

Consolidated Quarterly Financial Results for the Third Quarter Ended December 31, 2004

January 26, 2005

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 following consolidated business results are the actual cumulative totals as of the end of the third quarter out of the full-year forecast for FY 2004.
- 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 (ShinMaywa (Shanghai) Trading Co, Ltd.), removed: -

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

2. Financial Results for the Third Quarter of FY 2004 (April 1, 2004 – December 31, 2004)

(1) Consolidated Results of Operations

	Net sales		Operating income		Ordinary income		Net income for this quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third Quarter of FY 2004	84,716	(6.4)	2,427	(33.3)	2,431	(23.1)	915	(62.2)
Third Quarter of FY 2003	90,537	-	3,641	-	3,162	-	2,420	-
(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
Third Quarter of FY 2004	8.75	-
Third Quarter of FY 2003	20.23	19.90
(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)]

The Japanese economy has remained brisk so far on the back of improved business confidence in non-manufacturing industries and medium and small business, although it leveled off due to a slowdown in production and consumer spending in information technology (IT) industries as well as in exports that have led the favorable economic trend. In such circumstances, we completed in December of last year the project for development and remodeling of "US-1A Kai" STOL Amphibian, for the Defense Agency, which our Aircraft Division had started in 1996. Our Industrial Machinery Systems Division has delivered Aircraft Passenger Boarding Bridges to Chubu International Airport and successfully installed Refuse Transfer Station System in Xian, China. In spite of some demand related to compliance with the Clean Air Act in the Chubu and Kinki metropolitan areas, the overall demand for our Special Purpose Truck Division decreased from FY 2003 when we had a quite favorable business outcome. As of this third quarter, consequently, the amount of orders decreased on a year-on-year basis by 9.4% to 83,999 million yen, and sales ended up at 84,716 million yen (down 6.4% on a year-on-year basis). Ordinary income was 2,431 million yen (down 23.1% on a year-on-year basis) and net income was 915 million yen (down 62.2% on a year-on-year basis).

(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
Third Quarter of FY 2004	132,542	73,344	55.3	733.49
Third Quarter of FY 2003	153,695	80,963	52.7	676.83
(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
Third Quarter of FY 2004	15,336	(1,245)	(9,954)	26,074
Third Quarter of FY 2003	6,661	(826)	(1,064)	27,040
(Reference) FY 2003	8,721	(1,918)	(7,135)	21,931

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

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

The total assets decreased by 19,029 million yen in this quarter from the end of the previous consolidated fiscal term. This was owing to the following facts: (1) the accounts receivable decreased by 21,809 million yen due to the collection of the sales credit for the prototype of the "US-1A Kai" STOL Amphibian; thereby, (2) the trades payable decreased by 18,766 million yen; and (3) we repurchased our stocks of 8,073 million yen. The increase of the cash flow from operations from the previous consolidated fiscal term came from a temporary increase in other current liabilities for repayment of the outstanding loan of 7,500 million yen in January 2005. This loan was the fund raised by liquidation of the sales credit for the prototype of the "US-1A Kai" STOL Amphibian.

(Reference 1) Non-Consolidated Results of Operations (April 1, 2004 – December 31, 2004)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third Quarter of FY 2004	56,013	(14.7)	583	(76.7)	1,054	(56.6)	303	(75.8)
Third Quarter of FY 2003	65,632	-	2,505	-	2,432	-	1,254	-
(Reference) FY 2003	95,190		4,320		4,286		1,605	

	Total assets	Shareholders' equity
	Million yen	Million yen
Third Quarter of FY 2004	104,882	60,698
Third Quarter of FY 2003	126,110	68,795
(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 third quarter of FY 2003.

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

【 Qualitative Information of the Forecast 】

In FY 2004, the Japanese economy is predicted to be sustained by favorable business performance and steady capital spending but to continue to have concerns over price increases in steel materials and oil, gradual contraction of public investment, and further appreciation of the yen. In such circumstances, we intend to improve our business performance by providing higher-class *best niche* products and services that always meet market needs and *giving shape to customer ideas and needs* by the whole group, toward the goal of the New Medium-Term Management Plan which is to be completed in FY 2005. The present full-year forecast for the financial results of FY 2004 is predicted to fall below the previous one due to delays in the arrival of underbodies for our Special Purpose Truck Division and to the price hike in steel materials. Therefore, we hereby announce that we revise the previous forecast released on October 26, 2004, as follows:

Revision of the Forecast for the Consolidated Financial Results for FY 2004

(April 1, 2004 – March 31, 2005)

	Net Sales	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
Previous Forecast (A)	130,000	6,000	2,800
Revised Forecast (B)	128,000	5,700	2,800
Difference (B – A)	(2,000)	(300)	-
Percent of Change (%)	(1.5)	(5.0)	-
Actual of the Previous Term (FY 2003)	130,608	5,992	2,696

(Reference) Expected net income per share (full year): 27.05 yen

- 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 revised full-year net income forecast divided by the average number of outstanding shares of the year estimated at the end of the third quarter.

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

(April 1, 2004 – March 31, 2005)

	Net Sales	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
Previous Forecast (A)	89,500	3,800	1,800
Revised Forecast (B)	87,000	3,500	1,600
Difference (B – A)	(2,500)	(300)	(200)
Percent of Change (%)	(2.8)	(7.9)	(11.1)
Actual of the Previous Term (FY 2003)	95,190	4,286	1,605

(Reference) Expected net income per share (full year): 15.46 yen

- 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 revised full-year net income forecast divided by the average number of outstanding shares of the year estimated at the end of the third quarter.

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.