

April 11, 2011

Consolidated Earnings Report for the Fiscal Year Ended February 28, 2011 (Japanese GAAP)

Company name: Star Micronics Co., Ltd.

Stock listing: First Section, Tokyo Stock Exchange

Code no.: 7718 URL <http://www.star-m.jp>

Representative Director: Hajime Sato, President and CEO

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Scheduled annual general meeting of shareholders: May 26, 2011 Scheduled payment of dividends: May 27, 2011

Scheduled release of fiscal 2011 business report: May 27, 2011

Preparation of supplementary explanatory materials for earnings report: Yes

Earnings presentation: None

(Figures less than one million are rounded down)

1. Consolidated Results for the Fiscal Year Ended February 28, 2011 (From March 1, 2010 to February 28, 2011)

(1) Consolidated Operating Results (Percentages represent changes over the previous fiscal year)

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Year Ended February 28, 2011	35,717	22.4	1,428	-	1,194	-	161	-
Year Ended February 28, 2010	29,180	(48.8)	(3,984)	-	(3,884)	-	(8,555)	-

(Note) Comprehensive Profit

Year ended February 2011 - ¥ million(-%) Year ended February 2010 - ¥ million(-%)

	Net Income (Loss) per Share	Diluted Net Income per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	(¥)	(¥)	%	%	%
Year Ended February 28, 2011	3.71	-	0.4	2.4	4.0
Year Ended February 28, 2010	(187.95)	-	(18.4)	(6.8)	(13.7)

Reference: Equity in earnings of affiliated companies

Year ended February 2011 - ¥ million

Year ended February 2010 - ¥ million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
As of February 28, 2011	49,250	37,096	73.9	845.31
As of February 28, 2010	50,680	41,260	80.1	921.55

Reference: Shareholders' Equity

As of February 28, 2011 ¥36,412 million

As of February 28, 2010 ¥40,609 million

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Year-end Cash and Cash Equivalents
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Year Ended February 28, 2011	3,520	(1,517)	(1,813)	13,217
Year Ended February 28, 2010	4,768	(1,194)	(3,976)	14,372

2. Dividends

	Dividends per Share					Dividends Total (Year) (¥ million)	Dividend Payout Ratio (Consolidated) %	Dividend on Equity Ratio (Consolidated) %
	1Q end	2Q end	3Q end	Year- end	Full Year			
	(¥)	(¥)	(¥)	(¥)	(¥)			
FY2010	-	11.00	-	11.00	22.00	1,001	-	2.2
FY2011	-	11.00	-	11.00	22.00	958	593.0	2.5
FY2012 (projected)	-	-	-	-	-		-	

(Note) Dividend projections for the year ending February 29, 2012 are undecided, due to difficulties at this time forecasting earnings for that year. The dividend projections will be disclosed, along with an earnings forecast, once they become apparent.

3. Consolidated Outlook for the Fiscal Year Ending February 29, 2012 (From March 1, 2011 to February 29, 2012)
The Star Micronics Group is presently gauging the impact on Group companies and business partners in the wake of the earthquake that struck Japan's Tohoku region in March 2011. Consequently, the Group plans to announce its consolidated outlook for the year ending February 29, 2012, prior to the release of first-quarter results for that year, scheduled at the end of June 2011. For more on the rationale behind this decision, refer to page 4, Outlook for Fiscal 2012.

4. Others

(1) Significant changes in subsidiaries during the period under review (changes in certain specified subsidiaries resulting in revised scope of consolidation): None

New company: None (Company name), Excluded company: None (Company name)

(2) Changes in principles, procedures and classifications of accounting standards

(i) Changes associated with revised accounting standards: Yes

(ii) Changes other than those in (i) above: Yes

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

(i) Number of shares issued and outstanding at period-end (including treasury stock)	As of February 28, 2011	51,033,234 shares	As of February 28, 2010	51,033,234 shares
(ii) Number of treasury stock at period-end	As of February 28, 2011	7,956,911 shares	As of February 28, 2010	6,965,942 shares
(iii) Average number of shares in the year ended February 28, 2011.	As of February 28, 2011	43,575,866 shares	As of February 28, 2010	45,517,701 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Results for the Fiscal Year Ended February 28, 2011 (March 1, 2010 to February 28, 2011)

(1) Non-consolidated Operating Results

(Percentages represent changes over the previous fiscal year)

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Year Ended February 28, 2011	25,511	39.9	(1,016)	-	2,779	-	2,111	-
Year Ended February 28, 2010	18,239	(46.7)	(4,987)	-	(4,680)	-	(6,226)	-

	Net Income (Loss) per Share	Diluted Net Income per Share
	(¥)	(¥)
Year Ended February 28, 2011	48.45	-
Year Ended February 28, 2010	(136.80)	-

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(¥ million)	(¥ million)	%	(¥)
As of February 28, 2011	41,626	31,618	76.0	734.01
As of February 28, 2010	38,076	31,324	82.3	710.83

Reference: Shareholders' Equity

As of February 28, 2011: ¥31,618 million

As of February 28, 2010: ¥31,324 million

*Disclosure regarding status of auditing procedure enactment

This earnings report is not subject to the auditing procedures stipulated by Japan's Financial Instruments and Exchange Act. Consequently, auditing procedures for financial statements based on the Financial Instruments and Exchange Act were not completed as of date of release of this report.

*Regarding the appropriate use of earnings projections, and other special matters

The above projections are based on information available at the time of release of this report. Actual results may differ materially from projections due to a variety of factors.

1. Operating Results

Analysis of Operating Results

(i) Fiscal 2011 operating results

During the fiscal year ending February 28, 2011, the U.S. economy continued its modest recovery, while the European economies remained steady overall despite concerns over a fiscal crisis in euro-zone countries. Meanwhile, Asian economies continued to see high growth led by China, and the Japanese economy continued to stage a gradual recovery despite the ongoing appreciation of the yen.

Demand increased in the major markets in which the Star Micronics Group operates. The Machine Tools Segment enjoyed strong demand from Asia, as well as an improvement in orders received in Europe, where recovery had lagged. The Special Products Segment and Precision Products Segment also saw increased demand due to improving market conditions.

Amid this environment, in the Machine Tools Segment, the Group continued to increase production capacity in response to increased orders, and strove to increase sales by introducing new products to the market and other means. Sales in the Special Products Segment increased in the North American market, where demand showed signs of recovery, as well as in China and South America. Meanwhile, in the Components business, restructuring efforts continued in response to reduced production and the Group worked to increase sales of products for the automobile market. In the Precision Products Segment, sales increased on strong production activity by wristwatch makers and a recovery in demand in the automobile and personal computer markets, among other factors.

As a result of the above factors, Star Micronics reported consolidated sales of ¥35,717 million, up 22.4% year on year, for fiscal 2011. As regards profits, the rebound in sales coupled with the effects of reducing fixed costs and other expenses resulted in operating income of ¥1,428 million, compared with an operating loss of ¥3,984 million in the previous fiscal year, and ordinary income was ¥1,194 million, compared with an ordinary loss of ¥3,884 million a year ago. Tracking these improvements, the Group posted net income of ¥161 million, compared with a net loss of ¥8,555 million in the previous fiscal year, despite special severance payments for early retired employees and other factors.

Performance by segment was as follows:

(Special Products)

In POS printers, along with firm growth in the South American market, signs of a recovery in demand also emerged in the North American market, as sales of thermal printers, most notably for the POS market, increased. In the Chinese market, sales of dot-matrix printers rose principally atop increased demand for products for the POS market. On the other hand, performance was sluggish overall in the European market resulting in largely flat sales year-on-year.

As a result of the above, segment sales rose 15.5% to ¥7,782 million, while operating income improved 165.2% to ¥740 million.

Moreover, sales of new products commenced, specifically environmentally-friendly thermal eco-printers and, for the U.S. market, mobile printers for on-demand settlement systems. Additionally, in the last September, the Group established a sales base in Thailand with the aim of expanding sales in Southeast Asia, where future growth is expected.

(Components)

In this business segment, from fiscal 2011 the Group shifted the emphasis of business operations from products for the mobile phone market, where profitability is now challenging, to the automobile and other markets. Subsequently, sales in the mobile phone market plummeted. Meanwhile, in the automobile market, sales improved overall following market recovery, despite a slowdown in vehicle sales in Japan mainly in the second half of the year.

Where production is concerned, in response to lower sales in the mobile phone market, Star Micronics took steps to improve its operating structure that included workforce downsizing at production sites overseas. In parallel, the Group pushed forward with product development that will enable it to maintain profitability.

As a result of the foregoing, the segment saw sales fall a substantial 42.4% to ¥4,400 million and reported an operating loss of ¥558 million, compared with an operating loss of ¥1,526 million a year earlier.

(Machine Tools)

The market for CNC automatic lathes continued to recover from a slump, following the recovery of the global economy. By region, the Asian market, specifically fast-growing China and Southeast Asia, saw increased sales atop brisk orders from customers in the automobile and motorcycle and other sectors. In the U.S. market, sales activities were focused on medical-related fields, where we continue to see steady growth in orders. Orders in the European market, where the most challenging conditions had persisted, have improved among customers in the automobile sector in particular since the start of fiscal 2011, mainly in Germany. The result was a sharp improvement in sales from this market. In Japan, while customers in the automobile sector took a cautious stance with respect to capital investment, aggressive capital investment in overseas production sites continued, leading to increased sales.

As a result, the segment saw sales improve sharply by 68.2% to ¥19,286 million and recorded operating income of ¥2,175 million, reversing by a large margin an operating loss of ¥940 million in the previous fiscal year.

Moreover, the Group commenced sales of the ST-38 targeting medical, automobile and aviation industrial fields that involve machining of complex shaped parts of difficult-to-cut materials such as titanium. The Group also launched the new SB-20, which replaces the SB-16 series.

Furthermore, the Group plans to increase its share of the CNC automatic lathe market in terms of sales by selling the new SF-25 turning center for small precision components, a field into which the Group has recently advanced, and the SG-42 for large diameter precision components, among other products.

(Precision Products)

Sales of wristwatch components grew as the continued economic rebound spurred growth in market share for high-quality products from Japanese manufacturers. Sales of non-wristwatch components were also higher, reflecting growth in sales of car audio components for China and other markets accompanying recovery in the automobile market, as well as a resurgence in sales of small HDD components, despite continued production cutbacks by HDD manufacturers in the second half of the year.

As a result of the above, segment sales rose a substantial 27.6% to ¥4,248 million, with operating income of ¥724 million, reversing by a large margin an operating loss of ¥84 million in the previous fiscal year.

(ii) Outlook for Fiscal 2012

The Star Micronics Group does not have any plants or offices in the area affected by the devastating earthquake that struck Japan's Tohoku region in March 2011, and has not suffered any direct injury to personnel or damage to production facilities and other equipment.

Nevertheless, the disaster could conceivably cause production adjustments among Star Micronics Group customers and material procurement difficulties for business partners in Japan, as well as delays and certain other problems with respect to international distribution. This has made it difficult for the Company to estimate a fiscal-year outlook at this time.

For these reasons, Star Micronics will continue to make an effort to collect information and announce an outlook for the year ending February 29, 2012, once that information is carefully analyzed, prior to the release of earnings for the first quarter of that year scheduled at the end of June 2011.