

Financial Results for the Fiscal Year 2015 Second Quarter

STAR MICRONICS CO., LTD.

<http://www.star-m.jp>

Code 7718

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* The projections in this document are based on information available at the time of release of this report and certain assumptions the Company considers reasonable.
The Company does not promise that these projections will be achieved. Actual results may differ materially from projections due to a variety of factors.

■ Overview of Fiscal 2015 Second Quarter	P2	■ Operating Income by Segment	P7
■ Financial Data	P3	■ Capital Investment	P8
■ Segment Overview		■ Balance Sheets	P9
▪ Special Products	P4	■ Cash Flows/Other	P10
▪ Machine Tools	P5	■ Shareholder Returns	P11
▪ Precision Products	P6	■ Performance Indicators (10-Year Data)	P12
		■ Reference: Business Segments and Products	P13

Substantially higher earnings on sales growth compared with the same period last year.

■ Net Sales	:	¥22.84 billion	18.6% up	YoY
■ Operating Income	:	¥2.30 billion	363.1% up	YoY
■ Ordinary Income	:	¥2.50 billion	200.3% up	YoY
■ Net Income	:	¥2.11 billion	831.4% up	YoY

- ✓ **Due also to the yen weakening, sales increased across all business segments, centered on machine tools.**
- ✓ **Operating income and ordinary income increased substantially on the back of increased sales.**
- ✓ **Net income rose sharply, partly due to a decrease in income taxes following the recording of deferred tax assets.**

(Millions of Yen)

	Second Quarter					Full-Year				
	2Q for FY2/14 Actual		2Q for FY2/15 Actual			FY2/14 Actual		FY2/15 Forecast		
	Amount	Income Ratio (%)	Amount	Income Ratio (%)	YoY Change (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	YoY Change (%)
Sales										
Special Products	4,241		5,598		32.0	9,455		11,290		19.4
Machine Tools	11,774		14,923		26.8	26,969		32,760		21.5
Precision Products	1,808		2,320		28.3	3,891		4,550		16.9
Micro Audio Components	1,429		-		-	3,166		-		-
Total	19,254		22,843		18.6	43,481		48,600		11.8
Operating Income										
Special Products	249	5.9	946	16.9	279.8	975	10.3	1,740	15.4	78.3
Machine Tools	1,304	11.1	2,174	14.6	66.6	3,597	13.3	5,130	15.7	42.6
Precision Products	30	1.7	334	14.4	997.9	140	3.6	610	13.4	335.2
Micro Audio Components	29	2.0	-	-	-	143	4.5	-	-	-
Eliminations or Corporate	(1,115)		(1,147)			(2,250)		(2,280)		
Total	498	2.6	2,307	10.1	363.1	2,606	6.0	5,200	10.7	99.5
Ordinary Income	833	4.3	2,503	11.0	200.3	3,219	7.4	5,500	11.3	70.8
Net Income	227	1.2	2,115	9.3	831.4	1,143	2.6	4,400	9.1	284.9

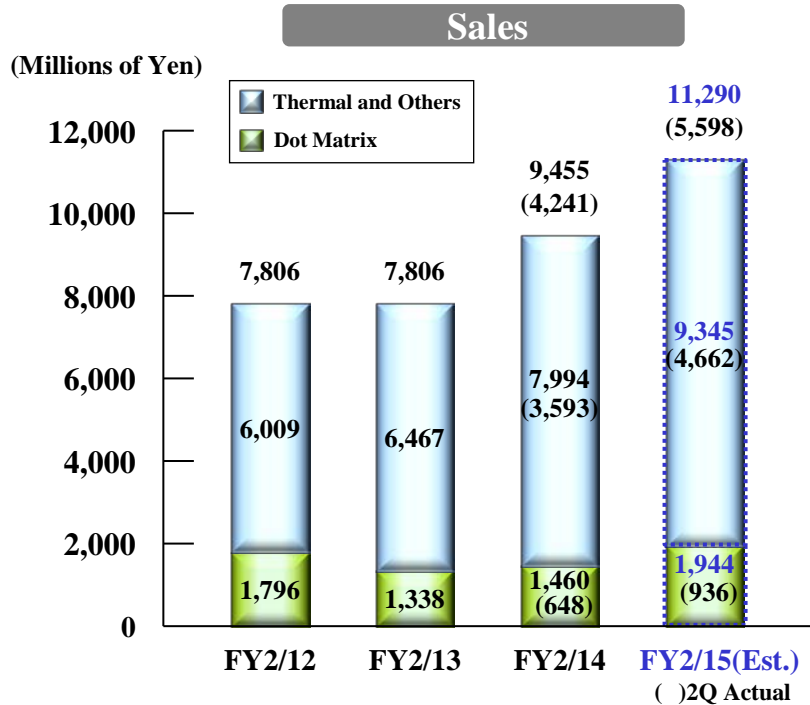
ROE (%)	-	-	2.7	9.7
Cash Dividends Applicable to the Year	¥17	¥19	¥34	¥38
DOE (%)	-	-	3.4	3.5

* ROE(Return on Equity) =Net Income/Shareholders' Equity (average for the beginning and end of the period)x 100(%)

* DOE(Dividend on Equity) =The ratio of the non-consolidated dividend per common share (annual) /consolidated net assets per share(year average)x 100(%)

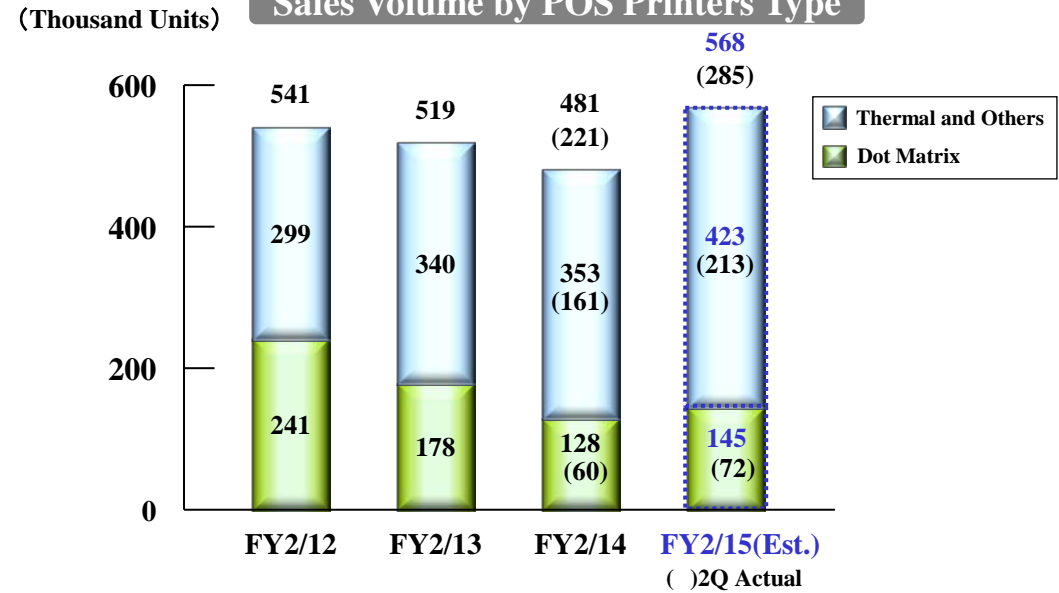
*Foreign exchange sensitivity: Sensitivity of operating income to a ¥1 change in foreign exchange rates.

		Full-Year		2nd Half			
		Assumed Exchange Rate	Assumed Exchange Rate	Assumed Exchange Rate	Foreign exchange sensitivity		
Exchange Rate	US\$	¥ 95.59	¥102.47	¥ 97.65	¥101.24	¥100.00	¥3 million
	EUR	¥125.50	¥140.43	¥129.69	¥137.71	¥135.00	¥22 million
	GBP	¥147.39	¥171.02	¥152.71	¥168.01	¥165.00	¥ 4 million
	CHF	¥102.01	¥114.97	¥105.36	¥112.48	¥110.00	¥17 million

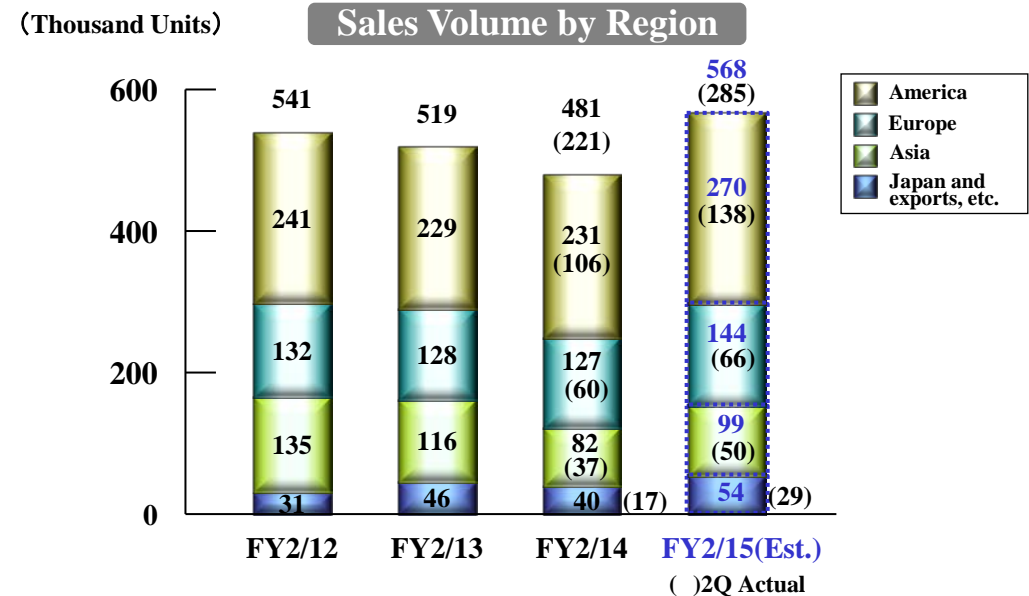


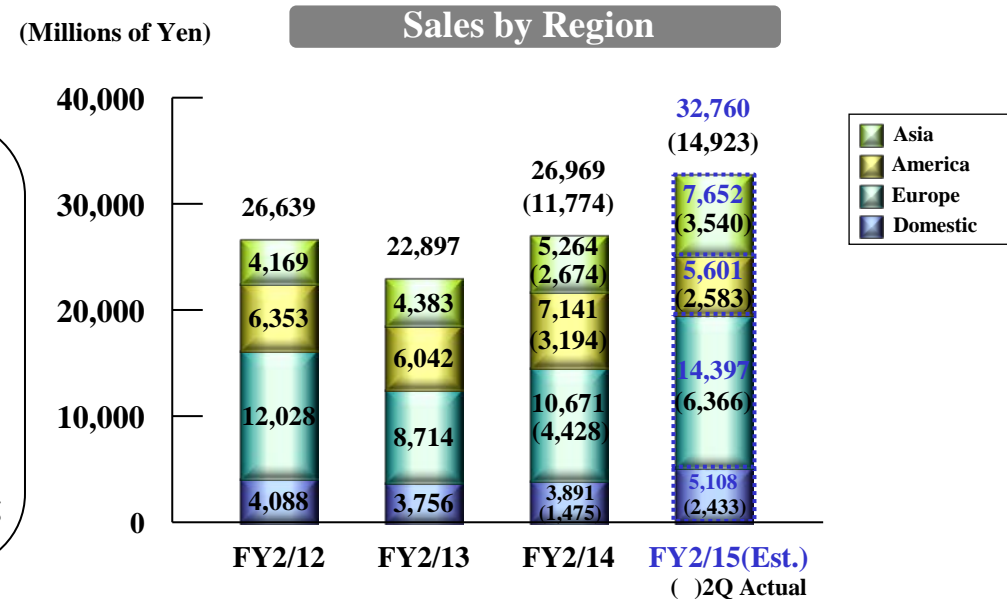
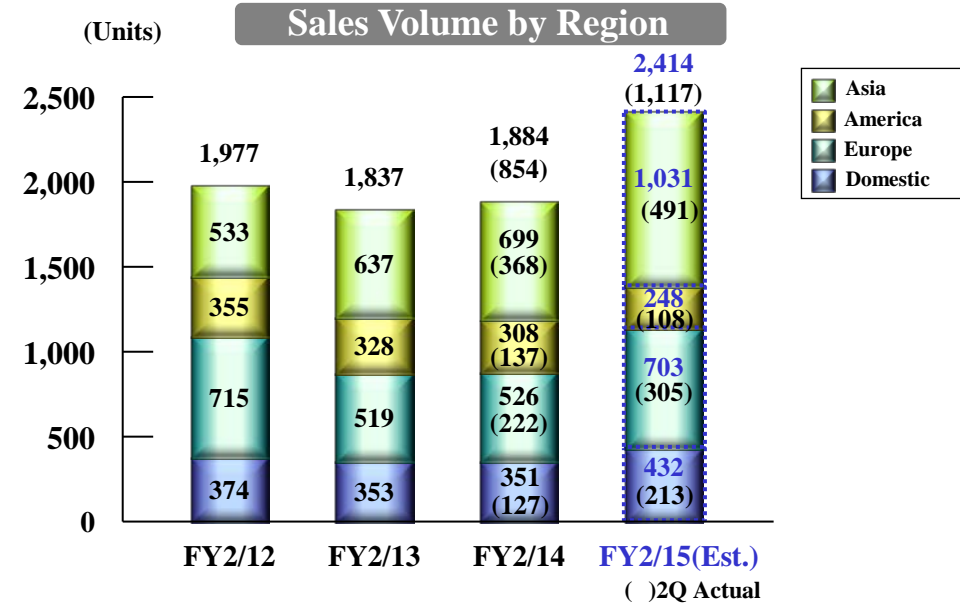
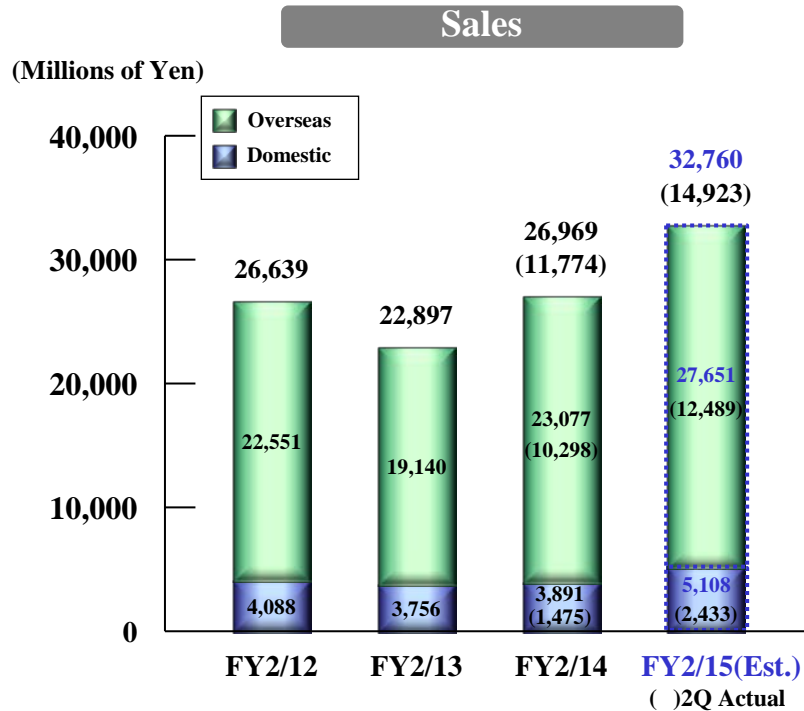
- In the U.S. and Japanese markets, sales centered on applications for payment systems using smartphones and tablets (mobile POS system) were strong. Sales also grew in the European market alongside the economic recovery.
- In the Asian market, sales of dot-matrix printers increased in China .

Sales Volume by POS Printers Type

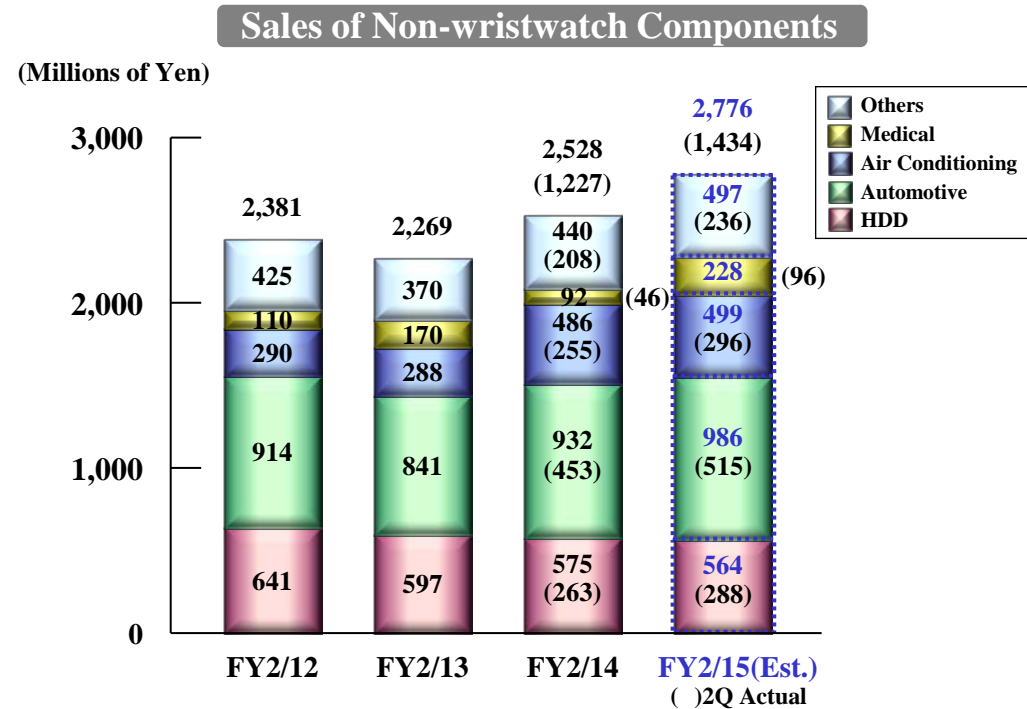
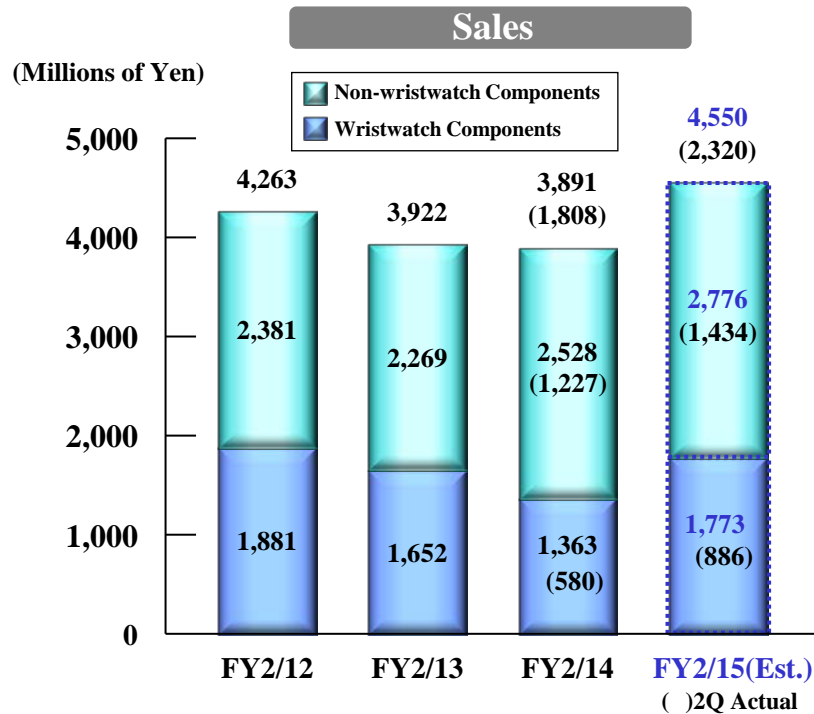


Sales Volume by Region





- Sales in the European market, increased sharply, reflecting solid sales amid a continuing recovery in orders from summer last year, mainly in the automotive-related sector.
- Sales in the U.S. market declined year on year, primarily due to sluggish sales in the mainstay medical equipment-related sector.
- Sales increased substantially in the Asian market, with strong sales in the automobile-, communications-, and medical equipment-related sectors in East Asia.
- Sales increased significantly in the Japanese market, reflecting strong sales primarily in the automotive-related sector.

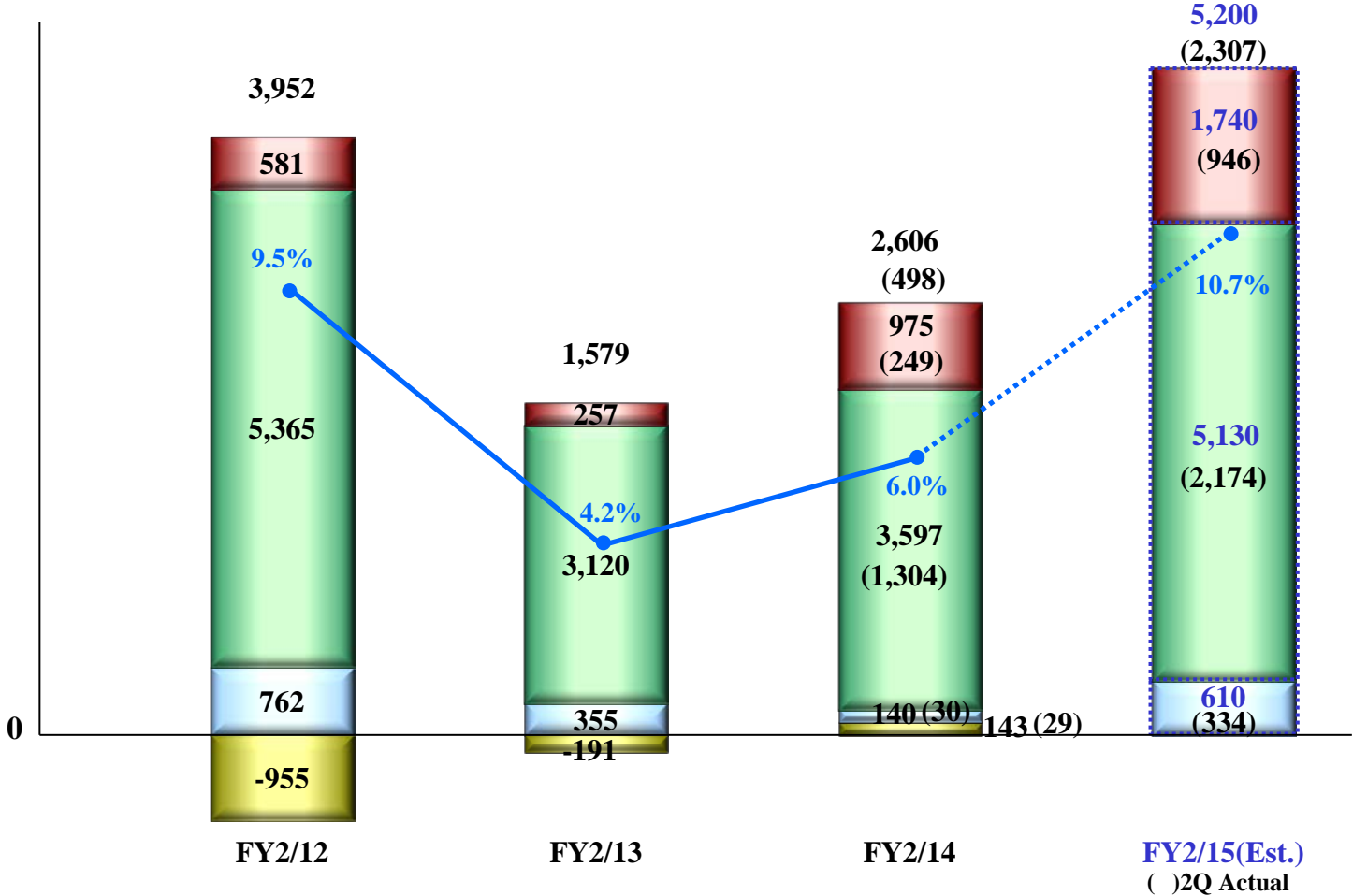


- Sales of wristwatch components increased markedly due to strong sales to wristwatch makers.
- In non-wristwatch components, overseas sales were brisk for components for hard disk drives (HDDs), air conditioning-related components, and medical equipment-related components, with sales centered on automotive-related components. Consequently, overall sales in non-wristwatch components increased year on year.

Operating Income by Segment



(Millions of Yen)



Special Products	Precision Products	Operating Income Ratio
Machine Tools	Micro Audio Components	

*Operating income totals exclude eliminations and corporate.

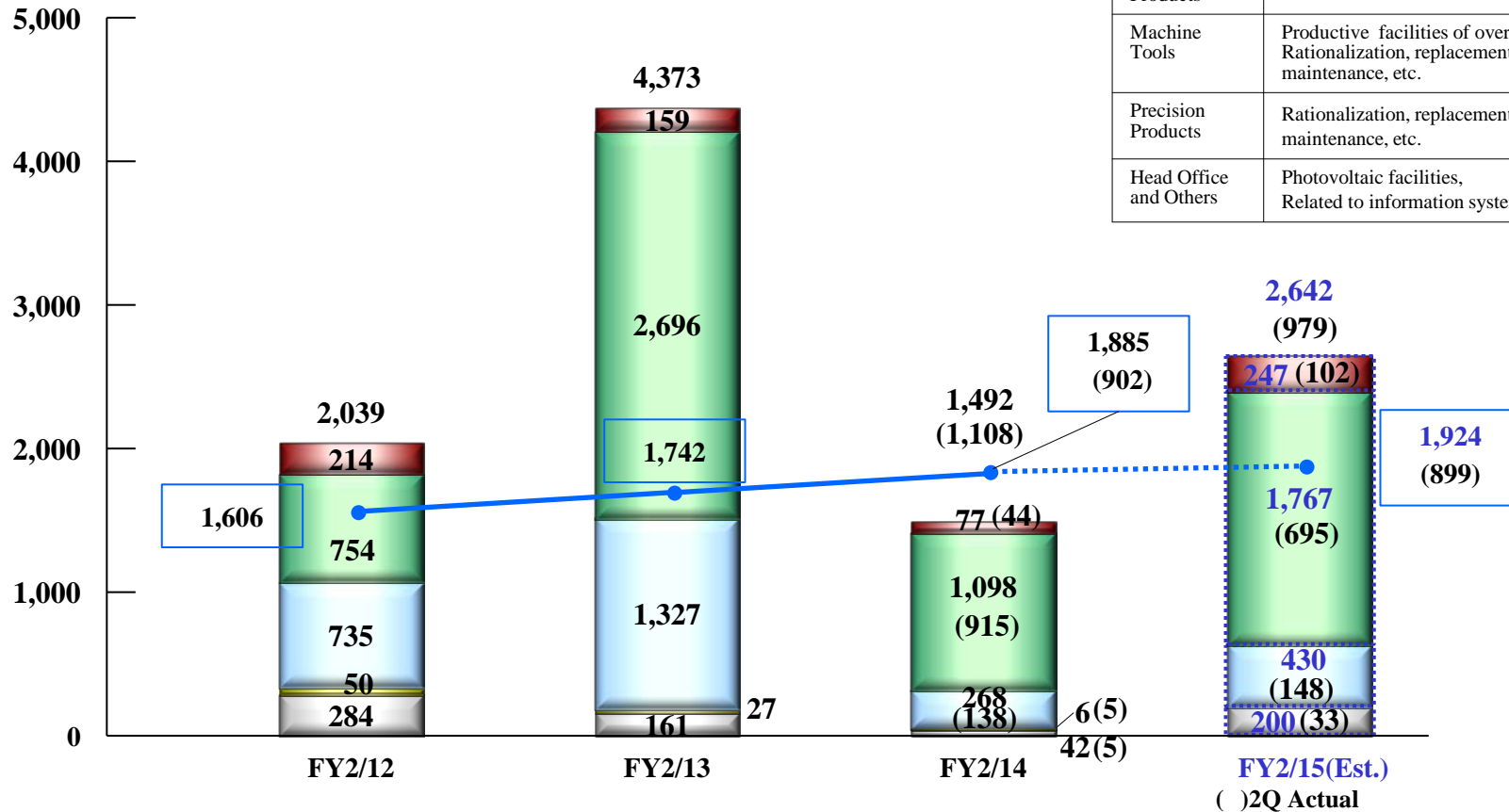
Capital Investment



【Main Capital Investment Track Record and Plans】

	Breakdown
Special Products	Dies, etc., for new models
Machine Tools	Productive facilities of overseas factory Rationalization, replacement and maintenance, etc.
Precision Products	Rationalization, replacement and maintenance, etc.
Head Office and Others	Photovoltaic facilities, Related to information systems, etc.

(Millions of Yen)



Balance Sheets



(Millions of Yen)

		Feb.2012 Actual		Feb.2013 Actual		Feb.2014 Actual		Feb.2015 Forecast	
		Amount	Component percentages	Amount	Component percentages	Amount	Component percentages	Amount	Component percentages
Assets	Cash and deposit	15,640	30%	13,987	27%	15,279	26%	15,400	24%
	Trade notes and accounts receivable	9,849	19%	9,148	17%	12,115	20%	13,900	22%
	Inventories	11,378	22%	11,398	22%	12,748	22%	14,300	23%
	Other current assets	1,433	3%	1,291	2%	1,089	2%	1,300	2%
	Total current assets	38,302	74%	35,826	68%	41,232	70%	44,900	71%
	Property, plant and equipment	10,289	20%	13,476	26%	14,326	24%	14,400	23%
	Other fixed assets	3,333	6%	3,261	6%	3,742	6%	3,700	6%
	Total fixed assets	13,622	26%	16,737	32%	18,069	30%	18,100	29%
	Total assets	51,924	100%	52,564	100%	59,302	100%	63,000	100%

Liabilities	Trade notes and accounts payable	7,554	14%	5,281	10%	5,651	10%	6,700	11%
	Short-term debt	2,000	4%	2,000	4%	2,000	3%	2,000	3%
	Other current liabilities	4,983	10%	4,269	8%	5,428	9%	7,065	11%
	Total current liabilities	14,538	28%	11,550	22%	13,080	22%	15,765	25%
	Total long-term liabilities	406	1%	303	1%	523	1%	800	1%
	Total liabilities	14,944	29%	11,854	23%	13,604	23%	16,565	26%
Net assets	Total net assets	36,980	71%	40,710	77%	45,697	77%	46,435	74%
Total liabilities and net assets		51,924	100%	52,564	100%	59,302	100%	63,000	100%

Cash Flows

(Millions of Yen)

	Feb.2012 Actual	Feb.2013 Actual	Feb.2014 Actual	Feb.2015 Forecast
Net cash provided by operating activities	4,466	483	2,596	4,000
Net cash used in investing activities	(393)	(1,907)	(2,455)	(1,300)
Free cash flow	4,073	(1,424)	141	2,700
Net cash used in financing activities	(2,092)	(1,201)	(1,394)	(1,600)
Cash and cash equivalents at end of year	14,735	13,198	14,080	14,500

※The year-end balance of cash and cash equivalents shown here differs from the cash and cash equivalents shown in the balance sheets, mainly because it does not include time deposits over 3-month period.

Financial Benchmarks

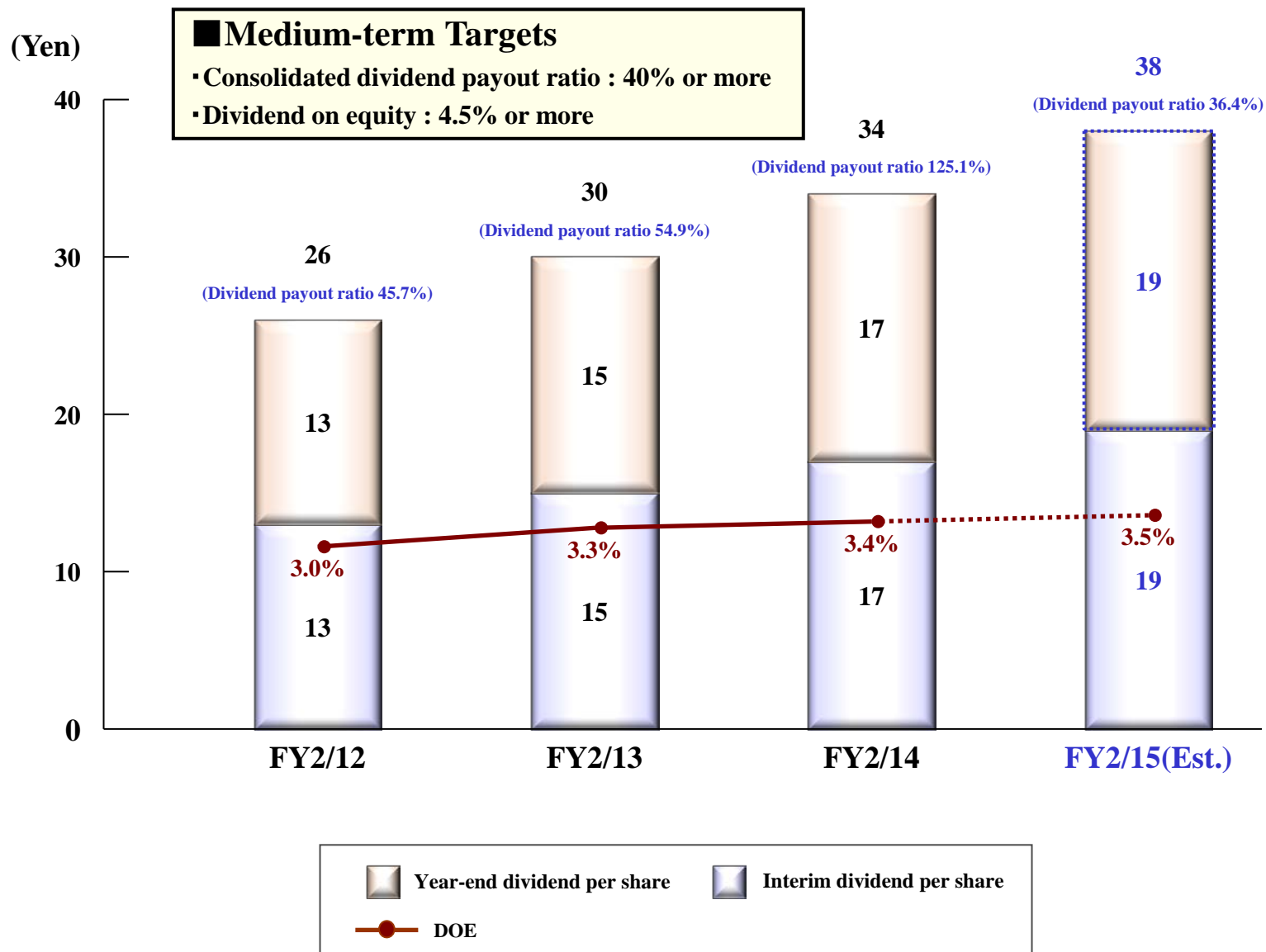
	Feb.2012 Actual	Feb.2013 Actual	Feb.2014 Actual	Feb.2015 Forecast
Total asset turnover	0.8 times	0.7 times	0.8 times	0.8 times
Equity ratio	70.2%	76.1%	75.5%	72.3%
Return on equity(ROE)	6.7%	6.0%	2.7%	9.7%
Return on assets(ROA)	8.0%	4.3%	5.8%	9.0%
Earnings per share(EPS)	¥56.94	¥54.66	¥27.17	¥104.40
Book value per share(BPS)	¥866.94	¥951.14	¥1,063.52	¥1,080.97
Dividend on equity (DOE)	3.0%	3.3%	3.4%	3.5%

Research and Development Costs

(Millions of Yen)

	Feb.2012 Actual	Feb.2013 Actual	Feb.2014 Actual	Feb.2015 Forecast
R&D costs	1,807	1,894	1,946	1,866

Shareholder Returns



Performance Indicators (10-Year Data)



	Net 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)
FY2/05	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	29,180	(3,984)	-	(3,884)	-	(8,555)	-	(187.95)	-	2.2	22.0
FY2/11	35,717	1,428	4.0	1,194	3.3	161	0.5	3.71	0.4	2.5	22.0
FY2/12	41,654	3,952	9.5	4,025	9.7	2,426	5.8	56.94	6.7	3.0	26.0
FY2/13	37,858	1,579	4.2	2,254	6.0	2,299	6.1	54.66	6.0	3.3	30.0
FY2/14	43,481	2,606	6.0	3,219	7.4	1,143	2.6	27.17	2.7	3.4	34.0
FY2/15(Est.)	48,600	5,200	10.7	5,500	11.3	4,400	9.1	104.40	9.7	3.5	38.0

Special Products

POS Printer
TSP100ECO



Mobile Printer
SM-S210i



Card Reader/Writer
TCP300 II

Machine Tools



CNC Swiss Type Automatic Lathe
SV-38R



CNC Swiss Type Automatic Lathe
ST-20



CNC Swiss Type Automatic Lathe
SW-12R II

Precision Products

Wristwatch Components



Non-Wristwatch Components

(Automotive, Air Conditioning, HDD and Medical Components)



(Automotive Components)