

Consolidated Financial Results for the Three Months Ended June 30, 2015 [Japanese GAAP]



August 6, 2015

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: August 7, 2015

Scheduled date of commencing dividend payments: –

Availability of supplementary briefing material on quarterly consolidated financial results: 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, 2015 (From April 1, 2015 to June 30, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three Months ended June 30, 2015	21,070	–	1,157	–	1,027	–	255	–
Three Months ended June 30, 2014	10,634	22.0	1,952	210.7	1,806	165.4	1,216	198.7

(Note) Comprehensive income: Three months ended June 30, 2015: (56) million yen [–%]

Three months ended June 30, 2014: 946 million yen [(8.4)%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three Months ended June 30, 2015	17.93	–
Three Months ended June 30, 2014	68.33	–

Since the proposal “Partial Amendments to Articles of Incorporation” was approved at the Ordinary General Meeting of Shareholders held on June 17, 2015, the Company has changed its fiscal year-end date from March 31 to December 31 starting from the fiscal year under review. As a result, for the three months ended June 30, 2015, which serves as a transitional period, the period for consolidation will be the three-month period from April to June for the Company, and for subsidiaries with a fiscal year-end in December, the six-month period from January to June.

[Reference]

Percentages shown below (rate of change after adjustment) are rates of change comparing the previous fiscal year’s three-month results of the Company (April 1, 2014 to June 30, 2014) and the six-month results of subsidiaries (January 1, 2014 to June 30, 2014) with the financial results for the fiscal year ending December 31, 2015.

Net sales	Operating income	Ordinary income	Net income	(Millions of yen)
21,070	0.1%	1,157	(49.1)%	1,027
				(48.1)%
				255
				(75.9)%

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of June 30, 2015	36,611	21,586	59.0	1,515.92
As of March 31, 2015	38,192	22,073	57.8	1,550.19

(Reference) Equity: As of June 30, 2015: 21,586 million yen
As of March 31, 2015: 22,073 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, 2015	—	30.00	—	30.00	60.00
Fiscal year ending December 31, 2015	—				
Fiscal year ending December 31, 2015 (Forecast)		30.00	—	30.00	60.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2015 (From April 1, 2015 to December 31, 2015)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	
First half	32,900		3,000		2,800		1,800		126.41	
Full year	45,600		4,700		4,400		2,900		203.66	

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

Since the proposal "Partial Amendments to Articles of Incorporation" was approved at the Ordinary General Meeting of Shareholders held on June 17, 2015, the Company has changed its fiscal year-end date from March 31 to December 31 starting from the fiscal year under review. As a result, for the fiscal year ending December 31, 2015, which will serve as a transitional period, the period for consolidation will be the nine-month period from April to December for the Company, and for subsidiaries with a fiscal year-end in December, the twelve-month period, unchanged from January to December.

[Reference]

Percentages shown below (rate of change after adjustment) are rates of change comparing the previous fiscal year's nine-month results of the Company (April 1, 2014 to December 31, 2014) with the financial results forecast for the fiscal year ending December 31, 2015.

Net sales	Operating income	Ordinary income	Net income	(Millions of yen)
45,600 1.6%	4,700 (11.4)%	4,400 (13.6)%	2,900 26.0%	

*** Notes**

- (1) Significant changes of subsidiaries during the three months ended June 30, 2015 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Adoption of special accounting methods for preparing Quarterly Consolidated Financial Statement: 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: No
 - 4) Corrections of errors: No

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

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

Three months ended June 30, 2015	14,385,511 shares
Fiscal year ended March 31, 2015	14,385,511 shares

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

Three months ended June 30, 2015	146,000 shares
Fiscal year ended March 31, 2015	146,000 shares

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

Three months ended June 30, 2015	14,239,511 shares
Three months ended June 30, 2014	17,799,540 shares

(Note) The total number of treasury shares at the end of the fiscal year ended March 31, 2015 and at the end of the three months ended June 30, 2015 includes the number of shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust (143,000 shares). The number of treasury shares excluded from calculation of the average number of shares during the period for the three months ended June 30, 2015 includes the number of shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust (143,000 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

The Company has changed its fiscal year-end date from March 31 to December 31 starting from the fiscal year under review. As a result, for the consolidated results for the three months ended June 30, 2015, which serves as a transitional period, the period for consolidation will be the three-month period from April 1, 2015 to June 30, 2015 for the Company, which previously had its fiscal year-end in March, and for foreign consolidated subsidiaries with a fiscal year-end in December, the six-month period from January 1, 2015 to June 30, 2015. Furthermore, for comparisons with the corresponding period of the previous fiscal year, rates of increase and decrease are shown with figures of results from the corresponding period of the previous fiscal year adjusted to match the same period as the current period of consolidation.

(1) Explanation of Results of Operations

In the first quarter of the current term, the world economy was on a moderate recovery trend, centered on developed countries such as the U.S., Europe, and Japan. However, the future outlook remains uncertain due to various factors causing a risk of economic decline, such as a deceleration in growth in emerging markets, geopolitical risks in areas such as Ukraine and the Middle East, a drop in crude oil prices, and debt issues in Europe.

In order to adapt to such 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, and the group has been implementing them. During the current term, which is the final year of the plan, activities in step 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 were promoted, and the group is aiming to realize continuous growth.

Regarding sales by product for the first quarter, printers targeting new printing markets demonstrated solid performance, such as UV printers with the ability to print on various mediums and specialized printers for printing onto textiles. However, in the mainstay sign market, in line with the maturation of the market, factors such as shifting market needs from high-price professional models to low-price models and price discount campaigns primarily in emerging countries to maintain and expand market share had the effect of causing sales to decline year on year.

Concerning 3D products, sales of 3D milling machines targeting the manufacturing sector were robust, and as a result of focusing on expanding sales of dental milling machines for the production of tooth fillings and crowns, sales were higher year on year.

As for sales by region, sales in Japan were higher than the same period of the previous fiscal year as sales of printers for use in textiles and UV printers were robust. In North America, although sales were lower for professional printers, sales were also higher than the same period of the previous fiscal year due in part to the depreciation of the yen in addition to robust sales of UV printers. In Europe, although sales were led by low-price printer models and UV printers, sales were same level as the same period of the previous fiscal year due to the effects of the appreciation of the yen. In Asia, against a backdrop of declining growth in emerging markets and a worsening economic climate, etc., sales declined year on year due to weakness in sales of printers in the mainstay sign market, caused by factors such as the effects of conservative capital investment by corporations.

As a result of the above, partly owing to the effect of yen depreciation, sales for the first quarter were up 0.1% over the same period of the previous term to 21,070 million yen. In terms of expenses, cost of sales rose by 5.3% year on year due to the effects of factors such as lower per-unit prices in the sign market, in addition to higher raw materials expenses and R&D expenses to strengthen technological power. Furthermore, selling, general and administrative expenses also rose by 7.6% year on year due to factors such as higher personnel expenses and

advertising and promotion expenses in preparation for expansion into developing markets. These factors had a significant effect on profits, and operating income decreased 49.1% compared with the same period of the previous term to 1,157 million yen, ordinary income was down 48.1% compared with the same period of the previous term to 1,027 million yen, and profit attributable to owners of parent was down 75.9% compared with the same period of the previous term to 255 million yen.

Net sales by product

(Millions of Yen)

Product	Three months ended June 30, 2014 (After adjustment)		Three months ended June 30, 2015		Changes (After adjustment)	Changes in composition ratio (%) (After adjustment)	Year-on year change (%) (After adjustment)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	10,066	47.8	9,254	43.9	(811)	(3.9)	91.9
Plotters	584	2.8	643	3.1	58	0.3	110.1
3D products	1,530	7.3	1,555	7.4	25	0.1	101.6
Supplies	6,494	30.8	6,848	32.5	354	1.7	105.5
Others	2,372	11.3	2,767	13.1	394	1.8	116.6
Total	21,049	100.0	21,070	100.0	21	-	100.1

(2) Explanation of Financial Position

Total assets as of the end of the first quarter decreased by 1,581 million yen compared with end-of-term consolidated totals last year to a total of 36,611 million yen (95.9% of year-end consolidated totals last term). With regard to current assets, cash and deposits decreased by 692 million yen, merchandise and finished goods decreased by 410 million yen, and deferred tax assets decreased by 152 million yen. In non-current assets, goodwill decreased by 160 million yen.

Liabilities as of the end of the first quarter decreased by 1,093 million yen to a total of 15,025 million yen (93.2% of year-end consolidated totals last term). With regard to current liabilities, while notes and accounts payable - trade increased by 357 million yen, short-term loans payable decreased by 195 million yen and income taxes payable decreased by 675 million yen. Moreover, provision for bonuses decreased by 281 million yen due mainly to the reversal accompanying the payment of bonuses. In non-current liabilities, long-term loans payable decreased by 360 million yen.

Net assets as of the end of the first quarter decreased by 487 million yen to a total of 21,586 million yen (97.8% of year-end consolidated totals last term). The foreign currency translation adjustment decreased by 319 million yen owing mainly to an appreciation of the yen in the exchange rate for the euro compared with the end of the previous fiscal year.

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

Due to the current state of the foreign exchange market, the Company has revised the exchange rate assumptions used in making its financial results forecasts. Assumptions for the U.S. dollar have been changed from 115 yen to 121 yen, and assumptions for the euro have been changed from 125 yen to 134 yen.

No revisions have been made to the consolidated financial results forecasts for the six months ending September 30, 2015 and for the fiscal year ending December 31, 2015, which were announced on May 8, 2015.

Should any changes occur in the future, they shall be disclosed in an appropriate manner.

2. Matters Concerning Summary Information (Notes)

Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors

(Changes in Accounting Policies)

Effective from the first quarter of the current term, the Company has applied the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013; hereinafter the “Business Combination Accounting Standard”), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; hereinafter the “Consolidated Financial Statement Accounting Standard”), and “Revised Accounting Standard for Business Divestures” (ASBJ Statement No.7, September 13, 2013; hereinafter the “Business Divesture Accounting Standard”), and along with recording differences in the Company’s holding equity for subsidiaries for which control continues as capital surplus, the method for recording expenses related to acquisition has been changed to record for the consolidated fiscal year in which the expenses were incurred.

Furthermore, concerning business combinations which occur on or after the beginning of the first quarter of the current term, the method has been changed to reflect revisions to distributed amounts of acquisition costs resulting from settlement of provisional accounting treatment to the consolidated financial statements for the consolidated accounting period on which the business combination occurs.

In addition, changes in presentation of net income, etc. as well as a change in presentation of minority interests to non-controlling interests have been made.

In order to reflect these changes in presentation, reclassifications have been made in the quarterly consolidated financial statements and consolidated financial statements for the previous consolidated first quarter and previous consolidated fiscal year.

The application of Business Combination Accounting Standard, etc., have been handled in accordance with Business Combination Accounting Standard, Paragraph 58-2 (4), Consolidated Financial Statement Accounting Standard, Paragraph 44-5 (4), and Business Divesture Accounting Standard, Paragraph 57-4 (4), and have been applied from the beginning of the first quarter of the fiscal year under review forward.

Additionally, during the first quarter of the current term, there were no effects on the consolidated financial statements.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	10,414,504	9,721,505
Notes and accounts receivable - trade	4,932,575	4,940,391
Merchandise and finished goods	6,305,961	5,895,351
Work in process	104,918	121,746
Raw materials and supplies	2,767,448	2,851,848
Deferred tax assets	1,379,680	1,227,067
Other	1,638,827	1,610,230
Allowance for doubtful accounts	(56,950)	(62,098)
Total current assets	27,486,964	26,306,044
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,894,988	6,963,621
Accumulated depreciation	(3,627,528)	(3,757,207)
Buildings and structures, net	3,267,459	3,206,414
Machinery, equipment and vehicles	1,053,073	1,037,783
Accumulated depreciation	(590,378)	(619,896)
Machinery, equipment and vehicles, net	462,694	417,886
Tools, furniture and fixtures	3,256,121	3,174,898
Accumulated depreciation	(2,602,790)	(2,619,110)
Tools, furniture and fixtures, net	653,331	555,787
Land	3,151,782	3,147,349
Construction in progress	10,508	36,165
Total property, plant and equipment	7,545,776	7,363,603
Intangible assets		
Goodwill	864,613	704,334
Software	1,198,085	1,087,278
Telephone subscription right	8,309	8,140
Total intangible assets	2,071,007	1,799,752
Investments and other assets		
Investment securities	24,677	24,967
Deferred tax assets	263,138	223,325
Other	819,122	912,465
Allowance for doubtful accounts	(17,717)	(18,617)
Total investments and other assets	1,089,220	1,142,140
Total non-current assets	10,706,005	10,305,497
Total assets	38,192,970	36,611,541

(Thousands of Yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,615,587	1,972,614
Short-term loans payable	340,380	145,200
Current portion of long-term loans payable	1,440,000	1,440,000
Income taxes payable	1,062,829	387,180
Provision for bonuses	663,264	382,169
Provision for directors' bonuses	90,000	25,000
Provision for product warranties	519,759	569,000
Other	3,149,821	3,120,423
Total current liabilities	8,881,642	8,041,589
Non-current liabilities		
Long-term loans payable	5,400,000	5,040,000
Provision for employee stock ownership plan trust	29,393	41,232
Provision for management board incentive plan trust	72,083	97,277
Net defined benefit liability	467,123	464,147
Long-term accounts payable - other	140,842	114,938
Other	1,127,909	1,226,346
Total non-current liabilities	7,237,352	6,983,942
Total liabilities	16,118,994	15,025,532
Net assets		
Shareholders' equity		
Capital stock	3,668,700	3,668,700
Capital surplus	3,867,372	3,867,372
Retained earnings	14,561,729	14,385,548
Treasury shares	(635,105)	(635,105)
Total shareholders' equity	21,462,696	21,286,514
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,481	4,748
Foreign currency translation adjustment	779,036	459,734
Remeasurements of defined benefit plans	(172,297)	(165,046)
Total accumulated other comprehensive income	611,220	299,437
Non-controlling interests	58	57
Total net assets	22,073,975	21,586,009
Total liabilities and net assets	38,192,970	36,611,541

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations
(For the three months ended June 30, 2014 and June 30, 2015)

(Thousands of Yen)

	For the three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Net sales	10,634,684	21,070,745
Cost of sales	4,903,991	13,194,543
Gross profit	5,730,692	7,876,201
Selling, general and administrative expenses		
Transportation and warehousing expenses	205,438	449,200
Advertising and promotion expenses	240,247	579,177
Provision of allowance for doubtful accounts	3,678	9,489
Provision for product warranties	22,528	83,435
Salaries and bonuses	1,596,418	3,162,227
Provision for bonuses	225,066	190,373
Provision for directors' bonuses	25,000	25,000
Provision for employee stock ownership plan trust	—	9,039
Provision for management board incentive plan trust	—	24,894
Retirement benefit expenses	72,210	122,776
Traveling and transportation expenses	187,314	324,783
Depreciation	237,437	319,957
Commission fee	411,960	522,521
Other	550,584	895,534
Total selling, general and administrative expenses	3,777,883	6,718,411
Operating income	1,952,808	1,157,789
Non-operating income		
Interest income	18,948	4,820
Dividend income	150	170
Gain on valuation of investments in money held in trust	5,076	14,667
Subsidy income	—	24,747
Other	44,280	20,177
Total non-operating income	68,454	64,583
Non-operating expenses		
Interest expenses	6,175	64,525
Sales discounts	53,240	92,355
Foreign exchange losses	67,684	18,542
Commission for purchase of treasury shares	81,983	—
Other	5,603	19,033
Total non-operating expenses	214,688	194,456
Ordinary income	1,806,575	1,027,916

(Thousands of Yen)

	For the three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Extraordinary income		
Gain on sales of non-current assets	3,477	1,940
Total extraordinary income	3,477	1,940
Extraordinary losses		
Loss on sales and retirement of non-current assets	2,296	159,714
Total extraordinary losses	2,296	159,714
Income before income taxes and minority interests	1,807,756	870,142
Income taxes - current	412,972	277,819
Income taxes for prior periods	—	148,500
Income taxes - deferred	178,560	188,530
Total income taxes	591,533	614,849
Profit	1,216,223	255,293
Profit (loss) attributable to non-controlling interests	2	(0)
Profit attributable to owners of parent	1,216,221	255,293

Consolidated Statements of Comprehensive Income
(For the three months ended June 30, 2014 and June 30, 2015)

(Thousands of Yen)

	For the three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Profit	1,216,223	255,293
Other comprehensive income		
Valuation difference on available-for-sale securities	2,340	266
Foreign currency translation adjustment	(270,478)	(319,302)
Remeasurements of defined benefit plans, net of tax	(1,440)	7,251
Total other comprehensive income	(269,577)	(311,783)
Comprehensive income	946,645	(56,490)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	946,644	(56,489)
Comprehensive income attributable to non-controlling interests	1	(0)

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

Due to resolution at the 34th Ordinary General Meeting of Shareholders held on June 17, 2015, and pursuant to Article 452 of the Companies Act, the Company transferred a portion of general reserves to retained earnings carried forward, and covered the deficit in retained earnings carried forward due to the retirement of treasury shares.

As a result, during the first quarter of the current term, general reserves decreased by 10,000,000 thousand yen, and retained earnings carried forward increased by the same amount.

(Significant Subsequent Events)

Not applicable.