JGC CORPORATION

Program Management Contractor & Investment Partner

Annual Report 2014

April 1, 2013 – March 31, 2014

Program Management & Investment Partner

Contractor

Contents

Caution regarding Forward-Looking Statements
This annual report contains information about forward-looking statements related to such matters as the plans, strategies, and business results of JGC and the JGC Group.

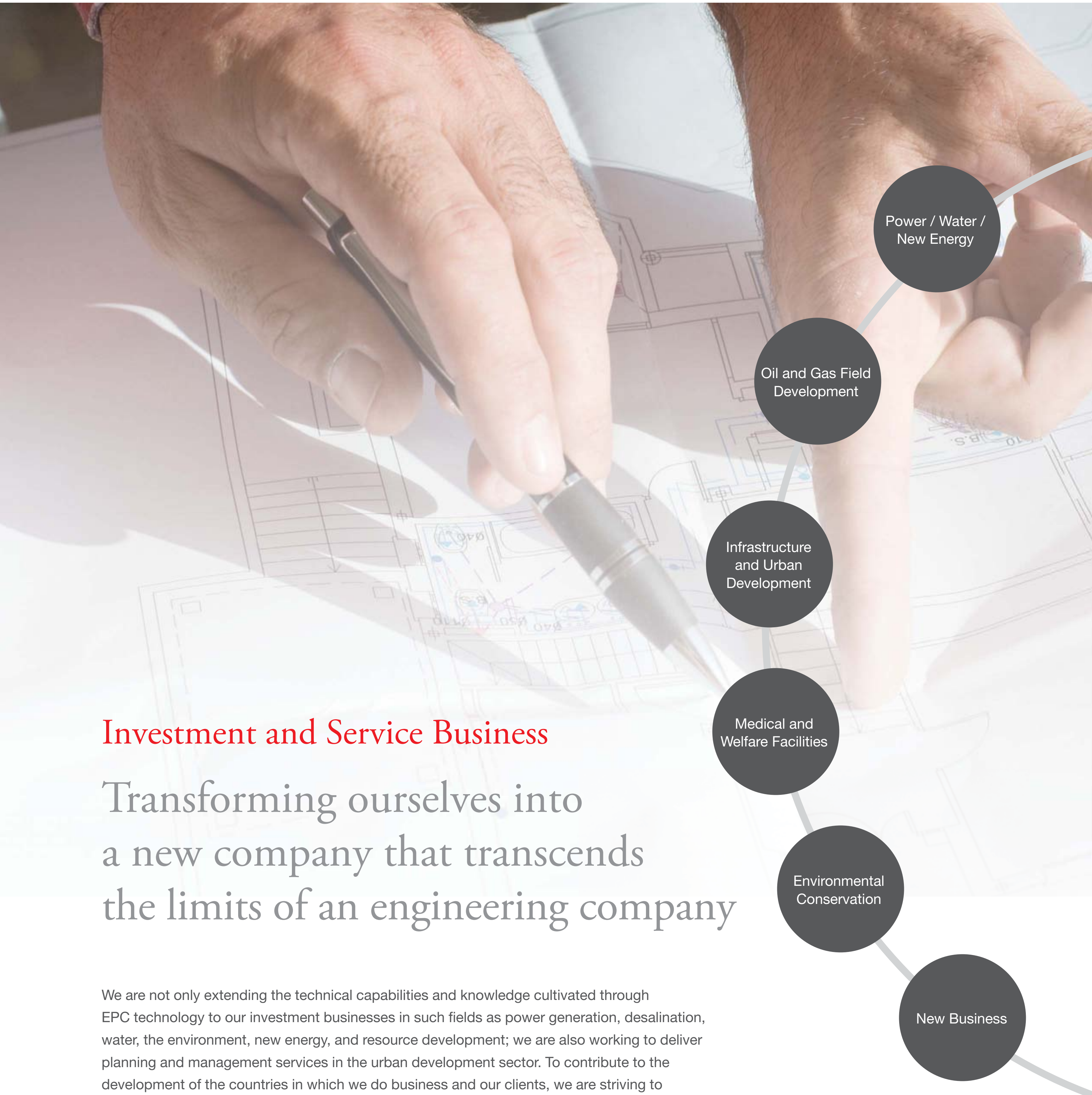
These forward-looking statements represent judgments made by the Company based on information available at present and are inherently subject to a variety of risks (see page 41) and uncertainties. The Company's actual activities and business results could differ significantly due to factors including,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

About JGC

EPC Services

Operating as a world-leading engineering contractor

Since its founding in 1928, JGC Corporation (JGC) has executed over 20,000 projects on which it has provided Engineering, Procurement and Construction (EPC) services for plants and facilities in approximately 80 countries worldwide. In a wide variety of sectors—ranging from the hydrocarbon sector, including oil, gas, LNG, and petrochemicals, to such other sectors as non-ferrous metals, nuclear power, pharmaceuticals, hospitals, and laboratories—in countries and regions around the world, JGC has demonstrated original engineering technology and excellent project management capabilities.



Investment and Service Business

Transforming ourselves into a new company that transcends the limits of an engineering company

We are not only extending the technical capabilities and knowledge cultivated through EPC technology to our investment businesses in such fields as power generation, desalination, water, the environment, new energy, and resource development; we are also working to deliver planning and management services in the urban development sector. To contribute to the development of the countries in which we do business and our clients, we are striving to transform ourselves into a new company that transcends the limits of a traditional engineering company.

Major Projects Received in Fiscal 2013

The JGC Group executes EPC projects in various countries and regions of the world.
Here, we introduce major projects received in fiscal 2013.

U.S.

Large-Scale ethylene Production Plant

From U.S.-based Chevron Phillips Chemical Company LP, JGC received an order for a project to construct an ethylene production plant that will include the world's largest ethane cracker facility. This project represents the first order JGC has received for a large-scale project in North America, and JGC will be mainly in charge of the core facilities of the production plant.

Canada

Large-Scale LNG Plant

JGC received an order for a project, being promoted by Chevron Canada Limited, to construct a large-scale LNG plant in the Canadian province of British Columbia, and it is now waiting for the final investment decision by the client. In performing EPC services as a joint-venture leader, JGC will be primarily in charge of the liquefaction process facilities that will be the core of the LNG plant.

1. **Project**
2. Location
3. Client
4. Contract form
5. Partner
6. Capacity

1. **Large-Scale Refineries / Upgrading**
2. Kuwait
3. Kuwait National Petroleum Company (KNPC)
4. Lump-sum Turnkey
5. GS Engineering & Construction Corporation
   SK Engineering & Construction Co., Ltd.
6. N/A

1. **Refinery / Upgrading**
2. Singapore
3. Singapore Refining Co. Pte. Ltd (SRC)
4. Lump-sum Turnkey
5. N/A
6. New Gasoline Desulfurization Unit:
   26,000 bpsd
   Cogeneration Unit: 72 MW

1. **LNG Plant / Rejuvenation**
2. Malaysia
3. Malaysia LNG Dua Sdn. Bhd.
4. Lump-sum Turnkey
5. N/A
6. N/A

1. **Floating LNG Plant**
2. Malaysia
3. Petroliam Nasional Bhd. (PETRONAS)
4. Lump-sum Turnkey
5. Samsung Heavy Industries Co., Ltd.
6. LNG: 1.5 million tons per year

Malaysia

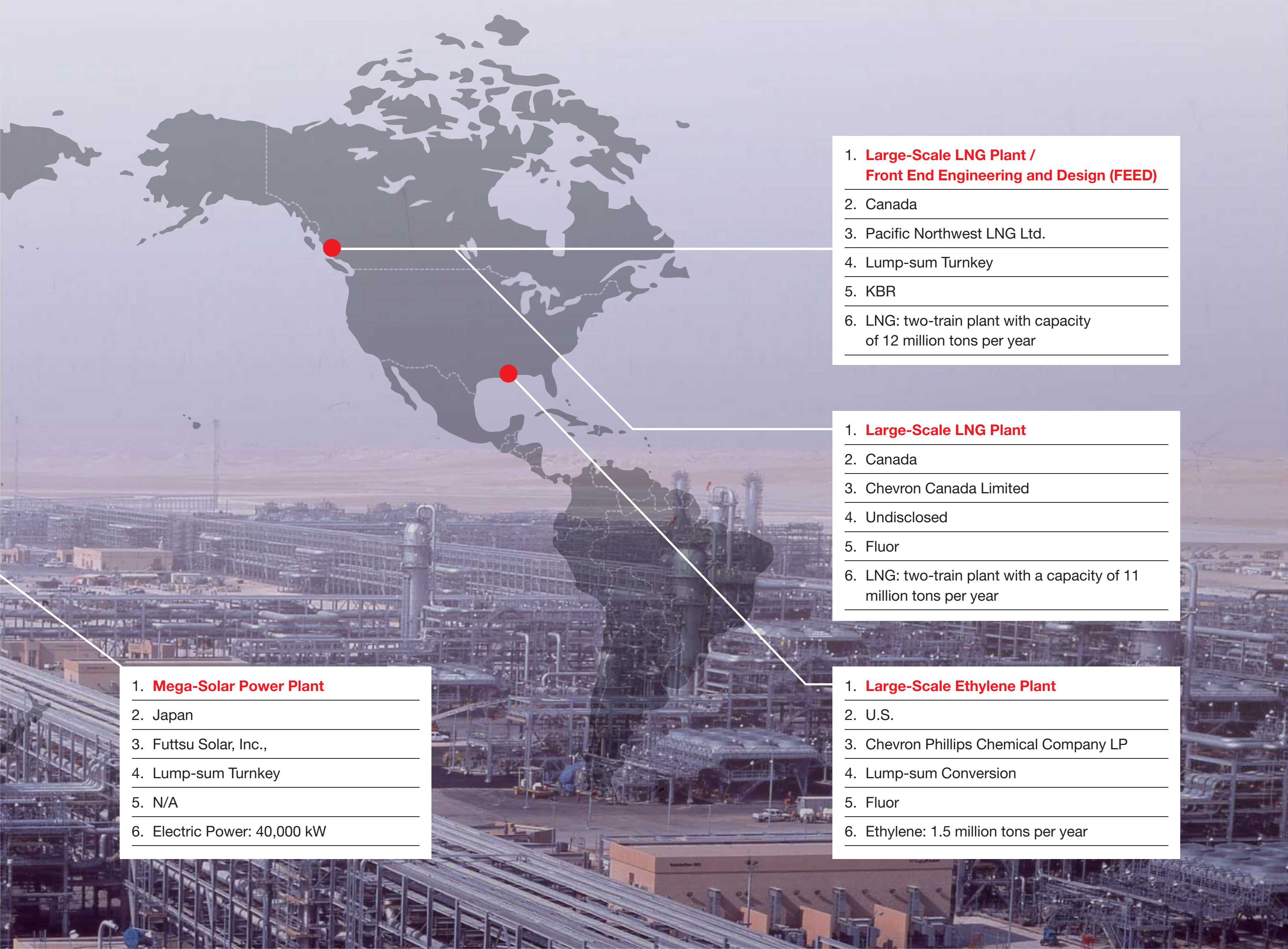
Floating LNG Plant

JGC received an order for a project to construct a floating LNG plant in the offshore gas fields of Sabah, Malaysia. This project is being planned by Malaysia's state-owned oil and gas company (PETRONAS). Furthermore, on the project, which involves the third commercial floating LNG plant to achieve the final investment decision in the world, JGC will be mainly in charge of the liquefaction facilities.

Kuwait

Upgrading of a Large-Scale Oil Refinery

JGC received an order from Kuwait National Petroleum Company (KNPC) for a large-scale oil refinery upgrading project. KNPC is now operating three oil refineries in Ahmadi, which is in central Kuwait. The objective of the project is to upgrade the three refineries into an integrated refining complex mainly intended to produce low-environmental-impact fuels that meet European standards. As the group leader, JGC will be primarily in charge of EPC services related to the revamping of Mina Al-Ahmadi Refinery, as well as installing new facilities such as an Atmospheric Residue Desulfurization Unit, a Vacuum Distillation Unit, and a Delayed Coker Unit.



1. **Large-Scale LNG Plant / Front End Engineering and Design (FEED)**
2. Canada
3. Pacific Northwest LNG Ltd.
4. Lump-sum Turnkey
5. KBR
6. LNG: two-train plant with capacity of 12 million tons per year

1. **Large-Scale LNG Plant**
2. Canada
3. Chevron Canada Limited
4. Undisclosed
5. Fluor
6. LNG: two-train plant with a capacity of 11 million tons per year

1. **Mega-Solar Power Plant**
2. Japan
3. Futtsu Solar, Inc.,
4. Lump-sum Turnkey
5. N/A
6. Electric Power: 40,000 kW

1. **Large-Scale Ethylene Plant**
2. U.S.
3. Chevron Phillips Chemical Company LP
4. Lump-sum Conversion
5. Fluor
6. Ethylene: 1.5 million tons per year

Fiscal 2013: Major Achievements in Investment and Service Business

Setting its sights on further business expansion, the JGC Group is carrying out project management and investment business in various countries and regions of the world. Of all these endeavors, we introduce below our major achievements in fiscal 2013.

Investment in Brazil's Largest Shipbuilding Company

Along with IHI Corporation (IHI) and Japan Marine United Corporation (JMU), JGC acquired capital in Brazil's largest shipbuilding company, Estaleiro Atlântico Sul S.A. (EAS). Brazil, one of the world's leading resource-rich countries, is expected to develop into the world's largest market for the development of offshore resources. Having previously studied participating in Brazil's offshore resource development market, which requires high technical capabilities, JGC will work on this project by bringing together IHI's plant engineering technology and JMU's ship construction technology.

EAS shipyard

Electric Power and Steam Project in Saudi Arabia

Along with Marubeni Corporation and Saudi-based Aljomaih Holding Co., JGC signed a contract to provide electric power and stream to three oil and gas complexes that are owned by Saudi Aramco, the Saudi state-owned oil company, in Eastern Saudi Arabia. Under the contract, JGC and partners will construct cogeneration facilities and operate them for 20 years. Since the 1980s, JGC has undertaken many projects to construct facilities for oil and gas complexes for Saudi Aramco, and JGC feels that the conclusion of this most-recent contract was due to its having received favorable comprehensive evaluations for past achievements.

Cogeneration facilities

Mega-Solar Photovoltaic Power Generation Project in Japan

In Kamogawa City, Chiba Prefecture, JGC is participating in a project that calls for the construction of a mega-solar power plant with a generating capacity of approximately 31,000 kW (equivalent to the annual power consumption of approximately 11,000 ordinary households). Furthermore, based on a fixed-price buyback program, the electricity generated will be sold to Tokyo Electric Power Company over a period of 20 years. This is the second mega-solar photovoltaic power generation project in which JGC has participated in Japan. Management of the project will be carried out by a special-purpose company that is wholly owned by JGC, and the EPC services for the power plant will be performed by JGC itself. In this way, JGC is executing the project systematically, from business development to construction work.

Conceptual drawing of the Kamogawa mega-solar power plant

Hospital Project in Cambodia

In Phnom Penh, the capital city of Cambodia, a project is under way for the construction of a hospital, to be mainly staffed by Japanese doctors and nurses, that will offer more-dependable medical services to Cambodian citizens. The project will be managed by a Cambodian subsidiary in which JGC has more than a 50% stake. The subsidiary will receive equity support from the Innovation Network Corporation of Japan and then outsource the medical management of the hospital to Kitahara Medical Strategies International. Over more than 30 years, JGC has undertaken more than 250 projects involving engineering and construction, as well as consulting, for medical facilities in Japan. Furthermore, since 2008, JGC has conducted a Private Finance Initiative (PFI) project, involving construction and management, at the Tokyo Metropolitan Matsuzawa Hospital, which was entrusted to it by the Tokyo Metropolitan Government. Accordingly, based on its steadily expanding achievements, JGC will contribute to raising the level of medical services available in Cambodia.

Tokyo Metropolitan Matsuzawa Hospital

Financial Highlights

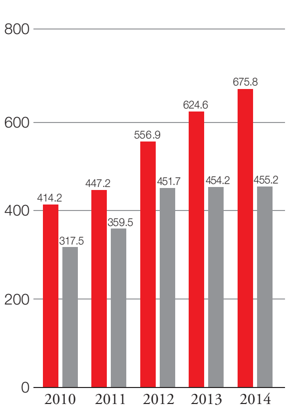
For the years ended March 31.

Consolidated	2014	2013	2012 Millions of yen	2014 Thousands of U.S. dollars
Net Sales	**¥ 675,821**	¥ 624,637	¥ 556,967	**$ 6,566,469**
Operating Income	**68,254**	64,123	67,054	**663,175**
Income before Taxes on Income and Minority Interests in Earnings of Consolidated Subsidiaries	**76,910**	62,313	71,479	**747,279**
Net Income	**47,179**	46,179	39,111	**458,405**
Net Income per Share (in yen and U.S. dollars)	**186.90**	182.91	154.90	**1.82**
New Contracts	**818,161**	594,091	793,278	**7,949,485**
Outstanding Contracts	**1,729,317**	1,549,813	1,506,146	**16,802,536**

Non-Consolidated	2014	2013	2012 Millions of yen	2014 Thousands of U.S. dollars
Net Sales	**¥ 455,280**	¥ 454,261	¥ 451,724	**$ 4,423,630**
Operating Income	**49,724**	48,946	54,218	**483,133**
Income before Taxes on Income	**66,095**	56,250	60,708	**642,198**
Net Income	**43,104**	44,147	34,304	**418,811**
Net Income per Share (in yen and U.S. dollars)	**170.75**	174.86	135.86	**1.66**
New Contracts	**531,167**	468,427	342,983	**5,160,970**
Outstanding Contracts	**1,119,394**	1,043,505	1,005,260	**10,876,351**

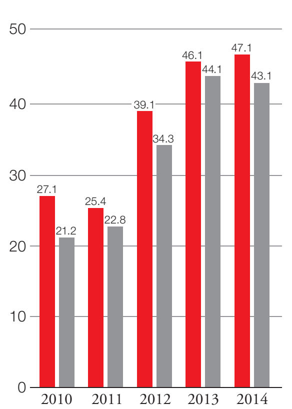
Notes: 1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥102.92 = $1.00, the prevailing rate of exchange at March 31, 2014.
2. Net income per share is computed based on the average number of shares of common stock outstanding during the period.

Net Sales
(Billions of yen)



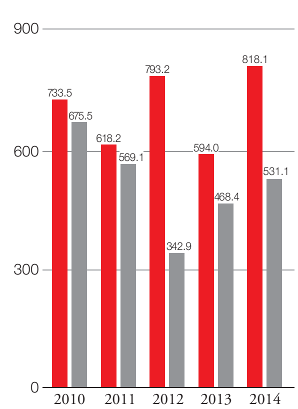
■ Consolidated
■ Non-consolidated

Net Income
(Billions of yen)



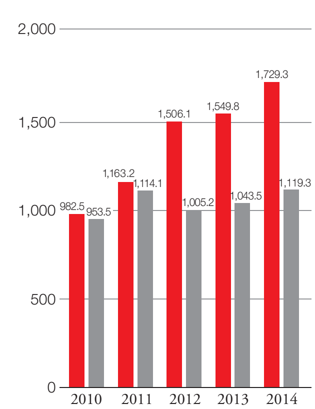
■ Consolidated
■ Non-consolidated

New Contracts
(Billions of yen)



■ Consolidated
■ Non-consolidated

Outstanding Contracts
(Billions of yen)



■ Consolidated
■ Non-consolidated

To Our Stakeholders

Masayuki Sato
Chairman and Representative Director

Koichi Kawana
President and Representative Director

JGC achieves its all-time highest net income and begins a period of dedicated expansion of operational scale.

In fiscal 2013, ended March 31, 2014, JGC recorded all-time highs for consolidated net sales and all profit categories, from consolidated gross profit to consolidated net income. In fiscal 2014, JGC expects to post higher sales but lower profits. The Company is following a growth path in the medium-to-long term, and it therefore considers the year to be a kind of pre-harvest period. Due to increasing demand for energy in emerging countries and continuing high crude oil prices, energy-related investment is expected to remain strong in the future. Thus, JGC expects fiscal 2014 to be not only a year in which it sets its sights on consolidated net sales of more than ¥1 trillion but also the initial year of a new stage in its development. With that agenda in mind, JGC will work to further improve its technical capabilities and project management expertise as it strives to meet the challenge of achieving rapid progress in its development.

Summary of fiscal 2013

All-time highs recorded for consolidated net sales and each category of profit.
Order backlog reaches an all-time high of ¥1.7 trillion.

In the consolidated results for fiscal 2013, JGC succeeded in recording all-time highs for net sales as well as all categories of profit. Fiscal 2013 was the third fiscal year in a row in which net income reached an all-time high. Furthermore, JGC's orders received exceeded the target of ¥650.0 billion, reaching ¥818.1 billion, as the Company won a string of orders for large-scale projects. These orders included, in the second quarter, an ethylene plant project in the United States and, in the fourth quarter, a floating LNG plant project in Malaysia and an oil refinery upgrading project in Kuwait. As a result, the order backlog has reached an all-time high of ¥1.7 trillion.

JGC's highlights in the investment field were also numerous. In Japan, the Company put a strong effort into the business model whereby it invests in mega-solar projects and executes the related EPC projects. Overseas, it invested in a shipbuilding company in Brazil; a power and steam supply plant in Saudi Arabia; and a hospital in Cambodia, which is a pioneering business in one of Japan's primary growth strategies—namely, the export of total medical care packages. Each of these deals should not be considered a mere investment, for each utilizes JGC's knowledge acquired by executing EPC projects worldwide and will therefore serve as a foothold for JGC's future business expansion.

Initiatives in strategic regions and fields

Operating regions expanded primarily through the cultivation of the North American market.
Full-fledged expansion into the offshore sector was undertaken through floating LNG plants projects.

With the rapid popularization of unconventional resources, particularly shale gas and shale oil, which began to be developed in North America in the mid-2000s, North America suddenly emerged as an extremely important market for the JGC Group. Expanding the operations of its United States procurement subsidiary, which had existed for some time, JGC established JGC America, Inc., thereby constructing a framework for the execution of EPC projects. Then, based on the trust relationships that it had developed with clients in the Middle East and Asia, JGC received an order for an ethylene plant in the United States in July 2013. Furthermore, for the large-scale LNG construction project in Canada for which JGC was selected as the EPC contractor in January 2014, JGC now awaits the final investment decision (FID) by the client. JGC's success against leading engineering companies in North America and becoming the first Japanese company to receive an order for a large-scale energy plant was a major step in the Company's entry into the North American market.

Additionally, in February 2014, JGC became the first Japanese company to receive an order for a floating LNG plant, as the world's first construction of such a plant in a deep-sea gas field. As the demand for energy continues to rise, companies are taking on challenges in regions that, until now, had been undeveloped because of the height of the hurdles in profitability and technology. One of those challenges is deep-sea gas fields. By utilizing the knowledge gained in many onshore LNG plant construction projects, and by applying sophisticated technical capabilities to address unique issues related to the ocean surface, particularly limited hull space and ocean swell, JGC succeeded in winning this key order. Through the smooth execution of the project, JGC aims to also consolidate its firm position as a leading contractor in the offshore sector.

Outlook for fiscal 2014

Accelerated strengthening of project execution system and establishment of a foothold for coming opportunities to expand operational scale

In our consolidated earnings forecasts for fiscal 2014, ending March 31, 2015, we estimate net sales of ¥780.0 billion, gross profit of ¥78.0 billion, and net income of ¥42.0 billion. As mentioned earlier, we recognize that the current fiscal year will be a pre-harvest period while we follow, on the earnings front, a growth path in the medium-to-long term. With the focus on LNG as well as other projects currently under execution, we intend to do our best to increase profits by further strengthening our project execution system in those fields in which we possess deep knowledge and by rigorously implementing cost reduction initiatives.

On the order front, we have set a target of ¥800.0 billion, which exceeds the target of ¥650.0 billion in the fiscal year under review. The current target reflects the expectations that, in such regions as the Middle East, Southeast Asia, and North America, the oil majors, as well as the national oil companies of resource-rich countries, will continue making aggressive capital investments.

With regard to our outlook for the medium-to-long term, by undertaking deals based on lump-sum contracts primarily in the Middle East, North Africa, and Southeast Asia, to achieve net sales in the range of ¥600 billion to ¥700 billion we pursued high profit margins based on advanced risk management. The North American market has emerged as a result of the shale revolution, and a number of ¥1 trillion scale LNG projects are being planned throughout the world.

For these projects, to mitigate the risks arising from the size of the monetary amounts involved, the contracts will likely be hybrid contracts with features of cost-plus-fee (cost reimbursement) contracts and lump-sum contracts. Amid this change in the operating environment, in order to increase profits we must steadily execute multiple technically sophisticated large-scale projects based on a certain level of gross profit margin. We view this change as providing the perfect opportunity for us to expand our operations in new markets, especially North America, Russia, and East Africa, and to achieve a staged expansion of our operational scale to beyond ¥1 trillion in net sales. In the future, by maximizing our abilities we will make a transition from the pursuit of gross profit margins to the pursuit of absolute profit amounts.

Aiming for improved corporate value

As a leading engineering contractor, the JGC Group has carried out operations in the global market from an early stage and faced a wide variety of changes worldwide. The market has shifted from Southeast Asia to the Middle East and North Africa, and, at present, the North American market is emerging. Since the era of coal and petroleum, the energy field has seen the emergence of natural gas, which releases less greenhouse gases and, unlike crude oil, occurs widely throughout the world. Moreover, at present, the production of LNG, which boasts superior transportability, is increasing. Looking back, we have always read the market changes and, without becoming biased toward our successful experience in any particular region or field, we have ensured that desire to meet challenges of new situations is a fundamental part of our company culture. Looking ahead, in a manner that transcends the limits of a traditional engineering company, we intend to fully apply the technical and management capabilities that we have developed in executing well over 20,000 projects in approximately 80 countries throughout the world. In this way, by continuing to take on the challenges of solving issues of a global magnitude, including environmental problems, water and food scarcity, and social infrastructure development, we will help achieve an improved global society.

We would like to ask all our shareholders and other stakeholders for their continued, constant support and guidance.

August 2014

Masayuki Sato
Chairman and Representative Director

Koichi Kawana
President and Representative Director

Meeting the Challenge of the Offshore Sector

In February 2014, JGC received an order from Petroliam Nasional Bhd. (PETRONAS), Malaysia's state-owned oil and gas company, for the Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) services for a floating LNG project (PFLNG2 project), which will be the third commercial floating LNG plant in the world. With this order, JGC has started its full-fledged entry into the offshore sector. As a result of the shale gas revolution, the construction of onshore LNG plants for large gas fields is being planned and carried out all over the world. Meanwhile, against a backdrop of further increases in demand for energy, plans for the construction of floating LNG plants for offshore stranded gas fields* are expected to progress in the future. Setting its sights on further business expansion, JGC will strive to gain further achievements in the offshore sector, particularly in the area of floating LNG projects.

* Stranded gas field are a gas field that has been discovered already but left undeveloped because of such considerations as investment profitability.

What is a floating LNG plant?

Using gas produced from an offshore gas field, a floating LNG plant is a floating production facility for refining, liquefying, storing, and shipping natural gas on the ocean. By using a floating LNG plant, the operator can generally reduce the cost of pipelines for transporting feedstock gas and minimize impacts on the installation environment. Furthermore, even after the gas field is depleted, a floating LNG plant can be diverted for use in another region. Therefore, because the development of small and medium-sized gas fields that are not economically viable with onshore plants can be realized, floating LNG plants have been attracting attention as a new concept for ensuring profitability to operators.

LPG FPSO facility in Angola

JGC's major achievements in the offshore sector

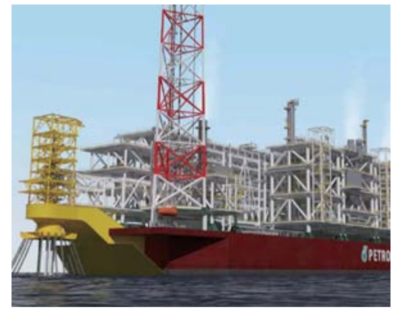
2004	Completion of an LPG FPSO (Floating Production, Storage and Offloading) facility for Angola; completion of an LPG FPSO facility for Indonesia
2012	Receipt of an order for basic engineering (FEED) services on the PFLNG2 project
2013	Investment in a shipyard in Brazil
2014	Receipt of an order for EPCIC services on the PFLNG2 project


LPG FPSO facility in Indonesia

PFLNG2 project

A groundbreaking, first-time achievement for a Japanese company

This project encompasses what is expected to be the world's third practical realization of a floating LNG plant, which will be the first such achievement for a Japanese company. In addition, as the first example in the world of a floating LNG plant for a deep-sea gas field at a depth of more than 1,000 meters, this is a pioneering project in the offshore oil-gas industry.



Conceptual drawing of the completed PFLNG2 project

High technical capabilities required

Compared with the construction of an onshore plant, the construction of a floating LNG plant requires responses to many technical challenges, including pitching and rolling due to waves and tides, construction within a limited site area, safety measures, and the securement of cooling on the ocean's surface. By fully utilizing its construction experience involving onshore LNG plants and its abundant experience and know-how in modular construction*, JGC is aiming to bring the project to a successful completion.

* Modular construction refers to the method of fabricating, at a location different from the construction site, plant facilities that are divided into small pieces and then carrying out final assembly on site.

Outline

Client	Plant Description	Contract	Delivery	Partner
Petroliam Nasional Bhd. (PETRONAS)	Floating LNG plant (Yearly output: 1.5 million tons)	Lump-sum Turnkey	First half of 2018	Samsung Heavy Industries Co., Ltd.

Further ventures into the offshore sector

Investment in a shipyard in Brazil

In June 2013, with IHI Corporation and Japan Marine United Corporation, JGC set up a special-purpose company in Brazil in order to invest in shipbuilding company Estaleiro Atlântico Sul S.A. (EAS). In Brazil, as economic growth spurs increasing demand for energy, large-scale development of offshore oil and gas fields is progressing. With this investment as a foothold, JGC will work proactively to break into the Brazilian plant construction market and expand its business in the Brazilian offshore sector.

EAS shipyard

Full-Scale Entry into North America—

Developing important sites to expand our operational scale

In fiscal 2013, JGC achieved ¥818.1 billion in orders received, substantially exceeding its initial consolidated orders target of ¥650.0 billion, which was announced at the beginning of the fiscal year. We thereby pushed our order backlog up to ¥1,729.3 billion, our highest level ever. Due to the acquisition of projects not only in the Middle East, Southeast Asia, and Japan but also in North America and Russia, the areas in which we do business are steadily increasing. In particular, in the North American market, which continues to grow as a result of the shale gas revolution, we are steadily accumulating experience. For example, in the fiscal year under review, we received an order for Engineering, Procurement and Construction (EPC) services for the world's largest ethylene production plant in the United States, and we were also selected as an EPC contractor for a large-scale LNG plant in Canada. In the future, by strengthening our presence in North America even more, we will achieve a further expansion in the scale of our business.

Expanding our operations into new regions, including North America

Strong market conditions and steady improvements in performance

JGC acquires its first large-scale project in North America: Ethylene production project on the U.S. Gulf Coast

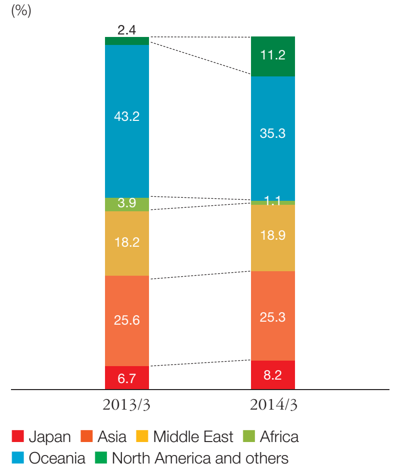
In July 2013, JGC received an order for a project to build an ethylene plant, which marks its first major achievement in North America. Using ethane, derived from shale gas, as a feedstock in the cracking process to produce ethylene, the plant will be the world's largest ethylene plant, producing 1.5 million tons of ethylene a year. Chiefly through process licenses held by the French company Technip S.A., formerly Shaw Stone & Webster Inc., JGC has so far executed a total of 44 ethylene projects worldwide. Of particular importance were the orders for ethylene projects in Saudi Arabia, which we received in 2004 and 2007, through a joint venture sponsored by the U.S. company Chevron Phillips Chemical Company LP. Both projects were completed successfully. The order for this current project is a consecutive order from the same client, which indicates that the JGC Group has been evaluated comprehensively as a company that can apply the required knowledge and high technical capabilities.

Long-awaited large-scale project: Kitimat LNG project

In 2013, JGC began talks with client Chevron Canada Limited regarding a project to build a large-scale LNG plant in Canada. In the same year, we received an order for verification (FEED Verification) services for the project, which we performed as a potential gateway toward receiving the order for the EPC work further down the line. Our performance on the FEED portion of the project, as well as our past construction safety results, and our past project execution achievements through the use of modular construction were evaluated favorably by the client, and we were selected as the EPC contractor in January 2014. Through the execution of this project, which will be the Company's first undertaking of an LNG project in North America, JGC will establish its presence in the region.

Outstanding Contracts by Region

(%)



Ceremony for the USGC ethylene project

Kitimat LNG Project

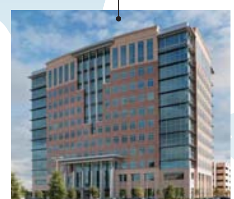
Client	Chevron Canada Limited
Partner	Fluor
Location	Bish Cove, British Columbia, Canada
Capacity	11 million tons per year (2 liquefaction trains of 5.5 million tons)
Scope	EPC (waiting for the final investment decision)
Contract form	Undisclosed

Pacific Northwest LNG Project

Client	Pacific Northwest LNG Ltd. Investment ratio PETRONAS: 62% China Petroleum and Chemical Corporation (Sinopec): 15% JAPEX: 10% INDIAN OIL CORPORATION LTD.: 10% Brunei National Petroleum Company Sendirian Berhad: 3%
Partner	KBR
Location	Lelu Island, Prince Rupert, British Columbia, Canada
Capacity	12 million tons per year (6 million tons per train)
Scope	FEED

USGC Ethylene Project

Client	Chevron Phillips Chemical Company LP Investment ratio Chevron Corporation: 50% Phillips 66: 50%
Partner	Fluor
Location	Baytown, Texas, U.S.
Capacity	1.5 million tons per year
Scope	EPC
Contract form	Lump-sum Conversion



JGC America, Inc.

Toward a further expansion of business scale

Issues in new markets

In the North American market, with the realization of many LNG plans, the number of skilled workers is expected to come under pressure in the future, and wages for workers are expected to rise considerably. Furthermore, due to strict environmental regulations around construction areas and the growing size of projects, advanced technical requests from clients are increasing. While facing such issues, JGC is taking on the challenge of further expanding its business in North America based on its high technical capabilities and know-how in the plant construction field overseas.

Pre-assembled modules aboard a module carrier, image courtesy of the Chevron-operated Gorgon Project

Achieving reliable project execution through modular construction

On the Gorgon LNG project and the Icthys LNG project in Australia, JGC was involved in modular construction and thereby helped minimise the construction that had to be done on site. In this way, we have reduced the environmental footprint on the areas around the construction sites.

Coping with a diversified risk profile through new contract formats

Until now, JGC has increased its profits by executing projects (mainly in Asia, Oceania, and the Middle East) based on lump-sum sum turnkey contracts. In North America, meanwhile, in order to cope with such risks as project enlargement, cost overruns caused mainly by surging wages for workers, and schedule delays, we have introduced cost-plus-fee (cost reimbursement) contracts in some cases. While ascertaining the risks on each project, through a fusion with lump-sum contracts, we are able to successfully complete projects in a reliable manner.

JGC America opening ceremony

Establishing a local presence to further strengthen the trust relationships with our clients and partners

In 2013, JGC established JGC America, Inc., in Houston, Texas. Through timely communication, we are aiming to strengthen relationships with our clients and local partners even more. Additionally, by increasing our scale in terms of the number of employees to around 300 during fiscal 2014 and to 1,000 in a few years, we plan to assume a proactive role in executing projects in North America in the future.

Review of Operations

In oil and gas producing countries, with which JGC's total engineering business is deeply integrated, there continue to be many plans for investments in the oil and gas sector due to increasing energy demand resulting from population and economic growth in emerging nations.

In North America in particular, due to the unprecedented progress in shale gas development, many projects—primarily LNG and gas chemical projects—that use cheap and abundant shale gas as feed-stock are now in the planning and execution stages. Furthermore, in the Middle East and North Africa, in addition to oil and gas processing projects, there are plans—mainly for petroleum refining and gas chemical projects—aimed at increasing the added value of oil and gas. Meanwhile, in Southeast Asia, Russia, and East Africa, several LNG projects are being planned as a further increase in LNG demand is expected in Asian markets.

In this positive environment, the JGC Group implemented aggressive sales activities aimed at achieving its target for orders and continued to strengthen cost-competitiveness throughout its organization. Furthermore, by paying the closest attention to the various risks on projects currently in progress, the JGC Group has worked to execute its projects even more reliably.

Oil and Gas Development Projects

Against the backdrop of continuing high crude oil prices, as well as high energy demand mainly in emerging countries, investment in oil and gas upstream business by JGC's clients is expected to increase in the medium-to-long term. Of particular importance, the countries of North America, which due to the shale gas revolution boast abundant gas reserves, and the major Middle Eastern countries that possess conventional oil resources have continued to attract attention as the main countries to receive capital investments. Amid such conditions, in addition to completing a large-scale gas processing plant in the Emirate of Abu Dhabi in the United Arab Emirates (IGD Habshan 5 Project), JGC has also steadily executed many projects in Qatar, including a large-scale gas processing project (Barzan Onshore Project). In the future, with a focus on the Middle East, JGC will aggressively implement sales activities aimed at receiving orders for additional projects.

Focus: Oil and gas processing plants, oil and gas well site facilities, and other plants and facilities

Major projects (Over ¥10 billion)

Net Sales
- Barzan Onshore Project (Qatar)
- IGD Habshan 5 Project (U.A.E.)
- Gassi Touil Gas Processing Project (Algeria)

Outstanding Contract
- Barzan Onshore Project (Qatar)

IGD Habshan 5 Project (U.A.E.)

Petroleum Refining Projects

In the petroleum refining field, oil companies, including the majors, are proceeding with downsizing and separating slumping downstream businesses, mainly by closing aging refineries with high maintenance costs in developed countries. At the same time, those oil companies are concentrating their management resources on upstream businesses, especially the development and production of crude oil and natural gas. In this way, the companies are striving to further strengthen their earning power. Meanwhile, in China, India, South American countries, and emerging countries in Southeast Asia, against a backdrop of solid economic growth, oil companies, including the majors, plan to continue constructing or expanding oil refineries. Primarily in the Middle East, capital investments continue to be made for not only expanding crude oil production capacity and refining capacity but also constructing or expanding refineries with the latest low-environmental-impact facilities. Amid these circumstances, in the Middle East and Southeast Asia, JGC received several orders for projects to upgrade oil refineries. Furthermore, in Japan, JGC received orders for multiple oil refinery upgrading projects, which included the construction of solvent de-asphalting plants and engineering work to shut down oil processing capabilities.

Focus: Petroleum refining plants, utility facilities, off-site facilities, and other plants and facilities

Major projects (Over ¥10 billion)

Net Sales

- KNPC Clean Fuels Project (Kuwait)

Outstanding Contracts

- KNPC Clean Fuels Project (Kuwait)
- Jazan Refinery Project (Saudi Arabia)

Signing ceremony for the KNPC clean fuels project (Kuwait)

LNG Projects

In the LNG field, besides strong demand in such countries as Japan, South Korea, and Taiwan, demand is expected to continue to increase in India, China, and the emerging countries of Southeast Asia. Against this backdrop of brisk demand, more than US$700 billion* is expected to be invested in LNG production facilities and transport facilities by 2035. From a regional viewpoint, with a focus on North America, Russia, East Africa, and Southeast Asia, multiple large-scale LNG plant construction projects are being planned all over the world. Amid these circumstances, JGC received an order, for which it is now waiting for the final investment decision by the client, for a large-scale LNG project in Canada as well as orders for multiple LNG-related projects. In the future, while paying close attention to market conditions, we will ascertain highly feasible projects and work aggressively to receive even more orders.

* Source: IEA World Energy Outlook 2014

Focus: LNG plants, LNG receiving facilities, and other LNG-related facilities

Major projects (Over ¥10 billion)

Net Sales

- PETRONAS LNG Train 9 Project (Malaysia)
- Donggi-Senoro LNG Project (Indonesia)
- Papua New Guinea LNG Project (Papua New Guinea)

Outstanding Contracts

- PETRONAS LNG Train 9 Project (Malaysia)
- Donggi-Senoro LNG Project (Indonesia)
- Papua New Guinea LNG Project (Papua New Guinea)

Donggi-Senoro LNG project (Indonesia)

Chemical Projects

In the area of petrochemical and gas 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 the Middle East, companies are implementing measures to integrate their petroleum refining businesses and petrochemical businesses to increase added value at each step in their value chains and to diversify their product portfolios, and as a result many new projects are being planned into the future. Meanwhile, in North America, with the goal of realizing a highly cost-competitive gasification industry that uses abundant shale gas as the feedstock, companies are continuing to make aggressive capital investments. In the future, a diversity of projects for the construction of chemical plants, particularly ethylene plants, will likely be realized.

In the United States, since its receipt of an order for a large-scale ethylene production plant project in 2013, the JGC Group has been steadily adding to its achievements. Looking ahead, with a focus on the Middle East, the JGC Group will take aggressive action to increase its orders for petrochemical and gas chemical projects.

Focus: Petrochemical plants, gas chemical plants, and other plants

Major project (Over ¥10 billion)

New Contract

• USGC Ethylene Project (U.S.)

Ceremony for the USGC Ethylene Project (U.S.)

Other Fields

(Power Generation, Nuclear Power and New Energy Projects; Living and General Production Projects; Environmental Protection, Social Development, and IT Projects; and other projects)

In the power generation, nuclear power, and new energy fields, JGC received orders for multiple projects to construct mega-solar power plants in Japan. Furthermore, the Company is executing projects to construct Integrated coal Gasification Combined Cycle (IGCC) demonstration plants and other projects. In the living and general production field, following orders received and work done in previous years, JGC received orders from multiple major domestic pharmaceutical companies for construction work on pharmaceutical manufacturing facilities, which it is now executing. Furthermore, in the environmental protection, social development, and IT fields, besides receiving an order for construction work on a medical facility in Japan, JGC completed the nickel refinery construction project that it had been executing in the Philippines.

Focus: Clean energy (especially GTL and DME) production facilities, power plants, radioactive waste treatment systems, spent nuclear fuel reprocessing facilities, accelerators and fusion facilities, pharmaceutical plants, non-ferrous metal plants, waste treatment facilities, and other plants and facilities

Conceptual drawing of the completed IGCC demonstration plant for Osaki CoolGen Corporation (Hiroshima, Japan)

Mega-solar power plant for Futtsu Solar, Inc. (Chiba, Japan)

Catalysts and Fine Products Business

In the JGC Group's petroleum refining and de-NOx catalysts operations, due mainly to the resumption of refinery operations following the Great East Japan Earthquake and the conversion of treated oil into heavy oil, the usage of fluid catalytic cracking (FCC) catalysts increased. Nonetheless, product shipments in export transactions decreased, primarily because of inventory adjustments by customers. In the Group's chemical catalysts and electronic materials operations, sales of chemical catalysts remained strong and increased slightly; however, sales of desulfurization agents for fuel cells decreased, mainly on inventory adjustments by customers. In the JGC Group's fine products operations, sales fell considerably on two main factors: start-up delays related to not only silica sol used as an abrasive for computer hard disks but also new uses of abrasives; and customers' adjustments of inventories of functional materials for optical film. Consequently, although sales in the JGC Group's catalysts and fine products business decreased from the previous year, profits in the business were largely unchanged due to reductions in product unit costs and the effects of a weaker yen.

In this business environment, in its catalysts operations, the JGC Group will work to recapture domestic market share for petroleum refining and de-NOx catalysts, and to expand sales in overseas markets, while continually making cost reductions. Furthermore, primarily through its development of sophisticated products in the area of hydrotreating catalysts, the JGC Group will strive to enhance its competitiveness. In the area of chemical catalysts, meanwhile, the JGC Group will work to respond to the needs of customers that are expanding overseas as well as to the integration of petroleum refining and petrochemical operations by petroleum refinery companies. Finally, in its fine products operations, the JGC Group intends to improve profits by aggressively carrying out a range of measures. These measures include the commercialization of abrasive silica sol for use in the new abrasives field and the establishment of mass production for the silica sol; marketing and expanded sales of new products in the lineup of materials used in displays and touch panels; and, in overseas markets, the expanded sales of optical and lacquer materials for glasses and raw materials for cosmetics.

Various catalyst products

Investment and Service Business

Under "NEW HORIZON 2015," the Company's medium-term management plan launched in fiscal 2011, JGC aims to further expand its project management and its investment business. In the fiscal year under review, the JGC Group was able to achieve an investment in Brazil's largest shipbuilding company; participation in a project in Saudi Arabia to provide electric power and steam; participation in a mega-solar photovoltaic power generation project in Kamogawa City, Chiba Prefecture, in Japan; and participation in a hospital project in Cambodia. In the fields of conventional electric power generation, new energy, environmental protection, water, and resource development, as well as in new areas, the JGC Group intends to actively undertake projects in which it fully utilizes its advantages.

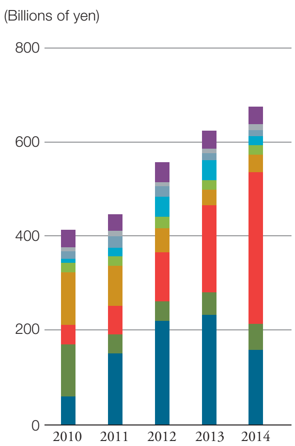
Major achievements:

- Investment in a shipyard in Brazil
- Participation in a project in Saudi Arabia to provide electric power and steam
- Participation in a mega-solar photovoltaic power generation project in Kamogawa City, Chiba Prefecture, Japan
- Decision to execute a hospital project in Cambodia

EAS shipyard (Brazil)

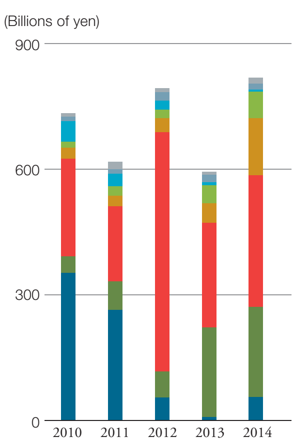
Performance Highlights by Business Sector

All figures are on a consolidated basis.



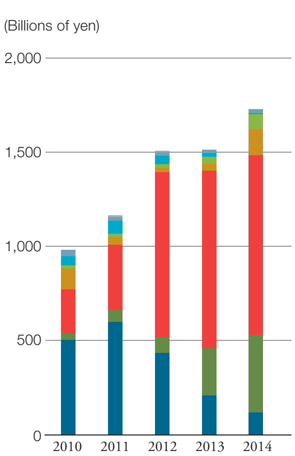
(Millions of yen)

Net Sales (Years ended March 31)	2014	2013	2012	2011	2010
Oil and Gas Development	**158,257**	232,554	219,574	150,688	59,382
	(158,001)	(232,042)	(219,123)	(149,895)	(58,753)
Petroleum Refining	**55,179**	48,012	42,191	40,292	110,566
	(35,806)	(22,297)	(14,682)	(8,711)	(31,894)
LNG	**322,454**	185,649	103,299	61,512	42,428
	(310,863)	(178,439)	(97,435)	(58,969)	(41,122)
Chemical	**37,805**	32,707	51,426	84,377	111,216
	(27,849)	(14,209)	(29,338)	(64,049)	(87,611)
Power Generation, Nuclear Power,	**19,435**	19,536	24,825	20,869	20,391
and New Energy	**(254)**	(471)	(4,613)	(12,621)	(12,359)
Living and General Production	**19,195**	43,022	43,059	17,255	8,128
	(11,021)	(13,738)	(18,693)	(7,938)	(1,502)
Environmental Protection,	**13,792**	15,517	21,570	25,344	16,488
Social Development, and IT	**(65)**	(101)	(176)	(46)	(15)
Others	**12,537**	9,129	8,974	10,851	7,827
	(7,244)	(4,954)	(4,682)	(6,937)	(3,578)
Total Engineering Business and Other Business	**638,656**	586,129	514,922	411,191	376,430
(Overseas)	**(551,107)**	(466,254)	(388,746)	(309,170)	(236,837)
incl. Total Engineering Business	**624,807**	576,627	506,177	401,198	—
incl. Other Business	**13,849**	9,501	8,745	9,992	—
Catalysts and Fine Products	**37,164**	38,508	42,045	36,031	37,828
Total	**675,821**	624,637	556,967	447,223	414,258



(Millions of yen)

New Contracts (Years ended March 31)	2014	2013	2012	2011	2010
Oil and Gas Development	**55,383**	7,341	53,909	264,042	352,087
	(55,145)	(7,004)	(53,322)	(263,483)	(351,358)
Petroleum Refining	**215,242**	214,388	62,672	67,188	39,358
	(190,946)	(192,197)	(34,935)	(52,129)	(13,228)
LNG	**314,180**	249,887	570,988	180,096	233,553
	(312,966)	(242,363)	(569,583)	(157,267)	(233,382)
Chemical	**136,462**	46,557	33,865	24,838	25,492
	(125,432)	(36,137)	(10,539)	(9,288)	(6,495)
Power Generation, Nuclear Power,	**63,548**	43,081	21,490	23,575	15,038
and New Energy	**(36)**	(149)	(5,069)	(8,463)	(2,249)
Living and General Production	**5,185**	7,327	21,472	29,255	48,902
	(581)	(604)	(3,034)	(79)	(34,325)
Environmental Protection,	**14,629**	17,258	19,610	11,280	11,046
Social Development, and IT	**(56)**	(44)	(176)	(94)	(34)
Others	**13,529**	8,248	9,267	17,924	8,069
	(8,387)	(4,378)	(5,108)	(13,351)	(3,844)
Total	**818,161**	594,091	793,278	618,203	733,549
(Overseas)	**(693,553)**	(482,879)	(681,768)	(504,157)	(644,918)
incl. Total Engineering Business	**804,100**	584,450	784,642	608,288	—
incl. Other Business	**14,061**	9,640	8,636	9,914	—

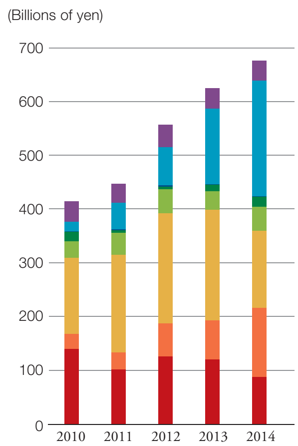


(Millions of yen)

Outstanding Contracts (Years ended March 31)	2014	2013	2012	2011	2010
Oil and Gas Development	**116,100**	218,973	432,181	599,271	501,414
	(116,076)	(218,933)	(431,966)	(599,192)	(501,034)
Petroleum Refining	**413,927**	253,864	84,692	63,830	38,024
	(393,195)	(238,055)	(65,358)	(44,724)	(2,354)
LNG	**952,448**	960,721	877,577	343,687	232,881
	(939,156)	(937,053)	(854,223)	(315,875)	(225,311)
Chemical	**139,562**	40,905	23,217	41,055	106,953
	(136,698)	(39,114)	(13,347)	(32,424)	(93,548)
Power Generation, Nuclear Power,	**81,523**	37,410	15,502	19,681	19,541
and New Energy	**(577)**	(794)	(2,709)	(2,804)	(9,035)
Living and General Production	**3,966**	17,976	53,361	68,137	49,029
	(933)	(11,373)	(24,196)	(33,045)	(33,449)
Environmental Protection,	**20,144**	19,307	17,565	19,532	33,597
Social Development, and IT	**(1)**	(10)	(67)	(67)	(19)
Others	**1,645**	652	2,048	8,060	1,149
	(1,082)	(–60)	(943)	(6,815)	(596)
Total	**1,729,317**	1,549,813	1,506,146	1,163,256	982,594
(Overseas)	**(1,587,720)**	(1,445,274)	(1,392,813)	(1,034,949)	(865,351)
incl. Total Engineering Business	**1,727,745**	1,548,452	1,504,533	1,161,323	980,664
incl. Other Business	**1,572**	1,360	1,613	1,932	1,929

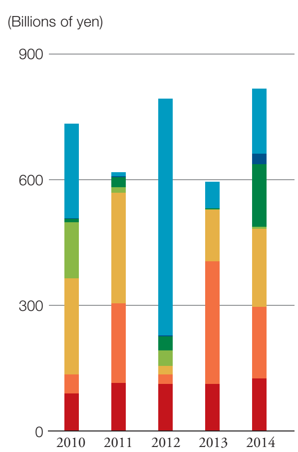
Performance Highlights by Region

All figures are on a consolidated basis.



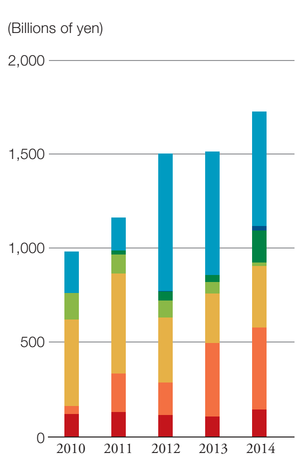
(Millions of yen)

Net Sales (Years ended March 31)	2014	2013	2012	2011	2010
Japan	**87,548**	119,874	126,176	102,020	139,592
Asia	**128,727**	73,329	60,686	31,240	28,197
Middle East	**143,209**	204,899	205,161	181,683	141,355
Africa	**44,698**	34,672	44,342	40,899	30,533
North and South America	**18,789**	12,003	5,140	4,633	18,425
Europe and CIS	**431**	1,465	2,122	1,342	5
Oceania	**215,251**	139,884	71,291	49,372	18,320
Total Engineering Business and Other Business	**638,656**	586,129	514,922	411,191	376,430
Catalysts and Fine Products	**37,164**	38,508	42,045	36,031	37,828
Total	**675,821**	624,637	556,967	447,223	414,258



(Millions of yen)

New Contracts (Years ended March 31)	2014	2013	2012	2011	2010
Japan	**124,607**	111,211	111,509	114,045	88,630
Asia	**170,726**	293,356	22,333	189,614	45,547
Middle East	**187,183**	122,601	20,339	264,921	228,985
Africa	**4,018**	1,266	37,883	13,504	134,106
North and South America	**149,669**	2,802	33,090	23,100	9,305
Europe and CIS	**25,206**	330	2,617	2,391	142
Oceania	**156,748**	62,521	565,505	10,625	226,831
Total	**818,161**	594,091	793,278	618,203	733,549



(Millions of yen)

Outstanding Contracts (Years ended March 31)	2014	2013	2012	2011	2010
Japan	**141,597**	104,540	113,333	128,306	117,243
Asia	**438,274**	396,275	171,432	207,014	43,896
Middle East	**326,270**	282,294	346,304	530,201	461,257
Africa	**19,315**	59,995	93,043	102,769	138,964
North and South America	**167,695**	36,814	46,599	18,861	349
Europe and CIS	**25,116**	341	1,432	1,187	137
Oceania	**611,048**	669,550	734,001	174,914	220,746
Total	**1,729,317**	1,549,813	1,506,146	1,163,256	982,594

Major Projects

	Business Sector	Client	Project	Location
Contracts Awarded	Oil and Gas Development Projects	Singapore Refining Co. Pte. Ltd (SRC)	Petroleum Refining-Related Plant	Jurong Island / Singapore
	Petroleum Refining Projects	Kuwait National Petroleum Company	Petroleum Refining-Related Plant	Ahmadi / Kuwait
	LNG Projects	Petroliam Nasional Bhd. (PETRONAS)	Rejuvenation Work for LNG Plant	Bintulu / Malaysia
		Petroliam Nasional Bhd. (PETRONAS)	Floating LNG Plant	—
		JSC Yamal LNG	Estimation, Detailed Engineering and Early Procurement for LNG Plant	Sabeta / Russia
		Pacific Northwest LNG Ltd	FEED Service for LNG Plant	Lelu Island, Prince Rupert / Canada
	Chemical Projects	Chevron Phillips Chemical Company LP	Ethylene Plant	Baytown / U.S.
	Power Generation, Nuclear Power, and New Energy Projects	Kamogawa Mirai Solar	Mega-Solar Power Plant	Chiba / Japan
		RENOVA, Inc.	Mega-Solar Power Plant	Oita / Japan
		Futtsu Solar, Inc.	Mega-Solar Power Plant	Chiba / Japan
	Environmental Protection, Social Development, and IT Projects	YAME HOSSINKAI	Hospital	Fukuoka / Japan
Contracts Under Way	Oil and Gas Development Projects	Ras Gas Company Limited	Gas Processing Plant	Ras Laffan / Qatar
		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
		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	Gorgon Joint Venture	LNG Plant	Barrow Island / Australia
		PT Donggi-Senoro LNG	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
		Petroliam Nasional Bhd. (PETRONAS)	LNG Plant	Bintulu / Malaysia
		INPEX Masela, Ltd.	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 Completed	Oil and Gas Development Projects	Abu Dhabi Gas Industries Ltd.	Gas Processing Plant	Habshan / Abu Dhabi
		Sonatrach	Gas Processing Plant	Gassi Touil / Algeria
	Petroleum Refining Projects	ExxonMobil Asia Pacific Pte. Ltd.	Petroleum Refining-Related Plant	Jurong / Singapore
	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	Medical Management Matsuzawa Co., Ltd.	Hospital	Tokyo / Japan

Major Contracts Awarded

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 Island / Singapore	2014
LNG	PT Donggi-Senoro	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

Announced as of March 31, 2013

Business Sector*	Client	Project	Location	Completion
PET	Nghi Son Refinery Petrochemical Limited Liability Company	Petroleum Refining and Petrochemicals Complex	Nghi Son / Vietnam	2016
PET	Saudi Arabian Oil Co. (Saudi Aramco)	Petroleum Refining	Jazan / Saudi Arabia	2016
LNG	Petroliam Nasional Bhd. (PETRONAS)	Rejuvenation work for LNG Plant	Bintulu / Malaysia	2015
LNG	INPEX Masela, Ltd.	FEED Service for Floating LNG Plant	—	—
LNG	Petroliam Nasional Bhd. (PETRONAS)	FEED Service for Floating LNG Plant	—	2013
LNG	Anadarko Moçambique Área 1, Limitada	FEED Service for LNG Plant	Cabo Delgado / Mozambique	—
PWR	Osaki CoolGen Corporation	Integrated coal Gasification Combined Cycle (IGCC) Demonstration Plant	Hiroshima / Japan	2017
LIV	Terumo Yamaguchi Corporation	Pharmaceutical-Related Facilities	Yamaguchi / Japan	—
ENV	Japan CCS Co., Ltd	Carbon Dioxide Capture, Storage, and Compression Facilities	Hokkaido / Japan	2016
ENV	SHONAN DAIICHI HOSPITAL	Hospital	Kanagawa / Japan	—

* 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

Project Execution Capabilities That Yield Competitive Advantages

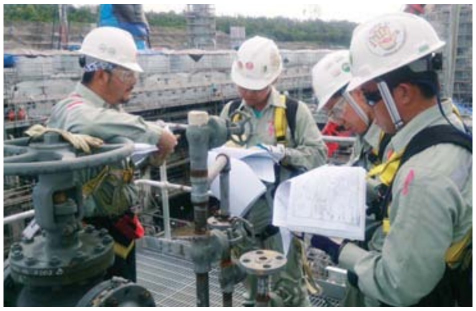
The experience and achievements that the JGC Group has gained through its application of advanced engineering technology and project management capabilities to a wide array of plants in nearly every region of the world have been highly regarded by its clients.

In this section, with a focus on the project execution capabilities that have supported our many achievements until now, we introduce one of the key strengths that has enabled us to provide appropriate solutions in cooperation with various related parties and to always fully complete our projects, even when faced with unexpected events.

Framework for Optimizing
Costs, Delivery Times, and Quality

Our projects can be broadly divided into two types: those with lump-sum turnkey contracts, which require project execution based on predetermined costs and delivery deadlines, and those with cost-plus-fee contracts, which provide that a fee be added to the costs required for the projects. In the process of undertaking many lump-sum contracts, to produce appropriate profits while strictly adhering to the prescribed costs and delivery times, JGC has developed superior risk forecasting abilities and a reliable project management method that incorporates risks as well as fostered an organizational culture that enhances these abilities. Through this experience, all employees have been instilled with the awareness that project execution is a vital part of the JGC Group's operations, and, on that basis, we have optimized costs, delivery times, quality, and secured profits, and gained customer trust.

Recently, our wealth of capabilities has been put to practical use on several large-scale projects, based on cost-plus-fee contracts that are now being planned in North America, and our proposals, which have made good use of our risk forecasting abilities, have been highly regarded.


Training program in Indonesia

In fiscal 2013, we began an initiative in which new employees are dispatched to construction work sites in Japan and overseas during their first year of employment so that they can acquire project execution ability at an early stage. The goal is not only to have each person experience firsthand the plants that are JGC's end products but also to have each person, by becoming involved in the construction work stage, learn how one's own design drawings affect plant construction and understand the importance of taking responsibility for delivering plants to clients while adhering to the requirements of delivery times and quality. Furthermore, the staff members involved in our plant projects comprise a diversity of individuals who have various points of view, and, along with customers, vendors that are suppliers of equipment, and subcontractors to which the JGC Group outsources construction work, more than several dozens of nationalities are represented. Thus, the new employees, acting as members of JGC, learn the teamwork of striving with various interested parties to achieve the completion of plants.

Challenging the Frontier of Technology and Conquering Difficult Projects

The achievements that JGC has made through the execution of its projects are a history of always having met—through the use of deep knowledge of a variety of process technologies and the use of its own engineering component technology—the challenges of operating in new regions and industrial fields.

At present, the JGC Group boasts the impressive record of having participated in the construction of LNG plants that account for one-third of the total output of all the LNG plants in the world. This success story began when the JGC Group resolutely took on the challenge of undertaking LNG plant construction in the early 1970s, which was a time when LNG itself was still a minor energy source with little or no track record.

And now, because the development of oil and gas fields has occurred on a massive scale worldwide, the development of energy sources in 3D regions*, which involve long distances in the depths of the sea and to the consuming regions, will be required for the future. JGC considers regions involving difficult development to be a challenging new field, and it will proceed with aggressively developing and introducing new technology as it aims to accomplish projects demanded by its clients.

* Difficult-to-access regions referred to with the words deep, difficult, and distance.

Pre-assembled modules aboard a module carrier, image courtesy of the Chevron-operated Gorgon Project

JGC is proceeding with modular construction as a technology to combine plant construction in difficult-to-develop regions with profitable plant execution. The modular construction refers to a method of fabricating the equipment that comprises the plant and piping at a location different from the construction site, then dividing the equipment into a number of pieces of that can be re-integrated on site. The method is very effective in cases where construction execution is difficult, particularly the case of construction sites with harsh weather, such as those in areas of extreme cold, and the case of remote areas where neither sufficient employment of workers nor sufficient land for construction can be secured.

JGC has established its own highly reliable modular construction method including experience accumulated on the Gorgon LNG plant and the Ichthys LNG plant in Australia. Besides applying this method to the new construction of onshore LNG plants and floating LNG plants that are currently under way, JGC plans to aggressively introduce it on project executions in 3D regions, which it expects will increase in number in the future.

Promptly Meeting the Increasing Needs for HSE

In recent years, when designing large-scale plant facilities and operating plants, it has been required worldwide to take into account the impact of those activities on health, safety and environment (HSE). In particular, the European and North American oil majors have recognized that dealing organizationally with issues concerning HSE allows them to remain competitive in world markets and leads to their being considered good corporate citizens that contribute to society. JGC has focused on the importance of HSE from an early stage. Furthermore, while aiming to become the world's leading contractor in the area of HSE results, JGC has aggressively implemented and strengthened HSE initiatives in its project executions. One of those initiatives is the IIF* activity aimed at achieving zero accidents and other incidents at construction sites. In this activity, everyone involved with construction work is encouraged to build trust relationships, and, based on the fundamental idea of respecting each other, a safety culture is fostered throughout the whole organization by changing each person's awareness of and attitude toward HSE.

* Incident and Injury Free


Atmosphere of carrying out safety check activities in a team

On the large-scale gas processing plant project in Qatar, for which new construction work is now in progress at one of the world's biggest construction sites, more than 30,000 workers from 45 countries are carrying out IIF activities in a proactive manner. On this project, from July 2012 to April 2014, a record of no suspension of operations and no disasters was achieved over more than 130 million hours, a figure that is one of the highest in the world. JGC is advancing steadily toward becoming the world's leading contractor.

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 the Environment 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 the environment. Environmental 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 service business. The JGC Group has added environmental 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 ISO 14001 certification for its environmental management systems from Lloyd's Register Quality Assurance (LRQA).

After three renewals, JGC completed the fiscal 2013 maintenance examination in October 2013, 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.

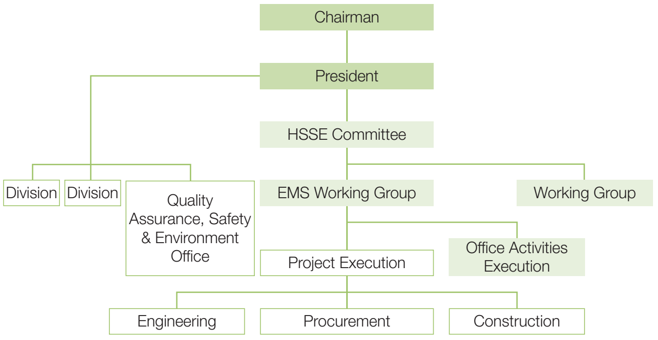
② Making continuous improvements so as to raise earnings while taking environmental concerns into consideration.

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 business.

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 2013, the final disposal rate for construction work in Japan was 5.8%. 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 plans.

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.

Forest Conservation in the Watershed Forests of Kanagawa Prefecture, Japan

In August 2008, to commemorate its 80th anniversary, JGC became a watershed forest partner in Kanagawa Prefecture's Water Source Conservation Project, and it has thus marked its fifth full year of conducting environmental conservation activities. In September 2013, by making a donation to Kanagawa Prefecture, it was decided that we would continue our watershed forest conservation activities as a reforestation partner for another five years. Through this project, employees of the JGC Group carry out watershed forest conservation while deepening their understanding of the role of watershed forests and the importance of the coexistence of human beings and nature.

Activities are carried out once a month, and in fiscal 2013 a total of more than 100 employees participated in various events, including forest walking and aquatic wildlife observation tours, through which they enjoyed contact with nature in each season of the year. In September 2013, a motor coach was chartered for an event in which about 50 people took part. The participants included employees, their family members, and even the president. While on board the motor coach bound for the destination, the participants had the opportunity to learn about the significance of watershed forest conservation. Then, upon arriving at the site, under the guidance of the forest instructors, the participants were divided into three groups: Tree Thinning, Craftwork, and Forest Walking. In this way, while enjoying social mingling beyond the bounds of nationality and age, the participants saw first-hand the importance of forest conservation.

By, for example, incorporating forest activities into the training program for new employees, JGC plans to continue focusing on sound environmental practices.

Students Tour of the Donggi-Senoro LNG Project Site

At the site of the Donggi-Senoro LNG Project in Indonesia, we conducted a site tour for high-school and university students from Central Sulawesi. This program has been held 10 times since it began in 2012, and a total of 482 students have participated.

Broadly speaking, this program has two purposes. The first is to promote an understanding of the Donggi-Senoro LNG plant construction project among the local residents. Because more than 50 villages of various sizes exist in the area around this project, the building of good relationships with the local communities is indispensible for JGC to smoothly execute this project. In conversations with their families, the comments that the student participants on this site tour make about the social contributions of our project will likely increase the understanding of the adults around them.

The second purpose is to provide, through the site tour, a reason for the student participants to think about their own future careers. We would be pleased for the students to take an interest in oil and gas development by actually experiencing a project site in the same way that social studies field trips are conducted in Japan.

In short, JGC feels that holding these sorts of events for young people is equivalent to contributing to the futures of the applicable countries. We hope that one or many of all the participants carry high aspirations and that a young generation with dreams will be raised.

Many employees participated together with President Kawana

JGC employees with students that participated in the site tour

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

In the fiscal year under review, JGC improved its executive officer system in order to further strengthen its management decision-making and oversight functions and facilitate agile managerial decision making.

Board of Directors

The Board of Directors is headed by the Chairman of the Board of Directors and comprises 10 board members, including one outside board member, and five audit & supervisory board members, including three outside audit & supervisory board members. 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 audit & supervisory board members.

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, audit & supervisory board members, 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 audit & supervisory board members 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.

Audit & Supervisory Board (Members)

JGC has adopted the "company with internal auditors" model to preserve the effectiveness of corporate governance by strengthening the framework of conducting audits by audit & supervisory board members. At present, the audit & supervisory board members has five members, including three outside appointments. In collaboration with the Internal Audit Department and the accounting auditor, audit & supervisory board members 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. Five 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

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 Office 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 audit & supervisory board members 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.

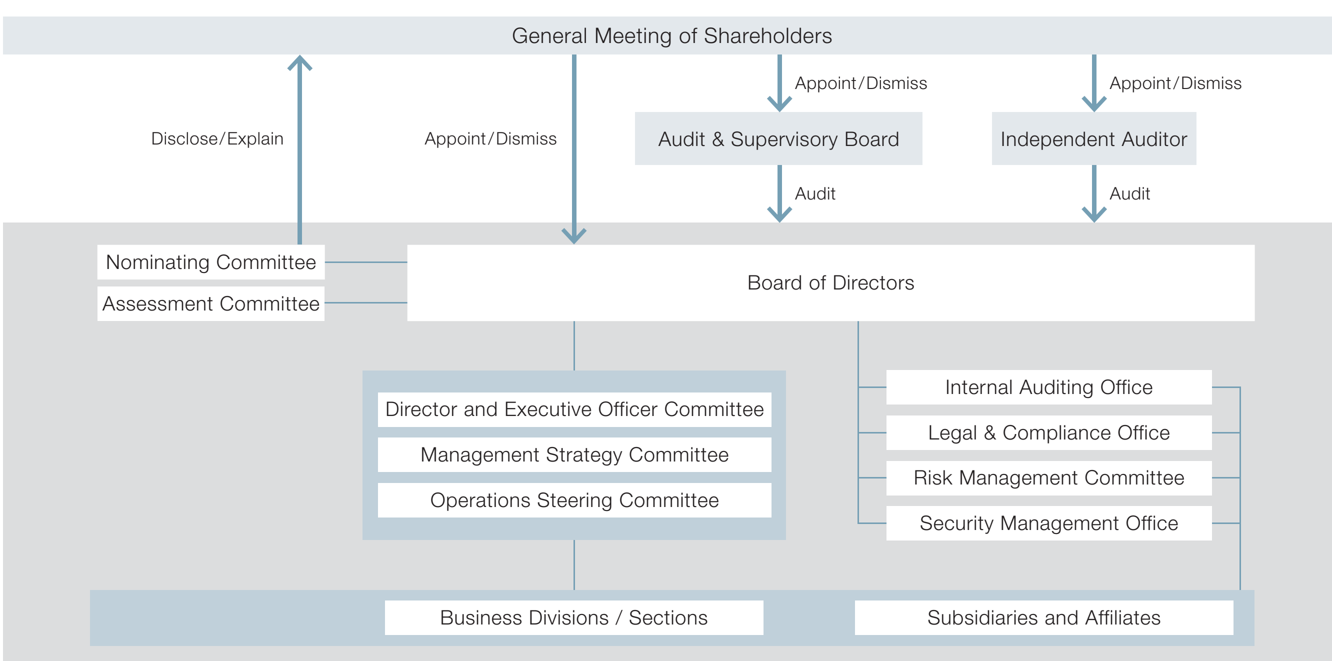
JGC abolished the retirement benefit system for directors and audit & supervisory board members with the close of the 108th General Meeting of Shareholders held on June 29, 2004. It was also resolved that directors and audit & supervisory board members who remained in office after the close of the same 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
16 directors (excluding outside directors)	¥560.20 million	16	¥440.40 million	14	¥119.80 million
3 audit & supervisory board members (excluding outside audit & supervisory board members)	¥33.20 million	3	¥31.20 million	2	¥2.00 million
3 outside executive personnel (1 outside director and 3 outside audit & supervisory board members)	¥31.38 million	4	¥29.88 million	2	¥1.50 million

Note: The annual compensation limit for directors is ¥690.00 million;
the annual compensation limit for audit & supervisory board members is ¥88.00 million.

Corporate Governance System

* denotes "Direct" and "Report"



JGC's Management Structure

As of July 2014

Chairman Emeritus of JGC Group
Yoshihiro Shigehisa

Chairman and Representative Director
Masayuki Sato

President and Representative Director
Koichi Kawana

Principal Corporate Adviser
Keisuke Takeuchi

Directors

Tadashi Ishizuka
Yutaka Yamazaki
Tsutomu Akabane
Hideaki Miura
Satoshi Sato
Hiroyuki Miyoshi
Masanori Suzuki
Shigeru Endo[1]

Audit & Supervisory Board Members

Yukihiko Shimizu
Minoru Sakuma[2]
Toyohiko Shimada
Masao Mori[2]
Kouichi Oono[2]

Senior Executive Vice Presidents

Tadashi Ishizuka[3]
General Manager, Security Management Office

Yutaka Yamazaki[3]

Executive Vice President

Tsutomu Akabane[3]
Senior General Manager, No. 2 Business Division

Senior Executive Officers

Hideaki Miura[3]

Satoshi Sato[3]

Hiroyasu Fukuyama
Senior General Manager, Indonesia Operations

Hitoshi Kitagawa
Senior General Manager, No. 3 Business Division

Yasushi Momose
General Manager, Global Marketing Division

Takehito Hidaka
Executive Vice President, JGC America, Inc.

Hiroyuki Miyoshi[3]
Senior General Manager, Global Marketing Division

Kazuyoshi Muto
Senior General Manager, No. 1 Business Division

Takashi Yasuda
Senior General Manager, Process Technology Division

Executive Officers

Tadao Takahashi
JGC Gulf International Co. Ltd. and General Manager, No. 1 Business Division

Shigeru Abe
General Manager, No. 1 Business Division

Toru Kikuchi
General Manager, Global Marketing Division

Hiroshi Bunazawa
General Manager, No. 1 Business Division

Tokutaro Nomura
General Manager, No. 2 Business Division

Shigeo Kobayashi
General Manager, No. 2 Business Division

Yoshikatsu Nishida
General Manager, No. 1 Business Division

Hisakazu Nishiguchi
General Manager, Legal & Compliance Office

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

Yasutoshi Okazaki
Project Director, No. 1 Business 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 Business Division

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

Nobutaka Nohara
Senior General Manager, Corporate Administrative & Financial Affairs Division

Akio Yoshida
General Manager, Global Marketing Division

Toru Amemiya
Senior General Manager, Engineering Division

Masanori Suzuki[3]
General Manager, Global Marketing Division

Masayasu Endo
General Manager, Global Marketing Division

Kiyotaka Terajima
General Manager, Corporate Administrative & Financial Affairs Division

Yuji Tanaka
Executive Vice President, JGC Gulf International Co. Ltd. (future appointee)

Takaya Matsuoka
General Manager, Engineering Division

1 Outside Director
2 Outside Audit & Supervisory Board Member
3 Secondary duty as Executive Officer

Financial Section

Contents

Six-Year Summary—Consolidated

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

	2014	2013	2012	2011	2010	2009
Net Sales	**¥ 675,821**	¥ 624,637	¥ 556,967	¥ 447,223	¥414,258	¥450,912
Operating Income	**68,254**	64,123	67,054	63,559	41,919	52,003
Net Income	**47,179**	46,179	39,111	25,478	27,112	31,543
Total Current Assets	**575,887**	460,232	376,173	319,464	283,538	335,220
Total Current Liabilities	**333,354**	262,439	205,772	174,293	137,728	208,023
Working Capital	**242,533**	197,793	170,401	145,171	145,810	127,197
Current Ratio	**172.8%**	175.4%	182.8%	183.3%	205.9%	161.1%
Net Property and Equipment	**70,291**	71,708	64,887	64,634	66,058	66,509
Total Assets	**746,103**	628,758	526,169	468,503	430,176	480,279
Long-Term Debt, Less Current Maturities	**13,001**	9,363	7,591	6,624	21,926	23,255
Total Net Assets	**379,882**	336,084	291,042	264,483	246,141	224,488
New Contracts	**818,161**	594,091	793,278	618,203	733,549	506,135
Outstanding Contracts	**1,729,317**	1,549,813	1,506,146	1,163,256	982,594	671,341
Net Income per Share (in yen)	**186.90**	182.91	154.90	100.83	107.25	124.76
Cash Dividends per Share (in yen)	**46.5**	45.5	38.5	30.0	21.0	30.0
Number of Employees	**7,005**	6,721	6,524	5,826	5,795	5,739

Analysis of Performance and Financial Position

Our View of the Operating Environment

In the fiscal year under review, ended March 31, 2014, amid some positive signs, including improved corporate profits, the Japanese economy underwent a gradual recovery. This recovery occurred as the effects of various measures implemented by the government and the Bank of Japan to achieve economic rejuvenation provided ample support for economic growth. On the other hand, the state of the world economy remained uncertain. While recovering moderately despite some softness, the world economy continued to see significant downside risks, particularly reduced quantitative monetary easing in the United States and rising geopolitical risks.

In oil and gas producing countries, with which the total engineering business developed by the JGC Group is most deeply linked, many investments in oil and gas resources continue to be planned due to increasing energy demand resulting from world population growth and emerging nations' economic growth. In particular, in North America, with the steady progress in shale gas development, many projects—primarily LNG and gas chemical projects—that use cheap and abundant shale gas as feedstock are now in the planning and execution stages. Furthermore, in the Middle East and North Africa, besides oil and gas processing projects, there are plans—mainly for petroleum refining and gas chemical projects—aimed at increasing the added value of oil and gas. Finally, in Southeast Asia, Russia, and East Africa, numerous LNG projects are being planned because a further increase in demand for LNG is expected, primarily in Asian markets.

Results of Operations

Consolidated net sales for the Group in the year ended March 31, 2014, were ¥675,821 million, up 8.2% year on year. Consolidated operating income increased 6.4%, to ¥68,254 million. Consolidated net income increased 2.2%, to ¥47,179 million.

Net Sales

Reflecting steady progress in projects accounted for on a percentage of completion basis, consolidated net sales increased ¥51,184 million year on year, to ¥675,821 million.

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales was ¥587,437 million, increasing ¥47,273 million year on year in line with higher net sales. Selling, general and administrative expenses decreased ¥220 million, to ¥20,130 million.

Operating Income

Reflecting higher net sales, operating income increased ¥4,131 million year on year, to ¥68,254 million.

Other Income (Expenses)

Other income (expenses) increased ¥10,466 million, from a net loss of ¥1,810 million in the previous consolidated fiscal year, to a net gain of ¥8,656 million. Income before taxes on income and minority interests in earnings of consolidated subsidiaries increased ¥14,597 million year on year, to ¥76,910 million.

Taxes on Income

Income tax and other taxes increased ¥8,217 million year on year, to ¥28,594 million. Meanwhile, deferred taxes on income were ¥888 million, and tax expenses (net), were ¥29,482 million.

Minority Interests in Earnings of Consolidated Subsidiaries

Minority interests increased ¥202 million year on year, to ¥249 million.

Net Income

As a result of the aforementioned factors, net income increased ¥1,000 million, to ¥47,179 million.

Segment Information

Reporting Segment

Net sales in the total engineering business rose ¥48,180 million, to ¥624,807 million, the result of steady progress with projects accounted for on a percentage of completion basis. Segment profit was ¥62,327 million.

Net sales in the catalysts and fine products business decreased ¥1,343 million year on year, to ¥37,165 million. Although sales of petrochemical catalysts remained strong, shipments of oil refining catalyst products decreased, primarily on inventory adjustments by export customers. Furthermore, in the Group's fine products operations, shipments of abrasives for computer hard disks decreased. Segment profit fell ¥82 million, to ¥4,209 million.

Financial Position

Consolidated total assets at March 31, 2014, totaled ¥746,103 million, a year-on-year increase of ¥117,345 million.

Total net assets were ¥379,882 million, up ¥43,798 million year on year.

The shareholders' equity ratio was 50.2%.

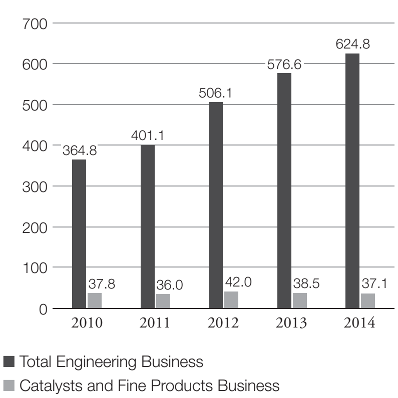
Balance sheet indicators for the Group were as follows:

	March 31, 2012	March 31, 2013	**March 31, 2014**
Current ratio (%)	183	175	**173**
Fixed asset ratio (%)	52	50	**45**

Notes: Current ratio: Current assets / Current liabilities
Fixed asset ratio: Net property and equipment + Total other assets / Total net assets
* Both indicators are calculated using consolidated financial figures.

Net Sales by Reporting Segment

(Billions of yen)



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 ¥100,323 million year on year, to ¥385,253 million.

Net cash provided by operating activities was ¥120,577 million, mainly reflecting ¥76,910 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 ¥18,728 million, primarily due to investments in new fields.

Financing activities used net cash of ¥10,687 million, mainly because of new borrowings and cash dividends paid.

Cash flow indicators for the Group are as follows:

	March 31, 2012	March 31, 2013	**March 31, 2014**
Shareholders' equity ratio (%)	55.2	53.4	**50.2**
Shareholders' equity ratio (market basis, %)	123.1	95.5	**121.5**
Years to redemption of liabilities (years)	0.1	0.2	**0.1**
Interest coverage ratio (times)	145.3	338.6	**319.5**

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 expense
* 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 ¥818,161 million, substantially exceeding the initial target of ¥650,000 million.

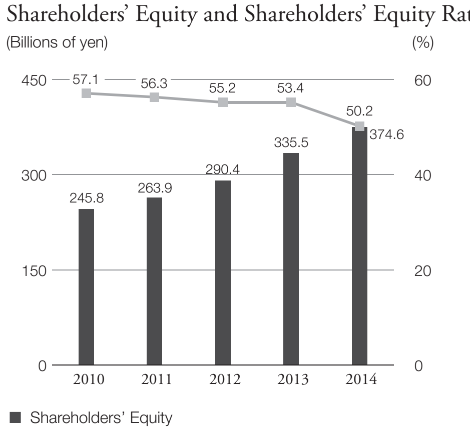
A breakdown of new contracts by business sector and region is as follows:

New Contracts by Business Sector

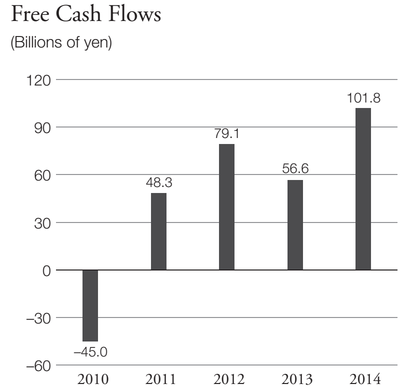
(Billions of yen)

	March 31, 2013	**March 31, 2014**	**March 31, 2014 Percentage of New Contracts**
Oil and gas development projects	7.3	**55.3**	**6.8%**
Petroleum refining projects	214.3	**215.2**	**26.3%**
LNG projects	249.8	**314.1**	**38.4%**
Chemical projects	46.5	**136.4**	**16.7%**
Other projects	75.9	**96.8**	**11.8%**

Shareholders' Equity and Shareholders' Equity Ratio



Free Cash Flows



New Contracts by Region

(Billions of yen)

	March 31, 2013	March 31, 2014	March 31, 2014 Percentage of New Contracts
Japan	111.2	**124.6**	**15.2%**
Asia	293.3	**170.7**	**20.9%**
Africa	1.2	**4.0**	**0.5%**
Middle East	122.6	**187.1**	**22.9%**
Oceania and Others	65.6	**331.6**	**40.5%**

Future Outlook

Total Engineering Business

In the JGC Group's total engineering business, despite uncertainty arising from changes in supply and demand trends, 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, Africa (especially Sub-Saharan Africa), Southeast Asia, Russia (CIS), and North America, energy demand is increasing in line with population growth and economic development in emerging nations. Second, LNG demand is increasing in Asian markets.

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 current fiscal year onward. Amid these conditions, the Group will continue with initiatives to strengthen its cost-competitiveness in all processes of the EPC business. At the same time, the Group will maintain solid competitive positions 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. Furthermore, we will carry out business investments in resource development; in electric power and new energy, including solar power generation; in environmental protection and water resources; and in such new fields as urban infrastructure development and the hospital business.

Catalysts and Fine Products Business

Due to such factors as the stagnation of markets in Europe and Japan, slowdowns of economic growth in emerging markets, and the rising prices of feedstock and fuel, the business environment facing JGC's catalysts operations is challenging. The JGC Group will not only focus on recapturing domestic market share for FCC catalysts, expanding sales to overseas markets, and developing sophisticated catalysts in the area of hydrotreating catalysts but also strive to respond to overseas expansion by chemical catalyst customers as well as to the integration of petroleum refining and petrochemicals by petroleum refinery companies, with the goal of expanding its sales. In its fine products operations, the JGC Group will aggressively take such action as responding to the rising demand for abrasives and accelerating its overseas business expansion of raw materials for cosmetics and optical materials. Finally, with regard to the ceramic matrix composites business acquired by JAPAN FINE CERAMICS CO., LTD., the JGC Group will strive to expand sales to domestic customers and aggressively carry out overseas business expansion.

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, 2014.

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, 2014 and 2013

Assets	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars (Note 1) 2014
Current Assets:			
Cash and deposits (Notes 3, 13 & 18)	**¥354,200**	¥259,777	**$3,441,508**
Marketable securities (Notes 9, 13 & 18)	**31,053**	25,000	**301,720**
Notes and accounts receivable (Notes 2 & 18)	**102,170**	96,570	**992,713**
Inventories (Note 4)	**49,485**	44,385	**480,811**
Deferred tax assets (Note 12)	**15,535**	15,069	**150,942**
Other current assets (Notes 2, 10 & 18)	**23,559**	19,523	**228,906**
Allowance for doubtful accounts	**(115)**	(92)	**(1,118)**
Total Current Assets	**575,887**	460,232	**5,595,482**
Property and Equipment (Note 3)**:**			
Land (Notes 14 & 17)	**25,977**	25,977	**252,400**
Buildings and structures (Note 17)	**63,420**	62,316	**616,207**
Machinery and equipment	**60,451**	52,523	**587,359**
Construction in progress	**382**	7,720	**3,712**
Other	**4,207**	2,573	**40,876**
	154,437	151,109	**1,500,554**
Less accumulated depreciation	**(84,146)**	(79,401)	**(817,587)**
Net Property and Equipment	**70,291**	71,708	**682,967**
Other Assets:			
Investments in unconsolidated subsidiaries and affiliates (Notes 9 & 18)	**28,768**	33,324	**279,518**
Marketable and investment securities (Notes 9 & 18)	**46,327**	44,578	**450,126**
Long-term loans receivable (Notes 2 & 18)	**1,018**	1,412	**9,891**
Deferred tax assets (Note 12)	**1,691**	2,667	**16,430**
Other	**22,121**	14,837	**214,935**
Total Other Assets	**99,925**	96,818	**970,900**
Total Assets	**¥746,103**	¥628,758	**$7,249,349**

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2014	2013	Thousands of U.S. dollars (Note 1) 2014
Current Liabilities:			
Short-term loans and current maturities of long-term debt (Note 3)	**¥ 867**	¥ 6,686	**$ 8,424**
Notes and accounts payable (Notes 2 & 18)	**107,450**	93,335	**1,044,015**
Advances received on uncompleted contracts	**163,406**	87,711	**1,587,699**
Reserve for job warranty costs	**2,449**	1,863	**23,795**
Reserve for losses on contracts	**21,063**	22,031	**204,654**
Income taxes payable	**16,844**	18,759	**163,661**
Provision for loss on guarantees	**66**	2,417	**641**
Other current liabilities (Notes 2, 10 & 18)	**21,209**	29,637	**206,073**
Total Current Liabilities	**333,354**	262,439	**3,238,962**
Long-Term Debt, Less Current Maturities (Notes 3 & 18)	**13,001**	9,363	**126,321**
Net Defined Benefit Liability (Note 6)	**11,725**	12,627	**113,923**
Deferred Tax Liabilities for Land Revaluation (Notes 12 & 14)	**3,692**	3,692	**35,873**
Other Non-Current Liabilities (Notes 2 & 12)	**4,449**	4,553	**43,228**
Total Liabilities	**366,221**	292,674	**3,558,307**
Contingencies (Note 7)			
Net Assets (Note 8)**:**			
Shareholders' Equity			
Common stock			
Authorized — 600,000,000 shares,			
Issued — 259,052,929 shares in 2014 and 2013	**23,511**	23,511	**228,440**
Capital surplus	**25,607**	25,603	**248,805**
Retained earnings	**327,775**	291,782	**3,184,755**
Treasury stock, at cost	**(6,478)**	(6,330)	**(62,942)**
Total Shareholders' Equity	**370,415**	334,566	**3,599,058**
Accumulated Other Comprehensive Income (Loss)			
Net unrealized holding gains on securities (Notes 9 & 18)	**6,869**	5,418	**66,742**
Deferred gains (losses) on hedges (Note 10)	**(51)**	1,606	**(496)**
Land revaluation, net of deferred tax portion (Note 14)	**(6,542)**	(6,542)	**(63,564)**
Foreign currency translation adjustments	**4,384**	487	**42,596**
Remeasurements of defined benefit plans (Note 6)	**(421)**	—	**(4,091)**
Total Accumulated Other Comprehensive Income (Loss)	**4,239**	969	**41,187**
Minority Interests	**5,228**	549	**50,797**
Total Net Assets	**379,882**	336,084	**3,691,042**
Total Liabilities and Net Assets	**¥746,103**	¥628,758	**$7,249,349**

Consolidated Statements of Income

JGC CORPORATION
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Net Sales (Note 11)	¥675,821	¥624,637	$6,566,469
Cost of Sales	587,437	540,164	5,707,705
Gross profit	88,384	84,473	858,764
Selling, General and Administrative Expenses	20,130	20,350	195,589
Operating income	68,254	64,123	663,175
Other Income (Expenses):			
Interest and dividend income	4,759	4,497	46,240
Interest expense	(324)	(238)	(3,148)
Loss on impairment of fixed assets	—	(94)	—
Exchange gain, net	9,908	2,944	96,269
Equity in earnings of affiliates	730	657	7,093
Loss on allowance for investment	(7,877)	(6,286)	(76,535)
Loss on provision of guarantees	—	(2,417)	—
Reversal of provision for guarantees	2,351	—	22,843
Loss on disposition of foreign currency translation adjustments	—	(1,343)	—
Other, net (Note 17)	(891)	470	(8,658)
	8,656	(1,810)	84,104
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	76,910	62,313	747,279
Taxes on Income (Note 12)**:**			
Current	28,594	20,377	277,827
Deferred	888	(4,290)	8,628
Income before minority interests	47,428	46,226	460,824
Minority Interests in Earnings of Consolidated Subsidiaries	(249)	(47)	(2,419)
Net Income	¥ 47,179	¥ 46,179	$ 458,405

	Yen		U.S. dollars (Note 1)
Amounts Per Share of Common Stock:			
Net income	¥186.90	¥182.91	$1.82
Cash dividends applicable to the year	¥ 46.50	¥ 45.50	$0.45

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

JGC CORPORATION
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Income Before Minority Interests	**¥47,428**	¥46,226	**$460,824**
Other Comprehensive Income (Note 19)			
Net unrealized holding gains on securities (Notes 9 & 18)	**1,451**	3,099	**14,099**
Deferred gains (losses) on hedges (Note 10)	**(1,657)**	1,567	**(16,100)**
Translation adjustments	**3,897**	4,068	**37,864**
Share of other comprehensive income of affiliates accounted for using equity method	**0**	(0)	**0**
Total Other Comprehensive Income	**¥ 3,691**	¥ 8,734	**$ 35,863**
Total Comprehensive Income	**¥51,119**	¥54,960	**$496,687**
Comprehensive Income attributable to owners of JGC Corporation	**¥50,870**	¥54,913	**$494,268**
Comprehensive Income attributable to minority interest	**¥ 249**	¥ 47	**$ 2,419**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

JGC CORPORATION
Years ended March 31, 2014 and 2013

	Thousands of shares										Millions of yen
	Common stock										
	Shares	Amount	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains 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	Remeasurements of defined benefit plans	Minority interests
Balance at 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 and April 1, 2013	259,053	¥23,511	¥25,603	¥291,782	¥(6,330)	¥5,418	¥ 1,606	¥(6,542)	¥ 487	¥ —	¥ 549
Net income for the year				**47,179**							
Effect of change in scope of consolidation				**301**					**(133)**		
Cash dividends				**(11,487)**							
Gain on disposal of treasury stock			**4**		**1**						
Net unrealized holding gains on securities						**1,451**					
Net deferred gains on hedges							**(1,657)**				
Foreign currency translation adjustments									**4,030**		
Increase of treasury stock					**(149)**						
Remeasurements of defined benefit plans										**(421)**	
Net changes during the year											**4,679**
Balance at March 31, 2014	**259,053**	**¥23,511**	**¥25,607**	**¥327,775**	**¥(6,478)**	**¥6,869**	**¥ (51)**	**¥(6,542)**	**¥ 4,384**	**¥(421)**	**¥5,228**

									Thousands of U.S. dollars (Note 1)
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains 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	Remeasurements of defined benefit plans	Minority interests
Balance at April 1, 2013	$228,440	$248,766	$2,835,037	$(61,504)	$52,643	$ 15,604	$(63,564)	$ 4,732	$ —	$ 5,334
Net income for the year			**458,405**							
Effect of change in scope of consolidation			**2,924**					**(1,292)**		
Cash dividends			**(111,611)**							
Gain on disposal of treasury stock		**39**		**10**						
Net unrealized holding gains on securities					**14,099**					
Net deferred gains on hedges						**(16,100)**				
Foreign currency translation adjustments								**39,156**		
Increase of treasury stock				**(1,448)**						
Remeasurements of defined benefit plans									**(4,091)**	
Net changes during the year										**45,463**
Balance at March 31, 2014	**$228,440**	**$248,805**	**$3,184,755**	**$(62,942)**	**$66,742**	**$ (496)**	**$(63,564)**	**$42,596**	**$(4,091)**	**$50,797**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

JGC CORPORATION
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Cash Flows from Operating Activities:			
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	¥ 76,910	¥ 62,313	$ 747,279
Adjustments to reconcile income before taxes on income and minority interests in earnings of consolidated subsidiaries to net cash provided by operating activities:			
Depreciation and amortization	9,269	8,264	90,060
Amortization of goodwill	0	0	0
Increase in allowance for doubtful accounts	1,812	2,222	17,606
Increase (decrease) in reserve for losses on contracts	(1,207)	16,842	(11,727)
Decrease in net defined benefit plans	(993)	(1,055)	(9,648)
Interest and dividend income	(4,759)	(4,497)	(46,240)
Interest expense	324	238	3,148
Exchange gain	(9,476)	(6,403)	(92,071)
Equity in earnings of affiliates	(730)	(657)	(7,093)
Loss (gain) on sales of marketable and investment securities	925	(91)	8,988
Loss on sales and disposal of property and equipment	147	23	1,428
Loss on impairment of fixed assets	—	94	—
Increase in notes and accounts receivable	(4,043)	(8,517)	(39,283)
Increase in inventories	(5,003)	(5,843)	(48,610)
Decrease (increase) in other assets	(1,888)	2,957	(18,344)
Increase in notes and accounts payable	12,561	8,894	122,046
Increase in advances received on uncompleted contracts	75,458	17,979	733,171
Other	(3,395)	4,114	(32,987)
Subtotal	145,912	96,877	1,417,723
Interest and dividends received	5,645	4,947	54,848
Interest paid	(377)	(251)	(3,663)
Income taxes paid	(30,603)	(16,563)	(297,348)
Net Cash Provided by Operating Activities	120,577	85,010	1,171,560
Cash Flows from Investing Activities:			
Payments for purchases of property and equipment	(6,188)	(12,164)	(60,124)
Proceeds from sales of property and equipment	469	172	4,557
Payments for purchase of marketable and investment securities	(5,168)	(12,814)	(50,214)
Proceeds from sales of marketable and investment securities	368	1,069	3,576
Other	(8,209)	(4,634)	(79,761)
Net Cash Used in Investing Activities	(18,728)	(28,371)	(181,966)
Cash Flows from Financing Activities:			
Decrease in short-term loans	(685)	(204)	(6,656)
Proceeds from long-term bank loans	3,406	7,634	33,094
Repayments of long-term bank loans	(1,407)	(987)	(13,671)
Payments for purchase of treasury stock	(143)	(74)	(1,389)
Cash dividends paid	(11,484)	(9,723)	(111,582)
Cash dividends paid to minority shareholders	(144)	(124)	(1,399)
Other	(230)	(217)	(2,235)
Net Cash Used in Financing Activities	(10,687)	(3,695)	(103,838)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	9,161	9,277	89,011
Net Increase in Cash and Cash Equivalents	100,323	62,221	974,767
Cash and Cash Equivalents at Beginning of Year	284,777	222,556	2,766,974
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries	153	—	1,487
Cash and Cash Equivalents at End of Year (Note 13)	¥385,253	¥284,777	$3,743,228

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Note 1 — Summary of Significant 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 Act 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.

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 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 Act. 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.

In addition, certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is more familiar to readers outside Japan. Furthermore, certain reclassifications of previously reported amounts have been made to reconcile the consolidated financial statements for the year ended March 31, 2013 to the 2014 presentation.

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, 2014, which was ¥102.92 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) Principle of Consolidation

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

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

The number of consolidated subsidiaries and affiliates accounted for using the equity method at March 31, 2014 and 2013 was as follows:

	2014	2013
Consolidated subsidiaries	**17**	17
Affiliates under the equity method	**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 and retained earnings from those investments not accounted for under the equity method is immaterial.

At the year ended March 31, 2014, a subsidiary, JGC America, Inc., was included in the scope of consolidation because its effect on the consolidated financial statement became significant and JGC PLANTECH Co., Ltd. was excluded from the scope of consolidation because the company merged into JGC Plant Solutions Co., Ltd. (The company name after the merger: JGC PLANT INNOVATION CO., LTD.) and was liquidated during the period.

At the year ended March 31, 2013, two of 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.

(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

The Accounting Standards Board of Japan has 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.

(1) Outline
This accounting standard and guidance have been revised mainly in terms of accounting methods of unrecognized actuarial differences and past service costs, the calculation methods of projected retirement benefit obligations and service costs, and the improvement of disclosure, from the perspective of improving financial statements and in light of current international trends.

(2) Scheduled date of adoption
The calculation methods of projected retirement benefit obligations and service costs are scheduled to be applied from April 1, 2014.

(3) Impact of adoption of this accounting standard and guidance
In preparing the consolidated financial statements, the impact on the financial statements as a result of the adoption is currently being evaluated.

(g) Allowance for Doubtful Accounts

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

In Other Assets, the amount of Allowance for Doubtful Accounts is deducted from long-term loans receivable and other.

(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, 2014 and 2013.

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. In Other Assets, the amount of Allowance for Losses on Investment is deducted from investments in unconsolidated subsidiaries and affiliates and marketable and investment securities.

(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.

Certain 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, 2014 and 2013, 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, one consolidated subsidiary recognized prior service costs and actuarial differences as expenses in the period incurred.

On July 1, 2013, one consolidated domestic 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" (PITF No. 2). The effect of these changes on the financial statement result is immaterial.

Effective from March 31, 2014, the Company and its consolidated domestic subsidiaries have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012 (hereinafter, the "Statement No. 26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012 (hereinafter, the "Guidance No. 25")) except the article 35 of the Statement No. 26 and the article 67 of the Guidance No. 25 and actuarial gains and losses and past service costs that are yet to be recognized have been recognized and the difference between retirement benefit obligations and plan assets has been recognized as a liability for retirement benefits.

In accordance with the article 37 of the Statement No. 26, the effect of the change in accounting policies arising from initial application has been recognized in remeasurements of defined benefit plans in accumulated other comprehensive income (Loss).

As a result of the application, net defined benefit liability in the amount of ¥601 million ($5,839 thousand) has been recognized, deferred tax assets has increased by ¥213 million ($2,070 thousand) and accumulated other comprehensive income has decreased by ¥393 million ($3,818 thousand), respectively, at the year ended March 31, 2014.

(2) Officers' severance and retirement benefits

Consolidated domestic 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 ¥3,960 million ($38,476 thousand) and ¥4,527 million, respectively, in 2014 and 2013.

(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 Transactions 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 consolidated domestic 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 foreign exchange forward contracts are used as hedges and meet certain hedging criteria, foreign exchange forward contracts and hedged items are accounted for in the following manner (Allocation Method):

(1) If a foreign exchange forward 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 foreign exchange forward 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 foreign exchange forward 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 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.

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

Significant receivables from and payables to unconsolidated subsidiaries and affiliates at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2014**	2013	**2014**
Notes and accounts receivable	**¥ 822**	¥ 786	**$ 7,987**
Other current assets	**2,152**	2,063	**20,909**
Long-term loans receivable	**1,000**	1,350	**9,716**
Notes and accounts payable	**537**	774	**5,218**
Other current liabilities	**583**	135	**5,665**
Other non-current liabilities	**10**	11	**97**

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 0.72% and 0.70% at March 31, 2014 and 2013, 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,	**2014**	2013	**2014**
Secured Loans			
1.40% loans from banks due serially through 2029	**¥ 5,509**	¥ 4,460	**$ 53,527**
Unsecured Debt			
0.35% – 1.75% loans from banks and insurance companies due serially through 2023	**8,217**	10,812	**79,839**
	13,726	15,272	**133,366**
Less current maturities	**(725)**	(5,909)	**(7,045)**
Long-term debt due after one year	**¥13,001**	¥ 9,363	**$126,321**

Assets pledged as collateral for short-term loans, long-term debt and other non-current liabilities at March 31, 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2014**	2013	**2014**
Land	**¥ 4,280**	¥ 5,071	**$ 41,586**
Buildings and structures, at net book value	**2,239**	3,087	**21,755**
Machinery and equipment, at net book value	**5,873**	2,025	**57,064**
Cash and deposits	**1,039**	256	**10,094**
Total	**¥13,431**	¥10,439	**$130,499**

No borrowing was outstanding for the following assets pledged as collateral as of March 31, 2014.

	Millions of yen	Thousands of U.S. dollars (Note 1)
March 31,	**2014**	**2014**
Land	**¥ 791**	**$ 7,686**
Buildings and structures, at net book value	**993**	**9,648**
Machinery and equipment, at net book value	**2,254**	**21,900**
Total	**¥4,038**	**$39,234**

The annual maturities of long-term debt outstanding at March 31, 2014 were as follows:

	Amount	
Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2015	¥ 725	$ 7,045
2016	847	8,229
2017	765	7,433
2018	836	8,123
2019 and thereafter	10,553	102,536
Total	¥13,726	$133,366

Note 4 — Inventories

Inventories at March 31, 2014 and 2013 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2014	2013	2014
Inventories:			
Contract works in progress	¥41,007	¥35,840	$398,436
Finished goods and merchandise	4,204	4,514	40,847
Works in process	1,676	1,912	16,285
Raw materials and others	2,598	2,119	25,243
Total	¥49,485	¥44,385	$480,811

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, 2014 and 2013, 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,	2014	2013	2014
Machinery and equipment and others:			
Purchase price equivalents	¥ 469	¥ 498	$ 4,557
Accumulated depreciation equivalents	(389)	(361)	(3,780)
Book value equivalents	¥ 80	¥ 137	$ 777

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,	2014	2013	2014
Due within one year	¥45	¥ 56	$437
Due after one year	35	81	340
Total	¥80	¥137	$777

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

(3) Lease payments and depreciation equivalents

			Thousands of U.S. dollars (Note 1)
Year ended March 31,	2014	2013	2014
Lease payments	¥56	¥59	$544
Depreciation equivalents	56	59	544

(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,	2014	2013	2014
Due within one year	¥294	¥399	$2,857
Due after one year	338	202	3,284
Total	¥632	¥601	$6,141

B. Lessor Leases

(a) Finance Lease Transactions Without Ownership Transfer to Lessee

(1) Details of investment in leased assets

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2014	2013	2014
Lease payment receivable	¥103	¥61	$1,001
Estimated residual value	1	—	10
Interest income	—	—	—
Book value	¥104	¥61	$1,011

(2) The investment in leased assets due in each of the next five years at March 31, 2014 was as follows:

	Amount	
Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2015	¥ 27	$ 262
2016	27	262
2017	25	243
2018	20	195
2019	4	39
Total	¥103	$1,001

Note 6 — Defined Benefit Liability

The significant components of the pension plans as of and for the year ended March 31, 2014 were summarized as follows:

(a) Defined Benefit Plan

(1) Movement in retirement benefit obligations

March 31, 2014	Millions of yen	Thousands of U.S. dollars (Note 1)
Balance at April 1, 2013	¥44,180	$429,266
Service cost	1,808	17,567
Interest cost	673	6,539
Actuarial loss	1,026	9,969
Benefits paid	(2,772)	(26,934)
Past service costs	84	816
Other	123	1,195
Balance at March 31, 2014	¥45,122	$438,418

(2) Movement in plan assets

March 31, 2014	Millions of yen	Thousands of U.S. dollars (Note 1)
Balance at April 1, 2013	¥30,740	$298,678
Expected return on plan assets	449	4,363
Actuarial gain	1,548	15,041
Contributions paid by the employer	2,898	28,158
Benefits paid	(2,000)	(19,433)
Other	51	496
Balance at March 31, 2014	¥33,686	$327,303

(3) Reconciliation from retirement benefit obligations and plan assets to net defined benefit liability

March 31, 2014	Millions of yen	Thousands of U.S. dollars (Note 1)
Funded retirement benefit obligations	¥34,810	$338,224
Plan assets	(33,686)	(327,303)
	1,124	10,921
Unfunded retirement benefit obligations	10,312	100,194
Allowance for officers' lump-sum severance benefits	289	2,808
Total net defined benefit liability at March 31, 2014	¥11,725	$113,923
Liability for retirement benefits	11,725	113,923
Total net defined benefit liability at March 31, 2014	¥11,725	$113,923

(4) Retirement benefit expenses

March 31, 2014	Millions of yen	Thousands of U.S. dollars (Note 1)
Service cost	¥1,808	$17,567
Interest cost	673	6,539
Expected return on plan assets	(449)	(4,363)
Net actuarial loss amortization	161	1,565
Past service cost amortization	(177)	(1,720)
Total retirement benefit expenses for the year ended March 31, 2014	¥2,016	$19,588

(5) Remeasurements of defined benefit plans

March 31, 2014	Millions of yen	Thousands of U.S. dollars (Note 1)
Actuarial losses that are yet to be recognized	¥(1,246)	$(12,106)
Past service costs that are yet to be recognized	598	5,810
Total balance at March 31, 2014	¥ (648)	$ (6,296)

(6) Plan assets

Components of plan assets

March 31, 2014	
Bonds	71%
Equity securities	18
Cash and cash equivalents	1
Other	10
Total	100%

Long-term expected rate of return

Current and target asset allocations and historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(7) Actuarial assumptions

The principal actuarial assumptions at March 31, 2014 were as follows:

Discount rate	1.5%
Long-term expected rate of return	1.5%

(b) Defined Contribution Pension Plan

The Company's contributions were ¥209 million ($2,031 thousand) for the year ended March 31, 2014.

The disclosure of corresponding information for the year ended March 31, 2013 was not required under the accounting standard for presentation as an exemption for the first year of adopting that standard. Under the former accounting standard, the liabilities for employees' severance and retirement benefits included in net defined benefit liability in the liability section of the consolidated balance sheet as of March 31, 2013 consisted of the following:

March 31, 2013	Millions of yen
Projected benefit obligations	¥ 44,180
Less fair value of pension assets	(30,740)
Unfunded projected benefit obligations	13,440
Unrecognized actuarial differences	(1,919)
Unrecognized prior service costs	835
Net liability for employees' severance and retirement benefits	12,356
Allowance for officers' lump-sum severance benefits	271
Net defined benefit liability	¥ 12,627

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

March 31, 2013	Millions of yen
Service cost–benefits earned during the year	¥1,748
Interest cost on projected benefit obligation	666
Expected return on plan assets	(392)
Amortization of net transition obligation	3
Amortization of actuarial differences	766
Amortization of prior service cost	(223)
Contribution for defined contribution pension plan	145
Retirement benefit expenses	¥2,713

The discount rates used by the Company and its consolidated domestic subsidiaries were 1.43%–1.5% at March 31, 2013. However, one consolidated overseas subsidiary used the rate of 5.7% at March 31, 2013. The rate of expected return on plan assets used by the Company and its consolidated domestic subsidiaries was 1.5% for March 31, 2013. However, one consolidated overseas subsidiary used the rate of 5.0% at March 31, 2013. Actuarial differences are recognized in the consolidated statement of income using the declining-balance method over 12 to 15 years for the year ended March 31, 2013, beginning the following fiscal year of recognition. Prior service costs are recognized using the straight-line method over 12 to 15 years for the year ended March 31, 2013, from the 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 was ¥31,184 million ($302,993 thousand) and ¥14,695 million at March 31, 2014 and 2013, respectively.

(2) The Company and one consolidated subsidiary have guaranteed employees' housing loans and others from banks in the amount of ¥9 million ($87 thousand) and ¥7 million at March 31, 2014 and 2013, respectively.

Note 8 — Net Assets

Dividends

At the annual shareholders' meeting of the Company held on June 27, 2014, the shareholders approved cash dividends amounting to ¥11,737 million ($114,040 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2014. 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, 2014 and 2013.

Available-for-Sale Securities with Available Fair Values:

(1) Securities with book values exceeding acquisition costs:

			Millions of yen
March 31, 2014	Acquisition cost	Book value	Difference
Equity securities	**¥10,549**	**¥20,976**	**¥10,427**

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

			Thousands of U.S. dollars (Note 1)
March 31, 2014	Acquisition cost	Book value	Difference
Equity securities	**$102,497**	**$203,809**	**$101,312**

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

			Millions of yen
March 31, 2014	Acquisition cost	Book value	Difference
Equity securities	**¥2,355**	**¥2,008**	**¥(347)**

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

			Thousands of U.S. dollars (Note 1)
March 31, 2014	Acquisition cost	Book value	Difference
Equity securities	**$22,882**	**$19,510**	**$(3,372)**

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, 2014 and 2013.

(a) Available-for-Sale Securities with No Available Fair Values:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2014**	2013	**2014**
Non-listed equity securities	**¥23,305**	¥23,505	**$226,438**
Subscription certificate	**38**	38	**369**
Negotiable certificate of deposit	**31,053**	25,000	**301,720**
Total	**¥54,396**	¥48,543	**$528,527**

(b) Unconsolidated Subsidiaries and Affiliates:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2014**	2013	**2014**
Securities of unconsolidated subsidiaries	**¥ 2,871**	¥ 2,648	**$ 27,895**
Securities of affiliates	**25,897**	30,676	**251,623**
Total	**¥28,768**	¥33,324	**$279,518**

(c) Available-for-Sale Securities with Maturities:

					Millions of yen
March 31, 2014	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	**¥31,053**	**¥—**	**¥—**	**¥—**	**¥31,053**

					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

					Thousands of U.S. dollars (Note 1)
March 31, 2014	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	**$301,720**	**$—**	**$—**	**$—**	**$301,720**

The Company and its consolidated domestic subsidiaries follow a policy of devaluation of available-for-sale securities. The policy of devaluation for the Company and its consolidated domestic 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 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 consolidated domestic subsidiaries examine the recoverability of the fair value of the securities and devaluate if those securities are considered to be non-recoverable.

Note 10 — Derivatives 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 with high ratings, 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, 2014 and 2013 is summarized as follows:

	Millions of yen				
	Contract amounts				Profit or
March 31, 2014	Due within one year	Due after one year	Total	Fair value	loss evaluation
Forward exchange contracts					
Sell U.S. dollars	**¥50,281**	**¥—**	**¥50,281**	**¥(138)**	**¥173**
Sell Euro	**¥ 2,207**	**¥—**	**¥ 2,207**	**¥ (79)**	**¥ (79)**

	Millions of yen				
	Contract amounts				Profit or
March 31, 2013	Due within one year	Due after one year	Total	Fair value	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)

	Thousands of U.S. dollars (Note 1)				
	Contract amounts				Profit or
March 31, 2014	Due within one year	Due after one year	Total	Fair value	loss evaluation
Forward exchange contracts					
Sell U.S. dollars	**$488,545**	**$—**	**$488,545**	**$(1,341)**	**$1,681**
Sell Euro	**$ 21,444**	**$—**	**$ 21,444**	**$ (768)**	**$ (768)**

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, 2014 and 2013 is summarized as follows:

March 31, 2014			Millions of yen		
			Contract amounts		
Accounting Method	Hedged Instruments	Hedged Item	Contract amounts	Portion over one year	Fair value
Allocation method (Note 1(w))	Forward exchange contracts				
	Buy U.S. dollars	Accounts payable	**¥2,321**	**¥1,646**	**¥ 79**
Principal method (Note 1(w))	Interest rate swap contracts				
	Receive variable rate and Pay fixed rate swap	Long-term debt	**¥5,606**	**¥5,606**	**¥(147)**

March 31, 2013			Millions of yen		
			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
Principal method (Note 1(w))	Interest rate swap contracts				
	Receive variable rate and Pay fixed rate swap	Long-term debt	¥ 5,771	¥5,301	*

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.

March 31, 2014			Thousands of U.S. dollars (Note 1)		
			Contract amounts		
Accounting Method	Hedged Instruments	Hedged Item	Contract amounts	Portion over one year	Fair value
Allocation method (Note 1(w))	Forward exchange contracts				
	Buy U.S. dollars	Accounts payable	**$22,551**	**$15,993**	**$ 768**
Principal method (Note 1(w))	Interest rate swap contracts				
	Receive variable rate and Pay fixed rate swap	Long-term debt	**$54,469**	**$54,469**	**$(1,428)**

Note 11 — Segment Information

(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 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, 2014 and 2013:

Millions of yen

	Reported Segment						
Year ended March 31, 2014	Total engineering	Catalysts and fine products	Sub-Total	Other	Total	Adjustment	Consolidated
Net sales:							
External customers	**¥624,807**	**¥37,165**	**¥661,972**	**¥13,849**	**¥675,821**	**¥ —**	**¥675,821**
Inter-segment	**221**	**18**	**239**	**4,658**	**4,897**	**(4,897)**	**—**
Total	**¥625,028**	**¥37,183**	**¥662,211**	**¥18,507**	**¥680,718**	**¥ (4,897)**	**¥675,821**
Segment profit	**¥ 62,327**	**¥ 4,209**	**¥ 66,536**	**¥ 1,684**	**¥ 68,220**	**¥ 34**	**¥ 68,254**
Segment assets	**¥661,536**	**¥38,586**	**¥700,122**	**¥60,763**	**¥760,885**	**¥(14,782)**	**¥746,103**
Depreciation and amortization	**¥ 4,199**	**¥ 2,043**	**¥ 6,242**	**¥ 2,992**	**¥ 9,234**	**¥ 35**	**¥ 9,269**
Capital expenditures	**¥ 2,573**	**¥ 1,391**	**¥ 3,964**	**¥ 5,717**	**¥ 9,681**	**¥ (43)**	**¥ 9,638**

Millions of yen

	Reported Segment						
Year ended March 31, 2013	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

Thousands of U.S. dollars (Note 1)

	Reported Segment						
Year ended March 31, 2014	Total engineering	Catalysts and fine products	Sub-Total	Other	Total	Adjustment	Consolidated
Net sales:							
External customers	**$6,070,802**	**$361,106**	**$6,431,908**	**$134,561**	**$6,566,469**	**$ —**	**$6,566,469**
Inter-segment	**2,147**	**175**	**2,322**	**45,259**	**47,581**	**(47,581)**	**—**
Total	**$6,072,949**	**$361,281**	**$6,434,230**	**$179,820**	**$6,614,050**	**$ (47,581)**	**$6,566,469**
Segment profit	**$ 605,587**	**$ 40,896**	**$ 646,483**	**$ 16,362**	**$ 662,845**	**$ 330**	**$ 663,175**
Segment assets	**$6,427,672**	**$374,913**	**$6,802,585**	**$590,390**	**$7,392,975**	**$(143,626)**	**$7,249,349**
Depreciation and amortization	**$ 40,799**	**$ 19,850**	**$ 60,649**	**$ 29,071**	**$ 89,720**	**$ 340**	**$ 90,060**
Capital expenditures	**$ 25,000**	**$ 13,515**	**$ 38,515**	**$ 55,548**	**$ 94,063**	**$ (417)**	**$ 93,646**

(b) Related Information

I. Information by Geography

(1) Net Sales

Year ended March 31,	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars (Note 1) 2014
Japan	**¥113,338**	¥146,326	**$1,101,224**
East and Southeast Asia	**129,914**	74,293	**1,262,282**
Middle East	**143,524**	204,900	**1,394,520**
Africa	**44,699**	34,673	**434,308**
Oceania	**215,557**	140,320	**2,094,413**
Other	**28,789**	24,125	**279,722**
Total	**¥675,821**	¥624,637	**$6,566,469**

*1. Net sales are classified by the place of customers' address.

*2. Middle East includes the State of Qatar ¥69,911 million ($679,275 thousand) and ¥105,450 million for the years ended March 31, 2014 and 2013, respectively.

*3. Oceania includes Australia ¥187,258 million ($1,819,452 thousand) and ¥98,129 million for the years ended March 31, 2014 and 2013, respectively.

(2) Property and equipment

The following is information on property and equipment for the years ended March 31, 2014 and 2013:

Year ended March 31,	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars (Note 1) 2014
Japan	**¥59,908**	¥61,527	**$582,083**
Other	**10,383**	10,181	**100,884**
Total	**¥70,291**	¥71,708	**$682,967**

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, 2014 and 2013:

Year ended March 31, 2014	Millions of yen	Thousands of U.S. dollars (Note 1)	Related segments
Ichthys LNG Pty Ltd	**¥149,418**	**$1,451,788**	**Total engineering**
Ras Laffan Liquefied Natural Gas Company Limited.	**69,880**	**678,974**	**Total engineering**

Year ended March 31, 2013	Millions of yen	Related segments
Ras Laffan Liquefied Natural Gas Company Limited.	¥104,621	Total engineering
Ichthys LNG Pty Ltd	68,903	Total engineering

III. Information on Impairment Loss

This information is not disclosed, as this is immaterial for the years ended March 31, 2014 and 2013.

IV. Information on Amortization of Goodwill and Amortized Balance

This information is not disclosed, as this is immaterial for the years ended March 31, 2014 and 2013.

Note 12 — Taxes on Income

The statutory tax rates are 38.0% for the years ended March 31, 2014 and 2013.

(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, 2014 and 2013:

	2014	2013
Statutory tax rate	**Reconciliations for the year ended March 31, 2014 are not disclosed as the difference between the statutory tax rate and Company's and its consolidated subsidiaries' effective tax rate was less than 5%**	38.0%
Non-deductible expenses		1.0
Non-taxable dividend income		(1.1)
Tax credit utilized		(0.6)
Other		(11.5)
Effective tax rate		25.8%

(2) Significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2014 and 2013 were as follows:

March 31,	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars (Note 1) 2014
Current deferred taxes			
Deferred tax assets:			
Accrued employees' bonuses	**¥ 2,465**	¥ 2,606	**$ 23,950**
Reserve for job warranty costs	**751**	667	**7,297**
Reserve for losses on contracts	**7,054**	7,926	**68,539**
Other	**5,297**	5,024	**51,467**
Total current deferred tax assets	**15,567**	16,223	**151,253**
Deferred tax liabilities:			
Foreign currency hedge	**(28)**	(1,150)	**(272)**
Other	**(4)**	(4)	**(39)**
Total current deferred tax liabilities	**(32)**	(1,154)	**(311)**
Net current deferred tax assets	**¥15,535**	¥15,069	**$150,942**

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2014	2013	2014
Non-current deferred taxes			
Deferred tax assets:			
Net defined benefit liability	¥ 4,011	¥ 4,528	$ 38,972
Depreciation	405	384	3,935
Other	1,306	933	12,689
Total non-current deferred tax assets	5,722	5,845	55,596
Deferred tax liabilities:			
Net unrealized holding gains on securities	(3,797)	(2,995)	(36,893)
Other	(234)	(183)	(2,273)
Total non-current deferred tax liabilities	(4,031)	(3,178)	(39,166)
Net non-current deferred tax assets	¥ 1,691	¥ 2,667	$ 16,430
Deferred tax liabilities for land revaluation	¥ 3,692	¥ 3,692	$ 35,873
Valuation of assets and liabilities of acquired consolidated subsidiaries at fair market value	¥ 161	¥ 290	$ 1,564
Others	49	3	476
Non-current deferred tax liabilities	¥ 210	¥ 293	$ 2,040

For the years ended March 31, 2014 and 2013, the valuation allowances of ¥12,620 million ($122,620 thousand) and ¥10,532 million have been deducted from the gross amount of the non-current deferred tax assets, respectively.

Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates

On March 31, 2014, new tax reform laws were announced in Japan, which changed the normal statutory tax rate from approximately 38.0% to 35.6% for the years beginning on or after April 1, 2014.

Due to this change in the statutory tax rate, net deferred tax assets decreased by ¥1,113 million ($10,814 thousand), deferred income tax and deferred gains on hedges increased by ¥1,112 million ($10,804 thousand) and ¥1 million ($10 thousand), 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:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2014	2013	2014
Cash and deposits	¥354,200	¥259,777	$3,441,508
Marketable securities	31,053	25,000	301,720
Cash and cash equivalents	¥385,253	¥284,777	$3,743,228

Note 14 — Land Revaluation

Pursuant to Article 2 of the Enforcement Ordinance for the Law Concerning Land Revaluation 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, 2014 and 2013. When such land is sold, land revaluation is reversed and debited to retained earnings.

Fair value of the revalued land as of March 31, 2014 was ¥4,330 million ($42,072 thousand) less than the book value as of March 31, 2014, which amounts include ¥1,199 million ($11,650 thousand) relevant to rental property.

Note 15 — Related Party Transactions

This information is not disclosed, as this is immaterial for the years ended March 31, 2014 and 2013.

Note 16 — Business Combinations

Transactions Under Common Control During the Year Ended March 31, 2014:

(a) Outline of the Transactions

(1) Name and business of combined entity
Merging company: JGC Plant Solutions Co., Ltd., total engineering
Merged company: JGC PLANTECH Co., Ltd., total engineering
(2) Form of business combinations
Transactions under common control
(3) Name of the entity after the reorganization
JGC PLANT INNOVATION Co., Ltd.
(4) Outline and purpose of the transaction
JGC Plant Solutions Co., Ltd., a consolidated subsidiary of the Company merged with JGC PLANTECH Co., Ltd., a consolidated subsidiary of the Company on July 1, 2013. The purpose of this merger was to reinforce the following:
[1] Development of business in both domestic and overseas markets
[2] Increase of cost and technology competitiveness

(b) Accounting Method

These transactions were accounted for as a business combination among entities under common control required by ASBJ Statement No. 21, “Accounting Standard for Business Combinations and Related Matters” and ASBJ Guidance No. 10, “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” issued on December 26, 2008.

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

Total assets	¥5,783 million ($56,189 thousand)
Total liabilities	¥1,995 million ($19,384 thousand)

Note 17 — Rental Property

The fair value of investment and rental property on the consolidated financial statements at March 31, 2014 and 2013 were as follows:

	Book value (net of depreciation)			Fair value
	March 31, 2012	Decrease	March 31, 2013	March 31, 2013
Millions of yen	¥7,851	¥(108)	¥7,743	¥6,180

	March 31, 2013	Decrease	**March 31, 2014**	**March 31, 2014**
Millions of yen	¥7,743	¥(98)	**¥7,645**	**¥6,180**
Thousands of U.S dollars (Note 1)	$75,233	$(952)	**$74,281**	**$60,047**

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 determined 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 ¥416 million ($4,042 thousand) and ¥404 million for the years ended March 31, 2014 and 2013, 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 accounts payable associated with purchasing machines and construction contracts are denominated in foreign currencies, which expose the Company to the risks of exchange rate fluctuations. The Company generally procures capital required under its business plan through bank loans. Some bank loans expose the Company to the risks of interest rate fluctuations, which the Company uses interest rate swaps to hedge.

The Company uses derivatives transactions including foreign exchange forward 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 Transactions 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 counter-party and works to quickly identify and mitigate payment risk that may result from situations including deterioration of the financial condition of counter-parties. Consolidated subsidiaries are subject to the same risk management rules.

In using derivatives transactions, the Company mitigates counter-party 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, 2014 and 2013 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, 2014	Carrying amount	Estimated fair value	Difference
Cash and deposits	**¥354,200**	**¥354,200**	**—**
Marketable securities	**31,053**	**31,053**	**—**
Notes and accounts receivable	**102,170**	**102,170**	**—**
Other receivable*1	**13,287**	**13,287**	**—**
Marketable and investment securities	**22,984**	**22,984**	**—**
Long-term loans receivable, net*2	**1,018**	**1,280**	**¥262**
Total Assets	**¥524,712**	**¥524,974**	**¥262**
Notes and accounts payable	**¥107,450**	**¥107,450**	**—**
Long-term debt	**13,001**	**13,558**	**¥557**
Total Liabilities	**¥120,451**	**¥121,008**	**¥557**
Derivative financial instruments, net	**¥ 26**	**¥ 26**	**—**

			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	—

			Thousands of U.S. dollars (Note 1)
March 31, 2014	Carrying amount	Estimated fair value	Difference
Cash and deposits	**$3,441,508**	**$3,441,508**	**—**
Marketable securities	**301,720**	**301,720**	**—**
Notes and accounts receivable	**992,713**	**992,713**	**—**
Other receivable*1	**129,100**	**129,100**	**—**
Marketable and investment securities	**223,319**	**223,319**	**—**
Long-term loans receivable, net*2	**9,891**	**12,437**	**$2,546**
Total Assets	**$5,098,251**	**$5,100,797**	**$2,546**
Notes and accounts payable	**$1,044,015**	**$1,044,015**	**—**
Long-term debt	**126,321**	**131,733**	**$5,412**
Total Liabilities	**$1,170,336**	**$1,175,748**	**$5,412**
Derivative financial instruments, net	**$ 253**	**$ 253**	**—**

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

Marketable and investment securities

Fair value of marketable and investment securities is 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 is 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 payables because these amounts are essentially the same.

Long-term debt

Fair value of long-term debt is estimated as the 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, 2014 and 2013 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2014**	2013	**2014**
Unconsolidated subsidiaries and affiliates	**¥28,768**	¥33,324	**$279,518**
Non-listed equity securities	**23,305**	23,505	**226,438**
Subscription certificate	**38**	38	**369**

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, 2014 were as follows:

	Millions of yen			
Year ending March 31,	2015	2016–2020	2021–2025	2026 and thereafter
Cash and deposits	¥354,200	—	—	—
Marketable securities	31,053	—	—	—
Notes and accounts receivable	102,170	—	—	—
Other receivable	13,287	—	—	—
Long-term loans receivable, net	—	¥418	¥50	¥550
Assets Total	¥500,710	¥418	¥50	¥550

	Thousands of U.S. dollars (Note 1)			
Year ending March 31,	2015	2016–2020	2021–2025	2026 and thereafter
Cash and deposits	$3,441,508	—	—	—
Marketable securities	301,720	—	—	—
Notes and accounts receivable	992,713	—	—	—
Other receivable	129,100	—	—	—
Long-term loans receivable, net	—	$4,061	$486	$5,344
Assets Total	$4,865,041	$4,061	$486	$5,344

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

Note 19 — Other Comprehensive Income

Reclassification adjustments of the Company's and consolidated subsidiaries' other comprehensive income for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2014**	2013	**2014**
Net unrealized holding gains on securities			
Unrealized holding gains arising during the year	**¥ 1,829**	¥ 4,818	**$ 17,771**
Reclassification adjustment for gains (losses) realized in net income	**423**	(6)	**4,110**
Sub-total	**2,252**	4,812	**21,881**
Deferred gains (losses) on hedges			
Deferred gains (losses) on hedges arising during the year	**(2,657)**	2,528	**(25,816)**
Sub-total	**(2,657)**	2,528	**(25,816)**
Translation adjustments			
Translation adjustments arising during the year	**3,897**	2,725	**37,864**
Reclassification adjustment for translation adjustment	**—**	1,343	**—**
Sub-total	**3,897**	4,068	**37,864**
Equity for equity method affiliates			
Share of other comprehensive income of affiliates accounted for using equity method arising during the year	**0**	(0)	**0**
Sub-total	**0**	(0)	**0**
Before-tax amount	**3,492**	11,408	**33,929**
Tax benefit (expense)	**199**	(2,674)	**1,934**
Total other comprehensive income	**¥ 3,691**	¥ 8,734	**$ 35,863**

Tax effects allocated to each component of other comprehensive income for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		
Year ended March 31, 2014	Before-tax amount	Tax benefit (expense)	Net-of-tax amount
Net unrealized holding gains on securities	**¥ 2,252**	**¥ (801)**	**¥ 1,451**
Deferred gains (losses) on hedges	**(2,657)**	**1,000**	**(1,657)**
Translation adjustments	**3,897**	**—**	**3,897**
Equity for equity method affiliates	**0**	**—**	**0**
Other comprehensive income	**¥ 3,492**	**¥ 199**	**¥ 3,691**

	Millions of yen		
Year ended March 31, 2013	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

	Thousands of U.S. dollars (Note 1)		
Year ended March 31, 2014	Before-tax amount	Tax benefit (expense)	Net-of-tax amount
Net unrealized holding gains on securities	**$ 21,881**	**$(7,782)**	**$ 14,099**
Deferred gains (losses) on hedges	**(25,816)**	**9,716**	**(16,100)**
Translation adjustments	**37,864**	**—**	**37,864**
Equity for equity method affiliates	**0**	**—**	**0**
Other comprehensive income	**$ 33,929**	**$ 1,934**	**$ 35,863**

Independent Auditor's Report

JGC CORPORATION

To the Board of Directors of JGC Corporation

We have audited the accompanying consolidated financial statements of JGC Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2014 and 2013, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, 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 judgment, 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, 2014 and 2013, and their financial performance and cash flows for the years ended 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, 2014 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.

KPMG AZSA LLC

June 27, 2014

Tokyo, Japan

Six-Year Summary—Non-Consolidated

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

	2014	2013	2012	2011	2010	2009
Net Sales	**¥ 455,280**	¥ 454,261	¥ 451,724	¥ 359,561	¥317,597	¥349,925
Operating Income	**49,724**	48,946	54,218	51,918	32,145	41,356
Income before Taxes on Income	**66,095**	56,250	60,708	45,205	27,934	44,578
Net Income	**43,104**	44,147	34,304	22,853	21,271	30,214
Total Current Assets	**415,788**	357,957	299,329	272,339	232,540	276,325
Total Current Liabilities	**231,252**	200,001	173,793	167,621	126,240	184,205
Working Capital	**184,536**	157,956	125,536	104,718	106,300	92,120
Current Ratio	**179.8%**	179.0%	172.2%	162.5%	184.2%	150.0%
Net Property and Equipment	**48,684**	50,913	49,961	49,956	50,364	49,414
Total Assets	**568,375**	507,981	444,659	415,737	374,549	412,893
Long-Term Debt, Less Current Maturities	**1,603**	1,876	2,486	1,663	16,104	16,757
Total Net Assets	**321,321**	290,011	251,006	227,794	212,619	192,655
New Contracts	**531,167**	468,427	342,983	569,128	675,505	440,548
Outstanding Contracts	**1,119,394**	1,043,505	1,005,260	1,114,182	953,511	641,781
Net Income per Share (in yen)	**170.75**	174.86	135.86	90.44	84.15	119.5
Cash Dividends per Share (in yen)	**46.5**	45.5	38.5	30.0	21.0	30.0
Number of Employees	**2,238**	2,185	2,155	2,137	2,107	2,069

Non-Consolidated Balance Sheets

JGC CORPORATION
March 31, 2014 and 2013

Assets	Millions of yen 2014	2013	Thousands of U.S. dollars (Note 1) 2014
Current Assets:			
Cash and deposits	**¥255,064**	¥214,775	**$2,478,274**
Marketable securities	**31,000**	25,000	**301,205**
Notes and accounts receivable (Note 2)	**73,136**	62,574	**710,610**
Contract works in progress	**25,780**	20,894	**250,486**
Deferred tax assets (Note 5)	**14,301**	13,245	**138,953**
Other current assets (Note 2)	**16,595**	21,543	**161,241**
Allowance for doubtful accounts	**(88)**	(74)	**(855)**
Total Current Assets	**415,788**	357,957	**4,039,914**
Property and Equipment (Note 3)**:**			
Land	**21,931**	21,931	**213,088**
Buildings and structures	**53,051**	52,495	**515,459**
Machinery and equipment	**10,564**	10,768	**102,643**
Construction in progress	**21**	951	**204**
	85,567	86,145	**831,394**
Less accumulated depreciation	**(36,883)**	(35,232)	**(358,366)**
Net Property and Equipment	**48,684**	50,913	**473,028**
Other Assets:			
Investments in subsidiaries and affiliates (Note 3)	**58,307**	52,186	**566,527**
Marketable and investment securities	**35,885**	35,344	**348,669**
Long-term loans receivable (Notes 2 & 3)	**6,575**	7,230	**63,885**
Deferred tax assets (Note 5)	**378**	1,368	**3,673**
Other (Note 2)	**2,758**	2,983	**26,797**
Total Other Assets	**103,903**	99,111	**1,009,551**
Total Assets	**¥568,375**	¥507,981	**$5,522,493**

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2014	2013	Thousands of U.S. dollars (Note 1) 2014
Current Liabilities:			
Short-term loans (Notes 2 & 3)	**¥ 23,181**	¥ 21,481	**$ 225,233**
Notes and accounts payable (Note 2)	**62,944**	60,430	**611,582**
Advances received on uncompleted contracts (Note 2)	**94,469**	56,854	**917,888**
Reserve for job warranty costs	**2,019**	1,713	**19,617**
Reserve for losses on contracts	**19,463**	20,376	**189,108**
Income taxes payable	**14,592**	15,623	**141,780**
Provision for loss on guarantees	**66**	2,417	**641**
Other current liabilities (Note 2)	**14,518**	21,107	**141,061**
Total Current Liabilities	**231,252**	200,001	**2,246,910**
Long-Term Debt, Less Current Maturities (Note 3)	**1,603**	1,876	**15,575**
Retirement and Severance Benefits	**7,683**	9,199	**74,650**
Deferred Tax Liabilities for Land Revaluation (Note 5)	**3,692**	3,692	**35,873**
Other Non-Current Liabilities (Note 2)	**2,824**	3,202	**27,439**
Total Liabilities	**247,054**	217,970	**2,400,447**
Contingencies (Note 4)			
Net Assets:			
Common stock			
Authorized — 600,000,000 shares,			
Issued — 259,052,929 shares in 2014 and 2013	**23,511**	23,511	**228,440**
Capital surplus	**25,607**	25,603	**248,805**
Legal earnings reserve	**2,693**	2,693	**26,166**
Retained earnings	**275,802**	244,185	**2,679,771**
Treasury stock, at cost	**(6,596)**	(6,449)	**(64,089)**
Net unrealized holding gains on securities	**6,846**	5,404	**66,517**
Deferred gains on hedges	**—**	1,606	**—**
Land revaluation, net of deferred tax portion	**(6,542)**	(6,542)	**(63,564)**
Total Net Assets	**321,321**	290,011	**3,122,046**
Total Liabilities and Net Assets	**¥568,375**	¥507,981	**$5,522,493**

Non-Consolidated Statements of Income

JGC CORPORATION
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Net Sales	¥455,280	¥454,261	$4,423,630
Cost of Sales	394,139	393,520	3,829,567
Gross profit	61,141	60,741	594,063
Selling, General and Administrative Expenses	11,417	11,795	110,930
Operating income	49,724	48,946	483,133
Other Income (Expenses):			
Interest and dividend income	15,750	9,491	153,031
Interest expense	(143)	(102)	(1,389)
Loss on sales and disposal of property and equipment	(78)	(91)	(758)
Gain on sales of marketable and investment securities	119	91	1,156
Reversal of provision for guarantees	2,351	—	22,843
Loss on provision for guarantees	—	(2,417)	—
Loss on allowance for investment	(7,877)	(5,951)	(76,535)
Exchange gain, net	6,732	3,434	65,410
Reversal for doubtful accounts	—	2,181	—
Other, net	(483)	668	(4,693)
	16,371	7,304	159,065
Income before taxes on income	66,095	56,250	642,198
Taxes on Income (Note 5)**:**			
Current	22,869	15,494	222,202
Deferred	122	(3,391)	1,185
Net Income	¥ 43,104	¥ 44,147	$ 418,811

	Yen		U.S. dollars (Note 1)
Amounts Per Share of Common Stock:			
Net income	¥170.75	¥174.86	$1.66
Cash dividends applicable to the year	¥ 46.50	¥ 45.50	$0.45

The accompanying notes are an integral part of these statements.

Non-Consolidated Statements of Changes in Net Assets

JGC CORPORATION
Years ended March 31, 2014 and 2013

	Thousands of shares								Millions of yen
	Common stock								
	Shares	Amount	Capital surplus	Legal earnings reserve	Retained earnings	Treasury stock, at cost	Net unrealized holding gains on securities	Deferred gains on hedges (Note 1)	Land revaluation, net of deferred tax portion
Balance at 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 and April 1, 2013	259,053	¥23,511	¥25,603	¥2,693	¥244,185	¥(6,449)	¥5,404	¥ 1,606	¥(6,542)
Net income for the year					**43,104**				
Cash dividends					**(11,487)**				
Net unrealized holding gains on securities							**1,442**		
Gain on disposal of treasury stock			**4**			**1**			
Net deferred gains on hedges								**(1,606)**	
Increase of treasury stock						**(148)**			
BalanceatM arch31,20 14	**259,053**	**¥23,511**	**¥25,607**	**¥2,693**	**¥275,802**	**¥(6,596)**	**¥6,846**	**¥ —**	**¥(6,542)**

								Thousands of U.S. dollars (Note 1)
	Common stock	Capital surplus	Legal earnings reserve	Retained earnings	Treasury stock, at cost	Net unrealized holding gains on securities	Deferred gains on hedges (Note 1)	Land revaluation, net of deferred tax portion
Balance at April 1, 2013	$228,440	$248,766	$26,166	$2,372,571	$(62,660)	$52,507	$ 15,604	$(63,564)
Net income for the year				**418,811**				
Cash dividends				**(111,611)**				
Net unrealized holding gains on securities						**14,010**		
Gain on disposal of treasury stock		**39**			**9**			
Net deferred gains on hedges							**(15,604)**	
Increase of treasury stock					**(1,438)**			
Balance at March 31, 2014	**$228,440**	**$248,805**	**$26,166**	**$2,679,771**	**$(64,089)**	**$66,517**	**$ —**	**$(63,564)**

The accompanying notes are an integral part of these statements.

Notes to Non-Consolidated Financial Statements

Note 1 — Summary of Significant 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 Act 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 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 Act. 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.

In addition, certain reclassifications have been made to present the accompanying financial statements in a format which is more familiar to readers outside Japan. Furthermore, certain reclassifications of previously reported amounts have been made to reconcile the financial statements for the year ended March 31, 2013 to the 2014 presentation.

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, 2014, which was ¥102.92 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 receivable, including loans and other receivables, are valued by providing for individually estimated uncollectible amounts plus the amounts for probable losses calculated by applying a percentage based on collection experience to the remaining accounts. In Other Assets, the amount of Allowance for Doubtful Accounts is deducted from long-term loans receivable and other.

(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, 2014 and 2013.

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.

In Other Assets the amount of Allowance for Losses on Investment is deducted from investments in unconsolidated subsidiaries and affiliates and marketable and investment securities.

(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. 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.

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, 2014 and 2013, 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) Derivative Transactions 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 foreign exchange forward contracts are used as hedges and meet certain hedging criteria, foreign exchange forward contracts and hedged items are accounted for in the following manner (Allocation method):

(1) If a foreign exchange forward 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 foreign exchange forward 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 foreign exchange forward 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 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.

Note 2 — Receivables from and Payables to Subsidiaries and Affiliates

Significant receivables from and payables to subsidiaries and affiliates at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2014**	2013	**2014**
Notes and accounts receivable	**¥ 4,981**	¥ 825	**$ 48,397**
Other current assets	**5,433**	9,396	**52,789**
Long-term loans receivable	**6,557**	7,208	**63,710**
Other assets	**26**	—	**253**
Notes and accounts payable	**4,513**	6,887	**43,850**
Short-term loans	**22,872**	20,729	**222,231**
Advances received on uncompleted contracts	**36**	81	**350**
Other current liabilities	**1,098**	717	**10,668**
Other non-current liabilities	**182**	184	**1,768**

Note 3 — Borrowings and Assets Pledged as Collateral

At March 31, 2014 and 2013, 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,	**2014**	2013	**2014**
Unsecured Debt			
0.35% – 1.25% loans from banks and insurance companies, due serially through 2018	**¥1,912**	¥2,628	**$18,577**
Less current maturities	**(309)**	(752)	**(3,002)**
Long-term debt due after one year	**¥1,603**	¥1,876	**$15,575**

Assets pledged as collateral for other non-current liabilities at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2014**	2013	**2014**
Land	**¥4,280**	¥4,280	**$41,586**
Buildings and structures, at net book value	**1,992**	2,089	**19,355**
Machinery and equipment, at net book value	**2**	2	**19**
Total	**¥6,274**	¥6,371	**$60,960**

Assets pledged as collateral for subsidiary's debt at March 31, 2014 and 2013 were as follows:

March 31,	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars (Note 1) 2014
Investments in subsidiaries and affiliates	¥1,441	¥ 801	$14,001
Long-term loans receivable	50	400	486
Total	¥1,491	¥1,201	$14,487

The annual maturities of long-term debt outstanding at March 31, 2014 were as follows:

Year ending March 31,	Amount Millions of yen	Amount Thousands of U.S. dollars (Note 1)
2015	¥ 309	$ 3,002
2016	103	1,001
2017	—	—
2018	—	—
2019 and thereafter	1,500	14,574
Total	¥1,912	$18,577

Note 4 — 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 ¥41,581 million ($404,013 thousand) and ¥33,565 million at March 31, 2014 and 2013, respectively.

(2) The Company has guaranteed employees' housing loans and others from banks in the amount of ¥9 million ($87 thousand) and ¥7 million at March 31, 2014 and 2013, respectively.

Note 5 — Taxes on Income

The statutory tax rates are 38.0% for the years ended March 31, 2014 and 2013.

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, 2014 and 2013:

	2014	2013
Statutory tax rate	38.0%	38.0%
Non-deductible expenses	0.2	0.4
Non-taxable dividend income	(7.6)	(4.8)
Tax credit utilized	(0.2)	(0.3)
Other	4.4	(11.8)
Effective tax rate	34.8%	21.5%

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2014 and 2013 were as follows:

March 31,	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars (Note 1) 2014
Current deferred taxes			
Deferred tax assets:			
Accrued employees' bonuses	¥ 1,785	¥ 1,817	$ 17,344
Reserve for job warranty costs	719	651	6,986
Reserve for losses on contracts	6,929	7,743	67,324
Other	4,868	4,184	47,299
Total current deferred tax assets	14,301	14,395	138,953
Deferred tax liabilities:			
Forward exchange contract hedge	—	(1,150)	—
Net current deferred tax assets	¥14,301	¥13,245	$138,953

March 31,	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars (Note 1) 2014
Non-current deferred taxes			
Deferred tax assets:			
Employee's retirement and severance benefits	¥ 2,735	¥ 3,412	$ 26,574
Depreciation	336	352	3,265
Other	1,227	725	11,922
Total non-current deferred tax assets	4,298	4,489	41,761
Deferred tax liabilities:			
Net unrealized holding gains on securities	(3,784)	(2,987)	(36,767)
Other	(136)	(134)	(1,321)
Total deferred tax liabilities	(3,920)	(3,121)	(38,088)
Net non-current deferred tax assets	¥ 378	¥ 1,368	$ 3,673
Deferred tax liabilities for land revaluation	¥ 3,692	¥ 3,692	$ 35,873

For the years ended March 31, 2014 and 2013, the valuation allowances of ¥12,031 million ($116,897 thousand) and ¥9,905 million have been deducted from the gross amount of the non-current deferred tax assets, respectively.

Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates

On March 31, 2014, new tax reform laws were announced in Japan, which changed the normal statutory tax rate from approximately 38.0% to 35.6% for the years beginning on or after April 1, 2014.

Due to this change in the statutory tax rate, net deferred tax assets decreased by ¥1,019 million ($9,904 thousand), deferred income tax increased by ¥1,019 million ($9,901 thousand).

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 at March 31, 2014 and 2013, and the non-consolidated statements of income, and statements of changes in net assets for the years then ended, 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 judgment, 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 financial statements present fairly, in all material respects, the financial position of JGC Corporation as at March 31, 2014 and 2013, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying financial statements with respect to the year ended March 31, 2014 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, 2014
Tokyo, Japan

Supplemental Explanation

JGC CORPORATION

Internal Control over Financial Reporting in Japan

Under the Financial Instruments and Exchange Act in Japan (“the Act”), which was enacted in June 2006, the management of all listed companies in Japan are required to implement assessments of internal control over financial reporting (“ICOFR”) as of the end of the fiscal year and the management assessment shall be audited by independent auditors, effective from the fiscal year beginning on or after April 1, 2008.

We have evaluated our ICOFR as of March 31, 2014, in accordance with “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council on March 30, 2011.

As a result of conducting the evaluation of ICOFR for the year ended March 31, 2014, we concluded that our internal control system over financial reporting as of March 31, 2014 was operating effectively and reported as such in the Internal Control Report.

Independent Auditor, KPMG AZSA LLC, performed an audit of our management assessment on the effectiveness of ICOFR under the Act.

An English translation of the Internal Control Report and the Independent Auditor’s Report filed under the Act is provided on the following pages.

JGC Corporation

Internal Control Report (Translation)

NOTE

The following is an English translation of the report on internal control over financial reporting filed under the Financial Instruments and Exchange Act in Japan ("ICOFR under the Act"). This report is presented merely as supplemental information.

There are differences between the management assessment of ICOFR under the Act and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("the AICPA").

In the management assessment of ICOFR under the Act, there is detailed guidance on the scope of the management assessment of ICOFR, such as quantitative guidance on business location selection and/or account selection. In the management assessment of ICOFR under the attestation standards established by the AICPA, there is no such guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately two-thirds of total sales and others for the selection of significant locations and business units.

[TRANSLATION]

Internal Control Report

1. Framework of Internal Control Over Financial Reporting

Masayuki Sato, Chairman and Representative Director, and Koichi Kawana, President and Representative Director of JGC Corporation ("the Company") are responsible for establishing and maintaining adequate internal control over financial reporting as defined in the rule "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)".

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

2. Assessment Scope, Timing and Procedures

We have assessed our ICOFR as of March 31, 2014 in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

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 equity-method 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 significant 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 sales levels until combined sales amounts reach 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

As a result of the above assessment, the Company's management has concluded that, as of March 31, 2014, the Company's ICOFR was effective.

4. Supplementary Information

Not applicable.

5. Other

Not applicable.

Supplemental Explanation

Independent Auditor's Report (Translation)

NOTE

The following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan ("the Act"). This report is presented merely as supplemental information.

There are differences between an audit of ICOFR under the Act and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("the AICPA").

In an audit of ICOFR under the Act, the auditor expresses an opinion on management's report on ICOFR and does not express an opinion on the company's ICOFR directly. In an audit of ICOFR under the attestation standards established by the AICPA, the auditor expresses an opinion on the company's ICOFR directly.

Also in an audit of ICOFR under the Act, there is detailed guidance on the scope of an audit of ICOFR, such as quantitative guidance on business location selection and/or account selection. In an audit of ICOFR under the attestation standards established by the AICPA, there is no such guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately two-thirds of total sales and others for the selection of significant locations and business units.

[TRANSLATION]

Independent Auditor's Report

June 27, 2014

To the Board of Directors of JGC Corporation

KPMG AZSA LLC

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant: Kazutoshi Isogai

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yoshihisa Uchida

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yoshinori Saito

Audit of Consolidated Financial Statements

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act in Japan ("the Act"), we have audited the consolidated financial statements of JGC Corporation (the "Company") and its consolidated subsidiaries included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2014, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the fiscal year from April 1, 2013 to March 31, 2014, and a summary of significant accounting policies, other explanatory information and consolidated supplementary schedules.

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 independently express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 judgment, 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, 2014 and their financial performance and cash flows for the year ended March 31, 2014, in accordance with accounting principles generally accepted in Japan.

Audit of Internal Control

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act in Japan, we also have audited the Company's report on internal control over financial reporting of the consolidated financial statements of JGC Corporation as of March 31, 2014 ("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 judgment, 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 as well as evaluating 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, 2014, 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.

Interest

The firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act of Japan.

JGC Group

As of March 31, 2014

Others

System Solution Services
■ JGC INFORMATION SYSTEMS LIMITED

Equipment Procurement
○ JGC Trading & Services Co., Ltd.

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 INNOVATION 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
■ JGC America, Inc.

Catalysts and Fine Products

■ JGC Catalysts and 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 INNOVATION CO., LTD.	Japan	¥830,000,000	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 INNOVATION 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%	
	JGC America, Inc.	U.S.A.	US$10,100,000	100%	
Maintenance Services	JGC PLANTECH AOMORI Co., Ltd.	Japan	¥50,000,000	100%	* JGC PLANT INNOVATION 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 and 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 LIMITED	Japan	¥400,000,000	100%	
Equipment Procurement	JGC Trading and Services Co., Ltd.	Japan	¥40,000,000	24.50%	
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	¥319,000,000	55.43%	
	JGC Mirai Solar Co., Ltd.	Japan	¥445,000,000	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$105,885,000	100%	

Outline of JGC

As of March 31, 2014

Established October 25, 1928

Capital ¥23,511,189,612

Number of Employees 2,238 (Consolidated: 7,005)

Major Shareholders

	Number of shares (Thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,373	8.25
Japan Trustee Services Bank, Ltd. (Trust Account)	18,731	7.23
JGC Trading and Services Co., Ltd.	12,112	4.67
Sumitomo Mitsui Banking Corporation	11,000	4.24
JGC-S SCHOLARSHIP FOUNDATION	8,433	3.25
Mizuho Bank, Ltd.	5,700	2.20
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	4,168	1.60
CBNY–SCOUT INTERNATIONAL FUND	3,571	1.37
BNP Paribas Securities Limited	3,155	1.21
State Street Bank and Trust Company 505223	3,127	1.20

JGC's treasury stock holdings total 6,639 thousand shares, approximately 2.56% of total shares issued.

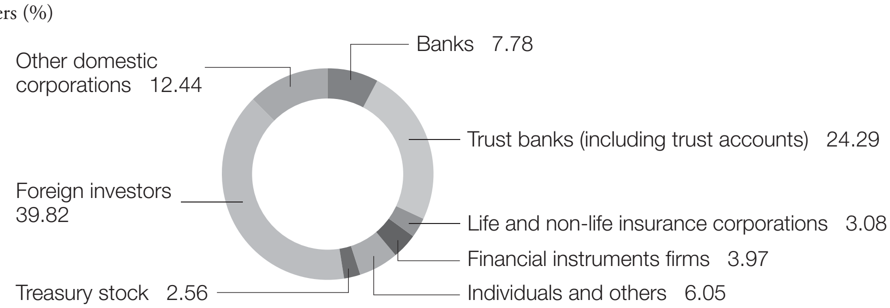
Authorized Shares 600,000,000

Issued and Outstanding Shares 259,052,929

Number of Shareholders 8,378

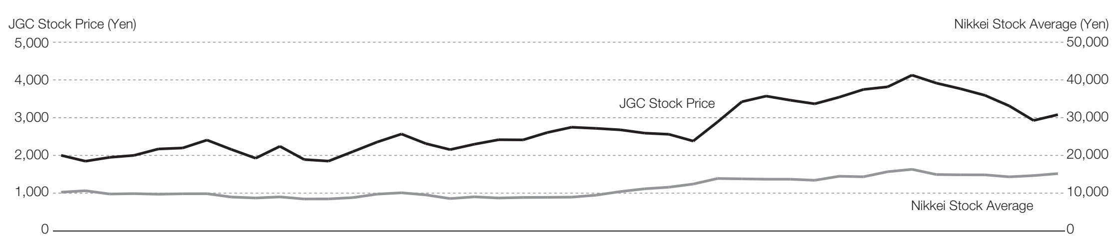
Administrator of the Shareholders' Register Mitsubishi UFJ Trust and Banking Corp.
1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

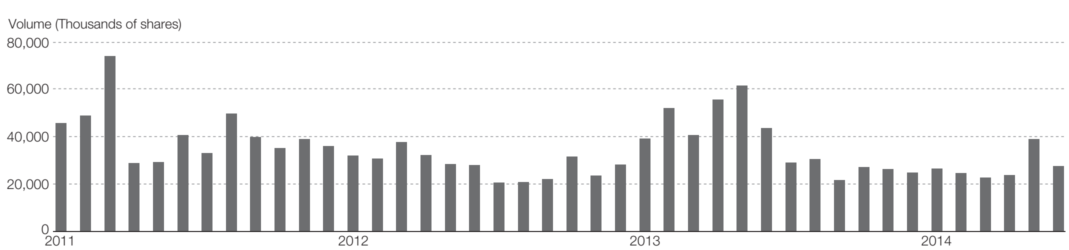
Distribution of Shareholders (%)



Figures have been rounded to two decimal places.

Stock Price





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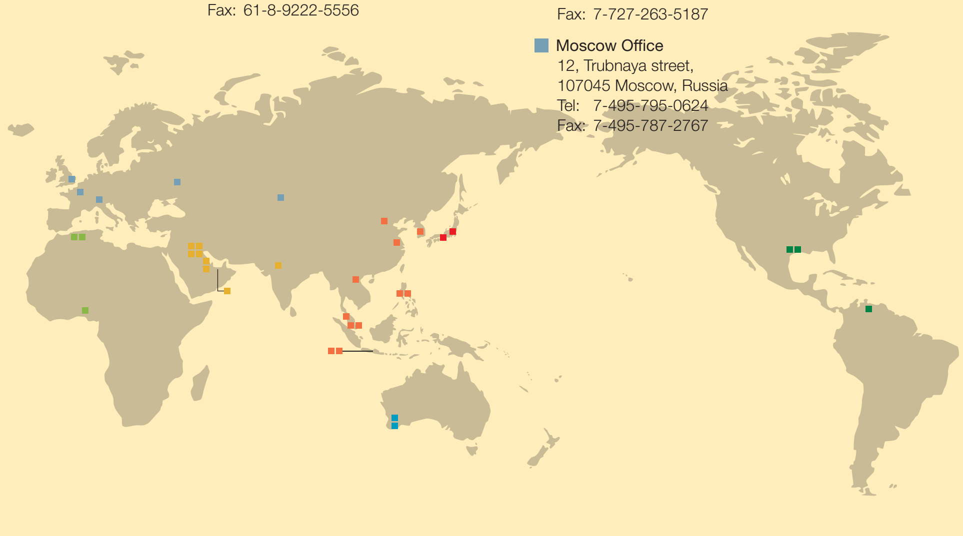

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