



# Financial Results for Fiscal 2009, the Year Ended February 28, 2009

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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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## Net sales and earnings declined year on year

■ Net Sales	: ¥56.9 billion	↘	22.9%	down YoY
■ Operating Income	: ¥8.5 billion	↘	41.7%	down YoY
■ Ordinary Income	: ¥8.9 billion	↘	41.2%	down YoY
■ Net Income	: ¥4.3 billion	↘	46.3%	down YoY

- ✓ **The Components Segment reported higher sales and earnings year on year.**
- ✓ **The Machine Tools and Special Products segments posted sharp year-on-year decreases in sales and earnings due to the economic downturn.**

(100 Millions of Yen)

	FY2/08 Actual			FY2/09 Actual			FY2/10 Forecast		
	Amount	Income Ratio (%)	2007/2008 Change (%)	Amount	Income Ratio (%)	2008/2009 Change (%)	Amount	Income Ratio (%)	2009/2010 Change (%)
<b>Sales</b>									
Special Products (Computer printers )	34		(14.5)	23		(31.2)	-		-
(POS printers )	137		18.3	94		(31.1)	78		(17.0)
Total	171		9.9	118		(31.1)	78		(33.5)
Components	120		22.8	123		2.4	86		(30.0)
Machine Tools	403		24.1	287		(28.7)	83		(71.1)
Precision Products	43		(8.2)	40		(7.2)	33		(18.6)
<b>Total</b>	<b>738</b>		<b>17.9</b>	<b>569</b>		<b>(22.9)</b>	<b>281</b>		<b>(50.7)</b>
<b>Operating Income</b>									
Special Products (Computer printers )	(0)	(2.9)	-	(5)	(22.5)	-	-	-	-
(POS printers )	40	29.7	42.8	21	22.5	(47.8)	6	7.6	(71.8)
Total	39	23.2	47.7	16	13.6	(59.8)	6	7.6	(62.5)
Components	2	2.0	(46.1)	12	10.0	425.6	(8)	(9.2)	-
Machine Tools	119	29.7	42.0	73	25.5	(38.8)	(23)	(27.7)	-
Precision Products	8	19.5	(31.4)	5	13.2	(37.1)	(1)	(5.5)	-
Eliminations or Corporate	(23)			(21)			(18)		
<b>Total</b>	<b>146</b>	<b>19.8</b>	<b>40.3</b>	<b>85</b>	<b>15.0</b>	<b>(41.7)</b>	<b>(45)</b>	<b>(16.0)</b>	<b>-</b>
<b>Ordinary Income</b>	<b>151</b>	<b>20.5</b>	<b>39.7</b>	<b>89</b>	<b>15.7</b>	<b>(41.2)</b>	<b>(43)</b>	<b>(15.3)</b>	<b>-</b>
<b>Net Income</b>	<b>80</b>	<b>10.9</b>	<b>15.2</b>	<b>43</b>	<b>7.6</b>	<b>(46.3)</b>	<b>(35)</b>	<b>(12.5)</b>	<b>-</b>

<b>ROE (%)</b>	12.8	7.3	(7.0)
<b>Cash Dividends Applicable to the Year</b>	¥56	¥45	¥22
<b>DOE (%)</b>	4.7	3.8	2.1

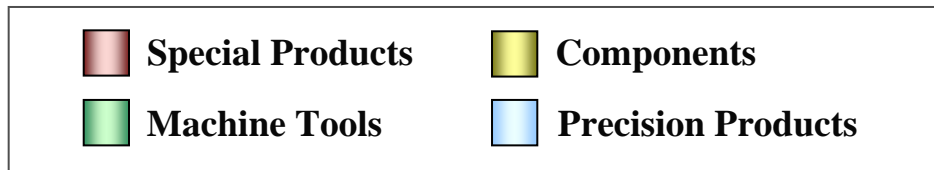
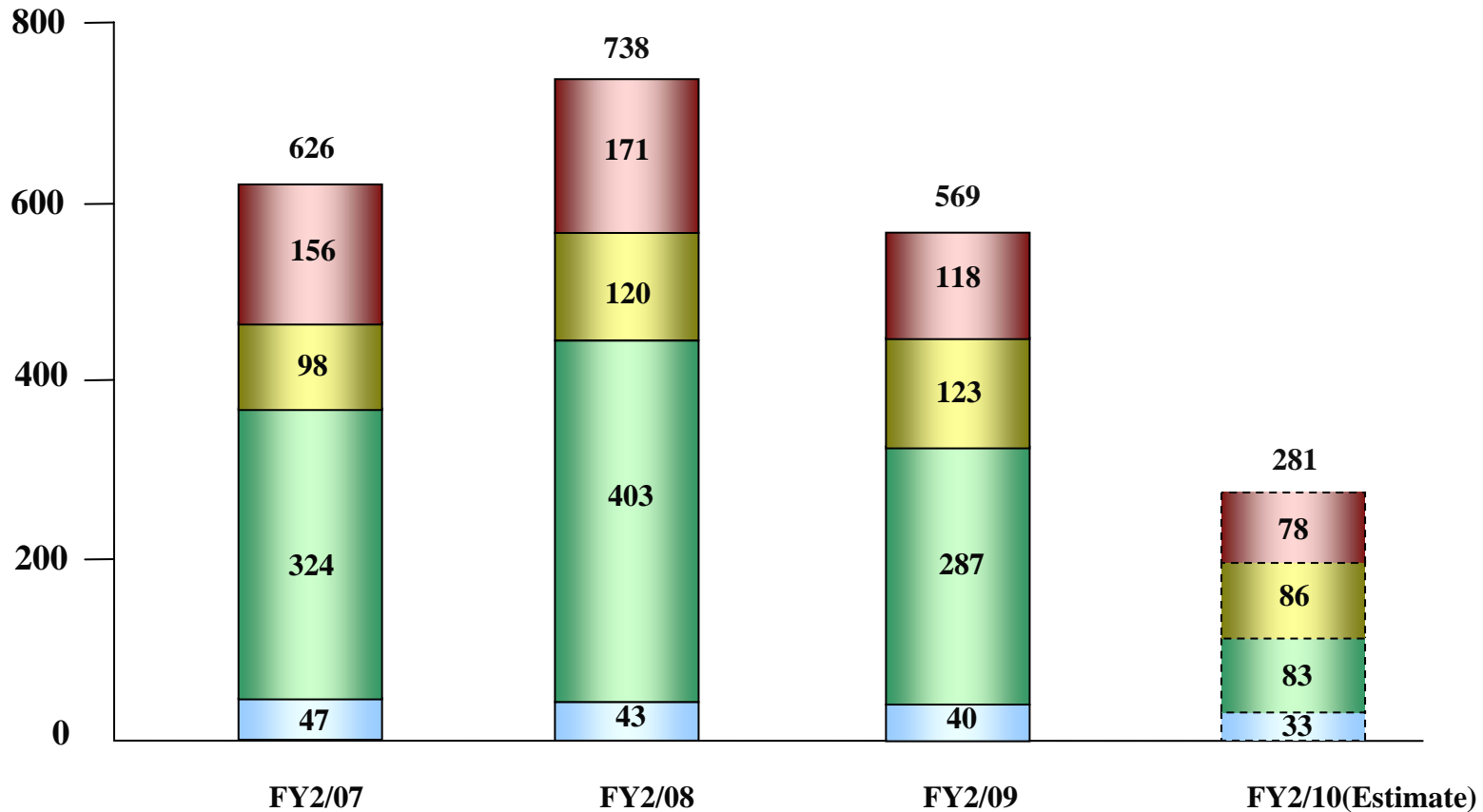
※ROE(Return on Equity) =Net Income/Shareholders' Equity (yearly average) x 100

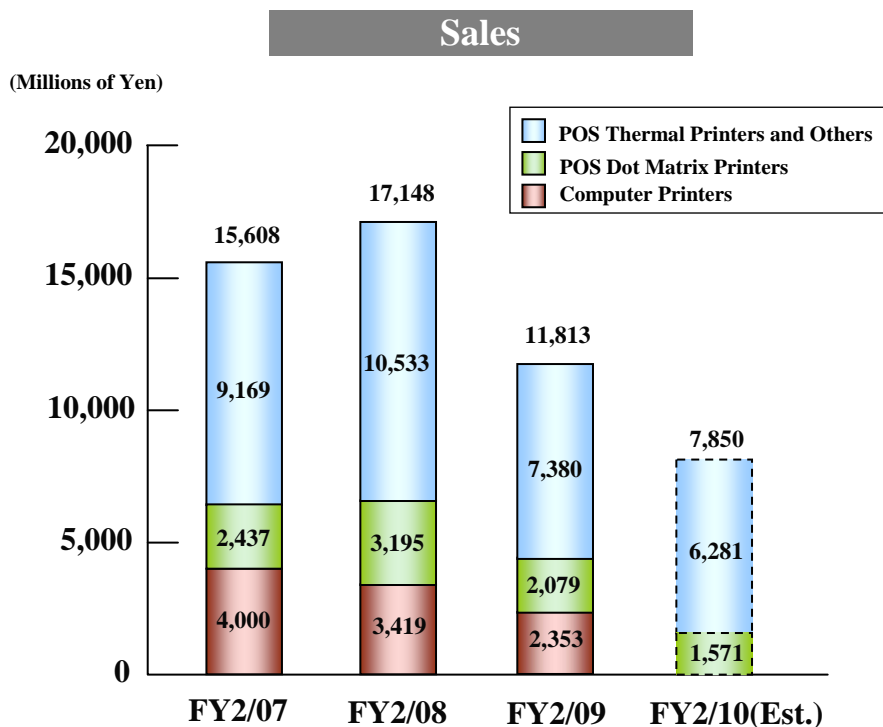
※DOE (Dividend on Equity) is the ratio of the non-consolidated dividend per common share (annual) to consolidated net assets (year average), multiplied by 100 (%)

<b>Exchange Rate</b>	<b>US\$</b>	117.84	103.44	(assumption) 95.00
	<b>EUR</b>	161.24	152.41	(assumption) 120.00

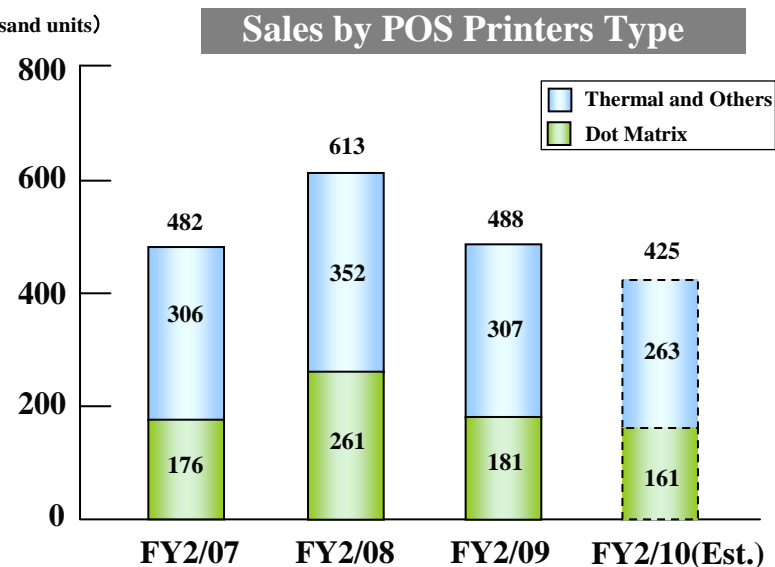
# Sales by Segment

(100 Millions of Yen)

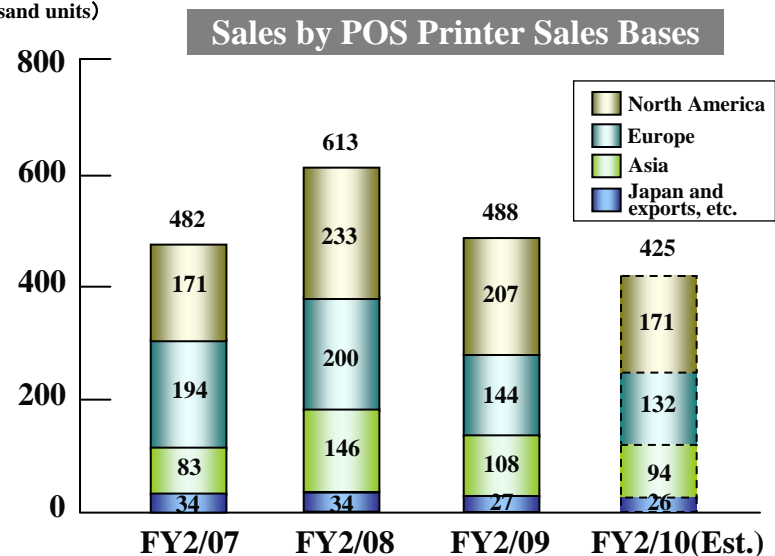




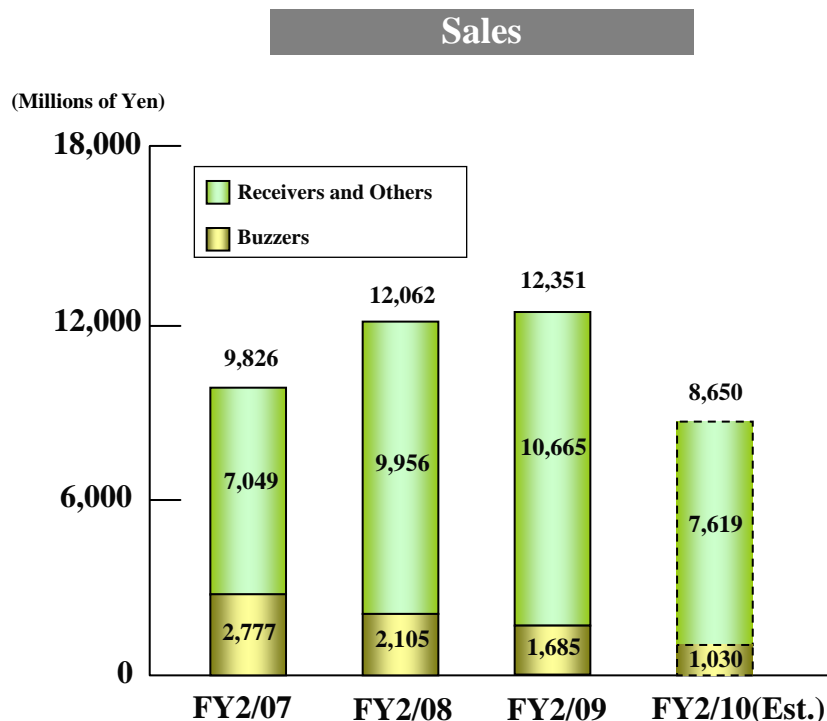
(Thousand units)



(Thousand units)

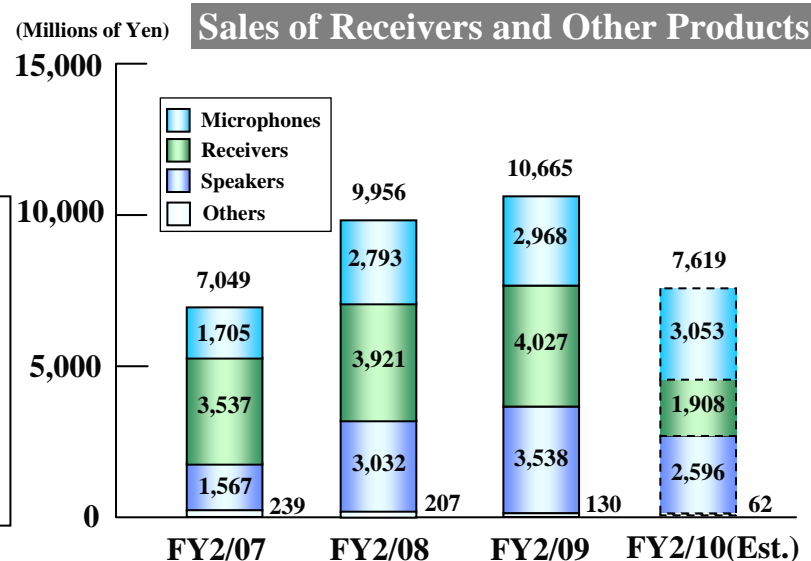
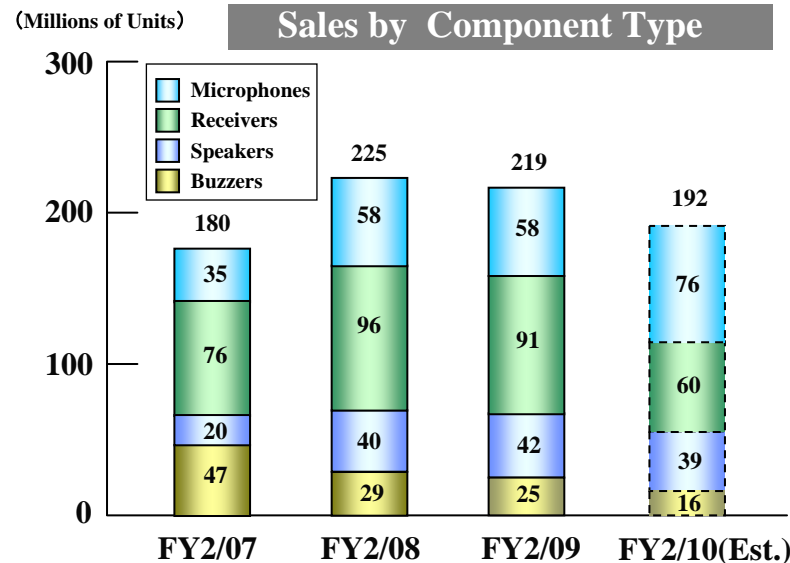


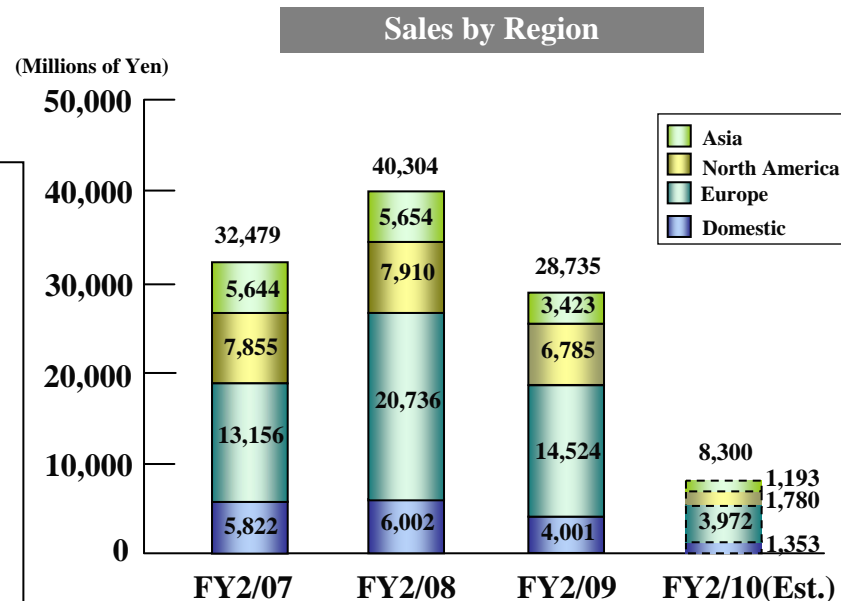
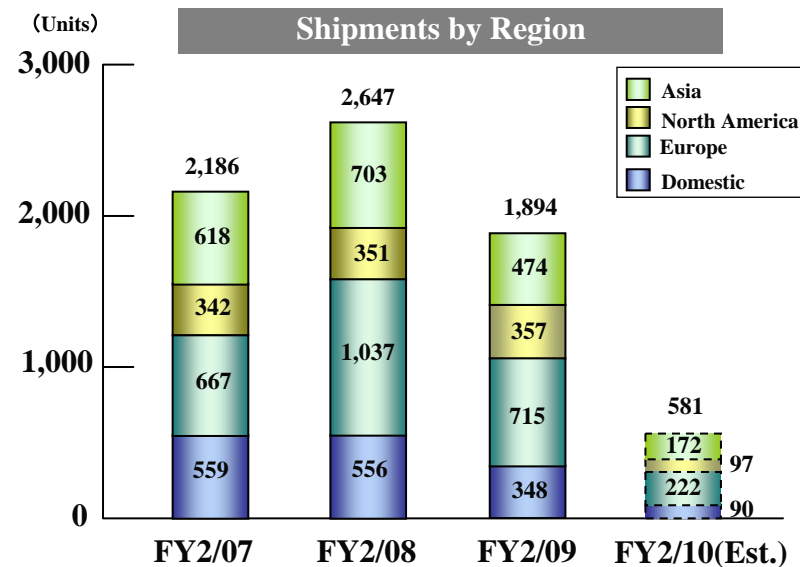
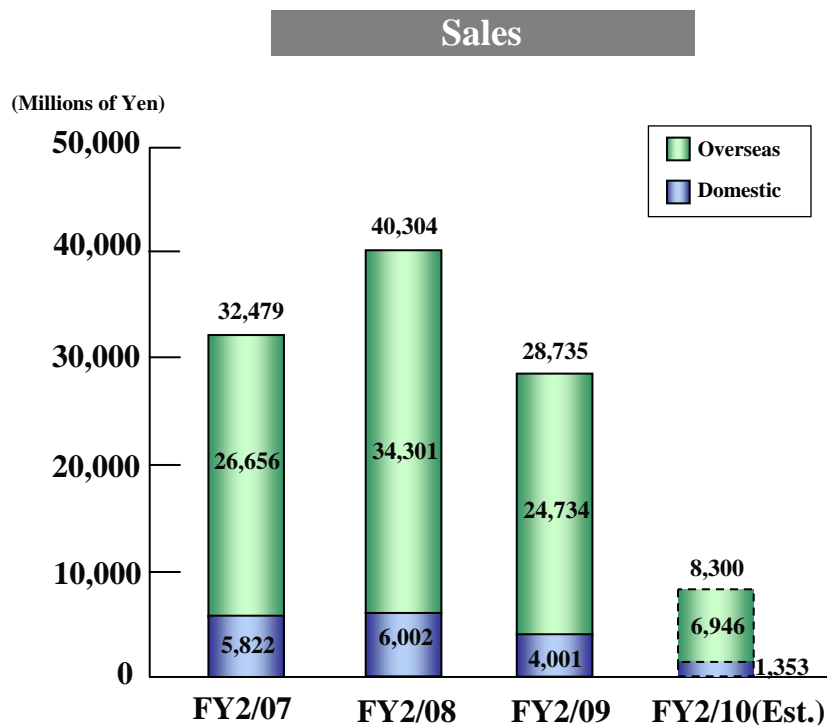
▪ Net sales declined due to ongoing harsh business conditions, such as waning capital investment sentiment in the POS printer market. The strong yen was another factor.



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

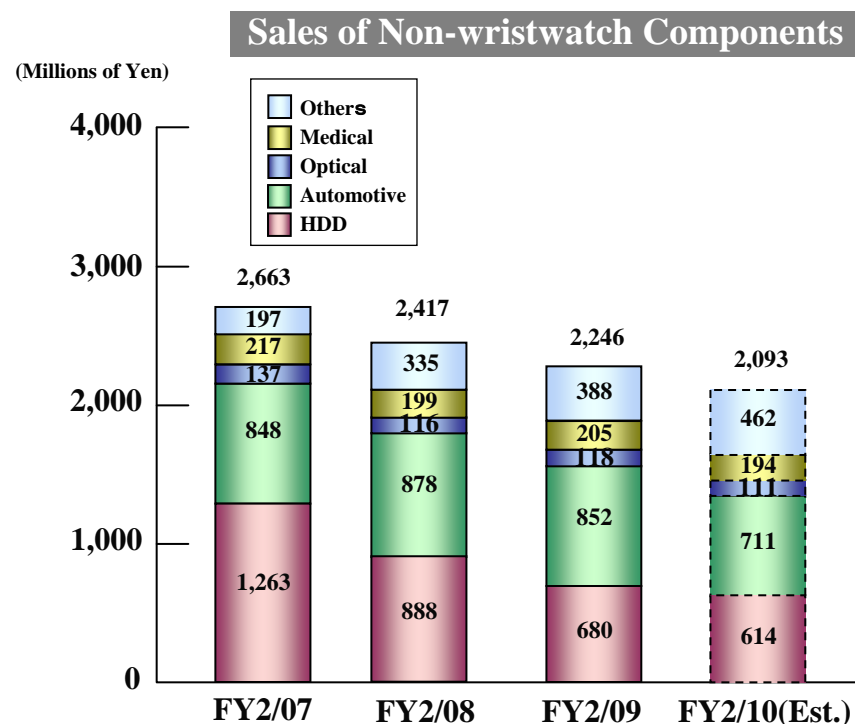
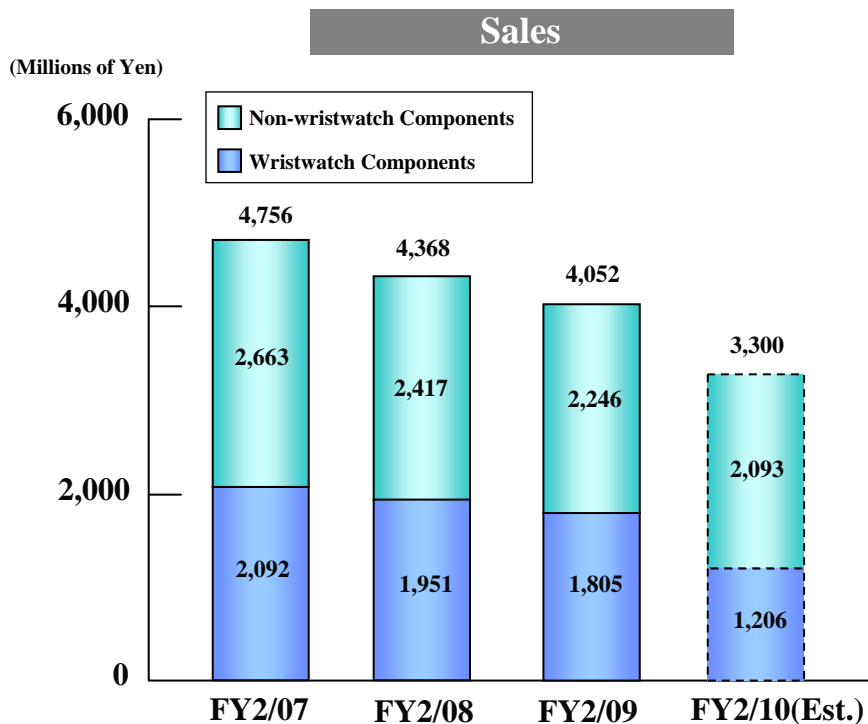
Mobile phone component sales were affected by drastic production cutbacks by mobile phone manufacturers towards the end of the fiscal year, despite higher sales reflecting increased mobile phone subscriber enrollment in China, India and other countries.





- In the U.S. market, machine tool sales volume was largely on a par with the previous year thanks to steady growth in sales to the medical-equipment sector, which is resilient to business cycles.
- Machine tool sales to the automobile, electrical machinery, and general machinery sectors dropped sharply in Europe, Japan, and elsewhere in Asia from towards the end of the fiscal year.



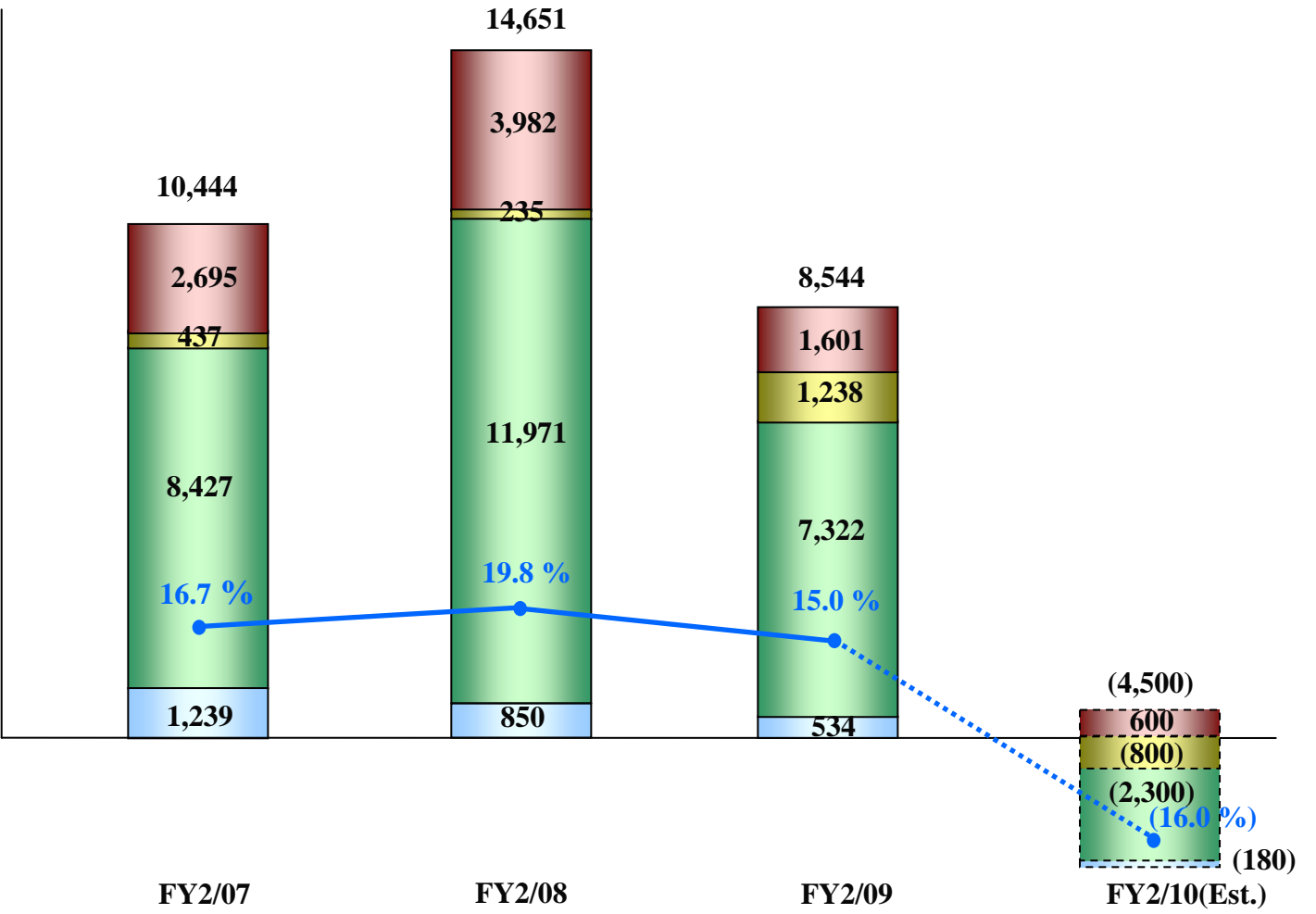


- Wristwatch component sales decreased due to sharp production cutbacks by wristwatch manufacturers.
- Non-wristwatch component sales also declined as HDD components for portable music players failed to grow.

# Operating Income by Segment



(Millions of Yen)



	Special Products		Components		Operating Income Ratio
	Machine Tools		Precision Products		

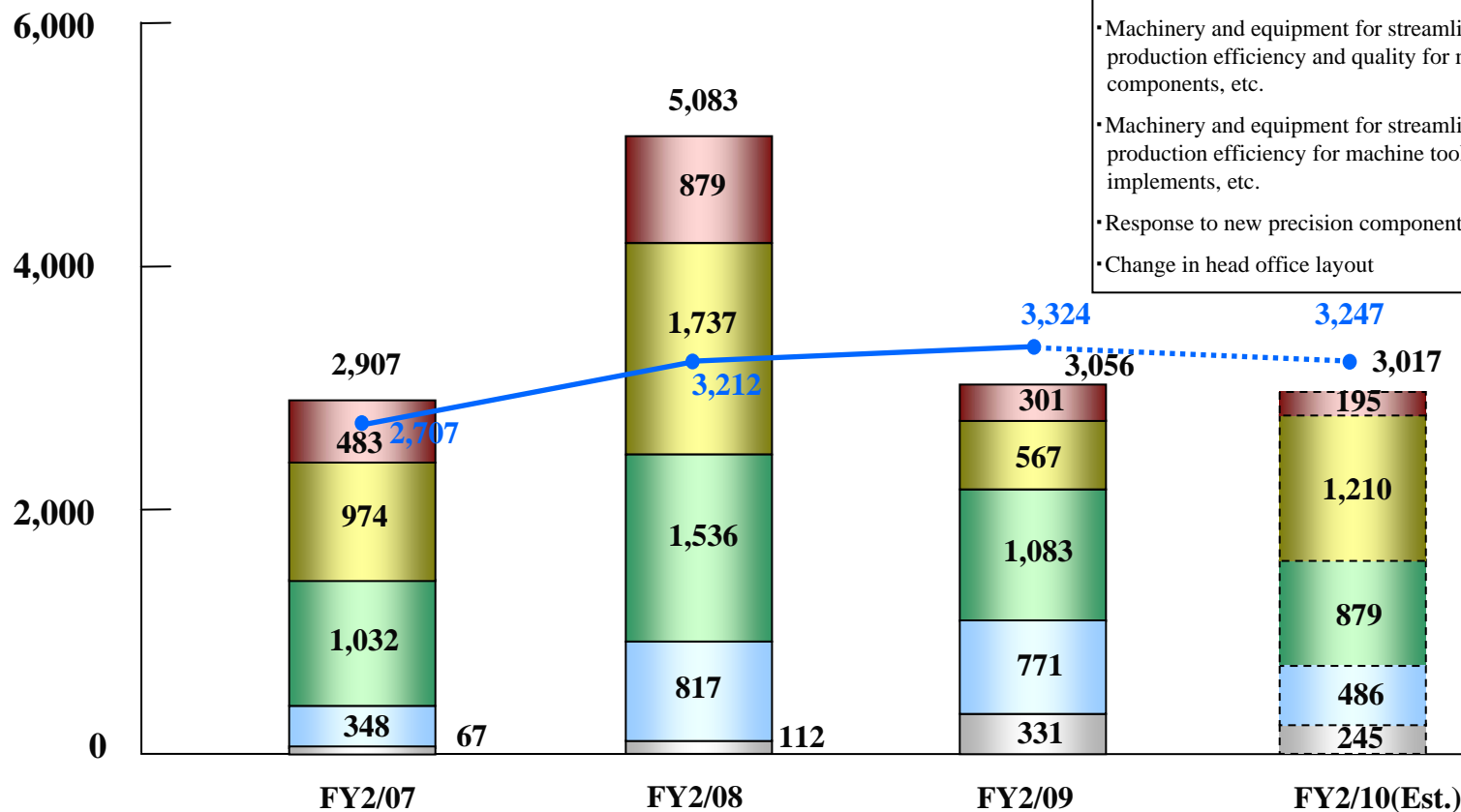
\*Operating income totals exclude eliminations and corporate.

# Capital Investment

(Millions of Yen)

**【Scheduled Main Uses of Capital Investment】**

- Metal dies for POS printers, etc.
- Machinery and equipment for streamlining and raising production efficiency and quality for micro audio components, etc.
- Machinery and equipment for streamlining and raising production efficiency for machine tools, new product implements, etc.
- Response to new precision components, etc.
- Change in head office layout



(Millions of Yen)

		Feb.2008 Actual		Feb.2009 Actual		Feb.2010 Forecast	
		Amount	Component percentages	Amount	Component percentages	Amount	Component percentages
<b>Assets</b>	Cash	22,421	26%	16,007	25%	15,900	27%
	Inventories	15,436	18%	15,489	24%	11,400	19%
	Other current assets	25,378	29%	13,265	21%	12,800	22%
	Total current assets	63,235	73%	44,761	70%	40,100	68%
	Property, plant and equipment	17,727	21%	15,168	23%	15,100	26%
	Other fixed assets	5,412	6%	4,275	7%	3,800	6%
	Total fixed assets	23,139	27%	19,443	30%	18,900	32%
	Total assets	86,375	100%	64,204	100%	59,000	100%
<b>Liabilities</b>	Payables	7,910	9%	3,248	5%	2,100	4%
	Short-term debt	-	-	2,000	3%	4,000	7%
	Other current liabilities	11,166	13%	5,511	9%	4,085	7%
	Total current liabilities	19,077	22%	10,759	17%	10,185	18%
	Total long-term liabilities	696	1%	458	0%	400	0%
	Total liabilities	19,773	23%	11,218	17%	10,585	18%
<b>Net assets</b>	Total net assets	66,601	77%	52,986	83%	48,415	82%
Total liabilities and net assets		86,375	100%	64,204	100%	59,000	100%

## Cash Flows

(Millions of Yen)

	Feb.2007 Actual	Feb.2008 Actual	Feb.2009 Actual	Feb.2010 Forecast
Net cash provided by operating activities	10,711	10,666	6,151	2,800
Net cash used in investing activities	(3,168)	(8,072)	(1,314)	(2,800)
Free cash flow	7,542	2,593	4,837	0
Net cash used in financing activities	(1,330)	(2,151)	(9,076)	800
Cash and cash equivalents at end of year	21,196	21,824	14,610	15,000

## Financial Benchmarks

	Feb.2007 Actual	Feb.2008 Actual	Feb.2009 Actual	Feb.2010 Forecast
Total asset turnover	0.9 times	0.9 times	0.8 times	0.5 times
Equity ratio	79.9%	76.2%	81.5%	80.8%
Return on equity (ROE)	12.2%	12.8%	7.3%	(7.0%)
Return on assets (ROA)	15.2%	18.7%	11.9%	(7.0%)
Earnings per share (EPS)	¥131.09	¥150.74	¥85.66	(¥74.52)
Book value per share (BPS)	¥1,137.05	¥1,227.59	¥1,114.21	¥1,015.09
Dividend on equity (DOE)	3.0%	4.7%	3.8%	2.1%

## Research and Development Costs

(Millions of Yen)

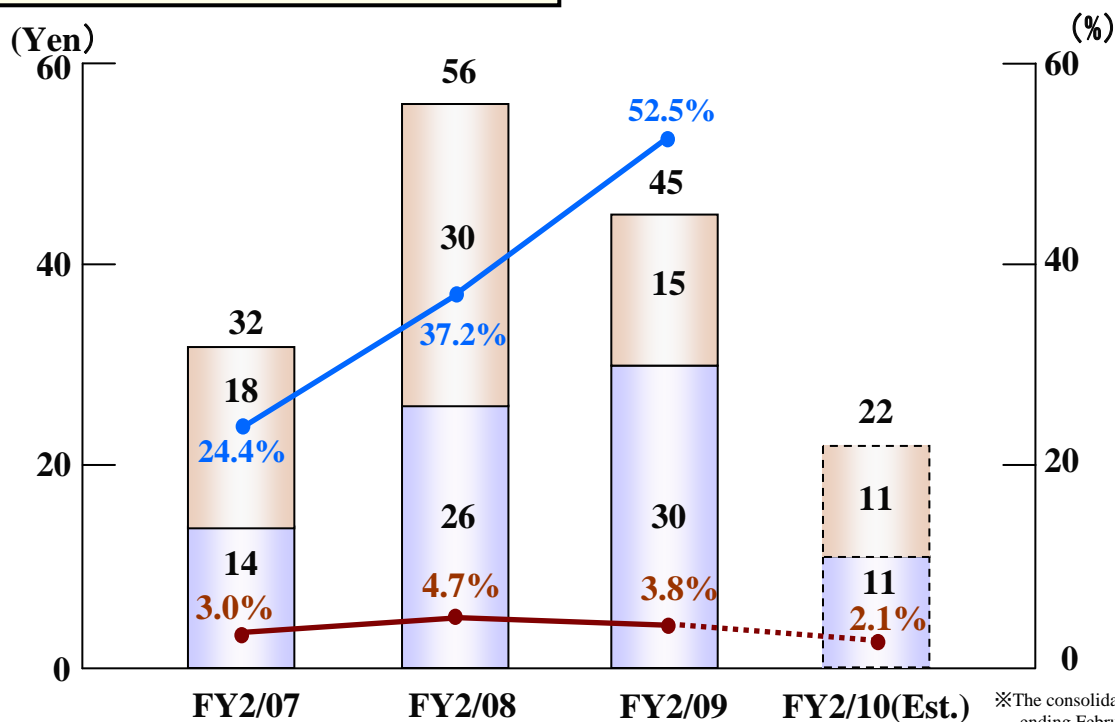
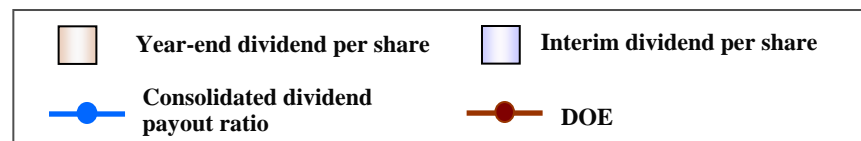
	Feb.2007 Actual	Feb.2008 Actual	Feb.2009 Actual	Feb.2010 Forecast
R&D costs	2,145	2,213	2,054	2,023

## ■ Policies

- Strive to improve corporate value and promote shareholders' interests by enhancing capital efficiency.
- Continuously and flexibly buy back shares, while positioning dividends as the primary means of returning profits to shareholders.
- Set aside adequate treasury stock to fund business investments (business alliances and M&As), and retire any excess treasury shares.

## ■ Targets

- Consolidated dividend payout ratio : 40% or more
- Total shareholder return ratio : 60% or more
- Dividend on equity : 6% or more



※The consolidated dividend payout ratio for the fiscal year ending February 28, 2010 has not been calculated because a net loss is projected for that fiscal year.

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




- Enhancement of shareholder returns
  - Consolidated dividend payout ratio : 40% or more
  - Total shareholder return ratio : 60% or more
  - Dividend on equity : 6% or more
- Strengthen compliance by improving our internal control system
- Develop environmentally friendly products

# Performance Indicators (10-Year Data)



	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)		EPS (Yen)	ROE (%)	DOE (%)	Dividends Per Share (Yen)
		Income Ratio (%)	Income Ratio (%)	Income Ratio (%)	Income Ratio (%)						
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	56,952	8,544	15.0	8,923	15.7	4,338	7.6	85.66	7.3	3.8	45.0
FY2/10(Est.)	28,100	(4,500)	(16.0)	(4,300)	(15.3)	(3,500)	(12.5)	(74.52)	(7.0)	2.1	22.0



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	