

Consolidated Financial Results for the Six Months Ended September 30, 2010 [JGAAP]



November 5, 2010

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: November 10, 2010

Scheduled date to commence dividend payments: December 10, 2010

Availability of supplementary briefing material on quarterly results: Available

Schedule of quarterly results briefing session: Scheduled (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2010 (From April 1, 2010 to September 30, 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	%
Six months ended September 30, 2010	39,271	10.7	1,498	-	409	-	(510)	-
Six months ended September 30, 2009	35,485	(33.2)	(1,580)	-	(1,632)	-	(2,114)	-

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended September 30, 2010	(21.47)	-
Six months ended September 30, 2009	(84.21)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Six months ended September 30, 2010	78,679	65,410	61.7	2,039.70
Fiscal year ended March 31, 2010	81,675	68,277	62.8	2,157.75

(Reference) Equity: Six Months Ended September 30, 2010: ¥48,521 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	79,400	5.8	3,100	-	1,600	-	(400)	-	(16.81)

(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 six months ended September 30, 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):

Six months ended September 30, 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:

Six months ended September 30, 2010: 1,783,941 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):

Six months ended September 30, 2010: 23,788,402 shares

Six months ended September 30, 2009: 25,108,041 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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* The Company is planning to hold a briefing session for investors as detailed below. Information is to be posted on the corporate website.

- Friday, November 12, 2010: Briefing session of financial results for institutional investors and analysts

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)

	Second quarter ended September 30 (Three months)			Six months ended September 30 (Six 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	18,303	20,015	9.4%	35,485	39,271	10.7%
Electronic Musical Instruments Business	10,682	11,498	7.6%	21,512	22,990	6.9%
Computer Peripherals Business	7,621	8,517	11.8%	13,973	16,281	16.5%
Operating income (loss)	(151)	1,069	-	(1,580)	1,498	-
Electronic Musical Instruments Business	(776)	(166)	-	(1,451)	(190)	-
Computer Peripherals Business	624	1,235	97.9%	(128)	1,688	-
Ordinary income (loss)	(236)	365	-	(1,632)	409	-
Net loss	(997)	(202)	-	(2,114)	(510)	-

Results of net sales by business segment

(Millions of Yen)

	Second quarter ended September 30 (Three months)			Six months ended September 30 (Six 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	4,260	4,681	9.9%	8,561	8,905	4.0%
Guitar-related equipment	2,081	2,186	5.0%	4,385	4,518	3.0%
Home electronic musical instruments	2,173	2,449	12.7%	4,371	5,209	19.2%
Professional video, professional audio and computer music equipment	1,454	1,512	4.0%	2,883	2,987	3.6%
Others	712	667	(6.2%)	1,310	1,368	4.4%
Electronic Musical Instruments Business	10,682	11,498	7.6%	21,512	22,990	6.9%
Computer Peripherals Business	7,621	8,517	11.8%	13,973	16,281	16.5%
Total	18,303	20,015	9.4%	35,485	39,271	10.7%

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

(Millions of Yen)

	Second quarter ended September 30 (Three months)			Six months ended September 30 (Six 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	2,424	2,443	0.8%	4,870	5,004	2.8%
North America	3,258	3,539	8.6%	6,735	6,931	2.9%
Europe	3,697	3,851	4.2%	7,457	7,863	5.5%
Others	1,301	1,663	27.8%	2,449	3,189	30.2%
Electronic Musical Instruments Business	10,682	11,498	7.6%	21,512	22,990	6.9%
Japan	930	910	(2.2%)	1,738	1,799	3.5%
North America	1,842	2,146	16.5%	3,327	3,786	13.8%
Europe	2,850	2,985	4.7%	5,356	5,662	5.7%
Others	1,998	2,475	23.9%	3,550	5,031	41.7%
Computer Peripherals Business	7,621	8,517	11.8%	13,973	16,281	16.5%
Total	18,303	20,015	9.4%	35,485	39,271	10.7%

During the second quarter ended September 30, 2010, the Group's business climate has been as follows. In Japan, the future has become increasingly uncertain for corporate performance and the economy, due to the impact of the strong yen. Meanwhile, in the global economy, there has been a gradual recovery of individual consumption, despite the slow economic recovery in the developed countries. Growth in demand has been robust in the emerging countries as well, and in China in particular.

In the middle of these circumstances, the Electronic Musical Instruments Business maintained its earnings base via the streamlining conducted in the previous year. Also, the Company focused on creating new demand by bringing new products that meet market needs, making a direct approach to end-customers via shop-in-shop activities and holding product events, offering solutions to the educational sector and so on.

By product, the Company had strong sales of digital piano products with new sound engine. There was also a recovery of sales of synthesizers and electronic drums, especially in reasonably priced products, and sales greatly exceeded those of the previous year.

Sales by region were as follows. While sales in Japan were flat year on year, sales increased year on year in North America and Europe, thanks to active efforts to cultivate new sales channels, and market directly to customers. In other regions, including Central and South America and Asia, sales grew considerably, especially for synthesizers and guitar-related products, and sales overall exceeded those of the previous year.

As a result, net sales in this segment for the second quarter ended September 30, 2010 increased by 7.6% year on year, to ¥11,498 million. Concerning the profit and loss, however, operating loss was ¥166 million due to negative effects of a strong yen (from an operating loss of ¥776 million for the same period of the previous fiscal year).

Net sales in this segment for the six months ended September 30, 2010 increased by 6.9% year on year, to ¥22,990 million, and operating loss was ¥190 million (from an operating loss of ¥1,451 million for the same period of the previous fiscal year).

In the Computer Peripherals Business, sales of new printers grew significantly after winning approval from the market. Sales of such products as cutting plotters and 3D products also grew year on year. By region, sales in North America and Europe exceeded those of the previous year in part from the effects of sales promotions. Meanwhile, sales in Japan were flat year on year, and exceeded greatly those of the previous year in Asia and other regions, where demand continues to grow.

As a result, net sales in this segment for the second quarter ended September 30, 2010 increased by 11.8% year on year, to ¥8,517 million. Concerning the profit and loss, although the strong yen increased purchase costs at overseas subsidiaries, improvements of cost-to-sales ratio through an increase in production output positively helped increase operating income by 97.9% year on year, to ¥1,235 million.

Net sales in this segment for the six months ended September 30, 2010 increased by 16.5% year on year, to ¥16,281 million, and operating income was ¥1,688 million (from an operating loss of ¥128 million for the same period of the previous fiscal year).

As a result of the factors described above, overall net sales for the second quarter ended September 30, 2010 increased by 9.4% year on year, to ¥20,015 million, and an operating income was ¥1,069 million (from an operating loss of ¥151 million for the same period of the previous fiscal year). In addition, affected by foreign exchange losses due to the strong yen and tax effect accounting, ordinary income was ¥365 million (from an ordinary loss of ¥236 million for the same period of the previous fiscal year), and a net loss was ¥202 million (from a net loss of ¥997 million for the same period of the previous fiscal year).

Overall net sales for the six months ended September 30, 2010 increased by 10.7% year on year, to ¥39,271 million, and operating income was ¥1,498 million (from an operating loss of ¥1,580 million for the same period of the previous fiscal year). Ordinary income was ¥409 million (from an ordinary loss of ¥1,632 million for the same period of the previous fiscal year), and a net loss was ¥510 million (from a net loss of ¥2,114 million for the same period of the previous fiscal year).

The average exchange rates for the second quarter ended September 30, 2010 (*) were 92 yen to the US dollar (from 97 yen for the same period of the previous fiscal year), and 117 yen to the euro (from 133 yen for the same period of the previous fiscal year). The average exchange rates for the six months ended September 30, 2010 (*) were 91 yen to the US dollar (from 95 yen for the same period of the previous fiscal year), and 121 yen to the euro (from 127 yen for the same period of the previous fiscal year).

(*) The second quarter ended September 30, 2010 is from April 2010 to June 2010 and the six months ended September 30, 2010 is from January 2010 to June 2010, because the fiscal year of 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]

Sales of existing synthesizer, mainly, entry-level products were strong, especially in North America. New products also contributed to sales, and overall sales increased greatly year on year. Sales of electronic drums also increased year on year thanks to strong sales of reasonably priced products, especially in North America. Sales also grew significantly in the emerging market of China. Sales of amplifiers for musical instruments grew year on year, thanks to strong sales of products for battery-powered instruments in Japan, Europe, and Asia. As a result, net sales for this segment for the second quarter ended September 30, 2010 increased by 9.9% year on year, to ¥4,681 million, and net sales for the six months ended September 30, 2010 increased by 4.0% year on year, to ¥8,905 million.

[Guitar-related equipment]

Guitar effects are one of our mainstays. Sales of guitar effects were flat in Japan year on year, while sales of low-end multi-functional guitar effects and vocal effects were strong in North America and Europe in particular. As a

result, overall sales of guitar effects grew year on year. Sales of new multi-track recorder products were strong, especially in Japan. As a result, net sales for this segment for the second quarter ended September 30, 2010 increased by 5.0% year on year, to ¥2,186 million, and net sales for the six months ended September 30, 2010 increased by 3.0% year on year, to ¥4,518 million.

[Home electronic musical instruments]

Digital pianos with the SuperNATURAL Piano sound engine appealed in the market, and sales have been strong, especially in Japan and Europe. A dedicated model for China has also been launched in the country. As a result of these factors, sales grew greatly year on year. Sales of electronic accordions remained robust year on year in Europe. As a result, net sales for this segment for the second quarter ended September 30, 2010 increased by 12.7% year on year, to ¥2,449 million, and net sales for the six months ended September 30, 2010 increased by 19.2% year on year, to ¥5,209 million.

[Professional video, professional audio and computer music equipment]

Sales of computer music equipment fell considerably in Japan and North America, and were down year on year overall. Meanwhile, capital investment in audio equipment for professional use and video equipment has recovered, and sales of new digital mixer, video mixer, and other products were strong, and sales grew significantly year on year. As a result, net sales for this segment for the second quarter ended September 30, 2010 increased by 4.0% year on year, to ¥1,512 million, and net sales for the six months ended September 30, 2010 increased by 3.6% year on year, to ¥2,987 million.

[Others]

Sales of products including sound engine for online karaoke machines decreased in Japan and Asia. Overall net sales for this segment for the second quarter ended September 30, 2010 decreased by 6.2% year on year, to ¥667 million, and net sales for the six months ended September 30, 2010 increased by 4.4% year on year, to ¥1,368 million.

<Computer Peripherals Business>

The printers acquired new expressive power through metallic colors, and sales were strong of new products that deliver high image quality while keeping prices low. As a result, overall printer sales grew greatly year on year. Sales of mainstay cutting plotters were robust year on year, while sales of mainstay 3D products, milling machines, and other models recovered. The Company also expanded its customer base for new impact printers by proposing new applications. As a result, sales of all these products grew year on year. While sales of printers were strong, however, sales of ink and other supplies were almost flat year on year.

As a result, net sales for this segment for the second quarter ended September 30, 2010 increased by 11.8% year on year, to ¥8,517 million, and net sales for the six months ended September 30, 2010 increased by 16.5% year on year, to ¥16,281 million.

(2) Qualitative Information on Consolidated Financial Position

1) Assets as of the end of the second quarter ended September 30, 2010

Total assets decreased by ¥2,995 million from the end of the previous consolidated fiscal year to ¥78,679 million. This is mainly due to an increase in property, plant and equipment by ¥1,248 million, an increase in raw materials and supplies by ¥917 million, and a decrease in investments and other assets (such as investment securities) by ¥2,164 million, caused by such factors as the conversion of three affiliates into consolidated subsidiaries. In addition, cash and deposits decreased by ¥1,856 million and merchandise and finished goods decreased by ¥863 million.

Liabilities decreased by ¥128 million from the end of the previous consolidated fiscal year to ¥13,269 million. This is mainly due to a decrease in deferred tax liabilities.

Net assets decreased by ¥2,867 million from the end of the previous consolidated fiscal year to ¥65,410 million. This is mainly due to net loss of ¥510 million, dividends from surplus of ¥237 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 second quarter (end of June 2010). As a result, foreign currency translation adjustment decreased by ¥1,840 million.

The equity ratio was 61.7%, down 1.1 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 second quarter ended September 30, 2009	For second quarter ended September 30, 2010	Changes
Net cash provided by (used in) operating activities	1,910	(134)	(2,045)
Net cash provided by (used in) investing activities	(266)	(306)	(39)
Net cash provided by (used in) financing activities	(1,905)	14	1,920
Effect of exchange rate change on cash and cash equivalents	(5)	(1,085)	(1,079)
Net increase (decrease) in cash and cash equivalents	(267)	(1,511)	(1,243)
Cash and cash equivalents at end of the first quarter	19,729	20,122	392
Cash and cash equivalents at end of the second quarter	19,461	18,611	(850)

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the second quarter ended September 30, 2010 decreased by ¥850 million from the end of the second quarter ended September 30, 2009, to ¥18,611 million. Net cash used in operating activities for the second quarter ended September 30, 2010 was ¥134 million, in contrast to net cash provided by operating activities of ¥1,910 million in the second quarter ended September 30, 2009. This is mainly due to increases in funds resulting from significant decreases in inventories for the second quarter ended September 30, 2009, while notes and accounts receivable-trade increased owing to growth in sales for the second quarter ended September 30, 2010.

Net cash used in investing activities for the second quarter ended September 30, 2010 was ¥306 million, an increase of ¥39 million from the second quarter ended September 30, 2009. This is mainly due to decreases in purchase of property, plant, and equipment and intangible assets, while proceeds from redemption of securities were recorded for the second quarter ended September 30, 2009, etc.

Net cash provided by financing activities for the second quarter ended September 30, 2010 was ¥14 million, in contrast to net cash used in financing activities of ¥1,905 million in the second quarter ended September 30, 2009. This is mainly due to a large decrease of short-term loans payable caused by repayment made during the second quarter ended September 30, 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 May 7, 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.