April 9, 2009

Consolidated Earnings Report for the Fiscal Year Ended February 28, 2009

Company name: Star Micronics Co., Ltd. Stock listing: First Section, Tokyo Stock Exchange
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Scheduled annual general meeting of shareholders: May 28, 2009 Scheduled payment of dividends: May 29, 2009
Scheduled release of fiscal 2009 business report: May 28, 2009

(Figures less than one million are rounded down)

1. Consolidated Results for the Fiscal Year Ended February 28, 2009 (From March 1, 2008 to February 28, 2009)

(1) Consolidated Operating Results (Percentages represent changes over the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Year Ended February 28, 2009	56,952	(22.9)	8,544	(41.7)	8,923	(41.2)	4,338	(46.3)
Year Ended February 29, 2008	73,883	17.9	14,651	40.3	15,170	39.7	8,080	15.2

	Net Income per Share	Diluted Net Income per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	(¥)	(¥)	%	%	%
Year Ended February 28, 2009	85.66	85.63	7.3	11.9	15.0
Year Ended February 29, 2008	150.74	150.47	12.8	18.7	19.8

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

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
As of February 28, 2009	64,204	52,986	81.5	1,114.21
As of February 29, 2008	86,375	66,601	76.2	1,227.59

Reference: Shareholders' Equity
As of February 28, 2009 ¥52,332 million As of February 29, 2008 ¥65,843 million

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Year-end Cash and Cash Equivalents
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Year Ended February 28, 2009	6,151	(1,314)	(9,076)	14,610
Year Ended February 29, 2008	10,666	(8,072)	(2,151)	21,824

2. Dividends

	Dividends per Share					Dividends Total (Year)	Dividend Payout Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
(Record date)	1Q end	2Q end	3Q end	Year-end	Full Year			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	%	%
FY2008	—	26.00	—	30.00	56.00	3,002	37.2	4.7
FY2009	—	30.00	—	15.00	45.00	2,314	52.5	3.8
FY2010 (projected)	—	11.00	—	11.00	22.00		—	

3.Consolidated Outlook for the Fiscal Year Ending February 28, 2010（From March 1, 2009 to February 28, 2010)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Interim	12,300	(61.9)	(3,400)	—	(3,300)	—	(2,900)	—	(61.74)
Full Year	28,100	(50.7)	(4,500)	—	(4,300)	—	(3,500)	—	(74.52)

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 consolidated financial statements(described in "Changes in Significant Accounting Policies Used in Preparation of 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 February 28, 2009: 51,033,234 shares As of February 29, 2008: 54,533,234 shares

(ii) Number of treasury stock at period-end

As of February 28, 2009: 4,065,150 shares As of February 29, 2008: 897,383 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Results for the Fiscal Year Ended February 28, 2009 (March 1, 2008 to February 28, 2009)

(1) Non-consolidated Operating Results

(Percentages represent changes over the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Year Ended February 28, 2009	34,211	(31.5)	2,037	(71.6)	3,982	(51.2)	2,089	(60.2)
Year Ended February 29, 2008	49,979	8.7	7,176	14.1	8,160	14.7	5,247	13.3

	Net Income per Share	Diluted Net Income per Share
	(¥)	(¥)
Year Ended February 28, 2009	41.26	41.25
Year Ended February 29 ,2008	97.89	97.72

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(¥ million)	(¥ million)	%	(¥)
As of February 28, 2009	48,379	41,443	85.7	882.37
As of February 29, 2008	62,297	50,857	81.6	948.20

Reference: Shareholders' Equity

As of February 28, 2009: ¥41,443 million As of February 29, 2008: ¥50,857 million

※Regarding the appropriate use of earnings projections, and other special matters

The above projections are based on information available at the time of release of this report. Actual results may differ materially from projections due to a variety of factors.

For further details on cautionary matters regarding projections and their underlying assumptions, please refer to page 5-6.

1. Operating Results

Analysis of Operating Results

(i) Fiscal 2009 operating results

During fiscal 2009, the fiscal year ended February 28, 2009, the global economy slipped into recession. The economies of industrialized countries, which had been slowing, rapidly contracted due to the financial crisis, and this also impacted on emerging nations. Moreover, the yen was stronger than in the previous fiscal year, particularly against the U.S. dollar and the euro.

With regard to the major markets in which the Star Micronics Group operates, in the machine tools market, orders had been decreasing from the first half of the fiscal year due to waning capital investment sentiment. Following the onset of the financial crisis, however, orders have been drastically falling month by month. In the printer market also, new-contract orders and large-contract orders decreased not only in Europe and the US but in emerging economies as well because of the worldwide economic slowdown. In the mobile phone market, which is the major source of demand for the Group's micro audio components, demand had continued to increase in some regions, including China and India. Toward the end of the fiscal year however, demand fell rapidly, thereby compelling companies to make production adjustments. In the precision products markets, demand for wristwatches remained stagnant.

Against this backdrop, the Group expanded its business activities with the aim of improving its business performance. For example, we developed markets in emerging economies where growth is expected, stepped up the rationalization of investments and enhanced our service framework. In the Machine Tools Segment, profits declined substantially across the entire business as orders fell drastically from towards the end of the fiscal year due to the worsening economy and sales decreased in all the regions of the US, Europe, Japan and the rest of Asia. Sales of POS printers in the Special Products Segment declined, partly due to forex effects as well as the deteriorating business conditions in Europe. In the Components Segment, sales were held to last year's levels. In approximately the first three-fourths of the fiscal year, orders from major mobile phone manufacturers increased for receivers, speakers and other components, offsetting the negative impact of production cutbacks made by mobile phone manufacturers. In the Precision Products Segment, however, overall sales declined, due to falling sales of wristwatch components and non-wristwatch components, such as components for small hard disk drives (HDDs).

As a result of the above factors, Star Micronics reported consolidated sales of ¥56,952 million, down 22.9% year on year, in fiscal 2009. Profitability improved primarily due to increased sales in the Components Segment, but sales of mainstay machine tools and POS printers both decreased. Consequently, operating income fell 41.7% to ¥8,544 million and ordinary income decreased 41.2% to ¥8,923 million. Moreover, the Group posted an extraordinary loss of ¥1,386 million mainly related to the nullification of a contract to sell assets related to the computer printer business and an impairment loss related to fixed assets. As a result, net income decreased a substantial 46.3% to ¥4,338 million.
Performance by segment was as follows:

(Special Products)

The Group has been expanding marketing activities designed to increase sales of point-of-sale (POS) printers. Aiming to win orders in the US and European markets as well as in the markets of emerging economies, where demand is growing, the Group has been strengthening collaboration with agents and identifying new demand, based on a product lineup refined over the past few years. However, amid the sharp global economic slowdown, this segment saw a drop in sales of POS printers, reflecting the continuing severe business environment characterized by waning capital investment sentiment centered on the POS printer market, as well as the impact of foreign exchange rate movements. The computer printer business was terminated in fiscal 2009 following the Group’s decision to withdraw from this business.

As a result of the above, segment sales declined 31.1% to ¥11,813 million. Reflecting this decrease in sales and other factors, operating income decreased a substantial 59.8% to ¥1,601 million.

(Components)

In the mobile phone market, which is the core market of this business segment, sales of microphones, speakers and receivers increased steadily amid growth in China, India and other markets where new subscribers are increasing. However, the sales increase was negated by drastic production cutbacks by mobile phone makers toward the end of the fiscal year. In addition, the Group conducted marketing activities to increase sales of electronic buzzers for in-vehicle use, but sales decreased due to the rapid decline of demand in the automobile market. In the area of production, the Group endeavored to rationalize its manufacturing plants in China and raise quality.

Sales in this segment increased 2.4% to ¥12,351 million. As a result of the rise in sales and other factors, operating income soared a significant 425.6% to ¥1,238 million.

(Machine Tools)

With CNC automatic lathes, the Group worked to identify customers in the mainstay US and European markets as well as the emerging markets where growth is expected, with the view to enhancing the service organization in Europe, to training local technical staff in Asia and South America, and to strengthening the network of agents in Japan. Furthermore, the Group established a sales subsidiary in Sweden, which is the largest market in northern Europe, thereby strengthening the direct-sales framework.

However, orders, which had been decreasing from earlier in the fiscal year, then fell drastically due to weakening capital investment sentiment in the manufacturing sector. In this environment, sales volume in the US market was largely on par with the previous year due to firm sales to the medical-equipment sector, which is not unduly affected by business conditions. Meanwhile, in the European and Asian markets including Japan, sales to the automobile, electrical machinery and general machinery sectors plummeted from towards the end of the fiscal year.

As a result of the above, segment sales declined 28.7% to ¥28,735 million. In line with lower sales and other factors, operating income decreased a substantial 38.8% to ¥7,322 million.

(Precision Products)

Sales of wristwatch components declined due to the impact of drastic production cutbacks implemented by wristwatch manufacturers amid the continuing contraction of the watch market. Sales of non-wristwatch components also decreased, despite strong sales of primarily components for car audio equipment in China, robust orders for HDD components at the production subsidiary established in Thailand last year, and improved productivity. With all HDD components however, sales of components for portable music players failed to grow, causing sales of non-wristwatch components to decline.

As a result, segment sales declined 7.2% to ¥4,052 million. Operating income significantly fell 37.1% to ¥534 million, mainly due to the decline in sales.

(ii) Outlook for Fiscal 2010

The outlook for the global economy, which has been rapidly contracting since the second half of last year, is extremely uncertain.

In these circumstances, the Group expects its full-year consolidated performance to be affected by a very severe business environment. The Machine Tools Segment is experiencing a slump in orders mainly due to the impact of decreased capital investment, while the Components Segment, which handles micro audio components, is expected to see negative growth in the mobile phone market. In terms of foreign exchange rates, the yen is projected to be generally strong.

Consequently, the Group is forecasting substantially decreased net sales of ¥28,100 million, a decrease of 50.7% year on year. On the earnings front, the Group is unable to avoid forecasting an operating loss, ordinary loss and net loss based on the large projected drop in sales, despite ongoing efforts to rigorously cut costs and reduce business expenses. These forecasts assume fiscal 2010 exchange rates of ¥95/US$1 and ¥120/€ 1.

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

(Special Products)

In the Special Products Segment, anticipating business expansion in the future, the Group will continue to expand and strengthen sales routes, to develop markets in emerging nations and to launch new products. However, the Group is forecasting a continued slump in the point-of-sale (POS) printer market due to waning capital investment sentiment, and as regards foreign exchange rates, is forecasting a stronger yen than in the previous fiscal year. As a result, segment sales are projected at ¥7,850 million, down 33.5% year on year. The operating income forecast is ¥600 million, a decrease of 62.5%.

(Components)

In the mobile phone market, which hitherto has been growing, the Group is projecting negative growth in fiscal 2010 due to the impact of the economic slowdown. Moreover, mobile phone manufacturers are voicing increasingly stronger calls for discounts on products. Consequently, the Group is forecasting segment sales of ¥8,650 million, a decrease of 30.0% year on year. The Group also expects to record an operating loss of ¥800 million.

(Machine Tools)

The Group anticipates a substantial decline in sales in all regions because of a slowdown in new orders compared to the previous fiscal year in the U.S., Europe, Asia and Japan due to the global economic recession. The Group is scaling back operations at plants in Japan and overseas to rigorously reduce inventories. As a result, the Group is forecasting segment sales of ¥8,300 million, down 71.1% year on year, and an operating loss of ¥2,300 million.

(Precision Products)

Although the Precision Products Segment is projecting a smaller drop in sales than other segments, the Group expects sales to decrease especially for wristwatch components and components for automobiles. Consequently, segment sales are projected to decrease 18.6% year on year to ¥3,300 million, and the Group is forecasting an operating loss of ¥180 million.

(Figures less than one million are rounded down)

(¥ million)

		Fiscal 2008 Actual	Fiscal 2009 Actual	YoY Change (%)	Fiscal 2010 Forecast	YoY Change	
						Amount	(%)
Special Products	Net Sales	17,148	11,813	(31.1)	7,850	(3,963)	(33.5)
	Operating Income Ratio (%)	3,982 23.2	1,601 13.6	(59.8)	600 7.6	(1,001)	(62.5)
Components	Net Sales	12,062	12,351	2.4	8,650	(3,701)	(30.0)
	Operating Income Ratio (%)	235 2.0	1,238 10.0	425.6	(800) (9.2)	(2,038)	—
Machine Tools	Net Sales	40,304	28,735	(28.7)	8,300	(20,435)	(71.1)
	Operating Income Ratio (%)	11,971 29.7	7,322 25.5	(38.8)	(2,300) (27.7)	(9,622)	—
Precision Products	Net Sales	4,368	4,052	(7.2)	3,300	(752)	(18.6)
	Operating Income Ratio (%)	850 19.5	534 13.2	(37.1)	(180) (5.5)	(714)	—
Eliminations or Corporate		(2,387)	(2,152)		(1,820)	332	
Consolidated	Net Sales	73,883	56,952	(22.9)	28,100	(28,852)	(50.7)
	Operating Income Ratio (%)	14,651 19.8	8,544 15.0	(41.7)	(4,500) (16.0)	(13,044)	—