

27 July, 2007

To whom it may concern

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**Notice concerning Posting of Extraordinary Loss**

1. Details of extraordinary loss

Sasebo herewith announces that the company will post a 'revaluation loss on investment securities' for the first quarter of the current consolidated fiscal year, in relation to the following investment securities owned by the company:

- ① Investee company: Kyushu-Shinwa Holdings, Inc.
- ② Number of shares: 4,505,298
- ③ Acquisition cost: ¥1,022 million
- ④ Amount of revaluation loss on investment securities: ¥796 million

2. Outlook

Regarding the future performance outlook, the company has not made a revision to the forecast (previously announced on May 18, 2007), which information is currently available.