

Financial Results for the Fiscal Year 2016 Second Quarter

STAR MICRONICS CO., LTD.

<http://www.star-m.jp>

Code 7718

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* The projections in this document are based on information available at the time of release of this report and certain assumptions the Company considers reasonable.
The Company does not promise that these projections will be achieved. Actual results may differ materially from projections due to a variety of factors.

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Year-on-year increase in revenue; substantial improvement in operating income.

■ Net Sales	:	¥27.17 billion	19.0%	up	YoY
■ Operating Income	:	¥2.85 billion	23.6%	up	YoY
■ Ordinary Income	:	¥2.47 billion	1.3%	down	YoY
■ Net Income	:	¥1.85 billion	12.2%	down	YoY

- ✓ **In addition to robust sales mainly in the Machine Tools Segment, increase in sales also as a result of the positive flow-on effects of the weak yen.**
- ✓ **Operating income increased substantially on the back of increased sales.**
- ✓ **Ordinary income impacted by the incidence of a foreign exchange loss recorded as a non-operating expense.**

(Millions of Yen)

	Second Quarter					Full-Year				
	2Q for FY2/15 Actual		2Q for FY2/16 Actual			FY2/15 Actual		FY2/16 Forecast		
	Amount	Income Ratio (%)	Amount	Income Ratio (%)	YoY Change (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	YoY Change (%)
Sales										
Special Products	5,598		5,396		(3.6)	11,555		11,600		0.4
Machine Tools	14,923		19,238		28.9	34,578		38,900		12.5
Precision Products	2,320		2,538		9.4	4,824		5,000		3.6
Cloud Services	-		-		-	-		-		-
Total	22,843		27,173		19.0	50,957		55,500		8.9
Operating Income										
Special Products	946	16.9	724	13.4	(23.5)	1,739	15.1	1,820	15.7	4.6
Machine Tools	2,174	14.6	2,976	15.5	36.9	5,398	15.6	6,400	16.5	18.5
Precision Products	334	14.4	359	14.2	7.7	692	14.4	710	14.2	2.5
Cloud Services	-	-	(86)	-	-	-	-	(220)	-	-
Eliminations or Corporate	(1,147)		(1,120)			(2,354)		(2,210)		
Total	2,307	10.1	2,853	10.5	23.6	5,476	10.7	6,500	11.7	18.7
Ordinary Income	2,503	11.0	2,471	9.1	(1.3)	6,150	12.1	6,200	11.2	0.8
Net Income	2,115	9.3	1,856	6.8	(12.2)	4,695	9.2	4,700	8.5	0.1

* Special Products is including Cloud Services in consolidated earning report and other disclosure information.

ROE (%)	-	-	9.8	9.2
Cash Dividends Applicable to the Year	¥19	¥23	¥44	¥46
DOE (%)	-	-	3.9	3.8

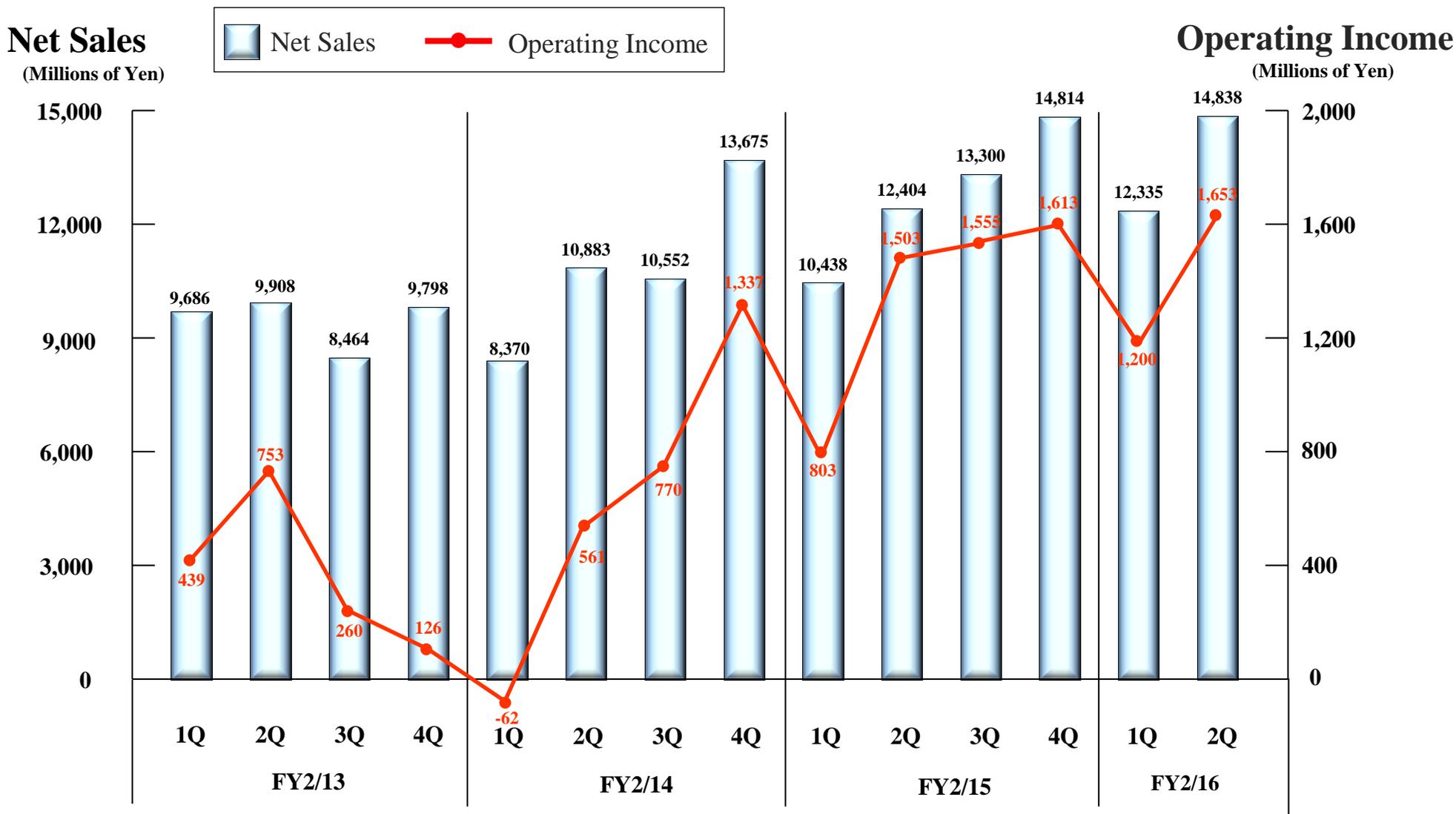
* ROE(Return on Equity) =Net Income/Shareholders' Equity (average for the beginning and end of the period)x 100(%)

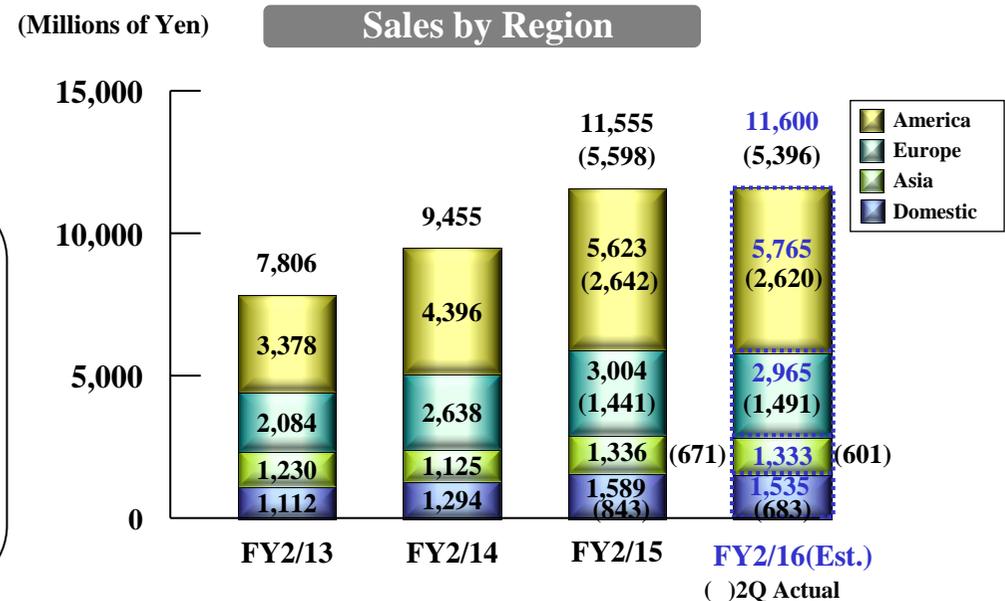
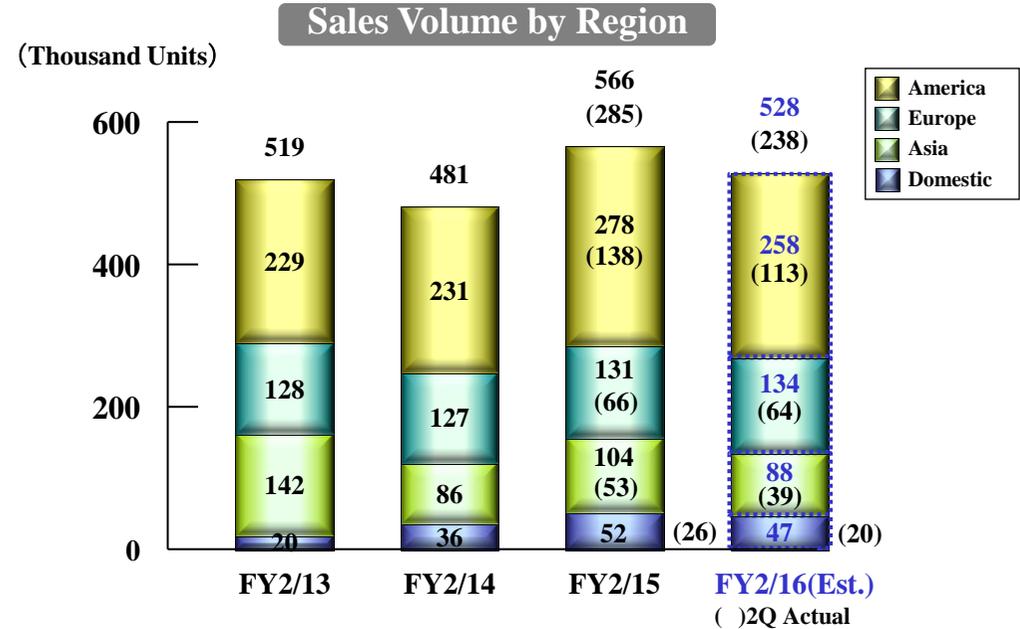
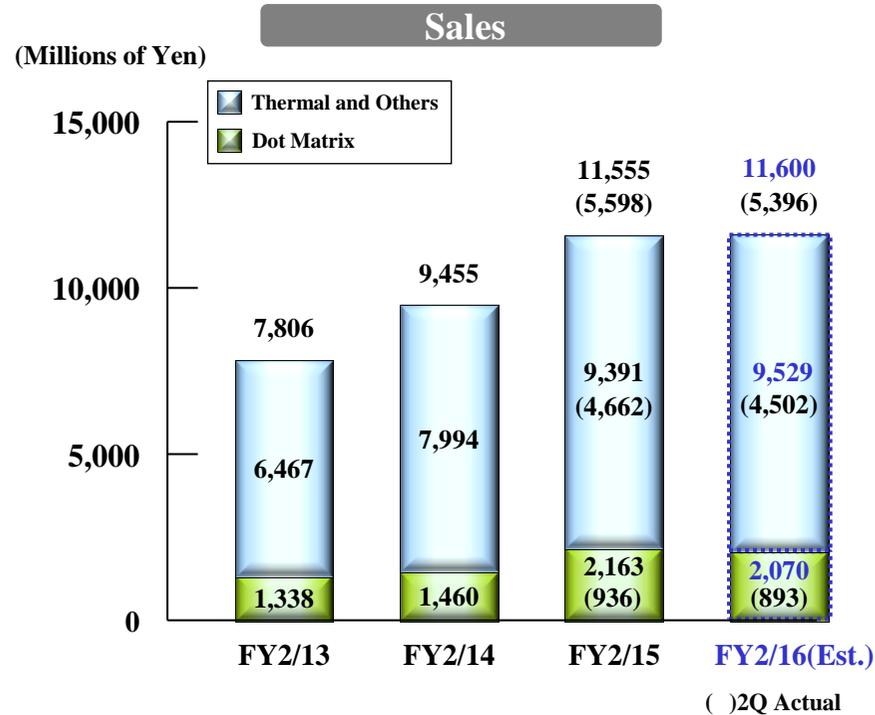
* DOE(Dividend on Equity) =The ratio of the non-consolidated dividend per common share (annual) /consolidated net assets per share(year average)x 100(%)

*Foreign exchange sensitivity: Sensitivity of operating income to a ¥1 change in foreign exchange rates.

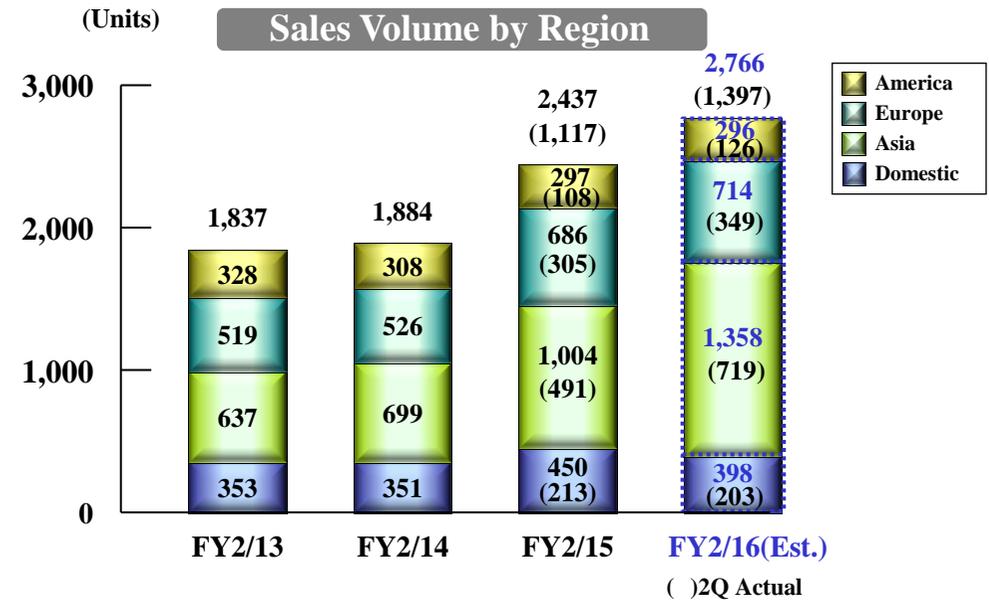
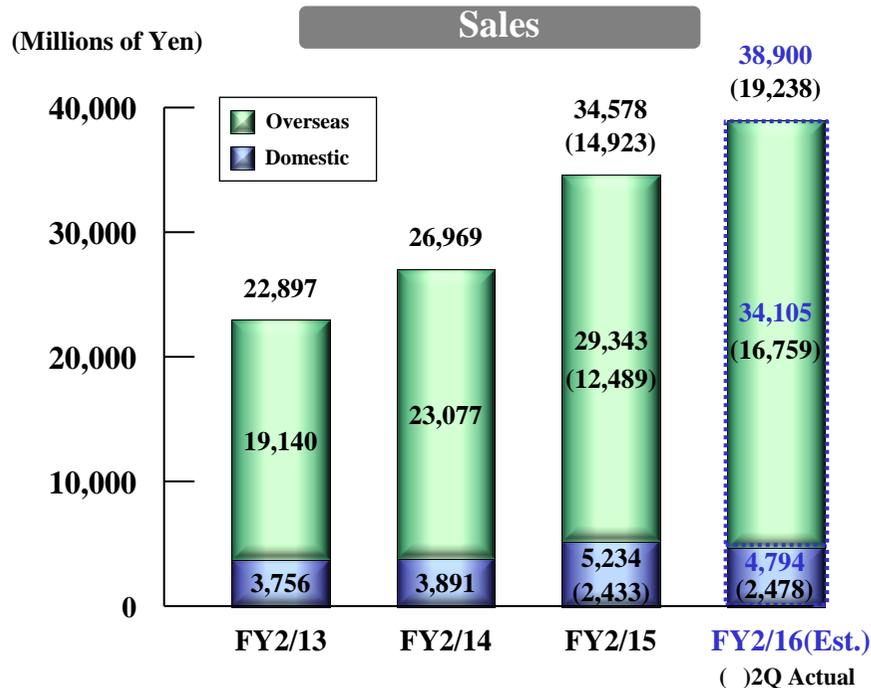
					Full-Year	2nd Half	
					Assumed Exchange Rate	Assumed Exchange Rate	Foreign exchange sensitivity
Exchange Rate	US\$	¥102.47	¥120.24	¥105.86	¥120.12	¥120.00	¥11 million
	EUR	¥140.43	¥134.17	¥140.43	¥132.09	¥130.00	¥24 million
	GBP	¥171.02	¥183.30	¥174.21	¥181.65	¥180.00	¥ 3 million
	CHF	¥114.97	¥127.21	¥115.62	¥126.11	¥125.00	¥16 million

Quarterly information (Net Sales and Operating Income)

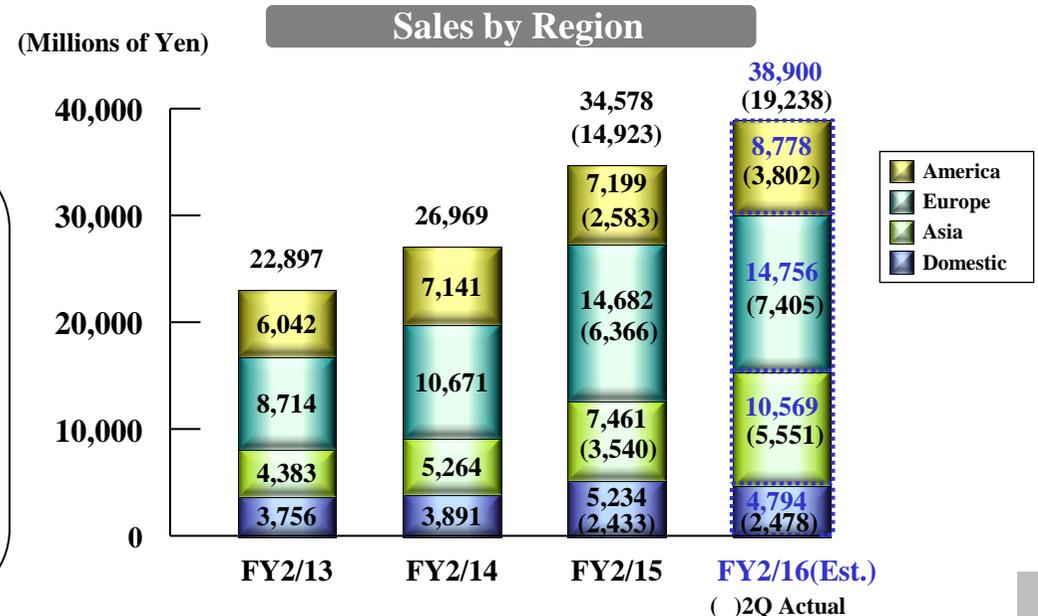




- Sales decreased owing mainly to the negative impact of inventory adjustments by sales agents in the U.S. market.
- While the pace of market recovery in Europe stalled, sales in this region increased. This was largely attributable to depreciation in the value of the yen.
- In the Asian market, sales declined due mainly to the sluggish performance in China.
- Owing to such factors as the absence of large-scale orders, sales in the domestic Japanese market also declined.

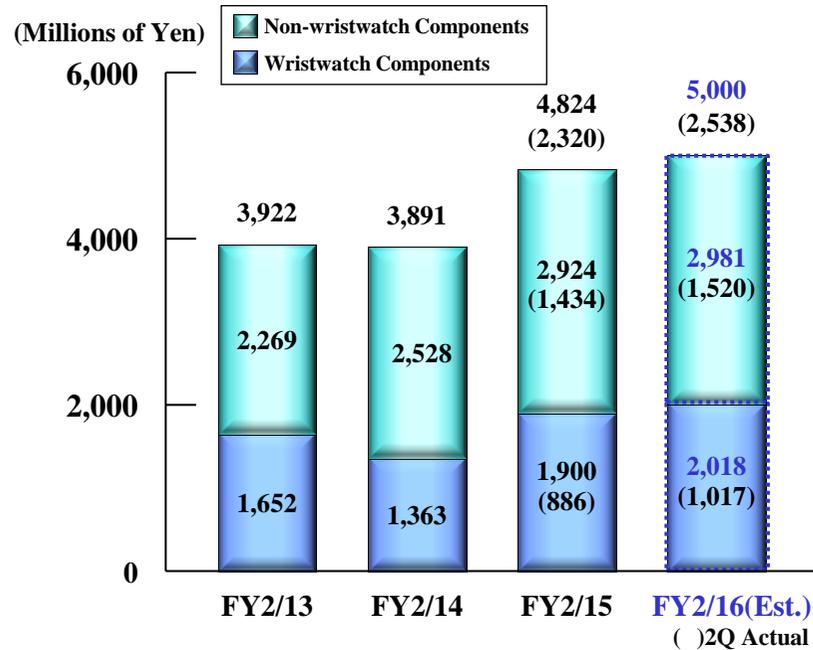


- Sales in the United States increased substantially with firm results in the medical equipment-related sector.
- In Europe, sales also increased mainly on the back of robust results in the automotive-related sectors.
- Sales grew significantly in the Asian market. This was largely attributable to strong sales in the automobile-related sector primarily in East Asia.
- While market conditions spearheaded by the automobile-related sector were sound, sales in the Japanese market were on a par with levels recorded in the corresponding period of the previous fiscal year.

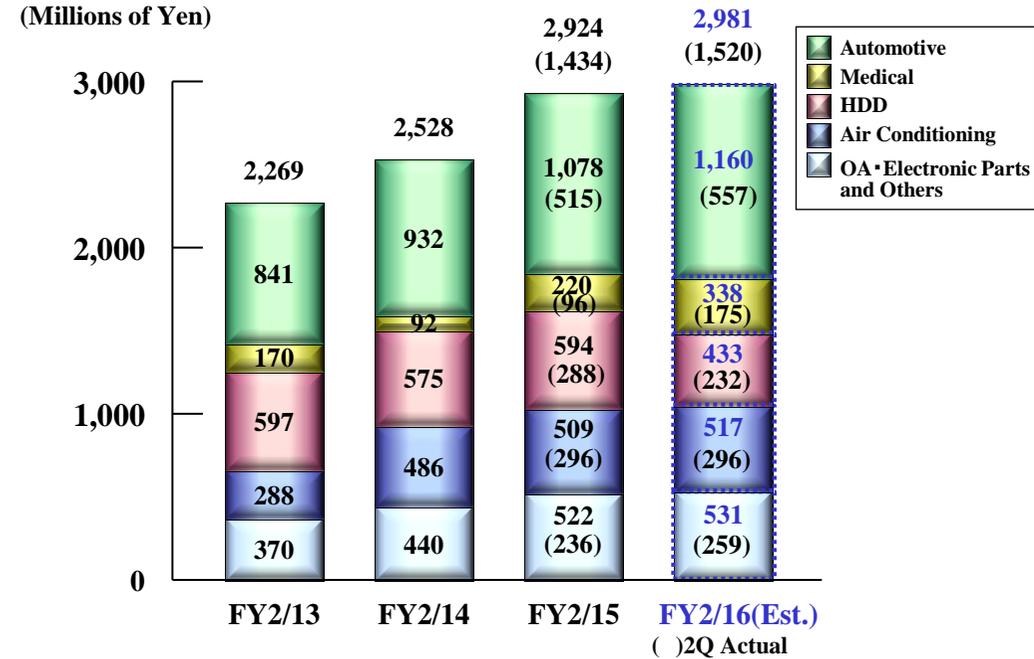




Sales



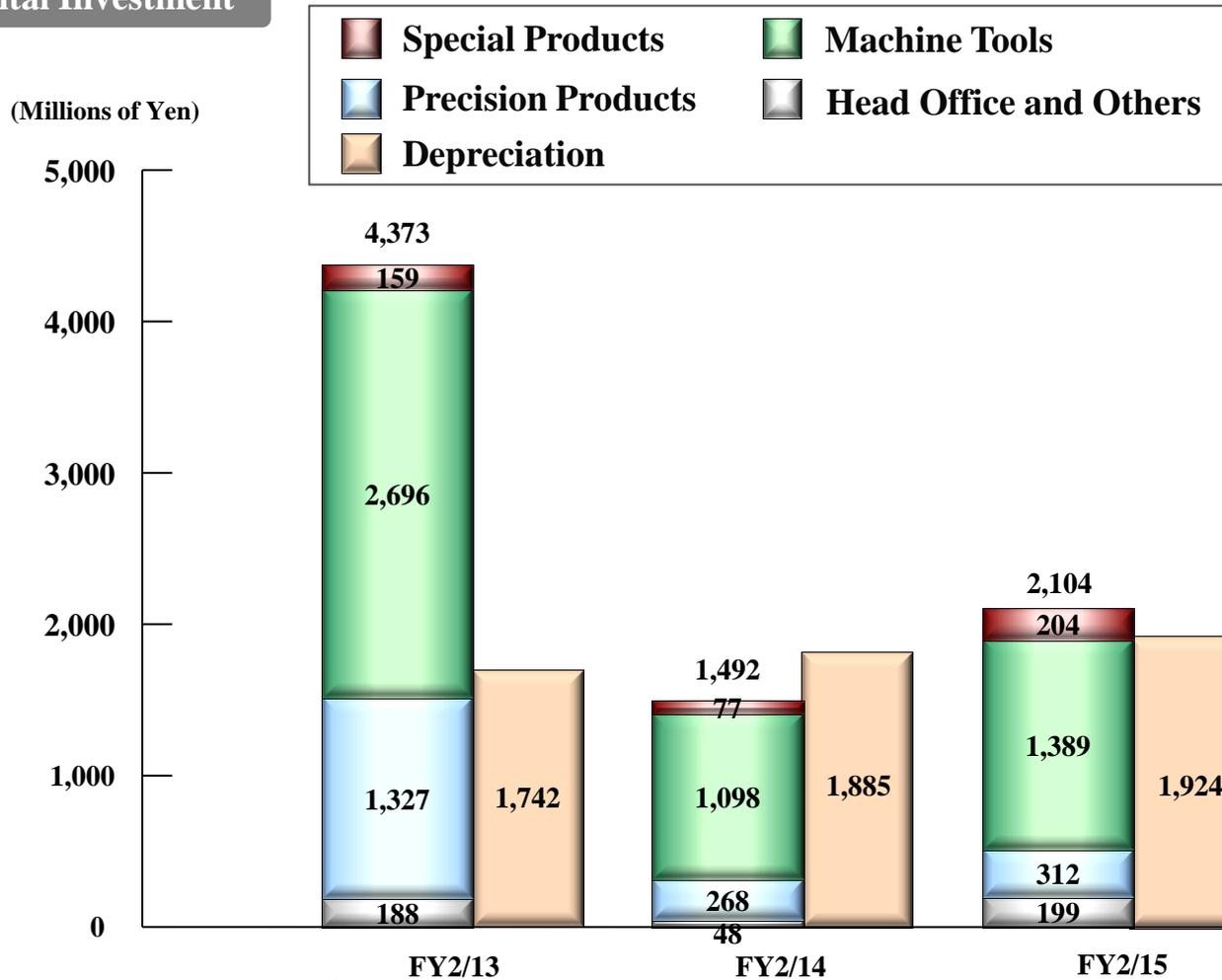
Sales of Non-wristwatch Components



- Sales of wristwatch components increased due to strong sales to wristwatch makers.
- In addition to the positive effects of depreciation in the value of the yen, sales of non-wristwatch components also increased owing primarily to robust sales of medical equipment-related components.

Capital Investment / R&D Costs

Capital Investment



【Main Capital Investment Track Record and Plans】

	Breakdown
Special Products	Dies for new models, etc
Machine Tools	Productive facilities for Rationalization , replacement and maintenance , etc.
Precision Products	Extension of domestic factory and expansion of production facilities, etc.
Head Office and Others	Related to information systems, etc.

R&D Costs

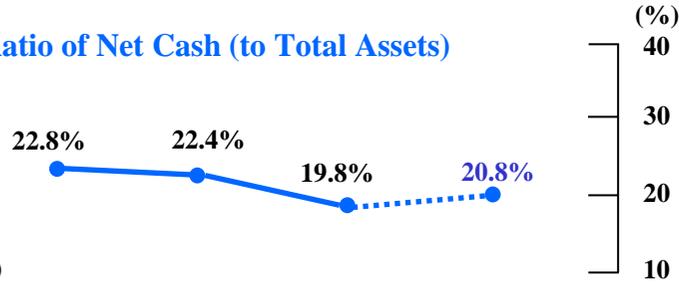
	FY2/13	FY2/14	FY2/15	FY2/16(Est.)
R&D costs	1,894	1,946	1,947	2,020

Balance Sheets

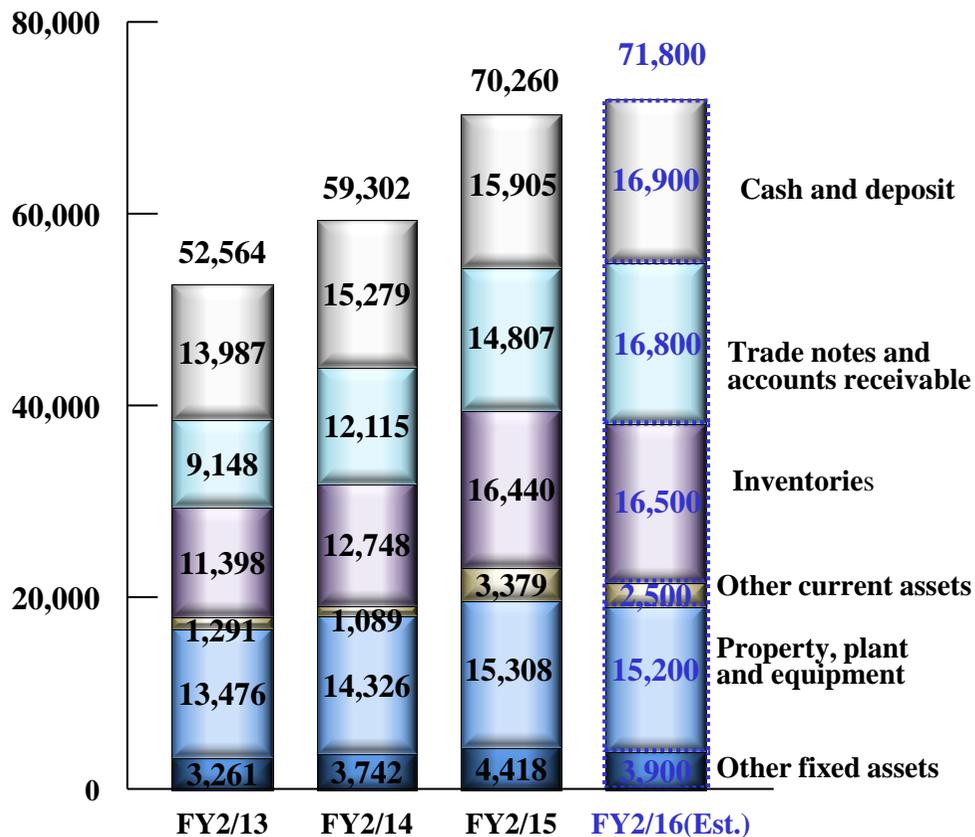


Assets

Ratio of Net Cash (to Total Assets)

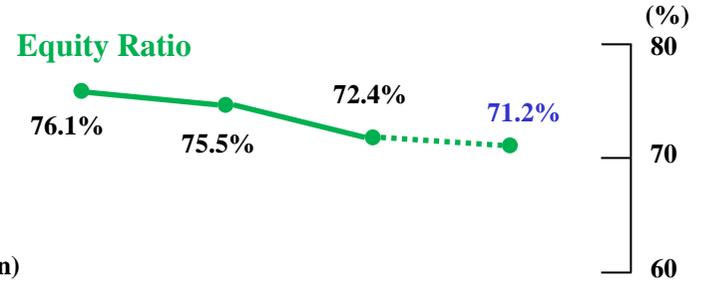


(Millions of Yen)

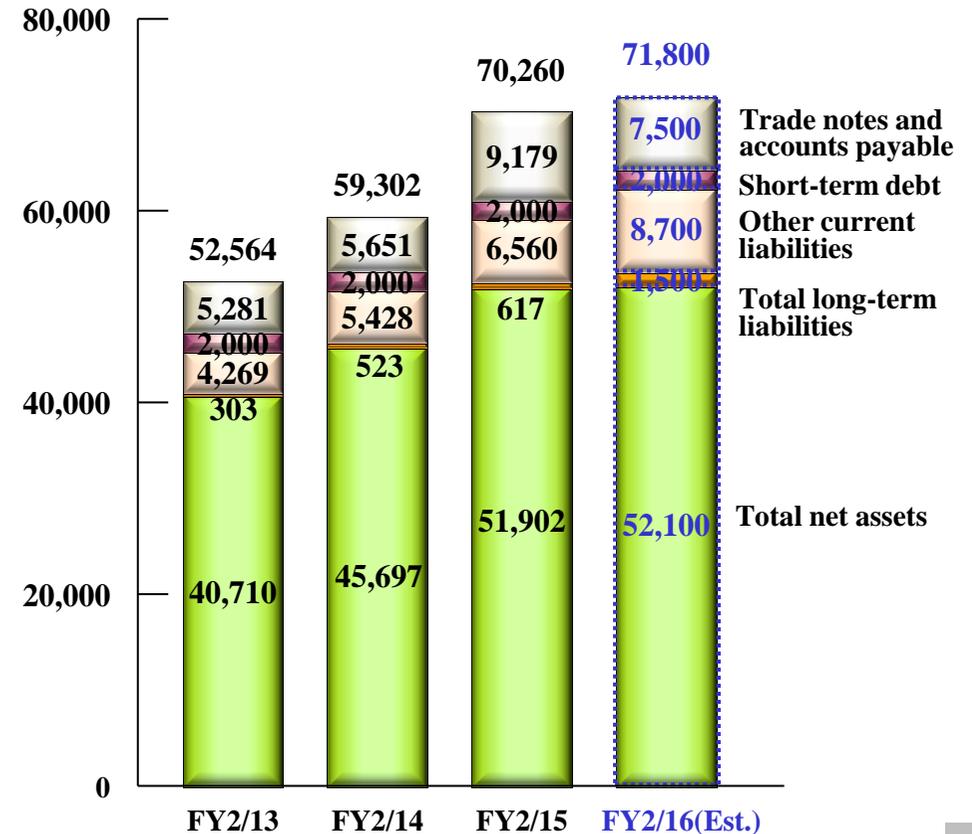


Liabilities/Net assets

Equity Ratio

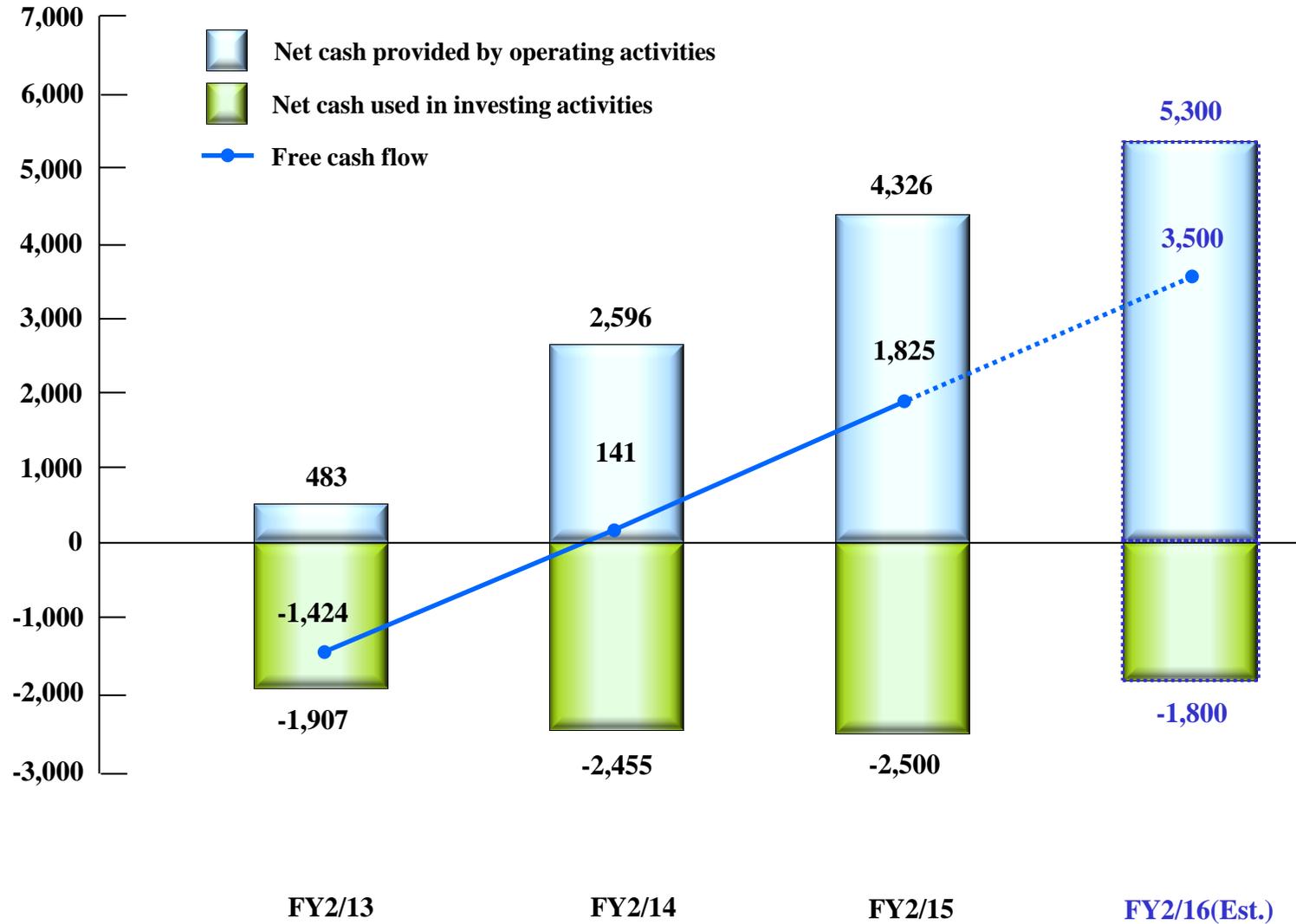


(Millions of Yen)

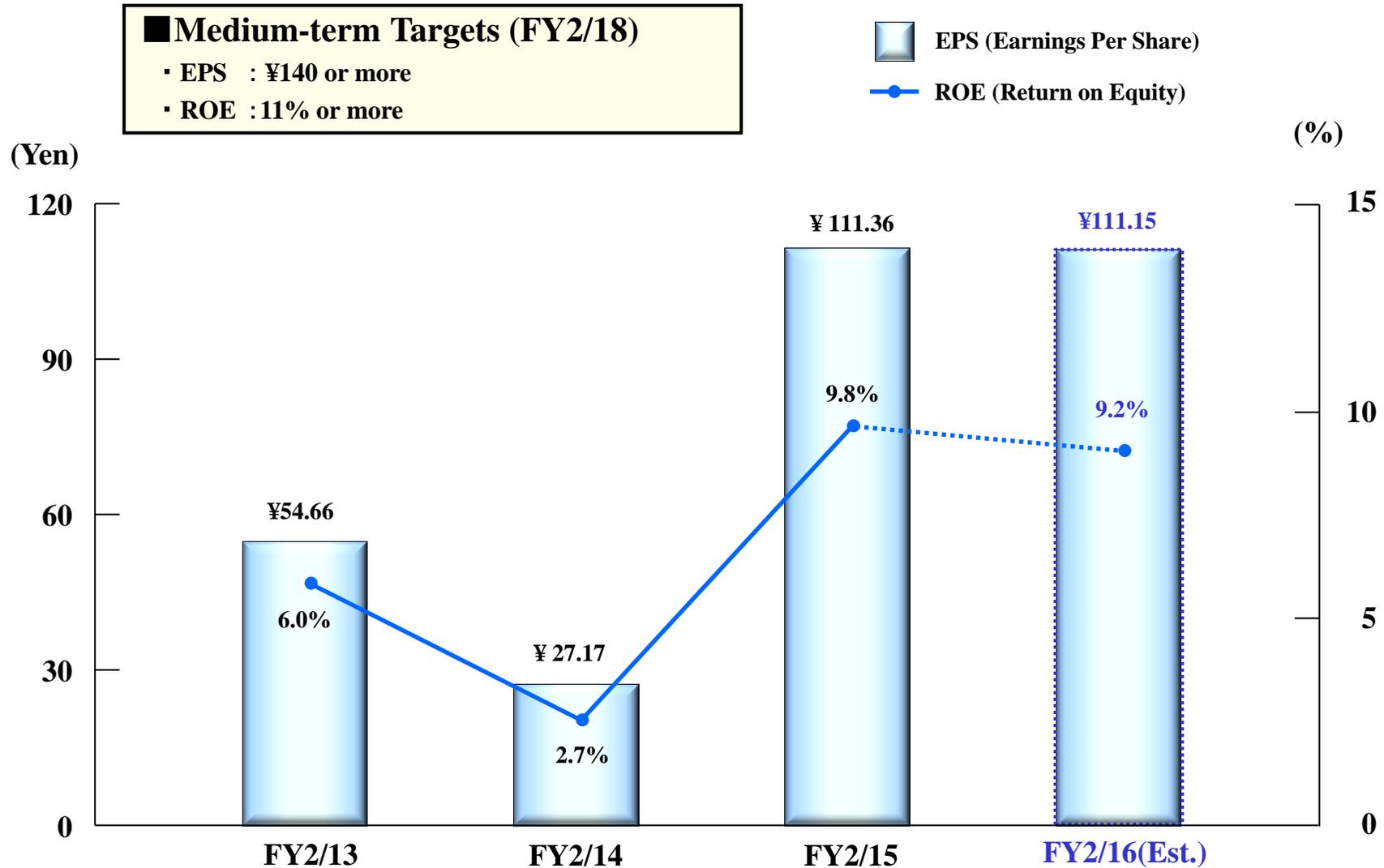


Cash Flows

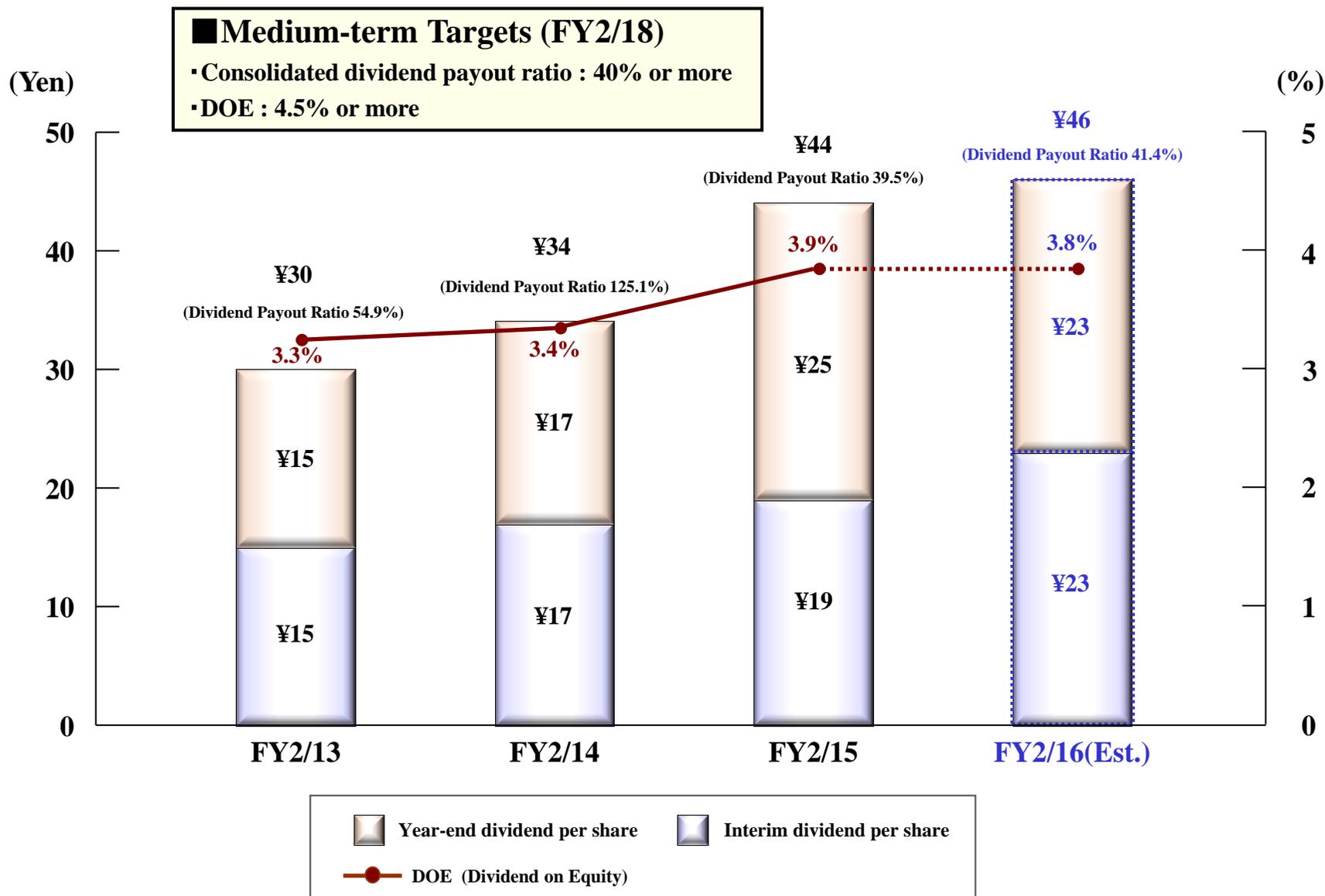
(Millions of Yen)



Key Financial Indicators



Shareholder Returns



Performance Indicators (10-Year Data)



	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Income Ratio(%)	Ordinary Income (Millions of Yen)	Income Ratio(%)	Net Income (Millions of Yen)	Income Ratio(%)	EPS (Yen)	ROE (%)	DOE (%)	Dividends Per Share (Yen)
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	29,180	(3,984)	-	(3,884)	-	(8,555)	-	(187.95)	-	2.2	22.0
FY2/11	35,717	1,428	4.0	1,194	3.3	161	0.5	3.71	0.4	2.5	22.0
FY2/12	41,654	3,952	9.5	4,025	9.7	2,426	5.8	56.94	6.7	3.0	26.0
FY2/13	37,858	1,579	4.2	2,254	6.0	2,299	6.1	54.66	6.0	3.3	30.0
FY2/14	43,481	2,606	6.0	3,219	7.4	1,143	2.6	27.17	2.7	3.4	34.0
FY2/15	50,957	5,476	10.7	6,150	12.1	4,695	9.2	111.36	9.8	3.9	44.0
FY2/16(Est.)	55,500	6,500	11.7	6,200	11.2	4,700	8.5	111.15	9.2	3.8	46.0

Special Products



POS Printer
TSP100ECO

Mobile Printer
SM-S210i



Cash Drawer and Receipt Printer
mPOP



Machine Tools



CNC Swiss Type Automatic Lathe
ST-20



CNC Swiss Type Automatic Lathe
SR-38 type B



CNC Swiss Type Automatic Lathe
SW-12RII

Precision Products

Wristwatch Components



Non-Wristwatch Components

(Automotive, Air Conditioning, HDD and Medical Components)



(Automotive Components)