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**CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED DECEMBER 31, 2015 (IFRS basis)**

Consolidated Financial Highlights

Quarterly Condensed Consolidated Statement of Comprehensive Income

	Millions of yen		Change	Thousands of U.S. dollars
	Nine months ended December 31,			Nine months ended December 31, 2015
	2014	2015		
Revenue	814,805	837,422	2.8%	6,943,221
Business profit (Note)	85,472	72,774	(14.9%)	603,392
Profit from operating activities	110,675	81,907	(26.0%)	679,106
Profit before tax	112,622	80,314	(28.7%)	665,898
Profit for the period	90,618	55,242	(39.0%)	458,021
Profit for the period attributable to owners of the parent company	90,476	54,969	(39.2%)	455,766
Total comprehensive income for the period	139,359	49,479	(64.5%)	410,239
Basic earnings per share (in ¥1, \$1 unit)	252.88	153.64		1.27
Diluted earnings per share (in ¥1, \$1 unit)	-	-		-

(Note) Business profit is calculated by subtracting cost of sales and selling, general and administrative expenses from Revenue.

Quarterly Condensed Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	March 31, 2015	December 31, 2015	December 31, 2015
Total assets	1,006,282	1,002,225	8,309,634
Total equity	497,308	521,625	4,324,890
Equity attributable to owners of the parent company	494,325	518,622	4,299,991
Equity attributable to owners of the parent company ratio (%)	49.1%	51.7%	51.7%

Quarterly Condensed Consolidated Statement of Cash Flows

	Millions of yen		Change	Thousands of U.S. dollars
	Nine months ended December 31,			Nine months ended December 31, 2015
	2014	2015		
Net cash provided by (used in) operating activities	73,540	68,413	(7.0%)	567,224
Net cash provided by (used in) investing activities	(33,188)	(34,743)	-%	(288,060)
Net cash provided by (used in) financing activities	(36,209)	(55,951)	-%	(463,900)
Cash and cash equivalents at end of period	230,311	219,129	(4.9%)	1,816,839

Notes

- I. Seiko Epson Corporation (the “Company”) completed the Company’s ordinary shares split with an effective date of April 1, 2015. As a result, each share of the Company’s ordinary shares was split into two shares. Basic earnings per share was calculated under the assumption that the shares split took effect at the beginning of the previous fiscal year.
- II. Figures in ‘Change’ column are comparisons with the same period of the previous year.
- III. Diluted earnings per share is presented only if there are dilutive factors present.
- IV. Equity attributable to owners of the parent company is equity excluding non-controlling interest 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 ¥120.61 = U.S.\$1 as of December 31, 2015 has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Overview of the First Three Quarters of Fiscal 2015 (April 1 to December 31, 2015)

The global economic recovery in the first three quarters of the fiscal year lost momentum primarily due to an economic deceleration in China and other emerging nations and plummeting resource prices. Regionally, the U.S. economy continued to gradually expand, leading the FRB to raise interest rates in December after seven years near zero, as job growth and an improved labor market fueled rising wages and buoyed consumption. However, the Latin American economy slowed due to falling prices for natural resources, as well as currency devaluations. The European economy as a whole continues to gradually recover, but elements of uncertainty remain, such as the refugee problem and Russian recession. In Asia, China's economy decelerated. Economic growth in ASEAN countries, which saw exports to China decrease, also slowed. In India, however, the economy is recovering. In Japan, employment and the income environment continued to improve partly in response to government fiscal and monetary policies, but the economy as a whole tread water because these improvements were offset chiefly by export softness and inventory adjustments.

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

Inkjet printer demand was flat year on year in North America and Europe. Large-format inkjet printer demand was firm in North America, Europe, and Japan, but demand in Latin America was subdued due to the effects of economic deceleration. Demand for serial-impact dot-matrix (SIDM) printers continued to contract in the Americas and Europe. Meanwhile, upgrade demand from the Chinese tax collection market also shrank. Demand for point-of-sale (POS) system products remained stable in North America, Europe, and Japan.

Projector demand was sluggish in the economically uncertain areas of Europe and Latin America, where there was a backlash in demand from the surge that preceded last year's FIFA World Cup. Demand was also subdued in Asia due to concerns about an economic downturn.

Cell phones and digital cameras are the main applications markets for Epson's electrical devices. In the cell phone market, demand for feature phones continued to decline while demand for smart phones remained firm. Demand in the digital camera market was subdued.

In the precision products market, demand for watches in Japan was strong, aided in part by demand from overseas visitors. Demand was also firm in Europe, but demand in China was weak due to slack consumption. Demand for industrial robots increased in the electronics and electrical machinery industry in response to a growing need for automation.

At the start of the 2013 fiscal year Epson began working under an updated three-year plan called the SE15 Updated Mid-Range Business Plan (FY2013-15). We have been closely adhering to the strategic course charted by the SE15 Long-Range Corporate Vision and, in line with the updated plan, are pursuing a basic strategy of managing our businesses so that they create steady profit while avoiding the single-minded pursuit of revenue growth. Our top priority has been steady profit and cash flow. To achieve this in existing segments, we have readjusted our product mixes and adopted new business models. Meanwhile, we have aggressively developed markets in new segments. We will continue to pursue a basic strategy of managing our businesses so that they create steady profit and avoiding the single-minded pursuit of revenue growth during the 2015 fiscal year, the final year of the updated mid-range business plan. The increased profits that accompany this strategy will be used to fund strategic investments and spending for mid-term growth, with an eye on further future growth.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the

first nine months of the fiscal year were ¥121.70 and ¥134.36, respectively. This represents a 14% depreciation in the value of the yen against the dollar and a 4% appreciation in the value of the yen against the euro, year on year. The yen appreciated against the currencies of some emerging countries in places such as Latin America.

The foregoing factors are reflected in our financial results for the first three quarters. Revenue was ¥837.4 billion, up 2.8% year on year. Business profit was ¥72.7 billion, down 14.9% year on year. Profit from operating activities was ¥81.9 billion, down 26.0% year on year. Profit before tax was ¥80.3 billion, down 28.7% year on year. Profit for the period was ¥55.2 billion, down 39.0% year on year.

Please note that profit from operating activities in the same period last year included a profit resulting from changes in the defined-benefit plan in Japan that reduced past service costs by ¥30 billion. Note also that profit in the same period last year included the effects of a reduction in tax expenses associated with the use of loss carry-forwards.

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

Note that the operations grouped within each segment changed effective in the first quarter of the current accounting period in conjunction with a reorganization that took effect on April 1, 2015. The reorganization was made to best position Epson for FY2016 and beyond, as well as to facilitate the achievement of the Updated Mid-Range Business Plan. The printing systems business, which was included in the information-related equipment segment, the label printer business, which was included in the visual communications business of the former Information-related equipment segment, and the industrial inkjet printing systems business, which was included in the former sensing and industrial solutions segment, were merged and are reported under the printing solutions segment. Also, a new visual communications segment was created. All the businesses in the former visual communications business, which was included in the former information-related equipment segment, except the label printer business, are now reported under this segment. In addition, the crystal devices, semiconductors, and precision products businesses, all of which were included in the former devices and precision products segment, and the sensing systems and industrial robots and IC handlers businesses, which were included in the former sensing and industrial solutions segment, were merged. They are now reported under the wearable and industrial products segment.

Printing Solutions Segment

Printer business revenue increased, helped in part by foreign exchange effects.

Inkjet printer revenue increased despite a decline in ink cartridge printer shipments. Revenue jumped because we continued to rapidly expand sales of high-capacity ink tank printers in Asia and elsewhere by reinforcing the lineup and expanding the sales territory. Revenue from consumables also increased, the result of an improved install base composition.

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

SIDM printer revenue increased on the whole. Although unit shipments decreased due to the decline of the total market, passbook printer sales increased in Europe and China due to replacement demand and system upgrade demand.

Revenue in the professional printing business increased, helped in part by foreign exchange effects.

Large-format inkjet printer revenue grew despite the effects of steep currency devaluations and economic deceleration in Latin America and China's slowing growth. This growth was driven by continued firm demand in the large-photo and color calibration (proofing) markets and by an expanded range of applications for inkjet textile printers, from apparel to small personal items and interior goods. Consumables revenue also grew on increased use and demand for ink.

POS system product revenue grew primarily because of increased demand for compact receipt printers in the Americas and Europe. Meanwhile, sales of label printers that enable on-demand in-house printing increased along with a growing need for the use of color labels.

Segment profit in the printing solutions segment decreased due to a combination of factors, including ink cartridge printer price competition in Japan and North America; the stronger U.S. dollar, which caused the cost of products manufactured overseas to rise; and strategic investment and spending on mid-term growth.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥561.5 billion, up 2.9% year on year. Segment profit was ¥81.1 billion, down 11.4% year on year.

Visual Communications Segment

Visual communications revenue increased, owing in part to foreign exchange effects. 3LCD projector unit shipments and revenue increased in North America, Asia, and Japan despite downward pressure caused by the effects of a decrease in tender offers in the European and American education sector, steep currency devaluations and economic deceleration in Latin America, and China's slowing growth.

Segment profit in the visual communications segment decreased primarily due to the decrease in education tenders, which led to a decline in sales of high added value products, the appreciation of the dollar, which caused manufacturing costs for products produced overseas to rise, and strategic investment and spending on mid-term growth.

As a result of the foregoing factors, revenue in the visual communications segment was ¥141.2 billion, up 5.2% year on year. Segment profit was ¥13.1 billion, down 17.9% year on year.

Wearable and Industrial Products Segment

Revenue in the wearable products business increased due to the effect of higher average selling prices due to an increase in sales of high-end watches and firm sales in Japan and Europe, as well as foreign exchange effects.

Revenue in the robotic solutions business decreased after a large order for industrial robots caused sales to jump in the same period last year, but if this order is excluded, sales grew on increased orders in China, Japan, and Europe. IC handler revenue decreased due to a combination of slowing growth in semiconductors for smartphones and dealer inventory adjustments.

Revenue in the microdevices business decreased despite foreign exchange effects. Sales of crystal devices grew in the automotive sector, but revenue fell due to a combination of price erosion and a decline in unit volume of products used in for cell phones and other personal electronics. Semiconductor revenue decreased due to worsening market conditions.

The surface finishing business, which developed new customers, and the alloy powders business, which reported strong sales of high-performance material powders for mobile equipment, both recorded revenue growth.

Segment profit in the wearable and industrial products segment increased. This increase was due to revenue growth in the surface finishing business and alloy powders business, as well as to the effect of cost reductions in the microdevices business and the depreciation of local currencies, which lowered manufacturing costs for goods produced overseas.

As a result of the foregoing factors, revenue in the wearable and industrial products segment was ¥134.8

billion, up 0.4% year on year. Segment profit was ¥11.7 billion, up 22.1% year on year.

Other

Other revenue amounted to ¥0.9 billion, up 0.4% year on year. Segment loss was ¥0.4 billion compared to a ¥0.2 billion segment loss in the same period last year.

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥32.8 billion. (Adjustments in the same period last year were negative ¥31.4 billion.) The loss mainly comprises selling, general and administrative expenses for areas that do not correspond to the reporting segments, such as research and development expenses for new businesses and basic technology, and general corporate expenses.

Qualitative Information Regarding the Consolidated Financial Position

Total assets at the end of the first three quarters were ¥1,002.2 billion, a decrease of ¥4.0 billion from the previous fiscal year end. While trade and other receivables increased by ¥8.5 billion, inventories increased by ¥2.4 billion, and property, plant and equipment increased by ¥9.5 billion, total assets decreased primarily because cash and cash equivalents decreased by ¥26.0 billion due in part to the redemption of bonds payable and the payment of dividends.

Total liabilities were ¥480.6 billion, down ¥28.3 billion compared to the end of the last fiscal year. This decrease was mainly because of a ¥30.2 billion decrease in other financial liabilities included in current and non-current liabilities accompanying the redemption of bonds payable.

The equity attributable to owners of the parent company totaled ¥518.6 billion, a ¥24.2 billion increase compared to the previous fiscal year end. While we paid ¥25.0 billion in dividends, retained earnings increased by ¥30.3 billion because we booked a ¥54.9 billion profit for the period. On the other hand, a ¥6.0 billion decrease in other components of equity, including a decrease in the exchange differences on translation of foreign operations associated with the appreciation of the yen, caused equity attributable to owners of the parent company to increase.

Qualitative Information Regarding the Consolidated Financial Outlook

The consolidated financial outlook for the full year has not changed since it was announced on October 29, 2015.

The assumed exchange rates for the fourth quarter are 115 yen to the U.S. dollar and 125 yen to the euro.

Consolidated Full-Year Financial Outlook

	FY2014 Full-Year	Previous Outlook (A)	Current Outlook (B)	Change (B - A)
Revenue	¥1,086.3 billion	¥1,100.0 billion	¥1,100.0 billion	-
Business profit	¥101.2 billion	¥82.0 billion	¥82.0 billion	-
Profit from operating activities	¥131.3 billion	¥91.0 billion	¥91.0 billion	-
Profit before tax	¥132.5 billion	¥88.0 billion	¥88.0 billion	-
Profit for the period	¥112.7 billion	¥60.0 billion	¥60.0 billion	-
Profit for the year attributable to owners of the parent company	¥112.5 billion	¥60.0 billion	¥60.0 billion	-
Foreign exchange rates	\$1USD = ¥109.93	\$1USD = ¥118.00	\$1USD = ¥120.00	
	1 euro = ¥138.77	1 euro = ¥130.00	1 euro = ¥132.00	

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Quarterly Condensed Consolidated Statement of Financial Position

	Notes	Millions of yen		Thousands of
		March 31,	December 31,	U.S. dollars
		2015	2015	December 31,
				2015
<u>Assets</u>				
Current assets				
Cash and cash equivalents	9	245,330	219,288	1,818,157
Trade and other receivables	9	167,482	175,985	1,459,124
Inventories		220,426	222,839	1,847,599
Income tax receivables		1,963	4,630	38,388
Other financial assets	9	3,544	1,868	15,487
Other current assets		11,539	15,841	131,368
Subtotal		650,287	640,454	5,310,123
Non-current assets held for sale		96	-	-
Total current assets		650,383	640,454	5,310,123
Non-current assets				
Property, plant and equipment		227,257	236,803	1,963,377
Intangible assets		19,170	18,733	155,318
Investment property		4,758	2,339	19,393
Investments accounted for using the equity method		3,232	1,686	13,978
Net defined benefit assets		7	2	16
Other financial assets	9	25,345	26,174	217,013
Other non-current assets		5,958	5,312	44,056
Deferred tax assets		70,168	70,721	586,360
Total non-current assets		355,898	361,771	2,999,511
Total assets		1,006,282	1,002,225	8,309,634

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	Notes	Millions of yen		Thousands of
		March 31,	December 31,	U.S. dollars
		2015	2015	December 31,
				2015
<u>Liabilities and equity</u>				
Liabilities				
Current liabilities				
Trade and other payables	9	140,047	141,352	1,171,975
Income tax payables		8,384	18,866	156,421
Other financial liabilities	6,9	75,745	75,364	624,856
Provisions		24,322	24,953	206,889
Other current liabilities		106,942	98,014	812,680
Total current liabilities		355,442	358,552	2,972,821
Non-current liabilities				
Other financial liabilities	6,9	112,466	82,590	684,769
Net defined benefit liabilities		31,234	31,704	262,863
Provisions		6,141	4,278	35,469
Other non-current liabilities		2,977	2,522	20,938
Deferred tax liabilities		711	951	7,884
Total non-current liabilities		153,531	122,047	1,011,923
Total liabilities		508,973	480,600	3,984,744
Equity				
Share capital		53,204	53,204	441,124
Capital surplus		84,321	84,321	699,121
Treasury shares		(20,464)	(20,470)	(169,720)
Other components of equity		83,073	77,031	638,670
Retained earnings		294,191	324,537	2,690,796
Equity attributable to owners of the parent company		494,325	518,622	4,299,991
Non-controlling interests		2,982	3,003	24,899
Total equity		497,308	521,625	4,324,890
Total liabilities and equity		1,006,282	1,002,225	8,309,634

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Comprehensive Income Nine months ended December 31, 2014 and 2015:

	Notes	Millions of yen		Thousands of U.S. dollars
		Nine months ended December 31,		Nine months ended December 31,
		2014	2015	2015
Revenue	5	814,805	837,422	6,943,221
Cost of sales		(515,373)	(532,528)	(4,415,288)
Gross profit		299,431	304,894	2,527,933
Selling, general and administrative expenses		(213,959)	(232,119)	(1,924,541)
Other operating income		33,901	13,171	109,203
Other operating expense		(8,699)	(4,037)	(33,489)
Profit from operating activities		110,675	81,907	679,106
Finance income		3,297	1,362	11,292
Finance costs		(1,531)	(3,058)	(25,337)
Share of profit of investments accounted for using the equity method		181	101	837
Profit before tax		112,622	80,314	665,898
Income taxes		(20,958)	(25,036)	(207,578)
Profit from continuing operations		91,664	55,278	458,320
Loss from discontinued operations		(1,045)	(36)	(299)
Profit for the period		90,618	55,242	458,021
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss, net of tax				
Remeasurement of net defined benefit liabilities (assets)		13,271	405	3,357
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)		1,425	630	5,224
Subtotal		14,697	1,035	8,581
Items that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations		33,869	(5,797)	(48,081)
Net changes in fair value of cash flow hedges		(38)	(780)	(6,467)
Share of other comprehensive income of investments accounted for using the equity method		213	(219)	(1,815)
Subtotal		34,044	(6,798)	(56,363)
Total other comprehensive income, net of tax		48,741	(5,762)	(47,782)
Total comprehensive income for the period		139,359	49,479	410,239

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

SEIKO EPSON CORPORATION

	Millions of yen		Thousands of U.S. dollars	
	Nine months ended December 31,		Nine months ended December 31,	
	Notes	2014	2015	2015
Profit for the period attributable to:				
Owners of the parent company		90,476	54,969	455,766
Non-controlling interests		142	272	2,255
Profit for the period		90,618	55,242	458,021
Total comprehensive income for the period attributable to:				
Owners of the parent company		138,800	49,347	409,153
Non-controlling interests		559	131	1,086
Total comprehensive income for the period		139,359	49,479	410,239

	Notes	Yen		U.S. dollars
		Nine months ended December 31,		Nine months ended December 31,
		2014	2015	2015
Earnings per share for the period:				
Basic earnings per share for the period	8	252.88	153.64	1.27
Earnings per share from continuing operations for the period:				
Basic earnings per share for the period	8	255.80	153.74	1.27
Earnings per share from discontinued operations for the period:				
Basic loss per share for the period	8	(2.92)	(0.10)	(0.00)

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Quarterly Condensed Consolidated Statement of Comprehensive Income Three months ended December 31, 2014 and 2015:

	Notes	Millions of yen		Thousands of U.S. dollars
		Three months ended December 31,		Three months ended December 31,
		2014	2015	2015
Revenue	5	301,997	294,441	2,441,265
Cost of sales		(190,081)	(181,292)	(1,503,126)
Gross profit		111,916	113,149	938,139
Selling, general and administrative expenses		(77,353)	(80,619)	(668,427)
Other operating income		1,149	8,670	71,884
Other operating expense		(3,619)	(1,002)	(8,316)
Profit from operating activities		32,092	40,197	333,280
Finance income		663	470	3,896
Finance costs		(826)	(470)	(3,896)
Share of profit of investments accounted for using the equity method		74	11	92
Profit before tax		32,004	40,208	333,372
Income taxes		(6,276)	(11,129)	(92,273)
Profit from continuing operations		25,727	29,079	241,099
Loss from discontinued operations		(793)	(3)	(33)
Profit for the period		24,933	29,075	241,066
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss, net of tax				
Remeasurement of net defined benefit liabilities (assets)		5,971	3,197	26,506
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)		124	1,542	12,794
Subtotal		6,095	4,740	39,300
Items that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations		21,801	(281)	(2,331)
Net changes in fair value of cash flow hedges		(869)	(155)	(1,285)
Share of other comprehensive income of investments accounted for using the equity method		96	(205)	(1,699)
Subtotal		21,028	(642)	(5,315)
Total other comprehensive income, net of tax		27,124	4,098	33,985
Total comprehensive income for the period		52,057	33,174	275,051

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

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	Millions of yen		Thousands of U.S. dollars	
	Three months ended December 31,		Three months ended December 31,	
	Notes	2014	2015	2015
Profit for the period attributable to:				
Owners of the parent company		24,889	28,941	239,955
Non-controlling interests		44	134	1,111
Profit for the period		24,933	29,075	241,066
Total comprehensive income for the period attributable to:				
Owners of the parent company		51,762	33,117	274,587
Non-controlling interests		295	56	464
Total comprehensive income for the period		52,057	33,174	275,051

	Notes	Yen		U.S. dollars
		Three months ended December 31,		Three months ended December 31,
		2014	2015	2015
Earnings per share for the period:				
Basic earnings per share for the period	8	69.57	80.89	0.67
Earnings per share from continuing operations for the period:				
Basic earnings per share for the period	8	71.79	80.90	0.67
Earnings per share from discontinued operations for the period:				
Basic loss per share for the period	8	(2.22)	(0.01)	(0.00)

Quarterly Condensed Consolidated Statement of Changes in Equity
Nine months ended December 31, 2014 and 2015:

Millions of yen													
Equity attributable to owners of the parent company													
Notes	Other components of equity									Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Remeasurement of net defined benefit liabilities (assets)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity					
As of April 1, 2014	53,204	84,321	(20,457)	-	5,332	45,046	(662)	49,716	195,587	362,371	2,385	364,757	
Profit for the period	-	-	-	-	-	-	-	-	90,476	90,476	142	90,618	
Other comprehensive income	-	-	-	13,271	1,493	33,597	(38)	48,324	-	48,324	416	48,741	
Total comprehensive income for the period	-	-	-	13,271	1,493	33,597	(38)	48,324	90,476	138,800	559	139,359	
Acquisition of treasury shares	-	-	(5)	-	-	-	-	-	-	(5)	-	(5)	
Dividends	-	-	-	-	-	-	-	-	(12,880)	(12,880)	(95)	(12,975)	
Transfer from other components of equity to retained earnings	-	-	-	(13,271)	(34)	-	-	(13,306)	13,306	-	-	-	
Total transactions with the owners	-	-	(5)	(13,271)	(34)	-	-	(13,306)	426	(12,885)	(95)	(12,981)	
As of December 31, 2014	53,204	84,321	(20,463)	-	6,790	78,644	(700)	84,734	286,490	488,286	2,849	491,135	

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

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Millions of yen												
Equity attributable to owners of the parent company												
Notes	Share capital	Capital surplus	Treasury shares	Other components of equity					Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
				Remeasurement of net defined benefit liabilities (assets)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity				
As of April 1, 2015	53,204	84,321	(20,464)	-	7,149	74,868	1,055	83,073	294,191	494,325	2,982	497,308
Profit for the period	-	-	-	-	-	-	-	-	54,969	54,969	272	55,242
Other comprehensive income	-	-	-	405	642	(5,888)	(780)	(5,621)	-	(5,621)	(140)	(5,762)
Total comprehensive income for the period	-	-	-	405	642	(5,888)	(780)	(5,621)	54,969	49,347	131	49,479
Acquisition of treasury shares	-	-	(6)	-	-	-	-	-	-	(6)	-	(6)
Dividends	7	-	-	-	-	-	-	-	(25,044)	(25,044)	(111)	(25,155)
Transfer from other components of equity to retained earnings	-	-	-	(405)	(14)	-	-	(419)	419	-	-	-
Total transactions with the owners	-	-	(6)	(405)	(14)	-	-	(419)	(24,624)	(25,050)	(111)	(25,162)
As of December 31, 2015	53,204	84,321	(20,470)	-	7,776	68,979	274	77,031	324,537	518,622	3,003	521,625

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Thousands of U.S. dollars												
Equity attributable to owners of the parent company												
Notes	Share capital	Capital surplus	Treasury shares	Other components of equity					Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
				Remeasurement of net defined benefit liabilities (assets)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total other components of equity				
As of April 1, 2015	441,124	699,121	(169,671)	-	59,288	620,735	8,738	688,761	2,439,196	4,098,531	24,733	4,123,264
Profit for the period	-	-	-	-	-	-	-	-	455,766	455,766	2,255	458,021
Other comprehensive income	-	-	-	3,357	5,315	(48,818)	(6,467)	(46,613)	-	(46,613)	(1,169)	(47,782)
Total comprehensive income for the period	-	-	-	3,357	5,315	(48,818)	(6,467)	(46,613)	455,766	409,153	1,086	410,239
Acquisition of treasury shares	-	-	(49)	-	-	-	-	-	-	(49)	-	(49)
Dividends	7	-	-	-	-	-	-	-	(207,644)	(207,644)	(920)	(208,564)
Transfer from other components of equity to retained earnings	-	-	-	(3,357)	(121)	-	-	(3,478)	3,478	-	-	-
Total transactions with the owners	-	-	(49)	(3,357)	(121)	-	-	(3,478)	(204,166)	(207,693)	(920)	(208,613)
As of December 31, 2015	441,124	699,121	(169,720)	-	64,482	571,917	2,271	638,670	2,690,796	4,299,991	24,899	4,324,890

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Cash Flows

Nine months ended December 31, 2014 and 2015:

	Notes	Millions of yen		Thousands of U.S. dollars
		Nine months ended		Nine months ended
		December 31,		December 31,
		2014	2015	2015
Cash flows from operating activities				
Profit for the period		90,618	55,242	458,021
Depreciation and amortisation		33,291	34,731	287,961
Impairment loss and reversal of impairment loss		2,906	(2,624)	(21,756)
Finance (income) costs, net		(1,766)	1,695	14,045
Share of (profit) loss of investments accounted for using the equity method		(181)	(101)	(837)
Loss (gain) on sales and disposal of property, plant and equipment, intangible assets and investment property, net		266	(7,145)	(59,240)
Income taxes		20,958	25,036	207,578
Decrease (increase) in trade receivables		(22,814)	(8,086)	(67,042)
Decrease (increase) in inventories		(21,083)	(3,663)	(30,370)
Increase (decrease) in trade payables		13,868	3,573	29,624
Increase (decrease) in net defined benefit liabilities		(26,854)	1,097	9,095
Other, net		8,199	(9,846)	(81,644)
Subtotal		97,410	89,907	745,435
Interest and dividend income received		1,964	1,368	11,342
Interest expenses paid		(1,163)	(1,021)	(8,465)
Payments for loss on litigation		(859)	(4,144)	(34,358)
Income taxes paid		(23,811)	(17,696)	(146,730)
Net cash provided by (used in) operating activities		73,540	68,413	567,224
Cash flows from investing activities				
Proceeds from sales of investment securities		18	48	397
Purchase of property, plant and equipment		(26,081)	(44,530)	(369,206)
Proceeds from sales of property, plant and equipment		194	343	2,843
Purchase of intangible assets		(3,545)	(4,987)	(41,348)
Proceeds from sales of intangible assets		9	31	257
Proceeds from sales of investment property		620	13,834	114,700
Purchase of investments in subsidiaries		(639)	(500)	(4,145)
Other, net		(3,764)	1,017	8,442
Net cash provided by (used in) investing activities		(33,188)	(34,743)	(288,060)
Cash flows from financing activities				
Net increase (decrease) in current borrowings		(13,004)	9,371	77,686
Repayment of non-current borrowings		-	(86)	(713)
Proceeds from issuance of bonds issued		10,000	-	-
Redemption of bonds issued		(20,000)	(40,000)	(331,647)
Payments of lease obligations		(223)	(74)	(613)
Dividends paid	7	(12,880)	(25,044)	(207,644)
Dividends paid to non-controlling interests		(95)	(111)	(920)
Purchase of treasury shares		(5)	(6)	(49)
Net cash provided by (used in) financing activities		(36,209)	(55,951)	(463,900)
Effect of exchange rate changes on cash and cash equivalents		14,659	(3,919)	(32,501)
Net increase (decrease) in cash and cash equivalents		18,801	(26,201)	(217,237)
Cash and cash equivalents at beginning of period		211,510	245,330	2,034,076
Cash and cash equivalents at end of period		230,311	219,129	1,816,839

Notes to Consolidated Financial Statements*1. Reporting Entity*

Seiko Epson Corporation (the “Company”) is a stock corporation domiciled in Japan. The addresses of the Company’s registered head office and principal business offices are available on the Company’s website (<http://www.epson.jp>). The details of businesses and principal business activities of the Company and its affiliates (“Epson”) are stated in “5. Segment Information”.

2. Basis of Preparation

Epson’s quarterly condensed consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, under the provision of Article 93 of Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements, as Epson meets the criteria of a “Specified company” defined under Article 1-2 of Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.

The quarterly condensed consolidated financial statements of Epson do not contain all the information required in annual consolidated financial statements, they should be used in combination with the consolidated financial statements for the fiscal year ended March 31, 2015.

3. Changes in Accounting Policies and Changes in Accounting Estimates

The significant accounting policies adopted for the quarterly condensed consolidated financial statements of Epson are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2015. Epson calculated income taxes for the nine months ended December 31, 2015 based on an estimated average annual effective income tax rate.

4. Significant Accounting Estimates and Judgments

The preparation of Epson’s quarterly condensed consolidated financial statements includes management estimates and assumptions in order to measure income, expenses, assets and liabilities, and disclosed contingencies as of December 31, 2015. These estimates and assumptions are based on the best judgment of management in light of historical experience and various factors deemed to be reasonable as of December 31, 2015. Given their nature, actual results may differ from those estimates and assumptions.

The estimates and assumptions are continuously reviewed by management. The effects of a change in estimates and assumptions are recognised in the period of the change and its subsequent periods. Estimates and assumptions having a significant effects on the amounts recognised in Epson’s quarterly condensed consolidated financial statements are consistent with those for the fiscal year ended March 31, 2015.

5. Segment Information

(1) Outline of reportable segments

The reportable segments of Epson are determined based on the operating segments that are components of Epson about which separate financial information is available and are evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

From the beginning of this fiscal year, Epson changed its organisational structure and the reportable segments into three segments: “Printing Solutions”, “Visual Communications” and “Wearable & Industrial Products”. They are determined by types of products, nature of products, and markets. Segment information for the nine months and three months ended December 31, 2014 has been reclassified based on new reportable segments.

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

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

(2) Revenues and performances for reportable segments

Revenues and performances for reportable segments were as follows. Transactions between the segments were mainly based on prevailing market prices.

FY2014: Nine months ended December 31, 2014

	Reportable segments			Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products				
Revenue							
External revenue	545,520	134,065	129,787	809,373	556	4,875	814,805
Inter-segment revenue	266	170	4,460	4,897	434	(5,332)	-
Total revenue	545,787	134,235	134,247	814,271	991	(456)	814,805
Segment profit (loss)							
(Business profit (loss)) (Note 1)	91,578	16,036	9,613	117,228	(263)	(31,492)	85,472
					Other operating income (expense)		25,202
					Profit from operating activities		110,675
					Finance income (costs), net		1,766
					Share of profit of investments accounted for using the equity method		181
					Profit before tax		112,622

(Note 1) Segment profit (loss) (Business profit (loss)) is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

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

(Note 3) Adjustments to Segment profit (loss) (Business profit (loss)) of (¥31,492) million comprised “Eliminations” of ¥187 million and “Corporate expenses” of (¥31,680) million. The corporate expenses included expenses relating to research and development for new businesses and basic technology, and general corporate expenses which are not attributed to reportable segments.

SEIKO EPSON CORPORATION

FY2015: Nine months ended December 31, 2015

Millions of yen

	Reportable segments			Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products				
Revenue							
External revenue	561,321	141,200	129,975	832,496	504	4,421	837,422
Inter-segment revenue	261	35	4,827	5,125	490	(5,615)	-
Total revenue	561,583	141,235	134,802	837,621	994	(1,193)	837,422
Segment profit (loss) (Business profit (loss)) (Note 1)							
	81,180	13,166	11,737	106,084	(491)	(32,818)	72,774
					Other operating income (expense)		9,133
					Profit from operating activities		81,907
					Finance income (costs), net		(1,695)
					Share of profit of investments accounted for using the equity method		101
					Profit before tax		80,314

(Note 1) Segment profit (loss) (Business profit (loss)) is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

(Note 2) "Other" mainly consists of the intra-group services.

(Note 3) Adjustments to Segment profit (loss) (Business profit (loss)) of (¥32,818) million comprised "Eliminations" of ¥356 million and "Corporate expenses" of (¥33,175) million. The corporate expenses included expenses relating to research and development for new businesses and basic technology, and general corporate expenses which are not attributed to reportable segments.

SEIKO EPSON CORPORATION

FY2015: Nine months ended December 31, 2015

Thousands of US dollars

	Reportable segments			Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products				
Revenue							
External revenue	4,654,017	1,170,715	1,077,647	6,902,379	4,178	36,664	6,943,221
Inter-segment revenue	2,181	290	40,021	42,492	4,063	(46,555)	-
Total revenue	4,656,198	1,171,005	1,117,668	6,944,871	8,241	(9,891)	6,943,221
Segment profit (loss) (Business profit (loss)) (Note 1)	673,088	109,161	97,313	879,562	(4,070)	(272,100)	603,392
					Other operating income (expense)		75,714
					Profit from operating activities		679,106
					Finance income (costs), net		(14,045)
					Share of profit of investments accounted for using the equity method		837
					Profit before tax		665,898

(Note 1) Segment profit (loss) (Business profit (loss)) is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

(Note 2) "Other" mainly consists of the intra-group services.

(Note 3) Adjustments to Segment profit (loss) (Business profit (loss)) of (\$272,100) thousand comprised "Eliminations" of \$2,960 thousand and "Corporate expenses" of (\$275,060) thousand. The corporate expenses included expenses relating to research and development for new businesses and basic technology, and general corporate expenses which are not attributed to reportable segments.

SEIKO EPSON CORPORATION

FY2014: Three months ended December 31, 2014

Millions of yen

	Reportable segments			Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products				
Revenue							
External revenue	209,625	47,283	42,792	299,701	224	2,071	301,997
Inter-segment revenue	92	79	1,612	1,784	144	(1,929)	-
Total revenue	209,717	47,362	44,405	301,485	369	142	301,997
Segment profit (loss) (Business profit (loss)) (Note 1)	36,331	5,314	3,727	45,373	(66)	(10,744)	34,562
					Other operating income (expense)		(2,469)
					Profit from operating activities		32,092
					Finance income (costs), net		(162)
					Share of profit of investments accounted for using the equity method		74
					Profit before tax		32,004

(Note 1) Segment profit (loss) (Business profit (loss)) is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

(Note 2) "Other" mainly consists of the intra-group services.

(Note 3) Adjustments to Segment profit (loss) (Business profit (loss)) of (¥10,744) million comprised "Eliminations" of ¥109 million and "Corporate expenses" of (¥10,854) million. The corporate expenses included expenses relating to research and development for new businesses and basic technology, and general corporate expenses which are not attributed to reportable segments.

SEIKO EPSON CORPORATION

FY2015: Three months ended December 31, 2015

Millions of yen

	Reportable segments			Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products				
Revenue							
External revenue	204,831	46,067	41,802	292,700	209	1,531	294,441
Inter-segment revenue	94	0	1,539	1,634	159	(1,794)	-
Total revenue	204,925	46,067	43,342	294,335	368	(262)	294,441
Segment profit (loss) (Business profit (loss)) (Note 1)							
	37,145	4,318	2,744	44,208	(169)	(11,509)	32,529
					Other operating income (expense)		7,668
					Profit from operating activities		40,197
					Finance income (costs), net		(0)
					Share of profit of investments accounted for using the equity method		11
					Profit before tax		40,208

(Note 1) Segment profit (loss) (Business profit (loss)) is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

(Note 2) "Other" mainly consists of the intra-group services.

(Note 3) Adjustments to Segment profit (loss) (Business profit (loss)) of (¥11,509) million comprised "Eliminations" of ¥118 million and "Corporate expenses" of (¥11,628) million. The corporate expenses included expenses relating to research and development for new businesses and basic technology, and general corporate expenses which are not attributed to reportable segments.

SEIKO EPSON CORPORATION

FY2015: Three months ended December 31, 2015

Thousands of US dollars

	Reportable segments			Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products				
Revenue							
External revenue	1,698,293	381,950	346,596	2,426,839	1,733	12,693	2,441,265
Inter-segment revenue	787	0	12,760	13,547	1,318	(14,865)	-
Total revenue	1,699,080	381,950	359,356	2,440,386	3,051	(2,172)	2,441,265
Segment profit (loss) (Business profit (loss)) (Note 1)	307,984	35,801	22,751	366,536	(1,401)	(95,423)	269,712
					Other operating income (expense)		63,568
					Profit from operating activities		333,280
					Finance income (costs), net		(0)
					Share of profit of investments accounted for using the equity method		92
					Profit before tax		333,372

(Note 1) Segment profit (loss) (Business profit (loss)) is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

(Note 2) "Other" mainly consists of the intra-group services.

(Note 3) Adjustments to Segment profit (loss) (Business profit (loss)) of (\$95,423) thousand comprised "Eliminations" of \$986 thousand and "Corporate expenses" of (\$96,409) thousand. The corporate expenses included expenses relating to research and development for new businesses and basic technology, and general corporate expenses which are not attributed to reportable segments.

6. Other Financial Liabilities

The breakdown of “Other financial liabilities” was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2015	December 31, 2015	December 31, 2015
Derivative financial liabilities	259	297	2,462
Current borrowings	35,380	45,008	373,169
Current portion of non-current borrowings	53	—	—
Current portion of bonds issued	39,978	29,980	248,569
Non-current borrowings	50,533	50,500	418,704
Bonds issued (Note 1) (Note 2)	59,853	29,921	248,080
Other	2,153	2,248	18,641
Total	188,211	157,955	1,309,625
Current liabilities	75,745	75,364	624,856
Non-current liabilities	112,466	82,590	684,769
Total	188,211	157,955	1,309,625

(Note 1) Issuance of “Bonds issued”

The bonds issued for the nine months ended December 31, 2014 were as follows:

FY2014: Nine months ended December 31, 2014

Company	Bonds name	Issue date	%	Maturity date	Millions of yen
			Interest rate		Total amount of issuance
The Company	The 12th Series unsecured straight bonds (with inter-bond pari passu clause)	June 13, 2014	0.35	June 13, 2019	10,000

There were not any bonds issued for the nine months ended December 31, 2015.

(Note 2) Redemption of “Bonds issued”

The bonds issued redeemed for the nine months ended December 31, 2014 were as follows:

FY2014: Nine months ended December 31, 2014

Company	Bonds name	Issue date	%	Maturity date	Millions of yen
			Interest rate		Total amount of issuance
The Company	The 6th Series unsecured straight bonds (with inter-bond pari passu clause)	June 14, 2011	0.49	June 13, 2014	20,000

The bonds issued redeemed for the nine months ended December 31, 2015 were as follows:

FY2015: Nine months ended December 31, 2015

Company	Bonds name	Issue date	%	Maturity date	Millions of yen	Thousands of U.S. dollars
			Interest rate		Total amount of issuance	Total amount of issuance
The Company	The 5th Series unsecured straight bonds (with inter-bond pari passu clause)	September 3, 2010	0.58	September 3, 2015	20,000	165,823
The Company	The 8th Series unsecured straight bonds (with inter-bond pari passu clause)	September 12, 2012	0.55	September 11, 2015	20,000	165,823

Derivative financial liabilities were classified as financial liabilities measured at fair value through profit or loss excluding those which hedge accounting was applied to, and bonds issued and borrowings were classified as financial liabilities measured at amortised cost. There were no financial covenants on bonds issued and borrowings that had a significant impact on Epson's financing activities.

7. Dividends

Dividends paid were as follows:

FY2014: Nine months ended December 31, 2014

(Resolution)	Class of shares	Millions of yen Total dividends	Yen Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 24, 2014)	Ordinary shares	6,618	37	March 31, 2014	June 25, 2014
Board of Directors (October 31, 2014)	Ordinary shares	6,261	35	September 30, 2014	December 5, 2014

FY2015: Nine months ended December 31, 2015

(Resolution)	Class of shares	Millions of yen Total dividends	Yen Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 25, 2015)	Ordinary shares	14,311	80	March 31, 2015	June 26, 2015
Board of Directors (October 29, 2015)	Ordinary shares	10,733	30	September 30, 2015	December 4, 2015

FY2015: Nine months ended December 31, 2015

(Resolution)	Class of shares	Thousands of U.S. dollars Total dividends	U.S. dollars Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 25, 2015)	Ordinary shares	118,655	0.66	March 31, 2015	June 26, 2015
Board of Directors (October 29, 2015)	Ordinary shares	88,989	0.24	September 30, 2015	December 4, 2015

(Note) The Company completed the Company's ordinary shares split with an effective date of April 1, 2015 based on the resolution by the Company's Board of Directors on January 30, 2015. Dividends per share whose basis date was prior to March 31, 2015 was stated by the actual dividends paid which was before the shares split.

8. Earnings per Share

Basis of calculating basic earnings per share

(1) Profit attributable to ordinary shareholders of the parent company

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2014	2015	2015
Profit from continuing operations attributable to owners of the parent company	91,521	55,005	456,065
Loss from discontinued operations attributable to owners of the parent company	(1,045)	(36)	(299)
Profit used for calculation of basic earnings per share	90,476	54,969	455,766

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31,		Three months ended December 31,
	2014	2015	2015
Profit from continuing operations attributable to owners of the parent company	25,683	28,944	239,988
Loss from discontinued operations attributable to owners of the parent company	(793)	(3)	(33)
Profit used for calculation of basic earnings per share	24,889	28,941	239,955

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

	Thousands of shares	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Weighted-average number of ordinary shares	357,779	357,775

(Note) The Company completed the Company's ordinary shares split with an effective date of April 1, 2015 based on the resolution by the Company's Board of Directors on January 30, 2015. As a result, each share of the Company's ordinary shares was split into two shares. Basic earnings per share was calculated under the assumption that the shares split took effect at the beginning of the previous fiscal year.

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	Thousands of shares	
	Three months ended December 31, 2014	Three months ended December 31, 2015
Weighted-average number of ordinary shares	357,778	357,775

(Note) The Company completed the Company's ordinary shares split with an effective date of April 1, 2015 based on the resolution by the Company's Board of Directors on January 30, 2015. As a result, each share of the Company's ordinary shares was split into two shares. Basic earnings per share was calculated under the assumption that the shares split took effect at the beginning of the previous fiscal year.

9. Fair Value of Financial Instruments

(1) Fair value measurement

The fair values of financial assets and liabilities are determined as follows:

(Derivatives)

The fair values are calculated based on prices obtained from financial institutions.

(Equity securities and bonds receivable)

When market values for equity securities and bonds receivable are available, such values are used as the fair values. The fair values of the equity securities and bonds receivable whose market values are unavailable are measured by using the discounted cash flow method, price comparison method based on the prices of similar types of securities and bonds and other valuation methods.

(Borrowings)

As current borrowings are settled on a short-term basis, the fair values approximate their carrying amounts. For non-current borrowings with floating rates, it is assumed that the fair value is equal to the carrying amounts, because the rates are affected in the short term by fluctuations in market interest rates, and because Epson's credit status has not greatly changed since they were implemented. The fair values of non-current borrowings with fixed rates are calculated by the total sum of the principal and interest discounted by using the interest rates that would be applied if similar new borrowings were conducted.

(Bonds issued)

The fair values of bonds issued are determined based on market prices.

(Lease obligations)

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

(Other)

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

(2) Fair values of financial instruments

The carrying amounts and the fair values of the financial instruments were as follows:

	Millions of yen				Thousands of U.S. dollars	
	March 31, 2015		December 31, 2015		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value						
Derivative financial assets	3,181	3,181	1,491	1,491	12,362	12,362
Equity securities	19,639	19,639	20,325	20,325	168,518	168,518
Financial assets measured at amortised cost						
Cash and cash equivalents	245,330	245,330	219,288	219,288	1,818,157	1,818,157
Trade and other receivables	167,482	167,482	175,985	175,985	1,459,124	1,459,124
Bonds receivable	108	108	93	93	771	771
Other	5,960	5,960	6,132	6,132	50,849	50,849
Financial liabilities measured at fair value						
Derivative financial liabilities	259	259	297	297	2,462	2,462
Financial liabilities measured at amortised cost						
Trade and other payables	140,047	140,047	141,352	141,352	1,171,975	1,171,975
Interest-bearing debt						
Borrowings	85,966	86,118	95,508	95,633	791,873	792,911
Bonds issued	99,831	100,466	59,901	60,319	496,649	500,116
Lease obligations	180	180	262	262	2,172	2,172
Other	1,973	1,973	1,985	1,985	16,469	16,469

(3) Fair value hierarchy

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

Level 1: Fair value measured at quoted prices in active markets for identical assets or liabilities

Level 2: Fair value calculated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly

Level 3: Fair value calculated using valuation techniques including unobservable inputs for the assets and liabilities

Epson does not have any financial instruments for which there is significant measurement uncertainty and subjectivity which needs to subdivide each level stated above for disclosure.

The transfers between levels in the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Classification by hierarchy regarding financial assets and liabilities measured at fair value

FY2014: As of March 31, 2015

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	3,181	-	3,181
Equity securities	17,232	-	2,406	19,639
Total	17,232	3,181	2,406	22,821
Financial liabilities				
Derivative financial liabilities	-	259	-	259
Total	-	259	-	259

FY2015: As of December 31, 2015

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	1,491	-	1,491
Equity securities	18,266	-	2,059	20,325
Total	18,266	1,491	2,059	21,816
Financial liabilities				
Derivative financial liabilities	-	297	-	297
Total	-	297	-	297

FY2015: As of December 31, 2015

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	12,362	-	12,362
Equity securities	151,447	-	17,071	168,518
Total	151,447	12,362	17,071	180,880
Financial liabilities				
Derivative financial liabilities	-	2,462	-	2,462
Total	-	2,462	-	2,462

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

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

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2014	2015	2015
Balance as of April 1	2,606	2406	19,948
Gains and losses			
Other comprehensive income	(13)	(317)	(2,629)
Sales	(25)	(30)	(248)
Balance as of December 31	2,567	2,059	17,071

10. Contingencies

Material litigation

In general, litigation has uncertainties and it is difficult to make reliable judgments for the possibility of an outflow of resources embodying economic benefits and to estimate the financial effect.

Provisions are not recognised either if an outflow of resources embodying economic benefits is not probable or to estimate the financial effect is not practicable. Epson was contending the following material actions.

(1) The liquid crystal display price-fixing cartel

The civil actions have been brought against the Company and certain of its consolidated subsidiaries by multiple customers in the U.S, regarding allegations of involvement in a liquid crystal display price-fixing cartel.

Moreover, the Company and certain of its consolidated subsidiaries are currently under investigation by a certain anti-monopoly-related authority.

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

In June 2010, Epson Europe B.V. (“EEB”), a consolidated subsidiary of the Company, brought a civil suit against La SCRL Repobel (“Repobel”), a Belgium-based group that collects copyright royalties, seeking restitution for copyright royalties for multifunction printers. After that, Repobel also brought a civil suit against EEB. As a result, these two lawsuits were adjoined. EEB’s claims were rejected at the first trial, but EEB, dissatisfied with the decision, intends to appeal.

Verwertungsgesellschaft Wort (“VG Wort”), the organization for collecting copyright fees on behalf of copyright holders in Germany, filed a civil lawsuit in January 2004 against Epson Deutschland GmbH (“EDG”), a consolidated subsidiary of the Company, seeking payment of copyright fees for single-function printers. While taking the court procedures, EDG had settlement discussions with VG Wort through Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V. (“BITKOM”), a German business association of IT industry. Finally, BITKOM and VG Wort reached an agreement to settle, upon which the court dismissed the case and it was closed.

11. Subsequent Events

No material subsequent events were identified.

Supplementary Information

Consolidated Third Quarter ended December 31, 2015

Cautionary Statement

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

1. Revenue by division

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2016	Increase compared to year ended March 31, 2015 %
	2014	2015			
Printing Solutions	545.7	561.5	2.9%	742.0	1.5%
Printers	383.5	398.6	3.9%	525.0	2.7%
Professional Printing	147.1	152.3	3.5%	200.0	0.4%
Other	16.6	12.4	(25.3%)	20.0	(11.3%)
Inter-segment revenue	(1.4)	(1.7)	-%	(3.0)	-%
Visual Communications	134.2	141.2	5.2%	180.0	1.6%
Wearable & Industrial Products	134.2	134.8	0.4%	176.0	1.5%
Wearable Products	44.8	48.8	8.8%	63.0	10.4%
Robotics Solutions	12.6	11.9	(5.7%)	16.0	2.5%
Microdevices,Other	82.1	79.7	(3.0%)	104.0	(3.6%)
Inter-segment revenue	(5.4)	(5.6)	-%	(7.0)	-%
Other	0.9	0.9	0.4%	1.0	(28.1%)
Corporate expenses & Eliminations	(0.4)	(1.1)	-%	1.0	(70.7%)
Consolidated revenue	814.8	837.4	2.8%	1,100.0	1.3%

Note: 1.The segment information figures for FY2014 have been recalculated using the method used in FY2015.

2.The intra-group services business was categorized within "Other".

2. Business segment information

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2016	Increase compared to year ended March 31, 2015 %
	2014	2015			
Printing Solutions					
Revenue:					
External	545.5	561.3	2.9%	742.0	1.6%
Inter-segment	0.2	0.2	(1.9%)	0.0	-%
Total	545.7	561.5	2.9%	742.0	1.5%
Segment profit (loss)	91.5	81.1	(11.4%)	99.0	(11.2%)
Visual Communications					
Revenue:					
External	134.0	141.2	5.3%	180.0	1.7%
Inter-segment	0.1	0.0	(79.0%)	0.0	-%
Total	134.2	141.2	5.2%	180.0	1.6%
Segment profit (loss)	16.0	13.1	(17.9%)	16.0	(17.6%)
Wearable & Industrial Products					
Revenue:					
External	129.7	129.9	0.1%	170.0	1.4%
Inter-segment	4.4	4.8	8.2%	6.0	1.9%
Total	134.2	134.8	0.4%	176.0	1.5%
Segment profit (loss)	9.6	11.7	22.1%	12.0	16.1%
Other					
Revenue:					
External	0.5	0.5	(9.3%)	0.0	-%
Inter-segment	0.4	0.4	12.8%	1.0	71.9%
Total	0.9	0.9	0.4%	1.0	(28.1%)
Segment profit (loss)	(0.2)	(0.4)	-%	(1.0)	-%
Corporate expenses & Eliminations					
Revenue:					
External	4.8	4.4	(9.3%)	8.0	(23.6%)
Inter-segment	(5.3)	(5.6)	-%	(7.0)	-%
Total	(0.4)	(1.1)	-%	1.0	(70.7%)
Segment profit (loss)	(31.4)	(32.8)	-%	(44.0)	-%
Consolidated					
Revenue	814.8	837.4	2.8%	1,100.0	1.3%
Business profit (loss)	85.4	72.7	(14.9%)	82.0	(19.0%)

Note: 1.The segment information figures for FY2014 have been recalculated using the method used in FY2015.

2.The intra-group services business was categorized within "Other".

3. Revenue to overseas customers

(Unit: billion yen)

	Nine months ended December 31,		Increase	Increase %
	2014	2015		
Overseas Revenue				
The Americas	218.0	243.4	25.4	11.7%
Europe	177.1	171.1	(6.0)	(3.4%)
Asia/Oceania	206.7	223.3	16.5	8.0%
Total	601.9	637.9	36.0	6.0%
Consolidated revenue	814.8	837.4	22.6	2.8%
Percentage of overseas revenue to consolidated revenue (%)				
The Americas	26.8	29.1		
Europe	21.7	20.4		
Asia/Oceania	25.4	26.7		
Total	73.9	76.2		

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

Principal countries and jurisdictions in each geographic segment are as follows.

2. Exports transacted through an intermediary such as trading companies are not included in overseas revenue.

Geographic Segment	The name of main countries and jurisdictions
The Americas	The United States, Canada, Brazil, Chile, Argentina, Costa Rica, Colombia, Venezuela, Mexico and Peru etc.
Europe	The United Kingdom, the Netherlands, Germany, France, Italy, Spain, Portugal and Russia etc.
Asia/Oceania	China (including Hong Kong), Singapore, Malaysia, Taiwan, Thailand, the Philippines, Australia, New Zealand, Indonesia, Korea and India etc.

4. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2016	Increase compared to year ended March 31, 2015 %
	2014	2015			
Capital expenditure	29.3	45.4	55.0%	70.0	54.1%
Printing Solutions	15.5	25.3	63.0%	39.0	75.8%
Visual Communications	4.6	6.3	35.4%	10.0	45.4%
Wearable & Industrial Products	4.2	5.9	42.0%	9.0	7.6%
Other / Corporate expenses	4.8	7.7	59.3%	12.0	50.0%
Depreciation and amortization	32.9	34.3	4.2%	47.0	5.7%

Note: 1. The segment information figures for FY2014 have been recalculated using the method used in FY2015.

2. The intra-group services business was categorized within "Other".

5. Research and development

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2016	Increase compared to year ended March 31, 2015 %
	2014	2015			
Research and Development	35.5	39.3	10.6%	55.0	15.0%
R&D / revenue ratio	4.4%	4.7%		5.0%	

6. Management indices

(Unit: %)

	Nine months ended December 31,		Increase Point	Forecast for the year ended March 31, 2016	Increase compared to year ended March 31, 2015 Point
	2014	2015			
ROE	21.3%	10.9%	(10.4)	11.8%	(14.5)
ROA (Business profit)	8.8%	7.2%	(1.6)	8.2%	(2.4)
ROA (Profit from operating activities)	11.4%	8.2%	(3.2)	9.1%	(4.6)
ROS (Business profit)	10.5%	8.7%	(1.8)	7.5%	(1.8)
ROS (Profit from operating activities)	13.6%	9.8%	(3.8)	8.3%	(3.8)

Note: 1.ROE=Profit for the period attributable to owners of the parent company / Beginning and ending balance average equity attributable to owners of the parent company

2.ROA(Business profit)=Business profit / Beginning and ending balance average total assets

3.ROA(Profit from operating activities)=Profit from operating activities / Beginning and ending balance average total assets

4.ROS(Business profit)= Business profit / Revenue

5.ROS(Profit from operating activities)= Profit from operating activities / Revenue

7. Foreign exchange fluctuation effect on revenue and business profit

(Unit: billion yen)

	Nine months ended December 31,	
	2014	2015
Foreign exchange effect on revenue		30.4
U.S. dollars		32.2
Euro		(6.0)
Other		4.2
Foreign exchange effect on business profit		(10.8)
U.S. dollars		(4.7)
Euro		(4.2)
Other		(1.8)
Exchange rate		
Yen / U.S. dollars	106.87	121.70
Yen / Euro	140.30	134.36

Note: 1.Foreign exchange effect = (Foreign currency revenue or business profit for the period) x (Average exchange rate for the period – Average exchange rate for the same prior period)

2.Transactions in Latin American currencies are calculated in those currencies from the third quarter (nine months ended December 31, 2015). In previous supplementary information, Latin American currencies were calculated and shown as USD transactions.

8. Inventory

(Unit: billion yen)

	December 31, 2014	March 31, 2015	December 31, 2015	Increase compared to March 31, 2015
Inventory	228.6	220.4	222.8	2.4
Printing Solutions	130.0	121.6	124.2	2.5
Visual Communications	53.2	53.4	52.7	(0.7)
Wearable & Industrial Products	44.5	44.5	45.0	0.4
Other / Coporate expenses	0.6	0.6	0.7	0.0
Turnover by days	77	74	73	(1)
Printing Solutions	66	61	61	0
Visual Communications	109	110	103	(7)
Wearable & Industrial Products	91	94	92	(2)
Other / Coporate expenses	32	21	39	18

Note: 1. Turnover by days = Ending (Interim) balance of inventory / Prior 9months (Prior 12 months) revenue per day
2. The intra-group services business was categorized within "Other".

9. Employees

(Unit: person)

	December 31, 2014	March 31, 2015	December 31, 2015	Increase compared to March 31, 2015
Number of employees at period end	70,632	69,878	69,314	(564)
Domestic	18,194	18,627	18,670	43
Overseas	52,438	51,251	50,644	(607)