

[Translation]

The following statements are an English-language translation of the original Japanese-language document for your reference purpose only. In the case that there is any discrepancy between the original Japanese version and this English version, the Japanese version shall prevail. (All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

May 10, 2018

Consolidated Financial Statements--Summary

(For the fiscal year ended March 31, 2018)

Name of listed company: **JGC Corporation**

Code number: **1963**

Representative

Title: **Representative Director, Chairman and Chief Executive Officer (CEO)**

Name: **Masayuki Sato**

Contact

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

Name: **Shinichi Taguchi**

Scheduled Date of Ordinary Annual General Meeting of Shareholders: **June 28, 2018**

Scheduled Date of Payment of Dividends: **June 29, 2018**

Stock exchange: **Tokyo**

Tel: **045-682-1111**

URL: <http://www.jgc.com>

1. Consolidated Financial Results for FY2017 (April 1, 2017 - March 31, 2018)

(1) Consolidated financial results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the Parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Mar. 2018 term	722,987	4.3	21,495	—	24,927	—	16,589	—
Mar. 2017 term	693,152	(21.2)	(21,496)	—	(15,215)	—	(22,057)	—

Note:

Comprehensive income (millions of yen):

Mar. 2018 term:

20,292(—%)

Mar. 2017 term:

(25,430)(—%)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/Total assets	Operating income/Net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Mar. 2018 term	65.75	—	4.3	3.7	3.0
Mar. 2017 term	(87.42)	—	(5.5)	(2.3)	(3.1)

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio	Total net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Mar. 31, 2018	685,002	395,779	57.6	1,564.37
Mar. 31, 2017	646,291	383,260	59.1	1,514.88

Reference:

Shareholders' equity (millions of yen):

Mar. 31, 2018:

394,701

Mar. 31, 2017:

382,215

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at term-end
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Mar. 2018 term	5,539	11,736	33,781	235,394
Mar. 2017 term	(28,884)	(12,979)	(19,674)	(185,603)

2. Dividends

	Annual dividends per share (Yen)					Total dividends (annual)	Payout ratio (consolidated)	Dividends/shareholders' equity (consolidated)
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual			
Mar. 2017 term	—	—	—	30.00	30.00	7,569	—	1.9
Mar. 2018 term	—	—	—	25.00	25.00	6,307	38.0	1.6
Mar. 2019 term (Forecast)	—	—	—	12.00	12.00		30.3	

3. Earnings forecasts for FY2018 (April 1, 2018 - March 31, 2019)

Note: Percentage indicate changes from the previous term.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the Parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Full Year	700,000	(3.2)	23,000	7.0	29,000	16.3	10,000	(39.7)

	Earnings per share
	(Yen)
Full Year	39.63

4. Others

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

(2) Changes of accounting principles, procedures and presentation

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

(3) Number of shares outstanding

- ① Number of shares outstanding at term-end (including treasury stock):

	Mar. 2018 term:	259,052,929	Mar. 2017 term:	259,052,929
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- ② Number of treasury stock at term-end:

	Mar. 2018 term:	6,745,465	Mar. 2017 term:	6,744,765
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- ③ Average number of shares outstanding at term-end:

	Mar. 2018 term:	252,307,844	Mar. 2017 term:	252,308,351
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(1) The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

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

Consolidated Balance Sheets

	March 31, 2018 (Millions of yen)	March 31, 2017 (Millions of yen)
ASSETS		
Current assets		
Cash and deposits	195,394	185,603
Notes receivable, accounts receivable from completed construction contracts and other	186,672	196,199
Costs on uncompleted construction contracts	20,633	35,026
Merchandise and finished goods	3,958	3,764
Work in process	2,452	2,210
Raw materials and supplies	2,835	2,968
Short-term loans receivable	46,474	11,663
Accounts receivable	43,250	23,252
Deferred tax assets	11,653	12,411
Other	19,937	9,277
Allowance for doubtful accounts	(290)	(1,512)
Total current assets	532,973	480,865
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,056	62,368
Machinery, vehicles, tools, furniture and fixtures	62,995	69,851
Land	18,550	25,046
Leased assets	1,361	1,365
Construction in progress	2,385	283
Other	4,384	4,436
Accumulated depreciation	(90,512)	(93,474)
Total property, plant and equipment	55,222	69,877
Intangible assets		
Software	3,046	1,526
Other	6,719	7,798
Total intangible assets	9,766	9,324
Investments and other assets		
Investment securities	69,818	60,604
Long-term loans receivable	8,473	5,770
Net defined benefit asset	425	190
Deferred tax assets	5,076	12,447
Other	11,702	8,630
Allowance for doubtful accounts	(8,456)	(644)
Allowance for investment loss	—	(774)
Total investments and other assets	87,039	86,223
Total non-current assets	152,028	165,425
Total assets	685,002	646,291

	March 31, 2018 (Millions of yen)	March 31, 2017 (Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	89,164	97,612
Short-term loans payable	13,362	14,052
Income taxes payable	4,815	3,523
Advances received on uncompleted construction contracts	47,428	45,040
Provision for warranties for completed construction contracts	1,444	2,850
Provision for loss on construction contracts	21,818	31,261
Provision for bonuses	6,725	6,009
Provision for directors' bonuses	175	61
Provision for loss on guarantees	—	2,815
Other	30,839	23,231
Total current liabilities	215,773	226,457
Non-current liabilities		
Bonds payable	50,000	—
Long-term loans payable	4,294	12,631
Net defined benefit liability	15,829	15,934
Provision for directors' retirement benefits	291	275
Deferred tax liabilities	321	383
Deferred tax liabilities for land revaluation	1,014	3,125
Other	1,697	4,222
Total non-current liabilities	73,449	36,573
Total liabilities	289,223	263,031
NET ASSETS		
Shareholders' equity:		
Capital stock	23,511	23,511
Capital surplus	25,609	25,609
Retained earnings	355,572	341,764
Treasury shares	(6,737)	(6,736)
Total shareholders' equity	397,955	384,148
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	11,168	7,954
Deferred gains or losses on hedges	(517)	(431)
Revaluation reserve for land	(10,919)	(6,131)
Foreign currency translation adjustment	(1,169)	(755)
Remeasurements of defined benefit plans	(1,815)	(2,569)
Total Accumulated other comprehensive income	(3,253)	(1,933)
Non-controlling interests	1,077	1,045
Total net assets	395,779	383,260
Total liabilities and net assets	685,002	646,291

Consolidated Statements of Income

	Mar. 2018 term (Apr. 1, 2017 - Mar. 31, 2018) (Millions of yen)	Mar. 2017 term (Apr. 1, 2016 - Mar. 31, 2017) (Millions of yen)
Net sales	722,987	693,152
Cost of sales	678,038	691,700
Gross profit	44,949	1,452
Selling, general and administrative expenses	23,453	22,948
Operating income (loss)	21,495	(21,496)
Non-operating income:		
Interest income	2,863	1,996
Dividend income	2,817	4,508
Rent income on non-current assets	648	637
Share of profit of entities accounted for using equity method	814	632
Other	320	1,387
Total non-operating income	7,464	9,160
Non-operating expenses:		
Interest expenses	512	662
Bond issuance cost	213	—
Foreign exchange losses	2,620	1,534
Rent expenses on non-current assets	318	283
Other	367	399
Total non-operating expenses	4,032	2,879
Ordinary income (loss)	24,927	(15,215)
Extraordinary income:		
Gain on transfer from business divestitures	8,935	—
Gain on sales of non-current assets	6,549	86
Gain on sales of investment securities	50	1,648
Gains on sales of shares of subsidiaries and associates	1,394	12
Reversal of allowance for investment loss	—	3,399
Gain on liquidation of subsidiaries	—	1,867
Other	927	152
Total extraordinary Income	17,857	7,166
Extraordinary loss:		
Impairment loss	—	5,927
Loss on valuation of investment securities	5,197	2,926
Provision for loss on guarantees	—	1,514
Provision of allowance for doubtful accounts	4,908	—
Other	1,012	932
Total extraordinary loss	11,119	11,300
Profit (loss) before income taxes	31,665	(19,349)
Income taxes:		
Income taxes - current	10,590	9,974
Income taxes - deferred	4,262	(7,480)
Total income taxes	14,853	2,493
Profit (loss)	16,812	(21,843)
Profit attributable to non-controlling interests	222	214
Profit (loss) attributable to owners of the parent	16,589	(22,057)

Statements of Consolidated Comprehensive Income

	Mar. 2018 term (Apr. 1, 2017 - Mar. 31, 2018) (Millions of yen)	Mar. 2017 term (Apr. 1, 2016 - Mar. 31, 2017) (Millions of yen)
Profit (loss)	16,812	(21,843)
Other comprehensive income:		
Valuation difference on available-for-sale securities	3,213	890
Deferred gains or losses on hedges	(72)	87
Foreign currency translation adjustment	(414)	(4,828)
Remeasurements of defined benefit plans	725	265
Share of other comprehensive income of entities accounted for using equity method	27	(1)
Total other comprehensive income	3,480	(3,587)
Comprehensive income	20,292	(25,430)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	20,056	(25,661)
Comprehensive income attributable to non-controlling interests	236	230

Consolidated Statements of Cash Flows

	Mar. 2018 term (Apr. 1, 2017 - Mar. 31, 2018) (Millions of yen)	Mar. 2017 term (Apr. 1, 2016 - Mar. 31, 2017) (Millions of yen)
Cash flows from operating activities:		
Profit (loss) before income taxes	31,665	(19,349)
Depreciation	7,427	8,012
Impairment loss	—	5,927
Increase (decrease) in allowance for doubtful accounts	6,444	785
Increase (decrease) in provision for loss on construction contracts	(9,214)	10,157
Increase (decrease) in net defined benefit liability	(65)	613
Interest and dividend income	(5,681)	(6,504)
Interest expense	512	662
Foreign exchange losses (gains)	112	545
Share of (profit) loss of entities accounted for using equity method	(814)	(632)
Loss (gain) on sales of investment securities	(50)	(1,648)
Loss (gain) on valuation of investment securities	5,197	2,926
Loss (gain) on sales of shares of subsidiaries and associates	(1,394)	(12)
Loss (gain) on sales of non-current assets	(6,541)	(45)
Loss (gain) on liquidation of subsidiaries	—	(1,867)
Gain on transfer from business divestitures	(8,935)	—
Decrease (increase) in notes and accounts receivable-trade	5,061	(21,439)
Decrease (increase) in inventories	13,930	6,385
Decrease (increase) in accounts receivable-other	(21,376)	1,497
Increase (decrease) in notes and accounts payable-trade	(5,611)	(11,239)
Increase (decrease) in advances received on uncompleted construction contracts	2,514	7,035
Other	(3,854)	(6,463)
Subtotal	9,325	(24,652)
Interest and dividend income received	6,104	6,707
Interest expenses paid	(459)	(629)
Income taxes paid	(9,430)	(10,309)
Cash flows from operating activities	5,539	(28,884)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(7,190)	(6,175)
Proceeds from sales of property, plant and equipment	15,237	1,107
Proceeds from business divestitures	14,879	—
Purchase of intangible assets	(2,379)	(1,328)
Purchase of investment securities	(7,328)	(635)
Proceeds from sale of investment securities	1,947	3,324
Decrease (increase) in short-term loans receivable	(4,993)	(6,015)
Other	1,564	(3,255)
Cash flows from investing activities	11,736	(12,979)
Cash flows from financing activities:		
Proceeds from issuance of bonds	50,000	—
Proceeds from long-term loans payable	2	3
Repayments of long-term loans payable	(7,269)	(8,059)
Net decrease (increase) in treasury shares	(1)	(0)
Cash dividends paid	(7,569)	(10,723)
Dividends paid to non-controlling interests	(203)	(163)
Other	(1,176)	(730)
Cash flows from financing activities	33,781	(19,674)
Effect of exchange rate changes on cash and cash equivalents:	(1,267)	(809)
Net increase (decrease) in cash and cash equivalents:	49,791	(62,346)
Cash and cash equivalents at beginning of period:	185,603	247,947
Increase in cash and cash equivalents from newly consolidated subsidiary:	—	2
Cash and cash equivalents at end of period:	235,394	185,603

Segment Information

【 Information by business segment 】

FY 2016 (April 1, 2016 - March 31, 2017)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Catalysts and fine products	Sub total				
Net sales							
External customers	643,377	39,918	683,295	9,857	693,152	—	693,152
Inter-segment	391	107	498	1,669	2,168	(2,168)	—
Total	643,769	40,025	683,794	11,526	695,320	(2,168)	693,152
Segment profit or loss	(29,399)	6,121	(23,278)	1,606	(21,671)	174	(21,496)
Segment asset	563,619	47,674	611,294	55,239	666,533	(20,241)	646,291
Other item							
Impairment loss	653	—	653	5,274	5,927	—	5,927
Depreciation and amortization	3,466	2,355	5,822	2,247	8,069	(56)	8,012
Capital expenditures	2,565	2,477	5,042	1,118	6,160	—	6,160

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

*2: Segment profit or loss, Segment asset and Other item are adjusted to eliminate transactions between segments.

*3: Segment profit or loss is adjusted with the operating income figure from the Consolidated Statements of Income.

FY 2017 (April 1, 2017 - March 31, 2018)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Catalysts and fine products	Sub total				
Net sales							
External customers	670,086	42,140	712,227	10,759	722,987	—	722,987
Inter-segment	419	5	425	2,126	2,551	(2,551)	—
Total	670,506	42,146	712,652	12,886	725,539	(2,551)	722,987
Segment profit	11,541	7,199	18,741	2,606	21,348	146	21,495
Segment asset	598,203	50,549	648,753	46,192	694,945	(9,943)	685,002
Other item							
Depreciation and amortization	2,932	2,426	5,358	2,124	7,483	(56)	7,427
Capital expenditures	5,853	2,635	8,489	578	9,067	—	9,067

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

*2: Segment profit, Segment asset and Other item are adjusted to eliminate transactions between segments.

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

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2017	March 31, 2018		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Domestic	Oil and gas development	73	492	288	277
	Petroleum refining	20,322	14,612	26,507	8,427
	LNG	13,477	690	14,167	—
	Chemical	23,960	52,741	27,290	49,410
	Power generation, nuclear power and new energy	139,498	28,322	29,844	137,977
	Living and general production facility	7,082	17,724	6,477	18,329
	Environmental protection, social development and IT	7,413	26,259	8,982	24,689
	Others	712	8,682	8,150	1,244
	Subtotal	212,540	149,526	121,709	240,357
Overseas	Oil and gas development	228,864	129,459	105,184	253,139
	Petroleum refining	164,319	5,367	80,208	89,478
	LNG	351,684	223,852	305,103	270,433
	Chemical	36,148	24,504	49,005	11,647
	Power generation, nuclear power and new energy	17,866	9,493	11,551	15,807
	Living and general production facility	39	22	61	1
	Environmental protection, social development and IT	195	238	125	307
	Others	7,962	5,362	7,896	5,428
	Subtotal	807,081	398,300	559,137	646,244
Total Engineering Business		1,018,850	536,412	670,086	885,176
Others Business		770	11,414	10,759	1,425
Subtotal		1,019,621	547,826	680,846	886,601
Catalysts and Fine Products Business		—	—	42,140	—
Grand Total		1,019,621	547,826	722,987	886,601

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

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

(Millions of yen)

Business area	Foreign currency translation adjustment	Revision for changes in contract amounts	Total
Oil and gas development	(3,159)	(229)	(3,389)
Petroleum refining	4,620	(1,536)	3,084
LNG	(19,322)	(3,389)	(22,711)
Chemical	(1,339)	(583)	(1,922)
Power generation, nuclear power and new energy	(716)	(24)	(741)
Living and general production facility	(0)	(20)	(20)
Environmental protection, social development and IT	(0)	—	(0)
Others	(342)	(20)	(362)
Total	(20,259)	(5,803)	(26,063)
Total Engineering Business	(20,229)	(5,785)	(26,014)
Other Business	(29)	(18)	(48)

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