

(Translation purposes only)

Quarterly Securities Report

(The Second Quarter of 199th Term)

From July 1, 2015 to September 30, 2015

IHI Corporation

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Quarterly accounting period	The Second Quarter of 199th term (from July 1, 2015 to September 30, 2015)
Company name	株式会社 I H I (Kabushiki Kaisha IHI)
Company name in English	IHI Corporation
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Part 1. Company information

I. Overview of company

1. Summary of business results

Term	198th term Six months ended September 30, 2014	199th term Six months ended September 30, 2015	198th term
Accounting period	From April 1, 2014 To September 30, 2014	From April 1, 2015 To September 30, 2015	From April 1, 2014 To March 31, 2015
Net sales (Millions of yen)	616,144	688,271	1,455,844
Ordinary income (loss) (Millions of yen)	32,337	(4,030)	56,529
Profit (loss) attributable to owners of parent (Millions of yen)	20,946	(3,907)	9,082
Comprehensive income (Millions of yen)	22,515	(5,399)	26,829
Net assets (Millions of yen)	360,675	348,822	359,595
Total assets (Millions of yen)	1,574,727	1,727,299	1,690,882
Basic earnings (loss) per share (Yen)	13.57	(2.53)	5.88
Diluted earnings per share (Yen)	13.55	–	5.88
Equity ratio (%)	21.91	19.38	20.45
Cash flows from operating activities (Millions of yen)	(1,271)	(24,030)	63,589
Cash flows from investing activities (Millions of yen)	(39,740)	(28,360)	(74,611)
Cash flows from financing activities (Millions of yen)	45,806	46,066	33,443
Cash and cash equivalents at end of period (Millions of yen)	66,852	87,286	92,527

Term	198th term Second quarter of the fiscal year ended March 31, 2015	199th term Second quarter of the fiscal year ending March 31, 2016
Accounting period	From July 1, 2014 To September 30, 2014	From July 1, 2015 To September 30, 2015
Basic earnings (loss) per share (Yen)	9.34	(2.50)

- Notes:
- Summary of business results of the reporting company are not presented, because IHI prepares quarterly consolidated financial statements.
 - Net sales do not include consumption taxes.
 - Effective from the three months ended June 30, 2015, the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), etc. are applied, and “Net income” or “Net loss” is now presented as “Profit attributable to owners of parent” or “Loss attributable to owners of parent.”
 - Diluted earnings per share for the six months ended September 30, 2015 of the 199th term is not noted even though IHI has issued potential shares, because the per share data is a net loss per share.
 - Monetary amounts and ratios less than one unit are rounded off.

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2. Description of business

IHI and its affiliated entities (155 consolidated subsidiaries and 33 affiliates accounted for using equity method as of September 30, 2015) operate four main businesses, providing a diverse range of products. The four businesses are: Resources, Energy and Environment; Social Infrastructure and Offshore Facility; Industrial System and General-Purpose Machinery; and Aero Engine, Space and Defense.

In the six months ended September 30, 2015, there were no significant changes in the contents of the businesses operated by the IHI Group (IHI and its affiliated entities). Changes in principle affiliated companies are as follows.

(Social Infrastructure and Offshore Facility)

From the first quarter of the fiscal year ending March 31, 2016, Livecon Engineering Co., Ltd., is newly included in the scope of consolidation because its materiality within the IHI Group has increased, while Kanto Segment Co., Ltd. was excluded from the scope of consolidation because it was merged into IHI CONSTRUCTION MATERIALS Co., Ltd. and ceased to exist.

(Others)

From the first quarter of the fiscal year ending March 31, 2016, IHI NeoG Algae LLC., MEISEI MANAGEMENT SERVICE CO., LTD., and IHI ASIA PACIFIC (Thailand) CO., LTD. are newly included in the scope of consolidation because their materiality within the IHI Group have increased.

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II. Overview of business

1. Business risks

There were no new occurrences of business risks in the six months ended September 30, 2015.

There were no significant changes with respect to the business risks stated in the Annual Securities Report for the previous fiscal year.

2. Material contracts for operation

No important operational contracts were decided or entered into during the second quarter ended September 30, 2015.

3. Analysis of financial position, business results, and cash flows

Matters regarding the future stated in this document are based on the judgment of the IHI Group (IHI and its consolidated subsidiaries) as of September 30, 2015.

(1) Overview of business results

During the six months under review, the Japanese economy continued to recover at a moderate pace, despite signs of an impact on exports and production from economic slowdown in emerging countries. The global economy outside of Japan also continued to expand at a moderate pace, led by developed countries, offsetting the slowdown in emerging countries.

Under this business environment, orders received of the IHI Group during the six months decreased 9.9% from the previous corresponding period to ¥707.7 billion. Net sales rose 11.7% to ¥688.2 billion. Operating income deteriorated ¥28.6 billion compared with the previous corresponding period to ¥0.2 billion due to the impact of deterioration of profitability of projects received in the Social Infrastructure and Offshore Facility Business. Also affected by deterioration of foreign exchange losses (gains), ordinary loss of ¥4.0 billion was reported, a deterioration from the previous corresponding period of ¥36.3 billion. Loss attributable to owners of parent was ¥3.9 billion, a deterioration of ¥24.8 billion compared with the previous corresponding period.

Results by reportable segment during the six months under review are as follows:

(Billions of yen)

Reportable segment	Orders received			Six months ended September 30, 2014		Six months ended September 30, 2015		Change from the previous corresponding period (%)	
	Six months ended September 30, 2014	Six months ended September 30, 2015	Change from the previous corresponding period (%)	Sales	Operating income (loss)	Sales	Operating income (loss)	Sales	Operating income (loss)
Resources, Energy and Environment	276.3	221.7	(19.8)	166.2	3.2	209.9	5.2	26.3	61.9
Social Infrastructure and Offshore Facility	99.3	74.7	(24.7)	78.1	0.2	66.4	(34.5)	(14.9)	–
Industrial System and General-Purpose Machinery	199.4	220.3	10.5	190.4	5.6	190.2	3.9	(0.1)	(29.8)
Aero Engine, Space and Defense	190.8	182.2	(4.5)	178.9	21.7	216.5	31.0	21.0	42.7
Total Reportable Segment	766.0	699.1	–	613.7	30.8	683.3	5.6	–	–
Others	43.6	32.6	(25.0)	25.0	0.0	25.7	(0.1)	2.5	–
Adjustment	(24.2)	(24.1)	–	(22.7)	(1.9)	(20.7)	(5.2)	–	–
Total	785.4	707.7	(9.9)	616.1	28.9	688.2	0.2	11.7	(99.1)

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<Resources, Energy and Environment>

Orders received declined from the previous corresponding period, reflecting a pullback from large orders secured in the previous corresponding period for Boiler Business and Power systems plants Business, partially offset by an order of a large-scale ultra-supercritical coal-fired boiler for power generation for Kobe Steel, Ltd.

Sales increased from the previous corresponding period owing to increases in the Gas processes Business due to smooth progress at Cove Point natural gas liquefaction facility construction project in the U.S.

Operating income increased from the previous corresponding period partly due to the positive effect of yen depreciation in foreign exchange in addition to the above-mentioned sales increases.

<Social Infrastructure and Offshore Facility>

Orders received declined from the previous corresponding period, reflecting a pullback from large orders secured in the previous corresponding period for F-LNG/Offshore structure Business and decreases in the Water gate Business, partially offset by an order for a dedicated freight railway bridge construction in India.

Sales decreased from the previous corresponding period owing to the impact of decreased sales from the Izmit Bay Crossing Bridge construction project in Turkey.

Operating income decreased significantly, owing not only to a further increase in expenses for F-LNG/Offshore structure Business but also to recording of construction schedule catch-up expenses related to the Izmit Bay Crossing Bridge construction project in Turkey.

In F-LNG/Offshore structure Business, concerning the drill ship body construction project for Singapore which is in the final stage, the effects of urgent support to Aichi Works such as increases in personnel and stepped up monitoring have clarified issues and risks, and as a result there were additional design expenses and process expenses corresponding to drawing revisions and construction process disruptions. In addition, at the shipbuilding project for FPSO (Floating Production Storage and Offloading Unit) for Norway, procurement costs rose due to an increase in the volume of construction work, and catch-up expenses were recorded to respond to construction process delays. Also, as a consequence of the aforementioned projects delays, provisions were recorded for aluminum SPB tanks being manufactured at Aichi Works, owing to concerns about a shortage of resources such as skilled frontline workers and inspectors available to accomplish the projects.

<Industrial System and General-Purpose Machinery>

Orders received increased from the previous corresponding period owing to increases in Logistics system Business, Transport machinery Business and Compressor Business.

Sales were at the same level as the previous corresponding period, owing to decreases in Paper-making machinery Business and Logistics system Business, offset by increases in Thermal and surface treatment Business, Transport machinery Business and Parking Business.

Operating income decreased from the previous corresponding period, due to increases in selling, general and administrative expenses such as expenses in taking orders received, and R&D expenses.

<Aero Engine, Space and Defense>

Orders received decreased from the previous corresponding period owing to decreases in projects for Japan Ministry of Defense in Aero engines Business.

Sales increased from the previous corresponding period, owing 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 from the previous corresponding period 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.

(2) Analysis of financial position

Total assets at the end of the second quarter under review were ¥1,727.2 billion, up ¥36.4 billion compared with the end of the previous fiscal year. The item with the most significant increase was work in process, up ¥51.3 billion, while the item with the most significant decrease was notes and accounts receivable - trade, down ¥19.6 billion.

Total liabilities were ¥1,378.4 billion, an increase of ¥47.1 billion compared with the end of the previous fiscal year. The items with the most significant increases were short-term loans payable, up ¥46.2 billion, and advances received, up ¥32.4 billion, while the item with the most significant decrease was notes and accounts payable - trade, down ¥39.7 billion.

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Net assets were ¥348.8 billion, down ¥10.7 billion compared with the end of the previous fiscal year. This includes loss attributable to owners of parent of ¥3.9 billion, dividends of surplus of ¥4.6 billion and a decline of ¥3.5 billion due to valuation difference on available-for-sale securities.

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 19.4%.

(3) Cash flows

At the end of the second quarter under review, the outstanding balance of cash and cash equivalents (hereinafter, “cash”) was ¥87.2 billion, a decrease of ¥5.2 billion compared with the end of the previous fiscal year.

Key factors influencing each cash flow during the six months ended September 30, 2015 are summarized below.

Cash flows from operating activities

Net cash used in operating activities was ¥24.0 billion (The previous corresponding period: net use of ¥1.2 billion).

The main factors of increase were an increase in advances received of ¥32.3 billion, and recognition of depreciation of ¥26.9 billion, while the main factors of decrease were an increase in inventories of ¥58.8 billion and a decrease in notes and accounts payable - trade of ¥38.5 billion.

Cash flows from investing activities

Net cash used in investing activities was ¥28.3 billion (The previous corresponding period: net use of ¥39.7 billion).

This was due mainly to purchase of property, plant and equipment and intangible assets of ¥25.4 billion.

Cash flows from financing activities

Net cash provided by financing activities was ¥46.0 billion (The previous corresponding period: net increase of ¥45.8 billion). This was due mainly to an increase in short-term loans payable of ¥32.3 billion, and an increase in commercial papers of ¥28.0 billion.

(4) Analysis of capital resources and funding liquidity

The IHI Group obtains working capital and funds for capital expenditures by means of loans, bonds, and commercial papers, as well as by using internal funding. At the end of the second quarter ended September 30, 2015, the balance of interest bearing liabilities, including lease obligations, was ¥463.6 billion, up ¥52.9 billion from the end of the previous fiscal year. This primarily reflected an increase in working capital provided by business activities combined with financing arrangements of the Group’s investment capital via loans from external parties and others.

At the end of the second quarter ended September 30, 2015, the outstanding balance of cash and cash equivalents was ¥87.2 billion. This balance, in combination with a diverse range of fund procurement methods, including credit line commitments and overdraft facilities with major banks, as well as commercial papers, means that the Group has secured sufficient liquidity.

(5) Research and development activities

In the six months ended September 30, 2015, the IHI Group spent ¥18.4 billion on R&D. There were no significant changes in the status of R&D activities of the IHI Group in the six months ended September 30, 2015.

(6) Current status and outlook of management strategies

Following on from the previous quarter, the IHI Group has focused on rapidly resolving issues related to production disruption at IHI Aichi Works and the accident at the Izmit Bay Crossing Bridge construction project in Turkey.

With respect to the IHI Aichi Works, the IHI Group reinforced existing personnel with engineers and experts from across various divisions in the Group, and is improving the project management structure. The IHI Group will also provide thorough support to ensure sufficient resources available for subsequent projects. In addition, the IHI Group is taking the necessary steps to minimize the risk of downside to earnings by suspending new order activity for the time being and focusing on completing existing work in hand. With respect to the Izmit Bay Crossing Bridge construction project, the IHI Group implemented a range of measures to push the project towards completion, including increasing the number of works supervisors and frontline workers to catch up on lost time on the construction schedule, and increasing and upgrading construction equipment and facilities, and made progress on installing the main cables of the bridge.

With respect to the deteriorating financial position of Brazil’s Estaleiro Atlântico Sul S.A., the IHI Group is continuing to take steps to constrain surfacing of losses.

In fiscal year 2015, the final year of “Group Management Policies 2013” which targeted accelerating growth of the Group, the IHI Group is devoting maximum efforts to minimize the aforementioned effects, and boost revenues

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through concerted group-wide efforts to carry out the following measures:

- a. Strengthening Collaboration among Shared Group Functions and Business
- b. Increase Value for Customers and Secure Orders Steadily
- c. Reform Business Models to Create More Profitable Structures
- d. Allocate Management Resources to Achieve Growth
- e. Reform Business Processes to Create Value

The major achievements from efforts undertaken during the second quarter under review are as follows.

The Resources, Energy and Environment segment has secured an engineering, procurement and construction order from Kobe Steel, Ltd., one of Japan's leading IPPs (independent power producers), related to the installation of a large-scale ultra-supercritical coal-fired boiler (650MW x 2 units) that will achieve world-leading levels of generating efficiency and auxiliary equipment. The boilers to be constructed by the IHI Group will enable the plant to operate at higher efficiency through the use of extremely high steam temperature and pressure, which results in the reduction of fuel consumption and carbon dioxide emissions. Also, to ensure the plant achieves the highest environmental standards in Japan, the IHI Group will also simultaneously deliver SCR (selective catalytic reduction) equipment and other auxiliary equipment, which clean emissions from flue gas, making a major contribution to protecting the atmospheric environment.

In the Aero Engine, Space and Defense segment, cumulative shipments of GENx engine parts for the Boeing 787 and 747-8 reached the 1,000 unit level. The GENx engine is 15% more fuel-efficient than previous models, resulting in reduced emissions of carbon dioxide, nitrogen oxide and other gases and lower noise pollution. IHI has approximately a 15% stake in the program, with responsibility for the design and manufacture of the low-pressure turbine module and the aft part of the high-pressure compressor, which are key components in the engine. IHI plans to produce around 300 units in the current fiscal year in response to strong demand of Boeing 787.

The IHI Group has decided to participate in an engine program for the GE9X civil aircraft engine (used in Boeing 777X, the next-generation model of Boeing 777) and the development is fully underway.

Notwithstanding the aforementioned efforts, although the IHI Group was expecting to achieve the growth target for business scale under "Group Management Policies 2013," which aims for profit growth by expanding the business scale, it has now become extremely difficult to achieve the profit target. After reflecting on the reasons for this, the IHI Group will take action to strengthen the revenue effectively. With this goal in mind, the IHI Group announced on November 4, 2015 "Group Management Policies 2016 (Outline)," which puts forward the following policies: 1) Improve effectiveness of 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.

Note: In the figures presented, figures in billions of yen are rounded down and other figures are rounded off to the nearest unit.

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III. Information about reporting company

1. Information about shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of authorized shares (Shares)
Common shares	3,300,000,000
Total	3,300,000,000

(ii) Issued shares

Class	Number of issued shares as of the end of the second quarter (Shares) (September 30, 2015)	Number of issued shares as of the filing date (Shares) (November 12, 2015)	Name of stock exchange on which IHI is listed or names of authorized financial instruments firms associations where IHI is registered	Description
Common shares	1,546,799,542	1,546,799,542	First Section of Tokyo Stock Exchange and Nagoya Stock Exchange, Fukuoka Stock Exchange, Sapporo Stock Exchange	Shares with full voting rights, in which shareholders have unlimited standard rights. The number of shares constituting one unit is 1,000 shares.
Total	1,546,799,542	1,546,799,542	—	—

Note: The “Number of issued shares as of the filing date” column does not include the number of shares issued upon exercise of subscription rights to shares between November 1, 2015 and the filing date of this Quarterly Securities Report.

(2) Subscription rights to shares, etc.

Subscription rights to shares issued by IHI during the second quarter of the fiscal year ending March 31, 2016 are as follows.

Date of resolution	July 21, 2015
Number of subscription rights to shares (Units)	242
Number of treasury subscription rights to shares included in subscription rights to shares (Units)	—
Class of shares underlying subscription rights to shares	Common shares Number of shares per unit: 1,000 shares
Number of shares underlying subscription rights to shares (Shares)	242,000
Amount to be paid in to exercise subscription rights to shares (Yen)	1
Period for exercising subscription rights to shares	From August 11, 2015 to August 10, 2045
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of subscription rights to shares (Yen)	Issue price: 414 Additional paid-in capital per share: 207
Conditions for exercising subscription rights to shares	(Note 1)
Matters relating to transfer of subscription rights to shares	Acquisition of the subscription rights to shares by transfer shall be subject to approval of IHI’s Board of Directors.
Matters relating to substitute payment	—
Matters relating to granting of subscription rights to shares in association with acts of organizational restructuring	(Note 2)

Notes: 1. Conditions for exercising subscription rights to shares

- (1) Subscription rights to shares shall be exercisable for five (5) years from the date one (1) year after a director or an executive officer lost its position (in the event that such individual assumes the position of corporate auditor within one (1) year after he/she resigns as director or executive officer, the date he/she lost its position as corporate auditor) (“Exercise Start Date”).

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- (2) Notwithstanding the above (1), in the event of the following (a) or (b), subscription rights to shares shall be exercisable for the period stipulated below. (However, (b) does not apply to subscription rights to shares issued by a reorganized company.)
 - (a) In the event that the Exercise Start Date does not become effective by August 10, 2044:
From August 11, 2044 to August 10, 2045
 - (b) In the event that a merger agreement (under which IHI becomes an absorbed company) or an equity-swap agreement and/or an equity transfer plan (under which IHI becomes a wholly-owned subsidiary of another company) is approved at a General Meeting of Shareholders of IHI (or at a Board of Director meeting or by the Chief Executive Officer if a decision at a general meeting of shareholders is not necessary):
Fifteen (15) days from the following day of such decision
- (3) A holder of subscription rights to shares who relinquishes his/her subscription rights to shares shall not be able to exercise such rights.

2. Matters relating to granting subscription rights to shares in association with acts of organizational restructuring

In cases where IHI merges (limited to cases where IHI is to be extinguished as a result of the merger), splits and absorbs or splits and incorporates (limited to cases where IHI becomes the split company in either case), or equity swaps or transfers (limited to cases where IHI becomes a wholly-owned subsidiary in either case) (collectively, hereinafter, "Reorganization"), IHI shall, in each case, grant subscription rights to shares of the companies as listed in Article 236, paragraph 1, item (viii), sub-items (a) to (e) of the Companies Act (hereinafter, the "Company Subject to Reorganization") to holders of subscription rights to shares that have subscription rights to shares existing immediately before the effective date of the Reorganization, which is either the effective date of absorption-type merger when it is an absorption-type merger, the consolidation date of a company as a result of the consolidated-type merger when it is a consolidated-type merger, the effective date of absorption-type company split when it is an absorption-type company split, the incorporation date of a company as a result of the incorporation-type company split when it is an incorporation-type company split, the effective date of equity swap when it is an equity swap, or the incorporation date of a wholly-owning parent company as a result of the equity transfer when it is an equity transfer (hereinafter, "Remaining Subscription Rights to Shares"). In this event, the Remaining Subscription Rights to Shares shall become null and void, and the Company Subject to Reorganization shall newly issue subscription rights to shares. However, it is subject to a condition that the provision that the subscription rights to shares of the Company Subject to Reorganization shall be delivered pursuant to the provisions of the items below is specified in the absorption-type merger contract, consolidated-type merger contract, absorption-type company split contract, incorporation-type company split plan, equity swap contract or equity transfer plan.

- (1) Number of subscription rights to shares of the Company Subject to Reorganization to be granted
The same number of subscription rights to shares as that of Remaining Subscription Rights to Shares held by a holder of subscription rights to shares.
- (2) Class of shares of the Company Subject to Reorganization underlying subscription rights to shares
Common shares of the Company Subject to Reorganization.
- (3) Number of shares of the Company Subject to Reorganization underlying subscription rights to shares
To be determined in the same manner as the matters set forth in the number of Remaining Subscription Rights to Shares, taking into consideration the terms and conditions of Reorganization.
- (4) Value of property to be contributed when subscription rights to shares are exercised
The value of the property to be contributed when each subscription right to shares to be granted is exercised shall be the amount obtained by multiplying the paid-in amount after Reorganization as specified below by the number of shares of the Company Subject to Reorganization underlying each subscription right to shares, which is decided pursuant to (3) above. The paid-in amount after Reorganization shall be ¥1 per share of the shares of the Company Subject to Reorganization that would be granted by exercising the granted subscription rights to shares.
- (5) Period during which subscription rights to shares can be exercised
From the latter of the start date of the period during which subscription rights to shares can be exercised as specified in the above table and the effective date of Reorganization, until the expiry date of the period during which such subscription rights to shares can be exercised as specified in the above table.
- (6) Matters relating to capital stock and legal capital surplus that will be increased in the event of issuance of shares upon exercise of subscription rights to shares
To be determined in accordance with the matters set forth for the Remaining Subscription Rights to Shares.
- (7) Restrictions on transferring of subscription rights to shares
Transfer and acquisition of subscription rights to shares shall require the approval by resolution of the Board of Directors of the Company Subject to Reorganization.
- (8) Provisions for acquiring subscription rights to shares
To be determined in accordance with the matters set forth for the Remaining Subscription Rights to Shares.
- (9) Other conditions for exercising subscription rights to shares
To be determined in the same manner as Note 1. above.

(3) Exercises, etc. of moving strike convertible bonds, etc.

Not applicable.

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(4) Description of rights plan

Not applicable.

(5) Changes in number of issued shares, capital stock, etc.

Period	Changes in number of issued shares (Thousand shares)	Ending balance of number of issued shares (Thousand shares)	Changes in capital stock (Millions of yen)	Ending balance of capital stock (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Ending balance of legal capital surplus (Millions of yen)
From July 1, 2015 to September 30, 2015	–	1,546,799	–	107,165	–	54,520

(6) Major shareholders

(As of September 30, 2015)

Name	Address	Number of shares held (Thousand shares)	Shareholding ratio (%)
State Street Bank And Trust Company (standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services Division)	ONE LINCOLN STREET, BOSTON MA USA 02111 (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	67,270	4.34
Japan Trustee Services Bank, Ltd. (TOSHIBA Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	55,422	3.58
The Dai-ichi Life Insurance Company, Limited	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	54,060	3.49
Japan Trustee Services Bank, Ltd. (Holder in Trust)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	49,505	3.20
The Master Trust Bank of Japan, Ltd. (Holder in Trust)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	47,773	3.08
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	8-12, Harumi 1-chome, Chuo-ku, Tokyo	45,979	2.97
GOLDMAN, SACHS & CO. REG (standing proxy: Goldman Sachs Japan Co., Ltd.)	200 WEST STREET NEW YORK, NY, USA (10-1, Roppongi 6-chome, Minato-ku, Tokyo)	35,156	2.27
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	5TH FLOOR, TRINITY TOWER 9, THOMAS MORE STREET LONDON, E1W 1YT, UNITED KINGDOM (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	25,160	1.62
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	24,897	1.60
IHI Customer Stock Ownership Association	1-1, Toyosu 3-chome, Koto-ku, Tokyo	24,641	1.59
Total	–	429,866	27.79

Notes: 1. The figures of “Number of shares held” and “Shareholding ratio (%)” in the above table are rounded down to one unit.

2. Shares held by Japan Trustee Services Bank, Ltd. (TOSHIBA Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited), Japan Trustee Services Bank, Ltd. (Holder in Trust), The Master Trust Bank of Japan, Ltd. (Holder in Trust), and Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. are held through trusts.

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(7) Voting rights

(i) Issued shares

(As of September 30, 2015)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (others)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Shares in treasury) Common shares 3,095,000	–	This is IHI's standard shares whose holders have unlimited rights.
	(Reciprocally held shares) Common shares 157,000	–	Same as above
Shares with full voting rights (others)	Common shares 1,541,028,000	1,541,028	Same as above
Shares less than one unit	Common shares 2,519,542	–	Shares less than one unit (1,000 shares)
Number of issued shares	1,546,799,542	–	–
Total number of voting rights	–	1,541,028	–

- Notes: 1. Common shares in “Shares less than one unit” include 32 shares of treasury shares held by IHI.
2. Common shares in “Shares with full voting rights (others)” include 7,000 shares whose ownership has yet not been transferred and which have been registered in the name of Japan Securities Depository Center. These shares constitute seven units of voting rights, which are included in the figure in “Number of voting rights.”

(ii) Treasury shares, etc.

(As of September 30, 2015)

Name of shareholders	Address of shareholders	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total shares held (Shares)	Ownership percentage to the total number of issued shares (%)
(Shares in treasury) IHI Corporation	1-1, Toyosu 3-chome, Koto-ku, Tokyo	3,095,000	–	3,095,000	0.20
(Reciprocally held shares) Kondo Tekko Co., Ltd.	10-5, Yaesu 2-chome, Chuo-ku, Tokyo	142,000	–	142,000	0.01
MINAGAWA NOUKI SEIZOU Co., Ltd.	20-13, Tajima 2-chome, Sanjyo-shi, Niigata	15,000	–	15,000	0.00
Total		3,252,000	–	3,252,000	0.21

2. Information about directors and auditors

Not applicable.

Note: In “III. Information about reporting company,” monetary amounts less than one unit are rounded down.

(Translation purposes only)

IV. Financial information

1. Basis of preparation of the consolidated quarterly financial statements

The quarterly consolidated financial statements of IHI are prepared in accordance with the “Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007).

2. Audit attestation

The quarterly consolidated financial statements for the second quarter of the fiscal year ending March 31, 2016 (from July 1, 2015 to September 30, 2015) and six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015) were reviewed by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

(Translation purposes only)

1. Quarterly Consolidated financial statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	March 31, 2015	September 30, 2015
Assets		
Current assets		
Cash and deposits	94,549	91,259
Notes and accounts receivable - trade	*2 438,260	*2 418,611
Securities	205	1,405
Finished goods	24,939	27,708
Work in process	249,362	300,669
Raw materials and supplies	125,000	129,602
Other	127,768	136,513
Allowance for doubtful accounts	(6,357)	(5,714)
Total current assets	1,053,726	1,100,053
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	145,642	145,380
Other, net	211,983	207,790
Total property, plant and equipment	357,625	353,170
Intangible assets		
Goodwill	23,301	21,917
Other	27,200	25,938
Total intangible assets	50,501	47,855
Investments and other assets		
Investment securities	167,138	163,823
Other	63,758	64,426
Allowance for doubtful accounts	(1,866)	(2,028)
Total investments and other assets	229,030	226,221
Total non-current assets	637,156	627,246
Total assets	1,690,882	1,727,299
Liabilities		
Current liabilities		
Notes and accounts payable - trade	300,148	260,425
Short-term loans payable	114,135	160,413
Commercial papers	17,000	45,000
Income taxes payable	23,162	7,479
Advances received	125,170	157,663
Provision for bonuses	26,687	26,365
Provision for construction warranties	36,804	40,320
Provision for loss on construction contracts	28,553	48,149
Other provision	656	156
Other	123,610	121,392
Total current liabilities	795,925	867,362
Non-current liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	192,320	170,175
Net defined benefit liability	157,986	160,590
Provision for loss on subsidiaries and affiliates	22,590	21,809
Other provision	1,186	1,178
Other	91,280	87,363
Total non-current liabilities	535,362	511,115
Total liabilities	1,331,287	1,378,477

(Translation purposes only)

(Millions of yen)

	March 31, 2015	September 30, 2015
Net assets		
Shareholders' equity		
Capital stock	107,165	107,165
Capital surplus	54,438	54,436
Retained earnings	152,563	143,984
Treasury shares	(655)	(618)
Total shareholders' equity	313,511	304,967
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,622	13,104
Deferred gains or losses on hedges	(743)	(198)
Revaluation reserve for land	5,166	5,169
Foreign currency translation adjustment	14,783	14,624
Remeasurements of defined benefit plans	(3,545)	(2,910)
Total accumulated other comprehensive income	32,283	29,789
Subscription rights to shares	747	809
Non-controlling interests	13,054	13,257
Total net assets	359,595	348,822
Total liabilities and net assets	1,690,882	1,727,299

(Translation purposes only)

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
Quarterly consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	616,144	688,271
Cost of sales	503,149	594,085
Gross profit	112,995	94,186
Selling, general and administrative expenses	*1 84,061	*1 93,917
Operating income	28,934	269
Non-operating income		
Interest income	254	435
Dividend income	1,014	809
Share of profit of entities accounted for using equity method	1,277	1,207
Foreign exchange gains	7,124	–
Other income	1,472	2,170
Total non-operating income	11,141	4,621
Non-operating expenses		
Interest expenses	2,076	2,095
Foreign exchange losses	–	2,023
Other expenses	5,662	4,802
Total non-operating expenses	7,738	8,920
Ordinary income (loss)	32,337	(4,030)
Income (loss) before income taxes	32,337	(4,030)
Income taxes	10,945	(887)
Profit (loss)	21,392	(3,143)
Profit attributable to non-controlling interests	446	764
Profit (loss) attributable to owners of parent	20,946	(3,907)

(Translation purposes only)

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit (loss)	21,392	(3,143)
Other comprehensive income		
Valuation difference on available-for-sale securities	3,874	(3,043)
Deferred gains or losses on hedges	(562)	449
Revaluation reserve for land	–	6
Foreign currency translation adjustment	(3,077)	182
Remeasurements of defined benefit plans, net of tax	942	522
Share of other comprehensive income of entities accounted for using equity method	(54)	(372)
Total other comprehensive income	1,123	(2,256)
Comprehensive income	22,515	(5,399)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,507	(6,565)
Comprehensive income attributable to non- controlling interests	8	1,166

(Translation purposes only)

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income (loss) before income taxes	32,337	(4,030)
Depreciation	24,572	26,970
Depreciation and amortization on other	1,377	2,131
Increase (decrease) in allowance for doubtful accounts	189	(447)
Increase (decrease) in provision for bonuses	(576)	(333)
Increase (decrease) in provision for construction warranties	538	3,571
Increase (decrease) in provision for loss on construction contracts	4,029	19,606
Increase (decrease) in net defined benefit liability	4,061	3,255
Interest and dividend income	(1,268)	(1,244)
Interest expenses	2,076	2,095
Foreign exchange losses (gains)	236	(564)
Loss (gain) on sales of short-term and long-term investment securities	(211)	(111)
Loss (gain) on valuation of short-term and long-term investment securities	557	17
Share of (profit) loss of entities accounted for using equity method	(1,277)	(1,207)
Loss (gain) on disposal of property, plant and equipment	619	341
Decrease (increase) in notes and accounts receivable - trade	19,609	18,977
Increase (decrease) in advances received	25,739	32,350
Decrease (increase) in advance payments	4,304	(8,033)
Decrease (increase) in inventories	(67,606)	(58,802)
Increase (decrease) in notes and accounts payable - trade	(19,869)	(38,593)
Increase (decrease) in accrued expenses	1,961	1,545
Decrease (increase) in other current assets	(3,026)	(11,996)
Increase (decrease) in other current liabilities	(5,347)	(1,993)
Decrease (increase) in consumption taxes refund receivable	(10,826)	8,847
Other, net	979	(909)
Subtotal	13,177	(8,557)
Interest and dividend income received	2,840	2,810
Interest expenses paid	(2,223)	(2,117)
Income taxes paid	(15,065)	(16,166)
Net cash provided by (used in) operating activities	(1,271)	(24,030)

(Translation purposes only)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from investing activities		
Decrease (increase) in time deposits	724	(1,908)
Purchase of short-term and long-term investment securities	(5,638)	(3,247)
Purchase of shares of subsidiaries	(926)	–
Proceeds from sales and redemption of short-term and long-term investment securities	4,222	500
Purchase of property, plant and equipment and intangible assets	(34,507)	(25,456)
Gain (loss) on sales or disposal of property, plant and equipment and intangible assets	106	228
Purchase of shares and investments of subsidiaries resulting in change in scope of consolidation	(4,514)	–
Decrease (increase) in short-term loans receivable	508	1,540
Payments of long-term loans receivable	(84)	(34)
Collection of long-term loans receivable	26	26
Decrease (increase) in other investments	(4,095)	(613)
Increase (decrease) in other non-current liabilities	4,573	587
Other, net	(135)	17
Net cash provided by (used in) investing activities	(39,740)	(28,360)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	18,324	32,386
Net increase (decrease) in commercial papers	18,000	28,000
Proceeds from long-term loans payable	38,087	12,261
Repayments of long-term loans payable	(16,553)	(19,636)
Proceeds from issuance of bonds	20,000	–
Redemption of bonds	(20,000)	–
Proceeds from sales and leasebacks	250	612
Repayments of lease obligations	(1,889)	(1,906)
Decrease (increase) in treasury shares	(3)	(4)
Cash dividends paid	(9,223)	(4,621)
Proceeds from share issuance to non-controlling shareholders	32	1,061
Dividends paid to non-controlling interests	(1,219)	(2,087)
Net cash provided by (used in) financing activities	45,806	46,066
Effect of exchange rate change on cash and cash equivalents	(864)	454
Net increase (decrease) in cash and cash equivalents	3,931	(5,870)
Cash and cash equivalents at beginning of period	62,604	92,527
Increase in cash and cash equivalents from consolidation of non-consolidated subsidiaries	317	272
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	357
Cash and cash equivalents at end of period	*1 66,852	*1 87,286

(Translation purposes only)

Notes to Consolidated financial statements

(Change in scope of consolidation or scope of application of equity method)

(1) Significant change in scope of consolidation

From the first quarter of the fiscal year ending March 31, 2016, Livecon Engineering Co., Ltd., IHI NeoG Algae LLC., MEISEI MANAGEMENT SERVICE CO., LTD., and IHI ASIA PACIFIC (Thailand) CO., LTD. are newly included in the scope of consolidation because their materiality within the IHI Group have increased, while Kanto Segment Co., Ltd. was excluded from the scope of consolidation because it was merged into IHI CONSTRUCTION MATERIALS Co., Ltd. and ceased to exist.

(2) Significant change in application of scope of equity method

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Business Combinations and other regulations)

Effective from the first quarter ended June 30, 2015, 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 first quarter ended June 30, 2015, 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 quarterly consolidated financial statements for the quarterly period 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.” To reflect these changes, IHI has reclassified its quarterly and full-year consolidated financial statements for the first six months of the previous fiscal year and the previous fiscal year.

In the consolidated statements of cash flows for the six months under review, cash flows concerning costs for the purchase of shares and investments of subsidiaries resulting in change in scope of consolidation, as well as costs for the purchase or sale of shares and investments of subsidiaries not resulting in change in scope of consolidation, are classified under cash flows from operating activities.

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 first quarter ended June 30, 2015.

As a result, the impact on operating income, ordinary loss and loss before income taxes for the six months under review is immaterial.

(Special accounting for preparing quarterly consolidated financial statements)

(Tax expense calculation)

Tax expenses on income before income taxes for the six months under review are calculated by multiplying income before income taxes for the six months under review by the reasonably estimated effective tax rate for the fiscal year including the second quarter under review after applying tax effect accounting. Should the estimated effective tax rate be unavailable, however, tax expenses are calculated using the statutory tax rate for income before income taxes for the six months under review.

The deferred income taxes amount is shown inclusive of income taxes.

(Translation purposes only)

(Quarterly consolidated balance sheet)

1. Contingent liabilities

IHI provides guarantees and guarantees in kind for the debts etc. from financial institutions by the following subsidiaries and affiliates.

(1) Guarantees for debt of others (Note: 1)

(Millions of yen)			
March 31, 2015		September 30, 2015	
Estaleiro Atlântico Sul S.A. (Note: 2)	19,413	Estaleiro Atlântico Sul S.A. (Note: 2)	10,879
Japanese Aero Engines Corporation (“JAEC”)	7,729	Japanese Aero Engines Corporation (“JAEC”)	8,119
UNIGEN Inc.	6,300	UNIGEN Inc.	7,800
ALPHA Automotive Technologies LLC	1,001	ALPHA Automotive Technologies LLC	789
IHI group health insurance society	787	IHI group health insurance society	787
Japan Aeroforge, Ltd.	590	Japan Aeroforge, Ltd.	590
Rio Bravo Fresno (Note: 3)	421	Rio Bravo Fresno (Note: 3)	420
Rio Bravo Rocklin (Note: 3)	409	Rio Bravo Rocklin (Note: 3)	408
IHI Logistics System Technology Shanghai Co., Ltd.	193	Contingent liabilities for employee housing loans	74
Contingent liabilities for lease contracts with customers of construction machineries	82	Contingent liabilities for lease contracts with customers of construction machineries	72
Contingent liabilities for employee housing loans	76	Chubu Segment Co., Ltd.	25
Chubu Segment Co., Ltd.	25		
Total	37,026	Total	29,963

(2) Contingent liabilities arising from guarantees in kind for debts

(Millions of yen)			
March 31, 2015		September 30, 2015	
Contingent liabilities for employee housing loans	8,109	Contingent liabilities for employee housing loans	7,755
IHI group health insurance society	837	IHI group health insurance society	837
Total	8,946	Total	8,592

Notes: 1. In any of the following cases, the amount represents the amounts for which the IHI Group is liable:

- (i) In the case of joint guarantees and guarantees in kind for debts with protection requirements against creditors, where the IHI Group's liabilities are specifically stated and clarified regardless of the debt capacity of other guarantors in the contract.
 - (ii) In the case of joint and several guarantees in which there are two or more guarantors, where the percentage or amount of the IHI Group's liabilities is specifically stated and clarified such as in agreement among the guarantors and other joint and several guarantors are considered to have sufficient debt capacity.
2. Provision for loss on subsidiaries and affiliates has been recorded based on guarantee obligations for Estaleiro Atlântico Sul S.A.
 3. The contracts are revolving guarantees in which guarantees are provided within certain limits set to guarantee debts on continuous transactions, and the amount represents guarantee facilities.

(Translation purposes only)

*2. Notes receivable - trade discounted in the ordinary course of business and notes receivable - trade endorsed in the ordinary course of business

	(Millions of yen)	
	March 31, 2015	September 30, 2015
Notes receivable - trade discounted in the ordinary course of business	200	360
Notes receivable - trade endorsed in the ordinary course of business	1	-

(Quarterly consolidated statement of income)

*1 Major selling general and administrative expense

The major items and amounts in selling general and administrative expense are as follows:

	(Millions of yen)	
	Six months ended September 30, 2014	Six months ended September 30, 2015
Expenses in taking orders received	6,999	7,300
Provision of allowance for doubtful accounts	146	(384)
Salaries for directors and employees (Note)	34,648	35,083
Traveling and transportation expenses	3,441	3,512
Research and development expenses	11,827	16,339
Business consignment expenses	3,370	3,875
Contribution for expenses common to all business segments	1,956	2,249
Depreciation	3,494	4,594

Note: Salaries for directors and employees, included in provision for bonuses are ¥6,080 million and ¥6,454 million and retirement benefit expense, are ¥2,541 million and ¥2,361 million for the six months ended September 30, 2014 and 2015, respectively.

(Quarterly consolidated statement of cash flows)

*1 A reconciliation of cash and cash equivalents to the amounts shown in the quarterly consolidated balance sheet

	(Millions of yen)	
	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash and deposits	68,440	91,259
Time deposits due in more than three months	(1,344)	(3,842)
Collateral deposits	(249)	(136)
Investment trusts included in marketable securities	5	5
Cash and cash equivalents	66,852	87,286

(Shareholders' equity)

I. Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

1. Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Cut off date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders on June 27, 2014	Common stock	9,261	6	March 31, 2014	June 30, 2014	Retained earnings

2. Dividends which the cut off date was in the six months ended September 30, 2014 and the effective date of which is after the end of the second quarter of the fiscal year ended March 31, 2015

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Cut off date	Effective date	Source of dividends
Meeting of the Board of Directors on November 5, 2014	Common stock	4,631	3	September 30, 2014	December 4, 2014	Retained earnings

(Translation purposes only)

II. Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

1. Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Cut off date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders on June 25, 2015	Common stock	4,631	3	March 31, 2015	June 26, 2015	Retained earnings

2. Dividends which the cut off date was in the six months ended September 30, 2015 and the effective date of which is after the end of the second quarter of the fiscal year ending March 31, 2016

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Cut off date	Effective date	Source of dividends
Meeting of the Board of Directors on November 4, 2015	Common stock	4,631	3	September 30, 2015	December 4, 2015	Retained earnings

(Translation purposes only)

(Segment information)

Segment information

I. Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

1. Information about sales and profit or loss by reportable segment

(Millions of yen)

	Reportable Segment					Others (Note 1)	Consolidated	Adjustment (Note 2)	Amount on the consolidated statements of income
	Resources, Energy and Environment	Social Infrastructure and Offshore Facility	Industrial System and General- Purpose Machinery	Aero Engine, Space and Defense	Total				
Sales:									
(1) Sales to outside customers	163,568	76,873	184,355	176,970	601,766	14,378	616,144	–	616,144
(2) Intersegment sales and transfers	2,677	1,275	6,087	1,963	12,002	10,709	22,711	(22,711)	–
Total	166,245	78,148	190,442	178,933	613,768	25,087	638,855	(22,711)	616,144
Segment profit (loss) (Operating income (loss))	3,231	263	5,610	21,741	30,845	(7)	30,838	(1,904)	28,934

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 ¥30 million and unallocated corporate expenses of negative ¥1,934 million.

Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.

2. Information about impairment loss of non-current assets, goodwill and negative goodwill by reportable segment

(Material impairment loss of non-current assets)

Not applicable.

(Material change in goodwill amount)

In the Resources, Energy and Environment segment, the companies IHI Southwest Technologies, Inc. and NitroCision, LLC have been made consolidated subsidiaries of IHI due to their increased materiality. ¥318 million of gain on goodwill was recognized by this event in the six months ended September 30, 2014.

Furthermore, in the Resources, Energy and Environment segment, Steinmüller Engineering GmbH became a consolidated subsidiary when it was acquired by IHI. ¥4,706 million of gain on goodwill was recognized by this event in the six months ended September 30, 2014.

(Material gain on negative goodwill)

Not applicable.

(Translation purposes only)

II. Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

1. Information about sales and profit or loss by reportable segment

(Millions of yen)

	Reportable Segment					Others (Note 1)	Consolidated	Adjustment (Note 2)	Amount on the consolidated statements of income
	Resources, Energy and Environment	Social Infrastructure and Offshore Facility	Industrial System and General- Purpose Machinery	Aero Engine, Space and Defense	Total				
Sales:									
(1) Sales to outside customers	207,593	65,278	185,229	214,943	673,043	15,228	688,271	–	688,271
(2) Intersegment sales and transfers	2,372	1,217	5,060	1,635	10,284	10,497	20,781	(20,781)	–
Total	209,965	66,495	190,289	216,578	683,327	25,725	709,052	(20,781)	688,271
Segment profit (loss) (Operating income (loss))	5,230	(34,562)	3,938	31,023	5,629	(157)	5,472	(5,203)	269

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 ¥615 million and unallocated corporate expenses of negative ¥4,588 million.

Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.

Main businesses, products and services belonging to each segment are as follows:

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. Information about impairment loss of non-current assets, goodwill and negative goodwill by reportable segment

(Material impairment loss of non-current assets)

Not applicable.

(Material change in goodwill amount)

Not applicable.

(Material gain on negative goodwill)

Not applicable.

(Translation purposes only)

(Per share information)

Basic earnings (loss) per share and diluted earnings per share as well as fundamentals for calculating these items are as follows:

	Six months ended September 30, 2014	Six months ended September 30, 2015
(1) Basic earnings (loss) per share (Yen)	13.57	(2.53)
(Fundamentals)		
Amounts for profit (loss) attributable to owners of parent (Millions of yen)	20,946	(3,907)
Amounts for non-common shareholders (Millions of yen)	–	–
Amounts for profit (loss) attributable to owners of parent regarding common stock (Millions of yen)	20,946	(3,907)
Average number of shares of common stock (Thousands of shares)	1,543,499	1,543,542
(2) Diluted earnings per share (Yen)	13.55	–
(Fundamentals)		
Adjustment amount of profit (loss) 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)	1,780	–
Outline of potential shares which were not included in the calculation of the diluted earnings per share due to no dilutive effects, and which had no material changes after the end of the previous fiscal year	–	–

Note: Diluted earnings per share for the six months ended September 30, 2015 is not noted even though IHI has issued potential shares, because the per share data is a net loss per share.

(Significant subsequent events)

Not applicable.

2. Others

At the Board of Directors' meeting held on November 4, 2015, the following details concerning the interim dividend were resolved.

Total amount allocated for the interim dividend¥4,631 million

Dividends per share¥3

Effective date and payment dateDecember 4, 2015

Note: The payments are made to shareholders or registered pledgees of shares whose names are written in the shareholder register as of September 30, 2015.

(Translation purposes only)

Part 2. Information about company which provides guarantee to reporting company
Not applicable.