IHI Corporation

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May 6, 2011

CONSOLIDATED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED MARCH 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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Annual General Meeting of Shareholders: June 24, 2011 (planned)
Commencement of Dividend Payments: June 27, 2011 (planned)
Submission of Annual Securities Report: June 24, 2011 (planned)

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

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

1. PERFORMANCE

(1) Business Results

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

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Fiscal year ended March 31, 2011	**1,187,292**	**(4.5)%**	**61,390**	**30.2%**	**51,482**	**55.9%**
Fiscal year ended March 31, 2010	1,242,700	(10.5)%	47,145	83.6%	33,027	144.3%

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
Fiscal year ended March 31, 2011	**29,764**	**71.3%**	**20.29**	**20.28**	**13.2%**	**3.7%**	**5.2%**
Fiscal year ended March 31, 2010	17,378	—%	11.85	—	8.6%	2.3%	3.8%

(Note)
Comprehensive income
Fiscal year ended March 31, 2011: ¥26,364 million (20.6%)
Fiscal year ended March 31, 2010: ¥21,869 million (−%)

(Reference)

Equity in earnings of affiliates

Fiscal year ended March 31, 2011: ¥389 million

Fiscal year ended March 31, 2010: ¥445 million

(2) Financial Position

(Millions of yen, except per share figures)

	Total Assets	Net Assets	Shareholders' Equity to Total Assets	Net Assets per Share of Common Stock (Yen)
March 31, 2011	**1,361,441**	**253,640**	**17.5%**	**162.33**
March 31, 2010	1,412,421	227,065	15.0%	144.66

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

March 31, 2011: ¥238,086 million

March 31, 2010: ¥212,160 million

(3) Cash Flows

(Millions of yen)

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at the End of Period
Fiscal year ended March 31, 2011	**95,565**	**(77,798)**	**(25,907)**	**115,025**
Fiscal year ended March 31, 2010	76,708	(62,754)	(1,800)	124,870

2. DIVIDENDS

	Dividends per Share			Total Amount of Dividend Payment (Millions of Yen)	Dividend Payout Ratio (Consolidated)	Dividend to Net Assets Ratio (Consolidated)
(Record Date)	Interim (Yen)	Year-end (Yen)	Annual (Yen)			
Fiscal year ended March 31, 2011	**0.00**	**3.00**	**3.00**	**4,400**	**14.8%**	**2.0%**
Fiscal year ended March 31, 2010	0.00	2.00	2.00	2,933	16.9%	1.5%
Fiscal year ending March 31, 2012 (Forecast)		3.00	3.00	—	22.0	—

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

(Millions of yen; percentages show rates of increase and decrease from the previous year and the corresponding period of the previous year)

	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

4. OTHERS

(1) Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries accompanying changes in scope of consolidation): None

(2) Changes in accounting policies and procedures, and methods of presentation for preparing the consolidated financial statements:

A. Changes due to revisions to accounting standards: Yes

B. Changes due to other reasons: Yes

(3) Number of Shares Issued (Common Stock):

(i)	Number of shares issued at the end of the period (including treasury stock)	
	As of March 31, 2011:	1,467,058,482 shares
	As of March 31, 2010:	1,467,058,482 shares
(ii)	Number of shares of treasury stock owned at the end of the period	
	As of March 31, 2011:	408,509 shares
	As of March 31, 2010:	479,306 shares
(iii)	Average number of shares outstanding during the period	
	Fiscal year ended March 31, 2011	1,466,635,184shares
	Fiscal year ended March 31, 2010	1,466,412,787 shares

<u>* Indication regarding execution of audit procedures</u>

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

<u>* Proper use of forecast of results, and other special matters</u>

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 AND FINANCIAL STATEMENTS

1. Business Results

Overview

A. Summary of consolidated performance

In Japan during the fiscal year under review, the economy improved steadily until the summer supported by an expansion in exports amid a recovery in the overseas economy and by benefits from the government's economic stimulus measures for consumer durables. However, moving into early autumn, the economy stalled for a time mainly due to a slowdown in the overseas economy, a decline in demand for consumer durables in reaction to a previous rush in demand and the ongoing strong yen. However, through to early 2011, economic growth rates began picking up again, exports returned to a growth trend, and the economy exited its temporary lull.

In the overseas economy, two distinctly different trends became more pronounced: the emerging countries and resource-rich countries continued to experience relatively high growth while the developed countries remained in a gradual recovery phase. The emerging countries of East Asia, particularly China, continued to see high growth primarily supported by strong domestic demand, but amid rising concerns of inflation, governments began tightening monetary policy. In the US economy, consumer spending strengthened amid robust exports to emerging countries and the benefits of additional economic stimulus measures. However, credit remained in short supply and the unemployment rate was persistently high. In Europe, the situation varied widely depending on the country. The German economy headed for a recovery, led by exports, but in France and the UK the pace of recovery was moderate. In the Southern European countries, which faced fiscal problems, the economies remained sluggish. Also, the price of international commodities such as crude oil, which moved back above the $100 per barrel level again amid political instability in the Middle East and North Africa, rose sharply owing to demand from the strong-growth emerging countries and excessive liquidity in developed countries arising from the loose monetary environment.

Despite these areas of concern in Japan and overseas, the economy generally remained on a recovery track, but close to the end of the fiscal year under review on March 11, 2011 the Great East Japan Earthquake occurred. As a result, manufacturing activity across the Japanese economy, including the IHI Group, contracted sharply over a short period of time, putting considerable downward pressure on exports and domestic private-sector demand. Amid considerable uncertainty about the path to recovery, the fiscal year came to a close.

The fiscal year under review marked the first year in the IHI Group’s new three-year medium-term management plan, Group Management Policies 2010. IHI harnessed the combined strengths of the Group as it worked toward achieving the concrete management benchmarks of the plan: consolidated net sales of ¥1,400 billion, consolidated ordinary income of ¥60 billion, and interest-bearing debt of no more than ¥400 billion. As a result, orders received in the fiscal year under review improved in all business segments, rising 23.8% from the previous fiscal year to ¥1,200.9 billion. Although sales from Rotating & Industrial Machinery Operations rose sharply, overall net sales declined slightly, falling 4.5% from the previous fiscal year to ¥1,187.2 billion, due mainly to lower sales from Energy & Resources Operations. Profits were weak in Energy & Resources Operations and Aero Engine & Space Operations, but profitability improved in Ships & Offshore Facilities Operations and business expansion in Rotating & Industrial Machinery Operations contributed to profit growth. As a result, total operating income rose 30.2% from the previous fiscal year to ¥61.3 billion and ordinary income increased 55.9% to ¥51.4 billion, with the sharp increase in profits achieved in the previous fiscal year continuing into the fiscal year under review as well. Net income increased 71.3% from the previous fiscal year to ¥29.7 billion. This reflected the booking of extraordinary income of ¥19.8 billion for distribution from undisclosed association related to the repurchase of trust beneficiary rights for the Toyosu Center Building, and extraordinary losses of ¥10.5 billion for loss on disaster related to the Great East Japan Earthquake, and ¥9.2 billion for loss on project taken over from the consortium partner in liquidation related to a boiler construction project for electric power generation in Germany. Ordinary income and net income were both record figures for IHI. Also, IHI achieved its target in its Group Management Policies 2010 for interest-bearing debt of no more than ¥400 billion ahead of schedule, with interest-bearing debt at the end of the fiscal year totaling ¥373.3 billion.

B. Summary of consolidated performance by segment

Energy & Resources
Despite a decline in orders for storage facilities and other plant-related projects, orders received increased 14.5% from the previous fiscal year to ¥332.8 billion owing to solid export orders for boilers.

Sales declined 19.9% from the previous fiscal year to ¥306.4 billion due to a decline in boiler and plant-related sales.

Operating income dropped 17.3% from the previous fiscal year to ¥22.4 billion, reflecting the above-mentioned decline in sales.

Ships & Offshore Facilities
Orders received increased substantially, rising 147.4% from the previous fiscal year to ¥160.8 billion on new orders for naval vessels for the Ministry of Defense and for coast guard ships for the Japan Coast Guard.

Despite an increase in sales from ship repairs, sales declined 11.2% from the previous fiscal year to ¥189.9 billion, owing to a drop in sales from shipbuilding.

Although the strong yen weighed on profits, operating income improved sharply to ¥10.9 billion, from ¥1.3 billion in the previous fiscal year, owing to an improvement in margins on shipbuilding and higher sales from ship repairs.

Physical Distribution Systems & Social Infrastructure
Despite a decline in orders received for traffic systems, total orders received in the segment increased 8.0% from the previous fiscal year to ¥202.1 billion owing to solid orders for physical distribution and factory automation system and parking systems.

Sales increased 2.8% from the previous fiscal year to ¥212.5 billion, reflecting benefits from the integration of the bridge and water gate businesses with those of former Matsuo Bridge Co., Ltd. and Kurimoto Bridge, Ltd.

The rise in sales and improved margins for steel bridges contributed to an increase in operating income of 25.7% from the previous fiscal year to ¥11.8 billion.

Rotating and Industrial Machinery
Orders received increased 36.5% from the previous fiscal year to ¥187.9 billion owing to a substantial increase in orders received for vehicular turbochargers on the back of a recovery in the global automobile market.

Although sales of steelmaking manufacturing equipment were weak, overall sales in the segment increased 14.3% from the previous fiscal year to ¥192.1 billion, owing to a large increase in sales of vehicular turbochargers.

Operating income also improved considerably, rising from ¥4.3 billion in the previous fiscal year to ¥12.4 billion in the fiscal year under review, reflecting the higher sales of vehicular turbochargers.

Aero Engine & Space
Orders received rose 6.1% from the previous fiscal year to ¥311.0 billion, owing to firm orders for jet engines from the Ministry of Defense.

However, sales declined 5.6% from the previous fiscal year to ¥273.7 billion, reflecting the negative impact of the strong yen on sales of civil jet engines.

The abovementioned impact of the strong yen also affected operating income, which declined 35.1% from the previous fiscal year to ¥5.8 billion.

Others
Orders received increased 22.1% from the previous fiscal year to ¥109.5 billion, owing to an upturn in orders

for construction machinery and agricultural machinery.

Although the downtrend in sales of construction machinery and agricultural machinery was halted, sales of other machinery were weak, with overall sales in the segment declining 6.7% from the previous fiscal year to ¥114.3 billion.

Operating income increased 48.5% from the previous fiscal year to ¥2.1 billion owing to a recovery in margins on agricultural machinery.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	March 31, 2011	March 31, 2010
ASSETS		
Current assets:		
Cash and deposits	116,422	76,641
Notes and accounts receivable-trade	291,033	320,227
Short-term investment securities	1,183	30,894
Finished goods	20,733	20,823
Work in process	231,560	277,797
Raw materials and supplies	110,806	105,835
Deferred tax assets	35,177	42,384
Other	54,921	75,686
Allowance for doubtful accounts	(8,430)	(8,545)
Total current assets	853,405	941,742
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	154,851	107,616
Machinery, equipment and vehicles, net	52,900	59,375
Land	88,275	91,212
Construction in progress	8,945	7,277
Other, net	23,768	25,429
Total property, plant and equipment	328,739	290,909
Intangible assets:		
Goodwill	3,933	4,741
Software	14,237	14,772
Other	2,886	3,603
Total intangible assets	21,056	23,116
Investments and other assets:		
Investment securities	84,519	85,448
Deferred tax assets	46,073	42,254
Other	38,067	53,551
Allowance for doubtful accounts	(10,418)	(24,599)
Total investments and other assets	158,241	156,654
Total noncurrent assets	508,036	470,679
Total assets	1,361,441	1,412,421

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	March 31, 2011	March 31, 2010
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	269,445	241,185
Short-term loans payable	134,885	173,527
Current portion of bonds payable	10,000	20,500
Accrued expenses	35,959	39,231
Income taxes payable	10,273	11,250
Advances received	123,603	171,071
Provision for bonuses	25,073	22,640
Provision for construction warranties	16,037	18,703
Provision for loss on construction contracts	31,240	17,074
Provision for loss on disaster	4,864	–
Other provision	540	228
Other	29,212	42,755
Total current liabilities	691,131	758,164
Noncurrent liabilities:		
Bonds payable	53,565	40,000
Long-term loans payable	162,151	184,190
Deferred tax liabilities for land revaluation	6,660	6,661
Provision for retirement benefits	132,347	135,217
Other provision	4,469	1,831
Other	57,478	59,293
Total noncurrent liabilities	416,670	427,192
Total liabilities	1,107,801	1,185,356
NET ASSETS		
Shareholders' equity:		
Capital stock	95,762	95,762
Capital surplus	43,037	43,028
Retained earnings	95,973	65,933
Treasury stock	(88)	(105)
Total shareholders' equity	234,684	204,618
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	6,508	9,462
Deferred gains or losses on hedges	(75)	38
Revaluation reserve for land	3,872	3,844
Foreign currency translation adjustment	(6,903)	(5,802)
Total accumulated other comprehensive income	3,402	7,542
Subscription rights to shares	388	302
Minority interests	15,166	14,603
Total net assets	253,640	227,065
Total liabilities and net assets	1,361,441	1,412,421

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Apr. 1, 2010 to Mar. 31, 2011	Apr. 1, 2009 to Mar. 31, 2010
Net sales	1,187,292	1,242,700
Cost of sales	976,846	1,048,875
Gross profit	210,446	193,825
Selling, general and administrative expenses:		
Expenses in taking orders received	15,649	13,379
Provision of allowance for doubtful accounts	215	5,438
Salaries for directors and employees	56,072	54,418
Traveling and transportation expenses	5,345	5,049
Research and development expenses	24,643	21,698
Business consignment expenses	6,046	5,810
Contribution for expenses common to all business segments	4,050	3,545
Depreciation	4,781	5,618
Other	32,255	31,725
Total selling, general and administrative expenses	149,056	146,680
Operating income	61,390	47,145
Non-operating income:		
Interest income	587	706
Dividends income	3,408	3,536
Equity in earnings of affiliates	389	445
Amortization of negative goodwill	–	4,004
Other income	8,063	6,828
Total non-operating income	12,447	15,519
Non-operating expenses:		
Interest expenses	6,013	6,630
Expenses for delayed delivery	2,874	5,162
Compensation for damages	–	3,879
Foreign exchange losses	4,285	–
Other expenses	9,183	13,966
Total non-operating expenses	22,355	29,637
Ordinary income	51,482	33,027

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Apr. 1, 2010 to Mar. 31, 2011	Apr. 1, 2009 to Mar. 31, 2010
Extraordinary income:		
Distribution from undisclosed association	19,842	–
Gain on sale of subsidiary stock	898	–
Gain on sales of noncurrent assets	–	1,151
Gain on sales of investment securities	–	717
Total extraordinary income	20,740	1,868
Extraordinary loss:		
Loss on disaster	10,590	–
Loss on project taken over from the consortium partner in liquidation	9,270	–
Provision for loss on business of subsidiaries and affiliates	2,180	
Impairment loss	1,782	247
Restructuring loss	395	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	295	–
Loss on valuation of investment securities	247	1,594
Loss on discontinuation of GX project	–	10,238
Total extraordinary losses	24,759	12,079
Income before income taxes and minority interests	47,463	22,816
Income taxes-current	12,716	14,071
Income taxes-deferred	4,156	(8,781)
Total income taxes	16,872	5,290
Income before minority interests	30,591	–
Minority interests	827	148
Net income	29,764	17,378

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of yen)

		Apr. 1, 2010 to Mar. 31, 2011	Apr. 1, 2009 to Mar. 31, 2010
Income before minority interests		30,591	–
Other comprehensive income:			
Valuation difference on available-for-sale securities		(2,955)	–
Deferred gains or losses on hedges		50	–
Foreign currency translation adjustment		(918)	–
Share of other comprehensive income of associates accounted for using equity method		(404)	–
Total other comprehensive income	*2	(4,227)	–
Comprehensive income	*1	26,364	–
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		25,619	–
Comprehensive income attributable to minority interests		745	–

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Millions of yen)

	Apr. 1, 2010 to Mar. 31, 2011	Apr. 1, 2009 to Mar. 31, 2010
Shareholders' equity		
Capital stock:		
Balance at the end of previous period	95,762	95,762
Balance at the end of current period	95,762	95,762
Capital surplus:		
Balance at the end of previous period	43,028	43,032
Changes of items during the period		
Disposal of treasury stock	9	(4)
Total changes of items during the period	9	(4)
Balance at the end of current period	43,037	43,028
Retained earnings:		
Balance at the end of previous period	65,933	48,423
Changes of items during the period		
Dividends from surplus	–	(2,933)
Net income	29,764	17,378
Net increase from newly consolidated subsidiaries	304	3,063
Reversal of revaluation reserve for land	(28)	2
Total changes of items during the period	30,040	17,510
Balance at the end of current period	95,973	65,933
Treasury stock:		
Balance at the end of previous period	(105)	(155)
Changes of items during the period		
Purchase of treasury stock	(5)	(13)
Disposal of treasury stock	22	63
Total changes of items during the period	17	50
Balance at the end of current period	(88)	(105)
Total shareholders' equity:		
Balance at the end of previous period	204,618	187,062
Changes of items during the period		
Dividends from surplus	–	(2,933)
Net income	29,764	17,378
Purchase of treasury stock	(5)	(13)
Disposal of treasury stock	31	59
Net increase from newly consolidated subsidiaries	304	3,063
Reversal of revaluation reserve for land	(28)	2
Total changes of items during the period	30,066	17,556
Balance at the end of current period	234,684	204,618

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Millions of yen)

	Apr. 1, 2010 to Mar. 31, 2011	Apr. 1, 2009 to Mar. 31, 2010
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities:		
Balance at the end of previous period	9,462	4,679
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,954)	4,783
Total changes of items during the period	(2,954)	4,783
Balance at the end of current period	6,508	9,462
Deferred gains or losses on hedges:		
Balance at the end of previous period	38	908
Changes of items during the period		
Net changes of items other than shareholders' equity	(113)	(870)
Total changes of items during the period	(113)	(870)
Balance at the end of current period	(75)	38
Revaluation reserve for land:		
Balance at the end of previous period	3,844	3,785
Changes of items during the period		
Net changes of items other than shareholders' equity	28	59
Total changes of items during the period	28	59
Balance at the end of current period	3,872	3,844
Foreign currency translation adjustment:		
Balance at the end of previous period	(5,802)	(4,391)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,101)	(1,411)
Total changes of items during the period	(1,101)	(1,411)
Balance at the end of current period	(6,903)	(5,802)
Total accumulated other comprehensive income:		
Balance at the end of previous period	7,542	4,981
Changes of items during the period		
Net changes of items other than shareholders' equity	(4,140)	2,561
Total changes of items during the period	(4,140)	2,561
Balance at the end of current period	3,402	7,542
Subscription rights to shares:		
Balance at the end of previous period	302	206
Changes of items during the period		
Net changes of items other than shareholders' equity	86	96
Total changes of items during the period	86	96
Balance at the end of current period	388	302
Minority interests:		
Balance at the end of previous period	14,603	13,701
Changes of items during the period		
Net changes of items other than shareholders' equity	563	902
Total changes of items during the period	563	902
Balance at the end of current period	15,166	14,603

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Millions of yen)

	Apr. 1, 2010 to Mar. 31, 2011	Apr. 1, 2009 to Mar. 31, 2010
Total net assets:		
Balance at the end of previous period	227,065	205,950
Changes of items during the period		
Dividends from surplus	–	(2,933)
Net income	29,764	17,378
Purchase of treasury stock	(5)	(13)
Disposal of treasury stock	31	59
Net increase from newly consolidated subsidiaries	304	3,063
Reversal of revaluation reserve for land	(28)	2
Net changes of items other than shareholders' equity	(3,491)	3,559
Total changes of items during the period	26,575	21,115
Balance at the end of current period	253,640	227,065

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Apr. 1, 2010 to Mar. 31, 2011	Apr. 1, 2009 to Mar. 31, 2010
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	47,463	22,816
Depreciation and amortization	44,875	41,317
Depreciation and amortization on other	5,785	6,324
Impairment loss	1,782	247
Charges under cancellation of GX project	–	10,238
Loss on adjustment for changes of accounting standard for asset retirement obligations	295	–
Loss on project taken over from the consortium partner in liquidation	9,270	–
Distribution from undisclosed association	(19,842)	–
Loss on disaster	10,590	–
Restructuring loss	395	–
Increase (decrease) in allowance for doubtful accounts	(605)	3,932
Increase (decrease) in provision for bonuses	2,462	1,837
Increase (decrease) in provision for construction warranties	(2,603)	(1,328)
Increase (decrease) in provision for loss on construction contracts	4,997	(13,081)
Increase (decrease) in provision for retirement benefits	(2,835)	(3,894)
Interest and dividends income	(3,995)	(4,242)
Interest expenses	6,013	6,630
Foreign exchange losses (gains)	489	(52)
Loss (gain) on sales of short-term and long term investment securities	(1,170)	(730)
Loss (gain) on valuation of short-term and long term investment securities	2,602	2,341
Equity in (earnings) losses of affiliates	(389)	(445)
Loss on disposal of property, plant and equipment	1,851	1,130
Decrease (increase) in notes and accounts receivable-trade	27,287	43,242
Increase (decrease) in advances received	(44,251)	(45,288)
Decrease (increase) in advance payments	(2,335)	11,745
Decrease (increase) in inventories	38,895	67,535
Increase (decrease) in notes and accounts payable-trade	(4,473)	(62,295)
Increase (decrease) in accrued expenses	1,114	68
Decrease (increase) in other current assets	1,736	1,422
Increase (decrease) in other current liabilities	(9,535)	(11,073)
Decrease (increase) in consumption taxes refund receivable	(6,483)	14,073
Other, net	1,731	–
Subtotal	111,116	92,469
Interest and dividends income received	3,845	4,315
Interest expenses paid	(6,150)	(6,588)
Income taxes paid	(13,246)	(13,488)
Net cash provided by (used in) operating activities	95,565	76,708

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Apr. 1, 2010 to Mar. 31, 2011	Apr. 1, 2009 to Mar. 31, 2010
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	(998)	94
Purchase of short-term and long term investment securities	(3,950)	(3,479)
Proceeds from sales and redemption of short-term and long term investment securities	3,963	3,038
Purchase of property, plant and equipment and intangible assets	(51,398)	(52,589)
Proceeds from sales of property, plant and equipment and intangible assets	1,319	4,229
Payments for retirement of property, plant and equipment	(623)	(234)
Purchase of newly consolidated subsidiaries	–	(6,772)
Sale of consolidated subsidiary	1,544	–
Purchase of trust beneficiary right	(40,755)	–
Income by divvy according to anonymous union contract end	15,874	–
Net decrease (increase) in short-term loans receivable	(222)	(3,471)
Payments of long-term loans receivable	(101)	(108)
Collection of long-term loans receivable	164	348
Decrease (increase) in other investments	(1,072)	(2,214)
(Decrease) increase in other fixed liabilities	(1,469)	(989)
Other, net	(74)	(607)
Net cash provided by (used in) investing activities	(77,798)	(62,754)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(18,266)	(23,054)
Net increase (decrease) in commercial papers	–	(5,000)
Proceeds from long-term loans payable	35,912	111,410
Repayment of long-term loans payable	(40,187)	(56,737)
Proceeds from issuance of bonds payable	23,000	–
Redemption of bonds	(20,500)	(25,000)
Repayments of lease obligations	(2,685)	(2,968)
Proceeds from stock issuance to minority shareholders	154	24
Decrease (increase) in treasury stock	(5)	42
Cash dividends paid	(2,910)	(12)
Cash dividends paid to minority shareholders	(527)	(505)
Other, net	107	–
Net cash provided by (used in) financing activities	(25,907)	(1,800)
Effect of exchange rate change on cash and cash equivalents	(2,025)	425
Net increase (decrease) in cash and cash equivalents	(10,165)	12,579
Cash and cash equivalents at beginning of period	124,870	107,720
Increase in cash and cash equivalents from newly consolidated subsidiary	129	4,560
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	191	11
Cash and cash equivalents at end of period	115,025	124,870

Notes to the Consolidated Financial Statements

I. Basis of preparation of the Consolidated Financial Statements

1. Scope of Consolidation

Number and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 95

Names of major consolidated subsidiaries: IHI Marine United Inc., and others

In the fiscal year under review, changes to consolidated subsidiaries were as follows. One company was added due to our additional acquisition of shares and three companies were added by new establishment. In addition, two non-consolidated subsidiaries were added changing the status to consolidated subsidiaries due to their increased materiality. One subsidiary was removed from the scope of consolidation as it was reclassified as an affiliated company accounted for by the equity method owing to the sale of shares, one subsidiary was removed due to liquidation, and another subsidiary was removed due to a merger.

2. Application of the Equity Method

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

Number of affiliated companies accounted for by the equity method: 17

Names of major equity method affiliates: Turbo Systems United Co., Ltd. and others

In the fiscal year under review, one consolidated subsidiary was reclassified as an affiliated company accounted for by the equity method owing to the sale of shares.

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3. Significant Accounting Policies

(1) Securities

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

(2) Derivatives

Derivatives are stated at fair market value.

(3) Inventories

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

(4) Depreciation and amortization

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

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

- Intangible assets (except for lease assets)

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

- Lease assets

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

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

(5) Significant allowances and provisions

- Allowance for doubtful accounts

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

- Provision for bonuses

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

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

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

  Provision for loss on construction contracts is provided for in the amount of estimated losses for work in progress at the end of the fiscal year.
- Provision for loss on disaster

  Provision for loss on disaster is provided for based on projected expenses for the disposal of assets damaged by disaster and expenses for related recovery work.
- Provision for retirement benefits

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

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

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

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

4. Changes to significant matters concerning the preparation of the consolidated financial statements

- Adoption of the "Accounting Standard for Equity Method of Accounting for Investments" and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"

Effective from the fiscal year under review, the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"

(ASBJ PITF No. 24, March 10, 2008) are adopted.

As a result of this change, there is minor impact on ordinary income and income before income taxes and minority interests.

- Adoption of the "Accounting Standard for Asset Retirement Obligations"

Effective from the fiscal year under review, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) are adopted.

As a result of this change, in the fiscal year under review, operating income and ordinary income decreased by ¥137 million, while income before income taxes and minority interests decreased by ¥432 million.

- Change in translation method of income and expenses of foreign subsidiaries into Japanese yen

Previously, income and expenses of foreign subsidiaries were translated into Japanese yen at the spot rate prevailing as of the balance sheet date. However, to reflect the performance of foreign subsidiaries more accurately, the Company has changed into the new method where they are translated at the average rate during the period effective from the fiscal year under review.

As a result of this change, in the fiscal year under review, net sales and operating income increased by ¥4,508 million and ¥61 million respectively, while ordinary income and income before income taxes and minority interests increased by ¥220 million.

- Handling of items for profit appropriation

Although the distribution of surplus was previously determined within the reporting fiscal year without a resolution by a general meeting of shareholders, from the current fiscal year it is determined in accordance with the resolution by a general meeting of shareholders from the current fiscal year in order to expeditiously prepare consolidated financial statements. As a result of this change, retained earnings increased by 4,403 million yen compared with the figure under the previous method.

5. Changes to presentation

<u>*Consolidated statements of income*</u>

"Amortization of negative goodwill," which was separately presented in non-operating income in the previous fiscal year, amounted to 10% or less of total non-operating income, and has therefore been included under "Other income" for the fiscal year under review. "Amortization of negative goodwill" included under "Other income" in non-operating income totaled ¥589 million in the fiscal year under review.

"Compensation for damages," which was separately presented in non-operating expenses in the previous fiscal year, amounted to 10% or less of total non-operating expenses, and has therefore been included under "Other expenses" for the fiscal year under review. "Compensation for damages" included under "Other expenses" in non-operating expenses totaled ¥493 million in the fiscal year under review.

“Foreign exchange losses,” which was included under “Other expenses” in non-operating expenses in the previous fiscal year, amounted to 10% or more of total non-operating expenses, and has therefore been separately presented in non-operating expenses in the fiscal year under review. “Foreign exchange losses” included under “Other expenses” in non-operating expenses totaled ¥272 million in the previous fiscal year.

With the adoption of the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5 of March 24, 2009) which is based on “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, December 26, 2008), “Income before minority interests” was included in account items from the fiscal year under review.

6. Additional information

Effective from the fiscal year under review, the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, June 30, 2010) is adopted. However, the amounts of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” as of March 31, 2010 indicate the amounts of “Valuation and translation adjustments” and “Total valuation and translation adjustments,” respectively.

II. Notes to the Consolidated Financial Statements

Statements of income

Fiscal year ended March 31, 2011

*1. In association with the buying back of trust beneficiary rights of the Toyosu Center Building (located at Koto-ku, Tokyo), of which securitization was conducted by the Company on March 16, 2004, the Company recognized 19,842 million yen of dividends paid by an SPC, to which the Company sold the securitized real estate, to the Company, which invested in the SPC, a silent partnership, as extraordinary income.

*2. Loss caused by the Great East Japan Earthquake which occurred on March 11, 2011. The components are as follows:

Loss on destruction and repair expenses of inventory assets	¥6,304 million
Loss on destruction and repair expenses of property, plant and equipment	¥2,929 million
Others	¥1,357 million
Total	¥10,590 million

*3. In association with the construction work of boilers for power generation in Germany, the consortium partner, which was in charge of local procurement and construction work, collapsed in the fiscal year under review and it was decided that the Company would assume the duties of the construction work of said partner based on the contract with the customer. As we recognized the possibility of a ¥9,270 million loss though a close examination of assets, liabilities and various contracts to be succeeded by us, we recorded the same amount as extraordinary loss.

Statements of comprehensive income

Fiscal year ended March 31, 2011

*1 Comprehensive income for the fiscal year immediately prior to the fiscal year under review

Comprehensive income attributable to owners of the parent	¥21,636 million
Comprehensive income attributable to minority interests	¥233 million
Total	¥21,869 million

*2 Other comprehensive income for the fiscal year immediately prior to the fiscal year under review

Valuation difference on available-for-sale securities	¥4,701 million
Deferred gains or losses on hedges	¥ (1,310) million
Foreign currency translation adjustment	¥286 million
Share of other comprehensive income of associates accounted for using equity method	¥666 million
Total	¥4,343 million

Fair value of rental property

The Company and some of its consolidated subsidiaries own rental office buildings (including land), car parks, commercial facilities and other rental property in Tokyo and other areas. In the fiscal year under review, income and expenses (principal rental income included under sales, principal rental expenses included under cost of sales) and impairment losses (included under extraordinary loss) related to these rental real estate assets amounted to ¥4,486 million and ¥1,404 million, respectively.

The amount recorded on the consolidated balance sheets, the change from the previous fiscal year, and the fair value of these real estate assets are as follows.

Amount on the consolidated balance sheets (Millions of yen)			Fair value as of the end of the fiscal year under review (Millions of yen)
Balance at the end of the previous fiscal year	Change in the fiscal year under review	Balance at the end of the fiscal year under review	
50,847	48,910	99,757	264,066

Notes

1. The amount on the consolidated balance sheets is the acquisition cost after deducting accumulated depreciation and accumulated impairment losses.
2. Of change in the fiscal year under review, the principal increase was from the acquisition of real estate (¥51,686 million), while the principle decrease was from impairment losses (¥1,404 million).
3. Fair value as of the end of the fiscal year under review is primarily based on values in real estate survey reports compiled by external real estate appraisers.

Segment information

a. Information by business segment

Fiscal year ended March 31, 2010 (Millions of yen)

	Logistics Systems and Structures Operations	Industrial Machinery Operations	Energy and Plants Operations	Aero-Engine and Space Operations	Shipbuilding and Offshore Operations	Real Estate Operations	Other Operations	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 and capital expenditure:										
Assets	**175,350**	**140,773**	**251,023**	**309,882**	**157,628**	**49,593**	**228,174**	**1,312,423**	**99,998**	**1,412,421**
Depreciation	**3,222**	**6,392**	**4,660**	**17,919**	**3,751**	**1,452**	**2,750**	**40,146**	**1,171**	**41,317**
Capital expenditure	**3,481**	**9,088**	**8,998**	**12,326**	**4,449**	**1,888**	**3,067**	**43,297**	**389**	**43,686**

Notes

1. Business segments are based on current classifications.
2. Main products and machinery included in each segment:
   (1) Logistics Systems and Structures Operations
   Material handling systems, logistics and factory automation systems, parking systems, bridges and construction material products
   (2) Industrial Machinery Operations
   Iron and steel manufacturing equipment, vehicular turbochargers, mass-produced machinery
   (3) Energy and Plants Operations
   Boilers, gas turbines, components for nuclear power plants, environmental control systems, storage facilities
   (4) Aero-Engine and Space Operations
   Jet engines, space-related equipment
   (5) Shipbuilding and Offshore Operations
   Shipbuilding, ship repairs, offshore structures
   (6) Real Estate Operations
   Real estate sales and rental
   (7) Other Operations
   Diesel engines, agricultural machinery, construction machinery, financing and service industry
3. Operating expenses are entirely allocated to each business segment.
4. The amounts of corporate assets unallocated into segments and included in the "Eliminations and Corporate" were ¥293,378 million for the year ended March 31, 2010 and ¥281,692 million for the year ended March 31, 2009. Major part of these assets consisted of surplus funds (cash and deposits, securities and insurance funds) and deferred tax assets.
5. Changes in accounting policies

   <u>Changes in accounting policies for recording revenues and costs of construction contracts</u>

   As described in " I. Basis of preparation of the Consolidated Financial Statements," the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007) were adopted effective from the fiscal year under review.

   As a result of this change, in the year under review, net sales increased by ¥1,011 million in the Logistics Systems and Structures Operations, ¥573 million in the Industrial Machinery Operations, ¥1,352 million in the Energy and Plants Operations, and ¥52,867 million in the Shipbuilding and Offshore Operations. Also, operating income increased by ¥79 million in the Logistics Systems and Structures Operations, ¥37 million in the Industrial Machinery Operations, ¥25 million in the Energy and Plants Operations, and ¥2,693 million in the Shipbuilding and Offshore Operations.

Changes in accounting policies for recording retirement benefits

As described in " I. Basis of preparation of the Consolidated Financial Statements," the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008) were adopted effective from the fiscal year under review.

The impact of this change on each business segment is immaterial.

b. Information by geographical segment

Fiscal year ended March 31, 2010

Segment information by geographical area is omitted because the net sales and assets in Japan account for more than 90% of the total net sales and assets of all segments, respectively.

c. Overseas sales

Fiscal year ended March 31, 2010 (Millions of yen)

	Asia	North America	Central and South America	Europe	Others	Total
Overseas sales	122,129	139,292	111,318	70,371	81,515	524,625
Consolidated net sales						1,242,700
Overseas sales as a percentage of consolidated net sales	9.8%	11.2%	9.0%	5.7%	6.5%	42.2%

Notes

1. Countries and regions are classified according to geographical proximity.
2. The countries and regions included in each segment are as follows:
   (1) Asia: China, Taiwan, Korea, Thailand, Vietnam, Singapore, Malaysia, Indonesia, the Philippines, India, Sri Lanka, etc.
   (2) North America: U.S.A., Canada
   (3) Central and South America: Brazil, Panama, etc.
   (4) Europe: U.K., Germany, France, Italy, Ireland, Greece, Bulgaria, etc.
3. Overseas sales represent sales amounts for IHI and its consolidated subsidiaries in countries and regions outside of Japan.

d. Segment information

1. Overview of reportable segments

The reportable segments are constituent units of the IHI Group for which separate financial information is available. The Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.
The Company organizes operation divisions by products and services and the operation divisions deploy business activities formulating both domestic and overseas strategies for each product and service comprehensively.
The IHI Group therefore categorizes segments based on the grouping together of operation divisions classified by markets and other similarities of products and services. The six reportable segments are as follows: Energy & Resources, Ships & Offshore Facilities, Physical Distribution Systems & Social Infrastructure, Rotating & Industrial Machinery, Aero Engine & Space, and Others.

Main products and services belonging to each segment

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

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

(iii) Physical Distribution Systems & Social Infrastructure
Material handling systems, physical distribution and factory automation systems, parking systems, bridges, construction materials, traffic systems and real estate sales and rental

(iv) Rotating & Industrial Machinery
Vehicular turbochargers, compressors, steel manufacturing equipment, paper production machines and environmental control systems

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

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

2. Calculation method used for sales, profits and loss, assets and liabilities and other items for each reportable segment

The accounting method used for reportable business segments is the same as the method stated in “Basis of preparation of the Consolidated Financial Statements.” Profits from reportable segments are figures based on operating income. Intersegment income and transfers are based on actual market pricing.

3. Information about sales, profits and losses, assets and liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2010 (Millions of yen)

	Reportable Segment								
	Energy & Resources	Ships & Offshore Facilities	Physical Distribution Systems & Social Infrastructure	Rotating & Industrial Machinery	Aero Engine & Space	Others	Total	Adjustment (Note 1)	Consolidated
Sales and operating income:									
Sales to outside customers	329,250	212,100	191,770	146,925	284,640	78,015	1,242,700	–	1,242,700
Intersegment sales and transfers	53,486	1,848	15,082	21,130	5,490	44,529	141,565	(141,565)	–
Total	382,736	213,948	206,852	168,055	290,130	122,544	1,384,265	(141,565)	1,242,700
Segment profit (Operating income)	27,182	1,340	9,457	4,392	8,982	1,455	52,808	(5,663)	47,145
Others									
Depreciation and amortization (Note 3)	4,805	3,425	3,262	6,034	14,745	2,632	34,903	3,203	38,106
Equity in income (loss) of affiliates	25	–	(58)	108	–	303	378	67	445
Increase in property, plant and equipment (Note 4)	7,447	4,488	4,123	6,667	10,182	3,172	36,079	1,365	37,444

Notes

1. Adjustment of segment profit represents intersegment transactions of ¥94 million and unallocated corporate expenses of negative ¥5,757 million.
   Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.
2. Reportable segment assets and liabilities have not been shown, as they are not used as the basis for deciding the allocation of management resources or evaluating operating performance.
3. Depreciation and amortization represents depreciation and amortization of property, plant and equipment excluding lease assets. Adjustment of depreciation and amortization represent unallocated depreciation and amortization in property, plant and equipment.
4. Increase in property, plant and equipment does not include increase in lease assets. Adjustment of increase in property, plant and equipment represent unallocated increase in property, plant and equipment.

Fiscal year ended March 31, 2011 (Millions of yen)

	Reportable Segment								
	Energy & Resources	Ships & Offshore Facilities	Physical Distribution Systems & Social Infrastructure	Rotating & Industrial Machinery	Aero Engine & Space	Others	Total	Adjustment (Note 1)	Consolidated
Sales and operating income:									
Sales to outside customers	274,336	185,919	201,110	178,296	269,134	78,497	1,187,292	–	1,187,292
Intersegment sales and transfers	32,098	3,991	11,456	13,860	4,622	35,881	101,908	(101,908)	–
Total	306,434	189,910	212,566	192,156	273,756	114,378	1,289,200	(101,908)	1,187,292
Segment profit (Operating income)	22,482	10,996	11,890	12,433	5,826	2,160	65,787	(4,397)	61,390
Others									
Depreciation and amortization	5,675	3,686	4,116	5,646	12,906	2,262	34,291	1,805	36,096
Equity in income (loss) of affiliates	295	–	–	174	–	(65)	404	(15)	389
Increase in property, plant and equipment	7,685	5,888	51,718	6,706	9,584	2,647	84,228	2,141	86,369

Notes

1. Adjustment of segment profit represents intersegment transactions of ¥42 million and unallocated corporate expenses of negative ¥4,439 million.
   Corporate expenses mainly consist of general and administrative expenses that are unattributable to reportable segments.
2. Reportable segment assets and liabilities have not been shown, as they are not used as the basis for deciding the allocation of management resources or evaluating operating performance.
3. Depreciation and amortization represents depreciation and amortization of property, plant and equipment excluding lease assets. Adjustment of depreciation and amortization represent unallocated depreciation and amortization in property, plant and equipment.
4. Increase in property, plant and equipment does not include increase in lease assets. Adjustment of increase in property, plant and equipment represent unallocated increase in property, plant and equipment.

Additional information

Effective from the fiscal year under review, the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) are adopted.

e. Related information

Fiscal year ended March 31, 2011

1. Product and service information

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

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	U.S.A.	Asia	Central and South America	Europe	Others	Total
675,251	125,956	138,945	92,427	90,834	63,879	1,187,292

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

(2) Property, plant and equipment

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

3. Information by major customer

(Millions of yen)

Name of customer or individual	Net sales	Related business segment
Japan Ministry of Defense	124,038	Aero Engine & Space and Ships & Offshore Facilities

f. Information about impairment loss on property, plant and equipment for each reportable segment

Fiscal Year ended March 31, 2011

(Millions of yen)

	Reportable Segment								
	Energy & Resources	Ships & Offshore Facilities	Physical Distribution Systems & Social Infrastructure	Rotating & Industrial Machinery	Aero Engine & Space	Others	Total	Adjustment	Consolidated
Impairment loss	373	–	1,404	–	–	5	1,782	–	1,782

g. Information about goodwill amortization amount and year-end balance for each reportable segment

Fiscal year ended March 31, 2011 (Millions of yen)

	Reportable Segment								
	Energy & Resources	Ships & Offshore Facilities	Physical Distribution Systems & Social Infrastructure	Rotating & Industrial Machinery	Aero Engine & Space	Others	Total	Adjustment	Consolidated
Amount for the fiscal year under review	38	232	118	510	–	–	898	–	898
Balance at the end of the fiscal year under review	133	141	603	3,157	–	–	4,034	–	4,034

Disclosure of amortization amount and year-end balance of negative goodwill which was gained from business combination before April 1, 2010, is omitted since there is no significant necessity.

h. Information about gains on negative goodwill for each reportable segment

Fiscal year ended March 31, 2011

Not applicable

Per share information

1. Net assets per share: 162.33 yen

2. Net income per share: 20.29 yen

3. Number of shares used as a base of net income per share calculation: 1,466,635,184 shares

Omission of disclosure

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

- Consolidated balance sheets
- Consolidated statements of changes in shareholders' equity
- Consolidated statements of cash flows
- Lease transactions
- Transactions with parties concerned
- Tax effect accounting
- Financial instruments
- Securities
- Derivative transactions
- Retirement benefits
- Stock options, etc.
- Business combinations, etc.
- Asset retirement obligations
- SPC