English translation from the original Japanese-language document, "KESSAN TANSHIN" (Summary for reference only)

Financial Results for the First Quarter Ended June 30, 2009

July 31, 2009

Shima Seiki Mfg., Ltd.
Stock listings: Tokyo Stock Exchange and Osaka Securities Exchange (1st section)
Code number: 6222
URL: http://www.shimaseiki.co.jp/
Representative: Masahiro Shima, President

(Amounts less than 1 million yen are omitted)

1. Consolidated results for the first quarter ended June 30, 2009

(April 1, 2009 - June 30, 2009)

(1) Consolidated operating results (cumulative) (%: change from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2009	12,094	-35.6	897	-86.3	1,464	-82.7	885	-81.8
Three months ended June 30, 2008	18,771	—	6,528	—	8,486	—	4,871	—

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2009	25.62	24.94
Three months ended June 30, 2008	133.18	129.90

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2009	117,219	91,624	78.2	2,649.64
As of March 31, 2009	119,777	91,063	76.0	2,633.55

Reference: Shareholders' equity
As of June 30, 2009: 91,619 million yen As of March 31, 2009: 91,063 million yen

2. Cash dividends

	Cash dividends per share				
Record date	1st quarter	2nd quarter	3rd quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2009	—	25.00	—	15.00	40.00
Year ending March 31, 2010	—				
Year ending March 31, 2010 (forecast)		20.00	—	20.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2010

(April 1, 2009 - March 31, 2010)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	25,000	-26.0	3,000	-68.5	2,500	-71.9	1,300	-73.8	37.60
Full year	48,000	-2.0	5,500	-35.5	5,000	3.8	2,500	41.6	72.30

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that involve changes in scope of consolidation): No

(2) Adoption of simplified accounting methods and specific accounting methods for preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, procedures, presentation methods, and other practices for preparing quarterly consolidated financial statements (changes listed on “Significant changes in basis of preparing quarterly consolidated financial statements”)

1) Changes due to revision in accounting standards: No

2) Changes other than those above: No

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury stock)

As of June 30, 2009: 36,600,000　　As of March 31, 2009: 36,600,000

2) Number of treasury stock at the end of the period

As of June 30, 2009: 2,021,902　　As of March 31, 2009: 2,021,620

3) Average number of shares outstanding during the period

Three months ended June 30, 2009: 34,578,342

Three months ended June 30, 2008: 36,580,271

*Note

(1) Statements contained in this document regarding the Company’s plans, strategies, and expectations for future performance fall into the category of “forward-looking statements,” which are based on information available to the Company at the time of writing. They are therefore subject to a number of uncertainties and unknowable factors, and actual results may thus differ substantially from those projected.

【***Qualitative Information and Financial Statements***】

1. Qualitative information concerning consolidated operating results

With regard to global economic trends, the first quarter was characterized by an unstable financial situation and continued slump in consumption in the United States, while Europe was gripped in a prolonged recession. China's economy is somehow underpinned by a large-scale economic package provided by its government. However, sluggish global consumption weighed down growth in exports. Despite the apparent bottoming out of the current economy in Japan, the deterioration in corporate earnings and anemic consumer spending appear to be here to stay.

Against the backdrop of these economic conditions, the Company's earnings performance in its core business of flat knitting machine remained lethargic during the first quarter. This is because major exporters of knit products to the United States in China and Hong Kong suffered a substantial decline, which resulted in less spending on capital investment. At ShanghaiTex of the International Textile Machinery Exhibition in June, the Company attracted substantial interest by emphasizing the superiority of its computerized flat knitting machine featuring state-of-art knitting technology and high productivity that no other manufactures can match. However, faced with the global consumer recession, capital spending in this industry did not grow as expected, except among some major users. Capital investment neither expanded in the major knitwear producing countries of Italy and Turkey in Middle East due to the economic downturn. In light of this situation, the Flat Knitting Machine segment posted net sales of ¥10,754 million (down 34.7% year on year).

The Design System segment, which is linked to shrinking capital investment in the computerized flat knitting machines, logged sales of ¥249 million (down 44.7% year on year). Meanwhile, sales in the Glove and Sock Knitting Machine segment recorded ¥25 million (down 89.9% year on year).

As a result, total sales for the three months ended June 30, 2009, declined to ¥12,094 million (down 35.6% year on year). Also on the earnings side, cost of sales ratio, as well as selling, general and administrative ratio, rose as a result of the dip in unit prices and the fall in production volume, reflecting tough competition in sales. This has caused operating income to significantly decline to ¥897 million (down 86.3% year on year). Combined with the exchange gain on the back of the weaker yen compared with the end of the last fiscal year, ordinary income totaled ¥1,464 million (down 82.7% year on year) with net income amounting to ¥885 million (down 81.8% year on year) during the first quarter.

2. Qualitative information concerning consolidated financial position

Total assets as of the end of this first quarter decreased ¥2,558 million from the end of the previous fiscal year, to ¥117,219 million. Shareholders' equity after deducting minority interests from net assets amounted to ¥91,619 million with the shareholders' equity ratio increasing by 2.2 points to 78.2% from the end of the previous fiscal year.

As for cash flow, net cash provided by operating activities was ¥2,410 million with a decrease in inventories, although trade receivables increased. Net cash used in investing activities was ¥769 million due to purchases of property, plant and equipment. Net cash used in financing activities was ¥3,933 million due to the repayment of short-term loans. Consequently, the cash and cash equivalents totaled ¥16,864 million as of the end of this first quarter, down ¥2,445 million from the end of the previous fiscal year.

3. Qualitative information concerning forecast of consolidated financial results

For the future earnings outlook, there are underlying needs to improve product quality and save labor by making use of computerized flat knitting machines in the major markets of China and Hong Kong, although the first quarter performance remained sluggish overall. Consequently, the Company will actively push for a sales strategy that will lead to capital spending in the current fiscal year. The company's efforts to expand sales of the new MACH2 and to expand sales, with its knitting efficiency dramatically improved on the WHOLEGARMENT®, will be focused on leading knitwear manufacturers in Italy and Hong Kong. Given such prospects, the Company will not revise the earnings outlook as released in March 2009. The same goes for the forecast of the parent only earnings.

＊WHOLEGARMENT is a registered trademark of Shima Seiki Mfg., Ltd.

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that involve changes in scope of consolidation): No

(2) Adoption of simplified accounting methods and specific accounting methods for preparing quarterly consolidated financial statements

①Simplified accounting methods

Collectability of deferred tax assets is determined by using the future earnings forecast and tax planning used for the previous consolidated fiscal year as there have been no significant changes in the business environment and the occurrence of temporary differences recognized since the end of the previous consolidated fiscal year.

②Specific accounting methods for preparing quarterly consolidated financial statements

For income tax expenses, overseas consolidated subsidiaries reasonably estimate the effective tax rate after the tax effect accounting is applied to the net income before income taxes for the consolidated accounting period, which includes this first quarter consolidated accounting period, and then calculate these expenses by multiplying the quarterly net income before income taxes by such estimated effective tax rate.

(3) Changes in accounting principles, procedures, presentation methods, and other practices for preparing quarterly consolidated financial statements: No