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Jul 27, 2017

CONSOLIDATED RESULTS FOR
THE FIRST QUARTER ENDED JUNE 30, 2017 (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, 2017
	2016	2017		
Revenue	239,099	254,805	6.6%	2,275,654
Business profit (Note)	6,468	16,757	159.1%	149,665
Profit from operating activities	6,978	14,689	110.5%	131,186
Profit before tax	6,370	14,455	126.9%	129,097
Profit for the period	4,203	10,304	145.2%	92,024
Profit for the period attributable to owners of the parent company	4,120	10,204	147.7%	91,131
Total comprehensive income for the period	(23,274)	14,468	-	129,213
Basic earnings per share (in ¥1, $1 unit)	11.58	28.97		0.26
Diluted earnings per share (in ¥1, $1 unit)	11.58	28.97		0.26

(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, 2017	June 30, 2017	June 30, 2017
Total assets	974,387	975,772	8,714,584
Total equity	494,722	498,517	4,452,237
Equity attributable to owners of the parent company	492,196	495,985	4,429,624
Equity attributable to owners of the parent company ratio (%)	50.5%	50.8%	50.8%

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, 2017
	2016	2017		
Net cash provided by (used in) operating activities	15,903	1,644	(89.7%)	14,682
Net cash provided by (used in) investing activities	(16,580)	(18,304)	-	(163,472)
Net cash provided by (used in) financing activities	(57,376)	(9,223)	-	(82,370)
Cash and cash equivalents at end of period	163,733	196,607	20.1%	1,755,889

Notes

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

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

III. 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 ¥111.97 = U.S.$1 as of June 30, 2017 has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Overview of the First Quarter of Fiscal 2017 (April 1 to June 30, 2017)

On the whole, the global economy continued to gradually recover in the quarter under review. Regionally, the U.S. economy continued to steadily recover, fueled by an increase in consumer spending and an improved employment situation. The economic slowdown in Latin America, however, continued, though there were signs of a recovery. The European economy gradually recovered, and the Chinese economy showed signs of picking up. The Japanese economy continued to register signs of a gradual economic recovery, as consumer spending remained stable in response to a firm employment and income situation.

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

Total demand for inkjet printers declined due to the continuing contraction of the Japanese consumer market and a contraction of Western European markets. On the other hand, there was solid demand for high-capacity ink tank printers. Large-format inkjet printer demand stayed firm. Serial-impact dot-matrix (SIDM) printer demand contracted in Europe and in China, where a major tax overhaul produced extra demand in last year.

Projector demand contracted after spiking last year ahead of major sporting events in Europe. Ongoing slackness in the North American retail market contributed to the contraction.

Even though there was a temporary lull accompanying inventory adjustments, demand for smart phones, one of the main markets for Epson's electronic devices, remained firm, in part because of the growth of manufacturers in emerging markets. Demand for watches was soft because of the continued slowdown in Japan. Demand for watch movements was also soft. Demand for industrial robots remained firm, particularly in China.

Against this backdrop, Epson formulated the Epson 25 Phase 1 Mid-Range Business Plan (FY2016-18), in March 2016. 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 ¥111.08 and ¥122.12, respectively. Compared to the same period last year, the yen depreciated by 3% against the dollar but stayed essentially the same against the euro.

The foregoing factors are reflected in our financial results for the first quarter. Revenue was ¥254.8 billion, up 6.6% year on year. Business profit was ¥16.7 billion, up 159.1% year on year. Profit from operating activities was ¥14.6 billion, up 110.5% year on year. Profit before tax was ¥14.4 billion, up 126.9% year on year. Profit for the period was ¥10.3 billion, up 145.2% year on year.

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

Printing Solutions Segment

Printer business revenue increased.

Inkjet printer revenue continued to expand, as high-capacity ink tank printer unit shipments jumped in emerging economies and as increased market recognition sparked unit shipment growth in developed countries, as well. Foreign exchange effects also boosted inkjet revenue. Consumables revenue rose due to foreign exchange effects and other factors.

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

SIDM printer revenue decline compared to the same period last year, when there was special demand in the Chinese tax collection system market.

Revenue in the professional printing business increased.

Total revenue from large-format inkjet printers increased because, in addition to sales growth in the existing photo and graphics markets, we saw solid demand in the growing signage, textile, and label printer markets. Foreign exchange effects also had a positive effect on revenue. Consumables revenue also increased owing to an increase in unit shipments and to foreign exchange effects.

POS system product revenue increased because of firm demand for low-end models in Japan, increased unit shipments resulting from some major contract wins in Europe and North America, and foreign exchange effects.

Segment profit in the printing solutions segment rose due to a combination of growth in sales of high-capacity ink tank inkjet printers and large-format inkjet printers, and foreign exchange effects.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥165.9 billion, up 5.5% year on year. Segment profit was ¥22.1 billion, up 71.9% year on year.

Visual Communications Segment

Visual communications revenue increased.

Total 3LCD projector revenue increased chiefly because firm demand for Epson’s laser projectors in the high-brightness segment caused an upsurge in unit shipments of high added value products. Foreign exchange effects also positively affected revenue.

Segment profit in the visual communications segment increased primarily due to unit shipment growth in the high-brightness projector segment, as well as due to foreign exchange effects.

As a result of the foregoing factors, revenue in the visual communications segment was ¥46.3 billion, up 11.4% year on year. Segment profit was ¥5.2 billion, up 143.4% year on year.

Wearable and Industrial Products Segment

Revenue in the wearable products business was flat year-on-year, as a decline in watch sales volume offset the positive effects of foreign exchange.

Revenue in the robotics solutions business increased. Revenue increased primarily due to industrial robot unit shipment growth in China and because of a rise in IC handler revenue as a result of firm demand for smart phones in China. Foreign exchange also positively affected total revenue.

Revenue in the microdevices business was flat year-on-year. Although positively affected by foreign exchange, crystal device revenue decreased due to a decline in unit shipments to manufacturers of cell phones and other personal electronics. Semiconductor revenue increased despite a decline in volume to a major automotive account and foreign exchange effects. The increase was due to a rise in sales volume linked to growth in silicon foundry demand.

Segment profit in the wearable products & industrial solutions operations segment increased due to increased sales in the robotic solutions business and foreign exchange effects.

As a result of the foregoing factors, revenue in the wearable products & industrial solutions operations segment was ¥43.0 billion, up 6.3% year on year. Segment profit was ¥2.3 billion, up 44.9% year on year.

Other

Other revenue amounted to ¥0.2 billion, down 20.9% year on year. Segment loss was ¥0.1 billion, compared to a segment loss of ¥0.2 billion in the same period last year.

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥12.8 billion. (Adjustments in the same period last year were negative ¥9.9 billion.) The main components of the adjustment were basic technology research and development expenses that do not correspond to the reporting segments and 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 ¥975.7 billion, an increase of ¥1.3 billion from the previous fiscal year end. While cash and cash equivalents decreased by ¥25.1 billion due largely to the acquisition of property, plant, equipment, and intangible assets and to the payment of dividends, total assets increased chiefly due to a ¥11.2 billion increase in inventories, a ¥9.0 billion increase in property, plant and equipment and intangible assets, a ¥3.4 billion increase in deferred tax assets, and a ¥2.2 billion increase in income tax receivables.

Total liabilities were ¥477.2 billion, down ¥2.4 billion compared to the end of the last fiscal year. Although other financial liabilities increased by ¥2.5 billion, total liabilities decreased mainly because of a ¥4.5 billion decrease in other current liabilities and other non-current liabilities.

The equity attributable to owners of the parent company totaled ¥495.9 billion, a ¥3.7 billion increase compared to the previous fiscal year end. While we paid ¥10.5 billion in dividends, equity attributable to owners of the parent company increased mainly because retained earnings increased due to the recording of a ¥10.2 billion profit for the period and because of a ¥3.2 billion remeasurement of the defined benefit plan.

Qualitative Information Regarding the Consolidated Financial Outlook

Epson revised its full-year consolidated financial outlook after adjusting its exchange rate assumptions in light of the depreciation in the value of the yen.
The figures in the outlook are based on assumed exchange rates of ¥108.00 to the U.S. dollar and ¥123.00 to the euro in the second and remaining quarters.

Consolidated Full-Year Financial Outlook

	FY2016	Previous Outlook (A)	Current Outlook (B)	Change (B - A)	
Revenue	¥1,024.8 billion	¥1,030.0 billion	¥1,070.0 billion	+¥40.0 billion	+3.9%
Business profit	¥65.8 billion	¥67.0 billion	¥79.0 billion	+¥12.0 billion	+17.9%
Profit from operating activities	¥67.8 billion	¥64.0 billion	¥76.0 billion	+¥12.0 billion	+18.8%
Profit before tax	¥67.4 billion	¥64.0 billion	¥76.0 billion	+¥12.0 billion	+18.8%
Profit for the period	¥48.4 billion	¥49.0 billion	¥58.0 billion	+¥9.0 billion	+18.4%
Profit for the year attributable to owners of the parent company	¥48.3 billion	¥49.0 billion	¥58.0 billion	+¥9.0 billion	+18.4%
Exchange rates	$1USD = ¥108.38	$1USD = ¥105.00	$1USD = ¥109.00		
	1 EUR = ¥118.79	1 EUR = ¥110.00	1 EUR = ¥123.00		

Quarterly Condensed Consolidated Statement of Financial Position

	Notes	Millions of yen		Thousands of U.S. dollars
		March 31, 2017	June 30, 2017	June 30, 2017
Assets				
Current assets				
Cash and cash equivalents		221,782	196,607	1,755,889
Trade and other receivables		155,704	154,970	1,384,031
Inventories		208,512	219,740	1,962,489
Income tax receivables		2,476	4,693	41,913
Other financial assets	10	754	493	4,402
Other current assets		13,176	14,792	132,145
Subtotal		602,406	591,299	5,280,869
Non-current assets held for sale		39	42	375
Total current assets		602,446	591,341	5,281,244
Non-current assets				
Property, plant and equipment		275,195	283,856	2,535,107
Intangible assets		21,553	21,970	196,213
Investment property		1,288	1,284	11,467
Investments accounted for using the equity method		1,438	1,454	12,985
Net defined benefit assets		0	-	-
Other financial assets	10	20,544	20,790	185,674
Other non-current assets		5,486	5,208	46,552
Deferred tax assets		46,433	49,865	445,342
Total non-current assets		371,940	384,430	3,433,340
Total assets		974,387	975,772	8,714,584

	Notes	Millions of yen		Thousands of U.S. dollars
		March 31, 2017	June 30, 2017	June 30, 2017
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables		141,633	142,400	1,271,769
Income tax payables		7,263	7,303	65,222
Bonds issued, borrowings and lease liabilities	6,10	76,200	77,699	693,926
Other financial liabilities	10	1,318	3,895	34,786
Provisions		21,981	22,314	199,285
Other current liabilities		102,992	91,262	815,069
Total current liabilities		351,389	344,874	3,080,057
Non-current liabilities				
Bonds issued, borrowings and lease liabilities	6,10	70,371	70,384	628,596
Other financial liabilities	10	1,586	1,581	14,119
Net defined benefit liabilities		45,281	42,856	382,745
Provisions		6,209	5,622	50,209
Other non-current liabilities		3,521	10,736	95,922
Deferred tax liabilities		1,304	1,198	10,699
Total non-current liabilities		128,275	132,379	1,182,290
Total liabilities		479,664	477,254	4,262,347
Equity				
Share capital		53,204	53,204	475,162
Capital surplus		84,321	84,326	753,112
Treasury shares	7	(30,812)	(30,807)	(275,136)
Other components of equity		53,176	54,072	482,917
Retained earnings		332,306	335,190	2,993,569
Equity attributable to owners of the parent company		492,196	495,985	4,429,624
Non-controlling interests		2,526	2,532	22,613
Total equity		494,722	498,517	4,452,237
Total liabilities and equity		974,387	975,772	8,714,584

Quarterly Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2016 and 2017:

	Notes	Millions of yen		Thousands of U.S. dollars
		Three months ended June 30,		Three months ended June 30,
		2016	2017	2017
Revenue	5	239,099	254,805	2,275,654
Cost of sales		(162,443)	(163,519)	(1,460,383)
Gross profit		76,656	91,286	815,271
Selling, general and administrative expenses		(70,187)	(74,528)	(665,606)
Other operating income		1,046	593	5,296
Other operating expense		(536)	(2,662)	(23,775)
Profit from operating activities		6,978	14,689	131,186
Finance income		485	392	3,500
Finance costs		(1,109)	(640)	(5,714)
Share of profit of investments accounted for using the equity method		16	14	125
Profit before tax		6,370	14,455	129,097
Income taxes		(2,164)	(4,150)	(37,073)
Profit from continuing operations		4,205	10,304	92,024
Loss from discontinued operations		(2)	-	-
Profit for the period		4,203	10,304	92,024
Profit for the period attributable to:				
Owners of the parent company		4,120	10,204	91,131
Non-controlling interests		83	100	893
Profit for the period		4,203	10,304	92,024

	Notes	Millions of yen Three months ended June 30, 2016	 2017	Thousands of U.S. dollars Three months ended June 30, 2017
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss, net of tax				
Remeasurement of net defined benefit liabilities (assets)		(4,071)	3,249	29,016
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)		(654)	241	2,161
Subtotal		(4,725)	3,491	31,177
Items that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations		(25,213)	2,542	22,713
Net changes in fair value of cash flow hedges		2,502	(1,875)	(16,745)
Share of other comprehensive income of investments accounted for using the equity method		(40)	5	44
Subtotal		(22,752)	672	6,012
Total other comprehensive income, net of tax		(27,477)	4,163	37,189
Total comprehensive income for the period		(23,274)	14,468	129,213
Total comprehensive income for the period attributable to:				
Owners of the parent company		(23,055)	14,345	128,115
Non-controlling interests		(219)	123	1,098
Total comprehensive income for the period		(23,274)	14,468	129,213

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

	Notes	Yen Three months ended June 30, 2016	 2017	U.S. dollars Three months ended June 30, 2017
Earnings per share for the period:				
Basic earnings per share for the period	9	11.58	28.97	0.26
Diluted earnings per share for the period	9	11.58	28.97	0.26
Earnings per share from continuing operations for the period:				
Basic earnings per share for the period	9	11.58	28.97	0.26
Diluted earnings per share for the period	9	11.58	28.97	0.26
Earnings per share from discontinued operations for the period:				
Basic loss per share for the period	9	(0.01)	-	-
Diluted loss per share for the period	9	(0.01)	-	-

Quarterly Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2016 and 2017:

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)
Share-based payment transactions		-	-	-	-	-	-	-	-	-	-	-	-
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

		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, 2017		53,204	84,321	(30,812)	-	5,024	48,265	(112)	53,176	332,306	492,196	2,526	494,722
Profit for the period		-	-	-	-	-	-	-	-	10,204	10,204	100	10,304
Other comprehensive income		-	-	-	3,249	241	2,525	(1,875)	4,140	-	4,140	22	4,163
Total comprehensive income for the period		-	-	-	3,249	241	2,525	(1,875)	4,140	10,204	14,345	123	14,468
Acquisition of treasury shares	7	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	8	-	-	-	-	-	-	-	-	(10,566)	(10,566)	(116)	(10,683)
Share-based payment transactions		-	4	4	-	-	-	-	-	-	9	-	9
Transfer from other components of equity to retained earnings		-	-	-	(3,249)	4	-	-	(3,245)	3,245	-	-	-
Total transactions with the owners		-	4	4	(3,249)	4	-	-	(3,245)	(7,321)	(10,557)	(116)	(10,673)
As of June 30, 2017		53,204	84,326	(30,807)	-	5,270	50,790	(1,988)	54,072	335,190	495,985	2,532	498,517

(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, 2017		475,162	753,067	(275,171)	-	44,870	431,052	(1,009)	474,913	2,967,822	4,395,793	22,550	4,418,343
Profit for the period		-	-	-	-	-	-	-	-	91,131	91,131	893	92,024
Other comprehensive income		-	-	-	29,016	2,161	22,552	(16,745)	36,984	-	36,984	205	37,189
Total comprehensive income for the period		-	-	-	29,016	2,161	22,552	(16,745)	36,984	91,131	128,115	1,098	129,213
Acquisition of treasury shares	7	-	-	(0)	-	-	-	-	-	-	(0)	-	(0)
Dividends	8	-	-	-	-	-	-	-	-	(94,364)	(94,364)	(1,035)	(95,399)
Share-based payment transactions		-	45	35	-	-	-	-	-	-	80	-	80
Transfer from other components of equity to retained earnings		-	-	-	(29,016)	36	-	-	(28,980)	28,980	-	-	-
Total transactions with the owners		-	45	35	(29,016)	36	-	-	(28,980)	(65,384)	(94,284)	(1,035)	(95,319)
As of June 30, 2017		475,162	753,112	(275,136)	-	47,067	453,604	(17,754)	482,917	2,993,569	4,429,624	22,613	4,452,237

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Quarterly Condensed Consolidated Statement of Cash Flows

Three months ended June 30, 2016 and 2017:

	Notes	Millions of yen Three months ended June 30, 2016	Millions of yen Three months ended June 30, 2017	Thousands of U.S. dollars Three months ended June 30, 2017
Cash flows from operating activities				
Profit for the period		4,203	10,304	92,024
Depreciation and amortisation		10,631	11,910	106,367
Impairment loss and reversal of impairment loss		74	594	5,304
Finance (income) costs, net		624	247	2,214
Share of (profit) loss of investments accounted for using the equity method		(16)	(14)	(125)
Loss (gain) on sales and disposal of property, plant and equipment, intangible assets and investment property, net		107	296	2,643
Income taxes		2,164	4,150	37,073
Decrease (increase) in trade receivables		4,687	2,836	25,328
Decrease (increase) in inventories		(5,414)	(8,607)	(76,868)
Increase (decrease) in trade payables		12,695	2,435	21,746
Increase (decrease) in net defined benefit liabilities		388	474	4,233
Other, net		(7,281)	(13,915)	(124,262)
Subtotal		22,865	10,713	95,677
Interest and dividend income received		506	409	3,652
Interest expenses paid		(325)	(214)	(1,911)
Payments for loss on litigation		-	(564)	(5,037)
Income taxes paid		(7,142)	(8,699)	(77,699)
Net cash provided by (used in) operating activities		15,903	1,644	14,682
Cash flows from investing activities				
Proceeds from sales of investment securities		46	-	-
Purchase of property, plant and equipment		(14,465)	(16,957)	(151,442)
Proceeds from sales of property, plant and equipment		51	167	1,491
Purchase of intangible assets		(1,774)	(1,303)	(11,637)
Proceeds from sales of intangible assets		-	0	0
Proceeds from sales of investment property		13	-	-
Other, net		(450)	(210)	(1,884)
Net cash provided by (used in) investing activities		(16,580)	(18,304)	(163,472)
Cash flows from financing activities				
Net increase (decrease) in current borrowings		(16,371)	1,475	13,163
Redemption of bonds issued		(20,000)	-	-
Payments of lease obligations		(23)	(20)	(178)
Dividends paid	8	(10,733)	(10,566)	(94,364)
Dividends paid to non-controlling interests		(221)	(111)	(991)
Purchase of treasury shares		(10,026)	(0)	(0)
Net cash provided by (used in) financing activities		(57,376)	(9,223)	(82,370)
Effect of exchange rate changes on cash and cash equivalents		(8,711)	709	6,323
Net increase (decrease) in cash and cash equivalents		(66,764)	(25,174)	(224,837)
Cash and cash equivalents at beginning of period		230,498	221,782	1,980,726
Cash and cash equivalents at end of period		163,733	196,607	1,755,889

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://global.epson.com/). 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 the Ordinance.
Epson's quarterly condensed consolidated financial statements do not contain all the information required in annual consolidated financial statements, therefore they should be used in combination with the consolidated financial statements for the fiscal year ended March 31, 2017.

3. Significant Accounting Policies

The significant accounting policies adopted for Epson's quarterly condensed consolidated financial statements are the same as those for Epson's consolidated financial statements for the fiscal year ended March 31, 2017.
Epson calculated income taxes for the three-month period ended June 30, 2017 based on an estimated average annual effective income tax rate.

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, 2017. 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, 2017. Given their nature, actual results may differ from the outcome of 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 in principle with those for the fiscal year ended March 31, 2017.

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.

The reportable segments of Epson are composed of three segments: “Printing Solutions”, “Visual Communications” and “Wearable & Industrial Products”. They are determined by types of products, nature of products, and markets. 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, office papermaking systems, 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.

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.

FY2017: Three months ended June 30, 2017

Millions of yen

	Reportable segments				Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi-cations	Wearable & Industrial Products	Subtotal			
Revenue							
External revenue	165,921	46,356	40,915	253,193	43	1,568	254,805
Inter-segment revenue	68	0	2,108	2,177	197	(2,375)	-
Total revenue	165,990	46,356	43,024	255,370	241	(806)	254,805
Segment profit (loss) (Business profit) (Note 1)	22,109	5,264	2,390	29,764	(169)	(12,837)	16,757
					Other operating income (expense)		(2,068)
					Profit from operating activities		14,689
					Finance income (costs), net		(247)
					Share of profit of investments accounted for using the equity method		14
					Profit before tax		14,455

(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 (¥12,837) million comprised “Eliminations” of ¥120 million and “Corporate expenses” of (¥12,957) 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.

FY2017: Three months ended June 30, 2017

Thousands of U.S. dollars

	Reportable segments						
	Printing Solutions	Visual Communi-cations	Wearable & Industrial Products	Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
Revenue							
External revenue	1,481,845	414,003	365,410	2,261,258	384	14,012	2,275,654
Inter-segment revenue	607	0	18,835	19,442	1,768	(21,210)	-
Total revenue	1,482,452	414,003	384,245	2,280,700	2,152	(7,198)	2,275,654
Segment profit (loss) (Business profit) (Note 1)	197,464	47,012	21,345	265,821	(1,510)	(114,646)	149,665
					Other operating income (expense)		(18,479)
					Profit from operating activities		131,186
					Finance income (costs), net		(2,214)
					Share of profit of investments accounted for using the equity method		125
					Profit before tax		129,097

(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 ($114,646) thousand comprised “Eliminations” of $1,072 thousand and “Corporate expenses” of ($115,718) 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, 2017	June 30, 2017	June 30, 2017
Current borrowings	16,118	17,611	157,283
Current portion of non-current borrowings	50,000	50,000	446,548
Current portion of bonds issued (Note)	9,995	9,997	89,282
Non-current borrowings	499	499	4,456
Bonds issued (Note)	69,742	69,757	623,015
Lease liabilities	216	217	1,938
Total	146,572	148,084	1,322,522
Current liabilities	76,200	77,699	693,926
Non-current liabilities	70,371	70,384	628,596
Total	146,572	148,084	1,322,522

(Note) Issuance of “Bonds issued”
There was no issuance of “Bonds issued” for the three months ended June 30, 2016.

There was no issuance of “Bonds issued” for the three months ended June 30, 2017.

(Note) Redemption of “Bonds issued”
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

There was no redemption of “Bonds issued” for the three months ended June 30, 2017.

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

7. Equity and Other Equity Items

In the three months ended June 30, 2016, the Company repurchased its own shares based on the resolution at the meeting of its Board of Directors held on April 28, 2016.

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:

FY2016: Three months ended June 30, 2016

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

FY2017: Three months ended June 30, 2017

(Resolution)	Class of shares	Millions of yen	Yen	Basis date	Effective date
		Total dividends	Dividends per share		
Annual Shareholders Meeting (June 28, 2017)	Ordinary shares	10,572	30	March 31, 2017	June 29, 2017

FY2017: Three months ended June 30, 2017

(Resolution)	Class of shares	Thousands of U.S. dollars	U.S. dollars	Basis date	Effective date
		Total dividends	Dividends per share		
Annual Shareholders Meeting (June 28, 2017)	Ordinary shares	94,418	0.26	March 31, 2017	June 29, 2017

9. Earnings per Share

(1) Basis of calculating basic earnings per share

(A) 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,
	2016	2017	2017
Profit from continuing operations attributable to owners of the parent company	4,122	10,204	91,131
Loss from discontinued operations attributable to owners of the parent company	(2)	-	-
Profit used for calculation of basic earnings per share	4,120	10,204	91,131

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

	Thousands of shares	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Weighted-average number of ordinary shares	355,904	352,225

(2) Basis of calculating diluted earnings per share

(A) 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,
	2016	2017	2017
Profit from continuing operations attributable to owners of the parent company	4,122	10,204	91,131
Adjustments	-	-	-
Profit from continuing operations attributable to owners of the parent company used for calculation of diluted earnings per share	4,122	10,204	91,131
Loss from discontinued operations attributable to owners of the parent company	(2)	-	-
Adjustments	-	-	-
Loss from discontinued operations attributable to owners of the parent company used for calculation of diluted earnings per share	(2)	-	-
Profit attributable to owners of the parent company	4,120	10,204	91,131
Adjustments	-	-	-
Profit used for calculation of diluted earnings per share	4,120	10,204	91,131

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

	Thousands of shares	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Weighted-average number of ordinary shares	355,904	352,225
Effect of dilutive securities		
BIP trust for eligible officers	-	40
Diluted outstanding shares	355,904	352,265

(Note) In the calculation of basic earnings per share and diluted earnings per share, because the shares of the Company held by BIP trust are accounted as treasury shares, the number of those shares are deducted from weighted-average number of common shares outstanding during the period.

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 categorised 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 table below approximate the carrying amounts.

FY2016: As of March 31, 2017

	Millions of yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings (Note)	66,618	-	66,674	-	66,674
Bonds issued (Note)	79,738	-	79,838	-	79,838
Total	146,356	-	146,512	-	146,512

FY2017: As of June 30, 2017

	Millions of yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings (Note)	68,111	-	68,145	-	68,145
Bonds issued (Note)	79,754	-	79,781	-	79,781
Total	147,866	-	147,926	-	147,926

FY2017: As of June 30, 2017

	Thousands of U.S. dollars				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Borrowings (Note)	608,287	-	608,600	-	608,600
Bonds issued (Note)	712,297	-	712,521	-	712,521
Total	1,320,584	-	1,321,121	-	1,321,121

(Note) Current portion is included.

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

(B) Financial instruments measured at fair value
The fair value hierarchy of financial instruments measured at fair value was as follows:

FY2016: As of March 31, 2017

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	449	-	449
Equity securities	13,310	-	2,498	15,809
Total	13,310	449	2,498	16,258
Financial liabilities measured at fair value				
Derivative financial liabilities	-	1,112	-	1,112
Total	-	1,112	-	1,112

FY2017: As of June 30, 2017

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	129	-	129
Equity securities	13,431	-	2,634	16,066
Total	13,431	129	2,634	16,195
Financial liabilities measured at fair value				
Derivative financial liabilities	-	3,875	-	3,875
Total	-	3,875	-	3,875

FY2017: As of June 30, 2017

	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	1,152	-	1,152
Equity securities	119,951	-	23,524	143,475
Total	119,951	1,152	23,524	144,627
Financial liabilities measured at fair value				
Derivative financial liabilities	-	34,607	-	34,607
Total	-	34,607	-	34,607

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

The movement of financial instruments categorised 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,
	2016	2017	2017
Balance as of April 1	2,054	2,498	22,309
Gains and losses			
Other comprehensive income	302	135	1,215
Balance as of June 30	2,356	2,634	23,524

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 Company is currently under investigation by a certain anti-monopoly-related authority, regarding allegations of involvement in a liquid crystal display price-fixing cartel.

(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

Issuance of straight bonds by the Company
At the board of directors meeting held on July 27, 2017, the Company resolved comprehensively to issue unsecured straight bonds up to ¥20 billion ($178,619 thousand) in order to secure funds necessary for expanding its business. The Company plans to issue the bonds through public offering in Japan and the purpose of funding is for operating capital and redemption of bonds.

Supplementary Information

Consolidated First Quarter ended June 30, 2017

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, 2016	Three months ended June 30, 2017	Increase %	Forecast for the year ended March 31, 2018	Increase compared to year ended March 31, 2017 %
Printing Solutions	157.3	165.9	5.5%	719.0	4.7%
Printers	110.0	115.1	4.6%	514.0	6.8%
Professional Printing	43.7	47.4	8.5%	188.0	(0.3%)
Other	3.9	3.6	(6.6%)	18.0	(2.4%)
Inter-segment revenue	(0.4)	(0.3)	-%	(1.0)	-%
Visual Communications	41.6	46.3	11.4%	189.0	5.2%
Wearable & Industrial Products	40.4	43.0	6.3%	168.0	6.0%
Wearable Products	13.7	13.6	(1.1%)	51.0	0.5%
Robotics Solutions	4.5	6.9	52.8%	22.0	30.0%
Microdevices, Other	23.8	24.1	1.5%	100.0	3.6%
Inter-segment revenue	(1.6)	(1.7)	-%	(5.0)	-%
Other	0.3	0.2	(20.9%)	1.0	(33.7%)
Corporate expenses & Eliminations	(0.6)	(0.8)	-%	(7.0)	-%
Consolidated revenue	239.0	254.8	6.6%	1,070.0	4.4%

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

2. Business segment information

(Unit: billion yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Increase %	Forecast for the year ended March 31, 2018	Increase compared to year ended March 31, 2017 %
Printing Solutions					
Revenue:					
External	157.2	165.9	5.5%	719.0	4.8%
Inter-segment	0.0	0.0	(1.7%)	0.0	-%
Total	157.3	165.9	5.5%	719.0	4.7%
Segment profit (loss)	12.8	22.1	71.9%	99.0	17.7%
Visual Communications					
Revenue:					
External	41.6	46.3	11.4%	189.0	5.2%
Inter-segment	0.0	0.0	58.6%	0.0	-%
Total	41.6	46.3	11.4%	189.0	5.2%
Segment profit (loss)	2.1	5.2	143.4%	20.0	23.9%
Wearable & Industrial Products					
Revenue:					
External	38.8	40.9	5.4%	160.0	6.2%
Inter-segment	1.6	2.1	28.4%	8.0	1.6%
Total	40.4	43.0	6.3%	168.0	6.0%
Segment profit (loss)	1.6	2.3	44.9%	13.0	66.4%
Other					
Revenue:					
External	0.1	0.0	(68.3%)	0.0	-%
Inter-segment	0.1	0.1	18.1%	1.0	38.6%
Total	0.3	0.2	(20.9%)	1.0	(33.7%)
Segment profit (loss)	(0.2)	(0.1)	-%	(1.0)	-%
Corporate expenses & Eliminations					
Revenue:					
External	1.2	1.5	24.3%	2.0	(73.0%)
Inter-segment	(1.8)	(2.3)	-%	(9.0)	-%
Total	(0.6)	(0.8)	-%	(7.0)	-%
Segment profit (loss)	(9.9)	(12.8)	-%	(52.0)	-%
Consolidated					
Revenue	239.0	254.8	6.6%	1,070.0	4.4%
Business profit (loss)	6.4	16.7	159.1%	79.0	20.0%

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

3. Revenue to overseas customers

(Unit: billion yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Increase	Increase %
Overseas Revenue				
The Americas	69.2	78.3	9.1	13.2%
Europe	48.7	50.2	1.4	2.9%
Asia/Oceania	68.7	72.7	3.9	5.8%
Total	186.7	201.2	14.5	7.8%
Consolidated revenue	239.0	254.8	15.7	6.6%
Percentage of overseas revenue to consolidated revenue (%)				
The Americas	28.9	30.7		
Europe	20.4	19.7		
Asia/Oceania	28.8	28.5		
Total	78.1	79.0		

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, 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, 2016	Three months ended June 30, 2017	Increase %	Forecast for the year ended March 31, 2018	Increase compared to year ended March 31, 2017 %
Capital expenditure	9.6	20.3	109.7%	76.0	0.9%
Printing Solutions	5.6	14.1	149.4%	43.0	(2.1%)
Visual Communications	1.3	2.5	97.0%	13.0	27.4%
Wearable & Industrial Products	1.1	1.9	66.3%	10.0	8.8%
Other / Coporate expenses	1.5	1.6	8.8%	10.0	(16.7%)
Depreciation and amortisation	10.5	11.7	11.9%	45.0	4.1%

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

5. Research and development

(Unit: billion yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Increase %	Forecast for the year ended March 31, 2018	Increase compared to year ended March 31, 2017 %
Research and Development	12.5	12.3	(1.1%)	54.0	2.4%
R&D / revenue ratio	5.2%	4.9%		5.0%	

6. Management indices

(Unit: %)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Increase Point	Forecast for the year ended March 31, 2018	Increase compared to year ended March 31, 2017 Point
ROE	0.9%	2.1%	1.2	11.3%	1.2
ROA (Business profit)	0.7%	1.7%	1.0	7.9%	1.0
ROA (Profit from operating activities)	0.8%	1.5%	0.7	7.6%	0.5
ROS (Business profit)	2.7%	6.6%	3.9	7.4%	1.0
ROS (Profit from operating activities)	2.9%	5.8%	2.9	7.1%	0.5

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, 2016	Three months ended June 30, 2017
Foreign exchange effect on revenue	(27.4)	3.1
U.S. dollars	(9.2)	2.1
Euro	(3.9)	0.0
Other	(14.2)	0.9
Foreign exchange effect on business profit	(6.8)	0.5
U.S. dollars	2.0	(0.4)
Euro	(2.7)	0.0
Other	(6.1)	0.9
Exchange rate		
Yen / U.S. dollars	108.15	111.08
Yen / Euro	122.02	122.12

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, 2016	March 31, 2017	June 30, 2017	Increase compared to March 31, 2017
Inventory	189.4	208.5	219.7	11.2
Printing Solutions	101.4	114.4	120.1	5.7
Visual Communications	43.4	46.9	51.6	4.7
Wearable & Industrial Products	43.8	46.3	47.0	0.6
Other / Coporate expenses	0.6	0.7	0.9	0.1
Turnover by days	72	74	78	4
Printing Solutions	59	61	66	5
Visual Communications	95	95	101	6
Wearable & Industrial Products	98	107	99	(8)
Other / Coporate expenses	39	31	45	14

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

9. Employees

(Unit: person)

	June 30, 2016	March 31, 2017	June 30, 2017	Increase compared to March 31, 2017
Number of employees at period end	71,785	72,420	76,355	3,935
Domestic	19,108	19,175	19,598	423
Overseas	52,677	53,245	56,757	3,512