

[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.)

August 9, 2018

Summary of Consolidated First Quarter Financial Results for Fiscal 2018

(For the year ended March 31, 2019)

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**

Stock exchange: **Tokyo**

Tel: **045-682-1111**
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1. Consolidated Financial Results for 1Q of FY2018 (April 1, 2018 - June 30, 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)	(%)
1Q FY2018	146,157	(4.5)	5,594	(10.5)	8,628	(4.4)	2,641	(52.8)
1Q FY2017	153,024	(6.3)	6,248	(11.5)	9,022	45.9	5,593	67.8

Note:

Comprehensive income (millions of yen): 1Q FY2018 term 7((99.9%)) 1Q FY2017 term 6,002(—%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
1Q FY2018	10.47	—
1Q FY2017	22.17	—

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of June 30, 2018	695,437	392,404	56.3
As of March 31, 2018	684,921	395,779	57.6

Reference:

Shareholders' equity (millions of yen): Jun. 30, 2018: 391,472 Mar. 31, 2018: 394,701

Note: The Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Corporate Accounting Standard No. 28, February 16, 2018), etc. from the beginning of the first three months of consolidated financial statements. The figure as of March 31, 2018 is based on retroactive application.

2. Dividends

	Annual dividends per share (Yen)				
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual
Mar. 2018 term	—	—	—	25.00	25.00
Mar. 2019 term	—	—	—	—	—
Mar. 2019 term (Forecast)	—	—	—	12.00	12.00

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) 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):

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

Jun. 2018 term:	6,745,618	Mar. 2018 term:	6,745,465
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- ③ Average number of shares outstanding at term-end:

Jun. 2018 term:	252,307,407	Jun. 2017 term:	252,308,122
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(1) This document is unaudited by certificated public accountants or audit firms.

(2) 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.

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

Consolidated Balance Sheets

	1Q FY2018 (As of Jun. 30, 2018) (Millions of yen)	FY2017 (As of Mar. 31, 2018) (Millions of yen)
ASSETS		
Current assets		
Cash and deposits	192,128	195,394
Notes receivable, accounts receivable from completed construction contracts and other	170,555	186,672
Costs on uncompleted construction contracts	27,471	20,633
Merchandise and finished goods	4,008	3,958
Work in process	2,984	2,452
Raw materials and supplies	2,925	2,835
Short-term loans receivable	56,138	46,474
Accounts receivable	55,399	43,250
Other	21,483	19,937
Allowance for doubtful accounts	(283)	(290)
Total current assets	532,811	521,320
Non-current assets		
Property, plant and equipment		
Buildings and structures	55,734	56,056
Machinery, vehicles, tools, furniture and fixtures	62,900	62,995
Land	18,524	18,550
Leased assets	1,357	1,361
Construction in progress	3,425	2,385
Other	4,134	4,384
Accumulated depreciation	(90,792)	(90,512)
Total property, plant and equipment	55,283	55,222
Intangible assets		
Software	3,456	3,046
Other	6,076	6,719
Total intangible assets	9,533	9,766
Investments and other assets		
Investment securities	71,849	69,818
Long-term loans receivable	6,775	8,473
Net defined benefit asset	412	425
Deferred tax assets	16,685	16,648
Other	10,122	11,702
Allowance for doubtful accounts	(8,036)	(8,456)
Total investments and other assets	97,808	98,612
Total non-current assets	162,625	163,600
Total assets	695,437	684,921

	1Q FY2018 (As of Jun. 30, 2018) (Millions of yen)	FY2017 (As of Mar. 31, 2018) (Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	89,571	89,164
Short-term loans payable	19,415	13,362
Income taxes payable	5,159	4,815
Advances received on uncompleted construction contracts	56,572	47,428
Provision for warranties for completed construction contracts	1,329	1,444
Provision for loss on construction contracts	18,866	21,818
Provision for bonuses	8,114	6,725
Provision for directors' bonuses	150	175
Other	30,629	30,839
Total current liabilities	229,809	215,773
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	4,266	4,294
Net defined benefit liability	15,671	15,829
Provision for directors' retirement benefits	270	291
Deferred tax liabilities	319	240
Deferred tax liabilities for land revaluation	1,014	1,014
Other	1,680	1,697
Total non-current liabilities	73,223	73,368
Total liabilities	303,033	289,142
NET ASSETS		
Shareholders' equity:		
Capital stock	23,511	23,511
Capital surplus	25,609	25,609
Retained earnings	354,808	355,572
Treasury shares	(6,737)	(6,737)
Total current liabilities	397,191	397,955
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	11,096	11,168
Deferred gains or losses on hedges	(89)	(517)
Revaluation reserve for land	(10,919)	(10,919)
Foreign currency translation adjustment	(4,109)	(1,169)
Remeasurements of defined benefit plans	(1,697)	(1,815)
Total Accumulated other comprehensive income	(5,719)	(3,253)
Non-controlling interests	932	1,077
Total net assets	392,404	395,779
Total liabilities and net assets	695,437	684,921

Consolidated Statements of Income

	1Q FY2018 term (Apr. 1, 2018 - Jun. 30, 2018) (Millions of yen)	1Q FY2017 term (Apr. 1, 2017 - Jun. 30, 2017) (Millions of yen)
Net sales	146,157	153,024
Cost of sales	135,180	141,512
Gross profit	10,976	11,512
Selling, general and administrative expenses	5,382	5,264
Operating income	5,594	6,248
Non-operating income:		
Interest income	965	680
Dividend income	1,332	1,198
Foreign exchange gains	196	579
Share of profit of entities accounted for using equity method	706	231
Other	72	322
Total non-operating income	3,273	3,013
Non-operating expenses:		
Interest expenses	171	139
Other	68	99
Total non-operating expenses	239	239
Ordinary income	8,628	9,022
Extraordinary income:		
Gain on liquidation of subsidiaries and associates	248	—
Other	0	—
Total extraordinary Income	248	—
Extraordinary loss:		
Loss on retirement of non-current assets	47	299
Loss on sales of investment securities	150	—
Other	10	—
Total extraordinary loss	209	299
Profit before income taxes	8,667	8,722
Income taxes	5,962	3,060
Profit	2,705	5,661
Profit attributable to non-controlling interests	63	68
Profit attributable to owners of the parent	2,641	5,593

Statements of Consolidated Comprehensive Income

	1Q FY2018 term (Apr. 1, 2018 - Jun. 30, 2018) (Millions of yen)	1Q FY2017 term (Apr. 1, 2017 - Jun. 30, 2017) (Millions of yen)
Profit	2,705	5,661
Other comprehensive income:		
Valuation difference on available-for-sale securities	(72)	450
Deferred gains or losses on hedges	427	11
Foreign currency translation adjustment	(2,622)	(263)
Remeasurements of defined benefit plans	116	140
Share of other comprehensive income of entities accounted for using equity method	(546)	2
Total other comprehensive income	(2,697)	341
Comprehensive income	7	6,002
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(55)	5,936
Comprehensive income attributable to non-controlling interests	63	66

Segment Information

【 Information by business segment 】

First quarter (3 months) for FY 2017 (April 1, 2017 - June 30, 2017)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Functional Materials Manufacturing	Sub total				
Net sales							
External customers	140,349	10,981	151,331	1,692	153,024	—	153,024
Inter-segment	74	4	79	342	421	(421)	—
Total	140,424	10,986	151,410	2,035	153,445	(421)	153,024
Segment profit	3,521	2,148	5,670	546	6,216	31	6,248

*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.

First quarter (3 months) for FY 2018 (April 1, 2018 - June 30, 2018)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Functional Materials Manufacturing	Sub total				
Net sales							
External customers	133,058	11,738	144,797	1,360	146,157	—	146,157
Inter-segment	19	—	19	532	551	(551)	—
Total	133,077	11,738	144,816	1,892	146,709	(551)	146,157
Segment profit	3,020	2,190	5,211	361	5,572	22	5,594

*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.

*4: Coinciding the issuing of the Consolidated First Quarter Financial Results for FY2018, JGC changed the name of this segment from "Catalysts and Fine Products Business" to "Functional Materials Manufacturing Business". As the change was only in the segment name, there is no change in any other information for this segment. In addition, the new segment name is also applicable in the first quarter for FY2017.

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2018	June 30, 2018		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Domestic	Oil and gas development	277	642	122	797
	Petroleum refining	8,427	5,178	4,994	8,611
	LNG	—	306	306	—
	Chemical	49,412	3,357	3,155	49,613
	Power generation, nuclear power and new energy	137,976	4,507	20,702	121,781
	Living and general production facility	18,302	90	2,142	16,250
	Environmental protection, social development and IT	24,689	9,141	2,334	31,496
	Others	1,244	2,695	596	3,343
	Subtotal	240,329	25,919	34,354	231,895
Overseas	Oil and gas development	252,172	2,334	31,130	223,376
	Petroleum refining	91,996	1,960	16,943	77,013
	LNG	266,137	38,224	43,921	260,439
	Chemical	10,869	9,090	3,683	16,276
	Power generation, nuclear power and new energy	14,992	582	2,525	13,049
	Living and general production facility	3	608	50	561
	Environmental protection, social development and IT	307	52	126	234
	Others	4,903	966	1,682	4,187
	Subtotal	641,382	53,820	100,064	595,138
Total Engineering Business		880,288	76,337	133,058	823,567
Others Business		1,423	3,402	1,360	3,465
Subtotal		881,712	79,739	134,418	827,033
Functional Materials Manufacturing Business		—	—	11,738	—
Grand Total		881,712	79,739	146,157	827,033

*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	(967)	—	(967)
Petroleum refining	2,518	(0)	2,518
LNG	(4,296)	(0)	(4,296)
Chemical	(692)	(82)	(775)
Power generation, nuclear power and new energy	(815)	(1)	(816)
Living and general production facility	1	(27)	(26)
Environmental protection, social development and IT	0	—	0
Others	(489)	(35)	(524)
Total	(4,741)	(147)	(4,889)
Total Engineering Business	(4,739)	(147)	(4,887)
Other Business	(1)	—	(1)

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