

May 10, 2017

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 2017

### Financial Highlights

For the fiscal year ended March 31, 2017 (FY2016)

	FY2016		FY2015
	Millions of yen	Millions of US dollars	Millions of yen
Net sales	<b>257,115</b>	2,291.6	296,705
Operating income	<b>7,487</b>	66.7	13,307
Ordinary income	<b>6,671</b>	59.5	11,879
Profit attributable to owners of parent	<b>5,392</b>	48.1	12,142
Earnings per share (yen/USD)	<b>¥ 26.14</b>	US\$ 0.23	¥ 58.76
Cash dividends per share (yen/USD)	<b>¥ 15.00</b>	US\$ 0.13	¥ 12.50
	<b>March 31, 2017</b>		March 31, 2016
Total assets	<b>328,857</b>	2,931.0	329,115
Net assets	<b>107,161</b>	955.1	102,692

Note: Japanese yen amounts have been converted into US dollars, for convenience only, using the rate of 112.20 yen/dollar.

### Business Results

#### 1. Overview

During the fiscal year ended March 31, 2017, the world economy slowed in the first half against the backdrop of factors including a stall in the U.S. economy, concerns about the economic slowdown in China, and confusion in financial markets due to the U.K.'s planned exit from the EU. However, there was a moderate recovery in the second half, as the U.S. economy made steady progress on expectations that policies of the new U.S. president would generate higher growth, while the Chinese economy propped up the world economy.

The Japanese economy continued to stall in the first half, due to the impact of yen appreciation and a decline in consumption by foreign tourists. However, the second half saw a weakening of the yen and higher stock prices. Also, signs of a recovery began to appear in personal consumption, which had been stagnant. Meanwhile, there is an expected risk of lower stock prices and a higher

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yen due to uncertainty in the global economic outlook stemming from deflated expectations for the U.S. policies and growing protectionism in various countries.

For the fiscal year ended March 31, 2017, the Company reported consolidated net sales of 257.1 billion yen, a year-on-year decrease of 39.5 billion yen, or 13.3%. On a per-segment basis, sales under the Watches Business and the Electronic Devices Business declined year on year, due to the impact of yen appreciation and other factors, while the Systems Solutions Business grew compared to the previous fiscal year. On an overall consolidated basis, domestic net sales came to 134.8 billion yen (a year-on-year decrease of 7.5%), and overseas net sales were 122.2 billion yen (a year-on-year decrease of 18.9%). Overseas net sales comprised 47.6% of net sales overall.

In terms of income, operating income decreased 5.8 billion yen compared to the previous fiscal year to 7.4 billion yen (a year-on-year decrease of 43.7%), due to a decrease in net sales and other factors. Ordinary income declined by 5.2 billion yen from the previous fiscal year to become 6.6 billion yen (a year-on-year decrease of 43.8%), despite improvement in non-operating income and expenses mainly due to reduction of interest expenses. Gain on sales of non-current assets of 0.4 billion yen was posted as extraordinary income, and settlement payment related to patent contracts of 0.5 billion yen, restructuring expenses of 0.4 billion yen and others were posted as extraordinary losses. As a result, profit attributable to owners of parent minus income taxes and profit attributable to non-controlling interests came to 5.3 billion yen (a year-on-year decrease of 55.6%).

## 2. Results by Segment

Results for each segment are as follows:

### a. Watches Business

Net sales under the Watches Business came to 134.5 billion yen, a year-on-year decrease of 29.8 billion yen, or 18.2%. In Japan, sales fell due to factors including a decline in consumption by foreign tourists and sluggish sales of high-end products due to stagnant personal consumption. Ladies' models in the Grand Seiko mainstay product line saw strong performance, while sales of the men's models were down year on year. Sales of the Astron and Prospex struggled, falling from the previous fiscal year, while sales of the Presage and Alba fared well, remaining mostly at the same level as the previous fiscal year. Sales are shifting to a recovery trend, albeit moderately, as the decline in consumption by foreign tourists begins to slow and sales of trendy products to Japanese consumers show signs of picking up. On the overseas front, sales shrank due to factors including the impact of yen appreciation, as well as a falling off in department store distribution channels in the U.S. market. On a local currency basis, performance was strong and sales grew in markets in many countries and regions, including Germany and the Netherlands in Europe, and Thailand and

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Australia in Asia and Oceania. In addition, Seiko Boutiques were opened in Miami in the U.S. and Beijing and Guangzhou in China. Sales of watch movements fell substantially from the previous fiscal year due to the impact of a change in distribution of products handled, as well as the slump in the markets of the U.S. and China.

With regard to income, the decrease in net sales resulted in a year-on-year decrease of 5.1 billion yen in operating income, bringing it to 7.6 billion yen (a year-on-year decrease of 40.1%).

## **b. Electronic Devices Business**

Net sales under the Electronic Devices Business came to 84.0 billion yen (a year-on-year decrease of 11.4%), and operating income to 3.8 billion yen (a year-on-year increase of 30.6%). Semiconductors mainly for smartphone components performed steadily on a volume basis. Performance was also strong for some products including high performance metal products for semiconductor manufacturing facilities. However, net sales in the segment overall declined year on year due to factors including the impact of yen appreciation and the transfer of the wide format printer business in the previous fiscal year.

## **c. Systems Solutions Business**

Net sales under the Systems Solutions Business came to 20.2 billion yen (a year-on-year increase of 4.3%), and operating income to 1.2 billion yen (a year-on-year increase of 252.3%). Sales were favorable in some businesses such as data services, mainly in payment-related businesses, and mobile solutions for home security.

## **d. Others**

Net sales under Others amounted to 27.0 billion yen (a year-on-year decrease of 4.2%), and operating income to 0.3 billion yen (a year-on-year decrease of 66.4%). Among segments included in Others, net sales under the Wako Business fell due to a decline in consumption by foreign tourists, while the Clock Business performed strongly due to an increase in net sales in Japan.

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## 3. Financial Condition

### -Assets

Total assets at the close of the fiscal year ended March 31, 2017 amounted to 328.8 billion yen, a decrease of 0.2 billion yen from the close of the previous fiscal year. Total current assets came to 153.9 billion yen, a decrease of 5.7 billion yen from the close of the previous fiscal year. This was due to an increase of 1.4 billion yen in merchandise and finished goods, and decreases of 3.7 billion yen in cash and deposits and 1.8 billion yen in notes and accounts receivable - trade. Under non-current assets, property, plant and equipment increased by 1.0 billion yen, and investments and other assets increased by 3.9 billion yen mainly due to an increase of 5.7 billion yen in investment securities, resulting in total non-current assets of 174.9 billion yen, an increase of 5.4 billion yen relative to the close of the previous fiscal year.

### -Liabilities

For liabilities, total loans came to 133.5 billion yen, due to increases of 9.9 billion yen in short-term loans payable and 4.2 billion yen in long-term loans payable, and a decrease of 5.3 billion yen in the current portion of long-term loans payable. In addition, notes and accounts payable - trade, accounts payable - other and net defined benefit liability decreased by 3.0 billion yen, 2.1 billion yen and 4.5 billion yen, respectively. As a result, total liabilities amounted to 221.6 billion yen, a decrease of 4.7 billion yen over the close of the previous fiscal year.

### -Net assets

With regard to net assets, the posting of profit attributable to owners of parent for the fiscal year was primarily responsible for the increase of 4.4 billion yen posted over the close of the previous fiscal year, which brought total net assets to 107.1 billion yen.

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## 4. Overview of Cash Flows for the Year Ended March 31, 2017

The balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2017 came to 35.3 billion yen, a decline of 3.5 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 4.2 billion yen. This was the result of the Company posting 6.1 billion yen in profit before income taxes; factoring in depreciation amounting to 10.9 billion yen; and accounting for the likes of a 2.0 billion-yen decrease in notes and accounts receivable - trade, a 1.1 billion-yen increase in inventories (posted as a decrease), a 4.0 billion-yen decrease in notes and accounts payable - trade (posted as a decrease), extra retirement payments of 4.0 billion yen (posted as a decrease), and payment of income taxes payable of 2.6 billion yen (posted as a decrease).

### -Cash flow from investment activities

Net cash flow from investment activities came to negative 13.2 billion yen due mainly to 12.1 billion yen in purchase of property, plant and equipment (posted as a decrease), 0.6 billion yen in purchase of investment securities (posted as a decrease), and 0.4 billion yen in payments of loans receivable (posted as a decrease).

### -Cash flow from financing activities

Net cash flow from financing activities came to 5.7 billion yen due mainly to the repayments of long- and short-term loans payable and borrowings that combined for a net amount of 8.8 billion yen.

## 5. Outlook for the Future

In the world economy, the U.S. is expected to perform strongly, led by personal consumption boosted by robust improvement in employment and wages and economic measures. Meanwhile, the European economy is experiencing a growing sense of uncertainty caused by political upheavals such as general elections scheduled in key countries. The Japanese economy is expected to continue to grow gradually centered on exports and capital investment. However, there are concerns about risks of an economic downturn due mainly to personal consumption trends with stagnant real income, volatile foreign exchange rates, and unstable overseas conditions.

Amid such a business environment, the Company will continue striving to increase the Seiko brand value while working to grow profits in the Watches Business in all markets throughout the world, particularly for high-priced products, and to further improve earnings in the Electronic Devices Business and the Systems Solutions Business. Note that assumed exchange rates for the next fiscal year are as follows: 1 US dollar = 105 yen; 1 euro = 115 yen.

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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, 2018 (FY2017)

	Amount (Billions of yen)	Year-on-year change (%)
Net sales	260.0	101.1
Operating income	6.5	86.8
Ordinary income	7.0	104.9
Profit attributable to owners of parent	5.0	92.7
Earnings per share (yen)	JPY 121.31	

Note: Earnings per share for the consolidated business results forecast for the year ending March 31, 2018 (FY2017) represents figures after consideration of the impact of share consolidation. Without consideration of the impact of said share consolidation, earnings per share for the consolidated business results forecast for the year ending March 31, 2018 (FY2017) is 24.26 yen.

## ■ Forecasted results by segment for the year ending March 31, 2018 (FY2017)

	Net Sales (Billions of yen)	Operating Income (Billions of yen)
Watches Business	135.0	7.0
Electronic Devices Business	82.0	3.5
Systems Solutions Business	24.0	1.5
Total for all business segments	241.0	12.0
Others	27.0	0.5
Consolidated total	260.0	6.5

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

(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	35,355	39,131
Notes and accounts receivable - trade	39,730	41,623
Merchandise and finished goods	43,514	42,081
Work in process	13,627	13,315
Raw materials and supplies	9,035	9,799
Accounts receivable - other	3,679	3,753
Deferred tax assets	3,992	4,966
Other	6,250	6,466
Allowance for doubtful accounts	(1,260)	(1,488)
Total current assets	153,925	159,649
Non-current assets		
Property, plant and equipment		
Buildings and structures	72,678	70,424
Machinery, equipment and vehicles	83,501	80,454
Tools, furniture and fixtures	31,297	30,654
Other	2,908	2,983
Accumulated depreciation	(144,359)	(140,016)
Land	48,945	48,674
Construction in progress	1,026	1,758
Total property, plant and equipment	95,998	94,934
Intangible assets		
Goodwill	7,298	7,663
Other	9,038	8,262
Total intangible assets	16,336	15,925
Investments and other assets		
Investment securities	48,131	42,407
Net defined benefit asset	-	479
Deferred tax assets	8,060	8,966
Other	6,583	6,952
Allowance for doubtful accounts	(178)	(199)
Total investments and other assets	62,596	58,606
Total non-current assets	174,931	169,466
Total assets	328,857	329,115

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(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,196	24,267
Electronically recorded obligations - operating	7,021	7,766
Short-term loans payable	49,468	39,565
Current portion of long-term loans payable	30,038	35,342
Accounts payable - other	13,311	15,442
Income taxes payable	936	1,851
Deferred tax liabilities	20	19
Provision for bonuses	3,995	4,054
Provision for goods warranties	432	468
Other provision	213	297
Asset retirement obligations	0	16
Other	10,131	10,696
<b>Total current liabilities</b>	<b>136,767</b>	<b>139,789</b>
Non-current liabilities		
Long-term loans payable	54,055	49,811
Deferred tax liabilities	7,381	9,232
Deferred tax liabilities for land revaluation	3,614	3,614
Provision for environmental measures	217	244
Provision for gift certificate exchange losses	162	98
Provision for long-term goods warranties	77	84
Provision for loss on business withdrawal	52	87
Provision for directors' retirement benefits	39	72
Other provision	18	17
Net defined benefit liability	12,428	17,011
Asset retirement obligations	702	459
Other	6,177	5,898
<b>Total non-current liabilities</b>	<b>84,928</b>	<b>86,633</b>
<b>Total liabilities</b>	<b>221,696</b>	<b>226,423</b>



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(Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	7,245	7,246
Retained earnings	59,535	57,323
Treasury shares	(329)	(158)
Total shareholders' equity	76,451	74,411
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,962	10,719
Deferred gains or losses on hedges	39	(28)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	(402)	1,647
Remeasurements of defined benefit plans	(1,121)	(417)
Total accumulated other comprehensive income	21,668	20,110
Non-controlling interests	9,042	8,170
Total net assets	107,161	102,692
Total liabilities and net assets	328,857	329,115

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## Statements of Income

(Millions of yen)

	FY2017	FY2016
Net sales	257,115	296,705
Cost of sales	160,823	188,164
Gross profit	96,292	108,540
Selling, general and administrative expenses	88,804	95,233
Operating profit	7,487	13,307
Non-operating income		
Interest income	147	184
Dividend income	734	855
House rent and other rental revenues	422	381
Royalty income	333	322
Other	1,007	1,868
Total non-operating income	2,645	3,612
Non-operating expenses		
Interest expenses	1,779	2,144
Other	1,681	2,896
Total non-operating expenses	3,460	5,041
Ordinary profit	6,671	11,879
Extraordinary income		
Gain on sales of non-current assets	490	499
Total extraordinary income	490	499
Extraordinary losses		
Settlement payment related to patent contracts	530	-
Restructuring expenses	403	473
Business structure improvement expenses	112	2,384
Impairment loss	-	410
Loss on sales of non-current assets	-	147
Loss on retirement of non-current assets	-	116
Total extraordinary losses	1,046	3,532

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(Millions of yen)

	FY2017	FY2016
Profit before income taxes	6,115	8,846
Income taxes - current	1,668	3,779
Income taxes - deferred	(1,837)	(7,014)
Total income taxes	(169)	(3,234)
Profit	6,285	12,081
Profit (loss) attributable to non-controlling interests	892	(60)
Profit attributable to owners of parent	5,392	12,142

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## Statements of Comprehensive Income

(Millions of yen)

	FY2017	FY2016
Profit	6,285	12,081
Other comprehensive income		
Valuation difference on available-for-sale securities	4,395	(2,319)
Deferred gains or losses on hedges	57	(68)
Revaluation reserve for land	—	198
Foreign currency translation adjustment	(936)	(3,528)
Remeasurements of defined benefit plans, net of tax	(367)	25
Share of other comprehensive income of entities accounted for using equity method	(1,571)	332
Total other comprehensive income	1,576	(5,360)
Comprehensive income	7,862	6,721
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,950	6,869
Comprehensive income attributable to non-controlling interests	911	(147)

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## Statements of Changes in Equity

For Year Ended March 31, 2016

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	47,765	(151)	65,027
Changes of items during period					
Dividends of surplus			(2,584)		(2,584)
Profit attributable to owners of parent			12,142		12,142
Purchase of treasury shares				(6)	(6)
Change in ownership interest of parent due to transactions with non-controlling interests		(167)			(167)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(167)	9,558	(6)	9,383
Balance at end of current period	10,000	7,246	57,323	(158)	74,411

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Millions of yen

	Accumulated other comprehensive income						Non-controlling 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	13,007	39	7,991	4,796	(452)	25,383	2,178	92,589
Changes of items during period								
Dividends of surplus								(2,584)
Profit attributable to owners of parent								12,142
Purchase of treasury shares								(6)
Change in ownership interest of parent due to transactions with non-controlling interests								(167)
Net changes of items other than shareholders' equity	(2,288)	(68)	198	(3,149)	34	(5,272)	5,991	719
Total changes of items during period	(2,288)	(68)	198	(3,149)	34	(5,272)	5,991	10,102
Balance at end of current period	10,719	(28)	8,190	1,647	(417)	20,110	8,170	102,692

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For Year Ended March 31, 2017

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,000	7,246	57,323	(158)	74,411
Changes of items during period					
Dividends of surplus			(3,101)		(3,101)
Profit attributable to owners of parent			5,392		5,392
Purchase of treasury shares				(1)	(1)
Treasury stock possession of stock ownership plan trust				(170)	(170)
Change of scope of consolidation			(54)		(54)
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Other			(24)		(24)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	2,212	(171)	2,039
Balance at end of current period	10,000	7,245	59,535	(329)	76,451

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Millions of yen

	Accumulated other comprehensive income						Non-controlling 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	10,719	(28)	8,190	1,647	(417)	20,110	8,170	102,692
Changes of items during period								
Dividends of surplus								(3,101)
Profit attributable to owners of parent								5,392
Purchase of treasury shares								(1)
Treasury stock possession of stock ownership plan trust								(170)
Change of scope of consolidation								(54)
Change in ownership interest of parent due to transactions with non-controlling interests								(0)
Other								(24)
Net changes of items other than shareholders' equity	4,242	67	-	(2,049)	(703)	1,557	871	2,429
Total changes of items during period	4,242	67	-	(2,049)	(703)	1,557	871	4,469
Balance at end of current period	14,962	39	8,190	(402)	(1,121)	21,668	9,042	107,161



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## Statements of Cash Flows

(Millions of yen)

	FY2016	FY2015
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,115	8,846
Depreciation	10,959	10,325
Increase (decrease) in provision for directors' retirement benefits	(32)	(127)
Increase (decrease) in allowance for doubtful accounts	(156)	(71)
Increase (decrease) in net defined benefit liability	(942)	(859)
Interest and dividend income	(882)	(1,040)
Interest expenses	1,779	2,144
Foreign exchange losses (gains)	7	776
Share of (profit) loss of entities accounted for using equity method	6	(143)
Impairment loss	-	410
Loss (gain) on sales of non-current assets	(490)	(352)
Loss on retirement of non-current assets	152	360
Decrease (increase) in notes and accounts receivable - trade	2,095	423
Decrease (increase) in inventories	(1,198)	(5,413)
Increase (decrease) in notes and accounts payable - trade	(4,033)	2,354
Other, net	(1,744)	3,130
Subtotal	11,636	20,763
Interest and dividend income received	882	1,039
Proceeds from dividend income from entities accounted for using equity method	113	164
Interest expenses paid	(1,786)	(2,190)
Extra retirement payments	(4,030)	(1,230)
Income taxes paid	(2,605)	(3,448)
Net cash provided by (used in) operating activities	4,209	15,096

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(Millions of yen)

	FY2016	FY2015
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(12,138)	(13,054)
Proceeds from sales of property, plant and equipment	1,316	6,742
Purchase of investment securities	(602)	(6)
Proceeds from sales of investment securities	15	137
Payments of loans receivable	(470)	(602)
Collection of loans receivable	569	899
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(436)
Other, net	(1,888)	(2,013)
Net cash provided by (used in) investing activities	(13,200)	(8,334)
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	514,313	434,937
Decrease in short-term loans payable	(504,385)	(438,588)
Proceeds from long-term loans payable	54,800	32,000
Repayments of long-term loans payable	(55,852)	(37,071)
Cash dividends paid	(3,101)	(2,584)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(1,205)
Proceeds from share issuance to non-controlling shareholders	-	7,400
Other, net	(60)	(1,533)
Net cash provided by (used in) financing activities	5,713	(6,645)
Effect of exchange rate change on cash and cash equivalents	(303)	(1,528)
Net increase (decrease) in cash and cash equivalents	(3,581)	(1,410)
Cash and cash equivalents at beginning of period	38,914	40,279
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(0)	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	45
Cash and cash equivalents at end of period	35,333	38,914

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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 operating subsidiary, 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, 2016

	Sales FY 2015	Operating Income FY 2015
Watches Business	164,453	12,722
Electronic Devices Business	94,900	2,917
Systems Solutions Business	19,455	364
Total for reported segments	278,810	16,004
Others	28,218	907
Total for all business segments	307,028	16,911
Adjustments	(10,323)	(3,603)
Total	296,705	13,307

- Notes:
1. The "Others" category denotes business segments not included among reported segments, such as the Clocks Business.
  2. Adjustments to segment income in the amount of -3,603 million yen include -566 million yen in the amortization of goodwill, 571 million yen that mainly consists of the elimination of intra-segment transactions, and -3,608 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).
  3. Segment income has been adjusted for alongside operating income on the consolidated statements of income.

### For Year Ended March 31, 2017

	Sales FY 2016	Operating Income FY 2016
Watches Business	134,592	7,615
Electronic Devices Business	84,077	3,809
Systems Solutions Business	20,287	1,283
Total for reported segments	238,957	12,707
Others	27,043	304
Total for all business segments	266,000	13,012
Adjustments	(8,885)	(5,525)
Total	257,115	7,487

- Notes:
1. The "Others" category denotes business segments not included among reported segments, such as the Clocks Business.
  2. Adjustments to segment income in the amount of -5,525 million yen include -566 million yen in the amortization of goodwill, -19 million yen that mainly consists of the elimination of intra-segment transactions, and -4,938 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).
  3. Segment income has been adjusted for alongside operating income on the consolidated statements of income.

# SEIKO HOLDINGS CORPORATION

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