

**CONSOLIDATED FINANCIAL REPORT  
FOR THE THREE MONTHS ENDED JUNE 30, 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: August 12, 2011 (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>Three months ended June 30, 2011</b>	<b>251,320</b>	<b>(6.4)%</b>	<b>11,488</b>	<b>(23.1)%</b>	<b>10,705</b>	<b>(15.1)%</b>
Three months ended June 30, 2010	268,647	9.9%	14,932	65.0%	12,603	64.4%

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
<b>Three months ended June 30, 2011</b>	<b>5,148</b>	<b>(34.5)%</b>	<b>3.51</b>	<b>3.32</b>
Three months ended June 30, 2010	7,861	122.9%	5.36	—

(Note) Comprehensive income  
 Three months ended June 30, 2011: ¥4,609 million (44.0%)  
 Three months ended June 30, 2010: ¥3,201 million (—%)

### (2) Financial Position

(Millions of yen, except per share figures)

	Total Assets	Net Assets	Shareholders' Equity to Total Assets
<b>June 30, 2011</b>	<b>1,313,341</b>	<b>256,125</b>	<b>18.2%</b>
March 31, 2011	1,361,441	253,640	17.5%

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

June 30, 2011: ¥238,766 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	—	—	—	—	—	
Fiscal year ending March 31, 2012 (Forecast)	—	0.00	—	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)
First Half of the Fiscal Year	550,000	(2.4)%	14,000	(51.9)%	10,000	(60.1)%	7,000	(48.1)%	4.77
Full-Year	1,200,000	1.1%	43,000	(30.0)%	33,000	(35.9)%	20,000	(32.8)%	13.64

(Note) Revisions to the forecast of results most recently announced: None

## 4. OTHERS

- (1) **Changes in significant subsidiaries during the three 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 June 30, 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 June 30, 2011	400,569 shares
As of March 31, 2011	408,509 shares
  - (iii) Average number of shares outstanding during the period (cumulative consolidated quarterly period)

Three months ended June 30, 2011	1,466,658,472 shares
Three months ended June 30, 2010	1,466,576,136 shares

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

This quarterly financial report is not subject to 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 the Japanese economy during the three months under review, after the Great East Japan Earthquake, production and exports deteriorated sharply, and domestic private-sector demand temporarily weakened. Currently, as a result of the restoration of the supply chain, family finances and corporate sentiment have improved somewhat, and production activity and domestic private-sector demand are showing signs of recovery. However, there is still downward pressure on the economy from the problem of the electric supply crunch resulting from the nuclear power station accident and the entrenchment of the strength of the yen.

On the other hand, since overcoming the collapse of Lehman Brothers, the overseas economy has shown relatively high growth, propelled by high growth in emerging countries and resource-rich countries. Although it appears that emerging countries and resource-rich countries will remain a driving force behind economic growth going forward owing to improvements in their income levels, at this point in time, there is a steadily increasing sense of uncertainty resulting from a wide range of unstable factors, such as rising prices of crude oil and other resources and the prolongation of the debt problem in Europe.

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.

We were able to completely restore our Soma Works (Soma City, Fukushima Prefecture), which suffered serious damage from the Great East Japan Earthquake, by early May, and we are currently making efforts to rectify the delays in production that have occurred thus far. In addition, the IHI Group is keenly aware of its mission as a group of companies that plays a part in the development of social infrastructure. We will do our utmost to work for the recovery of Japan through the restoration of infrastructure damaged by the disaster and other efforts.

Orders received during the three months under review decreased 1.9% from the same period of the previous fiscal year to ¥182.3 billion. Net sales decreased 6.4% from the same period of the previous fiscal year to ¥251.3 billion, as a result of substantial declines in Ships & Offshore Facilities Operations and Energy & Resources Operations, despite sales increases in operations such as Rotating Equipment & Mass-Production Machinery Operations and Aero Engine & Space Operations. In terms of profit, factors such as the worsened results in Energy & Resources Operations contributed to decreases in operating income, ordinary income and net income to ¥11.4 billion, ¥10.7 billion and ¥5.1 billion, respectively.

## MATTERS REGARDING SUMMARY INFORMATION (OTHERS)

### 1. Changes in significant subsidiaries during the three 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 for the three months under review are calculated by multiplying income before income taxes and minority interests for the three months under review by the reasonably estimated effective tax rate for the fiscal year 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 three 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)

	June 30, 2011	March 31, 2011 (Summary)
Assets		
Current assets		
Cash and deposits	78,871	116,422
Notes and accounts receivable-trade	256,038	291,033
Short-term investment securities	2,984	1,183
Finished goods	23,337	20,733
Work in process	246,390	231,560
Raw materials and supplies	116,069	110,806
Other	91,785	90,098
Allowance for doubtful accounts	(6,806)	(8,430)
Total current assets	808,668	853,405
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	155,372	154,851
Other, net	177,074	173,888
Total property, plant and equipment	332,446	328,739
Intangible assets		
Goodwill	3,801	3,933
Other	17,638	17,123
Total intangible assets	21,439	21,056
Investments and other assets		
Other	161,217	168,659
Allowance for doubtful accounts	(10,429)	(10,418)
Total investments and other assets	150,788	158,241
Total noncurrent assets	504,673	508,036
Total assets	1,313,341	1,361,441

**1. CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	June 30, 2011	March 31, 2011 (Summary)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	266,448	269,445
Short-term loans payable	109,085	134,885
Current portion of bonds payable	20,000	10,000
Income taxes payable	8,455	10,273
Advances received	124,347	123,603
Provision for bonuses	13,566	25,073
Provision for construction warranties	15,020	16,037
Provision for loss on construction contracts	29,747	31,240
Provision for loss on disaster	2,390	4,864
Other provision	113	540
Other	69,918	65,171
<b>Total current liabilities</b>	<b>659,089</b>	<b>691,131</b>
<b>Noncurrent liabilities</b>		
Bonds payable	43,537	53,565
Long-term loans payable	154,865	162,151
Provision for retirement benefits	132,180	132,347
Other provision	4,125	4,469
Other	63,420	64,138
<b>Total noncurrent liabilities</b>	<b>398,127</b>	<b>416,670</b>
<b>Total liabilities</b>	<b>1,057,216</b>	<b>1,107,801</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	95,762	95,762
Capital surplus	43,041	43,037
Retained earnings	97,357	95,973
Treasury stock	(86)	(88)
<b>Total shareholders' equity</b>	<b>236,074</b>	<b>234,684</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,357	6,508
Deferred gains or losses on hedges	(4)	(75)
Revaluation reserve for land	3,872	3,872
Foreign currency translation adjustment	(6,533)	(6,903)
<b>Total accumulated other comprehensive income</b>	<b>2,692</b>	<b>3,402</b>
Subscription rights to shares	383	388
Minority interests	16,976	15,166
<b>Total net assets</b>	<b>256,125</b>	<b>253,640</b>
<b>Total liabilities and net assets</b>	<b>1,313,341</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 Jun. 30, 2011	Apr. 1, 2010 to Jun. 30, 2010
Net sales	251,320	268,647
Cost of sales	205,792	219,133
Gross profit	45,528	49,514
Selling, general and administrative expenses	34,040	34,582
Operating income	11,488	14,932
Non-operating income		
Interest income	173	155
Dividends income	1,022	1,242
Equity in earnings of affiliates	200	30
Other	2,976	3,165
Total non-operating income	4,371	4,592
Non-operating expenses		
Interest expenses	1,313	1,556
Other	3,841	5,365
Total non-operating expenses	5,154	6,921
Ordinary income	10,705	12,603
Extraordinary loss		
Impairment loss	–	953
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	295
Total extraordinary losses	–	1,248
Income before income taxes and minority interests	10,705	11,355
Income taxes	5,455	3,507
Income before minority interests	5,250	7,848
Minority interests	102	(13)
Net income	5,148	7,861

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

(Millions of yen)

	Apr. 1, 2011 to Jun. 30, 2011	Apr. 1, 2010 to Jun. 30, 2010
Income before minority interests	5,250	7,848
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,142)	(5,361)
Deferred gains or losses on hedges	65	312
Foreign currency translation adjustment	330	523
Share of other comprehensive income of associates accounted for using equity method	106	(121)
Total other comprehensive income	(641)	(4,647)
Comprehensive income	4,609	3,201
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,476	3,175
Comprehensive income attributable to minority interests	133	26

## SEGMENT INFORMATION

### I Three months ended June 30, 2010

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

(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	63,978	55,903	36,782	35,048	59,362	17,574	268,647	–	268,647
Intersegment sales and transfers	7,168	267	2,650	3,120	875	9,767	23,847	(23,847)	–
Total	71,146	56,170	39,432	38,168	60,237	27,341	292,494	(23,847)	268,647
Segment profit (loss)									
(Operating income (loss))	8,199	4,027	607	1,078	2,188	508	16,607	(1,675)	14,932

Note: Adjustment of segment profit (loss) represents intersegment transactions of ¥166 million and unallocated corporate expenses of negative ¥1,841 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 segments.

##### *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 three months ended June 30, 2010.

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

None

##### *Material negative goodwill arisen*

None

### II Three months ended June 30, 2011

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

(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	52,962	40,444	21,781	22,652	32,728	61,937	18,816	251,320	–	251,320
Intersegment sales and transfers	4,059	272	1,963	1,127	2,936	1,357	7,978	19,692	(19,692)	–
Total	57,021	40,716	23,744	23,779	35,664	63,294	26,794	271,012	(19,692)	251,320
Segment profit (loss)										
(Operating income (loss))	152	5,340	2,134	(476)	1,971	3,491	981	13,593	(2,105)	11,488

Note: Adjustment of segment profit (loss) represents intersegment transactions of negative ¥174 million and unallocated corporate expenses of negative ¥1,931 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 three months corresponding to previous fiscal year, information about sales and profit or loss by reportable segments newly changed is as follows:

### Three months ended June 30, 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	63,978	55,903	23,773	21,443	26,614	59,362	17,574	268,647	—	268,647
Intersegment sales and transfers	7,168	267	1,548	1,542	2,680	875	9,767	23,847	(23,847)	—
Total	71,146	56,170	25,321	22,985	29,294	60,237	27,341	292,494	(23,847)	268,647
Segment profit (loss)										
(Operating income (loss))	8,199	4,027	1,772	(1,191)	1,104	2,188	508	16,607	(1,675)	14,932

Note: Adjustment of segment profit (loss) represents intersegment transactions of ¥166 million and unallocated corporate expenses of negative ¥1,841 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 segments.

*Material impairment loss of noncurrent assets*

None

*Material change in goodwill amount*

None

*Material negative goodwill arisen*

None