

**FY2015 3rd Quarter
Consolidated Results
(Fiscal year ended March 31, 2016)**

February 10, 2016

1. Overview
2. Business Results
3. Financial Forecast for FY2015

1. Overview

FY2015 Statement of Income

(Billions of yen)	FY2015 Q1-Q3 (Apr. - Dec.)			FY 2015 Q3 (Oct. - Dec.)		
	FY2014	FY2015	Change	FY2014	FY2015	Change
Net Sales	217.3	228.9	+11.5	79.4	77.4	-2.0
Operating Income	11.3	13.6	+2.2	3.7	2.3	-1.4
%	5.2%	6.0%	+0.8p	4.8%	3.0%	-1.8p
Ordinary Income	12.6	14.1	+1.4	4.9	2.8	-2.1
%	5.8%	6.2%	+0.4p	6.2%	3.6%	-2.6p
Profit attributable to owners of parent	23.9	12.6	-11.3	10.7	5.1	-5.5

* Operating income and ordinary income were the highest recorded for cumulative third quarter results since we began disclosing quarterly performance.

Financial Forecast for FY2015

(Billions of yen)	Previous Forecast (Nov. 10)	Latest Forecast	Change	FY2014	Change	Mid-Term Plan (FY2015)	Change
Net Sales	320.0	305.0	-15.0	293.4	+11.6	320.0	-15.0
Operating Income	16.0	14.0	-2.0	11.6	+2.4	20.0	-6.0
%	5.0%	4.6%	-0.4p	4.0%	+0.6p	6.3%	-1.7p
Ordinary Income	16.0	13.0	-3.0	12.3	+0.7	16.0	-3.0
%	5.0%	4.3%	-0.7p	4.2%	+0.1p	5.0%	-0.7p
Profit attributable to owners of parent	12.0	12.0	±0.0	21.7	-9.7	12.0	±0.0

* Net sales, operating income and ordinary income were revised downward.

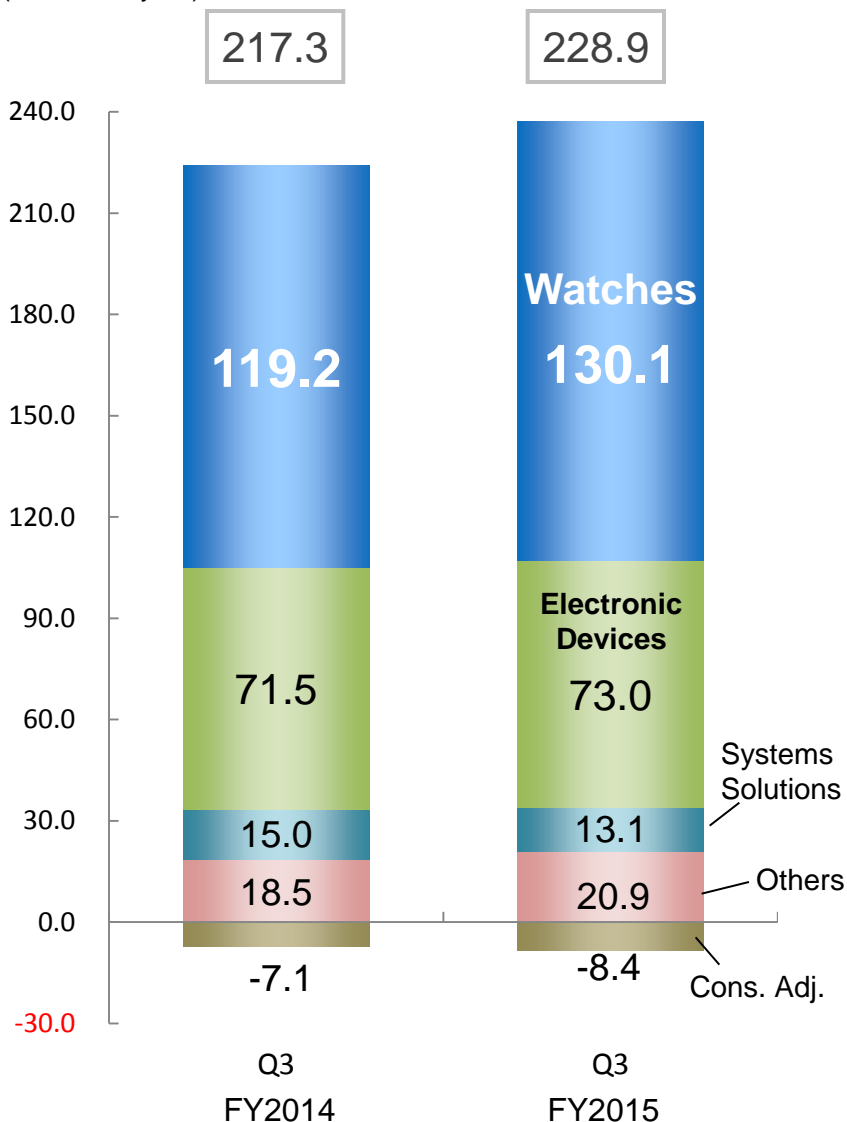
2. Business Results

FY2015 Statement of Income (Apr.2015 - Dec.2015)

(Billions of yen)		FY2014 Q1-Q3	FY2015 Q1-Q3	Change		
				Amt.	%	
Net Sales		217.3	228.9	+11.5	+5.3%	Net Sales : +11.5
Gross Profit		78.5	84.0	+5.5	+7.1%	Exchange rate fluctuations +13.0
Operating Income		11.3	13.6	+2.2	+20.3%	Operating Income : +2.2
%		5.2%	6.0%	+0.8p	—	Increase in GP +5.5
Ordinary Income		12.6	14.1	+1.4	+11.7%	Increase in Selling, general and administrative expenses -3.2
%		5.8%	6.2%	+0.4p	—	Ordinary Income : +1.4
Income before income taxes		28.3	12.7	-15.6	-55.1%	Increase in Operating Income +2.2
Profit attributable to owners of parent		23.9	12.6	-11.3	-47.2%	Decrease in Interest expenses +0.8
%		11.0%	5.5%	-5.5p	—	Decrease in Foreign exchange gains -1.8
Exchange Rates(JPY)						Increase in Dividend income +0.2
USD	106.7	121.7	+14.9	+14.0%		Others -0.0
EUR	140.2	134.4	-5.8	-4.2%		Extraordinary Income/Losses: -1.3
						Extraordinary Income +0.3
						Gain on sales of non-current assets +0.3
						Extraordinary Losses -1.7
						Business structure improvement expenses -1.5
						Loss on retirement of non-current assets -0.1

Sales by Reported Segments (Apr.2015 –Dec.2015)

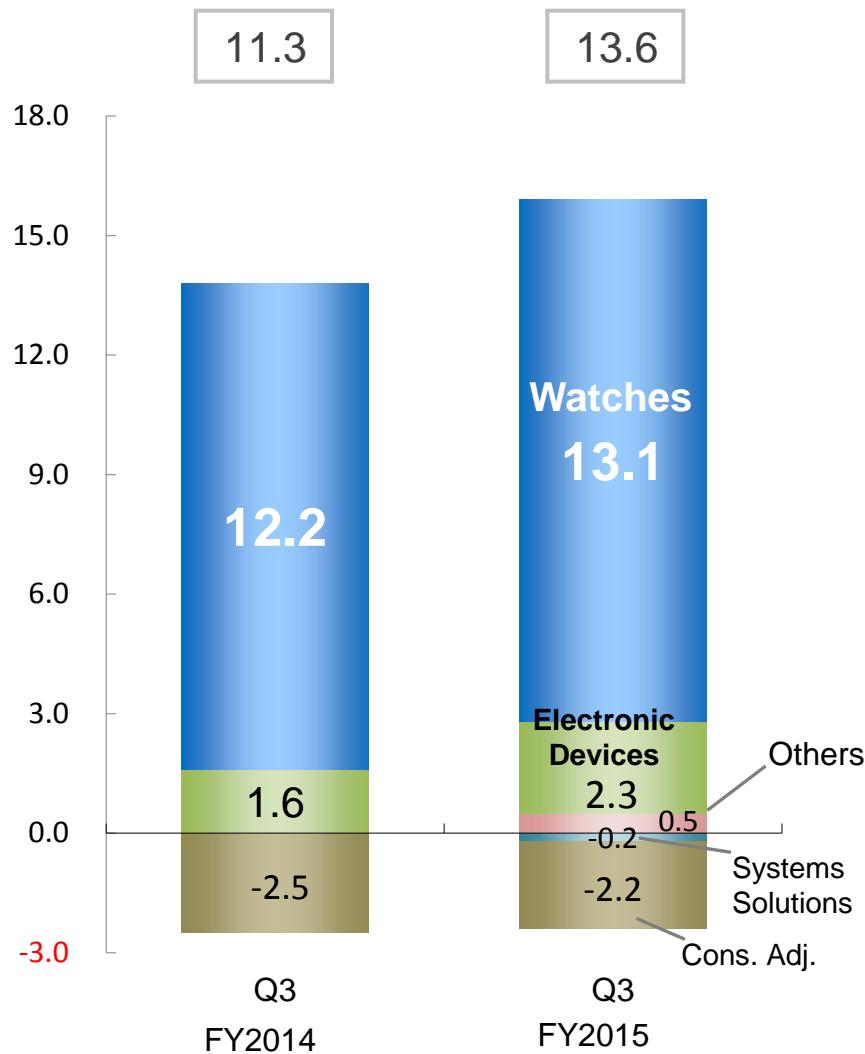
(Billions of yen)



(Billions of yen)	Net Sales		
	FY2014 Q1-Q3	FY2015 Q1-Q3	Change
Watches	119.2	130.1	+10.9
Electronic Devices	71.5	73.0	+1.4
Systems Solutions	15.0	13.1	-1.8
Sub Total	205.9	216.4	+10.5
Others	18.5	20.9	+2.3
Cons. Adj.	-7.1	-8.4	-1.3
Cons. Total	217.3	228.9	+11.5

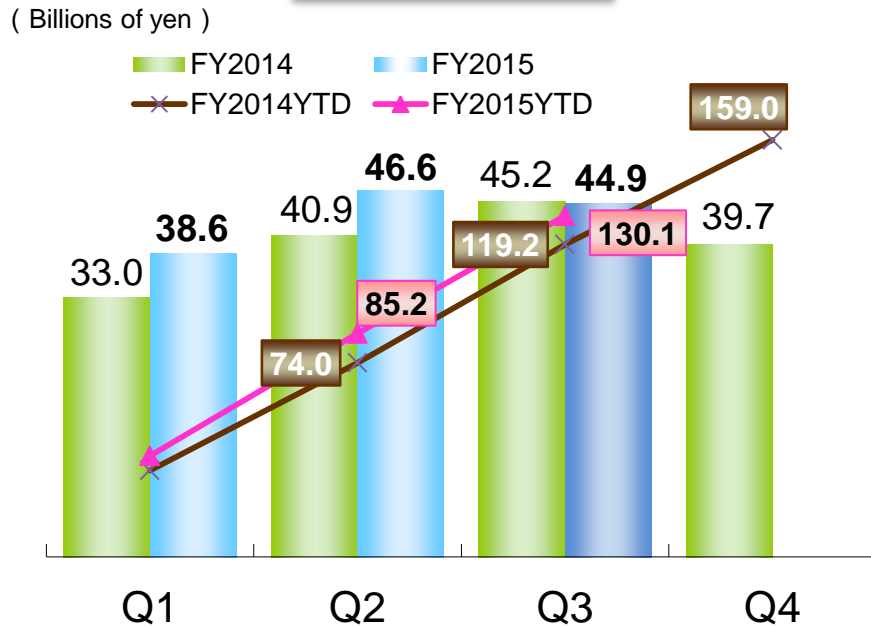
Operating Income by Reported Segments (Apr.2015 -Dec.2015)

(Billions of yen)

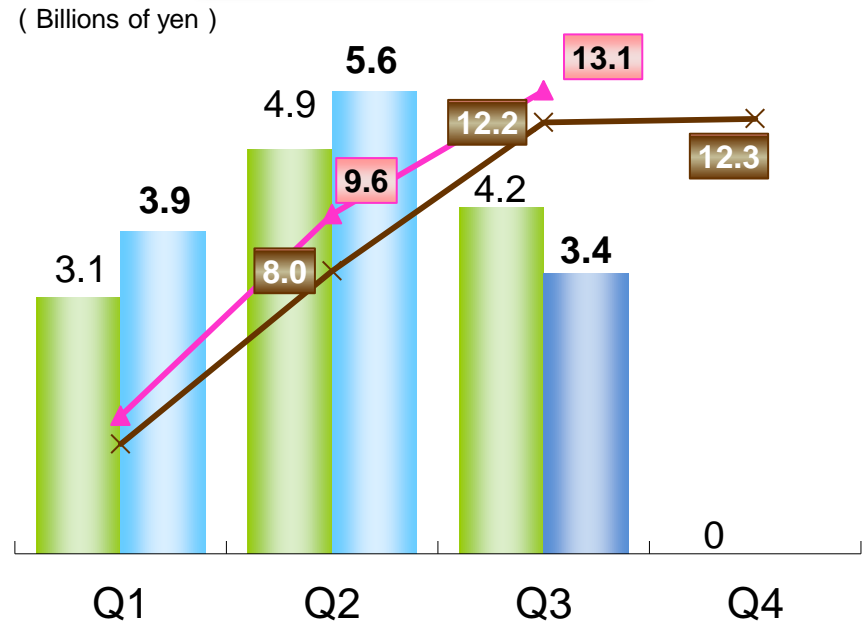


(Billions of yen)	Operating Income		
	FY2014 Q1-Q3	FY2015 Q1-Q3	Change
Watches	12.2	13.1	+0.9
Electronic Devices	1.6	2.3	+0.7
Systems Solutions	-0.0	-0.2	-0.1
Sub Total	13.8	15.2	+1.4
Others	0.0	0.5	+0.4
Cons. Adj.	-2.5	-2.2	+0.3
Cons. Total	11.3	13.6	+2.2

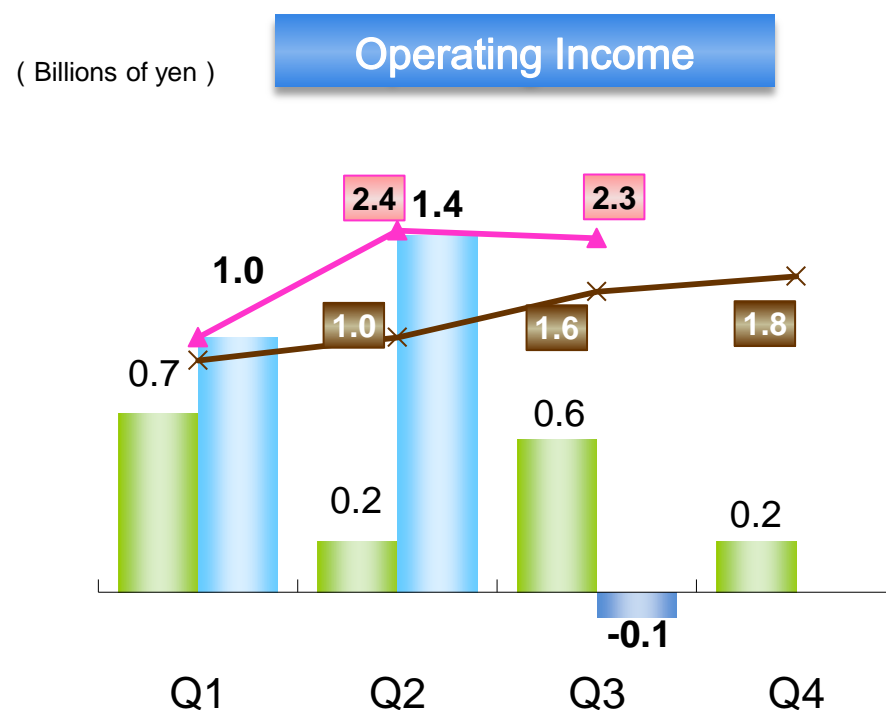
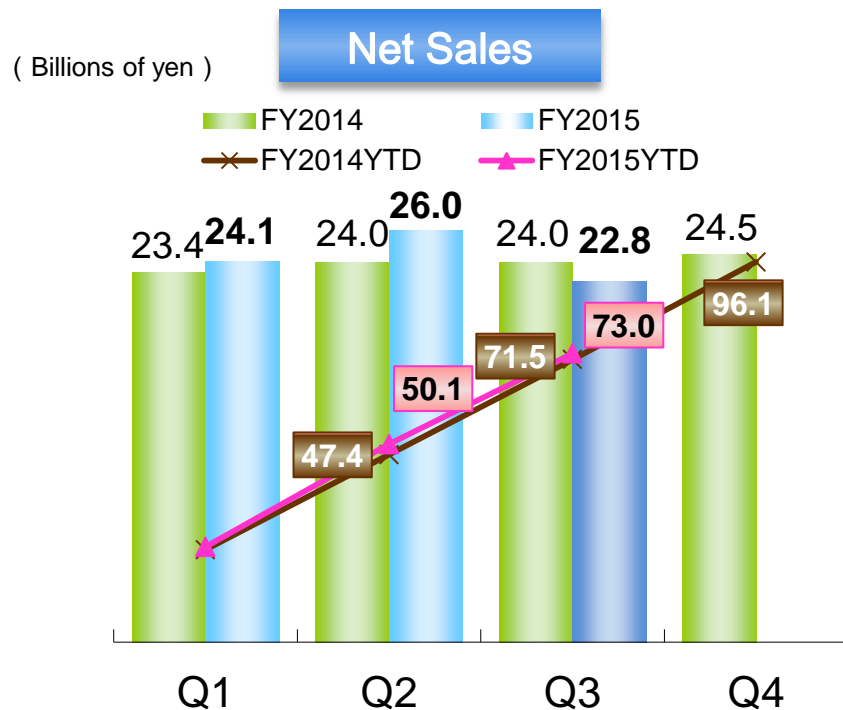
Net Sales



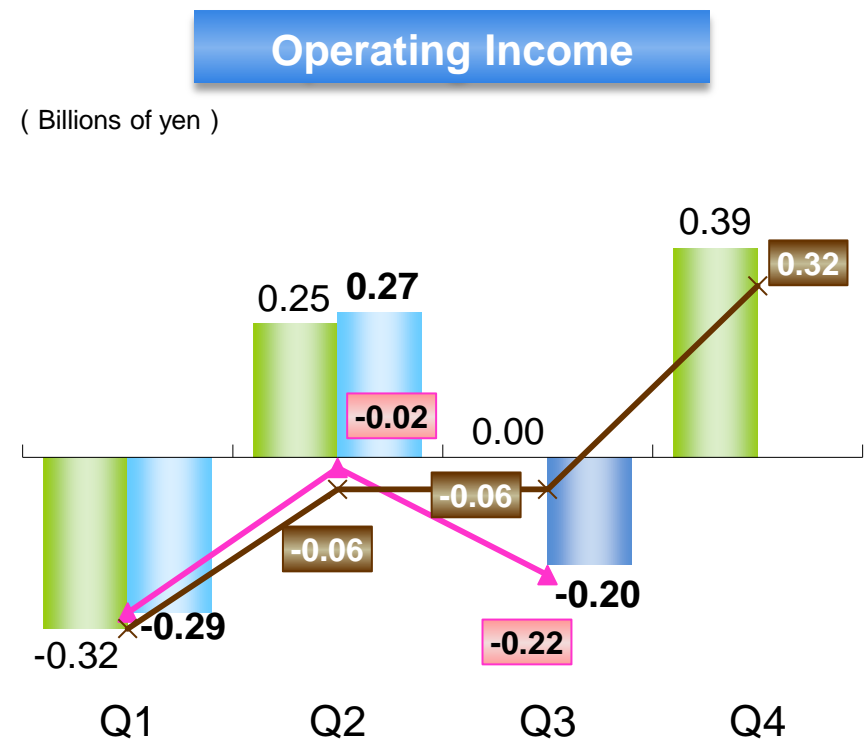
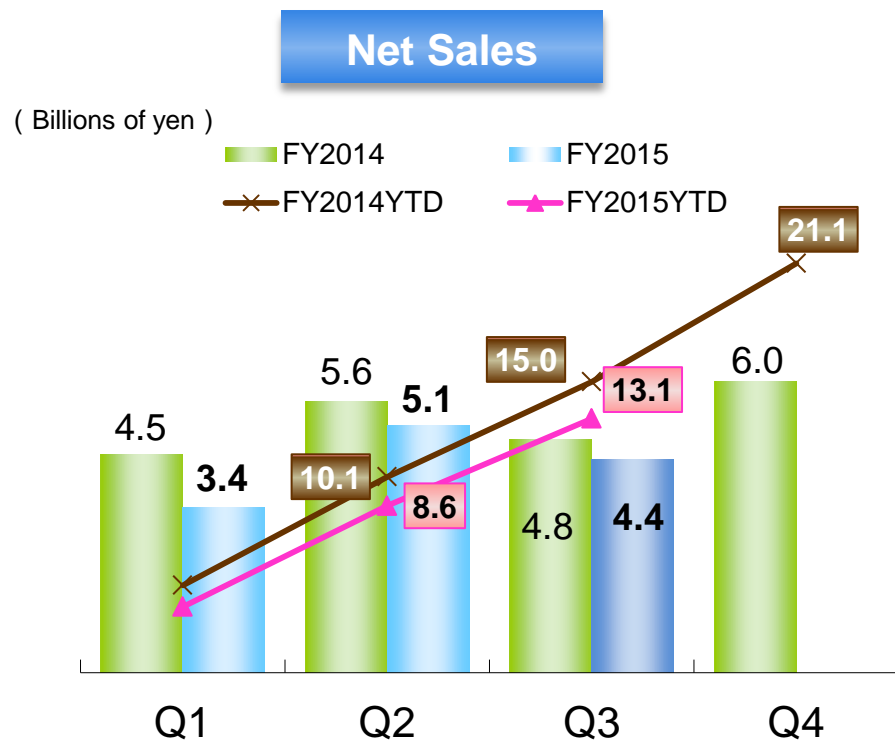
Operating Income



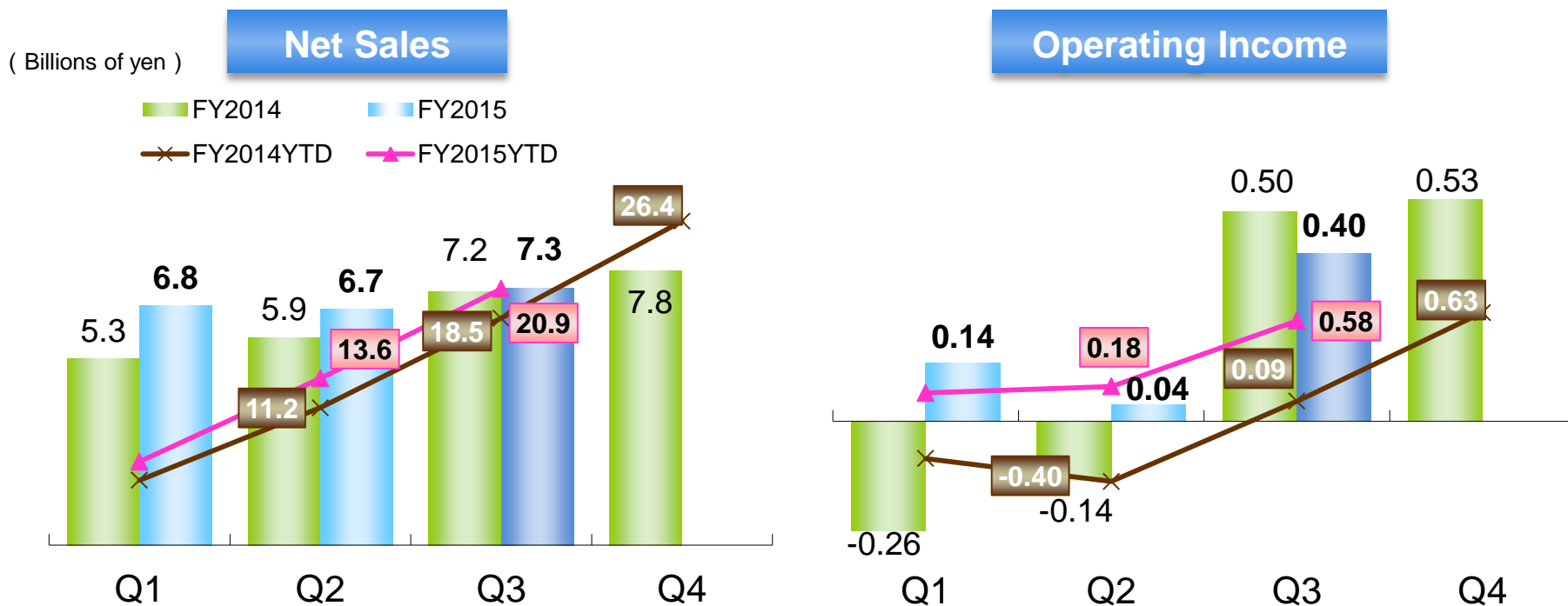
- **Watches:** (In Japan) Sales of men's watch models were driven by the Grand Seiko, ASTRON, Mechanical, and PROSPEX, and by the LUKIA and TISSÉ for ladies' models.
- **Watches:** (In overseas) Sales grew in Germany, where the ASTRON performed favorably. Asian sales grew in Taiwan and other countries. In Europe, however, sales were sluggish in France due to the impact of the terrorist attacks.
- **Movements:** Sales declined for affordable-priced standard movements in addition to value-added movements in the second half due to a downswing in fashion watches in the global market and the economic slump in China, among other factors.



- **Electronic devices** : Sales of semiconductors were sluggish overall, reflecting a decrease in sales of products for smartphones from the second half, despite steady growth in products for automobiles. In addition, earnings from oscillator ICs deteriorated due to a rapid price drop, among other factors.
- **Mechatronics** : Sales were sluggish in the shutter-related business as a result of factors including inventory adjustment by customers, but earnings improved steadily in the hard disk drive component business.
- **Other** : Printer-related sales were firm for thermal printers and industrial inkjet heads. In addition, the wide format printer business had been transferred as of October 1.



- Payment terminal-related products continued to perform steadily as in the first half. However, overall net sales were down year on year due to stagnation mainly in communication modules and products for the restaurant industry.



- Clocks : Sales grew steadily due to hit products such as color LCD clocks and price rises for the Japanese domestic market.
- Others : Demand in the retail business was firm, not only from overseas tourists but also Japanese consumers. Performance in the Watches Business was favorable, particularly for the Grand Seiko and ASTRON, driving overall sales.

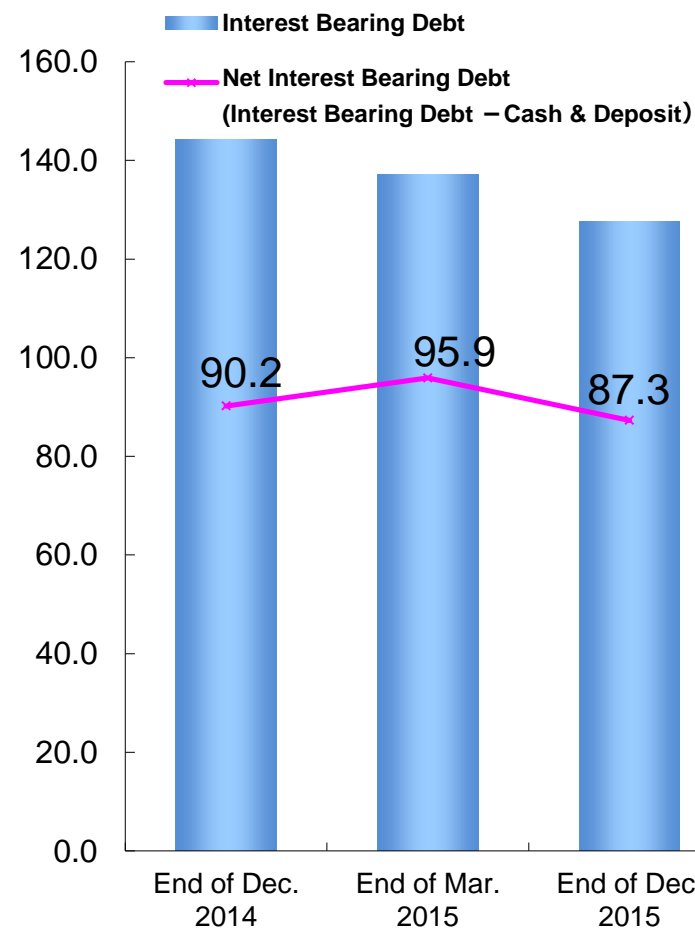
Balance Sheet as of Dec. 31, 2015

(Billions of yen)	Dec. 31, 2014	Mar. 31, 2015 (a)	Dec. 31, 2016 (b)	Change (b) – (a)
Inventories	67.3	62.9	70.5	+7.6
Interest Bearing Debt	144.2	137.2	127.7	-9.5
Net Assets	96.8	92.5	98.9	+6.3
Total Assets	357.2	333.7	336.3	-2.6
Equity Capital Ratio	26.5%	27.1%	29.1%	+2.0p
Net Debt Equity Ratio	0.9	1.0	0.8	-0.1
Number of Employees	13,502	13,565	13,694	+129

Interest Bearing Debt

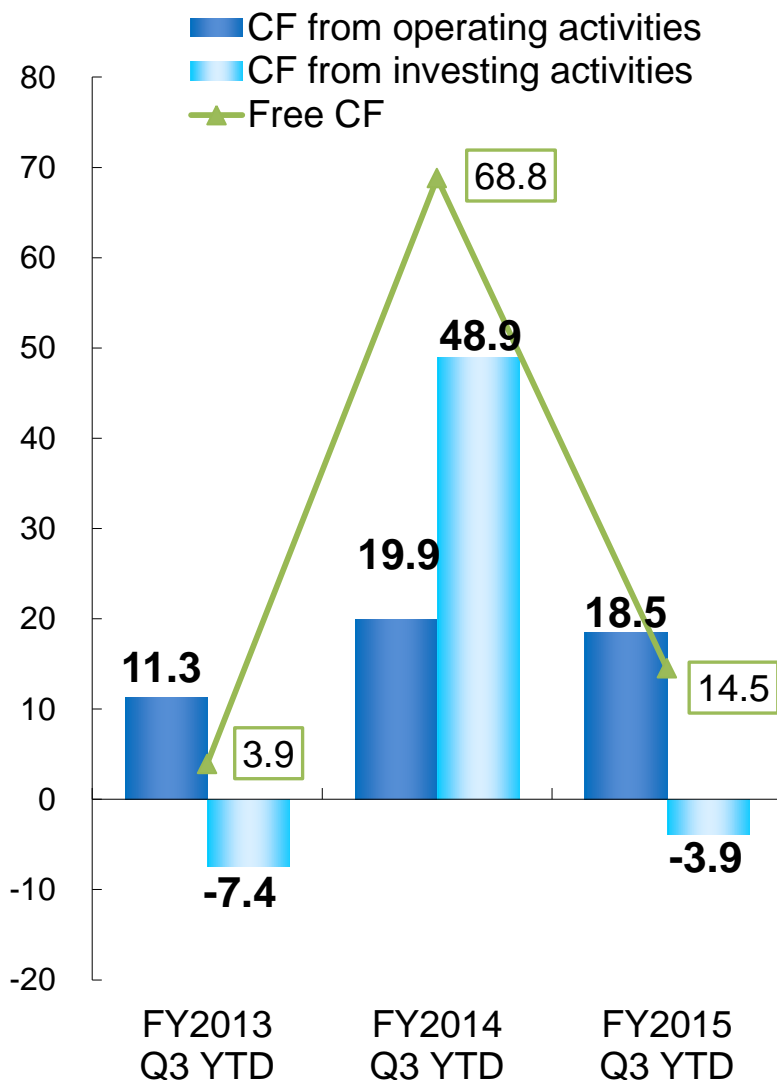
144.2 137.2 127.7

(Billions of yen)



Statements of Cash Flow

(Billions of yen)



(Billions of yen)

	FY2013 Q3(YTD)	FY2014 Q3(YTD)	FY2015 Q3(YTD)
Income before income taxes	15.5	28.3	12.7
Depreciation	8.9	8.0	7.5
Others	-13.1	-16.4	-1.7
Net cash provided by (used in) operating activities	11.3	19.9	18.5
Purchase of property, plant and equipment	-9.0	-6.5	-9.7
Others	1.6	55.4	5.7
Net cash provided by (used in) investing activities	-7.4	48.9	-3.9
Net increase (decrease) in loans payable	-1.6	-57.2	-9.0
Others	-1.2	-2.5	-5.1
Net cash provided by (used in) financing activities	-2.9	-59.7	-14.1
Effect of exchange rate change on cash and cash equivalents etc.	-1.0	2.1	-0.3
Cash and cash equivalents	42.7	53.8	40.3
Free cash flow	3.9	68.8	14.5

3. Financial Forecast for FY2015

Summary of Financial Forecast for FY2015

(Billions of yen)	FY2014 Actual (a)	FY2015 Forecast		Change vs.	
		Previous (Nov. 10)	Latest (Feb. 9)	FY2014 (c)-(a)	Previous (c)-(b)
		Full Year (b)	Full Year (c)		
Net Sales	293.4	320.0	305.0	+11.6	-15.0
Operating Income	11.6	16.0	14.0	+2.4	-2.0
%	4.0%	5.0%	4.6%	+0.6p	-0.4p
Ordinary Income	12.3	16.0	13.0	+0.7	-3.0
%	4.2%	5.0%	4.3%	+0.1p	-0.7p
Profit attributable to owners of parent	21.7	12.0	12.0	-9.7	±0.0
%	7.4%	3.8%	3.9%	-3.5p	+0.1p

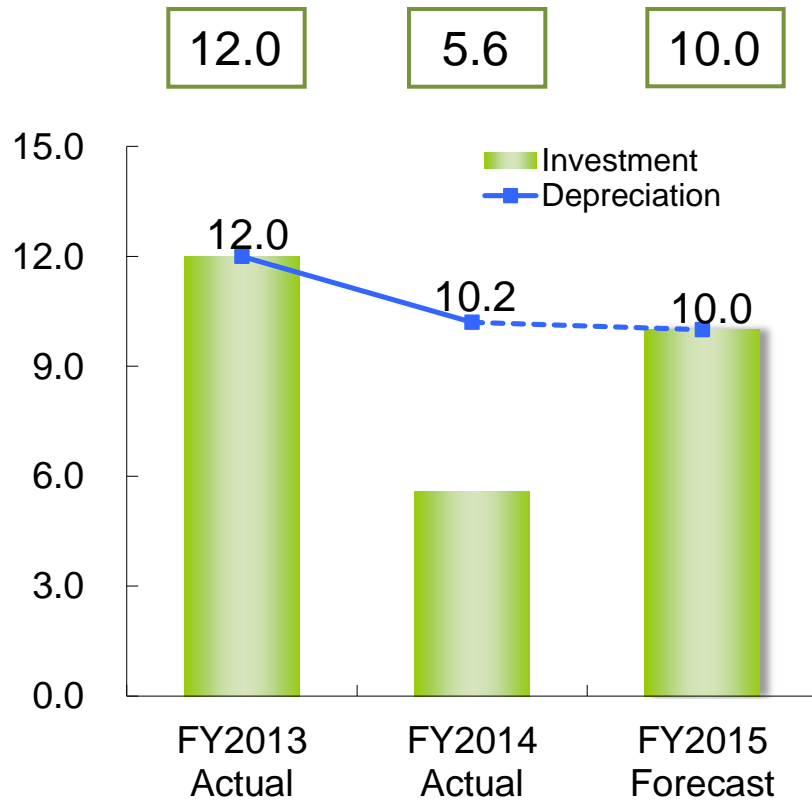
Financial Forecast for FY2015 by Reported Segments

(Billions of yen)	Net Sales				Operating Income			
	FY2014 Actual	FY2015 Forecast		Change vs. Previous	FY2014 Actual	FY2015 Forecast		Change vs. Previous
		Previous (Nov. 10)	Latest (Feb. 9)			Previous (Nov. 10)	Latest (Feb. 9)	
Watches	159.0	175.0	170.0	-5.0	12.3	13.5	13.5	±0.0
Electronic Devices	96.1	100.0	96.0	-4.0	1.8	4.0	3.0	-1.0
Systems Solutions	21.1	24.0	20.0	-4.0	0.3	1.0	0.3	-0.7
Sub Total	276.3	299.0	286.0	-13.0	14.5	18.5	16.8	-1.7
Others	26.4	30.0	29.0	-1.0	0.6	1.0	0.7	-0.3
Cons. Total	293.4	320.0	305.0	-15.0	11.6	16.0	14.0	-2.0

Investment / Research and Development Cost

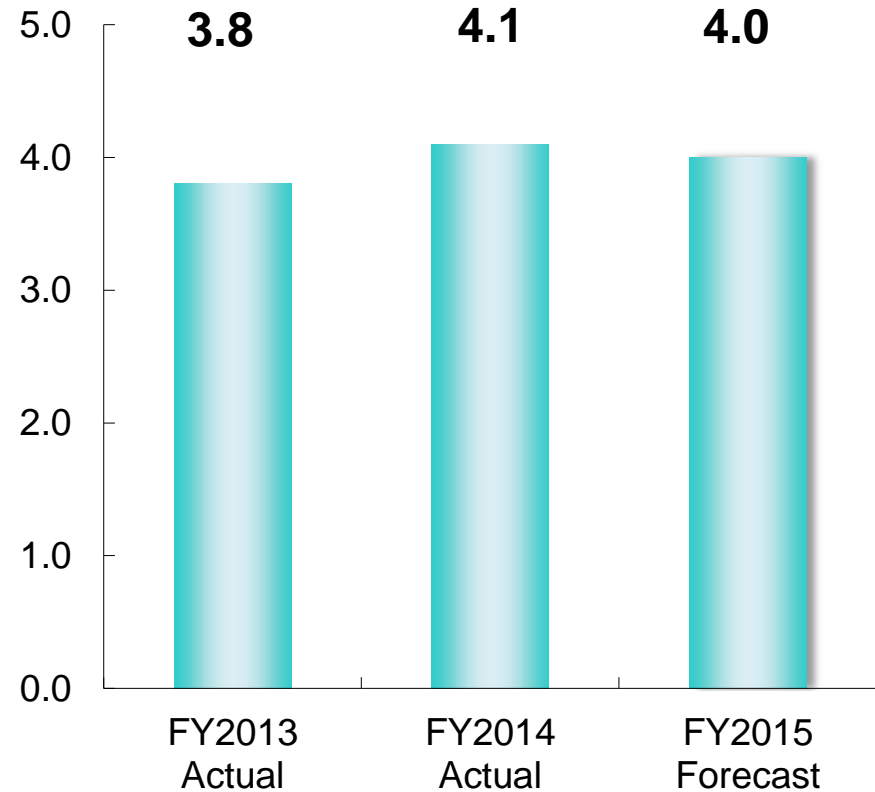
Investment / Depreciation

(Billions of yen)



Research and Development Cost

(Billions of yen)



*Capital expenditures in FY2013 included those made for the purpose of restoration from the flood damage in Thailand.

*Capital expenditures in FY2014 decreased due to replacement of some investments with operating lease, and change of timing for some investments to FY2015, and other factors.

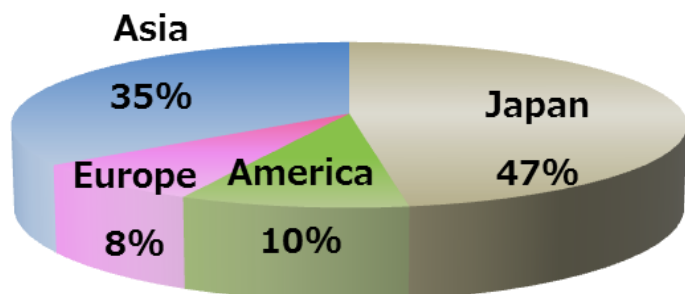
Sensitivity by Exchange Rate (Jan.2016-Mar.2016)

	USD	EUR
Forecast Exc. Rate	JPY 110.0	JPY 130.0
For Sales (Millions of yen)	300	30
For Income (Millions of yen)	50	10

FY2015

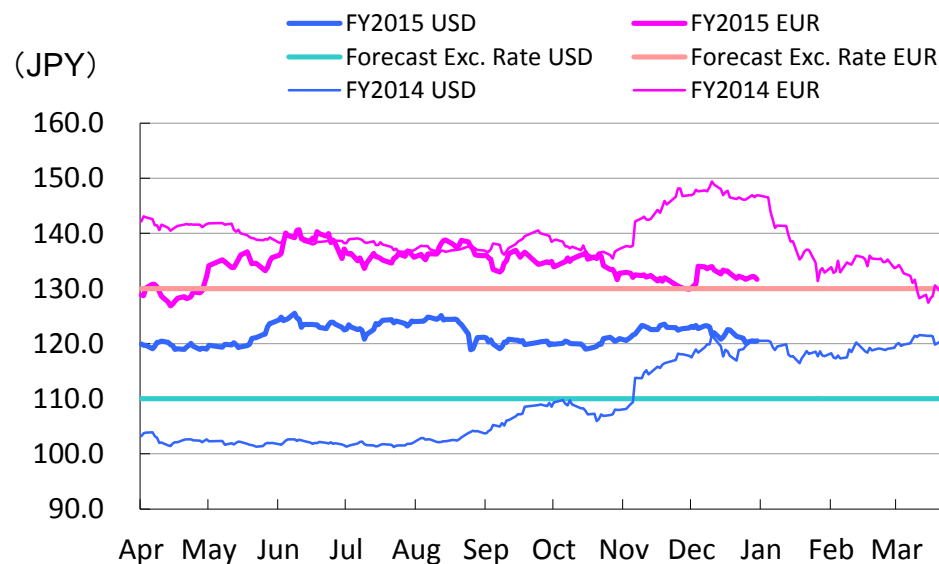
		Q1	Q2	Q3	Forecast Exc. Rate
Average	USD	121.4	122.3	121.4	110.0
	EUR	134.2	136.0	133.0	130.0
Closing Date	USD	122.4	119.9	120.5	110.0
	EUR	137.2	134.9	131.6	130.0

Sales by Area



* FY2014 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.*

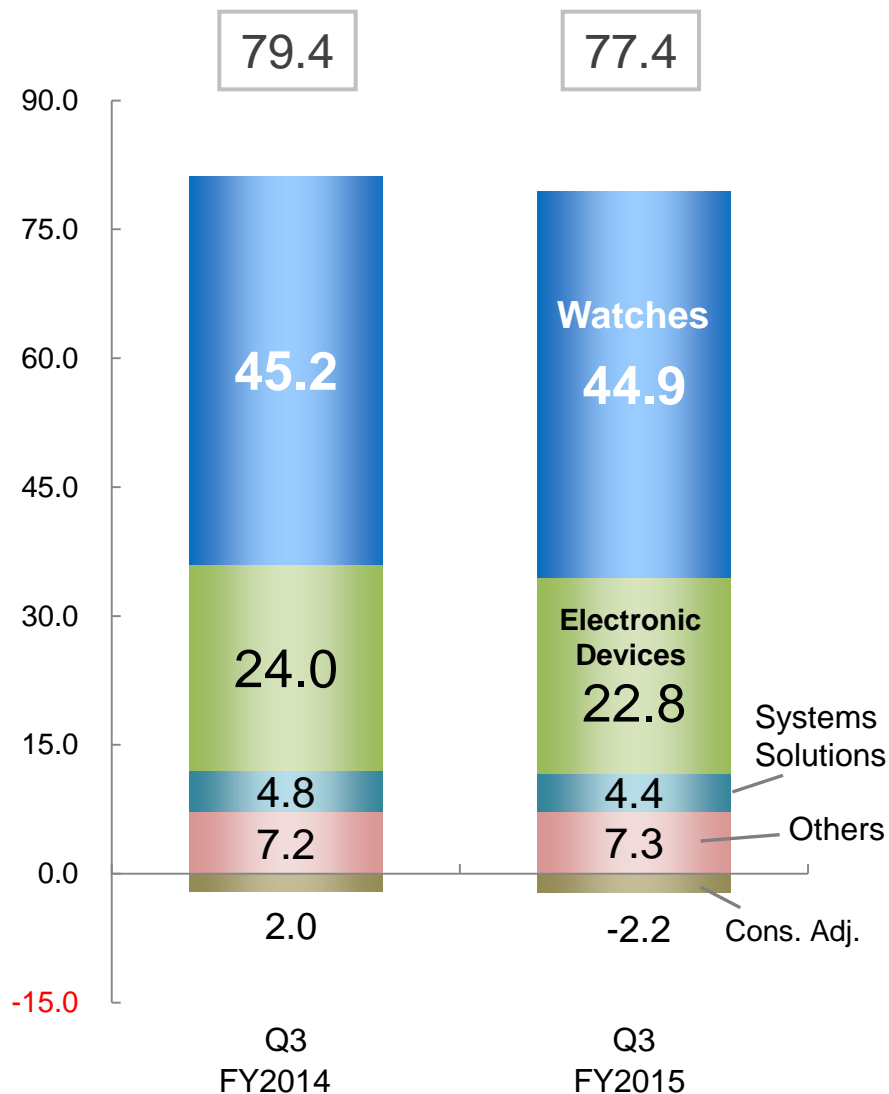
Numbers are cut off to the unit indicated, unless otherwise specified.

Reference

(Billions of yen)		FY2014 Q3	FY2015 Q3	Change		
				Amt.	%	
Net Sales		79.4	77.4	-2.0	-2.5%	Net Sales : -2.0
						Exchange rate fluctuations +1.5
Gross Profit		29.3	28.0	-1.3	-4.4%	Operating Income : -1.4
Operating Income		3.7	2.3	-1.4	-39.2%	Decrease in GP -1.3
%		4.8%	3.0%	-1.8p	—	Increase in Selling, general and administrative expenses -0.1
Ordinary Income		4.9	2.8	-2.1	-43.0%	Ordinary Income : -2.1
%		6.2%	3.6%	-2.6p	—	Decrease in Operating Income -1.4
Income before income taxes		12.7	2.9	-9.8	-76.7%	Decrease in Interest expenses +0.1
Profit attributable to owners of parent		10.7	5.1	-5.5	-52.0%	Decrease in Foreign exchange gains -1.0
%		13.5%	6.7%	-6.8p	—	Others +0.2
Exchange Rates(JPY)						Extraordinary Income/Losses: 0.1
USD	114.3	121.4	+7.1	+6.2%	Extraordinary Income +0.3	Gain on sales of non-current assets +0.3
EUR	142.8	133.0	-9.8	-6.9%	Extraordinary Losses -0.1	Business structure improvement expenses -0.0
					Loss on retirement of noncurrent assets -0.1	

Sales by Reported Segments (Oct.2015 –Dec.2015)

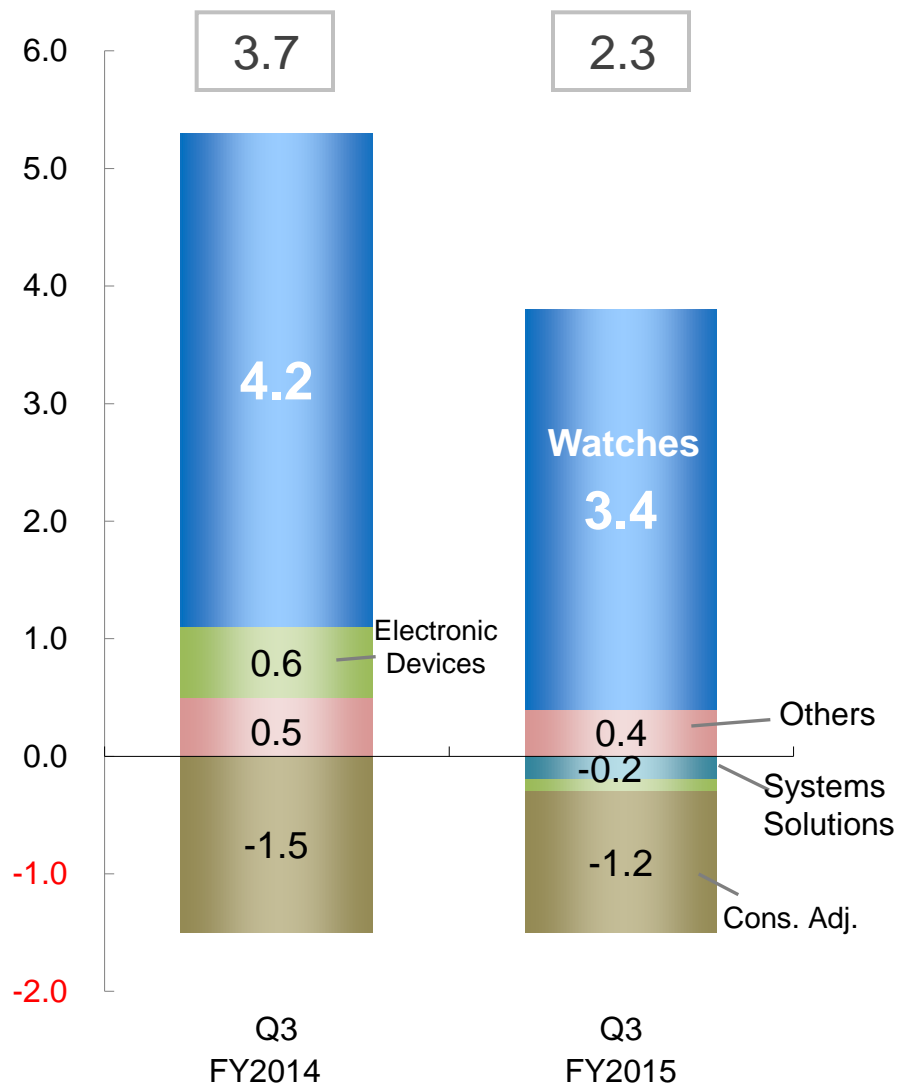
(Billions of yen)



(Billions of yen)	Net Sales		
	FY2014 Q3	FY2015 Q3	Change
Watches	45.2	44.9	-0.3
Electronic Devices	24.0	22.8	-1.2
Systems Solutions	4.8	4.4	-0.3
Sub Total	74.2	72.3	-1.9
Others	7.2	7.3	+0.0
Cons. Adj.	-2.0	-2.2	-0.1
Cons. Total	79.4	77.4	-2.0

Operating Income by Reported Segments (Oct.2015 -Dec.2015)

(Billions of yen)



(Billions of yen)	Operating Income		
	FY2014 Q3	FY2015 Q3	Change
Watches	4.2	3.4	-0.7
Electronic Devices	0.6	-0.1	-0.7
Systems Solutions	0.0	-0.2	-0.2
Sub Total	4.8	3.1	-1.6
Others	0.5	0.4	-0.1
Cons. Adj.	-1.5	-1.2	+0.2
Cons. Total	3.7	2.3	-1.4

End
