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October 26, 2004

CONSOLIDATED RESULTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2004

Consolidated Financial Highlights

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

<Income statements and cash flows data>

	Six months ended September 30,		Change	Year ended March 31,	Six months ended September 30,
	2003	**2004**		2004	**2004**
Statements of Income Data:					
Net sales	¥657,854	**¥683,474**	3.9%	¥1,413,243	**$6,154,651**
Operating income	33,115	**65,866**	98.9%	77,401	**593,120**
Income before income taxes and minority interest	28,789	**59,573**	106.9%	65,058	**536,451**
Net income	16,563	**39,473**	138.3%	38,031	**355,452**
Statements of Cash Flows Data:					
Cash flows from operating activities	73,092	**61,546**	(15.8%)	182,669	**554,219**
Cash flows from investing activities	(41,968)	**(44,941)**	7.1%	(65,329)	**(404,691)**
Cash flows from financing activities	49,221	**(67,155)**	- %	(40,918)	**(604,728)**
Cash and cash equivalents at the end of the period	270,009	**217,646**	(19.4%)	265,183	**1,959,892**
Per Share Data:					
Net income per share -Basic	¥94.53	**¥201.02**	112.7%	¥204.70	**$1.81**
-Diluted	¥94.36	**¥-**	- %	¥204.53	**$-**

Notes

I. The consolidated figures are prepared on the basis of accounting principles generally accepted in Japan, which are different from in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated figures prepared by the Company as required by the Securities and Exchange Law of Japan.

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

III. Diluted net income per share are presented only if there are dilutive factors present.

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 ¥111.05 = U.S.$1 at September 30, 2004 has been used for the purpose of presentation.

<Balance Sheets data>

	September 30, 2003	**September 30, 2004**	March 31, 2004	**September 30, 2004**
Total assets	¥1,250,829	**¥1,204,404**	¥1,206,491	**$10,845,601**
Shareholders' equity	398,870	**460,627**	414,367	**4,147,924**
Debt / Equity ratio (%)	31.9%	**38.2%**	34.3%	**38.2%**
Shareholders' equity per share	¥2,031.27	**¥2,345.78**	¥2,110.20	**$21.12**

Overview of the Business Group

The Epson Group's ("Epson") main business segment includes the development, manufacturing and marketing of information-related equipment, electronic devices, precision products, and other products. Research and development and product development are mainly conducted by Seiko Epson Corporation ("the Company"). Production and sales are conducted by the company and its subsidiaries and affiliates, domestic and abroad, under the management of the company's operations divisions.

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

Information-related equipment business segment:

This segment includes the imaging and information products business, the visual instruments business and others. This segment develops, manufactures and sells mainly printers, LCD projectors, and personal computers.

Operations	Main products	Main subsidiaries and affiliates	
		Manufacturing company	Sales company
Imaging and information products	Color inkjet printers, laser printers, dot matrix printers, large format inkjet printers, and related supplies, color image scanners, mini-printers, printers for use in POS systems and others	Tohoku Epson Corporation Orient Watch Co., Ltd. Epson Portland Inc. Epson El Paso, Inc. Epson Telford Ltd. Epson Precision (Hong Kong) Ltd. Singapore Epson Industrial Pte. Ltd. P.T. Indonesia Epson Industry Epson Precision (Philippines), Inc.	Epson Sales Japan Corporation Epson OA Supply Corporation Epson America, Inc. Epson (U.K.) Ltd. Epson Deutschland GmbH Epson France S.A. Epson Italia s.p.a. Epson Iberica, S.A. Epson Korea Co., Ltd. Epson (Shanghai) Information Equipment Co., Ltd. Epson Hong Kong Ltd. Epson Taiwan Technology & Trading Ltd. Epson Singapore Pte. Ltd. Epson Australia Pty. Ltd.
Visual instruments	LCD projectors, HDTV LCD projection television, LCD monitors, label writers and others	Epson Precision (Hong Kong) Ltd.	
Others	Personal computers and others	-	Epson Sales Japan Corporation Epson Direct Corporation

Electronic devices business segment:

This segment includes the display business, the semiconductor business, and the quartz device business. This segment develops, manufactures and sells mainly small and medium-sized LCD displays, CMOS LSI, and crystal oscillators.

<table>
<tr><th rowspan="2">Operations</th><th rowspan="2">Main products</th><th colspan="2">Main subsidiaries and affiliates</th></tr>
<tr><th>Manufacturing company</th><th>Sales company</th></tr>
<tr><td>Display</td><td>Small and medium-sized LCD modules,
TFT LCD modules for LCD projectors and others</td><td>Suzhou Epson Co., Ltd.
Epson Precision (Hong Kong) Ltd.
Epson Precision (Philippines), Inc.</td><td rowspan="3">Epson Electronics America, Inc.
Epson Europe Electronics GmbH
Epson Hong Kong Ltd.
Epson Taiwan Technology & Trading Ltd.
Epson Singapore Pte. Ltd.</td></tr>
<tr><td>Semiconductor</td><td>CMOS LSI and others</td><td>Tohoku Epson Corporation
Singapore Epson Industrial Pte. Ltd.
Yasu Semiconductor Corporation</td></tr>
<tr><td>Quartz device</td><td>Crystal units,
crystal oscillators and others</td><td>Orient Watch Co., Ltd.
Suzhou Epson Co., Ltd.
Epson Precision (Malaysia) Sdn. Bhd.
Epson Precision (Philippines), Inc.</td></tr>
</table>

Precision products business segment:

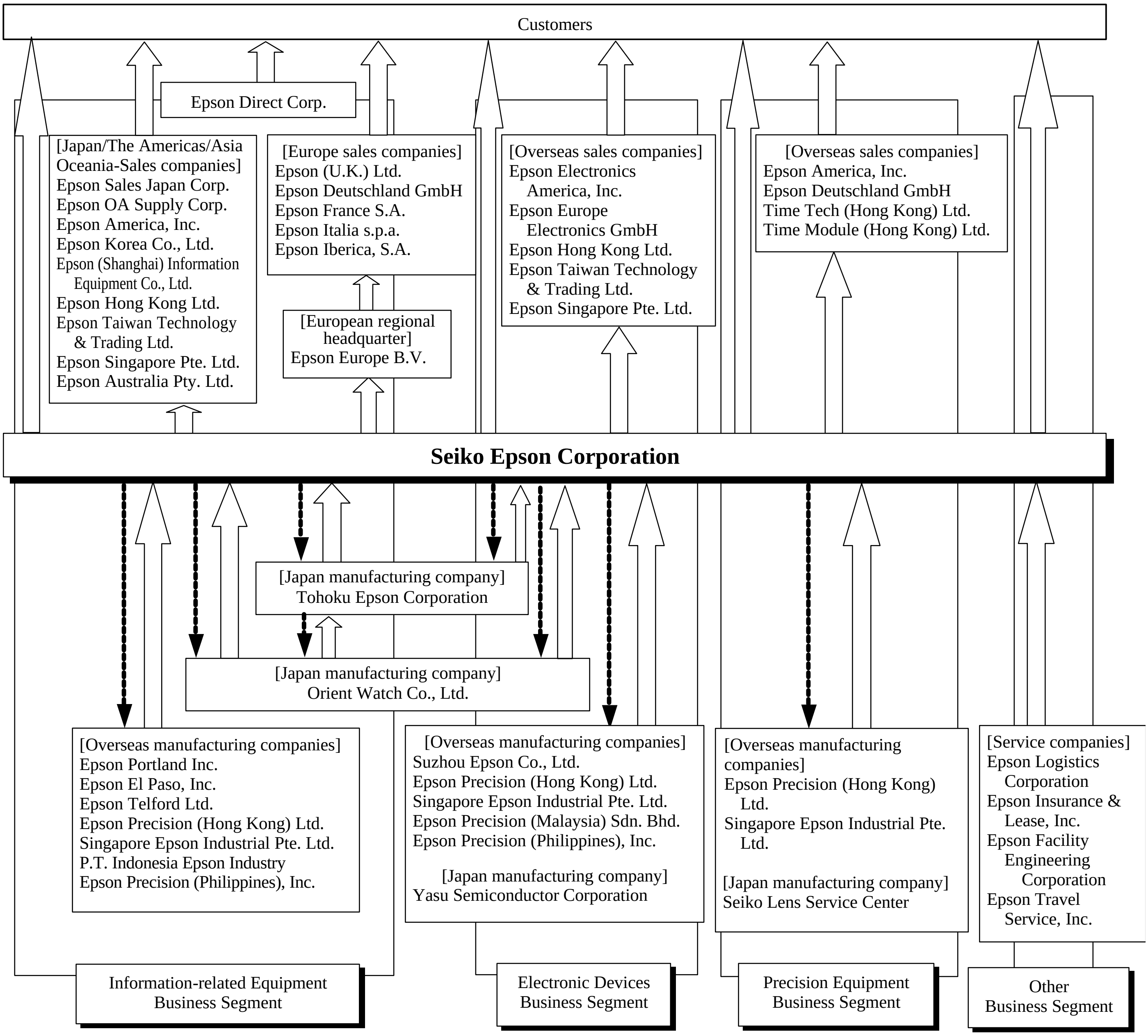
This segment includes the watch business, the optical products business, and the factory automation systems business. This segment develops, manufactures and sells mainly watches, watch movements, plastic corrective lenses, precision industrial robots and others.

Operations	Main products	Main subsidiaries and affiliates	
		Manufacturing company	Sales company
Watch	Watches, Watch movements and others	Epson Precision (Hong Kong) Ltd. Singapore Epson Industrial Pte. Ltd.	Time Tech (Hong Kong) Ltd. Time Module (Hong Kong) Ltd.
Optical products	Plastic corrective lenses, optical devices and others	Seiko Lens Service Center Corporation	-
Factory automation systems	Precision industrial robots, IC handlers and others	-	Epson America, Inc. Epson Deutschland GmbH

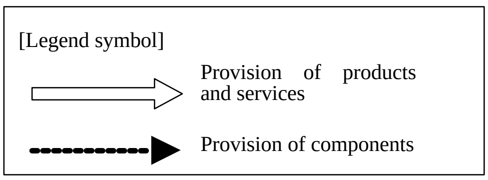
Other business segment:

This segment comprises the businesses of subsidiaries that offer services within Epson, and new businesses still in the start-up phase that are aimed at optimizing current management resources.

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



Note: Yasu Semiconductor Corporation and Time Module (Hong Kong) Ltd. are equity method affiliates.
All others are consolidated subsidiaries.



Management Policy

1. Management Policy

As a publicly owned company, Seiko Epson strives to fulfill its responsibilities as a good corporate citizen on a variety of fronts. These responsibilities include giving detailed attention to corporate ethics and risk management, improving customer satisfaction and product quality, and managing environmental performance. With "creativity and challenge" as the focal point for the Group's collective capabilities, Epson is aiming to further enhance its corporate value.

This commitment is summarized in the following Management Philosophy:

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

2. Medium- to Long-Range Management Strategy

Going forward, the pace of global economic growth is expected to slow under the weight of soaring material prices and the threat of terrorism. In Japan, meanwhile, the economy is expected to continue its modest recovery, but skyrocketing oil prices and uncertain consumer spending and exchange rate trends cloud the horizon.

In the IT industry, markets related to screens and imaging—areas of expertise for Epson—are predicted to undergo further growth in the years ahead, against the backdrop of the ongoing spread of digitization and broadband in an increasingly “ubiquitous” and networked society.

In the electronic device business, meanwhile, the operating environment is expected to remain exceptionally difficult, with intensified price competition requiring further cost reductions, and with growing production capacity in the industry potentially triggering the start of an inventory and production adjustment cycle, despite steady overall market demand.

In this climate, we drafted a medium-to-long-term business vision that we call "SE07." SE07 is our guideline for achieving steady growth and for taking optimal advantage of the business base we have forged as a leading name in providing imaging solutions via color printers, LCD projectors and small- and medium-sized LCD displays.

"Digital Image Innovation" is the key theme in SE07, which aims to concentrate management resources in the so-called "3i" imaging fields: imaging on paper (i1), imaging on screen (i2), and imaging on glass (i3). Printers, LCD projectors and displays are currently the three products symbolizing these high-growth business domains. Epson is seeking to further expand each domain by leveraging synergies between its finished products and electronic devices businesses. At the same time, Epson will emphasize close teamwork and fuse the "3i" fields to create new markets and businesses.

In March 2004, we drafted Action07. Set to run from fiscal 2004 to fiscal 2006, Action07 is a mid-range action plan for attaining the objectives of SE07 by 2007. Our targets for fiscal 2006 include consolidated net sales of ¥1,770 billion, and a ratio of consolidated recurring profit to net sales of more than 9%. At the same time, we will work to realize a resilient financial structure as quickly as possible by generating stable cash flows.

To achieve the objectives of Action07, we will pool the collective strengths of the Group to pursue structural reforms under the "One Epson" banner. We will pursue far-reaching reforms, particularly in the embattled information-related equipment segment, which continues to face a severe operating environment amid declining prices and changes to its business model. Our goal is to build a stable earnings structure by pairing this business with our electronic devices business.

To realize our goals, the Epson Group will adopt the following three policies:

1. Reform the earnings structure from the ground up.
2. Ensure development of products and technologies required to accomplish the objectives of SE07.
3. Accelerate reform of the mind-set at Epson and encourage employees to tackle lofty objectives.

To reform our earnings structure, we are leveraging actions designed to reduce our total consolidated cost ratio. These actions are aimed at a 10-point reduction in the total consolidated cost ratio over the next three years and encompass our ongoing initiatives to effect innovations in procurement, distribution, manufacturing and product quality. The aim is to create an earnings structure that will allow Epson to generate stable profits irrespective of market conditions. Instead of focusing solely on manufacturing, we are intent on effecting earning structure improvements across the board by reducing costs throughout the organization, from design and engineering all the way through to sales and marketing. The savings stemming from these actions will not only improve profit margins but will go far in covering the expenses for future business strategies.

To ensure the development of products and technologies required to accomplish the objectives of SE07, we will strive to realize "Digital Image Innovation," the overarching theme of the SE07 medium- to long-range business plan. Toward that end, we will take definitive steps to tie our R&D projects into innovative new products and businesses that will drive growth in the "3i" business domains. Our R&D projects in the imaging fields are designed to lock in our competitive edge in the printer business (i1) by generating printing demand to spur growth; in the liquid-crystal projector business (i2) by using unique Epson technology to drive market development; and in the display business (i3) by becoming the leading supplier of small- and medium-sized LCD displays. These businesses will be complemented by R&D projects designed to ensure growth in the core device businesses that underpin our finished products. We are also steadily laying the groundwork for the future by sowing today the seeds of new technologies that will form the foundation for business growth over the coming decade.

In the display business, in particular, we are positioning ourselves to capture further growth opportunities by leveraging the synergies created through the integration of our liquid crystal display businesses with those of SANYO Electric Co., Ltd. to form a new company, SANYO EPSON IMAGING DEVICES CORPORATION, which opened for business on October 1, 2004.

Our third policy is to accelerate changes in mind-set at Epson and to encourage employees to tackle ambitious targets. Toward that end, we have been ingraining the benefits from operational innovations conducted over the past two years into the Epson corporate culture. But we're not done yet. We are working to drive changes in mind-set on an even higher level among all employees, to encourage them to work fast and to "think outside the box" as they take on ambitious new challenges.

3. Basic Policy on Profit Allocation

Epson strives for the ongoing enhancement of management efficiency and profitability. These efforts are resulting in the improved cash flows required to fulfill Epson’s basic policy of consistently providing a stable payment of dividends. Epson is thus committed to returning profits to shareholders, following a comprehensive analysis of the company's funding needs in light of future business strategies, as well as its performance and financial outlook.

We intend to allocate an internal reserve to capital investment to strengthen our corporate structure, and to invest in research and development for new technologies to strengthen our future management structure.

4. Corporate Governance

(1) Basic stance and management structure

Our basic stance on corporate governance is encapsulated in our commitment to sustaining what we call "Trustworthy Management." Along with our ongoing pursuit of enterprise value enhancement, we have initiated a number of practices designed to reinforce management checks and balances and to assure corporate ethical compliance so as to ensure highly transparent and sound management in the eyes of our customers, shareholders, employees and other stakeholders.

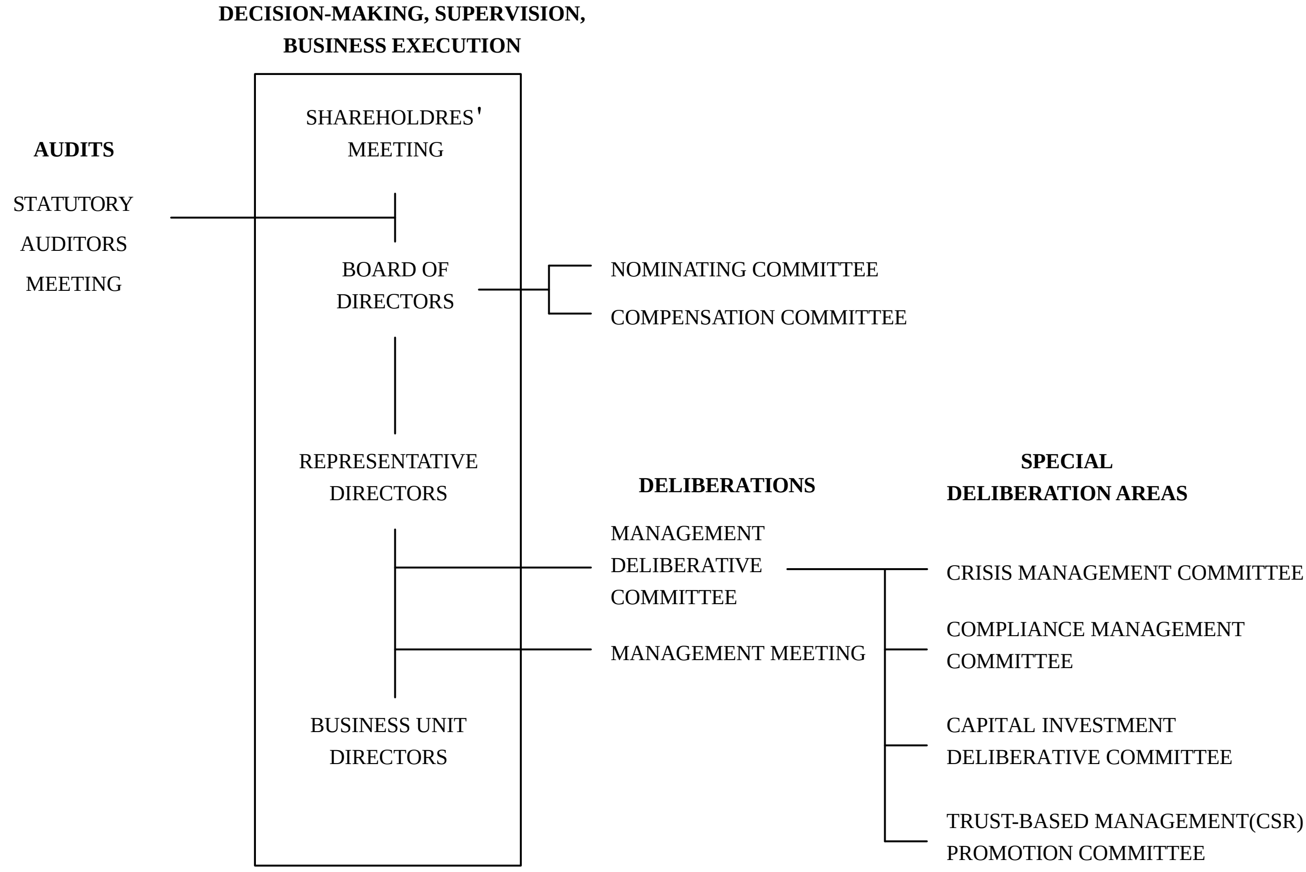
Epson uses the statutory auditor system. At the core of this system are five statutory auditors. In a drive to further heighten the independence of audits and increase transparency, a third external auditor was added to the statutory auditors following the General Shareholders' Meeting in June 2004. Auditors attend each of the statutory auditors' monthly meetings, as well as other meetings such as Board of Directors, the Management Deliberative Committee, that are vital to business execution. Statutory auditors are thus in a position to conduct their audits with the same level of information as directors. In contrast to the organizational separation of business execution and management oversight common to the "Company with Committees" governance framework, Epson vests monitoring functions in the Board of Directors, which is underpinned by the statutory auditors. Epson's stance is that this system, whereby directors are responsible for business execution, is optimal for monitoring functions in light of the current configuration of Epson's business operations. The same reasoning prompted the decision to forego the appointment of external directors to the board.

With this stance in mind, we appoint suitably qualified directors with the ability to concurrently perform both business-related and management oversight roles, and are broadening the jurisdictional scope of the Board of Directors, as it maintains a governance structure backed by the statutory auditors. While strengthening the operation of this structure, the search for an optimized governance structure will remain an ongoing issue for the consideration of management.

We are also increasing transparency in the appointment of directors and their remuneration. Two committees specifically responsible for exploring these issues were put in place in the fiscal year ended March 2004. The Nominating Committee is responsible for setting nomination criteria and the selection of candidates. The Compensation Committee is charged with defining the parameters of the remuneration system and drafting policies governing directors' remuneration. These committees conduct extensive deliberations in each respective area, ultimately presenting their conclusions for consideration by the Board of Directors.

We also have an internal compliance system in place that is designed to prevent any potential legal or internal regulatory violations at our operations divisions. Epson's Auditing Office, under the control of the president, regularly audits the operations of business units and Epson subsidiaries, reporting its findings directly to the president.

< Management Structure at the Company >



(2) Compliance

Epson views compliance as a means of preventing one of the risks that corporations face: management risk. In contrast to external risk factors such as accidents, natural disasters, or social unrest, the management risk Epson addresses concerns risks directly associated with its corporate activities; in other words, risks stemming from the actions of Epson employees.

To head off risks emerging from corporate activities, we have appointed a director who is responsible for compliance and have established a structure for promoting compliance.

Major points of this framework include:

- Compliance Management Committee for building and maintaining Epson’s compliance structure
- Legal Compliance Promotion Office responsible for operating the internal Compliance Hotline for reporting compliance issues
- In-house compliance training, including a Code of Conduct manual and Web-based seminars

When it comes to compliance, Epson is aware that no framework alone is enough, since corporate activities are determined by the thoughts and actions of employees. For this reason, "No Hiding," "No Tricks," and "Report Bad News Quickly" are mantras for Epson’s senior management as they strive daily to maintain the Company’s sound corporate culture. For Epson, compliance of this kind is the cornerstone of its approach to corporate governance.

(3) Risk Management

To remain true to its management philosophy as a company "trusted throughout the world," Epson recognizes that creating a framework for preventing and addressing crises that could seriously jeopardize operations is a priority for management. To this end, we have constructed a Group-wide crisis management structure capable of swiftly responding to changes in our business makeup and operating environment. This structure enables us to head off potential crises or to minimize the effect in the event of one.

The following policies guide our actions concerning risk. To prevent crises, we work to (1) anticipate changes by reviewing our corporate structure to ensure optimal flexibility, and (2) task each division to devise "peacetime measures" for dealing with potential crises. When a crisis arises, we moves to (1) tackle crises with comprehensive capabilities beyond that of the normal corporate hierarchy, and (2) assume full responsibility as befits a good corporate citizen, disregarding corporate egoism.

Epson’s risk management structure is designed to manage crises with a potentially enormous impact on the Group. Uniform risk management is then enacted by each organization across the Group. Should a crisis occur, Epson aims to marshal its comprehensive capabilities to swiftly meet the crisis head-on in an appropriate manner, while ensuring that its posture remains flexible vis-à-vis external changes. To ensure that information regarding significant risks is reported directly to the president, Epson has a Crisis Management Committee, composed of separate sub-committees responsible for risk management for each business unit, that is chaired by the company president.

We have formulated a Crisis Management Program that clarifies definitions for seven types of crises (leakage of sensitive information, damage from disasters, country risk, crime against company, computer system crashes, product liability, and quality incidents), as well as the risk management organization, roles, preventative measures, and response for each crisis situation. This program has been compiled into a comprehensive brochure distributed Group-wide to promote an in-depth awareness of crisis management. For stakeholders, Epson utilizes IR and PR to proactively disclose facts in a timely manner regarding the status of risk management.

(4) Conflicts of interest between Epson and its outside directors; and conflicts of interest between Epson and the personal, capital, business or other interests of outside statutory auditors

Epson has no outside directors. There are currently no significant conflicts of interest between Epson and the three outside statutory auditors.

Operating Performance Highlights and Financial Results

1. Fiscal 2004 first-half overview

The economy during the first half of our 2004 fiscal year ending March 31, 2005, showed elements of future uncertainty, including skyrocketing oil prices and increases in certain production material inventories. Overseas, however, the Chinese economic expansion continued apace, while the U.S. and European economies continue to grow and recover. Meanwhile, the Japanese economy also continued to steadily recover, with rising exports and increased capital spending.

Epson’s markets were as follows. In the inkjet printer business, multifunction ("all-in-one") printers continued to gain market share. In the U.S. market, in particular, low-priced multifunction printers are driving market growth. The color laser printer market is expanding, but unit prices are declining.

Projector prices, which had been following a trend of steep decline, show signs of having bottomed out. In the commercial segment we saw rising demand for projectors for mobile use, even as the demand for meeting and presentation units climbed, while demand in the education market surged. Home-use projector demand is growing in Japan and Europe. Meanwhile, microdevice-based projection TVs, which are more affordable than flat-panel large-screen TVs, show sharp expansion in the U.S.

The market for electronic devices used in mobile phones remained firm. The two principle drivers of growth were consumers upgrading to color-display handsets in Western Europe, North America and China; and continued active new demand in emerging markets such as Central and South America, India and Russia.

In the precision products segment, sales of consumer products such as watches and eyeglass lenses remained sluggish, while sales of factory automation systems and optical devices were on a favorable trend that was underpinned by continued robust demand for digital consumer products.

Under these market conditions, Epson is carrying out an initiative to reduce the consolidated total cost ratio. The initiative is designed to radically rebuild the company's profit structure into one that allows it to generate stable income in any market environment. Epson is focusing particularly on reforming the cost structure of its information-related equipment business and other finished products businesses.

Epson came out with a number of newly developed products during the first half. In the inkjet printer segment, we launched *PictureMate*, a compact, portable photo printer. A PC-less, home photofinishing solution, the *PictureMate* directly prints photos taken with a digital camera or camera-phone. In the visual instruments business, Epson rolled out *Livingstation* HDTV LCD projection televisions to the Japanese market. The domestic release follows last fiscal year's U.S. market launch of these large-screen TVs, which use Epson's high-temperature polysilicon TFT liquid crystal panels. In the electronic devices business, Epson has continued to implement structural reforms and ongoing cost reduction programs. Meanwhile, the company is planning and carrying out investment designed to further strengthen its electronic devices for mobile handsets and visual instruments.

The average exchange rate for the US dollar and the euro during the first half were ¥109.86 and ¥133.32, respectively. Although the value of the yen against the dollar increased 7% compared with the first half of fiscal 2003, the value of the yen against the euro remained essentially the same.

As a result, Epson's net sales for the first half increased by 3.9% on the same period last year, to ¥683,474 million ($6,154,651 thousand). Operating income rose by 98.9% on the same period last year, to ¥65,866 million ($593,120 thousand), and income before income taxes and minority interest also jumped 106.9%, to 59,573 million ($536,451 thousand). First-half net income rose 138.3% on the same period last year to ¥39,473 million ($355,452 thousand).

Operating Performance Highlights by Business Segments

Information-related equipment:

In the information related equipment segment, Epson responded to fierce price competition in its inkjet printer and LCD projector businesses by beefing up its cost cutting efforts as well as unfurling a strategy of balancing product performances and added value by area.

In the imaging and information products business, revenues from sales of inkjet printers grew, as higher volume in multifunction printers offset a decline in single-function inkjet printer volume (including supplies, as in all printer discussions below). Laser printer sales revenues also increased, primarily due to higher supply volume. Scanners and others sales revenue fell sharply due to declining scanner sales volume brought about by the expansion of multifunction printer demand. Together, these factors resulted in increased sales revenues in the imaging and information products business as a whole.

In the visual instruments business, liquid crystal projector sales revenues, though squeezed by a shift toward low-priced business units, rose on higher volume in both home and business projectors. Large-screen HDTV LCD televisions, which we launched to market last fiscal year, contributed to higher revenue. Monitor modules fell due to declining demand. These factors resulted in a slight increase in sales revenues in the visual instruments business as a whole.

Operating income in the information-related equipment segment increased due to substantive benefits yielded by our initiative to reduce the consolidated total cost ratio.

First-half net sales in the information-related equipment segment thus increased by 2.9% on the same period last year, to ¥434,554 million ($3,913,138 thousand); and operating income increased by 9.8% on the same period last year, to ¥30,971 million ($278,892 thousand).

Electronic devices:

In the electronic devices segment, Epson responded to the increasing demand from the targeted market such as mobile phone handsets, projectors and digital still cameras, as well as continuing its ongoing emphasis on cost reductions.

In the display business, revenues from sales of STN LCDs for mobile phones fell sharply due to the effects of scaled-back monochrome STN LCD production as well as to the effects of fierce competition in the color STN LCD arena. Sales revenues from high-temperature polysillicon TFT liquid crystal panels for LCD projectors increased sharply, as a strong projector market more than offset the impact of declining unit prices for the smaller panel sizes. These factors resulted in a decrease in sales revenues in the display business as a whole.

In the semiconductor business, system LSI sales revenues soared due to volume growth in image processing semiconductors that seized on a wave of feature-rich mobile phones equipped with cameras and other devices. Silicon foundry revenues grew dramatically due to an increase in order volume. LCD driver sales revenues fell sharply due to declines in color LCD driver unit prices. These factors resulted in an increase in sales revenues in the semiconductor business as a whole.

Quartz device business sales revenues rose sharply due to volume growth in tuning fork crystals and crystal clock oscillators for mobile phones and digital still camera applications.

Operating income in the electronic device business segment increased as a result of total consolidated cost-reduction activities in each business.

First-half net sales in the electronic device segment thus increased by 4.9 % on the same period last year, to ¥220,728 million ($1,987,645 thousand); and operating income increased by 293.8 % on the same period last year, to ¥37,175 million ($334,759 thousand).

Precision products:

In the precision product segment, IC handler sales volumes grew due to the brisk semiconductor market. Meanwhile, the optical business grew sales volumes of eyeglass lenses in the North American market, while the burgeoning liquid crystal projector market spurred volume growth in optical devices. These factors resulted in a sharp increase in sales revenues in the precision product segment as a whole.

Operating income in the precision product segment increased on higher sales revenues.

First-half net sales in the precision product segment thus increased by 13.6% on the same period last year, to ¥43,813 million ($394,534 thousand); and operating income increased by 93.2% on the same period last year, to ¥2,752 million ($24,782 thousand).

Operating Performance Highlights by Geographic Segments

Japan:

Revenues from inkjet printers and high-temperature polysilicon TFT liquid crystal panels for LCD projectors, logic ICs and laser printers grew, while revenues from STN LCDs declined. As a result, first-half net sales reached ¥594,565 million ($5,354,030 thousand), up 6.1 % from the same period last year, while operating income came in at ¥43,013 million ($387,330 thousand), up 137.2% from the same period last year.

The Americas:

The inkjet printer and silicon foundry businesses experienced high revenues. As a result, net sales reached ¥141,396 million ($1,273,264 thousand), up 10.1 % from the same period last year, while operating income came in at ¥8,575 million ($77,217 thousand), up 168.0 % from the same period last year.

Europe:

Revenues from inkjet printers, MD-TFD liquid crystal displays, and logic ICs grew, while revenues from STN LCDs declined. As a result, first-half net sales reached ¥154,203 million ($1,388,591 thousand), up 21.9% from the same period last year, while operating income came in at ¥5,324 million ($47,943 thousand), up 200.9% from the same period last year.

Asia / Oceania:

Revenues from inkjet printers, liquid crystal projectors, and laser printers grew, while revenues from STN LCDs declined. As a result, first-half net sales reached ¥365,573 million ($3,291,967 thousand), up 11.9% from the same period last year, while operating income came in at ¥15,034 million ($135,380 thousand), up 50.9% from the same period last year.

Cash Flow Performance

Net income for the first half of the 2004 fiscal year was ¥39,473 million ($355,452 thousand). Depreciation and amortization, principally in the electronic device business segment, was ¥47,009 million ($423,314 thousand). As for changes to assets and liabilities, notes and accounts receivable, trade increased by ¥6,496 million ($58,496 thousand), notes and accounts payable, trade increased by ¥10,406 million ($93,706 thousand) and inventories increased by ¥44,110 million ($397,209 thousand). Payment for income tax was ¥8,822 million ($79,442 thousand). As a result, cash inflows from operating activities came to ¥61,546 million ($554,219 thousand).

Cash outflows from investing activities were ¥44,941 million ($404,691 thousand) due to capital expenditures, principally in the electronic device business, and amounts that came due during this period for tangible and intangible fixed assets acquired at the end of last period amounted to ¥47,219 million ($425,204 thousand).

Cash flows from financing activities were negative at ¥67,155 million ($604,728 thousand), primarily resulting from net payments of ¥65,035 million ($585,637 thousand) from short- and long-term loans in accordance with loan repayments.

As a result, cash and cash equivalents during the first half of the 2004 fiscal year was ¥217,646 million ($1,959,892 thousand).

2. Second-Quarter Operating Performance

Despite a decline in LCD sales volumes brought about by fierce competition in the handset LCD market, the company's second-quarter net sales increased by 2.3% on the same period last year, to ¥350,547 million ($3,156,659 thousand). Contributing to this increase were two factors. One was increased revenues from sales of multifunction printers, a result of the inkjet printer market's continuing shift from single-function printers toward all-in-one units. The other was higher volume in high-temperature polysilicon TFT liquid crystal panels for liquid crystal projectors. As a result, operating income increased by 75.3% on the same period last year, to ¥33,133 million ($298,361 thousand). This increase is credited to the total cost-reduction activities being driven in the electronic device and information-related equipment businesses. Income before income taxes and minority interest increased by 83.0% on the same period last year, to ¥30,199 million ($271,941 thousand). Second-quarter net income increased by 106.4% on the same period last year, to ¥21,865 million ($196,893 thousand).

3. Full-year forecast

For the latter half of fiscal 2004, the information-related equipment business segment should see steady sales from newly launched products and further cost reduction benefits from our consolidated total cost reduction initiatives. Meanwhile, the electronic device business segment is likely to be adversely affected by falling prices for large-size LCD panels. While the mobile phone market remains strong, a sense of uncertainty is mounting about factors such as price trends.

Taking into account the foregoing factors, we anticipate lower full year sales revenues than previously announced (on July 27, 2004), though income should be in line with the outlook.

The figures in the forecast are based on assumed full-year exchange rates of ¥108 to the U.S. dollar and ¥132 to the euro.

Consolidated Full-Year Results Outlook

	Previous Outlook (July 27, 2004)	Current Outlook	Change
Net Sales	¥1,557.0 billion	¥1,532.0 billion	-¥25.0 billion (-1.6%)
Income before income taxes and minority interest	¥108.0 billion	¥108.0 billion	-
Net income	¥65.0 billion	¥65.0 billion	-

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 involve 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 trend, competition, technology trend, exchange rate fluctuations.

Consolidated Balance Sheets (Unaudited)

	Millions of yen			Thousands of U.S. dollars
	September 30, 2003	**September 30, 2004**	March 31, 2004	**September 30, 2004**
ASSETS				
Current assets:				
Cash and cash equivalents	¥270,009	**¥217,646**	¥265,183	**$1,959,892**
Time deposits	410	**829**	509	**7,465**
Notes and accounts receivable, trade	214,228	**217,315**	210,381	**1,956,911**
Inventories	177,286	**204,697**	155,856	**1,843,287**
Other current assets	81,975	**72,105**	80,940	**649,302**
Allowance for doubtful accounts	(4,138)	**(4,051)**	(3,700)	**(36,479)**
Total current assets	739,770	**708,541**	709,169	**6,380,378**
Property, plant and equipment:				
Buildings and structures	376,632	**393,311**	376,195	**3,541,747**
Machinery and equipment	462,091	**485,181**	469,448	**4,369,032**
Furniture and fixtures	178,309	**184,289**	176,867	**1,659,514**
Land	53,468	**52,222**	52,106	**470,257**
Other	10,764	**4,563**	12,388	**41,089**
	1,081,264	**1,119,566**	1,087,004	**10,081,639**
Accumulated depreciation	(666,941)	**(725,172)**	(693,973)	**(6,530,140)**
	414,323	**394,394**	393,031	**3,551,499**
Investments and other assets:				
Investment securities	38,202	**38,847**	39,085	**349,816**
Intangible assets	24,715	**22,445**	23,160	**202,116**
Other assets	34,579	**40,925**	42,801	**368,528**
Allowance for doubtful accounts	(760)	**(748)**	(755)	**(6,736)**
	96,736	**101,469**	104,291	**913,724**
Total assets	¥1,250,829	**¥1,204,404**	¥1,206,491	**$10,845,601**

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

	Millions of yen			Thousands of U.S. dollars
	September 30, 2003	**September 30, 2004**	March 31, 2004	**September 30, 2004**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term bank loans	¥116,212	**¥45,290**	¥62,851	**$407,834**
Current portion of long-term debt	82,681	**13,567**	47,380	**122,170**
Notes and accounts payable, trade	133,706	**141,299**	132,331	**1,272,391**
Accounts payable, other	57,215	**78,945**	81,785	**710,896**
Income taxes payable	6,569	**9,118**	6,731	**82,107**
Accrued bonuses	15,606	**16,440**	17,083	**148,042**
Accrued warranty costs	13,044	**13,725**	14,283	**123,593**
Other current liabilities	57,251	**59,986**	55,129	**540,171**
Total current liabilities	482,284	**378,370**	417,573	**3,407,204**
Long-term liabilities:				
Long-term debt	348,270	**333,636**	346,769	**3,004,376**
Accrued pension and severance costs	8,900	**12,524**	8,055	**112,778**
Accrued directors' and statutory auditors' retirement allowances	1,606	**1,791**	1,729	**16,128**
Other long-term liabilities	8,359	**15,119**	15,456	**136,146**
Total long-term liabilities	367,135	**363,070**	372,009	**3,269,428**
Minority interest in subsidiaries	2,540	**2,337**	2,542	**21,045**
Shareholders' equity:				
Common stock, no par value - Authorized - 607,458,368 shares, Issued - 196,364,592 shares	53,204	**53,204**	53,204	**479,100**
Additional paid-in capital	79,501	**79,501**	79,501	**715,903**
Retained earnings	279,874	**337,281**	299,575	**3,037,199**
Net unrealized gains on other securities	1,856	**2,838**	3,087	**25,556**
Translation adjustments	(15,565)	**(12,195)**	(20,999)	**(109,816)**
Treasury stock	(0)	**(2)**	(1)	**(18)**
Total shareholders' equity	398,870	**460,627**	414,367	**4,147,924**
Commitments and contingent liabilities				
Total liabilities and shareholders' equity	¥1,250,829	**¥1,204,404**	¥1,206,491	**$10,845,601**

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

Consolidated Statements of Income (Unaudited)

Six months ended September 30:

	Millions of yen			Thousands of U.S. dollars
	Six months ended September 30		Year ended March 31,	Six months ended September 30,
	2003	**2004**	2004	**2004**
Net sales	¥657,854	**¥683,474**	¥1,413,243	**$6,154,651**
Cost of sales	472,312	**473,249**	1,013,959	**4,261,585**
Gross profit	185,542	**210,225**	399,284	**1,893,066**
Selling, general and administrative expenses:				
Salaries and wages	38,360	**37,375**	77,748	**336,560**
Advertising	12,233	**11,832**	30,854	**106,547**
Sales promotion	13,427	**12,904**	31,740	**116,200**
Research and development costs	20,693	**19,212**	41,139	**173,003**
Shipping costs	8,624	**9,210**	20,527	**82,936**
Provision for doubtful accounts	418	**267**	414	**2,404**
Other	58,672	**53,559**	119,461	**482,296**
	152,427	**144,359**	321,883	**1,299,946**
Operating income	33,115	**65,866**	77,401	**593,120**
Other income:				
Interest and dividend income	851	**1,308**	1,684	**11,778**
Other	2,929	**3,075**	6,381	**27,690**
	3,780	**4,383**	8,065	**39,468**
Other expenses:				
Interest expenses	3,286	**2,913**	6,478	**26,232**
Net loss on foreign exchange	171	**2,017**	500	**18,163**
Loss on disposal of property, plant and equipment	1,729	**1,247**	3,711	**11,229**
Reorganization costs	1,563	**-**	2,044	**-**
Prior pension costs for foreign subsidiaries	-	**2,285**	-	**20,576**
Other	1,357	**2,214**	7,675	**19,937**
	8,106	**10,676**	20,408	**96,137**
Income before income taxes and minority interest	28,789	**59,573**	65,058	**536,451**
Income taxes:				
Current	5,960	**11,417**	15,210	**102,809**
Deferred	6,043	**8,022**	11,363	**72,238**
	12,003	**19,439**	26,573	**175,047**
Income before minority interest	16,786	**40,134**	38,485	**361,404**
Minority interest in subsidiaries	223	**661**	454	**5,952**
Net income	¥16,563	**¥39,473**	¥38,031	**$355,452**
	Yen			U.S. dollars
Per share:				
Net income	¥94.53	**¥201.02**	¥204.70	**$1.81**
Cash dividends	¥9.00	**¥9.00**	¥18.00	**$0.08**

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

Three months ended September 30:

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30		Three months ended September 30,
	2003	**2004**	**2004**
Net sales	¥342,661	**¥350,547**	**$3,156,659**
Cost of sales	247,461	**242,397**	**2,182,773**
Gross profit	95,200	**108,150**	**973,886**
Selling, general and administrative expenses:			
Salaries and wages	19,142	**18,634**	**167,799**
Advertising	5,958	**5,886**	**53,003**
Sales promotion	7,028	**7,113**	**64,052**
Research and development costs	10,769	**10,730**	**96,623**
Shipping costs	4,587	**4,536**	**40,847**
Provision for doubtful accounts	55	**223**	**2,008**
Other	28,763	**27,895**	**251,193**
	76,302	**75,017**	**675,525**
Operating income	18,898	**33,133**	**298,361**
Other income:			
Interest and dividend income	329	**508**	**4,575**
Net gain on foreign exchange	980	**-**	**-**
Other	1,264	**1,428**	**12,859**
	2,573	**1,936**	**17,434**
Other expenses:			
Interest expenses	1,648	**1,441**	**12,976**
Net loss on foreign exchange	-	**760**	**6,844**
Loss on disposal of property, plant and equipment	1,239	**1,062**	**9,563**
Reorganization costs	1,563	**-**	**-**
Other	517	**1,607**	**14,471**
	4,967	**4,870**	**43,854**
Income before income taxes and minority interest	16,504	**30,199**	**271,941**
Income taxes	5,779	**7,986**	**71,914**
Income before minority interest	10,725	**22,213**	**200,027**
Minority interest in subsidiaries	130	**348**	**3,134**
Net income	¥10,595	**¥21,865**	**$196,893**

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

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

Six months ended September 30:

	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Translation adjustments	Treasury stock	Total
		Millions of yen						
Balance at March 31, 2003	151,864,592	¥12,531	¥10,259	¥264,874	¥167	(¥6,515)	(¥0)	¥281,316
Net income for the six months ended September 30, 2003	-	-	-	16,563	-	-	-	16,563
Issuance of common stock under public offering	44,500,000	40,673	69,242	-	-	-	-	109,915
Cash dividends	-	-	-	(1,367)	-	-	-	(1,367)
Bonuses to directors and statutory auditors	-	-	-	(196)	-	-	-	(196)
Net unrealized gain on other securities	-	-	-	-	1,689	-	-	1,689
Translation adjustments	-	-	-	-	-	(9,050)	-	(9,050)
Changes in treasury stock	-	-	-	-	-	-	(0)	(0)
Balance at September 30, 2003	196,364,592	¥53,204	¥79,501	¥279,874	¥1,856	(¥15,565)	(¥0)	¥398,870
Balance at March 31, 2004	196,364,592	¥53,204	¥79,501	¥299,575	¥3,087	(¥20,999)	(¥1)	¥414,367
Net income for the six months ended September 30, 2004	-	-	-	**39,473**	-	-	-	**39,473**
Cash dividends	-	-	-	**(1,767)**	-	-	-	**(1,767)**
Net unrealized loss on other securities	-	-	-	-	**(249)**	-	-	**(249)**
Translation adjustments	-	-	-	-	-	**8,804**	-	**8,804**
Changes in treasury stock	-	-	-	-	-	-	**(1)**	**(1)**
Balance at September 30, 2004	**196,364,592**	**¥53,204**	**¥79,501**	**¥337,281**	**¥2,838**	**(¥12,195)**	**(¥2)**	**¥460,627**

	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Translation adjustments	Treasury stock	Total
		Millions of yen						
Balance at March 31, 2003	151,864,592	¥12,531	¥10,259	¥264,874	¥167	(¥6,515)	(¥0)	¥281,316
Net income	-	-	-	38,031	-	-	-	38,031
Issuance of common stock under public offering	44,500,000	40,673	69,242	-	-	-	-	109,915
Cash dividends	-	-	-	(3,134)	-	-	-	(3,134)
Bonuses to directors and statutory auditors	-	-	-	(196)	-	-	-	(196)
Net unrealized gain on other securities	-	-	-	-	2,920	-	-	2,920
Translation adjustments	-	-	-	-	-	(14,484)	-	(14,484)
Changes in treasury stock	-	-	-	-	-	-	(1)	(1)
Balance at March 31, 2004	196,364,592	¥53,204	¥79,501	¥299,575	¥3,087	(¥20,999)	(¥1)	¥414,367

	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Translation adjustments	Treasury stock	Total
	Thousands of U.S. dollars						
Balance at March 31, 2004	$479,100	$715,903	$2,697,659	$27,798	($189,096)	($9)	$3,731,355
Net income for the six months ended September 30, 2004	-	-	**355,452**	-	-	-	**355,452**
Cash dividends	-	-	**(15,912)**	-	-	-	**(15,912)**
Net unrealized loss on other securities	-	-	-	**(2,242)**	-	-	**(2,242)**
Translation adjustments	-	-	-	-	**79,280**	-	**79,280**
Changes in treasury stock	-	-	-	-	-	**(9)**	**(9)**
Balance at September 30, 2004	**$479,100**	**$715,903**	**$3,037,199**	**$25,556**	**($109,816)**	**($18)**	**$4,147,924**

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

Three months ended September 30:

	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Translation adjustments	Treasury stock	Total
		Millions of yen						
Balance at June 30, 2003	191,864,592	¥49,091	¥72,499	¥269,279	¥1,001	(¥4,942)	(¥0)	¥386,928
Net income for the three months ended September 30, 2003	-	-	-	10,595	-	-	-	10,595
Issuance of common stock under public offering	4,500,000	4,113	7,002	-	-	-	-	11,115
Net unrealized gain on other securities	-	-	-	-	855	-	-	855
Translation adjustments	-	-	-	-	-	(10,623)	-	(10,623)
Changes in treasury stock	-	-	-	-	-	-	(0)	(0)
Balance at September 30, 2003	196,364,592	¥53,204	¥79,501	¥279,874	¥1,856	(¥15,565)	(¥0)	¥398,870
Balance at June 30, 2004	196,364,592	¥53,204	¥79,501	¥315,416	¥3,361	(¥17,559)	(¥1)	¥433,922
Net income for the three months ended September 30, 2004	-	-	-	**21,865**	-	-	-	**21,865**
Net unrealized loss on other securities	-	-	-	-	**(523)**	-	-	**(523)**
Translation adjustments	-	-	-	-	-	**5,364**	-	**5,364**
Changes in treasury stock	-	-	-	-	-	-	**(1)**	**(1)**
Balance at September 30, 2004	**196,364,592**	**¥53,204**	**¥79,501**	**¥337,281**	**¥2,838**	**(¥12,195)**	**(¥2)**	**¥460,627**

	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Translation adjustments	Treasury stock	Total
	Thousands of U.S. dollars						
Balance at June 30, 2004	$479,100	$715,903	$2,840,306	$30,266	($158,119)	($9)	$3,907,447
Net income for the three months ended September 30, 2004	-	-	**196,893**	-	-	-	**196,893**
Net unrealized loss on other securities	-	-	-	**(4,710)**	-	-	**(4,710)**
Translation adjustments	-	-	-	-	**48,303**	-	**48,303**
Changes in treasury stock	-	-	-	-	-	**(9)**	**(9)**
Balance at September 30, 2004	**$479,100**	**$715,903**	**$3,037,199**	**$25,556**	**($109,816)**	**($18)**	**$4,147,924**

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

Consolidated Statements of Cash Flows (Unaudited)

Six months ended September 30:

	Millions of yen			Thousands of U.S. dollars
	Six months ended September 30		Year ended March 31,	Six months ended September 30,
	2003	**2004**	2004	**2004**
Cash flows from operating activities:				
Net income	¥16,563	**¥39,473**	¥38,031	**$355,452**
Adjustments to reconcile net income to net cash provided by operating activities -				
Depreciation and amortization	53,868	**47,009**	111,018	**423,314**
Reorganization costs	1,563	**-**	2,044	**-**
Increase (decrease) in allowance for doubtful accounts	43	**154**	(261)	**1,387**
Accrual for net pension and severance costs, less payments	(1,729)	**5,503**	(13,338)	**49,554**
Net loss on sales and disposal of property, plant and equipment	1,796	**1,531**	5,511	**13,787**
Equity in net gains under the equity method	(121)	**(111)**	(172)	**(1,000)**
Deferred income taxes	6,043	**8,022**	11,363	**72,238**
(Increase) decrease in notes and accounts receivable, trade	2,939	**(6,496)**	6,224	**(58,496)**
(Increase) decrease in inventories	(14,740)	**(44,110)**	4,042	**(397,209)**
Increase in notes and accounts payable, trade	16,561	**10,406**	13,247	**93,706**
Increase (decrease) in accrued income taxes	(2,264)	**2,595**	(1,826)	**23,368**
Other	(7,430)	**(2,430)**	6,786	**(21,882)**
Net cash provided by operating activities	73,092	**61,546**	182,669	**554,219**
Cash flows from investing activities:				
Payments for purchases of property, plant and equipment	(41,569)	**(43,266)**	(65,416)	**(389,608)**
Proceeds from sales of property, plant and equipment	1,712	**1,285**	4,309	**11,571**
Payments for purchases of intangible assets	(4,788)	**(3,953)**	(7,917)	**(35,596)**
Payments of long-term prepaid expenses	(124)	**(785)**	(441)	**(7,069)**
Other	2,801	**1,778**	4,136	**16,011**
Net cash used in investing activities	(41,968)	**(44,941)**	(65,329)	**(404,691)**
Cash flows from financing activities:				
Decrease in short-term borrowings	(23,832)	**(17,924)**	(76,076)	**(161,405)**
Proceeds from long-term debt	27,500	**-**	92,530	**-**
Repayments of long-term debt	(62,889)	**(47,111)**	(164,304)	**(424,232)**
Issuance of common stock	109,915	**-**	109,915	**-**
Cash dividends	(1,367)	**(1,767)**	(3,134)	**(15,912)**
Other	(106)	**(353)**	151	**(3,179)**
Net cash provided by (used in) financing activities	49,221	**(67,155)**	(40,918)	**(604,728)**
Effect of exchange rate fluctuations on cash and cash equivalents	(2,624)	**3,013**	(3,527)	**27,132**
Net increase (decrease) in cash and cash equivalents	77,721	**(47,537)**	72,895	**(428,068)**
Cash and cash equivalents at the beginning of the period	192,288	**265,183**	192,288	**2,387,960**
Cash and cash equivalents at the end of the period	¥270,009	**¥217,646**	¥265,183	**$1,959,892**
Supplemental disclosures of cash flow information:				
Cash received and paid during the period for -				
Interest and dividend received	¥861	**¥1,458**	¥1,681	**$13,129**
Interest paid	(¥3,259)	**(¥2,945)**	(¥6,610)	**($26,520)**
Income taxes paid	(¥8,224)	**(¥8,822)**	(¥17,036)	**($79,442)**

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

Three months ended September 30:

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30		Three months ended September 30,
	2003	**2004**	**2004**
Cash flows from operating activities:			
Net income	¥10,595	**¥21,865**	**$196,893**
Adjustments to reconcile net income to net cash provided by operating activities-			
Depreciation and amortization	27,497	**24,190**	**217,830**
Reorganization costs	1,563	**-**	**-**
Increase (decrease) in allowance for doubtful accounts	(281)	**160**	**1,441**
Accrual for net pension and severance costs, less payments	(553)	**1,709**	**15,389**
Net loss on sales and disposal of property, plant and equipment	1,403	**1,205**	**10,851**
Equity in net gains under the equity method	(66)	**(83)**	**(747)**
Deferred income taxes	5,761	**8,121**	**73,129**
Increase in notes and accounts receivable, trade	(10,750)	**(24,307)**	**(218,883)**
Increase in inventories	(1,262)	**(16,260)**	**(146,421)**
Increase in notes and accounts payable, trade	7,759	**950**	**8,555**
Decrease in accrued income taxes	(1,413)	**(4,330)**	**(38,991)**
Other	(343)	**9,294**	**83,692**
Net cash provided by operating activities	39,910	**22,514**	**202,738**
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment	(20,947)	**(22,864)**	**(205,889)**
Proceeds from sales of property, plant and equipment	1,329	**739**	**6,655**
Payments for purchases of intangible assets	(1,650)	**(2,330)**	**(20,982)**
Payments of long-term prepaid expenses	(95)	**(194)**	**(1,747)**
Other	2,092	**(290)**	**(2,612)**
Net cash used in investing activities	(19,271)	**(24,939)**	**(224,575)**
Cash flows from financing activities:			
Decrease in short-term borrowings	(16,240)	**(2,350)**	**(21,162)**
Proceeds from long-term debt	25,000	**-**	**-**
Repayments of long-term debt	(59,636)	**(7,281)**	**(65,565)**
Issuance of common stock	11,115	**-**	**-**
Other	(5)	**(113)**	**(1,017)**
Net cash used in financing activities	(39,766)	**(9,744)**	**(87,744)**
Effect of exchange rate fluctuations on cash and cash equivalents	(2,849)	**2,058**	**18,532**
Net decrease in cash and cash equivalents	(21,976)	**(10,111)**	**(91,049)**
Cash and cash equivalents at the beginning of the period	291,985	**227,757**	**2,050,941**
Cash and cash equivalents at the end of the period	¥270,009	**¥217,646**	**$1,959,892**
Supplemental disclosures of cash flow information:			
Cash received and paid during the period for-			
Interest and dividend received	¥324	**¥604**	**$5,439**
Interest paid	(¥2,065)	**(¥1,582)**	**($14,246)**
Income taxes paid	(¥1,431)	**(¥4,195)**	**($37,776)**

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

Notes to Consolidated Financial Statements (Unaudited)

1. Basis of presenting consolidated financial statements:

(1) Background -

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

(2) Basis of presenting consolidated financial statements -

The Company and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan while its foreign subsidiaries maintain their records and prepare their financial statements in conformity with accounting principles generally accepted in their respective country of domicile.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries and affiliates (collectively “Epson”) as of September 30, 2004, and for the three months and six months ended September 30, 2004 are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

The accompanying consolidated financial statements incorporate certain reclassifications and rearrangements in order to present them in a form that is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information that is not required under generally accepted accounting principles in Japan, but which is provided herein as additional information. However, none of the reclassifications nor rearrangements have a material effect on the financial statements.

2. Summary of significant accounting policies:

(1) Consolidation and investments in affiliates -

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

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

(2) Foreign currency translation and transactions -

Foreign currency transactions are translated using foreign exchange rates prevailing at the respective transaction dates. Receivables and payables in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates.

All the assets and liabilities of foreign subsidiaries and affiliates are translated at the foreign exchange rates prevailing at the respective balance sheet dates, and all the income and expense accounts are translated at the average foreign exchange rates for the respective periods. Foreign currency financial statement translation differences are recorded in the consolidated balance sheet as a separate component of shareholders' equity.

(3) Cash and cash equivalents -

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

(4) Financial instruments -

(a) Investments in debt and equity securities:

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

Trading securities held for the purpose of generating profits from changes in market value are recognized at their fair value in the consolidated balance sheets. Unrealized gains and losses are included in current income. Held-to-maturity debt securities are expected to be held to maturity and are recognized at historical or amortized cost in the consolidated balance sheets. Other securities for which market quotations are available are recognized at fair value in the consolidated balance sheets. Unrealized gains and losses for these other securities are reported as a separate component of shareholders' equity, net of tax. Other securities for which market quotations are unavailable are stated at cost, based on the weighted average cost method. Other than temporary declines in the value of other securities are reflected in current income.

(b) Derivative financial instruments:

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

For interest rate swaps, if certain hedging criteria are met, interest rate swaps are not recognized at their fair values as an alternative method under Japanese accounting standards. The amounts received or paid for such interest rate swap arrangements are charged or credited to income as incurred.

(c) Allowance for doubtful accounts:

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

(5) Inventories -

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

(6) Property, plant and equipment -

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

The estimated useful lives of depreciable assets principally range from eight to fifty years for buildings and structures and principally range from two to eleven years for machinery and equipment.

(7) Intangible assets -

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

(8) Impairment of long-lived assets -

On August 9, 2002, the Business Accounting Council of Japan issued accounting standards entitled "Statement of Opinion on the Establishment of Accounting Standards for Impairment of Fixed Assets". Further, on October 31, 2003, the Accounting Standards Board of Japan issued Financial Accounting Standards Implementation Guidance No. 6 - "Application Guidance on Accounting Standards for Impairment of Fixed Assets". Effective as of March 31, 2004, Epson has elected to early adopt these accounting standards for impairment of fixed assets.

(9) Accrued bonuses -

Accrued bonuses to employees are provided for the estimated amounts which Epson is obligated to pay to employees after the fiscal period-end, based on services provided during the current period.

On March 9, 2004, the Accounting Standards Board of Japan issued accounting standards concerning accounting for bonuses to directors and statutory auditors, effective for the first fiscal year ending after this standards issued. In the financial statements for fiscal years prior to April 1, 2003, "bonuses to directors and statutory auditors", which are determined through appropriation of retained earnings by resolution of general shareholders' meeting subsequent to fiscal year-end, are reflected in retained earnings of the current year. Under the accounting standards, "bonuses to directors and statutory auditors" are expensed as incurred. Effective as of March 31, 2004, Epson has adopted the accounting standards.

(10) Accrued warranty costs -

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

(11) Income taxes -

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

On May 29, 2003, the Company obtained approval from the National tax agency to file a consolidated tax return system effective from the year beginning April 1, 2003. The Company has adopted the consolidated tax return system for the calculation of income taxes effective from the year ended March 31,

2004. Under the consolidated tax return system, the Company consolidates all wholly owned domestic subsidiaries based on the Japanese tax regulations.

(12) Pension and severance costs -

The Company and its Japanese subsidiaries maintain defined benefit pension plans and defined contribution pension plans covering substantially all of their employees.

The Company and some of its Japanese subsidiaries maintain the welfare pension plan which is funded in conformity with the funding requirements of the Japanese Welfare Pension Insurance Law.

To supplement the welfare pension plan, the Company and some of its Japanese subsidiaries maintain tax qualified pension plans which are non-contributory defined benefit pension plans. These companies contribute amounts required to maintain sufficient plan assets to provide for accrued benefits, subject to limitations on expense deductibility under Japanese income tax laws.

The Company and one consolidated subsidiary changed approximately half of its tax qualified defined benefit plans to new tax qualified defined contribution plans and the remaining half from tax qualified defined benefit plans to new tax qualified corporate defined benefit plans effective from the year beginning April 1, 2004.

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

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

Most of the Company's foreign subsidiaries have various retirement plans, which are primarily defined contribution plans, covering substantially all of their employees. Epson's funding policy for these defined contribution plans is to contribute annually an amount equal to a certain percentage of the participants' annual salaries.

With respect to the Company's directors and statutory auditors, who are not covered by the benefit plans for employees described above, provision is made for retirement benefits based on internal rules regarding directors' and statutory auditors' retirement benefits. In accordance with the Commercial Code of Japan, payments of retirement benefits for directors and statutory auditors are subject to approval by a resolution at the Company's shareholders' meeting.

(13) Revenue recognition -

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

(14) Research and development costs -

Research and development costs are expensed as incurred.

(15) Leases -

Epson leases certain office space, machinery and equipment and computer equipment from third parties.

Under Japanese accounting standards, capital leases, other than those under which ownership of the assets will be transferred to the lessee at the end of the lease term, are allowed to be accounted for as operating leases with footnote disclosure of the estimated acquisition cost, estimated accumulated depreciation and future estimated lease payments.

Epson has recorded substantially all leases as operating leases in the manner described in the preceding paragraph.

(16) Net income per share -

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

Under the Japanese accounting standards concerning accounting for bonus to directors and statutory auditors, effective for the fiscal years beginning on or after April 1, 2003, the bonus to directors and statutory auditors have been charged to income in the year ended March 31, 2004.

(17) Appropriations of retained earnings -

Appropriations of retained earnings reflected in the accompanying consolidated financial statements have been recorded after approval by the shareholders as required under the Commercial Code of Japan. In addition to year-end dividends, the board of directors may declare interim cash dividends by resolution to the shareholders of record as of September 30 of each year.

3. U.S. dollar amounts:

U.S. dollar amounts presented in the accompanying consolidated financial statements and in these notes are included solely for the convenience of readers and are not audited. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate. As the amounts shown in U.S. dollars are for convenience only, a rate of ¥111.05 = U.S.$1, the rate of exchange prevailing at September 30, 2004, has been used.

4. Investments in debt and equity securities:

The aggregate cost and market value (carrying value) of other securities with market values, which were included in investment securities at September 30, 2003 and 2004 and at March 31, 2004 were as follows:

	Millions of yen			
	September 30, 2003			
		Gross unrealized		
	Cost	Gains	Losses	Market value (carrying value)
Equity securities	¥4,338	¥3,115	(¥70)	¥7,383
Debt securities	52	4	(-)	56
Other	594	77	(11)	660
Total	¥4,984	¥3,196	(¥81)	¥8,099

	Millions of yen			
	September 30, 2004			
		Gross unrealized		
	Cost	Gains	Losses	Market value (carrying value)
Equity securities	¥4,517	¥3,734	(¥85)	¥8,166
Debt securities	53	3	(-)	56
Other	144	-	(-)	144
Total	¥4,714	¥3,737	(¥85)	¥8,366

	Millions of yen			
	March 31, 2004			
		Gross unrealized		
	Cost	Gains	Losses	Market value (carrying value)
Equity securities	¥4,352	¥4,051	(¥62)	¥8,341
Debt securities	52	4	(-)	56
Other	615	137	(6)	746
Total	¥5,019	¥4,192	(¥68)	¥9,143

	Thousands of U.S. dollars			
	September 30, 2004			
		Gross unrealized		
	Cost	Gains	Losses	Market value (carrying value)
Equity securities	$40,675	$33,624	($765)	$73,534
Debt securities	477	27	(-)	504
Other	1,297	-	(-)	1,297
Total	$42,449	$33,651	($765)	$75,335

The carrying amount of unlisted investment securities at September 30, 2003 and 2004 and at March 31, 2004 were ¥19,228 million, ¥19,477 million ($175,389 thousand) and ¥19,064 million, respectively.

For the six months ended September 30, 2003 and 2004, other-than-temporary impairments of securities with an aggregate market value of ¥0 million and ¥0 million ($0 thousand), respectively, were charged to current income. For the year ended March 31, 2004, there were no other-than-temporary impairments of securities. Impairments are principally recorded in cases where the fair value of other securities with determinable market values has declined in excess of 30% of cost. Those securities are written down to the fair value and the resulting losses are included in current income for the period.

5. Derivative financial instruments:

Epson enters into forward exchange contracts, currency options and interest rate swaps. Forward exchange contracts and currency options are utilized to hedge currency risk exposures. Interest rate swaps are utilized to hedge against possible future changes in interest rates on floating rate borrowings. Epson uses derivative instruments only for hedging purposes and not for purposes of trading or speculation.

The table below lists contract amounts, notional amounts and fair values of derivatives as at September 30, 2003 and 2004 and as at March 31, 2004, respectively, by transactions and type of instrument, excluding derivatives eligible for hedge accounting.

Instruments	Millions of yen September 30, 2003 Contract amounts	Fair values	Unrealized gains (losses)
Forward exchange contracts:			
Sold -			
U.S. dollar (purchased Japanese yen)	¥4,597	¥4,352	¥245
Euro (purchased Japanese yen)	35,399	33,644	1,755
Sterling pound (purchased Japanese yen)	362	370	(8)
Australian dollar (purchased Japanese yen)	1,490	1,497	(7)
Swiss Francs (purchased Japanese yen)	1,154	1,147	7
Thai baht (purchased U.S. dollar)	269	273	(4)
Swiss Francs (purchased Euro)	756	756	0
Polish zloty (purchased Euro)	28	28	(0)
Purchased -			
U.S. dollar (sold Japanese yen)	284	270	(14)
Euro (sold Japanese yen)	3	3	(0)
Japanese yen (sold Euro)	286	283	(3)
Sterling pound (sold Euro)	373	370	(3)
U.S. dollar (sold Taiwan dollar)	1,463	1,446	(17)
Total unrealized gains from forward exchange contracts			¥1,951

There were no interest rate swap transactions outstanding at September 30, 2003.

Instruments	Millions of yen September 30, 2004 Contract amounts	Fair values	Unrealized gains (losses)
Forward exchange contracts:			
Sold -			
U.S. dollar (purchased Japanese yen)	¥5,848	¥5,997	(¥149)
Euro (purchased Japanese yen)	36,231	37,166	(935)
Australian dollar (purchased Japanese yen)	971	983	(12)
Thai baht (purchased U.S. dollar)	257	256	1
U.S. dollar (purchased Euro)	552	554	(2)
Polish zloty (purchased Euro)	249	251	(2)
Purchased -			
U.S. dollar (sold Japanese yen)	271	281	10
Euro (sold Japanese yen)	82	84	2
U.S. dollar (sold Korean won)	697	672	(25)
U.S. dollar (sold Taiwan dollar)	438	444	6
Total unrealized losses from forward exchange contracts			(¥1,106)

There were no interest rate swap transactions outstanding at September 30, 2004 other than derivatives eligible for hedge accounting.

Instruments	Millions of yen March 31, 2004 Contract amounts	 Fair values	 Unrealized gains (losses)
Forward exchange contracts:			
Sold -			
U.S. dollar (purchased Japanese yen)	¥4,213	¥4,170	¥43
Euro (purchased Japanese yen)	29,600	28,885	715
Sterling pound (purchased Japanese yen)	1,593	1,538	55
Australian dollar (purchased Japanese yen)	1,170	1,142	28
Thai baht (purchased U.S. dollar)	205	206	(1)
Polish zloty (purchased Euro)	327	327	(0)
Purchased -			
U.S. dollar (sold Japanese yen)	5,967	5,792	(175)
Euro (sold Japanese yen)	77	75	(2)
Sterling pound (sold Euro)	678	678	(0)
U.S. dollar (sold Korean won)	434	425	(9)
U.S. dollar (sold Taiwan dollar)	758	739	(19)
Total unrealized gains from forward exchange contracts			¥635

There were no interest rate swap transactions outstanding at March 31, 2004 other than derivatives eligible for hedge accounting.

Instruments	Thousands of U.S. dollars September 30, 2004 Contract amounts	 Fair values	 Unrealized gains (losses)
Forward exchange contracts:			
Sold -			
U.S. dollar (purchased Japanese yen)	$52,661	$54,003	($1,342)
Euro (purchased Japanese yen)	326,259	334,678	(8,419)
Australian dollar (purchased Japanese yen)	8,744	8,852	(108)
Thai baht (purchased U.S. dollar)	2,314	2,305	9
U.S. dollar (purchased Euro)	4,971	4,989	(18)
Polish zloty (purchased Euro)	2,242	2,260	(18)
Purchased -			
U.S. dollar (sold Japanese yen)	2,440	2,530	90
Euro (sold Japanese yen)	738	756	18
U.S. dollar (sold Korean won)	6,276	6,051	(225)
U.S. dollar (sold Taiwan dollar)	3,944	3,998	54
Total unrealized losses from forward exchange contracts			($9,959)

There were no interest rate swap transactions outstanding at September 30, 2004 other than derivatives eligible for hedge accounting.

These forward exchange contracts were entered into for hedging purposes. Unrealized gains and losses from these contracts are recognized in earnings. Forward exchange contracts assigned individually to monetary items denominated in foreign currencies are excluded from the above table.

6. Assets pledged as collateral for secured loans and debt:

Assets pledged as collateral for secured loans and debt at September 30, 2003 and 2004 and at March 31, 2004 were as follows:

	Millions of yen			Thousands of U.S. dollars
Pledged assets	September 30, 2003	September 30, 2004	March 31, 2004	September 30, 2004
Buildings and structures	¥1,527	¥1,150	¥1,457	$10,356
Machinery and equipment	425	173	370	1,558
Furniture and fixtures	21	-	18	-
Land	386	286	386	2,575
Total	¥2,359	¥1,609	¥2,231	$14,489

	Millions of yen			Thousands of U.S. dollars
Secured loans and debt	September 30, 2003	September 30, 2004	March 31, 2004	September 30, 2004
Current portion of long-term debt	¥119	¥4	¥30	$36
Long-term debt	4	-	-	-
Total	¥123	¥4	¥30	$36

In the six months ended September 30, 2004, Epson entered into line of credit agreements with four banks for an aggregate maximum amount of ¥50,000 million ($450,248 thousand). As at September 30, 2004, there were unused credit lines of ¥50,000 million ($450,248 thousand) outstanding and available.

7. Shareholders' equity:

The Company's common stock was listed on the First Section of the Tokyo Stock Exchange on June 24, 2003. As a result of the listing, 44,500,000 shares of common stock were issued by the Company with the aggregate net proceeds of ¥109,915 million. Of the 44,500,000 shares, 28,305,500 shares of common stock were offered in Japan and 16,194,500 were offered outside of Japan in an international offering. As a result of this issuance, common stock and additional paid-in capital increased ¥40,673 and ¥69,242, respectively.

8. Net income per share:

Calculation of net income per share for the six months ended September 30, 2003 and 2004 and for the year ended March 31, 2004 were as follows:

	Millions of yen			Thousands of U.S. dollars
	Six months ended September 30		Year ended March 31,	Six months ended September 30,
	2003	2004	2004	2004
Net income attributable to common shares	¥16,563	¥39,473	¥38,031	$355,452
Weighted average number of common shares outstanding:				
-Basic	175,200,552	196,364,201	185,782,470	
-Diluted	175,510,946	-	185,937,667	
	Yen			U.S. dollars
Net income per share:				
-Basic	¥94.53	¥201.02	¥204.70	$1.81
-Diluted	¥94.36	¥-	¥204.53	$-

Epson had no dilutive potential common shares, such as convertible debt or warrants, outstanding for the six months ended September 30, 2004.

9. Reorganization costs:

The reorganization costs for the six months ended September 30, 2003 mainly represents reorganization for certain overseas manufacturing plants in the display business.

10. Cash flow information:

Cash and cash equivalents at September 30, 2003 and 2004 and at March 31, 2004 were composed of the following:

	Millions of yen			Thousands of U.S. dollars
	September 30, 2003	September 30, 2004	March 31, 2004	September 30, 2004
Cash and deposits	¥272,187	¥218,872	¥266,254	$1,970,932
Less:				
Short-term bank loans (overdrafts)	(1,768)	(397)	(562)	(3,575)
Time deposits due over three months	(410)	(829)	(509)	(7,465)
Investments held for more than three months	(0)	(-)	(-)	(-)
Cash and cash equivalents	¥270,009	¥217,646	¥265,183	$1,959,892

11. Leases:

As described in Note 2 (15), Epson, as a lessee, charges periodic capital lease payments to expense when paid. Such payments for the six months ended September 30, 2003 and 2004 and for the year ended March 31, 2004 amounted to ¥1,929 million, ¥1,159 million ($10,437 thousand) and ¥3,211 million, respectively.

If capital leases that do not transfer the ownership of the assets to the lessee at the end of the lease term were capitalized, the capital lease assets at September 30, 2003 and 2004 and at March 31, 2004 would have been as follows:

	Millions of yen			Thousands of U.S. dollars
	September 30, 2003	September 30, 2004	March 31, 2004	September 30, 2004
Acquisition cost:				
Machinery and equipment	¥3,145	¥2,333	¥2,483	$21,009
Furniture and fixtures	6,741	5,219	5,977	46,997
Intangible assets	1,506	1,051	1,133	9,464
	11,392	8,603	9,593	77,470
Less: accumulated depreciation	(6,790)	(5,042)	(5,450)	(45,403)
Net book value	¥4,602	¥3,561	¥4,143	$32,067

Depreciation expenses for these leased assets for the six months ended September 30, 2003 and 2004 and for the year ended March 31, 2004 would have been ¥1,791 million, ¥1,082 million ($9,743 thousand) and ¥2,997 million, respectively, if they were computed in accordance with the straight-line method over the periods of these capital leases, assuming no remaining value.

Interest expense for these capital leases for the six months ended September 30, 2003 and 2004 and for the year ended March 31, 2004 would have been ¥54 million, ¥37 million ($333 thousand) and ¥97 million, respectively.

Future lease payments for capital leases at September 30, 2003 and 2004 and at March 31, 2004 were as follows:

	Millions of yen			Thousands of U.S. dollars
Future lease payments	September 30, 2003	September 30, 2004	March 31, 2004	September 30, 2004
Due within one year	¥2,182	¥1,563	¥1,910	$14,075
Due after one year	2,504	2,054	2,286	18,496
Total	¥4,686	¥3,617	¥4,196	$32,571

Future lease payments for non-cancelable operating leases as a lessee at September 30, 2003 and 2004 and at March 31, 2004 were as follows:

Future lease payments	Millions of yen September 30, 2003	Millions of yen September 30, 2004	Millions of yen March 31, 2004	Thousands of U.S. dollars September 30, 2004
Due within one year	¥2,898	¥2,945	¥2,729	$26,520
Due after one year	10,244	8,518	8,511	76,704
Total	¥13,142	¥11,463	¥11,240	$103,224

In addition, future lease receipts for non-cancelable operating leases as a lessor at September 30, 2003 and 2004 and at March 31, 2004 were as follows:

Future lease receipts	Millions of yen September 30, 2003	Millions of yen September 30, 2004	Millions of yen March 31, 2004	Thousands of U.S. dollars September 30, 2004
Due within one year	¥346	¥318	¥301	$2,864
Due after one year	2,435	1,923	2,008	17,316
Total	¥2,781	¥2,241	¥2,309	$20,180

12. Commitments and contingent liabilities:

Contingent liabilities for guarantee of employees' housing loans from banks at September 30, 2003 and 2004 and at March 31, 2004 were ¥4,118 million, ¥3,130 million ($28,186 thousand) and ¥3,744 million, respectively. Furthermore, the amount of discounted notes, which consisted of discounted letters of credit, at September 30, 2003 and 2004 and at March 31, 2004 were ¥19 million, ¥36 million ($324 thousand) and ¥19 million, respectively.

13. Segment information:

(1) Business segment information -

Epson is primarily engaged in the development, manufacture and sale of computer printers, liquid crystal displays ("LCDs"), semiconductor products and other products.

Epson operates manufacturing facilities in Japan, Asia, the Americas and Europe, and markets its products internationally through a global network of local sales subsidiaries.

Epson is engaged principally in the following three business segments categorized based on the nature of products, markets and marketing methods.

Information-related equipment segment, including color inkjet printers, laser printers, dot matrix printers, large format inkjet printers, and related supplies, color image scanners, LCD projectors, HDTV LCD projection television, LCD monitors, label writers, mini-printers, printers for use in POS systems and personal computers.

Electronic devices segment, including small and medium-sized LCD modules, TFT LCD modules for LCD projectors, CMOS LSI, crystal units and crystal oscillators.

Precision products segment, including watches, watch movements, plastic corrective lenses, optical devices, precision industrial robots and IC handlers.

Operations not categorized in any of the above segments, such as services offered within Epson and new business still in the start-up phase, are categorized within "Other".

The table below summarizes the business segment information of Epson for the six months ended September 30, 2003 and 2004 and for the year ended March 31, 2004:

Six months ended September 30:

	Millions of yen			Thousands of U.S. dollars
	Six months ended September 30		Year ended March 31, 2004	Six months ended September 30,
	2003	**2004**	2004	**2004**
Information-related equipment:				
Net sales:				
Customers	¥421,137	**¥432,980**	¥917,116	**$3,898,964**
Inter-segment	1,312	**1,574**	3,264	**14,174**
Total	422,449	**434,554**	920,380	**3,913,138**
Operating expenses	394,249	**403,583**	874,478	**3,634,246**
Operating income	¥28,200	**¥30,971**	¥45,902	**$278,892**
Electronic devices:				
Net sales:				
Customers	¥197,258	**¥206,197**	¥413,540	**$1,856,794**
Inter-segment	13,094	**14,531**	27,613	**130,851**
Total	210,352	**220,728**	441,153	**1,987,645**
Operating expenses	200,911	**183,553**	400,532	**1,652,886**
Operating income	¥9,441	**¥37,175**	¥40,621	**$334,759**
Precision products:				
Net sales:				
Customers	¥37,091	**¥41,505**	¥77,736	**$373,751**
Inter-segment	1,490	**2,308**	3,366	**20,783**
Total	38,581	**43,813**	81,102	**394,534**
Operating expenses	37,156	**41,061**	78,292	**369,752**
Operating income	¥1,425	**¥2,752**	¥2,810	**$24,782**
Other:				
Net sales:				
Customers	¥2,368	**¥2,792**	¥4,851	**$25,142**
Inter-segment	11,422	**15,143**	24,606	**136,362**
Total	13,790	**17,935**	29,457	**161,504**
Operating expenses	19,917	**23,063**	41,480	**207,681**
Operating loss	(¥6,127)	**(¥5,128)**	(¥12,023)	**($46,177)**
Eliminations and corporate:				
Net sales	(¥27,318)	**(¥33,556)**	(¥58,849)	**($302,170)**
Operating expenses	(27,494)	**(33,652)**	(58,940)	**(303,034)**
Operating income	¥176	**¥96**	¥91	**$864**
Consolidated:				
Net sales	¥657,854	**¥683,474**	¥1,413,243	**$6,154,651**
Operating expenses	624,739	**617,608**	1,335,842	**5,561,531**
Operating income	¥33,115	**¥65,866**	¥77,401	**$593,120**

The table below summarizes the business segment information of Epson for the three months ended September 30, 2003 and 2004:

Three months ended September 30:

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30		Three months ended September 30,
	2003	**2004**	**2004**
Information-related equipment:			
Net sales:			
Customers	¥216,472	**¥221,161**	**$1,991,544**
Inter-segment	838	**938**	**8,447**
Total	217,310	**222,099**	**1,999,991**
Operating expenses	204,689	**206,078**	**1,855,723**
Operating income	¥12,621	**¥16,021**	**$144,268**
Electronic devices:			
Net sales:			
Customers	¥105,364	**¥106,275**	**$957,002**
Inter-segment	7,355	**7,355**	**66,231**
Total	112,719	**113,630**	**1,023,233**
Operating expenses	104,071	**95,610**	**860,964**
Operating income	¥8,648	**¥18,020**	**$162,269**
Precision products:			
Net sales:			
Customers	¥19,738	**¥21,649**	**$194,948**
Inter-segment	819	**1,242**	**11,184**
Total	20,557	**22,891**	**206,132**
Operating expenses	19,328	**21,264**	**191,481**
Operating income	¥1,229	**¥1,627**	**$14,651**
Other:			
Net sales:			
Customers	¥1,087	**¥1,462**	**$13,165**
Inter-segment	6,092	**6,810**	**61,324**
Total	7,179	**8,272**	**74,489**
Operating expenses	10,945	**10,901**	**98,163**
Operating loss	(¥3,766)	**(¥2,629)**	**($23,674)**
Eliminations and corporate:			
Net sales	(¥15,104)	**(¥16,345)**	**($147,186)**
Operating expenses	(¥15,270)	**(16,439)**	**(148,033)**
Operating income	¥166	**¥94**	**$847**
Consolidated:			
Net sales	¥342,661	**¥350,547**	**$3,156,659**
Operating expenses	323,763	**317,414**	**2,858,298**
Operating income	¥18,898	**¥33,133**	**$298,361**

(2) Geographic segment information -

Net sales are attributed to geographic segments based on the country location of the Company or the subsidiary that transacted the sale with the external customer. Principal countries and jurisdictions in each geographic segment are as follows:

“The Americas” mainly includes the United States, Canada, Brazil, Chile, Argentina, Costa Rica, Colombia, Venezuela, Mexico and Peru.

“Europe” mainly includes the United Kingdom, the Netherlands, Germany, France, Italy, Spain, Portugal and Russia.

“Asia/Oceania” mainly includes China (including Hong Kong), Singapore, Malaysia, Taiwan, Thailand, the Philippines, Australia, New Zealand, Indonesia, Korea and India.

The table below summarizes the geographic segment information of Epson for the six months ended September 30, 2003 and 2004 and for the year ended March 31, 2004:

Six months ended September 30:

	Millions of yen			Thousands of U.S. dollars
	Six months ended September 30		Year ended March 31,	Six months ended September 30,
	2003	**2004**	2004	**2004**
Japan:				
Net sales:				
Customers	¥324,439	**¥298,315**	¥686,553	**$2,686,313**
Inter-segment	235,910	**296,250**	491,089	**2,667,717**
Total	560,349	**594,565**	1,177,642	**5,354,030**
Operating expenses	542,217	**551,552**	1,141,043	**4,966,700**
Operating income	¥18,132	**¥43,013**	¥36,599	**$387,330**
The Americas:				
Net sales:				
Customers	¥107,768	**¥119,012**	¥224,683	**$1,071,697**
Inter-segment	20,606	**22,384**	42,320	**201,567**
Total	128,374	**141,396**	267,003	**1,273,264**
Operating expenses	125,174	**132,821**	255,937	**1,196,047**
Operating income	¥3,200	**¥8,575**	¥11,066	**$77,217**
Europe:				
Net sales:				
Customers	¥124,929	**¥153,071**	¥297,772	**$1,378,397**
Inter-segment	1,557	**1,132**	2,497	**10,194**
Total	126,486	**154,203**	300,269	**1,388,591**
Operating expenses	124,717	**148,879**	290,719	**1,340,648**
Operating income	¥1,769	**¥5,324**	¥9,550	**$47,943**
Asia/Oceania:				
Net sales:				
Customers	¥100,718	**¥113,076**	¥204,235	**$1,018,244**
Inter-segment	226,027	**252,497**	478,878	**2,273,723**
Total	326,745	**365,573**	683,113	**3,291,967**
Operating expenses	316,782	**350,539**	664,517	**3,156,587**
Operating income	¥9,963	**¥15,034**	¥18,596	**$135,380**
Eliminations and corporate:				
Net sales	(¥484,100)	**(¥572,263)**	(¥1,014,784)	**($5,153,201)**
Operating expenses	(484,151)	**(566,183)**	(1,016,374)	**(5,098,451)**
Operating income (loss)	¥51	**(¥6,080)**	¥1,590	**($54,750)**
Consolidated:				
Net sales	¥657,854	**¥683,474**	¥1,413,243	**$6,154,651**
Operating expenses	624,739	**617,608**	1,335,842	**5,561,531**
Operating income	¥33,115	**¥65,866**	¥77,401	**$593,120**

The table below summarizes the geographic segment information of Epson for the three months ended September 30, 2003 and 2004:

Three months ended September 30:

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30		Three months ended September 30,
	2003	**2004**	**2004**
Japan:			
Net sales:			
Customers	¥168,305	**¥152,025**	**$1,368,977**
Inter-segment	117,739	**148,120**	**1,333,814**
Total	286,044	**300,145**	**2,702,791**
Operating expenses	278,861	**277,436**	**2,498,298**
Operating income	¥7,183	**¥22,709**	**$204,493**
The Americas:			
Net sales:			
Customers	¥56,509	**¥62,722**	**$564,809**
Inter-segment	10,629	**10,898**	**98,136**
Total	67,138	**73,620**	**662,945**
Operating expenses	64,890	**70,003**	**630,374**
Operating income	¥2,248	**¥3,617**	**$32,571**
Europe:			
Net sales:			
Customers	¥63,784	**¥77,145**	**$694,687**
Inter-segment	729	**686**	**6,177**
Total	64,513	**77,831**	**700,864**
Operating expenses	62,876	**76,043**	**684,763**
Operating income	¥1,637	**¥1,788**	**$16,101**
Asia/Oceania:			
Net sales:			
Customers	¥54,063	**¥58,655**	**$528,186**
Inter-segment	115,380	**125,867**	**1,133,426**
Total	169,443	**184,522**	**1,661,612**
Operating expenses	163,306	**178,105**	**1,603,827**
Operating income	¥6,137	**¥6,417**	**$57,785**
Eliminations and corporate:			
Net sales	(¥244,477)	**(¥285,571)**	**($2,571,553)**
Operating expenses	(¥246,170)	**(284,173)**	**(2,558,964)**
Operating income (loss)	¥1,693	**(¥1,398)**	**($12,589)**
Consolidated:			
Net sales	¥342,661	**¥350,547**	**$3,156,659**
Operating expenses	323,763	**317,414**	**2,858,298**
Operating income	¥18,898	**¥33,133**	**$298,361**

(3) Sales to overseas customers -

The table below shows sales to overseas customers by geographic region, and as a percentage of consolidated net sales, for the six months ended September 30, 2003 and 2004 and for the year ended March 31, 2004:

	Millions of yen			Thousands of U.S. dollars
	Six months ended September 30		Year ended March 31,	Six months ended September 30,
	2003	**2004**	2004	**2004**
Overseas sales:				
The Americas	¥114,731	**¥122,949**	¥235,116	**$1,107,150**
Europe	164,654	**179,779**	363,424	**1,618,901**
Asia/Oceania	153,719	**153,197**	310,806	**1,379,532**
Total	433,104	**455,925**	909,346	**4,105,583**
Consolidated net sales	¥657,854	**¥683,474**	¥1,413,243	**$6,154,651**
Percentage:				
The Americas	17.4%	**18.0%**	16.6%	
Europe	25.0	**26.3**	25.7	
Asia/Oceania	23.4	**22.4**	22.0	
Total	65.8%	**66.7%**	64.3%	

The table below shows sales to overseas customers by geographic region, and as a percentage of consolidated net sales, for the three months ended September 30, 2003 and 2004:

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30		Three months ended September 30,
	2003	**2004**	**2004**
Overseas sales:			
The Americas	¥59,428	**¥65,046**	**$585,736**
Europe	84,426	**93,544**	**842,359**
Asia/Oceania	84,016	**80,523**	**725,106**
Total	227,870	**239,113**	**2,153,201**
Consolidated net sales	¥342,661	**¥350,547**	**$3,156,659**
Percentage:			
The Americas	17.4%	**18.5%**	
Europe	24.6	**26.7**	
Asia/Oceania	24.5	**23.0**	
Total	66.5%	**68.2%**	

14. Subsequent events:

On October 1, 2004, the Company and SANYO Electric Co., Ltd. ("SANYO") combined their liquid crystal businesses and commenced operation as a joint venture company, called SANYO EPSON IMAGING DEVICES CORPORATION ("SANYO EPSON"), in order to become a leading manufacturer of small and medium-sized LCD's.

On October 1, 2004, the Company and SANYO, including its subsidiaries Tottori SANYO Electric Co., Ltd. and SANYO LCD Engineering Co., Ltd., transferred their liquid crystal businesses to SANYO EPSON. The paid-in capital of SANYO EPSON is ¥15,000 million ($135,074 thousand) and is owned 55% and 45% by the Company and by SANYO, respectively. SANYO EPSON is a consolidated subsidiary of Seiko Epson Corporation.

Epson transferred its D-TFD LCD and STN LCD businesses to SANYO EPSON. SANYO and its subsidiaries ("SANYO Group") transferred its Low Temperature Poly-Si TFT LCD and Amorphous TFT LCD businesses to SANYO EPSON. The High Temperature Poly-Si TFT LCD business and Organic Light-Emitting displays LCD business of Epson, and Organic Light-Emitting displays LCD business of SANYO Group, were not transferred to SANYO EPSON. Assets and liabilities transferred from SANYO Group to SANYO EPSON are estimated to be ¥81.7 billion and ¥36.0 billion, respectively, as described in the joint venture agreement. However, the final amounts of assets and liabilities transferred from SANYO Group to SANYO EPSON on October 1, 2004 have not yet been determined as Epson and SANYO Group are in the process of calculating these amounts.

Supplementary Information

Consolidated Half Year ended September 30, 2004

Cautionary Statement

This report includes forward-looking statements which are based on management's view from the information available at the time of the announcement. These statements involve 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 trend, competition, technology trend, exchange rate fluctuations.

1． Sales by division

(Unit: billion yen)

	Six months ended September 30, 2003	Six months ended September 30, 2004	Increase %	Forecast for the year ended March 31, 2005
Information-related equipment	422.4	434.6	2.9%	976.0
Imaging & information	333.3	377.9	13.4%	841.0
Visual instruments	38.7	39.5	1.8%	98.0
System device & PC	57.2	-	- %	-
Other	-	24.0	- %	49.0
Intra-segment sales	(6.8)	(6.8)	- %	(12.0)
Electronic devices	210.3	220.7	4.9%	500.0
Display	144.6	136.5	(5.6%)	340.0
Semiconductor	70.9	71.7	1.1%	137.0
Quartz device	19.7	26.2	32.6%	50.0
Other	1.7	1.2	(31.6%)	2.0
Intra-segment sales	(26.6)	(14.9)	- %	(29.0)
Precision products	38.6	43.8	13.6%	86.0
Other	13.8	17.9	30.1%	32.0
Inter-segment sales	(27.3)	(33.5)	- %	(62.0)
Consolidated sales	657.8	683.5	3.9%	1,532.0

(Note) Divisional category of information-related equipment segment is changed to “Imaging & information”, “Visual instruments” and “Other” from the six months ended September 30, 2004 and the year ended March 31, 2005.

(Note) The divisional category of information-related equipment segment was “Imaging & information”, “Visual instruments” and “System device & PC” before the fiscal year beginning on April 1, 2004. System device division was united to Imaging & information division in the year ended March 31, 2004. The divisional category of information related equipment segment was changed to “Imaging & information”, “Visual instruments” and “Other” from the six months ended September 30, 2004 and the year ended March 31, 2005.

As a result of it, net sales increased by ¥32.6 billion in Imaging & information for the six months ended September 30, 2004, as compared with the amount of Imaging & information which was reported in the six months ended September 30, 2003, and decreased by ¥32.6 billion in Other for the six months ended September 30, 2004, as compared with the amount of System device & PC which was reported in the six months ended September 30, 2003.

Net sales will increase by ¥62.5 billion in Imaging & information for the year ended March 31, 2005, as compared with the amount of Imaging & information which was reported in the year ended March 31, 2004, and will decrease by ¥62.5 billion in Other for the year ended March 31, 2005, as compared with the amount of System device & PC which was reported in the year ended March 31, 2004.

The table below summarizes the sales by division of Epson for the six months ended September 30, 2003 and 2004, and the year ended March 31, 2005. The sales by division for the six months ended September 30, 2003 was categorized as if the new divisional classification had been applied retroactively.

(Unit: billion yen)

	Six months ended September 30, 2003	Six months ended September 30, 2004	Increase %	Forecast for the year ended March 31, 2005	Increase compared to year ended March 31, 2004 %
Information-related equipment	422.4	434.6	2.9%	976.0	6.0%
Imaging & information	363.7	377.9	3.9%	841.0	6.1%
Visual instruments	38.7	39.5	1.8%	98.0	12.2%
Other	26.8	24.0	(10.7%)	49.0	(9.4%)
Intra-segment sales	(6.8)	(6.8)	- %	(12.0)	- %
Electronic devices	210.3	220.7	4.9%	500.0	13.3%
Display	144.6	136.5	(5.6%)	340.0	13.9%
Semiconductor	70.9	71.7	1.1%	137.0	(6.4%)
Quartz device	19.7	26.2	32.6%	50.0	15.7%
Other	1.7	1.2	(31.6%)	2.0	(31.0%)
Intra-segment sales	(26.6)	(14.9)	- %	(29.0)	- %
Precision products	38.6	43.8	13.6%	86.0	6.0%
Other	13.8	17.9	30.1%	32.0	8.6%
Inter-segment sales	(27.3)	(33.5)	- %	(62.0)	- %
Consolidated sales	657.8	683.5	3.9%	1,532.0	8.4%

2. Business segment information

(Unit: billion yen)

	Six months ended September 30, 2003	Six months ended September 30, 2004	Increase %	Forecast for the year ended March 31, 2005	Increase compared to year ended March 31, 2004 %
Information-related equipment					
Net sales					
Customers	421.1	433.0	2.8%	974.0	6.2%
Inter-segment	1.3	1.6	20.0%	2.0	(38.7%)
Total	422.4	434.6	2.9%	976.0	6.0%
Operating expenses	394.2	403.6	2.4%	899.0	2.8%
Operating income	28.2	31.0	9.8%	77.0	67.7%
Electronic devices					
Net sales					
Customers	197.3	206.2	4.5%	472.0	14.1%
Inter-segment	13.0	14.5	11.0%	28.0	1.4%
Total	210.3	220.7	4.9%	500.0	13.3%
Operating expenses	200.9	183.5	(8.6%)	452.0	12.8%
Operating income	9.4	37.2	293.8%	48.0	18.2%
Precision products					
Net sales					
Customers	37.1	41.5	11.9%	81.0	4.2%
Inter-segment	1.5	2.3	54.9%	5.0	48.5%
Total	38.6	43.8	13.6%	86.0	6.0%
Operating expenses	37.2	41.1	10.5%	81.0	3.5%
Operating income	1.4	2.7	93.2%	5.0	77.9%
Other					
Net sales					
Customers	2.4	2.8	17.9%	5.0	3.1%
Inter-segment	11.4	15.1	32.6%	27.0	9.7%
Total	13.8	17.9	30.1%	32.0	8.6%
Operating expenses	19.9	23.0	15.8%	45.0	8.5%
Operating loss	(6.1)	(5.1)	-%	(13.0)	-%
Elimination and corporate					
Net sales	(27.3)	(33.5)	-%	(62.0)	-%
Operating expenses	(27.5)	(33.6)	-%	(62.0)	-%
Operating income	0.2	0.1	(45.7%)	0.0	-%
Consolidated					
Net sales	657.8	683.5	3.9%	1,532.0	8.4%
Operating expenses	624.7	617.6	(1.1%)	1,415.0	5.9%
Operating income	33.1	65.9	98.9%	117.0	51.2%

3. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

	Six months ended September 30, 2003	Six months ended September 30, 2004	Increase %	Forecast for the year ended March 31, 2005	Increase compared to year ended March 31, 2004 %
Capital expenditure	28.8	45.2	56.9%	166.6	142.2%
Information-related equipment	18.6	14.7	(21.0%)	33.6	1.8%
Electronic devices	6.5	25.3	287.8%	110.4	418.2%
Precision products	1.2	1.6	34.4%	5.2	30.3%
Other	2.5	3.6	45.0%	17.4	65.8%
Depreciation and amortization	53.5	46.8	(12.6%)	109.8	(0.6%)

4. Research and development

(Unit: billion yen)

	Six months ended September 30, 2003	Six months ended September 30, 2004	Increase %	Forecast for the year ended March 31, 2005	Increase compared to year ended March 31, 2004 %
Research and Development	43.6	42.0	(3.7%)	92.7	2.5%
R&D / sales ratio	6.6%	6.2%		6.1%	

5. Management indices

(Unit: %)

	Six months ended September 30, 2003	Six months ended September 30, 2004	Increase Point	Forecast for the year ended March 31, 2005	Increase compared to year ended March 31, 2004 Point
Return on equity (ROE)	4.9%	9.0%	4.1	14.6%	3.7
Return on assets (ROA)	2.4%	4.9%	2.5	8.7%	3.3
Return on sales (ROS)	4.4%	8.7%	4.3	7.0%	2.4

Note 1. ROE=Net Income / Beginning and ending balance average shareholders' equity
2. ROA=Income before income tax and minority interest / Beginning and ending balance average total assets
3. ROS=Income before income tax and minority interest / Net sales

6. Foreign exchange fluctuation effect on net sales

(Unit: billion yen)

	Six months ended September 30, 2003	Six months ended September 30, 2004	Increase
Foreign exchange effect	4.3	(16.2)	(20.5)
U.S. dollars	(5.0)	(9.5)	(4.5)
Euro	11.3	(0.2)	(11.5)
Other	(2.0)	(6.5)	(4.5)
Exchange rate			
Yen / U.S. dollars	118.05	109.86	
Yen / Euro	133.46	133.32	

Note: Foreign exchange effect=(Foreign currency sales for the period) x (average rate for the period – average rate for the same prior period)

7. Inventory

(Unit: billion yen)

	September 30, 2003	March 31, 2004	September 30, 2004	Increase compared to March 31, 2004
Inventory	177.3	155.9	204.7	48.8
Information-related equipment	111.8	96.9	140.4	43.5
Electronic devices	50.5	45.7	49.4	3.7
Precision products	13.2	12.1	13.7	1.6
Other/ Corporate	1.8	1.2	1.2	(0.0)
				(Unit: days)
Turnover by days	49	40	55	15
Information-related equipment	48	39	59	20
Electronic devices	44	38	41	3
Precision products	63	55	57	2
Other/ Corporate	25	15	15	-

Note: Turnover by days=ending balance of inventory / prior 6 months sales per day

8.Employees

(Unit: person)

	September 30, 2003	March 31, 2004	September 30, 2004	Increase compared to March 31, 2004
Number of employees at period end	88,036	84,899	86,919	2,020
Domestic	20,739	21,044	21,151	107
Overseas	67,297	63,855	65,768	1,913