

Consolidated Financial Statements for the Three Months Ended June 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)

August 9, 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: August 13, 2013

Scheduled start of dividend payment: -

Listings: First section of Tokyo Stock Exchange

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

Tel: +81 -42 -468 -4934

1. Results for the three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)

(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, 2013	69,978	7.2	3,541	7.9	4,375	63.3	2,632	31.0
Three months ended June 30, 2012	65,298	2.6	3,281	30.3	2,679	9.9	2,009	△15.7

Note: Comprehensive Income: As of June 30, 2013: ¥ 7,902 million(-%) As of June 30, 2012: △¥ 2,910 million(-%)

	Earnings per share	Fully diluted earnings per share
	(Yen)	(Yen)
Three months ended June 30, 2013	8.13	-
Three months ended June 30, 2012	6.20	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Three months ended June 30, 2013	377,821	198,751	51.8	603.95
March 31, 2013	354,670	192,409	53.3	583.03

Reference: Shareholders' Equity: As of June 30, 2013: ¥ 195,677 million As of March 31, 2013: ¥ 188,900 million

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	-	-	-	-	-
March 31, 2014 (Estimate)	-	5.00	-	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)
Interim term	143,500	5.7	8,000	3.5	7,500	8.0	4,000	△10.2	12.35
Full term	294,500	8.3	19,500	68.8	18,500	34.0	10,500	-	32.41

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

4. Others

- (1) Changes in significant subsidiaries during this period (changes in specified subsidiaries that lead to a change in the scope of consolidation): None
- (2) Adoption of simplified accounting methods and special accounting methods: None
- (3) Changes of accounting policies applied, procedures and disclosures for presenting quarterly consolidated financial statements
 - (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 2013: 330,353,809shares	March 2013:330,353,809shares
(ii) Number of treasury stock at the end of term	June 2013: 6,355,474shares	March 2013: 6,353,889shares
(iii) Average number of common stocks	June 2013: 323,999,021shares	June 2012: 324,003,242shares

** 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)

○INDEX

1. QUALITATIVE INFORMATION REGARDING THESE QUARTERLY RESULTS	4
(1) Qualitative data on the consolidated financial results.....	4
(2) Qualitative data on the consolidated financial position.....	5
(3) Qualitative data on the consolidated earnings forecasts	6
2. OTHER INFORMATION	6
(1) Important changes of subsidiaries during the term.....	6
(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements	6
(3) Changes in accounting policies, changes in accounting estimates, and restatements	6
3. CONSOLIDATED FINANCIAL STATEMENTS.....	7
(1) Consolidated Balance Sheet.....	7
(2) Consolidated Statement of Income and Consolidated Statements of Comprehensive Income.....	9
(3) Notes regarding premise of going concern.....	11
(4) Notes on significant changes in shareholders' equity accounts	11
(5) Segment information	11

1. Qualitative Information Regarding These Quarterly Results

(1) Qualitative data on the consolidated financial results

Summary of Operating Results

During the three months ended June 30, 2013, there were visible signs of Japan's economic recovery with some positive factors including the yen's depreciation. The U.S. economy, even with concerns about the impacts of a tax hike and expenditure cut, remained solid mainly in the individual consumption sector. On the other hand, the European economy remained weak with deteriorating employment situation and the protracted debt crisis problem, while economic slowdown accelerated in China and other emerging countries in Asia.

As a result of these developments, the Citizen Group reported in the consolidated financial results for the first quarter under review an increase in both sales and profits, with net sales of 69.9 billion yen (up 7.2% year-on-year) and operating income of 3.5 billion yen (up 7.9% year-on-year).

Watches and clocks

In the domestic market, CITIZEN brand watches achieved a revenue growth as high-end products sold well mainly at department stores and sales of the mainstay brands ATTESA and xC continued to increase. In the overseas markets, revenues significantly grew with the solid U.S. market and a weaker yen, even though the European economic slump and the Chinese economic slowdown pushed down sales. In the U.S., where the economy was steadily recovering, new products of the Eco-Drive series continued to sell well, resulting in a significant revenue growth. With the entire European economy showing no visible sign of recovering, sales were sluggish in Germany, Italy and other main countries, but the overall revenues ended up in an increase helped by solid sales in the U.K. and a weaker yen. In the Asian markets, the ASEAN region's performance was almost unchanged from a year earlier, despite severe market situation in some countries including the economically depressed India, as other regions generally fared well. Even so, the overall revenues significantly decreased in the Asian region mainly because customers in China continued to hold back on purchase with an economic growth downturn and other factors.

The BULOVA brand achieved a significant growth in revenues as sales rose at major department stores in the main U.S. market.

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 as sales in Asia and the Middle and Near East were solid and those in Latin America increased.

Movements, even with lingering impacts of economic downturn in Europe and China, achieved higher revenues as orders were rebounding mainly for affordable priced products.

As a result of these developments, the watches and clocks segment reported an increase in both sales and profits, with net sales of 36.4 billion yen (up 16.8% year-on-year) and operating income of 2.9 billion yen (up 45.7% 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 performance was weak at sectors related to precision equipment, construction machinery and electrical/electronics. In Asia, the overall revenues decreased with the Chinese market, where economic slowdown accelerated again after some rally seen at the beginning of the period, and the ASEAN market, where there was little demand for facilities in the automobile/motorcycle sector due to the floods in Thailand. The U.S. market remarkably recovered centering on the automobile and aircraft sectors, resulting in higher revenues also with successful exhibitions held there. In Europe, where the economy was close to bottoming out even with some gaps among regions or business sectors, efforts to take business opportunities in this upbeat market resulted in higher revenues. Against this background, the Cincom brand achieved a revenue growth as a decline in Japan and Asia was more than offset by solid performance in Europe and the U.S. On the other hand, the Miyano brand suffered a revenue decline as poor performance in Japan, Europe and Asia erased a revenue growth in the U.S.

As a result of these developments, the machine tools segment reported a decrease in both sales and profits, with net sales of 8.3 billion yen (down 12.9% year-on-year) and 0.0 billion yen operating loss (compared to a 1 billion yen income a year earlier).

Devices and components

Among precision machining components, automobile components fared well in Japan mainly for hybrid vehicles even though auto sales decreased with the absence of eco-car subsidies, which pushed up sales in the previous year, while the U.S. and other overseas markets were on a recovery path. As a result, the overall automobile components revenues increased. Switches achieved higher revenues as side switches used in smartphones sold well with such features as smallness, thinness, good click feeling and waterproof property.

Among opto-devices, LED lighting products continued to face severe market situation where heated competition pushed down prices, but orders increased for products with high wattage, centering on new products, resulting in higher revenues widely in North America, Europe, Asia and Japan. Backlight units achieved higher revenues with stable sales of those for

automobiles.

Ferroelectric micro LCDs suffered a revenue decline with stagnant orders due to major customers' continuous production adjustments, competition with other types of displays, and an increase in cameras that have no electronic view finder (EVF). Among quartz crystals, tuning fork type quartz crystals' revenues decreased due to business contraction as a part of a shift in management strategy. On the other hand, sales of quartz crystal blanks grew as demands remained strong in the booming smartphone market, resulting in an overall revenue growth for quartz crystals.

As a result of these developments, the devices and components segment reported an increase in both sales and profits, with net sales of 16.2 billion yen (up 5.7% year-on-year) and operating income of 1.1 billion yen (up 93.1% year-on-year).

Electronic products

Among printers, POS printers and label printers suffered a revenue decline in Japan and Asia where customers' willingness to make capital expenditures did not recover, while revenues increased in the U.S. and Europe due partly to new orders. Large-size printers, which mainly target the Chinese market, performed well and photo printers' sales increased owing to new orders and growing replacement demands. With these, the overall printer revenues increased.

Healthcare equipment revenues were almost unchanged from last year in Japan but overseas revenues increased with a growth in China and higher sales mainly for existing customers in the U.S.

Calculators' sales significantly decreased in the European market centering on 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 5.7 billion yen (up 18.3% year-on-year) and operating income of 0.3 billion yen (up 618.0% year-on-year).

Other products

For pachinko-related products, customers were even more reluctant to make capital expenditures due to the scheduled change in product standards and consumption tax revision, and that pushed down sales of main products, resulting in a significant revenue decline.

Among jewelries, bridal jewelry sales rose with new marriage ring products but other products fared poorly at both events and stores, resulting 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 3.2 billion yen (down 25.3% 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

Assets

As of the end of the first quarter under review, total assets increased by 23.1 billion yen from the end of the previous fiscal year to 377.8 billion yen. Current assets increased by 22.2 billion yen due mainly to a 17.9 billion yen increase in cash and cash equivalents and a 2.1 billion yen increase in inventories. Fixed assets increased by 0.8 billion yen due mainly to a 1.5 billion yen increase in investment securities despite a 1.0 billion yen decrease in deferred tax assets.

Liabilities

Liabilities increased by 16.8 billion yen from the end of the previous fiscal year to 179.0 billion yen mainly with a 10.0 billion yen increase in long-term loans payable.

Net assets

Net assets increased by 6.3 billion yen from the end of the previous fiscal year to 198.7 billion yen mainly with a 3.7 billion yen increase in foreign currency translation adjustments.

(3) Qualitative data on the consolidated earnings forecasts

Consolidated earnings forecasts have been revised to be higher than the previous forecasts as indicated below to reflect the performance in the first quarter under review, where net sales and operating income increased due mainly to a good result of the devices and components segment and ordinary income and net income also benefited from a weaker-than-expected yen.

In and after the second quarter, the exchange rate is assumed to be 90 yen/US dollar and 120 yen/euro.

Interim term (April 1, 2013 to September 30, 2013)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(yen)
Previous forecast (A)	141,500	7,500	6,500	3,500	10.80
Revised forecast (B)	143,500	8,000	7,500	4,000	12.35
Changes (B—A)	2,000	500	1,000	500	-
Changes (%)	1.4	6.7	15.4	14.3	-
Reference: September 30, 2012	135,758	7,730	6,947	4,455	13.75

Full term (April 1, 2013 to March 31, 2014)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(yen)
Previous forecast (A)	292,500	19,000	17,500	10,000	30.86
Revised forecast (B)	294,500	19,500	18,500	10,500	32.41
Changes (B—A)	2,000	500	1,000	500	-
Changes (%)	0.7	2.6	5.7	5.0	-
Reference: March 31, 2013	272,050	11,549	13,805	△8,855	△27.33

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 June 30, 2013
Assets		
Current assets		
Cash and cash equivalents	71,105	89,048
Notes and accounts receivable	60,342	59,726
Merchandise and Finished goods	37,646	39,220
Work in process	20,922	20,638
Raw materials and supplies	15,212	16,087
Consumption tax receivable	1,394	596
Deferred tax assets	13,005	13,634
Other	7,842	10,793
Allowance for doubtful accounts	△1,603	△1,620
Total Current assets	225,868	248,126
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	32,063	31,817
Machinery, equipment and carriers, net	20,403	19,720
Tools, furniture and fixtures, net	4,024	3,996
Land	11,727	11,747
Leased assets	459	531
Construction in progress	2,134	3,131
Total Property, plant and equipment	70,813	70,944
Intangible fixed assets		
Goodwill	7,200	6,954
Software	2,097	2,134
Leased assets	29	35
Other	5,499	5,595
Total Intangible fixed assets	14,826	14,720
Investments and other assets		
Investment securities	34,673	36,221
Long-term loans receivable	732	747
Deferred tax assets	4,969	3,937
Other	3,775	3,663
Allowance for doubtful accounts	△321	△319
Allowance for investment loss	△667	△220
Total Investments and other assets	43,162	44,030
Total Fixed assets	128,801	129,695
Total assets	354,670	377,821

CITIZEN HOLDINGS

(Unit: Millions of yen)

	As of March 31, 2013	As of June 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable	16,174	18,084
Short-term bank loans payable	43,261	44,006
Bonds to be redeemed within a year	500	300
Accrued income taxes	2,027	1,677
Deferred tax liabilities	14	16
Accrued expenses	11,935	13,092
Reserve for bonuses to employees	4,678	6,771
Reserve for bonuses to directors	143	-
Reserve for product warranties	828	858
Notes payable-facilities	1,248	553
Reserve for business restructuring losses	23	23
Asset retirement obligations	14,400	11,502
Reserve for disaster losses	38	38
Other	18,363	22,834
Total Current liabilities	113,638	119,759
Long-term liabilities		
Bonds	10,050	10,050
Long-term loans payable	20,150	30,228
Deferred tax liabilities	546	1,031
Reserve for defined retirement benefits	13,078	13,051
Reserve for environmental measures	63	63
Reserve for business restructuring losses	3,326	3,355
Asset retirement obligations	248	248
Other	1,158	1,280
Total Long-term liabilities	48,622	59,310
Total liabilities	162,260	179,070
Net assets		
Shareholders' equity		
Paid-in capital	32,648	32,648
Additional paid-in capital	33,890	33,890
Retained earnings	127,080	128,646
Treasury stock	△5,380	△5,381
Total Shareholders' equity	188,239	189,804
Valuation and translation adjustments		
Net unrealized gain/loss on other securities	5,743	7,193
Foreign currency translation adjustments	△5,082	△1,320
Total Valuation and translation adjustments	661	5,873
Minority interest	3,508	3,074
Total net assets	192,409	198,751
Total liabilities and net assets	354,670	377,821

CITIZEN HOLDINGS

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

(Unit: Millions of yen)

	Three months ended June 30, 2012 (April 1,2012 to June 30, 2012)	Three months ended June 30, 2013 (April 1,2013 to June 30, 2013)
Net sales	65,298	69,978
Cost of sales	41,892	44,183
Gross profit	23,406	25,795
Selling, general and administrative expenses	20,125	22,254
Operating income/Loss	3,281	3,541
Nonoperating income		
Interest Income	99	88
dividend income	313	382
Foreign exchange gains	-	415
Investment gain from the application of equity method	54	76
Other	254	321
Total Nonoperating income	722	1,283
Nonoperating expenses		
Interest changes	318	351
Foreign exchange losses	845	-
Other	160	97
	1,324	449
Ordinary income/Loss	2,679	4,375
Extraordinary gains		
Gain on sales of fixed assets	62	17
Other	30	17
Total Extraordinary gains	93	34
Extraordinary losses		
Loss on disposal of properties	43	11
Valuation loss on investment securities	21	-
Loss on sales of inventory assets	0	4
Other	29	4
Total Extraordinary losses	95	20
Income/Loss before income taxes	2,677	4,389
Income, inhabitants and enterprise taxes	718	1,706
Income before minority interests	1,959	2,683
Minority interests	△49	50
Net income/Loss	2,009	2,632

CITIZEN HOLDINGS

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Three months ended June 30, 2012 (April 1, 2012 to June 30, 2012)	Three months ended June 30, 2013 (April 1, 2013 to June 30, 2013)
Income before minority interests	1,959	2,683
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,000	1,450
Deferred gains or losses on hedges	△51	-
Foreign currency translation adjustment	△3,803	3,729
Share of other comprehensive income of associates accounted for using equity method	△14	39
Other comprehensive income	△4,870	5,219
Comprehensive Income	△2,910	7,902
(Breakdown)		
Comprehensive income attributable to owners of the parent	△2,786	7,844
Comprehensive income attributable to minority interests	△124	57

(3) Notes regarding premise of going concern
Not applicable

(4) Notes on significant changes in shareholders' equity accounts
Not applicable

(5) Segment information

(i) Three months ended June 30, 2012 (April 1, 2012 to June 30, 2012)

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								
(i) Customers	31,232	9,539	15,338	4,880	4,308	65,298	-	65,298
(ii) Inter-segment	735	186	1,411	228	253	2,815	△2,815	-
Total	31,967	9,726	16,749	5,108	4,561	68,113	△2,815	65,298
Operating income / loss (△)	2,032	1,015	604	45	337	4,035	△754	3,281

(Notes) 1. Adjustments to segment loss (operating loss) of 754 million yen include intersegment transactions of 13 million yen to be eliminated as well as corporate expenses of 741 million yen not allocated to each reporting segment.
2. Segment income was reconciled with operating income presented in the Quarterly Consolidated Statement of Income.

Information Concerning Loss on Impairment of Fixed Assets or Goodwill by Reporting Segment
(Significant changes in goodwill amount)

The Company in its watches and clocks segment acquired shares in Prothor Holding S.A. to make it a subsidiary. With this acquisition, goodwill increased by 4,590 million yen in the three months ended June 30, 2012. This amount was tentatively calculated based on reasonable information available to the Company as of the end of the first quarter under review, as the allocation of the acquisition cost has yet to be completed.

(ii) Three months ended June 30, 2013 (April 1, 2013 to June 30, 2013)

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								
(i) Customers	36,469	8,312	16,205	5,773	3,217	69,978	-	69,978
(ii) Inter-segment	894	131	1,281	358	185	2,852	△2,852	-
Total	37,364	8,443	17,487	6,132	3,403	72,831	△2,852	69,978
Operating income / loss (△)	2,962	△95	1,167	326	△120	4,240	△699	3,541

(Notes) 1. Adjustments to segment loss (operating loss) of 699 million yen include intersegment transactions of 38 million yen to be eliminated as well as corporate expenses of 738 million yen not allocated to each reporting segment.
2. Segment income was reconciled with operating income presented in the Quarterly Consolidated Statement of Income.