



Financial Statements for the Three Months Ended June 30, 2007

August 8, 2007

Citizen Holdings Co., Ltd.

Code No.: 7762

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(Figures are rounded to the nearest one million yen)

1. Results for the three months ended June 30, 2007 (From April 1, 2007 to June 30, 2007)

(1) Consolidated operating results

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income
	(Millions of yen)		(Millions of yen)		(Millions of yen)
Three months ended June 30, 2007	79,996	3.6%	5,389	9.1%	6,637
Three months ended June 30, 2006	77,243	- 0.2%	4,941	- 5.1%	5,543
Year ended March 31, 2006	336,188	-	21,920	-	25,991

	Net income		Earnings per share		Fully diluted earnings per share
	(Millions of yen)		(Yen)		(Yen)
Three months ended June 30, 2007	3,281	23.8%	9.47		8.77
Three months ended June 30, 2006	2,650	- 22.4%	6.99		6.49
Year ended March 31, 2006	7,145	-	19.43		18.07

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Three months ended June 30, 2007	398,561	261,943	65.3	750.60
Three months ended June 30, 2006	407,963	279,474	68.0	732.00
Year ended March 31, 2006	382,971	254,426	65.9	728.49

2. Consolidated projected results for the year ending March 31, 2007 (From April 1, 2007 to March 31, 2008)

(Percentage figures for the full year denote the year-on-year increase or decrease.)

Percentage figures for the interim period denote the increase or decrease from the previous interim period.)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Interim	161,000	7,700	8,500	4,500	12.98
Full year	344,000	24,000	26,000	14,000	40.39

3. Other

(1) Important changes of subsidiaries during the term (change of specified subsidiaries that lead to a change in the scope of consolidation):

No

(2) Adoption of simplified accounting policies:

Yes

(3) Changes in accounting policies:

No

(Note) For more details, please see Page 3, "4. Other" of "Qualitative Data, Financial Statements and Other Information"

* Explanation about the proper use of financial forecasts and other important notes

Statements above relating to financial forecasts are based on information available to the Company and certain assumptions the Company considers reasonable as of the date of the announcement of these statements. Actual results may differ materially from these forecasts, depending on a variety of factors.

[Qualitative Data, Financial Statements and Other Information]

1. Qualitative data on the consolidated financial results

(Millions of yen)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Change Amount	Change %
Watches and clocks	32,095	29,972	2,123	7.1
Electronic devices	24,198	23,939	258	1.1
Electronic products	6,685	6,170	515	8.4
Industrial machinery	9,641	9,339	302	3.2
Other products	7,375	7,821	- 446	- 5.7
Consolidated totals	79,996	77,243	2,753	3.6
Watches and clocks	4,563	4,674	- 111	- 2.4
Electronic devices	388	239	148	61.8
Electronic products	613	708	- 94	- 13.4
Industrial machinery	1,212	1,383	- 170	- 12.3
Other products	268	440	- 171	- 38.9
Eliminations or general corporate	(1,656)	(2,504)	848	-
Consolidated totals	5,389	4,941	448	9.1

In the three months ended June 30, 2007, other products experienced a decline in sales, but watches, clocks and electronic devices all performed well. As a result, the Company achieved increases in both sales and profits. Consolidated net sales rose 3.6% year-on-year, to ¥79.9 billion, and consolidated operating income grew 9.1% year-on-year to ¥5.3 billion.

In watches and clocks, the flagship Citizen brand achieved sales growth both in Japan and abroad, attributable to the introduction of high value-added products and the benefits associated with the weaker yen. In the domestic market, sales grew with the introduction of high value-added products, including Eco-Drive and radio-controlled watches featuring cutting-edge technologies and superior designs. In overseas markets, factors such as booming sales of high value-added products, as well as a stronger euro and U.S. dollar supported demand. In North America, the Eco-Drive continued to enjoy healthy demand and achieve satisfying results. In Europe, sales grew on factors such as strong demand for Eco-Drive and radio-controlled watch performances. In Central and South America, strong sales to major department stores and mass merchandise outlets were among the positive developments contributing to higher sales. In Asia, sales grew primarily from strong results achieved by high value-added products in the Chinese market. The Q&Q brand also achieved sales growth, fueled by impressive performances of designer and digital radio-controlled solar watches. Sales remained unchanged for licensed brands. Movement sales increased, supported by the robust performance of high value-added movements.

As a result, net sales for the watches and clocks segment increased 7.1% year on year, to ¥32 billion. In contrast, operating income for this segment slipped 2.4%, to ¥4.5 billion, reflecting negative factors such as the expenditure allocation review following the Company's shift to a holding company structure and cost depreciation system reforms. Consequently, the segment registered higher sales and lower profits.

In electronic devices, the Company developed such low-cost opt-devices as chip LED lamps and backlight units to focus on expanding share in the volume zone. The Company was also committed to bolstering sales of high value-added products, including flash LED. However, sales decreased with price pressures in a market that remained robust. The Company also sought to develop markets such as general lighting, backlights for large and midsize LCDs and automobiles, as well as games and other amusement products. These efforts produced results to a certain degree. In addition, IrDA modules enjoyed substantial expansion. In quartz devices, demand remained strong for products such as mobile phones, digital consumer electronics, PC-related products and automobile-mounted equipment. However, sales decreased as a result of a decline in prices.

In other products, switches, including subminiature side-push switches and key sheet modules performed favorably. However, acoustic components continued to slump. Consequently, results fell far short of the level achieved in the previous year.

As a result of these developments, the electronic devices segment achieved growth in both sales and profits. Net sales increased 1.1% from the previous year, to ¥24.1 billion, while operating income rose 61.8%, to ¥0.3 billion, respectively.

In electronic products, sales increased for printers, including large printers for China and photo printers, thanks to the release of new products and aggressive sales activities. Demand for electronics for gifts was sluggish, but electronics performed strongly in our principal overseas markets of Russia and Eastern Europe, where they achieved sales expansion. Health care equipment also boosted sales, supported by the introduction of new products and the expansion of house brand products in Europe and North America. The market for FDDs continues to contract, and these products registered lower sales, as a result of ongoing steps to withdraw from this business. Operating income experienced a temporary dip in the three months ended June 30, 2007, reflecting greater efforts to cultivate new markets and greater investment in new product development. However, operating income for the full year ending March 31, 2008 is expected to rise on a year-on-year basis.

As a result of the developments described above, the electronic products segment registered higher sales and lower profits. Net sales for the segment increased 8.4% year on year, to ¥6.6 billion. Meanwhile, operating income decreased 13.4%, to ¥0.6 billion, attributable to factors including increased research and development expenses.

In industrial machinery, our mainstay CNC automatic lathes produced generally strong results in terms of both orders and sales. In Japan, demand for automobiles, electronics and precision equipment leveled off after reaching impressive heights. In the rest of Asia, China and Taiwan showed an upturn, but HDD-related production adjustments continued in ASEAN countries. In the Americas, demand for products centering on medical and related equipment expanded. In Europe, the business boom continued and sales were strong.

As a result of the developments described above, the industrial machinery segment registered an increased sales but lower profits. Net sales for the segment grew 3.2% year on year, to ¥9.6 billion. Meanwhile, operating income fell 12.3%, to ¥1.2 billion, the result of factors such as changes in the product structure.

In other products, demand for jewelry remained weak given the adverse effects of the appreciation of market prices of precious metals and moves toward voluntary restraint on excessive credit sales. In pachinko-related products, investment in peripheral equipment continued to be stagnant, given large expenditures estimated for the replacement of pachinko slot machines.

As a result of these developments, the other products segment registered declines in both sales and profits. Net sales for the segment decreased 5.7% from the previous year, to ¥7.3 billion, and operating income fell 38.9%, to ¥0.2 billion.

2. Qualitative data on the consolidated financial position

Total assets as of June 30, 2007 rose ¥15.5 billion from the end of the previous consolidated fiscal year, reaching ¥398.5 billion. In assets, inventories rose ¥5.3 billion, primarily on seasonal and other factors that produced increases in the volumes of watches and clocks in stock. Investments and other assets also increased by ¥10.5 billion, reflecting market valuation and other factors. Liabilities came to ¥136.6 billion, the result of factors including an increase in other long-term liabilities. Net assets totaled ¥261.9 billion, as a market valuation caused net unrealized gains on other marketable securities to rise.

3. Qualitative data on the consolidated earnings forecasts

Projected consolidated results have not changed from those announced on May 14, 2007.

4. Other

(1) Important changes of subsidiaries during the term (change of specified subsidiaries that lead to a change in the scope of consolidation)

None

(2) Adoption of simplified accounting policies

Simplified methods are adopted for matters such as accounting standards for income taxes and allowances.

(3) Changes in accounting policies

None

5. Condensed Consolidated Financial Statements
(1) Condensed Consolidated Balance Sheet

(Unit: Millions of yen, %)

Item	As of June 30, 2006		As of June 30, 2007		As of March 31, 2006	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets	267,306	65.5	235,426	59.1	231,442	60.4
Cash and cash equivalents	106,490		82,814		82,975	
Notes and accounts receivable	70,766		73,193		75,132	
Marketable securities	13,983		0		0	
Inventories	59,210		61,281		55,980	
Other current assets	16,855		18,136		17,353	
Fixed assets	140,657	34.5	163,134	40.9	151,529	39.6
Property, plant and equipment	84,941	20.8	85,031	21.3	83,925	21.9
Intangible fixed assets	1,220	0.3	1,517	0.4	1,544	0.4
Investments and other assets	54,495	13.4	76,586	19.2	66,059	17.3
Total assets	407,963	100.0	398,561	100.0	382,971	100.0
Liabilities						
Current liabilities	83,433	20.5	87,112	21.9	83,578	21.8
Notes and accounts payable	34,222		35,440		35,558	
Short-term bank loans payable	4,509		4,874		4,613	
Other	44,702		46,797		43,406	
Long-term liabilities	45,055	11.0	49,505	12.4	44,965	11.8
Bonds with subscription right for new shares	23,000		23,000		23,000	
Long-term loans payable	6		1		1	
Reserve for defined retirement benefits	10,316		9,551		9,718	
Other	11,731		16,951		12,246	
Total liabilities	128,489	31.5	136,617	34.3	128,544	33.6
Net assets						
Shareholders' equity	260,911	63.9	233,502	58.6	232,798	60.8
Common stock	32,648	8.0	32,648	8.2	32,648	8.5
Additional paid-in capital	63,890	15.6	63,890	16.0	63,890	16.7
Retained earnings	165,580	40.6	168,101	42.2	167,478	43.7
Treasury stock	- 1,208	- 0.3	- 31,138	- 7.8	- 31,219	- 8.1
Valuation and translation adjustments	16,611	4.1	26,759	6.7	19,732	5.1
Net unrealized gain/loss on other marketable securities	17,161	4.2	22,945	5.7	18,195	4.7
Foreign currency translation adjustments	- 550	- 0.1	3,813	1.0	1,536	0.4
Minority interests	1,951	0.5	1,682	0.4	1,896	0.5
Total net assets	279,474	68.5	261,943	65.7	254,426	66.4
Total liabilities and net assets	407,963	100.0	398,561	100.0	382,971	100.0

(2) Condensed Consolidated Statement of Income

(Unit: Millions of yen, %)

Item	As of June 30, 2006		As of June 30, 2007		As of March 31, 2006	
	Amount	%	Amount	%	Amount	%
Net sales	77,243	100.0	79,996	100.0	336,188	100.0
Cost of sales	52,671	68.2	54,127	67.7	230,423	68.5
Gross profit	24,571	31.8	25,868	32.3	105,765	31.5
Selling, general and administrative expenses	19,629	25.4	20,479	25.6	83,845	25.0
Operating income	4,941	6.4	5,389	6.7	21,920	6.5
Nonoperating income	1,101	1.4	1,526	1.9	5,144	1.5
Interest and dividend income	461		561		1,780	
Foreign currency exchange gain	-		468		198	
Other	640		496		3,165	
Nonoperating expenses	500	0.6	278	0.3	1,073	0.3
Interest changes	6		9		36	
Foreign currency exchange loss	197		-		-	
Other	295		268		1,036	
Ordinary income	5,543	7.2	6,637	8.3	25,991	7.7
Extraordinary gains	67	0.1	321	0.4	582	0.2
Extraordinary losses	363	0.5	233	0.3	11,735	3.5
Income before income taxes	5,246	6.8	6,726	8.4	14,839	4.4
Income taxes	2,644	3.4	3,437	4.3	7,736	2.3
Minority interests	- 48	- 0.0	6	0.0	- 42	- 0.0
Net income	2,650	3.4	3,281	4.1	7,145	2.1