

Consolidated Financial Statements for the year ended March 31, 2006

Hitachi Zosen Corporation

Code Number : 7004
 URL : <http://www.hitachizosen.co.jp/>
 Stock Exchange Listings : Tokyo, Osaka
 Head Office : 7-89, Nanko-Kita 1-chome, Suminoe-Ku, Osaka 559-8559
 Representative : Minoru Furukawa, President
 Contact Person : Masamichi Tokuhira, General Manager of Accounting & Finance Department Tel 06-6569-0022
 Date of the Board Meeting for the annual operation results : May 15, 2006

This Consolidated Financial Statements has been prepared in accordance with Japanese accounting principles.

1. Business Results and financial positions for the current fiscal year

(April 1, 2005-March 31, 2006)

(1) Results of operations (Fractions less than ¥1million have been omitted.)

	Net sales		Operating income		Ordinary income	
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Year ended March 31, 2006	333,881	-1.1	2,766	1.1	2,091	244.5
Year ended March 31, 2005	337,680	0.1	2,735	-62.7	607	-92.5

	Net income		Net income per share primary	Net income per share diluted	Return on equity	Ordinary Income to total assets	Ordinary Income to net sales
	(¥ millions)	(%)	(¥)	(¥)	(%)	(%)	(%)
Year ended March 31, 2006	-29,057	-	-56.54	-	-84.7	0.5	0.6
Year ended March 31, 2005	1,048	-91.4	2.08	1.95	2.4	0.1	0.2

Note : Equity in net income of affiliates:

Year ended March 31, 2006 : ¥ 134million

Year ended March 31, 2005 : ¥ 6,331million

Average number of shares outstanding during the year ended March 31, 2006 : 513,937,752

Average number of shares outstanding during the year ended March 31, 2005 : 503,368,844

Change in accounting policies : No

Percentage change is the ratio of increase or decrease in each item of business results for the year ended March 31, 2006, in comparison to these for the previous fiscal year.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity to total assets	Shareholders' equity per share
	(¥ millions)	(¥ millions)	(%)	(¥)
Year ended March 31, 2006	390,205	24,156	6.2	43.18
Year ended March 31, 2005	416,455	44,448	10.7	88.32

Note : Number of shares issued and outstanding :

Year ended March 31, 2006 : 559,448,936 shares

Year ended March 31, 2005 : 503,262,396 shares

(3) Cash Flow

	From operating activities (¥ millions)	From investing activities (¥ millions)	From financing activities (¥ millions)	Cash and cash equivalents at end of period (¥ millions)
Year ended March 31 , 2006	16,668	12,227	309	68,323
Year ended March 31 , 2005	19,727	-41,082	-4,410	38,531

(4) Scope of consolidation and application of equity method :

Consolidated subsidiaries : 57companies
Subsidiaries under equity method : 2companies
Affiliates under equity method : 10companies

(5) Change in scope of consolidation and application of equity method :

Consolidation : (new) 6companies (exclusion) 13companies
Equity Method : (new) 1company (exclusion) 0

2 . Forecast of business results for the next fiscal year (April 1,2006-March 31,2007)

	Net Sales (¥ millions)	Ordinary income (¥ millions)	Net income (¥ millions)
Six months ended September 30 , 2006	110,000	-4,500	-5,000
Year ended March 31 , 2007	260,000	2,000	500

(Reference) Forecast of net income per share(full year) : 0.89 yen

Cautionary Statement

Forward-looking statements are based on information currently available to Hitachi Zosen Corporation. Therefore those forward-looking statements include unknown risks and uncertainties. Accordingly, you should note that the actual results could differ materially from those forward-looking statements. Risks and uncertainties that could influence the ultimate outcome include, but are not limited to the economic conditions surrounding Hitachi Zosen Corporation and/or exchange rate fluctuation.