CONSOLIDATED STATEMENTS OF CASH FLOWS

Star Micronics Co., Ltd. and Consolidated Subsidiaries
Years ended February 28, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Operating activities:			
Income (loss) before income taxes and minority interests	¥ 360	¥ (6,650)	$ 4,390
Adjustments for:			
Income taxes – paid	(853)	(706)	(10,402)
Depreciation and amortization	1,762	2,884	21,488
Loss on impairment of long-lived assets		2,308	
(Reversal of) provision for doubtful receivables	(218)	190	(2,659)
Provision for retirement benefits	3	5	37
(Gain) loss on sales and disposals of property, plant and equipment	(100)	87	(1,219)
Changes in assets and liabilities:			
(Increase) decrease in trade receivables	(990)	1,351	(12,073)
(Increase) decrease in inventories	(1,213)	6,620	(14,793)
Increase (decrease) in trade payables	3,798	(832)	46,317
Other – net	971	(488)	11,841
Total adjustments	3,160	11,419	38,537
Net cash provided by operating activities	3,520	4,769	42,927
Investing activities:			
Purchases of property, plant and equipment	(981)	(1,664)	(11,963)
Proceeds from sales of property, plant and equipment	156	68	1,903
Purchases of investment securities	(5)	(5)	(61)
Proceeds from sales of investment securities	12	202	146
Other – net	(700)	205	(8,537)
Net cash used in investing activities	(1,518)	(1,194)	(18,512)
Financing activities:			
Dividends paid to shareholders	(975)	(1,195)	(11,891)
Proceeds from stock issuance to minority shareholders	3		37
Payments for purchase of treasury stock	(839)	(2,782)	(10,231)
Disposal of treasury stock	11		134
Other – net	(13)		(159)
Net cash used in financing activities	(1,813)	(3,977)	(22,110)
Foreign currency translation adjustments on cash and cash equivalents	(1,345)	164	(16,402)
Net decrease of cash and cash equivalents	(1,156)	(238)	(14,097)
Cash and cash equivalents at beginning of year	14,373	14,611	175,280
Cash and cash equivalents at end of year	¥13,217	¥14,373	$161,183

See notes to consolidated financial statements.

STAR MICRONICS CO., LTD.