

CONSOLIDATED STATEMENTS OF CASH FLOWS

Star Micronics Co., Ltd. and Consolidated Subsidiaries
Years ended February 28, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Operating activities:			
(Loss) income before income taxes and minority interests	¥ (6,650)	¥ 7,561	\$ (74,719)
Adjustments for:			
Income taxes – paid	(706)	(4,803)	(7,933)
Depreciation and amortization	2,884	3,325	32,404
Loss on impairment of long-lived assets	2,308	242	25,933
Loss on cancellation of transfer-of-asset agreement		527	
Provision for doubtful receivables	190	35	2,135
Provision for retirement benefits	5	8	56
Loss on sales and disposals of property, plant and equipment	87	385	978
Changes in assets and liabilities:			
Decrease in trade receivables	1,351	5,554	15,180
Decrease (increase) in inventories	6,620	(2,431)	74,382
Decrease in trade payables	(832)	(2,448)	(9,349)
Other – net	(488)	(1,803)	(5,483)
Total adjustments	11,419	(1,409)	128,303
Net cash provided by operating activities	4,769	6,152	53,584
Investing activities:			
Purchases of property, plant and equipment	(1,664)	(3,081)	(18,697)
Proceeds from sales of property, plant and equipment	68	113	764
Decrease of short-term investments		2,196	
Purchases of investment securities	(5)	(1,225)	(56)
Proceeds from sales of investment securities	202	997	2,270
Other – net	205	(314)	2,303
Net cash used in investing activities	(1,194)	(1,314)	(13,416)
Financing activities:			
Increase in short-term bank loans		2,000	
Dividends paid to shareholders	(1,195)	(3,219)	(13,427)
Dividends paid to minority shareholder of consolidated subsidiaries		(21)	
Payments for purchase of treasury stock	(2,782)	(7,860)	(31,258)
Disposal of treasury stock		23	
Net cash used in financing activities	(3,977)	(9,077)	(44,685)
Foreign currency translation adjustments on cash and cash equivalents	164	(2,974)	1,843
Net decrease of cash and cash equivalents	(238)	(7,213)	(2,674)
Cash and cash equivalents at beginning of year	14,611	21,824	164,168
Cash and cash equivalents at end of year	¥14,373	¥14,611	\$161,494

See notes to consolidated financial statements.