

12 February 2013

CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2012

Financial Highlights

For the nine months ended 31 December 2012 (3Q FY2012)

| | 3Q FY2012 | | 3Q FY2011 |
|--------------------------|------------------|-------------------------|-----------------|
| | Millions of yen | Thousands of US dollars | Millions of yen |
| Net sales | 217,304 | 2,512,185 | 225,212 |
| Operating income | 8,891 | 102,786 | 6,031 |
| Ordinary income | 6,890 | 79,653 | 1,381 |
| Net income | 7,320 | 84,624 | (7,186) |
| Earnings per share (yen) | 40.03 | \$0.46 | (39.32) |
| | 31 December 2012 | | 31 March 2012 |
| Total assets | 373,877 | 4,322,277 | 386,128 |
| Net assets | 37,854 | 437,618 | 31,965 |

Note: Japanese yen amounts have been converted into US dollars, for convenience only, using the rate of 86.5 yen/dollar.

Business Results

1. Overview

For the nine-month period ending 31 December 2012, on a consolidated basis, SEIKO HOLDINGS CORPORATION ("Company") reported domestic net sales of 112.0 billion yen (a year-on-year increase of 1.9%) and overseas net sales of 105.2 billion yen (a year-on-year decrease of 8.7%), with the latter comprising 48.4% of net sales overall (relative to 51.2% for the same period last fiscal year). In terms of income, operating income came to 8.8 billion yen, a 2.8 billion-yen increase over the same period last fiscal year. This was driven chiefly by reductions in the cost of sales achieved in part through restructuring efforts conducted during the last fiscal year. Moreover, due to a year-on-year improvement in non-operating income and expenditure, ordinary income increased by 5.5 billion yen over the same period last fiscal year to become 6.8 billion yen. However, although 3.6 billion yen in insurance income and 1.5

billion yen in gains on sales of noncurrent assets were posted under extraordinary income, a total of 2.4 billion yen consisting mainly of 0.6 billion yen in losses on disasters and 0.7 billion yen in special extra retirement payments was posted under extraordinary loss. Consequently, quarterly net income minus income taxes and minority interests in income came to 7.3 billion yen (relative to net losses of 7.1 billion yen for the same period last fiscal year). It should be noted that out of loss on the valuation of investment in securities posted for the second quarter, 6.3 billion yen has been reversed during the third quarter due to a recovery in the market value of those securities.

2. Results by Segment

Results for each segment are as follows:

a. Watch business

Net sales under the watch business for the nine-month period ending 31 December 2012 came to 91.5 billion yen, a year-on-year increase of 5.5 billion yen, or 6.5%. In Japan, sales across a wide spectrum of price ranges, from the GRAND SEIKO, CREDOR and other high-value range products to the LUKIA ladies' watch model, the BRIGHTZ men's watch model and other medium- to low-value range products, demonstrated improved growth over the same period last fiscal year. Following its release in September 2012, the ASTRON, which represents the world's first solar GPS watch, also continues to enjoy brisk sales. On the overseas front, sales to China and other Asian countries as well as those to South America progressed satisfactorily. Sales also exceeded those during the same period last fiscal year for Europe and the United States as well. Amid sluggish market conditions mainly in Europe, the decline experienced in watch movement sales was kept to a minimum. With regards to income, the increase in net sales yielded a year-on-year increase of 0.8 billion yen, or 11.6%, in operating income, bringing it to 8.6 billion yen.

b. Electronic components business

Net sales in the electronic components business came to 98.4 billion yen (a year-on-year decrease of 12.4%). On a per-domain basis, orders of electronic devices, specifically semiconductors, had trended toward recovery in the first half of the fiscal year. This was largely driven by orders of automobile semiconductors. However,

orders became sluggish after entering the second half of the fiscal year. Among mechatronic devices, sales growth for the Company's hard disk components, which remain in mid-recovery from damage inflicted by the floods in Thailand, has stalled due to sluggish PC demand. Among systems applications, PHS products in particular continued over the previous fiscal year to perform strongly. Sales of Geiger counters also progressed at a brisk pace. While net sales under this business decreased year on year, operating expenses were reduced through restructuring efforts conducted during the last fiscal year. Consequently, under income, operating income improved to 0.8 billion yen (relative to operating losses of 0.2 billion yen for the same period last fiscal year).

c. Clock business

Net sales in the clock business came to 6.9 billion yen (a year-on-year decrease of 6.6%). While sales both within and outside of Japan got off to a late start in the first half of the fiscal year due mostly to production delays caused by the floods in Thailand, beginning with the third quarter, sales have been trending towards recovery. In terms of income, operating losses came to 0.4 billion yen (relative to 0.2 billion yen in operating losses for the same period last fiscal year).

d. Optical products business

Net sales in the optical products business came to 16.3 billion yen (a year-on-year decrease of 4.7%). In Japan, although sales of both high value-added single-vision lenses and the SEIKO PURSUIT PV, which boasts the world's first Cross Surface Design® (double-sided control design), progressed on a favorable note, falling unit prices for these products caused their sales growth to stall. On the overseas front, despite growth in sales of back-surface progressive lenses in the United States, overall sales in that market fell below those during the same period last fiscal year. In Europe, products for major chain stores progressed on a brisk note. With regards to income, the Company posted 87 million yen in operating income, a year-on-year decrease of 197 million yen, or 69.4%.

e. Other businesses

In other businesses, net sales came to 10.2 billion yen (a year-on-year increase of 1.4%) and operating income to 91 million yen (relative to operating losses of 0.5 billion yen for the same period last fiscal year). Sales at Wako's main building

progressed steadily mainly by virtue of recovered levels of domestic consumption. Additionally, sales of system clocks and sports timing devices exceeded those during the same period last fiscal year.

Financial Condition

Status of Assets, Liabilities, and Net Assets

Total assets at the close of the nine-month period ending 31 December 2012 amounted to 373.8 billion yen, a decline of 12.2 billion yen relative to the close of the previous fiscal year. Total current assets came to 172.4 billion yen, a decrease of 2.6 billion yen. This was mainly the culmination of a 2.2 billion-yen decrease in cash and deposits, a 2.5 billion-yen decrease in notes and accounts receivable-trade and a 4.5 billion-yen decrease in accounts receivable-other, which negated a 7.1 billion-yen increase in inventories. Under noncurrent assets, a 1.2 billion-yen decrease in property, plant and equipment, a 4.1 billion-yen decrease in intangible assets and a 4.1 billion-yen decrease in investment and other assets caused total noncurrent assets to decrease by 9.5 billion yen to 201.4 billion yen.

For liabilities, the Company posted 336.0 billion yen in total liabilities, a decrease of 18.1 billion yen over the close of the previous fiscal year. This was driven chiefly by a decrease of 14.6 billion yen in long- and short-term loans payable and a decrease of 5.9 billion yen in accounts payable-other that negated an increase of 0.7 billion yen in notes and accounts payable-trade.

The posting of quarterly net income was the main contributor to an increase of 7.6 billion yen posted in shareholders' equity. After factoring in a decline of 2.3 billion yen in accumulated other comprehensive income, this was the chief determinant of a 5.8 billion-yen increase in net assets over the close of the previous fiscal year, bringing total net assets to 37.8 billion yen.

Outlook for the Year Ending 31 March 2013

Taking into account the impact of the transfer of its scientific instruments business during the fourth quarter of the current fiscal year, particularly the accompanying decrease in net sales, as well as its modified outlook on mainly extraordinary income

and losses, the Company has revised its consolidated business results forecast for the full fiscal year.

The Company's business results forecast following revision is as follows:

■ Forecast for the consolidated business results for the year ending 31 March 2013 (FY2012)

| | Amount (Billions of yen) | Year-on-year change (%) |
|------------------|-----------------------------|----------------------------|
| Net sales | 280.0 | -5.7 |
| Operating income | 9.0 | 33.7 |
| Ordinary income | 5.0 | 290.5 |
| Net income | 9.0 | - |

■ Forecasted results by segment for the year ending 31 March 2013 (FY2012)

| | Net Sales (Billions of yen) | Operating Income (Billions of yen) |
|---------------------------------|--------------------------------|---------------------------------------|
| Watch Business | 115.0 | 8.5 |
| Electronic Components Business | 125.0 | 1.5 |
| Clock Business | 9.0 | 0 |
| Optical Products Business | 24.0 | 0.5 |
| Other Businesses | 15.0 | 0.5 |
| Total for all business segments | 288.0 | 11.0 |
| Consolidated total | 280.0 | 9.0 |

Note: Consolidated total represents figures after consolidation adjustment such as the elimination of intersegment sales.

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.

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Balance Sheets

Seiko Holdings Corporation and Consolidated Subsidiaries

31 December 2012

| | Millions of yen | |
|-------------------------------------|------------------|----------------|
| | 31 December 2012 | 31 March 2012 |
| | Amount | Amount |
| Assets | | |
| Current assets: | | |
| Cash and deposits | 49,551 | 51,765 |
| Notes and accounts receivable-trade | 47,891 | 50,483 |
| Inventories | 66,526 | 59,370 |
| Accounts receivable-other | 2,028 | 6,554 |
| Deferred tax assets | 3,257 | 3,759 |
| Other | 5,122 | 4,760 |
| Allowance for doubtful accounts | (1,977) | (1,600) |
| Total current assets | 172,400 | 175,092 |
| Noncurrent assets: | | |
| Property, plant and equipment: | | |
| Buildings and structures | 102,344 | 107,138 |
| Machinery, equipment and vehicles | 99,250 | 95,607 |
| Tools, furniture and fixtures | 34,260 | 34,369 |
| Other | 5,602 | 4,781 |
| Accumulated depreciation | (173,344) | (171,802) |
| Land | 79,419 | 81,289 |
| Construction in progress | 4,169 | 1,601 |
| Subtotal | 151,702 | 152,985 |
| Intangible assets: | | |
| Goodwill | 9,723 | 10,269 |
| Other | 6,422 | 9,993 |
| Subtotal | 16,146 | 20,263 |
| Investments and other assets: | | |
| Investment securities | 26,736 | 30,190 |
| Deferred tax assets | 1,539 | 1,620 |
| Other | 8,770 | 9,415 |
| Allowance for doubtful accounts | (3,418) | (3,439) |
| Subtotal | 33,628 | 37,786 |
| Total noncurrent assets | 201,476 | 211,035 |
| Total assets | 373,877 | 386,128 |

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| | Millions of yen | |
|---|------------------|----------------|
| | 31 December 2012 | 31 March 2012 |
| | Amount | Amount |
| Liabilities | | |
| Current liabilities: | | |
| Notes and accounts payable-trade | 44,773 | 44,005 |
| Short-term loans payable | 75,384 | 76,454 |
| Current portion of long-term loans payable | 76,380 | 55,188 |
| Accounts payable-other | 11,036 | 16,962 |
| Income taxes payable | 1,391 | 1,751 |
| Deferred tax liabilities | 75 | 63 |
| Provision for bonuses | 1,005 | 1,337 |
| Other provision | 669 | 833 |
| Asset retirement obligations | 18 | 35 |
| Other | 12,238 | 9,854 |
| Total current liabilities | 222,972 | 206,487 |
| Noncurrent liabilities: | | |
| Long-term loans payable | 71,067 | 105,807 |
| Deferred tax liabilities | 4,784 | 5,555 |
| Deferred tax liabilities for land revaluation | 4,218 | 4,808 |
| Provision for retirement benefits | 21,686 | 21,843 |
| Other provision | 1,079 | 998 |
| Asset retirement obligations | 342 | 338 |
| Negative goodwill | 284 | 568 |
| Other | 9,586 | 7,753 |
| Total noncurrent liabilities | 113,049 | 147,675 |
| Total liabilities | 336,022 | 354,162 |

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| | Millions of yen | |
|--|------------------|----------------|
| | 31 December 2012 | 31 March 2012 |
| | Amount | Amount |
| Net assets | | |
| Shareholders' equity: | | |
| Capital stock | 10,000 | 10,000 |
| Capital surplus | 2,853 | 7,550 |
| Retained earnings | 24,115 | 11,746 |
| Treasury stock | (878) | (880) |
| Subtotal | 36,089 | 28,416 |
| Accumulated other comprehensive income: | | |
| Valuation difference on available-for-sale securities | (4,041) | (338) |
| Deferred gains or losses on hedges | (344) | (273) |
| Revaluation reserve for land | 7,617 | 7,835 |
| Foreign currency translation adjustment | (9,902) | (11,560) |
| Subtotal | (6,671) | (4,336) |
| Minority interests | 8,435 | 7,885 |
| Total net assets | 37,854 | 31,965 |
| Total liabilities and net assets | 373,877 | 386,128 |

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Statements of Income

Seiko Holdings Corporation and Consolidated Subsidiaries

For the Nine Months Ended 31 December 2012

| | Millions of yen | |
|---|-----------------|----------------|
| | 3Q FY 2012 | 3Q FY 2011 |
| | Amount | Amount |
| Net sales | 217,304 | 225,212 |
| Cost of sales | 148,622 | 157,133 |
| Gross profit | 68,681 | 68,078 |
| Selling, general and administrative expenses | 59,790 | 62,046 |
| Operating income | 8,891 | 6,031 |
| Non-operating income: | | |
| Interest income | 160 | 223 |
| Dividends income | 224 | 199 |
| Equity in earnings of affiliates | 499 | 284 |
| Other | 1,522 | 1,034 |
| Subtotal | 2,407 | 1,741 |
| Non-operating expenses: | | |
| Interest expenses | 3,645 | 4,055 |
| Other | 761 | 2,335 |
| Subtotal | 4,407 | 6,391 |
| Ordinary income | 6,890 | 1,381 |
| Extraordinary income: | | |
| Insurance income | 3,676 | – |
| Gain on sale of noncurrent assets | 1,560 | 252 |
| Reversal of provision for loss on disaster | – | 367 |
| Subtotal | 5,237 | 620 |
| Extraordinary loss: | | |
| Special extra retirement payments | 723 | 100 |
| Loss on disaster | 694 | 267 |
| Loss on valuation of investment securities | 122 | – |
| Loss on valuation of inventories | – | 2,724 |
| Loss on sales of investment securities | – | 136 |
| Other | 868 | 345 |
| Subtotal | 2,408 | 3,574 |
| Income (loss) before income taxes and minority interests | 9,719 | (1,571) |
| Income taxes | 1,798 | 4,824 |
| Income (loss) before minority interests | 7,921 | (6,396) |
| Minority interests in income | 600 | 789 |
| Net income (loss) | 7,320 | (7,186) |

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Statements of Comprehensive Income

Seiko Holdings Corporation and Consolidated Subsidiaries

For the Nine Months Ended 31 December 2012

| | Millions of yen | |
|--|-----------------|-----------------|
| | 3Q FY 2012 | 3Q FY 2011 |
| | Amount | Amount |
| Income (loss) before minority interests | 7,921 | (6,396) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (3,621) | (2,287) |
| Deferred gains or losses on hedges | (71) | (179) |
| Revaluation reserve for land | 283 | 681 |
| Foreign currency translation adjustment | 1,820 | (2,333) |
| Share of other comprehensive income of associates accounted for using equity method | (228) | 74 |
| Subtotal | (1,817) | (4,044) |
| Comprehensive income | 6,103 | (10,441) |
| Comprehensive income attributable to owners of the parent | 5,487 | (11,137) |
| Comprehensive income attributable to minority interests | 616 | 696 |

Segment Information

1. Information about Net Sales and Operating Income (Loss) by Reported Segment (For the Nine Months Ended 31 December 2011)

Millions of yen

| | Sales 3Q FY 2011 | Operating Income 3Q FY 2011 |
|---------------------------------|---------------------|--------------------------------|
| Watch Business | 85,985 | 7,717 |
| Electronic Components Business | 112,414 | (254) |
| Clock Business | 7,442 | (226) |
| Optical Products Business | 17,143 | 284 |
| Other businesses | 10,073 | (502) |
| Total for all business segments | 233,059 | 7,018 |
| Eliminations and common | (7,847) | (987) |
| Total | 225,212 | 6,031 |

2. Information about Net Sales and Operating Income (Loss) by Reported Segment (For the Nine Months Ended 31 December 2012)

Millions of yen

| | Sales 3Q FY 2012 | Operating Income 3Q FY 2012 |
|---------------------------------|---------------------|--------------------------------|
| Watch Business | 91,558 | 8,610 |
| Electronic Components Business | 98,462 | 874 |
| Clock Business | 6,952 | (483) |
| Optical Products Business | 16,331 | 87 |
| Other businesses | 10,213 | 91 |
| Total for all business segments | 223,518 | 9,180 |
| Eliminations and common | (6,213) | (289) |
| Total | 217,304 | 8,891 |

Notes:

- Adjustments to segment income in the amount of -289 million yen include -546 million yen in the amortization of goodwill, 1,058 million yen that mainly consists of the elimination of intra-segment transactions, and -801 million yen in company-wide expenses not appropriated to each reported segment. Company-wide expenses primarily consist of expenses that fall under the parent company (holding company).
- Segment income (loss) has been adjusted for alongside operating income on the consolidated quarterly statements of income.

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| Reported Segment | Main Products |
|--------------------------------|---|
| Watch Business | Watches, watch movements |
| Electronic Components Business | Hard disk components, semiconductors, quartz crystals, micro batteries and materials, information systems, IC dictionaries, printers, scientific instruments, network systems, and shutters for cameras |
| Clock Business | Clocks |
| Optical Products Business | Optical lenses and frames |
| Other Businesses | High-end clothing and miscellaneous goods, system clocks, sports timing equipments and real estate rental |

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