



Consolidated Financial Statements for the Year Ended March 31, 2009

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)

May 12, 2009

CITIZEN HOLDINGS CO., LTD.

Code No.: 7762 (URL <http://www.citizen.co.jp>)
 Representative: Mitsuyuki Kanamori, President and CEO
 Contact: Osamu Yamada, Managing Director
 Scheduled ordinary general meeting of shareholders: June 25, 2009
 Scheduled start of dividend payment: June 26, 2009
 Scheduled release of fiscal 2009 Business Report: June 26, 2009

Listings: First section of Tokyo Stock Exchange

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1. Results for the Year ended March 31, 2009

(1) Consolidated operating results (Percentages represent changes over the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
March 31, 2009	296,857	11.8	1,398	94.2	748	97.0	25,806	-
March 31, 2008	336,685	0.1	24,262	10.7	24,746	4.8	12,189	70.6

	Earnings per share	Fully diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(Yen)	(Yen)	%	%	%
March 31, 2009	77.32	-	12.3	0.2	0.5
March 31, 2008	35.14	32.55	4.9	6.4	7.2

Equity in earnings of unconsolidated subsidiaries and affiliates: March 2009 term: ¥ 278 million March 2008 term: ¥ 303 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
March 31, 2009	374,239	184,229	47.9	559.34
March 31, 2008	387,975	243,830	62.4	697.81

Reference: Shareholders' Equity: As of March 31, 2009: ¥ 179,134 million As of March 31, 2008: ¥ 242,143million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2009	14,647	30,697	34,607	87,649
March 31, 2008	26,379	58,673	25,268	70,480

2. Dividends

	Dividends per share					Total dividends paid (annual)	Pay-out ratio (Consoli)	Dividends to consolidated net assets
	First quarter	Second quarter	Third quarter	Year-end	Full year			
		(Yen)		(Yen)	(Yen)	(Millions of yen)	%	%
March 31, 2008	-	7.50	-	15.00	22.50	7,806	64.0	3.2
March 31, 2009	-	7.50	-	2.50	10.00	3,317	-	1.6
March 31, 2010 (E)	-	3.50	-	3.50	7.00		112.1	

Note: The breakdown of the dividend for the year ended March 31, 2008, was as follows: Commemorative dividend: ¥7.50

3. Projected Consolidated Results for the Year ending March 31, 2010

(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)
Interim term	120,000	28.3	3,500	-	3,800	-	2,000	-	6.25
Full term	265,000	10.7	3,000	114.5	2,500	233.9	2,000	-	6.24

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) Changes in principles, procedures and classifications of accounting standards associated with the preparation of consolidated financial statements.
- (i) Changes associated with revised accounting standards: Yes
- (ii) Changes other than those in (i) above: None
- Note: Described in page 23, "Changes in Basis of Presenting the Consolidated Financial Statement"
- (3) Number of shares issued and outstanding (common stock)

(shares)	March 2009	March 2008
Number of shares issued and outstanding at the end of term (including treasury stock)	380,353,809	380,353,809
Number of treasury stock at the end of term	60,093,553	33,348,673

Note: For details regarding the number of shares forming the basis for calculating net income per share, refer to page 33, "Per share information".

(Reference) Overview of Nonconsolidated Financial Results

1. Nonconsolidated Results for the Year ended March 31, 2009

- (1) Nonconsolidated operating results (The percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
March 31, 2009	13,001	20.9	4,642	27.4	5,360	25.0	9,324	-
March 31, 2008	16,438	90.3	6,391	8.3	7,147	61.0	1,914	85.7

	Earnings per share	Fully diluted earnings per
	(Yen)	(Yen)
March 31, 2009	27.94	-
March 31, 2008	5.52	5.11

- (2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
March 31, 2009	183,492	91,653	49.9	286.18
March 31, 2008	166,861	134,598	80.7	387.88

Reference: Shareholders' Equity: As of March 31, 2009: ¥ 91,653million As of March 31, 2008: ¥ 134,598million

2. Projected Nonconsolidated Results for the Year ending March 31, 2010

	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 term	-	-	-	-	-	-	-	-	-
Full term	13,000	0.0	6,000	29.2	5,500	2.6	5,500	-	17.17

*** 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.

Please refer to page 6 for assumptions underlying the above forecasts and precautions regarding their use.

1. Review of Operations

(1) Analysis of Operating Results

(i) Fiscal Year End Operating Results

Millions of yen	Year ended March 31,		Year-on-year change	%
	2008	2009		
Net sales	336,685	296,857	39,828	11.8
Operating income	24,262	1,398	22,864	94.2
Ordinary income	24,746	748	23,977	97.0
Net income	12,189	25,806	37,996	-

Breakdown of sales by segment

Millions of yen	Year ended March 31,		Year-on-year change	%
	2008	2009		
Watches and clocks	139,985	132,514	7,471	5.3
Electronic devices	99,235	81,260	17,975	18.1
Electronic products	27,104	21,016	6,088	22.5
Industrial machinery	39,639	33,227	6,411	16.2
Other products	30,720	28,838	1,881	6.1
Total net sales	336,685	296,857	39,828	11.8

Breakdown of operating income by segment

Millions of yen	Year ended March 31,		Year-on-year change	%
	2008	2009		
Watches and clocks	21,262	9,106	12,155	57.2
Electronic devices	654	3,101	3,756	-
Electronic products	2,694	1,012	1,682	62.4
Industrial machinery	4,448	180	4,268	95.9
Other products	1,519	777	2,296	-
Eliminations or general corporate	(6,316)	(5,021)	1,294	-
Total operating income	24,262	1,398	22,864	94.2

Summary of Operating Results

In first half of the consolidated fiscal year under review, recessionary conditions in the US engendered a global economic deceleration that, with the trigger of a financial crisis in the second half, developed into a sudden, sweeping global recession. The Japanese economy, as well, experienced rapid declines in orders across the board, but especially in the manufacturing sector, and fell into a recession the seriousness of which exceeded all expectations.

Within that context, the Citizen Group further accelerated existing initiatives aimed at improving its earnings base and reinforcing its management base. Nevertheless, faltering consumption led to worldwide retail distribution inventory reductions, resulting in extremely difficult business conditions even for Company's key mid-priced products in watches and clocks, and sales fell. Electronic devices also faced sudden and drastic inventory adjustments in the market for mobile phones, the mainstay product, and suffered a major sales decline. Electronic products were hit hard by the downturn in personal consumption and an increase in companies reluctant to invest, and saw sales declines mainly among printers and electronic calculators. Meanwhile, industrial machinery watched weakness at the beginning of the fiscal year develop into a sudden drop-off in orders across all markets in the second half, and significantly lower sales for the year. In other products, Pachinko-related products posted higher sales on the popularity of new offerings, but significant declines in automobile parts and other businesses resulted in lower overall sales.

As a result of the developments described above, the Citizen Group reported lower sales and income for the consolidated fiscal year under review. Results included net sales of 296.8 billion yen (down 11.8% year-on-year), operating income of 1.3 billion yen (down 94.2%), ordinary income of 0.7 billion yen (down 97.0%), and net loss of 25.8 billion yen.

Watches and Clocks

Regarding Citizen Brand, in the domestic market for watches and clocks, declining consumer sentiment engendered by the current downturn in economic conditions gave rise to an extremely difficult business climate that began in the middle of the first half and extended through the end of the fiscal year. Lower procurement by retailers intent on cutting inventories resulted in extremely difficult conditions for radio-controlled watches and other mid-priced products, and sales declined. By brand, results were mixed,

with the "Exceed" and other premium-priced lines struggling, the "XC" brand for women performed well in its category and the "Independent," "Reguno," and other affordable priced brands greatly exceeded prior year results.

In overseas markets, first-half sales performance was generally positive in Asia and Europe. In the second half, higher average local-currency prices for mainstay "Eco-Drive" radio-controlled watches and other high-value-added products in the North American market – the largest market for watches and clocks – had a positive effect on sales. That favorable development, however, was quickly overwhelmed as in Japan by a falloff in consumption brought on by the dramatic economic decline and the added impact of steep yen appreciation, which combined to pull sales down for the year.

As for Q&Q brands, relatively strong performance in the domestic market was overshadowed by weakness in the overseas market for economically priced products, resulting in lower sales for the year.

BULOVA also reported lower sales due to unfavorable economic conditions and depressed consumption in its key North American market.

Sales of movements declined on lower purchases by customers intent on cutting inventories and on the higher yen, which had a major impact.

As a result of these developments, watches and clocks reported lower sales and income, net sales of 132.5 billion yen (down 5.3% YoY) and operating income of 9.1 billion yen (down 57.2%), despite the addition of BULOVA Corporation as a consolidated subsidiary at the end of the previous consolidated fiscal year.

Electronic Devices

In opt-devices, sales of mainstay mobile phone LEDs fell drastically as market stagnation gave way to intense cost competition, and customers slashed orders in the second half to effect rapid and large-scale inventory adjustments. Sales of light sensors experienced a similar decline due to a downturn in the mobile phone market and significantly lower number of the mobile phone products using the core IrDA module. Small-size backlights benefited from an ongoing sales strategy emphasizing profitability, posting another improvement in that area, even with lower sales. General lighting LEDs, a growth segment, saw sales stagnate as recessionary conditions took hold in earnest in the second half, driving customers to drastically cut orders and erased any benefits from a series of new product introductions for sales increase.

Among crystal devices, tuning-fork-type crystal oscillators performed well on relatively stable Korean orders for SMD products for mobile phones. Other products, however, failed to achieve volume improvements and suffered sales declines as a result of customers adjusting inventories to cope with the downturn in the watch and clock market. In the area of crystal piece, stagnating sales of main products for mobile phones caused major sales declines beginning in summer 2008.

In other component products, liquid crystal optical element sales fell due to the impact of inventory adjustments in final product markets, and the strong order volume for HDD glass substrates in the first half quickly withered in the face of extremely large second-half inventory adjustments, resulting in a sales decrease.

As a result of these developments, electronic devices reported lower sales and income, net sales declined to 81.2 billion yen (down 18.1% YoY) and operating loss fell to 3.1 billion yen.

Electronic Products

Printers also suffered sales declines. Sales of mainstay small-size printers fell due to customer's withholding purchases on demand weakened by the global recession and as a result of sudden yen appreciation, while sales of large-size dot impact printers for the Chinese market declined with lower demand from government and other public offices. Orders for photo printers rose in the second half as new product promotions launched the year before took effect, but were not enough to make up for first-half weakness, so sales of these products declined, as well. Calculator sales fell as financial instability weighed heavily on the key Russian market.

Health care equipment sales rose on strong performances by pocket pedometers sold through volume retailers in the domestic market. Outside Japan as well, its sales increased since blood pressure monitors used as giveaways by major mobile phone companies in China made up for lower European sales resulting from the rapid economic downturn and euro depreciation.

As a result of these developments, electronic product reported lower sales and income, net sales declined to 21.0 billion yen (down 22.5% YoY) and operating income fell to 1.0 billion yen (down 62.4%).

Industrial Machinery

Sales of CNC automatic lathes were weak throughout the first half and ended the year significantly lower in nearly all markets due to a dramatic worsening of market conditions beginning in October. In the domestic market, a strong push was made to stimulate investment desire with new product announcements at the

Japan International Machine Tool Fair, but, with the key automobile, as well as the electronics and precision machine, markets suffering deep downturns, a significant sales drop was unavoidable. Overseas, inquiries from companies in the Chinese automobile and telecommunications sectors increased as a result of economic stimulus measures led by the government in the second half, but were not enough to make up for weakness in the ASEAN, South Korean, and Taiwanese markets, and sales fell. In the US, ongoing favorable sales performance in medical equipment was overshadowed in particular by the impact of automobile industry's downward spiral, which resulted in a sales decline. Sales also declined significantly in Europe as the financial crisis reverberated throughout that area of the world. Among Group companies, Miyano Machinery, Inc., which was newly added as a consolidated subsidiary beginning with the fiscal year under review, suffered a significant sales drop as a result of the slump in the automobile industry, which is home to its core customers. As a result of these developments, industrial machinery reported lower sales and income, net sales declined to 33.2 billion yen (down 16.2% YoY) and operating income fell to 0.1 billion yen (down 95.9%).

Other Products

The drastic cooling in personal consumption, particularly of high-end items, began to affect normally solid wedding ring sales in the middle of the second half, leaving all jewelry sales down for the year. Meanwhile, in the pachinko market, the trend toward oligopolistic conditions among the manufacturers that are the Company's customers continued amid a difficult market environment characterized by falling numbers of parlors and customers. Within this context, major customers adopted the new line of products the Company has been promoting to reduce parlor labor costs, pushing sales of pachinko products up for the year. A major sales decline, however, was recorded for automobile parts, which were hit by auto makers' more-rapid-than-expected production adjustments in the second half and by yen appreciation. As a result of these developments, other products reported lower sales and income, net sales declined to 28.8 billion yen (down 6.1% YoY) and operating loss fell to 0.7 billion yen.

(ii) Prospects for the Year ending March 31, 2010

Millions of yen	Year ended March 31,		Year-on-year change	%
	2009	2010		
Net sales	296,857	265,000	31,857	10.7
Operating income	1,398	3,000	1,601	114.5
Ordinary income	748	2,500	1,751	233.9
Net income	25,806	2,000	27,806	-

Breakdown of sales by segment

Millions of yen	Year ended March 31,		Year-on-year change	%
	2009	2010		
Watches and clocks	132,514	123,000	9,514	7.2
Electronic devices	81,260	68,000	13,260	16.3
Electronic products	21,016	24,500	3,484	16.6
Industrial machinery	33,227	24,000	9,227	27.8
Other products	28,838	25,500	3,338	11.6
Total net sales	296,857	265,000	31,857	10.7

Breakdown of operating income by segment

Millions of yen	Year ended March 31,		Year-on-year change	%
	2009	2010		
Watches and clocks	9,106	7,300	1,806	19.8
Electronic devices	3,101	1,200	4,301	-
Electronic products	1,012	1,200	187	18.6
Industrial machinery	180	3,100	3,280	-
Other products	777	600	1,377	-
Eliminations or general corporate	(5,021)	4,200	821	-
Total operating income	1,398	3,000	1,601	114.5

As to the economic outlook, despite a gradual return of economic composure in the wake of the dramatic declines experienced in the fiscal year under review, difficult business conditions will persist amid anxious hopes for an upturn. The Citizen Group, for its part, will continue to focus on "being a corporate group that creates high added value" as it redoubles its efforts in three critical areas – Revising the business portfolio strategy, strengthening governance, and rebuilding the financial strategy.

Results forecast for the coming consolidated fiscal year include net sales of 265.0 billion yen (10.7% year-on-year decrease), operating income of 3.0 billion yen (114.5% increase), ordinary income of 2.5 billion yen (233.9% increase), and net income of 2.0 billion yen).

These forecasts are based on an exchange rate assumption for the year of 95 yen/US dollar and 125 yen/Euro.

The exchange rate for the year ended March 2009 was 101 yen/US dollar and 146 yen/EURO.

(Note)

This report includes forward-looking statements about Citizen's forecasts and prospects that are not historical facts. They reflect assumptions and beliefs adopted in light of information currently available. Citizen cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.

(2) Financial Position

(i) Assets Outstanding at Fiscal Year End

As of the end of the consolidated fiscal year, total assets had declined by 13.7 billion yen year-on-year, to 374.2 billion yen. Cash and cash equivalents increased by 19.5 billion yen, but because of lower net sales and other factors, notes and accounts receivable declined by 19.3 billion yen, bringing current assets down by 600 million yen. Fixed assets declined by 13.1 billion yen mainly due to changes in investment security market valuations resulting in a 7.3 billion yen decrease in investments and other assets. Liabilities increased by 45.8 billion yen versus the previous consolidated fiscal year to 190.0 billion yen primarily because of a rise in long-term loans payable. Net assets decreased by 59.6 billion yen, to 184.2 billion yen, after due to factors like a decrease in retained earnings and treasury stock additions.

(ii) Cash Flows

For the consolidated fiscal year, cash and cash equivalents ("cash flows") increased by 17.1 billion yen, to 87.6 billion yen at the end of the consolidated fiscal year under review.

Cash flows from operating activities

Net cash provided by operating activities came to 14.6 billion yen. Key contributing factors included a 31.0 billion yen loss before taxes and other adjustments, 20.1 billion yen in depreciation, an increase of 22.1 billion yen in receivables, and an increase of 18.4 billion yen in procurement-related payables.

Cash flows from investing activities

Net cash used in investing activities came to 30.6 billion yen. Key contributing factors included outlays for purchases of investment securities and fixed assets.

Cash flows for financing activities

Net cash provided by financing activities came to 34.6 billion yen. Key contributing factors included additions to long-term borrowings and outlays for the acquisition of treasury stock

(3) Fundamental Policy Regarding the Distribution of Profits

The total amount of dividends and share buyback divided by consolidated net income will be stated as "ratio of return to shareholders" and the Company has decided to make the average ratio of the 3 to 5 year period to over 30%. Dividend will be decided taking into consideration of the balance of its performance and stability of dividend. Regarding the share buyback, the Company will aim to improve the capital efficiency as well as the return to shareholders by raising the earnings per share.

The Company is planning to set the year-end dividend for the fiscal year under review at 2.50 yen per share. As for the dividend forecast for the fiscal year ending March 2010 is expected to be 7 yen.

(4) Risks

The following factors may affect the Citizen Group's operating results, financial position, stock price and other figures.

(i) Risks regarding our businesses

The Citizen Group's main business is to manufacture and sell watches, electronic devices, electronic products and industrial machinery. The Group operates its business all over the world, and our customers include both individuals and various manufacturers. Therefore, our operating results are influenced by various factors, some of which are listed below.

Watches and clocks

Competition in the watch market is intensifying not only against Japanese brands, but also against high-end Swiss brands and low-end Chinese manufacturers along with alternative products such as mobile phones with watch functions. With regard to movement business, despite our high market share, volume growth is slowing down and low demand due to the rise of Chinese manufacturers may trigger price decline.

Electronic devices

In electronic devices, results for optical, crystal, and other devices will probably remain largely dependent on developments among mobile phone manufacturers. In addition, due to factors including rapid In addition, due to factors including rapid technology innovation and intense competition, sales price decline and delay in development may affect operating results. Furthermore, in case any patent alliance is dissolved, our business may be influenced.

Electronic products

Electronic products are vulnerable to capital expenditure and personal consumption declines resulting from an economic pullback and, therefore, could experience sales declines depending on economic conditions. In addition, with intense competition, not only from domestic players, but also electronics manufacturers in China and other countries, and the rapid pace of technological innovation, results may be hurt by falling sales prices, development delays, and other factors.

Industrial machinery

Industrial machinery results are likely to remain highly dependent on a demand recovery from the global recession that began last year.

(ii) Overseas sales

As it is mentioned under segment section, overseas sales ratio of the Group is high. As our products are sold worldwide, the economy and the consumer trend, political and economic factors in each area may affect the operating results.

(iii) Foreign currency fluctuation risk

As mentioned in (ii), as our overseas sales ratio is high, we take foreign currency contracts, currency options, etc. as risk hedge. Although we are strengthening overseas production, our operating results are affected by the currency fluctuation.

(iv) Manufacturing in China

About 40% of the Group's products are manufactured overseas, and China is the main production base. Therefore, interruption in production owing to problems occurring in China, execution of any new regulations that may interfere with the production, appreciation of the Chinese yuan or other factors may influence our operating results.

(v) Impairment loss

In case the market value of our assets declined significantly or the profitability of a business worsens, impairment loss will be recorded, affecting our operating results and financial positions.

(vi) Patent and intangible property

The Citizen Group uses various intangible properties in R&D and production process. If any disputes occurs, it may affect the Group's operating results.

(vii) Risk related to natural disaster such as earthquakes

The Citizen Group establishes a risk management system through simulation activities to avoid any human suffering or facility damages. However, if any earthquakes larger than expected occurs, it may have an impact on the production activities or product supply. It may also have a significant effect on the operating results and financial positions.

(viii) Risk related to borrowings

The Citizen Group's borrowings include syndicated loan and commitment line agreements it has entered into with financial institutions. Violations of the financial covenants of these agreements could result in demands for the accelerated repayment of the related borrowings and impact the Group's financial condition.

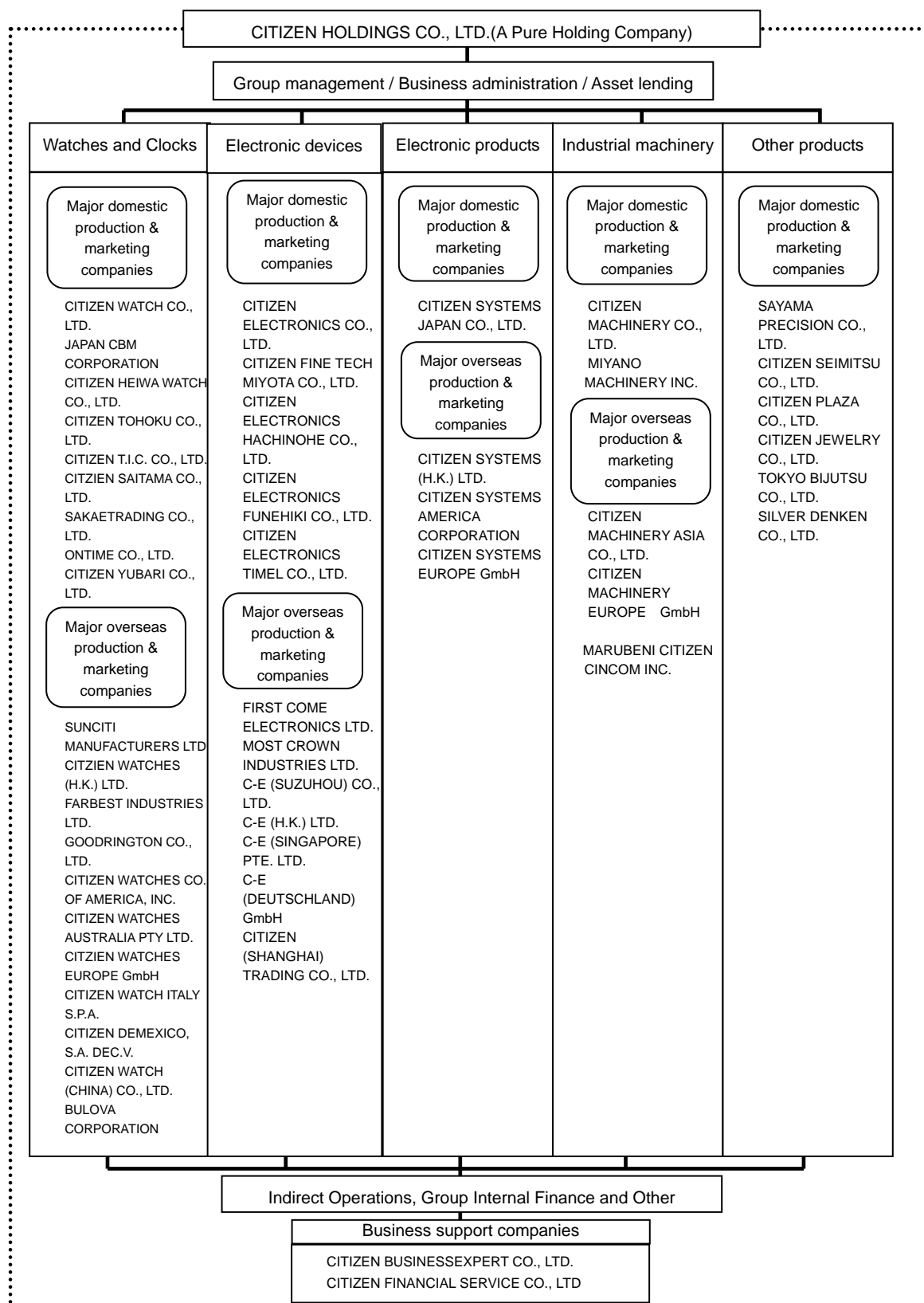
(ix) Other risks

The Group's operating results are influenced from various factors, such as changes of infrastructure and competition, changes of our financial and managerial situations, trading regulations in major markets and substantial changes in stock market and bond market.

2. Corporate Group

The Citizen Group (“the Company” and its subsidiaries and affiliates) consists of the Company and its 134 subsidiaries and 9 affiliates. The Group companies are mainly engaged in production and sales in four business segments: watches and clocks, electronic devices, electronic products, and industrial machinery.

The major Group companies in the respective business segments are as follows:



: consolidated subsidiaries

: affiliate not accounted for by the equity method

3. Management Policy

(1) Fundamental Management Policy

The Citizen group's management policy is based on the philosophy that gave us our name: 'Creating products that are close to the hearts of citizens everywhere.' We aim to contribute to the society through ongoing activities that are in harmony not only with the local community but also with the global environment. Our mission is to utilize the precision manufacturing and mounting technology that we have developed through our watch-making businesses to offer products that satisfy customers and contribute to the lives of people around the world.

With all employees sharing the same goals, the Citizen group is focused on becoming a 'quality corporation' that is both profitable and responsive to changes.

(2) Medium-Term Management Strategy

Citizen is striving to become a group company creating high added values. Our goal is to be a highly profitable company with a balanced portfolio in stable revenue base centering on small precise technology business and growing businesses.

(3) Issues Facing the Company

Working from a foundation of "manufacturing products Japan can be proud of using state-of-the-art precision technology descended and evolved from watch making" the Citizen Group aims to be a highly profitable business group exercising core competencies in micro, ultra-precise, and low-power consumption technologies to create a business portfolio optimally balanced with both stable revenue-generating and growth businesses. Medium-term initiatives will include the following three key initiatives.

- (i) Revision of the business portfolio strategy
 - Focus on high-profit, competitively advantaged businesses as investment priorities
 - Thorough selection and concentration in electronic devices
- (ii) Strengthening of governance
 - Strengthening of corporate governance
 - Strict implementation of new-business-entry and business withdrawal rules
 - Clarification of business responsibilities and strengthening of monitoring
- (iii) Rebuilding of the financial strategy
 - Improvement of capital efficiency

That said, however, amid a once-in-a-century recession that began with last year's financial crisis, the Citizen Group must first concentrate on ensuring its operations are robust and capable of generating a certain level of earnings even under unfavorable business conditions. In addition to the above medium-term initiatives, the following matters are being addressed with the highest priority.

- (i) Rebuilding of production systems, with attention focused on: 1) Creating efficient production systems that can flexibly adjust to business conditions and 2) Cutting fixed costs.
- (ii) Readjustment of segment-level management systems to clarify management responsibilities and authority.
- (iii) Revision of R&D systems to integrate R&D with business operations.
- (iv) Strengthening of head office functions to enhance management strategy functions and speed decision making
- (v) Implementation of people-oriented management by assembling a human resources system that emphasizes fairness and transparency.
- (vi) Optimization of Group finances to efficiently utilize Group assets.

Moving forward, the current difficult economic circumstances are expected to continue over the long term. As such, the Citizen Group will work to strengthen its already robust business base and realize continuous improvements in its corporate value by moving ahead with the steps outlined above.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

Millions of yen	March 31, 2008	March 31, 2009
Current assets		
Cash and cash equivalents	71,680	91,194
Notes and accounts receivable	72,814	53,497
Marketable Securities	0	0
Inventories	64,805	-
Finished products	-	39,520
Raw materials	-	8,448
Work in process	-	18,740
Deferred tax assets	12,190	11,498
Accrued consumption tax	3,954	2,599
Other current assets	8,637	8,424
Allowance for doubtful accounts	1,102	1,551
	232,980	232,372
Fixed assets		
Property, plant and equipment		
Buildings and structures	35,593	32,772
Machinery, equipment and carriers	27,847	21,852
Tools, furniture and fixtures	5,773	4,753
Land	10,124	12,267
Lease	-	105
Construction in progress	1,262	4,503
	*1 80,601	*1 76,256
Intangible fixed assets		
Goodwill	13,369	9,270
Software	1,295	1,930
Lease	-	74
Other intangible fixed assets	269	2,259
	14,934	13,534
Investments and other assets		
Investment securities	47,849	33,202
Long-term loans	767	1,149
Deferred tax assets	7,313	14,247
Other intangible fixed assets	5,839	5,798
Allowance for doubtful accounts	217	192
Allowance for valuation loss on investments	2,094	2,130
	59,459	52,075
	154,994	141,866
Total assets	387,975	374,239

CITIZEN HOLDINGS

Millions of yen	March 31, 2008	March 31, 2009
Current liabilities		
Notes and accounts payable	27,793	17,012
Short-term bank loans payable	4,917	7,052
Bonds to be redeemed within a year	-	400
Bonds with subscription warrant to be redeemed	-	22,500
Income taxes payable	3,532	1,333
Deferred tax liabilities	92	0
Accrued expenses	13,082	12,193
Reserve for bonuses to employees	5,306	4,284
Reserve for bonuses to directors	296	158
Reserve for product warranties	1,049	905
Notes payable for equipment	1,199	747
Reserve for business restructuring losses	-	7,018
Other current liabilities	17,960	11,737
	<u>75,231</u>	<u>85,342</u>
Long-term liabilities		
Bonds with subscription right for new shares	23,000	1,600
Long-term loans payable	30,000	90,800
Deferred tax liabilities	4,995	331
Reserve for defined retirement benefits	9,369	9,975
Consolidation adjustments	1,226	711
Other long-term liabilities	320	1,247
	<u>68,912</u>	<u>104,667</u>
Total liabilities	<u>144,144</u>	<u>190,009</u>
Shareholders' equity		
Paid-in capital	32,648	32,648
Additional paid-in capital	63,885	63,883
Retained earnings	174,397	141,379
Treasury stock	30,893	50,910
Total shareholder's equity	<u>240,038</u>	<u>187,002</u>
Valuation and translation adjustments		
Net unrealized gain/loss on other securities	6,436	404
Foreign currency translation adjustments	4,331	8,271
Total Valuation and translation adjustments	<u>2,104</u>	<u>7,867</u>
Minority interest	<u>1,687</u>	<u>5,095</u>
Total net assets	<u>243,830</u>	<u>184,229</u>
Total liabilities and net assets	<u>387,975</u>	<u>374,239</u>

CITIZEN HOLDINGS

(2) Consolidated Statement of Income

Millions of yen	March 31, 2008	March 31, 2009
Net sales	336,685	296,857
Cost of sales	226,383	205,005
Gross profit	110,302	91,852
Selling, general and administrative expenses	*1 86,039	*1 90,453
Operating income	24,262	1,398
Nonoperating income		
Interest income	1,233	778
Dividend income	1,043	1,419
Subcontractor rental income	297	250
Amortization of consolidation adjustments	755	540
Other	1,361	2,271
	4,692	5,259
Nonoperating expenses		
Interest charges	140	597
Loss on sales of bills	387	289
Depreciation expenses for lent properties	89	108
Investment loss from the application of equity method	303	278
Foreign currency exchange loss	2,703	3,014
Other	583	1,621
	4,208	5,909
Ordinary income	24,746	748
Extraordinary gains		
Gain on sales of investment securities	2,370	3,140
Gain on sales of fixed assets	12	7
Reversal of allowance for doubtful accounts	149	144
Gain on transition of retirement pension plan	2,059	-
Other	295	715
	4,886	4,009
Extraordinary losses		
Loss on sales of properties	20	2
Loss on disposal of properties	846	855
Loss on impairment	*2 2,888	*2 14,183
Loss on disposal of inventory assets	-	592
Reorganization costs	-	9,448
Business restructuring costs	3,719	-
Valuation loss on investment securities	351	3,384
Loss on retirement pension system change	-	405
Provision for investment losses	300	705
Amortization of goodwill	-	5,511
Other	475	735
	8,602	35,825
Income before income taxes	21,030	31,067
Income, residential and enterprise taxes	8,056	3,720
Corporate tax adjustment	663	8,686
Total Corporate tax	8,719	4,965
Minority interests	121	294
Net income	12,189	25,806

CITIZEN HOLDINGS

(3) Changes in Shareholder's Equity

Millions of yen	March 31, 2008	March 31, 2009
Shareholders' equity		
Paid-in capital		
Balance at beginning of year	32,648	32,648
Changes during the year		
Total changes	-	-
Balance at end of year	32,648	32,648
Additional paid-in capital		
Balance at beginning of year	63,890	63,885
Changes during the year		
Cancellation of treasury stocks	5	1
Total changes	5	1
Balance at end of year	63,885	63,883
Retained earnings		
Balance at beginning of year	167,478	174,397
Changes during the year		
Cash dividends	5,201	7,721
Net income	12,189	25,806
Changes in scope of consolidation	-	353
Decrease due to changes in non-controlling interests	16	0
Decrease in retained earnings due to a change in subsidiary fiscal year end	51	-
Increase in retained earnings due to a change in closing dates by equity-method companies	-	157
Total changes	6,919	33,017
Balance at end of year	174,397	141,379
Treasury stocks		
Balance at beginning of year	31,219	30,893
Changes during the year		
Repurchase of treasury stocks	69	20,022
Cancellation of treasury stocks	395	5
Total changes	325	20,017
Balance at end of year	30,893	50,910
Total shareholders' equity		
Balance at beginning of year	232,798	240,038
Changes during the year		
Cash dividends	5,201	7,721
Net income	12,189	25,806
Repurchase of treasury stocks	69	20,022
Cancellation of treasury stocks	390	3
Changes in scope of consolidation	-	353
Decrease due to changes in non-controlling interests	16	0
Decrease in retained earnings due to a change in subsidiary fiscal year end	51	-
Increase in retained earnings due to a change in closing dates by equity-method companies	-	157
Total changes	7,240	53,036
Balance at end of year	240,038	187,002
Valuation and translation adjustments		
Net unrealized gain/loss on other securities		
Balance at beginning of year	18,195	6,436
Changes during the year		
Changes except in shareholders' equity	11,759	6,032
Total changes	11,759	6,032
Balance at end of year	6,436	404

CITIZEN HOLDINGS

Millions of yen	March 31, 2008	March 31, 2009
Foreign currency translation adjustments		
Balance at beginning of year	1,536	4,331
Changes during the year		
Changes except in shareholders' equity	5,867	3,940
Total changes	5,867	3,940
Balance at end of year	4,331	8,271
Total Valuation and translation adjustments		
Balance at beginning of year	19,732	2,104
Changes during the year		
Changes except in shareholders' equity	17,627	9,972
Total changes	17,627	9,972
Balance at end of year	2,104	7,867
Minority interest		
Balance at beginning of year	1,896	1,687
Changes during the year		
Changes except in shareholders' equity	208	3,407
Total changes	208	3,407
Balance at end of year	1,687	5,095
Total net assets		
Balance at beginning of year	254,426	243,830
Changes during the year		
Cash dividends	5,201	7,721
Net income	12,189	25,806
Repurchase of treasury stocks	69	20,022
Cancellation of treasury stocks	390	3
Changes in scope of consolidation	-	353
Decrease due to changes in non-controlling interests	16	0
Decrease in retained earnings due to a change in subsidiary fiscal year end	51	-
Increase in retained earnings due to a change in closing dates by equity-method companies	-	157
Changes except in shareholders' equity	17,836	6,565
Total changes	10,596	59,601
Balance at end of year	243,830	184,229

CITIZEN HOLDINGS

(4) Consolidated Statement of Cash Flow

Millions of yen	Year ended March 31, 2008	Year ended March 31, 2009
Cash flows from operating activities		
Income before income taxes	21,030	31,067
Depreciation	21,405	20,122
Increase/decrease in reserve for business restructuring losses	-	7,018
Increase/decrease in reserve for defined retirement benefits	1,565	241
Increase/decrease in allowance for doubtful accounts	655	586
Amortization of goodwill	-	*1 6,869
Interest and dividends income	2,277	2,197
Interest charges	140	597
Loss on sales of investment securities	2,015	3,140
Loss on Valuation of investment securities	-	3,384
Loss on sales of fixed assets	210	438
Loss on disposal of fixed assets	794	814
Increase/decrease in receivables - trade	5,782	22,152
Increase/decrease in inventories	3,942	3,563
Increase/decrease in payables - trade	2,587	18,487
Amortization expense of negative goodwill	755	-
Loss on impairment	2,888	14,183
Other	4,485	3,669
Sub total	34,857	18,878
Interest and dividends received	2,273	2,185
Interest payments	151	538
Income taxes	10,600	5,878
Net cash provided by operating activities	26,379	14,647
Cash flows from investing activities		
Payments for the purchase of investment securities	12,693	7,964
Proceeds from the sale of investment securities	4,331	4,929
Payments for the purchase of property, plant and equipment	26,088	18,683
Proceeds from the sale of property, plant and equipment	2,236	1,259
Payments for Intangible fixed assets	-	1,138
Increase/decrease in loans	450	-
Payments for loans receivable	-	1,366
Proceeds from the recovery of loans receivable	-	183
Payments for purchase of related-company shares	-	1,449
Payments for purchase of subsidiary shares following a change in consolidation scope	25,225	4,449
Other	783	2,018
Net cash used in investing activities	58,673	30,697
Cash flows from financing activities		
Net increase/decrease in borrowings	187	32
Increase/decrease in Long-term loans payable	30,000	61,000
Repayment of long-term loans payable	0	0
Proceeds from issuance of bonds	-	2,000
Payments for bond retirement	-	490
Dividends paid	5,201	7,721
Dividends paid to the minority stockholders	38	120
Payments for purchase of treasury stock	69	20,022
Proceeds from sale of treasury stock	390	3
Other	-	9

CITIZEN HOLDINGS

Millions of yen	Year ended March 31, 2008	Year ended March 31, 2009
Net cash used in financing activities	25,268	34,607
Effect of exchange rate changes on cash and cash equivalents	3,215	2,086
Net increase in cash and cash equivalents	10,241	16,470
Cash and cash equivalents at beginning of term	80,698	*2 70,480
Net increase in cash and cash equivalents associated with newly consolidated subsidiaries	-	698
Net increase in cash and cash equivalents associated with provisional account settlement of subsidiaries	23	-
Cash and cash equivalents at end of term	*2 70,480	*2 87,649

Material Uncertainties Related to Events or Conditions That May Cast Doubt on the Entity's Ability to Continue as a Going Concern

Not applicable

Basis of Presenting the Consolidated Financial Statements

	Year ended March 31, 2008	Year ended March 31, 2009
1. Scope of consolidation	<p>(1) Consolidated subsidiaries (75 companies) The names of the main subsidiaries Citizen Watch Co., Ltd., Citizen Machinery Co., Ltd., Citizen Systems Japan Co., Ltd., Citizen Electronics Co., Ltd., Citizen Displays Co., Ltd., Citizen Miyota Co., Ltd., Citizen Finetech Co., Ltd., Citizen Seimitsu Co., Ltd., Sayama Precision Co., Ltd. Beginning with the consolidated fiscal year under review, three companies – Citizen Watch Co., Ltd., Citizen Technology Center Co., Ltd., and Citizen Business Expert Co., Ltd. – established as spinoffs of the Company are included in the scope of consolidation. Also, beginning with the consolidated fiscal year under review, Bulova Corporation and its seven consolidated subsidiaries are included in the scope of consolidation as a result of the acquisition of additional Bulova Corporation shares. However, because the acquisition of a controlling interest in Bulova Corporation was recognized as occurring on the final day of the consolidated fiscal year, the consolidation is reflected only on the balance sheet. Citizen Mechatronics Co., Ltd. is now excluded from the scope of consolidation due to its merger with Citizen Machinery Co., Ltd. Authentic Ltd. is also now excluded from the scope of consolidation due to the sale of all Authentic Ltd. shares.</p> <p>(2) Major nonconsolidated subsidiaries (51 companies) Citizen Watch Company of Canada Ltd., Citizen Watch Do Brasil S.A.</p> <p>(Reasons for Exclusion from the Scope of Consolidation) The total assets, net sales, net income (equivalent portion for equity holdings), and retained earnings (equivalent portion for equity holdings) of each nonconsolidated subsidiary excluded from the scope of consolidation were individually immaterial in comparison to net assets, net sales, net income, and retained earnings, as reported on the consolidated financial statements, and also would not materially impact the consolidated financial statements taken together.</p>	<p>(1) Consolidated subsidiaries (84 companies) The names of the main subsidiaries Citizen Watch Co., Ltd., Citizen Machinery Co., Ltd., Citizen Systems Japan Co., Ltd., Citizen Electronics Co., Ltd., Citizen Finetech Miyota Co., Ltd., Citizen Seimitsu Co., Ltd., Sayama Precision Co., Ltd. Newly added (13 companies) Beginning with the consolidated fiscal year under review, Citizen Watch Company of Canada Ltd., Citizen Watch Do Brasil S.A. and Citizen Watches (India) Pvt. Ltd., in consideration of their importance, and 10 other companies including Miyano Machinery Inc., have been added as consolidated subsidiaries since Miyano Machinery Inc. has been made into a consolidated subsidiary. Excluded (2 companies) Citizen Precision Korea Co., Ltd., because of the sale of all of its shares, and Premier Precision Ltd., because of its dissolution, have been excluded from the scope of consolidation. Citizen Holdings Co., Ltd. and Citizen Technology Center Co., Ltd. have merged, as have Citizen Miyota Co., Ltd. and Citizen Fine Tech Co., Ltd.</p> <p>(2) Major nonconsolidated subsidiaries (50 companies) Citizen Machinery UK Ltd. Citizen Systems (Jiangmen) Co., Ltd.</p> <p>(Reasons for Exclusion from the Scope of Consolidation) See left.</p>

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

	Year ended March 31, 2008	Year ended March 31, 2009
2. Application of the equity method	<p>(1) Equity method affiliate company: one company Miyano Machinery Inc.</p> <p>(2) Non-Consolidated Companies to Which the Equity Method Has Not Been Applied Citizen Watch Company of Canada Ltd., Citizen Watch Do Brasil S.A., and the principal affiliate, Marubeni Citizen Cincom Inc would not have a material impact on the consolidated financial statements either in terms of their individual net income (equivalent portion for equity holdings) and retained earnings (equivalent portion for equity holdings) figures, or taken as a whole and, therefore, were excluded from application of the equity method.</p>	<p>(1) Equity method affiliate company: 2 companies Miyano Machinery Inc. has been made into a consolidated subsidiary and is no longer considered an equity method affiliate. Two other companies have been added as equity method affiliates.</p> <p>(2) Non-consolidated subsidiaries to which the equity method is not applied (Citizen Machinery · UK LTD. And CITIZEN SYSTEMS (JIANGMEN) CO., LTD., and a key related company (Marubeni Citizen Cincom Inc.) have been excluded from equity method application. This decision was based on the immateriality of the individual impacts of their net income, retained earnings, and other financial measures (equivalent portions for equity holdings) on the consolidated financial statements, and based on the overall lack of importance of each of these companies to the consolidated group.</p>
3. Fiscal year-end of consolidated subsidiaries	<p>The 46 overseas companies within our consolidated subsidiaries have a different closing date. The closing date for the Group ' s 46 overseas subsidiaries is December 31. On creating the consolidated financial statements, overseas subsidiaries have settled necessary accounts on the consolidated closing date to prepare their financial statements to be the basis of consolidated financial statements.</p> <p>Sakae Trading Co., Ltd., Tokyo Bijutsu Co., Ltd. and Ontime Co., Ltd. have changed their fiscal year end to March from this consolidated period.</p>	<p>Miyano Machinery Inc., its 9 consolidated subsidiaries and other 46 overseas consolidated subsidiaries have a closing date that is different from the closing date for the consolidated financial statements.</p> <p>Miyano Machinery Inc., its 9 consolidated subsidiaries and other 46 overseas consolidated subsidiaries close their books on December 31, but perform account closings as of the consolidated financial statement closing date for financial statements used in preparing the consolidated financial statements, so that the latter can be prepared.</p>

<p>4. Accounting standards (1) Valuation standards and methods for major assets</p>	<p>(i) Marketable and investment securities</p> <p>a). Bonds held to maturity Amortized cost method (Straight-line)</p> <p>b). Subsidiary and related company shares Cost determined by the moving-average approach</p> <p>c). Other marketable securities Those with determinable market values Market value method based on market price as of the consolidated closing date (Unrealized gains (losses) are reported as components of net assets and the moving average approach is the primary basis on which cost basis is calculated at sale.) Those without determinable market values Cost method based on the moving-average approach. (Additional information)</p> <p>In the past, the Group has treated other marketable securities with determinable market value as loss on impairment when their market value dropped by over 30%, considering that the securities' market value was unrecoverable. However, we have altered our process from this consolidated fiscal year to first determine the recovery potential of each individual marketable security once its market value fell by between 30% to about 50%, and then deciding whether to register it as loss on impairment. This is because the recent drop in the market value of securities owes more to the decline in the entire stock market as it faces changes in wider surrounding factors, rather than to the inherent features of the marketable security itself. Another reason of the alteration is its increased financial importance. The Group has decided we must make more rational decisions regarding the recovering potential of marketable securities. As a result of the new process, income before taxes and other adjustments has increased by 1,612 million yen than would have been the case with the previous method.</p> <p>(ii) Derivative financial instruments are valued at market.</p> <p>(iii) Inventories are primarily valued on a weight-average cost basis, which exceeds neither cost nor market.</p>	<p>(i) Marketable and investment securities</p> <p>a). Bonds held to maturity See left.</p> <p>b). Subsidiary and related company shares See left.</p> <p>c). Other marketable securities Those with determinable market values See left.</p> <p>Those without determinable market values See left.</p> <p>-</p> <p>(ii) Derivative financial instruments are valued at market.</p> <p>(iii) Inventories Inventories are primarily valued at cost basis on the gross average approach (with balance sheet values reflecting write downs for decreased profitability). (Change in Accounting Policy) In the past, inventories held for sale in the ordinary course of business were valued primarily at lower of cost or market using the gross average approach. However, in accordance with the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006), which took effect beginning with the fiscal year under review, these inventories are being valued primarily at cost basis on the gross average approach (with balance sheet values reflecting write downs for decreased profitability). The income impact of this change is immaterial.</p>
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C I T I Z E N H O L D I N G S

<p>(2) Depreciation of fixed assets</p>	<p>(i) Property, plant and equipment Mainly calculated using a declining balance basis. Primary useful life figures are as follows. Buildings and other structures 3 to 50 yrs. Machinery and equipment 2 to 10 yrs. (Changes in accounting policy) Citizen and its domestic consolidated subsidiaries have changed to the depreciation method following the revised corporation tax law from this consolidated accounting period regarding property, plant and equipment acquired after April 1, 2007. As a result, operating income, recurring income and income before income taxes have each decreased by 1,644 million yen. The effect on each segment information has been stated accordingly. (Additional information) Following the revised corporation tax law, the Group and its domestic consolidated subsidiaries have recorded assets acquired before March 31, 2007 based on the previous depreciation method. When the assets reach 5% of acquisition cost, the balance of the value equivalent to 5% of acquisition cost and remainder price are amortized equally for 5 years and included in depreciation from the next consolidated financial year. As a result, operating income, recurring income and income before income taxes have each decreased by 1,083 million yen. The effect on each segment information has been stated accordingly.</p> <p>(ii) Intangible fixed asset Calculated using a straight line basis.</p> <p>(iii) -</p>	<p>(i) Property, plant and equipment(excluding leased assets) See left - (Additional information) Beginning with the consolidated fiscal year under review, the useful lives of property, plant and equipment at some domestic subsidiaries have been revised in connection with the fiscal 2008 tax code revision. The income impact of this change is immaterial.</p> <p>(ii) Intangible fixed asset(excluding leased assets) See left</p> <p>(iii) Leased assets Leased assets related to finance lease transactions that do not transfer ownership of the leased assets to the lessee are depreciated using the straight-line method with useful lives equal to lease terms and zero residual values. For finance lease transactions that do not transfer ownership of the leased assets to the lessee and began prior to the fiscal year in which this policy was adopted, accounting treatment complying with the method applied for ordinary lease transactions is being continued.</p>
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C I T I Z E N H O L D I N G S

<p>(3) Recognition basis of provisions and reserves</p>	<p>(i) Allowance for doubtful accounts In setting aside an allowance for possible losses related to trade receivables, loans, etc. for the Company and its domestic consolidated subsidiaries, individual ordinary receivables regarded as doubtful are evaluated for collectibility and an amount equivalent to the portion judged to be uncollectible is recorded based on the lone loss ratio. For overseas consolidated subsidiaries, individual receivables are evaluated for collectibility and required loss estimates are recorded.</p> <p>(ii) Reserve for valuation loss on investments To provide for possible losses due to extreme devaluation in the stocks of non-consolidated subsidiaries (excluding stocks subject to impairment accounting), an allowance for valuation loss on investments is provided for an amount considering the actual stock prices on the balance sheet date.</p> <p>(iii) Reserve for bonuses to employees The reserve for bonuses to employees is stated at an amount based on the estimated forthcoming payments at consolidated companies other than overseas subsidiaries.</p> <p>(iv) Reserve for product warranties At several overseas sales subsidiaries, certain rates of net sales are provided as an allowance for the possible expenses required for after-sales services of products sold.</p> <p>(v) Reserve for defined retirement benefits At the Company and its consolidated domestic subsidiaries, the reserve for defined retirement benefits is stated as the amount deemed to be correct on the balance sheet. The amount is based on estimated accounts of defined retirement benefit liabilities and pension assets on the date of the year-end balance sheet. Any differences arising as a result of changes in accounting standards are, as a rule, treated as an extraordinary loss for the year in which the difference arises. However, the straight-line method is applied over a period of 5 to 10 years at certain consolidated subsidiaries. In addition, prior service liabilities and differences arising from mathematical calculations will be accounted for using a fixed number of years that is no more than the average of the employee's remaining years of service when they occur (in principle, by applying the fixed-percentage method over 5 years). Prior service liabilities will be accounted for from the year in which they occur, and differences arising from mathematical calculations will be accounted for from the year following the year in which they occur. (Additional information)</p>	<p>(i) Allowance for doubtful accounts See left</p> <p>(ii) Reserve for valuation loss on investments See left</p> <p>(iii) Reserve for bonuses to employees See left</p> <p>(iv) Reserve for product warranties See left</p> <p>(v) Reserve for defined retirement benefits See left</p> <p style="text-align: right;">(Additional information)</p>
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<p>(4) Translation of foreign currency assets or liabilities</p>	<p>The Citizen Group provides a tax-qualified pension plan and a termination allowance plan as our defined benefit system. However, some of the consolidated subsidiaries have changed a part of their retirement benefit system from a tax-qualified pension plan to a defined contribution plan. Upon transition, "Accounting related to transition of retirement benefit scheme" (Application Guideline No. 1 of the Business Accounting Principles) has been applied.</p> <p>As the result of the transition, we have posted 2,059 million yen as an extraordinary profit.</p> <p>Foreign currency amounts are translated into Japanese yen at the rate prevailing on the balance sheet date for accounts receivable and accounts payable. The translation adjustments are stated as profit/loss. Assets and liabilities of overseas subsidiaries are translated into Japanese yen using the spot rate on the date of the balance sheet, whereas revenues and expenses are translated into Japanese yen using the weighted-average rate.</p> <p>The differences arising from translation are included in foreign currency translation adjustments and minority interest in the net assets section.</p>	<p>The Citizen Group provides a tax-qualified pension plan and a termination allowance plan as our defined benefit system. However, some of the consolidated subsidiaries have changed a part of their retirement benefit system from a tax-qualified pension plan to a defined contribution plan. Upon transition, "Accounting related to transition of retirement benefit scheme" (Application Guideline No. 1 of the Business Accounting Principles) has been applied.</p> <p>As the result of the transition, we have posted 405 million yen as an extraordinary loss.</p> <p>See left</p>
<p>(5) Lease contracts</p>	<p>Finance lease transactions, other than those that deem to transfer ownership of the leased assets to the lessee, are accounted for as operating lease transactions.</p>	<p>See left</p>
<p>(6) Other important matters regarding the preparation of consolidated financial statements</p>	<p>(i) Accounting method for consumption tax Consumption tax is calculated using a tax exclusion method.</p> <p>(ii) Application of Consolidated taxation system Consolidated taxation system is applied from the consolidated accounting period ended March 31, 2008.</p>	<p>(i) Accounting method for consumption tax See left</p> <p>(ii) Application of Consolidated taxation system Consolidated taxation system is applied.</p>
<p>7. Scope of funds covered by the consolidated statement of cash flow</p>	<p>The scope of funds covered by the consolidated statement of cash flow includes cash on hand, demand deposits, and short-term investments that mature within three months of acquisition and are highly liquid, easily convertible to cash, and bear very little price risk.</p>	<p>See left</p>

Changes in Basis of Presenting the Consolidated Financial Statement

Year ended March 31, 2008	Year ended March 31, 2009
<p>-</p>	<p>(Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements) Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Practical Solution No. 18 released by the Accounting Standards Board of Japan on May 17, 2006) was applied, and necessary revisions were made to consolidated earnings.</p> <p>These changes had only a minor impact on operating income, ordinary income, and net income before taxes for the consolidated fiscal year under review.</p> <p>(Application of accounting standards for lease transactions)</p>

	<p>The accounting method of finance lease transactions that do not transfer ownership of the leased assets to the lessee have traditionally been complied with that of lease transactions, but beginning with the consolidated fiscal year under review, Accounting Standards for Lease Transactions (Corporate Accounting Standard No. 13 released by the First Subcommittee of the Business Accounting Council on June 17, 1993, and revised on March, 30, 2007) and Implementation Guidance on Accounting Standard for Lease Transactions (Corporate Accounting Standard No. 16 (released by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994, and revised March 30, 2007)) were applied, and are now complied with ordinary purchase transactions.</p> <p>For finance lease transactions that do not transfer ownership of the leased assets to the lessee and began prior to the fiscal year in which this policy was adopted, accounting treatment complying with the method applied for ordinary lease transactions is being continued</p> <p>The income impact of this change is immaterial.</p>
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Changes in Presentation Method

Year ended March 31, 2008	Year ended March 31, 2009
-	<p>(Balance Sheet)</p> <p>Following the application of the Cabinet Office Ordinance Revising Items such as Category and Regulations related to Terms, Form, and Method for Creating Documents such as Financial Statements (Cabinet Office Ordinance No. 50 released August 7, 2008), “finished products”, “raw materials”, and “work in process”, which had been included in “inventories” through the previous consolidated fiscal year, are listed separately beginning with the consolidated fiscal year under review. For the previous consolidated fiscal year “products”, “materials”, and “work in process” included in “inventories” were 35,049 million yen, 10,408 million yen, and the 19, 346 million yen, respectively.</p>
<p>(Consolidated statement of cash flow)</p> <p>Changes in cash flow shown as "Net increase/decrease in borrowings" through the previous consolidated fiscal year are shown as "Net increase/decrease in borrowings," " Increase/decrease in Long-term loans payable," and " Repayment of long-term loans payable" beginning with the consolidated fiscal year under review.</p>	<p>(Consolidated statement of cash flow)</p> <ol style="list-style-type: none"> 1. For the previous consolidated fiscal years, “Amortization expense of negative goodwill” was listed separately under cash flows from operating activities, but beginning with the consolidated fiscal year under review it is included in “Amortization of goodwill” due to its financial insignificance. Details of “Amortization of goodwill” for the consolidated fiscal year under review are given in “Notes (Consolidated statement of cash flow). 2. Under cash flows from investing activities, “payments for intangible fixed assets” was included in “other” for the previous fiscal year but is listed separately beginning with the consolidated fiscal year under review. For the previous consolidated fiscal year, “payments for intangible fixed assets” were 649 million yen respectively. 3. For the previous consolidated fiscal year, “increase/decrease in loans” was listed under cash flows from investment activities, but this was separated into “Payments for loans receivable” and “Proceeds from the recovery of loans receivable” beginning with

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

the consolidated fiscal year under review in order to increase the comparability of financial statements with the introduction of XBRL for EDINET. For the previous consolidated fiscal year, "Payments for loans receivable" and "Proceeds from the recovery of loans receivable" were 903 million yen and 453 million yen respectively.

Notes

(Consolidated balance sheet)

Year ended March 31, 2008	Year ended March 31, 2009
*1. Accumulated depreciation on property, plant and equipment 241,391 million yen	*1. Accumulated depreciation on property, plant and equipment 249,366million yen
*2. Secured debt 509 million yen	*2. Secured debt 507 million yen
*3. Export bill discount 673 million yen	
*4. Notes receivable discount 32 million yen	

(Consolidated statement of income)

Year ended March 31, 2008		Year ended March 31, 2009	
*1. Major items in selling, general and administrative expenses		1. Major items in selling, general and administrative expenses	
	(Millions of yen)		(Millions of yen)
Depreciation expenses	4,133	Depreciation expenses	3,611
Allowance for doubtful accounts	201	Allowance for doubtful accounts	232
Reserve for bonuses to employees	2,067	Reserve for bonuses to employees	1,915
Reserve for bonuses to directors	232	Reserve for bonuses to directors	121
Retirement benefit expenses	1,014	Retirement benefit expenses	911
Personnel cost	24,789	Personnel cost	26,408
Advertisement expenses	14,448	Advertisement expenses	15,440
Reserve for product warranties	189	Reserve for product warranties	144
R&D expenditures	10,800	R&D expenditures	10,527
*2 Impairment Loss		*2. Impairment Loss	
<p>The Group, in principle, considers department unit based on management accounting as the minimum unit that generates cash flow. Some of the consolidated subsidiaries are classified based on company unit due to its business size. In addition, assets that are not clearly related to certain business, such as head office, are categorized as common assets.</p> <p>In this consolidated fiscal year, the Group treated unused facilities and land, and assets of unprofitable business in the electronic devices segment as impaired asset and declared the loss due to impairment (2,888 million yen) as an extraordinary loss. The breakdown is mainly 2,633 million yen for machinery and equipment, and 125 million yen for land.</p>		<p>The Group, in principle, considers department unit based on management accounting as the minimum unit that generates cash flow. Some of the consolidated subsidiaries are classified based on company unit due to its business size. In addition, assets that are not clearly related to certain business, such as head office, are categorized as common assets.</p> <p>During the consolidated fiscal year under review, the global economy experienced a sudden, sweeping recession triggered by a financial crisis. The Japanese economy, as well, experienced rapid declines in orders across the board, but especially in the manufacturing sector, and fell into a recession the seriousness of which exceeded all expectations. Under such conditions, the Citizen Group's business environment also took a rapid turn for the worse., The Citizen Group wrote down fixed assets impaired as a result and recorded an extraordinary loss (14,183 million yen).</p>	

(Consolidated statement of retained earnings)

The year ended March 31, 2008

1. Type and number of issued stocks and treasury stocks

Shares	Beginning of the period	Increase during this interim period	Decrease during this interim period	End of the period
Issued shares				
Common stock	380,353,809	-	-	380,353,809
Total	380,353,809	-	-	380,353,809
Treasury stock				
Common stock*	33,706,478	69,234	427,039	33,348,673
Total	33,706,478	69,234	427,039	33,348,673

Notes (*)

- The breakdown of 69,234 shares of common stock increased in treasury stock
Increase due to repurchase of stocks less than one unit 69,234 shares
- The breakdown of 427,039 shares of common stock decreased in treasury stock
Decrease due to exercise of warrant 417,400 shares
Decrease due to purchase of stocks less than one unit 9,639 shares

2. Cash dividends

(1) Cash dividends

(Resolution)	Type	Total amount of dividends	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders (June 26, 2007)	Common stock	2,599 million yen	7.50 yen	March 31, 2007	June 27, 2007
Board of Directors (Nov.12, 2007)	Common stock	2,601 million yen	7.50 yen	Sep. 30, 2007	Dec. 6, 2007

(2) Of the cash dividends with record date during this period, those with effective date after this period
Resolution is scheduled as follows.

(Resolution)	Type	Total amount of dividends	Source	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders (June 25, 2008)	Common stock	5,205 million yen	Earnings reserve	15.00 yen	March 31, 2008	June 26, 2008

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

The year ended March 31, 2009

1. Type and number of issued stocks and treasury stocks

Shares	Beginning of the period	Increase during this interim period	Decrease during this interim period	End of the period
Issued shares				
Common stock	380,353,809	-	-	380,353,809
Total	380,353,809	-	-	380,353,809
Treasury stock				
Common stock*	33,348,673	26,750,553	5,673	60,093,553
Total	33,348,673	26,750,553	5,673	60,093,553

Notes (*)

1. The breakdown of 26,750,553 shares of common stock increased in treasury stock

Increase due to purchase from the market	26,720,300 shares
Increase due to repurchase of stocks less than one unit	30,253 shares
2. The breakdown of 5,673 shares of common stock decreased in treasury stock

Decrease due to purchase of stocks less than one unit	5,673 shares
---	--------------

2. Cash dividends

(1) Cash dividends

(Resolution)	Type	Total amount of dividends	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders (June 25, 2008)	Common stock	5,205 million yen	15.00 yen	March 31, 2008	June 26, 2008
Board of Directors (Nov.10, 2008)	Common stock	2,516 million yen	7.50 yen	Sep. 30, 2008	Dec. 4, 2008

(2) Of the cash dividends with record date during this period, those with effective date after this period

Resolution is scheduled as follows.

(Resolution)	Type	Total amount of dividends	Source	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders (June 25, 2009)	Common stock	800 million yen	Earnings reserve	2.50 yen	March 31, 2009	June 26, 2009

CITIZEN HOLDINGS

(Consolidated statement of cash flow)

Year ended March 31, 2008	Year ended March 31, 2009																																												
<p>*1. -</p>	<p>*1. The breakdown of Amortization of goodwill is as follows. (Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Amortization of goodwill for Miyano Machinery Inc.</td> <td style="text-align: right;">5,511</td> </tr> <tr> <td style="padding-left: 20px;">Amortization of goodwill</td> <td style="text-align: right;">1,897</td> </tr> <tr> <td style="padding-left: 20px;">Amortization expense of negative goodwill</td> <td style="text-align: right;">540</td> </tr> </table>	Amortization of goodwill for Miyano Machinery Inc.	5,511	Amortization of goodwill	1,897	Amortization expense of negative goodwill	540																																						
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<p>*2. Relationship between the ending balance of cash and cash equivalents and account items listed in the consolidated balance sheets</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td style="text-align: right;">71,680</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Time deposits with a deposit period greater than three months</td> <td style="text-align: right;">1,199</td> </tr> <tr> <td>Shares and bonds with a redemption period greater than three months</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">70,480</td> </tr> </tbody> </table>		(Millions of yen)	Cash	71,680	Marketable securities	0	Time deposits with a deposit period greater than three months	1,199	Shares and bonds with a redemption period greater than three months	0	Cash and cash equivalents	70,480	<p>*2. Relationship between the ending balance of cash and cash equivalents and account items listed in the consolidated balance sheets</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td style="text-align: right;">91,194</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Time deposits with a deposit period greater than three months</td> <td style="text-align: right;">3,545</td> </tr> <tr> <td>Shares and bonds with a redemption period greater than three months</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">87,649</td> </tr> </tbody> </table>		(Millions of yen)	Cash	91,194	Marketable securities	0	Time deposits with a deposit period greater than three months	3,545	Shares and bonds with a redemption period greater than three months	0	Cash and cash equivalents	87,649																				
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<p>*3. Primary assets and liabilities of consolidated subsidiaries newly added through share purchases Bulova Corporation and its 7 subsidiaries became consolidated subsidiaries as a result of an share purchase .The primary assets and liabilities of these companies, together with values and net outlays to acquire them, are shown below.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Current assets</td> <td style="text-align: right;">19,294</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">1,663</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;">13,270</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">3,623</td> </tr> <tr> <td>Long-term liabilities</td> <td style="text-align: right;">1,742</td> </tr> <tr> <td style="border-top: 1px solid black;">Outlay for additional shares</td> <td style="text-align: right; border-top: 1px solid black;">28,861</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">3,636</td> </tr> <tr> <td>Difference:</td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;">Outlay for purchase</td> <td style="text-align: right; border-top: 1px solid black;">25,225</td> </tr> </tbody> </table>		(Millions of yen)	Current assets	19,294	Fixed assets	1,663	Goodwill	13,270	Current liabilities	3,623	Long-term liabilities	1,742	Outlay for additional shares	28,861	Cash and cash equivalents	3,636	Difference:		Outlay for purchase	25,225	<p>*3. Primary assets and liabilities of consolidated subsidiaries newly added through share purchases Miyano Machinery Inc. and its subsidiaries became consolidated subsidiaries as a result of an additional share purchase from the consolidated fiscal year under review. The primary assets and liabilities of these companies, together with values and net outlays to acquire them, are shown below.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>Current assets</td> <td style="text-align: right;">15,481</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">6,841</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;">5,801</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">8,804</td> </tr> <tr> <td>Long-term liabilities</td> <td style="text-align: right;">1,671</td> </tr> <tr> <td>Minority interests</td> <td style="text-align: right;">4,090</td> </tr> <tr> <td>Value of shares on consolidated balance sheet, as defined for equity method purposes, through the time when control was acquired</td> <td style="text-align: right;">7,240</td> </tr> <tr> <td style="border-top: 1px solid black;">Outlay for additional shares</td> <td style="text-align: right; border-top: 1px solid black;">6,317</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">1,867</td> </tr> <tr> <td>Difference:</td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;">Outlay for purchase during the consolidated fiscal year under review</td> <td style="text-align: right; border-top: 1px solid black;">4,449</td> </tr> </tbody> </table>		(Millions of yen)	Current assets	15,481	Fixed assets	6,841	Goodwill	5,801	Current liabilities	8,804	Long-term liabilities	1,671	Minority interests	4,090	Value of shares on consolidated balance sheet, as defined for equity method purposes, through the time when control was acquired	7,240	Outlay for additional shares	6,317	Cash and cash equivalents	1,867	Difference:		Outlay for purchase during the consolidated fiscal year under review	4,449
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(Segment information)**a. Business segment**

Year ended March 31, 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								
Customers	139,985	99,235	27,104	39,639	30,720	336,685	-	336,685
Inter-segment	117	173	41	5	1,114	1,453	(1,453)	-
Total	140,103	99,409	27,146	39,644	31,834	338,139	(1,453)	336,685
Operating expenses	118,841	98,754	24,452	35,195	30,315	307,559	4,863	312,422
Operating income	21,262	654	2,694	4,448	1,519	30,579	(6,316)	24,262
Assets	153,493	108,140	20,037	34,232	37,561	353,466	34,508	387,975
Depreciation and amortization	6,760	10,010	722	1,382	1,350	20,226	1,178	21,405
Impairment loss	8	2,754	-	-	-	2,763	125	2,888
Capital expenditures	6,169	12,891	816	2,047	2,434	24,358	822	25,181

Notes:

1. Business segments

The following business segments are classified based on the type, nature and manufacturing methods of products and the similarity of markets.

2. Major products by business segment

Segment	Major products
Watches and clocks	Analog, digital and analog/digital combination watches, internal and facing parts of wristwatches, various kinds of clocks, etc.
Electronic devices	Chip LEDs, back light units, liquid crystal displays, quartz oscillators, electronic viewfinders, etc.
Electronic products	Various kinds of printers, electronic thermometers, calculators, etc.
Industrial machinery	Small CNC automatic lathes, various types of robots, general-purpose machine tools, measuring instruments, etc.
Other products	Jewelry, pachinko related products, Automotive Components, jigs and tools, etc.

3. "Eliminations or general corporate" includes 6,420 million yen in unclassifiable operating expenses consisting of expenses for the Company's head office management unit and basic research.

4. "Eliminations or general corporate" includes 131,466 million yen in entire-company assets consisting mainly of excess working capital (cash, deposits, and marketable securities) and long-term investments (investment and marketable securities) at the Company.

5. Changes in accounting methods

Changes in depreciation method for property, land and equipment

As described in "Basis of Presenting the Consolidated Financial Statements" (Changes in accounting policy), Citizen Group and its domestic consolidated subsidiaries have changed to depreciation method following the revised corporation tax law from this consolidated accounting period regarding property, plant and equipment acquired after April 1, 2007. As also described in "Basis of Presenting the Consolidated Financial Statements" (Additional information), the Group and its domestic consolidated subsidiaries have recorded assets acquired before March 31, 2007, based on depreciation method before the revised corporation tax law: when the assets reach 5% of acquisition cost, the balance of the value equivalent to 5% of acquisition cost and remainder price are amortized equally for 5 years and included in depreciation from the next consolidated financial year. Following these changes, the increases of operating expenses for this consolidated financial year were 767 million yen for watches and clocks, 1,544 million yen for electronic devices, 124 million yen for electronic products, 87 million yen for industrial machinery, 115 million yen for other products and 87 million yen for unclassifiable expenses, while operating profit decreased by the same amounts.

CITIZEN HOLDINGS

Year ended March 31, 2009

Millions of yen	Watches and clocks	Electronic devices	Electronic Products	Industrial machinery	Other products	Segment totals	Eliminations or general corporate	Consolidate d totals
Net sales								
Customers	132,514	81,260	21,016	33,227	28,838	296,857	-	296,857
Inter-segment	156	63	137	9	725	1,092	(1,092)	-
Total	132,670	81,323	21,153	33,237	29,564	297,949	(1,092)	296,857
Operating expenses								
Operating income	123,564	84,425	20,141	33,056	30,341	291,529	3,929	295,458
Operating income	9,106	3,101	1,012	180	777	6,420	(5,021)	1,398
Assets								
Assets	150,103	85,694	19,424	47,924	24,123	327,270	46,969	374,239
Depreciation and amortization	7,642	7,860	646	1,454	1,381	18,984	1,138	20,122
Impairment loss	5,313	7,519	12	194	944	13,985	197	14,183
Capital expenditures	7,990	5,497	385	3,228	1,834	18,936	590	19,527

Notes:

1. Business segments

The following business segments are classified based on the type, nature and manufacturing methods of products and the similarity of markets.

2. Major products by business segment

Segment	Major products
Watches and clocks	Analog, digital and analog/digital combination watches, internal and facing parts of wristwatches, various kinds of clocks, etc.
Electronic devices	Chip LEDs, back light units, quartz oscillators, electronic viewfinders, etc.
Electronic products	Various kinds of printers, electronic thermometers, calculators, etc.
Industrial machinery	Small CNC automatic lathes, various types of robots, general-purpose machine tools, measuring instruments, etc.
Other products	Jewelry, pachinko related products, Automotive Components, jigs and tools, etc.

3. "Eliminations or general corporate" includes 5,211 million yen in unclassifiable operating expenses consisting of expenses for the Company's head office management unit and basic research.
4. "Eliminations or general corporate" includes 147,241 million yen in entire-company assets consisting mainly of excess working capital (cash, deposits, and marketable securities) and long-term investments (investment and marketable securities) at the Company.

b. Geographic segment

Year ended March 31, 2008

Millions of yen	Japan	Asia	Americas	Europe	Other	Segment total	Eliminations or general corporate	Consolidated totals
Net sales								
Customers	245,793	29,022	32,146	27,301	2,422	336,685	-	336,685
Inter-segment	57,850	76,181	888	126	-	135,047	(135,047)	-
Total	303,644	105,203	33,034	27,428	2,422	471,733	(135,047)	336,685
Operating expenses	279,250	103,412	31,222	25,863	2,269	442,018	(129,595)	312,422
Operating income	24,394	1,790	1,811	1,565	152	29,714	(5,451)	24,262
Assets	279,705	44,765	41,027	20,181	1,539	387,219	755	387,975

Notes:

- Nations or regions are classified according to geographic proximity.
- Major nations or regions in the respective categories:
 - Asia: China/Hong Kong, South Korea, Taiwan, Singapore, Thailand and Malaysia
 - Americas: United States, Panama and Mexico
 - Europe: Germany, United Kingdom, Italy and Spain
 - Other: Australia
- "Eliminations or general corporate" includes 6,420 million yen in unclassifiable operating expenses consisting of expenses for the Company's head office management unit and basic research.
- "Eliminations or general corporate" includes 131,466 million yen in entire-company assets consisting mainly of excess working capital (cash, deposits, and marketable securities) and long-term investments (investment and marketable securities) at the Company.
- Changes in accounting methods
 - Changes in depreciation method for property, land and equipment

As described in "Basis of Presenting the Consolidated Financial Statements" (Changes in accounting policy), Citizen Group and its domestic consolidated subsidiaries have changed to depreciation method following the revised corporation tax law from this consolidated accounting period regarding property, plant and equipment acquired after April 1, 2007. As also described in "Basis of Presenting the Consolidated Financial Statements" (Additional information), the Group and its domestic consolidated subsidiaries have recorded assets acquired before March 31, 2007, based on depreciation method before the revised corporation tax law: when the assets reach 5% of acquisition cost, the balance of the value equivalent to 5% of acquisition cost and reminder price are amortized equally for 5 years and included in depreciation from the next consolidated financial year. Following these changes, the increases of operating expenses for this consolidated financial year were 2,640 million yen for Japan and 87 million yen for unclassifiable expenses, while operating profits decreased accordingly.

Year ended March 31, 2009

Millions of yen	Japan	Asia	Americas	Europe	Other	Segment total	Eliminations or general corporate	Consolidated totals
Net sales								
Customers	203,484	252,292	44,227	22,140	1,712	296,857	-	296,857
Inter-segment	49,418	66,508	591	128	-	116,646	(116,646)	-
Total	252,903	91,800	44,819	22,268	1,712	413,504	(116,646)	296,857
Operating expenses	251,423	89,924	43,282	21,465	1,831	407,927	(112,468)	295,458
Operating income	1,480	1,875	1,537	803	118	5,577	(4,178)	1,398
Assets	255,393	37,686	39,606	19,146	1,015	352,849	21,390	374,239

Notes:

- Nations or regions are classified according to geographic proximity.
- Major nations or regions in the respective categories:
 - Asia: China/Hong Kong, South Korea, Taiwan, Singapore, Thailand and Malaysia
 - Americas: United States, Panama and Mexico
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- "Eliminations or general corporate" includes 5,211 million yen in unclassifiable operating expenses consisting of expenses for the Company's head office management unit and basic research.
- "Eliminations or general corporate" includes 147,241 million yen in entire-company assets consisting mainly of excess working capital (cash, deposits, and marketable securities) and long-term investments (investment and marketable securities) at the Company.

c. Overseas sales

CITIZEN HOLDINGS

Overseas sales, consolidated net sales, and percentage of overseas sales to consolidated net sales are as follows:
Year ended March 31, 2008

(Millions of yen)	Asia	Americas	Europe	Other	Total
I. Overseas sales	109,460	43,504	45,308	4,113	202,387
II. Consolidated sales					336,685
III. As % of consolidated net sales	32.5	12.9	13.5	1.2	60.1

Year ended March 31, 2009

(Millions of yen)	Asia	Americas	Europe	Other	Total
I. Overseas sales	86,392	47,300	37,581	4,441	175,716
II. Consolidated sales					296,857
III. As % of consolidated net sales	29.1	15.9	12.7	1.5	59.2

Notes:

1. Overseas sales are exports of the Company and its consolidated domestic subsidiaries, and sales (other than exports to Japan) of overseas subsidiaries.
2. Nations or regions are classified according to geographic proximity.
3. Major nations or regions in the respective categories:
 - (1) Asia: China/Hong Kong, South Korea, Taiwan, Singapore, Thailand, etc.
 - (2) Americas: United States, Canada, Panama, Brazil, Mexico, etc.
 - (3) Europe: Germany, United Kingdom, France, Italy, Spain, etc.
 - (4) Other: Oceania and Africa

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

(Per Share Information)

	Year ended March 31, 2008	Year ended March 31, 2009
Net asset per share	697.81yen	559.34yen
Basic net income per share	35.14yen	77.32yen
Diluted net income per share	32.55yen	Diluted net income per share is not reported, despite the existence of dilutive shares, because a net loss per share was reported for the year.

The basis of calculation of basic net income per share information is as follows:

	Year ended March 31, 2008	Year ended March 31, 2009
Basic net income per share		
Net income (millions of yen)	12,189	25,806
Amount not attributed to common stock (millions of yen)	-	-
Net income on common stock (millions of yen)	12,189	25,806
Average number of common stocks (thousand shares)	346,840	320,260

	Year ended March 31, 2008	Year ended March 31, 2009
Diluted net income per share		
Adjustments to net income (millions of yen)	-	-
Number of common stock increased (thousand shares)	27,674	-
(convertible bonds)	(27,577)	(-)
(stock options)	(96)	(-)
Summary of residual securities not included in diluted net income per share as it has no dilution effect.	-	1. Yen-denominated convertible bonds with warrants maturing in 2009 2. Stock options (approved in a June 29, 2005 board resolution for 7,246 shares)

The basis of calculation of net asset per share information is as follows:

	Year ended March 31, 2008	Year ended March 31, 2009
Net assets per share		
Net assets (millions of yen)	243,830	184,229
Amount deducted from total net assets (millions of yen)	1,687	5,095
(Minority interest)	(1,687)	(5,095)
Net assets on common stock (millions of yen)	242,143	179,134
Number of common stocks at end of term (thousand shares)	347,005	320,260

(Subsequent Events)

Year ended March 31, 2008	Year ended March 31, 2009
-	-

(Disclosure omitted)

Subsequent events concerning lease transactions, related party transactions, tax-effect accounting, marketable securities, derivative transactions, retirement pensions, stock options, business mergers, and other matters were judged to be of too little significance to disclose in this report and were omitted.

(Changes in the Board of Directors of the Company)

(1) Retiring directors (tentative)

Makoto Umehara (Currently Director and Executive Advisor of Citizen Holdings Co., Ltd.)

Yoshiyuki Iijima (Currently Corporate Auditor of Citizen Holdings Co., Ltd.)

(2) Candidate for appointment to Board of Directors (tentative)

Hiraishi Hisato

[Scheduled to be appointed to Corporate Auditor.]