

[Translation]

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

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

November 11, 2014

Summary of Consolidated Second Quarter Financial Results for Fiscal 2014 (the Year Ending March 2015)

Name of listed company: **JGC Corporation**

Code number: **1963**

Representative

Title: **Chairman and Representative Director**

Name: **Masayuki Sato**

Contact

Title: **General Manager, Financial & Accounting Department**

Name: **Takehiko Hirose**

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Stock exchange: **Tokyo**

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1. Business results of second quarter for fiscal 2014 (April 1, 2014 - September 30, 2014)

(1) Consolidated financial results

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

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
2Q FY2014	401,005	27.6	31,005	0.2	35,315	(8.5)	25,432	2.5
2Q FY2013	314,243	9.5	30,948	(3.7)	38,590	25.2	24,822	7.6

Note:
Comprehensive income(millions of yen) 2Q FY2014 term 24,973 (-6.6%) 2Q FY2013 term 26,738 (22.3%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2Q FY2014	100.76	—
2Q FY2013	98.33	—

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2014	689,177	388,665	56.2
As of March 31, 2014	746,102	379,882	50.2

Reference:
Shareholders' equity (millions of yen): Sep. 30, 2014: 387,563 Mar. 31, 2014 374,654

2. Dividends

	Annual dividends per share (Yen)				
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual
Mar. 2014 term	—	—	—	46.50	46.50
Mar. 2015 term	—	—	—	—	—
Mar. 2015 term (Forecast)	—	—	—	41.50	41.50

Note: Revision of dividend forecast during this period: None

3. Earnings forecast for fiscal 2014 (April 1, 2014 - March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Full Year	780,000	15.4	55,000	(19.4)	59,000	(29.5)	42,000	(11.0)

	Earnings per share
	(Yen)
Full Year	166.39

Note: Revision of earnings forecast during this period: No

4. Others

(1) Changes in scope of important consolidated subsidiary
(increase) None (decrease) None

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

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

- ① Changes due to revisions of accounting standards: Yes
- ② Changes other than the above ①: None
- ③ Changes in accounting estimates: None
- ④ Restatement: None

(4) Number of shares outstanding

- ① Number of shares outstanding at term-end (including treasury stock):
Sep. 2014 term: 259,052,929 Mar. 2014 term: 259,052,929
- ② Number of treasury stock at term-end:
Sep. 2014 term: 6,646,661 Mar. 2014 term: 6,639,762
- ③ Average Number of shares outstanding (1st Half term):
Sep. 2014 term: 252,410,604 Sep. 2013 term: 252,443,465

(1) The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

(2) Forecast based on : 108.00 yen/US\$ 1.00

Consolidated Balance Sheets

	2Q FY2014 (As of Sep. 30, 2014) (Millions of yen)	FY2013 (As of Mar. 31, 2014) (Millions of yen)
ASSETS		
Current assets		
Cash and deposits	251,547	354,199
Notes receivable, accounts receivable from completed construction contracts and other	150,042	102,170
Securities	—	31,052
Costs on uncompleted construction contracts	53,106	41,007
Merchandise and finished goods	4,055	4,203
Work in process	2,840	1,675
Raw materials and supplies	2,765	2,598
Accounts receivable-other	20,929	13,286
Deferred tax assets	16,088	15,534
Other	13,469	10,272
Allowance for doubtful accounts	(164)	(114)
Total current assets	514,680	575,886
Non-current assets		
Property, plant and equipment		
Buildings and structures	63,165	63,419
Machinery, vehicles, tools, furniture and fixtures	60,800	60,222
Land	25,996	25,977
Lease assets	347	228
Construction in progress	906	381
Other	4,576	4,207
Accumulated depreciation	(85,974)	(84,146)
Total Property, plant and equipment	69,818	70,290
Intangible assets		
Goodwill	0	0
Software	2,049	2,271
Other	14,619	14,485
Total intangible assets	16,668	16,757
Investments and other assets		
Investment securities	88,026	88,270
Long-term loans receivable	26,880	20,512
Deferred tax assets	1,389	1,690
Other	5,130	6,084
Allowance for doubtful accounts	(21,394)	(20,213)
Allowance for investment loss	(12,023)	(13,174)
Total investments and other assets	88,009	83,168
Total non-current assets	174,497	170,216
Total assets	689,177	746,102

	2Q FY2014 (As of Sep. 30, 2014) (Millions of yen)	FY2013 (As of Mar. 31, 2014) (Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	112,528	107,450
Income taxes payable	3,094	16,843
Advances received on uncompleted construction contracts	89,543	163,406
Provision for warranties for completed construction	2,261	2,449
Provision for loss on construction contracts	32,789	21,062
Provision for bonuses	4,605	7,047
Provision for directors' bonuses	66	166
Provision for loss on guarantees	65	65
Other	20,935	14,862
Total current liabilities	265,892	333,353
Non-current liabilities		
Long-term loans payable	13,759	13,001
Net defined benefit liability	11,499	11,436
Provision for directors' retirement benefits	247	288
Deferred tax liabilities	1,268	209
Deferred tax liabilities for land revaluation	3,644	3,691
Other	4,200	4,239
Total non-current liabilities	34,620	32,866
Total liabilities	300,512	366,220
NET ASSETS		
Shareholders' equity:		
Capital stock	23,511	23,511
Capital surplus	25,607	25,607
Retained earnings	341,279	327,775
Treasury stock	(6,498)	(6,477)
Total shareholders' equity	383,898	370,415
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	8,439	6,868
Deferred gains or losses on hedges	(541)	(51)
Revaluation reserve for land	(6,627)	(6,542)
Foreign currency translation adjustment	2,830	4,384
Remeasurements of defined benefit plans	(435)	(420)
Total valuation and translation adjustments	3,664	4,238
Minority interests	1,101	5,227
Total net assets	388,665	379,882
Total liabilities and net assets	689,177	746,102

Consolidated Statements of Income

Years ended	2Q FY2014 term (Apr. 1, 2014 - Sep. 30, 2014) (Millions of yen)	2Q FY2013 term (Apr. 1, 2013 - Sep. 30, 2013) (Millions of yen)
Net sales	401,005	314,243
Cost of sales	359,205	273,307
Gross profit	41,800	40,935
Selling, general and administrative expenses	10,794	9,987
Operating income	31,005	30,948
Non-operating income:		
Interest income	1,298	894
Dividends income	1,287	1,831
Foreign exchange gains	1,301	4,434
Rent income on non-current assets	316	318
Equity in earnings of affiliates	376	475
Other	96	70
Total non-operating income	4,676	8,024
Non-operating expenses:		
Interest expenses	151	142
Rent expenses on non-current assets	159	151
Other	55	87
Total non-operating expenses	366	382
Ordinary income	35,315	38,590
Extraordinary income:		
Gain on sales of subsidiaries and affiliates' stocks	819	—
Reversal of allowance for investment loss	588	—
Other	317	2,354
Total extraordinary income	1,726	2,354
Extraordinary losses:		
Loss on sale of non-current assets	48	0
Loss on valuation of investment securities	483	—
Other	22	2,685
Total extraordinary losses	555	2,685
Income before income taxes	36,485	38,259
Income taxes	10,953	13,221
Income before minority interests	25,532	25,037
Minority interests in income	99	215
Net income	25,432	24,822

Statements of Consolidated Comprehensive Income

	2Q FY2014 term (Apr. 1, 2014 - Sep. 30, 2014) (Millions of yen)	2Q FY2013 term (Apr. 1, 2013 - Sep. 30, 2013) (Millions of yen)
Income before minority interests	25,532	25,037
Other comprehensive income:		
Valuation difference on available-for-sale securities	1,570	1,039
Deferred gains or losses on hedges	(561)	(1,439)
Foreign currency translation adjustment	(1,553)	2,100
Remeasurements of defined benefit plans, net of tax	(8)	—
Share of other comprehensive income of associates accounted for using equity method	(6)	(0)
Total other comprehensive income	(559)	1,700
Comprehensive income	24,973	26,738
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	24,894	26,523
Comprehensive income attributable to minority interests	79	215

Consolidated Statements of Cash Flows

Years ended	2Q FY2014 term (Apr. 1, 2014 - Sep. 30, 2014) (Millions of yen)	2Q FY2013 term (Apr. 1, 2013 - Sep. 30, 2013) (Millions of yen)
Net cash provided by (used in) operating activities:		
Income before income taxes	36,485	38,259
Depreciation and amortization	4,911	4,187
Increase (decrease) in allowance for doubtful accounts	1,230	694
Increase (decrease) in provision for loss on construction contracts	11,770	(2,122)
Increase (decrease) in provision for retirement benefits	—	(843)
Increase (decrease) in net defined benefit liability	84	—
Interest and dividends income	(2,586)	(2,725)
Foreign exchange losses (gains)	(3,051)	(3,331)
Equity in (earnings) losses of affiliates	(376)	(475)
Decrease (increase) in notes and accounts receivable-trade	(48,426)	8,641
Decrease (increase) in inventories	(13,323)	(15,073)
Decrease (increase) in accounts receivable-other	(7,837)	(397)
Increase (decrease) in notes and accounts payable-trade	5,600	4,136
Increase (decrease) in advances received on uncompleted construction contracts	(73,999)	59,850
Other	(2,883)	(9,081)
Subtotal	(92,400)	81,720
Interest and dividends income received	2,756	3,014
Interest expenses paid	(129)	(167)
Income taxes paid	(23,612)	(22,498)
Net cash provided by (used in) operating activities	(113,386)	62,068
Net cash provided by (used in) investment activities:		
Purchase of property, plant and equipment	(3,018)	(4,059)
Purchase of investment securities	(2,163)	(5,136)
Other	(6,275)	(3,316)
Net cash provided by (used in) investment activities	(11,456)	(12,512)
Net cash provided by (used in) financing activities:		
Cash dividends paid	(11,728)	(11,477)
Other	2,335	1,023
Net cash provided by (used in) financing activities	(9,392)	(10,454)
Effect of exchange rate change on cash and cash equivalents	531	23
Net increase (decrease) in cash and cash equivalents	(133,705)	39,125
Cash and cash equivalents at beginning of period	385,252	284,777
Increase in cash and cash equivalents from newly consolidated subsidiary	—	152
Cash and cash equivalents at end of period	251,547	324,055

Segment Information

【 Information by business segment 】

Second quarter (6 months) for FY 2013 (April 1, 2013 - September 30, 2013)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Catalysts and fine products	Sub total				
Net sales							
External customers	292,545	16,542	309,087	5,155	314,243	—	314,243
Inter-segment	95	17	112	2,542	2,654	(2,654)	—
Total	292,640	16,559	309,200	7,698	316,898	(2,654)	314,243
Segment profit or loss	28,855	1,583	30,438	511	30,950	(1)	30,948

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

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

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

Second quarter (6 months) for FY 2014 (April 1, 2014 - September 30, 2014)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Catalysts and fine products	Sub total				
Net sales							
External customers	375,093	18,740	393,834	7,171	401,005	—	401,005
Inter-segment	1	0	1	2,165	2,167	(2,167)	—
Total	375,094	18,740	393,835	9,336	403,172	(2,167)	401,005
Segment profit or loss	27,403	1,986	29,390	1,565	30,955	49	31,005

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

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

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

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2014	September 30, 2014		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Domestic	Oil and gas development	23	360	92	291
	Petroleum refining	20,732	4,982	9,669	16,046
	LNG	13,291	22,590	4,955	30,926
	Chemical	2,864	9,879	5,023	7,720
	Power generation, nuclear power and new energy	80,946	10,159	17,236	73,869
	Living and general production facility	3,033	4,012	2,503	4,542
	Environmental protection, social development and IT	20,143	6,355	4,880	21,618
	Others	561	3,803	1,552	2,811
	Subtotal	141,595	62,144	45,913	157,826
Overseas	Oil and gas development	123,643	28,715	49,555	102,803
	Petroleum refining	396,698	23	28,180	368,541
	LNG	951,096	472,404	235,568	1,187,931
	Chemical	131,248	4,205	17,355	118,097
	Power generation, nuclear power and new energy	577	23	23	577
	Living and general production facility	917	(11)	410	495
	Environmental protection, social development and IT	1	1	2	0
	Others	1,093	5,787	5,254	1,626
	Subtotal	1,605,275	511,150	336,350	1,780,075
Total Engineering Business		1,745,257	564,002	375,093	1,934,166
Others Business		1,613	9,292	7,171	3,734
Subtotal		1,746,870	573,295	382,264	1,937,901
Catalysts and Fine Products Business		—	—	18,740	—
Grand Total		1,746,870	573,295	401,005	1,937,901

Notes:

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

*2 The balances as of the end of the previous fiscal year for new contracts for the "Total Engineering Business" and "Others Business" areas have been revised to reflect foreign currency translation adjustments and changes contract amounts for the period under review as follows:

(Millions of yen)

Business area	Foreign currency translation adjustment	Revision for changes in contract amounts	Total
Oil and gas development	7,790	(224)	7,566
Petroleum refining	3,628	(124)	3,503
LNG	15,443	(3,504)	11,939
Chemical	(5,005)	(444)	(5,449)
Power generation, nuclear power and new energy	0	—	0
Living and general production facility	(16)	—	(16)
Environmental protection, social development and IT	(0)	(0)	(0)
Others	10	(1)	8
Total	21,852	(4,299)	17,553
Total Engineering Business	21,810	(4,297)	17,512
Others Business	42	(1)	40

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

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