

(English Translation)

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To all related parties:

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

IHI Corporation (hereinafter, "IHI") announces that IHI recorded ¥6.0 billion in loss on valuation of shares of subsidiaries and affiliates related to an overseas consolidated subsidiary as extraordinary losses in its non-consolidated financial results for the nine months ended December 31, 2018. The details are as follows.

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

In IHI Group's process plant project underway in North America, the influence on the projected cost incurred from the partial extension of construction period has been reexamined and additional costs expected to arise were decided to be included.

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

As a result of the investigation, IHI deemed such recovery questionable for the time being, and recorded ¥6.0 billion in loss on valuation of shares of subsidiaries and affiliates as extraordinary losses in its non-consolidated financial results.

2. Impact on forecasts of consolidated financial results

The loss on valuation of shares of subsidiaries and affiliates mentioned in "1." above is eliminated in the consolidated financial statements as the subsidiary concerned is a consolidated subsidiary. Accordingly, loss on valuation of shares of subsidiaries and affiliates itself has no impact on the consolidated financial results. In addition to this, as "Notice of Revisions to Full-Year Consolidated Forecasts of Results for the Fiscal Year Ending March 31, 2019" has been announced today, please refer to it as well.