

Consolidated Financial Results for the Six Months Ended September 30, 2013 [Japanese GAAP]



November 6, 2013

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 7, 2013

Scheduled date of commencing dividend payments: December 10, 2013

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, 2013 (From April 1, 2013 to September 30, 2013)

(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, 2013	19,748	26.6	2,528	299.1	2,588	312.8	1,645	2,112.1
Six months ended September 30, 2012	15,599	0.1	633	24.3	627	15.5	74	(62.4)

(Note) Comprehensive income: Six months ended September 30, 2013: 2,674 million yen (2,979.7%)

Six months ended September 30, 2012: 86 million yen [(87.3)%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2013	92.47	—
Six months ended September 30, 2012	4.18	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of September 30, 2013	34,038	27,268	80.1	1,531.97
As of March 31, 2013	31,628	24,861	78.6	1,396.73

(Reference) Equity: As of September 30, 2013: 27,268 million yen

As of March 31, 2013: 24,861 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, 2013	–	15.00	–	15.00	30.00
Fiscal year ending March 31, 2014	–	20.00			
Fiscal year ending March 31, 2014 (Forecast)			–	20.00	40.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

(% 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	41,440	32.5	4,920	245.5	4,940	278.0	3,230	806.1	181.47

(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, 2013 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(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: 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 stock)

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

Six months ended September 30, 2013	17,800,000 shares
Fiscal year ended March 31, 2013	17,800,000 shares

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

Six months ended September 30, 2013	460 shares
Fiscal year ended March 31, 2013	460 shares

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

Six months ended September 30, 2013	17,799,540 shares
Six months ended September 30, 2012	17,799,585 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 3 of the Appendix.

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1. Qualitative Information on Financial Results

(1) Explanation of Results of Operations

The consolidated financial results for the six months ended September 30, 2013 (from April 1, 2013 to September 30, 2013) reflect challenging conditions persisted in the world economy due to the impact of prolonged economic stagnation mainly in southern Europe in spite of a sustained mild recovery trend in the U.S. In Asia, the slowdown in the growth rate of countries such as China became clear. In Japan, hopes for an economic recovery are rising thanks to yen depreciation and rising stock prices, although the effects did not extend to an improvement of the real economy.

In order to adapt to a drastically changing business environment, the group has set out to reform our corporate structure with GlobalOne, which would unify our group and unleash newfound collaborative power. Specific measures and quantitative targets have been set out in the three-year medium-term business plan which makes the fiscal year ending March 31, 2014 as a first year, and are being implemented from this term. With the three major themes of 1) creating opportunities for new growth in creative fields, 2) strengthening the global brand, and 3) management that is responsive to diversification, the group will further press ahead the GlobalOne as we seek to build a strong business foundation for new growth.

Under these conditions, regarding sales by product for the six months ended September 30, 2013, sales for printers and supplies that are mainstay products were up compared to the same period of the previous term due to robust sales of new wide-format inkjet printers after their introduction in the previous term and the current term. In addition, as for 3D products, the DWX series of dental milling machines showed a solid performance, which with other factors resulted in sales exceeding those of the same period of the previous term.

As for sales by region, sales in North America and Japan were higher than the same period of the previous term, thanks to strong sales mainly for new printers and dental milling machines. In Europe, although sales were affected by the severe economic downturn, the effect of new printers, as well as other factors such as the effect of yen depreciation, led to results higher than those of the same period of the previous term. In Asia, even though sales stagnated in Korea and the ASEAN region due to the impact of readjustment of the sales structure, sales were robust in China for wide-format inkjet printers which meet the needs of the local sign manufacturing business and dental milling machines, exceeding those of the same period of the previous term.

As a result of the above, partly owing to the effect of yen depreciation, sales for the six months ended September 30, 2013 were up 26.6% over the same period of the previous term, to a total of 19,748 million yen. In terms of expenses, although selling, general and administrative expenses increased compared with the same period of the previous term, the cost to sales ratio improved substantially thanks primarily to the impact of reductions in the purchasing cost of foreign subsidiaries due to yen depreciation. Consequently, operating income climbed 299.1% compared with the same period of the previous term to 2,528 million yen, ordinary income rose 312.8% compared with the same period of the previous term to 2,588 million yen, and net quarterly income increased 2,112.1% compared with the same period of the previous term to 1,645 million yen.

The exchange rates of major currencies during the second quarter (average rate during the period from January 2013 to June 2013 because the fiscal year of the Company's foreign consolidated subsidiaries is from January to December) were 95.59 yen to the US dollar (79.74 yen for the same period of the previous term) and 125.53 yen to the euro (103.47 yen for the same period of the previous term).

Net sales by product

(Millions of Yen)

Product	Six months ended September 30, 2012		Six months ended September 30, 2013		Changes	Changes in composition ratio (%)	Year-on-year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	6,727	43.1	9,151	46.3	2,423	3.2	136.0
Plotters	596	3.8	551	2.8	(45)	(1.0)	92.4
3D products	1,162	7.5	1,554	7.9	392	0.4	133.8
Supplies	5,164	33.1	6,406	32.4	1,241	(0.7)	124.0
Others	1,948	12.5	2,083	10.6	135	(1.9)	107.0
Total	15,599	100.0	19,748	100.0	4,148	—	126.6

(2) Explanation of Financial Position

Total assets as of the end of the second quarter increased by 2,410 million yen compared with end-of-term consolidated totals last year to a total of 34,038 million yen (107.6% of year-end consolidated totals last term).

As for current assets, cash and deposits increased by 1,134 million yen, notes and accounts receivable-trade increased by 744 million yen. Other current assets and deferred tax assets increased by 471 million yen and 255 million yen, respectively. As for noncurrent assets, long-term time deposits of subsidiaries decreased by 229 million yen.

Liabilities as of the end of the second quarter increased by 3 million yen to a total of 6,770 million yen (100.1% of year-end consolidated totals last term). While short-term loans payable decreased by 756 million yen primarily due to repayment by the Company, income taxes payable increased by 580 million yen.

Net assets as of the end of the second quarter increased by 2,407 million yen to a total of 27,268 million yen (109.7% of year-end consolidated totals last term). Despite of dividend payouts, retained earnings increased by 1,378 million yen, along with an improvement in consolidated sales and performance for the six months ended September 30, 2013. At the same time, foreign currency translation adjustment increased by 1,024 million yen mainly due to a weaker yen in exchange rate compared with year-end consolidated totals last term.

(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 March 31, 2014, which were announced on May 8, 2013. Details are disclosed in "Notice of Revision to Financial Results Forecast for Fiscal Year Ending March 31, 2014" announced today (November 6, 2013).

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	7,139,574	8,274,406
Notes and accounts receivable-trade	3,817,451	4,562,387
Merchandise and finished goods	5,759,699	5,575,414
Work in process	67,023	110,533
Raw materials and supplies	2,242,175	2,283,948
Deferred tax assets	811,174	1,066,801
Other	947,774	1,419,230
Allowance for doubtful accounts	(30,194)	(43,916)
Total current assets	20,754,678	23,248,804
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,080,106	6,271,123
Accumulated depreciation	(2,995,979)	(3,156,016)
Buildings and structures, net	3,084,126	3,115,106
Machinery, equipment and vehicles	738,546	827,129
Accumulated depreciation	(494,843)	(532,994)
Machinery, equipment and vehicles, net	243,702	294,134
Tools, furniture and fixtures	2,825,451	2,847,548
Accumulated depreciation	(2,255,636)	(2,272,857)
Tools, furniture and fixtures, net	569,815	574,691
Land	3,064,227	3,100,202
Construction in progress	113,304	38,864
Total property, plant and equipment	7,075,177	7,122,999
Intangible assets		
Goodwill	2,270,091	2,201,473
Software	612,568	675,486
Telephone subscription right	8,539	8,489
Total intangible assets	2,891,199	2,885,448
Investments and other assets		
Investment securities	111,019	117,166
Deferred tax assets	143,215	126,735
Long-term time deposits	229,520	—
Other	446,790	564,448
Allowance for doubtful accounts	(23,543)	(26,818)
Total investments and other assets	907,002	781,533
Total noncurrent assets	10,873,378	10,789,981
Total assets	31,628,056	34,038,786

(Thousands of Yen)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	893,122	782,488
Short-term loans payable	1,825,886	1,069,450
Income taxes payable	205,421	786,345
Provision for bonuses	487,675	610,374
Provision for directors' bonuses	—	50,000
Provision for product warranties	240,739	259,220
Other	2,169,636	2,153,267
Total current liabilities	5,822,481	5,711,144
Noncurrent liabilities		
Provision for retirement benefits	215,409	228,360
Long-term accounts payable-other	114,219	122,592
Other	614,831	708,328
Total noncurrent liabilities	944,460	1,059,281
Total liabilities	6,766,942	6,770,426
Net assets		
Shareholders' equity		
Capital stock	3,668,700	3,668,700
Capital surplus	3,700,603	3,700,603
Retained earnings	19,465,069	20,843,985
Treasury stock	(698)	(698)
Total shareholders' equity	26,833,673	28,212,590
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,993	11,663
Foreign currency translation adjustment	(1,980,586)	(955,941)
Total accumulated other comprehensive income	(1,972,593)	(944,277)
Minority interests	34	47
Total net assets	24,861,114	27,268,360
Total liabilities and net assets	31,628,056	34,038,786

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations
(For the six months ended September 30, 2012 and September 30, 2013)

(Thousands of Yen)

	For the six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	For the six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Net sales	15,599,804	19,748,309
Cost of sales	9,814,669	10,485,132
Gross profit	5,785,134	9,263,177
Selling, general and administrative expenses		
Transportation and warehousing expenses	269,371	440,013
Advertising and promotion expenses	353,639	462,289
Provision of allowance for doubtful accounts	30,876	12,665
Provision for product warranties	84,328	106,081
Salaries and bonuses	2,444,659	3,165,137
Provision for bonuses	251,343	332,653
Provision for directors' bonuses	—	50,000
Traveling and transportation expenses	284,333	322,500
Depreciation	327,159	447,928
Commission fee	461,227	572,811
Other	644,485	822,178
Total selling, general and administrative expenses	5,151,424	6,734,261
Operating income	633,710	2,528,916
Non-operating income		
Interest income	23,233	14,050
Dividends income	257	352
Foreign exchange gains	—	70,254
Other	56,231	57,853
Total non-operating income	79,722	142,511
Non-operating expenses		
Interest expenses	1,971	1,653
Sales discounts	71,249	79,762
Foreign exchange losses	9,006	—
Other	4,184	1,937
Total non-operating expenses	86,412	83,353
Ordinary income	627,020	2,588,074
Extraordinary income		
Gain on sales of noncurrent assets	9,562	2,985
Total extraordinary income	9,562	2,985
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,823	4,451
Impairment loss	108,643	—
Total extraordinary losses	111,466	4,451
Income before income taxes and minority interests	525,115	2,586,608
Income taxes-current	330,481	1,151,190
Income taxes-deferred	85,033	(210,490)
Total income taxes	415,514	940,699
Income before minority interests	109,600	1,645,908
Minority interests in income (loss)	35,194	(0)
Net income	74,405	1,645,909

Consolidated Statements of Comprehensive Income
(For the six months ended September 30, 2012 and September 30, 2013)

(Thousands of Yen)

	For the six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	For the six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Income before minority interests	109,600	1,645,908
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,510)	3,670
Foreign currency translation adjustment	(20,257)	1,024,649
Total other comprehensive income	(22,767)	1,028,319
Comprehensive income	86,833	2,674,228
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	61,264	2,674,225
Comprehensive income attributable to minority interests	25,569	3

(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.