



**FY2013 2nd Quarter
Consolidated Results**
(Fiscal year ended March 31, 2014)

November 13, 2013

SEIKO HOLDINGS CORPORATION

1. Overview
2. 1st Half Business Results
3. Financial Forecast for FY2013

1. Overview

Performance Summary for Six months



(Billions of yen)	1H FY2012 Apr.-Sep. 2012	1H FY2013 Forecast announced Aug.	1H FY2013 Actual Apr.-Sep. 2013	Change		
				Ver. Previous year	Ver. Last Forecast	
Net Sales	144.6	145.0	146.5	+1.9	+1.5	
Operating Income	6.0	4.5	8.6	+2.5	+4.1	
%	4.1%	3.1%	5.9%	+1.7%	+2.8%	
Ordinary Income	3.7	3.0	6.7	+3.0	+3.7	
%	2.5%	2.0%	4.6%	+2.0%	+2.5%	
Net Income	-1.0	2.5	9.6	+10.6	+7.1	
Exchange Rates (JPY)	USD	79.4	94.3	98.8	+19.4	+4.5
	EUR	100.5	124.4	129.9	+29.4	+5.5

The 1st half of FY2013

◆ Watch Business

- In Japan, the GRAND SEIKO and the CREDOR demonstrated sustained sales growth. Sales of the ASTRON, the world's first and only solar GPS watch, also progressed steadily.
- Overseas, sales recovered in line with the steady, albeit low, levels of personal consumption growth in North America. Sales also increased year on year in other regions due to the impact of the weaker yen.

◆ Electronic Device Business

Sales of semiconductors for automobile products progressed on a favorable note. Sales of other electronic devices, particularly inkjet printer heads intended for emerging countries and backup batteries for smartphones, were brisk as well.

The new companies commenced operations

- ◆ “SEIKO SOLUTIONS INC.” commenced operations in April. This company is the core entity under the Systems Solutions Business, which is positioned as the Company’s third core business segment.
 - Promoting and expanding upon business development in three fields “Payment solutions,” “Store-oriented solutions,” and “Wireless network solutions.”

- ◆ “SEIKO NEXTAGE CO., LTD.” commenced operations in July for the purpose of expanding the Company’s share in the fashion and sports watch sector.
 - The Company will seek to expand upon its market share through strengthening its product development and procurement capability.

Heading into the 2nd half of fiscal 2013

◆ Watch business

- In Japan, where the economy is anticipated to continue recovering at a moderate pace, the Company will promote efforts to further expand upon sales of GRAND SEIKO and ASTRON solar GPS watches.
- In overseas markets, although the strenuous relationship between Japan and China is expected to continue, the Company will bolster its advertising and promotion efforts, cultivate new distribution and take other measures to expand upon sales in those markets, particularly in North America.
- The Company will enhance the value of the SEIKO brand in the global market through reinforcing medium- to high-value range products, particularly the ASTRON.

Heading into the 2nd half of fiscal 2013

◆ Electronic Device Business

- For its core semiconductor business, the Company will further focus on the automobile product sector and push forward the development of that business while concentrating on power sources, memory and sensors in particular.
- As exemplified by the deceleration in the economic growth of emerging countries, an air of uncertainty surrounds the future of the world economy. Within that environment, the Company will conduct prudent investments after ascertaining market trends.

◆ Systems Solutions Business

- The Company will work to further expand business of Energy Management System.
- For its mobile-related business, the Company will make the transition to a procurement framework geared towards securing profit under the weaker yen environment.

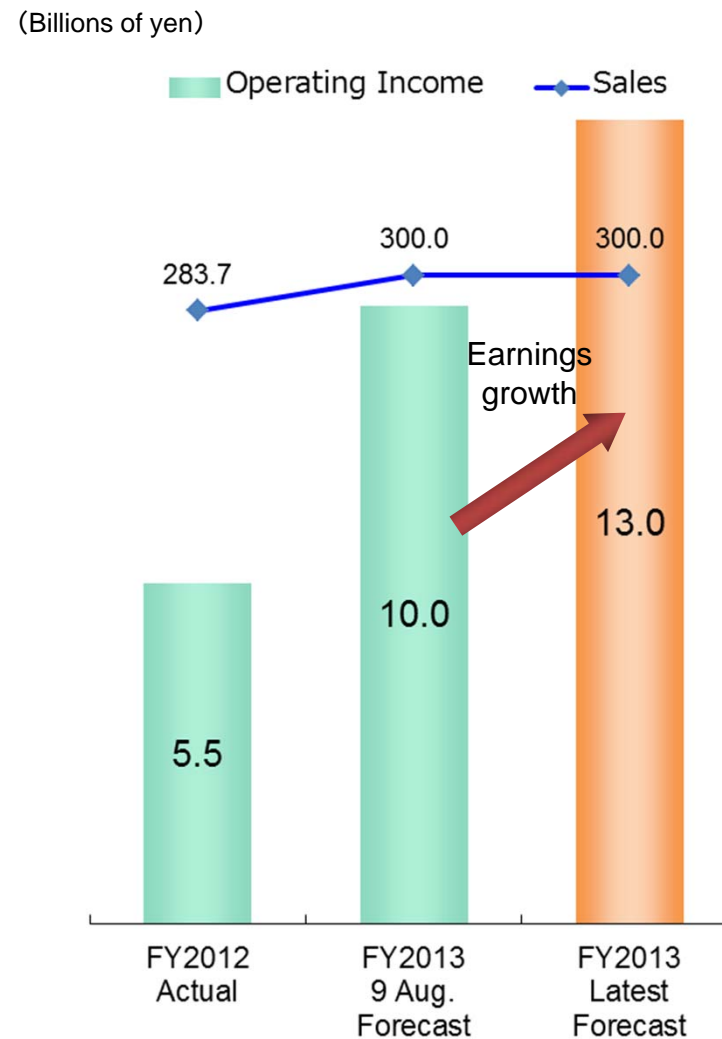
Forecast for the year ending 31 March 2014

(Billions of yen)	FY2012 Actual	FY2013 Forecast	
		Previous 9 Aug.	Latest
Net Sales	283.7	300.0	300.0
Operating Income	5.5	10.0	13.0
%	1.9%	3.3%	4.3%
Ordinary Income	3.2	6.0	9.0
%	1.1%	2.0%	3.0%
Net Income	5.5	5.0	11.0

Exchange Rates (JPY)	USD	83.0	92.1	94.4
	EUR	107.0	122.2	124.9

* Forecast Exc. Rate of 2nd Half , USD=90.0, EUR=120.0 (JPY)

Net Sales & Operating Income



2. Business Results

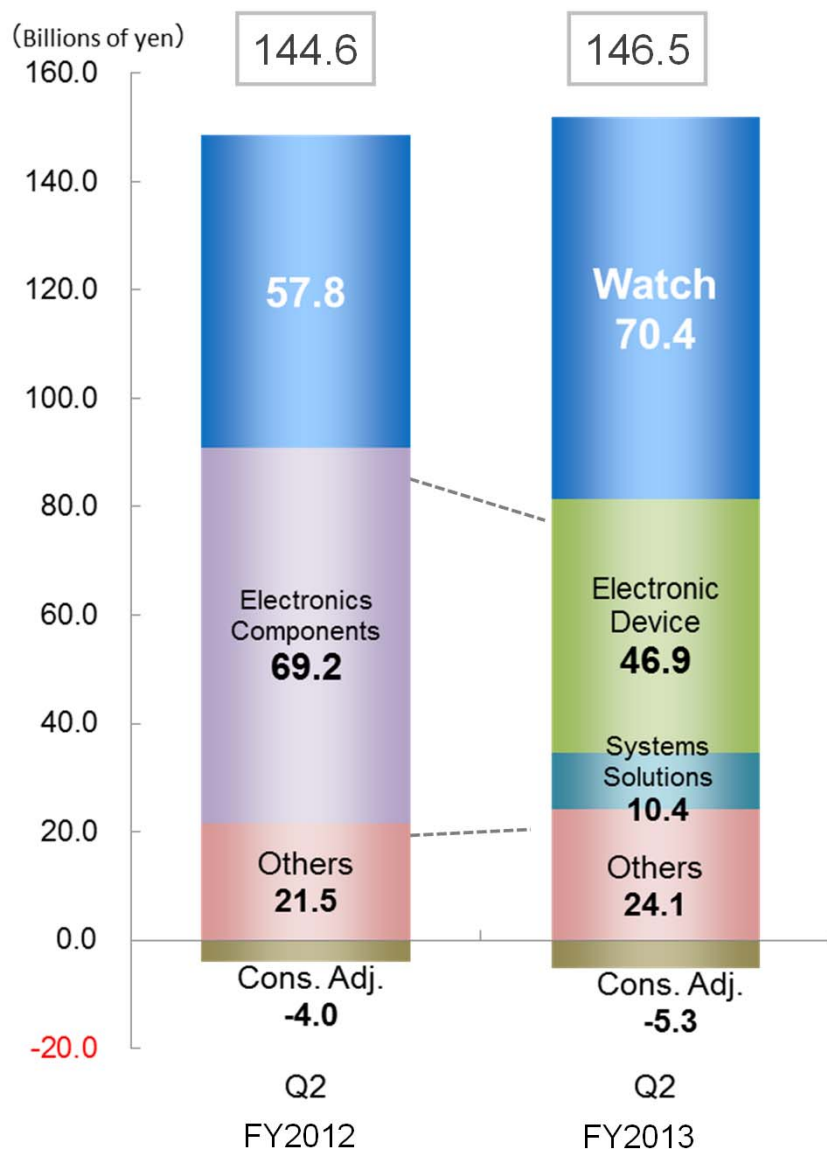
FY2013 Statement of Income (Apr.2013 - Sep.2013)

SEIKO

(Billions of yen)	FY2012 1 st Half	FY2013 1 st half	Change		
			Amt.	%	
Net Sales	144.6	146.5	+1.9	+1.3%	
Gross Profit	44.8	49.9	+5.0	+11.3%	
Operating Income	6.0	8.6	+2.5	+42.6%	
%	4.1%	5.9%	1.7%	-	
Ordinary Income	3.7	6.7	+3.0	+80.0%	
%	2.5%	4.6%	+2.0%	-	
Before Income Taxes & Minority interests	1.1	11.7	+10.5	+913.7%	
Net Income	-1.0	9.6	+10.6	-	
%	-	6.5%	-	-	
Exchange Rates(JPY)	USD	79.4	98.8	+19.4	+24.4%
	EUR	100.5	129.9	+29.4	+29.3%

Net Sales :	+1.9
Impact of Exchange rate fluctuations	+18.0
Operating Income :	+2.5
Increase in GP	+5.0
Increase in Advertising and sales promotion expenses etc.	-2.4
Ordinary Income :	+3.0
Increase in Operating Income	+2.5
Decrease in Interest expenses	+0.3
Increase in Foreign exchange gains	+0.9
Equity in income of affiliates	-0.9
Others	+0.2
Extraordinary Income/Loss :	
<u>Extraordinary Income</u>	<u>5.6</u>
Insurance Income	4.6
Gain on sales of investment securities	0.8
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	0.1
<u>Extraordinary Loss</u>	<u>-0.6</u>
Provision of reserve for loss on lease contracts	-0.6

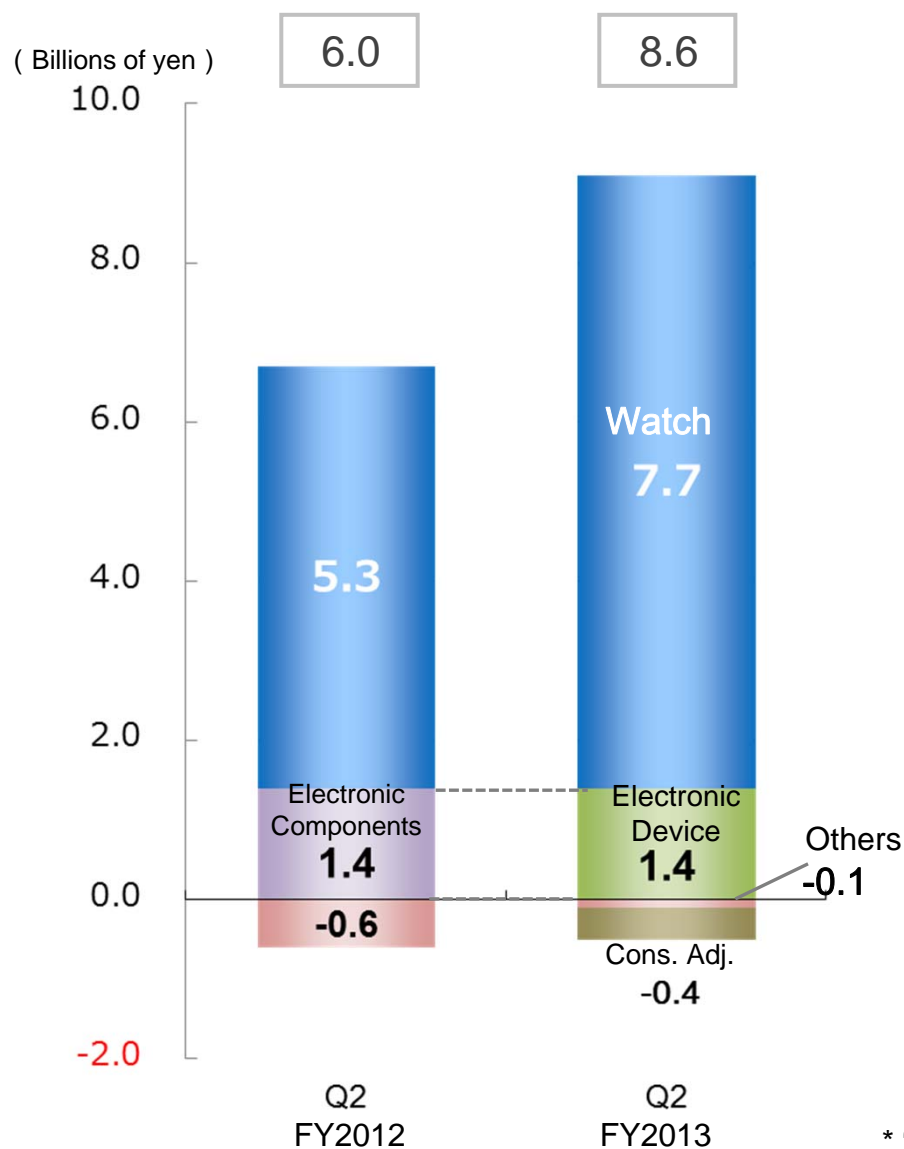
Sales by Reported Segments (Apr.2013 – Sep.2013)



(Billions of yen)	Net Sales		
	FY2012 1st Half	FY2013 1st Half	Change
Watch	57.8	70.4	+12.6
Electronic Device	69.2	46.9	-
Systems Solutions		10.4	-
Total	127.0	127.7	+0.7
Others	21.5	24.1	+2.5
Cons. Adj.	-4.0	-5.3	-1.3
Cons. Total	144.6	146.5	+1.9

* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

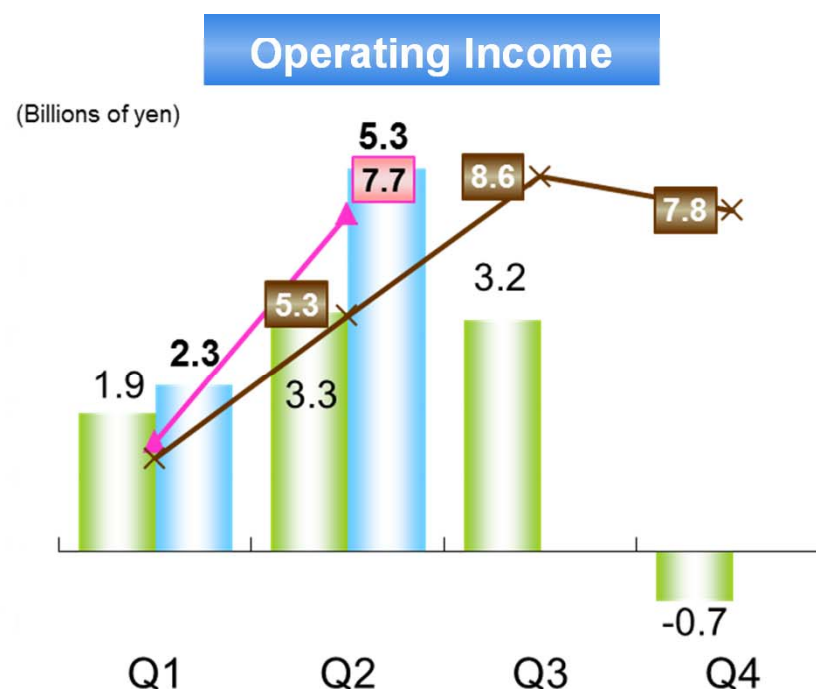
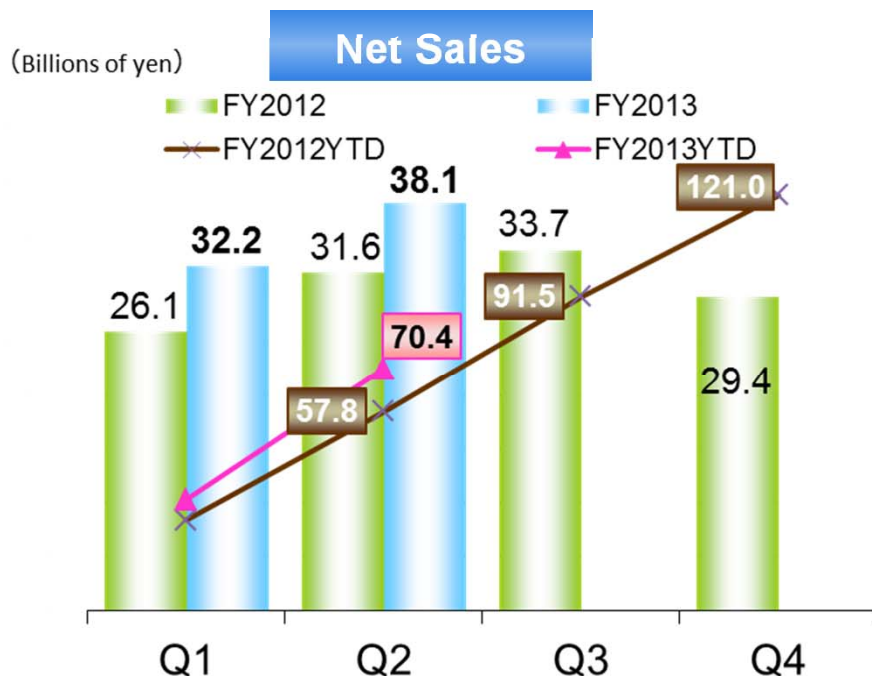
Operating Income by Reported Segments (Apr.2013 -Sep.2013)



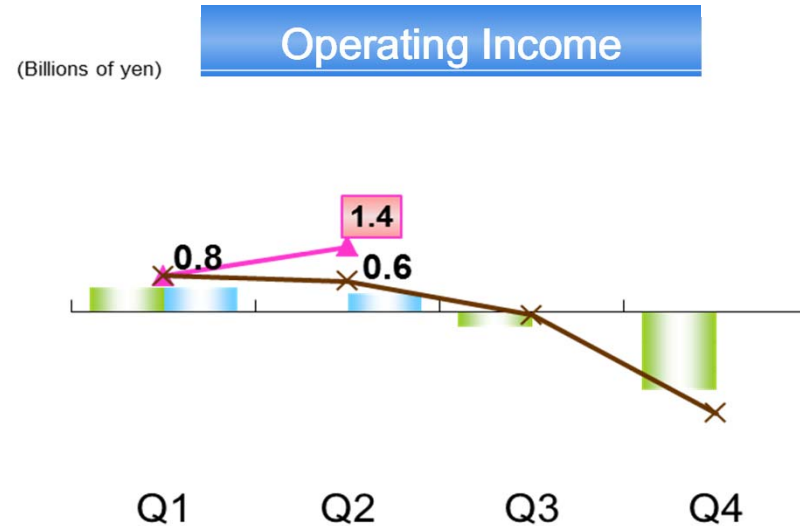
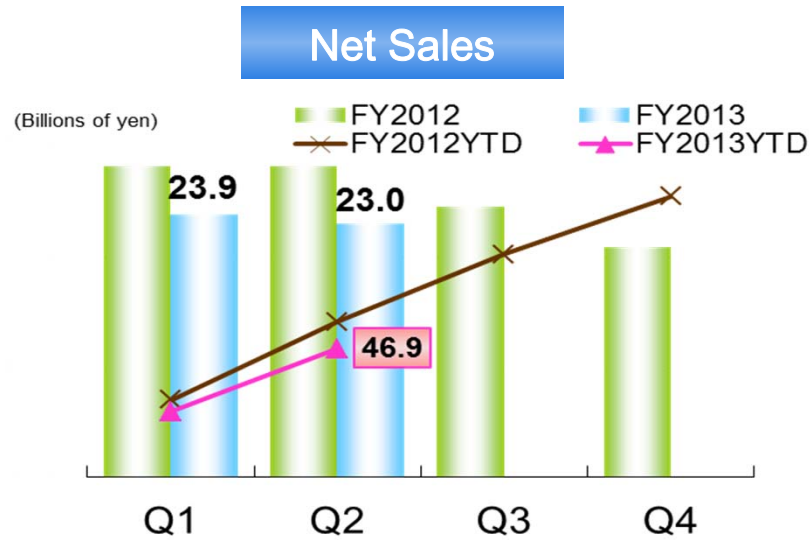
(Billions of yen)	Operating Income		
	FY2012 1st Half	FY2013 1st Half	Change
Watch	5.3	7.7	+2.3
Electronic Device	1.4	1.4	-
Systems Solutions		0.0	-
Total	6.8	9.2	+2.4
Others	-0.6	-0.1	+0.5
Cons. Adj.	-0.0	-0.4	-0.4
Cons. Total	6.0	8.6	+2.5

* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

Information of Reported Segments

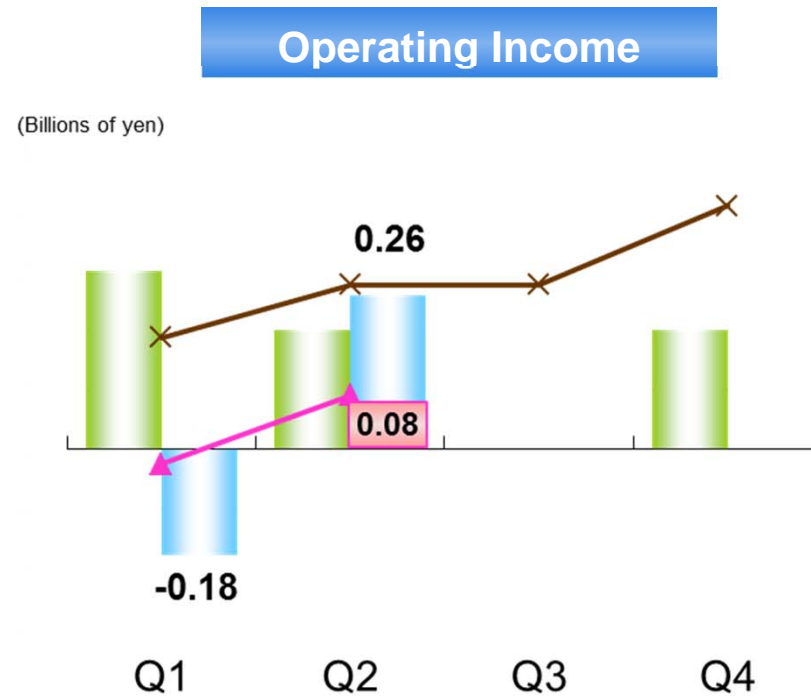
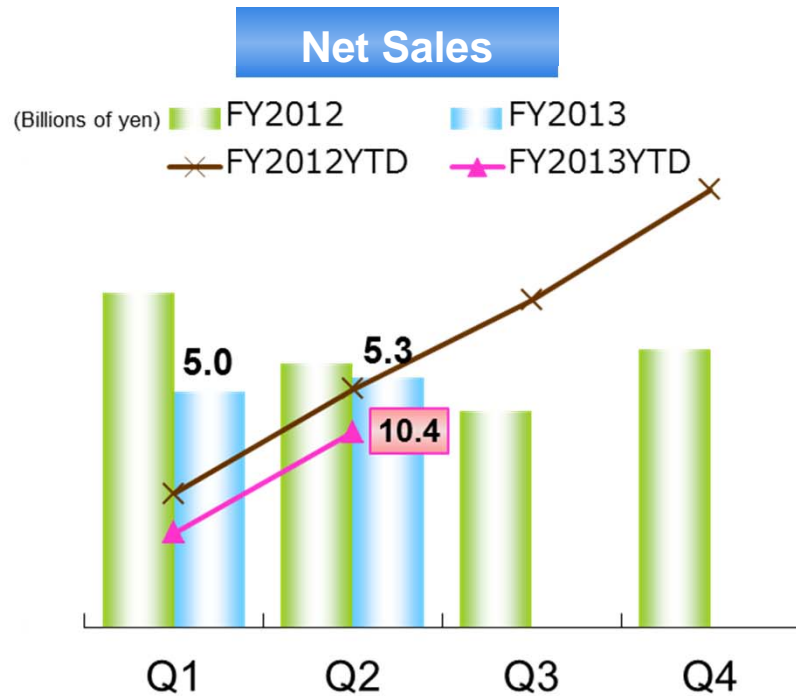


In Japan, sales across a wide spectrum of price ranges, from the GRAND SEIKO, CREDOR, ASTRON, LUKIA, BRIGHTZ, and TISSE, demonstrated improved sales growth. On the overseas front, sales to major chain stores and department stores progressed favorably in the United States, and sales in Europe, particularly in the United Kingdom, France and Germany, also grew. In Asia, sales in China decreased year on year, but grew in Taiwan. This, coupled with the effects of the depreciated yen, propelled sales in the American, European and Asian regions well over those for the same period last fiscal year following conversion into yen. With regards to watch movement, sales of standard products to emerging markets were sluggish despite steady progression in sales to large European and American clients dealing in high value-added products.



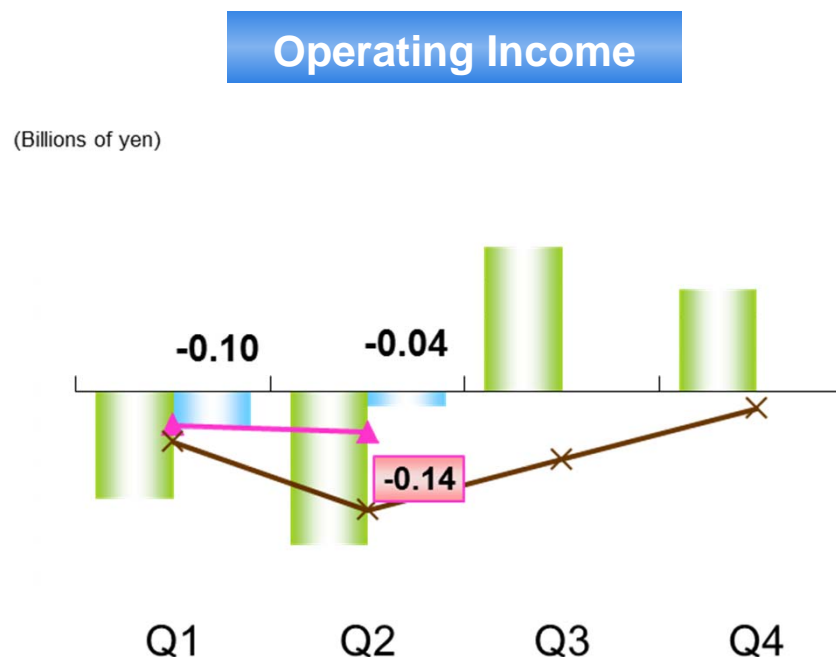
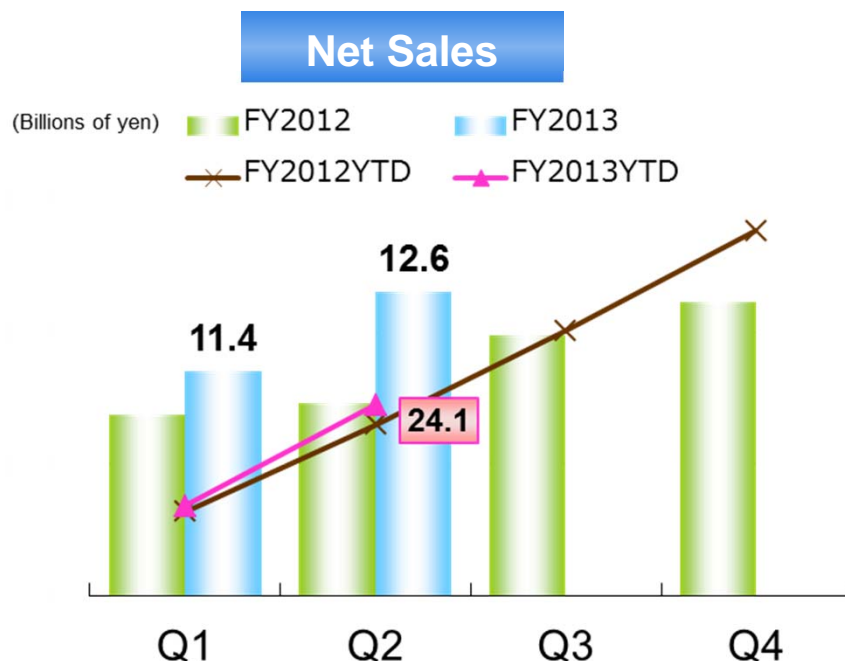
- **Device** : Orders of semiconductors, particularly those for automobile and smartphone products, grew. Sales of batteries for smartphones also progressed on a favorable note.
- **Mechatronics**: Sales of hard disk drive components also recovered over the same period last fiscal year, during which sales had been impacted by damage inflicted by the floods in Thailand. However, the situation surrounding profit continues to be bleak in line with the deterioration of market conditions. Meanwhile, both sales and income accounted for by camera shutters worsened due to customer-side inventory adjustments.
- **Others** : Demand for printers continues to increase with particular growth in markets for building materials intended for emerging countries.

*Net sales and operating income data for FY2012 are for reference purposes.



- Sales of payment terminal-related products, particularly new models of such products, grew.
- Both sales of and orders for energy monitoring and control solutions progressed on a favorable note.
- Sales of mobile-related products were sluggish as a consequence of delays in introducing new products to the market, which was due to efforts to cope with rising costs prompted by the depreciation of the yen.

*Net sales and operating income data for FY2012 are for reference purposes.

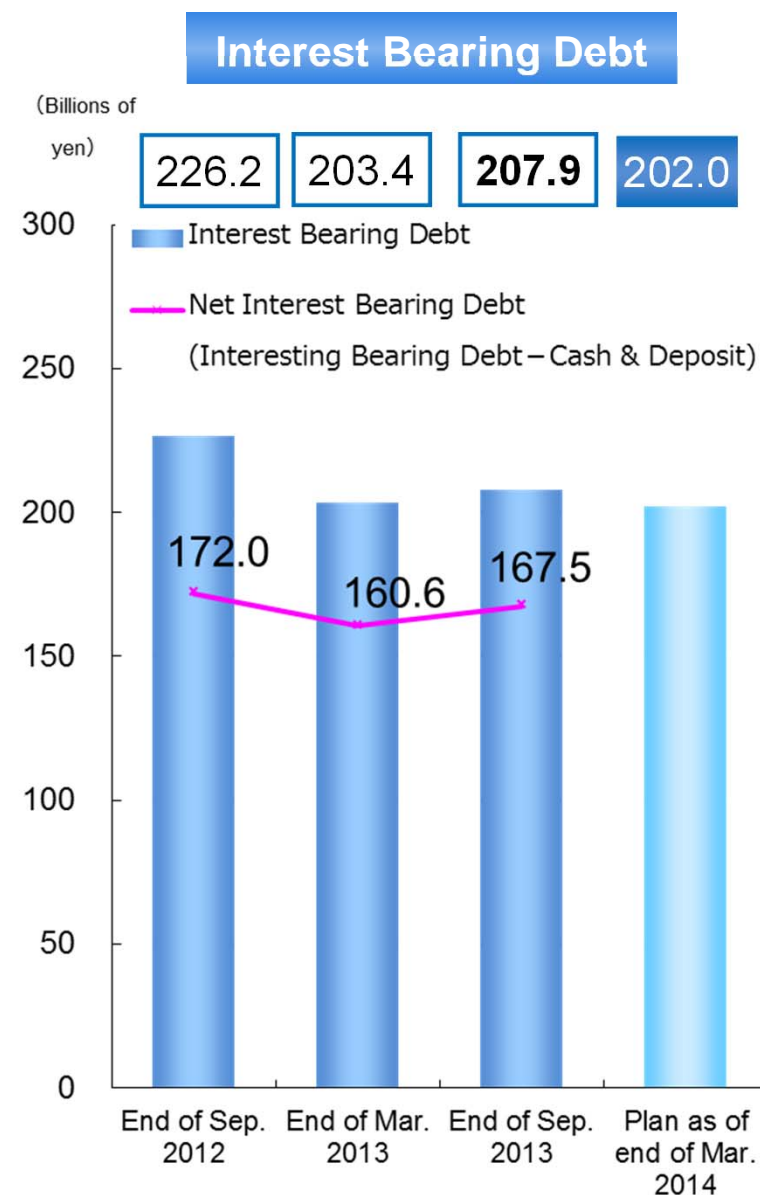


- **Clock** : Although sales improved over the same period last fiscal year, costs increased due to the impact of the weaker yen, resulting in operating losses.
- **Optical Products** : In Japan, sales of high value-added lenses progressed on a brisk note. Overseas, business targeting chain stores in Europe and the United States was solid. Due in part to the impact of currency rates, both sales and income exceeded figures for the last fiscal year.
- **Others** : Sales for watches and jewelry of main building at WAKO grew in particular.

*Net sales and operating income data for FY2012 are for reference purposes.

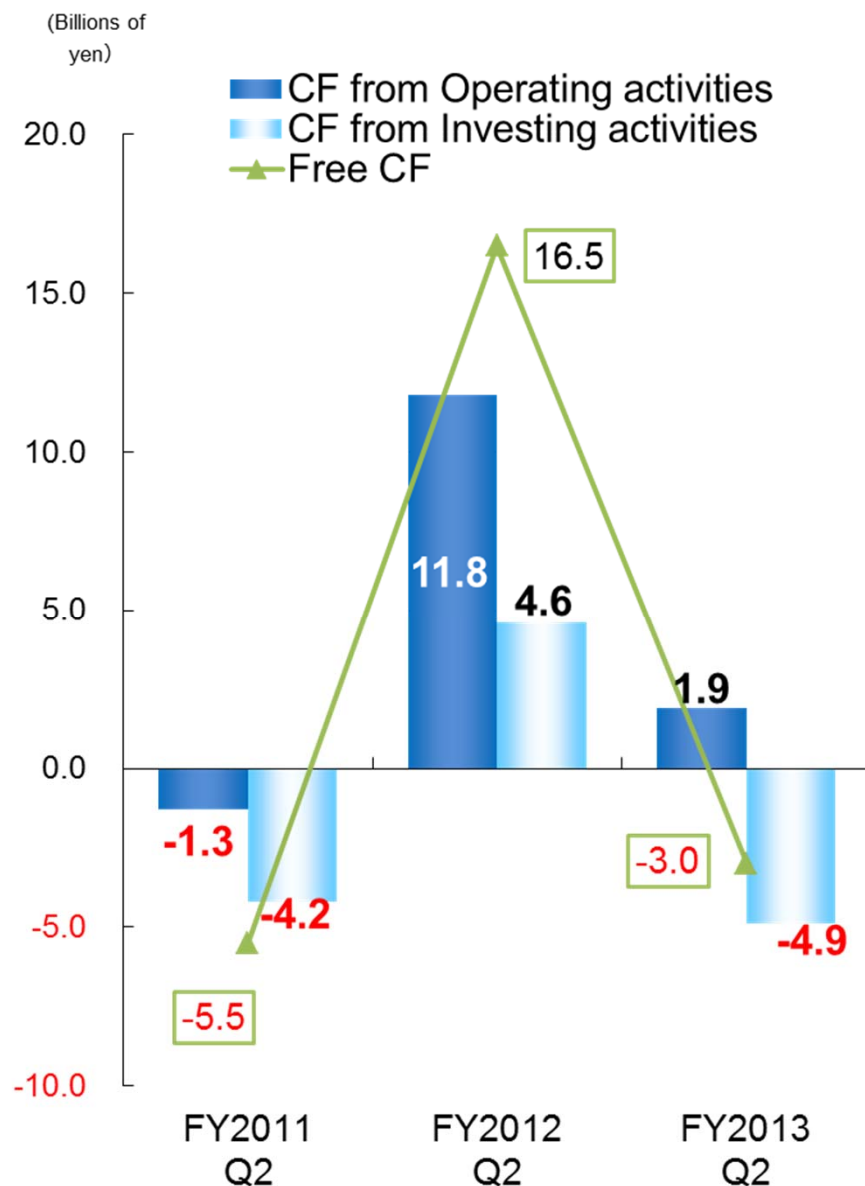
Balance Sheet as of 30 Sep., 2013

(Billions of yen)	30 Sep. 2012	31 Mar. 2013 (a)	30 Sep. 2013 (b)	Change (b) – (a)
Inventories	65.1	60.6	65.9	+5.2
Interest Bearing Debt	226.2	203.4	207.9	+4.5
Net Assets	31.3	40.8	57.4	+16.6
Total Assets	372.3	355.3	364.9	+9.6
Equity Capital Ratio	6.2%	11.0%	15.1%	+4.1%
Net Debt Equity Ratio	5.5	3.9	2.9	-1.0
Number of Employees	15,568	14,712	14,349	-363



Cash Flow Statement

SEIKO



(Billions of yen)

	FY2011 Q2	FY2012 Q2	FY2013 Q2
Income before income tax and minority interests	-0.7	1.1	11.7
Depreciation and amortization	7.2	6.2	5.9
Others	-7.8	4.4	-15.7
Net cash provided by (used in) operating activities	-1.3	11.8	1.9
Purchase of property, plant and equipment	-6.8	-7.7	-6.6
Others	2.6	12.3	1.6
Net cash provided by (used in) investing activities	-4.2	4.6	-4.9
Net increase (decrease) in loans payable	-2.0	-15.3	3.3
Others	0.3	2.1	-0.8
Net cash provided by (used in) financing activities	-1.7	-13.2	2.4
Effect of exchange rate change on cash and cash equivalents etc.	-1.5	-0.5	-1.9
Cash and cash equivalents	42.9	54.0	40.2
Free cash flow	-5.5	16.5	-3.0

3. Financial Forecast for FY2013

Summary of financial forecast for FY2013

(Billions of yen)	FY2012 Actual	Previous Forecast (Announced on 9 Aug.)		FY2013 Forecast (Latest)		Change (vs. prev. forecast)	
		1 st Half (A)	Full Year (B)	1 st Half (Actual) (C)	Full Year (D)	1 st Half (C) – (A)	Full Year (D) – (B)
Net Sales	283.7	145.0	300.0	146.5	300.0	+1.5	±0.0
Operating Income	5.5	4.5	10.0	8.6	13.0	+4.1	+3.0
%	1.9%	3.1%	3.3%	5.9%	4.3%	+2.8%	+1.0%
Ordinary Income	3.2	3.0	6.0	6.7	9.0	+3.7	+3.0
%	1.1%	2.0%	2.0%	4.6%	3.0%	+2.6%	+1.0%
Net income	5.5	2.5	5.0	9.6	11.0	+7.1	+6.0
%	1.9%	1.7%	1.6%	6.5%	3.6%	+4.8%	+2.0%

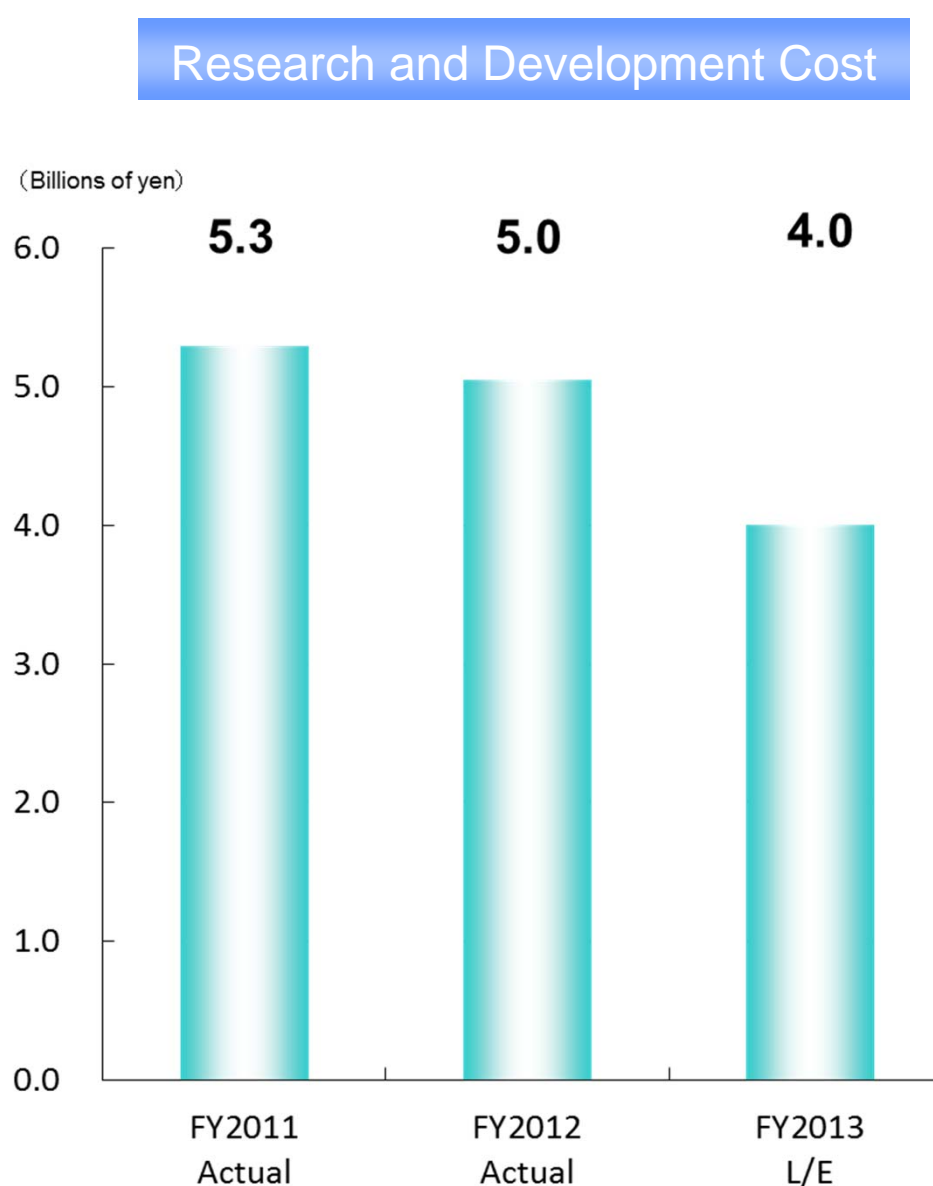
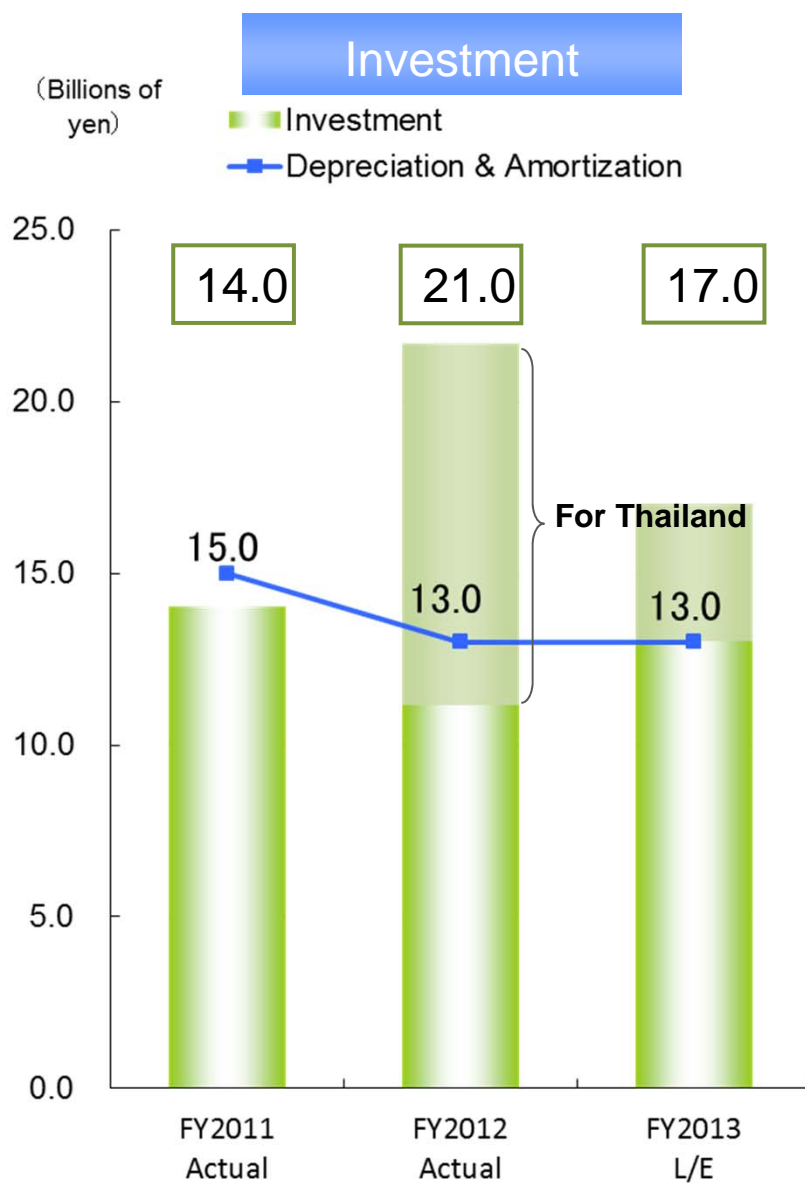
Financial Forecast for FY2013 by Segment



(Billions of yen)	Net Sales				Operating Income			
	FY2012 Actual	FY2013 Forecast		Change (vs. prev. forecast)	FY2012 Actual	FY2013 Forecast		Change (vs. prev. forecast)
		Previous (9 Aug.)	Latest (12 Nov.)			Previous (9 Aug.)	Latest (12 Nov.)	
Watch	121.0	135.0	145.0	+10.0	7.8	10.0	11.0	+1.0
Electronic Device	125.2	95.0	90.0	-5.0	-1.5	2.0	2.5	+0.5
Systems Solutions		28.0	25.0	-3.0		1.0	0.5	-0.5
Total	246.2	258.0	260.0	+2.0	6.3	13.0	14.0	+1.0
Others	46.0	48.0	50.0	+2.0	-0.0	1.0	0.5	-0.5
Cons. Total	283.7	300.0	300.0	±0.0	5.5	10.0	13.0	+3.0

* "Others" of FY2012 is reference figures.

Investment / Research and Development Cost



Exchange Rate

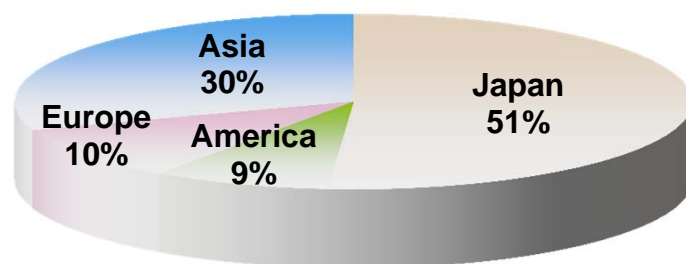
Sensitivity by Exchange Rate (Oct.2013-Mar.2014)

FY2013	USD	EUR
Forecast Exc. Rate	JPY 90.0	JPY 120
For Sales (Millions of yen)	800	100
For Income (Millions of yen)	150	30

FY2013

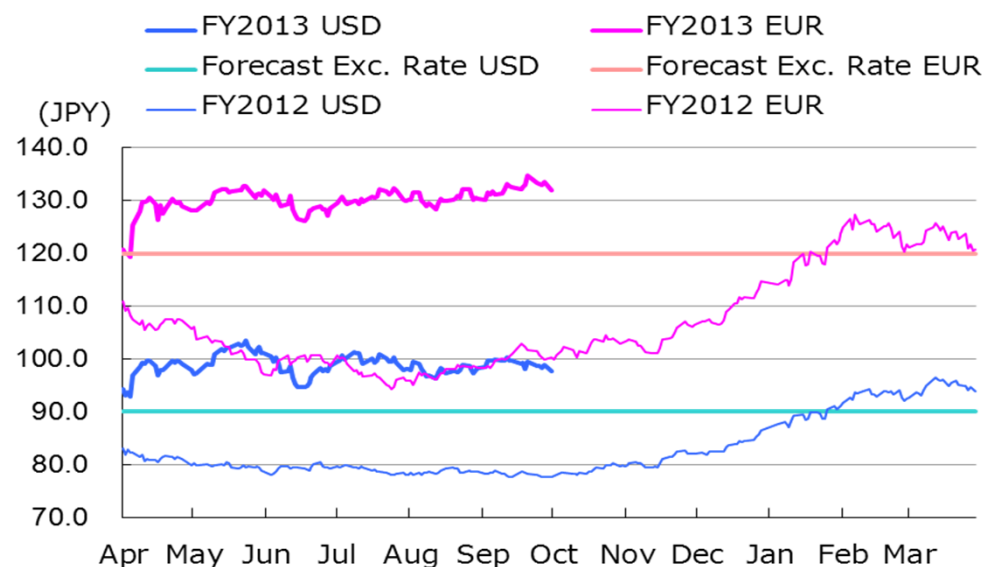
		Q1	Q2	Forecast Exc. Rate
Average	USD	98.7	98.9	90.0
	EUR	128.9	131.0	120.0
Closing Date	USD	98.6	97.7	90.0
	EUR	128.5	131.9	120.0

Sales by Area



* FY2012 Actual data

Trend of Exchange Rate



- ◆ *The forecasted results which appear in this report have been prepared based solely on the information which was available to us as of the date on which the report was released. As a result, actual results may differ from the forecasted figures due to a number of factors, such as changes in the business environment in the future.*

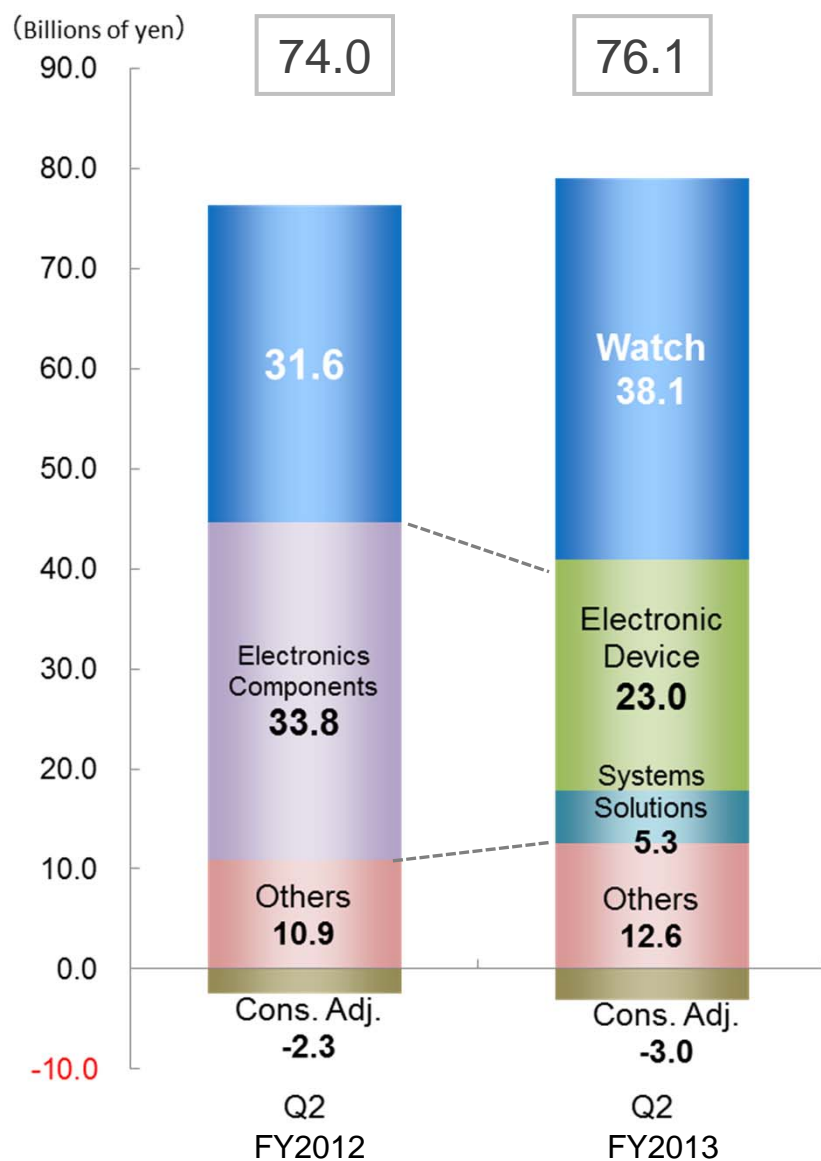
*Numbers are rounded to the unit indicated.
Percentages are cut off to one decimal place.*

Reference

FY2013 2nd Quarter Statement of Income (Jul.2013 - Sep.2013) **SEIKO**

(Billions of yen)	FY2012 Q2	FY2013 Q2	Change			
			Amt.	%		
Net Sales	74.0	76.1	+2.1	+2.9%	Net Sales : +2.1	
					Impact of Exchange rate fluctuations +10.0	
Gross Profit	22.7	26.6	+3.9	+17.2%	Operating Income : +2.5	
Operating Income	3.2	5.8	+2.5	+80.2%	Increase in GP +3.9	
%	4.3%	7.6%	+3.2%	-	Increase in Advertising and sales promotion expenses etc. -1.3	
Ordinary Income	2.3	3.8	+1.5	+66.3%	Ordinary Income : +1.5	
%	3.1%	5.0%	+1.9%	-	Increase in Operating Income +2.5	
Before Income Taxes & Minority interests	-0.3	8.6	+8.9	-	Decrease in Interest expenses +0.1	
Net Income	-2.0	6.1	+8.1	-	Equity in income of affiliates -0.9	
%	-	8.0%	-	-	Others -0.2	
Exchange Rates(JPY)	USD	78.6	98.9	+20.2	+25.7%	Extraordinary Income :
	EUR	98.2	131.0	+32.7	+33.2%	
					Insurance Income 4.6	
					Reversal of allowance for doubtful accounts for subsidiaries and affiliates 0.1	

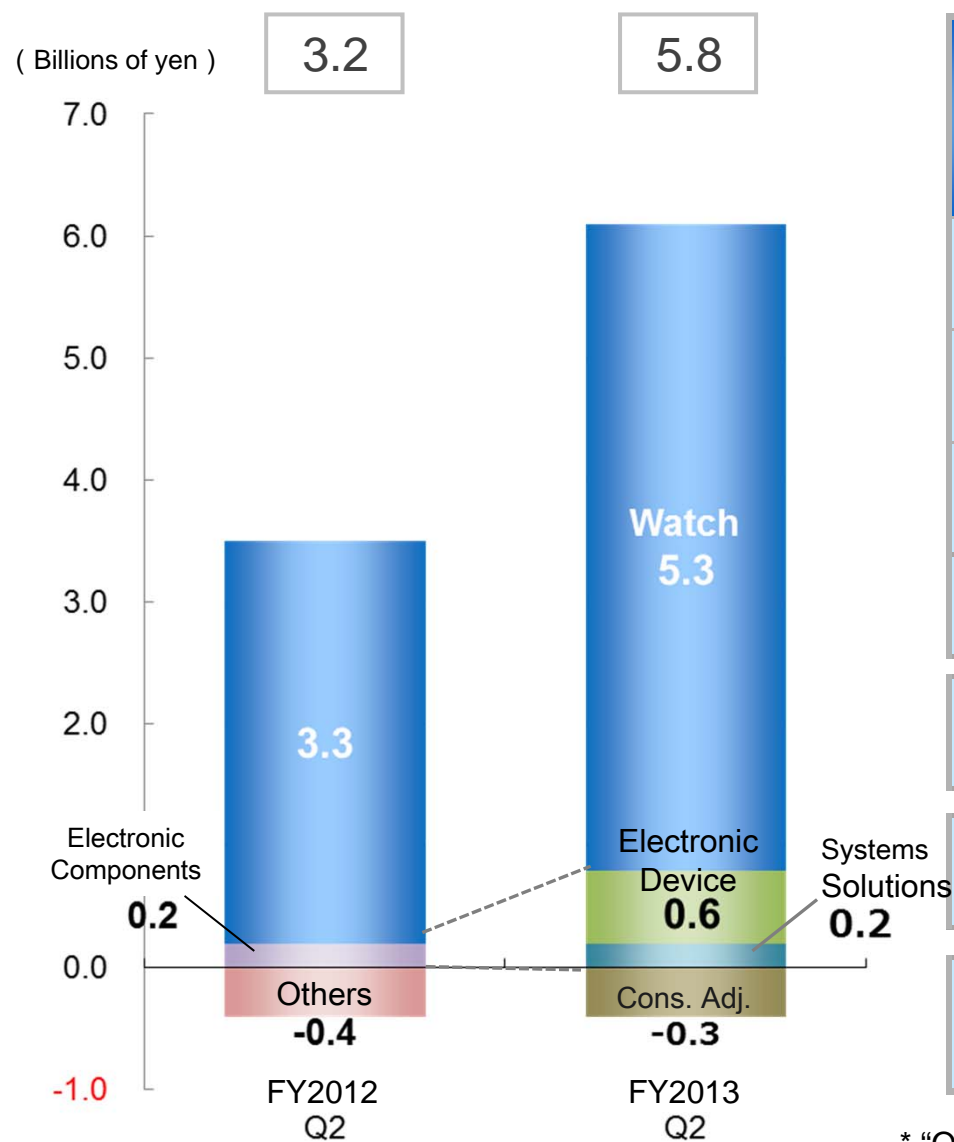
Sales by Reported Segments (Jul.2013 – Sep.2013)



(Billions of yen)	Sales		
	FY2012 Q2	FY2013 Q2	Changes
Watch	31.6	38.1	+6.5
Electronic Device	33.8	23.0	-
Systems Solutions		5.3	-
Total	65.4	66.5	+1.0
Others	10.9	12.6	+1.7
Cons. Adj.	-2.3	-3.0	-0.6
Cons. Total	74.0	76.1	+2.1

* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

Operating Income by Reported Segments (Jul.2013 -Sep.2013)



(Billions of yen)	Operating Income		
	FY2012 Q2	FY2013 Q2	Changes
Watch	3.3	5.3	+1.9
Electronic Device	0.2	0.6	-
Systems Solutions		0.2	-
Total	3.6	6.2	+2.5
Others	-0.4	-0.0	+0.3
Cons. Adj.	0.0	-0.3	-0.3
Cons. Total	3.2	5.8	+2.5

* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

End
