

# Outline of the financial results for the first quarter ended June 30, 2004 (consolidated)

August 27, 2004

Listed company name: **Sasebo Heavy Industries Co., Ltd.**

(Code Number: 7007; listed on the first section of the Tokyo Stock Exchange)

(URL <http://www.ssk-sasebo.co.jp/>)

Name and Title of Representative: Tatsuro Okada/President

Name and Title of Person responsible for inquiries:

Tsutomu Kobayashi/Director, Manager of Human Resources and General Affairs

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## **1. Matters relating to preparation of the outline of the first quarter financial results**

1. Application of simplified accounting methods: Yes

(Details) Certain simplified accounting methods have been applied, to the extent that they do not lead to great misjudgments by interested parties such as investors, taking as a base the standards for preparation of interim consolidated financial statements.

2. Changes in accounting methods from the most recent consolidated fiscal year: None

3. Changes in scope of consolidation and application of equity method: None

## **2. Outline of the financial results for the first quarter of fiscal year 2005 (from April 1, 2004 ~ June 30, 2004)**

### **(1) Operating results (consolidated)**

*(Unit: million yen)*

Term \ Item	Net sales		Operating income		Ordinary income		Net income	
	<i>million yen</i>	%	<i>million yen</i>	%	<i>million yen</i>	%	<i>million yen</i>	%
1st quarter ending June 2004	11,192	-42.3	617	-	632		682	-
1st quarter ending June 2003	19,383	-	-	-	-		-	-
(Reference) Full fiscal year ended March 2004	49,125		-3,519		-3,878		-2,840	

Term \ Item	Net income per share		Diluted net income per share	
	<i>yen</i>	<i>sen</i>	<i>yen</i>	<i>sen</i>
1st quarter ending June 2004	4.22			-
1st quarter ending June 2003	-			-
(Reference) Full fiscal year ended March 2004	-17.54			-

*(Note)*

1. The percentage figure accompanying net sales represents changes from the same period of the previous fiscal year.
2. Results for the first quarter of the previous year and the year-on-year rate of change are not listed, since disclosure of such figures, other than those for net sales, begun from this quarter.
3. The Percentage-of Completion Method was introduced in the previous fiscal year, and net sales for the first quarter of the previous year temporarily increased. This has resulted from a reported sum of 11,926 million yen, which was an equivalent amount of work in process in the beginning of the previous fiscal year.

[Qualitative information on operating results (consolidated)]

Concerning the Group's business performance for the first quarter of 2005, the total consolidated orders received were 7,103 million yen including other miscellaneous work, the breakdown for which is 4,875 million yen for shipbuilding business and 1,341 million yen for machinery/steel structure business, showing a 54 % decrease over the previous year. Sales were 10,166 million yen for shipbuilding business and 791 million yen for machinery/steel structure business, thereby posting total consolidated sales of 11,192 million yen including other miscellaneous work, with a 42% decrease over fiscal year 2004. As a result of the introduction of the Percentage-of Completion Method in the previous fiscal year, sales for the same quarter last year temporarily showed an increase of 9,996 million yen in the shipbuilding business and of 1,929 million yen in the machinery/steel structure business, which are considered to be factors contributing to the said decrease in sales.

The order backlog for the first quarter was 81,324 million yen, with an increase of 55% over the previous year. This is broken down into 71,106 million yen for shipbuilding business including the building of 25 vessels and ship repair, 10,216 million yen for machinery/steel structure business, and other miscellaneous work. With respect to profit and loss, operating profit of 617 million yen, ordinary income of 632 million yen and consolidated net profit of 682 million yen were posted for the first quarter.

**(2) Changes in financial position (consolidated)**

	Total assets	Shareholder equity	Shareholder equity ratio	Shareholder equity per share
	<i>million yen</i>	<i>million yen</i>	%	<i>yen    sen</i>
1st quarter ending June 2004	46,680	14,963	32.1	92.    40
1st quarter ending June 2003	-	-	-	
(Reference) Full fiscal year ended March 2004	45,690	14,208	31.1	87.    74

(Note)

*Disclosure of financial position only began in the first quarter of the current fiscal year. Results are not listed for the first quarter of the previous year.*

[Reference]

Forecast for the fiscal year ending March 2005 (from April 1, 2004 ~ March 31, 2005)

The forecast for the full-year financial results (announced on May 21, 2004) remains unchanged.

*\* The above forecast for performance was determined based upon information available at that time. Actual performance may vary depending on various factors.*

- Accompanying material  
Consolidated Balance Sheet for the First Quarter of Fiscal 2005 (summary), Profit and Loss Statement for the First Quarter of 2005 (summary), and Status of Production, Orders and Sales

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