

Consolidated Financial Results for the Three Months Ended June 30, 2012 [JGAAP]



August 8, 2012

Company Name: Roland Corporation

Code Number: 7944

(URL: <http://www.roland.com/>)

Stock Exchange Listing: Tokyo, Osaka

Representative: Hidekazu Tanaka, President and Representative Director

Contact: Ichiro Nishizawa, Senior Managing Director

Phone: 053-523-3652

Scheduled date to submit the Quarterly Securities Report: August 10, 2012

Scheduled date to commence dividend payments: -

Availability of supplementary briefing material on quarterly results: Available (Japanese only)

Schedule of quarterly results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2012 (From April 1, 2012 to June 30, 2012)

(1) Consolidated Results of Operations (Cumulative) (% indicates changes from the previous period)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended June 30, 2012	17,997	(0.9)	(134)	-	(235)	-	35	(95.4)
Three months ended June 30, 2011	18,164	(5.7)	(247)	-	(313)	-	771	-

(Note) Comprehensive income: Three Months Ended June 30, 2012: ¥1,673 million ((18.1%))

Three Months Ended June 30, 2011: ¥2,044 million (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended June 30, 2012	1.48	-
Three months ended June 30, 2011	32.44	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Three months ended June 30, 2012	78,746	61,474	57.4	1,899.49
Fiscal year ended March 31, 2012	73,643	60,260	59.9	1,855.45

(Reference) Equity: Three Months Ended June 30, 2012: ¥45,183 million

Fiscal Year Ended March 31, 2012: ¥44,135 million

2. Dividends

	Annual Dividend				
	1Q	2Q	3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2012	-	10.00	-	10.00	20.00
Fiscal year ending March 31, 2013	-				
Fiscal year ending March 31, 2013 (Forecast)		7.50	-	7.50	15.00

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

3. Forecast of Consolidated Financial Results for Fiscal Year Ending March 31, 2013 (From April 1, 2012 to March 31, 2013)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First half (Cumulative)	38,600	4.4	400	-	200	-	(400)	-	(16.82)
Full year	80,200	7.2	2,400	175.1	1,900	1,288.5	100	-	4.20

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

* Notes

(1) Significant changes of subsidiaries during the three months ended June 30, 2012 (changes in specific subsidiaries resulting in changes in scope of consolidation): None

(2) Adoption of special accounting treatment for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards, etc.: Yes

2) Other changes in accounting policies: None

3) Changes in accounting estimates: Yes

4) Corrections of errors: None

(Note) Method for depreciation has been changed since the three months ended June 30, 2012, which falls under “the case where changes in accounting policies are difficult to distinguish from changes in accounting estimates.” Please refer to Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors in “2. Issues Related to Summary Information (Notes)” on page 6 of the attached Appendix for details.

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

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

Three months ended June 30, 2012	25,572,404 shares
Fiscal year ended March 31, 2012	25,572,404 shares

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

Three months ended June 30, 2012	1,785,315 shares
Fiscal year ended March 31, 2012	1,785,290 shares

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

Three months ended June 30, 2012	23,787,106 shares
Three months ended June 30, 2011	23,787,912 shares

* Presentation regarding the implementation status of the quarterly review process:

These quarterly financial results (not translated into English) are not subject to the quarterly review process required under the Financial Instruments and Exchange Act. However, the quarterly review process required under the Financial Instruments and Exchange Act was in progress at the time of the disclosure of these quarterly financial results.

* Explanation of the proper use of earnings projections and other notes:

- The above forecasted performance figures and other forward-looking statements stated herein are based on economic environment, business plans of the Company and other factors at the time of the release of this report. Therefore actual results may differ from forecast values due to various factors. For further information on the assumptions above, please see page 6 “Qualitative Information on Forecast of Consolidated Financial Results.”
- The supplementary briefing material on quarterly results will be posted on the Company’s website on Wednesday, August 8, 2012. (Japanese only)

Table of Contents of Appendix

1. Qualitative Information on Consolidated Performance for the Period under Review	2
(1) Qualitative Information on Consolidated Results of Operations	2
(2) Qualitative Information on Consolidated Financial Position	5
(3) Qualitative Information on Forecast of Consolidated Financial Results	6
2. Issues Related to Summary Information (Notes)	6
Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors	6

The following information has not been translated into English (we have Japanese version only.).

3. Consolidated Financial Statements	
(1) Consolidated Balance Sheets	
(2) Consolidated Statement of Income and Comprehensive Income	
(3) Notes to Going Concern Assumption	
(4) Segment Information, etc.	
(5) Notes in Case of Large Changes in Shareholder's Equity	

1. Qualitative Information on Consolidated Performance for the Period under Review

(1) Qualitative Information on Consolidated Results of Operations

Results of operations

(Millions of Yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012	Changes	Change rate
Net sales	18,164	17,997	(166)	(0.9%)
Electronic Musical Instruments Business	10,687	10,158	(529)	(5.0%)
Computer Peripherals Business	7,476	7,838	362	4.8%
Operating income (loss)	(247)	(134)	113	-
Electronic Musical Instruments Business	(281)	(159)	121	-
Computer Peripherals Business	33	25	(7)	(23.3%)
Ordinary income (loss)	(313)	(235)	77	-
Net income	771	35	(736)	(95.4%)

Results of net sales by business segment

(Millions of Yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012	Changes	Change rate
Electronic musical instruments	4,208	3,559	(648)	(15.4%)
Guitar-related equipment	2,095	2,062	(32)	(1.6%)
Home electronic musical instruments	2,549	2,820	270	10.6%
Professional video, professional audio and computer music equipment	1,333	1,161	(172)	(12.9%)
Others	500	554	54	10.8%
Electronic Musical Instruments Business	10,687	10,158	(529)	(5.0%)
Computer Peripherals Business	7,476	7,838	362	4.8%
Total	18,164	17,997	(166)	(0.9%)

Results of net sales by geographical segment

(Millions of Yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012	Changes	Change rate
Japan	2,167	2,377	209	9.7%
North America	3,267	2,794	(472)	(14.5%)
Europe	3,690	3,226	(464)	(12.6%)
Others	1,562	1,759	197	12.6%
Electronic Musical Instruments Business	10,687	10,158	(529)	(5.0%)
Japan	803	918	115	14.4%
North America	1,820	1,966	145	8.0%
Europe	2,649	2,664	15	0.6%
Others	2,203	2,288	85	3.9%
Computer Peripherals Business	7,476	7,838	362	4.8%
Total	18,164	17,997	(166)	(0.9%)

During the three months ended June 30, 2012, the Japanese economy continued to weaken despite certain discernible signs of domestic recovery and uncertainty over the future continued to prevail, due to overseas concerns mounted over an economic downturn from the European debt crisis and the further appreciation of the yen.

In this business climate, the Electronic Musical Instruments Business launched new highly competitive products in its main fields of keyboard instruments, percussion instruments, and guitar-related equipment, while continuing to focus its efforts on appealing to a wide range of customers through contests and product events, etc., as well as expanding its sales and distribution network through promotion of the global expansion of shop-in-shops. In Japan, new products, including digital pianos, electronic drums, and guitar synthesizers, which were launched at the beginning of the fiscal year, contributed to sales. Meanwhile in North America and Europe, sales were sluggish, as full-scale sales of new products would be launched from the second quarter onward. Additionally, sales grew steadily in the emerging markets, including Asia and Central and South America.

As a result, net sales decreased by 5.0% year on year to ¥10,158 million. Concerning the profit and loss, the Company, by improving its cost-to-sales ratio through increased production of new products, reduced the amount of deficit and posted an operating loss of ¥159 million (from an operating loss of ¥281 million for the same period of the previous fiscal year).

In the Computer Peripherals Business, the Company worked to establish a new business field, in addition to focusing its efforts on strengthening the global sales system and the product development and production regime. Additionally, in order to bolster its competitive edge in the emerging markets, a manufacturing subsidiary in Thailand is scheduled to commence operations in October 2012, while preparations have also begun to commence operations of a subsidiary that will aggregate and enhance the efficiency of back office functions of the European sales subsidiaries. In Japan and North America, robust sales were recorded mainly of new printers, which were launched in the previous fiscal year. In Europe, however, sales remained on the levels of the previous year, due to the effects of the strong yen. In China, although sales of printers remained generally the same as the previous fiscal year due to the slowdown in growth of the Chinese economy and intensified competition, sales of printers were strong in Brazil and Australia.

As a result, net sales increased by 4.8% year on year to ¥7,838 million and operating income, due in part to the effects of the strong yen and the increase in fixed expenses such as personnel costs, decreased by 23.3% year on year to ¥25 million.

As a result of the factors described above, overall net sales decreased by 0.9% year on year to ¥17,997 million and operating loss was ¥134 million (from an operating loss of ¥247 million for the same period of the previous fiscal year), and ordinary loss was ¥235 million (from an ordinary loss of ¥313 million for the same period of the previous fiscal year). However, the Company ultimately posted a net income of ¥35 million (a decrease of 95.4% year on year) due to the recording of deferred tax assets by a sales subsidiary in the United States.

The average exchange rates for the three months ended June 30, 2012 (*) were 79 yen to the US dollar (from 82 yen for the same period of the previous fiscal year), and 104 yen to the euro (from 113 yen for the same period of the previous fiscal year).

(*) Average for January to March 2012, because the fiscal year of the Company's foreign consolidated subsidiaries is from January to December.

Results of net sales by business segment are as follows.

<Electronic Musical Instruments Business>

[Electronic musical instruments]

With respect to synthesizers, sales mainly of existing high-end products in North America and Europe were particularly sluggish. As for sales of electronic drums, new products with new sound engines contributed to sales in Japan; however, sales mainly of existing products decreased in North America and Europe, as full-scale sales of new products would be launched from the second quarter onward. As a result, net sales for this segment decreased by 15.4% year on year, to ¥3,559 million.

[Guitar-related equipment]

With regard to guitar synthesizers, new products which were jointly developed with Fender Musical Instruments Corporation of the United States contributed to sales; however, sales of existing products declined in North America. Meanwhile, sales of existing multi-track recorder products for guitars were down year on year. As a result, net sales for this segment decreased by 1.6% year on year, to ¥2,062 million.

[Home electronic musical instruments]

Sales of digital pianos exceeded the levels of the same period of the previous fiscal year, thanks to the strong sales of the new products in our mainstay models in the major markets of Japan, North America and Europe. Meanwhile, sales of new products of keyboards with automatic accompaniment for foreign countries were robust, primarily in Europe, the Middle East and Asia. As a result, net sales for this segment increased by 10.6% year on year, to ¥2,820 million.

[Professional video, professional audio and computer music equipment]

With respect to professional audio equipment, sales were sluggish, primarily in Europe, but in the case of professional video equipment, robust sales of all-in-one AV mixers for live online video streaming were recorded in Japan and North America, which contributed to the posting of year-on-year sales growth. Computer music equipment, on the other hand, saw sluggish sales of music production software and peripheral equipment. As a result, net sales for this segment fell by 12.9% year on year, to ¥1,161 million.

[Others]

Sales of sound engines for online karaoke machines increased year on year in Japan. As a result, overall net sales for this segment increased by 10.8% year on year to ¥554 million.

As a result of the factors described above, net sales for the Electronic Musical Instruments Business decreased by 5.0% year on year to ¥10,158 million.

<Computer Peripherals Business>

With respect to printers, new products, including our compact UV printers capable of directly printing on three-dimensional objects, and our UV printers suited for making signs and our desktop size solvent printers with metallic silver ink, sold well. Additionally, we launched new low-solvent ink printers with improved image quality and productivity at lower base prices for the developed markets and new water-based ink printers for the Chinese and Korean markets, in order to capture new demand. As a result, sales from printers increased significantly year on year.

In 3D products, while milling machines, which went on sale for the dental market in the same period of the previous fiscal year, have been penetrating in the market and performing well on an actual sales basis, sales fell below year on year. As for supplies, sales decreased slightly year on year, primarily in inks, due to declining overseas demand.

As a result of the factors described above, net sales for Computer Peripherals Business increased by 4.8% year on year, to ¥7,838 million.

(2) Qualitative Information on Consolidated Financial Position

Total assets increased by ¥5,103 million from the end of previous consolidated fiscal year to ¥78,746 million. This is mainly attributable to a ¥2,806 million increase in cash and deposits due to loans payable and other factors, a ¥2,064 million increase in merchandise and finished goods, and increased financial statement yen equivalent values for our overseas affiliates due to the ongoing depreciation of the yen against other major currencies during the period from the end of the previous fiscal year of overseas affiliates (end of December 2011) to the end of the first quarter (end of March 2012).

Liabilities increased by ¥3,889 million from the end of the previous consolidated fiscal year to ¥17,272 million. This is mainly due to the increases in short-term loans payable and notes and accounts payable-trade, by ¥2,456 million and ¥1,605 million, respectively, as well as a ¥592 million decrease in provision for bonuses due to the payment of bonuses.

Net assets increased by ¥1,214 million from the end of the previous consolidated fiscal year to ¥61,474 million. Key factors included an increase in foreign currency translation adjustment by ¥1,351 million due to the above-mentioned depreciation of yen, as well as the posting of net income of ¥35 million and the dividends from surplus of ¥237 million.

The equity ratio was 57.4%, down 2.5 points from the end of the previous consolidated fiscal year, mainly due to an increase in both total assets and net assets stated above.

(3) Qualitative Information on Forecast of Consolidated Financial Results

As per the “Notice of Recording of Deferred Tax Assets in a Subsidiary,” dated July 27, 2012, a sales subsidiary of the Company in the United States recorded ¥0.5 billion in deferred tax assets for the three months ended June 30, 2012. However, given various uncertain factors such as future business conditions and demand trends, the Company has deferred the estimates stated in the forecasts of consolidated financial results for the six months ending September 30, 2012 and the full year of the fiscal year ending March 31, 2013, which were announced on May 9, 2012, and will publish a revised forecast immediately when reasonable calculations become possible.

2. Issues Related to Summary Information (Notes)

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

(Changes in accounting policies difficult to distinguish from changes in accounting estimates)

The Company and its domestic consolidated subsidiaries have changed their method for depreciation reflecting the revised Corporation Tax Act from the first quarter ended June 30, 2012, following the revision of the Act, in respect to property, plant and equipment acquired on or after April 1, 2012.

The impact of this change on the operating loss, ordinary loss and loss before income taxes and minority interests is minimal.