securities	25,000	—	—	—
Notes and accounts receivable	96,570	—	—	—
Other receivable	10,972	—	—	—
Long-term loans receivable, net	—	¥961	¥451	¥—
Assets Total	¥392,319	¥961	¥451	¥—

	Thousands of U.S. dollars (Note 1)			
Year ending March 31,	2014	2015-2018	2019-2023	2024 and thereafter
Cash and deposits	$2,762,116	—	—	—
Marketable securities	265,816	—	—	—
Notes and accounts receivable	1,026,794	—	—	—
Other receivable	116,661	—	—	—
Long-term loans receivable, net	—	$10,218	$4,795	$—
Assets Total	$4,171,387	$10,218	$4,795	$—

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

Note 19 — Impairment of Fixed Assets

As discussed in Note 1 (o), 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.

This information is not disclosed, as this is immaterial for the years ended March 31, 2013 and 2011.

The following is information on impairment loss for the year ended March 31, 2012:

Location	Use	Type of assets
Sendai (Japan)	Rental Property	Land

Carrying amount of certain assets was devalued to their recoverable amounts, since the land's market value has significantly declined. As a result, the Company recognized loss on impairment in the amount of ¥420 million. The recoverable amounts were calculated according to estimated net sales value, which was real-estate appraisal.

Note 20 — Other Comprehensive Income

Reclassification adjustments of the Company's and its consolidated subsidiaries' other comprehensive income for the years ended March 31, 2013 and 2012 were as follows:

March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2013
Net unrealized holding gains on securities			
Unrealized holding gains arising during the year	¥ 4,818	¥(1,641)	$ 51,228
Reclassification adjustment for gains realized in net income	(6)	10	(64)
Sub-total	4,812	(1,631)	51,164
Deferred gains (losses) on hedges			
Deferred gains (losses) on hedges arising during the year	2,528	(3,885)	26,879
Sub-total	2,528	(3,885)	26,879
Translation adjustments			
Translation adjustments arising during the year	2,725	(968)	28,974
Reclassification adjustment for translation adjustment	1,343	—	14,280
Sub-total	4,068	(968)	43,254
Equity for equity method affiliates			
Share of other comprehensive income of associates accounted for using equity method arising during the year	(0)	(1)	(0)
Sub-total	(0)	(1)	(0)
Before –tax amount	11,408	(6,485)	121,297
Tax Benefit (Expense)	(2,674)	2,080	(28,432)
Total other comprehensive income	¥ 8,734	¥(4,405)	$ 92,865

Tax effects allocated to each component of other comprehensive income for the year ended March 31, 2013 and 2012 were as follows:

Year ended March 31, 2013	Millions of yen Before–tax amount	Tax benefit (expense)	Net-of-tax amount
Net unrealized holding gains on securities	¥ 4,812	¥(1,713)	¥3,099
Deferred gains (losses) on hedges	2,528	(961)	1,567
Translation adjustments	4,068	—	4,068
Equity for equity method affiliates	(0)	—	(0)
Other comprehensive income	¥11,408	¥(2,674)	¥8,734

Year ended March 31, 2012	Millions of yen Before–tax amount	Tax benefit (expense)	Net-of-tax amount
Net unrealized holding gains on securities	¥(1,631)	¥ 612	¥(1,019)
Deferred gains (losses) on hedges	(3,885)	1,405	(2,480)
Land revaluation	—	63	63
Translation adjustments	(968)	—	(968)
Equity for equity method affiliates	(1)	—	(1)
Other comprehensive income	¥(6,485)	¥2,080	¥(4,405)

Year ended March 31, 2013	Thousands of U.S. dollars (Note 1) Before–tax amount	Tax benefit (expense)	Net-of-tax amount
Net unrealized holding gains on securities	$ 51,164	$(18,214)	$32,950
Deferred gains (losses) on hedges	26,879	(10,218)	16,661
Translation adjustments	43,254	—	43,254
Equity for equity method affiliates	(0)	—	(0)
Other comprehensive income	$121,297	$(28,432)	$92,865

The disclosure of corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

Note 21 — Subsequent Event

The Company's wholly owned subsidiary JGC PLANT SOLUTIONS Co., Ltd, made a merger contract on April 1, 2013 that it will merge its wholly owned subsidiary, JGC PLANTECH Co., Ltd, on July 1, 2013 and surviving company name is JGC Plant Innovation Co., Ltd.

Internal Control Report

1 Framework of Internal Control Over Financial Reporting

Keisuke Takeuchi, Chairman and Representative Director, Koichi Kawana, President and Representative Director, 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, 2013 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

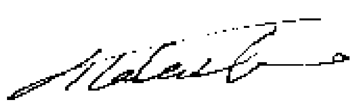
Based on the above assessments, the Company's management has concluded that, as of March 31, 2012, the Company's internal control over financial reporting was effective.

4 Supplementary Information

Not applicable.

5 Other

Not applicable.



Keisuke Takeuchi

Chairman and Representative Director

June 27, 2013

Independent Auditor's Report

JGC CORPORATION

To the Board of Directors of JGC Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of JGC Corporation and its consolidated subsidiaries, which comprise consolidated balance sheets as of March 31, 2013 and 2012, and consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the years ended March 31, 2013, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of JGC Corporation and its consolidated subsidiaries as of March 31, 2013 and 2012, and their financial performance and cash flows for the years ended March 31, 2013, 2012 and 2011, in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 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.

Report on the Internal Control Report

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, 2013 ("Internal Control Report").

Management's Responsibility for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the Internal Control Report in conformity with assessment standards for internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Internal Control Report based on our internal control audit. 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Internal Control Report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the assessment of internal control over financial reporting in the Internal Control Report. The procedures selected depend on the auditor's judgement, including significance of effect on the reliability of financial reporting. Also, an internal control audit 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Internal Control Report, in which JGC Corporation states that internal control over financial reporting was effective as of March 31, 2013, 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 AZSA LLC

KPMG AZSA LLC
June 27, 2013
Tokyo, Japan

Six-Year Summary—Non-Consolidated

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

	2013	2012	2011	2010	2009	2008
Net Sales	**¥454,261**	¥451,724	¥359,561	¥317,597	¥349,925	¥460,161
Operating Income	**48,946**	54,218	51,918	32,145	41,356	30,550
Income before Taxes on Income	**56,250**	60,708	45,205	27,934	44,578	32,832
Net Income	**44,147**	34,304	22,853	21,271	30,214	21,312
Total Current Assets	**357,957**	299,329	272,339	232,540	276,325	270,646
Total Current Liabilities	**200,001**	173,793	167,621	126,240	184,205	194,470
Working Capital	**157,956**	125,536	104,718	106,300	92,120	76,176
Current Ratio	**179.0%**	172.2%	162.5%	184.2%	150.0%	139.2%
Net Property and Equipment	**50,913**	49,961	49,956	50,364	49,414	51,115
Total Assets	**507,981**	444,659	415,737	374,549	412,893	404,424
Long-Term Debt, Less Current Maturities	**1,876**	2,486	1,663	16,104	16,757	15,519
Total Net Assets	**290,011**	251,006	227,794	212,619	192,655	174,795
New Contracts	**468,427**	342,983	569,128	675,505	440,548	348,755
Outstanding Contracts	**1,019,426**	1,005,260	1,114,182	953,511	641,781	607,378
Net Income per Share (in yen)	**174.86**	135.86	90.44	84.15	119.5	84.01
Cash Dividends per Share (in yen)	**45.5**	38.5	30.0	21.0	30.0	21.0
Number of Employees	**2,185**	2,155	2,137	2,107	2,069	2,014

Non-Consolidated Balance Sheets

JGC CORPORATION
March 31, 2013 and 2012

Assets	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 1) 2013
Current Assets:			
Cash and deposits	¥214,775	¥169,426	$2,283,626
Marketable securities	25,000	27,500	265,816
Notes and accounts receivable (Note 2)	62,574	51,683	665,327
Contract works in progress	20,894	22,424	222,159
Deferred tax assets (Note 7)	13,245	9,751	140,829
Other current assets (Note 2)	21,543	18,616	229,059
Allowance for doubtful accounts	(74)	(71)	(787)
Total Current Assets	357,957	299,329	3,806,029
Property and Equipment (Note 3):			
Land (Notes 8 & 9)	21,931	21,931	233,184
Buildings and structures	52,495	48,363	558,161
Machinery and equipment	10,768	9,921	114,492
Construction in progress	951	2,172	10,112
	86,145	82,387	915,949
Less accumulated depreciation	(35,232)	(32,426)	(374,609)
Net Property and Equipment	50,913	49,961	541,340
Other Assets:			
Investments in subsidiaries and affiliates (Note 3)	52,186	48,505	554,875
Marketable and investment securities	35,344	29,845	375,800
Long-term loans receivable (Notes 2 & 3)	7,230	9,698	76,874
Deferred tax assets (Note 7)	1,368	4,137	14,545
Other	2,983	3,184	31,717
Total Other Assets	99,111	95,369	1,053,811
Total Assets	¥507,981	¥444,659	$5,401,180

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 1) 2013
Current Liabilities:			
Short-term loans (Notes 2 & 3)	¥ 21,481	¥ 13,833	$ 228,400
Notes and accounts payable (Note 2)	60,430	57,252	642,530
Advances received on uncompleted contracts (Note 2)	56,854	58,389	604,508
Reserve for job warranty costs	1,713	2,051	18,214
Reserve for losses on contracts	20,376	4,107	216,651
Income taxes payable	15,623	11,658	166,114
Provision for loss on guarantees	2,417	—	25,699
Other current liabilities (Note 2)	21,107	26,503	224,423
Total Current Liabilities	200,001	173,793	2,216,539
Long-Term Debt, Less Current Maturities (Note 3)	1,876	2,486	19,947
Retirement and Severance Benefits	9,199	10,026	97,810
Deferred Tax Liabilities for Land Revaluation (Notes 7 & 8)	3,692	3,692	39,256
Other Non-Current Liabilities (Note 2)	3,202	3,656	34,045
Total Liabilities	217,970	193,653	2,317,597
Contingencies (Note 5)			
Net Assets (Note 6):			
Common stock			
Authorized — 600,000,000 shares,			
Issued — 259,052,929 shares in 2013 and 2012	23,511	23,511	249,984
Capital surplus	25,603	25,603	272,228
Legal earnings reserve	2,693	2,693	28,633
Retained earnings	244,185	209,758	2,596,332
Treasury stock, at cost	(6,449)	(6,375)	(68,570)
Net unrealized holding gains on securities	5,404	2,319	57,459
Deferred gains on hedges	1,606	39	17,076
Land revaluation, net of deferred tax portion (Note 8)	(6,542)	(6,542)	(69,559)
Total Net Assets	290,011	251,006	3,083,583
Total Liabilities and Net Assets	¥507,981	¥444,659	$5,401,180

Non-Consolidated Statements of Income

JGC CORPORATION
Years ended March 31, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	2013
Net Sales	**¥454,261**	¥451,724	¥359,561	**$4,829,995**
Cost of Sales	**393,520**	386,555	297,622	**4,184,157**
Gross profit	**60,741**	65,169	61,939	**645,838**
Selling, General and Administrative Expenses	**11,795**	10,951	10,021	**125,412**
Operating income	**48,946**	54,218	51,918	**520,426**
Other Income (Expenses):				
Interest and dividend income	**9,491**	9,181	8,642	**100,914**
Interest expense	**(102)**	(372)	(518)	**(1,085)**
Loss on sales and disposal of property and equipment	**(91)**	(722)	(32)	**(968)**
Gain on sales of marketable and investment securities	**91**	16	—	**968**
Gain (loss) on sales of an affiliate security	**—**	(45)	9,665	**—**
Loss on devaluation of marketable and investment securities	**—**	—	(197)	**—**
Loss on provision for guarantees	**(2,417)**	—	—	**(25,699)**
Loss on allowance for investment	**(5,951)**	(1,318)	—	**(63,275)**
Exchange gain (loss), net	**3,434**	(617)	(4,293)	**36,512**
Reversal for doubtful accounts	**2,181**	—	—	**23,190**
Loss on impairment of fixed assets (Note 9)	**—**	(420)	—	**—**
Other, net	**668**	787	(19,980)	**7,103**
	7,304	6,490	(6,713)	**77,660**
Income before taxes on income	**56,250**	60,708	45,205	**598,086**
Taxes on Income (Note 7):				
Current	**15,494**	20,781	19,175	**164,742**
Deferred	**(3,391)**	5,623	3,177	**(36,055)**
Net Income	**¥ 44,147**	¥ 34,304	¥ 22,853	**$ 469,399**

	Yen			U.S. dollars (Note 1)
Amounts Per Share of Common Stock				
Net income	**¥174.86**	¥135.86	¥90.44	**$1.86**
Cash dividends applicable to the year	**¥ 45.50**	¥ 38.50	¥30.00	**$0.48**

The accompanying notes are an integral part of these statements.

Non-Consolidated Statements of Changes in Net Assets

JGC CORPORATION
Years ended March 31, 2013, 2012 and 2011

	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 April 1, 2010	259,053	¥23,511	¥25,601	¥2,693	¥165,434	¥(5,854)	¥ 5,075	¥2,712	¥(6,553)
Net income for the year					22,853				
Cash dividends					(5,309)				
Gain on disposal of treasury stock			2			2			
Net unrealized holding losses on securities							(1,745)		
Net deferred losses on hedges								(193)	
Increase of treasury stock						(435)			
Balance at March 31 and April 1, 2011	259,053	¥23,511	¥25,603	¥2,693	¥182,978	¥(6,287)	¥ 3,330	¥2,519	¥(6,553)
Net income for the year					34,304				
Cash dividends					(7,576)				
Land revaluation, net of deferred tax portion					52				11
Gain on disposal of treasury stock						0			
Net unrealized holding losses on securities							(1,011)		
Net deferred losses on hedges								(2,480)	
Increase of treasury stock						(88)			
Balance at March 31 and April 1, 2012	259,053	¥23,511	¥25,603	¥2,693	¥209,758	¥(6,375)	¥ 2,319	¥ 39	¥(6,542)
Net income for the year					**44,147**				
Cash dividends					**(9,720)**				
Net unrealized holding gains on securities							**3,085**		
Net deferred gains on hedges								**1,567**	
Increase of treasury stock						**(74)**			
Balance at March 31, 2013	**259,053**	**¥23,511**	**¥25,603**	**¥2,693**	**¥244,185**	**¥(6,449)**	**¥ 5,404**	**¥1,606**	**¥(6,542)**

	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 April 1, 2012	$249,984	$272,228	$28,633	$2,230,282	$(67,783)	$24,657	$ 415	$(69,559)
Net income for the year				**469,399**				
Cash dividends				**(103,349)**				
Net unrealized holding gains on securities						**32,802**		
Net deferred gains on hedges							**16,661**	
Increase of treasury stock					**(787)**			
Balance at March 31, 2013	**$249,984**	**$272,228**	**$28,633**	**$2,596,332**	**$(68,570)**	**$57,459**	**$17,076**	**$(69,559)**

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 Japanese 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, 2013, which was ¥94.05 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts could 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

The Company is required to examine the intent of holding each security and classify those securities as (1) securities held for trading purposes, (2) debt securities intended to be held to maturities, (3) equity securities issued by subsidiaries and affiliates, and (4) 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 (1) and (2) above in the years ended March 31, 2013 and 2012.

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.

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) Allowance for Losses on Investment

To prepare for estimated losses to be incurred in the future, allowance for losses on investment is stated in amounts considered to be appropriate based on financial condition of investments.

(f) Provision for Losses on Guarantees

To provide for losses on guarantees, the Company makes a provision for potential losses at the end of the fiscal year.

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

Sales on 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 12 months and the contract amount exceeds ¥1,000 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.

(h) 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.

(i) 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 as of the accounting period ended March 31, 2013, the Company has changed its depreciation procedure based on an amendment in corporation tax law for the tangible assets acquired on and after April 1, 2012. The effect of this change on the financial statement result is immaterial.

All finance leasing transactions were capitalized except for finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, and continue to be accounted for as operating leases with disclosure of "as if capitalized" information.

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.

(j) 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.

(k) 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, 2013 and 2012, based on the estimated amounts of projected benefit obligation, actuarially calculated using certain assumptions and the fair values of the plan assets at these dates.

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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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 (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 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 swap).

(r) Accrued Bonuses to Directors and Corporate Auditors

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

(s) Accounting Changes and Error Corrections

On December 4, 2009, the Accounting Standards Board of Japan issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under the new accounting standard are as follows:

(1) Change in Accounting Policies
When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless revised accounting standards include specific transitional provisions. When revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors
When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applied to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Note 2 — Receivables from and Payables to Subsidiaries and Affiliates

Significant receivables from and payables to subsidiaries and affiliates at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Notes and accounts receivable	¥ 825	¥ 7,128	$ 8,772
Other current assets	9,396	8,369	99,904
Long-term loans receivable	7,208	9,688	76,640
Notes and accounts payable	6,887	11,093	73,227
Short-term loans	20,729	13,175	220,404
Advances received on uncompleted contracts	81	221	861
Other current liabilities	717	1,509	7,624
Other non-current liabilities	184	184	1,956

Note 3 — Borrowings and Assets Pledged as Collateral

At March 31, 2013 and 2012, 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,	2013	2012	2013
Unsecured Debt			
0.74% – 1.25% loans from banks and insurance companies, due serially through 2018	¥2,628	¥3,144	$27,943
Less current maturities	(752)	(658)	(7,996)
Long-term debt due after one year	¥1,876	¥2,486	$19,947

Assets pledged as collateral for other non-current liabilities at March 31, 2013 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Land	¥4,280	¥4,280	$45,508
Buildings and structures, at net book value	2,089	2,196	22,212
Machinery and equipment, at net book value	2	2	21
Total	¥6,371	¥6,478	$67,741

Assets pledged as collateral for subsidiary's debt at March 31, 2013 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Investments in subsidiaries and affiliates	¥ 801	¥—	$ 8,517
Long-term loans receivable	400	—	4,253
Total	¥1,201	¥—	$12,770

The annual maturities of long-term debt outstanding at March 31, 2013, were as follows:

	Amount	
Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2014	¥ 752	$ 7,996
2015	282	2,999
2016	94	999
2017	—	—
2018 and thereafter	1,500	15,949
Total	¥2,628	$27,943

Note 4 — Lease Transactions

(a) Finance Lease Transactions Without Ownership Transfer to Lessee

Finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees were accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2013 and 2012 are as follows:

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

	Millions of yen	
March 31,	2013	2012
Machinery and equipment:		
Purchase price equivalents	¥132	¥138
Accumulated depreciation equivalents	(71)	(62)
Book value equivalents	¥ 61	¥ 76

	Thousands of U.S. dollars (Note 1)
March 31,	2013
Machinery and equipment:	
Purchase price equivalents	$1,404
Accumulated depreciation equivalents	(755)
Book value equivalents	$ 649

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

(2) Lease commitments

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Due within one year	¥15	¥15	$160
Due after one year	46	61	489
Total	¥61	¥76	$649

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

(3) Lease payments and depreciation equivalents

	Millions of yen			Thousands of U.S. dollars (Note 1)
Year ended March 31,	2013	2012	2011	2013
Lease payments	¥15	¥17	¥18	$159
Depreciation equivalents	15	17	18	159

(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:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Due within one year	¥400	¥542	$4,253
Due after one year	204	359	2,169
Total	¥604	¥901	$6,422

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 ¥33,565 million ($356,885 thousand) and ¥20,191 million at March 31, 2013 and 2012, respectively.

(2) The Company has guaranteed employees' housing loans and others from banks in the amount of ¥7 million ($74 thousand) and ¥5 million at March 31, 2013 and 2012, respectively.

Note 6 — Taxes on Income

The statutory effective tax rates are 38%, 40.7%, and 36.2% for the years ended march 31, 2013, 2012 and 2011, respectively.

(1) 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, 2013, 2012 and 2011:

	2013	2012	2011
Statutory tax rate	38.0%	40.7%	36.2%
Non-deductible expenses	0.4	0.4	0.3
Non-taxable dividend income	(4.8)	(4.8)	(5.5)
Tax credit utilized	(0.3)	(0.2)	(0.4)
Other	(11.8)	7.4	18.9
Effective tax rate	21.5%	43.5%	49.5%

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Current deferred taxes			
Deferred tax assets:			
Accrued employees' bonuses	¥ 1,817	¥1,781	$ 19,319
Reserve for job warranty costs	651	779	6,922
Reserve for losses on contracts	7,743	1,561	82,329
Other	4,184	5,806	44,487
Total current deferred tax assets	14,395	9,927	153,057
Deferred tax liabilities:			
Forward exchange contract hedge	(1,150)	(176)	(12,228)
Net current deferred tax assets	¥13,245	¥9,751	$140,829

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2013	2012	2013
Non-current deferred taxes			
Deferred tax assets:			
Employee's retirement and severance benefits	¥ 3,412	¥ 3,795	$ 36,278
Allowance for losses on investment	469	469	4,987
Depreciation	352	358	3,743
Other	256	930	2,722
Total non-current deferred tax assets	4,489	5,552	47,730
Deferred tax liabilities:			
Net unrealized holding gains on securities	(2,987)	(1,282)	(31,760)
Other	(134)	(133)	(1,425)
Total deferred tax liabilities	(3,121)	(1,415)	(33,185)
Net non-current deferred tax assets	¥ 1,368	¥ 4,137	$ 14,545
Deferred tax liabilities for land revaluation	¥ 3,692	¥ 3,692	$ 39,256

For the years ended March 31, 2013 and 2012, the valuation allowances of ¥9,905 million ($105,316 thousand) and ¥6,132 million have been deducted from the gross amount of the non-current deferred tax assets, respectively.

Note 7 — 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 sheet at March 31, 2013 and 2012. When such land is sold, land revaluation is reversed and debited to retained earnings.

Fair value of revalued land as of March 31, 2013 was ¥4,177 million ($44,413 thousand) less than the book value as of March 31, 2013, which amounts include ¥1,199 million ($12,749 thousand) relevant to rental property.

Note 8 — Impairment of Fixed Assets

As discussed in Note 1 (j), the Company has applied the accounting standard for impairment of fixed assets.

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

Loss on impairment of fixed assets for the year ended March 31, 2012 consisted of the following:

Location	Use	Type of assets
Sendai (Japan)	Rental Property	Land

Carrying amount of certain assets was devalued to their recoverable amounts, since the land's market value has significantly declined. As a result, the Company recognized loss on impairment in the amount of ¥420 million. The recoverable amounts were calculated according to estimated net sales value, which was real-estate appraisal.

Independent Auditor's Report

JGC CORPORATION

To the Board of Directors of JGC Corporation

We have audited the accompanying non-consolidated financial statements of JGC Corporation which comprise the non-consolidated balance sheets as of March 31, 2013 and 2012, and non-consolidated statements of income and non-consolidated statements of changes in net assets for the years ended March 31, 2013, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits.We conducted our audits in accordance with auditing standards generally accepted in Japan.Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of JGC Corporation as of March 31, 2013 and 2012, and their financial performance for the years ended March 31, 2013, 2012 and 2011, in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2013 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 financial statements.

KPMG AZSA LLC

KPMG AZSA LLC
June 27, 2013
Tokyo, Japan

JGC Group

As of March 31, 2013

Others → **Total Engineering** ← **Catalysts and Fine Products**

Others

System Solution Services
- ■ JGC Information Systems Co., Ltd.

Equipment Procurement
- ○ JGC Trading and Services Co., Ltd.
- □ JGC (USA), Inc.

Specialized Consulting Services
- ■ Japan NUS Co., Ltd.

Office Support Services
- ■ Nikki Business Services Co., Ltd.

Water & Power Generation Business
- ■ JGC-ITC Rabigh Utility Co., Ltd.
- ■ JGC Mirai Solar Co., Ltd.

Oil & Gas Production and Sales Business
- ■ JGC Energy Development (USA) Inc.
- ■ JGC Exploration Eagle Ford LLC
- ■ JGC EXPLORATION CANADA LTD.

Total Engineering

JGC CORPORATION

- ■ JGC Plant Solutions Co., Ltd.
- ■ JGC PLANTECH Co., Ltd.
- ■ JGC PLANTECH AOMORI Co., Ltd.
- ● Nikki-Universal Co., Ltd.
- ● JMD Greenhouse-Gas Reduction Co., Ltd.
- ■ JGC SINGAPORE PTE LTD
- ■ JGC PHILIPPINES, INC.
- □ PT. JGC INDONESIA
- ■ JGC Gulf International Co. Ltd.
- ■ JGC OCEANIA PTY LTD

Catalysts and Fine Products

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

← Provision of products and services

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

Total Engineering

Business	Company	Country	Capital	Capital Share	Other
Engineering & Construction Services	JGC Plant Solutions Co., Ltd.	Japan	¥695,000,000	100%	
	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 Plant Solutions 30%
	JGC Gulf International Co. Ltd.	Saudi Arabia	SAR187,500,000	100%	* JGC 92%
					* JGC SINGAPORE 8%
	JGC OCEANIA PTY LTD	Australia	A$1,000,000	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%
Process Licensing Services	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%	

Catalysts and Fine Products

Company	Country	Capital	Capital Share	Other
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%	

Others

Business	Company	Country	Capital	Capital Share	Other
System Solution Services	JGC Information Systems Co., Ltd.	Japan	¥400,000,000	100%	
Equipment Procurement	JGC Trading and Services Co., Ltd.	Japan	¥40,000,000	24.50%	
	JGC (USA), Inc.	U.S.A.	US$100,000	100%	
Specialized Consulting Services	Japan NUS Co., Ltd.	Japan	¥50,000,000	80%	
Office Support Services	Nikki Business Services Co., Ltd.	Japan	¥1,455,000,000	100%	
Water & Power Generation Business	JGC-ITC Rabigh Utility Co., Ltd.	Japan	¥319,533,500	55.43%	
	JGC Mirai Solar Co., Ltd.	Japan	¥400,000,000	100%	
Oil & Gas Production and Sales Business	JGC Energy Development (USA) Inc.	U.S.A.	US$128,000,000	100%	
	JGC Exploration Eagle Ford LLC	U.S.A.	US$65,000,000	100%	
	JGC EXPLORATION CANADA LTD.	Canada	C$75,385,179	100%	

Outline of JGC

As of March 31, 2013

Established	October 25, 1928
Capital	¥23,511,189,612
Number of Employees	2,185 (Consolidated: 6,721)

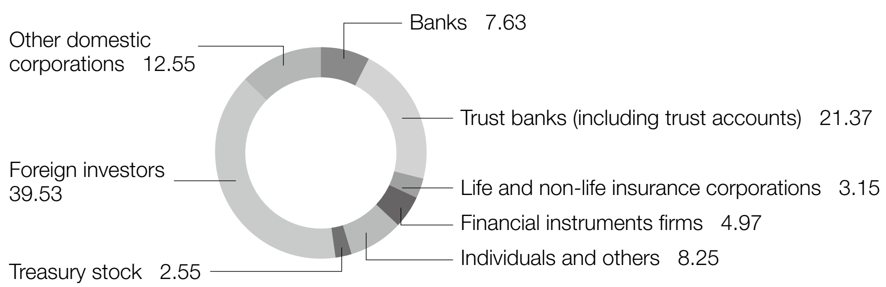
Major Shareholders

	Number of shares (Thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,437	6.73
Japan Trustee Services Bank, Ltd. (Trust Account)	17,251	6.65
JGC Trading and Services 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
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	5,522	2.13
State Street Bank and Trust Company 505223	3,296	2.17
State Street Bank and Trust Company	3,282	1.26
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	3,158	1.21

JGC's treasury stock holdings total 6,601 thousand shares, approximately 2.54% of total shares issued.

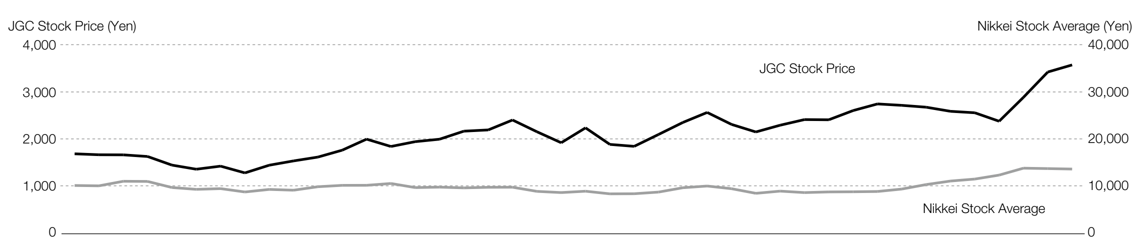
Authorized Shares	600,000,000
Issued and Outstanding Shares	259,052,929
Number of Shareholders	10,323
Administrator of the Shareholders' Register	Mitsubishi UFJ Trust and Banking Corp. 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

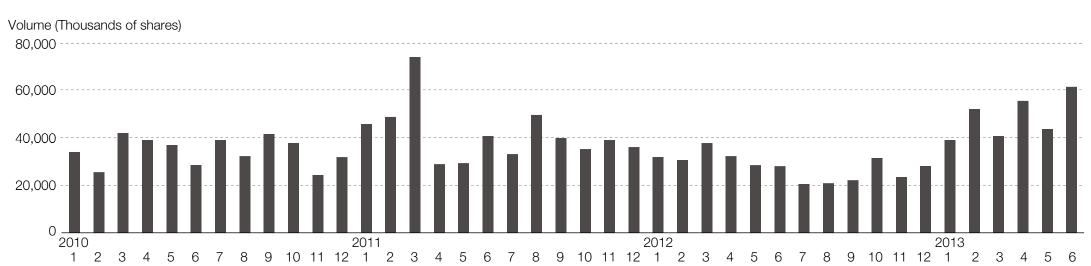
Distribution of Shareholders (%)



Figures have been rounded to two decimal places.

Stock Price





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