

# Outline of financial results for the first quarter ended June 2006 (consolidated)

August 25, 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 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, and 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: Yes  
(Details)  
Number of consolidated subsidiaries (New): None (Excluded): None  
Number of affiliated companies accounted for by the equity-method (New): None  
(Excluded): One company

## 2. Outline of the financial results for the first quarter of the fiscal year ending March 2007 (from April 1, 2006 ~ June 30, 2006)

### (1) Operating results (consolidated)

*(Units: million yen)*

	Net sales		Operating income		Ordinary income		Net income	
	<i>million yen</i>	<i>%</i>	<i>million yen</i>	<i>%</i>	<i>million yen</i>	<i>%</i>	<i>million yen</i>	<i>%</i>
1st quarter ended June 2006	14,272	29.6	293	285.5	454	489.6	462	500.0
1st quarter ended June 2005	11,008	-1.6	76	-87.6	77	-87.7	77	-88.6
(Reference) Full fiscal year ended March 2006	51,389		1,958		1,782		837	

	Net income per share		Diluted net income per share	
	<i>yen</i>	<i>sen</i>	<i>yen</i>	<i>sen</i>
1st quarter ended June 2006	2.85			-
1st quarter ended June 2005	0.48			-
(Reference) Full fiscal year ended March 2006	5.17			-

(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 the progress of operating results (consolidated)]

Concerning the Group's business performance for the first quarter of fiscal year 2007, the total consolidated orders received were 5,815 million yen including other miscellaneous work, the breakdown for which is 3,658 million yen for shipbuilding business and 1,907 million yen for machinery/steel structure business, showing a 95% increase over the same period of the previous year. Sales were 12,240 million yen for shipbuilding business and 1,783 million yen for machinery/steel structure business, thereby posting total consolidated sales of 14,272 million yen including other miscellaneous work, with a 30% increase over the same period of the previous year.

The order backlog for the first quarter was 187,976 million yen, with an increase of 59% over the same period of the previous year. This is broken down into 177,839 million yen for shipbuilding business including the new shipbuilding of 35 vessels and ship repair, 10,129 million yen for machinery/steel structure business, and other miscellaneous work. With respect to profit and loss, operating income of 293 million yen, ordinary income of 454 million yen and consolidated net profit of 462 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 ended June 2006	62,471	16,724	24.8	103. 29
1st quarter ended June 2005	53,789	14,944	27.8	92. 29
(Reference) Full fiscal year ended March 2006	62,068	16,693	26.9	103. 09

## 3. Forecast for the fiscal year ending March 2007 (from April 1, 2006 ~ March 31, 2007)

	Net sales	Ordinary income	Net income
	<i>million yen</i>	<i>million yen</i>	%
Interim	25,500	100	600
Full year	53,000	1,000	1,000

(Reference) Forecasted net income per share (full-year):6.18 yen

The forecast for the full-year financial results (announced on May 19, 2006) remains unchanged.

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

- Accompanying material  
Consolidated Quarterly Balance Sheet (summary), Consolidated Quarterly Profit and Loss Statement (summary), and Status of Production, Orders and Sales

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