

July 30, 2009

**CONSOLIDATED RESULTS FOR
THE FIRST QUARTER ENDED JUNE 30, 2009**

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, 2009
	2008	2009		
Statements of Income Data:				
Net sales	¥304,277	¥213,398	-29.9%	\$2,222,664
Operating income (loss)	22,374	(12,441)	-%	(129,580)
Ordinary income (loss)	21,977	(15,058)	-%	(156,837)
Net income (loss)	10,300	(22,365)	-%	(232,944)
Statements of Cash Flows Data:				
Cash flows from operating activities	6,592	2,245	-65.9%	23,382
Cash flows from investing activities	(17,800)	(22,045)	-%	(229,610)
Cash flows from financing activities	(14,135)	(3,306)	-%	(34,433)
Cash and cash equivalents at the end of the period	298,008	262,809	-11.8%	2,737,308
Per Share Data:				
Net income (loss) per share -Basic	¥52.46	(¥113.24)	-%	(\$1.17)
-Diluted	-	-	-%	\$-

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

	June 30, 2009	March 31, 2009	June 30, 2009
Total assets	¥876,372	¥917,342	\$9,127,924
Net assets	287,813	318,631	2,997,739
Shareholders' equity	286,367	302,623	2,982,678
Shareholders' equity ratio (%)	32.7%	33.0%	32.7%
Shareholders' equity per share	¥1,433.18	¥1,541.16	\$14.92

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 ¥96.01 = U.S.\$1 at June 30, 2009 has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Fiscal 2009 First Quarter Overview

Severe economic conditions persisted during the first quarter of the year under review. The U.S. and Europe remained mired in recession, while a vicious cycle involving the financial crisis and the real economy exacerbated the situation. The Chinese economy gradually picked back up with the help of a government economic stimulus package, while economic hardship persisted in other countries and regions in Asia. Japan, meanwhile, continued to struggle. The employment situation rapidly worsened and enterprises severely restricted capital expenditures as corporate earnings plummeted, though the manufacturing sector showed signs of having bottomed out, as exports, which had fallen precipitously, grew and inventory adjustments progressed.

The situation in the main markets of the Epson Group ("Epson") was as follows.

The inkjet printer market remained weak for both consumer and business applications due to the recession. The serial-impact dot-matrix (SIDM) printer market softened. Although the market in China and some other countries held steady, overall business was sluggish due to the recession and also because the SIDM printer market is shrinking in North America, Europe and Japan. In POS systems, demand for receipt printers was subdued due to the effects of the recession and curbed spending by retailers. The projector market was likewise affected by the economic pullback.

Many of the main applications for Epson's electronic devices have also been affected by the recession. In mobile phones, new demand peaked out or is slowing down, particularly in Asia, Africa and the Middle East, and ended below the level required to compensate for a serious drop in upgrade demand. Demand was also sluggish for PDA phones, digital cameras, portable media players (PMPs) and automotive applications. Meanwhile, the products in Epson's information-related equipment and electronic devices segments suffered from continued price erosion due to across-the-board competition and an ongoing shift of demand toward the low-price zone.

In our precision products segment, sales of watches and eyeglass lenses were hit by a decline in personal spending, while demand for semiconductor manufacturing equipment and robots fell due to corporate belt-tightening as a result of the recession.

Against this business backdrop, Epson announced its SE15 long-range corporate vision, along with a new mid-range business plan, at the end of the previous fiscal year (ended March 31, 2009).

Under the mid-range business plan, we will reposition ourselves to generate profit and rebuild our business foundations as we move toward the SE15 goal of becoming a community of robust businesses. To this end, we have taken bold new action in small- and medium-sized displays and semiconductors, businesses that we have concluded cannot be restored to profitability as currently structured. On the other hand, we have identified printers, projectors and crystal devices as growth businesses and strategic businesses in which we can leverage our strengths. Accordingly, we will rapidly shift our management resources, including our human resources, to these areas. In fiscal 2009 we will aim to reach break-even in ordinary income by reinforcing the business foundations that underpin SE15.

From the current fiscal year, due to a role reallocation to basic R&D of some business incubation projects included in the "other" segment, certain operating expenses are now being allocated to the various business segments. The amount allocated in the first quarter of the year under review was ¥1,830 million (\$19,060 thousand).

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 ¥97.32 and ¥132.57, respectively. This represents a 7% appreciation in the value of the yen against the dollar and a 19% appreciation in the value of the yen against the euro compared to the same period last year.

First-quarter net sales were ¥213,398 million (\$2,222,664 thousand), down 29.9% year on year. Operating

loss was ¥12,441 million (\$129,580 thousand) versus operating income of ¥22,374 million in the same quarter last year. Ordinary loss was ¥15,058 million (\$156,837 thousand) versus ordinary income of ¥21,977 million in the same quarter last year. First-quarter net loss was ¥22,365 million (\$232,944 thousand) versus net income of ¥10,300 million in the same quarter last year.

Operating Performance Highlights by Business Segment

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

Information-related equipment

The printer business as a whole posted sharply lower net sales, chiefly due to corporate belt-tightening and a decline in personal spending accompanying the recession, as well as to the appreciation of the yen.

Inkjet printer (including consumables, as in all printer discussions below) unit shipments for consumer applications declined, although sales in Japan and North America were relatively robust in comparison with overall market trends. Meanwhile, unit shipments for business applications fell. SIDM printer unit shipments declined particularly in South America and Europe, and steady sales in China were unable to offset the decline. Terminal modules sales were hurt by a fall in demand for retail printers, primarily in Europe and America. Demand for page printers used in enterprise also declined.

The visual instruments business also reported sharply lower net sales, chiefly due to the effects of the recession and a strong yen. Business projector sales were affected by declining unit shipments particularly in Europe, America and Japan. Home projector unit shipments declined largely due to the twin effects of the recession and falling prices for large-screen flat-panel TVs.

Operating income in information-related equipment declined because net sales from almost all products in the segment decreased.

First-quarter net sales in the information-related equipment segment were ¥156,480 million (\$1,629,855 thousand), down 23.7% year over year, while operating loss was ¥1,287 million (\$13,416 thousand) versus operating income of ¥21,649 million in the same period last year. The reallocation of operating expenses had a ¥1,342 million (\$13,977 thousand) effect on this segment.

Electronic devices

The display business as a whole posted sharply lower net sales. Sales of small- and medium-sized displays were affected by a decline in unit shipments to mobile phone handset and digital camera manufacturers, though unit shipments for PDA phones increased. Meanwhile, sales of high-temperature polysilicon TFT LCD (HTPS) panels for 3LCD projectors were hurt by a sluggish projector market.

The quartz device business also posted sharply lower net sales. Demand for quartz sensors used in products such as game equipment and digital cameras increased, and unit shipments of certain products used in other digital electronics appear to have hit bottom. Nevertheless, net sales were hurt by a failure of unit shipments to rebound to year-ago levels, price erosion resulting from a change in the model mix, and yen appreciation.

Semiconductor business net sales fell sharply. A cutback in unit shipments of LCD controllers to handset manufacturers as part of strategic changes to the product mix contributed to the decline. A decline in silicon foundry orders and lower unit shipments of other products due to the recession also hurt net sales.

The electronic devices segment posted a large operating loss. The loss was tempered in part by a reduction in depreciation expenses associated with the business structure improvement expenses and an impairment loss recorded in the previous fiscal year, in addition to the effect of personnel reassignments and other fixed cost reductions.

First-quarter net sales in the electronic devices segment were ¥50,868 million (\$529,808 thousand), down 42.0% year on year, while operating loss was ¥8,587 million (\$89,438 thousand) versus operating income of ¥2,506 million in the same period last year. The reallocation of operating expenses had a ¥381 million (\$3,968 thousand) effect on this segment.

Precision products

The precision products segment reported lower operating income on a steep drop in net sales. Net sales were hurt primarily by a decline in unit shipments of watches as personal spending slowed and by a decline in unit shipments of IC handlers and robots as a result of curbs on corporate spending.

First-quarter net sales in the precision products segment were ¥12,683 million (\$132,099 thousand), down 37.5% year over year, while operating loss was ¥1,459 million (\$15,196 thousand) versus operating income of ¥241 million in the same period last year. The reallocation of operating expenses had a ¥106 million (\$1,104 thousand) effect on this segment.

Operating Performance Highlights by Geographic Segment

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

Japan

Net sales from amorphous-silicon TFT LCDs (a-TFT), inkjet printers, semiconductors, 3LCD projectors, low-temperature polysilicon TFT LCDs (LTPS), crystal devices, terminal modules, HTPS and watches declined. As a result, total quarterly net sales in Japan were ¥184,910 million (\$1,925,979 thousand), down 31.3% from the prior year, while operating loss was ¥20,880 million (\$217,466 thousand) versus operating income of ¥9,794 million in the same period last year.

The Americas

Net sales from a-TFT ended up, while net sales from inkjet printers, terminal modules, 3LCD projectors and SIDM printers declined. Total net sales in this region were ¥53,633 million (\$558,607 thousand), down 20.8% compared to the same period last year, while operating income was ¥2,667 million (\$27,778 thousand), down 34.3% year over year.

Europe

Net sales from inkjet printers, 3LCD projectors, SIDM printers, and terminal modules declined. Total net sales in this region were ¥45,976 million (\$478,855 thousand), down 30.1% compared to the same period last year, while operating income was ¥3,630 million (\$37,808 thousand), up 26.5% year over year.

Asia / Oceania

Net sales from a-TFT, 3LCD projectors, LTPS, inkjet printers, crystal devices and semiconductors all declined. Total net sales in this region were ¥121,178 million (\$1,262,139 thousand), down 28.9% compared to the same period last year, while operating income was ¥7,689 million (\$80,085 thousand), up 36.6% year over year.

Qualitative Information regarding the Consolidated Financial Position

Total assets were ¥876,372 million (\$9,127,924 thousand), a decrease of ¥40,969 million (\$426,715 thousand) compared to the last fiscal year end. This is attributed primarily to a decrease of ¥37,307 million (\$388,574 thousand) in cash and deposits, short-term investment securities and other current assets.

Total liabilities were ¥588,559 million (\$6,130,184 thousand), a ¥10,151 million (\$105,728 thousand) decrease compared to the last fiscal year end. Current liabilities decreased by ¥10,405 million (\$108,374 thousand), while noncurrent liabilities increased by ¥254 million (\$2,645 thousand). The decrease in current liabilities was mainly due to a reduction in provision for bonuses and other liabilities. The increase

in noncurrent liabilities was due to an increase in provision for retirement benefits and other liabilities.

Qualitative Information regarding the Consolidated Financial outlook

Other than foreign exchange rate assumptions, the full year outlook has not been revised since it was announced on April 30, 2009.

Consolidated Half-Year Results Outlook

	REF: FY2008 Half-Year Result	Previous Outlook	Current Outlook	Change
Net sales	615.7 billion	469.0 billion	469.0 billion	-
Operating income	28.0 billion	-18.0 billion	-18.0 billion	-
Ordinary income	27.4 billion	-19.0 billion	-19.0 billion	-
Full-year net income	11.7 billion	-23.0 billion	-23.0 billion	-
Foreign exchange rate	\$1USD = ¥106 1 euro = ¥163	\$1USD = ¥90 1 euro = ¥115	\$1USD = ¥96 1 euro = ¥129	

Consolidated Full-Year Results Outlook

	REF: FY2008 Full-Year Result	Previous Outlook	Current Outlook	Change
Net sales	1,122.4 billion	1,030.0 billion	1,030.0 billion	-
Operating income	-1.5 billion	3.0 billion	3.0 billion	-
Ordinary income	5.3 billion	0.0 billion	0.0 billion	-
Full-year net income	-111.3 billion	-6.0 billion	-6.0 billion	-
Foreign exchange rate	\$1USD = ¥101 1 euro = ¥143	\$1USD = ¥90 1 euro = ¥115	\$1USD = ¥96 1 euro = ¥127	

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 Quarterly Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	June 30, 2009	March 31, 2009	June 30, 2009
Assets			
Current assets			
Cash and deposits	¥164,647	¥172,921	\$1,714,894
Notes and accounts receivable-trade	136,817	134,133	1,425,028
Short-term investment securities	88,511	102,014	921,893
Merchandise and finished goods	82,452	91,471	858,785
Work in process	35,649	36,947	371,305
Raw materials and supplies	19,426	19,132	202,333
Other	56,437	64,446	587,857
Allowance for doubtful accounts	(3,572)	(3,389)	(37,204)
Total current assets	580,370	617,677	6,044,891
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	406,153	404,869	4,230,319
Machinery, equipment and vehicles	512,961	518,819	5,342,787
Tools, furniture and fixtures	182,810	184,508	1,904,072
Other	57,056	58,090	594,305
Accumulated depreciation	(913,072)	(912,574)	(9,510,176)
Total property, plant and equipment	245,909	253,712	2,561,307
Intangible assets			
Goodwill	2,578	-	26,851
Other	16,075	16,789	167,430
Total intangible assets	18,653	16,789	194,281
Investments and other assets			
Investment securities	18,380	15,281	191,438
Other	13,340	14,164	138,944
Allowance for doubtful accounts	(282)	(284)	(2,937)
Total investments and other assets	31,438	29,161	327,445
Total noncurrent assets	296,002	299,664	3,083,033
Total assets	¥876,372	¥917,342	\$9,127,924

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

SEIKO EPSON CORPORATION

	Millions of yen		Thousands of U.S. dollars
	June 30, 2009	March 31, 2009	June 30, 2009
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥72,101	¥70,177	\$750,973
Short-term loans payable	41,978	42,182	437,225
Current portion of long-term loans payable	18,525	18,543	192,948
Income taxes payable	5,780	6,208	60,202
Provision for bonuses	6,532	11,572	68,034
Provision for product warranties	8,868	9,813	92,365
Other	119,655	125,350	1,246,312
Total current liabilities	273,442	283,848	2,848,059
Noncurrent liabilities			
Bonds payable	100,000	100,000	1,041,558
Long-term loans payable	184,562	185,322	1,922,320
Provision for retirement benefits	14,649	12,966	152,577
Provision for recycle costs	899	926	9,363
Provision for product warranties	483	677	5,030
Negative goodwill	-	1,729	-
Other	14,522	13,239	151,278
Total noncurrent liabilities	315,117	314,862	3,282,126
Total liabilities	588,559	598,710	6,130,185
Net assets			
Shareholders' equity			
Capital stock			
Authorized - 607,458,368 shares			
Issued (June 30, 2009) - 199,817,389 shares			
Issued (March 31, 2009) - 196,364,592 shares	53,204	53,204	554,150
Capital surplus	84,321	79,500	878,252
Retained earnings	184,784	208,524	1,924,632
Treasury stock			
June 30, 2009 - 5,171 shares			
March 31, 2009 - 3,018 shares	(11)	(8)	(114)
Total shareholders' equity	322,297	341,220	3,356,920
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	5,026	2,835	52,348
Deferred gains or losses on hedges	(2,098)	(2,175)	(21,851)
Foreign currency translation adjustment	(38,858)	(39,255)	(404,728)
Total valuation and translation adjustments	(35,930)	(38,596)	(374,231)
Minority interests	1,445	16,007	15,050
Total net assets	287,813	318,631	2,997,739
Total liabilities and net assets	¥876,372	¥917,342	\$9,127,924

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

Consolidated Quarterly Statements of Income**Three months ended June 30:**

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30		Three months ended June 30,
	2008	2009	2009
Net sales	¥304,277	¥213,398	\$2,222,664
Cost of sales	212,563	169,695	1,767,472
Gross profit	91,713	43,703	455,192
Selling, general and administrative expenses	69,339	56,144	584,772
Operating income (loss)	22,374	(12,441)	(129,580)
Non-operating income:			
Interest income	1,363	415	4,322
Other	1,820	1,552	16,175
Total non-operating income	3,183	1,968	20,497
Non-operating expenses:			
Interest expenses	1,438	1,324	13,790
Foreign exchange losses	1,928	2,945	30,673
Other	212	315	3,291
Total non-operating expenses	3,580	4,586	47,754
Ordinary income (loss)	21,977	(15,058)	(156,837)
Extraordinary income:			
Gain on prior periods adjustment for removal	30	126	1,312
Reversal of provision for product warranties	-	52	541
Reversal of provision for loss on litigation	269	14	145
Other	140	29	313
Total extraordinary income	439	223	2,311
Extraordinary loss:			
Impairment loss	880	993	10,342
Other	5,818	982	10,228
Total extraordinary losses	6,698	1,975	20,570
Income (loss) before income taxes and minority interests	15,718	(16,811)	(175,096)
Income taxes	5,254	5,746	59,847
Minority interests in income (loss)	163	(192)	(1,999)
Net income (loss)	¥10,300	(¥22,365)	(\$232,944)

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

Consolidated Quarterly 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, 2009
	2008	2009	
Consolidated quarterly statements of cash flows			
Net cash provided by (used in) operating activities			
Income (loss) before income taxes and minority interests	¥15,718	(¥16,811)	(\$175,096)
Depreciation and amortization	18,319	12,036	125,361
Impairment loss	880	993	10,342
Equity in (earnings) losses of affiliates	(21)	(41)	(427)
Amortization of goodwill	(300)	(168)	(1,749)
Increase (decrease) in allowance for doubtful accounts	36	188	1,958
Increase (decrease) in provision for bonuses	(10,230)	(5,064)	(52,744)
Increase (decrease) in provision for product warranties	(496)	(1,190)	(12,394)
Increase (decrease) in provision for retirement benefits	(921)	1,883	19,612
Interest and dividends income	(1,621)	(641)	(6,676)
Interest expenses	1,438	1,324	13,790
Foreign exchange losses (gains)	(547)	(643)	(6,697)
Loss (gain) on sales of noncurrent assets	(116)	(44)	(458)
Loss on retirement of noncurrent assets	511	168	1,749
Decrease (increase) in notes and accounts receivable-trade	(7,288)	(1,644)	(17,123)
Decrease (increase) in inventories	(6,938)	10,551	109,894
Increase (decrease) in accrued consumption taxes	1,868	2,291	23,862
Increase (decrease) in notes and accounts payable-trade	8,595	448	4,666
Other, net	(8,673)	6,046	62,963
Subtotal	10,215	9,681	100,833
Interest and dividends income received	1,591	407	4,239
Interest expenses paid	(1,339)	(956)	(9,957)
Income taxes paid	(3,875)	(6,887)	(71,733)
Net cash provided by (used in) operating activities	6,592	2,245	23,382
Net cash provided by (used in) investing activities			
Net decrease (increase) in time deposits	(259)	236	2,458
Purchase of investment securities	(454)	(0)	(0)
Purchase of property, plant and equipment	(15,456)	(7,651)	(79,689)
Proceeds from sales of property, plant and equipment	187	72	749
Purchase of intangible assets	(1,753)	(1,140)	(11,873)
Proceeds from sales of intangible assets	9	3	31
Purchase of long-term prepaid expenses	(102)	(43)	(447)
Purchase of investments in subsidiaries	-	(13,405)	(139,620)
Other, net	27	(115)	(1,219)
Net cash provided by (used in) investing activities	(17,800)	(22,045)	(229,610)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	1,494	(240)	(2,499)
Repayment of long-term loans payable	(9,979)	(778)	(8,103)
Repayments of lease obligations	(2,110)	(825)	(8,625)
Purchase of treasury stock	(0)	(3)	(31)
Cash dividends paid	(3,141)	(1,374)	(14,311)
Cash dividends paid to minority shareholders	(398)	(83)	(864)
Net cash provided by (used in) financing activities	(14,135)	(3,306)	(34,433)
Effect of exchange rate change on cash and cash equivalents	6,937	1,576	16,403
Net increase (decrease) in cash and cash equivalents	(18,405)	(21,530)	(224,258)
Cash and cash equivalents at beginning of period	316,414	284,340	2,961,566
Cash and cash equivalents at end of period	¥298,008	¥262,809	\$2,737,308

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 sections in the Seiko Epson Annual Report 2009.

In addition, some notes such as “Investments in debt and equity securities” and “Derivative instruments” are not included because the figures to which they refer are insignificant to the consolidated results.

1. Basis of presenting consolidated financial statements

The amounts in the accompanying consolidated financial statements and the notes are rounded down.

2. Number of group companies

As of June 30, 2009, the Company had 96 consolidated subsidiaries.

3. Acquisitions

Epson Toyocom Corporation becomes a wholly-owned subsidiary

As of March 11, 2009, the Company owned 66.69% of the issued and outstanding shares of consolidated subsidiary Epson Toyocom Corporation (“Epson Toyocom”). Aiming to make Epson Toyocom a wholly-owned subsidiary, the Company, from March 12, 2009, to April 23, 2009, undertook a tender offer to acquire all of the issued and outstanding shares of Epson Toyocom. As a result, the Company’s ownership of Epson Toyocom’s issued shares rose to 91.05% as of April 30, 2009. On June 1, the Company conducted a share exchange by which Epson Toyocom became a wholly-owned subsidiary.

By completing this tender offer and share exchange, Epson intended to increase management speed and further improve efficiency with the purpose of enhancing Group synergies, strengthening business foundations and optimizing corporate value.

Details such as acquisition cost, share exchange method, and goodwill generated are as follows:

Acquisition cost of the subsidiary’s shares:

	Millions of yen	Thousands of U.S. dollars
Cash	¥13,045	\$135,871
The Company’s shares	4,820	50,203
Consulting fees, etc.	360	3,749
Total acquisition cost	<u>¥18,225</u>	<u>\$189,823</u>

Share exchange method

One share of the Company's common stock for 0.21 share of Epson Toyocom common stock

The above share exchange ratio was calculated after Epson Toyocom selected PwC Advisory Co., Ltd. as third-party consultants, and the Company engaged Merrill Lynch Japan Securities Co., Ltd. from the tender offer stage as financial advisors. The ratio was determined after careful deliberations and close consultations among the various parties.

Details of the number and value of shares exchanged are as follows:

Number of shares exchanged: 3,452,797

Value of shares exchanged: ¥4,820 million (\$50,203 thousand)

A total of ¥84,321 million (\$878,252 thousand) of the value of the shares exchanged will be allocated as capital surplus.

Amount of goodwill generated

Value of goodwill generated: ¥4,140 million (\$43,120 thousand)

The Company recognizes the difference between the acquisition cost of the outstanding Epson Toyocom shares and the decrease in minority interests as goodwill. Goodwill is amortized over five years using the straight-line method.

Accounting for this transaction was based on the "Accounting Standard for Business Combinations" issued by the Business Accounting Council on October 31, 2003 and on the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" issued by the Accounting Standards Board of Japan on November 15, 2007.

4. Goodwill

Epson had goodwill and negative goodwill as of March 31, 2009 and as of June 30, 2009. Goodwill and negative goodwill are amortized on a straight-line basis in accordance with Japanese accounting standards. Goodwill or negative goodwill is recorded on the balance sheets after offsetting. The amounts of goodwill and negative goodwill before offsetting as of March 31, 2009 and as of June 30, 2009, were as follows:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
	<u>June 30, 2009</u>	<u>March 31, 2009</u>	<u>June 30, 2009</u>
Goodwill	¥4,435	¥469	\$46,193
Negative goodwill	1,857	2,199	19,341

5. Cash dividends

In the three months ended June 30, 2009, the Company paid the following cash dividends per share to its registered shareholders at the last fiscal year:

<u>Cash dividends per share</u>	<u>Yen</u>	<u>U.S. dollars</u>
Year-end	¥7.00	\$0.07

The effective date of the distribution for year-end cash dividend was June 25, 2009.

6. Net income (loss) per share

The calculation of net income (loss) per share for the three months ended June 30, 2008 and 2009, was as follows:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
	<u>Three months ended June 30</u>		<u>Three months ended June 30,</u>
	<u>2008</u>	<u>2009</u>	<u>2009</u>
Net income (loss) attributable to common shares	¥10,300	(¥22,365)	(\$232,944)
	<u>Thousands of shares</u>		
Weighted-average number of common shares outstanding	196,362	197,499	
	<u>Yen</u>		<u>U.S. dollars</u>
Net income (loss) per share	¥52.46	(¥113.24)	(\$1.17)

Epson had no dilutive potential common shares, such as convertible debt or warrants, outstanding during the three months ended June 30, 2008. Diluted net loss per share is not calculated herein since a net loss was incurred and Epson had no dilutive potential common shares outstanding during the three months ended June 30, 2009.

7. Selling, general and administrative expenses

The significant components of selling, general and administrative expenses for the three months ended June 30, 2008 and 2009, were as follows:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
	<u>Three months ended June 30</u>		<u>Three months ended June 30,</u>
	<u>2008</u>	<u>2009</u>	<u>2009</u>
Salaries and wages	¥19,223	¥18,015	\$187,636
Research and development costs	10,161	8,569	89,251

8. Cash flow information

Cash and cash equivalents at June 30, 2008 and 2009, comprised the following:

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30		Three months ended June 30,
	2008	2009	2009
Cash and deposits	¥168,416	¥164,647	\$1,714,894
Short-term investments	122,009	88,511	921,893
Short-term loans receivables	10,000	10,000	104,156
Subtotal	<u>300,425</u>	<u>263,158</u>	<u>2,740,943</u>
Less:			
Short-term borrowings (overdrafts)	(617)	(0)	(0)
Time deposits due over three months	(1,783)	(336)	(3,521)
Short-term investments due over three months	<u>(15)</u>	<u>(11)</u>	<u>(114)</u>
Cash and cash equivalents	<u>¥298,008</u>	<u>¥262,809</u>	<u>\$2,737,308</u>

The Company obtained marketable securities, the fair value of which was ¥9,921 million and ¥9,981 million (\$103,957 thousand) at March 31, 2009, and at June 30, 2009, respectively, as deposit for the short-term loans receivables above.

9. Contingent liabilities

Contingent liabilities for guarantee of employees' housing loans from banks at March 31, 2009 and at June 30, 2009, were ¥1,707 million and ¥1,639 million (\$17,071 thousand), respectively.

10. 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 by the nature of products, markets and marketing methods.

The information-related equipment segment mainly includes color inkjet printers, page printers, serial impact 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.

The electronic devices segment mainly includes small- and medium-sized LCDs, HTPS-TFT panels for 3LCD projectors, crystal units, crystal oscillators, quartz sensors, optical devices and CMOS LSIs.

The 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 intra-group services and business incubation projects, are categorized within “Other”.

The following table summarizes the business segment information of Epson for the three months ended June 30, 2008 and 2009:

Three months ended June 30:

	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

	Millions of yen						
	Three months ended June 30, 2009						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥156,143	¥44,368	¥12,385	¥501	¥213,398	-	¥213,398
Inter-segment	336	6,499	298	5,279	12,414	(¥12,414)	-
Total	156,480	50,868	12,683	5,781	225,813	(12,414)	213,398
Operating income (loss)	(¥1,287)	(¥8,587)	(¥1,459)	(¥1,171)	(¥12,505)	¥64	(¥12,441)

	Thousands of U.S. dollars						
	Three months ended June 30, 2009						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	\$1,626,332	\$462,118	\$128,996	\$5,218	\$2,222,664	-	\$2,222,664
Inter-segment	3,523	67,690	3,103	54,983	129,299	(\$129,299)	-
Total	1,629,855	529,808	132,099	60,201	2,351,963	(129,299)	2,222,664
Operating income (loss)	(\$13,416)	(\$89,438)	(\$15,196)	(\$12,196)	(\$130,246)	\$666	(\$129,580)

In line with changes to the role of basic R&D accompanying the structural changes in the electronic devices segment, certain operating expenses previously included in business incubation projects in the “other” segment, from the first quarter of the current fiscal year, were allocated to the various business segments. As a result, operating income decreased by ¥1,342 million (\$13,977 thousand) in the information-related equipment segment, by ¥381 million (\$3,968 thousand) in the electronic devices segment, and by ¥106 million (\$1,104 thousand) in the precision products segment, and increased by ¥1,830 million (\$19,060 thousand) in the “other” segment compared to the corresponding amounts that would have been reported if the previous method had been applied.

(2) Geographic segment information

Net sales are attributed to geographic segments based on the country or region 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 following table summarizes the geographic segment information of Epson for the three months ended June 30, 2008 and 2009:

Three months ended June 30:

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

Millions of yen							
Three months ended June 30, 2009							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥85,848	¥46,625	¥44,061	¥36,862	¥213,398	-	¥213,398
Inter-segment	99,061	7,007	1,914	84,316	192,300	(¥192,300)	-
Total	184,910	53,633	45,976	121,178	405,699	(192,300)	213,398
Operating income (loss)	(¥20,880)	¥2,667	¥3,630	¥7,689	(¥6,892)	(¥5,548)	(¥12,441)

Thousands of U.S. dollars							
Three months ended June 30, 2009							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	\$894,179	\$485,626	\$458,920	\$383,939	\$2,222,664	-	\$2,222,664
Inter-segment	1,031,800	72,981	19,935	878,200	2,002,916	(\$2,002,916)	-
Total	1,925,979	558,607	478,855	1,262,139	4,225,580	(2,002,916)	2,222,664
Operating income (loss)	(\$217,466)	\$27,778	\$37,808	\$80,085	(\$71,795)	(\$57,785)	(\$129,580)

(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, 2008 and 2009:

Three months ended June 30:

	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%

	Millions of yen			
	Three months ended June 30, 2009			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥48,087	¥46,436	¥49,006	¥143,530
Consolidated net sales				¥213,398
Percentage of overseas sales to consolidated net sales (%)	22.5%	21.8%	23.0%	67.3%

	Millions of yen			
	Three months ended June 30, 2009			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	\$500,854	\$483,657	\$510,437	\$1,494,948
Consolidated net sales				\$2,222,664
Percentage of overseas sales to consolidated net sales (%)	22.5%	21.8%	23.0%	67.3%

11. Other

The Company and related subsidiaries are subject to allegations concerning a TFT-LCD price-fixing cartel, and have received from the Japanese Fair Trade Commission and competition authorities in the United States and elsewhere instructions and notices to submit materials. Civil lawsuits relating to this matter have been brought before courts in both the United States and Canada.

Supplementary Information

Consolidated First Quarter ended June 30, 2009

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,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Information-related equipment	205.0	156.4	(23.7%)	721.0	(6.3%)
Printer	169.4	132.2	(21.9%)	598.0	(7.4%)
Visual instruments	28.6	20.2	(29.1%)	95.0	(4.1%)
Other	7.2	4.0	(44.2%)	28.0	8.4%
Intra-segment sales	(0.2)	(0.1)	-%	0.0	-%
Electronic devices	87.7	50.8	(42.0%)	271.0	(13.0%)
Display	47.2	21.6	(54.1%)	135.0	(19.5%)
Quartz device	21.7	17.2	(20.6%)	80.0	(2.2%)
Semiconductor	20.4	12.0	(41.2%)	55.0	(17.5%)
Other	0.7	0.5	(31.9%)	6.0	239.0%
Intra-segment sales	(2.5)	(0.6)	-%	(5.0)	-%
Precision products	20.2	12.6	(37.5%)	63.0	(13.3%)
Other	9.2	5.7	(37.7%)	26.0	(18.3%)
Inter-segment sales	(18.0)	(12.4)	-%	(51.0)	-%
Consolidated sales	304.2	213.3	(29.9%)	1,030.0	(8.2%)

2. Business segment information

(Unit: billion yen)

	Three months ended June 30,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Information-related equipment					
Net sales:					
Customers	204.4	156.1	(23.6%)	720.0	(6.2%)
Inter-segment	0.6	0.3	(47.4%)	1.0	(59.9%)
Total	205.0	156.4	(23.7%)	721.0	(6.3%)
Operating expenses	183.4	157.7	(14.0%)	694.0	(6.2%)
Operating income	21.6	(1.2)	-%	27.0	(10.4%)
Electronic devices					
Net sales:					
Customers	78.9	44.3	(43.8%)	245.0	(12.5%)
Inter-segment	8.7	6.4	(25.5%)	26.0	(18.2%)
Total	87.7	50.8	(42.0%)	271.0	(13.0%)
Operating expenses	85.2	59.4	(30.2%)	284.0	(13.9%)
Operating income (loss)	2.5	(8.5)	-%	(13.0)	-%
Precision products					
Net sales:					
Customers	19.9	12.3	(38.0%)	62.0	(13.1%)
Inter-segment	0.3	0.2	(6.2%)	1.0	(25.2%)
Total	20.2	12.6	(37.5%)	63.0	(13.3%)
Operating expenses	20.0	14.1	(29.4%)	66.0	(11.5%)
Operating income	0.2	(1.4)	-%	(3.0)	-%
Other					
Net sales:					
Customers	0.8	0.5	(43.6%)	3.0	(23.8%)
Inter-segment	8.3	5.2	(37.1%)	23.0	(17.5%)
Total	9.2	5.7	(37.7%)	26.0	(18.3%)
Operating expenses	11.5	6.9	(39.9%)	34.0	(22.6%)
Operating loss	(2.2)	(1.1)	-%	(8.0)	-%
Elimination and corporate					
Net sales	(18.0)	(12.4)	-%	(51.0)	-%
Operating expenses	(18.3)	(12.4)	-%	(51.0)	-%
Operating income	0.2	0.0	(76.0%)	0.0	-%
Consolidated					
Net sales	304.2	213.3	(29.9%)	1,030.0	(8.2%)
Operating expenses	281.9	225.8	(19.9%)	1,027.0	(8.6%)
Operating income	22.3	(12.4)	-%	3.0	-%

3. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

	Three months ended June 30,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Capital expenditure	14.1	4.8	(65.7%)	58.0	4.3%
Information-related equipment	7.9	2.0	(74.2%)	27.0	2.6%
Electronic devices	4.8	1.7	(63.9%)	20.0	(1.3%)
Precision products	0.6	0.2	(53.3%)	4.0	8.5%
Other	0.7	0.7	1.3%	7.0	30.5%
Depreciation and amortization	18.3	12.0	(34.3%)	57.0	(27.3%)

4. Research and development

(Unit: billion yen)

	Three months ended June 30,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Research and Development	18.7	17.5	(6.7%)	87.0	6.0%
R&D / sales ratio	6.2%	8.2%		8.4%	

5. Management indices

(Unit: %)

	Three months ended June 30,		Increase Point	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 Point
	2008	2009			
Return on equity (ROE)	2.2%	(7.6%)	(9.8)	(2.0%)	27.7
Return on assets (ROA)	1.9%	(1.7%)	(3.6)	0.0	(0.5)
Return on sales (ROS)	7.2%	(7.1%)	(14.3)	0.0	(0.5)

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,		Increase
	2008	2009	
Foreign exchange effect	(14.5)	(19.4)	(4.9)
U.S. dollars	(11.2)	(3.9)	7.3
Euro	0.2	(10.3)	(10.5)
Other	(3.5)	(5.1)	(1.6)
Exchange rate			
Yen / U.S. dollars	104.55	97.32	
Yen / Euro	163.42	132.57	

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,	March 31,	June 30,	Increase compared to March 31, 2009
	2008	2009	2009	
Inventory	175.8	147.5	137.5	(10.0)
Information-related equipment	102.2	93.2	87.2	(5.9)
Electronic devices	53.9	35.0	31.4	(3.5)
Precision products	17.7	17.7	17.2	(0.5)
Other / Corporate	1.9	1.5	1.5	0.0
	(Unit: days)			
Turnover by days	53	48	59	11
Information-related equipment	45	44	51	7
Electronic devices	56	41	56	15
Precision products	80	89	123	34
Other / Corporate	19	18	25	7

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

8. Employees

(Unit: person)

	June 30,	March 31,	June 30,	Increase compared to March 31, 2009
	2008	2009	2009	
Number of employees at period end	92,541	72,326	75,829	3,503
Domestic	26,125	24,190	24,200	10
Overseas	66,416	48,136	51,629	3,493