

January 9, 2013

Fiscal 2013 Third-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: Mamoru Sato, Director and Executive Officer, General Manager, General Administration Headquarters

TEL 054 -263-1111

Scheduled release of fiscal 2013 Third-quarter Business Report: January 11, 2013

Scheduled payment of dividends: -

Preparation of supplementary explanatory materials for quarterly earnings report: Yes

Quarterly earnings presentation: None

(Figures less than one million are rounded down)

1. Results for the First Three Quarters of Fiscal 2013 (March 1, 2012 to November 30, 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)	%
Nine months ended November 30, 2012	28,059	(7.3)	1,453	(47.2)	1,708	(38.3)	2,167	43.1
Nine months ended November 30, 2011	30,284	21.3	2,752	397.9	2,767	761.3	1,514	—

(Note) Comprehensive income

FY2013 Third Quarter ¥2,160 million(120.1%) FY2012 Third Quarter ¥981 million(- %)

	Net Income Per Share	Diluted Net Income Per Share
	(¥)	(¥)
Nine months ended November 30, 2012	51.51	—
Nine months ended November 30, 2011	35.38	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	(¥ million)	(¥ million)	%
As of November 30, 2012	51,161	37,977	73.1
As of February 29, 2012	51,924	36,980	70.2

Reference: Shareholders' Equity

As of November 30, 2012 ¥37,380 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 ending February 28, 2013	—	15.00	—		
Year ending February 28, 2013 (projected)				15.00	30.00

(Note) Modifications to the dividend projection in the third quarter: 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) Modifications to forecasts of consolidated operating results in the third-quarter: None

*Notes

- (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 November 30, 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 November 30, 2012	4,957,879 shares	As of February 29, 2012	4,957,248 shares
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- (iii) Average number of outstanding shares (during the nine months ended November 30)

For the nine months ended November 30, 2012	42,075,624 shares	For the nine months ended November 30, 2011	42,802,702 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 " page 4.

1. Qualitative Financial Information

(1) Qualitative Information Related to Consolidated Operating Results

During the first three quarters of the fiscal year ending February 28, 2013, the U.S. economy continued to mount a modest recovery. By contrast, debt problems continued to weigh on the European economy. In Asia, economic growth slowed, particularly in China. Although there were some signs of recovery, the Japanese economy was affected by the slowdown in the global economy, and 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 signs of a slowdown in growth in the Asian market, in addition to sluggish demand in Europe. In the Special Products Segment, the effect of robust demand from markets in the Americas and Japan was offset by deteriorating market prices in Europe and China. In the Precision Products Segment, demand fell across the board including for non-wristwatch components, as wristwatch makers adjusted their output, affecting wristwatch component demand.

Amid this environment, the Star Micronics Group bolstered its production and sales frameworks and developed new products, with an 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 market improved, tracking firm capital investments as automakers increased production in the first half. Segment sales in the U.S. and Asian markets amounted to about the same as a year earlier after these economies began to slow, while they fell substantially in the European market due to the region's debt problems. The Special Products Segment saw sales growth in thermal printers for use primarily in the POS market in North America, South America and Japan. But the segment's sales on the whole were in line with the same period last year, as dot-matrix printer sales declined in Europe and China. In the Precision Products Segment, sales of both wristwatch components and non-wristwatch components declined in step with receding demand.

As a result of the above factors, Star Micronics reported consolidated net sales of ¥28,059 million, down 7.3% year on year, for the first three quarters of fiscal 2013. Operating income fell 47.2% year on year to ¥1,453 million and ordinary income fell 38.3% to ¥1,708 million, due primarily to the decline in sales. In contrast, net income increased 43.1% year on year to ¥2,167 million after the Group posted an extraordinary gain, attributable primarily to insurance income on damage from the flooding in Thailand in the previous fiscal year.

Performance by segment was as follows:

(Special Products)

In POS printers, sales of thermal printers were brisk in the Americas as a result of new contracts 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. However, dot-matrix printer sales in Europe and Asia declined as a consequence of the European debt problem and slowdown in growth in the Chinese economy.

As a result, segment sales fell 1.3% year on year to ¥5,817 million, and operating income declined 57.5% to ¥212 million.

(Components)

This segment is scheduled to be terminated even as the Star Micronics Group is continuing to make deliveries in meeting its supply responsibilities to customers. Against this backdrop, sales for the automobile market 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 8.6% year on year to ¥2,423 million. The operating loss was ¥169 million, compared to an operating loss of ¥821 million a year earlier.

(Machine Tools)

Demand for CNC automatic lathes on the whole showed signs of faltering, as it slowed in Europe due to the region's fiscal and financial problems, and as the outlook for the Chinese economy grew uncertain.

In this climate, sales in the Japanese market rose, mainly atop an increase in production among automakers in the first half. In the U.S. market, capital investments in the medical equipment and automotive-related sectors helped to undergird sales at the year-ago level. In Asia, sales were buoyed during the first half by robust capital investment among customers in the automobile and motorcycle-related sectors in Southeast Asia. Those sales receded to the

year-ago level for the first three quarters, however, once the effects of the slowdown in the European market began to reach the region. Core sales in Europe fell substantially due to sluggish market conditions.

As a result, segment sales decreased 11.7% year on year to ¥16,634 million, with operating income down 35.5% to ¥2,426 million.

Star Micronics launched the new SR-20RIV model as an addition to its bestselling SR series of CNC swiss-type automatic lathes in November. Prior to this, the SR-20RIV was unveiled in September for international exhibition at the IMTS 2012 in the U.S. and the AMB 2012 in Germany. The model was shown at the JIMTOF 2012 exhibition in Japan in November. In addition, the company also unveiled the SB-20R type N, the first non-guide bush model in the SB series of automatic lathes.

(Precision Products)

Sales of wristwatch components fell after increasing initially, as wristwatch makers cut back their production. Sales of non-wristwatch components also declined after a period of favorable performance. The decline was caused by sales of components for overseas car audio equipment starting to fall toward the end of the first three quarters, and sales of HDD components decreasing in Japan, despite increasing overseas.

As a result, sales in this segment decreased 4.0% year on year to ¥3,184 million, with operating income down 33.4% to ¥435 million.

Operation of a production base in Ayutthaya, Thailand, which was damaged by floods in the previous fiscal year, was restored by the end of the second quarter.

(2) Qualitative Information Concerning Consolidated Financial Position

Total assets at the end of the third quarter amounted to ¥51,161 million, down ¥763 million from February 29, 2012. Total assets increased mainly in inventories and property, plant and equipment, but decreased primarily in cash and cash equivalents, and trade notes and accounts receivable. Total liabilities decreased ¥1,760 million to ¥13,184 million, primarily due to a decline in trade notes and accounts payable. Total net assets rose by ¥997 million to ¥37,977 million compared to February 29, 2012. This was the result of recording net income after payment of dividends.

(3) Qualitative Information Concerning the Consolidated Earnings Projections

Star Micronics has not revised the consolidated fiscal year earnings projections announced on September 27, 2012. The Company will strive to collect information on market trends and other material factors, and promptly announce revisions to the projections if they occur.

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 diluted net income per share as follows. For stock options that are vested after a specified service period, the fair value of service the Company expects to receive in the future is included in the cash proceeds assumed to be received upon exercise of the stock options.

Diluted net income per share in the case where these accounting standards had not been adopted has not been disclosed 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.