Consolidated Financial Results
for the Six Months Ended September 30, 2013 [JGAAP]

November 6, 2013

Company Name: Roland Corporation
Code Number: 7944
(URL: http://www.roland.com/)
Stock Exchange Listing: Tokyo
Representative: Junichi Miki, President and Representative Director
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Scheduled date to submit the Quarterly Securities Report: November 8, 2013
Scheduled date to commence dividend payments: December 9, 2013
Availability of supplementary briefing material on quarterly results: Available (Japanese only)
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, 2013 (From April 1, 2013 to September 30, 2013)

(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, 2013	40,250	10.9	3,103	1,426.6	3,105	-	803	-
Six months ended September 30, 2012	36,278	(1.9)	203	-	(30)	-	(223)	-

(Note) Comprehensive income: Six Months Ended September 30, 2013: ¥4,860 million (-%)
Six Months Ended September 30, 2012: ¥(226) million (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended September 30, 2013	33.80	-
Six months ended September 30, 2012	(9.41)	-

(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, 2013	79,157	61,977	56.5	1,878.71
Fiscal year ended March 31, 2013	77,341	57,749	54.1	1,760.66

(Reference) Equity: Six Months Ended September 30, 2013: ¥44,686 million
Fiscal Year Ended March 31, 2013: ¥41,878 million

2. Dividends

	Annual dividend				
	1Q	2Q	3Q	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	-	7.50	-	5.00	12.50
Fiscal year ending March 31, 2014	-	7.50			
Fiscal year ending March 31, 2014 (Forecast)			-	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, 2014 (From April 1, 2013 to March 31, 2014)

(% 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	84,300	16.6	5,800	-	5,600	-	(600) ~ (100)	-	(25.23) ~ (4.20)

(Note) Revision of financial results forecast from recently announced figures: Yes

Assessment figure for net income is stated within a certain range as it is difficult to estimate a specific amount.

*** Notes**

(1) Significant changes of subsidiaries during the six months ended September 30, 2013 (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.: None
2) Other changes in accounting policies: None
3) Changes in accounting estimates: None
4) Corrections of errors: None

(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, 2013	23,835,796 shares
Fiscal year ended March 31, 2013	23,835,796 shares

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

Six months ended September 30, 2013	50,087 shares
Fiscal year ended March 31, 2013	50,000 shares

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

Six months ended September 30, 2013	23,785,770 shares
Six months ended September 30, 2012	23,786,487 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, and 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 7 "Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information."
  - The supplementary briefing material on quarterly results will be posted on the Company's website on Wednesday, November 6, 2013. (Japanese only)
  - The Company plans to hold a briefing session for institutional investors and analysts on Wednesday, November 13, 2013. The materials to be distributed at this briefing session are scheduled to be posted on the Company's website. (Japanese only)

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

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

Results of operations

(Millions of Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Changes	Change rate
Net sales	36,278	40,250	3,971	10.9%
Electronic Musical Instruments Business	20,224	20,302	77	0.4%
Computer Peripherals Business	16,053	19,947	3,893	24.3%
Operating income (loss)	203	3,103	2,900	1,426.6%
Electronic Musical Instruments Business	(585)	262	848	-
Computer Peripherals Business	788	2,840	2,052	260.3%
Ordinary income (loss)	(30)	3,105	3,136	-
Net income (loss)	(223)	803	1,027	-

Results of net sales by business segment

(Millions of Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Changes	Change rate
Electronic musical instruments	7,522	7,590	67	0.9%
Guitar-related equipment	4,069	3,784	(285)	(7.0%)
Home electronic musical instruments	5,181	5,135	(45)	(0.9%)
Professional video, professional audio and computer music equipment	2,249	2,596	347	15.4%
Others	1,201	1,195	(6)	(0.5%)
Electronic Musical Instruments Business	20,224	20,302	77	0.4%
Computer Peripherals Business	16,053	19,947	3,893	24.3%
Total	36,278	40,250	3,971	10.9%

Results of net sales by geographical segment

(Millions of Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Changes	Change rate
Japan	4,593	4,228	(365)	(7.9%)
North America	5,624	5,725	100	1.8%
Europe	6,276	6,314	38	0.6%
Others	3,730	4,034	304	8.2%
Electronic Musical Instruments Business	20,224	20,302	77	0.4%
Japan	2,000	2,072	71	3.6%
North America	4,139	5,705	1,566	37.8%
Europe	5,217	6,784	1,567	30.0%
Others	4,695	5,384	689	14.7%
Computer Peripherals Business	16,053	19,947	3,893	24.3%
Total	36,278	40,250	3,971	10.9%

During the six months ended September 30, 2013, the economic climate experienced a mild recovery as personal consumption tended to pick up in Japan. North America also enjoyed a mild recovery, while trends in Europe were weak overall due to the impact of financial problems despite the signs that the economic downswing was bottoming out in some areas. Meanwhile, a slowdown trend in growth was observed in emerging markets including China.

Amid these circumstances, looking at the sales in the Electronic Musical Instruments Business by product, despite strong sales for products such as new stage organs, synthesizer sound engine modules, and keyboards with automatic accompaniment, results were severe as sales declined significantly year on year for existing mainstay products including drums, pianos, and guitar effects.
By region, sales continued to be sluggish in the major markets of Japan, North America, and Europe, resulting in virtually significant decline. In other regions, although sales increased in Australia and remained flat in Asia year on year, a decline in sales in Central and South America resulted in a decrease in overall regional sales year on year.
As a result, despite virtually declining year on year, net sales increased by 0.4% year on year to ¥20,302 million due to the impact of the depreciation of the yen. Concerning the profit, operating income amounted to ¥262 million (from an operating loss of ¥585 million for the same period of the previous fiscal year), due to personnel cutbacks and cost reductions implemented at the end of the previous fiscal year as part of business structural reforms, as well as the impact of the depreciation of the yen.

In the Computer Peripherals Business, sales of printers and supplies, mainstay products, rose year on year thanks to strong performance by new product of large inkjet printer introduced in the previous and current fiscal years. Also, sales of 3D products increased year on year as well, due to factors including robust sales of the DWX series, milling machines for dental applications.
By region, sales increased year on year in North America and Japan due to robust sales primarily of new printer products and milling machines for dental applications. In Europe, despite the impact of a severe recession, sales rose year on year due to the strong performance of new printer products as well as the impact of the depreciation of the yen. In other regions, although overall sales were sluggish in Korea and the ASEAN region due to the impact of the review of sales system, sales in China rose year on year due to the strong performance of products such as large inkjet printers that are in demand among local sign manufacturers and milling machines for dental applications.
As a result, combined with the impact of the depreciation of the yen, net sales increased by 24.3% year on year to ¥19,947 million, and operating income rose by 260.3% year on year to ¥2,840 million, as a result of factors including a significant improvement of the cost-to-sales ratio, despite an increase in selling, general and administrative expenses.

As a result of the factors described above, overall net sales increased by 10.9% year on year to ¥40,250 million, operating income increased by 1,426.6% year on year to ¥3,103 million, and ordinary income was ¥3,105 million (from an ordinary loss of ¥30 million for the same period of the previous fiscal year). Ultimately, the Company posted a net income of ¥803 million (from a net loss of ¥223 million for the same period of the previous fiscal year) due to such factors as tax expenses and transfer of income to minority shareholders.

The average exchange rates for the six months ended September 30, 2013 (*) were 96 yen to the US dollar (from 80 yen for the same period of the previous fiscal year), and 126 yen to the euro (from 103 yen for the same period of the previous fiscal year).

(*) Average for January to June 2013, 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]

As for stage pianos and stage organs, sales increased year on year thanks to the contribution of new products. With regard to drums, although new foldable products made a contribution, sales declined significantly in North America, Europe, and Central and South America, where replacement demand for new mainstay products had been substantial in the previous fiscal year. With respect to synthesizers, sales of sound engine modules equipped with representative tones of multiple generations continued to be strong year on year. However, sales of keyboard instruments that are existing mainstay products declined considerably mainly in North America and Central and South America. As a result, net sales for this segment increased by 0.9% year on year to ¥7,590 million, partly due to the impact of the depreciation of the yen, in spite of a virtual decline in sales.

[Guitar-related equipment]

As for guitar effects, despite strong sales by compact effects with new technology and new products equipped with loop features launched in the previous fiscal year, sales of existing products fell substantially year on year amid intensified market competition. With respect to guitar synthesizers, sales fell sharply in reaction to new products launched in the previous fiscal year. As a result, net sales for this segment decreased by 7.0% year on year to ¥3,784 million.

[Home electronic musical instruments]

With regard to digital pianos, while sales of the multi-function products introduced in the second half of the previous fiscal year were strong, sales of single-function products declined significantly year on year, mainly in Japan, North America, and Europe, due to the impact of the reaction to the introduction of new products in the same period of the previous fiscal year. Meanwhile, sales were robust and increased year on year for organs and keyboards with automatic accompaniment. As a result, net sales for this segment decreased by 0.9% year on year to ¥5,135 million.

[Professional video, professional audio and computer music equipment]

With regard to computer music equipment, although sales of music software declined year on year, sales of audio interfaces for computers and keyboard equipment for data entry increased year on year, resulting in a slight increase. Sales of professional audio equipment increased year on year due to the contribution of new products of mixers for iPad. As for professional video equipment, although sales declined for video editors released in Japan during the previous fiscal year, sales were strong for new video mixers mainly in North America, resulting in a slight increase year on year. As a result, net sales for this segment increased by 15.4% year on year to ¥2,596 million.

[Others]
Sales of sound engines for online karaoke machines were flat year on year due to strong sales in Asia, despite a year on year decline in sales in Japan. As for music schools, sales decreased year on year due to a drop in student numbers as a result of the declining birth rate and other factors. As a result, overall net sales for this segment decreased by 0.5% year on year to ¥1,195 million.

As a result of the factors described above, net sales for the Electronic Musical Instruments Business increased by 0.4% year on year to ¥20,302 million.

<Computer Peripherals Business>
Regarding printers, sales were strong for new products of large inkjet printers for the sign market, the Company's core market, mainly in replacement demand among existing users. New printer products offering both outstanding quality and low prices recorded steady sales primarily in the emerging markets. In addition, new professional product models with enhanced output speed were introduced in the current fiscal year, and sales got off to a smooth start mainly among major sign manufacturers.
As for 3D products, sales of milling processing machines, a mainstay product, for manufacturing field were robust. Also, sales of milling machines for dental applications expanded in North America and Europe, as well as in China and Japan, as a result of a success in creating a system for proposing the dental prosthetics production process as a total solution and the steady progress in development and establishment of a sales network.
As for supplies, sales of inks increased mainly in Europe and Japan, as well as North America, where sales of printers were strong.

As a result of the factors described above, net sales for Computer Peripherals Business increased by 24.3% year on year to ¥19,947 million.

(2) Explanation of Financial Position

1) Assets

Total assets increased by ¥1,816 million from the end of previous consolidated fiscal year to ¥79,157 million. This was mainly attributable to a decrease in merchandise and finished goods by ¥778 million, as well as increases in notes and accounts receivable-trade by ¥507 million, raw materials and supplies by ¥312 million and other current assets including accounts receivable-other by ¥1,228 million, respectively, 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 2012) to the end of the second quarter (end of June 2013).

Liabilities decreased by ¥2,411 million from the end of the previous consolidated fiscal year to ¥17,180 million. This was mainly due to an increase of ¥580 million in income taxes payable, as well as decreases in short-term loans payable by ¥2,019 million and other current liabilities including accounts payable-other by ¥1,037 million, respectively.

Net assets increased by ¥4,228 million from the end of the previous consolidated fiscal year to ¥61,977 million. Key factors included an increase in foreign currency translation adjustment by ¥2,051 million due to the above-mentioned depreciation of the yen and a net income of ¥803 million, as well as dividends from surplus of ¥118 million.

The equity ratio was 56.5%, up 2.4 points from the end of the previous consolidated fiscal year, mainly due to an increase in both total assets and net assets stated above.

2) Status of cash flows

(Millions of Yen)

	For the six months ended September 30, 2012	For the six months ended September 30, 2013	Changes
Net cash provided by (used in) operating activities	1,354	3,093	1,739
Net cash provided by (used in) investing activities	(1,934)	(1,197)	737
Net cash provided by (used in) financing activities	513	(2,754)	(3,267)
Effect of exchange rate change on cash and cash equivalents	(81)	864	946
Net increase (decrease) in cash and cash equivalents	(148)	7	155
Cash and cash equivalents at beginning of period	14,063	17,207	3,144
Increase in cash and cash equivalents from newly consolidated subsidiary	460	-	(460)
Cash and cash equivalents at end of the second quarter	14,375	17,214	2,838

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the second quarter ended September 30, 2013 increased by ¥2,838 million from the end of the second quarter ended September 30, 2012 to ¥17,214 million.
Net cash provided by operating activities was ¥3,093 million, an increase of ¥1,739 million compared with the six months ended September 30, 2012. This is mainly attributable to the changes in the six months ended September 30, 2013, namely an increase in notes and accounts receivable-trade (decrease in funds) and an increase in other current assets (decrease in funds), as well as an increase in income before income taxes and minority interests, and a decrease in inventories (increase in funds).
Net cash used in investing activities was ¥1,197 million, a decrease of ¥737 million from the six months ended September 30, 2012. This is mainly due to the purchase of noncurrent assets and purchase of treasury stock of subsidiaries in consolidation during the six months ended September 30, 2013, as well as the purchase of stocks of subsidiaries and affiliates during the six months ended September 30, 2012.
Net cash used in financing activities for the six months ended September 30, 2013 was ¥2,754 million, while funds decreased by ¥513 million for the six months ended September 30, 2012. This is mainly due to funds used in repayment of short-term loans payable during the six months ended September 30, 2013, instead of the proceeds from long-term loans payable during the six months ended September 30, 2012.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Company has revised its forecasts of consolidated financial results for the full year of the fiscal year ending March 31, 2014 announced on May 8, 2013. Details will be disclosed today in separate documents, titled “Notice of Revision of Financial Results Forecast” and “Notice of Dissolution and Liquidation of an Overseas Subsidiary and Posting of Extraordinary Loss.”