

SHIMA SEIKI MFG., LTD.

Representative: Masahiro Shima, President

Code number: 6222

Stock listings: Tokyo Stock Exchange (1st section)

Notice regarding revision of earnings forecast and dividend forecast

SHIMA SEIKI MFG., LTD. (the "Company") announces that it has revised its fiscal earnings forecast announced on October 18, 2013 and its year-end dividend forecast announced on May 1, 2013, based on recent performance trends.

Notes

1. Revision of earnings forecast for the year ended March 31, 2014

(1) Revised consolidated earnings forecast for FY2014 (April 1, 2013 - March 31, 2014)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	47,000	5,700	8,000	5,400	Yen 157.80
Revised forecast (B)	40,600	2,700	7,300	4,800	140.27
Increase or decrease (B-A)	-6,400	-3,000	-700	-600	—
Percentage change (%)	-13.6	-52.6	-8.8	-11.1	—
<Reference> Previous results (FY2013)	34,970	-508	4,168	1,754	51.26

(2) Revised non-consolidated earnings forecast for FY2014 (April 1, 2013 - March 31, 2014)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	40,000	4,400	6,500	4,200	Yen 122.73
Revised forecast (B)	33,800	3,400	7,600	4,800	140.27
Increase or decrease (B-A)	-6,200	-1,000	1,100	600	—
Percentage change (%)	-15.5	-22.7	16.9	14.3	—
<Reference> Previous results (FY2013)	30,571	521	4,218	1,081	31.59

(3) Reasons behind the revisions

Despite growing sales of the conventional type of computerized flat knitting machines centered on the Asian market toward the late current fiscal year, sales and operating income are expected to fall short of the initial forecasts due to slower sales in the WHOLEGARMENT[®] flat knitting machines amid increasingly fierce price competition with rivals. With respect to pretax ordinary income and current net income, the Company is expected to see non-consolidated earnings topping the previous forecasts with

substantial foreign exchange gains booked but to see the consolidated earnings falling below the previous forecast.

2. Revision of year-end dividend forecast for the year ended March 31, 2014

(1) Details of revision to dividend forecast

	Dividend per share (Yen)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Total
Previous forecast (May 1, 2013)	—	—	—	15.00	30.00
Revised forecast	—	—	—	17.50	32.50
Current results	—	15.00	—		
Previous results (FY2013)	—	10.00	—	15.00	25.00

(2) Reasons behind the revision of dividend forecast

The Company positions profit returns to shareholders as one of the essentially important issues. Looking to the continued and stable distribution of dividends and earnings improvement as basics in corporate management, the Company has every reason to believe that the dividends should be distributed in consideration of the earnings forecasts hereafter and business operations development in the future. In light of the foregoing basic policies and earnings results for the current fiscal year, the Company will increase dividends by ¥2.50 per share payable for the year ending in March, 2014, from the initially planned ¥15.00 to ¥17.50 per share.

*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.

*WHOLEGARMENT is a registered trademark of SHIMA SEIKI MFG.,LTD.