

February 3, 2006

CONSOLIDATED FINANCIAL REPORT FOR THE NINE MONTHS ENDED DECEMBER 31, 2005

Ishikawajima-Harima Heavy Industries Co., Ltd. (IHI) is listed on the First Section of the Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange, Fukuoka Securities Exchange and Sapporo Stock Exchange with the securities code number 7013.

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This consolidated financial report has been prepared in accordance with Japanese accounting standards and Japanese law. Figures have been rounded off to eliminate amounts less than one million yen.

MATTERS CONCERNING PREPARATION OF QUARTERLY FINANCIAL INFORMATION

(1) Use of simplified accounting method: Yes

Content: The simplified accounting method has been applied to tax expenses and the recording of certain reserves, etc.

(2) Recent changes in consolidated accounting method: Yes

Content: The accounting standard and guideline regarding impairment accounting for fixed assets have been applied.

(3) Changes in the scope of consolidation and application of the equity method: Yes

Number of consolidated subsidiaries:	81
Newly consolidated companies:	25
Consolidated companies excluded:	1
Number of affiliated companies accounted for by the equity method:	25
Newly affiliated companies accounted for by the equity method:	15
Affiliated companies accounted for by the equity method excluded:	2

PERFORMANCE

(1) Business Results (The period from April 1, 2005 to December 31, 2005)

(Millions of yen)

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Nine months ended Dec. 31, 2005	¥688,538	1.7%	¥(3,711)	()%	¥(9,349)	()%
Nine months ended Dec. 31, 2004	677,273	4.8	(20,769)	(—)	(28,771)	(—)
Year ended Mar. 31, 2005	1,089,047		10,619		4,273	

(Millions of yen)

	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Nine months ended Dec. 31, 2005	¥(18,044)	(—)%	¥(13.90)	¥
Nine months ended Dec. 31, 2004	(24,242)	(—)	(18.67)	—
Year ended Mar. 31, 2005	2,180		1.56	—

Note: Percentages shown for net sales, operating income and other accounting line items are the rates of increase and decrease compared with the corresponding period of the previous fiscal year.

Qualitative Data Concerning Business Results

During the third quarter, conditions in the Japanese economy were mixed. On the one hand, uncertainty surrounded the persistent high level of raw material prices. On the other hand, personal consumption and capital expenditure remained steady.

Against this backdrop, consolidated net sales increased 1.7% to ¥688.5 billion in the nine-month period ended December 31, 2005, compared with the same period of the previous fiscal year. Owing to losses in logistics systems and structures operations, energy and plant operations, as well as shipbuilding and offshore operations, the Company incurred an operating loss of ¥3.7 billion, an ordinary loss of ¥9.3 billion and a net loss of ¥18.0 billion.

The completion and delivery of the IHI Group's projects, such as government projects, are concentrated in the fourth quarter.

(2) Financial Position

(Millions of yen, except per share figures)

	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Assets (%)	Shareholders' Equity per Share of Common Stock (Yen)
Dec. 31, 2005	¥1,456,838	¥152,917	10.5%	¥117.79
Dec. 31, 2004	1,408,059	130,377	9.3	100.42
Mar. 31, 2005	1,387,838	153,716	11.1	118.40

FORECAST OF RESULTS FOR THE YEAR ENDING MARCH 31, 2006

(Millions of yen)

	Net Sales	Ordinary Income	Net Income
Year ending Mar. 31, 2006	¥1,090,000	¥10,000	¥6,000

Reference: Estimated net income per share for the year: Consolidated: ¥4.62

Qualitative Data Concerning Forecasts

Originally announced on November 4, 2005, IHI has not changed its consolidated earnings forecasts for the year ending March 31, 2006.

Cautionary Statement

Estimates are based on management's assumptions and beliefs in light of the information currently available to it and include certain risks and uncertainties. Therefore readers should not place undue reliance on them. IHI cautions that a number of important factors such as politics, general economic conditions and currency exchange rates could cause actual results to differ materially from those discussed.