

**June 29, 2006**  
**Fiscal 2007 First-Quarter Consolidated Earnings Report**

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Company name: Star Micronics Co., Ltd.  
 Stock listings: First Section, Tokyo and Nagoya stock exchanges  
 Code: 7718  
 URL: <http://www.star-m.jp/>

1. Matters Related to Preparation of Quarterly Financial Information
  - ① Simplified accounting methods applied: Yes  
Applied to some items with marginal impact
  - ② Changes in accounting methods from the most recent consolidated financial year: No
  - ③ Changes in the scope of consolidation and application of the equity method: No
2. Results for the First Quarter of Fiscal 2007 (March 1, 2006 ~ May 31, 2006)
  - (1) Operating results (consolidated)

(Millions of yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income
FY2007 First Quarter	13,770 (14.4)	1,877 (9.5)	1,876 (2.7)	1,138 (16.6)
FY2006 First Quarter	12,034 (10.5)	1,715 (50.1)	1,827 (57.1)	975 (87.6)
FY2006 (reference)	54,788	8,108	8,386	5,151

(Yen)

	Net Income per Share	Diluted Net Income per Share
FY2007 First Quarter	21.30	21.23
FY2006 First Quarter	18.32	18.30
FY2006 (reference)	95.60	95.38

Note: Percentage figures for net sales, operating income and other items represent year-on-year changes.

**[Qualitative Data Related to Consolidated Operating Results]**

Economic conditions remained robust in Japan and overseas during the first quarter of fiscal 2007. In this climate, Star Micronics reported first-quarter consolidated net sales of ¥13,770 million, up 14.4% year on year. This increase was supported by continued strength in machine tools and other businesses. On the back of higher sales, operating income increased 9.5% to ¥1,877 million, ordinary income rose 2.7% to ¥1,876 million, and net income climbed 16.6% to ¥1,138 million.

**Performance by Segment**

**(Special Products)**

Although there was a decline in sales of computer printers, point-of-sale (POS) printers posted strong sales centered on the U.S. and Europe. This underpinned an increase in segment sales of 17.1% to ¥3,137 million and a marked increase in operating income of 252.2% to ¥329 million.

**(Components)**

Despite declining sales of electronic buzzers, sales of receivers continued their growth from the previous period, while speaker sales also grew. As a result, segment sales increased 12.4% to ¥2,743 million. However, operating income edged down 0.9% year on year to ¥286 million, reflecting higher operating expenses.

(Machine Tools)

Machine tools continued to experience strong demand in all markets, with higher sales in Japan, the rest of Asia and Germany in particular during the first quarter. This lifted segment sales 13.7% to ¥6,677 million. However, operating income fell 7.1% to ¥1,520 million due to changes in the product mix and higher operating expenses.

(Precision Products)

Sales of wristwatch components were generally at the same as a year earlier. Despite this, segment sales grew 16.3% to ¥1,210 million, supported by higher sales of hard disk drive parts in non-wristwatch components. Operating income surged 33.6% to ¥332 million.

(2) Financial position (consolidated)

	Total Assets (Millions of yen)	Net Assets (Millions of yen)	Equity Ratio (%)	Net Assets per Share (¥)
May 31, 2006	67,111	55,065	81.5	1,022.99
May 31, 2005	60,061	48,631	81.0	912.76
February 28, 2006 (reference)	66,826	54,294	81.2	1,014.99

Note: Net assets, equity ratio and net assets per share were previously shown as total shareholders' equity, shareholders' equity ratio and shareholders' equity per share for May 31, 2005 and February 28, 2006.

[Qualitative Data Related to Financial Position]

As of May 31, 2006, total assets on a consolidated basis stood at ¥67,111 million, generally level with the total at February 28, 2006. Total assets increased ¥285 million compared with the previous fiscal year-end, primarily reflecting higher inventories and other current assets, despite a drop in trade notes and accounts receivable. Although trade notes and accounts payable rose, total liabilities declined ¥117 million due to a decline in other current liabilities. Applying the same accounting standard for net assets to the previous fiscal year, net assets increased ¥403 million compared to the previous fiscal year-end due to an increase in net income and other factors.

[Reference]

Consolidated Earnings Forecast for Fiscal 2007 (March 1, 2006 ~ February 28, 2007)

(Millions of yen)

	Net Sales	Ordinary Income	Net Income
FY2007 Interim	27,300	4,000	2,400
FY2007	56,800	8,500	5,200

(Reference): Projected net income per share for the year ¥97.30

[Qualitative Data Related to Earnings Forecast]

In light of the steady first-quarter performance, there is no change to the Company's interim and full-year forecasts announced on April 12, 2006.

*\*Amounts less than one million yen have been omitted. The above 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.*