



Financial Results for the Fiscal Year 2010 Second Quarter

STAR MICRONICS CO., LTD.
<http://www.star-m.jp>

* Performance and achievement forecasts in this document were made based on management's judgment drawn from currently available information, and contain risks and uncertainties. Therefore, please note that actual performance may vary significantly from projections due to various factors.

Net sales and earnings declined year on year

■ Net Sales	: ¥ 13.2 billion	➡	58.8% down YoY
■ Operating Income	: ¥-2.0 billion	➡	-
■ Ordinary Income	: ¥-1.9 billion	➡	-
■ Net Income	: ¥-2.9 billion	➡	-

- ✓ **Machine Tools Segment and Special Products Segment posted large declines in sales mainly due to impact of reduced capital investment.**
- ✓ **In Components Segment, order levels did not recover.**

(Millions of Yen)

	Second Quarter					Full-Year				
	2Q for FY2/09 Actual		2Q for FY2/10 Actual			FY2/09 Actual		FY2/10 Forecast		
	Amount	Income Ratio (%)	Amount	Income Ratio (%)	YoY Change (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	YoY Change (%)
Sales										
Special Products (Computer printers)	1,335		-		-	2,353		-		-
(POS printers)	5,088		3,164		(37.8)	9,459		6,550		(30.8)
Total	6,423		3,164		(50.7)	11,813		6,550		(44.6)
Components	6,473		4,017		(37.9)	12,351		7,450		(39.7)
Machine Tools	17,280		4,684		(72.9)	28,735		9,500		(66.9)
Precision Products	2,131		1,429		(33.0)	4,052		3,000		(26.0)
Total	32,309		13,296		(58.8)	56,952		26,500		(53.5)
Operating Income										
Special Products (Computer printers)	(174)	-	-	-	-	(528)	-	-	-	-
(POS printers)	1,116	21.9	108	3.4	(90.3)	2,129	22.5	160	2.4	(92.5)
Total	941	14.7	108	3.4	(88.5)	1,601	13.6	160	2.4	(90.0)
Components	729	11.3	(635)	-	-	1,238	10.0	(1,610)	-	-
Machine Tools	4,629	26.8	(465)	-	-	7,322	25.5	(1,760)	-	-
Precision Products	330	15.5	(166)	-	-	534	13.2	(290)	-	-
Eliminations or Corporate	(1,134)		(845)			(2,152)		(1,700)		
Total	5,496	17.0	(2,003)	-	-	8,544	15.0	(5,200)	-	-
Ordinary Income	5,867	18.2	(1,984)	-	-	8,923	15.7	(5,050)	-	-
Net Income	3,318	10.3	(2,974)	-	-	4,338	7.6	(4,700)	-	-

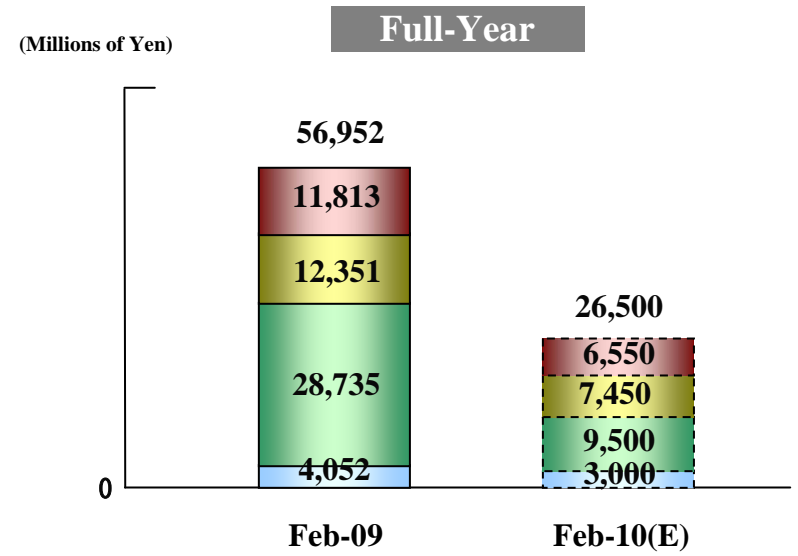
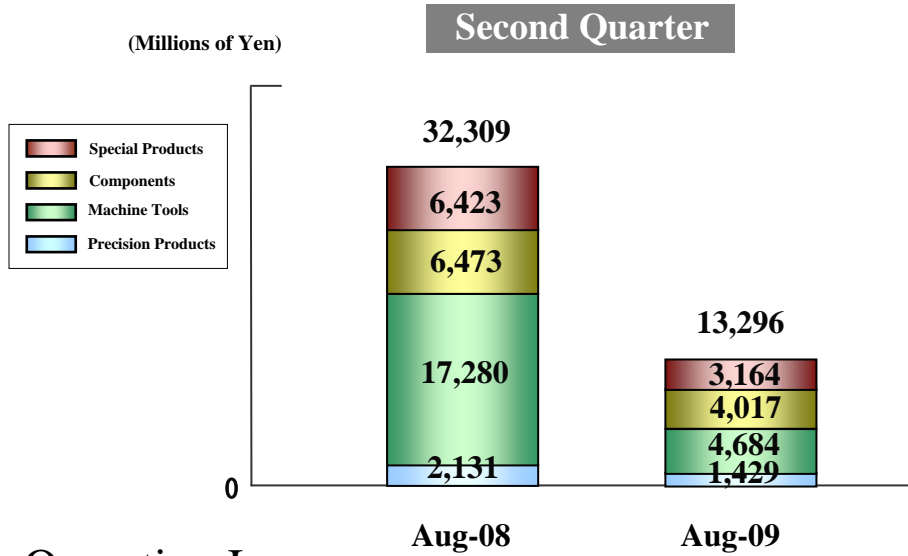
ROE (%)						7.3		-	
Cash Dividends Applicable to the Year	¥30		¥11			¥45		¥22	
DOE (%)						3.8		2.1	

※ROE (Return on Equity) = Net Income / Shareholders' Equity (yearly average) x 100

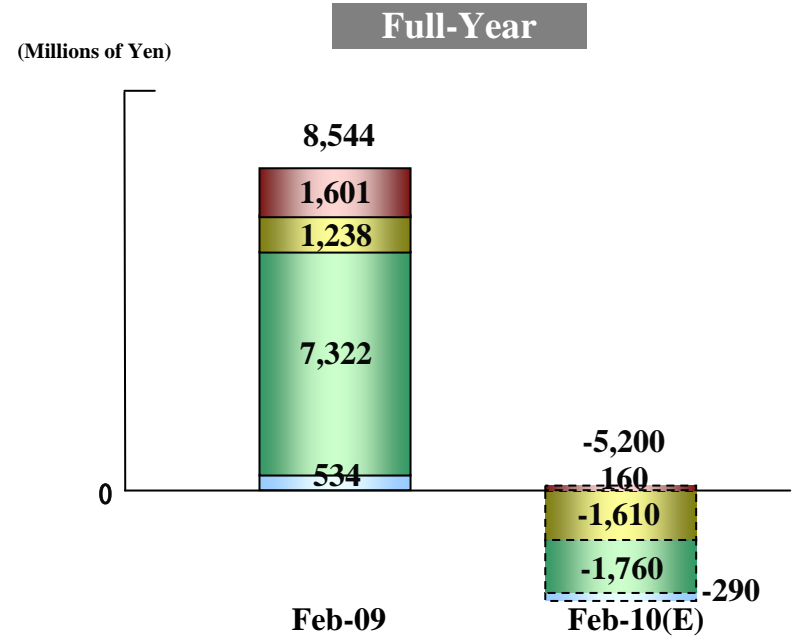
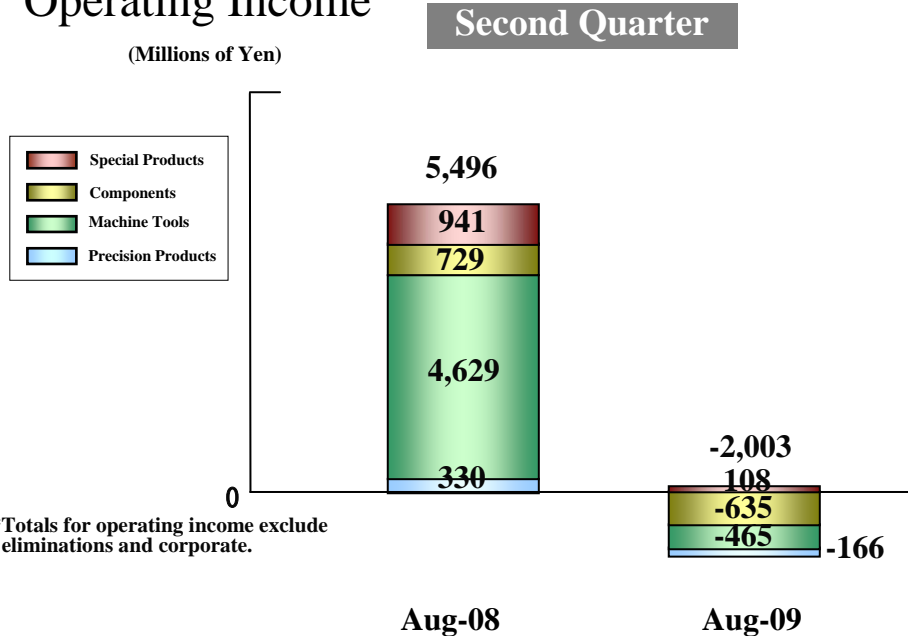
※DOE (Dividend on Equity) is the ratio of the non-consolidated dividend per common share (annual) to consolidated net assets (year average), multiplied by 100 (%)

Exchange Rate	US\$	104.92	95.48	103.44	(2nd-Half assumption) 95.00
	EUR	160.54	127.21	152.41	(2nd-Half assumption) 125.00

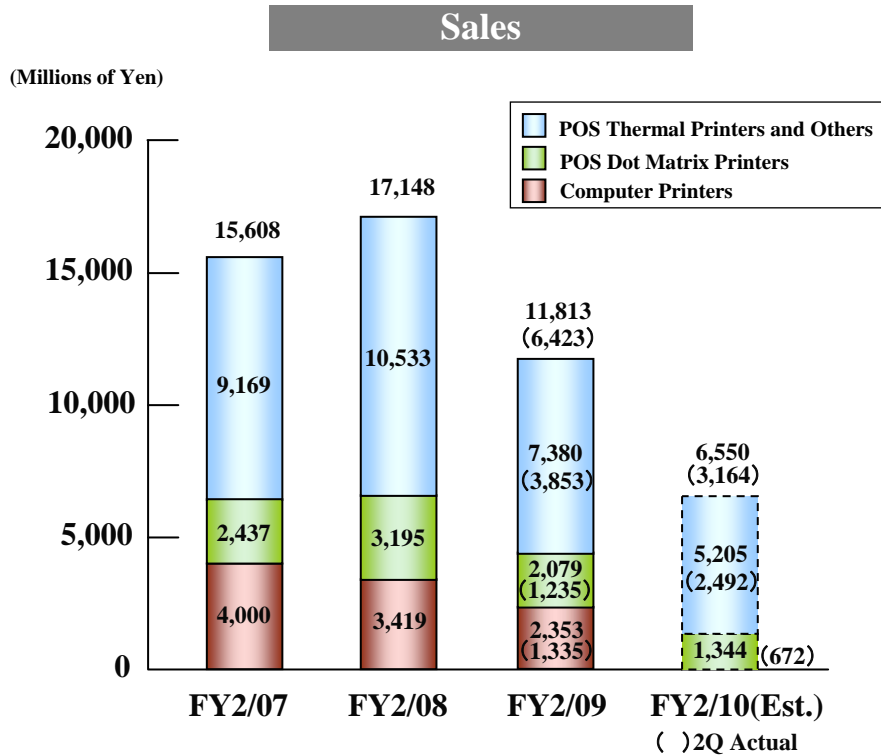
Sales



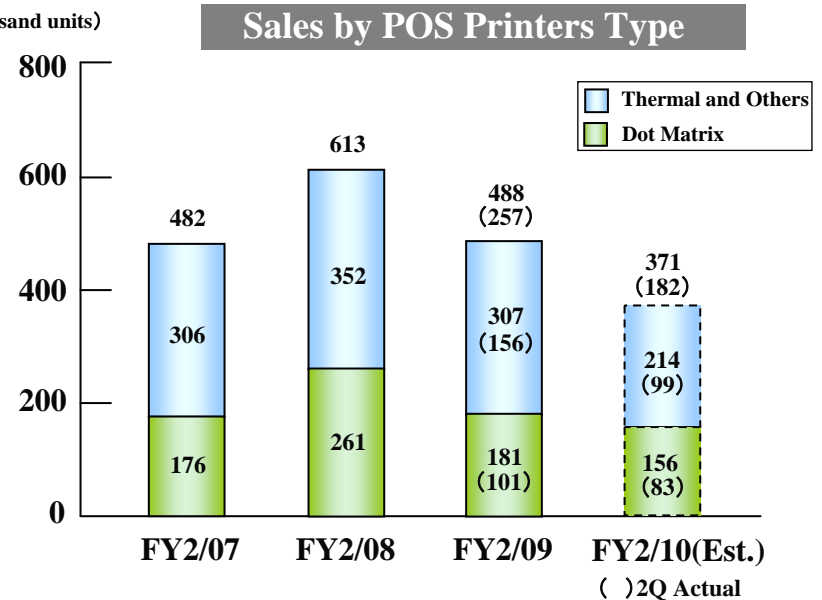
Operating Income



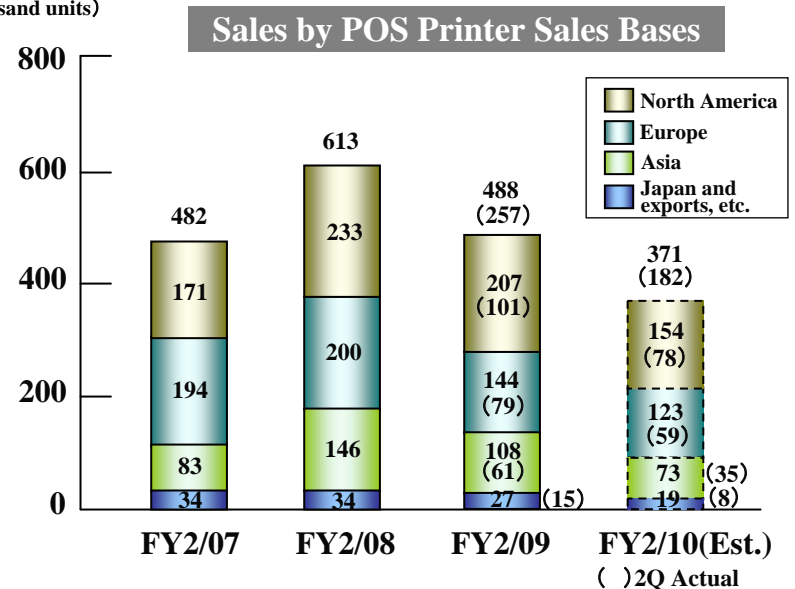
*Totals for operating income exclude eliminations and corporate.



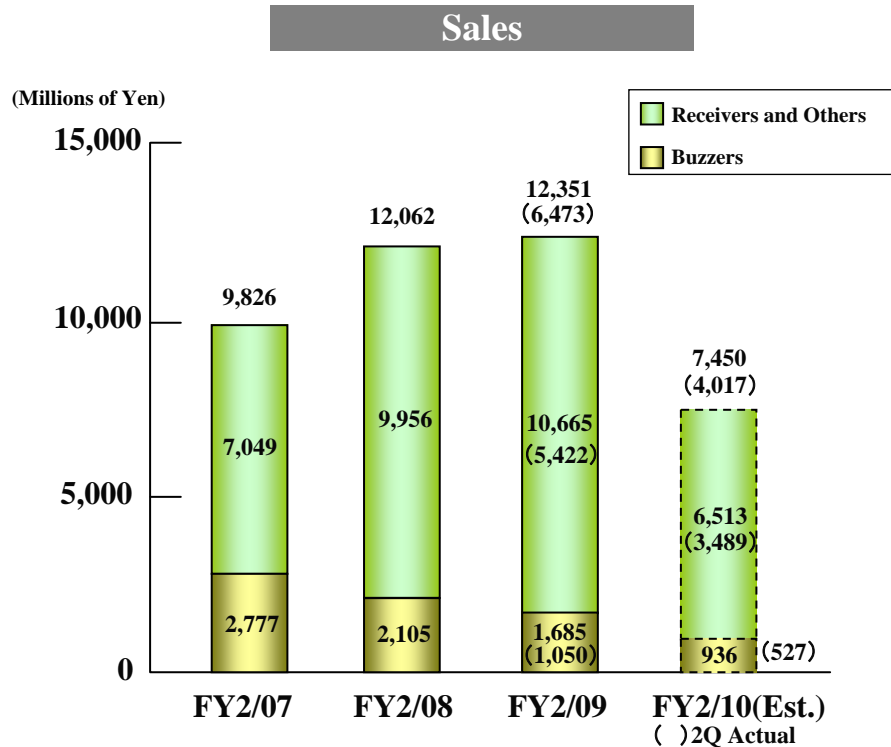
(Thousand units)



(Thousand units)

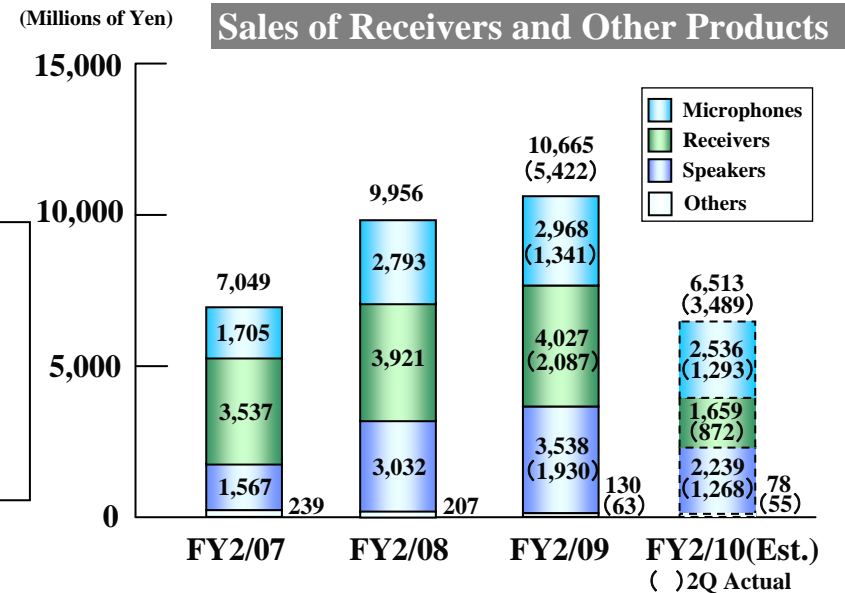
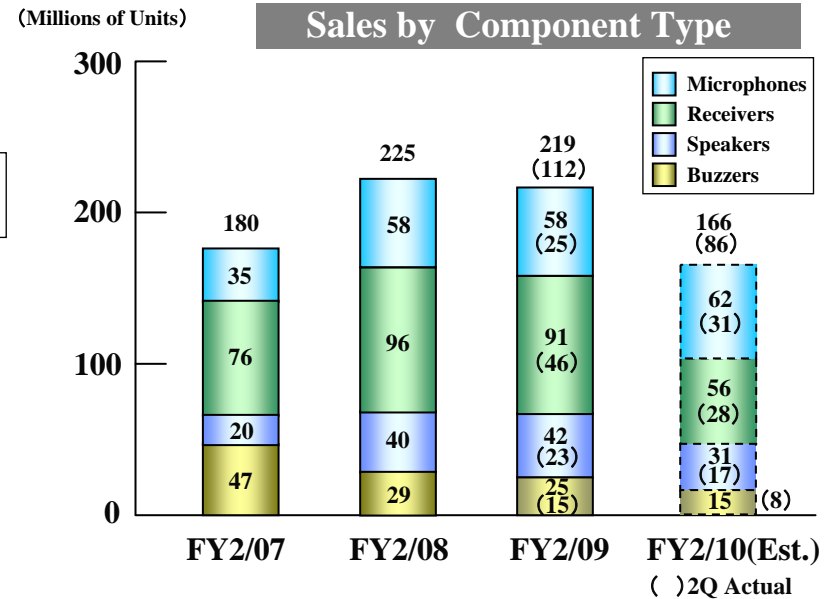


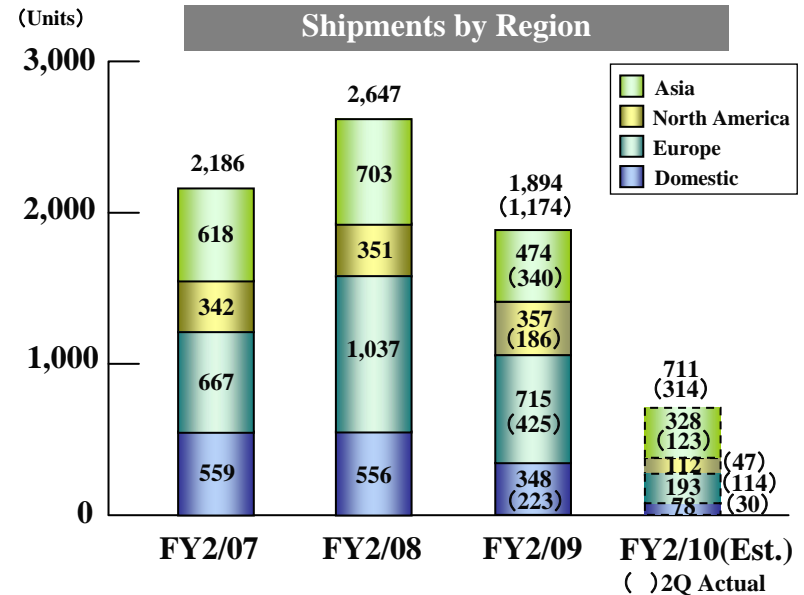
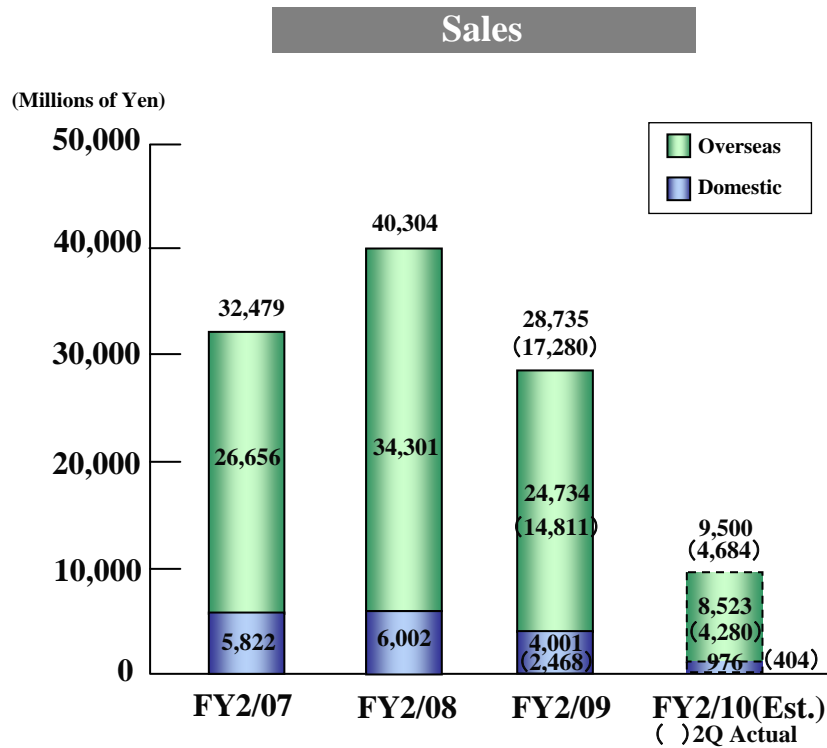
▪ In core POS printer market, companies continued to be cautious toward new investment and exchange rates impacted negatively: sales of dot impact printers and thermal printers fell sharply.



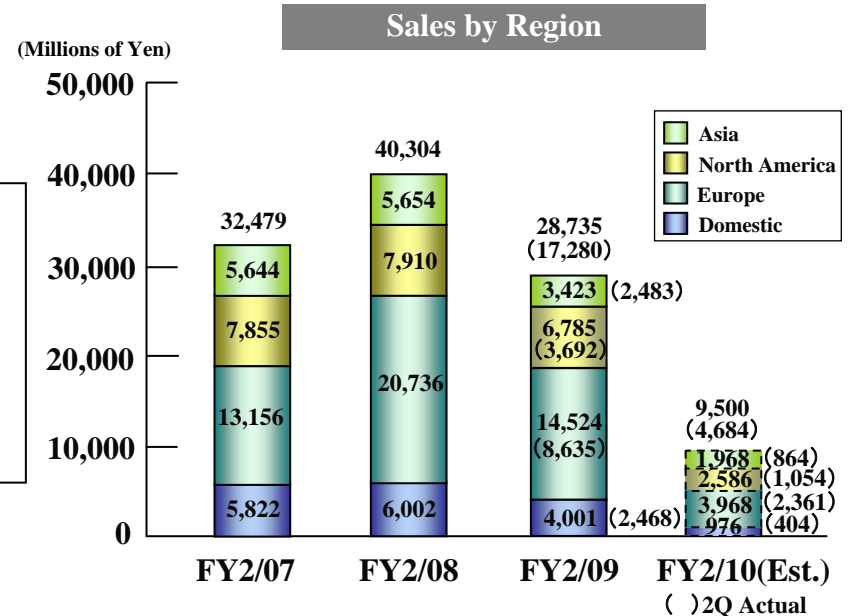
Note: "Receivers and Others" refers to receivers, microphones, speakers and other devices.

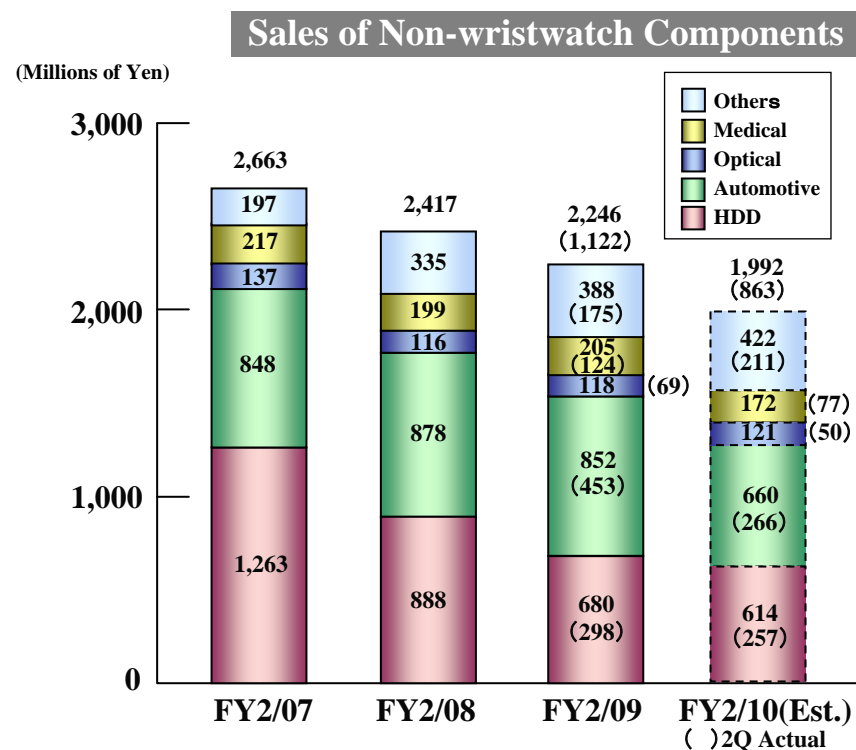
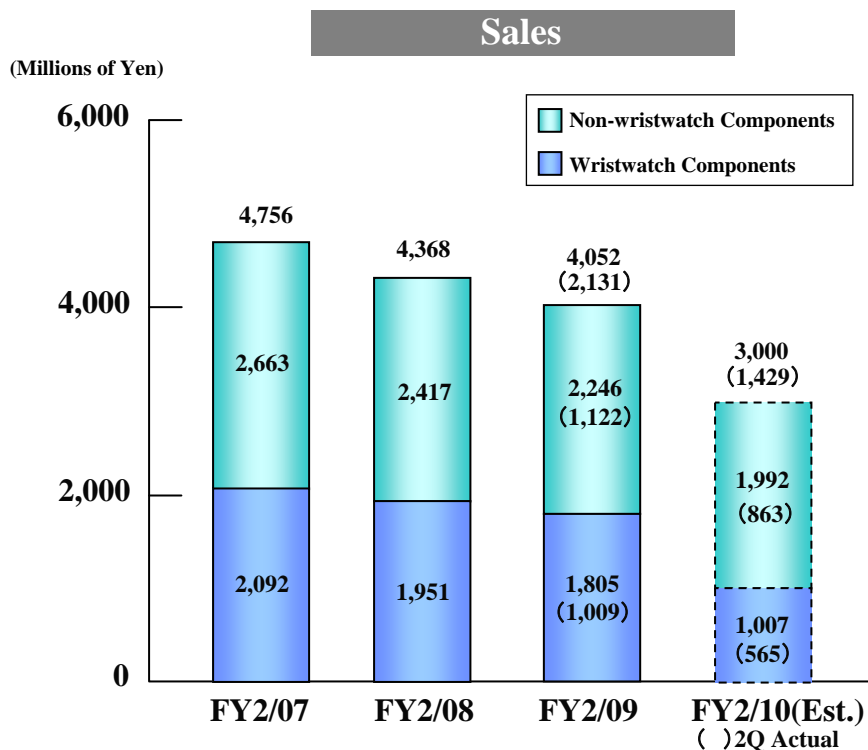
▪ Although drastic production cutbacks by mobile phone makers eased, demand did not recover. Overall demand was sluggish and sales declined despite increased demand for components for automobile ETC terminals.





▪ Demand remained at low levels and sales decreased substantially in Japan and overseas as capital investment in core European market and elsewhere continued to be restrained overall, although orders related to domestic demand in China tended to recover.

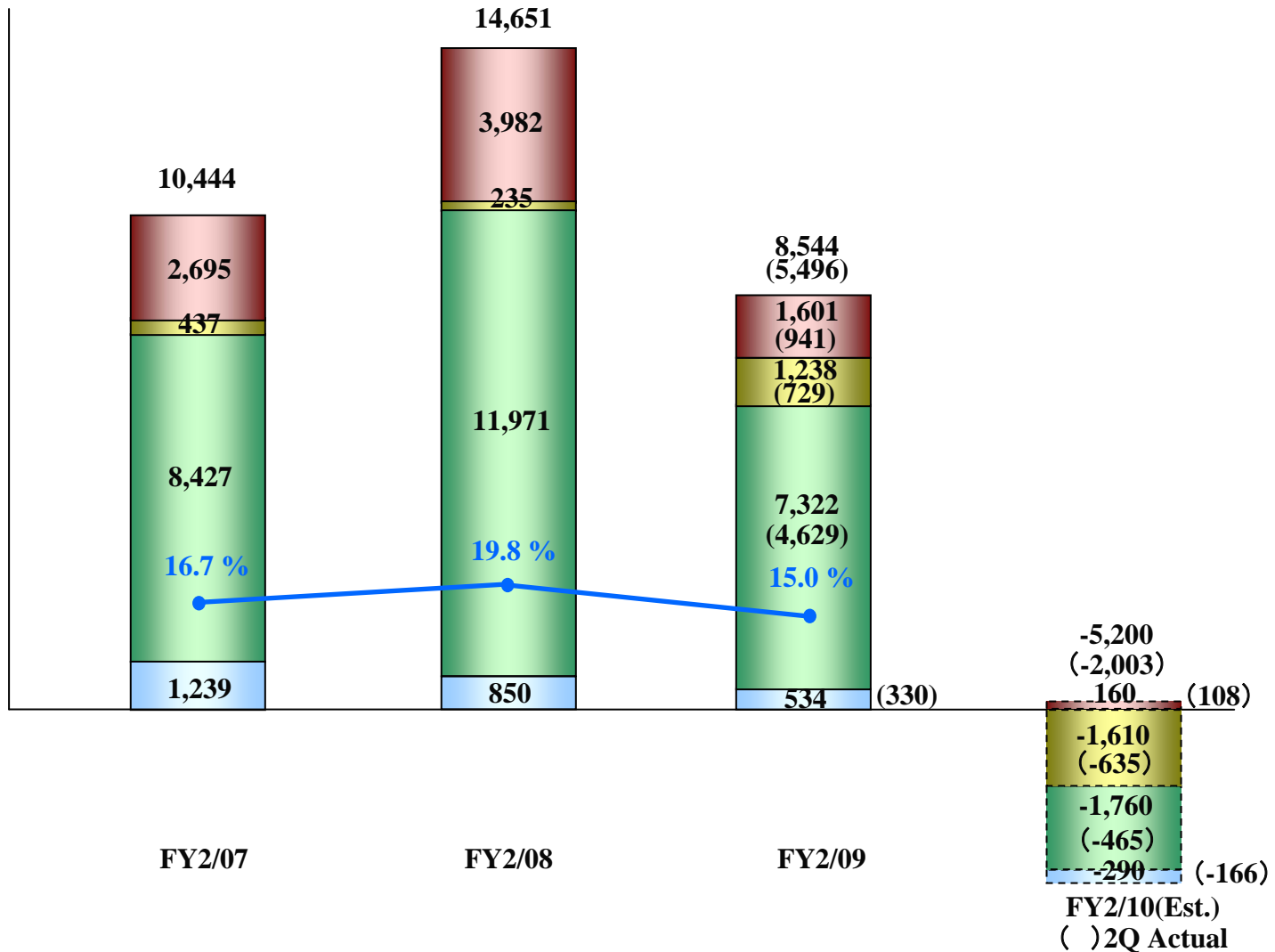




- Sales of wristwatch components declined substantially as wristwatch manufacturers continued to make production cutbacks.
- Sales of non-wristwatch components decreased, although sales of car audio components and small HDD components steadily recovered.

Operating Income by Segment

(Millions of Yen)



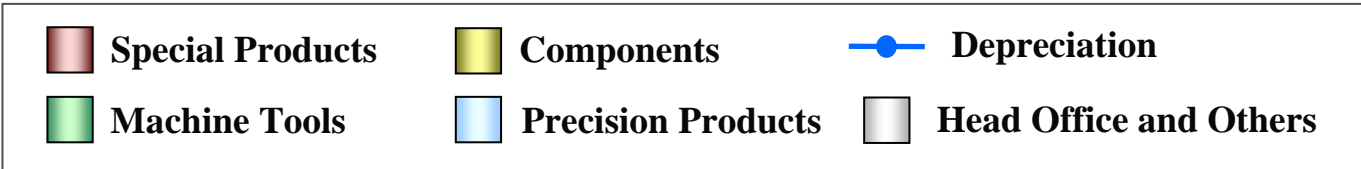
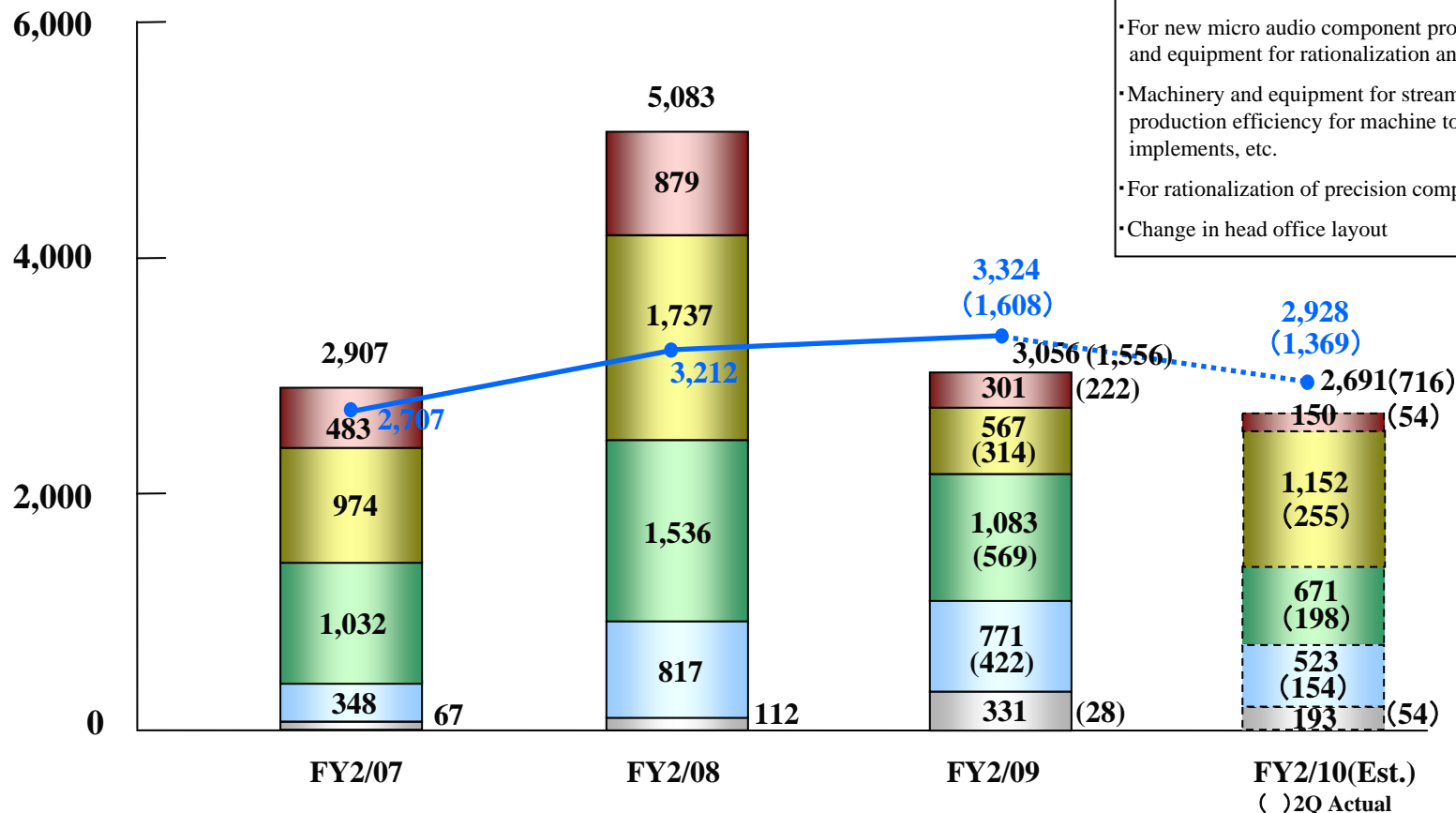
*Operating income totals exclude eliminations and corporate.

※Operating income ratio for the fiscal year ending February 28, 2010 has not been calculated because operating loss is projected for that fiscal year.

Capital Investment

(Millions of Yen)

- 【Main Uses of Capital Investment】**
- Metal dies for POS printers, etc.
 - For new micro audio component products, and machinery and equipment for rationalization and labor saving, etc.
 - Machinery and equipment for streamlining and raising production efficiency for machine tools, new product implements, etc.
 - For rationalization of precision components, etc.
 - Change in head office layout



(Millions of Yen)

		Feb.2008 Actual		Feb.2009 Actual		Feb.2010 Forecast	
		Amount	Component percentages	Amount	Component percentages	Amount	Component percentages
Assets	Cash	22,421	26%	16,007	25%	14,300	26%
	Inventories	15,436	18%	15,489	24%	10,000	19%
	Other current assets	25,378	29%	13,265	21%	10,800	20%
	Total current assets	63,235	73%	44,761	70%	35,100	65%
	Property, plant and equipment	17,727	21%	15,168	23%	14,900	27%
	Other fixed assets	5,412	6%	4,275	7%	4,400	8%
	Total fixed assets	23,139	27%	19,443	30%	19,300	35%
	Total assets	86,375	100%	64,204	100%	54,400	100%
Liabilities	Payables	7,910	9%	3,248	5%	2,600	5%
	Short-term debt	-	-	2,000	3%	2,000	3%
	Other current liabilities	11,166	13%	5,511	9%	4,246	8%
	Total current liabilities	19,077	22%	10,759	17%	8,846	16%
	Total long-term liabilities	696	1%	458	0%	300	1%
	Total liabilities	19,773	23%	11,218	17%	9,146	17%
Net assets	Total net assets	66,601	77%	52,986	83%	45,254	83%
Total liabilities and net assets		86,375	100%	64,204	100%	54,400	100%

Cash Flows

(Millions of Yen)

	Feb.2007 Actual	Feb.2008 Actual	Feb.2009 Actual	Feb.2010 Forecast
Net cash provided by operating activities	10,711	10,666	6,151	5,400
Net cash used in investing activities	(3,168)	(8,072)	(1,314)	(2,500)
Free cash flow	7,542	2,593	4,837	2,900
Net cash used in financing activities	(1,330)	(2,151)	(9,076)	(4,000)
Cash and cash equivalents at end of year	21,196	21,824	14,610	13,500

Financial Benchmarks

	Feb.2007 Actual	Feb.2008 Actual	Feb.2009 Actual	Feb.2010 Forecast
Total asset turnover	0.9 times	0.9 times	0.8 times	0.4 times
Equity ratio	79.9%	76.2%	81.5%	81.8%
Return on equity (ROE)	12.2%	12.8%	7.3%	-
Return on assets (ROA)	15.2%	18.7%	11.9%	-
Earnings per share (EPS)	¥131.09	¥150.74	¥85.66	(¥103.26)
Book value per share (BPS)	¥1,137.05	¥1,227.59	¥1,114.21	¥1,009.45
Dividend on equity (DOE)	3.0%	4.7%	3.8%	2.1%

Research and Development Costs

(Millions of Yen)

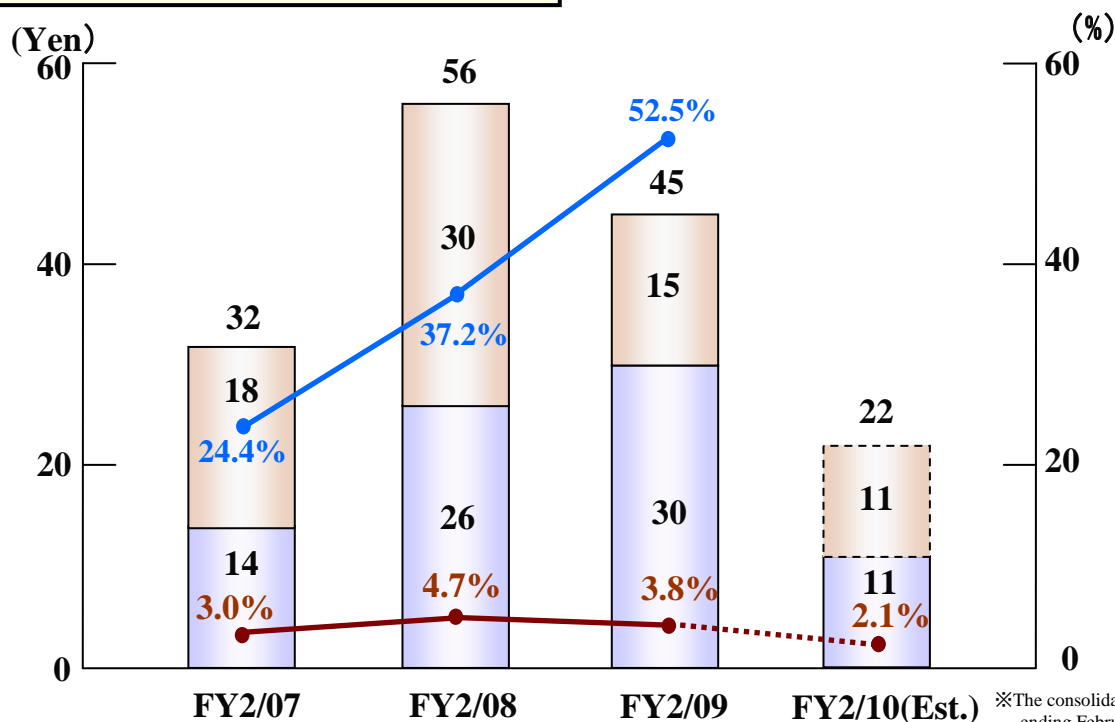
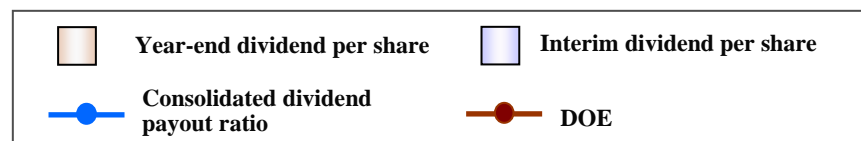
	Feb.2007 Actual	Feb.2008 Actual	Feb.2009 Actual	Feb.2010 Forecast
R&D costs	2,145	2,213	2,054	1,967

■ Policies

- Strive to improve corporate value and promote shareholders' interests by enhancing capital efficiency.
- Continuously and flexibly buy back shares, while positioning dividends as the primary means of returning profits to shareholders.
- Set aside adequate treasury stock to fund business investments (business alliances and M&As), and retire any excess treasury shares.

■ Targets




- Consolidated dividend payout ratio : 40% or more
- Total shareholder return ratio : 60% or more
- Dividend on equity : 6% or more



※The consolidated dividend payout ratio for the fiscal year ending February 28, 2010 has not been calculated because a net loss is projected for that fiscal year.

Performance Indicators (10-Year Data)

	Net Sales (Millions of Yen)	Operating Income		Ordinary Income		Net Income		EPS (Yen)	ROE (%)	DOE (%)	Dividends Per Share (Yen)
		(Millions of Yen)	Income Ratio (%)	(Millions of Yen)	Income Ratio (%)	(Millions of Yen)	Income Ratio (%)				
FY2/00	44,913	4,552	10.1	3,591	8.0	2,702	6.0	47.84	6.5		7.0
FY2/01	52,304	6,352	12.1	6,477	12.4	3,273	6.3	57.91	7.3		10.0
FY2/02	43,265	4,063	9.4	4,213	9.7	577	1.3	10.21	1.2		10.0
FY2/03	38,611	2,407	6.2	1,874	4.9	434	1.1	7.77	0.9	1.2	10.0
FY2/04	43,331	3,549	8.2	3,593	8.3	2,425	5.6	44.12	5.4	1.3	11.0
FY2/05	49,689	6,343	12.8	6,357	12.8	3,775	7.6	70.13	8.2	1.7	15.0
FY2/06	54,788	8,108	14.8	8,386	15.3	5,151	9.4	95.60	10.1	2.2	21.0
FY2/07	62,670	10,444	16.7	10,862	17.3	7,012	11.2	131.09	12.2	3.0	32.0
FY2/08	73,883	14,651	19.8	15,170	20.5	8,080	10.9	150.74	12.8	4.7	56.0
FY2/09	56,952	8,544	15.0	8,923	15.7	4,338	7.6	85.66	7.3	3.8	45.0
FY2/10(Est.)	26,500	(5,200)	-	(5,050)	-	(4,700)	-	(103.26)	-	2.1	22.0

Segment	Products	
Special Products	POS Printers Card Reader/Writers	
Components	Micro Audio Components (Electronic Buzzers, Microphones, Speakers, Receivers)	
Machine Tools	CNC Automatic Lathes, etc.	
Precision Products	Wristwatch Parts, Optical Connector Parts, Automotive Parts, Medical Equipment Parts	