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**CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED DECEMBER 31, 2012**

Consolidated Financial Highlights

Statements of operations 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, 2012
	2011	2012		
Statements of income data:				
Net sales	¥664,619	¥624,152	-6.1%	\$7,208,962
Operating income	21,105	11,794	-44.1%	136,220
Ordinary income	21,451	12,097	-43.6%	139,720
Net income (loss)	399	(12,612)	- %	(145,668)
Comprehensive income	(13,856)	(5,969)	- %	(68,942)
Statements of cash flows data:				
Net cash provided by (used in) operating activities	7,883	(15,302)	- %	(176,738)
Net cash provided by (used in) investing activities	(18,600)	(35,101)	- %	(405,416)
Net cash provided by (used in) financing activities	(54,049)	32,018	- %	369,808
Cash and cash equivalents at end of the period	141,019	135,395	-4.0%	1,563,813
Per share data:				
Net income (loss) per share -Basic	¥2.04	(¥70.50)	- %	(\$0.81)
-Diluted	¥-	¥-	- %	\$-

Balance sheets data

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

	December 31, 2012	March 31, 2012	December 31, 2012
Total assets	¥755,244	¥740,769	\$8,723,076
Net assets	237,423	248,140	2,742,238
Shareholders' equity	235,558	246,442	2,720,697
Shareholders' equity ratio (%)	31.2%	33.3%	31.2%
Shareholders' equity per share	¥1,316.76	¥1,377.60	\$15.20

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 Seiko Epson Corporation (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. 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 ¥86.58 = U.S.\$1 as of December 31, 2012, has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Fiscal 2012 Third-Quarter (April 1 to December 31, 2012) Overview

In the period under review, the global economy as a whole grew slowly, largely due to the effects of uncertainty over the financial futures of some E.U. member states and concerns over sharp fiscal tightening in the U.S. Regionally, the U.S. economy grew at a gradual pace, with factors such as a drop in the unemployment rate and an uptick in personal spending providing a boost. In Europe, economic softness continued due to factors such as high unemployment and uncertainty about the financial futures of several European states. In Asia, the pace of economic expansion in China slowed primarily because of sluggish Chinese exports, while India's high real interest rate is seen as the major reason for the slowdown in that country's economy. Elsewhere in Asia, signs of a pick-up were seen in some countries and regions while signs of weakness were seen in others. In Japan, the economy stayed in a holding pattern, as exports and production softened amid the global economic slowdown.

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

Inkjet printer demand declined in North America and Europe. It also trended downward somewhat in Japan at the end of the third quarter despite continued economic growth. Large-format inkjet printer shipments were moderated by spending restraints in the printing and photo industries due to the murky economic outlook, while demand was seen decelerating in the once firm Asian markets, especially in China. In addition to contracting in America, Europe and Japan, demand fell sharply for serial impact dot-matrix (SIDM) printers used in tax collection systems in China. POS system product shipments to Southeast Asia and to small and medium-sized retailers in the Americas were solid during the quarter owing to an upswing in capital expenditure. However, a continued reluctance to invest on the part of large European retailers moderated sales. In projectors, a blunting of the demand growth curve was seen in some regions, including North America and China.

Demand for the main electronic device applications generally remained steady across the period. Smartphone demand continued to expand, while conventional mobile phone demand continued to decline. The tablet PC market also expanded. The digital camera market expanded on the whole due to increased demand for DSLR (digital single-lens reflex) and MILC (mirrorless interchangeable-lens camera) models. However, the flood of smartphones eroded demand for compact cameras. The television and PC markets were, on the whole, weak.

In the precision products market, watch demand rebounded in Japan and other parts of Asia but showed signs of softening in Europe and America. Robot demand increased in conjunction with increased demand from the electronics industry, particularly in China and Taiwan. However, IC handler demand was dampened by constrained investment in the semiconductor market.

Epson began the 2012 fiscal year under a new business plan. The new SE15 Mid-Range Business Plan (FY2012-14), the second of two three-year plans, is designed to achieve the company's long-range corporate vision of becoming a community of robust businesses. Under the SE15 Mid-Range Business Plan (FY2012-14), the Epson Group is looking to channel its collective energy into coping with a difficult business environment, including uncertainty about the financial future in Europe and a strong yen, to accelerate the speed with which it executes business strategies, and to establish a reliable map for achieving the SE15 vision.

Extraordinary losses in the period under review included a ¥13,962 million (\$161,261 thousand) loss on litigation, the majority of which is attributable to a settlement for a lawsuit involving allegations of involvement in an LCD price-fixing cartel.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the third quarter of the year under review were ¥80.00 and ¥102.17, respectively. This represents a 1% depreciation in the value of the yen against the dollar and an 8% appreciation in the value of the yen against the euro compared to the same period last year.

Third-quarter net sales were ¥624,152 million (\$7,208,962 thousand), down 6.1% year over year. Operating income was ¥11,794 million (\$136,220 thousand), down 44.1% year over year. Ordinary income was ¥12,097 million (\$139,720 thousand), down 43.6%. Net loss was ¥12,612 million (\$145,668 thousand) compared to net income of ¥399 million in the same period last year.

A breakdown of the financial results in each reporting segment is provided below.

Information-Related Equipment Segment

The printer business as a whole reported a decline in net sales.

Although inkjet printer net sales increased as sales of high-capacity ink tank units expanded and average selling prices rose, consumables sales declined. Large-format printer (LFP) net sales declined despite the release of new, high-end LFPs that boosted average selling prices, as weakened demand in the printing industry and foreign exchange effects took their toll. Consumables net sales also declined. Although average selling prices climbed with the release of the new, high-end LFPs, foreign exchange effects and a decline in volume associated primarily with a decrease in print volume in the printing industry weighed on sales. Page printer sales decreased primarily due to the effects of corporate cost cutting. Serial-impact dot-matrix (SIDM) printer net sales decreased. In addition to erosion of average selling prices and lower unit volume in China, where demand for SIDM printers used in tax collection systems was particularly robust in the same period last year, net sales were also hurt by a decline in unit shipments in other parts of Asia. POS system product unit shipments increased as a result of strong, steady demand from small- and medium-sized retailers in the Americas and Southeast Asia. However, the effects of falling selling prices in the Americas and a decline in unit shipments in Europe, where customers were reluctant to spend due to the slow economy, outstripped gains from increased unit shipments, and net sales ended up lower.

Net sales in the visual products business increased.

In visual products business, unit shipments of business 3LCD projectors increased in every region. Particularly large growth was seen in entry-level and short-throw lens models. Home-theater 3LCD projector unit shipments also increased. Demand in Europe was driven higher by major sporting events, while net sales benefited from an increase in average selling prices due to strong sales of high-priced models such as full-HD (1080p) projectors. Visual instruments as a whole saw net sales increase, as unit shipment growth more than offset falling average selling prices and the effects of yen appreciation.

Segment income in the information-related equipment segment declined. In addition to the impact of the strong yen on net sales, segment income fell due to decreased income mainly from inkjet printers, serial impact dot matrix (SIDM) printers, and POS systems products.

As a result of the foregoing factors, net sales in the information-related equipment segment were ¥504,510 million (\$5,827,108 thousand), down 2.1% year over year, while segment income was ¥38,594 million (\$445,761 thousand), down 21.7% year over year.

Devices & Precision Products Segment

Net sales in the devices business declined.

Crystal device net sales declined. Tuning-fork crystal net sales fell due to falls in unit shipments and unit prices. AT-cut crystal unit sales also declined despite unit shipment growth, as unit prices plummeted. Semiconductor net sales decreased. While silicon foundry order volume increased, net sales were heavily impacted by a decline in unit shipments of LCD controllers and LCD drivers for automotive applications.

Net sales in the precision products business decreased.

Watch revenue was driven upward primarily by an increase in unit sales of GPS solar, solar radio, and luxury watches. Plastic eyeglass lens net sales declined. Though unit growth was powered by the release of new products, net sales were hurt by a drop in average selling prices brought about by an increase in low-priced models as a percentage of total sales. In factory automation systems, sales of robots increased on a jump in orders from Asia and the Americas. On the other hand, sales of IC handlers decreased due to sluggish demand from semiconductor manufacturers serving the PC and mobile phone markets.

Segment income in the devices and precision products segment increased in response to an increase in crystal product and watch income, and a rebound in semiconductor income.

As a result of the foregoing factors, net sales in the devices and precision products segment were ¥122,355 million (\$1,413,201 thousand), down 11.2% year over year, while segment income was ¥7,333 million (\$84,696 thousand), up 27.4% year over year.

Other

Net sales from the Other segment in the period under review were ¥830 million (\$9,587 thousand), down 95.0% year over year. Segment loss was ¥977 million (\$11,284 thousand) compared to a ¥1,172 million segment loss recorded in the same period last year. The decrease in net sales is a result of the termination of the small- and medium-sized display business.

Adjustments

Adjustments to total income of reporting segments amounted to -¥33,156 million (\$382,953 thousand), compared to -¥32,782 million in the same period last year. The adjustments mainly comprise 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.

Qualitative Information Regarding the Consolidated Financial Position

Total assets at the end of the third quarter were ¥755,244 million (\$8,723,076 thousand), an increase of ¥14,475 million from the previous fiscal year end. Total assets increased despite a ¥14,229 million decrease in short-term investment securities and cash and deposits. The primary causes of the increase were a ¥16,752 million increase in merchandise and other inventories and an increase in notes and accounts receivable-trade and property, plant, and equipment.

Total liabilities were ¥517,820 million (\$5,980,838 thousand), a ¥25,191 million increase compared to the last fiscal year end. Although notes and accounts payable-trade decreased by ¥18,389 million, total liabilities increased due primarily to a ¥39,710 million total net increase in short-term loans payable, long-term loans payable, and bonds payable.

Total net assets were ¥237,423 million (\$2,742,238 thousand), down ¥10,716 million compared to the previous fiscal year end. Although the company recorded a ¥9,444 million increase in foreign currency translation adjustment that accompanied the weakening of the yen, total net assets decreased chiefly because of a ¥17,263 million decline in retained earnings due to the recording of a net loss for the quarter and dividend payments.

Qualitative Information Regarding the Consolidated Financial Outlook

The full-year financial outlook for net sales and for each category of income remains the same as was announced on October 31, 2012.

Consolidated Full-Year Results Outlook

	REF: FY2011 Full-Year Result	Previous Outlook (A)	Current Outlook (B)	Change (B-A)	
Net sales	¥877.9 billion	¥850.0 billion	¥850.0 billion	-	-
Operating income	¥24.6 billion	¥18.0 billion	¥18.0 billion	-	-
Ordinary income	¥27.0 billion	¥16.0 billion	¥16.0 billion	-	-
Net income	¥5.0 billion	(¥15.0 billion)	(¥15.0 billion)	-	-
Foreign exchange rate	\$1USD = ¥79	\$1USD = ¥77	\$1USD = ¥79		
	1 euro = ¥109	1 euro = ¥100	1 euro = ¥102		

SEIKO EPSON CORPORATION

Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	March 31, 2012	December 31, 2012	December 31, 2012
<u>Assets</u>			
Current assets			
Cash and deposits	¥123,093	¥98,364	\$1,136,105
Notes and accounts receivable-trade	139,309	146,234	1,689,004
Short-term investment securities	19,010	29,510	340,840
Merchandise and finished goods	99,472	110,874	1,280,595
Work in process	41,524	44,949	519,161
Raw materials and supplies	21,258	23,184	267,775
Other	45,014	43,798	505,904
Allowance for doubtful accounts	(1,493)	(1,343)	(15,511)
Total current assets	487,190	495,573	5,723,873
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	393,081	397,656	4,592,931
Machinery, equipment and vehicles	417,229	419,973	4,850,693
Tools, furniture and fixtures	150,841	156,538	1,808,015
Other	60,534	59,101	682,654
Accumulated depreciation	(808,600)	(813,607)	(9,397,170)
Total property, plant and equipment	213,086	219,663	2,537,123
Intangible assets	15,066	14,246	164,541
Investments and other assets			
Investments and other assets, gross	25,495	25,806	298,058
Allowance for doubtful accounts	(68)	(45)	(519)
Total investments and other assets	25,426	25,761	297,539
Total noncurrent assets	253,579	259,671	2,999,203
Total assets	¥740,769	¥755,244	\$8,723,076

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

SEIKO EPSON CORPORATION

	Millions of yen		Thousands of U.S. dollars
	March 31, 2012	December 31, 2012	December 31, 2012
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥77,427	¥59,038	\$681,889
Short-term loans payable	30,812	38,022	439,154
Current portion of bonds	40,000	—	—
Current portion of long-term loans payable	30,500	28,000	323,400
Income taxes payable	7,631	7,628	88,103
Provision for bonuses	8,333	5,167	59,678
Provision for product warranties	7,626	8,087	93,404
Other	110,983	112,322	1,297,359
Total current liabilities	313,314	258,266	2,982,987
Noncurrent liabilities			
Bonds payable	60,000	90,000	1,039,501
Long-term loans payable	77,500	122,500	1,414,876
Provision for retirement benefits	23,407	27,510	317,740
Provision for loss on litigation	1,963	2,051	23,689
Provision for product warranties	659	760	8,778
Provision for recycling costs	560	606	6,999
Other	15,222	16,124	186,268
Total noncurrent liabilities	179,314	259,554	2,997,851
Total liabilities	492,628	517,820	5,980,838
Net assets			
Shareholders' equity			
Capital stock			
Authorized - 607,458,368 shares			
Issued - 199,817,389 shares	53,204	53,204	614,506
Capital surplus	84,321	84,321	973,908
Retained earnings	194,047	176,783	2,041,845
Treasury stock			
December 31, 2012 - 20,924,936 shares			
March 31, 2012 - 20,924,404 shares	(20,453)	(20,453)	(236,231)
Total shareholders' equity	311,119	293,855	3,394,028
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,838	1,589	18,352
Deferred gains or losses on hedges	(1,013)	(3,828)	(44,213)
Foreign currency translation adjustment	(65,502)	(56,057)	(647,469)
Total accumulated other comprehensive income	(64,676)	(58,296)	(673,330)
Minority interests	1,697	1,865	21,540
Total net assets	248,140	237,423	2,742,238
Total liabilities and net assets	¥740,769	¥755,244	\$8,723,076

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

SEIKO EPSON CORPORATION

Consolidated Statements of Operations

Nine months ended December 31:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2011	2012	2012
Net sales	¥664,619	¥624,152	\$7,208,962
Cost of sales	474,892	457,884	5,288,577
Gross profit	189,727	166,267	1,920,385
Selling, general and administrative expenses	168,622	154,473	1,784,165
Operating income	21,105	11,794	136,220
Non-operating income:			
Interest income	866	567	6,548
Rent income	1,230	893	10,314
Foreign exchange gains	445	766	8,847
Other	2,830	1,724	19,925
Total non-operating income	5,373	3,951	45,634
Non-operating expenses:			
Interest expenses	2,761	2,264	26,149
Other	2,266	1,383	15,985
Total non-operating expenses	5,027	3,648	42,134
Ordinary income	21,451	12,097	139,720
Extraordinary income:			
Insurance income	100	1,708	19,727
Gain on revision of retirement benefit plan	364	—	—
Other	642	95	1,109
Total extraordinary income	1,108	1,804	20,836
Extraordinary loss:			
Loss on litigation	6,052	13,962	161,261
Other	7,885	2,637	30,456
Total extraordinary losses	13,937	16,599	191,717
Income (loss) before income taxes and minority interests	8,621	(2,698)	(31,161)
Income taxes	8,086	9,770	112,844
Income (loss) before minority interests	535	(12,468)	(144,005)
Minority interests in income	136	144	1,663
Net income (loss)	¥399	(¥12,612)	(\$145,668)

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

SEIKO EPSON CORPORATION

Consolidated Statements of Comprehensive Income

Nine months ended December 31:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2011	2012	2012
Income (loss) before minority interests	¥535	(¥12,468)	(\$144,005)
Other comprehensive income			
Valuation difference on available-for-sale securities	(964)	(252)	(2,910)
Deferred gains or losses on hedges	1,606	(2,815)	(32,513)
Foreign currency translation adjustment	(15,000)	9,524	110,001
Share of other comprehensive income of associates accounted for using equity method	(33)	42	485
Total other comprehensive income	(14,391)	6,498	75,063
Comprehensive income	(¥13,856)	(¥5,969)	(\$68,942)
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	(¥13,935)	(¥6,232)	(\$71,979)
Comprehensive income attributable to minority interests	¥79	¥262	\$3,037

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

SEIKO EPSON CORPORATION

Consolidated Statements of Operations

Three months ended December 31:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31,		Three months ended December 31,
	2011	2012	2012
Net sales	¥239,101	¥235,879	\$2,724,405
Cost of sales	163,079	156,982	1,813,144
Gross profit	76,022	78,897	911,261
Selling, general and administrative expenses	61,691	52,960	611,700
Operating income	14,330	25,936	299,561
Non-operating income:			
Interest income	257	159	1,836
Foreign exchange gains	1,252	328	3,788
Other	1,070	1,084	12,532
Total non-operating income	2,580	1,572	18,156
Non-operating expenses:			
Interest expenses	867	753	8,697
Other	737	465	5,371
Total non-operating expenses	1,605	1,218	14,068
Ordinary income	15,304	26,290	303,649
Extraordinary income:			
Gain on reversal of loss on valuation of investment securities	—	915	10,568
Other	44	75	878
Total extraordinary income	44	991	11,446
Extraordinary loss:			
Loss on sales of noncurrent assets	271	113	1,305
Loss on retirement of noncurrent assets	131	136	1,570
Other	6,422	68	798
Total extraordinary losses	6,825	318	3,673
Income before income taxes and minority interests	8,524	26,963	311,422
Income taxes	3,682	4,061	46,916
Income before minority interests	4,841	22,901	264,506
Minority interests in income	71	66	774
Net income	¥4,769	¥22,834	\$263,732

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

SEIKO EPSON CORPORATION

Consolidated Statements of Comprehensive Income

Three months ended December 31:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31,		Three months ended December 31,
	2011	2012	2012
Income before minority interests	¥4,841	¥22,901	\$264,506
Other comprehensive income			
Valuation difference on available-for-sale securities	(570)	(20)	(231)
Deferred gains or losses on hedges	134	(3,670)	(42,388)
Foreign currency translation adjustment	1,161	21,325	246,304
Share of other comprehensive income of associates accounted for using equity method	10	74	854
Total other comprehensive income	735	17,708	204,539
Comprehensive income	¥5,577	¥40,610	\$469,045
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	¥5,472	¥40,329	\$465,800
Comprehensive income attributable to minority interests	¥104	¥280	\$3,245

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

SEIKO EPSON CORPORATION

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,
	2011	2012	2012
Net cash provided by (used in) operating activities			
Income (loss) before income taxes and minority interests	¥8,621	(¥2,698)	(\$31,161)
Depreciation and amortization	27,595	28,703	331,519
Equity in (earnings) losses of affiliates	(99)	(147)	(1,697)
Amortization of goodwill	654	655	7,565
Increase (decrease) in allowance for doubtful accounts	(307)	(229)	(2,644)
Increase (decrease) in provision for bonuses	(10,791)	(3,300)	(38,115)
Increase (decrease) in provision for product warranties	(97)	264	3,049
Increase (decrease) in provision for retirement benefits	1,939	3,746	43,266
Interest and dividends income	(1,124)	(774)	(8,939)
Interest expenses	2,761	2,264	26,149
Foreign exchange losses (gains)	(930)	(3,913)	(45,195)
Loss (gain) on sales of noncurrent assets	(368)	14	161
Loss on retirement of noncurrent assets	574	557	6,433
Loss (gain) on sales of investment securities	(41)	(5)	(57)
Loss on litigation	6,052	13,962	161,261
Loss on transfer of subsidiary's equity	2,024	—	—
Decrease (increase) in notes and accounts receivable-trade	(8,109)	(6,687)	(77,234)
Decrease (increase) in inventories	(21,746)	(7,025)	(81,138)
Increase (decrease) in accrued consumption taxes	2,339	(199)	(2,298)
Increase (decrease) in notes and accounts payable-trade	7,816	(17,399)	(200,958)
Other, net	10,618	(1,430)	(16,556)
Subtotal	27,382	6,356	73,411
Interest and dividends income received	1,678	1,597	18,445
Interest expenses paid	(2,598)	(1,887)	(21,794)
Payments for loss on litigation	(6,207)	(13,789)	(159,263)
Payments for business restructuring	(6,061)	—	—
Income taxes paid	(6,308)	(7,579)	(87,537)
Net cash provided by (used in) operating activities	7,883	(15,302)	(176,738)
Net cash provided by (used in) investing activities			
Purchase of investment securities	(192)	(0)	(0)
Proceeds from sales of investment securities	162	6	69
Purchase of property, plant and equipment	(21,777)	(32,309)	(373,169)
Proceeds from sales of property, plant and equipment	1,187	500	5,775
Purchase of intangible assets	(2,311)	(3,119)	(36,024)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,940)	—	—
Proceeds from transfer of equity in subsidiaries resulting in change in scope of consolidation	6,358	—	—
Other, net	(87)	(178)	(2,067)
Net cash provided by (used in) investing activities	(18,600)	(35,101)	(405,416)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(3,576)	4,581	52,910
Proceeds from long-term loans payable	—	50,000	577,500
Repayment of long-term loans payable	(35,046)	(7,500)	(86,625)
Proceeds from issuance of bonds	40,000	30,000	346,500
Redemption of bonds	(30,000)	(40,000)	(462,035)
Repayments of lease obligations	(414)	(315)	(3,638)
Purchase of treasury stock	(20,414)	(0)	(0)
Cash dividends paid	(4,586)	(4,651)	(53,719)
Cash dividends paid to minority shareholders	(9)	(94)	(1,085)
Net cash provided by (used in) financing activities	(54,049)	32,018	369,808
Effect of exchange rate change on cash and cash equivalents	(5,991)	3,750	43,323
Net increase (decrease) in cash and cash equivalents	(70,757)	(14,634)	(169,023)
Cash and cash equivalents at beginning of period	211,777	150,029	1,732,836
Cash and cash equivalents at end of period	¥141,019	¥135,395	\$1,563,813

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 2012.

1. **Basis of presenting consolidated financial statements**

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

2. **Net income (loss) per share**

The calculation of net income (loss) per share for the nine months ended December 31, 2011 and 2012, is as follows:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31		Nine months ended December 31,
	2011	2012	2012
Net income (loss) attributable to common shares	¥399	(¥12,612)	(\$145,668)
	Thousands of shares		
Weighted-average number of common shares outstanding	196,184	178,893	
	Yen		U.S. dollars
Net income (loss) per share	¥2.04	(¥70.50)	(\$0.81)

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

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The calculation of net income per share for the three months ended December 31, 2011 and 2012, is as follows:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31		Three months ended December 31,
	2011	2012	2012
Net income attributable to common shares	¥4,769	¥22,834	\$263,732
	Thousands of shares		
Weighted-average number of common shares outstanding	189,238	178,893	
	Yen		U.S. dollars
Net income per share	¥25.21	¥127.64	\$1.47

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, 2011 and 2012.

3. Selling, general and administrative expenses

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

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31		Nine months ended December 31,
	2011	2012	2012
Salaries and wages	¥54,482	¥52,854	\$610,464
Research and development costs	16,147	14,552	168,075
Other	97,992	87,067	1,005,626
Total	¥168,622	¥154,473	\$1,784,165

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

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31		Three months ended December 31,
	2011	2012	2012
Salaries and wages	¥17,205	¥17,733	\$204,816
Research and development costs	5,169	4,851	56,029
Other	39,317	30,376	350,855
Total	¥61,691	¥52,960	\$611,700

4. Loss on litigation

Loss on litigation for the nine months ended December 31, 2011 and 2012, mainly comprised the settlement of the lawsuits concerning the allegations of a LCD price-fixing cartel.

5. Cash flow information

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

	Millions of yen		Thousands of U.S. dollars
	December 31		December 31,
	2011	2012	2012
Cash and deposits	¥104,967	¥98,364	\$1,136,105
Short-term investment securities	26,109	29,510	340,840
Short-term loans receivables	10,000	8,000	92,400
Less:			
Short-term loans payable (overdrafts)	(0)	—	—
Time deposits due over three months	(47)	(469)	(5,417)
Short-term investment securities due over three months	(9)	(10)	(115)
Cash and cash equivalents	<u>¥141,019</u>	<u>¥135,395</u>	<u>\$1,563,813</u>

The Company obtained marketable securities, the fair value of which was ¥9,998 million and ¥7,997 million (\$92,365 thousand) as of December 31, 2011 and 2012, respectively, as deposit for the short-term loans receivables above.

6. Contingent liabilities

Contingent liabilities for guarantee of employees' housing loans from banks and others as of March 31, 2012 and as of December 31, 2012, were ¥528 million and ¥419 million (\$4,839 thousand), respectively.

7. Segment information

Summary of reporting segments

The company divides its business into the following two 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, 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.

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, 2011 and 2012:

SEIKO EPSON CORPORATION

Nine months ended December 31:

Millions of yen

Nine months ended December 31, 2011								
Reporting segments			Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of operations totals	
Information- related equipment	Devices & precision products	Sub-Total			Corporate expenses [Note 2]	Eliminations		
Net sales:								
Customers	¥514,714	¥131,434	¥646,149	¥16,009	¥662,158	¥2,460	-	¥664,619
Inter-segment	466	6,291	6,757	526	7,284	55	(¥7,340)	-
Total	515,181	137,725	652,907	16,536	669,443	2,516	(7,340)	664,619
Segment income (loss)	¥49,303	¥5,756	¥55,059	(¥1,172)	¥53,887	(¥32,993)	¥211	¥21,105

Millions of yen

Nine months ended December 31, 2012								
Reporting segments			Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of operations totals	
Information- related equipment	Devices & precision products	Sub-Total			Corporate expenses [Note 2]	Eliminations		
Net sales:								
Customers	¥504,153	¥117,340	¥621,494	¥510	¥622,004	¥2,147	-	¥624,152
Inter-segment	356	5,015	5,372	319	5,691	49	(¥5,741)	-
Total	504,510	122,355	626,866	830	627,696	2,197	(5,741)	624,152
Segment income (loss)	¥38,594	¥7,333	¥45,927	(¥977)	¥44,950	(¥33,385)	¥229	¥11,794

Thousands of U.S. dollars

Nine months ended December 31, 2012								
Reporting segments			Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of operations totals	
Information- related equipment	Devices & precision products	Sub-Total			Corporate expenses [Note 2]	Eliminations		
Net sales:								
Customers	\$5,822,985	\$1,355,278	\$7,178,263	\$5,902	\$7,184,165	\$24,797	-	\$7,208,962
Inter-segment	4,123	57,923	62,046	3,685	65,731	577	(\$66,308)	-
Total	5,827,108	1,413,201	7,240,309	9,587	7,249,896	25,374	(66,308)	7,208,962
Segment income (loss)	\$445,761	\$84,696	\$530,457	(\$11,284)	\$519,173	(\$385,597)	\$2,644	\$136,220

SEIKO EPSON CORPORATION

Three months ended December 31:

Millions of yen

Three months ended December 31, 2011								
Reporting segments			Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of operations totals	
Information- related equipment	Devices & precision products	Sub-Total			Corporate expenses [Note 2]	Eliminations		
Net sales:								
Customers	¥194,542	¥42,613	¥237,156	¥520	¥237,677	¥1,424	-	¥239,101
Inter-segment	97	2,022	2,119	177	2,297	4	(¥2,301)	-
Total	194,640	44,635	239,276	698	239,974	1,428	(2,301)	239,101
Segment income (loss)	¥23,280	¥1,351	¥24,631	(¥477)	¥24,154	(¥9,904)	¥80	¥14,330

Millions of yen

Three months ended December 31, 2012								
Reporting segments			Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of operations totals	
Information- related equipment	Devices & precision products	Sub-Total			Corporate expenses [Note 2]	Eliminations		
Net sales:								
Customers	¥197,591	¥36,850	¥234,441	¥193	¥234,635	¥1,244	-	¥235,879
Inter-segment	136	1,044	1,181	103	1,285	37	(¥1,322)	-
Total	197,728	37,895	235,623	297	235,921	1,281	(1,322)	235,879
Segment income (loss)	¥35,148	¥1,811	¥36,960	(¥268)	¥36,692	(¥10,872)	¥116	¥25,936

Thousands of U.S. dollars

Three months ended December 31, 2012								
Reporting segments			Other [Note 1]	Total	Adjustments		Consolidated quarterly statement of operations totals	
Information- related equipment	Devices & precision products	Sub-Total			Corporate expenses [Note 2]	Eliminations		
Net sales:								
Customers	\$2,282,179	\$425,629	\$2,707,808	\$2,241	\$2,710,049	\$14,356	-	\$2,724,405
Inter-segment	1,582	12,058	13,640	1,201	14,841	428	(\$15,269)	-
Total	2,283,761	437,687	2,721,448	3,442	2,724,890	14,784	(15,269)	2,724,405
Segment income (loss)	\$405,971	\$20,917	\$426,888	(\$3,095)	\$423,793	(\$125,571)	\$1,339	\$299,561

Note;

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.

Supplementary Information

Consolidated Third Quarter ended December 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)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31,	Increase compared to year ended March 31, 2012
	2011	2012		2013	%
Information-related equipment	515.1	504.5	(2.1%)	680.0	(1.7%)
Printer	415.2	397.3	(4.3%)	531.0	(4.4%)
Visual Products	89.4	95.9	7.2%	131.0	8.4%
Other	12.0	11.7	(2.2%)	19.0	8.2%
Intra-segment sales	(1.5)	(0.5)	-%	(1.0)	-%
Devices & Precision Products	137.7	122.3	(11.2%)	165.0	(5.6%)
Devices	87.8	72.3	(17.6%)	96.0	(14.0%)
Precision Products	53.8	53.1	(1.4%)	74.0	7.5%
Intra-segment sales	(3.9)	(3.1)	-%	(5.0)	-%
Other	16.5	0.8	(95.0%)	1.0	(94.2%)
Corporate expenses	2.5	2.1	(12.7%)	10.0	192.7%
Inter-segment sales	(7.3)	(5.7)	-%	(6.0)	-%
Consolidated sales	664.6	624.1	(6.1%)	850.0	(3.2%)

Note: "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)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31,	Increase compared to year ended March 31, 2012
	2011	2012		2013	%
Information-related equipment					
Net sales:					
Customers	514.7	504.1	(2.1%)	679.0	(1.8%)
Inter-segment	0.4	0.3	(23.5%)	1.0	76.3%
Total	515.1	504.5	(2.1%)	680.0	(1.7%)
Operating expenses	465.8	465.9	0.0%	629.0	0.3%
Segment income (loss)	49.3	38.5	(21.7%)	51.0	(21.4%)
Devices & Precision Products					
Net sales:					
Customers	131.4	117.3	(10.7%)	160.0	(4.1%)
Inter-segment	6.2	5.0	(20.3%)	5.0	(37.4%)
Total	137.7	122.3	(11.2%)	165.0	(5.6%)
Operating expenses	131.9	115.0	(12.8%)	156.0	(8.3%)
Segment income (loss)	5.7	7.3	27.4%	9.0	94.4%
Other					
Net sales:					
Customers	16.0	0.5	(96.8%)	1.0	(94.0%)
Inter-segment	0.5	0.3	(39.3%)	0.0	-%
Total	16.5	0.8	(95.0%)	1.0	(94.2%)
Operating expenses	17.7	1.8	(89.8%)	2.0	(89.4%)
Segment income (loss)	(1.1)	(0.9)	-%	(1.0)	-%
Corporate expenses					
Net sales:					
Customers	2.4	2.1	(12.7%)	10.0	197.9%
Inter-segment	0.0	0.0	(10.7%)	0.0	-%
Total	2.5	2.1	(12.7%)	10.0	192.7%
Operating expenses	35.5	35.5	0.2%	51.0	8.4%
Segment income (loss)	(32.9)	(33.3)	-%	(41.0)	-%
Eliminations					
Net sales	(7.3)	(5.7)	-%	(6.0)	-%
Operating expenses	(7.5)	(5.9)	-%	(6.0)	-%
Segment income (loss)	0.2	0.2	8.7%	0.0	-%
Consolidated					
Net sales	664.6	624.1	(6.1%)	850.0	(3.2%)
Operating expenses	643.5	612.3	(4.8%)	832.0	(2.5%)
Segment income (loss)	21.1	11.7	(44.1%)	18.0	(26.9%)

Note: "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)

	Nine months ended December 31,		Increase	Increase compared to previous year December 31, 2011 %
	2011	2012		
Japan				
Net sales:				
Customers	270.4	233.7	(36.6)	(13.6%)
Inter-segment	318.8	305.3	(13.4)	(4.2%)
Total	589.2	539.1	(50.1)	(8.5%)
Operating expenses	586.6	546.9	(39.7)	(6.8%)
Segment income (loss)	2.5	(7.8)	(10.3)	-%
The Americas				
Net sales:				
Customers	130.1	140.2	10.1	7.8%
Inter-segment	9.4	10.8	1.3	14.4%
Total	139.5	151.0	11.4	8.2%
Operating expenses	134.6	141.9	7.2	5.4%
Segment income (loss)	4.9	9.1	4.2	85.2%
Europe				
Net sales:				
Customers	129.1	122.7	(6.4)	(5.0%)
Inter-segment	3.5	5.0	1.4	42.3%
Total	132.6	127.7	(4.9)	(3.7%)
Operating expenses	133.7	121.7	(11.9)	(9.0%)
Segment income (loss)	(1.0)	6.0	7.0	-%
Asia/Oceania				
Net sales:				
Customers	134.9	127.4	(7.5)	(5.6%)
Inter-segment	265.7	281.7	16.0	6.0%
Total	400.7	409.2	8.5	2.1%
Operating expenses	385.2	393.1	7.8	2.0%
Segment income (loss)	15.4	16.1	0.6	4.5%
Eliminations				
Net sales	(597.5)	(603.0)	(5.4)	-%
Operating expenses	(596.8)	(591.3)	5.4	-%
Segment income (loss)	(0.7)	(11.6)	(10.9)	-%
Consolidated				
Net sales	664.6	624.1	(40.4)	(6.1%)
Operating expenses	643.5	612.3	(31.1)	(4.8%)
Segment income (loss)	21.1	11.7	(9.3)	(44.1%)

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, 2011 %
	2011	2012		
Overseas Sales				
The Americas	131.9	138.5	6.5	5.0%
Europe	131.4	126.1	(5.2)	(4.0%)
Asia/Oceania	161.1	153.7	(7.4)	(4.6%)
Total	424.5	418.5	(6.0)	(1.4%)
Consolidated Sales	664.6	624.1	(40.4)	(6.1%)
Percentage of overseas sales to consolidated net sales (%)				
The Americas	19.9	22.2		
Europe	19.8	20.2		
Asia/Oceania	24.2	24.6		
Total	63.9	67.1		

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 overseas 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, 2013	Increase compared to year ended March 31, 2012 %
	2011	2012				
Capital expenditure	21.8	32.1	47.1%		50.0	28.5%
Information-related equipment	16.2	25.8	58.4%		38.0	28.8%
Devices & Precision Products	3.7	5.2	37.5%		9.0	31.3%
Other / Coporate expenses	1.8	1.1	(34.4%)		3.0	17.9%
Depreciation and amortization	27.5	28.7	4.0%		41.0	8.9%

Note: "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)

	Nine months ended December 31,			Increase %	Forecast for the year ended March 31, 2013	Increase compared to year ended March 31, 2012 %
	2011	2012				
Research and Development	39.9	37.2	(6.8%)		51.0	(2.1%)
R&D / sales ratio	6.0%	6.0%			6.0%	

7. Management indices

(Unit: %)

	Nine months ended December 31,			Increase Point	Forecast for the year ended March 31, 2013	Increase compared to year ended March 31, 2012 Point
	2011	2012				
Return on equity (ROE)	0.2%	(5.2%)	(5.4)		(6.5%)	(8.5)
Return on assets (ROA)	2.8%	1.6%	(1.2)		2.1%	(1.4)
Return on sales (Operating)	3.2%	1.9%	(1.3)		2.1%	(0.7)
Return on sales (Ordinary)	3.2%	1.9%	(1.3)		1.9%	(1.2)

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)

	Nine months ended December 31,		Increase
	2011	2012	
Foreign exchange effect	(25.3)	(4.9)	20.4
U.S. dollars	(15.8)	2.0	17.8
Euro	(3.8)	(9.2)	(5.4)
Other	(5.7)	2.2	7.9
Exchange rate			
Yen / U.S. dollars	79.01	80.00	
Yen / Euro	110.64	102.17	

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, 2012
	2011	2012	2012	
Inventory	155.5	162.2	179.0	16.7
Information-related equipment	118.5	125.3	138.8	13.5
Devices & Precision Products	35.6	35.6	38.5	2.9
Other / Corporate expenses	1.4	1.3	1.6	0.3
Turnover by days	64	68	79	11
Information-related equipment	63	66	76	10
Devices & Precision Products	71	75	87	12
Other / Corporate expenses	21	24	154	130

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

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

10. Employees

(Unit: person)

	December 31,	March 31,	December 31,	Increase compared to March 31, 2012
	2011	2012	2012	
Number of employees at period end	78,358	75,303	72,910	(2,393)
Domestic	20,261	19,765	18,967	(798)
Overseas	58,097	55,538	53,943	(1,595)