SEIKO EPSON CORPORATION
3-5 Owa 3-chome Suwa, Nagano
392-8502, Japan
Tel: +81-266-52-3131
http://www.epson.co.jp/e/

July 27, 2005

CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2005

Consolidated Financial Highlights

(Millions of yen, thousands of U.S. dollars, except for per share data)

<Income statements and cash flows data>

	Three months ended June 30,			Year ended March 31,	Three months ended June 30,
	2004	**2005**	Change	2005	**2005**
Statements of Income Data:					
Net sales	¥332,927	**¥340,137**	2.2%	¥1,479,750	**$3,074,824**
Operating income (loss)	32,733	**(5,042)**	- %	90,967	**(45,579)**
Income (loss) before income taxes and minority interest	29,374	**(3,746)**	- %	73,647	**(33,864)**
Net income (loss)	17,608	**(7,052)**	- %	55,689	**(63,750)**
Statements of Cash Flows Data:					
Cash flows from operating activities	39,032	**24,289**	(37.8%)	162,489	**219,572**
Cash flows from investing activities	(20,002)	**(28,486)**	42.4%	(99,396)	**(257,512)**
Cash flows from financing activities	(57,411)	**1,087**	- %	(96,373)	**9,826**
Cash and cash equivalents at the end of the period	227,757	**231,917**	1.8%	234,904	**2,096,520**
Per Share Data:					
Net income (loss) per share -Basic	¥89.67	**(¥35.91)**	- %	¥283.60	**($0.32)**
-Diluted	¥-	**¥-**	- %	¥-	**$-**

Notes

I. The consolidated figures are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated figures prepared by the Company as required by the Securities and Exchange Law of Japan.

II. Figures in ‘Change’ column are comparisons with the same period of the previous year.

III. Diluted net income per share are presented only if there are dilutive factors present.

IV. U.S. dollar amounts are included solely for the convenience of readers. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate. The rate of ¥110.62 = U.S.$1 at June 30, 2005 has been used for the purpose of presentation.

<Balance sheets data>

	June 30, 2004	**June 30, 2005**	March 31, 2005	**June 30, 2005**
Total assets	¥1,180,607	**¥1,281,976**	¥1,297,790	**$11,589,007**
Shareholders' equity	433,922	**465,737**	472,870	**4,210,242**
Shareholders' equity ratio (%)	36.8%	**36.3%**	36.4%	**36.3%**
Shareholders' equity per share	¥2,209.78	**¥2,371.81**	¥2,408.13	**$21.44**

Operating Performance Highlights

Fiscal 2005 First-Quarter Overview

The global economy steadily recovered during the first quarter of the fiscal year under review. The recovery was driven particularly by economic growth in China and the United States. Despite weakness in some sectors at the end of the fiscal year ended March 31, 2005, the Japanese economy gradually recovered, with improved corporate earnings accompanying a gradual rise in capital spending and a pickup in personal spending.

The Epson Group's (Epson) main markets were as follows. The inkjet printer market was robust in Japan and remained strong in the U.S. and Asia, while demand in Europe was sluggish. The continuing trend toward multifunction (all-in-one) inkjet products accelerated further. Meanwhile, there was fierce price competition in some regions in Europe. The color laser printer market expanded, but unit prices further declined.

The projector market grew on heightened demand for projectors in the education segment and in the Japanese and European home theater segment, as well as in the traditional business presentation projector segment. Meanwhile, prices declined further. Led by the United States, the market for microdevice-based projection TVs, which are more cost-competitive than flat-panel large-screen TVs, sharply expanded.

The market for electronic devices used in mobile phones remained firm. This strength came from two main sources. One was replacement demand from consumers, especially those in Western Europe, North America and China, who are upgrading from their old monochrome-screen handsets and digital cameras to new color models. The other was continuing robust, new demand in such emerging markets as Central and South America, India, and Russia. Meanwhile, prices declined further.

In the precision products business Epson saw continued sluggishness in the markets for watches, eyeglass lenses, and other personal products, and a slowdown in the factory automation systems business, specifically in the IC handler market.

Given the foregoing market environment, Epson sees the 2005 fiscal year, the second year in its "*Action07*" action plan, as a period for systematically analyzing market changes and market trends in each business, and driving specific actions based on growth scenarios in each.

Product development progressed in the first quarter. In the inkjet printer business, Epson launched the *PictureMate Deluxe Viewer Edition* (sold as the *Colorio Me E-200* in Japan), an upgraded version of the highly popular *PictureMate* (*Colorio Me E-100*), a compact, portable "personal photo lab" that prints photos, without a PC connection. Epson also launched a new *Livingstation* large-screen HDTV LCD projection television. The new model offers an even sharper, more vivid picture, yet is priced even lower than its predecessors. Epson also developed inorganic alignment layer technology that enables higher aperture ratios, higher pixel densities, and higher image quality on the high-temperature polysilicon TFT LCD panels used in LCD projectors.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the first quarter of the year under review were ¥107.69 and ¥135.57, respectively. This represents a 2% rise in the value of the yen against the dollar and a 2% fall in the value of the yen against the euro compared to the same period last year.

As a result of the foregoing factors, net sales for the first quarter of the current fiscal year were ¥340,137 million ($3,074,824 thousand), up 2.2% from the same period last year. Operating loss was ¥5,042 million ($45,579 thousand), compared to operating income of ¥32,733 in the same period last year. Loss before income taxes and minority interest was ¥3,746 million ($33,864 thousand), compared to income before income taxes and minority interest of ¥29,374 in the same period last year. And, net loss for the quarter was ¥7,052 million ($63,750 thousand), compared to quarterly net income of ¥17,608 in the same period last year.

Operating Performance Highlights by Business Segments

A segment-by-segment breakdown of financial results is provided below.

Information-related equipment:

In the imaging and information products business, revenues from sales of dot-matrix printers (including supplies, as in all printer discussions below) declined. This decline is attributed to lower volume due to market contraction and inventory adjustments and to the effects of a shift to the low-price zone in some markets. Sales revenue in the scanners and others category fell due to a decline in scanner volume brought about by growth in all-in-one unit demand. Inkjet printer sales revenue declined despite higher volume in all-in-one unit. The decline was due to lower single-function printer volume. Together, these factors resulted in slightly lower sales revenues in the imaging and information products business as a whole.

In the visual instruments business, the revenues of large-screen HDTV LCD projection televisions grew sharply especially due to higher volume in OEM optical engines. LCD projector revenues increased despite the effects of a shift toward popularly priced models. This revenue growth was driven primarily by increased business unit volume accompanying the expansion of the market. Together, these factors resulted in increased sales revenues in the visual instruments business as a whole.

Operating income in the information-related equipment business segment declined. This decline is due primarily to a shift within the inkjet printer market toward popularly priced all-in-one units, and to the effects of lower volume and declining prices for laser printers.

As a result of the foregoing factors, first-quarter net sales in the information-related equipment business segment were ¥212,012 million ($1,916,579 thousand), a 0.2% decrease compared to the same period last year, and operating income was ¥4,258 million ($38,492 thousand), a decline of 71.5% compared to the same period last year.

Electronic devices:

In the display business, revenues from sales of high-temperature polysilicon TFT LCD panels for LCD projectors declined sharply, as volume dropped due to the effects of inventory adjustments in the second half of the fiscal year ended March 31, 2005. Revenues from both color STN and MD-TFD LCDs for mobile phones declined sharply. This decline was brought about by the effects of intensified competition that drove down prices. On the other hand, newly launched sales of amorphous-silicon TFT LCDs and low-temperature polysilicon TFT LCDs contributed to higher revenues, leading to sharply higher net sales revenues in the display business as a whole.

Sales revenue in the semiconductor business declined sharply. This decline was due to sharp decline of LCD drivers revenue and system LSIs order. The decline of LCD drivers revenue was attributed to intensified competition, especially in color LCD drivers, that resulted in both lower prices and lower volumes.

The quartz device business saw revenues slip due to inventory adjustments in the second half of the fiscal year ended March 31, 2005, and due to a decline in high-end product volume as demand for quartz crystal devices for mobile phones shifted to the low-price zone.

Operating income in the electronic device business segment declined. The decline was due to various factors, including lower revenue from high-temperature polysilicon TFT LCD panels for LCD projectors, an increase in expenses accompanying the launch of operations at the Chitose Plant, ongoing effort to reduce amorphous-silicon TFT LCD costs, and lower revenues from LCD drivers and system LSIs.

As a result of the foregoing factors, first-quarter net sales in the electronic device business segment were ¥117,140 million ($1,058,941 thousand), a 9.4% increase compared to the same period last year, while operating loss was ¥5,696 million ($51,491 thousand) versus operating income of ¥19,155 million in the same period last year.

Precision products

Overall, net sales in the precision products business segment declined slightly. While factors such as volume growth in eyeglass lenses were positive contributors, net sales revenue was hit hard by a backlash following last year's growth in demand for IC handlers.

Operating income in the precision products business segment declined chiefly due to the effects of lower watch volume and prices and because of the decline in revenue from sales of IC handlers.

As a result of the foregoing factors, first-quarter net sales in the precision products business segment were ¥20,403 million ($184,442 thousand), a 2.5% decrease compared to the same period last year, while operating loss was ¥152 million ($1,374 thousand) versus operating income of ¥1,125 million in the same period last year.

Operating Performance Highlights by Geographic Segment

A region-by-region breakdown of financial results is provided below.

Japan:

The semiconductor business and the imaging and information products business saw overall revenues decline. In the display business, revenues from high-temperature polysilicon TFT LCD panels for LCD projectors, MD-TFD LCDs, and STN LCDs declined. On the other hand, newly launched sales of amorphous-silicon TFT LCDs and low-temperature polysilicon TFT LCDs contributed to higher revenues. As a result, net sales were ¥296,774 million ($2,682,824 thousand), up 0.8% from the same period last year, while operating loss was ¥9,878 million ($89,297 thousand) versus operating income of ¥20,304 million in the same period last year.

The Americas:

LCD projector and inkjet printer revenues increased, while silicon foundry and system LSI revenues declined. As a result, net sales were ¥66,421 million ($600,443 thousand), down 2.0% from the same period last year, while operating income was ¥3,987 million ($36,042 thousand), down 19.6% from the same period last year.

Europe:

Revenues declined chiefly in MD-TFD LCDs and inkjet printers. Net sales were ¥66,244 million ($598,843 thousand), down 13.3% from the same period last year, while operating income was ¥661 million ($5,976 thousand), down 81.3% from the same period last year.

Asia / Oceania:

Newly launched sales of amorphous-silicon TFT LCDs and low-temperature polysilicon TFT LCDs contributed positively to revenues. On the other hand, revenues from MD-TFD LCDs and inkjet printers declined. As a result, net sales were ¥178,103 million ($1,610,043 thousand), down 1.6% from the same period last year, while operating income was ¥8,914 million ($80,582 thousand), up 3.4% from the same period last year.

Cash Flow Performance

Net loss for the first quarter was ¥7,052 million ($63,750 thousand). Depreciation and amortization, principally in the electronic device business segment, was ¥26,256 million ($237,353 thousand). Changes to assets and liabilities were as follows. Notes and accounts receivable, trade, decreased by ¥34,828 million ($314,844 thousand). Notes and accounts payable, trade, increased by ¥23,299 million ($210,622 thousand). And inventories increased by ¥15,635 million ($141,340 thousand). Income taxes paid were ¥9,755 million ($88,185 thousand). As a result, cash inflows from operating activities came to ¥24,289 million ($219,572 thousand).

Cash outflows from investing activities were ¥28,486 million ($257,512 thousand) due chiefly to a total of ¥28,439 million ($257,087 thousand) in capital expenditures and amounts that came due during this period for tangible and intangible fixed assets acquired at the end of last period.

Cash flows from financing activities were positive at ¥1,087 million ($9,826 thousand), primarily due to a net increase of ¥1,199 million ($10,839 thousand) in short- and long-term loans in accordance with new debt and repayments.

As a result, cash and cash equivalents for the first quarter was ¥231,917 million ($2,096,520 thousand).

Fiscal 2005 Forecast

In the first half, the electronic device business is expected to recover and outperform the initial plan primarily due to unexpectedly strong demand for semiconductors and small- and medium-sized LCDs used in cellular applications and due to increased capacity utilization along with the higher volume.

On the other hand, results in the information-related equipment business are expected to come in under the initial plan. This deterioration in performance is expected primarily due to near-term weakness in the inkjet printer business, where volumes have declined and where prices have been driven down by intensified competition mainly in Europe and Asia, as well as to increased spending geared toward fortifying production capabilities along with the rapid production launch of new products for the second half.

Taking this situation and all other factors into account, we expect total first-half income to come in below the initial plan and are thus revising our first-half and full-year business outlook.

We are standing by our previously announced second-half outlook mainly because, although we anticipate improvement in the information-related equipment business as new products are launched, we also see forward uncertainty in and after the Christmas shopping season in the electronic device business, where we are seeing immediate strength.

The figures in the forecast are based on assumed full-year exchange rates of 106 yen to the U.S. dollar and 134 yen to the euro.

Consolidated Half-Year Results Outlook

	Previous Outlook	**Current Outlook**	Change
Net sales	¥712.0 billion	**¥728.0 billion**	+¥16.0 billion (+2.2%)
Income before income taxes and minority interest	¥14.0 billion	**¥6.0 billion**	-¥8.0 billion (-57.1%)
Net income	¥9.0 billion	**(¥1.0 billion)**	-¥10.0 billion (-%)

Consolidated Full-Year Results Outlook

	Previous Outlook	**Current Outlook**	Change
Net sales	¥1,623.0 billion	**¥1,639.0 billion**	+¥16.0 billion (+1.0%)
Income before income taxes and minority interest	¥82.0 billion	**¥74.0 billion**	-¥8.0 billion (-9.8%)
Net income	¥54.0 billion	**¥44.0 billion**	-¥10.0 billion (-18.5%)

Cautionary Statement

This report includes forward-looking statements that are based on management's view from the information available at the time of the announcement. These statements involve risks and uncertainties. Actual results may be materially different from those discussed in the forward-looking statements. The factors that may affect Epson include, but are not limited to, general economic conditions, the ability of Epson to continue to timely introduce new products and services in markets, consumption trend, competition, technology trend, exchange rate fluctuations.

Consolidated Balance Sheets (Unaudited)

	Millions of yen			Thousands of U.S. dollars
	June 30		March 31,	**June 30,**
	2004	**2005**	2005	**2005**
ASSETS				
Current assets:				
Cash and cash equivalents	¥227,757	**¥231,917**	¥234,904	**$2,096,520**
Time deposits	493	**889**	272	**8,036**
Notes and accounts receivable, trade	192,413	**220,836**	256,177	**1,996,348**
Inventories	184,698	**192,950**	176,656	**1,744,259**
Other current assets	83,036	**93,769**	82,344	**847,668**
Allowance for doubtful accounts	(3,768)	**(3,627)**	(3,641)	**(32,788)**
Total current assets	684,629	**736,734**	746,712	**6,660,043**
Property, plant and equipment:				
Buildings and structures	376,985	**422,092**	419,780	**3,815,693**
Machinery and equipment	475,790	**520,284**	521,113	**4,703,345**
Furniture and fixtures	182,746	**190,397**	188,249	**1,721,181**
Land	52,150	**58,857**	58,836	**532,065**
Other	17,467	**13,288**	7,755	**120,123**
	1,105,138	**1,204,918**	1,195,733	**10,892,407**
Accumulated depreciation	(711,896)	**(767,705)**	(754,378)	**(6,940,020)**
	393,242	**437,213**	441,355	**3,952,387**
Investments and other assets:				
Investment securities	39,241	**49,536**	49,894	**447,803**
Intangible assets	21,918	**25,854**	26,530	**233,719**
Other assets	42,327	**33,352**	34,035	**301,501**
Allowance for doubtful accounts	(750)	**(713)**	(736)	**(6,446)**
	102,736	**108,029**	109,723	**976,577**
Total assets	¥1,180,607	**¥1,281,976**	¥1,297,790	**$11,589,007**

The accompanying notes are an integral part of these financial statements.

	Millions of yen			Thousands of U.S. dollars
	June 30		March 31,	**June 30,**
	2004	**2005**	2005	**2005**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term bank loans	¥47,335	**¥35,508**	¥30,236	**$320,991**
Current portion of long-term debt	10,793	**101,495**	104,642	**917,510**
Notes and accounts payable, trade	141,168	**166,457**	145,036	**1,504,764**
Accounts payable, other	79,692	**93,955**	119,039	**849,349**
Income taxes payable	13,795	**5,913**	12,499	**53,453**
Accrued bonuses	8,236	**8,828**	18,587	**79,805**
Accrued warranty costs	13,541	**14,611**	15,327	**132,083**
Other current liabilities	57,653	**64,073**	59,235	**579,217**
Total current liabilities	372,213	**490,840**	504,601	**4,437,172**
Long-term liabilities:				
Long-term debt	343,643	**259,206**	259,919	**2,343,211**
Accrued pension and severance costs	11,298	**16,061**	14,835	**145,191**
Accrued directors' and statutory auditors' retirement allowances	1,693	**1,916**	1,921	**17,320**
Accrued recycle costs	169	**373**	310	**3,372**
Other long-term liabilities	15,746	**18,800**	16,677	**169,951**
Total long-term liabilities	372,549	**296,356**	293,662	**2,679,045**
Minority interest in subsidiaries	1,923	**29,043**	26,657	**262,548**
Shareholders' equity:				
Common stock	53,204	**53,204**	53,204	**480,962**
Additional paid-in capital	79,501	**79,501**	79,501	**718,686**
Retained earnings	315,416	**341,339**	350,944	**3,085,690**
Net unrealized gains on other securities	3,361	**4,052**	3,743	**36,630**
Translation adjustments	(17,559)	**(12,356)**	(14,519)	**(111,699)**
Treasury stock, at cost	(1)	**(3)**	(3)	**(27)**
Total shareholders' equity	433,922	**465,737**	472,870	**4,210,242**
Commitments and contingent liabilities				
Total liabilities and shareholders' equity	¥1,180,607	**¥1,281,976**	¥1,297,790	**$11,589,007**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income (Unaudited)

	Millions of yen			Thousands of U.S. dollars
	Three months ended June 30		Year ended March 31,	Three months ended June 30,
	2004	**2005**	2005	**2005**
Net sales	¥332,927	**¥340,137**	¥1,479,750	**$3,074,824**
Cost of sales	230,852	**271,567**	1,070,011	**2,454,954**
Gross profit	102,075	**68,570**	409,739	**619,870**
Selling, general and administrative expenses:				
Salaries and wages	18,741	**19,336**	76,917	**174,797**
Advertising	5,946	**5,917**	32,522	**53,489**
Sales promotion	5,791	**6,052**	31,556	**54,710**
Research and development costs	8,482	**11,190**	42,903	**101,157**
Provision for doubtful accounts	44	**70**	112	**633**
Other	30,338	**31,047**	134,762	**280,663**
	69,342	**73,612**	318,772	**665,449**
Operating income (loss)	32,733	**(5,042)**	90,967	**(45,579)**
Other income:				
Interest and dividend income	800	**1,134**	2,457	**10,251**
Net gain on foreign exchange	-	**1,520**	-	**13,741**
Rental income	327	**359**	1,531	**3,245**
Other	1,320	**1,092**	4,041	**9,872**
	2,447	**4,105**	8,029	**37,109**
Other expenses:				
Interest expenses	1,472	**1,422**	5,816	**12,855**
Net loss on foreign exchange	1,257	**-**	3,905	**-**
Loss on disposal of fixed assets	185	**363**	3,312	**3,282**
Prior pension costs for foreign subsidiaries	2,285	**182**	2,285	**1,645**
Other	607	**842**	10,031	**7,612**
	5,806	**2,809**	25,349	**25,394**
Income (loss) before income taxes and minority interest	29,374	**(3,746)**	73,647	**(33,864)**
Income taxes	11,453	**3,609**	19,901	**32,625**
Income (loss) before minority interest	17,921	**(7,355)**	53,746	**(66,489)**
Minority interest in subsidiaries	313	**(303)**	(1,943)	**(2,739)**
Net income (loss)	¥17,608	**(¥7,052)**	¥55,689	**($63,750)**
	Yen			U.S. dollars
Per share:				
Net income (loss)	¥89.67	**(¥35.91)**	¥283.60	**($0.32)**
Cash dividends	¥9.00	**¥13.00**	¥22.00	**$0.12**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

		Millions of yen						
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Translation adjustments	Treasury stock, at cost	Total
Balance at March 31, 2004	196,364,592	¥53,204	¥79,501	¥299,575	¥3,087	(¥20,999)	(¥1)	¥414,367
Net income for the three months ended June 30, 2004	-	-	-	17,608	-	-	-	17,608
Cash dividends	-	-	-	(1,767)	-	-	-	(1,767)
Net unrealized gain on other securities	-	-	-	-	274	-	-	274
Translation adjustments	-	-	-	-	-	3,440	-	3,440
Changes in treasury stock	-	-	-	-	-	-	(0)	(0)
Balance at June 30, 2004	196,364,592	¥53,204	¥79,501	¥315,416	¥3,361	(¥17,559)	(¥1)	¥433,922
Balance at March 31, 2005	196,364,592	¥53,204	¥79,501	¥350,944	¥3,743	(¥14,519)	(¥3)	¥472,870
Net loss for the three months ended June 30, 2005	-	-	-	**(7,052)**	-	-	-	**(7,052)**
Cash dividends	-	-	-	**(2,553)**	-	-	-	**(2,553)**
Net unrealized gain on other securities	-	-	-	-	**309**	-	-	**309**
Translation adjustments	-	-	-	-	-	**2,163**	-	**2,163**
Changes in treasury stock	-	-	-	-	-	-	**(0)**	**(0)**
Balance at June 30, 2005	**196,364,592**	**¥53,204**	**¥79,501**	**¥341,339**	**¥4,052**	**(¥12,356)**	**(¥3)**	**¥465,737**

		Millions of yen						
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Translation adjustments	Treasury stock, at cost	Total
Balance at March 31, 2004	196,364,592	¥53,204	¥79,501	¥299,575	¥3,087	(¥20,999)	(¥1)	¥414,367
Net income	-	-	-	55,689	-	-	-	55,689
Cash dividends	-	-	-	(4,320)	-	-	-	(4,320)
Net unrealized gain on other securities	-	-	-	-	656	-	-	656
Translation adjustments	-	-	-	-	-	6,480	-	6,480
Changes in treasury stock	-	-	-	-	-	-	(2)	(2)
Balance at March 31, 2005	196,364,592	¥53,204	¥79,501	¥350,944	¥3,743	(¥14,519)	(¥3)	¥472,870

	Thousands of U.S. dollars						
	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Translation adjustments	Treasury stock, at cost	Total
Balance at March 31, 2005	$480,962	$718,686	$3,172,519	$33,836	($131,252)	($27)	$4,274,724
Net loss for the three months ended June 30, 2005	-	-	**(63,750)**	-	-	-	**(63,750)**
Cash dividends	-	-	**(23,079)**	-	-	-	**(23,079)**
Net unrealized gain on other securities	-	-	-	**2,794**	-	-	**2,794**
Translation adjustments	-	-	-	-	**19,553**	-	**19,553**
Changes in treasury stock	-	-	-	-	-	**(0)**	**(0)**
Balance at June 30, 2005	**$480,962**	**$718,686**	**$3,085,690**	**$36,630**	**($111,699)**	**($27)**	**$4,210,242**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows (Unaudited)

	Millions of yen			Thousands of U.S. dollars
	Three months ended June 30		Year ended March 31,	Three months ended June 30,
	2004	**2005**	2005	**2005**
Cash flows from operating activities:				
Net income (loss)	¥17,608	**(¥7,052)**	¥55,689	**($63,750)**
Adjustments to reconcile net income (loss) to net cash provided by operating activities -				
Depreciation and amortization	22,819	**26,256**	105,006	**237,353**
Accrual for net pension and severance costs, less payments	3,794	**1,696**	9,188	**15,332**
Net loss on sales and disposal of fixed assets	326	**307**	3,566	**2,775**
Equity in net gains under the equity method	(28)	**(6)**	(232)	**(54)**
Deferred income taxes	(99)	**3,865**	(1,493)	**34,940**
Decrease in allowance for doubtful accounts	(6)	**(54)**	(214)	**(488)**
(Increase) decrease in notes and accounts receivable, trade	17,811	**34,828**	(43,371)	**314,844**
Increase in inventories	(27,850)	**(15,635)**	(6,063)	**(141,340)**
Increase in notes and accounts payable, trade	9,456	**23,299**	11,221	**210,622**
Increase (decrease) in accrued income taxes	6,925	**(10,010)**	5,748	**(90,490)**
Other	(11,724)	**(33,205)**	23,444	**(300,172)**
Net cash provided by operating activities	39,032	**24,289**	162,489	**219,572**
Cash flows from investing activities:				
Payments for purchases of property, plant and equipment	(20,402)	**(25,452)**	(92,441)	**(230,085)**
Proceeds from sales of property, plant and equipment	546	**796**	1,978	**7,196**
Payments for purchases of intangible assets	(1,623)	**(2,987)**	(7,439)	**(27,002)**
Payments of long-term prepaid expenses	(591)	**(152)**	(1,009)	**(1,374)**
Other	2,068	**(691)**	(485)	**(6,247)**
Net cash used in investing activities	(20,002)	**(28,486)**	(99,396)	**(257,512)**
Cash flows from financing activities:				
Increase (decrease) in short-term borrowings	(15,574)	**5,081**	(40,577)	**45,932**
Repayments of long-term debt	(39,830)	**(3,882)**	(52,745)	**(35,093)**
Proceeds from issuance of subsidiary stock	-	**2,664**	-	**24,082**
Cash dividends	(1,767)	**(2,553)**	(4,320)	**(23,079)**
Other	(240)	**(223)**	1,269	**(2,016)**
Net cash provided by (used in) financing activities	(57,411)	**1,087**	(96,373)	**9,826**
Effect of exchange rate fluctuations on cash and cash equivalents	955	**(46)**	3,001	**(416)**
Net decrease in cash and cash equivalents	(37,426)	**(3,156)**	(30,279)	**(28,530)**
Cash and cash equivalents at the beginning of the period	265,183	**234,904**	265,183	**2,123,522**
Cash and cash equivalents increased by merger of unconsolidated subsidiaries	-	**169**	-	**1,528**
Cash and cash equivalents at the end of the period	¥227,757	**¥231,917**	¥234,904	**$2,096,520**
Supplemental disclosures of cash flow information:				
Cash received and paid during the period for -				
Interest and dividend received	¥854	**¥1,166**	¥2,594	**$10,541**
Interest paid	(¥1,363)	**(¥1,209)**	(¥5,854)	**($10,929)**
Income taxes paid	(¥4,627)	**(¥9,755)**	(¥15,646)	**($88,185)**

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements (Unaudited)

1. Basis of presenting consolidated financial statements:

(1) Background -

Seiko Epson Corporation (the "Company") was originally established as a manufacturer of watches but later expanded its business to provide key devices and solutions for the digital color imaging markets through the application of its proprietary technologies. The Company operates its manufacturing and sales business mainly in Japan, the Americas, Europe and Asia/Oceania.

(2) Basis of presenting consolidated financial statements -

The Company and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan while its foreign subsidiaries maintain their records and prepare their financial statements in conformity with accounting principles generally accepted in their respective country of domicile.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries and affiliates (collectively "Epson") as of June 30, 2005, and for the three months ended June 30, 2005 are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

The accompanying consolidated financial statements incorporate certain reclassifications and rearrangements in order to present them in a form that is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information that is not required under generally accepted accounting principles in Japan, but which is provided herein as additional information. However, none of the reclassifications nor rearrangements have a material effect on the financial statements.

2. Summary of significant accounting policies:

(1) Consolidation and investments in affiliates -

The accompanying consolidated financial statements include the accounts of the Company and those of its subsidiaries that are controlled by Epson. Under the effective control approach, all majority-owned companies are to be consolidated. Additionally, companies in which share ownership equals 50% or less may be required to be consolidated in cases where such companies are effectively controlled by other companies through the interests held by a party who has a close relationship with the parent in accordance with Japanese accounting standards. All significant inter-company transactions and accounts and unrealized inter-company profits are eliminated upon consolidation.

Investments in affiliates in which Epson has significant influence are accounted for using the equity method. Consolidated income includes Epson's current equity in net income or loss of affiliates after elimination of unrealized inter-company profits.

(2) Foreign currency translation and transactions -

Foreign currency transactions are translated using foreign exchange rates prevailing at the respective transaction dates. Receivables and payables in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates and the resulting transaction gains or losses are taken into income currently.

All the assets and liabilities of foreign subsidiaries and affiliates are translated at the foreign exchange rates prevailing at the respective balance sheet dates, and all the income and expense accounts are translated at the average foreign exchange rates for the respective periods. Foreign currency financial statement translation differences are recorded in the consolidated balance sheets as a separate component of shareholders' equity and minority interest in subsidiaries.

(3) Cash and cash equivalents -

Cash and cash equivalents included in the consolidated financial statements are composed of cash on hand, bank deposits that may be withdrawn on demand and highly liquid investments purchased with initial maturities of three months or less and which present low risk of fluctuation in value.

(4) Financial instruments -

(a) Investments in debt and equity securities:

Investments in debt and equity securities are classified into three categories: 1) trading securities, 2) held-to-maturity debt securities, and 3) other securities. These categories are treated differently for purposes of measuring and accounting for changes in fair value.

Trading securities held for the purpose of generating profits from changes in market value are recognized at their fair value in the consolidated balance sheets. Unrealized gains and losses are included in current income. Held-to-maturity debt securities are expected to be held to maturity and are recognized at historical or amortized cost in the consolidated balance sheets. Other securities for which market quotations are available are recognized at fair value in the consolidated balance sheets. Unrealized gains and losses for these other securities are reported as a separate component of shareholders' equity, net of tax. Other securities for which market quotations are unavailable are stated at cost, primarily based on the moving average cost method.

Other than temporary declines in the value of other securities are reflected in current income.

(b) Derivative financial instruments:

Derivative instruments (i.e., forward exchange contracts, interest rate swaps and currency options) are recognized as either assets or liabilities at their respective fair values at the date of contract, and gains and losses arising from changes in fair value are recognized in earnings in the corresponding fiscal period. If certain hedging criteria are met, such gains and losses are deferred and accounted for as assets or liabilities.

For interest rate swaps, if certain hedging criteria are met, interest rate swaps are not recognized at their fair values as an alternative method under Japanese accounting standards. The amounts received or paid for such interest rate swap arrangements are charged or credited to income as incurred.

(c) Allowance for doubtful accounts:

Allowance for doubtful accounts is calculated based on the aggregate amount of estimated credit losses for doubtful receivables plus an amount for receivables other than doubtful receivables calculated using historical write-off experience from certain prior periods.

(5) Inventories -

Inventories are stated at the lower of cost or market value, where cost is primarily determined using the weighted average cost method.

(6) Property, plant and equipment -

Property, plant and equipment, including significant renewals and improvements, are carried at cost less accumulated depreciation. Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred. Depreciation of property, plant and equipment is mainly computed based on the declining-balance method for the Company and its Japanese subsidiaries and on the straight-line method for foreign subsidiaries at rates based on the estimated useful lives. For buildings acquired by the Company and its Japanese subsidiaries on or after April 1, 1998, depreciation is computed based on the straight-line method, which is prescribed by Japanese income tax laws.

The estimated useful lives of depreciable assets principally range from eight to fifty years for buildings and structures and principally range from two to eleven years for machinery and equipment.

(7) Intangible assets -

Amortization of intangible assets is computed using the straight-line method. Amortization of software for internal use is computed using the straight-line method over its estimated useful life, ranging from three to five years.

(8) Accrued bonuses -

Accrued bonuses to employees are provided for the estimated amounts which Epson is obligated to pay to employees after the fiscal period-end, based on services provided during the current period.

(9) Accrued warranty costs -

Epson provides an accrual for estimated future warranty costs based on the historical relationship of warranty costs to net sales. Specific warranty provisions are made for those products where warranty expenses can be specifically estimated.

(10) Income taxes -

The provision for income taxes is computed based on income before income taxes and minority interest in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

The Company adopts the consolidated tax return system for the calculation of income taxes. Under the consolidated tax return system, the Company consolidates all wholly owned domestic subsidiaries based on the Japanese tax regulations.

(11) Pension and severance costs -

The Company and some of its Japanese subsidiaries recognize accrued pension and severance costs to employees based on the actuarial valuation of projected benefit obligation and plan assets at fair value. Other Japanese subsidiaries above recognize accrued pension and severance costs to employees based on the voluntary retirement benefit payable at the period end.

Pension benefits are determined based on years of service, basic rates of pay and conditions under which the termination occurs, and are payable at the option of the retiring employee either in a lump-sum amount or as an annuity. Contributions to the plans are funded through several financial institutions in accordance with the applicable laws and regulations.

Unrecognized prior service costs are amortized based on the straight-line method over a period of five years beginning at the date of adoption of the plan amendment. Actuarial gains and losses are amortized based on the straight-line method over a period of five years starting from the beginning of the subsequent year.

Most of the Company's foreign subsidiaries have various retirement plans, which are primarily defined contribution plans, covering substantially all of their employees. Epson's funding policy for these defined contribution plans is to contribute annually an amount equal to a certain percentage of the participants' annual salaries.

With respect to the Company's directors and statutory auditors, who are not covered by the benefit plans for employees described above, provision is made for retirement benefits based on internal rules regarding directors' and statutory auditors' retirement benefits. In accordance with the Commercial Code of Japan, payments of retirement benefits for directors and statutory auditors are subject to approval by a resolution at the Company's shareholders' meeting.

(12) Accrued recycle costs -

At the time of sale, accrued recycle costs are provided for estimated future returns of consumer personal computers.

(13) Revenue recognition -

Revenue from sale of goods is recognized at the time when goods are shipped. Revenue from services is recognized when services are rendered and accepted by customers.

(14) Research and development costs -

Research and development costs are expensed as incurred.

(15) Leases -

Epson leases certain office space, machinery and equipment and computer equipment from third parties.

Under Japanese accounting standards, capital leases, other than those under which ownership of the assets will be transferred to the lessee at the end of the lease term, are allowed to be accounted for as operating leases with footnote disclosure of the estimated acquisition cost, estimated accumulated depreciation and future estimated lease payments.

Epson has recorded substantially all leases as operating leases in the manner described in the preceding paragraph.

(16) Net income per share -

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each applicable period.

(17) Appropriations of retained earnings -

Appropriations of retained earnings reflected in the accompanying consolidated financial statements have been recorded after approval by the shareholders as required under the Commercial Code of Japan. In addition to year-end dividends, the board of directors may declare interim cash dividends by resolution to the shareholders of record as of September 30 of each year.

(18) Reclassifications -

Certain prior period amounts have been reclassified to conform to the presentations for the three months ended June 30, 2005.

3. U.S. dollar amounts:

U.S. dollar amounts presented in the accompanying consolidated financial statements and in these notes are included solely for the convenience of readers and are not audited. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate. As the amounts shown in U.S. dollars are for convenience only, a rate of ¥110.62 = U.S.$1, the rate of exchange prevailing at June 30, 2005, has been used.

4. Investments in debt and equity securities:

The aggregate cost and market value (carrying value) of other securities with market values, which were included in investment securities account at June 30, 2005 was as follows:

	Millions of yen			
		Gross unrealized		
	Cost	Gains	Losses	Market value (carrying value)
Equity securities	¥10,630	¥5,343	(¥73)	¥15,900
Debt securities	53	2	(-)	55
Other	168	-	(-)	168
Total	¥10,851	¥5,345	(¥73)	¥16,123

	Thousands of U.S. dollars			
		Gross unrealized		
	Cost	Gains	Losses	Market value (carrying value)
Equity securities	$96,095	$48,300	($660)	$143,735
Debt securities	479	18	(-)	497
Other	1,519	-	(-)	1,519
Total	$98,093	$48,318	($660)	$145,751

The carrying amount of unlisted equity securities, unlisted debt securities and unlisted other securities, which were included in investment securities account at June 30, 2005 was as follows.

Unlisted securities	Millions of yen	Thousands of U.S. dollars
Equity securities	¥19,406	$175,429
Debt securities	2,700	24,408
Other securities	198	1,790
Total	¥22,304	$201,627

For the three months ended June 30, 2005, other-than-temporary impairments of securities with an aggregate market value of ¥41 million ($371 thousand) were charged to current income. Impairments are principally recorded in cases where the fair value of other securities with determinable market values has declined in excess of 30% of cost. Those securities are written down to the fair value and the resulting losses are included in current income for the period.

5. Derivative financial instruments:

Epson enters into forward exchange contracts, currency options and interest rate swaps. Forward exchange contracts and currency options are utilized to hedge currency risk exposures. Interest rate swaps are utilized to hedge against possible future changes in interest rates on borrowings. Epson uses derivative instruments only for hedging purposes and not for purposes of trading or speculation.

The table below lists contract amounts and fair values of derivatives as at June 30, 2005 by transactions and type of instrument, excluding derivatives eligible for hedge accounting.

Instruments	Millions of yen Contract amounts	Fair values	Unrealized gains (losses)
Forward exchange contracts:			
Sold -			
U.S. dollar (purchased Japanese yen)	¥6,472	¥6,677	(¥205)
Euro (purchased Japanese yen)	22,763	21,988	775
Sterling pound (purchased Japanese yen)	1,074	1,074	(0)
Australian dollar (purchased Japanese yen)	465	478	(13)
Thai baht (purchased U.S. dollar)	249	245	4
Japanese yen (purchased Euro)	705	700	5
U.S. dollar (purchased Euro)	751	753	(2)
Polish zloty (purchased Euro)	131	132	(1)
Purchased -			
U.S. dollar (sold Japanese yen)	329	349	20
Euro (sold Japanese yen)	56	57	1
U.S. dollar (sold Korean won)	1,082	1,105	23
U.S. dollar (sold Taiwan dollar)	220	221	1
Total unrealized gains from forward exchange contracts			¥608

There were no interest rate swap transactions outstanding at June 30, 2005 other than derivatives eligible for hedge accounting.

Instruments	Thousands of U.S. dollars Contract amounts	Fair values	Unrealized gains (losses)
Forward exchange contracts:			
Sold -			
U.S. dollar (purchased Japanese yen)	$58,507	$60,360	($1,853)
Euro (purchased Japanese yen)	205,777	198,771	7,006
Sterling pound (purchased Japanese yen)	9,709	9,709	(0)
Australian dollar (purchased Japanese yen)	4,203	4,321	(118)
Thai baht (purchased U.S. dollar)	2,251	2,215	36
Japanese yen (purchased Euro)	6,373	6,328	45
U.S. dollar (purchased Euro)	6,789	6,807	(18)
Polish zloty (purchased Euro)	1,184	1,193	(9)
Purchased -			
U.S. dollar (sold Japanese yen)	2,974	3,155	181
Euro (sold Japanese yen)	506	515	9
U.S. dollar (sold Korean won)	9,781	9,989	208
U.S. dollar (sold Taiwan dollar)	1,989	1,998	9
Total unrealized gains from forward exchange contracts			$5,496

There were no interest rate swap transactions outstanding at June 30, 2005 other than derivatives eligible for hedge accounting.

These forward exchange contracts were entered into for hedging purposes. Unrealized gains and losses from these contracts are recognized in earnings. Forward exchange contracts assigned individually to monetary items denominated in foreign currencies are excluded from the above table.

6. Credit agreements:

In the three months ended June 30, 2005, the Company entered into line of credit agreements with thirteen banks for an aggregate maximum amount of ¥80,000 million ($723,197 thousand). As at June 30, 2005, there were unused credit lines of ¥80,000 million ($723,197 thousand) outstanding and available.

7. Net loss per share:

Calculation of net loss per share for the three months ended June 30, 2005 was as follows:

	Millions of yen	Thousands of U.S. dollars
Net loss attributable to common shares	(¥7,052)	($63,750)
Weighted average number of common shares outstanding	196,363,829	
	Yen	U.S. dollars
Net loss per share	(¥35.91)	($0.32)

Epson had no dilutive potential common shares, such as convertible debt or warrants, outstanding for the three months ended June 30, 2005.

8. Cash flow information:

Cash and cash equivalents at June 30, 2005 was composed of the following:

	Millions of yen	Thousands of U.S. dollars
Cash and deposits	¥233,524	$2,111,047
Less:		
Short-term bank loans (overdrafts)	(718)	(6,491)
Time deposits due over three months	(889)	(8,036)
Cash and cash equivalents	¥231,917	$2,096,520

9. Leases:

As described in Note 2 (15), Epson, as a lessee, charges periodic capital lease payments to expense when paid. Such payments for the three months ended June 30, 2005 amounted to ¥4,511 million ($40,779 thousand). Reversal of accrued impairment loss for the three months ended June 30, 2005 amounted to ¥151 million ($1,365 thousand). The amount of such reversal was offset against the periodic capital lease payments.

If capital leases that do not transfer the ownership of the assets to the lessee at the end of the lease term were capitalized, the capital lease assets at June 30, 2005 would have been as follows:

	Millions of yen	Thousands of U.S. dollars
Acquisition cost:		
Machinery and equipment	¥79,602	$719,599
Furniture and fixtures	4,094	37,009
Intangible assets	807	7,295
	84,503	763,903
Less:		
Accumulated depreciation	(41,272)	(373,097)
Accumulated impairment loss	(1,032)	(9,329)
	(42,304)	(382,426)
Net book value	¥42,199	$381,477

Depreciation expenses for these leased assets for the three months ended June 30, 2005 would have been ¥4,086 million ($36,937 thousand), if they were computed in accordance with the straight-line method over the periods of these capital leases, assuming no residual value.

Interest expense for these capital leases for the three months ended June 30, 2005 would have been ¥423 million ($3,824 thousand).

Future lease payments for capital leases at June 30, 2005 was as follows:

Future lease payments	Millions of yen	Thousands of U.S. dollars
Due within one year	¥16,150	$145,995
Due after one year	28,671	259,185
Total	¥44,821	$405,180

Amounts appearing in the table above include accrued impairment loss amounted to ¥882 million ($7,973 thousand) as of June 30, 2005.

Future lease payments for non-cancelable operating leases as a lessee at June 30, 2005 was as follows:

Future lease payments	Millions of yen	Thousands of U.S. dollars
Due within one year	¥3,387	$30,618
Due after one year	8,368	75,647
Total	¥11,755	$106,265

In addition, future lease receipts for non-cancelable operating leases as a lessor at June 30, 2005 was as follows:

Future lease receipts	Millions of yen	Thousands of U.S. dollars
Due within one year	¥307	$2,775
Due after one year	1,692	15,296
Total	¥1,999	$18,071

10. Commitments and contingent liabilities:

Contingent liabilities for guarantee of employees' housing loans from banks at June 30, 2005 was ¥2,751 million ($24,869 thousand).

11. Segment information:

(1) Business segment information -

Epson is primarily engaged in the development, manufacture and sale of computer printers, liquid crystal displays ("LCDs"), semiconductor products and other products.

Epson operates manufacturing facilities in Japan, Asia, the Americas and Europe, and markets its products internationally through a global network of local sales subsidiaries.

Epson is engaged principally in the following three business segments categorized based on the nature of products, markets and marketing methods.

Information-related equipment segment, including color inkjet printers, laser printers, dot matrix printers, large format inkjet printers, and related supplies, color image scanners, LCD projectors, HDTV LCD projection television, LCD monitors, label writers, mini-printers, printers for use in POS systems and personal computers.

Electronic devices segment, including small and medium-sized LCD modules, TFT LCD modules for LCD projectors, CMOS LSI, crystal units and crystal oscillators.

Precision products segment, including watches, watch movements, plastic corrective lenses, optical devices, precision industrial robots and IC handlers.

Operations not categorized in any of the above segments, such as services offered within Epson and new businesses still in the start-up phase, are categorized within "Other".

The table below summarizes the business segment information of Epson for the three months ended June 30, 2004 and 2005 and for the year ended March 31, 2005:

	Millions of yen			Thousands of U.S. dollars
	Three months ended June 30		Year ended March 31,	Three months ended June 30,
	2004	**2005**	2005	**2005**
Information-related equipment:				
Net sales:				
Customers	¥211,819	**¥211,442**	¥942,401	**$1,911,427**
Inter-segment	636	**570**	3,628	**5,152**
Total	212,455	**212,012**	946,029	**1,916,579**
Operating expenses	197,505	**207,754**	884,474	**1,878,087**
Operating income	¥14,950	**¥4,258**	¥61,555	**$38,492**
Electronic devices:				
Net sales:				
Customers	¥99,922	**¥108,248**	¥454,616	**$978,557**
Inter-segment	7,176	**8,892**	27,995	**80,384**
Total	107,098	**117,140**	482,611	**1,058,941**
Operating expenses	87,943	**122,836**	444,058	**1,110,432**
Operating income (loss)	¥19,155	**(¥5,696)**	¥38,553	**($51,491)**
Precision products:				
Net sales:				
Customers	¥19,856	**¥19,264**	¥76,827	**$174,146**
Inter-segment	1,066	**1,139**	4,316	**10,296**
Total	20,922	**20,403**	81,143	**184,442**
Operating expenses	19,797	**20,555**	78,707	**185,816**
Operating income (loss)	¥1,125	**(¥152)**	¥2,436	**($1,374)**
Other:				
Net sales:				
Customers	¥1,330	**¥1,183**	¥5,906	**$10,694**
Inter-segment	8,333	**6,747**	28,604	**60,993**
Total	9,663	**7,930**	34,510	**71,687**
Operating expenses	12,162	**11,411**	47,514	**103,155**
Operating loss	(¥2,499)	**(¥3,481)**	(¥13,004)	**($31,468)**
Eliminations and corporate:				
Net sales	(¥17,211)	**(¥17,348)**	(¥64,543)	**($156,825)**
Operating expenses	(17,213)	**(17,377)**	(65,970)	**(157,087)**
Operating income	¥2	**¥29**	¥1,427	**$262**
Consolidated:				
Net sales	¥332,927	**¥340,137**	¥1,479,750	**$3,074,824**
Operating expenses	300,194	**345,179**	1,388,783	**3,120,403**
Operating income (loss)	¥32,733	**(¥5,042)**	¥90,967	**($45,579)**

(2) Geographic segment information -

Net sales are attributed to geographic segments based on the country location of the Company or the subsidiary that transacted the sale with the external customer. Principal countries and jurisdictions in each geographic segment are as follows:

“The Americas” mainly includes the United States, Canada, Brazil, Chile, Argentina, Costa Rica, Colombia, Venezuela, Mexico and Peru.

“Europe” mainly includes the United Kingdom, the Netherlands, Germany, France, Italy, Spain, Portugal and Russia.

“Asia/Oceania” mainly includes China (including Hong Kong), Singapore, Malaysia, Taiwan, Thailand, the Philippines, Australia, New Zealand, Indonesia, Korea and India.

The table below summarizes the geographic segment information of Epson for the three months ended June 30, 2004 and 2005 and for the year ended March 31, 2005:

	Millions of yen			Thousands of U.S. dollars
	Three months ended June 30		Year ended March 31,	Three months ended June 30,
	2004	**2005**	2005	**2005**
Japan:				
Net sales:				
Customers	¥146,290	**¥167,710**	¥694,344	**$1,516,091**
Inter-segment	148,130	**129,064**	540,694	**1,166,733**
Total	294,420	**296,774**	1,235,038	**2,682,824**
Operating expenses	274,116	**306,652**	1,192,107	**2,772,121**
Operating income (loss)	¥20,304	**(¥9,878)**	¥42,931	**($89,297)**
The Americas:				
Net sales:				
Customers	¥56,290	**¥54,223**	¥242,898	**$490,174**
Inter-segment	11,486	**12,198**	41,618	**110,269**
Total	67,776	**66,421**	284,516	**600,443**
Operating expenses	62,818	**62,434**	271,363	**564,401**
Operating income	¥4,958	**¥3,987**	¥13,153	**$36,042**
Europe:				
Net sales:				
Customers	¥75,926	**¥65,697**	¥325,998	**$593,898**
Inter-segment	446	**547**	2,525	**4,945**
Total	76,372	**66,244**	328,523	**598,843**
Operating expenses	72,836	**65,583**	317,000	**592,867**
Operating income	¥3,536	**¥661**	¥11,523	**$5,976**
Asia/Oceania:				
Net sales:				
Customers	¥54,421	**¥52,507**	¥216,510	**$474,661**
Inter-segment	126,630	**125,596**	481,541	**1,135,382**
Total	181,051	**178,103**	698,051	**1,610,043**
Operating expenses	172,434	**169,189**	677,897	**1,529,461**
Operating income	¥8,617	**¥8,914**	¥20,154	**$80,582**
Eliminations and corporate:				
Net sales	(¥286,692)	**(¥267,405)**	(¥1,066,378)	**($2,417,329)**
Operating expenses	(282,010)	**(258,679)**	(1,069,584)	**(2,338,447)**
Operating income (loss)	(¥4,682)	**(¥8,726)**	¥3,206	**($78,882)**
Consolidated:				
Net sales	¥332,927	**¥340,137**	¥1,479,750	**$3,074,824**
Operating expenses	300,194	**345,179**	1,388,783	**3,120,403**
Operating income (loss)	¥32,733	**(¥5,042)**	¥90,967	**($45,579)**

(3) Sales to overseas customers -

The table below shows sales to overseas customers by geographic region, and as a percentage of consolidated net sales, for the three months ended June 30, 2004 and 2005 and for the year ended March 31, 2005:

	Millions of yen			Thousands of U.S. dollars
	Three months ended June 30		Year ended March 31,	Three months ended June 30,
	2004	**2005**	2005	**2005**
Overseas sales:				
The Americas	¥57,903	**¥61,730**	¥266,649	**$558,036**
Europe	86,235	**79,800**	386,091	**721,389**
Asia/Oceania	72,674	**86,884**	292,276	**785,428**
Total	216,812	**228,414**	945,016	**2,064,853**
Consolidated net sales	¥332,927	**¥340,137**	¥1,479,750	**$3,074,824**
Percentage:				
The Americas	17.4%	**18.2%**	18.0%	
Europe	25.9	**23.5**	26.1	
Asia/Oceania	21.8	**25.5**	19.8	
Total	65.1%	**67.2%**	63.9%	

Supplementary Information

Consolidated First Quarter ended June 30, 2005

Cautionary Statement

This report includes forward-looking statements that are based on management's view from the information available at the time of the announcement. These statements involve risks and uncertainties. Actual results may be materially different from those discussed in the forward-looking statements. The factors that may affect Epson include, but are not limited to, general economic conditions, the ability of Epson to continue to timely introduce new products and services in markets, consumption trend, competition, technology trend, exchange rate fluctuations.

1. Sales by division

(Unit: billion yen)

	Three months ended June 30, 2004	Three months ended June 30, 2005	Increase %	Forecast for the year ended March 31, 2006	Increase compared to year ended March 31, 2005 %
Information-related equipment	212.4	212.0	(0.2%)	1,017.0	7.5%
Imaging & information	186 1	183.6	(1.3%)	876.0	6.8%
Visual instruments	18.4	20.9	13.9%	104.0	14.7%
Other	10.9	8.9	(19.0%)	48.0	(1.2%)
Intra-segment sales	(3.0)	(1.4)	- %	(11.0)	- %
Electronic devices	107 1	117 1	9.4%	569.0	17.9%
Display	65.2	84.6	29.7%	399.0	25.9%
Semiconductor	36.9	24.3	(34 1%)	119.0	(14.7%)
Quartz device	12.8	11.9	(7.2%)	71.0	42.5%
Other	0.7	1.0	48.6%	3.0	42.9%
Intra-segment sales	(8.5)	(4.7)	- %	(23.0)	- %
Precision products	20.9	20.4	(2.5%)	89.0	9.7%
Other	9.7	7.9	(17 9%)	30.0	(13.1%)
Inter-segment sales	(17.2)	(17.3)	- %	(66.0)	- %
Consolidated sales	332 9	340 1	2 2%	1,639.0	10.8%

2. Business segment information

(Unit: billion yen)

	Three months ended June 30, 2004	Three months ended June 30, 2005	Increase %	Forecast for the year ended March 31, 2006	Increase compared to year ended March 31, 2005 %
Information-related equipment					
Net sales:					
Customers	211.8	211.4	(0.2%)	1,016.0	7.8%
Inter-segment	0.6	0.6	(10.3%)	1.0	(72.4%)
Total	212.4	212.0	(0.2%)	1,017.0	7.5%
Operating expenses	197 5	207.7	5.2%	943.0	6.6%
Operating income	14.9	4 3	(71.5%)	74.0	20.2%
Electronic devices					
Net sales:					
Customers	99.9	108.2	8.3%	533.0	17.2%
Inter-segment	7.2	8.9	23.9%	36.0	28.6%
Total	107 1	117 1	9.4%	569.0	17.9%
Operating expenses	87.9	122.8	39.7%	550.0	23.9%
Operating income (loss)	19.2	(5.7)	-%	19.0	(50.7%)
Precision products					
Net sales:					
Customers	19.8	19.3	(3.0%)	84.0	9.3%
Inter-segment	1.1	1.1	6.8%	5.0	15.8%
Total	20.9	20.4	(2.5%)	89.0	9.7%
Operating expenses	19.8	20.5	3.8%	84.0	6.7%
Operating income (loss)	1 1	(0.1)	-%	5.0	105.2%
Other					
Net sales:					
Customers	1.4	1.2	(11.0%)	6.0	1.6%
Inter-segment	8 3	6.7	(19.0%)	24.0	(16.1%)
Total	9.7	7 9	(17.9%)	30.0	(13.1%)
Operating expenses	12.2	11.4	(6.2%)	46.0	(3.2%)
Operating loss	(2.5)	(3.5)	-%	(16.0)	-%
Elimination and corporate					
Net sales	(17.2)	(17.3)	-%	(66.0)	-%
Operating expenses	(17 2)	(17 3)	-%	(66.0)	-%
Operating income	0.0	0.0	-%	-	-%
Consolidated					
Net sales	332.9	340.1	2.2%	1,639.0	10.8%
Operating expenses	300.2	345.1	15.0%	1,557.0	12.1%
Operating income (loss)	32.7	(5.0)	-%	82.0	(9.9%)

3. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

	Three months ended June 30, 2004	Three months ended June 30, 2005	Increase %	Forecast for the year ended March 31, 2006	Increase compared to year ended March 31, 2005 %
Capital expenditure	20.4	19.3	(5.3%)	148 5	(1.9%)
Information-related equipment	6.2	5.9	(3.7%)	35.4	21.4%
Electronic devices	11.6	6.1	(47.6%)	68.5	(31.0%)
Precision products	0.6	1.2	81.8%	5 9	15.7%
Other	2.0	6.1	209.6%	38.7	118.5%
Depreciation and amortization	22.7	26.3	15.9%	123 9	18.8%

4. Research and development

(Unit: billion yen)

	Three months ended June 30, 2004	Three months ended June 30, 2005	Increase %	Forecast for the year ended March 31, 2006	Increase compared to year ended March 31, 2005 %
Research and Development	20.9	21.0	0.6%	92.6	4.0%
R&D / sales ratio	6.3%	6.2%		5.6%	

5. Management indices

(Unit: %)

	Three months ended June 30, 2004	Three months ended June 30, 2005	Increase Point	Forecast for the year ended March 31, 2006	Increase compared to year ended March 31, 2005 Point
Return on equity (ROE)	4 2%	(1.5%)	(5.7)	8 9%	(3.7)
Return on assets (ROA)	2.5%	(0.3%)	(2.8)	5.4%	(0.5)
Return on sales (ROS)	8.8%	(1.1%)	(9.9)	4 5%	(0.5)

Note 1. ROE=Net income / Beginning and ending balance average shareholders' equity
2. ROA=Income before income taxes and minority interest / Beginning and ending balance average total assets
3. ROS=Income before income taxes and minority interest / Net sales

6. Foreign exchange fluctuation effect on net sales

(Unit: billion yen)

		Three months ended June 30, 2004	Three months ended June 30, 2005	Increase
Foreign exchange effect		(9.3)	0.9	10.2
	U.S. dollars	(4.8)	(1.1)	3.7
	Euro	(1.4)	1.6	3.0
	Other	(3.1)	0.4	3.5
Exchange rate				
	Yen / U.S. dollars	109.77	107.69	
	Yen / Euro	132.28	135.57	

Note: Foreign exchange effect=(Foreign currency sales for the period) x (Average rate for the period – Average rate for the same prior period)

7. Inventory

(Unit: billion yen)

		June 30, 2004	March 31, 2005	June 30, 2005	Increase compared to March 31, 2005
Inventory		184.7	176.7	193.0	16.3
	Information-related equipment	120 3	107.4	116.0	8.6
	Electronic devices	49.5	54.4	61.3	6.9
	Precision products	13.4	13.4	13.8	0.4
	Other / Corporate	1 5	1.5	1.9	0.4
					(Unit: days)
Turnover by days		50	44	52	8
	Information-related equipment	52	41	50	9
	Electronic devices	42	41	48	7
	Precision products	58	60	62	2
	Other / Corporate	15	16	24	8

Note: Turnover by days=Ending balance of inventory / Prior 3 months sales per day

8. Employees

(Unit: person)

		June 30, 2004	March 31, 2005	June 30, 2005	Increase compared to March 31, 2005
Number of employees at period end		85,643	85,647	93,529	7,882
	Domestic	21,207	22,842	23,291	449
	Overseas	64,436	62,805	70,238	7,433