

August 7, 2007

CONSOLIDATED FINANCIAL REPORT FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2008

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

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

PERFORMANCE

(1) Business Results

	(Millions of yen)							
	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Net Income	Percentage Change
Three months ended June 30, 2007	¥265,923	15.6%	¥13,235	—%	¥12,734	—%	¥6,537	—%
Three months ended June 30, 2006	230,075	23.1	(281)	—	(781)	—	(840)	—
Fiscal year ended March 31, 2007	1,234,851		24,617		21,511		15,825	

(Yen)

	Net Income per Share	Diluted Net Income per Share
Three months ended June 30, 2007	¥4.46	¥—
Three months ended June 30, 2006	(0.65)	—
Fiscal year ended March 31, 2007	11.93	—

(2) Financial Position

	(Millions of yen)			
	Total Assets	Net Assets	Shareholders' Equity to Total Assets (%)	Net Assets per Share of Common Stock (Yen)
June 30, 2007	¥1,552,479	¥259,034	15.7%	¥166.47
June 30, 2006	1,414,937	186,516	11.8	128.25
March 31, 2007	1,535,441	247,465	15.2	158.62

FORECAST OF RESULTS FOR THE YEAR ENDING MARCH 31, 2008

Forecast of results for the fiscal year ending March 31, 2008 announced on May 14, 2007 remain unchanged.

OTHER IMPORTANT INFORMATION

(1) Changes in the Scope of Consolidation

None

(2) Use of the Simplified Accounting Method

Yes. The Company and its consolidated subsidiaries have adopted the simplified method for calculating certain tax expenses and allowances.

(3) Recent Changes in Consolidated Accounting Methods

None

QUALITATIVE DATA

(1) Qualitative Data Concerning Consolidated Business Results

In the first quarter of the fiscal year ending March 31, 2008, the three-month period ended June 30, 2007, the Japanese economy remained firm. Despite a slowdown in public sector investment, this was attributed to capital expenditure and personal consumption growth. From a global perspective, the world economy also enjoyed a moderate recovery.

Under these conditions, consolidated net sales for the period under review climbed 15.6% compared with the corresponding period of the previous fiscal year to ¥265.9 billion. On the earnings front, the Company reported operating income of ¥13.2 billion, ordinary income of ¥12.7 billion and net income of ¥6.5 billion. In line with the Company's natural business cycle, net sales in the first half of each fiscal year, including the first quarter, differ significantly from net sales in the second half. This is attributed to the concentrated nature of project completions and delivery, particularly to the public sector, in the second half of each fiscal year.

(2) Qualitative Data Concerning Consolidated Financial Position

Total assets on a consolidated basis stood at ¥1,552.4 billion as of June 30, 2007. Consolidated net assets totaled ¥259.0 billion. As a result, the shareholders' equity to total assets ratio as of the end of the period under review was 15.7%.