IHI

IHI Corporation

Toyosu IHI Bldg.
1-1, Toyosu 3-chome, Koto-ku
Tokyo 135-8710, Japan

May 10, 2016

CONSOLIDATED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2016 <Japanese GAAP>

IHI Corporation (IHI) is listed on the First Section of the Tokyo Stock Exchange, Nagoya Stock Exchange, Sapporo Securities Exchange and Fukuoka Stock Exchange with the securities code number 7013.

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Annual General Meeting of Shareholders: June 24, 2016 (planned)
Commencement of Dividend Payments: –
Submission of Annual Securities Report: June 24, 2016 (planned)

Preparing supplementary material on financial results: Yes
Holding financial results presentation meeting: Yes (for institutional investors and analysts)

This consolidated financial report has been prepared in accordance with Japanese accounting standards and Japanese law. Figures are in Japanese yen rounded to the nearest millions.

1. CONSOLIDATED PERFORMANCE FOR THE YEAR ENDED MARCH 31, 2016 (APRIL 1, 2015 to MARCH 31, 2016)

(1) Consolidated Business Results

(Millions of yen, except per share figures; percentages show the rate of increase or decrease from the previous fiscal year)

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Fiscal year ended March 31, 2016	**1,539,388**	**5.7%**	**22,048**	**(65.1)%**	**9,716**	**(82.8)%**
Fiscal year ended March 31, 2015	1,455,844	11.6%	63,253	18.7%	56,529	6.2%

	Profit Attributable to Owners of Parent	Percentage Change	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
Fiscal year ended March 31, 2016	**1,529**	**(83.2)%**	**0.99**	**0.99**	**0.5%**	**0.6%**	**1.4%**
Fiscal year ended March 31, 2015	9,082	(72.6)%	5.88	5.88	2.6%	3.5%	4.3%

(Note) Comprehensive income
Fiscal year ended March 31, 2016: ¥(15,228) million –%
Fiscal year ended March 31, 2015: ¥26,829 million (45.9)%

(Reference) Share of profit of entities accounted for using equity method
Fiscal year ended March 31, 2016: ¥1,167 million
Fiscal year ended March 31, 2015: ¥(1,701) million

(2) Consolidated Financial Position

(Millions of yen, except per share figures)

	Total Assets	Net Assets	Equity to Total Assets	Net Assets per Share of Common Stock (Yen)
March 31, 2016	**1,715,056**	**333,359**	**18.6%**	**206.16**
March 31, 2015	1,690,882	359,595	20.5%	224.03

(Reference) Equity at the end of the period (consolidated)

March 31, 2016: ¥318,310 million

March 31, 2015: ¥345,794 million

(3) Consolidated Cash Flows

(Millions of yen)

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at the End of Period
Fiscal year ended March 31, 2016	**95,338**	**(35,513)**	**(47,530)**	**103,611**
Fiscal year ended March 31, 2015	63,589	(74,611)	33,443	92,527

2. DIVIDENDS

	Dividends per Share			Total Amount of Dividend Payment (Millions of yen)	Dividend Payout Ratio (Consolidated)	Dividend to Net Assets Ratio (Consolidated)
(Record Date)	Interim (Yen)	Year-end (Yen)	Annual (Yen)			
Fiscal year ended March 31, 2016	**3.00**	**0.00**	**3.00**	**4,632**	**303.0%**	**0.3%**
Fiscal year ended March 31, 2015	3.00	3.00	6.00	9,261	102.0%	0.7%
Fiscal year ending March 31, 2017 (Forecast)	3.00	3.00	6.00		30.9%	

3. CONSOLIDATED FORECASTS OF RESULTS FOR THE YEAR ENDING MARCH 31, 2017

(Millions of yen, except per share figures; percentages show the rate of increase or decrease from the previous corresponding period)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Basic Earnings per Share (Yen)
First Half of the Fiscal Year	700,000	1.7%	25,000	–	18,000	–	10,000	–	6.48
Full-year	1,600,000	3.9%	65,000	194.8%	55,000	466.1%	30,000	–	19.43

(Note) Please refer to page 7 of the attached materials to this report for the suppositions that form the assumptions for the forecasts above and related matters.

* NOTES

(1) Changes in significant subsidiaries during the period under review
(Changes in specified subsidiaries accompanying changes in scope of consolidation): Yes

Exclusion: One company (JAPAN EAS INVESTIMENTOS E PARTICIPAÇÕES LTDA)

(Note) For details, please refer to "(5) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS," "BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS" on page 23.

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

(i) Changes in accounting policies due to revisions to accounting standards: Yes
(ii) Changes in accounting policies due to other reasons: Not applicable
(iii) Changes in accounting estimates: Not applicable
(iv) Restatement of prior period financial statements after error corrections: Not applicable

(Note) For details, please refer to "(5) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS," "CHANGES IN ACCOUNTING POLICIES" on page 26.

(3) Number of shares issued (Common stock):

(i) Number of shares issued at the end of the period (including treasury shares)

As of March 31, 2016	1,546,799,542 shares
As of March 31, 2015	1,546,799,542 shares

(ii) Number of shares of treasury shares owned at the end of the period

As of March 31, 2016	2,825,606 shares
As of March 31, 2015	3,290,432 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2016	1,543,681,970 shares
Fiscal year ended March 31, 2015	1,543,506,636 shares

(REFERENCE) OVERVIEW OF NON-CONSOLIDATED PERFORMANCE

NON-CONSOLIDATED PERFORMANCE FOR THE YEAR ENDED MARCH 31, 2016
(APRIL 1, 2015 to MARCH 31, 2016)

(1) Non-Consolidated Business Results

(Millions of yen, except per share figures; percentages show the rate of increase or decrease from the fiscal year)

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Profit	Percentage Change
Fiscal year ended March 31, 2016	**734,807**	**6.6%**	**(12,375)**	**–**	**9,987**	**(72.6)%**	**31,698**	**–**
Fiscal year ended March 31, 2015	689,269	13.2%	11,251	(1.2)%	36,392	42.2%	232	(98.5)%

	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
Fiscal year ended March 31, 2016	**20.53**	**20.51**
Fiscal year ended March 31, 2015	0.15	0.15

(2) Non-Consolidated Financial Position

(Millions of yen, except per share figures)

	Total Assets	Net Assets	Equity to Total Assets	Net Assets per Share of Common Stock (Yen)
March 31, 2016	**1,179,799**	**214,783**	**18.1%**	**138.62**
March 31, 2015	1,132,586	206,340	18.2%	133.19

(Reference) Equity at the end of the period (non-consolidated)

March 31, 2016: ¥214,025 million
March 31, 2015: ¥205,593 million

* Indication regarding execution of audit procedures

At the time of disclosure of this financial report, the audit procedures in accordance with the Financial Instruments and Exchange Act are in progress.

* Proper use of forecast of results, and other special matters

Earnings estimates made in this report and other statements that are not historical facts are forward-looking statements about the future performance of the IHI Group. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore readers should not place undue reliance on them. IHI cautions that a number of important factors such as political and general economic conditions and currency exchange rates could cause actual results to differ materially from those discussed in the forward-looking statements, etc.

(How to obtain supplementary material on financial results)

The supplementary material on financial results shall be posted on IHI's website.

1. ANALYSIS OF BUSINESS RESULTS AND FINANCIAL POSITION

(1) ANALYSIS OF BUSINESS RESULTS

A. Summary of consolidated performance for the current fiscal year

During the fiscal year under review, the Japanese economy continued to recover at a moderate pace overall, despite some weakness in exports and a lackluster recovery in private consumption and private-sector capital investment, partly due to a slowdown in China and other emerging economies in the first half of the fiscal year. Despite signs of weakness in, among other countries, emerging countries in Asia, the global economy was also on a track of moderate recovery, centered on advanced countries.
Within this business environment and as the final year of its three-year midterm business policies, "Group Management Policies 2013" that was launched in April 2013, the IHI Group implemented initiatives to accelerate business development under this policy.

In the fiscal year under review, orders received decreased 3.5% from the previous fiscal year to ¥1,605.3 billion, while net sales rose 5.7% to ¥1,539.3 billion.
Operating income declined 65.1% from the previous fiscal year to ¥22.0 billion. This reflected the recording in some boiler projects IHI received of the cost for pre-delivery repair, which was required for welded portions made using welding materials different from those specified in the design drawings (hereinafter "noncompliant welding"), increased costs in F-LNG/Offshore structure Business, which has continued to have deterioration of construction profitability since last year, and the recording of construction schedule catch-up expenses for the Izmit Bay Crossing Bridge construction project in Turkey, despite a sharp increase in the Aero Engine, Space and Defense segment. Ordinary income declined 82.8% from the previous fiscal year to ¥9.7 billion, partly reflecting a deterioration of foreign exchange losses. Profit attributable to owners of parent declined 83.2% from the previous fiscal year to ¥1.5 billion. Although gain on sales of non-current assets due to the sale of land and others in Toyosu, Koto-ku, Tokyo, and gain on contribution of securities to retirement benefit trust were recorded under extraordinary income, the IHI Group also recorded extraordinary losses in light of the possibility that the IHI Group companies are to be claimed for expenses for delayed delivery that are stipulated in the contracts in some projects received due to the above-mentioned process delays that have occurred in association with the repair of boiler welded portions and process delays that occurred in association with an accident of a catwalk falling at the Izmit Bay Crossing Bridge in Turkey.

Results by reportable segment for the fiscal year under review are as follows:

(Billions of yen)

Reportable segment	Orders received			Fiscal year ended March 31, 2015		Fiscal year ended March 31, 2016		Changes from the previous fiscal year (%)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Changes from the previous fiscal year (%)	Sales	Operating income (loss)	Sales	Operating income (loss)	Sales	Operating income (loss)
Resources, Energy and Environment	582.7	532.7	(8.6)	415.3	24.0	452.4	(2.2)	8.9	–
Social Infrastructure and Offshore Facility	178.7	128.5	(28.1)	188.6	(3.2)	168.1	(48.9)	(10.9)	–
Industrial System and General-Purpose Machinery	415.0	421.8	1.6	411.7	10.2	404.7	12.6	(1.7)	23.8
Aero Engine, Space and Defense	468.0	515.6	10.2	434.8	39.5	500.2	58.4	15.0	47.7
Total Reportable Segment	1,644.6	1,598.7	(2.8)	1,450.5	70.6	1,525.5	19.8	5.2	(71.9)
Others	75.2	65.7	(12.6)	62.8	1.2	69.8	2.1	11.1	67.7
Adjustment	(55.5)	(59.1)	–	(57.5)	(8.6)	(56.0)	0.0	–	–
Total	1,664.3	1,605.3	(3.5)	1,455.8	63.2	1,539.3	22.0	5.7	(65.1)

Resources, Energy and Environment
Orders received declined from the previous fiscal year, despite an order for a natural gas liquefaction facility for Elba Island in the U.S., reflecting a pullback from the Cove Point natural gas liquefaction facility in the U.S. secured in the previous fiscal year for Gas processes Business.
Sales increased from the previous fiscal year mainly reflecting increases in Gas processes Business due to progress at Cove Point natural gas liquefaction facility construction project in the U.S.
The segment reported an operating loss due to a significant deterioration in profitability in Boiler Business related to repairs required for noncompliant welding in boiler projects, and a projected increase in costs in Gas process Business.

Social Infrastructure and Offshore Facility
Orders received declined from the previous fiscal year, reflecting a pullback from large orders secured in the previous fiscal year for F-LNG/Offshore structure Business, for which order procurement activities have currently been effectively suspended, partially offset by orders for new rail freight bridge construction work in India and new bridge construction and existing bridge repair work in Bangladesh.
Sales decreased from the previous fiscal year owing mainly to the impact of decreased sales from the Izmit Bay Crossing Bridge construction project in Turkey.
In terms of operating income/loss, the recording of additional costs in relation to production turmoil and a review of construction processes and methods at Aichi Works for F-LNG/Offshore structure Business as well as the recording of construction schedule catch-up expenses related to the Izmit Bay Crossing Bridge construction project in Turkey resulted in a significant operating deficit.

Industrial System and General-Purpose Machinery
Orders received increased from the previous fiscal year owing to increases in Transport machinery Business, Compressor Business and Small power systems Business.
Sales declined from the previous fiscal year. Although sales increased in Thermal and surface treatment Business and Compressor Business, that was offset by decreases in Paper-making machinery Business and Vehicular turbocharger Business.
Operating income increased compared with the previous fiscal year, despite an increase in selling, general and administrative expenses such as expenses in taking orders received, mainly reflecting an improvement in profitability in the Thermal and surface treatment Business, Compressor Business and Vehicular turbocharger Business.

Aero Engine, Space and Defense
Orders received increased from the previous fiscal year owing to increases in projects for Japan Ministry of Defense in Aero engines Business.
Sales increased from the previous fiscal year, owing mainly to increases in civil aero engines as a result of the effect of yen depreciation in foreign exchange, and a delivery of gas turbines for naval vessels in Defense systems Business.
Operating income increased significantly from the previous fiscal year owing to the above-mentioned effect from sales increases and improved profitability for civil aero engines, partially offset by increases in expenses such as R&D expenses for the "GE9X" aero engine for the next-generation wide-body jet.

The major initiatives for each segment undertaken by the IHI Group during the fiscal year under review are as follows.

In the Resources, Energy and Environment segment, IHI Group company IHI E&C International Corporation secured an engineering, procurement and construction (EPC) order for a natural gas liquefaction project at Elba Island, near Savannah, Georgia in the U.S., from Elba Liquefaction Company, L.L.C. and Southern LNG Company, L.L.C., two subsidiaries of Kinder Morgan, Inc. The project will upgrade an existing natural gas receiving terminal owned by Kinder Morgan, one of North America's leading energy companies, to a natural gas liquefaction and export terminal. The IHI Group is capable of providing engineering services from basic project design to after-sales support for not only natural gas liquefaction EPC, but also every part of the natural gas value chain. Drawing on these capabilities while strengthening its project management system, the IHI Group plans to continue actively developing its natural gas-related business to play its part in realizing stable and efficient energy supplies.

In the Social Infrastructure and Offshore Facility segment, IHI ASIA PACIFIC PTE. LTD. (Singapore), which is the headquarters of IHI for the Asia-Pacific region, has established joint-venture company I&H Engineering

Co., Ltd. with the Department of Highways (DOH), Ministry of Construction of the Republic of the Union of Myanmar (Myanmar). The joint venture company will start construction of a new factory to make pre-stressed concrete (PC) products for use in infrastructure projects. The joint venture plans to use advanced PC technologies to produce high-strength concrete bridge girders, PC spun piles and other construction materials. Like Japan, Myanmar experiences many earthquakes. IHI therefore sees significant potential demand for high-strength concrete products and plans to use the IHI Group's concrete technologies developed in Japan to contribute to the construction of Myanmar's social infrastructure, which will play an indispensable role in the country's development.

In the Industrial System and General-Purpose Machinery segment, IHI Transport Engineering Malaysia Sdn. Bhd., the local Malaysian company of IHI Group company IHI Transport Machinery Co., Ltd., has delivered a mechanical parking system for the A-Space ME condominium (Sukumvit77), which is developed by Thai real estate development company Areeya Property PLC. This is the first parking system delivered by IHI in Thailand and is one of the country's largest mechanical parking facilities. As the leading maker of mechanical parking systems, the IHI Group is implementing marketing activities aimed at further expanding parking business sales in the Southeast Asian market.

In the Aero Engine, Space and Defense segment, the first Airbus A320neo was delivered to Lufthansa by Airbus on January 20, 2016 and began commercial flights on January 24. The Airbus A320neo is fitted with the PW1100G-JM engine, jointly developed by U.S. company Pratt & Whitney, German company MTU Aero Engines AG, and IHI, working under the Japanese Aero Engines Corporation.
Participating with 15% stake in the PW1100G-JM program, IHI is in charge of the development, design, and production of key components such as fan modules and part of low-pressure compressors utilizing proprietary material and manufacturing technologies centered on composite materials. Already, orders for more than 2,500 units of PW1100G-JM have been received, and the IHI Group expects it to serve as a stable pillar of business. The IHI Group will continue to provide a wide range of advanced manufacturing technologies, and contribute not only to the development of the aviation industry but also to the operation of safe and comfortable aircraft.

B. Outlook for the next fiscal year

The IHI Group recognizes a lack of certainty in the Japanese economy although it is expected to continue recovering at a moderate pace overall, there are concerns, particularly in regard to how export-related companies will perform under the currently appreciating yen. The global economy is expected to continue moderate recovery overall. On the other hand, there are concerns over potential downside risks among the global economies, including the impact of the trend in monetary policy in the U.S., the economic outlook for, among other countries, China and other emerging countries in Asia, the impact of falling oil prices, and fluctuations in financial capital markets.
In this economic environment, the IHI Group sincerely reflects on factors which brought the performance variation for this fiscal year under review and will operate its business based on the "Group Management Policies 2016," which were launched in April 2016, in order to strengthen its earnings foundations.

For the fiscal year ending March 31, 2017, the IHI Group is forecasting consolidated net sales of ¥1,600.0 billion. In terms of profits, the IHI Group forecasts consolidated operating income of ¥65.0 billion, consolidated ordinary income of ¥55.0 billion, and profit attributable to owners of parent of ¥30.0 billion, as there is likely to be a reduced impact from the noncompliant welding issue on boiler projects and from deterioration in profitability in F-LNG/Offshore structure Business and the Izmit Bay Crossing Bridge construction project in Turkey, which occurred in the fiscal year under review.
The above forecasts assume exchange rates of ¥110/US$1 and ¥125/EUR1.

From the fiscal year ending March 31, 2017, the IHI Group plans to roll out a change to the fiscal-year closing date of overseas consolidated subsidiaries from December 31 to March 31. As a result, some consolidated subsidiaries will have a fiscal year of 15 months from January 1, 2016 until March 31, 2017.

(2) ANALYSIS OF FINANCIAL POSITION

A. Assets and liabilities, and net assets

Total assets at the end of the fiscal year under review were ¥1,715.0 billion, up ¥24.1 billion from the end of the previous fiscal year. The items with the most significant increases were deferred tax assets, up ¥30.5 billion, cash and deposits, up ¥11.9 billion, raw materials and supplies, up ¥6.8 billion, and notes and accounts receivable - trade, up ¥6.5 billion. The item with the most significant decrease was investment securities, down ¥27.6 billion.
Total liabilities were ¥1,381.6 billion, an increase of ¥50.4 billion compared with the end of the previous fiscal year. The items with the most significant increases were advances received, up ¥55.1 billion, accrued expenses, up ¥36.3 billion and provision for loss on construction contracts, up ¥24.6 billion. The items with the most significant decreases were provision for loss on subsidiaries and affiliates, down ¥19.7 billion, short-term loans payable, down ¥19.5 billion and income taxes payable, down ¥14.9 billion.
Net assets were ¥333.3 billion, down ¥26.2 billion compared with the end of the previous fiscal year.
This includes profit attributable to owners of parent of ¥1.5 billion, a decrease in dividends of surplus of ¥9.2 billion, and a decrease in valuation difference on available-for-sale securities of ¥15.0 billion.
As a result of the above, the ratio of equity to total assets dropped from 20.5% at the end of the previous fiscal year to 18.6%.
The balance of interest bearing liabilities, including lease obligations, was ¥374.5 billion, down ¥36.1 billion from the end of the previous fiscal year.

B. Cash flows

At the end of the fiscal year under review, the outstanding balance of cash and cash equivalents (hereinafter, “cash”) was ¥103.6 billion, an increase of ¥11.0 billion from the end of the previous fiscal year.
Net cash provided by operating activities was ¥95.3 billion. The main factors of increase were recognition of depreciation of ¥58.2 billion, an increase in advances received of ¥56.5 billion, an increase in accrued expenses of ¥37.3 billion, while the main factors of decrease were an increase in advance payments of ¥12.9 billion and an increase in inventories of ¥12.1 billion.
Net cash used in investing activities was ¥35.5 billion. This was due mainly to purchase of property, plant and equipment and intangible assets of ¥52.8 billion and proceeds from sales or disposal of property, plant and equipment and intangible assets ¥33.5 billion.
Net cash used in financing activities was ¥47.5 billion. This was due mainly to proceeds from long-term loans payable of ¥50.8 billion, decrease in short-term loans payable of ¥38.9 billion, repayments of long-term loans payable of ¥33.5 billion and decrease in commercial papers of ¥12.0 billion.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Equity to total assets	18.7%	21.1%	23.1%	20.5%	18.6%
Market value equity ratio	22.9%	30.7%	44.8%	51.4%	21.4%
Debt redemption period	14.0 years	4.8 years	9.1 years	6.5 years	3.9 years
Interest coverage ratio	4.8	16.4	9.5	15.6	23.1

Notes 1. The calculation method for each indicator is shown below:

- Equity to total assets: Equity / Total assets
- Market value equity ratio: Market capitalization / Total assets
- Debt redemption period: Interest-bearing debt / Operating cash flow
- Interest coverage ratio: Operating cash flow / Interest payments

2. All indicators are calculated using financial figures on a consolidated basis.

(3) BASIC POLICY ON PROFIT DISTRIBUTION AND DIVIDENDS FOR THE CURRENT FISCAL YEAR AND NEXT FISCAL YEAR

IHI sets as its basic policy for profit distribution that it is important to provide stable dividend to shareholders and to increase retained earnings necessary for strengthening the business base for enabling stable dividend payment.
Although the IHI Group paid an interim dividend of ¥3 per share, after taking into consideration a broad range of factors, including business results and retained earnings, the IHI Group plans to suspend the year-end dividend payment.
The IHI Group plans to pay a dividend of ¥6 per share (interim dividend: ¥3, year-end dividend: ¥3) for the fiscal year ending March 31, 2017.

(4) BUSINESS RISKS

During the fiscal year under review, the IHI Group incurred additional costs in F-LNG/Offshore structure Business and expenses for delayed delivery that are stipulated in some contracts, specifically, quality issues related to noncompliant welding materials for some boiler projects and associated process delays, as well as process delays that occurred in association with the accidental collapse of the catwalk used for work to install main cables on the Izmit Bay Crossing Bridge in Turkey. After swiftly taking concrete measures to these emerged risks, in order to prevent any reoccurrence of these issues, the IHI Group is working to enhance quality control and strengthen project management systems.
During the fiscal year under review, there were no items with important changes as related to the business risks stated in the most recent Annual Securities Report (“Yukashoken Hokokusho”) filed on June 25, 2015.

2. OVERVIEW OF THE CORPORATE GROUP

○Production | □Sale | ●Engineering | ▲Installation | ■Service

IHI Corporation

Resources, Energy and Environment

- IHI PACKAGED BOILER CO., LTD.／Kotobuki Iron Works Co., Ltd.／Niigata Power Systems Co., Ltd.／IHI Enviro Corporation
- NICO Precision Co., Inc.／PT Cilegon Fabricators／TOSHIBA IHI Power Systems Corporation
- IHI Plant Engineering Corporation／Aomori Plant Co., Ltd.(○) and other 1 company
- NIIGATA POWER SYSTEMS (SINGAPORE) PTE. LTD. (■)
- IHI Plant Construction Co.,Ltd.／ISHI POWER SDN.BHD.／IHI Power System Germany GmbH／Steinmüller Engineering GmbH／JURONG ENGINEERING LIMITED and its 21 subsidiaries／IHI E&C International Corporation and its 2 subsidiaries
- Kanamachi Purification Plant Energy Service Co., Ltd.／Toyosu Energy Service Co., Ltd.／IHI POWER SYSTEM MALAYSIA SDN.BHD.／IHI Southwest Technologies, Inc. and its 1 subsidiary
- Diesel United, Ltd.(■)

Social Infrastructure and Offshore Facility

- IHI Infrastructure Systems Co., Ltd.／IHI Construction Service Co., Ltd.／IHI INFRASTRUCTURE ASIA CO., LTD.
- Niigata Transys Co., Ltd.(■)
- Japan Tunnel Systems Corporation
- IHI CONSTRUCTION MATERIALS Co., Ltd.
- Chiba Warehouse Co., Ltd.／San-Etsu Co., Ltd.
- IHI California Inc.
- Livecon Engineering Co., Ltd.(■)

Industrial System and General-Purpose Machinery

- IHI Transport Machinery Co., Ltd.／IHI Machinery and Furnace Co., Ltd.／IHI Hauzer Techno Coating B.V. and its 4 subsidiaries／IHI Compressor and Machinery Co., Ltd.／IHI-Sullair Compression Technology (Suzhou) Co., Ltd.／CENTRAL CONVEYOR COMPANY, LTD.／Voith IHI Paper Technology Co., Ltd.
- IHI Turbo Co., Ltd.
- IHI Logistics & Machinery Corporation(○)
- IHI Fuso Engineering Co., Ltd.
- IHI Construction Machinery Limited(■)／IHI Shibaura Machinery Corporation(■)／IHI STAR Machinery Corporation(■)／Clover Turbo Co., Ltd.(■)／IHI Turbo America Co.／IHI Charging Systems International GmbH and its 2 subsidiaries／SHANGHAI STAR MODERN AGRICULTURE EQUIPMENT CO., LTD.(■)
- IHI Press Technology America, Inc.／Indigo TopCo Ltd. and its 24 subsidiaries／New Metal Engineering, LLC／IUK (HK) LIMITED／IHI Technical Training Institution／ISM America Inc.／IHI VTN GmbH and its 3 subsidiaries
- IHI TURBO（THAILAND）CO., LTD.／Changchun FAWER-IHI Turbo Co., Ltd.／Wuxi IHI Turbo Co., Ltd.
- Nishi-nihon Sekkei Engineering Co., Ltd.

Aero Engine, Space and Defense

- IHI CASTINGS CO., LTD.／IHI MASTER METAL Co., Ltd.／IHI Aero Manufacturing Co., Ltd.
- IHI Jet Service Co., Ltd.／INC Engineering Co., Ltd.
- IHI AEROSPACE ENGINEERING CO., LTD.
- IHI‐ICR, LLC.／IHI Aero Engines US Co., Ltd.
- IHI AEROSPACE CO., LTD.

Others

- Algae Systems, LLC.
- IHI NeoG Algae LLC.
- IHI Trading, Inc.／IHI Europe Ltd.／IHI do Brasil Representações Ltda.
- IHI Scube Co., Ltd／IHI Business Support Corporation／IHI Shibaura Technical Service Corporation／IHI New Energy Inc.／IHI Power Generation Corporation and its 6 subsidiaries
- IHI INC.(■)／IHI（Shanghai） Management Co., Ltd.(■)／IHI ASIA PACIFIC PTE. LTD.(■)／IHI ASIA PACIFIC (Thailand) CO., LTD.(■)
- IHI ENGINEERING AUSTRALIA PTY. LTD.
- Meisei Electric Co., Ltd.(★) and its 1 subsidiary／Takashima Giken Co., Ltd.
- IHI Inspection & Instrumentation Co., Ltd.

*The consolidated subsidiaries comprising the segments are shown in the above table. The functions fulfilled by each consolidated subsidiary in the segments are divided into the five categories of Production, Sale, Engineering, Installation, and Service and shown above.

*For subsidiaries that fulfill multiple functions, the following marks are shown to the right of the company name for those companies for which the functions cannot be listed: ○, □, ●, ▲, and ■.

*The consolidated subsidiaries in the above table are current as of March 31, 2016, and subsidiaries listed on the Tokyo Stock Exchange Second Section are noted with the “★”mark.

3. MANAGEMENT POLICIES

(1) BASIC POLICY FOR MANAGEMENT OF THE COMPANY

The IHI Group's primary mission is to operate as a responsible corporate citizen that grows in line with society. Based on the group's management principal of "Contributing to the development of society through technology" and "Human resources are our only and largest asset.", the IHI Group will strive to tackle challenges related to the environment, energy and infrastructure by leveraging its engineering capabilities centered on manufacturing (*monozukuri*) technological expertise and intends to become a global corporate group providing people with greater prosperity and more assuredness in their lives.
To realize this basic code of conduct, employees are being encouraged to develop expertise in terms of global, engineering and world-class operational capabilities. In addition, the IHI Group will aim to become a trusted corporate group by increasing profitability through the provision of more advanced products and services that contribute to the development of society, realizing a level of capital efficiency and shareholder returns expected by the capital markets and creating sustainable corporate value.

(2) MEDIUM-TO-LONG TERM MANAGEMENT STRATEGY AND MANAGEMENT INDICATORS

In November 2015, the IHI Group established its "Group Management Policies 2016", a three-year business policy that became effective from April 2016.
Based on the current business environment and outcomes and issues encountered with the "Group Management Policies 2013," the IHI Group is steadily implementing concrete initiatives in accordance with the following policies, which are focused on strengthening the Group's earnings foundations: 1) enhance the Group's ability to implement business strategies, 2) establish systems to secure stable profits from construction projects, and 3) provide solutions aimed at creating value for customers and enhance products and services.
In terms of specific numerical targets, the IHI Group is aiming for a consolidated operating margin of 7%, return on invested capital (ROIC) of 10% and a D/E ratio of 0.7 times or less in fiscal 2018.

(3) ISSUES TO BE ADDRESSED

In the fiscal year ended March 31, 2016, the final year of the "Group Management Policies 2013," there was a significant shortfall in profits versus the start-of-year target due to an impact from factors such as an increase in costs to address the noncompliant welding issue on some boiler projects, deterioration in profitability in F-LNG/Offshore structure Business, and construction schedule catch-up expenses for the Izmit Bay Crossing Bridge construction project in Turkey.
To address the noncompliant welding issue in Boiler Business, the IHI Group established "the company-wide committee on measures for severe quality nonconformity," which conducted company-wide special inspections and discussed and implemented measures to prevent any reoccurrence, such as upgrades to quality control systems. With respect to F-LNG/Offshore structure Business and the Izmit Bay Crossing Bridge construction project in Turkey, the IHI Group is implementing company-wide measures as a matter of priority in order to complete projects as safely and quickly as possible and to strengthen project management systems. Also, the IHI Group will secure business operating resources by accelerating selection and concentration and work to rebuild its risk management system.
With respect to IHI Group's investment in Brazilian shipbuilding company Estaleiro Atlântico Sul S.A. (Atlântico Sul Shipyard; EAS), whose financial position has weakened significantly due to the downturn in the Brazilian economy, IHI has agreed to transfer whole equity interest in EAS owned by IHI consolidated subsidiary JAPAN EAS INVESTIMENTOS E PARTICIPAÇÕES LTDA to the Camargo Corrêa Group and the Queiroz Galvão Group, which are shareholders of EAS. The transfer was completed in April 2016.

Based on lessons learnt from issues that emerged in the fiscal year ended March 31, 2016, in the fiscal year ending March 31, 2017, the first year of the "Group Management Policies 2016," which are focused on strengthening the Group's earnings foundations, the IHI Group will implement the following measures based on the theme of building trust with stakeholder groups.

a. Reform quality control and business systems to reinforce *monozukuri* capabilities
Led by the *Monozukuri* System Strategy Planning Headquarters, which was established in April 2016, the IHI Group will work to rebuild its quality assurance system, reform engineering processes, including design and production systems, and make business operations more efficient by improving onsite business processes in order to strengthen *monozukuri*, including quality, and ensure quality issues do not occur again.

b. Strengthen the project implementation structure to secure profits from projects

To secure profits from projects, the IHI Group will carefully identify not only risks related to new business fields but also specific factors related to first-type equipment and conduct thorough assessments. In addition, the IHI Group will continually improve the accuracy of cost estimates, and reinforce the monitoring system, while also using project progress visualization and having experts carrying out reviews at each stage to ensure project profitability does not fall below expected levels.

c. Secure profits through effective business strategy implementation
In accordance with the “Group Management Policies 2016,” each strategic business unit (SBU) will secure profits by introducing a new portfolio management and reliably implementing a range of initiatives to achieve their missions, which combine strategic directions and quantitative targets. Also, the IHI Group will thoroughly implement ROIC-based management for each SBU to bolster cash flow generating capabilities, while also actively drawing on external resources through M&A and cooperation with other companies to reliably drive structural reform.

d. Reform the business model by implementing initiatives that create value for customers
The IHI Group will secure orders by thoroughly implementing measures to create value for customers. Also, the IHI Group will actively use shared group functions (“solutions,” “advanced information management,” and “global businesses”) to create competitive business models and apply these models across the Group at the earliest opportunity.

4. BASIC RATIONALE FOR SELECTING THE ACCOUNTING STANDARD

The IHI Group’s consolidated financial statements adopt the generally accepted accounting standards in Japan (Japanese GAAP).

With respect to IFRS, the IHI Group is conducting an investigation into the impact on the IHI Group from the point of view of improving the quality of the Group’s corporate management and strengthening the Group’s corporate governance. The IHI Group follows a policy of responding after giving consideration to business expansion in overseas and circumstances of adoption in Japan.
In the fiscal year ended March 31, 2016, IHI proceeded with an initiative to unify financial reporting periods of its overseas consolidated subsidiaries. Starting from the fiscal year ending March 31, 2017, financial reporting period of some of its consolidated subsidiaries will be changed.

5. CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	March 31, 2016	March 31, 2015
ASSETS		
Current assets:		
Cash and deposits	106,536	94,549
Notes and accounts receivable - trade	444,838	438,260
Securities	1,403	205
Finished goods	23,537	24,939
Work in process	254,907	249,362
Raw materials and supplies	131,865	125,000
Deferred tax assets	61,956	43,206
Other	86,512	84,562
Allowance for doubtful accounts	(11,048)	(6,357)
Total current assets	1,100,506	1,053,726
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	142,597	145,642
Machinery, equipment and vehicles, net	72,648	77,470
Land	90,936	90,294
Leased assets, net	16,412	15,877
Construction in progress	8,927	10,885
Other, net	18,216	17,457
Total property, plant and equipment	349,736	357,625
Intangible assets:		
Goodwill	22,043	23,301
Software	14,449	13,613
Other	13,113	13,587
Total intangible assets	49,605	50,501
Investments and other assets:		
Investment securities	139,463	167,138
Deferred tax assets	47,338	35,587
Net defined benefit asset	11	3
Other	30,380	28,168
Allowance for doubtful accounts	(1,983)	(1,866)
Total investments and other assets	215,209	229,030
Total non-current assets	614,550	637,156
Total assets	1,715,056	1,690,882

(1) CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	March 31, 2016	March 31, 2015
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	297,499	300,148
Short-term loans payable	94,550	114,135
Commercial papers	5,000	17,000
Current portion of bonds	10,000	–
Accrued expenses	118,932	82,612
Income taxes payable	8,222	23,162
Advances received	180,352	125,170
Provision for bonuses	24,610	26,687
Provision for construction warranties	44,337	36,804
Provision for loss on construction contracts	53,223	28,553
Other provision	379	656
Other	45,665	40,998
Total current liabilities	882,769	795,925
Non-current liabilities:		
Bonds payable	60,000	70,000
Long-term loans payable	187,085	192,320
Lease obligations	12,968	13,174
Deferred tax liabilities for land revaluation	5,158	5,445
Net defined benefit liability	154,968	157,986
Provision for loss on subsidiaries and affiliates	2,805	22,590
Other provision	1,377	1,186
Other	74,567	72,661
Total non-current liabilities	498,928	535,362
Total liabilities	1,381,697	1,331,287
NET ASSETS		
Shareholders' equity:		
Capital stock	107,165	107,165
Capital surplus	54,431	54,438
Retained earnings	144,789	152,563
Treasury shares	(565)	(655)
Total shareholders' equity	305,820	313,511
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,580	16,622
Deferred gains or losses on hedges	(377)	(743)
Revaluation reserve for land	5,423	5,166
Foreign currency translation adjustment	9,954	14,783
Remeasurements of defined benefit plans	(4,090)	(3,545)
Total accumulated other comprehensive income	12,490	32,283
Subscription rights to shares	758	747
Non-controlling interests	14,291	13,054
Total net assets	333,359	359,595
Total liabilities and net assets	1,715,056	1,690,882

(2) CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
Net sales	1,539,388	1,455,844
Cost of sales	1,320,376	1,210,313
Gross profit	219,012	245,531
Selling, general and administrative expenses	196,964	182,278
Operating income	22,048	63,253
Non-operating income		
Interest income	920	721
Dividend income	1,997	1,648
Share of profit of entities accounted for using equity method	1,167	–
Foreign exchange gains	–	5,274
Reversal of accrued expense for delayed delivery	–	2,210
Other income	5,277	3,054
Total non-operating income	9,361	12,907
Non-operating expenses		
Interest expenses	3,922	4,221
Share of loss of entities accounted for using equity method	–	1,701
Foreign exchange losses	5,122	–
Other expenses	12,649	13,709
Total non-operating expenses	21,693	19,631
Ordinary income	9,716	56,529
Extraordinary income		
Gain on sales of non-current assets	28,648	–
Gain on contribution of securities to retirement benefit trust	6,358	–
Gain on sales of investment securities	1,804	–
Total extraordinary income	36,810	–
Extraordinary losses		
Expenses for delayed delivery	44,628	–
Loss on valuation of shares of subsidiaries and affiliates	1,756	–
Provision for loss on subsidiaries and affiliates	1,700	–
Impairment loss	81	175
Loss on business of subsidiaries and affiliates	–	29,089
Total extraordinary losses	48,165	29,264
Profit (loss) before income taxes	(1,639)	27,265
Income taxes-current	18,889	29,827
Income taxes - deferred	(25,660)	(9,309)
Total income taxes	(6,771)	20,518
Profit	5,132	6,747
Profit (loss) attributable to non-controlling interests	3,603	(2,335)
Profit attributable to owners of parent	1,529	9,082

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of yen)

	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
Profit	5,132	6,747
Other comprehensive income:		
Valuation difference on available-for-sale securities	(14,353)	8,296
Deferred gains or losses on hedges	376	(383)
Revaluation reserve for land	284	633
Foreign currency translation adjustment	(5,364)	9,810
Remeasurements of defined benefit plans, net of tax	(705)	1,290
Share of other comprehensive income of entities accounted for using equity method	(598)	436
Total other comprehensive income	(20,360)	20,082
Comprehensive income	(15,228)	26,829
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(18,338)	28,017
Comprehensive income attributable to non-controlling interests	3,110	(1,188)

(3) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

April 1, 2014 to March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	107,165	54,439	171,318	(665)	332,257
Cumulative effects of changes in accounting policies			(14,625)		(14,625)
Restated balance	107,165	54,439	156,693	(665)	317,632
Changes of items during period					
Dividends of surplus			(13,891)		(13,891)
Profit attributable to owners of parent			9,082		9,082
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares		(1)		18	17
Change in treasury shares of parent arising from transactions with non-controlling shareholders					–
Net increase from newly consolidated subsidiaries			609		609
Net decrease from merger with non-consolidated subsidiaries					–
Change of scope of equity method			(1)		(1)
Reversal of revaluation reserve for land			71		71
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	(1)	(4,130)	10	(4,121)
Balance at end of current period	107,165	54,438	152,563	(655)	313,511

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other compre-hensive income			
Balance at beginning of current period	8,424	36	4,665	4,912	(5,058)	12,979	621	16,698	362,555
Cumulative effects of changes in accounting policies						–		(54)	(14,679)
Restated balance	8,424	36	4,665	4,912	(5,058)	12,979	621	16,644	347,876
Changes of items during period									
Dividends of surplus						–			(13,891)
Profit attributable to owners of parent						–			9,082
Purchase of treasury shares						–			(8)
Disposal of treasury shares						–			17
Change in treasury shares of parent arising from transactions with non-controlling shareholders						–			–
Net increase from newly consolidated subsidiaries						–			609
Net decrease from merger with non-consolidated subsidiaries						–			–
Change of scope of equity method						–			(1)
Reversal of revaluation reserve for land						–			71
Net changes of items other than shareholders' equity	8,198	(779)	501	9,871	1,513	19,304	126	(3,590)	15,840
Total changes of items during period	8,198	(779)	501	9,871	1,513	19,304	126	(3,590)	11,719
Balance at end of current period	16,622	(743)	5,166	14,783	(3,545)	32,283	747	13,054	359,595

April 1, 2015 to March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	107,165	54,438	152,563	(655)	313,511
Cumulative effects of changes in accounting policies					–
Restated balance	107,165	54,438	152,563	(655)	313,511
Changes of items during period					
Dividends of surplus			(9,262)		(9,262)
Profit attributable to owners of parent			1,529		1,529
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		(6)		96	90
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(1)			(1)
Net decrease from newly consolidated subsidiaries			(19)		(19)
Net decrease from merger with non-consolidated subsidiaries			(22)		(22)
Change of scope of equity method					–
Reversal of revaluation reserve for land					–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	(7)	(7,774)	90	(7,691)
Balance at end of current period	107,165	54,431	144,789	(565)	305,820

	Accumulated other comprehensive income								
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other compre-hensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	16,622	(743)	5,166	14,783	(3,545)	32,283	747	13,054	359,595
Cumulative effects of changes in accounting policies						–			–
Restated balance	16,622	(743)	5,166	14,783	(3,545)	32,283	747	13,054	359,595
Changes of items during period									
Dividends of surplus						–			(9,262)
Profit attributable to owners of parent						–			1,529
Purchase of treasury shares						–			(6)
Disposal of treasury shares						–			90
Change in treasury shares of parent arising from transactions with non-controlling shareholders						–			(1)
Net decrease from newly consolidated subsidiaries						–			(19)
Net decrease from merger with non-consolidated subsidiaries						–			(22)
Change of scope of equity method						–			–
Reversal of revaluation reserve for land						–			–
Net changes of items other than shareholders' equity	(15,042)	366	257	(4,829)	(545)	(19,793)	11	1,237	(18,545)
Total changes of items during period	(15,042)	366	257	(4,829)	(545)	(19,793)	11	1,237	(26,236)
Balance at end of current period	1,580	(377)	5,423	9,954	(4,090)	12,490	758	14,291	333,359

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
Cash flows from operating activities		
Profit (loss) before income taxes	(1,639)	27,265
Depreciation	58,229	53,490
Depreciation and amortization on other	4,874	3,961
Loss on business of subsidiaries and affiliates	–	29,089
Impairment loss	81	175
Increase (decrease) in allowance for doubtful accounts	(568)	(781)
Increase (decrease) in provision for bonuses	(1,986)	1,792
Increase (decrease) in provision for construction warranties	7,718	10,917
Increase (decrease) in provision for loss on construction contracts	24,689	10,110
Increase (decrease) in net defined benefit liability	6,209	8,290
Interest and dividend income	(2,917)	(2,369)
Interest expenses	3,922	4,221
Foreign exchange losses (gains)	(1,071)	(159)
Loss (gain) on sales of short-term and long-term investment securities	(1,914)	(455)
Loss (gain) on valuation of short-term and long-term investment securities	3,542	1,391
Share of (profit) loss of entities accounted for using equity method	(1,167)	1,701
Loss (gain) on disposal of property, plant and equipment	(27,606)	1,390
Loss (gain) on securities contributed to employees' retirement benefit trust	(6,358)	–
Decrease (increase) in notes and accounts receivable - trade	(10,396)	(36,900)
Increase (decrease) in advances received	56,568	18,146
Decrease (increase) in advance payments	(12,912)	(698)
Decrease (increase) in inventories	(12,179)	(41,275)
Increase (decrease) in notes and accounts payable - trade	80	15,713
Increase (decrease) in accrued expenses	37,376	6,914
Decrease (increase) in other current assets	(1,191)	(4,016)
Increase (decrease) in other current liabilities	(4,169)	(1,248)
Decrease (increase) in consumption taxes refund receivable	13,124	(20,607)
Other, net	(2,956)	2,107
Subtotal	127,383	88,164
Interest and dividend income received	4,789	4,409
Interest expenses paid	(4,124)	(4,078)
Income taxes paid	(32,710)	(24,906)
Net cash provided by (used in) operating activities	95,338	63,589

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
Cash flows from investing activities		
Decrease (increase) in time deposits	(927)	421
Purchase of short-term and long-term investment securities	(5,852)	(8,547)
Purchase of shares of subsidiaries	–	(926)
Proceeds from sales and redemption of short-term and long-term investment securities	5,131	4,929
Purchase of property, plant and equipment and intangible assets	(52,804)	(71,604)
Gain (loss) on sales or disposal of property, plant and equipment and intangible assets	33,576	95
Purchase of shares and investments of subsidiaries resulting in change in scope of consolidation	(5,051)	(4,595)
Decrease (increase) in short-term loans receivable	1,656	1,236
Payments of long-term loans receivable	(53)	(99)
Collection of long-term loans receivable	60	84
Decrease (increase) in other investments	(19,702)	(9,528)
(Decrease)increase in other fixed liabilities	8,568	13,472
Other, net	(115)	451
Net cash provided by (used in) investing activities	(35,513)	(74,611)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(38,982)	8,013
Net increase (decrease) in commercial papers	(12,000)	3,000
Proceeds from long-term loans payable	50,896	63,851
Repayments of long-term loans payable	(33,528)	(42,381)
Proceeds from issuance of bonds	–	40,000
Redemption of bonds	–	(20,000)
Proceeds from sales and leasebacks	612	250
Repayments of lease obligations	(3,916)	(3,625)
Decrease (increase) in treasury shares	(5)	(8)
Purchase of treasury shares of subsidiaries	(1)	–
Cash dividends paid	(9,241)	(13,845)
Proceeds from share issuance to non-controlling shareholders	1,188	131
Dividends paid to non-controlling interests	(2,553)	(1,943)
Net cash provided by (used in) financing activities	(47,530)	33,443
Effect of exchange rate change on cash and cash equivalents	(1,836)	7,185
Net increase (decrease) in cash and cash equivalents	10,459	29,606
Cash and cash equivalents at beginning of period	92,527	62,604
Increase in cash and cash equivalents from consolidation of non-consolidated subsidiaries	272	317
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(4)	–
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	357	–
Cash and cash equivalents at end of period	103,611	92,527

(5) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES ON PREMISE OF GOING CONCERN

Not applicable.

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

Number and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 151

Names of major consolidated subsidiaries: IHI Infrastructure Systems Co., Ltd., IHI Aerospace Co., Ltd. and others

In the fiscal year under review, changes to consolidated subsidiaries were as follows. Four companies were added by acquisition, two companies were added by new establishment, four companies were added due to their increased materiality, three subsidiaries were removed due to liquidation, seven subsidiaries were removed due to merger and one subsidiary was removed due to its decreased materiality.

With respect to the IHI Group's investment in Brazilian shipbuilding company Estaleiro Atlântico Sul S.A. (EAS), for which possible estimated loss was recorded under loss on business of subsidiaries and affiliates in the previous fiscal year, IHI consolidated subsidiary JAPAN EAS INVESTIMENTOS E PARTICIPAÇÕES LTDA (JEI) (specified subsidiary) concluded a contract to transfer its whole equity interest in EAS to EAS shareholders the Camargo Corrêa Group and the Queiroz Galvão Group. This contract was concluded, as it was deemed there was no prospect of recovery for the foreseeable future in the offshore energy exploration-related business, the objective of the IHI Group's investment in the company, due to weakness in the Brazilian economy and a prolonged decline in crude oil prices. As a result, effective from the end of the fiscal year under review, JEI is no longer included in the scope of consolidation due to a lack of materiality, as the company is likely to be liquidated in the future.

2. Application of the Equity Method

Number and names of major affiliates accounted for by the equity method

Number of affiliates accounted for by the equity method: 30

Names of major equity method affiliates: Japan Marine United Corporation and others

In the fiscal year under review, one equity method affiliate was removed due to liquidation, and EAS and its two subsidiaries were removed due to the conclusion of the above-mentioned contract on the transfer of the equity interest in EAS.

3. Significant Accounting Policies

(1) Securities

Securities to be held until maturity are stated at amortized cost (by the straight-line method). Other securities with market prices available are stated at fair market value as of the balance sheet date. The related valuation differences are directly included into net assets and the sale price is computed by the moving-average method. Other securities without market prices available are stated at cost by the moving-average method.

(2) Derivatives

Derivatives are stated at fair market value.

(3) Inventories

Raw materials and supplies are stated at cost by the moving-average method, and finished goods and work in process are stated principally at identified cost. (For figures shown on balance sheet, the book value write-down method based on decreased profitability is used.)

(4) Depreciation and amortization

- Property, plant and equipment (except for leased assets)
  These assets are depreciated by the declining-balance method. However, depreciation of lend-lease properties, assets of certain consolidated subsidiaries and buildings (excluding building fixtures) acquired on and after April 1, 1998, are computed by the straight-line method.

- Intangible assets (except for leased assets)
  These assets are amortized by the straight-line method. Software used internally is amortized using the straight-line method over the useful life of the assets, estimated by IHI (within five years).

- Leased assets
  Leased assets related to ownership transfer finance lease transactions are depreciated using the same method as that applied to property, plant and equipment.

  Leased assets related to non-ownership transfer finance leases are depreciated over the lease period as useful period using the straight-line method with no residual value. IHI uses the method for ordinary rental transactions for non-ownership transfer finance leases for which lease agreements were concluded on and before March 31, 2008.

(5) Significant allowances and provisions

- Allowance for doubtful accounts
  To provide for losses on bad debts, the allowance for doubtful accounts is provided based on historical default rates for general receivables, plus individually estimated amounts for specific uncollectible receivables.
- Provision for bonuses
  For payment of employee bonuses, the provision for bonuses is provided for in the amount that is expected to be paid.
- Provision for directors' bonuses
  For payment of directors' bonuses, the provision for directors' bonuses is provided for in the amount that is expected to be paid.
- Provision for construction warranties
  To provide for guaranteed project expenses, the provision for construction warranties is recorded as an estimate of future expenditures based on historical experience.
- Provision for loss on construction contracts
  Provision for loss on construction contracts is provided for in the amount of estimated losses for undelivered projects at the end of the fiscal year.
- Provision for directors' retirement benefits
  For payment of retirement benefits to directors and corporate auditors, the provision for directors' retirement benefits is provided for at consolidated subsidiaries in Japan in the amount that would be required to pay, based on the internal policy, if all eligible directors and corporate auditors retired at the end of the fiscal year.

- Provision for loss on subsidiaries and affiliates

  Provision for loss on subsidiaries and affiliates is provided for in the amount of estimated loss to be borne by IHI in consideration of the contents of assets of subsidiaries and affiliates.

(6) Accounting method for retirement benefits

To prepare for employees' retirement benefits, net defined benefit liability is recognized based on the estimated amounts of retirement benefit obligations and pension fund assets at the end of the fiscal year under review. Some consolidated subsidiaries adopt the conventional method to determine net defined benefit liability.

In the calculation of retirement benefit obligations, the method used to attribute projected benefit obligations in the period up to the fiscal year under review is benefit formula basis.

Past service cost is amortized using the straight-line method over a certain number of years within the average remaining service period of employees at the time of accrual.

Actuarial gain or loss is amortized starting in the fiscal year following the fiscal year in which it occurs using the straight-line method over a certain number of years within the average remaining service period of employees.

(7) Amortization method and period of goodwill

Goodwill is equally amortized through the estimated effective period of the investment, with the exception that when the amount of goodwill is immaterial, it is charged to expenses as incurred.

(8) Application of the consolidated taxation system

The consolidated taxation system has been applied from the year ended March 31, 2016.

CHANGES IN ACCOUNTING POLICIES

Application of Accounting Standard for Business Combinations and other regulations

Effective from the fiscal year under review, IHI has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording the amount of difference caused by changes in IHI’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of IHI was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the fiscal year under review, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the consolidated financial statements for the fiscal year to which the date of business combination belongs. In addition, the presentation method for “Net income” and other related items was changed, and the presentation of “Minority interests” was changed to “Non-controlling interests.” The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. IHI is applying the said standards prospectively from the beginning of the fiscal year under review.

As a result, the impact of this change on the consolidated financial statements for the fiscal year under review was immaterial.

In the consolidated statement of cash flows for the fiscal year under review, cash flows for the purchase or sales of shares of subsidiaries not resulting in change in the scope of consolidation are classified under “cash flows from financing activities.” Cash flows concerning costs related to the purchase of shares and investments of subsidiaries resulting in change in the scope of consolidation, as well as costs related to the purchase or sales of shares and investments of subsidiaries not resulting in change in the scope of consolidation, are classified under “cash flows from operating activities.”

ADDITIONAL INFORMATION

Gain on sales of non-current assets

In order to strengthen IHI’s financial position, IHI recorded gain on sales of non-current assets due to factors including the sale of a portion of land and part of the share equity in a rental office building in the Toyosu area, which are owned by IHI.

Details and location of assets	Gain on sales of non-current assets
Land (57,579 m²) and structures 17-1, Toyosu 2-chome, Koto-ku, Tokyo and other two parcels	¥19,717 million
Rental office building (Among IHI’s share equity 33%, 15% of the total) 2-20, Toyosu 3-chome, Koto-ku, Tokyo	¥8,714 million
Others	¥217 million

Expenses for delayed delivery

It has become more likely that IHI may not be able to meet contractual delivery deadlines on several projects because of construction delays stemming from efforts to address noncompliant welding (the use of welding materials different from those specified in the design drawings) on some boiler projects.

Also, with respect to the Izmit Bay Crossing Bridge construction project, after completing restoration work following the collapse of a catwalk used for work to install main cables in March 2015, IHI did its utmost to catch up construction delays, but construction work was not completed by the contractual deadline of February 2016.

Notwithstanding its ongoing commitment to keep pushing ahead with efforts to complete construction safely and swiftly, management allocates to extraordinary losses the potential damages of ¥44,628 million that IHI could incur as a result of failing the contractual deadline.

Revision of the amount of deferred tax assets /liabilities by change in corporate tax rate

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016) were passed on March 29, 2016 in the Diet. The corporate tax rates are to be lowered from the fiscal year beginning on or after April 1, 2016. Accordingly, the normal effective statutory tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 32.3%, the rate used for the previous fiscal year, to 30.9% for temporary differences expected to be utilized for the fiscal year beginning on April 1, 2016 and the fiscal year beginning on April 1, 2017, and to 30.6% for fiscal years beginning on April 1, 2018 and onwards.

As a result of these changes, deferred tax assets (after deducting deferred tax liabilities) as of March 31, 2016 decreased by ¥5,690 million. Income taxes-deferred and valuation difference on available-for-sale securities increased by ¥5,691 million and ¥62 million, respectively. Remeasurements of defined benefit plans and deferred gains or losses on hedges decreased by ¥60 million and ¥1 million, respectively. Deferred tax liabilities for land revaluation decreased by ¥284 million and revaluation reserve for land increased by ¥257 million.

SEGMENT INFORMATION

[Segment information]

1. **Overview of reportable segments**

The reportable segments are constituent units of the IHI Group for which separate financial information is available. The Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.

IHI organizes operation divisions by products and services and the operation divisions deploy business activities formulating both domestic and overseas strategies for each product and service comprehensively. The IHI Group therefore categorizes segments based on the grouping together of operation divisions classified by markets and other similarities of products and services. The four reportable segments are as follows: Resources, Energy and Environment, Social Infrastructure and Offshore Facility, Industrial System and General-Purpose Machinery, and Aero Engine, Space and Defense.

Main businesses, products and services belonging to each segment

Reportable segment	Main businesses, products and services
Resources, Energy and Environment	Boiler, power systems plants, power systems for land and marine use, large power systems for ships, gas processes (storage facilities and process plants), nuclear power (components for nuclear power plants), environmental response systems, medical and pharmaceutical products (pharmaceutical plants)
Social Infrastructure and Offshore Facility	Bridge, water gate, shield tunneling machines, transport system, urban development (real estate sales and rental), F-LNG (floating LNG storage facilities), offshore structures
Industrial System and General-Purpose Machinery	Machinery for ships, logistics system, transport machinery, parking, steel manufacturing equipment, industrial machinery, thermal and surface treatment, paper-making machinery, vehicular turbocharger, compressor, separation system, turbocharger for ships, construction machinery, agricultural machinery, small power systems
Aero Engine, Space and Defense	Aero engines, rocket systems/space utilization systems (space-related equipment), defense systems

2. **Calculation method used for sales, profit or loss, assets and liabilities, and other items by reportable segment**

The accounting method used for reportable business segments is generally the same as the method stated in "BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS." Profits from reportable segments are figures based on operating income. Intersegment income and transfers are based on actual market pricing.

3. Information about sales, profit or loss, assets and liabilities, and other items by reportable segment

Fiscal year ended March 31, 2015

(Millions of yen)

	Reportable Segment								
	Resources, Energy and Environment	Social Infrastructure and Offshore Facility	Industrial System and General-Purpose Machinery	Aero Engine, Space and Defense	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
Sales:									
(1) Sales to outside customers	405,427	184,731	396,453	430,669	1,417,280	38,564	1,455,844	–	1,455,844
(2) Intersegment sales and transfers	9,932	3,905	15,254	4,185	33,276	24,310	57,586	(57,586)	–
Total	415,359	188,636	411,707	434,854	1,450,556	62,874	1,513,430	(57,586)	1,455,844
Segment profit (Operating income)	24,098	(3,240)	10,256	39,570	70,684	1,261	71,945	(8,692)	63,253
Others:									
Depreciation (Note 4)	5,926	6,243	11,586	14,580	38,335	900	39,235	4,054	43,289
Share of profit (loss) of entities accounted for using equity method	376	–	1,150	(316)	1,210	(2,914)	(1,704)	3	(1,701)
Increase in property, plant and equipment (Note 5)	10,947	12,483	13,945	16,613	53,988	1,500	55,488	8,462	63,950

Notes:
1. The "Others" classification consists of business that is not included in reportable segments. It includes inspection and measurement business, the manufacture and sale of equipment and the like related to such business, and other service operations.
2. Adjustment of segment profit represents intersegment transactions of ¥76 million and unallocated corporate expenses of negative ¥8,768 million.
   Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.
3. Reportable segment assets and liabilities have not been shown, as they are not used as the basis for deciding the allocation of management resources or evaluating operating performance.
4. Depreciation represents depreciation of property, plant and equipment. Adjustment of depreciation represents unallocated depreciation in property, plant and equipment.
5. Adjustment of increase in property, plant and equipment represents unallocated increase in property, plant and equipment.

Fiscal year ended March 31, 2016 (Millions of yen)

	Reportable Segment								
	Resources, Energy and Environment	Social Infrastructure and Offshore Facility	Industrial System and General-Purpose Machinery	Aero Engine, Space and Defense	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
Sales:									
(1) Sales to outside customers	443,304	161,106	393,258	497,208	1,494,876	44,512	1,539,388	–	1,539,388
(2) Intersegment sales and transfers	9,172	7,033	11,509	3,000	30,714	25,341	56,055	(56,055)	–
Total	452,476	168,139	404,767	500,208	1,525,590	69,853	1,595,443	(56,055)	1,539,388
Segment profit (Operating income)	(2,273)	(48,996)	12,693	58,444	19,868	2,115	21,983	65	22,048
Others:									
Depreciation (Note 4)	6,626	6,373	11,888	15,839	40,726	1,066	41,792	4,948	46,740
Share of profit (loss) of entities accounted for using equity method	(214)	–	971	(362)	395	1,040	1,435	(268)	1,167
Increase in property, plant and equipment (Note 5)	7,504	5,909	13,878	18,547	45,838	1,539	47,377	3,451	50,828

Notes:
1. The "Others" classification consists of business that is not included in reportable segments. It includes inspection and measurement business, the manufacture and sale of equipment and the like related to such business, and other service operations.
2. Adjustment of segment profit represents intersegment transactions of negative ¥724 million and unallocated corporate expenses of ¥789 million.
   Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.
3. Reportable segment assets and liabilities have not been shown, as they are not used as the basis for deciding the allocation of management resources or evaluating operating performance.
4. Depreciation represents depreciation of property, plant and equipment. Adjustment of depreciation represents unallocated depreciation in property, plant and equipment.
5. Adjustment of increase in property, plant and equipment represents unallocated increase in property, plant and equipment.

[Related information]

Fiscal year ended March 31, 2015

1. Product and service information

Information has been omitted, as classification is the same as for reportable segments.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	U.S.A.	Asia	Central and South America	Europe	Others	Total
697,806	270,889	265,772	31,448	171,035	18,894	1,455,844

Note: Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Asia	Central and South America	Europe	Others	Total
309,963	4,903	17,470	39	25,202	48	357,625

3. Information by major customer

(Millions of yen)

Name of customer or individual	Net sales	Related business segment
Japanese Aero Engines Corporation	154,261	Aero Engine, Space and Defense

Fiscal year ended March 31, 2016

1. Product and service information

Information has been omitted, as classification is the same as for reportable segments.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	U.S.A.	Asia	Central and South America	Europe	Others	Total
742,465	336,173	258,875	23,102	139,937	38,836	1,539,388

Note: Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Asia	Central and South America	Europe	Others	Total
304,299	5,031	18,987	20	21,337	62	349,736

3. Information by major customer

(Millions of yen)

Name of customer or individual	Net sales	Related business segment
Japanese Aero Engines Corporation	175,853	Aero Engine, Space and Defense

[Information about impairment loss on non-current assets by reportable segment]

Fiscal year ended March 31, 2015 (Millions of yen)

	Reportable Segment								
	Resources, Energy and Environment	Social Infrastructure and Offshore Facility	Industrial System and General-Purpose Machinery	Aero Engine, Space and Defense	Total	Others (Note 1)	Total	Adjustment	Consolidated
Impairment loss	–	2	172	–	174	1	175	–	175

Note: 1. The “Others” classification consists of business that is not included in reportable segments. It includes inspection and measurement business, the manufacture and sale of equipment and the like related to such business, and other service operations.

Fiscal year ended March 31, 2016 (Millions of yen)

	Reportable Segment								
	Resources, Energy and Environment	Social Infrastructure and Offshore Facility	Industrial System and General-Purpose Machinery	Aero Engine, Space and Defense	Total	Others (Note 1)	Total	Adjustment	Consolidated
Impairment loss	–	24	56	–	80	1	81	–	81

Note: 1. The “Others” classification consists of business that is not included in reportable segments. It includes inspection and measurement business, the manufacture and sale of equipment and the like related to such business, and other service operations.

[Information about goodwill amortization amount and year-end balance by reportable segment]

Fiscal year ended March 31, 2015 (Millions of yen)

	Reportable Segment								
	Resources, Energy and Environment	Social Infrastructure and Offshore Facility	Industrial System and General-Purpose Machinery	Aero Engine, Space and Defense	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
Amount for the fiscal year under review	522	–	2,627	–	3,149	430	3,579	15	3,594
Balance at the end of the fiscal year under review	4,072	–	16,271	–	20,343	2,932	23,275	26	23,301

Notes: 1. The “Others” classification consists of business that is not included in reportable segments. It includes inspection and measurement business, the manufacture and sale of equipment and the like related to such business, and other service operations.
2. Adjustment represents unallocated goodwill amortization and year-end balance.

Fiscal year ended March 31, 2016 (Millions of yen)

	Reportable Segment								
	Resources, Energy and Environment	Social Infrastructure and Offshore Facility	Industrial System and General-Purpose Machinery	Aero Engine, Space and Defense	Total	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
Amount for the fiscal year under review	616	–	2,672	–	3,288	402	3,690	14	3,704
Balance at the end of the fiscal year under review	3,421	–	16,080	–	19,501	2,530	22,031	12	22,043

Notes: 1. The “Others” classification consists of business that is not included in reportable segments. It includes inspection and measurement business, the manufacture and sale of equipment and the like related to such business, and other service operations.
2. Adjustment represents unallocated goodwill amortization and year-end balance.

[Information about gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2015

Disclosure is omitted since there is no significant necessity.

Fiscal year ended March 31, 2016

Not applicable

PER SHARE INFORMATION

Item	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Net assets per share	¥206.16	¥224.03
Basic earnings per share	¥0.99	¥5.88
Diluted earnings per share	¥0.99	¥5.88

Note: The basis for calculating basic earnings per share and diluted earnings per share are as follows.

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	1,529	9,082
Amounts for non-common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent regarding common stock (Millions of yen)	1,529	9,082
Average number of shares of common stock (Thousands of shares)	1,543,682	1,543,507

Diluted earnings per share		
Adjustment amount of profit attributable to owners of parent (Millions of yen)	–	–
(Interest income of the above, net of taxes) (Millions of yen)	–	–
Increase in number of shares of common stock (Thousands of shares)	1,468	1,944
(Convertible bonds of the above) (Thousands of shares)	–	–
(Subscription rights to shares of the above) (Thousands of shares)	1,468	1,944
Potential shares not included in calculation of diluted earnings per share due to being non-dilutive	Subscription rights to shares type 3 (Total number of subscription rights to shares: 621 units) Type of shares underlying subscription rights to shares: common stock Total number of shares underlying subscription rights to shares: 621,000 shares	–

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

OMISSION OF DISCLOSURE

Disclosure of explanations regarding the following matters is omitted since there is no significant necessity of such disclosure in the summary report on financial results:

- Consolidated balance sheets
- Consolidated statements of income
- Consolidated statements of comprehensive income
- Consolidated statements of changes in equity
- Consolidated statements of cash flows
- Lease transactions
- Financial instruments
- Securities
- Derivative transactions
- Retirement benefits
- Stock options, etc.
- Tax effect accounting
- Business combinations, etc.
- Asset retirement obligations
- Rental property
- Transactions with parties concerned
- SPC

6. OTHERS

(1) Orders received by reportable segment

(Millions of yen)

Reportable segment	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2015		Change from the previous fiscal year	
	Amount	%	Amount	%	Amount	%
Resources, Energy and Environment	532,733	33	582,768	35	(50,035)	(8.6)
Social Infrastructure and Offshore Facility	128,571	8	178,791	11	(50,220)	(28.1)
Industrial System and General-Purpose Machinery	421,836	26	415,003	25	6,833	1.6
Aero Engine, Space and Defense	515,611	32	468,090	28	47,521	10.2
Total Reportable Segment	1,598,751	99	1,644,652	99	(45,901)	(2.8)
Others	65,748	4	75,255	4	(9,507)	(12.6)
Adjustment	(59,176)	(3)	(55,520)	(3)	(3,656)	–
Total	1,605,323	100	1,664,387	100	(59,064)	(3.5)
Overseas orders received	726,352	45	836,023	50	(109,671)	(13.1)

(2) Net sales by reportable segment

(Millions of yen)

Reportable segment	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2015		Change from the previous fiscal year	
	Amount	%	Amount	%	Amount	%
Resources, Energy and Environment	452,476	29	415,359	29	37,117	8.9
Social Infrastructure and Offshore Facility	168,139	11	188,636	13	(20,497)	(10.9)
Industrial System and General-Purpose Machinery	404,767	26	411,707	28	(6,940)	(1.7)
Aero Engine, Space and Defense	500,208	33	434,854	30	65,354	15.0
Total Reportable Segment	1,525,590	99	1,450,556	100	75,034	5.2
Others	69,853	5	62,874	4	6,979	11.1
Adjustment	(56,055)	(4)	(57,586)	(4)	1,531	–
Total	1,539,388	100	1,455,844	100	83,544	5.7
Overseas sales	796,923	52	758,038	52	38,885	5.1

(3) Order backlog by reportable segment

(Millions of yen)

Reportable segment	As of March 31, 2016		As of March 31, 2015		Change from the end of the previous fiscal year	
	Amount	%	Amount	%	Amount	%
Resources, Energy and Environment	843,469	49	760,467	46	83,002	10.9
Social Infrastructure and Offshore Facility	194,306	11	231,993	14	(37,687)	(16.2)
Industrial System and General-Purpose Machinery	138,036	8	121,028	7	17,008	14.1
Aero Engine, Space and Defense	541,067	31	510,704	31	30,363	5.9
Total Reportable Segment	1,716,878	99	1,624,192	98	92,686	5.7
Others	24,774	1	31,215	2	(6,441)	(20.6)
Total	1,741,652	100	1,655,407	100	86,245	5.2
Overseas order backlog	757,926	44	808,779	49	(50,853)	(6.3)