



**FY2013 1st Quarter  
Consolidated Results**  
(Fiscal year ended March 31, 2014)

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August 12, 2013

SEIKO HOLDINGS CORPORATION

1. Business Results
2. Financial Forecast for FY2013

# 1. Business Results

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## FY2013 Statements of Income 1st Quarter (Apr. 2013 - Jun. 2013)

**SEIKO**

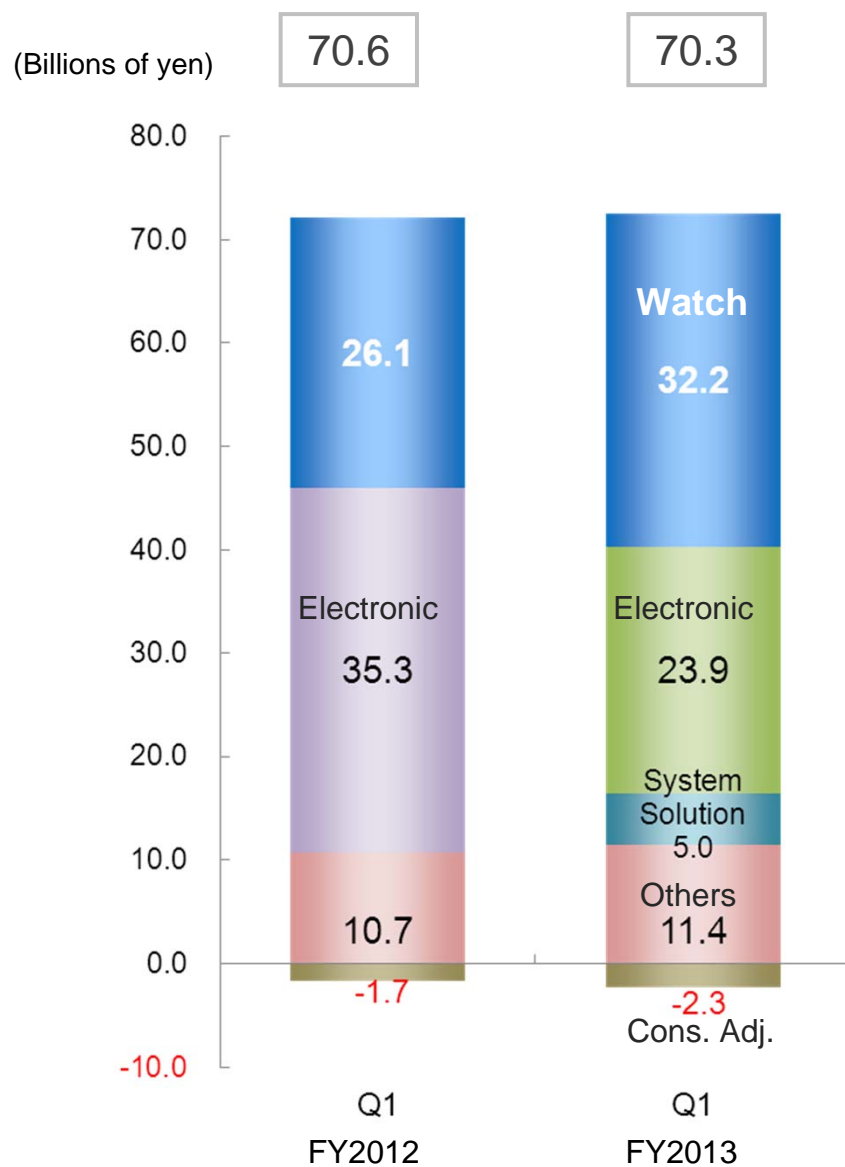
(Billions of yen)	FY2012 Q1	FY2013 Q1	Change		
			Amt.	%	
Sales	70.6	70.3	- 0.2	- 0.3%	<b>Sales :</b> - 0.2
					Exchange rate fluctuations +8.0
Gross Profit	22.0	23.2	+1.1	5.3%	<b>Operating Income :</b> +0.0
Operating Income	2.8	2.8	+0.0	0.0%	Increase in GP + 1.2
%	4.0%	4.0%	0.0%	—	Increase in Advertising and sales promotion expenses etc. - 1.1
Ordinary Income	1.4	2.9	+1.4	102.1%	<b>Ordinary Income :</b> +1.4
%	2.0%	4.1%	+2.0%	—	Increase in Operating Income +0.0
Income Before Taxes & Minority interests	1.5	3.1	+ 1.6	103.5%	Decrease in Interest expenses +0.2
Net Income	0.9	3.4	+ 2.5	267.1%	Increase in Foreign exchange gains +1.0
%	1.3%	4.9%	+3.5%	—	Others +0.2
					<b>Extraordinary Income/Loss</b> 0.2
					<u>Extraordinary Income</u> 0.8
					Gain on sales of investment securities 0.8
					<u>Extraordinary Loss</u> - 0.6
					Provision of reserve for loss on lease contracts -0.6
Exchange Rates (JPY)	USD	80.1	98.7	+ 18.6	+ 23.2%
	EUR	102.8	128.9	+ 26.1	+ 25.3%

# Changes in reportable segment

As a result of changing business management methods as well as formulating the Fifth Mid-Term Management Plan, the Company has divided the Electronic Components Business into the Electronic Device Business and the System Solution Business. Moreover, based on quantitative criteria surrounding each segment, the Company has disclosed data on its Watch Business, Electronic Device Business and System Solution Business as reported segments. Other segments, particularly the Clock Business and Optical Products Businesses, have been collectively categorized and disclosed as “Others.”

Previous Segments	New Segments	Main Products
Watch Business	Watch Business	Watches, watch movements
Electronic Components Business	Electronic Device Business	Semiconductors, quartz crystals, micro batteries and materials, printers, hard disk components, and shutters for cameras
	System Solution Business	Information systems, network systems, IC dictionaries,
Clock Business	Others (simple addition)	Clocks, Optical lenses and frames, high-end clothing and miscellaneous goods, system cocks, etc.
Optical Products Business		
Other Businesses		

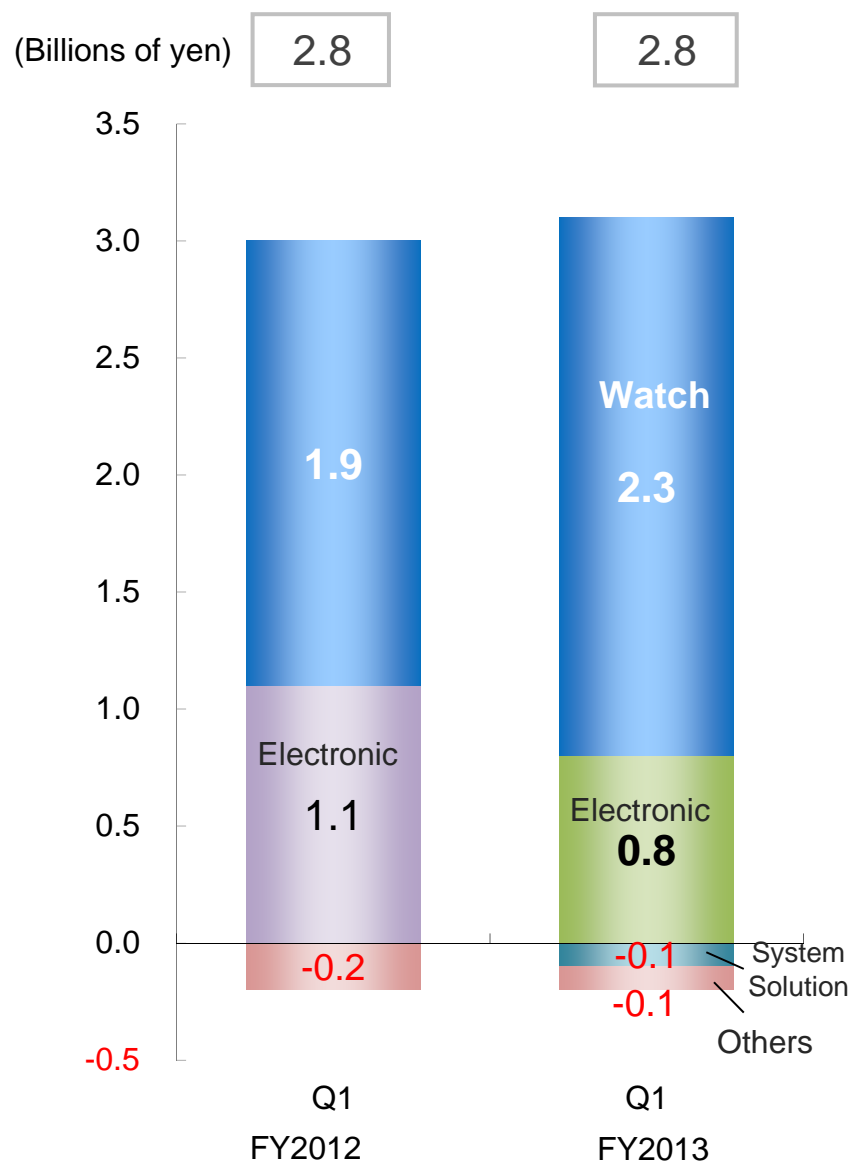
# Sales by Reported Segments (Apr. 2013 - Jun. 2013)



(Billions of yen)	Sales		
	FY2012 Q1	FY2013 Q1	Change
Watch	26.1	32.2	+6.0
Electronic Device	35.3	23.9	—
System Solution		5.0	—
Total	61.5	61.2	- 0.3
Others	10.7	11.4	+0.7
Cons. Adj.	- 1.7	- 2.3	- 0.5
Cons. Total	70.6	70.3	- 0.2

\* "Others" and "Cons. Adj." of FY2012 are reference figures.

# Operating Income by Reported Segments (Apr. 2013 - Jun. 2013) **SEIKO**



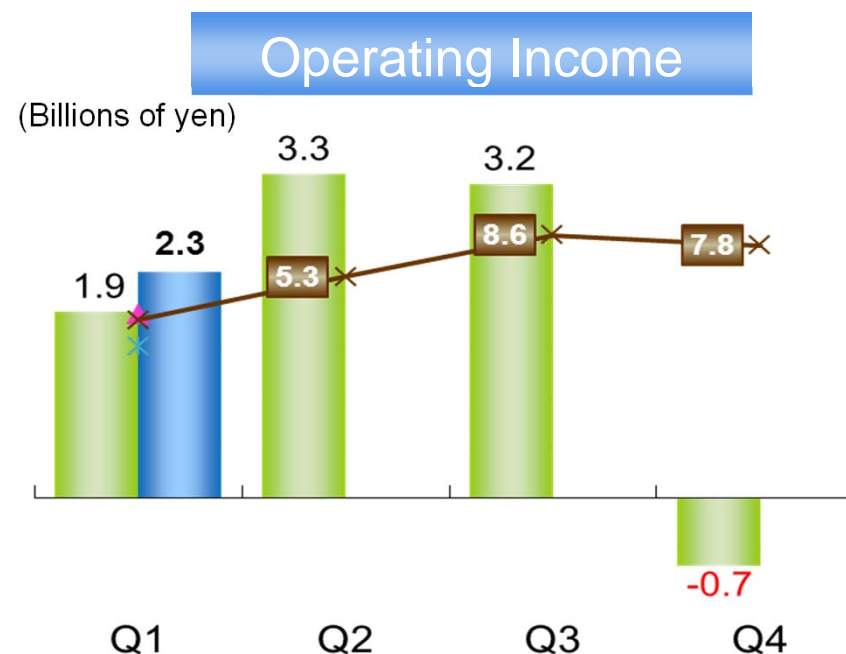
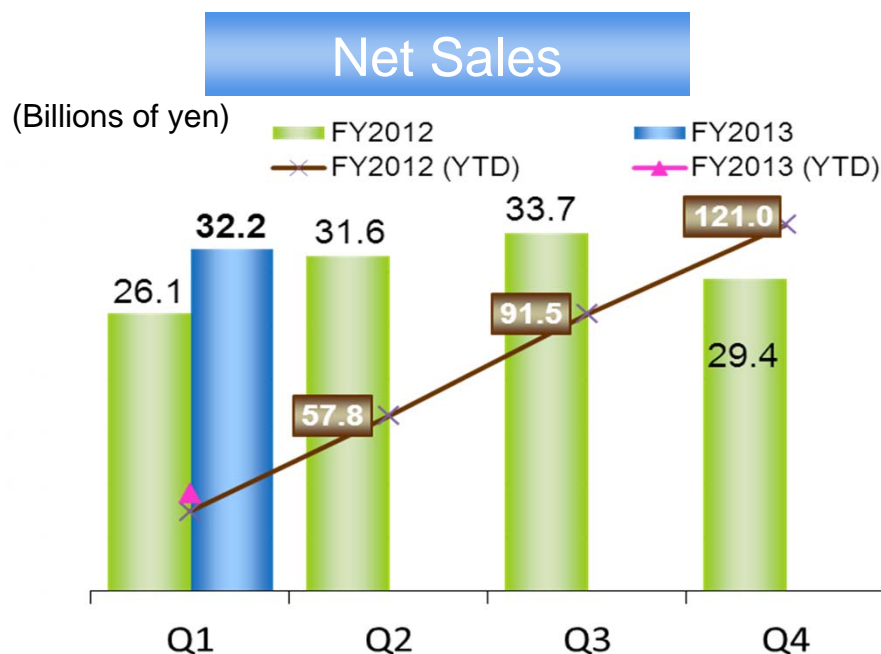
(Billions of yen)	Operating Income		
	FY2012 Q1	FY2013 Q1	Change
Watch	1.9	2.3	+0.3
Electronic Device	1.1	0.8	—
System Solution		- 0.1	—
Total	3.1	3.0	- 0.1
Others	- 0.2	- 0.1	+0.1
Cons. Adj.	- 0.0	- 0.0	- 0.0
Cons. Total	2.8	2.8	+0.0

\* "Others" and "Cons. Adj." of FY2012 are reference figures.

# Information by Reported Segments

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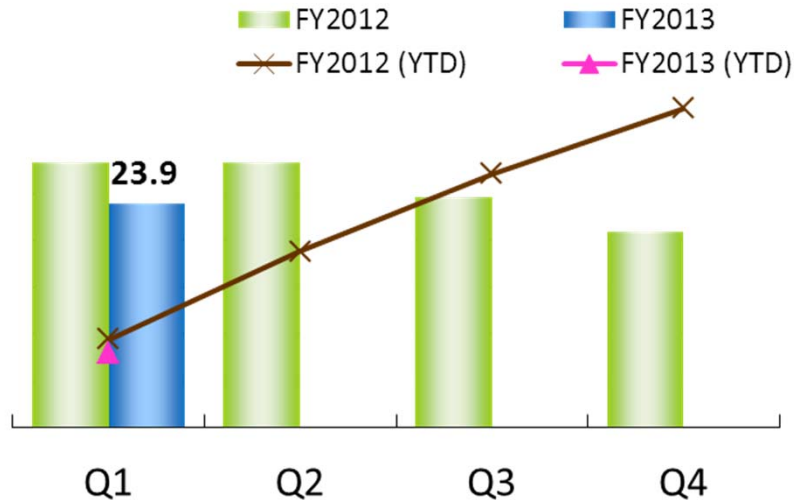
In Japan, sales across a wide spectrum of price ranges, from the GRAND SEIKO, CREDOR, the LUKIA ladies' watch model and the BRIGHTZ men's watch model etc., improved sales growth. The ASTRON, which represents the world's first solar GPS watch, also enjoyed brisk improvements in sales that were driven by the release of new products. Additionally, the Company opened two new "Seiko Premium Watch Salon" locations. (Total of 24 locations)

On the overseas front, while sales to department stores progressed favorably in the United States, 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 over those for the same period last fiscal year.

With regards to watch movement, amid intensified price competition caused by the progressively weaker yen, sales, particularly those to large clients dealing high value-added products, grew.

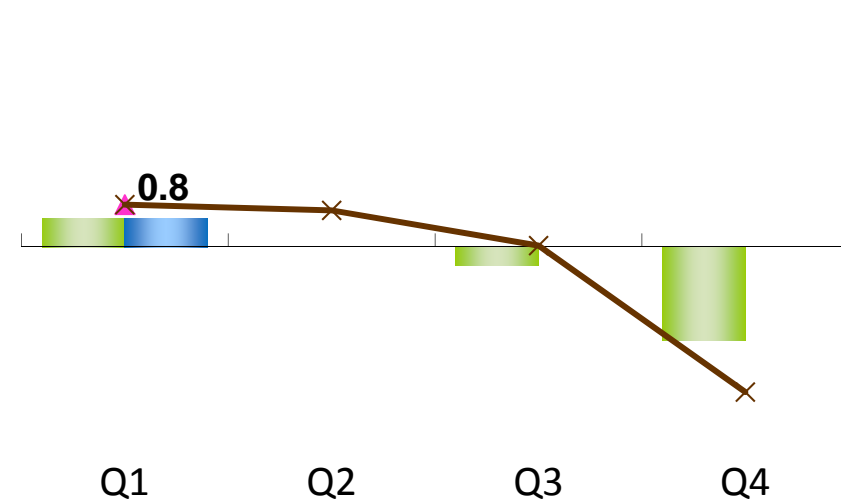
## Net Sales

(Billions of yen)



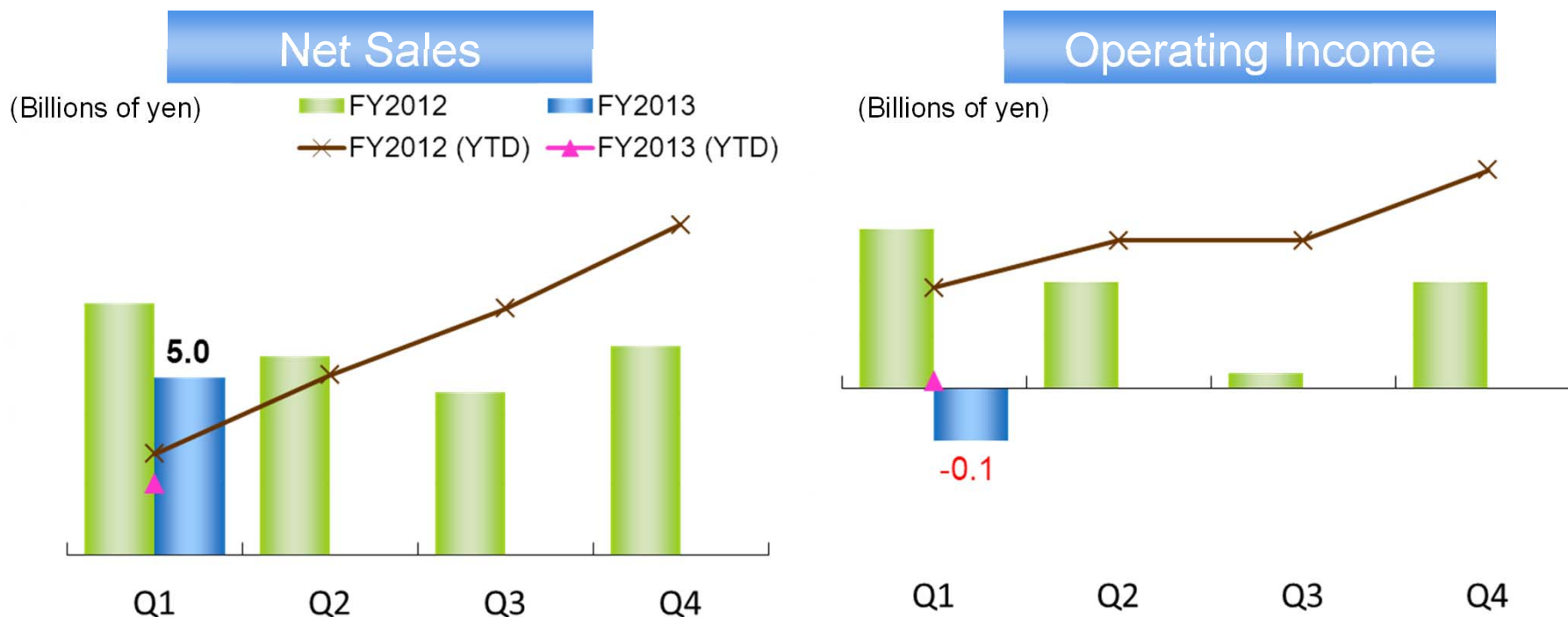
## Operating Income

(Billions of yen)



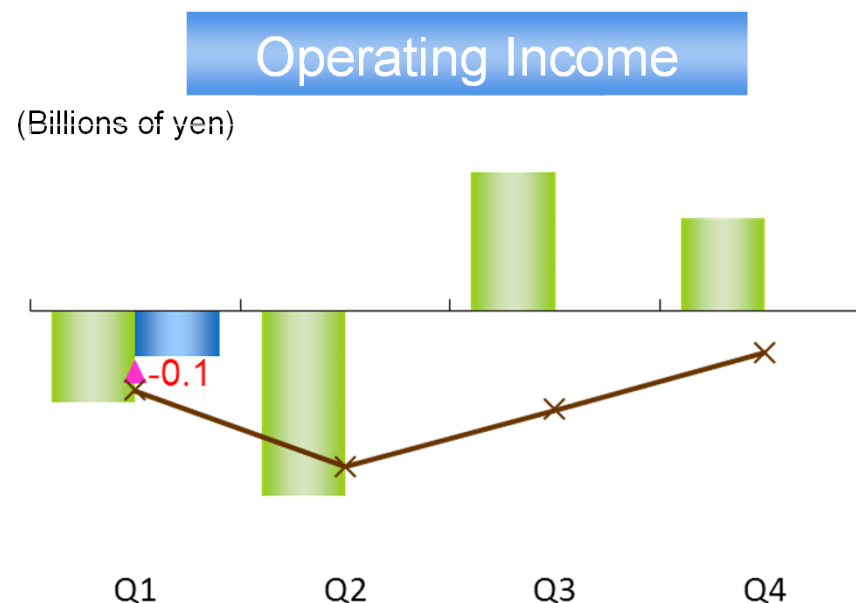
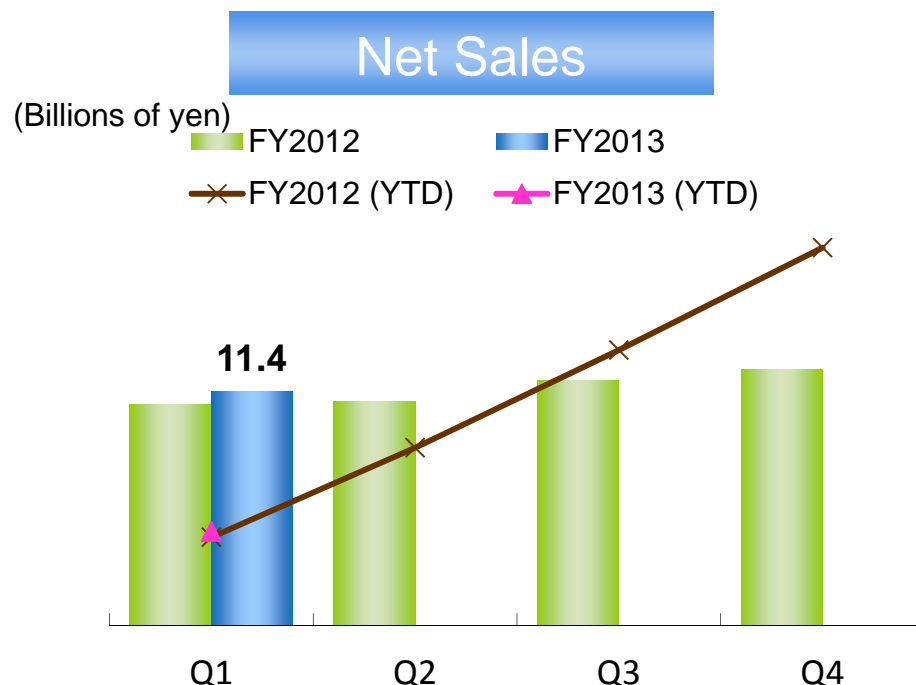
- Mechatronics: Sales of hard disk components recovered over the same period last fiscal year, which had been impacted by damage inflicted by the floods in Thailand. Meanwhile, under the impact of customer-side inventory adjustments, both sales and income for camera shutters worsened.
- Electronic devices: Orders of semiconductors, particularly those for automobiles, recovered. Sales of capacitors for smartphones also grew significantly.
- Other: Sales decreased year on year due to the sale of the Company's scientific instruments business in January. Sales of Geiger counters progressed satisfactorily despite falling under those for the same period last fiscal year, which benefited from special demand.

\*Net sales and operating income data for FY2012 are for reference purposes.



Sales in the System Solution Business grew mostly on the strength of sales of new payment terminal-related products. Sales and orders of energy monitoring and control solutions also progressed on a brisk note. Conversely, the release of new mobile-related products was delayed in order to cope with cost increases prompted by the depreciated yen. This resulted in sluggishness in other sales under this business. Income in the System Solution Business worsened under the impact of the decrease in sales and the depreciation of the yen, resulting in operating losses.

\*Net sales and operating income data for FY2012 are for reference purposes.

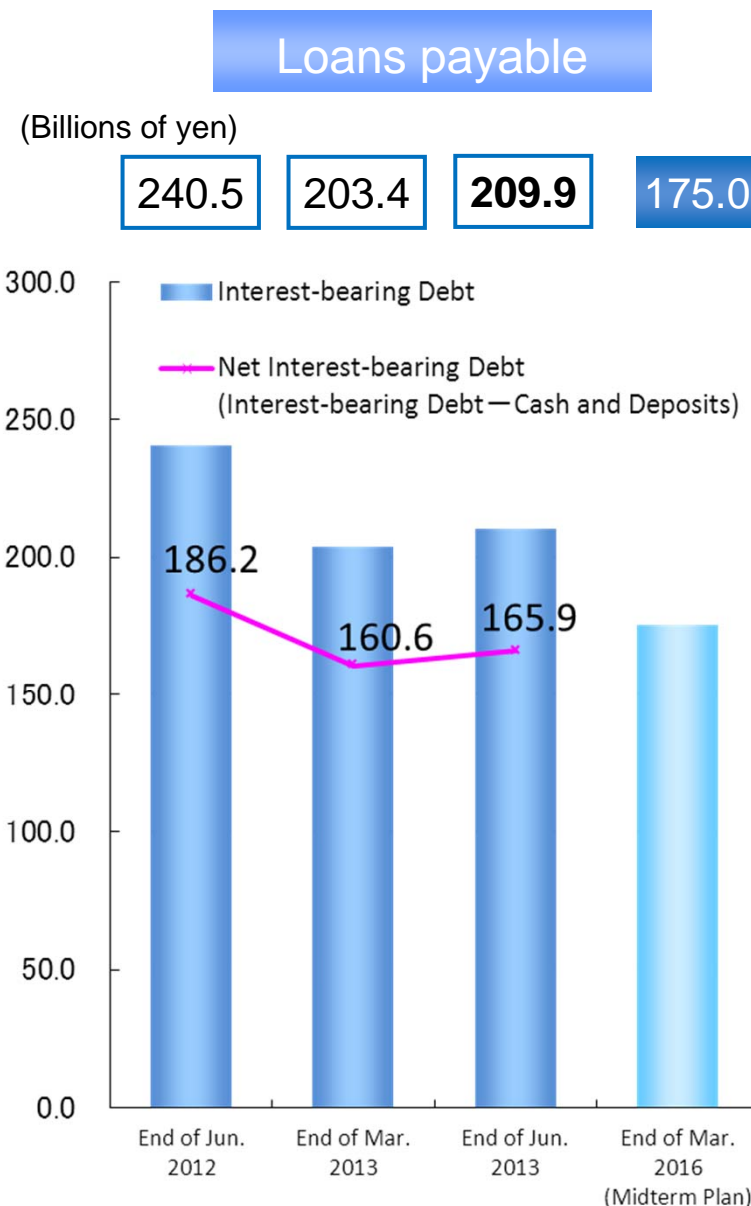


- Clocks: Sales improved year on year, but cost increases resulting from the impact of the weaker yen yielded operating losses.
- Optical products: In Japan, although sales of high value-added lenses progressed solidly, a decrease in sales quantities for all other product categories caused sales to be sluggish as a whole. Overseas, businesses targeting chain stores in Europe and the United States progressed solidly. This, coupled with the impact of currency rates, pushed both sales and income over levels during the last fiscal year.
- Other: Sales in the Wako business, particularly those for timepieces, grew significantly. While the majority of purchasers of those timepieces were Japanese, the number of foreign tourists visiting Wako also increased.

\*Net sales and operating income data for FY2012 are for reference purposes.

# Balance Sheets as of 30 Jun., 2013

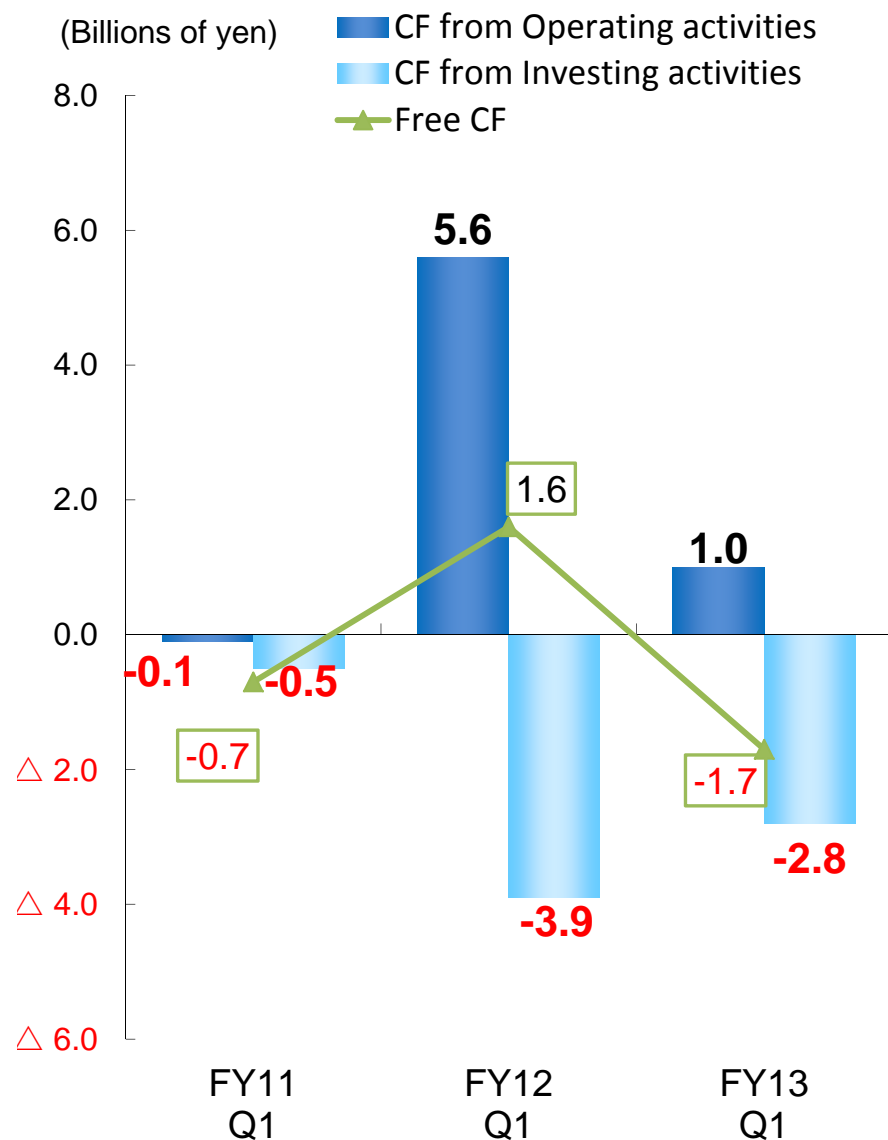
(Billions of yen)	30 Jun. 2012	31 Mar. 2013 (a)	30 Jun. 2013 (b)	Change (b) – (a)
Inventories	64.4	60.6	64.6	+4.0
Interest Bearing Debt	240.5	203.4	209.9	+6.5
Net Assets	29.8	40.8	50.4	+9.6
Total Assets	385.4	355.3	368.0	+12.7
Equity Capital Ratio	5.6%	11.0%	13.1%	+2.1%
Net Debt Equity Ratio	6.2	3.9	3.3	- 0.6
Number of Employees	15,468	14,712	14,410	- 302



# Cash Flow Statement

SEIKO

(Billions of yen)



	FY2011 Q1	FY2012 Q1	FY2013 Q1
Income before income taxes and minority interests	-0.7	1.5	<b>3.1</b>
Depreciation and amortization	3.5	3.1	<b>2.9</b>
Others	-2.9	0.8	<b>-5.0</b>
<b>Net cash provided by (used in) operating activities</b>	<b>-0.1</b>	<b>5.6</b>	<b>1.0</b>
Purchase of property, plant and equipment	-3.6	-3.7	<b>-4.0</b>
Others	3.1	-0.1	<b>1.2</b>
<b>Net cash provided by (used in) investing activities</b>	<b>-0.5</b>	<b>-3.9</b>	<b>-2.8</b>
Net increase (decrease) in loans payable	1.5	-1.1	<b>5.1</b>
Others	-0.3	2.3	<b>-0.6</b>
<b>Net cash provided by (used in) financing activities</b>	<b>1.2</b>	<b>1.1</b>	<b>4.5</b>
Effect of exchange rate change on cash and cash equivalents etc.	-0.3	-0.3	<b>-1.6</b>
Cash and cash equivalents	52.0	53.7	<b>43.8</b>
<b>Free cash flow</b>	<b>-0.7</b>	<b>1.6</b>	<b>-1.7</b>

## 2. Financial Forecast for FY2013

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# Summary of Financial Forecast for FY2013

**SEIKO**

(Billions of yen)		FY2012 Actual	Previous Forecast (May 10)		FY2013 Forecast (Aug. 9)		Change vs. Previous	
			1 <sup>st</sup> Half	Full year	1 <sup>st</sup> Half	Full Year	1 <sup>st</sup> Half	Full year
Sales		283.7	145.0	300.0	145.0	300.0	±0.0	±0.0
Operating Income		5.5	4.5	10.0	4.5	10.0	±0.0	±0.0
%		1.9%	3.1%	3.3%	3.1%	3.3%	±0.0%	±0.0%
Ordinary Income		3.2	2.5	6.0	3.0	6.0	+0.5	±0.0
%		1.1%	1.7%	2.0%	2.0%	2.0%	+0.3%	±0.0%
Net Income		5.5	2.0	5.0	2.5	5.0	+0.5	±0.0
%		1.9%	1.4%	1.7%	1.7%	1.7%	+0.3%	±0.0%
Exchange Rate (JPY)	USD	83.0	90.0	90.0	90.0	90.0	±0.0	±0.0
	EUR	107.0	120.0	120.0	120.0	120.0	±0.0	±0.0



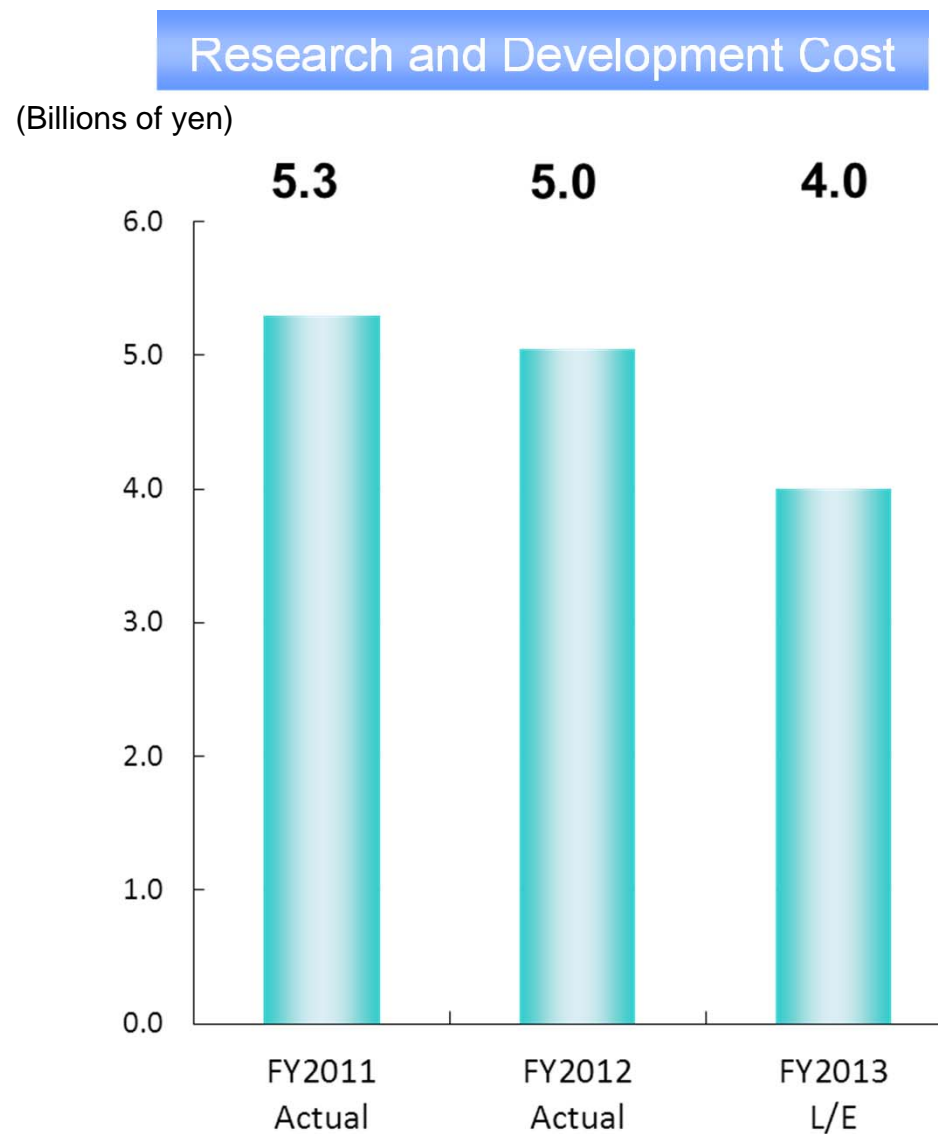
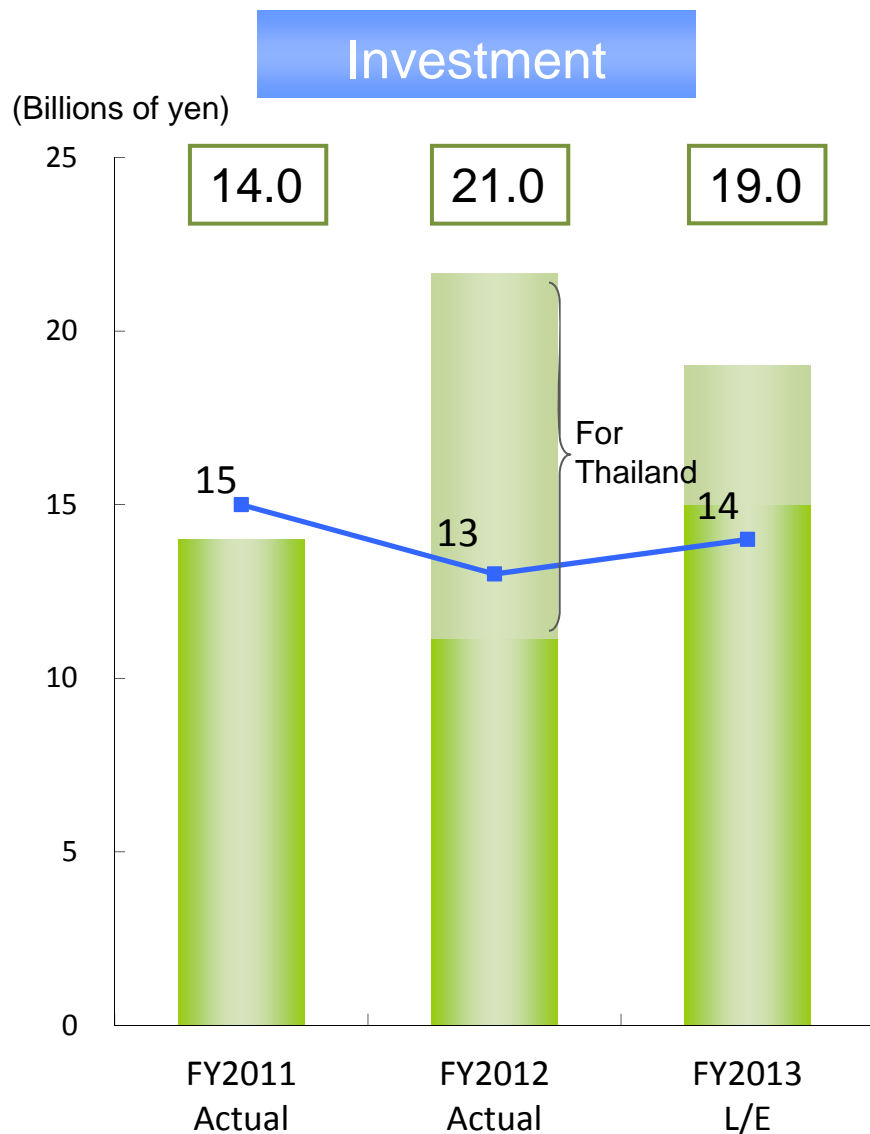
# Financial Forecasts for FY2013 by Reported Segment



(Billions of yen)	Sales				Operating Income			
	FY2012 Actual	FY2013 Forecast		Change vs. Previous	FY2012 Actual	FY2013 Forecast		Change vs. Previous
		Previous	Aug. 9			Previous	Aug. 9	
Watch	121.0	135.0	135.0	±0.0	7.8	10.0	10.0	±0.0
Electronic Device	125.2	95.0	95.0	±0.0	- 1.5	2.0	2.0	±0.0
System Solution		28.0	28.0	±0.0		1.0	1.0	±0.0
Total	246.2	258.0	258.0	±0.0	6.3	13.0	13.0	±0.0
Others	46.0	48.0	48.0	±0.0	- 0.0	1.0	1.0	±0.0
Cons. Total	283.7	300.0	300.0	±0.0	5.5	10.0	10.0	±0.0

\* "Others" of FY2012 is reference figures.

# Investment / Research and Development Cost



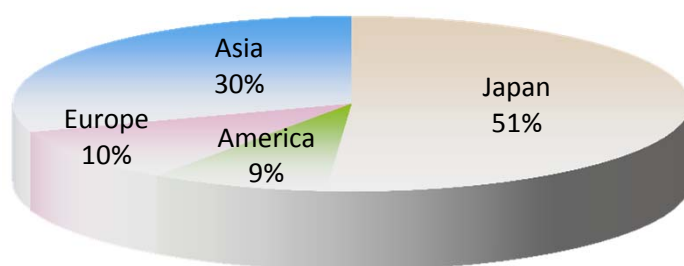
## Sensitivity by Exchange Rate (Jul.2013-Mar.2014)

FY2013	USD	EUR
Forecast Exc. Rate	<b>JPY 90.0</b>	<b>JPY 120.0</b>
For Sales (Billions of yen)	<b>1.5</b>	<b>0.1</b>
For Income (Billions of yen)	<b>0.35</b>	<b>0.05</b>

## FY2013

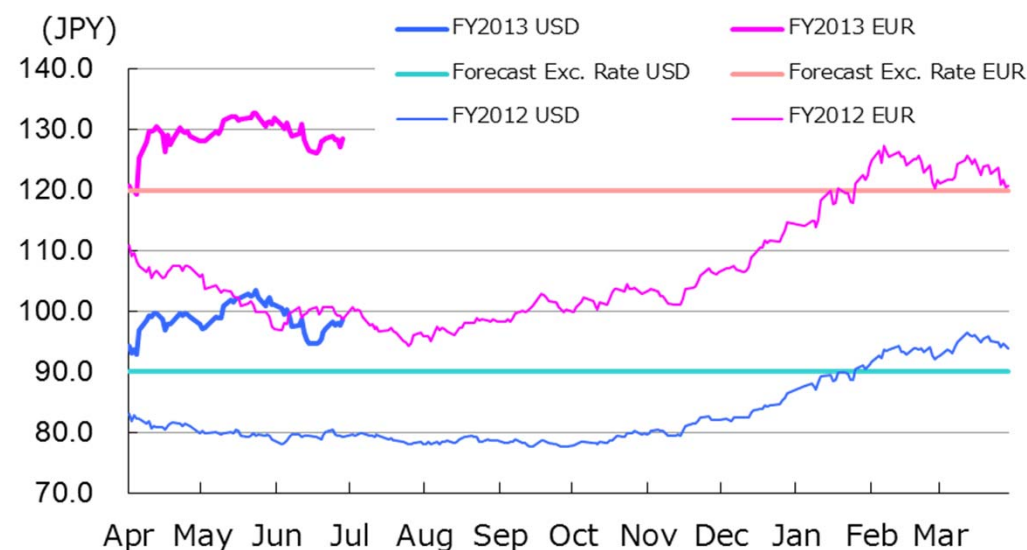
		Q1	Forecast Exc. Rate
Average	USD	98.7	90.0
	EUR	128.9	120.0
Closing date	USD	98.6	90.0
	EUR	128.5	120.0

## Sales by Area



\* FY2012 Actual data

## Trend of Exchange Rate



- ◆ *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 cut off to one decimal place.*

End

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