

January 28, 2011

**CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED DECEMBER 31, 2010**

Consolidated Financial Highlights

Income statements and cash flows data (Millions of yen, thousands of U.S. dollars, except for per share data)

	Nine months ended December 31		Change	Nine months ended December 31, 2010
	2009	2010		
Statements of Income Data:				
Net sales	¥738,115	¥747,330	1.2%	\$9,170,818
Operating income	22,156	33,891	53.0%	415,891
Ordinary income	16,441	32,519	97.8%	399,055
Net income (loss)	(4,740)	17,004	-%	208,663
Statements of Cash Flows Data:				
Net cash provided by (used in) operating activities	23,112	8,964	(61.2%)	110,001
Net cash provided by (used in) investing activities	(37,110)	(17,581)	-%	(215,744)
Net cash provided by (used in) financing activities	(17,664)	(57,697)	-%	(708,025)
Cash and cash equivalents at end of period	250,980	175,054	(30.3%)	2,148,165
Per Share Data:				
Net income (loss) per share -Basic	(¥23.82)	¥85.11	-%	\$1.04
-Diluted	¥-	¥-	-%	\$-

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

	December 31, 2010	March 31, 2010	December 31, 2010
Total assets	¥796,697	¥870,090	\$9,776,622
Net assets	269,109	282,864	3,302,356
Shareholders' equity	267,626	281,295	3,284,157
Shareholders' equity ratio (%)	33.6%	32.3%	33.6%
Shareholders' equity per share	¥1,339.51	¥1,407.92	\$16.43

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 ¥81.49 = U.S.\$1 at December 31, 2010 has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Fiscal 2010 Third-Quarter Overview

In the third quarter of the year under review, the economy continued to recover and grow, but signs that the pace is slowing began to emerge. The U.S. economy, boosted by economic stimulus measures, began to gradually climb back from recession, though factors such as high unemployment rates have weighed down the recovery. The European economy rallied, though some countries continued to struggle with high unemployment and other problems. China and India recorded growth, mainly due to internal demand. The other countries of Asia saw their economies recover, albeit at a gradual pace. Japan, meanwhile, saw an uptick in corporate earnings and capital investment, yet the Japanese economy remained in a holding pattern primarily as a result of a tight employment situation, a weakening of personal spending, and declines in exports and production.

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

Demand for consumer inkjet printers was weak overall, with unit shipments flat in Europe and contracting in North America. Business inkjet printer demand steadily climbed in China and other parts of Asia enjoying economic growth, while corporate belt-tightening was seen in the printing industry and other sectors in Europe and the U.S. due to economic uncertainty. While the serial dot-matrix printer (SIDM) market is contracting in America, Europe, and Japan, demand remained firm in some regions, including China, Southeast Asia, and South Asia. In POS systems, retailer capital investment trended upward compared to the same period last year but lacked vigor. Projector demand was firm, especially for low-end business and education models and for full high-definition models for home theater.

Demand for the main electronic device applications generally remained steady across the quarter.

New mobile phone demand, underpinned by steady increases in unit volume in India and China, held firm. Upgrade demand drove the mobile phone market as a whole, with faster transmissions speeds providing traction for a raft of new smartphones. The digital camera market remained steady, with sales of SLR models particularly firm. The television market grew, especially in the low price zone. Meanwhile, the market for the closely watched new category of tablet PCs expanded. The portable media player (PMP) market, on the other hand, trended slightly downward as the first round of demand wound down and as media player features become more common on mobile phone handsets.

Markets associated with the precision products segment also showed signs of recovery, with demand for watches climbing in tandem with improvement in the economy. With corporate manufacturing on the mend, demand for semiconductor manufacturing equipment and robots increased. Difficult conditions persisted in the eyeglass lens market, where prices continuing to erode.

Epson is currently operating under a mid-range business plan that seeks to restore profitability and rebuild the business foundations of the company as it moves toward the long-range SE15 goal of becoming a community of robust businesses. Now in the second year of the three-year mid-range plan, we are looking to reach or exceed break-even in net income and to set a profit-generating corporate structure firmly in place. In conjunction with this effort, we will complete the reorganization of the small- and medium-sized displays business and are moving forward on growth initiatives in the key business domains of printers, projectors and quartz devices.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the

quarter under review were ¥82.64 and ¥112.23, respectively. This represents an 8% appreciation in the value of the yen against the dollar and a 15% appreciation in the value of the yen against the euro compared to the same period last year.

Third-quarter net sales were ¥268,044 million (\$3,289,287 thousand), down 7.1% compared to the same period last year. Also on a year over year basis, operating income was down 38.9% to ¥19,231 million (\$235,992 thousand), ordinary income declined 42.8% to ¥17,671 million (\$216,848 thousand), and net income fell 61.0% to ¥9,545 million (\$117,130 thousand.)

Operating Performance Highlights by Reporting Segments

A breakdown of the financial results in each reporting segment is provided below. Please note that, with the application on March 27, 2009 of Accounting Standard No. 17, “Revised accounting Standard for Disclosures about Segments of an Enterprise and Related information,” Epson has changed the method it uses to account for segment information, effective from the current fiscal year. The main change is that expenses associated with corporate R&D are consolidated under corporate expenses instead of being apportioned to reporting segments as they were in the past.

Information-related equipment

Printer business net sales declined.

In inkjet printers (including both hardware units and consumables, as in all printer discussions below), unit shipments of consumer models were flat year-over-year. Although new consumer printers did well in Europe and America, unit shipments were hurt by fierce competition in Asia. In the business printer category, unit shipments of large-format printers grew, in large part due to the effects of new products for the signage market in North America. Unit shipments of consumables, on the other hand, declined, while average selling prices rose. Office inkjet printer sales were firm, thanks to a series of business wins. SIDM printer unit shipments rode higher on the back of increased demand associated with China’s tax collection system, while shipments of POS system products to small- and medium-sized retailers likewise increased. However, price erosion progressed in both SIDM printers and POS system products. Page printer hardware shipments increased as a result of successful tenders, but net sales were adversely affected by ongoing price erosion, as well as by a decline in sales of consumables due to a past dip in page printer shipments. Moreover, the effects of increase in sales were largely canceled by advances in the yen.

Visual instruments business net sales declined. In 3LCD business projectors, unit shipments of education projectors increased in Europe and America. Meanwhile, increased shipments of short-throw lens projectors and other higher-end models had the effect of boosting average selling prices. However, the gains from these increased shipments were offset by the effects of yen appreciation. The 3LCD home theater projector business, which benefited from increased demand for full-HD compliant models, was similarly hit by yen appreciation and price erosion. Visual instruments business net sales were also affected by a decline in unit shipments of monitors for amusement units.

Segment income in the information-related equipment segment declined compared to same period last year, when segment income is recalculated using the accounting method applied this year (as with all segments below). The decline was mainly due to yen appreciation, unit shipment declines, and price erosion, all of which combined to temper the benefits of cost cuts.

As a result of the foregoing factors, third quarter net sales in the information-related equipment segment were ¥199,659 million (\$2,450,117 thousand), down 6.3% year over year, while segment income was ¥27,860 million (\$341,896 thousand), compared to operating income of ¥30,916 million in the same period last year. Segment income in the same period last year, recalculated using the accounting method applied this year, was ¥39,305 million.

Electronic devices

The quartz device business saw net sales decline slightly overall. Although the economic recovery produce steady demand for electronic devices and unit shipments increased for many products, net sales were hurt by yen appreciation and by a decline in unit shipments of quartz sensors for products such as game equipment.

Semiconductor business net sales ended up. Unit shipments of analog ICs, silicon foundry products, and monochrome LCD drivers for automotive applications increased due to firm demand for electronic components in general. While unit shipments of LCD controllers declined with changes in the product mix, we also saw benefits from a rise in average selling prices.

The displays business as a whole posted sharply lower net sales. Net sales declined compared to the third quarter of last year, when economic policies in various countries triggered a steep jump in demand for education projectors. The decline this quarter was primarily due to the adverse effects of price erosion and a drop-off in unit shipments of high-temperature polysilicon TFT liquid-crystal panels for 3LCD projectors (“HTPS panels”). The small- and medium-sized displays business is in the process of being transferred and thus saw net sales decline.

Segment income in the electronic devices business segment declined. Although lower fixed costs and an improved product mix in the semiconductor business had a positive impact, segment income declined primarily due to yen appreciation, a worsening of the product mix in the quartz device business, HTPS panel price erosion, and declining small- and medium-sized display revenue.

As a result of the foregoing factors, third-quarter net sales in the electronic devices segment were ¥57,270 million (\$702,785 thousand), down 17.5% year over year, while segment income was ¥1,207 million (\$14,811 thousand), down from the ¥2,918 million in operating income posted in the same period last year. Segment income in the same period last year, recalculated using the accounting method applied this year, was ¥5,406 million.

Precision products

The precision products segment reported higher demand for IC handlers and robots accompanying a rebound in corporate manufacturing. Sales of watches, meanwhile, also showed signs of rebounding, and the segment as a whole posted improved income and, along with it, increased segment income.

As a result of the foregoing factors, third-quarter net sales in the precision products segment were ¥17,612 million (\$216,124 thousand), up 11.9% year over year, while segment income was ¥1,314 million (\$16,124 thousand), compared to an operating loss of ¥667 million in the same period last year. Segment loss in the

same period last year, recalculated using the accounting method applied this year, was ¥38 million.

Other

Third-quarter net sales in the “Other” segment were ¥328 million (\$4,038 thousand), compared to ¥6,127 million in the same period last year. Segment loss was ¥43 million (\$528 thousand), compared to an operating loss of ¥1,689 million in the same period last year. The main reason for the decline in income is that subsidiaries that provided internal services to Epson were dissolved and their functions transferred to various Epson businesses in the previous fiscal year, so the sales of these subsidiaries to the various businesses are no longer recorded. Segment income in the same period last year, recalculated using the accounting method applied this year, was ¥44 million.

Adjustments

Segment loss was ¥11,107 million (\$136,311 thousand.) The loss mainly comprises selling, general and administrative expenses for areas that do not correspond to the reporting segments, such as research and development expenses for new businesses and basic technology, and general corporate expenses. Segment loss in the same period last year, recalculated using the accounting method applied this year, was ¥13,259 million.

Operating Performance for the first three quarters

Cumulative net sales for the first three quarters (nine months) of the year under review were ¥747,330 million (\$9,170,818 thousand), up 1.2% compared to the same period last year. Although tempered by the impact of the strong yen on inkjet printers and by a decline in revenue from small- and medium-sized displays, net sales increased, especially in the first half, mainly due to increased unit shipments of 3LCD projectors designed to capitalize on market growth opportunities, increased unit shipments of crystal devices, semiconductor products, and IC handlers as corporate production expanded, and higher demand for business inkjet printers as the economy recovered. Compared to the same nine months last year, operating income was up 53.0% to ¥33,891 million (\$415,891 thousand), and ordinary income was up 97.8% to ¥32,519 million (\$399,055 thousand.) Net income was ¥17,004 million (\$208,663 thousand), compared to a net loss of ¥4,740 million in the same period last year. The improvement in income is due mainly to a combination of increased revenue from sales of business products, a rise in the factory capacity utilization ratio in electronic devices operations, and the effects of ongoing fixed cost reductions.

Qualitative Information Regarding the Consolidated Financial Position

Total assets were ¥796,697 million (\$9,776,622 thousand), a decline of ¥73,392 million compared to the last fiscal year end. Current assets decreased by ¥55,440 million because even though notes and accounts receivable-trade increased by ¥25,354 million, total cash and deposits and short-term investment securities decreased by ¥79,538 million, due to repayment of interest-bearing liabilities and redemption of corporate bonds. Total property, plant and equipment declined by ¥10,837 million as a result of lower capital expenditures as the company focused on selected businesses in line with its mid-range business plan. Total liabilities were ¥527,588 million (\$6,474,266 thousand), a decrease of ¥59,637 million compared to the previous fiscal year end. The decrease in total liabilities occurred as a result of a ¥53,743 million decline in the total of short-term loans payable, current portion of bonds, current portion of long-term loans payable,

bonds payable, and long-term loans payable, which together comprise a portion of our interest-bearing liabilities.

Retained earnings increased by ¥13,008 million mainly due to the recording of net income. However, total net assets declined by ¥13,755 million, mainly due to factors such as a ¥25,260 million decline in foreign currency translation adjustment to minus ¥72,965 million (\$895,371 thousand) affected by the appreciation of the yen versus the dollar and other currencies compared to the previous fiscal year end.

Qualitative Information Regarding the Consolidated Financial Outlook

Epson has revised its full-year financial outlook downward. After reviewing sales trends and adjusting assumptions regarding the timing of a market turnaround, Epson downgraded its net sales forecast by ¥20 billion, with the information-related equipment segment accounting for the majority of that. The full-year income outlook has not changed, as Epson expects to further reduce costs and curb spending.

Consolidated Full-Year Results Outlook

	REF: FY2009 Full-Year Result	Previous Outlook	Current Outlook	Change
Net sales	¥985.3 billion	¥1,000.0 billion	¥980.0 billion	¥(20.0 billion)
Operating income	¥18.2 billion	¥35.0 billion	¥35.0 billion	-
Ordinary income	¥13.8 billion	¥34.0 billion	¥34.0 billion	-
Net income	¥(19.7 billion)	¥10.0 billion	¥10.0 billion	-
Foreign exchange rate	\$1USD = ¥93 1 euro = ¥131	\$1USD = ¥84 1 euro = ¥112	\$1USD = ¥85 1 euro = ¥112	

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
	December 31, 2010	March 31, 2010	December 31, 2010
<u>Assets</u>			
Current assets			
Cash and deposits	¥114,081	¥193,117	\$1,399,938
Notes and accounts receivable-trade	169,789	144,435	2,083,556
Short-term investment securities	51,008	51,511	625,941
Merchandise and finished goods	94,455	90,284	1,159,099
Work in process	38,226	39,198	469,088
Raw materials and supplies	23,480	21,710	288,133
Other	51,634	58,211	633,663
Allowance for doubtful accounts	(1,906)	(2,258)	(23,389)
Total current assets	540,770	596,210	6,636,029
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	396,643	405,096	4,867,382
Machinery, equipment and vehicles	439,136	467,364	5,388,832
Tools, furniture and fixtures	156,578	174,014	1,921,438
Other	59,991	59,358	736,214
Accumulated depreciation	(837,832)	(880,479)	(10,281,408)
Total property, plant and equipment	214,517	225,354	2,632,458
Intangible assets			
Goodwill	2,850	2,873	34,973
Other	12,511	15,187	153,540
Total intangible assets	15,362	18,060	188,513
Investments and other assets			
Investment securities	12,900	16,087	158,301
Other	13,293	14,577	163,112
Allowance for doubtful accounts	(146)	(200)	(1,791)
Total investments and other assets	26,046	30,464	319,622
Total noncurrent assets	255,927	273,879	3,140,593
Total assets	¥796,697	¥870,090	\$9,776,622

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

SEIKO EPSON CORPORATION

	Millions of yen		Thousands of U.S. dollars
	December 31, 2010	March 31, 2010	December 31, 2010
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥89,054	¥90,768	\$1,092,821
Short-term loans payable	13,439	21,739	164,915
Current portion of bonds	30,000	30,000	368,143
Current portion of long-term loans payable	37,331	35,728	458,105
Income taxes payable	9,179	10,024	112,639
Provision for bonuses	8,119	14,484	99,631
Provision for product warranties	8,438	9,928	103,546
Other	116,802	115,977	1,433,357
Total current liabilities	312,364	328,652	3,833,157
Noncurrent liabilities			
Bonds payable	60,000	70,000	736,286
Long-term loans payable	114,546	151,593	1,405,644
Provision for retirement benefits	25,300	20,008	310,467
Provision for recycling costs	457	396	5,608
Provision for product warranties	273	450	3,350
Other	14,646	16,124	179,754
Total noncurrent liabilities	215,224	258,574	2,641,109
Total liabilities	527,588	587,226	6,474,266
Net assets			
Shareholders' equity			
Capital stock			
Authorized - 607,458,368 shares			
Issued - 199,817,389 shares	53,204	53,204	652,889
Capital surplus	84,321	84,321	1,034,740
Retained earnings	200,367	187,358	2,458,792
Treasury stock			
December 31, 2010 - 23,620 shares			
March 31, 2010 - 22,089 shares	(37)	(35)	(454)
Total shareholders' equity	337,854	324,847	4,145,967
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	2,318	4,023	28,445
Deferred gains or losses on hedges	418	130	5,129
Foreign currency translation adjustment	(72,965)	(47,705)	(895,371)
Total valuation and translation adjustments	(70,227)	(43,552)	(861,797)
Minority interests	1,482	1,568	18,186
Total net assets	269,109	282,864	3,302,356
Total liabilities and net assets	¥796,697	¥870,090	\$9,776,622

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

Consolidated Statements of Income
Nine months ended December 31:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31		Nine months ended December 31,
	2009	2010	2010
Net sales	¥738,115	¥747,330	\$9,170,818
Cost of sales	538,207	543,281	6,666,855
Gross profit	199,907	204,048	2,503,963
Selling, general and administrative expenses	177,751	170,157	2,088,072
Operating income	22,156	33,891	415,891
Non-operating income:			
Interest income	1,014	695	8,528
Rent income	785	1,166	14,308
Other	3,443	3,426	42,055
Total non-operating income	5,243	5,288	64,891
Non-operating expenses			
Interest expenses	3,874	3,296	40,446
Foreign exchange losses	6,082	1,234	15,142
Other	1,002	2,130	26,139
Total non-operating expenses	10,958	6,660	81,727
Ordinary income	16,441	32,519	399,055
Extraordinary income:			
Gain on transfer of business	—	597	7,326
Other	915	467	5,730
Total extraordinary income	915	1,064	13,056
Extraordinary loss:			
Business structure improvement expenses	—	5,343	65,566
Other	9,871	2,046	25,120
Total extraordinary losses	9,871	7,390	90,686
Income before income taxes and minority interests	7,485	26,193	321,425
Income taxes	12,196	9,037	110,897
Income (loss) before minority interests	(4,710)	17,156	210,528
Minority interests in income	30	151	1,865
Net income (loss)	(¥4,740)	¥17,004	\$208,663

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

Consolidated Statements of Income
Three months ended December 31:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31		Three months ended December 31,
	2009	2010	2010
Net sales	¥288,486	¥268,044	\$3,289,287
Cost of sales	195,102	188,712	2,315,782
Gross profit	93,384	79,331	973,505
Selling, general and administrative expenses	61,926	60,100	737,513
Operating income	31,457	19,231	235,992
Non-operating income			
Interest income	288	230	2,822
Rent income	255	403	4,945
Other	972	835	10,271
Total non-operating income	1,516	1,469	18,038
Non-operating expenses:			
Interest expenses	1,259	1,012	12,418
Foreign exchange losses	451	1,283	15,744
Other	390	734	9,020
Total non-operating expenses	2,101	3,030	37,182
Ordinary income	30,872	17,671	216,848
Extraordinary income:			
Gain on reversal of loss on valuation of investment securities	—	990	12,148
Other	417	80	994
Total extraordinary income	417	1,071	13,142
Extraordinary loss:			
Business structure improvement expenses	—	5,343	65,566
Other	3,404	632	7,767
Total extraordinary losses	3,404	5,975	73,333
Income before income taxes and minority interests	27,884	12,766	156,657
Income taxes	3,336	3,152	38,692
Income before minority interests	24,548	9,613	117,965
Minority interests in income	101	67	835
Net income	¥24,446	¥9,545	\$117,130

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

Consolidated Statements of Cash Flows**Nine months ended December 31:**

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31		Nine months ended December 31,
	2009	2010	2010
Consolidated quarterly statements of cash flows			
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	¥7,485	¥26,193	\$321,425
Depreciation and amortization	35,564	30,279	371,578
Equity in (earnings) losses of affiliates	(136)	(75)	(920)
Amortization of goodwill	(364)	22	269
Business structure improvement expenses	—	5,343	65,566
Increase (decrease) in allowance for doubtful accounts	(799)	(122)	(1,497)
Increase (decrease) in provision for bonuses	(6,698)	(6,170)	(75,714)
Increase (decrease) in provision for product warranties	444	(975)	(11,964)
Increase (decrease) in provision for retirement benefits	5,519	608	7,461
Interest and dividends income	(1,286)	(927)	(11,375)
Interest expenses	3,874	3,296	40,446
Foreign exchange losses (gains)	(689)	(3)	(36)
Loss (gain) on sales of noncurrent assets	(579)	(141)	(1,730)
Loss on retirement of noncurrent assets	622	524	6,430
Loss (gain) on sales of investment securities	15	2	24
Decrease (increase) in notes and accounts receivable-trade	(50,692)	(21,168)	(259,761)
Decrease (increase) in inventories	(5,994)	(23,229)	(285,053)
Increase (decrease) in accrued consumption taxes	1,127	1,870	22,947
Increase (decrease) in notes and accounts payable-trade	32,861	(7,058)	(86,611)
Other, net	14,719	9,673	118,701
Subtotal	34,995	17,943	220,186
Interest and dividends income received	1,113	1,784	21,892
Interest expenses paid	(3,628)	(3,120)	(38,286)
Income taxes paid	(9,367)	(7,643)	(93,791)
Net cash provided by (used in) operating activities	23,112	8,964	110,001
Net cash provided by (used in) investing activities			
Decrease (increase) in time deposits	513	(0)	(0)
Purchase of investment securities	(12)	(3)	(36)
Proceeds from sales of investment securities	106	236	2,896
Purchase of property, plant and equipment	(20,879)	(20,306)	(249,170)
Proceeds from sales of property, plant and equipment	633	532	6,528
Purchase of intangible assets	(3,776)	(1,755)	(21,536)
Proceeds from sales of intangible assets	3	7	85
Purchase of long-term prepaid expenses	(177)	(653)	(8,013)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	53	650
Proceeds from transfer of business	—	4,062	49,846
Other, net	(13,521)	245	3,006
Net cash provided by (used in) investing activities	(37,110)	(17,581)	(215,744)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(3,068)	(7,349)	(90,182)
Repayment of long-term loans payable	(10,549)	(35,444)	(434,975)
Proceeds from issuance of bonds	—	20,000	245,428
Redemption of bonds	—	(30,000)	(368,143)
Repayments of lease obligations	(2,541)	(839)	(10,295)
Purchase of treasury stock	(26)	(1)	(12)
Cash dividends paid	(1,374)	(3,995)	(49,024)
Cash dividends paid to minority shareholders	(104)	(67)	(822)
Other, net	0	—	—
Net cash provided by (used in) financing activities	(17,664)	(57,697)	(708,025)
Effect of exchange rate change on cash and cash equivalents	(1,696)	(13,340)	(163,713)
Net increase (decrease) in cash and cash equivalents	(33,358)	(79,655)	(977,481)
Cash and cash equivalents at beginning of period	284,340	254,590	3,124,186
Increase in cash and cash equivalents from newly consolidated subsidiary	—	119	1,460
Cash and cash equivalents at end of period	¥250,980	¥175,054	\$2,148,165

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 relevant sections in the Seiko Epson Annual Report 2010.

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 December 31, 2010, the Company had 93 consolidated subsidiaries.

3. Changes in significant accounting policies

Effective April 1, 2010, Epson adapted ASBJ Statement No.18, “Accounting Standard for Asset Retirement Obligations” and its Guidance No.21, “Guidance on Accounting Standard for Asset Retirement Obligations,” issued on March 31, 2008.

The adoption of these standards did not have a material effect on Epson’s results of operations and financial position for the nine months ended December 31, 2010.

4. Goodwill

Epson had goodwill and negative goodwill as of March 31, 2010, and as of December 31, 2010. 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, 2010, and as of December 31, 2010, were as follows:

	Millions of yen		Thousands of U.S. dollars
	December 31, 2010	March 31, 2010	December 31, 2010
Goodwill	¥2,985	¥3,703	\$36,630
Negative goodwill	134	830	1,644

5. Cash dividends

The Company paid the following cash dividends of retained earnings to its registered shareholders at the ends of the previous fiscal year and interim periods during the nine months ended December 31, 2010:

	Cash dividends		Cash dividends per share	
	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars
Year-end	¥1,997	\$24,506	¥10.00	\$0.12
Interim	¥1,997	\$24,506	¥10.00	\$0.12

The effective dates of the distribution for year-end and interim cash dividends, which were paid during the nine months ended December 31, 2010, were June 23, 2010 and December 3, 2010, respectively.

6. Net income (loss) per share

The calculation of net income (loss) per share for the nine months ended December 31, 2009 and 2010, is as follows:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31		Nine months ended December 31,
	2009	2010	2010
Net income (loss) attributable to common shares	(¥4,740)	¥17,004	\$208,663
	Thousands of shares		
Weighted-average number of common shares outstanding	199,038	199,794	
	Yen		U.S. dollars
Net income (loss) per share	(¥23.82)	¥85.11	\$1.04

The calculation of net income per share for the three months ended December 31, 2009 and 2010, is as follows:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31		Three months ended December 31,
	2009	2010	2010
Net income attributable to common shares	¥24,446	¥9,545	\$117,130
	Thousands of shares		
Weighted-average number of common shares outstanding	199,796	199,794	
	Yen		U.S. dollars
Net income per share	¥122.36	¥47.78	\$0.58

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 nine months ended December 31, 2009. Diluted net income per share is not calculated herein since Epson had no dilutive potential common shares outstanding during the three months ended December 31, 2009 and 2010, or the nine months ended December 31, 2010.

7. Selling, general and administrative expenses

The significant components of selling, general and administrative expenses for the nine months ended December 31, 2009 and 2010, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31		Nine months ended December 31,
	2009	2010	2010
Salaries and wages	¥53,240	¥56,894	\$698,171
Research and development costs	24,430	18,073	221,781

The significant components of selling, general and administrative expenses for the three months ended December 31, 2009 and 2010, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31		Three months ended December 31,
	2009	2010	2010
Salaries and wages	¥17,519	¥18,644	\$228,788
Research and development costs	7,371	5,879	72,143

8. Business structure improvement expenses

Business structure improvement expenses for the three months and the nine months ended December 31, 2010 comprised expenses related to the termination of the small- and medium-sized displays business.

9. Cash flow information

Cash and cash equivalents as of December 31, 2009 and 2010, were as follows:

	Millions of yen		Thousands of
	December 31		U.S. dollars
	2009	2010	December 31, 2010
Cash and deposits	¥182,518	¥114,081	\$1,399,938
Short-term investment securities	58,510	51,008	625,941
Short-term loans receivables	10,000	10,000	122,714
Less:			
Short-term loans payable (overdrafts)	(0)	(0)	(0)
Time deposits due over three months	(37)	(25)	(318)
Short-term investment securities due over three months	(10)	(9)	(110)
Cash and cash equivalents	<u>¥250,980</u>	<u>¥175,054</u>	<u>\$2,148,165</u>

The Company obtained marketable securities, the fair value of which was ¥9,898 million and ¥10,006 million (\$122,788 thousand) as of December 31, 2009 and 2010, respectively, as deposits for the short-term loans receivables above.

10. Contingent liabilities

Contingent liabilities for guarantee of employees' housing loans from banks and others as of March 31, 2010, and as of December 31, 2010, were ¥1,413 million and ¥1,184 million (\$14,529 thousand), respectively.

11. Segment information

From the current fiscal year, Epson adopted ASBJ Statement No.17 (revised on March 27, 2009), “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” and its implementation guidelines, ASBJ Guidance No.20, “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information,” issued on March 21, 2008. As a result, segment information for three months and nine months ended December 31, 2009 was based on the standard before revision. The same information for three months and nine months ended December 31, 2010 is based on the revised standard.

(1) Three months and nine months ended December 31, 2009:

Business segment information

Epson engages primarily in the development, manufacture and sale of printers, liquid crystal displays (“LCDs”), semiconductors and other products.

The company divides its business into 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 and nine months ended December 31, 2009:

Nine months ended December 31:

	Millions of yen						
	Nine months ended December 31, 2009						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥531,793	¥162,278	¥42,397	¥1,645	¥738,115	-	¥738,115
Inter-segment	985	24,378	1,092	16,164	42,622	(¥42,622)	-
Total	532,779	186,657	43,490	17,810	780,737	(42,622)	738,115
Operating income (loss)	¥35,687	(¥6,365)	(¥2,732)	(¥4,517)	¥22,072	¥84	¥22,156

Three months ended December 31:

	Millions of yen						
	Three months ended December 31, 2009						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥212,803	¥59,917	¥15,296	¥468	¥288,486	-	¥288,486
Inter-segment	176	9,487	442	5,659	15,764	(¥15,764)	-
Total	212,980	69,404	15,738	6,127	304,250	(15,764)	288,486
Operating income (loss)	¥30,916	¥2,918	(¥667)	(¥1,689)	¥31,477	(¥20)	¥31,457

(2) Three months and nine months ended December 31, 2010:

(a) Summary of reporting segments

Epson and its subsidiaries conduct manufacturing and sales of products worldwide under the management of the Company's operations divisions. In order for the board of directors to determine the allocation of resources and assess business results, the operations divisions make individual financial reports, and correspond to business segments that are subject to regular review.

Epson has consolidated these business segments into three reporting segments based on the type and characteristics of products and services, and on manufacturing and sales methods. These are the information-related equipment segment, the electronic devices segment and the precision products segment. Epson conducts development, manufacturing and sales within its reporting segments as follows.

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, label writers and personal computers.

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

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

(b) Information of the amount of sales and income (loss) in each reporting segment

The following table summarizes the reporting segment information of Epson for the three months and nine months ended December 31, 2010:

Nine months ended December 31:

Millions of yen

Nine months ended December 31, 2010									
Reporting segments				Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of income totals [Note 3]	
Information -related equipment	Electronic devices	Precision products	Total			Corporate expenses [Note 2]	Eliminations		
Net sales:									
Customers	¥536,586	¥157,894	¥51,768	¥746,249	¥494	¥746,744	¥585	-	¥747,330
Inter- segment	810	21,599	1,238	23,648	368	24,017	1,565	(¥25,583)	-
Total	537,396	179,494	53,007	769,898	863	770,762	2,151	(25,583)	747,330
Segment income (loss)	¥59,175	¥6,551	¥3,137	¥68,864	(¥251)	¥68,613	(¥35,025)	¥302	¥33,891

Thousands of U.S. dollars

Nine months ended December 31, 2010									
Reporting segments				Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of income totals [Note 3]	
Information -related equipment	Electronic devices	Precision products	Total			Corporate expenses [Note 2]	Eliminations		
Net sales:									
Customers	\$6,584,698	\$1,937,587	\$635,268	\$9,157,553	\$6,074	\$9,163,627	\$7,191	-	\$9,170,818
Inter- segment	9,940	265,063	15,204	290,207	4,528	294,735	19,205	(\$313,940)	-
Total	6,594,638	2,202,650	650,472	9,447,760	10,602	9,458,362	26,396	(313,940)	9,170,818
Segment income (loss)	\$726,175	\$80,390	\$38,495	\$845,060	(\$3,080)	\$841,980	(\$429,794)	\$3,705	\$415,891

Three months ended December 31:

Millions of yen

Three months ended December 31, 2010									
Reporting segments				Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of income totals [Note 3]	
Information -related equipment	Electronic devices	Precision products	Total			Corporate expenses [Note 2]	Eliminations		
Net sales:									
Customers	¥199,441	¥51,048	¥17,220	¥267,710	¥206	¥267,917	¥126	-	¥268,044
Inter- segment	217	6,221	392	6,831	122	6,954	895	(¥7,849)	-
Total	199,659	57,270	17,612	274,542	328	274,871	1,022	(7,849)	268,044
Segment income (loss)	¥27,860	¥1,207	¥1,314	¥30,382	(¥43)	¥30,339	(¥11,215)	¥107	¥19,231

Thousands of U.S. dollars

Three months ended December 31, 2010									
Reporting segments				Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of income totals [Note 3]	
Information -related equipment	Electronic devices	Precision products	Total			Corporate expenses [Note 2]	Eliminations		
Net sales:									
Customers	\$2,447,442	\$626,432	\$211,314	\$3,285,188	\$2,540	\$3,287,728	\$1,559	-	\$3,289,287
Inter- segment	2,675	76,353	4,810	83,838	1,498	85,336	10,982	(\$96,318)	-
Total	2,450,117	702,785	216,124	3,369,026	4,038	3,373,064	12,541	(96,318)	3,289,287
Segment income (loss)	\$341,896	\$14,811	\$16,124	\$372,831	(\$528)	\$372,303	(\$137,624)	\$1,313	\$235,992

Notes;

1. Intra-group services are categorized within "Other."
2. Corporate expenses that are categorized under adjustments within segment income comprise expenses that do not correspond to the reporting segments. These include expenses relating to research and development for new businesses and basic technology, and general corporate expenses.
3. Segment income (loss) has been adjusted to match consolidated quarterly operating income (loss).

12. Other

(1) Allegations concerning a TFT-LCD price-fixing cartel

The Company and related subsidiaries are subject to allegations concerning a TFT-LCD price-fixing cartel, and received from competition authorities in the United States and elsewhere instructions and notices to submit relevant materials. In August 2009, Epson Imaging Devices Corporation, a consolidated subsidiary of the Company, concluded a plea agreement by which it paid a fine of U.S.\$26 million to the United States Department of Justice, and criminal procedures were completed in October 2009. Related civil lawsuits have been brought before courts in United States and elsewhere by clients and others.

(2) Civil action seeking payment of copyright fees on single-function printers

Verwertungsgesellschaft Wort (“VG Wort”), a German organization for collecting copyright fees, has brought a civil action against Epson Deutschland GmbH, a consolidated subsidiary of the Company, seeking payment of copyright fees on single-function printers.

The plaintiff expressed dissatisfaction with a German Supreme Court ruling against its claims, and appealed to the Federal Constitutional Court of Germany. The Constitutional Court then decided that the Supreme Court’s judgment violated Article 14 of the German Constitution, which guarantees certain rights. In addition to rejecting the Supreme Court ruling, the Constitutional Court in December 2010 referred the matter back to the Supreme Court for further assessment.

Supplementary Information

Consolidated Nine months ended December 31, 2010

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)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2011	Increase compared to year ended March 31, 2010 %
	2009	2010			
Information-related equipment	532.7	537.3	0.9%	707.0	(0.8%)
Printer	449.6	442.2	(1.6%)	580.0	(2.2%)
Visual instruments	70.4	81.5	15.7%	107.0	7.9%
Other	13.2	15.1	14.4%	22.0	4.8%
Intra-segment sales	(0.5)	(1.5)	-%	(2.0)	-%
Electronic devices	186.6	179.4	(3.8%)	235.0	(5.2%)
Quartz device	61.9	69.3	12.0%	91.0	10.5%
Semiconductor	41.3	45.3	9.7%	58.0	3.4%
Display	84.6	66.9	(20.8%)	89.0	(21.1%)
Other	2.1	1.0	(49.9%)	2.0	45.3%
Intra-segment sales	(3.3)	(3.2)	-%	(5.0)	-%
Precision products	43.4	53.0	21.9%	67.0	16.0%
Other [Note]	1.0	0.8	(18.4%)	1.0	(31.7%)
Corporate expenses [Note]	1.7	2.1	26.6%	4.0	25.2%
Inter-segment sales [Note]	(27.5)	(25.5)	-%	(34.0)	-%
Consolidated sales	738.1	747.3	1.2%	980.0	(0.5%)

Note: Due to the application of Accounting Standard No. 17, "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information," Epson has decided to use its management approach to calculate segment information in FY2010.

The figures for FY2009 have been recalculated using the new method.

2. Business segment information

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2011	Increase compared to year ended March 31, 2010 %
	2009	2010			
Information-related equipment					
Net sales:					
Customers	531.7	536.5	0.9%	706.0	(0.8%)
Inter-segment	0.9	0.8	(17.8%)	1.0	(23.9%)
Total	532.7	537.3	0.9%	707.0	(0.8%)
Operating expenses	472.3	478.2	1.3%	630.0	(1.7%)
Segment income (loss)	60.4	59.1	(2.1%)	77.0	7.3%
Electronic devices					
Net sales:					
Customers	162.2	157.8	(2.7%)	207.0	(4.0%)
Inter-segment	24.3	21.5	(11.4%)	28.0	(13.8%)
Total	186.6	179.4	(3.8%)	235.0	(5.2%)
Operating expenses	184.9	172.9	(6.5%)	232.0	(5.9%)
Segment income (loss)	1.6	6.5	292.1%	3.0	96.2%
Precision products					
Net sales:					
Customers	42.3	51.7	22.1%	65.0	15.5%
Inter-segment	1.0	1.2	13.4%	2.0	36.8%
Total	43.4	53.0	21.9%	67.0	16.0%
Operating expenses	44.1	49.8	13.0%	65.0	10.1%
Segment income (loss)	(0.6)	3.1	-%	2.0	-%
Other					
Net sales:					
Customers	0.9	0.4	(46.2%)	1.0	(15.4%)
Inter-segment	0.1	0.3	165.2%	0.0	-%
Total	1.0	0.8	(18.4%)	1.0	(31.7%)
Operating expenses	0.8	1.1	24.4%	1.0	(36.1%)
Segment income (loss)	0.1	(0.2)	-%	0.0	-%
Corporate expenses					
Net sales:					
Customers	0.7	0.5	(19.4%)	1.0	1.7%
Inter-segment	0.9	1.5	60.9%	3.0	35.6%
Total	1.7	2.1	26.6%	4.0	25.2%
Operating expenses	41.2	37.1	(9.8%)	51.0	(10.6%)
Segment income (loss)	(39.5)	(35.0)	-%	(47.0)	-%
Eliminations					
Net sales	(27.5)	(25.5)	-%	(34.0)	-%
Operating expenses	(27.6)	(25.8)	-%	(34.0)	-%
Segment income (loss)	0.0	0.3	-%	0.0	-%
Consolidated					
Net sales	738.1	747.3	1.2%	980.0	(0.5%)
Operating expenses	715.9	713.4	(0.4%)	945.0	(2.3%)
Operating income (loss)	22.1	33.8	53.0%	35.0	92.0%

Note: The segment information figures for FY2009 have been recalculated using the method used in FY2010.

3. Geographic segment information

(Unit: billion yen)

	Nine months ended December 31,		Increase	Increase compared to previous year December 31, 2009 %
	2009	2010		
Japan				
Net sales:				
Customers	301.2	315.5	14.2	4.7%
Inter-segment	350.4	355.8	5.3	1.5%
Total	651.7	671.3	19.5	3.0%
Operating expenses	675.8	661.8	(13.9)	(2.1%)
Segment income (loss)	(24.0)	9.5	33.5	-%
The Americas				
Net sales:				
Customers	156.0	149.2	(6.7)	(4.3%)
Inter-segment	16.3	11.4	(4.8)	(29.8%)
Total	172.3	160.7	(11.6)	(6.7%)
Operating expenses	163.7	153.8	(9.8)	(6.0%)
Segment income (loss)	8.6	6.8	(1.7)	(20.4%)
Europe				
Net sales:				
Customers	153.7	139.5	(14.1)	(9.2%)
Inter-segment	5.1	4.0	(1.0)	(20.1%)
Total	158.8	143.6	(15.1)	(9.5%)
Operating expenses	149.0	137.7	(11.2)	(7.6%)
Segment income (loss)	9.8	5.9	(3.8)	(39.7%)
Asia/Oceania				
Net sales:				
Customers	127.0	142.9	15.9	12.5%
Inter-segment	299.1	301.3	2.2	0.7%
Total	426.1	444.3	18.1	4.3%
Operating expenses	398.1	424.1	25.9	6.5%
Segment income (loss)	27.9	20.1	(7.8)	(27.9%)
Eliminations				
Net sales	(671.0)	(672.7)	(1.7)	-%
Operating expenses	(670.8)	(664.2)	6.6	-%
Segment income (loss)	(0.1)	(8.5)	(8.3)	-%
Consolidated				
Net sales	738.1	747.3	9.2	1.2%
Operating expenses	715.9	713.4	(2.5)	(0.4%)
Operating income (loss)	22.1	33.8	11.7	53.0%

Note: Net sales are attributed to geographic segments based on the country or region location of the Company or the subsidiary. Principal countries and jurisdictions in each geographic segment are as follows.

Geographic Segment	The name of main countries and jurisdictions
The Americas	The United States, Canada, Brazil, Chile, Argentina, Costa Rica, Colombia, Venezuela, Mexico and Peru etc.
Europe	The United Kingdom, the Netherlands, Germany, France, Italy, Spain, Portugal and Russia etc.
Asia/Oceania	China (including Hong Kong), Singapore, Malaysia, Taiwan, Thailand, the Philippines, Australia, New Zealand, Indonesia, Korea and India etc.

4. Sales to overseas customers

(Unit: billion yen)

	Nine months ended December 31,		Increase	Increase compared to previous year December 31, 2009 %
	2009	2010		
Oversea Sales				
The Americas	163.0	152.1	(10.9)	(6.7%)
Europe	158.1	141.4	(16.6)	(10.6%)
Asia/Oceania	163.9	166.8	2.8	1.8%
Total	485.1	460.4	(24.7)	(5.1%)
Consolidated sales	738.1	747.3	9.2	1.2%
Percentage of overseas sales to consolidated net sales (%)				
The Americas	22.1	20.4		
Europe	21.4	18.9		
Asia/Oceania	22.2	22.3		
Total	65.7	61.6		

Note: The above table shows sales to overseas customers by geographic region, and as a percentage of consolidated net sales.

Geographic Segment	The name of main countries and jurisdictions
The Americas	The United States, Canada, Brazil, Chile, Argentina, Costa Rica, Colombia, Venezuela, Mexico and Peru etc.
Europe	The United Kingdom, the Netherlands, Germany, France, Italy, Spain, Portugal and Russia etc.
Asia/Oceania	China (including Hong Kong), Singapore, Malaysia, Taiwan, Thailand, the Philippines, Australia, New Zealand, Indonesia, Korea and India etc.

5. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2011	Increase compared to year ended March 31, 2010 %
	2009	2010			
Capital expenditure	17.2	21.7	26.1%	38.0	46.5%
Information-related equipment	7.3	12.3	67.2%	20.0	60.0%
Electronic devices	6.7	7.2	7.5%	12.0	21.7%
Precision products	1.3	1.1	(13.7%)	3.0	59.9%
Other / Corporate expenses	1.7	0.9	(45.5%)	3.0	76.8%
Depreciation and amortization	35.5	30.2	(14.9%)	41.0	(13.5%)

6. Research and development

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2011	Increase compared to year ended March 31, 2010 %
	2009	2010			
Research and Development	52.2	40.7	(22.0%)	57.0	(17.2%)
R&D / sales ratio	7.1%	5.5%		5.8%	

7. Management indices

(Unit: %)

	Nine months ended December 31,		Increase Point	Forecast for the year ended March 31, 2011	Increase compared to year ended March 31, 2010 Point
	2009	2010			
Return on equity (ROE)	(1.6%)	6.2%	7.8	3.7%	10.5
Return on assets (ROA)	1.8%	3.9%	2.1	4.1%	2.5
Return on sales (ROS)	2.2%	4.4%	2.2	3.5%	2.1

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

8. Foreign exchange fluctuation effect on net sales

(Unit: billion yen)

	Nine months ended December 31,		Increase
	2009	2010	
Foreign exchange effect	(49.9)	(46.3)	3.6
U.S. dollars	(18.1)	(15.4)	2.6
Euro	(17.1)	(24.4)	(7.3)
Other	(14.6)	(6.3)	8.2
Exchange rate			
Yen / U.S. dollars	93.56	86.85	
Yen / Euro	132.99	113.31	

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

9. Inventory

(Unit: billion yen)

	December 31,	March 31,	December 31,	Increase compared to March 31, 2010
	2009	2010	2010	
Inventory	150.9	151.1	156.1	4.9
Information-related equipment	98.7	98.7	103.6	4.8
Electronic devices	36.4	37.3	36.0	(1.3)
Precision products	14.3	13.8	14.7	0.8
Other / Corporate expenses	1.4	1.2	1.7	0.5
Turnover by days [Note 1]	56	56	57	1
Information-related equipment	51	51	53	2
Electronic devices	54	55	55	0
Precision products	91	88	76	(12)
Other / Corporate expenses [Note 2]	147	97	164	67

Note 1: Turnover by days = Ending balance of inventory / Prior 9 months (Prior 12 months) sales per day

Note 2: Turnover by days for FY2009 has been recalculated using the method for calculating segment information in FY2010.

10. Employees

(Unit: person)

	December 31,	March 31,	December 31,	Increase compared to March 31, 2010
	2009	2010	2010	
Number of employees at period end	79,381	77,936	77,285	(651)
Domestic	23,295	22,602	21,093	(1,509)
Overseas	56,086	55,334	56,192	858