

Consolidated Financial Results for the Six Months Ended September 30, 2012 [Japanese GAAP]



November 7, 2012

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: November 8, 2012
 Scheduled date of commencing dividend payments: December 10, 2012
 Availability of supplementary briefing material on quarterly consolidated financial results: Available
 Schedule of quarterly consolidated financial results briefing session: Scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2012 (From April 1, 2012 to September 30, 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	%
Six months ended September 30, 2012	15,599	0.1	633	24.3	627	15.5	74	(62.4)
Six months ended September 30, 2011	15,577	(1.8)	509	(62.2)	542	(53.8)	197	(72.4)

(Note) Comprehensive income: Six months ended September 30, 2012: 86 million yen [(87.3)%]
 Six months ended September 30, 2011: 683 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2012	4.18	—
Six months ended September 30, 2011	11.11	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2012	28,413	24,071	83.7
As of March 31, 2012	29,335	24,780	81.8

(Reference) Equity: As of September 30, 2012: 23,785 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: Yes

* Notes

(1) Significant changes of subsidiaries during the six months ended September 30, 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 six months ended September 30, 2012” on page x 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

(Note) Starting from the first quarter, the Company has changed its depreciation method, and this is a case where “changes to accounting policies are difficult to distinguish from changes to accounting estimates.” For details, please refer to “2. Matters concerning Summary Information (Notes) (2) Changes in accounting policies, changes in accounting estimates and corrections of errors” on page x of the Appendix.

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

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

Six months ended September 30, 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:

Six months ended September 30, 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):

Six months ended September 30, 2012	17,799,585 shares
Six months ended September 30, 2011	17,799,647 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 x of the Appendix.

1. Qualitative Information on Consolidated Performance

(1) Qualitative Information on Consolidated Business Performance

The consolidated financial results for the 2nd quarter (during the 6 month period from April 1st 2012 – September 30th 2012) reflect the different economic scenarios playing out across the regions in which we operate. In Europe, a continuing debt crisis heightened the seriousness of the economic downturn. In the U.S., upward momentum was slowed by a lack of improvement in jobs and unemployment. In China and the rest of Asia, exports and investments are lagging, and business expansion has shown signs of slowing. Domestically, we have begun to meet the demands of our recovery from the earthquake, but the yen's value remains high on the currency exchange.

After Lehman Shock, economies in developed countries were sluggish while the yen continued to rise. Emerging countries saw their economies expand and grow, and the business environment changed drastically; our group needed to adapt. We set out to reform our corporate structure with Global ONE, 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.

As part of our production system, we have 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. Construction and preparations were completed in September 2012, and trial production has begun with plans to commence full operations in October. (*1) As part of our sales structure, preparations are currently underway for establishing a shared services company that combines and streamlines the back-office functionality of subsidiaries in Europe.

Under these conditions, we have seen strong sales in Japan and North America, thanks mainly to new printers introduced in last term. Although sales for new printers and dental milling machines in Europe showed good momentum, the economic downturn in southern Europe, coupled with the high value of the yen, left sales figure lower than the previous term. Looking to Asia, sluggish economic expansion and increased competition has hurt the growth of printer sales in China, while the readjusting of our sales network in Korea brought reduced sales there as well. Overall, sales in Asia are down compared with the previous term. For sales by product, while new printers introduced last term have maintained strong sales, 3D machines and supplies have fallen below numbers from the previous term.

The above has resulted in performance for the 2nd quarter that shows a 0.1% increase in sales over the previous term, for a total of 15.599 billion yen. Cost to sales ratio has been improved compared with the previous term through efforts to improve product cost. Sales, general and administrative expenses have been reduced in total compared with the previous term. As a result, operating profit has increased 24.3% over the previous term to 633 million yen, and ordinary profit has increased 15.5% over the previous term to 627 million yen. Meanwhile, net profit for the quarter was affected by the goodwill impairment of subsidiary, causing a decrease of 62.4% compared with the previous term to 74 million yen.

(*1) As of November 8th, 2012, the factory continues to operate at production volumes originally planned.

(2) Qualitative Information on Consolidated Financial Position

Total assets as of the end of the second quarter decreased by 921 million yen compared with end-of-term consolidated totals last year to a total of 28.413 billion yen (96.9% of year-end consolidated totals last term).

As for current assets, notes and accounts receivable-trade decreased by 198 million yen, and inventories of mainly merchandise decreased by 608 million yen. Meanwhile other current assets decreased by 550 million yen due to the decrease in accounts receivable-other.

As for noncurrent assets, property, plant and equipment increased by 429 million yen due to progress in construction of a factory for a subsidiary in Thailand, while goodwill increased by 411 million yen due to additional acquisition of stock from a subsidiary. On the other hand, investment securities decreased by 428 million yen by including a subsidiary in Thailand as a consolidated company.

Liabilities as of the end of the second quarter decreased by 213 million yen to a total of 4.342 billion yen (95.3% of year-end consolidated totals last term). Notes and accounts payable-trade decreased by 482 million yen, while income taxes payable, mainly by the Company, increased by 164 million yen.

Net assets as of the end of the second quarter decreased by 708 million yen to a total of 24.071 billion yen (97.1% of year-end consolidated totals last term). Retained earnings fell by 192 million yen, along with a drop in dividend payouts and second quarter consolidated sales and performance. At the same time, minority interests decreased by 502 million yen due to additional acquisition of stock from a subsidiary.

(3) Qualitative Information on Consolidated Performance Forecast

Revisions have been made to the consolidated financial results forecasts for the fiscal year ending March 31, 2013, which were announced on May 8, 2012. Details are disclosed in “Notice of Revision to Financial Results Forecast for Fiscal Year Ending March 31, 2013” announced today (November 7, 2012).

2. Matters concerning Summary Information (Notes)

(1) Significant changes of subsidiaries during the six months ended September 30, 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 six months ended September 30, 2012 each increased by 4,938 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 September 30, 2012
Assets		
Current assets		
Cash and deposits	7,252,515	7,297,844
Notes and accounts receivable-trade	3,686,598	3,487,692
Merchandise and finished goods	4,747,352	4,255,952
Work in process	112,913	102,583
Raw materials and supplies	2,086,155	1,979,112
Deferred tax assets	792,646	778,257
Other	1,379,548	829,405
Allowance for doubtful accounts	(19,961)	(32,561)
Total current assets	20,037,770	18,698,286
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,692,035	5,688,375
Accumulated depreciation	(2,755,113)	(2,859,715)
Buildings and structures, net	2,936,921	2,828,659
Machinery, equipment and vehicles	656,998	677,168
Accumulated depreciation	(437,210)	(439,461)
Machinery, equipment and vehicles, net	219,787	237,706
Tools, furniture and fixtures	2,503,435	2,625,300
Accumulated depreciation	(2,102,435)	(2,165,398)
Tools, furniture and fixtures, net	401,000	459,902
Land	2,780,337	3,027,906
Construction in progress	37,884	250,920
Total property, plant and equipment	6,375,932	6,805,095
Intangible assets		
Goodwill	788,265	1,199,773
Software	572,113	586,320
Telephone subscription right	8,515	8,392
Total intangible assets	1,368,894	1,794,486
Investments and other assets		
Investment securities	526,090	98,021
Deferred tax assets	194,817	131,215
Long-term time deposits	500,000	500,000
Other	360,065	421,615
Allowance for doubtful accounts	(27,898)	(34,881)
Total investments and other assets	1,553,074	1,115,970
Total noncurrent assets	9,297,900	9,715,552
Total assets	29,335,671	28,413,838

(Thousands of Yen)

	As of March 31, 2012	As of September 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,424,011	941,110
Income taxes payable	75,212	239,229
Provision for bonuses	540,879	456,683
Provision for product warranties	246,691	234,905
Other	1,556,811	1,662,265
Total current liabilities	3,843,604	3,534,194
Noncurrent liabilities		
Provision for retirement benefits	129,922	172,638
Long-term accounts payable-other	123,717	123,969
Other	457,972	511,306
Total noncurrent liabilities	711,612	807,914
Total liabilities	4,555,217	4,342,109
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	19,450,001
Treasury stock	(638)	(698)
Total shareholders' equity	27,011,254	26,818,606
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,314	(195)
Foreign currency translation adjustment	(3,021,913)	(3,032,544)
Total accumulated other comprehensive income	(3,019,598)	(3,032,739)
Minority interests	788,797	285,863
Total net assets	24,780,453	24,071,729
Total liabilities and net assets	29,335,671	28,413,838

(2) Consolidated Statements of Operations and Comprehensive Income
 Consolidated Statements of Operations
 (For the six months ended September 30, 2011 and September 30, 2012)

(Thousands of Yen)

	For the six months ended September 30, 2011 (From April 1, 2011 to September 30, 2011)	For the six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)
Net sales	15,577,856	15,599,804
Cost of sales	9,853,490	9,814,669
Gross profit	5,724,366	5,785,134
Selling, general and administrative expenses		
Transportation and warehousing expenses	266,370	269,371
Advertising and promotion expenses	405,856	353,639
Provision of allowance for doubtful accounts	—	30,876
Provision for product warranties	66,520	84,328
Salaries and bonuses	2,443,099	2,444,659
Provision for bonuses	249,615	251,343
Provision for directors' bonuses	20,000	—
Traveling and transportation expenses	274,073	284,333
Depreciation	336,332	327,159
Commission fee	500,019	461,227
Other	652,845	644,485
Total selling, general and administrative expenses	5,214,732	5,151,424
Operating income	509,633	633,710
Non-operating income		
Interest income	21,451	23,233
Dividends income	224	257
Foreign exchange gains	64,442	—
Other	41,623	56,231
Total non-operating income	127,742	79,722
Non-operating expenses		
Interest expenses	9,994	1,971
Sales discounts	78,911	71,249
Foreign exchange losses	—	9,006
Other	5,765	4,184
Total non-operating expenses	94,671	86,412
Ordinary income	542,705	627,020
Extraordinary income		
Gain on sales of noncurrent assets	5,144	9,562
Total extraordinary income	5,144	9,562
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	6,290	2,823
Impairment loss	—	108,643
Total extraordinary losses	6,290	111,466
Income before income taxes and minority interests	541,558	525,115
Income taxes-current	167,485	330,481
Income taxes-deferred	138,079	85,033
Total income taxes	305,564	415,514
Income before minority interests	235,994	109,600
Minority interests in income	38,253	35,194
Net income	197,741	74,405

Consolidated Statements of Comprehensive Income
(For the six months ended September 30, 2011 and September 30, 2012)

(Thousands of Yen)

	For the six months ended September 30, 2011 (From April 1, 2011 to September 30, 2011)	For the six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)
Income before minority interests	235,994	109,600
Other comprehensive income		
Valuation difference on available-for-sale securities	(670)	(2,510)
Foreign currency translation adjustment	447,971	(20,257)
Total other comprehensive income	447,301	(22,767)
Comprehensive income	683,295	86,833
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	595,344	61,264
Comprehensive income attributable to minority interests	87,951	25,569

(3) Notes on Going Concern Assumption
Not applicable.

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