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October 29, 2008

CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2008

Consolidated Financial Highlights

Income statements and cash flows data

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

	Six months ended September 30		Change	Six months ended September 30, 2008
	2007	2008		
Statements of Income Data:				
Net sales	¥656,267	**¥615,784**	-6.2%	**$5,945,582**
Operating income	22,264	**28,008**	25.8%	**270,425**
Ordinary income	25,846	**27,497**	6.4%	**265,491**
Net income	3,257	**11,720**	259.8%	**113,160**
Statements of Cash Flows Data:				
Cash flows from operating activities	29,200	**20,766**	-28.9%	**200,502**
Cash flows from investing activities	(33,864)	**(35,846)**	5.9%	**(346,104)**
Cash flows from financing activities	(33,715)	**(31,188)**	-7.5%	**(301,129)**
Cash and cash equivalents at the end of the period	296,723	**273,200**	-7.9%	**2,637,829**
Per Share Data:				
Net income per share -Basic	¥16.59	**¥59.69**	259.8%	**$0.57**
-Diluted	**¥-**	**¥-**	- %	**$-**

Balance sheets data

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

	September 30, 2008	March 31, 2008	September 30, 2008
Total assets	**¥1,137,613**	¥1,139,165	**$10,984,001**
Net assets	**485,224**	471,446	**4,684,985**
Shareholders' equity	**460,828**	447,205	**4,449,435**
Shareholders' equity ratio (%)	**40.5%**	39.3%	**40.5%**
Shareholders' equity per share	**¥2,346.83**	¥2,277.45	**$22.65**

Notes
I. The consolidated figures are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated figures prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.
II. Figures in 'Change' column are comparisons with the same period of the previous year.
III. Diluted net income per share is presented only if there are dilutive factors present.
IV. Shareholders' equity is equity excluding minority interests in subsidiaries.
V. U.S. dollar amounts are included solely for the convenience of readers. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate. The rate of ¥103.57 = U.S.$1 at September 30, 2008 has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

1. Operating Performance Highlights

Fiscal 2008 Second-Quarter Overview

The global economic environment turned sharply negative during the second quarter of the year under review. In addition to the mounting financial crisis, concerns intensified that the U.S. economy has entered a recession amid a run-up of the core price index, rising unemployment, and a slowdown in personal spending. The European economy also weakened. Although China and other countries in Asia saw continued economic expansion, the global slowdown showed signs of spreading. The Japanese economy, which had been treading water, weakened during the quarter due to the global economic slowdown, as evidenced by declines in exports and production, weakness in capital spending, and declining corporate profits.

The main markets of the Epson Group ("Epson") were as follows. The inkjet printer market contracted compared to last year in every region except Asia. The serial-impact dot-matrix (SIDM) printer market, though contracting in Europe, the U.S. and Japan, recorded strong growth in regions such as China, Southeast Asia and South America. POS systems were negatively impacted by restrained capital spending on the part of major retailers in the face of the U.S. economic slowdown.

The projector market remained strong due to increased demand for business projectors, especially models used in educational institutions. At the same time, demand for compact projectors that offer high brightness and high-resolution images is expanding. The home-theater projector market picked back up following last year's lackluster growth, which slowed due to the emergence of competitively priced large-screen flat-panel TVs.

The mobile phone handset market, the main destination for small- and medium-sized LCDs, expanded. The market was driven primarily by new demand for low-end phones in the emerging economies of Africa, the Middle East, and across Asia, including China and India. At the same time, however, upgrade demand for 3G phones in Europe and the U.S. pulled back due to the economic slowdown. The number of enterprises introducing PDA phones for business uses is increasing. Apart from handset applications, the markets for digital cameras and portable media players ("PMPs") also expanded, though growth is slowing largely due to the economic slowdown.

Meanwhile, however, the markets for Epson's information-related equipment and electronic device products suffer from continued price erosion due to fierce competition in every segment and a relentless shift of demand toward the low-price zone.

In our precision products segment, demand for watches and semiconductor manufacturing equipment softened as a result of the economic slowdown, while eyeglass lens revenues suffered from continued price erosion.

Given the business environment, Epson is engaged in the following projects in fiscal 2008.

First, in the inkjet printer business we are aiming for continued unit sales growth by launching highly competitive products and by adopting a marketing strategy designed to expand print volumes. We are also intent on continuing our efforts to groom our Micro Piezo technology in order that we can leverage its advantages in the business and industrial printing domains, where it will become a key source of future profit.

On the other hand, we are in the process of transforming our small- and medium-sized display business. Specifically, we are further concentrating our management resources on amorphous-silicon TFT LCDs ("a-TFTs") and low-temperature polysilicon TFT LCDs ("LTPS"). We are also aiming to reduce our dependence on mobile phone handset demand by continuing last year's efforts to capture business opportunities in other markets.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the second quarter of the year under review were ¥107.66 and ¥161.93, respectively. This represents an 8.7% appreciation in the value of the yen against the dollar compared to the same period last year, while the value of the yen against the euro remained largely unchanged over the same period.

Second-quarter net sales were ¥311,507 million ($3,007,695 thousand), down 7.7% compared to the same period last year. Also on a year over year basis, operating income was down 46.8% to ¥5,634 million ($54,397 thousand), ordinary income declined 57.1% to ¥5,519 million ($53,287 thousand), and net income fell 27.9% to ¥1,420 million ($13,710 thousand).

Operating Performance Highlights by Business Segment

A segment-by-segment breakdown of financial results is provided below.

Information-related equipment

The printer business as a whole saw net sales decline. In inkjet printers (including consumables, as in all printer discussions below), unit shipments of consumer models rose, but net sales were constrained by yen appreciation and by an increase of units in the low-price zone as a percentage of total sales. In terminal modules, unit shipments of printers to major retailers declined. Page printer unit shipments declined because of the effects of the economic slowdown and also because we moved the focus away from low-end models toward higher added value models.

The visual instruments business also reported lower net sales. Although 3LCD projector unit shipments grew at a pace that outstripped the overall market growth rate, business projector net sales were constrained by price erosion and the effects of yen appreciation.

Operating income in the information-related equipment segment declined primarily due to inkjet printer and 3LCD projector price erosion and a decline in terminal module unit shipments.

As a result of the foregoing factors, second-quarter net sales in the information-related equipment segment were ¥200,387 million ($1,934,830 thousand), down 8.1% year over year, while operating income was ¥4,297 million ($41,489 thousand), down 72.2% year over year.

Electronic devices

In the electronic devices segment, the display business reported lower total net sales despite a-TFT demand growth in the mobile phone handset, PDA phone and PMP markets, and LTPS order wins in the high-end mobile phone handset market and a paring of unit shipments to the low-margin digital camera market. Total net sales ended lower because unit shipments of both MD-TFD LCDs ("TFD"), a business Epson is scheduled to terminate, and color STN LCDs ("CSTN"), a business where production operations are to be significantly downsized, declined.

The quartz device business saw net sales decline slightly due to yen appreciation and price erosion despite unit shipment growth in markets such as mobile phone handsets and digital cameras.

Semiconductor business net sales rose due to an increase in unit shipments of mixed-signal products, especially LCD controllers for mobile phone applications. Semiconductor net sales were moderated by a cutback in unit shipments of LCD drivers to handset manufacturers as part of strategic changes to the product mix, as well as by across-the-board price declines and the effects of a stronger yen.

Operating income in the electronic devices segment turned positive primarily as a result of cost reductions that accompanied structural changes in the display business, the effects of higher volume in a-TFT and LTPS, and improvements in the model mix.

As a result of the foregoing factors, second-quarter net sales in the electronic devices segment were ¥99,243 million ($958,211 thousand), down 5.0% from the prior year, while operating income was ¥3,919 million ($37,839 thousand) versus an operating loss of ¥4,156 million in the same period last year.

Precision products

The precision products segment reported lower net sales due to a decline in watch unit shipments, especially in the U.S.

Operating income in this segment decreased as a result of lower net sales.
As a result of the foregoing factors, second-quarter net sales in the precision products segment were ¥22,516 million ($217,388 thousand), down 8.9% year over year, while operating income was ¥494 million ($4,769 thousand), down 75.7% year over year.

Operating Performance Highlights by Geographic Segment

A region-by-region breakdown of financial results is provided below.

Japan

Japan reported higher net sales from a-TFT, while TFD, CSTN, inkjet printer and page printer net sales declined. Total quarterly net sales in Japan were ¥298,281 million ($2,880,025 thousand), down 4.0% from the prior year, while operating income was ¥1,438 million ($13,894 thousand) versus an operating loss of ¥115 million in the same period last year.

The Americas

Amorphous TFT sales increased, while net sales from inkjet printers, terminal modules and dot-matrix printers declined. Total net sales in this region were ¥68,869 million ($664,951 thousand), down 4.4% compared to the same period last year, while operating income was ¥1,502 million ($14,502 thousand), down 42.5% year over year.

Europe

Amorphous TFT sales increased, while net sales from inkjet printers, terminal modules and dot-matrix printers declined. Total net sales for the quarter in Europe were ¥66,288 million ($640,030 thousand), down 5.0% from the prior year, while operating income was ¥2,000 million ($19,310 thousand) versus an operating loss of ¥325 million in the year-ago period.

Asia / Oceania

Net sales revenues were up for 3LCD projectors, but were down for CSTN, TFD and inkjet printers. Total net sales in this region were ¥196,699 million ($1,899,178 thousand), down 7.3% compared to the same period last year, while operating income was ¥5,985 million ($57,787 thousand), down 46.3% year over year.

First-Half Operating Performance

Net sales for the first two quarters (six months) of the year under review were ¥615,784 million ($5,945,582 thousand), down 6.2% compared to the same period last year despite higher unit shipments of a-TFT and LTPS LCDs for use in mobile phones, PDA phones and PMPs. Reasons for the decline included lower TFD and CSTN unit shipments, an increase in low-priced units as a percentage of total inkjet printer sales, yen appreciation, and lower page printer unit shipments due to the focus on high added-value models. Income was up in every category compared to the first half of last year. Operating income was ¥28,008 million ($270,425 thousand), up 25.8%, ordinary income was ¥27,497 million ($265,491 thousand), up 6.4%, and net income was ¥11,720 million ($113,160 thousand), up 259.8%. Although tempered by the effects of price erosion in consumer inkjet printers and weakness in enterprise sales of inkjet printers and terminal modules due to the economic slowdown, income benefited primarily from cost-cutting associated with structural reforms in the display business and increased unit shipments of a-TFT and LTPS LCDs.

2. Liquidity and Financial Position

Financial Condition

Total assets were ¥1,137,613 million ($10,984,001 thousand), a decline of ¥1,551 million ($14,975 thousand) compared to the last fiscal year end. The decrease is attributed primarily to a ¥580 million ($5,600 thousand) decline in cash and deposits and other current assets, as well as a ¥1,457 million ($14,067 thousand) decline in investments and other assets, mainly comprising investment securities.

Total liabilities were ¥652,389 million ($6,299,016 thousand), down ¥15,328 million ($147,996 thousand) compared to the end of the last fiscal year. Current liabilities decreased by ¥5,306 million ($51,231 thousand), while noncurrent liabilities were down ¥10,022 million ($96,765 thousand). The decrease in current liabilities was mainly due to a reduction in the current portion of long-term loans payable. The decrease in long-term liabilities was primarily due to a decline in long-term loans payable.

3. Fiscal 2008 Forecast

Since the previous results outlook was issued on July 30, 2008, confusion has struck the financial and capital markets in the wake of the US sub-prime loan problem, the yen has appreciated rapidly on foreign exchange markets, and the economy has slipped towards recession.

These economic trends are expected to have an increasing impact on the markets for Epson's main products. The Company has therefore decided to revise its full-year forecasts for net sales, operating income, ordinary income, and net income.

These full-year forecasts are calculated on the basis of second half exchange rates of US$1 = 100 yen and 1 euro = 135 yen.

Consolidated Full-Year Results Outlook

	Ref: FY2007 Full-Year Results	Current Outlook	Change
Net sales	¥1,347.8 billion	¥1,263.0 billion	-¥84.8 billion (-6.3%)
Operating income	¥57.5 billion	¥45.0 billion	-¥12.5 billion (-21.8%)
Ordinary income	¥63.2 billion	¥53.0 billion	-¥10.2 billion (-16.2%)
Net income	¥19.0 billion	¥27.0 billion	+¥7.9 billion (+41.4%)
Foreign exchange rate	$1USD = ¥114 1 euro = ¥162	$1USD = ¥103 1 euro = ¥149	

Cautionary Statement

This report includes forward-looking statements that are based on management's view from the information available at the time of the announcement. These statements are subject to various risks and uncertainties. Actual results may be materially different from those discussed in the forward-looking statements. The factors that may affect Epson include, but are not limited to, general economic conditions, the ability of Epson to continue to timely introduce new products and services in markets, consumption trend, competition, technology trend, exchange rate fluctuations.

Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	September 30, 2008	March 31, 2008	September 30, 2008
Assets			
Current assets:			
Cash and deposits	¥136,610	¥171,970	$1,319,011
Notes and accounts receivable-trade	195,149	187,775	1,884,254
Short-term investment securities	129,007	137,079	1,245,602
Finished goods	112,196	86,344	1,083,286
Work in process	50,405	49,618	486,675
Raw materials and supplies	26,330	25,394	254,224
Other	90,030	82,094	869,267
Allowance for doubtful accounts	(3,066)	(3,032)	(29,603)
Total current assets	736,664	737,245	7,112,716
Noncurrent assets:			
Property, plant and equipment			
Buildings and structures	439,141	435,868	4,240,040
Machinery, equipment and vehicles	570,610	536,915	5,509,424
Tools, furniture and fixtures	198,756	196,487	1,919,049
Other	65,716	67,184	634,508
Accumulated depreciation	(930,993)	(893,193)	(8,989,021)
Total property, plant and equipment	343,231	343,261	3,314,000
Intangible assets	21,178	20,660	204,490
Investments and other assets:			
Investment securities	19,312	20,419	186,463
Other	17,433	17,756	168,320
Allowance for doubtful accounts	(206)	(178)	(1,988)
Total investments and other assets	36,539	37,997	352,795
Total noncurrent assets	400,949	401,919	3,871,285
Total assets	¥1,137,613	¥1,139,165	$10,984,001

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

	Millions of yen		Thousands of U.S. dollars
	September 30, 2008	March 31, 2008	September 30, 2008
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	¥115,702	¥100,453	$1,117,138
Short-term loans payable	33,267	25,283	321,203
Current portion of long-term loans payable	50,629	73,047	488,838
Income taxes payable	10,118	10,086	97,692
Provision for bonuses	19,486	20,285	188,143
Provision for product warranties	10,387	11,240	100,289
Other	140,224	144,726	1,353,937
Total current liabilities	379,816	385,123	3,667,240
Noncurrent liabilities:			
Bonds payable	100,000	100,000	965,530
Long-term loans payable	134,085	143,871	1,294,664
Provision for retirement benefits	12,628	14,532	121,927
Accrued recycle costs	953	948	9,201
Provision for product warranties	606	830	5,851
Provision for loss on litigation	3,161	2,955	30,520
Negative goodwill	2,242	2,877	21,647
Other	18,895	16,580	182,436
Total noncurrent liabilities	272,573	282,595	2,631,776
Total liabilities	652,389	667,718	6,299,016
Net assets			
Shareholders' equity:			
Capital stock			
Authorized - 607,458,368 shares			
Issued - 196,364,592 shares	53,204	53,204	513,700
Capital surplus	79,500	79,500	767,596
Retained earnings	335,297	326,719	3,237,406
Treasury stock			
September 30, 2008 - 2,577 shares			
March 31, 2008 - 2,251 shares	(8)	(7)	(77)
Total shareholders' equity	467,994	459,417	4,518,625
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	3,148	3,859	30,394
Deferred gains or losses on hedges	2,529	156	24,418
Foreign currency translation adjustment	(12,844)	(16,227)	(124,001)
Total valuation and translation adjustments	(7,166)	(12,211)	(69,189)
Minority interests	24,395	24,240	235,549
Total net assets	485,224	471,446	4,684,985
Total liabilities and net assets	¥1,137,613	¥1,139,165	$10,984,001

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

Consolidated Statements of Income

Six months ended September 30:

	Millions of yen			Thousands of U.S. dollars
	Six months ended September 30		Year ended March 31, 2008	Six months ended September 30, 2008
	2007	2008		
Net sales	¥656,267	¥615,784	¥1,347,841	$5,945,582
Cost of sales	487,815	442,224	979,391	4,269,808
Gross profit	168,451	173,560	368,449	1,675,774
Selling, general and administrative expenses	146,187	145,551	310,871	1,405,349
Operating income	22,264	28,008	57,577	270,425
Non-operating income:				
Interest income	3,376	2,694	6,498	26,011
Others	6,988	3,463	10,470	33,436
Total non-operating income	10,365	6,157	16,968	59,447
Non-operating expenses:				
Interest expenses	3,252	2,782	6,406	26,861
Foreign exchange losses	2,362	3,081	2,667	29,758
Others	1,167	804	2,208	7,762
Total non-operating expenses	6,782	6,669	11,282	64,381
Ordinary income	25,846	27,497	63,263	265,491
Extraordinary income:				
Reversal of provision for loss on	-	269	2,392	2,597
Amortization of net retirement benefit obligation at transition	368	-	-	-
Others	229	438	3,668	4,238
Total extraordinary income	597	708	6,061	6,835
Extraordinary loss:				
Loss on valuation of inventories	-	4,569	-	44,124
Others	4,277	3,203	17,279	30,925
Total extraordinary losses	4,277	7,773	17,279	75,049
Income before income taxes and minority interests	22,166	20,432	52,045	197,277
Income taxes-current	17,280	8,230	30,223	79,473
Minority interests in income	1,628	481	2,728	4,644
Net income	¥3,257	¥11,720	¥19,093	$113,160

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

Consolidated Statements of Income

Three months ended September 30:

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30		Three months ended September 30, 2008
	2007	2008	
Net sales	¥337,675	¥311,507	$3,007,695
Cost of sales	251,060	229,661	2,217,447
Gross profit	86,615	81,846	790,248
Selling, general and administrative expenses	76,016	76,211	735,851
Operating income	10,598	5,634	54,397
Non-operating income:			
Interest income	1,769	1,331	12,851
Others	5,209	1,642	15,854
Total non-operating income	6,978	2,973	28,705
Non-operating expenses:			
Interest expenses	1,671	1,343	12,978
Foreign exchange losses	2,144	1,152	11,122
Others	897	592	5,715
Total non-operating expenses	4,712	3,088	29,815
Ordinary income	12,864	5,519	53,287
Extraordinary income:			
Gain on sales of golf memberships	-	79	762
Gain on prior periods adjustment for removal	-	64	617
Others	52	123	1,208
Total extraordinary income	52	268	2,587
Extraordinary loss:			
Loss on retirement of noncurrent assets	403	428	4,132
Others	2,653	646	6,227
Total extraordinary losses	3,056	1,074	10,359
Income before income taxes and minority interests	9,860	4,714	45,515
Income taxes-current	6,584	2,976	28,735
Minority interests in income	1,306	318	3,070
Net income	¥1,970	¥1,420	$13,710

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

Consolidated Statements of Cash Flows

Six months ended September 30:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30		Six months ended September 30, 2008
	2007	2008	
Consolidated quarterly statements of cash flows			
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	¥22,166	¥20,432	$197,277
Depreciation and amortization	38,591	38,113	367,992
Equity in (earnings) losses of affiliates	(58)	(41)	(395)
Amortization of goodwill	(623)	(600)	(5,793)
Increase (decrease) in allowance for doubtful accounts	69	87	840
Increase (decrease) in provision for bonuses	2,534	(774)	(7,473)
Increase (decrease) in provision for product warranties	(950)	(999)	(9,645)
Increase (decrease) in provision for retirement benefits	(6,573)	(1,772)	(17,109)
Interest and dividends income	(7,583)	(2,954)	(28,521)
Interest expenses	3,252	2,782	26,861
Foreign exchange losses (gains)	(17)	(968)	(9,346)
Loss (gain) on sales of noncurrent assets	(126)	(157)	(1,515)
Loss on retirement of noncurrent assets	983	965	9,317
Loss (gain) on sales of investment securities	(99)	(28)	(270)
Decrease (increase) in notes and accounts receivable-trade	(7,431)	(8,035)	(77,580)
Decrease (increase) in inventories	(15,832)	(29,124)	(281,205)
Increase (decrease) in accrued consumption taxes	556	1,403	13,546
Increase (decrease) in notes and accounts payable-trade	23,812	16,962	163,773
Other, net	(19,744)	(7,330)	(70,773)
Subtotal	32,925	27,962	269,981
Interest and dividends income received	4,034	2,933	28,319
Interest expenses paid	(3,096)	(2,932)	(28,309)
Income taxes paid	(4,662)	(7,196)	(69,489)
Net cash provided by (used in) operating activities	29,200	20,766	200,502
Net cash provided by (used in) investment activities			
Decrease (increase) in time deposits	821	(579)	(5,590)
Purchase of investment securities	(366)	(457)	(4,412)
Proceeds from sales of investment securities	342	219	2,114
Proceeds from redemption of investment securities	5,000	-	-
Purchase of property, plant and equipment	(37,784)	(30,605)	(295,490)
Proceeds from sales of property, plant and equipment	421	273	2,635
Purchase of intangible assets	(3,036)	(4,661)	(45,003)
Proceeds from sales of intangible assets	0	9	86
Purchase of long-term prepaid expenses	(120)	(147)	(1,419)
Other, net	856	101	975
Net cash provided by (used in) investment activities	(33,864)	(35,846)	(346,104)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(3,963)	9,101	87,872
Proceeds from long-term loans payable	20,500	-	-
Repayment of long-term loans payable	(66,462)	(32,199)	(310,920)
Proceeds from issuance of bonds	20,000	-	-
Repayments of lease obligations	-	(4,552)	(43,950)
Purchase of treasury stock	(0)	(0)	(0)
Cash dividends paid	(3,141)	(3,141)	(30,327)
Cash dividends paid to minority shareholders	(374)	(394)	(3,804)
Other, net	(272)	-	-
Net cash provided by (used in) financing activities	(33,715)	(31,188)	(301,129)
Effect of exchange rate change on cash and cash equivalents	229	3,054	29,487
Net increase (decrease) in cash and cash equivalents	(38,149)	(43,214)	(417,244)
Cash and cash equivalents at beginning of period	334,873	316,414	3,055,073
Cash and cash equivalents at end of period	¥296,723	¥273,200	$2,637,829

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

Notes to Consolidated Financial Statements

With the exception of the sections listed below, the “Basis of presenting consolidated financial statements” and “Summary of significant accounting policies” have been omitted as there were no significant changes to the versions printed in the Seiko Epson Annual Report 2008.

Moreover, some notes such as “Investments in debt and equity securities” and “Derivative instruments” have not been disclosed herein since they are insignificant to the consolidated results.

1. Basis of presenting consolidated financial statements

The amounts in the accompanying consolidated financial statements and the notes thereto for the periods starting from April 1, 2007 are rounded down.

Certain prior period amounts have been reclassified to conform to the presentations for the current periods.

2. Number of group companies

As of September 30, 2008, the Company had 98 consolidated subsidiaries. It has applied the equity method in respect to two unconsolidated subsidiaries and four affiliates.

3. Changes in significant accounting policies

(1) Change in the Accounting Standard for the Measurement of Inventories

Effective April 1, 2008, Epson adopted the Accounting Standards Board of Japan (ASBJ) Statement No.9, “Accounting Standard for Measurement of Inventories, released on July 5, 2006. In conjunction with the adoption of this accounting standard, Epson modified the measurement method for valuing inventories.

As a result, Operating income and Ordinary income for the six months ended September 30, 2008 increased by ¥1,488 million ($14,367 thousand), and Income before income taxes and minority interests for the six months ended September 30, 2008 decreased by ¥3,080 million ($29,738 thousand) from the corresponding amounts which would have been reported if the previous method had been applied consistently.

The influence on segment information by the adoption of this standard is noted in the relevant sections.

(2) Change in the Accounting Standard for Lease Transactions

Effective April 1, 2008, the Company and its domestic subsidiaries adopted ASBJ Statement No.13, "Accounting Standard for Lease Transactions" and its Guidance No.16, "Guidance on Accounting Standard for Lease Transactions", as revised on March 30, 2007.

Prior to April 1, 2008, capital leases, other than those under which ownership of the assets would be transferred to the lessee at the end of the lease term, were accounted for as operating leases. Under these accounting standards, these leases are accounted for as capital leases and depreciated/amortized in accordance with the straight-line method over the periods of the leases, assuming no residual value.

As a result, Operating income and Ordinary income for the six months ended September 30, 2008 increased by ¥434 million ($4,190 thousand) and ¥255 million ($2,462 thousand), respectively, and Income before income taxes and minority interests for the six months ended September 30, 2008 decreased by ¥390 million ($3,765 thousand) from the corresponding amounts which would have been reported if the previous method had been applied consistently.

The influence on segment information by the adoption of these standards is noted in the relevant sections.

(3) Completed-Contract Method, Percentage-of-Completion Method

Effective April 1, 2008, the Company and its domestic subsidiaries adopted ASBJ Statement No.15, "Accounting Standard for Construction Contracts" and its Guidance No.18, "Guidance on Accounting Standard for Construction Contracts", issued on December 27, 2007.

Prior to April 1, 2008, the Company and its domestic subsidiaries applied the completed-contract method for recognizing revenues and costs of long-term construction contracts. Under ASBJ Statement No.15 and its Guidance No.18, the percentage-of-completion method shall be applied if the outcome of the construction activity is deemed certain during the course of the activity during the quarterly period, otherwise the completed-contract method shall be applied. The percentage of completion at the end of each quarterly period shall be estimated based on the percentage of the cost incurred to the estimated total cost.

The adoption of these standards did not have a material effect on Epson's results of operations and financial position for the six months ended September 30, 2008. The contract revenue and related costs that were computed based on the percentage of completion of construction activities as of April 1, 2008 were recorded in Extraordinary income as a result of offsetting contract revenue of ¥157 million ($1,515 thousand) against related costs of ¥113 million ($1,091 thousand).

4. Credit agreements

As at September 30, 2008, the Company had line-of-credit agreements with twenty-eight financial institutions for an aggregate maximum amount of ¥80,000 million ($772,424 thousand). As at September 30, 2008, there were unused lines of credit of ¥50,000 million ($482,765 thousand) outstanding and available.

5. Goodwill

Epson had goodwill and negative goodwill as at September 30, 2008 and as at March 31, 2008. Goodwill and negative goodwill are amortized on a straight-line basis in accordance with Japanese accounting standards. Negative goodwill was recorded in long-term liabilities after being offset against goodwill. The amounts of goodwill and negative goodwill before offsetting as at September 30, 2008 and as at March 31, 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	September 30, 2008	March 31, 2008	September 30, 2008
Goodwill	¥398	¥423	$3,842
Negative goodwill	2,640	3,300	25,490

6. Cash dividends

The amount of year-end cash dividends per share, which the Company paid to the shareholders of record at last fiscal year-end during the six months ended September 30, 2008, was as follows:

Cash dividends per share	Yen	U.S. dollars
Year-end	¥16.00	$0.15

The effective date of the distribution for year-end, which were paid during the six months ended September 30, 2008, was June 26, 2008.

On October 29, 2008, the board of directors declared interim cash dividends by resolution to the shareholders of record as at September 30, 2008. The amounts of the interim cash dividends, which will be paid to shareholders, are as follows:

	Millions of yen	Thousands of U.S. dollars
Interim cash dividends	¥3,730	$36,014
	Yen	U.S. dollars
Cash dividends per share	¥19.00	$0.18

The effective date of the distribution for the interim cash dividends is December 5, 2008.

7. Net income per share

Calculation of net income per share for the six months ended September 30, 2008 was as follows:

	Millions of yen	Thousands of U.S. dollars
	Six months ended September 30, 2008	
Net income attributable to common shares	¥11,720	$113,160

	Thousands of shares
Weighted-average number of common shares outstanding	196,362

	Yen	U.S. dollars
Net income per share	¥59.69	$0.57

Epson had no dilutive potential common shares, such as convertible debt or warrants, outstanding during the six months ended September 30, 2008.

Calculation of net income per share for the three months ended September 30, 2008 was as follows:

	Millions of yen	Thousands of U.S. dollars
	Three months ended September 30, 2008	
Net income attributable to common shares	¥1,420	$13,710

	Thousands of shares
Weighted-average number of common shares outstanding	196,362

	Yen	U.S. dollars
Net income per share	¥7.23	$0.06

Epson had no dilutive potential common shares, such as convertible debt or warrants, outstanding during the three months ended September 30, 2008.

8. Selling, general and administrative expenses

The significant components of selling, general and administrative expenses for the six months ended September 30, 2008 were as follows:

	Millions of yen	Thousands of U.S. dollars
	Six months ended September 30, 2008	
Salaries and wages	¥39,832	$384,590
Research and development costs	21,756	$210,060

The significant components of selling, general and administrative expenses for the three months ended September 30, 2008 were as follows:

	Millions of yen	Thousands of U.S. dollars
	Three months ended September 30, 2008	
Salaries and wages	¥20,608	$198,976
Research and development costs	11,595	$111,953

9. Cash flow information

Cash and cash equivalents at September 30, 2008 comprised the following:

	Millions of yen	Thousands of U.S. dollars
	September 30, 2008	
Cash and deposits	¥136,610	$1,319,011
Short-term investments	129,007	1,245,602
Short-term loans receivables	10,000	96,542
Less:		
Short-term borrowings (overdrafts)	(353)	(3,408)
Time deposits due over three months	(2,048)	(19,774)
Short-term investments due over three months	(15)	(144)
Cash and cash equivalents	¥273,200	$2,637,829

The Company obtained marketable securities, the fair value of which was ¥9,957 million ($96,137 thousand) and ¥9,606 million at September 30, 2008 and at March 31, 2008, respectively, as deposit for the short-term loans receivables above.

10. Contingent liabilities

Contingent liabilities for guarantee of employees' housing loans from banks at September 30, 2008 and at March 31, 2008 were ¥1,869 million ($18,045 thousand) and ¥2,038 million, respectively. Furthermore, the amount of discounted notes at September 30, 2008 was ¥17 million ($164 thousand).

11. Segment information

(1) Business segment information

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

Information-related equipment segment mainly includes color inkjet printers, page printers, dot matrix printers, large format inkjet printers and related supplies, color image scanners, mini-printers, printers for use in POS systems, 3LCD projectors, LCD monitors, label writers and personal computers.

Electronic devices segment mainly includes small- and medium-sized LCDs, HTPS-TFT panels for 3LCD projectors, crystal units, crystal oscillators, optical devices and CMOS LSI.

Precision products segment mainly includes watches, watch movements, plastic corrective lenses, precision industrial robots, IC handlers and industrial inkjet equipment.

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

The table below summarizes the business segment information of Epson for the three months ended September 30, 2007 and 2008:

Three months ended September 30:

	Millions of yen						
	Three months ended September 30, 2007						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥217,560	¥94,554	¥24,401	¥1,159	¥337,675	-	¥337,675
Inter-segment	549	9,945	311	5,372	16,178	¥(16,178)	-
Total	218,109	104,499	24,712	6,531	353,853	(16,178)	337,675
Operating income (loss)	¥15,462	¥(4,156)	¥2,033	¥(2,764)	¥10,575	¥23	¥10,598

	Millions of yen						
	Three months ended September 30, 2008						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥199,794	¥88,601	¥22,100	¥1,010	¥311,507	-	¥311,507
Inter-segment	593	10,641	415	7,105	18,755	¥(18,755)	-
Total	200,387	99,243	22,516	8,115	330,263	(18,755)	311,507
Operating income (loss)	¥4,297	¥3,919	¥494	¥ (3,237)	¥5,473	¥160	¥5,634

	Thousands of U.S. dollars						
	Three months ended September 30, 2008						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	$1,929,093	$855,469	$213,382	$9,751	$3,007,695	-	$3,007,695
Inter-segment	5,737	102,742	4,006	68,600	181,085	$(181,085)	-
Total	1,934,830	958,211	217,388	78,351	3,188,780	(181,085)	3,007,695
Operating income (loss)	$41,489	$37,839	$4,769	$(31,254)	$52,843	$1,554	$54,397

The table below summarizes the business segment information of Epson for the six months ended September 30, 2007 and 2008:

Six months ended September 30:

	Millions of yen						
	Six months ended September 30, 2007						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥426,998	¥183,735	¥43,398	¥2,135	¥656,267	-	¥656,267
Inter-segment	1,172	18,518	484	11,304	31,480	¥(31,480)	-
Total	428,170	202,253	43,883	13,440	687,748	(31,480)	656,267
Operating income (loss)	¥34,741	¥(9,453)	¥2,096	¥(5,361)	¥22,022	¥241	¥22,264

	Millions of yen						
	Six months ended September 30, 2008						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥404,225	¥167,593	¥42,067	¥1,898	¥615,784	-	¥615,784
Inter-segment	1,233	19,361	733	15,499	36,827	¥(36,827)	-
Total	405,458	186,955	42,801	17,398	652,612	(36,827)	615,784
Operating income (loss)	¥25,946	¥6,425	¥736	¥(5,529)	¥27,579	¥429	¥28,008

	Thousands of U.S. dollars						
	Six months ended September 30, 2008						
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	$3,902,927	$1,618,161	$406,169	$18,325	$5,945,582	-	$5,945,582
Inter-segment	11,915	186,936	7,077	149,647	355,575	$(355,575)	-
Total	3,914,842	1,805,097	413,246	167,972	6,301,157	(355,575)	5,945,582
Operating income (loss)	$250,526	$62,035	$7,106	$(53,384)	$266,283	$4,142	$270,425

Change in the Accounting Standard for the Measurement of Inventories

As described in Note 3 (1), effective April 1, 2008, Epson adopted ASBJ Statement No.9, “Accounting Standard for Measurement of Inventories”, issued on July 5, 2006.

As a result, for the six months ended September 30, 2008, Operating income from information-related equipment segment, electronic devices segment, precision products segment and other increased by ¥88 million ($849 thousand), ¥1,284 million ($12,397 thousand), ¥95 million ($917 thousand) and ¥20 million ($193 thousand), respectively from the corresponding amounts which would have been reported if the previous method had been applied consistently.

Change in the Accounting Standard for Lease Transactions

As described in Note 3 (2), effective April 1, 2008, the Company and its domestic subsidiaries adopted ASBJ Statement No.13, “Accounting Standard for Lease Transactions”, and ASBJ Guidance No.16, “Guidance on Accounting Standard for Lease Transactions”, as amended on March 30, 2007.

As a result, for the six months ended September 30, 2008, Operating income from information-related equipment segment, electronic devices segment, precision products segment and other increased by ¥7 million ($67 thousand), ¥421 million ($4,064 thousand), ¥0 million ($0 thousand) and ¥4 million ($38 thousand), respectively from the corresponding amounts which would have been reported if the previous method had been applied consistently.

(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 three months ended September 30, 2007 and 2008:

Three months ended September 30:

	Millions of yen						
	Three months ended September 30, 2007						
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥149,499	¥62,766	¥67,647	¥57,761	¥337,675	-	¥337,675
Inter-segment	161,127	9,304	2,131	154,441	327,005	¥(327,005)	-
Total	310,626	72,071	69,779	212,203	664,681	(327,005)	337,675
Operating income (loss)	¥(115)	¥2,612	¥(325)	¥11,153	¥13,324	¥(2,725)	¥10,598

	Millions of yen						
	Three months ended September 30, 2008						
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥133,012	¥60,526	¥64,232	¥53,736	¥311,507	-	¥311,507
Inter-segment	165,269	8,343	2,056	142,962	318,632	¥(318,632)	-
Total	298,281	68,869	66,288	196,699	630,139	(318,632)	311,507
Operating income (loss)	¥1,438	¥1,502	¥2,000	¥5,985	¥10,926	¥(5,291)	¥5,634

	Thousands of U.S. dollars						
	Three months ended September 30, 2008						
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	$1,284,282	$584,397	$620,179	$518,837	$3,007,695	-	$3,007,695
Inter-segment	1,595,743	80,554	19,851	1,380,341	3,076,489	$(3,076,489)	-
Total	2,880,025	664,951	640,030	1,899,178	6,084,184	(3,076,489)	3,007,695
Operating income (loss)	$13,894	$14,502	$19,310	$57,787	$105,493	$(51,096)	$54,397

The table below summarizes the geographic segment information of Epson for the six months ended September 30, 2007 and 2008:

Six months ended September 30:

	Millions of yen Six months ended September 30, 2007						
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥287,616	¥122,729	¥133,769	¥112,152	¥656,267	-	¥656,267
Inter-segment	311,429	19,521	3,811	285,545	620,308	¥(620,308)	-
Total	599,045	142,251	137,580	397,698	1,276,576	(620,308)	656,267
Operating income (loss)	¥10,818	¥5,783	¥95	¥16,702	¥33,399	¥(11,134)	¥22,264

	Millions of yen Six months ended September 30, 2008						
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥265,707	¥120,890	¥128,681	¥100,505	¥615,784	-	¥615,784
Inter-segment	301,597	15,716	3,363	266,545	587,222	¥(587,222)	-
Total	567,305	136,606	132,044	367,050	1,203,007	(587,222)	615,784
Operating income (loss)	¥11,232	¥5,561	¥4,870	¥11,614	¥33,279	¥(5,270)	¥28,008

	Thousands of U.S. dollars Six months ended September 30, 2008						
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	$2,565,493	$1,167,229	$1,242,454	$970,406	$5,945,582	-	$5,945,582
Inter-segment	2,912,022	151,742	32,470	2,573,573	5,669,807	$(5,669,807)	-
Total	5,477,515	1,318,971	1,274,924	3,543,979	11,615,389	(5,669,807)	5,945,582
Operating income (loss)	$108,468	$53,693	$47,021	$112,136	$321,318	$(50,893)	$270,425

Change in the Accounting Standard for the Measurement of Inventories

As described in Note 3 (1), effective April 1, 2008, Epson adopted ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories", issued on July 5, 2006.

As a result, for the six months ended September 30, 2008, Operating income from both Japan and the Eliminations and corporate increased by ¥380 million ($3,669 thousand) and ¥1,108 million ($10,698 thousand), respectively from the corresponding amounts which would have been reported if the previous method had been applied consistently.

Change in the Accounting Standard for Lease Transactions

As described in Note 3 (2), effective April 1, 2008, the Company and its domestic subsidiaries adopted ASBJ Statement No.13, "Accounting Standard for Lease Transactions", and ASBJ Guidance No.16, "Guidance on Accounting Standard for Lease Transactions", as amended on March 30, 2007.

As a result, for the six months ended September 30, 2008, Operating income from Japan increased by ¥434 million ($4,190 thousand) from the corresponding amount which would have been reported if the previous method had been applied consistently.

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 three months ended September 30, 2007 and 2008:

Three months ended September 30:

	Millions of yen			
	Three months ended September 30, 2007			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥69,344	¥82,017	¥83,696	¥235,058
Consolidated net sales				¥337,675
Percentage of overseas sales to consolidated net sales (%)	20.5%	24.3%	24.8%	69.6%

	Millions of yen			
	Three months ended September 30, 2008			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥67,640	¥71,347	¥82,550	¥221,538
Consolidated net sales				¥311,507
Percentage of overseas sales to consolidated net sales (%)	21.7%	22.9%	26.5%	71.1%

	Thousands of U.S. dollars			
	Three months ended September 30, 2008			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	$653,084	$688,877	$797,056	$2,139,017
Consolidated net sales				$3,007,695
Percentage of overseas sales to consolidated net sales (%)	21.7%	22.9%	26.5%	71.1%

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, 2007 and 2008:

Six months ended September 30:

	Millions of yen			
	Six months ended September 30, 2007			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥135,216	¥162,379	¥159,478	¥457,074
Consolidated net sales				¥656,267
Percentage of overseas sales to consolidated net sales (%)	20.6%	24.7%	24.3%	69.6%

	Millions of yen			
	Six months ended September 30, 2008			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥132,912	¥144,778	¥152,337	¥430,029
Consolidated net sales				¥615,784
Percentage of overseas sales to consolidated net sales (%)	21.6%	23.5%	24.7%	69.8%

	Thousands of U.S. dollars			
	Six months ended September 30, 2008			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	$1,283,305	$1,397,875	$1,470,881	$4,152,061
Consolidated net sales				$5,945,582
Percentage of overseas sales to consolidated net sales (%)	21.6%	23.5%	24.7%	69.8%

Supplementary Information

Consolidated Half Year ended September 30, 2008

Cautionary Statement

This report includes forward-looking statements that are based on management's view from the information available at the time of the announcement. These statements are subject to various risks and uncertainties. Actual results may be materially different from those discussed in the forward-looking statements. The factors that may affect Epson include, but are not limited to, general economic conditions, the ability of Epson to continue to timely introduce new products and services in markets, consumption trend, competition, technology trend, exchange rate fluctuations.

1. Sales by division

(Unit: billion yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Increase %	Forecast for the year ended March 31, 2009	Increase compared to year ended March 31, 2008 %
Information-related equipment	428.1	405.4	(5.3%)	860.0	(4.8%)
Printer	359.2	337.2	(6.1%)	716.0	(5.9%)
Visual instruments	54.2	54.7	1.0%	115.0	3.3%
Other	14.9	13.8	(7.5%)	30.0	(3.1%)
Intra-segment sales	(0.2)	(0.3)	-%	(1.0)	-%
Electronic devices	202.2	186.9	(7.6%)	350.0	(11.4%)
Display	115.9	99.8	(13.9%)	184.0	(17.9%)
Quartz device	50.0	48.2	(3.7%)	94.0	(6.7%)
Semiconductor	41.2	41.8	1.4%	77.0	(3.4%)
Other	2.3	1.6	(30.0%)	5.0	48.1%
Intra-segment sales	(7.3)	(4.5)	-%	(10.0)	-%
Precision products	43.8	42.8	(2.5%)	86.0	2.5%
Other	13.4	17.3	29.4%	33.0	13.3%
Inter-segment sales	(31.4)	(36.8)	-%	(66.0)	-%
Consolidated sales	656.2	615.7	(6.2%)	1,263.0	(6.3%)

2. Business segment information

(Unit: billion yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Increase %	Forecast for the year ended March 31, 2009	Increase compared to year ended March 31, 2008 %
Information-related equipment					
Net sales:					
Customers	426.9	404.2	(5.3%)	858.0	(4.7%)
Inter-segment	1.1	1.2	5.2%	2.0	(20.9%)
Total	428.1	405.4	(5.3%)	860.0	(4.8%)
Operating expenses	393.4	379.5	(3.5%)	797.0	(2.8%)
Operating income	34.7	25.9	(25.3%)	63.0	(24.3%)
Electronic devices					
Net sales:					
Customers	183.7	167.5	(8.8%)	317.0	(12.0%)
Inter-segment	18.5	19.3	4.6%	33.0	(6.0%)
Total	202.2	186.9	(7.6%)	350.0	(11.4%)
Operating expenses	211.7	180.5	(14.7%)	358.0	(13.2%)
Operating income (loss)	(9.4)	6.4	-%	(8.0)	-%
Precision products					
Net sales:					
Customers	43.3	42.0	(3.1%)	85.0	2.5%
Inter-segment	0.4	0.7	51.4%	1.0	(2.4%)
Total	43.8	42.8	(2.5%)	86.0	2.5%
Operating expenses	41.7	42.0	0.7%	84.0	3.5%
Operating income	2.0	0.7	(64.9%)	2.0	(26.8%)
Other					
Net sales:					
Customers	2.1	1.8	(11.1%)	3.0	(32.2%)
Inter-segment	11.3	15.4	37.1%	30.0	21.5%
Total	13.4	17.3	29.4%	33.0	13.3%
Operating expenses	18.8	22.9	21.9%	45.0	10.9%
Operating loss	(5.3)	(5.5)	-%	(12.0)	-%
Elimination and corporate					
Net sales	(31.4)	(36.8)	-%	(66.0)	-%
Operating expenses	(31.7)	(37.2)	-%	(66.0)	-%
Operating income	0.2	0.4	77.7%	0.0	-%
Consolidated					
Net sales	656.2	615.7	(6.2%)	1,263.0	(6.3%)
Operating expenses	634.0	587.7	(7.3%)	1,218.0	(5.6%)
Operating income	22.2	28.0	25.8%	45.0	(21.8%)

3. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Increase %	Forecast for the year ended March 31, 2009	Increase compared to year ended March 31, 2008 %
Capital expenditure	30.6	29.2	(4.5%)	83.0	29.8%
Information-related equipment	11.5	14.7	27.8%	33.0	31.1%
Electronic devices	14.6	11.1	(23.6%)	32.0	20.6%
Precision products	1.3	1.4	12.1%	5.0	23.8%
Other	3.1	1.8	(41.6%)	13.0	58.2%
Depreciation and amortization	38.5	38.1	(1.2%)	83.0	4.8%

4. Research and development

(Unit: billion yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Increase %	Forecast for the year ended March 31, 2009	Increase compared to year ended March 31, 2008 %
Research and Development	40.9	40.4	(1.3%)	89.0	7.4%
R&D / sales ratio	6.2%	6.6%		7.0%	

5. Management indices

(Unit: %)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Increase Point	Forecast for the year ended March 31, 2009	Increase compared to year ended March 31, 2008 Point
Return on equity (ROE)	0.7%	2.6%	1.9	5.9%	1.7
Return on assets (ROA)	2.0%	2.4%	0.4	4.6%	(0.6)
Return on sales (ROS)	3.9%	4.5%	0.6	4.2%	(0.5)

Note 1. ROE=Net income / Beginning and ending balance average shareholders' equity
2. ROA=Ordinary income / Beginning and ending balance average total assets
3. ROS=Ordinary income / Net sales

6. Foreign exchange fluctuation effect on net sales

(Unit: billion yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Increase
Foreign exchange effect	25.7	(24.1)	(49.9)
U.S. dollars	5.2	(18.8)	(24.1)
Euro	13.4	0.3	(13.1)
Other	7.0	(5.5)	(12.6)
Exchange rate			
Yen / U.S. dollars	119.33	106.11	
Yen / Euro	162.30	162.68	

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, 2007	March 31, 2008	September 30, 2008	Increase compared to March 31, 2008
Inventory	194.8	161.3	188.9	27.5
Information-related equipment	117.5	91.0	119.2	28.1
Electronic devices	58.2	50.5	50.6	0.0
Precision products	17.3	17.4	17.4	0.0
Other / Corporate	1.7	2.2	1.6	(0.5)
				(Unit: days)
Turnover by days	54	44	56	12
Information-related equipment	50	37	54	17
Electronic devices	53	47	50	3
Precision products	72	76	75	(1)
Other / Corporate	24	28	17	(11)

Note: Turnover by days=Ending balance of inventory / Prior 6 months (Prior 12 months) sales per day

8. Employees

(Unit: person)

	September 30, 2007	March 31, 2008	September 30, 2008	Increase compared to March 31, 2008
Number of employees at period end	95,129	88,925	93,279	4,354
Domestic	26,411	25,735	26,220	485
Overseas	68,718	63,190	67,059	3,869