

May 12, 2015

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 2015

Financial Highlights

For the fiscal year ended March 31, 2015 (FY2014)

	FY2014		FY2013
	Millions of yen	Millions of US dollars	Millions of yen
Net sales	293,472	2,441.5	308,286
Operating income	11,667	97.1	14,014
Ordinary income	12,373	102.9	10,165
Net income	21,778	181.2	7,422
Earnings per share (yen/USD)	¥ 105.39	US\$ 0.88	¥ 35.92
Cash dividends per share (yen/USD)	¥ 10.00	US\$ 0.08	¥ 5.00
	March 31, 2015		March 31, 2014
Total assets	333,701	2,776.2	366,753
Net assets	92,589	770.3	64,766

Note: Japanese yen amounts have been converted into US dollars, for convenience only, using the rate of 120.2 yen/dollar.

Business Results

1. Overview

The world economy was rather stagnant overall during FY2014. Despite firmness in the United States centered on personal consumption, the future outlook bears watching due to factors including developments around the raising of the policy interest rate. Meanwhile, growth turned sluggish in Europe amid unemployment hovering at a high rate and concerns about deflation, and in China too personal consumption and investment in real estate development tended to slow down slightly. The Japanese economy saw a temporary drop resulting from the impact of the consumption tax hike, but signs of recovery were seen in personal consumption in response to an increase in winter bonuses, a decline in oil prices and other factors, and increasing inbound demand also had a favorable impact. The domestic department store industry experienced a sales decline in reaction to the last minute

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demand at the end of the previous fiscal year, mainly for high-priced items such as high-end brands and jewelry. Even so, the industry is on a recovery track mainly due to an increase in inbound demand. In the electronic devices and semiconductor market, demand is increasing for smartphone-related products which continue to see growth, and for automobile-related products, in which field use of electronics in cars is increasing. As for the household appliance, although sales grew overseas, in the domestic market sales related to flat-screen TVs and digital cameras remained at low levels. Performance was strong in the domestic information services market, due to factors including a recovery in demand from manufacturing and other industries following improvement in corporate earnings.

For the fiscal year ended March 31, 2015, the Company reported consolidated net sales of 293.4 billion yen, a year-on-year decrease of 14.8 billion yen, due to the exclusion of the Optical Products Business from consolidation at the close of the previous fiscal year. On a per-segment basis, sales under the Watches Business grew both within Japan and overseas, and the Electronic Devices Business also continued to perform steadily, mainly in semiconductors. Meanwhile, sales in the Systems Solutions Business regrettably declined from the previous fiscal year. On an overall consolidated basis, domestic net sales came to 139.4 billion yen (a year-on-year decrease of 5.8%), and overseas net sales were 154.0 billion yen (a year-on-year decrease of 3.9%). Overseas net sales comprised 52.5% of net sales overall. In terms of income, operating income decreased 2.3 billion yen compared to the previous fiscal year to become 11.6 billion yen (a year-on-year decrease of 16.7%), reflecting the exclusion of the Optical Products Business from consolidation, in addition to factors such as increases in advertising and personnel expenses compared to the previous fiscal year. However, ordinary income increased by 2.2 billion yen over the previous fiscal year to become 12.3 billion yen (a year-on-year increase of 21.7%), due to a year-on-year improvement in non-operating income and expenses resulting mainly from reduction of interest expenses. In addition, gain on sales of non-current assets of 9.1 billion yen and gain on sales of investment securities of 7.7 billion yen were posted as extraordinary income, and an impairment loss of 3.5 billion yen and loss on business withdrawal of 0.6 billion yen as a result of withdrawal from electronic dictionaries and other businesses in the Electronic Devices Business were posted as extraordinary losses. As a result of the above, net income for the fiscal year ended March 31, 2015 minus income taxes and minority interests in income came to 21.7 billion yen (a year-on-year increase of 193.4%).

2. Results by Segment

Results for each segment are as follows:

a. Watches Business

Net sales under the Watches Business for the fiscal year ended March 31, 2015 came to 159.0 billion yen, a year-on-year increase of 8.3 billion yen, or 5.5%. In Japan, sales were underpinned by factors including an increase in inbound demand, despite the impact of the consumption tax hike seen

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mainly for high-value range products during the first half of the current fiscal year. Sales of men's watch models were driven by the launch in September of the second-generation model of ASTRON, which is the world's first GPS solar watch, as well as the BRIGHTZ, and the Mechanical, while the LUKIA and TISSÉ ladies watch models saw sales growth. As a result, overall sales for watch finished goods were up year on year. On the overseas front, ASTRON sales were favorable, as they were in Japan. The PROSPEX sports watch for serious sports enthusiasts commenced global sales from the current fiscal year, and in August, the Seiko Boutique was opened on New York's Madison Avenue in order to promote the brand's high-quality image in retail shops. As a result of these efforts, sales were strong in countries in Europe and America, while in Asia, sales were down year on year in Thailand mainly due to political unrest, but Taiwan and other markets were able to see favorable growth in sales.

With regards to income, the increase in net sales yielded a year-on-year increase of 0.08 billion yen in operating income, bringing it to 12.3 billion yen (a year-on-year increase of 0.7%).

b. Electronic Devices Business

Net sales in the Electronic Devices Business came to 96.1 billion yen (a year-on-year increase of 3.3%), and operating income to 1.8 billion yen (a year-on-year increase of 38.0%). On a per-domain basis, sales of semiconductors, particularly those for automobiles and smartphones, saw strong growth. Sales of inkjet print heads grew in Japan and for Europe and America, despite a slowdown in China and emerging markets, and sales of small thermal printers increased mainly in the market for distribution payment terminals.

c. Systems Solutions Business

Net sales in the Systems Solutions Business came to 21.1 billion yen (a year-on-year decrease of 7.5%), and operating income to 0.3 billion yen (a year-on-year decrease of 6.3%). Sales were robust in the data services business and for order entry systems, and network equipment saw recovery in demand for products for legacy network environment. In mobile communications-related products, although sales were weak for products including communication adapters and LTE routers, sales of body composition scales to SoftBank Corp. and other products increased.

d. Others

Net sales in Others amounted to 26.4 billion yen. Among segments included in Others, sales under the Clock Business were able to increase compared to the previous fiscal year, despite the impact of the consumption tax hike during the first half of the current fiscal year. Under the Wako Business, sales for the fiscal year ended March 31, 2015 remained on a level with the previous fiscal year, despite sluggish sales at the beginning of the period mainly for jewelry and other high-priced products. The exclusion of the Optical Products Business from consolidation at the close of the previous fiscal year resulted in a substantial decrease in net sales in Others (Net sales in the Optical Products Business came to 25.3 billion yen for the previous fiscal year). Operating income came to 0.6 billion yen (a year-on-year decrease of 16.8%).

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2. Financial Condition

Status of Assets, Liabilities, and Net Assets

Total assets at the close of the fiscal year ended March 31, 2015 amounted to 333.7 billion yen, a decrease of 33.0 billion yen from the close of the previous fiscal year. Total current assets came to 164.9 billion yen, an increase of 6.5 billion yen from the close of the previous fiscal year. This was mainly due to increases of 4.7 billion yen in merchandise and finished goods and 1.2 billion yen in deferred tax assets. Under non-current assets, although property, plant and equipment decreased by 41.8 billion yen mainly due to sale, impairment loss and depreciation, investments and other assets increased by 2.5 billion yen, resulting in total non-current assets of 168.7 billion yen, a decrease of 39.5 billion yen relative to the close of the previous fiscal year.

For liabilities, total loans came to 133.8 billion yen, due to decreases of 13.1 billion yen in short-term loans payable, 10.4 billion yen in the current portion of long-term loans payable, and 38.5 billion yen in long-term loans payable. Additionally, the Company posted 241.1 billion yen in total liabilities, a decrease of 60.8 billion yen over the close of the previous fiscal year. This was mainly attributable to an increase of 1.2 billion yen in notes and accounts payable-trade.

With regards to net assets, the posting of net income for the fiscal year, and improvements in valuation difference on available-for-sale securities and foreign currency translation adjustment were primarily responsible for the increase of 27.8 billion yen posted over the close of the previous fiscal year, which brought total net assets to 92.5 billion yen.

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Cash Flows in the Current Fiscal Year Are Summarized as Follows:

The balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2015 came to 40.2 billion yen, a decline of 2.2 billion yen relative to the end of the previous fiscal year. This is primarily due to the following factors:

-Cash flow from operating activities

Net cash flow from operating activities came to 16.5 billion yen. This was the result of the Company posting 24.6 billion yen in income before income taxes and minority interests; factoring in depreciation amounting to 10.8 billion yen; performing adjustments consisting largely of 9.1 billion yen in gain on sales of non-current assets (posted as a decrease), 7.7 billion yen in gain on sales of investment securities (posted as a decrease), and 3.5 billion yen in impairment loss; and accounting for the likes of a 3.9 billion-yen decrease in notes and accounts receivable-trade, a 3.0 billion-yen increase in inventories (posted as a decrease), a 2.8 billion-yen decrease in notes and accounts payable-trade (posted as a decrease), and income taxes paid of 3.0 billion yen (posted as a decrease).

-Cash flow from investment activities

Net cash flow from investment activities came to 46.2 billion yen due mainly to 9.3 billion yen in purchase of property, plant and equipment (posted as a decrease), which was partially offset by 48.3 billion yen in proceeds from sales of property, plant and equipment and 10.2 billion yen in proceeds from sales of investment securities.

-Cash flow from financing activities

Net cash flow from financing activities came to negative 66.8 billion yen due mainly the repayments of long-term loans payable and borrowings that combined for a net amount of negative 62.9 billion yen.

3. Basic Policy Relating to Profit Distribution and Dividends in the Current and Next Term

With regard to the distribution of profits, the Company places a strong emphasis on the continued payment of stable dividends as its basic policy on shareholder dividends. Taking into account the consolidated results of the current fiscal year, while being duly mindful to enhance internal reserves in order to strengthen the management foundation, the Company plans on declaring an annual dividend of 10.0 yen per share (the interim dividend: 2.5 yen per share, the year-end dividend: 7.5 yen per share), in line with the policy of payment of stable dividends. Moreover, the Company forecasts that it will maintain the annual dividend in 10.0 yen per share (the interim dividend: 5.0 yen per share, the year-end dividend: 5.0 yen per share) for the next fiscal year.

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Outlook for the Next Fiscal Year

A moderate recovery is expected to continue in the Japanese economy led by personal consumption backed by an increase in real wages and other factors. In the world economy, consumer sentiment has remained at a favorable level in the United States due to sustained recovery in the employment environment, and personal consumption is picking up in Germany, France, Italy, and other parts of Europe, where economic stagnation had been ongoing. In Asia, investment in real estate development has slowed in China, and the governmental authority is expected to announce additional growth boosting measures to avoid an economic downturn.

Amid such a business environment, the Company will continue to expand sales of its Watches Business both within and outside of Japan, and will strive to strengthen the earning power of its Electronic Devices Business among others. Note that assumed exchange rates for the next fiscal year are as follows: 1 US dollar = 110 yen; 1 euro = 130 yen.

The outlook for consolidated financial results in the next fiscal year is as follows:

■ Forecast for the consolidated business results for the year ending March 31, 2016 (FY2015)

	Amount (Billions of yen)	Year-on-year change (%)
Net sales	320.0	109.0
Operating income	16.0	137.1
Ordinary income	16.0	129.3
Net income attributable to owners of parent	12.0	55.1
Earnings per share (yen)	JPY 58.07	

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■ Forecasted results by segment for the year ending March 31, 2016 (FY2015)

	Net Sales (Billions of yen)	Operating Income (Billions of yen)
Watches Business	170.0	13.0
Electronic Devices Business	110.0	5.0
Systems Solutions Business	24.0	1.0
Total for all business segments	304.0	19.0
Others	26.0	0.5
Consolidated total	320.0	16.0

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

March 31, 2015

	Millions of yen	
	March 31, 2015	March 31, 2014
	Amount	Amount
Assets		
Current assets:		
Cash and deposits	41,292	43,002
Notes and accounts receivable - trade	44,755	44,462
Merchandise and finished goods	42,012	37,295
Work in process	12,501	11,460
Raw materials and supplies	8,395	8,266
Accounts receivable - other	4,244	3,016
Deferred tax assets	6,423	5,131
Other	7,038	7,152
Allowance for doubtful accounts	(1,763)	(1,418)
Total current assets	164,901	158,369
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	73,412	103,833
Machinery, equipment and vehicles	102,894	100,575
Tools, furniture and fixtures	34,943	33,526
Leased assets	4,244	4,313
Accumulated depreciation	(170,229)	(180,292)
Land	50,447	75,965
Construction in progress	917	559
Total property, plant and equipment	96,630	138,481
Intangible assets:		
Goodwill	8,236	8,872
Other	7,157	6,768
Total intangible assets	15,393	15,641
Investments and other assets:		
Investment securities	48,116	46,866
Net defined benefit asset	634	906
Deferred tax assets	1,737	1,709
Other	6,467	7,485
Allowance for doubtful accounts	(179)	(2,707)
Total investments and other assets	56,776	54,261
Total non-current assets	168,799	208,384
Total assets	333,701	366,753

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	Millions of yen	
	March 31, 2015	March 31, 2014
	Amount	Amount
Liabilities		
Current liabilities:		
Notes and accounts payable - trade	26,019	24,752
Electronically recorded obligations - operating	7,358	7,153
Short-term loans payable	43,585	56,750
Current portion of long-term loans payable	35,771	46,180
Accounts payable - other	14,603	13,934
Income taxes payable	1,584	1,744
Deferred tax liabilities	26	203
Provision for bonuses	4,346	3,938
Provision for goods warranties	482	451
Provision for loss on lease contracts	194	234
Provision for environmental measures	104	-
Provision of loss on restructuring of manufacturing base and other losses	94	616
Other provision	296	204
Asset retirement obligations	12	16
Other	10,637	10,094
Total current liabilities	145,118	166,275
Non-current liabilities:		
Long-term loans payable	54,498	93,040
Deferred tax liabilities	11,091	9,597
Deferred tax liabilities for land revaluation	3,812	4,218
Provision for environmental measures	269	353
Provision for directors' retirement benefits	200	202
Provision for loss on business withdrawal	149	-
Provision for gift certificate exchange losses	114	116
Provision for long-term goods warranties	76	62
Provision for loss on lease contracts	-	176
Other provision	86	158
Net defined benefit liability	18,441	18,628
Asset retirement obligations	522	345
Other	6,729	8,811
Total non-current liabilities	95,993	135,711
Total liabilities	241,112	301,987

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	Millions of yen	
	March 31, 2015	March 31, 2014
	Amount	Amount
Net assets		
Shareholders' equity:		
Capital stock	10,000	10,000
Capital surplus	7,414	7,414
Retained earnings	47,765	28,837
Treasury shares	(151)	(146)
Total shareholders' equity	65,027	46,104
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	13,007	10,601
Deferred gains or losses on hedges	39	(185)
Revaluation reserve for land	7,991	7,617
Foreign currency translation adjustment	4,796	(992)
Remeasurements of defined benefit plans	(452)	(273)
Total accumulated other comprehensive income	25,383	16,766
Minority interests	2,178	1,895
Total net assets	92,589	64,766
Total liabilities and net assets	333,701	366,753

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Statements of Income

Seiko Holdings Corporation and Consolidated Subsidiaries

For Year Ended March 31, 2015

	Millions of yen	
	FY 2014	FY 2013
	Amount	Amount
Net sales	293,472	308,286
Cost of sales	189,206	204,745
Gross profit	104,266	103,540
Selling, general and administrative expenses	92,599	89,526
Operating income	11,667	14,014
Non-operating income:		
Interest income	230	156
Dividend income	587	182
Foreign exchange gains	1,724	880
Other	2,274	2,002
Total non-operating income	4,816	3,221
Non-operating expenses:		
Interest expenses	3,090	4,044
Other	1,020	3,026
Total non-operating expenses	4,110	7,070
Ordinary income	12,373	10,165
Extraordinary income:		
Gain on sales of non-current assets	9,161	-
Gain on sales of investment securities	7,740	1,511
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	127	119
Insurance income	-	8,889
Total extraordinary income	17,029	10,520
Extraordinary losses:		
Impairment loss	3,538	8,911
Loss on business withdrawal	615	-
Loss on retirement of non-current assets	551	-
Special extra retirement payments	-	1,433
Loss on restructuring of manufacturing base	-	654
Provision of reserve for loss on lease contracts	-	635
Losses on retirement of noncurrent assets	-	289
Total extraordinary losses	4,706	11,923

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	Millions of yen	
	FY 2014	FY 2013
	Amount	Amount
Income before income taxes and minority interests	24,697	8,762
Income taxes - current	2,831	3,168
Income taxes - deferred	(47)	(2,251)
Total income taxes	2,783	917
Income before minority interests	21,913	7,844
Minority interests in income	134	422
Net income	21,778	7,422

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Statements of Comprehensive Income

Seiko Holdings Corporation and Consolidated Subsidiaries

For Year Ended March 31, 2015

	Millions of yen	
	FY 2014	FY 2013
	Amount	Amount
Income before minority interests	21,913	7,844
Other comprehensive income		
Valuation difference on available-for-sale securities	2,248	12,710
Deferred gains or losses on hedges	225	146
Revaluation reserve for land	394	—
Foreign currency translation adjustment	5,371	3,312
Remeasurements of defined benefit plans, net of tax	(85)	—
Share of other comprehensive income of entities accounted for using equity method	734	1,532
Total other comprehensive income	8,888	17,701
Comprehensive income	30,801	25,546
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,415	25,030
Comprehensive income attributable to minority interests	385	515

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Statements of Changes in Equity

Seiko Holdings Corporation and Consolidated Subsidiaries

For Year Ended March 31, 2014

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,000	7,414	22,301	(134)	39,580
Changes of items during period					
Dividends of surplus			(516)		(516)
Net income			7,422		7,422
Purchase of treasury shares				(12)	(12)
Disposal of treasury shares		(0)		0	0
Change of scope of consolidation			(12)		(12)
Effect of changes in accounting period of consolidated subsidiaries			(319)		(319)
Other			(37)		(37)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	6,535	(12)	6,523
Balance at end of current period	10,000	7,414	28,837	(146)	46,104

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Millions of yen

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(2,276)	(332)	7,617	(5,575)	-	(567)	1,787	40,801
Changes of items during period								
Dividends of surplus								(516)
Net income								7,422
Purchase of treasury shares								(12)
Disposal of treasury shares								0
Change of scope of consolidation								(12)
Effect of changes in accounting period of consolidated subsidiaries								(319)
Other								(37)
Net changes of items other than shareholders' equity	12,878	146	-	4,583	(273)	17,334	107	17,441
Total changes of items during period	12,878	146	-	4,583	(273)	17,334	107	23,965
Balance at end of current period	10,601	(185)	7,617	(992)	(273)	16,766	1,895	64,766

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For Year Ended March 31, 2015

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,000	7,414	28,837	(146)	46,104
Cumulative effects of changes in accounting policies			(1,269)		(1,269)
Restated balance	10,000	7,414	27,567	(146)	44,835
Changes of items during period					
Dividends of surplus			(1,550)		(1,550)
Net income			21,778		21,778
Purchase of treasury shares				(5)	(5)
Reversal of revaluation reserve for land			20		20
Change of scope of consolidation			(136)		(136)
Effect of changes in accounting period of consolidated subsidiaries			(0)		(0)
Other			85	(0)	85
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	20,197	(5)	20,192
Balance at end of current period	10,000	7,414	47,765	(151)	65,027

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Millions of yen

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	10,601	(185)	7,617	(992)	(273)	16,766	1,895	64,766
Cumulative effects of changes in accounting policies								(1,269)
Restated balance	10,601	(185)	7,617	(992)	(273)	16,766	1,895	63,497
Changes of items during period								
Dividends of surplus								(1,550)
Net income								21,778
Purchase of treasury shares								(5)
Reversal of revaluation reserve for land			(20)			(20)		-
Change of scope of consolidation								(136)
Effect of changes in accounting period of consolidated subsidiaries								(0)
Other								85
Net changes of items other than shareholders' equity	2,406	225	394	5,789	(178)	8,636	283	8,920
Total changes of items during period	2,406	225	373	5,789	(178)	8,616	283	29,092
Balance at end of current period	13,007	39	7,991	4,796	(452)	25,383	2,178	92,589

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Statements of Cash Flows

Seiko Holdings Corporation and Consolidated Subsidiaries

For Year Ended March 31, 2015

	Millions of yen	
	FY 2014	FY 2013
Cash flows from operating activities		
Income before income taxes and minority interests	24,697	8,762
Depreciation	10,892	12,242
Increase (decrease) in provision for directors' retirement benefits	(2)	(125)
Increase (decrease) in allowance for doubtful accounts	(97)	(448)
Increase (decrease) in provision for retirement benefits	-	(20,332)
Increase (decrease) in net defined benefit liability	(1,020)	18,628
Interest and dividend income	(817)	(338)
Interest expenses	3,090	4,044
Foreign exchange losses (gains)	(666)	688
Share of (profit) loss of entities accounted for using equity method	(324)	1,452
Impairment loss	3,538	8,911
Loss (gain) on sales of investment securities	(7,740)	(1,511)
Loss (gain) on sales of non-current assets	(9,161)	-
Insurance income	-	(8,889)
Loss on retirement of non-current assets	566	602
Decrease (increase) in notes and accounts receivable - trade	3,910	(4,229)
Decrease (increase) in inventories	(3,023)	2,246
Increase (decrease) in notes and accounts payable - trade	(2,856)	(7,192)
Other, net	2,232	3,688
Subtotal	23,217	18,198
Interest and dividend income received	817	338
Proceeds from dividend income from entities accounted for using equity method	111	109
Interest expenses paid	(3,170)	(4,080)
Proceeds from insurance income	-	6,607
Payments for extra retirement payments	(1,326)	(2,863)
Income taxes paid	(3,087)	(2,710)
Net cash provided by (used in) operating activities	16,562	15,598

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	Millions of yen	
	FY 2014	FY 2013
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,350)	(11,006)
Proceeds from sales of property, plant and equipment	48,387	439
Purchase of investment securities	(11)	(27)
Proceeds from sales of investment securities	10,201	1,834
Payments of loans receivable	(618)	(1,194)
Collection of loans receivable	1,171	1,295
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	83
Other, net	(3,525)	(2,342)
Net cash provided by (used in) investing activities	46,254	(10,917)
Cash flows from financing activities		
Increase in short-term loans payable	444,466	457,182
Decrease in short-term loans payable	(458,366)	(453,921)
Proceeds from long-term loans payable	27,968	65,194
Repayments of long-term loans payable	(77,049)	(70,893)
Repayments of lease obligations	(1,868)	(791)
Cash dividends paid	(1,550)	(516)
Other, net	(415)	229
Net cash provided by (used in) financing activities	(66,816)	(3,517)
Effect of exchange rate change on cash and cash equivalents	1,808	172
Net increase (decrease) in cash and cash equivalents	(2,191)	1,336
Cash and cash equivalents at beginning of period	42,568	42,778
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(99)	(38)
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries	2	(1,507)
Cash and cash equivalents at end of period	40,279	42,568

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Segment Information

1. Outline of the reported segments

The Company's reported segments are business units of the Company for which discrete financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions about management resources to be allocated to the segments and assessing the segment's performance.

As a holding company, the Company has a business structure for consolidating and managing each member company, which is responsible for comprehensively developing domestic and global strategies as well as engaging in business activities for the merchandise, finished goods and associated services.

In view of this, the Company is comprised of segments centered around a core company of each business classified by merchandise and finished goods. Three reported segments are specified; namely the Watches Business, Electronic Devices Business and Systems Solutions Business.

The main merchandise and finished goods belonging to each reported segment are as follows:

Reported Segment	Main merchandise and finished goods
Watches Business	Watches, watch movements
Electronic Devices Business	Semiconductors, quartz crystals, micro batteries and materials, printers, hard disk drive components, and shutters for cameras
Systems Solutions Business	Wireless communication equipment, information network systems, data services
Others	Clocks / High-end jewelry, apparel and fashion accessories / System clocks etc.

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2. Information about Sales and Income (Loss) by Reported Segment

(For Year Ended March 31, 2014)

	Sales FY 2013	Operating Income FY 2013
Watches Business	150,739	12,253
Electronic Devices Business	93,038	1,351
Systems Solutions Business	22,868	349
Total for reported segments	266,646	13,955
Others	51,307	761
Total for all business segments	317,954	14,717
Eliminations and common	(9,668)	(702)
Total	308,286	14,014

- Notes:
- The "Others" category denotes business segments not included among reported segments, such as the Clock Business and the Optical Products Business.
 - Adjustment amounts are as follows:
 - Adjustments to segment income in the amount of -702 million yen include -695 million yen in the amortization of goodwill, 1,327 million yen that mainly consists of the elimination of intra-segment transactions, and -1,335 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).
 - Adjustments to segment assets in the amount of 92,809 million yen include -53,419 million yen in the intersegment elimination of claims, 196,405 million yen in the company-wide assets not allocated to each reported segment and -50,175 million yen in the intersegment elimination of investments and capital. Company-wide assets primarily consist of surplus funds managed by the parent company (holding company) and long-term investment funds (investment securities).
 - Segment income has been adjusted for alongside operating income on the consolidated statements of income.

Information about Sales and Income (Loss) by Reported Segment

(For Year Ended March 31, 2015)

	Sales FY 2014	Operating Income FY 2014
Watches Business	159,075	12,334
Electronic Devices Business	96,137	1,865
Systems Solutions Business	21,142	327
Total for reported segments	276,354	14,527
Others	26,450	633
Total for all business segments	302,805	15,161
Eliminations and common	(9,332)	(3,493)
Total	293,472	11,667

- Notes:
- The "Others" category denotes business segments not included among reported segments, such as the Clock Business.
 - Adjustment amounts are as follows:
 - Adjustments to segment income in the amount of -3,493 million yen include -630 million yen in the amortization of goodwill, 820 million yen that mainly consists of the elimination of intra-segment transactions, and -3,682 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).
 - Adjustments to segment assets in the amount of 81,327 million yen include -47,193 million yen in the intersegment elimination of claims, 173,880 million yen in the company-wide assets not allocated to

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each reported segment and -45,359 million yen in the intersegment elimination of investments and capital. Company-wide assets primarily consist of surplus funds managed by the parent company (holding company) and long-term investment funds (investment securities).

3. Segment income has been adjusted for alongside operating income on the consolidated statements of income.
4. Following changes in the calculation methods of retirement benefit obligations and service cost from the fiscal year ended March 31, 2015, the calculation methods of retirement benefit obligations and service cost for business segments have been changed accordingly.

Following such changes, for the fiscal year ended March 31, 2015, segment income of Watches Business increased by 9 million yen and segment income of Electronic Devices Business increased by 136 million yen, and segment income of Systems Solutions Business increased by 23 million yen compared to the previous method.