

SEIKO

FY2012 2nd Quarter Consolidated Results

(Fiscal year ended March 31, 2013)

November 14, 2012

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 down to the unit indicated.
Percentages are rounded off to one decimal place.*

1. Overview
2. 1st Half Business Results
3. Financial Forecast for FY2012

1. Overview

Performance Summary for Six months

(Billions of yen)		1H FY2011	1H FY2012	1H FY2012	Change	
		Apr.-Sep. 2011	Forecast announced Sep.	(Apr.-Sep. 2012)	Ver. Previous Year	Ver. Last Forecast
Net Sales		149.8	145.0	144.6	-5.1	-0.4
Operating Income		4.6	4.0	6.0	+1.4	+2.0
%		3.1%	2.7%	4.2%	+1.1%	+1.5%
Ordinary Income		0.6	2.5	3.7	+3.1	+1.2
%		0.4%	1.3%	2.6%	+2.1%	+1.3%
Net Income		-2.3	4.2	-1.0	+1.3	-5.2
Exchange Rates (JPY)	USD	79.7	80.0	79.4	-0.3	-0.6
	EUR	113.7	105.0	100.5	-13.2	-4.5

Highlights of results for Six months (Apr.-Sep.2012)

The 1st half of FY 2012

◆ Watch business

In Japan, sales across a wide spectrum of price ranges beginning with the GRAND SEIKO and including the BRIGHTZ and LUKIA demonstrated improvements in sales growth. Meanwhile, overseas sales in all regional segments also exceeded those during the same period last fiscal year. As a whole, both revenue and income grew under this business.

◆ Electronic components business

From the 2nd quarter onwards, under the impact of the slowdown in the European economy, sales in electronic components, particularly those for semiconductors and for crystal oscillators, were sluggish as a whole. Amid this situation, profit levels remained on par with those of the same period last fiscal year due to the effects of restructuring implemented during that year.

Forecast for the consolidated business results for FY2012

Heading into the 2nd half of fiscal 2012

◆ Outlook for market conditions

- Demand will continue to be sluggish on a global basis due largely to the persistent economic stagnation caused by the European debt crisis and the impact of decelerated economic growth in China, India, and other developing countries.
- The deterioration in relations between Japan and China will cause sales to the Chinese population to decline both within China and other Asian countries, including Japan.
- The situation surrounding the appreciated yen is predicted to remain unchanged in the immediate term.

The severe market environment will persist up to the end of the fiscal year.

Forecast for the consolidated business results for FY2012

Heading into the 2nd half of fiscal 2012

◆ Watch business

- 1) While the Chinese economy has slowed down and there is uncertainty surrounding the world economy, we will endeavor to maintain and expand upon sales through bolstering sales promotion efforts principally within Japan and in other Asian countries.
- 2) In terms of products, we will aim to expand upon sales across a wide spectrum of price ranges principally through pushing forwards the global release of the GRAND SEIKO and reinforcing medium-priced products with a particular focus on the ASTRON, a GPS solar watch that we released simultaneously worldwide.

Forecast for the consolidated business results for FY2012

Heading into the 2nd half of fiscal 2012

◆ Electronic components business

- 1) Pushing forward recovery from floods in Thailand
 - Shutter business
 - ⇒ Commencement of integrated production at new factory
 - HDD components business
 - ⇒ New factory under construction
- 2) Strengthening sales framework
 - Securing sales and income by unearthing latent demand
- 3) Establishment of new solutions business company
 - We will consolidate and integrate the system-affiliated resources within the group with this new company in order to strengthen the framework of solutions business.

Topic of FY2012

Acquisition of Kyobashi Kigyo & Shirakawa Estate through share exchange

On November 13, 2012, the Company group resolved that it would obtain 100% share of two of its subsidiaries, Kyobashi Kigyo K.K. and Shirakawa Estate K.K. through share exchange so that they would become wholly-owned subsidiaries.

[Purpose]

- To establish a framework capable of flexibly and effectively utilizing the real estate and other assets in the possession of both companies.
- To augment shareholders' equity by increasing capital surplus.

[Schedule]

The effective date of the share exchange is January 1, 2013.

Forecast for the year ending 31 March 2013

(Billions of yen)	FY2011 Actual	FY2012 Forecast	
		(announced on 2 Nov.)	(latest)
Net Sales	296.9	300.0	290.0
Operating Income	6.7	11.0	9.5
%	2.3%	3.7%	3.3%
Ordinary Income	1.2	6.0	5.0
%	0.4%	2.0%	1.7%
Net Income	-11.0	8.2	2.5

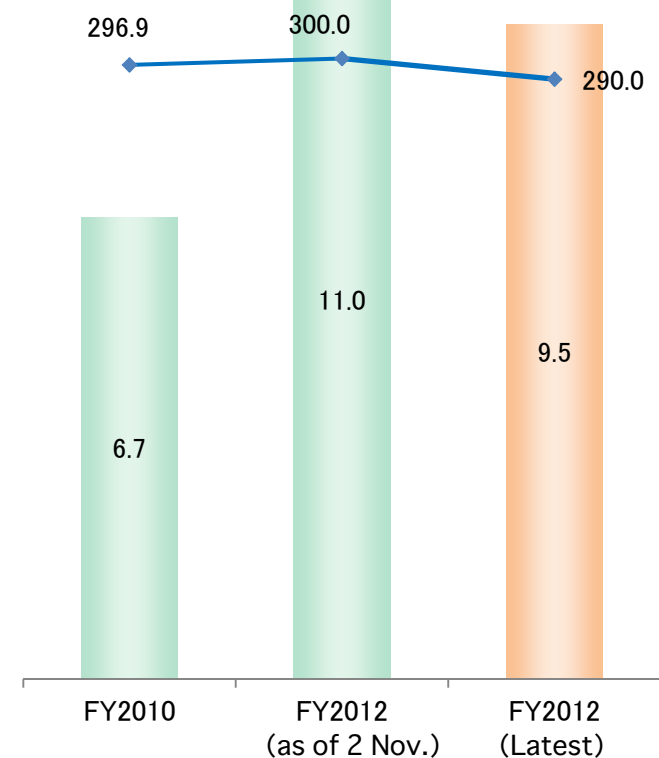
Exchange Rates (JPY)	USD	79.1	80.0	80.0
	EUR	109.0	105.0	100.0

Net Sales & Operating Income

(Billions of yen)

Operating Income

Saes



2. Business Results

FY2012 Statement of Income (Jul.2012 - Sep.2012)

(Billions of yen)	FY2011 Q2	FY2012 Q2	Change		
			Amt.	%	
Sales	80.0	74.0	-6.0	-7.6%	
Gross Profit	24.1	22.7	-1.3	-5.7%	
Operating Income	3.9	3.2	-0.7	-19.0%	
%	4.9%	4.3%	-0.6%	—	
Ordinary Income	1.4	2.3	+0.8	+57.2%	
%	1.8%	3.1%	+1.3%	—	
Before Income Taxes & Minority interests	-0.0	-0.3	-0.3	—	
Net Income	-0.6	-2.0	-1.3	—	
%	—	—	—	—	
Exchange Rates (JPY)	USD	77.8	78.6	+0.8	+1.0%
	EUR	110.1	98.2	-11.9	-10.8%

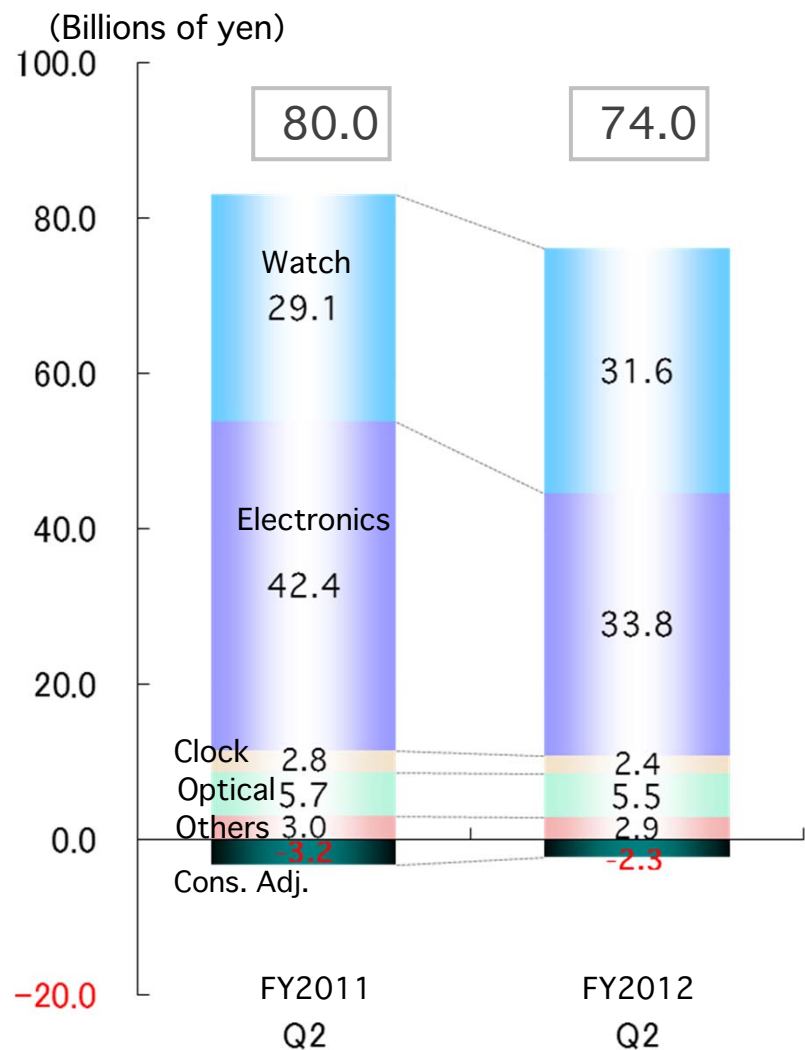
Net Sales :	-6.0
Exchange rate fluctuations	-0.7
Operating Income :	-0.7
Decrease in GP	-1.3
Decrease in S.G.&A Expenses	+0.6
Ordinary Income :	+0.8
Decrease in Operating Income	-0.7
Foreign exchange losses	+0.9
Equity method income	+0.2
Interest expenses	+0.1
Others	+0.2
Extraordinary Income/Loss :	-2.7
<u>Extraordinary Income</u>	<u>3.8</u>
Insurance income	2.2
Gain on sales of noncurrent assets	1.5
<u>Extraordinary Loss</u>	<u>-6.5</u>
Loss on disaster	-0.2
Loss on valuation of securities	-6.1
Others	-0.0

FY2012 Statement of Income (Apr.2012 - Sep.2012)

(Billions of yen)		FY2011 1 st Half	FY2012 1 st Half	Change	
				Amt.	%
Sales		149.8	144.6	-5.1	-3.5%
Gross Profit		44.9	44.8	-0.1	-0.3%
Operating Income		4.6	6.0	+1.4	+31.4%
%		3.1%	4.2%	+1.1%	—
Ordinary Income		0.6	3.7	+3.1	+521.9%
%		0.4%	2.6%	+2.1%	—
Before Income Taxes & Minority interests		-0.7	-1.1	+1.9	—
Net Income		-2.3	-1.0	+1.3	—
%		—	—	—	—
Exchange Rates (JPY)	USD	79.7	79.4	-0.3	-0.4%
	EUR	113.7	100.5	-13.2	-11.6%

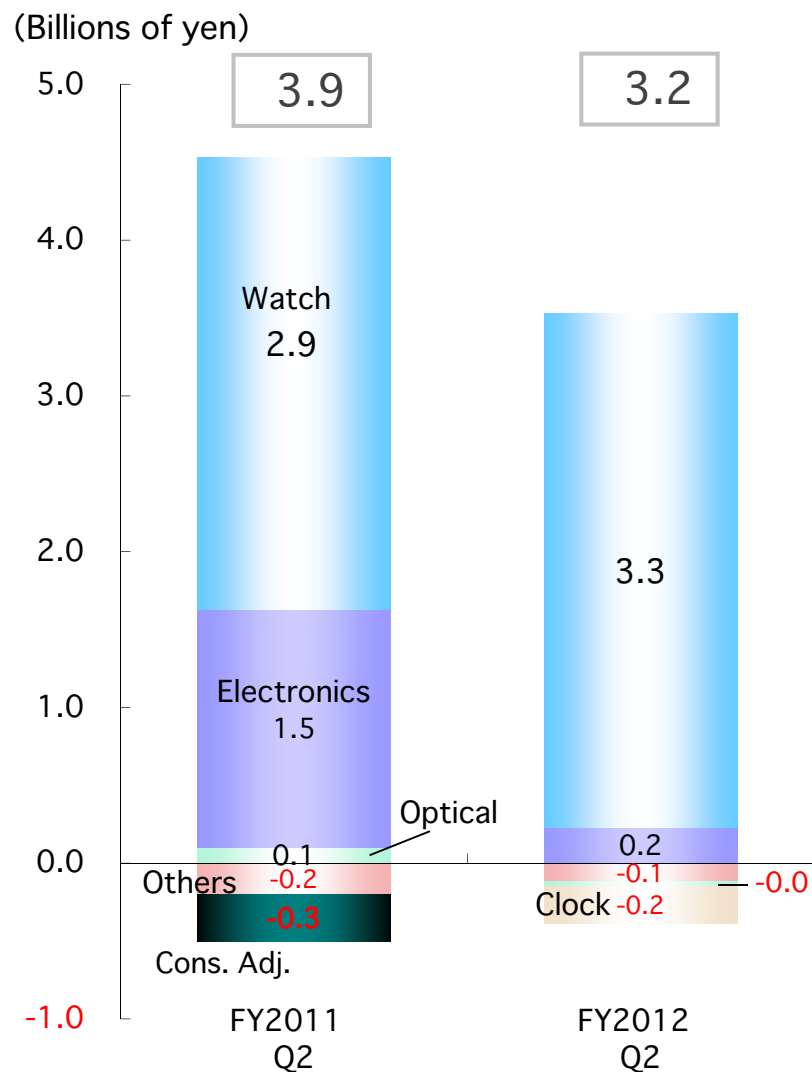
Net Sales :	-5.1
Exchange rate fluctuations	-2.1
Operating Income :	+1.4
Decrease in GP	-0.1
Decrease in S.G.&A Expenses	+1.5
Ordinary Income :	+3.1
Increase in Operating Income	+1.4
Equity method income	+0.3
Interest expenses	+0.2
Foreign exchange losses	+0.9
Extraordinary Income/Loss :	-2.5
<u>Extraordinary Income</u>	<u>4.9</u>
Insurance income	3.4
Gain on sales of noncurrent assets	1.5
<u>Extraordinary Loss</u>	<u>-7.5</u>
Loss on disaster	-0.6
Loss on valuation of securities	-6.4
Others	-0.5

Sales by Reported Segments (Jul.2012 - Sep.2012)



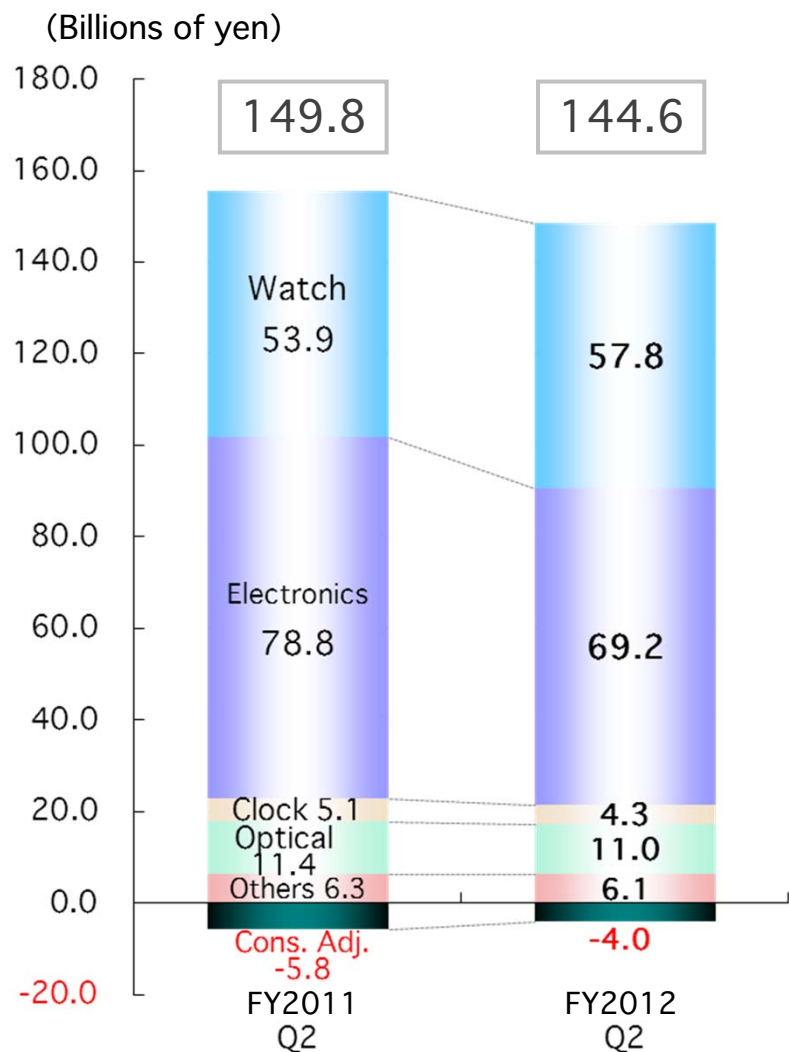
(Billions of yen)	FY2011 Q2	FY2012 Q2	Change		
			Amt.	%	
Watch	29.1	31.6	+2.4	+8.5%	
Electronics Components	42.4	33.8	-8.6	-20.3%	
Clock	2.8	2.4	-0.3	-12.9%	
Optical Products	5.7	5.5	-0.2	-3.7%	
Others	3.0	2.9	-0.1	-5.3%	
Cons. Total	80.0	74.0	-6.0	-7.6%	
Exc. Rates (JPY)	USD	77.8	78.6	+0.8	1.0%
	EUR	110.1	98.2	-11.9	-10.8%

Operating Income by Reported Segments (Jul.2012 -Sep.2012)



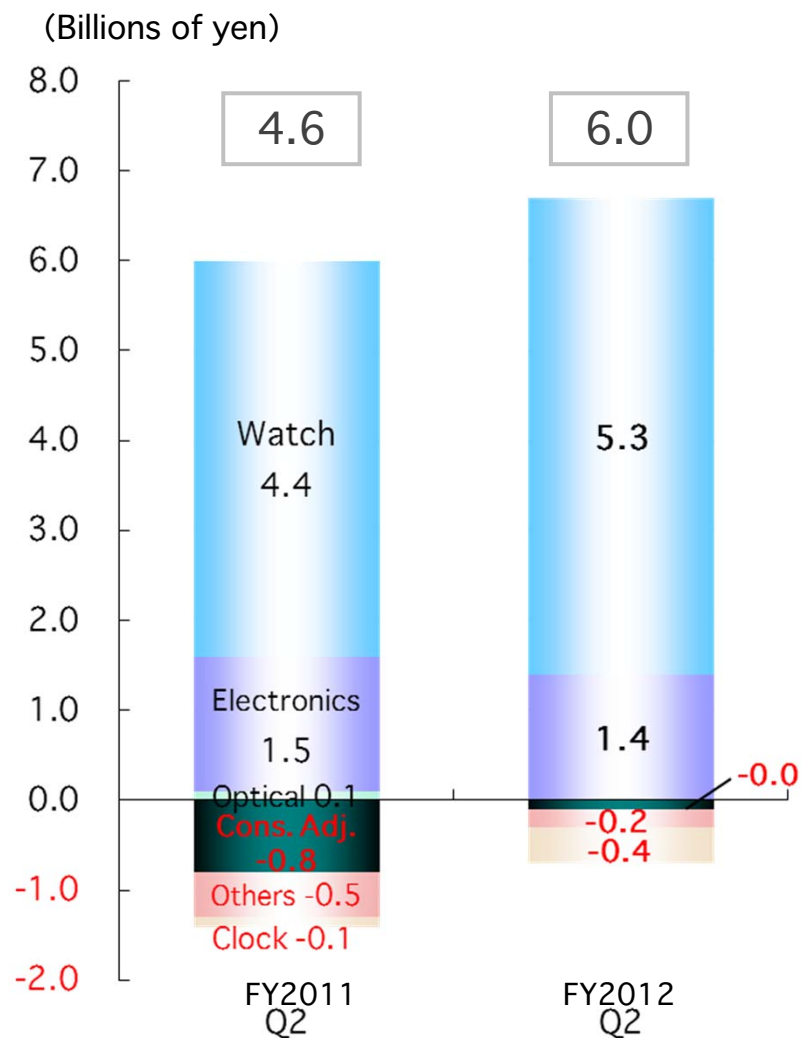
(Billions of yen)	FY2011 Q2	FY2012 Q2	Change	
			Amt.	%
Watch	2.9	3.3	+4	+13.6%
Electronics Components	1.5	0.2	-1.3	-86.7%
Clock	0.0	-0.2	-0.2	-
Optical Products	0.1	-0.0	-0.1	-131.6%
Others	-0.2	-0.1	+0.0	-
Business Total	4.3	3.2	-1.1	-27.2%
Cons. Ad.	-0.3	0.0	+0.3	-
Cons. Total	3.9	3.2	-0.7	-18.9%

Sales by Reported Segments (Apr.2012 -Sep.2012)



(Billions of yen)	FY2011 1st Half	FY2012 1st Half	Change		
			Amt.	%	
Watch	53.9	57.8	+3.8	+7.2%	
Electronics Components	78.8	69.2	-9.6	-12.2%	
Clock	5.1	4.3	-0.7	-14.1%	
Optical Products	11.4	11.0	-0.3	-3.1%	
Others	6.3	6.1	-0.1	-2.9%	
Cons. Total	149.8	144.6	-5.1	-3.5%	
Exc. Rates (JPY)	USD	77.8	78.6	+0.8	1.0%
	EUR	110.1	98.2	-11.9	-10.8%

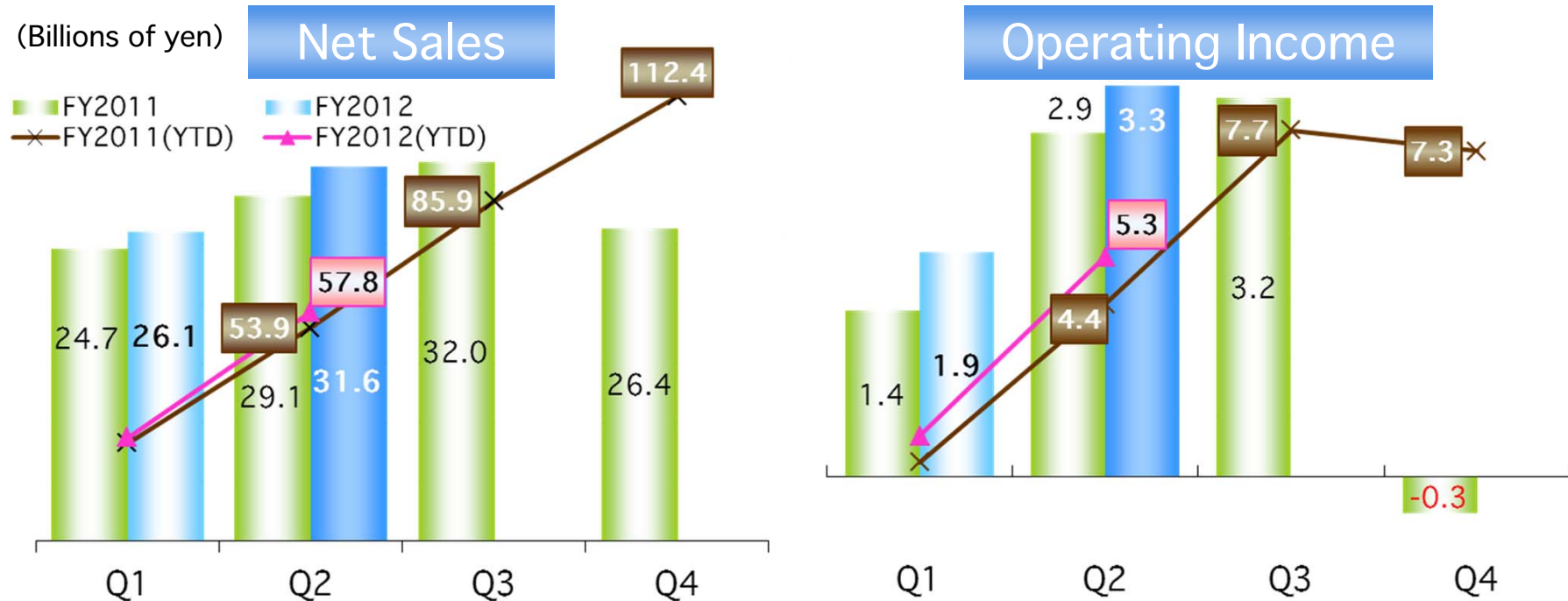
Operating Income by Reported Segments (Apr.2012 -Sep.2012)



(Billions of yen)	FY2011 1st Half	FY2012 1st Half	Change	
			Amt.	%
Watch	4.4	5.3	+0.9	+20.4%
Electronics Components	1.5	1.4	-0.1	-7.5%
Clock	-0.1	-0.4	-0.3	-
Optical Products	0.1	0.0	-0.1	-92.2%
Others	-0.5	-0.2	+0.3	-
Business Total	5.4	6.1	+0.6	+11.5%
Cons. Ad.	-0.8	-0.0	+0.8	-
Cons. Total	4.6	6.0	+1.4	+31.4%

Information of Reported Segments

Watch Business

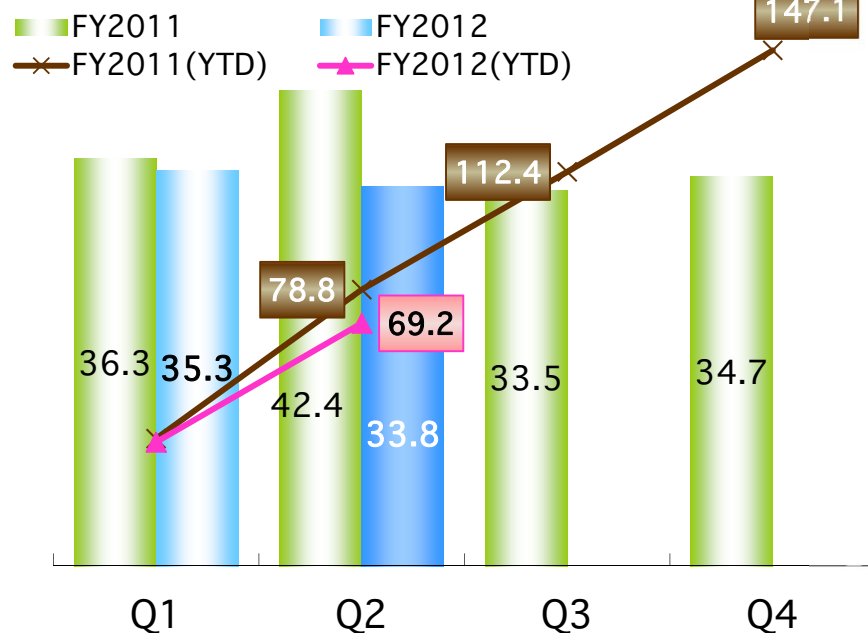


- In Japan, sales across a wide spectrum of price ranges, from the GRAND SEIKO, CREDOR and other high-value range products to the LUKIA ladies' watch model, the BRIGHTZ men's watch model and other medium- to low-value range products, demonstrated improvements in sales growth over the same period last fiscal year.
- 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 numerous countries in Europe and the US as well.

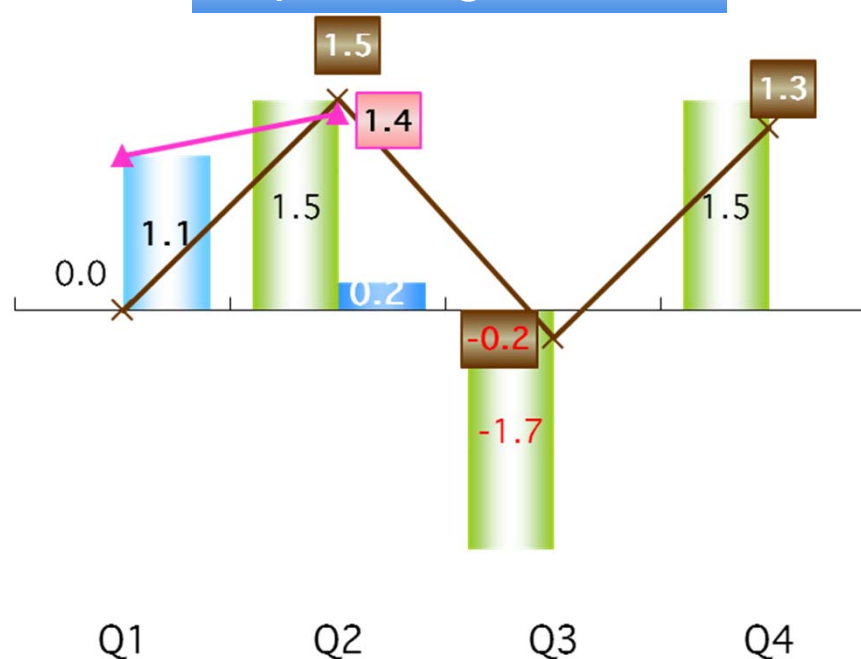
Electronic Components Business

(Billions of yen)

Net Sales



Operating Income



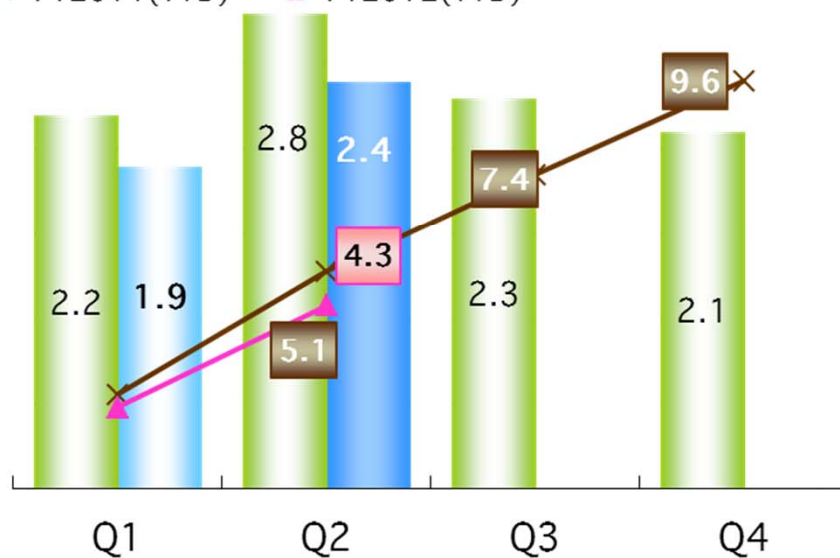
- Mechatronic devices, sales of hard disk components fell precipitously.
- Orders of electronic devices, specifically semiconductors, trended toward recovery. This was largely driven by orders for automobile semiconductors.
- System applications, PHS products in particular continued over the previous fiscal year to perform strongly.

Clock Business

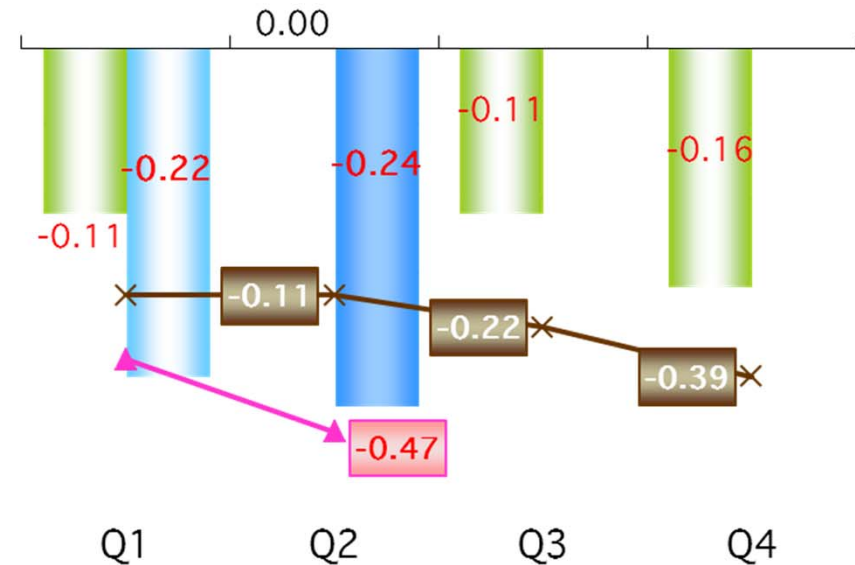
(Billions of yen)

Net Sales

■ FY2011 ■ FY2012
✕ FY2011(YTD) ▲ FY2012(YTD)



Operating Income

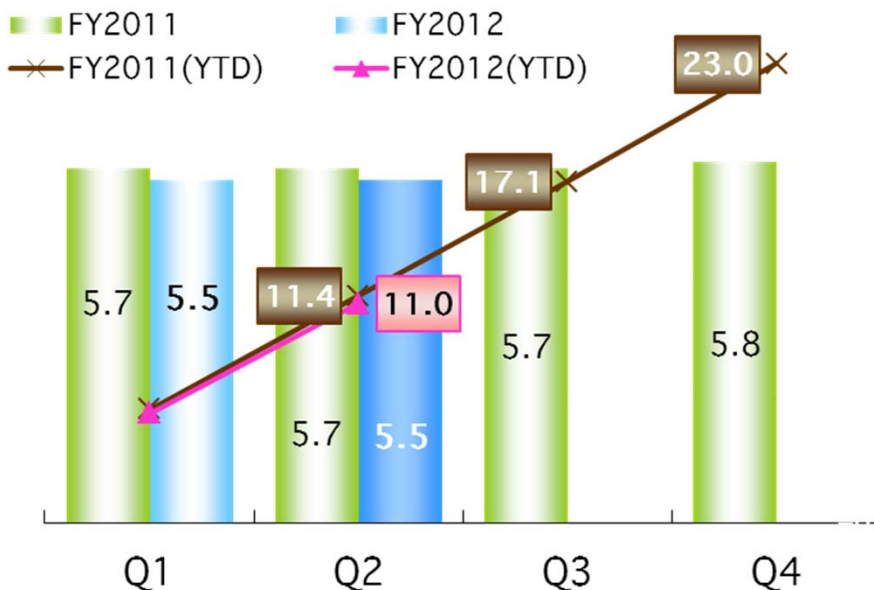


- Sales both within and outside of Japan were sluggish due mostly to production delays caused by the floods in Thailand.
- In terms of income, operating losses came to 0.4 billion yen

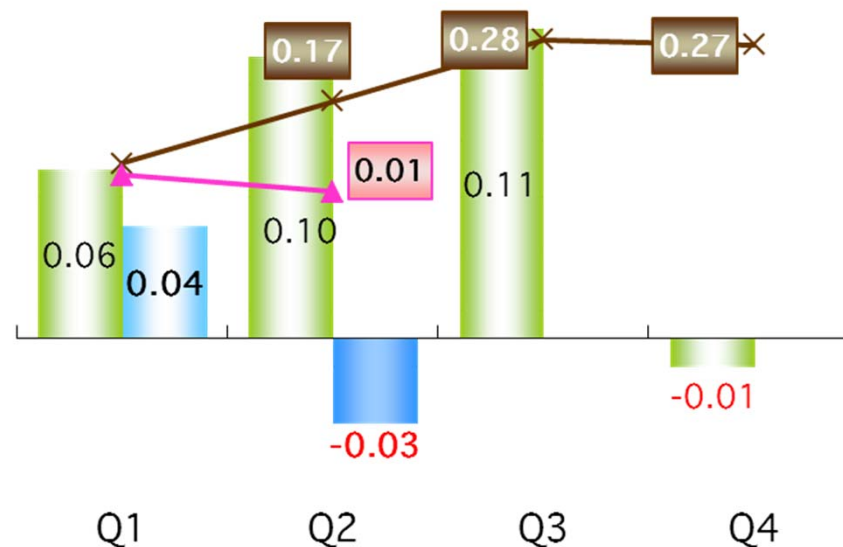
Optical Products Business

(Billions of yen)

Net Sales



Operating Income

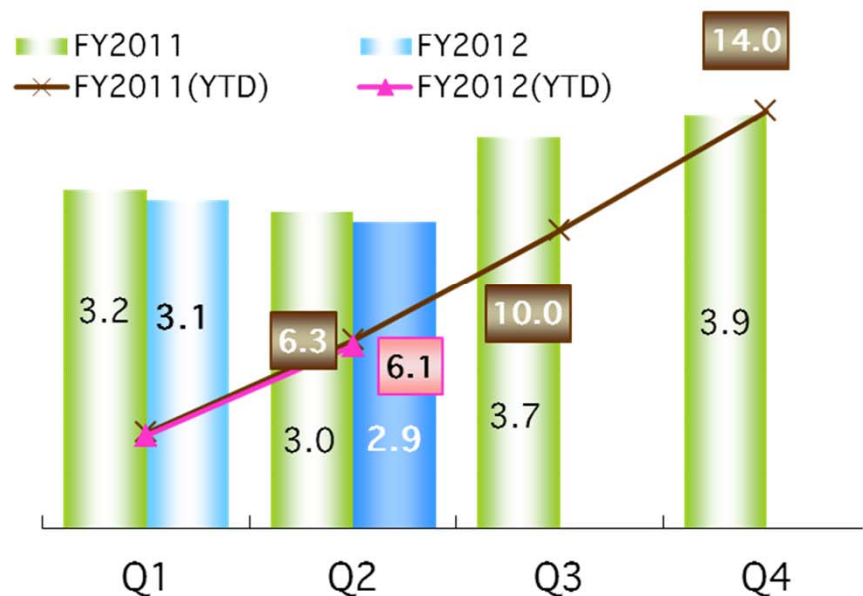


- In Japan, sales of both high value-added single-vision lenses and the SEIKO PURSUIT PV, which boasts the world's first Cross Surface Design® (double-sided control design), progressed on a favorable note, causing sales of lens products to significantly exceed those for the same period last fiscal year.
- on the overseas front, sluggish sales in the United States were partially offset by robust sales of products for major European chain stores.

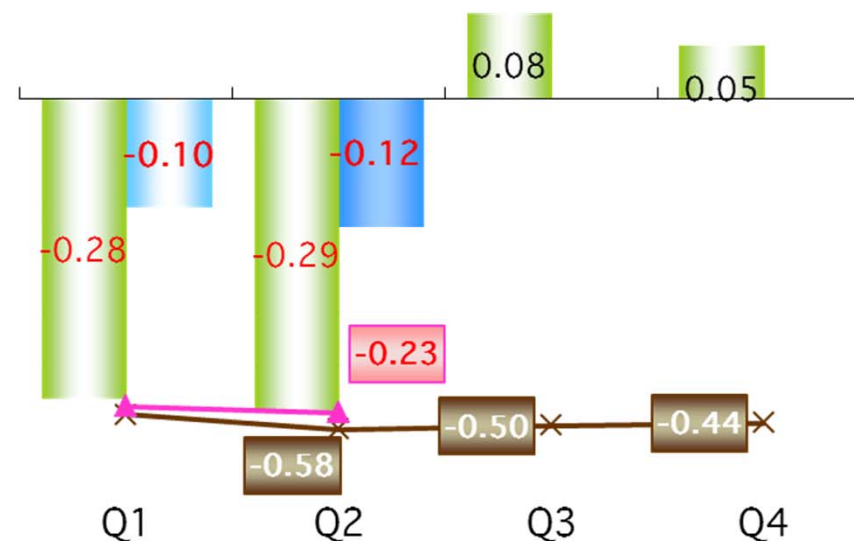
Other Businesses

(Billions of yen)

Net Sales



Operating Income



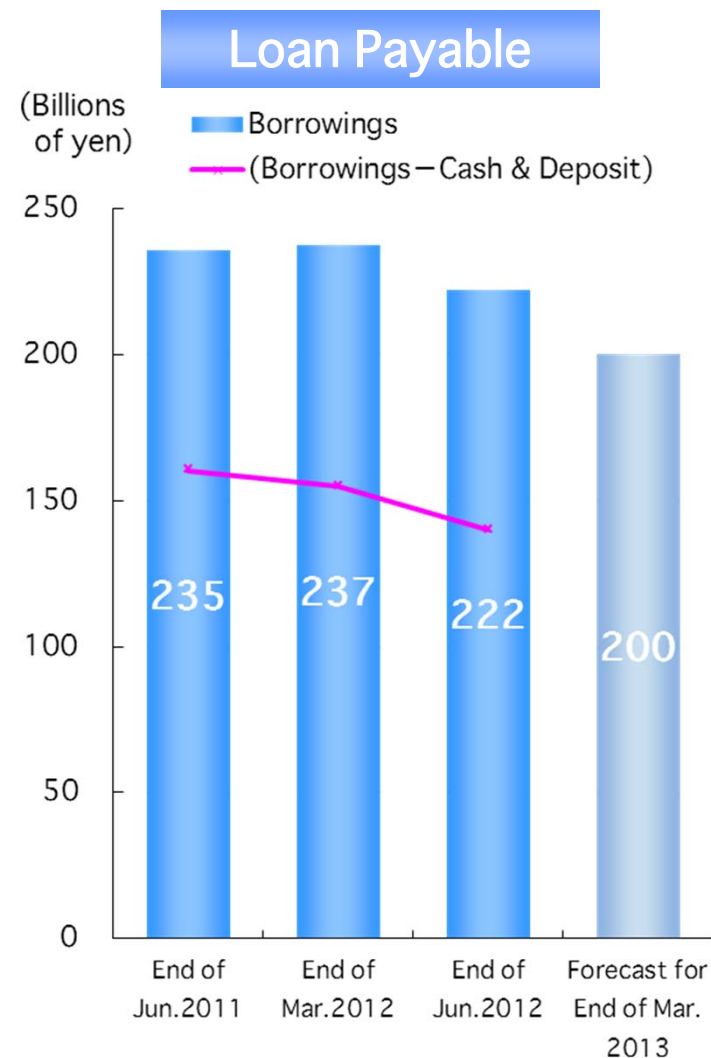
- Although sales at the Company's flagship store at Wako progressed steadily mainly by virtue of recovered levels of domestic consumption, sales of system clocks and sports timing devices got off to a late start.

Balance Sheet as of 30 Sep., 2012

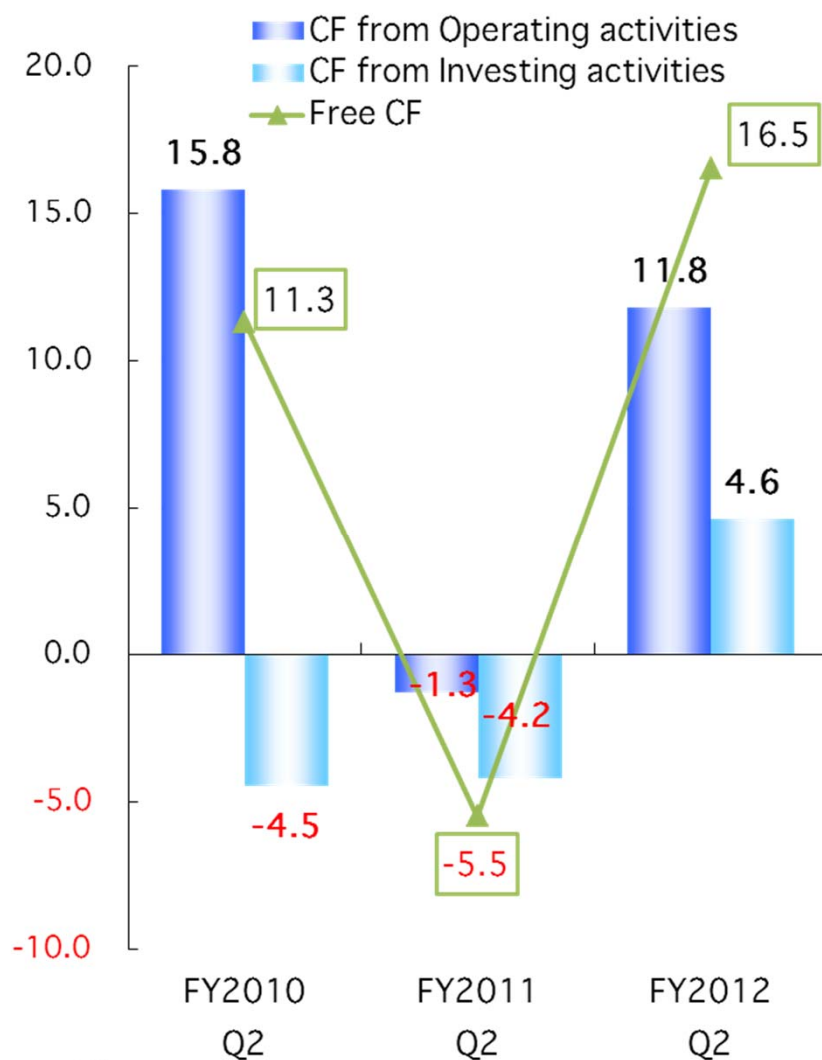
(Billions of yen)	30 Sep. 2011	31 Mar. 2012 (a)	30 Sep. 2012 (b)	Change (b) - (a)
Inventories	66.0	59.3	65.1	+5.7
Loan Payable	235.4	237.4	222.1	-15.3

Net Assets	39.4	31.9	31.3	-0.6
Total Assets	388.7	386.1	372.3	-13.7

Equity Capital Ratio	7.7%	6.2%	6.2%	-0.0%
Net Debt Equity Ratio	5.0	5.9	5.5	-0.4
Employee Number	18,124	15,968	15,568	-400



Cash Flow Statement



	FY2010 Q2	FY2011 Q2	FY2012 Q2
Income before income tax and minority interests	1.4	-0.7	1.1
Depreciation and amortization	7.8	7.2	6.2
Others	6.5	-7.8	4.4
Net cash provided by (use in) operating activities	15.8	-1.3	11.8
Purchase of property, plant and equipment	-5.4	-6.8	-7.7
Others	0.9	2.6	12.3
Net cash provided by (use in) investing activities	-4.5	-4.2	4.6
Net increase (decrease) in borrowings	-10.4	-2.0	-15.3
Others	0.3	0.3	2.1
Net cash provided by (use in) financing activities	-10.1	-1.7	-13.2
Effect of exchange rate changes on cash and cash equivalents etc.	0.0	0.0	-0.5
Cash and cash equivalents at end of period	55.4	42.9	54.0
Free cash flow	11.3	-5.5	16.5

3. Financial Forecast for FY2012

Summary of Financial Forecast for FY2012

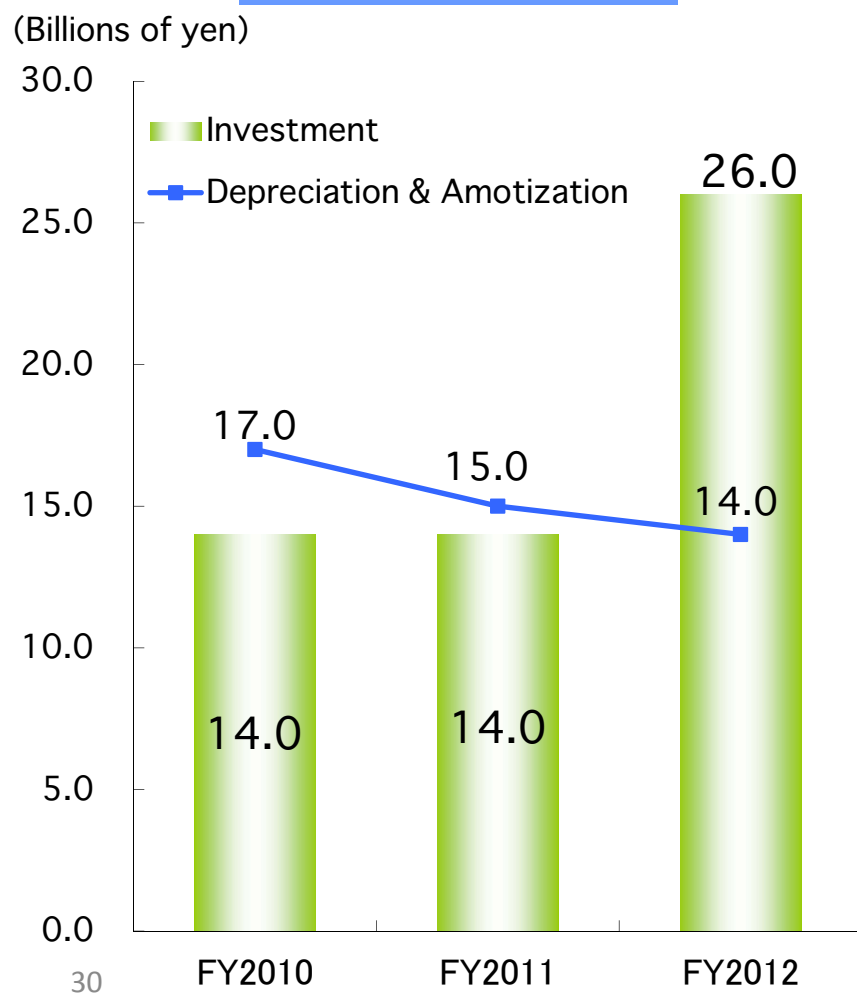
(Billions of yen)	FY2011 Actual	Previous Forecast (announced on 11 Sep.)		FY2012 Forecast (Latest)		Change (vs. prev. forecast)		
		1 st Half	Full Year	1 st Half (Actual)	Full Year	1 st Half	Full Year	
Net Sales	296.9	145.0	300.0	144.6	290.0	-0.4	-10.0	
Operating Income	6.7	4.0	11.0	6.0	9.5	+2.0	-1.5	
%	2.3%	2.8%	3.7%	4.2%	3.3%	+1.4%	-0.4%	
Ordinary Income	1.2	2.5	6.0	3.7	5.0	+1.2	-1.0	
%	0.4%	1.7%	2.0%	2.6%	1.7%	+0.9%	-0.3%	
Net Income	-11.0	4.2	8.2	-1.0	2.5	-5.2	-5.7	
%	—	2.9%	2.7%	—	0.9%	—	-1.8%	
Exchange Rate (JPY)	USD	79.1	80.0	80.0	79.4	80.0	-0.6	±0.0
	EUR	109.0	105.0	105.0	100.5	100.0	-4.5	-5.0

Financial Forecasts for FY2012 by Segment

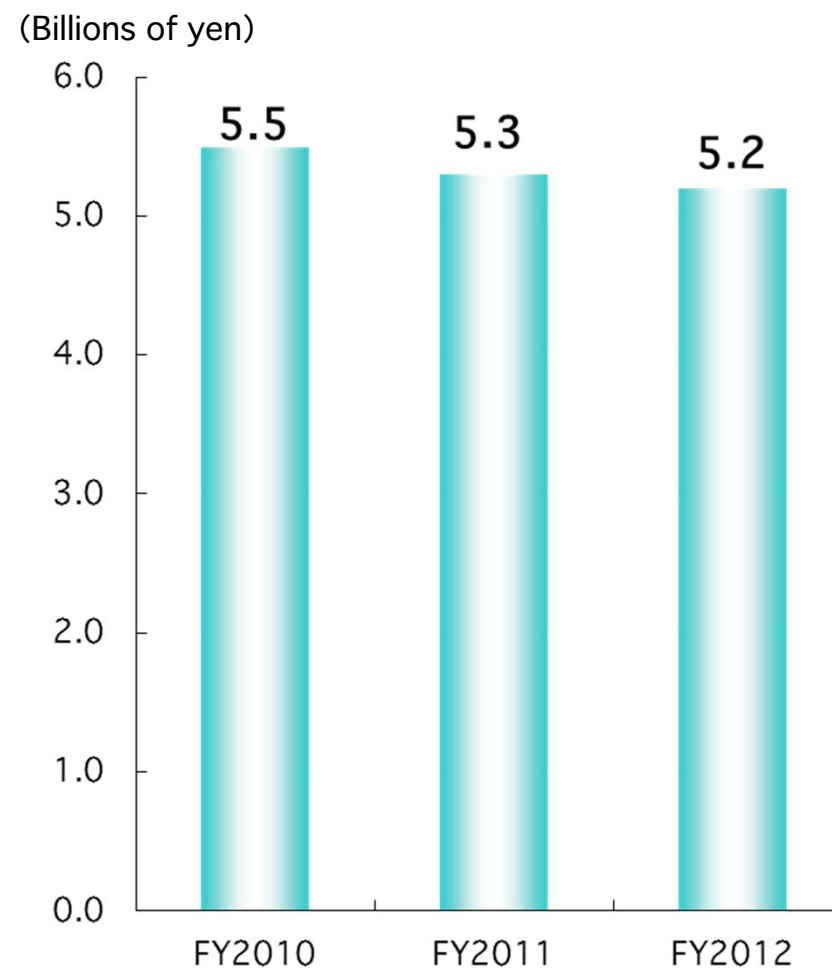
(Billions of yen)	Net Sales				Operating Income			
	FY2011 Actual	FY2012 Forecast		Change vs. prev.	FY2011 Actual	FY2012 Forecast		Change vs. prev.
		Previous (10 Aug.)	Latest (13 Nov.)			Previous (10 Aug.)	Latest (13 Nov.)	
Watch	112.4	120.0	115.0	-5.0	7.3	9.0	8.5	-0.5
Electronics Components	147.1	140.0	135.0	-5.0	1.3	3.0	2.0	-1.0
Clock	9.6	9.0	9.0	0.0	-0.3	0.0	0.0	0.0
Optical Products	23.0	24.0	24.0	0.0	0.2	0.5	0.5	0.0
Others	14.0	15.0	15.0	0.0	-0.4	0.5	0.5	0.0
Cons. Total	296.9	300.0	290.0	-10.0	6.7	11.0	9.5	-1.5

Investment / Research and Development Cost

Investment



Research & Development



Exchange Rate

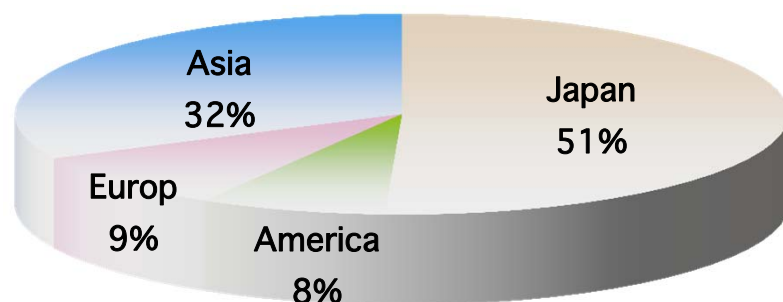
Foreign exchange sensitivity (2nd Half)

	USD	EUR
Forecast Exc. Rate (Oct.2012-Mar.2013)	JPY 80.0	JPY 100.0
Net Sales (Millions of yen)	900	90
Operating Income (Millions of yen)	300	30

FY2012

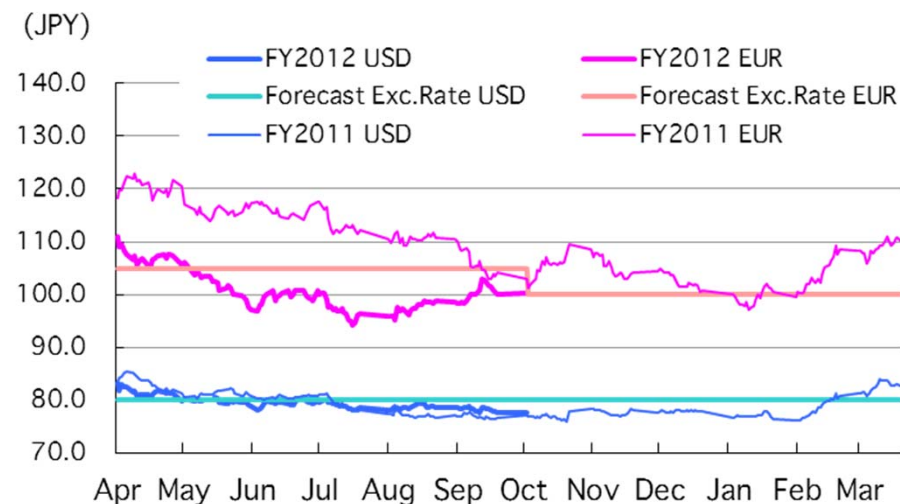
		Q1	Q2	Our assumed rate
Average	USD	80.1	78.6	80.0
	EUR	102.8	98.2	100.0
Closing date	USD	79.3	77.6	80.0
	EUR	98.7	100.2	100.0

Sales by Aria



*FY2011 Actual result

Trend of Exchange Rate



End
