

Consolidated Financial Results for the Nine Months Ended December 31, 2013 [Japanese GAAP]



February 7, 2014

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: February 10, 2014
 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, 2013 (From April 1, 2013 to December 31, 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	%
Nine months ended December 31, 2013	30,299	34.0	4,297	642.7	4,384	736.8	2,974	–
Nine months ended December 31, 2012	22,612	(2.2)	578	(35.5)	523	(35.5)	(88)	–

(Note) Comprehensive income: Nine months ended December 31, 2013: 4,143 million yen (–%)
 Nine months ended December 31, 2012: (85) million yen (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2013	167.11	–
Nine months ended December 31, 2012	(4.98)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2013	35,598	28,382	79.7	1,594.54
As of March 31, 2013	31,628	24,861	78.6	1,396.73

(Reference) Equity: As of December 31, 2013: 28,382 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: No

* Notes

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

Nine months ended December 31, 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:

Nine months ended December 31, 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):

Nine months ended December 31, 2013	17,799,540 shares
Nine months ended December 31, 2012	17,799,570 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 nine months ended December 31, 2013 (from April 1, 2013 to December 31, 2013) reflect signs of economic recovery in the world economy including a sustained mild recovery trend in the U.S. and in Europe an upturn in the growth rate for the Eurozone as a whole, despite the continuing economic slump in southern Europe. In Asia, there was a slowdown in economic growth in China and other countries. In Japan, the economy tends toward a mild recovery, thanks to yen depreciation and rising stock prices resulting from the effect of Abenomics, although this 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 the 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 nine months ended December 31, 2013, new wide-format inkjet printers introduced in the previous and current fiscal year were drivers of growth in sales for printers and supplies that are mainstay products. In addition, as for 3D products, the DWX series of dental milling machines showed a solid performance.

As for sales by region, sales in North America and Europe grew significantly thanks to the effect of yen depreciation added to the impact of new printers. In Asia, sales were robust in China for wide-format inkjet printers which meet the needs of the local sign manufacturing business and dental milling machines. In other regions, sales were favorable in Australia and Central and South America.

As a result of the above, partly owing to the effect of yen depreciation, sales for the nine months ended December 31, 2013 were up 34.0% year on year to 30,299 million yen. In terms of expenses, although selling, general and administrative expenses increased year on year 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 increased by 642.7% year on year to 4,297 million yen, ordinary income rose 736.8% year on year to 4,384 million yen, and net income (from a net loss of 88 million yen for the same period of the previous fiscal year) came to 2,974 million yen.

The exchange rates of major currencies during the third quarter (average rate during the period from January 2013 to September 2013 because the fiscal year of the Company's foreign consolidated subsidiaries is from January to December) were 96.71 yen to the US dollar (from 79.37 yen for the same period of the previous fiscal year) and 127.38 yen to the euro (from 101.77 yen for the same period of the previous fiscal year).

Net sales by product

(Millions of Yen)

Product	Nine months ended December 31, 2012		Nine months ended December 31, 2013		Changes	Changes in composition ratio (%)	Year-on-year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	9,477	41.8	13,710	45.2	4,262	3.4	145.1
Plotters	867	3.8	965	3.2	98	(0.6)	111.3
3D products	1,692	7.5	2,334	7.7	642	0.2	137.9
Supplies	7,786	34.4	9,657	31.9	1,870	(2.5)	124.0
Others	2,817	12.5	3,631	12.0	814	(0.5)	128.9
Total	22,612	100.0	30,299	100.0	7,687	—	134.0

(2) Explanation of Financial Position

Total assets as of the end of the third quarter increased by 3,970 million yen from the end of previous consolidated fiscal year to 35,598 million yen (112.6% year on year).

As for current assets, cash and deposits increased by 2,473 million yen, notes and accounts receivable-trade increased by 367 million yen. Other current assets and deferred tax assets increased by 594 million yen and 269 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 third quarter increased by 449 million yen to 7,216 million yen (106.6% year on year). While short-term loans payable decreased by 807 million yen primarily due to repayment by the Company, income taxes payable increased by 646 million yen and other current liabilities increased by 399 million yen.

Net assets as of the end of the third quarter increased by 3,521 million yen to 28,382 million yen (114.2% year on year). Despite of dividend payouts, retained earnings increased by 2,351 million yen, along with an improvement in consolidated sales and performance for the nine months ended December 31, 2013. At the same time, foreign currency translation adjustment increased by 1,165 million yen mainly due to yen depreciation compared to the end of previous consolidated fiscal year.

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

No revisions have been made to the consolidated financial results forecasts for the fiscal year ending March 31, 2014, which were announced on November 6, 2013. 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 March 31, 2013	As of December 31, 2013
Assets		
Current assets		
Cash and deposits	7,139,574	9,613,249
Notes and accounts receivable-trade	3,817,451	4,184,708
Merchandise and finished goods	5,759,699	5,923,974
Work in process	67,023	48,194
Raw materials and supplies	2,242,175	2,485,035
Deferred tax assets	811,174	1,080,469
Other	947,774	1,542,249
Allowance for doubtful accounts	(30,194)	(40,005)
Total current assets	20,754,678	24,837,876
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,080,106	6,281,458
Accumulated depreciation	(2,995,979)	(3,229,992)
Buildings and structures, net	3,084,126	3,051,465
Machinery, equipment and vehicles	738,546	859,451
Accumulated depreciation	(494,843)	(554,089)
Machinery, equipment and vehicles, net	243,702	305,361
Tools, furniture and fixtures	2,825,451	2,892,609
Accumulated depreciation	(2,255,636)	(2,326,679)
Tools, furniture and fixtures, net	569,815	565,929
Land	3,064,227	3,095,738
Construction in progress	113,304	102,049
Total property, plant and equipment	7,075,177	7,120,546
Intangible assets		
Goodwill	2,270,091	2,136,039
Software	612,568	722,239
Telephone subscription right	8,539	8,433
Total intangible assets	2,891,199	2,866,712
Investments and other assets		
Investment securities	111,019	117,799
Deferred tax assets	143,215	107,324
Long-term time deposits	229,520	—
Other	446,790	577,354
Allowance for doubtful accounts	(23,543)	(28,654)
Total investments and other assets	907,002	773,823
Total noncurrent assets	10,873,378	10,761,082
Total assets	31,628,056	35,598,958

(Thousands of Yen)

	As of March 31, 2013	As of December 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	893,122	944,126
Short-term loans payable	1,825,886	1,018,400
Income taxes payable	205,421	851,446
Provision for bonuses	487,675	365,836
Provision for directors' bonuses	—	75,000
Provision for product warranties	240,739	300,382
Other	2,169,636	2,569,342
Total current liabilities	5,822,481	6,124,534
Noncurrent liabilities		
Provision for retirement benefits	215,409	234,179
Long-term accounts payable-other	114,219	123,789
Other	614,831	734,321
Total noncurrent liabilities	944,460	1,092,289
Total liabilities	6,766,942	7,216,824
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	21,816,499
Treasury stock	(698)	(698)
Total shareholders' equity	26,833,673	29,185,104
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,993	11,852
Foreign currency translation adjustment	(1,980,586)	(814,869)
Total accumulated other comprehensive income	(1,972,593)	(803,017)
Minority interests	34	47
Total net assets	24,861,114	28,382,134
Total liabilities and net assets	31,628,056	35,598,958

(2) Consolidated Statements of Operations and Comprehensive Income
 Consolidated Statements of Operations
 (For the nine months ended December 31, 2012 and December 31, 2013)

(Thousands of Yen)

	For the nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)	For the nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)
Net sales	22,612,129	30,299,842
Cost of sales	14,275,769	15,692,032
Gross profit	8,336,360	14,607,809
Selling, general and administrative expenses		
Transportation and warehousing expenses	418,229	689,400
Advertising and promotion expenses	494,530	731,517
Provision of allowance for doubtful accounts	43,609	10,976
Provision for product warranties	106,282	185,874
Salaries and bonuses	3,899,365	5,045,923
Provision for bonuses	126,733	201,135
Provision for directors' bonuses	—	75,000
Traveling and transportation expenses	417,456	492,116
Depreciation	558,046	676,762
Commission fee	742,484	979,207
Other	950,953	1,221,898
Total selling, general and administrative expenses	7,757,691	10,309,814
Operating income	578,668	4,297,995
Non-operating income		
Interest income	29,474	24,696
Dividends income	399	560
Foreign exchange gains	—	90,330
Other	45,916	94,775
Total non-operating income	75,790	210,361
Non-operating expenses		
Interest expenses	2,738	2,787
Sales discounts	99,224	117,690
Foreign exchange losses	18,510	—
Other	10,060	3,683
Total non-operating expenses	130,533	124,161
Ordinary income	523,924	4,384,196
Extraordinary income		
Gain on sales of noncurrent assets	11,366	4,860
Total extraordinary income	11,366	4,860
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	6,074	5,881
Impairment loss	106,858	—
Total extraordinary losses	112,933	5,881
Income before income taxes and minority interests	422,358	4,383,175
Income taxes-current	317,207	1,611,230
Income taxes-deferred	148,357	(202,469)
Total income taxes	465,565	1,408,760
Income (loss) before minority interests	(43,207)	2,974,414
Minority interests in income	45,510	0
Net income (loss)	(88,717)	2,974,414

Consolidated Statements of Comprehensive Income
(For the nine months ended December 31, 2012 and December 31, 2013)

(Thousands of Yen)

	For the nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)	For the nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)
Income (loss) before minority interests	(43,207)	2,974,414
Other comprehensive income		
Valuation difference on available-for-sale securities	3,454	3,859
Foreign currency translation adjustment	(45,753)	1,165,719
Total other comprehensive income	(42,298)	1,169,579
Comprehensive income	(85,506)	4,143,993
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(117,604)	4,143,990
Comprehensive income attributable to minority interests	32,098	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.

(Significant Subsequent Events)

(Establishment of Principal Subsidiaries, etc.)

The Company resolved at its board of directors meeting on January 24, 2014 to establish a subsidiary as stated below.

1. Reason for Establishment

A holding company will be established to consolidate the fund management functions of the group companies in Europe with the aim to allow for more prompt and flexible re-distribution of financial resources in Europe through centralized financing, fund management and fund operation activities.

2. Overview of the Subsidiary to be Established

- (1) Name: Roland DG Europe Holdings B.V. (tentative)
- (2) Address: Amsterdam, the Netherlands (tentative)
- (3) Main Business: A holding company (fund management of group companies in Europe)
- (4) Establishment: March 2014 (tentative)
- (5) Capital: EUR 1,000,000 (100% capitalized by the Company)
- (6) End of an accounting period: December