

SEIKO

FY2011 – 3rd Quarter
Consolidated Results

(Fiscal year ended March 31, 2012)

February 15, 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 to the unit indicated.
Percentages are rounded off to one decimal place.*

1. Overview

Performance Summary for Nine months

(Billions of yen)		Q3 Oct.-Dec. 2010	Q3 Oct.-Dec. 2011	Change	Q3(YTD) Apr.-Dec. 2010	Q3(YTD) Apr.-Dec. 2011	Change
Net Sales		81.0	75.4	-5.6	236.6	225.2	-11.4
Operating Income		3.9	1.4	-2.5	9.4	6.0	-3.3
%		4.9%	1.9%	-3.0%	4.0%	2.7%	-1.3%
Ordinary Income		2.8	0.8	-2.0	4.9	1.4	-3.5
%		3.5%	1.0%	-2.4%	2.1%	0.6%	-1.5%
Net Income		2.9	-4.8	-7.7	4.2	-7.2	-11.4
Exchange Rates	USD	82.7	77.4	-5.2	86.9	79.0	-7.9
	EUR	112.2	104.3	-7.9	113.3	110.6	-2.7

Effects from Flooding in Thailand

Effect on Earnings and Status of Restoration

■ Effect on Earnings This Term

Two manufacturing sites were damaged by the flooding, and production of HDD components, camera shutters, and clocks was affected.

Effect on earnings:	Sales	JPY -9.0 billion
	Operating income	JPY -2.0 billion

■ Status of Restoration

HDD components:

Restoration of the Nava Nakorn Plant began in mid-December of last year, and production of HDD pivots is scheduled to resume in early March using outside production facilities.

Camera shutters and clocks:

Production of shutters began in November of last year by using an outside cooperating plant, and production at the Nava Nakorn Plant has partially resumed in early January.

Electronic Components Business – Current Status

External Environment

- Effects of flooding in Thailand
- Prolonged appreciation of Yen
 - In addition to the high value of the yen against the US dollar, the euro is declining in value, putting pressure on earnings.
- Deterioration of the electronic components market
 - In conjunction with sluggish demand for consumer electronics, the market for semiconductors and other household and telecommunications electronic components has deteriorated more than expected.
 - Global competition including price competition is fierce.

The profitability of the electronics components business declined rapidly and it is necessary to conduct a fundamental review of the profit structure.

Electronic Components Business - Structural Reform

Main Measures (1)

- Business structure reforms: Comprehensive selection and consolidation of business
 - ◆ Measures to address Unprofitable Businesses
 - Withdraw from the display business, which continues to be unprofitable.
 - ◆ Reinforcement of Core Businesses
 - Reinforce competitiveness in growth fields that are pillars of earnings such as the semiconductor business.
 - ◆ Measures to improve Earning Power
 - Making use of alliance as well as restructuring within the group, to greatly improve earning power.

Electronic Components Business - Structural Reform

Main Measures (2)

- Personnel and organizational structure reforms
 - ◆ Streamlining of personnel in Japan

Streamline fixed cost levels based on current sales to respond to the yen remaining at a high value over the long term and vastly improve earning power starting in the next term.

 - ➡ Reduce personnel by about 350 persons by implementing voluntary retirement scheme.
 - ◆ Streamline operational structures

Review organizations and business groupings to increase operational efficiency.

Looking Ahead to the Next Term

Electronic Components Business Targets For Next Term

We aim to improve earning capacity and reinforce competitiveness by implementing steady business structure reforms to restore the electronic components business as a pillar of stable earning equal to the watch business and greatly increase income in the next term.

Forecast for the year ending 31 March 2012

Notice of Revised Forecast

■ Forecast for the year ending 31 March 2012

	Announced on Aug.	Latest	Change
Operating Income	7.5	5.5	-2.0
Ordinary Income	2.5	0.5	-2.0
Net Income	0.5	-9.5	-10.0



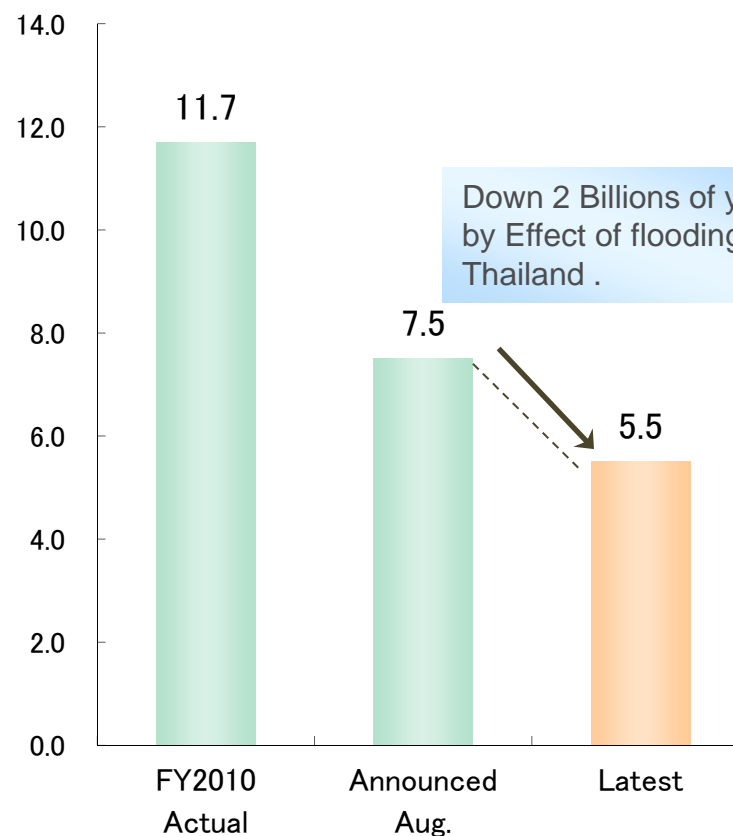
Major factor ⇒	1) Effects from Flooding in Thailand	-2.0
	2) Business structure reform expenses	-5.2
	3) Reversal of deferred tax assets	-2.8
		<hr/>
		-10.0

Forecast for the year ending 31 March 2012

(Billions of yen)	FY2010 Actual	FY2011 Forecast		
		(announced on Nov.)	(latest)	
Sales	313.9	300.0	295.0	
Operating Income	11.7	7.5	5.5	
%	3.7%	2.5%	1.9%	
Ordinary Income	6.6	2.5	0.5	
%	2.1%	0.8%	0.2%	
Net Income	2.2	0.5	-9.5	
Exchange Rates (JPY)	USD	85.7	78.0	78.0
	EUR	113.2	105.0	100.0

Operating Income

(Billions of yen)



2. Business Results

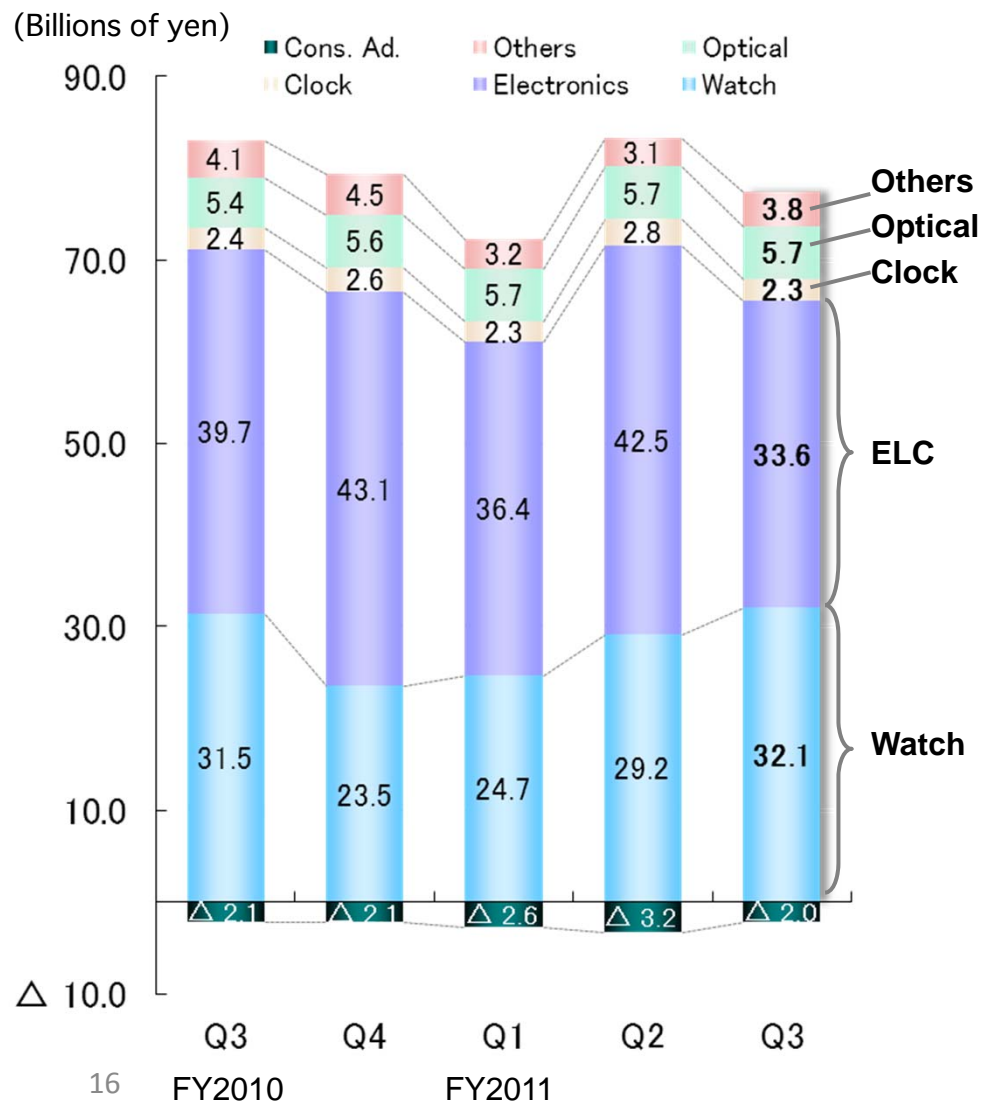
Statement of Income 3rd Quarter (Oct. -Dec. 2011)

(Billions of yen)		FY2010 Q3	FY2011 Q3	Change	
Sales		81.0	75.4	-5.6	Sales : -5.6
Gross Profit		26.1	23.1	-3.0	Exchange rate fluctuations -3.0
Operating Income		3.9	1.4	-2.5	Operating Income : -2.5
%		4.9%	1.9%	-3.0%	Decrease in GP -3.0
Ordinary Income		2.8	0.8	-2.0	Decrease in Personal Expenses +0.3
%		3.5%	1.0%	-2.4%	Decrease in other cost +0.1
Before Income Taxes & Minority interests		5.0	-0.8	-5.8	Ordinary Income : -2.0
Net Income		2.9	-4.8	-7.7	Decrease in Operating Income -2.5
%		3.5%	-	-	Equity method income -0.2
					Decrease in Exchange loss +0.7
Exchange Rates	USD	82.7	77.4	-5.2	Extraordinary Income & Loss : -1.6
(JPY)	EUR	112.2	104.3	-7.9	Extraordinary Income 0.0
					Extraordinary Loss -1.6
					Loss on the valuation of inventories -1.1
					Others 0.4

Statement of Income 3rd Quarter (Apr. -Dec. 2011)

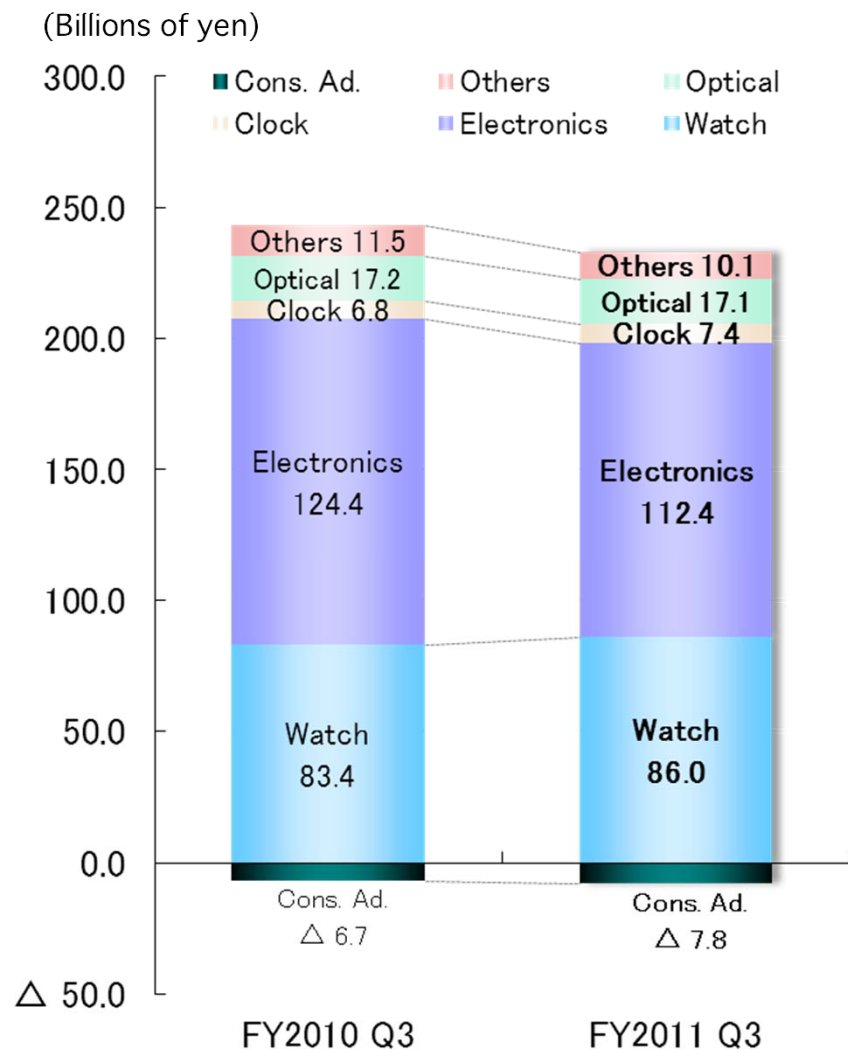
(Billions of yen)		FY2010 Q3 (YTD)	FY2011 Q3 (YTD)	Change	
Sales		236.6	225.2	-11.4	Sales : -11.4
Gross Profit		73.9	68.1	-5.8	Exchange rate fluctuations -11.0
Operating Income		9.4	6.0	-3.3	Operating Income : -3.3
%		4.0%	2.7%	-1.3%	Decrease in GP -5.8
Ordinary Income		4.9	1.4	-3.5	Decrease in S.G&A.Expenses +2.4
%		2.1%	0.6%	-1.5%	Ordinary Income : -3.5
Before Income Taxes & Minority interests		6.5	-1.6	-8.0	Decrease in Operating Income -3.3
Net Income		4.2	-7.2	-11.4	Equity method income -0.6
%		1.8%	-	-	Decrease in Exchange loss +0.2
					Others +0.2
Exchange Rates	USD	86.9	79.0	-7.9	Extraordinary Income & Loss : -3.0
(JPY)	EUR	113.3	110.6	-2.7	<u>Extraordinary Income</u> +0.6
					Gain on sales of noncurrent assets +0.3
					Reversal of provision for loss on disaster +0.4
					<u>Extraordinary Loss</u> -3.6
					Loss on the valuation of inventories -2.7
					Others -0.8

Sales by Reported Segments 3rd Quarter (Oct.-Dec. 2011)



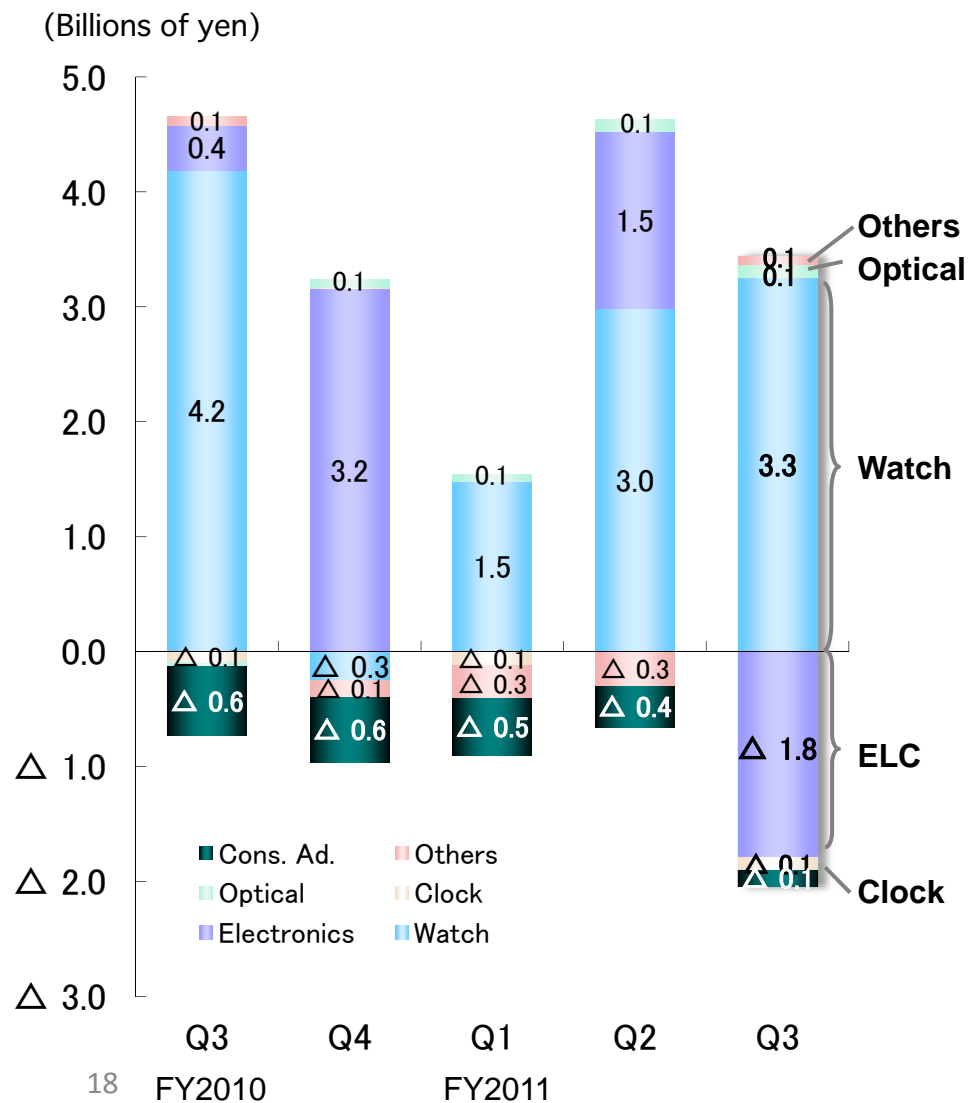
(Billions of yen)	FY2010 Q3	FY2011 Q3	Change	
Watch	31.5	32.1	+0.6	
Electronics Components	39.7	33.6	-6.2	
Clock	2.4	2.3	-0.1	
Optical Products	5.4	5.7	+0.4	
Others	4.1	3.8	-0.3	
Cons. Total	81.0	75.4	-5.6	
Exc. Rates (JPY)	USD	82.7	77.4	-5.2
	EUR	112.2	104.3	-7.9

Sales by Reported Segments 3rd Quarter (Apr.-Dec. 2011)



(Billions of yen)	FY2010 Q3 (YTD)	FY2011Q 3 (YTD)	Change	
Watch	83.4	86.0	+2.6	
Electronics Components	124.4	112.4	-11.9	
Clock	6.8	7.4	+0.7	
Optical Products	17.2	17.1	-0.1	
Others	11.5	10.1	-1.4	
Cons. Total	236.6	225.2	-11.4	
Exc. Rates (JPY)	USD	86.9	79.0	-7.9
	EUR	113.3	110.6	-2.7

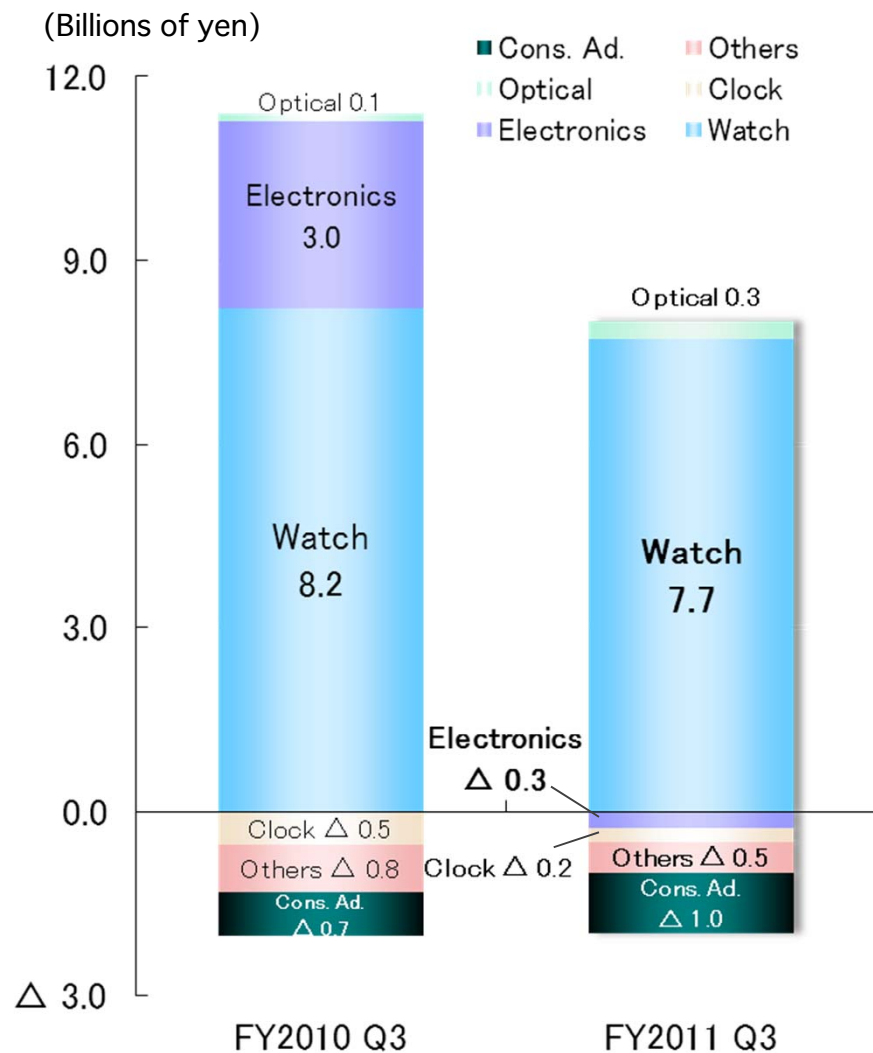
Operating Income by Reported Segments 3rd Quarter (Oct.-Dec. 2011)



(Billions of yen)	FY2010 Q3	FY2011 Q3	Change
Watch	4.2	3.3	-0.9
Electronics Components	0.4	-1.8	-2.2
Clock	-0.1	-0.1	-0.0
Optical Products	-0.0	0.1	+0.2
Others	0.1	0.1	-0.0
Business Total	4.5	1.5	-3.0
Cons. Adj.	-0.6	-0.1	+0.5
Cons. Total	3.9	1.4	-2.5

* 10年度 Q1~Q3はクロノスのセグメント変更を調整した後の数値。

Operating Income by Reported Segments 3rd Quarter (Apr.-Dec. 2011)



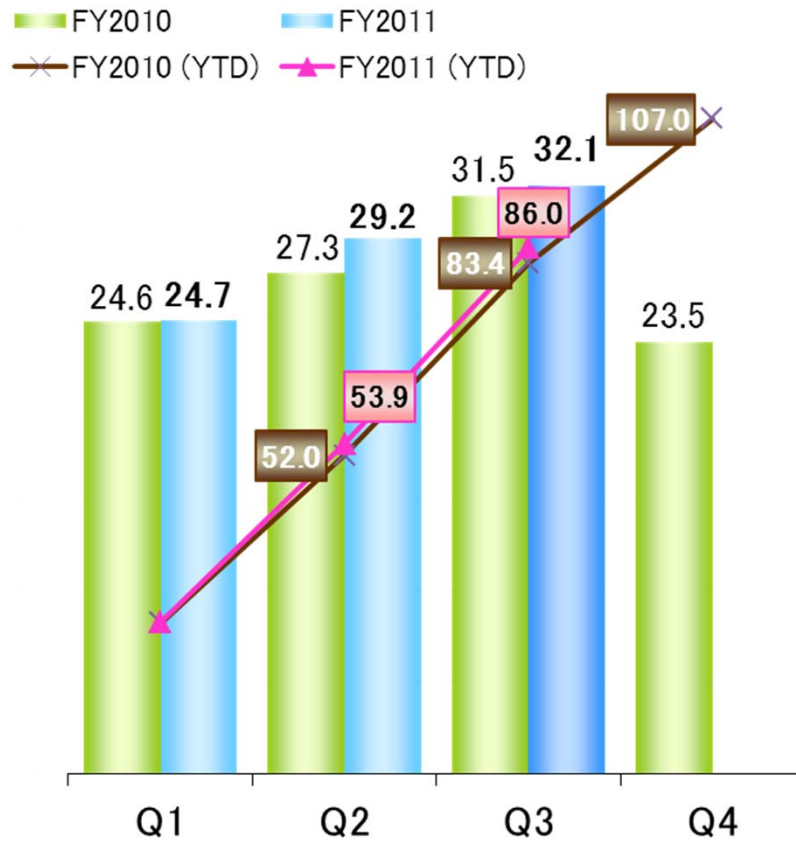
(Billions of yen)	FY2010 Q3 (YTD)	FY2011 Q3 (YTD)	Change
Watch	8.2	7.7	-0.5
Electronics Components	3.0	-0.3	-3.3
Clock	-0.5	-0.2	+0.3
Optical Products	0.1	0.3	+0.2
Others	-0.8	-0.5	+0.3
Business Total	10.1	7.0	-3.1
Cons. Adj.	-0.7	-1.0	-0.3
Cons. Total	9.4	6.0	-3.3

Information of Reported Segments

Watch Business

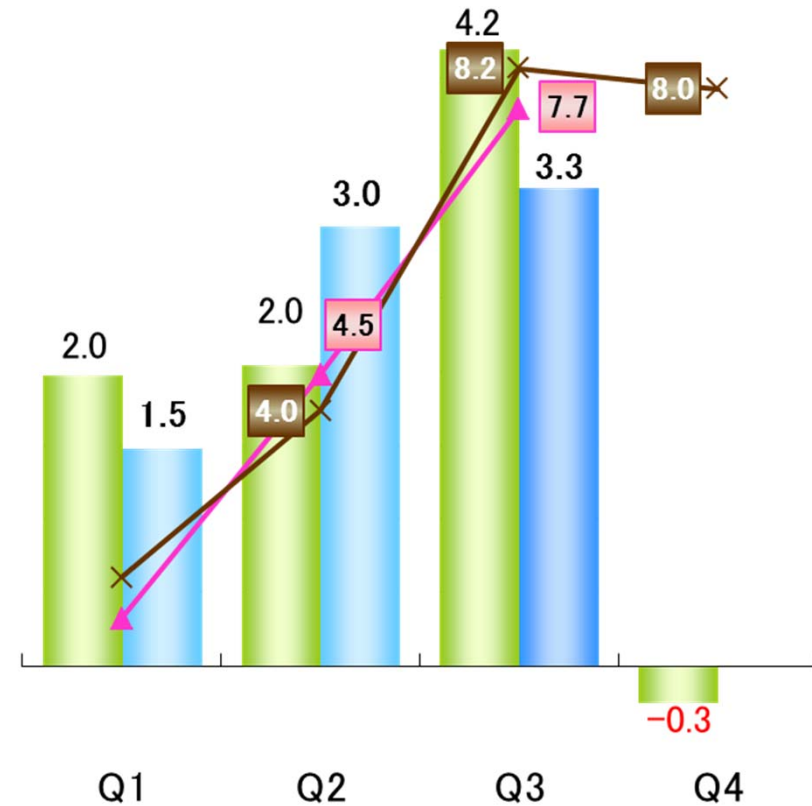
Sales

(Billions of yen)

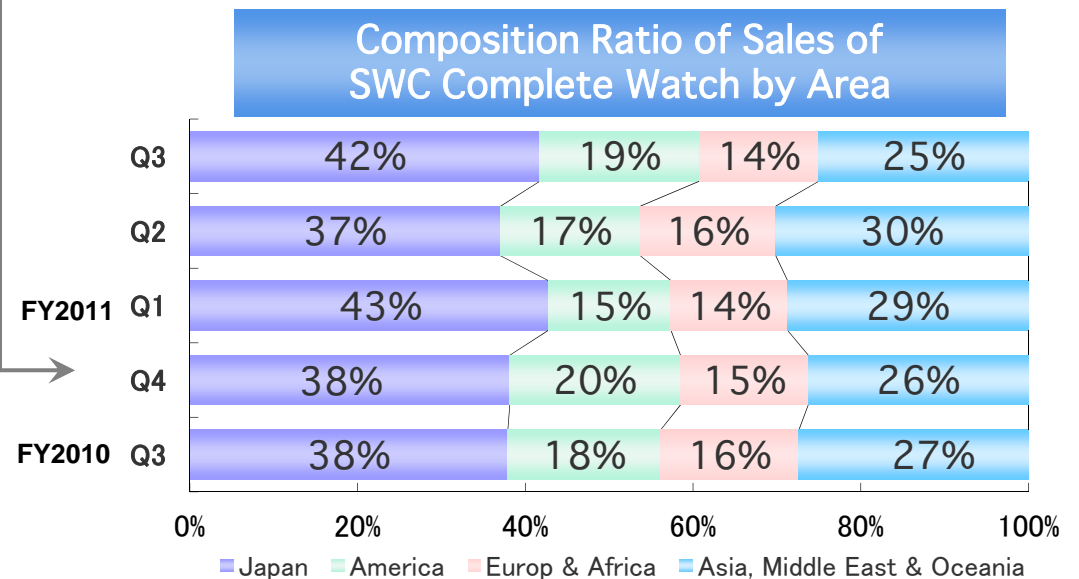
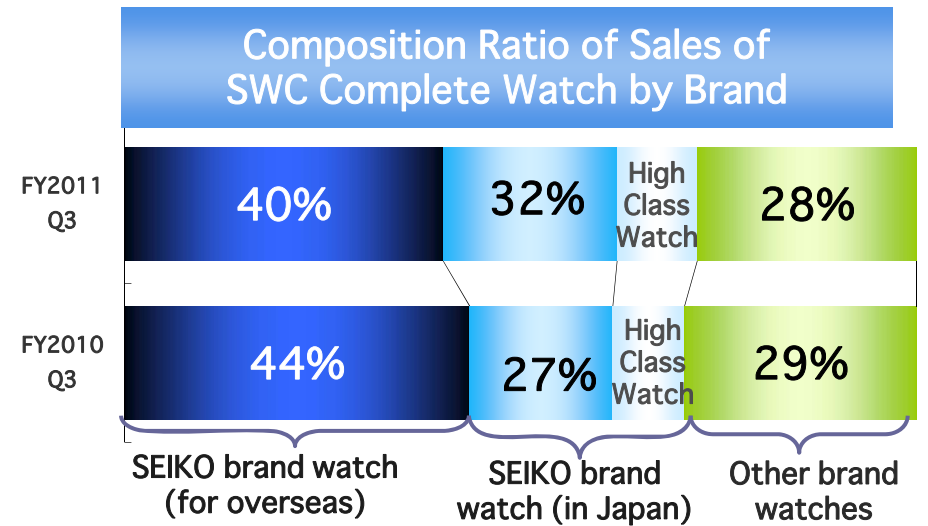
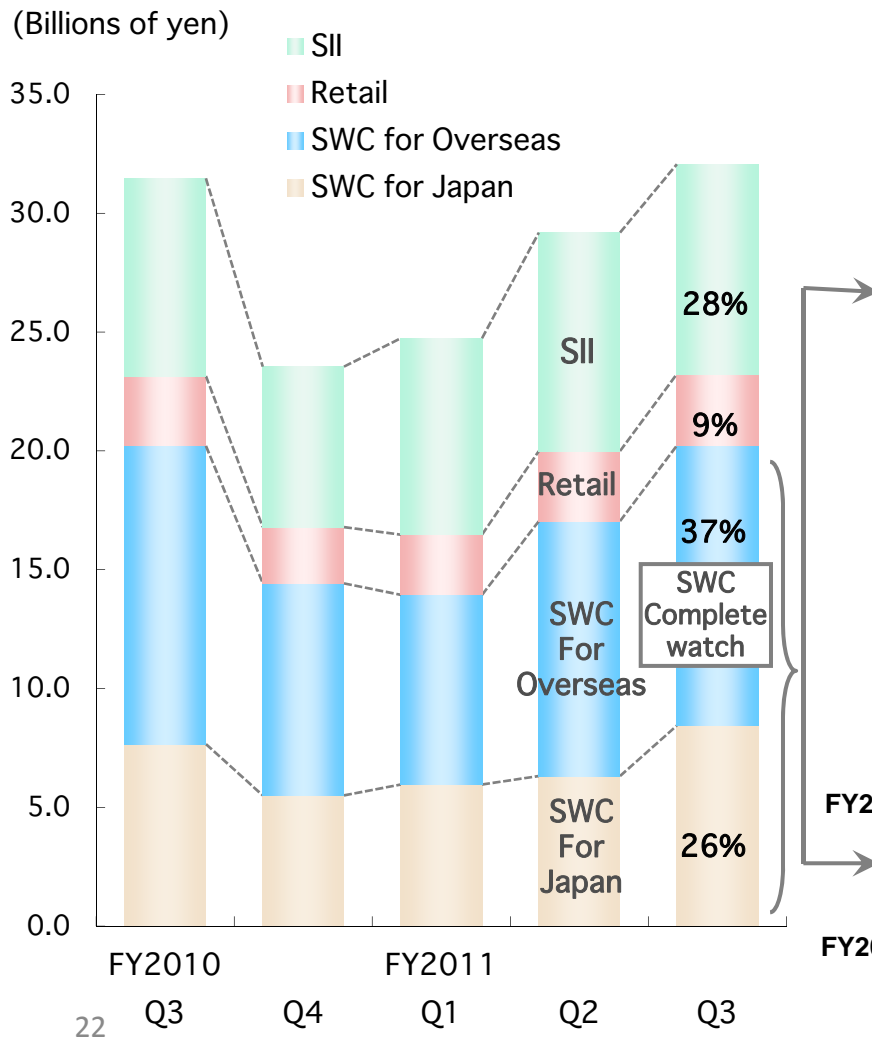


Operating Income

(Billions of yen)



Watch Business



Watch Business

Brand Business - Domestic -

- Sales of GRAND SEIKO increased thanks to the contribution of the SEIKO 130th Anniversary Commemorative model, which was launched in the November. CREDOR also continued to do well. As a result, sales of high-value range products as a whole exceeded the previous year.
- In men' s watches, in addition to the popular BRIGHTZ high-functioning radio-controlled products, DOLCE also bolstered its lineup of solar powered products performed well, so sales increased considerably. As for ladies, LUKIA continued to sell well by the effect of TVCM.

Watch Business

Brand Business - Overseas -

- North America : The SEIKO brand performed well as a result of the expansion of popular-price products.
- Europe : The downturn in consumption in Europe with the exception of Germany intensified, and sales of medium-to-expensive products were sluggish, but popular-price Seiko brand products sold well.
- Asia : Although there were some effects from the flooding in Thailand, signs of recovery started to appear in December, and sales through December exceeded the previous year' s level.

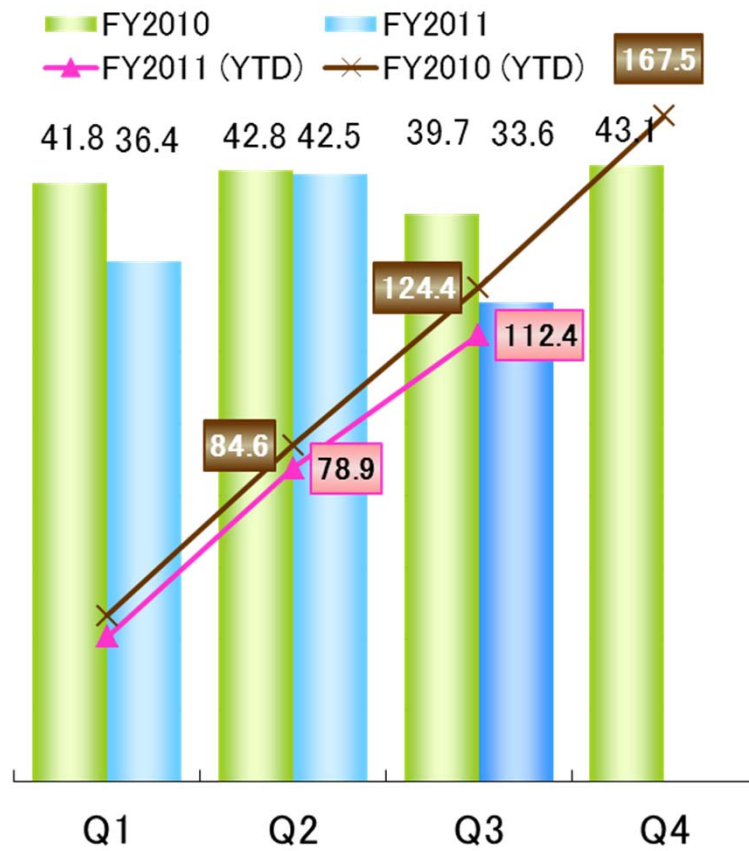
Watch Movement Business

Continuing from the previous term, sales increased, especially of high-added-value models centered on chronographs.

Electronic Components Business

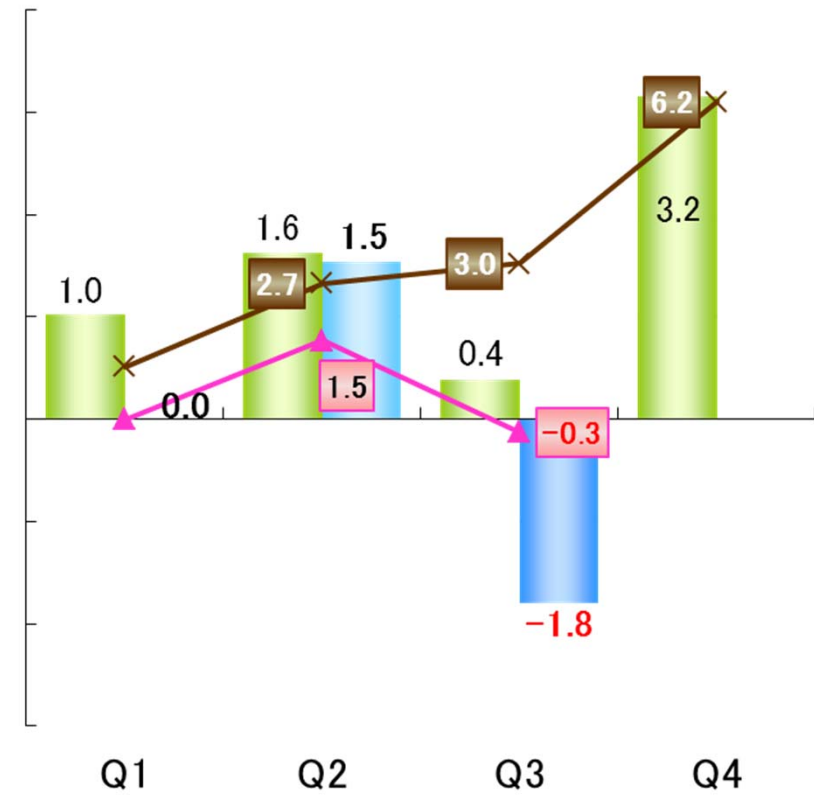
Sales

(Billions of yen)



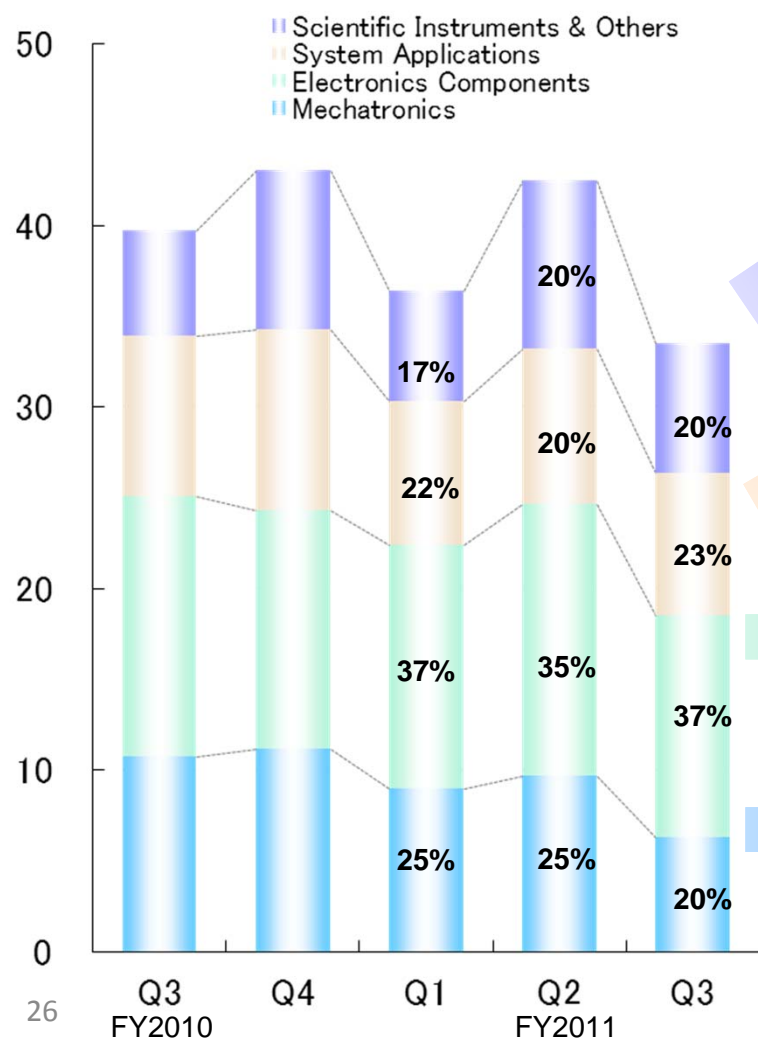
Operating Income

(Billions of yen)



Electronic Components Business

Composition of Sales



Scientific Instruments & Others

Measurement and analysis instruments, Radiation detection and measurement Systems, Mobile display, etc.

System Applications

Order Entry Systems, Electronic dictionaries, Color printers, and Network system etc.

Electronics Components

CMOS ICs, Quartz crystals, Micro batteries, LCD devices, and Oscillator ICs, etc.

Mechatronics

Hard disk component, Precision mechanical devices, Thermal printer unit, Camera Shutters and assembly of precision machinery, etc.

Electronic Components Business

Mechatronics

- Production of HDD components was suspended in October as a result of the flooding in Thailand and sales were down sharply. A phased recovery plan is currently being implemented.
- Sales of shutters were also down sharply as production at the Thai plant was suspended. Production has partially resumed in December.
- Sales of compact thermal printers struggled due to slowdown in the Chinese market.

Electronic Components

- Sales in the semiconductor business in the 3rd quarter was slow due to a global market slump and a deterioration in the currency exchange environment. Sales of oscillator ICs, RTCs, and other timing ICs were sluggish in the 3rd quarter because of inventory adjustments caused by economic uncertainty in Europe and the US, but sales of sensor ICs were brisk, exceeding the previous year level.

Electronic Components Business

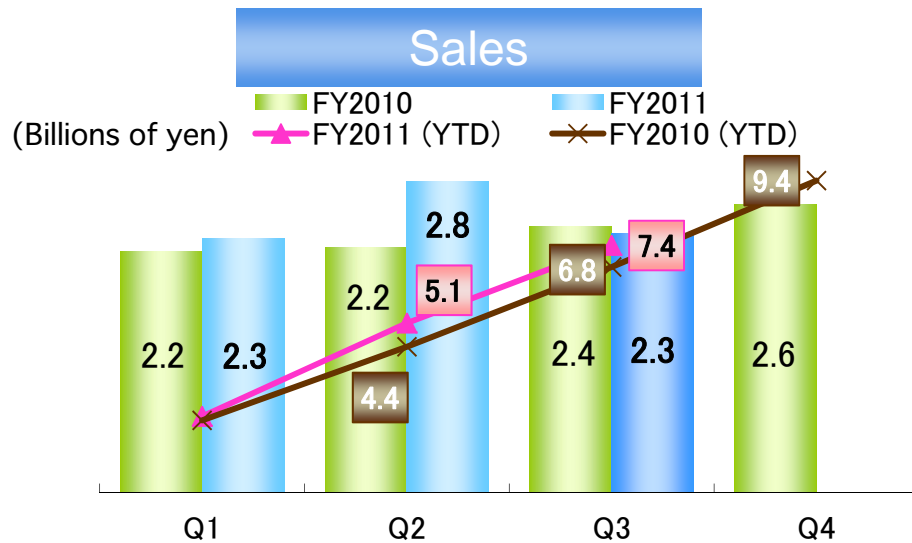
System Applications

- In the system application business, sales of new products for PHS were strong and were up from the previous quarter. Sales of application software continues to recover and were higher than the previous year.
- Domestic sales of digital printing remained stagnant, and sales of maintenance and consumables were down.

Scientific Instruments

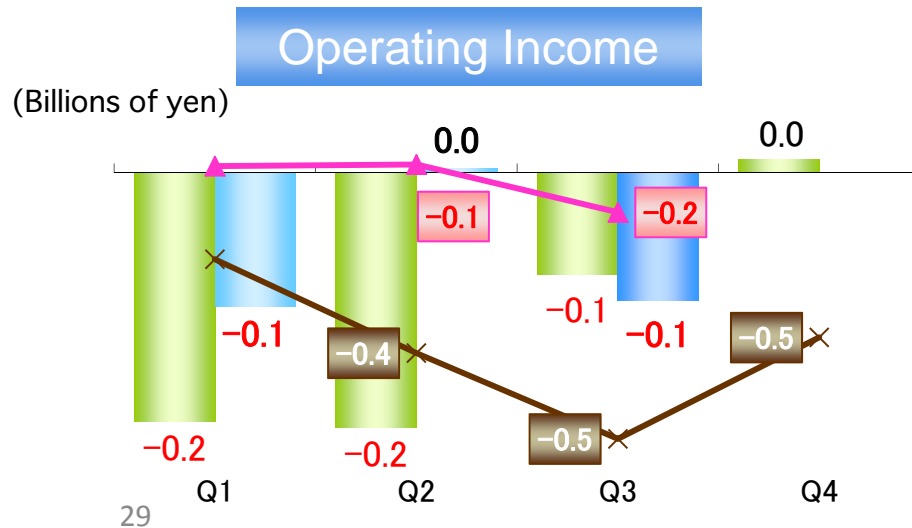
Due to special demand arising from the impact of the nuclear power plant accident, sales of SEIKO EG&G's radiation measurement devices greatly exceeded sales in the same period of the previous year.

Clock Business



Japan

- Parts supplies were delayed because of damage from the flooding in Thailand, and sales have slowed since the third quarter.

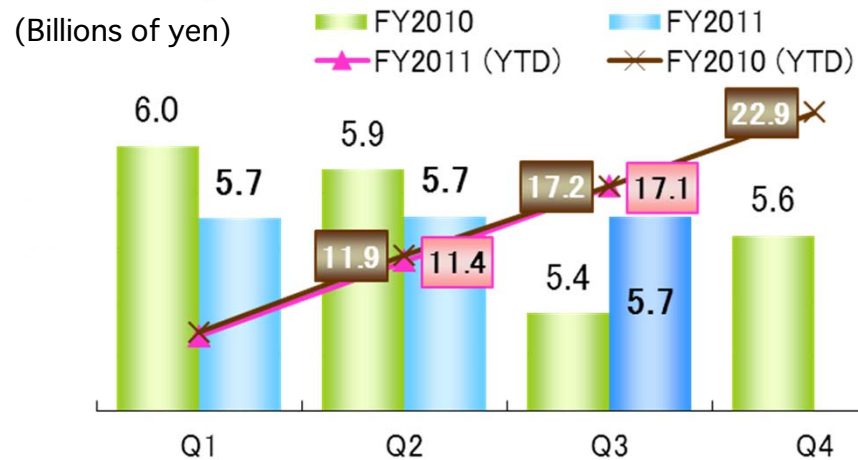


Overseas

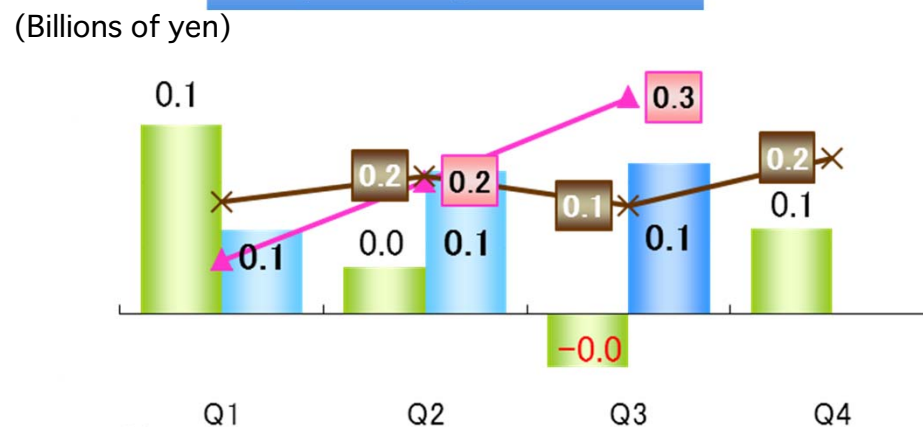
- Sales to the United States had been brisk, but struggled, as did sales in Japan and in other overseas regions, because of effects from the flooding in Thailand.

Optical Products Business

Sales



Operating Income



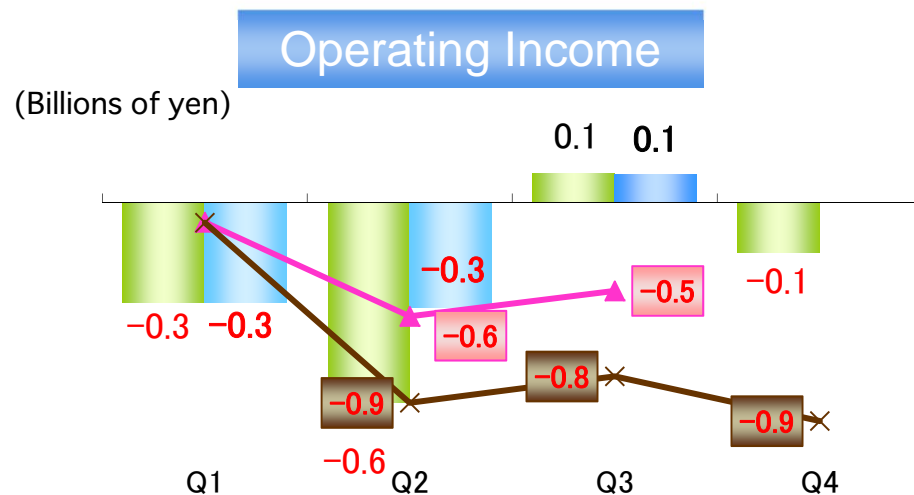
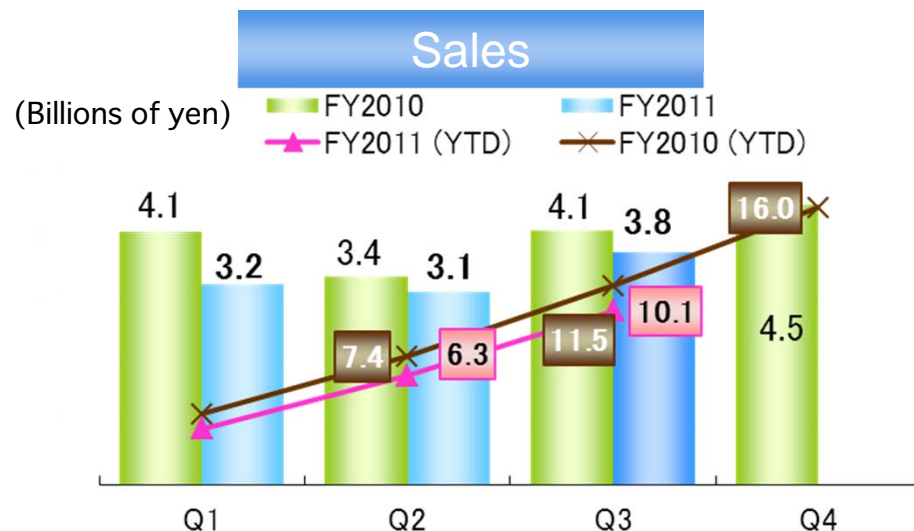
Japan

- PURSUIT NV, a new product that aims to be the standard for bifocal lenses, was introduced in October and sales were strong. In contrast, sales of frames were slow as retail shop inventories increased.

Overseas

- In Europe, sales to large chains remained robust, but in the US sales were stagnant due to slow business in major chains.
- In China, still on a small scale, lens sales and frame business introduced in the 4th quarter of the previous fiscal year did well.

Other Businesses



Retail Business

- Watches, in particular GRAND SEIKO was brisk and helped pull sales up. Also, womens product sales remained solid despite the effect of closing of Namikikan store in September.
- Total sales were down year on year because of the withdrawal from the restaurant business in Feb 2011.

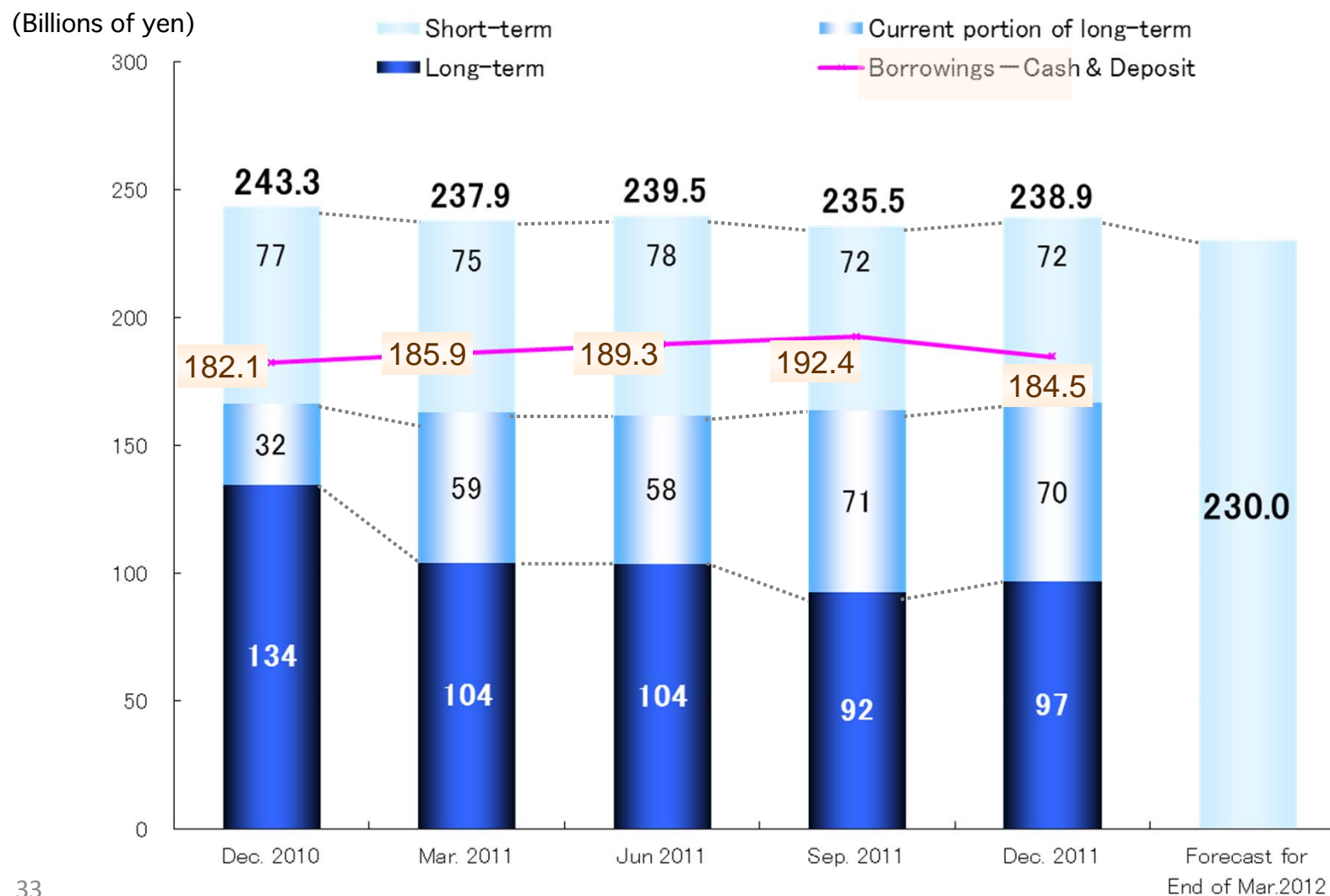
Other Business

- Total sales of decreased due to sale of golf business, but 3rd quarter sales of sports & health products and musical instruments were well and up from same period of previous year.
- Sales of facility clocks were generally in line with forecasts.

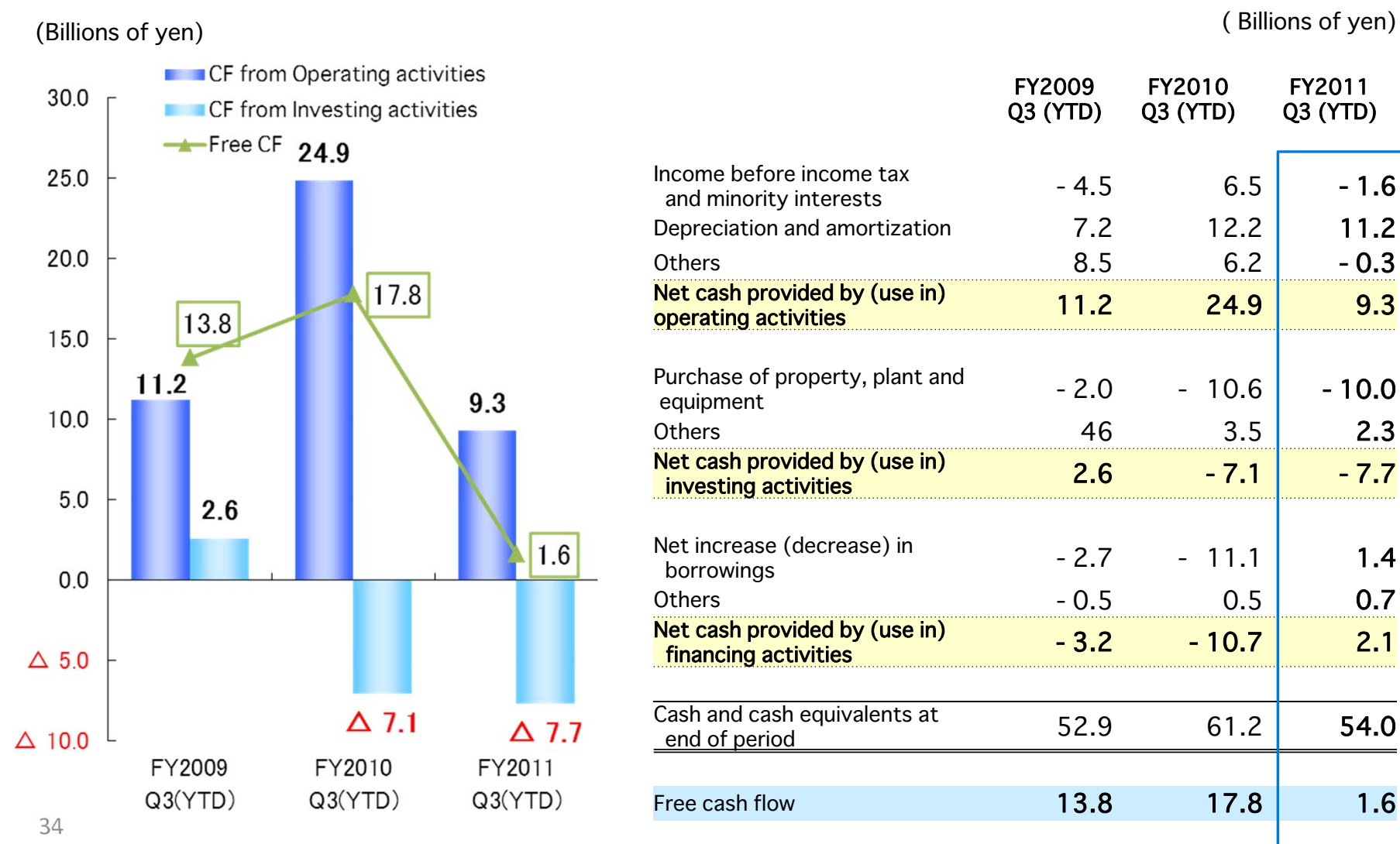
Balance Sheet as of 31 Dec., 2011

(Billions of yen)	31 Dec. 2010	31 March 2011 (a)	31 Dec. 2011 (b)	Change (b) - (a)
A/R	49.9	50.9	49.1	-1.8
Inventories	65.2	61.0	67.8	+6.8
Tangible Fixed Assets	163.7	162.9	158.0	-4.9
Loan Payable	243.3	237.9	238.9	+1.1
Net Assets	45.3	46.3	35.7	-10.6
Total Assets	416.5	400.5	396.8	-3.7
Equity Capital Ratio	9.1%	9.3%	6.5%	-2.8%
Net Debt Equity Ratio	4.1	4.1	5.3	+1.2
Number of Employees	18,614	18,442	17,669	-773

Balance of Borrowings



Cash Flow



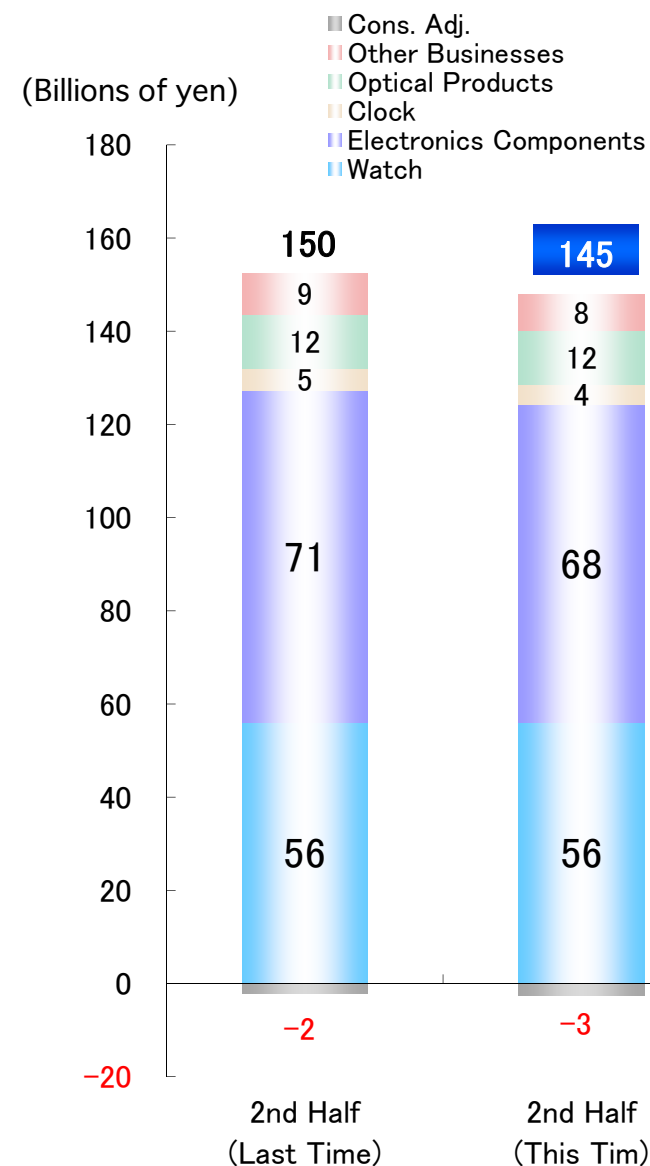
3. Financial Forecast for FY2011

Summary of Financial Forecast for FY2011

(Billions of yen)		FY2010 Actual	FY2011 Forecast announced on Aug.	FY2011 Forecast announced on Nov. (a)	FY2011 Forecast (Latest) (b)	Change (b) - (a)
Sales		313.9	315.0	300.0	295.0	-5.0
Operating Income		11.7	12.0	7.5	5.5	-2.0
%		3.7%	3.8%	2.5%	1.9%	-0.6%
Ordinary Income		6.6	8.0	2.5	0.5	-2.0
%		2.1%	2.5%	0.8%	0.2%	-0.7%
Net Income		2.2	4.0	0.5	-9.5	-10.0
%		0.7%	1.3%	0.2%	—	—
Exchange Rate (JPY)	USD	85.7	81.0	78.0	78.0	0.0
	EUR	113.2	110.0	105.0	100.0	-5.0

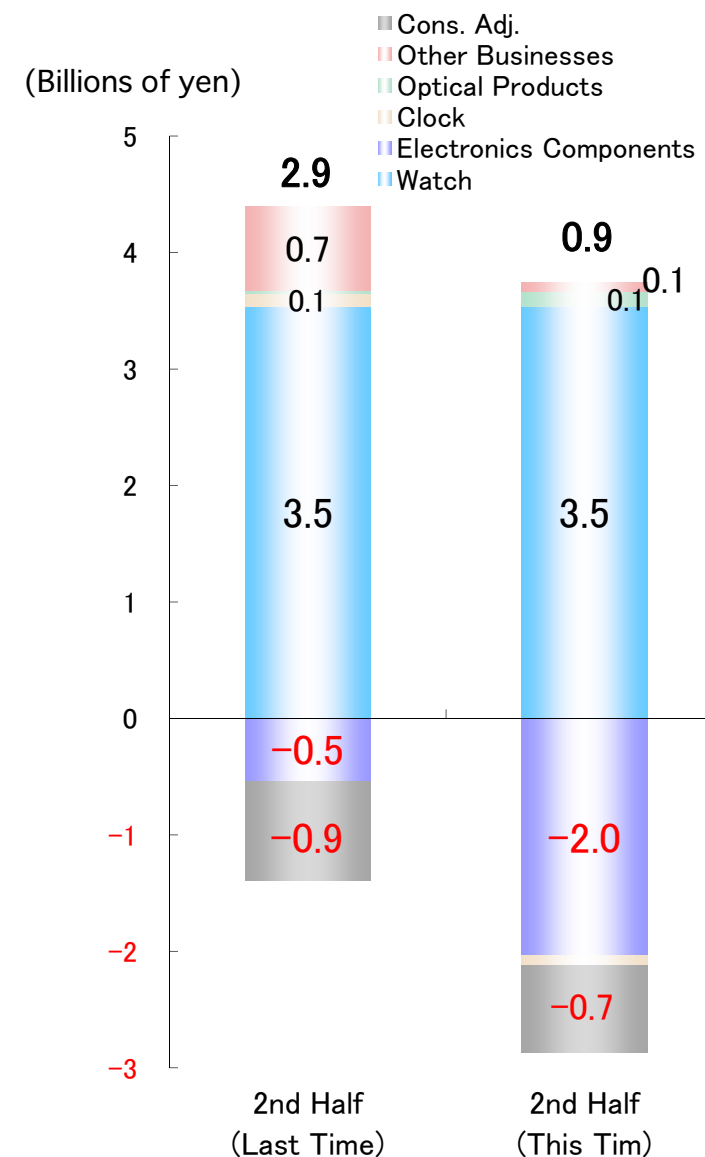
Financial Forecasts for FY2011 by Segment -Sales-

(Billions of yen)	Sales			
	FY2010 Actual	FY2011 Forecast		
		announced on Nov.	latest	Change
Watch	107.0	110.0	110.0	0.0
Electronics Components	167.5	150.0	147.0	-3.0
Clock	9.4	10.0	9.5	-0.5
Optical Products	22.9	23.0	23.0	0.0
Others	16.0	15.0	14.0	-1.0
Cons. Total	313.9	300.0	295.0	-5.0

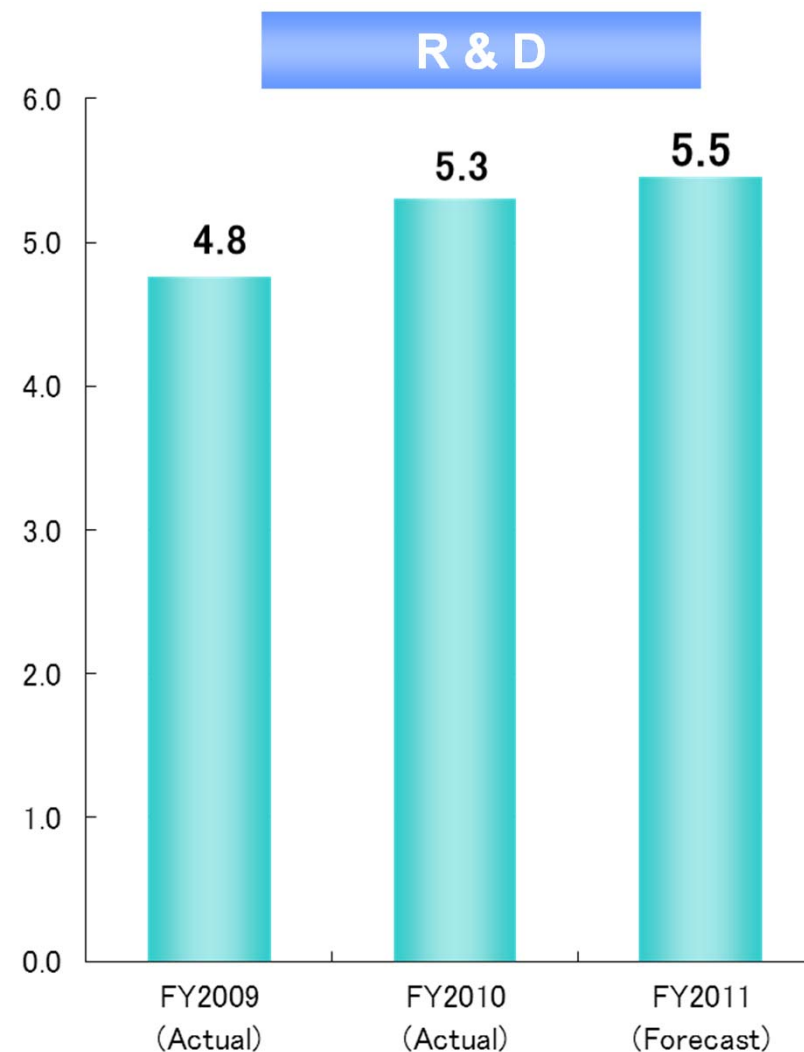
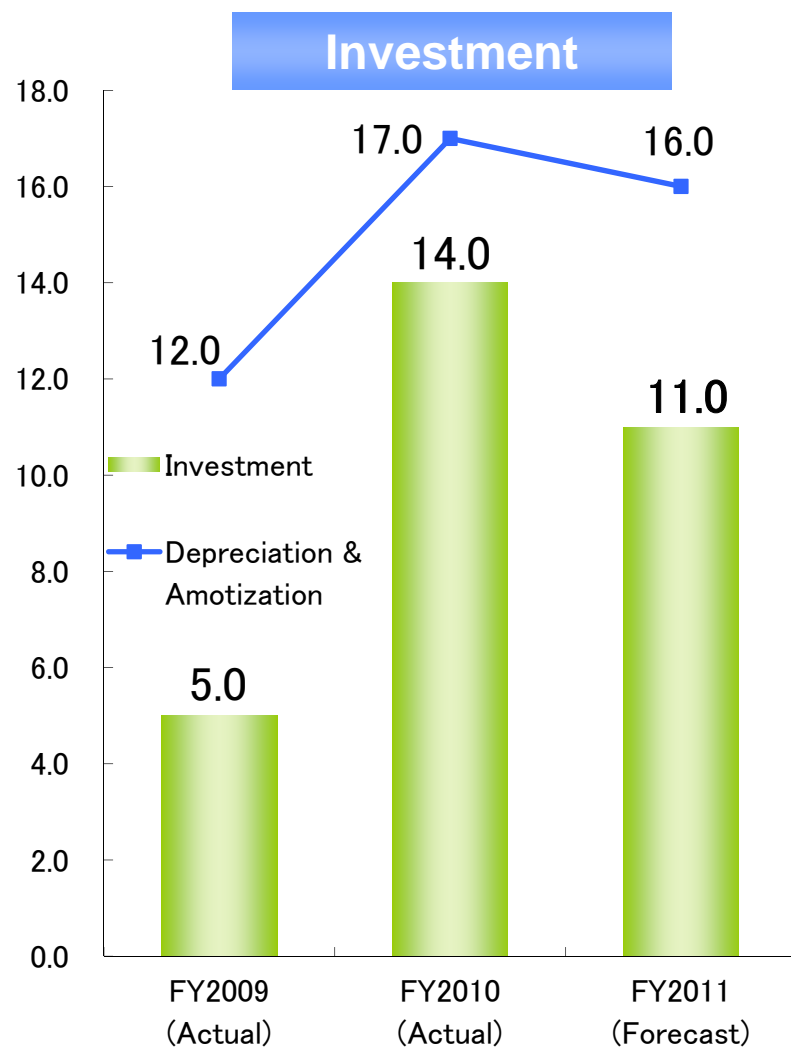


Financial Forecasts for FY2011 by Segment -Operating Income-

(Billions of yen)	Operating Income			
	FY2010 Actual	FY2011 Forecast		
		announced on Nov.	latest	Change
Watch	8.0	8.0	8.0	0.0
Electronics Components	6.2	1.0	-0.5	-1.5
Clock	-0.5	0.0	-0.2	-0.2
Optical Products	0.2	0.2	0.3	+0.1
Others	-0.9	0.0	-0.5	-0.5
Cons. Total	11.7	7.5	5.5	-2.0



Investment / Research and Development Cost

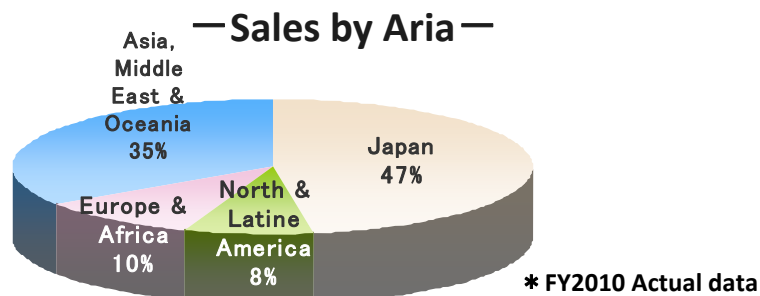


Exchange Rate

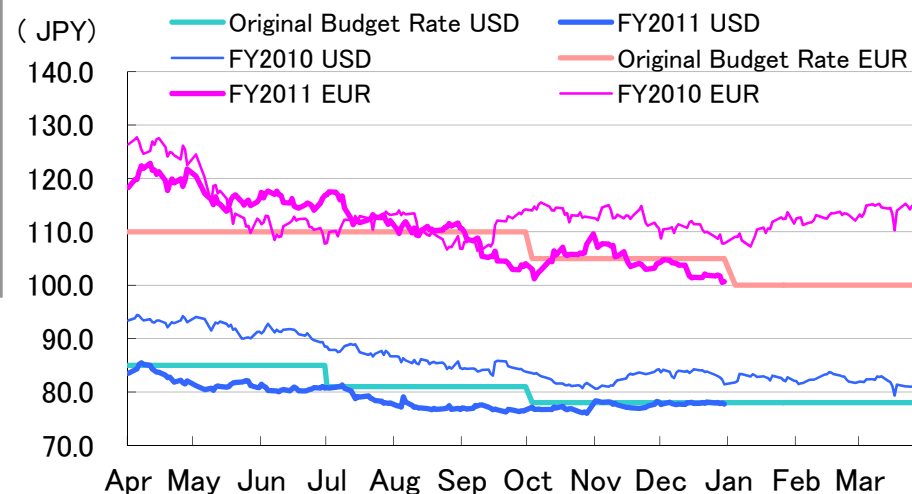
-Sensitivity by Exchange Rate-

<Period Jan. 2012 - Mar. 2012>

(Billions of yen)	USD	EUR
Net Sales	0.5	0.04
Operating Income	0.1	0.01



<Trend of Exchange Rate>



FY2010

		Q1	Q2	Q3	Q4	(Q1-Q4) Average
Average	USD	92.0	85.9	82.7	82.3	85.7
	EUR	117.0	110.7	112.2	112.7	113.2
Closing date	USD	88.5	83.8	81.4	83.2	—
	EUR	107.8	114.2	107.8	117.5	—

FY2012

		Q1	Q2	Q3	(Q4) Forecast	Original Budget
Average		81.7	77.8	77.4	78.0	85.0
Closing date		117.4	110.2	104.3	100.0	110.0
Closing date		80.7	76.6	77.7	78.0	85.0
Closing date		116.8	104.0	100.7	100.0	110.0

End
