

SEIKO

FY2011 – 2nd Quarter Consolidated Results

(Fiscal year ended March 31, 2012)

November 10, 2011

SEIKO HOLDINGS CORPORATION

- ◆ *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 rounded off to one decimal place.*

1. Overview

Performance Summary for Six months

(Billions of yen)		1H FY2010 Apr.-Sep. 2010	1H FY2011 Forecast announced Aug.	1H FY2011 (Apr.-Sep. 2010)	Change	
					Ver. Previous Year	Ver. Last Forecast
Net Sales		155.6	150.0	149.8	-5.8	-0.2
Operating Income		5.5	4.0	4.6	-0.8	+0.6
%		3.5%	2.7%	3.1%	-0.4%	+0.4%
Ordinary Income		2.1	2.0	0.6	-1.5	-1.4
%		1.4%	1.3%	0.4%	-1.0%	-0.9%
Net Income		1.4	0.5	(2.4)	-3.8	-2.9
Exchange Rates	USD	89.0	81.0	79.8	-9.2	-1.2
	EUR	113.9	110.0	113.8	-0.1	+3.8

Business Performance in First Half of FY 2011

First Half of FY 2011

- ◆ Impact of earthquake and tsunami disaster
 - Thanks to the early resumption of production, the impact was slight.
- ◆ Sharp appreciation of yen
 - The watch business endeavored to expand sales in Japan and overseas, especially in newly emerging countries, and ensured profits exceeding the previous year.
 - The electronic components business achieved a reduction of costs by further increasing efficiency in production.

We managed to keep the impact on business to a minimum.

Main Points in the First Half of FY 2011

First Half of FY 2011

- ◆ Wako business
 - Following renewal of the main building, in June we opened Seiko's flagship store (SEIKO Salon) on the first floor and at the same time extended business hours to 19:00.
 - In September we transferred the Namikikan ladies products section to the main building, thereby completing the integration of sections in the main building. (The Namikikan store was closed.)



Main Points in the First Half of FY 2011

First Half of FY 2011

- ◆ Response to unprofitable businesses
 - In May the golf business was sold.
 - In June the automobile interior decoration parts manufacturing business (Thailand), which was included in the clock business, was sold.

- ◆ Reorganization of clock manufacturing facilities

The clock movement manufacturing facilities, which had been dispersed in Thailand and China, were integrated in SII' s new plant in Guangzhou, China.

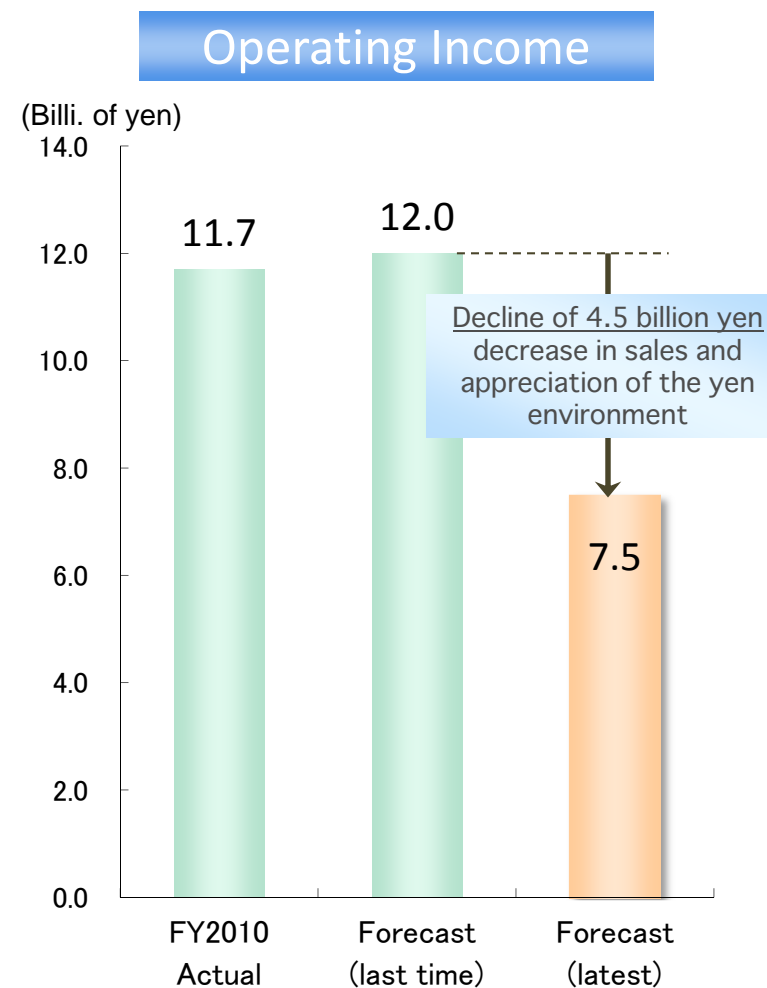
FY 2011 Business Performance Outlook

Second Half of FY 2011

- ◆ The unexpectedly super-strong yen environment will continue.
- ◆ Uncertain economic outlook.
 - Watch business
 - Will continue to be robust, especially in Japan and in emerging countries.
 - Electronic components business
 - Cost-reduction response to the yen appreciation will reach the limit.
 - Because of the uncertain economic outlook, orders will be sluggish.
 - Furthermore, sales will decline due to the flooding in Thailand.

Forecast for the year ending 31 March 2012

(Billions of yen)	FY2010 Actual	FY2011 Forecast		
		(announced on Aug.)	(latest)	
Net Sales	313.9	315.0	300.0	
Operating Income	11.7	12.0	7.5	
%	3.7%	3.8%	2.5%	
Ordinary Income	6.6	8.0	2.5	
%	2.1%	2.5%	0.8%	
Net Income	2.2	4.0	0.5	
Exchange Rates (JPY)	USD	85.7	81.0	78.0
	EUR	113.2	110.0	105.0



Issues in the Second Half of FY 2011

Issues

- ◆ Response to yen' s appreciation
- ◆ Response to flooding in Thailand
- ◆ Further strengthening of sales and profits in the watch business
- ◆ Recovery of profits in the electronic components business, etc.

2. Business Results

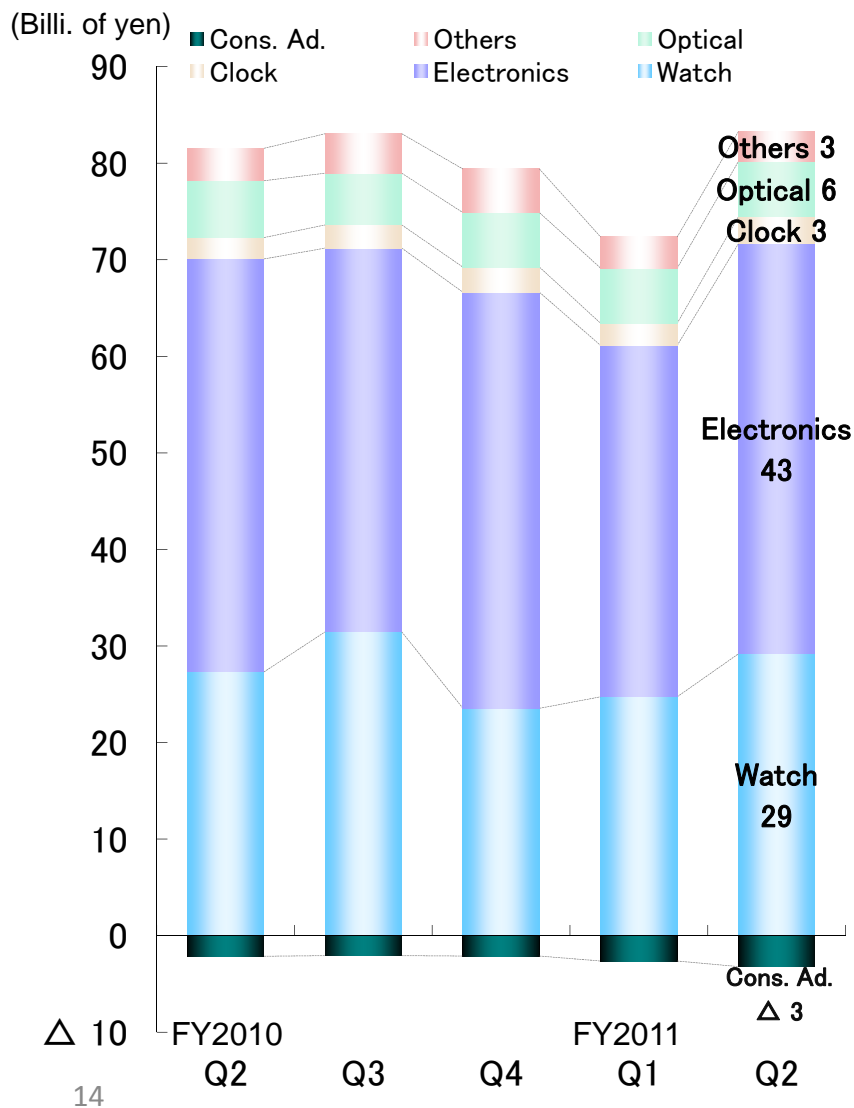
Statement of Income 2nd Quarter (Jul. -Sep. 2011)

(Billions of yen)		FY2010 Q2	FY2011 Q2	Change	
Net Sales		79.4	80.1	+0.7	Net Sales : +0.7
Gross Profit		23.8	24.1	+0.3	Exchange rate fluctuations -4.0
Operating Income		2.7	4.0	+1.3	Operating Income : +1.3
%		3.4%	5.0%	+1.6%	Increase of GP +0.3
Ordinary Income		0.8	1.5	+0.7	Decrease in R&D cost +0.2
%		1.0%	1.8%	+0.8%	Decrease in other cost +0.7
After Tax Income		0.5	(0.0)	-0.6	Ordinary Income : +0.7
Net Income		0.4	(0.6)	-1.0	Increase of Operating Income +1.3
%		0.5%	—	—	Equity method income -0.2
Exchange Rates (JPY)	USD	85.9	77.8	-8.1	Increase of Exchange loss -0.8
	EUR	110.7	110.2	-0.5	Others +0.5
					Extraordinary Income & Loss : -1.5
					Extraordinary Income
					Reversal of provision for loss on disaster +0.4
					Extraordinary Loss
					Loss on the valuation of inventories -1.6
					Others -0.3

Statement of Income 1st Half (Apr. -Sep. 2011)

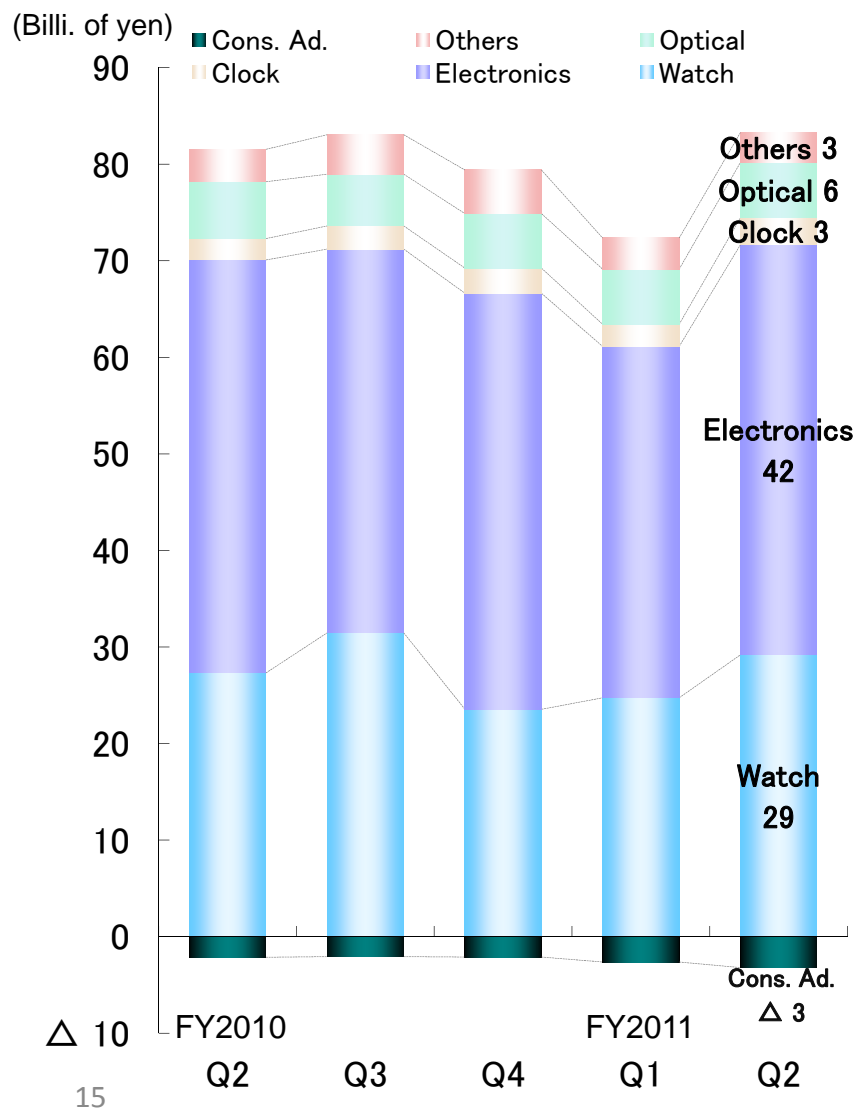
((Billions of yen)		FY2010 1H	FY2011 1H	Change	
Net Sales		155.6	149.8	-5.8	Net Sales : -5.8
Gross Profit		47.8	45.0	-2.8	Exchange rate fluctuations About -7.5
Operating Income		5.5	4.6	-0.8	Operating Income : -0.8
%		3.5%	3.1%	-0.4%	Decrease in GP -2.8
Ordinary Income		2.1	0.6	-1.5	Decrease in cost +2.0
%		1.4%	0.4%	-1.0%	Ordinary Income : -1.5
After Tax Income		1.5	(0.8)	-2.3	Decrease in Operating Income -0.8
Net Income		1.4	(2.4)	-3.8	Equity method income -0.4
%		0.9%	—	—	Increase of Exchange loss -0.5
					Others +0.2
Exc. Rates	USD	89.0	79.8	-9.2	Extraordinary Income & Loss : -1.4
(JPY)	EUR	113.9	113.8	-0.1	Extraordinary Income
					Gain on the sale of non-current assets +0.3
					Reversal of provision for loss on disaster +0.4
					Extraordinary Loss
					Loss on sales of investment securities -0.1
					Loss on the valuation of inventories -1.6
					Others -0.3

Sales by Reported Segments 2nd Quarter (Jul.-Sep. 2011)



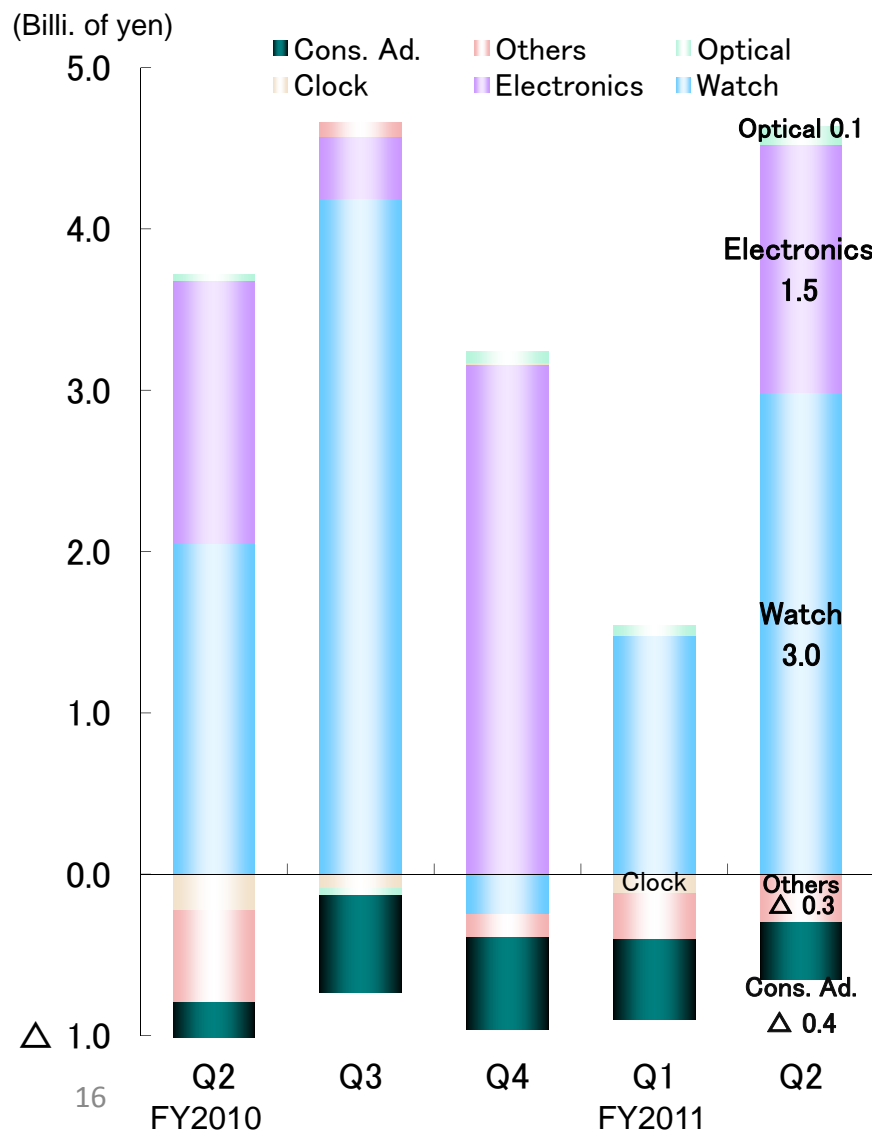
(Billions of yen)	FY2010 Q2	FY2011 Q2	Change	
Watch	27.3	29.2	+1.9	
Electronics Components	42.8	42.5	-0.3	
Clock	2.2	2.8	+0.6	
Optical Products	5.9	5.7	-0.2	
Others	3.4	3.1	-0.3	
Cons. Total	79.4	80.1	+0.7	
Exc. Rates (JPY)	USD	85.9	77.8	-8.1
	EUR	110.7	110.2	-0.5

Sales by Reported Segments 1st Half (Apr.-Sep. 2011)



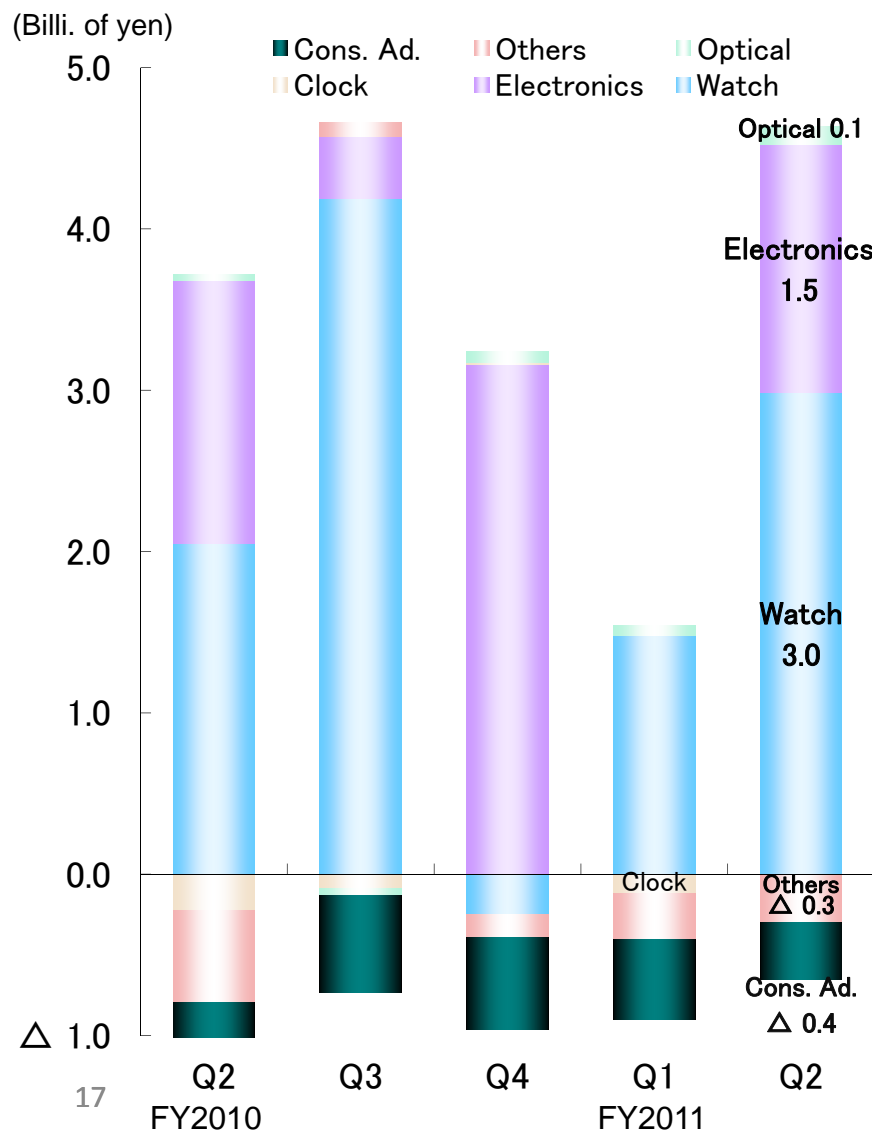
(Billions of yen)	FY2010 H1	FY2011 H1	Change	
Watch	52.0	53.9	+2.0	
Electronics Components	84.6	78.9	-5.7	
Clock	4.4	5.1	+0.7	
Optical Products	11.9	11.4	-0.4	
Others	7.4	6.3	-1.1	
Cons. Total	155.6	149.8	-5.8	
Exc. Rates (JPY)	USD	89.0	79.8	-9.2
	EUR	113.9	113.8	-0.1

Operating Income by Reported Segments 2nd Quarter (Jul.-Sep. 2011)



(Billions of yen)	FY2010 Q2	FY2011 Q2	Change
Watch	2.1	3.0	+0.9
Electronics Components	1.6	1.5	-0.1
Clock	-0.2	0.0	+0.2
Optical Products	0.0	0.1	+0.1
Others	-0.6	-0.3	+0.3
Business Total	3.0	4.3	+1.4
Cons. Ad.	-0.3	-0.4	-0.1
Cons. Total	2.7	4.0	+1.3

Operating Income by Reported Segments 1st Half (Apr.-Sep. 2011)



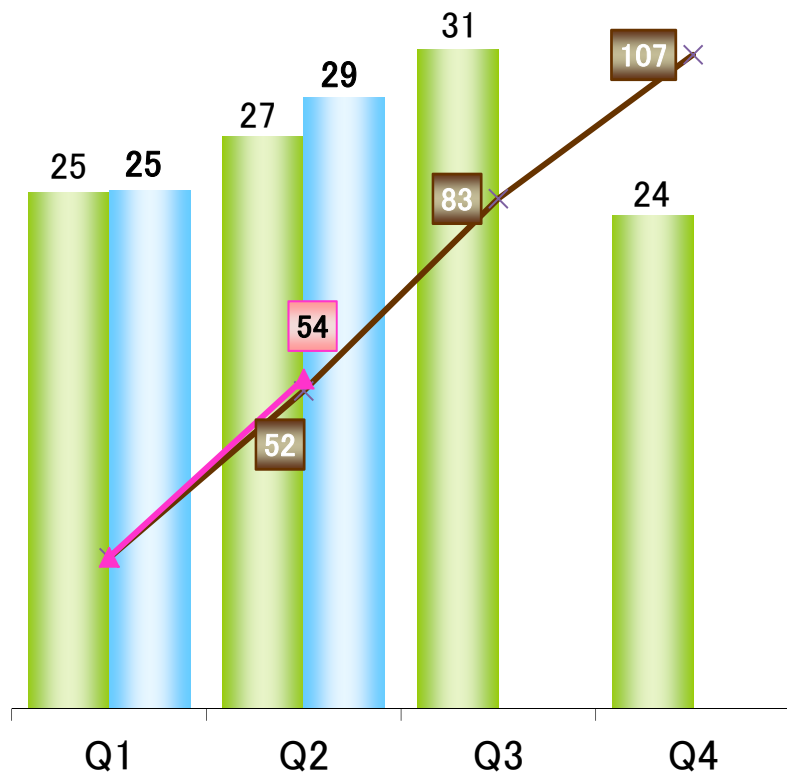
(Billions of yen)	FY2010 H1	FY2011 H1	Change
Watch	4.0	4.5	+0.4
Electronics Components	2.7	1.5	-1.1
Clock	-0.4	-0.1	+0.3
Optical Products	0.2	0.2	-0.0
Others	-0.9	-0.6	+0.3
Business Total	5.6	5.5	-0.1
Cons. Ad.	-0.2	-0.9	-0.7
Cons. Total	5.5	4.6	-0.8

Information of Reported Segments

Watch Business

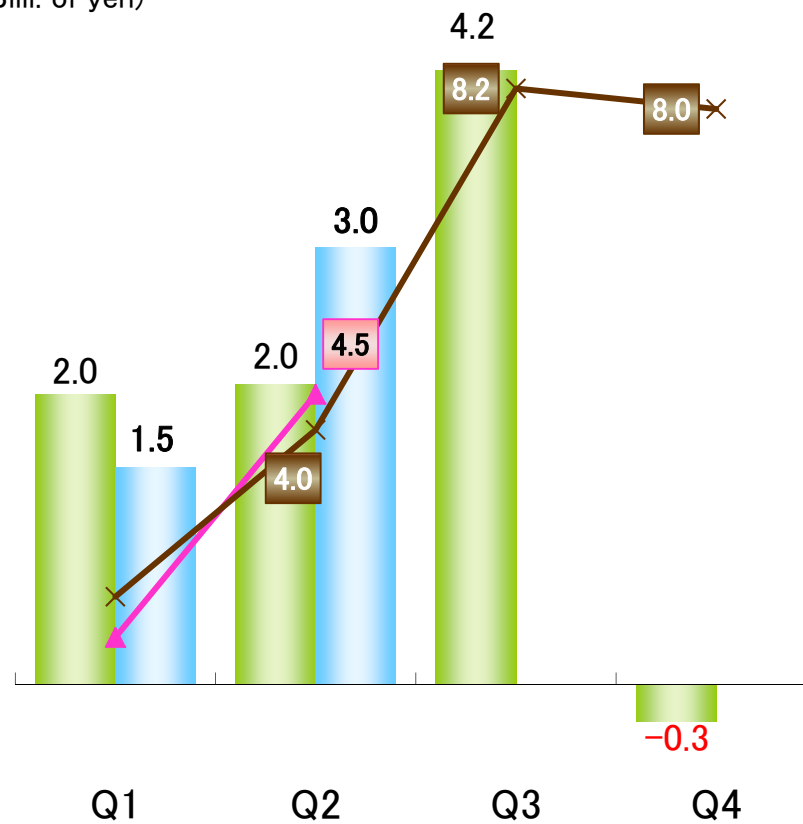
Net Sales

(Billi. of yen) ■ FY2010 ■ FY2011 —x FY2010(YTD) —▲ FY2011(YTD)

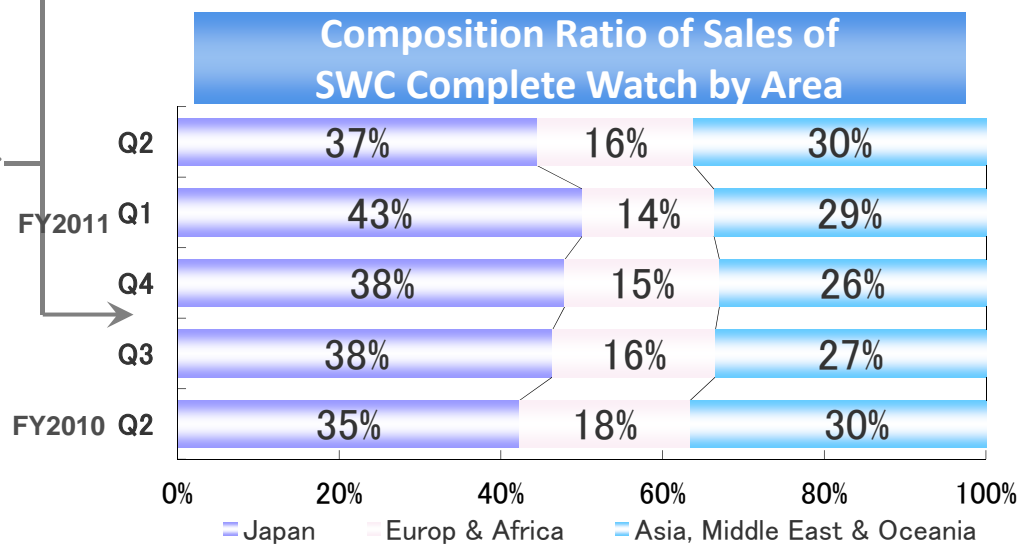
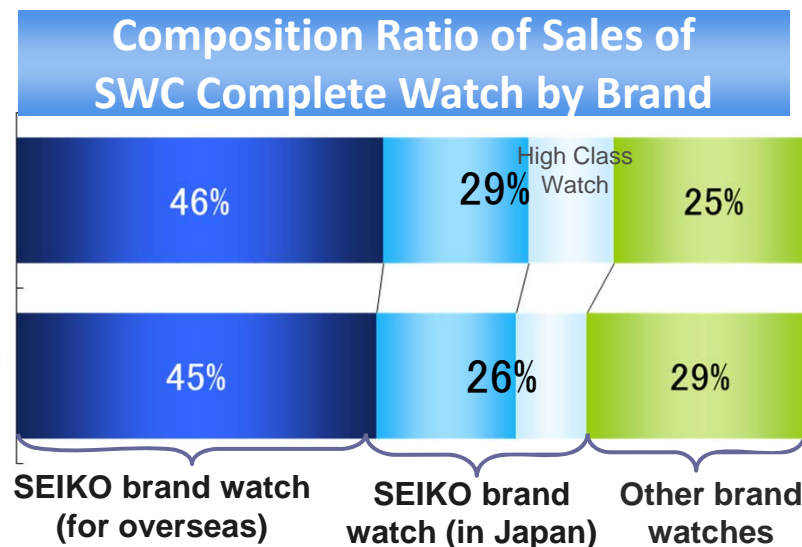
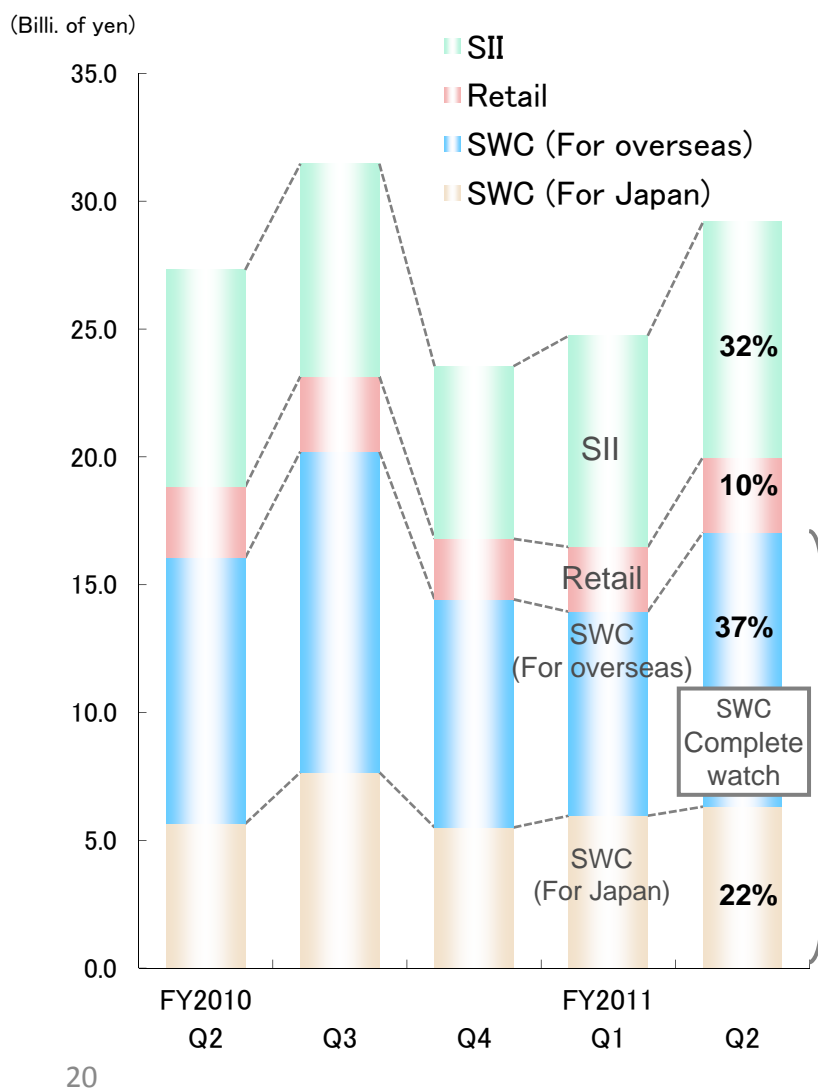


Operating Income

(Billi. of yen)



Watch Business



Watch Business

Brand Business - Overseas -

North America: Newly launched low to mid-priced products, such as solar models, performed well and contributed to increased shares in the major department stores.

Europe: Apart from Germany, the slowdown of consumption is accelerating in European countries, and although low to mid-price models sold well, medium to-expensive products struggled.

Asia: Sales were lively in Asia as a whole, especially in Thailand and China, and exceeded the previous year.

Watch Movement Business

Continuing from the previous term, sales increased, especially of high-added-value models centered on chronographs.

Watch Business

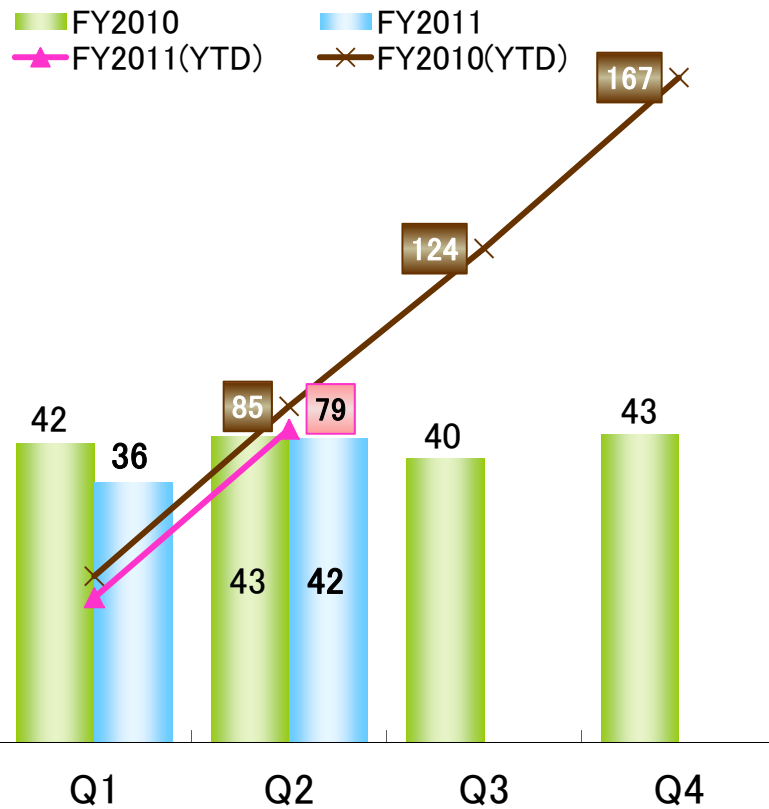
Brand Business - Domestic -

- Sales of GRAND SEIKO increased thanks to the contribution of the SEIKO 130th Anniversary Commemorative model, which was launched in the first half. CREDOR also continued to do well. As a result, sales of expensive products as a whole exceeded the previous year.
- In men' s watches, in addition to the popular BRIGHTZ high-functioning radio-controlled products, DOLCE also bolstered its lineup of solar powered products and the 130th Anniversary Commemorative model performed well, so sales increased considerably. As for ladies, LUKIA and TISSE both continued to sell well.

Electronic Components Business

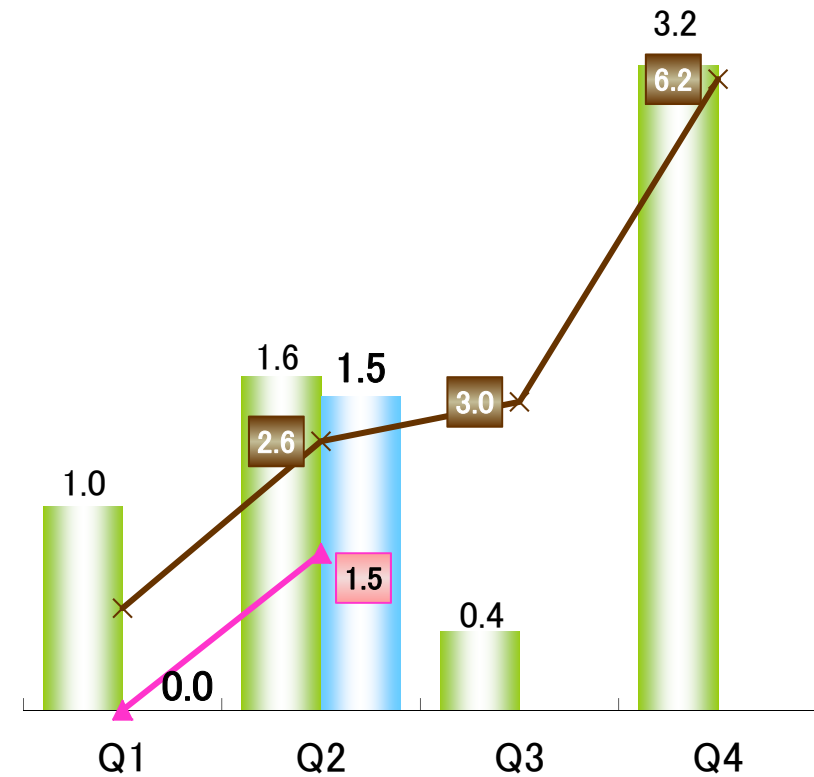
Net Sales

(Billi. of yen)



Operating Income

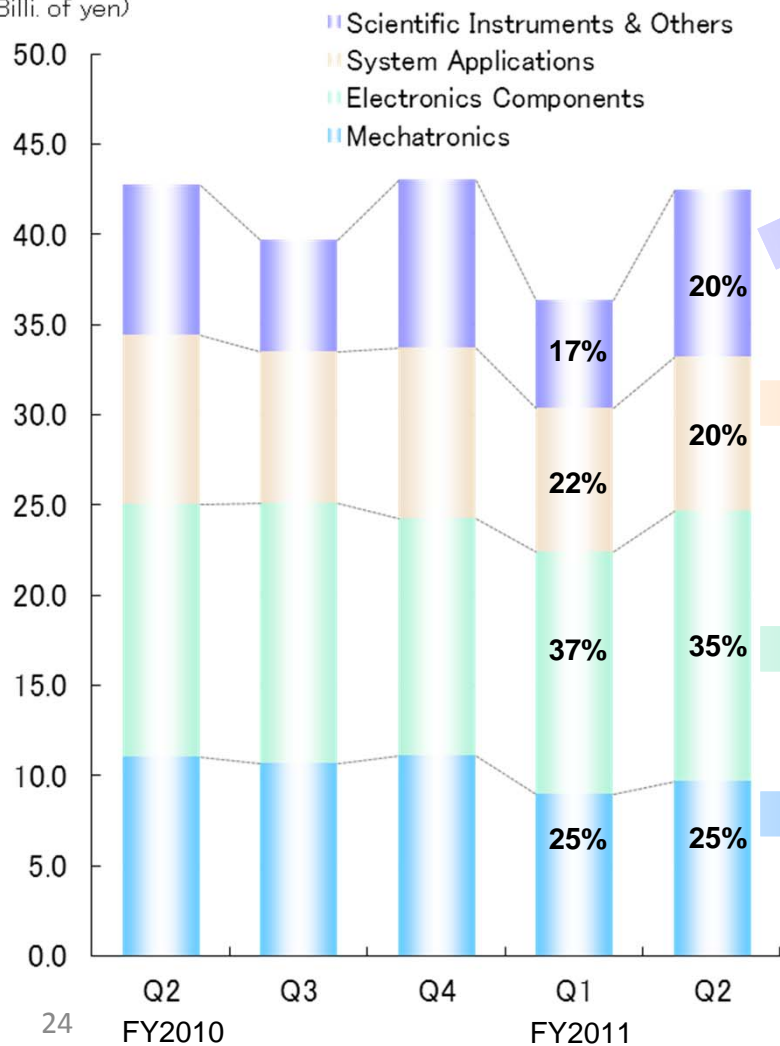
(Billi. of yen)



Electronic Components Business

Composition of Sales

(Billi. of yen)



Scientific Instruments & Others

Measurement and analysis instruments, Radiation detection and measurement Systems, Mobile display, etc.

System Applications

Order Entry Systems, Electronic dictionaries, Color printers, and Network system etc.

Electronics Components

CMOS ICs, Quartz crystals, Micro batteries, LCD devices, and Oscillator ICs, etc.

Mechatronics

Hard disk component, Precision mechanical devices, Thermal printer unit, Camera Shutters and assembly of precision machinery, etc.

Electronic Components Business

Mechatronics

- HDD components sales were down from the previous term due to inventory adjustment by customers and other factors.
- Shutters for digital reflex cameras are struggling to recoup loss of sale in the 1st quarter due to the supply chain problems precipitated by the earthquake, and therefore, overall shutter sales remained stagnant.
- Thermal printers units sales struggled due to the price competition and appreciation of the yen.

Electronic Components

- After slow start in the 1st quarter due to the impact of earthquake, orders have picked up in the 2nd quarter, centered on EEPROM memory devices for automobiles, and quarter-on-quarter sales grew. In addition, timing ICs such as oscillator ICs and RTCs, maintained a strong performance, and sales of ICs for sensors were also brisk.
- Due to the appreciation of yen, crystal oscillators sales were sluggish.

Electronic Components Business

System Applications

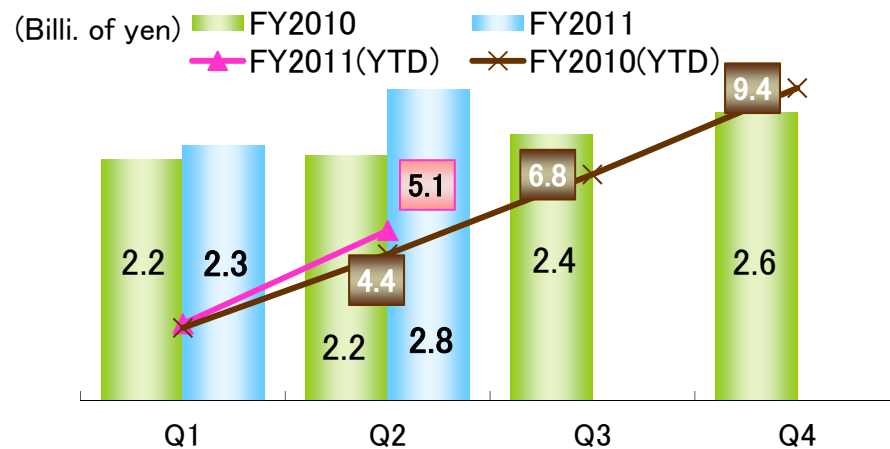
- Mobile communication modules for security systems performed well.
- Although difficult conditions continued following the earthquake and tsunami disaster, the application software field saw signs of a recovery of orders, and quarter-on-quarter sales grew.
- In Digital printing products area, the new product line launched in the 1st quarter were popular in overseas markets, however, in the principal markets of Europe and US, sales of high priced models have struggled due to the economic slowdown.

Scientific Instruments

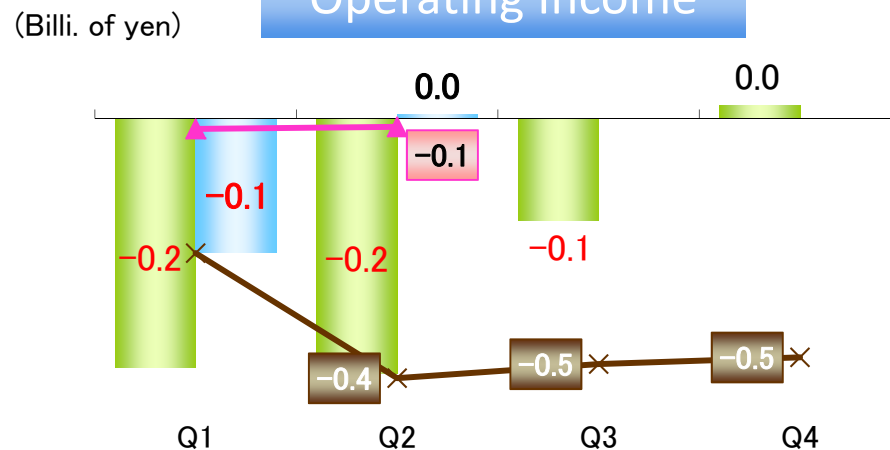
Due to special demand arising from the impact of the nuclear power plant accident, sales of SEIKO EG&G's radiation measurement devices greatly exceeded sales in the same period of the previous year.

Clock Business

Net Sales



Operating Income



Japan

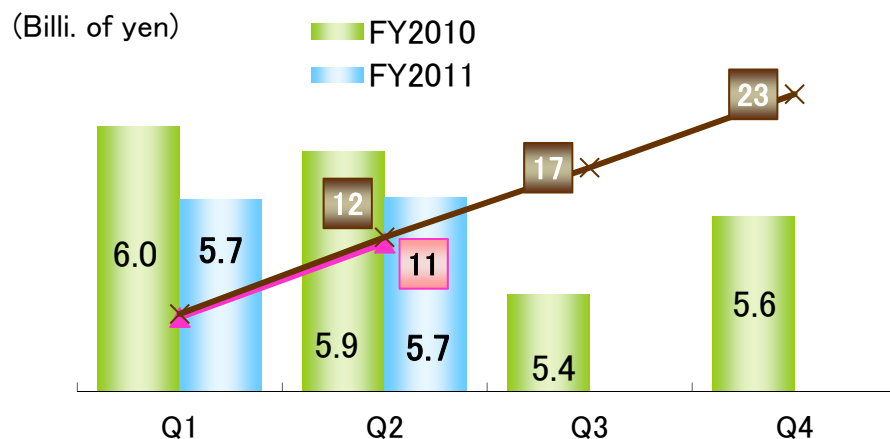
- Sales increased at home centers and large-scale retail stores but were stagnant at department stores and specialty stores.
- Meanwhile, due to increased volume sales of low-priced products, the average unit price continued to drop.

Overseas

- In North America, new distribution channels were opened, and sales significantly increased.
- In Europe and the Middle East, sales stagnated due to political instability, fiscal problems, and other factors, but in Asia sales were robust as scheduled.

Optical Products Business

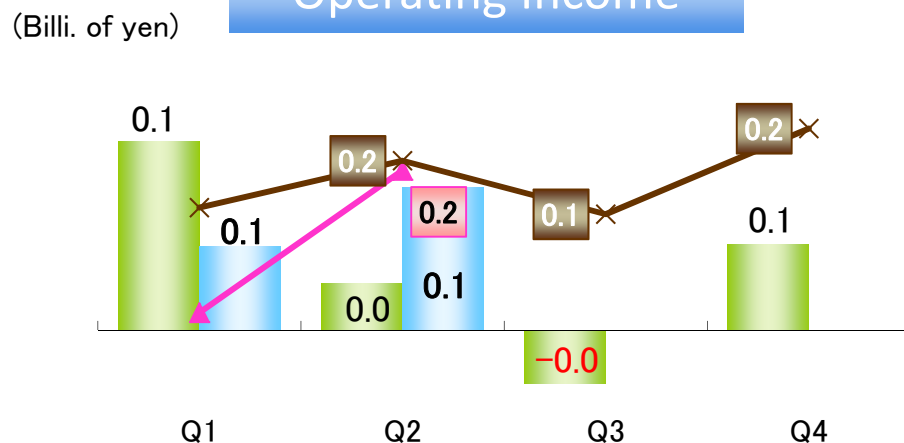
Net Sales



Japan

- Quantitative sales increased due to the growth of uniform low-price stores, but on a financial base sales continued on a downward trend. By distribution channel, sales in large-scale retail stores struggled.

Operating Income

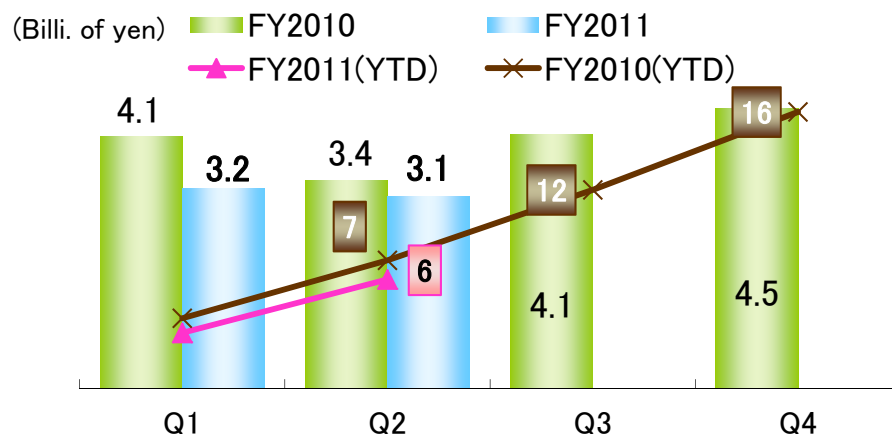


Overseas

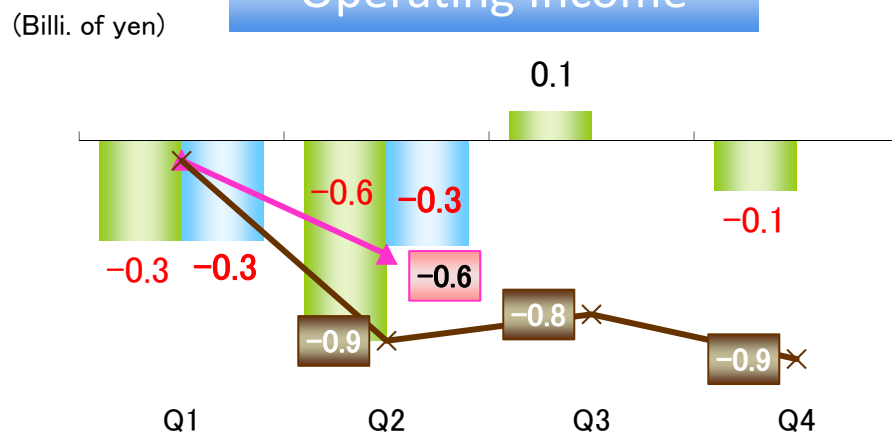
- In Europe, sales for large eyeglass chains continued to do well, and sales increased in North America as well.
- In China, albeit still on a small scale, both lens sales and the frame business introduced in the fourth quarter of the previous fiscal year did well.

Other Businesses

Net Sales



Operating Income



Retail Business

- Since the renewal of the first floor of the main building, sales in the SEIKO Salon, mainly on GRAND SEIKO, have been lively and are stimulating sales in other sections as well. Furthermore, sales of eyeglasses and clocks have also increased since their transfer to the main building, so the effects of integration are becoming evident. Profitability is also improving.

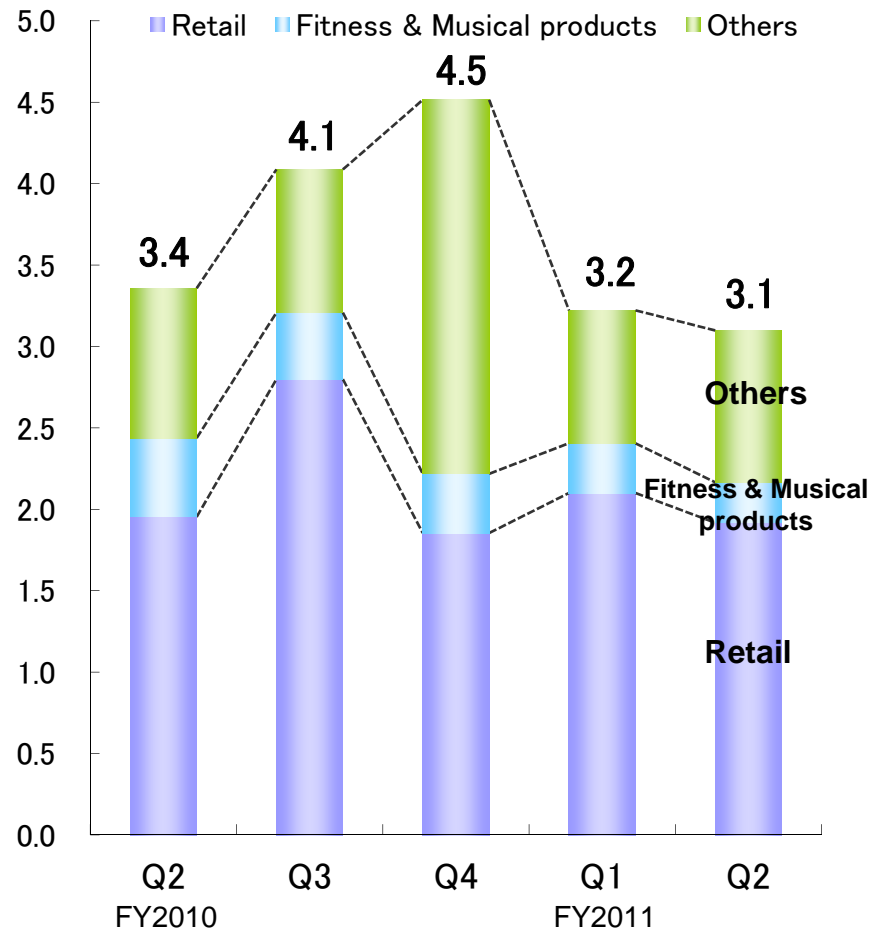
Other Business

- Sales declined following withdrawal from the golf business in May 2011, but profits improved.
- Facility clocks performed almost as expected.

Other Businesses

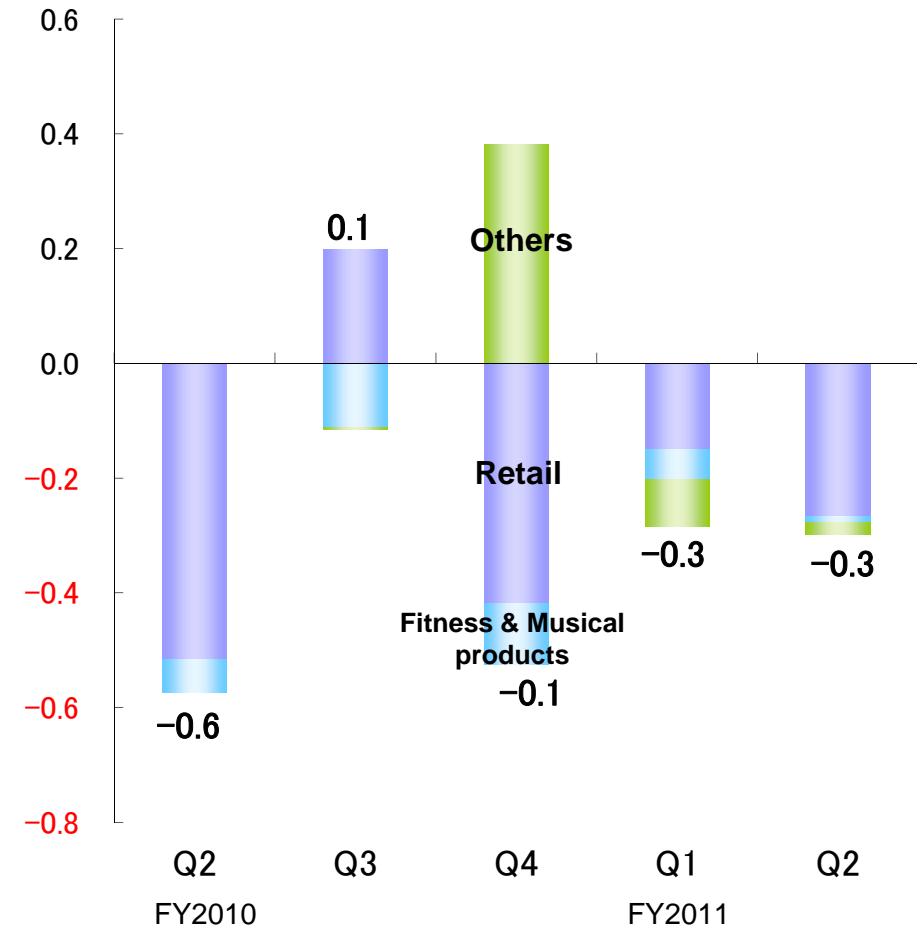
Net Sales

(Billi. of yen)



Operating Income

(Billi. of yen)

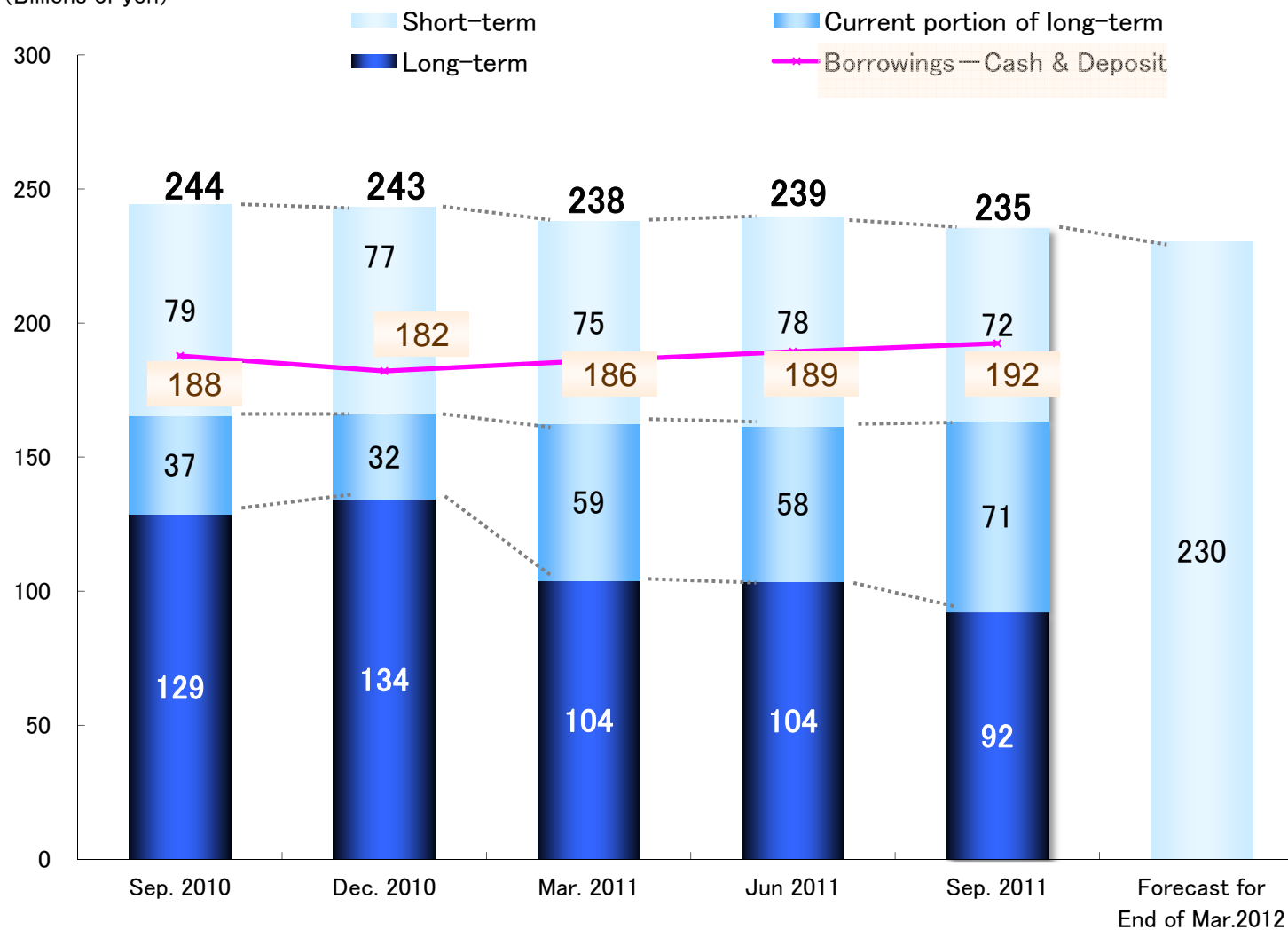


Balance Sheet as of 30 Sep., 2011

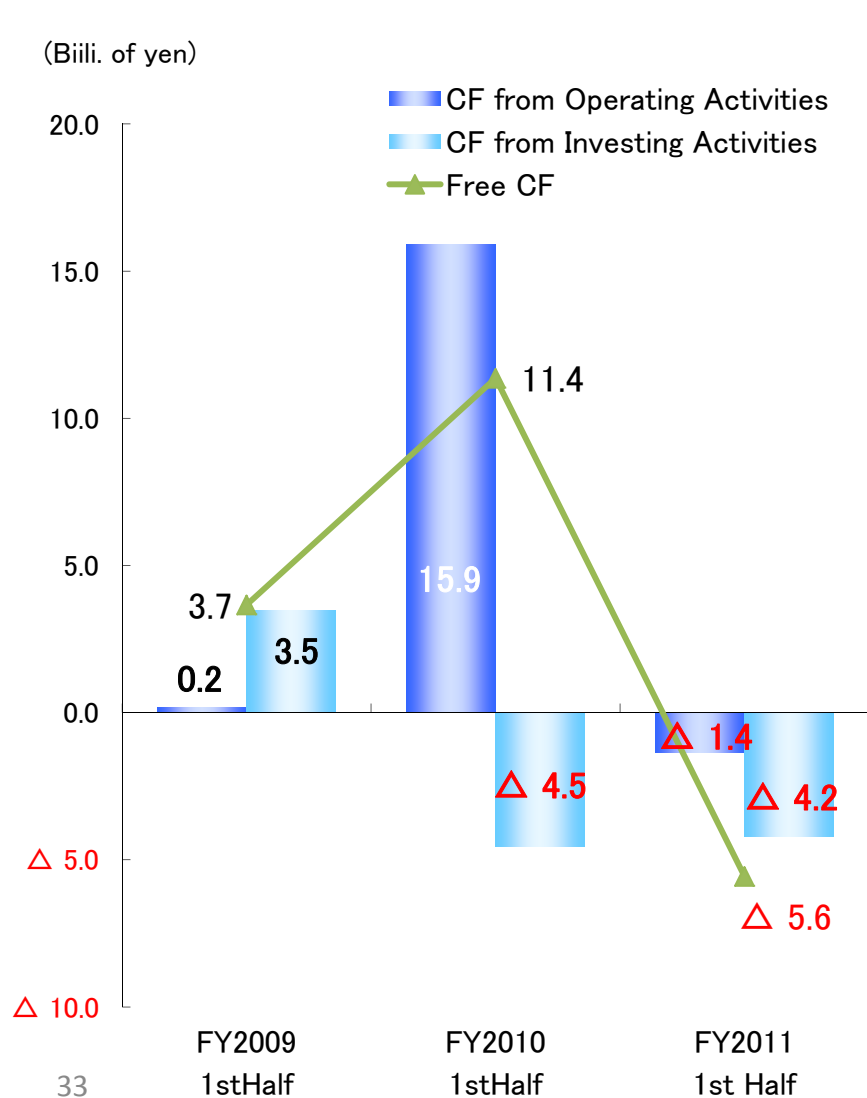
(Billions of yen)	30 Sep. 2010	31 March 2011 (a)	30 Sep. 2011 (b)	Change (b) – (a)
A/R	47.1	50.9	50.8	-0.1
Inventories	62.6	61.0	66.0	+5.1
Tangible Fixed Assets	160.7	162.9	158.8	-4.0
Loan Payable	244.2	237.9	235.5	-2.4
Net Assets	41.6	46.3	39.5	-6.8
Total Assets	403.1	400.5	388.8	-11.7
Equity Capital Ratio	8.5%	9.3%	7.7%	-1.6%
Net Debt Equity Ratio	4.5	4.1	5.0	+0.9
Employee Number	18,994	18,442	18,124	-318

Borrowings Balance

(Billions of yen)



Cash Flow



(Billions of yen)

	FY2009 1 st Half	FY2010 1 st Half	FY2011 1 st Half
Income before income tax and minority interests	- 56	15	-0.8
Depreciation and amortization	2.9	7.9	7.3
Others	2.9	6.5	-7.8
Net cash provided by (use in) operating activities	0.2	15.9	-1.4
Purchase of property, plant and equipment	-0.7	-5.5	-6.9
Others	4.1	0.9	2.7
Net cash provided by (use in) investing activities	3.5	-4.5	-4.2
Net increase (decrease) in borrowings	-2.4	-10.5	-2.1
Others	-0.4	0.3	0.3
Net cash provided by (use in) financing activities	-2.8	-10.2	-1.8
Cash and cash equivalents at end of period	17.5	55.5	43.0
Free cash flow	3.7	11.4	-5.6

3. Financial Forecast for FY2011

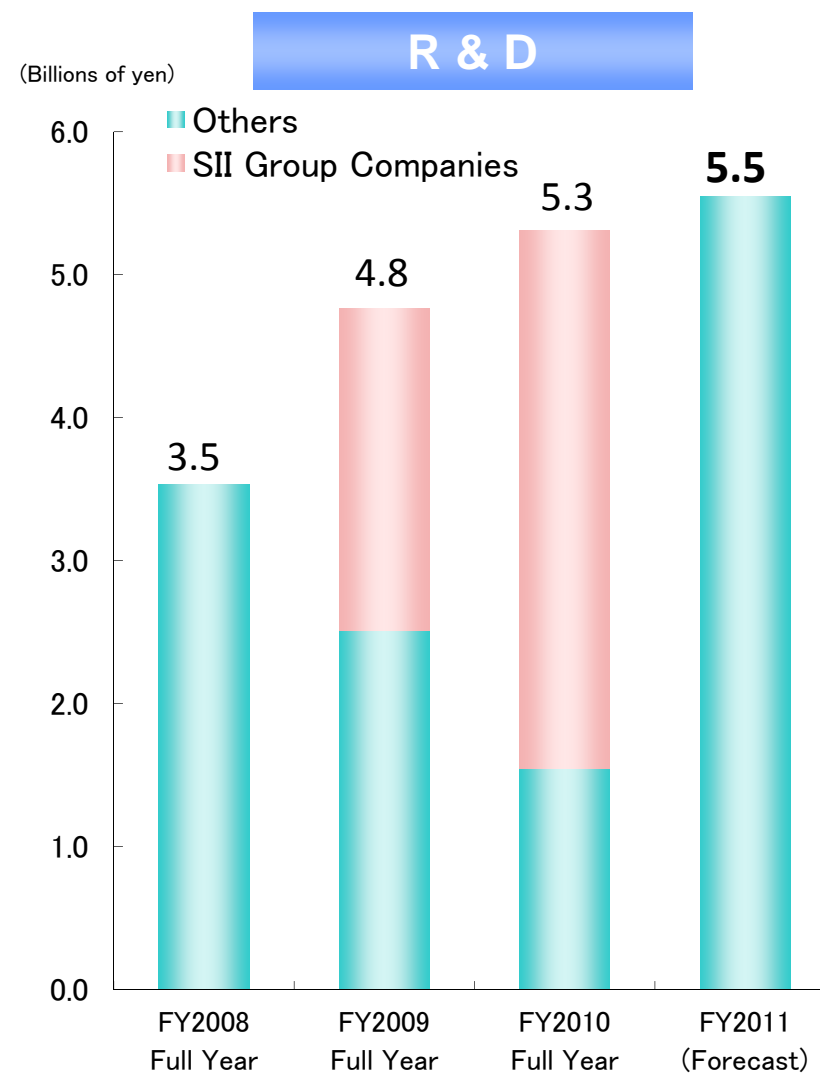
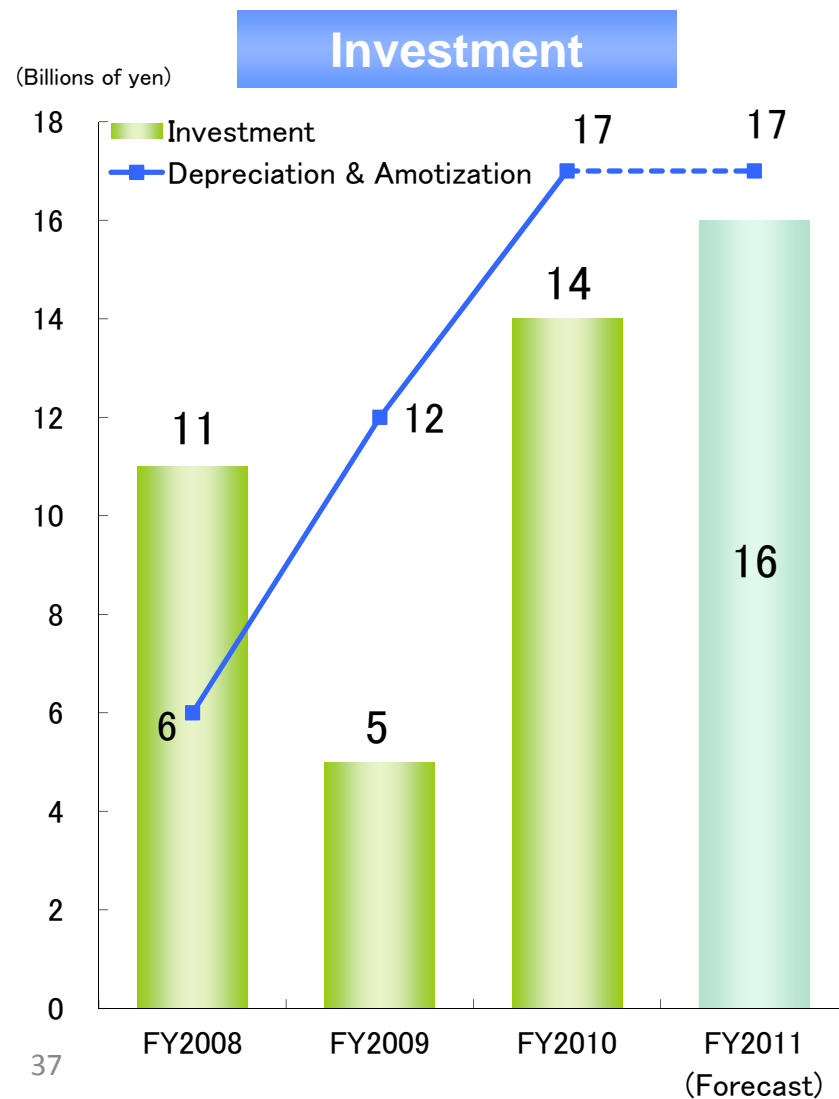
Summary of Financial Forecast for FY2011

(Billions of yen)		FY2010 Actual	FY2011 Forecast announced on Aug.	FY2011 Forecast (Latest)
Net Sales		3,139	3,150	3,000
Operating Income		117	120	75
%		3.7%	3.8%	2.5%
Ordinary Income		66	80	25
%		2.1%	2.5%	0.8%
Net Income		22	40	5
%		0.7%	1.3%	0.2%
Exchange Rate (JPY)	USD	85.7	81.0	78.0
	EUR	113.2	110.0	105.0

Financial Forecasts for FY2011 by Segment

(Billions of yen)	Net Sales				Operating Income			
	FY2010 Actual	FY2011 Forecast			FY2010 Actual	FY2011 Forecast		
		announced on Aug.	latest	Change		announced on Aug.	latest	Change
Watch	107.0	110.0	110.0	0.0	8.0	8.0	8.0	0.0
Electronics Components	167.5	165.0	150.0	-15.0	6.2	5.0	1.0	-4.0
Clock	9.4	10.0	10.0	0.0	-0.5	0.0	0.0	0.0
Optical Products	22.9	23.0	23.0	0.0	0.2	0.2	0.2	0.0
Others	16.0	15.0	15.0	0.0	-0.9	0.0	0.0	0.0
Cons. Total	313.9	315.0	300.0	-15.0	11.7	12.0	7.5	-4.5

Investment / Research and Development Cost

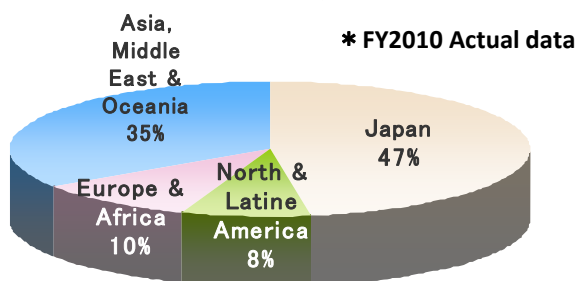


Exchange Rate

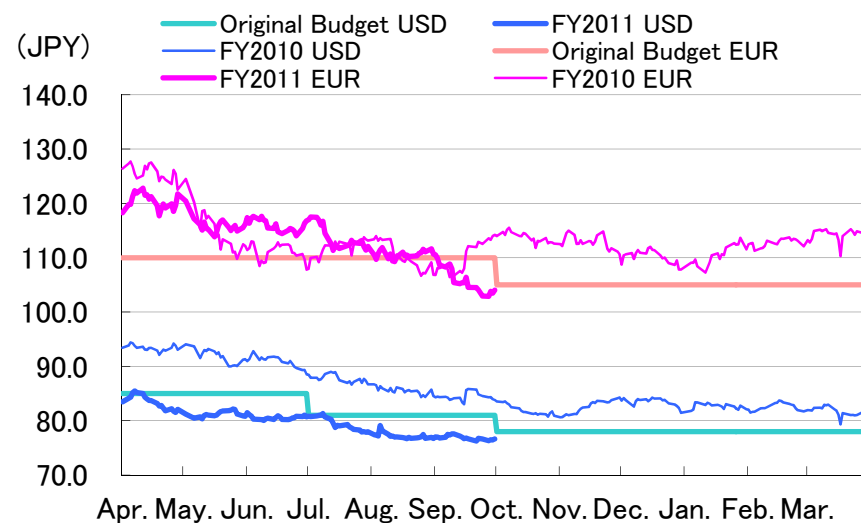
-Sensitivity by Exchange Rate- <Period Oct. 2011 – Mar. 2012>

(Billions of yen)	USD	EUR
Net Sales	1.0	0.1
Operating Income	0.3	0.05

— Sales by Area —



<Trend of Exchange Rate>



FY2010

		Q1	Q2	Q3	Q4	(Q1-Q4) Average
Average	USD	92.0	85.9	82.7	82.3	85.7
	EUR	117.0	110.7	112.2	112.7	113.2
Closing date	USD	88.5	83.8	81.4	83.2	—
	EUR	107.8	114.2	107.8	117.5	—

FY2011

		Q1	Q2	(Q3-Q4) Forecast	Original Budget
Average	USD	81.7	77.8	78.0	85.0
	EUR	117.4	110.2	105.0	110.0
Closing date	USD	80.7	76.6	78.0	85.0
	EUR	116.8	104.0	105.0	110.0