Program Management Contractor & Investment Partner

Annual Report 2012

April 1, 2011 — March 31, 2012

JGC CORPORATION

Profile

JGC Corporation was founded in 1928, and has since completed over 20,000 projects in approximately 70 countries, making it one of the world's top engineering contractors.
The Company has developed proprietary engineering technology and displayed unsurpassed project management capabilities in the fields of petroleum refining and gas processing, LNG, petrochemicals and other hydrocarbons, as well as those involving non-ferrous metals, nuclear power, pharmaceuticals, hospitals, laboratories and numerous other sectors.
In order to respond to the diverse needs of its clients, JGC has moved beyond its role as an engineering contractor to expand its investment business into domains such as power generation and desalination, water, the environment, renewable energy and resource development. At the same time, JGC provides planning and management services in the urban development domain.
JGC recently launched its medium-term management plan, "New Horizon 2015," under which it has charted a course to become a "Program Management Contractor & Investment Partner."

Corporate Philosophy

The JGC Group, with its core business of engineering-based services, reaffirms its corporate policy of pursuing the highest standards of performance and achieving enduring growth as a globally active company, while contributing to world economic and social prosperity as well as to the conservation of the earth's environment.

Core Values

Each and every person working in the JGC Group, from director to employee, full-time or part-time, understands and adheres to the core values stated below as integral to realizing corporate policy:

1. Decision-making: Highest ethical standards and sense of legal responsibility
2. Conduct: Fairness and transparency
3. Corporate atmosphere: Progressive spirit and open mind
4. Corporate direction: Customer satisfaction and trust of society, as well as corporate growth in harmony with society

Management Policies

Sharing these core values, the JGC Group seeks to continuously provide services and products based on the highest standards of technology and in compliance with the following management policies:

1. Secure profit and realize continuous growth
2. Strengthen power of JGC Group technologies and establish innovative technologies, as well as develop lines of business with vertical and horizontal diversification
3. Accumulate and utilize capital and resources with provision for the future
4. Maintain fair personnel policy and develop capabilities as well as vitality of individuals

Responsibilities

As a globally active entity with engineering-based services as its core business, JGC Group makes the maximum effort to enhance its corporate values and, in doing so, realize its corporate policy, with the fullest level of recognition given to social responsibilities:

1. Conservation of the earth's environment and engagement in corporate activities beneficial to society
2. Accountability and integrity
3. Fair trade and fostering mutually beneficial relationships
4. Shareholders' confidence

Principles of Business Conduct

For the long-term stability of the JGC Group and for its further growth, each person working, from director to employee, full-time or part-time, is required to keep in mind clear principles of business conduct and perform his or her daily activities in compliance with such principles. Through continued stable operations, JGC Group achieves its Corporate Philosophy by maintaining and honoring the following principles derived from the previously stated “Core Values”:

1. Decision-making: Highest ethical standards and sense of legal responsibility

(1) Behave in accordance with the highest ethical standards, and in a socially acceptable manner.

(2) Understand the requirements, and observe the laws, regulations and rules of the business conducted.

2. Conduct: Fairness and transparency

(1) Be fair, honest and transparent at all times in conducting business.

(2) Maintain integrity in all the relationships that constitute the business being conducted.

3. Corporate atmosphere: Progressive spirit and open mind

(1) Maintain a progressive spirit not restricted merely to established business practices, and behave at all times with a sense of innovation and improvement not limited to traditional practices.

(2) Based on a will to achieve objectives, devote oneself to the maximum extent possible as an individual and to the team.

(3) Through free and aggressive exchanges, strive to enhance the intelligence of the organization.

4. Corporate direction: Customer satisfaction and trust of society, as well as corporate growth in harmony with society

(1) Gain the trust of clients and shareholders by performing faithfully and by providing an adequate level of information.

(2) Direct efforts at providing reliable services and products that satisfy the client’s needs.

(3) Seek corporate growth together with the development of society, in the knowledge that without prosperity of society the JGC Group will not grow.

Management Vision

The first principle at JGC is to have an accurate grasp of customer needs and to bring the Company's unique intellectual capital to bear on these needs, thereby contributing to prosperity by providing customer satisfaction. Next, while moving forward with vertical integration and horizontal expansion, the Company is responding to changing customer requirements by using its operational assets in unlimited innovation, striving to remain a trusted partner for success and a solutions provider.

Contents

Caution Regarding Forward-Looking Statements
This annual report contains information about forward-looking statements related to such matters as the plans, strategies, and business results of JGC and the JGC Group. These forward-looking statements represent judgments made by the Company based on information available at present and are inherently subject to a variety of risks (see page 41) and uncertainties. The Company's actual activities and business results could differ significantly due to factors including, but not limited to, changes in the economic environment, business environment, demand, and exchange rates.

Financial Highlights

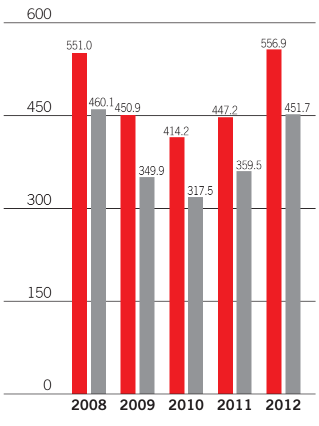
For the years ended March 31.
Yen amounts are in millions except per share data.

Consolidated	2012	2011	2010 Millions of yen	2012 Thousands of U.S. dollars
Net Sales	¥ 556,967	¥ 447,223	¥414,258	$ 6,776,579
Operating Income	67,054	63,559	41,919	815,841
Income Before Taxes on Income and Minority Interests in Earnings of Consolidated Subsidiaries	71,479	52,771	37,850	869,680
Net Income	39,111	25,478	27,112	475,861
Net Income per Share (in yen and U.S. dollars)	154.90	100.83	107.25	1.88
New Contracts	793,278	618,203	733,549	9,651,758
Outstanding Contracts	1,441,612	1,163,256	982,594	17,539,992

Non-Consolidated	2012	2011	2010 Millions of yen	2012 Thousands of U.S. dollars
Net Sales	¥ 451,724	¥ 359,561	¥317,597	$ 5,496,094
Operating Income	54,218	51,918	32,145	659,667
Income Before Taxes on Income	60,708	45,205	27,934	738,630
Net Income	34,304	22,853	21,271	417,374
Net Income per Share (in yen and U.S. dollars)	135.86	90.44	84.15	1.65
New Contracts	342,983	569,128	675,505	4,173,050
Outstanding Contracts	1,005,441	1,114,182	953,511	12,233,131

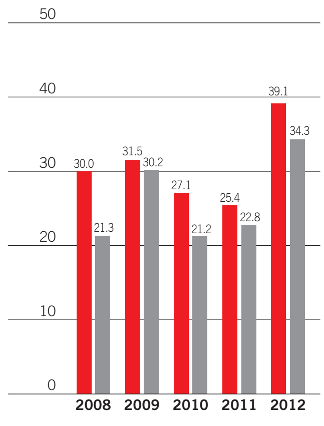
Notes: 1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥82.19=$1.00, the prevailing rate of exchange at March 31, 2012.
2. Net income per share is computed based upon the average number of shares of common stock outstanding during the period.

Net Sales
(Billions of yen)



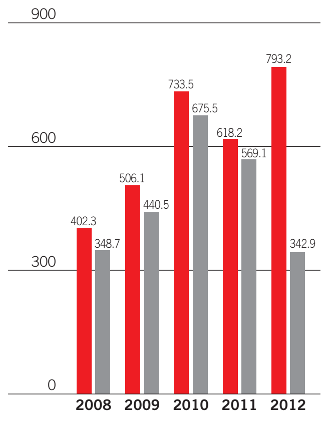
■ Consolidated
■ Non-consolidated

Net Income
(Billions of yen)



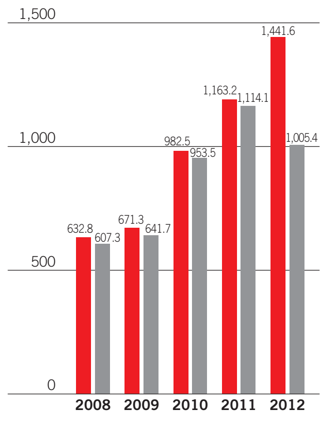
■ Consolidated
■ Non-consolidated

New Contracts
(Billions of yen)



■ Consolidated
■ Non-consolidated

Outstanding Contracts
(Billions of yen)



■ Consolidated
■ Non-consolidated

Program Management Contractor & Investment Partner

(left)
Keisuke Takeuchi
Chairman and Representative Director

(right)
Koichi Kawana
President and Representative Director

Record Earnings at All Levels in Fiscal 2011

In fiscal 2011 (the fiscal year ended March 31, 2012), JGC achieved consolidated net sales of ¥556.9 billion. We achieved this with the support of our shareholders and clients, coupled with the earnest efforts of all those working for the JGC Group. In terms of earnings, we recorded a gross profit of ¥86.7 billion, operating income of ¥67.0 billion, and net income of ¥39.1 billion. All earnings figures were records for JGC. We paid a full-year dividend of ¥38.5 per share, as planned. Consolidated contracts received reached ¥793.2 billion as we received orders for large-scale LNG projects as well as other projects, despite the highly competitive market.

Our forecasts for fiscal 2012 are for consolidated net sales of ¥600.0 billion, gross profit of ¥88.0 billion, operating income of ¥67.5 billion, and net income of ¥44.0 billion. Furthermore, we plan to pay a dividend of ¥43.5 per share applicable to the fiscal year. We have set a target for consolidated orders of ¥600.0 billion, and will do our best to achieve this target.

Fiscal 2011 was a year filled with uncertainty, as the European sovereign debt crisis triggered by the situation in Greece weighed heavily on the global economy. It was also a period that saw the WTI price of crude oil rise from US $80 to US $100 per barrel through the year, driven higher by population growth in emerging markets, increasing demand for energy, and a growing trend toward urbanization. Against this backdrop, many capital investment plans were implemented in connection with oil and natural gas development, as well as for oil refineries and petrochemical facilities, notably in the Middle East, North Africa and Oceania.

JGC prevailed in fiscal 2011 in the face of fierce EPC business competition. In addition to winning contracts for projects in Japan, we were also successful in gaining orders overseas for a crude oil processing facility in Algeria, an oil refinery expansion project in Venezuela, a project to renovate cooling water facilities at a power plant in Iraq, and Front End Engineering and Design (FEED) work for an LNG plant expansion project in Malaysia. In addition, we were awarded a contract for the Ichthys LNG project, a mega-project being promoted by INPEX Corporation and Total. These achievements helped our contracts received reach ¥793.2 billion on a consolidated basis, which significantly exceeded our ¥550.0 billion target.

Meanwhile, in our investment business, we made considerable progress in fiscal 2011 in the resource development field in particular. We decided to invest in shale oil production and development businesses in the U.S., and a shale gas development and production business in Canada. Production also commenced at a gas field in the U.S. in which we own a working interest. Furthermore, we made the decision to invest in a Japan-China fund to promote energy saving and environmental conservation. The fund will invest in Chinese venture firms operating in these sectors.

In another major move, since the beginning of fiscal 2012 full-scale trial operations have begun at a demonstration plant for the production of slurry-form fuel made from unused low-rank coal deposits in Indonesia. This coal fuel can be used as a substitute for heavy fuel oil.

As we look back, fiscal 2011, the first year of our new medium-term management plan “New Horizon 2015,” saw us deliver the results we expected.

Client Investment Plans in Fiscal 2012 in a Wide Range of Fields, Upstream to Downstream, Mainly in the Middle East and North Africa

For the engineering and construction market in fiscal 2012, we expect to see commitment of capital investments on a level above that of fiscal 2011, with further EPC opportunities emerging for us. These capital investments will mainly center on the Middle East and North Africa. Oil majors, national oil companies, and other companies will be investing in a wide range of areas, from upstream to downstream.

In the Middle East and North Africa, we will see the continued development of oil and natural gas. At the same time, capital investments are planned in the oil refinery and petrochemical fields with the aim of adding value to these resources. In East Africa, LNG project plans are taking shape. In Asia and Oceania, we expect to see plans implemented for the construction or expansion of LNG projects in response to growing LNG demand within Asia. In Japan, we anticipate continued capital investment in expanding and upgrading power supply facilities, and in the pharmaceutical industry.

Focus on Strengthening Cost Competitiveness, Developing New Markets, and Enhancing Technological Capabilities

Given this market situation for the EPC business, in fiscal 2012 we will focus again on strengthening our cost competitiveness across the EPC spectrum. In tandem, we will work to maintain our solid position in the highly competitive LNG field.

Furthermore, in the Middle East and Africa, we will concentrate our efforts on developing new markets. We also plan to strengthen our technological capabilities, as an important element in order to be competitive in the EPC business. With an increasing number of projects expected to adopt a modular construction approach, we will endeavor to further enhance our project execution capabilities, and at the same time bolster our technological capabilities in new areas of endeavor including floating LNG plants.

Plants have become larger in recent years and clients today expect contractors to possess advanced capabilities not only with respect to technologies, but also the associated elements including health, safety and the environment (HSE). We are keenly aware that these demands on contractors will only grow and become more exacting in terms of quality and scope. Our firm intention is to respond positively to these demands by improving related technologies and developing new capabilities.

In the investment business in fiscal 2012, we plan to continue with our strict selection of prime investment projects. We will focus on infrastructure-related businesses such as power and water; resource development businesses, including conventional and unconventional resources; solar power generation; and our new energy business for the effective utilization of low-rank coal. We will also target the urban development business, with a focus on Asia.

It is without doubt that the energy market is witnessing dynamic changes, due to shale gas developments in North America and other factors. These changes are spawning new markets that present us with major opportunities for growth as an engineering contractor. It can be expected that we will target changing fields, as we make the maximum possible efforts to achieve our consolidated targets for contracts awarded and our operating result forecasts, over the coming year.

We ask our shareholders for their continued support and guidance as we continue to implement "New Horizon 2015" to drive further growth.

July 2012

Keisuke Takeuchi
Chairman and Representative Director

Koichi Kawana
President and Representative Director

Special Feature

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LNG Plant Market Outlook and JGC's Initiatives

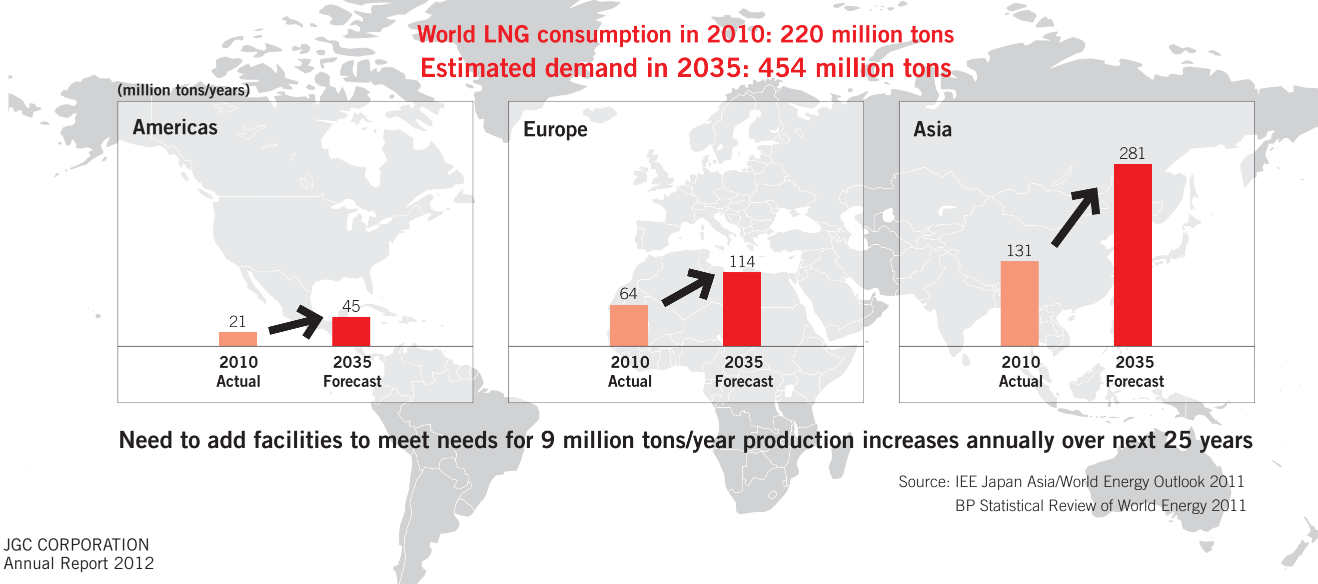
Increasing Global LNG Demand

Following the outbreak of the Fukushima nuclear crisis in March 2011, Japan's LNG imports in 2011 climbed by approximately 12%, to about 78.5 million tons, up from approximately 70.0 million tons in 2010 before the disaster. This was the highest LNG import volume in the past decade. LNG imports in 2012 and thereafter are expected to rise by between 10 and 15 million tons compared with 2010, depending on the degree of resumption in operations at nuclear power plants in Japan.

World forecasts for 2035 predict that LNG demand in Asia, including Japan, China and India, will rise to 281 million tons, more than double the 2010 figure of 131 million tons. World demand is projected to climb to 454 million tons, around 2.5 times the 220 million tons consumed in 2010. Driving factors for this increase are population growth and rising energy demand.

Since the outbreak of the Fukushima nuclear crisis, some countries including Japan have changed their energy policies by shifting away from nuclear power and toward thermal power fired by fossil fuels such as coal, oil and natural gas. Although these countries have also turned their attention to renewable energy sources such as solar and wind power, more time is needed to stabilize power generation with green technology, and also to construct the necessary facilities for

Outlook for World LNG Demand



Source: IEE Japan Asia/World Energy Outlook 2011
BP Statistical Review of World Energy 2011

generating green power. Given these circumstances, demand is expected to grow for LNG, which is seen as a bridge energy source toward a low-carbon society, due to its relatively low carbon dioxide emissions when compared with coal and oil.

LNG Projects Increase Worldwide in Step With Higher Demand

Many LNG plant construction or expansion projects are planned at present in Southeast Asia, East Africa, Australia, Russia, and elsewhere based on this projected LNG demand growth. These projects are being developed by oil majors, state-run oil and gas companies, and Japan's general trading companies. In 2012, multiple planned LNG projects will advance to the Front End Engineering and Design (FEED) stage, and in 2013 we expect international tenders to be conducted for engineering, procurement and construction (EPC) for these projects.

Another dynamic that is shaping the market is the rapid development of shale gas in recent years in the U.S. due to advances in drilling and other technology; up until a few years ago the U.S. was expected to import large volumes of LNG. Many plans are taking shape to produce LNG from the abundant and low-cost shale gas reserves for export to Japan and other Asian countries. With shale gas development also taking place in Canada, LNG projects are being evaluated with the aim of selling LNG to Asia.


JGC constructed this LNG plant at the Tangguh LNG project in Indonesia

The Top Contractor for LNG Plants

JGC has constructed approximately 30% of the world's currently operating LNG plants. At present, we are executing three LNG plant construction projects in Indonesia, Australia and Papua New Guinea, respectively, and in January 2012, we received an EPC contract for an LNG plants for the Ichthys LNG Project in Australia being promoted by INPEX Corporation. Therefore, JGC is now involved in four LNG plant projects. When these four projects are completed, they will produce approximately 32 million tons of LNG per year, contributing significantly to the stability of energy supplies in Japan and elsewhere in the world. In March 2012, JGC was also awarded a contract from Malaysia's state-owned oil company for the FEED services and Engineering, Procurement, Construction and Commissioning (EPCC) early work for the PETRONAS LNG Train 9 Project.

Furthermore, planned LNG projects in the U.S. and Canada present JGC with an opportunity to make inroads in the plant EPC business field in a region where it has had little opportunity to do so until now. JGC is therefore actively promoting business in this region. JGC also plans to target floating LNG projects for the development of offshore gas fields, as well as establish the concept of modular LNG plants for small to medium-sized gas fields.


Artist's impression of the LNG plant for the Ichthys LNG Project in Australia

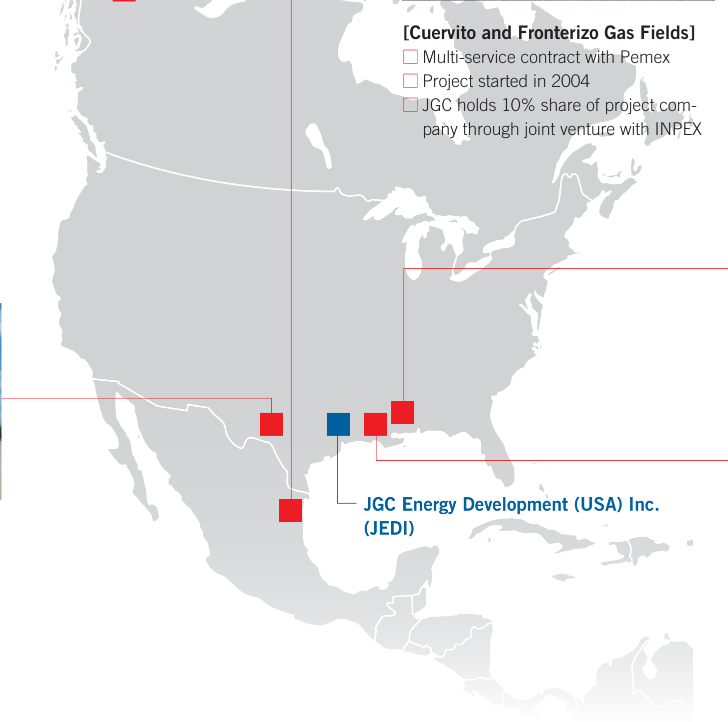
As a top global engineering contractor for LNG plants, JGC will continue to respond to market and client needs, and contribute to the development of clean sources of energy like LNG, thereby helping in the preservation of the global environment.

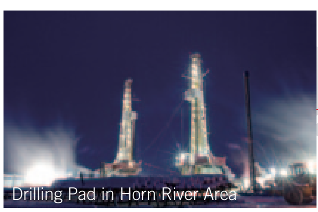
Special Feature 2

JGC's Initiatives in the Oil and Gas Exploration and Production Business

Chalking Up Results in the E&P Business

Under "Scenario 2010," the five-year medium-term plan begun in fiscal 2006, JGC declared our intention to enter the enterprise investment business. Since then JGC has steadily made a number of investments. Now, under "New Horizon 2015," JGC's current five-year medium-term management plan launched in April 2011, JGC aims to expand the enterprise investment business further. JGC sees the Oil and Gas Exploration and Production Business (E&P business) as a key field in this context, and we have already chalked up several achievements in this sector.




Drilling Pad in Horn River Area

[Canada Shale Gas Project]
- Farm-in: August 2012
- Area: 1,200 km^2 (gross) in Horn River, Cordova and Liard area
- Interest: Nexen (operator) 60%
  INPEX Gas British Columbia* 40%

* INPEX & JGC joint venture


Cuervito Gas Field Gas Production Facilities

[Cuervito and Fronterizo Gas Fields]
- Multi-service contract with Pemex
- Project started in 2004
- JGC holds 10% share of project company through joint venture with INPEX


Little Lake Field Production Facilities

[Little Lake Oil & Gas Field]
- JGC holds 60–100% working Interest.
- Since 2007, JEDI has been operate of production from its deep-horizon development on this previously undeveloped gas field.


Completion Rig in Eagle Ford

[Eagle Ford Shale Oil Field]
- Farm-in: August 2011
- Area: 300 km^2 (gross) in oil window
- Interest: Chesapeake (Operator) 50%
  Stonegate 40%
  JGC 10%


La Posada Well #1 Production Test

[Vermilion natural gas exploration business, U.S.]
- Exploration well drilled from March 2011 to August 2011
- Discovered 248 ft gas column in July 2011
- Started production in September 2012
- JGC share: 8.5%

The year 2004 marked the beginning of investments, when JGC became an equity partner in Teikoku Oil de Burgos S.A. (TOB), a Mexican gas development company established by Teikoku Oil Co., Ltd. (now INPEX CORPORATION) to develop gas fields in the northern region of Mexico. This was followed by the establishment of JGC Energy Development (USA) Inc. (JEDI) in 2006, a wholly-owned subsidiary of JGC based in Houston, Texas, U.S. JEDI is the JGC Group's first E&P Company, and JEDI's establishment marked JGC's full-scale entry into the upstream business. In 2007, through JEDI, JGC began our oil and gas field development business in earnest, as an independent operator in the Little Lake Oil & Gas Field in Louisiana, U.S. Then, in 2010, JEDI joined a gas exploration business in Vermilion Parish, Louisiana. In 2011, JEDI acquired an interest in the Eagle Ford shale oil assets in Texas. This was followed by the signing of an agreement in principle for JGC and INPEX CORPORATION to jointly acquire an interest in the shale gas projects (including a producing gas field) in British Columbia, Canada, owned by Nexen Inc., a Canadian oil and gas development company based in Alberta. In August 2012, acquisition of the assets through a JGC-INPEX joint venture company was finalized. JGC has thus fully entered into the unconventional resource development business, through shale oil and shale gas projects.

Drilling rig for the exploratory well

Completion rig (Eagle Ford)

In 2010, JGC also participated in a conventional gas exploration project in Vermilion Parish, Louisiana, operated by Petroquest Energy Inc (USA). An exploratory well drilled in 2011 yielded discovery of a large gas column, and production started from this well in March 2012. In February 2012, a delineation well was drilled and confirmed the gas reservoir to be as expected. Production is expected to start from this second well in September 2012.

Full-scale development of the Eagle Ford shale oil business, in which JGC acquired an interest in 2011, is being led by operator Chesapeake Energy Corporation. The Eagle Ford shale oil assets are considered highly promising, and the area is attracting considerable interest.

Eyeing Further Expansion in the E&P Business

Over many years working as an engineering contractor, JGC has amassed a wealth of technology and expertise. This technology and expertise will be the driving force of JGC's growth as we expand our enterprise investment business. Looking ahead, JGC intends to broaden our field of operations by increasing working interests in North America, acquiring rights to quality oil and gas field assets outside North America, and further developing unconventional resources such as shale oil, shale gas, and mineral resources. We also plan to feed the experience and expertise we gain through our upstream work in oil and gas field development back to our plant EPC business. In this way, we believe we can offer a unique contribution to clients, as an engineering contractor familiar with upstream operations that also can boast an unparalleled breadth of technological capabilities.

Completion of the World's Largest Gas to Liquids Plant

In Qatar, the largest gas producer in the Middle East, the Pearl GTL (Gas to Liquids) Project—jointly developed by Qatar Petroleum and Shell—was officially inaugurated in November 2011. JGC's involvement in the Project started from the FEED (Front-End Engineering and Design) stage. The Project involved the construction of a plant with a design capacity of producing 140,000 b/d of GTL products and 120,000 b/d of upstream products (LPG, ethane, condensate) when operating at full production. JGC was responsible for the construction of the GTL production unit, one of the plant's core facilities. In addition, JGC, in collaboration with KBR, was responsible for the overall management of the Project execution, contributing to a successful delivery of this world-class facility.

Pearl GTL demonstrates that GTL technology can be applied in a world-scale project to form the foundation for a safe, reliable and economically attractive business. This is particularly important given that supply of easy-to-access oil is decreasing while the world's reserves of gas provide for hundreds of years of continued production.

Growing Demand for GTL

GTL products represent a pioneering innovation to increase the supply of highly-demanded liquid hydrocarbons. On full production, Pearl GTL will be the world's largest source of high-quality GTL products. The product slate includes GTL gasoil (diesel-type fuel), GTL kerosene for aviation, GTL base oil for lubricants and GTL Naphtha and Normal Paraffins as chemical feedstock. Pearl GTL products are virtually sulphur free and have practically no contaminants such as heavy metals or aromatics. Their paraffinic chemical nature ensures that they are highly biodegradable and almost odourless. When GTL Gasoil is used in automotive applications such as buses, it can help improve local air quality, such as soot

The completed Pearl GTL project

(particulates) emissions, when compared to use of conventional diesel fuel.

JGC: Aiming to Be One of the World's Top Contractors for GTL Plants

In 1993, JGC completed the construction of the world's first commercial GTL plant, for Shell MDS in Bintulu, Malaysia. Since then, JGC has built up distinguished project management skills and a highly advanced knowledge of GTL production technology, both of which we applied to the successful completion of the Pearl GTL project in Qatar, which is the largest of its kind in the world. JGC is working tirelessly to become a world-leading contractor for GTL plants.

Established Incident/Injury-Free Record

A multi-cultural workforce from different nationalities and speaking diverse languages worked in teams on the plant construction site. Constructing the plant involved numerous high-risk tasks including heavy equipment positioning and performing a lot of work at height, meaning that ensuring worker safety was the paramount concern and thus the highest safety standards had to be applied. During the peak construction period, more than 50,000 workers from over 60 countries were on site, making safety measures more important than ever before. To support Shell and Qatar Petroleum's comprehensive new safety initiative, JGC took charge of improving the safety awareness of workers through safety education and by promoting safe construction methods, resulting in a total of 72.9 million lost time free man-hours, a company record. JGC's efforts to promote safety were highly evaluated by the client.

Taking the Initiative in On-Site Management

JGC aims to be the worldwide No. 1 contractor in the field of HSE (Health, Safety and Environment). Based on a comprehensive health and safety policy, we continuously strive to protect the health and safety of not only our own employees, but also the employees of our business partners.

Through previous safety management statistics, JGC estimated that by the project's completion the number of fatalities could potentially reach a total of ten or more at the construction site, with a similar number resulting from road accidents. Shell instigated a program for HSE management known as "Incident and Injury Free" (IIF), which was developed in collaboration with a consultant.

JGC adopted this program whereby, based on two simple principles—"care for each other," and "go home safely," the IIF campaign promotes safety not as something to be enforced from the outside, but as a sum of personal choices made by each worker. In this way, we emphasized how individuals can make efforts to alter their actions in order to build a new and stronger safety culture for the whole organization. On site, the JGC project director and project managers set an example by being among the first to put the new safety measures into practice, including achieving better communications with workers, and encouraging workers to better communicate with one another, revitalizing as well as improving safety consciousness. With the success of this campaign, we achieved the already-mentioned record 72.9 million man-hours without lost time incident, and we have now begun to apply the same safety principles at other construction sites.

Pre-work meeting

Site managers actively engaged in dialogue with workers at the construction site

The market for the JGC Group's total engineering business in fiscal 2011 saw the continuation of brisk capital investment in oil and gas-related projects, particularly in oil and gas producing countries in the Middle East and North Africa. This capital investment was prompted by rising energy demand due to population and economic growth in emerging countries, and consistently high oil prices. At the same time, many LNG projects advanced steadily in China and India, Japan, South Korea and Taiwan, as well as elsewhere in the Asia and Oceania region, due to a projected increase in demand for LNG as fuel for power generation.

Under these circumstances, the JGC Group continued to draw on its strengths to bolster its cost competitiveness in all phases of its engineering, procurement, and construction (EPC) business. In projects currently underway, close attention was paid to a variety of risks to ensure successful project execution.

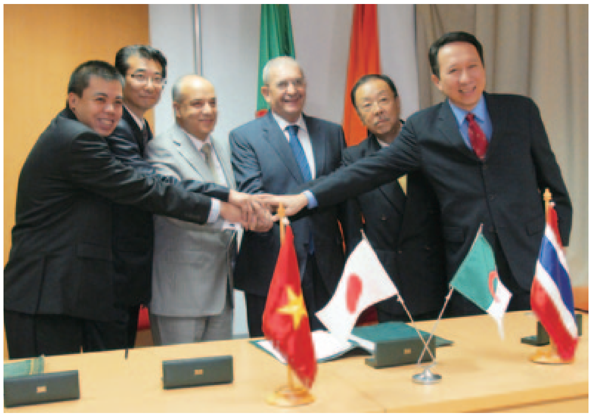
TOTAL ENGINEERING BUSINESS

Oil and Gas Development Projects

In the field of oil and gas development, capital investment remained at a high level, due to investment by oil majors and major state-run oil companies, notably in the Middle East and North Africa.

In the North Africa region, August 2011 saw JGC win an EPC order for the construction of a crude oil processing facility in Algeria as part of the Bir Seba Field Development Project from Groupement Bir Seba, which is made up of Algerian state-owned oil and gas company Sonatrach, and other parties. This project is scheduled for completion in the first half of 2014. Also in Algeria, JGC is engaged in a project to construct a gas boosting compressor station in the In Amenas region for Sonatrach. In addition, also for Sonatrach, JGC is constructing a large gas processing facility in the Gassi Touil field, which is scheduled for completion in 2013.

In the Middle East, JGC is constructing a large-scale gas processing plant in Qatar that is being promoted by the state-run oil company and ExxonMobil. Meanwhile, in the Emirate of Abu Dhabi, United Arab Emirates (UAE), JGC is constructing large-scale gas processing facilities for Abu Dhabi Gas Industries Ltd. in the Habshan field. This project is scheduled for completion in 2013. In Saudi Arabia, JGC is executing an EPC services contract for the state-owned oil company Saudi Aramco involving off-site facilities (including a water-injection system used in oil fields, crude oil storage tanks and shipping equipment) for a large-scale crude oil processing facility in the Manifa region. This project is also scheduled for completion in 2013. Meanwhile, in September 2011, JGC Gulf International Co. Ltd., a Saudi Arabian subsidiary of JGC, was awarded a project to construct a gas compressor station in Bahrain by Bahrain's state-run gas company Banagas.



Signing ceremony for a crude oil processing facility for Groupement Bir Seba (Algeria)

Petroleum Refining Projects

In the petroleum refining field, oil companies, led by the oil majors, continued to shrink and separate downstream divisions in response to soft market conditions, including closing ageing refining facilities with high maintenance costs in developed countries. At the same time, they are concentrating business resources on upstream operations, especially the development and production of crude oil and natural gas, as they aim to bolster their earning power. Meanwhile, in China, India, and developing countries in South America and Southeast Asia, plans exist to construct and increase the capacity of petroleum refineries on the back of impressive economic growth.

In Venezuela, JGC was awarded a contract in December 2011 for an oil refinery expansion project by PDVSA Petroleo, S.A. (PDVSA), the country's state-run oil company. This contract calls for the construction of heavy crude oil upgrading facilities that will employ the HDH Plus® heavy crude oil cracking process technology, which was developed independently by PDVSA, in an existing oil refinery. The refinery will be the first in the world to commercially employ this process.

In Singapore, JGC is constructing a diesel hydrotreater for ExxonMobil Asia Pacific Pte. Ltd. This project has a target completion date of 2014.

In addition, we are currently engaged in revamping refining facilities for oil companies in Japan.

Signing ceremony for an oil refinery expansion project for PDVSA (Venezuela)

LNG Projects

In the LNG field, demand is increasing in countries that have long been importers of LNG, including Japan, South Korea and Taiwan. In addition, LNG demand is expected to increase steadily over the medium and long term in China, India and emerging countries in Southeast Asia. Against this backdrop of robust demand for LNG, we expect to see LNG plants constructed or expanded in Southeast Asia, Oceania, Russia, and South Africa. Furthermore, the ongoing development of shale gas in North America should prompt the construction of LNG plants using shale gas as a feedstock in the U.S.

In January 2012, JGC was awarded a contract by Ichthys LNG Pty Ltd to construct an onshore LNG plant in Australia (Ichthys LNG Pty Ltd is a joint venture between INPEX Corporation and other shareholders). This LNG project is scheduled to begin production at the end of December 2016. Seventy percent of the LNG produced by the project will be exported to Japan, making this an important project in the context of Japan's energy security. JGC is also constructing an LNG plant for the Chevron-operated Gorgon LNG joint venture on Barrow Island in northwestern Australia. In Malaysia, JGC won a FEED contract in March 2012 for an LNG plant expansion project from PETRONAS, Malaysia's state-owned oil company.

In Indonesia, JGC is constructing an LNG plant in Sulawesi for Sulawesi LNG Development, which is partially owned by Mitsubishi Corporation. This project is scheduled for completion in 2014. Meanwhile, in Papua New Guinea, JGC is constructing an LNG plant for Esso Highlands Limited, which is owned by ExxonMobil and others.

In Japan, JGC is constructing an LNG receiving terminal in Hachinohe, Aomori Prefecture, for JX Nippon Oil & Energy Corporation.

Signing ceremony for an LNG plant for Ichthys LNG Pty Ltd (Australia)

Chemical Projects

In the petrochemical and chemical products field, manufacturing bases for basic petrochemical products such as ethylene and propylene are being shifted from Japan and other developed countries to oil and gas producing countries in the Middle East, as well as to China, India and other emerging nations. In the Middle East in particular, we expect to see new projects led by various governments go ahead based on the competitively priced feedstock available in the region and their greater use of the capital, technology, and project management expertise of foreign companies, in order to add value to their resources and to diversify their industrial base. We believe that these moves will apply also to "specialty products." As such, the Middle East is likely to become a major export base for petrochemical products going forward.

In Saudi Arabia, JGC conducted project management services for a feasibility study on the development of the Rabigh Phase II project (Rabigh II Project), which is being promoted by Sumitomo Chemical Co., Ltd. and the state-owned oil company Saudi Aramco. Also in Saudi Arabia, production began in fiscal 2011 at a large-scale ethylene plant that JGC constructed for Saudi Polymers Company.

In Japan, we are revamping petrochemical and chemical product manufacturing facilities for a chemical company.

Power Generation, Nuclear Power and New Energy Projects

Looking at the new energy field in fiscal 2011, JGC was active in the area of gas to liquids (GTL) as well as other projects. GTL refers to diesel, kerosene and other petroleum products produced from natural gas feedstock. GTL products are attracting attention as a next-generation environmentally friendly energy source as they contain no sulfur oxide or other substances of concern (SOC). In the U.S., where natural gas prices are falling due to the development of shale gas and rising crude oil prices, GTL production plants are expected to be constructed in the near future.

In Qatar, JGC successfully completed a GTL project for Qatar Shell GTL Limited, a subsidiary of Royal Dutch Shell plc, in November 2011. JGC managed the entire project as well as conducting EPC&M activities for the GTL synthesis facility, the core facility of what is the world's largest GTL project.

In the power generation field, in Iraq, JGC won a contract from the Ministry of Electricity of Iraq for a project to renovate cooling water facilities at a thermal power plant in Nassiriyah. This is the first post-Iraq War lump-sum contract for EPC services awarded to a Japanese company. The project is scheduled for completion in the first half of 2013.

In addition, in Japan, JGC safely and quickly completed construction of emergency power supply facilities for a power company as requested.

GTL plant for Qatar Shell GTL Limited (Qatar)

Living and General Production Projects

In the field of pharmaceuticals, major pharmaceutical companies continued to invest in facilities for manufacturing antibodies and other substances. Investment in such facilities is expected to continue.

In fiscal 2011, JGC won orders for and constructed pharmaceutical manufacturing facilities for several major domestic pharmaceutical companies. In addition, we won an order from Toyama Chemical Co., Ltd. to construct a plant for manufacturing injectables.

In the field of non-ferrous metal refining, JGC is involved in a project to construct a nickel refining plant that is being promoted by Sumitomo Metal Mining Co., Ltd. in the Taganito district on the island of Mindanao in the Philippines. The project is slated to begin production in 2013.

Environmental Protection, Social Development and IT Projects

In the field of medical facilities, JGC has constructed high-quality medical facilities throughout Japan and provided project management services. Both types of services have received favorable evaluations from many clients. The medical facilities-related business continues to see the development of projects utilizing the Private Finance Initiative (PFI) method for tapping private-sector capital and expertise for constructing and managing public infrastructure. We intend to be actively involved in this area, taking advantage of our expertise based on our long history of working on projects in the medical field.

In fiscal 2011, we won a number of orders, including a project to develop a medical facility on the former site of a company housing facility in Onazuka for Japan Freight Railway Company in Tokyo; a project to refurbish the Kano Hospital in Fukuoka Prefecture for Houshikai; and a project in Kanagawa Prefecture to rebuild the Ushioda Clinic for the Yokohama Labor Welfare Association. Also in fiscal 2011, we completed a contract to rebuild Kido Hospital for the Niigata Medicalcare Cooperative in Niigata Prefecture, as well as a renovation of the Morita Hospital in Kanagawa Prefecture for the Yushinkai Foundation, and have also been constructing a new headquarters building for the Ibaraki Resident Co-operative Union in Ibaraki Prefecture. Since the beginning of fiscal 2012, we have also completed construction work of residences for the elderly for nursing business company I.P.C Ltd. in Ibaraki Prefecture. In addition, in the engineering business in Japan, JGC became the first domestic engineering contractor to be selected as a hospital PFI operator, following construction of a new hospital wing for the Tokyo Metropolitan Matsuzawa Hospital. An agreement has been reached under which JGC will maintain, manage, operate, and carry out procurement of supplies for the whole hospital for 15 years.

Hospital for Niigata Medicalcare Cooperative (Niigata Prefecture)

Enterprise Investment Business

Under "New Horizon 2015," JGC's medium-term management plan launched in April 2011, JGC aims to expand its enterprise investment business. We plan to actively invest in new fields where we can make use of our strengths, centered on power generation, renewable energy, the environment, water and resource development fields.

As we discussed in Special Feature 2: JGC's Initiatives in Resource Development Fields (refer to pages 14 to 15), we recorded a number of achievements in the resource development field in fiscal 2011. In June 2011, JGC Group resource development company JGC Energy Development (USA) Inc. (JEDI) signed a purchase and sales agreement to acquire a stake in shale oil properties in the U.S., in order to begin participating in the full-scale production and development of shale oil. In August 2011, JEDI announced that a large gas column that is expected to yield abundant reserves was discovered at a natural gas exploration project in the U.S. that JEDI has been participating in since 2010. Production started at the first exploratory well in March 2012. Furthermore, in November 2011, through INPEX Gas British Columbia (a Canadian joint venture between INPEX and JGC), JGC agreed in principle to acquire an interest in shale gas assets in British Columbia, and the assets were officially acquired in August 2012.

In fields other than resource development, in December 2012 JGC signed a Memorandum of Understanding (MOU) in partnership with major Japanese and Chinese financial institutions regarding the creation of a Japan-China fund to promote energy saving and environmental conservation, by providing funding to venture firms in China active in these fields. In March 2012, we also invested in the venture firm Granpa Co., Ltd., a company specializing in the development and marketing of air-dome greenhouses for the indoor cultivation of fresh vegetables. This investment marks JGC's first foray into agribusiness.

Furthermore, in March 2012, following completion of power generation facilities, commercial operations began at the concentrating solar power business in Spain, which JGC has been promoting with Spanish company Abengoa Solar since September 2011.

In addition, in May 2012 we completed a demonstration plant in Indonesia for the production of a new liquid fuel from low-rank coal. The fuel bears the trademarked name JGC Coal Fuel (JCF®). Trial operations at the demonstration plant have subsequently commenced.

Concentrating solar power facility (Spain)

CATALYSTS AND FINE PRODUCTS BUSINESS

For fiscal 2011, the catalysts business in the first half of the fiscal year saw steady growth, supported by higher demand for chemical catalysts in line with rising demand for chemical products in emerging markets, the acquisition of new clients, and expanding demand for cathode materials for lithium-ion batteries. However, market conditions reversed in the second half of fiscal 2011. Product sales volumes fell due to economic slowdowns in the U.S. and Europe, and as a reflection of the effects of the flooding in Thailand and the European financial crisis. Exacerbating the difficult market conditions was intense competition with peer companies. Under these market conditions, JGC Group companies in the catalysts and fine products businesses worked to negotiate prices with clients, reduce product manufacturing costs, trim fixed expenses and promote overseas business development, among other actions. As a result of these efforts, sales and operating income both reached record highs in fiscal 2011.

In the catalyst business, although sales of fluid catalytic cracking (FCC) catalysts, for which we hold the leading market share in Japan, declined, we recorded higher sales overall year on year. This growth was attributable to increased sales of hydrotreating and chemical catalysts due to firm demand for petrochemical products in emerging markets.

In the fine products business, sales were lackluster due to inventory adjustments and stiffening competition in the second half of fiscal 2011, despite strong first-half sales of cathode materials for lithium-ion batteries. Sales of hard disk abrasives and large TV panel materials were off on account of the U.S. and European economic slowdowns and the impact of the Thailand floods. Because of this, sales were down year on year as a whole in the fine products business.

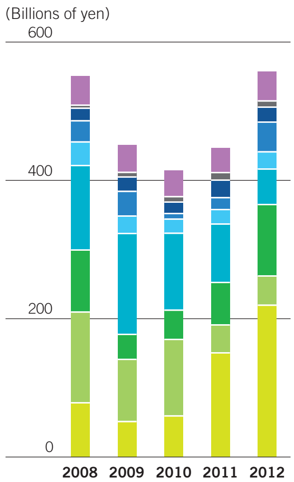
The market environment for the catalysts and fine products business in fiscal 2012 is expected to see the continuation of harsh conditions due to protracted sluggishness in the U.S., European and Japanese markets, persistently high prices for fuel and raw materials, and the continued ongoing strength of the yen.

In this business environment, the JGC Group will work to further improve and expand sales of catalysts that require no rare earths, which are part of the raw materials for the production of FCC catalysts, or use substantially reduced amounts of rare earths. We will also work to strengthen overseas sales systems, and to build a recycling system to avoid procurement and price-change risks with rare metals, the raw materials for hydrotreating catalysts. In addition, JGC Group will strive to expand exports and shift to high value-added products in step with moves by key chemical catalyst customers to relocate overseas.

In the fine products business, JGC aims to expand overseas bases for producing hard disk abrasives and panel materials for LCD TVs. In regard to cathode materials for lithium-ion batteries, we will further reduce costs in response to dramatically changing markets, and accelerate the development of next-generation and generation-after-next products. Furthermore, we will endeavor to expand sales to overseas markets of optic materials for spectacles and materials for cosmetics.

Performance Highlights by Business Sector

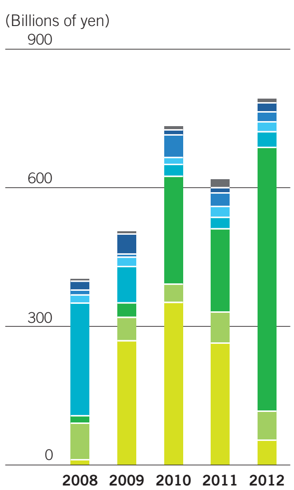
All figures are on a consolidated basis.



Net Sales

(Millions of yen)

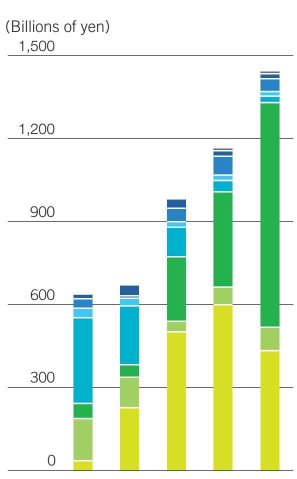
Years ended March 31	**2012**	2011	2010	2009	2008
Oil and Gas Development	**219,574**	150,688	59,382	51,304	78,500
	(219,123)	(149,895)	(58,753)	(48,470)	(78,200)
Petroleum Refining	**42,191**	40,292	110,566	89,838	131,116
	(14,682)	(8,711)	(31,894)	(36,182)	(48,809)
LNG	**103,299**	61,512	42,428	36,261	89,680
	(97,435)	(58,969)	(41,122)	(35,627)	(89,013)
Chemical	**51,426**	84,377	111,216	145,769	122,250
	(29,338)	(64,049)	(87,611)	(102,095)	(80,806)
Power Generation,	**24,825**	20,869	20,391	25,281	34,096
Nuclear Power and New Energy	**(4,613)**	(12,621)	(12,359)	(16,230)	(21,365)
Living and General Production	**43,059**	17,255	8,128	35,743	30,509
	(18,693)	(7,938)	(1,502)	(7,836)	(14,277)
Environmental Protection,	**21,570**	25,344	16,488	20,788	18,144
Social Development and IT	**(176)**	(46)	(15)	(1)	(35)
Others	**8,974**	10,851	7,827	6,654	4,419
	(4,682)	(6,937)	(3,578)	(2,059)	(252)
Total Engineering Business and Other Business	**514,922**	411,191	376,430	411,642	508,717
(Overseas)	**(388,746)**	(309,170)	(236,837)	(248,503)	(332,762)
incl. Total Engineering Business	**506,177**	401,198	—	—	—
incl. Other Business	**8,745**	9,992	—	—	—
Catalysts and Fine Products	**42,045**	36,031	37,828	39,270	42,345
Total	**556,967**	447,223	414,258	450,912	551,062



New Contracts

(Millions of yen)

Years ended March 31	**2012**	2011	2010	2009	2008
Oil and Gas Development	**53,909**	264,042	352,087	268,868	11,301
	(53,322)	(263,483)	(351,358)	(268,519)	(8,398)
Petroleum Refining	**62,672**	67,188	39,358	50,826	79,191
	(34,935)	(52,129)	(13,228)	(7,716)	(20,479)
LNG	**570,988**	180,096	233,553	31,284	16,019
	(569,583)	(157,267)	(233,382)	(21,963)	(15,541)
Chemical	**33,865**	24,838	25,492	78,492	243,907
	(10,539)	(9,288)	(6,495)	(60,685)	(215,637)
Power Generation,	**21,490**	23,575	15,038	20,373	17,756
Nuclear Power and New Energy	**(5,069)**	(8,463)	(2,249)	(13,349)	(6,153)
Living and General Production	**21,472**	29,255	48,902	6,759	10,441
	(3,034)	(79)	(34,325)	(463)	(122)
Environmental Protection,	**19,610**	11,280	11,046	43,376	19,234
Social Development and IT	**(176)**	(94)	(34)	(1)	(15)
Others	**9,267**	17,924	8,069	6,153	4,498
	(5,108)	(13,351)	(3,844)	(1,493)	(247)
Total	**793,278**	618,203	733,549	506,135	402,352
(Overseas)	**(681,768)**	(504,157)	(644,918)	(374,193)	(266,596)
incl. Total Engineering Business	**784,642**	608,288	—	—	—
incl. Other Business	**8,636**	9,914	—	—	—



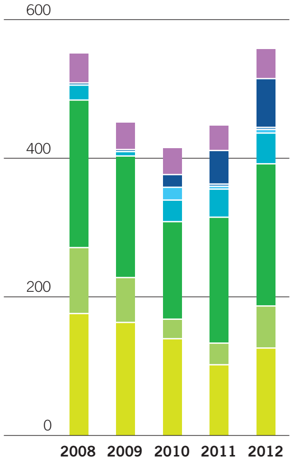
Outstanding Contracts

(Millions of yen)

Years ended March 31	**2012**	2011	2010	2009	2008
Oil and Gas Development	**433,606**	599,271	501,414	227,740	38,128
	(433,391)	(599,192)	(501,034)	(227,460)	(35,362)
Petroleum Refining	**84,310**	63,830	38,024	110,037	150,081
	(64,977)	(44,724)	(2,354)	(21,798)	(51,065)
LNG	**811,376**	343,687	232,881	44,960	50,612
	(788,023)	(315,875)	(225,311)	(36,255)	(50,594)
Chemical	**23,495**	41,055	106,953	212,230	304,917
	(13,625)	(32,424)	(93,548)	(194,217)	(261,032)
Power Generation,	**16,345**	19,681	19,541	27,677	33,594
Nuclear Power and New Energy	**(3,260)**	(2,804)	(9,035)	(21,927)	(25,817)
Living and General Production	**46,551**	68,137	49,029	9,040	37,939
	(17,386)	(33,045)	(33,449)	(1,410)	(8,683)
Environmental Protection,	**17,571**	19,532	33,597	39,040	16,408
Social Development and IT	**(67)**	(67)	(19)	(0)	(—)
Others	**8,354**	8,060	1,149	613	1,144
	(7,240)	(6,815)	(596)	(42)	(590)
Total	**1,441,612**	1,163,256	982,594	671,341	632,827
(Overseas)	**(1,327,972)**	(1,034,949)	(865,351)	(503,112)	(433,147)
incl. Total Engineering Business	**1,439,789**	1,161,323	980,664	—	—
incl. Other Business	**1,823**	1,932	1,929	—	—

Performance Highlights by Region

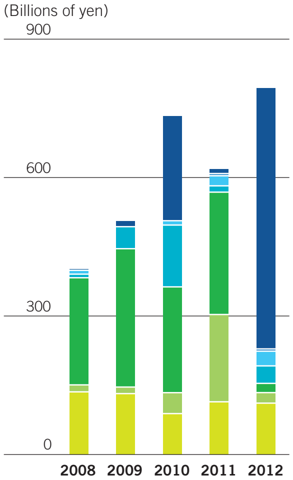
All figures are on a consolidated basis.



Net Sales

(Millions of yen)

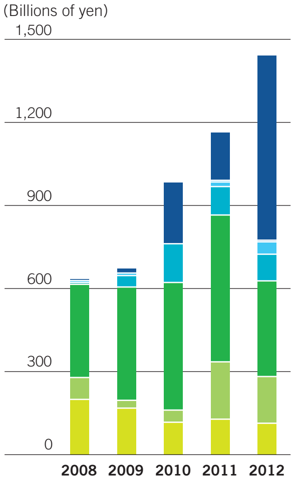
Years ended March 31	**2012**	2011	2010	2009	2008
Japan	**126,176**	102,020	139,592	163,138	175,952
Asia	**60,686**	31,240	28,197	64,730	95,128
Middle East	**205,161**	181,683	141,355	175,392	212,916
Africa	**44,342**	40,899	30,533	7,068	21,494
North and South America	**5,140**	4,633	18,425	76	1,289
Europe and CIS	**2,122**	1,342	5	38	404
Oceania	**71,291**	49,372	18,320	1,196	1,532
Total Engineering Business and Other Business	**514,922**	411,191	376,430	411,642	508,717
Catalysts and Fine Products	**42,045**	36,031	37,828	39,270	42,345
Total	**556,967**	447,223	414,258	450,912	551,062



New Contracts

(Millions of yen)

Years ended March 31	**2012**	2011	2010	2009	2008
Japan	**111,509**	114,045	88,630	131,942	135,753
Asia	**22,333**	189,614	45,547	14,327	15,181
Middle East	**20,339**	264,921	228,985	299,650	232,030
Africa	**37,883**	13,504	134,106	47,609	7,556
North and South America	**33,090**	23,100	9,305	85	9,830
Europe and CIS	**2,617**	2,391	142	38	8
Oceania	**565,505**	10,625	226,831	12,483	1,991
Total	**793,278**	618,203	733,549	506,135	402,352



Outstanding Contracts

(Millions of yen)

Years ended March 31	**2012**	2011	2010	2009	2008
Japan	**113,639**	128,306	117,243	168,228	199,679
Asia	**168,661**	207,014	43,896	28,170	79,082
Middle East	**345,379**	530,201	461,257	409,148	338,897
Africa	**96,310**	102,769	138,964	41,250	2,125
North and South America	**46,810**	18,861	349	9,298	9,256
Europe and CIS	**1,682**	1,187	137	0	0
Oceania	**669,127**	174,914	220,746	15,244	3,787
Total	**1,441,612**	1,163,256	982,594	671,341	632,827

Major Projects

	Business Sector	Client	Project	Location
Contracts Awarded	Oil and Gas Development Projects	Groupement Bir Seba	Crude Oil Processing Facilities	Bir Seba/Algeria
	Petroleum Refining Projects	PDVSA Petroleo, S.A. (PDVSA)	Heavy Crude Oil Upgrading Facilities	Puerto La Cruz/Venezuela
	LNG Projects	Ichthys LNG PTY LTD	LNG Plant	Darwin/Australia
		PETROLIAM NASIONAL BHD. (Petronas)	FEED Service for LNG Plant	Bintulu/Malaysia
	Power Generation, Nuclear Power and New Energy Projects	General Directorate of Electric Energy Production In Nassiriyah	Cooling Water Facility	Nassiriyah/Iraq
		Japan Nuclear Fuel Limited	Vitrification Facility	Aomori/Japan
	Living and General Production Projects	TOYAMA CHEMICAL CO., LTD.	Pharmaceutical-related Facilities	Toyama/Japan
	Environmental Protection, Social Development and IT Projects	Japan Freight Railway Company	Hospital	Tokyo/Japan
		Houshikai Foundation	Hospital	Fukuoka/Japan
Contracts Underway	Oil and Gas Development Projects	Ras Gas Company Limited	Gas Processing Plant	Ras Laffan/Qatar
		Abu Dhabi Gas Industries Ltd.	Gas Processing Plant	Habshan/Abu Dhabi
		Sonatrach	Gas Processing Plant	Gassi Touil/Algeria
		Sonatrach	Gas & Oil Separation Facilities	Rhourde Nouss/Algeria
		Saudi Arabian Oil Co. (Saudi Aramco)	Utilities, Storage and Shipping Facilities for the Central Processing Facilities	Manifa/Saudi Arabia
	Petroleum Refining Projects	ExxonMobil Asia Pacific Pte. Ltd.	Petroleum Refining-related Plant	Jurong/Singapore
	LNG Projects	Sulawesi LNG Development	LNG Plant	Luwuk/Indonesia
		JX Nippon Oil & Energy Corporation	LNG Receiving Terminal	Aomori/Japan
		Chevron Australia Pty Ltd	LNG Plant	Barrow Island/Australia
		Esso Highlands Limited	LNG Plant	Port Moresby/Papua New Guinea
	Chemical Projects	Saudi Polymers Company	Petrochemical Plant	Al Jubail/Saudi Arabia
	Living and General Production Projects	DENKA SEIKEN Co., Ltd.	Pharmaceutical-related Facilities	Niigata/Japan
	Environmental Protection, Social Development and IT Projects	Ibaraki Resident Co-operative Union	Headquarters Building	Ibaraki/Japan
		Medical Co. LTA.	Hospital	Kumamoto/Japan
		Hokuyokai Foundation	Hospital	Hokkaido/Japan
		Medical Management Matsuzawa Co., Ltd.	Hospital	Tokyo/Japan
		I. P. C Ltd.	Senior Citizen Complex	Ibaraki/Japan
Contracts Completed	Power Generation, Nuclear Power and New Energy Projects	Qatar Shell GTL Ltd.	GTL Plant	Ras Laffan/Qatar
	Environmental Protection, Social Development and IT Projects	Niigata Medicalcare Cooperative	Hospital	Niigata/Japan
		Yushinkai Foundation	Hospital	Kanagawa/Japan

Major Contracts Awarded

Announced as of March 31, 2009

Business Sector*	Client	Project	Location	Completion
OGD	Sonatrach	Gas & Oil Separation Facilities	Rhourde Nouss/Algeria	2011
OGD	Saudi Arabian Oil Co. (Saudi Aramco)	Utilities, Storage and Shipping Facilities for the Central Processing Facilities	Manifa/Saudi Arabia	—
LNG	INPEX Browse, Ltd.	FEED Service for LNG Plant	Darwin/Australia	—
LIV	TOA EIYO LTD.	Pharmaceutical-related Facilities	Fukushima/Japan	2010
ENV	Medical Management Matsuzawa Co., Ltd.	Hospital	Tokyo/Japan	2013
ENV	Niigata Medicalcare Cooperative	Hospital	Niigata/Japan	2011

Announced as of March 31, 2010

Business Sector*	Client	Project	Location	Completion
OGD	Abu Dhabi Gas Industries Ltd.	Gas Processing Plant	Habshan/Abu Dhabi	2013
	Sonatrach	Gas Processing Plant	Gassi Touil/Algeria	2013
LNG	Chevron Australia Pty Ltd.	LNG Plant	Barrow Island/Australia	—
	Esso Highlands Limited	LNG Plant	Port Moresby/Papua New Guinea	—
CHM	Saudi Arabian Oil Co. (Saudi Aramco) and Sumitomo Chemical Co., Ltd.	Engineering and Project Management Services for the Feasibility Study	Rabigh/Saudi Arabia	—
LIV	DENKA SEIKEN Co., Ltd.	Pharmaceutical-related Facilities	Niigata/Japan	2011
ENV	I. P. C Ltd.	Senior Citizen Complex	Ibaraki/Japan	2012
	Yushinkai Foundation	Hospital	Kanagawa/Japan	2011
	YASUHARA CHEMICAL Co., Ltd.	Research Center	Hiroshima/Japan	2010

Announced as of March 31, 2011

Business Sector*	Client	Project	Location	Completion
OGD	Ras Gas Company Limited	Gas Processing Plant	Ras Laffan/Qatar	—
PET	ExxonMobil Asia Pacific Pte. Ltd.	Petroleum Refining-related Plant	Jurong/Singapore	2014
LNG	Sulawesi LNG Development	LNG Plant	Luwuk/Indonesia	2014
	JX Nippon Oil & Energy Corporation	LNG Receiving Terminal	Aomori/Japan	2015
ENV	Ibaraki Resident Co-operative Union	Headquarters Building	Ibaraki/Japan	2012
	Medical Co. LTA.	Hospital	Kumamoto/Japan	2012
	Hokuyokai Foundation	Hospital	Hokkaido/Japan	2012

* BUSINESS SECTOR

OGD: Oil and Gas Development Projects
LNG: LNG Projects
PWR: Power Generation, Nuclear Power and New Energy Projects
ENV: Environmental Protection, Social Development and IT Projects
PET: Petroleum Refining Projects
CHM: Chemical Projects
LIV: Living and General Production Projects

Environmental Activities and Contribution to Society

In accordance with the JGC CSR Basic Policy, the JGC Group will continue to involve itself in activities that contribute to the well-being and prosperity of society.

JGC CSR (Corporate Social Responsibility) Basic Policy

JGC is committed to fulfilling its role as a member of society (Corporate Citizenship). We recognize that the foundation of our business is strengthened by contributing to the prosperity of the world economy and society; to the healthy preservation of the global environment; and to sustainable development of society in harmony with nature.

To meet this commitment, JGC hereby establishes the following principles, which shall be applied, throughout its operations.

1. We shall conduct our business with a full understanding of the importance of quality, safety, and the environment.
2. We shall make contributions to society that draw on the unique strengths of the JGC Group.
3. We shall comply with all legal requirements both within Japan and internationally, and conduct our business in a fair and transparent manner under a proper corporate governance system.
4. We shall disclose necessary information to our stakeholders in a timely and appropriate manner.
5. We shall endeavor to maintain and further improve fair human resource management, to develop the abilities of our personnel based on mutual trust and responsibility.
6. We shall promote CSR awareness and further develop our CSR contributions, reflecting input from stakeholders.

Environmental Activities

JGC's Engineering & Construction (E&C) business, which provides engineering, procurement and construction (EPC) services for energy-related plants such as those for oil and natural gas, is closely related to environmental protection in and of itself.

Since the 1960s, JGC has worked on environmental issues as an engineering contractor, striving to develop cleaner petroleum products, make its plants more energy-efficient, and eliminate the production of hazardous waste. Through to today, our understanding that our business activities can themselves contribute to environmental protection has not changed, and is symbolically expressed in our corporate philosophy.

Furthermore, we are expanding our environmental protection activities into a wider range of fields outside of our EPC business, including our new clean development mechanism (CDM) business, which we are developing as part of our enterprise investment initiatives.

Working to provide our clients with plants that place a minimum burden on the environment is also an important part of JGC's environmental management approach. We engage in testing various techniques and improvements at each stage of our EPC business, and our methods have been evaluated highly by our clients.

Measures taken to lessen the environmental impact of operations at both our head office and the construction sites of our EPC projects constitute the foundation of JGC's environmental management efforts. We have been improving our records every year for CO_2 reductions at the head office and reduction/recycling of waste products at construction sites.

Considering HSE in Business Activities

The JGC Group executes projects around the world, in sectors ranging from resource development, oil, natural gas, and petrochemicals, to the environment, catalysts and fine chemicals, pharmaceuticals, water resources, and new energy. Through all these projects, the JGC Group always strives to fully account for factors concerning health, safety, and the environment (HSE). HSE aspects must of course be considered in EPC services, but they must also be considered in marketing and at all project stages, from feasibility studies to maintenance and plant decommissioning, as well as our investment and services businesses. The JGC Group has added HSE factors to its engineering and management capabilities, as it aims to help create a sustainable society.

In this section, we look at some examples of how the JGC Group considers the environment at the construction planning and construction stages of project execution.

<Construction Planning Stage>

Meticulous concern for sustainability at plant construction sites is essential. In many countries, construction of new plants requires submission of an environmental impact assessment (EIA) report for the purpose of minimizing environmental impacts wherever possible. The EIA report describes in detail the impacts that construction work will have on the air, water, soil, flora, fauna, and marine life. JGC applies environmental management systems to construction work to ensure that we demonstrate consideration for the environment in compliance with EIA reports, emphasizing the following points:

❶ We practice strict legal compliance and environmental risk management by identifying environmental laws and regulations and environmental considerations that have a bearing on construction work.

❷ We endeavor to increase customer satisfaction and reinforce communication with stakeholders.

❸ We manage environmental risks and endeavor to minimize the possibility of incidents that may have a negative impact on the environment by anticipating, preparing for, and speedily responding to emergencies.

Before starting construction work, we consider the above matters and unfailingly perform the following preliminary work:

❶ Identifying environmental impacts of the construction work
❷ Setting environmental objectives and targets for the construction work
❸ Preparing an environmental management plan for construction work
❹ Providing new workers with environmental education and training

We incorporate the Zero Emissions Initiative 2015, a JGC Group independent environmental conservation initiative, into this preliminary work, and thoroughly confirm environmental conservation measures before starting construction.

<Construction>

Construction work by JGC is preceded by thorough consideration of possible effects on the environment at the planning stage.

Matters decided in the Construction Environmental Management Plan include the project environmental policy, which organizations and persons will be responsible for environment-related work, what environmental protection measures will be put in place, guidelines for environmental performance monitoring and measurement, emergency prevention and mitigation procedures, environmental monitoring, and monthly reporting. Following the start of construction, a review of the environmental aspects of the project (the relationship between construction work and the environment) is conducted to confirm whether the construction work differs from the plan. If any deviations are found, the plan is revised to ensure that there are no omissions in the environmental considerations included in the environmental management framework.

Continuous Improvement of Environmental Management Systems

In December 2003, JGC obtained international standard ISO 14001 certification for its environmental management systems from Lloyd's Register Quality Assurance (LRQA).

After two renewals, JGC completed the fiscal 2011 maintenance examination in September 2011, which included overseas sites.

Making Environmental Improvement Activities More Applicable to Core Business

In the past, environmental improvement activities at JGC's headquarters have tended to center on the reduction of waste, paper, and electricity consumption. For this reason, the challenge for JGC has been to shift focus to environmental improvement activities more related to our core business. In order to address this challenge, all department heads took part in discussions about how to identify opportunities for environmental conservation in their primary work and review target-setting procedures. These discussions established the following shared awareness:

· It is important to strive for the development of a sustainable society by addressing environmental problems through our core business, and to link this with the creation of corporate value and greater competitiveness.
· Amid rising global concern over environmental problems, JGC has been helping to address environmental issues directly and indirectly through its core business activities. JGC recognizes that its pursuit of sustainability must be undertaken in its core business.
· JGC is mindful of the following points for achieving continuous development.
  ❶ Maintaining and managing operations so as not to cause environmental problems.
  ❷ Making continuous improvements so as to raise earnings, while taking environmental concerns into consideration.

Based on this shared understanding, JGC has continued to explore the significance of environmental targets and goals, and has promoted environmental management activities along the following lines:

· Environmental management activities based on environmental targets and goals are business operations in themselves, rather than separate activities.
· The operating policies of divisions and departments are set with the aim of raising the actual performance of the organization and business operations.
· The operating policies themselves are quality targets.
· The environmental targets of departments with an indirect environmental impact are to be considered as quality targets.

In this way, JGC's environmental management system is loosely linked to the quality management system, and JGC promotes environmental improvement activities that are applicable to its core businesses.

Construction Waste Recycling

JGC aims to minimize final waste through rigorous implementation of the Zero Emissions Initiative 2015. In fiscal 2011, the final disposal rate for construction work in Japan was 4.4%. Each site uses industrial waste management survey forms prescribed by JGC to confirm the recycling rate with companies taking charge of intermediate waste disposal before contracting with them. Because there is a large difference among waste disposal companies in terms of the disposal method for construction sludge and the recycling rate in particular, an extensive comparative analysis of each company is conducted regarding the disposal methods and disposal costs. Furthermore, appropriate plans for separating waste are drawn up before the commencement of construction based on the nature of the waste generated. During construction, efforts are made to improve the recycling rate by rigidly enforcing waste separation in accordance with the plan.

Social Contribution Activities

Basic Policy for Social Contribution Activities

The JGC Group has declared that it will contribute to the sustainable development of society and the global environment in the JGC CSR Basic Policy. The Group has specified four key fields for realizing this and for conducting suitable social contribution activities.

<Four Key Fields>

1. **Environment**
   Actively contribute to environmental conservation
2. **Education**
   Support the professional development of future engineers
3. **Science and Technology**
   Support science and technology as the basis for sustainable development
4. **Community Contribution**
   Contribute to the sustainable development of the communities where we conduct business

Here we introduce some examples of actual activities in the areas of education, science and technology, and community contribution.

Participation in Earthwatch Japan's Post-Tsunami Monitoring Project

JGC is cooperating with Earthwatch Japan as a member company. Earthwatch Japan launched the Post-Tsunami Monitoring Project in the Tohoku region of Japan after the region was devastated by the Great East Japan Earthquake that occurred in March 2011. The project is designed to help the disaster-hit region, which has strong agriculture, forestry and fishery industries, bounce back strongly through a green recovery—consideration for the natural environment and development of biodiversity.

A university (Tohoku University), NPOs, companies and private citizens are taking part in the project, which will run over the relatively long span of 10 years. With their cooperation, Earthwatch Japan will monitor the ecosystem in the tsunami-hit region, with the aim of linking these efforts to a sustainable regional recovery.

Enthusiastic volunteers conduct project surveys

In order to play a part in the recovery from an environmental perspective, JGC solicited employees to take part in project volunteer activities. In November 2011, the first volunteer helped with rice paddy surveys carried out on Sabusawa Island, Shiogama City, Miyagi Prefecture. The surveys involved monitoring the ecosystem, including aquatic insects, plants, amphibious species and fish that call the rice paddies home, as well as surveys of water and soil quality. In addition, the volunteer helped with work to restore the rice paddies by removing debris, making furrows and carrying out other tasks. This was an extremely valuable experience for the volunteer, who was able to appreciate firsthand the importance of an ecosystem through both mind and body rather than just through words. The volunteer also felt the necessity for conducting restoration measures that took into account a long-term and multi-angle perspective as well as biodiversity, and were not merely short-term oriented.

JGC plans to continue our cooperation with this project.

Traffic Safety Workshops Held at Indonesian LNG Plant Construction Site

In Indonesia, where JGC is currently constructing an LNG plant for the Donggi-Senoro LNG Project, (the contract for which was received in January 2011), local law enforcement is struggling with unlicensed and underage children riding motorcycles in a dangerous manner, with little mindfulness of traffic safety. In 2011, there was an approximate two-fold increase year on year in traffic accidents around JGC's construction site, with 60% of these motorcycle accidents involving riders aged between 17 and 21. The risk of traffic accidents has increased along with an increase in the number of vehicles visiting the site. Given this situation, together with the local police, JGC held safety workshops for more than 1,000 students on 4 occasions at local schools from January 2012.

In their speeches at these workshops, JGC project leaders urged the students to travel to school safely based on the construction site's slogan of "Incident and Injury-Free." The police also gave safe riding demonstrations. The students packed the school halls despite the lack of air conditioning and contributed to a lively event with a steady stream of questions. Many students expressed their appreciation for being given this opportunity to learn about traffic safety.

JGC believes that in giving back to local communities where it has plant construction projects it is extremely important to work as one with the communities to help address the problems they are grappling with. Looking ahead, JGC will continue to engage in these sorts of activities at construction sites, while also seeking new ways to contribute to local communities, based on their needs.

Group photo of traffic safety workshop participants

Improving Our Corporate Value by Fulfilling Our Social Responsibilities

JGC is keenly aware of the importance of proper corporate governance. Recognizing the need to foster that awareness in our corporate culture and climate, we have formulated the JGC Corporate Philosophy. Through awareness-raising, education and training, we will work to win the public's trust and maintain harmony with society in our corporate activities.

Under the JGC Corporate Philosophy, we are working to increase corporate value and realize the principles set out in this philosophy while keeping corporate social responsibility in mind. At the same time, we make it a rule to strive for fairness and transparency in our corporate activities, in accordance with our Code of Conduct.

Corporate Governance Framework

Executive Officer System

JGC has introduced an executive officer system, which clarifies the division of management decision-making and oversight functions from executive functions. This has further enhanced management efficiency and strengthened our executive accountability system.

Board of Directors

The Board of Directors, headed by the Chairman of the Board of Directors, has 15 members and meets twice a month in principle. JGC also has five corporate auditors (including three outside auditors) who regularly attend board meetings.

JGC recognizes the importance of mainly appointing directors with a high degree of EPC business knowledge and who are well-versed in a wide range of business markets. As a result, at present the Board of Directors comprises only internal directors with abundant experience. However, JGC will continue to consider the appointment of outside directors in the future based on the availability of suitable candidates.

Meetings for the Execution of Business Operations

JGC has a Director and Executive Officer Committee, which meets once a month in principle for the purposes of sharing information regarding the status of management policies, and reporting/confirming the status of operations. The Chairman of the Board of Directors heads this committee, which is composed of directors, executive officers, and corporate auditors.

The Management Strategy Committee meets once a week in principle to examine important matters for JGC and the JGC Group relating to management strategy. The Chairman Emeritus of the JGC Group heads this committee, which is comprised of directors, corporate auditors, and other members.

JGC has also established the Operations Steering Committee to consult and make decisions related to the execution of operations of JGC Corporation and the JGC Group. Chaired by the President, this committee includes corporate auditors and other individuals selected by the President. The committee meets twice a month in principle.

In addition, a Nominating Committee and an Assessment Committee have been established to enhance fairness and transparency in the selection of executive personnel and in the determination of compensation issues. The Nominating Committee and the Assessment Committee each meet once a year in principle.

Board of Auditors

JGC has adopted the "company with internal auditors" model to preserve the effectiveness of corporate governance by strengthening the framework of conducting audits by corporate auditors. At present, the Board of Auditors has five corporate auditors, including three outside appointments. In collaboration with the Internal Audit department and the accounting auditor, corporate auditors attend meetings of the Board of Directors and other important meetings, offer necessary comments when appropriate, and further improve corporate governance through hearings regarding the business execution of the Company's divisions and through surveys of domestic and overseas offices and plants.

Independent Auditor

The certified public accountants who audit JGC's accounts are Kazutoshi Isogai and Yoshihisa Uchida of KPMG AZSA LLC. Four other CPAs and nine other individuals assist in carrying out these audits.

Status of the Internal Control System

Internal Control System

JGC has established an Internal Auditing Office to monitor, evaluate and improve the effectiveness of the internal control systems of JGC and of the Group as a whole, as well as to carry out individual audits where necessary. Additionally, JGC has created management authority regulations that specify the authority and responsibilities of all management personnel, thereby clarifying the system of accountability for corporate management and executive functions. JGC has also established Group management regulations for each Group member firm.

Compliance

In order to conduct sustainable business development as a member of the international community, JGC believes that it is essential for each and every employee to conduct business in conformity with corporate ethical standards, as well as to observe local laws and regulations not only in Japan but also overseas. To this end, JGC has formulated a Corporate Philosophy for the entire JGC Group, a document on Principles of Business Conduct, and a Code of Conduct manual. JGC also educates and trains employees on various laws and regulations, as part of its efforts to raise employees' compliance awareness.

JGC recognizes that the bar is being raised in terms of the compliance level expected of global corporations. In order to respond to the demands of international society, JGC is strengthening its internal compliance system by expanding its specialist departments responsible for compliance.

Based on recognition of the importance of building a compliance framework that also encompasses JGC Group companies in Japan and overseas, JGC fosters close contact with compliance officers at each company, and endeavors to establish various regulations and share information so as to put in place and operate an effective system for the entire JGC Group.

Corporate Information Disclosure

JGC discloses information in accordance with the statutory disclosure system based on the Japanese Financial Instruments and Exchange Act. In addition, in accordance with the timely disclosure system at Japanese financial instruments exchanges, JGC promptly discloses important company information through its Public Relations & Investor Relations Dept. JGC also proactively discloses corporate information falling outside the scope of such regulations and system through news organizations and other media, in cases where it determines that disclosure is desirable.

Status of the Risk Management System

<Corporate Risk Management>

JGC has established a Risk Management Committee as part of a comprehensive risk management system designed to systematically identify risks throughout the Group, particularly company risk such as risks related to management, disasters, incidents and society. The Risk Management Committee meets as necessary.

<Project Risk Management>

Project risk management is conducted in three broad stages: 1) the project selection stage, 2) the estimate and bidding stage, and 3) the execution stage.

1) Project Selection Stage

The Global Marketing Division is constantly gathering a wide range of project information based on various factors such as region, client, and technical field, and activities to obtain orders are conducted based on the study and evaluation of the following points:

· Project size (value)
· Technical expertise and experience required
· Country risk
· Allocation of engineers
· Competitive environment, etc.

The results of these studies and evaluations are used in determining JGC's level of interest in the respective projects.

2) Estimate and Bidding Stage

A Project Risk Review Meeting analyzes project-specific risks. The main risk management items are as follows:

· Clarity of the project plan and scope of responsibility
· Client's project funding plan and project execution policy
· Level of technology required and degree of difficulty
· Price and supply-demand trends for materials, machinery and labor
· Degree of difficulty in meeting deadlines
· Existence of excessive contractual obligations
· Competitiveness of bidding environment
· Appropriateness of the project execution plan

A detailed estimate policy is drawn up and an estimate is created based on this risk analysis.

3) Execution Stage

Problems and other matters affecting the budget and timing that occur during execution of the project are reported in a timely manner, and problem areas are analyzed.

If improvement is needed, quick and smooth project management is supported through instructions and assistance designed to bring about appropriate improvements.

<Crisis Management>

Regarding crisis management, JGC has established a Security Management Section to gather and process information related to risk management, conduct risk management training, and respond to any urgent issues that arise.

<Handling of Personal Information>

The JGC Group has established a Personal Information Protection Policy and Personal Information Protection Regulations to build a system for managing personal information centered on those employees with duties that involve the handling of this information.

Executive Compensation

JGC's basic policy on executive compensation is to secure the management personnel necessary for enhancing its global competitiveness as an engineering contractor and continuously raising its corporate value. Executive compensation is set within the bounds of the remuneration cap stipulated by a resolution passed at the 113th General Meeting of Shareholders held on June 26, 2009.

Compensation for the Company's directors comprises fixed-amount remuneration and performance-based remuneration. Furthermore, this remuneration framework is structured so that directors can approach their responsibilities from a medium- to long-term perspective, considering that a number of years are required from winning an order through to project completion in the EPC business, JGC's main business. The fixed-amount remuneration is determined according to the position and responsibilities of each director. The total amount of the performance-based remuneration is limited to a maximum of 1% of the net income of the fiscal year under review, and each director's remuneration is determined by reflecting the contributions of the directors to the successful accomplishment of their responsibilities and the fiscal year performance, and to provide an incentive for the improvement of business performance. Each director's contribution is determined after deliberation by the Assessment Committee to ensure the objectivity of the evaluation.

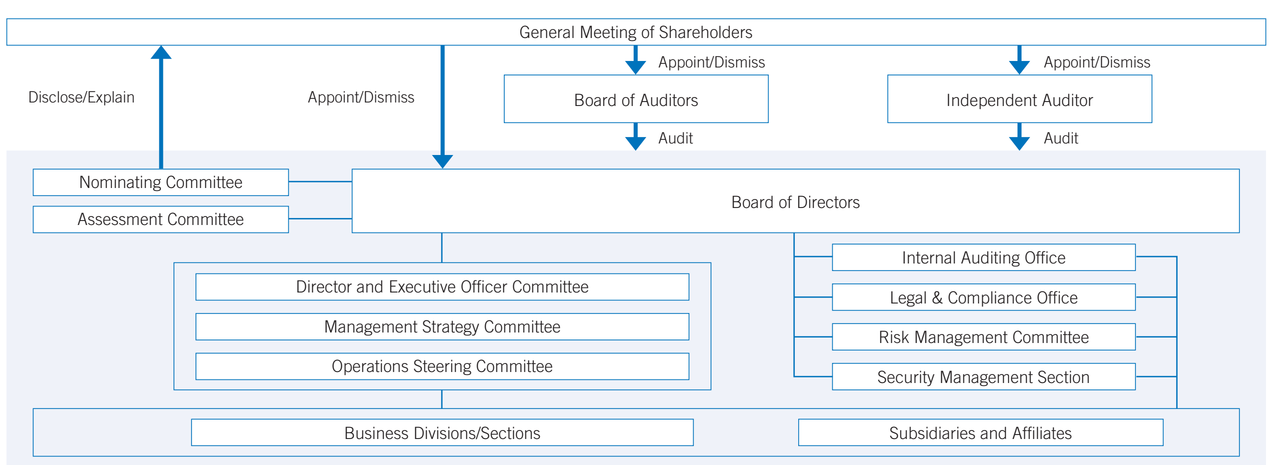
The compensation for corporate auditors is determined within a framework centered on fixed-amount remuneration in order to help guarantee the appropriateness of audits as an independent mechanism that ensures suitable corporate governance.

JGC abolished the retirement benefit system for directors and corporate auditors with the close of the 108th General Meeting of Shareholders held on June 29, 2004. It was also resolved that directors and corporate auditors who remained in office after the close of the same meeting would be paid retirement benefit allowances when they retire for their period in office through to the abolition of the retirement benefit system.

Category	Total remuneration available	Remuneration breakdown			
		Fixed-amount remuneration		Performance-based remuneration	
		Number of recipients	Total remuneration paid	Number of recipients	Total remuneration paid
17 directors	¥609.30 million	17	¥484.80 million	15	¥124.50 million
2 auditors (excluding outside auditors)	¥33.20 million	2	¥31.20 million	2	¥2.00 million
4 outside executive personnel (4 outside auditors)	¥31.28 million	4	¥29.28 million	3	¥2.00 million

Note: The annual compensation limit for directors is ¥690.00 million; the annual compensation limit for auditors is ¥88.00 million.

Corporate Governance System Diagram (—) denotes "Direct" and "Report"



JGC's Top Management

Board of Directors, Auditors and Executive Officers

As of July, 2012

Chairman Emeritus of JGC Group
Yoshihiro Shigehisa

Chairman and Representative Director
Keisuke Takeuchi

President and Representative Director
Koichi Kawana

Executive Vice President
Tadashi Ishizuka

Executive Vice President and Chief Financial Officer and Senior General Manager, Corporate Administrative & Financial Affairs Division
Masayuki Sato

Senior Managing Directors

Yutaka Yamazaki
Senior General Manager, International Project Division

Eiki Furuta
Senior General Manager, Global Marketing Division

Tsutomu Akabane
General Manager, International Project Division

Managing Directors

Hideaki Miura
Senior General Manager, Engineering Division

Satoshi Sato
General Manager, International Project Division

Directors

Toyohiko Shimada
Senior General Manager, Business Planning & Government/Industry Relations Office

Yasumasa Isetani
Senior General Manager, Business Promotion & Execution Division

Hiroyasu Fukuyama
General Manager, Global Marketing Division

Hitoshi Kitagawa
Senior General Manager, Industrial & Domestic Energy Project Division

Yasushi Momose
General Manager, Global Marketing Division

Takehito Hidaka
General Manager, Global Marketing Division

Corporate Auditors

Teruo Nakamura

Minoru Sakuma*

Yukihiko Shimizu

Masaru Yamamoto*

Masao Mori*

Executive Officers

Yusuke Shinoda
General Manager, Business Promotion & Execution Division

Tadao Takahashi
President, JGC Gulf International Ltd.

Shigeru Abe
General Manager, International Project Division

Takashi Yasuda
Senior General Manager, Technology Innovation Center

Toru Kikuchi
General Manager, Global Marketing Division

Yutaka Yamanaka
General Manager, Engineering Division

Hiroshi Bunazawa
Senior Manager, Business Strategy Office, International Project Division

Shin Matsui
Senior Manager, LNG Project, International Project Division

Tokutaro Nomura
Senior Manager, Procurement Department, International Project Division

Shigeo Kobayashi
Project Director, Gasco IGD Project, International Project Division

Yoshikatsu Nishida
General Manager, Business Promotion & Execution Division

Yuji Kato
General Manager, Business Promotion & Execution Division

Hisakazu Nishiguchi
Senior General Manager, Legal & Compliance Office

Kazuyoshi Muto
General Manager, Engineering Division

Takahiro Kobori
General Manager, Engineering Division

Yasutoshi Okazaki
Project Director, NSRP Project, International Project Division

Masato Kato
President & Treasurer, JGC (USA), Inc.

Nobuhiro Kobayashi
Executive Vice President, JGC Gulf International Co. Ltd.

Kenichi Yamazaki
Senior Manager, Cost Engineering Department, International Project Division

Hiroyuki Miyoshi
General Manager, Project Division, International Project Division

Note: * Outside Auditor

Financial Section

Contents

Six-Year Summary—Consolidated

For the six years ended March 31.
Yen amounts are in millions except per share data.

	2012	2011	2010	2009	2008	2007
Net Sales	**¥ 556,967**	¥ 447,223	¥414,258	¥450,912	¥551,062	¥608,530
Operating Income	**67,054**	63,559	41,919	52,003	44,896	26,413
Net Income	**39,111**	25,478	27,112	31,543	30,020	20,187
Total Current Assets	**376,173**	319,464	283,538	335,220	324,617	327,333
Total Current Liabilities	**205,772**	174,293	137,728	208,023	217,339	237,586
Working Capital	**170,401**	145,171	145,810	127,197	107,278	89,747
Current Ratio	**182.8%**	183.3%	205.9%	161.1%	149.4%	137.8%
Net Property and Equipment	**64,887**	64,634	66,058	66,509	68,450	67,220
Total Assets	**526,169**	468,503	430,176	480,279	466,773	470,286
Long-Term Debt, Less Current Maturities	**7,591**	6,624	21,926	23,255	17,300	17,799
Total Net Assets	**291,042**	264,483	246,141	224,488	207,537	189,239
New Contracts	**793,278**	618,203	733,549	506,135	402,352	301,347
Outstanding Contracts	**1,441,612**	1,163,256	982,594	671,341	632,827	744,679
Net Income per Share (in yen)	**154.90**	100.83	107.25	124.76	118.33	79.52
Cash Dividends per Share (in yen)	**38.50**	30.0	21.0	30.0	21.0	15.0
Number of Employees	**6,524**	5,826	5,795	5,739	4,723	4,531

Analysis of Performance and Financial Position

Our View of the Operating Environment

The global economy remained uncertain during the fiscal year under review primarily because of the continued risk of a downturn in business conditions, mainly due to the negative impact in financial terms of the governmental debt crises in some countries in Europe. Japan's economy showed signs of picking up after the Great East Japan Earthquake, but the high yen and the slowdown in the overseas economy meant the situation with the Japanese economy remained challenging.

In oil and gas producing countries, which have the greatest impact on the JGC Group's total engineering business, investment continued in oil and gas resources, and oil refining, gas chemicals and other projects were planned with the aim of adding value to oil and gas. These developments were due to increasing energy demand against the backdrop of a growing global population and economic growth in emerging countries. In Asia and Oceania, it is expected that there will be increasing LNG demand even in countries like China and India, as well as Japan, South Korea and Taiwan. As a result, many LNG projects are in the planning phase.

Under these conditions, in the fiscal year under review, the Group's total engineering business won orders that included the two projects of construction of an LNG plant in Australia and construction of a crude oil processing facility in Algeria. As a result, orders received were higher than the Group's initial target. Paying close attention to the various risks involved, the Group worked to steadily implement projects, including those currently being carried out.

Results of Operations

Consolidated net sales for the Group in the year ended March 31, 2012 were ¥556,967 million, up 24.5% year on year. Consolidated operating income rose 5.5% to ¥67,054 million. Consolidated net income increased 53.5% to ¥39,111 million.

Net Sales

Reflecting steady progress in projects accounted for on a percentage of completion basis, consolidated net sales increased ¥109,744 million year on year to ¥556,967 million.

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales was ¥470,227 million, increasing ¥104,403 million year on year in line with higher net sales. Selling, general and administrative expenses increased ¥1,846 million to ¥19,686 million.

Operating Income

Operating income increased ¥3,495 million to ¥67,054 million in line with higher net sales. The operating income ratio was 12.0%, compared with 14.2% in the previous fiscal year.

Other Income (Expenses)

Other expenses, net increased ¥15,213 million to ¥4,425 million, compared with a loss of ¥10,788 million in the previous fiscal year. The main reasons for the increase were the settlement expenses that were generated in the previous fiscal year. As a result, income before taxes on income and minority interests in earnings of consolidated subsidiaries rose ¥18,708 million year on year to ¥71,479 million.

Taxes on Income

Income tax and other taxes increased ¥1,912 million to ¥25,405 million. This increase reflected an increase in income before taxes on income and minority interests in earnings of consolidated subsidiaries. Deferred taxes on income were ¥6,483 million, meaning tax expenses (net) came to ¥31,888 million.

Minority Interest in Earnings (Losses) of Consolidated Subsidiaries

Minority interests, primarily consisting of earnings allocated to minority shareholders of consolidated subsidiary JGC-ITC Rabigh Utility Co., Ltd., were ¥480 million, an improvement of ¥200 million year on year.

Net Income

As a result of the above, net income increased by ¥13,633 million to ¥39,111 million.

Segment Information

Reporting Segment

Net sales in the total engineering business rose ¥104,978 million to ¥506,177 million, the result of steady progress with projects accounted for on a percentage of completion basis. Segment income was ¥59,420 million, due to the higher net sales.

Net sales in the catalysts and fine products business increased ¥6,014 million, to ¥42,045 million. The increase reflected rising demand for chemical catalysts, the acquisition of new customers, and expanded demand for cathode materials for lithium-ion batteries. Segment income rose ¥1,858 million, to ¥6,847 million, reflecting the increased sales and reduced fixed expenses. The total engineering business accounted for 91% of net sales and 89% of operating income.

Financial Position

Consolidated total assets at March 31, 2012 totaled ¥526,169 million, a year-on-year increase of ¥57,666 million.

Total liabilities increased ¥31,107 million to ¥235,127 million.

Total net assets were ¥291,042 million, up ¥26,559 million year on year.

The shareholders' equity ratio was 55.2%.

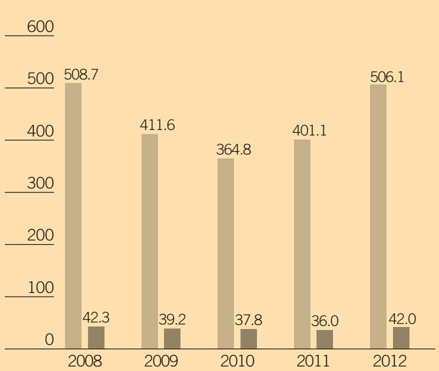
Balance sheet indicators for the Group were as follows:

	Mar. 2010	Mar. 2011	**Mar. 2012**
Current ratio (%)	206	183	**183**
Fixed asset ratio (%)	60	56	**52**

Notes: Current ratio: Current assets/current liabilities
Fixed asset ratio: Net property and equipment + total other assets/total net assets
*All indicators are calculated using consolidated financial figures.

Net Sales by Reporting Segment

(Billions of yen)



■ Total Engineering Business
■ Catalysts and Fine Products Business

Effective from the year ended March 31, 2011, the Company adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information." Figures for the fiscal year ended March 31, 2010 have been retroactively restated.

Cash Flow

Cash and cash equivalents on a consolidated basis increased ¥57,124 million to ¥222,556 million.

Net cash provided by operating activities was ¥97,848 million, mainly reflecting ¥71,479 million in income before taxes on income and minority interests in earnings of consolidated subsidiaries, income from an increase in advances received on uncompleted contracts related to projects in hand, the steady collection of accounts receivable, and income taxes paid.

Investing activities used net cash of ¥18,746 million, mainly due to investments in new fields.

Financing activities used net cash of ¥20,536 million, mainly for the repayments of long-term bank loans and cash dividends paid.

Cash flow indicators for the Group are as follows:

	Mar. 2010	Mar. 2011	**Mar. 2012**
Shareholders' equity ratio (%)	57.1	56.3	**55.2**
Shareholders' equity ratio (market basis, %)	98.0	104.9	**123.1**
Years to redemption of liabilities (years)	—	0.4	**0.1**
Interest coverage ratio (times)	—	86.2	**145.3**

Notes: Shareholders' equity ratio: (Total net assets–minority interests)/total assets
Shareholders' equity ratio (market basis): Total market value of shares/total assets
Years to redemption of liabilities: Interest-bearing liabilities/net operating cash flow
Interest coverage ratio: Net operating cash flow/interest expenses

*All indicators are calculated using consolidated financial figures.
*Interest-bearing liabilities include all liabilities posted on the Consolidated Balance Sheets on which interest was paid. Net operating cash flow is taken from the cash flow provided by operating activities, as reported in the Consolidated Statements of Cash Flows. Interest paid is taken from the amount of interest paid as reported in the Consolidated Statements of Cash Flows.
*Years to redemption of liabilities and interest coverage ratio are not shown for fiscal years in which net cash is negative.

Analysis of New Contracts

New contracts on a consolidated basis totaled ¥793,278 million. This figure exceeded our initial forecast of ¥550,000 million.

A breakdown of new contracts by business sector and region is as follows:

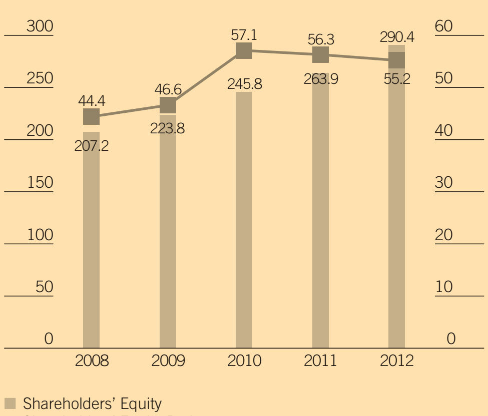
New Contracts by Business Sector

(Billions of yen)

	Mar. 2011	**Mar. 2012**	**Mar. 2012 Percentage of new contracts**
Oil and gas development projects	264.0	**53.9**	**6.8%**
Petroleum refining projects	67.1	**62.6**	**7.9%**
LNG projects	180.0	**570.9**	**72.0%**
Chemical projects	24.8	**33.8**	**4.3%**
Other projects	82.0	**71.8**	**9.0%**

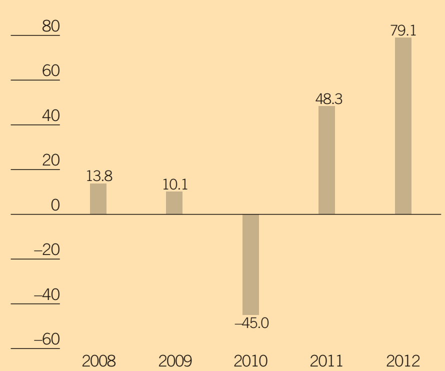
Shareholders' Equity and Shareholders' Equity Ratio

(Billions of yen/%)



Free Cash Flows

(Billions of yen)



Percentage of Region

(Billions of yen)

	Mar. 2011	**Mar. 2012**	**Mar. 2012 Percentage of new contracts**
Japan	114.0	**111.5**	**14.0%**
Asia	189.6	**22.3**	**2.8%**
Africa	13.5	**37.8**	**4.8%**
Middle East	264.9	**20.3**	**2.6%**
Oceania and Others	36.1	**601.2**	**75.8%**

Future Outlook

In the total engineering business, we expect our customers to continue robust capital investment in plant facilities in the Group's key markets centered on the Middle East, Southeast Asia and Africa, due to increasing energy demand against a backdrop of increasing populations in emerging countries and economic growth. However, the competitive environment is expected to remain severe because of escalating competition to win orders on the part of newly emerging contractors centered on Asia and Europe. Amid these conditions, fiscal 2012, the year ending March 31, 2013, the Group will continue its Company-wide initiatives to strengthen its cost competitiveness in all processes of the EPC business. At the same time, the Group will maintain a solid competitive position in fields where it has a highly competitive edge such as LNG, develop new markets, and steadily execute sophisticated projects such as those that apply modular construction.

In addition, the Group will make business investments in new fields such as urban infrastructure development as well as in electricity generation, new energy fields, the environment and water sectors, and natural resource development.

In the catalysts and fine products business, the business environment is greatly changing, including the prolonged low growth in Europe, the U.S. and Japan, the continued high prices of raw materials and fuel, and the firm establishment of the appreciation of the yen.

In the catalysts business, the JGC Group will work to further improve and expand sales of catalysts that either require no rare earths, which are part of the raw materials of FCC catalysts, or use substantially reduced amounts of rare earths, to strengthen overseas sales systems, and to build a recycling system to avoid procurement and price-change risks with rare earths, the raw materials for our hydrotreating catalysts. In addition, the Group will strive to expand exports and shift to high value-added products in step with the moving overseas of the production bases of chemical catalysts for key customers.

In the fine products business, the Group will work to further reduce costs for cathode (positive-electrode) materials for lithium-ion rechargeable batteries in response to drastically changing markets, and will accelerate the development of next-generation and generation-after-next products. The Group will also aggressively strive to expand sales to overseas markets for optic materials for spectacles and materials for cosmetics, and to expand the Taiwan production bases for abrasives for hard disks and other applications.

Risks Impacting Operations

The following matters regarding risks associated with the businesses of the JGC Group could potentially have an effect on the judgments and decisions of investors.

Forward-looking statements are based on the best information available and give consideration to the overall activities of the JGC Group as of March 31, 2012.

1. Risks With Overseas Causes

Overseas businesses generate about 70% of the JGC Group's total net sales. Such businesses are subject to country risks—economic, political and social. These include political unrest, wars, revolutions, civil strife, changes in economic policy, default on foreign debts and changes in exchange and taxation systems. To minimize the effects on its businesses arising from these risks, the JGC Group continuously reviews and reinforces its risk management system, carries trade insurance, recovers receivables as early in a project as possible, forms joint ventures, and takes various other steps. However, when changes in the business environment are more radical than anticipated, and projects are canceled, suspended or delayed, the possibility of a negative impact on JGC's performance arises.

2. Risks Affecting Project Execution

Almost all contracts for projects in which the JGC Group participates are lump sum, full-turnkey contracts. However, to enable hedging of some of the risks in these contracts, the Group uses cost-plus-fee contracts and contracts based on the cost disclosure estimate method, depending on the project. The Group draws fully upon its past experience to anticipate and incorporate into each contract provisions for dealing with the risks that threaten to arise during its execution. When confronted with unforeseen impediments to the execution of a project, including sudden steep rises in the costs of materials, equipment, machinery and labor, outbreaks of disease, natural disasters, or if the JGC Group's actions or a problem during project execution should cause a major accident, the economics of a project can be adversely affected, which can have a negative impact on the JGC Group's performance.

3. Risks Affecting Investing Activities

The JGC Group invests in resource development businesses including oil, gas, and new fuels, as well as water and power generation businesses, and the global warming gas-emissions credits business. In making these decisions, new investments and reinvestments are conducted and existing businesses are monitored to ensure the execution of appropriate risk management. However, unanticipated dramatic changes in the investing environment, such as sudden price fluctuations in oil, gas or other energy resources and changes in estimated reserves, can have a negative impact on the JGC Group's performance.

4. Risks of Changes in Exchange Rates

Almost all of the income from JGC Group sales generated by overseas business is paid in foreign currencies. To hedge the associated exchange rate risk, we have introduced countermeasures including signing project contracts denominated in multiple currencies, conducting overseas procurement, ordering in overseas currencies, and entering into foreign exchange contracts. However, sudden exchange rate fluctuations could negatively affect the JGC Group's performance.

Consolidated Balance Sheets

JGC CORPORATION
March 31, 2012 and 2011

Assets	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2012
Current Assets:			
Cash and deposits (Notes 13 & 18)	**¥195,056**	¥131,894	**$2,373,233**
Marketable securities (Notes 9, 13 & 18)	**27,500**	30,000	**334,591**
Notes and accounts receivable (Notes 2, 15 & 18)	**87,248**	108,810	**1,061,540**
Inventories (Note 4)	**36,862**	24,348	**448,497**
Deferred tax assets (Note 12)	**11,516**	10,240	**140,114**
Other current assets (Notes 2, 10 & 18)	**18,097**	14,273	**220,185**
Allowance for doubtful accounts (Note 1 (v))	**(106)**	(101)	**(1,289)**
Total Current Assets	**376,173**	319,464	**4,576,871**
Property and Equipment (Note 3)**:**			
Land (Notes 14 , 17 & 19)	**25,998**	26,459	**316,316**
Buildings and structures (Note 17)	**58,516**	58,785	**711,960**
Machinery and equipment	**51,052**	47,205	**621,146**
Construction in progress	**2,430**	821	**29,566**
Other (Note 19)	**1,655**	1,494	**20,136**
	139,651	134,764	**1,699,124**
Less accumulated depreciation	**(74,764)**	(70,130)	**(909,648)**
Net Property and Equipment	**64,887**	64,634	**789,476**
Other Assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 9)	**36,920**	36,147	**449,203**
Marketable and investment securities (Notes 9 & 18)	**29,952**	29,967	**364,424**
Long-term loans receivable (Notes 2 & 18)	**1,598**	1,780	**19,443**
Deferred tax assets (Note 12)	**4,486**	10,304	**54,581**
Other (Note 19)	**12,153**	6,207	**147,864**
Total Other Assets	**85,109**	84,405	**1,035,515**
Total Assets	**¥526,169**	¥468,503	**$6,401,862**

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Current Liabilities:			
Short-term loans and current maturities of long-term debt (Note 3)	**¥ 1,498**	¥ 14,439	**$ 18,226**
Notes and accounts payable (Notes 2 & 18)	**82,376**	70,762	**1,002,263**
Advances received on uncompleted contracts	**66,035**	25,819	**803,443**
Reserve for job warranty costs	**2,176**	312	**26,475**
Reserve for losses on contracts	**5,089**	526	**61,918**
Income taxes payable	**14,662**	18,710	**178,392**
Other current liabilities (Notes 2, 10 & 18)	**33,936**	43,725	**412,897**
Total Current Liabilities	**205,772**	174,293	**2,503,614**
Long-Term Debt, Less Current Maturities (Notes 3 & 18)	**7,591**	6,624	**92,359**
Retirement and Severance Benefits (Note 6)	**13,695**	14,623	**166,626**
Deferred Tax Liabilities for Land Revaluation (Notes 12 & 14)	**3,692**	3,783	**44,920**
Other Non-Current Liabilities (Notes 2 & 12)	**4,377**	4,697	**53,255**
Total Liabilities	**235,127**	204,020	**2,860,774**
Contingencies (Note 7)			
Net Assets (Note 8)**:**			
Shareholders' Equity			
Common stock			
Authorized — 600,000,000 shares,			
Issued — 259,052,929 shares in 2012 and 2011	**23,511**	23,511	**286,057**
Capital surplus	**25,603**	25,603	**311,510**
Retained earnings	**255,323**	224,347	**3,106,497**
Treasury stock, at cost	**(6,257)**	(6,169)	**(76,129)**
Total Shareholders' Equity	**298,180**	267,292	**3,627,935**
Accumulated Other Comprehensive Income (Loss)			
Net unrealized holding gains on securities (Notes 9 & 18)	**2,319**	3,338	**28,215**
Deferred gains on hedges (Note 10)	**39**	2,519	**475**
Land revaluation, net of deferred tax portion (Note 14)	**(6,542)**	(6,553)	**(79,596)**
Foreign currency translation adjustments	**(3,581)**	(2,613)	**(43,570)**
Total Accumulated Other Comprehensive Income (Loss)	**(7,765)**	(3,309)	**(94,476)**
Minority Interests	**627**	500	**7,629**
Total Net Assets	**291,042**	264,483	**3,541,088**
Total Liabilities and Net Assets	**¥526,169**	¥468,503	**$6,401,862**

Consolidated Statements of Income

JGC CORPORATION
Years ended March 31, 2012, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Net Sales (Note11)	**¥556,967**	¥447,223	¥414,258	**$6,776,579**
Cost of Sales	**470,227**	365,824	353,906	**5,721,219**
Gross profit	**86,740**	81,399	60,352	**1,055,360**
Selling, General and Administrative Expenses	**19,686**	17,840	18,433	**239,519**
Operating income	**67,054**	63,559	41,919	**815,841**
Other Income (Expenses):				
Interest and dividend income	**4,681**	2,672	1,814	**56,953**
Interest expense	**(502)**	(659)	(684)	**(6,108)**
Loss on sales and disposal of property and equipment	**(688)**	(109)	(98)	**(8,371)**
Loss on impairment of fixed assets (Note19)	**(420)**	—	(3,649)	**(5,110)**
Loss on devaluation of marketable and investment securities	**—**	(197)	—	**—**
Exchange loss, net (Note 1 (v))	**(686)**	(4,707)	(3,615)	**(8,347)**
Equity in earnings of affiliates	**1,177**	2,153	2,556	**14,320**
Gain on sales of marketable and investment securities	**16**	10,593	518	**195**
Gain on revision of pension plan	**—**	—	426	**—**
Provision for doubtful accounts (Note 1 (v))	**—**	44	(1,496)	**—**
Provision for retirement and severance benefits	**—**	—	(138)	**—**
Other, net	**847**	(20,578)	297	**10,307**
	4,425	(10,788)	(4,069)	**53,839**
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	**71,479**	52,771	37,850	**869,680**
Taxes on Income (Note 12)**:**				
Current	**25,405**	23,493	12,431	**309,101**
Deferred	**6,483**	3,520	(1,576)	**78,878**
Income before minority interests	**39,591**	25,758	26,995	**481,701**
Minority Interests in (Earnings) Losses of Consolidated Subsidiaries	**(480)**	(280)	117	**(5,840)**
Net Income	**¥ 39,111**	¥ 25,478	¥ 27,112	**$ 475,861**

	Yen			U.S. dollars (Note 1)
Amounts Per Share of Common Stock				
Net income	**¥ 154.90**	¥ 100.83	¥ 107.25	**$ 1.88**
Cash dividends applicable to the year	**¥ 38.50**	¥ 30.00	¥ 21.00	**$ 0.47**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

JGC CORPORATION
Years ended March 31, 2012, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Income Before Minority Interests	**¥39,591**	¥25,758	¥26,995	**$481,701**
Other Comprehensive Income (Loss) (Note 20)				
Net unrealized holding gains on securities (Notes 9 & 18)	**(1,019)**	(1,750)	2,606	**(12,398)**
Deferred gains (losses) on hedges (Note 10)	**(2,480)**	(193)	3,739	**(30,174)**
Land revaluation (Note 14)	**63**	—	—	**767**
Translation adjustments	**(968)**	(862)	(274)	**(11,778)**
Equity for equity method affiliates	**(1)**	1,230	253	**(12)**
Total Other Comprehensive Income (Loss)	**¥ (4,405)**	¥ (1,575)	¥ 6,324	**$ (53,595)**
Total Comprehensive Income	**¥35,186**	¥24,183	¥33,319	**$428,106**
Comprehensive Income attributable to JGC corporation	**¥34,706**	¥23,903	¥33,434	**$422,266**
Comprehensive Income (loss) attributable to minority interest	**¥ 480**	¥ 280	¥ (115)	**$ 5,840**

The accompanying notes are an integral part of these statements.

Effective from the year ended March 31, 2011, the new accounting standards for presentation of comprehensive income (ASBJ Statement No. 25) have been adopted and certain prior year amounts have been reclassified to conform to the current year presentation.

Consolidated Statements of Changes in Net Assets

JGC CORPORATION
Years ended March 31, 2012, 2011 and 2010

	Thousands of shares	Millions of yen								
	Common stock									
	Shares	Amount	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities (Notes 9 & 18)	Deferred gains (losses) on hedges (Note 10)	Land revaluation, net of deferred tax portion (Note 14)	Foreign currency translation adjustments	Minority interests
Balance at April 1, 2009	259,053	¥ 23,511	¥ 25,599	¥ 188,547	¥ (5,671)	¥ 2,481	¥ (1,027)	¥ (6,590)	¥ (2,962)	¥ 600
Net income for the year				27,112						
Effect of change in scope of consolidation				(3,861)					(518)	
Cash dividends				(7,584)						
Gain on retirement of treasury stock			2		2					
Land revaluation, net of deferred tax portion				(37)				37		
Net unrealized holding gains on securities						2,606				
Net deferred gains on hedges							3,739			
Foreign currency translation adjustments									500	
Increase of treasury stock					(66)					
Net changes during the year										(279)
Balance at March 31 and April 1, 2010	259,053	¥ 23,511	¥ 25,601	¥ 204,177	¥ (5,735)	¥ 5,087	¥ 2,712	¥ (6,553)	¥ (2,980)	¥ 321
Net income for the year				25,478						
Effect of change in scope of consolidation									1,229	
Cash dividends				(5,308)						
Gain on retirement of treasury stock			2		2					
Land revaluation, net of deferred tax portion										
Net unrealized holding losses on securities						(1,749)				
Net deferred losses on hedges							(193)			
Foreign currency translation adjustments									(862)	
Increase of treasury stock					(436)					
Net changes during the year										179
Balance at March 31 and April 1, 2011	259,053	¥ 23,511	¥ 25,603	¥ 224,347	¥ (6,169)	¥ 3,338	¥ 2,519	¥ (6,553)	¥ (2,613)	¥ 500
Net income for the year				**39,111**						
Effect of change in scope of consolidation				**(611)**					**(322)**	
Cash dividends				**(7,576)**						
Gain on retirement of treasury stock			**0**		**0**					
Land revaluation, net of deferred tax portion				**52**				**11**		
Net unrealized holding losses on securities						**(1,019)**				
Net deferred losses on hedges							**(2,480)**			
Foreign currency translation adjustments									**(646)**	
Increase of treasury stock					**(88)**					
Net changes during the year										**127**
Balance at March 31, 2012	**259,053**	**¥23,511**	**¥25,603**	**¥255,323**	**¥(6,257)**	**¥ 2,319**	**¥ 39**	**¥(6,542)**	**¥(3,581)**	**¥ 627**

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities (Notes 9 & 18)	Deferred gains (losses) on hedges (Note 10)	Land revaluation, net of deferred tax portion (Note 14)	Foreign currency translation adjustments	Minority interests
Balance at April 1, 2011	$ 286,057	$ 311,510	$ 2,729,614	$ (75,058)	$ 40,613	$ 30,648	$ (79,730)	$ (31,792)	$ 6,083
Net income for the year			**475,861**						
Effect of change in scope of consolidation			**(7,434)**					**(3,918)**	
Cash dividends			**(92,177)**						
Gain on retirement of treasury stock		**0**		**0**					
Land revaluation, net of deferred tax portion			**633**				**134**		
Net unrealized holding losses on securities					**(12,398)**				
Net deferred losses on hedges						**(30,173)**			
Foreign currency translation adjustments								**(7,860)**	
Increase of treasury stock				**(1,071)**					
Net changes during the year									**1,546**
Balance at March 31, 2012	**$286,057**	**$311,510**	**$3,106,497**	**$(76,129)**	**$ 28,215**	**$ 475**	**$(79,596)**	**$(43,570)**	**$7,629**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

JGC CORPORATION
Years ended March 31, 2012, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Cash Flows from Operating Activities:				
Income before taxes on income and minority interests in earnings of consolidated subsidiaries	**¥ 71,479**	¥ 52,771	¥ 37,850	**$ 869,680**
Adjustments to reconcile income before taxes on income and minority interests in earnings of consolidated subsidiaries to net cash provided by operating activities:				
Depreciation and amortization	**7,795**	7,517	9,134	**94,841**
Amortization of goodwill	**0**	(6)	391	**0**
Increase (decrease) in allowance for doubtful accounts (Note 1 (v))	**(208)**	(2,271)	780	**(2,531)**
Increase (decrease) in reserve for losses on contracts	**4,572**	380	(1,689)	**55,627**
Decrease in retirement and severance benefits	**(954)**	(1,056)	(375)	**(11,607)**
Interest and dividend income	**(4,681)**	(2,672)	(1,814)	**(56,953)**
Interest expense	**502**	659	684	**6,108**
Exchange (gain) loss (Note 1 (v))	**1,211**	3,788	(15)	**14,734**
Equity in earnings of affiliates	**(1,177)**	(2,153)	(2,556)	**(14,320)**
Gain on sales of marketable and investment securities	**(16)**	(10,593)	(518)	**(195)**
Loss on devaluation of marketable and investment securities	**—**	197	—	**—**
Loss on sales and disposal of property and equipment	**689**	109	98	**8,383**
Loss on impairment of fixed assets (Note 19)	**420**	—	3,649	**5,110**
Decrease (increase) in notes and accounts receivable	**22,433**	(21,343)	(14,973)	**272,941**
Decrease (increase) in inventories	**(12,158)**	12,451	25,377	**(147,926)**
Decrease (increase) in other assets	**(6,425)**	4,474	(5,560)	**(78,173)**
Increase (decrease) in notes and accounts payable	**9,678**	11,450	(22,014)	**117,752**
Increase (decrease) in advances received on uncompleted contracts	**38,408**	(20,948)	(34,735)	**467,307**
Other	**(9,096)**	21,633	(3,404)	**(110,670)**
Subtotal	**122,472**	54,387	(9,690)	**1,490,108**
Interest and dividends received	**5,537**	6,783	4,854	**67,368**
Interest paid	**(673)**	(559)	(925)	**(8,188)**
Income taxes paid	**(29,488)**	(12,396)	(19,419)	**(358,778)**
Net Cash Provided by (Used in) Operating Activities	**97,848**	48,215	(25,180)	**1,190,510**
Cash Flows from Investing Activities:				
Payments for purchases of property and equipment	**(8,055)**	(3,252)	(4,766)	**(98,005)**
Proceeds from sales of property and equipment	**732**	57	121	**8,906**
Payments for purchase of intangible fixed assets	**(7,695)**	(1,179)	(2,540)	**(93,625)**
Payments for purchase of marketable and investment securities	**(3,989)**	(8,652)	(12,494)	**(48,534)**
Proceeds from sales of marketable and investment securities	**443**	13,740	942	**5,390**
Decrease in short-term loans receivable	**30**	72	28	**365**
Payments for long-term loans receivable	**—**	(802)	(528)	**—**
Proceeds from long-term loans receivable	**—**	56	171	**—**
Other	**(212)**	76	(758)	**(2,578)**
Net Cash Provided by (Used in) Investing Activities	**(18,746)**	116	(19,824)	**(228,081)**
Cash Flows from Financing Activities:				
Increase in short-term loans	**541**	—	—	**6,582**
Proceeds from long-term bank loans	**1,600**	—	—	**19,467**
Repayments of long-term bank loans	**(14,414)**	(1,339)	(737)	**(175,374)**
Repayments of finance lease obligation	**(250)**	(234)	(59)	**(3,042)**
Payments for purchase of treasury stock	**(88)**	(432)	(62)	**(1,070)**
Cash dividends paid	**(7,572)**	(5,296)	(7,579)	**(92,128)**
Cash dividends paid to minority shareholders	**(353)**	(16)	(20)	**(4,295)**
Other	**—**	—	(437)	**—**
Net Cash Provided by (Used in) Financing Activities	**(20,536)**	(7,317)	(8,894)	**(249,860)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(1,442)**	(2,928)	2,290	**(17,545)**
Net Increase (Decrease) in Cash and Cash Equivalents	**57,124**	38,086	(51,608)	**695,024**
Cash and Cash Equivalents at Beginning of Year	**161,894**	123,808	174,282	**1,969,753**
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries	**3,538**	—	1,134	**43,047**
Cash and Cash Equivalents at End of Year (Note 13)	**¥222,556**	¥161,894	¥123,808	**$2,707,824**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Note 1 — Summary of Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of JGC Corporation (Nikki 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 Law 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.

Prior to the year ended March 31, 2009, the accounts of consolidated overseas subsidiaries were based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. As discussed in Note 1 (e), the accounts of consolidated overseas subsidiaries for the year ended March 31, 2010 were prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable. The accompanying consolidated financial statements have been restructured and 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 Law. 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.

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, 2012, which was ¥82.19 to U.S.$1 The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(b) Reporting Entity

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, 2012, 2011 and 2010, was as follows:

	2012	2011	2010
Consolidated subsidiaries	**16**	14	14
Affiliates under the equity method	**2**	2	3

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 (loss) and retained earnings from those investments not accounted for under the equity method is immaterial.

At the year ended March 31, 2012, three of subsidiaries, JGC Gulf International Co. Ltd., JGC Exploration Eagle Ford LLC, and JGC OCEANIA PTY LTD were included in the scope of consolidation because their effect on the consolidated financial statement became significant and Nikki Construction Co., Ltd. was excluded from the scope of consolidation because the company merged into JGC Project Services Co., Ltd. (The company name after the merger : JGC PLANT SOLUTIONS., LTD.) and liquidated during the period.

At the year ended March 31, 2011, one of affiliates, M. W. Kellogg Limited was excluded from the scope of equity method because the Company sold out all securities.

However, equity in earnings of M. W. Kellogg Limited before selling date was included in consolidated statements of income for the year ended March 31, 2011.

On March 10, 2008, the Accounting Standards Board of Japan issued ASBJ Statement No. 16 "Accounting Standard for Equity Method of Accounting for Investments" and PITF No. 24 "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method." This standard is effective from the year ended March 31, 2011. There were no effects of this change on the consolidated financial statements for the year ended March 31, 2011.

(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

On March 17, 2006, the Accounting Standards Board of Japan 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) Accounting for net income attributable to minority interests

There were no material effects from adopting PITF No. 18 on the consolidated financial statements for the year ended March 31, 2012.

(f) Allowance for Doubtful Accounts

Notes and accounts receivable, including loans and other receivable, are valued by providing individually estimated uncollectible amounts plus the amounts for probable losses calculated by applying a percentage based on collection experience to the remaining accounts.

(g) Marketable Securities, Investments in Unconsolidated Subsidiaries and Affiliates, and Marketable and Investment Securities

The companies 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 domestic consolidated subsidiaries did not have the securities defined as (1) and (2) above in the years ended March 31, 2012 and 2011.

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 9). 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

On December 27, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts." The new accounting standards require that if the construction activity deemed certain during the course of the activity, the percentage-of-completion method shall be applied (the percentage of the cost incurred to the estimated total cost), otherwise the completed-contract method shall be applied. This standard is effective from the year ended March 31, 2010.

As a result, Net Sales increased by ¥2,407 million and Gross Profit, Operating Income, and Income before taxes on income and minority interests in earnings of consolidated subsidiaries increased by ¥318 million, respectively for the year ended March 31, 2010.

Prior to the year ended March 31, 2010, the Company recognized sales on contracts using the completed-contract method except for long term contract. Under this method, costs and advances received on uncompleted contracts are accumulated during the period of construction. These costs and advances received on uncompleted contracts are not offset and are shown as contract works in progress and advances received on uncompleted contracts in the accompanying consolidated balance sheets. Accordingly, no profits or losses are recorded before the contract is completed.

Sales on other 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. The percentage-of-completion method is adopted for large jobs for which the construction period exceeds 24 months and the contract amount exceeds ¥5,000 million (including jobs whose construction period exceeds 36 months and the contract amount exceeds ¥3,000 million). Revisions in contract revenue and cost estimates are recognized in the period in which they are determined.

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

Prior to April 1, 2008, Inventories of the Company and its consolidated subsidiaries were stated at cost determined using the moving-average method except for contract works in progress as stated 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 14. Depreciation of property and equipment is calculated primarily using the straight-line method for buildings used for business operation, 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.

On March 31, 2008, the Accounting Standards Board of Japan issued ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". The new accounting standards require companies to recognize an asset retirement obligation as a liability and include the asset retirement cost corresponding to it in the cost of a tangible fixed asset. This standard is effective from the year ended March 31, 2011.

As a result, Operating income decreased by ¥29 million, income before taxes on income and minority interests in earnings of consolidated subsidiaries decreased by ¥50 million, respectively for the year ended March 31, 2011. And the effect of adopting this accounting standard for asset retirement obligation was ¥80 million.

All finance leasing transactions were capitalized except for finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of "as if capitalized" information.

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) Imparment 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.

Some 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, 2012 and 2011, 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 estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years.

The Company and its consolidated subsidiaries recognize prior service costs as expenses in equal amounts over the average of the estimated remaining service lives of the employees, and actuarial gains and losses as expenses using the declining-balance method over the average of the estimated remaining service lives commencing in the following period.

However, some consolidated subsidiaries recognized, prior service costs, and actuarial differences as expenses in the period incurred.

Effective from the year ended March 31, 2010, the Company and consolidated domestic subsidiaries adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan ("ASBJ") Statement No. 19 issued on July 31, 2008). The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, domestic companies were allowed to use a discount rate determined taking into consideration fluctuations in the yield of long-term government and gilt-edged bonds over a certain period. This change had no material impact on the consolidated financial statements for the year ended March 31, 2010.

From the year ended March 31, 2010 one consolidated domestic subsidiary changed the calculation method about allowance for employees' severance and retirement benefit from accounting for 100% of the lump-sum retirement benefits to actuarially calculation.

As a result, income before income taxes on income and minority interests in earnings of consolidated subsidiaries decreased by ¥138 million for the year ended March 31, 2010.

On July1, 2009, one consolidated domestic subsidiary unified its employees' severance and retirement benefits to the defined benefit pension plan. The transfer is accounted for in accordance with the "Guidance on Accounting Standard for Transfer between Retirement Benefit Plans" (Accounting Standards Board of Japan Guidance No. 1).

On April 1, 2011, one consolidated domestic subsidiary transferred its employees' severance and retirement benefits to the defined benefit pension plan. And one consolidated domestic subsidiary terminated its defined benefit pension plan due to the merger. These transfers are accounted for in accordance with the "Guidance on Accounting Standard for Transfer between Retirement Benefit Plans" (Accounting Standards Board of Japan Guidance No. 1).

(2) Officers' severance and retirement benefits
Domestic consolidated 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 operations in the period incurred. The total amount of research and development expenses, included in Cost of Sales and Selling, General and Administrative expenses, was ¥5,042 million ($61,346 thousand), ¥4,998 million, and ¥5,009 million, respectively, in 2012, 2011 and 2010.

(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.

(r) Per Share Information

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.

(s) Amortization of Goodwill

Goodwill is amortized over five years on a straight-line basis, and either debited to the Selling, General and Administrative Expenses, or credited to other income.

(t) Derivatives 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 domestic consolidated 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 forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner (Allocation Method):

(1) If a forward foreign exchange 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 forward foreign exchange 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 forward foreign exchange 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 assets or liabilities for which the swap contract was executed (Special method for interest rate swap).

(u) Accrued Bonuses to Directors and Corporate Auditors

The company and consolidated subsidiaries recognize director's and corporate auditor's bonuses as expenses when incurred.

(v) Reclassification and Restatement

Certain prior year amounts have been reclassified to conform to the current year presentation except for the reclassification between provision for doubtful accounts and exchange gain or loss described below.

The Company changed the recognition of exchange differences about foreign currencies' doubtful accounts from provision for doubtful accounts to exchange gain or loss from the year ended March 31, 2011, due to proper presentation of provision for doubtful accounts without the effect of exchange fluctuation.

These reclassifications had no impact on previously reported results of operations or retained earnings.

(w) Accounting Changes and Error Corrections

On December 4, 2009, the Accounting Standards Board of Japan issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under the new accounting standard are as follows:

(1) Change in Accounting Policies

When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless revised accounting standards include specific transitional provisions. When revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applied to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Note 2 — Receivables From and Payables to Unconsolidated Subsidiaries and Affiliates

Significant receivables from and payables to unconsolidated subsidiaries and affiliates at March 31, 2012 and 2011, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2012**	2011	**2012**
Notes and accounts receivable	**¥7,039**	¥7,875	**$85,643**
Other current assets	**2,731**	2,234	**33,228**
Long-term loans receivable	**1,400**	1,550	**17,034**
Notes and accounts payable	**940**	3,254	**11,437**
Other current liabilities	**796**	119	**9,685**
Other non-current liabilities	**11**	3	**134**

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 0.80% and 0.95% at March 31, 2012 and 2011, 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,	**2012**	2011	**2012**
Secured Loans			
0.55% – 1.75% loans from a governmental institution due serially through 2014	**¥ 402**	¥ 951	**$ 4,891**
Unsecured Debt			
0.74% – 3.00% loans from banks and insurance companies due serially through 2016	**8,176**	20,086	**99,477**
	8,578	21,037	**104,368**
Less current maturities	**(987)**	(14,413)	**(12,009)**
Long-term debt due after one year	**¥7,591**	¥ 6,624	**$ 92,359**

Assets pledged as collateral for long-term debt and other non-current liabilities at March 31, 2012 and 2011, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2012**	2011	**2012**
Land	**¥ 5,071**	¥ 5,071	**$ 61,699**
Buildings and structures, at net book value	**3,248**	3,427	**39,518**
Machinery and equipment, at net book value	**2,522**	2,896	**30,685**
Total	**¥10,841**	¥11,394	**$131,902**

The annual maturities of long-term debt outstanding at March 31, 2012, were as follows:

	Amount	
Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2013	¥ 987	$ 12,009
2014	5,726	69,668
2015	283	3,443
2016	82	998
2017 and thereafter	1,500	18,250
Total	¥8,578	$104,368

Note 4 — Inventories

Inventories at March 31, 2012 and 2011, were summarized as follows:

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Inventories:			
Contract works in progress	**¥25,705**	¥14,616	**$312,751**
Finished goods and merchandise	**5,630**	5,279	**68,500**
Works in process	**1,991**	1,614	**24,224**
Raw materials and others	**3,536**	2,839	**43,022**
Total	**¥36,862**	¥24,348	**$448,497**

Note 5 — Lease Transactions

A. Lessee Leases

(a) Finance Lease Transactions Without Ownership Transfer to Lessee

Finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2012 and 2011 were as follows:

(1) Purchase price equivalents, accumulated depreciation equivalents, and book value equivalents

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Machinery and equipment and others:			
Purchase price equivalents	**¥ 527**	¥ 688	**$ 6,412**
Accumulated depreciation equivalents	**(332)**	(411)	**(4,039)**
Book value equivalents	**¥ 195**	¥ 277	**$ 2,373**

Purchase price equivalents are calculated using the inclusive-of-interest method.

(2) Lease commitments

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Due within one year	**¥ 58**	¥ 82	**$ 706**
Due after one year	**137**	195	**1,667**
Total	**¥195**	¥277	**$2,373**

Lease commitments as lessee are calculated using the inclusive-of-interest method.

(3) Lease payments and depreciation equivalents

Year ended March 31,	Millions of yen 2012	2011	2010	Thousands of U.S. dollars (Note 1) 2012
Lease payments	**¥81**	¥151	¥243	**$986**
Depreciation equivalents	**81**	151	243	**986**

(4) Calculation method of depreciation equivalents

Depreciation equivalents are computed by the straight-line method over the lease period without considering residual value.

(b) Operating Lease Transactions

Lease commitments under non-cancelable operating leases:

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Due within one year	**¥594**	¥ 613	**$ 7,227**
Due after one year	**364**	463	**4,429**
Total	**¥958**	¥1,076	**$11,656**

B. Lessor Leases

(a) Finance Lease Transactions Without Ownership Transfer to Lessee, Whose Transaction Date Was After April 1, 2008.

(1) Details of Investment in Leased assets

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Lease payment receivable	**¥80**	¥86	**$973**
Estimated residual value	**—**	—	**—**
Interest Income	**—**	—	**—**
Book value	**¥80**	¥86	**$973**

(2) As at March 31, 2012, the investment in leased assets due in each of the next five years was as follows:

Year ending March 31,	Amount Millions of yen	Thousands of U.S. dollars (Note 1)
2013	¥28	$341
2014	26	316
2015	16	195
2016	9	109
2017	1	12
Total	¥80	$973

(b) Finance Lease Transactions Without Ownership Transfer to Lessee, Whose Transaction Date Was Before March 31, 2008.

Finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2012 and 2011 were as follows:

(1) Purchase price, accumulated depreciation and book value

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Machinery and equipment and others:			
Purchase price	**¥ 4**	¥ 15	**$ 49**
Accumulated depreciation	**(3)**	(13)	**(37)**
Book value	**¥ 1**	¥ 2	**$ 12**

(2) Lease commitments

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Due within one year	**¥1**	¥2	**$12**
Due after one year	**—**	0	**—**
Total	**¥1**	¥2	**$12**

Lease commitments as lessor were calculated using the inclusive-of-interest method.

(3) Rental income and depreciation

Year ended March 31,	Millions of yen 2012	2011	2010	Thousands of U.S. dollars (Note 1) 2012
Rental income	**¥2**	¥14	¥38	**$24**
Depreciation	**2**	9	30	**24**

Note 6 — Retirement and Severance Benefits

The liabilities for employees' severance and retirement benefits included in retirement and severance benefits in the liability section of the consolidated balance sheets as of March 31, 2012 and 2011 consisted of the following:

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Projected benefit obligation	**¥ 44,500**	¥ 44,946	**$ 541,428**
Less fair value of pension assets	**(27,555)**	(26,509)	**(335,259)**
Unfunded projected benefit obligation	**16,945**	18,437	**206,169**
Less unrecognized net transition obligation	**(13)**	(13)	**(158)**
Unrecognized actuarial differences	**(4,664)**	(5,490)	**(56,747)**
Unrecognized prior service costs	**1,093**	1,350	**13,298**
Net liability for employees' severance and retirement benefits	**13,361**	14,284	**162,562**
Allowance for officers' lump-sum severance benefits	**334**	339	**4,064**
Retirement and severance benefits	**¥ 13,695**	¥ 14,623	**$ 166,626**

Included in the consolidated statements of income for the years ended March 31, 2012 and 2011, were severance and retirement benefit expenses comprising the following:

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Service costs — benefits earned during the year	**¥1,667**	¥1,690	**$20,282**
Interest cost on projected benefit obligation	**691**	705	**8,407**
Expected return on plan assets	**(384)**	(389)	**(4,672)**
Amortization of net transition obligation	**3**	3	**37**
Amortization of actuarial differences	**936**	1,020	**11,388**
Amortization of prior service costs	**(217)**	(211)	**(2,640)**
Contribution for defined contribution pension plan	**141**	107	**1,716**
Severance and retirement benefit expenses	**¥2,837**	¥2,925	**$34,518**

The discount rate used by the Company and its domestic consolidated subsidiaries was 1.5%–2.0% at March 31, 2012 and 2011. However, one overseas consolidated subsidiary used the rate of 6.5% and 8.5 % at March 31, 2012 and 2011 respectively. The rate of expected return on plan assets used by the Company and its domestic consolidated subsidiaries was 1.5% for March 31, 2012 and 2011. However, some overseas consolidated subsidiaries used the rate of 7.0% at March 31, 2012 and 2011. Actuarial differences are recognized in consolidated statements of income using the declining-balance method over 12 years to 15 years and 12 years to 16 years for the years ended March 31, 2012 and 2011, respectively, beginning the following fiscal year of recognition. Prior service costs are recognized using the straight line method over 12 years or 15 years for the years ended March 31, 2012 and 2011, from the fiscal year incurred. Net transition obligation is amortized over 15years.

Note 7 — 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 were ¥15,520 million ($188,831 thousand) and ¥18,446 million at March 31, 2012 and 2011, respectively.

(2) The Company and one consolidated subsidiary have guaranteed employees' housing loans and others from banks in the amount of ¥5 million ($61 thousand) and ¥11 million at March 31, 2012 and 2011, respectively.

Note 8 — Net Assets

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company 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.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve.

Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

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 28, 2012, the shareholders approved cash dividends amounting to ¥9,720 million ($118,263 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2012. Such appropriations are recognized in the period in which they are approved by the shareholders.

Note 9 — 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, 2012 and 2011.

Available-for-Sale Securities With Available Fair Values:

(1) Securities with book values exceeding acquisition costs:

			Millions of yen
March 31, 2012	Acquisition cost	Book value	Difference
Equity securities	**¥9,490**	**¥15,087**	**¥5,597**

			Millions of yen
March 31, 2011	Acquisition cost	Book value	Difference
Equity securities	¥9,121	¥15,971	¥6,850

			Thousands of U.S. dollars (Note 1)
March 31, 2012	Acquisition cost	Book value	Difference
Equity securities	**$115,464**	**$183,563**	**$68,099**

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

			Millions of yen
March 31, 2012	Acquisition cost	Book value	Difference
Equity securities	**¥4,032**	**¥3,168**	**¥(864)**

			Millions of yen
March 31, 2011	Acquisition cost	Book value	Difference
Equity securities	¥4,405	¥3,911	¥(494)

			Thousands of U.S. dollars (Note 1)
March 31, 2012	Acquisition cost	Book value	Difference
Equity securities	**$49,057**	**$38,545**	**$(10,512)**

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, 2012 and 2011.

(a) Available-for-Sale Securities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2012**	2011	**2012**
Non-listed equity securities	**¥11,659**	¥10,046	**$141,854**
Subscription certificate	**38**	39	**462**
Negotiable certificate of deposit	**27,500**	30,000	**334,591**
Total	**¥39,197**	¥40,085	**$476,907**

(b) Unconsolidated Subsidiaries and Affiliates:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2012**	2011	**2012**
Securities of unconsolidated subsidiaries	**¥ 5,886**	¥ 6,940	**$ 71,615**
Securities of affiliates	**31,034**	29,207	**377,588**
Total	**¥36,920**	¥36,147	**$449,203**

C. Available-for-sale securities with maturities are as follows:

					Millions of yen
March 31, 2012	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Negotiable certificate of deposit	**¥27,500**	**¥—**	**¥—**	**¥—**	**¥27,500**

					Millions of yen
March 31, 2011	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Negotiable certificate of deposit	¥30,000	¥—	¥—	¥—	¥30,000

					Thousands of U.S. dollars (Note 1)
March 31, 2012	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Negotiable certificate of deposit	**$334,591**	**$—**	**$—**	**$—**	**$334,591**

The Company and its domestic consolidated subsidiaries follow a policy of devaluation of available-for-sale securities. The policy of devaluation for the Company and its domestic consolidated 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 considered to be substantial and non-recoverable decline 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 domestic consolidated subsidiaries examine the recoverability of the fair value of the securities and devaluate if those securities are considered to be non-recoverable.

Note 10 — Derivative Transactions and Hedge Accounting

As explained in Note 1 (t), 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 trade receivable, payable and future transactions denominated in a foreign currency
Foreign currency deposit	Foreign currency trade receivable, 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 were all prime banks operating domestically in Japan, and the Company does not expect nonperformance by the counter-parties.

(a) Fair Value of Undesignated Derivative Financial Instruments

Fair value of undesignated derivative financial instruments as of March 31, 2012 and 2011 is summarized as follows:

	Millions of yen				
	Contract amounts				
March 31, 2012	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	**¥23,539**	**¥297**	**¥23,836**	**¥(30)**	**¥(30)**

	Millions of yen				
	Contract amounts				
March 31, 2011	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Buy Euro	¥72	¥—	¥72	¥(4)	¥(4)

	Thousands of U.S. dollars (Note 1)				
	Contract amounts				
March 31, 2012	Due within one year	Due after one year	Total	Fair value	Profit or loss evaluation
Forward exchange contracts					
Sell U.S. dollars	**$286,397**	**$3,614**	**$290,011**	**$(365)**	**$(365)**

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, 2012 and 2011 is summarized as follows:

March 31, 2012			Millions of yen		
			Contract amounts		
Accounting method	Hedged instruments	Hedged item	Contract amount	Portion over one year	Fair value
Allocation method (Note 1 (t))	Forward exchange contracts				
	Sell U.S. dollars	Accounts receivable	**¥13,400**	**¥ —**	**¥(246)**
	Sell Euro	Accounts receivable	**¥ 1,643**	**¥ —**	**¥(154)**
	Buy Euro	Accounts payable	**¥23,975**	**¥9,112**	**¥ 463**
Special method for interest rate swap (Note 1 (t))	Interest rate swap contracts				
	Receive variable rate and Pay fixed rate swap	Long-term debt	**¥ 822**	**¥ 411**	*

March 31, 2011			Millions of yen		
			Contract amounts		
Accounting method	Hedged instruments	Hedged item	Contract amount	Portion over one year	Fair value
Allocation method (Note 1 (t))	Forward exchange contracts				
	Sell U.S. dollars	Accounts receivable	¥37,305	¥ 5,677	¥3,351
	Buy Euro	Accounts payable	¥16,082	¥10,807	¥ 793
	Buy British pound	Accounts payable	¥ 127	¥ —	¥ 2
Special method for interest rate swap (Note 1 (t))	Interest rate swap contracts				
	Receive variable rate and Pay fixed rate swap	Long-term debt	¥11,696	¥ 831	*

March 31, 2012			Thousands of U.S. dollars (Note 1)		
			Contract amounts		
Accounting method	Hedged instruments	Hedged item	Contract amount	Portion over one year	Fair value
Allocation method (Note 1 (t))	Forward exchange contracts				
	Sell U.S. dollars	Accounts receivable	**$163,037**	**$ —**	**$(2,993)**
	Sell Euro	Accounts receivable	**$ 19,990**	**$ —**	**$(1,874)**
	Buy Euro	Accounts payable	**$291,702**	**$110,865**	**$ 5,633**
Special method for interest rate swap (Note 1 (t))	Interest rate swap contracts				
	Receive floating and Pay fixed rate swap	Long-term debt	**$ 10,001**	**$ 5,001**	*

Fair value of forward exchange contracts is stated based on the quoted price from banks.
* The fair value of the interest rate swap was included in the long term debt.

Note 11 — Segment Information

Effective from the fiscal year ended March 31, 2011, the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan ("ASBJ") Statement No. 17 on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008). Certain prior year amounts have been reclassified to conform to the current year presentation.

(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 (CEO) 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 catalysts and fine products 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 catalysts and fine products business include manufacturing and distribution of chemical and catalyst products (FCC catalysts, hydrotreating catalysts, deNOx catalysts, petrochemical catalysts, etc), and new functional material products (colloidal silica, coating materials for surface treatment on cathode ray tubes, material for semiconductors, cathode materials and cosmetic products, etc.).

The following was information about sales and profit or loss by reported segment for the years ended March 31, 2012, 2011 and 2010:

Millions of yen

	Reported Segment						
Year ended March 31, 2012	Total engineering	Catalysts and fine products	Subtotal	Others	Total	Adjustment	Consolidated
Net sales:							
External customers	¥506,177	¥42,045	¥548,222	¥ 8,745	¥556,967	¥ —	¥556,967
Inter-segment	60	232	292	5,064	5,356	(5,356)	—
Total	¥506,237	¥42,277	¥548,514	¥13,809	¥562,323	¥ (5,356)	¥556,967
Segment profit	¥ 59,420	¥ 6,847	¥ 66,267	¥ 694	¥ 66,961	¥ 93	¥ 67,054
Segment assets	¥469,453	¥40,769	¥510,222	¥35,828	¥546,050	¥(19,881)	¥526,169
Depreciation and amortization	¥ 4,134	¥ 2,572	¥ 6,706	¥ 1,077	¥ 7,783	¥ 12	¥ 7,795
Capital expenditures	¥ 3,600	¥ 2,919	¥ 6,519	¥ 7,274	¥ 13,793	¥ —	¥ 13,793

Millions of yen

	Reported Segment						
Year ended March 31, 2011	Total engineering	Catalysts and fine products	Subtotal	Others	Total	Adjustment	Consolidated
Net sales:							
External customers	¥401,199	¥36,031	¥437,230	¥ 9,993	¥447,223	¥ —	¥447,223
Inter-segment	24	13	37	5,097	5,134	(5,134)	—
Total	¥401,223	¥36,044	¥437,267	¥15,090	¥452,357	¥ (5,134)	¥447,223
Segment profit	¥ 57,688	¥ 4,989	¥ 62,677	¥ 784	¥ 63,461	¥ 98	¥ 63,559
Segment assets	¥421,190	¥37,135	¥458,325	¥28,709	¥487,034	¥(18,531)	¥468,503
Depreciation and amortization	¥ 3,660	¥ 2,480	¥ 6,140	¥ 1,368	¥ 7,508	¥ 9	¥ 7,517
Capital expenditures	¥ 4,598	¥ 1,769	¥ 6,367	¥ 358	¥ 6,725	¥ (164)	¥ 6,561

Millions of yen

	Reported Segment						
Year ended March 31, 2010	Total engineering	Catalysts and fine products	Subtotal	Others	Total	Adjustment	Consolidated
Net sales:							
External customers	¥364,830	¥37,828	¥402,658	¥11,600	¥414,258	¥ —	¥414,258
Inter-segment	20	13	33	5,062	5,095	(5,095)	—
Total	¥364,850	¥37,841	¥402,691	¥16,662	¥419,353	¥ (5,095)	¥414,258
Segment profit	¥ 39,310	¥ 2,583	¥ 41,893	¥ (70)	¥ 41,823	¥ 96	¥ 41,919
Segment assets	¥382,371	¥33,601	¥415,972	¥32,339	¥448,311	¥(18,135)	¥430,176
Depreciation and amortization	¥ 3,617	¥ 2,840	¥ 6,457	¥ 2,708	¥ 9,165	¥ (31)	¥ 9,134
Capital expenditures	¥ 4,086	¥ 720	¥ 4,806	¥ 2,272	¥ 7,078	¥ (16)	¥ 7,062

Thousands of U.S. dollars (Note 1)

	Reported Segment						
Year ended March 31, 2012	Total engineering	Catalysts and fine products	Subtotal	Others	Total	Adjustment	Consolidated
Net sales:							
External customers	$6,158,620	$511,559	$6,670,179	$106,400	$6,776,579	$ —	$6,776,579
Inter-segment	730	2,823	3,553	61,613	65,166	(65,166)	—
Total	$6,159,350	$514,382	$6,673,732	$168,013	$6,841,745	$ (65,166)	$6,776,579
Segment profit	$ 722,959	$ 83,307	$ 806,266	$ 8,444	$ 814,710	$ 1,132	$ 815,842
Segment assets	$5,711,802	$496,033	$6,207,835	$435,917	$6,643,752	$(241,890)	$6,401,862
Depreciation and amortization	$ 50,298	$ 31,293	$ 81,591	$ 13,104	$ 94,695	$ 146	$ 94,841
Capital expenditures	$ 43,801	$ 35,515	$ 79,316	$ 88,502	$ 167,818	$ —	$ 167,818

(b) Related Information

I. Information by Geography

(1) Net Sales

Year ended March 31,	Millions of yen 2012	2011	2010	Thousands of U.S. dollars (Note 1) 2012
Japan	**¥155,501**	¥130,975	¥168,315	**$1,891,970**
East and Southeast Asia	**61,533**	32,533	33,911	**748,668**
Middle East	**205,429**	181,683	141,467	**2,499,440**
Africa	**44,343**	40,900	30,534	**539,518**
Oceania	**72,057**	49,901	18,607	**876,713**
Other	**18,104**	11,231	21,424	**220,270**
Total sales	**¥556,967**	¥447,223	¥414,258	**$6,776,579**

*1. Net sales are classified by the place of customers' address.
*2. Middle East includes Saudi Arabia ¥81,067 million ($986,337 thousand), ¥113,595 million, and ¥104,995 million and United Arab Emirates ¥74,329million ($904,356 thousand) , ¥51,281 million, and ¥6,208 million for the years ended March 31, 2012, 2011, and 2010, respectively.

(1) Property and equipment

Property and equipment information is not disclosed, as the Company and its consolidated subsidiaries operate mainly within Japan.

II. Information by Major Customers

Year ended March 31, 2012	Millions of yen	Thousands of U.S. dollars (Note 1)	Related segments
Abu Dhabi Gas Industries Ltd.	**74,281**	**903,772**	Total engineering

III. Information on Impairment Loss

Not Applicable for the years ended March 31, 2011.

The following is information on impairment loss by reported segments for the year ended March 31, 2012 and 2010:

Millions of yen

	Reported Segment						
Year ended March 31, 2012	Total engineering	Catalysts and fine products	Subtotal	Others	Total	Adjustment	Consolidated
Impairment loss	**¥420**	**¥—**	**¥420**	**¥—**	**¥420**	**¥—**	**¥420**

Thousands of U.S. dollars (Note 1)

	Reported Segment						
Year ended March 31, 2012	Total engineering	Catalysts and fine products	Subtotal	Others	Total	Adjustment	Consolidated
Impairment loss	**$5,110**	**$—**	**$5,110**	**$—**	**$5,110**	**$—**	**$5,110**

Millions of yen

	Reported Segment						
Year ended March 31, 2010	Total engineering	Catalysts and fine products	Subtotal	Others	Total	Adjustment	Consolidated
Impairment loss	¥3,603	¥—	¥3,603	¥—	¥3,603	¥—	¥3,603

IV. Information on Amotization of Goodwill and Amotized Balance

This information is not disclosed, as this is immaterial for the years ended March 31, 2012, 2011 and 2010.

V. Information on Gain on Negative Goodwill

Not Applicable for the years ended March 31, 2012, 2011 and 2010.

Note 12 — Taxes on Income

The statutory tax rate for 2012 was 40.7%, and for 2011 and 2010 were 36.2%.

(1) The following table summarizes the significant 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, 2012, 2011 and 2010:

	2012	2011	2010
Statutory tax rate	**40.7%**	36.2%	36.2%
Non-deductible expenses	**0.7**	0.2	0.3
Non-taxable dividend income	**(1.5)**	(3.0)	(3.0)
Tax credit utilized	**(0.5)**	(0.7)	(1.9)
Other	**5.2**	18.5	(2.9)
Effective tax rate	**44.6%**	51.2%	28.7%

(2) Significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2012 and 2011, were as follows:

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Current deferred taxes			
Deferred tax assets:			
Excess accrued employees' bonuses	**¥ 2,599**	¥ 2,538	**$ 31,622**
Excess reserve for job warranty costs	**812**	102	**9,880**
Excess reserve for losses on contracts	**1,801**	194	**21,913**
Other	**6,539**	9,091	**79,558**
Total current deferred tax assets	**11,751**	11,925	**142,973**
Deferred tax liabilities:			
Retained earnings of foreign subsidiaries	**(44)**	(164)	**(535)**
Other	**(191)**	(1,521)	**(2,324)**
Total current deferred tax liabilities	**(235)**	(1,685)	**(2,859)**
Net current deferred tax assets	**¥11,516**	¥10,240	**$140,114**

For the year ended March 31, 2012 and 2011, there was no valuation allowance.

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Non-current deferred taxes			
Deferred tax assets:			
Employee's retirement and severance benefits	**¥ 4,877**	¥ 5,216	**$ 59,338**
Depreciation	**363**	382	**4,417**
Other	**751**	6,772	**9,137**
Total non-current deferred tax assets	**5,991**	12,370	**72,892**
Deferred tax liabilities:			
Net unrealized gains on securities	**(1,283)**	(1,895)	**(15,610)**
Other	**(222)**	(171)	**(2,701)**
Total non-current deferred tax liabilities	**(1,505)**	(2,066)	**(18,311)**
Net non-current deferred tax assets	**¥ 4,486**	¥10,304	**$ 54,581**
Deferred tax liabilities for land revaluation	**¥ 3,692**	¥ 3,783	**$ 44,920**
Deferred tax liabilities for full revaluation of the consolidated subsidiary	**¥ 178**	¥ 245	**$ 2,166**
Others	**26**	5	**316**
Non-current deferred tax liabilities	**¥ 204**	¥ 250	**$ 2,482**

For the years ended March 31, 2012 and 2011, the valuation allowances of ¥6,166 million ($75,021thousand) and ¥225 million have been deducted from the gross amount of the non-current deferred tax assets, respectively.

(3) Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates

On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. As a result of these amendments, net Deferred tax assets and Net unrealized holding gains on securities increased by ¥261 million ($3,176 thousand) and ¥21 million ($256 thousand) as of March 31, 2012 . And Deferred income tax expense recognized for the year ended March 31, 2012 and Deferred gains on hedges as of March 31, 2012 decreased by ¥241 million ($2,932 thousand) and ¥1 million ($12 thousand).

Note 13 — 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:

March 31,	Millions of yen 2012	2011	2010	Thousands of U.S. dollars (Note 1) 2012
Cash and deposits	**¥195,056**	¥131,894	¥ 83,308	**$2,373,233**
Marketable securities	**27,500**	30,000	40,500	**334,591**
Cash and cash equivalents	**¥222,556**	¥161,894	¥123,808	**$2,707,824**

Note 14 — Land Revaluation

Pursuant to Article 2 of the Enforcement Ordinance for the Law Concerning Land Revaluation (the "Law") 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 sheet at March 31, 2012 and 2011. When such land is sold, land revaluation is reversed and debited to retained earnings.

Fair value of the revalued land as of March 31, 2012 was ¥2,919 million ($35,515 thousand) less than the book value as of March 31, 2012, which amounts include ¥1,227 million ($14,929 thousand) relevant to rental property.

Note 15 — Related Party Transactions

Significant transactions with related parties for the years ended March 31, 2012, 2011 and 2010 were as follows:

Year ended March 31,	Millions of yen 2012	2011	2010	Thousands of U.S. dollars (Note 1) 2012
Medical Management Matsuzawa Co. Ltd.,				
— Support management and accept order for construction service	**¥7,653**	¥8,533	¥—	**$93,114**
Solacor Electricidad Uno S.A. (affiliated company)				
— guarantee obligation	**¥5,382**	¥5,763	¥—	**$65,482**
Solacor Electricidad Dos S.A. (affiliated company)				
— guarantee obligation	**¥5,321**	¥5,698	¥—	**$64,740**

The balances of the Company due to related parties as of March 31, 2012, 2011 and 2010 were as follows:

March 31,	Millions of yen 2012	2011	2010	Thousands of U.S. dollars (Note 1) 2012
Medical Management Matsuzawa Co. Ltd.,				
— Accounts receivable	**¥6,764**	¥7,837	¥—	**$82,297**

The Company doesn't receive a guarantee charge from Solacor Electricidad Uno S.A. and Solacor Electricidad Dos S.A.

The supporting management fee, the construction service fee and the interest rate for the long-term loan receivable were reasonably determined, considering the market interest rate. No pledged assets were furnished.

Note 16 — Business Combinations

Transactions under common control during the year ended March 31, 2012:

(a) Outline of the Transactions

(1) Name and business of combined entity

Merging company: JGC Project Services Co., Ltd, total engineering

Merged company: Nikki Construction Co., Ltd, total engineering

(2) Form of business combinations

Transactions under common control

(3) Name of the entity after the reorganization

JGC PLANT SOLUTIONS CO., LTD.

(4) Outline and purpose of the transaction

JGC Project Services Co., Ltd, a consolidated subsidiary of the Company merged with Nikki Construction Co., Ltd, a consolidated subsidiary of the Company as on April 1, 2011. The purpose of this merger was to reinforce the following:

[1] Increase cost competitiveness

[2] Increase depth and breadth of business operations

[3] Expand overseas

(b) Accounting Method

These transactions were accounted for as a business combination among entities under common control.

(c) Amounts of Assets and Liabilities Received and Incurred on the Date of Business Combination

Total assets	¥7,461 million
Total liabilities	¥2,845 million

Transactions under common control during the year ended March 31, 2010:

(a) Outline of the Transactions

(1) Name and business of combined entity

Merging company: JGC INFORMATION SYSTEMS COMPANY LIMITED ("J-SYS"), IT business

Merged company: J-SYS Software Co., Ltd. ("J-SYS SOFT"), software sales

(2) Form of business combinations

Transactions under common control (Merger with companies which develop information systems, and produce and sell software)

(3) Name of the entity after the reorganization

JGC Information System Co., Ltd.

(4) Outline and purpose of the transaction

J-SYS, a consolidated subsidiary of the Company merged with J-SYS SOFT, a consolidated subsidiary of the Company as on April 1, 2009. The purpose of this merger was to reinforce the following:

[1] Restructuring sales transaction and improvement of sales force

[2] Reinforcement of employees and human resources

[3] Combine and develop customers' information system and sales channel.

(b) Accounting Method

These transactions were accounted for as a business combination among entities under common control.

(c) Amounts of Assets and Liabilities Received and Incurred on the Date of Business Combination

Total assets	¥173 million
Total liabilities	¥166 million

Note 17 — Rental Property

Effective from the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted the "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (Accounting Standards Board of Japan ("ASBJ") Statement No.20 issued on November 28, 2008) and "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No.23 issued on November 28, 2008) for the years ending on or after March 31, 2010. Pursuant to the new requirements, information about fair value of investment and rental property on the consolidated financial statements at March 31, 2012, and 2011, were as follows:

	Book value (net of depreciation)			Fair value
	March 31, 2010	Decrease	March 31, 2011	March 31, 2011
Millions of Yen	¥8,097	¥(124)	¥7,973	¥6,201

	March 31, 2010	Decrease	March 31, 2012	March 31, 2012
Millions of Yen	¥ 7,973	**¥ (122)**	**¥ 7,851**	**¥ 6,201**
Thousands of U.S dollars (Note 1)	$97,007	**$(1,484)**	**$95,523**	**$75,447**

Rental real estate assets are presented on the consolidated balance sheets net of accumulated depreciation and accumulated impairment loss.

The reason of the decrease was mainly due to the depreciation of the assets.

The fair value was calculated by the Company based on "the guidance for apprising real estate."

The Company has rental commercial properties (included land) at Kanagawa prefecture. The rental incomes in the Other income were ¥404 million ($4,915 thousand) and ¥407 million for the years ended March 31, 2012 and 2011, respectively.

Note 18 — Financial Instruments

Effective from the year ended March 31, 2010, the Company adopted the revised Accounting Standard, "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10 revised on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 revised on March 10, 2008). Information on financial instruments for the year ended March 31, 2010 required pursuant to the revised accounting standards is as follows.

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 little or no risk. The Company uses derivatives to mitigate the risks that are described below, and as a matter of policy 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. Marketable securities are mainly negotiable certificate of deposit. Investment securities are mainly related to the business and capital alliance companies and expose the Company to the changes in market prices. Long-term loans receivable are mainly related to subsidiaries and affiliates.

Most notes and accounts payable are due within one year. Some of accounts payable associated with purchasing machines and construction contracts are denominated in foreign currencies, which exposes the Company to the risks of exchange rate fluctuations. The Company generally procures capital required under its business plan through bank loans. Some of bank loans expose the Company to the risks of interest rate fluctuations, which the Company uses interest rate swaps to hedge.

The Company uses derivatives transactions including forward foreign exchange contracts to hedge the risk of exchange rate fluctuations associated with receivable and payable denominated in foreign currencies and interest rate swaps to hedge the risk of interest rate fluctuations associated with loans. 'Derivative Transactions and Hedge Accounting' in Note 1 (t) and Note 10 presented earlier explain hedge accounting issues including methods, hedging policies, hedged items and recognition of gain or loss on hedged positions.

(c) Risk Management System for Financial Instruments

(1) Credit risk management (counterparty risk)

The Company has established internal procedures for receivables under which the related divisions are primarily responsible for periodically monitoring counterparty status. The department manages amounts and settlement dates by counterparty and works to quickly identify and mitigate payment risk that may result from situations including deterioration of the financial condition of counterparties. Consolidated subsidiaries are subject to the same risk management rules.

In using derivatives transactions, the Company mitigates counterparty risk by conducting transactions with highly creditworthy financial institutions.

(2) Market risk management (risk of exchange rate and interest rate 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 interest rate swaps to mitigate the risk of interest rate fluctuations associated with loans.

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 in accordance with the established policies and within the specified limit on the amounts of derivative transactions allowed. The Company handles the transactions and 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, 2012 and 2011 were summarized as follows:

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

	Millions of yen		
March 31, 2012	Carrying amount	Estimated fair value	Difference
Cash and deposits	**¥195,056**	**¥195,056**	—
Marketable securities	**27,500**	**27,500**	—
Notes and accounts receivable	**87,248**	**87,248**	—
Other receivable	**13,745**	**13,745**	
Marketable and investment securities	**18,255**	**18,255**	—
Long-term loans receivable, net*	**1,598**	**1,659**	**¥61**
Total Assets	**¥343,402**	**¥343,463**	**¥61**
Notes and accounts payable	**¥ 82,376**	**¥ 82,376**	—
Long-term Debt	**7,591**	**7,675**	**¥84**
Total Liabilities	**¥ 89,967**	**¥ 90,051**	**¥84**
Derivative financial instruments, net	**¥ 33**	**¥ 33**	—

	Millions of yen		
March 31, 2011	Carrying amount	Estimated fair value	Difference
Cash and deposits	¥131,894	¥131,894	—
Marketable securities	30,000	30,000	—
Notes and accounts receivable	108,810	108,810	—
Other receivable	7,235	7,235	
Marketable and investment securities	19,882	19,882	—
Long-term loans receivable, net*	1,780	1,836	¥ 56
Total Assets	¥299,601	¥299,657	¥ 56
Notes and accounts payable	¥ 70,762	¥ 70,762	—
Long-term Debt	6,624	6,763	¥139
Total Liabilities	¥ 77,386	¥ 77,525	¥139
Derivative financial instruments, net	¥ 4,142	¥ 4,142	—

March 31, 2012	Thousand of U.S. dollars (Note 1) Carrying amount	Estimated fair value	Difference
Cash and deposits	**$2,373,233**	**$2,373,233**	**—**
Marketable securities	**334,591**	**334,591**	**—**
Notes and accounts receivable	**1,061,540**	**1,061,540**	**—**
Other receivable	**167,234**	**167,234**	
Marketable and investment securities	**222,107**	**222,107**	**—**
Long-term loans receivable, net*	**19,443**	**20,185**	**$ 742**
Total Assets	**$4,178,148**	**$4,178,890**	**$ 742**
Notes and accounts payable	**$1,002,263**	**$1,002,263**	**—**
Long-term Debt	**92,359**	**93,381**	**$1,022**
Total Liabilities	**$1,094,622**	**$1,095,644**	**$1,022**
Derivative financial instruments, net	**$ 402**	**$ 402**	**—**

* The amounts for probable losses calculated by applying a percentage based on collection experience to the remaining accounts are deducted.

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

Other receivable

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

Marketable and investment securities

Marketable and investment securities are the price listed on securities exchanges for equities. In addition, Note 9 provides information on marketable securities by holding intent.

Long-term loans receivable

Fair value of long-term loans receivable are estimated as discounted present value of total principal and interest using assumed interest rates for equivalent new loans.

Notes and accounts payable

Notes and accounts payable are short-term. Therefore, carrying amount is used for the fair value of short-term payable because these amounts are essentially the same.

Long-Term Debt

Fair value of long-term debt is estimated as discounted present value of total principal and interest using assumed interest rates for equivalent new loans. Interest rate swaps subject to special method are used for long-term floating-rate loans. Principal and interest of the loans in which these interest rate swaps are embedded are discounted using a reasonable estimate of the interest rate on the loan at the time of issue.

Derivative financial instruments

Please refer to 'DERIVATIVE TRANSACTIONS AND HEDGE ACCOUNTING' in Note 1 (t) and Note 10.

(b) Financial Instruments, Whose Fair Value Were Difficult to Measure

The financial instruments, whose fair value were difficult to measure, as of March 31, 2012 and 2011, were summarized as follows:

March 31,	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Unconsolidated subsidiaries and affiliates	**¥36,920**	¥36,147	**$449,203**
Non-listed equity securities	**11,659**	10,046	**141,854**
Subscription certificate	**38**	39	**462**

It is difficult to measure the fair value of these financial instruments because there is no market price available and it is not efficient to calculate future cash flow. Therefore, these financial instruments were not included in the Marketable and investment securities described in B (a).

(c) Maturities of Financial Instruments

The maturities of the financial instruments at March 31, 2012 were as follows:

Year ending March 31,	Millions of yen 2013	2014–2017	2018–2022	2023 and thereafter
Cash and deposits	¥195,056	—	—	—
Marketable securities	27,500	—	—	—
Notes and accounts receivable	87,248	—	—	—
Other receivable	13,745			
Long-term loans receivable, net	—	¥1,094	¥383	¥121
Total Assets	¥323,549	¥1,094	¥383	¥121

Year ending March 31,	Thousand of U.S. dollars (Note 1) 2013	2014–2017	2018–2022	2023 and thereafter
Cash and deposits	$2,373,233	—	—	—
Marketable securities	334,591	—	—	—
Notes and accounts receivable	1,061,540	—	—	—
Other receivable	167,234	—	—	—
Long-term loans receivable, net	—	$13,311	$4,660	$1,472
Total Assets	$3,936,598	$13,311	$4,660	$1,472

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

Note 19 — Impairment of Fixed Assets

As discussed in Note 1 (l), the Company and its consolidated subsidiaries have applied the accounting standard for impairment of fixed assets.

The Company and its consolidated subsidiaries have grouped their fixed assets principally based on their business segment, while considering mutual supplementation of the cash flows.

Loss on impairment of fixed assets for the year ended March 31, 2012 consisted of the following:

Location	Use	Type of assets
Sendai (Japan)	Rental Property	Land

Carrying amount of certain assets were devalued to their recoverable amounts, since the land's market value have significantly declined. As a result, The Company recognized loss on impairment in the amount of ¥420 million ($5,110 thousand). The recoverable amounts are calculated according to estimated net sales value, which are real-estate appraisal.

Loss on impairment of fixed assets for the year ended March 31, 2010 consisted of the following:

Location	Use	Type of assets
Houston (U.S.A)	The concession for a mining area	Other— PROPERTY AND EQUIPMENT Other—OTHER ASSETS

Carrying amount of certain assets were devalued to their recoverable amounts, since the oil and gas reserves added by additional drilling have fallen short of the originally expected reserves. As a result, The Company and one consolidated overseas subsidiary recognized loss on impairment in the amount of ¥3,603 million, which consisted of other assets ¥2,716 million and property and equipment ¥887 million.

The overseas subsidiary used the value in use which was calculated by discounting future cash flows at the interest rates of 10% based on U.S. GAAP.

Note 20 — Other Comprehensive Income

Reclassification adjustments of the Company's and its consolidated subsidiaries' other comprehensive income as of March 31, 2012 were as follows:

March 31, 2012	Millions of yen	Thousands of U.S. dollars (Note 1)
Net unrealized holding gains on securities		
Unrealized holding gains arising during the year	**¥(1,641)**	**$(19,966)**
Reclassification adjustment for gains realized in net income	**10**	**122**
Net unrealized holding gains on securities	**(1,631)**	**(19,844)**
Deferred gains (losses) on hedges		
Deferred gains (losses) on hedges arising during the year	**(3,885)**	**(47,268)**
Net deferred gains (losses) on hedges	**(3,885)**	**(47,268)**
Translation adjustments		
Translation adjustments arising during the year	**(968)**	**(11,778)**
Net translation adjustments	**(968)**	**(11,778)**
Equity for equity method affiliates		
Equity for equity method affiliates arising during the year	**(1)**	**(12)**
Net equity for equity method affiliates	**(1)**	**(12)**
Before —tax amount	**(6,485)**	**(78,902)**
Tax Benefit	**2,080**	**25,307**
Other comprehensive income	**¥(4,405)**	**$(53,595)**

Tax effects allocated to each component of other comprehensive income as of March 31, 2012 were as follows:

	Millions of yen		
Year ended March 31, 2012	Before-tax amount	Tax benefit (expense)	Net-of-tax amount
Net unrealized holding gains on securities	**¥(1,631)**	**¥ 612**	**¥(1,019)**
Deferred gains (losses) on hedges	**(3,885)**	**1,405**	**(2,480)**
Land revaluation	**—**	**63**	**63**
Translation adjustments	**(968)**	**—**	**(968)**
Equity for equity method affiliates	**(1)**	**—**	**(1)**
Other comprehensive income	**¥(6,485)**	**¥2,080**	**¥(4,405)**

	Thousands of U.S. dollars (Note 1)		
Year ended March 31, 2012	Before-tax amount	Tax benefit (expense)	Net-of-tax amount
Net unrealized holding gains on securities	**$(19,844)**	**$ 7,446**	**$(12,398)**
Deferred gains (losses) on hedges	**(47,268)**	**17,094**	**(30,174)**
Land revaluation	**—**	**767**	**767**
Translation adjustments	**(11,778)**	**—**	**(11,778)**
Equity for equity method affiliates	**(12)**	**—**	**(12)**
Other comprehensive income	**$(78,902)**	**$25,307**	**$(53,595)**

Note 21 — Subsequent Event

At the Company's board of directors held on June 18, 2012, the board of directors decided the Company's wholly owned subsidiary JGC Corporation Europe B.V., which is a hub of procurement of equipment, will liquidate before the end of 2012. The effect on operations from the liquidation is immaterial.

Internal Control Report

1 Framework of Internal Control Over Financial Reporting

Keisuke Takeuchi, Chief Executive Officer, Koichi Kawana, Chief Operating Officer, and Masayuki Sato, Chief Financial Officer of JGC Corporation ("the Company") are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in the rule "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting").

Because of its inherent limitations, internal control over financial reporting may not completely prevent or detect misstatements.

2 Assessment Scope, Timing and Procedures

Basis of Presenting Internal Control Report

The report on internal control over financial reporting of the consolidated financial statements of the Company ("Internal Control Report") is prepared on the basis of generally accepted assessment standards of internal control over financial reporting in Japan ("Assessment Standards") and is compiled from the Internal Control Report prepared by the Company as required by the Financial Instruments and Exchange Law of Japan ("the Law").

The Assessment Standards require management to assess the internal control over financial reporting ("ICOFR"), which consists of the internal control over the consolidated/parent only financial statements included in the Annual Securities Report filed under the Law and the internal control over disclosure information and others included in the Annual Securities Report that materially affects the reliability of the financial statements.

The scope of management's assessment of ICOFR in this annual report is different from the scope required by the Assessment Standards. Management assessment of ICOFR for this annual report covers the ICOFR with respect to the accompanying consolidated financial statements only. In addition, as explained in Note 1 on the basis of presenting consolidated financial statements, the accompanying consolidated financial statements are reclassified and modified from the consolidated financial statements prepared for the purpose of the Law. Supplementary information is also added to the consolidated financial statements. The process of making reclassifications and modifications and the addition of certain information is for the convenience of readers outside Japan. Management voluntarily includes the process in its assessment of ICOFR, even though it is outside the scope of the Assessment Standards.

Scope of Assessment

We have assessed our ICOFR as of March 31, 2012 in accordance with the Assessment Standards.

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 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 important 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 the their sales levels until their combined sales amounts reaches 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

Based on the above assessments, the Company's management has concluded that, as of March 31, 2012, the Company's internal control over financial reporting was effective.

4 Supplementary information

Not applicable.

5 Other

Not applicable.

Keisuke Takeuchi

Chairman and Representative Director

June 28, 2012

Independent Auditor's Report

JGC CORPORATION

To the Board of Directors of JGC Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of JGC Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheets as of March 31, 2012 and 2011, and the consolidated income statements, statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for each of the years in the three-year period ended March 31, 2012, and a summary of significant accounting policies and other explanatory information.

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 express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards 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 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 judgement, 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, 2012 and 2011, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2012 in accordance with accounting principles generally accepted in Japan.

Convenience Translation
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 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.

Report on the Internal Control Report

We also have audited the accompanying report on internal control over financial reporting of the consolidated financial statements of JGC Corporation as of March 31, 2012 ("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 independently 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 judgement, 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, and 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, 2012, 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.

KPMG AZSA LLC

(KPMG AZSA LLC)
Tokyo, Japan
June 28, 2012

Six-Year Summary—Non-Consolidated

For the six years ended March 31.
Yen amounts are in millions except per share data.

	2012	2011	2010	2009	2008	2007
Net Sales	**¥ 451,724**	¥ 359,561	¥317,597	¥349,925	¥460,161	¥528,794
Operating Income	**54,218**	51,918	32,145	41,356	30,550	14,432
Income before Taxes on Income	**60,708**	45,205	27,934	44,578	32,832	21,538
Net Income	**34,304**	22,853	21,271	30,214	21,312	15,183
Total Current Assets	**299,329**	272,339	232,540	276,325	270,646	278,627
Total Current Liabilities	**173,793**	167,621	126,240	184,205	194,470	216,473
Working Capital	**125,536**	104,718	106,300	92,120	76,176	62,154
Current Ratio	**172.2%**	162.5%	184.2%	150.0%	139.2%	128.7%
Net Property and Equipment	**49,961**	49,956	50,364	49,414	51,115	53,081
Total Assets	**444,659**	415,737	374,549	412,893	404,424	418,285
Long-Term Debt, Less Current Maturities	**2,486**	1,663	16,104	16,757	15,519	16,382
Total Net Assets	**251,006**	227,794	212,619	192,655	174,795	165,191
New Contracts	**342,983**	569,128	675,505	440,548	348,755	255,015
Outstanding Contracts	**1,005,441**	1,114,182	953,511	641,781	607,378	728,168
Net Income per Share (in yen)	**135.86**	90.44	84.15	119.50	84.01	59.81
Cash Dividends per Share (in yen)	**38.50**	30.0	21.0	30.0	21.0	15.0
Number of Employees	**2,155**	2,137	2,107	2,069	2,014	1,953

Non-Consolidated Balance Sheets

JGC CORPORATION
March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	**2012**	2011	**2012**
Current Assets:			
Cash and deposits	**¥169,426**	¥123,530	**$2,061,394**
Marketable securities	**27,500**	30,000	**334,591**
Notes and accounts receivable (Note 2)	**51,683**	83,747	**628,823**
Contract works in progress	**22,424**	13,956	**272,831**
Deferred tax assets (Note 7)	**9,751**	8,363	**118,640**
Other current assets (Note 2)	**18,616**	12,840	**226,500**
Allowance for doubtful accounts (Note 1(r))	**(71)**	(97)	**(864)**
Total Current Assets	**299,329**	272,339	**3,641,915**
Property and Equipment (Note 3)**:**			
Land (Notes 8 & 9)	**21,931**	22,391	**266,833**
Buildings and structures	**48,363**	48,831	**588,429**
Machinery and equipment	**9,921**	8,867	**120,708**
Construction in progress	**2,172**	438	**26,427**
	82,387	80,527	**1,002,397**
Less accumulated depreciation	**(32,426)**	(30,571)	**(394,525)**
Net Property and Equipment	**49,961**	49,956	**607,872**
Other Assets:			
Investments in subsidiaries and affiliates (Note 1(e))	**48,505**	40,269	**590,157**
Marketable and investment securities	**29,845**	29,854	**363,122**
Long-term loans receivable (Note 2)	**9,698**	10,414	**117,995**
Deferred tax assets (Note 7)	**4,137**	9,163	**50,335**
Other	**3,184**	3,742	**38,739**
Total Other Assets	**95,369**	93,442	**1,160,348**
Total Assets	**¥444,659**	¥415,737	**$5,410,135**

The accompanying notes are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Current Liabilities:			
Short-term loans (Notes 2 & 3)	**¥ 13,833**	¥ 32,652	**$ 168,305**
Notes and accounts payable (Note 2)	**57,252**	56,371	**696,581**
Advances received on uncompleted contracts (Note 2)	**58,389**	25,720	**710,415**
Reserve for job warranty costs	**2,051**	207	**24,954**
Reserve for losses on contracts	**4,107**	119	**49,970**
Income taxes payable	**11,658**	15,819	**141,842**
Other current liabilities (Note 2)	**26,503**	36,733	**322,460**
Total Current Liabilities	**173,793**	167,621	**2,114,527**
Long-Term Debt, Less Current Maturities (Note 3)	**2,486**	1,663	**30,247**
Retirement and Severance Benefits	**10,026**	10,966	**121,986**
Deferred Tax Liabilities for Land Revaluation (Notes 7 & 8)	**3,692**	3,783	**44,920**
Other Non-Current Liabilities (Note 2)	**3,656**	3,910	**44,482**
Total Liabilities	**193,653**	187,943	**2,356,162**
Contingencies (Note 5)			
Net Assets (Note 6)**:**			
Common stock			
Authorized — 600,000,000 shares,			
Issued — 259,052,929 shares in 2012 and 2011	**23,511**	23,511	**286,057**
Capital surplus	**25,603**	25,603	**311,510**
Legal earnings reserve	**2,693**	2,693	**32,765**
Retained earnings	**209,758**	182,978	**2,552,111**
Treasury stock, at cost	**(6,375)**	(6,287)	**(77,564)**
Net unrealized holding gains on securities	**2,319**	3,330	**28,215**
Deferred gains on hedges	**39**	2,519	**475**
Land revaluation, net of deferred tax portion (Note 8)	**(6,542)**	(6,553)	**(79,596)**
Total Net Assets	**251,006**	227,794	**3,053,973**
Total Liabilities and Net Assets	**¥444,659**	¥415,737	**$5,410,135**

Non-Consolidated Statements of Income

JGC CORPORATION
Years ended March 31, 2012, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Net Sales	**¥451,724**	¥359,561	¥317,597	**$5,496,094**
Cost of Sales	**386,555**	297,622	275,446	**4,703,187**
Gross profit	**65,169**	61,939	42,151	**792,907**
Selling, General and Administrative Expenses	**10,951**	10,021	10,006	**133,240**
Operating income	**54,218**	51,918	32,145	**659,667**
Other Income (Expenses):				
Interest and dividend income	**9,181**	8,642	8,569	**111,705**
Interest expense	**(372)**	(518)	(530)	**(4,526)**
Loss on sales and disposal of property and equipment	**(722)**	(32)	(73)	**(8,785)**
Gain on sales of marketable and investment securities	**16**	—	516	**195**
Gain (loss) on sales of an affiliate security	**(45)**	9,665	—	**(548)**
Loss on devaluation of marketable and investment securities	**—**	(197)	—	**—**
Loss on devaluation of investment in subsidiaries	**—**	—	(6,364)	**—**
Loss on allowance for investment (Note 1(e))	**(1,318)**	—	—	**(16,036)**
Exchange loss, net (Note 1(r))	**(617)**	(4,293)	(3,481)	**(7,507)**
Provision for doubtful accounts (Note 1(r))	**—**	—	(3,293)	**—**
Loss on impairment of fixed assets (Note 9)	**(420)**	—	—	**(5,110)**
Other, net	**787**	(19,980)	445	**9,575**
	6,490	(6,713)	(4,211)	**78,963**
Income before taxes on income	**60,708**	45,205	27,934	**738,630**
Taxes on Income (Note 7):				
Current	**20,781**	19,175	8,200	**252,841**
Deferred	**5,623**	3,177	(1,537)	**68,415**
Net Income	**¥ 34,304**	¥ 22,853	¥ 21,271	**$ 417,374**

	Yen			U.S. dollars (Note 1)
Amounts Per Share of Common Stock				
Net income	**¥ 135.86**	¥ 90.44	¥ 84.15	**$ 1.65**
Cash dividends applicable to the year	**¥ 38.50**	¥ 30.00	¥ 21.00	**$ 0.47**

The accompanying notes are an integral part of these statements.

Non-Consolidated Statements of Changes in Net Assets

JGC CORPORATION
Years ended March 31, 2012, 2011 and 2010

	Thousands of shares	Millions of yen							
		Common stock							
	Shares	Amount	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges (Note 1)	Land revaluation, net of deferred tax portion (Note 8)
Balance at April 1, 2009	259,053	¥ 23,511	¥ 25,599	¥ 2,693	¥ 151,784	¥ (5,790)	¥ 2,475	¥ (1,027)	¥ (6,590)
Net income for the year					21,271				
Cash dividends					(7,584)				
Land revaluation, net of deferred tax portion					(37)				37
Gain on retirement of treasury stock			2			2			
Net unrealized holding gains on securities							2,600		
Net deferred gains on hedges								3,739	
Increase of treasury stock						(66)			
Balance at March 31 and April 1, 2010	259,053	¥ 23,511	¥ 25,601	¥ 2,693	¥ 165,434	¥ (5,854)	¥ 5,075	¥ 2,712	¥ (6,553)
Net income for the year					22,853				
Cash dividends					(5,309)				
Land revaluation, net of deferred tax portion									
Gain on retirement of treasury stock			2			2			
Net unrealized holding losses on securities							(1,745)		
Net deferred losses on hedges								(193)	
Increase of treasury stock						(435)			
Balance at March 31 and April 1, 2011	259,053	¥ 23,511	¥ 25,603	¥ 2,693	¥ 182,978	¥ (6,287)	¥ 3,330	¥ 2,519	¥ (6,553)
Net income for the year					**34,304**				
Cash dividends					**(7,576)**				
Land revaluation, net of deferred tax portion					**52**				**11**
Gain on retirement of treasury stock			**0**			**0**			
Net unrealized holding losses on securities							**(1,011)**		
Net deferred losses on hedges								**¥(2,480)**	
Increase of treasury stock						**(88)**			
Balance at March 31, 2012	**259,053**	**¥23,511**	**¥25,603**	**¥2,693**	**¥209,758**	**¥(6,375)**	**¥ 2,319**	**¥ 39**	**¥(6,542)**

	Thousands of U.S. dollars (Note 1)							
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges (Note 1)	Land revaluation, net of deferred tax portion (Note 8)
Balance at April 1, 2011	$ 286,057	$ 311,510	$ 32,765	$ 2,226,281	$ (76,493)	$ 40,516	$ 30,648	$ (79,730)
Net income for the year				**417,374**				
Cash dividends				**(92,177)**				
Land revaluation, net of deferred tax portion				**633**				**134**
Gain on retirement of treasury stock		**0**			**0**			
Net unrealized holding losses on securities						**(12,301)**		
Net deferred losses on hedges							**(30,173)**	
Increase of treasury stock					**(1,071)**			
Balance at March 31, 2012	**$286,057**	**$311,510**	**$32,765**	**$2,552,111**	**$(77,564)**	**$ 28,215**	**$ 475**	**$(79,596)**

The accompanying notes are an integral part of these statements.

Notes to Non-Consolidated Financial Statements

Note 1 — Summary of Accounting Policies

(a) Basis of Presenting Non-Consolidated Financial Statements

The accompanying non-consolidated financial statements of JGC Corporation (Nikki Kabushiki Kaisha, the "Company") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law 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 of International Financial Reporting Standards.

The accompanying non-consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the non-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 Law. Certain supplementary information included in the statutory Japanese language non-consolidated financial statements, but not required for fair presentation, is not presented in the accompanying non-consolidated financial statements.

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, 2012, which was ¥82.19 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(b) Conversion of Foreign Currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates.

(c) Allowance for Doubtful Accounts

Notes and accounts receivables, including loans and other receivables, are valued by providing individually estimated uncollectible amounts plus the amounts for probable losses calculated by applying a percentage based on collection experience to the remaining accounts.

(d) Marketable Securities, Investments in Subsidiaries and Affiliates, and Marketable and Investment Securities

The companies 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 did not have the securities defined as (1) and (2) above in the years ended March 31, 2012 and 2011.

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. 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.

(e) Allowance for Losses on Investment

Prepare for estimated losses to be incurred in the future, allowance for losses on investment is stated in amounts considered to be appropriate based on financial condition of investments.

(f) Recognition of Sales, Contract Works in Progress and Advances Received on Uncompleted Contracts

On December 27, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts." The new accounting standards require that if the construction activity deemed certain during the course of the activity, the percentage-of-completion method shall be applied (the percentage of the cost incurred to the estimated total cost), otherwise the completed-contract method shall be applied. This standard is effective from the year ended March 31, 2010.

As a result, Net Sales increased by ¥1,580 million and Gross Profit, Operating Income, and Income before taxes on income increased by ¥207 million, respectively for the year ended March 31, 2010.

Prior to the year ended March 31, 2010, the Company recognized sales on contracts using the completed-contract method except for long term contract. Under this method, costs and advances received on uncompleted contracts are accumulated during the period of construction. These costs and advances received on uncompleted contracts are not offset and are shown as contract works in progress and advances received on uncompleted contracts in the accompanying non-consolidated balance sheets. Accordingly, no profits or losses are recorded before the contract is completed.

Sales on other 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. The percentage-of-completion method is adopted for large jobs for which the construction period exceeds 24 months and the contract amount exceeds ¥5,000 million (including jobs whose construction period exceeds 36 months and the contract amount exceeds ¥3,000 million). Revisions in contract revenue and cost estimates are recognized in the period in which they are determined.

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.

(g) Operating Cycle

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

(h) Property and Equipment, Depreciation and Finance Leases

Property and equipment are stated at cost, except for certain revalued land as explained in Note 8. Depreciation on property and equipment is calculated using the straight-line method for buildings used for business operation, 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.

All finance leasing transactions were capitalized except for finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of "as if capitalized" information.

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.

(i) Impairment of Fixed Assets

The Company reviews its 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.

(j) Retirement and Severance Benefits and Pension Costs

The Company provides 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 provided allowance for employees' severance and retirement benefits at March 31, 2012 and 2011, 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.

Prior service costs are recognized as expenses in equal amounts over the average of the estimated remaining service lives of the employees (12 years), and actuarial gains and losses are recognized as expenses using the declining-balance method over the average of the estimated remaining service lives (12 years) commencing in the following period.

Effective from the year ended March 31, 2010, the Company adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan ("ASBJ") Statement No. 19 issued on July 31, 2008). The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, domestic companies were allowed to use a discount rate determined taking into consideration fluctuations in the yield of long-term government and gilt-edged bonds over a certain period. This change had no material impact on the financial statements for the year ended March 31, 2010.

(k) 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 operations in the period incurred.

(l) Taxes on Income

The Company provides 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.

(m) 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.

(n) 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.

(o) Per Share Information

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.

(p) Derivatives 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 defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains of the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

(1) If a forward foreign exchange 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 forward foreign exchange 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 forward foreign exchange 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 assets or liabilities for which the swap contract was executed.

(q) Accrued Bonuses to Directors and Corporate Auditors

The Company recognizes director's and corporate auditor's bonuses as expenses when incurred.

(r) Reclassification and Restatement

Certain prior year amounts have been reclassified to conform to the current year presentation except for the reclassification between provision for doubtful accounts and exchange gain or loss described below.

The Company changed the recognition of exchange differences about foreign currencies' doubtful accounts from provision for doubtful accounts to exchange gain or loss from the year ended March 31, 2011, due to properly presentation of provision for doubtful accounts without the effect of exchange fluctuation.

These reclassifications had no impact on previously reported results of operations or retained earnings.

(s) Accounting Changes and Error Corrections

On December 4, 2009, the Accounting Standards Board of Japan issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under the new accounting standard are as follows:

(1) Change in Accounting Policies

When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless revised accounting standards include specific transitional provisions. When revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applied to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Note 2 — Receivables from and Payables to Subsidiaries and Affiliates

Significant receivables from and payables to subsidiaries and affiliates at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	**2012**	2011	**2012**
Notes and accounts receivable	**¥ 7,128**	¥ 8,335	**$ 86,726**
Other current assets	**8,369**	4,423	**101,825**
Long-term loans receivable	**9,688**	10,377	**117,873**
Notes and accounts payable	**11,093**	9,375	**134,968**
Short-term loans	**13,175**	18,787	**160,299**
Advances received on uncompleted contracts	**221**	151	**2,689**
Other current liabilities	**1,509**	573	**18,360**
Other non-current liabilities	**184**	176	**2,239**

Note 3 — Borrowings and Assets Pledged as Collateral

At March 31, 2012 and 2011, short-term loans consisted of unsecured debt from subsidiaries and bore interest at TIBOR.

Long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2012	2011	2012
Unsecured Debt			
0.74%–1.25% loans from banks and insurance companies, due serially through 2016	**¥3,144**	¥ 15,528	**$38,253**
Less current maturities	**(658)**	(13,865)	**(8,006)**
Long-term debt due after one year	**¥2,486**	¥ 1,663	**$30,247**

Assets pledged as collateral for other non-current liabilities at March 31, 2012 and 2011, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2012	2011	2012
Land	**¥4,280**	¥4,280	**$52,074**
Buildings and structures, at net book value	**2,196**	2,317	**26,719**
Machinery and equipment, at net book value	**2**	3	**24**
Total	**¥6,478**	¥6,600	**$78,817**

The annual maturities of long-term debt outstanding at March 31, 2012, are as follows:

	Amount	
Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2013	¥ 658	$ 8,006
2014	658	8,006
2015	246	2,993
2016	82	998
2017 and thereafter	1,500	18,250
Total	¥3,144	$38,253

Note 4 — Lease Transactions

(a) Finance Lease Transactions Without Ownership Transfer to Lessee

Finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2012 and 2011 are as follows:

(1) Purchase price equivalents, accumulated depreciation equivalents, and book value equivalents:

	Millions of yen	
March 31,	2012	2011
Machinery and equipment:		
Purchase price equivalents	**¥ 138**	¥ 147
Accumulated depreciation equivalents	**(62)**	(54)
Book value equivalents	**¥ 76**	¥ 93

	Thousands of U.S. dollars (Note 1)
March 31,	2012
Machinery and equipment:	
Purchase price equivalents	**$1,679**
Accumulated depreciation equivalents	**(754)**
Book value equivalents	**$ 925**

Purchase price equivalents are calculated using the inclusive-of-interest method.

(2) Lease commitments

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2012	2011	2012
Due within one year	**¥15**	¥17	**$183**
Due after one year	**61**	76	**742**
Total	**¥76**	¥93	**$925**

Lease commitments are calculated using the inclusive-of-interest method.

(3) Lease payments and depreciation equivalents

	Millions of yen			Thousands of U.S. dollars (Note 1)
Year ended March 31,	2012	2011	2010	2012
Lease payments	**¥17**	¥18	¥35	**$207**
Depreciation equivalents	**17**	18	35	**207**

(4) Calculation method of depreciation equivalents

Depreciation equivalents are computed by the straight-line method over the lease period without considering residual value.

(b) Operating Lease Transactions

Lease commitments under non-cancelable operating leases:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2012	2011	2012
Due within one year	**¥542**	¥532	**$ 6,594**
Due after one year	**359**	399	**4,368**
Total	**¥901**	¥931	**$10,962**

Note 5 — 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 ¥20,191 million ($245,662 thousand) and ¥18,498 million at March 31, 2012 and 2011, respectively.

(2) The Company has guaranteed employees' housing loans and others from banks in the amount of ¥5million ($61 thousand) and ¥11 million at March 31, 2012 and 2011, respectively.

Note 6 — Net Assets

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

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

Note 7 — Taxes on Income

The statutory tax rates for 2012 was 40.7%, and for 2011 and 2010 was 36.2%.

(1) The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the years ended March 31, 2012, 2011 and 2010:

	2012	2011	2010
Statutory tax rate	**40.7%**	36.2%	36.2%
Non-deductible expenses	**0.4**	0.3	0.5
Non-taxable dividend income	**(4.8)**	(5.5)	(9.0)
Tax credits utilized	**(0.2)**	(0.4)	(1.3)
Other	**7.4**	18.9	(2.5)
Effective tax rate	**43.5%**	49.5%	23.9%

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2012 and 2011, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2012	2011	2012
Current deferred taxes			
Deferred tax assets:			
Excess accrued employees' bonuses	**¥1,781**	¥ 1,660	**$ 21,669**
Excess reserve for job warranty costs	**779**	75	**9,478**
Excess reserve for losses on contracts	**1,561**	43	**18,993**
Other	**5,806**	8,086	**70,641**
Total current deferred tax assets	**9,927**	9,864	**120,781**
Deferred tax liabilities:			
Forward exchange contract hedge	**(176)**	¥ (1,501)	**(2,141)**
Net current deferred tax assets	**¥9,751**	¥ 8,363	**$118,640**

For the years ended March 31, 2012 and 2011, there is no valuation allowance.

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31,	2012	2011	2012
Non-current deferred taxes			
Deferred tax assets:			
Loss recognized on percentage-of-completion method not deductible for income tax purposes	**¥ 205**	¥ 196	**$ 2,494**
Employee's Retirement and Severance benefits	**3,795**	3,970	**46,173**
Excess bad debt expenses	**633**	6,295	**7,702**
Other	**919**	726	**11,181**
Total non-current deferred tax assets	**5,552**	11,187	**67,551**
Deferred tax liabilities:			
Net unrealized holding gains on securities	**(1,282)**	(1,890)	**(15,598)**
Other	**(133)**	(134)	**(1,618)**
Total deferred tax liabilities	**(1,417)**	(2,024)	**(17,216)**
Net non-current deferred tax assets	**¥ 4,136**	¥ 9,163	**$ 50,322**
Deferred tax liabilities for land revaluation	**¥ 3,692**	¥ 3,783	**$ 44,920**

For the years ended March 31, 2012 and 2011, the valuation allowances of ¥6,132 million ($74,608 thousand) and ¥145 million have been deducted from the gross amount of the non-current deferred tax assets, respectively.

(2) Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates

On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. As a result of these amendments, net Deferred tax assets and Net unrealized holding gains on securities increased by ¥526 million ($6,400 thousand) and ¥21 million ($256 thousand) as of March 31, 2012 . And Deferred income tax expense recognized for the year ended March 31, 2012 and Deferred gains on hedges as of March 31, 2012 decreased by ¥506 million ($6,156 thousand) and ¥1 million ($12 thousand).

Note 8 — Land Revaluation

Pursuant to Article 2 of the Enforcement Ordinance for the Law Concerning Land Revaluation (the "Law") 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 non-consolidated balance sheet at March 31, 2012 and 2011. When such land is sold, land revaluation is reversed and debited to retained earnings.

Fair value of revalued land as of March 31, 2012 was ¥2,919 million ($35,515 thousand) less than the book value as of March 31, 2012.

Note 9 — Impairment of Fixed assets

As discussed in Note 1 (i), the Company have applied the accounting standard for impairment of fixed assets.

The Company have grouped their fixed assets principally based on their business segment, while considering mutual supplementation of the cash flows.

Loss on impairment of fixed assets for the year ended March 31, 2012 consisted of the following:

Location	Use	Type of assets
Sendai (Japan)	Rental Property	Land

Carrying amount of certain assets were devalued to their recoverable amounts, since the land's market value have significantly declined. As a result, The Company recognized loss on impairment in the amount of ¥420 million ($5,110 thousand). The recoverable amounts are calculated according to estimated net sales value, which are real-estate appraisal.

Note 10 — Subsequent Event

At the Company's board of directors held on June 18, 2012, the board of directors decided the Company's wholly owned subsidiary JGC Corporation Europe B.V., which is a hub of procurement of equipment, will liquidate before the end of 2012. The effect on operations from the liquidation is immaterial.

Independent Auditor's Report

JGC CORPORATION

To the Board of Directors of JGC Corporation

We have audited the accompanying non-consolidated financial statements of JGC Corporation which comprise the non-consolidated balance sheets as of March 31, 2012 and 2011, and non-consolidated statements of income and non-consolidated statements of changes in net assets for each of the years in the three-year period ended March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the our judgement, including the assessment of the risks of material misstatement of the 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 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 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 non-consolidated financial statements present fairly, in all material respects, the financial position of JGC Corporation as of March 31, 2012 and 2011, and their financial performance for each of the years in the three-year period ended March 31, 2012 in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2012 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 financial statements.

KPMG AZSA LLC

(KPMG AZSA LLC)
Tokyo, Japan
June 28, 2012

JGC Group

As of March 31, 2012

Others

System Solution Services
■ JGC Information Systems Co., Ltd.

Equipment Procurement
○ JGC Trading and Services Co., Ltd.
■ JGC Corporation Europe B.V.
□ JGC (USA), Inc.

Specialized Consulting Services
■ Japan NUS Co., Ltd.

Office Support Services
■ Nikki Business Services Co., Ltd.

Water & Power Generation Business
■ JGC-ITC Rabigh Utility Co., Ltd.

Oil & Gas Production and Sales Business
■ JGC Energy Development (USA) Inc.
■ JGC Exploration Eagle Ford LLC

Total engineering

JGC CORPORATION

■ JGC Plant Solutions Co., Ltd.
■ JGC PLANTECH Co., Ltd.
■ JGC PLANTECH AOMORI Co., Ltd.
● Nikki-Universal Co., Ltd.
● JMD Greenhouse-Gas Reduction Co., Ltd.
■ JGC SINGAPORE PTE LTD
■ JGC PHILIPPINES, INC.
□ PT. JGC INDONESIA
■ JGC Gulf International Co., Ltd.
■ JGC OCEANIA PTY LTD

Catalysts and fine products

■ JGC Catalysts & Chemicals Ltd.
■ Japan Fine Ceramics Co., Ltd.
● Nikki-Universal Co., Ltd.

← Provision of products and services

■ Consolidated subsidiary
□ Non-consolidated, non-equity-method subsidiary
● Equity-method subsidiary or affiliate
○ Non-equity-method subsidiary or affiliate

Total engineering

Business	Company	Country	Capital	Capital Share	Other
Engineering & Construction Services	JGC Plant Solutions Co., Ltd.	Japan	¥695,000,000	100%	
	JGC SINGAPORE PTE LTD	Singapore	S$2,100,000	100%	
	JGC PHILIPPINES, INC.	Philippines	P340,000,000	100%	
	PT. JGC INDONESIA	Indonesia	US$1,600,000	100%	* JGC 70% * JGC Plant Solutions 30%
	JGC Gulf International Co. Ltd.	Saudi Arabia	SAR187,500,00	100%	* JGC 92% * JGC SINGAPORE 8%
	JGC OCEANIA PTY LTD	Australia	A$1,000,000	100%	
Maintenance Services	JGC PLANTECH Co., Ltd.	Japan	¥135,000,000	100%	
	JGC PLANTECH AOMORI Co., Ltd.	Japan	¥50,000,000	100%	* JGC PLANTECH 100%
Process Licensing Services	Nikki-Universal Co., Ltd.	Japan	¥1,000,000,000	50%	
Global Warming Gas-Emissions Credits Business	JMD Greenhouse-Gas Reduction Co., Ltd.	Japan	¥30,000,000	47%	

Catalysts and fine products

Company	Country	Capital	Capital Share	Other
JGC Catalysts & Chemicals Ltd.	Japan	¥1,800,000,000	100%	
Japan Fine Ceramics Co., Ltd.	Japan	¥300,000,000	100%	
Nikki-Universal Co., Ltd.	Japan	¥1,000,000,000	50%	

Others

Business	Company	Country	Capital	Capital Share	Other
System Solution Services	JGC Information Systems Co., Ltd.	Japan	¥400,000,000	100%	
Equipment Procurement	JGC Trading and Services Co., Ltd.	Japan	¥40,000,000	24.50%	
	JGC Corporation Europe B.V.	The Netherlands	€2,768,000	100%	
	JGC (USA) Inc.	U.S.A.	US$100,000	100%	
Specialized Consulting Services	Japan NUS Co., Ltd.	Japan	¥50,000,000	80%	
Office Support Services	Nikki Business Services Co., Ltd.	Japan	¥1,455,000,000	100%	
Water & Power Generation Business	JGC-ITC Rabigh Utility Co., Ltd.	Japan	¥319,533,500	55.43%	
Oil & Gas Production and Sales Business	JGC Energy Development (USA) Inc.	U.S.A.	US$123,000,000	100%	
	JGC Exploration Eagle Ford LLC	U.S.A.	US$65,000,000	100%	

Outline of JGC

As of March 31, 2012

Established October 25, 1928

Capital ¥23,511,189,612

Number of Employees 2,155 (Consolidated: 6,524)

Major Shareholders

	Number of shares (thousands)	Percentage of total (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	19,648	7.58
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,036	6.57
JGC Trading and Services Co., Ltd.	12,112	4.67
Sumitomo Mitsui Banking Corp.	11,000	4.24
JGC-S SCHOLARSHIP FOUNDATION	8,433	3.25
Mizuho Corporate Bank, Ltd.	5,700	2.20
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	3,942	1.52
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	3,636	1.40
State Street Bank and Trust Company 505223	3,421	1.32
State Street Bank and Trust Company	3,328	1.28

JGC's treasury stock holdings total 6,572 thousands shares, approximately 2.53% of total shares issued.

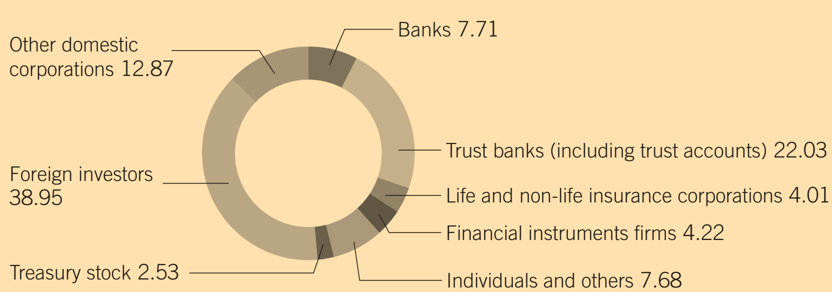
Authorized Shares 600,000,000

Issued and Outstanding Shares 259,052,929

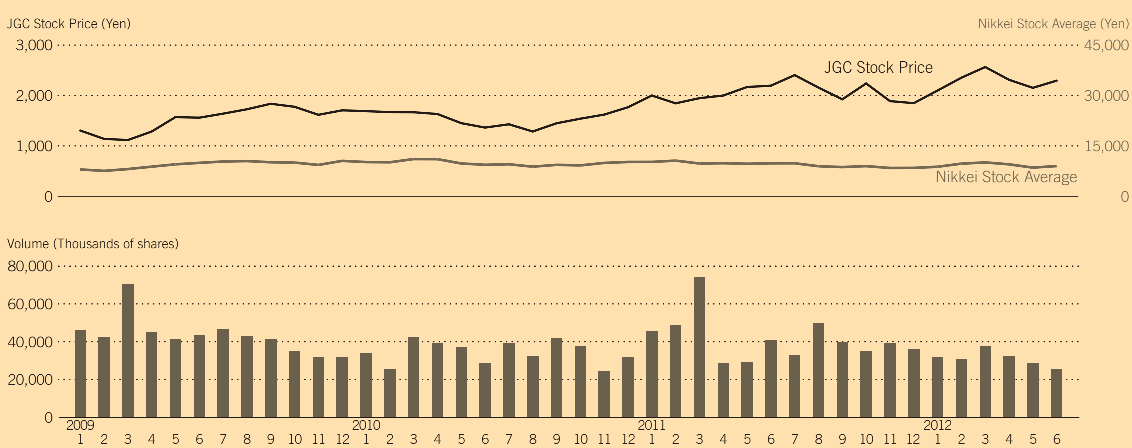
Number of Shareholders 9,001

Administrator of the Shareholders' Register Mitsubishi UFJ Trust and Banking Corp.
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan

Distribution of Shareholders (%)



Stock Price



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