



Consolidated Financial Statements for the Six Months Ended September 30, 2008

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan. All figures in these statements which are less than 1 million yen have been rounded down. (English translation)

November 10 2008

CITIZEN HOLDINGS CO., LTD.

Code No.: 7762

Representative: Mitsuyuki Kanamori, President and CEO

Contact: Osamu Yamada, Managing Director

Scheduled release of fiscal 2008 Quarterly Business Report: November 14, 2008

Scheduled start of dividend payment: December 4, 2008

Listings: First section of Tokyo Stock Exchange
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1. Results for the Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)

(1) Consolidated operating results

(Percentages represent changes over the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Six months ended September 30, 2008	167,255	-	9,513	-	10,273	-	6,167	-
Six months ended September 30, 2007	167,722	2.6	12,178	19.5	13,338	14.0	7,715	82.2

	Earnings per share	Fully diluted earnings per share
	(Yen)	(Yen)
Six months ended September 30, 2008	17.86	-
Six months ended September 30, 2007	22.25	20.60

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Six months ended September 30, 2008	381,107	233,248	60.8	690.34
March 31, 2008	387,975	243,830	62.4	697.81

Reference: Shareholders' Equity: As of September 30, 2008: ¥ 231,647million

As of March 31, 2008: ¥ 242,143million

2. Dividends

(Record date)	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Full year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
March 31, 2008	-	7.50	-	15.00	22.50
March 31, 2009	-	7.50	-	-	-
March 31, 2009 (Estimate)	-	-	-	7.50	15.00

Note: Revision of dividend forecast for quarter in review: None

The breakdown of the dividend for the year ended March 31, 2008, was as follows:

Common stock dividend: ¥7.50, Commemorative dividend: ¥7.50

3. Projected Consolidated Results for the Year ending March 31, 2009

(Percentages represent changes over the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(yen)
Full Year	342,000	1.6	17,500	(27.9)	18,500	(25.2)	10,000	(18.0)	29.97

Note: Revision of consolidated forecasts for quarter in review: Yes

4. Others

- (1) Important changes of subsidiaries during the term (change of specified subsidiaries that lead to a change in the scope of consolidation): None
- (2) Simplified accounting method or special accounting method for preparing quarterly financial reports adopted: Yes
Note: Described in page 6, 【Qualitative Data, Financial Statements and Other Information】 4.Others
- (3) Changes in principles, procedures and classifications of accounting standards associated with the preparation of consolidated financial statements. (changes to major basic items for preparing quarterly financial reports)

(i) Changes associated with revised accounting standards: Yes

(ii) Changes other than those in (i)above: Yes

Note: Described in page 6, 【Qualitative Data, Financial Statements and Other Information】 4.Others

- (4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at the end of term (including treasury stock)	September 2008: 380,353,809shares	March 2008: 380,353,809shares
(ii) Number of treasury stock at the end of term	September 2008: 44,796,253shares	March 2008: 33,348,673shares
(iii) Average number of common stocks	September 2008: 345,362,503shares	September 2007: 346,722,984shares

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

1. *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. Please refer to page 6 for assumptions underlying the above forecasts and precautions regarding their use.*
2. *The Group has adopted 'Accounting standards for quarterly financial statements' (Corporate Accounting Standards No.12) and 'Application guideline for accounting standards for quarterly financial statements' (Application Guideline No. 14 for Corporate Accounting Standards) from this consolidated financial year. Our quarterly consolidated financial statements are prepared according to the 'Regulations concerning quarterly consolidated financial statements'.*

【Qualitative Data, Financial Statements and Other Information】

1. Qualitative data on the consolidated financial results

The qualitative information regarding our consolidated management results described below have been created and cross referenced to changes in amounts and rates of the equivalent term in the previous consolidated financial year.

Summary of Operating Results

During the six months ended September 30, 2008, especially in the latter half of the term, the global economic situation grew uncertain and significant areas of risk - such as the bankruptcy of a major U.S. securities company - have created a feeling of anxiety. This feeling of anxiety is spreading to the financial and the exchange markets as well. The Japanese economy is affected by the economic downturn, in particular there has been a substantial decline of the Nikkei stock average prices and the Japanese Yen has risen sharply.

The Citizen Group has continued to make efforts to improve our revenue base and strengthen our management base in order to accomplish our goal of "restructuring into a stronger business".

The sales of watches and clocks are heavily affected by the economic situation and exchange rate fluctuations, and the sales struggled both domestically and overseas. However, the overall revenue increased thanks to the financial consolidation of the BULOVA Corporation.

Electronic devices continued to struggle as inventories in the mainstay mobile phone market have been reduced. The non-mobile phone markets such as the general lighting LEDs and the liquid crystal optical elements have helped to drive the sales gains, although it was not enough to compensate for the losses and the overall revenue has decreased.

In electronic products, sales dropped in domestic and U.S. small size printer markets as investment incentives for equipment declined. Orders for large size dot printers for the Chinese market also fell and the overall revenue has decreased.

In industrial machinery, the deterioration of the domestic market became serious while the favorable European markets showed a sudden downturn this year and the Euro weakened, bringing a significant sales decline. The overall revenue has decreased.

In other products, jewelry decreased its revenue as the demands continued to fall in the slow global economy. However, the introduction of new products in Pachinko related products brought successful sales increase and the overall revenue increased.

As a result, both the income and the profit decreased with net sales of 167.2 billion yen (down 0.3% from the same term of the previous year), operating income of 9.5 billion yen (down 21.9%), ordinary income of 10.2 billion yen (down 23.0%) and quarter net income of 6.1 billion yen (down 20.1%).

Watches and clocks

Watches and clocks suffered from a steep rise in material prices and sluggish sales as purchase of expensive products including foreign brand articles began to fall as they became affected by the uncertain factors such as higher food prices. Our mainstay brand "Exceed" and "Attesa" struggled in sales while the ladies' brand "XC" continued to show healthy growth over the year, and the sports brand "Promaster" also grew steadily driven by the radio-controlled divers' watch we introduced this year. Of the other brands, "Independent", which was introduced last year end, has performed well.

In the overseas watch market, high value-added products such as radio-controlled watches sold well with higher unit prices, but the drastic downturn of the U.S. economy and the shift to high yen from August affected the sales and the overall revenue has decreased.

Q&Q brands performed well domestically especially with the lower price range radio-controlled watches, but the sales in the overseas market continued to be sluggish and the overall revenue has decreased.

As for the movements, demand for watches fell from the global economic slowdown, while the changes surrounding the Chinese manufacturing conditions added to the severity of the business situation. The overall revenue has decreased. However, the Group successfully ensured its profit by promoting higher value-added, high quality products such as the multi-hand movements and the mechanical movements.

BULOVA Corporation received the impact of the U.S. economy downturn. As a result of the drastic reduction in consumer spending in North America starting from August and the currency fluctuation, the overall revenue has decreased.

Sales of clocks continued to struggle from consolidation of distribution structure and price competition, resulting in a revenue decrease.

As a result, watches and clocks increased in income but decreased in profit with net sales of 72.5 billion yen (up

7.2% YoY) and operating income of 7.4 billion yen (down 23.7% YoY), due to the influence of the BULOVA Corporation results added to the consolidation from the last financial year end.

Electronic devices

In electronic devices, the demand for optical devices has been impacted by global inventory adjustments and cutbacks in the mainstay mobile phone market as consumption gradually declined. The business struggled in the latter half of the term as the market remained weak with no sign of a strong upturn for the upcoming Christmas season. This has been largely due to the growing financial instability and uncertainty in future economic conditions.

Under such severe management conditions in the mobile phone market, the high-priced flash LEDs sold slowly affected by the inventory adjustment of major overseas manufacturers and the low demand in the domestic mobile phone market brought about by factors such as the sales plan change. However, our chip LEDs gained a greater share in the key lighting market and increased their sales. The new LEDs for general lighting also performed better than our expectations. But the light sensors decreased their revenue sharply as many new mobile phone models do not equip IrDA modules, our mainstay product. As for the backlights, our new mid-size backlights made a favorable start and the revenue was an increase.

Crystal devices increased their unit sales in wireless communication fields such as mobile phone and wireless LAN, slowly recovering from the lowest point of sales marked in February, 2008. But the unit price is continuing to fall and the revenue is still on a downward trend. Our mainstay tuning fork type cylindrical crystal oscillator is struggling as products for clocks are undergoing adjustments in their manufacturing processes. Tuning fork type small size SMD oscillators showed a slight decline in its sales affected by the sluggish growth in the mobile phone market, and our high-frequency crystal oscillators drastically reduced its production volume as it could not meet the market demand for downsizing. On the other hand, we successfully met the market demand for smaller crystal blanks and increased its sales.

As for the other component products, small size switches dropped their revenue in unit sales affected by the inventory adjustments in Korean and Chinese markets on which they are highly dependent. On the other hand the new key sheet modules performed well and achieved an increase in its revenue. Liquid crystal optical elements extended sales as the blu-ray disc expanded its market. However, the audio products decreased its revenue due to the Group's strategic plan to discontinue unprofitable products. The glass substrates section performed steadily with order gains, thanks to the healthy sales in the expanding BRICs market, and the sales increase of the low-price range laptop computers, and the increased number of substrates equipped in game consoles and home electronics.

As a result, electronic devices decreased in income but increased in profit with net sales of 50 billion yen (down 0.4% YoY) and operating income of 2.4 billion yen (up 106.9% YoY).

Electronic products

As for printer related products, small size printers sold steadily in Eastern Europe and Russia, but sales in domestic and U.S. markets declined due to the incentive drop in equipment investment. As for the large size dot printers for the Chinese market, orders from the government and other public offices reduced as the Beijing Olympics opened, and the revenue was a decrease. Photo printers also reduced in sales affected by our clients' inventory adjustment. Calculators had healthy sales in the main markets including Russia and the U.S. but struggled in Japan and in Asia, and the overall revenue was a decrease as currency fluctuation added to the difficulty of the situation.

Health care equipment business performed favorably and increased its revenue in the domestic market as our new pedometer products enjoyed brisk sales. The overseas market also increased its revenue as the OEM thermometers received a large order and the new market development for blood pressure monitors contributed to the sales rise.

As a result, both the overall income and the profit decreased for electronic products with net sales of 11.2 billion yen (down 19.0% YoY) and operating income of 0.6 billion yen (down 57.2% YoY).

Industrial machinery

CNC automatic lathe, the mainstay of our industrial machinery, reduced its sales strongly affected by rising crude oil prices and sharp rise in cost of raw materials as well as financial instability from U.S. and fluctuating exchange rates. The sales in the domestic market also dropped significantly due to the severe economic deceleration in our mainstay industries including automobiles, electronics and precision machines. However in the overseas market, the sales increased in Asia as we received large quantity orders for HDDs and semiconductor-related products from Taiwan and ASEAN countries despite the sluggish economy. In American

market, while the sales in Brazil held reasonably well in health products and automobile parts the sales in North America suffered a decline due to a strong sense of stagnation. In Europe, in contrast to the booming economy up to last year, the economy rapidly weakened and the sales was significantly down especially because of the weak Euro in the latter half.

Consequently in Industrial Machinery as a whole, both the income and the profit declined with the sales of 17.9 billion yen (down 13.8% YoY) and operating income of 1.4 billion yen (down 43.7% YoY).

Other products

Jewelry struggled from weaker demand affected by various factors such as the stagnating economic conditions, the steep rise in precious metal prices and the stricter credit card examinations. Our mainstay marriage rings showed stable growth and the major pearl product brands “Bijou” and “WAKANA” also performed well, but it was not enough to compensate for the overall loss resulting from sluggish sales in exhibitions and shop fronts.

Pachinko related products suffered from the cooling market, especially the peripherals. However, the new products responded to the rapid popularization of one yen Pachinko and the new products aimed to reduce labor costs by substituting the personnel work carrying Pachinko balls were successful and increased the overall revenue.

Automobile parts increased its revenue by securing orders to ensure steady growth during this term, despite the rapid decline in sales and production volume of automobiles affected by the financial instability, the stagnating global economic conditions and the cooling consumer spending.

As a result, other products increased in income but decreased in profit with net sales of 15.3 billion yen (up 2.3% YoY) and operating income of 0.4 billion yen (down 29.4% YoY).

2. Qualitative data on the consolidated financial position

Total assets at the end of the six months ended September 30, 2008 was 381.1 billion yen, decreasing by 6.8 billion yen from the previous financial year-end. The main reason was the decrease of 2.6 billion yen in current assets and the decrease of 6.9 billion yen in investment account securities and other assets. Liabilities increased by 3.7 billion yen to 147.8 billion yen. Net asset decreased by 10.5 billion yen to 233.2 billion yen mainly due to the treasury stock acquisition.

3. Qualitative data on the consolidated earnings forecasts

The future business climate is expected to remain fluid with an increasing sense of uncertainty spreading across the global economy and the higher possibility of entering the economic recession phase.

Under such surrounding conditions, the Citizen Group will engage in the activities described below in each business.

As for the outlook for watches and clocks, there is a cause of concern such as decrease in the sales volume of high-price range products and the profit decline in overseas products due to the influence of the strong yen. However, in the domestic market, our “world’s smallest radio-controlled watch movement” is becoming popular as the needs for radio-controlled watches expand. We will actively promote the Eco-Drive and the radio-controlled watches in the overseas market and strive to secure our sales.

As for electronic devices, there is a growing sense of anxiety over inventory adjustments and slowdown occurring in the mobile phone market. We will make efforts to gradually reduce our level of dependence on the mobile phone market which has strong cost pressures, as we develop other markets such as general lighting LEDs and try to improve the overall profitability.

As for industrial machinery, we will make best efforts to secure our profit by acquiring demands for equipment replacement in the domestic market. In U.S. and Europe, we will focus on selling high quality models to the medical equipment market, which is showing relatively steady growth. The Group will also aim to improve management efficiency through utilizing our strengthened capital and business alliance with Miyano Machinery Inc., realizing various alliance plans such as joint development and improvement of sales and service networks at the earliest possible time. Miyano Machinery Inc. will be our consolidated subsidiary from this 3Q.

The Group’s financial outlook for the full year has been revised from the previous forecast (announced on August 29, 2008) to net sales of 342 billion yen (up 1.6% YoY), operating income of 17.5 billion yen (down 27.9% YoY), ordinary income of 18.5 billion yen (down 25.2% YoY) and current net income of 10 billion yen (down 18.0% YoY), based on the latest performance trend.

The presupposed currency rates after 3Q are 1US\$= 95 yen and 1EUR=125 yen.

4. Others

- (1) Important changes of subsidiaries during the term (change of specified subsidiaries that lead to a change in the scope of consolidation)
Not applicable
- (2) Simplified accounting method or special accounting method for preparing quarterly financial reports adopted.
- (i) Simplified accounting procedures
(Accounting method used to estimate bad debts for general credit)
Since the loan loss ratio and other factors have not significantly changed from the end of the previous business year, we have used reasonable references such as last year's loan loss ratio in estimating bad debts for general credit.
(Evaluating method used for inventory assets)
As to the write-down of inventory assets, we have estimated and devaluated the net sales prices only for our assets with clearly low profitability.
Inventory assets that have been cut off from normal operating cycle process and have accumulated, or that have gone below anticipated disposal price have been recorded at the assessed value shown in the balance sheet of the previous year-end, unless they have shown marked changes.
(Estimation method used for depreciation cost of fixed assets)
If a consolidated subsidiary has prepared budgets including estimates on acquisition, selling or disposal of fixed assets during this financial year, we have distributed the annual depreciation amount to this term proportionally according to the relative budget.
Where declining balance method is applied for depreciation, we have distributed the depreciation cost for this business year to this term proportionally.
(Estimation method used for deferred income tax asset and deferred tax liabilities)
Upon deciding the collectability of deferred income tax asset, we utilized the future earnings forecast and the tax planning used in our accounting settlement last year, as there had been no significant changes in business environment or occurrence of temporal disparities.
- (ii) Accounting procedure specific to the preparation of consolidated quarterly financial statements
(Tax expenses)
We have made reasonable estimations of effective tax rate after applying deferred tax accounting to net income before taxes for the consolidated accounting year including the second quarter of this consolidated financial term, and have applied the estimated effective tax rate to the quarterly net income before taxes. Deferred income taxes have been included in corporate tax.
- (3) Changes in principles, procedures and classifications of accounting standards associated with the preparation of consolidated financial statements
- (i) Application of the 'Accounting standard for quarterly financial statements'
We have applied the 'Accounting standard for quarterly financial statements' (Corporate Accounting Standards No.12) and the 'Application guideline for accounting standard for quarterly financial statements' (Application Guideline No. 14 for Corporate Accounting Standards) starting from this consolidated financial year. Our quarterly consolidated financial statements have been prepared according to the 'Regulations Concerning Quarterly Consolidated Financial Statements'.
- (ii) Changes in evaluation standards and methods regarding the inventory assets
Inventory assets for general selling purposes have been evaluated mainly by lower-of-cost-or-market method based on the gross average method. But since the application of the 'Accounting Standards Regarding The Evaluation Of The Inventory Assets' (Corporate Accounting Standards No.9, July 5, 2006) starting from the first quarter of this consolidated financial term, we have changed mainly to the use of cost accounting method based on the gross average method (in the balance sheet, inventory assets that decreased profitability are devaluated).
This change has caused minimum effects to our profit and loss.
- (iii) The application of 'The Accounting Procedures of The Foreign Subsidiaries on Preparation of Consolidated Financial Statements for the Foreseeable Future'
We have applied 'The Accounting Procedures Of The Foreign Subsidiaries On Preparation Of Consolidated Financial Statements For The Foreseeable Future' (Report On Handling Business Practices No.18, May 17, 2006) from the first quarter of this consolidated financial term, and have made modifications necessary to the consolidated financial settlement.

This change has caused minimum effects to our profit and loss.

(iv) Application of accounting standards to lease transactions

Regarding finance lease transactions without transfer of ownership, we had been processing accounting as the same as rental transactions. However, it has become possible to apply the 'Accounting Standards Regarding Lease Transactions' <Corporate Accounting Standards No.13 [June 17,1993 (First Corporate Accounting Committee), amended March 30, 2007]> and the 'Application Guidelines Regarding Lease Transactions In Accounting Standards' <Application Guideline No.16 For Corporate Accounting Standards [January 18, 1994 (Japanese Institute of Certified Public Accountants, Accounting System Committee) amended March 30, 2007]> in quarterly consolidated financial statements from the consolidated financial term starting April 1, 2008. Therefore we have changed the accounting standards of relative transactions to general sales transaction accounting process from the first quarter of this consolidated financial term.

As for the depreciation of finance lease transactions without transfer of ownership, we applied straight line depreciation method, regarding the lease term as the period of depreciation and the residual value as zero.

If the starting date of a finance lease transaction without transfer of ownership is prior to the starting year of application, we have continued to apply the accounting process for rental transactions.

This change has caused minimum effects to our profit and loss.

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

(Unit: Millions of yen)

	As of September 30, 2008	As of March 31, 2008
Assets		
Current assets		
Cash and cash equivalents	63,361	71,680
Notes and accounts receivable	74,717	72,814
Marketable Securities	0	0
Finished goods	39,635	35,049
Raw materials	11,988	10,408
Work in process	21,848	19,346
Other	20,199	24,782
Allowance for doubtful accounts	(1,411)	(1,102)
Total Current assets	230,340	232,980
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	34,994	35,593
Machinery, equipment and carriers, net	28,669	27,847
Tools, furniture and fixtures, net	5,567	5,773
Other	13,315	11,386
Total Property, plant and equipment	82,546	80,601
Intangible fixed assets		
Goodwill	14,055	13,369
Other	1,670	1,564
Total Intangible fixed assets	15,726	14,934
Investments and other assets		
Investment securities	39,909	47,849
Other	14,200	13,921
Allowance for doubtful accounts	(177)	(217)
Allowance for investment loss	(1,437)	(2,094)
Total Investments and other assets	52,494	59,459
Total Fixed assets	150,767	154,994
Total assets	381,107	387,975

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(Unit: Millions of yen)

	As of September 30, 2008)	As of March 31, 2008
Liabilities		
Current liabilities		
Notes and accounts payable	28,453	27,793
Short-term bank loans payable	6,592	4,917
Income taxes payable	5,175	3,532
Reserve for bonuses to employees	5,392	5,306
Reserve for product warranties	1,075	1,049
Other	34,275	32,631
Total Current liabilities	80,964	75,231
Long-term liabilities		
Bonds with subscription right for new shares	23,000	23,000
Long-term loans payable	30,001	30,000
Reserve for defined retirement benefits	9,490	9,369
Negative goodwill	956	1,226
Other	3,445	5,316
Total Long-term liabilities	66,894	68,912
Total liabilities	147,859	144,144
Net assets		
Shareholders' equity		
Common stock	32,648	32,648
Additional paid-in capital	63,884	63,885
Retained earnings	175,756	174,397
Treasury stock	(40,220)	(30,893)
Total Shareholders' equity	232,069	240,038
Valuation and translation adjustments		
Net unrealized gain/loss on other securities	2,463	6,436
Foreign currency translation adjustments	(2,885)	(4,331)
Total Valuation and translation adjustments	(421)	2,104
Minority interest	1,601	1,687
Total net assets	233,248	243,830
Total liabilities and net assets	381,107	387,975

CITIZEN HOLDINGS

(2) Consolidated Statement of Income

(Unit: Millions of yen)

Six months ended September 30, 2008
(April 1, 2008 to September 30, 2008)

Net sales	167,255
Cost of sales	110,521
Gross profit	56,734
Selling, general and administrative expenses	47,221
Operating income	9,513
Nonoperating income	
Interest Income	463
dividend income	501
Amortization expense of negative goodwill	270
Other	1,181
Total Nonoperating income	2,416
Nonoperating expenses	
Interest changes	211
Foreign currency exchange loss	452
Investment loss from the application of equity method	269
Other	722
	1,655
Ordinary income	10,273
Extraordinary gains	
Gain on sales of investment securities	3,139
Reversal of allowance for doubtful accounts	114
Reversal of allowance for investment losses	114
Other	13
Total Extraordinary gains	3,381
Extraordinary losses	
Loss on disposal of properties	269
Valuation loss on investment securities	25
Provision for allowance for investment losses	67
Loss on impairment of fixed assets	9
Loss on revision of retirement benefit scheme	243
Loss on disposal of obsolete inventories	317
Other	80
Total Extraordinary losses	1,013
Income before income taxes	12,641
Income, inhabitants and enterprise taxes	6,523
Minority interests	(49)
Net income	6,167

C I T I Z E N H O L D I N G S

(3) Consolidated Statement of Cash Flow

(Unit: Millions of yen)

Six months ended September 30, 2008
(April 1, 2008 to September 30, 2008)

Cash flows from operating activities

Income before income taxes	12,641
Depreciation	9,611
Increase/decrease in allowance for doubtful accounts	147
Interest and dividends income	(964)
Interest charges	211
Loss on sales of investment securities	(3,139)
Loss on Valuation of investment securities	25
Loss on sales of fixed assets	(246)
Loss on disposal of fixed assets	263
Increase/decrease in receivables - trade	(1,541)
Increase/decrease in inventories	(7,987)
Increase/decrease in payables - trade	3,015
Other	4,428
Sub total	16,464
Interest and dividends received	959
Interest payments	(218)
Income taxes	(4,105)
Net cash provided by operating activities	13,099

Cash flows from investing activities

Payments for the purchase of investment securities	(1,884)
Proceeds from the sale of investment securities	4,928
Payments for the purchase of property, plant and equipment	(10,638)
Proceeds from the sale of property, plant and equipment	401
Payments for the purchases of Intangible fixed assets	(451)
Payments for loans receivable	(353)
Proceeds from Collection of loans receivable	102
Payments for acquisition of stocks of subsidiaries	(1,440)
Other	338
Net cash used in investing activities	(8,997)

Cash flows from financing activities

Net increase/decrease in borrowings	1,656
Dividends paid	(5,205)
Dividends paid to the minority stockholders	(46)
Payments for purchase of treasury stock	(9,329)
Other	(0)
Net cash used in financing activities	(12,925)
Effect of exchange rate changes on cash and cash equivalents	(18)
Net increase in cash and cash equivalents	(8,841)
Cash and cash equivalents at beginning of term	70,480
Net increase in cash and cash equivalents associated with newly consolidated subsidiaries	698
Cash and cash equivalents at end of term	62,337

- (4) Notes regarding premise of going concern
Not applicable

(5) Segment information

【Business segment】

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)

(Millions of yen)	Watches and clocks	Electronic devices	Electronic Products	Industrial machinery	Other products	Segment totals	Eliminations or general corporate	Consolidated totals
Net sales								
(i) Customers	72,591	50,099	11,257	17,943	15,363	167,255	-	167,255
(ii) Inter-segment	144	63	5	8	401	623	(623)	-
Total	72,736	50,162	11,263	17,951	15,765	167,879	(623)	167,255
Operating income	7,422	2,471	604	1,471	454	12,423	(2,910)	9,513

【Geographic segment】

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)

(Millions of yen)	Japan	Asia	Americas	Europe	Other	Segment totals	Eliminations or general corporate	Consolidated totals
Net sales								
(i) Customers	115,167	15,139	23,361	12,640	946	167,255	-	167,255
(ii) Inter-segment	28,959	38,167	373	62	-	67,563	(67,563)	-
Total	144,126	53,307	23,735	12,703	946	234,819	(67,563)	167,255
Operating income /loss ()	9,257	1,834	1,237	561	110	12,781	(3,268)	9,513

【Overseas sales】

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)

	Asia	Americas	Europe	Other	Total
I Overseas sales (Millions of yen)	52,762	27,129	21,832	2,908	104,632
II Consolidated sales (Millions of yen)	-	-	-	-	167,255
III As % of consolidated net sales (%)	31.5	16.2	13.1	1.7	62.6

- (6) Notes on significant changes in owners' equity accounts

The balance of the treasury stock at the end of the consolidated six months ended September 30, 2008 has increased by 9.327 billion yen from the previous consolidated financial year end to 40.22 billion yen. This is mainly due to the pay back which took place according to the board meeting decision held on August 29, 2008.

[Supplementary Information]

Financial statements for the previous quarterly period

(1) Condensed Consolidated Statement of Income

Six months ended September 30, 2007 (April 1,2007 to September 30, 2007)

(Unit: Millions of yen)

	Six months ended September 30, 2007 (April 1,2007 to September 30, 2007)	(%)
Net sales	167,722	100.0
Cost of sales	111,454	66.5
Gross profit	56,268	33.5
Selling, general and administrative expenses	44,089	26.3
Operating income	12,178	7.3
Nonoperating income		
Interest Income and dividend income	951	
Amortization expense of negative goodwill	377	
Other	757	
Total Nonoperating income	2,086	1.2
Nonoperating expenses		
Interest changes	12	
Loss on sale of bills	152	
Depreciation cost on leased assets, etc	39	
Investment loss from the application of equity method	206	
Foreign currency exchange loss	219	
Other	295	
	926	0.5
Ordinary income	13,338	8.0
Extraordinary gains		
Gain on sales of fixed assets	12	
Gain on sales of investment securities	2,370	
Reversal of allowance for doubtful accounts	119	
Gain on transition of retirement pension plan	136	
Other	224	
Total Extraordinary gains	2,861	1.7
Extraordinary losses		
Loss on disposal of properties	246	
Loss on impairment of fixed assets	126	
Business restructuring costs	2,488	
Valuation loss on investment securities	11	
Other	112	
Total Extraordinary losses	2,985	1.8
Income before income taxes	13,214	7.9
Income, inhabitants and enterprise taxes	3,299	2.0
Income tax adjustment	2,188	1.3
Minority interests	11	0.0
Net income	7,715	4.6

C I T I Z E N H O L D I N G S

(2) Consolidated Statement of Cash Flow

(Unit: Millions of yen)

Six months ended September 30, 2008

(April 1, 2008 to September 30, 2008)

Cash flows from operating activities

Income before income taxes	13,214
Depreciation	9,408
Increase/decrease in reserve for defined retirement benefits	(193)
Increase/decrease in allowance for doubtful accounts	116
Interest and dividends income	(951)
Interest charges	12
Loss on sales of investment securities	(2,355)
Loss on sales of fixed assets	(46)
Loss on disposal of fixed assets	245
Loss on impairment	126
Increase/decrease in receivables - trade	(962)
Increase/decrease in inventories	(4,386)
Increase/decrease in payables - trade	(429)
Increase/decrease in accrued expenses	1,432
Amortization expense of negative goodwill	(377)
Increase/decrease in other current assets	201
Increase/decrease in other liabilities	807
Other	620
Sub total	16,482
Interest and dividends received	940
Interest payments	(11)
Income taxes	(6,306)
Net cash provided by operating activities	11,105

Cash flows from investing activities

Payments for the purchase of investment securities	(1,788)
Proceeds from the sale of investment securities	4,329
Payments for the purchase of property, plant and equipment	(14,433)
Proceeds from the sale of property, plant and equipment	702
Increase/decrease in loans	(67)
Other	(764)
Net cash used in investing activities	(12,021)

Cash flows from financing activities

Net increase/decrease in borrowings	1,785
Dividends paid	(2,599)
Dividends paid to the minority stockholders	(39)
Payments for purchase of treasury stock	(18)
Other	173
Net cash used in financing activities	(699)
Effect of exchange rate changes on cash and cash equivalents	(45)
Net increase in cash and cash equivalents	(1,661)
Cash and cash equivalents at beginning of term	80,698
Net increase in cash and cash equivalents associated with newly consolidated subsidiaries	23
Cash and cash equivalents at end of term	79,060

CITIZEN HOLDINGS

(3) Segment information

【Business segment】

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

(Millions of yen)	Watches and clocks	Electronic devices	Electronic products	Industrial machinery	Other products	Segment totals	Eliminations or general corporate	Consolidated totals
Net sales								
(i) Customers	67,691	50,291	13,898	20,819	15,022	167,722	-	167,722
(ii) Inter-segment	33	80	1	3	686	804	(804)	-
Total	67,724	50,371	13,899	20,822	15,708	168,526	(804)	167,722
Operating expenses	58,002	49,176	12,486	18,211	15,064	152,942	2,601	155,543
Operating income	9,721	1,194	1,413	2,611	643	15,584	(3,405)	12,178

【Geographic segment】

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

(Millions of yen)	Japan	Asia	Americas	Europe	Other	Segment totals	Eliminations or general corporate	Consolidated totals
Net sales								
(i) Customers	123,577	14,468	15,341	13,149	1,184	167,722	-	167,722
(ii) Inter-segment	30,107	37,398	478	22	-	68,006	(68,006)	-
Total	153,684	51,866	15,820	13,171	1,184	235,729	(68,006)	167,722
Operating expenses	139,671	51,174	15,171	12,537	1,087	219,641	(64,098)	155,543
Operating income	14,013	692	649	634	97	16,087	(3,908)	12,178

【Overseas sales】

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

	Asia	Americas	Europe	Other	Total
I Overseas sales (Millions of yen)	54,558	21,278	22,468	2,151	100,456
II Consolidated sales (Millions of yen)	-	-	-	-	167,722
III As % of consolidated net sales (%)	32.5	12.7	13.4	1.3	59.9