

Consolidated Financial Results for the Three Months Ended June 30, 2012 [Japanese GAAP]



August 7, 2012

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 Securities Code: 6789
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 Scheduled date of filing quarterly securities report: August 8, 2012
 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 Three Months Ended June 30, 2012 (From April 1, 2012 to June 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	%
Three months ended June 30, 2012	7,748	6.0	63	–	29	–	(90)	–
Three months ended June 30, 2011	7,307	(3.3)	(97)	–	(53)	–	(115)	–

(Note) Comprehensive income: Three months ended June 30, 2012: 532 million yen (19.2%)
 Three months ended June 30, 2011: 446 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2012	(5.08)	–
Three months ended June 30, 2011	(6.52)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2012	30,630	25,013	78.9
As of March 31, 2012	29,335	24,780	81.8

(Reference) Equity: As of June 30, 2012: 24,171 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	–				
Fiscal year ending March 31, 2013 (Forecast)		15.00	–	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
First half	16,800	7.8	500	(1.9)	450	(17.1)	100	(49.4)	5.62
Full year	34,000	8.4	1,800	24.1	1,650	24.5	700	1.8	39.33

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

* Notes

(1) Significant changes of subsidiaries during the three months ended June 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 three months ended June 30, 2012” on page 2 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 2 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):

Three months ended June 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:

Three months ended June 30, 2012	393 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):

Three months ended June 30, 2012	17,799,607 shares
Three months ended June 30, 2011	17,799,667 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 2 of the Appendix.

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1. Qualitative Information on Consolidated Performance

(1) Qualitative Information on Consolidated Business Performance

In the first quarter of the current term, Japan's earthquake restoration efforts and increased consumer spending in America helped continue the gradual recovery of the world economy. However, at the same time, the credit crisis in Europe threatens to reignite, and we can see economic activity slowing considerably in southern Europe. In the Asian market, growth in China has become sluggish due to poor exports to European regions. In addition, exchange rates and the strong yen continue to worsen the already tough situation.

After Lehman Shock, the economic climate shifted focus to emerging countries, whereas developed countries suffered from economic stagnation and the high price of the yen. In response, our group has initiated the Global ONE reformation program to operate as a unified entity. By pursuing a tightly connected group structure, we can strengthen our global sales network and improve our product development and manufacturing systems. This allows us to better establish new businesses, cultivate emerging markets, and act with speed and precision to keep up with sharp changes in the market.

Regarding our manufacturing structure, construction is proceeding on a factory in Thailand to serve as our first overseas base of production, which can strengthen our competitiveness and drive the growth we need in emerging countries. Operations are set to begin in October 2012. For our sales structure, we are establishing a shared services subsidiary, which will combine and streamline the back office functionality of our sales subsidiaries in Europe. Preparations for full operation have already begun.

Sales by region in the first quarter have seen strong sales in Japan and North America focused on printers introduced in the previous term. Overall sales in these regions have exceeded those of the same period in the previous term. Europe has also experienced strong sales thanks to printers, but the effects of the high yen brought down sales numbers to a level only slightly greater than the same period of the previous term. Meanwhile, market expansion in China has slowed down while competition has increased, so printer sales only managed to remain steady. In Korea and India, sales lagged and ended up down compared with the same period of the previous term.

Looking at sales by product, we see that while new printers introduced in the previous term had strong sales, 3D products were down slightly.

As a result of the above, sales for the first quarter were up 6.0% over the same period of the previous term, to a total of 7.748 billion yen. The ratio of product cost to sales was also brought down through a combination of increased production and improved cost reduction efforts, which also lowered the ratio of sales, general and administrative expenses. As a result, operating profit was 63 million yen (a 97 million yen loss last term), and ordinary profit was 29 million yen (a 53 million yen loss last term). The final profit/loss summary shows an increase in corporate taxes, which results in a net quarterly loss of 90 million yen, while the same period in the previous term saw a net loss of 115 million yen.

Net sales by product category

(Millions of Yen)

Product categories	Three months ended June 30, 2011		Three months ended June 30, 2012		Changes	Changes in composition ratio (%)	Year-on- year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	2,921	40.0	3,354	43.3	433	3.3	114.8
Plotters	289	4.0	302	3.9	12	(0.1)	104.5
3D devices	556	7.6	542	7.0	(13)	(0.6)	97.6
Supplies	2,631	36.0	2,557	33.0	(73)	(3.0)	97.2
Others	908	12.4	990	12.8	81	0.4	109.0
Total	7,307	100.0	7,748	100.0	441	-	106.0

(2) Qualitative Information on Consolidated Financial Position

Total assets as of the end of the first quarter increased by 1.295 billion yen compared with end-of-term consolidated totals last year to a total of 30.630 billion yen (104.4% of year-end consolidated totals last term). Cash and deposits increased by 1.256 billion yen and inventories of mainly finished goods increased by 453 million yen. Meanwhile other current assets decreased by 619 million yen due to the decrease in accounts receivable-other.

Liabilities as of the end of the first quarter increased by 1.061 billion yen to a total of 5.617 billion yen (123.3% of year-end consolidated totals last term). Notes and accounts payable-trade increased by 996 million yen and other current liabilities increased by 341 million yen due to factors including the increase in accounts payable-other. Meanwhile, provision for bonuses decreased by 290 million yen due to the reversal accompanying the payment of bonuses.

Net assets as of the end of the first quarter increased by 233 million yen to a total of 25.013 billion yen (100.9% of year-end consolidated totals last term). Retained earnings fell by 357 million yen, along with a drop in dividend payouts and first quarter consolidated sales and performance. At the same time, year-end consolidated totals last term benefited from a weaker yen. Applying the foreign currency translation adjustment shows that yen depreciation during the early part of this year added 538 million yen to this term's totals.

(3) Qualitative Information on Consolidated Performance Forecast

No revisions have been made to the consolidated financial results forecasts for the six months ending September 30, 2012 and for the fiscal year ending March 31, 2013, which were announced on May 8, 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 three months ended June 30, 2012

The inclusion of Roland Digital Group (Thailand) Ltd. in the scope of consolidation during the three months 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 three months ended June 30, 2012 each increased by 981 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 June 30, 2012
Assets		
Current assets		
Cash and deposits	7,252,515	8,509,093
Notes and accounts receivable-trade	3,686,598	3,868,352
Merchandise and finished goods	4,747,352	5,261,739
Work in process	112,913	77,884
Raw materials and supplies	2,086,155	2,060,244
Deferred tax assets	792,646	737,182
Other	1,379,548	760,243
Allowance for doubtful accounts	(19,961)	(22,440)
Total current assets	20,037,770	21,252,300
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,692,035	5,724,452
Accumulated depreciation	(2,755,113)	(2,826,970)
Buildings and structures, net	2,936,921	2,897,481
Machinery, equipment and vehicles	656,998	696,383
Accumulated depreciation	(437,210)	(459,875)
Machinery, equipment and vehicles, net	219,787	236,508
Tools, furniture and fixtures	2,503,435	2,591,272
Accumulated depreciation	(2,102,435)	(2,158,392)
Tools, furniture and fixtures, net	401,000	432,880
Land	2,780,337	3,047,535
Construction in progress	37,884	180,048
Total property, plant and equipment	6,375,932	6,794,454
Intangible assets		
Goodwill	788,265	813,138
Software	572,113	601,562
Telephone subscription right	8,515	8,536
Total intangible assets	1,368,894	1,423,237
Investments and other assets		
Investment securities	526,090	98,694
Deferred tax assets	194,817	223,567
Long-term time deposits	500,000	500,000
Other	360,065	376,448
Allowance for doubtful accounts	(27,898)	(37,735)
Total investments and other assets	1,553,074	1,160,975
Total noncurrent assets	9,297,900	9,378,667
Total assets	29,335,671	30,630,968

(Thousands of Yen)

	As of March 31, 2012	As of June 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,424,011	2,420,431
Income taxes payable	75,212	31,571
Provision for bonuses	540,879	250,520
Provision for directors' bonuses	—	10,000
Provision for product warranties	246,691	217,764
Other	1,556,811	1,898,647
Total current liabilities	3,843,604	4,828,936
Noncurrent liabilities		
Provision for retirement benefits	129,922	151,607
Long-term accounts payable-other	123,717	128,302
Other	457,972	508,355
Total noncurrent liabilities	711,612	788,265
Total liabilities	4,555,217	5,617,201
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	19,285,245
Treasury stock	(638)	(638)
Total shareholders' equity	27,011,254	26,653,910
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,314	424
Foreign currency translation adjustment	(3,021,913)	(2,483,083)
Total accumulated other comprehensive income	(3,019,598)	(2,482,658)
Minority interests	788,797	842,514
Total net assets	24,780,453	25,013,766
Total liabilities and net assets	29,335,671	30,630,968

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

(Thousands of Yen)

	For the three months ended June 30, 2011 (From April 1, 2011 to June 30, 2011)	For the three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)
Net sales	7,307,358	7,748,635
Cost of sales	4,892,706	5,127,670
Gross profit	2,414,651	2,620,964
Selling, general and administrative expenses		
Transportation and warehousing expenses	123,929	131,419
Advertising and promotion expenses	171,488	167,714
Provision of allowance for doubtful accounts	2,973	9,603
Provision for product warranties	13,230	27,130
Salaries and bonuses	1,214,531	1,232,856
Provision for bonuses	109,576	130,456
Provision for directors' bonuses	—	10,000
Traveling and transportation expenses	124,417	129,740
Depreciation	162,798	157,111
Commission fee	255,176	221,885
Other	333,704	339,535
Total selling, general and administrative expenses	2,511,826	2,557,453
Operating income (loss)	(97,174)	63,511
Non-operating income		
Interest income	11,099	13,412
Dividends income	120	120
Foreign exchange gains	62,852	—
Other	16,032	35,558
Total non-operating income	90,104	49,091
Non-operating expenses		
Interest expenses	5,067	2,077
Sales discounts	37,916	35,643
Foreign exchange losses	—	42,541
Other	3,413	2,404
Total non-operating expenses	46,396	82,667
Ordinary income (loss)	(53,466)	29,935
Extraordinary income		
Gain on sales of noncurrent assets	2,962	2,981
Total extraordinary income	2,962	2,981
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	754	242
Total extraordinary losses	754	242
Income (loss) before income taxes and minority interests	(51,257)	32,673
Income taxes-current	31,901	56,099
Income taxes-deferred	18,459	48,571
Total income taxes	50,360	104,671
Loss before minority interests	(101,618)	(71,997)
Minority interests in income	14,376	18,352
Net loss	(115,995)	(90,349)

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

(Thousands of Yen)

	For the three months ended June 30, 2011 (From April 1, 2011 to June 30, 2011)	For the three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)
Loss before minority interests	(101,618)	(71,997)
Other comprehensive income		
Valuation difference on available-for-sale securities	2,167	(1,890)
Foreign currency translation adjustment	546,440	606,511
Total other comprehensive income	548,608	604,621
Comprehensive income	446,989	532,623
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	369,273	446,590
Comprehensive income attributable to minority interests	77,715	86,033

(3) Notes on Going Concern Assumption
Not applicable.

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