

# [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.)

November 9, 2017

## Summary of Consolidated Second Quarter Financial Results for Fiscal 2017 (For the 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: **Takehiko Hirose**

Stock exchange: **Tokyo**

Tel: **045-682-1111**

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Note: All amounts are rounded down to the nearest million yen.

### 1. Consolidated Financial Results for 2Q of FY2017 (April 1, 2017 - September 30, 2017)

(1) Consolidated financial results

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)	(%)
2Q FY2017	344,845	8.3	13,522	—	17,945	—	12,407	—
2Q FY2016	318,367	(27.0)	(14,190)	—	(14,859)	—	(20,907)	—

Note:  
Comprehensive income (millions of yen) 2Q FY2017 term 15,373(—%) 2Q FY2016 term (23,419)(—%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2Q FY2017	49.18	—
2Q FY2016	(82.86)	—

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2017	641,100	390,860	60.8
As of March 31, 2017	646,291	383,260	59.1

Reference:  
Shareholders' equity (millions of yen): Sep. 30, 2017: 389,887 Mar. 31, 2017 382,215

### 2. Dividends

	Annual dividends per share (Yen)				
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual
Mar. 2017 term	—	—	—	30.00	30.00
Mar. 2018 term	—	—			
Mar. 2018 term (Forecasts)			—	25.00	25.00

Note: Revision of dividend forecasts during this period: None

### 3. Earnings forecasts for FY2017 (April 1, 2017 - March 31, 2018)

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	680,000	(1.9)	26,000	—	30,000	—	21,000	—

	Earnings per share
	(Yen)
Full Year	83.23

Note: Revision of earnings forecast during this period: None

**4. Others**

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

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

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

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

(4) Number of shares outstanding

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

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

Sep. 2017 term:	6,745,091	Mar. 2017 term:	6,744,765
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- ③ Average number of shares outstanding (second quarter term):
 

Sep. 2017 term:	252,308,023	Sep. 2016 term:	252,308,389
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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 : 110.00 yen/US\$ 1.00

## Consolidated Balance Sheets

	2Q FY2017 (As of Sep. 30, 2017) (Millions of yen)	FY2016 (As of Mar. 31, 2017) (Millions of yen)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	166,610	185,603
Notes receivable, accounts receivable from completed construction contracts and other	190,907	196,199
Costs on uncompleted construction contracts	36,801	35,026
Merchandise and finished goods	3,219	3,764
Work in process	3,320	2,210
Raw materials and supplies	3,570	2,968
Accounts receivable	30,048	23,252
Deferred tax assets	12,475	12,411
Other	26,816	20,940
Allowance for doubtful accounts	(1,562)	(1,512)
<b>Total current assets</b>	<b>472,207</b>	<b>480,865</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	62,208	62,368
Machinery, vehicles, tools, furniture and fixtures	68,490	69,851
Land	25,518	25,046
Leased assets	1,361	1,365
Construction in progress	679	283
Other	4,298	4,436
Accumulated depreciation	(93,736)	(93,474)
<b>Total property, plant and equipment</b>	<b>68,820</b>	<b>69,877</b>
<b>Intangible assets</b>		
Software	1,757	1,526
Other	7,056	7,798
<b>Total intangible assets</b>	<b>8,814</b>	<b>9,324</b>
<b>Investments and other assets</b>		
Investment securities	67,237	60,604
Long-term loans receivable	4,779	5,770
Net defined benefit asset	162	190
Deferred tax assets	11,309	12,447
Other	9,139	8,630
Allowance for doubtful accounts	(595)	(644)
Allowance for investment loss	(774)	(774)
<b>Total investments and other assets</b>	<b>91,258</b>	<b>86,223</b>
<b>Total non-current assets</b>	<b>168,892</b>	<b>165,425</b>
<b>Total assets</b>	<b>641,100</b>	<b>646,291</b>

	2Q FY2017 (As of Sep. 30, 2017) (Millions of yen)	FY2016 (As of Mar. 31, 2017) (Millions of yen)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	90,663	97,612
Short-term loans payable	13,174	14,052
Income taxes payable	4,839	3,523
Advances received on uncompleted construction contracts	53,100	45,040
Provision for warranties for completed construction contracts	2,069	2,850
Provision for loss on construction contracts	22,412	31,261
Provision for bonuses	4,652	6,009
Provision for directors' bonuses	79	61
Provision for loss on guarantees	—	2,815
Other	23,524	23,231
<b>Total current liabilities</b>	<b>214,517</b>	<b>226,457</b>
<b>Non-current liabilities</b>		
Long-term loans payable	12,138	12,631
Net defined benefit liability	15,919	15,934
Provision for directors' retirement benefits	272	275
Deferred tax liabilities	421	383
Deferred tax liabilities for land revaluation	3,125	3,125
Other	3,845	4,222
<b>Total non-current liabilities</b>	<b>35,722</b>	<b>36,573</b>
<b>Total liabilities</b>	<b>250,240</b>	<b>263,031</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	23,511	23,511
Capital surplus	25,609	25,609
Retained earnings	346,602	341,764
Treasury shares	(6,736)	(6,736)
<b>Total shareholders' equity</b>	<b>388,986</b>	<b>384,148</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	10,249	7,954
Deferred gains or losses on hedges	(358)	(431)
Revaluation reserve for land	(6,131)	(6,131)
Foreign currency translation adjustment	(565)	(755)
Remeasurements of defined benefit plans	(2,292)	(2,569)
<b>Total Accumulated other comprehensive income</b>	<b>900</b>	<b>(1,933)</b>
<b>Non-controlling interests</b>	<b>972</b>	<b>1,045</b>
<b>Total net assets</b>	<b>390,860</b>	<b>383,260</b>
<b>Total liabilities and net assets</b>	<b>641,100</b>	<b>646,291</b>

## Consolidated Statements of Income

	2Q FY2017 term (Apr. 1, 2017 - Sep. 30, 2017) (Millions of yen)	2Q FY2016 term (Apr. 1, 2016 - Sep. 30, 2016) (Millions of yen)
<b>Net sales</b>	<b>344,845</b>	<b>318,367</b>
Cost of sales	320,121	321,049
Gross profit (loss)	24,724	(2,682)
Selling, general and administrative expenses	11,201	11,508
<b>Operating income (loss)</b>	<b>13,522</b>	<b>(14,190)</b>
<b>Non-operating income:</b>		
Interest income	1,384	920
Dividend income	1,894	2,649
Foreign exchange gains	840	—
Rent income on non-current assets	349	318
Share of profit of entities accounted for using equity method	425	268
Other	111	354
<b>Total non-operating income</b>	<b>5,005</b>	<b>4,511</b>
<b>Non-operating expenses:</b>		
Interest expenses	254	310
Foreign exchange losses	—	4,475
Rent expenses on non-current assets	169	140
Other	158	253
<b>Total non-operating expenses</b>	<b>582</b>	<b>5,180</b>
<b>Ordinary income (loss)</b>	<b>17,945</b>	<b>(14,859)</b>
<b>Extraordinary Income:</b>		
Gain on sales of non-current assets	—	65
State subsidy	87	148
<b>Total extraordinary Income</b>	<b>87</b>	<b>213</b>
<b>Extraordinary loss:</b>		
Loss on retirement of non-current assets	321	17
Loss on valuation of investment securities	285	383
Other	0	27
<b>Total extraordinary loss</b>	<b>607</b>	<b>428</b>
<b>Profit (loss) before income taxes</b>	<b>17,424</b>	<b>(15,074)</b>
<b>Income taxes</b>	<b>4,891</b>	<b>5,723</b>
<b>Profit (loss)</b>	<b>12,533</b>	<b>(20,798)</b>
<b>Profit attributable to non-controlling interests</b>	<b>125</b>	<b>109</b>
<b>Profit (loss) attributable to owners of the parent</b>	<b>12,407</b>	<b>(20,907)</b>

## Statements of Consolidated Comprehensive Income

	2Q FY2017 term (Apr. 1, 2017 - Sep. 30, 2017) (Millions of yen)	2Q FY2016 term (Apr. 1, 2016 - Sep. 30, 2016) (Millions of yen)
<b>Profit (loss)</b>	<b>12,533</b>	<b>(20,798)</b>
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	2,294	(1,474)
Deferred gains or losses on hedges	79	(144)
Foreign currency translation adjustment	190	(1,260)
Remeasurements of defined benefit plans	271	255
Share of other comprehensive income of entities accounted for using equity method	4	2
<b>Total other comprehensive income</b>	<b>2,840</b>	<b>(2,620)</b>
<b>Comprehensive income</b>	<b>15,373</b>	<b>(23,419)</b>
<b>Comprehensive income attributable to:</b>		
Comprehensive income attributable to owners of the parent	15,241	(23,521)
Comprehensive income attributable to non-controlling interests	131	102

## Consolidated Statements of Cash Flows

Years ended	2Q FY2017 term (Apr. 1, 2017 - Sep. 30, 2017) (Millions of yen)	2Q FY2016 term (Apr. 1, 2016 - Sep. 30, 2016) (Millions of yen)
<b>Cash flows from operating activities:</b>		
Profit (loss) before income taxes	17,424	(15,074)
Depreciation	3,509	4,033
Increase (decrease) in allowance for doubtful accounts	51	(121)
Increase (decrease) in provision for loss on construction contracts	(8,605)	6,989
Increase (decrease) in net defined benefit liability	46	111
Interest and dividends income	(3,278)	(3,570)
Foreign exchange losses (gains)	(4,460)	3,022
Share of (profit) loss of entities accounted for using equity method	(425)	(268)
Decrease (increase) in notes and accounts receivable-trade	5,318	11,651
Decrease (increase) in inventories	(2,939)	(11,055)
Decrease (increase) in accounts receivable-other	(6,571)	8,445
Increase (decrease) in notes and accounts payable-trade	(7,297)	(14,376)
Increase (decrease) in advances received on uncompleted construction contracts	8,302	(5,926)
Other	(1,760)	(12,076)
Subtotal	(684)	(28,215)
Interest and dividends income received	3,039	3,159
Interest expenses paid	(259)	(278)
Income taxes paid	(3,450)	(6,964)
Cash flows from operating activities	(1,354)	(32,299)
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(3,645)	(5,198)
Purchase of investment securities	(6,105)	(103)
Other	116	(8,203)
Cash flows from investing activities	(9,633)	(13,505)
<b>Cash flows from financing activities:</b>		
Cash dividends paid	(7,566)	(10,719)
Other	(1,496)	(1,217)
Cash flows from financing activities	(9,062)	(11,936)
Effect of exchange rate change on cash and cash equivalents	1,057	(4,071)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(18,992)</b>	<b>(61,812)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>185,603</b>	<b>247,947</b>
<b>Cash and cash equivalents at end of period</b>	<b>166,610</b>	<b>186,134</b>

## Segment Information

## 【 Information by business segment 】

Second quarter (6 months) for FY 2016 (April 1, 2016 - September 30, 2016)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Catalysts and fine products	Sub total				
Net sales							
External customers	295,796	19,668	315,465	2,902	318,367	—	318,367
Inter-segment	(0)	107	107	697	804	(804)	—
Total	295,796	19,776	315,572	3,599	319,172	(804)	318,367
Segment profit or loss	(17,390)	2,686	(14,703)	420	(14,283)	92	(14,190)

\*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 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.

Second quarter (6 months) for FY 2017 (April 1, 2017 - September 30, 2017)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Catalysts and fine products	Sub total				
Net sales							
External customers	320,553	20,610	341,164	3,681	344,845	—	344,845
Inter-segment	112	5	118	805	923	(923)	—
Total	320,666	20,615	341,282	4,486	345,769	(923)	344,845
Segment profit	8,963	3,418	12,382	1,073	13,456	66	13,522

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

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

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



## Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2017	September 30, 2017		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Domestic	Oil and gas development	73	167	156	84
	Petroleum refining	20,993	8,712	11,132	18,574
	LNG	13,477	636	10,188	3,926
	Chemical	23,960	8,640	7,048	25,552
	Power generation, nuclear power and new energy	139,523	13,542	7,022	146,043
	Living and general production facility	7,102	7,175	4,332	9,944
	Environmental protection, social development and IT	7,413	23,482	3,625	27,270
	Others	713	5,636	2,423	3,926
	Subtotal	213,256	67,994	45,928	235,322
Overseas	Oil and gas development	230,724	64,781	47,300	248,205
	Petroleum refining	162,368	1,968	36,411	127,925
	LNG	365,678	203,201	157,418	411,461
	Chemical	36,632	7,332	27,239	16,726
	Power generation, nuclear power and new energy	17,817	1,525	5,386	13,956
	Living and general production facility	39	18	42	15
	Environmental protection, social development and IT	195	70	21	243
	Others	7,932	4,522	4,484	7,970
	Subtotal	821,388	283,421	278,306	826,503
Total Engineering Business		1,033,849	344,668	320,553	1,057,964
Others Business		795	6,747	3,681	3,862
Subtotal		1,034,645	351,415	324,234	1,061,826
Catalysts and Fine Products Business		—	—	20,610	—
Grand Total		1,034,645	351,415	344,845	1,061,826

\*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	(1,367)	(161)	(1,529)
Petroleum refining	2,726	(922)	1,804
LNG	(5,379)	(3,337)	(8,717)
Chemical	(1,229)	(209)	(1,438)
Power generation, nuclear power and new energy	(765)	—	(765)
Living and general production facility	—	—	—
Environmental protection, social development and IT	—	—	—
Others	(373)	(18)	(392)
Total	(6,389)	(4,649)	(11,039)
Total Engineering Business	(6,383)	(4,632)	(11,015)
Other Business	(5)	(17)	(23)

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