

Shima Seiki Mfg., Ltd.

Representative: Masahiro Shima, President

Code number: 6222

Stock listings: Tokyo Stock Exchange and Osaka Securities Exchange (1st section)

Notice regarding revision of earnings forecast and dividend forecast

Shima Seiki Mfg., Ltd. announced that it has revised its fiscal earnings forecast announced on October 22, 2009 and its year-end dividend forecast announced on April 28, 2009, based on recent performance trends.

Notes

1. Revision of earnings forecast for the year ending March 31, 2010

(1) Revised consolidated earnings forecast for FY2010 (April 1, 2009 - March 31, 2010)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	40,000	1,500	0	-1,000	Yen -28.92
Revised forecast (B)	37,000	0	-700	-2,000	-57.84
Increase or decrease (B-A)	-3,000	-1,500	-700	-1,000	—
Percentage change (%)	-7.5%	-100.0%	—	—	—
<Reference> Previous results (FY2009)	48,970	8,528	4,814	1,765	49.88

(2) Revised non-consolidated earnings forecast for FY2010 (April 1, 2009 - March 31, 2010)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	34,000	1,800	1,200	200	Yen 5.78
Revised forecast (B)	29,000	1,000	1,000	-1,400	-40.49
Increase or decrease (B-A)	-5,000	-800	-200	-1,600	—
Percentage change (%)	-14.7%	-44.4%	-16.7%	—	—
<Reference> Previous results (FY2009)	39,486	5,474	1,414	240	6.79

(3) Reasons behind the revisions

The difficult business conditions are expected to continue despite partial recovery of the economy, due to stagnant consumption, suppressed capital investment and continuing appreciation of the Yen. The Company Group will stimulate demand by marketing innovative new products and develop proactive

sales strategies in order to overcome its current severe business environment. In addition, it will increase profitability by reducing manufacturing costs and operating expenses. However, as recovery from the bleak economic situation as well as stagnant capital spending in the knit manufacturing sector cannot be expected at an early stage, the Company is announcing a downward revision of its fiscal forecast (consolidated as well as parent only) as above.

2. Revision of year-end dividend forecast for the year ending March 31, 2010

(1) Details of revision to dividend forecast

	Dividend per share (Yen)		
	2 nd quarter	Year-end	Total
Previous forecast (April 28, 2009)	20.00	20.00	40.00
Revised forecast	—	(Undecided)	(Undecided)
Current results	20.00	—	—
Previous results (FY2009)	25.00	15.00	40.00

(2) Reasons behind the revision of dividend forecast

The Company is positioning the return of profit to shareholders as the priority management task and believes that it should continue implementing the stable distribution of profit, while generating retained earnings in need.

However, the Company has decided to leave the year-end dividend for this fiscal year “undecided” at this time, because it appears to be difficult to secure net income as a result of the substantial downward revision in the earnings through March 2010. The Company will propose the dividend amount after considering its full-year earning results, dividend payout ratio and other factors.

*The above figures were estimated according to the related information available at the time the data were made public. Hence, actual operating results may differ due to a variety of the factors arising in the future.