Imagine.

Roland DG Corporation

Annual Report 2012

Year ended March 31, 2012

To Our Shareholders

We are pleased to present our business overview and consolidated financial results for the 2012 fiscal year April 1, 2011 through March 31, 2012.

Following the devastating Great East Japan Earthquake, the most powerful earthquake to ever hit Japan, the Japanese economy suffered a sharp decline. Japanese economy had shown a graded recovery after, however, from the summer onwards, the speed of the recovery fell. Subsequently, the yen rose to a record high exchange rate against not only the dollar, but the euro as well. While the economies of emerging countries, including China, remained solid, the worsening economy in Europe negatively impacted developed countries, including the U.S.

Under these circumstances, the Roland DG Group undertook a number of initiatives to expand our customer base. We added the revolutionary, low-cost, desktop-sized BN-20 to our metallic printer lineup. At the same time, we launched new UV printer products, including the LEF-12, which contributed to the opening of new markets and the development of new applications, including industrial printing, personalization and advertising specialties. Sales of milling machines for the dental industry, which were launched the previous year, continued to progress. We also launched the iModela mini-3D mill targeted to individuals in the growing hobby and craft markets.

In terms of individual regional markets, printer and 3D product sales were strong in Japan. In North America and Europe, sales maintained the previous year's levels despite the negative influence of the strong yen. In Asia, sales weakened in China, South Korea, and India – markets which had performed well in the previous year. In other regions, net sales exceeded those of the previous year, partly as a result of strong sales in South America, not including Brazil, as well as the consolidation with the Australian subsidiary.

As a result, net sales for the fiscal year increased to 31,379 million yen (up 0.3% year on year). With regards to expenses, we achieved ink and new product cost reductions. Due to the strong yen and parts procurement difficulties precipitated by the earthquake, operating income fell to 1,450 million yen (down16.5% year on year). Overall, our activities resulted in net income of 688 million yen (up 9.8% year on year).

We expect continued gradual economic growth in emerging countries. For developed countries, however, there remain significant concerns regarding economic deceleration, especially in Europe, and continued yen appreciation in the foreign exchange market. Therefore, we expect softness in the business climate to continue.

In light of these concerns, we will continue to grow our business by developing new products for expanding applications and cultivating customers in new markets while also capturing demand in emerging countries, especially in Asia.

June 2012

Masashi Igarashi
Chairman

Masahiro Tomioka
President

In April, we celebrated our 30th anniversary with a week-long celebration in Japan. Honored guests included the 16 regional finalists in the company's Roland Creative Awards international contest, chosen from 1193 entries received from 120 countries.

Financial Highlights

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31

●Consolidated

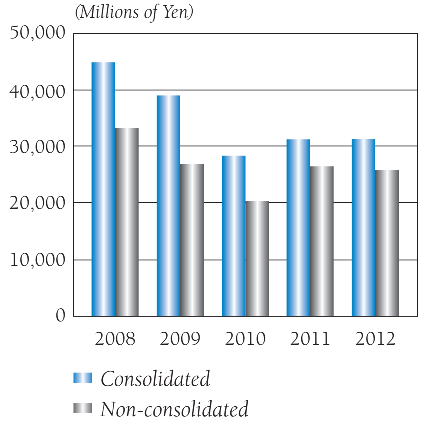
	Millions of Yen					Thousands of U.S. Dollars
	2012	2011	2010	2009	2008	2012
Operating Results						
Net sales	¥ 31,379	¥ 31,283	¥ 28,403	¥ 39,047	¥ 44,904	$ 382,674
Operating income	1,450	1,737	708	4,775	9,585	17,682
Net income (loss)	688	626	(82)	2,892	4,559	8,385
Net cash (used in) provided by operating activities	(514)	1,188	6,049	1,488	4,793	(6,269)
Financial Position						
Total equity	24,780	24,796	26,045	26,662	27,784	302,201
Total assets	29,336	31,132	31,061	33,643	37,221	357,752
	Yen					U.S. Dollars
Per Share Data						
Net income (loss)	¥ 38.63	¥ 35.19	¥ (4.61)	¥ 162.49	¥ 256.12	$ 0.47
Equity	1,347.88	1,351.41	1,413.61	1,440.79	1467.95	16.44
Cash dividends applicable to the year	30.00	30.00	30.00	50.00	60.00	0.37

●Non-consolidated

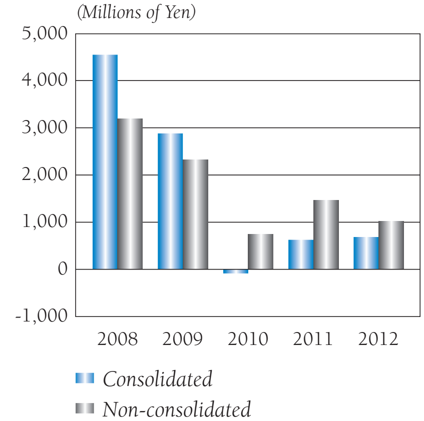
	Millions of Yen					Thousands of U.S. Dollars
	2012	2011	2010	2009	2008	2012
Operating Results						
Net sales	¥ 25,900	¥ 26,511	¥ 20,363	¥ 26,940	¥ 33,231	$ 315,851
Operating income	1,251	1,909	349	1,651	4,944	15,251
Net income	1,021	1,465	741	2,331	3,192	12,452
Financial Position						
Total equity	24,701	24,215	23,201	23,164	21,919	301,227
Total assets	29,077	28,711	27,013	28,438	27,777	354,601
	Yen					U.S. Dollars
Per Share Data						
Net income	¥ 57.37	¥ 82.28	¥ 41.62	¥ 130.95	¥ 179.32	$ 0.70
Equity	1,387.71	1,360.42	1,303.43	1,301.35	1,231.41	16.92

Note: The U.S. dollar amounts have been translated, for convenience only, at the rate of ¥82 to U.S.$1, the approximate rate of exchange at March 31, 2012.

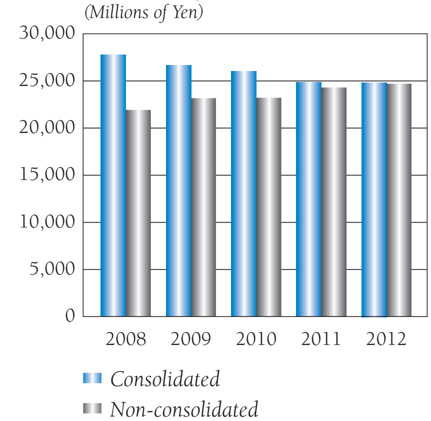
Net Sales
(Millions of Yen)



Net Income
(Millions of Yen)



Total Equity
(Millions of Yen)



Consolidated Balance Sheets

Roland DG Corporation and Consolidated Subsidiaries
March 31, 2012 and 2011

Assets

	Thousands of Yen 2012	Thousands of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
CURRENT ASSETS:			
Cash and time deposits (Notes 3 and 11)	¥ 7,252,516	¥ 9,324,703	$ 88,445
Notes and accounts receivable (Notes 11 and 18):			
Trade notes	121,322	18, 938	1,480
Trade accounts	3,565,277	3,154,396	43,479
Unconsolidated subsidiaries	—	301,158	—
Allowance for doubtful receivables	(19,961)	(28,541)	(243)
Inventories (Note 4)	6,946,422	6,392,236	84,712
Deferred tax assets (Note 8)	792,647	866,428	9,666
Prepaid expenses and other	1,379,548	1,604,645	16,824
Total current assets	20,037,771	21,633,963	244,363
PROPERTY, PLANT AND EQUIPMENT (Note 10):			
Land	2,780,338	3,187,526	33,906
Buildings and structures	5,692,035	6,472,634	69,415
Machinery and equipment	656,998	608,019	8,012
Tools, furniture and fixtures	2,503,436	2,169,979	30,530
Construction in progress	37,884	69,718	462
Total property, plant, and equipment	11,670,691	12,507,876	142,325
Accumulated depreciation	(5,294,759)	(5,479,781)	(64,570)
Net property, plant, and equipment	6,375,932	7,028,095	77,755
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 11)	18,528	20,342	226
Investments in unconsolidated subsidiaries and associated companies (Note 11)	507,562	159,545	6,190
Goodwill	788,266	954,158	9,613
Software	572,113	459,565	6,977
Long-term time deposits	500,000	500,000	6,097
Deferred tax assets (Note 8)	194,817	39, 621	2,376
Other assets	340,682	336,311	4,155
Total investments and other assets	2,921,968	2,469,542	35,634
TOTAL	¥29,335,671	¥31,131,600	$ 357,752

See notes to consolidated financial statements.

Liabilities and Equity

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
CURRENT LIABILITIES:			
Accounts payable (Note 11)			
Trade	¥ 1,424,011	¥ 2,867,747	$ 17,366
Other	693,271	562,290	8,455
Short-term bank loans (Note 5)	42,571	89,464	519
Income taxes payable (Note 8)	75,212	725,464	917
Accrued expenses	397,415	373,028	4,847
Accrued bonuses	540,879	463,243	6,596
Accrued warranties	246,692	267,348	3,008
Other	423,554	564,317	5,165
Total current liabilities	3,843,605	5,912,901	46,873
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 6)	129,922	106,635	1,584
Long-term payables	123,718	127,212	1,509
Other	457,972	188,722	5,585
Total long-term liabilities	711,612	422,569	8,678
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 10, 11, 12 and 13)			
EQUITY (Notes 7 and 16):			
Common stock, authorized, 71,200,000 shares; issued, 17,800,000 shares in 2012 and 2011	3,668,700	3,668,700	44,740
Capital surplus	3,700,604	3,700,604	45,129
Retained earnings	19,642,589	19,331,114	239,544
Treasury stock – at cost 393 shares in 2012 and 314 shares in 2011	(639)	(560)	(8)
Accumulated other comprehensive income			
Unrealized gains on available-for-sale securities	2,315	3,713	28
Foreign currency translation adjustments	(3,021,913)	(2,648,834)	(36,852)
Total	23,991,656	24,054,737	292,581
Minority interests	788,798	741,393	9,620
Total equity	24,780,454	24,796,130	302,201
TOTAL	¥ 29,335,671	¥ 31,131,600	$ 357,752

Consolidated Statements of Income

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
NET SALES (Notes 17 and 18)	¥31,379,258	¥31,282,908	$ 382,674
COST OF SALES (Note 9)	19,582,952	19,814,319	238,816
Gross profit	11,796,306	11,468,589	143,858
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	10,346,427	9,731,811	126,176
Operating income	1,449,879	1,736,778	17,682
OTHER INCOME (EXPENSES):			
Interest and dividend income	47,939	81,708	585
Interest expense	(14,072)	(20,536)	(172)
Loss on disposals or sales of property, plant, and equipment	(4,402)	(25,354)	(54)
Foreign exchange losses	(47,491)	(156,623)	(579)
Sales discount charges	(157,608)	(139,755)	(1,922)
Loss on impairment of goodwill (Note 2-i)	—	(303,769)	—
Other - net	46,334	82,131	565
Other expenses – net	(129,300)	(482,198)	(1,577)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	1,320,579	1,254,580	16,105
INCOME TAXES (Note 8):			
Current	628,578	972,849	7,666
Deferred	(57,772)	(385,017)	(705)
Total income taxes	570,806	587,832	6,961
NET INCOME BEFORE MINORITY INTERESTS	749,773	666,748	9,144
MINORITY INTERESTS IN NET INCOME	62,239	40,317	759
NET INCOME	¥ 687,534	¥ 626,431	$ 8,385
PER SHARE OF COMMON STOCK (Notes 2-s and 15):	Yen		U.S. Dollars
Net income	¥ 38.63	¥ 35.19	$ 0.47
Cash dividends	30.00	30.00	0.37

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
NET INCOME BEFORE MINORITY INTERESTS	¥ 749,773	¥ 666,748	$ 9,144
OTHER COMPREHENSIVE LOSS (Note 14):			
Unrealized losses on available-for-sale securities	(1,398)	(5,280)	(17)
Foreign currency translation adjustments	(417,888)	(1,439,726)	(5,097)
Total other comprehensive loss	(419,286)	(1,445,006)	(5,114)
COMPREHENSIVE INCOME (LOSS) (Note 14)	¥ 330,487	¥ (778,258)	$ 4,030
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO (NOTE 14):			
Owners of the parent	¥ 313,057	¥ (662,044)	$ 3,818
Minority interests	17,430	(116,214)	212

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

		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	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2010	¥ 17,799,730	¥ 3,668,700	¥ 3,700,604	¥ 19,149,676	¥ (498)	¥ 8,993	¥ (1,365,639)	¥ 25,161,836	¥ 883,600	¥ 26,045,436
Net income				626,431				626,431		626,431
Cash dividends, ¥25 per share				(444,993)				(444,993)		(444,993)
Purchases of treasury stock	(44)				(62)			(62)		(62)
Net change in the year						(5,280)	(1,283,195)	(1,288,475)	(142,207)	(1,430,682)
BALANCE, MARCH 31, 2011	17,799,686	3,668,700	3,700,604	19,331,114	(560)	3,713	(2,648,834)	24,054,737	741,393	24,796,130
Adjustments of retained earnings for newly consolidated subsidiaries				157,931				157,931		157,931
Net income				687,534				687,534		687,534
Cash dividends, ¥30 per share				(533,990)				(533,990)		(533,990)
Purchases of treasury stock	(79)				(79)			(79)		(79)
Net change in the year						(1,398)	(373,079)	(374,477)	(47,405)	(327,072)
BALANCE, MARCH 31, 2012	¥ 17,799,607	¥ 3,668,700	¥ 3,700,604	¥ 19,642,589	¥ (639)	¥ 2,315	¥ (3,021,913)	¥ 23,991,656	¥ 788,798	¥ 24,780,454

	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	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2011	$ 44,740	$ 45,129	$ 235,745	$ (7)	$ 45	$ (32,302)	$ 293,350	$ 9,042	$ 302,392
Adjustments of retained earnings for newly consolidated subsidiaries			1,926				1,926		1,926
Net income			8,385				8,385		8,385
Cash dividends, $0.37 per share			(6,512)				(6,512)		(6,512)
Purchases of treasury stock				(1)			(1)		(1)
Net change in the year					(17)	(4,550)	(4,567)	578	(3,989)
BALANCE, MARCH 31, 2012	$ 44,740	$ 45,129	$ 239,544	$ (8)	$ 28	$ (36,852)	$ 292,581	$ 9,620	$ 302,201

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 1,320,579	¥ 1,254,580	$ 16,105
Adjustments for:			
Income taxes paid	(1,134,609)	(195,599)	(13,837)
Depreciation and amortization	1,059,029	1,091,579	12,915
Loss on impairment of goodwill	—	303,769	—
(Reversal of) provision for allowance for doubtful receivables	(16,624)	7,300	(203)
Provision for accrued bonuses	78,644	29,564	959
(Reversal of) provision for accrued warranties	(20,058)	91,950	(245)
Increase in liability for retirement benefits	23,287	28,611	284
Interest and dividend income	(47,939)	(81,708)	(585)
Interest expense	14,072	20,536	172
Loss on disposals or sales of property, plant, and equipment	4,402	25,354	54
Changes in assets and liabilities:			
Increase in notes and accounts receivable	(135,836)	(742,272)	(1,656)
Increase in inventories	(489,224)	(1,864,360)	(5,966)
Decrease in prepaid expenses and other current assets	70,776	121,354	863
Decrease in other investments and assets	1,602	1,704	20
(Decrease) increase in accounts payable	(1,466,312)	1,124,638	(17,882)
Increase (decrease) in other current liabilities	1,806	(63,577)	22
Increase in other long-term liabilities	243,574	22,475	2,970
Other – net	(21,207)	12,602	(259)
Total adjustments	(1,834,617)	(66,080)	(22,374)
Net cash (used in) provided by operating activities	(514,038)	1,188,500	(6,269)
INVESTING ACTIVITIES:			
Payments into time deposits	(620,836)	(582,100)	(7,571)
Proceeds from withdrawal of time deposits	619,342	58,210	7,553
Purchases of property, plant, and equipment	(480,245)	(409,906)	(5,857)
Proceeds from sales of property, plant, and equipment	511,013	7,582	6,232
Purchases of software and other intangible assets	(311,515)	(127,915)	(3,799)
Purchases of investment securities	(796)	(738)	(10)
Proceeds from sales of investment securities	—	1,250	—
Purchase of shares of an associated company	(587,083)	(70,297)	(7,159)
Other	(20,002)	(269)	(24)
Net cash used in investing activities	(890,122)	(1,124,183)	(10,855)
FINANCING ACTIVITIES:			
(Decrease) increase in short-term bank loans – net	(50,840)	(96,547)	(620)
Dividends paid	(536,798)	(444,492)	(6,546)
Dividends paid to minority shareholders	(32,716)	(25,992)	(399)
Other	(14,996)	(5,737)	(183)
Net cash used in financing activities	(635,350)	(379,674)	(7,748)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(102,245)	(580,588)	(1,247)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,141,755)	(895,945)	(26,119)
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	84,275	—	1,028
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,785,058	9,681,003	107,135
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 6,727,578	¥ 8,785,058	$ 82,044

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

NOTE: 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 conformity 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 2011 consolidated financial statements to conform to the classifications used in 2012.

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 ¥82 to $1, the approximate rate of exchange at March 31, 2012. 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.

NOTE: 2

Summary of significant accounting policies

a. Consolidation — The consolidated financial statements as of March 31, 2012, include the accounts of the Company and its eight (seven in 2011) 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 or influence concept, 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.

Investments in two unconsolidated subsidiaries (one in 2011) 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.

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 that (1) 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; (2) 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; (3) however, the following items 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 research and development ("R&D") costs; 4) cancellation of fair value model accounting for property, plant, and equipment and investment properties and incorporation of cost model accounting; and 5) exclusion of minority interests from net income, if contained in net income.

c. 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.

d. 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.

e. 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.

f. 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 thirty-one years for buildings and structures and from two to six years for tools, furniture, and fixtures.

g. Intangible Assets — Goodwill is amortized by the straight-line method over 10 years.

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.

h. 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 issued in June 1993. 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, which 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.

i. 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 would be 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 year ended March 31, 2011. As a result, the Group recognized an impairment loss of ¥303,769 thousand for goodwill of Roland DG (U.K.) Ltd. and Roland DG North Europe A/S. The impairment loss was due to the fact that estimated profit at the point of business transfer was no longer expected, and the carrying amount of the relevant goodwill was written down to the recoverable amount. The recoverable amount of this goodwill was measured by its value in use, computed as the present value of future cash flows of both companies.

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

The unrecognized actuarial gain or loss is amortized by the declining-balance method over 10 years, which is within the average remaining service period of employees expected to receive benefits under the plan.

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.

k. Asset Retirement Obligations — In March 2008, the ASBJ published the accounting standard for asset retirement obligations, 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 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 increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

l. Research and Development Costs — R&D costs are charged to income as incurred.

m. 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.

n. Bonuses to Directors and Corporate Auditors — Bonuses to directors and corporate auditors are accrued at the year-end to which such bonuses are attributable.

o. 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 tax laws to the temporary differences.

p. 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.

q. 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.

r. 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.

s. 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 disclosed 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 years, including dividends to be paid after the end of the year.

t. 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.

u. 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 due to a revision of accounting standards, the new policy is applied retrospectively, unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an 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. This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors, which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

v. New Accounting Pronouncements

Accounting Standard for Retirement Benefits — 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 Business Accounting Council in 1998 with effective date of April 1, 2000, and the other related practical guidances, being followed by partial amendments from time to time through 2009. Major changes are as follows:

(a) Treatment in the balance sheets

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheets, and the differences between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset.

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 the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be 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 shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013, 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 expects to apply the revised accounting standard from the end of the annual period beginning on April 1, 2013, and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

NOTE: 3
Reconciliation to cash and cash equivalents

The reconciliation of cash and time deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statement of cash flows at March 31, 2012 and 2011, was as follows:

	Thousands of Yen 2012	Thousands of Yen 2011	Thousands of U.S. Dollars 2012
Cash and time deposits	¥ 7,252,516	¥ 9,324,703	$ 88,445
Time deposits with original maturities of more than three months	(524,938)	(539,645)	(6,401)
Cash and cash equivalents	¥ 6,727,578	¥ 8,785,058	$ 82,044

NOTE: 4
Inventories

Inventories at March 31, 2012 and 2011, consisted of the following:

	Thousands of Yen 2012	Thousands of Yen 2011	Thousands of U.S. Dollars 2012
Merchandise and finished products	¥ 4,747,353	¥ 4,650,676	$ 57,894
Work in process	112,913	45,066	1,377
Raw materials and supplies	2,086,156	1,696,494	25,441
Total	¥ 6,946,422	¥ 6,392,236	$ 84,712

NOTE: 5
Short-term bank loans

Short-term bank loans at March 31, 2012 and 2011, consisted of bank overdrafts. The annual interest rates applicable to the short-term bank loans were 8.8% and 3% at March 31, 2012 and 2011, respectively.

NOTE: 6
Retirement benefits

The liability for employees' retirement benefits at March 31, 2012 and 2011, consisted of the following:

	Thousands of Yen 2012	Thousands of Yen 2011	Thousands of U.S. Dollars 2012
Projected benefit obligation	¥ 2,729,866	¥ 2,263,618	$ 33,291
Fair value of plan assets	(2,179,008)	(2,009,738)	(26,573)
Unrecognized prior service cost	61,210	76,512	746
Unrecognized actuarial loss	(482,146)	(223,757)	(5,880)
Net liability	¥ 129,922	¥ 106,635	$ 1,584

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011, were as follows:

	Thousands of Yen 2012	Thousands of Yen 2011	Thousands of U.S. Dollars 2012
Service cost	¥ 175,867	¥ 167,734	$ 2,145
Interest cost	56,590	52,937	690
Expected return on plan assets	(50,243)	(48,094)	(613)
Amortization of prior service cost	(15,302)	(15,302)	(186)
Recognized actuarial loss	46,094	42,742	562
Other retirement expenses	185,104	150,882	2,257
Net periodic benefit costs	¥ 398,110	¥ 350,899	$ 4,855

Other retirement expenses consisted of the Company's contribution to the employees' pension funds and the consolidated foreign subsidiaries' contributions to the defined contribution plans.

Assumptions used for the years ended March 31, 2012 and 2011, are set forth as follows:

	2012	2011
Discount rate	1.8%	2.5%
Expected rate of return on plan assets	2.5%	2.5%

The Company recognizes unrecognized actuarial gains or losses by the declining-balance method over 10 years beginning in the year following the year in which such gains or losses are incurred.

NOTE: 7
Equity

At March 31, 2012, 40% of the Company's issued shares were owned by Roland Corporation, which is principally engaged in the manufacturing and sales of electronic musical instruments.

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, such as (1) having a board of directors, (2) having independent auditors, (3) having a board of corporate auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation. The board of directors of such company 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 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 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.

NOTE: 8
Income taxes

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 39.8% for the years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets:			
Intercompany profits on inventories	¥ 393,358	¥ 334,056	$ 4,797
Accrued enterprise taxes	15,934	74,781	194
Intangible assets	184,988	185,054	2,256
Accrued bonuses	196,621	180,387	2,398
Accrued warranties	81,387	94,919	992
Liability for retirement benefits	45,437	42,387	554
Long-term payables	27,245	35,020	332
Accrued expenses	77,060	71,547	940
Tax loss carryforwards	305,207	229,874	3,722
Other	76,222	74,215	930
Less valuation allowance	(303,803)	(285,238)	(3,705)
Total	¥ 1,099,656	¥ 1,037,002	$ 13,410
Deferred tax liabilities:			
Retained earnings appropriated for special allowances	¥ (66,083)	¥ (80,379)	$ (806)
Undistributed earnings of subsidiaries	(41,382)	(48,125)	(505)
Other	(4,727)	(2,449)	(57)
Total	¥ (112,192)	¥ (130,953)	$ (1,368)
Net deferred tax assets	¥ 987,464	¥ 906,049	$ 12,042

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, 2012 and 2011, was as follows:

	2012	2011
Normal effective statutory tax rate	39.8%	39.8%
Expenses not deductible for income tax purposes	4.8	8.5
Extra tax deduction on R&D expenses	(9.7)	(15.3)
Foreign tax credit	(0.6)	(0.9)
Lower income tax rates applicable to income in certain foreign countries	3.0	12.4
Undistributed earnings of subsidiaries	—	(5.8)
Effect of tax rate deduction	1.7	—
Changes in valuation allowance	1.7	7.6
Other – net	2.5	0.6
Actual effective tax rates	43.2%	46.9%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 39.8% to 37.2% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 34.8% afterward. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012, by ¥21,706 thousand ($265 thousand) and to increase income taxes – deferred in the consolidated statement of income for the year then ended by ¥21,880 thousand ($267 thousand), and unrealized gains on available-for-sale securities in the consolidated balance sheet as of March 31, 2012, by ¥174 thousand ($2 thousand).

NOTE: 9

Research and development costs

Research and development costs included in cost of sales for the years ended March 31, 2012 and 2011, were ¥2,334,872 thousand ($28,474 thousand) and ¥2,245,512 thousand, respectively.

NOTE: 10

Leases

The Group leases certain computer equipment, office space, and other assets.

Total lease payments under finance leases for the years ended March 31, 2012 and 2011, were ¥615 thousand ($8 thousand) and ¥13,478 thousand, respectively.

Pro Forma Information of Leased Property Whose Lease Inception was Before March 31, 2008

Pro forma information of leased property whose lease inception was before March 31, 2008, such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense, and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis, was as follows:

	Thousands of Yen		
	2012		
	Machinery and Equipment	Tools, Furniture, and Fixtures	Total
Acquisition cost	¥ —	¥ —	¥ —
Accumulated depreciation	—	—	—
Net leased property	¥ —	¥ —	¥ —

	Thousands of Yen		
	2011		
	Machinery and Equipment	Tools, Furniture, and Fixtures	Total
Acquisition cost	¥ 4,350	¥ 2,149	¥ 6,499
Accumulated depreciation	(4,259)	(1,791)	(6,050)
Net leased property	¥ 91	¥ 358	¥ 449

	Thousands of U.S. Dollars		
	2012		
	Machinery and Equipment	Tools, Furniture, and Fixtures	Total
Acquisition cost	$ —	$ —	$ —
Accumulated depreciation	—	—	—
Net leased property	$ —	$ —	$ —

Obligations under finance leases:

	Thousands of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥ —	¥ 562	$ —
Due after one year	—	—	—
Total	¥ —	¥ 562	$ —

Depreciation expense and interest expense under finance leases:

	Thousands of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Depreciation expense	¥ 462	¥ 13,605	$ 6
Interest expense	36	270	—
Total	¥ 498	¥ 13,875	$ 6

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statement of income, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancellable operating leases at March 31, 2012 and 2011, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥ 237,895	¥ 217,512	$ 2,901
Due after one year	495,654	560,607	6,045
Total	¥ 733,549	¥ 778,119	$ 8,946

NOTE: 11

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.

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

March 31, 2012	Thousands of Yen Carrying Amount	 Fair Value	 Unrealized Gains / Losses
Cash and time deposits	¥ 7,252,516	¥ 7,252,516	¥ —
Receivables	3,686,599	3,686,599	—
Investment securities	18,328	18,328	—
			—
Total	¥ 10,957,443	¥ 10,957,443	¥ —
Payables	¥ 2,117,282	¥ 2,117,282	—
Total	¥ 2,117,282	¥ 2,117,282	¥ —
Derivative Financial Instruments	¥ 29,009	¥ 29,009	¥ —

March 31, 2011	Thousands of Yen Carrying Amount	Thousands of Yen Fair Value	Thousands of Yen Unrealized Gains / Losses
Cash and time deposits	¥ 9,324,703	¥ 9,324,703	¥ —
Receivables	3,474,492	3,474,492	—
Investment securities	20,142	20,142	—
Total	¥ 12,819,337	¥ 12,819,337	¥ —
Payables	3,430,037	3,430,037	—
Total	¥ 3,430,037	¥ 3,430,037	¥ —
Derivative Financial Instruments	¥ 24,056	¥ 24,056	¥ —

March 31, 2012	Thousands of U.S. Dollars Carrying Amount	Thousands of U.S. Dollars Fair Value	Thousands of U.S. Dollars Unrealized Gains / Losses
Cash and time deposits	$ 88,445	$ 88,445	$ —
Receivables	44,959	44,959	—
Investment securities	224	224	—
Total	$ 133,628	$ 133,628	$ —
Payables	25,821	25,821	—
Total	$ 25,821	$ 25,821	$ —
Derivative Financial Instruments	$ 354	$ 354	$ —

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 and Payables

The fair values of receivables and payables approximate fair value because of their short maturities.

Derivatives

Information of the fair value for derivatives is included in Note 12.

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

	Carrying Amount Thousands of Yen 2012	Carrying Amount Thousands of Yen 2011	Carrying Amount Thousands of U.S. Dollars 2012
Investments in equity instruments that do not have quoted market prices in active markets	¥ 507,762	¥ 159,745	$ 6,192

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

March 31, 2012	Thousands of Yen Due in One year or less	Thousands of Yen Due after One year
Cash and time deposits	¥ 7,252,516	¥ —
Receivables	3,686,599	—
Total	¥ 10,939,115	¥ —

March 31, 2011	Thousands of Yen Due in One year or less	Thousands of Yen Due after One year
Cash and time deposits	¥ 9,324,703	¥ —
Receivables	3,474,492	—
Total	¥ 12,799,195	¥ —

March 31, 2012	Thousands of U.S. Dollars Due in One year or less		Due after One year	
Cash and time deposits	$	88,445	$	—
Receivables		44,959		—
Total	$	133,404	$	—

NOTE: 12 Derivatives

Derivative Transactions to Which Hedge Accounting Is Not Applied:

At March 31, 2012	Thousands of Yen Contract Amount		Contract Amount Due after One Year		Fair Value		Unrealized Gains / Losses
Foreign currency forward contracts:							
Buying Japanese yen	¥ 2,041,361	¥	—	¥	35,811	¥	35,811
Buying other currencies	¥ 1,040	¥	—	¥	(21)	¥	(21)
Foreign currency swap contracts:							
Selling Japanese yen	¥ 1,029,613	¥	—	¥	(6,781)	¥	(6,781)

At March 31, 2011	Thousands of Yen Contract Amount		Contract Amount Due after One Year		Fair Value		Unrealized Gains / Losses
Foreign currency forward contracts:							
Buying Japanese yen	¥ 2,271,517	¥	—	¥	29,235	¥	29,235
Foreign currency swap contracts:							
Selling Japanese yen	¥ 831,053	¥	—	¥	(5,179)	¥	(5,179)

At March 31, 2012	Thousands of U.S. Dollars Contract Amount		Contract Amount Due after One Year		Fair Value		Unrealized Gains / Losses
Foreign currency forward contracts:							
Buying Japanese yen	$ 24,895	$	—	$	437	$	437
Buying other currencies	$ 13	$	—	$	(0)	$	(0)
Foreign currency swap contracts:							
Selling Japanese yen	$ 12,556	$	—	$	(83)	$	(83)

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.

NOTE: 13 Contingent liabilities

At March 31, 2012, the Group had the following contingent liabilities:

	Thousands of Yen		Thousands of U.S. Dollars	
Trade notes discounted	¥	22,426	$	273
Guarantees for bank loans of employees		14,108		172

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.

NOTE: 14
Comprehensive income

The components of other comprehensive income for the year ended March 31, 2012, were the following:

	Thousands of Yen 2012	Thousands of U.S. Dollars 2012
Unrealized gain (loss) on available-for-sale securities:		
Losses arising during the year	¥ (2,610)	$ (32)
Amount before income tax effect	(2,610)	(32)
Income tax effect	1,212	15
Total	¥ (1,398)	$ (17)
Foreign currency translation adjustments:		
Adjustments arising during the year	¥ (417,888)	$ (5,097)
Amount before income tax effect	(417,888)	(5,097)
Total	¥ (417,888)	$ (5,097)
Total other comprehensive loss	¥ (419,286)	$ (5,114)

The corresponding information for the year ended March 31, 2011, was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

NOTE: 15
Net income per share

The basis of computing earnings per share ("EPS") for the years ended March 31, 2012 and 2011, 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, 2012:				
EPS				
Net income attributable to common shareholders	¥ 687,534	17,800	¥ 38.63	$ 0.47
For the year ended March 31, 2011:				
EPS				
Net loss available to common shareholders	¥ 626,431	17,800	¥ 35.19	

NOTE: 16
Subsequent event

The following appropriations of retained earnings at March 31, 2012, were scheduled to be approved at the Company's shareholders' meeting held on June 20, 2012:

	Thousands of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥ 15 ($0.18) per share	¥ 266,994	$ 3,256

NOTE: 17
Segment information

Under the ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and issued 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 is no separate business segment. Therefore, the Group has a single reportable segment.

(2) Information about Products and Services

	Thousands of Yen			
	2012			
	Printers	Supplies	Other	Total
Sales to external customers	¥13,324,329	¥ 10,313,265	¥ 7,741,664	¥31,379,258

	Thousands of Yen			
	2011			
	Printers	Supplies	Other	Total
Sales to external customers	¥14,208,448	¥ 10,062,563	¥ 7,011,897	¥31,282,908

	Thousands of U.S. Dollars			
	2012			
	Printers	Supplies	Other	Total
Sales to external customers	$ 162,492	$ 125,771	$ 94,411	$ 382,674

(3) Information about Geographical Areas

	Thousands of Yen					
	2012					
	Japan	USA	Europe	Asia	Other	Total
Sales to external customers	¥ 4,069,687	¥ 6,733,250	¥ 10,836,444	¥ 3,318,044	¥ 6,421,833	¥ 31,379,258

	Thousands of Yen					
	2011					
	Japan	USA	Europe	Asia	Other	Total
Sales to external customers	¥ 3,856,356	¥ 6,780,040	¥ 10,967,575	¥ 3,607,654	¥ 6,071,283	¥ 31,282,908

	Thousands of U.S. Dollars					
	2012					
	Japan	USA	Europe	Asia	Other	Total
Sales to external customers	$ 49,630	$ 82,113	$ 132,152	$ 40,464	$ 78,315	$ 382,674

Note : Sales are classified in countries or regions based on the location of customers.

NOTE: 18
Related party transactions

The material transactions and related balances of the Company with subsidiaries of Roland Corporation, the parent company, for the years ended March 31, 2012 and 2011, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Sales	¥ 1,115,818	¥ 1,227,984	$ 13,608
Trade notes and accounts receivable	415,075	469,968	5,062

INDEPENDENT AUDITORS' REPORT

Deloitte Touche Tohmatsu LLC
AOI TOWER
17-1, Koya-machi, Aoi-ku
Shizuoka-shi, Shizuoka 420-0852
Japan

Tel: +81(54)273 8091
Fax: +81(54)273 8166
www.deloitte.com/jp

To the Board of Directors of Roland DG Corporation:

We have audited the accompanying consolidated balance sheet of Roland DG Corporation and consolidated subsidiaries (the "Company") as of March 31, 2012, 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 conformity 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 misstatements, 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 conformity 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 the Company as of March 31, 2012, and the consolidated results of its operations and its cash flows for the year then ended in conformity 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 conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 6, 2012

Member of
Deloitte Touche Tohmatsu Limited

Corporate Data

COMPANY OUTLINE *(As of March 31, 2012)*

Name:
Roland DG Corporation

Founded:
May 1, 1981

Common Stock:
¥3,669 million

Net Sales for 2012 (Non-consolidated):
¥25,900 million

Number of Employees (Non-consolidated):
628

Main Products:
Color Graphics/Signmaking Devices, Vinyl Sign Cutters
Engraving/Routing Systems
Prototyping/Modeling Machines, 3D Scanners, Metal 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, Sapporo, Sendai, Hiroshima

Number of Stockholders:
12,889

Stock Exchange Listing:
Tokyo

Stock Transfer Agent:
Mitsubishi UFJ Trust and Banking Corporation

Independent Auditor:
Deloitte Touche Tohmatsu LLC

Directors and Corporate Auditors:
(As of June 21, 2012)

Chairman	Masashi Igarashi
President	Masahiro Tomioka
Senior Executive Director	Wataru Suzuki
Senior Executive Director	Robert Curtis
Director	Hideyuki Kakiuchi
Director	Jun Ito
Director	Shuji Hotta
Director	Hajime Yoshizawa
Director	Takuo Hirose
Corporate Auditor	Jiro Sato
Corporate Auditor	Masanori Nakagawa
Auditor	Masahiro Kinoshita
Auditor	Katsuhiro Endo

ROLAND GROUP NETWORK *(As of June 21, 2012)*

Japan:
Roland Corporation
BOSS Corporation

Overseas:
Roland DGA Corporation
15363 Barranca Parkway, Irvine, CA 92618, U.S.A.
Phone: +1 949 727 2100
Fax : +1 949 727 2112

Roland DG Benelux N.V.
Houtstraat 3, B-2260, Westerlo, Belgium
Phone: +32 14 57 59 11
Fax : +32 14 57 59 12

Roland DG (U.K.) Ltd.
Westway House, Hither Green Industrial Estate, Clevedon,
North Somerset, BS21 6XT UK
Phone: +44 1275 335540
Fax : +44 1275 335541

Roland Digital Group Iberia, S.L.
Parc Tecnològic del Vallès, Ceramistes,
6 08290 Cerdanyola del Vallès Spain
Phone: +34 93 591 84 00
Fax : +34 93 591 84 06

Roland DG Mid Europe S.r.l.
Via Leonardo da Vinci 1/b-Zona Industriale
63030 Acquaviva Picena (AP), Italy
Phone: +39 0735 586558
Fax : +39 0735 576176

Roland DG North Europe A/S
Engholm Parkvej 5, DK-3450, Allerød, Denmark
Phone: +45 88 82 20 00
Fax : +45 88 82 20 01

Roland DG Australia Pty. Ltd.
Allambie Grove Business Park Unit 14,
25 Frenchs Forest Rd, Frenchs Forest NSW 2086 Australia
Phone: +61 2 9975 0000
Fax : +61 2 9975 0001

Roland DG Deutschland GmbH
Halskestraße 7, 47877 Willich, Germany
Phone: +49 2154 8877 95
Fax : +49 2154 8877 96

Roland Digital Group (Thailand) Ltd.
Level 29, The Offices At Centralworld, Suite 2965, 999/9
Rama 1 Road, Pathumwan Bangkok 10330, Thailand
Phone: +66 2 207 2411
Fax : +66 2 207 2525

Roland Brasil Importacao, Exportacao, Comercio, Representacao
e Servicos Ltda.
Rua San Jose, 211 CEP 06715-862 Parque Industrial San Jose
Cotia-São Paulo-Brazil
Phone: +55 11 4615 5666
Fax : +55 11 4615 5699

Roland Taiwan Enterprise Co., Ltd.
Room 5, 9 FL. No.112 Chung Shan N. Rd.
Sec. 2, Taipei Taiwan, Republic of China
Phone: +886 2 2536 5217
Fax : +886 2 2531 1366

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http://www.rolanddg.com/