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**CONSOLIDATED RESULTS FOR
THE SECOND QUARTER ENDED SEPTEMBER 30, 2009**

Consolidated Financial Highlights

Income statements and cash flow 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, 2009
	2008	2009		
Statements of income data				
Net sales	¥615,784	¥449,629	(27.0%)	\$4,984,247
Operating income (loss)	28,008	(9,300)	-%	(103,092)
Ordinary income (loss)	27,497	(14,431)	-%	(159,971)
Net income (loss)	11,720	(29,187)	-%	(323,545)
Statements of cash flow data				
Cash flows from operating activities	20,766	3,637	(82.5%)	40,317
Cash flows from investing activities	(35,846)	(32,116)	-%	(356,013)
Cash flows from financing activities	(31,188)	6,447	-%	71,466
Cash and cash equivalents at the end of the period	273,200	257,850	(5.6%)	2,858,330
Per share data				
Net income (loss) per share -Basic	¥59.69	(¥146.92)	-%	(\$1.62)
-Diluted	-	-	-%	\$-

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

	September 30, 2009	March 31, 2009	September 30, 2009
Total assets	¥887,610	¥917,342	\$9,839,374
Net assets	269,351	318,631	2,985,821
Shareholders' equity	267,905	302,623	2,969,792
Shareholders' equity ratio (%)	30.2%	33.0%	30.2%
Shareholders' equity per share	¥1,340.90	¥1,541.16	\$14.86

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 ¥90.21 = U.S.\$1 at September 30, 2009 has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Fiscal 2009 Second-Quarter Overview

The macro-economic environment remained very challenging during the second quarter of the year under review. The U.S. and Europe continued to struggle in the ongoing recession, though the pace of the contraction slowed. China saw domestic demand rebound as a result of its economic stimulus package, while other countries in Asia also showed signs of having hit bottom. In Japan, meanwhile, difficult conditions persisted. Although manufacturing output and exports showed indications of picking up as the inventory correction cycle progressed, the employment situation rapidly deteriorated and capital expenditures sharply declined as corporate earnings plummeted.

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

The inkjet printer market remained weak for both consumer and business applications due to the recession. Overall, the serial-impact dot-matrix (SIDM) printer market was soft due to the recession and the shrinking of said market in North America, Europe, and Japan, though demand in China and some other countries remained steady. In POS systems, demand for receipt printers was subdued due to the effects of the recession and curbed spending by retailers. The projector market began to show signs of having bottomed out, but sales did not rebound to the level of the previous year.

Many of the main applications for Epson's electronic devices were affected by the recession, but some showed signs of having hit bottom. In mobile phones, upgrade demand remained sluggish, while new demand is slowing in regions such as Asia, Africa and the Middle East. Demand for digital cameras and portable media players (PMPs) was likewise sluggish. On the other hand, PDA phone purchases expanded among personal consumers eager to upgrade from cell phones to increasingly feature-rich PDA phones. Corporate demand for PDA phones, however, was subdued as a result of spending curbs. Automotive applications benefited from government incentive programs designed to stimulate new vehicle purchases.

Meanwhile, the products in Epson's information-related equipment and electronic devices segments suffered from continued price erosion due to across-the-board competition and an ongoing shift of demand toward the low-price zone.

In our precision products segment, sales of watches and eyeglass lenses were hit by a decline in personal spending, while demand for semiconductor manufacturing equipment and robots fell due to corporate belt-tightening as a result of the recession.

Against this business backdrop, Epson announced its "SE15" long-range corporate vision, along with a new mid-range business plan, at the end of the previous fiscal year (ended March 31, 2009).

Under the mid-range business plan, we will reposition ourselves to generate profit and rebuild our business foundations as we move toward the SE15 goal of becoming a community of robust businesses. To this end, we have taken bold new action in small- and medium-sized displays and semiconductors, businesses that we have concluded cannot be restored to profitability as currently structured. On the other hand, we have identified printers, projectors and quartz devices as growth businesses and strategic businesses in which we can leverage our strengths. Accordingly, we will rapidly shift our human and other management resources to these areas. In fiscal 2009 we will aim to reach break-even in ordinary income by reinforcing the business foundations that underpin SE15.

From the current fiscal year, due to a role reallocation to basic R&D of some business incubation projects included in the "other" segment, certain operating expenses associated with basic R&D in business incubation projects are being allocated to the various business segments instead of to the "Other" segment, as in the past. The amount allocated in the second quarter of the year under review was ¥1,176 million (\$13,036 thousand).

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 ¥93.65 and ¥133.73, respectively. This represents a 13% appreciation in the value of the yen against the dollar and a 17% appreciation in the value of the yen against

the euro compared to the same period last year.

Compared to the same period last year, net sales for the second quarter were ¥236,230 million (\$2,618,667 thousand), down 24.2%. Operating income was ¥3,140 million (\$34,807 thousand), down 44.3%. Ordinary income was ¥627 million (\$6,950 thousand), down 88.6%. And net loss was ¥6,821 million (\$75,612 thousand), compared to net income of ¥1,420 million in the same period last year.

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 a large decline in net sales. The decline was chiefly due to a combination of personal and corporate spending curbs associated with the recession and yen appreciation. In inkjet printers (including consumables, as in all printer discussions below), sales volumes of consumer models increased in North America and Asia, but overall results were hurt by a decline in Europe. Business inkjet unit shipments also declined. SIDM printer unit shipments turned upward on demand associated with China's tax collection system, but the percentage of low-priced units ended up rising as a percentage of total SIDM printer sales. Terminal modules sales were hurt by a decline in demand for retail printers in Europe and America. The page printer business was adversely affected by price erosion and a decline in unit sales from the previous fiscal year.

The visual instruments business also reported significantly lower net sales, chiefly due to a decline in unit shipments of business projectors as a result of the strong yen and the economic downturn.

Operating income in the information-related equipment segment was hurt by the effects of yen appreciation and unit shipment declines, but income increased as a result of cuts in both variable and fixed costs.

Second-quarter net sales in the information-related equipment segment were ¥163,319 million (\$1,810,466 thousand), down 18.5% year over year, while operating income was ¥6,058 million (\$67,120 thousand), up 41.0% year on year. The reallocation of operating expenses had a ¥813 million (\$9,024 thousand) effect on this segment.

Electronic devices

The display business as a whole posted sharply lower net sales. Although the small- and medium-sized displays business saw unit shipments to PDA phone manufacturers increase, net sales were affected by yen appreciation and a decline in unit shipments to mobile phone, PMP, and digital camera manufacturers associated with a business reorganization. Meanwhile, net sales from high-temperature polysilicon TFT liquid crystal (HTPS) panels for 3LCD projectors were hurt by slumping prices and a sluggish projector market.

The quartz device business saw increased demand for high-precision quartz sensors used in items such as digital cameras and game equipment. It also saw a recovery in demand for products used in certain other digital electronics following a sharp inventory correction that accompanied the economic downturn. Nevertheless, net sales steeply declined as a result of lower average selling prices brought about by changes in the product mix and the effects of yen appreciation.

The semiconductor business also reported a steep drop in net sales. The drop was precipitated by the appreciation of the yen and by a business reorganization that led to a decline in unit shipments for most products.

Operating income in the electronic devices segment ended down on sharply lower net sales. However, the decline in income was tempered by several main factors: a reduction in depreciation associated with business structure improvement expenses and the impairment loss recorded in the previous fiscal year; the effect of personnel reassignments and other fixed cost reductions; and an increase in capacity utilization rates as the inventory correction cycle neared its end.

Second-quarter net sales in the electronic devices segment were ¥66,384 million (\$735,871 thousand), down 33.1% year over year, while operating loss was ¥695 million (\$7,704 thousand) versus operating income of ¥3,919 million in the same period last year. The reallocation of operating expenses had a ¥289 million (\$3,203 thousand) effect on this segment.

Precision products

The precision products segment reported lower operating income on a steep drop in net sales. Net sales were hurt primarily by a decline in unit shipments of watches as personal spending slowed and by a decline in unit shipments of IC handlers and robots as a result of curbs on corporate spending.

Second-quarter net sales in the precision products segment were ¥15,068 million (\$167,021 thousand), down 33.1% year over year, while operating loss was ¥605 million (\$6,706 thousand) versus operating income of ¥494 million in the same period last year. The reallocation of operating expenses had a ¥73 million (\$809 thousand) effect on this segment.

Operating Performance Highlights by Geographic Segment

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

Japan

Net sales from inkjet printers, amorphous-silicon TFT liquid crystal displays (a-TFTs), 3LCD projectors, semiconductors, and crystal devices declined. As a result, total quarterly net sales in Japan were ¥207,995 million (\$2,305,712 thousand), down 30.3% year over year, while operating loss was ¥16,219 million (\$179,779 thousand) versus operating income of ¥1,438 million in the same period last year.

The Americas

a-TFT net sales increased, while net sales from inkjet printers, 3LCD projectors, SIDM printers, and terminal modules declined. Total net sales in the region were ¥59,488 million (\$659,427 thousand), down 13.6% year on year, while operating income was ¥3,425 million (\$37,966 thousand), up 128.0% year over year.

Europe

Net sales from inkjet printers, 3LCD projectors, SIDM printers, and terminal modules declined. Total net sales in the region were ¥47,484 million (\$526,370 thousand), down 28.4% year over year, while operating loss was ¥2,618 million (\$29,021 thousand) versus operating income of ¥2,000 million in the same period last year.

Asia / Oceania

Net sales from a-TFTs, inkjet printers, 3LCD projectors, LTPS, and watches declined. As result, total net sales in the region were ¥144,311 million (\$1,599,722 thousand), down 26.6% year on year, while operating income was ¥9,943 million (\$110,220 thousand), up 66.1% from the same period last year.

First-Half Operating Performance

Net sales for the first two quarters (six months) of the year under review were ¥449,629 million (\$4,984,247 thousand), down 27.0% compared to the same period last year. In addition to the effects of yen

appreciation, net sales were hurt by recession-related declines in unit shipments of inkjet printers, terminal modules, SIDM printers and 3LCD projectors, as well as by downward price pressure on quartz devices. Net sales were also hurt by the economic recession and as a result of our business reorganization, which contributed to declines in unit shipments of small- and medium-sized displays and semiconductors. Operating loss was ¥9,300 million (\$103,092 thousand), versus operating income of ¥28,008 million in the same period last year, due to the sharp decline in net sales. Ordinary loss was ¥14,431 million (\$159,971 thousand), versus ordinary income of ¥27,497 million in the same period last year. Net loss was ¥29,187 million (\$323,545 thousand), versus net income of ¥11,720 million in the same period last year.

Qualitative Information regarding the Consolidated Financial Position

Total assets were ¥887,610 million (\$9,839,374 thousand), a decrease of ¥29,731 million (\$329,575 thousand) compared to the last fiscal year end. This is attributed primarily to a decrease of ¥18,188 million (\$201,618 thousand) in current assets such as cash and deposits, and a decrease of ¥16,582 (\$183,815 thousand) in tangible fixed assets such as machinery, equipment and vehicles.

Total liabilities were ¥618,259 million (\$6,853,553 thousand), a ¥19,548 million (\$216,694 thousand) increase compared to the last fiscal year end. Current liabilities increased by ¥45,863 million (\$508,402 thousand), while noncurrent liabilities decreased by ¥26,315 million (\$291,708 thousand). The increase in current liabilities was mainly due to an increase in trade accounts payable. The decrease in noncurrent liabilities was due to a repayment of long-term loans.

Qualitative Information regarding the Consolidated Financial outlook

Other than foreign exchange rate assumptions, the full year outlook has not been revised since it was announced on August 26, 2009.

Consolidated Full-Year Results Outlook

	REF: FY2008 Full-Year Result	Previous Outlook	Current Outlook	Change
Net sales	1,122.4 billion	1,030.0 billion	1,030.0 billion	-
Operating income	(1.5 billion)	3.0 billion	3.0 billion	-
Ordinary income	5.3 billion	0.0 billion	0.0 billion	-
Full-year net income	(111.3 billion)	(8.5 billion)	(8.5 billion)	-
Foreign exchange rate	1USD = ¥101 1euro = ¥143	1USD = ¥96 1euro = ¥127	1USD = ¥94 1euro = ¥132	

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 Quarterly Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	September 30, 2009	March 31, 2009	September 30, 2009
Assets			
Current assets			
Cash and deposits	¥164,088	¥172,921	\$1,818,955
Notes and accounts receivable-trade	146,623	134,133	1,625,351
Short-term investment securities	84,510	102,014	936,814
Merchandise and finished goods	84,803	91,471	940,062
Work in process	39,876	36,947	442,035
Raw materials and supplies	22,104	19,132	245,028
Other	60,065	64,446	665,870
Allowance for doubtful accounts	(2,583)	(3,389)	(28,633)
Total current assets	599,489	617,677	6,645,482
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	403,289	404,869	4,470,557
Machinery, equipment and vehicles	487,872	518,819	5,408,180
Tools, furniture and fixtures	177,095	184,508	1,963,141
Other	56,558	58,090	626,995
Accumulated depreciation	(887,686)	(912,574)	(9,840,217)
Total property, plant and equipment	237,130	253,712	2,628,656
Intangible assets			
Goodwill	2,676	-	29,664
Other	15,368	16,789	170,369
Total intangible assets	18,045	16,789	200,033
Investments and other assets			
Investment securities	17,692	15,281	196,120
Other	15,536	14,164	172,220
Allowance for doubtful accounts	(283)	(284)	(3,137)
Total investments and other assets	32,945	29,161	365,203
Total noncurrent assets	288,121	299,664	3,193,892
Total assets	¥887,610	¥917,342	\$9,839,374

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

	Millions of yen		Thousands of U.S. dollars
	September 30, 2009	March 31, 2009	September 30, 2009
<u>Liabilities</u>			
Current liabilities			
Notes and accounts payable-trade	¥91,009	¥70,177	\$1,008,857
Short-term loans payable	61,310	42,182	679,636
Current portion of long-term loans payable	41,656	18,543	461,766
Income taxes payable	6,718	6,208	74,470
Provision for bonuses	12,098	11,572	134,109
Provision for product warranties	9,348	9,813	103,624
Other	107,569	125,350	1,192,477
Total current liabilities	329,711	283,848	3,654,939
Noncurrent liabilities			
Bonds payable	100,000	100,000	1,108,524
Long-term loans payable	152,424	185,322	1,689,657
Provision for retirement benefits	16,016	12,966	177,541
Provision for recycle costs	877	926	9,721
Provision for product warranties	727	677	8,058
Negative goodwill	-	1,729	-
Other	18,500	13,239	205,113
Total noncurrent liabilities	288,547	314,862	3,198,614
Total liabilities	618,259	598,710	6,853,553
<u>Net assets</u>			
Shareholders' equity			
Capital stock			
Authorized - 607,458,368 shares			
Issued (September 30, 2009) - 199,817,389 shares			
Issued (March 31, 2009) - 196,364,592 shares	53,204	53,204	589,779
Capital surplus	84,321	79,500	934,718
Retained earnings	177,955	208,524	1,972,674
Treasury stock			
September 30, 2009 - 21,080 shares			
March 31, 2009 - 3,018 shares	(34)	(8)	(376)
Total shareholders' equity	315,446	341,220	3,496,795
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	4,356	2,835	48,287
Deferred gains or losses on hedges	(40)	(2,175)	(443)
Foreign currency translation adjustment	(51,856)	(39,255)	(574,836)
Total valuation and translation adjustments	(47,540)	(38,596)	(526,992)
Minority interests	1,445	16,007	16,018
Total net assets	269,351	318,631	2,985,821
Total liabilities and net assets	¥887,610	¥917,342	\$9,839,374

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		Six months ended September 30,
	2008	2009	2009
Net sales	¥615,784	¥449,629	\$4,984,247
Cost of sales	442,224	343,105	3,803,414
Gross profit	173,560	106,523	1,180,833
Selling, general and administrative expenses	145,551	115,824	1,283,925
Operating income (loss)	28,008	(9,300)	(103,092)
Non-operating income:			
Interest income	2,694	726	8,047
Other	3,463	2,999	33,256
Total non-operating income	6,157	3,726	41,303
Non-operating expenses:			
Interest expenses	2,782	2,614	28,976
Foreign exchange losses	3,081	5,631	62,421
Other	804	611	6,785
Total non-operating expenses	6,669	8,857	98,182
Ordinary income (loss)	27,497	(14,431)	(159,971)
Extraordinary income:			
Gain on sales of noncurrent assets	116	131	1,452
Reversal of provision for loss on litigation	269	132	1,463
Gain on prior periods adjustment for removal	94	126	1,396
Other	227	108	1,209
Total extraordinary income	708	498	5,520
Extraordinary loss:			
Impairment loss	927	2,418	26,804
Loss on antitrust law fine	-	2,457	27,236
Loss on valuation of inventories	4,569	-	-
Other	2,276	1,590	17,636
Total extraordinary losses	7,773	6,466	71,676
Income (loss) before income taxes and minority interests	20,432	(20,399)	(226,127)
Income taxes	8,230	8,859	98,205
Minority interests in income (loss)	481	(71)	(787)
Net income (loss)	¥11,720	(¥29,187)	(\$323,545)

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	2009	2009
Net sales	¥311,507	¥236,230	\$2,618,667
Cost of sales	229,661	173,410	1,922,292
Gross profit	81,846	62,820	696,375
Selling, general and administrative expenses	76,211	59,679	661,568
Operating income	5,634	3,140	34,807
Non-operating income:			
Interest income	1,331	310	3,436
Other	1,642	1,447	16,051
Total non-operating income	2,973	1,758	19,487
Non-operating expenses:			
Interest expenses	1,343	1,289	14,288
Foreign exchange losses	1,152	2,685	29,763
Other	592	295	3,293
Total non-operating expenses	3,088	4,270	47,344
Ordinary income	5,519	627	6,950
Extraordinary income:			
Gain on sales of noncurrent assets	50	106	1,175
Reversal of provision for loss on litigation	-	117	1,296
Other	217	51	577
Total extraordinary income	268	275	3,048
Extraordinary loss:			
Impairment loss	47	1,425	15,796
Loss on antitrust law fine	-	2,457	27,236
Other	1,027	607	6,728
Total extraordinary losses	1,074	4,490	49,760
Income (loss) before income taxes and minority interests	4,714	(3,587)	(39,762)
Income taxes	2,976	3,113	34,520
Minority interests in income	318	120	1,330
Net income (loss)	¥1,420	(¥6,821)	(\$75,612)

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

Consolidated Quarterly 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, 2009
	2008	2009	
Consolidated quarterly statements of cash flows			
Net cash provided by (used in) operating activities			
Income (loss) before income taxes and minority interests	¥20,432	(¥20,399)	(\$226,127)
Depreciation and amortization	38,113	23,914	265,092
Impairment loss	927	2,418	26,804
Equity in (earnings) losses of affiliates	(41)	(162)	(1,795)
Amortization of goodwill	(600)	(266)	(2,948)
Increase (decrease) in allowance for doubtful accounts	87	(652)	(7,227)
Increase (decrease) in provision for bonuses	(774)	593	6,573
Increase (decrease) in provision for product warranties	(999)	(229)	(2,538)
Increase (decrease) in provision for retirement benefits	(1,772)	3,661	40,583
Interest and dividends income	(2,954)	(954)	(10,575)
Interest expenses	2,782	2,614	28,976
Foreign exchange losses (gains)	(968)	(209)	(2,316)
Loss (gain) on sales of noncurrent assets	(157)	(152)	(1,684)
Loss on retirement of noncurrent assets	965	422	4,677
Decrease (increase) in notes and accounts receivable-trade	(8,035)	(11,345)	(125,762)
Decrease (increase) in inventories	(29,124)	(3,731)	(41,359)
Increase (decrease) in accrued consumption taxes	1,403	1,104	12,238
Increase (decrease) in notes and accounts payable-trade	16,962	17,420	193,104
Other, net	(8,286)	(1,463)	(16,242)
Subtotal	27,962	12,582	139,474
Interest and dividends income received	2,933	756	8,380
Interest expenses paid	(2,932)	(2,669)	(29,586)
Income taxes paid	(7,196)	(7,030)	(77,951)
Net cash provided by (used in) operating activities	20,766	3,637	40,317
Net cash provided by (used in) investing activities			
Net decrease (increase) in time deposits	(579)	(188)	(2,084)
Purchase of investment securities	(457)	(6)	(66)
Proceeds from sales of investment securities	219	3	33
Purchase of property, plant and equipment	(30,605)	(16,687)	(184,979)
Proceeds from sales of property, plant and equipment	273	146	1,618
Purchase of intangible assets	(4,661)	(1,789)	(19,831)
Proceeds from sales of intangible assets	9	3	33
Purchase of long-term prepaid expenses	(147)	(90)	(997)
Purchase of investments in subsidiaries	-	(13,405)	(148,597)
Other, net	101	(100)	(1,143)
Net cash provided by (used in) investing activities	(35,846)	(32,116)	(356,013)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	9,101	19,283	213,721
Repayment of long-term loans payable	(32,199)	(9,781)	(108,424)
Repayments of lease obligations	(4,552)	(1,549)	(17,171)
Purchase of treasury stock	(0)	(25)	(277)
Proceeds from sales of treasury stock	-	0	0
Cash dividends paid	(3,141)	(1,374)	(15,231)
Cash dividends paid to minority shareholders	(394)	(104)	(1,152)
Net cash provided by (used in) financing activities	(31,188)	6,447	71,466
Effect of exchange rate change on cash and cash equivalents	3,054	(4,458)	(49,418)
Net increase (decrease) in cash and cash equivalents	(43,214)	(26,489)	(293,648)
Cash and cash equivalents at beginning of period	316,414	284,340	3,151,978
Cash and cash equivalents at end of period	¥273,200	¥257,850	\$2,858,330

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 relevant sections in the Seiko Epson Annual Report 2009.

In addition, some notes such as “Investments in debt and equity securities” and “Derivative instruments” are not included because the figures to which they refer are insignificant to the consolidated results.

1. Basis of presenting consolidated financial statements

The amounts in the accompanying consolidated financial statements and the notes are rounded down.

2. Number of group companies

As of September 30, 2009, the Company had 95 consolidated subsidiaries.

3. Goodwill

Epson had goodwill and negative goodwill as of March 31, 2009, and as of September 30, 2009. Goodwill and negative goodwill are amortized on a straight-line basis in accordance with Japanese accounting standards. Goodwill or negative goodwill is recorded on the balance sheets after offsetting. The amounts of goodwill and negative goodwill before offsetting as of March 31, 2009, and as of September 30, 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	September 30, 2009	March 31, 2009	September 30, 2009
Goodwill	¥4,191	¥469	\$46,458
Negative goodwill	1,514	2,199	16,783

4. Cash dividends

In the six months ended September 30, 2009, the Company paid the following cash dividends per share to its registered shareholders at the end of the last fiscal year:

	Cash dividends per share	Yen	U.S. dollars
Year-end		¥7.00	\$0.07

The effective date of the distribution for year-end cash dividend was June 25, 2009.

5. Net income (loss) per share

The calculation of net income (loss) per share for the six months ended September 30, 2008 and 2009, is as follows:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30		Six months ended September 30, 2009
	2008	2009	
Net income (loss) attributable to common shares	¥11,720	(¥29,187)	(\$323,545)
	Thousands of shares		
Weighted-average number of common shares outstanding	196,362	198,657	
	Yen		U.S. dollars
Net income (loss) per share	¥59.69	(¥146.92)	(\$1.62)

The calculation of net income (loss) per share for the three months ended September 30, 2008 and 2009, is as follows:

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30		Three months ended September 30, 2009
	2008	2009	
Net income (loss) attributable to common shares	¥1,420	(¥6,821)	(\$75,612)
	Thousands of shares		
Weighted-average number of common shares outstanding	196,362	199,803	
	Yen		U.S. dollars
Net income (loss) per share	¥7.23	(¥34.14)	(\$0.37)

Epson had no dilutive potential common shares, such as convertible debt or warrants, outstanding during the three months ended September 30, 2008, or for the six months ended at the same time. Diluted net loss per share is not calculated herein since a net loss was incurred and Epson had no dilutive potential common shares outstanding during the three months ended September 30, 2009, or for the six months ended at the same time.

6. Selling, general and administrative expenses

The significant components of selling, general and administrative expenses for the six months ended September 30, 2008 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30		Six months ended September 30,
	2008	2009	2009
Salaries and wages	¥39,832	¥35,720	\$395,964
Research and development costs	21,756	17,059	189,103

The significant components of selling, general and administrative expenses for the three months ended September 30, 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30		Three months ended September 30,
	2008	2009	2009
Salaries and wages	¥20,608	¥17,705	\$196,264
Research and development costs	11,595	8,489	94,102

7. Cash flow information

Cash and cash equivalents as of September 30, 2008 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	September 30		September 30,
	2008	2009	2009
Cash and deposits	¥136,610	¥164,088	\$1,818,955
Short-term investments	129,007	84,510	936,814
Short-term loans receivables	10,000	10,000	110,852
Less:			
Short-term borrowings (overdrafts)	(353)	(3)	(33)
Time deposits due over three months	(2,048)	(733)	(8,137)
Short-term investments due over three months	(15)	(11)	(121)
Cash and cash equivalents	<u>¥273,200</u>	<u>¥257,850</u>	<u>\$2,858,330</u>

The Company obtained marketable securities, the fair value of which was ¥9,921 million and ¥9,967 million (\$110,486 thousand) as of March 31, 2009, and as of September 30, 2009, respectively, as a deposit for the short-term loans receivables above.

8. Contingent liabilities

Contingent liabilities for guarantee of employees' housing loans from banks as of March 31, 2009, and as of September 30, 2009, were ¥1,707 million and ¥1,539 million (\$17,060 thousand), respectively.

9. 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 by the nature of products, markets and marketing methods.

The information-related equipment segment mainly includes color inkjet printers, page printers, serial impact 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.

The electronic devices segment mainly includes small- and medium-sized LCDs, HTPS-TFT panels for 3LCD projectors, crystal units, crystal oscillators, quartz sensors, optical devices and CMOS LSIs.

The 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 intra-group services and business incubation projects, are categorized within “Other”.

The following table summarizes the business segment information of Epson for the three months ended September 30, 2008 and 2009:

Three months ended September 30:

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

Millions of yen							
Three months ended September 30, 2009							
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥162,846	¥57,992	¥14,715	¥675	¥236,230	-	¥236,230
Inter-segment	472	8,391	352	5,226	14,443	(¥14,443)	-
Total	163,319	66,384	15,068	5,901	250,673	(14,443)	236,230
Operating income (loss)	¥6,058	(¥695)	(¥605)	(¥1,656)	¥3,099	¥40	¥3,140

Thousands of U.S. dollars							
Three months ended September 30, 2009							
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	\$1,805,211	\$642,855	\$163,119	\$7,482	\$2,618,667	-	\$2,618,667
Inter-segment	5,255	93,016	3,902	57,931	160,104	(\$160,104)	-
Total	1,810,466	735,871	167,021	65,413	2,778,771	(160,104)	2,618,667
Operating income (loss)	\$67,120	(\$7,704)	(\$6,706)	(\$18,357)	\$34,353	\$454	\$34,807

The table below summarizes the business segment information of Epson for the six months ended September 30, 2008 and 2009:

Six months ended September 30:

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

Millions of yen							
Six months ended September 30, 2009							
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥318,989	¥102,361	¥27,100	¥1,177	¥449,629	-	¥449,629
Inter-segment	809	14,891	650	10,505	26,857	(¥26,857)	-
Total	319,799	117,252	27,751	11,682	476,486	(26,857)	449,629
Operating income (loss)	¥4,771	(¥9,283)	(¥2,065)	(¥2,828)	(¥9,405)	¥104	(¥9,300)

Thousands of U.S. dollars							
Six months ended September 30, 2009							
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	\$3,536,094	\$1,134,696	\$300,410	\$13,047	\$4,984,247	-	\$4,984,247
Inter-segment	8,991	165,070	7,205	116,450	297,716	(\$297,716)	-
Total	3,545,085	1,299,766	307,615	129,497	5,281,963	(297,716)	4,984,247
Operating income (loss)	\$52,888	(\$102,904)	(\$22,891)	(\$31,349)	(\$104,256)	\$1,164	(\$103,092)

In line with changes to the role of basic R&D accompanying the structural changes in the electronic devices segment, certain operating expenses previously included in business incubation projects in the “other” segment, from the current fiscal year, were allocated to the various business segments. As a result, operating income decreased by ¥2,155 million (\$23,900 thousand) in the information-related equipment segment, by ¥671 million (\$7,438 thousand) in the electronic devices segment, and by ¥179 million (\$1,984 thousand) in the precision products segment, and increased by ¥3,006 million (\$33,322 thousand) in the “other” segment compared to the corresponding amounts that would have been reported if the previous method had been applied.

(2) Geographic segment information

Net sales are attributed to geographic segments based on the country or region 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 following table summarizes the geographic segment information of Epson for the three months ended September 30, 2008 and 2009:

Three months ended September 30:

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

Millions of yen							
Three months ended September 30, 2009							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥91,701	¥54,631	¥45,807	¥44,090	¥236,230	-	¥236,230
Inter-segment	116,294	4,856	1,677	100,221	223,050	(¥223,050)	-
Total	207,995	59,488	47,484	144,311	459,280	(223,050)	236,230
Operating income (loss)	(¥16,219)	¥3,425	(¥2,618)	¥9,943	(¥5,468)	¥8,609	¥3,140

Thousands of U.S. dollars							
Three months ended September 30, 2009							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	\$1,016,540	\$605,598	\$507,781	\$488,748	\$2,618,667	-	\$2,618,667
Inter-segment	1,289,172	53,829	18,589	1,110,974	2,472,564	(\$2,472,564)	-
Total	2,305,712	659,427	526,370	1,599,722	5,091,231	(2,472,564)	2,618,667
Operating income (loss)	(\$179,779)	\$37,966	(\$29,021)	\$110,220	(\$60,614)	\$95,421	\$34,807

The following table summarizes the geographic segment information of Epson for the six months ended September 30, 2008 and 2009:

Six months ended September 30:

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

Millions of yen							
Six months ended September 30, 2009							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥177,549	¥101,257	¥89,869	¥80,952	¥449,629	-	¥449,629
Inter-segment	215,355	11,864	3,591	184,538	415,350	(¥415,350)	-
Total	392,905	113,122	93,460	265,490	864,979	(415,350)	449,629
Operating income (loss)	(¥37,099)	¥6,092	¥1,012	¥17,633	(¥12,361)	¥3,060	(¥9,300)

Thousands of U.S. dollars							
Six months ended September 30, 2009							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	\$1,968,198	\$1,122,458	\$996,219	\$897,372	\$4,984,247	-	\$4,984,247
Inter-segment	2,387,285	131,515	39,807	2,045,649	4,604,256	(\$4,604,256)	-
Total	4,355,483	1,253,973	1,036,026	2,943,021	9,588,503	(4,604,256)	4,984,247
Operating income (loss)	(\$411,239)	\$67,531	\$11,218	\$195,466	(\$137,024)	\$33,932	(\$103,092)

(3) Sales to overseas customers

The following table shows sales to overseas customers by geographic region, and as a percentage of consolidated net sales, for the three months ended September 30, 2008 and 2009:

Three months ended September 30:

	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%

	Millions of yen			
	Three months ended September 30, 2009			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥57,482	¥46,961	¥57,587	¥162,031
Consolidated net sales				¥236,230
Percentage of overseas sales to consolidated net sales (%)	24.3%	19.9%	24.4%	68.6%

	Thousands of U.S. dollars			
	Three months ended September 30, 2009			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	\$637,202	\$520,574	\$638,377	\$1,796,153
Consolidated net sales				\$2,618,667
Percentage of overseas sales to consolidated net sales (%)	24.3%	19.9%	24.4%	68.6%

The following table shows sales to overseas customers by geographic region, and as a percentage of consolidated net sales, for the six months ended September 30, 2008 and 2009:

Six months ended September 30:

	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%

	Millions of yen			
	Six months ended September 30, 2009			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥105,569	¥93,398	¥106,593	¥305,561
Consolidated net sales				¥449,629
Percentage of overseas sales to consolidated net sales (%)	23.5%	20.8%	23.7%	68.0%

	Thousands of U.S. dollars			
	Six months ended September 30, 2009			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	\$1,170,258	\$1,035,339	\$1,181,621	\$3,387,218
Consolidated net sales				\$4,984,247
Percentage of overseas sales to consolidated net sales (%)	23.5%	20.8%	23.7%	68.0%

10. Other

The Company and related subsidiaries were subject to allegations concerning a TFT-LCD price-fixing cartel, and received from the Japanese Fair Trade Commission and competition authorities in the United States and elsewhere instructions and notices to submit relevant materials. In August 2009, a related subsidiary concluded a plea agreement by which it paid a fine of U.S.\$26 million to the United States Department of Justice. Criminal procedures relating to this matter were completed in October 2009. Related civil lawsuits have been brought before courts in both the United States and Canada.

Supplementary Information

Consolidated Half Year ended September 30, 2009

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,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Information-related equipment	405.4	319.7	(21.1%)	721.0	(6.3%)
Printer	337.2	269.8	(20.0%)	598.0	(7.4%)
Visual instruments	54.7	41.6	(24.0%)	95.0	(4.1%)
Other	13.8	8.6	(37.1%)	28.0	8.4%
Intra-segment sales	(0.3)	(0.3)	-%	0.0	-%
Electronic devices	186.9	117.2	(37.3%)	271.0	(13.0%)
Display	99.8	51.5	(48.4%)	135.0	(19.5%)
Quartz device	48.2	39.6	(17.8%)	80.0	(2.2%)
Semiconductor	41.8	26.6	(36.1%)	55.0	(17.5%)
Other	1.6	1.3	(16.2%)	6.0	239.0%
Intra-segment sales	(4.5)	(1.9)	-%	(5.0)	-%
Precision products	42.8	27.7	(35.2%)	63.0	(13.3%)
Other	17.3	11.6	(32.8%)	26.0	(18.3%)
Inter-segment sales	(36.8)	(26.8)	-%	(51.0)	-%
Consolidated sales	615.7	449.6	(27.0%)	1,030.0	(8.2%)

2. Business segment information

(Unit: billion yen)

	Six months ended September 30,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Information-related equipment					
Net sales:					
Customers	404.2	318.9	(21.1%)	720.0	(6.2%)
Inter-segment	1.2	0.8	(34.4%)	1.0	(59.9%)
Total	405.4	319.7	(21.1%)	721.0	(6.3%)
Operating expenses	379.5	315.0	(17.0%)	694.0	(6.2%)
Operating income (loss)	25.9	4.7	(81.6%)	27.0	(10.4%)
Electronic devices					
Net sales:					
Customers	167.5	102.3	(38.9%)	245.0	(12.5%)
Inter-segment	19.3	14.8	(23.1%)	26.0	(18.2%)
Total	186.9	117.2	(37.3%)	271.0	(13.0%)
Operating expenses	180.5	126.5	(29.9%)	284.0	(13.9%)
Operating income (loss)	6.4	(9.2)	-%	(13.0)	-%
Precision products					
Net sales:					
Customers	42.0	27.1	(35.6%)	62.0	(13.1%)
Inter-segment	0.7	0.6	(11.3%)	1.0	(25.2%)
Total	42.8	27.7	(35.2%)	63.0	(13.3%)
Operating expenses	42.0	29.8	(29.1%)	66.0	(11.5%)
Operating income (loss)	0.7	(2.0)	-%	(3.0)	-%
Other					
Net sales:					
Customers	1.8	1.1	(38.0%)	3.0	(23.8%)
Inter-segment	15.4	10.5	(32.2%)	23.0	(17.5%)
Total	17.3	11.6	(32.8%)	26.0	(18.3%)
Operating expenses	22.9	14.5	(36.7%)	34.0	(22.6%)
Operating income (loss)	(5.5)	(2.8)	-%	(8.0)	-%
Elimination and corporate					
Net sales	(36.8)	(26.8)	-%	(51.0)	-%
Operating expenses	(37.2)	(26.9)	-%	(51.0)	-%
Operating income (loss)	0.4	0.1	(75.6%)	0.0	-%
Consolidated					
Net sales	615.7	449.6	(27.0%)	1,030.0	(8.2%)
Operating expenses	587.7	458.9	(21.9%)	1,027.0	(8.6%)
Operating income (loss)	28.0	(9.3)	-%	3.0	-%

3. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

	Six months ended September 30,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Capital expenditure	29.2	11.5	(60.6%)	58.0	4.3%
Information-related equipment	14.7	4.9	(66.4%)	27.0	2.6%
Electronic devices	11.1	4.6	(58.0%)	20.0	(1.3%)
Precision products	1.4	0.8	(43.3%)	4.0	8.5%
Other	1.8	1.0	(42.7%)	7.0	30.5%
Depreciation and amortization	38.1	23.9	(37.3%)	57.0	(27.3%)

4. Research and development

(Unit: billion yen)

	Six months ended September 30,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Research and Development	40.4	35.3	(12.7%)	87.0	6.0%
R&D / sales ratio	6.6%	7.9%		8.4%	

5. Management indices

(Unit: %)

	Six months ended September 30,		Increase Point	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 Point
	2008	2009			
Return on equity (ROE)	2.6%	(10.2%)	(12.8)	(2.9%)	26.8
Return on assets (ROA)	2.4%	(1.6%)	(4.0)	0.0	(0.5)
Return on sales (ROS)	4.5%	(3.2%)	(7.7)	0.0	(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,		Increase
	2008	2009	
Foreign exchange effect	(24.1)	(46.9)	(22.8)
U.S. dollars	(18.8)	(13.4)	5.3
Euro	0.3	(20.0)	(20.3)
Other	(5.5)	(13.4)	(7.8)
Exchange rate			
Yen / U.S. dollars	106.11	95.49	
Yen / Euro	162.68	133.15	

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,	March 31,	September 30,	Increase compared to March 31, 2009
	2008	2009	2009	
Inventory	188.9	147.5	146.7	(0.7)
Information-related equipment	119.2	93.2	96.1	2.8
Electronic devices	50.6	35.0	33.6	(1.3)
Precision products	17.4	17.7	15.5	(2.2)
Other / Corporate	1.6	1.5	1.4	0.0
	(Unit: days)			
Turnover by days	56	48	60	12
Information-related equipment	54	44	55	11
Electronic devices	50	41	53	12
Precision products	75	89	102	13
Other / Corporate	17	18	23	5

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

8. Employees

(Unit: person)

	September 30,	March 31,	September 30,	Increase compared to March 31, 2009
	2008	2009	2009	
Number of employees at period end	93,279	72,326	78,376	6,050
Domestic	26,220	24,190	23,917	(273)
Overseas	67,059	48,136	54,459	6,323