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CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2016 (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, 2016
	2015	2016		
Revenue	260,914	239,099	(8.4%)	2,323,379
Business profit (Note)	16,514	6,468	(60.8%)	62,860
Profit from operating activities	16,288	6,978	(57.2%)	67,806
Profit before tax	16,045	6,370	(60.3%)	61,898
Profit for the period	10,557	4,203	(60.2%)	40,841
Profit for the period attributable to owners of the parent company	10,529	4,120	(60.9%)	40,035
Total comprehensive income for the period	19,874	(23,274)	-%	(226,158)
Basic earnings per share (in ¥1, $1 unit)	29.43	11.58		0.11
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, 2016	June 30, 2016	June 30, 2016
Total assets	941,340	845,106	8,212,088
Total equity	470,676	426,404	4,143,465
Equity attributable to owners of the parent company	467,818	424,003	4,120,134
Equity attributable to owners of the parent company ratio (%)	49.7%	50.2%	50.2%

Quarterly Condensed Consolidated Statement of Cash Flows

	Millions of yen		Change	Thousands of U.S. dollars
	Three months ended June 30,			Three months ended June 30, 2016
	2015	2016		
Net cash provided by (used in) operating activities	6,328	15,903	151.3%	154,533
Net cash provided by (used in) investing activities	(20,276)	(16,580)	-%	(161,111)
Net cash provided by (used in) financing activities	(10,718)	(57,376)	-%	(557,535)
Cash and cash equivalents at end of period	222,105	163,733	(26.3%)	1,591,030

Notes

I. Figures in “Change” column are comparisons with the same period of the previous year.

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

III. Equity attributable to owners of the parent company is equity excluding non-controlling interest in subsidiaries.

IV. 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 ¥102.91 = U.S.$1 as of June 30, 2016 has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Fiscal 2016 First-Quarter (April 1 to June 30, 2016) Overview

On the whole, the global economy continued to gradually recover throughout the quarter under review. Regionally, the U.S. economy continued to recover, fueled by an increase in consumer spending and improvement in the employment situation. In Europe, the economy also gradually recovered, with a drop in the unemployment rate in Germany. The Chinese economy, on the other hand, continued to decelerate. The Latin American economy also slowed due to the effects of plummeting prices for natural resources. In Japan, weakness was seen in consumer spending, while improvements in corporate earnings stalled due to economic deceleration overseas and yen appreciation. Nevertheless, the Japanese economy registered signs of a gradual recovery owning to an improved employment environment. However, investors seeking a safe haven following Britain's decision toward the end of June to exit the European Union have caused the value of the yen to surge, and this as well as other factors have triggered concerns about a future slowing of the global economic growth rate.

The situation in the main markets of the Epson Group ("Epson") was as follows.
Inkjet Printer demand in North America shrank, while consumer inkjet printer demand continued to contract sharply in Japan. Large-format inkjet printer demand was firm in North America and Japan, but demand in China and Latin America was subdued due to the effects of economic deceleration. Serial-impact dot-matrix (SIDM) printer demand was firm in China, where a major tax overhaul produced extra demand in the tax collection market, but demand continued to contract in the Americas and Europe.
Demand for education and business projectors expanded in Japan. Projector demand also increased in Europe ahead of major sporting events. However, total sales were subdued due to the effects of the economic slowdown in Latin America, inventory adjustments in the North American retail market, and weak demand for education projectors in Europe.
Demand was mixed in the main markets for Epson's electronic devices. In the mobile phone market, feature phones continued to decline while smart phones remained firm, owing primarily to growth of emerging market manufacturers in China and elsewhere. Demand in the digital camera market was subdued. Watch market was generally firm in Europe but fell sharply overall due to softening demand from tourists to Japan, declines in China and North America, and a soft market for watch movements. Demand for industrial robots remained firm in Europe and the Americas, as well as in Japan, where sales to the automotive industry were firm.

Against this backdrop, Epson began the new fiscal year under the Epson 25 Phase 1 Mid-Range Business Plan (FY2016-18). The Phase 1 Plan delineates the first phase of work toward achieving the Epson 25 Corporate Vision, which sets forth a goal of creating a new connected age of people, things and information with efficient, compact and precision technologies. During the three years of the Phase 1 Plan Epson will sustain the momentum it gained by strategically adopting new business models and developing new market segments under the previous corporate vision. At the same time, it will move forward on product development while aggressively investing as needed to provide a solid business foundation.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro for the first quarter of the year were ¥108.15 and ¥122.02, respectively. This represents an 11% appreciation in the value of the yen against the dollar and a 9% appreciation in the value of the yen against the euro compared to the same period last year. Currencies of some emerging countries also appreciated against the yen, especially in Latin America where the appreciation was greater than the U.S. dollar and euro.

The foregoing factors are reflected in our financial results for the first quarter. Revenue was ¥239.0 billion, down 8.4% year on year. Business profit was ¥6.4 billion, down 60.8% year on year. Profit from operating activities was ¥6.9 billion, down 57.2% year on year. Profit before tax was ¥6.3 billion, down 60.3% year on year. Profit for the period was ¥4.2 billion, down 60.2% year on year.

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

Printing Solutions Segment

Printer business revenue decreased.

In inkjet printers, Epson succeeded in expanding sales of high-capacity ink tank printers, as steep unit shipment growth continued despite the entry of competitors into this market. Nevertheless, total inkjet printer revenue decreased, chiefly due to a contraction of the ink cartridge printer market and a concomitant decrease in unit volume, as well as foreign exchange effects. Epson saw ongoing growth in sales of consumables, after excluding to the effects of yen appreciation.

Page printer revenue decreased due to a decline in unit shipments, the result of Epson's focus on selling high added value models.

In SIDM printers, foreign exchange effects caused revenue to decline despite ongoing extra demand in the Chinese tax collection system market.

Revenue in the professional printing business decreased.

Total revenue from large-format printers decreased despite strong sales of Epson's new products in the growing signage market and firm demand in the textile segment, although a slow economy tempered revenue in the latter. Total revenue decreased because revenue in the existing photo and graphics markets fell in response to intensified price competition and foreign exchange effects. Revenue from consumables decreased due to a decline in printer unit sales and foreign exchange effects.

POS system product revenue decreased. Although demand for low-end models was firm in Europe, total unit shipments declined due to a lack of large orders such as those received in the same period last year in Japan and North America. Revenue was also hurt by foreign exchange effects.

Segment profit in the printing solutions segment decreased even though Epson increased sales of high-capacity ink tank inkjet printers and maintained profit by increasing sales of consumables as the install base improved. The decrease in segment profit is attributed primarily to a decrease in large-format inkjet printer sales, strategic investment and spending on medium-term growth, and foreign exchange effects.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥157.3 billion, down 8.5% year on year. Segment profit was ¥12.8 billion, down 33.2% year on year.

Visual Communications Segment

Visual communications revenue decreased.

Total 3LCD projector revenue decreased mainly due to a contraction of the education market in Europe, a continued contraction of the market in Latin America, and foreign exchange effects, as these factors outweighed the unit shipment growth that was driven by demand for models in the volume zone in Europe in advance of major sporting events.

Segment profit in the visual communications segment decreased despite an increase in profit accompanying unit shipment growth. The decrease in segment profit was primarily due to strategic investment and spending on medium-term growth, as well as foreign exchange effects.

As a result of the foregoing factors, revenue in the visual communications segment was ¥41.6 billion, down 7.9% year on year. Segment profit was ¥2.1 billion, down 51.0% year on year.

Wearable and Industrial Products Segment

Revenue in the wearable products business was flat year on year. Watch volume decreased due to sluggish sales overseas and slowing demand from tourists to Japan. This was offset by the release of new products, which had the effect of raising average selling prices. Nevertheless, total revenue in the wearable products business decreased due to the effects of weakened demand for watch movements and foreign exchange effects.

Revenue in the robotics solutions business increased. Industrial robot revenue was hurt by foreign exchange rates but still rose, as Epson was able to capture orders in China and elsewhere where demand was strong. IC handler revenue decreased due to the effects of lower average selling prices to smartphone chip manufacturers.

Revenue in the microdevices business decreased. Revenue from crystal devices decreased due to a decline in unit shipments to manufacturers of cell phones and other personal electronics and because of foreign exchange effects. Semiconductor revenue decreased mainly due to a decline in volume to major automotive accounts and foreign exchange effects.

The surface finishing business, which developed new customers, and the metal powders business, which reported firm sales of high-performance material powders for mobile equipment, both saw revenue decline due to foreign exchange effects.

Segment profit in the wearable and industrial products segment decreased due to lower sales in the microdevices business and wearable products business.

As a result of the foregoing factors, revenue in the wearable and industrial products segment was ¥40.4 billion, down 8.1% year on year. Segment profit was ¥1.6 billion, down 59.5% year on year.

Other

Other revenue amounted to ¥0.3 billion, up 3.4% year on year. Segment loss was ¥0.2 billion, the same as in the same period last year.

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥9.9 billion. (Adjustments in the previous fiscal year were negative ¥11.0 billion.) The main components of the adjustment were basic technology research and development expenses that do not correspond to the reporting segments and selling, general and administrative expenses associated with things such as new businesses and corporate functions.

Liquidity and Financial Position

Total assets at the end of the first quarter were ¥845.1 billion, a decrease of ¥96.2 billion from the previous fiscal year end. In addition to ¥66.7 billion decrease in cash and cash equivalents owing largely to a redemption of bonds payable, a repurchase of Epson shares, and dividend payments, total assets decreased because of a ¥13.9 billion decrease in trade and other receivables and a ¥12.1 billion decrease in inventories.

Total liabilities were ¥418.7 billion, down ¥51.9 billion compared to the end of the last fiscal year. This decrease was mainly because of a ¥38.2 billion decrease in bonds and borrowing associated with the redemption of bonds payable, a ¥9.9 billion decrease in other current and non-current liabilities, and a ¥2.5 billion decrease in trade and other payables.

The equity attributable to owners of the parent company totaled ¥424.0 billion, a ¥43.8 billion decrease compared to the previous fiscal year end. This is primarily because, while retained earnings increased by ¥4.1 billion from profit recorded for the period, decrease resulted from ¥10.7 billion in dividend payments, a ¥10.0 billion payment for the acquisition of Seiko Epson shares, and a ¥24.9 billion decrease in the exchange differences on translation of foreign operations associated with the appreciation of the yen.

Qualitative Information Regarding the Consolidated Financial Outlook

The consolidated financial outlook for the full year has not changed since it was announced on April 28, 2016.

The figures in the outlook are based on assumed exchange rates of ¥105.00 to the U.S. dollar and ¥120.00 to the euro in the second and remaining quarters.

Consolidated Full-Year Financial Outlook

	FY2015	Previous Outlook (A)	Current Outlook (B)	Change (B - A)
Revenue	¥1,092.4 billion	¥1,030.0 billion	¥1,030.0 billion	-
Business profit	¥84.9 billion	¥72.0 billion	¥72.0 billion	-
Profit from operating activities	¥94.0 billion	¥70.0 billion	¥70.0 billion	-
Profit before tax	¥91.5 billion	¥69.0 billion	¥69.0 billion	-
Profit for the period	¥46.0 billion	¥54.0 billion	¥54.0 billion	-
Profit for the year attributable to owners of the parent company	¥45.7 billion	¥54.0 billion	¥54.0 billion	-
Foreign exchange rates	$1USD = ¥120.14	$1USD = ¥105.00	$1USD = ¥106.00	
	1 EUR = ¥132.58	1 EUR = ¥120.00	1 EUR = ¥121.00	

Quarterly Condensed Consolidated Statement of Financial Position

	Notes	Millions of yen		Thousands of U.S. dollars
		March 31, 2016	June 30, 2016	June 30, 2016
Assets				
Current assets				
Cash and cash equivalents		230,498	163,733	1,591,030
Trade and other receivables		151,660	137,666	1,337,731
Inventories		201,608	189,463	1,841,055
Income tax receivables		1,232	2,593	25,196
Other financial assets	10	1,674	5,551	53,940
Other current assets		14,335	15,197	147,705
Subtotal		601,010	514,206	4,996,657
Non-current assets held for sale		441	395	3,838
Total current assets		601,451	514,601	5,000,495
Non-current assets				
Property, plant and equipment		244,463	235,363	2,287,076
Intangible assets		18,179	17,966	174,579
Investment property		1,967	1,899	18,453
Investments accounted for using the equity method		1,605	1,424	13,837
Other financial assets	10	21,962	20,200	196,288
Other non-current assets		5,122	5,178	50,347
Deferred tax assets		46,587	48,472	471,013
Total non-current assets		339,888	330,505	3,211,593
Total assets		941,340	845,106	8,212,088

	Notes	Millions of yen March 31, 2016	Millions of yen June 30, 2016	Thousands of U.S. dollars June 30, 2016
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables		130,624	128,051	1,244,300
Income tax payables		6,830	4,908	47,692
Bonds issued, borrowings and lease liabilities	6,10	61,654	23,408	227,460
Other financial liabilities	10	824	217	2,108
Provisions		23,019	20,774	201,865
Other current liabilities		102,065	92,269	896,621
Total current liabilities		325,019	269,629	2,620,046
Non-current liabilities				
Bonds issued, borrowings and lease liabilities	6,10	80,100	80,078	778,136
Other financial liabilities	10	1,640	1,550	15,061
Net defined benefit liabilities		54,845	58,484	568,302
Provisions		4,941	5,018	48,761
Other non-current liabilities		3,114	2,946	28,659
Deferred tax liabilities		1,001	994	9,658
Total non-current liabilities		145,644	149,071	1,448,577
Total liabilities		470,663	418,701	4,068,623
Equity				
Share capital		53,204	53,204	516,995
Capital surplus		84,321	84,321	819,366
Treasury shares	7	(20,471)	(30,498)	(296,356)
Other components of equity		57,989	34,879	338,938
Retained earnings		292,775	282,096	2,741,191
Equity attributable to owners of the parent company		467,818	424,003	4,120,134
Non-controlling interests		2,858	2,401	23,331
Total equity		470,676	426,404	4,143,465
Total liabilities and equity		941,340	845,106	8,212,088

Quarterly Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2015 and 2016:

	Notes	Millions of yen		Thousands of U.S. dollars
		Three months ended June 30,		Three months ended June 30,
		2015	2016	2016
Revenue	5	260,914	239,099	2,323,379
Cost of sales		(171,463)	(162,443)	(1,578,496)
Gross profit		89,451	76,656	744,883
Selling, general and administrative expenses		(72,937)	(70,187)	(682,023)
Other operating income		1,305	1,046	10,164
Other operating expense		(1,530)	(536)	(5,218)
Profit from operating activities		16,288	6,978	67,806
Finance income		534	485	4,712
Finance costs		(840)	(1,109)	(10,775)
Share of profit of investments accounted for using the equity method		63	16	155
Profit before tax		16,045	6,370	61,898
Income taxes		(5,461)	(2,164)	(21,038)
Profit from continuing operations		10,584	4,205	40,860
Loss from discontinued operations		(27)	(2)	(19)
Profit for the period		10,557	4,203	40,841
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss, net of tax				
Remeasurement of net defined benefit liabilities (assets)		2,978	(4,071)	(39,558)
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)		2,398	(654)	(6,355)
Subtotal		5,376	(4,725)	(45,913)
Items that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations		5,617	(25,213)	(245,010)
Net changes in fair value of cash flow hedges		(1,692)	2,502	24,312
Share of other comprehensive income of investments accounted for using the equity method		14	(40)	(388)
Subtotal		3,939	(22,752)	(221,086)
Total other comprehensive income, net of tax		9,316	(27,477)	(266,999)
Total comprehensive income for the period		19,874	(23,274)	(226,158)

(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,
		2015	2016	2016
Profit for the period attributable to:				
Owners of the parent company		10,529	4,120	40,035
Non-controlling interests		28	83	806
Profit for the period		10,557	4,203	40,841
Total comprehensive income for the period attributable to:				
Owners of the parent company		19,795	(23,055)	(224,030)
Non-controlling interests		79	(219)	(2,128)
Total comprehensive income for the period		19,874	(23,274)	(226,158)

	Notes	Yen		U.S. dollars
		Three months ended June 30,		Three months ended June 30,
		2015	2016	2016
Earnings per share for the period:				
Basic earnings per share for the period	9	29.43	11.58	0.11
Earnings per share from continuing operations for the period:				
Basic earnings per share for the period	9	29.51	11.58	0.11
Earnings per share from discontinued operations for the period:				
Basic loss per share for the period	9	(0.08)	(0.01)	(0.00)

Quarterly Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2015 and 2016:

Millions of yen

	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
		Equity attributable to owners of the parent company			Other components of equity								
As of April 1, 2015		53,204	84,321	(20,464)	-	7,149	74,868	1,055	83,073	294,191	494,325	2,982	497,308
Profit for the period		-	-	-	-	-	-	-	-	10,529	10,529	28	10,557
Other comprehensive income		-	-	-	2,978	2,402	5,576	(1,692)	9,265	-	9,265	50	9,316
Total comprehensive income for the period		-	-	-	2,978	2,402	5,576	(1,692)	9,265	10,529	19,795	79	19,874
Acquisition of treasury shares		-	-	(4)	-	-	-	-	-	-	(4)	-	(4)
Dividends	8	-	-	-	-	-	-	-	-	(14,311)	(14,311)	(111)	(14,422)
Transfer from other components of equity to retained earnings		-	-	-	(2,978)	-	-	-	(2,978)	2,978	-	-	-
Total transactions with the owners		-	-	(4)	(2,978)	-	-	-	(2,978)	(11,332)	(14,316)	(111)	(14,427)
As of June 30, 2015		53,204	84,321	(20,469)	-	9,552	80,445	(636)	89,360	293,388	499,804	2,950	502,755

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Millions of yen

	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
		Equity attributable to owners of the parent company											
					Other components of equity								
As of April 1, 2016		53,204	84,321	(20,471)	-	4,533	53,616	(160)	57,989	292,775	467,818	2,858	470,676
Profit for the period		-	-	-	-	-	-	-	-	4,120	4,120	83	4,203
Other comprehensive income		-	-	-	(4,071)	(651)	(24,955)	2,502	(27,175)	-	(27,175)	(302)	(27,477)
Total comprehensive income for the period		-	-	-	(4,071)	(651)	(24,955)	2,502	(27,175)	4,120	(23,055)	(219)	(23,274)
Acquisition of treasury shares	7	-	-	(10,026)	-	-	-	-	-	-	(10,026)	-	(10,026)
Dividends	8	-	-	-	-	-	-	-	-	(10,733)	(10,733)	(237)	(10,970)
Transfer from other components of equity to retained earnings		-	-	-	4,071	(4)	-	-	4,066	(4,066)	-	-	-
Total transactions with the owners		-	-	(10,026)	4,071	(4)	-	-	4,066	(14,799)	(20,759)	(237)	(20,997)
As of June 30, 2016		53,204	84,321	(30,498)	-	3,877	28,660	2,342	34,879	282,096	424,003	2,401	426,404

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Thousands of U.S. dollars

	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
		Equity attributable to owners of the parent company											
					Other components of equity								
As of April 1, 2016		516,995	819,366	(198,932)	-	44,060	520,988	(1,555)	563,493	2,844,961	4,545,883	27,761	4,573,644
Profit for the period		-	-	-	-	-	-	-	-	40,035	40,035	806	40,841
Other comprehensive income		-	-	-	(39,558)	(6,326)	(242,493)	24,312	(264,065)	-	(264,065)	(2,934)	(266,999)
Total comprehensive income for the period		-	-	-	(39,558)	(6,326)	(242,493)	24,312	(264,065)	40,035	(224,030)	(2,128)	(226,158)
Acquisition of treasury shares	7	-	-	(97,424)	-	-	-	-	-	-	(97,424)	-	(97,424)
Dividends	8	-	-	-	-	-	-	-	-	(104,295)	(104,295)	(2,302)	(106,597)
Transfer from other components of equity to retained earnings		-	-	-	39,558	(48)	-	-	39,510	(39,510)	-	-	-
Total transactions with the owners		-	-	(97,424)	39,558	(48)	-	-	39,510	(143,805)	(201,719)	(2,302)	(204,021)
As of June 30, 2016		516,995	819,366	(296,356)	-	37,686	278,495	22,757	338,938	2,741,191	4,120,134	23,331	4,143,465

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Quarterly Condensed Consolidated Statement of Cash Flows

Three months ended June 30, 2015 and 2016:

	Notes	Millions of yen		Thousands of U.S. dollars
		Three months ended June 30,		Three months ended June 30,
		2015	2016	2016
Cash flows from operating activities				
Profit for the period		10,557	4,203	40,841
Depreciation and amortisation		12,068	10,631	103,303
Impairment loss and reversal of impairment loss		272	74	719
Finance (income) costs, net		305	624	6,063
Share of (profit) loss of investments accounted for using the equity method		(63)	(16)	(155)
Loss (gain) on sales and disposal of property, plant and equipment, intangible assets and investment property, net		58	107	1,039
Income taxes		5,461	2,164	21,038
Decrease (increase) in trade receivables		8,394	4,687	45,544
Decrease (increase) in inventories		(12,987)	(5,414)	(52,609)
Increase (decrease) in trade payables		7,684	12,695	123,360
Increase (decrease) in net defined benefit liabilities		474	388	3,770
Other, net		(17,158)	(7,281)	(70,729)
Subtotal		15,069	22,865	222,184
Interest and dividend income received		550	506	4,916
Interest expenses paid		(313)	(325)	(3,158)
Payments for loss on litigation		(1,003)	-	-
Income taxes paid		(7,975)	(7,142)	(69,409)
Net cash provided by (used in) operating activities		6,328	15,903	154,533
Cash flows from investing activities				
Proceeds from sales of investment securities		-	46	446
Purchase of property, plant and equipment		(18,653)	(14,465)	(140,559)
Proceeds from sales of property, plant and equipment		211	51	495
Purchase of intangible assets		(1,507)	(1,774)	(17,238)
Proceeds from sales of intangible assets		26	-	-
Proceeds from sales of investment property		-	13	126
Purchase of investments in subsidiaries		(500)	-	-
Other, net		146	(450)	(4,381)
Net cash provided by (used in) investing activities		(20,276)	(16,580)	(161,111)
Cash flows from financing activities				
Net increase (decrease) in current borrowings		3,816	(16,371)	(159,102)
Repayment of non-current borrowings		(86)	-	-
Redemption of bonds issued		-	(20,000)	(194,344)
Payments of lease obligations		(20)	(23)	(223)
Dividends paid	8	(14,311)	(10,733)	(104,295)
Dividends paid to non-controlling interests		(111)	(221)	(2,147)
Purchase of treasury shares		(4)	(10,026)	(97,424)
Net cash provided by (used in) financing activities		(10,718)	(57,376)	(557,535)
Effect of exchange rate changes on cash and cash equivalents		1,441	(8,711)	(84,658)
Net increase (decrease) in cash and cash equivalents		(23,225)	(66,764)	(648,771)
Cash and cash equivalents at beginning of period		245,330	230,498	2,239,801
Cash and cash equivalents at end of period		222,105	163,733	1,591,030

Notes to 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 the Company meets the criteria of a "Specified Company applying Designated International Accounting Standards" defined under Article 1-2 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, 2016.

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, 2016, except for changes in presentation as described below.
Epson calculated income taxes for the three-month period ended June 30, 2016 based on an estimated average annual effective income tax rate.

(Changes in presentation)
From the three-month period ended June 30, 2016, the presentation of certain items in the quarterly condensed consolidated financial statements has been changed. The changes are made to aim for improving the presentation clear and understandable for users of the quarterly condensed consolidated financial statements. Other related presentation has been changed along with the changes of the quarterly condensed consolidated financial statements.
Comparative information in respect of the preceding period of the items has also been changed in presentation.

Changes in presentation of financial liabilities in Quarterly Condensed Consolidated Statement of Financial Position

Before the changes	After the changes
Other financial liabilities	Bonds issued, borrowings and lease liabilities
	Other financial liabilities

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, 2016. 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, 2016. 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 recognised in the period of the change and its subsequent periods. Estimates and assumptions having a significant effects on the amounts recognised in Epson's quarterly condensed consolidated financial statements are consistent with those for the fiscal year ended March 31, 2016.

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

Reportable segments	Main products
Printing Solutions	Inkjet printers, serial impact dot matrix printers, page printers, color image scanners, large-format inkjet printers, industrial inkjet printing systems, printers for use in POS systems, label printers and related consumables, personal computers and others.
Visual Communications	3LCD projectors, HTPS-TFT panels for 3LCD projectors, smart eyewear and others.
Wearable & Industrial Products	Watches, watch movements, sensing equipment, industrial robots, IC handlers, crystal units, crystal oscillators, quartz sensors, CMOS LSIs, metal powders, surface finishing 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.

FY2015: Three months ended June 30, 2015

Millions of yen

	Reportable segments						
	Printing Solutions	Visual Communi-cations	Wearable & Industrial Products	Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
Revenue							
External revenue	171,801	45,145	42,457	259,405	131	1,377	260,914
Inter-segment revenue	90	34	1,577	1,702	162	(1,864)	-
Total revenue	171,892	45,180	44,034	261,107	294	(487)	260,914
Segment profit (loss) (Business profit) (Note 1)	19,251	4,416	4,077	27,746	(202)	(11,029)	16,514
Other operating income (expense)							(225)
Profit from operating activities							16,288
Finance income (costs), net							(305)
Share of profit of investments accounted for using the equity method							63
Profit before tax							16,045

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) “Other” consists of the intra-group services.

(Note 3) “Adjustments” to Segment profit (loss) (Business profit) of (¥11,029) million comprised “Eliminations” of ¥119 million and “Corporate expenses” of (¥11,149) million. “Corporate expenses” included expenses relating to research and development for basic technology, new businesses and general corporate expenses which are not attributed to reportable segments.

FY2016: Three months ended June 30, 2016

Millions of yen

	Reportable segments				Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi-cations	Wearable & Industrial Products	Subtotal			
Revenue							
External revenue	157,253	41,611	38,835	237,700	137	1,261	239,099
Inter-segment revenue	69	0	1,642	1,712	167	(1,879)	-
Total revenue	157,322	41,611	40,478	239,412	304	(617)	239,099
Segment profit (loss) (Business profit) (Note 1)	12,863	2,162	1,650	16,676	(209)	(9,998)	6,468
Other operating income (expense)							509
Profit from operating activities							6,978
Finance income (costs), net							(624)
Share of profit of investments accounted for using the equity method							16
Profit before tax							6,370

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) “Other” consists of the intra-group services.

(Note 3) “Adjustments” to Segment profit (loss) (Business profit) of (¥9,998) million comprised “Eliminations” of ¥114 million and “Corporate expenses” of (¥10,113) million. “Corporate expenses” included expenses relating to research and development for basic technology, new businesses and general corporate expenses which are not attributed to reportable segments.

FY2016: Three months ended June 30, 2016

Thousands of U.S. dollars

	Reportable segments				Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi-cations	Wearable & Industrial Products	Subtotal			
Revenue							
External revenue	1,528,075	404,343	377,368	2,309,786	1,331	12,262	2,323,379
Inter-segment revenue	670	0	15,965	16,635	1,623	(18,258)	-
Total revenue	1,528,745	404,343	393,333	2,326,421	2,954	(5,996)	2,323,379
Segment profit (loss) (Business profit) (Note 1)	125,003	21,008	16,033	162,044	(2,032)	(97,152)	62,860
					Other operating income (expense)		4,946
					Profit from operating activities		67,806
					Finance income (costs), net		(6,063)
					Share of profit of investments accounted for using the equity method		155
					Profit before tax		61,898

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

(Note 2) “Other” consists of the intra-group services.

(Note 3) “Adjustments” to Segment profit (loss) (Business profit) of ($97,152) thousand comprised “Eliminations” of $1,118 thousand and “Corporate expenses” of ($98,270) thousand. “Corporate expenses” included expenses relating to research and development for basic technology, new businesses and general corporate expenses which are not attributed to reportable segments.

6. Bonds issued, Borrowings and Lease liabilities

The breakdown of "Bonds issued, borrowings and lease liabilities" was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	June 30, 2016	June 30, 2016
Current borrowings	31,104	12,825	124,623
Current portion of non-current borrowings	500	500	4,858
Current portion of bonds issued (Note 1) (Note 2)	29,989	9,996	97,133
Non-current borrowings	50,000	50,000	485,873
Bonds issued (Note 1) (Note 2)	29,928	29,936	290,894
Lease liabilities	233	228	2,215
Total	141,755	103,486	1,005,596
Current liabilities	61,654	23,408	227,460
Non-current liabilities	80,100	80,078	778,136
Total	141,755	103,486	1,005,596

(Note 1) Issuance of "Bonds issued"

There was no issuance of "Bonds issued" for the three months ended June 30, 2015.

There was no issuance of "Bonds issued" for the three months ended June 30, 2016.

(Note 2) Redemption of "Bonds issued"

There was no redemption of "Bonds issued" for the three months ended June 30, 2015.

The redeemed "Bonds issued" for the three months ended June 30, 2016 were as follows:

FY2016: Three months ended June 30, 2016

Company	Bonds name	Issue date	% Interest rate	Maturity date	Millions of yen Total amount of issuance
The Company	The 7th Series unsecured straight bonds (with inter-bond pari passu clause)	June 14, 2011	0.72	June 14, 2016	20,000

Bonds issued, borrowings and lease liabilities were classified as financial liabilities measured at amortised cost. There were no financial covenants on bonds issued and borrowings that had a significant impact on Epson's financing activities.

7. Equity and Other Equity Items

The Company resolved at the meeting of its Board of Directors held on April 28, 2016 to repurchase its own shares and repurchase method. The share repurchase was implemented as follows:

Details of the repurchase

(1) Class of shares repurchased	Ordinary shares
(2) Total number of shares repurchased	5,370,000 shares
(3) Total repurchase amount	9,987,101,600 yen
(4) Repurchase period	May 2, 2016 - June 30, 2016 (on an agreement base)
(5) Repurchase method	Through securities company using discretionary transactions method

8. Dividends

Dividends paid were as follows:

FY2015: Three months ended June 30, 2015

(Resolution)	Class of shares	Millions of yen Total dividends	Yen Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 25, 2015)	Ordinary shares	14,311	80	March 31, 2015	June 26, 2015

FY2016: Three months ended June 30, 2016

(Resolution)	Class of shares	Millions of yen Total dividends	Yen Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 28, 2016)	Ordinary shares	10,733	30	March 31, 2016	June 29, 2016

FY2016: Three months ended June 30, 2016

(Resolution)	Class of shares	Thousands of U.S. dollars Total dividends	U.S. dollars Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 28, 2016)	Ordinary shares	104,295	0.29	March 31, 2016	June 29, 2016

(Note) The Company completed the Company's ordinary shares split with an effective date of April 1, 2015 based on the resolution by the Company's Board of Directors on January 30, 2015. Dividends per share for the dividends with a basis date on or before March 31, 2015 was stated by the actual dividends paid without adjusting the effect of the shares split.

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,
	2015	2016	2016
Profit from continuing operations attributable to owners of the parent company	10,556	4,122	40,054
Loss from discontinued operations attributable to owners of the parent company	(27)	(2)	(19)
Profit used for calculation of basic earnings per share	10,529	4,120	40,035

(2) Weighted-average number of ordinary shares outstanding during the period

	Thousands of shares	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Weighted-average number of ordinary shares	357,776	355,904

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.

(Equity securities and bonds receivable)
When market values for equity securities and bonds receivable are available, such values are used as the fair values. The fair values of the equity securities and bonds receivable 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.

(Borrowings)
As current borrowings are settled on a short-term basis, the fair values approximate their carrying amounts. For non-current borrowings 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 non-current borrowings with fixed rates are calculated by the total sum of the principal and interest discounted by using the interest rates that would be applied if similar new borrowings were conducted.

(Bonds issued)
The fair values are calculated based on prices obtained from financial institutions.

(Lease obligations)
The fair values are calculated based on the present value of the total amount discounted by the interest rate corresponding to the period to maturity and the credit risk per each lease obligation classified per certain period.

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

(2) Fair value hierarchy

The fair value hierarchy of financial instruments is categorized from Level 1 to Level 3 as follows:

Level 1: Fair value measured at quoted prices in active markets for identical assets or liabilities
Level 2: Fair value calculated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
Level 3: Fair value calculated using valuation techniques including unobservable inputs for the assets and liabilities
Epson does not 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 levels in the fair value hierarchy are deemed to have occurred at the end of the reporting period.

(A) Financial instruments measured at amortised cost
The carrying amounts and the fair value hierarchy of financial instruments measured at amortised cost were as follows. The fair values of financial instruments that are not listed on the chart below approximate the carrying amounts.

FY2015: As of March 31, 2016

	Millions of yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings (Note)	81,604	-	81,728	-	81,728
Bonds issued (Note)	59,917	-	60,297	-	60,297
Total	141,521	-	142,025	-	142,025

FY2016: As of June 30, 2016

	Millions of yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings (Note)	63,325	-	63,440	-	63,440
Bonds issued (Note)	39,932	-	40,283	-	40,283
Total	103,257	-	103,723	-	103,723

FY2016: As of June 30, 2016

	Thousands of U.S. dollars				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings (Note)	615,354	-	616,460	-	616,460
Bonds issued (Note)	388,027	-	391,439	-	391,439
Total	1,003,381	-	1,007,899	-	1,007,899

There were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy at the end of each reporting period.

(Note) Current portion is included.

(B) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value was as follows:

FY2015: As of March 31, 2016

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	1,383	-	1,383
Equity securities	14,006	-	2,054	16,060
Total	14,006	1,383	2,054	17,444
Financial liabilities measured at fair value				
Derivative financial liabilities	-	823	-	823
Total	-	823	-	823

FY2016: As of June 30, 2016

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	5,259	-	5,259
Equity securities	12,937	-	2,356	15,294
Total	12,937	5,259	2,356	20,554
Financial liabilities measured at fair value				
Derivative financial liabilities	-	217	-	217
Total	-	217	-	217

FY2016: As of June 30, 2016

	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	51,102	-	51,102
Equity securities	125,711	-	22,893	148,604
Total	125,711	51,102	22,893	199,706
Financial liabilities measured at fair value				
Derivative financial liabilities	-	2,108	-	2,108
Total	-	2,108	-	2,108

There were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy at the end of each reporting period.

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

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30,		Three months ended June 30,
	2015	2016	2016
Balance as of April 1	2,406	2,054	19,959
Gains and losses			
Other comprehensive income	(42)	302	2,934
Sales	-	-	-
Balance as of June 30	2,364	2,356	22,893

11. Contingencies

Material litigation
In general, litigation has uncertainties and it is difficult to make reliable judgments for the possibility of an outflow of resources embodying economic benefits and to estimate the financial effect.
Provisions are not recognised either if an outflow of resources embodying economic benefits is 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 customers in 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 a certain anti-monopoly-related authority.

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

In June 2010, Epson Europe B.V. (“EEB”), a consolidated subsidiary of the Company, 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. After that, Reprobel also brought a civil suit against EEB. As a result, 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 material subsequent events were identified.

Supplementary Information

Consolidated First Quarter ended June 30, 2016

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, 2015	Three months ended June 30, 2016	Increase %	Forecast for the year ended March 31, 2017	Increase compared to year ended March 31, 2016 %
Printing Solutions	171.8	157.3	(8.5%)	697.0	(5.3%)
Printers	118.2	110.0	(6.9%)	491.0	(5.4%)
Professional Printing	50.5	43.7	(13.4%)	188.0	(6.8%)
Other	3.6	3.9	8.2%	19.0	4.9%
Inter-segment revenue	(0.5)	(0.4)	-%	(1.0)	-%
Visual Communications	45.1	41.6	(7.9%)	173.0	(6.0%)
Wearable & Industrial Products	44.0	40.4	(8.1%)	161.0	(5.5%)
Wearable Products	14.7	13.7	(6.4%)	54.0	(11.1%)
Robotics Solutions	4.1	4.5	8.9%	18.0	16.8%
Microdevices,Other	26.8	23.8	(11.5%)	96.0	(5.7%)
Inter-segment revenue	(1.7)	(1.6)	-%	(7.0)	-%
Other	0.2	0.3	3.4%	1.0	(28.8%)
Corporate expenses & Eliminations	(0.4)	(0.6)	-%	(2.0)	-%
Consolidated revenue	260.9	239.0	(8.4%)	1,030.0	(5.7%)

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

2. Business segment information

(Unit: billion yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase %	Forecast for the year ended March 31, 2017	Increase compared to year ended March 31, 2016 %
Printing Solutions					
Revenue:					
External	171.8	157.2	(8.5%)	697.0	(5.3%)
Inter-segment	0.0	0.0	(23.3%)	0.0	-%
Total	171.8	157.3	(8.5%)	697.0	(5.3%)
Segment profit (loss)	19.2	12.8	(33.2%)	95.0	(9.3%)
Visual Communications					
Revenue:					
External	45.1	41.6	(7.8%)	173.0	(6.0%)
Inter-segment	0.0	0.0	(99.0%)	0.0	-%
Total	45.1	41.6	(7.9%)	173.0	(6.0%)
Segment profit (loss)	4.4	2.1	(51.0%)	15.0	(3.8%)
Wearable & Industrial Products					
Revenue:					
External	42.4	38.8	(8.5%)	154.0	(6.3%)
Inter-segment	1.5	1.6	4.1%	7.0	16.1%
Total	44.0	40.4	(8.1%)	161.0	(5.5%)
Segment profit (loss)	4.0	1.6	(59.5%)	8.0	(18.5%)
Other					
Revenue:					
External	0.1	0.1	4.4%	0.0	-%
Inter-segment	0.1	0.1	2.6%	1.0	53.5%
Total	0.2	0.3	3.4%	1.0	(28.8%)
Segment profit (loss)	(0.2)	(0.2)	-%	(1.0)	-%
Corporate expenses & Eliminations					
Revenue:					
External	1.3	1.2	(8.4%)	6.0	(17.9%)
Inter-segment	(1.8)	(1.8)	-%	(8.0)	-%
Total	(0.4)	(0.6)	-%	(2.0)	-%
Segment profit (loss)	(11.0)	(9.9)	-%	(45.0)	-%
Consolidated					
Revenue	260.9	239.0	(8.4%)	1,030.0	(5.7%)
Business profit (loss)	16.5	6.4	(60.8%)	72.0	(15.2%)

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

3. Revenue to overseas customers

(Unit: billion yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase	Increase %
Overseas Revenue				
The Americas	79.8	69.2	(10.6)	(13.3%)
Europe	51.4	48.7	(2.6)	(5.2%)
Asia/Oceania	73.5	68.7	(4.8)	(6.5%)
Total	204.8	186.7	(18.1)	(8.8%)
Consolidated revenue	260.9	239.0	(21.8)	(8.4%)
Percentage of overseas revenue to consolidated revenue (%)				
The Americas	30.6	28.9		
Europe	19.7	20.4		
Asia/Oceania	28.2	28.8		
Total	78.5	78.1		

Note: 1.Overseas revenue is based on the location of the customers.
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 amortisation

(Unit: billion yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase %	Forecast for the year ended March 31, 2017	Increase compared to year ended March 31, 2016 %
Capital expenditure	17.7	9.6	(45.3%)	80.0	15.2%
Printing Solutions	7.2	5.6	(22.0%)	46.0	25.6%
Visual Communications	1.4	1.3	(9.2%)	11.0	2.2%
Wearable & Industrial Products	1.7	1.1	(31.9%)	11.0	6.9%
Other / Coporate expenses	7.3	1.5	(78.8%)	12.0	2.2%
Depreciation and amortisation	11.9	10.5	(11.8%)	47.0	3.5%

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

5. Research and development

(Unit: billion yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase %	Forecast for the year ended March 31, 2017	Increase compared to year ended March 31, 2016 %
Research and Development	12.4	12.5	0.5%	57.0	7.2%
R&D / revenue ratio	4.8%	5.2%		5.5%	

6. Management indices

(Unit: %)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase Point	Forecast for the year ended March 31, 2017	Increase compared to year ended March 31, 2016 Point
ROE	2.1%	0.9%	(1.2)	11.2%	1.7
ROA (Business profit)	1.6%	0.7%	(0.9)	7.6%	(1.1)
ROA (Profit from operating activities)	1.6%	0.8%	(0.8)	7.4%	(2.3)
ROS (Business profit)	6.3%	2.7%	(3.6)	7.0%	(0.8)
ROS (Profit from operating activities)	6.2%	2.9%	(3.3)	6.8%	(1.8)

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, 2015	Three months ended June 30, 2016
Foreign exchange effect on revenue		(27.4)
U.S. dollars		(9.2)
Euro		(3.9)
Other		(14.2)
Foreign exchange effect on business profit		(6.8)
U.S. dollars		2.0
Euro		(2.7)
Other		(6.1)
Exchange rate		
Yen / U.S. dollars	121.36	108.15
Yen / Euro	134.16	122.02

Note: 1.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)
2.Transactions in Latin American currencies are calculated in those currencies from Second Quarter FY2015.
In previous supplementary information, Latin American currencies were calculated and shown as USD transactions.

8. Inventory

(Unit: billion yen)

	June 30, 2015	March 31, 2016	June 30, 2016	Increase compared to March 31, 2016
Inventory	239.7	201.6	189.4	(12.1)
Printing Solutions	133.7	108.7	101.4	(7.2)
Visual Communications	58.9	47.1	43.4	(3.6)
Wearable & Industrial Products	46.1	45.1	43.8	(1.3)
Other / Coporate expenses	0.9	0.6	0.6	0.0
Turnover by days	84	67	72	5
Printing Solutions	71	54	59	5
Visual Communications	119	94	95	1
Wearable & Industrial Products	95	97	98	1
Other / Coporate expenses	49	27	39	12

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

9. Employees

(Unit: person)

	June 30, 2015	March 31, 2016	June 30, 2016	Increase compared to March 31, 2016
Number of employees at period end	71,835	67,605	71,785	4,180
Domestic	18,920	18,699	19,108	409
Overseas	52,915	48,906	52,677	3,771