



# Financial Results for Fiscal 2008, the Year Ended February 29, 2008

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STAR MICRONICS CO., LTD.  
<http://www.star-m.jp>

\* Performance and achievement forecasts in this document were made based on management's judgment drawn from currently available information, and contain risks and uncertainties. Therefore, please note that actual performance may vary significantly from projections due to various factors.

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## Record earnings: 5th consecutive year of sales and profit growth

■ Sales	: ¥73.8 billion	↗ 17.9%	higher YoY
■ Operating Income	: ¥14.6 billion	↑ 40.3%	higher YoY
■ Ordinary Income	: ¥15.1 billion	↑ 39.7%	higher YoY
■ Net Income	: ¥8.0 billion	↗ 15.2%	higher YoY

- ✓ **Machine Tools continued to drive year-on-year growth**
- ✓ **Strong performance in POS printers in Special Products Segment as in previous fiscal year**
- ✓ **Ordinary income ratio tops 20%**

(100 Millions of Yen)

	FY2/07 Actual			FY2/08 Actual			FY2/09 Forecast		
	Amount	Income Ratio (%)	2006/2007 Change (%)	Amount	Income Ratio (%)	2007/2008 Change (%)	Amount	Income Ratio (%)	2008/2009 Change (%)
<b>Sales</b>									
Special Products (Computer printers)	40		(8.2)	34		(14.5)	24		(29.8)
(POS printers)	116		40.9	137		18.3	125		(9.0)
Total	156		23.9	171		9.9	149		(13.1)
Components	98		(10.6)	120		22.8	135		11.9
Machine Tools	324		21.8	403		24.1	392		(2.7)
Precision Products	47		5.2	43		(8.2)	45		3.0
<b>Total</b>	<b>626</b>		<b>14.4</b>	<b>738</b>		<b>17.9</b>	<b>721</b>		<b>(2.4)</b>
<b>Operating Income</b>									
Special Products (Computer printers)	(1)	(4.1)	-	0		-	(4)	(16.7)	-
(POS printers)	28	24.6	127.6	40		42.8	33	26.4	(19.1)
Total	26	17.3	117.9	39	23.2	47.7	29	19.5	(27.2)
Components	4	4.5	(67.4)	2	2.0	(46.1)	10	7.4	324.5
Machine Tools	84	25.9	28.6	119	29.7	42.0	100	25.5	(16.5)
Precision Products	12	26.1	11.9	8	19.5	(31.4)	6	13.3	(29.4)
Eliminations or Corporate	(23)			(23)			(24)		
<b>Total</b>	<b>104</b>	<b>16.7</b>	<b>28.8</b>	<b>146</b>	<b>19.8</b>	<b>40.3</b>	<b>121</b>	<b>16.8</b>	<b>(17.4)</b>
<b>Ordinary Income</b>	<b>108</b>	<b>17.3</b>	<b>29.5</b>	<b>151</b>	<b>20.5</b>	<b>39.7</b>	<b>127</b>	<b>17.6</b>	<b>(16.3)</b>
<b>Net Income</b>	<b>70</b>	<b>11.2</b>	<b>36.1</b>	<b>80</b>	<b>10.9</b>	<b>15.2</b>	<b>81</b>	<b>11.2</b>	<b>0.2</b>

<b>ROE (%)</b>	12.2	12.8	12.1
<b>Cash Dividends Applicable to the Year</b>	¥32	¥56	¥60
<b>DOE (%)</b>	3.0	4.7	4.8

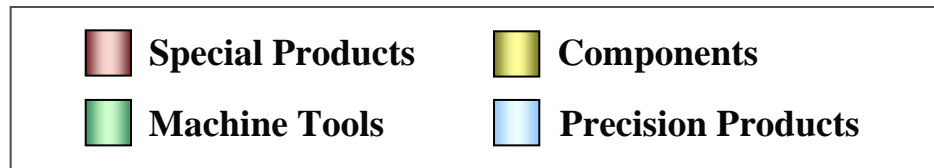
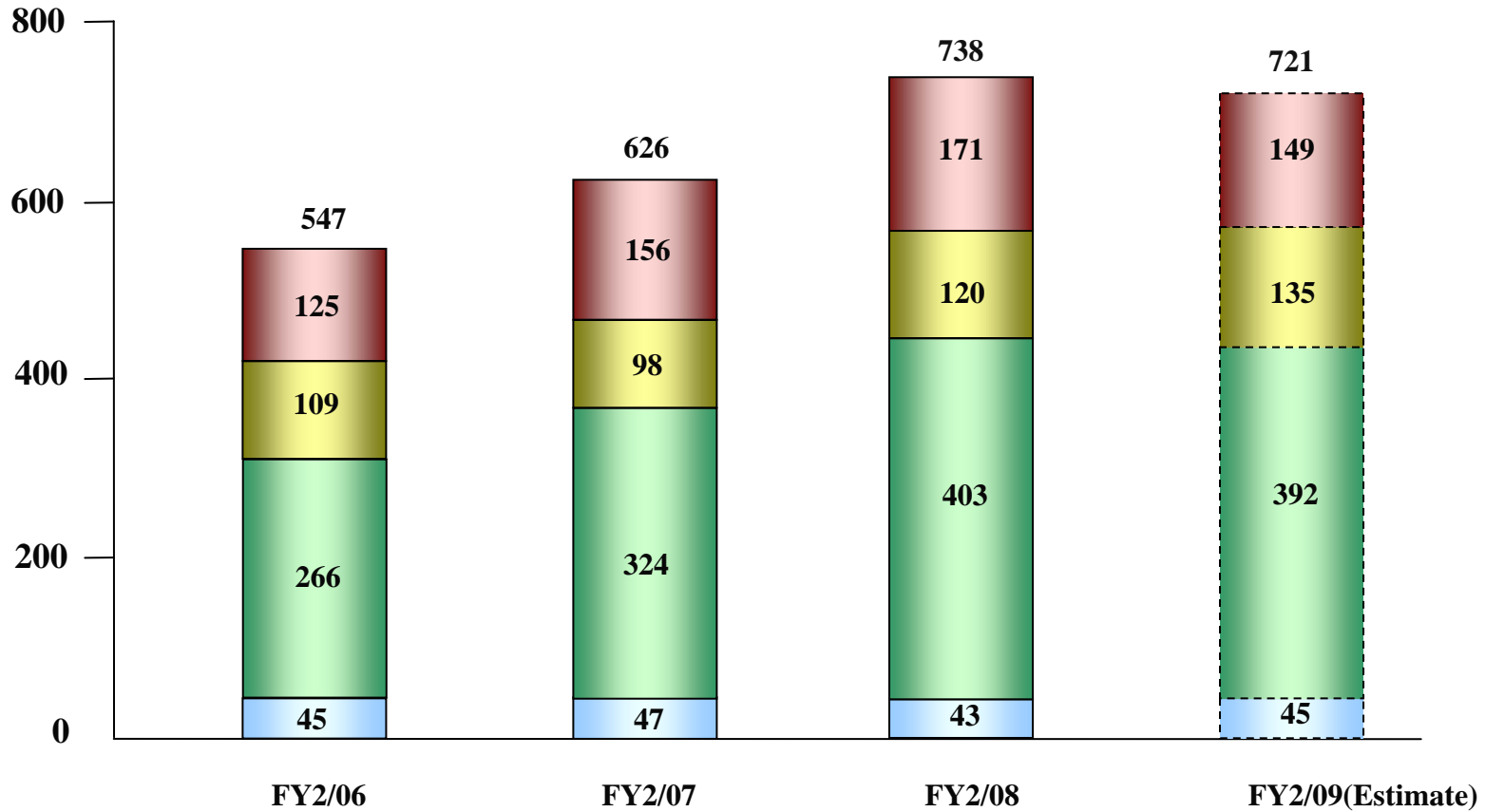
※ROE(Return on Equity) =Net Income/Shareholders' Equity (yearly average) x 100

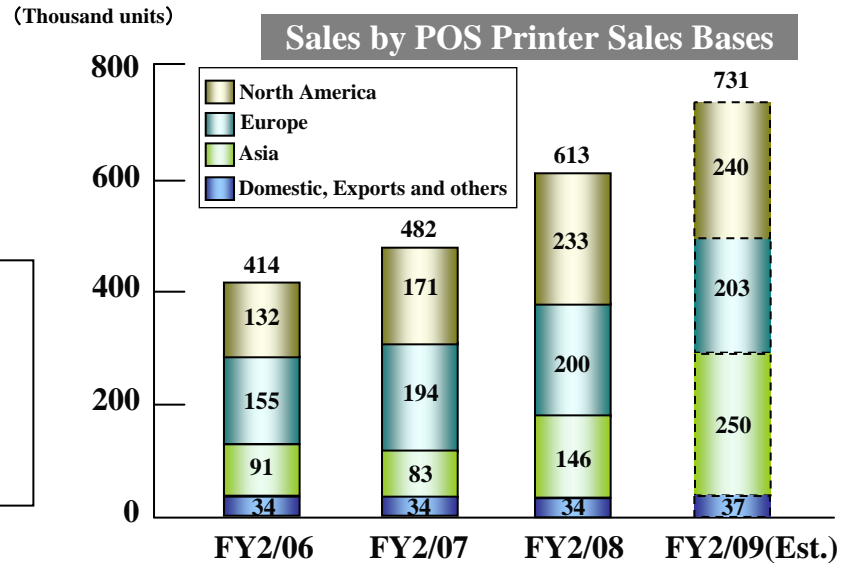
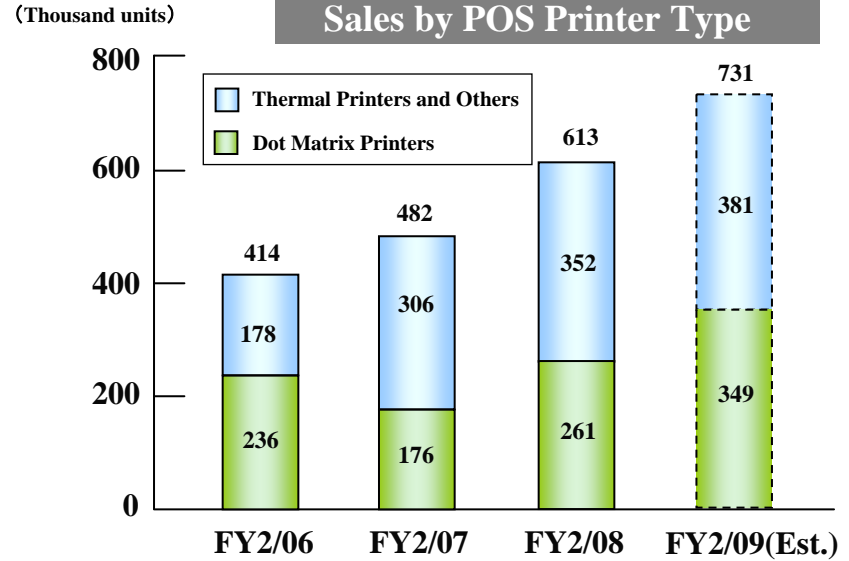
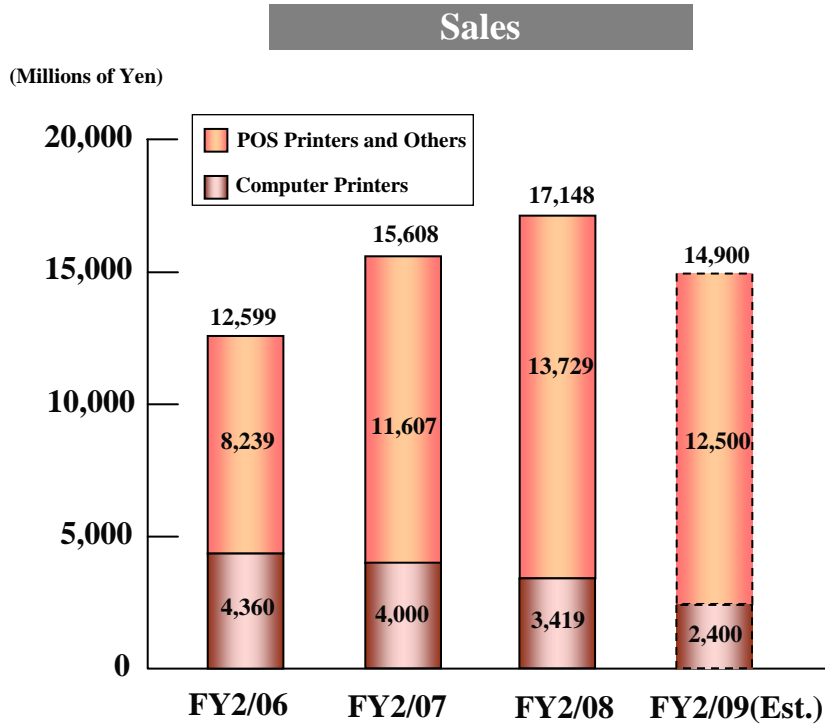
※DOE (Dividend on Equity) = Dividend/Shareholders' Equity (yearly average) x 100

<b>Exchange Rate</b>	<b>US\$</b>	116.38	117.84	(assumption) 100.00
	<b>EUR</b>	146.14	161.24	(assumption) 155.00

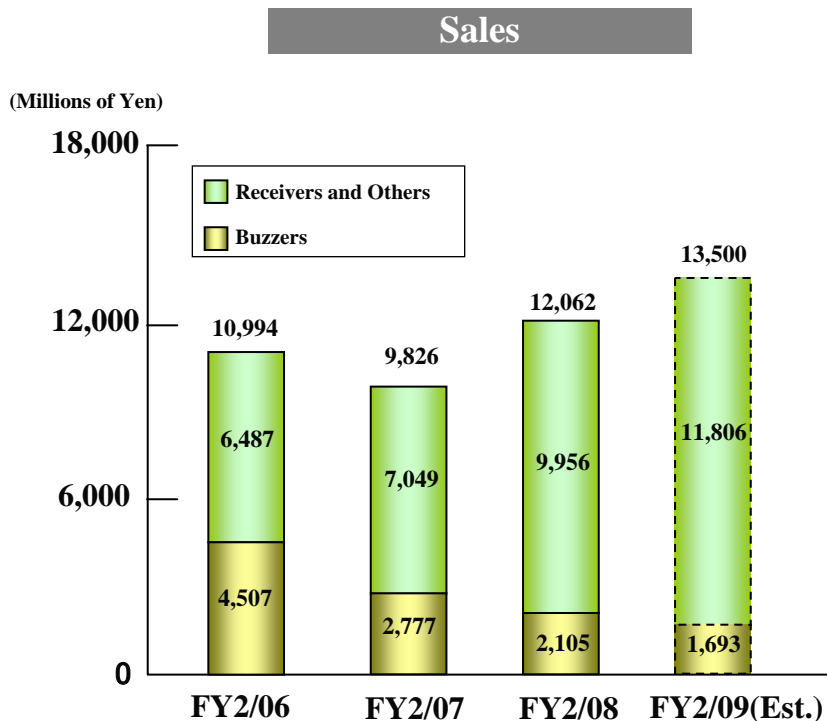
# Sales by Segment

(100 Millions of Yen)

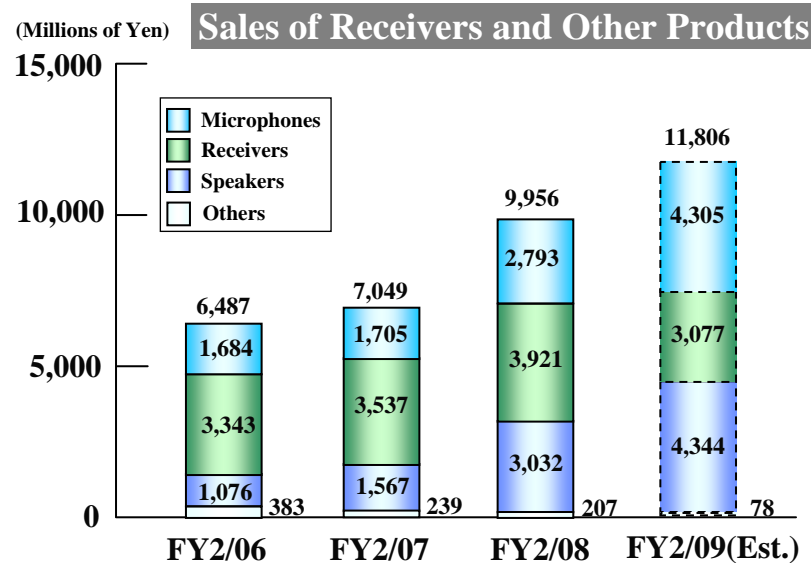
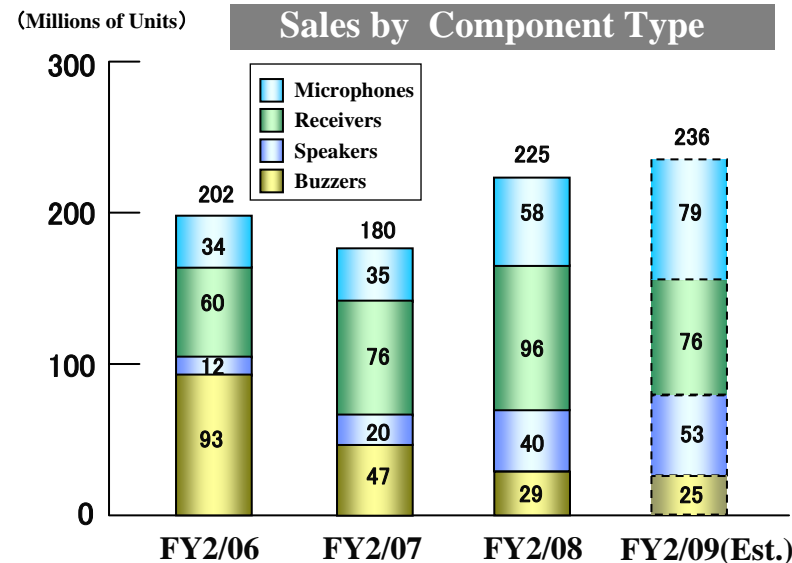




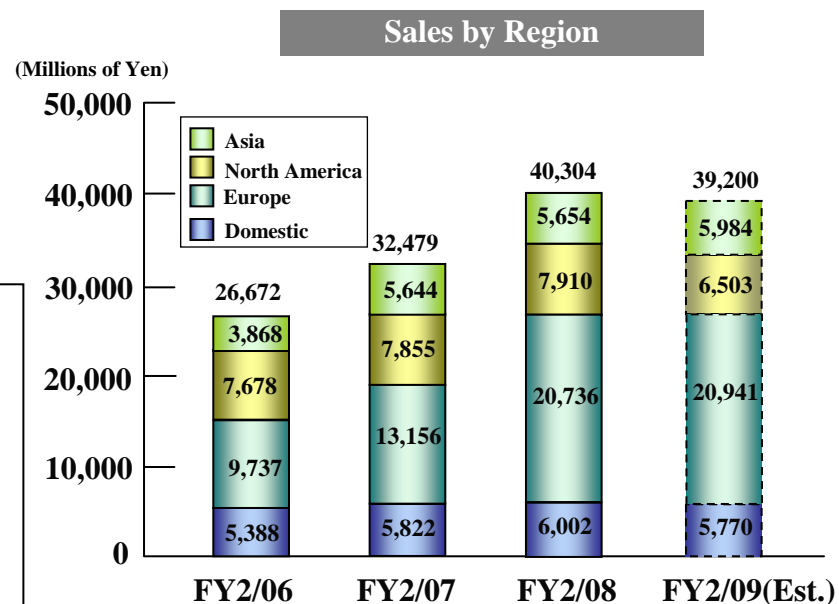
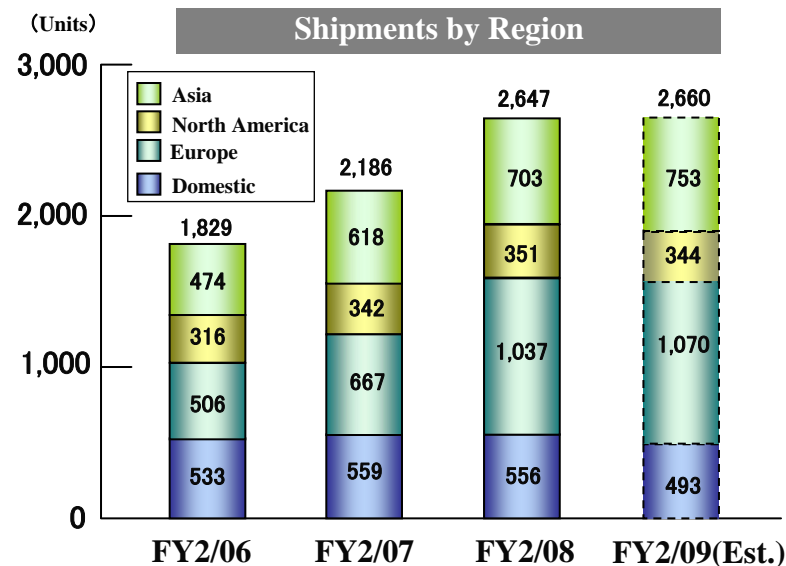
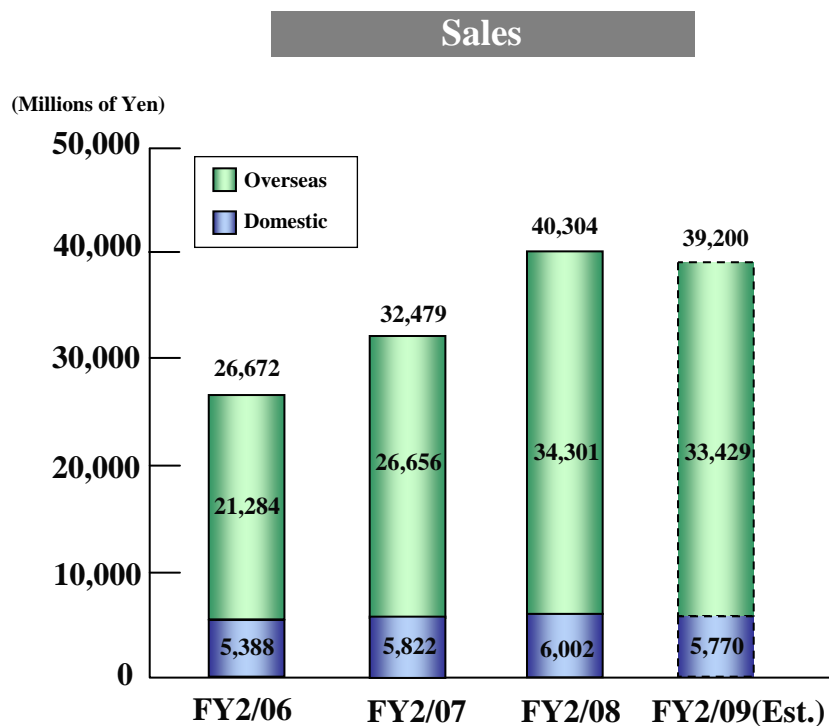
▪ Sales boosted by orders in a wide range of fields including POS registers, lottery ticket machines and kiosk terminals, and in emerging markets.



Note: "Receivers and Others" refers to receivers, microphones, speakers and other devices.

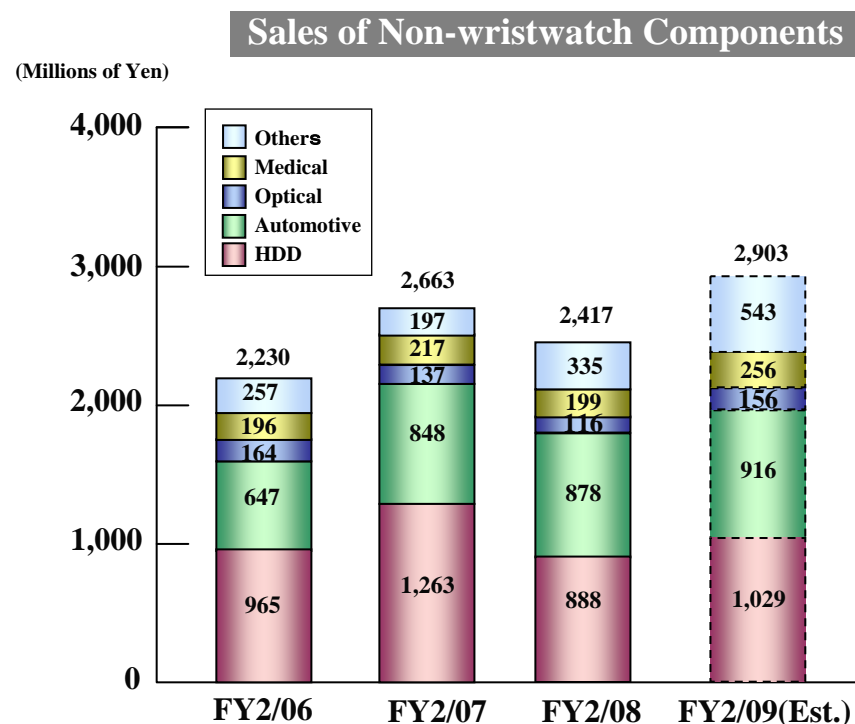
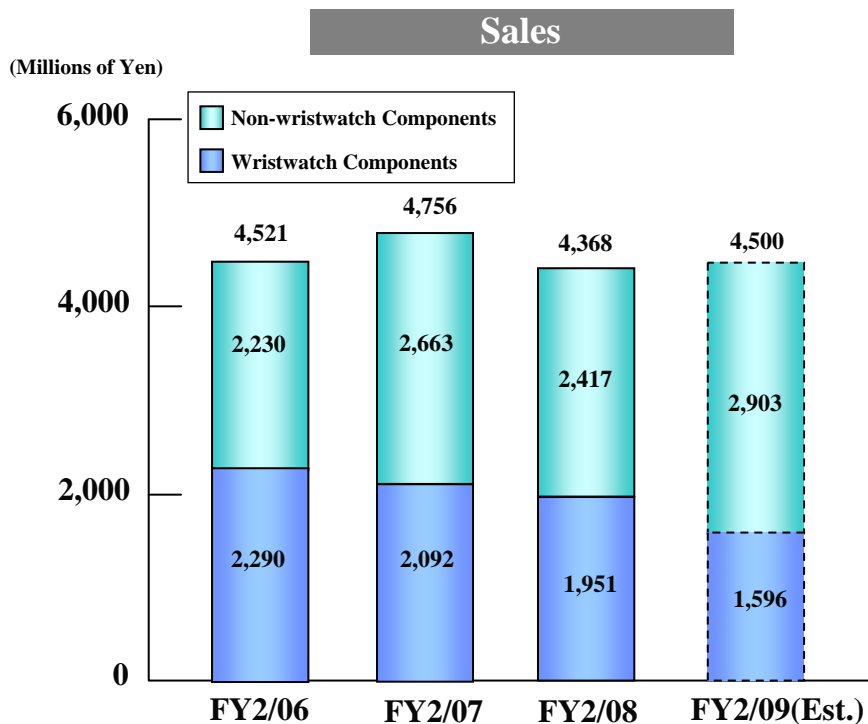


▪ Sales of microphones and speakers increased sharply due to the adoption of new products in mid-range and high-end mobile phone handsets.



▪ Sales increased substantially in Europe as the Group continued to acquire a high level of orders in a wide range of industries, especially electrical machinery, precision machinery and automobiles. Sales were robust in other regions also.

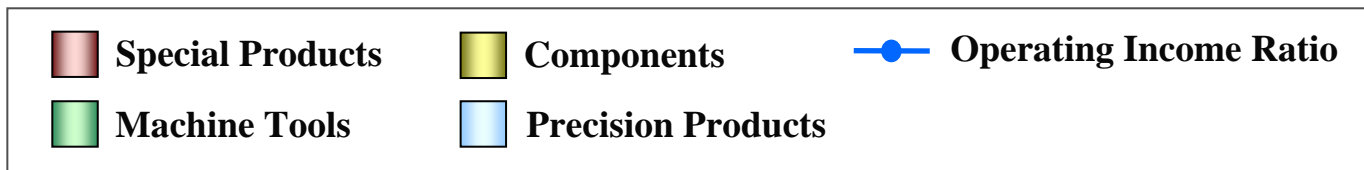
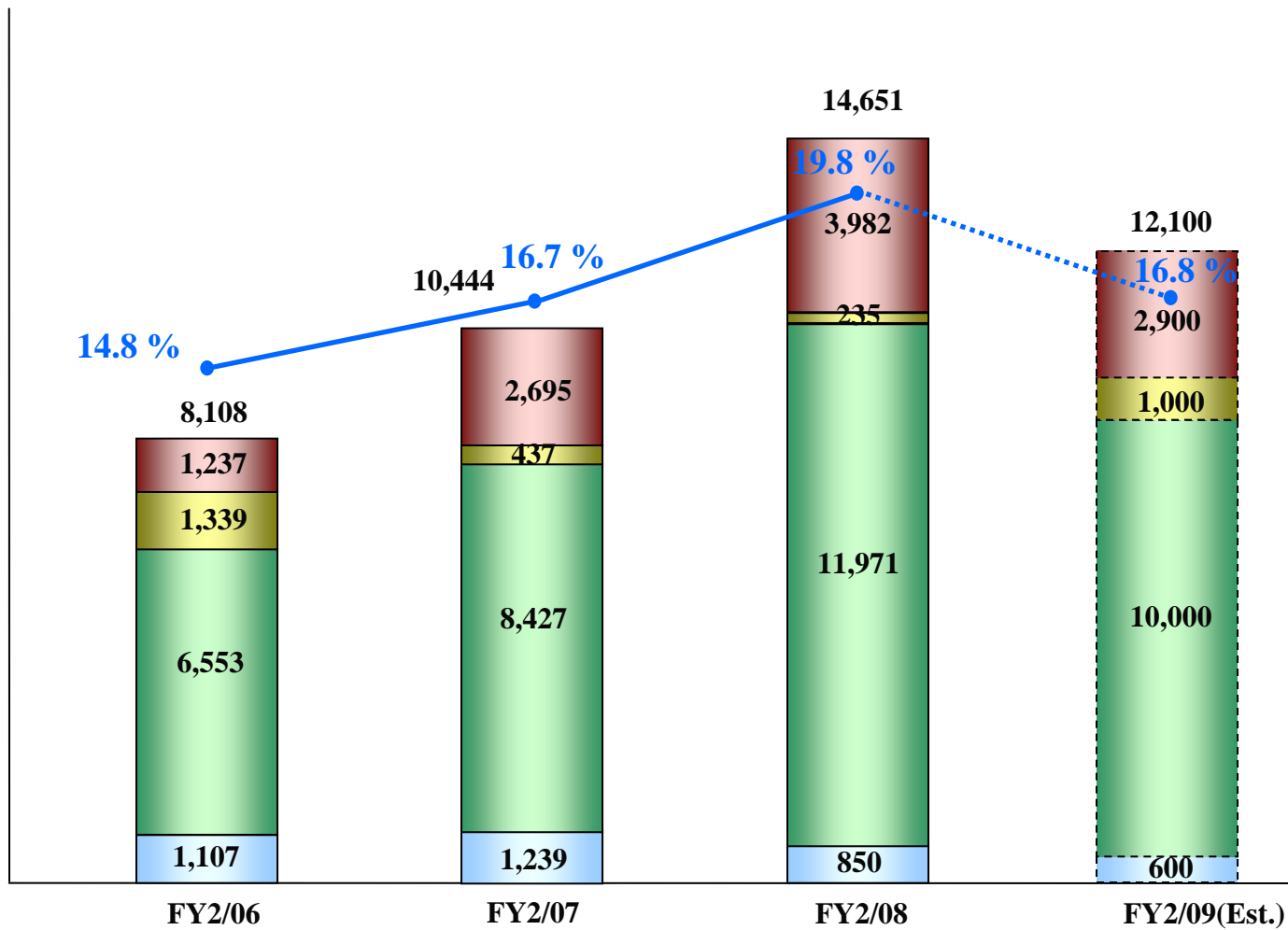




- Sales of components for small HDDs for laptop computers and other devices were robust, but sales of these components for portable digital music players declined.
- Sales of car audio components produced by our Chinese subsidiary increased.

# Operating Income by Segment

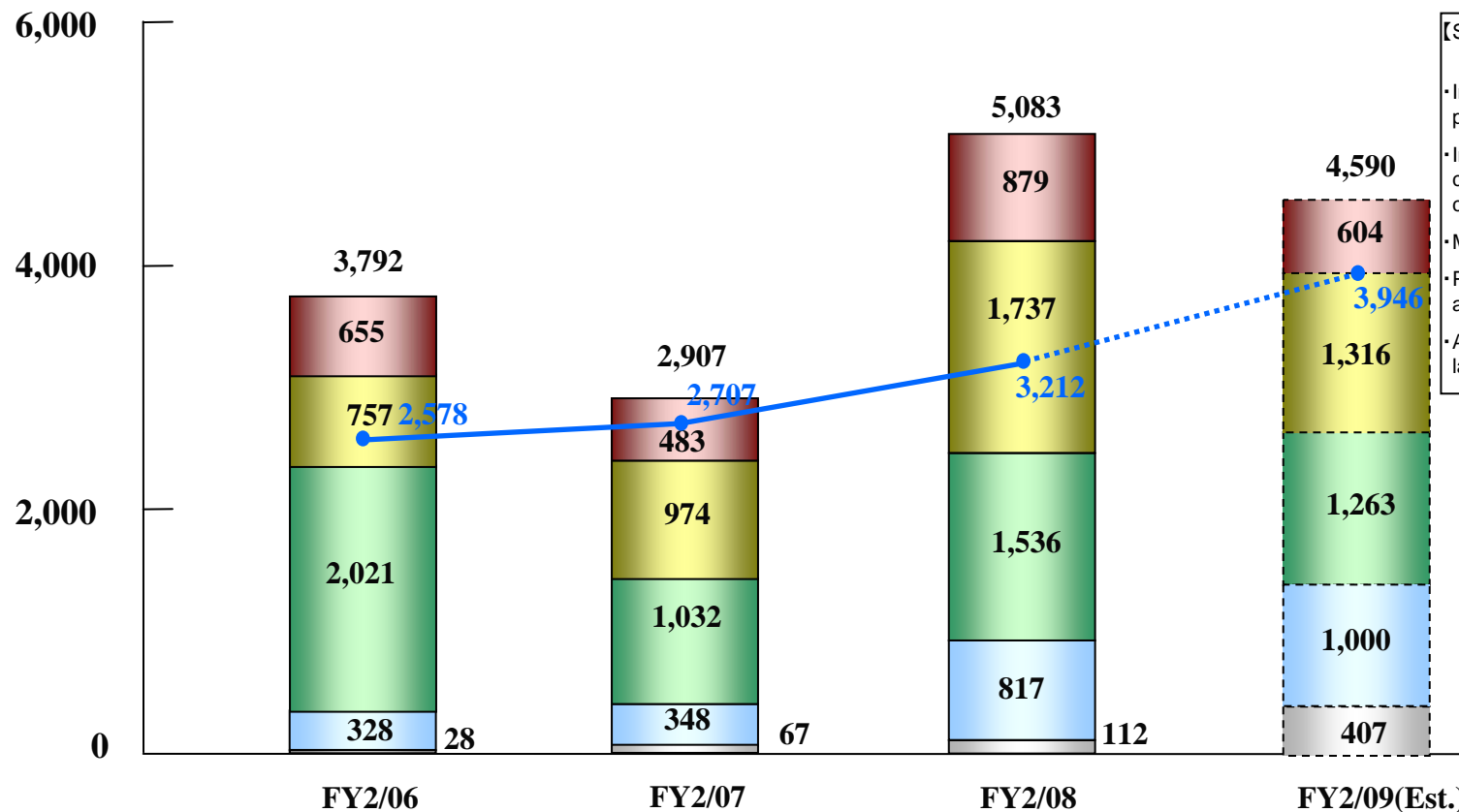
(Millions of Yen)



\*Operating income totals exclude eliminations and corporate.

# Capital Investment

(Millions of Yen)



- 【Scheduled Main Uses of Capital Investment】**
- Increasing machine tool production capacity, etc.
  - Increasing micro audio component production capacity, etc.
  - Molds for POS printers, etc.
  - Precision-component NC automatic lathes, etc.
  - Altering Head Office interior layouts



(Millions of Yen)

		Feb.2007 Actual		Feb.2008 Actual		Feb.2009 Forecast	
		Amount	Component percentages	Amount	Component percentages	Amount	Component percentages
<b>Assets</b>	Cash	20,699	27%	22,421	26%	28,200	33%
	Inventories	12,529	16%	15,436	18%	13,800	16%
	Other current assets	20,391	27%	25,378	29%	21,700	25%
	Total current assets	53,619	70%	63,235	73%	63,700	74%
	Property, plant and equipment	16,355	22%	17,727	21%	17,100	20%
	Other fixed assets	6,220	8%	5,412	6%	5,000	6%
	Total fixed assets	22,575	30%	23,139	27%	22,100	26%
	Total assets	76,194	100%	86,375	100%	85,800	100%
<b>Liabilities</b>	Payables	5,942	8%	7,910	9%	7,000	8%
	Other current liabilities	7,936	10%	11,166	13%	9,240	11%
	Total current liabilities	13,878	18%	19,077	22%	16,240	19%
	Total long-term liabilities	920	1%	696	1%	900	1%
	Total liabilities	14,799	19%	19,773	23%	17,140	20%
<b>Net assets</b>	Total net assets	61,395	81%	66,601	77%	68,660	80%
Total liabilities and net assets		76,194	100%	86,375	100%	85,800	100%

## Cash Flow Analysis

(Millions of Yen)

	Feb.2006 Actual	Feb.2007 Actual	Feb.2008 Actual	Feb.2009 Forecast
Net income	5,151	7,012	8,080	8,100
+ Depreciation	2,578	2,707	3,212	3,946
= Cash from business operations	7,729	9,719	11,292	12,046
− Dividends	906	1,390	2,357	3,218
= Cash flow	6,823	8,329	8,935	8,828
− Capex(Capital expenditure)	3,792	2,907	5,083	4,590
= Free cash flow	3,031	5,422	3,852	4,238

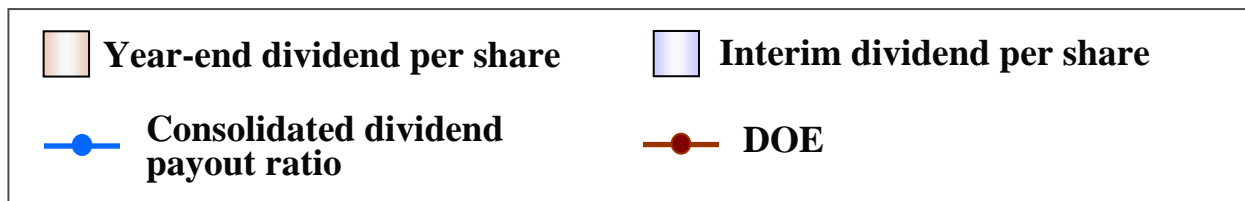
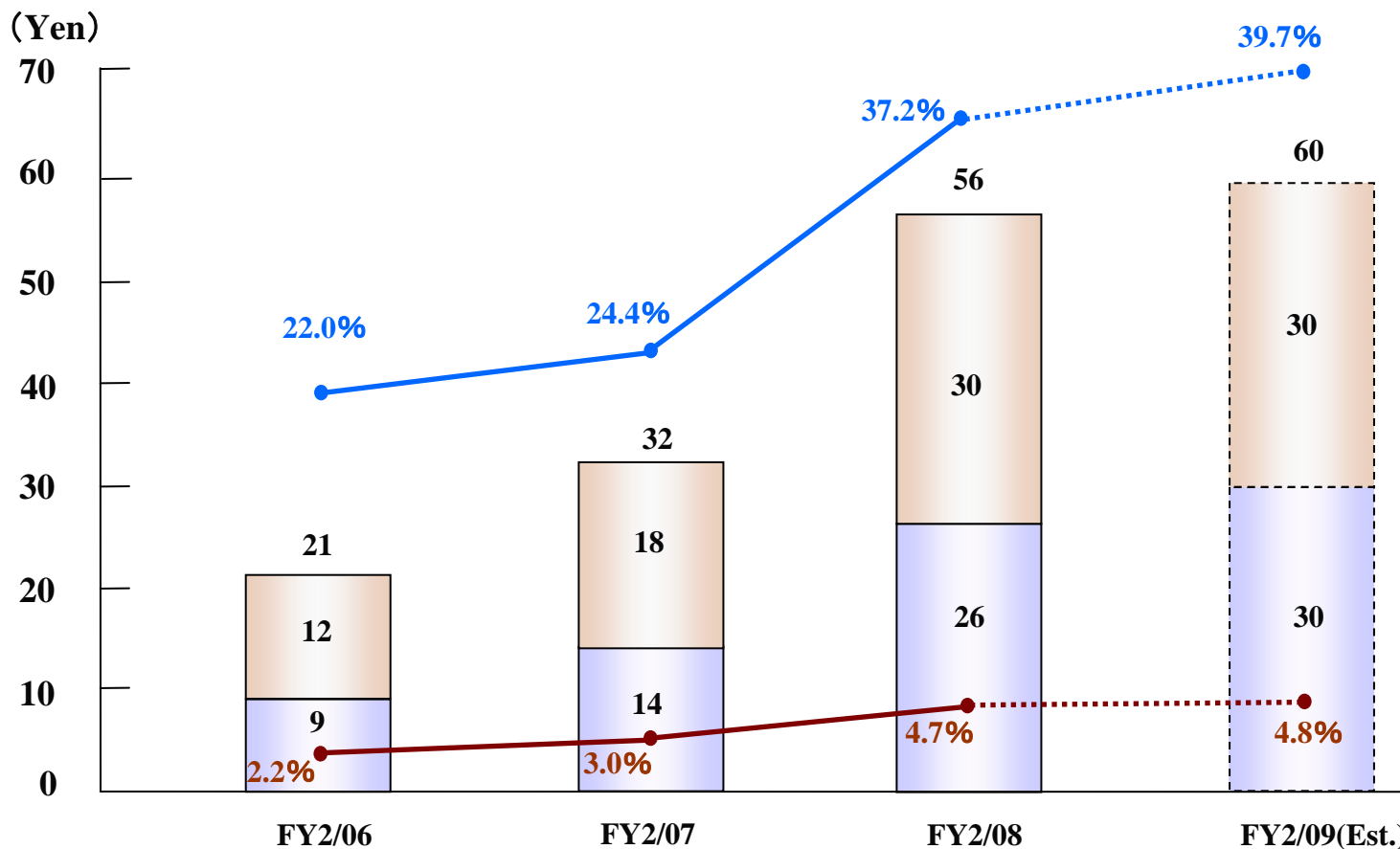
## Financial Benchmarks

	Feb.2006 Actual	Feb.2007 Actual	Feb.2008 Actual	Feb.2009 Forecast
Total asset turnover	0.9 times	0.9 times	0.9 times	0.8 times
Equity ratio	81.2%	79.9%	76.2%	79.2%
Return on equity (ROE)	10.1%	12.2%	12.8%	12.1%
Return on assets (ROA)	13.2%	15.2%	18.7%	14.8%
Earnings per share (EPS)	¥95.60	¥131.09	¥150.74	¥151.02
Book value per share (BPS)	¥1,014.99	¥1,137.05	¥1,227.59	¥1,267.06
(Consolidated) Dividend on equity (DOE)	2.2%	3.0%	4.7%	4.8%

## Research and Development Costs

(Millions of Yen)

	Feb.2006 Actual	Feb.2007 Actual	Feb.2008 Actual	Feb.2009 Forecast
R&D costs	2,192	2,145	2,213	2,312



We aim to be an excellent global company over the long term by seeking to raise profitability and increase growth opportunities by optimizing the allocation of business resources to strategic fields.

We also aim to increase returns to shareholders.

## Raise Profitability

- Capture high shares in global niche markets
- Concentrate business resources on highly profitable products and markets
- Create high-value-added products

## Increase Growth Opportunities

- Strengthen our sales organization in emerging markets
- Build an optimal production system by utilizing overseas production bases
- Implement business alliances and M&As to strengthen our core competencies

## Promote CSR

- Increase dividend payments to achieve a consolidated dividend payout ratio of at least 40% and DOE of at least 5%
- Strengthen compliance by improving our internal control system
- Develop environmentally friendly products

# Medium-term Targets

- Sales ¥80.0 billion
- Operating Income ¥16.2 billion
- Net Income ¥10.7 billion
- Ratio of Operating Income to Net Sales At least 20%
- Dividend Payments Consolidated dividend payout ratio of at least 40%  
DOE of at least 5%

(100 Millions of Yen)




	FY2/08 Actual		FY2/11 Targets		2008/2011 Change (%)
	Amount		Amount		
<b>Sales</b>					
Special Products	171		160		
Components	120		150		
Machine Tools	403		440		
Precision Products	43		50		
<b>Total</b>	<b>738</b>		<b>800</b>		<b>8.4</b>
		Income Ratio (%)		Income Ratio (%)	
<b>Operating Income</b>	<b>146</b>	<b>19.8</b>	<b>162</b>	<b>20.3</b>	<b>11.0</b>
<b>Ordinary Income</b>	<b>151</b>	<b>20.5</b>	<b>167</b>	<b>20.9</b>	<b>10.6</b>
<b>Net Income</b>	<b>80</b>	<b>10.9</b>	<b>107</b>	<b>13.4</b>	<b>33.8</b>

<b>Dividends Per Share</b>	¥56	¥80
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# Performance Indicators (10-Year Data)

	Sales (Millions of Yen)	Operating Income (Millions of Yen)	Income Ratio (%)	Ordinary Income (Millions of Yen)	Income Ratio (%)	Net Income (Millions of Yen)	Income Ratio (%)	EPS (Yen)	ROE (%)	DOE (%)	Dividends Per Share (Yen)
	FY2/99	46,479	5,810	12.5	4,729	10.2	3,899	8.4	69.02	10.0	
FY2/00	44,913	4,552	10.1	3,591	8.0	2,702	6.0	47.84	6.5		7.0
FY2/01	52,304	6,352	12.1	6,477	12.4	3,273	6.3	57.91	7.3		10.0
FY2/02	43,265	4,063	9.4	4,213	9.7	577	1.3	10.21	1.2		10.0
FY2/03	38,611	2,407	6.2	1,874	4.9	434	1.1	7.77	0.9	1.2	10.0
FY2/04	43,331	3,549	8.2	3,593	8.3	2,425	5.6	44.12	5.4	1.3	11.0
FY2/05	49,689	6,343	12.8	6,357	12.8	3,775	7.6	70.13	8.2	1.7	15.0
FY2/06	54,788	8,108	14.8	8,386	15.3	5,151	9.4	95.60	10.1	2.2	21.0
FY2/07	62,670	10,444	16.7	10,862	17.3	7,012	11.2	131.09	12.2	3.0	32.0
FY2/08	73,883	14,651	19.8	15,170	20.5	8,080	10.9	150.74	12.8	4.7	56.0
FY2/09(Est.)	72,100	12,100	16.8	12,700	17.6	8,100	11.2	151.02	12.1	4.8	60.0

Segment	Products	
Special Products	POS Printers Card Reader/Writers	
Components	Micro Audio Components (Electronic Buzzers, Microphones, Speakers, Receivers)	
Machine Tools	CNC Automatic Lathes, etc.	
Precision Products	Wristwatch Parts, Optical Connector Parts, Automotive Parts, Medical Equipment Parts	