

Outline of financial results for the third quarter ended December 31, 2004 (consolidated)

February 25, 2005

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 third 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 financial results for the third quarter of fiscal year 2005 (from April 1, 2004 ~ December 31, 2004)

(1) Operating results (consolidated)

(Units: 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>	%
3rd quarter ended December 2004	31,854	-12.5	557	-	505	-	585	-
3rd quarter ended December 2003	36,413	-	-	-	-	-	-	-
(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>
3rd quarter ended December 2004	3.55			-
3rd quarter ended December 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 third 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, only began from the first quarter of this fiscal year.
3. The Percentage-of Completion Method was introduced in the previous fiscal year, and net sales for the previous fiscal year temporarily increased.

[Qualitative information on operating results (consolidated)]

Concerning the Group's business performance for the third quarter of 2005, the total consolidated orders received were 73,417 million yen including other miscellaneous work, the breakdown for which is 66,519 million yen for the shipbuilding business and 6,148 million yen for the machinery/steel structure business, showing a 4% increase over the previous year. Sales were 26,136 million yen for the shipbuilding business and 4,970 million yen for the machinery/steel structure business, thereby posting total consolidated sales of 31,854 million yen including other miscellaneous work, with a 12% decrease over fiscal year 2004. This decrease was due to the change in the accounting standard, from the Completed-Contract Method to the Percentage-of-Completion Method, which led to a temporary increase in net sales for the previous fiscal year.

The order backlog for the third quarter was 128,688 million yen, with an increase of 38% over the previous year. This is broken down into 116,249 million yen for the shipbuilding business including the building of 33 vessels and ship repair, 12,435 million yen for the machinery/steel structure business, and other miscellaneous work. With respect to profit and loss, operating profit of 557 million yen, ordinary income of 505 million yen and consolidated net profit of 585 million yen were posted for the third 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>
3rd quarter ended December 2004	48,847	14,824	30.03	91. 55
3rd quarter ended December 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 for the third quarter of the previous year are not listed.

[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 November 19, 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 Third Quarter of Fiscal 2005 (summary), Profit and Loss Statement for the Third Quarter of 2005 (summary), and Status of Production, Orders and Sales

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