Consolidated Financial Results
for the Three Months Ended March 31, 2016 [Japanese GAAP]

May 10, 2016

Company name: Roland DG Corporation
Securities Code: 6789
URL: http://www.rolanddg.co.jp/
Stock exchange listing: Tokyo Stock Exchange
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Scheduled date of filing quarterly securities report: May 10, 2015
Scheduled date of commencing dividend payments: –
Availability of supplementary briefing material on quarterly consolidated financial results: Available
Schedule of quarterly consolidated financial results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended March 31, 2016 (From January 1, 2016 to March 31, 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	%
Three Months ended March 31, 2016	11,070	–	1,374	–	1,248	–	799	–
Three Months ended June30, 2015	21,070	–	1,157	–	1,027	–	255	–

(Note) Comprehensive income: Three months ended March 31, 2016: 346 million yen [–%]
Three months ended June 30, 2015: (56) million yen [–%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three Months ended March 31, 2016	56.18	–
Three Months ended June 30, 2015	17.93	–

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 three months ended June 30, 2015, which serves as a transitional period, the period for consolidation will be the three-month period from April to June for the Company and for subsidiaries with a fiscal year-end in December, the six-month period from January to June. Therefore, year-on-year rates of change are not on the list.

[Reference]
Percentages shown below (rate of change after adjustment) are rates of change comparing the previous fiscal year's three-month results of the Company and subsidiaries with the financial results from January 1 to March 31, 2016.

Net sales		Operating income		Ordinary income		Net income	(Millions of yen)
11,070	0.9%	1,374	16.8%	1,248	13.2%	799	19.4%

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2016	37,763	22,826	60.4	1,603.00
As of December 31, 2015	37,980	22,910	60.3	1,608.94

(Reference) Equity: As of March 31, 2016: 22,826 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	–				
Fiscal year ending December 31, 2016 (Forecast)		30.00	–	30.00	60.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2016 (From January 1to 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
First half	23,800		1,900		1,800		1,200		84.27
Full year	48,700		4,600		4,400		3,000		210.68

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

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 31 for the Company and for subsidiaries with a fiscal year-end in December, the twelve-month period, unchanged from January to December. Therefore, year-on-year rates of change are not on the list.

[Reference]

Percentages shown below (rate of change after adjustment) 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.

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
First half	23,800	3.6%	1,900	(23.1)%	1,800	(23.0)%	1,200	4.8%
Full year	48,800	3.6%	4,600	(14.4)%	4,400	(11.2)%	3,000	(10.7)%

*** Notes**

(1) Significant changes of subsidiaries during the three months ended March 31, 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: No
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):

Three months ended March 31, 2016	14,385,511 shares
Fiscal year ended December 31, 2015	14,385,511 shares

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

Three months ended March 31, 2016	146,000 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):

Three months ended March 31, 2016	14,239,511 shares
Three months ended June 30, 2015	17,799,511 shares

(Note) The total number of treasury shares at the end of the fiscal year ended March 31, 2016 and at the end of the three months ended June 30, 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 three months ended March 31, 2016 and ended June 30, 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 6 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 first quarter of the current term, 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, concerns are growing stronger toward the future of the Japanese economy as well, owing to factors such as a rapid rise in the value of the yen and a 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 on “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 first quarter of the current term, in addition to the 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 effect of foreign exchange, sales for the first quarter increased by 0.9% over the same period of the previous term to 11,070 million yen. In terms of expenses, cost of sales was relatively on par with the previous year, but selling, general and administrative expenses decreased by 4.9% year on year due to factors such as lower personnel expenses and advertising and promotion expenses. As a result, operating income increased by 16.8% compared with the same period of the previous term to 1,374 million yen. Ordinary income increased by 13.2% compared with the same period of the previous term to 1,248 million yen, and profit attributable to owners of parent was up 19.4% compared with the same period of the previous term to 799 million yen.

The exchange rates for major currencies during the first quarter of the current term (average rate during the period from January 2016 to March 2016) were 115.49 yen to the U.S. dollar (119.10 yen for the previous term) and 127.25 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	Three months ended June 30, 2015 (After adjustment)		Three months ended March 31, 2016		Changes (After adjustment)	Changes in composition ratio (%) (After adjustment)	Year-on year change (%) (After adjustment)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	4,508	41.1	4,387	39.6	(120)	(1.5)	97.3
Plotters	361	3.3	337	3.0	(24)	(0.3)	93.4
3D products	874	8.0	1,116	10.2	242	2.2	127.8
Supplies	3,645	33.2	3,500	31.6	(144)	(1.6)	96.0
Others	1,585	14.4	1,727	15.6	141	1.2	108.9
Total	10,975	100.0	11,070	100.0	94	—	100.9

[Printers]

In the mainstay sign (advertising and sign production) market, in response to the maturing of the sign markets in developed counties, 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 first 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. Additionally, revisions to pricing policies for existing products had the effect of causing sales to decline. However, following the new product SOLJET EJ series, which went on sale in November 2015, we introduced a new standard product model in March 2016, the TrueVIS VG series featuring newly developed heads and ink, to realize new solutions to improve users' business competitiveness.

Meanwhile, the LEF series of small UV printers showed solid performance in retail markets for their use in creating original products such as smartphone cases and novelty items by printing pictures and illustrations on them. In January 2016, we realized improved productivity and introduced the new product LEF-300 to the market, and 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 via installation of in-store UV printers are gaining popularity, causing 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 primarily used in production of sportswear and original wear.

As a result, printer sales reached 4,387 million yen, or 97.3% 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 337 million yen, or 93.4% 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 sales and marketing activities in each region across the world.

During the first quarter of the current term, sales of 3D milling machines for manufacturing businesses were sluggish. However, in the dental market, owing to strong starts for two new product models of the DWX series dental milling machines that were introduced in October 2015, sales grew significantly, centered on areas such as North America, Japan, and China. Steady results are being achieved due to factors such as creation of a structure allowing us to propose total solutions for manufacturing processes for dental remedies such as fillings and crowns, strong progress in discovery of new sales networks, and providing quality service and support through our worldwide sales network. 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, aggressively investing management resources to aim for further business expansion.

As a result, 3D sales reached 1,116 million yen, or 127.8% of the same period of the previous fiscal year.

[Supplies]

Sales of printer ink for the sign market declined year on year. As a result, net sales of supplies were 3.5 billion yen, or 96.0% of the same period of the previous fiscal year.

[Others]

Maintenance services, service parts, and other sales were 1,727 million yen, or 108.9% 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	Three months ended June 30, 2015 (After adjustment)		Three months ended March 31, 2016		Changes (After adjustment)	Changes in composition ratio (%) (After adjustment)	Year-on year change (%) (After adjustment)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	1,352	12.3	1,377	12.4	25	0.1	101.9
North America	2,724	24.8	2,976	27.0	252	2.2	109.3
Europe	3,933	35.9	4,020	36.3	86	0.4	102.2
Asia	718	6.5	901	8.1	182	1.6	125.5
Others	2,247	20.5	1,794	16.2	(452)	(4.3)	79.9
Total	10,975	100.0	11,070	100.0	94	—	100.9

[Japan]

In printers, sales of printers for the sign market had a significant 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 1,377 million yen, or 101.9% of the same period of the previous fiscal year.

[North America]

In printers, sales in low-price models for the sign market were favorable. Additionally, sales of small UV printers for original product manufacturing were solid, and sales grew for 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.

Under the effects of these factors and the stronger yen against the dollar, net sales in North America were 2,976 million yen, or 109.3% 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, primarily in the southern European region. As a result, despite the effects of a stronger yen against the euro, net sales in Europe were 4,020 million yen, or 102.2% of the same period of the previous fiscal year.

[Asia]

In China, sales of products such as dental milling machines grew significantly 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. 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 the low-price models.

As a result, sales in Asia were 901 million yen, or 125.5% of the same period of the previous fiscal year.

[Other Regions]

In Australia, although sales of printers for the sign market were sluggish, sales of products such as UV printers were solid. 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 1,794 million yen, or 79.9% of the same period of the previous fiscal year.

(2) Explanation of Financial Position

Total assets as of the end of the first quarter decreased by 216 million yen compared with end-of-term consolidated totals last year to a total of 37,763 million yen (99.4% of year-end consolidated totals last term). With regard to current assets, notes and accounts receivable - trade increased by 403 million yen, and cash and deposits decreased by 724 million yen. In non-current assets, there were no significant changes.

Liabilities as of the end of the first quarter decreased by 131 million yen to a total of 14,937 million yen (99.1% of year-end consolidated totals last term). With regard to current liabilities, provision for bonuses increased by 260 million yen due to the recording of expenses, and in non-current liabilities, long-term loans payable decreased by 360 million yen due to repayments.

Net assets as of the end of the first quarter decreased by 84 million yen to a total of 22,826 million yen (99.6% of year-end consolidated totals last term). Compared with the end of the previous fiscal year, while retained earnings increased by 368 million yen due to business results for the current fiscal year, the foreign currency translation adjustment decreased by 452 million yen owing mainly to an appreciation of the yen.

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

No revisions have been made to the consolidated financial results forecasts for the six months ending June 30, 2016 and for the fiscal year ending December 31, 2016, which were announced on February 12, 2016.

Should any changes occur in the future, they shall be disclosed in an appropriate manner.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	9,995,232	9,270,818
Notes and accounts receivable - trade	4,427,744	4,830,800
Merchandise and finished goods	6,600,707	6,776,897
Work in process	91,737	75,470
Raw materials and supplies	2,727,720	2,852,621
Deferred tax assets	1,631,226	1,557,366
Other	1,695,092	1,635,473
Allowance for doubtful accounts	(26,846)	(35,215)
Total current assets	27,142,613	26,964,231
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,937,776	6,891,227
Accumulated depreciation	(3,871,027)	(3,905,759)
Buildings and structures, net	3,066,749	2,985,467
Machinery, equipment and vehicles	1,010,189	1,049,751
Accumulated depreciation	(651,950)	(666,571)
Machinery, equipment and vehicles, net	358,238	383,179
Tools, furniture and fixtures	3,213,349	3,350,839
Accumulated depreciation	(2,615,611)	(2,655,014)
Tools, furniture and fixtures, net	597,737	695,824
Land	3,118,628	3,103,056
Construction in progress	98,735	101,427
Total property, plant and equipment	7,240,089	7,268,955
Intangible assets		
Goodwill	574,971	510,121
Software	1,185,715	1,183,411
Telephone subscription right	7,983	9,124
Total intangible assets	1,768,670	1,702,656
Investments and other assets		
Investment securities	267,173	269,078
Deferred tax assets	605,893	606,783
Other	1,112,437	1,108,010
Allowance for doubtful accounts	(156,715)	(156,133)
Total investments and other assets	1,828,789	1,827,739
Total non-current assets	10,837,549	10,799,351
Total assets	37,980,162	37,763,583

(Thousands of Yen)

	As of December 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,135,476	2,141,845
Short-term loans payable	—	48,000
Current portion of long-term loans payable	1,440,000	1,440,000
Income taxes payable	633,476	544,189
Provision for bonuses	675,069	935,773
Provision for directors' bonuses	70,000	25,000
Provision for product warranties	541,736	508,235
Other	3,184,471	3,220,747
Total current liabilities	8,680,229	8,863,791
Non-current liabilities		
Long-term loans payable	4,320,000	3,960,000
Provision for employee stock ownership plan trust	62,635	67,840
Provision for management board incentive plan trust	151,583	169,186
Net defined benefit liability	487,406	483,973
Long-term accounts payable - other	119,093	116,194
Other	1,248,619	1,276,582
Total non-current liabilities	6,389,339	6,073,778
Total liabilities	15,069,568	14,937,570
Net assets		
Shareholders' equity		
Capital stock	3,668,700	3,668,700
Capital surplus	3,867,377	3,867,377
Retained earnings	16,167,288	16,535,732
Treasury shares	(635,105)	(635,105)
Total shareholders' equity	23,068,260	23,436,704
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,513	(2,129)
Foreign currency translation adjustment	9,700	(442,738)
Remeasurements of defined benefit plans	(170,911)	(165,861)
Total accumulated other comprehensive income	(157,697)	(610,729)
Non-controlling interests	30	38
Total net assets	22,910,593	22,826,012
Total liabilities and net assets	37,980,162	37,763,583

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

(For the three months ended June 30, 2015 and March 31, 2016)

(Thousands of Yen)

	For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	For the three months ended March 31, 2016 (From January 1, 2016 to March 31, 2016)
Net sales	21,070,745	11,070,387
Cost of sales	13,194,543	5,700,075
Gross profit	7,876,201	5,370,312
Selling, general and administrative expenses		
Transportation and warehousing expenses	449,200	278,149
Advertising and promotion expenses	579,177	248,898
Provision of allowance for doubtful accounts	9,489	8,494
Provision for product warranties	83,435	15,673
Salaries and bonuses	3,162,227	1,840,397
Provision for bonuses	190,373	154,399
Provision for directors' bonuses	25,000	25,000
Provision for employee stock ownership plan trust	9,039	4,155
Provision for management board incentive plan trust	24,894	17,448
Retirement benefit expenses	122,776	91,060
Traveling and transportation expenses	324,783	214,760
Depreciation	319,957	206,802
Commission fee	522,521	324,984
Other	895,534	565,473
Total selling, general and administrative expenses	6,718,411	3,995,698
Operating income	1,157,789	1,374,613
Non-operating income		
Interest income	11,046	3,427
Other	53,537	13,038
Total non-operating income	64,583	16,465
Non-operating expenses		
Interest expenses	64,525	12,279
Sales discounts	92,355	44,111
Foreign exchange losses	18,542	85,613
Other	19,033	564
Total non-operating expenses	194,456	142,568
Ordinary income	1,027,916	1,248,510

(Thousands of Yen)

	For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	For the three months ended March 31, 2016 (From January 1, 2016 to March 31, 2016)
Extraordinary income		
Gain on sales of non-current assets	1,940	1,889
Total extraordinary income	1,940	1,889
Extraordinary losses		
Loss on sales and retirement of non-current assets	159,714	3,497
Total extraordinary losses	159,714	3,497
Income before income taxes	870,142	1,246,901
Income taxes - current	426,319	420,270
Income taxes - deferred	188,530	26,700
Total income taxes	614,849	446,971
Profit	255,293	799,930
Profit (loss) attributable to non-controlling interests	(0)	11
Profit attributable to owners of parent	255,293	799,919

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	For the three months ended March 31, 2016 (From January 1, 2016 to March 31, 2016)
Profit	255,293	799,930
Other comprehensive income		
Valuation difference on available-for-sale securities	266	(5,643)
Foreign currency translation adjustment	(319,302)	(452,442)
Remeasurements of defined benefit plans, net of tax	7,251	5,050
Total other comprehensive income	(311,783)	(453,036)
Comprehensive income	(56,490)	346,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(56,489)	346,887
Comprehensive income attributable to non-controlling interests	(0)	7

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

Not applicable.

(Significant Subsequent Events)

Not applicable.