

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED 31 MARCH 2014

### Financial Highlights

For the fiscal year ended 31 March 2014 (FY 2013)

	FY2013		FY2012
	Billions of yen	Millions of US dollars	Billions of yen
Net sales	<b>308.2</b>	2,995.1	283.7
Operating income	<b>14.0</b>	136.1	5.5
Ordinary income	<b>10.1</b>	98.2	3.2
Net income	<b>7.4</b>	71.9	5.5
Earnings per share (yen)	<b>¥35.92</b>	US\$ 0.35	¥29.41

  

	End of March 2014		End of March 2013
	Billions of yen	Millions of US dollars	Billions of yen
Total assets	<b>366.7</b>	3,563.7	355.3
Net assets	<b>64.7</b>	628.8	40.8

Note: Japanese yen amounts have been converted into US dollars, for convenience only, using the rate of 102.9 yen/dollar.

### Business Results

#### 1. Overview

In the Japanese economy during FY2013, the trend of recovery continued amid firm personal consumption while the economy has been pulling out of deflation thanks to Abenomics. In the world economy, the United States showed a moderate economic recovery, mainly reflecting the sustained improvement in corporate mentality, which has influenced employment and propped up consumer spending. The European economy is picking up as well, backed by an increase in exports in Germany and other countries. In China, personal consumption began to take a positive turn due to a pause in the deceleration of income expansion, which put a brake on the slump in growth.

With regard to personal consumption in Japan, high-priced products such as luxury brands and jewelry maintained their strong performance mainly in department stores. In the household appliance market, although sales of energy saving related products have firmed up, the demand for flat-screen

televisions remained stalled at a low level. In addition, amid the proliferation of smartphones and tablet style terminals, products such as digital cameras and personal computers which compete with them for similar functions are seeing a decline in sales. The automobile related market expanded mainly in North America and China. In the machine tools market, external demand was slow to recover as orders for electric appliances and precision instruments stagnated in China. In the mobile communications market, although competition among operators intensified, the overall number of subscribers continued a growth trend.

SEIKO HOLDINGS CORPORATION (“Company”) formulated its new three-year Fifth Mid-Term Management Plan, which commenced this fiscal year. In addition to the Plan, the Company has changed business management methods at its organization, and, as of this fiscal year, has divided the preexisting “Electronic Components Business” into the following business segments: the “Electronic Device Business,” which handles the likes of semiconductors, crystal oscillators, batteries and related materials, printers, hard disk drive components and shutters for cameras; and the “Systems Solutions Business,” which handles the likes of data services and information network systems. Moreover, based on quantitative criteria surrounding each segment, the Company has made the “Watch Business,” “Electronic Device Business” and “Systems Solutions Business” its reported segments, and the Clock Business, Optical Products Business and Other Businesses have been collectively categorized as “Others.”

For the fiscal year ended 31 March 2014, the Company reported consolidated net sales of 308.2 billion yen, a year-on-year increase of 24.4 billion yen, despite the impact of the sale of the scientific instruments business that took place during the fourth quarter of the previous fiscal year, which was a factor in lowering revenue. On a per-segment basis, sales under the Watch Business grew steadily both within Japan and overseas, and the Electronic Device Business, particularly the performance of semiconductors, recovered as well. At the same time, the Systems Solutions Business performed sluggishly due mainly to delays in new product development. On an overall consolidated basis, domestic net sales came to 148.0 billion yen (a year-on-year increase of 1.9%) reflecting the impact of the last-minute demand prior to the consumption tax hike, and overseas net sales were 160.2 billion yen (a year-on-year increase of 15.7%) due to the effect of yen depreciation. Overseas net sales comprised 52.0% of net sales overall (relative to 48.8% for the previous fiscal year).

In terms of income, operating income came to 14.0 billion yen, a year-on-year increase of 8.4 billion yen. This significant growth in operating income is primarily attributable to the performance of the Watch Business. In non-operating income, although share of profit or loss of entities accounted for using equity method deteriorated, ordinary income increased by 6.9 billion yen over the previous fiscal year to become 10.1 billion yen. A total of 10.5 billion yen consisting primarily of 8.8 billion yen in insurance income related to damage inflicted by the floods in Thailand two fiscal years prior, and 1.5 billion yen in gain on sales of investment securities including 1.2 billion yen from the gain on sales of stocks of subsidiaries and affiliates, was posted under extraordinary income. Meanwhile, 8.9 billion yen in impairment loss, 1.4 billion yen in special extra retirement payments,

and 0.6 billion yen in loss on restructuring of manufacturing base were posted in the Electronic Device Business and the Clock Business. With these items and 0.6 billion yen as provision of reserve for loss on lease contracts and other losses, extraordinary losses amounted to a total of 11.9 billion yen. As a result of the above, net income for the fiscal year ended 31 March 2014 minus income taxes-current, income taxes-deferred and minority interests in income came to 7.4 billion yen (a year-on-year increase of 34.3%).

The Company also wishes to note that it supplied the timing and measurement services to the IAAF World Championships Moscow 2013, which was held in August. New starting block and LED-display field event board models by the Company, which were utilized for the first time at the event, helped make it a rousing success.

Results for each segment are as follows:

**a. Watch Business**

Net sales under the Watch Business for the fiscal year ended 31 March 2014 came to 150.7 billion yen, a year-on-year increase of 29.7 billion yen, or 24.6%. 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 sales growth over the previous fiscal year. Following its release in September 2012, the ASTRON, which represents the world's first and only GPS solar watch, also enjoyed steady improvements in sales that were driven by the release of new products. One of these was the "Kintaro Hattori Special Limited Edition Model" ASTRON, which was released to symbolize the 100th-year anniversary of SEIKO watch and contains an engraving of the philosophy espoused by that model's namesake, the founder of the Company. Additionally, after entering the current fiscal year, the Company opened five new "Seiko Premium Watch Salon" locations. This series of stores is intended to strategically develop the Company's three high-end watch brands (GRAND SEIKO, CREDOR and GALANTE) on the storefront. The Company also continues to focus on its differentiation strategy for these brands, starting with developing up to a total of 27 locations nationwide. On the overseas front, sales to major chain stores and department stores progressed favorably in the United States, and sales in Europe, particularly in the United Kingdom, France and Germany, also grew. In Asia, sales in China decreased year-on-year, but grew in Taiwan and other countries. This, coupled with the effects of the depreciated yen, propelled sales in the American, European and Asian regions well over those for the last fiscal year following conversion into yen. With regards to watch movement sales, amid intensified price competition caused by a fall-off in demand in emerging markets and the progressively weaker yen, although sales of standard movements were especially sluggish, movements sold to large clients dealing in high value-added products performed briskly.

With regards to income, the increase in net sales yielded a year-on-year increase of 4.3 billion yen in operating income, bringing it to 12.2 billion yen.

**b. Electronic Device Business**

Net sales in the Electronic Device Business came to 93.0 billion yen, and operating income to 1.3 billion yen. On a per-domain basis, sales of semiconductors, particularly those for automobile and smartphone products, grew. Sales of batteries, especially those for smartphones, also progressed on a favorable note. Sales grew following an increase in demand for inkjet print heads particularly in building material applications intended for emerging countries as well as for textile printing, and sales of small thermal printers for distribution payment terminals increased in the Chinese market.

**c. Systems Solutions Business**

Net sales in the Systems Solutions Business came to 22.8 billion yen, and operating income to 0.3 billion yen. Sales of payment terminal-related products grew primarily due to the introduction of new products and the front-loading of capital spending forecasts by customers, and network products also saw robust sales for communications equipment mainly for operation management products. However, sales of mobile communications-related products decreased, mainly due to delays in product development following a changeover of products sourced overseas whose cost had risen due to yen depreciation.

**d. Others**

Among segments included in Others, sales under the Optical Products and Clock Businesses increased due in part to the impact of the depreciated yen. Under the Wako business, the main building and corporate sales department performed on a favorable note. On a per-product basis, sales for watches, jewelry and interior decor were the chief drivers of the double-digit growth collectively posted for products under Others. These factors brought net sales and operating income under Others to 51.3 billion yen and 0.7 billion yen, respectively.

**2. Financial Condition**

**Status of Assets, Liabilities, and Net Assets**

Total assets at the close of the fiscal year ended 31 March 2014 amounted to 366.7 billion yen, an increase of 11.4 billion yen relative to the close of the previous fiscal year. Total current assets came to 158.3 billion yen, an increase of 1.5 billion yen over the close of the previous fiscal year. This was mainly due to a 0.8 billion-yen increase in notes and accounts receivable-trade, and a 1.6 billion-yen increase in deferred tax assets, offsetting a 3.2 billion-yen decrease in merchandise and finished goods. Under non-current assets, although property, plant and equipment decreased by 8.5 billion yen mainly due to impairment loss and depreciation, investments and other assets increased by 18.6 billion yen mainly due to improvement in the market price of listed securities, resulting in total non-current assets of 208.3 billion yen, an increase of 9.9 billion yen relative to the close of the previous fiscal year.

For liabilities, total loans came to 195.9 billion yen due to a combined increase of 16.1 billion yen in long- and short-term loans payable, which offset the decrease of 19.1 billion yen in the current portion of long-term loans payable. Additionally, the Company posted 301.9 billion yen in total liabilities, a decrease of 12.5 billion yen over the close of the previous fiscal year. This was mainly attributable to a 14.0 billion-yen decrease in notes and accounts payable-trade, and a 4.0 billion -yen decrease in current liabilities and other items, which offset a 3.8 billion-yen increase in electronically recorded obligations-operating and a 4.6 billion-yen increase in deferred tax liabilities (non-current liabilities).

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 23.9 billion yen posted over the close of the previous fiscal year, which brought total net assets to 64.7 billion yen.

### **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 31 March 2014 came to 42.5 billion yen, a decline of 0.2 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 15.5 billion yen. This was the result of the Company posting 8.7 billion yen in income before income taxes and minority interests; factoring in depreciation amounting to 12.2 billion yen; performing adjustments consisting largely of 8.9 billion yen in impairment loss; and accounting for the likes of a 4.2 billion-yen increase in notes and accounts receivable-trade (posted as a decrease), a 2.2 billion-yen decrease in inventories, a 7.1 billion-yen decrease in notes and accounts payable-trade (posted as a decrease), and income taxes paid of 2.7 billion yen (posted as a decrease).

#### **- Cash flow from investment activities**

Net cash flow from investment activities came to negative 10.9 billion yen due mainly to 11.0 billion yen in purchase of property, plant and equipment (posted as a decrease), which was partially offset by 1.8 billion yen in proceeds from sales of investment securities.

#### **- Cash flow from financing activities**

Net cash flow from financing activities came to negative 3.5 billion yen due mainly the repayments of long-term loans payable and borrowings that combined for a net amount of negative 2.4 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 a year-end dividend of 5.0 yen per share, in line with the policy of payment of stable dividends. Moreover, the Company forecasts that it will raise this dividend to 7.5 per share for the next fiscal year.

### Outlook for the Next Fiscal Year

In the Japanese economy, a repercussion to the last-minute demand prior to the consumption tax hike had been anticipated. However, the effects are believed to be temporary, and the recovery trend is expected to continue. In the world economy, the United States economy is expected to be strong, backed by increases in personal consumption and exports. In Asia, however, the pace of growth in the Chinese economy has slowed. As a whole, the world economy is believed to continue recovering moderately.

Amid such a business environment, the Company will continue to expand market share of its Watch Business both within and outside of Japan, and will strive to strengthen the earning power of its Electronic Device Business among others. Except the impact of exclusion of the Optical Products Business from consolidation at the close of the fiscal year ended 31 March 2014, an increase in both revenue and profit is expected in the next fiscal year. Note that assumed exchange rates for the next fiscal year are as follows: 1 US dollar=100 yen; 1 euro=135 yen.

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

#### ■ Forecast for the consolidated business results for the year ended 31 March 2015 (FY2014)

	Amount (Billions of yen)	Year-on-year change (%)
Net sales	290.0	94.1
Operating income	16.0	114.2
Ordinary income	13.0	127.9
Net income	10.0	134.7
Earnings per share (yen)	JPY 48.39	

■ **Forecasted results by segment for the year ended 31 March 2015 (FY2014)**

	Net Sales (Billions of yen)	Operating Income (Billions of yen)
Watch Business	150.0	12.0
Electronic Device Business	100.0	4.0
Systems Solutions Business	25.0	1.0
Total for all business segments	275.0	17.0
Others	25.0	0.5
Consolidated total	290.0	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.*

## Balance Sheets

Seiko Holdings Corporation and Consolidated Subsidiaries

31 March 2014

	Millions of yen	
	31 March 2014	31 March 2013
	Amount	Amount
<b>Assets</b>		
Current assets:		
Cash and deposits	43,002	42,830
Notes and accounts receivable - trade	44,462	43,583
Merchandise and finished goods	37,295	40,511
Work in process	11,460	10,893
Raw materials and supplies	8,266	9,233
Accounts receivable - other	3,016	2,557
Deferred tax assets	5,131	3,454
Other	7,152	5,258
Allowance for doubtful accounts	(1,418)	(1,453)
<b>Total current assets</b>	<b>158,369</b>	<b>156,867</b>
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	103,833	101,285
Machinery, equipment and vehicles	100,575	102,312
Tools, furniture and fixtures	33,526	33,407
Leased assets	4,313	3,567
Accumulated depreciation	(180,292)	(174,473)
Land	75,965	76,148
Construction in progress	559	4,817
<b>Total property, plant and equipment</b>	<b>138,481</b>	<b>147,065</b>
Intangible assets:		
Goodwill	8,872	9,541
Other	6,768	6,262
<b>Total intangible assets</b>	<b>15,641</b>	<b>15,803</b>
Investments and other assets:		
Investment securities	46,866	28,191
Net defined benefit asset	906	-
Deferred tax assets	1,709	1,786
Other	7,485	8,941
Allowance for doubtful accounts	(2,707)	(3,348)
<b>Total investments and other assets</b>	<b>54,261</b>	<b>35,571</b>
<b>Total non-current assets</b>	<b>208,384</b>	<b>198,440</b>
<b>Total assets</b>	<b>366,753</b>	<b>355,308</b>



	Millions of yen	
	31 March 2014	31 March 2013
	Amount	Amount
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable - trade	24,752	38,840
Electronically recorded obligations - operating	7,153	3,333
Short-term loans payable	56,750	54,065
Current portion of long-term loans payable	46,180	65,352
Accounts payable - other	13,934	14,833
Income taxes payable	1,744	1,416
Deferred tax liabilities	203	104
Provision for bonuses	3,938	2,003
Provision of loss on restructuring of manufacturing base and other losses	616	-
Provision for goods warranties	451	456
Provision for loss on lease contracts	234	-
Provision for loss on business withdrawal	-	147
Provision for loss on disaster	-	44
Other provision	204	130
Asset retirement obligations	16	16
Other	10,094	14,139
<b>Total current liabilities</b>	<b>166,275</b>	<b>194,885</b>
Non-current liabilities:		
Long-term loans payable	93,040	79,571
Lease obligations	4,122	3,775
Deferred tax liabilities	9,597	4,946
Deferred tax liabilities for land revaluation	4,218	4,218
Provision for retirement benefits	-	19,974
Provision for directors' retirement benefits	202	328
Provision for environmental measures	353	368
Provision for loss on lease contracts	176	-
Provision for gift certificate exchange losses	116	139
Provision for long-term goods warranties	62	83
Other provision	158	159
Net defined benefit liability	18,628	-
Asset retirement obligations	345	338
Negative goodwill	-	189
Other	4,689	5,527
<b>Total non-current liabilities</b>	<b>135,711</b>	<b>119,621</b>
<b>Total liabilities</b>	<b>301,987</b>	<b>314,507</b>

**SEIKO HOLDINGS CORPORATION**  
Consolidated Financial Statements: Year Ended 31 March 2014

Page 10/18

	Millions of yen	
	31 March 2014	31 March 2013
	Amount	Amount
<b>Net assets</b>		
Shareholders' equity:		
Capital stock	10,000	10,000
Capital surplus	7,414	7,414
Retained earnings	28,837	22,301
Treasury shares	(146)	(134)
Total shareholders' equity	46,104	39,580
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	10,601	(2,276)
Deferred gains or losses on hedges	(185)	(332)
Revaluation reserve for land	7,617	7,617
Foreign currency translation adjustment	(992)	(5,575)
Remeasurements of defined benefit plans	(273)	-
Total accumulated other comprehensive income	16,766	(567)
Minority interests	1,895	1,787
<b>Total net assets</b>	<b>64,766</b>	<b>40,801</b>
<b>Total liabilities and net assets</b>	<b>366,753</b>	<b>355,308</b>

## Statements of Income

Seiko Holdings Corporation and Consolidated Subsidiaries

For Year Ended 31 March 2014

	Millions of yen	
	FY 2013	FY 2012
	Amount	Amount
<b>Net sales</b>	308,286	283,790
Cost of sales	204,745	196,737
Gross profit	103,540	87,053
Selling, general and administrative expenses	89,526	81,530
<b>Operating income</b>	<b>14,014</b>	<b>5,523</b>
<b>Non-operating income:</b>		
Interest income	156	212
Dividend income	182	230
House rent and other rental revenues	396	-
Share of profit of entities accounted for using equity method	-	395
Foreign exchange gains	880	1,193
Other	1,606	1,433
Total non-operating income	3,221	3,465
<b>Non-operating expenses:</b>		
Interest expenses	4,044	4,730
Share of loss of entities accounted for using equity method	1,452	-
Other	1,573	1,014
Total non-operating expenses	7,070	5,744
<b>Ordinary income</b>	<b>10,165</b>	<b>3,243</b>
<b>Extraordinary income:</b>		
Insurance income	8,889	3,735
Gain on sales of investment securities	1,511	4,944
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	119	-
Gain on bargain purchase	-	2,839
Gain on sales of non-current assets	-	1,560
Total extraordinary income	10,520	13,080
<b>Extraordinary losses:</b>		
Impairment loss	8,911	4,976
Special extra retirement payments	1,433	1,032
Loss on restructuring of manufacturing base	654	-
Provision of reserve for loss on lease contracts	635	-
Losses on retirement of noncurrent assets	289	549
Loss on disaster	-	1,117
Loss on business withdrawal	-	491
Loss on valuation of investment securities	-	112
Total extraordinary losses	11,923	8,279

**SEIKO HOLDINGS CORPORATION**  
 Consolidated Financial Statements: Year Ended 31 March 2014

Page 12/18

	Millions of yen	
	FY 2013	FY 2012
	Amount	Amount
<b>Income before income taxes and minority interests</b>	<b>8,762</b>	<b>8,044</b>
Income taxes - current	3,168	2,320
Income taxes - deferred	(2,251)	(466)
Total income taxes	917	1,853
Income before minority interests	7,844	6,190
Minority interests in income	422	662
<b>Net income</b>	<b>7,422</b>	<b>5,527</b>

## Statements of Comprehensive Income

Seiko Holdings Corporation and Consolidated Subsidiaries

For Year Ended 31 March 2014

	Millions of yen	
	FY 2013	FY 2012
	Amount	Amount
<b>Income before minority interests</b>	<b>7,844</b>	<b>6,190</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	12,710	(1,838)
Deferred gains or losses on hedges	146	(58)
Revaluation reserve for land	-	283
Foreign currency translation adjustment	3,312	6,248
Share of other comprehensive income of entities accounted for using equity method	1,532	(225)
Total other comprehensive income	17,701	4,409
<b>Comprehensive income</b>	<b>25,546</b>	<b>10,599</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,030	9,798
Comprehensive income attributable to minority interests	515	801

## Statements of Cash Flows

Seiko Holdings Corporation and Consolidated Subsidiaries

For Year Ended 31 March 2014

	FY 2013	FY 2012
Millions of yen		
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	8,762	8,044
Depreciation	12,242	12,886
Increase (decrease) in provision for directors' retirement benefits	(125)	15
Increase (decrease) in allowance for doubtful accounts	(448)	377
Increase (decrease) in provision for retirement benefits	(20,332)	(992)
Increase (decrease) in net defined benefit liability	18,628	-
Interest and dividend income	(338)	(442)
Interest expenses	4,044	4,730
Foreign exchange losses (gains)	688	(37)
Share of (profit) loss of entities accounted for using equity method	1,452	(395)
Impairment loss	8,911	4,976
Gain on bargain purchase	-	(2,839)
Loss (gain) on sales of investment securities	(1,511)	(4,944)
Loss (gain) on sales of non-current assets	-	(1,560)
Insurance income	(8,889)	(3,735)
Loss on retirement of non-current assets	602	847
Decrease (increase) in notes and accounts receivable - trade	(4,229)	6,909
Decrease (increase) in inventories	2,246	(538)
Increase (decrease) in notes and accounts payable - trade	(7,192)	(3,792)
Other, net	3,688	7,838
Subtotal	18,198	27,348
Interest and dividend income received	338	443
Proceeds from dividend income from entities accounted for using equity method	109	209
Interest expenses paid	(4,080)	(4,721)
Proceeds from insurance income	6,607	7,853
Payments for extra retirement payments	(2,863)	(7,008)
Income taxes paid	(2,710)	(2,673)
<b>Net cash provided by (used in) operating activities</b>	<b>15,598</b>	<b>21,450</b>

	Millions of yen	
	FY 2013	FY 2012
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(11,006)	(19,790)
Proceeds from sales of property, plant and equipment	439	8,774
Purchase of investment securities	(27)	(101)
Proceeds from sales of investment securities	1,834	96
Payments of loans receivable	(1,194)	(562)
Collection of loans receivable	1,295	731
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	83	6,095
Other, net	(2,342)	2,729
<b>Net cash provided by (used in) investing activities</b>	<b>(10,917)</b>	<b>(2,027)</b>
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	457,182	529,635
Decrease in short-term loans payable	(453,921)	(547,367)
Proceeds from long-term loans payable	65,194	52,700
Repayments of long-term loans payable	(70,893)	(67,595)
Proceeds from sales and redemption by installment payment	-	2,530
Cash dividends paid	(516)	-
Other, net	(562)	823
<b>Net cash provided by (used in) financing activities</b>	<b>(3,517)</b>	<b>(29,274)</b>
Effect of exchange rate change on cash and cash equivalents	172	1,351
Net increase (decrease) in cash and cash equivalents	1,336	(8,499)
Cash and cash equivalents at beginning of period	42,778	51,289
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(38)	(106)
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries	(1,507)	95
<b>Cash and cash equivalents at end of period</b>	<b>42,568</b>	<b>42,778</b>

## Segment Information

### 1. Information about Sales and Income (Loss) by Reported Segment (For Year Ended 31 March 2013)

	Net Sales	Operating Income
	FY 2012	FY 2012
Watch Business	121,022	7,874
Electronic Components Business	125,267	(1,513)
Clock Business	9,270	(568)
Optical Products Business	22,163	247
Other Business	14,495	288
Total for all business segments	292,217	6,328
Eliminations and common	(8,427)	(805)
Consolidated total	283,790	5,523

- Notes: 1. Adjustments to segment income in the amount of -805 million yen include -728 million yen in the amortization of goodwill, 1,235 million yen that mainly consists of the elimination of intra-segment transactions, and -1,312 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).
2. Segment income (loss) has been adjusted for alongside operating income on the consolidated statements of income.
3. The above data was computed based on reported segments prior to the change in segmentation methods as of the three-month period ending 30 June 2013.

### 2. Information about Sales and Income (Loss) by Reported Segment (For Year Ended 31 March 2014)

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



- Notes: 1. The "Others" category denotes business segments not included among reported segments, such as the Clock Business and the Optical Products Business.
2. 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).
3. Segment income (loss) has been adjusted for alongside operating income on the consolidated statements of income.

Matters pertaining to changes, etc. in reported segments

As of the three-month period ending 30 June 2013, the Company has divided the Electronic Components Business into the Electronic Device Business and the Systems Solutions Business. Additionally, the Company has collectively disclosed data on its Clock Business, Optical Products Business and other non-reported segments as the "Others" category.

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

Reported Segment	Main Products
Watch Business	Watches, watch movements
Electronic Device Business	Semiconductors, quartz crystals, micro batteries and materials, printers, hard disk drive components, and shutters for cameras
Systems Solutions Business	Data services, information network systems
Others	Clocks/ Optical lenses and frames/ High-end jewelry, apparel and fashion accessories/ System clocks etc.

Moreover, due mainly to the fact that the accurate computation of segment data for the fiscal year ended 31 March 2013 using segmentation methods for the fiscal year ended 31 March 2014 requires a tremendous burden, segment data for the fiscal year ended 31 March 2014 has been indicated below based on the treatment of segment data for the fiscal year ended 31 March 2013.

	Net Sales FY 2013	Operating Income FY 2013
Watch Business	150,739	12,253
Electronic Components Business	115,314	1,796
Clock Business	9,676	(714)
Optical Products Business	25,359	820
Other Business	16,243	649
Total for all business segments	317,334	14,806
Eliminations and common	(9,047)	(791)
Consolidated total	308,286	14,014

Notes: 1. Adjustments to segment income in the amount of -791 million yen include -695 million yen in the amortization of goodwill, 1,239 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).

2. Segment income (loss) has been adjusted for alongside operating income on the consolidated statements of income.