(Translation purposes only)

Quarterly Securities Report

(The Third Quarter of 201st Term)

From October 1, 2017 to December 31, 2017

IHI Corporation

(Translation purposes only)

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Clause of stipulation	Article 24-4-7, paragraph 1 of the Financial Instruments and Exchange Act
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Quarterly accounting period	The Third Quarter of 201st term (from October 1, 2017 to December 31, 2017)
Company name	株式会社ＩＨＩ (Kabushiki Kaisha IHI)
Company name in English	IHI Corporation
Title and name of representative	Tsugio Mitsuoka, President and Chief Executive Officer
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Place for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya-city) Securities Membership Corporation Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka-city) Securities Membership Corporation Sapporo Securities Exchange (14-1, Minamiichijo-nishi 5-chome, Chuo-ku, Sapporo-city)

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Part 1. Company information

I. Overview of company

1. Summary of business results

Term	200th term Nine months ended December 31, 2016	201st term Nine months ended December 31, 2017	200th term
Accounting period	From April 1, 2016 To December 31, 2016	From April 1, 2017 To December 31, 2017	From April 1, 2016 To March 31, 2017
Net sales (Millions of yen)	1,038,221	1,131,315	1,486,332
Ordinary profit (Millions of yen)	8,722	29,625	22,011
Profit (loss) attributable to owners of parent (Millions of yen)	(9,172)	9,842	5,247
Comprehensive income (Millions of yen)	(13,830)	18,658	4,628
Net assets (Millions of yen)	319,018	350,411	337,630
Total assets (Millions of yen)	1,717,894	1,677,178	1,692,831
Basic earnings (loss) per share (Yen)	(59.40)	63.75	33.98
Diluted earnings per share (Yen)	–	63.70	33.96
Equity ratio (%)	17.52	19.55	18.79

Term	200th term Third quarter of the fiscal year ending March 31, 2017	201st term Third quarter of the fiscal year ending March 31, 2018
Accounting period	From October 1, 2016 To December 31, 2016	From October 1, 2017 To December 31, 2017
Basic earnings (loss) per share (Yen)	(25.36)	19.18

Notes:
1. Summary of business results of the reporting company are not presented, because IHI prepares quarterly consolidated financial statements.
2. Net sales do not include consumption taxes.
3. Diluted earnings per share for the nine months ended December 31, 2016 of the 200th term is not noted even though IHI has issued potential shares, because the per share data is a net loss per share.
4. IHI conducted a consolidation of common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares) on October 1, 2017. Basic earnings (loss) per share and diluted earnings per share have been calculated under the assumption that this consolidation of common shares was conducted on April 1, 2016.
5. Monetary amounts and ratios less than one unit are rounded off.

2. Description of business

IHI and its affiliated entities (148 consolidated subsidiaries and 30 affiliates accounted for using equity method as of December 31, 2017) 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 nine months ended December 31, 2017, 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.

(Industrial System and General-Purpose Machinery)

From the first quarter of the fiscal year ending March 31, 2018, one subsidiary of IHI Hauzer Techno Coating B.V. and New Metal Engineering, LLC were excluded from the scope of consolidation because their dissolution and liquidation.

From the third quarter of the fiscal year ending March 31, 2018, IHI STAR Machinery Corporation was excluded from the scope of consolidation because it was merged into IHI Agri-Tech Corporation (formerly IHI Shibaura Machinery Corporation) and ceased to exist.

(Others)

From the first quarter of the fiscal year ending March 31, 2018, IHI New Energy Inc. was excluded from the scope of consolidation because its dissolution and liquidation.

II. Overview of business

1. Business risks

There were no new occurrences of business risks in the nine months ended December 31, 2017.
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

(1) Licensing-in contracts

Name of Contracting Company	Name of Counterparty	Country	Licensed Products	Details	Contract Period
IHI Rotating Machinery Engineering Co., Ltd. (Consolidated subsidiary)	ABB TURBO SYSTEMS LTD.	Switzer land	Turbocharger	Exclusive manufacturing rights in Japan	From September 24, 1998 until date that JV ends

Note: The contracting company in the above contract changed from IHI Corporation to IHI Rotating Machinery Engineering Co., Ltd. as the result of an absorption-type merger carried out on October 1, 2017, whereby IHI's Rotating machine Business was integrated into IHI Compressor and Machinery Co., Ltd. and that company changed its name to IHI Rotating Machinery Engineering Co., Ltd.

There has not been any change in substance to the contract details.

A material contract that has been renewed by extending the contract period in the nine months ended December 31, 2017 is as following.

Name of Contracting Company	Name of Counterparty	Country	Licensed Products	Details	Contract Period
Diesel United, Ltd. (Consolidated subsidiary)	MAN Diesel & Turbo France SAS	France	General-purpose medium-speed diesel engine	Acquisition of non-exclusive rights for the manufacture and sale of licensed products	From January 1, 2011 to December 31, 2018

Note:In the contract listed above, the original contract period that was to January 1, 2018 was extended to December 31, 2018.

(2) Licensing-out contracts

Name of Contracting Company	Name of Counterparty	Country	Licensed Products	Details	Contract Period
IHI Agri-Tech Corporation (Consolidated subsidiary)	Perkins Shibaura Engines (Wuxi) Co., Ltd.	China	Diesel engine	Licensing of exclusive implementation rights for technologies related to licensed product	From January 1, 2009 to August 1, 2020

Note: The contracting company in the above contract changed from IHI Shibaura Machinery Corporation to IHI Agri-Tech Corporation as the result of a merger carried out on October 1, 2017, whereby IHI Shibaura Machinery Corporation absorbed IHI STAR Machinery Corporation and changed its name to IHI Agri-Tech Corporation.

There has not been any change in substance to the contract details.

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 December 31, 2017.

(1) Overview of business results

During the nine months under review, the Japanese economy continued to be on a modest recovery track, as there were an increase in capital investment and a pick-up in private consumption, among other factors. The global economy also continued to grow overall, most notably in Europe and the U.S., while China and emerging countries were also strong, despite rising uncertainties from the trend of U.S. policies and geopolitical risks such as those in East Asia.

Under this business environment, orders received of the IHI Group during the nine months increased 5.3% from the previous corresponding period to ¥977.5 billion. Net sales increased 9.0% from the previous corresponding period to ¥1,131.3 billion.
In terms of profit, operating profit increased ¥32.0 billion to ¥51.5 billion, due to the resolution of the deterioration of profitability related to the F-LNG/Offshore structure Business and Boiler Business in the previous corresponding period, higher profit due to the increase in sales in each reportable segment, the improved profitability in the Civil aero engines Business, and other factors, despite the deterioration in profitability in the Process plants Business. Ordinary profit increased by a smaller amount of ¥20.9 billion to ¥29.6 billion. The smaller increase was due mainly to a deterioration in share of profit/loss of entities accounted for using equity method. Profit attributable to owners of parent was ¥9.8 billion, an increase of ¥19.0 billion from the previous corresponding period.
The deterioration of the share of profit/loss of entities accounted for using equity method is the result of the fact that the construction schedule and costs relating to LNG vessels that IHI's affiliate Japan Marine United Corporation (hereinafter, "JMU") is currently building have been revised due to process delays relating to thermal insulation work and so on.

Also effective from the fiscal year under review, the closing date of the fiscal year of certain overseas consolidated subsidiaries has been changed from December 31 to March 31. As a result, those consolidated subsidiaries have a 12-month accounting period. The impact of these changes was an increase of ¥57.9 billion in net sales and an increase of ¥1.4 billion in operating profit (an increase of ¥25.2 billion in net sales and an increase of ¥2.7 billion in operating profit in previous fiscal year).

Results by reportable segment for the nine months ended December 31, 2017 are as follows:

(Billions of yen)

Reportable segment	Orders received			Nine months ended December 31, 2016		Nine months ended December 31, 2017		Change from the previous corresponding period (%)	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Change from the previous corre-sponding period (%)	Sales	Operating Profit (loss)	Sales	Operating Profit (loss)	Sales	Operating Profit (loss)
Resources, Energy and Environment	269.8	265.1	(1.7)	297.3	(15.8)	351.8	(10.7)	18.3	–
Social Infrastructure and Offshore Facility	91.1	104.5	14.7	107.5	(16.7)	104.6	8.4	(2.7)	–
Industrial System and General-Purpose Machinery	318.6	352.6	10.7	298.5	11.2	331.4	10.9	11.0	(3.2)
Aero Engine, Space and Defense	234.1	235.8	0.7	322.6	41.6	326.5	46.7	1.2	12.4
Total Reportable Segment	913.7	958.2	4.9	1,026.1	20.3	1,114.6	55.4	8.6	172.6
Others	50.0	55.4	10.9	48.7	1.0	46.3	0.8	(5.1)	(12.8)
Adjustment	(35.0)	(36.1)	–	(36.7)	(1.8)	(29.6)	(4.7)	–	–
Total	928.7	977.5	5.3	1,038.2	19.4	1,131.3	51.5	9.0	164.5

<Resources, Energy and Environment>

Orders received declined from the previous corresponding period in the Process plants Business and the Nuclear power Business, while increased in the Boiler Business.

Sales increased owing to the progress of large-scale projects in the Process plants Business, and increased sales in the Boiler Business, the Nuclear power Business and the Power systems for land and marine use Business, and partly from the effect of the financial reporting periods unification (hereinafter “FRPU”).

In terms of operating profit/loss, there was a reduced deficit from the previous corresponding period due to solving the issue of the deterioration of profitability in the Boiler Business and the above-mentioned increases in sales, despite the deterioration of profitability in the Process plants Business.

<Social Infrastructure and Offshore Facility>

Orders received increased from the previous corresponding period as a result of receiving an order for the Mumbai Trans Harbour Link project in the Bridge/water gate Business, while declined in the Shield systems Business.

Sales declined in the F-LNG/Offshore structure Business and the Transport system Business, despite an increase in sales owing to effects of integration and construction progress in the Shield systems Business.

Operating profit was in the black mainly as a result of eliminating the deficit in the F-LNG/Offshore structure Business recorded in the previous corresponding period.

<Industrial System and General-Purpose Machinery>

Orders received increased in the Vehicular turbocharger Business and the Thermal and surface treatment Business.

Sales increased owing to increases in the number of units sold in China for the Vehicular turbocharger Business, the effect of FRPU, and so on.

Operating profit was at the same level as the previous corresponding period, mainly due to an increase in selling, general and administrative expenses, despite the above-mentioned increases in sales.

<Aero Engine, Space and Defense>

Orders received were at the same level as the previous corresponding period, due to an increase in the Civil aero engines Business, despite a decline in the Defense systems Business.

Sales increased from the previous corresponding period for the Civil aero engines Business and the Rocket systems/space utilization systems Business.

Operating profit increased mainly due to an increase in spare parts and the positive turn in foreign exchange in the Civil aero engines Business, despite the deterioration of profitability resulting from sales increase in the new PW1100G engine and an increase in selling, general and administrative expenses.

(2) Analysis of financial position

Total assets at the end of the third quarter under review were ¥1,677.1 billion, down ¥15.6 billion compared with the end of the previous fiscal year. The items with the most significant decreases were notes and accounts receivable - trade, down ¥42.4 billion, investment securities, down ¥20.6 billion, and other current assets, down ¥10.3 billion. The item with the most significant increase was work in process, up ¥56.8 billion.
Total liabilities were ¥1,326.7 billion, a decrease of ¥28.4 billion compared with the end of the previous fiscal year. The items with the most significant decreases were other current liabilities, down ¥27.6 billion, long-term loans payable, down ¥24.7 billion, provision for loss on construction contracts, down ¥14.0 billion, and advances received, down ¥11.5 billion. The items with the most significant increases were commercial papers, up ¥25.0 billion, income taxes payable, up ¥12.8 billion, and notes and accounts payable - trade, up ¥11.5 billion.
Net assets were ¥350.4 billion, up ¥12.7 billion compared with the end of the previous fiscal year. This includes profit attributable to owners of parent of ¥9.8 billion, an increase of ¥3.9 billion in foreign currency translation adjustment, and a decline of ¥4.6 billion due to dividends of surplus.
As a result of the above, the ratio of equity to total assets rose from 18.8% at the end of the previous fiscal year to 19.6%.

(3) 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 third quarter ended December 31, 2017, the balance of interest bearing liabilities, including lease obligations, was ¥362.7 billion, down ¥9.1 billion from the end of the previous fiscal year. This primarily reflected collected accounts receivable and investments by selling investment securities.

At the end of the third quarter ended December 31, 2017, the outstanding balance of cash and cash equivalents was ¥108.5 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 IHI Group has secured sufficient liquidity.

(4) Research and development activities

In the nine months ended December 31, 2017, the IHI Group spent ¥24.2 billion on R&D. There were no significant changes in the status of R&D activities of the IHI Group in the nine months ended December 31, 2017.

(5) Management Policies, Management strategies, and Issues to be addressed

There were no significant changes with respect to management policies, management strategies, and issues to be addressed in the nine months ended December 31, 2017.

The IHI Group has started “Group Management Policies 2016,” a three-year medium-term management plan with fiscal year 2016 as the first year. In order to realize “strengthen earnings foundations” indicated in the Policies, a variety of initiatives are being implemented in line with the following four guidelines: 1) strengthen Monozukuri (Manufacturing) capabilities, including product quality, 2) strengthen business strategy implementation, 3) create a system to ensure consistent construction profitability, 4) provide solutions focused on creating customer value and offer more sophisticated products and services.
For the fiscal year under review, working to the slogan “restore trust and drive change,” the IHI Group is striving for the certain achievement of full-year results forecasts and management targets for fiscal 2018 set forth in “Group Management Policies 2016.” While setting up precautions against downside risk in operational performance thorough risk management, the IHI Group will take measures based on the four policies mentioned above and seek to strengthen earnings foundations. In addition, the IHI Group will promote working style reforms aimed at improving labor productivity and so on.

In addition, in the IHI Group’s process plant project underway in North America, due to increased amount of materials from the initial estimation, procurement and construction costs increased. Moreover delayed process schedule came out and it has come to necessitate the review of the whole plan of its construction. After incorporating the cost required to catch up on all the processes connected with these delays into financial results, the profitability of the project has deteriorated. Conducting detailed progress management including outsourcing management, the IHI Group will reinforce of future project management system by assigning experts who have thorough knowledge of on-site construction in foreign countries, and minimize the risk of deterioration of profitability.
In regard to the deterioration of the share of profit/loss of entities accounted for using equity method, the IHI Group is reviewing the allocation of operations and the operational procedures with respect to the process delays relating to thermal insulation work on LNG vessels that JMU is constructing in order to realize overall optimization of construction schedule for the IHI Group. The IHI Group is aiming to combine the total might of the Group to complete the construction.

Concerning the IHI Group’s Nuclear power Business, IHI is engaged in the manufacture of equipment for two nuclear power plants located in the United States for major U.S. nuclear power company Westinghouse Electric Company LLC. However, for one of those nuclear power plants in South Carolina, construction has been halted. As for the other nuclear power plant in Georgia, an application for the continuation of construction has been approved by the state’s regulatory authority in December, 2017. In readiness for recommencement of this project, the IHI group is continuing to take all appropriate measures within its scope of work.

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

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	300,000,000
Total	300,000,000

Note: By resolutions of the 200th Ordinary General Meeting of Shareholders held on June 23, 2017, IHI conducted a consolidation of common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares) on October 1, 2017. As a result, the total number of authorized shares is 300,000,000 shares down 3,000,000,000 shares from 3,300,000,000 shares.

(ii) Issued shares

Class	Number of issued shares as of the end of the Third quarter (Shares) (December 31, 2017)	Number of issued shares as of the filing date (Shares) (February 14, 2018)	Name of stock exchange on which IHI is listed or names of authorized financial instruments firms associations where IHI is registered	Description
Common shares	154,679,954	154,679,954	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 100 shares.
Total	154,679,954	154,679,954	–	–

Notes: 1. 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 February 1, 2018 and the filing date of this Quarterly Securities Report.

2. By resolutions of the 200th Ordinary General Meeting of Shareholders held on June 23, 2017, IHI conducted a consolidation of common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares) on October 1, 2017. As a result, the total number of issued shares is 154,679,954 shares down 1,392,119,588 shares from 1,546,799,542 shares.

3. By resolution of the meeting of the Board of Directors held on May 19, 2017, IHI has changed the number of shares constituting one unit from 1,000 shares to 100 shares on October 1, 2017

(2) Subscription rights to shares, etc.

Not applicable

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

Not applicable

(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)
October 1, 2017(Note)	(1,392,119)	154,679	–	107,165	–	54,520

Note: By resolutions of the 200th Ordinary General Meeting of Shareholders held on June 23, 2017, IHI conducted a consolidation of common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares) on October 1, 2017.

(6) Major shareholders

The major shareholders are not presented because the current quarterly accounting period is the third quarter period.

(7) Voting rights

By resolutions of the 200th Ordinary General Meeting of Shareholders held on June 23, 2017, IHI conducted a consolidation of common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares) on October 1, 2017. As a result, the total number of issued shares is 154,679,954 shares down 1,392,119,588 shares from 1,546,799,542 shares. Also, by resolution of the meeting of the Board of Directors held on May 19, 2017, IHI has changed the number of shares constituting one unit from 1,000 shares to 100 shares on October 1, 2017.

Concerning the information on voting rights below, as IHI was unable to confirm the information stated in the shareholder register as of December 31, 2017, the information is stated not from its register; rather it is stated from the shareholder register of the immediately preceding cut-off date (September 30, 2017). Consequently, the number of shares and other information presented below are calculated without factoring in the consolidation of shares(ratio of 1 new share for every 10 old shares) and the change for the number of shares constituting one unit(from 1,000 shares to 100 shares).

(i) Issued shares

(As of September 30, 2017)

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 2,511,000	–	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 1,541,747,000	1,541,747	Same as above
Shares less than one unit	Common shares 2,384,542	–	Shares less than one unit (1,000 shares)
Number of issued shares	1,546,799,542	–	–
Total number of voting rights	–	1,541,747	–

Notes:
1. 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."
2. The number of Shares with full voting rights (others) includes 1,110,000 shares of IHI owned by a trust account for the Board Benefit Trust (BBT).
3. Common shares in "Shares less than one unit" include 641 shares of treasury shares held by IHI.

(ii) Treasury shares, etc.

(As of September 30, 2017)

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	2,511,000	–	2,511,000	0.16
(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	–	2,668,000	–	2,668,000	0.17

Notes: 1,110,000 shares of IHI owned by a trust account for the Board Benefit Trust (BBT) are not included in above shares in treasury.

2. Information about directors and auditors

Not applicable

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

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 third quarter of the fiscal year ending March 31, 2018 (from October 1, 2017 to December 31, 2017) and nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017) 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)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	118,909	110,307
Notes and accounts receivable - trade	*2 403,094	*2,*3 360,688
Finished goods	20,719	29,166
Work in process	272,823	329,628
Raw materials and supplies	123,726	126,593
Other	140,016	129,620
Allowance for doubtful accounts	(5,445)	(5,813)
Total current assets	1,073,842	1,080,189
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	136,801	132,350
Other, net	205,607	211,460
Total property, plant and equipment	342,408	343,810
Intangible assets		
Goodwill	16,166	13,315
Other	24,990	23,133
Total intangible assets	41,156	36,448
Investments and other assets		
Investment securities	134,676	114,066
Other	102,433	104,125
Allowance for doubtful accounts	(1,684)	(1,460)
Total investments and other assets	235,425	216,731
Total non-current assets	618,989	596,989
Total assets	1,692,831	1,677,178
Liabilities		
Current liabilities		
Notes and accounts payable - trade	285,937	*3 297,471
Short-term loans payable	104,111	106,285
Commercial papers	5,000	30,000
Current portion of bonds	10,000	—
Income taxes payable	5,674	18,502
Advances received	208,907	197,319
Provision for bonuses	23,714	15,316
Provision for construction warranties	47,939	57,722
Provision for loss on construction contracts	37,324	23,313
Other provision	248	376
Other	147,394	119,784
Total current liabilities	876,248	866,088
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	182,495	157,739
Net defined benefit liability	150,920	156,679
Provision for loss on business of subsidiaries and affiliates	1,149	1,199
Other provision	1,308	1,049
Other	93,081	94,013
Total non-current liabilities	478,953	460,679
Total liabilities	1,355,201	1,326,767

(Translation purposes only)

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	107,165	107,165
Capital surplus	53,510	53,512
Retained earnings	149,832	155,041
Treasury shares	(513)	(897)
Total shareholders' equity	309,994	314,821
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,892	3,463
Deferred gains or losses on hedges	(277)	(92)
Revaluation reserve for land	5,427	5,427
Foreign currency translation adjustment	1,298	5,271
Remeasurements of defined benefit plans	(1,171)	(983)
Total accumulated other comprehensive income	8,169	13,086
Subscription rights to shares	843	809
Non-controlling interests	18,624	21,695
Total net assets	337,630	350,411
Total liabilities and net assets	1,692,831	1,677,178

(Translation purposes only)

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

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	1,038,221	1,131,315
Cost of sales	879,247	932,367
Gross profit	158,974	198,948
Selling, general and administrative expenses	139,487	147,404
Operating profit	19,487	51,544
Non-operating income		
Interest income	662	1,085
Dividend income	1,537	873
Share of profit of entities accounted for using equity method	295	－
Reversal of accrued expenses for delayed delivery	3,188	－
Other income	2,498	1,908
Total non-operating income	8,180	3,866
Non-operating expenses		
Interest expenses	2,366	2,285
Share of loss of entities accounted for using equity method	－	11,087
Foreign exchange losses	3,963	139
Payments for contract adjustments for civil aero engines	1,828	*1 6,488
Expenses for delayed delivery	－	4,582
Other expenses	10,788	1,204
Total non-operating expenses	18,945	25,785
Ordinary profit	8,722	29,625
Extraordinary income		
Gain on transfer of business	－	*2 1,586
Reversal of provision for loss on business of subsidiaries and affiliates	1,644	－
Gain on bargain purchase	*3 1,079	－
Gain on transfer of shares of subsidiaries and affiliates	*4 798	－
Total extraordinary income	3,521	1,586
Extraordinary losses		
Settlement-related expenses related to boiler facilities in customer's commercial operation	－	*5 2,932
Provision for loss on guarantees	*6 9,800	－
Compensation for change of construction contracts	*7 2,248	－
Loss on valuation of investment securities	1,114	－
Total extraordinary losses	13,162	2,932
Profit (loss) before income taxes	(919)	28,279
Income taxes	5,132	14,982
Profit (loss)	(6,051)	13,297
Profit attributable to non-controlling interests	3,121	3,455
Profit (loss) attributable to owners of parent	(9,172)	9,842

(Translation purposes only)

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit (loss)	(6,051)	13,297
Other comprehensive income		
Valuation difference on available-for-sale securities	3,661	406
Deferred gains or losses on hedges	411	(111)
Foreign currency translation adjustment	(11,333)	4,256
Remeasurements of defined benefit plans, net of tax	289	80
Share of other comprehensive income of entities accounted for using equity method	(807)	730
Total other comprehensive income	(7,779)	5,361
Comprehensive income	(13,830)	18,658
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(16,251)	14,759
Comprehensive income attributable to non-controlling interests	2,421	3,899

(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, 2018, one subsidiary of IHI Hauzer Techno Coating B.V., New Metal Engineering, LLC and IHI New Energy Inc. were excluded from the scope of consolidation because their dissolution and liquidation.

From the third quarter of the fiscal year ending March 31, 2018, IHI STAR Machinery Corporation was excluded from the scope of consolidation because it was merged into IHI Agri-Tech Corporation (formerly IHI Shibaura Machinery Corporation) and ceased to exist.

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

Not applicable

(3) Changes to the fiscal year for consolidated subsidiaries

Effective from the fiscal year under review, the closing date of the fiscal year for 42 companies including IHI INC. has been changed from December 31 to March 31, and 13 companies including Wuxi IHI Turbo Co., Ltd. have been consolidated using March 31 as a provisional closing date.

As a result, for the nine months ended December 31, 2017, 55 companies including IHI INC. have a 12-month accounting period.

In the period from January 1, 2017 through March 31, 2017 included in the nine months ended December 31, 2017, net sales were ¥57,966 million, operating profit was ¥1,430 million, ordinary profit was ¥1,392 million, and profit before income taxes was ¥1,387 million.

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates and changes in accounting estimates)

(Change in method of depreciation and residual value)

Up until now, IHI and some of its consolidated subsidiaries in Japan have been using the declining-balance method (however, the straight-line method has been used for lend-lease properties, buildings acquired on or after April 1, 1998 [not including facilities attached to buildings], and both facilities attached to buildings and structures acquired on or after April 1, 2016) as the depreciation method for property, plant and equipment. However, IHI and the consolidated subsidiaries have changed the depreciation method for property, plant and equipment to the straight-line method from the first quarter under review.

The IHI Group, in line with the “Group Management Policies 2016,” a three-year medium-term management plan with fiscal 2016 as the first year, is working to secure sources of earnings by concentrating investment in growth fields in order to strengthen its earnings foundations and improve production efficiency through reform of quality systems and operational systems aimed at strengthening manufacturing capabilities and enhancement of shared Group functions.

As part of this, in addition to expansion of production capabilities targeting the launch of mass production of new aero-engine models, in all business areas there has been progress on the establishment of platforms that will enable more efficient production by utilizing ICT. Under these circumstances, based on the fact that long-term, stable operation of domestic production facilities, etc. is expected, in order to appropriately allocate costs the IHI Group has decided that it is more appropriate to use the straight-line method as the depreciation method. Furthermore, in conjunction with the change in the depreciation method, for certain property, plant and equipment, the residual value has been changed to the scrap value based on consideration of the value at the time the asset is retired.

The resulting effect on operating profit, ordinary profit and profit before income taxes for the nine months under review is immaterial.

(Special accounting for preparing quarterly consolidated financial statements)

(Tax expense calculation)

Tax expenses on profit before income taxes for the nine months under review are calculated by multiplying profit before income taxes for the nine months under review by the reasonably estimated effective tax rate for the fiscal year including the third 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 profit before income taxes for the nine months under review.

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

(Additional information)

(Performance-based share remuneration plan)

Through resolutions passed at the 200th Ordinary General Meeting of Shareholders, held on June 23, 2017, and at the Board of Directors meeting held on the same day, IHI has introduced a performance-based share remuneration plan ("Board Benefit Trust" or "BBT") for directors (excluding outside directors). The purpose of the plan is to strengthen the linkage between a portion of directors' remuneration and IHI's medium- to long-term performance, and further incentivize directors to contribute to boosting the IHI Group's corporate value over the medium to long term. Also, based on a resolution passed at the same Board of Directors meeting, IHI has adopted a plan with the same purport of the aforementioned plan for the executive officers of IHI (hereinafter, the aforementioned plan for directors and this plan for the executive officers will be collectively referred to as the "Plan").
Concerning the accounting treatment of the Board Benefit Trust, the gross method has been applied in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015).

1) Overview of the transaction
The Plan is a system by which directors and executive officers satisfying certain requirements will have IHI's shares and money equivalent to the market value of IHI's shares (hereinafter collectively with IHI's shares, the "IHI's shares, etc.") transferred to them in accordance with the rules for transfer of shares prescribed in advance by IHI. Each year, IHI will award points, which will be the basis for transferring the IHI's shares, etc., to directors and executive officers. After the end of three consecutive fiscal years of which the initial year is the fiscal year to which the date of the award belongs, awarded points will be adjusted based on the degree of achievement of designated performance indicators determined by IHI's Board of Directors, and IHI's shares, etc. equivalent to the number of adjusted points will be transferred to directors and executive officers. In order to transfer IHI's shares, etc. to directors and executive officers, IHI has established a trust in advance with funds contributed by IHI, and this trust acquires IHI's shares and manages them separately.

2) Shares remaining in the trust
In conjunction with the adoption of the Plan, during the second quarter ended September 30, 2017, Trust & Custody Services Bank, Ltd. acquired 1,110,000 of IHI's shares.
IHI has recorded the IHI shares remaining in the trust as treasury shares in net assets at the book value (excluding the amount of associated expenses) of the trust. At the end of the third quarter under review, there were 111,000 treasury shares with a book value of ¥406 million.
In addition, IHI conducted a consolidation of common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares) with an effective date of October 1, 2017.

(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, 2017		December 31, 2017	
Japanese Aero Engines Corporation (“JAEC”)	6,766	Japanese Aero Engines Corporation (“JAEC”)	6,820
ALPHA Automotive Technologies LLC	1,543	ALPHA Automotive Technologies LLC	1,509
IHI group health insurance society	590	IHI group health insurance society	590
Japan Aeroforge, Ltd.	531	Japan Aeroforge, Ltd.	502
Contingent liabilities for employee housing loans	67	Contingent liabilities for employee housing loans	61
Chubu Segment Co., Ltd.	25	Chubu Segment Co., Ltd.	25
Total	9,522	Total	9,507

(2) Contingent liabilities arising from guarantees in kind for debts (Note: 1)

(Millions of yen)

March 31, 2017		December 31, 2017	
Contingent liabilities for employee housing loans	6,515	Contingent liabilities for employee housing loans	6,022
IHI group health insurance society	641	IHI group health insurance society	641
Turbo Systems United Co., Ltd.	80		
Total	7,236	Total	6,663

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. 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, 2017	December 31, 2017
Notes receivable - trade discounted in the ordinary course of business	377	74
Notes receivable - trade endorsed in the ordinary course of business	10	36

*3. Notes maturing on balance sheet date

Accounting of notes maturing on the last day of quarter is settled on the clearing date.

Because the last day of the third quarter ended December 31, 2017 fell on a bank holiday, the following such notes that matured on the last day of quarter are included in the balance on the last day of the third quarter ended December 31, 2017.

(Millions of yen)

	March 31, 2017	December 31, 2017
Notes receivable - trade	–	1,753
Notes payable - trade	–	1,174

(Quarterly consolidated statement of income)

*1. Payments for contract adjustments for civil aero engines

Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

IHI faces one-time expenses in connection with contracts with customers relating to engine programs in which IHI is participating. These expenses arose from the new requirement to allocate a portion of the engines planned to be delivered to customers for use as spare engines for operational support. Accordingly, IHI recorded these program expenses as non-operating expenses.

*2. Gain on transfer of business

Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

IHI transferred its Machinery for ships Business to IKNOW MACHINERY CO., LTD. at May 1, 2017. Also, IHI Shibaura Machinery Corporation (now IHI Agri-Tech Corporation), a wholly owned subsidiary of IHI, transferred its Fire fighting equipment Business to New Horizon Capital Co., Ltd.. The gains caused by these transfer have been recorded as gain on transfer of business in extraordinary income.

*3. Gain on bargain purchase

Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

Gain on bargain purchase occurred in relation to the completion of the integration of Shield tunneling machine Business at October 1, 2016.

*4. Gain on transfer of shares of subsidiaries and affiliates

Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

Gain on transfer of shares of subsidiaries and affiliates occurred, owing to the transfer of all the shares of IHI Construction Machinery Limited, which was a consolidated subsidiary of IHI, to Kato Works Co., Ltd at November 25, 2016.

*5. Settlement-related expenses related to boiler facilities in customer’s commercial operation

Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

Concerning boiler facilities that IHI manufactured and delivered to Malaysia in the past, a lawsuit was filed against IHI and consolidated subsidiaries in 2015, regarding liabilities for accidents involving boilers damage that occurred during customer’s commercial operation. IHI determined that the path of reaching an early resolution and reducing legal risks was in IHI’s best interest. This case was settled by agreeing to bear a portion of the amount incurred by the accident. As a result, IHI recorded the expected settlement package and lawyer fees, etc. as extraordinary losses.

*6. Provision for loss on guarantees

Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

The provision for loss on guarantees corresponds to guarantee obligations of ¥11.0 billion relating to UNIGEN Inc., an affiliate of IHI, whose main business is the manufacture of drug substances for influenza vaccine. The above provision for loss recorded under extraordinary losses is the amount after the estimated recoverable value was deducted, considering that all shares were transferred to API Co., Ltd.

*7. Compensation for change of construction contracts

Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

With regard to the drillship construction for Singapore in F-LNG/Offshore Business, alteration of the delivery condition was agreed with the ordering party and delivery was accelerated to December, 2016 from March, 2017 which was originally planned. Amendment of the contract due to the alteration of the delivery condition includes the compensation to the ordering party for risks of additional costs aside from the deduction in contract revenue for the alteration of scope of work under the contract. The compensation for risks of additional costs was recorded as extraordinary losses.

(Quarterly consolidated statement of cash flows)

A quarterly consolidated statement of cash flows relating to the nine months ended December 31, 2017, has not been prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill are as follows.

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Depreciation	40,010	38,742
Amortization of goodwill	2,663	3,277

(Shareholders' equity)

I. Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

1. Dividends paid

Not applicable

2. Dividends which the cutoff date was in the nine months ended December 31, 2016 and the effective date of which is after the end of the third quarter of the fiscal year ended March 31, 2017

Not applicable

II. Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

1. Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Cutoff date	Effective date	Source of dividends
Meeting of the Board of Directors on November 1, 2017	Common stock	4,633	3	September 30, 2017	December 4, 2017	Retained earnings

Notes: 1. Total dividends resolved on meeting of the Board of Directors on November 1, 2017 include 3 millions of yen which are dividends for shares of IHI owned by a trust account for the Board Benefit Trust (BBT).

2. IHI conducted a consolidation of common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares) on October 1, 2017. Consequently, dividends per share are calculated without factoring in the consolidation of shares.

2. Dividends which the cutoff date was in the nine months ended December 31, 2017 and the effective date of which is after the end of the third quarter of the fiscal year ended March 31, 2018

Not applicable

(Segment information)
Segment information

I. Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

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 quarterly 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	293,019	102,113	290,224	320,882	1,006,238	31,983	1,038,221	–	1,038,221
(2) Intersegment sales and transfers	4,380	5,452	8,279	1,797	19,908	16,803	36,711	(36,711)	–
Total	297,399	107,565	298,503	322,679	1,026,146	48,786	1,074,932	(36,711)	1,038,221
Segment profit (loss) (Operating profit(loss))	(15,847)	(16,717)	11,294	41,604	20,334	1,021	21,355	(1,868)	19,487

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 ¥237 million and unallocated corporate expenses of negative ¥1,631 million.
Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.

2. Matters about change and others in reportable segments

(Changes to the fiscal year for consolidated subsidiaries and others)

Effective from the fiscal year under review, the closing date of the fiscal year for 31 companies including JURONG ENGINEERING LIMITED has been changed from December 31 to March 31, and six companies including Changchun FAWER-IHI Turbo Co., Ltd. have been consolidated using March 31 as a provisional closing date.

As a result, for the nine months ended December 31, 2016, 37 companies including JURONG ENGINEERING LIMITED have a 12-month accounting period.

In the period from January 1, 2016 through March 31, 2016 included in the nine months ended December 31, 2016, sales for each segment were ¥10,982 million for the Resources, Energy and Environment segment, ¥371 million for the Social Infrastructure and Offshore Facility segment, and ¥11,781 million for the Industrial System and General-Purpose Machinery segment. Operating income was ¥615 million for the Resources, Energy and Environment segment, ¥17 million for the Social Infrastructure and Offshore Facility segment, and ¥2,050 million for the Industrial System and General-Purpose Machinery segment.

3. Information about impairment loss of non-current assets, goodwill and gain on bargain purchase by reportable segment

(Material impairment loss of non-current assets)

Not applicable

(Material change in goodwill amount)

Not applicable

(Material gain on bargain purchase)

The integration of Shield tunneling machine Business was completed on October 1, 2016 in the Social Infrastructure and Offshore Facility segment. A gain on bargain purchase resulting from this event is ¥1,079 million.

(Translation purposes only)

II. Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

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 quarterly 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	349,897	100,255	325,711	324,905	1,100,768	30,547	1,131,315	–	1,131,315
(2) Intersegment sales and transfers	1,993	4,437	5,755	1,685	13,870	15,775	29,645	(29,645)	–
Total	351,890	104,692	331,466	326,590	1,114,638	46,322	1,160,960	(29,645)	1,131,315
Segment profit (loss) (Operating profit(loss))	(10,723)	8,480	10,930	46,745	55,432	890	56,322	(4,778)	51,544

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 ¥79 million and unallocated corporate expenses of negative ¥4,857 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, process plants (storage facilities and chemical plants), nuclear power (components for nuclear power plants), environmental response systems, pharmaceutical plants
Social Infrastructure and Offshore Facility	Bridge/water gate, shield systems, transport system, concrete construction materials, urban development (real estate sales and rental), F-LNG (floating LNG storage facilities, offshore structures)
Industrial System and General-Purpose Machinery	Logistics/industrial system (logistics system, industrial machinery), transport machinery, parking, thermal and surface treatment, vehicular turbocharger, rotating machinery (compressor, separation system, turbocharger for ships), agricultural machinery/small power systems, steel manufacturing equipment, paper-making machinery
Aero Engine, Space and Defense	Aero engines, rocket systems/space utilization systems (space-related equipment), defense systems

2. Matters about change and others in reportable segments

(Changes to the fiscal year for consolidated subsidiaries and others)

Effective from the fiscal year under review, the closing date of the fiscal year for 42 companies including IHI INC. has been changed from December 31 to March 31, and 13 companies including Wuxi IHI Turbo Co., Ltd. have been consolidated using March 31 as a provisional closing date.

As a result, for the nine months ended December 31, 2017, 55 companies including IHI INC. have a 12-month accounting period.

In the period from January 1, 2017 through March 31, 2017 included in the nine months ended December 31, 2017, sales for each segment were ¥28,902 million for the Resources, Energy and Environment segment, ¥27,800 million for the Industrial System and General-Purpose Machinery segment, and ¥183 million for the Aero Engine, Space and Defense segment. Operating profit was ¥1,616 million for the Industrial System and General-Purpose Machinery segment, and ¥72 million for the Aero Engine, Space and Defense segment. Operating loss was ¥117 million for Resources, Energy and Environment segment, and ¥1 million for the Social Infrastructure and Offshore Facility segment.

(Change in adjustment method of intersegment transactions associated with organizational change)
In April 2017, the previous business management structure consisting of one business division and eight sectors was abolished and operations were organized into the four business areas of “Resources, Energy and Environment,” “Social Infrastructure and Offshore Facility,” “Industrial System and General-Purpose Machinery” and “Aero Engine, Space and Defense.” As a result of the above, the IHI Group has made these four business areas its reportable segments.
As a result of reviewing the adjustment method for intersegment transactions in order to more appropriately evaluate the earnings of each business area, intersegment sales and transfers for each segment in the nine months ended December 31, 2017 decreased by ¥2,358 million for the Resources, Energy and Environment segment, ¥734 million for the Industrial System and General-Purpose Machinery segment, and increased by ¥3,092 million for adjustment. The impact on operating profit/loss was immaterial.

3. Information about impairment loss of non-current assets, goodwill and gain on bargain purchase by reportable segment

(Material impairment loss of non-current assets)
Not applicable

(Material change in goodwill amount)
Not applicable

(Material gain on bargain purchase)
Not applicable

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

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
(1) Basic earnings(loss) per share (Yen)	(59.40)	63.75
(Fundamentals)		
Amounts for profit(loss) attributable to owners of parent (Millions of yen)	(9,172)	9,842
Amounts for non-common shareholders (Millions of yen)	–	–
Amounts for profit(loss) attributable to owners of parent regarding common stock (Millions of yen)	(9,172)	9,842
Average number of shares of common stock (Thousands of shares)	154,412	154,372
(2) Diluted earnings per share (Yen)	–	63.70
(Fundamentals)		
Adjustment amount of profit (loss) attributable to owners of parent (Millions of yen)	–	–
Increase in number of shares of common stock (Thousands of shares)	–	121
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 material changes after the end of the previous fiscal year	–	–

Notes: 1. Diluted earnings per share for the nine months ended December 31, 2016 is not noted even though IHI has issued potential shares, because the per share data is a net loss per share.
2. IHI conducted a consolidation of common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares) on October 1, 2017. Basic earnings (loss) per share and diluted earnings per share have been calculated under the assumption that this consolidation of common shares was conducted on April 1, 2016.
3. The number of treasury shares excluded from the calculation of the average number of shares, includes shares owned by a trust account for the Board Benefit Trust (BBT). The average number of treasury shares outstanding during the period excluded from the calculation of basic earnings per share at ended December 31, 2017 is 111,000 shares (the number of shares following share consolidation).

(Significant subsequent events)

By today, the IHI Group has obtained the below information about PW1100G-JM engines (that are installed on the Airbus A320neo aircraft) from Pratt & Whitney, who is our co-development partner of the engines whose programs in which the IHI Group is participating.

Pratt & Whitney implemented an engineering change in mid-2017 that was intended to improve the durability of the part for this engine. Engines that incorporated this engineering change entered revenue service on customer aircraft beginning in December 2017. In late January and early February of this year, four of these modified engines did not perform as anticipated. The potentially affected engines have been identified, and Pratt & Whitney is also working to assess an overall industrial and delivery plan to minimize customer disruption.

Although the issue could potentially impact on the operating results, or financial position of the IHI Group which is participating as the program member, it is difficult to reasonably estimate the amount of the impact.

2. Others

At the Board of Directors' meeting held on November 1, 2017, the following details concerning the interim dividend were resolved.

Total amount allocated for the interim dividend	4,633 millions of yen
Dividends per share	3 yen
Effective date and payment date	December 4, 2017

Note: 1.The interim dividend is paid to shareholders or registered pledgees of shares whose names are written in the shareholder register as of September 30, 2017.

2. "Dividends per share" are the amount calculated without factoring in the consolidation of shares with the effective date of October 1, 2017 because the cutoff date is September 30, 2017.

Part 2. Information about company which provides guarantee to reporting company

Not applicable