



Consolidated Financial Statements for the Three Months Ended June 30, 2011

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)

August 10 2011

CITIZEN HOLDINGS CO., LTD.

Code No.: 7762

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Contact: Toshio Tokura, Managing Director

Scheduled release of fiscal 2011 Quarterly Business Report: August 12, 2011

Scheduled start of dividend payment: -

Listings: First section of Tokyo Stock Exchange

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1. Results for the three months ended June 30, 2011 (From April 1, 2011 to June 30, 2011)

(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)	%
Three months ended June 30, 2011	63,651	△2.0	2,518	△15.6	2,439	13.9	2,383	113.2
Three months ended June 30, 2010	64,968	18.3	2,984	-	2,140	-	1,117	-

Note: Comprehensive Income: As of June 30, 2011: ¥ 118million(-%) As of June 30, 2010: △¥ 4,736million(-%)

	Earnings per share	Fully diluted earnings per share
	(Yen)	(Yen)
Three months ended June 30, 2011	7.38	-
Three months ended June 30, 2010	3.49	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
Three months ended June 30, 2011	331,772	183,413	54.9
March 31, 2011	330,321	184,132	55.4

Reference: Shareholders' Equity: As of June 30, 2011: ¥ 182,167million As of March 31, 2011: ¥ 182,850million

2. Dividends

(Record date)	Dividends per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Full year (Yen)
March 31, 2011	-	3.50	-	3.50	7.00
March 31, 2012	-	-	-	-	-
March 31, 2012 (Estimate)	-	4.00	-	4.00	8.00

Note: Revision of dividend forecast for quarter in review: Yes

3. Projected Consolidated Results for the Year ending March 31, 2011

(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)
First 2 quarters	136,500	△1.0	6,000	△25.1	5,500	△14.0	4,000	8.4	12.35
Full Year	287,500	0.9	16,000	△4.2	15,000	1.3	9,000	75.7	27.78

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

4. Others

- (1) Changes in significant subsidiaries during this period: None
- (2) Adoption of simplified accounting methods and special accounting methods: None
- (3) Changes of accounting policies applied, procedures and disclosures
 - (i) Changes associated with revised accounting standards: None
 - (ii) Changes other than those in (i)above None
 - (iii) Changes in accounting estimate: None
 - (iv) Restatements: None
- (4) Number of shares issued and outstanding (common stock)
 - (i) Number of shares issued and outstanding at the end of term (including treasury stock) June 2011: 350,353,809shares March 2011:350,353,809shares
 - (ii) Number of treasury stock at the end of term June 2011: 26,347,998shares March 2011: 26,347,657shares
 - (iii) Average number of common stocks June 2011: 324,006,000shares June 2010: 320,253,184shares

** Information regarding the implementation of quarterly review procedures*

These quarterly financial results are not subject to quarterly review procedures. Thus, at the time of disclosure of these financial results, the quarterly financial statement review procedures based on the Financial Instruments and Exchange Law, have not been completed.

** 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 the attached "Qualitative data on the consolidated earnings forecasts" on page 6 for assumptions underlying the above forecasts and precautions regarding their use.

(Attached Documents)

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1. Qualitative Information Regarding These Quarterly Results

(1) Qualitative data on the consolidated financial results

Summary of Operating Results

During the first quarter under review, the world economy remained brisk as a whole although there were increasing concerns about the US economic slowdown and the European sovereign crisis as well as economic outlook in the Asian region led by China growing worrisome. In addition, while Japanese economy showed signs of gradual recovery from precipitous plunge caused by the Great East Japan Earthquake, it continues to be in a difficult situation.

Under these circumstances, the Citizen Group reported in its consolidated financial results for the first quarter under review a decrease in both sales and profits, with net sales of 63.6 billion yen (down 2.0% year-on-year) and operating income of 2.5 billion yen (down 15.6% year-on-year).

Watches and clocks

In the domestic market CITIZEN brand watches and clocks experienced a decline in sales due to a significant slowdown in consumer spending overall and considerable decreases in the number of tourists from overseas with the effect of the earthquake, although we made strenuous sales efforts focusing on The CITIZEN, the world's first light power driven watch with an accuracy of +/- few seconds per year. In overseas markets where market conditions are improving, we continue to implement sales promotion by featuring Eco-Drive. In the North America, while sales for Mother's Day were strong and stayed in a slow recovery trend despite uncertainties remaining over the outlook including employment situation showing no improvement, the appreciation of the yen caused a decline in overall sales. In Europe, with steady recovery trend, sales kept growing particularly in Germany and England. However, aggravated market conditions in some regions due to the debt crisis and the effect of high yen led to decreased sales. In Asia, sales grew significantly in China, which maintains strong economy and strong demand continued even in the off-season. In other Asian regions as well, general market conditions continued to improve, thereby allowing overall sales to grow. As a result of these developments, overseas sales as a whole were in line with those of the previous fiscal year.

Bulova brand, while there are some worries in the key North American market, continues to sustain strong sales in watches having a sweep motion second with an accuracy of +/- few seconds per year, which are a differentiated product introduced last year. In addition, the use of global ambassador for Swiss Bulova Accutron brand contributed to new sales development and resulted in an increase in sales.

Q&Q brand experienced significant decreases in sales in Japan due to depressed market conditions arising from the earthquake disaster. While overseas sales were strong, led by Middle Eastern and Latin American regions, a decline in selling prices in each region caused by the appreciation of the yen, etc. resulted in decreased sales.

Sales of movements were impacted by a delay in the production affected by the earthquake although the market remained strong. Production returned to completely normal in June and sales grew rapidly almost to catch up with the production decrease, supported by robust demand for high-value added products such as those with mechanical features and multi-hand movements, but resulted in decreased sales without making up for the losses.

As a result of these developments, the watches and clocks segment reported net sales of 30.3 billion yen (down 1.2% year-on-year) and operating income of 1.9 billion yen (down 20.8% year-on-year).

Devices and components

In opto-devices, while demand for lighting LEDs grew in overseas markets, led by Asia and North America against the backdrop of market expansion, mobile phone LEDs reported decreased sales due to the appreciation of the yen and sluggish demand from overseas major customers.

Back light units reported a decline in sales as sales for automotive product market did not grow due to the earthquake disaster.

In the area of crystal devices, tuning-fork-type crystal oscillators resulted in a drop in sales as demand for use in PCs and mobile phones was sluggish. Although crystal fragments increased production volume in line with increasing demand for smartphones, sales declined in continuing difficult situation which includes intensified price competition in Asian region.

Sales of ferroelectric micro LCDs increased backed by briskly expanding mirrorless interchangeable lens camera market. Switches saw stable growth in sales in response to increasing demand for smartphones, while sales in key sheet module products dropped as a result of increased demand for smartphones which use less key sheet modules. HDD glass substrates reported significant sales decreases due to considerable lower yield despite orders received almost in line with the previous year. Auto components made up for lost time occurred in the beginning of the first quarter and reported sales in line with the previous year as automobile production was likely to return to normal despite continuing concerns about electronic component supply caused by the earthquake disaster.

As a result of these developments, the devices and components segment reported net sales of 15.5 billion yen (down 17.6% year-on-year) and operating income of 500 million yen (down 55.9% year-on-year).

Electronic products

Sales of printers rose as a result of steady growth in POS printers and label printers for Europe. Sales of large-size printers for China expanded with strong demand continuing as a result of wider application of tax collection systems in China. Sales of photo printers saw a slight drop in sales as new products for emerging markets took time to be launched. Sales in Japan and North America decreased owing to reduced willingness of capital expenditures on the part of customers and delay in inventory adjustment. Sales of calculators increased reflecting a recovery trend in Asian and European markets.

Sales of healthcare equipment declined in Japan reflecting tendency to refrain from going out or purchasing excessively as a result of the adverse effect of the earthquake. Overseas sales increased due to strong performance for China and Europe.

As a result of these developments, the electronic products segment posted net sales of 5.6 billion yen (up 27.8% year-on-year) and operating income of 200 million yen (up 414.7% year-on-year).

Machine tools

Despite decreased demand in Japan and Asia and the hold-up production following the Great East Japan Earthquake, Cincom brand generally enjoyed strong sales as a result of continuing recovery trend in the global economy. In the domestic market, while business faced severe situation in the first half due to the earthquake, it recovered in the second half, resulting in sales increases. In the Asian market which had been booming, sales declined due to the adverse effect on capital expenditures such as significant production curtailment of Japanese companies in ASEAN countries in the wake of the earthquake, and the persistent strong yen as well as tightening financial policy in China. While there remain uncertainties in the outlook of the market, US market is recovering led by healthcare-related products. European market recovered modestly and performed well in the entire region led by Germany.

While Miyano brand sales were sluggish in the first half due to the earthquake in the domestic market, they were strong in the second half reflecting demand for restoration. In overseas markets, satisfactory growth in sales was seen led by automobile related products.

As a result of these developments, the machine tools segment reported net sales of 9.3 billion yen (up 26.5% year-on-year) and operating income of 800 million yen (up 117.8% year-on-year).

Other products

Jewelry sales declined due to decreased demand for jewelry regarded as luxurious items amid life protection and self-restraint sentiments prevailing, despite our efforts to expand sales floor share by offering a comprehensive selection of bridal jewelries including wedding rings and diamond engagement rings.

Affected by administrative request for voluntary restraint in application for permission and approval of game machines and expanding self-restraint sentiment of spending in leisure activities following the earthquake, sales of pachinko-related products declined along with rapidly reduced investment in peripheral equipment.

As a result of these developments, the other products segment reported net sales of 2.7 billion yen (down 23.2% year-on-year) and operating loss of 300 million yen (operating loss of 200 million yen in the same period of last year).

(2) Qualitative data on the consolidated financial position**Assets**

As of the end of the first quarter under review, current assets increased by 6,452 million yen from the end of the previous fiscal year to 212,817 million yen. This is mainly due to a 2,077 million yen increase in cash and cash equivalents, a 6,604 million yen increase in inventories and a 2,970 million yen increase in deferred tax assets despite a 5,696 million yen decrease in notes and accounts receivable. Fixed assets declined by 5,001 million yen from the end of the previous fiscal year to 118,955 million yen. This is mainly due to a 4,764 million yen decrease in investment securities.

As a result, total assets increased by 1,451 million yen from the end of the previous fiscal year to 331,772 million yen.

Liabilities

As of the end of the first quarter under review, current liabilities increased by 2,608 million yen from the end of the previous fiscal year to 68,219 million yen. This is mainly due to a 2,752 million yen increase in reserve for bonuses to employees. Long-term liabilities decreased by 438 million yen from the end of the previous fiscal year to 80,138 million yen. This is mainly due to a 200 million yen decrease in bonds.

As a result, total liabilities increased by 2,169 million yen from the end of the previous fiscal year to 148,358 million yen.

Net assets

As of the end of the first quarter under review, total net assets decreased by 718 million yen from the end of the previous fiscal year to 183,413 million yen. This is mainly due to a 479 million yen decrease in net unrealized gain/loss on other securities and a 1,889 million yen decrease in foreign currency translation adjustments despite a 1,686 million yen increase in retained earnings.

As a result, equity ratio was 54.9% (55.4% at the end of the previous fiscal year).

(3) Qualitative data on the consolidated earnings forecasts

In the consolidated financial results forecasts for the first half of the fiscal year ending March 31, 2012 as well as for the full year, net sales, operating income and ordinary income are expected to exceed the original forecasts as supply chain problems caused by the Great East Japan Earthquake has been less aggravated than expected and profitability improvement activities in the devices and components segment have achieved effect faster than expected. In addition, net income is expected to exceed the original forecast due to effects of deferred tax accounting, etc. As a result, the consolidated financial results forecasts for the first half of the fiscal year ending March 31, 2012 as well as for the full year have been revised.

We assume exchange rates for the year ending March 2012 to be 80 yen/US dollar and 116 yen/euro.

2. Other Information**(1) Important changes of subsidiaries during the term**

Not applicable

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements

Not applicable

(3) Changes in accounting policies, changes in accounting estimates, and restatements

Not applicable

(4) Additional Information

The Company has adopted the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, issued December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, issued December 4, 2009) for accounting changes and error corrections made from April 1, 2011, onward.

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

(Unit: Millions of yen)

	As of March 31, 2011	As of June 30, 2011
Assets		
Current assets		
Cash and cash equivalents	72,336	74,413
Notes and accounts receivable	60,622	54,926
Merchandise and Finished goods	26,489	30,807
Work in process	18,575	20,003
Raw materials and supplies	12,882	13,740
Other	17,136	20,527
Allowance for doubtful accounts	△1,678	△1,602
Total Current assets	206,364	212,817
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	31,409	31,776
Machinery, equipment and carriers, net	17,635	17,925
Tools, furniture and fixtures, net	3,772	3,867
Land	11,857	11,989
Lease assets	134	156
Construction in progress	1,619	1,672
Total Property, plant and equipment	66,429	67,388
Intangible fixed assets		
Goodwill	7,513	7,238
Other	3,495	3,550
Total Intangible fixed assets	11,009	10,788
Investments and other assets		
Investment securities	33,643	28,879
Long-term loans receivable	775	762
Deferred tax assets	10,389	8,608
Other	4,095	3,269
Allowance for doubtful accounts	△940	△236
Allowance for investment loss	△1,445	△505
Total Investments and other assets	46,519	40,778
Total Fixed assets	123,957	118,955
Total assets	330,321	331,772

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(Unit: Millions of yen)

	As of March 31, 2011	As of June 30, 2011
Liabilities		
Current liabilities		
Notes and accounts payable	21,864	22,832
Short-term bank loans payable	6,257	5,703
Bonds to be redeemed within a year	500	500
Bonds with subscription warrant to be redeemed	2,197	2,100
Reserve for bonuses to employees	4,974	7,727
Reserve for bonuses to directors	192	-
Reserve for product warranties	728	720
Reserve for business restructuring losses	3,234	3,190
Reserve for disaster losses	583	399
Other	25,077	25,045
Total Current liabilities	65,611	68,219
Long-term liabilities		
Bonds	1,050	850
Long-term loans payable	66,150	66,000
Reserve for defined retirement benefits	11,734	11,722
Asset retirement obligations	361	361
Other	1,281	1,203
Total Long-term liabilities	80,577	80,138
Total liabilities	146,188	148,358
Net assets		
Shareholders' equity		
Paid-in capital	32,648	32,648
Additional paid-in capital	37,167	37,167
Retained earnings	146,840	148,526
Treasury stock	△22,318	△22,318
Total Shareholders' equity	194,338	196,024
Valuation and translation adjustments		
Net unrealized gain/loss on other securities	3,087	2,608
Foreign currency translation adjustments	△14,575	△16,465
Total Valuation and translation adjustments	△11,487	△13,857
Minority interest	1,282	1,246
Total net assets	184,132	183,413
Total liabilities and net assets	330,321	331,772

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(2) Consolidated Statement of Income and Consolidated Statements of Comprehensive Income
Consolidated Statement of Income

(Unit: Millions of yen)

	Three months ended June 30, 2010 (April 1,2010 to June 30, 2010)	Three months ended June 30, 2011 (April 1,2011 to June 30, 2011)
Net sales	64,968	63,651
Cost of sales	43,222	41,296
Gross profit	21,746	22,355
Selling, general and administrative expenses	18,761	19,837
Operating income/Loss	2,984	2,518
Nonoperating income		
Interest Income	69	88
dividend income	201	263
Amortization expense of negative goodwill	116	-
Investment gain from the application of equity method	-	10
Other	358	311
Total Nonoperating income	745	673
Nonoperating expenses		
Interest changes	392	295
Foreign exchange losses	985	318
Other	211	138
	1,589	752
Ordinary income/Loss	2,140	2,439
Extraordinary gains		
Reversal of allowance for doubtful accounts	24	-
Gain on sales of fixed assets	22	10
Gain on liquidation of subsidiaries	-	54
Other	61	9
Total Extraordinary gains	108	74
Extraordinary losses		
Loss on disposal of properties	7	8
Valuation loss on investment securities	1	4
Loss on sales of inventory assets	26	1
Business restructuring costs	0	-
Loss on disaster	-	82
Loss on adjustment for changes of accounting standard for asset retirement obligations	348	-
Loss on liquidation of subsidiaries	-	40
Other	48	9
Total Extraordinary losses	432	146
Income/Loss before income taxes	1,816	2,367
Income, inhabitants and enterprise taxes	649	11
Income before minority interests	1,166	2,355
Minority interests	48	△27
Net income/Loss	1,117	2,383

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Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Three months ended June 30, 2010 (April 1,2010 to June 30, 2010)	Three months ended June 30, 2011 (April 1,2011 to June 30, 2011)
Income before minority interests	1,166	2,355
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,937	△479
Foreign currency translation adjustment	△3,946	△1,697
Share of other comprehensive income of associates accounted for using equity method	△18	△59
Other comprehensive income	△5,902	△2,237
Comprehensive Income	△4,736	118
(Breakdown)		
Comprehensive income attributable to owners of the parent	△4,613	13
Comprehensive income attributable to minority interests	△123	105

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

(4) Segment information

(i) Net sales and profit or loss by reporting segment

Three months ended June 30, 2010 (April 1, 2010 to June 30, 2010)

(Millions of yen)	Watches and clocks	Devices and components	Electronic products	Machine tools	Other products	Segment totals	Eliminations or general corporate	Consolidated totals
Net sales								
(i) Customers	30,701	18,848	4,402	7,420	3,595	64,968	-	64,968
(ii) Inter-segment	731	1,604	203	3	255	2,798	△2,798	-
Total	31,432	20,452	4,606	7,423	3,851	67,766	△2,798	64,968
Operating income / loss (△)	2,413	1,231	43	405	△211	3,883	△898	2,984

- (Notes) 1. Adjustments to segment loss (operating loss) of 898 million yen include intersegment transactions of 18 million yen to be eliminated as well as corporate expenses of 880 million yen not allocated to each reporting segment.
2. Segment income was reconciled with operating income presented in the Quarterly Consolidated Statement of Income.

Three months ended June 30, 2011 (April 1, 2011 to June 30, 2011)

(Millions of yen)	Watches and clocks	Devices and components	Electronic products	Machine tools	Other products	Segment totals	Eliminations or general corporate	Consolidated totals
Net sales								
(iii) Customers	30,345	15,534	5,624	9,384	2,762	63,651	-	63,651
(iv) Inter-segment	946	1,231	183	50	983	3,394	△3,394	-
Total	31,292	16,765	5,807	9,434	3,745	67,045	△3,394	63,651
Operating income / loss (△)	1,910	543	226	883	△335	3,228	△709	2,518

- (Notes) 1. Adjustments to segment loss (operating loss) of 709 million yen include intersegment transactions of 30 million yen to be eliminated as well as corporate expenses of 739 million yen not allocated to each reporting segment.
2. Segment income was reconciled with operating income presented in the Quarterly Consolidated Statement of Income.

- (5) Notes on significant changes in owners' equity accounts
Not applicable

- (6) Subsequent events
Not applicable