ANNUAL REPORT 2015

Year ended March 31, 2015

Financial Highlights

Roland DG Corporation and Consolidated Subsidiaries

Years Ended March 31

Consolidated

	Millions of Yen					Thousands of U.S. Dollars
	2015	2014	2013	2012	2011	2015
Operating Results						
Net sales	¥ 46,770	¥ 42,142	¥ 31,264	¥ 31,379	¥ 31,283	$ 389,750
Operating income	6,578	6,111	1,424	1,450	1,737	54,819
Net income	3,190	4,265	356	688	626	26,586
Net cash provided by (used in) operating activities	5,467	6,354	1,806	(514)	1,188	45,562
Financial Position						
Total equity	22,074	30,677	24,861	24,780	24,796	183,950
Total assets	38,193	38,926	31,628	29,336	31,132	318,275
	Yen					U.S. Dollars
Per Share Data						
Net income (loss)	¥ 210.87	¥ 239.64	¥ 20.03	¥ 38.63	¥ 35.19	$ 1.76
Equity	1,550.19	1,723.45	1,396.73	1,347.88	1,351.41	12.92
Cash dividends applicable to the year	60.00	40.00	30.00	30.00	30.00	0.50

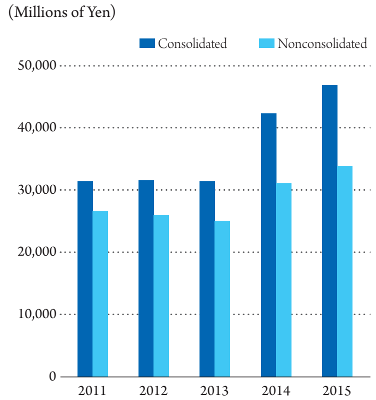
Nonconsolidated

	Millions of Yen					Thousands of U.S. Dollars
	2015	2014	2013	2012	2011	2015
Operating Results						
Net sales	¥ 33,818	¥ 30,937	¥ 24,932	¥ 25,900	¥ 26,511	$ 281,819
Operating income	5,241	4,136	1,111	1,251	1,909	43,676
Net income	3,926	2,602	386	1,021	1,465	32,713
Financial Position						
Total equity	18,256	26,536	24,559	24,701	24,215	152,134
Total assets	31,017	32,750	30,118	29,077	28,711	258,472
	Yen					U.S. Dollars
Per Share Data						
Net income	¥ 259.46	¥ 146.19	¥ 21.71	¥ 57.37	¥ 82.28	$ 2.16
Equity	1,282.07	1,490.84	1,379.74	1,387.71	1,360.42	10.68

Note: The U.S. dollar amounts have been translated, for convenience only, at the rate of ¥120 to U.S.$1, the approximate rate of exchange at March 31, 2015.

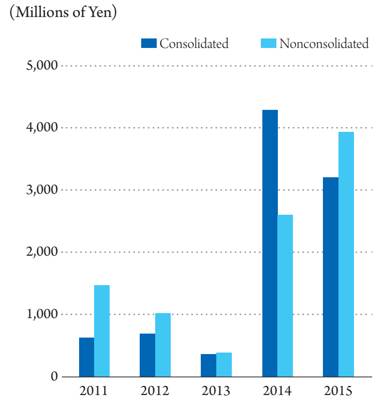
Net Sales

(Millions of Yen)



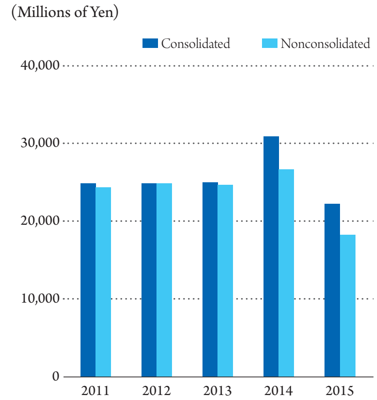
Net Income

(Millions of Yen)



Total Equity

(Millions of Yen)



Message from Management

June 2015

Masahiro Tomioka
Chairman and President

I am pleased to present our business overview and consolidated financial results for the 2015 fiscal year April 1, 2014 – March 31, 2015.

Although Japan enjoyed a moderate recovery, the overall situation remained unpredictable due to rising raw material costs and lackluster growth in personal spending which was affected by the increased consumption tax. Looking at the world economy during this term, the U.S. economy maintained its recovery trend while the European economy continued slow growth due to factors including geopolitical risk. In Asia, economic growth showed signs of a slowdown in China and India.

In terms of our production, we expanded our Thailand manufacturing plant, enabling it to roughly double its production capacity. We introduced the same “Digital Yatai” (digitally-controlled cell production system) used in Japan in order to ensure high quality with low costs while responding to growth in demand.

Regarding sales by product for the fiscal year ended March 31, 2015, sales for our professional printers for the sign market declined due to the transition period for new product model introductions and intensified competition during the latter part of the fiscal year. Under these conditions, we focused on expanding sales of products in accessible price ranges and UV printers which have the ability to print on a variety of mediums other than paper with the result that sales grew compared to the previous fiscal year. Sales of 3D products also increased as dental milling machines for the production of prosthetics such as crowns continued to demonstrate growth.

As for sales by region, sales in Japan were higher than the same period of the previous fiscal year, thanks to the increased traction provided by dental milling machines. In North America and Europe, although sales were lower for professional printers, key models with superior cost effectiveness and UV printers were solid, yielding gains over the previous fiscal year. In Asia, sales were higher than the previous fiscal year due mainly to printers designed to meet local needs.

As a result of the above as well as the effect of yen depreciation, sales for the fiscal year ended March 31, 2015 were up 11.0% year on year to 46,770 million yen.

In terms of expenses, although the cost to sales ratio improved compared to the previous year, selling, general and administrative expenses increased in areas such as personnel, advertising and promotion expenses and commission fees.

Consequently, operating income climbed 7.6% compared with the previous term to 6,578 million yen. Net income, however, was down 25.2 compared to the previous term to 3,190 million yen caused by recording an impairment loss of 989 million yen for goodwill associated with consolidated subsidiaries in Denmark and Brazil.

The forward-looking economic outlook calls for moderate recovery in the U.S. and Japan, but overall conditions are expected to remain unpredictable due to geopolitical risk, falling oil prices, and growth stagnation in some emerging economies.

For the next term’s business performance, a change in the Company’s fiscal year-end is planned. As a result, the consolidated period will be as follows: the Company’s fiscal year, which ended in March, will be the nine-month period from April to December, and the fiscal year of consolidated subsidiaries with a fiscal year ending in December will maintain the twelve-month period, unchanged from January to December.

Corporate philosophy and history

Imagine. Roland

Imagine the moment your ideas take shape, brimming over with originality.
Art, science, business, lifestyle – developments in all these areas begin with imagination.
We at Roland DG understand the thrill of imagination,
and realize the satisfaction and enjoyment of turning images and ideas into realities.
The word “Imagine” and Roland DG go hand in hand.
By providing new solutions via cutting-edge digital technology,
we make it possible for our customers around the world to “transform imagination into reality.”

Vision

Transforming your imagination into reality

Roland Group’s Slogans

Inspire the Enjoyment of Creativity
Be the BEST rather than the BIGGEST
The Roland Family — Cooperative Enthusiasm

History

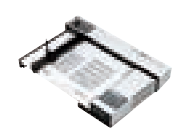
Roland DG (Digital Group) was founded in Osaka, Japan in 1981 as a subsidiary of Roland Corporation, a world-leading electronic musical instrument manufacturer. The early 1980s saw the rapid rise of digital technology including personal computers, and people of all nations marveled at the possibilities they held. Realizing the importance of computers to modern society, Ikutaro Kakehashi, founder of Roland Corporation, decided to take advantage of the digital technology they had developed through the production of electronic musical instruments and apply it to computer peripherals in order to cultivate a new market, thus forming Roland DG.

The Company first developed the CMU-800 computer music system which allowed the user to compose and automatically perform music using a personal computer, and also the DXY-100 pen plotter, which was initially developed to output musical scores for the music created using the CMU-800 by moving a pen horizontally (X axis) and vertically (Y axis) across the surface of a piece of paper. In the 1980s, business grew rapidly as the market for pen plotters expanded to manufacturing design and development departments, and to construction offices for architectural schematics. During this time, the Company began exploring other product offerings. Replacing the pen with a blade enabled Roland to begin development of vinyl cutting machines. The Company also replaced the pen with an end mill and added height (Z axis) to develop 3D milling machines and engraving machines.

The 1990s marked a period when the Company changed its flagship product to vinyl cutting machines and shifted its focus to the sign and display markets. Realizing the importance of color signs, the Company developed and introduced its first thermal transfer color printer/cutter in 1995. Currently the Company continues to focus on its color business with its wide-format inkjet printer/cutters, which have secured more than 40 percent of the world market share in durable graphics, as well as its 3D business, including 3D milling machines, a 3D printer and several engraving machines.

In 1999, the Company received ISO9001 certification, and in 2000 was granted ISO14001 certification. Also in 2000, the Company was listed on the First Section of the Tokyo Stock Exchange.

CMU-800 (1981)
Computer Music System



DXY-100 (1981)
Pen Plotter

PNC-3000 (1986)
3D Milling Machine

PNC-2000 (1987)
Engraving Machine

PNC-1000 (1988)
Vinyl Cutting Machine

PNC-5000 (1995)
Thermal Transfer
Color Printer/Cutter

CJ-70 (1997)
Wide-Format Inkjet Printer/Cutter

Forward-looking information
All statements on this report that are not based on historical fact, including performance forecasts, plans, and strategies, constitute forward-looking statements regarding future performance. These statements were prepared by Roland DG management using information available at the time and based on certain assumptions, and as such, are subject to risk and uncertainties. As actual performance may differ widely from these forecasts, we ask that you do not base your investment decisions solely on these performance forecasts.

Business in Brief

Color Business

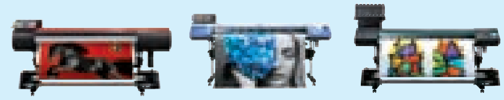
Our color business specializes in the production of wide-format industrial inkjet printers and integrated printer/cutters used across the sign and display industry to produce outdoor and indoor signage, including billboards, banners, posters, vehicle graphics and more. Our lineup of printers includes machines equipped with several unique types of ink that provide outdoor signage with special resistance against the weather. Also included are models that utilize the eye-catching, vibrant colors of aqueous ink, dye sublimation ink for printing on textiles, and UV ink (released in 2008), which is cured using a UV-LED lamp.

Wide-format inkjet printers

Wide-format inkjet printers are very different from home desktop models. The largest wide-format inkjets, which can span up to 100 inches or more in width, print on diverse types of media, including vinyl rolls, and use eco-solvent inks that are highly resistant to water and ultraviolet rays. The Company also produces affordable standard and compact printers for high-resolution, high-speed printing applications. Compared to larger, professional models for high-volume signage creators, standard models are perfect for small business owners and sales departments seeking to create store promotions, custom T-shirts and more. Both professional and standard model machines incorporate integrated Print & Cut functionality that allows unattended printing and contour cutting with a single device. Additionally, in 2009, the Company introduced machines with metallic silver ink, enabling brilliant, luxurious printing.

UV-LED inkjet printers

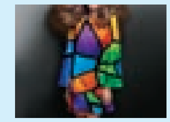
Equipped with ink that is cured using a UV-LED lamp, UV-LED printers are defined by their ability to print on very diverse materials. Ranging from 12 inches up to 64 inches in printing width, the Company's UV printers support printing on a wide variety of flexible roll media, rigid substrates, synthetic leather, textiles and even 3D objects. These machines open up a new world of possibilities for all users within the printing market. UV printers have already gained considerable popularity within the prototyping industry, and they've begun to make their way into the sticker and label industry as well. There is no limit to where UV printing will expand in the future.



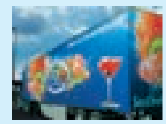
Wide-Format Inkjet Printers

Billboards

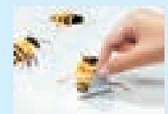
Banners



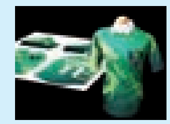
Fashion Apparel



Vehicle Wrap



Sticker & Decals



Custom Apparel

UV-LED Inkjet Printers

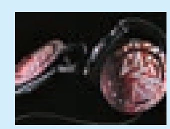
Packaging Prototypes

Custom Goods

Custom Cell Phone Covers

Embossing

Leather Printing



Industrial Design Prototypes

3D Business

The Company's 3D business focuses on the utilization of 3D data from CAD/CAM software to control machines that raise the overall efficiency of "Monozukuri," or "creating things." The main lineup of products includes 3D milling and engraving machines equipped with drill bits that use this data to carve out shapes and designs. Recently, we introduced our first 3D printer. These products all share the same merits: they are compact, easy to use and affordable. Riding the key trends of digital technology—including high-variety, low-volume, personalization, and on-demand production—the Company continues to expand its markets from industries to individuals.

3D Milling Machines

3D milling machines are used for product prototyping in design departments and short-run production. In recent years, the Company has started to enter a variety of new markets, offering dental milling machines that create high-quality prosthetics and hobby milling machines that allow anyone to transform their imagination into reality. Currently, the company has focused on health care sector where is applying its 3D know-how.

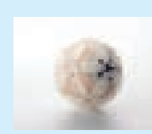
3D Printer

Our 3D printer's layered projection system uses resin material which hardens into a semi-transparent object when exposed to UV light. Complex parts which previously required multi-axis milling, such as hollow or requiring undercuts, can now be built quickly and easily.

3D Milling Machines

3D Printer

Engraving Machines



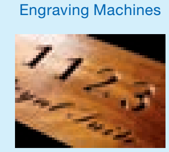
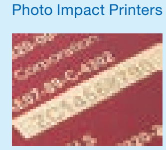
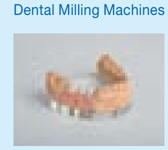


Photo Impact Printers

Dental Milling Machines

Digital Hobby Mills





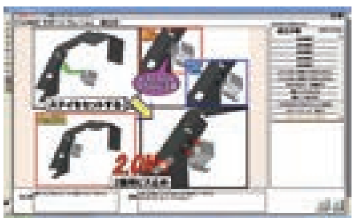
Strengths

Digital YATAI (D-Shop)

The Company's products are built using a unique production system called Digital YATAI, or D-Shop. With D-Shop, products are assembled using a one-man/one-machine cell production system. Instead of an assembly line where multiple workers each contribute parts, each worker builds a full unit from start to finish on their own. A computer monitor displays a 3D graphic manual and an apparatus automatically rotates and delivers the specific parts needed for each stage of assembly. The manual guides the worker step-by-step as they use the required tools to assemble the product. The guide and apparatus are set up so that the worker never receives incorrect parts or tools for the job at hand. To further ensure product quality, the entire process is carefully monitored. Digital technology is used to enhance the worker's memory and attentiveness, ensuring the highest levels of quality and productivity.

A single D-Shop can perform all the functions necessary to produce any of the Company's products. The system's key strengths lie in its flexibility and the ability to handle any changes that may be required. D-Shop is also employed at the Thailand factory, which began operation in 2012, enabling that facility to achieve a level of quality equal to that of the Japan factory.

D-Shop



3D Graphic Manual

Automatic Rotating Parts Rack

Cordless Electric Screwdrivers

Worldwide Operations

Through a network of sales subsidiaries and dealers, the Company's products and services now reach 200 countries and regions around the world. Marketing and sales activities tailored to local culture and customs are headed up by a team of regional staff members to ensure a proper fit for the market and its customers.

Representatives from overseas sales subsidiaries regularly gather to create global marketing strategies and share best practices from their respective regions. This cooperation has built a corporate structure that produces the best solutions for delivering greater added value worldwide. Since 2012, the company's "GlobalOne" corporate structural reform has formed the basis for a direct connection of international sales and marketing efforts with Monozukuri. This has allowed product development to become better in tune with the market.

In addition, expanding production, procurement, and product development duties to the Thailand factory has furthered the development of products to meet more diverse customer needs.

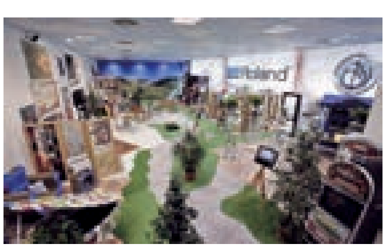
Customer Support System

Because Roland DG makes a diverse array of professional-use products, we provide extensive service and support throughout the customer's business cycle to ensure the continued health of the client's business. This includes connecting people to their imaginations, unleashing new creative possibilities, and making sure issues like product failure never interrupt a customer's business activity.

Creative Center

Roland DG
Creative Center

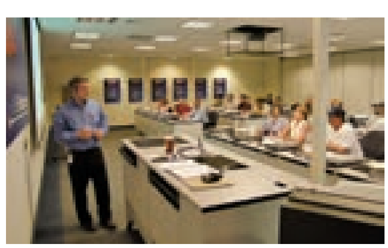
Roland DG Creative Centers are the Company's communication space for delivering the latest information to our customers. These Centers, which display many different application samples created by Roland customers using our products, help spark users' imaginations and inspire new creative possibilities.



Academy

Roland DG Academy

At Roland DG Academy, the Company provides the necessary training and seminars to help fully unlock the potential of our products and related software. An environment is created where all users—beginners and professionals alike—can realize the best performance and results from their machines.



Care

Roland DG Care

The Roland DG Care program ensures that the Company's products continue to operate as promised for as long as possible. With features such as post-installation maintenance and troubleshooting, as well as software and firmware updates and empty ink cartridge collection, Roland DG Care exists as a comprehensive service and support system finely-tuned to our customers' needs.

1 July 2014
FAB10 Sponsorship

Roland DG Corporation sponsored FAB10, the 10th International Fab Lab Conference held over the week of July 2 to July 8 in Barcelona, Spain. The theme of this year's conference was "From Fab Labs to Fab Cities." The ambitious objective focused on improving productivity for entire cities, solving issues inherent to city life, and raising the overall quality of life in emerging countries.

"We were able to confirm how an infrastructure of fabrication with Fab Labs at the center can get colleges, government institutions, business and entrepreneurs to involve citizens and students in a collaborative system that changes everyone's life for better," said Toshiyuki Okino, assistant manager of marketing communications for Roland DG.

During the conference, Roland DG showcased its desktop fabrication tools including the latest additive and subtractive rapid prototyping and manufacturing machines. In addition, "we were able to show the appeal of our products at our workshop, where participants enjoyed making portraits using our cutting machines, which were equipped to use pens instead of blades, and to produce custom chocolate with our milling machines," said Okino.

We will continue to develop products and solutions based on what we can do to benefit Fab Labs and digital Monozukuri.

Fab Lab

A Fab lab is an open workshop offering digital fabrication as well as analog tools with the aim to make "almost anything." The concept was originally proposed by Prof. Dr. Neil Gershenfeld, the Director of the center for Bits and Atoms (CBA) at Massachusetts Institute of Technology (MIT). Currently, there are over 250 Fab Lab locations in over 50 countries that support personal fabrication, giving individuals the unprecedented ability to design and then produce their own customized products.

2 December 2014
Roland DG cutting machine sales reach 420,000 total units sold

Roland DG Corporation recently sold its 420,000th vinyl cutter as of December 2014.

"We often hear that the cutter market is mature," said Yuko Maeda, Roland DG general manager for sign products. "However, we believe that the needs for using a cutter, for both professionals and consumers, are still strong, and we remain committed to exceeding our users' expectations with our market-leading technology. The sale of our 420,000th cutter is testimony of our success."

Roland DG began producing and selling its CAMM-1 series cutters in 1988 to improve the productivity of sign makers. "Previously, stencils and signs were made by hand," said Maeda. "Since their introduction, Roland professional cutter products have become widely used in a variety of fields to handle a range of applications, including stickers, decals, signs, window tinting film, floor graphics and heat transfers for apparel decoration."

For the consumer and office markets, Roland developed the smaller, less expensive and easy-to-use line of portable STIKA series cutters in 1990. "STIKA satisfies the needs of consumers who want to decorate their automobiles or personal belongings with colorful labels and decals, and for small offices and retailers who want to produce office signs and point-of-purchase (POP) displays on demand," Maeda said.

The record sales achievement comes with the introduction of the company's latest CAMM-1 product, the GS-24 desktop cutter. "With 26 years of technological evolution, the GS represents true cutting-edge technology," Maeda added. "It features a redesigned cutting carriage and blade holder, increased downforce for cutting dense, thick materials and a convenient LCD panel for convenient monitoring and control."

CAMM-1 GS-24

monoFab Series

Interview with Masahiro Tomioka, Chairman and President

Chairman and President Masahiro Tomioka

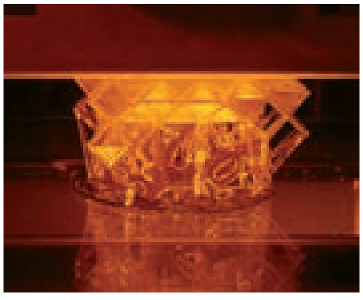
Roland DG Corporation, announced the release of the monoFab series, including the company's first 3D additive rapid prototyping machine, the ARM-10, and a new 3D subtractive prototyping and manufacturing machine, the SRM-20. The name monoFab comes from the Japanese concept "Monozukuri." "Mono" is generally recognized as physical objects and things, but historically includes the meaning of dreams, imagination and ideas, while "zukuri" is to produce, fabricate or create. We adopted the term "Fab" as we sought to provide a set of new creative tools based on our long-cultivated desktop fabrication concept. As a whole, "monoFab" represents taking what you have in your mind and giving it physical form, which is the same as our company's vision of "transforming your imagination into reality."

Q Tell us about the development of the monoFab series.

A Our company's 3D business was built upon bringing the concepts of desktop-sized, ease of use, and affordability to a variety of industries involved in rapid prototyping and small lot production. With recent advances in digital technology, it is becoming easier than ever for anyone to use 3D data in Monozukuri. We developed the monoFab series to further expand our vision into the next generation of desktop fabrication devices.

Q What are the key features of the ARM-10 3D printer?

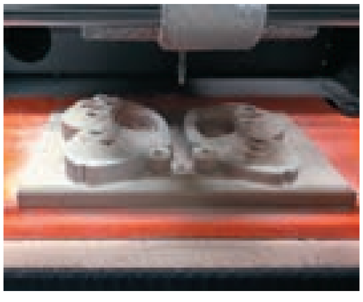
A The ARM-10 uses a stereo-lithography process with a UV-LED projection system to build models by sequentially curing layers of resin based on corresponding layers of 3D data. There are several competitors to the ARM-10 in its price range, but there is no other printer that utilizes contact lithography in a desktop size. The ARM-10 is superior because it offers simultaneous production of multiple objects and a user-friendly interface, all in a compact size at an affordable price.



It features proprietary projector lens and Roland's ImagineCure resin, creating 3D models using UV light.

Q What are the key features of the SRM-20 milling machine?

A The SRM-20 is the successful follow-up device to the MDX-20/15 3D milling machines which have sold over 10,000 units worldwide since being introduced in 2000.



The SRM-20 incorporates innovative features, including a new spindle, collet, circuit boards and control software. The result is a leap forward in milling precision, speed and ease of use.

The MDX-20/15 are in use everywhere from businesses and educational institutions to hobbyist workshops and are currently the recommended milling machine at Fab Labs. The SRM-20 employs a powerful milling motor that allows for high-speed, precision prototyping in a compact size.

Q Why a simultaneous release of both additive and subtractive prototyping machines?

A The ARM-10 is best for early-stage rapid prototyping and producing hollow models from complicated 3D data. Meanwhile, the SRM-20 is capable of milling a variety of materials with great precision, making it possible to check the weight and feel of materials that are similar or identical to the final deliverables as well as to evaluate how the final product fits together. By combining the merits of each device, users can select the best method for their workflow each step of the way, from inspiration to production. We believe the interplay of these features will generate new inspiration and value.

Q Where does the monoFab series go from here?

A The monoFab series currently targets engineers, designers, educators and students. In addition to the wealth of experience and know-how we have accumulated in our 3D business, we also have a vast customer base overflowing with creative potential. Furthermore, we have the capability to promote the series worldwide through our Roland DG Creative Centers, which let us share applications and solutions among users, and through Roland DG Academies, which provide educational services. Utilizing these assets and our experience, we can work with our customers to create an ideal environment for Monozukuri and spread the excitement and joy of transforming imagination into reality.

Q What is the future direction of your 3D business?

A Going forward, we hope to show even greater developments in digital and communications technology and significantly transform the Monozukuri environment. With the base concept of digital fabrication, we plan to expand our 3D business by inspiring people with the tools to raise their creative potential to new heights.

Dental Industry Initiatives

Interview with Takuro Hosome, Manager of Medical Business Development

As part of our efforts to enter the health care industry, we have been producing digital dental milling machines for the creation of dental prosthetics for dental labs since 2010. Special milling technology is needed to handle zirconia, a new material used in creating dental prosthetics. A high-density ceramic, zirconia looks more natural than metal and has excellent biocompatibility. So we entered the market to utilize our 3D business experience and know-how accumulated over the years to cultivate this new area of growth. Takuro Hosome, Manager of Medical Business Development at Roland DG, explains our activity in the dental industry.

Manager of Medical Business Development Takuro Hosome

Q What does the DWX series have to offer?

A In 2010, we released the DWX-30, our company's first dental milling machine; in 2011, we released the DWX-50, which offered 5-axis control for high-quality processing; and in 2013, we released the compact DWX-4. The DWX series is easy to use for people completely new to operating 3D milling machines and follows our design precepts of being affordable, easy to use and desktop-sized. The mills are demonstrated in conjunction with a wide variety of dental scanners, software and milling materials to illustrate their versatility and compatibility. Currently, our main target market is dental labs that receive orders for dental prosthetics from dentists and clinics. Physical creation of prosthetics makes up the bulk of the work for small-to-mid size dentals labs, and we offer a way to streamline this process through digitalization.

Q What are Roland DG's strengths?

A Our business has developed to span over 200 countries and regions worldwide thanks to our global sales network of overseas subsidiaries and dealers. Our staff works closely with local industries to investigate the market, which lets us swiftly respond to customer demands with new products. At the same time, we are focused on strengthening our comprehensive user support system which is one of our biggest strengths. We offer the same personalized support for our dental machines as our other products, from pre-purchase consultations to full after-sales support. By differentiating our company from the competition, we quickly raised our market share in developed countries, reaching a total of 3,000 units sold as of March 2015.

Q Could you explain the background for developing the DWX-4W?

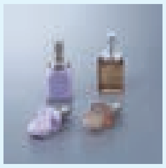
A Roland DG announced development of the DWX-4W wet grinding mill in February. The recent introduction of CAD/CAM software, CNC milling machines and new restorative materials has revolutionized the production of dental prostheses, including crowns, copings and bridges. One of the most popular restorative materials is lithium disilicate, glass ceramics which is gaining support from dental clinics and patients for its superior hardness and aesthetic qualities. Roland developed the DWX-4W especially to meet the demands of this growing market. The DWX-4W is our first ever wet milling machine with all the capabilities to support milling glass ceramics and a wide variety of restorative materials with reliable precision.

Zirconia

Zirconia is a ceramic material with excellent durability and biocompatibility.

Glass ceramics

Glass ceramics is acclaimed in the industry for its superior strength and aesthetics.



DWX-4 | **DWX-4W** | **DWX-50**

Under Development

Q As you showcase the DWX-4W at exhibitions around the world ahead of its release, what kind of reaction have you seen?

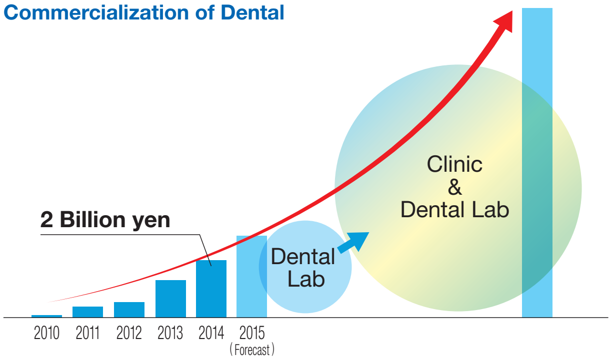
A Earlier this year, we began to exhibit the DWX-4W at dental conferences worldwide. In March, we exhibited at the International Dental Show (IDS 2015) in Cologne, Germany, which hosts dental laboratory owners, technicians and clinicians from all over the world to see the latest in products used in the production of dental prosthetics. In the current market, we are familiar with products that combine the functionality of dry milling and wet milling into a single machine. Roland DG's multiple device solution separates dry and wet milling with the advantage of being able to handle the simultaneous processing of different materials without the inconvenience and delay of a changeover. Each machine specializes in its intended function which delivers optimal functionality and, compared to a dual-function machine, is more efficient. The user-friendliness, reliability, open architecture, and compact size were mentioned by visitors as most-valued features. Like all our dental mills, the DWX-4W features open architecture. This means that users can easily integrate the unit into their existing workflow, as the grinding unit works perfectly together with all popular scanners and software. Rather than being locked into one source, users can also choose the material supplier they prefer. The visitors at IDS were very positive about this new grinding machine.

IDS 2015

Q What do you have planned for the future?

A We are confident that digitalization will continue to progress throughout the dental industry. For countries and regions that have yet to adopt CAD/CAM tools, we plan to utilize and expand our global sales network, strengthen support for future materials, and expand our target market from dental labs to clinics. By realizing these and other issues in the medium-term, we hope to fully establish the dental market as a future pillar of our business.

Commercialization of Dental



Employee Passion

The Passion of Our Employees Drives Our Success

The success of Roland DG is due to more than our many technological achievements, or innovative products. It's about employees all over the world who are passionate about Roland DG and about helping our customers and their fellow workers be successful.

Yoshihiro Yazawa

DPM Business Manager
Japan

After spending most of his 25-year career at Roland DG working for the company's 3D business, including production, product management, sales and marketing of 3D products, Yoshihiro Yazawa is currently deeply involved in the project of establishing a medical instrument traceability and maintenance support system, run in conjunction with Hamamatsu University School of Medicine.

"Due to his efforts, Yoshihiro is now recognized as an authority on direct part marking in Japan," said Masahiro Tomioka, president of Roland DG. Yoshihiro always felt that the METAZA photo impact printer had the opportunity to reach more industries than the personalized accessory business where the product earlier became successful. In 2008, he began identifying possible new markets by collaborating with a wide range of industries including manufacturing, logistics and distributors. Eventually, he found that the medical industry needed a solution to implement traceability of medical instruments in order to better protect the safety of patients.

Yoshihiro then took the initiative to plan and develop the MPX-90M which allows medical facilities to imprint a 2D symbol on each instrument. He didn't stop there, however. He noticed that the MPX-90M could integrate with proven production systems in place at Roland DG factories to raise the level of quality and efficiency of medical instrument maintenance.

"I hope to develop a system that can be implemented industry-wide," Yoshihiro said, "and eventually bring value to medical facilities all around the world."

Erik Kempenaers

Field Technician
Belgium

A field technician with 20-year's experience – including eight with Roland DG in Belgium, Erik Kempenaers has a passion for teaching end users and dealers how to handle Roland DG machines and solve problems. Every day, he strives to serve customers in the best possible way, even if that means he has to improvise and push the limits a little. Once, late at night before a trade show in London was to start, a customer called him about a machine that wasn't functioning properly. After determining that he couldn't help the customer over the phone, Erik jumped on a plane early the next day and managed to repair the machine before the start of the exhibition. The customer was thrilled and thanked him many times.

"I consider it one of the most important activities to deliver high-value service to our customers in order to keep them and turn them into lifelong Roland DG fans," Erik said, "which of course energizes me to continue delivering a very high level of service. Roland DG is esteemed for its well-built machines and our customers think highly of us. It's my pleasure to work for a company with such a good brand image."

"He strives every day to give customers the best service they can get, and our customers are very satisfied with the service he provides," said Gregory Bilsen, president of Roland DG Central Europe. "As a member of the European training program, Erik is also responsible for raising the quality and uniformity of maintenance services provided by Roland DG to the highest levels. That is a challenging task, but I'm convinced that Erik will accomplish it."

Fernando Alves Maia

Import Coordinator
Brazil

As an import coordinator for Roland DG Brasil, Fernando Alves Maia is in charge of purchasing processes, including managing foreign commerce, processing purchase orders, and managing stock levels while coordinating imports during all phases.

"Taking advantages of ten year's of experience, Fernando recently took the initiative to change the freight forwarder we were using with the goal of reducing freight costs but without sacrificing service quality and transit time," Celso Bento, president of Roland DG Brasil, said. "He helped reduce the cost of ocean freight by 35%, air freight by 28% and customs storage by 30%. I'm extremely grateful for his achievements."

"To exceed our customers' expectations," Fernando said, "we always work with passion and dedication. After I became responsible for the supply chain department, I began changing our operations to attain the best service with a lower price while maintaining a balanced stock level. I really appreciate working at Roland DG. My co-workers are very friendly and the company provides the best atmosphere to work. The management allows us to develop our work with autonomy and they always are available to help and provide guidance when needed."

Fernando is focused on making additional improvements. "I would like to enhance the visibility of our global procurement process by implementing Key Performance Indicators (KPIs), improving service levels and maintaining an ideal balance between stock and sales demand."

Mikhail Lukashenko

Key Account Manager
Russia

Since he started working for Roland DG North & East Europe less than three years ago, Mikhail Lukashenko has played a key role and become a prized employee in establishing DG North Europe's new dealer network in the vast Russian territory. According to Anders Mydtskov, President & CEO of Roland DG North & East Europe, Mikhail has contributed to improving Roland DG's presence dramatically even in remote areas during that short period.

It's not an easy job considering the size and nature of the Russian territory. Mikhail has his hands full traveling to visit current users, prospects, dealers and handling trade shows and local events. However, he has done it with pride and has excelled in his role.

"I do my absolute best to make Roland DG number one in the Russian market – this is my goal and my dream," says Mikhail. "I love that we offer excellent products to our customers and get so much positive feedback from customers whose businesses prosper by using Roland DG products."

Mikhail's secret to success is that he is a genuine people person who manages to relate to both users and partners. "I'm in close contact with our customers and am always ready to help even if it seems impossible," Mikhail said. "I really want our customers to know that I live and breathe Roland DG and that I will do everything possible to meet their needs and expectations."

Employee Passion

Marta Fraile

Marketing Manager
Spain

After nearly ten years working for software companies as a marketing representative, Marta Fraile joined Roland Digital Group Iberia five years ago as marketing manager responsible for developing marketing plans, strategies and actions to boost demand among Iberian customers.

"Among the many things Marta has accomplished," Stefania Cimino, president of Roland DG South Europe said, "I very much appreciate her successful management of our Roland Experience Day, an event which was developed to connect with manufacturers, partners and end users. She succeeded in involving them all in the creation of solutions beyond the capabilities possible among different departments within the company." The event enabled participants to connect and share knowledge, and learn from each other, and broke new ground in finding solutions and generating new value. "We always focus on how we can offer solutions, products and tools to generate added value for our customers and potential customers," Marta said, "and to help them find new business opportunities through Roland DG technology."

When Marta began to work for the company, the focus of her efforts was on a local level. Recently, however, she began collaborating and coordinating projects with the Roland DG European and global marketing teams. "This has been a great opportunity to maximize our resources and share our best practices and experiences," Marta said. "Currently at the EMEA level, we are holding Roland Experience Days at various locations around Europe. It would be very nice to see how we might develop a joint European Roland Experience Day to meet customers, partners and employees from all the European countries. I hope to make this event become a reference model for the industry."

Nicola Landoni

Roland DG Academy & Sales Support Representative
Italy

After a few years collaborating as a Roland Master and trainer, Nicola Landoni officially joined Roland DG Mid Europe in September, 2014. In addition to his extensive experience operating the VersaCAMM SP-540V wide-format inkjet printer/cutter and VersaUV LEC-300 UV-LED printer, Nicola brought an excellent background in graphic design and visual communication.

An experienced product user, Nicola understands and shares in the passion Roland DG customers have. "When I was a customer, I really loved how Roland DG treated customers as the center of all their work and activities," Nicola said. "My ambition is to increase the number of additional courses that Roland DG Academy offers in order to provide even more ideas and solutions to our customers. Also, by listening to our customers through the open exchange of ideas in the Roland Forum, I plan to establish a structure and events to meet customers' diverse demands in collaboration with other departments."

Nicola currently manages the Roland DG Academy where he teaches courses on how to use graphic software and create graphic applications with Roland DG products. "From when he started managing the Academy," Stefania Cimino, president of Roland DG South Europe said, "Nicola has invited more than 200 customers to our courses with more than a 90% approval rating. One of the dealers who attended his course credited his product demonstrations with achieving successful sales."

Nicola also manages the Roland Forum, an online communication forum for professionals involved in digital printing and visual communication, which enables participants to interact and share knowledge, applications and solutions with other Roland DG users.

Paula Georgopoulos

Accounting Clerk
USA

Paula Georgopoulos joined Roland DGA, USA, four years ago as an accounting clerk, responsible for handling accounts payable and receivables. She has a passion for learning and has been studying Japanese for the past two years. “It’s been a difficult, yet incredibly rewarding experience for me. Learning a new language has really helped me develop a greater understanding of other cultures. Our customers and employees come from all sides of the world, so I think experiencing other cultures through language can really strengthen the bonds between us,” Paula said.

Paula enjoys her work in accounting, but what she loves most are the people, the family atmosphere and helping support the concept of “Passion at Work” at Roland DGA.

“We work hard every day to help our customers be creative and profitable,” said Rick Scrimger, president of Roland DGA. “But we are also keenly aware of how much our employees matter. They are our most important asset and the reason for our success. We strive to ensure that they work in an environment that is inspiring, creative, and a place they want to be every day. It is our “magical” company culture. Needless to say,” Rick continued, “Paula is an excellent accounting clerk and, as a member of the events committee, she has helped coordinate employee events, such as holiday parties and summer fests. The events are a great way to have some fun while getting to know each other better. She also manages the birthday celebrations for employees by distributing balloons and movie tickets.”

“I feel proud to be a part of a company that puts as much care and passion towards its customers as it does to its employees,” Paula said. “I’d like to continue to promote the Roland family for our new employees. It’s what makes Roland DGA such a great place to work.”

Huifeng Gao

Medical & 3D Service Engineer
China

With extensive experience in sales and servicing of CNC equipment, Huifeng Gao joined Roland DG China two and a half years ago as a service and technical support engineer for Roland DG’s 3D products.

While Huifeng works as a service engineer, he is happy to attend trade shows and provide customers with technical information and expert help. “I am constantly amazed by Huifeng’s deep knowledge of our 3D products,” Michael Man, president of Roland DG China said, “After watching his product demonstrations and listening to his explanations of technical information, customers immediately make a decision to purchase our machines.”

One of Huifeng’s most memorable experiences was the successful negotiation with one of China’s largest dental laboratories. “After extended efforts to set up an appointment, we finally got the opportunity to connect with the customer at a trade show,” Huifeng said, “resulting in their cooperation and support which led to the opportunity to work with several high-end customers in China.”

“Our dental products are now favored by a majority of dental CAD/CAM labs and our dental business is doing very well,” Huifeng said, “which makes me full of confidence for the future of the company.”

“I hope our customers find that we always provide consistent support to them,” Huifeng added. “I would like to assist them with my professional attitude and all the various Roland DG resources.”

Sales by product

Printers — 21,053 Million Yen

In response to the maturing of the sign and display markets in developed countries, we are working to activate the market by proposing high value-added products. For emerging markets, where growth is expected, we are focusing on increasing sales through aggressive sales and marketing activities. Furthermore, we are working on expanding into new markets through printers specializing in printing onto textiles such as clothing and interior products, and UV printers that can print onto a wide range of materials.

During the fiscal year under review, sales declined in XR-640 professional printers for the sign market, which had previously served as a pillar for sales, due to the diminishing effects of its attractiveness as a new product and an increasingly harsh competitive environment. However, a low-price model in the mainstay VS-i series the low price VersaEXPRESS RF-640, that was introduced in July 2014, performed solidly.

Additionally, the XF-640 professional printer, which realized the highest-ever output speed we have ever produced, gained ground for use in textiles in addition to the conventional use for sign production. In October of last year, the Texart RT-640 dedicated textile printer was also released as we strengthened our activities toward new markets.

Furthermore, the compact flatbed LEF series UV printers was well-received by customers for its expressive high-resolution printing capability, and demonstrated growth for uses in creating original products such as smartphone cases and novelty items.

As a result, printer sales reached 21,053 million yen, or 109.3% of the previous term.

Plotters — 1,398 Million Yen

In addition to solid sales from major products, the new CAMM-1 GS-24 product went on sale in January 2015, causing plotter sales to reach 1,398 million yen, or 107.3% of the previous term.

3D Products — 4,027 Million Yen

In addition to the conventional core markets of manufacturing and engraving, we also focused on health care and personal fields, including the dental market, with its increasing need for digital products, in order to expand our business operations in new fields.

During the fiscal year under review, growth was pronounced, particularly in the first half, for the DWX series of dental milling machines. We made steady progress in maintaining and expanding our sales network and in the creation of a structure allowing us to propose total solutions for manufacturing processes for dental remedies such as fillings and crowns, leading to strong sales in areas such as Japan and North America.

To establish pillars for new next-generation businesses, we are advancing priority activities in the healthcare field, centered on dental milling machines for dental medicine, and have achieved steady growth. Care and services tailored to each individual are required in the healthcare field, and it is a field in which we can exert our unique strengths in digital technologies and manufacturing know-how. Moving forward, we will position this field as a growth market, aggressively investing management resources to aim for further business expansion.

Additionally, in September of last year, we simultaneously released as the monoFab series, our latest compact milling machine, the SRM-20, and its first 3D printer, the ARM-10, and are focused on proposing a new type of manufacturing for the digital age from the perspectives of milling and layering.

As a result, 3D sales reached 4,027 million yen, or 117.9% of the previous term.

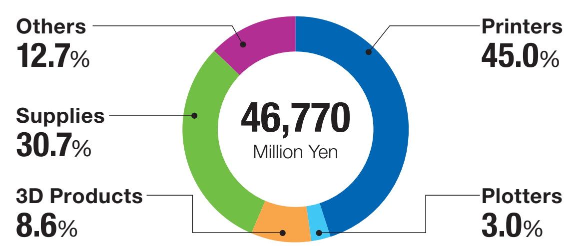
Supplies — 14,352 Million Yen

Ink sales increased in line with printer sales. Net sales of supplies were 14,352 million yen, 105.5% of the previous term.

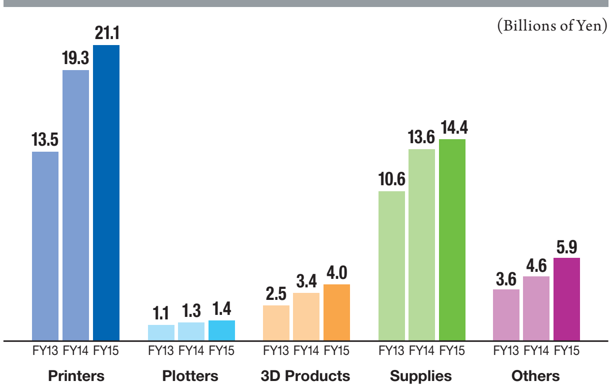
Others — 5,940 Million Yen

Maintenance services, service parts, and other sales were 5,940 million yen, or 130.3% of the previous term, due to factors such as an increase in service contracts to accompany a higher number of printer installations.

Composition of Sales



Net Sales



Notes

Balance Sheet

Current assets recorded increases of 400 million yen in both merchandise and finished products and raw materials and supplies, however, cash and time deposits decreased by 1,200 million yen. Noncurrent assets saw an increase of 400 million yen in software and a decrease of 1,300 million yen in goodwill due partly to the recording of impairment loss in relation to consolidated subsidiaries.

Current liabilities saw an increase of 700 million yen in accounts payable-trade and an increase of 1,400 million yen in current portion of long-term payables that was borrowed to raise necessary funds to purchase treasury stocks. Long-term liabilities showed an increase of 5,400 million yen in long-term payables that was borrowed for the same purpose.

For net assets, despite an increase reflecting the operating performance in the fiscal year under review, retained earnings decreased by 8,500 million yen and treasury stock increased by 600 million yen owing to purchases and disposals of treasury stock. However, foreign currency translation adjustments included in total other comprehensive income increased by 600 million yen.

Results of Operations

The Group's net sales increased by 11.0 percent year over year to 46,770 million yen, due partly to the impact of the weak yen. For expenses, despite the improvement in the cost of sales ratio compared with the previous fiscal year, the selling, general, and administrative expenses increased because of the increases in personnel expenses, advertising and promotion expenses, commission fees, etc. Accordingly, operating income increased by 7.6 percent year over year to 6,578

Sales by region

Japan — 4,960 Million Yen

In printers, although sales in professional printers for the sign market decreased, sales of the compact flatbed LEF series UV printer were robust due to uses to produce original products. In 3D products, the DWX series of dental milling machines captured capital investment demand from dental research facilities as health insurance coverage began for dental fillings and crowns produced using digital data. Sales grew particularly significantly during the first half of the fiscal year.

These efforts have resulted in sales of 4,960 million yen, or 104.9% of sales in the previous term.

North America — 12,351 Million Yen

In printers, although sales of the mainstay VS-i series and the new low-price model RF-640 were solid, sales for the XR-640 professional printer were subdued. The LEF Series of UV printers also saw strong sales on their use in production of original goods. In 3D products, we greatly increased sales of the dental milling machines, for which we have built an advanced structure for providing customers with total solutions, training, and support.

Under the effects of these factors and the weaker yen, North American net sales were 12,351 million yen, or 106.1% of the previous term.

Europe — 16,616 Million Yen

In Russia and eastern Europe, although factors such as geopolitical risks caused a slowdown, a recovery trend became clear in the southern European region.

In printers, although sales of the XR-640 were flat, the VS-i series performed favorably. Furthermore, use of the XF-640 grew in production of textile items such as sportswear. The LEF series of UV printers saw a growing number of cases where companies involved in the business of producing original products would purchase multiple printers, leading to significantly higher sales. In 3D products, the dental milling machine DWX series showed solid performance in the southern European region.

As a result of these factors, European net sales were 16,616 million yen, or 115.8% of the previous term.

Asia — 4,250 Million Yen

In China and South Korea, printers compatible with water-based ink that are often used for sign production in these locations were able to capture market needs, sending sales higher. Additionally, in the ASEAN region, sales subsidiaries are working to strengthen cooperation with distributors in each country, and thanks to the promotion of aggressive sales and marketing activities, results were solid.

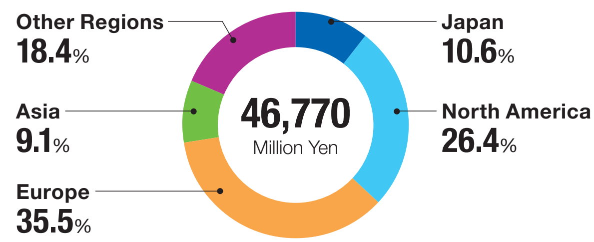
Therefore, sales in Asia were 4,250 million yen, or 117.0% of the previous term.

Other Regions — 8,592 Million Yen

In Australia, low-price printers and the LEF series UV printers posted solid sales. Additionally, installations of the XF-640 professional printer advanced in Brazil for textile use. Sales were also strong in Africa and the Middle East.

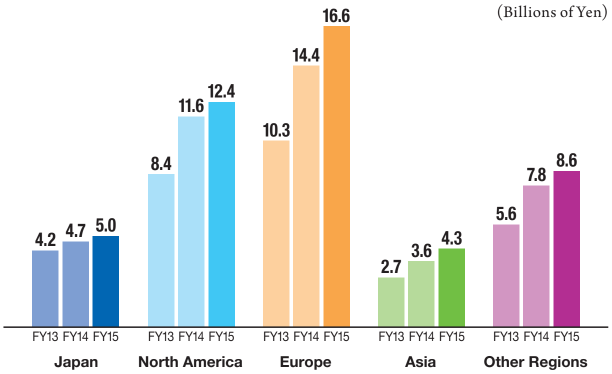
Consequently, net sales in other regions reached 8,592 million yen, or 110.3% of the previous term.

Composition of Sales



Net Sales

(Billions of Yen)



million yen, and ordinary income increased by 2.5 percent year over year to 6,399 million yen, partly owing to the incurring of commission for purchase of treasury stocks, included in non-operating expenses. Net income decreased by 25.2 percent year over year to 3,190 million yen, affected by the recording of 989 million yen of loss on impairment of goodwill related to the consolidated subsidiaries in Denmark and Brazil.

Cash Flows

Net cash provided by (used in) operating activities

Key positive factors for the increased cash flows included the recording of loss on impairment of goodwill in relation to consolidated subsidiaries as well as a decrease in accounts receivable-trade and an increase in accounts payable-trade. Negative factors consisted of a decrease in income before income taxes and minority interests, an increase in inventories, a decrease in other current liabilities, as well as an increase in income taxes paid.

Net cash provided by (used in) investing activities

Cash outflows in the fiscal year under review decreased, in comparison with the previous fiscal year, due to an increase in proceeds from withdrawal of time deposits, despite an increase in purchases of property, plant, and equipment.

Net cash provided by (used in) financing activities

While an increase in cash outflow was due to reimbursements of short-term bank loans during the previous fiscal year, cash outflows in the fiscal year under review increased significantly due to purchases of treasury stock, offsetting fund procurements from bank loans.

Consolidated Balance Sheet

Roland DG Corporation and Consolidated Subsidiaries

March 31, 2015

ASSETS

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
CURRENT ASSETS:			
Cash and time deposits (Notes 3, 5, and 14)	¥ 10,414,505	¥ 11,611,079	$ 86,788
Notes and accounts receivable (Note 14):			
Trade notes	22,181	39,941	185
Trade accounts	4,910,393	4,925,670	40,920
Allowance for doubtful receivables	(56,950)	(30,880)	(475)
Inventories (Note 4)	9,178,328	8,400,107	76,486
Deferred tax assets (Note 11)	1,379,681	1,317,641	11,497
Prepaid expenses and other (Note 5)	1,638,827	1,444,948	13,657
Total current assets	27,486,965	27,708,506	229,058
PROPERTY, PLANT, AND EQUIPMENT (Note 20)**:**			
Land	3,151,783	3,106,733	26,265
Buildings and structures	6,894,988	6,485,345	57,458
Machinery and equipment	1,053,073	923,790	8,776
Tools, furniture, and fixtures	3,256,122	3,026,223	27,134
Construction in progress	10,508	12,921	88
Total property, plant, and equipment	14,366,474	13,555,012	119,721
Accumulated depreciation	(6,820,698)	(6,314,781)	(56,839)
Net property, plant, and equipment	7,545,776	7,240,231	62,882
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 14)	24,678	26,600	205
Investments in unconsolidated subsidiaries and associated companies (Note 14)	—	37,650	—
Goodwill (Note 6)	864,613	2,192,180	7,205
Software	1,198,085	781,972	9,984
Deferred tax assets (Note 11)	263,139	134,249	2,193
Deferred compensation assets	409,640	268,524	3,414
Other assets	400,074	535,656	3,334
Total investments and other assets	3,160,229	3,976,831	26,335
TOTAL	¥ 38,192,970	¥ 38,925,568	$ 318,275

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
CURRENT LIABILITIES:			
Accounts payable (Note 14)			
Trade	¥ 1,615,587	¥ 913,051	$ 13,463
Other	1,272,200	1,477,623	10,602
Short-term bank loans (Notes 7 and 14)	340,380	256,800	2,837
Current portion of long-term debt (Notes 7 and 14)	1,440,000	—	12,000
Income taxes payable (Notes 11 and 14)	1,062,829	1,309,400	8,857
Accrued expenses	795,919	772,328	6,633
Accrued bonuses	663,265	719,204	5,527
Accrued bonuses to directors and Audit & Supervisory Board members	90,000	100,000	750
Accrued warranties	519,760	314,955	4,331
Other	1,081,702	1,167,806	9,014
Total current liabilities	8,881,642	7,031,167	74,014
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7 and 14)	5,400,000	—	45,000
Provision for employee stock ownership plan (Note 9)	29,393	—	245
Provision for management stock ownership plan (Note 9)	72,084	—	601
Liability for retirement benefits (Note 8)	467,124	240,790	3,893
Long-term payables	140,842	138,775	1,173
Other	1,127,909	838,179	9,399
Total long-term liabilities	7,237,352	1,217,744	60,311
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 13, 14, 15, and 16)			
EQUITY (Notes 10, 18 and 21):			
Common stock,			
authorized, 71,200,000 shares;			
issued, 14,385,511 shares in 2015 and 17,800,000 shares in 2014	3,668,700	3,668,700	30,573
Capital surplus	3,867,372	3,700,604	32,228
Retained earnings	14,561,730	23,107,571	121,348
Treasury stock – at cost			
146,000 shares in 2015 and 460 shares in 2014	(635,105)	(699)	(5,293)
Accumulated other comprehensive income:			
Unrealized gains on available-for-sale securities	4,482	6,359	37
Foreign currency translation adjustments	779,036	194,574	6,492
Defined retirement benefit plans	(172,298)	(499)	(1,435)
Total	22,073,917	30,676,610	183,950
Minority interests	59	47	0
Total equity	22,073,976	30,676,657	183,950
TOTAL	¥ 38,192,970	¥ 38,925,568	$ 318,275

Consolidated Statement of Income

Roland DG Corporation and Consolidated Subsidiaries

Year Ended March 31, 2015

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET SALES (Note 20)	¥ 46,770,015	¥ 42,141,909	$ 389,750
COST OF SALES (Note 12)	23,841,221	21,815,502	198,677
Gross profit	22,928,794	20,326,407	191,073
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	16,350,455	14,215,128	136,254
Operating income	6,578,339	6,111,279	54,819
OTHER INCOME (EXPENSES):			
Interest and dividend income	28,440	36,737	237
Interest expense	(59,342)	(6,055)	(494)
Gain on money held in trust	18,328	41,960	153
Gain (loss) on disposals or sales of property, plant, and equipment	3,062	(15,334)	26
Foreign exchange gains	26,062	139,609	217
Sales discount charges	(199,624)	(166,794)	(1,664)
Treasury stock purchase fees	(82,684)	—	(689)
Loss on valuation of investment securities	—	(45,268)	—
Impairment loss	(989,001)	—	(8,242)
Gain on liquidation of associated companies	13,331	—	111
Other - net	89,107	87,600	743
Other income (expenses) – net	(1,152,321)	72,455	(9,602)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	5,426,018	6,183,734	45,217
INCOME TAXES (Note 11)**:**			
Current	2,294,401	2,356,032	19,120
Deferred	(58,678)	(437,783)	(489)
Total income taxes	2,235,723	1,918,249	18,631
NET INCOME BEFORE MINORITY INTERESTS	3,190,295	4,265,485	26,586
MINORITY INTERESTS IN NET INCOME (LOSS)	4	(1)	0
NET INCOME	¥ 3,190,291	¥ 4,265,486	$ 26,586

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2 - u and 18)**:**			
Net income	¥ 210.87	¥ 239.64	$ 1.76
Cash dividends	60.00	40.00	0.50

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Roland DG Corporation and Consolidated Subsidiaries

Year Ended March 31, 2015

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET INCOME BEFORE MINORITY INTERESTS	¥ 3,190,295	¥ 4,265,485	$ 26,586
OTHER COMPREHENSIVE INCOME (Note 17)**:**			
Unrealized losses on available-for-sale securities	(1,877)	(1,635)	(16)
Foreign currency translation adjustments	584,469	2,175,165	4,871
Defined retirement benefit plans	(171,799)	—	(1,432)
Total other comprehensive income	410,793	2,173,530	3,423
COMPREHENSIVE INCOME	¥ 3,601,088	¥ 6,439,015	$ 30,009
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 3,601,077	¥ 6,439,012	$ 30,009
Minority interests	11	3	0

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Roland DG Corporation and Consolidated Subsidiaries

Year Ended March 31, 2015

		Thousands of Yen									
						Accumulated Other Comprehensive Income					
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gains on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2013	17,799,540	¥ 3,668,700	¥ 3,700,604	¥19,465,069	¥ (699)	¥ 7,993	¥ (1,980,587)		¥24,861,080	¥ 34	¥24,861,114
Net income				4,265,486					4,265,486		4,265,486
Cash dividends, ¥35 per share				(622,984)					(622,984)		(622,984)
Net change in the year						(1,634)	2,175,161	¥ (499)	2,173,028	13	2,173,041
BALANCE, MARCH 31, 2014	17,799,540	3,668,700	3,700,604	23,107,571	(699)	6,359	194,574	(499)	30,676,610	47	30,676,657
Net income				3,190,291					3,190,291		3,190,291
Cash dividends, ¥50 per share				(783,176)					(783,176)		(783,176)
Purchase of treasury stock	(3,560,029)				(11,420,594)				(11,420,594)		(11,420,594)
Retirement of treasury stock				(10,952,956)	10,952,956				—		—
Disposal of treasury stock	143,000		166,768		458,714				625,482		625,482
Transfer to stock ownership trust	(143,000)				(625,482)				(625,482)		(625,482)
Net change in the year						(1,877)	584,462	(171,799)	410,786	12	410,798
BALANCE, MARCH 31, 2015	14,239,511	¥ 3,668,700	¥ 3,867,372	¥14,561,730	¥ (635,105)	¥ 4,482	¥ 779,036	¥ (172,298)	¥22,073,917	¥ 59	¥22,073,976

	Thousands of U.S. Dollars (Note 1)									
					Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gains on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2014	$ 30,573	$ 30,838	$ 192,563	$ (6)	$ 53	$ 1,621	$ (3)	$ 255,639	$ 0	$ 255,639
Net income			26,586					26,586		26,586
Cash dividends, $0.42 per share			(6,526)					(6,526)		(6,526)
Purchase of treasury stock				(95,172)				(95,172)		(95,172)
Retirement of treasury stock			(91,275)	91,275				—		—
Disposal of treasury stock		1,390		3,822				5,212		5,212
Transfer to stock ownership trust				(5,212)				(5,212)		(5,212)
Net change in the year					(16)	4,871	(1,432)	3,423	0	3,423
BALANCE, MARCH 31, 2015	$ 30,573	$ 32,228	$ 121,348	$ (5,293)	$ 37	$ 6,492	$ (1,435)	$ 183,950	$ 0	$ 183,950

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Roland DG Corporation and Consolidated Subsidiaries

Year Ended March 31, 2015

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 5,426,018	¥ 6,183,734	$ 45,217
Adjustments for:			
Income taxes paid	(2,498,939)	(1,336,865)	(20,825)
Depreciation and amortization	1,359,232	1,227,016	11,327
Impairment loss	989,001	—	8,242
Provision for allowance for doubtful receivables	1,772	12,241	15
(Reversal of) provision for accrued bonuses	(56,235)	228,392	(469)
(Reversal of) provision for accrued bonuses to directors and audit & supervisory board members	(10,000)	100,000	(83)
Provision for accrued warranties	169,895	35,635	1,416
(Decrease) increase in liability for retirement benefits	(24,687)	24,615	(206)
Provision for employee stock ownership plan	29,393	—	245
Provision for management stock ownership plan	72,084	—	601
Interest and dividend income	(28,440)	(36,737)	(237)
Interest expense	59,342	6,055	494
(Gain) loss on disposals or sales of property, plant, and equipment	(3,062)	15,334	(26)
Loss on valuation of investment securities	—	45,268	—
Gain on liquidation of associated companies	(13,331)	—	(111)
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	373,910	(476,018)	3,116
(Increase) decrease in inventories	(274,868)	828,373	(2,291)
Increase in prepaid expenses and other current assets	(268,483)	(341,113)	(2,237)
Decrease (increase) in other investments and assets	57,464	(268,080)	479
Increase (decrease) in accounts payable	181,245	(1,098,535)	1,510
(Decrease) increase in other current liabilities	(399,724)	1,023,328	(3,331)
Increase in other long-term liabilities	226,554	174,655	1,888
Other – net	99,339	6,675	828
Total adjustments	41,462	170,239	345
Net cash provided by operating activities	5,467,480	6,353,973	45,562
INVESTING ACTIVITIES:			
Payments into time deposits	(23,167)	(546,224)	(193)
Proceeds from withdrawal of time deposits	850,550	272,666	7,088
Purchases of property, plant, and equipment	(950,860)	(515,282)	(7,924)
Proceeds from sales of property, plant, and equipment	44,469	18,241	371
Purchases of software and other intangible assets	(494,438)	(396,700)	(4,120)
Purchases of investment securities	(959)	(1,008)	(8)
Purchase of investments in capital of subsidiaries	—	(68,399)	—
Other	51,139	384	426
Net cash used in investing activities	(523,266)	(1,236,322)	(4,360)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans – net	42,380	(1,612,074)	353
Proceeds from long-term debt	7,200,000	—	60,000
Repayments of long-term debt	(360,000)	—	(3,000)
Repurchase of treasury stock	(12,128,760)	—	(101,073)
Disposal of treasury stock	625,482	—	5,212
Dividends paid	(782,855)	(623,116)	(6,523)
Other	(3,825)	(6,848)	(32)
Net cash used in financing activities	(5,407,578)	(2,242,038)	(45,063)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	159,515	941,603	1,329
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(303,849)	3,817,216	(2,532)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,713,541	6,896,325	89,279
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 10,409,692	¥ 10,713,541	$ 86,747

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Roland DG Corporation and Consolidated Subsidiaries

Year Ended March 31, 2015

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Roland DG Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120 to $1, the approximate rate of exchange at March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation*** — The consolidated financial statements as of March 31, 2015, include the accounts of the Company and its 15 (14 in 2014) subsidiaries (together, the "Group"), except for subsidiaries which, if consolidated, would not have a material effect on the accompanying consolidated financial statements.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Roland DG RUS LLC became a consolidated subsidiary as a result of investments on February 24, 2015, but only its balance sheet was consolidated at March 31, 2015.

Investments in one unconsolidated subsidiary and one associated company not accounted for by the equity method (one associated company not accounted for by equity method was liquidated during the year ended March 31, 2015) are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary or a business at the date of acquisition is accounted for as goodwill and being amortized over a period of 10 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Group are eliminated.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements*** — In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; 3) expensing capitalized development costs of research and development (R&D); 4) cancellation of fair value model of accounting for property, plant, and equipment and investment properties and incorporation of cost model of accounting; and 5) exclusion of minority interests from net income, if contained in net income (See Note 2.x).

c. ***Business Combinations*** — In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allowed companies to apply the pooling-of-interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting of interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interest method of accounting is no longer allowed. (2) The previous accounting standard required R&D costs to be charged to income as incurred. Under the revised standard, in-process R&D costs acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

d. ***Cash Equivalents*** — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, all of which become due within three months of the date of acquisition.

e. ***Inventories*** — Inventories are stated at the lower of cost, determined by the average method or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses.

f. ***Marketable and Investment Securities*** — Marketable and investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined by the moving average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. ***Property, Plant, and Equipment*** — Property, plant, and equipment are stated at cost. Depreciation of property, plant, and equipment of the Company is computed primarily by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired by the Company after April 1, 1998, and all property, plant, and equipment of consolidated foreign subsidiaries. The period of useful lives is principally 31 years for buildings and structures and from two to six years for tools, furniture, and fixtures.

h. ***Intangible Assets*** — Software to be sold is amortized in proportion to the actual sales volume of the software during the current year to the estimated total sales volume over the estimated salable years of the software. Software for internal use is amortized by the straight-line method over its useful life of five years.

i. ***Leases*** — In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheets.

In addition, the accounting standard permits leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

j. ***Long-lived Assets*** — The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The Group reviewed its long-lived assets for impairment for the years ended March 31, 2015 and 2014. As a result, the Group recognized impairment losses of ¥213,689 thousand ($1,781 thousand) for goodwill of Roland DG North Europe A/S and ¥560,988 thousand ($4,675 thousand) for the goodwill of Roland DG Brasil Ltd. for the year ended March 31, 2015, while no impairment loss was recognized for the year ended March 31, 2014. The impairment loss was due to the fact that estimated profit at the point of business transfer or purchase was no longer expected, and the carrying amount of the relevant goodwill was written down to the recoverable amount. The recoverable amount of the goodwill was measured by its value in use, computed as the present value of future cash flows of these companies.

k. ***Retirement and Pension Plans*** — The Company has a contributory funded pension plan together with Roland Corporation, the Company's associated company, and consolidated domestic subsidiaries of Roland Corporation, covering substantially all of their employees.

The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a)Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b)The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income, and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period are treated as reclassification adjustments (See Note 17).

(c)The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard for (a) and (b) above effective April 1, 2013, and (c) above from April 1, 2014.

With respect to (c) above, the Company changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis, and the method of determining the discount rate from using the period approximating the expected average remaining service period to using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment. There is no impact from this accounting change.

In addition, the Company has a contributory trusted pension plan covering most employees, together with multiemployers, including Roland Corporation and its domestic subsidiaries. The Company funds and records contributions, which consist of normal costs and amortization of prior service costs over 20 years, as charges to income when paid.

Certain consolidated foreign subsidiaries have contributory defined contribution plans, which cover substantially all employees of the subsidiaries. The subsidiaries' contributions are charged to income when paid.

l. ***Asset Retirement Obligations*** — In March 2008, the ASBJ issued ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations," and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. ***R&D Costs*** — R&D costs are charged to income as incurred.

n. ***Accrued Warranties*** — A liability for estimated product warranty-related costs is established at the time revenue is recognized. The product liability is established using historical information, including the nature, frequency, and average cost of warranty claims.

o. ***Bonuses to Directors and Audit & Supervisory Board Members*** — Bonuses to directors and audit & supervisory board members are accrued at the end of the year to which such bonuses are attributable.

p. ***Employee and management stock ownership plans*** — In December 2013, the ASBJ issued PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts." This PITF is effective for the beginning of annual periods beginning on or after April 1, 2014, with earlier application permitted from the beginning of annual periods first ending after the date of issuance of this PITF, and applied retrospectively.

In accordance with the PITF, upon transfer of treasury stock to the employee stockownership trust (the "Trust") by the entity, any difference between the book value and fair value of the treasury stock shall be recorded in capital surplus. At year-end, the entity shall record 1) the entity stock held by the Trust as treasury stock in equity, 2) all other assets and liabilities of the Trust on a line-by-line basis, and 3) a liability/asset for the net of i) any gain or loss on delivery of the stock by the Trust to applicable employee and management, ii) dividends received from the entity for the stock held by the Trust, and iii) any expenses relating to the Trust.

The Company applied this PITF effective April 1, 2014.

Provision for employee stock ownership plan and provision for management stock ownership plan are recognized for preparing future stock transfers to employees and management of the Company.

q. ***Income Taxes*** — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

r. ***Foreign Currency Transactions*** — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

s. ***Foreign Currency Financial Statements*** — The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rates.

t. ***Derivatives*** — The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates, principally related to intercompany balances. The Group does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on the derivative transactions are recognized in the consolidated statement of income.

u. ***Per-Share Information*** — Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not presented because there are no securities with dilutive effect upon exercise or conversion into common stock.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

v. ***Use of Estimates*** — The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

w. ***Accounting Changes and Error Corrections*** — In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

3. RECONCILIATION TO CASH AND CASH EQUIVALENTS

The reconciliation of cash and time deposits in the consolidated balance sheet to cash and cash equivalents in the consolidated statement of cash flows at March 31, 2015 and 2014 was as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cash and time deposits	¥ 10,414,505	¥ 11,611,079	$ 86,788
Time deposits with original maturities of more than three months	(32,813)	(897,538)	(274)
Call loans held by stock ownership trust	28,000	—	233
Cash and cash equivalents	¥ 10,409,692	¥ 10,713,541	$ 86,747

4. INVENTORIES

Inventories at March 31, 2015 and 2014 consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Merchandise and finished products	¥ 6,305,962	¥ 5,912,900	$ 52,550
Work in process	104,918	123,162	874
Raw materials and supplies	2,767,448	2,364,045	23,062
Total	¥ 9,178,328	¥ 8,400,107	$ 76,486

5. ASSETS PLEDGED

Assets pledged for derivative transactions and customer's installment payables at March 31, 2015 and 2014, consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cash and time deposits	¥ 9,360	¥ 17,380	$ 78
Corporate bond	—	70,000	—

6. GOODWILL

The components of goodwill for the years ended March 31, 2015 and 2014 were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Goodwill on purchase of specific business	¥ 185,529	¥ 552,802	$ 1,546
Consolidation goodwill	679,084	1,639,378	5,659
Total	¥ 864,613	¥ 2,192,180	$ 7,205

Both goodwill on purchase of specific business and consolidation goodwill are amortized over 10 years.

7. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2015 and 2014, consisted of bank overdrafts.

Long-term debt at March 31, 2015 consisted of the following:

	Thousands of Yen	Thousands of U.S. Dollars
	2015	2015
Unsecured syndicate loans from banks, 0.4%, due to 2019:		
Total	¥ 6,840,000	$ 57,000
Less current portion	(1,440,000)	(12,000)
Long-term debt, less current portion	¥ 5,400,000	$ 45,000

Annual maturities of long-term debt as of March 31, 2015, for the next five years and thereafter are as follows:

Year Ending March 31	Thousands of Yen	Thousands of U.S. Dollars
2016	¥ 1,440,000	$ 12,000
2017	1,440,000	12,000
2018	1,440,000	12,000
2019	1,440,000	12,000
2020	1,080,000	9,000
Total	¥ 6,840,000	$ 57,000

The Company holds syndicate loan contracts with three financial institutions, which include financial covenants based on figures in equity of the consolidated and non-consolidated balance sheets, certain indicators calculated using operating profits in the consolidated and nonconsolidated statements of income, and so on.

8. RETIREMENT AND PENSION PLANS

1. The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥ 3,088,126	¥ 2,940,533	$ 25,734
Current service cost	222,773	213,775	1,856
Interest cost	54,104	51,510	451
Actuarial gains and losses	329,892	(66,117)	2,749
Benefits paid	(72,645)	(51,576)	(605)
Balance at end of year	¥ 3,622,250	¥ 3,088,125	$ 30,185

2. The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥ 2,847,335	¥ 2,538,947	$ 23,727
Expected return on plan assets	71,183	63,474	593
Actuarial gains and losses	87,712	86,786	731
Contributions from the employer	221,541	209,703	1,846
Benefits paid	(72,645)	(51,575)	(605)
Balance at end of year	¥ 3,155,126	¥ 2,847,335	$ 26,292

3. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded defined benefit obligation	¥ 3,622,250	¥ 3,088,125	$ 30,185
Plan assets	(3,155,126)	(2,847,335)	(26,292)
	467,124	240,790	3,893
Unfunded defined benefit obligation	—	—	—
Net liability (asset) arising from defined benefit obligation	¥ 467,124	¥ 240,790	$ 3,893

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for retirement benefits	¥ 467,124	¥ 240,790	$ 3,893
Asset for retirement benefits	—	—	—
Net liability (asset) arising from defined benefit obligation	¥ 467,124	¥ 240,790	$ 3,893

4. The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥ 222,773	¥ 213,775	$ 1,856
Interest cost	54,104	51,510	451
Expected return on plan assets	(71,183)	(63,474)	(593)
Recognized actuarial gains and losses	6,462	47,809	54
Amortization of prior service cost	(15,302)	(15,302)	(128)
Net periodic benefit costs	¥ 196,854	¥ 234,318	$ 1,640

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥ (15,302)	¥ —	$ (128)
Unrecognized actuarial gains and losses	(235,719)	—	(1,964)
Total	¥ (251,021)	¥ —	$ (2,092)

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥ (15,302)	¥ (30,605)	$ (128)
Unrecognized actuarial gains and losses	267,089	31,372	2,226
Total	¥ 251,787	¥ 767	$ 2,098

7. Plan assets
(1) Components of plan assets
Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Domestic debt investments	32%	20%
Foreign debt investments	5	3
Domestic equity investments	10	12
Foreign equity investments	10	11
General account	30	32
Cash and cash equivalents	13	22
Total	100%	100%

(2) Method of determining the expected rate of return on plan assets
The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

8. Assumptions used for the years ended March 31, 2015 and 2014, are set forth as follows:

	2015	2014
Discount rate	1.2%	1.8%
Expected rate of return on plan assets	2.5%	2.5%

The Company uses an index of salary increase by age at the balance sheet date as an expected rate of salary increase.

9. Multiemployer pension fund

For the years ended March 31, 2015 and 2014, the amounts of the required contribution to the Welfare Pension Fund Plan, a multiemployer pension plan, which is accounted for in the same manner as a defined contribution plan, were ¥133,938 thousand ($1,116 thousand) and ¥133,401 thousand, respectively.

The funding status of the multiemployer pension plan at March 31, 2015 and 2014 was as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Fair value of plan asset	¥ 231,950,937	¥ 213,151,856	$ 1,932,924
Sum of actuarial obligations in pension financing and minimum reserve	262,246,610	246,041,269	2,185,388
Difference	¥ (30,295,673)	¥ (32,889,413)	$ (252,464)

At March 31, 2015 and 2014, the contribution ratio of the Company to the multiemployer pension plan was 1.4%.

For the years ended March 31, 2015 and 2014, the major factor that caused the above difference is the unamortized balance of prior service cost in the amount of ¥31,536,766 thousand ($262,806 thousand) and ¥33,124,289 thousand, respectively. Prior service cost is amortized on a straight-line basis over a period of 20 years, and the special contribution allotted to the amortization is charged to income in the accompanying consolidated financial statements.

Note that the above contribution ratio does not agree with the actual share of contribution.

10. Defined contribution plans

For the years ended March 31, 2015 and 2014, the amount of the required contribution to the defined contribution plans of the consolidated subsidiaries was ¥102,472 thousand ($854 thousand) and ¥85,175 thousand, respectively.

9. MANAGEMENT AND EMPLOYEE STOCK OWNERSHIP PLAN

The Company holds a management stock ownership trust plan applied to directors of the Company other than outside directors and particular directors of group companies to enhance contribution to the mid- and long-term growth and increase corporate value. The Company also holds an employee stock ownership plan ("ESOP") as a part of its employees' welfare program applied to certain employees of the Company.

Under this management stock ownership trust plan, points are given to applicable directors based on their position and contributions, and stock of the Company equivalent to achieved points are granted at the point of retirement. On the other hand, under the ESOP plan, points are also given to applicable employees based on their position and contributions, and stock of the Company equivalent to cumulative points are granted at the point of retirement.

To manage this plan, the Company established trusts and contributed necessary funds to purchase stock of the Company. The trustee purchases stock of the Company through market transactions or allocation of treasury stock by the Company. The accounting treatment of these plans is performed under PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts."

As of March 31, 2015, stock of the Company held by these trusts is expressed as treasury stock in equity in the consolidated balance sheet, and its amount and number are ¥625,482 thousand ($5,212 thousand) and 143,000 shares, respectively.

10. EQUITY

At March 31, 2015, 24.8% of the Company's issued shares were owned by Roland Corporation, which is principally engaged in the manufacture and sale of electronic musical instruments. On July 3, 2014, the Company purchased 3,560, 000 shares from Roland Corporation, and the holding ratio of Roland Corporation decreased from 40.0% to 24.8%. As a result, the Company changed from a subsidiary to an affiliate company of Roland Corporation.

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions of the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) at any time during fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or purchases of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11. INCOME TAXES

The Company is subject to Japanese national and local income taxes that, in the aggregate, resulted in a normal effective statutory tax rate of approximately 34.8% for the year ended March 31, 2015 and 37.2% for the year ended March 31, 2014.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, are as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Intercompany profits on inventories	¥ 687,691	¥ 616,604	$ 5,731
Accounts receivable	37,385	—	311
Accrued enterprise taxes	81,711	110,150	681
Intangible assets	87,916	129,167	733
Shares of subsidiaries and affiliated companies	157,555	55,662	1,313
Investments in affiliates	429,931	—	3,583
Accrued bonuses	208,459	245,082	1,737
Accrued warranties	158,499	99,069	1,321
Provision for stock ownership plan	29,341	—	244
Liability for retirement benefits	147,529	83,892	1,229
Long-term payables	23,646	26,862	197
Accrued expenses	146,897	155,744	1,224
Tax loss carryforwards	436,891	450,784	3,641
Other	336,822	210,107	2,807
Less valuation allowance	(1,151,612)	(554,446)	(9,597)
Total	¥ 1,818,661	¥ 1,628,677	$ 15,155
Deferred tax liabilities:			
Retained earnings appropriated for special allowances	¥ (44,507)	¥ (54,189)	$ (371)
Undistributed earnings of subsidiaries	(113,649)	(113,007)	(947)
Investments in affiliates	(10,814)	—	(90)
Other	(6,871)	(9,591)	(57)
Total	¥ (175,841)	¥ (176,787)	$ (1,465)
Net deferred tax assets	¥ 1,642,820	¥ 1,451,890	$ 13,690

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2015 and 2014, is as follows:

	2015	2014
Normal effective statutory tax rate	34.8%	37.2%
Expenses not deductible for income tax purposes	1.5	0.9
Extra tax deduction on R&D expenses	(3.6)	(4.7)
Nontaxable income for income tax purposes	(4.8)	—
Lower income tax rates applicable to income in certain foreign countries	(0.1)	(0.9)
Undistributed earnings of subsidiaries	—	0.6
Impairment loss of goodwill	6.4	—
Consolidation adjustments of gain on sale of associated companies	2.8	—
Prior-year income tax adjustments	2.4	—
Changes in valuation allowance	(0.6)	(1.5)
Unrecognized tax effect on investment in subsidiaries	—	(2.3)
Effect of tax rate deduction	1.6	0.5
Other – net	0.8	1.2
Actual effective tax rates	41.2%	31.0%

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015 and January 1, 2016, to approximately 32.3% and for the fiscal year beginning on or after January 1, 2017, to approximately 31.5%. The effect of this change was to decrease deferred tax assets, net of deferred tax liabilities, by ¥95,646 thousand ($797 thousand) and increase defined retirement benefit plan by ¥87,413 thousand ($728 thousand), increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥8,233 thousand ($69 thousand).

12. R&D COSTS

R&D costs included in cost of sales for the years ended March 31, 2015 and 2014, were ¥2,676,116 thousand ($22,301 thousand) and ¥2,522,035 thousand, respectively.

13. LEASES

The Group leases certain office space and other assets.

The minimum rental commitments under noncancellable operating leases at March 31, 2015 and 2014, were as follows:

	Thousands of Yen				Thousands of U.S. Dollars	
	2015		2014		2015	
Due within one year	¥	383,181	¥	364,268	$	3,193
Due after one year		589,467		703,854		4,912
Total	¥	972,648	¥	1,068,122	$	8,105

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly bank loans, based on its capital financing plan. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Investment securities are equity instruments of customers of the Group and are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade accounts, are less than one year. Payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

Short-term bank loans are mainly used to supply operational funds, and are exposed to interest fluctuation risk. Long-term bank loans are borrowed to raise necessary funds to repurchase treasury stocks, and are exposed to interest fluctuation risk. Financial covenants are attached to these long-term bank loans, and in the case of a breach, prompt repayment might be required.

Derivatives are forward foreign currency contracts and foreign currency swaps which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and comprehensive foreign currency contracts within the limits of ordinary imports and exports to manage changes in future foreign currency exchange rates of receivables and payables.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to derivative transactions, the Group deals with high credit rating financial institutions to mitigate counterparty risk.

Market risk management (foreign exchange risk and interest rate risk)

Forward foreign currency contracts are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk with adequate financial planning by the corporate treasury department.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead.

(a) Fair value of financial instruments

	Thousands of Yen					
March 31, 2015	Carrying Amount		Fair Value		Unrealized Gains/Losses	
Cash and time deposits	¥	10,414,505	¥	10,414,505	¥	—
Receivables		4,932,574		4,932,574		—
Investment securities		24,478		24,478		—
Total	¥	15,371,557	¥	15,371,557	¥	—
Payables	¥	2,887,787	¥	2,887,787	¥	—
Short-term bank loans		340,380		340,380		—
Income taxes payable		1,062,829		1,062,829		—
Long-term debt		6,840,000		6,840,000		—
Total	¥	11,130,996	¥	11,130,996	¥	—
Derivative financial instruments	¥	(234,304)	¥	(234,304)	¥	—

March 31, 2014	Thousands of Yen Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and time deposits	¥ 11,611,079	¥ 11,611,079	¥ —
Receivables	4,965,611	4,965,611	—
Investment securities	26,400	26,400	—
Total	¥ 16,603,090	¥ 16,603,090	¥ —
Payables	¥ 2,390,674	¥ 2,390,674	¥ —
Short-term bank loans	256,800	256,800	—
Income taxes payable	1,309,400	1,309,400	—
Total	¥ 3,956,874	¥ 3,956,784	¥ —
Derivative financial instruments	¥ (306,379)	¥ (306,379)	¥ —

March 31, 2015	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and time deposits	$ 86,788	$ 86,788	$ —
Receivables	41,105	41,105	—
Investment securities	203	203	—
Total	$ 128,096	$ 128,096	$ —
Payables	$ 24,065	$ 24,065	$ —
Short-term bank loans	2,837	2,837	—
Income taxes payable	8,857	8,857	—
Long-term debt	57,000	57,000	—
Total	$ 92,759	$ 92,759	$ —
Derivative financial instruments	$ (1,953)	$ (1,953)	$ —

Cash and Cash Equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Investment Securities

The fair values of investment securities are measured at quoted market prices of stock exchanges for equity instruments.

Receivables, Payables, and Short-term Bank Loans

The carrying values of receivables, payables, and short-term bank loans approximate fair value because of their short maturities.

Long-term Debt

The carrying values of long-term debts approximate fair value because of the variable interest rate condition and unchanged credit status of the Company.

Derivatives

Fair value information for derivatives is included in Note 15.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Carrying Amount: Thousands of Yen 2015	Thousands of Yen 2014	Thousands of U.S. Dollars 2015
Investments in equity instruments that do not have quoted market prices in active markets	¥ 200	¥ 37,850	$ 2

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

March 31, 2015	Thousands of Yen Due in One Year or Less	Due after One Year
Cash and time deposits	¥ 10,414,505	¥ —
Receivables	4,932,575	—
Total	¥ 15,347,080	¥ —

March 31, 2014	Thousands of Yen Due in One Year or Less	Due after One Year
Cash and time deposits	¥ 11,611,079	¥ —
Receivables	4,965,611	—
Total	¥ 16,576,690	¥ —

March 31, 2015	Thousands of U.S. Dollars Due in One Year or Less	Due after One Year
Cash and time deposits	$ 86,788	$ —
Receivables	41,105	—
Total	$ 127,893	$ —

15. DERIVATIVES

Derivative Transactions to Which Hedge Accounting is Not Applied:

	Thousands of Yen			
At March 31, 2015	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses
Foreign currency forward contracts:				
Buying Japanese yen	¥ 5,635,302	¥ —	¥ (234,308)	¥ (234,308)
Buying other currencies	¥ 1,183	¥ —	¥ 4	¥ 4

	Thousands of Yen			
At March 31, 2014	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses
Foreign currency forward contracts:				
Buying Japanese yen	¥ 5,159,479	¥ —	¥ (306,395)	¥ (306,395)
Buying other currencies	¥ 152,724	¥ —	¥ 16	¥ 16

	Thousands of U.S. Dollars			
At March 31, 2015	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/Losses
Foreign currency forward contracts:				
Buying Japanese yen	$ 46,961	$ —	$ (1,953)	$ (1,953)
Buying other currencies	$ 10	$ —	$ 0	$ 0

The fair values of derivative transactions are measured at quoted prices obtained from financial institutions.

The contract or notional amounts of derivatives, which are shown in the above table, do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

16. CONTINGENT LIABILITIES

At March 31, 2015, the Group had the following contingent liabilities:

	Thousands of Yen	Thousands of U.S. Dollars
Guarantees for bank loans of employees	¥ 14,010	$ 117
Guarantees for customer's installment payables to banks	109,800	915

On January 30, 2007, Gerber Scientific International, Inc., filed a lawsuit against the Company's subsidiary, Roland DGA Corporation, claiming infringement on certain patent rights related to the products distributed by Roland DGA Corporation. On April 9, 2010, Gerber Scientific International, Inc., filed an additional lawsuit against the Company as a codefendant of Roland DGA Corporation. The Company believes that none of the cases being litigated constitute an infringement of any patent rights; however, such litigation process may adversely affect its operating results.

17. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were the following:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrealized losses on available-for-sale securities:			
Losses arising during the year	¥ (2,882)	¥ (2,509)	$ (24)
Amount before income tax effect	(2,882)	(2,509)	(24)
Income tax effect	1,005	874	8
Total	¥ (1,877)	¥ (1,635)	$ (16)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 584,469	¥ 2,175,165	$ 4,871
Amount before income tax effect	584,469	2,175,165	4,871
Total	¥ 584,469	¥ 2,175,165	$ 4,871
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (242,181)	¥ —	$ (2,018)
Reclassification adjustments to profit and loss	(8,840)	—	(74)
Amount before income tax effect	(251,021)	—	(2,092)
Income tax effect	79,222	—	660
Total	¥ (171,799)	¥ —	$ (1,432)
Total other comprehensive income	¥ 410,793	¥ 2,173,530	$ 3,423

18. NET INCOME PER SHARE

The basis of computing earnings per share ("EPS") for the years ended March 31, 2015 and 2014, is as follows:

	Thousands of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
For the year ended March 31, 2015:				
EPS				
Net income available to common shareholders	¥ 3,190,291	15,130	¥ 210.87	$ 1.76
For the year ended March 31, 2014:				
EPS				
Net income available to common shareholders	¥ 4,265,486	17,800	¥ 239.64	$ 2.33

19. BUSINESS COMBINATIONS

On September 25, 2014, the Company made a contribution in kind of shares of the following subsidiaries of the Company to Roland DG Europe Holdings B.V, a consolidated subsidiary of the Company. Thus the following subsidiaries became indirect subsidiaries of the Company:

- Roland DG Benelux N.V.
- Roland DG (U.K.) Ltd.
- Roland Digital Group Iberia, S.L.
- Roland DG Mid Europe S.r.l.
- Roland DG North Europe A/S
- Roland DG EMEA S.L.

The purpose of this contribution was to improve the return on investments, enhance integrated fund management and reorganize the Groups operations in Europe. The Company accounted for this business combination as a transaction under common control under ASBJ Statement No. 21, "Accounting Standard for Business Combinations" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

20. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments

1. Description of Reportable Segments

The Group manufactures and sells computer peripheral equipment and there are no separate business segments. Therefore, the Group has a single reportable segment.

2. Information about Products and Services

	Thousands of Yen			
	2015			
	Printers	Supplies	Other	Total
Sales to external customers	¥ 21,053,412	¥ 14,351,673	¥ 11,364,930	¥ 46,770,015

	Thousands of Yen			
	2014			
	Printers	Supplies	Other	Total
Sales to external customers	¥19,262,929	¥ 13,602,103	¥ 9,276,877	¥ 42,141,909

	Thousands of U.S. Dollars			
	2015			
	Printers	Supplies	Other	Total
Sales to external customers	$ 175,445	$ 119,597	$ 94,708	$ 389,750

3. Information about Geographical Areas

(1) Sales

Thousands of Yen					
2015					
Japan	USA	Europe	Asia	Other	Total
¥ 4,960,317	¥ 10,970,243	¥ 16,616,089	¥ 4,250,198	¥ 9,973,168	¥ 46,770,015

Thousands of Yen					
2014					
Japan	USA	Europe	Asia	Other	Total
¥ 4,727,070	¥ 10,234,709	¥ 14,354,279	¥ 3,633,325	¥ 9,192,526	¥ 42,141,909

Thousands of U.S. Dollars					
2015					
Japan	USA	Europe	Asia	Other	Total
$ 41,336	$ 91,419	$ 138,467	$ 35,418	$ 83,110	$ 389,750

Note: Sales are classified by country or region based on the location of customers.

(2) Property, plant, and equipment

Thousands of Yen			
2015			
Japan	Thailand	Other Foreign Countries	Total
¥ 5,476,923	¥ 1,085,508	¥ 983,345	¥ 7,545,776

Thousands of Yen			
2014			
Japan	Thailand	Other Foreign Countries	Total
¥ 5,642,126	¥ 695,537	¥ 902,568	¥ 7,240,231

Thousands of U.S. Dollars			
2015			
Japan	Thailand	Other Foreign Countries	Total
$ 45,641	$ 9,046	$ 8,195	$ 62,882

21. RELATED-PARTY TRANSACTIONS

The material transactions and related balances of the Company with Roland Corporation, the former parent company, for the years ended March 31, 2015 and 2014, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Purchase of treasury stock	¥ 11,420,480	¥ —	$ 95,171

This transaction with Roland Corporation was performed according to the resolution at the Board of Directors meeting held on May 14, 2014, and the Company purchased 3,560,000 shares of the Company held by Roland Corporation at ¥3,208 ($26.73) per share by open offer. As a result of this transaction, the holding ratio of Roland Corporation to the Company decreased to 24.8%, and Roland Corporation changed from being the parent company to an affiliate company of the Company.

22. SUBSEQUENT EVENT

Appropriations of retained earnings

The following appropriations of retained earnings at March 31, 2015, are scheduled to be approved at the Company's shareholders' meeting held on June 17, 2015.

	Thousands of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥30 ($0.25) per share	¥ 431,475	$ 3,596

Deloitte Touche Tohmatsu LLC
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To the Board of Directors of Roland DG Corporation:

We have audited the accompanying consolidated balance sheet of Roland DG Corporation (the “Company”) and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Roland DG Corporation and its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation
Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 5, 2015

Member of
Deloitte Touche Tohmatsu Limited

Corporate Data

COMPANY OUTLINE (As of March 31, 2015)

Name
Roland DG Corporation

Founded
May 1,1981

Common Stock
¥3,669 million

Net Sales for FY2015 (Nonconsolidated)
¥33,818 million

Number of Employees (Nonconsolidated)
648

Main Products
Wide-format Color Inkjet Printers, Inkjet Printer/Cutters, Vinyl Cutting Machines, 3D Milling Machines, 3D Printer, Engraving Machines, Dental Milling Machines, Digital Hobby Mills, Photo Impact Printers

Headquarters
1-6-4 Shinmiyakoda, Kita-ku, Hamamatsu-shi,
Shizuoka-ken, 431-2103, Japan
Phone: +81 53 484 1200 Fax: +81 53 484 1227
Website: http://www.rolanddg.com/

Branch Offices in Japan
Tokyo, Osaka, Nagoya, Fukuoka

Number of Shareholders
10,828

Stock Exchange Listing
Tokyo

Stock Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation

Independent Auditor
Deloitte Touche Tohmatsu LLC

Directors and Audit & Supervisory Board Members (As of June 17, 2015)

Chairman and President	Masahiro Tomioka
Vice Chairman	Robert Curtis
Vice President	Hidenori Fujioka
Senior Exective Director	Wataru Suzuki
Managing Director	Shuji Hotta
Director	David Goward
Director	Takuo Hirose
Outside Director	Akira Hiruma
Outside Director	Chieko Okuda
Audit & Supervisory Board Member	Masanori Nakagawa
Audit & Supervisory Board Member	Masayasu Suzuki
External Audit & Supervisory Board Member	Katsuhiro Endo
External Audit & Supervisory Board Member	Shigeki Matsuda

GROUP COMPANIES (As of March 31, 2015)

Sales

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North Somerset BS21 6UJ, U.K.
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Roland Digital Group Iberia, S.L.
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119049 Moscow, Russia
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Roland DG Europe Holdings B.V.
Prof. J.H. Bavincklaan 2-4,
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Phone: +31 20 723 3670

Production

Roland Digital Group (Thailand) Ltd.
30/122 Moo 1, Sinsakhon Industrial Estate
Tambol Khok Kham, Ampur Muang, Samutsakhon 74000, Thailand
Phone: +66 2 402 2220 Fax: +66 2 402 2220

Shared Services

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Roland DG Corporation

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