Data Section

Six-Year Summary

(As of March 31 of each year)

Consolidated

(Millions of yen)

	2015	2016	2017	2018	2019	2020
Net Sales	799,076	879,954	693,152	722,987	619,241	480,809
Operating Income (Loss)	29,740	49,661	△21,496	21,495	23,249	20,234
Net Income (Loss) Attributable to Owners of Parent	20,628	42,793	△22,057	16,589	24,005	4,117
Total Current Assets	533,538	522,747	480,865	521,320	541,747	537,955
Total Current Liabilities	286,533	225,203	226,457	215,773	223,559	228,386
Working Capital	247,005	297,544	254,408	317,200	318,188	309,569
Current Ratio (%)	186.2	232.1	212.3	241.6	242.3	235.5
Net Property and Equipment	78,560	76,255	69,877	55,222	55,440	49,794
Total Assets	719,754	689,782	646,291	684,921	708,855	671,273
Long–term loans payable	22,715	20,991	12,631	4,294	3,949	347
Total Net Assets	388,496	419,673	383,260	395,779	410,350	390,979
New Contracts	769,680	320,626	506,293	547,826	935,451	189,643
Outstanding Contracts	1,772,036	1,192,625	1,019,621	846,157	1,208,365	941,618
Net Income (Loss) per Share (in yen)	81.73	169.60	△87.42	65.75	95.14	16.32
Cash Dividends per Share (in yen)	21.0	42.5	30.0	25.0	28.5	12.0
Number of Employees	7,332	7,489	7,554	7,610	7,841	7,607

Analysis of Performance and Financial Position

Our View of the Operating Environment

In the consolidated fiscal year under review, toward the goal of steady and prompt attainment of further gains in corporate value, the Group adopted a holding company structure as of October 1, 2019, seeking to become a corporate group with stable, solid earnings from multiple businesses.

In the Total Engineering segment, those in the overseas oil and gas business (which includes oil refining, petrochemicals, gas processing, LNG, etc.) saw plans announced for several capital investment projects in oil- and gas-producing countries, centered on large-scale LNG plants and oil refineries. Similarly, those in the overseas infrastructure business (including power generation, nonferrous metals, pharmaceuticals, medical, etc.) of this segment expected renewable energy plants and other capital investment plans to be implemented in Asia and beyond, where populations and economies are growing. But with the spread of the coronavirus pandemic (hereafter, "Covid-19") since the beginning of 2020, the global economy has faced a slowdown, which, in conjunction with a sharp fall in crude oil prices as producers such as Saudi Arabia and Russia increased output, led to some client capital investment plans being postponed amid market uncertainty.

In the domestic business of this segment, continuous capital investment was seen in maintenance of existing refineries, construction of chemical plants, renewable energy plants and life science facilities.

Meanwhile, in current domestic and overseas projects, favorable progress was made overall. The spread of Covid-19 has restricted the movement of people and supplies, however, making it increasingly likely that equipment production and construction work will face delays.

In the Functional Materials Manufacturing segment, those in the catalyst business saw favorable sales of FCC, chemical, and environmental catalysts. However, those in the fine chemicals and fine ceramics businesses faced ongoing market adjustment and sluggish orders from factors such as a slowdown in functional paint material exports on prolonged U.S.-China trade friction and the postponement of capital investment by semiconductor manufacturers from slow 5G adoption in China.

Results of Operations

In the consolidated fiscal year under review, the JGC Group reported net sales of ¥480,809 million (down 22.4% year on year), an operating income of ¥20,234 million (compared with an operating income of ¥23,249 million in the previous fiscal year), an ordinary income of ¥22,367 million (compared with an ordinary income of ¥32,304 million in the previous fiscal year), and a net income attributable to owners of the parent of ¥4,117 million (compared with a net income of ¥24,005 million in the previous fiscal year). ROE was 1.0%.

● Assets

Current assets as of the end of the consolidated fiscal year stood at ¥537,955 million, a year-on-year decline of ¥3,792 million. As for main factors, although cash and deposits increased by ¥101,057 million, notes receivable, accounts receivable from completed construction contracts, and other declined by ¥87,406 million, accounts receivable by ¥9,471 million, and short-term loans receivable by ¥3,592 million, with suspense payments included in current assets and other declining by ¥3,457 million. Total non-current assets stood at ¥133,317 million, a year-on-year decline of ¥33,789 million. This was mainly attributable to a ¥28,281 million decline in investment and other assets. Accordingly, total assets amounted to ¥671,273 million, a year-on-year decline of ¥37,581 million.

● Liabilities

Current liabilities as of the end of the consolidated fiscal year stood at ¥228,386 million, a year-on-year increase of ¥4,826 million. As for main factors, although trade and accounts payable for construction contracts declined by ¥23,852 million, corporate bonds with payment due within one year increased by ¥20,000 million and advances received on uncompleted construction contracts by ¥9,123 million. Total non-current liabilities stood at ¥51,907 million, a year-on-year decline of ¥23,037 million. This was mainly attributable to corporate bonds declining by ¥20,000 million and long–term loans payable by ¥3,602 million.

Accordingly, total liabilities amounted to ¥280,293 million, a year-on-year decline of ¥18,211 million.

● Net Assets

Current net assets as of the end of the consolidated fiscal year stood at ¥390,979 million, a year-on-year decline of ¥19,370 million. As for main factors, although profit attributable to owners of the parent amounted to ¥4,117 million, cash dividends paid came to ¥7,190 million, with valuation difference on available-for-sale securities declining by ¥5,033 million and foreign currency translation adjustments by ¥12,522 million. Accordingly, the shareholders' equity ratio stood at 58.2%, compared to 57.7% at the end of the previous fiscal year.

Segment Information

Total Engineering Business

In overseas oil and gas pursued orders in Southeast Asia, the Middle East, Africa, North America, and Russia/CIS. In June 2019, JGC was awarded a FEED contract for the LNG plant for maritime fuel in Oman, followed in October by an order for construction of a large-scale LNG plant in Mozambique. The project order amount will be recorded after the client's final investment decision.

In overseas infrastructure, client negotiations are underway in anticipation of formally concluding the contract for an LNG receiving terminal construction project in which the Group is a preferred bidder.

In the domestic, orders were secured for construction of pharmaceutical plants and medical facilities, as well as maintenance for existing oil refineries and other sites. In March 2020 JGC JAPAN also received a construction project order for a biomass power plant in Miyagi.

Although ¥800,000 million in orders for comprehensive engineering was targeted for the consolidated fiscal year, orders remained at ¥189,600 million due to client FID postponement on the spread of Covid-19 and falling crude oil prices.

Overall, progress in current projects has been favorable, but the pandemic has made delays in construction and other work increasingly likely.

To contribute toward sustainable societies by taking on the global challenge of environmental issues, and to respond to the growing market for environmental business, the Group established the Sustainability Co-Creation Department on October 1, 2019. The Department will build value chains centered on environmental technologies, aiming for rapid creation of environmental business.

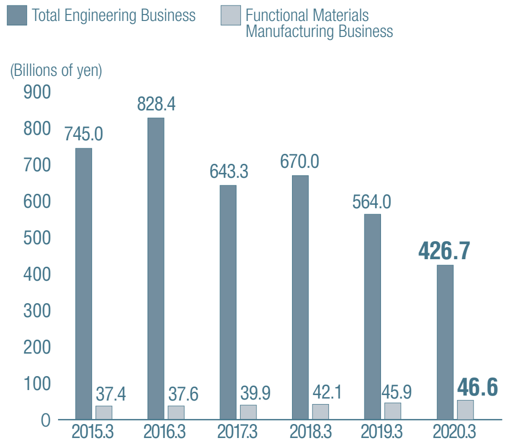
Discussions on potential collaboration with Ebara Environmental Plant Co., Ltd., Ube Industries, Ltd., and Showa Denko K.K. to promote gasification chemical recycling addressing the global issue of plastic waste began in August 2019, followed in February 2020 by the start of a feasibility study with Japan Airlines Co., Ltd., Marubeni Corporation, and JXTG Nippon Oil & Energy Corporation on domestic production and sales of sustainable aviation fuel made with industrial and municipal waste, including plastic waste.

Functional Materials Manufacturing Business

In functional materials manufacturing, steady sales of FCC, chemical, and environmental catalysts stood in contrast to declining international sales of catalytic hydrotreating products. A slowdown was also seen in fine chemicals, in exports of products such as functional coating materials, on U.S.-China trade friction. In fine ceramics, as 5G adoption in China has been slower than expected, orders were sluggish for components used in optical communication and in semiconductor deposition and etching equipment.

These efforts by the Group form the basis for the following performance figures by segment for the consolidated fiscal year under review.

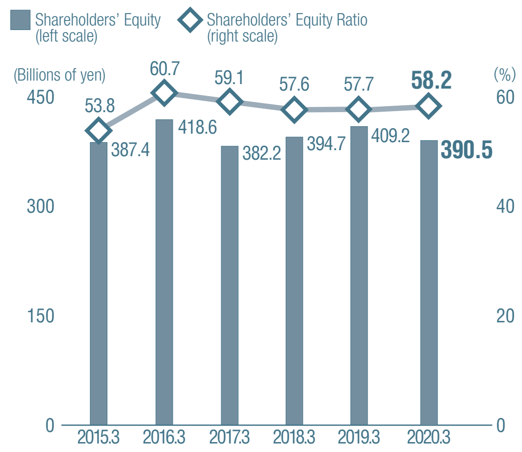
Net Sales by Reporting Segment



Cash Flow

Current cash and cash equivalents (hereafter, "net cash") on a consolidated basis as of the end of the consolidated fiscal year stood at ¥261,898 million, a year-on-year increase of ¥100,326 million. With regard to net cash used in operating activities, profit before income taxes amounted to ¥25,943 million, which with factors including a decline in notes and accounts receivable, trade, led to an increase of ¥92,442 million, compared to a decline of ¥55,259 million the previous fiscal year. Net cash used in investing activities increased by ¥19,364 million, mainly due to sales of investment securities, compared to a decline of ¥4,662 million the previous fiscal year. Net cash used in financing activities declined by ¥7,699 million, mainly due to cash dividends paid, compared to a decline of ¥13,878 million the previous fiscal year.

Shareholders' Equity and Shareholders' Equity Ratio

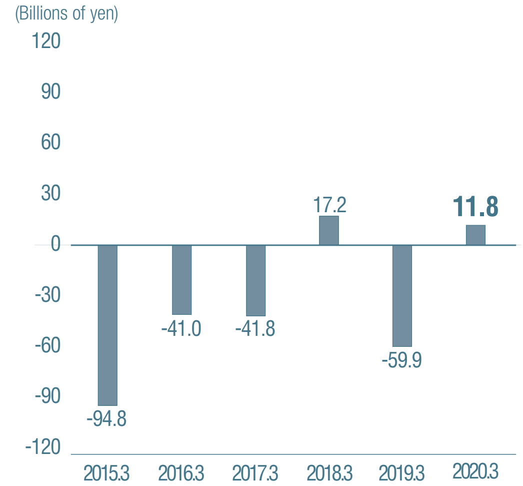


	2018.3	2019.3	2020.3
Shareholders' equity ratio	57.6	57.7	58.2
Shareholders' equity ratio (market basis)	85.2	52.4	32.6
Interest-bearing liabilities to cash flow ratio	12.2	–	0.6
Interest coverage ratio	12.1	–	600.9

Notes: Shareholders' equity ratio: (Total net assets – Minority interests) / Total assets
Shareholders' equity ratio (market basis): Total market capitalization / Total assets
Interest-bearing liabilities to cash flow ratio: Interest-bearing liabilities / Cash flow
Interest coverage ratio: Cash flow / Interest expense

* All indicators are calculated using consolidated financial figures.
* "Interest-bearing liabilities" includes all liabilities on the consolidated balance sheet on which interest is paid. "Cash flow" is cash flow from operating activities shown in the consolidated statements of cash flow. "Interest expense" is the amount of interest paid shown in the consolidated statements of cash flows.
* In fiscal years where cash flow is negative, the interest-bearing liabilities to cash flow ratio and the interest coverage ratio are denoted by a dash.

Free Cash Flows



Analysis of New Contracts

In the fiscal year under review, orders received totaled ¥189,643 million.

The tables below provide a breakdown of new contracts in the total engineering business by sector and region

New Contracts by Business Sector (Billions of yen)

	2019.3	2020.3	2020.3 (Percentage of new contracts)
Oil and gas development projects	37.5	10.1	5.3%
Petroleum refining projects	45.4	29.0	15.3%
LNG projects	665.9	13.9	7.4%
Chemical projects	94.8	50.7	26.7%
Power generation, nuclear power and new energy	32.2	42.4	22.4%
Living and general production facility	31.3	21.6	11.4%
Environmental protection, social development and IT	16.9	13.2	7.0%
Others	11.0	8.4	4.5%

New Contracts by Region (Billions of yen)

	2019.3	2020.3	2020.3 (Percentage of new contracts)
Japan	133.3	127.1	71.2%
Asia	94.8	30.2	17.0%
Africa	2.0	8.4	4.7%
Middle East	40.5	12.4	7.0%
North America and Other	664.6	11.2	0.1%

Busines Outlook

Total Engineering Business

The market environment for this segment is currently uncertain, in overseas oil and gas business, with some client capital investment plans postponed from the spread of Covid-19 and a drop in crude oil prices. However, in the medium to long term, it is anticipated that energy demand will increase and various needs will emerge with the growing population in emerging markets. Demand for infrastructure in Asia is also expected to remain steady in this time frame. Thus, capital investment plans that are currently at a standstill may gradually be implemented as the market environment recovers, and with economic growth, these projects are likely to become more diverse. In the domestic segment as well, continuous capital investment is expected for infrastructure facilities and other projects. As JGC Group continues efforts to prevent the spread of Covid-19 while monitoring changes in the market environment, we will work together toward higher added value and greater cost competitiveness as we pursue steady orders for projects with ample margins. To respond to changes in overseas oil and gas and other areas of the business environment, we will also be accelerating expansion of our operations into overseas infrastructure and exploring new enterprises for an optimal business portfolio. In project execution as well, we will be accelerating digitization, in IT/IoT applications and elsewhere, as we move ahead in streamlining operations without limiting ourselves to conventional methods. Within the domestic segment, we will pursue business in hopes of contributing toward a low-carbon or decarbonized economy and helping Japan pioneer solutions to issues faced by industrialized nations. Meanwhile, we will also fulfill the role of an incubator in overseas expansion of new business originally developed in Japan. To the extent possible, our next earnings forecast reflects the impact of Covid-19 on performance, from construction delays and other aspects of current projects, but we will be closely monitoring developments

Functional Materials Manufacturing Business

As for functional materials manufacturing segment, in catalysts, we will enlarge our share of the domestic FCC catalyst market and branch out overseas, as we cultivate new chemical catalyst opportunities. In fine chemicals, we will seek expanded orders by promoting sales and developing more applications for functional coating materials, and by enhancing productivity for cosmetics materials. In fine ceramics, we will be seizing new opportunities in circuit boards for optical communication and moving aggressively into areas such as wireless communication, LEDs, and sensors. We are also preparing for a smooth startup at a new factory that will produce high thermal conductivity silicon nitride substrates for electric and hybrid vehicles, where we will seek quality and productivity in anticipation of volume production. To the extent possible, the impact of Covid-19 on this business is accounted for in our next earnings forecast, but future developments will be monitored.

Consolidated Balance Sheets

(March 31, 2020 and 2019)

	March 31		March 31
ASSETS	2020	2019	2020
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
CURRENT ASSETS:			
Cash and deposits (Notes 3, 12 & 15)	¥261,899	¥160,842	$ 2,406,496
Notes and accounts receivable (Notes 2, 9 & 15)	145,276	232,683	1,334,889
Inventories (Note 4)	34,680	36,028	318,662
Short-term loans receivable (Notes 2, 9,12 & 15)	437	4,029	4,016
Other current assets (Notes 2, 9 & 15)	95,822	109,341	880,475
Allowance for doubtful accounts	(158)	(1,175)	(1,452)
TOTAL CURRENT ASSETS	537,956	541,748	4,943,086
PROPERTY AND EQUIPMENT (Notes 3 & 10):			
Land (Note 13)	18,581	18,491	170,734
Buildings and structures	59,852	59,915	549,959
Machinery and equipment	60,026	64,888	551,557
Construction in progress	910	935	8,362
Other	4,423	4,402	40,641
	143,792	148,631	1,321,253
Less accumulated depreciation	(93,997)	(93,191)	(863,705)
NET PROPERTY AND EQUIPMENT	49,795	55,440	457,548
INVESTMENTS AND OTHER ASSETS:			
Investments in unconsolidated subsidiaries and affiliates (Notes 8 & 15)	23,396	37,929	214,977
Investment securities (Notes 3, 8 & 15)	21,412	31,065	196,747
Long-term loans receivable (Note 15)	143	-	1,314
Deferred tax assets (Note 11)	21,713	25,197	199,513
Net defined benefit asset (Note 5)	569	605	5,228
Other	16,290	16,871	149,684
TOTAL INVESTMENTS AND OTHER ASSETS	83,523	111,667	767,463
TOTAL ASSETS	¥ 671,274	¥ 708,855	$6,168,097

The accompanying notes are an integral part of these statements.

	March 31		March 31
LIABILITIES AND NET ASSETS	2020	2019	2020
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
CURRENT LIABILITIES:			
Short-term loans and current maturities of long-term debt (Notes 2, 3 & 9)	¥ 20,227	¥ 614	$ 185,859
Notes and accounts payable (Notes 2, 9 & 15)	68,239	92,092	627,024
Advances received on uncompleted contracts (Note 2)	83,228	74,105	764,752
Reserve for job warranty costs	976	1,154	8,968
Reserve for losses on contracts	11,109	17,765	102,077
Income taxes payable	1,956	3,011	17,973
Other current liabilities (Notes 2, 9 & 15)	42,651	34,819	391,904
TOTAL CURRENT LIABILITIES	228,386	223,560	2,098,557
LONG-TERM LIABILITIES			
Long-term debt, less current maturities (Notes 3, 9 & 15)	30,347	53,949	278,848
Net defined benefit liability (Note 5)	16,972	16,180	155,950
Deferred tax liabilities for land revaluation (Note 13)	1,015	1,015	9,326
Other long-term liabilities (Note 11)	3,574	3,801	32,840
TOTAL LONG-TERM LIABILITIES	51,908	74,945	476,964
TOTAL LIABILITIES	280,294	298,505	2,575,521
CONTINGENCIES (Note 6)			
NET ASSETS (Note 7):			
SHAREHOLDERS' EQUITY			
Common stock			
Authorized 600,000,000 shares, Issued 259,110,861 shares in 2020 and 259,052,929 shares in 2019	23,555	23,511	216,438
Capital surplus	25,653	25,609	235,716
Retained earnings	375,641	376,145	3,451,631
Treasury stock, at cost 6,748,713 shares in 2020, 6,746,081 shares in 2019	(6,739)	(6,739)	(61,921)
TOTAL SHAREHOLDERS' EQUITY	418,110	418,526	3,841,864
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Net unrealized holding gains on securities (Notes 8 & 15)	2,206	7,240	20,270
Deferred losses on hedges (Note 9)	(1,005)	(277)	(9,234)
Revaluation reserve for land (Note 13)	(10,891)	(10,891)	(100,074)
Foreign currency translation adjustments	(16,491)	(3,968)	(151,530)
Remeasurements of defined benefit plans (Note 5)	(1,412)	(1,376)	(12,974)
TOTAL ACCUMULATED OTHER COMPREHENSIVE INCOME	(27,593)	(9,272)	(253,542)
NON-CONTROLLING INTERESTS	463	1,096	4,254
TOTAL NET ASSETS	390,980	410,350	3,592,576
TOTAL LIABILITIES AND NET ASSETS	¥ 671,274	¥ 708,855	$ 6,168,097

Consolidated Statements of Income

(March 31, 2020 and 2019)

	Year ended March 31		Year ended March 31
	2020	2019	2020
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
NET SALES (Note 10)	¥ 480,810	¥ 619,241	$ 4,417,991
COST OF SALES	437,461	574,279	4,019,673
Gross profit	43,349	44,962	398,318
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	23,115	21,712	212,395
Operating income	20,234	23,250	185,923
OTHER INCOME (EXPENSES):			
Interest and dividend income	6,525	6,454	59,956
Interest expense	(187)	(393)	(1,718)
Gain on sales of investment securities (Note 8)	5,649	2,372	51,907
Loss on impairment of fixed assets (Note 10)	-	(574)	-
Exchange loss, net	(5,229)	(528)	(48,047)
Equity in earnings of affiliates	3,876	3,218	35,615
Loss on devaluation of investment securities (Note 8)	(866)	(8)	(7,957)
Provision for loss on business liquidation	-	(1,457)	-
Loss on sales of investment securities (Note 8)	-	(151)	-
Provision of allowance for doubtful accounts	(3,124)	-	(28,706)
Loss on sales of shares of subsidiaries and affiliates	(3,211)	-	(29,505)
Gain on sales of shares of subsidiaries and affiliates	2,247	-	20,647
Other, net (Note 8)	29	333	266
	5,709	9,266	52,458
Income before taxes on income	25,943	32,516	238,381
TAXES ON INCOME (Note 11):			
Current	16,091	15,081	147,855
Deferred	5,594	(6,804)	51,401
NET INCOME	4,258	24,239	39,125
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	141	233	1,296
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥4,117	¥ 24,006	37,830
	Yen		U.S. dollars
AMOUNTS PER SHARE OF COMMON STOCK:			(Note 1)
Net income	¥ 16.32	¥ 95.14	$ 0.15
Cash dividends applicable to the year	¥ 12.00	¥ 28.50	$ 0.11

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

(March 31, 2020 and 2019)

	Year ended March 31		Year ended March 31
	2020	2019	2020
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
NET INCOME	¥ 4,258	¥ 24,239	$ 39,125
OTHER COMPREHENSIVE INCOME (Note 16)			
Net unrealized holding losses on securities (Notes 8 & 15)	(5,190)	(3,929)	(47,689)
Deferred gains (losses) on hedges (Note 9)	(728)	234	(6,689)
Translation adjustments	(12,165)	(3,157)	(111,780)
Remeasurements of defined benefit plans (Note 5)	(251)	480	(2,306)
Share of other comprehensive income of affiliates accounted for using equity method	(196)	86	(1,801)
TOTAL OTHER COMPREHENSIVE INCOME	¥ (18,530)	¥ (6,286)	$ (170,265)
TOTAL COMPREHENSIVE INCOME	¥ (14,272)	¥ 17,953	$ (131,140)
Comprehensive income attributable to owners of the parent	¥ (14,412)	¥ 17,727	$ (132,427)
Comprehensive income attributable to non-controlling interests	¥ 140	¥ 226	$ 1,287

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

(March 31, 2020 and 2019)

	Common stock										
	Shares	Amount	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding losses on securities (Notes 8 & 15)	Deferred gains (losses) on hedges (Note 9)	Revaluation reserve for land (Note 13)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-Controlling Interests
	(Thousands of shares)	(Millions of yen)			(Millions of yen)						
Balance at April 1, 2018	259,053	¥ 23,511	¥ 25,609	¥ 355,572	¥ (6,737)	¥ 11,169	¥ (518)	¥ (10,919)	¥ (1,170)	¥ (1,816)	¥ 1,078
Net income attributable to owners of the parent				24,006							
Cash dividends				(6,308)							
Decrease of land revaluation				(28)							
Gain on disposal of treasury stock			0		0						
Effect of change in scope of equity method accounting				2,903							
Net unrealized holding losses on securities						(3,929)					
Net deferred gains on hedges							241				
Foreign currency translation adjustments									(2,798)		
Increase of treasury stock					(2)						
Remeasurements of defined benefit plans										440	
Net changes during the year								28			18
Balance at March 31, 2019	259,053	¥ 23,511	¥ 25,609	¥ 376,145	¥ (6,739)	¥ 7,240	¥ (277)	¥ (10,891)	¥ (3,968)	¥ (1,376)	¥ 1,096
Issuance of common stock	58	44	44								
Net income attributable to owners of the parent				4,117							
Cash dividends				(7,191)							
Effect of change in scope of consolidation				1,001							
Gain on disposal of treasury stock					(0)						
Effect of change in scope of equity method accounting				1,569							
Net unrealized holding losses on securities						(5,034)					
Net deferred losses on hedges							(728)				
Foreign currency translation adjustments									(12,523)		
Remeasurements of defined benefit plans										(36)	
Net changes during the year											(633)
Balance at March 31, 2020	259,111	¥ 23,555	¥ 25,653	¥ 375,641	¥ (6,739)	¥ 2,206	¥ (1,005)	¥ (10,891)	¥ (16,491)	¥ (1,412)	¥ 463

		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding losses on securities (Notes 8 & 15)	Deferred losses on hedges (Note 9)	Revaluation reserve for land (Note 13)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-Controlling Interests
		(Thousands of U.S. dollars)(Note 1)			(Thousands of U.S. dollars)(Note 1)						
Balance at April 1, 2019		$ 216,034	$ 235,312	$ 3,456,262	$ (61,921)	$ 66,526	$ (2,545)	$ (100,074)	$(36,461)	$ (12,644)	$ 10,070
Issuance of common stock		404	404								
Net income attributable to owners of the parent				37,830							
Cash dividends				(66,076)							
Effect of change in scope of consolidation				9,198							
Gain on disposal of treasury stock					(0)						
Effect of change in scope of equity method accounting				14,417							
Net unrealized holding losses on securities						(46,256)					
Net deferred losses on hedges							(6,689)				
Foreign currency translation adjustments									(115,069)		
Remeasurements of defined benefit plans										(330)	
Net changes during the year											(5,816)
Balance at March 31, 2020		$ 216,438	$ 235,716	$ 3,451,631	$ (61,921)	$ 20,270	$ (9,234)	$ (100,074)	$ (151,530)	$ (12,974)	$ 4,254

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

(March 31, 2020 and 2019)

	Year ended March 31		Year ended March 31
	2020	2019	2020
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before taxes on income	¥25,943	¥32,516	$238,381
Adjustments to reconcile income before taxes on income to net cash provided by (used in) operating activities:			
Depreciation and amortization	7,016	7,291	64,468
Loss on impairment of fixed assets	-	574	-
Increase in allowance for doubtful accounts	3,893	887	35,771
Decrease in reserve for losses on contracts	(4,156)	(4,004)	(38,188)
Increase in net defined benefit plans	836	97	7,682
Interest and dividend income	(6,525)	(6,454)	(59,956)
Interest expense	187	393	1,718
Exchange (gain) loss	2,060	(581)	18,929
Equity in earnings of affiliates	(3,876)	(3,218)	(35,615)
Gain on sales of investment securities	(5,649)	(2,221)	(51,907)
Loss on devaluation of investment securities	866	8	7,957
Loss on sales of shares of subsidiaries and affiliates	964	-	8,858
(Gain) Loss on sales of property and equipment	(39)	6	(358)
(Increase) Decrease in notes and accounts receivable	86,286	(46,936)	792,851
(Increase) Decrease in inventories	1,345	(6,223)	12,359
Decrease in other assets	(1,343)	(52,533)	(12,340)
Increase (Decrease) in notes and accounts payable	(21,642)	4,011	(198,861)
Increase in advances received on uncompleted contracts	9,342	26,902	85,840
Other	7,158	4,116	65,772
Subtotal	102,666	(45,369)	943,361
Interest and dividends received	7,548	7,359	69,356
Interest paid	(154)	(471)	(1,415)
Income taxes paid	(17,618)	(16,778)	(161,886)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	92,442	(55,259)	849,416

	Year ended March 31		Year ended March 31
	2020	2019	2020
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchases of property and equipment	(4,435)	(7,321)	(40,752)
Proceeds from sales of property and equipment	39	83	358
Payments for purchase of investment securities	(1,463)	(2,451)	(13,443)
Payments for purchases of intangible assets	(2,234)	(2,344)	(20,527)
Proceeds from sales of investment securities	25,395	5,943	233,346
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,284	-	11,798
Proceeds from liquidation of subsidiaries and affiliates	-	1,867	-
Other	779	(439)	7,158
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	19,365	(4,662)	177,938
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net decrease in short-term loans	(13)	(5,222)	(119)
Proceeds from long-term loans	2	2	18
Repayments of long-term loans	(297)	(1,850)	(2,729)
Net (increase) decrease in treasury stock	0	(1)	0
Cash dividends paid	(7,193)	(6,311)	(66,094)
Cash dividends paid to non-controlling interests	(214)	(208)	(1,966)
Other	16	(289)	147
NET CASH USED IN FINANCING ACTIVITIES	(7,699)	(13,879)	(70,743)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3,782)	(752)	(34,751)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	100,326	(74,552)	921,860
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	160,842	235,394	1,477,919
INCREASE IN CASH AND CASH EQUIVALENTS FROM NEWLY CONSOLIDATED SUBSIDIARIES	731	-	6,717
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 12)	¥ 261,899	¥ 160,842	$ 2,406,496

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 HOLDINGS CORPORATION (Nikki Holdings 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, 2019 to the 2020 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, 2020, which was ¥108.83 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, 2020 and 2019, was as follows:

	2020	2019
Consolidated subsidiaries	18	17
Affiliates under the equity method	4	2

Consolidated subsidiaries and affiliates accounted for using the equity method at March 31, 2020 and 2019, was as follows:

Consolidated subsidiaries	Location	Capital Share	
		2020	2019
JGC CORPORATION[*1]	Japan	100%	-
JGC JAPAN CORPORATION[*2]	Japan	100%	100%
JGC PLANTECH AOMORI CO., LTD.	Japan	100%	100%
JGC Catalysts and Chemicals Ltd.	Japan	100%	100%
JAPAN FINE CERAMICS CO., LTD.	Japan	100%	100%
Meito Giken Co.,Ltd. [*3]	Japan	100%	100%
NIKKI BUSINESS SERVICES CO., LTD.	Japan	100%	100%
JAPAN NUS CO., LTD.	Japan	89%	89%
JGC Mirai Solar Co., Ltd.[*4]	Japan	-	51%
JGC SINGAPORE PTE LTD	Singapore	100%	100%
JGC PHILIPPINES, INC.	Philippines	100%	100%
JGC Gulf International Co. Ltd.	Saudi Arabia	100%	100%
JGC Gulf Engineering Co. Ltd.	Saudi Arabia	75%	75%
JGC OCEANIA PTY LTD	Australia	100%	100%
JGC America, Inc.	U.S.A.	100%	100%
JGC (GULF COAST), LLC	U.S.A.	100%	100%
JGC Exploration Eagle Ford LLC	U.S.A.	100%	100%
JGC EXPLORATION CANADA LTD.	Canada	100%	100%
PT. JGC INDONESIA	Indonesia	49%	100%

Affiliates under the equity method	Location	Capital Share	
		2019	2018
Nikki -Universal Co., Ltd.	Japan	50%	50%
Swing Corporation[*5]	Japan	33%	33%
Swing AM Corporation[*5]	Japan	33%	33%
Swing Engineering Corporation[*5]	Japan	33%	33%
Rabigh Arabian Water and Electricity Company [*6]	Saudi Arabia	-	25%

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.

*1 At the year ended March 31, 2020, JGC Corporation was included in the consolidation because it was newly established.
*2 JGC PLANT INNOVATION CO., LTD. changed the name to JGC JAPAN Corporation on October 1, 2019.
*3 At the year ended March 31, 2020, Meito Giken Co.,Ltd. was included in the consolidation because its effect on the consolidated financial statement became significant.
*4 At the year ended March 31, 2020, JGC Mirai Solar Co., Ltd. was excluded from the scope of consolidation because the Company sold its all shares.
*5 At the year ended March 31, 2020, Swing Corporation, Swing AM Corporation, and Swing Engineering Corporation were included in the scope of the equity method because its effect on the consolidated financial statement became significant.
*6 At the year ended March 31, 2020, Rabigh Arabian Water and Electricity Company was excluded in the scope of the equity method because the Company sold its all shares.

(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) Reclassification adjustments recognized in other comprehensive income on subsequent changes of fair value of equity instruments

(f)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 Investments and other assets, the amount of Allowance for doubtful accounts is deducted from Long-term loans receivable and Other.

(g)MARKETABLE SECURITIES, INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES, 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) above for the years ended March 31, 2020 and 2019.

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 8). For equity securities with no available fair market value, if the net asset value of the investee declines significantly, such securities are required to be written down to the net asset value with the corresponding losses in the period of decline. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

(h)RECOGNITION OF SALES, CONTRACT WORKS IN PROGRESS AND ADVANCES RECEIVED ON UNCOMPLETED CONTRACTS

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.

(i)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(h).

(j)OPERATING CYCLE

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

(k)PROPERTY AND EQUIPMENT, DEPRECIATION AND FINANCE LEASES

Property and equipment are stated at cost, except for certain revalued land as explained in Note 13. Depreciation of property and equipment is calculated primarily using the straight-line method for buildings used for business operation and structures which were acquired since April 1, 2016, 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.

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

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

(l)IMPAIRMENT OF FIXED ASSETS

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

(m)RETIREMENT AND SEVERANCE BENEFITS AND PENSION COSTS

(1)Employees' severance and retirement benefits

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

The Company and its 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, 2020 and 2019, 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 method of attributing the amount of expected retirement benefit in each period is a benefit formula basis.

The Company and its consolidated subsidiaries recognize past service costs as expenses using the straight-line method over 12 years within the average of the estimated remaining service lives of the employees, and actuarial gains and losses as expenses using the declining-balance method over 12 years within the average of the estimated remaining service lives.

However, certain consolidated subsidiaries recognized actuarial differences as expenses in the period incurred.

(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.

(n)RESEARCH AND DEVELOPMENT COSTS

Research and development costs for the improvement of existing skills and technologies or the development of new skills and technologies, including basic research and fundamental development costs, are charged to income in the period incurred. The total amount of research and development expenses, included in Costs of Sales and Selling, General and Administrative expenses, was ¥ 6,861 million ($ 63,043 thousand) and ¥ 5,825 million, respectively, in 2020 and 2019.

(o)TAXES ON INCOME

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

(p)RESERVE FOR JOB WARRANTY COSTS

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

(q)RESERVE FOR LOSSES ON CONTRACTS

A reserve for losses on contracts is provided for an estimated amount of probable losses to be incurred in future years in respect of construction projects in progress. The reserve for losses on contracts and the related contract work in progress are offset, and the net amount of the reserve is presented in the consolidated balance sheets. The offset amount was ¥ 2,494 million ($ 22,916 thousand) as of the year ended March 31, 2020.

(r)PROVISION FOR LOSS ON BUSINESSES LIQUIDATION

A reserve for business liquidation is provided for an estimated amount of probable losses to be incurred in future years in respect of losses associated with business reorganization and rationalization. Provision for loss on business liquidation was recorded in the amount of ¥ 1,464 million as of the year ended March 31, 2019, and it was the an estimated amount of probable losses to be incurred in future years in respect of losses associated with business reorganization and rationalization for the consolidated subsidiary JGC America, Inc.

(s)PER SHARE INFORMATION

Net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

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.

(t)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 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).

(u)ACCRUED BONUSES TO DIRECTORS AND CORPORATE AUDITORS

Accrued bonuses to directors and corporate auditors are provided by the estimated amounts, which are obligated to pay to directors and corporate auditors after the fiscal year-end, based on services provided during the current period.

(v)ACCRUED BONUSES TO EMPLOYEES

Accrued bonuses to employees are provided by the estimated amounts, which are obligated to pay to employees after the fiscal year-end, based on services provided during the current period.

(w)CONSOLIDATED TAX PAYMENT SYSTEM

The Company and its certain domestic consolidated subsidiaries adopt the consolidated taxation system from the first quarter of the fiscal year ended March 31, 2020.

(The application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

The Company and its certain domestic consolidated subsidiaries calculated the amount of deferred tax assets and liabilities according to the tax acts before amended based on treatment of paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force No.39, March 31, 2020) instead of applying the provision on paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), regarding the transition to the group tax sharing system established in "Act for Partial Amendment of the Income Tax Act, etc." (Act No.8 of 2020) , and items for which the non-consolidated taxation system were reviewed in line with the transition to the group tax sharing system.

(x)ACCOUNTING STANDARDS NOT YET APPLIED, ETC

(Accounting standards for revenue recognition)

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 on March 30, 2020, Accounting Standards Board of Japan)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30 on March 30, 2020, Accounting Standards Board of Japan)
- "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 on March 31, 2020, Accounting Standards Board of Japan)

(1)Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards for revenue recognition and published the "Revenue from Contracts with Customers" (IFRS 15 in the IASB and Topic 606 in the FASB) in May 2014. Given that IFRS 15 will be applied from a fiscal year starting on or after January 1, 2018 and that Topic 606 will be applied from a fiscal year starting after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published them in step with the Implementation Guidance.

The basic policy of the ASBJ in developing accounting standards for revenue recognition is thought to be setting accounting standards, with the incorporation of the basic principles of IFRS 15 as a starting point, from a standpoint of comparability between financial statements, which is one of the benefits of ensuring consistency with IFRS 15, and to be adding alternative accounting treatments without losing comparability if there is an item that we should take into account in practices, etc. that have been conducted in Japan.

(2)Planned date of application

To be applied from the beginning of the fiscal year ending March 31, 2022.

(3)Impact of the application of the accounting standards, etc.

The amount of the impact on consolidated financial statements is currently under evaluation.

(Accounting Standards for Fair Value Measurement, etc.)

- "Accounting Standard for Fair Value Measurement"(ASBJ Statement No. 30 on July 4, 2019, Accounting Standards Board of Japan)
- "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 on July 4, 2019, Accounting Standards Board of Japan)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 on July 4, 2019, Accounting Standards Board of Japan)
- "Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 Implementation July 4, 2019, Accounting Standards Board of Japan)
- "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 on March 31, 2020, Accounting Standards Board of Japan)

(1)Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have established detailed guidance regarding fair value measurement (IFRS 13 "Fair Value Measurement" in IFRS and Topic 820 "Fair Value Measurement" in FASB). The ASBJ repeatedly considered the guidance regarding fair value of financial instruments and disclosure in order to improve the comparability with such international accounting standards, and issued the Accounting Standard for Fair Value Measurement and the Implementation Guidance on Accounting Standard for Fair Value Measurement.

ASBJ's basic policy in developing the new Fair Value measurement standards is to first incorporate the core principle of IFRS 13 in the light of improving the international comparability of financial statements and then add additional alternative treatments to the extent that international comparability would not be significantly impaired where any business practices operated in Japan need to be considered.

(2)Planned date of application

To be applied from the beginning of the fiscal year ending March 31, 2022.

(3)Impact of the application of the accounting standards, etc.

The amount of the impact on consolidated financial statements is currently under evaluation.

(Accounting standards for Disclosure of Accounting Estimates)

- "Accounting standards for Disclosure of Accounting Estimates" (ASBJ Statement No. 31 on March 31, 2020, Accounting Standards Board of Japan)

(1)Overview

Regarding to the causes of the estimation uncertainty, whose disclose are required in "The International Accounting Standards Board 1 "Presentation of Financial Statement" (IAS 1 in the IASB) chapter125 published by International Accounting Standards Board (IASB) in 2003, as highly useful information for financial statements users, there were requests to consider disclosure them as note information in Japan GAAP. Therefore, the Accounting Standards Board of Japan (ASBJ) has developed accounting standards for disclosure of accounting estimates and published them.

The basic policy of the ASBJ in developing accounting standards for disclosure of accounting estimates is not expanding individual notes, but decide principles (disclosure purpose) and each company decides concrete disclosures based on their presentation purpose referencing the IAS 1 chapter125.

(2)Planned date of application

To be applied from the ending of the fiscal year ending March 31, 2021.

(Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections)

- "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24 on March 31, 2020, Accounting Standards Board of Japan)

(1)Overview

Accounting Standards Board of Japan (ASBJ) was requested to consider expanding the notes about "Accounting principles and procedures adopted when the related accounting standards are not clear". ASBJ made necessary revisions and published the accounting standard for accounting policy disclosures, accounting changes and error corrections.

In expanding the notes about "Accounting principles and procedures adopted when the related accounting standards are not clear", continue to apply the Corporate Accounting Principles (Note 1-2), in order not to affect any past business practices operated in Japan when the related accounting standards are clear.

(2)Planned date of application

To be applied from the ending of the fiscal year ending March 31, 2021.

(y)Additional Information

(Accounting estimates related to COVID-19 pandemic)

Under the influence of the COVID-19 pandemic and the government actions of each country, the total engineering business expects extended the project periods and extra costs for the ongoing projects due to reduced productivity because of work home, temporary evacuation from infected areas, and restrictions on movement of overseas construction workers and transportation of goods.

Therefore, the Company estimated extra costs at the moment for each of major projects that were affected by the COVID-19 pandemic, considering each contract condition, and reflected them in the total contract costs for those projects in recognizing net sales and cost of sales in the current consolidated fiscal year.

Future spread and settle down of COVID-19 will vary greatly depending on the country or region. The company estimated the impact by setting assumptions after carefully examining the situation in the main projects. The assumption is basically based on that the current situation will gradually improve in the future and our business environment will return to normal by the following year end.

In addition, this estimate was the best estimate at the date of preparation of consolidated financial statement, but there is great uncertainly in the assumptions using for the estimate. Therefore, if the settle down situation of COVID-19 and the effect for economic environment changes, this estimate may affects the financial position, financial performance and cash flows after the next consolidated fiscal year.

(z)CHANGES IN PRESENTATION

(Consolidated balance sheets)

"Provision for loss on business liquidation", which was presented separately in the previous fiscal year, is included in "Other non-current liabilities" under "Long-term liabilities" for the fiscal year ended March 31, 2020 due to its decreased materiality. As a result, ¥ 1,464 million presented as "Provision for loss on business liquidation" on the consolidated balance sheets for the previous fiscal year has been reclassified as "Other non-current liabilities".

(Consolidated statements of income)

"Loss on devaluation of investment securities", which was included in "Other, net" under "Other income (expenses)" in the previous fiscal year, is presented separately for the fiscal year ended March 31, 2020 due to its increased materiality. As a result,¥ 8 million included in "Other, net" under "Other income (expenses)" on the consolidated statement of income for the previous fiscal year has been reclassified as "Loss on devaluation of investment securities".

(Consolidated statements of cash flows)

"Loss on devaluation of investment securities", which was included in "Other" under "Cash flows from operating activities'' in the previous fiscal year, is presented separately for the fiscal year ended March 31, 2020 due to its increased materiality. As a result, ¥ 4,124 million presented as "Other" under "Cash flows from operating activities'' on the consolidated statements of cash flows for the previous fiscal year has been reclassified as "Loss on devaluate of investment securities" ¥ 8 million and "Other" ¥4,116 million.

Note 2 : RECEIVABLES FROM AND PAYABLES TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Significant receivables from and payables to unconsolidated subsidiaries and affiliates at March 31, 2019 and 2018, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Notes and accounts receivable	¥ 2,210	¥ 1,453	$ 20,307
Short-term loans receivable	435	834	3,997
Other current assets	4,051	5,887	37,223
Short-term loans	107	121	983
Notes and accounts payable	1,040	1,316	9,556
Advances received on uncompleted contracts	230	1,869	2,113
Other current liabilities	603	608	5,541

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 0.30% and 0.27% at March 31, 2020 and 2019, 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,	2020	2019	2020
Secured Loans 1.26% loans from banks due serially through 2032	¥ -	¥ 3,817	$ -
Unsecured Debt 0.4% – 0.48% loans from banks and insurance companies due serially through 2023(some debt has no fixed term)	367	525	3,372
0.09%-0.20% bonds due serially through 2022	50,000	50,000	459,432
	50,367	54,342	462,804
Less current maturities	(20,020)	(393)	(183,956)
Long-term debt due after one year	¥ 30,347	¥ 53,949	$ 278,848

Assets pledged as collateral for Short-term loans and Long-term debt at March 31, 2020 and 2019, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Buildings and structures, at net book value	¥ -	¥ 188	$ -
Machinery and equipment, at net book value	-	4,340	-
Cash and deposits	-	1,103	-
Investments securities	1,900	1,900	17,458
Total	¥ 1,900	¥ 7,531	$ 17,458

The annual maturities of Long-term debt outstanding at March 31, 2020 were as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars) (Note 1)
2021	¥ 20,020	$ 183,956
2022	20	184
2023	30,020	275,843
2024	3	28
2025 and thereafter	304	2,793
Total	¥ 50,367	$ 462,804

Note 4 : INVENTORIES

Inventories at March 31, 2020 and 2019 were summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Inventories:			
Contract works in progress	¥ 22,990	¥ 24,472	$ 211,247
Finished goods and merchandise	5,366	4,765	49,306
Works in process	2,636	2,810	24,221
Raw materials and others	3,688	3,981	33,888
Total	¥ 34,680	¥ 36,028	$318,662

Note 5 : RETIREMENT BENEFIT PLAN

The significant components of the pension plans as of and for the years ended March 31, 2020 and 2019 were summarized as follows:

(a)DEFINED BENEFIT PLAN

(1)Movement in retirement benefit obligations

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Balance at beginning of year	¥ 50,729	¥ 51,005	$ 466,131
Service cost	2,040	2,040	18,745
Interest cost	294	257	2,701
Actuarial (gain) loss	130	(357)	1,195
Benefits paid	(2,183)	(1,904)	(20,059)
Past service costs	30	(155)	276
Increase in a newly consolidated subsidiary	30	-	276
Other	28	(157)	256
Balance at end of year	¥ 51,098	¥ 50,729	$469,521

(2)Movement in plan assets

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Balance at beginning of year	¥ 35,459	¥ 35,601	$ 325,820
Expected return on plan assets	577	529	5,302
Actuarial (gain) loss	(633)	(250)	(5,816)
Contributions paid by the employer	971	1,007	8,922
Benefits paid	(1,453)	(1,349)	(13,351)
Other	28	(79)	257
Balance at end of year	¥ 34,949	¥ 35,459	$ 321,134

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

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Funded retirement benefit obligations	¥ 37,259	¥ 37,434	$342,360
Plan assets	(34,949)	(35,459)	(321,134)
	2,310	1,975	21,226
Unfunded retirement benefit obligations	13,839	13,295	127,162
Allowance for officers' lump-sum severance benefits	254	305	2,334
Total net defined benefit liability	¥ 16,403	¥ 15,575	$ 150,722
Net defined benefit liability	16,972	16,180	155,950
Net defined benefit asset	(569)	(605)	(5,228)
Total net defined benefit liability	¥ 16,403	¥ 15,575	$ 150,722

(4)Retirement benefit expenses

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Service cost	¥ 2,040	¥ 2,040	$ 18,745
Interest cost	294	257	2,701
Expected return on plan assets	(577)	(529)	(5,302)
Net actuarial gain and loss amortization	790	716	7,259
Past service cost amortization	(220)	(234)	(2,021)
Total retirement benefit expenses	¥ 2,327	¥ 2,250	$21,382

(5)Remeasurements of defined benefit plans

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Actuarial losses	¥ 28	¥ 820	$257
Past service costs	(250)	(79)	(2,297)
Others	7	13	65
Total balance	¥ (215)	¥ 754	$ (1,975)

(6)Cumulative effect of remeasurements of defined benefit plans

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Actuarial losses that are yet to be recognized	¥ (3,683)	¥ (3,736)	$ (33,842)
Past service costs that are yet to be recognized	1,697	1,917	15,593
Total balance	¥ (1,986)	¥ (1,819)	$ (18,249)

(7)Plan assets

Components of plan assets

	March 31, 2020	March 31, 2019
Bonds	68%	66%
Equity securities	16	19
Cash and cash equivalents	1	1
Other	15	14
Total	100%	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.

(8)Actuarial assumptions

The principal actuarial assumptions at March 31, 2020 and 2019 were as follows:

	March 31, 2020	March 31, 2019
Discount rate	Principally 0. 25%	Principally 0. 25%
Long-term expected rate of return	Principally 1.5%	Principally 1.5%
Expected rate of salary increase	Principally 4.4%	Principally 4.4%

(b)DEFINED CONTRIBUTION PENSION PLAN

The Company's contributions were ¥ 440 million ($ 4,043 thousand) and ¥ 432 million for the years ended March 31, 2020 and 2019, respectively.

Note 6 : 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 ¥7,432 million ($68,290 thousand) and ¥ 10,633million at March 31, 2020 and 2019, respectively.

(2) The Company has guaranteed employees' housing loans and others from banks in the amount of ¥9 million ($83 thousand) and ¥10 million at March 31, 2020 and 2019, respectively.

Note 7 : NET ASSETS

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

Under the Law, companies are required to set aside an amount equal to at least 10% of cash dividends and other cash appropriations in a legal earnings reserve until the total of the legal earnings reserve and additional paid-in capital equals 25% of common stock.

Under the Law, the legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or can be capitalized by a resolution of the Board of Directors.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, however, additional paid-in capital and legal earnings reserve may be transferred to retained earnings by a resolution of the shareholders' meeting as long as the total amount of the legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock.

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

At the annual shareholders' meeting of the Company held on June 26, 2020, the shareholders approved cash dividends amounting to ¥3,028 million ($ 27,823 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2020. Such appropriations are recognized in the period in which they are approved by the shareholders.

Note 8 :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, 2020 and 2019.

AVAILABLE-FOR-SALE SECURITIES WITH AVAILABLE FAIR VALUES:

(1) Securities with book values exceeding acquisition costs:

	(Millions of yen)		
March 31, 2020	Acquisition cost	Book value	Difference
Equity securities	¥ 4,672	¥ 8,179	¥ 3,507

	(Millions of yen)		
March 31, 2019	Acquisition cost	Book value	Difference
Equity securities	¥ 8,563	¥ 18,468	¥ 9,905

	(Thousands of U.S. dollars) (Note 1)		
March 31, 2020	Acquisition cost	Book value	Difference
Equity securities	$ 42,929	$ 75,154	$ 32,225

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

	(Millions of yen)		
March 31, 2020	Acquisition cost	Book value	Difference
Equity securities	¥ 3,270	¥ 2,438	¥ (832)

	(Millions of yen)		
March 31, 2019	Acquisition cost	Book value	Difference
Equity securities	¥ 0	¥ 0	¥ (0)

	(Thousands of U.S. dollars) (Note 1)		
March 31, 2020	Acquisition cost	Book value	Difference
Equity securities	$ 30,047	$ 22,402	$ (7,645)

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, 2020 and 2019.

(a)AVAILABLE-FOR-SALE SECURITIES WITH NO AVAILABLE FAIR VALUES:

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Non-listed equity securities	¥ 7,957	¥ 10,839	$ 73,114
Subscription certificate	38	38	349
Non-listed affiliate's bond	2,800	1,720	25,728
Total	¥ 10,795	¥ 12,597	$ 99,191

(b)UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES:

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Securities of unconsolidated subsidiaries	¥ 6,050	¥ 6,227	$ 55,591
Securities of affiliates	17,346	31,702	159,386
Total	¥ 23,396	¥ 37,929	$ 214,977

(c)LOSS ON VALUATION OF INVESTMENT SECURITIES:

The Company recognized loss on devaluation for investment securities in the amount of ¥ 866 million ($ 7,957 thousand) and ¥ 8 million for the years ended March 31, 2020 and 2019, respectively.

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 unrecoverable.

(d)SALES OF SECURITIES CLASSIFIED AS OTHER SECURITIES

	(Millions of yen)		(Thousands of U.S. dollars)
March 31,	2020	2019	2020
Equity securities:			
Sales proceeds	¥ 7,938	¥ 5,890	$ 72,939
Aggregate gain	5,649	2,372	51,907
Aggregate loss	-	(151)	-

Note 9 : DERIVATIVE TRANSACTIONS AND HEDGE ACCOUNTING

As explained in Note 1 (v), 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 accounts receivable, accounts 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, 2020 and 2019, is summarized as follows:

	(Millions of yen)				
	Contract amount				
March 31, 2020	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	¥ 71,170	¥ 13,214	¥ 84,384	¥ (878)	¥ (878)
Sell Euro	9,940	-	9,940	25	25
Sell CNY	2,554	13,509	16,063	(618)	(618)
Sell CAD	4,801	-	4,801	258	258
Buy CNY	2,554	13,509	16,063	618	618
Buy U.S. dollars	2,514	13,214	15,728	891	891
Buy AUD	1,164	-	1,164	(184)	(184)
Buy CAD	4,801	-	4,801	(258)	(258)
Product Swap					
Sell Nickel	88	-	88	15	15
Buy Nickel	88	-	88	(15)	(15)

	(Millions of yen)				
	Contract amount				
March 31, 2019	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	¥ 38,558	¥ -	¥ 38,558	¥ 27	¥ 27
Buy GBP	45	-	45	(0)	(0)

	(Thousands of U.S. dollars) (Note 1)				
	Contract amount				
March 31, 2020	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	$ 653,955	$ 121,419	$ 775,374	$ (8,068)	$ (8,068)
Sell Euro	91,335	-	91,335	230	230
Sell CNY	23,468	124,129	147,597	(5,679)	(5,679)
Sell CAD	44,115	-	44,115	2,371	2,371
Buy CNY	23,468	124,129	147,597	5,679	5,679
Buy U.S. dollars	23,100	121,419	144,519	8,187	8,187
Buy AUD	10,696	-	10,696	(1,691)	(1,691)
Buy CAD	44,115	-	44,115	(2,371)	(2,371)
Product Swap					
Sell Nickel	809	-	809	138	138
Buy Nickel	809	-	809	(138)	(138)

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, 2020 and 2019 is summarized as follows:

March 31, 2020			(Millions of yen)		
			Contract amount		
Accounting method	Hedging instruments	Hedged item	Contract amount	Portion over one year	Fair value
Allocation method (Note 1(t))	Forward exchange contracts Buy AUD	Accounts payable	¥ 8,619	¥ -	¥ (1,355)
Allocation method (Note 1(t))	Forward exchange contracts Buy U.S. dollars	Accounts payable	885	264	29
Allocation method (Note 1(t))	Forward exchange contracts Sell U.S. dollars	Accounts receivable	484	-	(4)
Allocation method (Note 1(t))	Forward exchange contracts Sell Euro	Accounts receivable	655	-	(2)

March 31, 2019			(Millions of yen)		
			Contract amount		
Accounting method	Hedging instruments	Hedged item	Contract amount	Portion over one year	Fair value
Allocation method (Note 1(t))	Forward exchange contracts Buy Euro	Accounts payable	¥ 758	¥ -	¥ (50)
Allocation method (Note 1(t))	Forward exchange contracts Buy AUD	Accounts payable	22,798	-	(215)
Allocation method (Note 1(t))	Forward exchange contracts Sell U.S. dollars	Accounts receivable	4,942	-	(6)
Principal method (Note 1(t))	Forward exchange contracts Sell Euro	Accounts receivable	113	-	(1)
Principal method (Note 1(t))	Interest rate swap contracts Receive variable rate and Pay fixed rate swap	Long-term debt	3,442	3,160	(239)

March 31, 2020			(Thousands of U.S. dollars) (Note 1)		
			Contract amount		
Accounting method	Hedging instruments	Hedged item	Contract amount	Portion over one year	Fair value
Allocation method (Note 1(t))	Forward exchange contracts Buy AUD	Accounts payable	$ 79,197	$ -	$ (12,451)
Allocation method (Note 1(t))	Forward exchange contracts Buy U.S. dollars	Accounts payable	8,132	2,426	266
Allocation method (Note 1(t))	Forward exchange contracts Sell U.S. dollars	Accounts receivable	4,447	-	(37)
Allocation method (Note 1(t))	Forward exchange contracts Sell Euro	Accounts receivable	6,019	-	(18)

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

Note 10 : 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 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 functional materials manufacturing 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 functional materials manufacturing business include manufacturing and distribution of chemical and catalyst products (FCC catalysts, hydro treating catalysts, deNOx catalysts, petrochemical catalysts, etc) and new functional material products (colloidal silica, coating materials for surface treatment, material for semiconductors and cosmetic products, etc.).

In addition, since the Group changed to a holding company structure on October 1, 2019, the Company will be responsible for group administrative management operations.

As a result, the revenues and expenses associated with the group administrative management operations are allocated to each reportable segment. In addition, the corporate assets retained by the Company are processed as adjustment.

The accounting policies of the segments are substantially the same as those described in the significant accounting policies in Note 1.

The following is information about sales and profit or loss by reported segments for the years ended March 31, 2020 and 2019:

	(Millions of yen)						
	Reported Segment						
Year ended March 31, 2020	Total Engineering	Functional Materials Manufacturing	Sub-Total	Other	Total	Adjustment	Consolidated
Net sales:							
External customers	¥ 426,765	¥ 46,653	¥ 473,418	¥7,392	¥ 480,810	¥ -	¥ 480,810
Inter-segment	423	13	436	2,305	2,741	(2,741)	-
Total	¥ 427,188	¥ 46,666	¥ 473,854	¥ 9,697	¥ 483,551	¥ (2,741)	¥ 480,810
Segment profit	¥ 12,071	¥ 6,743	¥ 18,814	¥ 1,542	¥ 20,356	¥ (122)	¥ 20,234
Segment assets	¥ 394,521	¥ 59,414	¥ 453,935	¥ 17,613	¥ 471,548	¥199,726	¥ 671,274
Depreciation and amortization	¥ 3,432	¥ 2,499	¥ 5,931	¥ 1,087	¥ 7,018	¥ (2)	¥ 7,016
Capital expenditures	¥ 1,887	¥ 3,569	¥ 5,456	¥ 417	¥ 5,873	¥ 1,941	¥ 7,814

*1.The "Other" category includes business activities of consulting, management of real estate, power and water supply and oil and gas production.

*2. “Adjustment” were as follows;

(1) Adjustment for Segment profit and Depreciation and amortization represent the elimination of intersegment transactions.

(2) Adjustment for Segment assets includes corporate assets unallocated to any reportable segment of ¥ 200,015 million ($ 1,837,866 thousand). Corporate assets are mainly Cash and deposits, Investment securities, and fixed assets (Buildings and structures, and Lands, etc) of the Company.

(3) Adjustment for Capital expenditures represents corporate assets unallocated to any reportable segment.

(4) The corporate assets are not allocated to any reportable segment, but Depreciation and amortization for the corporate assets are allocated to the reportable segments considering the burden rate.

*3.Segment profit is reconciled to Operating income of consolidated statements of income.

	(Millions of yen)						
	Reported Segment						
Year ended March 31, 2019	Total Engineering	Functional Materials Manufacturing	Sub-Total	Other	Total	Adjustment	Consolidated
Net sales:							
External customers	¥ 564,045	¥ 45,997	¥ 610,042	¥ 9,199	¥ 619,241	¥ -	¥ 619,241
Inter-segment	177	8	185	2,081	2,266	(2,266)	-
Total	¥ 564,222	¥ 46,005	¥ 610,227	¥ 11,280	¥ 621,507	¥ (2,266)	¥ 619,241
Segment profit	¥ 13,778	¥ 7,400	¥ 21,178	¥ 1,990	¥ 23,168	¥ 82	¥ 23,250
Segment assets	¥ 629,975	¥ 56,218	¥ 686,193	¥ 29,915	¥ 716,108	¥ (7,253)	¥ 708,855
Impairment	¥ 574	¥ -	¥ 574	¥ -	¥ 574	¥ -	¥ 574
Depreciation and amortization	¥ 3,353	¥ 2,496	¥ 5,849	¥ 1,446	¥ 7,295	¥ (4)	¥ 7,291
Capital expenditures	¥ 5,041	¥ 3,249	¥ 8,290	¥ 337	¥ 8,627	¥ -	¥ 8,627

*1.The "Other" category includes business activities of consulting, management of real estate, power and water supply and oil and gas production.

*2.Adjustments for Segment profit, Segment assets and other items represent the elimination of intersegment transactions.

*3.Segment profit is reconciled to Operating income of consolidated statements of income.

	(Thousands of U.S. dollars) (Note 1)						
	Reported Segment						
Year ended March 31, 2020	Total Engineering	Functional Materials Manufacturing	Sub-Total	Other	Total	Adjustment	Consolidated
Net sales:							
External customers	$ 3,921,391	$ 428,678	$ 4,350,069	$ 67,922	$ 4,417,991	$ -	$ 4,417,991
Inter-segment	3,887	119	4,006	21,180	25,186	(25,186)	-
Total	$ 3,925,278	$ 428,797	$ 4,354,075	$ 89,102	$ 4,443,177	$ (25,186)	$ 4,417,991
Segment profit	$ 110,916	$ 61,959	$ 172,875	$ 14,169	$ 187,044	$ (1,121)	$ 185,923
Segment assets	$ 3,625,113	$ 545,934	$ 4,171,047	$ 161,840	$ 4,332,887	$ 1,835,210	$ 6,168,097
Depreciation and amortization	$ 31,535	$ 22,963	$ 54,498	$ 9,988	$ 64,486	$ (18)	$ 64,468
Capital expenditures	$ 17,339	$ 32,794	$ 50,133	$ 3,832	$ 53,965	$ 17,835	$ 71,800

(b)RELATED INFORMATION
I.INFORMATION BY GEOGRAPHY

(1)Net Sales

Year ended March 31, 2020						
Japan	East and Southeast Asia	Middle East	Africa	North America	Other	Total
¥ 193,048	¥ 62,710	¥ 48,813	¥ 64,968	¥ 90,955	¥ 20,316	¥ 480,810

*1. Net sales are classified by the place of customers' address.
*2. Other includes Australia ¥ 7,662 million ($ 70,403 thousand).

Year ended March 31, 2019						
Japan	East and Southeast Asia	Middle East	Africa	Oceania	Other	Total
¥ 195,329	¥ 64,058	¥ 92,302	¥ 93,126	¥ 30,669	¥ 143,757	¥ 619,241

*1. Net sales are classified by the place of customers' address.
*2. Oceania includes Australia ¥ 30,669 million.
*3. Other includes Russia ¥ 110,590 million.

Year ended March 31, 2020						
Japan	East and Southeast Asia	Middle East	Africa	North America	Other	Total
$ 1,773,849	$ 576,220	$ 448,525	$ 596,968	$ 835,753	$ 186,676	$ 4,417,991

(2)Property and equipment

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
	Years ended March31, 2020	Year ended March 31, 2019	March 31, 2020
Japan	¥ 46,382	¥ 49,734	$ 426,188
Other	3,413	5,706	31,360
Total	¥ 49,795	¥ 55,440	$ 457,548

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, 2020 and 2019:

Year ended March 31, 2020	(Millions of yen)	(Thousands of U.S. dollars) (Note 1)	Related segments
LNG Canada	¥ 81,654	$ 750,289	Total engineering

Year ended March 31, 2019	(Millions of yen)	Related segments
JSC YAMAL LNG	¥ 110,467	Total engineering
SONATRACH SPA	¥ 67,220	Total engineering

III.INFORMATION ON IMPAIRMENT LOSS

This information is not disclosed, as this information is disclosed in Note 10 (a) for the years ended March 31, 2020 and 2019.

Note 11 : TAXES ON INCOME

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporate taxes, inhabitants' taxes and enterprise taxes which, in the aggregate, resulted in statutory tax rates of 30.6% for the year ended March 31, 2020 and 2019, respectively.

(1)The following table summarizes the 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, 2020 and 2019, were as follows:

	2020	2019
Statutory tax rate	30.6%	30.6%
Non-deductible expenses	1.6	0.9
Non-taxable dividend income	(2.9)	(2.0)
Tax credit for research and development expenses	(0.1)	(2.3)
Foreign tax credit	-	(2.3)
Tax loss carryforwards with unrecognized tax effects	2.7	2.0
Valuation allowances	6.3	2.6
Differences in tax bases of the enterprise tax	3.6	(4.0)
Deductible foreign corporate tax	37.4	-
Adjustment for gain on sales of shares of affiliate	8.8	-
Equity in earnings of affiliates	(4.6)	(3.0)
Past years corporate tax	0.5	2.2
Other	(0.3)	0.8
Effective tax rate	83.6%	25.5%

(2)Significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2020 and 2019, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Deferred tax assets:			
Accounts payable	¥ 5,354	¥12,371	$ 49,196
Loss on devaluation of investment securities	6,125	5,826	56,280
Reserve for losses on contracts	4,016	5,350	36,902
Net defined benefit liability	4,863	4,794	44,685
Tax loss carryforward *2	17,877	14,442	164,265
Allowance for doubtful accounts	3,291	2,092	30,240
Accrued bonuses to employees	1,913	2,043	17,578
Foreign tax credit	-	1,586	-
Adjustment of percentage completion method	1,369	759	12,579
Depreciation	628	705	5,770
Reserve for job warranty costs	267	341	2,453
Loss on devaluation of fixed assets	132	311	1,213
Deferred losses on hedges	425	83	3,905
Accrued enterprise tax	350	214	3,216
Other	1,296	1,662	11,909
Subtotal deferred tax assets	47,906	52,579	440,191
Valuation allowance for tax loss carryforward *2	(15,369)	(14,442)	(141,220)
Valuation allowance for deductible temporary difference	(9,587)	(9,326)	(88,092)
Total valuation allowances *1	(24,956)	(23,768)	(229,312)
Total deferred tax assets	22,950	28,811	210,879
Deferred tax liabilities:			
Net unrealized holding gains on securities	(904)	(3,192)	(8,307)
Net defined benefit asset	(129)	(159)	(1,185)
Reserve for advanced depreciation of noncurrent assets	(204)	(263)	(1,874)
Total deferred tax liabilities	(1,237)	(3,614)	(11,366)
Net deferred tax assets	¥ 21,713	¥ 25,197	$ 199,513

*1 For the year ended March 31, 2020, the valuation allowances increased by ¥1,188 million ($10,916 thousand). This is mainly due to decrease valuation allowance for Foreign tax credit by ¥1,586 million ($14,573 thousand), and increase valuation allowance for Allowance for doubtful accounts by ¥1,224 million ($11,247 thousand), Loss on devaluation of investment securities by ¥598 million ($5,495 thousand), and valuation allowance for Tax loss carryforward by ¥926 million ($8,509 thousand).
*2 The amount of Tax loss carryforward and its deferred tax assets will expire as follows;
Year ending March 31, 2020

Year ended March 31, 2019						
	Tax loss carryforward*1		Valuation allowance		Deferred tax assets*2	
	(Millions of yen)	(Thousands of U.S. dollars) (Note 1)	(Millions of yen)	(Thousands of U.S. dollars) (Note 1)	(Millions of yen)	(Thousands of U.S. dollars) (Note 1)
2021	¥ -	$ -	¥ -	$ -	¥ -	$ -
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026 and thereafter	17,877	164,265	(15,369)	(141,220)	2,508	23,045
Total	¥ 17,877	$ 164,265	¥ (15,369)	$ (141,220)	¥ 2,508	$ 23,045

*1 The amount of Tax loss carryforward is an amount multiplied by the statutory tax rates.
*2 The amount of Tax loss carryforward (amount measured using the statutory tax rates) ¥ 17,877 million ($ 164,265 thousand) was mainly due to the loss before income tax at some foreign consolidated subsidiaries, the non-taxable dividend income, the deductible foreign corporate tax, and the deduction of deductible temporary difference of Notes and accounts payable at the Company and some consolidated subsidiaries. Regarding the deferred tax assets ¥ 2,508 million ($ 23,045 thousand) of the Tax loss carryforward, a valuation allowance was not recognized for the portion deemed to be recoverable based on estimates of future taxable income.

	(Millions of yen)		
Year ended March 31, 2019	Tax loss carryforward*1	Valuation allowance	Deferred tax assets*2
2020	¥ -	¥ -	¥ -
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025 and thereafter	14,442	(14,442)	-
Total	¥ 14,442	¥ (14,442)	¥ -

*1 The amount of Tax loss carryforward is an amount multiplied by the statutory tax rates.

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Deferred tax liabilities			
Undistributed earnings of foreign consolidated subsidiaries	¥ 891	¥ 531	$ 8,187
Others	69	118	634
Total deferred tax liabilities	**¥ 960**	¥ 649	**$ 8,821**

Note 12 : 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,	2020	2019	2020
Cash and deposits	¥ 261,899	¥ 160,842	$ 2,406,496
Cash and cash equivalents	¥ 261,899	¥ 160,842	$ 2,406,496

Note 13 : 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, 2020 and 2019. When such land is sold, land revaluation is reversed and debited to retained earnings.

Note 14 : RELATED PARTY TRANSACTIONS

This information is not disclosed, as this is immaterial for the years ended March 31, 2020 and 2019.

Note 15 : 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. Investment securities are mainly related to the business and capital alliance companies and expose the Company to the changes in market prices. 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 and bond expose the Company to the risks of interest rate fluctuations.

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 commodity swaps to hedge the risk of price fluctuations associated with commodities using in the EPC (Engineering, Procurement and Construction) business. The details of hedge accounting of the Company such as methods, hedging policies, hedged items and recognition of gain or loss on hedged positions are explained in Note 1(t) and Note 9 "Derivative Transactions and Hedge Accounting".

(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.

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 prices 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 commodity swaps to mitigate the risk of price fluctuations associated with commodities using in the EPC (Engineering, Procurement and Construction) business.

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.

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, 2020 and 2019 were summarized as follows:

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

	(Millions of yen)					
	March 31, 2020			March 31, 2019		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
Cash and deposits	¥ 261,899	¥ 261,899	¥ -	¥ 160,842	¥ 160,842	¥ -
Notes and accounts receivable, net[*1]	145,276	145,276	-	231,764	231,764	-
Short-term loans receivable	437	437	-	4,029	4,029	-
Other receivables[*2]	84,074	84,074	-	93,545	93,545	-
Investment securities	10,616	10,616	-	18,468	18,468	-
Long-term loans receivable, net[*1]	143	145	2	-	-	-
Total Assets	¥ 502,445	¥ 502,447	¥ 2	¥ 508,648	¥ 508,648	¥ -
Notes and accounts payable	¥ 68,239	¥ 68,239	¥ -	¥ 92,092	¥ 92,092	¥ -
Long-term debt[*3]	50,347	50,395	48	53,949	54,097	148
Total Liabilities	¥ 118,586	¥ 118,634	¥ 48	¥ 146,041	¥ 146,189	¥ 148
Derivative financial instruments, net	¥ (1,478)	¥ (1,478)	¥ -	¥ (484)	¥ (484)	¥ -

	(Thousands of U.S. dollars) (Note 1)		
	March 31, 2020		
	Carrying amount	Estimated fair value	Difference
Cash and deposits	$ 2,406,496	$ 2,406,496	$ -
Notes and accounts receivable, net[*1]	1,334,889	1,334,889	-
Short-term loans receivable	4,016	4,016	-
Other receivables[*2]	772,526	772,526	-
Investment securities	97,547	97,547	-
Long-term loans receivable, net[*1]	1,314	1,332	18
Total Assets	$ 4,616,788	$ 4,616,806	$ 18
Notes and accounts payable	$ 627,024	$ 627,024	$ -
Long-term debt[*3]	462,620	463,061	441
Total Liabilities	$ 1,089,644	$ 1,090,085	$ 441
Derivative financial instruments, net	$ (13,581)	$ (13,581)	$ -

*1 The amount of individual allowance for doubtful accounts is deducted from Notes and accounts receivable and Long-term loans receivable.
*2 Other receivables are classified as Other current assets in the consolidated balance sheets.
*3 The current portion of bonds payable are included in Long-term debt.

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 receivables because these amounts are essentially the same.

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

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

Investment securities
Fair value of Investment securities is the price listed on securities exchanges for equities. In addition, Note 8 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. With respect to doubtful claims, because the amount obtained by deducting the irrecoverable balance, which estimated based on collectable amounts from the amount stated in the consolidated balance sheet as of the current year approximate the fair value, this amount is deemed to be the fair value.

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
Floating-rate long-term debt reflects market interest rates. In addition, fair value approximates carrying amount because the Company's creditworthiness does not vary significantly after assuming long-term debts. Therefore, carrying amount is used for fair value of floating-rate long-term debt. Fair value of fixed-rate long-term debt is the discounted value of total principal and interest using an assumed interest rate on equivalent new loans and bonds.

Derivative financial instruments
Please refer to "DERIVATIVE TRANSACTIONS AND HEDGE ACCOUNTING" in Note 1(t) and Note 9.

(b)FINANCIAL INSTRUMENTS, WHOSE FAIR VALUES WERE DIFFICULT TO MEASURE
The financial instruments, whose fair values were difficult to measure, as of March 31, 2019 and 2018, were summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Unconsolidated subsidiaries and affiliates	¥ 23,396	¥ 37,929	$ 214,977
Non-listed equity securities	7,957	10,839	73,114
Subscription certificate	38	38	349
Non-listed affiliate's bond	2,800	1,720	25,728

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 Investment securities described in B (a).

(c)MATURITIES OF FINANCIAL INSTRUMENTS
The maturities of the financial instruments at March 31, 2020 were as follows:

	(Millions of yen)			
Year ending March 31	2021	2022 - 2025	2026 - 2030	2031 and thereafter
Cash and deposits	¥ 261,899	¥ -	¥ -	¥ -
Notes and accounts receivable	145,276	-	-	-
Short-term loans receivable	437	-	-	-
Other receivable	84,074	-	-	-
Long-term loans receivable, net	-	143	-	-
Total Assets	¥ 491,686	¥ 143	¥ -	¥ -

	(Thousands of U.S. dollars) (Note 1)			
Year ending March 31	2021	2022 - 2025	2026 - 2030	2031 and thereafter
Cash and deposits	$ 2,406,496	$ -	$ -	$ -
Notes and accounts receivable	1,334,889	-	-	-
Short-term loans receivable	4,016	-	-	-
Other receivable	772,526	-	-	-
Long-term loans receivable, net	-	1,314	-	-
Total Assets	$ 4,517,927	$1,314	$ -	$ -

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

Note 16 : OTHER COMPREHENSIVE INCOME
Reclassification adjustments of the Company's and consolidated subsidiaries' other comprehensive income for the years ended March 31, 2020 and 2019, were as follows:

	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
March 31,	2020	2019	2020
Net unrealized holding losses on securities			
Unrealized holding losses arising during the year	¥ (2,653)	¥ (3,440)	$ (24,378)
Reclassification adjustment	(4,825)	(2,221)	(44,335)
Sub-total	(7,478)	(5,661)	(68,713)
Deferred gains (losses) on hedges			
Deferred gains (losses) on hedges arising during the year	(1,081)	298	(9,933)
Reclassification adjustment	108	40	992
Sub-total	(973)	338	(8,941)
Translation adjustments			
Translation adjustments arising during the year	(12,165)	(3,157)	(111,780)
Reclassification adjustment	-	-	-
Sub-total	(12,165)	(3,157)	(111,780)
Remeasurements of defined benefit plans			
Defined benefit plans during the year	(651)	272	(5,981)
Reclassification adjustment	436	482	4,006
Sub-total	(215)	754	(1,975)
Equity for equity method affiliates			
Share of other comprehensive income of affiliates accounted for using equity method arising during the year	(344)	86	(3,161)
Reclassification adjustment	148	-	1,360
Sub-total	(196)	86	(1,801)
Before-tax amount	(21,027)	(7,640)	(193,210)
Income tax effect	2,497	1,354	22,944
Total other comprehensive income	¥ (18,530)	¥ (6,286)	$ (170,266)

Tax effects allocated to each component of other comprehensive income for the years ended March 31, 2020 and 2019, were as follows:

	(Millions of yen)		
Year ended March 31, 2020	Before-tax amount	Income tax effect	Net-of-tax amount
Net unrealized holding gains (losses) on securities	¥ (7,478)	¥ 2,288	¥ (5,190)
Deferred gains (losses) on hedges	(973)	245	(728)
Translation adjustments	(12,165)	-	(12,165)
Remeasurements of defined benefit plans	(215)	(36)	(251)
Equity for equity method affiliates	(196)	-	(196)
Other comprehensive income	¥ (21,027)	¥ 2,497	¥ (18,530)

	(Millions of yen)		
Year ended March 31, 2019	Before-tax amount	Income tax effect	Net-of-tax amount
Net unrealized holding gains (losses) on securities	¥ (5,661)	¥ 1,732	¥ (3,929)
Deferred gains (losses) on hedges	338	(104)	234
Translation adjustments	(3,157)	-	(3,157)
Remeasurements of defined benefit plans	754	(274)	480
Equity for equity method affiliates	86	-	86
Other comprehensive income	¥ (7,640)	¥ 1,354	¥ (6,286)

	(Thousands of U.S. dollars) (Note 1)		
Year ended March 31, 2020	Before-tax amount	Income tax effect	Net-of-tax amount
Net unrealized holding gains (losses) on securities	$ (68,713)	$ 21,024	$ (47,689)
Deferred gains (losses) on hedges	(8,941)	2,251	(6,690)
Translation adjustments	(111,780)	-	(111,780)
Remeasurements of defined benefit plans	(1,975)	(331)	(2,306)
Equity for equity method affiliates	(1,801)	-	(1,801)
Other comprehensive income	$ (193,210)	$ 22,944	$ (170,266)

Note 17 : BUSINESS COMBINATIONS
(Transition to a Holding Company Structure through a Corporate Separation)
After resolved at the general meeting of shareholders held on June 27, 2019, the Company entered an absorption-type corporate separation with JGC CORPORATION as the splitting company and the wholly owned two subsidiaries as the successor companies and the JGC group has adopted the form of a holding company structure.In addition, JGC CORPORATION has been changed the name to JGC HOLDINGS COPORATION as of October 1, 2019.

(Transactions under common control, etc.)
1. Outline of the transaction
(1) Details of the business subject to the business combination
EPC (Engineering, Procurement and Construction) business for various plants and facilities
(2) Date of the business combination
October 1, 2019
(3) Legal form of the business combination
Absorption-type corporate separation with the Company as the splitting company and the wholly owned two subsidiaries as the successor companies
The successor companies of the businesses are as follows;
EPC business for various plants and facilities overseas……JGC CORPORATION
EPC business for various plants and facilities in Japan……JGC JAPAN CORPORATION
(JGC Plant Innovation Co. Ltd. has been changed the name to JGCJAPAN CORPORATION as of October 1, 2019)
(4) Other matters related to the outline of the transaction

JGC group's main business of EPC operations, the Beyond the Horizon medium-term business plan for fiscal 2016–2020 calls for an ongoing focus on the oil and gas sector while expanding further into the field of infrastructure. In non-EPC operations, the plan calls for stronger involvement in manufacturing, among other types of business. Further growth and expansion are sought in both areas of operations.

To pursue this vision of a corporate group with greater corporate value steadily, but with a sense of speed, we have transited to a holding company as the group's new management structure.

The Company is seeking to grant more independence to future primary business operating companies, enable more proactive, agile business operations, and bring about globally optimal resource allocation and accurate governance of group management.

2. Outline of the accounting treatment applied

The Company treated the transaction as a transaction under common control in accordance with the Accounting Standard for Business Combination (ASBJ Statement No21 dated January 16, 2019), and the Implementation Guidance on the Accounting Standard for Business Combination and Accounting Standard for Business Divestitures (ASBJ Guidance No .10 dated January 16, 2019).

Note 18 : SUBSEQUENT EVENT

(Issue Bonds)

Based on the resolution made at the meeting of the Board of Directors of the Company held on June 8, 2020, the Company will issue the following unsecured bonds.

Total amount of issue	Under ¥20,000 million ($183,773 thousand)
Issue price	¥100 per face value of ¥100 of bond
Interest rate	Under 1.000% per annum
Issue date	From July 1, 2020 to March 31, 2021
Maturity period	Within 5 years
Redemption method	Bullet repayment
Application of funds	Bonds redemption

Note 19 : OTHER

(Ichthys LNG Project)

JKC Australia LNG Pty Ltd, an Australian company operating as a joint venture among KBR, Chiyoda Corporation and the Company's subsidiary, (hereinafter referred to as "JKC") has contracted with INPEX Operations Australia Pty Ltd. (hereinafter referred to as the "Client") to perform the engineering, procurement, construction and commissioning of onshore LNG facilities in Darwin, Australia (hereinafter referred to as the "Ichthys LNG project"). The execution of the Ichthys LNG project has been substantially completed and the plant handed over to the Client in August 2018.

Notwithstanding the above situation, JKC and the Client have not reached a final settlement about part of the additional costs incurred due to increase in services scope and other factors, and the parties are currently under a few arbitration processes.

In addition, to fulfill its obligations under the contract with the Client, JKC awarded a fixed-price EPC contract to a subcontractor for the design, procurement, construction and commissioning of the combined cycle power plant (hereinafter referred to as the "Power Plant"). The subcontractor was a consortium consisting of General Electric Company, General Electric International, Inc., UGL Engineering Pty Limited and CH2M Hill Australia Pty. Limited (hereinafter referred to as a "Consortium"). During the execution of the project, the Consortium unilaterally repudiated the contract and entered into an arbitration demanding damages. While JKC having hired another subcontractor and pay costs to complete the Power Plant, JKC is making a counter-claim under the arbitration, pursuing recourse against the Consortium to recover all of the costs.

In view of the above overall, if the arbitrations against the Client or the Consortium results in a disadvantageous result for JKC, this could have a negative impact on the Company's consolidated financial position.

Independent Auditor's Report

To the Board of Directors of JGC Holdings Corporation:

Opinion

We have audited the accompanying consolidated financial statements of JGC Holdings Corporation (formerly JGC Corporation) and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2020 and 2019, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes to the consolidated financial statements, comprising a summary of significant accounting policies, other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and its consolidated financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & supervisory board members and audit & supervisory board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & supervisory board members and audit & supervisory board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with audit & supervisory board members and audit & supervisory board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide audit & supervisory board members and audit & supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 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.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Michitaka Shishido
Designated Engagement Partner
Certified Public Accountant

Takemitsu Nemoto
Designated Engagement Partner
Certified Public Accountant

Atsushi Nagata
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Yokohama Office, Japan
June 26, 2020

Supplemental Explanation

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, 2020, 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, 2020, we concluded that our internal control system over financial reporting as of March 31, 2020 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 Holdings Corporation (formerly 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, Representative Director, Chairman and Chief Executive Officer (CEO), and Kiyotaka Terajima, Chief Financial Officer (CFO) of JGC Holdings Corporation (formerly 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, 2020 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, 2020, the Company's ICOFR was effective.

4 Supplementary Information

Not applicable.

5 Other

Not applicable.

Independent Auditor’s Report on the financial Statements and Internal Control Over Financial Reporting (Translation)

NOTE
The following is an English translation of the Independent Auditor’s Report on the financial Statements and Internal Control Over Financial Reporting 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 26, 2020

To the Board of Directors of JGC Corporation

KPMG AZSA LLC

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant: Michitaka Shishido

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant: Takemitsu Nemoto

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, 2019, 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, 2018 to March 31, 2019, 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, 2019 and their financial performance and cash flows for the year ended March 31, 2019, 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, 2019 (“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, 2019, 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, 2020

Others

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

Specialized Consulting Services
- ■ JAPAN NUS CO., LTD.

Office Support Services
- ■ NIKKI BUSINESS SERVICES CO., LTD.

Oil & Gas Production and Sales Business
- ■ JGC (GULF COAST), LLC
- ■ JGC Exploration Eagle Ford LLC
- ■ JGC EXPLORATION CANADA LTD.

Water Treatment Business
- ● Swing Corporation
- ● Swing AM Corporation
- ● Swing Engineering Corporation

Total Engineering

- ■ JGC CORPORATION
- ■ JGC JAPAN CORPORATION
- ■ JGC PLANTECH AOMORI Co., Ltd.
- ● Nikki-Universal Co., Ltd.
- ■ JGC SINGAPORE PTE LTD
- ■ JGC PHILIPPINES, INC.
- ■ PT. JGC INDONESIA
- ■ JGC Gulf International Co. Ltd.
- ■ JGC OCEANIA PTY LTD
- ■ JGC America, Inc.
- ■ JGC Gulf Engineering Co. Ltd.

Functional Materials Manufacturing

- ■ JGC Catalysts and Chemicals Ltd.
- ■ JAPAN FINE CERAMICS CO., LTD.
- ■ MEITO GIKEN CO., LTD.
- ● Nikki-Universal Co., Ltd.

■ Consolidated subsidiary
● Equity-method subsidiary or affiliate
○ Non-equity-method subsidiary or affiliate

JGC HOLDINGS CORPORATION

Total Engineering

Business	Company	Country	Capital	Proportion of Voting Rights Held	Other
Engineering & Construction Services	JGC CORPORATION	Japan	¥1,000,000,000	100%	
	JGC JAPAN CORPORATION	Japan	¥1,000,000,000	100%	
	JGC SINGAPORE PTE LTD	Singapore	S$2,100,000	100%	
	JGC PHILIPPINES, INC.	Philippines	PHP1,300,000,000	100%	
	PT. JGC INDONESIA	Indonesia	US$3,270,000	49%	JGC HOLDINGS CORPORATION 34% JGC JAPAN CORPORATION 14%
	JGC Gulf International Co. Ltd.	Saudi Arabia	SAR262,500,000	100%	JGC HOLDINGS CORPORATION 94% JGC SINGAPORE 5%
	JGC OCEANIA PTY LTD	Australia	A$847,000,000	100%	
	JGC America, Inc.	U.S.A.	US$51,000	100%	
	JGC Gulf Engineering Co. Ltd.	Saudi Arabia	SAR500,000	75%	
Maintenance Services	JGC PLANTECH AOMORI Co., Ltd.	Japan	¥50,000,000	100%	JGC JAPAN CORPORATION 100%
Process Licensing Services	Nikki-Universal Co., Ltd.	Japan	¥1,000,000,000	50%	

Functional Materials Manufacturing

Company	Country	Capital	Proportion of Voting Rights Held
JGC Catalysts and Chemicals Ltd.	Japan	¥1,800,000,000	100%
JAPAN FINE CERAMICS CO., LTD.	Japan	¥300,000,000	100%
MEITO GIKEN CO., LTD.	Japan	¥10,000,000	100%
Nikki-Universal Co., Ltd.	Japan	¥1,000,000,000	50%

Others

Business	Company	Country	Capital	Proportion of Voting Rights Held
Equipment Procurement	JGC Trading and Services Co., Ltd.	Japan	¥40,000,000	24%
Specialized Consulting Services	JAPAN NUS CO., LTD.	Japan	¥50,000,000	88%
Office Support Services	NIKKI BUSINESS SERVICES CO., LTD.	Japan	¥1,455,000,000	100%
Water Treatment Business	Swing Corporation	Japan	¥5,500,000,000	33%
	Swing AM Corporation	Japan	¥100,000,000	—
	Swing Engineering Corporation	Japan	¥300,000,000	—
Oil & Gas Production and Sales Business	JGC（GULF COAST）, LLC	U.S.A.	US$77,350,000	100%
	JGC Exploration Eagle Ford LLC	U.S.A.	US$65,000,000	100%
	JGC EXPLORATION CANADA LTD.	Canada	C$160,885,000	100%

Outline of JGC

As of March 31, 2020

Established	October 25, 1928
Capital	¥23,554,870,000
Number of Employees	236 (Consolidated: 7,607)

Major Shareholders

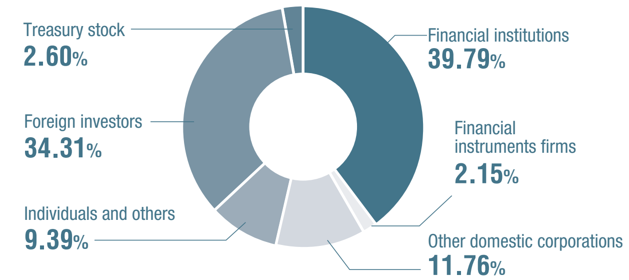
	Number of shares (Thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,264	14.76
Japan Trustee Services Bank, Ltd. (Trust Account)	27,083	10.73
JGC Trading and Services Co., Ltd.	12,112	4.79
JGC-S SCHOLARSHIP FOUNDATION	8,433	3.34
JP MORGAN CHASE BANK 385632(Standing Proxy: Mizuho Bank, Ltd.)	5,556	2.20
Sumitomo Mitsui Banking Corporation	5,500	2.17
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,150	1.64
Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,926	1.55
JP MORGAN CHASE BANK 385151(Standing Proxy: Mizuho Bank, Ltd.)	3,778	1.49
THE BANK OF NEW YORK 133972(Standing Proxy: Mizuho Bank, Ltd.)	3,451	1.36

(Notes)
1. Number of shares is rounded down to the nearest thousand. Percentage of total is rounded down to the second decimal place.
2. The Company holds 6,748 thousand shares (2.60%) of treasury stock, but this is excluded from the above list of major shareholders.
3. Percentage of total is calculated excluding treasury stock.

Authorized Shares	600,000,000
Issued and Outstanding Shares	259,110,861
Number of Shareholders	19,613
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