

(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) and Non-Operating expenses**

IHI Corporation (hereinafter, "IHI") announces that IHI recorded ¥14.3 billion in loss on valuation of shares of subsidiaries and affiliates related to an overseas consolidated subsidiary as extraordinary losses in its non-consolidated financial results for the fiscal year ended March 31, 2019. Also, ¥6.6 billion of burden share of losses for delayed construction of SPB tanks are recorded as non-operating expenses in its non-consolidated and consolidated financial results for the same period. 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 further extension in part 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 value of shares.

As a result of the investigation, IHI deemed such recovery questionable for the time being, and recorded ¥14.3 billion in loss on valuation of shares of subsidiaries and affiliates as extraordinary losses in its non-consolidated financial results.

The loss on valuation of shares of subsidiaries and affiliates mentioned above is eliminated in the consolidated financial statements as IHI INC. is a consolidated subsidiary. Accordingly, loss on valuation of shares of subsidiaries and affiliates itself has no impact on the consolidated financial results.

2. Details of burden share of losses for delayed construction of SPB tanks

IHI and Japan Marine United Corporation (hereinafter, “JMU”), which is one of IHI’s affiliate accounted for using equity method, decided the burden share of the losses that JMU had recorded on its financial results for the fiscal year ended March 31, 2018 due to the delayed delivery of the construction project of SPB type LNG vessel.

According to the decision, IHI recorded the burden share of losses for delayed construction of SPB tanks of ¥6.6 billion as non-operating expenses. Also, JMU recorded an extraordinary income of corresponding amount on its financial results for the fiscal year ended March 31, 2019.

※SPB : Self-supporting Prismatic Shape IMO type B