

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*

Shima Seiki Mfg., Ltd. announced that it has revised its earnings forecast announced on April 27, 2010, based on recent performance trends.

Notes

**Revised consolidated earnings forecast for the 2nd quarter of the year ending March 31, 2011
(April 1, 2010 - September 30, 2010)**

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	Millions of yen 23,000	Millions of yen 4,000	Millions of yen 4,000	Millions of yen 2,500	Yen 72.30
Revised forecast (B)	24,000	4,500	2,300	1,000	28.92
Increase or decrease (B-A)	1,000	500	-1,700	-1,500	
Percentage change (%)	4.3	12.5	-42.5	-60.0	
<Reference> Actual data for the 2 nd quarter of the previous fiscal year	18,991	5	-847	-930	-26.91

**Revised consolidated earnings forecast for the year ending March 31, 2011
(April 1, 2010 - March 31, 2011)**

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	Millions of yen 45,000	Millions of yen 6,500	Millions of yen 6,500	Millions of yen 4,000	Yen 115.69
Revised forecast (B)	46,000	7,000	5,000	2,500	72.30
Increase or decrease (B-A)	1,000	500	-1,500	-1,500	
Percentage change (%)	2.2	7.7	-23.1	-37.5	
<Reference> Actual data of the previous fiscal year	36,874	651	148	-1,885	-54.52

**Revised non-consolidated earnings forecast for the 2nd quarter of the year ending March 31, 2011
(April 1, 2010 - September 30, 2010)**

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	Millions of yen 19,000	Millions of yen 2,500	Millions of yen 3,000	Millions of yen 1,500	Yen 43.38
Revised forecast (B)	19,000	2,500	1,000	300	8.68
Increase or decrease (B-A)	0	0	-2,000	-1,200	
Percentage change (%)	—	—	-66.7	-80.0	
<Reference> Actual data for the 2 nd quarter of the previous fiscal year	14,335	322	203	97	2.82

**Revised non-consolidated earnings forecast for the year ending March 31, 2011
(April 1, 2010 - March 31, 2011)**

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	Millions of yen 38,000	Millions of yen 5,000	Millions of yen 5,500	Millions of yen 3,000	Yen 86.76
Revised forecast (B)	38,000	5,000	3,500	2,000	57.84
Increase or decrease (B-A)	0	0	-2,000	-1,000	
Percentage change (%)	—	—	-36.4	-33.3	
<Reference> Actual data of the previous fiscal year	29,572	1,521	1,548	-1,176	-34.03

Reasons behind the revisions

The Company recorded steady growth in net sales and operating income in the first quarter of this fiscal year due to the recovery in demand for capital spending on flat knitting machines reflecting a generally robust knit manufacturing sector. However, the rapid appreciation of the yen in the foreign exchange market generated foreign exchange losses (non-operating losses) of ¥3,181 million on a consolidated basis and ¥2,723 million on a parent-only basis. This resulted in the Company having to revise its assumed exchange rates of ¥92 to the U.S. dollar and ¥123 to the euro, which were initially used for the earnings forecast, to ¥90 to the U.S. dollar and ¥110 to the euro in order to factor in the exchange losses for the revision to the earnings forecast. The Company expects steady net sales and operating income to achieve the initial plans.