

Consolidated Financial Results for the Six Months Ended June 30, 2016 [Japanese GAAP]



August 9, 2016

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 Schedule of quarterly consolidated financial results briefing session: Scheduled (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended June 30, 2016 (From January 1, 2016 to June 30, 2016)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six Months ended June 30, 2016	22,770	—	2,668	—	2,385	—	1,562	—
Six Months ended September 30, 2015	32,627	—	2,672	—	2,310	—	1,189	—

(Note) Comprehensive income: Six Months ended June 30, 2016: 295 million yen [—%]
 Six Months ended September 30, 2015: 459 million yen [—%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six Months ended June 30, 2016	114.33	—
Six Months ended September 30, 2015	83.51	—

The Company changed its fiscal year-end date from March 31 to December 31 starting from the fiscal year ended December 31, 2015. As a result, for the six months ended September 30, 2015, which serves as a transitional period, the period for consolidation will be the six-month period from April to September for the Company and for subsidiaries with a fiscal year-end in December, the nine-month period from January to September. Therefore, year-on-year rates of change are not on the list.

[Reference]

Percentages shown below are rates of change comparing the previous fiscal year's six-month results of the Company and subsidiaries with the financial results from January 1 to June 30, 2016.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six Months ended March 31, 2016	22,770	(0.9)	2,668	8.0	2,385	2.1	1,562	36.5
Six Months ended June 30, 2015 (Adjusted)	22,973	–	2,471	–	2,336	–	1,144	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of June 30, 2016	36,534	19,363	53.0	1,547.45
As of December 31, 2015	37,980	22,910	60.3	1,608.94

(Reference) Equity: As of June 30, 2016: 19,363 million yen
As of December 31, 2015: 22,910 million yen

2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2015	–	30.00	–	30.00	60.00
Fiscal year ending December 31, 2016	–	30.00			
Fiscal year ending December 31, 2016 (Forecast)			–	30.00	60.00

(Note) Revision of dividend forecasts from recently announced figures: No

The Company has revised the full-year consolidated financial results forecast but the outlook for year-end dividends remains unchanged from the initial forecast. As foreign exchange fluctuation and other factors may significantly impact the financial results, we will keep a close eye on the business development hereafter and will revise the forecast accordingly.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2016 (From January 1 to December 31, 2016)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	43,500	–	3,400	–	3,100	–	2,000	–	152.80

(Note) Revision of financial results forecasts from recently announced figures: Yes

The Company has changed its fiscal year-end date from March 31 to December 31. As a result, for the fiscal year ended December 31, 2015, which will serve as a transitional period, the period for consolidation will be the nine-month period from April 1 to December. Therefore, year-on-year rates of change are not on the list.

[Reference]

Percentages shown below are rates of change comparing the previous fiscal year's twelve-month results of the Company and subsidiaries (January 1, 2015 to December 31, 2015) with the financial results for the fiscal year ending December 31, 2016.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Full year	43,500	(7.5)	3,400	(36.7)	3,100	(37.4)	2,000	(40.4)
Previous fiscal year (Adjusted)	47,024	—	5,371	—	4,955	—	3,358	—

*** Notes**

- (1) Significant changes of subsidiaries during the six months ended June 30, 2016 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Adoption of special accounting methods for preparing Quarterly Consolidated Financial Statement: No
- (3) Changes in accounting policies, changes in accounting estimates and corrections of errors
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Any changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Corrections of errors: No

- (4) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

Six months ended June 30, 2016	12,656,311 shares
Fiscal year ended December 31, 2015	14,385,511 shares

- 2) Total number of treasury shares at the end of the period:

Six months ended June 30, 2016	143,049 shares
Fiscal year ended December 31, 2015	146,000 shares

- 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Six months ended June 30, 2016	13,664,103 shares
Six months ended September 30, 2015	14,239,511 shares

(Note) The total number of treasury shares at the end of the six months ended June 30, 2016 and at the end of the fiscal year ended December 31, 2015 includes the number of shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust (143,000 shares). The number of treasury shares excluded from calculation of the average number of shares during the period for the six months ended June 30, 2016 and 2015 includes the number of shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust (143,000 shares).

* Presentation regarding the implementation status of the quarterly review process

These Consolidated Financial Results are not subject to the quarterly review procedures provided for by the Japanese Financial Instruments and Exchange Act. However, at the time of the disclosure of these Consolidated Financial Results, the quarterly review procedures of the Consolidated Financial Statement based on the Law have been completed.

* Explanation of the proper use of financial results forecast and other notes

Financial results forecast was prepared based on available information at the time of the release of this document, and the Company does not in any way guarantee the achievement of the projections. Actual results may be different from the projections due to various factors. For the notes concerning the use of financial results forecast, please refer to "Explanation of Future Forecast Information such as Consolidated Performance Forecast" on page 9 of the Appendix.

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1. Qualitative Information on Financial Results

(1) Explanation of Results of Operations

The Company changed its fiscal year-end date from March 31 to December 31 starting from the previous fiscal year. For the fiscal year ended December 31, 2015, which served as a transitional period, the period for consolidation was the nine-month period from April to December for the Company, and for foreign consolidated subsidiaries with a fiscal year-end in December, the twelve-month period from January to December. As a result, for comparisons with the corresponding period of the previous fiscal year, rates of increase and decrease are shown with figures of results from the corresponding period of the previous fiscal year adjusted to match the same period as the current period of consolidation.

During the six months ended June 30, 2016 (from January 1, 2016 to June 30, 2016), the world economy saw a moderate recovery trend overall in the United States and Europe. However, the outlook remains uncertain due to various factors causing a risk of economic decline, such as a deceleration in growth in emerging markets such as China and stagnation of economies in resource-rich countries, in addition to high volatility in financial markets and heightened geopolitical risk. Furthermore, partly due to the UK's decision to leave the European Union (EU) made in June, concerns are growing stronger toward the future of the Japanese economy as well, as seen in a rapid rise in the value of the yen and an ongoing decline in stock prices.

Amid such conditions, the group formulated a five-year medium-term business plan beginning in FY 2016, and started implementation from the current term. The medium-term business plan emphasizes "GrowthOne: Sustainable growth through innovation" as the basic policy, and by working toward the three major issues of (1) accelerating new business developments in growing markets, (2) transforming to a solutions provider, and (3) transforming into an innovation-focused group, we aim to create a high value-added market and achieve sustainable growth.

During the second quarter of the current term, in addition to activities in the mainstay sign (advertising and sign production) market, we focused on new growth sectors such as proposing original product creation in retail markets and textile printing in textile markets, in addition to dental milling machines in the dental (dental medical) market.

As a result of the above, despite the negative effects of foreign exchange, sales for the second quarter decreased by 0.9% over the same period of the previous term to 22,770 million yen, roughly on par with the previous corresponding term. In terms of expenses, cost of sales improved from the previous year, and selling, general and administrative expenses decreased year on year due to factors such as lower personnel expenses and advertising and promotion expenses. As a result, operating income increased by 8.0% compared with the same period of the previous term to 2,668 million yen. Ordinary income increased by 2.1% compared with the same period of the previous term to 2,385 million yen partially due to the impact of foreign exchange losses. Profit attributable to owners of parent was up 36.5% compared with the same period of the previous term to 1,562 million yen due to factors such as posting of extraordinary losses for the same period of the previous term, arising from loss on sales and retirement of non-current assets, mainly consisting of the retirement of software assets.

The exchange rates for major currencies during the second quarter of the current term (average rate during the period from January 2016 to June 2016) were 111.86 yen to the U.S. dollar (120.24 yen for the previous term) and 124.70 yen to the euro (134.21 yen for the previous term).

As the business of the Company and its consolidated subsidiaries is the manufacture and sale of computer peripheral device and there are no other segments, it is represented as a single segment. Sales by product are as follows.

Net sales by product

(Millions of Yen)

Product	Six months ended September 30, 2015 (After adjustment)		Six months ended June 30, 2016		Changes (After adjustment)	Changes in composition ratio (%) (After adjustment)	Year-on year change (%) (After adjustment)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	9,863	42.9	9,494	41.7	(369)	(1.2)	96.3
Plotters	725	3.2	699	3.1	(26)	(0.1)	96.3
3D products	1,831	8.0	2,172	9.5	341	1.5	118.6
Supplies	7,464	32.5	7,048	31.0	(416)	(1.5)	94.4
Others	3,088	13.4	3,355	14.7	267	1.3	108.7
Total	22,973	100.0	22,770	100.0	(203)	—	99.1

[Printers]

In the mainstay sign (advertising and sign production) market, in response to maturing in developed countries, we are working on maintaining and expanding market share by providing high value-added products and high-quality services and support in order to improve customer satisfaction. For emerging economies, we are focusing on market expansion through promotion of aggressive sales and marketing activities while implementing maintenance and enrichment of sales networks in each region. Furthermore, as a future growth sector, we are working on expanding into new markets through UV printers that can print onto a wide range of materials other than paper, and textile printers specializing in printing onto textiles.

During the second quarter of the current term, sales were at low levels, mainly with professional printers due to the effect of shifting market needs from high-price professional models to mid- and low-price standard models in the mainstay sign market. However, following the new product SOLJET EJ series for professionals, which went on sale in November 2015, we introduced a new standard product model in March 2016, the TrueVIS VG series, to realize new solutions to improve users' business competitiveness. In particular, the VG series is highly appreciated by sign manufacturing professionals for its vivid colors and superb printing quality which are enabled by newly developed heads and ink, and are showing favorable starts. Furthermore, the EJ series and VG series have won EDP awards at drupa 2016, the world's biggest exhibition of printing equipment and materials held in Germany in June 2016. The EDP awards acknowledge high value-added products and technologies.

Meanwhile, the LEF series of small UV printers showed solid performance in retail markets for use in creating original products such as smartphone cases and novelty items by printing pictures and illustrations. As a measure aiming to increase customer visits and differentiate products at large-scale stores such as shopping centers and do-it-yourself shops, services to produce and sell original products through installing in-store UV printers are increasing, thereby broadening business opportunities. Capturing this growth in demand for small UV printers, in January 2016, we introduced the new product LEF-300 with high productivity to the market, and launched activities by a dedicated team for retail markets. These efforts caused sales to increase mainly in developed countries.

Furthermore, there has been progress in the introduction of specialized printers into the textile market, centered on the XT-640 that went on sale in December 2015 and is primarily used in production of sportswear and original wear.

In this way, during the second quarter of the current term, our expansion into new printing markets achieved results as seen in a significant increase in sales of UV printers for manufacturing original products and the growth in textile printers for printing onto textiles. However, a decline in sales of printers for our mainstay sign market caused adverse effects. As a result, printer sales reached 9,494 million yen, or 96.3% of the same period of the previous fiscal year.

[Plotters]

Although sales of the GS-24 were favorable due to its attractive pricing, sales of some high-price models were down year on year, resulting in sales of 699 million yen, or 96.3% of the same period of the previous fiscal year.

[3D products]

In addition to activities in the conventional core markets of manufacturing and engraving, we also strengthened measures in health care fields such as the dental market, with its increasing need for digitalization. In particular, the dental (dental medical) market has grown to a mainstay market in the 3D products category due to aggressive measures in each region across the world.

During the second quarter of the current term, sales of 3D milling machines for manufacturing businesses were sluggish. However, in the dental market, where discovery of new sales networks is steadily in progress, sales of the DWX series dental milling machines grew significantly mainly in areas such as North America, Europe, and China, centered on the two new product models that were introduced in October 2015. Through efficient sales and marketing activities using our sales networks in each region across the world and provision of high-quality services and support, we are steadily expanding business while differentiating us from the industry peers. Care and services tailored to each individual, including dental care, are required in the healthcare field, and it is a field in which we can exert our unique strengths in digital technologies and manufacturing know-how. Moving forward, we will position this field as a growth market and intensify our efforts.

In this way, during the second quarter of the current term, sales of 3D milling machines for manufacturing businesses were sluggish, while dental milling machines, in which we concentrate our activities across the world, grew significantly. As a result, 3D sales reached 2,172 million yen, or 118.6% of the same period of the previous fiscal year.

[Supplies]

Although sales of printer ink for UV printers and textile printers grew, sales of printer ink for the sign market declined year on year. As a result, net sales of supplies were 7,048 million yen, or 94.4% of the same period of the previous fiscal year.

[Others]

Maintenance services, service parts, and other sales were 3,355 million yen, or 108.7% of the same period of the previous fiscal year, due to factors such as an increase in service contracts and service parts to accompany a higher number of printer and dental milling machine installations.

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Six months ended September 30, 2015 (After adjustment)		Six months ended June 30, 2016		Changes (After adjustment)	Changes in composition ratio (%) (After adjustment)	Year-on year change (%) (After adjustment)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	2,490	10.8	2,621	11.5	130	0.7	105.3
North America	6,475	28.2	6,404	28.1	(70)	(0.1)	98.9
Europe	8,121	35.4	8,046	35.3	(74)	(0.1)	99.1
Asia	1,594	6.9	2,034	8.9	440	2.0	127.6
Others	4,291	18.7	3,662	16.2	(629)	(2.5)	85.3
Total	22,973	100.0	22,770	100.0	(203)	—	99.1

[Japan]

In printers, sales of printers for the sign market had a decline, particularly with professional models. Meanwhile, performance was favorable from small UV printers offered for manufacturing original products and printers for use in textiles, centered on new products. In 3D products, although sales were sluggish in 3D milling machines that we propose for use in monozukuri, or the manufacturing market, trends in dental milling machines were favorable.

As a result, sales in Japan were 2,621 million yen, or 105.3% of the same period of the previous fiscal year.

[North America]

In printers, although sales of professional models for the sign market were sluggish, sales of models with attractive price ranges were solid, centered on the new VG series. Additionally, installations increased for small UV printers for original product manufacturing, and large UV printers which enabled printing directly on thick materials. In 3D products, sales of new products of dental milling machines increased significantly compared to the same period of the previous fiscal year.

However, under the effect of the stronger yen against the dollar, net sales in North America were 6,404 million yen, or 98.9% of the same period of the previous fiscal year.

[Europe]

In printers, although sales in low-price models for the sign market were solid, sales for mid- to high-price models were at low levels. Meanwhile, in UV printers, sales across the entire European region were higher than the same period of the previous fiscal year, owing to installation of small UV printers at large-scale stores such as shopping centers and do-it-yourself shops. Furthermore, sales of textile printers were solid, which were primarily used in sportswear printing. In 3D products, sales of dental milling machines grew, centered on new products.

However, under the effect of the stronger yen against the euro, net sales in Europe were 8,046 million yen, or 99.1% of the same period of the previous fiscal year.

[Asia]

In China, in addition to favorable sales in printers, sales of products such as dental milling machines grew due to a revision to the sales network and steady progress in developing new distributors. Furthermore, in South Korea, sales of small UV printers increased significantly. In the ASEAN region and India, we advanced aggressive sales

and marketing activities while aiming to strengthen cooperation with local distributors, and sales of printers increased mostly with low-price models.

As a result, sales in Asia were 2,034 million yen, or 127.6% of the same period of the previous fiscal year.

[Other Regions]

In Australia, sales of printers for the sign market were sluggish. Meanwhile, centered on printers, sales decreased and were significantly lower than the same period of the previous fiscal year in Brazil, where political chaos continues to cause long-term economic decline, and in the Middle East and certain South American countries that are being affected by lower resource prices.

Under the effects of these factors and the stronger yen against the Brazilian real, the resulting net sales in these regions were 3,662 million yen, or 85.3% of the same period of the previous fiscal year.

(2) Explanation of Financial Position

Total assets as of the end of the second quarter decreased by 1,446 million yen compared with end-of-term consolidated totals last year to a total of 36,534 million yen (96.2% of year-end consolidated totals last term). With regard to current assets, while notes and accounts receivable - trade increased by 301 million yen, cash and deposits, merchandise and finished goods, and deferred tax assets decreased by 375 million yen, 890 million yen and 300 million yen, respectively. In non-current assets, there were no significant changes.

Liabilities as of the end of the second quarter increased by 2,100 million yen to a total of 17,170 million yen (113.9% of year-end consolidated totals last term). With regard to current liabilities, short-term loans payable increased by 3,102 million yen as the fund for acquisition of treasury shares, etc., and in non-current liabilities, long-term loans payable decreased by 720 million yen due to repayments.

Net assets as of the end of the second quarter decreased by 3,546 million yen to a total of 19,363 million yen (84.5% of year-end consolidated totals last term). Despite an increase due to the business performance for the six months ended June 30, 2016, retained earnings decreased by 2,123 million yen due to retirement of treasury shares, and foreign currency translation adjustment decreased by 1,273 million yen owing mainly to an appreciation of the yen.

(3) Explanation of Future Forecast Information such as Consolidated Performance Forecast

Revisions have been made to the consolidated financial results forecasts for the fiscal year ending December 31, 2016, which were announced on May 10, 2016.

Details of the revisions are disclosed in “Difference between the financial result forecasts and actual financial results for the six months ended June 30, 2016, and notice of revision of financial result forecasts for the fiscal year ending December 31, 2016” which was announced separately today.

2. Matters Concerning Summary Information (Notes)

Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors
(Changes in Accounting Policies)

In line with the revisions to the Corporation Tax Act, the Company has applied the “Practical solution on a change in depreciation method due to tax reform 2016” (Practical Issues Task Force (“PITF”) No. 32; June 17, 2016) from the second quarter of the current term. As a result, the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 has been changed from the declining balance method to the straight-line method.

The effect of this change to the quarterly consolidated financial statements is immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2015	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	9,995,232	9,620,066
Notes and accounts receivable - trade	4,427,744	4,729,417
Merchandise and finished goods	6,600,707	5,710,460
Work in process	91,737	65,180
Raw materials and supplies	2,727,720	2,876,644
Deferred tax assets	1,631,226	1,331,198
Other	1,695,092	1,815,445
Allowance for doubtful accounts	(26,846)	(35,482)
Total current assets	27,142,613	26,112,931
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,937,776	6,771,472
Accumulated depreciation	(3,871,027)	(3,905,118)
Buildings and structures, net	3,066,749	2,866,353
Machinery, equipment and vehicles	1,010,189	982,593
Accumulated depreciation	(651,950)	(651,631)
Machinery, equipment and vehicles, net	358,238	330,962
Tools, furniture and fixtures	3,213,349	3,387,144
Accumulated depreciation	(2,615,611)	(2,660,722)
Tools, furniture and fixtures, net	597,737	726,422
Land	3,118,628	3,074,111
Construction in progress	98,735	71,247
Total property, plant and equipment	7,240,089	7,069,096
Intangible assets		
Goodwill	574,971	414,543
Software	1,185,715	1,148,559
Telephone subscription right	7,983	8,982
Total intangible assets	1,768,670	1,572,085
Investments and other assets		
Investment securities	267,173	267,517
Deferred tax assets	605,893	582,949
Other	1,112,437	969,162
Allowance for doubtful accounts	(156,715)	(39,610)
Total investments and other assets	1,828,789	1,780,019
Total non-current assets	10,837,549	10,421,201
Total assets	37,980,162	36,534,132

(Thousands of Yen)

	As of December 31, 2015	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,135,476	2,029,226
Short-term loans payable	—	3,102,550
Current portion of long-term loans payable	1,440,000	1,440,000
Income taxes payable	633,476	708,074
Provision for bonuses	675,069	670,039
Provision for directors' bonuses	70,000	40,000
Provision for product warranties	541,736	549,252
Other	3,184,471	2,933,890
Total current liabilities	8,680,229	11,473,033
Non-current liabilities		
Long-term loans payable	4,320,000	3,600,000
Provision for employee stock ownership plan trust	62,635	77,944
Provision for management board incentive plan trust	151,583	188,344
Net defined benefit liability	487,406	482,679
Long-term accounts payable - other	119,093	112,600
Other	1,248,619	1,235,820
Total non-current liabilities	6,389,339	5,697,389
Total liabilities	15,069,568	17,170,422
Net assets		
Shareholders' equity		
Capital stock	3,668,700	3,668,700
Capital surplus	3,867,377	3,700,608
Retained earnings	16,167,288	14,044,271
Treasury shares	(635,105)	(625,585)
Total shareholders' equity	23,068,260	20,787,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,513	(3,322)
Foreign currency translation adjustment	9,700	(1,263,582)
Remeasurements of defined benefit plans	(170,911)	(157,414)
Total accumulated other comprehensive income	(157,697)	(1,424,319)
Non-controlling interests	30	34
Total net assets	22,910,593	19,363,710
Total liabilities and net assets	37,980,162	36,534,132

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations
(For the six months ended September 30, 2015 and June 30, 2016)

(Thousands of Yen)

	For the six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	For the six months ended June 30, 2016 (From January 1, 2016 to June 30, 2016)
Net sales	32,627,235	22,770,462
Cost of sales	19,277,493	11,899,851
Gross profit	13,349,741	10,870,610
Selling, general and administrative expenses		
Transportation and warehousing expenses	777,312	532,629
Advertising and promotion expenses	838,200	601,834
Provision of allowance for doubtful accounts	3,775	—
Provision for product warranties	102,342	122,643
Salaries and bonuses	4,865,611	3,767,348
Provision for bonuses	428,083	348,753
Provision for directors' bonuses	50,000	40,000
Provision for employee stock ownership plan trust	16,854	10,847
Provision for management board incentive plan trust	52,152	36,066
Retirement benefit expenses	210,702	164,201
Traveling and transportation expenses	508,241	441,537
Depreciation	529,050	425,603
Commission fee	910,644	626,257
Other	1,384,344	1,084,490
Total selling, general and administrative expenses	10,677,315	8,202,213
Operating income	2,672,426	2,668,396
Non-operating income		
Interest income	15,243	8,046
Dividend income of insurance	2,681	10,184
Other	57,665	29,637
Total non-operating income	75,590	47,868
Non-operating expenses		
Interest expenses	81,311	23,057
Sales discounts	133,800	89,723
Foreign exchange losses	188,051	208,927
Other	34,735	9,396
Total non-operating expenses	437,899	331,105
Ordinary income	2,310,117	2,385,159

(Thousands of Yen)

	For the six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	For the six months ended June 30, 2016 (From January 1, 2016 to June 30, 2016)
Extraordinary income		
Gain on sales of non-current assets	3,870	3,558
Total extraordinary income	3,870	3,558
Extraordinary losses		
Loss on sales and retirement of non-current assets	159,986	8,413
Total extraordinary losses	159,986	8,413
Income before income taxes and minority interests	2,154,001	2,380,303
Income taxes - current	1,198,794	635,269
Income taxes - deferred	(233,951)	182,733
Total income taxes	964,843	818,003
Profit	1,189,158	1,562,300
Profit attributable to non-controlling interests	3	15
Profit attributable to owners of parent	1,189,155	1,562,284

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	For the six months ended June 30, 2016 (From January 1, 2016 to June 30, 2016)
Profit	1,189,158	1,562,300
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,387)	(6,836)
Foreign currency translation adjustment	(742,673)	(1,273,294)
Remeasurements of defined benefit plans, net of tax	14,503	13,497
Total other comprehensive income	(729,557)	(1,266,633)
Comprehensive income	459,601	295,666
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	459,605	295,662
Comprehensive income attributable to non-controlling interests	(4)	4

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholder's Equity)

The Company resolved at the Board of Directors meeting held on May 10, 2016 to acquire treasury stock pursuant to the provisions of Article 156 of the Companies Act as applied in place of the provisions of Article 165, Paragraph 3 of the same Act. Based on this resolution, it acquired 1,726,200 shares of treasury stock in an amount of 3,410,971 thousand yen via the off-auction own share repurchase (ToSTNeT-3) as of May 12, 2016. Furthermore, at the same Board of Directors meeting, it resolved to retire its treasury stock, and completed the retirement of 1,729,200 shares as of June 1, 2016. As a result, treasury stock, capital surplus and retained earnings decreased by 3,420,594 thousand yen, 166,768 thousand yen and 3,253,826 thousand yen, respectively.

(Significant Subsequent Events)

Not applicable.