

Consolidated Financial Results for the Three Months Ended June 30, 2010 [JGAAP]



August 6, 2010

Company Name: Roland Corporation

Code Number: 7944

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

Stock Exchange Listing: Tokyo, Osaka

Representative: Hidekazu Tanaka, President

Contact: Kenya Nakamura, Officer responsible for Corporate Management Department and Finance & Accounting Department

Phone: 053-523-3652

Scheduled date to submit the Quarterly Securities Report: August 12, 2010

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 Three Months Ended June 30, 2010 (From April 1, 2010 to June 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	%
Three months ended June 30, 2010	19,255	12.1	428	-	44	-	(308)	-
Three months ended June 30, 2009	17,181	(32.7)	(1,435)	-	(1,402)	-	(1,116)	-

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended June 30, 2010	(12.96)	-
Three months ended June 30, 2009	(44.47)	-

(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, 2010	82,352	67,831	61.2	2,119.92
Fiscal year ended March 31, 2010	81,675	68,277	62.8	2,157.75

(Reference) Equity: Three Months Ended June 30, 2010: ¥50,429 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	-				
Fiscal year ending March 31, 2011 (Forecast)		12.50	-	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
First half	39,700	11.9	1,200	-	500	-	(300)	-	(12.61)
Full year	81,000	8.0	3,000	-	2,800	-	700	-	29.43

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

4. Others (For details, please refer to “Others” on page 7 of the appendix)

(1) Significant changes of subsidiaries during the three months ended June 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):

Three months ended June 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:

Three months ended June 30, 2010	1,784,010 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):

Three months ended June 30, 2010	23,788,394 shares
Three months ended June 30, 2009	25,108,120 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 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 6 “Qualitative Information on Forecast of Consolidated Financial Results.”

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. Others	7
(1) Significant Changes of Subsidiaries	7
(2) Adoption of Simplified Accounting Methods and Special Accounting Treatment	7
(3) Changes in Accounting Principles, Procedures or Format	7

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	
(3) Consolidated Statement of Cash Flows	
(4) Notes on Going Concern Assumption	
(5) Segment Information	
(6) 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, 2009	Three months ended June 30, 2010	Changes	Change rate
Net sales	17,181	19,255	2,073	12.1%
Electronic Musical Instruments Business	10,829	11,492	662	6.1%
Computer Peripherals Business	6,352	7,763	1,411	22.2%
Operating income (loss)	(1,435)	428	1,864	-
Electronic Musical Instruments Business	(689)	(24)	665	-
Computer Peripherals Business	(746)	452	1,199	-
Ordinary income (loss)	(1,402)	44	1,447	-
Net loss	(1,116)	(308)	808	-

Results of net sales by business segment

(Millions of Yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010	Changes	Change rate
Electronic musical instruments	4,300	4,224	(75)	(1.8%)
Guitar-related equipment	2,304	2,332	28	1.2%
Home electronic musical instruments	2,197	2,759	562	25.6%
Professional video, professional audio and computer music equipment	1,429	1,475	46	3.2%
Others	598	700	102	17.1%
Electronic Musical Instruments Business	10,829	11,492	662	6.1%
Computer Peripherals Business	6,352	7,763	1,411	22.2%
Total	17,181	19,255	2,073	12.1%

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

(Millions of Yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010	Changes	Change rate
Japan	2,445	2,561	115	4.7%
North America	3,476	3,392	(84)	(2.4%)
Europe	3,759	4,012	252	6.7%
Others	1,147	1,525	378	33.0%
Electronic Musical Instruments Business	10,829	11,492	662	6.1%
Japan	808	889	81	10.0%
North America	1,484	1,640	155	10.4%
Europe	2,506	2,677	170	6.8%
Others	1,552	2,556	1,003	64.7%
Computer Peripherals Business	6,352	7,763	1,411	22.2%
Total	17,181	19,255	2,073	12.1%

During the three months ended June 30, 2010, overall, there was a gradual recovery in the Group's business environment. Although the financial crisis in Europe has made the future prospects more uncertain, and individual consumption remains sluggish, there has been a rally in capital investment as business performances of corporations have recovered.

In the Electronic Musical Instruments Business, the Company streamlined its business with a focus on reducing costs, inventories, and the numbers of models in the previous fiscal year, which enabled the Company to sustain its improved profit levels. Also, the Company continued to focus on creating new demand by bringing new products to market that meet market needs, and appealing directly to customers via shop-in-shop activities, product events and so on. Turning to sales by product, although sales of higher price range products (especially electronic drums) slumped, the Company had strong sales of new digital piano products with new sound engine, as well as solid performance from such products as amplifiers and synthesizers for battery-powered musical instruments. By region, sales in North America decreased year on year: although the Company worked actively to build our distribution network and cultivate new sales channels, the impact of sluggish individual consumption was severe. Meanwhile, sales in Japan and Europe increased year on year, mainly from digital pianos, and they increased year on year in Asia as well, due to growth in such areas as sales of electronic drums to China.

As a result, net sales in this segment increased by 6.1% year on year to ¥11,492 million. Concerning the profit and loss, although reductions in costs through business streamlining positively affected the bottom line, operating loss was ¥24 million (from an operating loss of ¥689 million for the same period of the previous fiscal year).

In the Computer Peripherals Business, sales increased greatly year on year, especially of printers. In North America, the autonomous economic recovery coupled with active sales efforts increased sales. In Europe, sales were up year on year overall, despite some regional variation. Sales grew tremendously in Asia and other regions, and they were strong in Japan as well.

As a result, net sales in this segment increased by 22.2% year on year, to ¥7,763 million. Concerning the profit and loss, improvements of cost-to-sales ratio through an increase in production output positively affected the bottom line, operating income was ¥452 million (from an operating loss of ¥746 million for the same period of the previous fiscal year).

As a result of the factors described above, overall net sales increased by 12.1% year on year, to ¥19,255 million, and an operating income was ¥428 million (from an operating loss of ¥1,435 million for the same period of the previous fiscal year). Ordinary income was ¥44 million (from an ordinary loss of ¥1,402 million for the same period of the previous fiscal year), and a net loss was ¥308 million (from a net loss of ¥1,116 million for the same period of the previous fiscal year).

The average exchange rates for the three months ended June 30, 2010 (*) were 91 yen to the US dollar (from 94 yen for the same period of the previous fiscal year), and 126 yen to the euro (from 122 yen for the same period of the previous fiscal year).

(*) The three months ended June 30, 2010 is from January 2010 to March 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]

Although sales of new synthesizer products were strong, slumping sales of higher price range products in Japan and North America caused overall sales to decline year on year. Sales of amplifiers for musical instruments remained the same overall year on year: while sales of guitar amplifiers were generally sluggish, sales were strong for new products supporting battery-powered instruments that were launched previous fiscal year, especially in Japan and Asia. Sales of low-end electronic drums were strong in Japan and internationally, and growth was especially large in Asia, and China in particular. In the Company's main markets of Japan, North America, and Europe, however, sales of mid-to-high price range fell, and overall sales of electronic drums declined year on year. As a result, net sales for this segment decreased by 1.8% year on year, to ¥4,224 million.

[Guitar-related equipment]

While sales of multi-track recorders and other products are slumping, sales of low-end multi-functional guitar effects and new vocal effects were strong, and increased year on year in North America and Europe. As a result, net sales for this segment increased by 1.2% year on year, to ¥2,332 million, almost the same level as the previous fiscal year.

[Home electronic musical instruments]

Sales were strong for new digital piano products with the new SuperNATURAL Piano sound engine, in Japan, North America and Europe, and sales for this category largely increased year on year. The sales for electronic accordions also remained robust. As a result, net sales for this segment increased by 25.6% year on year, to ¥2,759 million.

[Professional video, professional audio and computer music equipment]

Sales of computer music equipment were sluggish overall despite a brilliant start for new portable recorder products, and sales declined year on year. Meanwhile, in part thanks to the recovery of capital investment, sales of professional audio equipment (especially digital mixers) increased year on year in North America and Europe, and sales of professional video equipment (such as video mixers) increased year on year in Japan, Asia, and Central and South America. As a result, net sales for this segment increased by 3.2% year on year, to ¥1,475 million.

[Others]

Sales of products including sound engine for online karaoke machines remained robust in Japan. Overall net sales in this segment increased 17.1% year on year, to ¥700 million.

<Computer Peripherals Business>

Turning to printers, sales of standard models (which are more reasonably priced than professional models) increased greatly, in part due to the cautious stance on capital investment by corporations, and in part due to the impact of fiscal contraction. Additionally, at the end of the previous fiscal year, the Company launched a new product with a new type of printer head and equipped with metallic silver ink. This strategic model is on the vanguard of a new form of visual expression, and it garnered rave reviews from many sectors, and had a successful launch. Thanks to this and other factors, overall printer sales increased greatly year on year. Sales of 3D Products robustly increased year on year. Demand recovery was especially strong for its main products, such as milling machines, and new milling machine for the dental industry (which is a new market for us) launched previous fiscal year got off to a brilliant start as well. Sales of supplies were strong owing to the economic recovery. As a result, net sales for this segment increased by 22.2% year on year, to ¥7,763 million.

(2) Qualitative Information on Consolidated Financial Position

1) Assets as of the end of the three months ended June 30, 2010

Total assets increased by ¥676 million from the end of previous consolidated fiscal year to ¥82,352 million. This is mainly due to increase in raw materials and supplies by ¥985 million, and decline in property, plant and equipment by ¥1,875 million, while investments and other assets (such as investment securities) decreased by ¥1,893 million.

Liabilities increased by ¥1,122 million from the end of the previous consolidated fiscal year to ¥14,520 million.

This is mainly due to increase in notes and accounts payable-trade by ¥1,546 million, and decrease in provision for bonuses by ¥512 million consequent to payment of bonuses.

Net assets decreased by ¥445 million from the end of the previous consolidated fiscal year to ¥67,831 million. This is mainly due to net loss of ¥308 million, dividends from surplus of ¥237 million. Besides, the yen traded increasingly strongly against the euro and British pound from the end of fiscal year of overseas affiliates (end-December 2009) to the end of the first quarter (end-March 2010). As a result, foreign currency translation adjustment decreased by ¥292 million, while the conversion of three affiliates into consolidated subsidiaries and other factors increased minority interests by ¥454 million.

The equity ratio was 61.2%, down 1.6 points from the end of the previous consolidated fiscal year, mainly due to increases in total assets and decreases in net assets stated above.

2) Status of cash flows for the period under review

(Millions of Yen)

	For first quarter ended June 30, 2009	For first quarter ended June 30, 2010	Changes
Net cash provided by (used in) operating activities	621	466	(155)
Net cash provided by (used in) investing activities	(1,195)	(275)	919
Net cash provided by (used in) financing activities	(3,014)	(181)	2,833
Effect of exchange rate change on cash and cash equivalents	105	(463)	(569)
Net increase (decrease) in cash and cash equivalents	(3,482)	(454)	3,028
Cash and cash equivalents at beginning of period	23,078	20,401	(2,677)
Increase in cash and cash equivalents from newly consolidated subsidiary	133	175	41
Cash and cash equivalents at end of period	19,729	20,122	392

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the first quarter ended June 30, 2010 increased by ¥392 million from the end of the first quarter ended June 30, 2009 to ¥20,122 million.

Net cash provided by operating activities for the first quarter ended June 30, 2010 was ¥466 million, a decrease of ¥155 million from the first quarter ended June 30, 2009. This is mainly due to increases in income before income taxes and minority interests and in inventories during the first quarter ended June 30, 2010.

Net cash used in investing activities for the first quarter ended June 30, 2010 was ¥275 million, a decrease of ¥919 million from the first quarter ended June 30, 2009. This is mainly due to payment into time deposits during the first quarter ended June 30, 2009.

Net cash used in financing activities for the first quarter ended June 30, 2010 was ¥181 million, a decrease by ¥2,833 million from the first quarter ended June 30, 2009. This is mainly due to a large decrease of short-term loans payable caused by repayment made during the first quarter ended June 30, 2009.

(3) Qualitative Information on Forecast of Consolidated Financial Results

The Company has revised its forecast of consolidated financial results for the six months ending September 30, 2010 announced on May 7, 2010. Details will be disclosed today in a separate document, titled “Notice of Revision to Forecast of Consolidated Financial Results.”

Note that for the forecast of consolidated financial results for the fiscal year ending March 31, 2011, there are many uncertain elements in the future trends of demand as the yen remains strong. Therefore, the Company will defer its estimates announced on May 7, 2010, and publish a revised forecast immediately when an estimate becomes possible.

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.