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July 30, 2008

CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2008

Consolidated Financial Highlights

Income statements and cash flows data

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

	Three months ended June 30		Change	Three months ended June 30, 2008
	2007	2008		
Statements of Income Data:				
Net sales	¥318,591	**¥304,277**	-4.5%	**$2,859,208**
Operating income	11,665	**22,374**	91.8%	**210,242**
Ordinary income	12,981	**21,977**	69.3%	**206,511**
Net income	1,287	**10,300**	700.0%	**96,786**
Statements of Cash Flows Data:				
Cash flows from operating activities	1,261	**6,592**	422.6%	**61,943**
Cash flows from investing activities	(11,763)	**(17,800)**	51.3%	**(167,261)**
Cash flows from financing activities	1,948	**(14,135)**	-825.4%	**(132,822)**
Cash and cash equivalents at the end of the period	330,915	**298,008**	-9.9%	**2,800,300**
Per Share Data:				
Net income per share -Basic	¥6.56	**¥52.46**	699.7%	**$0.49**
-Diluted	¥-	**¥-**	- %	**$-**

Balance sheets data

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

	June 30, 2008	March 31, 2008	June 30, 2008
Total assets	**¥1,158,346**	¥1,139,165	**$10,884,664**
Net assets	**497,539**	471,446	**4,675,239**
Shareholders' equity	**473,123**	447,205	**4,445,809**
Shareholders' equity ratio (%)	**40.8%**	39.3%	**40.8%**
Shareholders' equity per share	**¥2,409.44**	¥2,277.45	**$22.64**

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 Financial Instruments 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 is presented only if there are dilutive factors present.

IV. Shareholders' equity is equity excluding minority interests in subsidiaries.

V. 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 ¥106.42 = U.S.$1 at June 30, 2008 has been used for the purpose of presentation.

Qualitative, Financial and Other Information

Fiscal 2008 First-Quarter Overview

The economic environment during the first quarter of the year under review was mixed. In the U.S. economy personal spending remained flat due to financial uncertainty surrounding the sub-prime loan problem, coupled with inflation triggered by soaring prices for crude oil and other raw materials. U.S. production activity and capital expenditure weakened amid growing concern that the country was entering a recession. Meanwhile, the global economy continued to grow despite some evidence of a widening slowdown, as the economies of China and other countries in Asia continued to expand and Europe was in recovery. In Japan, the economy marked time, as exports and production activity weakened due to the slowdown in the U.S. economy and rising materials prices hit corporate revenue.

The main markets of the Epson Group ("Epson") were as follows. The inkjet printer market contracted compared to last year in every region except Asia. The serial impact dot matrix ("SIDM") printer market, though contracting in Europe, the U.S. and Japan, recorded strong growth in regions such as Southeast Asia and China. In POS systems, demand for POS receipt printers for small- and medium-sized retailers remained robust, though the market did show some effects from the U.S. economic slowdown.

The projector market remained strong due to increased demand for business projectors, especially models used in education settings. At the same time, demand for compact projectors that offer high brightness and high-resolution images is expanding. The home-theater projector market picked back up following last year's lackluster growth, which was a result of the emergence of competitively priced large-screen flat-panel TVs.

The mobile phone handset market, the main destination for small- and medium-sized LCDs, remained strong. The market was driven primarily by new demand for low-end phones in the emerging economies of Africa, the Middle East, and across Asia, including China and India. At the same time, however, upgrade demand for 3G phones in Europe and the U.S. pulled back due to the economic slowdown. Apart from handset applications, the markets for digital cameras and portable media players ("PMPs") also expanded. In automotive applications, the demand for LCDs used in portable navigation systems increased, especially in Europe and the U.S.

Meanwhile, however, the markets for Epson's information-related equipment and electronic device products suffer from continued price erosion due to fierce competition in every segment and a relentless shift of demand toward the low-price zone.

In our precision products segment, watches were negatively impacted by the slowdown in the U.S. economy, while eyeglass lenses suffered from continued price erosion. Demand for semiconductor manufacturing equipment decelerated.

Within this business environment, Epson is engaged in several major projects in fiscal 2008.

First, in the inkjet printer business we are aiming for continued unit sales growth by launching highly competitive products and by adopting a marketing strategy designed to expand print volume. We are also intent on grooming our business and industrial inkjet technology into a core business and source of future profit. Toward this end, we continue to fortify our efforts to penetrate those segments where we can leverage the advantages of our Micro Piezo technology.

On the other hand, we are in the process of transforming our small- and medium-sized display business. Specifically, we are further converging our management resources on amorphous-silicon TFT LCDs ("a-TFTs") and low-temperature polysilicon TFT LCDs ("LTPS"). We are also aiming to reduce our dependence on mobile phone handset demand by continuing last year's efforts to capture business opportunities in other markets.

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 ¥104.55 and ¥163.42, respectively. This represents a 13.4% appreciation in the value of the yen against the dollar and a 0.4% depreciation in the value of the yen against the euro compared to the same period last year.

On a year over year basis, net sales for the first quarter were ¥304,277 million ($2,859,208 thousand), down 4.5%. Operating income was ¥22,374 million ($210,242 thousand), up 91.8%. Ordinary income was ¥21,977 million ($206,511 thousand), up 69.3%. And net income was ¥10,300 million ($96,786 thousand), up 700.0%.

Operating Performance Highlights by Business Segments

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

Information-related equipment

The printer business as a whole saw a slight decline in net sales. In inkjet printers (including consumables, as in all printer discussions below), unit shipments of consumer models rose, but yen appreciation and price erosion impinged on net sales. SIDM printer and terminal modules also met with increased demand, but net sales were affected by the stronger yen. Page printer unit shipments declined as we focused more tightly on high-added-value models and away from low-end models.

The visual instruments business as a whole reported increased net sales. 3LCD projectors benefited from increased unit shipments of both business and home-theater models, though net sales were tempered by price erosion and yen appreciation. Net sales further benefited from rebounding demand for liquid crystal monitors in the amusement sector following last year's weakness.

Operating income in the information-related equipment segment increased as progress was made in reducing both fixed and variable costs in the inkjet printer business.

As a result of the foregoing factors, first-quarter net sales in the information-related equipment segment were ¥205,071 million ($1,926,996 thousand), down 2.4% from the prior year, while operating income was ¥21,649 million ($203,429 thousand), up 12.3% from the prior year.

Electronic devices

The display business as a whole posted sharply lower net sales. Prices for a-TFTs continued to decline, but demand for mobile phone handsets and other applications increased. In LTPS, demand for high-end mobile phone handsets rose. Unit shipments of both MD-TFD LCDs ("TFD"), a business Epson is scheduled to terminate, and color STN LCDs ("CSTN"), a business where production operations are to be significantly downsized, declined. In high-temperature polysilicon TFT panels ("HTPS") for 3LCD projectors, declining prices hurt net sales.

The quartz device business saw net sales decline due to yen appreciation and price erosion despite unit shipment growth in markets such as mobile phone handsets and digital cameras.

In the semiconductor business as a whole, net sales edged slightly lower. Although unit shipments of mixed-signal products to non-handset markets increased in line with strategic changes to the product mix, total net sales in this business were hurt by a decline in LCD driver shipments to handset manufacturers, as well as by price erosion and the effects of yen appreciation.

Operating income in the electronic devices segment turned positive primarily as a result of structural changes in the display business that reduced costs, and increased net sales and an improved model mix in a-TFT and LTPS.

As a result of the foregoing factors, first-quarter net sales in the electronic devices segment were ¥87,712 million ($824,205 thousand), down 10.3% from the prior year, while operating income was ¥2,506 million ($23,548 thousand) versus an operating loss of ¥5,297 million in the same period last year.

Precision products

The precision products segment saw net sales increase due to unit shipment growth of industrial inkjet systems and IC handlers.

Operating income in this segment increased as a result of increased net sales.

As a result of the foregoing factors, first-quarter net sales in the precision products segment were ¥20,284 million ($190,603 thousand), up 5.8% from the prior year, while operating income was ¥241 million ($2,264 thousand), up 280.7% from the prior year.

Operating Performance Highlights by Geographic Segments

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

Japan

LTPS and a-TFT net sales increased, while inkjet printer, TFD, CSTN and page printer net sales declined. Total Japan net sales were ¥269,023 million ($2,527,936 thousand), down 6.7% from the prior year, while operating income was ¥9,794 million ($92,031 thousand), down 10.4% from the prior year.

The Americas

3LCD projector and terminal module net sales grew, while inkjet printer, page printer and SIDM printer net sales declined. Total net sales in the Americas were ¥67,736 million ($636,496 thousand), down 3.5% from the prior year, while operating income was ¥4,058 million ($38,131 thousand), up 28.0% year over year.

Europe

3LCD projector, a-TFT and inkjet printer net sales increased, while page printer and terminal module net sales declined. Total European net sales were ¥65,755 million ($617,881 thousand), down 3.0% from the prior year, while operating income was ¥2,869 million ($26,959 thousand), up 581.7% year over year.

Asia / Oceania

LTPS and a-TFT net sales increased, while TFD and CSTN net sales declined. Total net sales in this region were ¥170,351 million ($1,600,742 thousand), down 8.2% from the prior year, while operating income was ¥5,629 million ($52,894 thousand), up 1.5% year over year.

Liquidity and Financial Position

Cash Flow Performance

Cash flows from operating activities during the first quarter included income before income taxes and minority interests of ¥15,718 million ($147,697 thousand). For adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities, depreciation and amortization, principally in the electronic devices segment and information-related equipment segment, was ¥18,319 million ($172,138 thousand). As for changes to assets and liabilities, notes and trade accounts receivable-trade increased by ¥7,288 million ($68,483 thousand), while inventories increased by ¥6,938 million ($65,194 thousand). Notes and accounts payable-trade increased by ¥8,595 million ($80,764 thousand). Income taxes paid were ¥3,875 million ($36,412 thousand). As a result, cash flows from operating activities came to ¥6,592 million ($61,943 thousand).

Cash flows from investing activities included total expenditures of ¥17,209 million ($161,708 thousand) due to capital expenditures principally in the electronic devices segment and information-related equipment

segment and payments for amounts that came due during this period for tangible and intangible fixed assets acquired at the end of the previous period. As a result, cash outflows from investing activities were ¥17,800 million ($167,261 thousand).
Cash outflows from financing activities were ¥14,135 million ($132,822 thousand). Cash flows from financing activities were derived by repayment of debt and payment of cash dividends.

As a result, cash and cash equivalents for the first quarter was ¥298,008 million ($2,800,300 thousand).

Financial Condition

Total assets were 1,158,346 million ($10,884,664 thousand), an increase of ¥19,181 million ($180,238 thousand) compared to the last fiscal year end. This increase is attributed primarily to an increase of ¥8,365 million ($78,603 thousand) in inventories, notes and accounts receivable-trade and other current assets.

Total liabilities were ¥660,807 million ($6,209,424 thousand), ¥6,911 million ($64,940 thousand) decrease compared to the last fiscal year end. Current liabilities decreased by ¥11,275 million ($105,948 thousand), while noncurrent liabilities increased by ¥4,363 million ($40,997 thousand). The decrease in current liabilities was mainly due to a reduction in provision for bonuses. The increase in noncurrent liabilities is due to the increase of lease obligations.

Quantitative information regarding the consolidated financial outlook

Despite downward trends apparent in certain products, net sales for the first half are forecast to surpass the initial outlook due to a strong performance in the information-related equipment segment and the effects of the weakened yen.
Operating income is forecast to significantly exceed the initial outlook as a result of factors such as the increase in net sales, cost reductions brought about by efficient allocation of expenses, and the effects of the weakened yen.
Ordinary income and every subsequent income category are forecast to significantly surpass the initial outlook due to increased operating income.

Looking forward, however, Epson is beginning to see the effects of decelerating economies in the United States and other countries on markets for its products. Epson believes that this and the rising cost of raw materials, driven by increases in crude oil prices, have the potential to exert a larger impact on its business results for the full year.

Due to the foregoing factors, Epson has decided to revise its initial first-half and full year outlooks for net sales, operating income, ordinary income and net income.

These figures are calculated on the basis of full year exchange rates of US$1 = 101 yen and 1 euro = 161 yen.

Consolidated Half-Year Results Outlook

	REF: FY2007 First-Half Result	Current Outlook	Change
Net sales	656.2 billion	620.0 billion	-36.2 billion (-5.5%)
Operating income	22.2 billion	30.0 billion	+7.7 billion (+34.7%)
Ordinary income	25.8 billion	30.0 billion	+4.1 billion (+16.1%)
Half-year net income	3.2 billion	13.0 billion	+9.7 billion (+299.1%)
Foreign exchange rate	$1USD = ¥119 1 euro = ¥162	$1USD = ¥102 1 euro = ¥162	

Consolidated Full-Year Results Outlook

	REF: FY2007 Full-Year Result	Current Outlook	Change
Net sales	1,347.8 billion	1,300.0 billion	-47.8 billion (-3.5%)
Operating income	57.5 billion	68.0 billion	+10.4 billion (+18.1%)
Ordinary income	63.2 billion	70.0 billion	+6.7 billion (+10.6%)
Full-year net income	19.0 billion	35.0 billion	+15.9 billion (+83.3%)
Foreign exchange rate	$1USD = ¥114 1 euro = ¥162	$1USD = ¥101 1 euro = ¥161	

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 are subject to various 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

	Millions of yen		Thousands of U.S. dollars
	June 30, 2008	March 31, 2008	June 30, 2008
Assets			
Current assets:			
Cash and deposits	¥168,416	¥171,970	$1,582,559
Notes and accounts receivable-trade	196,984	187,775	1,851,005
Short-term investment securities	122,009	137,079	1,146,485
Finished goods	100,302	86,344	942,510
Raw materials	19,215	17,780	180,558
Work in process	48,709	49,618	457,705
Other	93,226	89,708	876,019
Allowance for doubtful accounts	(3,253)	(3,032)	(30,567)
Total current assets	745,610	737,245	7,006,295
Noncurrent assets:			
Property, plant and equipment			
Buildings and structures	441,620	435,868	4,149,783
Machinery, equipment and vehicles	575,223	536,915	5,405,215
Tools, furniture and fixtures	198,830	196,487	1,868,351
Other	70,031	67,184	658,062
Accumulated depreciation	(935,854)	(893,193)	(8,793,967)
Total property, plant and equipment	349,851	343,261	3,287,455
Intangible assets	20,906	20,660	196,448
Investments and other assets:			
Investment securities	24,431	20,419	229,571
Other	17,727	17,756	166,575
Allowance for doubtful accounts	(181)	(178)	(1,700)
Total investments and other assets	41,977	37,997	394,446
Total noncurrent assets	412,735	401,919	3,878,359
Total assets	¥1,158,346	¥1,139,165	$10,884,664

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

	Millions of yen		Thousands of U.S. dollars
	June 30, 2008	March 31, 2008	June 30, 2008
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	¥106,746	¥100,453	$1,003,063
Short-term loans payable	26,213	25,283	246,316
Current portion of long-term loans payable	63,849	73,047	599,971
Income taxes payable	10,282	10,086	96,617
Provision for bonuses	10,211	20,285	95,950
Provision for product warranties	11,271	11,240	105,910
Other	145,272	144,726	1,365,081
Total current liabilities	373,848	385,123	3,512,948
Noncurrent liabilities:			
Bonds payable	100,000	100,000	939,672
Long-term loans payable	143,090	143,871	1,344,578
Provision for retirement benefits	13,761	14,532	129,308
Accrued recycle costs	964	948	9,058
Provision for product warranties	716	830	6,728
Provision for loss on litigation	3,342	2,955	31,403
Negative goodwill	2,542	2,877	23,886
Other	22,540	16,580	211,802
Total noncurrent liabilities	286,958	282,595	2,696,466
Total liabilities	¥660,807	¥667,718	$6,209,424
Net assets			
Shareholders' equity:			
Capital stock			
Authorized - 607,458,368 shares			
Issued - 196,364,592 shares	¥53,204	¥53,204	$499,943
Capital surplus	79,500	79,500	747,040
Retained earnings	333,877	326,719	3,137,352
Treasury stock			
June 30, 2008 - 2,391 shares			
March 31, 2008 - 2,251 shares	(7)	(7)	(65)
Total shareholders' equity	466,575	459,417	4,384,279
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	6,102	3,859	57,338
Deferred gains or losses on hedges	(1,021)	156	(9,594)
Foreign currency translation adjustment	1,466	(16,227)	13,775
Total valuation and translation adjustments	6,548	(12,211)	61,529
Minority interests	24,415	24,240	229,421
Total net assets	497,539	471,446	4,675,239
Total liabilities and net assets	¥1,158,346	¥1,139,165	$10,884,664

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

Consolidated Statements of Income

Three months ended June 30:

	Millions of yen			Thousands of U S dollars
	Three months ended June 30,		Year ended March 31, 2008	Three months ended June 30, 2008
	2007	2008		
Net sales	¥318,591	¥304,277	¥1,347,841	$2,859,208
Cost of sales	236,755	212,563	979,391	1,997,397
Gross profit	81,836	91,713	368,449	861,802
Selling, general and administrative expenses	70,171	69,339	310,871	651,559
Operating income	11,665	22,374	57,577	210,242
Non-operating income:				
Interest income	1,606	1,363	6,498	12,807
Dividends income	587	-	4,338	-
Others	1,192	1,820	6,132	17,102
Total non-operating income	3,386	3,183	16,968	29,909
Non-operating expenses:				
Interest expenses	1,581	1,438	6,406	13,512
Foreign exchange losses	218	1,928	2,667	18,116
Others	270	212	2,208	1,992
Total non-operating expenses	2,069	3,580	11,282	33,640
Ordinary income	12,981	21,977	63,263	206,511
Extraordinary income:				
Reversal of provision for loss on litigation	-	269	2,392	2,527
Amortization of net retirement benefit obligation at transition	368	-	-	-
Others	176	170	3,668	1,597
Total extraordinary income	544	439	6,061	4,125
Extraordinary loss:				
Loss on retirement of noncurrent assets	370	-	1,972	-
Impairment loss	421	-	10,783	-
Loss on valuation of inventories	-	4,569	-	42,933
Others	428	2,129	4,523	20,005
Total extraordinary losses	1,220	6,698	17,279	62,939
Income before income taxes and minority interests	12,306	15,718	52,045	147,697
Income taxes-current	10,696	5,254	14,341	49,370
Income taxes-deferred	-	-	15,881	-
Minority interests in income	322	163	2,728	1,531
Net income	¥1,287	¥10,300	¥19,093	$96,786

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

Consolidated Statements of Cash Flows

Three months ended June 30:

	Millions of yen		Thousands of U S dollars
	Three months ended June 30		Three months ended June 30, 2008
	2007	2008	
Consolidated quarterly statements of cash flows			
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	¥12,306	¥15,718	$147,697
Depreciation and amortization	18,971	18,319	172,138
Equity in (earnings) losses of affiliates	(14)	(21)	(197)
Amortization of goodwill	(311)	(300)	(2,819)
Increase (decrease) in allowance for doubtful accounts	(49)	36	338
Increase (decrease) in provision for bonuses	(6,902)	(10,230)	(96,128)
Increase (decrease) in provision for product warranties	(812)	(496)	(4,660)
Increase (decrease) in provision for retirement benefits	(4,894)	(921)	(8,654)
Interest and dividends income	(2,193)	(1,621)	(15,232)
Interest expenses	1,581	1,438	13,512
Foreign exchange losses (gains)	(228)	(547)	(5,140)
Loss (gain) on sales of noncurrent assets	(50)	(116)	(1,090)
Loss on retirement of noncurrent assets	487	511	4,801
Loss (gain) on sales of investment securities	(99)	(1)	(9)
Decrease (increase) in notes and accounts receivable-trade	(8,107)	(7,288)	(68,483)
Decrease (increase) in inventories	(5,538)	(6,938)	(65,194)
Increase (decrease) in accrued consumption taxes	989	1,868	17,553
Increase (decrease) in notes and accounts payable-trade	7,996	8,595	80,764
Other, net	(10,154)	(7,791)	(73,209)
Subtotal	2,973	10,215	95,987
Interest and dividends income received	2,198	1,591	14,950
Interest expenses paid	(1,307)	(1,339)	(12,582)
Income taxes paid	(2,603)	(3,875)	(36,412)
Net cash provided by (used in) operating activities	1,261	6,592	61,943
Net cash provided by (used in) investment activities			
Decrease (increase) in time deposits	546	(259)	(2,433)
Purchase of investment securities	(365)	(454)	(4,266)
Proceeds from sales of investment securities	342	7	65
Proceeds from redemption of investment securities	5,000	-	-
Purchase of property, plant and equipment	(16,981)	(15,456)	(145,235)
Proceeds from sales of property, plant and equipment	353	187	1,757
Purchase of intangible assets	(1,411)	(1,753)	(16,472)
Proceeds from sales of intangible assets	0	9	84
Purchase of long-term prepaid expenses	(111)	(102)	(958)
Other, net	864	20	187
Net cash provided by (used in) investment activities	(11,763)	(17,800)	(167,261)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(2,721)	1,494	14,038
Proceeds from long-term loans payable	1,000	-	-
Repayment of long-term loans payable	(12,680)	(9,979)	(93,769)
Proceeds from issuance of bonds	20,000	-	-
Repayments of lease obligations	-	(2,110)	(19,827)
Purchase of treasury stock	(0)	(0)	(0)
Cash dividends paid	(3,141)	(3,141)	(29,515)
Cash dividends paid to minority shareholders	(377)	(398)	(3,739)
Other, net	(129)	-	-
Net cash provided by (used in) financing activities	1,948	(14,135)	(132,822)
Effect of exchange rate change on cash and cash equivalents	4,596	6,937	65,185
Net increase (decrease) in cash and cash equivalents	(3,957)	(18,405)	(172,946)
Cash and cash equivalents at beginning of period	334,873	316,414	2,973,256
Cash and cash equivalents at end of period	¥330,915	¥298,008	$2,800,300

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

Notes to Consolidated Financial Statements

With the exception of the sections listed below, the “Basis of presenting consolidated financial statements” and “Summary of significant accounting policies” have been omitted as there were no significant changes to the versions printed in the Seiko Epson Annual Report 2008.

Moreover, some notes such as “Investments in debt and equity securities” and “Derivative instruments” have not been disclosed herein since they are insignificant to the consolidated results.

1. Basis of presenting consolidated financial statements

The amounts in the accompanying consolidated financial statements and the notes thereto for the periods starting from April 1, 2007 are rounded down.

2. Number of group companies

As of June 30, 2008, the Company had 98 consolidated subsidiaries. It has applied the equity method in respect to two unconsolidated subsidiaries and four affiliates.

3. Changes in significant accounting policies

(1) Change in the Accounting Standard for the Measurement of Inventories

Effective April 1, 2008, Epson adopted the Accounting Standards Board of Japan (ASBJ) Statement No.9, “Accounting Standard for Measurement of Inventories, released on July 5, 2006. In conjunction with the adoption of this accounting standard, Epson modified the measurement method for valuing inventories.

As a result, Operating income and Ordinary income for the three months ended June 30, 2008 increased by ¥1,474 million ($13,850 thousand) and ¥1,474 million ($13,850 thousand), respectively, and Income before income taxes and minority interests for the three months ended June 30, 2008 decreased by ¥3,095 million ($29,082 thousand) from the corresponding amounts which would have been reported if the previous method had been applied consistently.

The influence on segment information by the adoption of this standard is noted in the relevant sections.

(2) Change in the Accounting Standard for Lease Transactions

Effective April 1, 2008, the Company and its domestic subsidiaries adopted ASBJ Statement No.13, "Accounting Standard for Lease Transactions" and its Guidance No.16, "Guidance on Accounting Standard for Lease Transactions", as revised on March 30, 2007.

Prior to April 1, 2008, capital leases, other than those under which ownership of the assets would be transferred to the lessee at the end of the lease term, were accounted for as operating leases. Under these accounting standards, these leases are accounted for as capital leases and depreciated/amortized in accordance with the straight-line method over the periods of the leases, assuming no residual value.

As a result, Operating income and Ordinary income for the three months ended June 30, 2008 increased by ¥299 million ($2,809 thousand) and ¥167 million ($1,569 thousand), respectively, and Income before income taxes and minority interests for the three months ended June 30, 2008 decreased by ¥478 million ($4,491 thousand) from the corresponding amounts which would have been reported if the previous method had been applied consistently.

The influence on segment information by the adoption of these standards is noted in the relevant sections.

(3) Completed-Contract Method, Percentage-of-Completion Method

Effective April 1, 2008, the Company and its domestic subsidiaries adopted ASBJ Statement No.15, "Accounting Standard for Construction Contracts" and its Guidance No.18, "Guidance on Accounting Standard for Construction Contracts", issued on December 27, 2007.

Prior to April 1, 2008, the Company and its domestic subsidiaries applied the completed-contract method for recognizing revenues and costs of long-term construction contracts. Under ASBJ Statement No.15 and its Guidance No.18, the percentage-of-completion method shall be applied if the outcome of the construction activity is deemed certain during the course of the activity during the quarterly period, otherwise the completed-contract method shall be applied. The percentage of completion at the end of each quarterly period shall be estimated based on the percentage of the cost incurred to the estimated total cost.

The adoption of these standards did not have a material effect on Epson's results of operations and financial position for the three months ended June 30, 2008. The contract revenue and related costs that were computed based on the percentage of completion of construction activities as of April 1, 2008 were recorded in Extraordinary income as a result of offsetting contract revenue of ¥157 million ($1,475 thousand) against related costs of ¥113 million ($1,061 thousand).

4. Credit agreements

As at June 30, 2008, the Company had line-of-credit agreements with twenty-eight financial institutions for an aggregate maximum amount of ¥80,000 million ($751,738 thousand). As at June 30, 2008, there were unused lines of credit of ¥50,000 million ($469,836 thousand) outstanding and available.

5. Goodwill

Epson had goodwill and negative goodwill as at June 30, 2008 and as at March 31, 2008. Goodwill and negative goodwill are amortized on a straight-line basis in accordance with Japanese accounting standards. Negative goodwill was recorded in long-term liabilities after being offset against goodwill. The amounts of goodwill and negative goodwill before offsetting as at June 30, 2008 and as at March 31, 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	June 30, 2008	March 31, 2008	June 30, 2008
Goodwill	¥427	¥423	$4,012
Negative goodwill	2,970	3,300	27,908

6. Cash dividends

The amount of year-end cash dividends per share, which the Company paid to the shareholders of record at last fiscal year-end during the three months ended June 30, 2008, was as follows:

Cash dividends per share	Yen	U.S. dollars
Year-end	¥16.00	$0.15

The effective date of the distribution for year-end, which were paid during the three months ended June 30, 2008, was June 26, 2008.

7. Net income per share

Calculation of net income per share for the three months ended June 30, 2008 was as follows:

	Millions of yen	Thousands of U.S. dollars
	Three months ended June 30, 2008	
Net income attributable to common shares	¥10,300	$96,786

	Thousands of shares
Weighted-average number of common shares outstanding	196,362

	Yen	U.S. dollars
Net income per share	¥52.46	$0.49

Epson had no dilutive potential common shares, such as convertible debt or warrants, outstanding during the three months ended June 30, 2008.

8. Selling, general and administrative expenses

The significant components of selling, general and administrative expenses for the three months ended June 30, 2008 were as follows:

	Millions of yen	Thousands of U.S. dollars
	Three months ended June 30, 2008	
Salaries and wages	¥19,223	$180,633
Research and development costs	10,161	$95,480

9. Cash flow information

Cash and cash equivalents at June 30, 2008 comprised the following:

	Millions of yen	Thousands of U.S. dollars
	June 30, 2008	
Cash and deposits	¥168,416	$1,582,559
Short-term investments	122,009	1,146,485
Short-term loans receivables	10,000	93,967
Subtotal	300,425	2,823,012
Less:		
Short-term borrowings (overdrafts)	(617)	(5,797)
Time deposits due over three months	(1,783)	(16,754)
Short-term investments due over three months	(15)	(140)
Cash and cash equivalents	¥298,008	$2,800,300

The Company obtained marketable securities, the fair value of which was ¥10,004 million ($94,004 thousand) and ¥9,606 million at June 30, 2008 and at March 31, 2008, respectively, as deposit for the short-term loans receivables above.

10. Contingent liabilities

Contingent liabilities for guarantee of employees' housing loans from banks at June 30, 2008 and at March 31, 2008 were ¥1,984 million ($18,643 thousand) and ¥2,038 million, respectively. Furthermore, the amount of discounted notes at June 30, 2008 was ¥15 million ($140 thousand).

11. Segment information

(1) Business segment information

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

Information-related equipment segment mainly includes color inkjet printers, page printers, dot matrix printers, large format inkjet printers and related supplies, color image scanners, mini-printers, printers for use in POS systems, 3LCD projectors, LCD monitors, label writers and personal computers.

Electronic devices segment mainly includes small- and medium-sized LCDs, HTPS-TFT panels for 3LCD projectors, crystal units, crystal oscillators, optical devices and CMOS LSI.

Precision products segment mainly includes watches, watch movements, plastic corrective lenses, precision industrial robots, IC handlers and industrial inkjet equipment.

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, 2007 and 2008:

Three months ended June 30:

	Millions of yen						
	Three months ended June 30, 2007						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥209,437	¥89,181	¥18,997	¥976	¥318,591	-	¥318,591
Inter-segment	623	8,573	173	5,932	15,302	¥ (15,302)	-
Total	210,060	97,754	19,170	6,908	333,894	(15,302)	318,591
Operating income (loss)	¥19,278	¥ (5,297)	¥63	¥ (2,597)	¥11,447	¥218	¥11,665

	Millions of yen						
	Three months ended June 30, 2008						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥204,430	¥78,991	¥19,966	¥888	¥304,277	-	¥304,277
Inter-segment	640	8,720	317	8,393	18,072	¥ (18,072)	-
Total	205,071	87,712	20,284	9,282	322,349	(18,072)	304,277
Operating income (loss)	¥21,649	¥2,506	¥241	¥ (2,292)	¥22,105	¥268	¥22,374

	Thousands of U.S. dollars						
	Three months ended June 30, 2008						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	$1,920,973	$742,257	$187,615	$8,344	$2,859,208	-	$2,859,208
Inter-segment	6,013	81,939	2,978	78,866	169,817	$ (169,817)	-
Total	1,926,996	824,205	190,603	87,220	3,029,026	(169,817)	2,859,208
Operating income (loss)	$203,429	$23,548	$2,264	$ (21,537)	$207,714	$2,518	$210,242

Change in the Accounting Standard for the Measurement of Inventories

As described in Note 3 (1), effective April 1, 2008, Epson adopted ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories", issued on July 5, 2006.

As a result, for the three months ended June 30, 2008, Operating income from information-related equipment segment, electronic devices segment, precision products segment and other decreased by ¥518 million ($4,867 thousand), ¥745 million ($7,000 thousand), ¥204 million ($1,916 thousand) and ¥5 million ($46 thousand), respectively from the corresponding amounts which would have been reported if the previous method had been applied consistently.

Change in the Accounting Standard for Lease Transactions

As described in Note 3 (2), effective April 1, 2008, the Company and its domestic subsidiaries adopted ASBJ Statement No.13, "Accounting Standard for Lease Transactions", and ASBJ Guidance No.16, "Guidance on Accounting Standard for Lease Transactions", as amended on March 30, 2007.

As a result, for the three months ended June 30, 2008, Operating income from information-related equipment segment, electronic devices segment, precision products segment and other increased by ¥25 million ($234 thousand), ¥271 million ($2,546 thousand), ¥0 million ($0 thousand) and ¥2 million ($18 thousand), respectively from the corresponding amounts which would have been reported if the previous method had been applied consistently.

(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, 2007 and 2008:

Three months ended June 30:

	Millions of yen						
	Three months ended June 30, 2007						
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥138,116	¥59,962	¥66,121	¥54,390	¥318,591	-	¥318,591
Inter-segment	150,302	10,216	1,679	131,104	293,302	¥ (293,302)	-
Total	288,419	70,179	67,801	185,494	611,894	(293,302)	318,591
Operating income (loss)	¥10,933	¥3,171	¥420	¥5,548	¥20,074	¥ (8,409)	¥11,665

	Millions of yen						
	Three months ended June 30, 2008						
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥132,695	¥60,363	¥64,449	¥46,768	¥304,277	-	¥304,277
Inter-segment	136,328	7,372	1,306	123,582	268,589	¥ (268,589)	-
Total	269,023	67,736	65,755	170,351	572,867	(268,589)	304,277
Operating income	¥9,794	¥4,058	¥2,869	¥5,629	¥22,352	¥21	¥22,374

	Thousands of U.S. dollars						
	Three months ended June 30, 2008						
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	$1,246,899	$567,214	$605,609	$439,466	$2,859,208	-	$2,859,208
Inter-segment	1,281,037	69,272	12,272	1,161,266	2,523,858	$ (2,523,858)	-
Total	2,527,936	636,496	617,881	1,600,742	5,383,076	(2,523,858)	2,859,208
Operating income	$92,031	$38,131	$26,959	$52,894	$210,035	$197	$210,242

Change in the Accounting Standard for the Measurement of Inventories

As described in Note 3 (1), effective April 1, 2008, Epson adopted ASBJ Statement No.9, “Accounting Standard for Measurement of Inventories”, issued on July 5, 2006.

As a result, for the three months ended June 30, 2008, Operating income from both Japan and the Eliminations and corporate decreased by ¥800 million ($7,517 thousand) and ¥673 million ($6,323 thousand), respectively from the corresponding amounts which would have been reported if the previous method had been applied consistently.

Change in the Accounting Standard for Lease Transactions

As described in Note 3 (2), effective April 1, 2008, the Company and its domestic subsidiaries adopted ASBJ Statement No.13, “Accounting Standard for Lease Transactions”, and ASBJ Guidance No.16, “Guidance on Accounting Standard for Lease Transactions”, as amended on March 30, 2007.

As a result, for the three months ended June 30, 2008, Operating income from Japan increased by ¥299 million ($2,809 thousand) from the corresponding amount which would have been reported if the previous method had been applied consistently.

(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, 2007 and 2008:

Three months ended June 30:

	Millions of yen			
	Three months ended June 30, 2007			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥65,872	¥80,362	¥75,781	¥222,016
Consolidated net sales				¥318,591
Percentage of overseas sales to consolidated net sales (%)	20.7	25.2	23.8	69.7

	Millions of yen			
	Three months ended June 30, 2008			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥65,272	¥73,431	¥69,787	¥208,490
Consolidated net sales				¥304,277
Percentage of overseas sales to consolidated net sales (%)	21.5%	24.1%	22.9%	68.5%

	Thousands of U.S. dollars			
	Three months ended June 30, 2008			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	$613,343	$690,011	$655,769	$1,959,124
Consolidated net sales				$2,859,208
Percentage of overseas sales to consolidated net sales (%)	21.5%	24.1%	22.9%	68.5%

Supplementary Information

Consolidated First Quarter ended June 30, 2008

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 are subject to various 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, 2007	Three months ended June 30, 2008	Increase %	Forecast for the year ended March 31, 2009	Increase compared to year ended March 31, 2008 %
Information-related equipment	210.0	205.0	(2.4%)	885.0	(2.0%)
Printer	176.3	169.4	(3.9%)	737.0	(3.2%)
Visual instruments	26.2	28.6	8.8%	118.0	6.0%
Other	7.5	7.2	(3.4%)	31.0	0.2%
Intra-segment sales	(0.1)	(0.2)	-%	(1.0)	-%
Electronic devices	97.7	87.7	(10.3%)	361.0	(8.7%)
Display	56.4	47.2	(16.2%)	183.0	(18.3%)
Quartz device	23.2	21.7	(6.3%)	106.0	5.2%
Semiconductor	20.5	20.4	(0.6%)	77.0	(3.4%)
Other	1.6	0.7	(50.6%)	5.0	48.1%
Intra-segment sales	(4.0)	(2.5)	-%	(10.0)	-%
Precision products	19.1	20.2	5.8%	89.0	6.0%
Other	6.9	9.2	34.4%	33.0	13.3%
Inter-segment sales	(15.3)	(18.0)	-%	(68.0)	-%
Consolidated sales	318.5	304.2	(4.5%)	1,300.0	(3.5%)

2. Business segment information

(Unit: billion yen)

	Three months ended June 30, 2007	Three months ended June 30, 2008	Increase %	Forecast for the year ended March 31, 2009	Increase compared to year ended March 31, 2008 %
Information-related equipment					
Net sales:					
Customers	209.4	204.4	(2.4%)	883.0	(1.9%)
Inter-segment	0.6	0.6	2.7%	2.0	(20.9%)
Total	210.0	205.0	(2.4%)	885.0	(2.0%)
Operating expenses	190.7	183.4	(3.9%)	801.0	(2.3%)
Operating income	19.2	21.6	12.3%	84.0	0.9%
Electronic devices					
Net sales:					
Customers	89.1	78.9	(11.4%)	327.0	(9.2%)
Inter-segment	8.5	8.7	1.7%	34.0	(3.2%)
Total	97.7	87.7	(10.3%)	361.0	(8.7%)
Operating expenses	103.0	85.2	(17.3%)	368.0	(10.8%)
Operating income (loss)	(5.2)	2.5	-%	(7.0)	-%
Precision products					
Net sales:					
Customers	18.9	19.9	5.1%	87.0	4.9%
Inter-segment	0.1	0.3	83.3%	2.0	95.1%
Total	19.1	20.2	5.8%	89.0	6.0%
Operating expenses	19 1	20.0	4.9%	86.0	5.9%
Operating income	0.0	0.2	280.7%	3.0	9.8%
Other					
Net sales:					
Customers	0.9	0.8	(9.0%)	3.0	(32.2%)
Inter-segment	5.9	8.3	41.5%	30.0	21.5%
Total	6.9	9.2	34.4%	33.0	13.3%
Operating expenses	9.5	11 5	21.8%	45.0	10.9%
Operating loss	(2.5)	(2.2)	-%	(12.0)	-%
Elimination and corporate					
Net sales	(15.3)	(18.0)	-%	(68.0)	-%
Operating expenses	(15.5)	(18.3)	-%	(68.0)	-%
Operating income	0.2	0.2	23.1%	0.0	-%
Consolidated					
Net sales	318.5	304.2	(4.5%)	1,300.0	(3.5%)
Operating expenses	306.9	281.9	(8.2%)	1,232.0	(4.5%)
Operating income	11.6	22.3	91.8%	68.0	18.1%

3. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

	Three months ended June 30, 2007	Three months ended June 30, 2008	Increase %	Forecast for the year ended March 31, 2009	Increase compared to year ended March 31, 2008 %
Capital expenditure	15.1	14.1	(6.6%)	83.0	29.8%
Information-related equipment	6.2	7.9	27.2%	33.0	31.1%
Electronic devices	6.7	4.8	(29.1%)	32.0	20.6%
Precision products	0.7	0.6	(13.9%)	5.0	23.8%
Other	1.3	0.7	(45.4%)	13.0	58.2%
Depreciation and amortization	18.9	18.3	(3.4%)	86.0	8.6%

4. Research and development

(Unit: billion yen)

	Three months ended June 30, 2007	Three months ended June 30, 2008	Increase %	Forecast for the year ended March 31, 2009	Increase compared to year ended March 31, 2008 %
Research and Development	20.0	18.7	(6.7%)	89.0	7.4%
R&D / sales ratio	6.3%	6.2%		6.8%	

5. Management indices

(Unit: %)

	Three months ended June 30, 2007	Three months ended June 30, 2008	Increase Point	Forecast for the year ended March 31, 2009	Increase compared to year ended March 31, 2008 Point
Return on equity (ROE)	0.3%	2.2%	1.9	7.6%	3.4
Return on assets (ROA)	1.0%	1.9%	0.9	6.1%	0.9
Return on sales (ROS)	4.1%	7.2%	3.1	5.4%	0.7

Note 1. ROE=Net income / Beginning and ending balance average shareholders' equity
2. ROA=Ordinary income / Beginning and ending balance average total assets
3. ROS=Ordinary income / Net sales

6. Foreign exchange fluctuation effect on net sales

(Unit: billion yen)

	Three months ended June 30, 2007	Three months ended June 30, 2008	Increase
Foreign exchange effect	15.9	(14.5)	(30.5)
U.S. dollars	3.9	(11.2)	(15.2)
Euro	7.7	0.2	(7.4)
Other	4.3	(3.5)	(7.8)
Exchange rate			
Yen / U.S. dollars	120.78	104.55	
Yen / Euro	162.72	163.42	

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, 2007	March 31, 2008	June 30, 2008	Increase compared to March 31, 2008
Inventory	190.3	161.3	175.8	14.4
Information-related equipment	109.2	91.0	102.2	11.1
Electronic devices	62.0	50.5	53 9	3.3
Precision products	17.3	17.4	17.7	0.2
Other / Corporate	1.6	2.2	1.9	(0.3)
				(Unit: days)
Turnover by days	54	44	53	9
Information-related equipment	47	37	45	8
Electronic devices	58	47	56	9
Precision products	82	76	80	4
Other / Corporate	22	28	19	(9)

Note: Turnover by days=Ending balance of inventory / Prior 3 months (Prior 12 months) sales per day

8. Employees

(Unit: person)

	June 30, 2007	March 31, 2008	June 30, 2008	Increase compared to March 31, 2008
Number of employees at period end	93,146	88,925	92,541	3,616
Domestic	26,444	25,735	26,125	390
Overseas	66,702	63,190	66,416	3,226