

September 27, 2012

Fiscal 2013 Second-quarter Consolidated Earnings Report

Company name: Star Micronics Co., Ltd.

Stock listing: First Section, Tokyo Stock Exchange

Code: 7718 URL <http://www.star-m.jp>

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Scheduled release of fiscal 2013 Second-quarter Business Report: October 12, 2012

Scheduled payment of dividends: November 9, 2012

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 Second Quarter of Fiscal 2013 (March 1, 2012 to August 31, 2012)

(1) Consolidated Operating Results

(Percentages represent changes over the corresponding period of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Six months ended August 31, 2012	19,595	(0.7)	1,193	(17.5)	1,279	(17.2)	1,936	103.4
Six months ended August 31, 2011	19,742	16.4	1,446	271.8	1,545	594.0	951	—

(Note) Equity in earnings of affiliated companies

FY2013 Second Quarter ¥2,069 million(50.9%) FY2012 Second Quarter ¥1,371 million(- %)

	Net Income Per Share	Diluted Net Income Per Share
	(¥)	(¥)
Six months ended August 31, 2012	46.03	—
Six months ended August 31, 2011	22.10	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	(¥ million)	(¥ million)	%
As of August 31, 2012	50,989	38,511	74.4
As of February 29, 2012	51,924	36,980	70.2

Reference: Shareholders' Equity

As of August 31, 2012 ¥37,929 million As of February 29, 2012 ¥36,477 million

2. Dividends

	Dividends Per Share				
	1Q end	2Q end	3Q end	Year-end	Full Year
	(¥)	(¥)	(¥)	(¥)	(¥)
Year ended February 29, 2012	—	13.00	—	13.00	26.00
Year ended February 28, 2013	—	15.00			
Year ended February 28, 2013 (projected)			—	15.00	30.00

(Note) Changes to the latest dividend forecast announced: None

3. Consolidated Outlook for the Fiscal Year Ending February 28, 2013 (From March 1, 2012 to February 28, 2013)

(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)	%	(¥)
Full Year	39,900	(4.2)	2,300	(41.8)	2,500	(37.9)	2,900	19.5	68.92

(Note) Changes to the latest consolidated results forecast announced: Yes

*Note

- (1) Significant changes in subsidiaries during the period under review (changes in certain specified subsidiaries resulting in revised scope of consolidation) : None
New company: — (Company name) , Excluded company: — (Company name)
- (2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, estimates and restatement or corrections
- (i) Changes associated with revised accounting standards: Yes
 - (ii) Changes other than those in (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Retrospective restatement: None

(Note) Please see 2. Summary Information (Others), (1) Changes in accounting policies, accounting estimates and restatement of corrections on page 4

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

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

As of August 31, 2012	47,033,234 shares	As of February 29, 2012	47,033,234 shares
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- (ii) Number of treasury stock at period-end

As of August 31, 2012	4,957,600 shares	As of February 29, 2012	4,957,248 shares
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- (iii) Average number of outstanding shares (during the six months ended August 31)

As of August 31, 2012	42,075,739 shares	As of August 31, 2011	43,076,296 shares
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* 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

The above projections are based on information available at the time of release of this report and certain assumptions the Company considers reasonable. Actual results may differ materially from projections due to a variety of factors. For information regarding the assumptions and other matters related to earnings projections in this report, refer to "(3) Qualitative Information Concerning the Consolidated Earnings Projections "under"1.Qualitative Financial Information " page4.

1. Qualitative Financial Information

(1) Qualitative Information Related to Consolidated Operating Results

During the first two quarters of the fiscal year ending February 28, 2013, the U.S. economy continued to mount a modest recovery. By contrast, debt concerns weighed heavily on European economies, which were sluggish overall. In Asia, the pace of growth slowed, particularly in China. In Japan, on the other hand, there were signs that the economy was recovering. Meanwhile, the yen's exchange rate remained at a high level.

In the major markets in which the Star Micronics Group operates, the Machine Tools Segment saw firm demand in markets apart from in Europe, where demand had slowed. In the Special Products Segment, robust demand from markets in the Americas and Japan was countered by deteriorating market prices due to an economic slowdown in China. In the Precision Products Segment, automakers continued to ramp up production, but wristwatch manufacturers cutting back production affected the sales of wristwatch components in the second quarter.

Amid this environment, the Star Micronics Group bolstered its production and sales frameworks and developed new products, with emphasis on emerging markets in Asia, South America and other projected growth regions, along with the European and U.S. markets. In the Machine Tools Segment, sales in the Japanese, U.S. and Asian markets improved, tracking firm capital investments as automakers increased production. Sales were lower in European markets, however; reflecting uncertainty in the face of debt-related concerns. In the Special Products Segment, sales growth was centered on thermal printers for the respective POS markets of North America, South America and Japan. In the Precision Products Segment, sales of both wristwatch components and non-wristwatch components continued to grow.

As a result of the above factors, Star Micronics reported consolidated net sales of ¥19,595 million, down 0.7% year on year, for the first two quarters of fiscal 2013. As regards profits, the decline in sales and other factors resulted in operating income of ¥1,193 million, down 17.5% year on year, and ordinary income was ¥1,279 million, down 17.2% year on year. However, the Group posted net income of ¥1,936 million, an increase of 103.4% year on year, attributed primarily to insurance income on damage from the flooding in Thailand that was posted as an extraordinary gain.

Performance by segment was as follows.

(Special Products)

In POS printers, sales of thermal printers were brisk in the Americas, owing to new contracts that were won in North America and the introduction of the new BSC10 thermal printers in emerging markets. Sales of thermal printers grew in Japan, most notably for the POS market. In the European market, sales were mostly unchanged from the same period last year, despite the impact of the debt crisis. Sales of dot-matrix printers in Asia declined, mainly in reaction to the economic slowdown in China.

As a result, while segment sales improved 5.8% year on year to ¥3,892 million, operating income declined 49.1% to ¥100 million.

(Components)

This segment is scheduled to be terminated at the end of the current fiscal year. In meeting its supply responsibilities to customers ahead of this closure, the Star Micronics Group is responding to final shipment requests and carrying out necessary tasks for the transfer of operations. Against this backdrop, sales rose in step with increased production by automakers, coupled with sales price revisions to keep pace with rising raw material prices.

As a result, sales in this segment rose 11.0% year on year to ¥1,681 million. The operating loss was ¥121 million, compared to an operating loss of ¥530 million a year earlier.

(Machine Tools)

Demand for CNC automatic lathes in the European market slowed amid growing concerns over fiscal policy and the financial situation in Europe, coupled with lingering economic uncertainty in China and other countries.

In this climate, sales in the U.S. market grew as capital investment gained momentum in the medical-related and automobile sectors. In the Asian market, while buying was subdued in East Asia in reaction to a decline in exports and a strong yen, sales were brisk overall, buoyed by robust capital investment among customers in the automobile and motorcycle-related sectors in Southeast Asia. In the Japanese market, sales rose atop a recovery in production mainly among automakers. However, sales in Europe, a major market for this segment, were lower, reflecting

lackluster market conditions.

As a result, segment sales decreased 5.1% year on year to ¥11,791 million, with operating income down 19.7% to ¥1,839 million.

(Precision Products)

Sales of wristwatch components increased, despite the impact of production cutbacks by wristwatch makers in the second quarter. Sales of non-wristwatch components increased overall compared to a year earlier. Sales of car audio components for overseas markets were firm, while an increase in sales of HDD components overseas made up for their decrease in the Japanese market.

As a result, sales in this segment rose 5.1% year on year to ¥2,229 million. Operating income, however, fell 12.0% to ¥329 million.

Operation of a Star Micronics Group production base in Ayutthaya, Thailand, which was damaged in last year's flooding, was restored by the end of consolidated reporting period for the first two quarters.

(2) Qualitative Information Concerning Consolidated Financial Position

Total assets at the end of the second quarter amounted to ¥50,989 million, down ¥935 million from February 29, 2012. Total assets increased mainly in property, plant and equipment, but decreased primarily in cash and cash equivalents, and trade notes and accounts receivable. Total liabilities decreased ¥2,467 million to ¥12,477 million, primarily due to a decline in trade notes and accounts payable, and current liabilities-other. Total net assets rose by ¥1,531 million to ¥38,511 million compared to February 29, 2012. This was mainly the result of an increase in net income, despite the payment of dividends.

(3) Qualitative Information Concerning the Consolidated Earnings Projections

Affected by the fiscal problems in Europe, the global economic outlook is expected to remain unclear. Under the circumstances, the Company is projecting net sales to decline 4.2% year on year to ¥39,900 million in the fiscal year ending February 28, 2013, due in particular to a fall in sales of the core Machine Tools business mainly in Europe. Likewise, owing primarily to sales declining, operating income is projected to fall 41.8% to ¥2,300 million, and ordinary income fall 37.9% to ¥2,500 million. Net income for the term, however, is projected to increase 19.5% year on year to ¥2,900 million, mainly as a result of having posted insurance income as an extraordinary gain.

These projections assume a foreign exchange rate of ¥80 to \$1, ¥100 to 1 euro, ¥120 to 1 pound and ¥83 to 1 Swiss franc for the third and fourth quarter of the year ending February 28, 2013.

2. Summary Information (Others)

(1) Changes in accounting policies, accounting estimates and restatement of corrections

(Application of accounting standards concerning net income per share)

From the first quarter of the year ending February 28, 2013, the Company has applied the "Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan [ASBJ] Statement No.2, June 30, 2010), the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No.4, June 30, 2010), and the "Practical Solution on Accounting for Earnings Per Share" (ASBJ PITF No.9, June 30, 2010).

The Company has changed its method for calculating quarterly diluted net income per share as follows. For stock options that vest after a specified service period, the fair value of service expected to be provided to the Company in the future is included in the cash proceeds assumed to be received upon exercise of the stock options.

In terms of diluted net income per share had these accounting standards not been adopted, this figure has been omitted since there were no diluted shares.

(2) Additional Information

(Application of accounting standard for accounting changes and error corrections)

Effective March 1, 2012, the Company has adopted the "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan (ASBJ) Statement No. 24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009) for any future accounting changes or correction of past errors.