

## Consolidated Quarterly Financial Results for the First Quarter Ended June 2005

July 27, 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 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: No

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: -, removed: -

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

### 2. Financial Results for the First Quarter of FY 2005 (April 1, 2005– June 30, 2005)

#### (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 2005	23,546	(2.7)	27	(77.1)	106	(32.5)	11	-
First Quarter of FY 2004	24,205	(18.3)	117	(85.6)	158	(80.6)	(89)	-
(Reference) FY 2004	127,992		6,050		6,189		3,051	

	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 2005	0.11	-
First Quarter of FY 2004	(0.80)	-
(Reference) FY 2004	28.12	-

- 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.

#### [ Qualitative Information on Results of Operations (Consolidated) ]

In this quarter, the Japanese economy was still leveling-off affected by the ongoing price hikes of oil and raw materials, even though led by the U.S. and Asian economies, which remained strong. Under such situations, our overall performance ended up with the result that the amount of orders was 28,348 million yen (up 15.7% on a year-on-year basis) and sales were 23,546 million yen (down 2.7% on a year-on-year basis). This was the result of (1) an increase in both sales and amount of orders for our special purpose truck business owing to the upsurge in demand caused by the new long-term clean air act to be in effect as of this autumn, (2) a sales decrease in our aircraft business caused by the concluded remodeling project of new-model STOL Search and Rescue Amphibian instead of an order increase in commercial aircraft parts and other products from the previous term, and (3) a sales decrease in our industrial machinery business due to reduced sales of pumps and related products instead of an order increase in mechatronics products and environment-related equipment from the previous term. As in our gains and losses, ordinary income was 106 million yen (down 32.5% on a year-on-year basis) due to the overall sales decrease. Consequently, net income ended up at 11 million yen.

**(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 2005	119,748	74,781	62.4	747.99
First Quarter of FY 2004	125,944	74,916	59.5	713.25
(Reference) FY 2004	125,900	75,523	60.0	753.96

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 2005	106	(1,076)	1,356	21,246
First Quarter of FY 2004	6,895	(476)	(7,307)	21,040
(Reference) FY 2004	11,264	(2,383)	(9,959)	20,850

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

**[ Qualitative Information of the Changes in the Consolidated Financial Positions ]**

As of the end of this quarter, total assets decreased by 6,151 million yen from the end of the previous consolidated fiscal term. While inventory assets increased by 5,014 million yen owing to the progress in production operations according to the number of orders, sales credits decreased by 11,621 million yen and purchase liabilities decreased by 3,225 million yen. Other current liabilities decreased by 2,545 million yen due to the payment of taxes. The long-term debt of 2,000 million yen was a syndicated loan for capital investment for production of parts for the next major commercial aircraft, the Boeing 787 Dreamliner.

**(Reference 1) Non-Consolidated Results of Operations (April 1, 2005 – June 30, 2005)**

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of FY 2005	15,238	(9.3)	(460)	-	64	(73.5)	153	152.1
First Quarter of FY 2004	16,804	(18.0)	(71)	-	243	(76.6)	60	(96.5)
(Reference) FY 2004	86,130		3,037		3,635		1,660	

	Total assets	Shareholders' equity
	Million yen	Million yen
First Quarter of FY 2005	95,127	61,594
First Quarter of FY 2004	100,522	63,047
(Reference) FY 2004	99,150	62,098

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 . Forecast for Consolidated Business Results of FY 2005 ( April 1, 2005 – March 31, 2006 )**

	Net sales	Ordinary income	Net income	Net income per share
	Million Yen	Million Yen	Million Yen	Yen
Interim	57,000	1,500	700	7.00
Full Year	135,000	6,600	3,500	35.01

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 ]**

Although it is expected to steadily recover from the leveling-off, the Japanese economy will not be free from several concerns caused by the ongoing price hikes of oil and raw materials and the sluggish growth in exports to China. Under such situations, we intend to launch new products and enter into new markets, as well as to grow our share and improve the profitability of the existing products in the domestic market. Furthermore, we endeavor to increase our orders, sales, and profits to achieve the goal of our full-term forecast by expanding our business in overseas markets including China and Southeast Asia. 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 2005

( April 1, 2005 – March 31, 2006 )

	Net sales	Ordinary income	Net income	Net income per share
	Million Yen	Million Yen	Million Yen	Yen
Interim	38,000	700	350	3. 50
Full Year	93,000	4,500	2,000	20. 00

- 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.