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July 31, 2014

CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2014 (IFRS basis)

Consolidated Financial Highlights

Quarterly Condensed Consolidated Statement of Comprehensive Income

	Millions of yen		Change	Thousands of U.S. dollars
	Three months ended June 30			Three months ended June 30,2014
	2013	2014		
Revenue	¥222,004	¥246,258	10.9%	$2,429,538
Business profit (Note)	9,672	23,510	143.1%	231,945
Profit from operating activities	7,345	54,620	643.6%	538,871
Profit before tax	6,512	54,742	740.6%	540,074
Profit for the period	4,982	46,597	835.2%	459,717
Profit for the period attributable to owners of the parent company	5,013	46,591	829.3%	459,668
Total comprehensive income for the period	¥17,091	¥47,363	177.1%	$467,275
Basic earnings per share (in ¥1, $1 unit)	¥28.03	¥260.45		$2.57
Diluted earnings per share (in ¥1, $1 unit)	-	-		-

(Note) Business profit is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

Quarterly Condensed Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31,2014	June 30,2014	June 30,2014
Total assets	¥908,890	¥903,669	$8,915,440
Total equity	364,757	405,405	3,999,654
Equity attributable to owners of the parent company	¥362,371	¥403,146	$3,977,367
Equity attributable to owners of the parent company ratio (%)	39.9%	44.6%	44.6%

Quarterly Condensed Consolidated Statements of Cash Flows

	Millions of yen		Change	Thousands of U.S. dollars
	Three months ended June 30			Three months ended June 30,2014
	2013	2014		
Net cash provided by (used in) operating activities	¥15,126	¥15,623	3.3%	$154,133
Net cash provided by (used in) investing activities	(9,185)	(11,290)	-%	(111,385)
Net cash provided by (used in) financing activities	(4,755)	(13,146)	-%	(129,696)
Cash and cash equivalents at end of period	¥190,688	¥200,989	5.4%	$1,982,922

Notes

I. Quarterly Condensed Consolidated Financial Statements were disclosed according to IFRS from the three months ended June 30, 2014.

II. Figures in ‘Change’ column are comparisons with the same period of the previous year.

III. Diluted earnings per share is presented only if there are dilutive factors present.

IV. Equity attributable to owners of the parent company is equity excluding non-controlling 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 101.36 = U.S.$1 as of June 30, 2014 has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Fiscal 2014 First-Quarter (April 1 to June 30, 2014) Overview

The global economy basically continued to gradually head toward recovery in the quarter under review. The U.S. economy, boosted by lower unemployment and higher personal spending, continued its upswing. The European economy as a whole picked up, as manufacturing found solid footing and unemployment, although still high, showed signs of improving. Asia has continued to gradually recover, but there is a growing sense of uncertainty due to a slowing of the pace of economic expansion in China and stagnation across the ASEAN economic community as a whole. Japan's economy continued to register signs of a gradual recovery, although a spending rush in advance of a consumption tax hike in April produced a backlash and temporary lull in activity.

The situation in the main markets of the Epson Group ("Epson") was as follows.
Inkjet printer demand temporarily contracted in Japan following a spike in sales leading up to the consumption tax hike, while demand in North America and Europe drifted sideways. Demand for large-format printers was flat in Europe but trended upward in China and grew steadily in the U.S. and Japan. Demand for serial-impact dot-matrix (SIDM) printers shrank in the Americas, Europe, and all of Asia, with the exception of China, where demand grew steadily. Demand for point-of-sale (POS) system products from small- and medium-sized retailers was firm in the Americas and steady in Europe. The FIFA World Cup underpinned firm demand for projectors in the Americas and Europe. Demand was also steady in Japan and other parts of Asia.
Demand from mobile phone manufacturers, the main consumers of Epson's electronic devices, was mixed. While orders for devices used in smartphones were firm, orders for devices used in feature phones continued to decelerate. In the PC market, sales of tablets were steady, but demand for notebook and desktop models continued to contract. In the digital camera market, compact camera sales remained sluggish, while demand for SLR (single-lens reflex) and MILC (mirrorless interchangeable-lens camera) models was weak.
In the precision products market, demand for watches in Japan temporarily contracted, particularly for premium models, following a run-up in sales prior to the increase in the consumption tax, but demand remained firm in other markets. Industrial robot demand increased in the automotive and smartphone sectors, while demand for IC handlers was also solid.

At the start of the 2013 fiscal year Epson began working under an updated three-year plan called the SE15 Updated Second-Half Mid-Range Business Plan (FY2013-15). We have been closely adhering to the strategic course charted by the SE15 Long-Range Corporate Vision and, in line with the updated plan, are pursuing a basic strategy of managing our businesses so that they create steady profit while avoiding the single-minded pursuit of revenue growth. Our top priority will be steady profit and cash flow. To achieve this in existing segments, we will readjust our product mixes and adopt new business models. Meanwhile, we will aggressively develop markets in new segments. We will move steadily forward to lay the foundation for a metamorphosis during which Epson will change from being primarily a company that provides consumer imaging products into a company that once again posts strong growth by creating and providing new information solutions and equipment for businesses and professionals, as well as consumers.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the first quarter of the year were ¥102.16 and ¥140.07, respectively. This represents a 3% depreciation in the value of the yen against the dollar and a 9% depreciation in the value of the yen against the euro compared to the same period last year.

First-quarter revenue was ¥246,258 million ($2,429,538 thousand), up 10.9% year over year. Business profit was ¥23,510 million ($231,945 thousand), up 143.1% year over year. Profit from operating activities was ¥54,620 million ($538,871 thousand), up 643.6% year over year. Profit for the period was ¥46,597 million ($459,717 thousand), up 835.2% year over year.

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

Information-Related Equipment Segment

Revenue in the printing systems business increased.
The inkjet printer business reported revenue growth. Although unit shipments of ink cartridge printers declined, printer revenue grew due to increased shipments of high-capacity ink tank models and higher average selling prices. Revenue from consumables also rose owing to improvement in the composition of the install base. Revenue in the inkjet printer business as a whole was also boosted by foreign exchange effects. Large-format printer revenue was driven up by unit growth and foreign exchange effects. Page printer revenue decreased due to a decline in consumables volume. SIDM printer revenue fell. Although foreign exchange effects had a positive effect, revenue fell primarily because unit shipments declined in the Americas and Europe. POS system product revenue increased mainly due to an increase in unit shipments in Europe, as well as due to foreign exchange effects.
Revenue in the visual communications business increased.
Business 3LCD projector revenue increased, mainly as a result of unit shipment growth in the Americas and Asia, and a boost from foreign exchange effects. Home-theater 3LCD projector revenue also increased, driven higher by unit shipment growth in all major markets.
Segment profit in the information-related equipment segment increased due to a combination of revenue growth from major products and foreign exchange effects.

As a result of the foregoing factors, revenue in the information-related equipment segment was ¥201,828 million ($1,991,209 thousand), up 10.6% year over year, while segment profit was ¥30,220 million ($298,144 thousand), up 84.1% year over year.

Devices & Precision Products Segment

Revenue in the microdevices business increased.
Crystal device revenue fell due to ongoing price erosion in the markets for AT-cut crystal and tuning-fork crystal products. Semiconductor revenue grew due to increased internal demand and higher external sales volume, including silicon foundry orders.
Revenue in the precision products business increased. Contributing factors included premium watch unit growth, which boosted average selling prices, and foreign exchange effects.
Segment profit in the devices and precision products segment increased. This increase was due not only to the effects of foreign exchange on the segment as a whole but also to the effect of cost reductions in the microdevices business.

As a result of the foregoing factors, revenue in the devices and precision products segment was ¥38,934 million ($384,116 thousand), up 5.9% year over year, while segment profit was ¥4,306 million ($42,482 thousand), up 6.8% year over year.

Sensing & Industrial Solutions Segment

Revenue in the sensing and industrial solutions segment increased.

In factory automation systems, industrial robot revenue growth was driven by orders from Asia, while IC handler revenue growth was fueled by orders from smartphone chip manufacturers.

Segment profit in the sensing and industrial solutions segment increased primarily due to increased revenue from sales of industrial robots.

As a result of the foregoing factors, revenue in the sensing and industrial solutions segment was ¥6,737 million ($66,466 thousand), up 85.5% year over year, while segment loss was ¥1,774 million ($17,501 thousand), an improvement from the ¥2,067 million segment loss in the same period last year.

Other

First-quarter revenue in the Other segment was ¥303 million ($2,989 thousand), up 19.3% year over year. Segment loss was ¥132 million ($1,303 thousand), compared to a ¥94 million segment loss recorded in the same period last year.

Adjustments

Adjustments to total profit of reporting segments amounted to -¥9,110 million (-$89,877 thousand), compared to -¥8,608 million in adjustments 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.

Qualitative Information Regarding the Consolidated Financial Position

Total assets at the end of the first quarter were ¥903,669 million ($8,915,440 thousand), a decrease of ¥5,221 million from the previous fiscal year end. While inventories increased by ¥11,627 million, total assets decreased primarily because cash and cash equivalents declined by ¥10,521 million and because trade and other receivables decreased by ¥4,731 million.

Total liabilities were ¥498,263 million ($4,915,786 thousand), down ¥45,868 million compared to the end of the last fiscal year. This decrease was mainly due to a ¥34,148 million decrease in net defined benefit liabilities accompanying changes to Epson's defined-benefit plan for employees in Japan and a ¥8,691 million decrease in other financial liabilities associated with a decrease in bonds payable.

The equity attributable to owners of the parent company totaled ¥403,146 million ($3,977,367 thousand), a ¥40,774 million increase compared to the previous fiscal year end. This increase was primarily due to a ¥43,795 million increase in retained earnings.

Qualitative Information Regarding the Consolidated Financial Outlook

Given the recent trend of financial results, Epson revised its consolidated financial outlook for the second quarter and for the full year. Details were released today in an announcement.

The figures for the second quarter onward are based on assumed exchange rates of 100.00 yen to the U.S. dollar and 135.00 yen to the euro.

Epson's financial outlook for the 2014 fiscal year is presented below.

Consolidated First-Half Outlook

	(Reference) FY2013 First-Half Result	Previous Outlook	Current Outlook	Change	
Revenue	¥471.3 billion	¥480.0 billion	¥503.0 billion	+¥23.0 billion	(+4.8%)
Business profit	¥33.5 billion	¥24.0 billion	¥38.0 billion	+¥14.0 billion	(+58.3%)
Profit from operating activities	¥30.4 billion	¥45.0 billion	¥69.0 billion	+¥24.0 billion	(+53.3%)
Profit before tax	¥29.5 billion	- *	¥69.0 billion	-	-
Profit for the period	¥19.8 billion	¥38.0 billion	¥59.0 billion	+¥21.0 billion	(+55.3%)
Profit for the period attributable to owners of the parent company	¥19.8 billion	- *	¥59.0 billion	-	-
Foreign exchange rate	$1USD = ¥98.85	$1USD = ¥100.00	$1USD = ¥101.00		
	1 euro = ¥130.00	1 euro = ¥135.00	1 euro = ¥137.00		

Consolidated Full-Year Outlook

	(Reference) FY2013 Full-Year Result	Previous Outlook	Current Outlook	Change	
Revenue	¥1,008.4 billion	¥1,010.0 billion	¥1,040.0 billion	+¥30.0 billion	(+3.0%)
Business profit	¥90.0 billion	¥85.0 billion	¥92.0 billion	+¥7.0 billion	(+8.2%)
Profit from operating activities	¥79.5 billion	¥104.0 billion	¥120.0 billion	+¥16.0 billion	(+15.4%)
Profit before tax	¥77.9 billion	- *	¥119.0 billion	-	-
Profit for the year	¥84.4 billion	¥80.0 billion	¥100.0 billion	+¥20.0 billion	(+25.0%)
Profit for the year attributable to owners of the parent company	¥84.2 billion	- *	¥100.0 billion	-	-
Foreign exchange rate	$1USD = ¥100.23	$1USD = ¥100.00	$1USD = ¥100.00		
	1 euro = ¥134.37	1 euro = ¥135.00	1 euro = ¥136.00		

* The first-half and full-year outlook for profit before tax and profit for the period attributable to owners of the parent company were not disclosed when Epson presented its consolidated results and supplementary information on April 30 of this year. These items have thus been left blank.

Quarterly Condensed Consolidated Statement of Financial Position

	Notes	Millions of yen		Thousands of U.S. dollars
		March 31, 2014	June 30, 2014	June 30, 2014
Assets				
Current assets				
Cash and cash equivalents	10	¥211,510	¥200,989	$1,982,922
Trade and other receivables	10	154,309	149,578	1,475,710
Inventories		181,581	193,208	1,906,156
Income tax receivables		2,284	1,507	14,867
Other financial assets	10	505	1,167	11,513
Other current assets		10,452	10,113	99,794
Total current assets		560,645	556,564	5,490,962
Non-current assets				
Property, plant and equipment		222,556	219,932	2,169,810
Intangible assets		18,947	18,225	179,804
Investment properties		10,273	10,248	101,104
Investments accounted for using the equity method		3,858	3,824	37,726
Net defined benefit assets		10	17	167
Other financial assets	10	21,881	22,508	222,059
Other non-current assets		2,931	2,981	29,466
Deferred tax assets		67,786	69,365	684,342
Total non-current assets		348,245	347,104	3,424,478
Total assets		¥908,890	¥903,669	$8,915,440

	Notes	Millions of yen		Thousands of U.S. dollars
		March 31, 2014	June 30, 2014	June 30, 2014
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	10	¥123,463	¥126,748	$1,250,473
Income tax payables		13,689	12,682	125,118
Other financial liabilities	6,10	82,471	63,746	628,906
Provisions		22,397	22,590	222,868
Other current liabilities		94,064	88,889	876,995
Total current liabilities		336,087	314,658	3,104,360
Non-current liabilities				
Other financial liabilities	6,10	141,942	151,975	1,499,358
Net defined benefit liabilities		56,362	22,213	219,149
Provisions		5,401	6,026	59,451
Other non-current liabilities		3,698	2,725	26,927
Deferred tax liabilities		640	663	6,541
Total non-current liabilities		208,045	183,605	1,811,426
Total liabilities		544,132	498,263	4,915,786
Equity				
Share capital		53,204	53,204	524,901
Capital surplus		84,321	84,321	831,896
Treasury shares		(20,457)	(20,459)	(201,844)
Other components of equity		49,716	46,697	460,704
Retained earnings		195,587	239,383	2,361,710
Equity attributable to owners of the parent company		362,371	403,146	3,977,367
Non-controlling interests		2,385	2,258	22,287
Total equity		364,757	405,405	3,999,654
Total liabilities and equity		¥908,890	¥903,669	$8,915,440

Quarterly Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2013 and 2014:

	Notes	Millions of yen		Thousands of U.S. dollars
		Three months ended June 30,		Three months ended June 30,
		2013	2014	2014
Revenue	5	¥222,004	¥246,258	$2,429,538
Cost of sales		(150,861)	(156,875)	(1,547,711)
Gross profit		71,142	89,382	881,827
Selling, general and administrative expenses		(61,469)	(65,872)	(649,882)
Other operating income	8	1,790	31,807	313,802
Other operating expenses		(4,118)	(697)	(6,876)
Profit from operating activities		7,345	54,620	538,871
Finance income		485	673	6,639
Finance costs		(1,338)	(612)	(6,037)
Share of profit (loss) of investments accounted for using the equity method		19	61	601
Profit before tax		6,512	54,742	540,074
Income taxes		490	(8,012)	(79,054)
Profit from continuing operations		7,002	46,729	461,020
Loss from discontinued operations		(2,019)	(132)	(1,303)
Profit for the period		4,982	46,597	459,717
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss, net of tax				
Remeasurement of net defined benefit liabilities (assets)		1,500	3,822	37,707
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)		502	586	5,791
Subtotal		2,003	4,409	43,498
Items that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations		9,190	(4,389)	(43,300)
Net changes in fair value of cash flow hedges		875	759	7,488
Share of other comprehensive income of investments accounted for using the equity method		39	(13)	(128)
Subtotal		10,106	(3,642)	(35,940)
Total Other comprehensive income, net of tax		12,109	766	7,558
Total comprehensive income for the period		¥17,091	¥47,363	$467,275

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Notes	Millions of yen		Thousands of U.S. dollars
		Three months ended June 30,		Three months ended June 30,
		2013	2014	2014
Profit for the period attributable to:				
Owners of the parent company		¥5,013	¥46,591	$459,668
Non-controlling interests		(30)	5	49
Profit for the period		¥4,982	¥46,597	$459,717
Total comprehensive income for the period attributable to:				
Owners of the parent company		¥17,007	¥47,395	$467,580
Non-controlling interests		84	(31)	(305)
Total comprehensive income for the period		¥17,091	¥47,363	$467,275

	Notes	Yen		U.S. dollars
		Three months ended June 30,		Three months ended June 30,
		2013	2014	2014
Earnings (loss) per share for the period:				
Basic earnings (loss) per share for the period	9	¥28.03	¥260.45	$2.57
Earnings (loss) per share from continuing operations for the period:				
Basic earnings (loss) per share for the period	9	¥39.32	¥261.19	$2.58
Earnings (loss) per share from discontinued operations for the period:				
Basic earnings (loss) per share for the period	9	(¥11.29)	(¥0.74)	($0.01)

Quarterly Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2013 and 2014:

Millions of yen

	Notes	Equity attributable to owners of the parent company										Non-controlling interests	Total equity
					Other components of equity								
		Share capital	Capital surplus	Treasury shares	Remeasurement of net defined benefit liabilities (assets)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity	Retained earnings	Total equity attributable to owners of the parent company		
As of April 1, 2013		¥53,204	¥84,321	(¥20,453)	–	¥2,467	¥25,785	(¥1,295)	¥26,958	¥101,876	¥245,905	¥2,063	¥247,969
Profit (loss) for the period		–	–	–	–	–	–	–	–	5,013	5,013	(30)	4,982
Other comprehensive income (loss)		–	–	–	¥1,500	502	9,114	875	11,994	–	11,994	115	12,109
Total comprehensive income (loss) for the period		–	–	–	1,500	502	9,114	875	11,994	5,013	17,007	84	17,091
Acquisition of treasury shares		–	–	(0)	–	–	–	–	–	–	(0)	–	(0)
Dividends	7	–	–	–	–	–	–	–	–	(1,252)	(1,252)	(110)	(1,362)
Transfer from other components of equity to retained earnings		–	–	–	(1,500)	–	–	–	(1,500)	1,500	–	–	–
Total transactions with the owners		–	–	(0)	(¥1,500)	–	–	–	(1,500)	248	(1,252)	(110)	(1,362)
As of June 30, 2013		¥53,204	¥84,321	(¥20,454)	–	¥2,970	¥34,900	(¥419)	¥37,451	¥107,138	¥261,660	¥2,037	¥263,698

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

		Millions of yen											
		Equity attributable to owners of the parent company											
					Other components of equity								
	Notes	Share capital	Capital surplus	Treasury shares	Remeasurement of net defined benefit liabilities (assets)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity	Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
As of April 1, 2014		¥53,204	¥84,321	(¥20,457)	–	¥5,332	¥45,046	(¥662)	¥49,716	¥195,587	¥362,371	¥2,385	¥364,757
Profit (loss) for the period		–	–	–	–	–	–	–	–	46,591	46,591	5	46,597
Other comprehensive income (loss)		–	–	–	¥3,822	587	(4,366)	759	803	–	803	(37)	766
Total comprehensive income (loss) for the period		–	–	–	3,822	587	(4,366)	759	803	46,591	47,395	(31)	47,363
Acquisition of treasury shares		–	–	(1)	–	–	–	–	–	–	(1)	–	(1)
Dividends	7	–	–	–	–	–	–	–	–	(6,618)	(6,618)	(95)	(6,714)
Transfer from other components of equity to retained earnings		–	–	–	(3,822)	–	–	–	(3,822)	3,822	–	–	–
Total transactions with the owners		–	–	(1)	(¥3,822)	–	–	–	(3,822)	(2,796)	(6,620)	(95)	(6,716)
As of June 30, 2014		¥53,204	¥84,321	(¥20,459)	–	¥5,920	¥40,680	¥97	¥46,697	¥239,383	¥403,146	¥2,258	¥405,405

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

		Thousands of U.S. dollars											
		Equity attributable to owners of the parent company											
					Other components of equity								
	Notes	Share capital	Capital surplus	Treasury shares	Remeasurement of net defined benefit liabilities (assets)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity	Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
As of April 1, 2014		$524,901	$831,896	($201,825)	–	$52,614	$444,417	($6,532)	$490,499	$1,929,627	$3,575,098	$23,539	$3,598,637
Profit (loss) for the period		–	–	–	–	–	–	–	–	459,668	459,668	49	459,717
Other comprehensive income (loss)		–	–	–	$37,707	5,791	(43,074)	7,488	7,912	–	7,912	(354)	7,558
Total comprehensive income (loss) for the period		–	–	–	37,707	5,791	(43,074)	7,488	7,912	459,668	467,580	(305)	467,275
Acquisition of treasury shares		–	–	(19)	–	–	–	–	–	–	(19)	–	(19)
Dividends	7	–	–	–	–	–	–	–	–	(65,292)	(65,292)	(947)	(66,239)
Transfer from other components of equity to retained earnings		–	–	–	(37,707)	–	–	–	(37,707)	37,707	–	–	–
Total transactions with the owners		–	–	(19)	($37,707)	–	–	–	(37,707)	(27,585)	(65,311)	(947)	(66,258)
As of June 30, 2014		$524,901	$831,896	($201,844)	–	$58,405	$401,343	$956	$460,704	$2,361,710	$3,977,367	$22,287	$3,999,654

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Quarterly Condensed Consolidated Statements of Cash Flows
Three months ended June 30, 2013 and 2014:

	Notes	Millions of yen		Thousands of U.S. dollars
		Three months ended June30,		Three months ended June30,
		2013	2014	2014
Cash flows from operating activities				
Profit for the period		¥4,982	¥46,597	$459,717
Depreciation and amortization		10,283	10,884	107,379
Impairment loss		277	121	1,193
Finance (income) costs, net		852	(60)	(602)
Share of (profit) loss of investments accounted for using the equity method		(19)	(61)	(601)
Loss (gain) on sales and disposal of fixed assets, net		46	107	1,055
Loss on litigation		1,801	-	-
Decrease (increase) in trade and other receivables		4,700	5,180	51,104
Decrease (increase) in inventories		(894)	(14,496)	(143,014)
Increase (decrease) in trade and other payables		12,525	8,676	85,595
Increase (decrease) in net defined benefit liabilities		(1,817)	(27,380)	(270,126)
Other, net		(12,248)	(4,879)	(48,113)
Subtotal		20,489	24,690	243,587
Interest and dividend income received		472	703	6,935
Interest expenses paid		(402)	(254)	(2,505)
Payments for loss on litigation		(2,073)	(191)	(1,884)
Income taxes paid		(3,359)	(9,323)	(92,000)
Net cash provided by (used in) operating activities		15,126	15,623	154,133
Cash flows from investing activities				
Purchase of property, plant and equipment		(8,044)	(10,155)	(100,187)
Proceeds from sales of property, plant and equipment		127	89	878
Purchase of intangible assets		(1,608)	(993)	(9,796)
Other, net		340	(231)	(2,280)
Net cash provided by (used in) investing activities		(9,185)	(11,290)	(111,385)
Cash flows from financing activities				
Net increase (decrease) in short-term loans payables		(3,302)	3,639	35,901
Proceeds from issuance of bonds payable		-	10,000	98,658
Redemption of bonds payable		-	(20,000)	(197,316)
Payments of lease obligations		(97)	(86)	(848)
Dividends paid	7	(1,252)	(6,618)	(65,292)
Dividends paid to non-controlling interests		(102)	(79)	(790)
Purchase of treasury shares		(0)	(1)	(9)
Net cash provided by (used in) financing activities		(4,755)	(13,146)	(129,696)
Effect of exchange rate changes on cash and cash equivalents		4,847	(1,707)	(16,850)
Net increase (decrease) in cash and cash equivalents		6,033	(10,521)	(103,798)
Cash and cash equivalents at beginning of period		184,654	211,510	2,086,720
Cash and cash equivalents at end of period		¥190,688	¥200,989	$1,982,922

Notes to Quarterly Condensed Consolidated Financial Statements

1. Reporting Entity

Seiko Epson Corporation (the “Company”) is a stock corporation domiciled in Japan. The addresses of the Company’s registered head office and principal business offices are available on the Company’s website (http://www.epson.jp). The details of businesses and principal business activities of the Company and its affiliates (“Epson”) are stated in “5. Segment Information”.

2. Basis of Preparation

Epson’s quarterly condensed consolidated financial statements have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”, under the provision of Article 93 of Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements, as Epson meets the criteria of a “Specified company” defined under Article 1-2, Paragraph 1, Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.

The quarterly condensed consolidated financial statements of Epson do not contain all the information required in annual consolidated financial statements, they should be used in combination with the consolidated financial statements for the fiscal year ended March 31, 2014.

3. Changes in Accounting Policies and Changes in Accounting Estimates

The significant accounting policies adopted for the quarterly condensed consolidated financial statements of Epson are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2014 except for the following.

(1)Income taxes for the three months ended June 30, 2014 were computed based on an estimated average annual effective income tax rate.

(2)The following are the accounting standards and interpretations applied by Epson from the three months ended June 30, 2014, in compliance with each transitional provision. These standards and interpretations did not have a material impact on the quarterly condensed consolidated financial statements of Epson.

IFRS		Summaries of new or amended IFRS standards or interpretations
IFRS 10	Consolidated Financial Statement	Accounting for investments held by investment entities
IFRS 12	Disclosure of Interests in Other Entities	Additional disclosure for investments held by investment entities
IAS 32	Financial Instruments: Presentation	Clarification of criteria for offsetting financial assets and liabilities and addition of application guidance
IAS 36	Impairment of Assets	Disclosure of recoverable amounts for non-financial assets
IAS 39	Financial Instruments: Recognition and Measurement	Exception to the requirement for the discontinuation of hedge accounting
IFRIC 21	Levies	Recognition of liabilities related to levies

4. Significant Accounting Estimates and Judgments

The preparation of Epson’s quarterly condensed consolidated financial statements includes management estimates and assumptions in order to measure income, expenses, assets and liabilities, and disclosed contingencies as of June 30, 2014. These estimates and assumptions are based on the best judgment of management in light of historical experience and various factors deemed to be reasonable as of June 30, 2014. Given their nature, actual results may differ from those estimates and assumptions. The estimates and assumptions are continuously reviewed by management. The effects of a change in estimates and assumptions are recognized in the period of the change and its subsequent periods. Estimates and assumptions having a significant effects on the amounts recognized in Epson’s quarterly condensed consolidated financial statements are consistent with those for the fiscal year ended March 31, 2014.

5. Segment Information

(1) Outline of Reportable Segments

The reportable segments of Epson are determined based on the operating segments that are components of Epson about which separate financial information is available and are evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing its performance.

Epson is mainly engaged in the manufacture and sale of "Information-related equipment", "Devices & precision products" and "Sensing & industrial solutions". The reportable segments of Epson are composed of three segments: "Information-related equipment," "Devices & precision products," and "Sensing & industrial solutions." They are determined by types of products, characteristics, and markets.

Epson conducts development, manufacturing and sales within its reportable segments as follows:

Reportable segments	Main products
Information-related equipment	Inkjet printers, page printers, color image scanners, commercial inkjet printers, serial impact dot matrix printers, printers for use in POS systems, inkjet label printers and related consumables, 3LCD projectors, HTPS-TFT panels for 3LCD projectors, label printers, smart glasses, personal computers and others.
Devices & precision products	Crystal units, crystal oscillators, quartz sensors, CMOS LSIs, watches, watch movements, metal powders, surface finishing and others.
Sensing & industrial solutions	Industrial robots, IC handlers, industrial inkjet printing systems, sensing systems and others.

(2) Revenues and Performances for Reportable Segments

Revenues and performances for reportable segments were as follows. Transactions between the segments were mainly based on prevailing market prices.

Three months ended June 30, 2013

Millions of yen

	Reportable segments						
	Information-related equipment	Devices & precision products	Sensing & Industrial Solutions	Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
Revenue							
External revenue	¥182,447	¥35,684	¥3,608	¥221,740	¥154	¥109	¥222,004
Inter-segment revenue	80	1,078	23	1,182	99	(1,282)	-
Total revenue	182,528	36,762	3,632	222,922	254	(1,172)	222,004
Segment profit (loss) (Business profit (loss)) (Note 1)	¥16,410	¥4,032	(¥2,067)	¥18,376	(¥94)	(¥8,608)	9,672
Other operating income (expenses)							(2,327)
Profit from operating activities							7,345
Finance income (costs)							(852)
Share of profit (loss) of investments accounted for using the equity method							19
Profit before tax							¥6,512

(Note 1) Segment profit (loss) (Business profit (loss)) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.
(Note 2) The intra-group services business was categorized within "Other".
(Note 3) Adjustments to business profit of (¥8,608) million for the three months ended June 30, 2013 comprised "Eliminations" of ¥37 million and "Corporate expenses" of (¥8,646) million. The Corporate expenses included expenses relating to research and development for new businesses and basic technology, and general corporate expenses which are not attributed to reportable segments.

Three months ended June 30, 2014

Millions of yen

	Reportable segments				Other (Note 2)	Adjustments (Note 3)	Consolidated
	Information-related equipment	Devices & precision products	Sensing & Industrial Solutions	Subtotal			
Revenue							
External revenue	¥201,673	¥37,561	¥6,686	¥245,921	¥156	¥180	¥246,258
Inter-segment revenue	155	1,373	50	1,579	146	(1,726)	-
Total revenue	201,828	38,934	6,737	247,500	303	(1,545)	246,258
Segment profit (loss) (Business profit (loss)) (Note 1)	¥30,220	¥4,306	(¥1,774)	¥32,752	(¥132)	(¥9,110)	23,510
Other operating income (expenses)							31,109
Profit from operating activities							54,620
Finance income (costs)							60
Share of profit (loss) of investments accounted for using the equity method							61
Profit before tax							¥54,742

(Note 1) Segment profit (loss) (Business profit (loss)) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.
(Note 2) The intra-group services business was categorized within "Other".
(Note 3) Adjustments to business profit of (¥9,110) million for the three months ended June 30, 2014 comprised "Eliminations" of ¥35 million and "Corporate expenses" of (¥9,145) million. The Corporate expenses included expenses relating to research and development for new businesses and basic technology, and general corporate expenses which are not attributed to reportable segments.

Three months ended June 30, 2014

Thousands of US dollars

	Reportable segments				Other (Note 2)	Adjustments (Note 3)	Consolidated
	Information-related equipment	Devices & precision products	Sensing & Industrial Solutions	Subtotal			
Revenue							
External revenue	$1,989,680	$370,571	$65,962	$2,426,213	$1,539	$1,786	$2,429,538
Inter-segment revenue	1,529	13,545	504	15,578	1,450	(17,028)	-
Total revenue	1,991,209	384,116	66,466	2,441,791	2,989	(15,242)	2,429,538
Segment profit (loss) (Business profit (loss)) (Note 1)	$298,144	$42,482	($17,501)	$323,125	($1,303)	($89,877)	231,945
Other operating income (expenses)							306,926
Profit from operating activities							538,871
Finance income (costs)							602
Share of profit (loss) of investments accounted for using the equity method							601
Profit before tax							$540,074

(Note 1) Segment profit (loss) (Business profit (loss)) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.
(Note 2) The intra-group services business was categorized within “Other”.
(Note 3) Adjustments to business profit of ($89,877) thousand for the three months ended June 30, 2014 comprised “Eliminations” of $345 thousand and “Corporate expenses” of ($90,222) thousand. The Corporate expenses included expenses relating to research and development for new businesses and basic technology, and general corporate expenses which are not attributed to reportable segments.

6. Other Financial Liabilities

The breakdown of Other financial liabilities was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	June 30, 2014	June 30, 2014
Derivative financial liabilities	¥2,296	¥564	$5,564
Short-term loans payable	57,945	61,017	601,983
Current portion of long-term loans payable	1,999	1,999	19,721
Current portion of bonds payable	19,993	-	-
Long-term loans payable	50,501	50,501	498,234
Bonds payable (Note 1) (Note 2)	89,772	99,747	984,086
Other	1,904	1,892	18,676
Total	¥224,413	¥215,722	$2,128,264
Current liabilities	¥82,471	¥63,746	$628,906
Non-current liabilities	141,942	151,975	1,499,358
Total	¥224,413	¥215,722	$2,128,264

Derivative financial liabilities were classified as financial liabilities measured at fair value through profit or loss excluding those which hedge accounting was applied to, and bonds payable and loans payable were classified as financial liabilities measured at amortized cost. There were no financial covenants on bonds payable and loans payable that had a significant impact on Epson's financing activities.

(Note 1) Issuance of bonds payable

There were not any issued bonds payable for the three months ended June 30, 2013.

The bonds payable issued for the three months ended June 30, 2014, were as follows:

Company	Bonds name	Issue date	Interest rate	Maturity date	Total amount of issuance	Total amount of issuance
			%		Millions of yen	Thousands of U.S. dollars
The Company	The 12th Series unsecured straight bonds (with inter-bond pari passu clause)	June 13, 2014	0.35	June 13, 2019	¥10,000	$98,658

(Note 2) Redemption of bonds payable

There were not any redeemed bonds payable for the three months ended June 30, 2013.

The bonds payable redeemed for the three months ended June 30, 2014, were as follows:

Company	Bonds name	Issue date	Interest rate	Maturity date	Total amount of issuance	Total amount of issuance
			%		Millions of yen	Thousands of U.S. dollars
The Company	The 6th Series unsecured straight bonds (with inter-bond pari passu clause)	June 14, 2011	0.49	June 13, 2014	¥20,000	$197,316

7. Dividends

Dividends paid during the three months ended June 30, 2013 and 2014, were as follows:

Three months ended June 30, 2013

(Resolution)	Class of shares	Total dividends	Dividends per share	Basis date	Effective date
		Millions of yen	Yen		
Annual Shareholders Meeting (June 24, 2013)	Ordinary shares	¥1,252	¥7	March 31, 2013	June 25, 2013

Three months ended June 30, 2014

(Resolution)	Class of shares	Total dividends	Dividends per share	Basis date	Effective date
		Millions of yen	Yen		
Annual Shareholders Meeting (June 24, 2014)	Ordinary shares	¥6,618	¥37	March 31, 2014	June 25, 2014

Three months ended June 30, 2014

(Resolution)	Class of shares	Total dividends	Dividends per share	Basis date	Effective date
		Thousands of U.S. dollars	U.S. dollars		
Annual Shareholders Meeting (June 24, 2014)	Ordinary shares	$65,292	$0.36	March 31, 2014	June 25, 2014

8. Other Operating Income

The breakdown of Other operating income for the three months ended June 30, 2013 and 2014, was as follows:

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30,		Three months ended June 30, 2014
	2013	2014	
Income from the amendment of defined benefit plan (Note)	-	¥30,071	$296,675
Other	¥1,790	1,735	17,127
Total	¥1,790	¥31,807	$313,802

(Note)As a result of revision to defined benefit plan, Epson recognize a ¥30,071 million ($296,675 thousand) decline in expenses associated with past service costs at the company and certain domestic subsidiaries. This translates to a ¥30,071 million ($296,675 thousand) increase in other operating income for the three months ended June 30, 2014.

9. Earnings per Share

Basis of calculating basic earnings per share

(1) Profit attributable to ordinary shareholders of the parent company

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30,		Three months ended June 30, 2014
	2013	2014	
Profit from continuing operations attributable to owners of the parent company	¥7,033	¥46,724	$460,970
Loss from discontinued operations attributable to owners of the parent company	(2,019)	(132)	(1,302)
Profit used for calculation of basic earnings per share	¥5,013	¥46,591	$459,668

(2) Weighted-average number of ordinary shares outstanding during the three months ended June 30, 2013 and 2014

	Three months ended June 30, 2013	Three months ended June 30, 2014
	Thousands of shares	Thousands of shares
Weighted-average number of shares	178,892	178,890

10. Fair Value of Financial Instruments

(1) Fair value measurement

The fair values of financial assets and liabilities are determined as follows:

(Derivatives)

The fair values are calculated based on prices obtained from financial institutions.

(Investment securities and bonds)

When market values for investment securities are available, such values are used as the fair values. The fair values of the investment securities whose market values are unavailable are measured by using the discounted cash flow method, price comparison method based on the prices of similar types of securities and bonds and other valuation methods.

(Loans payable)

As short-term loans payable are settled on a short-term basis, the fair values approximate their carrying amounts. For long-term loans payable that are with floating rates, it is assumed that the fair value is equal to the carrying amounts, because the rates are affected in the short term by fluctuations in market interest rates, and because Epson’s credit status has not greatly changed since they were implemented. The fair values of long-term loans payable are calculated by the total sum of the principal and interest discounted using the interest rates that would be applied if similar new borrowings were conducted.

(Bonds payable)

The fair values of bonds payable are determined mainly based on market prices.

(Lease obligations)

Per each lease obligation classified per certain period, the fair values are calculated based on the present value of the total amount discounted by the interest rate, which took into account the period to maturity and the credit risk.

(Other)

Other financial instruments are settled mainly on a short-term basis, and the fair values approximate the carrying amounts.

(2) Fair values of financial instruments

The carrying amounts and the fair values of the financial instruments were as follows:

	Millions of yen				Thousands of U.S. dollars	
	March 31, 2013		June 30, 2014		June 30, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value						
Derivative financial assets	¥169	¥169	¥784	¥784	$7,734	$7,734
Investment securities	16,784	16,784	17,348	17,348	171,152	171,152
Financial assets measured at amortized cost						
Cash and cash equivalents	211,510	211,510	200,989	200,989	1,982,922	1,982,922
Trade and other receivables	154,309	154,309	149,578	149,578	1,475,710	1,475,710
Bonds	103	103	103	103	1,016	1,016
Other receivables	5,329	5,329	5,439	5,439	53,670	53,670
Financial liabilities measured at fair value						
Derivative financial liabilities	2,296	2,296	564	564	5,564	5,564
Financial liabilities measured at amortized cost						
Trade and other payables	123,463	123,463	126,748	126,748	1,250,473	1,250,473
Interest-bearing debt						
Loans payable	110,446	110,631	113,518	113,678	1,119,938	1,121,527
Bonds payable	109,765	110,588	99,747	100,622	984,086	992,719
Lease obligations	340	340	258	258	2,545	2,545
Other payables	¥1,563	¥1,563	¥1,633	¥1,633	$16,131	$16,131

(3) Fair value hierarchy

The fair value hierarchies of financial instruments are categorized from Level 1 to Level 3 as follows:

Level 1: Fair value measured at quoted market prices in active markets with respect to identical assets or liabilities

Level 2: Fair value calculated using inputs other than quoted market prices that are observable, either directly or indirectly

Level 3: Fair value calculated using valuation techniques including inputs unobservable input for the assets and liabilities

Epson doesn't have any financial instruments for which there is significant measurement uncertainty and subjectivity which needs to subdivide each level stated above for disclosure.

The transfers between the fair value hierarchies are deemed to have occurred at the end of the reporting period.

Classification by hierarchy regarding financial assets and liabilities measured at fair value

March 31, 2014	Millions of yen			
	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	¥169	-	¥169
Investment securities	¥14,178	-	¥2,606	16,784
Total	¥14,178	169	¥2,606	16,953
Derivative financial liabilities	-	¥2,296	-	¥2,296

June 30, 2014	Millions of yen			
	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	¥784	-	¥784
Investment securities	¥14,733	-	¥2,614	17,348
Total	¥14,733	784	¥2,614	18,132
Derivative financial liabilities	-	¥564	-	¥564

June 30, 2014	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	$7,734	-	$7,734
Investment securities	$145,353	-	$25,799	171,152
Total	$145,353	7,734	$25,799	178,886
Derivative financial liabilities	-	$5,564	-	$5,564

There were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy for the three months ended June 30, 2014.

Movement of the financial instruments categorized within Level 3 of the fair value hierarchy was as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2014	FY2014
	(Apr.1 through Jun.30, 2013)	(Apr.1 through Jun.30, 2014)	(Apr.1 through Jun.30, 2014)
Balance as of April 1	¥2,731	¥2,606	$25,720
Comprehensive income			
Other comprehensive income	(136)	33	325
Disposals	-	(25)	(246)
Balance as of June 30	¥2,595	¥2,614	$25,799

11. Contingencies

Material litigation

In general, litigation has an uncertainties and it is difficult to make reliable judgements for the possibility of an outflow of resources embodying economic benefits and to estimate the financial effect. Provisions are not recognized either if an outflow of resources embodying economic benefits are not probable or to estimate the financial effect is not practicable. Epson was contending the following material actions.

(1) The Liquid crystal display price-fixing cartel

The civil actions have been brought against the Company and certain of its consolidated subsidiaries by multiple customers in multiple countries, including the U.S, regarding allegations of involvement in a liquid crystal display price-fixing cartel.

Moreover, the Company and certain of its consolidated subsidiaries are currently under investigation by the European Commission and other anti-monopoly-related authorities.

(2) The civil action on copyright fee of ink-jet printer.

The organization for collecting copyright fees on behalf of copyright holders, Verwertungsgesellschaf Wort (“VG Wort”), has brought a civil action against Epson Deutschland GmbH(“EDG”), a consolidated subsidiary of the Company, to seek payment of copyright fees on single-function printers.

The claim was dismissed by the supreme court. The plaintiff, however, unsatisfied with this ruling, appealed to the Federal Constitutional Court of Germany. On December 2010, the Federal Constitutional Court ruled that the ruling of the supreme court violates rights set forth in Article 14 of the constitutional law of Germany. It thus dismissed the ruling of the supreme court and referred the case back to the supreme court for review. In July 2011, the supreme court referred the case to the Court of Justice of the European Union, and an inquiry was begun in October 2012. In June 2013, the Court of Justice of the European Union ruled that EU member states can impose levies on printer and PC manufacturers in order to compensate copyrights holders for unauthorized reproduction of their work.

In response to this, the supreme court judged that printer and PC are liable to copyright levies, in July 2014. For specific copyright rates, they will be considered by the lower court of the Germany in future.

In June 2010, Epson Europe B.V. (“EEB”), a consolidated subsidiary of Seiko Epson, brought a civil suit against La SCRL Reprobel (“Reprobel”), a Belgium-based group that collects copyright royalties, seeking restitution for copyright royalties for multifunction printers. These two lawsuits were adjoined. EEB’s claims were rejected at the first trial, but EEB, dissatisfied with the decision, intends to appeal.

12. Subsequent Events

No important subsequent events.

Supplementary Information

Consolidated First Quarter ended June 30, 2014

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. Revenue by division

(Unit: billion yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase %	Forecast for the year ended March 31, 2015	Increase compared to year ended March 31, 2014 %
Information-related equipment	182.5	201.8	10.6%	870.0	3.4%
Printing Systems	141.9	151.1	6.5%	676.0	3.9%
Visual Communications	36.4	44.3	21.6%	176.0	6.4%
Other	4.3	6.8	57.1%	20.0	(24.9%)
Inter-segment revenue	(0.2)	(0.4)	-%	(2.0)	-%
Devices & precision products	36.7	38.9	5.9%	152.0	2.2%
Microdevices	23.3	24.3	4.3%	92.0	(1.1%)
Precision Products	14.4	16.2	12.1%	65.0	6.5%
Inter-segment revenue	(1.1)	(1.6)	-%	(5.0)	-%
Sensing & industrial solutions	3.6	6.7	85.5%	22.0	36.0%
Other	0.2	0.3	19.3%	1.0	(25.0%)
Corporate expenses & Eliminations	(1.1)	(1.5)	-%	(5.0)	-%
Consolidated revenue	222.0	246.2	10.9%	1,040.0	3.1%

Note: The intra-group services business was categorized within “Other”.

2. Business segment information

(Unit: billion yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase %
Information-related equipment			
Revenue:			
External	182.4	201.6	10.5%
Inter-segment	0.0	0.1	93.2%
Total	182.5	201.8	10.6%
Segment profit (loss)	16.4	30.2	84.1%
Devices & precision products			
Revenue:			
External	35.6	37.5	5.3%
Inter-segment	1.0	1.3	27.4%
Total	36.7	38.9	5.9%
Segment profit (loss)	4.0	4.3	6.8%
Sensing & industrial solutions			
Revenue:			
External	3.6	6.6	85.3%
Inter-segment	0.0	0.0	115.9%
Total	3.6	6.7	85.5%
Segment profit (loss)	(2.0)	(1.7)	-%
Other			
Revenue:			
External	0.1	0.1	1.5%
Inter-segment	0.0	0.1	46.9%
Total	0.2	0.3	19.3%
Segment profit (loss)	(0.0)	(0.1)	-%
Corporate expenses & Eliminations			
Revenue:			
External	0.1	0.1	65.2%
Inter-segment	(1.2)	(1.7)	-%
Total	(1.1)	(1.5)	-%
Segment profit (loss)	(8.6)	(9.1)	-%
Consolidated			
Revenue	222.0	246.2	10.9%
Business profit (loss)	9.6	23.5	143.1%

Note: The intra-group services business was categorized within “Other”.

(Unit: billion yen)

	The year ended March 31, 2014	Forcast for the year ended March 31, 2015	Increase %
Information-related equipment			
Revenue:			
External	840.7	870.0	3.5%
Inter-segment	0.4	0.0	-%
Total	841.2	870.0	3.4%
Segment profit (loss)	123.7	129.0	4.2%
Devices & precision products			
Revenue:			
External	143.9	144.0	0.1%
Inter-segment	4.8	8.0	64.1%
Total	148.7	152.0	2.2%
Segment profit (loss)	10.8	12.0	10.5%
Sensing & industrial solutions			
Revenue:			
External	15.9	22.0	37.8%
Inter-segment	0.2	0.0	-%
Total	16.1	22.0	36.0%
Segment profit (loss)	(9.9)	(10.0)	-%
Other			
Revenue:			
External	0.8	0.0	-%
Inter-segment	0.4	1.0	126.4%
Total	1.3	1.0	(25.0%)
Segment profit (loss)	(0.2)	0.0	-%
Corporate expenses & Eliminations			
Revenue:			
External	6.8	4.0	(41.7%)
Inter-segment	(5.9)	(9.0)	-%
Total	0.8	(5.0)	-%
Segment profit (loss)	(34.3)	(39.0)	-%
Consolidated			
Revenue	1,008.4	1,040.0	3.1%
Business profit (loss)	90.0	92.0	2.1%
Profit (Loss) from operating activities	79.5	120.0	50.8%
Profit (Loss) before tax	77.9	119.0	52.6%
Profit (Loss) for the period	84.4	100.0	18.4%

Note: The intra-group services business was categorized within “Other”.

3. Revenue to overseas customers

(Unit: billion yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase	Increase %
Overseas Revenue				
The Americas	60.7	66.6	5.8	9.6%
Europe	45.9	53.6	7.6	16.6%
Asia/Oceania	57.5	64.6	7.0	12.3%
Total	164.3	184.8	20.5	12.5%
Consolidated revenue	222.0	246.2	24.2	10.9%
Percentage of overseas revenue to consolidated revenue (%)				
The Americas	27.4	27.0		
Europe	20.7	21.8		
Asia/Oceania	25.9	26.3		
Total	74.0	75.1		

Note: 1. Overseas revenue 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 revenue.

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. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase %	Forecast for the year ended March 31, 2015	Increase compared to year ended March 31, 2014 %
Capital expenditure	6.8	9.3	35.6%	52.0	37.5%
Information-related equipment	5.5	7.5	35.2%	36.0	33.8%
Devices & precision products	1.0	1.1	11.6%	9.0	12.4%
Sensing & industrial solutions	0.1	0.2	102.5%	2.0	140.3%
Other / Coporate expenses	0.1	0.4	151.9%	5.0	139.6%
Depreciation and amortization	10.0	10.7	7.7%	45.0	10.5%

Note: The intra-group services business was categorized within “Other”.

5. Research and development

(Unit: billion yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase %	Forecast for the year ended March 31, 2015	Increase compared to year ended March 31, 2014 %
Research and Development	11.1	11.0	(0.8%)	52.0	6.4%
R&D / revenue ratio	5.0%	4.5%		5.0%	

6. Management indices

(Unit: %)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase Point	Forecast for the year ended March 31, 2015	Increase compared to year ended March 31, 2014 Point
ROE	2.0%	12.2%	10.2	24.6%	(3.1)
ROA (Business profit)	1.2%	2.6%	1.4	10.2%	(0.2)
ROA (Profit from operating activities)	0.9%	6.0%	5.1	13.4%	4.2
ROS (Business profit)	4.4%	9.5%	5.1	8.8%	(0.1)
ROS (Profit from operating activities)	3.3%	22.2%	18.9	11.5%	3.6

Note 1.ROE=Profit for the period attributable to owners of the parent company / Beginning and ending balance average equity attributable to owners of the parent company
2.ROA(Business profit)=Business profit / Beginning and ending balance average total assets
3.ROA(Profit from operating activities)=Profit from operating activities / Beginning and ending balance average total assets
4.ROS(Business profit)= Business profit / Revenue
5.ROS(Profit from operating activities)= Profit from operating activities / Revenue

7. Foreign exchange fluctuation effect on revenue and business profit

(Unit: billion yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase
Foreign exchange effect on revenue	30.9	6.8	(24.1)
U.S. dollars	15.9	3.1	(12.8)
Euro	7.2	3.2	(3.9)
Other	7.8	0.5	(7.3)
Foreign exchange effect on business profit	6.1	2.7	(3.3)
U.S. dollars	0.3	0.0	(0.2)
Euro	5.0	2.3	(2.6)
Other	0.7	0.3	(0.4)
Exchange rate			
Yen / U.S. dollars	98.76	102.16	
Yen / Euro	128.95	140.07	

Note: Foreign exchange effect = (Foreign currency revenue or business profit for the period) x (Average exchange rate for the period – Average exchange rate for the same prior period)

8. Inventory

(Unit: billion yen)

	June 30, 2013	March 31, 2014	June 30, 2014	Increase compared to March 31, 2014
Inventory	171.4	181.5	193.2	11.6
Information-related equipment	130.4	140.2	149.8	9.5
Devices & precision products	37.0	37.1	38.8	1.6
Sensing & industrial solutions	3.4	3.6	4.0	0.3
Other / Corporate expenses	0.4	0.4	0.4	(0.0)
				(Unit: day)
Turnover by days	70	66	71	5
Information-related equipment	65	61	68	7
Devices & precision products	92	91	91	0
Sensing & industrial solutions	88	83	55	(28)
Other / Corporate expenses	194	25	211	186

Note 1. Turnover by days = Ending (Interim) balance of inventory / Prior 3 months (Prior 12 months) revenue per day
2. The intra-group services business was categorized within "Other".

9. Employees

(Unit: person)

	June 30, 2013	March 31, 2014	June 30, 2014	Increase compared to March 31, 2014
Number of employees at period end	74,377	73,171	71,537	(1,634)
Domestic	18,424	18,372	18,144	(228)
Overseas	55,953	54,799	53,393	(1,406)