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**CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED DECEMBER 31, 2016 (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, 2016
	2015	2016		
Revenue	837,422	765,844	(8.5%)	6,574,332
Business profit (Note)	72,774	54,073	(25.7%)	464,194
Profit from operating activities	81,907	57,293	(30.1%)	491,827
Profit before tax	80,314	57,382	(28.6%)	492,591
Profit for the period	55,242	47,095	(14.7%)	404,283
Profit for the period attributable to owners of the parent company	54,969	46,984	(14.5%)	403,331
Total comprehensive income for the period	49,479	52,286	5.7%	448,845
Basic earnings per share (in ¥1, \$1 unit)	153.64	132.93		1.14
Diluted earnings per share (in ¥1, \$1 unit)	153.64	132.92		1.14

(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, 2016	December 31, 2016	December 31, 2016
Total assets	941,340	984,491	8,451,291
Total equity	470,676	491,053	4,215,409
Equity attributable to owners of the parent company	467,818	488,411	4,192,728
Equity attributable to owners of the parent company ratio (%)	49.7%	49.6%	49.6%

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, 2016
	2015	2016		
Net cash provided by (used in) operating activities	68,413	60,903	(11.0%)	522,817
Net cash provided by (used in) investing activities	(34,743)	(48,275)	-%	(414,413)
Net cash provided by (used in) financing activities	(55,951)	(32,920)	-%	(282,599)
Cash and cash equivalents at end of period	219,129	209,318	(4.5%)	1,796,875

Notes

- I. Figures in “Change” column are comparisons with the same period of the previous year.
- II. Equity attributable to owners of the parent company is equity excluding non-controlling interest in subsidiaries.
- III. U.S. dollar amounts are included solely for the convenience of readers. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate. The rate of ¥116.49 = U.S.\$1 as of December 31, 2016 has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

Overview of the First Three Quarters of Fiscal 2016 (April 1 to December 31, 2016)

The global economy basically continued to gradually head toward recovery for the first three quarters of the year under review. Regionally, the U.S. economy continued to recover, fueled by an increase in consumer spending and an improvement in the employment situation. In Europe as well, the economy also gradually recovered, with a drop in the unemployment rate. In China and Latin America, on the other hand, the economic slowdown continued. In Japan an uptick in consumer sentiment and an improvement in the employment situation signaled a continuation of a gradual economic recovery.

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

Demand for inkjet printers continued to decline, as the Japanese consumer market continued to contract sharply and the North America also shrank. On the other hand, there was solid demand for high-capacity ink tank printers, as the entry of other companies had the effect of boosting recognition. Large-format inkjet printer demand was firm in North America and Japan, but demand in China and Latin America was subdued due to the effects of economic deceleration. Serial-impact dot-matrix (SIDM) printer demand was firm in China, where a major tax overhaul produced extra demand in the tax collection market in the first half of the year. However, demand continued to contract in the Americas and Europe.

Demand for education and business projectors expanded in Japan. Projector demand also increased in Europe ahead of major sporting events. However, total sales were subdued due to the effects of the economic slowdown in Latin America and weak demand in retail markets of North America and in some education markets of Europe.

Demand was mixed in the main markets for Epson's electronic devices. In the mobile phone market, demand for feature phones continued to decline while demand for smart phones remained firm, owing primarily to growth of emerging market manufacturers in China and elsewhere. Demand in the digital camera market was subdued. Demand for watches fell sharply overall due to softening demand from tourists to Japan, declines in demand in China and North America, and a soft market for watch movements. Demand for industrial robots remained firm in the Americas and China, as well as in Japan, where sales to the automotive industry were firm.

Against this backdrop, Epson began the new fiscal year under the Epson 25 Phase 1 Mid-Range Business Plan (FY2016-18). The Phase 1 Plan delineates the first phase of work toward achieving the Epson 25 Corporate Vision, which sets forth a goal of creating a new connected age of people, things and information with efficient, compact and precision technologies. During the three years of the Phase 1 Plan Epson will sustain the momentum it gained by strategically adopting new business models and developing new market segments under the previous corporate vision. At the same time, it will move forward on product development while aggressively investing as needed to provide a solid business foundation.

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the first three quarters were ¥106.63 and ¥118.02, respectively. This represents a 12% appreciation in the value of the yen against the dollar and a 12% appreciation in the value of the yen against the euro compared to the same period last year. The yen also continued to ride high against currencies other than the U.S. dollar and euro. The yen gained more against the Chinese yuan, British pound, and some Latin American currencies than it did against the U.S. dollar and euro due to the effects of an economic slowdown and other factors.

The foregoing factors are reflected in our financial results for the first three quarters. Revenue was ¥765.8 billion, down 8.5% year on year. Business profit was ¥54.0 billion, down 25.7% year on year. Profit from operating activities was ¥57.2 billion, down 30.1% year on year. Profit before tax was ¥57.3 billion, down 28.6% year on year. Profit for the period was ¥47.0 billion, down 14.7% year on year.

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

Printing Solutions Segment

Printer business revenue decreased.

Total inkjet printer revenue declined. High-capacity ink tank printer revenue continued to expand, as the entry of other companies into the high-capacity ink tank printer market boosted market recognition and helped to fuel a sharp increase in unit shipments. However, given the contracting market, unit shipments of ink cartridge models declined mainly in the home market. Revenue was also dragged down by foreign exchange effects. Although consumables unit volume decreased, the product mix is improving, with consumables for office printers, which have a higher unit price, accounting for a greater percentage of total consumables sales. However, revenue from consumables decreased due to the negative effects of foreign exchange.

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

In SIDM printers, foreign exchange effects caused revenue to decline although extra demand in the Chinese tax collection system market continued during the first half of the year.

Revenue in the professional printing business decreased.

Total revenue from large-format printers decreased, partly due to foreign exchange effects. Sales of Epson's new products in the growing signage market were strong and demand in the textile segment was firm, though a slow economy tempered revenue in the latter. Total revenue decreased, however, because unit volume of the existing photo and graphics markets decreased. Revenue from consumables also decreased due to a decline in printer unit sales and foreign exchange effects.

POS system product revenue decreased. Although demand for low-end models was firm in Europe, total unit shipments declined due to a lack of large orders such as those received in the same period last year in Japan and North America. Unit volume also decreased in China. Revenue was also hurt by foreign exchange effects.

Segment profit in the printing solutions segment decreased even though profit rose on increased sales of high-capacity ink tank inkjet printers. The decrease in segment profit was due to a combination of factors, including a decrease in large-format inkjet printer sales, strategic investment and spending on medium-term growth, and foreign exchange effects.

As a result of the foregoing factors, revenue in the printing solutions segment was ¥510.9 billion, down 9.0% year on year. Segment profit was ¥65.7 billion, down 19.0% year on year.

Visual Communications Segment

Visual communications revenue decreased.

Total 3LCD projector revenue decreased. Despite a contraction of some education markets in Europe and a continued contraction of the North American and Latin American markets, unit shipment and sales grew as accompanied by the release of new projectors in the high-brightness category, expanded sales in Asia, and an increase in demand for models in the volume zone in Europe in advance of major sporting events. However, revenue was hurt by foreign exchange effects.

Segment profit in the visual communications segment decreased despite an increase in profit accompanying unit shipment growth. The decrease in segment profit was primarily due to strategic investment and spending on medium-term growth, as well as foreign exchange effects.

As a result of the foregoing factors, revenue in the visual communications segment was ¥133.6 billion, down 5.4% year on year. Segment profit was ¥11.9 billion, down 9.6% year on year.

Wearable and Industrial Products Segment

Revenue in the wearable products business as a whole decreased. Average selling prices for watches in the Japanese market rose due to the release of new watch products, but unit volume fell because purchases by foreign visitors to Japan decelerated and demand in overseas markets was subdued. Revenue was also hurt by a weak watch movements market and foreign exchange effects.

Revenue in the robotics solutions business decreased. In addition to an increase in sales of industrial robots on demand in China, IC handler revenue rose reflecting firm demand for smart phones in China. However, total revenue decreased due to foreign exchange effects.

Revenue in the microdevices business decreased. Revenue from crystal devices decreased due to a decline in unit shipments to manufacturers of cell phones and other personal electronics and because of foreign exchange effects. Semiconductor revenue decreased despite higher unit volume on increased silicon foundry demand. The decrease in revenue is mainly due to a decline in volume to a major automotive account and foreign exchange effects.

The surface finishing business developed new customers, and the metal powders business, which reported firm sales of high-performance material powders for mobile equipment, both saw revenue decline due to foreign exchange effects.

Segment profit in the wearable and industrial products segment decreased due to lower sales in the microdevices business and wearable products business.

As a result of the foregoing factors, revenue in the wearable and industrial products segment was ¥120.8 billion, down 10.4% year on year. Segment profit was ¥6.5 billion, down 44.4% year on year.

Other

Other revenue amounted to ¥1.0 billion, up 9.2% year on year. Segment loss was ¥0.4 billion, compared to a segment loss of ¥0.4 billion in the same period last year.

Adjustments

Adjustments to the total profit of reporting segments amounted to negative ¥29.6 billion. (Adjustments in the previous fiscal year were negative ¥32.8 billion.) The main components of the adjustment were basic technology research and development expenses and expenses associated with things such as new businesses and corporate functions that do not correspond to the reporting segments.

Liquidity and Financial Position

Total assets at the end of the first three quarters were ¥984.4 billion, an increase of ¥43.1 billion from the previous fiscal year end. While cash and cash equivalents decreased by ¥21.1 billion owing largely to a redemption of bonds payable, a repurchase of Epson shares, and dividend payments, they increased due to an issue of ¥50.0 billion in bonds payable. A ¥23.8 billion increase in trade and other receivables, a ¥11.8 billion increase in inventories, and a ¥24.9 billion increase in property, plant and equipment and intangible assets also contributed to an increase in total assets.

Total liabilities were ¥493.4 billion, up ¥22.7 billion compared to the end of the last fiscal year. Although liabilities decreased due to a ¥30.0 billion redemption of bonds payable and a ¥20.9 billion reduction in short-term loans payable, total liabilities increased mainly because of the issue of ¥50.0 billion in bonds payable and a ¥26.7 billion increase in trade and other payables.

The equity attributable to owners of the parent company totaled ¥488.4 billion, a ¥20.5 billion increase compared to the previous fiscal year end. While we paid ¥21.2 billion in dividends and ¥10.3 billion in the acquisition of own shares, equity attributable to owners of the parent company increased mainly due to an increase of retained earnings, which we posted ¥46.9 billion in profit for the period.

Qualitative Information Regarding the Consolidated Financial Outlook

Epson revised its full-year consolidated financial outlook after adjusting its exchange rate assumptions in light of the depreciation in the value of the yen and based on factors such as the conditions in markets where Epson operates.

The figures in the outlook are based on assumed exchange rates of 110.00 yen to the U.S. dollar and 115.00 yen to the euro in the fourth quarter.

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Consolidated Full-Year Financial Outlook

	FY2016	Previous Outlook (A)	Current Outlook (B)	Change (B - A)	
Revenue	¥1,092.4 billion	¥1,000.0 billion	¥1,020.0 billion	+¥20.0 billion	(+2.0%)
Business profit	¥84.9 billion	¥60.0 billion	¥64.0 billion	+¥4.0 billion	(+6.7%)
Profit from operating activities	¥94.0 billion	¥60.0 billion	¥64.0 billion	+¥4.0 billion	(+6.7%)
Profit before tax	¥91.5 billion	¥59.0 billion	¥63.0 billion	+¥4.0 billion	(+6.8%)
Profit for the period	¥46.0 billion	¥46.0 billion	¥48.0 billion	+¥2.0 billion	(+4.3%)
Profit for the year attributable to owners of the parent company	¥45.7 billion	¥46.0 billion	¥48.0 billion	+¥2.0 billion	(+4.3%)
Foreign exchange rates	\$1USD = ¥120.14	\$1USD = ¥103.00	\$1USD = ¥107.00		
	1 EUR = ¥132.58	1 EUR = ¥114.00	1 EUR = ¥117.00		

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Quarterly Condensed Consolidated Statement of Financial Position

	Notes	Millions of yen		Thousands of
		March 31, 2016	December 31, 2016	U.S. dollars December 31, 2016
<u>Assets</u>				
Current assets				
Cash and cash equivalents		230,498	209,318	1,796,875
Trade and other receivables		151,660	175,551	1,507,004
Inventories		201,608	213,442	1,832,277
Income tax receivables		1,232	2,794	23,984
Other financial assets	10	1,674	592	5,081
Other current assets		14,335	16,398	140,796
Subtotal		601,010	618,098	5,306,017
Non-current assets held for sale		441	52	455
Total current assets		601,451	618,151	5,306,472
Non-current assets				
Property, plant and equipment		244,463	266,162	2,284,848
Intangible assets		18,179	21,414	183,826
Investment property		1,967	1,623	13,932
Investments accounted for using the equity method		1,605	1,464	12,567
Other financial assets	10	21,962	22,065	189,415
Other non-current assets		5,122	5,978	51,338
Deferred tax assets		46,587	47,632	408,893
Total non-current assets		339,888	366,340	3,144,819
Total assets		941,340	984,491	8,451,291

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	Notes	Millions of yen		Thousands of
		March 31, 2016	December 31, 2016	U.S. dollars December 31, 2016
<u>Liabilities and equity</u>				
Liabilities				
Current liabilities				
Trade and other payables		130,624	157,338	1,350,656
Income tax payables		6,830	4,983	42,776
Bonds issued, borrowings and lease liabilities	6,10	61,654	70,739	607,253
Other financial liabilities	10	824	3,399	29,178
Provisions		23,019	23,502	201,751
Other current liabilities		102,065	97,236	834,743
Total current liabilities		325,019	357,200	3,066,357
Non-current liabilities				
Bonds issued, borrowings and lease liabilities	6,10	80,100	69,873	599,819
Other financial liabilities	10	1,640	1,650	14,164
Net defined benefit liabilities		54,845	54,957	471,774
Provisions		4,941	5,531	47,480
Other non-current liabilities		3,114	2,815	24,202
Deferred tax liabilities		1,001	1,408	12,086
Total non-current liabilities		145,644	136,238	1,169,525
Total liabilities		470,663	493,438	4,235,882
Equity				
Share capital		53,204	53,204	456,725
Capital surplus		84,321	84,319	723,830
Treasury shares	7	(20,471)	(30,811)	(264,494)
Other components of equity		57,989	60,661	520,749
Retained earnings		292,775	321,037	2,755,918
Equity attributable to owners of the parent company		467,818	488,411	4,192,728
Non-controlling interests		2,858	2,642	22,681
Total equity		470,676	491,053	4,215,409
Total liabilities and equity		941,340	984,491	8,451,291

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Comprehensive Income Nine months ended December 31, 2015 and 2016:

	Notes	Millions of yen		Thousands of U.S. dollars
		Nine months ended December 31,		Nine months ended December 31,
		2015	2016	2016
Revenue	5	837,422	765,844	6,574,332
Cost of sales		(532,528)	(493,007)	(4,232,192)
Gross profit		304,894	272,836	2,342,140
Selling, general and administrative expenses		(232,119)	(218,762)	(1,877,946)
Other operating income		13,171	4,604	39,522
Other operating expense		(4,037)	(1,384)	(11,889)
Profit from operating activities		81,907	57,293	491,827
Finance income		1,362	1,165	10,000
Finance costs		(3,058)	(1,115)	(9,570)
Share of profit of investments accounted for using the equity method		101	39	334
Profit before tax		80,314	57,382	492,591
Income taxes		(25,036)	(10,276)	(88,213)
Profit from continuing operations		55,278	47,106	404,378
Loss from discontinued operations		(36)	(10)	(95)
Profit for the period		55,242	47,095	404,283
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss, net of tax				
Remeasurement of net defined benefit liabilities (assets)		405	1,806	15,503
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)		630	1,793	15,400
Subtotal		1,035	3,600	30,903
Items that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations		(5,797)	2,659	22,834
Net changes in fair value of cash flow hedges		(780)	(1,059)	(9,090)
Share of other comprehensive income of investments accounted for using the equity method		(219)	(10)	(85)
Subtotal		(6,798)	1,590	13,659
Total other comprehensive income, net of tax		(5,762)	5,190	44,562
Total comprehensive income for the period		49,479	52,286	448,845

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

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	Notes	Millions of yen		Thousands of U.S. dollars
		Nine months ended December 31,		Nine months ended December 31,
		2015	2016	2016
Profit for the period attributable to:				
Owners of the parent company		54,969	46,984	403,331
Non-controlling interests		272	111	952
Profit for the period		55,242	47,095	404,283
Total comprehensive income for the period attributable to:				
Owners of the parent company		49,347	52,244	448,494
Non-controlling interests		131	41	351
Total comprehensive income for the period		49,479	52,286	448,845
	Notes	Yen		U.S. dollars
		Nine months ended December 31,		Nine months ended December 31,
		2015	2016	2016
Earnings per share for the period:				
Basic earnings per share for the period	9	153.64	132.93	1.14
Diluted earnings per share for the period	9	153.64	132.92	1.14
Earnings per share from continuing operations for the period:				
Basic earnings per share for the period	9	153.74	132.95	1.14
Diluted earnings per share for the period	9	153.74	132.95	1.14
Earnings per share from discontinued operations for the period:				
Basic loss per share for the period	9	(0.10)	(0.03)	(0.00)
Diluted loss per share for the period	9	(0.10)	(0.03)	(0.00)

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Quarterly Condensed Consolidated Statement of Comprehensive Income Three months ended December 31, 2015 and 2016:

	Notes	Millions of yen		Thousands of U.S. dollars
		Three months ended December 31,		Three months ended December 31,
		2015	2016	2016
Revenue	5	294,441	278,274	2,388,823
Cost of sales		(181,292)	(173,255)	(1,487,295)
Gross profit		113,149	105,019	901,528
Selling, general and administrative expenses		(80,619)	(76,674)	(658,202)
Other operating income		8,670	1,585	13,606
Other operating expense		(1,002)	(410)	(3,529)
Profit from operating activities		40,197	29,519	253,403
Finance income		470	1,136	9,751
Finance costs		(470)	(369)	(3,157)
Share of profit of investments accounted for using the equity method		11	22	188
Profit before tax		40,208	30,309	260,185
Income taxes		(11,129)	(1,814)	(15,581)
Profit from continuing operations		29,079	28,494	244,604
Loss from discontinued operations		(3)	(4)	(34)
Profit for the period		29,075	28,490	244,570
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss, net of tax				
Remeasurement of net defined benefit liabilities (assets)		3,197	7,462	64,057
Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)		1,542	1,878	16,121
Subtotal		4,740	9,340	80,178
Items that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations		(281)	32,278	277,088
Net changes in fair value of cash flow hedges		(155)	(1,865)	(16,009)
Share of other comprehensive income of investments accounted for using the equity method		(205)	35	300
Subtotal		(642)	30,447	261,379
Total other comprehensive income, net of tax		4,098	39,788	341,557
Total comprehensive income for the period		33,174	68,278	586,127

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

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	Notes	Millions of yen		Thousands of U.S. dollars
		Three months ended December 31,		Three months ended December 31,
		2015	2016	2016
Profit for the period attributable to:				
Owners of the parent company		28,941	28,539	244,990
Non-controlling interests		134	(49)	(420)
Profit for the period		29,075	28,490	244,570
Total comprehensive income for the period attributable to:				
Owners of the parent company		33,117	68,044	584,127
Non-controlling interests		56	233	2,000
Total comprehensive income for the period		33,174	68,278	586,127
	Notes	Yen		U.S. dollars
		Three months ended December 31,		Three months ended December 31,
		2015	2016	2016
Earnings per share for the period:				
Basic earnings per share for the period	9	80.89	81.03	0.70
Diluted earnings per share for the period	9	80.89	81.02	0.70
Earnings per share from continuing operations for the period:				
Basic earnings per share for the period	9	80.90	81.04	0.70
Diluted earnings per share for the period	9	80.90	81.03	0.70
Earnings per share from discontinued operations for the period:				
Basic loss per share for the period	9	(0.01)	(0.01)	(0.00)
Diluted loss per share for the period	9	(0.01)	(0.01)	(0.00)

Quarterly Condensed Consolidated Statement of Changes in Equity**Nine months ended December 31, 2015 and 2016:**

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, 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	8	-	-	-	-	-	-	-	(25,044)	(25,044)	(111)	(25,155)	
Share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in intesets in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	
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

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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, 2016	53,204	84,321	(20,471)	-	4,533	53,616	(160)	57,989	292,775	467,818	2,858	470,676
Profit for the period	-	-	-	-	-	-	-	-	46,984	46,984	111	47,095
Other comprehensive income	-	-	-	1,811	1,795	2,712	(1,059)	5,259	-	5,259	(69)	5,190
Total comprehensive income for the period	-	-	-	1,811	1,795	2,712	(1,059)	5,259	46,984	52,244	41	52,286
Acquisition of treasury shares	7	-	(10,340)	-	-	-	-	-	-	(10,340)	-	(10,340)
Dividends	8	-	-	-	-	-	-	-	(21,299)	(21,299)	(237)	(21,537)
Share-based payment transactions	-	6	-	-	-	-	-	-	-	6	-	6
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	26	26
Changes in interests in subsidiaries	-	(7)	-	-	(10)	-	-	(10)	-	(18)	(46)	(65)
Transfer from other components of equity to retained earnings	-	-	-	(1,811)	(766)	-	-	(2,577)	2,577	-	-	-
Total transactions with the owners	-	(1)	(10,340)	(1,811)	(776)	-	-	(2,587)	(18,722)	(31,651)	(257)	(31,909)
As of December 31, 2016	53,204	84,319	(30,811)	-	5,552	56,328	(1,219)	60,661	321,037	488,411	2,642	491,053

(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, 2016	456,725	723,839	(175,732)	-	38,912	460,255	(1,374)	497,793	2,513,304	4,015,929	24,555	4,040,484
Profit for the period	-	-	-	-	-	-	-	-	403,331	403,331	952	404,283
Other comprehensive income	-	-	-	15,546	15,409	23,298	(9,090)	45,163	-	45,163	(601)	44,562
Total comprehensive income for the period	-	-	-	15,546	15,409	23,298	(9,090)	45,163	403,331	448,494	351	448,845
Acquisition of treasury shares	7	-	(88,762)	-	-	-	-	-	-	(88,762)	-	(88,762)
Dividends	8	-	-	-	-	-	-	-	(182,839)	(182,839)	(2,036)	(184,875)
Share-based payment transactions	-	51	-	-	-	-	-	-	-	51	-	51
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	223	223
Changes in interests in subsidiaries	-	(60)	-	-	(85)	-	-	(85)	-	(145)	(412)	(557)
Transfer from other components of equity to retained earnings	-	-	-	(15,546)	(6,576)	-	-	(22,122)	22,122	-	-	-
Total transactions with the owners	-	(9)	(88,762)	(15,546)	(6,661)	-	-	(22,207)	(160,717)	(271,695)	(2,225)	(273,920)
As of December 31, 2016	456,725	723,830	(264,494)	-	47,660	483,553	(10,464)	520,749	2,755,918	4,192,728	22,681	4,215,409

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

SEIKO EPSON CORPORATION

Quarterly Condensed Consolidated Statement of Cash Flows

Nine months ended December 31, 2015 and 2016:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended		Nine months ended
	December 31,		December 31,
Notes	2015	2016	2016
Cash flows from operating activities			
Profit for the period	55,242	47,095	404,283
Depreciation and amortisation	34,731	32,144	275,937
Impairment loss and reversal of impairment loss	(2,624)	155	1,330
Finance (income) costs, net	1,695	(49)	(430)
Share of (profit) loss of investments accounted for using the equity method	(101)	(39)	(334)
Loss (gain) on sales and disposal of property, plant and equipment, intangible assets and investment property, net	(7,145)	194	1,665
Income taxes	25,036	10,276	88,213
Decrease (increase) in trade receivables	(8,086)	(22,131)	(189,981)
Decrease (increase) in inventories	(3,663)	(9,990)	(85,758)
Increase (decrease) in trade payables	3,573	17,013	146,046
Increase (decrease) in net defined benefit liabilities	1,097	968	8,309
Other, net	(9,846)	88	775
Subtotal	89,907	75,725	650,055
Interest and dividend income received	1,368	1,099	9,434
Interest expenses paid	(1,021)	(755)	(6,481)
Payments for loss on litigation	(4,144)	-	-
Income taxes paid	(17,696)	(15,166)	(130,191)
Net cash provided by (used in) operating activities	68,413	60,903	522,817
Cash flows from investing activities			
Proceeds from sales of investment securities	48	1,395	11,975
Purchase of property, plant and equipment	(44,530)	(42,316)	(363,258)
Proceeds from sales of property, plant and equipment	343	632	5,425
Purchase of intangible assets	(4,987)	(5,093)	(43,720)
Proceeds from sales of intangible assets	31	23	197
Proceeds from sales of investment property	13,834	444	3,811
Purchase of investments in subsidiaries	(500)	(2,743)	(23,547)
Other, net	1,017	(619)	(5,296)
Net cash provided by (used in) investing activities	(34,743)	(48,275)	(414,413)
Cash flows from financing activities			
Net increase (decrease) in current borrowings	9,371	(20,666)	(177,418)
Repayment of non-current borrowings	(86)	-	-
Proceeds from issuance of bonds issued	-	49,759	427,152
Redemption of bonds issued	(40,000)	(30,000)	(257,532)
Payments of lease obligations	(74)	(72)	(618)
Dividends paid	8	(25,044)	(182,839)
Dividends paid to non-controlling interests	(111)	(236)	(2,025)
Payment from purchase of subsidiaries' equity from non-controlling interests	-	(65)	(557)
Purchase of treasury shares	(6)	(10,340)	(88,762)
Net cash provided by (used in) financing activities	(55,951)	(32,920)	(282,599)
Effect of exchange rate changes on cash and cash equivalents	(3,919)	(887)	(7,623)
Net increase (decrease) in cash and cash equivalents	(26,201)	(21,180)	(181,818)
Cash and cash equivalents at beginning of period	245,330	230,498	1,978,693
Cash and cash equivalents at end of period	219,129	209,318	1,796,875

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 the Company meets the criteria of a “Specified Company applying Designated International Accounting Standards” 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, 2016.

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, 2016, except for changes in presentation and share-based payment as described below.

Epson calculated income taxes for the nine-month period ended December 31, 2016 based on an estimated average annual effective income tax rate.

(Changes in presentation)

The presentation of certain items in the quarterly condensed consolidated financial statements has been changed from the first quarter ended June 30, 2016. The changes are made to aim for improving the presentation clear and understandable for users of the quarterly condensed consolidated financial statements. Other related presentation has been changed along with the changes of the quarterly condensed consolidated financial statements.

Comparative information in respect of the preceding period of the items has also been changed in presentation.

Changes in presentation of financial liabilities in Quarterly Condensed Consolidated Statement of Financial Position

Before the changes	After the changes
Other financial liabilities	Bonds issued, borrowings and lease liabilities
	Other financial liabilities

(Share-based payment)

The Company has employed a framework referred to as BIP (Board Incentive Plan) trust as performance-linked equity-settled share-based payment plan for eligible officers. The shares of the Company held by the trust are recognised as treasury shares. The Company measures the service received at the fair value of its shares granted at the grant date and recognises the consideration as expenses over the vesting period while the corresponding amount is recognised as an increase in equity.

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, 2016. 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, 2016. 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, 2016.

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.

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

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

(2) Revenues and Performances for Reportable Segments

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

FY2015: Nine months ended December 31, 2015

	Millions of yen						
	Reportable segments				Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products	Subtotal			
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) (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) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

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

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

SEIKO EPSON CORPORATION

FY2016: Nine months ended December 31, 2016

Millions of yen

	Reportable segments			Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products				
Revenue							
External revenue	510,802	133,640	114,973	759,416	550	5,876	765,844
Inter-segment revenue	194	21	5,861	6,077	535	(6,613)	-
Total revenue	510,997	133,662	120,834	765,494	1,086	(736)	765,844
Segment profit (loss)							
(Business profit) (Note 1)	65,716	11,903	6,527	84,148	(422)	(29,652)	54,073
					Other operating income (expense)		3,219
					Profit from operating activities		57,293
					Finance income (costs), net		49
					Share of profit of investments accounted for using the equity method		39
					Profit before tax		57,382

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

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

(Note 3) "Adjustments" to Segment profit (loss) (Business profit) of (¥29,652) million comprised "Eliminations" of ¥375 million and "Corporate expenses" of (¥30,027) million. "Corporate expenses" included expenses relating to research and development for basic technology, new businesses and general corporate expenses which are not attributed to reportable segments.

SEIKO EPSON CORPORATION

FY2016: Nine months ended December 31, 2016

Thousands of U.S. dollars

	Reportable segments			Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products				
Revenue							
External revenue	4,384,953	1,147,231	986,977	6,519,161	4,730	50,441	6,574,332
Inter-segment revenue	1,674	180	50,313	52,167	4,592	(56,759)	-
Total revenue	4,386,627	1,147,411	1,037,290	6,571,328	9,322	(6,318)	6,574,332
Segment profit (loss)							
(Business profit) (Note 1)	564,152	102,180	56,030	722,362	(3,623)	(254,545)	464,194
					Other operating income (expense)		27,633
					Profit from operating activities		491,827
					Finance income (costs), net		430
					Share of profit of investments accounted for using the equity method		334
					Profit before tax		492,591

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

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

(Note 3) "Adjustments" to Segment profit (loss) (Business profit) of (\$254,545) thousand comprised "Eliminations" of \$3,219 thousand and "Corporate expenses" of (\$257,764) thousand. "Corporate expenses" included expenses relating to research and development for basic technology, new businesses and general corporate expenses which are not attributed to reportable segments.

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) (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) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

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

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

SEIKO EPSON CORPORATION

FY2016: Three months ended December 31, 2016

Millions of yen

	Reportable segments			Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products				
Revenue							
External revenue	192,295	45,948	37,737	275,981	236	2,056	278,274
Inter-segment revenue	71	9	2,084	2,164	194	(2,358)	-
Total revenue	192,366	45,957	39,821	278,146	430	(302)	278,274
Segment profit (loss)							
(Business profit) (Note 1)	31,772	4,717	2,536	39,026	(127)	(10,554)	28,344
					Other operating income (expense)		1,175
					Profit from operating activities		29,519
					Finance income (costs), net		767
					Share of profit of investments accounted for using the equity method		22
					Profit before tax		30,309

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

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

(Note 3) "Adjustments" to Segment profit (loss) (Business profit) of (¥10,554) million comprised "Eliminations" of ¥140 million and "Corporate expenses" of (¥10,695) million. "Corporate expenses" included expenses relating to research and development for basic technology, new businesses and general corporate expenses which are not attributed to reportable segments.

SEIKO EPSON CORPORATION

FY2016: Three months ended December 31, 2016

Thousands of U.S. dollars

	Reportable segments			Subtotal	Other (Note 2)	Adjustments (Note 3)	Consolidated
	Printing Solutions	Visual Communi- cations	Wearable & Industrial Products				
Revenue							
External revenue	1,650,760	394,437	323,951	2,369,148	2,026	17,649	2,388,823
Inter-segment revenue	610	77	17,889	18,576	1,665	(20,241)	-
Total revenue	1,651,370	394,514	341,840	2,387,724	3,691	(2,592)	2,388,823
Segment profit (loss)							
(Business profit) (Note 1)	272,753	40,492	21,770	335,015	(1,089)	(90,600)	243,326
					Other operating income (expense)		10,077
					Profit from operating activities		253,403
					Finance income (costs), net		6,594
					Share of profit of investments accounted for using the equity method		188
					Profit before tax		260,185

(Note 1) Segment profit (loss) (Business profit) is calculated by subtracting Cost of sales and Selling, general and administrative expenses from Revenue.

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

(Note 3) "Adjustments" to Segment profit (loss) (Business profit) of (\$90,600) thousand comprised "Eliminations" of \$1,210 thousand and "Corporate expenses" of (\$91,810) thousand. "Corporate expenses" included expenses relating to research and development for basic technology, new businesses and general corporate expenses which are not attributed to reportable segments.

6. Bonds issued, Borrowings and Lease liabilities

The breakdown of “Bonds issued, borrowings and lease liabilities” was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2016	December 31, 2016	December 31, 2016
Current borrowings	31,104	10,155	87,174
Current portion of non-current borrowings	500	50,500	433,513
Current portion of bonds issued (Note)	29,989	9,992	85,775
Non-current borrowings	50,000	-	-
Bonds issued (Note)	29,928	69,728	598,585
Lease liabilities	233	236	2,025
Total	141,755	140,613	1,207,072
Current liabilities	61,654	70,739	607,253
Non-current liabilities	80,100	69,873	599,819
Total	141,755	140,613	1,207,072

(Note) Issuance of “Bonds issued”

There was no issuance of “Bonds issued” for the nine months ended December 31, 2015.

The issued “Bonds issued” for the nine months ended December 31, 2016 were as follows:

FY2016: Nine months ended December 31, 2016

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 13th Series unsecured straight bonds (with inter-bond pari passu clause)	September 21, 2016	0.10	September 21, 2021	20,000	171,688
The Company	The 14th Series unsecured straight bonds (with inter-bond pari passu clause)	September 21, 2016	0.27	September 21, 2023	20,000	171,688
The Company	The 15th Series unsecured straight bonds (with inter-bond pari passu clause)	September 21, 2016	0.34	September 18, 2026	10,000	85,844

(Note) Redemption of “Bonds issued”

The redeemed “Bonds issued” 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
			Interest rate		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
The Company	The 8th Series unsecured straight bonds (with inter-bond pari passu clause)	September 12, 2012	0.55	September 11, 2015	20,000

The redeemed “Bonds issued” for the nine months ended December 31, 2016 were as follows:

FY2016: Nine months ended December 31, 2016

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 7th Series unsecured straight bonds (with inter-bond pari passu clause)	June 14, 2011	0.72	June 14, 2016	20,000	171,688
The Company	The 10th Series unsecured straight bonds (with inter-bond pari passu clause)	September 11, 2013	0.33	September 9, 2016	10,000	85,844

Bonds issued, borrowings and lease liabilities 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. Equity and Other Equity Items

The Company resolved at the meeting of its Board of Directors held on April 28, 2016 to repurchase its own shares and repurchase method. The share repurchase was implemented as follows:

Details of the repurchase

- | | |
|--|--|
| (1) Class of shares repurchased | Ordinary shares |
| (2) Total number of shares repurchased | 5,370,000 shares |
| (3) Total repurchase amount | 9,987,101,600 yen |
| (4) Repurchase period | May 2, 2016 - June 30, 2016 (on an agreement base) |
| (5) Repurchase method | Through securities company using discretionary transactions method |

8. Dividends

Dividends paid were as follows:

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

FY2016: Nine months ended December 31, 2016

(Resolution)	Class of shares	Millions of yen Total dividends	Yen Dividends per share	Basis date	Effective date
Annual Shareholders Meeting (June 28, 2016)	Ordinary shares	10,733	30	March 31, 2016	June 29, 2016
Board of Directors (October 27, 2016)	Ordinary shares	10,572	30	September 30, 2016	November 30, 2016

FY2016: Nine months ended December 31, 2016

(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 28, 2016)	Ordinary shares	92,136	0.25	March 31, 2016	June 29, 2016
Board of Directors (October 27, 2016)	Ordinary shares	90,754	0.25	September 30, 2016	November 30, 2016

(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 for the dividends with a basis date on or before March 31, 2015 was stated by the actual dividends paid without adjusting the effect of the shares split.

9. Earnings per Share

(1) Basis of calculating basic earnings per share

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

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2015	2016	2016
Profit from continuing operations attributable to owners of the parent company	55,005	46,994	403,426
Loss from discontinued operations attributable to owners of the parent company	(36)	(10)	(95)
Profit used for calculation of basic earnings per share	54,969	46,984	403,331

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31,		Three months ended December 31,
	2015	2016	2016
Profit from continuing operations attributable to owners of the parent company	28,944	28,544	245,024
Loss from discontinued operations attributable to owners of the parent company	(3)	(4)	(34)
Profit used for calculation of basic earnings per share	28,941	28,539	244,990

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

	Thousands of shares	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Weighted-average number of ordinary shares	357,775	353,467

	Thousands of shares	
	Three months ended December 31, 2015	Three months ended December 31, 2016
Weighted-average number of ordinary shares	357,775	352,223

(2) Basis of calculating diluted earnings per share

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

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31,		Nine months ended December 31,
	2015	2016	2016
Profit from continuing operations attributable to owners of the parent company	55,005	46,994	403,426
Adjustments	-	-	-
Profit from continuing operations attributable to owners of the parent company used for calculation of diluted earnings per share	55,005	46,994	403,426
Loss from discontinued operations attributable to owners of the parent company	(36)	(10)	(95)
Adjustments	-	-	-
Loss from discontinued operations attributable to owners of the parent company used for calculation of diluted earnings per share	(36)	(10)	(95)
Profit attributable to owners of the parent company	54,969	46,984	403,331
Adjustments	-	-	-
Profit used for calculation of diluted earnings per share	54,969	46,984	403,331

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	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31,		Three months ended December 31,
	2015	2016	2016
Profit from continuing operations attributable to owners of the parent company	28,944	28,544	245,024
Adjustments	-	-	-
Profit from continuing operations attributable to owners of the parent company used for calculation of diluted earnings per share	28,944	28,544	245,024
Loss from discontinued operations attributable to owners of the parent company	(3)	(4)	(34)
Adjustments	-	-	-
Loss from discontinued operations attributable to owners of the parent company used for calculation of diluted earnings per share	(3)	(4)	(34)
Profit attributable to owners of the parent company	28,941	28,539	244,990
Adjustments	-	-	-
Profit used for calculation of diluted earnings per share	28,941	28,539	244,990

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

	Thousands of shares	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Weighted-average number of ordinary shares	357,775	353,467
Effect of dilutive securities		
BIP trust for eligible officers	-	14
Diluted outstanding shares	357,775	353,481

	Thousands of shares	
	Three months ended December 31, 2015	Three months ended December 31, 2016
Weighted-average number of ordinary shares	357,775	352,223
Effect of dilutive securities		
BIP trust for eligible officers	-	41
Diluted outstanding shares	357,775	352,265

10. Fair Value of Financial Instruments

(1) Fair value measurement

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

(Derivatives)

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

(Equity securities and bonds receivable)

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

(Borrowings)

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

(Bonds issued)

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

(Lease obligations)

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

(Other)

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

(2) Fair value hierarchy

The fair value hierarchy of financial instruments is 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.

(A) Financial instruments measured at amortised cost

The carrying amounts and the fair value hierarchy of financial instruments measured at amortised cost were as follows. The fair values of financial instruments that are not listed on the chart below approximate the carrying amounts.

FY2015: As of March 31, 2016

	Millions of yen				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortised cost					
Borrowings (Note)	81,604	-	81,728	-	81,728
Bonds issued (Note)	59,917	-	60,297	-	60,297
Total	141,521	-	142,025	-	142,025

FY2016: As of December 31, 2016

	Millions of yen				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortised cost					
Borrowings (Note)	60,655	-	60,732	-	60,732
Bonds issued (Note)	79,721	-	79,870	-	79,870
Total	140,377	-	140,602	-	140,602

FY2016: As of December 31, 2016

	Thousands of U.S. dollars				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortised cost					
Borrowings (Note)	520,687	-	521,349	-	521,349
Bonds issued (Note)	684,360	-	685,638	-	685,638
Total	1,205,047	-	1,206,987	-	1,206,987

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.

(Note) Current portion is included.

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(B) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value was as follows:

FY2015: As of March 31, 2016	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	1,383	-	1,383
Equity securities	14,006	-	2,054	16,060
Total	14,006	1,383	2,054	17,444
Financial liabilities measured at fair value				
Derivative financial liabilities	-	823	-	823
Total	-	823	-	823

FY2016: As of December 31, 2016	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	254	-	254
Equity securities	14,289	-	2,552	16,841
Total	14,289	254	2,552	17,096
Financial liabilities measured at fair value				
Derivative financial liabilities	-	3,389	-	3,389
Total	-	3,389	-	3,389

FY2016: As of December 31, 2016	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	2,180	-	2,180
Equity securities	122,662	-	21,907	144,569
Total	122,662	2,180	21,907	146,749
Financial liabilities measured at fair value				
Derivative financial liabilities	-	29,092	-	29,092
Total	-	29,092	-	29,092

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,
	2015	2016	2016
Balance as of April 1	2,406	2,054	17,632
Gains and losses			
Other comprehensive income	(317)	603	5,176
Sales	(30)	(54)	(463)
Other	-	(51)	(438)
Balance as of December 31	2,059	2,552	21,907

11. Contingencies

Material litigation

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

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

(1) The liquid crystal display price-fixing cartel

The Company and certain of its consolidated subsidiaries are currently under investigation by a certain anti-monopoly-related authority, regarding allegations of involvement in a liquid crystal display price-fixing cartel.

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

In June 2010, Epson Europe B.V. (“EEB”), a consolidated subsidiary of the Company, brought a civil suit against La SCRL Reprobel (“Reprobel”), a Belgium-based group that collects copyright royalties, seeking restitution for copyright royalties for multifunction printers. After that, 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.

12. Subsequent Events

No material subsequent events were identified.

Supplementary Information

Consolidated Third Quarter ended December 31, 2016

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, 2017	Increase compared to year ended March 31, 2016 %
	2015	2016			
Printing Solutions	561.5	510.9	(9.0%)	688.0	(6.6%)
Printers	398.6	361.3	(9.3%)	483.0	(6.9%)
Professional Printing	152.3	138.1	(9.3%)	188.0	(6.8%)
Other	12.4	12.5	1.5%	19.0	4.9%
Inter-segment revenue	(1.7)	(1.1)	-%	(2.0)	-%
Visual Communications	141.2	133.6	(5.4%)	174.0	(5.5%)
Wearable & Industrial Products	134.8	120.8	(10.4%)	159.0	(6.7%)
Wearable Products	48.8	41.0	(16.0%)	51.0	(16.0%)
Robotics Solutions	11.9	11.4	(4.1%)	16.0	3.8%
Microdevices, Other	79.7	72.6	(8.8%)	97.0	(4.7%)
Inter-segment revenue	(5.6)	(4.3)	-%	(5.0)	-%
Other	0.9	1.0	9.2%	1.0	(28.8%)
Corporate expenses & Eliminations	(1.1)	(0.7)	-%	(2.0)	-%
Consolidated revenue	837.4	765.8	(8.5%)	1,020.0	(6.6%)

Note: 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, 2017	Increase compared to year ended March 31, 2016 %
	2015	2016			
Printing Solutions					
Revenue:					
External	561.3	510.8	(9.0%)	688.0	(6.5%)
Inter-segment	0.2	0.1	(25.5%)	0.0	-%
Total	561.5	510.9	(9.0%)	688.0	(6.6%)
Segment profit (loss)	81.1	65.7	(19.0%)	87.0	(16.9%)
Visual Communications					
Revenue:					
External	141.2	133.6	(5.4%)	174.0	(5.4%)
Inter-segment	0.0	0.0	(39.7%)	0.0	-%
Total	141.2	133.6	(5.4%)	174.0	(5.5%)
Segment profit (loss)	13.1	11.9	(9.6%)	15.0	(3.8%)
Wearable & Industrial Products					
Revenue:					
External	129.9	114.9	(11.5%)	152.0	(7.5%)
Inter-segment	4.8	5.8	21.4%	7.0	16.1%
Total	134.8	120.8	(10.4%)	159.0	(6.7%)
Segment profit (loss)	11.7	6.5	(44.4%)	6.0	(38.9%)
Other					
Revenue:					
External	0.5	0.5	9.2%	0.0	-%
Inter-segment	0.4	0.5	9.3%	1.0	53.5%
Total	0.9	1.0	9.2%	1.0	(28.8%)
Segment profit (loss)	(0.4)	(0.4)	-%	(1.0)	-%
Corporate expenses & Eliminations					
Revenue:					
External	4.4	5.8	32.9%	7.0	(4.3%)
Inter-segment	(5.6)	(6.6)	-%	(9.0)	-%
Total	(1.1)	(0.7)	-%	(2.0)	-%
Segment profit (loss)	(32.8)	(29.6)	-%	(43.0)	-%
Consolidated					
Revenue	837.4	765.8	(8.5%)	1,020.0	(6.6%)
Business profit (loss)	72.7	54.0	(25.7%)	64.0	(24.7%)

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

3. Revenue to overseas customers

(Unit: billion yen)

	Nine months ended December 31,		Increase	Increase %
	2015	2016		
Overseas Revenue				
The Americas	243.4	211.8	(31.6)	(13.0%)
Europe	171.1	155.9	(15.1)	(8.9%)
Asia/Oceania	223.3	206.4	(16.9)	(7.6%)
Total	637.9	574.2	(63.7)	(10.0%)
Consolidated revenue	837.4	765.8	(71.5)	(8.5%)
Percentage of overseas revenue to consolidated revenue (%)				
The Americas	29.1	27.7		
Europe	20.4	20.4		
Asia/Oceania	26.7	27.0		
Total	76.2	75.0		

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

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

2. Exports transacted through an intermediary such as trading companies are not included in 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, Singapore, Malaysia, Taiwan, Thailand, the Philippines, Australia, New Zealand, Indonesia, Korea and India etc.

4. Capital expenditure / Depreciation and amortisation

(Unit: billion yen)

	Nine months ended December 31,			Forecast for the year ended March 31, 2017	Increase compared to year ended March 31, 2016 %
	2015	2016	Increase %		
Capital expenditure	45.4	51.7	13.9%	77.0	10.9%
Printing Solutions	25.3	32.1	26.9%	43.0	17.4%
Visual Communications	6.3	5.5	(12.2%)	11.0	2.2%
Wearable & Industrial Products	5.9	5.7	(3.7%)	11.0	6.9%
Other / Coporate expenses	7.7	8.2	6.1%	12.0	2.2%
Depreciation and amortisation	34.3	31.8	(7.4%)	47.0	3.5%

Note: 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, 2017	Increase compared to year ended March 31, 2016 %
	2015	2016			
Research and Development	39.3	39.7	1.0%	56.0	5.3%
R&D / revenue ratio	4.7%	5.2%		5.5%	

6. Management indices

(Unit: %)

	Nine months ended December 31,		Increase Point	Forecast for the year ended March 31, 2017	Increase compared to year ended March 31, 2016 Point
	2015	2016			
ROE	10.9%	9.8%	(1.1)	10.0%	0.5
ROA (Business profit)	7.2%	5.6%	(1.6)	6.6%	(2.1)
ROA (Profit from operating activities)	8.2%	5.9%	(2.3)	6.6%	(3.1)
ROS (Business profit)	8.7%	7.1%	(1.6)	6.3%	(1.5)
ROS (Profit from operating activities)	9.8%	7.5%	(2.3)	6.3%	(2.3)

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,	
	2015	2016
Foreign exchange effect on revenue	30.4	(91.7)
U.S. dollars	32.2	(33.2)
Euro	(6.0)	(17.0)
Other	4.2	(41.4)
Foreign exchange effect on business profit	(10.8)	(23.0)
U.S. dollars	(4.7)	6.0
Euro	(4.2)	(12.0)
Other	(1.8)	(17.0)
Exchange rate		
Yen / U.S. dollars	121.70	106.63
Yen / Euro	134.36	118.02

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 Third Quarter FY2015.

In previous supplementary information, Latin American currencies were calculated and shown as USD transactions.

8. Inventory

(Unit: billion yen)

	December 31, 2015	March 31, 2016	December 31, 2016	Increase compared to March 31, 2016
Inventory	222.8	201.6	213.4	11.8
Printing Solutions	124.2	108.7	120.1	11.4
Visual Communications	52.7	47.1	46.8	(0.2)
Wearable & Industrial Products	45.0	45.1	45.6	0.5
Other / Coporate expenses	0.7	0.6	0.7	0.1
Turnover by days	73	67	77	10
Printing Solutions	61	54	65	11
Visual Communications	103	94	96	2
Wearable & Industrial Products	92	97	104	7
Other / Coporate expenses	39	27	30	3

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

9. Employees

(Unit: person)

	December 31, 2015	March 31, 2016	December 31, 2016	Increase compared to March 31, 2016
Number of employees at period end	69,314	67,605	72,712	5,107
Domestic	18,670	18,699	19,271	572
Overseas	50,644	48,906	53,441	4,535