Annual Report 2002

Year Ended March 31, 2002

Roland

Roland DG Corporation

Financial Highlights

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31

●Consolidated

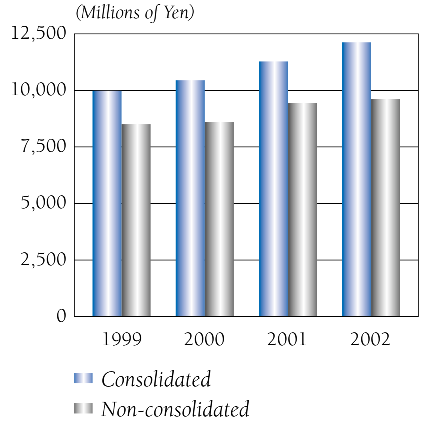
	Millions of Yen				Thousands of U.S. Dollars
	2002	2001	2000	1999	2002
Operating Results					
Net sales	¥12,122	¥11,278	¥10,444	¥9,987	$91,146
Operating income	1,080	1,053	1,114	1,503	8,117
Net income	609	586	1,152	917	4,577
Net cash provided by operating activities	846	392	898	1,055	6,364
Financial Position					
Total shareholders' equity	8,968	8,469	7,634	6,565	67,426
Total assets	11,985	11,654	11,080	9,371	90,111
	Yen				U.S. Dollars
Per Share Data					
Net income	¥ 74.24	¥ 74.57	¥ 151.63	¥ 120.65	$0.56
Shareholders' equity	1,093.61	1,032.79	1,004.42	863.77	8.22
Cash dividends applicable to the year	18.00	18.00	15.00	12.5	0.14

●Non-consolidated

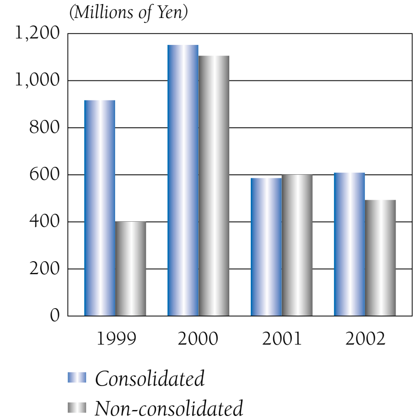
	Millions of Yen				Thousands of U.S. Dollars
	2002	2001	2000	1999	2002
Operating Results					
Net sales	¥ 9,623	¥ 9,451	¥8,610	¥8,501	$72,353
Operating income	773	976	947	1,451	5,812
Net income	493	601	1,106	401	3,707
Financial Position					
Total shareholders' equity	9,083	8,766	7,662	6,627	68,293
Total assets	10,449	10,179	9,397	8,376	78,564
	Yen				U.S. Dollars
Per Share Data					
Net income	¥ 60.10	¥ 76.54	¥ 145.58	¥ 52.77	$0.45
Shareholders' equity	1,107.67	1,069.00	1,008.17	871.95	8.33

Notes: 1. The U.S. dollar amounts above have been translated from Japanese yen, for convenience only, at the rate of ¥133 to US$1, the approximate Tokyo foreign exchange market rate as of March 31, 2002.
2. On March 7, 2000, the Company made a stock split at the rate of 20 shares for each outstanding share and 7,220,000 shares were issued to shareholders. The computation of per share data is based on the numbers of shares outstanding after giving retroactive adjustment for the stock split.

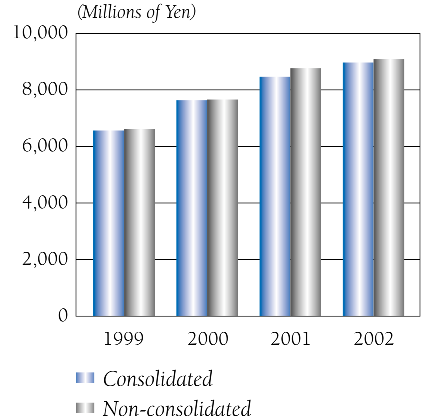
Net Sales
(Millions of Yen)



Net Income
(Millions of Yen)



Total Shareholders' Equity
(Millions of Yen)



To Our Shareholders

I am delighted to have this opportunity to give you a brief overview of business and financial results for fiscal year 2001 (April 1, 2001 through March 31, 2002).

During this year, the global economic deterioration continued after the slowdown of the US economy in autumn of 2000. The events of September 11 cast further uncertainty over the world. Also in Japan, the economy remained in a delicate condition as declining corporate earnings slowed capital equipment investment.

Despite this adverse operating environment, and inspired by the "Color & 3D" concept, Roland DG achieved a considerable expansion of its business. We concentrated on professional-use wide-format color printers, 3D scanners and milling machines, boosting markets and strengthening the Roland DG brand through the introduction of new products which offer our customers new, superior solutions. Information Technology enhancement is expected to fuel growing demand for these products. Moreover, technical cooperation with partners that possess excellent technology enabled us to make inroads into new markets.

Central to our drive to strengthen Roland DG's fundamentals is the "Digital Factory". This is a cutting-edge IT-based manufacturing system, which was designed and implemented to reduce development lead-time and production costs.

As a result, consolidated net sales were ¥12,122 million (US$91.146 million) which is an increase of 7.5% from the previous year and consolidated net income was ¥609 million (US$4.577 million) which is an increase of 3.9% from the previous year as well.

On March 1, 2002, Roland DG was promoted to the First Section of the Tokyo Stock Exchange. To our shareholders, we say thank you for the confidence you have shown in us.

The cash dividend for the year under review has been ¥18 (US$0.14) per share, comprising a common dividend of ¥15 (US$0.12) per share and a commemorative dividend of ¥3 (US$0.02) per share to mark the Company's promotion to the First Section of the Tokyo Stock Exchange.

Although the economic environment is expected to remain a source of concern, we are determined to achieve robust business growth providing industry-leading products that take customer satisfaction to new heights in the markets we target.

Through these endeavors, we will strive to earn your continuous support.

June 2002

Masahiro Tomioka
President

Consolidated Balance Sheets

Roland DG Corporation and Consolidated Subsidiaries
March 31, 2002 and 2001

Assets

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
CURRENT ASSETS:			
Cash and time deposits (Note 3)	¥ 3,446,206	¥ 3,348,052	$25,911
Marketable securities (Note 4)	11,993	—	90
Notes and accounts receivable:			
Trade notes	259,259	221,623	1,949
Trade accounts	1,672,230	1,691,381	12,573
Allowance for doubtful receivables	(49,517)	(67,504)	(372)
Inventories (Note 5)	2,282,173	2,357,259	17,159
Deferred tax assets (Note 9)	121,762	164,958	916
Prepaid expenses and other	339,859	262,541	2,556
Total current assets	8,083,965	7,978,310	60,782
PROPERTY, PLANT AND EQUIPMENT:			
Land	1,030,150	723,495	7,745
Buildings and structures	3,052,036	3,038,330	22,948
Machinery and equipment	148,098	142,901	1,114
Tools, furniture and fixtures	1,296,644	1,365,775	9,749
Construction in progress	94,459	3,298	710
Total	5,621,387	5,273,799	42,266
Accumulated depreciation	(2,825,887)	(2,771,528)	(21,247)
Net property, plant and equipment	2,795,500	2,502,271	21,019
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	276,988	303,621	2,083
Investments in an unconsolidated subsidiary and associated companies	166,052	122,758	1,248
Long-term loan receivable	164,938	—	1,240
Deferred tax assets (Note 9)	66,134	68,532	497
Other assets (Note 7)	431,130	678,106	3,242
Total investments and other assets	1,105,242	1,173,017	8,310
TOTAL	¥11,984,707	¥11,653,598	$90,111

See notes to consolidated financial statements.

Liabilities and Shareholders' Equity

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
CURRENT LIABILITIES:			
Short-term bank loans (Note 6)	¥ 1,045,148	¥ 1,238,796	$ 7,858
Notes and accounts payable:			
Trade notes	162,282	237,258	1,220
Trade accounts	494,923	618,634	3,721
Income taxes payable	160,444	207,901	1,207
Accrued bonuses	222,882	228,702	1,676
Other	515,810	441,958	3,878
Total current liabilities	2,601,489	2,973,249	19,560
LONG-TERM LIABILITIES:			
Retirement benefits (Notes 2-f and 7)	114,800	101,700	863
Other	15,027	26,026	113
Total long-term liabilities	129,827	127,726	976
MINORITY INTERESTS	285,821	83,736	2,149
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11, 12 and 13)			
SHAREHOLDERS' EQUITY (Notes 2, 8 and 14):			
Common stock authorized, 32,800,000 shares; issued 8,200,000 shares	1,933,400	1,933,400	14,537
Additional paid-in capital	1,916,480	1,916,480	14,410
Retained earnings	5,306,822	4,880,633	39,901
Unrealized losses on available-for-sale securities	(1,882)	(8,721)	(14)
Foreign currency translation adjustments	(187,250)	(252,905)	(1,408)
Total shareholders' equity	8,967,570	8,468,887	67,426
TOTAL	¥11,984,707	¥11,653,598	$90,111

Consolidated Statements of Income

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31, 2002 and 2001

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
NET SALES	¥12,122,464	¥11,277,836	$91,146
COST OF SALES (Note 10)	7,181,866	6,586,051	53,999
Gross profit	4,940,598	4,691,785	37,147
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 10)	3,861,015	3,638,591	29,030
Operating income	1,079,583	1,053,194	8,117
OTHER INCOME (EXPENSES):			
Interest and dividend income	27,731	18,799	209
Gains on sales of investment securities	23,750	—	179
Interest expense	(31,340)	(35,764)	(236)
Write-down of investment securities	(21,979)	—	(165)
Loss on disposal or sales of property, plant and equipment	(14,619)	(4,957)	(110)
Other-net	(10,340)	6,460	(78)
Other expenses-net	(26,797)	(15,462)	(201)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	1,052,786	1,037,732	7,916
INCOME TAXES (Note 9):			
Current	378,644	442,841	2,847
Deferred	46,040	(10,936)	346
Total income taxes	424,684	431,905	3,193
MINORITY INTERESTS IN NET INCOME	(19,313)	(19,857)	(146)
NET INCOME	¥ 608,789	¥ 585,970	$ 4,577

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2-n):			
Net income	¥74.24	¥74.57	$0.56
Cash dividends	18.00	18.00	0.14

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31, 2002 and 2001

	Issued Number of Shares of Common Stock	Thousands of Yen				
		Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Losses on Available-for-Sale Securities	Foreign Currency Translation Adjustments
BALANCE, APRIL 1, 2000	7,600,000	¥1,640,000	¥1,550,000	¥4,443,663		
Issuance of common stock (Note 8)	600,000	293,400	366,480			
Net income				585,970		
Cash dividends, ¥15 per share				(114,000)		
Bonuses to directors and corporate auditors				(35,000)		
Unrealized losses on available-for-sale securities					¥(8,721)	
Foreign currency translation adjustments						¥(252,905)
BALANCE, MARCH 31, 2001	8,200,000	1,933,400	1,916,480	4,880,633	(8,721)	(252,905)
Net income				608,789		
Cash dividends, ¥18 per share				(147,600)		
Bonuses to directors and corporate auditors				(35,000)		
Net decrease in unrealized losses on available-for-sale securities					6,839	
Net change in foreign currency translation adjustments						65,655
BALANCE, MARCH 31, 2002	8,200,000	¥1,933,400	¥1,916,480	¥5,306,822	¥(1,882)	¥(187,250)

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Losses on Available-for-Sale Securities	Foreign Currency Translation Adjustments
BALANCE, MARCH 31, 2001	$14,537	$14,410	$36,697	$(66)	$(1,902)
Net income			4,577		
Cash dividends, $0.14 per share			(1,110)		
Bonuses to directors and corporate auditors			(263)		
Net decrease in unrealized losses on available-for-sale securities				52	
Net change in foreign currency translation adjustments					494
BALANCE, MARCH 31, 2002	$14,537	$14,410	$39,901	$(14)	$(1,408)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31, 2002 and 2001

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2001	2002
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥1,052,786	¥1,037,732	$ 7,916
Adjustments for:			
Depreciation and amortization	365,093	361,196	2,745
Write-down of investment securities	21,979	—	165
Gains on sales of investment securities	(23,750)	—	(179)
Provision for (reversal of) doubtful receivables	(25,714)	32,287	(193)
Increase (decrease) in accrued bonuses	(5,820)	17,344	(44)
Increase in retirement benefits for directors and corporate auditors	13,100	9,800	99
Interest and dividend income	(27,731)	(18,799)	(209)
Interest expense	31,340	35,794	236
Loss on disposal or sales of property, plant and equipment	14,619	4,957	110
Payment for bonuses for directors and corporate auditors	(35,000)	(35,000)	(263)
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	69,194	(203,826)	520
Decrease (increase) in inventories	217,046	(724,894)	1,632
Decrease (increase) in prepaid expenses and other current assets	(46,301)	64,218	(348)
Increase in investments and other assets	(32,314)	(49,966)	(243)
Increase (decrease) in notes and accounts payable	(343,891)	327,741	(2,586)
Increase in other current liabilities	64,502	145,592	485
Decrease in other long-term liabilities	(17,094)	(13,069)	(128)
Other-net	(15,121)	(2,255)	(114)
Total adjustments	224,137	(48,880)	1,685
Interest and dividends received	28,018	18,193	211
Interest paid	(32,137)	(34,749)	(242)
Income taxes paid	(426,410)	(580,090)	(3,206)
Net cash provided by operating activities	846,394	392,206	6,364
INVESTING ACTIVITIES:			
Decrease in time deposits pledged as collateral	—	500,000	—
Purchases of property, plant and equipment	(305,503)	(192,733)	(2,297)
Purchases of investment securities	(81,428)	(70,357)	(612)
Proceeds from sales of investment securities	75,972	305	571
Increase in long-term loan receivable	(171,925)	—	(1,293)
Other	(58,558)	(36,461)	(440)
Net cash provided by (used in) investing activities	(541,442)	200,754	(4,071)
FINANCING ACTIVITIES:			
Net decrease in short-term bank loans	(223,265)	(705,930)	(1,679)
Proceeds from issuance of common stock	—	659,880	—
Proceeds from issuance of common stock of a subsidiary to minority shareholders	154,176	—	1,159
Dividends paid	(147,600)	(114,000)	(1,110)
Other	(10,812)	(20,477)	(81)
Net cash used in financing activities	(227,501)	(180,527)	(1,711)
EFFECTS OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	20,652	8,347	155
NET INCREASE IN CASH AND CASH EQUIVALENTS	98,103	420,780	737
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,347,708	2,926,928	25,171
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥3,445,811	¥3,347,708	$25,908

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Roland DG Corporation and Consolidated Subsidiaries
Years Ended March 31, 2002 and 2001

Note: 1

Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Roland DG Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133 to $1, the approximate rate of exchange at March 31, 2002. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Note: 2

Summary of Significant Accounting Policies

a. Consolidation — The consolidated financial statements 2002 include the accounts of the Company and its significant subsidiaries (together, the "Group") except for subsidiaries which, if consolidated, would not have a material effect on the accompanying consolidated financial statements.

Under the control or influence concept, those companies over whose operations the Company, directly or indirectly, is able to exercise control are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in the unconsolidated subsidiaries and all associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not have been material.

The differences between the costs of the Company's investments in consolidated subsidiaries and its equities in the net assets at the respective dates of acquisition, are amortized over 5 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, all of which mature or become due within three months of the date of acquisition.

c. Inventories — Inventories are stated at the lower of cost, principally determined by the average method, or market.

d. Marketable and Investment Securities — All marketable and investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, non-marketable available-for-sale securities are reduced to net realizable value by a charge to income.

e. Property, Plant and Equipment — Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company is computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired by the Company after April 1, 1998, and all property, plant and equipment of consolidated foreign subsidiaries. The range of useful lives is principally 31 years for buildings and structures, and from 2 to 6 years for tools, furniture and fixtures.

f. Retirement Benefits — The Company has a contributory funded pension plan together with Roland Corporation, the Company's parent company, and consolidated domestic subsidiaries of Roland Corporation, covering substantially all of their employees.

Effective April 1, 2000, the Group adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The transitional obligation of ¥49,632 thousand, determined as of April 1, 2000, is being charged to income over 5 years.

In addition, the Company has adopted a contributory trusteed pension plan covering most employees, together with multi-employers including Roland Corporation and its domestic subsidiaries. The Company funds and charges to income as normal costs and prior service costs. At March 31, 2002, the pension fund assets available for benefits under this plan were approximately ¥841,789 thousand ($6,329 thousand).

A consolidated foreign subsidiary has a contributory defined contribution plan which covers substantially all employees of the subsidiary. The subsidiary's contribution is charged to income when paid.

Retirement benefits to directors and corporate auditors are provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.

g. Leases — All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

h. Stock and Bond Issue Expenses — Stock and bond issue costs are charged to income as incurred.

i. Income Taxes — Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

j. Appropriations of Retained Earnings — Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

k. Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

l. Foreign Currency Financial Statements — The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for shareholders' equity, which is translated at the historical rates.

Differences arising from such translation were shown as "Foreign currency translation adjustments" as a separate component of shareholders' equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rates for the year.

m. Derivatives and Hedging Activities — The Group uses foreign exchange forward contracts to manage its exposures to fluctuations in foreign exchange rates, principally related to intercompany balances. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transaction are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

The foreign exchange forward contracts employed to hedge foreign exchange exposures related to purchases of inventories are measured at the fair value and the unrealized losses are recognized in income.

n. Per Share Information — The computation of net income per share is based on the weighted average number of shares of common stock outstanding for the respective years. The weighted average number of common shares used in the computation was 8,200,000 shares for 2002 and 2001.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years representing dividends to be paid after the end of the year.

o. Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

p. Reclassification — Certain reclassifications have been made to 2001 financial statements to conform to the classification used in 2002.

Note: 3

Reconciliation to Cash and Cash Equivalents

The reconciliation of cash and time deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statement of cash flows at March 31, 2002 and 2001, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Cash and time deposits	¥3,446,206	¥3,348,052	$25,911
Time deposits with original maturities of more than 3 months	(395)	(344)	(3)
Total	¥3,445,811	¥3,347,708	$25,908

Note: 4

Marketable and Investment Securities

Marketable and investment securities as of March 31, 2002 and 2001 consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Current:			
Corporate bonds	¥ 11,993	¥ —	$ 90
Total	¥ 11,993	¥ —	$ 90
Non-current:			
Marketable equity securities	¥ 14,717	¥ 23,273	$ 111
Government and corporate bonds	—	52,233	—
Trust fund investments and other	262,271	228,115	1,972
Total	¥276,988	¥303,621	$2,083

The carrying amounts and aggregate fair values of marketable and investment securities classified as available-for-sale at March 31, 2002 and 2001 were as follows:

	Thousands of Yen 2002			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 18,947	¥ —	¥ 4,230	¥ 14,717
Debt securities	11,665	328	—	11,993
Other	204,853	851	145	205,559

	Thousands of Yen 2001			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 40,303	¥ —	¥17,030	¥ 23,273
Debt securities	51,683	550	—	52,233
Other	182,547	1,669	—	184,216

	Thousands of U.S. Dollars 2002			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$ 143	$—	$ 32	$ 111
Debt securities	88	2	—	90
Other	1,540	7	1	1,546

Available-for-sale securities whose fair values are not readily determinable as of March 31, 2002 and 2001 were as follows:

	Carrying Amounts: Thousands of Yen 2002	Thousands of Yen 2001	Thousands of U.S. Dollars 2002
Available-for-sale:			
Equity securities	¥ 6,200	¥ 7,450	$ 46
Other	50,512	36,449	380
Total	¥56,712	¥43,899	$426

Proceeds from sales of available-for-sale securities for the years ended March 31, 2002 and 2001 were ¥75,972 thousand ($571 thousand) and ¥305 thousand, respectively. Gross realized gains on these sales, computed on the moving average cost basis, were ¥23,750 thousand ($179 thousand) for the year ended March 31, 2002.

The carrying values of debt securities and trust fund investments by contractual maturities for securities classified as available-for-sale at March 31, 2002 and 2001 are as follows:

	Available-for-Sale: Thousands of Yen 2002	Thousands of Yen 2001	Thousands of U.S. Dollars 2002
Due in one year or less	¥11,993	¥ —	$ 90
Due after one year through five years	10,194	52,233	77
Due after five years through ten years	81,337	—	611

Note: 5
Inventories

Inventories at March 31, 2002 and 2001 consisted of the following:

	Thousands of Yen 2002	Thousands of Yen 2001	Thousands of U.S. Dollars 2002
Merchandise and finished products	¥1,695,578	¥1,780,019	$12,749
Work in process	33,447	24,022	251
Raw materials and supplies	553,148	553,218	4,159
Total	¥2,282,173	¥2,357,259	$17,159

Note: 6
Short-term Bank Loans

Short-term bank loans at March 31, 2002 and 2001 consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term bank loans were 1.7% and 2.4% at March 31, 2002 and 2001, respectively.

Note: 7
Retirement Benefits

Under the pension plan, employees terminating their employment are, in most circumstances, entitled to pension payments based on their average pay during their employment, period of service and certain other factors.

The assets for employees' retirement benefits at March 31, 2002 and 2001 consisted of the following:

	Thousands of Yen 2002	Thousands of Yen 2001	Thousands of U.S. Dollars 2002
Projected benefit obligation	¥941,390	¥863,527	$7,078
Fair value of plan assets	(753,665)	(728,234)	(5,667)
Unrecognized prior service cost	187,725	135,293	1,411
Unrecognized actuarial loss	(206,027)	(134,027)	(1,549)
Unrecognized transitional obligation	(29,780)	(39,706)	(224)
Net assets	¥(48,082)	¥(38,440)	$ (362)

The above assets were included in other assets within investments and other assets.

The components of net periodic benefit costs for the year ended March 31, 2002 and 2001 are as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Service cost	¥ 67,671	¥64,401	$ 509
Interest cost	25,906	22,958	195
Expected return on plan assets	(29,130)	(28,626)	(219)
Amortization of transitional obligation	9,927	9,927	74
Recognized actuarial loss	27,609	—	207
Other retirement expenses	52,891	—	398
Net periodic benefit costs	¥154,874	¥68,660	$1,164

Other retirement expenses consists of the Company's and a consolidated foreign subsidiary's contribution to the multi-employer contributory trusteed pension plan and the consolidated foreign subsidiary's defined contribution plan.

Assumptions used for the years ended March 31, 2002 and 2001 are set forth as follows:

Discount rate	3.0%
Expected rate of return on plan assets	4.0%
Amortization period of transitional obligation	5 years

The Company recognizes unrecognized actuarial gains or losses by the declining-balance method over subsequent 10 years as incurred.

The liability for retirement benefits at March 31, 2002 and 2001 represents that for directors and corporate auditors. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

Note: 8

Shareholders' Equity

At March 31, 2002, 50.7% of the Company's outstanding shares were owned by Roland Corporation, which is principally engaged in the manufacture and sales of electronic musical instruments. The Company sold certain investment securities to Roland Corporation for ¥30,000 thousand ($226 thousand) during the year ended March 31, 2002. There were no material transactions with Roland Corporation for the year ended March 31, 2001.

Japanese companies are subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code required at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to additional paid-in capital. Effective October 1, 2001, the Code was revised and common stock par values were eliminated resulting in all shares being recorded with no par value.

Prior to October 1, 2001, the Code also provided that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 25% of stated capital. Effective October 1, 2001, the revised Code allows for such appropriations to be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 25% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 25% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Company's legal reserve amount, which is included in retained earnings, totals ¥95,060 thousand ($715 thousand) and ¥76,800 thousand as of March 31, 2002 and 2001, respectively. Under the Code, companies may issue new common shares to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. Prior to October 1, 2001, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split could not be less than ¥50. The revised Code eliminated this restriction.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the Code eliminated these restrictions allowing companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders' meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus amount of stated capital, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders' meeting.

The Code permits companies to transfer a portion of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Code also permits companies to transfer a portion of unappropriated retained earnings, available for dividends, to stated capital by resolution of the shareholders.
Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

On October 26, 2000, the Company issued 600,000 shares by a public offering at the price of ¥1,170 per share. Of the net proceeds from the public offering of ¥659,880 thousand, the Company credited to the common stock account ¥293,400 thousand and credited the remaining portion to the additional paid-in capital account based on the expected issue price of ¥978 as determined by resolution of the Board of Directors, as permitted by the Code.

Note: 9
Income Taxes

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 41.1% for the years ended March 31, 2002 and 2001.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2002 and 2001, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Deferred tax assets:			
Intercompany profits on inventories	¥ 52,949	¥ 99,812	$ 398
Accrued enterprise taxes	16,831	22,863	127
Accrued bonuses	60,364	48,031	454
Retirement benefits	47,206	41,819	355
Tax loss carryforwards	417,698	355,145	3,141
Other	150,692	154,421	1,133
Less valuation allowance	(500,968)	(435,666)	(3,767)
Total	244,772	286,425	1,841
Deferred tax liabilities:			
Retained earnings appropriated for special allowance	16,087	18,278	121
Undistributed earnings of subsidiaries	17,484	17,118	132
Other	23,305	17,539	175
Total	56,876	52,935	428
Net deferred tax assets	¥187,896	¥233,490	$1,413

For the years ended March 31, 2002 and 2001, because the differences between the normal effective statutory tax rates and the actual effective tax rate are not material, the tax reconciliations are not disclosed.

At March 31, 2002, a subsidiary has tax loss carryforwards of approximately ¥1,244,816 thousand ($9,360 thousand), which are available to be offset against taxable income of the subsidiary in future years. These tax loss carryforwards, if not utilized, will expire through 2012.

Note: 10
Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses were ¥936,897 thousand ($7,044 thousand) and ¥832,198 thousand for the years ended March 31, 2002 and 2001, respectively.

Note: 11
Leases

The Group leases certain automobile, computer equipment, office space and other assets.

Total lease payments under finance leases for the years ended March 31, 2002 and 2001 were ¥6,428 thousand ($48 thousand) and ¥7,703 thousand, respectively.

Pro forma information of leased property under finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2002 and 2001 was as follows:

	Thousands of Yen					
	2002			2001		
	Machinery and Equipment	Tools, Furniture and Fixtures	Total	Machinery and Equipment	Tools, Furniture and Fixtures	Total
Acquisition cost	¥6,557	¥21,691	¥28,248	¥6,557	¥27,173	¥33,730
Accumulated depreciation	(4,249)	(12,374)	(16,623)	(2,937)	(13,335)	(16,272)
Net leased property	¥2,308	¥ 9,317	¥11,625	¥3,620	¥13,838	¥17,458

	Thousands of U.S. Dollars		
	2002		
	Machinery and Equipment	Tools, Furniture and Fixtures	Total
Acquisition cost	$49	$163	$212
Accumulated depreciation	(32)	(93)	(125)
Net leased property	$17	$ 70	$ 87

Obligations under finance leases:

	Thousands of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Due within one year	¥ 5,089	¥ 5,832	$38
Due after one year	7,071	12,160	53
Total	¥12,160	¥17,992	$91

Depreciation expense and interest expense under finance leases:

	Thousands of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Depreciation expense	¥5,832	¥7,043	$44
Interest expense	596	700	4
Total	¥6,428	¥7,743	$48

Depreciation expense and interest expense, which are not reflected in the accompanying statements of income, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancellable operating leases at March 31, 2002 and 2001, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Due within one year	¥42,980	¥38,454	$323
Due after one year	13,488	55,789	102
Total	¥56,468	¥94,243	$425

Note: 12
Derivatives

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies that regulate the authorization and credit limit amount.

The Group had the following derivatives contracts outstanding principally for intercompany balances at March 31, 2002 and 2001:

	Thousands of Yen			Thousands of Yen		
	2002			2001		
	Contract Amount	Fair Value	Unrealized Loss	Contract Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts:						
Buying Japanese yen; selling U.S. dollars	¥975,163	¥901,358	¥73,805	¥1,135,226	¥1,062,952	¥72,274

	Thousands of U.S. Dollars		
	2002		
	Contract Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts:			
Buying Japanese yen; selling U.S. dollars	$7,332	$6,777	$555

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

Note: 13
Contingent Liabilities

At March 31, 2002, the Group had the following contingent liabilities:

	Thousands of Yen	Thousands of U.S. Dollars
Trade notes discounted	¥727,294	$5,468
Guarantees for bank loans of an unconsolidated subsidiary and employees	172,184	1,295

Note: 14
Subsequent Event

The following appropriations of retained earnings at March 31, 2002 were approved at the Company's shareholders meeting held on June 19, 2002:

	Thousands of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥18 ($0.14) per share	¥147,600	$1,110
Bonuses to directors and corporate auditors	35,000	263

Note: 15
Segment Information

Information about industry segments is not disclosed because the computer peripheral equipments segment, which is the Group's main business, represented more than 90% of their operations.

(1) Geographical Segments

The geographical segments of the Group for the years ended March 31, 2002 and 2001 are summarized as follows:

	Thousands of Yen				
	2002				
	Japan	USA	Europe	Eliminations /Corporate	Consolidated
Sales to customers	¥7,134,176	¥3,877,261	¥1,111,027	¥ —	¥12,122,464
Interarea transfers	2,489,121	18,164	—	(2,507,285)	—
Total sales	9,623,297	3,895,425	1,111,027	(2,507,285)	12,122,464
Operating expenses	8,850,083	3,749,964	1,081,640	(2,638,806)	11,042,881
Operating income	¥ 773,214	¥ 145,461	¥ 29,387	¥ 131,521	¥ 1,079,583
Total assets	¥9,079,907	¥1,928,013	¥1,241,857	¥ (265,070)	¥11,984,707

	Thousands of Yen				
	2001				
	Japan	USA	Belgium	Eliminations /Corporate	Consolidated
Sales to customers	¥6,724,846	¥3,619,219	¥933,771	¥ —	¥11,277,836
Interarea transfers	2,726,636	356	—	(2,726,992)	—
Total sales	9,451,482	3,619,575	933,771	(2,726,992)	11,277,836
Operating expenses	8,475,647	3,552,333	849,537	(2,652,875)	10,224,642
Operating income	¥ 975,835	¥ 67,242	¥ 84,234	¥ (74,117)	¥ 1,053,194
Total assets	¥9,444,261	¥1,633,794	¥580,014	¥ (4,471)	¥11,653,598

	Thousands of U.S. Dollars				
	2002				
	Japan	USA	Europe	Eliminations /Corporate	Consolidated
Sales to customers	$53,640	$29,152	$8,354	$ —	$91,146
Interarea transfers	18,715	137	—	(18,852)	—
Total sales	72,355	29,289	8,354	(18,852)	91,146
Operating expenses	66,542	28,195	8,133	(19,841)	83,029
Operating income	$ 5,813	$ 1,094	$ 221	$ 989	$ 8,117
Total assets	$68,270	$14,497	$9,337	$ (1,993)	$90,111

Note: Because a newly consolidated subsidiary was established in the U.K. on January 1, 2002, only balance sheet items of this subsidiary were reflected in the above segment information. Those balance sheet items were included in assets in Europe. Additionally, the Company changed the name of geographical segment from Belgium to Europe.

(2) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2002 and 2001 are summarized as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Sales to foreign customers in:			
North America	¥3,596,271	¥3,364,687	$27,040
Europe	3,211,630	3,030,893	24,147
Asia	1,093,768	820,100	8,224
Other	875,436	900,704	6,582
Total	¥8,777,105	¥8,116,384	$65,993

INDEPENDENT AUDITORS' REPORT

Deloitte
Touche
Tohmatsu

To the Board of Directors and Shareholders of
Roland DG Corporation:

We have examined the consolidated balance sheets of Roland DG Corporation and consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Roland DG Corporation and consolidated subsidiaries as of March 31, 2002 and 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As discussed in Note 2, effective April 1, 2000, the consolidated financial statements have been prepared in accordance with a new accounting standard for employees' retirement benefits.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

Osaka, Japan
June 19, 2002

Corporate Data

COMPANY OUTLINE *(As of March 31, 2002)*

Company Name:
Roland DG Corporation

Founded:
May 1, 1981

Common Stock:
¥1,933 million

Net Sales for 2002:
¥9,623 million

Number of Employees:
281

Main Products:
Color Graphics/Signmaking Devices, Vinyl Sign Cutters
Engraving/Routing Systems, Prototyping/Modeling Machines
3D Scanner, Metal Printer

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Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, Sendai,
Hiroshima, Hamamatsu

Number of Shareholders:
2,445

Stock Exchange Listing:
Tokyo

Stock Transfer Agent:
Daiko Shoken Business Co., Ltd.

Independent Auditor:
Deloitte Touche Tohmatsu

Directors and Auditors:
(As of June 19, 2002)

President	Masahiro Tomioka
Executive Director	Kiyotaka Uemura
Executive Director	Masanori Morita
Managing Director	Hisao Omori
Director	Harumi Sakawa
Director	Kenji Murayama
Director	Masaharu Kamata
Director	Hideyuki Kakiuchi
Director	Jun Ito
Director	Katsuyoshi Dan
Corporate Auditor	Yukihiro Sawano
Corporate Auditor	Hiroshi Furukawa
Corporate Auditor	Minoru Kawashima

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BOSS Corporation
Roland ED Corporation
Roland Tech Corporation
Roland I.P. Corporation
Edirol Corporation
Studio R Corporation
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Roland

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Printed in Japan