

10 May 2013

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED 31 MARCH 2013

### Financial Highlights

For the fiscal year ended 31 March 2013 (FY2012)

	FY2012		FY2011
	Millions of yen	Thousands of US dollars	Millions of yen
Net sales	283,790	3,019,364	296,937
Operating income	5,523	58,762	6,733
Ordinary income	3,243	34,504	1,280
Net income	5,527	58,804	(11,014)
Earnings per share (yen)	JPY 29.41	USD 0.31	(JPY 60.25)
	31 March 2013		31 March 2012
Total assets	355,308	3,780,274	386,128
Net assets	40,801	434,099	31,965

Note: Japanese yen amounts have been converted into US dollars, for convenience only, using the rate of 93.99 yen/dollar.

## Business Results

### 1. Overview

In the Japanese economy during FY2012, the effects of government policies coupled largely with reconstruction demand in the wake of the Great East Japan Earthquake propped up economic conditions in the first half of the fiscal year. However, exports decreased due in large part to the deterioration of Sino-Japanese relations, and there were no visible signs of a recovery in the volition of enterprises to engage in capital investment. From the fourth quarter onwards, the effects of “Abenomics” yielded improvements in the currency exchange environment as well as a significant recovery in the stock market. In the world economy, growth in Europe was negative due to fiscal austerity and worsened employment and income situations. Meanwhile, in the United States economy, the pace of recovery in employment continues to be moderate. At the same time, however, the housing

market in that nation, which had deteriorated rapidly following the collapse of Lehman Brothers, has been trending towards improvement. Additionally, growth in the Chinese economy, which has continued its trend of deceleration, was sustained by economic stimulus measures by the government.

For the fiscal year ending 31 March 2013, SEIKO HOLDINGS CORPORATION (“Company”) reported consolidated net sales of 283.7 billion yen, a year-on-year decrease of 13.1 billion yen, or 4.4%, from the previous fiscal year. On a per-segment basis, domestic net sales under the watch business grew significantly year on year, with overseas net sales also progressing steadily. Conversely, in the electronic components business, net sales experienced a decline over the previous fiscal year due largely to sluggish conditions in the electronic device market. Net sales under the clock and optical product businesses also decreased over the previous fiscal year. On a consolidated basis, domestic net sales came to 145.3 billion yen (a year-on-year decrease of 3.5%) and overseas net sales came to 138.4 billion yen (a year-on-year decrease of 5.4%), with the latter comprising 48.8% of net sales overall (relative to 49.3% for the previous fiscal year). In terms of income, due to the decrease in net sales under the electronic components business and the accompanying impact on predominantly production adjustments, operating income halted at 5.5 billion yen, a year-on-year decrease of 1.2 billion yen. As a consequence of improvements in non-operating income and expenditure due largely to the posting of foreign exchange gains, ordinary income increased by 1.9 billion yen over the previous fiscal year to become 3.2 billion yen. The Company posted a total of 13.0 billion yen in extraordinary income that consisted mostly of 4.9 billion yen in gains on sales of investment securities, 3.7 billion yen in insurance income, and 2.8 billion yen in gains on negative good will. Conversely, extraordinary losses totaling 8.2 billion yen were posted, with these consisting largely of 4.9 billion yen in impairment losses mostly under the electronic components business, 1.1 billion yen in losses on disasters, and 1.0 billion yen in special extra retirement payments. Consequently, net income for the fiscal year ending 31 March 2013 minus income taxes and minority interests in income came to 5.5 billion yen (relative to net losses of 11.0 billion yen for the previous fiscal year).

## 2. Results by Segment

Results for each segment are as follows:

### a. Watch business

Net sales under the watch business for the fiscal year ending 31 March 2013 came to 121.0 billion yen, a year-on-year increase of 8.5 billion yen, or 7.6%. 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 growth over the previous fiscal year. This was largely due to effective publicity efforts consisting primarily of television and newspaper advertising. Following its release in September 2012, the ASTRON, which represents the world's first solar GPS watch, continues to sell briskly in both domestic and overseas markets. On the overseas front, due largely to the aggressive development of product lines that gauged market needs, the Company successfully maintained satisfactory levels of sales to China and other Asian countries as well as those to South America. Publicity and promotional activities as well as other efforts tied into Company products under its partnership agreement with FC Barcelona, Spain's elite soccer team, continued on a healthy note. This resulted in sales for European and the United States markets also exceeding those during the previous fiscal year. Amid sluggish market conditions in Europe in particular, the decline experienced in watch movement sales was kept to a minimum.

With regards to income, the increase in net sales yielded a year-on-year increase of 0.4 billion yen, or 6.7%, in operating income, bringing it to 7.8 billion yen.

### b. Electronic components business

Net sales in the electronic components business came to 125.2 billion yen (a year-on-year decrease of 14.9%). Due to sluggish conditions in predominantly the PC, conventional mobile phone, flat-screen television and digital single-lens reflex camera markets, sales of both electronic and mechatronic devices initially declined. However, after entering the fourth quarter, orders received principally for electronic devices have been in a state of recovery. Among systems applications, sales of those for mobile communications-related equipment grew at a steady pace. Additionally, sales of Geiger counters were also maintained at

favorable levels. The transfer of a subsidiary under the Company's scientific instruments business during the fourth quarter also contributed to the decrease in sales under the electronic components business.

The decrease in net sales prompted deterioration in the profitability of this business, bringing its operating losses to 1.5 billion yen (relative to operating income of 1.3 billion yen for the previous fiscal year).

#### **c. Clock business**

Net sales in the clock business came to 9.2 billion yen (a year-on-year decrease of 3.6%). While sales both within and outside of Japan got off to a late start in the first half of the fiscal year due mostly to production delays caused by the floods in Thailand, from the second half onwards, sales have been trending towards recovery.

In terms of income, operating losses came to 0.5 billion yen (relative to 0.3 billion yen in operating losses for the previous fiscal year).

#### **d. Optical products business**

Net sales in the optical products business came to 22.1 billion yen (a year-on-year decrease of 3.7%). In Japan, although 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), were sustained at favorable levels, falling unit prices for these products caused their sales growth to stall. On the overseas front, despite growth in sales of back-surface progressive lenses in the United States, overall sales in that market fell below those during the previous fiscal year. In Europe, products for major chain stores progressed at a solid pace.

With regards to income, the Company reported 0.2 billion yen in operating income (a year-on-year decrease of 9.6%), which is nearly on par with operating income for the previous fiscal year.

#### **e. Other businesses**

In other businesses, net sales came to 14.4 billion yen (a year-on-year increase of 3.0%) and operating income to 0.2 billion yen (relative to operating losses of 0.4 billion yen for the previous fiscal year). Sales at Wako's main building, particularly those in the watch and ladies' departments, progressed steadily. Sales of system clocks and sports timing devices also exceeded those for the previous fiscal year.

## Financial Condition

### Status of Assets, Liabilities, and Net Assets

Total assets at the close of the fiscal year ending 31 March 2013 amounted to 355.3 billion yen, a decline of 30.8 billion yen relative to the close of the previous fiscal year. Total current assets came to 156.8 billion yen, a decrease of 18.2 billion yen over the close of the previous fiscal year. This was mainly the culmination of an 8.9 billion-yen decrease in cash and deposits and a 6.8 billion-yen decrease in notes and accounts-receivable trade. Noncurrent assets decreased largely due to the sale of such assets and a consolidated subsidiary, which negated 12.5 billion yen in investment conducted primarily to recover from damage from the Thailand floods and augment manufacturing equipment. In total, noncurrent assets came to 198.4 billion yen, a decline of 12.5 billion yen over the close of the previous fiscal year.

For liabilities, total loans came to 198.9 billion yen due to a combined decrease of 48.6 billion yen in long- and short-term loans payable, which offset an increase of 10.1 billion yen in the current portion of long-term loans payable. Additionally, a 4.2 billion-yen increase in current liabilities and other items was offset by a 2.1 billion-yen decrease in accounts payable-other. These were the chief factors that resulted in total liabilities decreasing by 39.6 billion yen over the close of the previous year to become 314.5 billion yen. With regards to net assets, the posting of net income for the fiscal year and improvements in foreign currency translation adjustments were primarily responsible for the increase of 8.8 billion yen posted over the close of the previous fiscal year, which brought total net assets to 40.8 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 ending 31 March 2013 came to 42.7 billion yen, a decline of 8.5 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 21.4 billion yen. This was the result of the Company posting 8.0 billion yen in net income before income taxes; factoring in depreciation amounting to 12.8 billion yen; performing adjustments consisting largely of 4.9 billion yen in impairment losses, 2.8 billion yen in gains on negative good will (posted as a decrease), 4.9 billion yen in gains on sales of investment

securities (posted as a decrease) and 1.5 billion yen in gains and losses on sales of noncurrent assets (posted as a decrease); and accounting for the likes of a 6.9 billion-yen decrease in accounts receivable and a 3.7 billion-yen increase in notes and accounts payable-trade (posted as a decrease).

#### - Cash flow from investment activities

Net cash flow from investment activities came to negative 2.0 billion yen due mainly to 19.7 billion yen in expenditure from acquiring property, plant and equipment (posted as a decrease), which was partially offset by 8.7 billion yen in income from sales of property, plant and equipment, 3.8 billion yen in income from sales of intangible assets, and 6.0 billion yen in income from sales of subsidiaries' stocks.

#### - Cash flow from financing activities

Net cash flow from financing activities came to negative 29.2 billion yen due mainly the repayment of long-term loans payable and borrowings that combined for a net amount of negative 32.6 billion yen.

### **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. Given the impact of the losses that it posted for the previous fiscal year and being duly mindful to enhance its net assets, the Company plans on declaring a year-end dividend of 2.5 yen per share. Moreover, the Company forecasts that it will raise this dividend to 5.0 yen per share for the next fiscal year.

### **Outlook for the Next Fiscal Year**

In the world economy, the current uptick is expected to continue due largely to a recovery in personal consumption in the United States. In Asia as well, stable, if not significant, growth is predicted for the Chinese economy as a result of economic stimulus measures. As a whole, the world economy is believed to continue recovering at a moderate pace. Additionally, the Japanese economy is believed to gradually be on its way to a definite recovery due in part to the impact of last-minute

demand leading up to the hike in the consumption tax rate, which will complement the likes of improvements in the stock market and currency rate conditions.

Amid such a business environment, the Company will continue to expand upon the sales and income under its watch business both within and outside of Japan, and will also endeavor to enact a recovery in the business performance of its electronic device business chiefly through releasing competitive products in this environment marked by continued improvements in the currency rate situation and an ongoing recovery in market conditions.

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

■ Forecast for the consolidated business results for the year ending 31 March 2014 (FY2013)

	Amount (Billions of yen)	Year-on-year change (%)
Net sales	300.0	105.7
Operating income	10.0	181.1
Ordinary income	6.0	185.0
Net income	5.0	90.4
Earnings per share (yen)	JPY 24.19	–

■ Forecasted results by segment for the year ending 31 March 2014 (FY2013)

	Net Sales (Billions of yen)	Operating Income (Billions of yen)
Watch Business	135.0	10.0
Electronic Device Business	95.0	2.0
System Solution Business	28.0	1.0
Total for all business segments	258.0	13.0
Other Businesses	48.0	1.0
Consolidated total	300.0	10.0

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.*

# SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: Year Ended 31 March 2013

Page 8/17

## Balance Sheets

Seiko Holdings Corporation and Consolidated Subsidiaries

31 March 2013

	Millions of yen	
	31 March 2013	31 March 2012
	Amount	Amount
<b>Assets</b>		
Current assets:		
Cash and deposits	42,830	51,765
Notes and accounts receivable-trade	43,583	50,483
Merchandise and finished goods	40,511	38,162
Work in process	10,893	12,242
Raw materials and supplies	9,233	8,965
Accounts receivable-other	2,557	6,554
Deferred tax assets	3,454	3,759
Other	5,258	4,760
Allowance for doubtful accounts	(1,453)	(1,600)
<b>Total current assets</b>	<b>156,867</b>	<b>175,092</b>
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	101,285	107,138
Machinery, equipment and vehicles	102,312	95,607
Tools, furniture and fixtures	33,407	34,369
Lease assets	3,567	4,781
Accumulated depreciation	(174,473)	(171,802)
Land	76,148	81,289
Construction in progress	4,817	1,601
Subtotal	147,065	152,985
Intangible assets:		
Goodwill	9,541	10,269
Other	6,262	9,993
Subtotal	15,803	20,263
Investments and other assets:		
Investment securities	28,191	30,190
Deferred tax assets	1,786	1,620
Other	8,941	9,415
Allowance for doubtful accounts	(3,348)	(3,439)
Subtotal	35,571	37,786
<b>Total noncurrent assets</b>	<b>198,440</b>	<b>211,035</b>
<b>Total assets</b>	<b>355,308</b>	<b>386,128</b>



# SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: Year Ended 31 March 2013

Page 9/17

	Millions of yen	
	31 March 2013	31 March 2012
	Amount	Amount
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable-trade	42,174	44,005
Short-term loans payable	54,065	76,454
Current portion of long-term loans payable	65,352	55,188
Accounts payable-other	14,833	16,962
Income taxes payable	1,416	1,751
Deferred tax liabilities	104	63
Provision for bonuses	2,003	1,337
Provision for goods warranties	456	426
Provision for loss on business withdrawal	147	190
Provision for loss on disaster	44	45
Other provision	130	171
Asset retirement obligations	16	35
Other	14,139	9,854
<b>Total current liabilities</b>	<b>194,885</b>	<b>206,487</b>
Noncurrent liabilities:		
Long-term loans payable	79,571	105,807
Lease obligations	3,775	3,397
Deferred tax liabilities	4,946	5,555
Deferred tax liabilities for land revaluation	4,218	4,808
Provision for retirement benefits	19,974	21,843
Provision for directors' retirement benefits	328	321
Provision for environmental measures	368	330
Provision for gift certificate exchange losses	139	160
Provision for long-term goods warranties	83	78
Other provision	159	107
Asset retirement obligations	338	338
Negative goodwill	189	568
Other	5,527	4,356
<b>Total noncurrent liabilities</b>	<b>119,621</b>	<b>147,675</b>
<b>Total liabilities</b>	<b>314,507</b>	<b>354,162</b>

# SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: Year Ended 31 March 2013

Page 10/17

	Millions of yen	
	31 March 2013	31 March 2012
	Amount	Amount
<b>Net assets</b>		
Shareholders' equity:		
Capital stock	10,000	10,000
Capital surplus	7,414	7,550
Retained earnings	22,301	11,746
Treasury stock	(134)	(880)
Subtotal	39,580	28,416
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	(2,276)	(338)
Deferred gains or losses on hedges	(332)	(273)
Revaluation reserve for land	7,617	7,835
Foreign currency translation adjustment	(5,575)	(11,560)
Subtotal	(567)	(4,336)
Minority interests	1,787	7,885
<b>Total net assets</b>	<b>40,801</b>	<b>31,965</b>
<b>Total liabilities and net assets</b>	<b>355,308</b>	<b>386,128</b>

# SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: Year Ended 31 March 2013

Page 11/17

## Statements of Income

Seiko Holdings Corporation and Consolidated Subsidiaries

For Year Ended 31 March 2013

	Millions of yen	
	FY 2012	FY 2011
	Amount	Amount
<b>Net sales</b>	283,790	296,937
Cost of sales	196,737	206,742
Gross profit	87,053	90,195
Selling, general and administrative expenses	81,530	83,462
<b>Operating income</b>	<b>5,523</b>	<b>6,733</b>
<b>Non-operating income:</b>		
Interest income	212	321
Dividends income	230	201
Equity in earnings of affiliates	395	490
Amortization of negative goodwill	378	378
Foreign exchange gains	1,193	–
Other	1,054	845
Subtotal	3,465	2,237
<b>Non-operating expenses:</b>		
Interest expenses	4,730	5,316
Foreign exchange losses	–	792
Other	1,014	1,581
Subtotal	5,744	7,689
<b>Ordinary income</b>	<b>3,243</b>	<b>1,280</b>
<b>Extraordinary income:</b>		
Gain on sales of investment securities	4,944	–
Insurance income	3,735	6,512
Gains on bargain purchase	2,839	838
Gain on sales of noncurrent assets	1,560	252
Gain on reversal of provision for loss on disaster	–	367
Subtotal	13,080	7,971
<b>Extraordinary loss:</b>		
Impairment loss	4,976	910
Loss on disaster	1,117	5,777
Special extra retirement payments	1,032	3,292
Losses on retirement of noncurrent assets	549	106
loss on business withdrawal	491	–
Loss on valuation of investment securities	112	–
Loss on valuation of inventories	–	3,430
Provision for loss on business withdrawal	–	190
Loss on restructuring of manufacturing base	–	175
Loss on sales of investment securities	–	136
Subtotal	8,279	14,020

# SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: Year Ended 31 March 2013

Page 12/17

	Millions of yen	
	FY 2012	FY 2011
	Amount	Amount
<b>Income (loss) before income taxes and minority interests</b>	<b>8,044</b>	<b>(4,768)</b>
Income taxes-current	2,320	2,527
Income taxes-deferred	(466)	2,757
Subtotal	1,853	5,284
Income (loss) before minority interests	6,190	(10,053)
Minority interests in income	662	961
<b>Net income (loss)</b>	<b>5,527</b>	<b>(11,014)</b>

# SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: Year Ended 31 March 2013

Page 13/17

## Statements of Comprehensive Income

Seiko Holdings Corporation and Consolidated Subsidiaries

For Year Ended 31 March 2013

	Millions of yen	
	FY 2012	FY 2011
	Amount	Amount
<b>Income (loss) before minority interests</b>	<b>6,190</b>	<b>(10,053)</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1,838)	(1,095)
Deferred gains or losses on hedges	(58)	(373)
Revaluation reserve for land	283	681
Foreign currency translation adjustment	6,248	(953)
Share of other comprehensive income of associates accounted for using equity method	(225)	(186)
Subtotal	4,409	(1,928)
<b>Comprehensive income</b>	<b>10,599</b>	<b>(11,981)</b>
Comprehensive income attributable to owners of the parent	9,798	(12,885)
Comprehensive income attributable to minority interests	801	904

## Statements of Cash Flows

Seiko Holdings Corporation and Consolidated Subsidiaries

For Year Ended 31 March 2013

	Millions of yen	
	FY 2012	FY 2011
<b>Net cash provided by (used in) operating activities</b>		
Income (loss) before income taxes and minority interests	8,044	(4,768)
Depreciation and amortization	12,886	15,078
Increase (decrease) in provision for retirement benefits	(992)	(3,374)
Increase (decrease) in provision for directors' retirement benefits	15	(28)
Increase (decrease) in allowance for doubtful accounts	377	277
Interest and dividends income	(442)	(522)
Interest expenses	4,730	5,316
Foreign exchange losses (gains)	(37)	(340)
Equity in (earnings) losses of affiliates	(395)	(490)
Impairment loss	4,976	910
Gains on bargain purchase	(2,839)	–
Loss (gain) on sales of investment securities	(4,944)	136
Loss (gain) on sales of noncurrent assets	(1,560)	(252)
Insurance income	(3,735)	(6,512)
Loss on retirement of noncurrent assets	847	3,615
Decrease (increase) in notes and accounts receivable-trade	6,909	(923)
Decrease (increase) in inventories	(538)	722
Increase (decrease) in notes and accounts payable-trade	(3,792)	80
Increase (decrease) in accounts payable-other	3,244	6,854
Other, net	4,594	(128)
Subtotal	27,348	15,651
Interest and dividends income received	443	522
Proceeds from dividends income from affiliates accounted for by equity method	209	211
Interest expenses paid	(4,721)	(5,329)
Proceeds from insurance income	7,853	2,495
Payments for extra retirement payments	(7,008)	–
Income taxes paid	(2,673)	(2,431)
<b>Net cash provided by (used in) operating activities</b>	<b>21,450</b>	<b>11,119</b>

# SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: Year Ended 31 March 2013

Page 15/17

	Millions of yen	
	FY 2012	FY 2011
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(19,790)	(12,732)
Proceeds from sales of property, plant and equipment	8,774	2,206
Proceeds from sales of intangible assets	3,851	20
Purchase of investment securities	(101)	(987)
Proceeds from sales of investment securities	96	1,394
Payments of loans receivable	(562)	(581)
Collection of loans receivable	731	640
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	6,095	–
Other, net	(1,121)	(1,174)
<b>Net cash provided by (used in) investing activities</b>	<b>(2,027)</b>	<b>(11,215)</b>
<b>Net cash provided by (used in) financing activities</b>		
Increase in short-term loans payable	529,635	483,290
Decrease in short-term loans payable	(547,367)	(481,828)
Proceeds from long-term loans payable	52,700	64,245
Repayment of long-term loans payable	(67,595)	(65,791)
Proceeds from sales and redemption by installment payment	2,530	–
Cash dividends paid	–	(363)
Other, net	823	808
<b>Net cash provided by (used in) financing activities</b>	<b>(29,274)</b>	<b>362</b>
Effect of exchange rate change on cash and cash equivalents	1,351	(419)
Net increase (decrease) in cash and cash equivalents	(8,499)	(154)
Cash and cash equivalents at beginning of period	51,289	51,901
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(106)	(458)
Increase (decrease) in cash and cash equivalents resulting from change in the fiscal year-end of subsidiaries	95	–
<b>Cash and cash equivalents at end of period</b>	<b>42,778</b>	<b>51,289</b>

## Segment Information

### 1. Information about Sales and Income (Loss) by Reported Segment (For Year Ended 31 March 2012)

	Sales FY 2011	Operating Income FY 2011
Watch Business	112,452	7,380
Electronic Components Business	147,165	1,301
Clock Business	9,612	(391)
Optical Products Business	23,020	273
Other businesses	14,073	(445)
Total for all business segments	306,324	8,119
Eliminations and common	(9,386)	(1,385)
Total	296,937	6,733

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

	Sales FY 2012	Operating Income 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 businesses	14,495	288
Total for all business segments	292,217	6,328
Eliminations and common	(8,427)	(805)
Total	283,790	5,523



# SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: Year Ended 31 March 2013

Page 17/17

Notes:

## 1. Outline of Reported Segments

Seiko Holdings Corporation is able to obtain the separate financial information of our constituent units. The Board of Directors regularly examines this financial information in order to make decisions on the distribution of management resources and to evaluate business performance.

As a holding corporation, Seiko adopts a management structure that undertakes the consolidated administration of each business company. Each business company drafts comprehensive domestic and overseas plans regarding products and commodities handled and incidental businesses, and develops its individual business activities.

Accordingly, Seiko Holdings Corporation comprises product- and commodity-specific segments centered on business companies. The five reported segments are the Watch Business, the Electronic Components Business, the Clock Business, the Optical Products Business and Other Businesses.

The main products and commodities of each reported segment are as follows:

Reported Segment	Main Products
Watch Business	Watches, watch movements
Electronic Components Business	Hard disk components, semiconductors, quartz crystals, micro batteries and materials, information systems, IC dictionaries, printers, network systems, and shutters for cameras
Clock Business	Clocks
Optical Products Business	Optical lenses and frames
Other Businesses	High-end clothing and miscellaneous goods, system clocks, sports timing equipments, and real estate rental

For further information, please contact:

Corporate Strategy & Planning Department

SEIKO HOLDINGS CORPORATION

Toranomon 15 Mori Building, 8-10, Toranomom 2-chome,

Minato-ku, Tokyo 105-8505, JAPAN

Tel: +81-3-6739-3111

Fax: +81-3-6739-9205