

**Consolidated Quarterly Financial Results
for the First Quarter Ended June 2004**

July 27, 2004

Name of listed company: ShinMaywa Industries, Ltd.

Code number: 7224

(URL: <http://www.shinmaywa.co.jp>)

Stock Exchange Listed: Tokyo Stock Exchange First- Section

Representative: Jushi Ide, President and Chief Executive Officer

Osaka Securities Exchange-First Section

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1. Notes on method of presentation of results for the quarter under review

Adoption of the simplified accounting method: Yes

- Depreciation method for depreciable assets: The portion of the first quarter is recorded on the basis of the estimated annual depreciation cost.
- Computation of income taxes: The income taxes are calculated using the simplified method on the basis of legally effective tax rates.
- The simplified accounting method is partially used for other transactions that will have a slight impact.

Change in accounting method from the recent consolidated accounting term: No

Changes in scope of consolidation and application of the equity method: Yes

Number of consolidated subsidiaries: 21

Number of non-consolidated subsidiaries accounted for by the equity method: 1

Number of affiliate companies accounted for by the equity method: 1

Number of consolidated subsidiaries added: 1, removed: -

Number of companies that commenced using the equity method: -, ceased: -

Established as of April 13, 2004, ShinMaywa (Shanghai) Trading Co., Ltd., has been included in the consolidation since this quarter.

2. Financial Results for the First Quarter of FY 2004 (April 1, 2004 – June 30, 2004)

(1) Consolidated Results of Operations

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of FY 2004	24,205	(18.3)	117	(85.6)	158	(80.6)	(89)	-
First Quarter of FY 2003	29,641	-	818	-	814	-	2,165	-
(Reference) FY 2003	130,608		6,439		5,992		2,696	

	Net income per share for this quarter	Net income per share after adjustment of latent shares for this quarter
	yen	yen
First Quarter of FY 2004	(0. 80)	-
First Quarter of FY 2003	18. 10	17. 47
(Reference) FY 2003	21. 53	21. 47

- Notes:
1. The amounts in the above tables are truncated to the nearest million yen.
 2. Percentages for net sales, operating income, and others in the above table represent annual changes compared to the corresponding quarter in the previous year.
 3. The disclosure of financial results on a quarterly basis was started in FY 2003. Therefore, there is no variance analysis for the first quarter of FY 2003.

[Qualitative Information on Results of Operations (Consolidated)]

During this quarter, the Japanese economy was favorably affected by performance improvement of private business due to an increase in exports, which led to a strong showing of private capital investment and consumer spending. However, the situation still did not allow optimism for a full-scale economic recovery.

Under such situations, our overall performance was about just as planned at the quarter end, owing to orders of aircraft passenger boarding bridges for Osaka International Airport and dump bodies and tipping gears for overseas, as well as deliveries of water treatment equipment and vacuum thin film coating system in bulk. However, as the production of STOL amphibians decreased and special procurement demand for special purpose trucks in the Tokyo metropolitan area, driven by compliance with the Clean Air Act, declined, the amount of orders was 24,510 million yen (down 19.1% on a year-on-year basis), while sales were 24,205 million yen (down 18.3% on a year-on-year basis). As in our gain and loss, ordinary income was 158 million yen (down 80.6% on a year-on-year basis) due to a decrease in sales. The net loss totaled 89 million yen because of amortization of the net retirement benefit obligation at transition and of tax expenses. The sales proportion of public-service business to our entire sales is comparatively high so that our sales tend to increase in the latter half due to seasonal adjustments.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Equity ratio (Ratio of shareholders' equity to total assets)	Shareholders' equity per share
	Million yen	Million yen	%	yen
First Quarter of FY 2004	125,944	74,916	59.5	713.25
First Quarter of FY 2003	151,687	80,703	53.2	674.06
(Reference) FY 2003	151,572	81,607	53.8	681.32

Note: The amounts in the above tables are truncated to the nearest million yen.

【Consolidated Cash Flow】

	Cash flow from operation	Cash flow from Investment activities	Cash flow from finance activities	Cash and cash equivalents at quarter end
	Million yen	Million yen	Million yen	Million yen
First Quarter of FY 2004	6,895	(476)	(7,307)	21,040
First Quarter of FY 2003	-	-	-	-
(Reference) FY 2003	8,721	(1,918)	(7,135)	21,931

- Notes:
1. The amounts in the above tables are truncated to the nearest million yen.
 2. The disclosure of consolidated cash flow on a quarterly basis started from this quarter. Therefore, there is no actual result for the first quarter of FY 2003.

【Qualitative Information of the Changes in the Consolidated Financial Positions】

As of the end of the first quarter, owing to the collection of the sales credit for the first prototype of the "US-1A Kai" STOL Amphibian, the accounts receivable decreased from the end of the previous consolidated fiscal term. However, the total assets decreased by 25,600 million yen due to payment of the trades payable and the repurchase of our stocks.

(Reference 1) Non-Consolidated Results of Operations (April 1, 2004 – June 30, 2004)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of FY 2004	16,804	(18.0)	(71)	-	243	(76.6)	60	(96.5)
First Quarter of FY 2003	20,492	-	828	-	1,037	-	1,730	-
(Reference) FY 2003	95,190		4,320		4,286		1,605	

	Total assets	Shareholders' equity
	Million yen	Million yen
First Quarter of FY 2004	100,522	63,047
First Quarter of FY 2003	124,375	69,237
(Reference) FY 2003	123,797	69,517

- Notes:
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 2. Percentages for net sales, operating income, and others in the above table represent annual changes compared to the corresponding quarter in the previous year.
 3. The disclosure of financial results on a quarterly basis was started in FY 2003. Therefore, there is no variance analysis for the first quarter of FY 2003.

3 . Forecast for Consolidated Business Results of FY 2004 (April 1, 2004 – March 31, 2005)

	Net sales	Ordinary income	Net income	Net income per share
	Million Yen	Million Yen	Million Yen	Yen
Interim	55,000	1,100	350	3.33
Full Year	128,000	5,400	2,300	21.90

- Notes:
1. The amounts in the above tables are truncated to the nearest million yen.
 2. The expected net income per share is calculated based on the full-year net income forecast divided by the number of outstanding shares as of the end of the first quarter (excluding treasury stocks).

[Qualitative Information of the Forecast]

Going forward, the Japanese economy is expected to remain strong on the back of robust private capital spending, which reflects improvement of business performance and steady exports to China. However, it will require more time to solve the structural issues and to place the economy firmly on the path to a full-scale recovery. In such circumstances, we continue to expand our business to overseas markets, review our product designs, and thoroughly conduct cost reduction plans by improvement of productivity so that we can achieve our target in the business performance. As for the projection, we have not revised the forecast, for either consolidated or non-consolidated, which was released on April 27 of this year.

(Reference 2) Forecast for the Non-Consolidated Financial Results for FY 2004

(April 1, 2004 – March 31, 2005)

	Net sales	Ordinary income	Net income	Net income per share
	Million Yen	Million Yen	Million Yen	Yen
Interim	37,000	600	200	1. 90
Full Year	89,500	3,600	1,700	16. 19

- Notes: 1 . The amounts in the above tables are truncated to the nearest million yen.
 2 . The expected net income per share is calculated based on the full-year net income forecast divided by the number of outstanding shares as of the end of the first quarter (excluding treasury stocks).

The above projected business performance includes figures forecasted on the basis of future outlooks and plans as of the date of announcement. The projection includes uncertain factors, so actual business performance may differ from the projected business performance.