

# Outline of Financial Results for the Third Quarter ended December 31, 2005 (consolidated)

February 17, 2006

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

(Code Number: 7007; listed on the Tokyo Stock Exchange First Section, Osaka Stock Exchange First Section, Fukuoka Stock Exchange)

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

Name and Title of Representative: Hidekazu Morishima/President

Name and Title of Person responsible for inquiries:

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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 the scope of consolidation and the application of equity method: None

## 2. Outline of financial results for the nine-month period ended December 2005 (from April 1, 2005 ~ December 31, 2005)

### (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> | %    |
| 3rd quarter ended December 2005                  | 37,276             | 17.0  | 1,806              | 224.0 | 1,779              | 252.2 | 579                | -1.1 |
| 3rd quarter ended December 2004                  | 31,854             | -12.5 | 557                | -     | 505                | -     | 585                | -    |
| (Reference)<br>Full fiscal year ended March 2005 | 43,178             |       | 749                |       | 663                |       | 672                |      |

| 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 2005                  | 3.58                 |            |                              | -          |
| 3rd quarter ended December 2004                  | 3.55                 |            |                              | -          |
| (Reference)<br>Full fiscal year ended March 2005 | 4.15                 |            |                              | -          |

(Note)

1. The percentage figures accompanying net sales, operating income, etc. represent changes from the same period of the previous fiscal year.

[Qualitative information on operating results (consolidated)]

Concerning the Group's business performance for the third quarter of 2005, the total consolidated orders received were 33,424 million yen, including other miscellaneous work, the breakdown for which is 27,354 million yen for shipbuilding business and 5,358 million yen for machinery/steel structure business, showing a 54 % decrease over the previous year. Sales were 30,708 million yen for shipbuilding business and 5,853 million yen for machinery/steel structure business, thereby posting total consolidated sales of 37,276 million yen, including other miscellaneous work, for a 17% increase over the same period last year.

The order backlog for the third quarter was 122,171 million yen, for a decrease of 5% over the previous year. This is broken down into 107,711 million yen for shipbuilding business, including the new shipbuilding of 27 vessels and ship repair, 14,458 million yen for machinery/steel structure business, and other miscellaneous work. With respect to profit and loss, operating profit of 1,806 million yen, ordinary income of 1,779 million yen and consolidated net profit of 579 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 2005                  | 60,180             | 16,405             | 27.3                     | 101. 32                      |
| 3rd quarter ended December 2004                  | 48,847             | 14,824             | 30.3                     | 91. 55                       |
| (Reference)<br>Full fiscal year ended March 2005 | 52,382             | 14,972             | 28.6                     | 92. 46                       |

## (3) Forecast for the fiscal year ending March 2006 (from April 1, 2005 ~ March 31, 2006)

|                                 | Net sales          | Ordinary income    | Net income         |
|---------------------------------|--------------------|--------------------|--------------------|
|                                 | <i>million yen</i> | <i>million yen</i> | <i>million yen</i> |
| Full-term ending March 31, 2006 | 52,000             | 2,000              | 1,000              |

(Reference) Forecast net income per share for the year: ¥6.18.

[Qualitative information on performance forecast]

With regard to the above forecast, revisions have been made to the forecast announced on November 18, 2005. Details of the revisions are presented in the 'Notice Concerning Revision of Performance Forecasts' disclosed along with the announcement of this statement.

\* The above forecast for performance has been determined based upon information available at this point. Actual performance may vary depending on various factors.