

**FY2014 3<sup>rd</sup> Quarter  
Consolidated Results  
(Fiscal year ended March 31, 2015)**

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February 12, 2015

1. Business Results
2. Financial Forecast for FY2014

# 1. Business Results

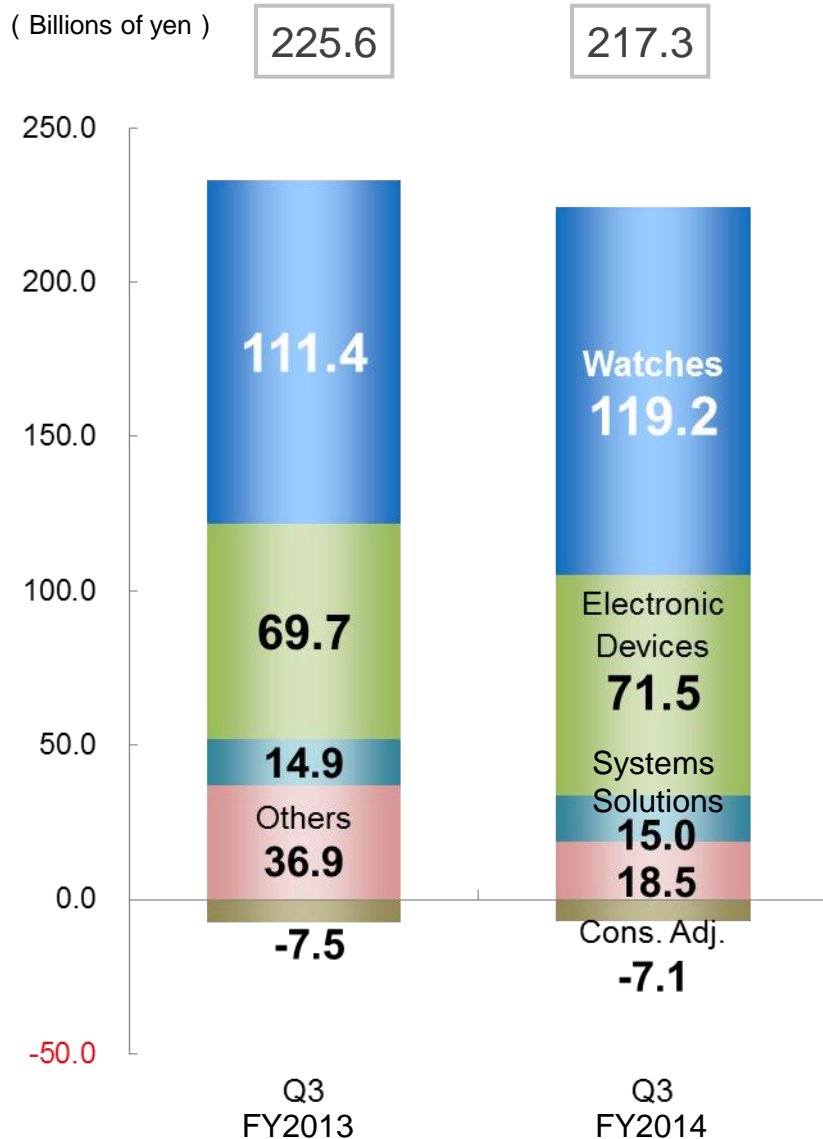
# FY2014 Statement of Income (Apr.2014 - Dec.2014)

( Billions of yen )	FY2013 Q1 - Q3	FY2014 Q1 - Q3	Change		
			Amt.	%	
Net Sales	225.6	217.3	-8.2	-3.6%	
Gross Profit	77.7	78.5	+0.7	+1.0%	
Operating Income	13.3	11.3	-2.0	-15.2%	
%	5.9%	5.2%	-0.7%	-	
Ordinary Income	11.2	12.6	+1.4	+12.6%	
%	5.0%	5.8%	+0.8%	-	
Before Income Taxes & Minority interests	15.5	28.3	+12.8	+82.5%	
Net Income	11.9	23.9	+12.0	+100.3%	
%	5.3%	11.0%	+5.7%	-	
Exchange Rates(JPY)	USD	99.3	106.7	+7.4	+7.5%
	EUR	132.1	140.2	+8.1	+6.1%

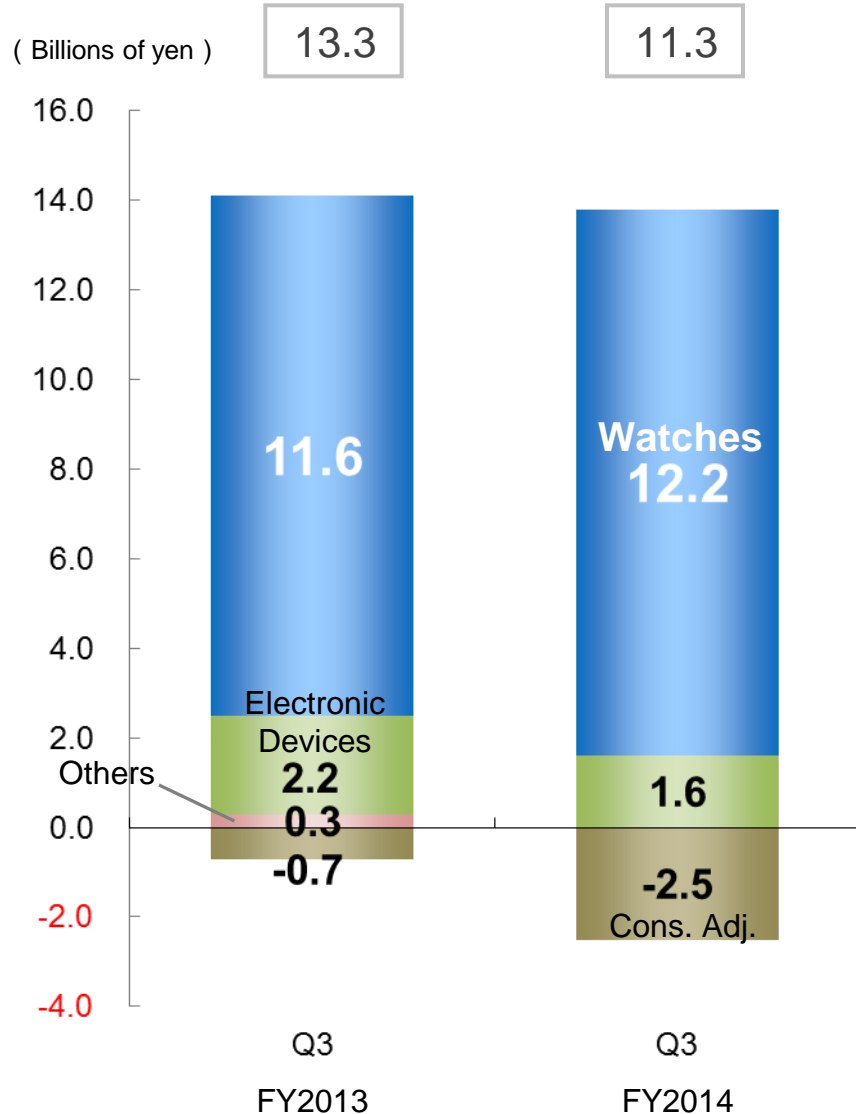
<b>Net Sales :</b>	<b>-8.2</b>
Exchange rate fluctuations	+8.0
Impact due to the exclusion of the Optical Products Business from consolidation	-18.3
<b>Operating Income :</b>	<b>-2.0</b>
Decrease in GP	+0.7
Increase in General and Administrative expenses	-2.8
<b>Ordinary Income :</b>	<b>+1.4</b>
Decrease in Operating Income	-2.0
Decrease in Interest expenses	+0.6
Increase in Foreign exchange gains	+0.5
Equity in income of affiliates	+1.7
Others	+0.5
<b>Extraordinary Income/Loss</b>	
<b>Extraordinary Income</b>	<b>16.3</b>
Gain on sales of non-current assets	8.4
Gain on sales of investment securities	7.7
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	0.1
<b>Extraordinary Loss</b>	<b>-0.5</b>
Loss on business withdrawal	-0.5

# Sales by Reported Segments (Apr.2014 – Dec.2014)



( Billions of yen )	Net Sales		
	FY2013 Q1 – Q3	FY2014 Q1 – Q3	Change
Watches	111.4	119.2	+7.8
Electronic Devices	69.7	71.5	+1.8
Systems Solutions	14.9	15.0	+0.0
Sub Total	196.1	205.9	+9.7
Others	36.9	18.5	-18.4
Cons. Adj.	-7.5	-7.1	+0.4
<b>Cons. Total</b>	<b>225.6</b>	<b>217.3</b>	<b>-8.2</b>

# Operating Income by Reported Segments (Apr.2014 -Dec.2014)



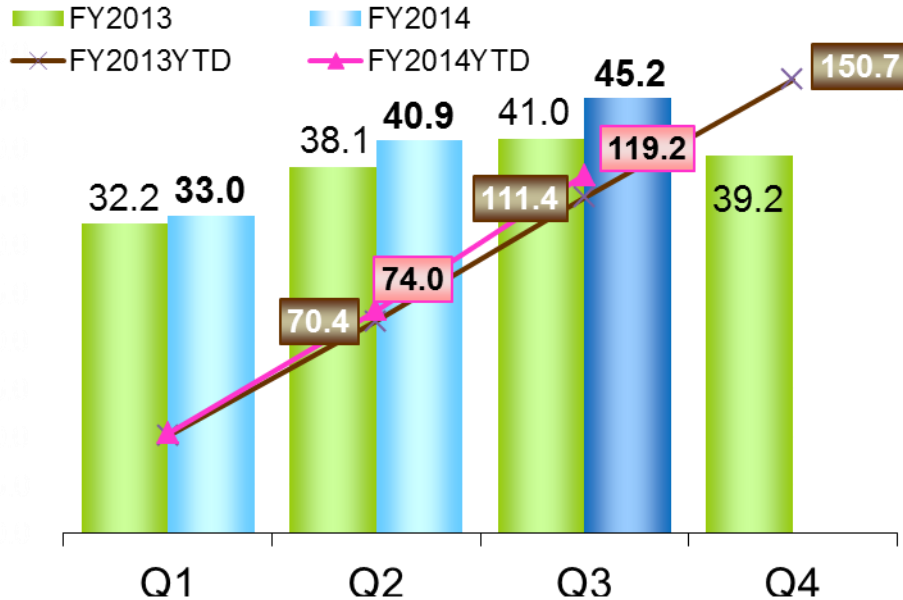
( Billions of yen )	Operating Income		
	FY2013 Q1- Q3	FY2014 Q1- Q3	Change
Watches	11.6	12.2	+0.6
Electronic Devices	2.2	1.6	-0.5
Systems Solutions	-0.0	-0.0	-0.0
Sub Total	13.7	13.8	+0.0
Others	0.3	0.0	-0.2
Cons. Adj.	-0.7	-2.5	-1.8
<b>Cons. Total</b>	<b>13.3</b>	<b>11.3</b>	<b>-2.0</b>

# Information by Reported Segments

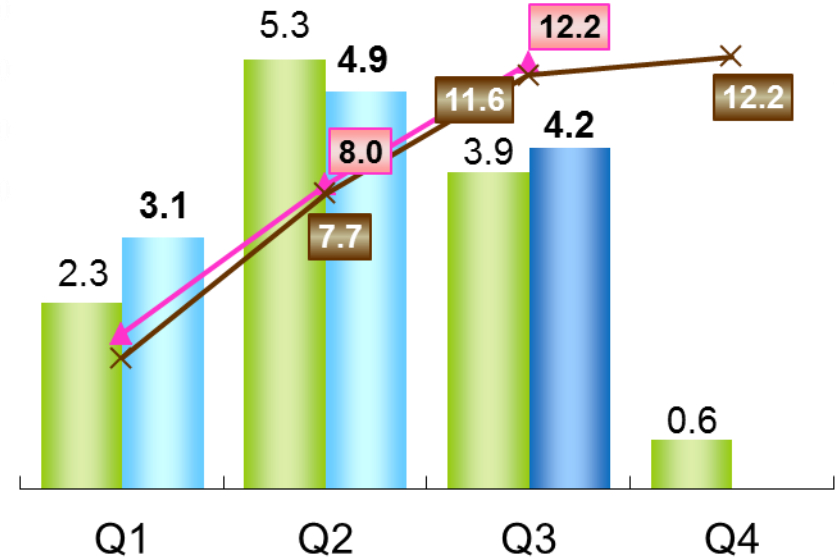
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( Billions of yen )

## Net Sales

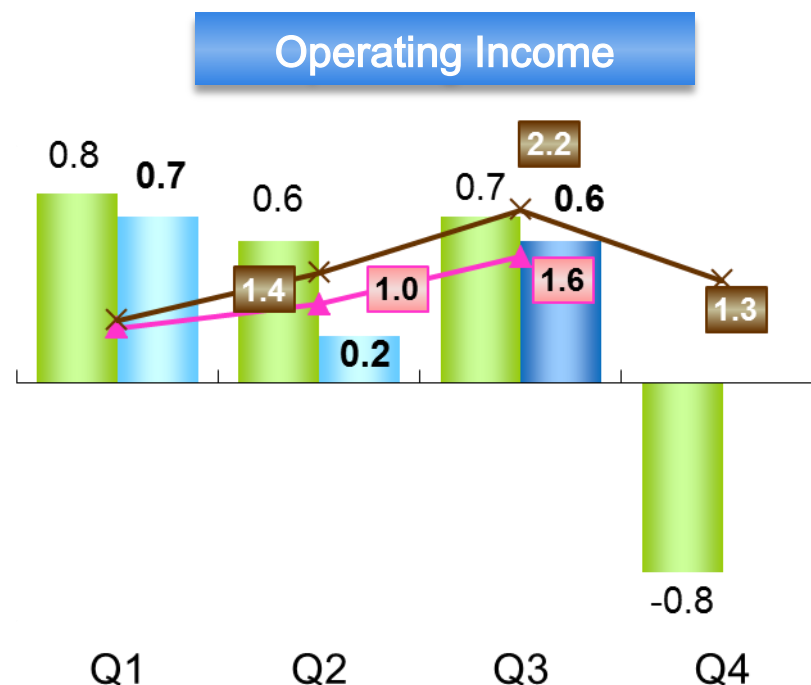
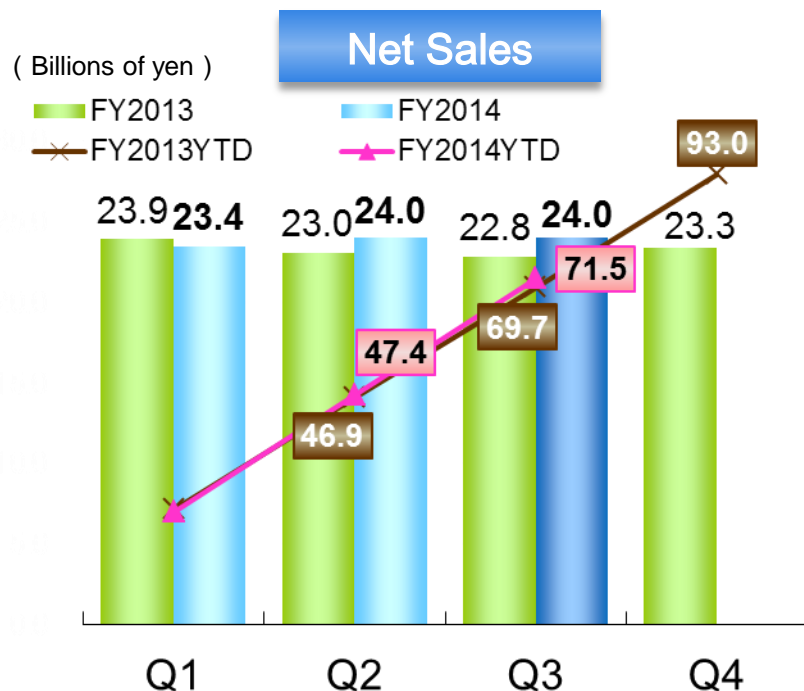


## Operating Income

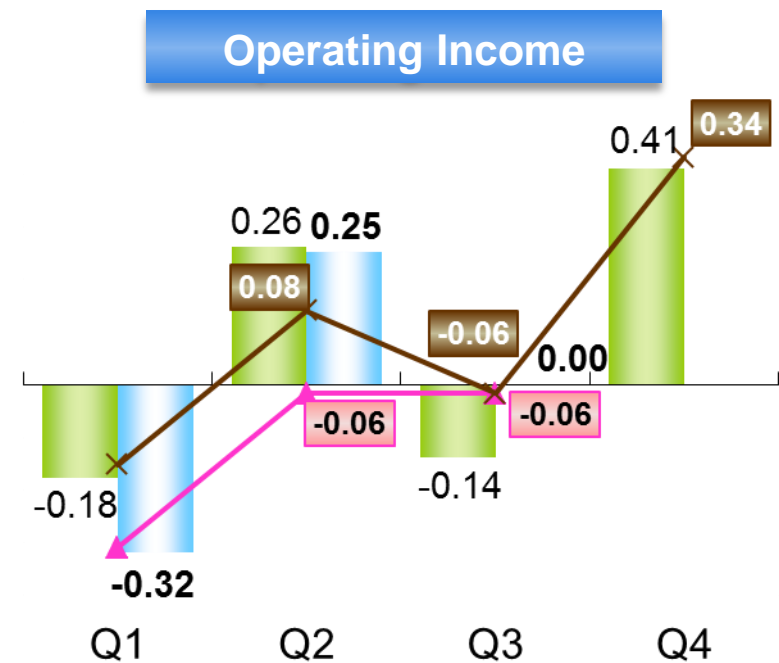
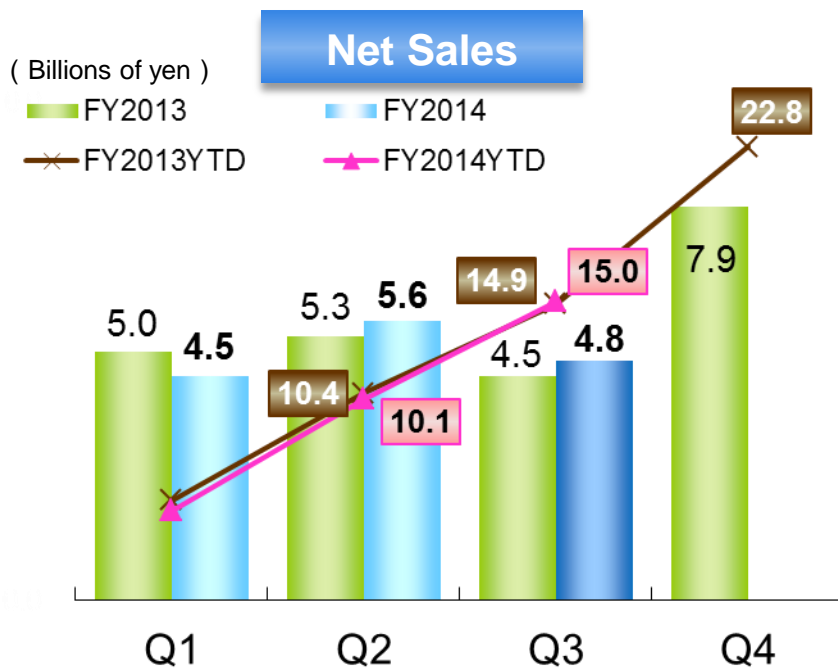


- Finished watches: Performance was steady due to an increase in tourists from other countries and other factors. Sales grew strongly for ASTRON and mechanical watch, PRESAGE, in men's watches, and for LUKIA in ladies' watches.  
( In Japan )
- Finished watches: In overseas as well, ASTRON performed favorably as it did in Japan. In the United States, sell-through was strong, mainly for ASTRON. In Europe, sales in France and Germany continued a year-on-year increase from the first half. In Asia, too, Taiwan saw steady sales growth.  
( In Overseas )
- Movements: Sales of high value-added movements to Europe were sluggish.

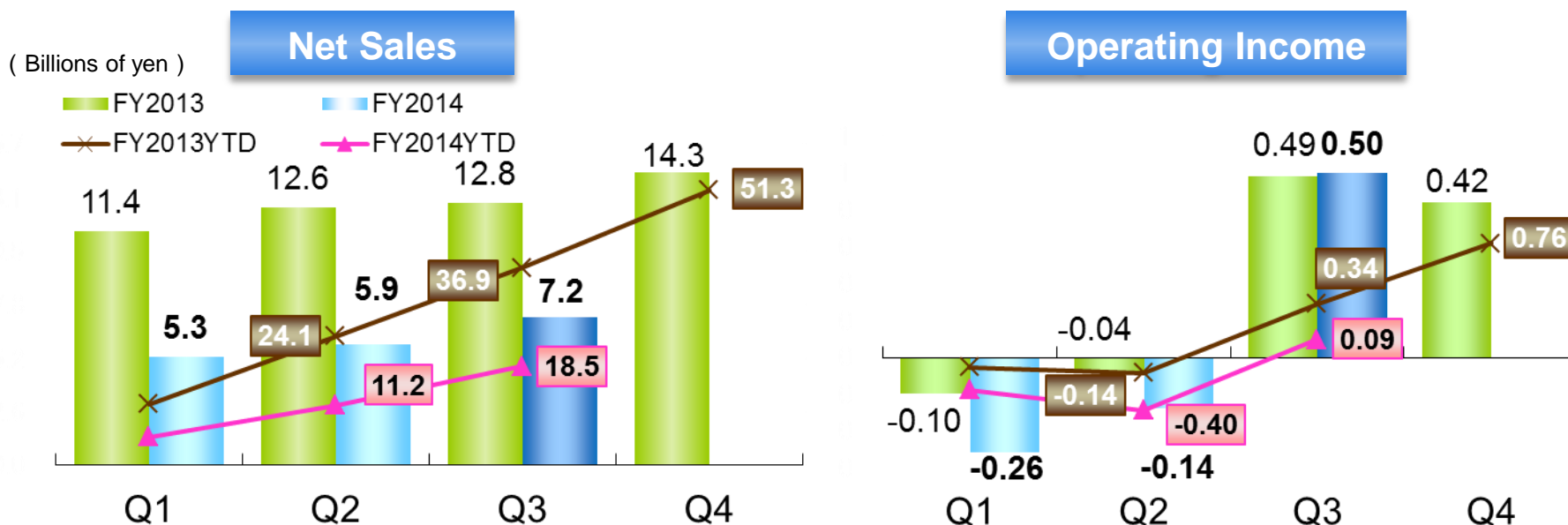




- **Devices** : Sales of semiconductors, mainly those for smartphone products, remained strong from the first half.  
On the other hand, batteries and IC oscillators, etc. were sluggish.
- **Mechatronics**: No significant recovery was seen in hard disk drive components and shutters for cameras, and the situation remains severe.
- **Others** : Thermal printers and ink jet printer heads, etc. performed steadily, but large-scale digital printers and radiation measuring equipment stagnated.



- Network devices continued solid performance.
- In mobile-related products, the body composition scale for domestic mobile phone companies continued to perform steadily, and sales of communication modules, etc. were stable.



- Clock : Sales in Japan were brisk mainly at mass retailers. Improvement in earnings progressed, and a profit was achieved in the third quarter.
- Others : Watches in the main building in the Wako Business continued to perform well. Sales grew substantially for ASTRON and Grand Seiko , as well as imported watches.

\*Impact due to the exclusion of the Optical Products Business from consolidation since the end of the previous fiscal year.

	(Billions of yen)			
Net Sales	Q3)	6.0	Q1-Q3)	18.3
Operating Income	Q3)	0.18	Q1-Q3)	0.51

# Balance Sheet as of Dec. 31, 2014

( Billions of yen )	Dec. 31, 2013	Mar. 31, 2014 (a)	Dec. 31, 2014 (b)	Change (b) - (a)
Inventories	69.1	57.0	67.3	+10.3
Interest Bearing Debt	203.4	200.8	144.2	-56.6
Net Assets	69.5	64.7	96.8	+32.1
Total Assets	382.8	366.7	357.2	-9.5
Equity Capital Ratio	17.5%	17.1%	26.5%	+9.4%
Net Debt Equity Ratio	2.3	2.4	0.9	-1.5
Number of Employees	14,256	13,439	13,502	+63

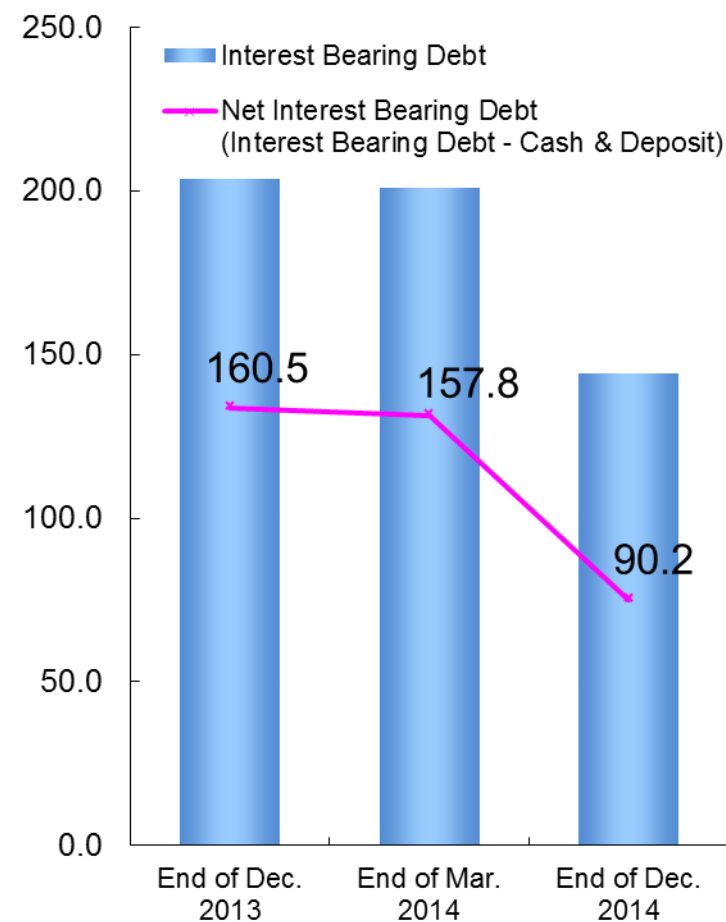
## Interest Bearing Debt

203.4

200.8

144.2

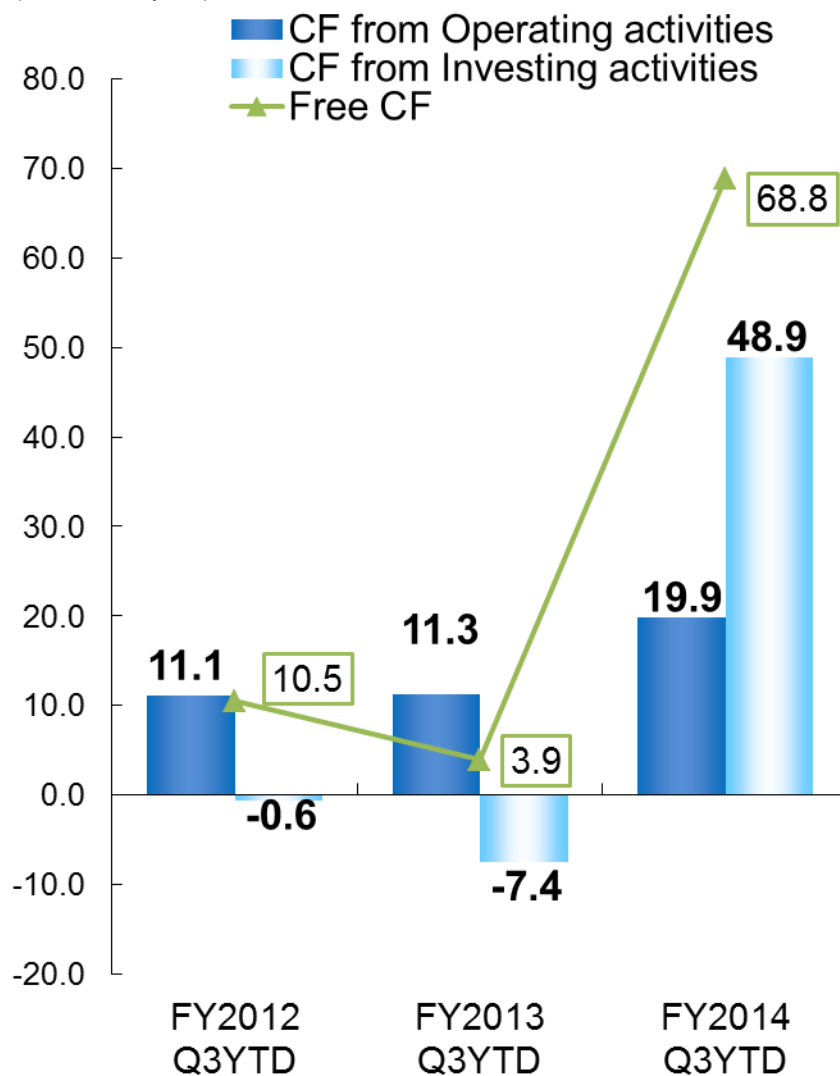
( Billions of yen )



# Cash Flow Statement

( Billions of yen )

( Billions of yen )



	FY2012 Q3(YTD)	FY2013 Q3(YTD)	FY2014 Q3(YTD)
Income before income tax and minority interests	9.7	15.5	<b>28.3</b>
Depreciation and amortization	9.5	8.9	<b>8.0</b>
Others	-8.1	-13.1	<b>-16.4</b>
<b>Net cash provided by (used in) operating activities</b>	<b>11.1</b>	<b>11.3</b>	<b>19.9</b>
Purchase of property, plant and equipment	-12.7	-9.0	<b>-6.5</b>
Others	12.1	1.6	<b>55.4</b>
<b>Net cash provided by (used in) investing activities</b>	<b>-0.6</b>	<b>-7.4</b>	<b>48.9</b>
Net increase (decrease) in loans payable	-14.8	-1.6	<b>-57.2</b>
Others	2.1	-1.2	<b>-2.5</b>
<b>Net cash provided by (used in) financing activities</b>	<b>-12.7</b>	<b>-2.9</b>	<b>-59.7</b>
Effect of exchange rate change on cash and cash equivalents etc.	0.4	-1.0	<b>2.1</b>
Cash and cash equivalents	49.5	42.7	<b>53.8</b>
<b>Free cash flow</b>	<b>10.5</b>	<b>3.9</b>	<b>68.8</b>

## 2. Financial Forecast for FY2014

# Summary of Financial Forecast for FY2014

( Billions of yen )	FY2013 Actual	FY2014 Forecast		Change vs. Previous  Full Year
		Previous (Nov. 26)	Latest (Feb. 10)	
		Full Year	Full Year	
Net Sales	308.2	290.0	290.0	±0.0
Operating Income	14.0	16.0	13.0	-3.0
%	4.5%	5.5%	4.5%	-1.0%
Ordinary Income	10.1	14.0	14.0	±0.0
%	3.3%	4.8%	4.8%	±0.0%
Net income	7.4	25.0	25.0	±0.0
%	2.4%	8.6%	8.6%	±0.0%

# Financial Forecast for FY2014 by Reported Segments

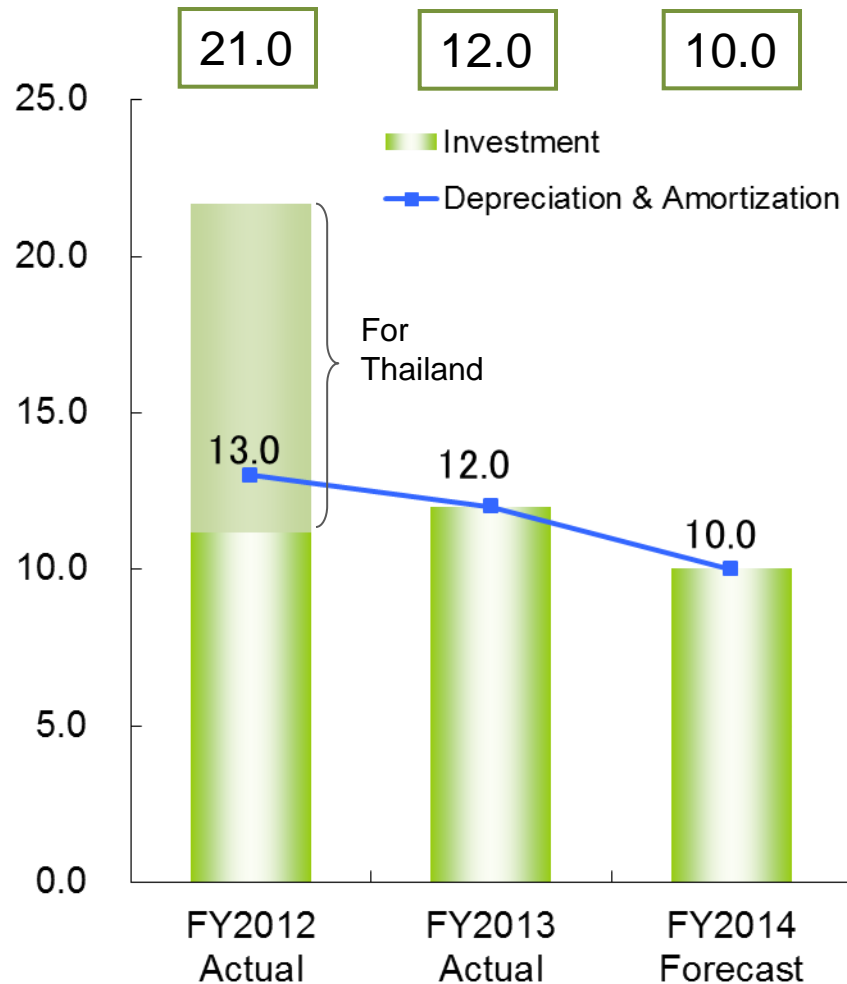
( Billions of yen )	Net Sales				Operating Income			
	FY2013 Actual	FY2014 Forecast		Change vs. Previous	FY2013 Actual	FY2014 Forecast		Change vs. Previous
		Previous	Latest			Previous	Latest	
Watches	150.7	155.0	155.0	±0.0	12.2	12.5	12.5	±0.0
Electronic Devices	93.0	100.0	98.0	-2.0	1.3	4.0	2.5	-1.5
Systems Solutions	22.8	20.0	22.0	+2.0	0.3	0.5	0.5	±0.0
Sub Total	266.6	275.0	275.0	±0.0	13.9	17.0	15.5	-1.5
Others	51.3	25.0	25.0	±0.0	0.7	0.5	0.5	±0.0
Cons. Total	308.2	290.0	290.0	±0.0	14.0	16.0	13.0	-3.0



# Investment / Research and Development Cost

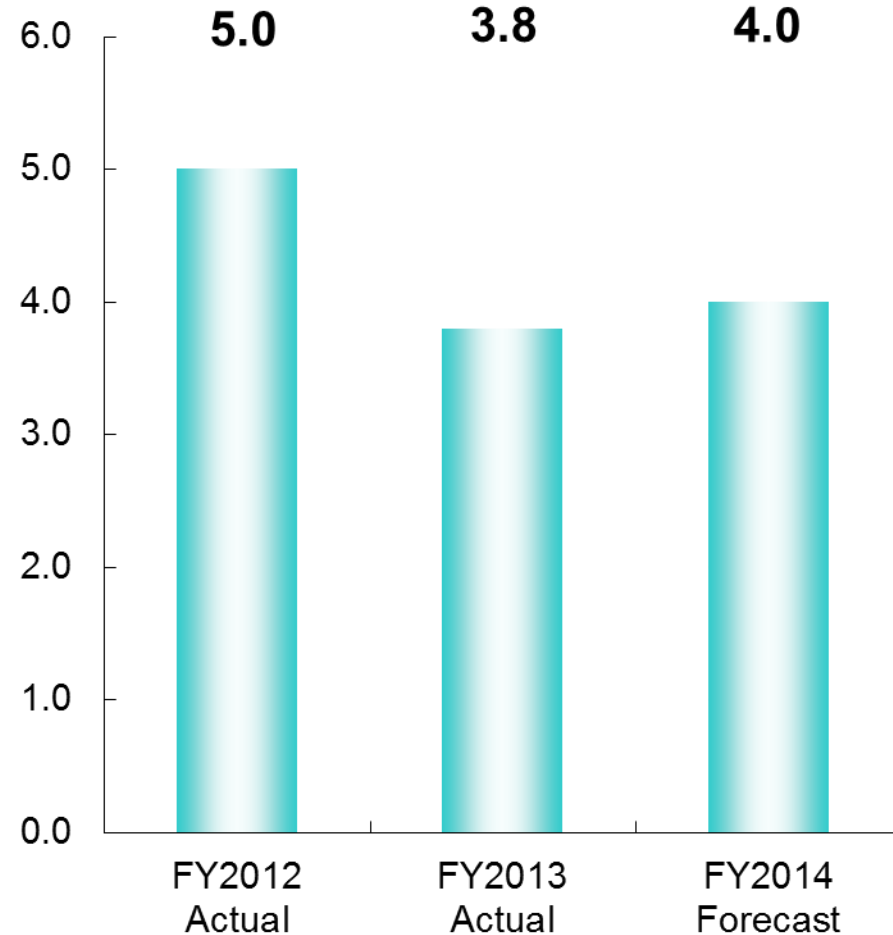
## Investment/ Depreciation

(Billions of yen)



## Research and Development Cost

(Billions of yen)



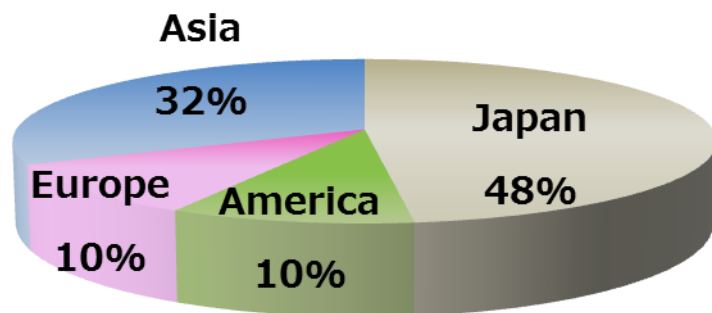
## Sensitivity by Exchange Rate (Jan.2015-Mar.2015)

FY2014	USD	EUR
Forecast Exc. Rate	<b>JPY 115.0</b>	<b>JPY 130.0</b>
For Sales (Millions of yen)	<b>300</b>	<b>30</b>
For Income (Millions of yen)	<b>50</b>	<b>10</b>

## FY2014

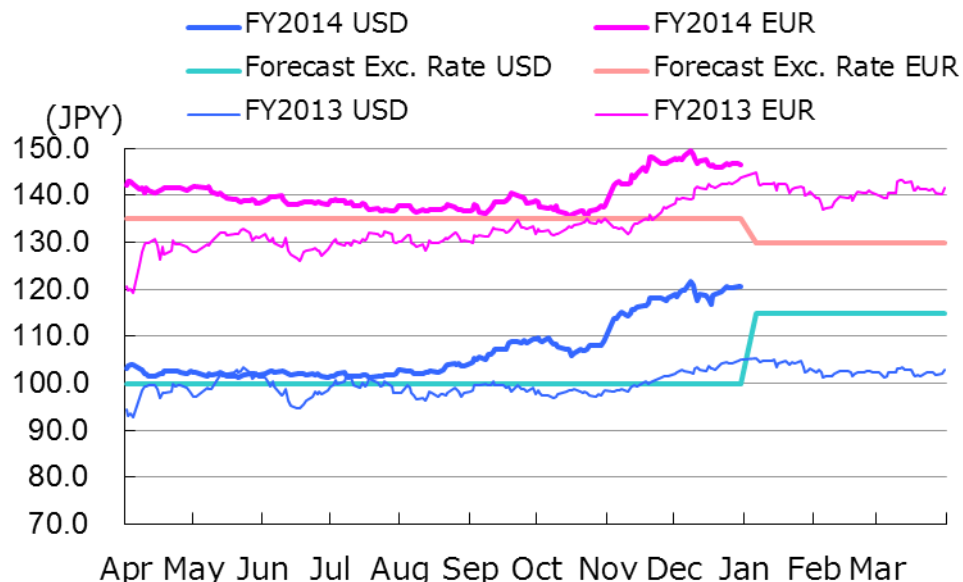
		Q1	Q2	Q3	Forecast Exc. Rate
Average	USD	102.1	103.8	114.3	115.0
	EUR	140.0	137.7	142.8	130.0
Closing Date	USD	101.3	109.4	120.5	115.0
	EUR	138.2	138.8	146.5	130.0

## Sales by Area



\* FY2013 Actual data

## Trend of Exchange Rate



- ◆ *The forecasted results which appear in this report are based on the information which we have obtained as of now, and on certain assumptions deemed reasonable. As a result, actual results, etc. may differ significantly from the forecasted figures due to a wide range of factors.*

*Numbers are cut off to the unit indicated, unless otherwise specified.*

# Reference

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# FY2014 3<sup>rd</sup> Quarter Statement of Income (Oct.2014 - Dec.2014)

( Billions of yen )	FY2013 Q3	FY2014 Q3	Change	
			Amt.	%
Net Sales	79.0	79.4	+0.3	+0.5%
Gross Profit	27.8	29.3	+1.5	+5.4%
Operating Income	4.7	3.7	-0.9	-19.6%
%	6.0%	4.8%	-1.2%	-
Ordinary Income	4.4	4.9	+0.4	+10.3%
%	5.6%	6.2%	+0.6%	-
Before Income Taxes & Minority interests	3.7	12.7	+9.0	+238.6%
Net Income	2.3	10.7	+8.3	+353.8%
%	3.0%	13.5%	+10.5%	-

Exchange Rates(JPY)	USD	100.3	114.3	+13.9	+13.9%
	EUR	136.5	142.8	+6.3	+4.6%

Net Sales :		+0.3
Exchange rate fluctuations		+5.0
Impact due to the exclusion of the Optical Products Business from consolidation		-6.0

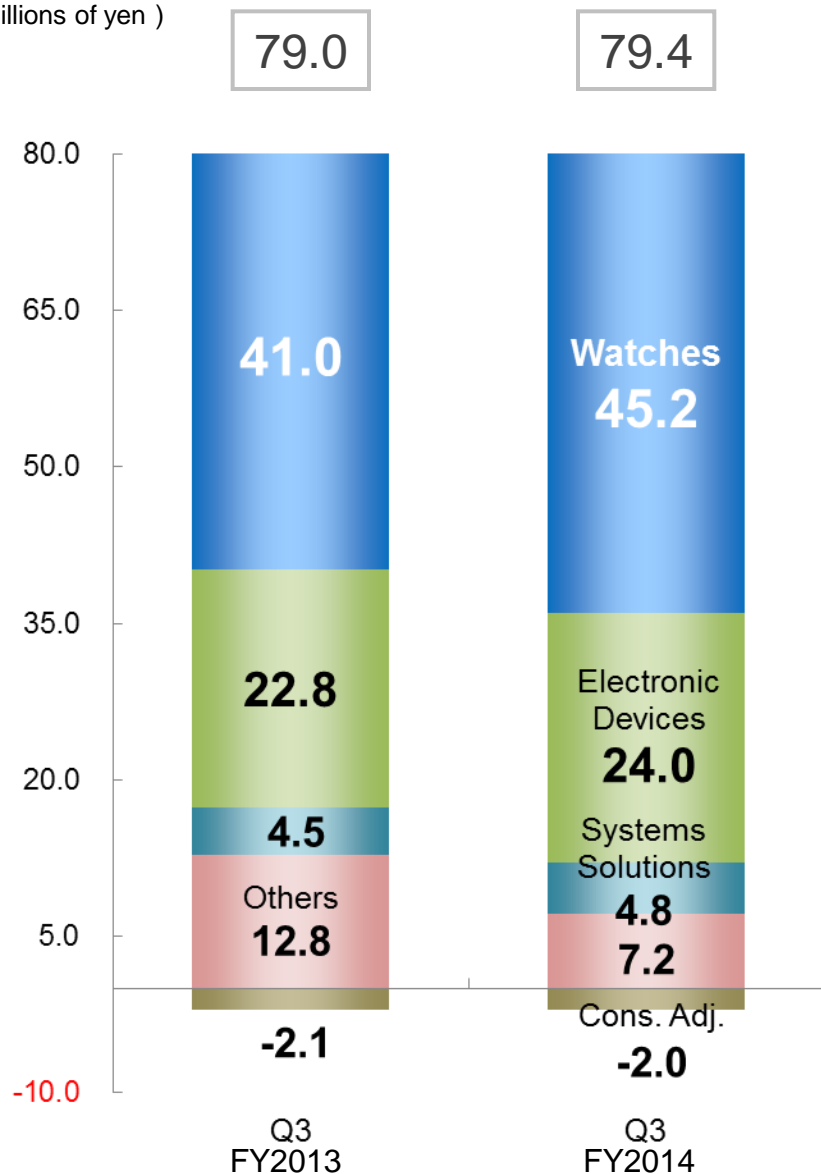
Operating Income :		-0.9
Increase in GP		+1.5
Increase in General and Administrative expenses		-2.4

Ordinary Income :		+0.4
Decrease in Operating Income		-0.9
Decrease in Interest expenses		+0.2
Increase in Foreign exchange gains		+0.0
Equity in income of affiliates		+1.0
Others		+0.0

Extraordinary Income :		
<u>Extraordinary Income</u>		<u>7.8</u>
Gain on sales of investment securities		7.7
Reversal of allowance for doubtful accounts for subsidiaries and affiliates		0.1
<u>Extraordinary Loss</u>		<u>—</u>

# Sales by Reported Segments (Oct.2014 –Dec.2014)

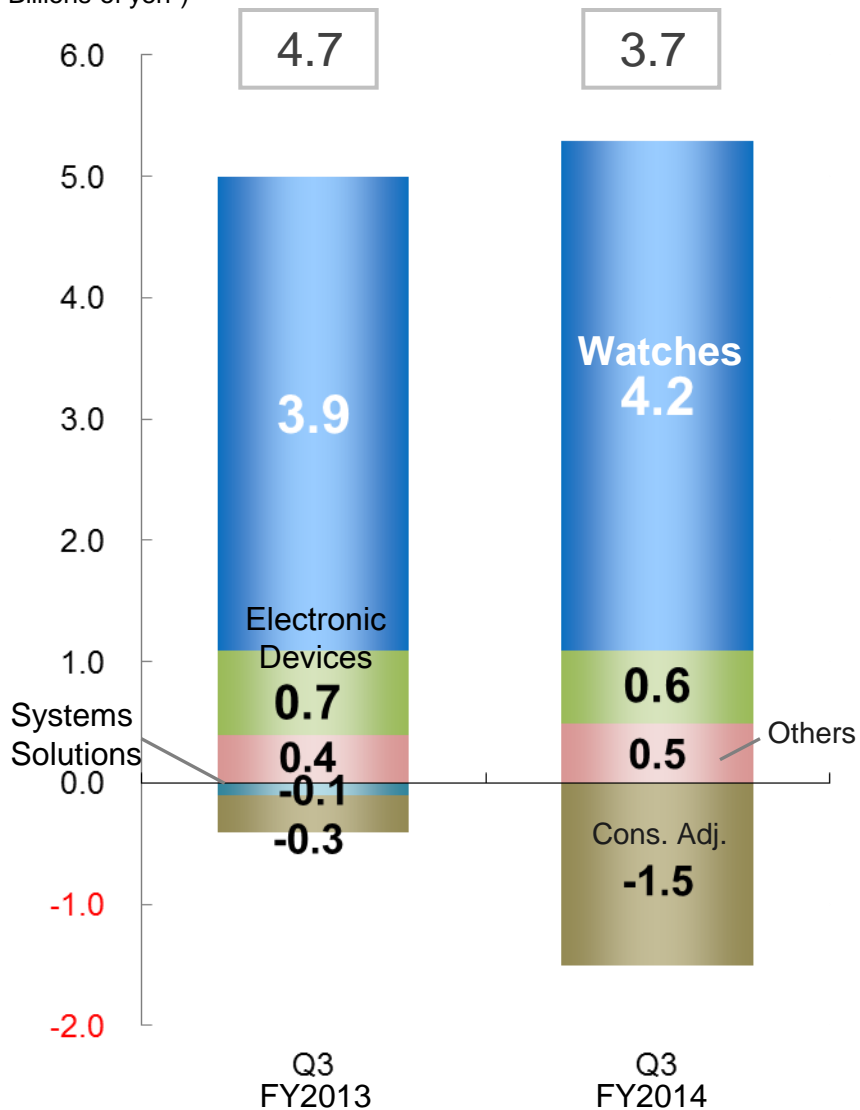
( Billions of yen )



( Billions of yen )	Net Sales		
	FY2013 Q3	FY2014 Q3	Change
Watches	41.0	45.2	+4.2
Electronic Devices	22.8	24.0	+1.2
Systems Solutions	4.5	4.8	+0.3
Sub Total	68.3	74.2	+5.8
Others	12.8	7.2	-5.5
Cons. Adj.	-2.1	-2.0	+0.1
Cons. Total	79.0	79.4	+0.3

# Operating Income by Reported Segments (Oct.2014 -Dec.2014)

( Billions of yen )



( Billions of yen )	Operating Income		
	FY2013 Q3	FY2014 Q3	Change
Watches	3.9	4.2	+0.2
Electronic Devices	0.7	0.6	-0.1
Systems Solutions	-0.1	0.0	+0.1
Sub Total	4.5	4.8	+0.3
Others	0.4	0.5	+0.0
Cons. Adj.	-0.3	-1.5	-1.2
<b>Cons. Total</b>	<b>4.7</b>	<b>3.7</b>	<b>-0.9</b>

End

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