

February 29, 2008
ShinMaywa Industries, Ltd.

Withdrawal from Subsidiary's Business and Extraordinary Loss Involved, and Revisions to Financial Results Forecast

ShinMaywa Industries, Ltd. (the "Company," President & CEO: Tadashi Kaneki) announced that, at the board meeting held today, it has decided to withdraw from the business of SML, Ltd., one of its consolidated subsidiaries, as follows.

1. Reasons for withdrawal from the business

Since its foundation in 1970, SML, Ltd. has been involved in the manufacturing and sales of hairdressing-related equipment and medical equipment.

In recent years, however, the market for SML, Ltd. is contracting, as the number of barber shops – the primary customer group of hairdressing-related equipment, the company's core product – is on the decline and the owners of such shops are aging rapidly, and SML, Ltd. is currently exposed to fierce sales competition. On top of this, there is little connection in terms of either market or technology between the Company's core businesses and SML's business. With a view towards focusing its management resources into its core operations, the Company has decided today to withdraw from the business.

2. Profile of the subsidiary

- (1) Trade name: SML, Ltd.
- (2) Head office address: 2-11-3, Murotani, Nishi-ku, Kobe
- (3) President & CEO: Kazuhiro Matsumura
- (4) Established: January 1970
- (5) Line of business: Manufacturing and sale of hairdressing-related equipment, and design and execution of interior decoration, shop renovation, etc.
- (6) Number of employees: approx. 70
- (7) Paid-up capital: 90,000,000 yen
- (8) The Company's equity ownership: 100%

3. Schedule for dissolution of the subsidiary following withdrawal

By the end of the first half of FY2008: Decision on the dissolution (subject to change)

By the end of FY2008: Completion of the liquidation procedure (subject to change)

4. Impact on the Company's financial results for the current fiscal year

The Company will record extraordinary loss of 400 million yen on the withdrawal from SML's business, which will incur loss on the disposal of inventories and special severance payments for early retirees, among other expenses.

5. Revisions to the financial results forecast

Consolidated Financial Results Forecast for FY2007 (April 1, 2007 – March 31, 2008)

	Net sales	Operating income	Ordinary income	Net income
Previous forecast (A)	Million Yen 138,000	Million Yen 5,100	Million Yen 4,900	Million Yen 2,600
Revised forecast (B)	138,000	5,100	4,900	2,200
Difference (B-A)	-	-	-	(400)
Percent of change (%)	-	-	-	(15.4%)
Actual of the previous term (FY2006)	144,451	5,298	5,386	3,840