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

Consolidated Financial Statements for the Nine Months Ended December 31, 2015

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)

February 12, 2016

CITIZEN HOLDINGS CO., LTD.

Listings: First section of Tokyo Stock Exchange

Code No.: 7762

(URL http://www.citizen.co.jp)

Representative: Toshio Tokura, President and CEO

Contact: Shigeru Kabata, Director, In charge of Corporate Planning Division Tel: +81 -42 -468 -4934

Scheduled release of fiscal 2015 Quarterly Business Report: February 12, 2016

Scheduled start of dividend payment: -

1. Results for the Three months ended December 31, 2015 (April 1, 2015 to December 31, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Nine months ended December 31, 2015	268,762	9.0	26,130	11.2	27,163	2.9	18,226	3.3
Nine months ended December 31, 2014	246,647	5.6	23,497	19.2	26,397	22.1	17,637	33.3

Note: Comprehensive Income:
As of December 31, 2015: ¥ 14,386 million (△58.2%) As of December 31, 2014: ¥ 34,419 million (17.5%)

	Earnings per share	Fully diluted earnings per share
	(Yen)	(Yen)
Nine months ended December 31, 2015	56.98	-
Nine months ended December 31, 2014	54.44	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Nine months ended December 31, 2015	422,835	251,907	57.3	760.94
March 31, 2015	421,563	247,972	56.6	736.17

Reference: Shareholders' Equity: As of December 31, 2015: ¥ 242,203 million As of March 31, 2015: ¥ 238,505 million

2. Dividends

	Dividends per share				
(Record date)	First quarter	Second quarter	Third quarter	Year-end	Full year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
March 31,2015	-	8.00	-	8.00	16.00
March 31,2016	-	8.50	-		
March 31,2016 (Estimate)				8.50	17.00

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

3. Projected Consolidated Results for the Year ending March 31, 2016

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(yen)
Full Year	355,000	8.1	30,500	9.4	30,500	△2.9	19,000	8.1	59.40

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

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: Yes
- (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 6.

(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)	December 31, 2015	330,353,809	March 31, 2015	330,353,809
(ii) Number of treasury stock at the end of term	December 31, 2015	12,059,994	March 31, 2015	6,371,070
(iii) Average number of common stocks	December 31, 2015	319,868,093	December 31, 2014	323,988,327

** 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 5 for assumptions underlying the above forecasts and precautions regarding their use.

(Attached Documents)

○INDEX

1. Qualitative information on the Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2016

(1) Qualitative data on the consolidated financial results

During the nine months ended December 31, 2015, the Japanese economy experienced a trend toward a recovery in personal spending and demand for capital investment, reflecting signs of a moderate recovery such as the improvement in corporate earnings and employment situations, supported by the different policies implemented by the Government and the Bank of Japan. Consumption was also encouraged by the increased number of foreign visitors to Japan. The U.S. economy, which steadily recovered and remained solid, continued to expand amid the interest hike in December, although there was concern about the effect of the slowdown in the Chinese economy. In Europe, although the economy had been driven by recovery trends in some of the key member countries, the outlook remains uncertain in light of the heightened geopolitical risk. Markets in the Asian economy struggled due to the increased slowdown of Chinese businesses along with political instability and weaker currencies in the ASEAN region.

Under these circumstances, the Citizen Group moved forward with efforts based on “Citizen Global Plan 2018”, its mid-term management plan, to improve revenues through structural reform programs while at the same time expand sales through growth strategies. As a result, it reported in its consolidated financial results for the nine months under review an increase in both sales and profits, with net sales of 268.7 billion yen (up 9.0% year on year) and operating income of 26.1 billion yen (up 11.2% year on year).

Watches and Clocks

Revenues from CITIZEN brand watches in the domestic market grew on the whole, supported by the recovery in personal spending, as well as the increased number of foreign visitors to Japan, which resulted in significant growth in sales at large department stores, mass merchandise outlets, and duty-free shops. There was a slight decline in the number of foreign visitors to Japan from October, making the pace of sales growth moderate. The sales of GPS satellite wave watches launched in August and October rose steadily thanks to the effects of advertisements and publicity, contributing to the increased sales of products such as ATTESA. The sales of high-end products also climbed because the new version of CAMPANOLA released in November performed well mainly in department stores.

Revenues from overseas markets on the whole increased, thanks in part to solid growth in the North American and European markets and the depreciation of the Japanese yen. Revenues from the North American market on the whole rose backed by promotional activities and sales efforts, although some department stores and jewelry chain stores chose to be cautious, at times, about keeping inventories in the pipeline. Revenues from the European markets also increased owing to the release of new products that met the market needs. However, the outlook remains uncertain. While revenues from the Asian markets rose, supported by favorable exchange rates and the increased number of tourists in some areas, consumption continued to be sluggish due to weaker currencies in the ASEAN region. In China, harsh conditions continued in the market due to the economic slowdown, but sales grew through channels via the Internet.

Revenues from the BULOVA brand climbed on the back of increased sales to major customers such as large department stores and jewelers, supported in part by favorable exchange rates, although its sales through channels via the Internet struggled. Rebranding started to gradually generate effects.

Revenues from the Q&Q brand decreased, despite solid sales in the domestic market as well as other markets in Asia and the Middle East. The reasons for this decrease were the effects of increased import costs on sales due to weaker currencies in Latin America, and the decline in consumer willingness to purchase products as a result of the weak currencies and the risk of disputes in Eastern Europe

Revenues from movements increased due to strong growth in high-value products, such as slim watches and mechanical watches, which offset the slow sales of standard products.

As a result of these developments, the watches and clocks segment achieved growth in both sales and profits, with net sales of 142.5 billion yen (up 7.9% year on year) and operating income of 18.6 billion yen (up 11.7% year on year).

Machine Tools

Revenues from the domestic market increased thanks to solid sales of automobile-related products, although business conditions varied by business types and regions. This increase offset purchases restrained in anticipation of subsidies in the next year.

Revenues from the American market increased, backed by solid demand for medical services and automobile-related products.

Revenues from the European markets declined due to sluggish demand in Europe on the whole, although sales in some regions remained solid.

Revenues from the Asian markets fell due to sluggish demand in Asia on the whole, although there were signs of recovery in automobile-related businesses.

Under these circumstances, revenues from Cincom brands increased while revenues from Miyano brands decreased.

As a result, the machine tools segment achieved increases in both sales and profits, with net sales of 38.4 billion yen (up 3.5% year on year) and operating income of 5.3 billion yen (up 6.4% year on year).

Devices and Components

Revenues from automobile components, among other precision machining components, increased thanks to the robust automobile production market and the increased number of orders in both Japan and overseas. Revenues from switches grew considerably, supported by the contribution of new product sales to net sales, despite the tough conditions for smartphone side switches caused by sluggish sales for some customers. As a result, revenues from precision machining components increased.

Revenues from opto-devices such as LED lighting products increased thanks to sales growth in Japan and Europe as a result of new product launches in the expanding market, despite price reductions and performance competition that resulted in fierce competition. Sales of LEDs for automobiles and unit products also increased steadily, and revenues from opto-devices on the whole achieved an increase.

Among other products, revenues from products such as quartz crystals and ferroelectric micro LCDs decreased. Revenues from quartz crystals declined due to the effects of inventory adjustments by some customers in the face of tough market conditions, and revenues from ferroelectric micro LCDs fell because of the continued sluggish performance of the digital camera market. As a result, revenues from the other products segment declined on the whole.

As a result of these developments, the devices and components segment achieved growth in both sales and profits, with net sales of 61.3 billion yen (up 23.4% year on year) and operating income of 5.0 billion yen (up 19.2 % year on year).

Electronic Products

Among printers, sales of POS printers and label printers were strong in Japan and China and revenues from these printers increased. On the other hand, revenues from large-size printers fell because of the economic slowdown in the Chinese market, while the revenues for photo printers declined due to the saturation of demand for replacements. As a result, revenues from printers on the whole declined.

Revenues from healthcare equipment increased on the whole because sales of blood-pressure monitors, a core product, remained strong in the domestic market and overseas markets such as Asia.

Revenues from calculators decreased due in part to sluggish sales in Asia.

As a result of these developments, the electronic products segment on the whole suffered decreases in both sales and profits, with net sales of 17.7 billion yen (down 3.6% year on year) and operating income of 0.2 billion yen (down 65.0% year on year).

Other Products

Revenues from pachinko-related products decreased as a result of year-end sales remaining weak due to the reluctance of customers to open new parlors or renovate existing parlors. Revenues from jewelries increased, driven mainly by the sales of bridal jewelries.

As a result, the other products segment on the whole recorded lower sales but higher profits, with net sales of 8.6 billion yen (down 6.5% year on year) and an operating loss of 0.3 billion yen (compared to an operating loss of 0.4 billion yen in the same period of the previous fiscal year).

(2) Qualitative data on the consolidated financial position

As of the end of the third quarter under review, total assets increased by 1.2 billion yen from the end of the previous fiscal year, to 422.8 billion yen. Current assets decreased by 4.2 billion yen mainly because cash and deposits decreased by 14.7 billion yen. However, notes and accounts receivable-trade increased by 5.7 billion yen and inventories (merchandise and finished goods, work in process, raw materials, and supplies) increased by 3.3 billion yen. Non-current assets increased by 5.4 billion yen due primarily to increases of 3.3 billion yen in construction in progress and 2.9 billion yen in investment securities, and a decrease of 0.5 billion yen in land.

Liabilities decreased by 2.6 billion yen from the end of the previous fiscal year, to 170.9 billion yen. This decrease was attributable to the conversion of some long-term loans to short-term loans, which resulted in a hike of 14.3 billion yen in short-term loans payable while long-term loans payable dropped by 15.0 billion yen, with an increase of 8.0 billion yen in notes and accounts payable-trade, as well as a reduction of 3.4 billion yen in income taxes payable and 2.5 billion yen in the provision for bonuses.

Net assets increased by 3.9 billion, to 251.9 billion yen. This increase was primarily the result of an increase of 13.0 billion yen in retained earnings, growth of 5.0 billion yen in treasury stock, and 2.8 billion yen in foreign currency translation adjustment, as well as a decrease of 1.3 billion yen in valuation difference on available-for-sale securities.

(3) Qualitative data on the consolidated earnings forecasts

Net sales have been changed in the full-year consolidated earnings forecasts to reflect the results for the third quarter under review and the business environments, as well as the forecasts for sales in the devices and components segment and electronic products segment, which are expected to be lower than the previous forecasts. No changes have been made to the operating income, ordinary income and profit attributable to owners of parent.

Forecasts for the fourth quarter of the fiscal year ending March 31, 2016 are based on the exchange rates of 115 yen for the U.S. dollar and 130 yen to the euro.

Revisions to the consolidated earnings for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(yen)
Previous forecast (A)	360,000	30,500	30,500	19,000	59.25
Revised forecast (B)	355,000	30,500	30,500	19,000	59.40
Changes (B－A)	△5,000	-	-	-	-
Changes (%)	△1.4	-	-	-	-
Reference: The actual result in the full previous year (the full year ending March 2015)	328,456	27,889	31,403	17,572	54.24

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

(Application of accounting standards for business combinations)

Effective from the first quarter of the consolidated fiscal year under review, we began applying standards such as the “Accounting Standard for Business Combinations” (ASBJ Statement No.21, September 13, 2013, hereinafter, “Business Combinations Accounting Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter, “Consolidated Accounting Standard”), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereinafter, “Business Divestitures Accounting Standard"). The purpose of applying these standards was to adopt a method in which the difference made by changes in our ownership interest in subsidiaries in which we retain a controlling interest is recorded as capital surplus, and acquisition-related costs are treated as expenses in the consolidated fiscal year in which they are incurred. In addition, for business combinations carried out at or after the beginning of the first quarter of the fiscal year under review, we adopted a method in which the reallocation of acquisition costs, as determined after reviewing provisional accounting treatment, is reflected in the quarterly consolidated financial statements for the period in which the business combination took place. We also changed the manner in which quarterly net income and other items are presented, and changed “minority interests” to “non-controlling interests.” To reflect these changes, we reclassified the quarterly consolidated financial statements for the Third quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

We applied these standards in accordance with the transitional treatment specified in Section 58-2 (4) of the Business Combinations Accounting Standard, Section 44-5 (4) of the Consolidated Accounting Standard, and Section 57-4 (4) of the Business Divestitures Accounting Standard. We began applying them from the beginning of the first quarter of the consolidated fiscal year under review, and will continue to do so in future periods.

As a result, income before income taxes decreased 79 million yen for the nine months ended December 31, 2015. In addition, capital surplus increased 79 million yen at the end of the third quarter under review.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	110,716	96,006
Notes and accounts receivable - trade	65,734	71,469
Merchandise and finished goods	50,765	54,844
Work in process	19,611	21,133
Raw materials and supplies	19,749	17,541
Consumption taxes receivable	3,381	2,287
Deferred tax assets	9,944	8,193
Other	5,968	9,878
Allowance for doubtful accounts	△1,428	△1,132
Total current assets	284,443	280,222
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	32,885	32,798
Machinery, equipment and vehicles (net)	20,623	21,056
Tools, furniture and fixtures (net)	5,095	5,765
Land	11,607	11,082
Leased assets (net)	1,065	1,178
Construction in progress	3,988	7,367
Total property, plant and equipment	75,266	79,248
Intangible assets		
Goodwill	3,198	2,363
Software	2,209	2,363
Leased assets	12	16
Other	5,577	5,105
Total intangible assets	10,998	9,848
Investments and other assets		
Investment securities	40,724	43,683
Long-term loans receivable	1,152	1,108
Deferred tax assets	5,174	4,894
Other	5,580	5,797
Allowance for doubtful accounts	△1,637	△1,830
Allowance for investment loss	△138	△138
Total investments and other assets	50,855	53,516
Total non-current assets	137,119	142,613
Total assets	421,563	422,835

(Unit: Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable – trade	20,371	28,398
Notes payable - facilities	473	1,175
Short-term loans payable	4,164	18,489
Income taxes payable	7,176	3,727
Deferred tax liabilities	1	86
Accrued expenses	16,210	16,595
Provision for bonuses	6,419	3,878
Provision for directors' bonuses	168	-
Provision for product warranties	1,119	1,093
Provision for environmental measures	11	3
Provision for loss on business restructuring liquidation	2,915	1,490
Provision for loss on disaster	4	4
Other	23,399	19,052
Total current liabilities	82,435	93,996
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	45,000	30,000
Deferred tax liabilities	3,467	3,148
Provision for loss on guarantees	12	10
Provision for environmental measures	72	72
Provision for loss on business restructuring liquidation	2,013	1,900
Net defined benefit liability	18,800	19,525
Asset retirement obligations	97	97
Other	1,690	2,176
Total non-current liabilities	91,155	76,931
Total liabilities	173,591	170,928
Net assets		
Shareholders' equity		
Capital stock	32,648	32,648
Capital surplus	33,890	33,969
Retained earnings	151,689	164,702
Treasury shares	△5,394	△10,399
Total shareholders’ equity	212,834	220,921
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	11,190	9,833
Foreign currency translation adjustment	14,843	12,024
Remeasurements of defined benefit plans	△362	△575
Total other accumulated comprehensive income	25,671	21,282
Non-controlling interests	9,466	9,703
Total net assets	247,972	251,907
Total liabilities and net assets	421,563	422,835

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

Consolidated Statement of Income（Nine months ended December 31, 2015）

(Unit: Millions of yen)

	Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)
Net sales	**246,647**	**268,762**
Cost of sales	147,344	164,488
Gross profit	99,303	104,273
Selling, general and administrative expenses	75,806	78,142
Operating income	**23,497**	**26,130**
Non-operating income		
Interest income	305	281
Dividend income	616	726
Foreign exchange gains	2,091	-
Share of profit of entities accounted for using equity method	282	520
Other	702	720
Total non-operating income	3,997	2,247
Non-operating expenses		
Interest expenses	508	352
Foreign exchange losses	-	482
Other	588	380
Total non-operating expenses	1,097	1,214
Ordinary income	**26,397**	**27,163**
Extraordinary income		
Gain on sales of investment securities	1	188
Gain on sales of non-current assets	604	672
Gain on bargain purchase	2	-
Other	128	18
Total extraordinary income	736	880
Extraordinary losses		
Loss on retirement of non-current assets	157	238
Loss on sales of non-current assets	12	18
Impairment loss	32	2
Settlement package	440	6
Other	137	262
Total extraordinary losses	779	527
Income before income taxes	**26,354**	**27,516**
Income taxes	8,632	8,724
Net income	17,722	18,791
Profit attributable to non-controlling interests	85	564
Profit attributable to owners of parent	17,637	18,226

Consolidated Statements of Comprehensive Income（Nine months ended December 31, 2015）

(Unit: Millions of yen)

	Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)
Net income	17,722	18,791
Other comprehensive income		
Valuation difference on available-for-sale securities	2,724	△1,358
Foreign currency translation adjustment	13,648	△2,836
Remeasurements of defined benefit plans	△1	△208
Share of other comprehensive income of entities accounted for using equity method	325	△1
Total other comprehensive income	16,696	△4,404
Comprehensive income	34,419	14,386
(Breakdown)		
Comprehensive income attributable to owners of parent	34,089	13,834
Comprehensive income attributable to non-controlling interests	329	552

(3) Notes to the Consolidated Financial Statements

(Notes regarding going concern assumptions)

Not applicable

(Notes regarding significant changes in shareholders' equity accounts)

Acquisition of Treasury Stock

Following a resolution made at a meeting of the Company's Board of Directors held on May 15, 2015, 5,682,800 shares of treasury stock were acquired. As a result, treasury stock increased by 4,999 million yen during the nine months ended December 31, 2015, rising to 10,399 million yen at the end of the nine months ended December 31, 2015.

(Segment Information)

(i) Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)
Net sales and profit or loss by reporting segment

(Unit: Millions of yen)

	Watches and clocks	Machine Tools	Devices and components	Electronic Products	Other products	Segment totals	Eliminations or general corporate (Note 1)	Consolidated totals (Note 2)
Net sales								
Customers	132,105	37,133	49,742	18,399	9,266	246,647	-	246,647
Inter-segment	107	190	4,664	516	551	6,030	△6,030	-
Total	132,213	37,323	54,406	18,916	9,818	252,678	△6,030	246,647
Operating income (loss/△)	16,666	5,012	4,249	738	△421	26,245	△2,748	23,497

(Notes) 1. Adjustments to the segment loss (operating loss) of 2,748 million yen include intersegment transactions of 64million yen to be eliminated, as well as corporate expenses of 2,683 million yen not allocated to each reporting segment.
2. Segment income/loss was reconciled with operating income presented in the Quarterly Consolidated Statement of Income.

(ii) Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)
Net sales and profit or loss by reporting segment

(Unit: Millions of yen)

	Watches and clocks	Machine Tools	Devices and components	Electronic Products	Other products	Segment totals	Eliminations or general corporate (Note 1)	Consolidated totals (Note 2)
Net sales								
Customers	142,539	38,433	61,385	17,735	8,668	268,762	-	268,762
Inter-segment	112	384	2,145	501	569	3,713	△3,713	-
Total	142,652	38,817	63,530	18,237	9,237	272,475	△3,713	268,762
Segment income (loss/△)	18,613	5,332	5,063	258	△316	28,950	△2,819	26,130

(Notes) 1. Adjustments to the segment loss (operating loss) of 2,819 million yen include intersegment transactions of △170 million yen to be eliminated, as well as corporate expenses of 2,990 million yen not allocated to each reporting segment.
2. Segment income/loss was reconciled with operating income presented in the Quarterly Consolidated Statement of Income.

(Subsequent Events)

Citizen Holdings Co., Ltd. (“the Company”) resolved to commence preparations to make the transition from a pure holding company structure to an operating holding company structure by October 1, 2016 at a meeting of its Board of Directors held on May 15, 2015

Detail are as follows.

1. Background and purpose of transition to operating holding company structure

The Company has been working to strengthen the Group’s competitiveness and promote growth under a pure holding company structure since April 2007. The Company has managed to achieve certain results under “Citizen Global Plan 2018,” the Medium-Term Management Plan launched in April 2013, including implementing structural reforms aimed at radically improving the business structure and strengthening the production capability, as well as clarifying the business portfolio, concentrating management resources on business areas in which the Group can demonstrate its strength, and expanding business with a focus on the watch and clock business, aiming to be a “Solid Global Company.”

At the same time, since April 2014, the Company has been working together with Citizen Watch Co., Ltd. and Citizen Business Expert Co., Ltd. to implement various initiatives aimed at “accelerating growth strategies in the watch and clock business” and “increasing management efficiency.” However, to achieve further headway with “Citizen Global Plan 2018,” further growth of the Group as whole, with the watch and clock business at the core, and enhancement of head office functions, the Company is now commencing preparations to make the transition from the current pure holding company structure to an operating holding company structure.

After transition, the Company will seek to strengthen the Group’s competitiveness and endeavor to enhance the Group’s corporate value and shareholder value under the new structure.

2. Method of transition to operating holding company structure

The Company plans to make the transition to a structure with the Company as the operating holding company by the method of absorption-type merger in which the Company is the surviving entity and Citizen Watch Co., Ltd. and Citizen Business Expert Co., Ltd. will be extinguished.

With the transition to the operating holding company structure, the Company also plans to change the Company’s trade name to Citizen Watch Co., Ltd.

3. Schedule

April 27, 2016 (Tentative)	Meeting of the Board of Directors to approve the merger agreement
April 27, 2016 (Tentative)	Execution of the merger agreement
October 1, 2016 (Tentative)	Effective date of the merger