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To whom it may concern:

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Notice of Revision of Performance Forecast

We are pleased to announce the following revisions of the interim performance forecast for the fiscal year ending March 2007 (from April 1, 2006 to September 30, 2006), and the full-year performance forecast for the fiscal year ending March 2007 (from April 1, 2006 to March 31, 2007) that was previously announced on May 19, 2006, along with the performance results for fiscal 2006.

1. Forecast for Half Year ending March 31, 2007 (April 1, 2006 to September 30, 2006).

(1) Consolidated

(Unit: millions of yen)

	Net sales	Ordinary income	Interim net income
Previously announced forecast (A)	25,500	100	600
Revised forecast (B)	25,500	400	550
Increase/Decrease (B-A)	-	300	-50
Percent change (%)	- %	300.0%	-8.3%
(Reference) Previous interim period results (interim period for the year ended March 31, 2006)	23,522	757	-217

(2) Non-consolidated

(Unit: millions of yen)

	Net sales	Ordinary income	Interim net income
Previously announced forecast (A)	25,000	100	600
Revised forecast (B)	25,000	370	530
Increase/Decrease (B-A)	-	270	-70
Percent change (%)	- %	270.0%	-11.7%
(Reference) Previous interim period results (interim period for the year ended March 31, 2006)	23,112	822	-164

2. Forecast for Full Fiscal Year ending March 31, 2007 (April 1, 2006 to March 31, 2007)

(1) Consolidated

(Unit: millions of yen)

	Net sales	Ordinary income	Net income
Previously announced forecast (A)	53,000	1,000	1,000
Revised forecast (B)	53,000	1,100	1,200
Increase/Decrease (B-A)	-	100	200
Percent change (%)	- %	10.0%	20.0
(Reference) Previous year results (year ended March 31, 2006)	51,389	1,782	837

(2) Non-consolidated

(Unit: millions of yen)

	Net sales	Ordinary income	Net income
Previously announced forecast (A)	52,000	1,000	1,000
Revised forecast (B)	52,000	1,100	1,200
Increase/Decrease (B-A)	-	100	200
Percent change (%)	- %	10.0%	20.0
(Reference) Previous year results (year ended March 31, 2006)	50,528	1,813	874

3. Reasons for Revisions

Regarding the consolidated and non-consolidated interim and full year performance forecasts, Sasebo expects both consolidated and non-consolidated interim and full year ordinary income and net income to increase, due to the yen exchange rate becoming weaker than had originally been assumed.

Regarding the decrease in interim net income, it is expected that the amount of temporary difference arising from the application of tax effect accounting will be lower than originally anticipated. In consequence, deferred income taxes are expected to decrease, resulting in a decrease in interim net income.

At present, the above-mentioned figures are merely estimates. Final figures will be announced along with our fiscal half year account settlement that is scheduled for release on November 17, 2006.

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