

Consolidated Financial Results for the Nine Months Ended December 31, 2012 [Japanese GAAP]



February 7, 2013

Company name: Roland DG Corporation
 Securities Code: 6789
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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly consolidated financial results: Not 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 Nine Months Ended December 31, 2012 (From April 1, 2012 to December 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended December 31, 2012	22,612	(2.2)	578	(35.5)	523	(35.5)	(88)	-
Nine months ended December 31, 2011	23,117	0.2	897	(44.2)	812	(46.5)	339	(43.5)

(Note) Comprehensive income: Nine months ended December 31, 2012: (85) million yen (-%)
 Nine months ended December 31, 2011: 69 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2012	(4.98)	-
Nine months ended December 31, 2011	19.09	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2012	28,751	23,401	81.2
As of March 31, 2012	29,335	24,780	81.8

(Reference) Equity: As of December 31, 2012: 23,340 million yen
 As of March 31, 2012: 23,991 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 March 31, 2012	–	15.00	–	15.00	30.00
Fiscal year ending March 31, 2013	–	15.00	–		
Fiscal year ending March 31, 2013 (Forecast)				15.00	30.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2013 (From April 1, 2012 to March 31, 2013)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	31,900	1.7	1,560	7.6	1,480	11.7	470	(31.6)	26.41

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

* Notes

(1) Significant changes of subsidiaries during the nine months ended December 31, 2012 (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly consolidated: Roland Digital Group (Thailand) Ltd.

(Note) For details, please refer to “2. Matters concerning Summary Information (Notes) (1) Significant changes of subsidiaries during the nine months ended December 31, 2012” on page 4 of the Appendix.

(2) Adoption of the special accounting method for preparing Consolidated Financial Statements: 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: Yes

4) Corrections of errors: No

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

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

Nine months ended December 31, 2012	17,800,000 shares
Fiscal year ended March 31, 2012	17,800,000 shares

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

Nine months ended December 31, 2012	460 shares
Fiscal year ended March 31, 2012	393 shares

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

Nine months ended December 31, 2012	17,799,570 shares
Nine months ended December 31, 2011	17,799,639 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

The 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 “Qualitative Information on Consolidated Performance Forecast” on page 4 of the Appendix.

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1. Qualitative Information on Financial Results

(1) Qualitative Information on Consolidated Business Performance

During the nine months ended December 31, 2012 (from April 1, 2012 to December 31, 2012), a mild recovery continued in the U.S., while a serious stagnation of economic activity was witnessed especially in southern Europe due to the effects of the prolonged debt crisis in Europe. In Asia, strong economic growth continued for the most part in the ASEAN region, but the slowdown in China's economic expansion became evident. In Japan, although signs of a recovery were observed thanks to a full-scale demand for recovery from the earthquake, uncertainties about the future persisted as a result of low exports to Europe and China and the impact of the substantial appreciation of the yen.

After Lehman Shock, economies in developed countries experienced a lull while the yen continued to rise. Emerging countries saw their economies expand and grow, and the business environment changed drastically. In order to adapt to such changes, the group has set out to reform our corporate structure with GlobalOne, which would unify our group and unleash newfound collaborative power. Since then, we have continued to erect new businesses and cultivate markets in emerging countries, while at the same time, promote a group structure that allows us to quickly and flexibly adapt to market changes and strengthen global sales, R&D and production systems. In November, we made a transition to a new organizational system for the purpose of promoting GlobalOne.

As part of our sales structure, preparations are currently underway for establishing Roland DG EMEA, S.L., a shared services company that combines and streamlines back-office functionality of subsidiaries in Europe, and Roland DG (China) Corporation (*) as a new operation base for the purpose of expanding sales and cultivating new markets in China.

As part of our production system, we established our first overseas manufacturing base, Roland Digital Group (Thailand) Ltd., which aims to take advantage of growth in developing countries and boost our competitive strength. Full production commenced at this base in October as initially scheduled.

Under these conditions, regarding sales by product, sales for our mainstay products printers and supplies were flat compared with the previous term due to factors such as the effect of new products introduced in the previous term. However, sales for 3D machines were sluggish compared with the previous term. As for sales by region, sales in Japan and North America were higher than the previous term, thanks to strong sales mainly for new printers introduced in the previous term. In Europe, although sales for new printers and dental milling machines were favorable, the economic downturn in southern Europe, coupled with the strong yen, left sales figure lower than the previous term. In Asia, decelerating economic expansion and increasing competition hurt the growth of sales in China, while readjustment of our sales network in Korea led to reduced sales. Overall, sales in Asia were down compared with the previous term.

The above resulted in performance for the third quarter that shows a 2.2% decrease in sales over the previous term, for a total of 22.612 billion yen. Cost to sales ratio was slightly above that of the previous term. As for selling, general and administrative expenses, although the amount was almost unchanged, the percentage to net sales rose from the previous term, resulting in a decrease in operating income of 35.5% over the previous term to 578 million

yen, and a decrease in ordinary income of 35.5% over the previous term to 523 million yen. Meanwhile, net loss for the quarter (from net income of 339 million yen in the previous term) came to 88 million yen, affected by goodwill impairment of its subsidiary.

(*) Roland DG (China) Corporation commenced operation in January 2013 as initially scheduled.

Sales by product

Product	For the nine months ended December 31, 2011		For the nine months ended December 31, 2012		Changes (Millions of Yen)	Changes in composition ratio (%)	Comparison with previous term (%)
	Amount (Millions of Yen)	Composition ratio (%)	Amount (Millions of Yen)	Composition ratio (%)			
Printers	9,465	41.0	9,447	41.8	(17)	0.8	99.8
Plotters	841	3.6	867	3.8	25	0.2	103.1
3D machines	1,855	8.0	1,692	7.5	(162)	(0.5)	91.2
Supplies	7,874	34.1	7,786	34.4	(87)	0.3	98.9
Other	3,080	13.3	2,817	12.5	(262)	(0.8)	91.5
Total	23,117	100.0	22,612	100.0	(504)	—	97.8

(2) Qualitative Information on Consolidated Financial Position

Total assets as of the end of the third quarter decreased by 584 million yen compared with end-of-term consolidated totals last year to a total of 28.751 billion yen (98.0% of year-end consolidated totals last term).

As for current assets, cash and deposits decreased by 654 million yen, and notes and accounts receivable-trade decreased by 477 million yen. Other current assets decreased by 333 million yen due to the decrease in accounts receivable-other. On the other hand, merchandise and finished goods increased by 619 million yen.

As for noncurrent assets, property, plant and equipment increased by 507 million yen, primarily due to construction of a factory for a subsidiary in Thailand, while goodwill increased by 372 million yen because of factors such as the additional acquisition of stock from a subsidiary. On the other hand, investment securities decreased by 418 million yen by including a subsidiary in Thailand as a consolidated company.

Liabilities as of the end of the third quarter increased by 795 million yen to a total of 5.35 billion yen (117.5% of year-end consolidated totals last term). As for current liabilities, notes and accounts payable-trade increased by 635 million yen, and other current liabilities, such as accounts payable-other, increased by 435 million yen. Meanwhile, provision for bonuses decreased by 317 million yen due to the reversal accompanying the payment of bonuses.

Net assets as of the end of the third quarter decreased by 1.379 billion yen to a total of 23.401 billion yen (94.4% of year-end consolidated totals last term). Retained earnings fell by 622 million yen, along with a drop in dividend payouts and third quarter consolidated sales and performance. At the same time, minority interests decreased by 727 million yen due to additional acquisition of stock from a subsidiary.

(3) Qualitative Information on Consolidated Performance Forecast

No revisions have been made to the consolidated financial results forecasts for the term under review, which were announced on November 7, 2012. Should any changes occur in the future, they shall be disclosed in an appropriate manner.

2. Matters concerning Summary Information (Notes)

(1) Significant changes of subsidiaries during the nine months ended December 31, 2012

The inclusion of Roland Digital Group (Thailand) Ltd. in the scope of consolidation during the first quarter ended June 30, 2012 due to its increased significance falls under changes in specified subsidiaries resulting in changes in scope of consolidation.

(2) Changes in accounting policies, changes in accounting estimates and corrections of errors

(Changes to accounting policies difficult to distinguish from changes to accounting estimates)

The Company has changed its method for depreciation reflecting the revised Act from the first quarter ended June 30, 2012, following the revision of the Corporation Tax Act, in respect of the property, plant and equipment acquired on and after April 1, 2012.

As a result, operating income, ordinary income and income before income taxes and minority interests during the nine months ended December 31, 2012 each increased by 10,106 thousand yen compared with those calculated by the past methods applied.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of March 31, 2012	As of December 31, 2012
Assets		
Current assets		
Cash and deposits	7,252,515	6,597,869
Notes and accounts receivable-trade	3,686,598	3,208,959
Merchandise and finished goods	4,747,352	5,367,245
Work in process	112,913	43,042
Raw materials and supplies	2,086,155	2,065,441
Deferred tax assets	792,646	698,410
Other	1,379,548	1,045,857
Allowance for doubtful accounts	(19,961)	(43,834)
Total current assets	20,037,770	18,982,990
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,692,035	5,942,669
Accumulated depreciation	(2,755,113)	(2,916,949)
Buildings and structures, net	2,936,921	3,025,720
Machinery, equipment and vehicles	656,998	694,591
Accumulated depreciation	(437,210)	(452,947)
Machinery, equipment and vehicles, net	219,787	241,643
Tools, furniture and fixtures	2,503,435	2,668,741
Accumulated depreciation	(2,102,435)	(2,195,144)
Tools, furniture and fixtures, net	401,000	473,597
Land	2,780,337	3,031,125
Construction in progress	37,884	111,685
Total property, plant and equipment	6,375,932	6,883,772
Intangible assets		
Goodwill	788,265	1,161,076
Software	572,113	549,274
Telephone subscription right	8,515	8,500
Total intangible assets	1,368,894	1,718,851
Investments and other assets		
Investment securities	526,090	107,456
Deferred tax assets	194,817	142,291
Long-term time deposits	500,000	500,000
Other	360,065	429,605
Allowance for doubtful accounts	(27,898)	(13,356)
Total investments and other assets	1,553,074	1,165,996
Total noncurrent assets	9,297,900	9,768,620
Total assets	29,335,671	28,751,611

(Thousands of Yen)

	As of March 31, 2012	As of December 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,424,011	2,059,822
Income taxes payable	75,212	3,184
Provision for bonuses	540,879	223,491
Provision for product warranties	246,691	225,098
Other	1,556,811	1,991,845
Total current liabilities	3,843,604	4,503,442
Noncurrent liabilities		
Provision for retirement benefits	129,922	193,818
Long-term accounts payable-other	123,717	121,599
Other	457,972	531,494
Total noncurrent liabilities	711,612	846,912
Total liabilities	4,555,217	5,350,355
Net assets		
Shareholders' equity		
Capital stock	3,668,700	3,668,700
Capital surplus	3,700,603	3,700,603
Retained earnings	19,642,589	19,019,884
Treasury stock	(638)	(698)
Total shareholders' equity	27,011,254	26,388,489
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,314	5,769
Foreign currency translation adjustment	(3,021,913)	(3,054,254)
Total accumulated other comprehensive income	(3,019,598)	(3,048,485)
Minority interests	788,797	61,252
Total net assets	24,780,453	23,401,256
Total liabilities and net assets	29,335,671	28,751,611

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations
(For the nine months ended December 31, 2011 and December 31, 2012)

(Thousands of Yen)

	For the nine months ended December 31, 2011 (From April 1, 2011 to December 31, 2011)	For the nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)
Net sales	23,117,102	22,612,129
Cost of sales	14,508,150	14,275,769
Gross profit	8,608,951	8,336,360
Selling, general and administrative expenses		
Transportation and warehousing expenses	428,714	418,229
Advertising and promotion expenses	567,983	494,530
Provision of allowance for doubtful accounts	6,752	43,609
Provision for product warranties	98,304	106,282
Salaries and bonuses	3,814,863	3,899,365
Provision for bonuses	148,030	126,733
Provision for directors' bonuses	30,000	—
Traveling and transportation expenses	413,598	417,456
Depreciation	507,813	558,046
Commission fee	723,455	742,484
Other	971,944	950,953
Total selling, general and administrative expenses	7,711,460	7,757,691
Operating income	897,491	578,668
Non-operating income		
Interest income	33,544	29,474
Dividends income	331	399
Other	46,596	45,916
Total non-operating income	80,472	75,790
Non-operating expenses		
Interest expenses	12,660	2,738
Sales discounts	112,826	99,224
Foreign exchange losses	24,094	18,510
Other	16,346	10,060
Total non-operating expenses	165,928	130,533
Ordinary income	812,034	523,924
Extraordinary income		
Gain on sales of noncurrent assets	7,193	11,366
Total extraordinary income	7,193	11,366
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	7,187	6,074
Impairment loss	—	106,858
Total extraordinary losses	7,187	112,933
Income before income taxes and minority interests	812,040	422,358
Income taxes-current	267,276	317,207
Income taxes-deferred	160,348	148,357
Total income taxes	427,625	465,565
Income (loss) before minority interests	384,415	(43,207)
Minority interests in income	44,602	45,510
Net income (loss)	339,813	(88,717)

Consolidated Statements of Comprehensive Income
(For the nine months ended December 31, 2011 and December 31, 2012)

(Thousands of Yen)

	For the nine months ended December 31, 2011 (From April 1, 2011 to December 31, 2011)	For the nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)
Income (loss) before minority interests	384,415	(43,207)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,416)	3,454
Foreign currency translation adjustment	(312,081)	(45,753)
Total other comprehensive income	(314,497)	(42,298)
Comprehensive income	69,918	(85,506)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	63,618	(117,604)
Comprehensive income attributable to minority interests	6,300	32,098

(3) Notes on Going Concern Assumption
Not applicable.

(4) Notes in Case of Significant Changes in Shareholder's Equity
Not applicable.