

Explore the Engineering Edge

# IHI



## ANNUAL REPORT 2010 For The Year Ended March 31, 2010



**IHI Corporation**

## Explore the Engineering Edge

The IHI Group explores unknown territory by consolidating the strengths of individuals who love manufacturing, and continues to create a prosperous future for humanity and the earth with its fresh, unrestricted thinking and highly crafted technological capabilities.

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### Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this annual report with respect to IHI's current plans, estimates, strategies and beliefs 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 general economic conditions and exchange rates, could cause actual results to differ materially from those discussed in the forward-looking statements.

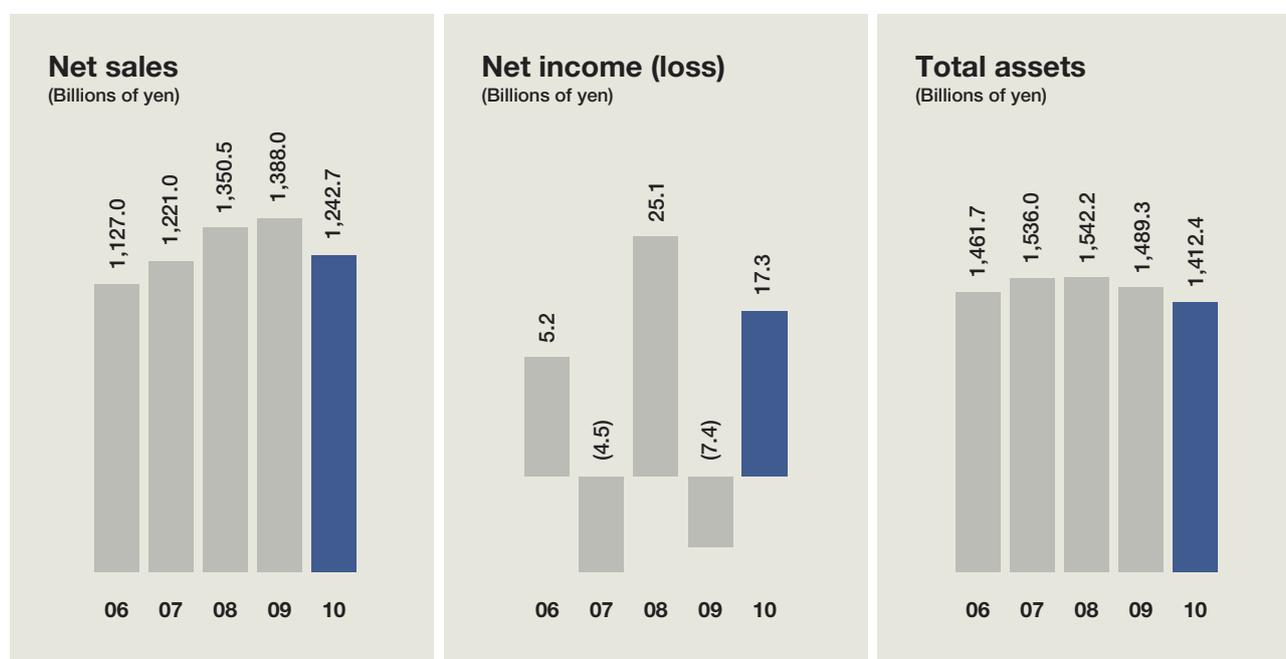
# Financial Highlights

Years ended March 31, 2010, 2009 and 2008  
IHI Corporation and Consolidated Subsidiaries

		Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010	
Net sales	¥1,242,700	¥1,388,042	¥1,350,567	\$13,356,621	
Operating income (loss)	47,145	25,679	(16,807)	506,718	
Net income (loss)	17,378	(7,407)	25,195	186,780	
Total assets	1,412,421	1,489,342	1,542,295	15,180,793	
Total net assets	227,065	205,950	234,406	2,440,509	

		yen			U.S. dollars
	2010	2009	2008	2010	
<b>Amounts per share:</b>					
Net income (loss)	¥ 11.85	¥ (5.05)	¥ 17.18	\$ 0.127	
Cash dividends	¥ 2.00	¥ —	¥ 4.00	\$ 0.021	

Note: For convenience only, U.S. dollar amounts in this report have been converted from yen at the rate of ¥93.04=US\$1, the approximate rate of exchange prevailing on March 31, 2010.



Figures are for respective years ended March 31.

# To Our Shareholders

**Targeting a new phase of growth, the IHI Group will draw on all its strengths to realize the three paradigm shifts.**



## Review of the Fiscal Year Ended March 31, 2010

In the fiscal year ended March 31, 2010, the Japanese economy bottomed but then picked up, supported by government policies encouraging consumption of consumer durables, progress with inventory adjustment in Japan and overseas, and an upturn in the global economy. However, amid a large supply-demand gap, there was significant spare manufacturing capacity and employment overcapacity and the domestic economy continued to face chronic deflation.

In China and other Asian countries, economic stimulus measures supported a recovery in demand, with economies in the region bottoming then seeing a moderate pick up. In the U.S., however, access to credit remained difficult and employment conditions continued to deteriorate, while in Europe, the weak fiscal positions of southern European countries came to the fore. Overall, the outlook for the global economy remained uncertain.

Against this backdrop, the IHI Group:

- Promoted the selection and concentration of businesses;
- Reduced expenses;
- Worked to win orders for maintenance, upgrade, and quick turnaround projects;
- Reinforced foreign exchange risk controls;
- Used the advantages of the strong yen in procurement activities; and
- Strengthened pre-order screening and post-order project management capabilities.

These initiatives were part of an overall effort to enhance management of consolidated earnings on an individual business basis.

However, with the slow economic recovery having a major impact, orders received declined 17.5% year-on-year to ¥970.4 billion while net sales fell 10.5% to ¥1,242.7 billion. From a profit and loss standpoint, despite the impact of the sluggish economy and yen

appreciation, operating income rose 83.6% year-on-year to ¥47.1 billion, mainly on the back of improved profitability in Energy and Plants Operations and Logistics Systems and Structures Operations, Ordinary income, after the deduction of interest expense and other items, increased 144.3% to ¥33.0 billion. The IHI Group also reported net income of ¥17.3 billion after net losses in the previous fiscal year.

## Outlook for the Fiscal Year Ending March 31, 2011

Assuming a sustained recovery in the global economy, the moderate, export-driven upturn in the Japanese economy is likely to continue, but with the recovery in domestic private-sector demand lacking strength, it will probably be some time before Japan exits deflation and enters a new phase of sustained growth.

In this environment, the IHI Group, in line with its Group Management Policies 2010 (examined in more detail later in this report), will work to boost profits as it seeks to maximize corporate value and become a global corporate group.

For the fiscal year ending March 31, 2011, on a consolidated basis, we project net sales of ¥1,180.0 billion, operating income of ¥35.0 billion, ordinary income of ¥24.0 billion, and net income of ¥15.0 billion.

## Profit Distribution and Dividend Policy

Our fundamental policy on the distribution of profits emphasizes the payment of stable dividends while taking into account the need to retain sufficient earnings to reinforce our operating base, which makes the payment of those dividends possible.

Based on this policy, we paid a dividend of ¥2 per share for the fiscal year ended March 31, 2010.

Owing to lingering uncertainties about the outlook for our operating environment, including trends in the economy and foreign exchange markets and fluctuations in raw material and equipment prices, we have not made a decision at this point on dividends for the fiscal year ending March 31, 2011.

## Group Management Policies 2010

Guided by the management philosophies in the IHI Group Vision, formulated in May 2009—"Contributing to the development of society through technology," and "Human resources are the only and largest asset of the Company"—the IHI Group aims to become a globally-oriented corporate group which uses an engineering capacity grounded in *monozukuri*<sup>\*1</sup> technology to solve the various environmental, industrial, social, and energy related problems of the 21st century, delivering safety and security for the benefit of both the environment and humanity. Based on the IHI Group Vision, in November 2009 we formulated Group Management Policies 2010, our new three-year medium-term management plan starting from the fiscal year ending March 31, 2011. In order to attain the plan's goals, we have set out the following three paradigm shifts to achieve a necessary change in mindset:

- Change the focus of our business model from equipment sales to product lifecycles
- Adopt a product strategy focused on market requirements not new technologies
- Replace our domestic business focus with a global management approach

Targeting a new phase of growth, the IHI Group will draw on all its strengths to realize these three paradigm shifts.

We ask for your continued support as we strive to maximize corporate value and transform the IHI Group into a global corporate group.

June 25, 2010



**Kazuaki Kama**  
President and Chief Executive Officer

The earnings forecasts in this report assume exchange rates of US\$1 = ¥90; €1 = ¥130; and AU\$1 = ¥70 (as of May 7, 2010).

\*1 The word *monozukuri* means the process of making or creating things; having the spirit to produce excellent products and the ability to constantly improve a production system and process.

# IHI AR2010 President's Interview



**Q1**

**Net income for fiscal 2009 rose sharply, exceeding your initial projections. Please give us your impression of results, including reasons for this improvement in earnings.**

**A1**

The main reason for the improvement in earnings for the fiscal year ended March 31, 2010 (fiscal 2009) was an upturn in profitability in Energy and Plants Operations and Logistics Systems and Structures Operations. Both of these business segments, which incurred losses in fiscal 2008, moved back into the black, meaning all our business segments posted profits in the fiscal year under review. However, sales saw a marked decline year-on-year, reflecting factors such as the slow recovery in the global economy, the impact of the strong yen, and the peaking of major plant and other projects in the previous fiscal year. As part of our efforts to boost profitability, we made some progress on strengthening internal control systems and business restructuring, but we are still only halfway to achieving the change we envisaged.

**Q2**

**Fiscal 2009 was the final year of Group Management Policies 2007. Please give us an overview of the plan's progress and notable achievements, as well as any remaining issues.**

**A2**

Under our Group Management Policies 2007, we focused on implementing initiatives based on four key concepts: change the IHI Group into a highly profitable group of companies, implement business strategies throughout the Group, accelerate global business expansion, and strengthen Group management.

We moved away from our previous approach of profit management and governance based on business segments and adopted a new sector-based

organizational structure designed to strengthen profit management and governance and emphasize business expansion on a business-by-business basis. We also made progress in many other areas, such as channeling intensive investment into key business units, developing regional headquarters in the Americas and Asia, and implementing earnings performance evaluation on a consolidated basis. However, we fell short of our targets for ordinary income of ¥60 billion and interest-bearing debt of less than ¥400 billion.

External factors, such as the rapid slowdown in the global economy following the collapse of Lehman Brothers may have been a significant factor, but I also think we have not implemented change fast enough to keep pace with the rapid shifts in our operating environment.

Nevertheless, net sales and investment were nearly in line with the targets in Group Management Policies 2007, giving us the foundation to boost earnings and competitiveness going forward.

Under our Group Management Policies 2010, which started from the current fiscal year (ending March 31, 2011), we plan to accelerate changes to put the IHI Group on a firm path to growth.

movement of management resources across international borders; and increased risk associated with equipment price and currency fluctuations.

At first glance, these trends appear to be a threat, but I believe we can turn them into business opportunities if we can accelerate the pace of change across the IHI Group. That's why we need to change a number of paradigms that have been implicitly assumed so far. Under our Group Management Policies 2010, we are targeting three paradigm shifts:

- Change the focus of our business model from equipment sales to product lifecycles
- Adopt a product strategy focused on market requirements not new technologies
- Replace our domestic business focus with a global management approach

As I just mentioned, our operating environment is undergoing relentless and dramatic change. Failing to respond to these changes, while others move ahead, is unlikely to be a viable approach. Every member of the IHI Group needs to understand the changes being experienced by all our stakeholders, listen hard to what they are saying, overcome resistance to and fear of change, and then take the initiative and reinvent themselves. We have given prominence to the phrase paradigm shift to emphasize to our employees the importance of taking the initiative and reinventing themselves.

The phrase also incorporates my strong desire for a new management approach, where we fundamentally change our previous values and thinking, reevaluate our relationships with society and our customers.

**Q3**

**You used the word “change,” while three paradigm shifts are key themes in the Group Management Policies 2010 announced in November 2009. Please explain why you have given such prominence to these paradigm shifts.**

**A3**

The IHI Group's business environment is undergoing relentless and dramatic change and there is no avoiding today's major trends: greater restrictions on the environment and energy; the growing importance of emerging markets as consumers of mass market products; the shift to more advanced industry and the concentration of that industry in Southeast Asia and China; greater speed in the

**Q4****Please provide some details about how you plan to change IHI's business segments and related initiatives under Group Management Policies 2010.****A4**

Orders fell sharply in fiscal 2009 as capital expenditure demand in Japan and other developed countries failed to recover fully. Net sales in fiscal 2010 will therefore decline as a result, and we have been forced to project declines in both operating income and ordinary income.

Against this backdrop, we will work to secure new orders and continue with business selection and concentration by efficiently allocating management resources into key fields.

From April, we established two new sectors in Energy and Resources Operations: Energy Systems Operations and Nuclear Power Operations. This move is aimed at reinforcing business profitability and promoting the flexible allocation of management resources.

While expanding our power plant business, mainly in emerging markets, we also plan to strengthen our component supply capability in the nuclear power-related business, where global demand is projected to expand. Specifically, in order to strengthen our business relationship with Toshiba, a company with which we have already forged close ties, we established a manufacturing joint venture in turbine equipment for nuclear power plants.

We also aim to expand our onshore and offshore liquefied natural gas (LNG) storage plants business amid surging demand for LNG.

In Shipbuilding and Offshore Operations, we plan to reinforce the engineering business and lifecycle business in addition to establishing commercial and military ship businesses.

In Logistics Systems and Social Infrastructure Operations, we will focus on tapping into demand for manufacturing and logistics facilities in China and other emerging markets as industry becomes more advanced in these regions. Moreover, by actively using our overseas sites, we aim to aggressively capture new

demand for bridges and other construction projects, as well as demand for projects to upgrade and extend the usable life of existing facilities.

In Rotating and Industrial Machinery Operations, we plan to strengthen our overseas sites and global networks in the turbocharger business—where we have already boosted production capacity in Europe and China—and in the compressor and heat treatment & surface coating businesses. Our aim here is to expand our business centered on mass market demand.

In Aero-Engines and Space Operations, we plan to build engine maintenance bases in the Americas and take other steps to expand our maintenance business worldwide, while at the same time participating in the development of next-generation engines. In the space sector, we will work to win orders for the development of new rocket engines, with an eye on moving into the space transportation system field.

**Q5****What specific projects are you implementing that will help create new businesses to support profits in the future?****A5**

In order to create new businesses that will support the IHI Group's profits going forward, we have established the Corporate Business Development Division as an incubation center, giving us the capability to identify market requirements and put in place check points to ensure development viability.

Specifically, we have teamed up with UMN Pharma Inc.—which has developed advanced cell culture technology capable of reducing the time needed to produce new vaccines by two thirds compared with previous methods—to build an influenza vaccine manufacturing plant. We have also started producing and selling the novel influenza vaccine.

Also, in the lithium-ion battery business, where demand is expected to grow for automotive and other industrial applications, we have formed a tie-up with A123 Systems, Inc. of the U.S. We intend to promote the use of the company's highly safe, long-life rechargeable lithium-ion batteries in a range of industrial fields.

In the current fiscal year as well, we plan to actively look at creating new businesses and forming alliances with partners that are beneficial to the IHI Group.

**Q6**

**Please tell us about other steps you are taking to achieve the targets in Group Management Policies 2010.**

**A6**

In April this year, we reestablished the Business Administration Headquarters as the Global Marketing Headquarters, making it the center for promoting the globalization of the IHI Group's operations and the efficient operation of businesses worldwide. In order to make our businesses more customer-oriented, the headquarters has also been given the role of reinforcing the Group's overall marketing capabilities by coordinating domestic and international marketing activities and enhancing cooperation between business divisions, business sectors, and affiliates.

We have also established a new Corporate Audit Division, which combines the previous Internal Control Assessment Division and the Internal Audit Division. IHI's shares had been the subject of an Assignment to Securities on Alert by each of the domestic stock exchanges following our revision of the account settlements for the fiscal year ended March 31, 2007, but this assignment was lifted in May 2009 after we made improvements to our internal control systems. While this incident caused considerable concern for many of our stakeholders, the IHI Group intends to use it as an opportunity to reinforce its risk controls and boost management efficiency, as well as enhance the competitiveness and corporate value of the entire corporate group by reinforcing and further developing internal controls, centered on the Corporate Audit Division.

We have also established a Corporate Social Responsibility Division, reflecting our view that corporate social responsibility must be a key part of management if we are to fulfill our commitment as a global company and help solve problems faced by the world today. The IHI Group will further reinforce

compliance and enhance environmental risk management, and work as one to identify what kind of corporate group we need to become to satisfy demands on us from society.

**Q7**

**Please close the interview by making a final comment to IHI's shareholders.**

**A7**

In fiscal 2009, we fulfilled our promise to you in fiscal 2008 to lift the Assignment to Securities on Alert on our stock. Profits also exceeded our initial forecast on a return to profit in all our business segments. As I explained earlier, Group Management Policies 2007 have given us the foundation for the next phase of growth, and with the formulation of Group Management Policies 2010, I believe we now have the framework to take the IHI Group into that next phase of growth. Fiscal 2010 marks the first year in our efforts to accelerate the pace of change. I hope we can count on your continued support as the IHI Group takes on these new challenges.



# Logistics Systems and Structures Operations

Main products and machinery

Material handling systems, physical distribution and factory automation systems, parking systems, bridges and construction materials



## Highlights

Net sales increased 2.6% compared with the previous fiscal year to ¥209.9 billion.  
 Operating income amounted to ¥2.0 billion.  
 Orders decreased 2.5% compared with the previous fiscal year to ¥170.4 billion.

Net Sales	¥209.9	Billion
Operating Income	¥2.0	Billion
Orders	¥170.4	Billion

2010 Net Sales by Segment



15%

2010 Orders by Segment

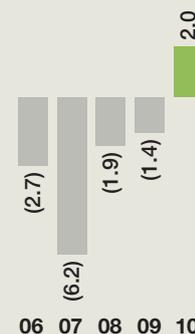


17%

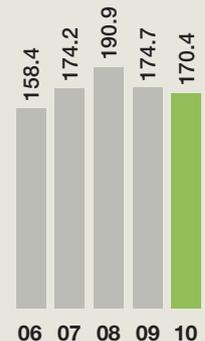
Net Sales (Billions of yen)



Operating Income (Billions of yen)



Orders (Billions of yen)



## Nhat Tan Bridge, one of the world's longest cable-stayed bridges, was awarded to IHI



CG image of the completed bridge

In August 2009, IHI and joint-venture partner Sumitomo Mitsui Construction Co., Ltd. were awarded a contract for the construction of Nhat Tan Bridge from the Government of Vietnam. The bridge will be 3,080m long, 35.6m wide and 108.56m high, and will be one of the world's longest cable-stayed bridges when completed. The contract amount is approximately ¥40 billion. IHI constructed Binh Bridge in Haiphong in May 2005, and Nhat Tan Bridge will be our second bridge project in Vietnam, demonstrating IHI's contribution to the development of Vietnamese transportation infrastructure. IHI continues to actively pursue bridge projects both in Japan and overseas.

## DOT (Double O Tube) Shield machine shipped to Taiwan for airport subway line



DOT shield machine

In June 2009, IHI shipped a DOT shield machine from its Aichi Works in Chita-city, Aichi Prefecture to the Department of Rapid Transit Systems, Taipei City Government (TCG) in Taiwan. This department is responsible for constructing, managing, and running the local subway network. The shield machine, which was ordered by a joint venture between SHIMIZU CORPORATION and DA CIN Construction Co., Ltd. of Taiwan in April 2008, will be used in the construction of the subway line to Taipei's airport.

The joint venture is currently working on the Sanchong-Taipei section of the Taiwan Taoyuan International Airport Access line, due to be opened in 2013, and the machine will excavate a tunnel of approximately 1.5km. IHI has won orders for approx. 1,200 shield tunneling machines since 1960, with 30 delivered to China and another 30 units to Taiwan. IHI plans to actively work on boosting overseas sales of all types of shield machines.

## Order for two sets of the world's largest continuous ship unloaders for iron ore and coal



Continuous unloader

IHI Transport Machinery Co., Ltd. (IUK), an IHI subsidiary, has secured an order from Dragon Steel Corporation for two bucket-elevator type continuous ship unloaders (CSU). These CSUs are typically sited on harbor wharves where they unload iron ore, coal and other materials from bulk carriers using a line of buckets connected by chains. This latest order brings IUK's total orders for CSUs from Dragon Steel to four (4) and total orders of the same type of CSU from Taiwan to ten (10). The CSUs have a world-leading unloading capacity, with the ability to unload 3,000 tons of iron ore or 2,100 tons of coal in one hour, and will be delivered in 2012.

IUK plans to continue expanding domestic and overseas sales of bulk handling equipment for ore, coal and other materials, focusing on rising demand associated with new steel plant and power plant construction in overseas especially Southeast Asia. It is also targeting orders of two or three CSUs annually through aggressive marketing activities.

## Bridge manufacturing base commences operations in Vietnam



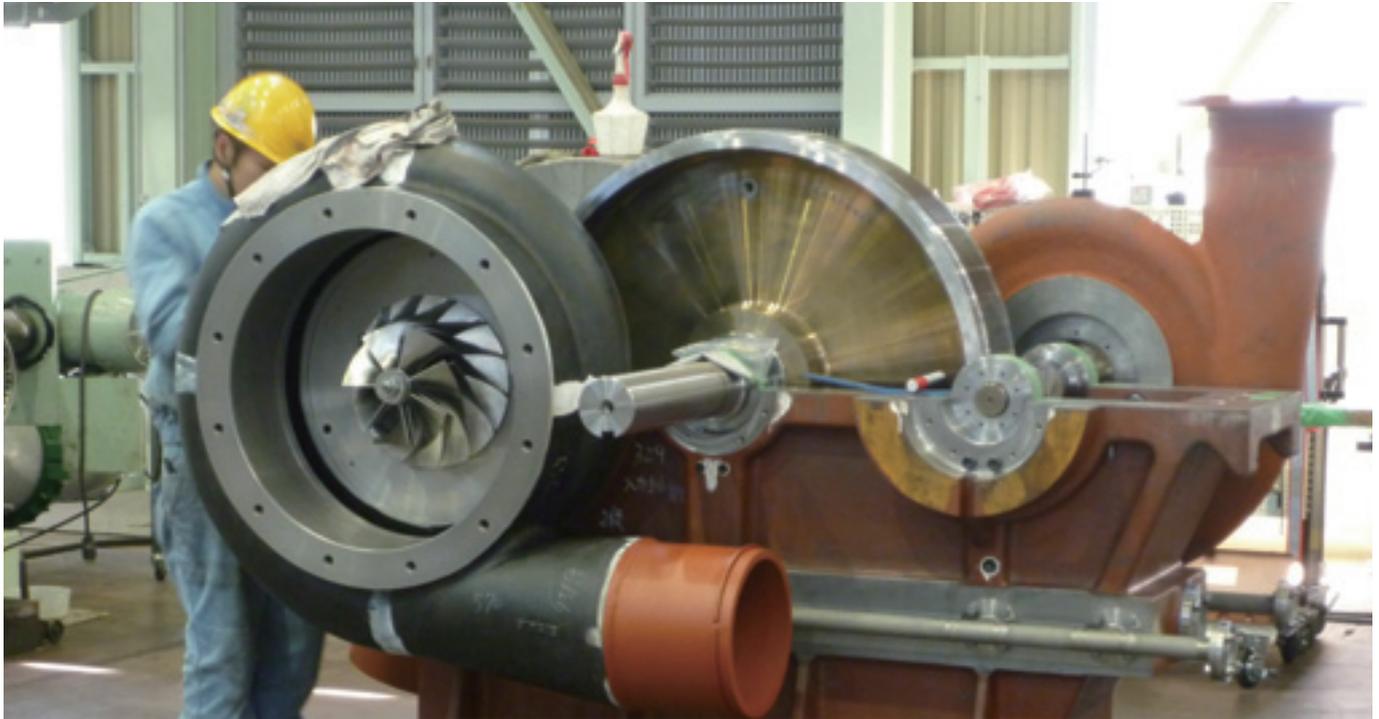
IHI INFRASTRUCTURE ASIA

IHI INFRASTRUCTURE ASIA CO., LTD. (IIA), IHI's bridge manufacturing base in Vietnam, began production in November 2009. IHI positions Southeast Asia, including Vietnam, as a major market whose demand for bridges is expanding. IHI is proactively focusing on expanding overseas operations by taking advantage of IIA's proximity to local markets, as well as by offering highly competitive products.

# Industrial Machinery Operations

Main products and machinery

Iron and steel manufacturing equipment, vehicular turbochargers, mass-produced machinery and others



## Highlights

Net sales decreased 24.3% compared with the previous fiscal year to ¥166.8 billion.

Operating income decreased 62.2% compared with the previous fiscal year to ¥4.7 billion.

Orders decreased 39.1% compared with the previous fiscal year to ¥118.3 billion.

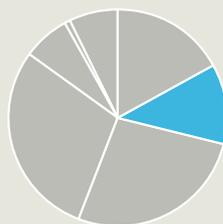
Net Sales	¥166.8	Billion
Operating Income	¥4.7	Billion
Orders	¥118.3	Billion

2010 Net Sales by Segment



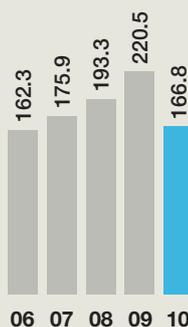
12%

2010 Orders by Segment



12%

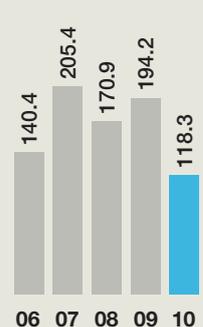
Net Sales (Billions of yen)



Operating Income (Billions of yen)



Orders (Billions of yen)



## IHI develops and launches the new compact, high-efficiency TRA series three-stage, oil-free turbo compressor



TRA turbo compressor

## New hot strip mill for wide high-quality steel sheet for Tokyo Steel completed

First high-quality steel sheet production facility using an electric furnace in Japan starts operations



Hot strip mill

## Third automotive turbocharger plant completed in China



Wuxi IHI Turbo

## New No.1 blast furnace at Sumitomo Metal's Wakayama Plant begins operations



Blast Furnace

IHI newly launched the compact and highly efficient TRA series three-stage, oil-free compressor. With a main electric motor output of 250kW to 450kW, the TRA is optimally designed to meet user demands for pressure and air flow.

IHI plans to successively introduce several models onto the market for any power supply and aims for annual sales of 80 units.

Previously, IHI offered only two-stage compressors with a main electric motor output of 400kW or less, however, the TRA series' three-stage compression method with an output of over 250kW realizes a high efficiency for turbo compressors and contributes to energy savings. In addition to improving the overall compressor, we enhanced efficiency by approx. 10% compared to previous IHI models and gave it an optimal design to meet user demands for pressure and air flow, with the result of an abundant variation.

Moreover, the adoption of an integrated cast steel casing design makes its structure more compact, reducing installation space by approx. 15% compared to previous IHI models and offering greater flexibility of compressor layout.

IHI Metaltech Co., Ltd. (IHIMT) successfully delivered a hot strip mill for wide high-quality steel sheet to Tokyo Steel at its Tahara Plant in Aichi Prefecture.

IHIMT received the order for the mill in 2006 and started the test operations in the autumn of 2009. The mill is the first high-quality steel sheet production plant by electric arc furnace in Japan. This plant has an annual production capacity of 2.5 million tons, the highest of all Tokyo Steel's plants.

The plant produces high-quality steel sheets with both high-strength and processability not only for construction materials, a mainstay product, but also for use in automobiles and electrical appliances with a minimum thickness of 1mm.

High-quality steel sheets can be manufactured from scrap thanks to a heat equalizing system that maintains the quality and temperature of steel before rolling developed jointly by Tokyo Steel and IHI.

Wuxi IHI Turbo Co., Ltd. (WIT), an IHI automotive turbocharger subsidiary, has constructed a new plant with an area of approximately 6,904m<sup>2</sup> in Wuxi, Jiangsu, China. Costing a total of roughly ¥1 billion, the plant began operations in September 2009 and will have an annual output of 200,000 units by 2012.

This is the IHI Group's third automotive turbocharger plant in China after JIANG SU ISHI TURBO Co., Ltd. (JIT) and Changchun FAWER-IHI Turbo Co., Ltd. (FIT). With the addition of the WIT plant, IHI plans to increase its total annual output of automotive turbochargers in China from the current 300,000 units to 800,000 units by 2013.

This is part of IHI's efforts to actively meet growing demand for turbochargers worldwide.

In July 2009, a new No.1 blast furnace—capacity of 3,700 cubic meters—constructed by IHI for Sumitomo Metal Industries at its Wakayama Plant in Wakayama city began operations.

The new blast furnace is replacing the No.4 blast furnace, which had been operating at the Wakayama Plant and was in need of repairs. The result was an increase in annual crude steel production capacity for this plant from 4 million tons to 4.5 million tons.

This is the third consecutive major blast furnace construction project that IHI has completed for Sumitomo Metal, the first of which being the new No.1 blast furnace at its Kashima Plant in Kashima city, Ibaraki Prefecture, delivered in 2004, followed by the No.3 blast furnace revamping at the same plant, with its initial firing in May 2007.

IHI also received an order for the construction of the new No.2 blast furnace—capacity of 3,700 cubic meters—at the Wakayama Plant which will result in an increase in annual crude steel production capacity at this plant to 5.2 million tons in 2012, when this project is completed.

# Energy and Plants Operations

Main products and machinery

Boilers, gas turbines, components for nuclear power plants, environmental control systems, storage facilities and others

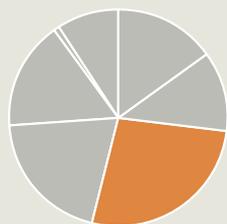


## Highlights

Net sales decreased 16.3% compared with the previous fiscal year to ¥365.2 billion.  
 Operating income amounted to ¥28.8 billion.  
 Orders decreased 11.2% compared with the previous fiscal year to ¥266.3 billion.

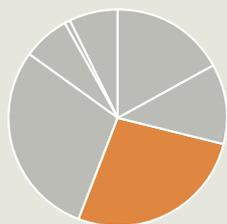
Net Sales	¥365.2	Billion
Operating Income	¥28.8	Billion
Orders	¥266.3	Billion

2010 Net Sales by Segment



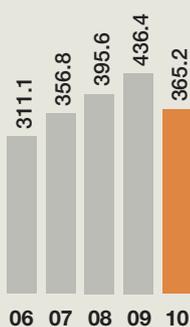
27%

2010 Orders by Segment

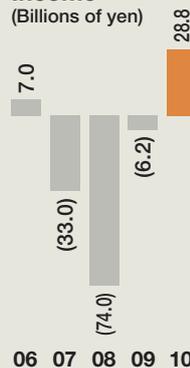


27%

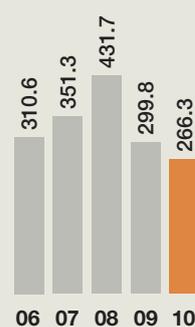
Net Sales (Billions of yen)



Operating Income (Billions of yen)



Orders (Billions of yen)



## IHI completes one of the biggest LNG receiving terminals in the U.S.



Sempra's Cameron LNG receipt terminal in Louisiana, USA

Used with permission of Sempra LNG

## Accumulated production number of fuel injection pump for small-medium sized diesel engine achieve 100 thousand



Fuel injection pumps for small-medium sized diesel engines used in generators

## Order secured from Australian mining company to upgrade large gas turbine power plant



Maintenance operations at Mizuho Aero-Engine Works

## Order for pressure vessel for U.S. nuclear power plant



ABWR reactor pressure vessel

In September 2009, IHI and partner Aker Solutions, the U.S.'s largest engineering firm, completed the construction of a liquefied natural gas (LNG) receiving terminal and handed it over to the client, Sempra LNG. The new LNG terminal is sited near Hackberry, Louisiana and comprises three of the largest LNG storage tanks in the U.S., each capable of holding 160,000 kilolitres. The site can supply a maximum of 1.5 billion cubic feet of natural gas to the U.S. domestic market daily and has an annual receiving capacity of 7–12 million tons.

Leveraging its track record in the field, IHI plans to actively target new sales opportunities overseas amid growing demand for LNG receiving terminals.

NICO precision, subsidiary of IHI achieved its production 100,000 of fuel injection pump for small-medium sized diesel engine mainly applicable for genset of marine and land use. NIP has a leading share of the global fuel injection pump market, at approximately 30%. NICO precision continuously meet the latest demand from customers to line up the next generation fuel injection system controlled by electronics and to expand sale for Korea and Europe.

IHI has signed a basic contract with the Australian mining conglomerate Rio Tinto to upgrade a large gas turbine power plant. The deal covers seven LM6000 gas turbines, each with a power output of 40,000kW, previously delivered by IHI to Riot Tinto Group company Hamersley Iron Pty. Ltd. IHI's local subsidiary signed the contract with Pilbara Iron Pty. Ltd., a Rio Tinto facilities maintenance subsidiary, to replace the turbines' high-temperature modules and perform an overhaul of the facility.

IHI completed a test operation facility dedicated to LM6000 turbine maintenance at its Kure No.2 plant in May 2009. This facility enables IHI to run a battery of operational tests on the LM6000 model after overhaul, including measurement of power output, temperature, pressure, and vibration, prior to shipment back to customers. With the facility, IHI can now carry out everything from maintenance through to running tests in Japan, thereby reducing costs and delivery times.

Looking ahead, the Company plans to reinforce its overseas sales support network and strengthen domestic and overseas sales activities with a view to expanding its turbine maintenance business, not just in Oceania, but also in Southeast Asia, North America and other markets.

In January 2010, IHI secured an order from TOSHIBA Corporation for a nuclear reactor pressure vessel, a key component for a nuclear power plant in the U.S.

The reactor pressure vessel will be installed in Unit 3 at the South Texas Project Nuclear Power Plant (TX), an order won by local Toshiba subsidiary Toshiba America Nuclear Energy Corporation (TANE) from South Texas Project Nuclear Operating Company, a U.S. power utility. The plant is scheduled to start operations in 2016. It will be the first advanced boiling water reactor (ABWR) to be built in the U.S. and will have an output of 1,400MW. The plant represents the latest in boiling water nuclear reactor design offering improved safety and economy.

To date, IHI has delivered a total of 24 nuclear reactor pressure vessels both in Japan and overseas. Leveraging its accumulated expertise in nuclear reactor component manufacturing, IHI plans to actively target order opportunities overseas, where the market for nuclear power plants is set to expand.

# Aero-Engine and Space Operations

Main products and machinery

Jet engines, space-related equipment and others



## Highlights

Net sales decreased 5.6% compared with the previous fiscal year to ¥281.0 billion.

Operating income decreased 36.5% compared with the previous fiscal year to ¥7.0 billion.

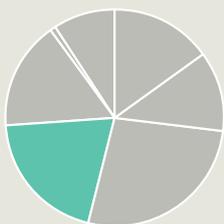
Orders decreased 13.3% compared with the previous fiscal year to ¥280.5 billion.

Net Sales **¥281.0** Billion

Operating Income **¥7.0** Billion

Orders **¥280.5** Billion

2010  
Net Sales  
by Segment



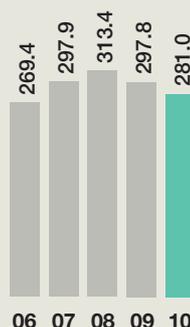
20%

2010  
Orders  
by Segment

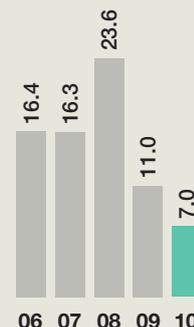


29%

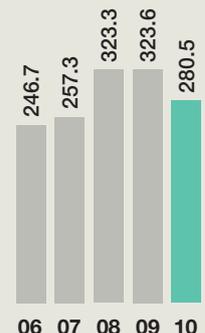
Net Sales  
(Billions of yen)



Operating Income  
(Billions of yen)



Orders  
(Billions of yen)



## String of international space development projects completed



The Japan's first HTV  
Courtesy of JAXA

## Distribution center built at the Soma Aero-Engine Works Achieving world-class operations by maximizing logistics efficiency



Soma distribution center

## IHI teams up with Boeing to develop a regenerative fuel cell system for aircraft power sources that reduces environmental impact



Prototype of a regenerative fuel cell

## Cumulative shipments of parts for the GE90 commercial aircraft engine—the world's most powerful—top 1,000 units



GE90-115B jet engine

In July 2009, *Kibo*, the Japanese experiment module for the International Space Station (ISS) was transported by space shuttle to the ISS, where it docked successfully. IHI was responsible for the construction of the module. Meanwhile, Japan's largest rocket, the first H-IIB launch vehicle, carrying the H-II transfer vehicle (HTV), achieved a successful lift-off the following September. The unmanned HTV was loaded with food and other supplies for the ISS and docked successfully with the ISS.

IHI supplied key components for both vehicles—turbopumps, a type of fuel supply device, for the H-IIB's solid rocket boosters and main engine, and propulsion devices that control the trajectory of the HTV.

IHI plans to continue contributing to space development via participation in international projects.

IHI completed the construction of a new distribution center at its Soma Works in Soma-city, Fukushima Prefecture in November 2009. The Soma Works produces jet engine parts for aircrafts. The distribution center will support fundamental improvements in logistics operations ahead of planned increases in the Works' output of jet engine parts for commercial aircraft. From this year, IHI aims to boost the Works' annual production of turbine blades to 1 million units, of large turbine disks to 2,500 units, and of mid-size turbine disks to 2,400 units.

The distribution center integrates the management of all materials sent to the Soma area by manufacturers both in Japan and overseas. It also handles the distribution of engine parts from Soma to customers worldwide, with parts set for direct shipment to overseas customers passing through a bonded holding area prior to distribution.

With the completion of the new facility, IHI has positioned the Soma Works as an advanced plant possessing international competitiveness with regard to "quality, delivery, cost and production volume," and the Company intends to actively develop the plant's operations further going forward.

IHI and U.S. company Boeing have signed an agreement to jointly develop a regenerative fuel cell system for aircraft power sources. The regenerative fuel cell system is rechargeable and can supply power to the aircraft independent of the engines, helping to reduce the load on aircraft power systems and cut weight. Because the system's only by-product will be water, it will help to save energy and reduce CO<sub>2</sub> emissions, thereby lessening the environmental impact of the aircraft.

Under the development program, IHI and Boeing plan to build a regenerative fuel cell prototype system and conduct ground-based testing by 2011. The next goal is to install the system on an actual aircraft by 2013 and test its performance as an auxiliary power source for the galley and other areas of the plane.

IHI has the largest share of the domestic jet engine market. Leveraging its extensive experience as a maker of aircraft components, IHI and its research and development partner Boeing, is aiming to contribute to a reduction in the environmental impact of aircraft.

IHI's cumulative shipments of parts for the GE90 commercial aircraft engine have topped 1,000 units. IHI is an international development partner for the GE90, rated as having the world's highest thrust (77,000–115,000lbs).

Led by the U.S. General Electric Company (GE), development of the GE90 got under way in 1990 and is now used on the Boeing 777. IHI has a 9% stake in the program and is responsible for the design and manufacture of key rotating parts in the engine such as the low-pressure turbine blades, disks, and shaft.

The low-pressure turbine blades use the latest aerodynamic design, allowing the number of blades to be cut by approximately 10%. For the turbine shaft, IHI has adopted a new material that is roughly 7% stronger than previous materials, thereby improving the transmission of torque through the engine.

IHI aims to further expand its jet engine business via joint development programs for commercial aircraft engines.

# Shipbuilding and Offshore Operations

Main products and machinery

Shipbuilding, ship repairs, offshore structures and others



## Highlights

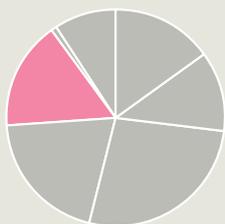
Net sales increased 17.7% compared with the previous fiscal year to ¥213.9 billion.

Operating income decreased 61.9% compared with the previous fiscal year to ¥1.0 billion.

Orders decreased 20.0% compared with the previous fiscal year to ¥63.1 billion.

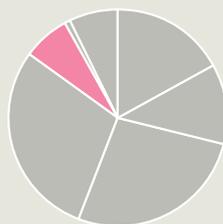
Net Sales	¥213.9	Billion
Operating Income	¥1.0	Billion
Orders	¥63.1	Billion

2010  
Net Sales  
by Segment



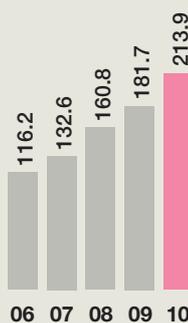
16%

2010  
Orders  
by Segment

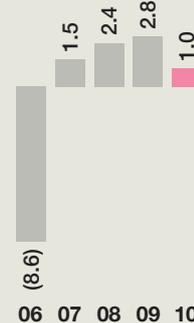


7%

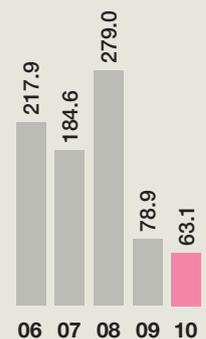
Net Sales  
(Billions of yen)



Operating Income  
(Billions of yen)



Orders  
(Billions of yen)



### 300,000 deadweight metric ton crude oil carrier delivered



300,000 deadweight metric ton crude oil carrier *TANGO*

IHI subsidiary IHI Marine United Inc. (IHIMU) delivered the 300,000 deadweight metric ton crude oil carrier *TANGO* to NYK Line at its Kure Shipyard in October 2009. The *TANGO* is the company's 16th very large crude carrier (VLCC) of this type that the Kure Shipyard has constructed since 2003. Featuring double-hull construction fuel oil tank and utilizing a vapor emission control system (VECS), the *TANGO* becomes a fully environmental friendly vessel.

IHIMU pursues to construct such vessels with high added value for the customers.

#### Main Specifications

- Length: 333.0m
- Beam: 60.0m
- Depth: 29.0m
- Draught: 20.6m
- Gross tonnage: approx. 160,000 tons
- Deadweight: approx. 300,000 tons

### Naming and launch ceremony for new destroyer



Helicopter-carrying destroyer *Ise*

IHI subsidiary IHI Marine United Inc. (IHIMU) conducted the naming and launch ceremony for the helicopter-carrying destroyer (DDH), which the Japan Ministry of Defense had ordered under its fiscal 2006 program, at its Yokohama Shipyard in August 2009. The destroyer, named *Ise*, is scheduled for completion and delivery in March 2011. The 13,500-ton destroyer is the second of the DDH *Hyuga* class, which was delivered to the MOD in March 2009, and is to replace the *Haruma*-class destroyers. IHIMU will continue to build high value ships, including destroyers of highly advanced technologies.

### Large container vessel delivered



Container vessel *HONG KONG BRIDGE*

IHI subsidiary IHI Marine United Inc. (IHIMU) delivered a 8,000TEU type container to Kawasaki Kisen Kaisha, Ltd. ("K" Line) at its Kure Shipyard in September 2009.

The vessel, named *HONG KONG BRIDGE*, is the eighth such container vessel IHIMU has constructed for "K" Line since 2006. *HONG KONG BRIDGE* has the latest marine equipment and design features, including an electronically controlled MAN B&W 12K98ME diesel engine and a two-tiers lashing bridge. After delivery, the ship is expected to be deployed mainly on Asia and Europe trade.

#### Main Specifications

- Length: approx. 336.0m
- Beam: approx 45.8m
- Depth: approx. 24.4m
- Draught: approx. 14.0m
- Gross tonnage: approx. 99,400 tons
- Deadweight: approx. 84,700 tons

# Real Estate Operations



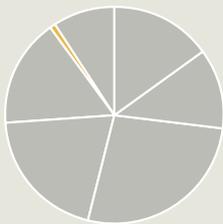
Main products and machinery | Real estate sales and rental

## Highlights

Net sales decreased 50.4% compared with the previous fiscal year to ¥7.8 billion.  
 Operating income decreased 43.0% compared with the previous fiscal year to ¥2.9 billion.  
 Orders decreased 10.1% compared with the previous fiscal year to ¥7.1 billion.

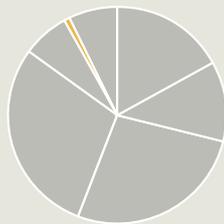
Net Sales	¥7.8 Billion
Operating Income	¥2.9 Billion
Orders	¥7.1 Billion

2010 Net Sales by Segment



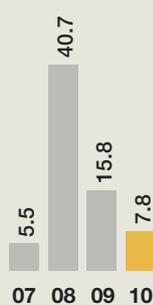
1%

2010 Orders by Segment



1%

Net Sales (Billions of yen)



Operating Income (Billions of yen)



Orders (Billions of yen)



### Part of a redevelopment site in Toyosu set aside for other uses under a temporary arrangement



CG image of the Toyosu redevelopment project

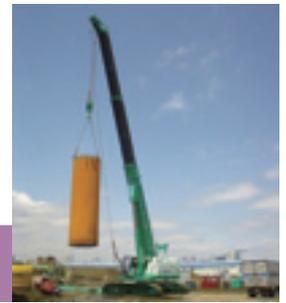
Multi-purpose temporary land uses by tenants started in part of a redevelopment site in Toyosu. Part of a site in Toyosu, Koto-ku, Tokyo, being redeveloped in a project led by IHI, is now being used for child welfare facilities and other buildings under a temporary land-use arrangement. For this arrangement, the approximately two hectares of land will be used under fixed-term leasehold contracts for roughly 10 years.

The land faces Harumi-dori, a road that cuts through the center of the area under redevelopment, and includes tenants selected as likely to contribute to the local community.

Consideration has been given to local housing and commercial areas in the design of the facilities with the inclusion of a welcoming pedestrian area and the addition of lush plants. Moreover, part of the site is opened to the public.

IHI plans to actively utilize its real estate assets in other areas as well.

# Other Operations



Main products and machinery

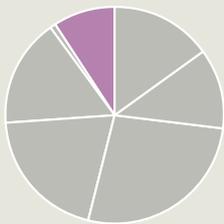
Diesel engines, agricultural machinery, construction machinery, financing and services and others

## Highlights

Net sales decreased 16.0% compared with the previous fiscal year to ¥117.9 billion.  
 Operating income decreased 87.6% compared with the previous fiscal year to ¥0.3 billion.  
 Orders decreased 33.7% compared with the previous fiscal year to ¥64.5 billion.

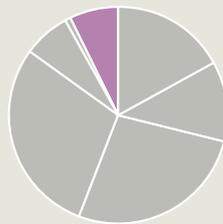
<b>Net Sales</b>	<b>¥117.9</b>	<b>Billion</b>
<b>Operating Income</b>	<b>¥0.3</b>	<b>Billion</b>
<b>Orders</b>	<b>¥64.5</b>	<b>Billion</b>

2010 Net Sales by Segment



9%

2010 Orders by Segment



7%

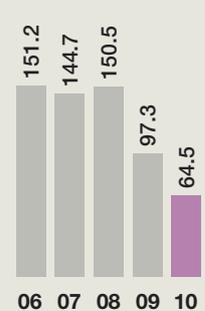
Net Sales (Billions of yen)



Operating Income (Billions of yen)



Orders (Billions of yen)



### World's first sterilization device for endoscopes using ozone water goes on sale after securing regulatory approval

Features first ever system to control, manage and trace concentration of antibacterial solution in an endoscope sterilization device

IHI Shibaura Machinery Corporation (ISM) has developed a groundbreaking endoscope sterilization device called the OED-1000 that uses ozone water. The device, the only one in the world, has secured regulatory approval from the Ministry of Health, Labour and Welfare.

A system in the device that controls and manages the concentration of the disinfectant solution, in this case ozone water, ensures antibacterial functions are maintained at highly stable levels. The use of ozone water means the system offers excellent sterilization performance, has no residual toxicity, and offers low running costs. The device also incorporates a system that controls, manages and traces the concentration of the disinfectant solution (ozone water) in real time—a world-first for an endoscope sterilization device. After sterilization, the ozone water can be disposed of normally, as the ozone in the water breaks down to leave a neutral solution. The device is highly reliable and is kind on both users and the environment.



OED-1000

\*The device is sold by Shin-Ei Industries, Inc., a company that primarily manufactures and sells medical equipment and nursing care products.

### Joint business deal signed with U.S. company in the lithium-ion battery field

IHI has signed a joint business deal with U.S. company A123 Systems, Inc. in the lithium-ion battery field for the Japanese market. The deal covers A123 System's high-performance lithium-ion batteries, which are also highly safe, long lasting, and cost competitive. IHI will cooperate in new client development, system design, and product supply, and work to support their adoption as the industry standard in a wide range of industrial fields as part of efforts promote their uptake.

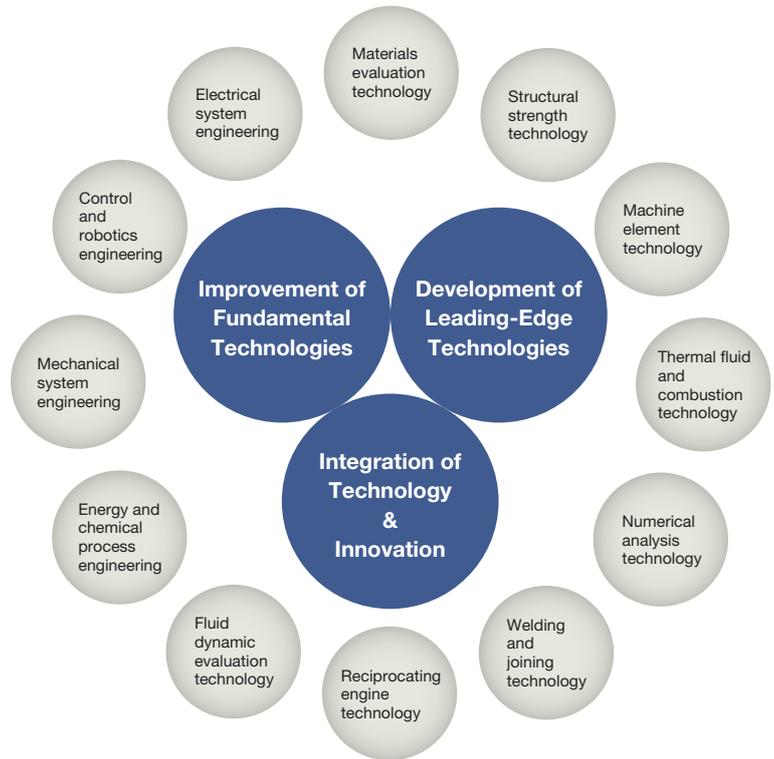


Green mower fitted with a lithium-ion battery made by A123 Systems

# Research and Development Highlights

## R&D Policy

IHI conducts research and development with three basic goals: “to advance common fundamental technologies,” “to pioneer new fields of leading-edge technologies” and “to integrate technologies to develop new types of products.” By making constant efforts to increase efficiency, reliability and durability, while reducing the burden on the environment, we have achieved steady results that are leading to greater contributions to society through new technologies. Research and development is the foundation of IHI.



### High Speed Balancer



High Speed Balancer

Automotive turbochargers perform at extremely high speeds, with some models achieving a maximum of more than 200,000rpm. Poor balance during operation can create eccentricity of the rotating axis, leading to excessive vibration that reduces the usable life and causes noise. To reduce this vibration and noise, turbocharger rotors need to be carefully balanced.

High Speed Balancers (HSB) automatically perform a balancing process on turbochargers to ensure they meet shipment criteria accepted by customers. IHI uses a proprietary balance measuring and correction method that accurately analyzes then adjusts imbalances of turbocharger rotors.

IHI is expanding the number of applications for its HSBs to ensure that IHI turbochargers are recognized by customers as the quietest and most reliable in the world.

### Development of Construction Technique for Aluminum Alloy IHI-SPB Tanks



An SPB tank during installation on an LNG carrier

IHI's proprietary Self-supporting Prismatic-shape IMO Type B (SPB) tank technology is used in aluminum alloy tanks for liquefied natural gas (LNG) carriers. Amid growing demand in recent years for SPB tanks for LNG floating production platforms and LNG floating receiving terminals, IHI has been developing technology for larger tanks.

IHI has developed a new one-side welding method for manufacturing larger aluminum alloy SPB tanks using the latest aluminum-specific welding power source, enabling the elimination of the large panel flipping process. In addition, proprietary robot system technologies ensure a high-quality weld, leading to better fatigue strength.

These technologies represent a quantum leap in the level of automation involved in the aluminum alloy SPB tank block manufacturing process, which utilizes similar construction methods to those used in the building of large ships. These advances have brought about efficient block manufacturing processes that are of a more consistent quality and a higher standard than ever before.

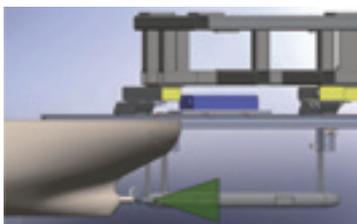
Furthermore, thanks to our technology, greater automation and efficiency is now a more realistic prospect in erection welding processes—where are difficult to automate as blocks are joined together to assemble the tanks.

By pursuing innovative technological development in tank welding processes, IHI has put in place a supply framework for IHI-SPB aluminum alloy tanks that are unrivaled in terms of reliability.



Equipment used for welding aluminum

### Development of Flow Measurement Technology for Ship Models Using an Underwater Stereo PIV System



Underwater stereo PIV system for flow measurement around a model ship at towing tank

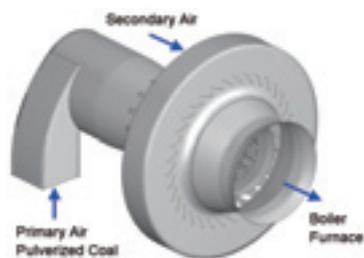
Amid rising fuel costs and efforts to cut greenhouse gas emissions, there are growing calls for the development of ships with high energy efficiency. This is driving the development of new vessel designs with better propulsion performance and energy-saving devices. Accurately understanding how water flows around these vessel hulls and energy-saving devices is crucial in boosting propulsion performance, and computational fluid dynamics and towing tank testing are part of this analysis. In an effort to improve towing tank analysis technology, IHI has developed Japan's first particle image velocimetry (PIV) measuring method for towing tanks.

PIV is a noncontact, simultaneous multiple-point measurement approach which enables flow distribution through the processing of images showing tracer travel and direction along with the flow. The tracer particles in the flow are illuminated by a powerful laser and then CCD cameras are used to take the images of the tracer particles. IHI's underwater stereo PIV system can measure flow around a model in a towing tank, thereby enabling the rapid and accurate analysis of complex flow characteristics around propellers and rudders—something that had been problematic with technology to date. This system is aiding the performance evaluation and development of new vessel hulls and energy-saving devices that are being designed to help reduce greenhouse gas emissions.



Laser light illuminated by underwater PIV system

## Numerical Analysis of Pulverized Coal Fired Boiler



IHI-DF Burner



Analysis result of IHI-Pulverized Coal Fired Boiler

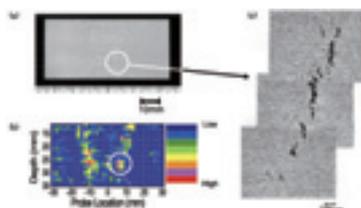
From the perspective of energy security and fuel economy, pulverized coal fired boilers will continue playing an important role in power generation, despite the ever worsening problem of global warming caused by CO<sub>2</sub> emissions. Therefore, it is essential to improve the performance of boiler systems and their efficiency through optimizing the design and operating method accurately predicting the combustion, fluid-flow and heat transfer phenomena.

With this in mind, IHI Corporation developed a method to comprehensively analyze and evaluate the combustion, fluid-flow and heat transfer phenomena in boiler systems by computational fluid dynamics. Using pulverized coal burner fluid-flow analytical data as the input data for analyzing the boiler combustion, fluid-flow and heat transfer phenomena enables the evaluation of overall performance. This approach allows IHI engineers to estimate the effect of burner and boiler design and their operating conditions on the performance of the boiler, such as heat absorption on the furnace wall and furnace exit gas temperature. This analysis method is already being used in the design and development of pulverized coal fired boilers.

## Development of Creep Life Assessment Technique for Boiler Pipes



Measurement under field conditions



The test result

- (a) a cross sectional picture,
- (b) an ultrasonic test result and
- (c) a magnified picture of the circled region

In recent years, operators of thermal power plants have been working to boost the energy efficiency of their boilers by increasing operating temperatures and pressure—two of the conditions for generating steam. Consequently, welded pipes made from high-chromium steel, which have excellent heat resistance, are used in a large number of important boiler components such as main steam pipes and hot reheat pipes. Owing to the considerable stress put on these components from high temperatures, it is vital to quickly identify any areas that may have damaged, and this is leading to growing demand for component life assessments.

Against this backdrop, IHI has developed a new approach and equipment that enable the accurate life assessment of boiler pipes. The equipment analyzes ultrasound signals detected from damaged areas of pipe and converts these signals into images. This also enables life assessments by comparing the data with inspection benchmarks created as part of a testing program. This system is being rolled out at power plants nationwide, helping to contribute to the stable supply of electricity.

## World's First Liquid Nitrogen-Cooled 400kW Superconducting Motor Completed



The two liquid nitrogen cooled superconducting motors and the counter rotation propeller system at the exhibition in 2008

IHI has developed the world's first liquid nitrogen-cooled 400kW superconducting motor. The motor successfully completed a 24-hour continuous running test at 400kW with 250rpm.

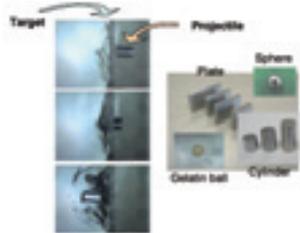
Superconducting motors can reduce electrical resistance to zero, so they do not waste energy and can be used with highly efficiency reducing adverse impacts on the natural environment. IHI will begin tests into the feasibility of using superconducting motors in ship's propulsion systems and develop 2,500kW superconducting motors that will be launched around 2012.

The key features of IHI's superconducting motor include (1) the world's first superconducting AC coil (armature coil), (2) the absence of a slip-ring for the power and/or coolant supplied would enable two motors to be connected in tandem and used with a counter rotation propeller system, and (3) the world's first kW-class superconducting motor that can be cooled with liquid nitrogen. IHI is now to make the motor more compact and more efficient with a view to commercialization.

## Development of Launch Technique for Various Projectiles



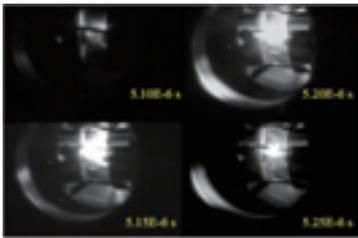
Light Gas Gun



Various Projectiles and Image of Impact Fracture

In some cases, it will be essential to ensure structural integrity against high-velocity impact of projectiles on designing high-speed rotating equipment and defense-related products. In the case of jet engines, for example, we must consider the possibility of incidents such as ingesting foreign objects such as birds into engines or the impact of a broken fan blade onto the fan case. Because of the nature that such events on actual phenomenon are highly complex, simpler impact testing is an effective approach at early design stages such as materials development. Among many parameters related to impact testing, the choice of the projectile material and its posture greatly affect impact load and the selection of a projectile and launch technique that is applicable to the assumed event is necessary. IHI has developed a launch technique using a light gas gun for various projectiles, such as soft gelatin to simulate a bird strike and metallic plates to simulate jet engine fan blades. This impact testing enables engineers to accumulate a range of strength data necessary for impact resistance design.

## Extreme Ultraviolet



Framing image of the light source plasma

Extreme ultraviolet (EUV) is seen as a leading candidate for next-generation light source technology in lithography processes, with a number of companies competing to develop EUV for this application. However, current technology is still not capable of sustaining stable EUV for long periods, which is a requirement of semiconductor manufacturers. In order to improve the conversion efficiency of EUV, the biggest problem associated with the technology, IHI has been working with the Tokyo Institute of Technology since fiscal 2008 on the joint development of an EUV light source with high conversion efficiency. In the fiscal year under review, we tested the conversion efficiency of our jointly developed EUV light source, finding that its performance exceeded that of existing EUV technology. With the new light source, the EUV generating plasma source can be sustained for long periods and a significant improvement in conversion efficiency was achieved by maintaining a good balance between power input and radiation loss. In theory, the technology could achieve a conversion efficiency of 40% where lithium is used as the light source, and there are expectations that conversion efficiency could be boosted further. Going forward, IHI plans to accelerate its research efforts to ensure the technology is adopted as the next lithography light source.

## Material Bin Picking Robot System



Bin-picking of raw casting products

In recent years, flexible manufacturing systems have become mainstream on the manufacturing front line, requiring a large, flexible workforce capable of performing a host of tasks. Industrial robots with advanced vision sensors are increasingly replacing humans in processes such as sorting of randomly placed parts and handling, helping to drive forward the automation of manufacturing.

However, the sorting of randomly placed parts by industrial robots has been restricted to small components, and humans still have to handle large, heavy items. Robots have seen limited use in large product handling because sensor performance has been insufficient for the wider fields of view associated with larger items, and the costs associated with changing factory floor operating methods and conditions to allow for robot movements is considerable.

In response to this problem, IHI has developed a bin picking robot system capable of identifying randomly placed parts in a wide area and that can also work in the same way and under the same conditions as human workers. This robot system is also capable of picking casting products up from large mesh pallets.

## Coal Gasification Technology



Development of Twin Gasifier (TIGAR®)

Twin IHI Gasifier (TIGAR®) produces useful syngas as a substitute for feedstock of chemicals manufacturing or for fuel of various industries. TIGAR® especially uses low-rank coal such as brown coal, which has a relatively larger reserve than oil or natural gas.

Coal gasification is the conversion of coal to flammable gas mainly containing hydrogen and carbon monoxide through a chemical reaction with steam under high temperature conditions. As this reaction is endothermic, external heat sources are not required. In TIGAR®, the combustor is separated from the gasifier, however, the required heat produced by the combustion of the remaining char is carried to the gasifier with circulating bed-sand material. Therefore, syngas with high concentration can be obtained.

Using the unique circulating fluidized bed technology, IHI is developing a more efficient gasification process capable of operating at a relatively lower temperature than the other gasification technologies.

# IHI Intellectual Property

As of March 31, 2010

## Basic Policy on Intellectual Property

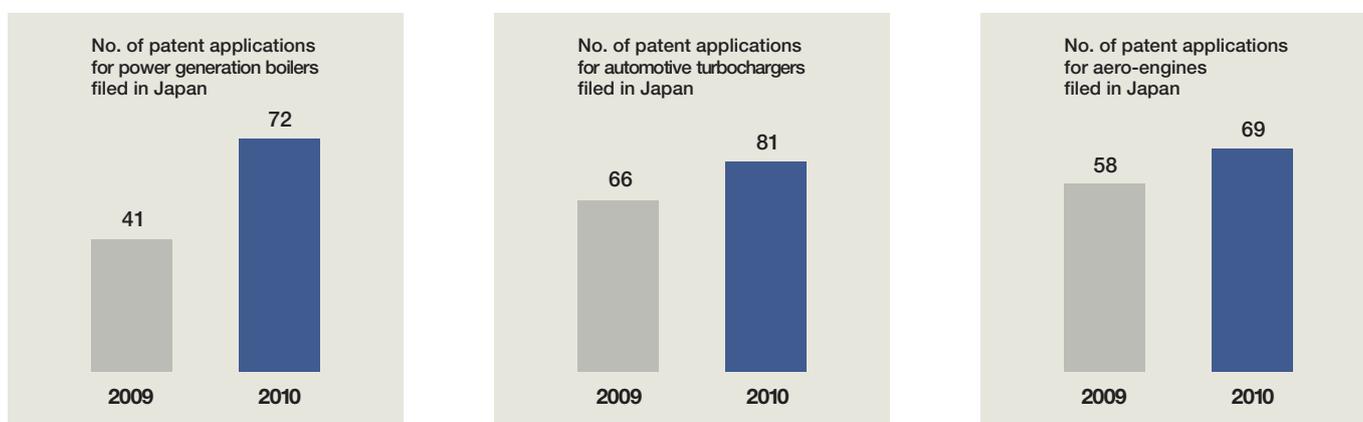
Based on the Group's Management Policies 2010, IHI Group has established the following basic policy concerning intellectual property (IP).

- (1) Promote IP activities with integrated business and R&D strategies
- (2) Carry out thorough IP risk management
- (3) Invigorate IP activities in each business operation and improve internal organizational structures

## Outcome of Invigorated Patent Application Activities

In the strategic business areas identified in the Group's Management Policies 2010, many patent applications were filed. In addition, we have worked to build awareness of patent networks in those businesses that were slated to become profit drivers and the focus of resources, namely power generation boilers, automotive turbochargers, aero-engines and so forth.

As a result, compared with the year ended March 2009, the number of patent applications in the year ended March 2010 has significantly increased, as shown in the graphs. To maintain its business advantages, IHI will continue to pursue IP activities that integrate its business and R&D strategies.



## IHI Brand Protection from an IP Perspective

The IHI trademark is certified by the Japan Patent Office as an established trademark. In addition, IHI filed its trademark overseas and is now registered in 78 countries.

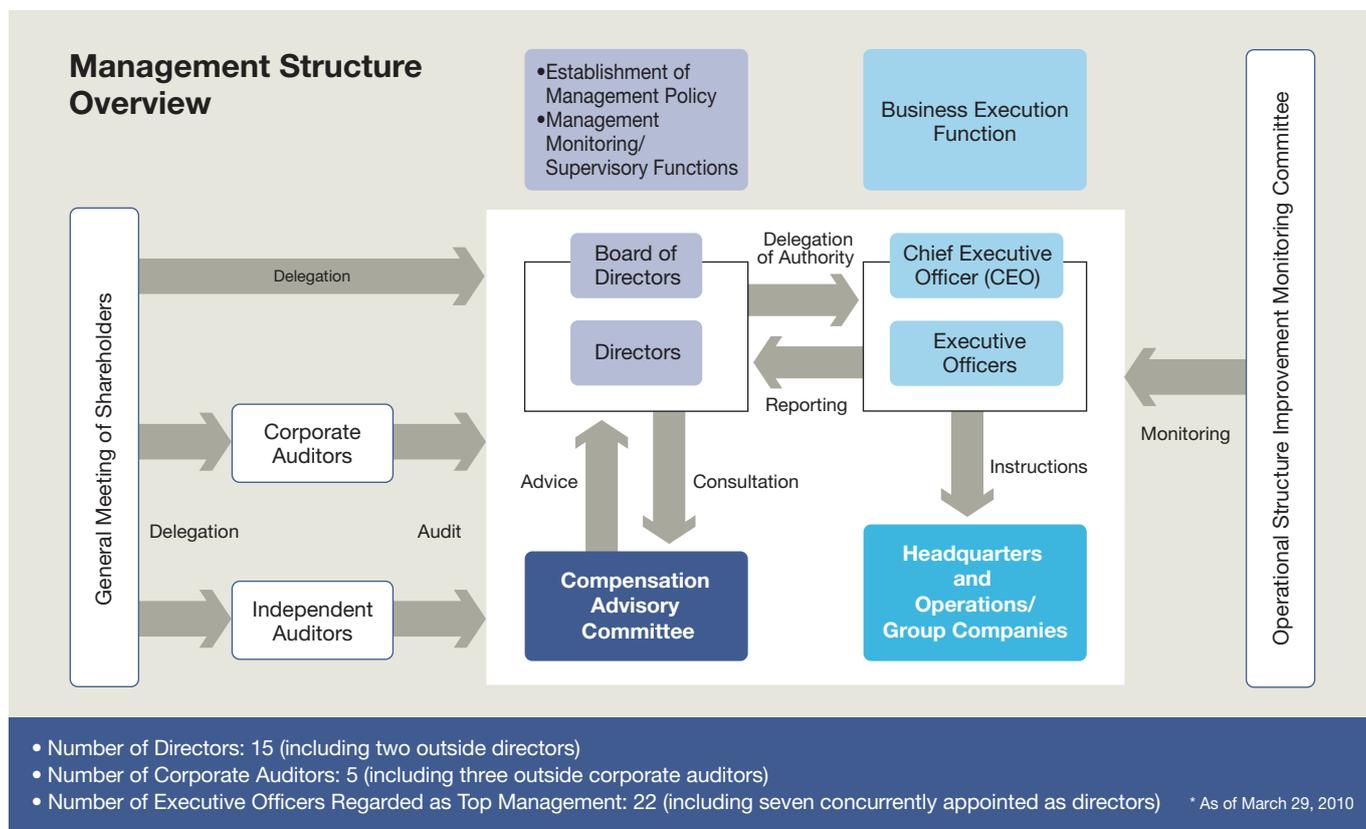
In July 2007, the Company name was changed to IHI, with some affiliated companies also adopting the IHI name and trademark. To improve IHI brand value, the IHI Group will continue to promote its brand by filing trademark applications for requisite products and services.

## IHI Group's Intellectual Property

A comparison between the years ended March 2009 and 2010 reveals that the number of patents filed by the IHI Group rose from 1,029 to 1,158 in Japan, while the number of patents held by the IHI Group increased from 4,325 to 4,708 in Japan and from 726 to 793 overseas. This shows that overall Group strength in the area of IP is improving.

As stated in the Group Management Policies 2010, shifting away from the paradigm, which has been our tacit premise to date, and accelerating internal reforms are needed, we have established the 2010 IHI Group Basic Policy on Intellectual Property, which promotes patent applications for products meeting market needs, patent applications for business geared to entire life cycle and patent applications to foreign countries for global business as well as IP activities across the entire IHI Group.

# Corporate Governance, Compliance and Risk Management



## The Corporate Governance System

IHI defines corporate governance as a system designed to maximize corporate value by increasing efficiency of management to leverage the company's capabilities as much as possible. Given this definition, recognizing that decision-making within industry must follow the law and appropriate procedures and the importance of systems to monitor operational execution, we are enhancing our corporate governance framework.

Under the terminology of the Companies Act in Japan, IHI is classified as a "company with auditors," and of its five corporate auditors, three are outside auditors. Twenty-two members of the top management are selected to act as executive officers to concentrate purely on operational execution, and seven of them also serve as members of the board of directors (as of March 2010).

We have established a Management Committee, composed by persons appointed by the Chief Executive Officer (CEO) and charged with supporting the CEO in decision-making and operational execution.

We also established a Compensation Advisory Committee with the objective of guaranteeing the appropriateness of executive compensation. This organization consists of four members: an outside director, who acts as committee chair; one outside corporate auditor; the board member in charge of human resources; and the board member in charge of finances.

## The Support System for Outside Directors and Outside Corporate Auditors

In IHI, the roles of supporting outside directors and supporting outside corporate auditors go the Administrative Division and the Auditors' Office, respectively. The Administrative Division supports the outside directors by explaining the agendas for Board of Directors' meetings and assisting them perform their duties in other ways. In the Auditors' Office, IHI employees support the outside corporate auditors not only by assisting them perform their duties, but also by providing reports from the standing corporate auditors on the day-to-day status of the company and by sharing other information with them.

### Compensation for Directors and Auditors

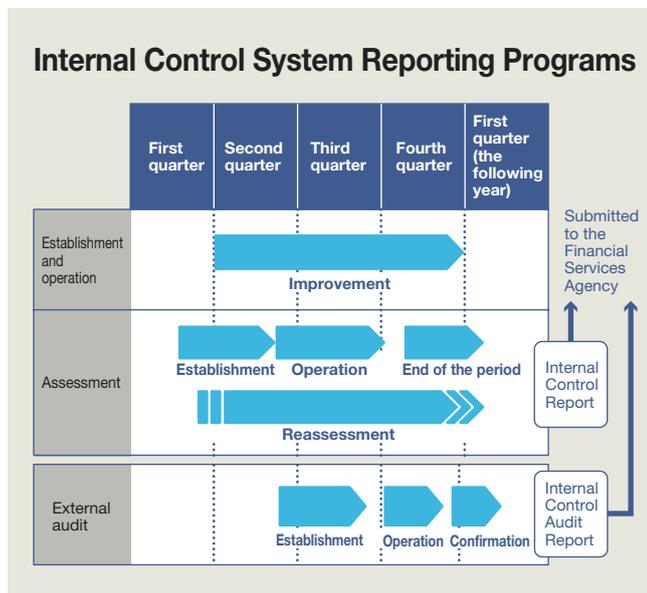
Compensation for directors takes into account their performance, position, and achievement of goals in their areas of responsibility, and the amount is determined within the framework approved at the General Meeting of Shareholders. In FY2009, total annual compensation for the board of directors was ¥497 million, while total annual compensation for the auditors was ¥83 million.

## Internal Control System

IHI has identified making corporate governance more effective and increasing corporate value as fundamental goals in establishing internal control systems. These basic policies guide us in establishing the framework for more thorough compliance and enhanced risk management. The Group Management Planning Group within the Corporate Planning Division coordinates the establishment and development of management systems shared by group companies as well as other general matters of group management.

As a response to prevent window dressing and other improprieties associated with accounting, Japan has instituted the commonly called J-SOX system, an internal control reporting system based on the Financial Instruments and Exchange Act. In FY2009, in accordance with this system, which mandates the construction and institution of internal controls for preparing proper financial statements and the public disclosure of reports evaluating the effectiveness of the function of such roles, the Internal Control Assessment Division under the direct control of the company president coordinated an independent evaluation that was conducted by the Internal Control Assessment Groups established at each important business site of the IHI Group. The result of this independent evaluation was that no flaws in internal controls were found that were likely to have a significant effect on the Group's financial statements. The internal control report that summarized these evaluation results was subjected to an external audit performed by an auditing firm.

By complying with the system, the IHI Group is more than simply responding to the legal system. By achieving the original aims of internal controls, which are to make operations more effective and efficient, this is an opportunity for us to act intentionally to strengthen risk management, improve management efficiency, enhance the competitiveness of the Group as a whole, and increase corporate value. This is why we merged the existing Internal Control Office and Auditors' Office to launch the Internal Auditors' Office in April 2010. This new head office division, which contributes to corporate management, increases the effectiveness and efficiency of the internal control system by providing enhancement of the basic functions of an independent auditor, namely, surety and advice, while at the same time, facilitating the efficient establishment and operation.



## Our Policy on Compliance Activities

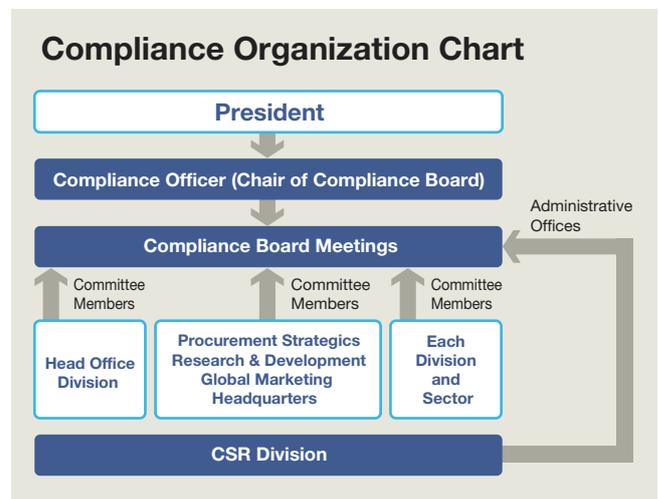
IHI adopted the following statement as its Compliance Activities Policy in FY 2009: "The operating divisions and head office divisions will each reaffirm their respective roles and join with each other to thoroughly root out 'any hint of impropriety' within the Group." In the course of actual activities, Divisions should take care of any issues that are in their purview and aim to make all their employees aware of compliance and train them until it becomes a habit.

### Compliance Board Meeting

IHI's Compliance Board meets four times a year with the executive officer in charge of compliance in the IHI Group as its chair. It formulates activity policies for each fiscal year and carries out compliance activities using a PDCA cycle.

In specific terms, the Board determines its themes based on activity policies formulated at the beginning of the year, and at the first meeting, it has the Divisions share information about their particular problems. From the second meeting on, the Board checks the status and issues of each Division, and if necessary, looks at possible measures to take, using a PDCA cycle.

The Board has promoted awareness of problems and sharing of information for common issues in the IHI Group, and the relevant Divisions use this information and awareness to join forces, resolve issues, and make improvements. In the future, we will strengthen cooperation among Divisions in order to instill more thoroughgoing policies to prevent recurrence of problems.

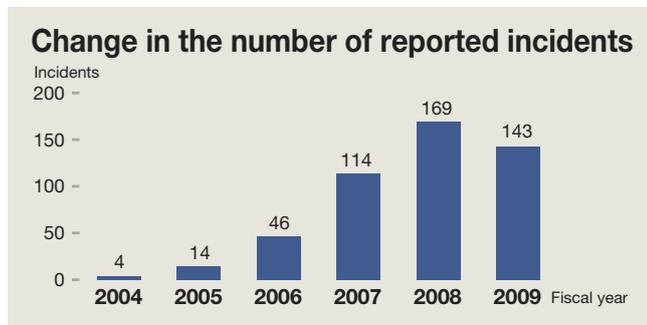


### Compliance Hotline

The IHI Group has established a Compliance Hotline (hereafter, the Hotline) in order to prevent illegal or improper actions in the course of operations or to discover them in their early stages and correct them in a timely manner. An expert outside organization, the Corporate Ethics Hotline, serves as the contact point for all IHI Group employees, including temporary and part-time employees, and it is possible to use the Hotline anonymously.

During FY2009, 143 incidents were reported to the Hotline. Most of the incidents had to do with interpersonal relations in the workplace, and we will continue to provide guidance and education about improving the workplace climate. As in FY2008, most of the notifications were anonymous, and we will continue informing

employees about the use of the Hotline through in-house bulletins and education for each rank of employees, so that these reports may lead to dependable resolution of problems.



## Compliance Education

### Compliance Education

One of IHI's objectives is to increase employees' awareness of compliance, so we offer a full range of educational programs. This includes not only compliance education through e-learning, but also group education for employees of every rank in IHI and the IHI Group, everyone from management and division heads to newly hired employees.

Division heads who are responsible for compliance education at IHI receive their training from invited outside lecturers. This year's training session was the fourth one, and by now, about 240 employees have received this training. The attendance rate of training done through e-learning at IHI was 89%, a higher figure than the previous fiscal year. In conducting compliance education and training, we present case studies from inside and outside the company so that the employees can feel that the issue is relevant to them. Surveys administered to participants after the training courses elicited remarks such as, "Using specific case studies made it easy to understand" and "I really learned a lot."

Future efforts will include enhanced education for employees with a specific focus on the Manufacturing Divisions. We will visit each region, hear opinions from the work sites, and make improvements such as creating teaching materials that deal with compliance issues on the work sites.

## Promoting the Awareness and Spread of Compliance

The entire IHI Group held activities aimed at improving awareness of and spreading the word about compliance. We have also designated October as Corporate Ethics Month, and we hope that this will help spread the word about compliance even further.

### Discussions in the Workplace

A new effort that we undertook in FY2009 was holding discussions in the workplace about compliance. These discussions served as occasions for reassessing the organizational climate. Executives, assistant section managers, and young staff members were organized into teams including a mix of generations and were asked to speak frankly about such concerns as "Where is the hidden potential for violations of compliance?" and "When does the word 'compliance' come into your mind?" We took care to set up rules for the discussions, so that everyone, regardless of

viewpoint, could exchange opinions freely and easily.

In the future, we would like to increase the opportunities for discussions in the workplace, not limiting them to Corporate Ethics Month, and to consider ties with other departments and offices.

## Employees Write "Senryu" about Compliance

In order to help employees feel that compliance was an issue that they should be concerned with, we asked them to submit *senryu* (a style of humorous verse) on the topic of compliance. In FY2009, employees submitted 342 such poems. We plan to continue this program in order to ensure that all employees share the same awareness about compliance.



A poster displaying the best poems submitted

## Enhancing Risk Management

Given the influence that IHI Group has on society, we strive to manage risks inherent to the company in an appropriate manner and prevent accidents and other mishaps.

### Risk Management System

IHI is aware of the importance of ascertaining, evaluating, and monitoring the risks involved in the operational execution of the Group as a whole, and so we practice risk management. In accordance with the Basic Risk Management Regulations formulated in FY2008, we have set up a risk management system and frameworks for administering and evaluating it. We are therefore striving to prevent risks and minimize their effects if they happen to arise.

In specific terms, a Risk Management Committee is convened regularly to manage risk management for the entire IHI Group. Participants check the details of risk prevention programs and their current status and work to shore up and strengthen risk management practices.

### Formulating a Business Continuity Plan (BCP)

In FY2009, the IHI Group formulated a business continuity plan (BCP) that posited an epidemic of a new strain of influenza. In FY2010, we plan to develop a BCP to be deployed within the Group in the event of a major earthquake.

### Security Export Controls

IHI has formulated security export control regulations whose basic policy is stated as, "To promote international peace and security and, from the standpoint of preventing the proliferation and accumulation of both weapons of mass destruction and conventional weapons etc. and goods and technologies relating to the development of such weapons, IHI will not engage in exports, make offers or enter into direct or indirect trade transactions that contravene the Foreign Exchange and Foreign Trade Act with countries and regions interdicted from the trade of goods and technologies that come under the Foreign Exchange and Foreign Trade Act." We have also established a Security Export Control Committee, chaired by the CEO, which has the responsibility of managing and supervising matters related to the Foreign Exchange and Foreign Trade Act for the entire company.

# Information Security and Protecting Intellectual Property

## Information Security

The use of information technology has become essential for today's corporate activities, but companies also need to institute measures against information security risks such as information leaks and data loss. IHI is tackling these issues from three aspects: rules, tools, and education.

### Information Security Measures

Among the rules we have established are Information Security Policy, Information Security Provision Criteria, and Information System User Regulations.

We have introduced a variety of security tools, such as anti-virus software, and we update them to the newest versions. In FY2009, we installed security software for e-mail, USB memory, and other external memory media in order to enhance security outside the company.

We hold annual computer-based educational sessions in order to give IHI Group employees a deeper understanding of these rules and tools.

### Organized and Planned Security Measures and Improvements

An Information Security Committee composed of representatives from IHI's major Divisions and Group companies meets four times a year and institutes information security measures in an organized and planned way.

Every year beginning in FY2005, the IHI Group has conducted an internal audit of the status of its information security measures and made efforts to improve. A primary survey (written survey) of all Group companies was conducted in September and October of FY2009, and in February and March, a secondary survey (in-person interviews) of a selected smaller group of companies was conducted.

### Obtaining International Certification (ISO 27001)

The IHI Group Divisions and companies that perform important work for the national government undergo a review by outside expert organizations every year. They have obtained and renewed their ISO 27001 certification, an international certification of information security, and strive to maintain a high level of information security.

## Protecting Intellectual Property

### Basic Concepts of Intellectual Property

The IHI Group protects its intellectual property by enhancing its intellectual activities on the basis of business strategies and R&D strategies and constructing a Group-wide intellectual property management system. In addition, one of IHI's basic principles is respect for the intellectual property rights of third parties.

## Efforts to Protect Intellectual Property

### Respecting the Intellectual Property Rights of Third Parties

The IHI Group respects the intellectual property rights of third parties and pays special attention to inculcating the principles of intellectual property management in order to reduce business risk. We are instituting a system that will allow us to search patents and monitor the patents of other companies and we are setting up the infrastructure needed to avoid business risks.

### Education about Intellectual Property

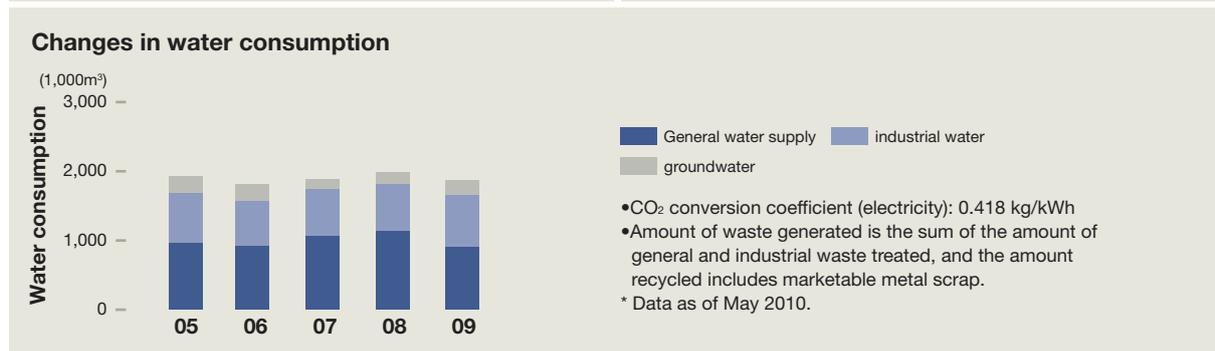
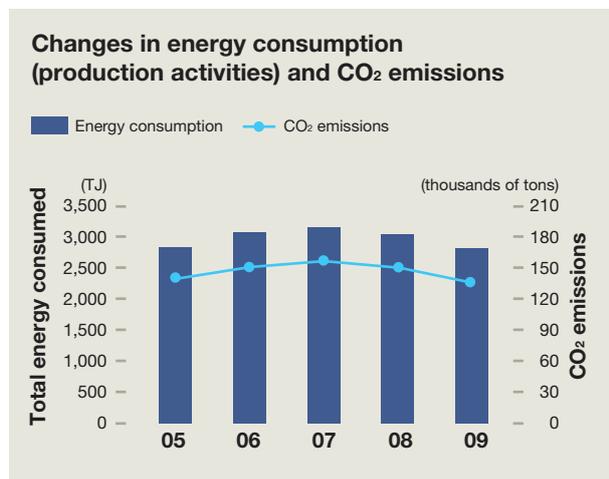
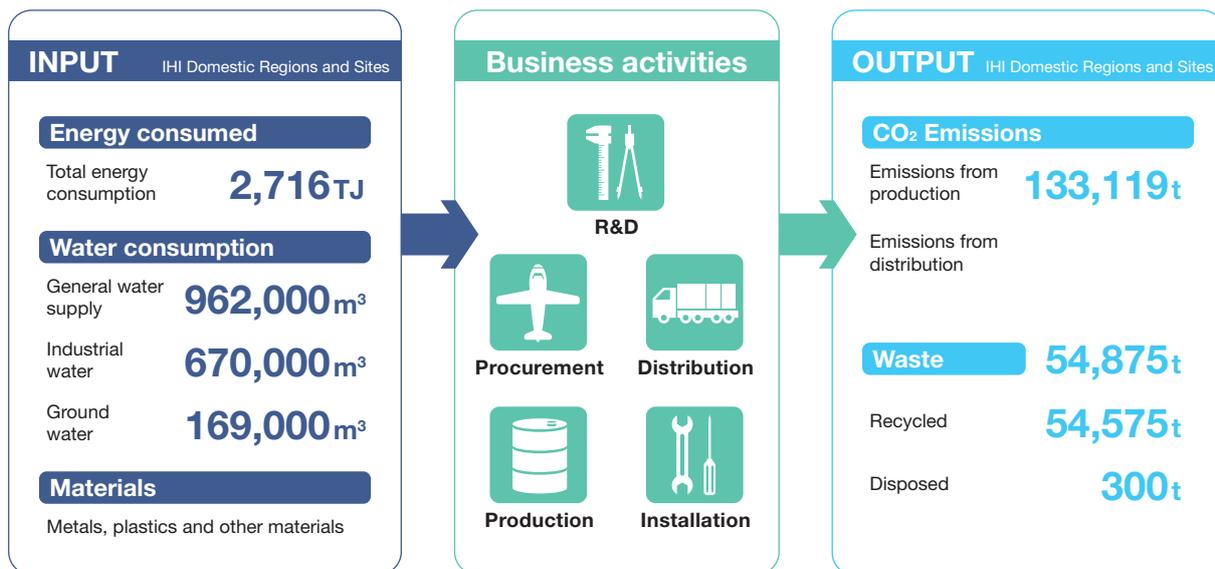
The IHI Group aims to protect its own intellectual property and respect the intellectual property rights of third parties, and to that end, it conducts in-house education for employees. These educational programs employ lecture sessions and e-learning systems and offer education on a wide variety of topics related to intellectual property in general, including patents, copyrights, brands, and trade secrets.

#### Disclosure of Information:

Concepts>IHI discloses corporate information that society deems necessary at appropriate times, and it has improved the transparency of its management practices. It also strives to build healthy and favorable relations with society and to promote stability and continuity in its business activities.

## Materials Balance of Business Activities

Through IHI business activities, we provide an array of products that support industrial and social development, ranging from machinery, equipment, facilities, and plants to distribution and transportation systems. The environmental impact of this production is summarized below. Applying an accurate understanding of how much electricity, fuel, water, and other resources are consumed in IHI production activities (input) and our environmental emissions in terms of CO<sub>2</sub>, waste, and so on (output), we are working to reduce our environmental impact.



## Global Warming Measures

### Changes in CO<sub>2</sub> Emissions in Production Activities

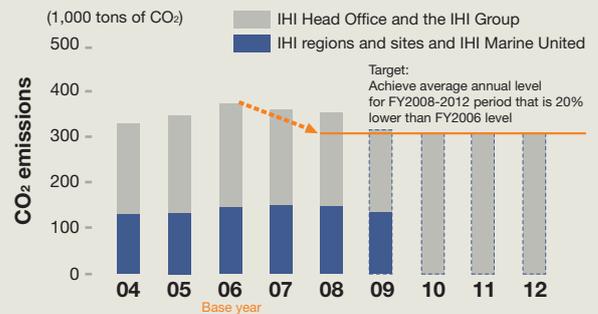
The IHI Group's target is "to reduce CO<sub>2</sub> emissions by 20% of the FY2006 level based on the average annual level for the FY2008–FY2012 period." As a result, we are working on cutting CO<sub>2</sub> emissions in our production activities.

All regions and sites of the IHI Group have long been reducing CO<sub>2</sub> emissions by implementing various energy-saving programs.

In FY2009, the combined effects of energy conservation measures at each production site and the recession led to a 10% reduction in emissions from the previous year.

We are currently intensifying our efforts to meet our goals.

### Changes in IHI Group's (domestic) CO<sub>2</sub> emissions and reduction target



- The FY2009 data for the IHI Group and its domestic group companies is currently being surveyed and includes a 10% allowance for error.
- In the future, a reassessment of the aggregate range may cause a change in the numerical values.
- We use a CO<sub>2</sub> conversion coefficient (electrical power) of 0.418kg-CO<sub>2</sub>/kWh.

### Efforts to Reduce CO<sub>2</sub> Emissions

#### Reducing CO<sub>2</sub> Emissions in Our Business Activities

The IHI Group is striving to reduce CO<sub>2</sub> emissions stemming from its business activities.

In FY2009, aiming to deal with the revisions of the Act on the Rational Use of Energy (Energy Conservation Law) and Act on Promotion of Global Warming Countermeasures (Anti-Warming Act), we set up a system in each company to which these laws applied and reassessed the management standards (operation and management manuals for facilities that place emphasis on energy efficiency) in manufacturing plants where the creation of standards was required by law.

In reassessing the management standards, we first invited expert outside lecturers\* to give group seminars to the persons in charge of energy management in all the Group companies.

Through a combination of classroom-style lectures, group discussions, and the making of corrections to management standards actually produced, the parties involved deepened their understanding of the topic.

The lecturers also made individual visits to plants in IHI's regions and sites (including group companies) to follow up on the seminars.

In FY2010, in addition to visiting a broader range of sites and following up on the reassessment of the management standards, we will establish an Energy Efficiency Committee



A group seminar



An onsite inspection (IHI Aichi Office)

(tentative name), formulate individual three-year energy plans for each plant and office building for FY2010-2012, and look at specific energy policies as part of our Group-wide energy efficiency programs.

\*For this seminar and the individual visits, we received the cooperation of the Energy Conservation Center, Japan

## Measures against Environmental Harmful Substances

### Management and Disposal of Devices That Use PCBs

Electrical devices that use PCBs (polychlorinated biphenyls) are managed appropriately in all Group companies. Electrical devices that use high concentrations of PCBs are already registered with the Japan Environmental Safety Commission (JESCO), and we have been detoxifying them since FY2009. At the same time, we identified and prepared a list of electrical devices that use minute amounts of PCBs in FY2009.



Electrical device using high concentrations of PCBs in transit  
(IHI Aichi Office)

### Supporting Chemical Substances Management

Due to the European REACH regulations, which went into effect in 2007, IHI is trying to strengthen its management of chemical substances contained in its products. In FY2008, we surveyed our products that might contain substances subject to the REACH regulations and confirmed that there were no substances that were subject to provisional registration. In FY2009, we formulated a basic policy of building and managing a framework by which we can monitor all the chemical substances used in the IHI Group's business activities, which we aim to realize by the end of FY2012, and we have been taking concrete actions since FY2010.

### Reducing Pollutant Release and Transfer Register (PRTR) Substances

The solvents that IHI uses for the coatings of the ships and bridges in its businesses include PRTR substances. The main substances covered include xylene, ethyl-benzene, toluene, and they are emitted into the atmosphere. In FY2009, there were eight types of Class I Designated Chemical Substances of which one ton or more (or 0.5 ton or more of Specified Class I Designated Chemical Substances) was used. The amounts emitted or transferred are shown in the following table.

In FY2010, we will continue converting to non-solvent type coating materials and using airless coatings, and we are considering instituting a PRTR Management System (tentative name) in model operating divisions.

### Amounts of PRTR Act Class I Designated Chemical Substances Emitted or Transferred

Unit: tons

Ordinance number	Substances	Emission	Transfer
40	Ethylbenzene	95.0	0.0
63	Xylene	189.1	0.0
68	Chromium and trivalent chromium compounds	0.0	62.0
69	Hexavalent chromium compounds	0.0	0.5
227	Toluene	46.2	0.0
231	Nickel	0.0	1.4
309	Poly (oxyethylene) nonylphenyl ether	0.1	1.3
311	Manganese and its compounds	0.0	3.5

# Corporate Officers

As of July 1, 2010

## President



Kazuaki Kama

## Executive Vice Presidents



Yasuyuki Watanabe



Yuji Hiruma



Ichiro Hashimoto

## Board of Directors



Makoto Serizawa



Kazuo Tsukahara



Tamotsu Saito



Fusayoshi Nakamura



Tatsumi Kawaratani



Sadao Degawa



Joji Sakamoto



Ichiro Terai



Izumi Imoto



Tomokazu Hamaguchi



Tadashi Okamura

## Corporate Auditors

Teruo Shimizu

Masakazu Maruyama

Takeo Inokuchi

Nobuo Gohara

Hisatsugu Nonaka

## Executive Officers

### Chief Executive Officer

Kazuaki Kama

### Senior Executive Officer

Yuji Hiruma

Ichiro Hashimoto

### Managing Executive Officer

Fusayoshi Nakamura

Tatsumi Kawaratani

Mitsukatsu Asaoka

Toshinori Sekido

### Executive Officer

Sadao Degawa

Ichiro Terai

Izumi Imoto

Hiroshi Iwamoto

Junichi Saikawa

Eiichi Yoshida

Naruto Takata

Akira Inoue

Osamu Abiko

Ichiro Murai

Yutaka Yoshida

Hiroshi Asakura

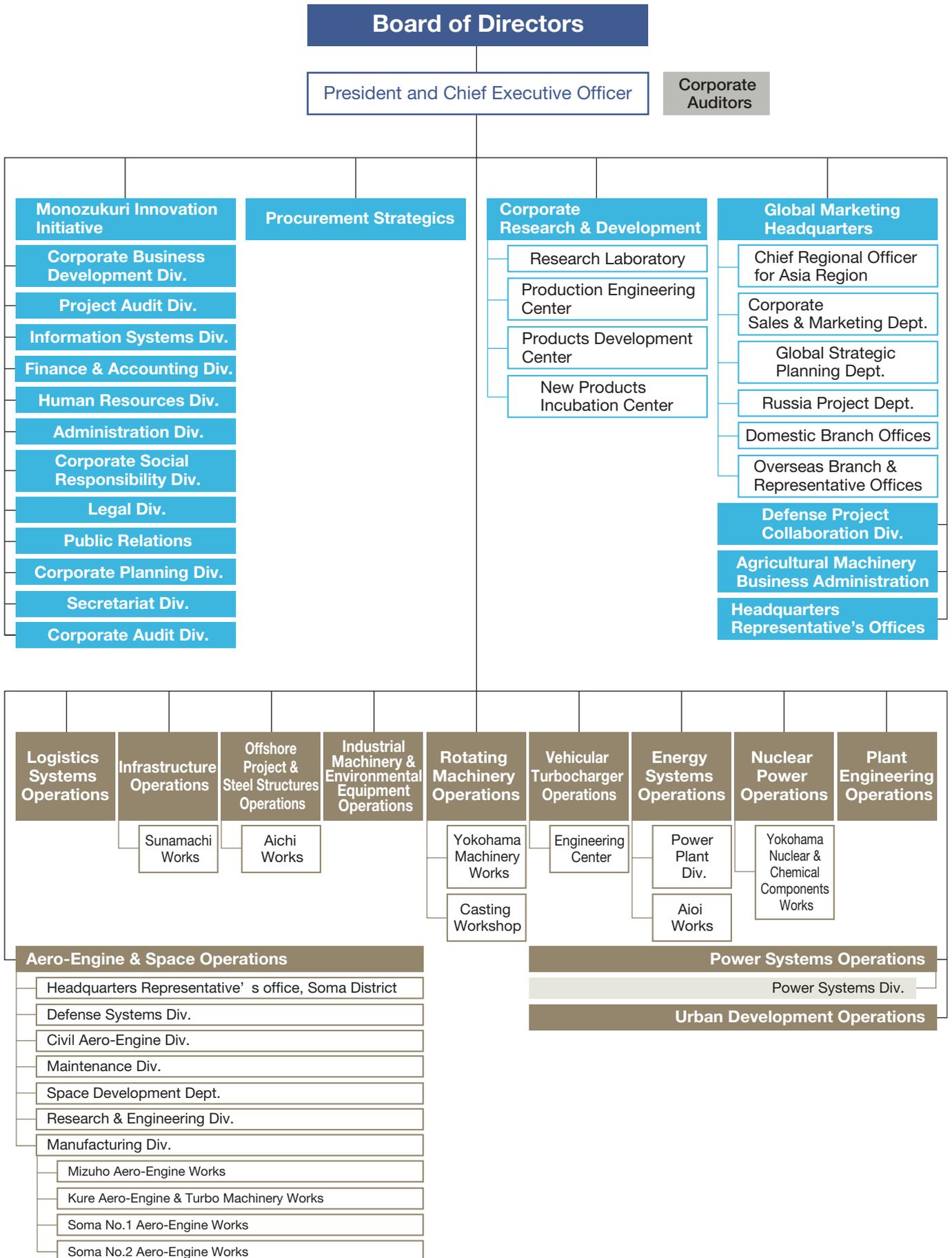
Nobuo Aoki

Tsugio Mitsuoka

Hiromitsu Hamamura

# Organization

As of July 1, 2010



# IHI Group Companies

As of July 1, 2010

By effectively using group dynamics, IHI provides not only products but also services fully covering engineering, operation, inspection, maintenance, safety, and consulting.

Energy & Resources	Ships & Offshore Facilities	Physical Distribution Systems & Social Infrastructure
<ul style="list-style-type: none"> <li>•Aomori Plant</li> <li>•IHI Chita E&amp;M</li> <li>•IHI Inspection &amp; Instrumentation</li> <li>•IHI Kankyo Engineering</li> <li>•IHI PACKAGED BOILER</li> <li>•IHI Plant Construction</li> <li>•IHI Plant Engineering</li> <li>•Kanamachi Purification Plant Energy Service</li> <li>•Kotobuki Iron Works</li> <li>•Nagoya Plastic Handling</li> <li>•NICO Precision</li> <li>•Niigata Power Systems</li> <li>•Takashima Giken</li> <li>•Toyosu Energy Service</li> </ul>	<ul style="list-style-type: none"> <li>•IHI Amtec</li> <li>•IHI Engineering Marine</li> <li>•IHI Marine</li> <li>•IHI Marine United</li> <li>•Shinkoh SBA</li> </ul>	<ul style="list-style-type: none"> <li>•CENTRAL CONVEYOR</li> <li>•Chiba Warehouse</li> <li>•Hohoemie</li> <li>•IHI Infrastructure Systems</li> <li>•IHI Logistic Technology</li> <li>•IHI Transport Machinery</li> <li>•Ishikawajima Construction Materials</li> <li>•ISMIC</li> <li>•Japan Tunnel Systems</li> <li>•Kanto Segment</li> <li>•Livecon Engineering</li> <li>•Matsuo Engineering</li> <li>•Niigata Transys</li> <li>•Nishi-nihon Sekkei Engineering</li> <li>•PC Bridge</li> <li>•San-Etsu</li> </ul>
Rotating & Industrial Machinery	Aero Engine & Space	Other Operations
<ul style="list-style-type: none"> <li>•Giken Technology</li> <li>•IHI Compressor and Machinery</li> <li>•IHI Machinery and Furnace</li> <li>•IHI METALTECH</li> <li>•IHI Turbo</li> <li>•IMEC</li> <li>•Voith IHI Paper Technology</li> </ul>	<ul style="list-style-type: none"> <li>•IHI Aero Manufacturing</li> <li>•IHI AEROSPACE</li> <li>•IHI AEROSPACE ENGINEERING</li> <li>•IHI Castings</li> <li>•IHI Jet Service</li> <li>•IHI MASTER METAL</li> <li>•INC Engineering</li> </ul>	<ul style="list-style-type: none"> <li>•Diesel United</li> <li>•IHI Business Support</li> <li>•IHI Construction Machinery</li> <li>•IHI Scube</li> <li>•IHI Shibaura Machinery</li> <li>•IHI Shibaura Technical Service</li> <li>•IHI STAR Machinery</li> <li>•IHI Technical Training Institution</li> <li>•IHI TECHNOLOGY SOLUTIONS</li> <li>•IHI Trading</li> <li>•Kinki Ishiko</li> <li>•Seiban Development</li> </ul>

# Directory

As of July 1, 2010

## Offices

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FAX: +213-21-92-14-36

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## Branch

### SINGAPORE

#### IHI Corporation Singapore Branch

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Robinson 77, Singapore 068896  
TEL: +65-6515-6609  
FAX: +65-6438-8006

## Main Overseas Subsidiaries

### U.K.

#### IHI Europe Ltd.

2nd Floor, America House,  
2 America Square,  
London EC3N 2LU, U.K.  
TEL: +44-20-7481-8180  
FAX: +44-20-7481-4955

### NETHERLANDS

#### Hauzer Techno Coating BV

Van Heemskerckweg 22, 5928 LL Venlo,  
THE NETHERLANDS  
TEL: +31-77-355-9777  
FAX: +31-77-396-9798

### GERMANY

#### IHI Charging Systems International GmbH

Haberstrasse 24, 69126 Heidelberg, GERMANY  
TEL: +49-6221-3096-100  
FAX: +49-6221-3096-123

### ITALY

#### IHI Charging Systems International S.P.A

Via regina 25 23870 Cernusco Lombardone(LC) ITALY  
+39-039-9993-811  
+39-039-9284-675

### THAILAND

#### IHI TURBO (THAILAND) Co., Ltd.

Amata Nakorn Industrial Estate, 700/487 Moo. 2,  
Tumbol Bankao, Amphure Phanthong, Chonburi  
20160, THAILAND  
TEL: +66-38-4540-53  
FAX: +66-38-4540-57

### MALAYSIA

#### ISHI POWER SDN. BHD.

Letter Box No.52, 27th Floor, UBN Tower,  
10 Jln.P.Ramlee, 50250 Kuala Lumpur MALAYSIA  
+60-3-2026-2688  
+60-3-2026-2687

### MALAYSIA

#### ISHI POWER SYSTEM MALAYSIA SDN. BHD.

Letter Box No.52, 27th Floor, UBN Tower,  
10 Jln.P.Ramlee, 50250 Kuala Lumpur MALAYSIA  
+60-3-2026-2688  
+60-3-2026-2687

### SINGAPORE

#### JUNRONG ENGINEERING LIMITED

25 Tanjong Kling Road, Jurong Town,  
SINGAPORE 628050  
TEL: +65-6265-3222  
FAX: +65-6268-4211

### VIETNAM

#### IHI INFRASTRUCTURE ASIA CO., LTD

9th Floor, Hoang Huy Building,  
116 Nguyen Duc Canh,  
Cat Dai, Le Chan, Hai Phong, VIETNAM  
TEL: +84-31-3630671  
FAX: +84-31-3630672

### INDONESIA

#### PT Cilegon Fabricators

Argawana P. O. Box 171 Cilegon, 42454  
Banten, INDONESIA  
TEL: +62-0254-5750068  
FAX: +62-0254-5750069

### HONG KONG

#### IHI (HK) Ltd.

Room 2203, 22/F., Causeway  
Bay Plaza 2, 463-483 Lockhart Road,  
Causeway Bay, HONG KONG  
TEL: +852-2522-4093  
FAX: +852-2845-2497

### CHINA

#### IHI-Sullair Compression Technology

#### (Suzhou)

#### Co., Ltd.

No. 262, Changyang Street, Suzhou Industrial Park,  
Suzhou, Jiang Su 215024, CHINA  
TEL: +86-512-8518-8500  
FAX: +86-512-8518-8510

### CHINA

#### JIANG SU ISHI TURBO Co., Ltd.

6 Chang Qing Road, Zhouzhuang Town, Jiangyin  
Jiang Su 214423, CHINA  
TEL: +86-510-86226408  
FAX: +86-510-86221406

### CHINA

#### Changchun FAWER-IHI Turbo Co., Ltd.

No. 3300 Linhe Street, Economy Tech Exploit Zone,  
Changchun 130033, CHINA  
TEL: +86-431-582-3378  
FAX: +86-431-582-3389

### CHINA

#### IHI Logistics System Technology Shanghai

#### Co., Ltd.

Room041, 24th floor, Shanghai HSBC Tower, 1000,  
Lujiazui Ring Road, Pudong New Area Shanghai  
200/20 CHINA  
+86-21-6841-2886

### TAIWAN

#### IHI TECHNICAL CONSULTING Co., Ltd.

Room 1202, Chia Hsin Building,  
No. 96 Section 2, Chung Shan North Road,  
Taipei, TAIWAN  
TEL: +886-2-2542-5520  
FAX: +886-2-2542-4362

### PHILIPPINES

#### ISHI PHILIPPINES, INC.

Room 1104, West Tower, PSE Center,  
Exchange Road, Ortigas Center, Pasig City,  
REPUBLIC OF THE PHILIPPINES  
TEL: +63-2-631-0986  
FAX: +63-2-631-1962

### AUSTRALIA

#### IHI Engineering Australia Pty. Ltd.

Suite 2201, Level 22,  
111 Pacific Highway,  
North Sydney NSW 2060 AUSTRALIA  
TEL: +61-2-9923-9300  
FAX: +61-2-9923-9333

### AUSTRALIA

#### IHI Oxyfuel Australia Pty. Ltd.

Suite 2201, Level 22,  
111 Pacific Highway,  
North Sydney NSW 2060 AUSTRALIA  
TEL: +61-2-9923-9300  
FAX: +61-2-9923-9333

### U.S.A.

#### IHI Southwest Technologies Inc.

6766 Culebra Road,  
San Antonio, TX 78238-4700, U.S.A.  
TEL: +1-210-256-4100  
FAX: +1-210-521-2311

### U.S.A.

#### IHI Turbo America Co.

Route 16 West, R R 3, Box 36, Shelbyville,  
IL 62565-0580, U.S.A.  
TEL: +1-217-774-9571  
FAX: +1-217-774-3834

### U.S.A.

#### IHI INC.

150 East 52nd Street, 24th Floor,  
New York, NY 10022, U.S.A.  
TEL: +1-212-599-8100  
FAX: +1-212-599-8111

### BRAZIL

#### ISHIKAWAJIMA-HARIMA SUL-AMERICA

#### LTDA.

Av. Presidente Antonio Carlos, 607-sobreloja-Centro-  
Rio de Janeiro. RJ. BRAZIL (CEP 20020-010)  
TEL: +55-21-2533-6671  
FAX: +55-21-2533-6193

# Timeline of IHI

1800s	1853	Established Ishikawajima Shipyard
	76	Established Ishikawajima Hirano Shipyard
	89	Established Ishikawajima Shipbuilding & Engineering Co., Ltd., Tokyo (Ishikawajima S&E)
1900s	1907	Established Harima Dock Co., Ltd.; later renamed to Harima Shipbuilding & Engineering (Harima S&E) and merged with the Company
	39	Established Shibaura United Engineering Co., Ltd. (SUECO), to produce rolling mills, through a joint venture with Toshiba and United Engineering & Foundry in the United States; later merged with the Company
	41	Established Nagoya Shipbuilding Co., Ltd. (Nagoya Shipbuilding); later merged with the Company
	45	Changed Company name to Ishikawajima Heavy Industries Co., Ltd. (Ishikawajima Heavy Ind.)
1960s	54	Established Kure Shipbuilding & Engineering Co., Ltd. (Kure S&E); later merged with the Company
	1960	Merged Ishikawajima Heavy Ind. and Harima S&E; inaugurated Ishikawajima-Harima Heavy Industries Co., Ltd. (IHI)
	61	Established Nagoya Heavy Ind.
	63	Established Jurong Shipyard Ltd. (JSL) in Singapore
	64	Merged Nagoya Heavy Ind. and Nagoya Shipbuilding
1970s	67	Merged with Shibaura United Engineering
	68	Merged with Kure S&E
	1971	Established IHI Engineering Australia Pty. Ltd. (IEA)
	72	Established Ishikawajima Europe BV (IE) in the United Kingdom
	74	Established IHI Marine BV (IMBV) in the Netherlands
	75	Established Felguera-IHI SA (FI) in Spain
1980s	77	Established IHI Marine Engineering Singapore Private Ltd.
	77	Established IHI INC. in the United States
	1980	Established Warner-Ishi Corp. (WI) in a joint venture with Borg-Warner Automotive Inc. in the United States
	82	Established IHI (HK) Limited (IHL) in Hong Kong
1990s	82	Established PT Cilegon Fabricators
	88	Established Diesel United, Ltd. in a joint venture with Sumitomo Heavy Industries Ltd. (SHI)
	1992	Established IHI Europe Ltd. (IEL) in the United Kingdom
	95	Established IHI Technical Consulting Co., Ltd. (ITCC) in Taiwan
	95	Established Marine United Inc. (MU), which performs engineering for ships and naval vessels with SHI
	95	Established Warner-Ishi Europe S.p.A. (WIE) in Italy
	96	Established IHI PHILIPPINES, INC. (IPI) in the Philippines
	97	Established Jiang Su Ishi Turbo Company Ltd. (JIT) in China
	98	Established the Environmental Technical Center
	98	Established IHI Turbo Germany GmbH., in Germany
2000s	98	Established IHI Turbo America, as a successor of Warner Ishi
	98	Established IHI Turbo Italy, as a successor of Warner Ishi Europe
	99	Established IHI Southwest Technologies, Inc. in the United States to undertake nondestructive inspections
	99	Established two subsidiaries to engage in industrial waste processing business
	2000	Established joint venture with The Broken Hill Proprietary Company Limited (BHP) of Australia and Nucor Corporation of the United States to license strip-casting technology
	00	Purchased Nissan Motor's Aerospace and Defense Divisions and established IHI Aerospace Co., Ltd.
	00	Integrated three construction companies into Ishikawajima Plant Construction Co., Ltd.
	00	Established IHI-Verson Press Technology, LLC, in the United States
	00	Established SEC-IHI Desulfurization Engineering Co., Ltd. in China
	01	Established joint venture Voith IHI Paper Technology Co., Ltd. in Japan
	01	Established joint venture IHI Charging Systems International GmbH, as a successor of IHI Turbo Germany
	01	Established Beijing Municipal Ishikawajima Shield Engineering Limited Company; joint venture for manufacturing & selling shield tunneling machines
	01	IHI Turbo Italy became a subsidiary company of IHI Charging Systems International GmbH, and renamed to IHI Charging Systems International S.p.A.
	02	Established joint venture IHI TURBO (THAILAND), for manufacturing & selling turbochargers.
02	Project formulated for redevelopment of land at site of former plant in Toyosu district of Tokyo	
02	Shipbuilding & Offshore Operations spun off as a separate company, IHI Marine United Inc.	
03	Established NIIGATA POWER SYSTEMS Co., Ltd. and Niigata Transys Co., Ltd. to take over and carry on a portion of the business of Niigata Engineering Co., Ltd.	
03	Aerospace development operations integrated with IHI Aerospace Co., Ltd.	
03	Established IHI-Chinfong Press Engineering Co., Ltd.	
04	Established Changchun FAWER-IHI Turbo Co., Ltd.	
04	Established IHI-Sullair Compression Technology (Suzhou) Co., Ltd.	
05	Established IHI Metaltech Co., Ltd.	
07	Changed name to IHI Corporation.	
08	Hauzer Techno Coating B.V. became a subsidiary company of IHI	
08	Established IHI Oxyfuel Australia Pty. Ltd.	
08	Established Wuxi IHI Turbo co., Ltd.	
08	Central Conveyor became a subsidiary of IHI	
09	Integrate Bridge and Water Gate business with Kurimoto and Matuso Bridge and established IHI Infrastructure Systems	
09	Agreed for integration of Shield Tunneling Machine business with JFE Engineering and established Japan Tunnel Systems	

# Financial Section

Years ended March 31  
IHI Corporation and Consolidated Subsidiaries

## Consolidated Six-Year Summary

	Millions of yen					
	2010	2009	2008	2007	2006	2005
<b>For the year:</b>						
Net sales	¥1,242,700	¥1,388,042	¥1,350,567	¥1,221,016	¥1,127,075	¥1,089,047
Cost of sales	1,048,875	1,221,612	1,235,111	1,098,412	986,666	962,127
Gross profit	193,825	166,430	115,456	122,604	140,409	126,920
Operating (loss) income	47,145	25,679	(16,807)	(5,626)	21,771	10,619
Income (loss) before income taxes and minority interests	22,816	8,533	46,794	15,059	22,165	15,112
Net income (loss)	17,378	(7,407)	25,195	(4,593)	5,283	2,180
<b>At year-end:</b>						
Total assets	¥1,412,421	¥1,489,342	¥1,542,295	¥1,536,078	¥1,461,796	¥1,387,838
Current assets	941,742	1,036,428	1,082,624	1,044,642	1,005,974	937,250
Net property, plant and equipment	290,909	273,964	261,761	257,838	226,071	234,887
Current liabilities	758,164	898,181	898,682	893,276	774,037	752,951
Long-term liabilities	427,192	385,211	409,207	415,755	498,362	460,960
Total net assets*	227,065	205,950	234,406	227,047	169,237	153,716
<b>Amounts per share (yen):</b>						
Net income (loss)	¥ 11.85	¥ (5.05)	¥ 17.18	¥ (3.46)	¥ 3.93	¥ 1.56
Cash dividends	2.00	—	4.00	4.00	2.00	—
Shareholders' equity	144.66	130.96	149.96	144.70	130.36	118.40
<b>Other data:</b>						
Number of employees	24,890	24,348	23,722	23,190	23,364	21,847
Number of shares issued (millions)	1,467	1,467	1,467	1,467	1,298	1,298
<b>Ratios:</b>						
Return on average assets (%)	1.23	(0.49)	1.64	(0.30)	0.37	0.16
Return on average equity (%)	8.60	(3.60)	11.66	(2.41)	3.27	1.43
Total shareholders' equity ratio (%)	15.02	12.89	14.26	13.82	11.58	11.08

\*The data previously presented as "Total shareholders' equity" are shown as "Total net assets" based on an accounting standard adopted from the year ended March 31, 2007.

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## Operating Results

In the fiscal year ended March 31, 2010, orders received declined 17.5% year on year to ¥970.4 billion amid a sluggish economic recovery, mainly in developed countries. Although sales in Shipbuilding and Offshore Operations and Logistics Systems and Structures Operations were firm, consolidated net sales declined 10.5% year on year to ¥1,242.7 billion due to lower sales in Energy and Plants Operations and Industrial Machinery Operations. Domestic sales fell 8.1% to ¥718.0 billion and overseas sales declined 13.5% to ¥524.6 billion.

Operating income increased 83.6% year on year to ¥47.1 billion, mainly on the back of improved profitability in the Energy and Plants Operations and the Logistics Systems and Structures Operations. Although the Company booked losses related to the discontinuation of the GX rocket project, net income improved to ¥17.3 billion from a net loss of ¥7.4 billion in the previous fiscal year, owing to an improvement in operating income and the absence of losses related to the provision of allowances for doubtful accounts booked in the previous fiscal year.

## Business Operation by Segment

In Logistics Systems and Structures Operations, products related to private capital investment such as material handling and physical distribution systems saw a decline in sales, but total segment sales increased 2.6% year on year to ¥209.9 billion on generally firm sales of steel bridges and shield tunneling machines. The segment moved back into the black at the operating level, reporting operating income of ¥2.0 billion compared with an operating loss of ¥1.4 billion in the previous fiscal year, owing to improved profitability in steel bridge construction and other projects related to public capital investment.

In Industrial Machinery Operations, sales declined 24.3% year on year to ¥166.8 billion due to lower sales of vehicular turbochargers, iron and steel manufacturing equipment and paper manufacturing equipment. The lower sales also led to a drop in operating income of 62.2% year on year to ¥4.7 billion.

In Energy and Plants Operations, segment sales declined 16.3% year on year to ¥365.2 billion as major boiler and chemical machinery projects peaked out. However, operating income improved to ¥28.8 billion, from an operating loss of ¥6.2 billion in the previous fiscal year, thanks to an improvement in profitability on boilers, storage facilities, and components for nuclear power plants.

In Aero-Engine and Space Operations, segment sales declined 5.6% year on year to ¥281.0 billion owing to lower sales of aircraft jet engine parts to the Ministry of Defense and the impact of yen appreciation in sales of commercial aircraft jet engines. The decline in sales was also the main reason behind a drop in operating income of 36.5% year on year to ¥7.0 billion.

In Shipbuilding and Offshore Operations, segment sales rose 17.7% year on year to ¥213.9 billion, supported by an increase in the booking of sales for new ships under construction owing to the application of the percentage-of-completion accounting method. Operating income dropped 61.9% year on year to ¥1.0 billion, mainly due to the impact of yen appreciation.

In Real Estate Operations, segment sales declined 50.4% year on year to ¥7.8 billion, partly in reaction to strong condominium sales in the previous fiscal year when the Company handed over a condominium complex in the Toyosu area (Koto-ku, Tokyo). Operating income fell 43.0% year on year to ¥2.9 billion, mainly due to the

decline in condominium sales.

In Other Operations, segment sales fell 16.0% year on year to ¥117.9 billion owing to lower sales of agricultural machinery and construction machinery. Operating income dropped 87.6% year on year to ¥0.3 billion, reflecting the decline in sales.

## Consolidated Profit/Loss Situation

Although net sales declined, the cost of sales reduced from ¥1,221.6 billion in the previous fiscal year to ¥1,048.8 billion in the fiscal year under review, leading to 6.9 percentage point improvement in the cost of sales ratio from 88.0% to 84.4%. Selling, general and administrative expenses (SG&A) increased from ¥140.7 billion in the previous fiscal year to ¥146.6 billion. This mainly reflected an increase in provision of allowances for doubtful accounts and higher personnel expenses, leading to a rise in the SG&A ratio from 10.5% to 11.8%. As a result of the above, operating income rose 83.6% year on year to ¥47.1 billion.

Net financial expense (the amount after deducting interest expense from interest income and dividends) totaled ¥2.3 billion, a deterioration of ¥0.6 billion compared with previous fiscal year. Net other income and expenses, after deducting net financial income, deteriorated from net expenses of ¥10.4 billion in the previous fiscal year to net expenses of ¥11.7 billion in the fiscal year under review.

Net extraordinary losses deteriorated by ¥5.2 billion, from ¥4.9 billion in the previous fiscal year to ¥10.2 billion. Although there was a decline of ¥13.7 billion owing to the absence of losses related to the provision of allowances for doubtful accounts booked in the previous fiscal year, gains on sale of property, plant and equipment (including land) declined ¥13.3 billion and losses of ¥10.2 billion were booked for the discontinuation of the GX project.

As a result of the above, income before income taxes and minority interests (pre-tax profit) rose 167% year on year to ¥22.8 billion, and net income totaled ¥17.3 billion, an improvement of ¥24.7 billion from a net loss of ¥7.4 billion in the previous fiscal year. This resulted in net income per share of ¥11.85, versus net loss per share of ¥5.05 in the previous fiscal year.

## Financial Position

As of March 31, 2010, total assets stood at ¥1,412.4 billion, a decrease of ¥76.9 billion from the end of the previous fiscal year.

Current assets declined ¥94.6 billion to ¥941.7 billion, primarily reflecting increases of ¥17.2 billion in marketable securities and ¥13.8 billion in deferred income taxes, against declines of ¥66.7 billion in inventories, ¥32.6 billion in trade receivables, and ¥10.9 billion in cash and time deposits.

Fixed assets rose ¥17.7 billion to ¥470.6 billion, mainly reflecting a combined increase of ¥15.7 billion for property, plant and equipment and intangible assets.

Total liabilities as of March 31, 2010 were ¥1,185.3 billion, down ¥98.0 billion compared with the end of the previous fiscal year. This mainly reflected declines of ¥53.6 billion in trade payables, ¥41.2 billion in advances from customers, and ¥12.8 billion in reserve for losses on sales contracts.

Interest-bearing debt totaled ¥432.0 billion, up ¥4.8 billion compared with the end of the previous fiscal year. Although short-term loans and corporate bonds including commercial paper declined by ¥25.5 billion and ¥29.5 billion, respectively, long-term loans increased ¥55.5 billion, including ¥4.3 billion in lease obligations.

As of March 31, 2010, net assets totaled ¥227.0 billion, an increase of ¥21.1 billion compared with the end of the previous fiscal year, mainly reflecting the booking of net income of ¥17.3 billion and an increase in valuation and translation adjustments of ¥2.5 billion.

As a result, net assets per share increased by ¥13.70 compared with the end of the previous fiscal year to ¥144.66, and the ratio of equity to total assets was up 2.1 percentage points to 15.0%.

## Cash Flows

In the fiscal year under review, the Company generated positive free cash flow of ¥13.9 billion, comprising net cash provided by operating activities of ¥76.7 billion and net cash used in investing activities of ¥62.7 billion. Net cash used in financing activities totaled ¥1.8 billion, as a result of which cash and cash equivalents at the end of the fiscal year under review totaled ¥124.8 billion, up ¥17.1 billion or 15.9% compared with the end of the previous fiscal year. The main factors affecting cash flow during the fiscal year under review were as follows:

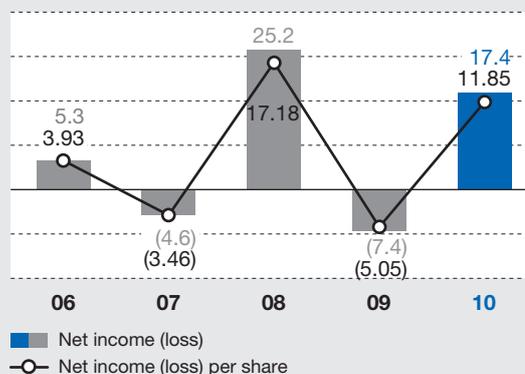
Net cash provided by operating activities amounted to ¥76.7 billion, an increase of ¥94.3 billion compared with the previous fiscal year. This mainly reflected decreases in inventories and notes and accounts receivable. Cash was mainly provided by decrease in inventories of ¥67.5 billion and decrease in notes and accounts receivable of ¥43.2 billion, while the main uses of cash were decrease in notes and accounts payable of ¥62.2 billion and decrease in advances from customers of ¥45.2 billion.

Net cash used in investing activities amounted to ¥62.7 billion, an increase of ¥21.0 billion compared with the previous fiscal year. This mainly reflected a decline in proceeds from sale of property, plant and equipment. Cash was mainly provided by proceeds from sale of property, plant and equipment of ¥4.2 billion, while cash was primarily used for the purchases of property, plant and equipment and intangible assets of ¥52.5 billion.

Net cash used in financing activities amounted to ¥1.8 billion, an increase of ¥44.6 billion compared with the previous fiscal year. This mainly reflected a drop in the net increase in interest-bearing debt.

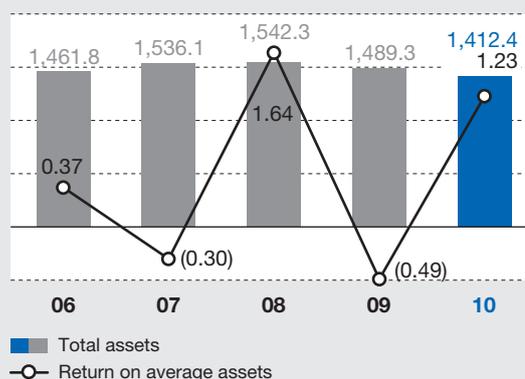
## Net Income (Loss) and Net Income (Loss) per Share

[Billions of yen/Yen]



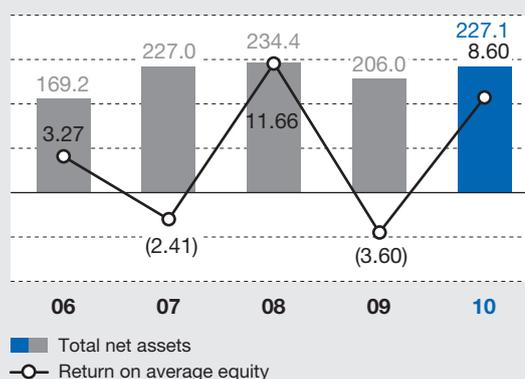
## Total Assets and Return on Average Assets

[Billions of yen/%]



## Total Net Assets and Return on Average Equity

[Billions of yen/%]



# Consolidated Balance Sheets

March 31, 2010 and 2009  
IHI Corporation and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and time deposits (Notes 6 and 13)	¥ 76,641	¥ 87,547	\$ 823,742
Trade receivables (Notes 6 and 13)	320,227	352,840	3,441,821
Marketable securities (Notes 13 and 14)	30,894	13,650	332,051
Less allowance for doubtful receivables (Note 13)	(8,545)	(6,877)	(91,842)
Inventories (Notes 3 and 6)	404,455	471,164	4,347,109
Deferred income taxes (Note 7)	42,384	28,559	455,546
Other (Note 6)	75,686	89,545	813,478
Total current assets	941,742	1,036,428	10,121,905
<b>Property, plant and equipment (Notes 4, 6 and 20):</b>			
Net buildings and structures	107,616	104,200	1,156,664
Net machinery and equipment	84,804	80,717	911,479
Land (Note 11)	91,212	78,648	980,352
Construction in progress	7,277	10,399	78,214
Net property, plant and equipment	290,909	273,964	3,126,709
<b>Intangible assets:</b>			
Software	14,772	14,338	158,770
Goodwill	4,741	5,451	50,957
Other	3,603	4,552	38,725
Net intangible assets	23,116	24,341	248,452
<b>Investments:</b>			
Investment securities (Notes 13 and 14)	85,448	76,786	918,401
Deferred income taxes (Note 7)	42,254	49,701	454,149
Other (Note 6)	53,551	50,227	575,569
Less allowance for doubtful receivables	(24,599)	(22,105)	(264,392)
Total investments	156,654	154,609	1,683,727
<b>Total assets</b>	<b>¥1,412,421</b>	<b>¥1,489,342</b>	<b>\$15,180,793</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Trade payables (Note 13)	¥ 241,185	¥ 294,871	\$ 2,592,272
Short-term loans (Notes 5, 6 and 13)	131,432	147,547	1,412,640
Current portion of long-term loans and debentures (Notes 5, 6 and 13)	62,595	81,537	672,775
Accrued expenses	39,231	38,774	421,657
Advances from customers	171,071	212,362	1,838,682
Accrued income taxes	11,250	10,130	120,916
Allowance for employees' bonuses	22,640	20,520	243,336
Reserve for guaranteed contracts	18,703	20,020	201,021
Reserve for losses on sales contracts	17,074	29,891	183,512
Other provision	228	252	2,451
Other (Note 6)	42,755	42,277	459,534
Total current liabilities	758,164	898,181	8,148,796
<b>Long-term liabilities:</b>			
Long-term loans and debentures (Notes 5, 6 and 13)	224,190	188,626	2,409,609
Allowance for employees' retirement benefits (Note 16)	135,217	137,796	1,453,321
Deferred tax liabilities from revaluation of land (Note 11)	6,661	3,377	71,593
Other provision	1,831	1,915	19,680
Other (Notes 5 and 6)	59,293	53,497	637,285
Total long-term liabilities	427,192	385,211	4,591,488
<b>Contingent liabilities (Note 9)</b>			
<b>Net assets:</b>			
<b>Shareholders' equity:</b>			
Common stock			
Authorized: 3,300,000,000 shares			
Issued: 1,467,058,482 shares	95,762	95,762	1,029,256
Capital surplus	43,028	43,032	462,468
Retained earnings	65,933	48,423	708,652
Less treasury stock, at cost	(105)	(155)	(1,128)
Total shareholders' equity	204,618	187,062	2,199,248
<b>Valuation and translation adjustments:</b>			
Unrealized holding gain on other securities	9,462	4,679	101,698
Gains on deferred hedges	38	908	408
Revaluation reserve for land (Note 11)	3,844	3,785	41,316
Foreign exchange translation adjustments	(5,802)	(4,391)	(62,360)
Equity warrant	302	206	3,246
Total valuation and translation adjustments	7,844	5,187	84,308
Minority interests in consolidated subsidiaries	14,603	13,701	156,953
<b>Total net assets</b>	<b>227,065</b>	<b>205,950</b>	<b>2,440,509</b>
<b>Total liabilities and net assets</b>	<b>¥1,412,421</b>	<b>¥1,489,342</b>	<b>\$15,180,793</b>

# Consolidated Statements of Operations

Years ended March 31, 2010 and 2009  
IHI Corporation and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Net sales	¥1,242,700	¥1,388,042	\$13,356,621
Cost of sales (Note 8)	1,048,875	1,221,612	11,273,377
Gross profit	193,825	166,430	2,083,244
Selling, general and administrative expenses (Note 8)	146,680	140,751	1,576,526
Operating income	47,145	25,679	506,718
Other income (expense):			
Interest and dividend income	4,242	4,396	45,593
Interest expense	(6,630)	(6,154)	(71,260)
Other, net (Note 10)	(21,941)	(15,388)	(235,823)
Income before income taxes and minority interests	22,816	8,533	245,228
Income taxes:			
Current	(14,071)	(15,260)	(151,236)
Deferred	8,781	(890)	94,379
Income (loss) before minority interests	17,526	(7,617)	188,371
Minority interests	(148)	210	(1,591)
Net income (loss)	¥ 17,378	¥ (7,407)	\$ 186,780

	Yen		U.S. dollars (Note 1)	
Amounts per share (Note 18):				
Net income (loss)	¥ 11.85	¥ (5.05)	\$ 0.127	
Cash dividends	2.00	—	0.021	

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Consolidated Statements of Changes in Net Assets

Years ended March 31, 2010 and 2009  
IHI Corporation and Consolidated Subsidiaries

	Thousands				Millions of yen							
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gain on other securities	Gains on deferred hedges	Revaluation reserve for land	Foreign exchange translation adjustments	Equity warrant	Minority interests in consolidated subsidiaries	
<b>Balance at March 31, 2008</b>	1,467,058	¥95,762	¥43,037	¥56,012	¥(135)	¥22,104	¥1,518	¥3,787	¥(2,168)	¥114	¥14,375	
Effect of changes in accounting policies applied to foreign subsidiaries	—	—	—	(182)	—	—	—	—	—	—	—	
Net loss for the year	—	—	—	(7,407)	—	—	—	—	—	—	—	
Change for the year	—	—	—	—	—	(17,425)	(610)	(2)	(2,223)	92	(674)	
Purchase of treasury stock	—	—	—	—	(41)	—	—	—	—	—	—	
Sales of treasury stock	—	—	(5)	—	21	—	—	—	—	—	—	
<b>Balance at March 31, 2009</b>	1,467,058	95,762	43,032	48,423	(155)	4,679	908	3,785	(4,391)	206	13,701	
Net income for the year	—	—	—	17,378	—	—	—	—	—	—	—	
Reversal of revaluation reserve for land	—	—	—	2	—	—	—	—	—	—	—	
Increase resulting from inclusion of subsidiaries in consolidation	—	—	—	3,063	—	—	—	—	—	—	—	
Cash dividends	—	—	—	(2,933)	—	—	—	—	—	—	—	
Change for the year	—	—	—	—	—	4,783	(870)	59	(1,411)	96	902	
Purchase of treasury stock	—	—	—	—	(13)	—	—	—	—	—	—	
Sales of treasury stock	—	—	(4)	—	63	—	—	—	—	—	—	
<b>Balance at March 31, 2010</b>	1,467,058	¥95,762	¥43,028	¥65,933	¥(105)	¥ 9,462	¥ 38	¥3,844	¥(5,802)	¥302	¥14,603	

	Thousands of U.S. dollars (Note 1)										
<b>Balance at March 31, 2009</b>	\$1,029,256	\$462,511	\$520,454	\$(1,666)	\$ 50,290	\$9,759	\$40,682	\$(47,195)	\$2,214	\$147,258	
Net income for the year	—	—	186,780	—	—	—	—	—	—	—	
Reversal of revaluation reserve for land	—	—	21	—	—	—	—	—	—	—	
Increase resulting from inclusion of subsidiaries in consolidation	—	—	32,921	—	—	—	—	—	—	—	
Cash dividends	—	—	(31,524)	—	—	—	—	—	—	—	
Change for the year	—	—	—	—	51,408	(9,351)	634	(15,165)	1,032	9,695	
Purchase of treasury stock	—	—	—	(140)	—	—	—	—	—	—	
Sales of treasury stock	—	(43)	—	678	—	—	—	—	—	—	
<b>Balance at March 31, 2010</b>	\$1,029,256	\$462,468	\$708,652	\$(1,128)	\$101,698	\$ 408	\$41,316	\$(62,360)	\$3,246	\$156,953	

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Consolidated Statements of Cash Flows

Years ended March 31, 2010 and 2009  
IHI Corporation and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
<b>Operating Activities:</b>			
Income before income taxes and minority interests	¥ 22,816	¥ 8,533	\$ 245,228
Depreciation and amortization	41,317	45,880	444,078
Amortization of long-term prepaid expenses	6,324	5,374	67,971
Losses on impairment of fixed assets	247	102	2,655
Losses on discontinuation of GX project	10,238	—	110,039
Increase in allowance for doubtful receivables	3,932	16,543	42,261
Increase (decrease) in allowance for employees' bonuses	1,837	(956)	19,744
(Decrease) increase in reserve for guaranteed contracts	(1,328)	800	(14,274)
Decrease in reserve for losses on sales contracts	(13,081)	(2,635)	(140,596)
Decrease in allowance for employees' retirement benefits	(3,894)	(2,558)	(41,853)
Interest and dividends income	(4,242)	(4,396)	(45,593)
Interest expense	6,630	6,154	71,260
(Gains) losses on foreign exchange	(52)	150	(559)
(Gains) losses on sale of marketable and investment securities	(730)	9	(7,846)
Losses on valuation of marketable and investment securities	2,341	875	25,161
Equity in gains of affiliates	(445)	(780)	(4,783)
Losses (gains) on disposal (sale) of property, plant and equipment	1,130	(11,623)	12,145
Gains on transfer of business	—	(281)	—
Changes in operating assets and liabilities:			
Notes and accounts receivable	43,242	2,064	464,768
Advances from customers	(45,288)	(10,127)	(486,758)
Advance payments	11,745	21,114	126,236
Inventories	67,535	(16,790)	725,871
Notes and accounts payable	(62,295)	(20,190)	(669,551)
Accrued expenses	68	(18,466)	731
Deposits from tenants	—	(3,015)	—
Other current assets	1,422	1,880	15,284
Other current liabilities	(11,073)	(5,659)	(119,013)
Accrued consumption taxes	14,073	(5,203)	151,257
Others	—	260	—
<b>Subtotal</b>	<b>92,469</b>	<b>7,059</b>	<b>993,863</b>
Interest and dividends received	4,315	4,362	46,378
Interest paid	(6,588)	(6,049)	(70,808)
Income taxes paid	(13,488)	(23,010)	(144,970)
<b>Net cash provided by (used in) operating activities</b>	<b>76,708</b>	<b>(17,638)</b>	<b>824,463</b>
<b>Investing Activities:</b>			
Net decrease in time deposits due in more than three months	94	127	1,010
Purchases of marketable and investment securities	(3,479)	(8,530)	(37,392)
Proceeds from sale and redemption of marketable and investment securities	3,038	4,539	32,653
Purchases of property, plant and equipment and intangible assets	(52,589)	(46,986)	(565,230)
Proceeds from sale of property, plant and equipment	4,229	16,773	45,454
Payments for disposal of property, plant and equipment	(234)	(946)	(2,515)
Proceeds from transfer of business	—	281	—
Purchase of newly consolidated subsidiaries	(6,772)	(7,101)	(72,786)
Net increase in short-term loan receivables	(3,471)	(5,251)	(37,307)
Increase in long-term loan receivables	(108)	(129)	(1,161)
Decrease in long-term loan receivables	348	228	3,740
Proceeds from termination of long-term investment	—	10,161	—
Increase in other investments	(2,214)	(1,919)	(23,796)
Decrease in other long-term liabilities	(989)	(2,990)	(10,630)
Others	(607)	16	(6,524)
<b>Net cash used in investing activities</b>	<b>(62,754)</b>	<b>(41,727)</b>	<b>(674,484)</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
<b>Financing Activities:</b>			
Net (decrease) increase in short-term loans	¥ (23,054)	¥ 43,605	\$ (247,786)
Net (decrease) increase in commercial papers	(5,000)	5,000	(53,740)
Proceeds from issuance of long-term loans	111,410	58,529	1,197,442
Repayment of long-term loans	(56,737)	(27,992)	(609,813)
Expenditures for redemption of debentures	(25,000)	(28,000)	(268,702)
Repayments of lease obligations	(2,968)	(2,680)	(31,900)
Proceeds from stock issuance to minority shareholders	24	824	258
Decrease (increase) in treasury stock	42	(25)	451
Cash dividends paid	(12)	(5,829)	(129)
Dividends paid to minority interests	(505)	(497)	(5,428)
Others	—	(123)	—
<b>Net cash (used in) provided by financing activities</b>	<b>(1,800)</b>	<b>42,812</b>	<b>(19,347)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	425	(6,231)	4,568
Net increase (decrease) in Cash and Cash Equivalents	12,579	(22,784)	135,200
Cash and Cash Equivalents, Beginning of Year	107,720	130,428	1,157,782
Increase in Cash and Cash Equivalents due to Newly Consolidated Subsidiaries	4,560	—	49,011
Increase in Cash and Cash Equivalents from Merger of Consolidated Subsidiary's Nonconsolidated Subsidiary	11	76	118
<b>Cash and Cash Equivalents, End of Year</b>	<b>¥124,870</b>	<b>¥107,720</b>	<b>\$1,342,111</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Note: A reconciliation of cash and cash equivalents to the amounts shown in the consolidated balance sheets is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
<b>Cash and Cash Equivalents, End of Year</b>			
Cash and time deposits	¥ 76,641	¥ 87,547	\$ 823,743
Time deposits due in more than three months	(279)	(373)	(2,999)
Collateral deposits	(90)	(101)	(967)
Negotiable deposits included in marketable securities	18,000	10,000	193,465
Commercial paper included in marketable securities	5,000	3,000	53,740
Investment trust included in marketable securities	4,600	650	49,441
Sales under agreement to repurchase included in other current assets (short-term loans)	20,998	6,997	225,688
<b>Cash and Cash Equivalents</b>	<b>¥124,870</b>	<b>¥107,720</b>	<b>\$1,342,111</b>

# Notes to the Consolidated Financial Statements

## 1. Basis of financial statements

The accompanying consolidated financial statements of IHI Corporation (the "Company") and consolidated subsidiaries (together the "Companies") have been prepared from the financial statements filed with the Prime Minister as required by the Japanese Financial Instruments and Exchange Law in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. Certain reclassifications

have been made in the accompanying consolidated financial statements to facilitate understanding by readers outside Japan. The U.S. dollar amounts are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of U.S. \$1=¥93.04, the rate of exchange prevailing on March 31, 2010. These translations should not be construed as representations that the Japanese yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate.

## 2. Significant accounting policies

### (a) Scope of consolidation

The consolidated financial statements for the years ended March 31, 2010 and 2009 include the accounts of the Company and 92 and 91 subsidiaries, respectively. For the years ended March 31, 2010 and 2009, 47 and 45 subsidiaries, respectively, were excluded from the scope of the consolidation. The exclusion of these subsidiaries has not had a material effect on the consolidated financial statements.

### (b) Application of the equity method of accounting

The consolidated financial statements for the years ended March 31, 2010 and 2009, included 16 and 17 affiliates, respectively, in the scope of the application of the equity method of accounting. For the years ended March 31, 2010 and 2009, investments in 47 and 45 unconsolidated subsidiaries, respectively, and 30 and 28 affiliates, respectively, for both years were stated at cost because they did not have a material effect on the consolidated financial statements.

### (c) Consolidated subsidiaries having different fiscal year-ends

IHI INC. and its 7 subsidiaries, IHI Turbo America Co., IHI TURBO (THAILAND) CO., LTD., IHI Charging Systems International GmbH, IHI Charging Systems International S.p.A., IHI Charging Systems International Germany GmbH, ISHI POWER SDN. BHD., JURONG ENGINEERING LIMITED and its 17 subsidiaries, PT Cilegon Fabricators, ISM America, Inc., IHI EUROPE Limited, Hauzer Techno Coating B.V. and its 4 subsidiaries, and IHI ENGINEERING AUSTRALIA PTY. LTD. close their books of account on December 31.

But no particular financial reports are prepared for consolidation to match the parent company's fiscal year. However, certain adjustments are made for the significant transactions that occurred from their fiscal year ends to March 31.

### (d) Revenue recognition

#### Basis of recording revenues and costs of construction contracts

Construction projects whose outcome of the progress by the end of the fiscal year deemed definite are recorded on the percentage-of-completion method, while all other projects are accounted for on the completed construction method.

The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost.

<Changes in accounting policies for revenue recognition>

Previously, revenue from construction contracts was recognized on the percentage-of-completion method for long-term, large-scale projects lasting two years or more with contract amount of ¥3.0 billion or more. Other projects were treated on the completed construction method.

Beginning from the current fiscal year, the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, issued on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, issued on December 27, 2007), are adopted, therefore, construction contracts which started during the current fiscal year and the outcome of which deemed definite are recorded on the percentage-of-completion method, while all other projects on the completed construction method. The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost.

This change resulted in increase of net sales by ¥55,702 million and increase of operating income and income before income taxes and minority interest by ¥2,823 million, respectively.

### (e) Allowance for doubtful receivables

The allowance for doubtful receivables is provided based on historical default rates for general receivables, plus individually estimated uncollectible amounts for specific receivables such as doubtful receivables.

### (f) Inventories

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

### (g) Securities

Held-to-maturity securities are either amortized or accumulated to face value by the straight-line method.

Other securities with market prices available are carried at market value as of the balance sheet date, with the cost of sales computed by the moving-average method. The difference between the acquisition cost and the carrying value of other securities, including unrealized gains and losses, is recognized as a component of the net assets under "Unrealized holding gain on other securities."

Other securities without market prices available are stated at cost as determined by the moving-average method.

### (h) Property, plant and equipment and intangible assets

Depreciation of plant and equipment is principally computed by the declining-balance method.

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

Amortization of intangible assets is computed by the straight-line method. Software for internal use is amortized using the straight-line method over a useful life of five years.

#### **(i) Leases**

Lease assets related to finance lease transactions that do not transfer ownership are depreciated over the lease period using the straight-line method with no residual value. The Companies use the ordinary rental transaction method for finance lease transactions that do not transfer ownership contracted on and before March 31, 2008.

Lease assets related to finance lease transactions that transfer ownership are depreciated using the declining-balance method which is the same method as owned property, plant and equipment and intangible assets are depreciated.

#### **(j) Derivatives and hedge accounting**

The Companies do not hold derivative financial instruments for trading purposes. Derivative financial instruments held by the Companies are composed principally of foreign exchange contracts to hedge currency risk, interest rate swaps to hedge interest rate risk and commodity swaps to hedge risk of material price fluctuation.

Japanese GAAP provides for two general accounting methods for hedging financial instruments. One method is to recognize the changes in fair value of a hedging instrument in earnings in the period of the change as a gain or loss together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. The other method is to defer the gain or loss over the period of the hedging contract together with the offsetting loss or gain deferral of the hedged items. The Companies have adopted the latter accounting method, if applicable.

With respect to forward foreign exchange contracts, however, the Companies recognize changes in fair value of a hedging instrument in earnings in the period of the change as a gain or loss together with the offsetting loss or gain on the hedged item attributable to the risk being hedged.

The amounts of interest income or expense under the swap agreements are accrued and recognized as interest related to the assets and liabilities over the contract period.

The Companies use the above-defined method consistently throughout the hedge period, to assess at inception of the hedge and on an ongoing basis whether the ineffective part of the hedge is expected.

#### **(k) Allowance for employees' bonuses**

For payment of employees' bonuses, the allowance for employees' bonuses is provided for in the amount that is expected to be paid.

#### **(l) Allowance for directors' bonuses**

For payment of director bonuses and bonuses to directors of consolidated subsidiaries in Japan, an allowance is provided for the amount that is expected to be paid.

#### **(m) Reserve for directors' retirement allowance**

Consolidated subsidiaries in Japan provide for the retirement allowance for directors and corporate auditors in an amount determined by those companies' internal guidelines.

#### **(n) Reserve for guaranteed contracts**

To provide for guaranteed project expenses, the reserve for guaranteed contract is recorded as an estimate of future expenditures based on historical experience.

#### **(o) Allowance for employees' retirement benefits**

An allowance for employees' retirement benefits is provided for based on the projected retirement benefit obligation and the pension fund assets.

Actuarial losses (gains) are amortized (accumulated) from the following year using the straight-line method over a certain number of years within the average remaining work period of employees.

Past service costs are amortized using the straight-line method over a certain number of years within the average remaining work period of employees.

<Change in accounting policies for allowance for employees' retirement benefits>

Beginning from this fiscal year, the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, issued on July 31, 2008) is adopted.

There is no impact of this charge on operating income, ordinary income and income before income taxes and minority interests since the actuarial losses (gains) are amortized (accumulated) from the following year. Besides, the balance of unrecognized differences of projected retirement benefit obligation arisen from the adoption of this accounting standard is immaterial.

#### **(p) Reserve for losses on sales contracts**

Among sales orders on hand at the balance sheet date, for projects in which the estimated cost is expected to exceed the amount of the sales order by a wide margin, reserve for losses on sales contracts are recognized at the estimated aggregate amount of such losses.

#### **(q) Foreign currency translations**

The assets, liabilities, income and expenses of overseas subsidiaries are translated at the exchange rates prevailing at the balance sheet date. Translation differences are included in minority interests in consolidated subsidiaries and a component of foreign exchange translation adjustments in net assets.

#### **(r) Income taxes**

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws, announced by the year-end.

#### **(s) Amortization of goodwill**

Goodwill including negative 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 or credited to income as incurred.

#### **(t) Cash and cash equivalents**

The Companies substantially consider all highly liquid low-risk investments purchased with original maturities of three months or less to be cash equivalents.

## Notes to the Consolidated Financial Statements

### (u) Amounts per share

Net income per share of common stock is computed by dividing net income (loss) available to common shareholders by the weighted average number of shares of common stock outstanding during each period. Amounts per share of shareholders' equity are computed based on the number of shares of common stock outstanding at each balance sheet date. Cash dividends per share shown for each period in the consolidated statements of operations represent the dividends applicable to the respective year.

### 3. Inventories

Inventories at March 31, 2010 and 2009, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Finished goods	¥ 20,823	¥ 22,937	\$ 223,807
Work in process	277,797	336,455	2,985,780
Raw materials and supplies	105,835	111,772	1,137,522
Total	¥404,455	¥471,164	\$4,347,109

### 4. Losses on impairment of fixed assets

(a) Groups of assets for which the Companies recognized impairment losses for the year ended March 31, 2010 are as follows:

Use	Location	Type of assets	Millions of yen	Method to calculate
Idle assets	Funabashi-city, Chiba	Land and Building etc.	¥207	Net sales value
Assets for rent	Taito-ku, Tokyo	Land etc.	31	Use value
Assets for business	Sapporo-city, Hokkaido	Building etc.	5	Use value
Idle assets	Chitose-city, Hokkaido	Land	4	Net sales value

#### (b) Method to group the assets

Assets are grouped principally by each business, and each renting or idle asset is treated as one group respectively.

#### (c) Circumstances in which impairment loss was recognized

In some of the assets groups, its business profit had gone down or its market price had come down.

#### (d) Method to calculate the recoverable amounts

The recoverable amounts are the higher of its fair value less costs to sell and its value in use (discount rate is mainly 5.0%).

#### (e) Impairment losses

The amount of impairment losses for the year ended March 31, 2010 was ¥247 million (\$2,655 thousand) and consisted of the following.

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Land	¥170	\$1,827
Buildings etc.	77	828
Total	¥247	\$2,655

## 5. Short-term loans, long-term loans, debentures, commercial paper and lease obligations

Short-term loans at March 31, 2010 and 2009, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Short-term bank loans with the weighted-average interest rate of 0.98% at March 31, 2010 and 1.24% at March 31, 2009	¥131,432	¥147,547	\$1,412,640
Current portion of long-term loans with the weighted-average interest rate of 1.60% at March 31, 2010 and 1.59% at March 31, 2009	42,095	51,537	452,440
Current portion of debentures with the weighted-average interest rate of 1.35% at March 31, 2010 and 1.13% at March 31, 2009	20,500	25,000	220,335
Current portion of lease obligations	3,132	2,552	33,663
Commercial paper with the weighted-average interest rate of 1.49 % at March 31, 2009	—	5,000	—
<b>Total</b>	<b>¥197,159</b>	<b>¥231,636</b>	<b>\$2,119,078</b>

Long-term loans, debentures and lease obligations at March 31, 2010 and 2009, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Banks and insurance companies, bearing interest rates from 0.6% to 6.2%	¥194,890	¥162,582	\$2,094,690
Government-owned banks, bearing interest rates from 0.9% to 2.5%	31,260	16,175	335,985
National and local government agencies, bearing interest rates at 0.3%	135	189	1,451
Debentures, bearing interest rates from 1.0% to 2.1%	60,500	85,000	650,258
Lease obligations	13,823	9,458	148,570
Others, bearing interest rates from 0.9% to 5.2%	—	1,217	—
Less current portion	(65,727)	(79,089)	(706,438)
<b>Total</b>	<b>¥234,881</b>	<b>¥195,532</b>	<b>\$2,524,516</b>

The aggregate annual maturities of long-term loans, debentures and lease obligations at March 31, 2010, are summarized as follows:

Year ending March 31	Millions of yen					Total
	2011	2012	2013	2014	2015 and after	
Long-term loans	¥42,095	¥57,483	¥71,585	¥32,905	¥22,217	¥226,285
Debentures	20,500	10,000	10,000	—	20,000	60,500
Lease obligations	3,132	2,440	2,060	1,996	4,195	13,823
<b>Total</b>	<b>¥65,727</b>	<b>¥69,923</b>	<b>¥83,645</b>	<b>¥34,901</b>	<b>¥46,412</b>	<b>¥300,608</b>

Year ending March 31	Thousands of U.S. dollars					Total
	2011	2012	2013	2014	2015 and after	
Long-term loans	\$452,440	\$617,831	\$769,400	\$353,665	\$238,790	\$2,432,126
Debentures	220,335	107,481	107,481	—	214,961	650,258
Lease obligations	33,663	26,225	22,141	21,453	45,088	148,570
<b>Total</b>	<b>\$706,438</b>	<b>\$751,537</b>	<b>\$899,022</b>	<b>\$375,118</b>	<b>\$498,839</b>	<b>\$3,230,954</b>

## Notes to the Consolidated Financial Statements

### 6. Assets pledged as collateral

The following assets were pledged as collateral at March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash and time deposits	¥ 91	¥ 101	\$ 978
Trade receivables	48	97	516
Inventories	5	5	54
Miscellaneous current assets	3,070	3,544	32,997
Buildings and structures	3,835	2,329	41,219
Machinery and equipment	511	450	5,492
Land	27,205	14,402	292,401
Other investments	10	—	107
Total	¥34,775	¥20,928	\$373,764
Property, plant and equipment pledged as industrial factory foundation included in the above assets:			
Buildings and structures	¥ 935	¥ 166	\$ 10,049
Machinery and equipment	218	87	2,343
Land	5,979	2,613	64,263
Total	¥ 7,132	¥ 2,866	\$ 76,655

The obligations collateralized by the above assets at March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Short-term loans	¥12,130	¥ 5,946	\$130,374
Current portion of debentures	500	—	5,374
Other current liabilities	533	—	5,729
Long-term loans	5,758	7,745	61,887
Other long-term liabilities	5,394	5,712	57,975
Total	¥24,315	¥19,403	\$261,339

### 7. Deferred tax assets and liabilities

Significant components of the Companies' deferred tax assets and liabilities at March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Allowances for employees' bonuses	¥ 8,184	¥ 7,489	\$ 87,962
Reserve for losses on sales contracts	6,394	11,855	68,723
Reserve for guaranteed contracts	7,505	8,023	80,664
Allowances for employees' retirement benefits	53,825	54,869	578,515
Allowances for doubtful receivables	6,412	4,530	68,917
Losses on valuation of advance payments	—	5,924	—
Net loss carried forward	59,423	20,642	638,682
Losses on impairment of fixed assets	6,314	6,375	67,863
Losses on valuation of inventories	3,271	8,120	35,157
Adjustment for taxable income on percentage-of-completion method	3,818	3,940	41,036
Other	11,102	19,699	119,325
Valuation allowance	(65,960)	(59,286)	(708,942)
Total	¥100,288	¥ 92,180	\$1,077,902
Deferred tax liabilities:			
Deferred gains on sales of property, plant and equipment	¥ 8,211	¥ 8,611	\$ 88,252
Unrealized holding gain on other securities	9,007	2,678	96,808
Other	2,756	3,284	29,622
Total	19,974	14,573	214,682
Net deferred tax assets	¥ 80,314	¥ 77,607	\$ 863,220

## 8. Research and development expenses

Research and development expenses, included in product cost, and selling, general and administrative expenses, were ¥25,495 million (\$274,022 thousand) and ¥25,130 million for the years ended March 31, 2010 and 2009, respectively.

## 9. Contingent liabilities

Contingent liabilities for trade notes receivable discounted and endorsed in the ordinary course of business amounted to ¥596 million (\$6,406 thousand) and ¥1,057 million at March 31, 2010 and 2009, respectively.

Contingent liabilities for guarantees of debts of unconsolidated subsidiaries and others amounted to ¥28,036 million (\$301,333 thousand) and ¥7,415 million at March 31, 2010 and 2009, respectively.

Contingent liabilities arising from similar guarantees of debts amounted to ¥17,695 million (\$190,187 thousand) and ¥19,779 million at March 31, 2010 and 2009, respectively, of which ¥14,439 million (\$155,191 thousand) and ¥15,986 million at March 31, 2010 and 2009, respectively, were for employee housing loans which were secured by life insurance and loan insurance, and therefore, the Companies were at low risk.

## 10. Other income (expense)—other, net

Other income (expense)—other, net, consists of the following:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Gains on sales of investment securities	¥ 717	¥ —	\$ 7,706
Losses on foreign exchange	—	(3,070)	—
Equity in gains of unconsolidated subsidiaries and affiliates	445	780	4,783
Losses on impairment of fixed assets	(247)	(102)	(2,655)
Losses on valuation of stock of affiliated company	—	(166)	—
Gains on sale of property, plant, land and equipment	1,151	14,523	12,371
Amortization of negative goodwill	4,004	—	43,035
Expenses for delayed delivery	(5,162)	—	(55,482)
Compensation for damages	(3,879)	—	(41,692)
Losses on discontinuation of GX project	(10,238)	—	(110,039)
Losses on valuation of investment securities	(1,594)	(335)	(17,132)
Losses relating to violation of antitrust laws	—	(532)	—
Gains on transfer of business	—	281	—
Gains on liquidation of subsidiaries and affiliates	—	148	—
Provision of allowance for doubtful accounts	—	(13,748)	—
Restructuring losses	—	(3,051)	—
Charges under Financial Instruments and Exchange Law	—	(1,594)	—
Losses on liquidation of subsidiaries and affiliates	—	(412)	—
Other, net	(7,138)	(8,110)	(76,718)
Total	¥(21,941)	¥(15,388)	\$(235,823)

## 11. Revaluation of land

In accordance with the "Law Concerning Revaluation of Land" enacted on March 31, 1998, land used for business owned by two of the consolidated subsidiaries has been revalued.

The Companies recorded the effect on the revaluation, after deducting deferred tax liabilities on land which were recorded as long-term liabilities, and minority interests which were included in minority interests in consolidated subsidiaries.

Book value of land before revaluation	¥ 2,532 million
Book value of land after revaluation	¥12,567 million
Dates of revaluation	March 31, 2000 and September 30, 2000

The difference between the fair value of land at the end of the year that was revalued in the previous year and book value after revaluation was ¥4,546 million (\$48,861 thousand) and ¥4,364 million at March 31, 2010 and 2009, respectively.

## 12. Leases

### (a) Finance leases (Lessee)

Finance leases which do not transfer ownership

These leases are mainly plant and equipment (machinery and delivery equipment) for Shipbuilding Operations.

Leases are depreciated over the lease period using the straight-line method with no residual value.

The Companies use the operating lease accounting method for the finance leases which do not transfer ownership contracted on and before March 31, 2008.

The following proforma amounts represent the acquisition costs, accumulated depreciation, accumulated impairment loss and net book value of the leased property as of March 31, 2010 and 2009, which would have been reflected in the balance sheets, if the finance lease accounting method had been applied to the finance leases currently accounted for by the operating lease accounting method.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Acquisition costs:			
Buildings and structures	¥ 1,952	¥ 3,069	\$ 20,980
Machinery and equipment	9,203	10,678	98,914
Software	140	211	1,505
Total	¥11,295	¥13,958	\$121,399
Accumulated depreciation:			
Buildings and structures	¥ 418	¥ 1,106	\$ 4,493
Machinery and equipment	6,389	6,999	68,669
Software	109	141	1,172
Total	¥ 6,916	¥ 8,246	\$ 74,334
Accumulated impairment loss:			
Machinery and equipment	¥ 2	¥ 11	\$ 21
Software	4	6	43
Total	¥ 6	¥ 17	\$ 64
Net book value:			
Buildings and structures	¥ 1,534	¥ 1,963	\$ 16,487
Machinery and equipment	2,812	3,668	30,224
Software	27	64	290
Total	¥ 4,373	¥ 5,695	\$ 47,001

Concerning the above finance lease transactions, the lease payments, reversal of allowance for impairment losses on leased property, estimated depreciation cost which is mainly calculated as ten-ninths of the amount computed by the declining-balance method over the respective lease terms and assuming a 10% scrap value, estimated interest expenses and losses on impairment of leased property for the years ended March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Lease payments	¥1,845	¥2,447	\$19,830
Reversal of allowance for impairment losses on leased property	5	5	54
Estimated depreciation cost	1,409	2,101	15,144
Estimated interest expense	441	532	4,740
Losses on impairment of leased property	—	1	—

Future minimum lease payments subsequent to March 31, 2010 and 2009, for finance leases accounted for as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Within one year	¥1,552	¥1,629	\$16,681
Thereafter	4,838	6,636	51,999
Total	¥6,390	¥8,265	\$68,680
Lease assets of impairment losses outstandings	3	7	32
Total	¥ 3	¥ 7	\$ 32

### (b) Operating leases (Lessee)

Future minimum lease payments subsequent to March 31, 2010 and 2009, for non-cancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Within one year	¥ 4,088	¥ 4,190	\$ 43,938
Thereafter	25,487	29,530	273,936
Total	¥29,575	¥33,720	\$317,874

### (c) Finance leases (Lessor)

Information pertaining to lease receivables as of March 31, 2010 and 2009 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current assets:			
Lease payments receivables	¥621	¥ 549	\$6,675
Interest income	(72)	(110)	(774)
Lease investment assets	¥549	¥ 439	\$5,901

As of March 31, 2010, the lease payments receivable of lease investment assets due in each of the next five years and thereafter are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥175	\$1,881
2012	146	1,569
2013	138	1,483
2014	131	1,408
2015	29	312
2016 and after	2	22
Total	¥621	\$6,675

### Finance leases which do not transfer ownership (Lessor)

The Companies use the operating lease accounting method for the finance leases which do not transfer ownership contracted on and before March 31, 2008.

The following proforma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2010 and 2009, which would have been reflected in the balance sheets, if the finance lease accounting method had been applied to those finance leases currently accounted for by the operating lease accounting method.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Acquisition costs:			
Buildings and structures	¥2,109	¥2,109	\$22,668
Machinery and equipment	1,244	1,279	13,370
Total	¥3,353	¥3,388	\$36,038
Accumulated depreciation:			
Buildings and structures	¥ 796	¥ 714	\$ 8,556
Machinery and equipment	769	693	8,265
Total	¥1,565	¥1,407	\$16,821
Net book value:			
Buildings and structures	¥1,313	¥1,395	\$14,112
Machinery and equipment	475	586	5,106
Total	¥1,788	¥1,981	\$19,218

## Notes to the Consolidated Financial Statements

Lease payment receivables, depreciation and estimated interest income for the years ended March 31, 2010 and 2009, for finance lease transactions accounted for by the operating lease accounting method are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Lease payment receivables	¥427	¥439	\$4,589
Depreciation	193	231	2,074
Estimated interest income, assuming that the finance lease accounting had been adopted	259	273	2,784

Future minimum lease payment receivables subsequent to March 31, 2010 and 2009, for finance lease transactions accounted for by the operating lease accounting method are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Within one year	¥ 182	¥ 168	\$ 1,956
Thereafter	2,361	2,543	25,376
Total	¥2,543	¥2,711	\$27,332

### (d) Operating leases (Lessor)

Future minimum lease payments subsequent to March 31, 2010 and 2009, for non-cancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Within one year	¥ 571	¥ 552	\$ 6,137
Thereafter	5,273	5,767	56,675
Total	¥5,844	¥6,319	\$62,812

### (e) Sublease

Concerning the subleases, the following amounts are lease payment receivables and lease obligations before interests which would have been reflected in the balance sheets.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Lease payment receivables:			
Current assets	¥2,525	¥1,974	\$27,139
Investments	160	144	1,720
Lease obligations:			
Current liabilities	¥ 718	¥ 893	\$ 7,717
Long-term liabilities	1,967	1,225	21,141

## 13. Financial instruments

The Companies restrict the investments only in short-term and highly safe financial assets such as bank deposits and obtain funds mainly through bank borrowings and debenture issuance.

Derivatives are utilized to avoid fluctuation risks of foreign exchanges, interests and commodity prices, and the Companies do not enter into derivative contracts for speculative purposes.

### (a) Fair values of financial instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values as of March 31, 2010.

Financial instruments whose fair values are deemed to be extremely difficult to figure out are not included.

	Millions of yen			Thousands of U.S. dollars		
	2010			2010		
	Amount recorded in the balance sheet	Fair value	Difference	Amount recorded in the balance sheet	Fair value	Difference
Cash and time deposits	¥ 76,641	¥ 76,641	¥ —	\$ 823,742	\$ 823,742	\$ —
Trade receivables	320,227			3,441,821		
Less allowance for doubtful receivables (*1)	(3,953)			(42,487)		
	¥316,274	¥315,770	¥ (504)	\$3,399,334	\$3,393,917	\$ (5,417)
Marketable securities and investment securities	¥ 51,773	¥ 51,792	¥ 19	\$ 556,460	\$ 556,664	\$ 204
Held-to-maturity securities	4,101	4,120	19	44,078	44,282	204
Other securities	47,672	47,672	—	512,382	512,382	—
Total assets	¥444,688	¥444,203	¥ (485)	\$4,779,536	\$4,774,323	\$ (5,213)
Trade payables	¥241,185	¥241,185	¥ —	\$2,592,272	\$2,592,272	\$ —
Short-term loans	173,527	173,527	—	1,865,080	1,865,080	—
Debentures	60,500	61,509	1,009	650,258	661,103	10,845
Long-term loans	184,190	185,836	1,646	1,979,686	1,997,377	17,691
Total liabilities	¥659,402	¥662,057	¥2,655	\$7,087,296	\$7,115,832	\$28,536
Derivatives (*2)						
Derivatives to which hedge accounting is not applied	¥ (341)	¥ (341)	¥ —	\$ (3,665)	\$ (3,665)	\$ —
Derivatives to which hedge accounting is applied	(140)	(140)	—	(1,504)	(1,504)	—
Total derivatives	¥ (481)	¥ (481)	¥ —	\$ (5,169)	\$ (5,169)	\$ —

(\*1) The amount of allowance for doubtful accounts, which is recorded individually for trade receivables, is excluded.

(\*2) Assets and liabilities arising out from derivative transactions are stated on the net basis. The figures in parentheses indicate net liabilities.

### Notes:

#### Method of measuring fair value

(1) Cash and time deposits

The fair values of cash and time deposits are assumed to approximate to their book value due to the short-term maturity.

(2) Trade receivables

The fair values are measured based on the present values calculated by discounting receivable amounts classified by certain period at a rate with time to maturity and credit risk taken into account.

The fair values of receivables with special concern are measured by the present values of estimated cash flows discounted at the similar discount rates.

(3) Marketable securities and investment securities

The fair values of equity securities are based on the market prices at the exchange.

The fair values of debt securities are based on the market prices at the exchange or the prices provided by the financial institutions with which the companies do business.

(4) Trade payables and Short-term loans

The fair values of these accounts are assumed to approximate to their book value due to the short-term maturity.

(5) Debentures

The fair value of debentures issued by the Company is measured based on the present value calculated by discounting the total amount of principles and interests at a rate with time to maturity and the credit risk taken into account.

(6) Long-term loans

The fair values of long-term loans are measured by discounting the total amount of principles and interests (\*3) at an assumed interest rate for similar new borrowings.

(\*3) Long-term loans associated with interest rate swaps that qualify for the exceptional treatment, are measured by discounting the total amount of principles and interests, which are accounted for together with associated interest rate swaps.

(7) Derivatives

Refer to the note "15. Derivatives."

**(b) Unlisted stocks whose fair values are deemed to be extremely difficult to figure out amounted to ¥31,846 million (\$342,283 thousand) in the balance at March 31, 2010.**

## Notes to the Consolidated Financial Statements

### (c) Redemption schedules after consolidated balance sheet date for monetary receivables and securities with maturity date

Classification	Millions of yen				Thousands of U.S. dollars			
	2010				2010			
	Within 1 year	After 1 year and within 5 years	After 5 years and within 10 years	After 10 years	Within 1 year	After 1 year and within 5 years	After 5 years and within 10 years	After 10 years
Cash and time deposits	¥ 76,641	¥ —	¥ —	¥—	\$ 823,743	\$ —	\$ —	\$ —
Trade receivables	313,854	5,541	780	52	3,373,323	59,555	8,383	559
Marketable securities and investment securities								
Held-to-maturity securities								
Government bonds and local government bonds	3,100	1,001	—	—	33,319	10,759	—	—
Commercial papers	5,000	—	—	—	53,740	—	—	—
Negotiable certificates of deposit	18,000	—	—	—	193,465	—	—	—
Other securities with maturity date								
Trust beneficiary rights	4,600	—	—	—	49,441	—	—	—
Total	¥421,195	¥6,542	¥780	¥52	\$4,527,031	\$70,314	\$8,383	\$559

(d) The redemption schedule for long-term loan and debentures are disclosed in Note 5.

## 14. Marketable securities and investment securities

(a) A summary of held-to-maturity securities with fair values at March 31, 2010 and 2009 is as follows:

	Millions of yen						Thousands of U.S. dollars		
	2010			2009			2010		
	Fair value	Amount recorded in the balance sheet	Difference	Fair value	Amount recorded in the balance sheet	Difference	Fair value	Amount recorded in the balance sheet	Difference
Held-to-maturity securities whose fair values exceed their amounts recorded in the balance sheet									
National and local government bonds	¥4,120	¥4,101	¥19	¥4,133	¥4,098	¥35	\$44,281	\$44,078	\$203
Held-to-maturity securities whose fair values do not exceed their amounts recorded in the balance sheet									
National and local government bonds	¥ —	¥ —	¥—	¥ —	¥ —	¥—	\$ —	\$ —	\$ —
Total	¥4,120	¥4,101	¥19	¥4,133	¥4,098	¥35	\$44,281	\$44,078	\$203

(b) A summary of other securities with stated market prices at March 31, 2010 and 2009 is as follows:

	Millions of yen						Thousands of U.S. dollars		
	2010			2009			2010		
	Acquisition cost	Amount recorded in the balance sheet	Difference	Acquisition cost	Amount recorded in the balance sheet	Difference	Acquisition cost	Amount recorded in the balance sheet	Difference
Other securities whose amounts recorded in the balance sheet exceed their acquisition cost									
Equity securities	¥15,953	¥37,733	¥21,780	¥ 9,065	¥24,290	¥15,225	\$171,463	\$405,557	\$234,094
Subtotal	¥15,953	¥37,733	¥21,780	¥ 9,065	¥24,290	¥15,225	\$171,463	\$405,557	\$234,094
Other securities whose amounts recorded in the balance sheet do not exceed their acquisition cost									
Equity securities	¥12,429	¥ 9,751	¥ (2,678)	¥15,975	¥12,232	¥ (3,743)	\$133,588	\$104,804	\$ (28,784)
Other	203	188	(15)	—	—	—	2,182	2,021	(161)
Subtotal	¥12,632	¥ 9,939	¥ (2,693)	¥15,975	¥12,232	¥ (3,743)	\$135,770	\$106,825	\$ (28,945)
Total	¥28,585	¥47,672	¥19,087	¥25,040	¥36,522	¥11,482	\$307,233	\$512,382	\$205,149

Note: Unlisted stocks are not included in the above table because there were no quoted market prices available and they are extremely difficult to determine the fair value. The amounts of unlisted stocks in the balance sheet are disclosed in Note 13.

(c) A summary of held-to-maturity securities which were sold in the years ended March 31, 2010 and 2009, is as follows:

There are no proceeds from the sale of held-to-maturity securities with available fair market values in the year ended March 31, 2010 and 2009.

(d) A summary of other securities which were sold in the years ended March 31, 2010 and 2009, is as follows:

	Millions of yen						Thousands of U.S. dollars		
	2010			2009			2010		
	Selling prices	Amount of gain on sales	Amount of loss on sales	Selling prices	Amount of gain on sales	Amount of loss on sales	Selling prices	Amount of gain on sales	Amount of loss on sales
Other securities	¥3,007	¥814	¥(69)	¥14	¥6	¥—	\$32,319	\$8,749	\$(742)

(e) Impairment losses of other securities for the year ended March 31, 2010 amounted to ¥1,590 million (\$17,089 thousand).

The Companies have recognized impairment losses on other securities in case that their fair values decline more than 50% in the end of the year.

## 15. Derivatives

In the normal course of business, the Companies employ derivative financial instruments, including forward foreign exchange contracts, foreign currency options, interest rate swaps and commodity swaps to manage their exposures to fluctuation risks in foreign currency exchange rates, interest rates and material prices.

The Companies do not use derivatives for speculative or trading purposes.

The fair value information of derivatives as of March 31, 2010 and 2009 was as follows:

(a) Derivatives to which hedge accounting is not applied

(i) Foreign currency (transactions other than market transactions)

	Millions of yen								Thousands of U.S. dollars			
	2010				2009				2010			
	Notional amount	Over 1 year	Fair value	Valuation gain (loss)	Notional amount	Over 1 year	Fair value	Valuation gain (loss)	Notional amount	Over 1 year	Fair value	Valuation gain (loss)
Forward foreign exchange contracts												
Sell:												
U.S. dollar	¥ 7,971	¥ —	¥ (54)	¥ (54)	¥ 3,561	¥ —	¥3,607	¥ (46)	\$ 85,673	\$ —	\$ (580)	\$ (580)
Taiwan dollar	—	—	—	—	183	—	188	(5)	—	—	—	—
Buy:												
Euro	319	—	(64)	(64)	797	—	810	13	3,429	—	(688)	(688)
Korean won	413	413	33	33	—	—	—	—	4,439	\$4,439	355	355
Japanese yen	2,703	—	(7)	(7)	—	—	—	—	29,052	—	(75)	(75)
U.S. dollar	—	—	—	—	2,356	335	2,467	111	—	—	—	—
British pound	—	—	—	—	320	—	240	(80)	—	—	—	—
Thai baht	—	—	—	—	65	—	67	2	—	—	—	—
Foreign currency options												
Sell:												
Call U.S. dollar	24,299	—	—	—	42,867	—	—	—	261,167	—	—	—
	(—)	(—)	(129)	(129)	(—)	(—)	317	317	(—)	(—)	(1,387)	(1,387)
Put U.S. dollar	77	—	—	—	10,150	—	—	—	828	—	—	—
	(—)	(—)	0	0	(—)	(—)	(103)	(103)	(—)	(—)	0	0
Buy:												
Call U.S. dollar	77	—	—	—	7,268	—	—	—	828	—	—	—
	(—)	(—)	(0)	(0)	(—)	(—)	(240)	(240)	(—)	(—)	(0)	(0)
Put U.S. dollar	15,514	—	—	—	28,141	—	—	—	166,745	—	—	—
	(—)	(—)	(36)	(36)	(—)	(—)	482	482	(—)	(—)	(387)	(387)
Total	¥ —	¥ —	¥(257)	¥(257)	¥ —	¥ —	¥ —	¥451	\$ —	\$ —	\$ (2,762)	\$ (2,762)

Notes:

i. Method of measuring fair values

(1) The fair values of forward foreign exchange contracts are calculated using the forward foreign exchange rates.

(2) The fair values of foreign currency options are calculated based on the prices provided by financial institutions with which the Companies do business.

ii. The option premium is stated for the amounts in parentheses in the rows of "Notional amount" and "Over 1 year," but the foreign currency option is a so-called zero-cost option and no premium is received or paid.

## Notes to the Consolidated Financial Statements

### (ii) Interest rate (transactions other than market transactions)

	Millions of yen								Thousands of U.S. dollars			
	2010				2009				2010			
	Notional amount	Over 1 year	Fair value	Valuation gain (loss)	Notional amount	Over 1 year	Fair value	Valuation gain (loss)	Notional amount	Over 1 year	Fair value	Valuation gain (loss)
Interest rate swaps												
Receipts fixed payments floating	¥18,898	¥ —	¥ 124	¥ 124	¥18,898	¥18,898	¥ 109	¥ 109	\$203,117	\$ —	\$ 1,333	\$ 1,333
Payments fixed receipts floating	19,724	495	(208)	(208)	18,898	18,898	(208)	(208)	211,995	5,320	(2,236)	(2,236)
Total	¥38,622	¥495	¥ (84)	¥ (84)	¥37,796	¥37,796	¥ (99)	¥ (99)	\$415,112	\$5,320	\$ (903)	\$ (903)

Note: The fair values are calculated based on the prices provided by financial institutions with which the Companies do business.

### (iii) Commodity (transactions other than market transactions)

	Millions of yen						Thousands of U.S. dollars		
	2010			2009			2010		
	Notional amount	Fair value	Valuation gain (loss)	Notional amount	Fair value	Valuation gain (loss)	Notional amount	Fair value	Valuation gain (loss)
Commodity swaps									
Payments fixed receipts floating	¥ —	¥ —	¥ —	¥84	¥(32)	¥(32)	\$ —	\$ —	\$ —
Total	¥ —	¥ —	¥ —	¥84	¥(32)	¥(32)	\$ —	\$ —	\$ —

Note: The fair values are calculated based on the prices provided by financial institutions with which the Companies do business.

## (b) Derivatives to which hedge accounting is applied

### (i) Foreign currency

	Hedge accounting	Hedging instrument	Hedged item	Millions of yen			Thousands of U.S. dollars		
				Notional amount	Over 1 year	Fair value	Notional amount	Over 1 year	Fair value
		Forward foreign exchange contracts							
		Sell:	Trade receivables						
		U.S. dollar		¥18,194	¥ 12	¥(137)	\$195,550	\$ 129	\$(1,472)
		Euro		963	—	67	10,350	—	720
		Australian dollar		6	—	(1)	64	—	(11)
		Hong Kong dollar		35	—	(1)	376	—	(11)
		Taiwan dollar		171	—	(4)	1,838	—	(43)
		Buy:	Trade payables						
		U.S. dollar		6,321	864	(2)	67,939	9,286	(21)
		Euro		1,923	137	(71)	20,669	1,472	(763)
		British pound		123	—	(29)	1,322	—	(312)
		Australian dollar		93	—	10	1,000	—	107
		Swiss franc		84	—	4	903	—	43
		Hong Kong dollar		4	—	0	43	—	0
		Korean won		173	139	36	1,859	1,494	387
		Thai baht		28	28	2	301	301	22
		Forward foreign exchange contracts							
		Sell:	Trade receivables						
		U.S. dollar		¥ 8,135	¥ —	¥ —	\$ 87,436	\$ —	\$ —
		Euro		98	—	—	1,053	—	—
		Australian dollar		1,324	—	—	14,230	—	—
		Buy:	Trade payables						
		U.S. dollar		931	—	—	10,006	—	—
		Euro		603	—	—	6,481	—	—
		Hong Kong dollar		81	—	—	871	—	—
		Total		¥ —	¥ —	¥(126)	\$ —	\$ —	\$(1,354)

(\*1) The difference between this amount and the amount as translated at the current rate of exchange on the date of the forward contract shall be allocated over the life of the forward contract.

Notes:

i. Method of measuring fair values

The fair values are calculated based on the prices provided by financial institutions with which the Companies do business.

ii. Fair values of transactions using the method such as forward foreign exchange contracts where transactions are recorded by translation at the contracted rate are included in the fair values of hedged items, either of trade receivables or trade payables, as these derivatives are accounted for together with the trade receivables or trade payables.

(ii) Interest rate

Hedge accounting	Hedging instrument	Hedged item	Millions of yen			Thousands of U.S. dollars		
			Notional amount	Over 1 year	Fair value	Notional amount	Over 1 year	Fair value
				2010			2010	
Deferral hedge accounting of interest rate swaps	Interest rate swaps Payments fixed receipts floating	Short-term loans	¥ 1,000	¥ 1,000	¥ (14)	\$ 10,748	\$ 10,748	\$(150)
Exceptional treatment of interest rate swaps	Interest rate swaps Payments fixed receipts floating	Long-term loans	¥56,743	¥47,121	¥ —	\$609,877	\$506,460	\$ —
Total			¥ —	¥ —	¥ (14)	\$ —	\$ —	\$(150)

Notes:

i. Method of measuring fair values

The fair values are calculated based on the prices provided by financial institutions with which the Companies do business.

ii. Fair values of transactions by the exceptional treatment of interest rate swaps are included in the fair values of long-term loans, as these derivatives are accounted for together with the long-term loans.

## 16. Retirement benefits

The Companies have defined benefit pension plans, and lump-sum retirement payment plans.

In addition, an employee, if eligible, may receive additional payments under the plans.

The following information is a summary of the plans:

Retirement benefit obligation:

March 31	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Projected benefit obligation	¥(156,653)	¥(160,890)	\$(1,683,716)
Fair value of plan assets	1,126	2,670	12,102
Funded status	(155,527)	(158,220)	(1,671,614)
Unrecognized actuarial losses	17,943	18,968	192,852
Unrecognized past service costs	2,367	1,456	25,441
Obligation recognized in the consolidated balance sheet	¥(135,217)	¥(137,796)	\$(1,453,321)
Allowance for employees' retirement benefits	¥(135,217)	¥(137,796)	\$(1,453,321)

Components of net periodic pension cost:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Service cost benefits earned during the year	¥ 8,617	¥ 8,524	\$ 92,616
Interest cost on projected benefit obligation	3,099	3,117	33,308
Expected return on assets	(19)	21	(204)
Amortization of actuarial losses	3,228	2,967	34,695
Amortization of past service costs	230	212	2,472
Additional payments	49	383	527
Other	273	—	2,934
Net periodic pension cost	¥15,477	¥15,224	\$166,348

# Notes to the Consolidated Financial Statements

	2010	2009
Assumptions used in the actuarial calculation were:		
Actuarial cost method:	Projected unit credit method	Projected unit credit method
Discount rate:	2.00%	2.00%
Expected rate of return:	1.50%	1.50%
Amortization period for past service costs (within the employees' average remaining years of service):	13 years	13 years
Amortization period for actuarial losses (within the employees' average remaining years of service):	13 years	13 years
Amortization period for transition obligation:	—	—

## 17. Segment information

### (a) Industry segments

Industry segment information of the Companies for the years ended or as of March 31, 2010 and 2009, is shown below:

Millions of yen										
Year ended or as of March 31, 2010	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Total	Eliminations and Corporate	Consolidated
Sales and operating income:										
Sales to outside customers	¥190,202	¥146,617	¥327,946	¥276,797	¥212,100	¥ 7,441	¥ 81,597	¥1,242,700	¥ —	¥1,242,700
Intersegment sales and transfers	19,739	20,238	37,259	4,289	1,848	409	36,364	120,146	(120,146)	—
Total	209,941	166,855	365,205	281,086	213,948	7,850	117,961	1,362,846	(120,146)	1,242,700
Operating expenses	207,930	162,069	336,387	274,045	212,854	4,885	117,655	1,315,825	(120,270)	1,195,555
Operating income	¥ 2,011	¥ 4,786	¥ 28,818	¥ 7,041	¥ 1,094	¥ 2,965	¥ 306	¥ 47,021	¥ 124	¥ 47,145
Assets, depreciation expense and capital expenditures:										
Assets	¥175,350	¥140,773	¥251,023	¥309,882	¥157,628	¥49,593	¥228,174	¥1,312,423	¥ 99,998	¥1,412,421
Depreciation expense	3,222	6,392	4,660	17,919	3,751	1,452	2,750	40,146	1,171	41,317
Capital expenditures	3,481	9,088	8,998	12,326	4,449	1,888	3,067	43,297	389	43,686

Millions of yen										
Year ended or as of March 31, 2009	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Total	Eliminations and Corporate	Consolidated
Sales and operating income:										
Sales to outside customers	¥187,049	¥198,684	¥410,287	¥290,513	¥178,658	¥15,297	¥107,554	¥1,388,042	¥ —	¥1,388,042
Intersegment sales and transfers	17,648	21,830	26,181	7,327	3,047	535	32,899	109,467	(109,467)	—
Total	204,697	220,514	436,468	297,840	181,705	15,832	140,453	1,497,509	(109,467)	1,388,042
Operating expenses	206,161	207,862	442,691	286,749	178,836	10,632	137,978	1,470,909	(108,546)	1,362,363
Operating income (loss)	¥ (1,464)	¥ 12,652	¥ (6,223)	¥ 11,091	¥ 2,869	¥ 5,200	¥ 2,475	¥ 26,600	¥ (921)	¥ 25,679
Assets, depreciation expense and capital expenditures:										
Assets	¥166,678	¥155,944	¥307,431	¥355,292	¥170,372	¥53,946	¥200,891	¥1,410,554	¥ 78,788	¥1,489,342
Depreciation expense	2,975	5,830	4,373	19,434	3,739	1,539	4,805	42,695	3,185	45,880
Capital expenditures	2,634	10,406	6,452	20,996	5,349	420	4,174	50,431	1,925	52,356

Thousands of U.S. dollars										
Year ended or as of March 31, 2010	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Total	Eliminations and Corporate	Consolidated
Sales and operating income:										
Sales to outside customers	\$2,044,304	\$1,575,849	\$3,524,785	\$2,975,033	\$2,279,665	\$ 79,976	\$ 877,009	\$13,356,621	\$ —	\$13,356,621
Intersegment sales and transfers	212,156	217,519	400,462	46,098	19,862	4,396	390,844	1,291,337	(1,291,337)	—
Total	2,256,460	1,793,368	3,925,247	3,021,131	2,299,527	84,372	1,267,853	14,647,958	(1,291,337)	13,356,621
Operating expenses	2,234,845	1,741,928	3,615,509	2,945,454	2,287,769	52,504	1,264,564	14,142,573	(1,292,670)	12,849,903
Operating income	\$ 21,615	\$ 51,440	\$ 309,738	\$ 75,677	\$ 11,758	\$ 31,868	\$ 3,289	\$ 505,385	\$ 1,333	\$ 506,718
Assets, depreciation expense and capital expenditures:										
Assets	\$1,884,673	\$1,513,037	\$2,698,012	\$3,330,632	\$1,694,196	\$533,029	\$2,452,429	\$14,106,008	\$1,074,785	\$15,180,793
Depreciation expense	34,630	68,702	50,086	192,595	40,316	15,606	29,557	431,492	12,586	444,078
Capital expenditures	37,414	97,678	96,711	132,481	47,818	20,292	32,965	465,359	4,181	469,540

Notes:

i. The Companies operate in seven industry segments as follows:

- (1) Logistics Systems and Structures Operations  
Material handling systems, physical distribution and factory automation systems, parking systems, bridges and construction materials
- (2) Industrial Machinery Operations  
Iron and steel manufacturing equipment, vehicular turbochargers and mass-produced machinery
- (3) Energy and Plants Operations  
Boilers, gas turbines, components for nuclear power plants, environmental control systems and storage facilities
- (4) Aero-Engine and Space Operations  
Jet engines and space-related equipment
- (5) Shipbuilding and Offshore Operations  
Shipbuilding, ship repairs and offshore structures
- (6) Real Estate Operations  
Real estate sales and rental
- (7) Other Operations  
Diesel engines, agricultural machinery, construction machinery and financing and services

ii. Operating expenses were entirely allocated to each industry segment.

iii. Corporate assets, which amounted to ¥293,378 million (\$3,153,246 thousand) and ¥281,692 million as of March 31, 2010 and 2009, respectively, mainly consisted of cash, time deposits, marketable securities and insurance premiums paid of the Company and deferred income taxes.

iv. Consolidated operating expenses represent the total of cost of sales and selling, general and administrative expenses shown in the accompanying consolidated statements of operations.

## (b) Overseas sales

Millions of yen						
Year ended or as of March 31, 2010	Europe	Asia	North America	Central and South America	Others	Total
Overseas sales	¥70,371	¥122,129	¥139,292	¥111,318	¥81,515	¥524,625
Overseas sales as a percentage of consolidated net sales	5.7%	9.8%	11.2%	9.0%	6.5%	42.2%

Millions of yen						
Year ended or as of March 31, 2009	Europe	Asia	North America	Central and South America	Others	Total
Overseas sales	¥90,447	¥142,548	¥157,661	¥79,789	¥136,218	¥606,663
Overseas sales as a percentage of consolidated net sales	6.5%	10.3%	11.4%	5.7%	9.8%	43.7%

Thousands of U.S. dollars						
Year ended or as of March 31, 2010	Europe	Asia	North America	Central and South America	Others	Total
Overseas sales	\$756,352	\$1,312,650	\$1,497,120	\$1,196,453	\$876,129	\$5,638,704

Notes:

i. The countries and regions included in each segment are as follows:

- (1) Europe.....U.K., Germany, France, Italy, Ireland, Greece, Bulgaria, etc.
- (2) Asia.....China, Taiwan, Korea, Thailand, Vietnam, Singapore, Malaysia, Indonesia, Philippines, India, Sri Lanka, etc.
- (3) North America.....U.S.A., Canada
- (4) Central and South Americas.....Brazil, Panama, etc.

ii. Overseas net sales include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

## 18. Amounts per share

Year ended March 31	Yen		U.S. dollars
	2010	2009	2010
Net income (loss)	¥ 11.85	¥ (5.05)	\$0.127
Cash dividends	2.00	—	0.021
Shareholders' equity	144.66	130.96	1.555

# Notes to the Consolidated Financial Statements

## 19. Quarterly results

A summary of quarterly results in 2009-2010 fiscal year is as follows:

Quarters ended	Millions of yen (Yen per share amounts)				Thousands of U.S. dollars (U.S. dollars per share amounts)			
	2009-2010				2009-2010			
	Jun.30	Sep.30	Dec.31	Mar.31	Jun.30	Sep.30	Dec.31	Mar.31
Net sales	¥244,536	¥301,808	¥283,021	¥413,335	\$2,628,289	\$3,243,852	\$3,041,928	\$4,442,552
Income (loss) before income taxes and minority interests	7,668	(3)	(5,724)	20,875	82,416	(32)	(61,522)	224,366
Net income (loss)	3,527	480	(3,955)	17,326	37,908	5,159	(42,509)	186,222
Net income (loss) per share	2.41	0.33	(2.70)	11.81	0.026	0.004	(0.029)	0.126

## 20. Investment and rental properties

Effective the fiscal year ended March 31, 2010, a new accounting standard for disclosures regarding fair value of investment and rental real estate properties and related implementation guidance have been adopted.

The Company and certain consolidated subsidiaries own rental office buildings (including land), parking lots and commercial facilities in Tokyo and other areas.

(a) The amounts recorded in the consolidated balance sheet and the fair values of these investment and rental properties are as follows:

Category of use	Millions of yen				Thousands of U.S. dollars		
	Fair value	2010	2009	2010	Fair value	2010	Net change
		Amount recorded in the balance sheet	Net change	Amount recorded in the balance sheet		Amount recorded in the balance sheet	
Office buildings	¥ 52,017	¥21,959	¥ (980)	¥22,939	\$ 559,082	\$236,017	\$(10,533)
Parking lots	64,791	2,609	(19)	2,628	696,378	28,042	(204)
Commercial facilities	34,531	1,217	(0)	1,217	371,141	13,080	(0)
Others	81,941	25,062	1,073	23,989	880,708	269,368	11,532
Total	¥233,280	¥50,847	¥ 74	¥50,773	\$2,507,309	\$546,507	\$ 795

Notes:

- The amount in consolidated balance sheet is calculated by subtracting accumulated depreciation from acquisition cost.
- The fair value as of March 31, 2010 is based on the values mainly in the appraisal report prepared by external real estate appraisers.
- The amounts of net change include the amount of ¥1,285 million (\$13,811 thousand) mainly due to newly built condominium.

(b) Income and expenses concerning investment and rental properties for this fiscal year are as follows:

Category of use	Millions of yen				Thousands of U.S. dollars			
	Rental income	Rental expenses	Net rental income	Other income	Rental income	Rental expenses	Net rental income	Other income
Office buildings	¥3,641	¥1,613	¥2,028	—	\$39,134	\$17,337	\$21,797	—
Parking lots	596	149	447	—	6,406	1,601	4,805	—
Commercial facilities	364	224	140	—	3,912	2,408	1,504	—
Others	2,050	1,053	997	—	22,033	11,317	10,716	—
Total	¥6,651	¥3,039	¥3,612	—	\$71,485	\$32,663	\$38,822	—

Note: Major rental income is included in "Net sales," while major rental expenses are included in "Cost of sales."

## 21. Business combination

Application of purchase method

### (a) Names and businesses of acquired companies, main reason for business combination, date of business combination, legal form of business combination, name of the company after business combination, and percentage of voting rights acquired

- i. Names and businesses of acquired companies
  - a. Names of acquired companies  
Matsuo Bridge Co., Ltd. and Kurimoto Bridge, Ltd. (now IHI Infrastructure Systems Co., Ltd.)
  - b. Businesses of acquired companies  
Design, manufacture, construction, diagnosis and repairing of bridges, watergates and steel structure
- ii. Main reason for business combination  
The integration is expected to result in enhancing cost competitiveness with the synergy of enhanced technology development and increased volume of order intakes and achieving a leading position in both the bridge and the water gate businesses.
- iii. Date of business combination  
October 1, 2009 (Matsuo Bridge Co., Ltd.)  
November 1, 2009 (Kurimoto Bridge, Ltd.)
- iv. Legal form of business combination  
Acquisition by stock acquisition
- v. Name of the company after business combination  
IHI Infrastructure Systems Co., Ltd.
- vi. Percentage of voting rights acquired  
100%

### (b) Period of financial results of the acquired companies included in the consolidated financial statements

from October 1, 2009 to March 31, 2010 (Matsuo Bridge Co., Ltd.)

from November 1, 2009 to March 31, 2010 (Kurimoto Bridge, Ltd.)

### (c) Acquisition cost and details thereof

	Millions of yen	Thousands of U.S. dollars
Consideration for acquisition		
Cash (Matsuo Bridge Co., Ltd.)	¥4,069	\$43,734
Cash (Kurimoto Bridge, Ltd.)	3,000	32,244
Expenses directly incurred for acquisition		
Advisory expenses etc.	458	4,923
Acquisition cost	¥7,527	\$80,901

### (d) Goodwill or negative goodwill

- i. Amount of negative goodwill generated  
¥2,438 million      \$26,204 thousand
- ii. Reason for recognizing negative goodwill  
The fair value of net assets of the acquired company exceeded the acquisition cost, and the excess amount was recognized as negative goodwill.
- iii. Amortization method and period  
One-time amortization

### (e) Amounts and details of assets acquired and liabilities assumed as of the date of business combination

October 1, 2009 (Matsuo Bridge Co., Ltd.)

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 6,552	\$ 70,421
Property, plant and equipment	13,243	142,337
Total assets	¥19,795	\$212,758
Current liabilities	8,840	95,013
Long-term liabilities	5,112	54,944
Total liabilities	¥13,952	\$149,957

## Notes to the Consolidated Financial Statements

November 1, 2009 (Kurimoto Bridge, Ltd.)

	Millions of yen	Thousands of U.S. dollars
Current assets	¥2,558	\$27,493
Property, plant and equipment	1,446	15,542
Total assets	¥4,004	\$43,035
Current liabilities	2,541	27,311
Total liabilities	¥2,541	\$27,311

(f) Approximate amounts of the effect of the business combination on the consolidated statements of operations for the current fiscal year, assuming the business combination had been completed on April 1, 2009

	Millions of yen	Thousands of U.S. dollars
Net sales	¥11,557	\$124,215
Operating income (loss)	(188)	(2,021)
Income (loss) before income taxes and minority interests	(287)	(3,085)
Net income (loss)	¥ (312)	\$ (3,353)

### Measurement of approximate amounts

The above approximate amounts of the effect are the total amounts of the information on sales and income of the acquired companies measured retroactively from April 1, 2009 through the dates of each business combination assuming the business combinations had been completed on April 1, 2009.

These notes are not included in the audit scope.



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## Report of Independent Auditors

The Board of Directors  
IHI Corporation

We have audited the accompanying consolidated balance sheets of IHI Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of IHI Corporation and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

(Supplemental Information)

As described in Note 2(d) to the consolidated financial statements, IHI Corporation and consolidated subsidiaries applied the "Accounting Standard for Construction Contracts" for the year ended March 31, 2010.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

*Ernst & Young ShinNihon LLC*

June 25, 2010

# Corporate Data

As of March 31, 2010

## Head Office

IHI Corporation  
 Toyosu IHI Building, 1-1, Toyosu 3-chome,  
 Koto-ku, Tokyo 135-8710, JAPAN  
 Tel: +81-3-6204-7800  
 Fax: +81-3-6204-8800  
 URL: <http://www.ihi.co.jp/index-e.html>

## Founded

1853

## Incorporated

1889

## Number of Employees

7,723 (consolidated: 24,890)

## Transfer Agent

The Chuo Mitsui Trust and Banking Company, Ltd.

## Consolidated Subsidiaries

92

## Non-Consolidated Subsidiaries

47

## Affiliates

46 (Includes 16 affiliates applying the equity method of accounting)

## Stock Exchange Listings

Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

## Shares Outstanding

1,467,058,482

## Number of Shareholders

120,267

## Independent Auditors

Ernst & Young ShinNihon

## Major Shareholders

1	Japan Trustee Services Bank, Ltd. (Standing Proxy: Toshiba Corporation)*1	3.77%
2	The Dai-ichi Mutual Life Insurance Company	3.68%
3	Japan Trustee Services Bank, Ltd. (Holder in Trust)	3.28%
4	Mizuho Trust & Banking, Co., Ltd. (Standing Proxy: Mizuho Bank, Ltd.)*2	2.97%
5	The Master Trust Bank of Japan, Ltd. (Holder in Trust)	2.78%
6	Nippon Life Insurance Company	2.32%
7	IHI Customer Stock Ownership Association	1.66%
8	Mitsui Sumitomo Insurance Co., Ltd.	1.51%
9	Sumitomo Life Insurance Company	1.47%
10	Mizuho Corporate Bank, Ltd.	1.41%

\*1 The shares of IHI Corporation stock held by Toshiba Corporation are part of that company's retirement benefit trust and are deposited as trust assets at Chuo Mitsui Asset Trust and Banking Co., Ltd. Retirement Benefit Trust (for Toshiba Corporation). Voting rights for the shares are exercised in accordance with Toshiba Corporation instructions.

\*2 The shares of IHI Corporation stock held by Mizuho Bank, Ltd. are part of that company's retirement benefit trust and are deposited as trust assets at Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust (for Mizuho Bank, Ltd.). Voting rights for the shares are exercised in accordance with Mizuho Bank, Ltd. instructions.

## Investor Relations

If you have any questions or would like copies of any of our reports, please contact:

Investor Relations Division

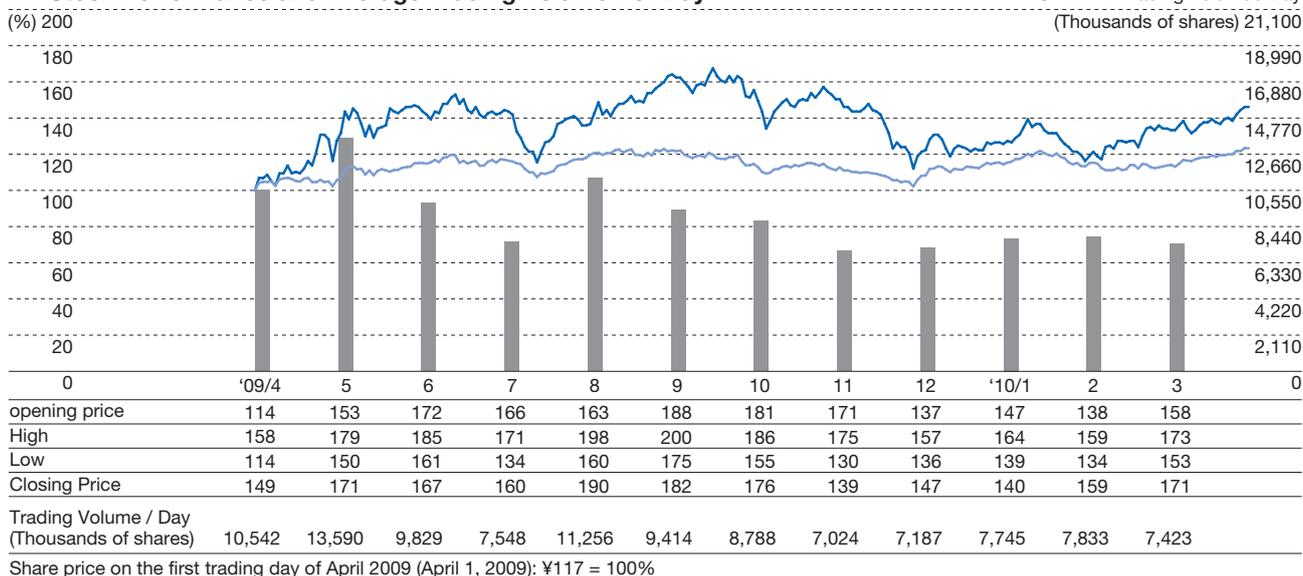
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## IHI Stock Performance and Average Trading Volume Per Day





# IHI Corporation

## Head Office

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