October 9, 2008

Interim Earnings Report for Fiscal 2009, Ending February 28, 2009

Company name: Star Micronics Co., Ltd. Stock listing: First Section, Tokyo Stock Exchange
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Scheduled release of fiscal 2009 interim business report: November 10, 2008
Scheduled payment of dividends: November 10, 2008

(Figures less than one million are rounded down)

1.Consolidated Interim Results for the Fiscal Year Ending February 28, 2009 (March 1, 2008 to August 31, 2008)
(1)Consolidated Operating Results (Percentages represent changes over the corresponding period of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Interim Fiscal 2009	32,309	(6.8)	5,496	(15.2)	5,867	(13.6)	3,318	(16.3)
Interim Fiscal 2008	34,680	19.1	6,479	51.8	6,792	51.6	3,965	47.8
Year Ended February 29, 2008	73,883	—	14,651	—	15,170	—	8,080	—

	Net Income Per Share	Diluted Net Income Per Share
	(¥)	(¥)
Interim Fiscal 2009	61.86	61.82
Interim Fiscal 2008	74.00	73.85
Year Ended February 29, 2008	150.74	150.47

Reference: Equity in earnings of affiliated companies
Interim fiscal 2009 - Interim fiscal 2008 - Year ended February 2008 -

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(¥ million)	(¥ million)	%	(¥)
As of August 31, 2008	82,169	67,147	80.8	1,237.64
As of August 31, 2007	81,439	65,558	79.6	1,209.26
As of February 29, 2008	86,375	66,601	76.2	1,227.59

Reference: Shareholders' Equity
As of August 31, 2008 ¥66,408 million As of August 31, 2007 ¥64,824 million
As of February 29, 2008 ¥65,843 million

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Interim Fiscal 2009	1,039	(2,190)	(1,608)	18,963
Interim Fiscal 2008	3,909	(3,258)	(788)	21,100
Year Ended February 29, 2008	10,666	(8,072)	(2,151)	21,824

2. Dividends

	Dividends Per Share		
(Record date)	Interim	Year-end	Full-year
	(¥)	(¥)	(¥)
FY 2008	26.00	30.00	56.00
FY 2009	30.00		60.00
FY 2009 (projected)		30.00	

3.Consolidated Outlook for the Fiscal Year Ending February 28, 2009 (From March 1, 2008 to February 28, 2009)
(Percentages represent changes over the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full Year	63,300	(14.3)	9,400	(35.8)	9,950	(34.4)	6,300	(22.0)	123.12

4.Others

(1) Significant changes in subsidiaries during the period under review (changes in certain specified subsidiaries resulting in revised scope of consolidation): None

(2) Changes in principles, procedures and classifications of accounting standards associated with the preparation of interim consolidated financial statements
(described in "Changes in Significant Accounting Policies Used in Preparation of Interim Consolidated Financial Statements")
 (i) Changes associated with revised accounting standards: None
 (ii) Changes other than those in (i)above: None

(3) Number of shares issued and outstanding (common stock)
 (i) Number of shares issued and outstanding at period-end (including treasury stock)
 As of August 31, 2008: 54,533,234 shares As of August 31, 2007: 54,533,234 shares
 As of February 29, 2008: 54,533,234 shares
 (ii) Number of treasury stock at period-end
 As of August 31, 2008: 876,068 shares As of August 31, 2007: 926,597 shares
 As of February 29, 2008: 897,383 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Interim Results for the Fiscal Year Ending February 28, 2009 (March 1, 2008 to August 31, 2008)

(1) Non-consolidated Operating Results

(Percentages represent changes over the corresponding period of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Interim Fiscal 2009	21,561	(15.1)	2,457	(37.3)	4,496	(8.4)	2,806	(9.5)
Interim Fiscal 2008	25,394	14.2	3,918	39.7	4,911	37.2	3,102	35.8
Year Ended February 29, 2008	49,979	—	7,176	—	8,160	—	5,247	—

	Net Income Per Share
	(¥)
Interim Fiscal 2009	52.32
Interim Fiscal 2008	57.90
Year Ended February 29, 2008	97.89

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(¥ million)	(¥ million)	%	(¥)
As of August 31, 2008	62,176	52,002	83.6	969.17
As of August 31, 2007	61,590	50,380	81.8	939.82
As of February 29, 2008	62,297	50,857	81.6	948.20

Reference: Shareholders' Equity
 As of August 31, 2008 ¥52,002 million As of August 31, 2007 ¥50,380 million
 As of February 29, 2008 ¥50,857 million

Notes on the appropriate use of forecasts and other matters

1. In regard to matters concerning full-year forecasts, Star Micronics has revised forecasts announced on April 10, 2008, factoring in interim performance and the outlook going forward. For further information on matters concerning these forecasts, please see page 5 of the attached materials. For further details, please see the press release titled “Revision of Full-year Forecasts for Fiscal 2009” issued separately today (October 9, 2008).
2. Forecasts are based on information available to management at the time of release. Investors are warned that a number of uncertainties may cause actual results to differ materially from forecasts.
3. The revised consolidated net income per share forecast for fiscal 2009 reflects the impact of the repurchase of the Company’s own shares based on Board of Directors’ resolutions passed on August 28 and October 9, 2008.

1. Operating Results

(1) Analysis of Operating Results
(i) Fiscal 2009 Interim Operating Results

During the first half of fiscal 2009, the U.S. economy recorded a low rate of growth, mainly due to weak consumer spending, despite higher exports and other positive factors. European economies experienced a slowdown, as exports weakened from the interim period's latter half and rising prices weighed on consumer spending. Meanwhile, China and certain other Asian countries maintained high levels of growth. The Japanese economy, however, reached a standstill after a long period of economic expansion, as highlighted by lackluster capital expenditures and consumer spending, as well as slowing exports.

With regard to the major markets in which the Star Micronics Group operates, in the machine tools market, demand was strong in the U.S., although there was some disparity across industries. Moreover, capital investment sentiment waned in Europe compared with the previous fiscal year. In the printer market, amid rising global economic uncertainty, the Group struggled to win orders mainly because of fewer new projects. In the mobile phone market, which is the major source of demand for the Group's micro audio components, demand continued to increase dramatically in the Asian region, including China and India. However, in the precision products markets, demand for wristwatches continued to decline.

Against this backdrop, the Group developed business activities with the aim of improving its performance. It made progress developing fast-growing emerging markets, while stepping up investments in rationalizing operations. The Group also strove to enhance its service organization. In the Machine Tools Segment, U.S. sales rose, particularly in the medical equipment sector, a stable market that is not unduly affected by economic trends, despite being affected somewhat by foreign exchange movements. However, in Europe, the machine tools business as a whole recorded lower sales, the result mainly of the economic slowdown as well as high order levels in the previous fiscal year. Sales of POS printers in the Special Products Segment decreased year on year, mainly reflecting the slowing U.S. and European economies as well as the impact of exchange rate movements. However, in the Components Segment, overall sales increased sharply in line with higher orders for receivers, speakers and other components from major mobile phone manufacturers. In the Precision Products Segment, sales of wristwatch components increased despite challenging market conditions, but were outweighed by a drop in HDD component sales, resulting in lower overall sales.

As a result, consolidated net sales decreased 6.8% year on year to ¥32,309 million. In terms of earnings, operating income declined 15.2% to ¥5,496 million, and ordinary income decreased 13.6% to ¥5,867 million, mainly due to lower sales of machine tools and POS printers. Net income was down 16.3% at ¥3,318 million.

Performance by segment was as follows:

(Special Products)
The Group has been carrying out marketing activities in an effort to boost POS printer sales. For instance, the Group has been working to expand general POS printer sales to distributors by revamping and reinforcing its distributor network based on a product lineup that has been enhanced in recent years. The goal of these marketing activities is to win orders in the Group's core European and U.S. markets, as well as emerging markets where demand is increasing. However, as the global economic outlook becomes increasingly uncertain, overall segment sales declined in a business environment that continues to pose challenges, characterized mainly by weak business investment sentiment centered on the POS printer market, as well as the impact of foreign exchange rate movements. Computer printer sales also decreased as a result of the Group's decision to withdraw from the computer printer business.

As a result of the above, segment sales decreased 30.8% year on year to ¥6,423 million. The Special Products Segment also reported a large 56.1% year-on-year decrease in operating income to ¥941 million mainly because of the drop in sales.

(Components)
In the mobile phone market, which is the core market of this business segment, the Group steadily grew sales. This reflected expansion in the mobile phone markets of China, India and other countries due to an increasing number of local mobile phone subscribers. Another factor was the adoption of small, high-performance components in various mobile handset models from the latter half of the previous year. Sales volume of receivers rose by roughly 30% year on year, following growth in receiver sales for low-end models in the previous fiscal year. In addition, speaker sales volume roughly doubled year on year, the result of steady growth in sales of new speakers that entered volume production in the previous fiscal year, as well as of existing products. In contrast, sales of electronic buzzers were mostly unchanged from the same period of the previous fiscal year, despite efforts to boost sales to automobile-related markets. In the area of manufacturing, the Group endeavored to expand capacity and improve quality at its manufacturing plants in China to cater to growing demand.

As a result of the foregoing, segment sales rose 41.1% year on year to ¥6,473 million. Supported mainly by this growth, operating income was ¥729 million, improving sharply from an operating loss in the interim period of fiscal 2008.

(Machine Tools)
In regard to CNC automatic lathes, with the global economic outlook becoming more uncertain, the Group worked to develop customers in core European and U.S. markets and fast-growing emerging markets, while enhancing the service organization in Europe and increasing the number of local technical staff in emerging markets. In Japan, the Group strove to strengthen its distributor network.

In the U.S., the Group recorded increased sales, despite the impact of foreign exchange movements, on the back of higher orders from the medical equipment sector, which is fairly resilient to economic trends, and from South America. However, European sales decreased mainly as a result of weak capital investment sentiment due to the impact of the economic slowdown, as well as reflecting a large increase in sales in the previous fiscal year. In Asia, the Group was affected by tighter monetary policies in China and other factors. In Japan, lackluster new automobile-related orders and other factors made for a challenging business environment.

Consequently, segment sales decreased 7.2% year on year to ¥17,280 million. Operating income declined 13.7% year on year to ¥4,629 million, mainly due to the drop in sales.

(Precision Products)
In regard to wristwatch components, the Group faced surging material costs and other challenging market conditions, amid ongoing contraction in the wristwatch market. Nonetheless, wristwatch component sales were slightly higher year on year. However, the Group recorded decreased sales of non-wristwatch components, mainly the result of lower sales of HDD components in the absence of growth in sales of components for portable music players, despite steady sales of medical components and optical fiber connector parts as well as automobile-related components in China.
As a result of the above, segment sales decreased 2.6% year on year to ¥2,131 million. Operating income was ¥330 million, a decrease of 30.6% year on year, mainly due to lower sales.

(ii) Outlook for Fiscal 2009

The outlook for the global economy, which has grown robustly in recent years, is becoming increasingly uncertain due to financial unease, as well as the impact of soaring crude oil and other resource prices.

In this climate, in terms of its full-year consolidated forecasts for fiscal 2009, the Group expects sales in the Components Segment, which handles micro audio components, to be largely as initially forecast. However, the Group is forecasting lower sales in the Machine Tools Segment, which is the driving force behind the Group's overall performance, and in the Special Products Segment. The main reasons are weakening capital investment sentiment on the part of major customers in step with shifting global economic conditions and the impact of foreign exchange movements.
Consequently, the Group is forecasting net sales of ¥63,300 million, a decrease of 14.3% year on year; operating income of ¥9,400 million, a decrease of 35.8%; ordinary income of ¥9,950 million, a decrease of 34.4%; and net income of ¥6,300 million, a decrease of 22.0%. These forecasts assume second-half exchange rates of ¥100/US$1 and ¥155/€.

Star Micronics has adopted the following forecasts for each business segment.

(Special Products)
In the Special Products Segment, the Group is forecasting lower sales mainly due to a continuation of challenging market conditions against the backdrop of continuing economic uncertainty particularly in the U.S. and Europe. Foreign exchange movements are also expected to affect sales. Lower sales are projected despite new product launches and efforts to expand and strengthen sales channels in the U.S. and European markets and develop emerging markets. As a result, the Group expects both segment sales and operating income to fall sharply. Segment sales are projected at ¥13,000 million, down 24.2% year on year. The operating income forecast is ¥1,960 million, a decrease of 50.8%, mainly due to projected lower sales, as well as the impact of the Group's withdrawal from the computer printer business.

(Components)
In the mobile phone market, as demand in Asian regions and elsewhere continues to rise, the Group is projecting continued sales growth centered on speakers. Overall, the Group is forecasting segment sales of ¥13,450 million, an increase of 11.5% year on year. The Group also expects operating income to climb 426.3% to ¥1,240 million mainly due to higher sales.

(Machine Tools)
The Group anticipates a difficult business environment because of a slowdown in new orders due to the prevailing economic uncertainty. In this environment, the Group is launching new products and fortifying its service organization, as well as actively carrying out marketing activities in emerging markets. However, due to falling sales volume centered on Europe and the impact of exchange rate movements, the Group is forecasting segment sales of ¥32,550 million, down 19.2% year on year, and operating income of ¥7,915 million, down 33.9%.

(Precision Products)
The Group is working to win orders for new components in an effort to boost sales. However, segment sales are projected to decrease 1.6% year on year to ¥4,300 million mainly because of lower wristwatch component sales. The Group is forecasting operating income of ¥590 million, a decrease of 30.6% year on year, mainly due to the projected lower sales and higher spending on upfront investments.

(Figures less than one million are rounded down)

(¥ million)

		Interim			Full Year			
		Fiscal 2008 Actual	Fiscal 2009 Actual	YoY Change (%)	Fiscal 2008 Actual	Fiscal 2009 Forecast	YoY Change Amount	YoY Change (%)
Special Products	Net Sales	9,283	6,423	(30.8)	17,148	13,000	(4,148)	(24.2)
	Operating Income	2,142	941	(56.1)	3,982	1,960	(2,022)	(50.8)
	Ratio (%)	23.1	14.7		23.2	15.1		
Components	Net Sales	4,588	6,473	41.1	12,062	13,450	1,387	11.5
	Operating Income	(262)	729	—	235	1,240	1,004	426.3
	Ratio (%)	(5.7)	11.3		2.0	9.2		
Machine Tools	Net Sales	18,619	17,280	(7.2)	40,304	32,550	(7,754)	(19.2)
	Operating Income	5,365	4,629	(13.7)	11,971	7,915	(4,056)	(33.9)
	Ratio (%)	28.8	26.8		29.7	24.3		
Precision Products	Net Sales	2,188	2,131	(2.6)	4,368	4,300	(68)	(1.6)
	Operating Income	476	330	(30.6)	850	590	(260)	(30.6)
	Ratio (%)	21.8	15.5		19.5	13.7		
Eliminations or Corporate		(1,243)	(1,134)		(2,387)	(2,305)	82	
Consolidated	Net Sales	34,680	32,309	(6.8)	73,883	63,300	(10,583)	(14.3)
	Operating Income	6,479	5,496	(15.2)	14,651	9,400	(5,251)	(35.8)
	Ratio (%)	18.7	17.0		19.8	14.8		