

【Translation】

The following statements are an English-language translation of the original Japanese-language document.
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Consolidated Financial Statements--Summary

May 11, 2017

(For the fiscal year ended March 31, 2017)

Name of listed company: **JGC Corporation**
Code number: **1963**
Representative
Title: **Chairman and Representative Director**
Name: **Masayuki Sato**
Contact
Title: **General Manager, Finance & Accounting Department**
Name: **Takehiko Hirose**
Scheduled Date of Ordinary Annual General Meeting of Shareholders: **June 29, 2017**
Scheduled Date of Payment of Dividends: **June 30, 2017**

Stock exchange: **Tokyo**

Tel: **045-682-1111**
URL: **http://www.jgc.com**

1. Consolidated Financial Results for FY2016 (April 1, 2016-March 31, 2017)

(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 attribute to owners of the Parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Mar. 2017 term	693,152	(21.2)	(21,496)	—	(15,215)	—	(22,057)	—
Mar. 2016 term	879,954	10.1	49,661	67.0	52,047	16.0	42,793	107.4

Comprehensive income (millions of yen): Mar. 2017 term: (25,430) (-%) Mar. 2016 term: 35,939 (41.1%)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/Total assets	Operating income/Net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Mar. 2017 term	(87.42)	—	(5.5)	(2.3)	(3.1)
Mar. 2016 term	169.60	—	10.6	7.4	5.6

Reference:

Equity in earning of affiliates (millions of yen): Mar. 2017 term: 632 Mar. 2016 term: 716

(2) Consolidated financial position

	Total assets	Total net assets	Total net assets/Total assets	Total net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Mar. 31, 2017	646,291	383,260	59.1	1,514.88
Mar. 31, 2016	689,782	419,673	60.7	1,659.46

Reference:

Shareholders' equity (millions of yen): Mar. 31, 2017: 382,215 Mar. 31, 2016: 418,695

(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. 2017 term	(28,884)	(12,979)	(19,674)	185,603
Mar. 2016 term	(49,764)	8,696	(4,374)	247,947

2. Dividends

	Annual dividends per share (Yen)		Total dividends (annual)	Payout ratio (consolidated)	Dividends/shareholders' equity (consolidated)
	Term-end	Annual	(Millions of yen)	(%)	(%)
Mar. 2016 term	42.50	42.50	10,723	25.1	2.7
Mar. 2017 term	30.00	30.00	7,569	—	1.9
Mar. 2018 term (Forecasts)	25.00	25.00		30.00	

3. Forecasts for FY2017 (April 1, 2017-March 31, 2018)

	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)	(%)
Entire term	680,000	(1.9)	26,000	—	30,000	—	21,000	—

	Earnings per share
	(Yen)
Entire term	83.23

4. Others

(1) Changes in scope of consolidated important subsidiaries

Consolidated subsidiaries:	(increase)	None	(decrease)	None
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(2) Changes in accounting method:

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

(3) Number of shares outstanding

- | | | | |
|--|-------------|-----------------|-------------|
| ① Number of shares outstanding at term-end (including treasury stock): | | | |
| Mar. 2017 term: | 259,052,929 | Mar. 2016 term: | 259,052,929 |
| ② Number of treasury stock at term-end: | | | |
| Mar. 2017 term: | 6,744,765 | Mar. 2016 term: | 6,744,842 |
| ③ Average number of shares outstanding at term-end: | | | |
| Mar. 2017 term: | 252,308,351 | Mar. 2016 term: | 252,317,463 |

(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: ¥ 110.00/US\$1.00

Consolidated Balance Sheets

ASSETS

	March 31, 2017 (Millions of yen)	March 31, 2016 (Millions of yen)
Current assets		
Cash and deposits	185,603	239,947
Notes receivable, accounts receivable from completed construction contracts and other	196,199	175,876
Securities	—	8,000
Costs on uncompleted construction contracts	35,026	42,338
Merchandise and finished goods	3,764	3,731
Work in process	2,210	2,088
Raw materials and supplies	2,968	2,394
Accounts receivable	23,252	24,949
Deferred tax assets	12,411	11,980
Other	20,940	11,838
Allowance for doubtful accounts	(1,512)	(398)
Total current assets	480,865	522,747
Non-current assets		
Property, plant and equipment:		
Buildings and structures	62,368	65,520
Machinery, vehicles, tools furniture and fixtures	69,851	70,544
Land	25,046	25,380
Lease assets	1,365	1,206
Construction in progress	283	217
Other	4,436	5,356
Accumulated depreciation	(93,474)	(91,970)
Total property, plant and equipment	69,877	76,255
Intangible assets		
Software	1,526	1,773
Other	7,798	12,612
Total intangible assets	9,324	14,385
Investments and other assets		
Investment securities	60,604	63,496
Long-term loans receivable	5,770	5,195
Net defined benefit asset	190	193
Deferred tax assets	12,447	5,998
Other	8,630	6,660
Allowance for doubtful accounts	(644)	(977)
Allowance for investment loss	(774)	(4,173)
Total investments and other assets	86,223	76,394
Total non-current assets	165,425	167,034
Total assets	646,291	689,782

	March 31, 2017 (Millions of yen)	March 31, 2016 (Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	97,612	108,389
Short-term loans payable	14,052	15,338
Income taxes payable	3,523	3,741
Advances received on uncompleted construction contracts	45,040	37,960
Provision for warranties for completed construction contracts	2,850	2,883
Provision for loss on construction contracts	31,261	20,679
Provision for bonuses	6,009	7,039
Provision for directors' bonuses	61	124
Provision for loss on guarantees	2,815	1,301
Other	23,231	27,742
Total current liabilities	226,457	225,203
NET ASSETS		
Non-current liabilities		
Long-term loans payable	12,631	20,991
Net defined benefit liability	15,934	15,370
Provision for directors' retirement benefits	275	241
Deferred tax liabilities	383	429
Deferred tax liabilities for land revaluation	3,125	3,132
Other	4,222	4,740
Total non-current liabilities	36,573	44,905
Total liabilities	263,031	270,108
Shareholders' equity		
Capital stock	23,511	23,511
Capital surplus	25,609	25,608
Retained earnings	341,764	374,625
Treasury shares	(6,736)	(6,735)
Total shareholders' equity	384,148	417,009
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,954	7,064
Deferred gains or losses on hedges	(431)	(503)
Revaluation reserve for land	(6,131)	(6,115)
Foreign currency translation adjustment	(755)	4,072
Remeasurements of defined benefit plans	(2,569)	(2,832)
Total Accumulated other comprehensive income	(1,933)	1,685
Non-controlling interests	1,045	978
Total net assets	383,260	419,673
Total liabilities and net assets	646,291	689,782

Consolidated Statements of Income

	Mar. 2017 term (Millions of yen)	Mar. 2016 term (Millions of yen)
Net sales:	693,152	879,954
Net sales of completed construction contracts	693,152	879,954
Cost of sales:	691,700	806,995
Cost of sales of completed construction contracts	691,700	806,995
Gross profit:	1,452	72,958
Gross profit on completed construction contracts	1,452	72,958
Selling, general and administrative expenses	22,948	23,297
Operating income (Loss)	(21,496)	49,661
Non-operating income:	9,160	6,730
Interest income	1,996	2,054
Dividend income	4,508	2,581
Rent income on non-current assets	637	636
Share of profit of entities accounted for using equity method	632	716
Other	1,387	741
Non-operating expenses:	2,879	4,344
Interest expense	662	719
Foreign exchange losses	1,534	2,937
Rent expense on non-current assets	283	286
Other	399	400
Ordinary income (Loss)	(15,215)	52,047
Extraordinary income:	7,166	21,302
Gain on sales of investment securities	1,648	1,084
Reversal of allowance for investment loss	3,399	—
Reversal of provision for loss on guarantees	—	5,293
Reversal of allowance for doubtful accounts	—	10,230
Gain on liquidation of subsidiaries	1,867	—
Other	251	4,692
Extraordinary loss:	11,300	13,692
Impairment loss	5,927	1,660
Loss on valuation of investment securities	2,926	10,370
Provision for loss on guarantees	1,514	1,235
Other	932	425
Profit (Loss) before income taxes	(19,349)	59,657
Income taxes:	2,493	16,688
Income taxes - current	9,974	9,078
Income taxes - deferred	(7,480)	7,610
Profit (Loss):	(21,843)	42,968
Profit attributable to non-controlling interests	214	174
Profit (Loss) attributable to owners of the parent	(22,057)	42,793

Statements of Consolidated Comprehensive Income

	Mar. 2017 term (Millions of yen)	Mar. 2016 term (Millions of yen)
Profit (Loss)	(21,843)	42,968
Other comprehensive income :	(3,587)	(7,028)
Valuation difference on available-for-sale securities	890	(3,208)
Deferred gains or losses on hedges	87	(45)
Revaluation reserve for land	—	174
Foreign currency translation adjustment	(4,828)	(2,612)
Remeasurements of defined benefit plans	265	(1,339)
Share of other comprehensive income of entities accounted for using equity method	(1)	3
Comprehensive income (Loss) :	(25,430)	35,939
Comprehensive income (Loss) attributable to owners of the parent	(25,661)	35,794
Comprehensive income attributable to non-controlling interests	230	144

Consolidated Statements of Cash Flows

	Mar. 2017 term (Millions of yen)	Mar. 2016 term (Millions of yen)
Cash flows from operating activities:		
Profit (loss) before income taxes	(19,349)	59,657
Depreciation	8,012	9,423
Impairment loss	5,927	1,660
Increase (decrease) in allowance for doubtful accounts	785	(10,208)
Increase (decrease) in provision for loss on construction contracts	10,157	(14,944)
Increase (decrease) in net defined benefit liability	613	2,378
Interest and dividend income	(6,504)	(4,635)
Interest expense	662	719
Foreign exchange losses (gains)	545	4,270
Share of (profit) loss of entities accounted for using equity method	(632)	(716)
Loss (gain) on sales of investment securities	(1,648)	(5,312)
Loss (gain) on sales of non-current assets	(45)	(200)
Loss on retirement of non-current assets	187	88
Loss (gain) on liquidation of subsidiaries	(1,867)	—
Decrease (increase) in notes and accounts receivable-trade	(21,439)	(42,315)
Decrease (increase) in inventories	6,385	(9,455)
Decrease (increase) in accounts receivable-other	1,497	4,067
Increase (decrease) in notes and accounts payable-trade	(11,239)	3,354
Increase (decrease) in advances received on uncompleted construction contracts	7,035	(47,460)
Other	(3,738)	4,263
Subtotal	(24,652)	(45,365)
Interest and dividend income received	6,707	5,110
Interest expenses paid	(629)	(746)
Income taxes paid	(10,309)	(8,763)
Cash flows from operating activities	(28,884)	(49,764)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(6,175)	(3,537)
Proceeds from sales of property, plant and equipment	1,107	1,424
Purchase of intangible assets	(1,328)	(1,800)
Purchase of investment securities	(635)	(6,396)
Proceeds from sale of investment securities	3,324	17,900
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,871
Decrease (increase) in short-term loans receivable	(6,015)	156
Other	(3,255)	(921)
Cash flows from investing activities	(12,979)	8,696
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(406)	3,076
Proceeds from long-term loans payable	3	4
Repayments of long-term loans payable	(8,059)	(1,731)
Net decrease (increase) in treasury shares	(0)	(75)
Cash dividends paid	(10,723)	(5,302)
Cash dividends paid	(163)	(187)
Other	(324)	(159)
Cash flows from financing activities	(19,674)	(4,374)
Effect of exchange rate changes on cash and cash equivalents:	(809)	(5,731)
Net increase (decrease) in cash and cash equivalents:	(62,346)	(51,175)
Cash and cash equivalents at beginning of period:	247,947	297,707
Increase in cash and cash equivalents from newly consolidated subsidiary:	2	1,415
Cash and cash equivalents at end of period:	185,603	247,947

Segment Information

【 Information by business segment 】

FY 2015 (April 1, 2015 - March 31, 2016)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Catalysts and fine products	Sub total				
Net sales							
External customers	828,414	37,628	886,042	13,911	879,954	—	879,954
Inter-segment	162	0	163	4,486	4,649	(4,649)	—
Total	828,577	37,628	866,205	18,397	884,603	(4,649)	879,954
Segment profit	44,063	3,570	47,634	1,730	49,364	296	49,661
Segment asset	601,945	43,136	645,081	54,034	699,115	(9,333)	689,782
Other item							
Impairment loss	—	—	—	1,660	1,660	—	1,660
Depreciation and amortization	4,482	2,081	6,563	3,024	9,587	(164)	9,423
Capital expenditures	2,873	4,196	7,069	2,195	9,264	18	9,283

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

*2: Segment 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.

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

*2: Segment profit or loss is adjusted to eliminate transactions between segments.

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

Sales, Orders Received and Backlog (Consolidated)

Business area		March 31, 2016	March 31, 2017		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Domestic	Oil and gas development	188	508	623	73
	Petroleum refining	20,844	20,019	19,870	20,993
	LNG	22,707	2,239	11,469	13,477
	Chemical	6,338	38,414	20,793	23,960
	Power generation, nuclear power and new energy	57,817	115,973	34,267	139,523
	Living and general production facility	10,523	6,430	9,851	7,102
	Environmental protection, social development and IT	12,316	3,458	8,361	7,413
	Others	584	7,651	7,504	730
	Subtotal	131,321	194,696	112,743	213,274
Overseas	Oil and gas development	165,672	159,080	92,499	232,253
	Petroleum refining	243,350	5,479	88,265	160,564
	LNG	590,090	100,380	316,074	374,396
	Chemical	61,505	11,988	35,423	38,071
	Power generation, nuclear power and new energy	434	20,140	1,992	18,582
	Living and general production facility	—	138	98	39
	Environmental protection, social development and IT	314	81	201	195
	Others	(64)	14,307	5,936	8,306
	Subtotal	1,061,304	311,596	540,491	832,410
Total		*2 1,192,625	506,293	653,234	1,045,684
(Incl. Total Engineering Business)		1,192,136	496,106	643,377	1,044,865
(Incl. Others Business)		489	10,186	9,857	819
Catalysts and Fine Products Business		*3 —	*3 —	39,918	*3 —
Grand Total		1,192,625	506,293	693,152	1,045,684

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

*2 The balances of new contracts as of the end of the previous fiscal year have been revised to reflect foreign currency translation adjustments and changes in contract amounts for the period as follows:

Business area	Foreign currency translation adjustment	Revision for changes in contract amounts	Total
Oil and gas development	1,475	(118)	1,357
Petroleum refining	3,540	6,845	10,386
LNG	(27,614)	(22,643)	(50,258)
Chemical	(4,998)	(9,994)	(14,992)
Power generation, nuclear power and new energy	(55)	(3,202)	(3,257)
Living and general production facility	—	(1)	(1)
Environmental protection, social development and IT	—	(643)	(643)
Others	(280)	(20)	(301)
Total	(27,932)	(29,778)	(57,710)
(Incl. Total Engineering Business)	(27,748)	(29,941)	(57,690)
(Incl. Others Business)	(183)	163	(20)

(Millions of yen)

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

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