

(English Translation)

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To all related parties:

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**Notice of Recording of Loss on Valuation of Shares of Subsidiaries and Affiliates  
(Non-Consolidated)**

IHI Corporation (hereinafter, "IHI") announces that IHI has decided to record ¥31.2 billion in loss on valuation of shares of subsidiaries and affiliates related to an overseas consolidated subsidiary as extraordinary losses in its non-consolidated financial results for the fiscal year ended March 31, 2018. The details are as follows.

1. Details of loss on valuation of shares of subsidiaries and affiliates (non-consolidated) related to an overseas consolidated subsidiary

In IHI Group's process plant project underway in North America, amid onsite construction and installation works getting underway in earnest, the projected construction costs for this project have been reexamined and come to include additional costs expected to arise.

Accordingly, IHI's subsidiary (regional headquarters for the Americas) IHI INC. experienced an impairment of its net assets, and the actual value of the shares of IHI INC. owned by IHI fell significantly below the book value. IHI investigated the recoverability of the share price.

As a result of the investigation, IHI deemed such recovery questionable for the time being, and have come to record ¥31.2 billion in loss on valuation of shares of subsidiaries and affiliates (including ¥11.5 billion recorded in the six months ended September 30, 2017, disclosed on November 1, 2017) as extraordinary losses in its non-consolidated financial results.

2. Impact on forecasts of consolidated financial results

The loss on valuation of shares of subsidiaries and affiliates mentioned in "1." above is eliminated in the consolidated financial statements as the subsidiary concerned is a consolidated subsidiary. Accordingly, there is no impact on the consolidated financial results.