

**CONSOLIDATED FINANCIAL REPORT
 FOR THE THREE MONTHS ENDED JUNE 30, 2012
 <Japanese GAAP>**

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

Representative: President and Chief Executive Officer, Tamotsu Saito
 For further information contact: Board Director and Managing Executive Officer, Ichiro Terai,
 Finance & Accounting Division
 Tel: +81-3-6204-7065
 URL: <http://www.ihico.jp>

Submission of Quarterly Securities Report: August 10, 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
Three months ended June 30, 2012	272,849	8.6%	10,237	(10.9)%	9,935	(7.2)%
Three months ended June 30, 2011	251,320	(6.4)%	11,488	(23.1)%	10,705	(15.1)%

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Three months ended June 30, 2012	4,354	(15.4)%	2.97	2.81
Three months ended June 30, 2011	5,148	(34.5)%	3.51	3.32

(Note) Comprehensive income

Three months ended June 30, 2012:	¥6,196 million	34.4%
Three months ended June 30, 2011:	¥4,609 million	44.0%

(2) Financial Position

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity to Total Assets
June 30, 2012	1,292,262	262,265	19.4%
March 31, 2012	1,338,131	258,475	18.7%

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

June 30, 2012:	¥251,130 million
March 31, 2012:	¥250,139 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, 2012	—	0.00	—	4.00	4.00	
Fiscal year ending March 31, 2013	—	—	—	—	—	
Fiscal year ending March 31, 2013 (Forecast)	—	0.00	—	4.00	4.00	

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

3. FORECAST OF RESULTS FOR THE YEAR ENDING MARCH 31, 2013

(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	580,000	10.3%	10,000	(47.6)%	5,000	(63.1)%	11,000	118.8%	7.51
Full-year	1,220,000	(0.2)%	40,000	(7.7)%	30,000	(28.1)%	25,000	4.9%	17.07

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

4. NOTES

- (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: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: Yes
 - (iv) Restatement of prior period financial statements after error corrections: None
- (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, 2012 1,467,058,482 shares
 - As of March 31, 2012 1,467,058,482 shares
 - (ii) Number of shares of treasury stock owned at the end of the period
 - As of June 30, 2012 3,792,985 shares
 - As of March 31, 2012 2,853,236 shares
 - (iii) Average number of shares outstanding during the period (cumulative quarterly period)
 - Three months ended June 30, 2012 1,463,735,539 shares
 - Three months ended June 30, 2011 1,466,658,472 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 the Japanese economy during the three months under review, the gap between supply and demand persisted, and economic growth was propped up by economic stimulus measures such as eco-car subsidies and demand for restoration from the Great East Japan Earthquake. It is expected that the demand for restoration in response to the earthquake disaster will peak in the latter half of fiscal year 2012, making it important to capture overseas demand during and following that period.

On the other hand, in the overseas economy, the slowdown in Europe caused by the European debt crisis has become more pronounced and is having an impact on the economies of emerging countries, including a decline in exports to European countries. Furthermore, the U.S. appears unlikely to drive global economic growth owing to the continued ebb and flow of the U.S. economy. In China, the limited scope for large-scale monetary easing or fiscal action has taken away the country's role as a global growth driver. As a result, economic prospects continue to be highly uncertain.

Amid these conditions, the IHI Group is implementing the three-year medium-term management plan, Group Management Policies 2010, for which the final year is fiscal year 2012. Owing to environmental changes including foreign exchange rate fluctuations, it will be difficult to achieve the plan's initial targets of consolidated net sales of ¥1,400 billion and consolidated ordinary income of ¥60 billion. Even so, with the aim of establishing a group of companies with growth potential, the IHI Group has designated vehicular turbochargers and other business areas as "Growth and focal Business" and is preferentially allocating its resources to them, thus helping to promote concentration and selection in the Group's businesses. The Group is also working to accelerate the global management of its operations. IHI is making preparations for the management integration of IHI Marine United Inc. and Universal Shipbuilding Corporation, for which it signed a basic agreement on January 30, 2012. Some details of the integrated company, such as a new name of Japan Marine United Corporation and an outline of its principal departments, were tentatively decided on April 23, 2012. In addition, IHI made Meisei Electric Co., Ltd. its subsidiary through a tender offer on June 12, 2012. Synergy will be created in fields such as the IHI Group's security business and its space-related business with Meisei Electric Co., Ltd. which has a business base that consists of environment observation, disaster prevention systems, space-related business and control systems.

Orders received during the three months under review increased 7.5% from the same period of the previous fiscal year to ¥195.9 billion owing to an increase in Energy & Resources Operations, despite declines in segments including Logistics Systems & Industrial Machinery Operations. Net sales increased 8.6% from the same period of the previous fiscal year to ¥272.8 billion, mainly as a result of increases in Energy & Resources Operations and Logistics Systems & Industrial Machinery Operations, despite sales decreases in Ships & Offshore Facilities Operations. In terms of profit, despite increases in Energy & Resources Operations and Logistics Systems & Industrial Machinery Operations, worsened results in segments including Ships & Offshore Facilities Operations contributed to decreases in operating income, ordinary income and net income to ¥10.2 billion, ¥9.9 billion and ¥4.3 billion, respectively.

MATTERS REGARDING SUMMARY INFORMATION (NOTES)

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 and minority interests 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 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 three months under review.

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

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

Changes in the depreciation method

In the first quarter ended June 30, 2012, IHI and its domestic consolidated subsidiaries changed the depreciation method for tangible fixed assets acquired on or after April 1, 2012 in line with the revision of the Corporate Tax Act. The effect of this change on financial statements for the current quarter is minimal.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**1. CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	June 30, 2012	March 31, 2012
Assets		
Current assets		
Cash and deposits	49,623	63,914
Notes and accounts receivable-trade	290,426	348,671
Short-term investment securities	1,086	2,736
Finished goods	23,701	23,320
Work in process	239,056	218,224
Raw materials and supplies	111,865	109,500
Other	78,138	84,281
Allowance for doubtful accounts	(5,960)	(6,282)
Total current assets	787,935	844,364
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	153,254	153,596
Other, net	188,975	181,149
Total property, plant and equipment	342,229	334,745
Intangible assets		
Goodwill	8,572	5,073
Other	18,338	18,539
Total intangible assets	26,910	23,612
Investments and other assets		
Other	140,115	141,557
Allowance for doubtful accounts	(4,927)	(6,147)
Total investments and other assets	135,188	135,410
Total noncurrent assets	504,327	493,767
Total assets	1,292,262	1,338,131

1. CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	June 30, 2012	March 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	286,964	293,493
Short-term loans payable	89,375	124,194
Current portion of bonds payable	—	10,000
Income taxes payable	6,059	13,208
Advances received	120,800	104,393
Provision for bonuses	14,002	24,700
Provision for construction warranties	15,811	15,526
Provision for loss on construction contracts	29,078	29,189
Other provision	462	868
Other	76,213	74,122
Total current liabilities	638,764	689,693
Noncurrent liabilities		
Bonds payable	53,422	53,450
Long-term loans payable	140,700	141,967
Provision for retirement benefits	129,844	129,037
Other provision	3,172	4,392
Other	64,095	61,117
Total noncurrent liabilities	391,233	389,963
Total liabilities	1,029,997	1,079,656
Net assets		
Shareholders' equity		
Capital stock	95,762	95,762
Capital surplus	43,046	43,044
Retained earnings	115,927	116,083
Treasury stock	(744)	(547)
Total shareholders' equity	253,991	254,342
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,008)	(361)
Deferred gains or losses on hedges	186	(55)
Revaluation reserve for land	4,665	4,665
Foreign currency translation adjustment	(6,704)	(8,452)
Total accumulated other comprehensive income	(2,861)	(4,203)
Subscription rights to shares	448	462
Minority interests	10,687	7,874
Total net assets	262,265	258,475
Total liabilities and net assets	1,292,262	1,338,131

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

CONSOLIDATED STATEMENTS OF INCOME (Cumulative)

(Millions of yen)

	Apr. 1, 2012 to Jun. 30, 2012	Apr. 1, 2011 to Jun. 30, 2011
Net sales	272,849	251,320
Cost of sales	227,131	205,792
Gross profit	45,718	45,528
Selling, general and administrative expenses	35,481	34,040
Operating income	10,237	11,488
Non-operating income		
Interest income	153	173
Dividends income	687	1,022
Equity in earnings of affiliates	513	200
Other	2,332	2,976
Total non-operating income	3,685	4,371
Non-operating expenses		
Interest expenses	1,174	1,313
Foreign exchange losses	1,707	637
Other	1,106	3,204
Total non-operating expenses	3,987	5,154
Ordinary income	9,935	10,705
Extraordinary loss		
Loss on valuation of investment securities	2,752	–
Impairment loss	7	–
Total extraordinary losses	2,759	–
Income before income taxes and minority interests	7,176	10,705
Income taxes	2,380	5,455
Income before minority interests	4,796	5,250
Minority interests	442	102
Net income	4,354	5,148

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Cumulative)

(Millions of yen)

	Apr. 1, 2012 to Jun. 30, 2012	Apr. 1, 2011 to Jun. 30, 2011
Income before minority interests	4,796	5,250
Other comprehensive income		
Valuation difference on available-for-sale securities	(643)	(1,142)
Deferred gains or losses on hedges	265	65
Foreign currency translation adjustment	1,759	330
Share of other comprehensive income of associates accounted for using equity method	19	106
Total other comprehensive income	1,400	(641)
Comprehensive income	6,196	4,609
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,686	4,476
Comprehensive income attributable to minority interests	510	133

SEGMENT INFORMATION

I Three months ended June 30, 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			
Sales:										
(1) Sales to outside customers	52,962	40,444	21,781	22,652	32,728	61,937	18,816	251,320	–	251,320
(2) 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 impairment loss of noncurrent assets, goodwill and negative goodwill by reportable segment

Material impairment loss of noncurrent assets

None

Material change in goodwill amount

None

Material gain on negative goodwill

None

II Three months ended June 30, 2012

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			
Sales:										
(1) Sales to outside customers	66,034	34,578	19,883	30,772	37,551	66,849	17,182	272,849	–	272,849
(2) Intersegment sales and transfers	7,894	957	1,054	261	2,243	1,339	4,633	18,381	(18,381)	–
Total	73,928	35,535	20,937	31,033	39,794	68,188	21,815	291,230	(18,381)	272,849
Segment profit (loss) (Operating income (loss))	2,052	2,080	1,247	(20)	1,758	6,235	346	13,698	(3,461)	10,237

Note: Adjustment of segment profit (loss) represents intersegment transactions of negative ¥331 million and unallocated corporate expenses of negative ¥3,130 million.

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

Main products and services belonging to each segment

- (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

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

Material impairment loss of noncurrent assets

None

Material change in goodwill amount

In the Others segment, Meisei Electric Co., Ltd. was made IHI's subsidiary through a tender offer for stock on June 12, 2012, ¥3,681 million of gain on goodwill was recognized by this event in the first quarter ended June 30, 2012.

Material gain on negative goodwill

None