EPSON
EXCEED YOUR VISION

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April 27, 2012

CONSOLIDATED RESULTS FOR YEAR ENDED MARCH 31, 2012

Consolidated Financial Highlights

Income statements and cash flows data

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

	Year ended March 31		Change	Year ended March 31, 2012
	2011	**2012**		
Statements of Income Data:				
Net sales	¥973,663	**¥877,997**	(9.8%)	**$10,682,528**
Operating income	32,709	**24,626**	(24.7%)	**299,622**
Ordinary income	31,174	**27,022**	(13.3%)	**328,774**
Net income	10,239	**5,032**	(50.9%)	**61,223**
Statements of Cash Flows Data:				
Net cash provided by (used in) operating activities	32,395	**26,678**	(17.6%)	**324,589**
Net cash provided by (used in) investing activities	(23,615)	**(31,528)**	-%	**(383,598)**
Net cash provided by (used in) financing activities	(42,691)	**(57,406)**	-%	**(698,454)**
Cash and cash equivalents at the end of the period	211,777	**150,029**	(29.2%)	**1,825,392**
Per Share Data:				
Net income per share -Basic	¥51.25	**¥26.22**	(48.8%)	**$0.31**
-Diluted	¥-	**¥-**	-%	**$-**

Balance sheets data

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

	March 31		
	2011	**2012**	**2012**
Total assets	¥798,229	**¥740,769**	**$9,012,884**
Net assets	270,808	**248,140**	**3,019,102**
Shareholders' equity	269,262	**246,442**	**2,998,442**
Shareholders' equity ratio (%)	33.7%	**33.3%**	**33.3%**
Shareholders' equity per share	¥1,347.71	**¥1,377.60**	**$16.76**

Cash dividends per share data

(Yen, U.S. dollars)

	March 31		
Cash dividends per share	2011	**2012**	**2012**
Interim	¥10.00	**¥13.00**	**$0.15**
Year-end	10.00	**13.00**	**0.15**
Total	¥20.00	**¥26.00**	**$0.31**

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 interest in subsidiaries.
V. Cash dividend per share (year-end) for the year ended March 31, 2012, is subject to approval at the general shareholders’ meeting.
VI. 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 ¥82.19 = U.S.$1 as of March 31, 2012, has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Fiscal 2011 Full Year Overview

The global economy continued to grow at a slow pace throughout the year under review, with mounting uncertainty over the financial futures of some E.U. member states and soaring crude oil prices contributing to the slowdown. The economic picture varied by region. In the U.S. economic growth was slowed by factors such as continued high unemployment. In Europe, the economy was seen picking up in the first half, but it later stalled under the weight of continued high unemployment rates and rising uncertainty about the financial futures of several European countries. China and India recorded growth, mainly due to internal demand. As a whole, the other countries of Asia also headed toward recovery. Japan, meanwhile, continued to struggled in the aftermath of the March 11, 2011, earthquake and tsunami, but the economy began to gradually pick up in the second half as government economic measures took effect.

The situation in the main markets of the Epson Group (“Epson”) was as follows.
Demand for consumer inkjet printers was weak due to soft markets, especially in Europe and North America. Business inkjet printer demand picked up in China and other parts of Asia experiencing economic growth but was moderated somewhat by spending restraints in the printing industry and other sectors 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, capital expenditure by retailers showed signs of a picking up in China and Singapore, but U.S. retailers remained reluctant to invest. In projectors, sales of models for the education market were firm in China but soft in North America, Europe, and Japan due to factors such as education budget cuts.
Demand for the main electronic device applications generally remained steady across the period.
New mobile phone demand, buoyed by demand in emerging markets such as India and China, was firm during the first half of the year but showed signs of weakening in the second half. Meanwhile, a dizzying array of new smartphones with faster transmission speeds provided traction for the upgrade market. The digital camera market remained firm, with sales of SLR models particularly solid, while the tablet PC market also expanded. On the other hand, the television and PC markets were generally weak in the advanced economies. Meanwhile, the market for portable media players trended downward as the first round of demand wound down and as the number of mobile phones with music player features increased.
In the precision products market, watch demand rebounded in America, Japan, and other parts of Asia but showed signs of softening in Europe. Robot demand also increased in tandem with the rise in demand for automobiles in overseas markets.

Epson has been taking action to restore profitability and rebuild the company's business foundations under the first of two three-year business plans designed to achieve the SE15 long-range corporate vision of becoming a community of robust businesses. In Fiscal 2011, the final year of the first three-year plan, Epson's performance was affected the European financial crisis, the sustained strength of the yen, and a series of devastating natural disasters. Epson responded to these challenges while carrying out the core strategies in the plan. Steady progress in implementing these strategies enabled Epson to expand its business domains and product lineups, as well as to reduce its total costs for a dramatically improved cost structure, thereby putting the company back on a path to growth.

Extraordinary losses recorded for the 2011 fiscal year include a ¥6,052 million payment to settle a lawsuit involving allegations of involvement in an LCD price-fixing cartel, a ¥2,125 million extraordinary loss on disaster associated with charges in the aftermath of the northeastern Japan earthquake and tsunami, and a ¥2,024 million loss incurred on the transfer of a subsidiary company when the small- and medium-sized displays business was transferred.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the year under review were ¥79.08 and ¥108.98, respectively. This represents an 8% appreciation in the value of the yen against the dollar and a 4% appreciation in the value of the yen against the euro, year-over-year.

Fiscal year net sales were ¥877,997 million ($10,682,528 thousand), down 9.8% year over year. Also on a year over year basis, operating income was down 24.7% to ¥24,626 million ($299,622 thousand), ordinary income declined 13.3% to ¥27,022 million ($328,774 thousand), and net income fell 50.9% to ¥5,032 million ($61,223 thousand).

Operating Performance Highlights by Reporting Segments

A breakdown of the financial results in each reporting segment is provided below. Note that, from the first quarter, in addition to consolidating the transferred small- and medium-sized displays business under the "Other" segment, the old electronic devices segment and precision products segment have been combined and are being reported together as the Devices and Precision Products Segment. Further, as of the third quarter, the visual instruments business, which was under the information-related equipment segment, and the TFT (high-temperature polysilicon TFT LCD panels for projectors) business, which was under the devices and precision products segment, were merged to form the visual products business. The visual products business results are now reported under the information-related equipment segment. The financial results corresponding to last fiscal year have been restated in accordance with these segment changes for comparison purposes.

Information-Related Equipment Segment

Net sales in the Printer business as a whole declined. Consumer inkjet printer sales, including both hardware units and consumables, as in all printer discussions below, declined. Although sales in Japan were brisk, sales in other regions declined due to aggressive pricing by rivals and because Epson curtailed promotions in the aftermath of the earthquake and tsunami. Unit shipments of large-format printers for enterprise were tempered by the earthquake and tsunami yet still grew thanks to the launch of attractive new products in Europe and America. Meanwhile, sales of consumables declined in conjunction with a lower rate of printer use in the aftermath of the disaster in Japan and in a slowing economy. Page printer net sales suffered as the market shifted toward entry-level models, causing average selling prices to drop. Page printer net sales were also hurt by a decrease in consumables sales, the result of a smaller install base in the aftermath of the earthquake and tsunami. SIDM printer unit shipments increased due to demand associated with China’s tax collection system. POS system product unit shipments increased due to growth in sales of low- and medium-priced units to small- and medium-sized retailers. The printer business as a whole was significantly impacted by the strong yen.

Net sales in the visual products business as a whole increased.
In visual instruments, unit shipments of 3LCD business projectors grew in general, but growth was especially solid in Asia. Unit shipments of 3LCD home theatre projectors were buoyed by higher demand

for full-HD and 3D models in the U.S. and Europe. The visual instruments business as a whole saw net sales increase, as unit shipment growth more than offset falling average selling prices and the effects of yen appreciation.
The visual products business reported higher unit shipments of high-temperature polysilicon TFT LCD (HTPS) panels for projectors, yet net sales shrank under the weight of the strong yen and falling average selling prices.

Segment income in the information-related equipment segment declined. It was hurt by yen appreciation and the effects of lower revenue resulting from decreased volume.

As a result of the foregoing factors, net sales in the information-related equipment segment were ¥691,801 million ($8,417,094 thousand), down 3.1% year over year, while segment income was ¥64,888 million ($789,488 thousand), down 8.7% year over year.

Devices & Precision Products Segment

Devices business net sales were down sharply. Quartz device sales were negatively impacted by ongoing price erosion in AT-cut and tuning-fork crystals and by a drop in volume of high-speed crystal products in the aftermath of the earthquake and tsunami. Net sales in this business were also lower as a result of some opto-devices being transferred to the visual products business. Semiconductor shipments declined mainly due to a decline in sales of LCD controllers and silicon foundry products, in part because of the effects of the disaster.

Precision product net sales declined slightly. In watches, net sales increased due to a rise in average selling prices. Plastic eyeglass lens net sales were flat year on year because, while volume increased, average selling prices plunged along with an increase in the share of low-price models. In factory automation systems, sales of robots increased on a jump in orders from the automotive industry. On the other hand, sales of IC handlers decreased due to sluggish demand from the PC and traditional mobile phone semiconductor industries.

Segment income in the devices and precision products segment declined despite a rebound in watch income and a narrower loss in quartz devices. Income declined primarily due to lower revenue from semiconductors and HTPS panels.

As a result of the foregoing factors, net sales in the devices and precision products segment were ¥174,811 million ($2,126,913 thousand), down 17.8% year over year, while segment income was ¥4,629 million ($56,320 thousand), down 58.8% year over year.

Other

Net sales from other operations in the year under review were ¥17,316 million ($210,695 thousand), down 71.8% year over year. Segment loss was ¥1,545 million ($18,810 thousand) compared to a ¥3,581 million segment loss recorded in the same period last year. Net sales decreased with the transfer of the small- and medium-sized displays business, while a restructuring effort, including the transfer of this business, reduced fixed costs and other expenses, leading to the narrower loss.

Adjustments

Adjustments to total income of reporting segments amounted to -¥43,345 million (-$527,376 thousand), compared to a segment loss of ¥46,032 million in the same period last year. 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.

Liquidity and Financial Position

Financial Condition

Total assets as of March 31, 2012 were ¥740,769 million ($9,012,884 thousand), a decrease of ¥57,459 million from the previous fiscal year end. The decrease comes mainly from repayment of interest-bearing loans and acquisition of Epson treasury stock which caused total cash and deposits and short-term investment securities to decline by ¥59,713.

Total liabilities were ¥492,628 million ($5,993,782 thousand), down ¥34,792 million compared to the end of the last fiscal year. Although ¥10,000 million was raised through an issue of corporate bonds, total liabilities declined because short-term and long-term loans payable decreased by a total of ¥41,910 million as a result of repayment of financial institution loans.

Total net assets were ¥248,140 million ($3,019,102 thousand), down ¥22,667 million compared to the previous fiscal year end. The decrease is primarily due to a ¥19,969 million decrease in shareholders' equity due to the acquisition of treasury stock.

Cash Flow Performance

Net cash provided by operating activities during the year was ¥26,678 million ($324,589 thousand) compared to ¥32,395 million in the previous fiscal year. While the Company recorded ¥15,622 million in income before income taxes and minority interests, ¥37,651 million in depreciation and amortization, and a ¥4,822 million increase in notes and accounts payable-trade, net cash provided by operation activities decreased primarily due mainly to a ¥20,360 million increase in inventories and a payment of ¥6,061 million for business restructuring.

Net cash used in investing activities was ¥31,528 million ($383,598 thousand) compared to ¥23,615 million the previous fiscal year. While the Company recorded an expenditure of ¥36,708 million for the purchase of property, plant and equipment and purchase of intangible assets, and an expenditure of ¥1,940 million for the acquisition of subsidiary shares, it had an income of ¥6,358 million from the transfer of a subsidiary company.

Net cash used in financing activities was ¥57,406 million ($698,454 thousand) compared to ¥42,691 the previous year. The major components of this were a net decrease of ¥32,395 million in interest-bearing liabilities, ¥20,415 million for the acquisition of treasury stock, and ¥4,586 million in dividend payments.

As a result, cash and cash equivalents at the end of the fiscal year totaled ¥150,029 million ($1,825,392 thousand) compared to ¥211,777 million at the end of the previous fiscal year.

Policy on Profit Allocation / Dividends in the Period and Next Fiscal Year

Epson strives to continuously enhance its management efficiency and profitability in order to improve its cash flows and enable the Company to fulfill its policy of paying stable dividends. Profits are shared with stockholders as dictated by a comprehensive analysis of the funding requirements to support its business strategy and of its financial performance and situation. Epson’s goal is to sustain a consolidated dividend payout ratio of 30% over the medium- to long-term.

The Company will pay a 13-yen year-end dividend, as planned, in line with the Company's policy of paying stable dividends. The planned annual dividend will thus be 26-yen per share.
Epson plans to pay an annual dividend of 26 yen per share for the 2012 fiscal year.

Fiscal 2012 Forecast

The global economy is expected to continue to grow slowly during the 2012 fiscal year ending March 31, 2013. There is, however, a risk of an economic slump due to the potential financial impact of uncertainty over the financial futures of some E.U. member states.
Epson will strive to adapt to changes in the business environment and, regardless of the business conditions, achieve its goals for fiscal 2012, the first year in the company's SE15 Mid-Range Business Plan (FY2012-14), on its way to achieving its SE15 corporate vision.
In the information-related equipment segment, Epson will look to realize customer value, grow net sales, and improve its ability to generate earnings by continuing to strengthen and accelerate the strategies it has in place. In the devices and precision products segment Epson will restructure businesses and improve profitability.

The figures in the outlook are based on assumed exchange rates of 75 yen to the U.S. dollar and 100 yen to the euro.
Taking into account the foregoing factors, Epson's expectations for the 2012 fiscal year (ending March 31, 2013) are as follows.

Consolidated Half-Year Result and Outlook

	FY2011 (Result)	FY2012 (Outlook)	Change	
Net sales	¥425.5 billion	¥410.0 billion	(15.5) billion	(3.6%)
Operating income	¥6.7 billion	¥4.0 billion	(2.7) billion	(41.0%)
Ordinary income	¥6.1 billion	¥3.0 billion	(3.1) billion	(51.2%)
Net income	- ¥4.3 billion	- ¥6.0 billion	(1.6) billion	(-)
Foreign exchange rate	1 USD = ¥80 1 euro = ¥114	1 USD = ¥75 1 euro = ¥100		

Consolidated Full-Year Result and Outlook

	FY2011 (Result)	FY2012 (Outlook)	Change	
Net sales	¥877.9 billion	¥890.0 billion	12.0 billion	1.4%
Operating income	¥24.6 billion	¥35.0 billion	10.3 billion	42.1%
Ordinary income	¥27.0 billion	¥33.0 billion	5.9 billion	22.1%
Net income	¥5.0 billion	¥14.0 billion	8.9 billion	178.2%
Foreign exchange rate	1 USD = ¥79 1 euro = ¥109	1 USD = ¥75 1 euro = ¥100		

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 trends, competition, technology trends, and exchange rate fluctuations.

Overview of the Business Group

Epson's main business involves the development, manufacturing and marketing of information-related equipment, electronic devices, and precision products. Research and development and product development are mainly conducted by the Company's Corporate Research & Development Division and by the operations divisions' research and development functions. Production and sales are conducted by the Company and its subsidiaries and affiliates, domestic and abroad, under the management of the company's operations divisions.

The following is a brief description of each business segment and the main subsidiaries and affiliates of each business segment.

From the current fiscal year, Epson has changed its business segments. Details of the changes are stated in 17. Segment information.

Information-related Equipment Business Segment:

This segment includes the printer business, the visual products business and others. This segment develops, manufactures and sells mainly printers, 3LCD projectors, HTPS-TFT panels for 3LCD projectors and personal computers.

<table>
<tr><th rowspan="2">Operations</th><th rowspan="2">Main products</th><th colspan="2">Main subsidiaries and affiliates</th></tr>
<tr><th>Manufacturing companies</th><th>Sales companies</th></tr>
<tr><td>Printer</td><td>Color inkjet printers,
page printers,
dot matrix printers,
large format inkjet printers,
and related supplies,
color image scanners,
mini-printers,
printers for use in POS
systems and others</td><td>Tohoku Epson Corporation
Akita Epson Corporation
Epson Portland Inc.
Epson El Paso, Inc.
Epson Engineering (Shenzhen) Ltd.
Singapore Epson Industrial Pte. Ltd.
P.T. Indonesia Epson Industry
Epson Precision (Philippines), Inc.
Tianjin Epson Co., Ltd.</td><td rowspan="2">Epson Sales Japan Corporation
Epson America, Inc.
Epson Europe B.V.
Epson (U.K.) Ltd.
Epson Deutschland GmbH
Epson France S.A.
Epson Italia s.p.a.
Epson Iberica, S.A.
Epson (China) Co., Ltd
Epson Korea Co., Ltd.
Epson Hong Kong Ltd.
Epson Taiwan Technology & Trading Ltd.
Epson Singapore Pte. Ltd.
Epson Australia Pty. Ltd.</td></tr>
<tr><td>Visual products</td><td>3LCD projectors, HTPS-TFT panels for 3LCD projectors, label printers and others</td><td>Epson Engineering (Shenzhen) Ltd.
Epson Precision (Philippines), Inc.</td></tr>
<tr><td>Others</td><td>Personal computers and others</td><td>-</td><td>Epson Direct Corporation</td></tr>
</table>

Devices & Precision Products Business Segment:

This segment includes the devices business and the precision products business. This segment develops, manufactures and sells mainly crystal units, CMOS LSI, watches, watch movements, plastic corrective lenses, precision industrial robots and others.

Operations	Main products	Main subsidiaries and affiliates	
		Manufacturing companies	Sales companies
Devices	Quartz devices Crystal units, crystal oscillators, quartz sensors and others	Epson Toyocom Corporation Akita Epson Corporation Epson Toyocom Malaysia Sdn. Bhd.	Epson Toyocom Corporation Epson Electronics America, Inc. Epson Europe Electronics GmbH Epson Hong Kong Ltd. Epson Taiwan Technology & Trading Ltd. Epson Singapore Pte. Ltd.
	Semiconductors CMOS LSIs and others	Singapore Epson Industrial Pte. Ltd.	
Precision products	Watches Watches, watch movements and others	Epson Precision (Hong Kong) Ltd. Singapore Epson Industrial Pte. Ltd.	Time Module (Hong Kong) Ltd.
	Optical products Plastic corrective lenses and others	Seiko Lens Service Center Corporation Philippines Epson Optical Inc.	-
	Factory automation systems Precision industrial robots, IC handlers, industrial inkjet equipment and others	Epson Engineering (Shenzhen) Ltd.	Epson America, Inc. Epson Deutschland GmbH

Notes:

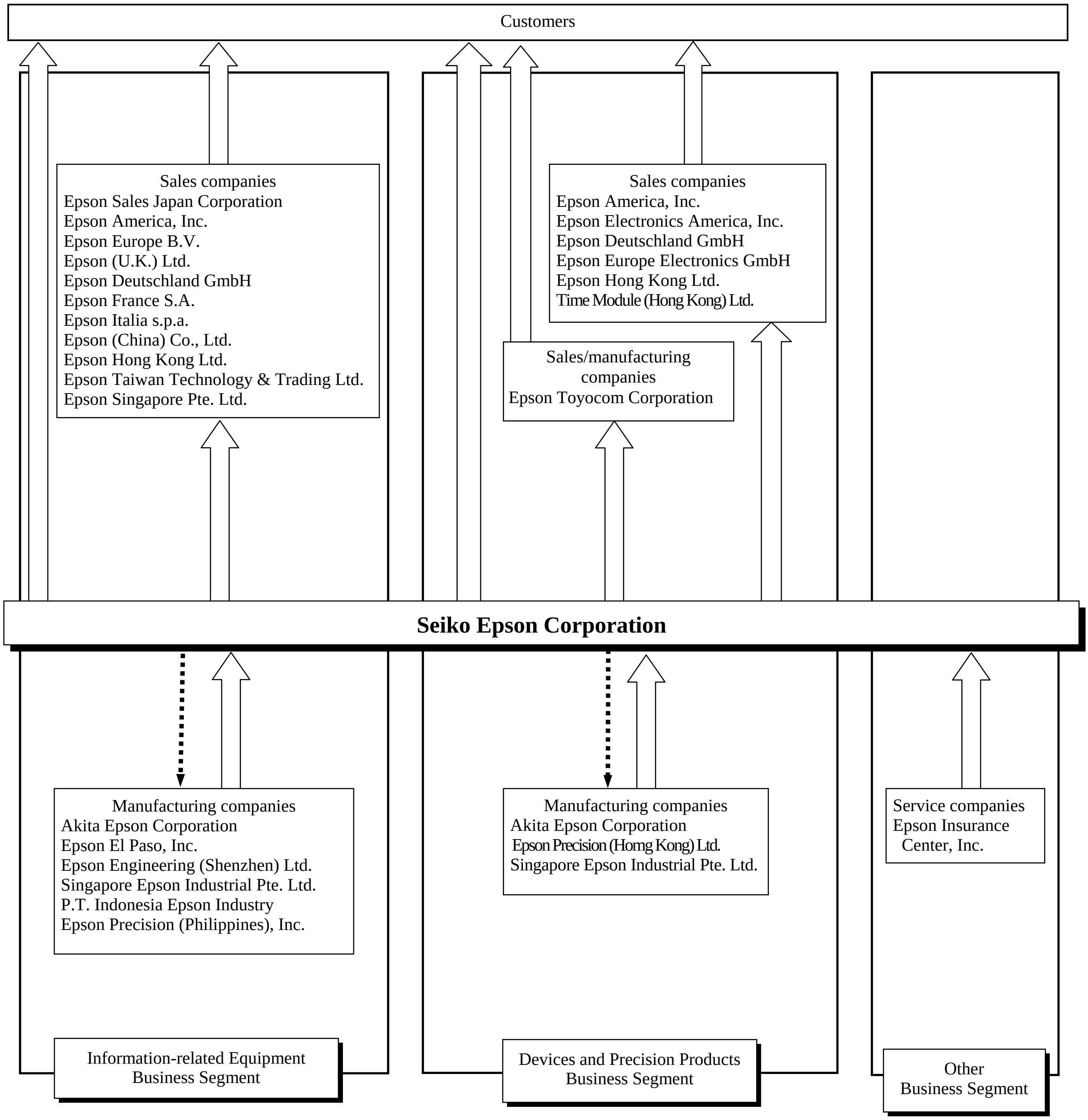
1.Seiko Epson Corporation acquired in a absorption-type split the sales function of Epson Toyocom Corporation on April 1, 2012.

2.Seiko Epson Corporation agreed with Hoya Corporation to commence negotiations about a transfer to Hoya of Epson's optical products business on April 10, 2012.

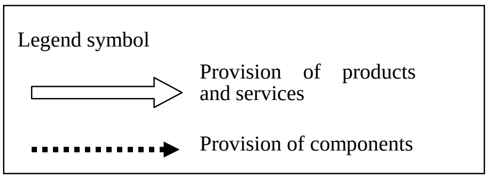
Other business segment:

Operations not categorized in any of the above segments, such as intra-group services, are categorized within "Other."

The following operations system diagram describes the overview of the business group outlined above.



Note: Time Module (Hong Kong) Ltd. is an equity method affiliate. All others are consolidated subsidiaries.



Management Policy

1. Fundamental mission

Epson's fundamental mission is to create, at all times, value that exceeds customer expectations by focusing on the company's unique strengths to agilely develop technologically and socially timely products and services so that Epson becomes a company that is indispensible to society.
Epson formulated its management philosophy with this in mind. The management philosophy sets forth the values that are shared by all employees and serves as a guide for independent action.
Moving forward, Epson will look to build shareholder trust and enterprise value with personnel who gear their actions on the job toward achieving the vision described in the management philosophy.

Epson is a progressive company, trusted throughout the world
because of our commitment to customer satisfaction,
environmental conservation, individuality, and teamwork.
We are confident of our collective skills and meet challenges
with innovative and creative solutions.

2. Medium- and long-term corporate strategy and issues to be addressed

A number of megatrends continue to shape the business environment in which Epson operates. These megatrends include, for example, the growing influence of emerging markets on the global economy and product markets, as well as a heightened interest in pursuing sustainable industrial and economic activity. The progression of these trends is transforming the social landscape and, along with it, the customer value that Epson needs to provide.

Viewing these changes as an opportunity to access new avenues of growth, Epson has reassessed and is reinforcing its strengths, and is concentrating its management resources on businesses that have growth potential.

For the past three years Epson has been working to reposition its businesses toward profitability and seize new opportunities for growth under the company's SE15 Mid-Range Business Plan (FY2009-11), the first of two three-year plans formulated to bring the company progressively closer to realizing the goals of "SE15," a strategic vision of how Epson wants to be in 2015. This year, in March, Epson kicked off the second three-year plan, the SE15 Mid-Range Business Plan (FY2012-14).

The SE15 corporate vision paints a picture of Epson as an indispensable company for society. The company seeks to achieve this vision by focusing on the enhancement of its traditional core strengths in compact, energy-saving, high-precision technologies—technologies that are also potentially strong assets for enabling sustainable growth—, developing platforms, and providing products and services that delight customers around the world.

The SE15 Mid-Range Business Plan (FY2012-14) calls for the Epson Group to channel its collective energy into coping with a difficult competitive environment, to accelerate the speed with which business plans are executed, and to establish a firm map for achieving the SE15 vision.

Epson is concentrating its management resources in the areas below where it can continue to exploit its unique strengths. It is looking to expand its existing business domains, develop future new businesses, and achieve the fiscal 2015 financial objectives presented in SE15: 10% ROS and 10% or higher ROE on a continuous basis, assuming net sales growth.

Management Policies and Basic Strategies in Each Business Domain

Printing

Epson will use its unique Micro Piezo technology to revolutionize printing in every segment of the printing domain.

Epson will further extend the advantages of this technology (including broad ink and media compatibility and outstanding durability, speed, and accuracy) and deploy it in a broad range of printing segments to revolutionize printing processes. This will allow Epson to augment its solid position in the consumer inkjet printer market with a beefed up presence in the office and emerging markets, as well as in the commercial and industrial sectors.

In addition, in the business systems business, Epson will achieve steady income growth by uncovering new demand while maintaining a grip on the top share in existing segments.

Projection

In the projection domain, Epson will continue creating new realms for projected images and communication with innovative micro-display and optics technologies.

Epson will seek to boost its competitiveness and expand its market share by further polishing its optical and micro-display technologies, particularly its high-temperature polysilicon TFT panels, the core devices at the heart of 3LCD projectors. By doing so, Epson will aim to be No. 1 in all projector segments and continue creating new categories of products.

Devices and Precision Products

Epson will establish businesses in the devices and precision products domain where it can leverage its unique strengths and capture profits from the value it creates.

The devices business strives to create strong products that offer high customer value and to increase profitability by combining unique QMEMS devices (extremely small, high-performance quartz micro-electromechanical systems microfabricated in a crystalline material on a wafer) with semiconductor technology. In precision products, Epson will build a business by focusing on segments where it can leverage its unique strength in precision mechatronics.

New Domains

Epson will leverage its strengths to create unique core technologies and commercialize them in the optimum form.

The company's compact, energy-saving, high-precision technologies have produced an extensive legacy of unique technologies, including Micro Piezo inkjet head, micro-display, sensing, GPS, image processing, energy-saving, and precision mechatronics technologies. Epson will continue to further refine and combine these technologies to create platforms for new areas of business. In this way Epson will develop new products for the health, sporting, and medical fields and help enable people to lead healthier, more reassuring, fuller lives. Epson will also deploy its strong technologies in both existing and new areas, such as robotics, to spark production process innovations and establish new categories of products that can help customers improve their production efficiency.

Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	March 31, 2011	March 31, 2012	March 31, 2012
Assets			
Current assets			
Cash and deposits	¥125,807	¥123,093	$1,497,663
Notes and accounts receivable-trade	140,564	139,309	1,694,962
Short-term investment securities	76,009	19,010	231,293
Merchandise and finished goods	90,900	99,472	1,210,268
Work in process	37,133	41,524	505,219
Raw materials and supplies	23,876	21,258	258,644
Deferred tax assets	12,419	12,678	154,252
Other	38,821	32,336	393,470
Allowance for doubtful accounts	(2,003)	(1,493)	(18,165)
Total current assets	543,530	487,190	5,927,606
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	399,318	393,081	4,782,589
Machinery, equipment and vehicles	439,113	417,229	5,076,396
Tools, furniture and fixtures	156,671	150,841	1,835,271
Land	54,744	54,731	665,908
Construction in progress	4,792	5,700	69,351
Other	114	102	1,266
Accumulated depreciation	(841,132)	(808,600)	(9,838,179)
Total property, plant and equipment	213,623	213,086	2,592,602
Intangible assets			
Goodwill	2,632	1,758	21,389
Other	11,984	13,307	161,917
Total intangible assets	14,616	15,066	183,306
Investments and other assets			
Investment securities	13,319	12,614	153,473
Long-term loans receivable	47	36	438
Deferred tax assets	4,236	3,776	45,942
Other	8,929	9,068	110,344
Allowance for doubtful accounts	(73)	(68)	(827)
Total investments and other assets	26,458	25,426	309,370
Total noncurrent assets	254,699	253,579	3,085,278
Total assets	¥798,229	¥740,769	$9,012,884

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

	Millions of yen		Thousands of U.S. dollars
	March 31, 2011	March 31, 2012	March 31, 2012
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥72,833	¥77,427	$942,048
Short-term loans payable	31,129	30,812	374,887
Current portion of bonds	30,000	40,000	486,677
Current portion of long-term loans payable	42,093	30,500	371,091
Accounts payable-other	51,112	56,695	689,804
Income taxes payable	6,472	7,631	92,845
Deferred tax liabilities	116	76	924
Provision for bonuses	16,681	8,333	101,387
Provision for product warranties	8,199	7,626	92,785
Other	56,782	54,210	659,634
Total current liabilities	315,422	313,314	3,812,082
Noncurrent liabilities			
Bonds payable	60,000	60,000	730,015
Long-term loans payable	107,500	77,500	942,937
Deferred tax liabilities	8,921	8,696	105,803
Provision for retirement benefits	26,289	23,407	284,791
Provision for loss on litigation	2,102	1,963	23,883
Provision for product warranties	420	659	8,018
Provision for recycling costs	478	560	6,813
Other	6,287	6,525	79,440
Total noncurrent liabilities	211,999	179,314	2,181,700
Total liabilities	527,421	492,628	5,993,782
Net assets			
Shareholders' equity			
Capital stock			
Authorized - 607,458,368 shares			
Issued - 199,817,389 shares	53,204	53,204	647,329
Capital surplus	84,321	84,321	1,025,927
Retained earnings	193,602	194,047	2,360,956
Treasury stock			
March 31, 2012 - 20,924,404 shares			
March 31, 2011 - 23,924 shares	(38)	(20,453)	(248,849)
Total shareholders' equity	331,088	311,119	3,785,363
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,558	1,838	22,362
Deferred gains or losses on hedges	(572)	(1,013)	(12,325)
Foreign currency translation adjustment	(63,812)	(65,502)	(796,945)
Total accumulated other comprehensive income	(61,826)	(64,676)	(786,908)
Minority interests	1,545	1,697	20,647
Total net assets	270,808	248,140	3,019,102
Total liabilities and net assets	¥798,229	¥740,769	$9,012,884

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

Consolidated Statements of Income

Year ended March 31:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2011	March 31, 2012	March 31, 2012
Net sales	¥973,663	¥877,997	$10,682,528
Cost of sales	710,700	629,151	7,654,837
Gross profit	262,963	248,846	3,027,691
Selling, general and administrative expenses	230,253	224,219	2,728,069
Operating income	32,709	24,626	299,622
Non-operating income:			
Interest income	938	1,110	13,505
Rent income	1,562	1,549	18,846
Foreign exchange gains	—	1,396	16,985
Insurance income	360	977	11,887
Other	4,089	3,683	44,848
Total non-operating income	6,951	8,718	106,071
Non-operating expenses			
Interest expenses	4,225	3,573	43,472
Foreign exchange losses	1,239	—	0
Rent expenses on real estates	944	1,009	12,276
Other	2,076	1,739	21,171
Total non-operating expenses	8,485	6,322	76,919
Ordinary income	31,174	27,022	328,774
Extraordinary income:			
Gain on sales of noncurrent assets	2,274	809	9,843
Insurance income	118	1,252	15,232
Gain on revision of retirement benefit plan	—	364	4,428
Other	1,759	216	2,654
Total extraordinary income	4,152	2,643	32,157
Extraordinary loss:			
Loss on disaster	4,755	2,125	25,854
Loss on litigation	—	6,052	73,634
Loss on transfer of subsidiary's equity	—	2,024	24,625
Business structure improvement expenses	9,909	—	—
Provision for loss on litigation	2,013	—	—
Other	3,267	3,841	46,747
Total extraordinary losses	19,945	14,043	170,860
Income before income taxes and minority interests	15,381	15,622	190,071
Income taxes-current	9,121	10,622	129,249
Income taxes-deferred	(4,149)	(218)	(2,652)
Total income taxes	4,971	10,404	126,597
Income before minority interests	10,409	5,217	63,474
Minority interests in income	170	185	2,251
Net income	¥10,239	¥5,032	$61,223

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

Consolidated Statements of Comprehensive Income
Year ended March 31:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2011	March 31, 2012	March 31, 2012
Income before minority interests	¥10,409	¥5,217	$63,474
Other comprehensive income			
Valuation difference on available-for-sale securities	(1,460)	(719)	(8,748)
Deferred gains or losses on hedges	(702)	(440)	(5,353)
Foreign currency translation adjustment	(16,099)	(1,649)	(20,075)
Share of other comprehensive income of associates accounted for using equity method	(135)	1	12
Total other comprehensive income	(18,398)	(2,807)	(34,164)
Comprehensive income	(¥7,988)	¥2,409	$29,310
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	(¥8,034)	¥2,181	$26,536
Comprehensive income attributable to minority interests	¥46	¥228	$2,774

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

Consolidated Statements of Changes in Net Assets

	Millions of yen		Thousands of U.S. dollars
	March 31, 2011	March 31, 2012	March 31, 2012
Shareholders' equity			
Capital stock			
Balance at the beginning of current period	¥53,204	¥53,204	$647,329
Changes of items during the period			
Total changes of items during the period	―	―	―
Balance at the end of current period	53,204	53,204	647,329
Capital surplus			
Balance at the beginning of current period	84,321	84,321	1,025,927
Changes of items during the period			
Total changes of items during the period	―	―	―
Balance at the end of current period	84,321	84,321	1,025,927
Retained earnings			
Balance at the beginning of current period	187,358	193,602	2,355,530
Changes of items during the period			
Dividends from surplus	(3,995)	(4,586)	(55,797)
Net income	10,239	5,032	61,223
Total changes of items during the period	6,243	445	5,426
Balance at the end of current period	193,602	194,047	2,360,956
Treasury stock			
Balance at the beginning of current period	(35)	(38)	(462)
Changes of items during the period			
Purchase of treasury stock	(2)	(20,415)	(248,387)
Total changes of items during the period	(2)	(20,415)	(248,387)
Balance at the end of current period	(38)	(20,453)	(248,849)
Total shareholders' equity			
Balance at the beginning of current period	324,847	331,088	4,028,324
Changes of items during the period			
Dividends from surplus	(3,995)	(4,586)	(55,797)
Net income	10,239	5,032	61,223
Purchase of treasury stock	(2)	(20,415)	(248,387)
Total changes of items during the period	6,241	(19,969)	(242,961)
Balance at the end of current period	331,088	311,119	3,785,363
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities			
Balance at the beginning of current period	4,023	2,558	31,110
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,464)	(719)	(8,748)
Total changes of items during the period	(1,464)	(719)	(8,748)
Balance at the end of current period	2,558	1,838	22,362
Deferred gains or losses on hedges			
Balance at the beginning of current period	130	(572)	(6,972)
Changes of items during the period			
Net changes of items other than shareholders' equity	(702)	(440)	(5,353)
Total changes of items during the period	(702)	(440)	(5,353)
Balance at the end of current period	(572)	(1,013)	(12,325)
Foreign currency translation adjustment			
Balance at the beginning of current period	(47,705)	(63,812)	(776,383)
Changes of items during the period			
Net changes of items other than shareholders' equity	(16,106)	(1,690)	(20,562)
Total changes of items during the period	(16,106)	(1,690)	(20,562)
Balance at the end of current period	(63,812)	(65,502)	(796,945)

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

	Millions of yen		Thousands of U.S. dollars
	March 31, 2011	March 31, 2012	March 31, 2012
Total accumulated other comprehensive income			
Balance at the beginning of current period	(43,552)	(61,826)	(752,245)
Changes of items during the period			
Net changes of items other than shareholders' equity	(18,274)	(2,850)	(34,663)
Total changes of items during the period	(18,274)	(2,850)	(34,663)
Balance at the end of current period	(61,826)	(64,676)	(786,908)
Minority interests			
Balance at the beginning of current period	1,568	1,545	18,798
Changes of items during the period			
Net changes of items other than shareholders' equity	(22)	152	1,849
Total changes of items during the period	(22)	152	1,849
Balance at the end of current period	1,545	1,697	20,647
Total net assets			
Balance at the beginning of current period	282,864	270,808	3,294,877
Changes of items during the period			
Dividends from surplus	(3,995)	(4,586)	(55,797)
Net income	10,239	5,032	61,223
Purchase of treasury stock	(2)	(20,415)	(248,387)
Net changes of items other than shareholders' equity	(18,297)	(2,698)	(32,814)
Total changes of items during the period	(12,056)	(22,667)	(275,775)
Balance at the end of current period	¥270,808	¥248,140	$3,019,102

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

Consolidated Statements of Cash Flows

Year ended March 31:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2011	March 31, 2012	March 31, 2012
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	¥15,381	¥15,622	$190,071
Depreciation and amortization	41,159	37,651	458,097
Equity in (earnings) losses of affiliates	(77)	(85)	(1,034)
Amortization of goodwill	240	873	10,621
Loss on litigation	—	6,052	73,634
Loss on disaster	4,755	2,125	25,854
Business structure improvement expenses	9,909	—	—
Increase (decrease) in allowance for doubtful accounts	(192)	(425)	(5,170)
Increase (decrease) in provision for bonuses	2,309	(8,224)	(100,060)
Increase (decrease) in provision for product warranties	(1,309)	(199)	(2,421)
Increase (decrease) in provision for retirement benefits	329	3,374	41,051
Interest and dividends income	(1,174)	(1,373)	(16,705)
Interest expenses	4,225	3,573	43,472
Foreign exchange losses (gains)	(60)	(2,250)	(27,375)
Loss (gain) on sales of noncurrent assets	(2,303)	(872)	(10,609)
Loss on retirement of noncurrent assets	895	760	9,246
Loss (gain) on sales of investment securities	19	(150)	(1,825)
Loss on transfer of subsidiary's equity	—	2,024	24,625
Decrease (increase) in notes and accounts receivable-trade	8,225	(995)	(12,106)
Decrease (increase) in inventories	(15,665)	(20,360)	(247,718)
Increase (decrease) in accrued consumption taxes	(761)	2,005	24,394
Increase (decrease) in notes and accounts payable-trade	(23,318)	4,822	58,668
Other, net	2,826	4,345	52,879
Subtotal	45,413	48,294	587,589
Interest and dividends income received	2,023	2,292	27,886
Interest expenses paid	(4,320)	(3,709)	(45,127)
Payments for loss on litigation	—	(6,207)	(75,520)
Payments for business restructuring	(182)	(6,061)	(73,743)
Income taxes paid	(10,538)	(7,929)	(96,496)
Net cash provided by (used in) operating activities	32,395	26,678	324,589
Net cash provided by (used in) investing activities			
Purchase of investment securities	(7)	(777)	(9,453)
Proceeds from sales of investment securities	260	162	1,971
Purchase of property, plant and equipment	(28,308)	(32,709)	(397,968)
Proceeds from sales of property, plant and equipment	2,844	1,723	20,963
Purchase of intangible assets	(2,286)	(3,998)	(48,643)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(1,940)	(23,603)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	53	132	1,606
Proceeds from transfer of equity in subsidiaries resulting in change in scope of consolidation	—	6,358	77,357
Proceeds from transfer of business	4,062	—	—
Other, net	(234)	(480)	(5,828)
Net cash provided by (used in) investing activities	(23,615)	(31,528)	(383,598)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	10,092	(248)	(3,017)
Proceeds from long-term loans payable	—	500	6,083
Repayment of long-term loans payable	(37,728)	(42,093)	(512,142)
Proceeds from issuance of bonds	20,000	40,000	486,677
Redemption of bonds	(30,000)	(30,000)	(365,007)
Repayments of lease obligations	(989)	(553)	(6,728)
Purchase of treasury stock	(2)	(20,415)	(248,414)
Cash dividends paid	(3,995)	(4,586)	(55,797)
Cash dividends paid to minority shareholders	(67)	(9)	(109)
Net cash provided by (used in) financing activities	(42,691)	(57,406)	(698,454)
Effect of exchange rate change on cash and cash equivalents	(9,020)	509	6,180
Net increase (decrease) in cash and cash equivalents	(42,932)	(61,747)	(751,283)
Cash and cash equivalents at beginning of period	254,590	211,777	2,576,675
Increase in cash and cash equivalents from newly consolidated subsidiary	119	—	—
Cash and cash equivalents at end of period	¥211,777	¥150,029	$1,825,392

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

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements

(1) Nature of operations

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

(2) Basis of presenting consolidated financial statements

The Company and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan. Meanwhile its foreign subsidiaries maintain their records and prepare their financial statements in conformity with International Financial Reporting Standards or the generally accepted accounting principles in the United States. In addition, some items required by Japanese standards should be adjusted in the consolidation process so that net income is accurately accounted for, unless they are not material.

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

2. Number of group companies

As of March 31, 2012, the Company had 89 consolidated subsidiaries. It has applied the equity method in respect to one unconsolidated subsidiary and six affiliates.

3. Summary of significant accounting policies

(1) Consolidation and investments in affiliates

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

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

The difference between the cost and the underlying net assets of investments in subsidiaries is recognized as “goodwill” and is included in the intangible assets account (if the cost is in excess) or in the noncurrent liabilities account (if the underlying net asset is in excess). Goodwill is amortized on a straight-line basis over a period of five years.

(2) Foreign currency translation and transactions

Foreign currency transactions are translated using foreign exchange rates prevailing at the respective transaction dates. Receivables and payables in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates, and the resulting transaction gains or losses are included in income for the current period.

All the assets and liabilities of foreign subsidiaries and affiliates are translated at the foreign exchange rates prevailing at the respective balance sheet dates, and all the income and expense accounts are translated at the average foreign exchange rates for the respective periods. Foreign currency translation adjustments are recorded in the consolidated balance sheets as translation adjustments and minority interest in subsidiaries.

(3) Cash and cash equivalents

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

(4) Financial instruments

(a) Investments in debt and equity securities

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

Trading securities held for the purpose of generating profits from changes in market value are recognized at their fair values in the consolidated balance sheets. Changes in unrealized gains and losses are included in current income. Held-to-maturity debt securities are expected to be held to maturity and are recognized at amortized cost computed based on the straight-line method in the consolidated balance sheets. Other securities for which market quotations are available are recognized at fair value in the consolidated balance sheets. Unrealized gains and losses for these other securities are reported as a separate component of net assets, net of taxes. Other securities for which market quotations are unavailable are stated at cost, primarily based on the moving-average cost method. Other-than-temporary declines in the value of other securities are reflected in current income.

(b) Derivative instruments

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

Interest rate swaps meeting certain hedging criteria are not recognized at their fair values under exceptional processes recognized in Japanese accounting standards. The amounts received or paid for such interest rate swap arrangements are charged or credited to income as incurred.

(c) Allowance for doubtful accounts

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

(5) Inventories

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

(6) Property, plant and equipment

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

The estimated useful lives of significant depreciable assets principally range from 8 to 50 years for buildings and structures, and from 2 to 12 years for machinery, equipment and vehicles.

(7) Intangible assets

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

(8) Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This review is performed using estimates of future cash flows. If the carrying value of a long-lived asset is considered to be impaired, an impairment charge is recorded for the excess of the carrying value of the long-lived asset over its recoverable amount.

(9) Provision for bonuses

Provision for bonuses to employees is calculated on the basis of the estimated amounts that Epson is obligated to pay its employees after the fiscal year-end for services provided up to the balance sheet dates.

Provision for bonuses to directors and statutory auditors are provided for the estimated amounts that the Company is obligated to pay to directors and statutory auditors subject to the resolution of the general shareholders' meeting held subsequent to the fiscal year-end.

(10) Provision for product warranties

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

(11) Provision for loss on litigation

Provision for loss on litigation is mainly provided for the estimated future compensation payment and litigation expenses.

(12) Income taxes

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

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

(13) Provision for retirement benefits

The Company and some of its Japanese subsidiaries recognize provision for retirement benefits to employees based on the actuarial valuation of projected benefit obligation and the fair value of plan assets.

Other Japanese subsidiaries recognize provision for retirement benefits to employees based on the voluntary retirement benefit payable at the year-end.

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

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

Most of the Company’s foreign subsidiaries have various retirement plans, which are primarily defined contribution plans.

(14) Provision for recycling costs

At the time of sale, provision for recycling costs is calculated based on the estimated future returns of consumer personal computers.

(15) Revenue recognition

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

(16) Research and development costs

Research and development costs are charged as incurred.

(17) Leases

Epson leases certain office space, machinery and equipment and computer equipment from third parties using capital leases. Most of the capital leases are other than those under which ownership of the assets will be transferred to the lessee at the end of the lease term, and are depreciated/amortized in accordance with the straight-line method over the periods of the leases, assuming no residual value.

(18) Net income per share

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

(19) Dividends

Dividends are charged to retained earnings in the fiscal year in which they are paid after approval by shareholders. In addition to year-end dividends, the board of directors may declare interim cash dividends by resolution to the registered shareholders as of September 30 of each year.

(20) Accounting Standard for Accounting Changes and Error Corrections

Effective from the year ended March 31, 2012, Epson adapted the Accounting Standards Board of Japan ("ASBJ") Statement No. 24, "the Accounting Standard for Accounting Changes and Error Corrections" and Guidance No.24, "the Guidance on Accounting Standard for Accounting Changes and Error Corrections" which was announced on December 4, 2009.

4. U.S. dollar amounts

U.S. dollar amounts presented in the accompanying consolidated financial statements and in these notes are included solely for the convenience of readers. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate. As the amounts shown in U.S. dollars are for convenience only, a rate of ¥82.19 = U.S.$1, the exchange rate prevailing as of March 31, 2012, has been used.

5. Business transfer

The subsidiary's equity transfer

As of February 2, 2011, the Company and Sony Corporation executed an agreement for transferring all of the equity of its subsidiary, Suzhou Epson Co., Ltd. ("Suzhou Epson"), to the Sony Group. The Company, as of July 1, 2011, transferred Suzhou Epson to the Sony Group. As part of its SE15 long-range corporate vision and mid-range business plan, Epson is completing business structure reforms in its small- and medium-sized TFT LCD business. In implementing these reforms, in April 2010, Epson transferred to the Sony Group certain assets of the small- and medium-sized display front-end process manufacturing-related business operated by its subsidiary, Epson Imaging Devices Corporation ("Epson Imaging"). Epson has determined that it would also be beneficial to transfer Suzhou Epson, which undertook the back-end and touch panel assembly processes of Epson Imaging's display business, to the Sony Group.

Outline of business transfer

Transferred to	Sony (China) Limited
Business activities	Production of small-and medium-sized TFT LCD displays
Date of transfer	July 1, 2011
Loss on transfer of subsidiary's equity	¥2,024 million ($24,625 thousand)

Carrying amounts of assets and liabilities transferred as of June 30, 2011, were as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥21,361	$259,897
Noncurrent assets	1,043	12,690
Total	¥22,404	$272,587
Current liabilities	¥11,882	$144,567
Noncurrent liabilities	-	-
Total	¥11,882	$144,567

Outline of the business

(a) Net sales	¥14,747 million ($179,425 thousand) (year ended March 31, 2012)
(b) Operating income	¥0 million ($0 thousand) (year ended March 31, 2012)

6. Inventories

Losses recognized and charged to cost of sales as a result of valuations as of March 31, 2011 and 2012, were ¥30,654 million and ¥31,031 million ($377,552 thousand), respectively.

7. Investment securities for unconsolidated subsidiaries and affiliates

The amounts of investments in unconsolidated subsidiaries and affiliates, which were included in investment securities account as of March 31, 2011 and 2012, were ¥2,131 million and ¥2,996 million ($36,452 thousand), respectively.

8. Goodwill

Epson had goodwill and negative goodwill as of March 31, 2011 and 2012. 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, 2011 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2011	2012	2012
Goodwill	¥2,754	¥1,832	$22,289
Negative goodwill	122	74	900

9. Retirement benefits

The Company and its Japanese subsidiaries maintain corporate defined benefit pension plans and defined contribution pension plans covering the majority of their employees. In certain cases, additional severance costs may be provided.

The funded status of these plans as of March 31, 2011 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2011	2012	2012
Projected benefit obligations	¥233,973	¥238,316	$2,899,573
Plan assets at fair value	197,622	201,870	2,456,138
Unfunded status	36,351	36,446	443,435
Unrecognized items:			
Actuarial gains (losses)	(16,828)	(14,554)	(177,076)
Prior service cost reduction from plan amendment	(219)	286	3,479
Provision for retirement benefits - net	19,303	22,178	269,838
Prepaid pension cost	1,213	1,229	14,953
Provision for retirement benefits	¥20,516	¥23,407	$284,791

The composition of net pension and severance costs for the years ended March 31, 2011 and 2012, was as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31		Year ended March 31,
	2011	2012	2012
Service cost	¥7,744	¥7,486	$91,081
Interest cost	6,064	6,146	74,777
Expected return on plan assets	(6,263)	(6,473)	(78,756)
Amortization and expenses:			
Actuarial losses	3,952	8,085	98,371
Prior service costs	257	147	1,788
Net pension and severance costs	11,755	15,391	187,261
Contribution to defined contribution pension plan	3,613	4,153	50,529
	¥15,368	¥19,544	$237,790

The assumptions used for the actuarial computation of the retirement benefit obligations for the years ended March 31, 2011 and 2012, were primarily as follows:

	Year ended March 31	
	2011	2012
Discount rate	2.5%	2.5%
Long-term rate of return on plan assets	3.2	3.2

10. Net income (loss) per share

Calculation of net income (loss) per share for the years ended March 31, 2011 and 2012, is as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31		Year ended March 31,
	2011	2012	2012
Net income (loss) attributable to common shares	¥10,239	¥5,032	$61,223
	Thousands of shares		
Weighted-average number of common shares outstanding	199,794	191,885	
	Yen		U.S. dollars
Net income (loss) per share	¥51.25	¥26.22	$0.31

Diluted net income per share is not calculated herein since Epson had no dilutive potential common shares outstanding during the years ended March 31, 2011 and 2012.

11. Selling, general and administrative expenses

The significant components of selling, general and administrative expenses for the years ended March 31, 2011 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31		Year ended March 31,
	2011	2012	2012
Salaries and wages	¥76,609	¥71,691	$872,259
Advertising	14,918	16,559	201,472
Sales promotion	15,420	20,714	252,025
Shipping costs	14,815	18,809	228,847
Research and development costs	23,986	21,526	261,905
Allowance for doubtful accounts	266	143	1,739
Other	84,236	74,774	909,822
Total	¥230,253	¥224,219	$2,728,069

12. Research and development costs

Research and development costs, which are included in the cost of sales and selling, general and administrative expenses, totaled ¥54,377 million and ¥52,106 million ($633,970 thousand) for the years ended March 31, 2011 and 2012, respectively.

13. Loss on disaster

Loss on disaster for the years ended March 31, 2011 and 2012, comprised incurred losses related to the Great East Japan Earthquake.

14. Loss on litigation

Loss on litigation for the year ended March 31, 2012, comprised the settlement of the lawsuits concerning the allegations of a LCD price-fixing cartel.

15. Cash flow information

Cash and cash equivalents as of March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31,
	2011	2012	2012
Cash and deposits	¥125,807	¥123,093	$1,497,663
Short-term investment securities	76,009	19,010	231,293
Short-term loans receivables	10,000	8,000	97,335
Less:			
Short-term loans payable (overdrafts)	(2)	(9)	(109)
Time deposits due over three months	(27)	(54)	(669)
Short-term investment securities due over three months	(10)	(10)	(121)
Cash and cash equivalents	¥211,777	¥150,029	$1,825,392

The Company obtained marketable securities, the fair value of which was ¥10,008 million and ¥7,999 million ($97,323 thousand) as of March 31, 2011 and 2012, respectively, as deposit for the short-term loans receivables above.

Detail of assets and liabilities for the company which became non-consolidated due to the business transfer.

Detail of assets and liabilities as of transferring date, agreed-upon purchase price and proceeds from sales were as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥21,361	$259,885
Noncurrent assets	1,043	12,690
Current liabilities	(11,882)	(144,567)
Loss on transfer of subsidiary's equity	(1,043)	(12,690)
Agreed-upon purchase price of SZE	9,478	115,318
Cash and cash equivalents of SZE	(3,119)	(37,961)
Deduction: proceeds from sales	¥6,358	$77,357

¥981 million ($11,935 thousand) is the variance of "loss on transfer of subsidiary's equity" with the Consolidated Statements of Income, is due to the influence of the exchange rate.

16. Contingent liabilities

Contingent liabilities for guarantee of employees' housing loans from banks and others were ¥1,090 million and ¥528 million ($6,424 thousand) as of March 31, 2011 and 2012, respectively.

17. Segment information

(1) Year ended March 31:

(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 two 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 and the devices & precision products segment.

Epson decided to terminate the small- and medium-sized LCD business that was categorized under "Electronic devices" in the prior fiscal year. As a result, Epson has changed the segment and categorized this business under "Other" from the first quarter ended June 30, 2011.
In addition, Epson reviewed the management systems of the electronic devices and the precision products segments. As a result, Epson has changed the segment and consolidated these reporting segments into "Devices & precision products" from the first quarter ended June 30, 2011.
Further, Epson reviewed the management systems of the HTPS-TFT panels for 3LCD projectors business that was categorized under "Devices & precision products" in the second quarter ended September 30, 2011. As a result, Epson has changed the segment and consolidated these reporting segments into "Information-related equipment" from the third quarter ended December 31, 2011.
Segment information for the three months and year ended March 31, 2011 and 2012 was calculated on the basis of the review mentioned above from the first quarter ended June 30, 2010 and 2011.

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, HTPS-TFT panels for 3LCD projectors, label printers and personal computers.

The devices & precision products segment mainly includes crystal units, crystal oscillators, quartz sensors, CMOS LSIs, watches, watch movements, plastic corrective lenses, precision industrial robots, IC handlers and industrial inkjet equipment.

(b) Measurement of the amount of sales, income (loss), assets and other in each reporting segment

The accounting policies of the reporting segments are the same as "Basis of presenting consolidated financial statements".

Segment income (loss) is based on operating income (loss).

Transfer prices between operating segments are on an arm's length basis.

(c) Information of the amount of sales , income (loss), assets and other in each reporting segment

The following table summarizes the reporting segment information of Epson for the year ended March 31, 2011 and 2012:

Millions of yen

	Year ended March 31, 2011						
	Reporting segments			Other [Note 1]	Total	Adjustments [Note 2]	Consolidated statement of income totals [Note 3]
	Information-related equipment	Devices & precision products	Total				
Net sales:							
Customers	¥713,056	¥200,259	¥913,315	¥59,472	¥972,788	¥875	¥973,663
Inter-segment	879	12,411	13,290	1,974	15,265	(15,265)	-
Total	713,936	212,670	926,606	61,446	988,053	(14,390)	973,663
Segment income (loss)	71,092	11,231	82,323	(3,581)	78,741	(46,032)	32,709
Segment assets	329,879	144,969	474,848	25,424	500,273	297,956	798,229
Other							
Depreciation and amortization	24,470	10,320	34,790	88	34,879	6,092	40,971
Increase in property, plant, equipment and intangible assets	18,614	10,278	28,892	747	29,639	2,324	31,963
Amortization of goodwill	¥–	¥910	¥910	¥–	¥910	¥38	¥949

	Millions of yen						
	Year ended March 31, 2012						
	Reporting segments			Other [Note 1]	Total	Adjustments [Note 2]	Consolidated statement of income totals [Note 3]
	Information-related equipment	Devices & precision products	Total				
Net sales:							
Customers	¥691,234	¥166,823	¥858,058	¥16,582	¥874,640	¥3,356	¥877,997
Inter-segment	567	7,987	8,554	734	9,288	(9,288)	-
Total	691,801	174,811	866,612	17,316	883,929	(5,932)	877,997
Segment income (loss)	64,888	4,629	69,517	(1,545)	67,971	(43,345)	24,626
Segment assets	355,074	133,358	488,432	4,424	492,857	247,911	740,769
Other							
Depreciation and amortization	22,706	10,175	32,882	223	33,105	4,441	37,547
Increase in property, plant, equipment and intangible assets	29,510	6,853	36,363	312	36,675	4,610	41,285
Amortization of goodwill	¥–	¥883	¥883	¥–	¥883	¥38	¥922

	Thousands of U.S. dollars						
	Year ended March 31, 2012						
	Reporting segments			Other [Note 1]	Total	Adjustments [Note 2]	Consolidated statement of income totals [Note 3]
	Information-related equipment	Devices & precision products	Total				
Net sales:							
Customers	$8,410,196	$2,029,736	$10,439,932	$201,764	$10,641,696	$40,832	$10,682,528
Inter-segment	6,898	97,177	104,075	8,931	113,006	(113,006)	-
Total	8,417,094	2,126,913	10,544,007	210,695	10,754,702	(72,174)	10,682,528
Segment income (loss)	789,488	56,320	845,808	(18,810)	826,998	(527,376)	299,622
Segment assets	4,320,161	1,622,557	5,942,718	53,838	5,996,556	3,016,328	9,012,884
Other							
Depreciation and amortization	276,275	123,798	400,073	2,713	402,786	54,045	456,831
Increase in property, plant, equipment and intangible assets	359,047	83,379	442,426	3,796	446,222	56,089	502,311
Amortization of goodwill	$–	$10,743	$10,743	$–	$10,743	$474	$11,217

Notes;

1. Intra-group services and small- and medium-sized LCD business are categorized within "Other."

2. Adjustments were as follows.

Net sales

	Year ended March 31		
	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Corporate expenses [Note]	¥3,764	¥3,416	$41,562
Eliminations	(18,154)	(9,348)	(113,736)
Total	(¥14,390)	(¥5,932)	($72,174)

Segment income (loss)

	Year ended March 31		
	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Corporate expenses [Note]	(¥46,440)	(¥43,650)	($531,074)
Eliminations	408	304	3,698
Total	(¥46,032)	(¥43,345)	($527,376)

Segment assets

	Year ended March 31		
	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Corporate expenses [Note]	¥310,168	¥254,198	$3,092,809
Eliminations	(12,212)	(6,286)	(76,481)
Total	¥297,956	¥247,911	$3,016,328

[Note] Corporate expenses 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.

Other

(1) Depreciation and amortization that is categorized under adjustments comprises expenses that do not correspond to the reporting segments. It includes expenses relating to research and development for new businesses and basic technology, and general corporate expenses.

(2) Increase in property, plant, equipment and intangible assets;

	Year ended March 31		
	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Corporate expenses	¥2,173	¥2,233	$27,169
Intangible assets [Note]	151	2,377	28,920
Total	¥2,324	¥4,610	$56,089

[Note] Intangible assets are non-subject to regular review as capital expenditure.

(3) Amortization of goodwill that is categorized under adjustments does not correspond to the reporting segments.

3. Segment income (loss) has been adjusted to match consolidated operating income (loss).

(d) Information of geographic areas

Sales by country:

The following table summarizes the amount of revenue from external customers for the year ended March 31, 2011 and 2012:

	Millions of yen				
	Year ended March 31, 2011				
	Japan	The United States	China (including Hong Kong)	Other	Total
Net sales	¥370,124	¥134,203	¥107,848	¥361,487	¥973,663

	Millions of yen				
	Year ended March 31, 2012				
	Japan	The United States	China (including Hong Kong)	Other	Total
Net sales	¥313,940	¥120,199	¥109,115	¥334,741	¥877,997

	Thousands of U.S. dollars				
	Year ended March 31, 2012				
	Japan	The United States	China (including Hong Kong)	Other	Total
Net sales	$3,819,686	$1,462,452	$1,327,594	$4,072,796	$10,682,528

[Note] Each country's net sales are based on the location of the customers.

Property, plant and equipment by country:

The following table summarizes property, plant and equipment by countries for the year ended March 31, 2011 and 2012:

	Millions of yen		
	Year ended March 31, 2011		
	Japan	Other	Total
Property, plant and equipment	¥165,402	¥48,220	¥213,623

	Millions of yen		
	Year ended March 31, 2012		
	Japan	Other	Total
Property, plant and equipment	¥162,597	¥50,488	¥213,086

	Thousands of U.S. dollars		
	Year ended March 31, 2012		
	Japan	Other	Total
Property, plant and equipment	$1,978,306	$614,296	$2,592,602

(e) Information of impairment loss

The following table summarizes information of impairment loss in each reporting segments for the year ended March 31, 2011 and 2012:

	Millions of yen				
	Year ended March 31, 2011				
	Information-related equipment	Devices & precision products	Other	Corporate expenses [Note]	Total
Impairment loss	¥208	¥868	¥191	¥428	¥1,698

	Millions of yen				
	Year ended March 31, 2012				
	Information-related equipment	Devices & precision products	Other	Corporate expenses [Note]	Total
Impairment loss	¥179	¥88	¥0	¥317	¥586

	Thousands of U.S. dollars				
	Year ended March 31, 2012				
	Information-related equipment	Devices & precision products	Other	Corporate expenses [Note]	Total
Impairment loss	$2,177	$1,070	$0	$3,882	$7,129

[Note] Corporate expenses 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

(f) Information of goodwill

The following table summarizes information of goodwill in each reporting segments for the year ended March 31, 2011 and 2012:

	Millions of yen				
	Year ended March 31, 2011				
	Information-related equipment	Devices & precision products	Other	Corporate expenses [Note]	Total
Goodwill	¥−	¥2,664	¥−	¥89	¥2,754

	Millions of yen				
	Year ended March 31, 2012				
	Information-related equipment	Devices & precision products	Other	Corporate expenses [Note]	Total
Goodwill	¥−	¥1,781	¥−	¥50	¥1,832

	Thousands of U.S. dollars				
	Year ended March 31, 2012				
	Information-related equipment	Devices & precision products	Other	Corporate expenses [Note]	Total
Goodwill	$−	$21,681	$−	$608	$22,289

[Note] Goodwill that is categorized under corporate expenses does not correspond to the reporting segments.

The following table summarizes information of amortization of negative goodwill and balance of negative goodwill from the subsidiary's acquisitions before April 1, 2010 for the year ended March 31, 2011 and 2012:

	Millions of yen				
	Year ended March 31, 2011				
	Information-related equipment	Devices & precision products	Other	Corporate expenses	Total
Amortization of negative goodwill	¥−	¥708	¥−	¥−	¥708
Negative goodwill	¥−	¥122	¥−	¥−	¥122

	Millions of yen				
	Year ended March 31, 2012				
	Information-related equipment	Devices & precision products	Other	Corporate expenses	Total
Amortization of negative goodwill	¥−	¥48	¥−	¥−	¥48
Negative goodwill	¥−	¥74	¥−	¥−	¥74

	Thousands of U.S. dollars				
	Year ended March 31, 2012				
	Information-related equipment	Devices & precision products	Other	Corporate expenses	Total
Amortization of negative goodwill	$−	$584	$−	$−	$584
Negative goodwill	$−	¥900	$−	$−	$900

(g) Information of gain on negative goodwill

Gain on negative goodwill did not occur during the year ended March 31, 2011 and 2012.

(2) Three months ended March 31:

The following table summarizes the business segment information of Epson for the three months ended March 31, 2011 and 2012:

Millions of yen

	Three months ended March 31, 2011							
	Reporting segments			Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of income totals [Note 3]
	Information-related equipment	Devices & precision products	Sub-Total			Corporate expenses [Note 2]	Eliminations	
Net sales:								
Customers	¥167,385	¥45,323	¥212,708	¥13,334	¥226,043	¥289	-	¥226,333
Inter-segment	199	2,655	2,855	186	3,041	1,322	(¥4,364)	-
Total	167,584	47,978	215,563	13,521	229,085	1,612	(4,364)	226,333
Segment income (loss)	¥10,570	(¥463)	¥10,106	¥22	¥10,128	(¥11,415)	¥105	(¥1,181)

Millions of yen

	Three months ended March 31, 2012							
	Reporting segments			Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of income totals [Note 3]
	Information-related equipment	Devices & precision products	Sub-Total			Corporate expenses [Note 2]	Eliminations	
Net sales:								
Customers	¥176,519	¥35,389	¥211,908	¥573	¥212,482	¥895	-	¥213,377
Inter-segment	100	1,696	1,796	207	2,004	3	(¥2,008)	-
Total	176,620	37,085	213,705	780	214,486	899	(2,008)	213,377
Segment income (loss)	¥15,585	(¥1,126)	¥14,458	(¥373)	¥14,084	(¥10,657)	¥93	¥3,521

Thousands of U.S. dollars

	Three months ended March 31, 2012							
	Reporting segments			Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of income totals [Note 3]
	Information-related equipment	Devices & precision products	Total			Corporate expenses [Note 2]	Eliminations	
Net sales:								
Customers	$2,147,707	$430,575	$2,578,282	$6,972	$2,585,254	$10,889	-	$2,596,143
Inter-segment	1,216	20,635	21,851	2,531	24,382	49	($24,431)	-
Total	2,148,923	451,210	2,600,133	9,503	2,609,636	10,938	(24,431)	2,596,143
Segment income (loss)	$189,608	($13,699)	$175,909	($4,550)	$171,359	($129,651)	$1,131	$42,839

Notes;

1. Intra-group services and small- and medium-sized LCD business are categorized within "Other."
2. Corporate expenses 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).

18. Other

The Company and related subsidiaries are subject to allegations concerning a 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 the United States and elsewhere by clients and others.

Supplementary Information

Consolidated year ended March 31, 2012

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 trends, competition, technology trends, and exchange rate fluctuations.

1. Sales by division

(Unit: billion yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase %	Forecast for the year ended March 31, 2013	Increase compared to year ended March 31, 2012 %
Information-related equipment	713.9	691.8	(3.1%)	723.0	4.5%
Printer	577.3	555.4	(3.8%)	565.0	1.7%
Visual products	118.3	120.8	2.1%	140.0	15.9%
Other	20.3	17.5	(13.9%)	20.0	13.9%
Intra-segment sales	(2.2)	(1.9)	- %	(2.0)	- %
Devices & Precision Products	212.6	174.8	(17.8%)	173.0	(1.0%)
Devices	149.5	111.6	(25.3%)	101.0	(9.6%)
Precision Products	68.9	68.8	(0.1%)	76.0	10.4%
Intra-segment sales	(5.7)	(5.7)	- %	(4.0)	- %
Other	61.4	17.3	(71.8%)	1.0	(94.2%)
Corporate expenses	3.7	3.4	(9.2%)	3.0	(12.2%)
Inter-segment sales	(18.1)	(9.3)	- %	(10.0)	- %
Consolidated sales	973.6	877.9	(9.8%)	890.0	1.4%

Note: 1. Epson has from the third quarter of the current fiscal year adjusted the composition of its reporting segments, and has therefore recalculated segment information from the previous fiscal year.

2. “Other” is business segment not categorized in reporting segments. The small- and medium-sized displays is included in “Other”.

2. Business segment information

(Unit: billion yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase %	Forecast for the year ended March 31, 2013	Increase compared to year ended March 31, 2012 %
Information-related equipment					
Net sales:					
Customers	713.0	691.2	(3.1%)	723.0	4.6%
Inter-segment	0.8	0.5	(35.5%)	0.0	- %
Total	713.9	691.8	(3.1%)	723.0	4.5%
Operating expenses	642.8	626.9	(2.5%)	643.0	2.6%
Segment income (loss)	71.0	64.8	(8.7%)	80.0	23.3%
Devices & Precision Products					
Net sales:					
Customers	200.2	166.8	(16.7%)	164.0	(1.7%)
Inter-segment	12.4	7.9	(35.6%)	9.0	12.7%
Total	212.6	174.8	(17.8%)	173.0	(1.0%)
Operating expenses	201.4	170.1	(15.5%)	163.0	(4.2%)
Segment income (loss)	11.2	4.6	(58.8%)	10.0	116.0%
Other					
Net sales:					
Customers	59.4	16.5	(72.1%)	0.0	- %
Inter-segment	1.9	0.7	(62.8%)	1.0	36.2%
Total	61.4	17.3	(71.8%)	1.0	(94.2%)
Operating expenses	65.0	18.8	(71.0%)	2.0	(89.4%)
Segment income (loss)	(3.5)	(1.5)	- %	(1.0)	-%
Corporate expenses					
Net sales:					
Customers	0.8	3.3	283.5%	3.0	(10.6%)
Inter-segment	2.8	0.0	(97.9%)	0.0	- %
Total	3.7	3.4	(9.2%)	3.0	(12.2%)
Operating expenses	50.2	47.0	(6.2%)	57.0	21.1%
Segment income (loss)	(46.4)	(43.6)	- %	(54.0)	- %
Eliminations					
Net sales	(18.1)	(9.3)	-%	(10.0)	- %
Operating expenses	(18.5)	(9.6)	-%	(10.0)	- %
Segment income (loss)	0.4	0.3	(25.3%)	0.0	- %
Consolidated					
Net sales	973.6	877.9	(9.8%)	890.0	1.4%
Operating expenses	940.9	853.3	(9.3%)	855.0	0.2%
Operating income (loss)	32.7	24.6	(24.7%)	35.0	42.1%

Note: 1. Epson has from the third quarter of the current fiscal year adjusted the composition of its reporting segments, and has therefore recalculated segment information from the previous fiscal year.

2. “Other” is business segment not categorized in reporting segments. The small- and medium-sized displays is included in “Other”.

3. Geographic segment information

(Unit: billion yen)

		Year ended March 31, 2011	Year ended March 31, 2012	Increase	Increase %
Japan					
	Net sales:				
	Customers	404.1	352.0	(52.0)	(12.9%)
	Inter-segment	462.6	413.4	(49.1)	(10.6%)
	Total	866.7	765.5	(101.1)	(11.7%)
	Operating expenses	860.5	774.4	(86.0)	(10.0%)
	Segment income (loss)	6.2	(8.9)	(15.1)	- %
The Americas					
	Net sales:				
	Customers	195.6	176.5	(19.1)	(9.8%)
	Inter-segment	14.1	12.1	(2.0)	(14.2%)
	Total	209.8	188.6	(21.1)	(10.1%)
	Operating expenses	204.8	184.1	(20.6)	(10.1%)
	Segment income (loss)	5.0	4.4	(0.5)	(10.9%)
Europe					
	Net sales:				
	Customers	187.0	174.9	(12.1)	(6.5%)
	Inter-segment	5.3	4.9	(0.3)	(6.7%)
	Total	192.4	179.9	(12.5)	(6.5%)
	Operating expenses	189.0	178.4	(10.5)	(5.6%)
	Segment income (loss)	3.4	1.4	(1.9)	(56.3%)
Asia/Oceania					
	Net sales:				
	Customers	186.7	174.5	(12.2)	(6.6%)
	Inter-segment	383.8	356.5	(27.2)	(7.1%)
	Total	570.6	531.0	(39.5)	(6.9%)
	Operating expenses	549.9	510.9	(38.9)	(7.1%)
	Segment income (loss)	20.6	20.0	(0.6)	(3.0%)
Eliminations					
	Net sales	(865.9)	(787.1)	78.7	- %
	Operating expenses	(863.3)	(794.6)	68.6	- %
	Segment income (loss)	(2.6)	7.5	10.1	- %
Consolidated					
	Net sales	973.6	877.9	(95.6)	(9.8%)
	Operating expenses	940.9	853.3	(87.5)	(9.3%)
	Operating income (loss)	32.7	24.6	(8.0)	(24.7%)

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)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase	Increase %
Oversea Sales				
The Americas	199.2	175.6	(23.6)	(11.9%)
Europe	189.5	178.1	(11.4)	(6.0%)
Asia/Oceania	217.3	210.3	(7.0)	(3.2%)
Total	606.1	564.0	(42.0)	(6.9%)
Consolidated sales	973.6	877.9	(95.6)	(9.8%)
Percentage of overseas sales to consolidated net sales (%)				
The Americas	20.5	20.0		
Europe	19.5	20.3		
Asia/Oceania	22.3	24.0		
Total	62.3	64.2		

Note: 1. Overseas 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.
2. Exports transacted through an intermediary such as trading companies are not included in oversea 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)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase %	Forecast for the year ended March 31, 2013	Increase compared to year ended March 31, 2012 %
Capital expenditure	31.8	38.9	22.3%	59.0	51.6%
Information-related equipment	18.6	29.5	58.5%	42.0	42.3%
Devices & Precision Products	10.2	6.8	(33.3%)	12.0	75.1%
Other / Corporate expenses	2.9	2.5	(12.9%)	5.0	96.5%
Depreciation and amortization	41.1	37.6	(8.5%)	45.0	19.5%
Information-related equipment	24.5	22.7	(7.3%)	28.0	22.9%
Devices & Precision Products	10.3	10.1	(1.7%)	12.0	17.7%
Other / Corporate expenses	6.2	4.6	(24.6%)	5.0	6.8%

Note: 1. Epson has from the third quarter of the current fiscal year adjusted the composition of its reporting segments, and has therefore recalculated segment information from the previous fiscal year.

2. "Other" is business segment not categorized in reporting segments. The small- and medium-sized displays is included in "Other".

6. Research and development

(Unit: billion yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase %	Forecast for the year ended March 31, 2013	Increase compared to year ended March 31, 2012 %
Research and Development	54.3	52.1	(4.2%)	58.0	11.3%
R&D / sales ratio	5.6%	5.9%		6.5%	

7. Management indices

(Unit: %)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase Point	Forecast for the year ended March 31, 2013	Increase compared to year ended March 31, 2012 Point
Return on equity (ROE)	3.7%	2.0%	(1.7)	5.6%	3.6
Return on assets (ROA)	3.7%	3.5%	(0.2)	4.2%	0.7
Return on sales (Operating)	3.4%	2.8%	(0.6)	3.9%	1.1
Return on sales (Ordinary)	3.2%	3.1%	(0.1)	3.7%	0.6

Note: 1. ROE=Net income / Beginning and ending balance average shareholders' equity

2. ROA=Ordinary income / Beginning and ending balance average total assets

3. Return on sales (Operating)=Operating income / Net sales

4. Return on sales (Ordinary)=Ordinary income / Net sales

8. Foreign exchange fluctuation effect on net sales

(Unit: billion yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase
Foreign exchange effect	(59.8)	(31.9)	27.9
U.S. dollars	(21.6)	(17.7)	3.9
Euro	(30.0)	(7.6)	22.4
Other	(8.2)	(6.5)	1.6
Exchange rate			
Yen / U.S. dollars	85.72	79.08	
Yen / Euro	113.12	108.98	

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)

	September 30, 2011	March 31, 2011	March 31, 2012	Increase compared to March 31, 2011
Inventory	152.3	151.9	162.2	10.3
Information-related equipment	114.5	109.9	125.3	15.4
Devices & Precision Products	36.5	35.6	35.6	0.0
Other / Corporate expenses	1.3	6.3	1.3	(5.0)
				(Unit: day)
Turnover by days	66	57	68	11
Information-related equipment	65	56	66	10
Devices & Precision Products	72	61	75	14
Other / Corporate expenses	14	36	24	(12)

Note: 1. Turnover by days=Ending (Interim) balance of inventory / Prior 12 (6) months sales per day

2. Turnover by days for the previous fiscal year has been recalculated using the method for calculating segment information in the current fiscal year.

3. Epson has from the third quarter of the current fiscal year adjusted the composition of its reporting segments, and has therefore recalculated segment information from the previous fiscal year

4. “Other” is business segment not categorized in reporting segments. The small- and medium-sized displays is included in “Other”.

10. Employees

(Unit: person)

	September 30, 2011	March 31, 2011	March 31, 2012	Increase compared to March 31, 2011
Number of employees at period end	78,901	74,551	75,303	752
Domestic	20,512	20,704	19,765	(939)
Overseas	58,389	53,847	55,538	1,691