



Consolidated Financial Statements for the Six Months Ended September 30, 2013

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

November 8 2013

CITIZEN HOLDINGS CO., LTD.

Code No.: 7762

Representative: Toshio Tokura, President and CEO

Contact: Shigeru Kabata, Director, In charge of Corporate Planning Division

Scheduled release of fiscal 2013 Quarterly Business Report: November 8, 2013

Scheduled start of dividend payment: December 4, 2013

Listings: First section of Tokyo Stock Exchange
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1. Results for the Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)

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

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Six months ended September 30, 2013	146,708	8.1	9,511	23.0	10,458	50.5	6,617	48.5
Six months ended September 30, 2012	135,758	△0.0	7,730	2.3	6,947	13.6	4,455	0.6

Note: Comprehensive income:

As of September 30, 2013: ¥ 13,136million(-%) As of September 30, 2012: ¥ △988million(-%)

	Earnings per share	Fully diluted earnings per share
	(Yen)	(Yen)
Six months ended September 30, 2013	20.42	-
Six months ended September 30, 2012	13.75	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Six months ended September 30, 2013	381,519	203,978	52.6	619.96
March 31, 2013	354,670	192,409	53.3	583.03

Reference: Shareholders' Equity: As of September 30, 2013: ¥ 200,863 million As of March 31, 2013: ¥ 188,900million

2. Dividends

(Record date)	Dividends per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Full year (Yen)
March 31, 2013	-	5.00	-	3.00	8.00
March 31, 2014	-	5.00	-	-	-
March 31, 2014 (Estimate)	-	-	-	5.00	10.00

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

3. Projected Consolidated Results for the Year ending March 31, 2014

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(yen)
Full Year	301,000	10.6	21,000	81.8	21,500	55.7	13,000	-	40.12

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

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4. Others

- (1) Change in significant subsidiaries during this period: None
- (2) Adoption of simplified accounting method 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

Note: For details, please refer to Attached Documents "2. Other Information (3) Changes in accounting policies, changes in accounting estimates, and restatements" on page 4.

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

		shares		shares
(i) Number of shares issued and outstanding at the end of term (including treasury stock)	September 2013	330,353,809	March 2013	330,353,809
(ii) Number of treasury stock at the end of term	September 2013	6,357,558	March 2013	6,353,889
(iii) Average number of common stocks	September 2013	323,998,185	September 2012	324,002,903

** 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 4 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 six months ended September 30, 2013, the Japanese economy saw more and more positive factors including the yen's depreciation and a recovery in the stock market, and these factors gradually ripple across the real economy. The U.S. economy remained solid even with some matters of concern. In Europe, there were some indications that the economy has hit the bottom, even though situations differ by country. Meanwhile, the economic slowdown accelerated in China and other emerging countries in Asia.

Under these circumstances, the Citizen Group reported in its consolidated financial results for the first half under review an increase in both sales and profits, with net sales of 146.7 billion yen (up 8.1% year on year) and operating income of 9.5 billion yen (up 23.0% year on year).

Watches and clocks

In the domestic market with recovering economy, CITIZEN brand watches achieved a revenue growth as high-end products sold well mainly at department stores and net sales of the mainstay brands ATTESA and xC continued to increase. In the overseas markets, revenues significantly grew due partly to the weaker yen, even though the Chinese economic slowdown pushed down net sales. In the U.S., where the consumer spending was brisk, sales increased in such channels as major department stores and so on, resulting in a drastic revenue growth. The European market remained in a slow economic situation where consumers seek lower prices, resulting in sluggish sales in Germany and other countries, but the overall revenues ended up in a significant increase, helped by solid sales in the U.K. and the weaker yen. In the Asian markets, the ASEAN region's performance was almost flat as compared to that of a year earlier but the overall revenues decreased because sales were sluggish in India, which suffers weak demands, the Middle East, which faces unstable political situations, and China, where customers continued to hold back on purchase.

The BULOVA brand, for which we had reduced distribution in the main U.S. market in pursuit of higher brand value, achieved a growth in revenues as sales were strong at major department stores and in other channels and the weaker yen helped.

The Q&Q brand posted lower revenues in Japan as solid sales of radio wave solar watches were more than offset by sales declines of other products. On the other hand, revenues in the overseas markets significantly grew with the Asia and the Middle East markets continuing to serve as engines for such growth and sales being solid in the Latin America and Europe markets.

Movements achieved a significant revenue growth as sales increased for high-value-added products such as those with multi-hand movements and mechanical features on the back of revived demands in the markets.

As a result of these developments, the watches and clocks segment reported an increase in both sales and profits, with net sales of 76.1 billion yen (up 15.2% year on year) and operating income of 7.3 billion yen (up 34.0% year on year).

Machine Tools

Revenues decreased in Japan, despite some bright spots in the market situation, as customers generally kept their cautious stance on capital expenditures and order receipts in the second quarter, which were pushed up by the automobile sector, were not large enough to offset the poor performance at the beginning of the year. In Asia, the overall revenues decreased even though transplant projects increased. As negative factors, the Chinese market remained uncertain and both orders and

sales were weak in the ASEAN region where saturation in capital expenditures for reconstruction after the floods in Thailand generated in turn a sense of overspending. In the U.S. market, which showed a noticeable recovery, revenues increased with the aid of large-lot orders in the medical and automobile sectors as well as the weaker yen. In Europe, where the economy was close to bottoming out even with some gaps among regions or business sectors, demands for products to be used in the medical, precision equipment, automobile and other sectors pushed up revenues.

Against this background, the Cincom brand suffered a revenue decline as higher revenues in the European and U.S. markets failed to offset a slump in the domestic and Asian markets. The Miyano brand's revenues also decreased as poor performance in Japan and Europe erased a revenue growth in the Asian and U.S. markets.

As a result of these developments, the machine tools segment reported a decrease in both sales and profits, with net sales of 18.3 billion yen (down 9.4% year on year) and operating income of 0.4 billion yen (down 78.2% year on year).

Devices and components

Among precision machining components, automobile components revenues increased as sales were strong in Japan mainly for hybrid vehicles and newly-released light motor vehicle models even with an impact of the absence of eco-car subsidies, which pushed up automobile component sales in the previous year. Meanwhile, the North American and other overseas markets were also on a recovery path.

Switches achieved higher revenues mainly because side switches used in smartphones sold well with such features as smallness, thinness, good click feeling and waterproof property.

Among opto-devices, orders of LED lighting products increased with high wattage, centering on new products, resulting in higher revenues widely in North America, Europe, Asia and Japan. Orders also increased for thin-profile LEDs to be used in home keys of smartphones. Backlight units achieved higher revenues with stable sales of those for automobiles.

Ferroelectric micro LCDs suffered a revenue decline with stagnant orders in a situation where major customers face sluggish sales and continue to adjust production, some customers make the shift to self-produced panels, and cameras that have no EVF become more popular.

Quartz crystals' overall revenues decreased as tuning fork type quartz crystals performed poorly in a situation where severer competition pushed down market prices, even though quartz crystal blanks maintained sold sales in the smartphone market. As a result of these developments, the devices and components segment reported an increase in both sales and profits, with net sales of 33.0 billion yen (up 5.0% year on year) and operating income of 2.4 billion yen (up 96.2% year on year).

Electronic products

Among printers, POS printers and label printers performed poorly in Japan where customers' capital expenditures did not recover. Performance was also sluggish in the Asian markets as capital expenditures did not recover, but the U.S. and European markets fared well with new orders and the weaker yen. Large-size printers' sales were solid in the main market of China. Photo printers' net sales increased thanks to new orders and growing replacement demands. With these, the overall printer revenues increased.

Healthcare equipment's net sales were almost flat as compared to those of last year in Japan but the Asian markets achieved higher revenues due mainly to solid pedometer sales in China, and net sales also increased in the U.S. market, mainly for existing customers, with new offices being opened aiming at stronger sales activities. As a result, the overall healthcare equipment revenues increased.

Calculators' net sales significantly decreased in the European markets centering around Russia and Eastern European

countries due to shipment adjustment caused by a change in distribution channels, resulting in a revenue decrease.

As a result of these developments, the electronic products segment reported an increase in both sales and profits, with net sales of 12.1 billion yen (up 17.0% year on year) and operating income of 0.8 billion yen (up 642.9% year on year).

Other products

For pachinko-related products, although large orders were received in the second quarter, customers kept a wait-and-see attitude in anticipation of future changes in product standards and needs to respond to the revision of the Consumption Tax Act, which resulted in a revenue decline.

Among jewelries, bridal jewelry sales achieved a year-on-year growth with new marriage ring products but other products fared poorly at events and wholesale, which resulted in a revenue decline.

As a result of these developments, the other products segment reported a decrease in both sales and profits, with net sales of 7.0 billion yen (down 7.1% year on year) and operating loss of 0.1 billion yen (compared to a 0.3 billion yen income a year earlier).

(2) Qualitative data on the consolidated financial position

As of the end of the second quarter under review, total assets increased by 26.8 billion yen from the end of the previous fiscal year, to 381.5 billion yen.

Current assets increased by 24.1 billion yen, due mainly to a 19.5 billion yen increase in cash and deposits and a 3.9 billion yen increase in notes and accounts receivable. Fixed assets increased by 2.6 billion yen, due mainly to a 3.3 billion yen increase in investment securities despite a 1.0 billion yen decrease in deferred tax assets.

Liabilities increased by 15.2 billion yen from the end of the previous fiscal year, to 177.5 billion yen, due mainly to a 2.9 billion yen increase in notes and accounts payable, a 2.2 billion yen increase in short-term bank loans payable and a 14.9 billion yen increase in long-term loans payable, despite a 8.7 billion yen decrease in reserve for business restructuring losses.

Net assets increased by 11.5 billion yen from the end of the previous fiscal year, to 203.9 billion yen, mainly with a 5.5 billion yen increase in retained earnings and a 3.6 billion yen increase in foreign currency translation adjustments.

(3) Qualitative data on the consolidated earnings forecasts

Consolidated net sales and operating income in the first half under review exceeded the forecasts as the watches and clocks, devices and components, and electronic products segments performed well, more than offsetting the poor performance of the machine tools segment. Ordinary income and net income also exceeded the forecasts due partly to the weaker-than-expected yen.

We revised the full-year earnings forecasts in total consideration of the strong first-half results, the solid U.S. economy and the recovering Japanese economy, even though there are such unstable factors as the lingering economic slump in the European economy and the unclear outlook for the Chinese market.

The exchange rate is assumed to be 95 yen/US dollar and 125 yen/euro for the second half. For details, please refer to "Notice Regarding Difference between Earnings Results and Forecasts, and Forecast Revision," released on November 8, 2013.

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

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

(Unit: Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and cash equivalents	71,105	90,667
Notes and accounts receivable	60,342	64,321
Merchandise and Finished goods	37,646	41,089
Work in process	20,922	19,106
Raw materials	15,212	15,843
Consumption tax receivable	1,394	1,208
Deferred tax assets	13,005	11,559
Other	7,842	7,824
Allowance for doubtful accounts	△1,603	△1,595
Total Current assets	225,868	250,026
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	32,063	31,613
Machinery, equipment and carriers, net	20,403	19,950
Tools, furniture and fixtures, net	4,024	4,224
Land	11,727	11,996
Lease assets	459	501
Construction in progress	2,134	2,921
Total Property, plant and equipment	70,813	71,208
Intangible fixed assets		
Goodwill	7,200	6,679
Software	2,097	2,088
Leased assets	29	29
Other	5,499	5,561
Total Intangible fixed assets	14,826	14,358
Investments and other assets		
Investment securities	34,673	38,058
Long-term loans receivable	732	743
Deferred tax assets	4,969	3,899
Other	3,775	3,762
Allowance for doubtful accounts	△321	△317
Allowance for investment loss	△667	△220
Total Investments and other assets	43,162	45,926
Total Fixed assets	128,801	131,492
Total assets	354,670	381,519

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(Unit: Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable	16,174	19,143
Short-term bank loans payable	43,261	45,512
Bonds to be redeemed within a year	500	300
Accrued income taxes	2,027	2,304
Deferred tax liabilities	14	18
Accrued expenses	11,935	13,870
Reserve for bonuses to employees	4,678	5,170
Reserve for bonuses to directors	143	-
Reserve for product warranties	828	875
Notes payable-facilities	1,248	288
Reserve for environmental measures	23	23
Reserve for business restructuring losses	14,400	5,612
Reserve for disaster losses	38	38
Other	18,363	19,848
Total Current liabilities	113,638	113,004
Long-term liabilities		
Bonds	10,050	10,000
Long-term loans payable	20,150	35,131
Deferred tax liabilities	546	1,048
Reserve for defined retirement benefits	13,078	13,316
Reserve for environmental measures	63	62
Reserve for business restructuring losses	3,326	3,333
Asset retirement obligations	248	248
Other	1,158	1,394
Total Long-term liabilities	48,622	64,536
Total liabilities	162,260	177,540
Net assets		
Shareholders' equity		
Paid-in capital	32,648	32,648
Additional paid-in Capital	33,890	33,890
Retained earnings	127,080	132,631
Treasury stock	△5,380	△5,383
Total Shareholders' equity	188,239	193,787
Valuation and translation adjustments		
Net unrealized gain/loss on other securities	5,743	8,467
Foreign currency translation adjustments	△5,082	△1,391
Total Valuation and translation adjustments	661	7,075
Minority interest	3,508	3,114
Total net assets	192,409	203,978
Total liabilities and net assets	354,670	381,519

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

Consolidated Statement of Income (Six months ended September 30, 2012)

(Unit: Millions of yen)

	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Net sales	135,758	146,708
Cost of sales	86,732	91,425
Gross profit	49,026	55,283
Selling, general and administrative expenses	41,295	45,772
Operating income	7,730	9,511
Nonoperating income		
Interest Income	186	183
dividend income	354	531
Foreign exchange gains	-	373
Amortization expense of negative goodwill	66	137
Other	507	540
Total Nonoperating income	1,114	1,766
Nonoperating expenses		
Interest changes	612	570
Foreign currency exchange loss	988	-
Other	296	248
	1,897	818
Ordinary income	6,947	10,458
Extraordinary gains		
Gain on sales of investment securities	-	18
Gain on sales of fixed assets	112	361
Other	30	23
Total Extraordinary gains	142	403
Extraordinary losses		
Loss on disposal of properties	231	130
Valuation loss on investment securities	44	-
Loss on sales of fixed assets	6	8
Loss on impairment of fixed assets	4	8
Loss on disaster	-	207
Other	124	27
Total Extraordinary losses	411	382
Income before income taxes	6,678	10,480
Income, inhabitants and enterprise taxes	2,248	3,757
Income before minority interests	4,430	6,722
Minority interests	△25	105
Net income	4,455	6,617

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Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Income before minority interests	4,430	6,722
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,058	2,724
Deferred gains or losses on hedges	△51	-
Foreign currency translation adjustment	△4,295	3,627
Share of other comprehensive income of associates accounted for using equity method	△13	62
Other comprehensive income	△5,418	6,414
Comprehensive Income	△988	13,136
(Breakdown)		
Comprehensive income attributable to owners of the parent	△883	13,031
Comprehensive income attributable to minority interests	△104	105

(3) Consolidated Statement of Cash Flow

(Unit: Millions of yen)

	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Cash flows from operating activities		
Income before income taxes	6,678	10,480
Depreciation	7,198	6,765
Amortization of goodwill	638	670
Increase/decrease in allowance for doubtful accounts	14	△8,954
Interest and dividends income	△541	△714
Interest charges	612	570
Loss on sales of investment securities	-	△17
Loss on Valuation of investment securities	44	-
Loss on sales of fixed assets	△105	△352
Loss on disposal of fixed assets	231	129
Increase/decrease in receivables - trade	1,380	△2,172
Increase/decrease in inventories	△7,522	△417
Increase/decrease in payables - trade	1,386	3,682
Other	1,409	2,401
Sub total	11,436	12,071
Interest and dividends received	531	719
Interest payments	△657	△558
Income taxes	△1,508	△1,272
Net cash provided by operating activities	9,802	10,959
Cash flows from investing activities		
Payments for the purchase of investment securities	△41	△216
Proceeds from the sale of investment securities	-	114
Payments for the purchase of property, plant and equipment	△8,693	△8,124
Proceeds from the sale of property, plant and equipment	220	423
Payments for the purchases of Intangible fixed assets	△1,263	△370
Payments for loans receivable	△632	△67
Collection of loans receivable	571	277
Payments for purchase of shares of consolidated subsidiary	△5,632	-
Other	320	△2,003
Net cash used in investing activities	△15,150	△9,967
Cash flows from financing activities		
Net increase/decrease in borrowings	△472	2,275
Proceeds from long-term loans payable	-	15,128
Repayment from long-term loans payable	△250	△250
Redemption of bonds	△250	△250
Proceeds from issuance of common stock	1,999	-
Dividends paid	△1,296	△971
Dividends paid to the minority stockholders	△7	△507
Payments for purchase of treasury stock	△0	△2
Other	△63	△56
Net cash used in financing activities	△340	15,365
Effect of exchange rate changes on cash and cash equivalents	△1,374	961
Increase in cash and cash equivalents	△7062	17,319
Cash and cash equivalents at beginning of term	68,937	67,517
Increase/decrease in cash and cash equivalents resulting from change of scope of consolidation	-	130

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Cash and cash equivalents at end of term	61,875	84,967
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(4) Notes regarding premise of going concern

Not applicable

(Notes on significant changes in shareholders' equity accounts)

Not applicable

(Segment information)**(i) Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)**

1. Net sales and profit or loss by reporting segment

(Millions of yen)	Watches and clocks	Machine Tools	Devices and components	Electronic Products	Other products	Segment totals	Eliminations or general corporate	Consolidated totals
Net sales								
Customers	66,057	20,228	31,520	10,375	7,576	135,758	-	135,758
Inter-segment	1,460	325	2,924	590	353	5,653	△5,653	-
Total	67,518	20,553	34,444	10,965	7,930	141,412	△5,653	135,758
Segment income (loss/△)	5,452	2,202	1,271	114	311	9,353	△1,623	7,730

- (Notes) 1. Adjustments to segment loss (operating loss) of △1,623 million yen include intersegment transactions of △69 million yen to be eliminated as well as corporate expenses of △1,553 million yen not allocated to each reporting segment.
2. Segment income was reconciled with operating income presented in the Quarterly Consolidated Statement of Income.

(ii) Information concerning loss on impairment of fixed assets or goodwill by reporting segment

(Material changes in the goodwill)

The Company acquired the shares in Prothor Holding S.A. to make it our subsidiary under the watches and clocks segment. As a result of this event, goodwill for the six months ended September 30, 2012 increased by 1,635 million yen.

(i) Six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)

1. Net sales and profit or loss by reporting segment

(Millions of yen)	Watches and clocks	Machine Tools	Devices and components	Electronic Products	Other products	Segment totals	Eliminations or general corporate	Consolidated totals
Net sales								
Customers	76,101	18,329	33,097	12,141	7,038	146,708	-	146,708
Inter-segment	2,030	182	2,559	846	374	5,992	△5,992	-
Total	78,132	18,512	35,656	12,987	7,412	152,701	△5,992	146,708
Segment income (loss/△)	7,306	479	2,493	852	△104	11,028	△1,516	9,511

- (Notes) 1. Adjustments to segment loss (operating loss) of △1,516 million yen include intersegment transactions of △105 million yen to be eliminated as well as corporate expenses of △1,410 million yen not allocated to each reporting segment.
2. Segment income was reconciled with operating income presented in the Quarterly Consolidated Statement of Income.