ANNUAL REPORT

Year ended March 31, 2008

Roland

Roland Corporate Slogans

***I**nspire the Enjoyment of Creativity*

***B**e the BEST rather than the BIGGEST*

***T**he Roland Family—Cooperative Enthusiasm*

The spirit that makes Roland unique is the essence of these three slogans. They clearly articulate Roland's purpose as a company. They are the driving force behind our ever-expanding quest for a future of limitless possibilities in sound and video creation.

Consolidated Financial Highlights

Roland Corporation and Consolidated Subsidiaries

Year ended March 31	Millions of Yen 2004	2005	2006	2007	2008	Thousands of U.S. Dollars (Note 1) 2008
For the year:						
Net sales	¥65,399	¥75,906	¥89,274	¥95,259	**¥108,560**	**$1,085,600**
Operating income	3,587	6,743	8,375	9,842	**13,334**	**133,340**
Net income	1,120	2,398	3,208	3,701	**3,621**	**36,210**
Depreciation and amortization	2,245	2,133	2,566	2,652	**3,141**	**31,410**
Capital expenditures	1,976	3,044	3,617	3,343	**5,351**	**53,510**
Research and development costs	5,711	5,877	6,283	6,836	**6,741**	**67,410**
Net cash provided by operating activities	2,128	6,469	6,109	6,790	**8,026**	**80,260**
At year-end:						
Total assets	66,900	75,117	81,738	93,116	**98,692**	**986,920**
Total equity	47,868	49,323	53,525	73,332	**78,689**	**786,890**
	Yen					U.S. Dollars (Note 1)
Per share:						
Net income (Note 2)	¥ 42.53	¥ 92.43	¥ 124.65	¥ 147.40	**¥ 144.22**	**$ 1.44**
Cash dividends	18.50	25.00	27.50	35.00	**35.00**	**0.35**
Total equity	1,904.44	1,961.07	2,128.44	2,285.47	**2,387.00**	**23.87**
	%					
Ratio:						
Equity ratio	71.6	65.7	65.5	61.6	**60.7**	
Return on equity	2.3	4.9	6.2	6.7	**6.2**	

Notes: 1. The U.S. dollar amounts have been translated, for convenience only, at the rate of ¥100=US$1, the approximate rate of exchange at March 31, 2008.
2. Net income per share has been computed based on the weighted-average number of shares outstanding during each period.

A Message from the Management

Katsuyoshi Dan
Chairman

Hidekazu Tanaka
President

We are pleased to report the business results of Roland Corporation for the fiscal year from April 1, 2007 to March 31, 2008 (fiscal 2008).

In fiscal 2008, in the electronic musical instruments business, sales of electronic drums, guitar effects processors and portable recorders were brisk in Japan and overseas while sales of digital pianos grew in Japan and Europe. In the computer peripherals business, sales of large-format professional-use color printers and low-solvent inks were buoyant. As a result, consolidated net sales for the year amounted to ¥108,560 million, an increase of 14.0% from the previous year. While operating income increased 35.5% to ¥13,334 million, net income decreased 2.2% to ¥3,621 million. Cash dividends for the full year amounted to ¥35 per share, consisting of an interim dividend of ¥17.5 and a year-end dividend of ¥17.5.

In keeping with our corporate slogan "Inspire the Enjoyment of Creativity," the Roland Group is steadily expanding its business domain, focusing efforts on the video sector, with an emphasis on video editing equipment. Our challenge is to transform your imagination into sound, into video, and, ultimately, into reality.

In an era when people seek qualitative fulfillment, and as creativity becomes more diversified and personalized, Roland is undergoing remarkable expansion. We're committed to change and flexibility. This will enable us to further develop our technological capabilities. We remain keenly aware of our social responsibility as an enterprise that supports the culture of creativity and we'll do our best to be a company that inspires cooperative enthusiasm among all our stakeholders.

We look forward to the continued support of our shareholders in the coming years.

Katsuyoshi Dan
Chairman

Hidekazu Tanaka
President

K Dan

Advancing into promising new fields with our brands, we're always eager to develop our leading-edge technologies for the benefit of our customers.

Building on our reputation as the premier manufacturer of electronic musical instruments, Roland is pursuing a multi-brand strategy to greatly expand its business domain. Roland offers brands and product lines sustained by leading-edge, innovative technologies and dynamic, forward thinking. You can count on us to be a source of inspirational products that bring out the best in creative people.

Roland

The full-line electronic musical instrument brand loved and trusted by music creators around the world.

The Roland brand has become the de facto creative standard for music hobbyists and professional artists around the globe. Roland synthesizers, electronic drums, and guitar amplifiers are essential "must haves" on stages and in studios worldwide. Roland's reach, however, does not stop there. Our extensive line-up of digital pianos and electronic organs offers an array of unique functions and sounds that delight music enthusiasts in homes and music schools everywhere.

BOSS

The global market share leader in effects processors.
The iconic brand for guitarists who want the best.

Since the introduction of the first BOSS compact pedal in 1977, BOSS has created award-winning products for guitarists worldwide. Today, the extensive BOSS product line appeals to guitarists playing all types of music, with road-rugged multi-effects processors driven by the latest technological advances and digital multi-track recorders that allow musicians of all skill levels to create professional-caliber recordings.

EDIROL by Roland

The brand for creating music with high-definition sound makes audio and visual editing a pleasure.

EDIROL is the brand of choice for professional music producers and computer music hobbyists everywhere. With a rich selection of software and hardware options to choose from and a substantial line-up of analog-to-digital audio/MIDI products, EDIROL inspires creativity and experimentation. Whether you're recording and storing prized live performances, or saving valued cassette tape collections from yesteryear, EDIROL products open up a new realm of music-making possibilities with PCs. In video production, the versatile EDIROL line-up includes multi-format mixers and converters compatible with high-definition video.

cakewalk by Roland

Leading brand of cutting-edge yet easy-to-use software products for music creation.

Cakewalk provides sophisticated and optimum comprehensive software solutions for music creation and recording, for professional studios as well as for hobbyists. From music producers, composers, sound designers, and engineers to anyone who loves making computer music, people around the world use Cakewalk software products to create and deliver innovative music.

RSS by Roland

Sound and image system solutions to create audio and visual space.

The RSS brand of commercial-use audio equipment creates audio and visual space at public facilities, amusement centers, and commercial complexes. RSS products include PA systems for events and concerts and audio equipment for conference centers and retail stores. Combine RSS with EDIROL video equipment for superb sound and image system solutions.

RODGERS

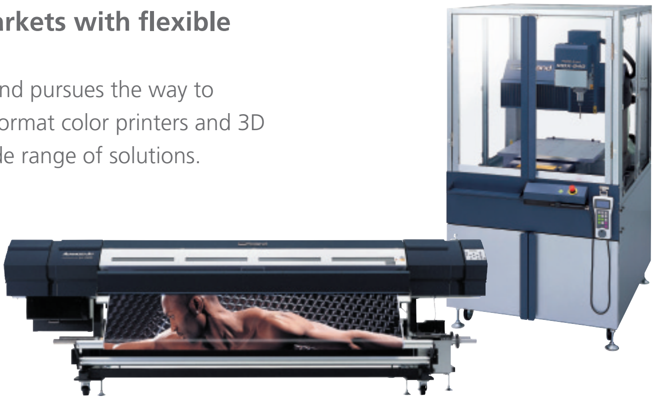
Classic organs fusing technology with traditional instrument craftsmanship.

A celebrated American brand of classic organs has united with Roland's sophisticated digital technology to create unparalleled sound. The glorious voices of Rodgers digital and pipe-combination organs can be heard in hotels, schools churches, and concert halls around the world.

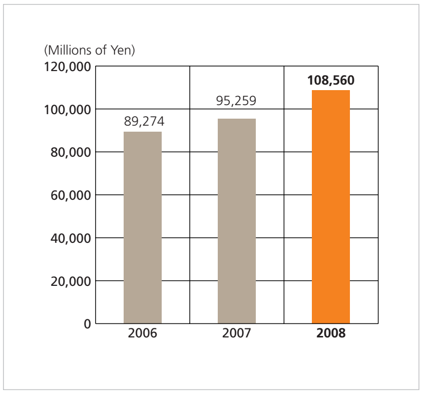
Roland

Computer Peripherals to establish new markets with flexible mind-set.

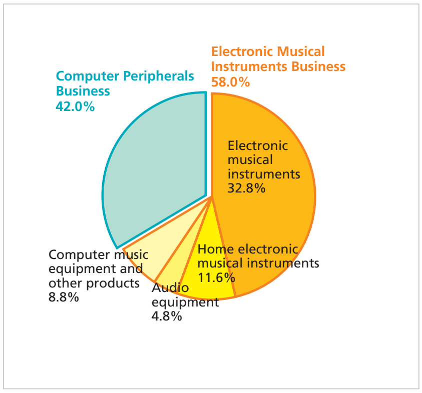
Using the latest digital technology, the Roland DG brand pursues the way to transform imagination into reality. Professional large-format color printers and 3D input/output devices provide the customers with a wide range of solutions.



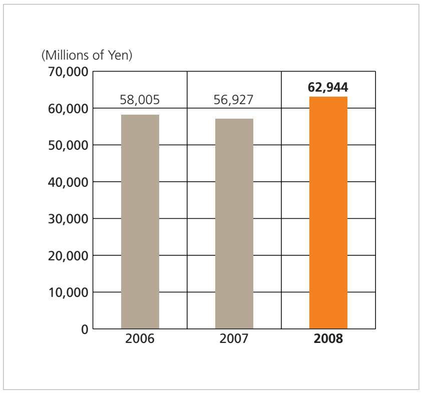
Net Sales



Percentage of Consolidated Sales by Segment



Electronic Musical Instruments Business



Overview of Business Performance

In fiscal 2008, personal consumption in Japan remained generally robust owing to increased capital investment and an improvement in the labor market, underpinned by upbeat corporate earnings. However, the U.S. economy showed signs of a slowdown as housing investment deteriorated and personal consumption was weakened by rising oil and raw material prices. The tempo of the major European economies slackened somewhat, although the Eastern European economies remained robust.

Responding to this operating environment, in the electronic musical instruments business, Roland focused on the enhancement of products inspiring enjoyment of creativity among general consumers to upgrading products for professional use, while emphasizing the development of high-value-added products. At the same time, we strove to expand and identify new distribution channels in Japan and overseas and sought to communicate the value delivered by Roland products. As a result, sales of electronic drums and guitar-related equipment were robust in Japan and overseas and sales of digital pianos rose in Japan. In the computer peripherals business, Roland vigorously implemented business development initiatives in two promising fields: color (large-format color printers) and 3D (3D image input and output equipment). Consequently, sales developed favorably, especially those of printers in overseas markets.

Consolidated net sales for the year were ¥108,560 million, an increase of 14.0% year on year. Operating income surged 35.5% to ¥13,334 million, but net income decreased 2.2% to ¥3,621 million.

Business Performance by Segment

Electronic Musical Instruments Business

Sales of electronic musical instruments amounted to ¥35,626 million, an increase of 13.0% year on year. Sales of electronic drums increased both in Japan and overseas as the user base expanded thanks to the launch of V-Drums Lite HD-1, a new entry-level product to complement the existing V-Drums series of mid-range drums. Sales of BOSS guitar effects processors and compact guitar amplifiers

V-Drums Lite HD-1 and
Personal Drum Monitor PM-1

V-Guitar System VG-99

were also robust, particularly sales of new models. Also, the new VG-99 spurred market penetration of the V-Guitar System, which incorporates modeling technology enabling users to create a rich variety of sounds.

Sales of home electronic musical instruments were ¥12,542 million, up 12.9% year on year. In Japan, sales of the HP series of digital pianos and the RG series of digital grand pianos were brisk thanks to aggressive marketing initiatives such as the unique Roland Foresta in-store shop program. Sales of electronic organs also increased, benefiting from the addition of new models in the ATELIER series. Although sales of digital pianos in North America were sluggish, reflecting the deterioration of housing investment, sales of the new FP series of stylish digital pianos were buoyant in Europe.

Sales of audio equipment decreased 13.4% year on year to ¥5,172 million. Buffeted by stiffer competition from recording software as well as hardware, sales of multi-track recorders, particularly those of the VS series of high-end digital recorders and the BR series for guitar users, were lower in Japan and overseas. In Japan, sales of OEM sound boards for online karaoke and gaming devices decreased.

Sales of computer music equipment and other products rose 15.6% year on year to ¥9,604 million. The R-09 portable recorder contributed greatly to total sales both in Japan and overseas. Also, sales of video equipment, such as the VC series of multi-format converters and the V series of video mixers for live performance, were buoyant.

As a result, segment sales of the electronic musical instruments business were ¥62,944 million, an increase of 10.6% year on year.

Computer Peripherals Business

In the color printer business, while the market for basic models of low-solvent inkjet printers expanded beyond the signage industry, the new product introduced at the end of the previous year had a very positive impact on sales. The line-up for professional use was enriched by the introduction of a model dedicated to large outdoor signage and a model exclusively for printing. Sales of low-solvent inks soared in line with the rising sales of printers.

In the 3D business, while sales of a high-precision milling machine introduced in the previous year were robust, a new metal printer introduced during the year under review was well received in the market.

As a result, sales of the computer peripherals business were ¥45,616 million, an increase of 19.0%.

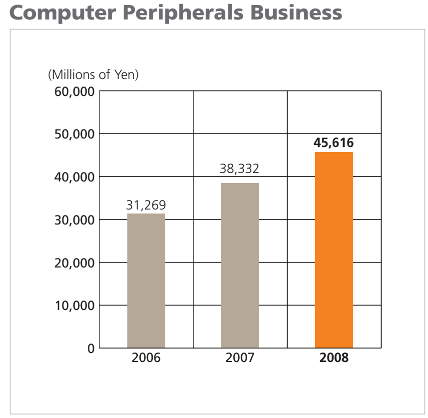
Roland Foresta in-store shop program

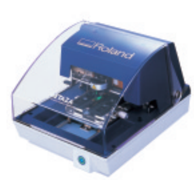

Music ATELIER AT-900C


R-09 24-bit WAVE/MP3 Recorder

V-4 4-Channel Video Mixer

Computer Peripherals Business





METAZA MPX-80
Metal Printer


SOLJET PROIII XJ-640
Large-Format Printer

Keenly aware of its social responsibility as an enterprise that supports the culture of music and imaging, Roland expresses its philosophies and activities in the slogans: "Inspire the Enjoyment of Creativity," "Be the BEST rather than the BIGGEST," and "The Roland Family—Cooperative Enthusiasm." We aspire to be an enterprise delivering value to all our customers, shareholders, business partners, employees, local communities and all other stakeholders while, at the same time, contributing to society.

Corporate governance is a top priority for the Company's management. Roland strives to ensure rigorous compliance and maintain management transparency through the improvement and enhancement of internal controls and information disclosure.

1. Management Structure

The Company has adopted the corporate auditor system.

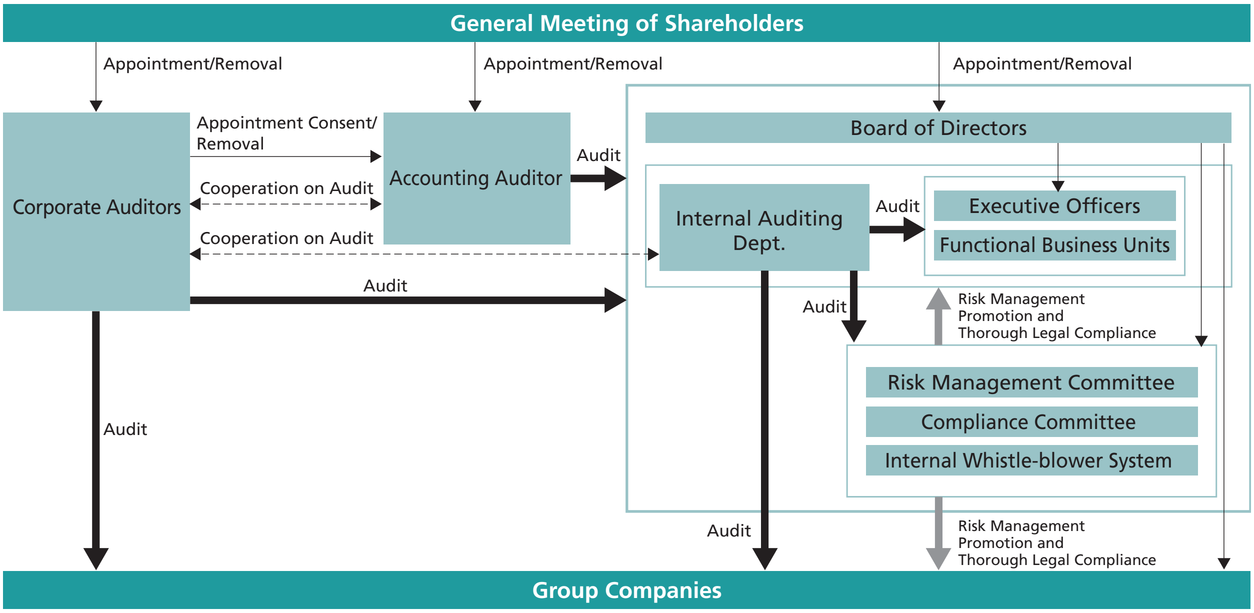
Role of the Board of Directors

The Company has introduced an executive officer system to separate management from execution and ensure swift decision making and prompt execution of business. The Company maintains a management structure such that the Board of Directors focuses on the formulation of management policy and management plans and the oversight of the execution of business, while delegating authority over the execution of product development, sales, and administration to the executive officers. The Board of Directors meets monthly and, additionally, as necessary. By setting the term of office for directors at one year, the Company clearly defines management responsibility for the business year. With the objective of strengthening the oversight function of the Board of Directors, an outside director was elected at the Company's General Meeting of Shareholders held on June 25, 2008. The outside director is not from the Roland Group and has no vested interest in the Company.

Role of the Board of Corporate Auditors

The corporate auditors establish audit standards and audit the execution of duties by the directors. Of the four corporate auditors, two are outside auditors who are not from the Company or the Roland Group. The outside corporate auditors have no vested interest in the Company.

2. Relationship between Management Structure and Internal Control Systems



3. Internal Control Systems

The Board of Directors has determined that the systems necessary for ensuring the appropriateness of operations (internal control systems) of the Company are as follows:

System for Ensuring Compliance of Directors' Execution of Duties with Laws and Regulations and the Articles of Incorporation

- The Company has established the Compliance Committee, which is chaired by the executive officer responsible for administration, to ensure rigorous compliance with laws and regulations, the Articles of Incorporation, and corporate ethics. The Company has established the Compliance Guidelines as its basic policy on compliance for all officers and employees.
- The Company has established Rules of Employment for Officers specifying legal compliance and a code of conduct required of directors and mandates compliance accordingly.

System for Retention and Management of Information concerning Directors' Execution of Duties

- The Company retains and manages documents in accordance with the Document Management Regulations to ensure the optimization and maximum efficiency of business operations.
- The Company has established Rules for Information Disclosure to ensure appropriate disclosure in a timely manner and management of information concerning the Company.

Rules and Other Systems concerning Risk Management

- The Company prepares Risk Management Regulations and has established the Risk Management Committee for the purpose of preventing the materialization of risks associated with the execution of the Company's business and of ensuring a swift response in the event that a risk materializes.
- The Company uses an internal whistle-blower system to detect violation of laws and regulations or the Articles of Incorporation and takes corrective action and implements measures to prevent the recurrence of any such violation.

System for Ensuring Compliance of Employees' Execution of Duties with Laws and Regulations and the Articles of Incorporation

- The Compliance Committee ensures that all employees are familiar with the Compliance Guidelines, which is the basic policy on compliance with laws and regulations, the Articles of Incorporation, and corporate ethics, and engages in employee education and guidance.
- The Company has established an internal whistle-blower system whose point of contact is a law office in order to ensure that corrective action is swiftly taken in the event of any violation of laws and regulations, the Articles of Incorporation or corporate ethics, and that measures are implemented to prevent recurrence. The Company has also put in place a system for obtaining appropriate advice and guidance from an outside law office as necessary.
- In the Internal Auditing Dept., which is the Company's internal auditing unit, the Company has put in place a system for confirming the effectiveness of internal control systems and identifying areas for improvement.

System for Ensuring Appropriateness of Business Operations of the Roland Group

- "Inspire the Enjoyment of Creativity," "Be the BEST rather than the BIGGEST," and "The Roland Family—Cooperative Enthusiasm" —these three slogans embodying the key policies that have shaped the development of Roland since its foundation. These statements are positioned as the action guidelines applied throughout the Roland Group.
- Systems have been put in place enabling appropriate control and supervision of affiliated companies of the Roland Group in accordance with the Rules for Control of Affiliated Companies.

4. Internal Auditing and Corporate Auditors

At the Company, audits are performed on the basis of cooperation among corporate auditors, the accounting auditor and the Internal Auditing Dept. The Board of Corporate Auditors and the accounting auditor meet periodically and they exchange information with the Internal Auditing Dept. when it formulates an annual audit plan. An internal audit report is also distributed to Corporate Auditors and explanation is provided.

The basis of the Company's internal control systems is clear segregation of duties and authority and a checks and balances function incorporated in business processes. The Company has established the Internal Auditing Dept., which is an independent internal audit unit that periodically conducts audits of operating units and affiliated companies. In this way, the Company strives to ensure that internal control systems function effectively and to identify areas for improvement. The Company has also put in place a system for obtaining appropriate advice and guidance from an external law office and other outside specialists as necessary.

5. Accounting Audits

The Company has appointed Deloitte Touche Tohmatsu as its accounting auditor. The names of the certified public accountants engaged in the auditing for the fiscal year under review and the numbers of assistants involved in the auditing are as follows:

- The names of certified public accountants engaged in the auditing
  Designated employees engaged in the auditing: Fumihiko Kimura, Hisayoshi Takahashi, Hiroyuki Asaga
- Numbers of assistants involved in the auditing
  Seven certified public accountants, eight junior accountants, six other staff

Consolidated Balance Sheets

Roland Corporation and Consolidated Subsidiaries
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2008**	2007	**2008**
CURRENT ASSETS:			
Cash and time deposits (Note 3)	**¥ 19,991**	¥ 22,414	**$ 199,910**
Notes and accounts receivable:			
Trade(Note 6)	**13,906**	12,971	**139,060**
Allowance for doubtful receivables	**(396)**	(446)	**(3,960)**
Marketable securities (Note 4)	**619**	366	**6,190**
Inventories (Notes 5 and 6)	**23,672**	21,102	**236,720**
Deferred tax assets (Note 10)	**2,882**	2,427	**28,820**
Other	**4,298**	3,689	**42,980**
Total current assets	**64,972**	62,523	**649,720**
PROPERTY, PLANT AND EQUIPMENT:			
Land (Notes 6 and 7)	**7,721**	6,532	**77,210**
Buildings and structures (Note 6)	**19,980**	19,254	**199,800**
Machinery and equipment	**5,091**	4,635	**50,910**
Tools, furniture and fixtures	**10,299**	10,619	**102,990**
Construction in progress	**513**	139	**5,130**
Total	**43,604**	41,179	**436,040**
Accumulated depreciation	**(24,293)**	(23,349)	**(242,930)**
Net property, plant and equipment	**19,311**	17,830	**193,110**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	**2,814**	3,475	**28,140**
Investments in unconsolidated subsidiaries and associated companies	**3,157**	2,172	**31,570**
Long-term loans	**862**	1,041	**8,620**
Goodwill	**393**	415	**3,930**
Software	**1,327**	1,008	**13,270**
Software in progress	**784**	330	**7,840**
Deferred tax assets (Note 10)	**990**	766	**9,900**
Other assets (Note 8)	**4,082**	3,556	**40,820**
Total investments and other assets	**14,409**	12,763	**144,090**
TOTAL	**¥ 98,692**	¥ 93,116	**$ 986,920**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2008	2007	Thousands of U.S. Dollars (Note 1) 2008
CURRENT LIABILITIES:			
Notes and accounts payable—trade	**¥ 6,257**	¥ 5,567	**$ 62,570**
Short-term bank loans (Note 6)	**380**	1,581	**3,800**
Current portion of long-term debt (Note 6)	**140**	141	**1,400**
Income taxes payable	**2,126**	2,373	**21,260**
Accrued bonuses	**1,480**	1,445	**14,800**
Accrued bonuses to Directors and Corporate Auditors	**135**	130	**1,350**
Accrued Warranties (Note 2.g)	**730**	434	**7,300**
Other	**5,659**	4,966	**56,590**
Total current liabilities	**16,907**	16,637	**169,070**
LONG-TERM LIABILITIES:			
Long-term debt (Note 6)	**34**	220	**340**
Deferred tax liabilities (Note 10)	**999**	942	**9,990**
Deferred tax liabilities on land revaluation (Notes 7 and 10)	**187**	187	**1,870**
Other	**1,876**	1,798	**18,760**
Total long-term liabilities	**3,096**	3,147	**30,960**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 12, 13 and 14)			
EQUITY (Notes 9 and 16):			
Common stock,			
authorized, 60,000,000 shares;			
issued 25,572,404 shares in 2008 and 2007	**9,274**	9,274	**92,740**
Capital surplus	**10,801**	10,801	**108,010**
Retained earnings	**40,038**	37,358	**400,380**
Unrealized gain on available-for-sale securities	**56**	508	**560**
Land revaluation difference (Note 7)	**(1,499)**	(1,499)	**(14,990)**
Foreign currency translation adjustments	**1,952**	1,629	**19,520**
Treasury stock at cost,			
464,371 shares in 2008 and 462,789 shares in 2007	**(689)**	(683)	**(6,890)**
Total	**59,933**	57,388	**599,330**
Minority interests	**18,756**	15,944	**187,560**
Total equity	**78,689**	73,332	**786,890**
TOTAL	**¥98,692**	¥93,116	**$986,920**

Consolidated Statements of Income

Roland Corporation and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	**2008**
NET SALES	**¥108,560**	¥95,259	**$1,085,600**
COST OF SALES (Note 11)	**60,615**	54,397	**606,150**
Gross profit	**47,945**	40,862	**479,450**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 11)	**34,611**	31,020	**346,110**
Operating income	**13,334**	9,842	**133,340**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**638**	454	**6,380**
Interest expense	**(220)**	(177)	**(2,200)**
Loss on disposals or sales of property, plant and equipment—net	**(52)**	(37)	**(520)**
Equity in earnings of unconsolidated subsidiaries and associated companies—net	**183**	173	**1,830**
Foreign exchange gain (loss) —net	**(752)**	146	**(7,520)**
Other—net	**(53)**	(85)	**(530)**
Other income (expenses)—net	**(256)**	474	**(2,560)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**13,078**	10,316	**130,780**
INCOME TAXES (Note 10):			
Current	**6,090**	4,572	**60,900**
Deferred	**(194)**	(742)	**(1,940)**
Total income taxes	**5,896**	3,830	**58,960**
MINORITY INTERESTS IN NET INCOME	**3,561**	2,785	**35,610**
NET INCOME	**¥ 3,621**	¥ 3,701	**$ 36,210**

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.q and 15):			
Net income	**¥144.22**	¥147.40	**$1.44**
Cash dividends applicable to the year	**35.00**	35.00	**0.35**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Roland Corporation and Consolidated Subsidiaries

Years Ended March 31, 2008 and 2007

		Millions of Yen									
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interest	Total Equity
BALANCE, APRIL 1, 2006	25,111,708	¥9,274	¥10,800	¥34,480	¥808	¥(1,499)	¥ 342	¥(680)	¥53,525		¥53,525
Reclassified balance as of March 31, 2006 (Note 2.i)										¥13,915	13,915
Net income				3,701					3,701		3,701
Cash dividends, ¥30.00 per share				(753)					(753)		(753)
Bonuses to directors and corporate auditors				(78)					(78)		(78)
Purchase of treasury stock	(1,344)							(4)	(4)		(4)
Disposal of treasury stock	218		1					1	2		2
Net increase due to exclusion from consolidated subsidiaries				8					8		8
Net change in the year					(300)		1,287		987	2,029	3,016
BALANCE, MARCH 31, 2007	25,109,615	9,274	10,801	37,358	508	(1,499)	1,629	(683)	57,388	15,944	73,332
Net income				**3,621**					**3,621**		**3,621**
Cash dividends, ¥37.50 per share				**(941)**					**(941)**		**(941)**
Purchase of treasury stock	(2,011)							**(6)**	**(6)**		**(6)**
Disposal of treasury stock	429		**0**					**0**	**0**		**0**
Net change in the year					**(452)**		**323**		**(129)**	**2,812**	**2,683**
BALANCE, MARCH 31, 2008	**25,108,033**	**¥9,274**	**¥10,801**	**¥40,038**	**¥ 56**	**¥(1,499)**	**¥1,952**	**¥(689)**	**¥59,933**	**¥18,756**	**¥78,689**

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interest	Total Equity
BALANCE, MARCH 31, 2007	$92,740	$108,010	$373,580	$5,080	$(14,990)	$16,290	$(6,830)	$573,880	$159,440	$733,320
Net income			**36,210**					**36,210**		**36,210**
Cash dividends, $0.38 per share			**(9,410)**					**(9,410)**		**(9,410)**
Purchase of treasury stock							**(60)**	**(60)**		**(60)**
Disposal of treasury stock		**0**					**0**	**0**		**0**
Net change in the year				**(4,520)**		**3,230**		**(1,290)**	**28,120**	**26,830**
BALANCE, MARCH 31, 2008	**$92,740**	**$108,010**	**$400,380**	**$ 560**	**$(14,990)**	**$19,520**	**$(6,890)**	**$599,330**	**$187,560**	**$786,890**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Roland Corporation and Consolidated Subsidiaries

Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	**2008**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥13,078**	¥ 10,316	**$130,780**
Adjustments for:			
Depreciation and amortization	**3,141**	2,652	**31,410**
Interest and dividend income	**(638)**	(454)	**(6,380)**
Interest expense	**220**	177	**2,200**
Foreign exchange gain (loss) —net	**630**	(26)	**6,300**
Equity in earnings of unconsolidated subsidiaries and associated companies—net	**(183)**	(173)	**(1,830)**
Loss on disposals or sales of property, plant and equipment—net	**52**	37	**520**
Gain on sales of investment securities	**(15)**	(42)	**(150)**
Write-down of investment securities	**17**	41	**170**
Payment for bonuses to directors and corporate auditors	**—**	(126)	**—**
Changes in assets and liabilities:			
Increase in notes and accounts receivable	**(772)**	(1,337)	**(7,720)**
Increase in inventories	**(2,394)**	3,459	**(23,940)**
Increase in notes and accounts payable	**602**	811	**6,020**
Other—net	**353**	1,412	**3,530**
Total	**14,091**	9,829	**140,910**
Interest and dividends received	**631**	432	**6,310**
Interest paid	**(199)**	(179)	**(1,990)**
Income taxes paid	**(6,497)**	(3,292)	**(64,970)**
Net cash provided by operating activities	**8,026**	6,790	**80,260**
INVESTING ACTIVITIES:			
Decrease (increase) in time deposits	**(422)**	200	**(4,220)**
Purchases of marketable securities	**(278)**	(294)	**(2,780)**
Proceeds from sales of marketable securities	**190**	10	**1,900**
Purchases of property, plant and equipment	**(3,986)**	(2,418)	**(39,860)**
Proceeds from sales of property, plant and equipment	**112**	121	**1,120**
Purchases of software and other intangible assets	**(1,302)**	(822)	**(13,020)**
Purchases of investment securities	**(1,269)**	(754)	**(12,690)**
Proceeds from sales of investment securities	**120**	466	**1,200**
Purchases of shares of subsidiaries and associated companies	**(435)**	(180)	**(4,350)**
Proceeds from sales of investment in subsidiaries and associated companies	**—**	3	**—**
Additions to investments in capital	**—**	(609)	**—**
Collections of investments in capital	**42**	288	**420**
Additions to long-term loans	**(52)**	(557)	**(520)**
Collections of long-term loans	**176**	92	**1,760**
Other—net	**(167)**	275	**(1,670)**
Net cash used in investing activities	**(7,271)**	(4,179)	**(72,710)**
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans—net	**(1,239)**	760	**(12,390)**
Repayment of long-term debt	**(201)**	(181)	**(2,010)**
Dividends paid	**(942)**	(753)	**(9,420)**
Dividends paid to the minority shareholders	**(902)**	(776)	**(9,020)**
Other—net	**83**	10	**830**
Net cash used in financing activities	**(3,201)**	(940)	**(32,010)**
EFFECTS OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS—(Forward)	**¥ (413)**	¥ 593	**$ (4,130)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,859)**	2,264	**(28,590)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**22,414**	20,416	**224,140**
CASH AND CASH EQUIVALENTS OF EXCLUDED CONSOLIDATED SUBSIDIARIES	**—**	(266)	**—**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	**¥19,555**	¥22,414	**$195,550**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Roland Corporation and Consolidated Subsidiaries

Years Ended March 31, 2008 and 2007

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 Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

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. In addition, certain reclassifications have been made in the 2007 financial statements to conform to the classifications used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Roland 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 ¥100 to $1, the approximate rate of exchange at March 31, 2008. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Consolidation —** The consolidated financial statements as of March 31, 2008 and 2007 include the accounts of the Company and its 21 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 in which the Company, directly or indirectly, is able to exercise control over operations 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 1 unconsolidated subsidiary and 1 associated company are accounted for by the equity method.

Investments in the remaining 15 (16 in 2007) unconsolidated subsidiaries and 4 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 be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary or associated company at the date of acquisition is being amortized over a period within 10 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits 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 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 —** 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 in a separate component of equity. The cost of securities sold is determined by 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, investment 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 and its consolidated domestic subsidiaries 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 and its consolidated domestic subsidiaries after April 1, 1998, and all property, plant and equipment of consolidated foreign subsidiaries. The range of useful lives is principally thirty-one to fifty years for buildings and structures, and from two to six years for tools, furniture and fixtures.

In accordance with the revision of the Corporate Tax Law, the method of depreciation of property, plant and equipment acquired on or after April 1, 2007 has been changed to the method based on the Corporate Tax Law after the revision. The effect of this treatment was to decrease operating income and income before income taxes and minority interests for the year ended March 31, 2008 by ¥145 million ($ 1,450 thousand).

Pursuant to the revision of the Corporate Tax Law, the residual values (5% of the acquisition costs) of the assets fully depreciated based on the Corporate Tax Law before the revision are depreciated equally over five years starting from the year ended March 31, 2008. As a result, operating income and income before income taxes and minority interests decreased by ¥61 million ($610 thousand).

f. **Intangible Assets** — Goodwill is amortized by the straight-line method over a period within 10 years.

Software to be sold is amortized in proportion of the actual sales volume of the software during the current year to the estimated total sales volume over the estimated salable years of the software. Software for internal use is amortized by the straight-line method over its useful life of five years.

g. **Product Warranty Costs** — Until the year ended March 31, 2007, in the Company and certain consolidated subsidiaries the product warranty costs after sales were recorded when paid. But since the materiality of such costs is increasing due to sales growth, and product warranty data has been well maintained and accumulated in recent years, the Company and certain consolidated subsidiaries decided to record the estimated warranty costs based on the past experiences under accrued warranties on the consolidated balance sheets effective the year ended March 31, 2008. As a result, compared with the previous method, operating income and income before income taxes and minority interests decreased by ¥174 million ($1,740 thousand).

h. **Retirement Benefits** — The Company and its consolidated domestic subsidiaries have a contributory funded pension plan covering substantially all of their employees.

The unrecognized actual gain or loss is being amortized by the straight-line method over ten years, which is within the average remaining service period of employees expected to receive benefits under the plan. Since the year ended March 31, 2007, the Company and its consolidated domestic subsidiaries have amended the severance indemnity plan by introducing a “point-based benefits system,” under which benefits are calculated based on accumulated points allocated to employees each year according to their job classification and their job performance.

In addition, the Company and its consolidated domestic subsidiaries have a contributory trusteed pension plan covering most employees. The Company and its consolidated domestic subsidiaries fund and record contributions as charges to income when paid.

Certain consolidated foreign subsidiaries have contributory defined contribution plans which cover substantially all employees of the subsidiaries. The subsidiaries' contributions are charged to income when paid.

i. **Presentation of Equity** — On December 9, 2005, the Accounting Standards Board of Japan (the ASBJ) published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ended on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

j. **Research and Development Costs** — Research and development costs are charged to income as incurred.

k. **Bonuses to directors and corporate auditors** — Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable for the years ended March 31, 2008 and 2007.

l. **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.

m. **Income Taxe** — 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.

n. **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.

o. **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 equity, which is translated at the historical rates.

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

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

p. **Derivatives and Hedging Activities** — The Group uses derivative financial instruments 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 transactions 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 gains or losses are recognized in income.

q. **Per Share Information** — Net income per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the respective years.

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

r. **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, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

s. **New Accounting Pronouncements**

Measurement of Inventories — Under Japanese GAAP, inventories are currently measured either by the cost method, or at the lower of cost or market. On July 5, 2006, the ASBJ issued ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories", which is effective for fiscal years beginning on or after April 1, 2008. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting — On March 30, 2007, the ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transaction if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transaction should be capitalized. The revised accounting standard for lease transaction is effective for fiscal years beginning on or after April 1, 2008.

Unification of Accounting Policies Applied to Foreign Subsidiaries for their Consolidated Financial Statements — Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries which are prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The new task force prescribes: 1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, 3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008.

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 statements of cash flows at March 31, 2008 and 2007, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Cash and time deposits	**¥19,991**	¥22,414	**$199,910**
Time deposits with original maturities of more than three months	**(436)**	(0)	**(4,360)**
Cash and cash equivalents	**¥19,555**	¥22,414	**$195,550**

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Current:			
Other	**¥ 619**	¥ 366	**$ 6,190**
Non-current:			
Marketable equity securities	**¥1,968**	¥2,328	**$19,680**
Other equity securities	**31**	40	**310**
Trust fund investments and other	**815**	1,107	**8,150**
Total	**¥2,814**	¥3,475	**$28,140**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2008 and 2007, were as follows:

	Millions of Yen			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	**¥2,072**	**¥437**	**¥(541)**	**¥1,968**
Other	**896**	**45**	**(7)**	**934**

	Millions of Yen			
	2007			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥1,574	¥904	¥ (150)	¥2,328
Other	1,000	120	(13)	1,107

	Thousands of U.S. Dollars			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	**$20,720**	**$4,370**	**$(5,410)**	**$19,680**
Other	**8,960**	**450**	**(70)**	**9,340**

Proceeds from sales of marketable and investment securities for the years ended March 31, 2008 and 2007 were ¥310 millions ($3,100 thousand) and ¥476 millions, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥31 millions ($310 thousand) and ¥0 millions ($0 thousand), respectively for the year ended March 31, 2008 and ¥52 millions and ¥0 millions, respectively for the year ended March 31, 2007.

The carrying values of debt securities and trust fund investments by contractual maturities for securities classified as available-for-sale included in marketable and investment securities at March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Due in one year or less	**¥ 619**	¥ 366	**$ 6,190**
Due in one year to five years	**183**	320	**1,830**
Due in five years to ten years	**54**	90	**540**
Due after ten years	**201**	—	**2,010**
Total	**¥1,057**	¥ 776	**$10,570**

5. INVENTORIES

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Merchandise and finished products	**¥18,718**	¥16,424	**$187,180**
Work in process	**1,185**	1,000	**11,850**
Raw materials and supplies	**3,769**	3,678	**37,690**
Total	**¥23,672**	¥21,102	**$236,720**

6. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2008 and 2007, mainly consisted of notes to banks and bank overdrafts. The weighted average annual interest rates applicable to the short-term bank loans were 5.1% as of March 31, 2008.

Long-term debt at March 31, 2008 and 2007 consisted of loans from banks and other financial institutions due 2009 to 2019. The weighted average annual interest rates applicable to the long-term debt were 4.4% as of March 31, 2008 and 4.6% as of March 31, 2007.

At March 31, 2008, assets pledged as collateral for secured short-term loans and long-tem debt of ¥230 million ($2,300 thousand) were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Trade receivables	**¥ 1,141**	**$ 11,410**
Inventories	**705**	**7,050**
Buildings and structures	**165**	**1,650**
Land	**17**	**170**
All of assets of Roland Corporation Australia Pty. Ltd.	**1,429**	**14,290**
Total	**¥ 3,457**	**$ 34,570**

As is customary in Japan, a company maintains deposit balances with banks with which it has bank loans. Such deposit balances are not legally or contractually restricted as to withdrawal. In addition, collateral must be provided if requested by the lending banks and certain banks have the right to offset cash deposited with them against any bank loan or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the bank concerned. The Group has never received any such requests.

7. LAND REVALUATION

Under the "Law of Land Revaluation," the Company elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002. The resulting land revaluation difference represents unrealized depreciation of land and is stated, net of income taxes, as a component of shareholders' equity. There was no effect on the statements of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation difference account and related deferred tax liabilities. As of March 31, 2008, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥1,082 millions ($10,820 thousand).

8. RETIREMENT BENEFITS

The asset for employees' retirement benefits under the funded pension plan at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Projected benefit obligation	**¥ 8,343**	¥ 7,736	**$ 83,430**
Fair value of plan assets	**(8,357)**	(8,978)	**(83,570)**
Unrecognized actuarial gain (loss)	**(1,041)**	328	**(10,410)**
Unrecognized prior service cost	**715**	802	**7,150**
Net assets	**¥ (340)**	¥ (112)	**$ (3,400)**

The amounts of net assets mentioned above are included in the other assets on the consolidated balance sheets.

The components of net periodic benefit costs for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Service cost	**¥ 454**	¥ 428	**$ 4,540**
Interest cost	**193**	186	**1,930**
Expected return on plan assets	**(224)**	(213)	**(2,240)**
Recognized actuarial gain	**(68)**	(48)	**(680)**
Amortization of prior service cost	**(87)**	(87)	**(870)**
Other retirement expenses	**477**	428	**4,770**
Net periodic benefit costs	**¥ 745**	¥ 694	**$ 7,450**

Other retirement expenses consists of the consolidated foreign subsidiaries' contributions to the defined contribution plans and the Group's contributions to the trusteed pension plan.

Assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

	2008	2007
Discount rate	**2.5%**	2.5%
Expected rate of return on plan assets	**2.5%**	2.5%
Amortization period of prior service cost	**10 years**	10 years
Recognition period of actual gain/loss	**10 years**	10 years

The Company and its domestic subsidiaries also have a contributory funded pension plan which covers substantially all employees. Such plan established by a number of companies in a certain electronics industry. Annual contributions, which consist of normal cost and amortization of prior service costs over 20 years, are charged to income when paid. The pension fund assets approximate the actuarially computed value of vested and non-vested benefits as of March 31, 2007, the most recent valuation date.

9. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during fiscal year if the Company has prescribed so in its articles of incorporation. However the Company has not prescribed so in its articles of incorporation.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. 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 39.8% for the years ended March 31, 2008 and 2007, respectively.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Deferred tax assets:			
Inventories	**¥ 1,346**	¥ 1,139	**$ 13,460**
Property and equipment	**189**	198	**1,890**
Write-down of investment securities	**639**	627	**6,390**
Accrued bonuses	**591**	578	**5,910**
Long-term accrued liabilities	**96**	101	**960**
Accrued expenses	**463**	411	**4,630**
Tax loss carry forwards of subsidiaries	**1,194**	693	**11,940**
Other	**1,880**	1,254	**18,800**
Less valuation allowance	**(2,053)**	(1,121)	**(20,530)**
Total	**¥ 4,345**	¥ 3,880	**$ 43,450**
Deferred tax liabilities:			
Retained earnings appropriated for special allowance	**¥ (90)**	¥ (94)	**$ (900)**
Undistributed earnings of subsidiaries and associated company	**(1,117)**	(1,001)	**(11,170)**
Unrealized gain on available-for-sale securities	**(1)**	(342)	**(10)**
Other	**(270)**	(199)	**(2,700)**
Total	**¥(1,478)**	¥(1,636)	**$(14,780)**
Net deferred tax assets	**¥ 2,867**	¥ 2,244	**$ 28,670**
Deferred tax liabilities on land revaluation	**¥ 187**	¥ 187	**$ 1,870**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2008 and 2007 are as follows:

	2008	2007
Normal effective statutory tax rate	**39.8 %**	39.8 %
Expenses not deductible for income tax purposes	**2.1**	1.2
Tax credit for research and development costs	**(2.4)**	(3.7)
Income taxes for prior periods	**4.5**	—
Other—net	**1.1**	(0.2)
Actual effective tax rates	**45.1 %**	37.1 %

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥6,741 million ($ 67,410 thousand) and ¥6,836 million for the years ended March 31, 2008 and 2007, respectively.

12. LEASES

The Group leases certain building and structures, machinery and equipment, computer equipment, office space and other assets.

Total lease payments under finance leases for the years ended March 31, 2008 and 2007 were ¥ 34 million ($340 thousand) and ¥50 million, 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, 2008 and 2007 was as follows:

	Millions of Yen			
	2008			
	Buildings and Structures	Machinery and Equipment	Tools, Furniture and Fixtures	Total
Acquisition cost	**¥ —**	**¥ 39**	**¥ 121**	**¥ 160**
Accumulated depreciation	**—**	**(22)**	**(38)**	**(60)**
Net leased property	**¥ —**	**¥ 17**	**¥ 83**	**¥ 100**

	Millions of Yen			
	2007			
	Buildings and Structures	Machinery and Equipment	Tools, Furniture and Fixtures	Total
Acquisition cost	¥243	¥19	¥ 67	¥ 329
Accumulated depreciation	(135)	(11)	(17)	(163)
Net leased property	¥108	¥ 8	¥ 50	¥ 166

	Thousands of U.S. Dollars			
	2008			
	Buildings and Structures	Machinery and Equipment	Tools, Furniture and Fixtures	Total
Acquisition cost	**$ —**	**$390**	**$ 1,210**	**$ 1,600**
Accumulated depreciation	**—**	**(220)**	**(380)**	**(600)**
Net leased property	**$ —**	**$170**	**$ 830**	**$ 1,000**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Due within one year	**¥ 37**	¥ 42	**$ 370**
Due after one year	**64**	131	**640**
Total	**¥101**	¥173	**$1,010**

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Depreciation expense	**¥27**	¥45	**$270**
Interest expense	**2**	3	**20**
Total	**¥29**	¥48	**$290**

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, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Due within one year	**¥ 568**	¥ 491	**$ 5,680**
Due after one year	**1,063**	716	**10,630**
Total	**¥1,631**	¥1,207	**$16,310**

13. DERIVATIVES

The Group enters into foreign exchange forward contracts and currency options 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 at March 31, 2008 and 2007:

	Millions of Yen					
	2008			2007		
	Contract Amount	Fair Value	Unrealized Loss	Contract Amount	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts:						
Buying Japanese yen	**¥3,753**	**¥3,746**	**¥(7)**	¥3,614	¥3,516	¥(98)
Buying U.S. dollars	**719**	**726**	**7**	770	750	(20)
Buying Euros	**106**	**110**	**4**	129	129	(0)
Selling U.S. dollars	**100**	**100**	**0**	—	—	—

	Thousands of U.S. Dollars		
	2008		
	Contract Amount	Fair Value	Unrealized Gain (loss)
Foreign exchange forward contracts:			
Buying Japanese yen	**$37,530**	**$37,460**	**$(70)**
Buying U.S. dollars	**7,190**	**7,260**	**70**
Buying Euros	**1,060**	**1,100**	**40**
Selling U.S. dollars	**1,000**	**1,000**	**0**

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.

14. CONTINGENT LIABILITIES

At March 31, 2008, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes discounted	**¥1,327**	**$13,270**
Guarantees for bank loans of an unconsolidated subsidiary, employees and others	**459**	**4,590**

15. NET INCOME PER SHARE

The basis of the computing earnings per share ("EPS") for the years ended March 31, 2008 and 2007 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2008:				
EPS				
Net income available to common stockholders	**¥3,621**	**25,108**	**¥144.22**	**$1.44**
For the year ended March 31, 2007:				
EPS				
Net income available to common stockholders	¥3,701	25,110	¥147.40	

16. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2008 were approved at the Company's stockholders meeting held on June 25, 2008:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥17.50 ($0.18) per share	¥439	$4,390

17. SEGMENT INFORMATION

(1) Industry Segments

The Group operates in the following industries:

"Electronic musical instruments", including Electronic pianos, Synthesizers, Electronic percussion, Guitar effectors, Digital recorders and Desk top media products; and "Computer peripherals", including Printers, Plotters and Modeling machines.

The industry segments of the Group for the years ended March 31, 2008 and 2007 were summarized as follows:

	Millions of Yen			
	2008			
	Electronic Musical Instruments	Computer Peripherals	Eliminations/ Corporate	Consolidated
Sales to customers:	**¥62,944**	**¥45,616**	**¥ —**	**¥108,560**
Operating expenses	**59,659**	**35,567**	**—**	**95,226**
Operating income	**¥ 3,285**	**¥10,049**	**¥ —**	**¥ 13,334**
Assets	**¥62,506**	**¥36,250**	**¥(64)**	**¥ 98,692**
Depreciation	**2,073**	**955**	**—**	**3,028**
Capital expenditures	**2,335**	**3,016**	**—**	**5,351**

	Millions of Yen			
	2007			
	Electronic Musical Instruments	Computer Peripherals	Eliminations/ Corporate	Consolidated
Sales to customers:	¥56,927	¥38,332	¥ —	¥95,259
Operating expenses	54,267	31,150	—	85,417
Operating income	¥ 2,660	¥ 7,182	¥ —	¥ 9,842
Assets	¥64,119	¥29,172	¥(175)	¥93,116
Depreciation	1,716	833	—	2,549
Capital expenditures	2,420	923	—	3,343

	Thousands of U.S. Dollars			
	2008			
	Electronic Musical Instruments	Computer Peripherals	Eliminations/ Corporate	Consolidated
Sales to customers:	**$629,440**	**$456,160**	**$ —**	**$ 1,085,600**
Operating expenses	**596,590**	**355,670**	**—**	**952,260**
Operating income	**$ 32,850**	**$100,490**	**$ —**	**$ 133,340**
Assets	**$625,060**	**$362,500**	**$(640)**	**$ 986,920**
Depreciation	**20,730**	**9,550**	**—**	**30,280**
Capital expenditures	**23,350**	**30,160**	**—**	**53,510**

Notes: 1. As a result of the revision of the Corporate Tax Law mentioned in the second paragraph of Note 2.e, compared with the previous method, operating expenses of "Electronic musical instruments" and "Computer peripherals" increased by ¥114 million ($1,140 thousand) and ¥31 million ($310 thousand), respectively and accordingly, operating income decreased by the same amounts, respectively.

2. As a result of the revision of the Corporate Tax Law mentioned in the third paragraph of Note 2.e, operating expenses of "Electronic musical instruments" and "Computer peripherals" increased by ¥53 million ($530 thousand) and ¥8 million ($80 thousand), respectively and accordingly, operating income decreased by the same amounts, respectively.

3. As a result of the change in the treatment of the product warranty costs mentioned in Note 2.g , compared with the previous method, operating expenses of "Electric musical instruments" and "Computer peripherals" increased by ¥143 million ($1,430 thousand) and ¥31 million ($310 thousand), respectively and accordingly, operating income decreased by the same amounts, respectively.

(2) Geographical Segments

The geographical segments of the Group for the years ended March 31, 2008 and 2007 were summarized as follows:

	Millions of Yen					
	2008					
	Japan	North America	Europe	Oceania	Eliminations/ Corporate	Consolidated
Sales to customers	**¥30,590**	**¥35,522**	**¥40,488**	**¥1,960**	**¥ —**	**¥108,560**
Interarea transfers	**45,532**	**95**	**496**	**—**	**(46,123)**	**—**
Total sales	**76,122**	**35,617**	**40,984**	**1,960**	**(46,123)**	**108,560**
Operating expenses	**67,977**	**33,938**	**36,836**	**1,795**	**(45,320)**	**95,226**
Operating income	**¥ 8,145**	**¥ 1,679**	**¥ 4,148**	**¥ 165**	**¥ (803)**	**¥ 13,334**
Total assets	**¥62,049**	**¥18,960**	**¥26,812**	**¥1,508**	**¥ (10,637)**	**¥ 98,692**

	Millions of Yen					
	2007					
	Japan	North America	Europe	Oceania	Eliminations/ Corporate	Consolidated
Sales to customers	¥28,380	¥33,095	¥32,240	¥1,544	¥ —	¥95,259
Interarea transfers	39,451	43	1,058	—	(40,552)	—
Total sales	67,831	33,138	33,298	1,544	(40,552)	95,259
Operating expenses	61,553	31,532	31,003	1,384	(40,055)	85,417
Operating income	¥ 6,278	¥ 1,606	¥ 2,295	¥ 160	¥ (497)	¥ 9,842
Total assets	¥59,100	¥17,707	¥22,190	¥1,359	¥ (7,240)	¥93,116

	Thousands of U.S. Dollars					
	2008					
	Japan	North America	Europe	Oceania	Eliminations/ Corporate	Consolidated
Sales to customers	**$305,900**	**$355,220**	**$404,880**	**$19,600**	**$ —**	**$1,085,600**
Interarea transfers	**455,320**	**950**	**4,960**	**—**	**(461,230)**	**—**
Total sales	**761,220**	**356,170**	**409,840**	**19,600**	**(461,230)**	**1,085,600**
Operating expenses	**679,770**	**339,380**	**368,360**	**17,950**	**(453,200)**	**952,260**
Operating income	**$ 81,450**	**$ 16,790**	**$ 41,480**	**$ 1,650**	**$ (8,030)**	**$ 133,340**
Total assets	**$620,490**	**$189,600**	**$268,120**	**$15,080**	**$ (106,370)**	**$ 986,920**

Notes: 1. As a result of the revision of the Corporate Tax Law mentioned in the second paragraph of Note 2.e, compared with the previous method, operating expenses of "Japan" increased by ¥145 million ($1,450 thousand) and accordingly, operating income decreased by the same amount.

2. As a result of the revision of the Corporate Tax Law mentioned in the third paragraph of Note 2.e, operating expenses of "Japan" increased by ¥61 million ($610 thousand) and accordingly, operating income decreased by the same amount.

3. As a result of the change in the treatment of the product warranty costs mentioned in Note 2.g, compared with the previous method, operating expenses of "Japan" and "Europe" increased by ¥112 million ($1,120 thousand) and ¥62 million ($620 thousand), respectively and accordingly, operating income decreased by the same amounts, respectively.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2008 and 2007 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
North America	**¥33,853**	¥31,830	**$338,530**
Europe	**42,847**	34,374	**428,470**
Others	**15,617**	13,421	**156,170**
Total	**¥92,317**	¥79,625	**$923,170**

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu
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Japan

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To the Board of Directors of Roland Corporation:

We have audited the accompanying consolidated balance sheets of Roland Corporation and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Roland Corporation and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits 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

June 25, 2008

Member of
Deloitte Touche Tohmatsu

Global Network

America

- ○ Rodgers Instruments LLC
- ○ Twelve Tone Systems, Inc.
- ● Roland Brasil Importação, Exportação, Comércio Representação e Serviços Ltda.
- ● Roland Canada Ltd.
- ● Roland Corporation U.S.
- ● Roland Systems Group U.S.

Asia/Oceania

- ○ Roland Electronics (Suzhou) Co., Ltd.
- ○ Roland Taiwan Electronic Music Corp
- ● Roland Asia Pacific Sdn. Bhd.
- ● Roland Corporation Australia Pty., Ltd.
- ● Roland (Shanghai) Logistics Co., Ltd.
- ● Roland Taiwan Enterprise Co., Ltd.

Europe

- ○ Roland Europe S.p.A.
- ● Roland Central Europe n.v.
- ● Roland East Europe Ltd.
- ● Roland Elektronische Musikinstrumente HmbH.
- ● Roland Iberia, S.L.
- ● Roland Italy S.p.A.
- ● Electronic Musical Instruments Roland Scandinavia A/S
- ● Roland (Switzerland) AG
- ● Roland (U.K.) Ltd.
- ● Edirol Europe Ltd.

Japan

- ○ BOSS Corporation
- ○ Roland SG Corporation
- ○ Roland Engineering Corporation
- ○ Roland DG Corporation
- ○ Atelier Vision Corporation
- ○ Roland Corporation

Corporate Information

Corporate Data (As of March 31, 2008)

Company Name	Roland Corporation
Head Office	2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu, Shizuoka 431-1304, Japan
Established	April 1972
Capital	¥9,274 million
Number of Employees	2,528 (consolidated) 800 (unconsolidated)

Board of Directors/Auditors (As of June 25, 2008)

Katsuyoshi Dan	*Chairman**[1]
Hidekazu Tanaka	*President**[1]
Ichiro Nishizawa	*Senior Managing Director*
Kimitaka Kondo	*Managing Director*
Kazuya Yanase	*Director*
Yoshihiro Ikegami	*Director*
Masahiro Tomioka	*Director*
Dennis Houlihan	*Director*
John Booth	*Director*
Katsuaki Sato	Independent *Director*
Tamotsu Kawai	*Corporate Auditor*
Hiroshi Ueno	*Corporate Auditor*
Minoru Kawashima	*Corporate Auditor**[2]
Mikio Maekawa	*Corporate Auditor**[2]

*[1] Representative Director

*[2] Outside Auditor

Investor Information (As of March 31, 2008)

Authorized Shares	60,000,000
Number of Issued Shares	25,572,404
Stock Exchange Listings	First section of Tokyo stock exchange and Osaka stock exchange
Number of Shareholders	4,589
Transfer Agent	Daiko Clearing Services Corporation
Independent Auditor	Deloitte Touche Tohmatsu

Major Shareholders

	Thousands of Shares	Percentage
Roland Foundation	2,335	9.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,804	7.1
Ikutaro Kakehashi	1,507	5.9
Japan Trustee Services Bank, Ltd. (Trust Account)	1,455	5.7
Northern Trust Company (AVFC) Sub-account American Clients	1,262	4.9
Taiyo Fund, L.P.	964	3.8
Pioneer Investment Corporation	800	3.1
Roland Employees' Shareholding Association	639	2.5
Resona Bank, Ltd.	561	2.2
Pioneer Corporation	519	2.0

Stock Performance (Years ended March 31)

	Yen				
	2004	2005	2006	2007	2008
High	1,778	2,050	2,850	3,040	3,620
Low	1,011	1,630	1,812	2,340	1,750

Roland Corporation
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