

**CONSOLIDATED FINANCIAL REPORT  
 FOR THE NINE MONTHS ENDED DECEMBER 31, 2011  
 <Japanese GAAP>**

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

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Submission of Quarterly Securities Report: February 13, 2012 (planned)  
 Preparing supplementary material on quarterly financial results: Yes  
 Holding quarterly financial results presentation meeting: None

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

## 1. PERFORMANCE

### (1) Business Results

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

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
<b>Nine months ended December 31, 2011</b>	<b>832,330</b>	<b>(0.7)%</b>	<b>27,420</b>	<b>(38.2)%</b>	<b>23,485</b>	<b>(38.2)%</b>
Nine months ended December 31, 2010	837,919	1.0%	44,355	95.3%	38,014	155.1%

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
<b>Nine months ended December 31, 2011</b>	<b>16,781</b>	<b>(11.6)%</b>	<b>11.45</b>	<b>10.82</b>
Nine months ended December 31, 2010	18,978	—%	12.94	12.94

(Note) Comprehensive income  
 Nine months ended December 31, 2011: ¥6,975 million (56.4)%  
 Nine months ended December 31, 2010: ¥16,016 million —%

### (2) Financial Position

(Millions of yen, except per share figures)

	Total Assets	Net Assets	Shareholders' Equity to Total Assets
<b>December 31, 2011</b>	<b>1,367,643</b>	<b>257,975</b>	<b>17.6%</b>
March 31, 2011	1,361,441	253,640	17.5%

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

December 31, 2011: ¥240,186 million  
 March 31, 2011: ¥238,086 million

## 2. DIVIDENDS

(Record Date)	Dividends per Share					(Yen)
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end	Annual	
Fiscal year ended March 31, 2011	—	0.00	—	3.00	3.00	
Fiscal year ending March 31, 2012	—	0.00	—	—	—	
Fiscal year ending March 31, 2012 (Forecast)	—	—	—	3.00	3.00	

(Note) Revisions to the dividend forecasts most recently announced: None

## 3. FORECAST OF RESULTS FOR THE YEAR ENDING MARCH 31, 2012

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Full-year	1,200,000	1.1%	43,000	(30.0)%	33,000	(35.9)%	22,000	(26.1)%	15.00

(Note) Revisions to the forecast of results most recently announced: Yes

## 4. OTHERS

### (1) Changes in significant subsidiaries during the nine months under review

(Changes in specified subsidiaries accompanying changes in scope of consolidation) : None

### (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes

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

(i) Changes in accounting policies due to revisions to accounting standards: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement of prior period financial statements after error corrections: None

### (4) Number of shares issued (common stock):

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

As of December 31, 2011

1,467,058,482 shares

As of March 31, 2011

1,467,058,482 shares

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

As of December 31, 2011

2,902,006 shares

As of March 31, 2011

408,509 shares

(iii) Average number of shares outstanding during the period (cumulative quarterly period)

Nine months ended December 31, 2011

1,465,699,414 shares

Nine months ended December 31, 2010

1,466,629,171 shares

#### \* Indication regarding execution of quarterly review procedures

This quarterly financial report is exempt from the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial report, the quarterly review procedures in accordance with the Financial Instruments and Exchange Act are in progress.

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

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

## QUALITATIVE INFORMATION REGARDING CONSOLIDATED RESULTS

In Japan during the nine months under review, although there was observable demand associated with the restoration of capital stock, exports were lackluster as a result of overseas demand lacking in strength and the entrenchment of the strong-yen exchange rate, which limited economic recovery to a gradual pace. Looking at the overseas economies, recovery in the U.S. was extremely weak because of the depressed housing market and employment situation. Also, the European financial problem's effect on the global real economy was propagated by instability in the financial system, and China's economy, in particular, began to slow because of weaker exports to Europe. Because the financial problem in Europe is intrinsically a structural problem, it is expected to be some time before the problem can be completely solved. The global economy is therefore expected to continue deteriorating for some time to come, particularly in Europe. Against this backdrop, in Japan, although internal demand is expected to expand as a result of the full impact of demand for restoration from the Great East Japan Earthquake, there are substantial concerns that economic growth will be suppressed by overseas economic slowdown and the strong yen. Consequently, uncertainty in the economic environment is expected to continue.

In response to these conditions, based on the Group Management Policies 2010, the IHI Group is promoting concentration and selection in its businesses, accelerating the global management of operations, and making efforts to achieve its management benchmarks, which include consolidated net sales of ¥1,400 billion and consolidated ordinary income of ¥60 billion. In order to achieve these management benchmarks, the Group has designated business areas such as floating LNG storage facilities and vehicular turbochargers as "growing and staple business," and by such means as preferentially allocating its resources to them, the Group is working to develop these businesses aggressively as pillars of profit for the next generation. In addition, IHI signed a memorandum of understanding on January 30, 2012 regarding the integration of IHI Marine United Inc. and Universal Shipbuilding Corporation which has been deliberated from April 2008. The new company aims to establish the top position in the shipbuilding industry and to realize a further growth strategy by seeking to enhance development capabilities by gathering together the respective design capabilities of both two companies under integration, while also seeking the optimum production system utilizing the respective characteristics of each companies' shipyard.

The IHI Group will do its utmost to work for the recovery of Japan as a group of companies that plays a part in the development of social infrastructure by restoring infrastructure damaged by the Earthquake. We made efforts to recover the production quickly especially in two operations: jet engines operation, which has the Works fully restored from the serious damage of the Earthquake, and vehicular turbochargers operation, which is decreased in production from the original plan due to changes in customers' production plans. As a result, we assume that these impacts to the business performance will be lightened from initial forecast.

Orders received during the nine months under review increased 18.0% from the same period of the previous fiscal year to ¥861.5 billion owing to an increase in Social Infrastructure Operations. Net sales decreased 0.7% from the same period of the previous fiscal year to ¥832.3 billion, as a result of declines in Energy & Resources Operations and Ships & Offshore Facilities Operations, despite a sales increase in Rotating Equipment & Mass-Production Machinery Operations. In terms of profit, factors such as the worsened results in Energy & Resources Operations resulted in decreases in operating income, ordinary income and net income to ¥27.4 billion, ¥23.4 billion and ¥16.7 billion, respectively.

## MATTERS REGARDING SUMMARY INFORMATION (OTHERS)

### 1. Changes in significant subsidiaries during the nine months under review

None

### 2. Application of special accounting for preparing quarterly consolidated financial statements

#### *Tax expense calculation*

Tax expenses on income before income taxes and minority interests for the nine months under review are calculated by multiplying income before income taxes and minority interests for the nine months under review by the reasonably estimated effective tax rate for the fiscal year including the quarter under review after applying tax effect accounting. Should the estimated effective tax rate be unavailable, however, tax expenses are calculated using the statutory tax rate for income before income taxes and minority interests for the nine months under review.

The deferred income taxes amount is shown inclusive of income taxes.

# QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

## 1. CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	December 31, 2011	March 31, 2011
Assets		
Current assets		
Cash and deposits	76,724	116,422
Notes and accounts receivable-trade	299,685	291,033
Short-term investment securities	1,880	1,183
Finished goods	23,094	20,733
Work in process	264,032	231,560
Raw materials and supplies	115,818	110,806
Other	99,766	90,098
Allowance for doubtful accounts	(5,299)	(8,430)
Total current assets	875,700	853,405
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	154,693	154,851
Other, net	178,933	173,888
Total property, plant and equipment	333,626	328,739
Intangible assets		
Goodwill	3,436	3,933
Other	17,867	17,123
Total intangible assets	21,303	21,056
Investments and other assets		
Other	143,125	168,659
Allowance for doubtful accounts	(6,111)	(10,418)
Total investments and other assets	137,014	158,241
Total noncurrent assets	491,943	508,036
Total assets	1,367,643	1,361,441

**1. CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

December 31, 2011

March 31, 2011

	December 31, 2011	March 31, 2011
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	273,618	269,445
Short-term loans payable	128,140	134,885
Current portion of bonds payable	20,000	10,000
Commercial papers	10,000	–
Income taxes payable	20,874	10,273
Advances received	123,904	123,603
Provision for bonuses	13,510	25,073
Provision for construction warranties	14,107	16,037
Provision for loss on construction contracts	27,054	31,240
Provision for loss on disaster	710	4,864
Other provision	184	540
Other	71,672	65,171
Total current liabilities	703,773	691,131
Noncurrent liabilities		
Bonds payable	43,479	53,565
Long-term loans payable	165,602	162,151
Provision for retirement benefits	130,335	132,347
Other provision	4,346	4,469
Other	62,133	64,138
Total noncurrent liabilities	405,895	416,670
<b>Total liabilities</b>	<b>1,109,668</b>	<b>1,107,801</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	95,762	95,762
Capital surplus	43,042	43,037
Retained earnings	108,990	95,973
Treasury stock	(556)	(88)
Total shareholders' equity	247,238	234,684
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,156)	6,508
Deferred gains or losses on hedges	117	(75)
Revaluation reserve for land	4,668	3,872
Foreign currency translation adjustment	(8,681)	(6,903)
Total accumulated other comprehensive income	(7,052)	3,402
Subscription rights to shares	474	388
Minority interests	17,315	15,166
<b>Total net assets</b>	<b>257,975</b>	<b>253,640</b>
<b>Total liabilities and net assets</b>	<b>1,367,643</b>	<b>1,361,441</b>

## 2. CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

### CONSOLIDATED STATEMENTS OF INCOME (Cumulative)

(Millions of yen)

	Apr. 1, 2011 to Dec. 31, 2011	Apr. 1, 2010 to Dec. 31, 2010
Net sales	832,330	837,919
Cost of sales	695,870	685,149
Gross profit	136,460	152,770
Selling, general and administrative expenses	109,040	108,415
Operating income	27,420	44,355
Non-operating income		
Interest income	568	438
Dividends income	2,107	2,029
Equity in earnings of affiliates	409	312
Contribution to research and development costs	2,295	–
Other	4,253	6,041
Total non-operating income	9,632	8,820
Non-operating expenses		
Interest expenses	3,952	4,525
Foreign exchange losses	2,566	6,128
Other	7,049	4,508
Total non-operating expenses	13,567	15,161
Ordinary income	23,485	38,014
Extraordinary income		
Gain on sales of investment securities	14,104	–
Gain on sales of noncurrent assets	3,134	–
Proceeds from accident insurance	2,000	–
Gain on sale of affiliate stock	987	898
Total extraordinary income	20,225	898
Extraordinary loss		
Loss on valuation of investment securities	3,733	1,388
Impairment loss	430	953
Loss on project taken over from the consortium partner in liquidation	–	9,270
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	295
Total extraordinary losses	4,163	11,906
Income before income taxes and minority interests	39,547	27,006
Income taxes	22,019	7,351
Income before minority interests	17,528	19,655
Minority interests	747	677
Net income	16,781	18,978

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Cumulative)**

(Millions of yen)

	Apr. 1, 2011 to Dec. 31, 2011	Apr. 1, 2010 to Dec. 31, 2010
Income before minority interests	17,528	19,655
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,646)	(2,475)
Deferred gains or losses on hedges	151	(93)
Revaluation reserve for land	825	–
Foreign currency translation adjustment	(1,822)	(763)
Share of other comprehensive income of associates accounted for using equity method	(61)	(308)
Total other comprehensive income	(10,553)	(3,639)
Comprehensive income	6,975	16,016
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,375	15,409
Comprehensive income attributable to minority interests	600	607

## SEGMENT INFORMATION

### I Nine months ended December 31, 2010

#### 1. Information about sales and profit or loss by reportable segment

(Millions of yen)

	Reportable Segment						Total	Adjustment (Note)	Consolidated
	Energy & Resources	Ships & Offshore Facilities	Physical Distribution Systems & Social Infrastructure	Rotating & Industrial Machinery	Aero Engine & Space	Others			
<b>Sales:</b>									
Sales to outside customers	198,662	143,000	129,822	121,444	188,065	56,926	837,919	—	837,919
Intersegment sales and transfers	23,467	1,275	8,048	10,653	3,260	35,997	82,700	(82,700)	—
Total	222,129	144,275	137,870	132,097	191,325	92,923	920,619	(82,700)	837,919
Segment profit (Operating income)	17,551	8,974	7,198	7,649	5,285	2,027	48,684	(4,329)	44,355

Note: Adjustment of segment profit represents intersegment transactions of ¥132 million and unallocated corporate expenses of negative ¥4,461 million.

Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.

#### 2. Information about impairment loss of noncurrent assets, goodwill and negative goodwill by reportable segment

##### *Material impairment loss of noncurrent assets*

In the segment of “Physical Distribution Systems & Social Infrastructure,” impairment losses of idle land were recognized in the amount of ¥953 million for the nine months ended December 31, 2010.

##### *Material change in goodwill amount*

None

##### *Material gain on negative goodwill*

None

### II Nine months ended December 31, 2011

#### 1. Information about sales and profit or loss by reportable segment

(Millions of yen)

	Reportable Segment						Total	Adjustment (Note)	Consolidated	
	Energy & Resources	Ships & Offshore Facilities	Social Infrastructure	Logistics Systems & Industrial Machinery	Rotating Equipment & Mass- Production Machinery	Aero Engine & Space				Others
<b>Sales:</b>										
Sales to outside customers	190,228	127,730	69,475	86,105	112,110	193,725	52,957	832,330	—	832,330
Intersegment sales and transfers	21,871	1,184	5,922	3,786	9,164	3,917	22,132	67,976	(67,976)	—
Total	212,099	128,914	75,397	89,891	121,274	197,642	75,089	900,306	(67,976)	832,330
Segment profit (Operating income)	3,940	9,236	5,895	874	8,321	2,738	1,553	32,557	(5,137)	27,420

Note: Adjustment of segment profit represents intersegment transactions of ¥50 million and unallocated corporate expenses of negative ¥5,187 million.

Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.



2. Information about change in reportable segments  
 Effective from the first quarter ended June 30, 2011, in accordance with an entity conversion by the IHI Group, two of its reportable segments, Physical Distribution Systems & Social Infrastructure, and Rotating & Industrial Machinery, have been changed to three reportable segments: Social Infrastructure, Logistics Systems & Industrial Machinery, and Rotating Equipment & Mass-Production Machinery.

Main products and services belonging to each segment after the change are as follows:

- (1) Energy & Resources  
 Boilers, gas turbines, components for nuclear power plants, storage facilities, process plants, power systems and floating LNG storage facilities
- (2) Ships & Offshore Facilities  
 Shipbuilding, ship repairs and offshore structures
- (3) Social Infrastructure  
 Bridges, construction materials and real estate sales and rental
- (4) Logistics Systems & Industrial Machinery  
 Material handling systems, physical distribution and factory automation systems, parking systems, traffic systems, steel manufacturing equipment, paper production machines and environmental control systems
- (5) Rotating Equipment & Mass-Production Machinery  
 Compressors and vehicular turbochargers
- (6) Aero Engine & Space  
 Jet engines, space-related equipment and defense machinery
- (7) Others  
 Diesel engines, agricultural machinery, construction machinery and other services

In terms of the nine months corresponding to the previous fiscal year, information about sales and profit or loss by reportable segment newly changed is as follows:

**Nine months ended December 31, 2010**

(Millions of yen)

	Reportable Segment							Total	Adjustment (Note)	Consolidated
	Energy & Resources	Ships & Offshore Facilities	Social Infrastructure	Logistics Systems & Industrial Machinery	Rotating Equipment & Mass-Production Machinery	Aero Engine & Space	Others			
<b>Sales:</b>										
Sales to outside customers	198,662	143,000	74,330	86,083	90,853	188,065	56,926	837,919	-	837,919
Intersegment sales and transfers	23,467	1,275	5,459	4,901	8,341	3,260	35,997	82,700	(82,700)	-
<b>Total</b>	<b>222,129</b>	<b>144,275</b>	<b>79,789</b>	<b>90,984</b>	<b>99,194</b>	<b>191,325</b>	<b>92,923</b>	<b>920,619</b>	<b>(82,700)</b>	<b>837,919</b>
<b>Segment profit (loss)</b>										
(Operating income (loss))	17,551	8,974	7,392	847	6,608	5,285	2,027	48,684	(4,329)	44,355

Note: Adjustment of segment profit represents intersegment transactions of ¥132 million and unallocated corporate expenses of negative ¥4,461 million.

Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.

3. Information about impairment loss of noncurrent assets, goodwill and negative goodwill by reportable segment

*Material impairment loss of noncurrent assets*

In the segment of "Social Infrastructure," impairment losses of assets for rent were recognized in the amount of ¥406 million for the nine months ended December 31, 2011.

In the segment of "Others," impairment losses of assets for business were recognized in the amount of ¥24

million for the nine months ended December 31, 2011.

*Material change in goodwill amount*

None

*Material gain on negative goodwill*

None