

Consolidated Financial Results for the Three Months Ended June 30, 2013 [JGAAP]



August 7, 2013

Company Name: Roland Corporation

Code Number: 7944

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

Stock Exchange Listing: Tokyo

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Scheduled date to submit the Quarterly Securities Report: August 9, 2013

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, 2013 (From April 1, 2013 to June 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	%
Three months ended June 30, 2013	18,725	4.0	945	-	1,006	-	226	544.5
Three months ended June 30, 2012	17,997	(0.9)	(134)	-	(235)	-	35	(95.4)

(Note) Comprehensive income: Three Months Ended June 30, 2013: ¥2,444 million (46.1%)

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

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended June 30, 2013	9.53	-
Three months ended June 30, 2012	1.48	-

(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, 2013	78,118	59,563	55.5	1,823.28
Fiscal year ended March 31, 2013	77,341	57,749	54.1	1,760.66

(Reference) Equity: Three Months Ended June 30, 2013: ¥43,368 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	-				
Fiscal year ending March 31, 2014 (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, 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
First half (Cumulative)	39,200	8.1	1,400	588.7	1,300	-	(200)	-	(8.41)
Full year	81,200	12.3	3,500	-	3,100	-	0	-	0.00

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

* Notes

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

Three months ended June 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:

Three months ended June 30, 2013	50,000 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):

Three months ended June 30, 2013	23,785,796 shares
Three months ended June 30, 2012	23,787,106 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 6 “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, August 7, 2013. (Japanese only)

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

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

Results of operations

(Millions of Yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013	Changes	Change rate
Net sales	17,997	18,725	727	4.0%
Electronic Musical Instruments Business	10,158	9,853	(304)	(3.0%)
Computer Peripherals Business	7,838	8,871	1,032	13.2%
Operating income (loss)	(134)	945	1,079	-
Electronic Musical Instruments Business	(159)	89	249	-
Computer Peripherals Business	25	856	830	3,253.5%
Ordinary income (loss)	(235)	1,006	1,241	-
Net income	35	226	191	544.5%

Results of net sales by business segment

(Millions of Yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013	Changes	Change rate
Electronic musical instruments	3,559	3,725	165	4.7%
Guitar-related equipment	2,062	1,891	(171)	(8.3%)
Home electronic musical instruments	2,820	2,440	(379)	(13.5%)
Professional video, professional audio and computer music equipment	1,161	1,227	65	5.6%
Others	554	569	14	2.7%
Electronic Musical Instruments Business	10,158	9,853	(304)	(3.0%)
Computer Peripherals Business	7,838	8,871	1,032	13.2%
Total	17,997	18,725	727	4.0%

Results of net sales by geographical segment

(Millions of Yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013	Changes	Change rate
Japan	2,377	2,098	(279)	(11.7%)
North America	2,794	2,813	18	0.7%
Europe	3,226	3,029	(197)	(6.1%)
Others	1,759	1,912	153	8.7%
Electronic Musical Instruments Business	10,158	9,853	(304)	(3.0%)
Japan	918	977	58	6.4%
North America	1,966	2,515	549	27.9%
Europe	2,664	3,092	427	16.1%
Others	2,288	2,285	(3)	(0.1%)
Computer Peripherals Business	7,838	8,871	1,032	13.2%
Total	17,997	18,725	727	4.0%

During the three months ended June 30, 2013, recovery trend was observed in Japanese economy thanks to positive developments such as an export recovery stemming from a depreciation of the yen. Overseas, the United States followed a mild recovery trend but Europe continued to be in a recession due to economic uncertainties stemming from prolonged financial problems. With respect to emerging markets, a slowdown trend in the growth rate was observed, primarily in China.

Amid these circumstances, in the Electronic Musical Instruments Business, sales of electronic drums, a mainstay product, was flat year on year, but sales of guitar effects and digital pianos declined significantly year on year due to intensified competition in the market.

By region, sales were sluggish in the major markets of Japan, North America and Europe, and slump in sales of home electronic musical instruments and guitar-related equipment in particular resulted in virtually significant decline. In other regions, although sales decreased in Central and South America, sales increased in Australia and sales grew substantially in Asia due to the reaction of the inventory correction of the previous fiscal year in China. In terms of earnings, the Company continued to embark on business structural reforms conducted in the previous fiscal year. In shifting of production overseas, which was scheduled in the beginning, the Company considered production sites based on individual profitability analysis, according to the impact of the rapid depreciation of the yen. Also, the Company improved the production regime of consolidated domestic factories and reviewed the development process.

As a result, although there were impact of the depreciation of the yen, net sales decreased by 3.0% year on year to ¥9,853 million. Concerning the profit, operating income amounted to ¥89 million (from an operating loss of ¥159 million for the same period of the previous fiscal year) due to a big impact of personnel cutbacks through business structural reforms.

In the Computer Peripherals Business, sales of printers and supplies, mainstay products, rose year on year because new product of large inkjet printer introduced in the previous fiscal year got off to a strong start. Also, sales of 3D products increased year on year as well, due to 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, in spite of sluggish growth stemming from the impact of a severe recession, sales rose year on year because of factors such as the impact of the depreciation of the yen. In other regions, although overall sales declined sharply year on year in Korea and ASEAN region due to the impact of the review of sales system and others, sales were flat year on year due to the strong sales of products such as large water-based inkjet printers which there are strong demand in China, in addition to robust sales in Central and South America, combined with the impact of the depreciation of the yen.

As a result, combined with the impact of the depreciation of the yen, net sales increased by 13.2% year on year to ¥8,871 million with an operating income of ¥856 million (from an operating income of ¥25 million for the same period of the previous fiscal year) as a result of 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 4.0% year on year to ¥18,725 million, operating income was ¥945 million (from an operating loss of ¥134 million for the same period of the previous fiscal year), and ordinary income was ¥1,006 million (from an ordinary loss of ¥235 million for the same period of the previous fiscal year). Ultimately, the Company posted a net income of ¥226 million (from a net income of ¥35 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 three months ended June 30, 2013 (*) were 92 yen to the US dollar (from 79 yen for the same period of the previous fiscal year), and 122 yen to the euro (from 104 yen for the same period of the previous fiscal year).

(*) Average for January to March 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]

With respect to synthesizers, sales fell sharply year on year mainly in North America and Central and South America due to intensified competition in the market for entry level products. Although sales of amplifiers for musical instruments increased in Japan and Asia, sales decreased in North America and Europe. Sales of electronic drums were flat year on year, due to continuing robust sales of new products introduced in the previous fiscal year, as well as the gain in popularity of new products which can be folded and carried around. As a result, net sales of this segment increased by 4.7% year on year to ¥3,725 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, although new products that enabled new expression by means of proprietary new technologies contributed, sales decreased substantially year on year because of decrease in sales of existing products due to intensified market competition in the major markets of Japan, North America and Europe. With respect to guitar synthesizers, sales fell sharply in Japan and Europe compared to the same period of the previous fiscal year in which sales of new products were robust. As a result, net sales for this segment decreased by 8.3% year on year to ¥1,891 million.

[Home electronic musical instruments]

With regard to digital pianos, while sales of multi-function products were strong, thanks to the contribution of new products introduced in the second half of the previous fiscal year, sales of single-function products declined significantly year on year, mainly in Europe and Japan, due to intensified competition of the market, the impact of the reaction of the introduction of new products in the same period of the previous fiscal year and production adjustment resulting from inventory correction. Although sales of electronic organs were almost flat year on year, sales of keyboards with automatic accompaniment declined. As a result, net sales for this segment decreased by 13.5% year on year to ¥2,440 million.

[Professional video, professional audio and computer music equipment]

With regard to professional video equipment, although new products of video switchers have contributed and the sales increased year on year in Europe, overall sales declined year on year due to a decrease in sales of video editors and AV mixers for live online video streaming. As for professional audio equipment, sales increased slightly partly due to the contribution of new products of mixers for iPad. In computer music equipment, although new products of peripheral equipment have contributed, sales of music production software declined sharply year on year. As a result, net sales for this segment increased by 5.6% year on year to ¥1,227 million, partly due to the impact of the depreciation of the yen, in spite of a virtual decline in sales.

[Others]

Sales of sound engines for online karaoke machines were strong in Japan. As a result, overall net sales for this segment increased by 2.7% year on year to ¥569 million.

As a result of the factors described above, net sales for the Electronic Musical Instruments Business decreased by 3.0% year on year to ¥9,853 million.

<Computer Peripherals Business>

Regarding printers, new products of large inkjet printers introduced in the previous fiscal year were highly rated for their high-value-added expression and spurred replacement demand among existing customers, thus getting off to a good start and vigorously towing sales mainly in Japan and North America.

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 North America, Northern Europe, Japan, etc., where sales of printers were strong.

As a result of the factors described above, net sales for Computer Peripherals Business increased by 13.2% year on year to ¥8,871 million.

(2) Explanation of Financial Position

Total assets increased by ¥777 million from the end of previous consolidated fiscal year to ¥78,118 million. This was mainly attributable to decreases in cash and deposits by ¥170 million and notes and accounts receivable-trade by ¥388 million, respectively, as well as a ¥644 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 2012) to the end of the first quarter (end of March 2013).

Liabilities decreased by ¥1,037 million from the end of the previous consolidated fiscal year to ¥18,554 million. This was mainly due to decreases in short-term loans payable by ¥150 million, provision for bonuses due to payment of bonuses by ¥462 million and other current liabilities including accounts payable-other by ¥736 million, respectively.

Net assets increased by ¥1,814 million from the end of the previous consolidated fiscal year to ¥59,563 million. Key factors included an increase in foreign currency translation adjustment by ¥1,274 million due to the above-mentioned depreciation of the yen and a net income of ¥226 million, as well as dividends from surplus of ¥118 million.

The equity ratio was 55.5%, up 1.4 points from the end of the previous consolidated fiscal year, mainly due to an increase in both total assets and net assets stated above.

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

There is no revision to the forecast of consolidated financial results for the six months ending September 30, 2013 and the full year of the fiscal year ending March 31, 2014 announced on May 8, 2013.