

Consolidated Financial Results for the Nine Months Ended December 31, 2010 [JGAAP]



February 4, 2011

Company Name: Roland Corporation

Code Number: 7944

(URL: <http://www.roland.co.jp/>)

Stock Exchange Listing: Tokyo, Osaka

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Scheduled date to submit the Quarterly Securities Report: February 9, 2011

Scheduled date to commence dividend payments: -

Availability of supplementary briefing material on quarterly results: Available

Schedule of quarterly results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2010 (From April 1, 2010 to December 31, 2010)

(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	%
Nine months ended December 31, 2010	58,020	6.7	1,802	-	572	-	(828)	-
Nine months ended December 31, 2009	54,368	(31.2)	(1,107)	-	(942)	-	(1,967)	-

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine months ended December 31, 2010	(34.85)	-
Nine months ended December 31, 2009	(78.37)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Nine months ended December 31, 2010	80,687	64,904	59.6	2,022.08
Fiscal year ended March 31, 2010	81,675	68,277	62.8	2,157.75

(Reference) Equity: Nine Months Ended December 31, 2010: ¥48,101 million

Fiscal Year Ended March 31, 2010: ¥51,329 million

2. Dividends

	Annual Dividend				
	1Q	2Q	3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2010	-	10.00	-	10.00	20.00
Fiscal year ending March 31, 2011	-	12.50	-		
Fiscal year ending March 31, 2011 (Forecast)				12.50	25.00

(Note) Revision of dividend forecasts: No

3. Forecast of Consolidated Financial Results for Fiscal Year Ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	78,400	4.5	1,900	-	500	-	(800)	-	(33.63)

(Note) Revision of forecast of consolidated financial results: Yes

4. Others (For details, please refer to "Others" on page 8 of the appendix)

(1) Significant changes of subsidiaries during the nine months ended December 31, 2010: None.

(Note) This refers to whether or not there were changes in specified subsidiaries resulting in changes in scope of consolidation during the period under review.

(2) Adoption of simplified accounting methods and special accounting treatment: Yes.

(Note) This refers to whether or not simplified accounting methods and special accounting treatment for preparing quarterly consolidated financial statements are adopted.

(3) Changes in accounting principles, procedures or format

1) Changes due to the revision of accounting standards (including laws, acts and regulations): None.

2) Other changes: None.

(Note) This refers to whether or not there were changes in accounting principles, procedures or format concerning preparation of quarterly consolidated financial statements that are to be stated in "Changes in important matters that form the basis for preparing quarterly consolidated financial statements."

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

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

Nine months ended December 31, 2010: 25,572,404 shares

Fiscal year ended March 31, 2010: 25,572,404 shares

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

Nine months ended December 31, 2010: 1,784,356 shares

Fiscal year ended March 31, 2010: 1,783,960 shares

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

Nine months ended December 31, 2010: 23,788,364 shares

Nine months ended December 31, 2009: 25,107,982 shares

(Notes)

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

These quarterly financial results (not translated into English) are prepared outside 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 has not been completed 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 are based on economic environment, business plans of the Company and so on at the time of the release of this report. Therefore, there might be cases in which actual results differ from forecast values. For further information on the assumptions above, please see page 7 “Qualitative Information on Forecast of Consolidated Financial Results.”

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

3. Consolidated Financial Statements	
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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)

	Third quarter ended December 31 (Three months)			Nine months ended December 31 (Nine months)		
	Fiscal year ended March 31, 2010	Fiscal year ending March 31, 2011	Change rate	Fiscal year ended March 31, 2010	Fiscal year ending March 31, 2011	Change rate
Net sales	18,882	18,748	(0.7%)	54,368	58,020	6.7%
Electronic Musical Instruments Business	11,391	10,879	(4.5%)	32,904	33,869	2.9%
Computer Peripherals Business	7,490	7,869	5.1%	21,463	24,150	12.5%
Operating income (loss)	472	304	(35.6%)	(1,107)	1,802	-
Electronic Musical Instruments Business	(175)	(183)	-	(1,627)	(369)	-
Computer Peripherals Business	647	487	(24.7%)	519	2,171	318.2%
Ordinary income (loss)	690	162	(76.4%)	(942)	572	-
Net income (loss)	146	(318)	-	(1,967)	(828)	-

Results of net sales by business segment

(Millions of Yen)

	Third quarter ended December 31 (Three months)			Nine months ended December 31 (Nine months)		
	Fiscal year ended March 31, 2010	Fiscal year ending March 31, 2011	Change rate	Fiscal year ended March 31, 2010	Fiscal year ending March 31, 2011	Change rate
Electronic musical instruments	4,672	4,076	(12.8%)	13,233	12,981	(1.9%)
Guitar-related equipment	2,124	2,149	1.2%	6,510	6,668	2.4%
Home electronic musical instruments	2,457	2,640	7.4%	6,828	7,849	14.9%
Professional video, professional audio and computer music equipment	1,412	1,386	(1.9%)	4,296	4,374	1.8%
Others	724	626	(13.5%)	2,034	1,994	(2.0%)
Electronic Musical Instruments Business	11,391	10,879	(4.5%)	32,904	33,869	2.9%
Computer Peripherals Business	7,490	7,869	5.1%	21,463	24,150	12.5%
Total	18,882	18,748	(0.7%)	54,368	58,020	6.7%

Results of net sales by geographical segment (Sales breakdown by location of customers)

(Millions of Yen)

	Third quarter ended December 31 (Three months)			Nine months ended December 31 (Nine months)		
	Fiscal year ended March 31, 2010	Fiscal year ending March 31, 2011	Change rate	Fiscal year ended March 31, 2010	Fiscal year ending March 31, 2011	Change rate
Japan	2,639	2,542	(3.7%)	7,509	7,546	0.5%
North America	3,193	2,953	(7.5%)	9,928	9,885	(0.4%)
Europe	4,011	3,506	(12.6%)	11,468	11,370	(0.9%)
Others	1,547	1,877	21.3%	3,997	5,066	26.8%
Electronic Musical Instruments Business	11,391	10,879	(4.5%)	32,904	33,869	2.9%
Japan	882	931	5.6%	2,621	2,731	4.2%
North America	1,789	1,981	10.7%	5,116	5,767	12.7%
Europe	2,485	2,410	(3.0%)	7,842	8,072	2.9%
Others	2,333	2,547	9.2%	5,883	7,579	28.8%
Computer Peripherals Business	7,490	7,869	5.1%	21,463	24,150	12.5%
Total	18,882	18,748	(0.7%)	54,368	58,020	6.7%

During the third quarter ended December 31, 2010, the Group's business climate has been as follows. In Japan, individual consumption remained weak on the back of concerns over corporate performance and the direction of the economy. In North America, although the economy is in the recovery trend, the pace of the recovery has been slow. The economic situation in Europe remains severe; for example, financial uncertainty has caused instability in the region's economies. Meanwhile, continual economic growth in the emerging countries, in China and Brazil in particular, is expanding demand.

In the middle of these circumstances, the Electronic Musical Instruments Business has continuously focused on initiatives to stimulate demand, such as contests and product events, and on expanding its distribution network through global expansion of shop-in-shops. We are also working to cultivate new customers. For example, in Japan we are setting up sections in musical-instrument stores where customers can try out electronic drums, and in North America, we are setting up mobile areas in large shopping malls where customers can try out our products.

By product, while sales of digital piano products with new sound engine have grown, sales of electronic drums were down year on year. By region, although sales have increased in Asia and other regions (including Central and South America), sales were flat year on year in our main markets of Japan, North America, and Europe.

As a result, along with the effect of the strong yen, net sales in this segment for the third quarter ended December 31, 2010 decreased by 4.5% year on year, to ¥10,879 million. Concerning the profit and loss, due to an increase of purchase costs at overseas subsidiaries attributable to the strong yen offsetting the improvements of cost-to-sales ratio through an increase in production output, operating loss was ¥183 million (from operating loss of ¥175 million for the same period of the previous fiscal year).

Net sales in this segment for the nine months ended December 31, 2010 increased by 2.9% year on year, to ¥33,869 million, and operating loss was ¥369 million (from operating loss of ¥1,627 million for the same period of the previous fiscal year).

The Computer Peripherals Business had strong sales of printers, especially the VS series with its expanded lineup, while sales of inks and other supplies were sluggish, especially in Europe, and were down year on year. By region, sales grew year on year in Japan, thanks to strong sales of printers equipped with metallic silver ink, and in North America, boosted by sales efforts relating to application solutions and the like. Although sales were also solid in Europe, they were down slightly year on year in Asia, due to the impact from such factors as inventory adjustments.

As a result, along with the effect of the strong yen, net sales in this segment for the third quarter ended December 31, 2010 increased by 5.1% year on year, to ¥7,869 million. Concerning the profit and loss, due to an increase of purchase costs at overseas subsidiaries attributable to the strong yen offsetting the improvements of cost-to-sales ratio through an increase in production output, operating income decreased by 24.7% year on year, to ¥487 million.

Net sales in this segment for the nine months ended December 31, 2010 increased by 12.5% year on year, to ¥24,150 million, and operating income increased by 318.2% year on year, to ¥2,171 million.

As a result of the factors described above, overall net sales for the third quarter ended December 31, 2010 decreased by 0.7% year on year, to ¥18,748 million, and operating income decreased by 35.6% year on year, to ¥304 million. In addition, affected by foreign exchange losses due to the strong yen and increase in tax expenses, ordinary income decreased by 76.4% year on year, to ¥162 million, and net loss was ¥318 million (from net income of ¥146 million for the same period of the previous fiscal year).

Overall net sales for the nine months ended December 31, 2010 increased by 6.7% year on year, to ¥58,020 million, and operating income was ¥1,802 million (from operating loss of ¥1,107 million for the same period of the previous fiscal year). Ordinary income was ¥572 million (from ordinary loss of ¥942 million for the same period of the previous fiscal year), and net loss was ¥828 million (from net loss of ¥1,967 million for the same period of the previous fiscal year).

The average exchange rates for the third quarter ended December 31, 2010 (*) were 86 yen to the US dollar (from 94 yen for the same period of the previous fiscal year), and 111 yen to the euro (from 134 yen for the same period of the previous fiscal year). The average exchange rates for the nine months ended December 31, 2010 (*) were 90 yen to the US dollar (from 95 yen for the same period of the previous fiscal year), and 118 yen to the euro (from 129 yen for the same period of the previous fiscal year).

(*) Because the fiscal year of foreign consolidated subsidiaries is from January to December, the third quarter ended December 31, 2010 means the period from July 2010 to September 2010 and the nine months ended December 31, 2010 mean the period from January 2010 to September 2010.

Results of net sales by business segment are as follows.

<Electronic Musical Instruments Business>

[Electronic musical instruments]

Sales of synthesizers grew year on year, especially of new products, thanks to such factors as introduction by major mass electronics retailers in North America. Sales of amplifiers for musical instruments also grew year on year, especially in Europe and Asia, thanks to robust sales of products for battery-powered instruments. Meanwhile, sales of electronic drums fell in our major markets of Japan, North America, and Europe (especially high-end models), and were down year on year. As a result, along with the effect of the strong yen, net sales for this segment for the third quarter ended December 31, 2010 decreased by 12.8% year on year, to ¥4,076 million, and net sales for the nine months ended December 31, 2010 decreased by 1.9% year on year, to ¥12,981 million.

[Guitar-related equipment]

Guitar effects are one of our mainstays. Sales of low-end multi-functional guitar effects were robust in Europe and Central and South America, as were sales of vocal effects. These sales played a central role in the year-on-year growth in this category. Sales were also strong of the audio player with built-in guitar effects and amps, as well as new multi-track recorder products. As a result, despite the effect of the strong yen, net sales for this segment for the

third quarter ended December 31, 2010 increased by 1.2% year on year, to ¥2,149 million, and net sales for the nine months ended December 31, 2010 increased by 2.4% year on year, to ¥6,668 million.

[Home electronic musical instruments]

Sales of digital pianos with the SuperNATURAL Piano sound engine were strong in Japan and Europe. In North America as well, we expanded our shop-in-shops and had increased adoption in educational facilities. Thanks to these factors, sales rose greatly year on year. Sales of electronic accordions also grew robustly, especially in Europe, and although the scale of sales is not large, steady market growth can be seen. As a result, despite the effect of the strong yen, net sales for this segment for the third quarter ended December 31, 2010 increased by 7.4% year on year, to ¥2,640 million, and net sales for the nine months ended December 31, 2010 increased by 14.9% year on year, to ¥7,849 million.

[Professional video, professional audio and computer music equipment]

Turning to sales of professional video, professional audio and computer music equipment, as the market as a whole becomes increasingly digital, sales of new, more compact audio and video mixers were strong, and sales grew year on year. Sales of computer music equipment fell considerably in North America, and were down year on year overall. As a result, along with the effect of the strong yen, net sales for this segment for the third quarter ended December 31, 2010 decreased by 1.9% year on year, to ¥1,386 million, and net sales for the nine months ended December 31, 2010 increased by 1.8% year on year, to ¥4,374 million.

[Others]

Sales of products of sound generator for online karaoke machines decreased significantly in Japan and Asia. Overall net sales for this segment for the third quarter ended December 31, 2010 decreased by 13.5% year on year, to ¥626 million, and net sales for the nine months ended December 31, 2010 decreased by 2.0% year on year, to ¥1,994 million.

<Computer Peripherals Business>

In the printer category, sales were strong for the VS series, with new products expanding the lineup, and our lower-priced SP-i series. Additionally, sales of sublimation printers had previously been limited to outside Japan, but this year they were introduced in Japan, and we strove to capture printing demand for soft signage, such as cloth, banners, tapestries, flags, and streamers. Meanwhile, sales of our mainstay cutting plotters were weak. Turning to 3D products, although we had solid sales of engraving machines and impact printers, sales of our mainstay milling machines in particular, were sluggish. Sales of inks and other supplies were also sluggish, especially in Europe. As a result, despite the effect of the strong yen, net sales for this segment for the third quarter ended December 31, 2010 increased by 5.1% year on year, to ¥7,869 million, and net sales for the nine months ended December 31, 2010 increased by 12.5% year on year, to ¥24,150 million.

(2) Qualitative Information on Consolidated Financial Position

1) Assets as of the end of the third quarter ended December 31, 2010

Total assets decreased by ¥987 million from the end of the previous consolidated fiscal year to ¥80,687 million. This is mainly due to an increase in property, plant and equipment by ¥1,025 million, an increase in raw materials and supplies by ¥812 million, and a decrease in investments and other assets (such as investment securities) by ¥2,132 million, caused by such factors as the conversion of three affiliates into consolidated subsidiaries. In addition, cash and deposits decreased by ¥1,760 million while merchandise and finished goods increased by ¥1,235 million.

Liabilities increased by ¥2,385 million from the end of the previous consolidated fiscal year to ¥15,783 million. This is mainly due to increases in notes and accounts payable-trade by ¥2,255 million and in income taxes payable by ¥468 million, respectively, and a decrease in provision for bonuses by ¥525 million consequent to payment of bonuses.

Net assets decreased by ¥3,373 million from the end of the previous consolidated fiscal year to ¥64,904 million. This is mainly due to net loss of ¥828 million, dividends from surplus of ¥535 million. Besides, the yen traded increasingly strongly against major currencies from the end of the fiscal year of overseas affiliates (end of December 2009) to the end of the third quarter (end of September 2010). As a result, foreign currency translation adjustment decreased by ¥1,733 million.

The equity ratio was 59.6 %, down 3.2 points from the end of the previous consolidated fiscal year, mainly due to decreases in total assets and in net assets stated above.

2) Status of cash flows for the period under review

(Millions of Yen)

	For third quarter ended December 31, 2009	For third quarter ended December 31, 2010	Changes
Net cash provided by (used in) operating activities	2,836	885	(1,951)
Net cash provided by (used in) investing activities	811	(855)	(1,667)
Net cash provided by (used in) financing activities	(1,074)	(522)	552
Effect of exchange rate change on cash and cash equivalents	(209)	17	226
Net increase (decrease) in cash and cash equivalents	2,364	(475)	(2,839)
Cash and cash equivalents at end of the second quarter	19,461	18,611	(850)
Cash and cash equivalents at end of the third quarter	21,826	18,135	(3,690)

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the third quarter ended December 31, 2010 decreased by ¥3,690 million from the end of the third quarter ended December 31, 2009, to ¥18,135 million. Net cash provided by operating activities for the third quarter ended December 31, 2010 was ¥885 million, a decrease of ¥1,951 million from the third quarter ended December 31, 2009. This is mainly due to significant increases in inventories for the third quarter ended December 31, 2010.

Net cash used in investing activities for the third quarter ended December 31, 2010 was ¥855 million, in contrast to net cash provided by investing activities of ¥811 million in the third quarter ended December 31, 2009. This is mainly due to payments into time deposits during the third quarter ended December 31, 2010, while we had proceeds from withdrawal of time deposits during the third quarter ended December 31, 2009.

Net cash used in financing activities for the third quarter ended December 31, 2010 was ¥522 million, a decrease by ¥552 million from the third quarter ended December 31, 2009. This is mainly due to a decrease of short-term loans payable caused by repayment made during the third quarter ended December 31, 2009.

(3) Qualitative Information on Forecast of Consolidated Financial Results

The Company has revised its forecast of consolidated financial results for the full year ending March 31, 2011 announced on November 5, 2010. Details will be disclosed today in a separate document, titled “Notice of Revision to Forecast of Consolidated Financial Results.”

2. Others

(1) Significant Changes of Subsidiaries

Not applicable.

(2) Adoption of Simplified Accounting Methods and Special Accounting Treatment

There are no substantial applicable simplified accounting methods. Additionally, no special accounting treatment applies to the quarterly consolidated financial statements.

(3) Changes in Accounting Principles, Procedures or Format

Not applicable.