Question	Answer
What is the sales volume for zero-margin projects in fiscal 2017 ending on March 31, 2018? What is the gross profit level for the other projects?	The zero-margin projects for which we have booked provision for loss on construction contracts include the petrochemical plant project in the United States, the oil refining plant project in Saudi Arabia and the oil refining plant project in Vietnam. The outlook for the sales volume for these projects this fiscal year is around 100 to 150 billion yen. The gross profit ratio for other lump sum projects excluding Ichthys and Yamal, which are under hybrid contracts including cost reimbursement portions, is 7 to 8 percent. (Answer by T. Hirose, General Manager Hirose, Finance & Accounting Department)
As an outsider, I have the impression that the volatility of earnings from lump sum contracts is rising. Do you have any intention to change the current basic policy of lump sum contracts in principle?	Our basic policy remains unchanged. We will be using cost reimbursement contracts and hybrid contracts in countries with high construction costs such as in North America and Australia, taking into consideration the size of the costs and the level of risk. There will be no changes in this policy either. (Answer by M. Sato, Chairman and Representative Director)
Does the 750 billion yen target for orders secured for the fiscal year ending on March 31, 2018 include the Mozambique FLNG and other projects waiting for FID from the previous year?	Your understanding is correct. The project in Mozambique, for which we are on the brink of concluding a contract, is also included in the 750 billion yen target for orders secured this fiscal year. (Answer by M. Sato, Chairman and Representative Director)
A delay in the upstream offshore construction work for the Ichthys project has been announced. Will this have an effect on the construction schedule for the onshore LNG plant?	I do not think so. We will steadily move forward with the construction work to start production according to the client’s schedule. (Answer by M. Sato, Chairman and Representative Director)

I have a question for Mr. Ishizuka, New President and COO. Do you feel that there has been a decline in JGC's ability to execute projects? How do you intend to enhance the ability to execute projects going forward?	The deterioration in the profitability of the two projects was due to external factors. I do not think that our ability to execute projects has declined. We have extremely capable personnel and our project execution culture in which we strive to complete the work within the construction period remains unchanged. However, we were a little slow in discovering the external factors that led to the deterioration in profitability, that is, the risks. And I do believe that there was an insufficient sense of urgency with corrective measures after discovering them. I believe that we will certainly be able resolve this if we tighten the nuts and bolts on project execution. (Answer by T. Ishizuka, New President/CEO and Representative Director)
Can you maintain a 7 to 8 percent gross profit ratio for projects in the Middle East, where competition is fierce?	It is true that projects in the Middle East face a tough competitive environment. However, our basic policy is a gross profit ratio of 10% at the point of order, and we have no intention of significantly lowering our bid price. I believe that we will be able to maintain a 7 to 8 percent gross profit ratio. (Answer by M. Sato, Chairman and Representative Director)
Is there a possibility that the subcontractor and visa issues that came up in the Middle East oil refining plant project (and were the main cause of the May 2 downward revision of the financial forecast) will spread to the whole of the Middle East?	I cannot state conclusively that visa issues or issues such as the deterioration of the finances of subcontractors will never occur in other Middle East countries. However, they were essentially issues unique to the project or the country, and it is my understanding that they will not have a ripple effect on other countries. (Answer by T. Ishizuka, New President/CEO and Representative Director)
You say that the market outlook is getting better. Could you give us a quantitative explanation?	It is difficult to give a quantitative explanation. However, I think that the fact that we were able to secure 500 billion yen in orders excluding mega-LNG projects for fiscal 2016 ending on March 31, 2017 could be considered an evidence showing that the market is recovering. (Answer by T. Hirose, General Manager Hirose, Finance & Accounting Department)
Concerning the dividend for fiscal 2017 ending on	Our cash equivalent will decline because of the upcoming cash-out for the loss reserves that we

March 31, 2018, the outlook is 25 yen per share based on a 30% dividend payout ratio. Did you not consider avoiding the reduction of the dividend?	made for unprofitable projects. We considered until the very end whether we really had to reduce the dividend. Please understand that we are not disregarding our shareholders. It was our intent to be conservative in making the financial forecast for this fiscal year. As for the projects for which we have made loss reserves, we will work to improve profitability by such means as change order negotiations so that we will be able to increase the dividend through increased profits. (Answer by M. Sato, Chairman and Representative Director)
What is New President Ishizuka's view on the current Medium-Term Plan?	I am not uncomfortable with it. If I had to say anything, it is that although the sales goal for the last year is one trillion yen or more, I think there should be more focus on the absolute amount of profits than on sales. (Answer by T. Ishizuka, New President/CEO and Representative Director)
I would like President Ishizuka to share his views on equity investments.	As you are all aware, our expected return from equity investments as a whole has not been achieved so far. We will continue making equity investments, but it is necessary to select carefully within areas where we can make use of the competency that we have built up in our main business. (Answer by T. Ishizuka, New President/CEO and Representative Director)
How about an alliance or consolidation? Do you have any ideas for expanding the size of JGC from the current level?	We have no specific plans for M&As or consolidation with other companies at this point. I believe that expansion is possible not only through M&As and alliances and consolidation with other companies but also by raising the efficiency of the 10,000-member human resources that we have worldwide. We received a proposal from the client of the US project, who said, "JGC does excellent work. We want you to do the next project with us as well." I believe that it is possible to expand our business if we raise the efficiency of the excellent human resources that we have that is regarded highly by our clients. (Answer by T. Ishizuka, New President/CEO and Representative Director) When a loss-making project arises, we have to dedicate additional resources, resulting in opportunity losses. Our first priority is to avoid generating loss-making projects. (Answer by M. Sato, Chairman and Representative Director)