

June 30, 2011

Fiscal 2012 First-quarter Consolidated Earnings Report (Japanese GAAP)

Company name: Star Micronics Co., Ltd.

Stock listing: First Section, Tokyo Stock Exchange

Code: 7718

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

Representative Director: Hajime Sato, President and CEO

Inquiries: Satomi Jojima, Director, General Manager, General Administration Headquarters TEL:054 -263-1111

Scheduled release of Fiscal 2012 First-quarter Business Report: July 14, 2011

Scheduled payment of dividends: -

Preparation of supplementary explanatory materials for quarterly earnings report: Yes

Quarterly earnings presentation: Yes

(Figures less than one million are rounded down)

1. Results for the First Quarter of Fiscal 2012 (March 1, 2011 to May 31, 2011)

(1) Consolidated Operating Results (Percentages represent changes over the corresponding period of the previous fiscal year.)

	Net Sales		Operating Income (Loss)		Ordinary Income		Net Income (Loss)	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
FY2012 First Quarter	9,123	11.9	481	—	605	—	261	—
FY2011 First Quarter	8,154	18.0	(45)	—	9	—	(1,062)	—

	Net Income (Loss) Per Share	Diluted Net Income Per Share
	(¥)	(¥)
FY2012 First Quarter	6.07	—
FY2011 First Quarter	(24.10)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(¥ million)	(¥ million)	%	(¥)
As of May 31, 2011	50,519	37,446	72.7	852.47
As of February 28, 2011	49,250	37,096	73.9	845.31

Reference: Shareholders' Equity

As of May 31, 2011 ¥36,721 million As of February 28, 2011 ¥36,412 million

2. Dividends

	Dividends Per Share				
	1Q end	2Q end	3Q end	Year-end	Full Year
	(¥)	(¥)	(¥)	(¥)	(¥)
FY2011	—	11.00	—	11.00	22.00
FY2012	—				
FY2012(projected)		13.00	—	13.00	26.00

(Note) Modifications to the dividend projection in this first-quarter: Yes

3. Consolidated Outlook for the Fiscal Year Ending February 29, 2012 (From March 1, 2011 to February 29, 2012)

(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	19,460	14.7	980	151.9	1,100	394.0	500	—	11.61
Full Year	41,500	16.2	2,500	75.0	2,700	126.1	1,100	581.3	25.54

(Note) Modifications to forecasts of consolidated operating results in this first-quarter: Yes

4. Others (Please see “2. Other Information” on page 4 of the attachment)

(1) Significant changes in subsidiaries during the period under review: None

New company: — (Company name), Excluded company: — (Company name)

(Note) This indicates changes in the status of specified subsidiaries resulting in changes in the scope of consolidation during the first quarter.

(2) Adoption of simplified accounting methods and special accounting methods for financial statements: None

(Note) This indicates whether any simplified accounting methods or special accounting methods were used in the preparation of the quarterly financial statements.

(3) Changes to accounting principles, procedures or methods of presentation

(i) Changes associated with revised accounting standards: Yes

(ii) Changes other than those in (i) above: None

(Note) This indicates the presence of any changes in the accounting principles, procedures or methods of presentation for the preparation of the quarterly financial statements as listed under “Changes to key basic items for preparation of the quarterly consolidated financial statements”

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at period-end (including treasury stock)

As of May 31, 2011	48,033,234 shares	As of February 28, 2011	51,033,234 shares
--------------------	-------------------	-------------------------	-------------------

(ii) Number of treasury stock at period-end

As of May 31, 2011	4,956,911 shares	As of February 28, 2011	7,956,911 shares
--------------------	------------------	-------------------------	------------------

(iii) Average number of outstanding shares (during the three months ended May 31)

As of May 31, 2011	43,076,323 shares	As of May 31, 2010	44,071,696 shares
--------------------	-------------------	--------------------	-------------------

* Disclosure regarding progress of quarterly review procedures

This quarterly earnings report is not subject to quarterly reviews stipulated in the Financial Instruments and Exchange Act of Japan. As of the time this report was released, the Company has not completed review procedures for the quarterly consolidated financial statements based on the Financial Instruments and Exchange Act.

* Regarding the appropriate use of earnings projections and other noteworthy matters

Performance outlooks and other forward-looking statements found in this report were drawn from information available to management as of the date of release. Such information contains uncertainties and other factors, and may result in the outlooks and other forward-looking statements of this report differing materially from actual results. Furthermore, please note that previously undecided business and dividend forecasts for the fiscal year ending February 2012 have since been finalized. For further details, please see the separate press release titled “Notice Concerning Forecasts for Financial Results and Dividends” issued today (June 30, 2011).

1. Qualitative Financial Information

(1) Qualitative Information Related to Consolidated Operating Results

During the first quarter of the fiscal year ending February 29, 2012, while the pace of recovery slowed in the U.S. economy, European economies, led by Germany, continued to mount a strong recovery, even as fiscal concerns lingered in euro-zone countries. Meanwhile, Asian economies continued to maintain high growth led by China, although the Japanese economy fell into negative growth as a consequence of the Great East Japan Earthquake.

Demand was generally firm in the major markets in which the Star Micronics Group operates. The Machine Tools Segment saw orders received at high levels in Europe and the U.S., key markets. The Special Products Segment, meanwhile, experienced increased demand in markets such as North America, South America and China. In contrast, the Components Segment and Precision Products Segment saw performance partially impacted by the Great East Japan Earthquake.

Amid this environment, in the Machine Tools Segment the Group continued to increase production capacity in Japan and overseas in response to increased orders, culminating most notably in growth in sales to Europe. Sales in the Special Products Segment increased on growth in sales of thermal printer products in the South American and North American markets, coupled with higher sales of dot-matrix printers in China. Meanwhile, in the Components business, sales of products for the automobile market, where growth was anticipated, faltered due to the Great East Japan Earthquake. In the Precision Products Segment, sales of wristwatch components grew despite damage to production sites among some wristwatch makers due to the March 2011 earthquake. Sales of non-wristwatch components, in contrast, were slightly lower overall.

As a result of the above factors, Star Micronics reported consolidated sales of ¥9,123 million, up 11.9% year on year, for the first quarter of fiscal 2012. As regards profits, increased sales in the Machine Tools Segment resulted in operating income of ¥481 million, compared with an operating loss of ¥45 million for the same period in the previous fiscal year, and ordinary income was ¥605 million, compared with ordinary income of ¥9 million a year ago. The Group posted net income for the quarter of ¥261 million, a sharp improvement compared with a net loss of ¥1,062 million for the same period in the previous fiscal year.

Performance by segment was as follows.

(Special Products)

In POS printers, along with firm growth in the South American market, demand in the North American market also continued to rebound, resulting in higher sales of thermal printers. In the robust Chinese market, sales of dot-matrix printers rose on surging demand, particularly from large-order customers and small and medium-size retail customers. In contrast, sales in the European market fell lower despite recovering demand centered on Germany. This outcome mainly reflected the unfolding financial crisis in southern Europe, coupled with political turmoil in the Middle East.

As a result, while the segment saw sales improve by 2.1% to ¥1,876 million, operating income declined 23.8% to ¥121 million.

(Components)

Sales of products to the automobile market fell short of levels from the same period a year earlier, owing to production cutbacks by automakers in the wake of the Great East Japan Earthquake. Sales of products to the mobile phone market contracted sharply, reflecting the handling of fewer less-profitable products. In these circumstances, the Group continued to move forward with sales and development activities to stimulate a recovery in performance, as well as efforts to reduce fixed costs in particular.

As a result, sales in this segment declined a substantial 49.7% to ¥765 million. The operating loss, however, was ¥193 million, largely unchanged from the operating loss of ¥191 million posted a year ago.

(Machine Tools)

CNC automatic lathes saw market prices improve as the global economy continued to recover. By region, sales in the Asian market rose as orders received remained brisk. In addition to growth in the East Asian market, growth was the result of robust capital investment among automobile and motorcycle-related sectors in the Southeast Asian market. In the U.S. market, movement in capital investment was seen not only in medical-related sectors, but in the automobile sector as well. The European market also witnessed increased capital investment among companies in export-related sectors, tracking a recovery mainly in exports triggered by a weaker euro. Orders recovered, centered on the automobile

sector in Germany, resulting in significant sales growth. In Japan, sales increased despite a cautious stance to capital investment in the country's automobile sector due to the Great East Japan Earthquake.

As a result, the segment recorded sharp top- and bottom-line growth. Sales rose 44.7% year on year to ¥5,468 million, with operating income up 215.3% to ¥828 million. The Group launched sales activities under the GEILI brand for the CSC-16, a jointly developed product for cultivating China's low-end market, exhibiting the product at the China International Machine Tool Show held in April 2011. In May, the Group announced two new models, the SB-12 II and SB-16 II, in a bid to strengthen its best-selling SB series of machine tools.

(Precision Products)

Sales of wristwatch components increased as sales held firm among Japanese wristwatch makers. Although some in the sector were impacted by the Great East Japan Earthquake, those same makers mounted a faster-than-expected recovery in production. In contrast, non-wristwatch components saw sales of car audio components virtually flat year on year, primarily due to model changes among target customers. Similarly, sales of HDD components were largely unchanged, as fewer sales of lower priced notebook PCs in Japan offset sales growth overseas.

As a result, segment sales declined by 0.3% year on year, to ¥1,012 million. Operating income, however, rose 14.5% to ¥160 million.

(2) Qualitative Information Concerning Consolidated Financial Position

Total assets at the end of the first quarter amounted to ¥50,519 million, up ¥1,269 million from February 28, 2011. The change was mainly attributable to growth in inventories and trade notes and accounts receivable due largely to higher sales. Total liabilities increased ¥919 million from the end of the previous fiscal year, primarily due to an increase in notes and accounts payable. Total net assets rose ¥350 million compared to February 28, 2011, mainly due to an increase in foreign currency translation adjustments, which outweighed the payment of dividends.

(3) Qualitative Information Concerning the Consolidated Earnings Projections

For earnings projections, please refer to the forecasts disclosed in "Notice Concerning Forecasts for Financial Results and Dividends", released separately today (June 30, 2011).

The forecasts disclosed assume fiscal 2012 exchange rates of ¥80/US\$1 and ¥110/€1.

2. Other Information

(1) Changes in the status of important subsidiaries during the quarter: None.

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: None.

(3) Changes in accounting principles, procedures and presentation methods in the preparation of quarterly consolidated financial statements

(i) Changes in accounting standards

Application of accounting standards concerning asset retirement obligations

The Group has applied the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) from the first quarter of the fiscal year under review.

Accompanying this change, operating income and ordinary income each declined by ¥614 thousand, while income before income taxes and minority interests declined by ¥24,289 thousand for the first quarter relative to the accounting standard previously used. Asset retirement obligations fluctuated by ¥47,047 thousand due mainly to the application of this accounting standard.

(ii) Changes in disclosure methods

(Quarterly consolidated statements of income)

Based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), the Group has applied the "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No.5, March 24, 2009). As a result, "Income before minority interests" is included in the consolidated financial statements for the first quarter of the fiscal year ending February 2012.