IHI

IHI Corporation

Toyosu IHI Bldg.
1-1, Toyosu 3-chome, Koto-ku
Tokyo 135-8710, Japan
May 8, 2013

CONSOLIDATED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2013 <Japanese GAAP>

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

Representative: President and Chief Executive Officer, Tamotsu Saito
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Annual General Meeting of Shareholders: June 27, 2013 (planned)
Commencement of Dividend Payments: June 28, 2013 (planned)
Submission of Annual Securities Report: June 27, 2013 (planned)

Preparing supplementary material on financial results: Yes
Holding financial results presentation meeting: Yes (for institutional investors and analysts)

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.

1. PERFORMANCE

(1) Business Results

(Millions of yen, except per share figures; percentages show the rate of increase or decrease from the previous corresponding period)

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Fiscal year ended March 31, 2013	**1,256,049**	**2.8%**	**42,141**	**(2.8)%**	**36,219**	**(13.2)%**
Fiscal year ended March 31, 2012	1,221,869	2.9%	43,333	(29.4)%	41,715	(19.0)%

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
Fiscal year ended March 31, 2013	**33,386**	**40.1%**	**22.81**	**21.58**	**12.4%**	**2.7%**	**3.4%**
Fiscal year ended March 31, 2012	23,823	(20.0)%	16.26	15.37	9.8%	3.1%	3.5%

(Note) Comprehensive income
Fiscal year ended March 31, 2013: ¥44,964 million 156.0%
Fiscal year ended March 31, 2012: ¥17,565 million (33.4)%

(Reference) Equity in earnings of affiliates
Fiscal year ended March 31, 2013: ¥4,333 million
Fiscal year ended March 31, 2012: ¥614 million

(2) Financial Position

(Millions of yen, except per share figures)

	Total Assets	Net Assets	Shareholders' Equity to Total Assets	Net Assets per Share of Common Stock (Yen)
March 31, 2013	**1,364,239**	**299,282**	**21.1%**	**197.08**
March 31, 2012	1,338,131	258,475	18.7%	170.84

(Reference) Shareholders' equity at the end of the period (consolidated)

March 31, 2013: ¥288,384 million

March 31, 2012: ¥250,139 million

(3) Cash Flows

(Millions of yen)

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at the End of Period
Fiscal year ended March 31, 2013	**74,347**	**(61,033)**	**(3,150)**	**72,070**
Fiscal year ended March 31, 2012	24,743	(37,722)	(38,542)	63,498

2. DIVIDENDS

	Dividends per Share			Total Amount of Dividend Payment (Millions of yen)	Dividend Payout Ratio (Consolidated)	Dividend to Net Assets Ratio (Consolidated)
(Record Date)	Interim (Yen)	Year-end (Yen)	Annual (Yen)			
Fiscal year ended March 31, 2013	**0.00**	**5.00**	**5.00**	**7,317**	**21.9%**	**2.7%**
Fiscal year ended March 31, 2012	0.00	4.00	4.00	5,857	24.6%	2.4%
Fiscal year ending March 31, 2014 (Forecast)	0.00	5.00	5.00	—	40.6%	—

3. FORECAST OF RESULTS FOR THE YEAR ENDING MARCH 31, 2014

(Millions of yen, except per share figures; percentages show the rate of increase or decrease from the previous corresponding period)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
First Half of the Fiscal Year	550,000	(2.7)%	8,000	(44.9)%	5,000	(57.0)%	1,000	(91.6)%	0.68
Full-year	1,310,000	4.3%	48,000	13.9%	37,000	2.2%	18,000	(46.1)%	12.30

4. NOTES

(1) Changes in significant subsidiaries during the period under review
(Changes in specified subsidiaries accompanying changes in scope of consolidation): Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

(i) Changes in accounting policies due to revisions to accounting standards: Yes
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: Yes
(iv) Restatement of prior period financial statements after error corrections: None

(3) Number of shares issued (Common stock):

(i) Number of shares issued at the end of the period (including treasury stock)

As of March 31, 2013	1,467,058,482 shares
As of March 31, 2012	1,467,058,482 shares

(ii) Number of shares of treasury stock owned at the end of the period

As of March 31, 2013	3,748,665 shares
As of March 31, 2012	2,853,236 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2013	1,463,400,943 shares
Fiscal year ended March 31, 2012	1,465,316,126 shares

* Indication regarding execution of audit procedures

At the time of disclosure of this financial report, the audit procedures in accordance with the Financial Instruments and Exchange Act are in progress.

* Proper use of forecast of results, and other special matters

Earnings estimates made in this report and other statements that are not historical facts are forward-looking statements about the future performance of IHI. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore readers should not place undue reliance on them. IHI cautions that a number of important factors such as political and general economic conditions and currency exchange rates could cause actual results to differ materially from those discussed in the forward-looking statements, etc.

QUALITATIVE INFORMATION

1. Business Results

Overview

A. Summary of consolidated performance

In Japan during the fiscal year under review, the economy was weak overall due to the slowness of post-earthquake reconstruction demand to come into effect, stagnant private sector demand, and depressed overseas demand primarily as a result of the European debt crisis. There has been a positive response to economic policies following a change of government in December 2012 and brighter signs are being observed such as a correction to the strong yen and rising stock prices occurring close to the fiscal year-end. However, it is expected to take some time before these changes are reflected in the real economy.

Overseas, on the other hand, despite signs of moderate recovery in the U.S. underpinned by firm internal demand, there is a downturn trend in Europe that is affected by weakening internal demand arising from its debt crisis, and China and other emerging countries have experienced weakening exports. As a result, an overall trend of economic slowdown is continuing.

Even though in this very uncertain business environment, IHI Group made concerted efforts to promote three paradigm shifts to strengthen competitive advantage: towards a business model geared to entire life cycle, a product strategy geared to market needs, and global business management. The Group also strove to achieve the management benchmarks in its medium-term management plan, Group Management Policies 2010, for which the final year is fiscal year 2012.
Regarding orders received, there was a large decrease in orders received in Social Infrastructure Operations caused by the impact of a large project (the Izmit Bay Bridge (Turkey)) in the previous fiscal year. Consequently, orders received decreased 3.5% from the previous fiscal year to ¥1,225.6 billion. Although there were declines in Ships & Offshore Facilities Operations and Social Infrastructure Operations, there was a slight increase in sales as a whole (up 2.8% from the previous fiscal year) to ¥1,256.0 billion due to increases in Logistics Systems & Industrial Machinery Operations and Aero Engine & Space Operations. In terms of profits, although profitability increased for Aero Engine & Space Operations and Logistics Systems & Industrial Machinery Operations, operating income for the entire Group decreased 2.8% from the previous fiscal year to ¥42.1 billion, while ordinary income also decreased, down 13.2% to ¥36.2 billion due to declines in profitability in Rotating Equipment & Mass-Production Machinery Operations and Social Infrastructure Operations. Net income was up 40.1% from the previous fiscal year to a record high of ¥33.3 billion, due mainly to the recording of a ¥13.5 billion gain from the sale of a co-ownership interest in land at Toyosu 3-chome (Tokyo, Japan) under extraordinary income.
This was not sufficient to achieve the targets of net sales of ¥1,400 billion and ordinary income of ¥60 billion set in Group Management Policies 2010 reflecting the economic slowdown overseas and the strong yen, which was historical high level. Nevertheless, the operating foundations are strengthened by recording operating profit at all of its reportable segments for latest four consecutive years.
Furthermore, IHI has continually achieved its target in its Group Management Policies 2010 for achieving interest-bearing debt of no more than ¥400 billion since fiscal year 2010, with interest-bearing debt at the end of the fiscal year totaling ¥353.8 billion.

In addition, the main group reorganizations implemented in the fiscal year under review, for strengthening selection and concentration of IHI Group’s business activities are as follows.

In May 2012, the Group established the Asia and Oceania regional headquarter, to accelerate expanding business and global procurement in South East Asia.

In June 2012, Meisei Electric Co., Ltd. (Meisei Electric), which has a business base that consists of environment observation, disaster prevention systems, space-related business and control systems, was made a subsidiary of IHI through a tender offer for stock.

Aiming to develop a business capable of delivering not only the Group’s current field of LNG but also everything else in the natural gas value chain including petrochemicals obtained from shale gas, IHI acquired EPC Center Houston of major U.S. engineering company Kvaerner Americas, thereby establishing IHI E&C International Corporation in July 2012.

In August 2012, IHI made two consolidated subsidiaries, IHI Transport Machinery Co., Ltd. and Ishikawajima Construction Materials Co., Ltd., to wholly owned subsidiaries through tender offer for stock.

In November 2012, IHI set up a joint venture in Japan for iron- and coke-making technologies, Paul Wurth IHI

Co., Ltd, with Paul Wurth S.A., Luxembourg, a leading company in that field.

In November 2012, IHI joined forces with International Component Repair, LLC, a U.S. specialist in the repair of aircraft engine components and established a civil aircraft engine repair joint venture IHI-ICR, LLC.

In December 2012, IHI consolidated Ionbond group, which operates a wear protection coating business for metallic and non-metallic materials, by acquiring 100% of the shares of its holding company, Indigo TopCo Ltd. of UK, marking the Group’s full-scale entry into the field of coating process provision.

In January 2013, aiming to enhance the Group’s competitiveness and profitability in the shipbuilding business, IHI established Japan Marine United Corporation through a management integration of Universal Shipbuilding Corporation and IHI Marine United Inc., which was an IHI subsidiary.

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B. Summary of consolidated performance by segment

Energy & Resources
Despite an increase in orders for power systems, orders received decreased 7.3% from the previous fiscal year to ¥290.1 billion owing to declines in orders for components for nuclear power plants and boilers.

Sales increased 1.6% from the previous fiscal year to ¥317.2 billion because of increased sales for process plants, despite decreases in storage facilities and power systems for land and marine use.

Operating income declined 10.5% from the previous fiscal year to ¥9.8 billion because of an increase in selling, general and administrative expenses, despite a positive impact from correction of strong yen.

Ships & Offshore Facilities
On January 1, 2013, IHI Marine United Inc., which was an IHI subsidiary, and Universal Shipbuilding Corporation merged. As a result, IHI Marine United Inc. and its three subsidiaries, which have been consisted the Ships & Offshore Facilities Operations were excluded from the scope of consolidation. The newly integrated company Japan Marine United Corporation and its three subsidiaries are now associates accounted for using equity method.
As a result, the orders received, sales, and operating income listed below are the amounts as of the end of the nine months ended December 31, 2012.

Orders received increased from the previous fiscal year by 51.4% to ¥116.1 billion owing to shipbuilding orders at five units including naval and patrol vessels.

Sales declined 33.4% from the previous fiscal year to ¥117.3 billion because shipbuilding and ship repairs both decreased.

Regarding operating income, owing to the above-mentioned decrease in sales and others, there was a 17.6% decline from the previous fiscal year to ¥6.5 billion.

Social Infrastructure
Orders received increased 51.4% from the previous fiscal year to ¥97.0 billion because of a large-scale order in the previous fiscal year for construction of the Izmit Bay Bridge (Turkey).

Sales decreased 11.6% from the previous fiscal year to ¥101.4 billion because of decreases in marine equipment and shield tunneling machines.

Operating income declined 29.8% from the previous fiscal year to ¥5.8 billion because of the above-mentioned decrease in sales and others.

Logistics Systems & Industrial Machinery
As a result of increases in orders for parking systems, material handling systems and paper production machines

despite a decrease in physical distribution and factory automation systems, orders received increased 7.4% from the previous fiscal year to ¥177.8 billion.

Sales increased 25.3% from the previous fiscal year to ¥191.6 billion because of increases in sales of steel manufacturing equipment, material handling systems and parking systems.

Owing to the above-mentioned increases in sales despite an increase in selling, general and administrative expenses, operating income increased 75.8% from the previous fiscal year to ¥9.9 billion.

Rotating Equipment & Mass-Production Machinery
Orders received increased in vehicular turbocharger despite a decrease in compressors. As a result, orders received increased 2.6% from the previous fiscal year to ¥165.7 billion

Sales increased 2.4% from the previous fiscal year to ¥169.8 billion because of an increase in sales of vehicular turbocharger despite decreases in compressors and separators.

Operating income decreased by 49.7% from the previous fiscal year to ¥5.2 billion, reflecting the above-mentioned decreases in sales, an expense for increase in production and for defect correction of vehicular turbocharger.

Aero Engine & Space
Orders received increased 4.1% from the previous fiscal year to ¥344.8 billion because of increased orders for space-related equipment and civil jet engines.

Sales increased 13.0% from the previous fiscal year to ¥338.4 billion, reflecting increases in civil jet engine and defense machinery sales.

Operating income increased by 154.6% from the previous fiscal year to ¥15.4 billion, mainly because of an increase in profit owing to correction of strong yen, the increased sales of civil jet engines and improved profitability overall.

Others
Orders received increased 4.6% from the previous fiscal year to ¥110.0 billion because of a stock acquisition in Meisei Electric to make it a subsidiary of IHI, despite a decrease in orders for agricultural machinery.

Sales increased 0.6% from the previous fiscal year to ¥107.9 billion, mainly because of Meisei Electric becoming a subsidiary of IHI, despite decreases in sales of diesel engines and agricultural machinery.

Operating income increased 88.1% from the previous fiscal year to ¥2.1 billion reflecting mainly an improvement in profitability of construction machinery and the effect of making Meisei Electric IHI’s subsidiary.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	March 31, 2013	March 31, 2012
ASSETS		
Current assets:		
Cash and deposits	73,032	63,914
Notes and accounts receivable-trade	348,350	348,671
Short-term investment securities	395	2,736
Finished goods	19,741	23,320
Work in process	190,594	218,224
Raw materials and supplies	105,968	109,500
Deferred tax assets	31,358	29,597
Other	52,083	54,684
Allowance for doubtful accounts	(6,735)	(6,282)
Total current assets	814,786	844,364
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	132,416	153,596
Machinery, equipment and vehicles, net	58,191	59,214
Land	88,370	88,792
Lease assets, net	16,537	14,034
Construction in progress	11,323	5,914
Other, net	14,220	13,195
Total property, plant and equipment	321,057	334,745
Intangible assets:		
Goodwill	22,608	5,073
Software	12,184	14,784
Other	4,351	3,755
Total intangible assets	39,143	23,612
Investments and other assets:		
Investment securities	128,879	68,568
Deferred tax assets	36,383	42,946
Other	26,248	30,043
Allowance for doubtful accounts	(2,257)	(6,147)
Total investments and other assets	189,253	135,410
Total noncurrent assets	549,453	493,767
Total assets	1,364,239	1,338,131

CONSOLIDATED BALANCE SHEETS

	March 31, 2013	March 31, 2012
	(Millions of yen)	
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	266,299	293,493
Short-term loans payable	114,927	124,194
Commercial papers	6,000	–
Current portion of bonds payable	–	10,000
Accrued expenses	56,851	40,737
Income taxes payable	11,984	13,208
Advances received	106,377	104,393
Provision for bonuses	22,443	24,700
Provision for construction warranties	18,948	15,526
Provision for loss on construction contracts	21,510	29,189
Other provision	740	868
Other	39,373	33,385
Total current liabilities	665,452	689,693
Noncurrent liabilities:		
Bonds payable	63,335	53,450
Long-term loans payable	151,449	141,967
Lease obligations	14,431	12,407
Deferred tax liabilities for land revaluation	6,312	5,811
Provision for retirement benefits	115,408	129,037
Other provision	4,217	4,392
Other	44,353	42,899
Total noncurrent liabilities	399,505	389,963
Total liabilities	1,064,957	1,079,656
NET ASSETS		
Shareholders' equity:		
Capital stock	95,762	95,762
Capital surplus	43,047	43,044
Retained earnings	144,675	116,083
Treasury stock	(736)	(547)
Total shareholders' equity	282,748	254,342
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	6,158	(361)
Deferred gains or losses on hedges	(810)	(55)
Revaluation reserve for land	4,665	4,665
Foreign currency translation adjustment	(4,377)	(8,452)
Total accumulated other comprehensive income	5,636	(4,203)
Subscription rights to shares	563	462
Minority interests	10,335	7,874
Total net assets	299,282	258,475
Total liabilities and net assets	1,364,239	1,338,131

CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	April 1, 2012 to March 31, 2013	April 1, 2011 to March 31, 2012
Net sales	1,256,049	1,221,869
Cost of sales	1,059,279	1,025,884
Gross profit	196,770	195,985
Selling, general and administrative expenses:		
Inquiry expenses	12,861	15,191
Provision of allowance for doubtful accounts	0	(1,766)
Salaries for directors and employees	60,325	58,418
Traveling and transportation expenses	5,752	5,728
Research and development expenses	26,364	27,239
Business consignment expenses	7,424	6,485
Contribution for expenses common to all business segments	4,235	4,093
Depreciation	4,642	4,708
Other	33,026	32,556
Total selling, general and administrative expenses	154,629	152,652
Operating income	42,141	43,333
Non-operating income:		
Interest income	724	886
Dividends income	2,147	2,510
Equity in earnings of affiliates	4,333	614
Foreign exchange gains	4,571	55
Contribution to research and development costs	–	2,295
Other income	5,295	7,848
Total non-operating income	17,070	14,208
Non-operating expenses:		
Interest expenses	4,438	5,258
Expenses for delayed delivery	6,062	143
Other expenses	12,492	10,425
Total non-operating expenses	22,992	15,826
Ordinary income	36,219	41,715

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	April 1, 2012 to March 31, 2013	April 1, 2011 to March 31, 2012
Extraordinary income:		
Gain on sales of noncurrent assets	14,137	3,468
Gain on change in equity	11,848	–
Gain on sales of investment securities	–	14,104
Proceeds from accident insurance	–	2,000
Gain on negative goodwill	–	1,416
Gain on sale of affiliate stock	–	1,103
Total extraordinary income	25,985	22,091
Extraordinary loss:		
Loss on valuation of investment securities	1,432	1,864
Cost of environment conservation measures	1,280	4,157
Impairment loss	1,260	2,182
Provision for loss on subsidiaries and affiliates	987	1,288
Total extraordinary losses	4,959	9,491
Income before income taxes and minority interests	57,245	54,315
Income taxes-current	19,166	16,003
Income taxes-deferred	3,280	13,144
Total income taxes	22,446	29,147
Income before minority interests	34,799	25,168
Minority interests	1,413	1,345
Net income	33,386	23,823

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of yen)

	April 1, 2012 to March 31, 2013	April 1, 2011 to March 31, 2012
Income before minority interests	34,799	25,168
Other comprehensive income:		
Valuation difference on available-for-sale securities	5,876	(6,847)
Deferred gains or losses on hedges	(924)	(12)
Revaluation reserve for land	–	837
Foreign currency translation adjustment	4,260	(1,532)
Share of other comprehensive income of associates accounted for using equity method	953	(49)
Total other comprehensive income	10,165	(7,603)
Comprehensive income	44,964	17,565
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	43,028	16,280
Comprehensive income attributable to minority interests	1,936	1,285

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Millions of yen)

	April 1, 2012 to March 31, 2013	April 1, 2011 to March 31, 2012
Shareholders' equity		
Capital stock:		
Balance at the beginning of current period	95,762	95,762
Balance at the end of current period	95,762	95,762
Capital surplus:		
Balance at the beginning of current period	43,044	43,037
Changes of items during the period		
Disposal of treasury stock	3	7
Total changes of items during the period	3	7
Balance at the end of current period	43,047	43,044
Retained earnings:		
Balance at the beginning of current period	116,083	95,973
Changes of items during the period		
Dividends from surplus	(5,857)	(4,400)
Net income	33,386	23,823
Net increase from newly consolidated subsidiaries	1,063	673
Reversal of revaluation reserve for land	–	14
Total changes of items during the period	28,592	20,110
Balance at the end of current period	144,675	116,083
Treasury stock:		
Balance at the beginning of current period	(547)	(88)
Changes of items during the period		
Purchase of treasury stock	(212)	(484)
Disposal of treasury stock	23	25
Total changes of items during the period	(189)	(459)
Balance at the end of current period	(736)	(547)
Total shareholders' equity:		
Balance at the beginning of current period	254,342	234,684
Changes of items during the period		
Dividends from surplus	(5,857)	(4,400)
Net income	33,386	23,823
Purchase of treasury stock	(212)	(484)
Disposal of treasury stock	26	32
Net increase from newly consolidated subsidiaries	1,063	673
Reversal of revaluation reserve for land	–	14
Total changes of items during the period	28,406	19,658
Balance at the end of current period	282,748	254,342

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Millions of yen)

	April 1, 2012 to March 31, 2013	April 1, 2011 to March 31, 2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities:		
Balance at the beginning of current period	(361)	6,508
Changes of items during the period		
Net changes of items other than shareholders' equity	6,519	(6,869)
Total changes of items during the period	6,519	(6,869)
Balance at the end of current period	6,158	(361)
Deferred gains or losses on hedges:		
Balance at the beginning of current period	(55)	(75)
Changes of items during the period		
Net changes of items other than shareholders' equity	(755)	20
Total changes of items during the period	(755)	20
Balance at the end of current period	(810)	(55)
Revaluation reserve for land:		
Balance at the beginning of current period	4,665	3,872
Changes of items during the period		
Net changes of items other than shareholders' equity	–	793
Total changes of items during the period	–	793
Balance at the end of current period	4,665	4,665
Foreign currency translation adjustment:		
Balance at the beginning of current period	(8,452)	(6,903)
Changes of items during the period		
Net changes of items other than shareholders' equity	4,075	(1,549)
Total changes of items during the period	4,075	(1,549)
Balance at the end of current period	(4,377)	(8,452)
Total accumulated other comprehensive income:		
Balance at the beginning of current period	(4,203)	3,402
Changes of items during the period		
Net changes of items other than shareholders' equity	9,839	(7,605)
Total changes of items during the period	9,839	(7,605)
Balance at the end of current period	5,636	(4,203)
Subscription rights to shares:		
Balance at the beginning of current period	462	388
Changes of items during the period		
Net changes of items other than shareholders' equity	101	74
Total changes of items during the period	101	74
Balance at the end of current period	563	462
Minority interests:		
Balance at the beginning of current period	7,874	15,166
Changes of items during the period		
Net changes of items other than shareholders' equity	2,461	(7,292)
Total changes of items during the period	2,461	(7,292)
Balance at the end of current period	10,335	7,874

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Millions of yen)

	April 1, 2012 to March 31, 2013	April 1, 2011 to March 31, 2012
Total net assets:		
Balance at the beginning of current period	258,475	253,640
Changes of items during the period		
Dividends from surplus	(5,857)	(4,400)
Net income	33,386	23,823
Purchase of treasury stock	(212)	(484)
Disposal of treasury stock	26	32
Net increase from newly consolidated subsidiaries	1,063	673
Reversal of revaluation reserve for land	–	14
Net changes of items other than shareholders' equity	12,401	(14,823)
Total changes of items during the period	40,807	4,835
Balance at the end of current period	299,282	258,475

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	April 1, 2012 to March 31, 2013	April 1, 2011 to March 31, 2012
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	57,245	54,315
Depreciation and amortization	48,315	46,213
Depreciation and amortization on other	3,641	4,560
Gain on change in equity	(11,848)	–
Impairment loss	1,260	2,182
Cost of environment conservation measures	1,280	4,157
Increase (decrease) in allowance for doubtful accounts	(408)	(2,139)
Increase (decrease) in provision for bonuses	(307)	(476)
Increase (decrease) in provision for construction warranties	4,170	(502)
Increase (decrease) in provision for loss on construction contracts	(1,990)	(2,005)
Increase (decrease) in provision for retirement benefits	(1,179)	(3,627)
Interest and dividends income	(2,871)	(3,396)
Interest expenses	4,438	5,258
Foreign exchange losses (gains)	(596)	(39)
Loss (gain) on sales of short-term and long term investment securities	188	(15,204)
Loss (gain) on valuation of short-term and long term investment securities	2,447	3,256
Equity in (earnings) losses of affiliates	(4,333)	(614)
Loss (gain) on disposal of property, plant and equipment	(10,414)	(1,262)
Decrease (increase) in notes and accounts receivable-trade	(38,011)	(54,972)
Increase (decrease) in advances received	4,684	(18,169)
Decrease (increase) in advance payments	1,427	(4,242)
Decrease (increase) in inventories	29,192	11,110
Increase (decrease) in notes and accounts payable-trade	(8,821)	21,179
Increase (decrease) in accrued expenses	15,698	638
Decrease (increase) in other current assets	(1,843)	1,461
Increase (decrease) in other current liabilities	3,119	(4,559)
Decrease (increase) in consumption taxes refund receivable	1,704	(3,251)
Other, net	(267)	(4,890)
Subtotal	95,920	34,982
Interest and dividends income received	3,028	4,186
Interest expenses paid	(4,531)	(5,134)
Income taxes paid	(20,070)	(9,291)
Net cash provided by (used in) operating activities	74,347	24,743

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	April 1, 2012 to March 31, 2013	April 1, 2011 to March 31, 2012
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	23	997
Purchase of short-term and long term investment securities	(5,862)	(3,656)
Purchase of investments in subsidiaries	(868)	(7,320)
Purchase of investments in capital of subsidiaries	(3,538)	–
Proceeds from sales and redemption of short-term and long term investment securities	3,722	21,348
Purchase of property, plant and equipment and intangible assets	(53,231)	(51,356)
Proceeds from sales of property, plant and equipment and intangible assets	17,850	7,089
Payments for retirement of property, plant and equipment	(1,705)	(780)
Payments for assignment of business	(735)	–
Purchase of newly consolidated subsidiaries	(15,263)	(2,954)
Net decrease (increase) in short-term loans receivable	(758)	335
Payments of long-term loans receivable	(381)	(22)
Collection of long-term loans receivable	85	156
Decrease (increase) in other investments	(4,185)	(534)
(Decrease) increase in other fixed liabilities	4,007	(512)
Other, net	(194)	(513)
Net cash provided by (used in) investing activities	(61,033)	(37,722)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	10,254	(28,361)
Net increase (decrease) in commercial papers	6,000	–
Proceeds from long-term loans payable	60,805	51,280
Repayment of long-term loans payable	(69,449)	(53,263)
Proceeds from issuance of bonds payable	10,000	10,000
Redemption of bonds	(10,000)	(10,000)
Repayments of lease obligations	(3,773)	(2,838)
Decrease (increase) in treasury stock	(212)	(484)
Cash dividends paid	(5,829)	(4,377)
Proceeds from stock issuance to minority shareholders	52	–
Cash dividends paid to minority shareholders	(998)	(499)
Net cash provided by (used in) financing activities	(3,150)	(38,542)
Effect of exchange rate change on cash and cash equivalents	4,083	(1,279)
Net increase (decrease) in cash and cash equivalents	14,247	(52,800)
Cash and cash equivalents at beginning of period	63,498	115,025
Increase in cash and cash equivalents from newly consolidated subsidiary	598	1,273
Decline in cash and cash equivalents due to reclassification of a consolidated subsidiary as an equity-method affiliate by merger	(6,340)	–
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	67	–
Cash and cash equivalents at end of period	72,070	63,498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

Number and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 143

Names of major consolidated subsidiaries: IHI Aerospace Co., Ltd. and others

In the fiscal year under review, changes to consolidated subsidiaries were as follows. 42 companies were added due to our additional acquisition of shares and four companies were added by new establishment. In addition, three non-consolidated subsidiaries were added changing the status to consolidated subsidiaries due to their increased materiality. One subsidiary was removed due to a merger and IHI Marine United Inc. and its three subsidiaries were removed due to the management integration with Universal Shipbuilding Corporation in January 2013.

2. Application of the Equity Method

Number and names of major affiliated companies accounted for by the equity method

Number of affiliated companies accounted for by the equity method: 32

Names of major equity method affiliates: Japan Marine United Corporation and others

In the fiscal year under review, eight companies were added due to our additional acquisition of shares, one company was added by new establishment, three companies were added due to their increased materiality, and Japan Marine United Corporation and its three subsidiaries were added due to the management integration with Universal Shipbuilding Corporation in January 2013.

3. Significant Accounting Policies

(1) Securities

Securities to be held until maturity are stated at amortized cost (by the straight-line method). Other securities with market prices available are stated at fair market value as of the balance sheet date. The related valuation differences are directly included into net assets and the sale price is computed by the moving-average method. Other securities without market prices available are stated at cost by the moving-average method.

(2) Derivatives

Derivatives are stated at fair market value.

(3) Inventories

Raw materials and supplies are stated at cost by the moving-average method, and finished goods and work in process are stated principally at identified cost. (For figures shown on balance sheet, the book value write-down method based on decreased profitability is used.)

(4) Depreciation and amortization

- Property, plant and equipment (except for lease assets)

  These assets are depreciated by the declining-balance method. However, depreciation of lend-lease properties, assets of certain consolidated subsidiaries and buildings (excluding building fixtures) acquired on and after April 1, 1998, are computed by the straight-line method.

- Intangible assets (except for lease assets)

  These assets are amortized by the straight-line method. Software used internally is amortized using the straight-line method over the useful life of the assets, estimated by IHI (within five years).

- Lease assets

  Lease assets related to ownership transfer finance lease transactions are depreciated using the same method as that applied to property, plant and equipment.

  Lease assets related to non-ownership transfer finance leases are depreciated over the lease period as useful period using the straight-line method with no residual value. IHI uses the method for ordinary rental transactions for non-ownership transfer finance leases for which lease agreements were concluded on and before March 31, 2008.

(5) Significant allowances and provisions

- Allowance for doubtful accounts

  To provide for losses on bad debts, the allowance for doubtful accounts is provided based on historical default rates for general receivables, plus individually estimated amounts for specific uncollectible receivables.
- Provision for bonuses

  For payment of employee bonuses, the provision for bonuses is provided for in the amount that is expected to be paid.
- Provision for directors' bonuses

  For payment of directors' bonuses, the provision for directors' bonuses is provided for in the amount that is expected to be paid.
- Provision for construction warranties

  To provide for guaranteed project expenses, the provision for construction warranties is recorded as an estimate of future expenditures based on historical experience.
- Provision for loss on construction contracts

  Provision for loss on construction contracts is provided for in the amount of estimated losses for undelivered projects at the end of the fiscal year.

- Provision for retirement benefits

  Provision for retirement benefits is provided for based on projected benefit obligations and estimated pension fund assets at the end of the fiscal year. Some consolidated subsidiaries adopt the conventional method to determine a provision for retirement benefits.

  Past service costs are amortized using the straight-line method over a certain number of years within the average remaining service period of employees at the time of accrual in each year. In principle, actuarial differences are amortized from the next fiscal year of the fiscal year in which the difference occurs using the straight-line method over a certain number of years within the average remaining service period of employees.
- Provision for directors' retirement benefits

  For payment of retirement benefits to directors and corporate auditors, the provision for directors' retirement benefits is provided for at consolidated subsidiaries in Japan in the amount that would be required to pay, based on the internal policy, if all eligible directors and corporate auditors retired at the end of the fiscal year.
- Provision for loss on subsidiaries and affiliates

  Provision for loss on subsidiaries and affiliates is provided for in the amount of estimated loss to be borne by IHI in consideration of the contents of assets of subsidiaries and affiliates.

(5) Amortization method and period of goodwill

Goodwill is amortized through the estimated effective period of the investment, with the exception that when the amount of goodwill is immaterial, it is charged to income as incurred.

CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS AFTER ERROR CORRECTIONS

Change in Accounting Policy that is Difficult to Distinguish from Change in Accounting Estimate

In the fiscal year under review, IHI and its major domestic consolidated subsidiaries changed the depreciation method for property, plant and equipment acquired on or after April 1, 2012 in line with the revision of the Corporate Tax Act of Japan.

As a result of this change, operating income, ordinary income and income before income taxes and minority interests each increased by ¥574 million in the fiscal year under review in comparison to under the previous method.

Changes to Presentation

Consolidated balance sheets

"Lease obligations" which was included in "Other" under "Noncurrent liabilities" in the previous fiscal year, amounted to more than 1% of total liabilities and net assets, and has therefore been separately presented in the fiscal year under review. To reflect this change to presentation, the consolidated financial statements of the previous fiscal year was reclassified.

As a result, ¥55,306 million presented as "Other" under "Noncurrent liabilities" in the consolidated balance sheets of the previous fiscal year was reclassified to ¥12,407 million of "Lease obligations" and ¥42,899 million of "Other."

Consolidated statements of income

"Expenses for delayed delivery" which was included in "Other expenses" under "Non-operating expenses" in the previous fiscal year, amounted to more than 10% of total non-operating expenses, has therefore been separately presented in the fiscal year under review. To reflect this change to presentation, the consolidated financial statements of the previous fiscal year was reclassified.

As a result, ¥10,568 million presented as "Other expenses" under "Non-operating expenses" in the consolidated statements of income of the previous fiscal year was reclassified to ¥143 million of "Expenses for delayed delivery" and ¥10,425 million of "Other expenses."

Consolidated statements of cash flows

"Increase (decrease) in provision for loss in disaster" under "Net cash provided by (used in) operating activities" which was separately presented in the previous fiscal year, has been included in "Other, net" in the fiscal year under review due to its decreased materiality. To reflect this change to presentation, the consolidated financial statements of the previous fiscal year was reclassified.

As a result, negative ¥4,478 million presented as "Increase (decrease) in provision for loss in disaster" under "Net cash provided by (used in) operating activities" in the consolidated statements of income of the previous fiscal year was reclassified to "Other, net."

SEGMENT INFORMATION

a. Segment information

1. Overview of reportable segments

The reportable segments are constituent units of the IHI Group for which separate financial information is available. The Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.
IHI organizes operation divisions by products and services and the operation divisions deploy business activities formulating both domestic and overseas strategies for each product and service comprehensively. The IHI Group therefore categorizes segments based on the grouping together of operation divisions classified by markets and other similarities of products and services. The seven reportable segments are as follows: Energy & Resources, Ships & Offshore Facilities, Social Infrastructure, Logistics Systems & Industrial Machinery, Rotating Equipment & Mass-Production Machinery, Aero Engine & Space, and Others.
On January 1, 2013, consolidated subsidiary IHI Marine United Inc. merged with Universal Shipbuilding Corporation. As a result, IHI Marine United Inc. and its three subsidiaries, which previously made up the Ships & Offshore Facilities Operations, are no longer consolidated subsidiaries of IHI. Japan Marine United Corporation, which is the company created from this management integration, and its three subsidiaries, became equity method affiliates of IHI.

Main products and services belonging to each segment

(i) Energy & Resources
Boilers, components for nuclear power plants, storage facilities, process plants, power systems, power systems for land and marine use, and floating LNG storage facilities

(ii) Ships & Offshore Facilities
Shipbuilding, ship repairs and offshore structures

(iii) Social Infrastructure
Bridges, construction materials and real estate sales and rental

(iv) Logistics Systems & Industrial Machinery
Material handling systems, physical distribution and factory automation systems, parking systems, traffic systems, steel manufacturing equipment, paper production machines and environmental control systems

(v) Rotating Equipment & Mass-Production Machinery
Compressors and vehicular turbochargers

(vi) Aero Engine & Space
Jet engines, space-related equipment and defense machinery

(vii) Others
Diesel engines, agricultural machinery, construction machinery and other services

2. Calculation method used for sales, profit or loss, assets and liabilities, and other items by reportable segment

The accounting method used for reportable business segments is the same as the method stated in “BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS” of “NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.” Profits from reportable segments are figures based on operating income. Intersegment income and transfers are based on actual market pricing.

3. Information about sales, profit or loss, assets and liabilities, and other items by reportable segment

Fiscal year ended March 31, 2012

(Millions of yen)

	Reportable Segment									
	Energy & Resources	Ships & Offshore Facilities	Social Infrastructure	Logistics Systems & Industrial Machinery	Rotating Equipment & Mass-Production Machinery	Aero Engine & Space	Others	Total	Adjustment (Note 1)	Consolidated
Sales:										
(1) Sales to outside customers	273,763	169,613	106,541	148,030	154,107	294,325	75,490	1,221,869	–	1,221,869
(2) Intersegment sales and transfers	38,593	6,639	8,222	4,907	11,721	5,137	31,820	107,039	(107,039)	–
Total	312,356	176,252	114,763	152,937	165,828	299,462	107,310	1,328,908	(107,039)	1,221,869
Segment profit (Operating income)	10,968	7,932	8,291	5,635	10,405	6,057	1,162	50,450	(7,117)	43,333
Others:										
Depreciation and amortization (Note 3)	6,165	4,242	5,063	1,561	5,612	14,033	2,292	38,968	2,187	41,155
Equity in earnings of affiliates	206	–	–	126	79	–	132	543	71	614
Increase in property, plant and equipment (Note 4)	9,346	5,694	4,375	1,021	8,814	17,563	2,662	49,475	4,048	53,523

Notes

1. Adjustment of segment profit represents intersegment transactions of ¥143 million and unallocated corporate expenses of negative ¥7,260 million.
   Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.
2. Reportable segment assets and liabilities have not been shown, as they are not used as the basis for deciding the allocation of management resources or evaluating operating performance.
3. Depreciation and amortization represents depreciation and amortization of property, plant and equipment. Adjustment of depreciation and amortization represents unallocated depreciation and amortization in property, plant and equipment.
4. Adjustment of increase in property, plant and equipment represents unallocated increase in property, plant and equipment.

Fiscal year ended March 31, 2013 (Millions of yen)

	Reportable Segment									
	Energy & Resources	Ships & Offshore Facilities (Note 5)	Social Infrastructure	Logistics Systems & Industrial Machinery	Rotating Equipment & Mass-Production Machinery	Aero Engine & Space	Others	Total	Adjustment (Note 1)	Consolidated
Sales:										
(1) Sales to outside customers	283,421	115,177	96,287	189,328	160,600	328,447	82,789	1,256,049	–	1,256,049
(2) Intersegment sales and transfers	33,808	2,181	5,195	2,325	9,207	10,034	25,202	87,952	(87,952)	–
Total	317,229	117,358	101,482	191,653	169,807	338,481	107,991	1,344,001	(87,952)	1,256,049
Segment profit (Operating income)	9,818	6,535	5,819	9,907	5,236	15,423	2,186	54,924	(12,783)	42,141
Others:										
Depreciation and amortization (Note 3)	6,700	2,752	5,247	1,445	5,353	14,643	2,232	38,372	3,404	41,776
Equity in earnings of affiliates	301	3,577	–	261	141	–	30	4,310	23	4,333
Increase in property, plant and equipment (Note 4)	8,144	2,639	3,710	2,494	12,303	16,241	2,904	48,435	6,611	55,046

Notes

1. Adjustment of segment profit represents intersegment transactions of ¥62 million and unallocated corporate expenses of negative ¥12,845 million.
   Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.
2. Reportable segment assets and liabilities have not been shown, as they are not used as the basis for deciding the allocation of management resources or evaluating operating performance.
3. Depreciation and amortization represents depreciation and amortization of property, plant and equipment. Adjustment of depreciation and amortization represents unallocated depreciation and amortization in property, plant and equipment.
4. Adjustment of increase in property, plant and equipment represents unallocated increase in property, plant and equipment.
5. For sales, segment profit (operating income), depreciation and amortization and increase in property, plant and equipment in the Ships & Offshore Facilities Operations, figures used are those for the period from April 1, 2012 to December 31, 2012.
   Furthermore, equity in earnings of affiliates in the Ships & Offshore Facilities Operations consists of equity in earnings of Japan Marine United Corporation and its three subsidiaries from January 1, 2013, and includes ¥1,947 million in negative goodwill resulting from the integration with Universal Shipbuilding Corporation.

b. Related information

Fiscal year ended March 31, 2012

1. Product and service information

Information has been omitted, as classification is the same as for reportable segments.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	U.S.A.	Asia	Central and South America	Europe	Others	Total
700,859	125,738	188,307	81,750	99,406	25,809	1,221,869

Note: Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

Information has been omitted, as the value of property, plant and equipment located in Japan exceeds 90% of the value of property, plant and equipment recorded on the consolidated balance sheets.

3. Information by major customer

(Millions of yen)

Name of customer or individual	Net sales	Related business segment
Japan Ministry of Defense	128,323	Aero Engine & Space and Ships & Offshore Facilities

Fiscal year ended March 31, 2013

1. Product and service information

Information has been omitted, as classification is the same as for reportable segments.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	U.S.A.	Asia	Central and South America	Europe	Others	Total
769,746	147,153	173,598	52,895	93,004	19,653	1,256,049

Note: Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

Information has been omitted, as the value of property, plant and equipment located in Japan exceeds 90% of the value of property, plant and equipment recorded on the consolidated balance sheets.

3. Information by major customer

(Millions of yen)

Name of customer or individual	Net sales	Related business segment
Japan Ministry of Defense	149,914	Aero Engine & Space and Ships & Offshore Facilities

c. Information about impairment loss on noncurrent assets by reportable segment

Fiscal year ended March 31, 2012 (Millions of yen)

	Reportable Segment									
	Energy & Resources	Ships & Offshore Facilities	Social Infrastructure	Logistics Systems & Industrial Machinery (Note)	Rotating Equipment & Mass-Production Machinery	Aero Engine & Space	Others	Total	Adjustment	Consolidated
Impairment loss	29	–	893	498	–	–	762	2,182	–	2,182

Note: The figure for Logistics Systems & Industrial Machinery represents impairment loss on goodwill.

Fiscal year ended March 31, 2013 (Millions of yen)

	Reportable Segment									
	Energy & Resources	Ships & Offshore Facilities	Social Infrastructure	Logistics Systems & Industrial Machinery	Rotating Equipment & Mass-Production Machinery	Aero Engine & Space	Others	Total	Adjustment	Consolidated
Impairment loss	–	–	710	62	117	–	371	1,260	–	1,260

d. Information about goodwill amortization amount and year-end balance by reportable segment

Fiscal year ended March 31, 2012 (Millions of yen)

	Reportable Segment									
	Energy & Resources	Ships & Offshore Facilities	Social Infrastructure	Logistics Systems & Industrial Machinery	Rotating Equipment & Mass-Production Machinery	Aero Engine & Space	Others	Total	Adjustment	Consolidated
Amount for the fiscal year under review	40	141	49	551	106	–	–	887	–	887
Balance at the end of the fiscal year under review	101	–	72	4,900	–	–	–	5,073	–	5,073

Disclosure of amortization amount and year-end balance of negative goodwill that were recognized through business combination before April 1, 2010, is omitted since there is no significant necessity.

Fiscal year ended March 31, 2013 (Millions of yen)

	Reportable Segment									
	Energy & Resources	Ships & Offshore Facilities	Social Infrastructure	Logistics Systems & Industrial Machinery	Rotating Equipment & Mass-Production Machinery	Aero Engine & Space	Others	Total	Adjustment	Consolidated
Amount for the fiscal year under review	102	–	14	669	–	–	297	1,082	–	1,082
Balance at the end of the fiscal year under review	1,070	–	56	14,233	3,520	–	3,729	22,608	–	22,608

e. Information about gain on negative goodwill by reportable segment

Fiscal year ended March 31, 2012

¥1,416 million of gain on negative goodwill was recognized in the previous fiscal year. This is the total of ¥906 million of gain on negative goodwill recognized in the Social Infrastructure Operations through the tender offer of common shares of Ishikawajima Construction Materials Co., Ltd. and ¥510 million of gain on negative goodwill recognized in the Logistics Systems & Industrial Machinery Operations through the tender offer of common shares of IHI Transport Machinery Co., Ltd.

Fiscal year ended March 31, 2013

Disclosure is omitted since there is no significant necessity.

BUSINESS COMBINATIONS, ETC.

Business combination of subsidiary

IHI Marine United Inc. (“IHI Marine United”), which was a consolidated subsidiary of IHI until December 31, 2012, carried out a management integration through merger with Universal Shipbuilding Corporation (“Universal Shipbuilding”) on January 1, 2013, forming Japan Marine United Corporation. A summary of Japan Marine United Corporation, which is an equity method affiliate of IHI, is provided below.

1. Summary of business combination

(1) Names and business lines of companies involved in business combination

	Surviving company	Merged company
Trade name	Universal Shipbuilding Corporation	IHI Marine United Inc.
Business	• Design, manufacture, sale and repair of ships • Design, manufacture, sale and repair of floating oil storage facilities, and steel structures including mega-floats • Design, manufacture, sale and repair of marine equipment, industrial robots and defense equipment • Design and supervision of contracted civil engineering and construction work • Sale of technologies related to above • Business incidental or related to the above	• Design, manufacture, purchase, sale, lease, installation, repair, maintenance and preservation of ships, naval vessels/patrol vessels, marine floaters (LNG/LPG production systems, oil drilling units, etc.), marine equipment, defense equipment, industrial robots, floating/underwater equipment, marine structures and other steel structures • Design and supervision of civil engineering and construction work • Consulting and engineering related to above, and provision of other technical know-how • Business incidental or related to the above

(2) Primary reasons for business combination

The management integration was conducted in order to achieve both of competitiveness and profitability in areas such as the shipbuilding industry, particularly new shipbuilding, and engineering and lifecycle industry, and realize strategies for further growth as an established industry leader with cross-industry capabilities by enhancing development capabilities by gathering the respective design capabilities of Universal Shipbuilding and IHI Marine United and pursuing an optimized production system that takes maximum advantage of shipyard characteristics.

(3) Date of business combination

January 1, 2013

(4) Summary of transaction including legal form

Management integration through merger whereby Universal Shipbuilding is the surviving company

2. Summary of accounting treatment implemented

Accounting treatment for the business combination was carried out in accordance with “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008). As a result of the application of this accounting treatment for the business combination in the preparation of the consolidated financial statements, ¥11,848 million in gain on change in equity was recorded as extraordinary income with respect to IHI’s investment in IHI Marine United.

3. Name of reportable segment in which subsidiary was included

Ships & Offshore Facilities Operations

4. Amount of profit or loss from IHI Marine United recorded in consolidated statements of income for the fiscal year under review

Net sales: ¥115,177 million
Operating income: ¥6,535 million

5. Outline of new company

Trade name	Japan Marine United Corporation
Head office	36-7, Shiba 5-chome, Minato-ku, Tokyo, Japan
Representatives	President & CEO Shinjiro Mishima Representative Director Yoshio Otagaki
Capital	¥25,000 million
Fiscal year-end	March 31
Net assets	¥131,718 million (as of January 1, 2013)
Total assets	¥323,441 million (as of January 1, 2013)
Business	Design, manufacture, purchase and sale of ships, naval/patrol vessels, marine floaters, etc.

PER SHARE INFORMATION

Item	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012
Net assets per share	¥197.08	¥170.84
Net income per share	¥22.81	¥16.26
Diluted net income per share	¥21.58	¥15.37

Note: The basis for calculating net income per share and diluted net income per share are as follows.

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012
Net income per share		
Net income (Millions of yen)	33,386	23,823
Amounts for non-common shareholders (Millions of yen)	–	–
Net income regarding common stock (Millions of yen)	33,386	23,823
Average number of shares of common stock (Thousand of shares)	1,463,401	1,465,316

Diluted net income per share		
Adjustment amount of net income (Millions of yen)	(71)	(68)
(Interest income of the above, net of taxes) (Millions of yen)	(71)	(68)
Increase in number of shares of common stock (Thousand of shares)	80,574	80,401
(Convertible bonds of the above) (Thousand of shares)	80,139	80,139
(Subscription rights to shares of the above) (Thousand of shares)	434	261
Potential shares not included in calculation of diluted net income per share due to being non-dilutive	Subscription rights to shares type 1 (Total number of subscription rights to shares: 117 units) Type of shares underlying subscription rights to shares: common stock Total number of shares underlying subscription rights to shares: 117,000 shares	Subscription rights to shares type 1 (Total number of subscription rights to shares: 136 units) Type of shares underlying subscription rights to shares: common stock Total number of shares underlying subscription rights to shares: 136,000 shares

OMISSION OF DISCLOSURE

Disclosure of explanations regarding the following matters is omitted since there is no significant necessity of such disclosure in the summary report on financial results:

- Consolidated balance sheets
- Consolidated statements of income
- Consolidated statements of comprehensive income
- Consolidated statements of changes in net assets
- Consolidated statements of cash flows
- Lease transactions
- Transactions with parties concerned
- Tax effect accounting
- Financial instruments
- Securities
- Derivative transactions
- Retirement benefits
- Stock options, etc.
- Asset retirement obligations
- SPC
- Rental property