
MegaChips Corporation

**Results for the Fiscal Year Ended
March 31, 2016 (FY3/16)**

<http://www.megachips.co.jp/english/index.html>

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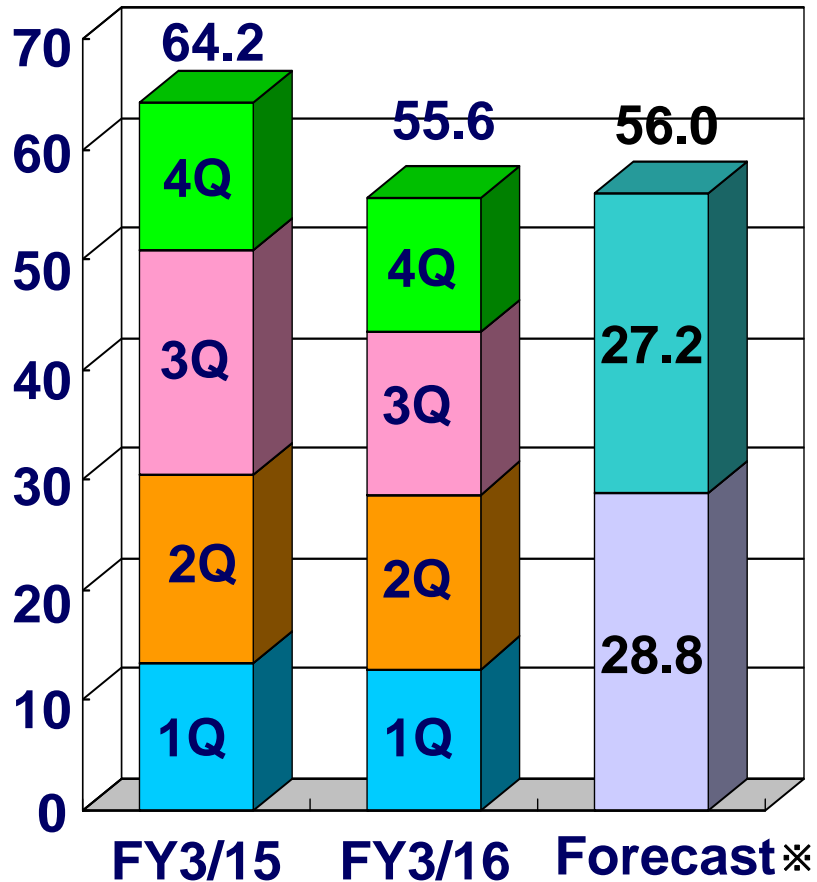
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FY3/16 Results

FY3/16 Consolidated Performance

Net Sales

(¥ Billion)



Net Sales (cumulative): ¥55.6 billion
YoY basis: - 13.3%

While the demands for the game device of our existing business and LSI for LCD panel declined, Smart Connectivity (DisplayPort) product and MEMS timing device that we have acquired in 2014 contributed to the improvement of the performance.

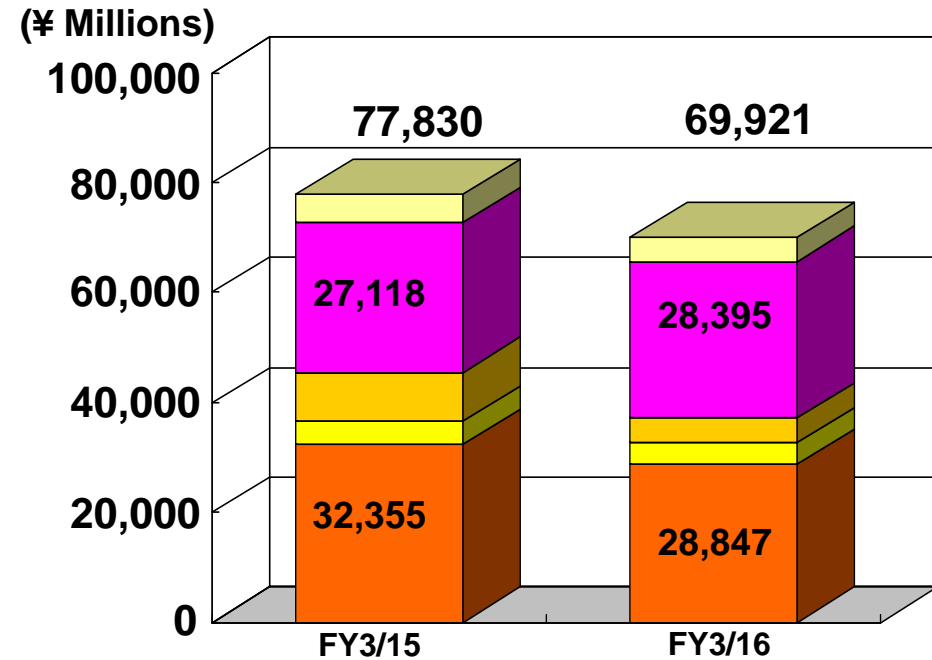
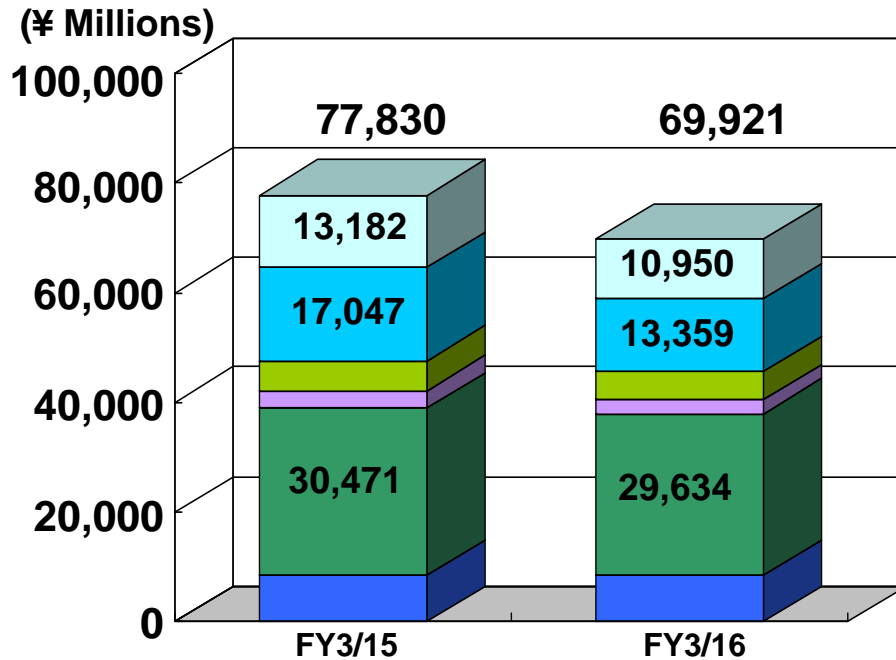
※: Full year forecast for FY 2016/3 is same as the one published on January 29 2016.

FY3/16 Consolidated Statement of Income (Summary)

(¥ Millions)		FY3/16 results	FY3/16 forecast	Vs. forecast	FY3/15 results	YoY change
Consoli dated	Net sales	55,662	56,000	- 0.6%	64,237	- 13.3%
	Operating income prior to ①	3,513	3,400	+ 3.3%	4,895	- 28.2%
	①Amortization of goodwill etc.	3,848	3,900	- 1.3%	—	—
	Operating income After ①	- 335	- 500	—	4,895	—
	Ordinary income	313	100	+ 213.1%	3,400	- 90.8%
	Net income	- 782	- 900	—	1,251	—
	Net income per share (¥)	- 35.24	- 40.27	—	55.64	—

As the amortization cost of goodwill(etc.) due to aggressive overseas acquisition during last fiscal year and intangible fixed assets, 3.8 billion yen has occurred during the twelve-month period ended Marc 31, 2016.

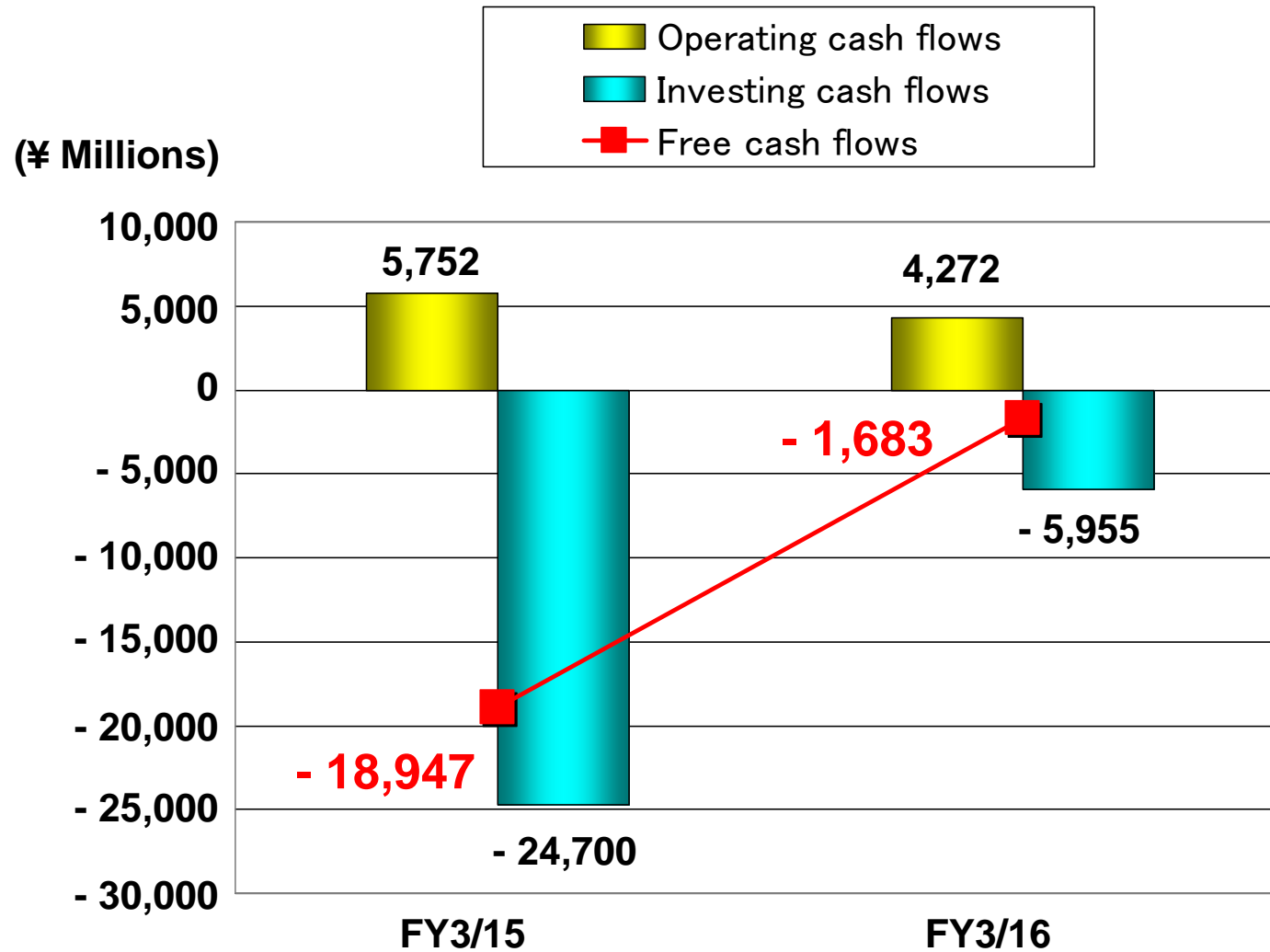
FY3/16 Consolidated Balance Sheets



	FY3/15	FY3/16
Cash and cash equivalents	13,182	10,950
Accounts receivable	17,047	13,359
Inventories	5,466	5,118
Other current assets	3,203	2,582
Tangible/intangible fixed assets	30,471	29,634
Investments and other assets	8,461	8,278

	FY3/15	FY3/16
Accounts payable	5,202	4,242
Interest-bearing debt	27,118	28,395
Other current liabilities	8,863	4,509
Other fixed liabilities	4,292	3,928
Net assets	32,355	28,847

FY3/16 Consolidated Cash Flows



FY3/17 Medium-Term Management Strategy

FY ending in March 2017

Mid-term management policy

Aim for the continued growth as a global company who keeps creating new application and providing system solutions

- ① Build the stronger relations with leading global companies by enhancing application and marketing capabilities, and enriching the service to the customers
- ② Expand the lineup of products to construct platforms centering around ASSP products for IoT field including mobile and wearable devices
- ③ Enhance application fields and customer base in the ASIC area where we provide consistent support for solving customers problems, from development and manufacturing to quality assurance
- ④ Promote globalization of human resources
- ⑤ Strengthen financial base pursuing to shift to high growth and high profit constitution

Mid-term management policy

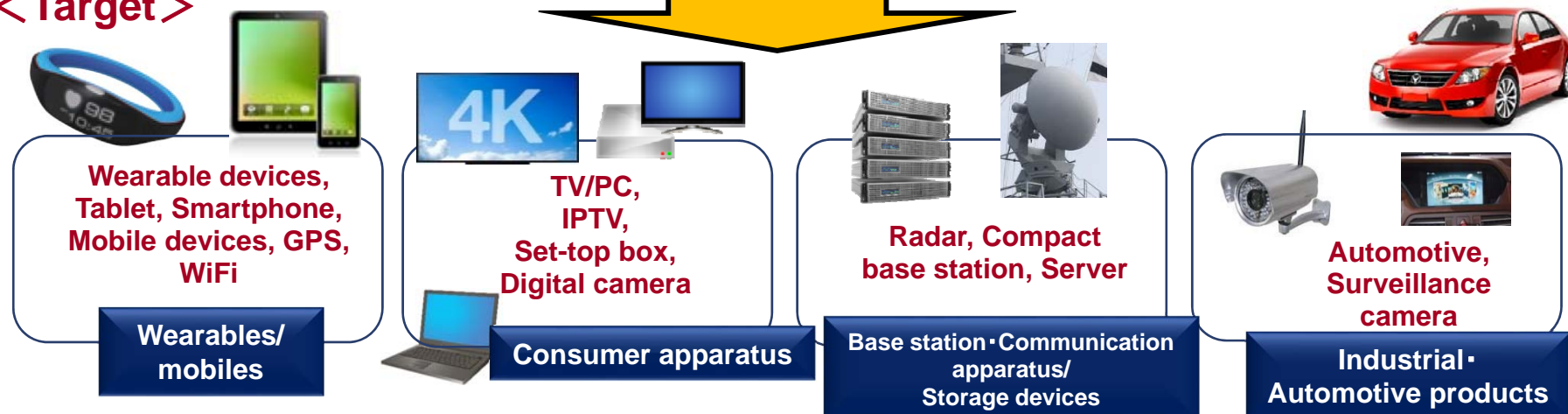
Build the stronger relations with leading global companies by enhancing application and marketing capabilities, and enriching the service to the customers

Major Products

MEMS Timing Device
Smart Connectivity LSI (DisplayPort)
LSI for Display (Timing Controller)
Sensor Hub LSI
LSI for Communication (power line/wireless/optical)

Provide "Platform" for devices of rapid growth

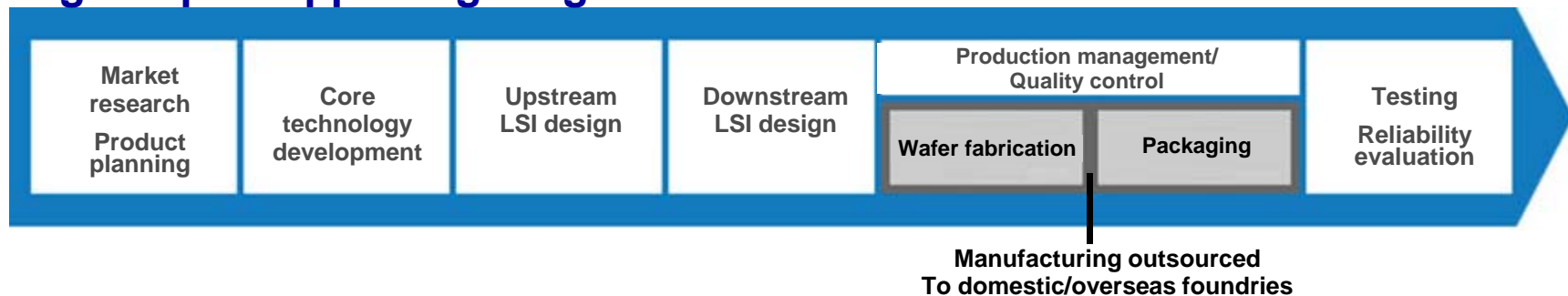
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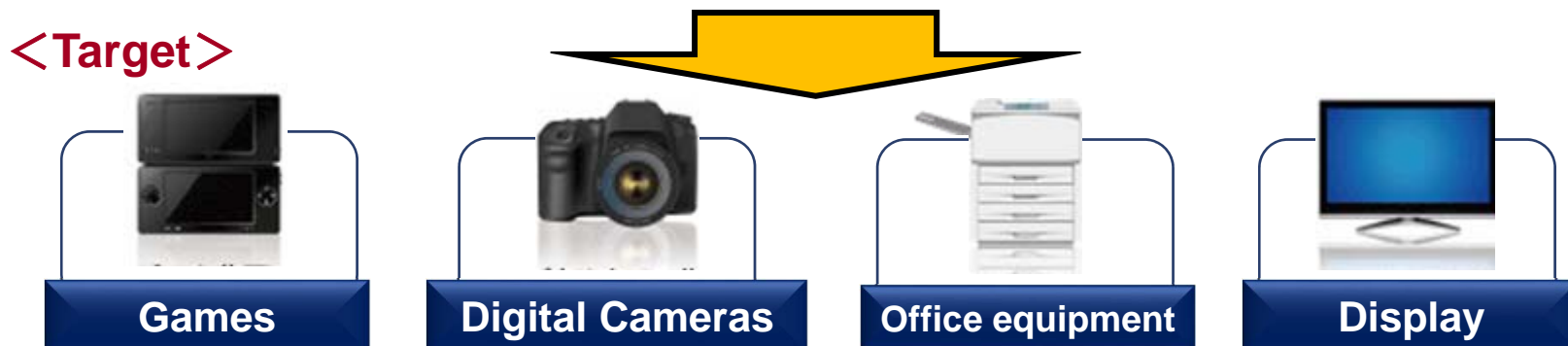
Mid-term management policy

Enhance application fields and customer base in the ASIC area where we provide consistent support for solving customers problems, from development and manufacturing to quality assurance

MegaChips' supporting range



Providing solutions across a wide range of markets



Mid-term management policy

Build the stronger relations with leading global companies by enhancing application and marketing capabilities, and enriching the service to the customers.

We aim to strengthen proposal and support system for global leading customers through enhancement of development and sales structure, raise our corporate value and pursue continued growth.



Enhanced customer support system

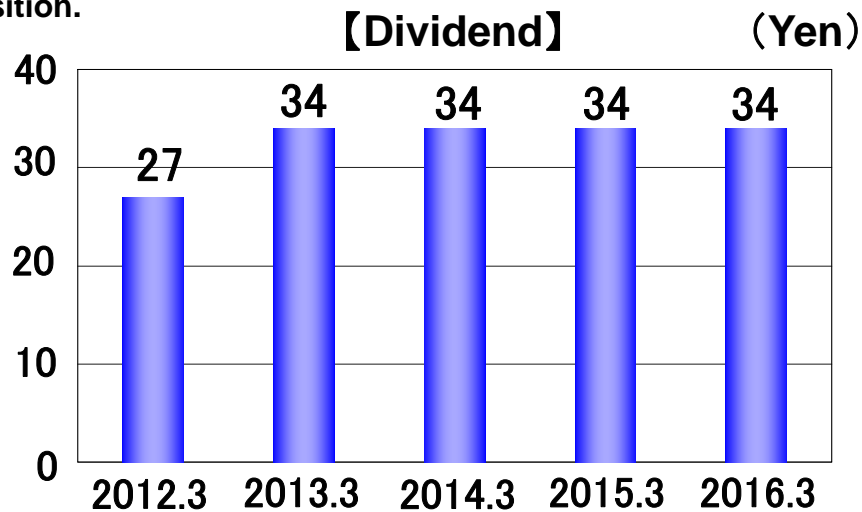
Regions to expand businesses

Mid-term management policy

Basic policy in profit distribution

【Policy】

- ①The Company shall determine the amount of retained earnings for distribution by adopting an amount equivalent to 30% or more of consolidated net income (The amount may be increased or decreased when there is special accounting, settlements or tax factors.) as the aggregate amount of dividends and dividing this aggregate amount by the number of outstanding shares at the end of the period, which is obtained by deducting the number of shares held by the Company at the end of the period, taking into consideration medium-term business forecasts.
- ②In order to continuously improve its value as a company, the Company shall give consideration to the securing of appropriate funds for activities towards achieving medium- to long-term growth, such as basic research for creating innovative new technologies, the development of original products, the actualization of a reasonable business portfolio and the recruitment of capable individuals, as well as the maintenance of a sound financial position which enables the company to withstand changes in business conditions.
- ③For improving capital efficiency, the Company shall work to acquire its own shares expeditiously and return profits to its shareholders, taking into consideration factors, such as market conditions, share price trends and its financial position.



FY ending in March 2016

【Acquisition of Own Shares】

Acquisition period: 2016.2.1~2016.2.15

The number of shares acquired: 920,000 shares

The total amount acquired: 972,662,300 yen

【Cancellation of Own Shares】

Cancel date: 2016.2.29

The number of shares cancelled: 1,000,000 shares

FY3/17 Medium-Term Business Plan

Business Plan for FY3/17

(¥ Millions)		FY3/17 First-half forecast	FY3/17 Full-year forecast	FY3/16 First-half results	FY3/16 Full-year results	YoY change (First- half)	YoY change (Full-year)
Consolidated	Net sales	25,000	57,000	28,781	55,662	- 13.1%	+ 2.4%
	Operating income prior to ①	800	4,100	2,073	3,513	- 61.4%	+ 16.7%
	①Amortization of goodwill etc.	1,400	2,900	1,973	3,848	- 29.0%	- 24.6%
	Operating income After ①	- 600	1,200	100	- 335	—	—
	Ordinary income	- 700	1,000	347	313	—	+219.4%
	Net income	- 900	200	- 367	- 782	—	—
	Net income per share (¥)	- 42.00	9.33	-16.42	- 35.24	—	—

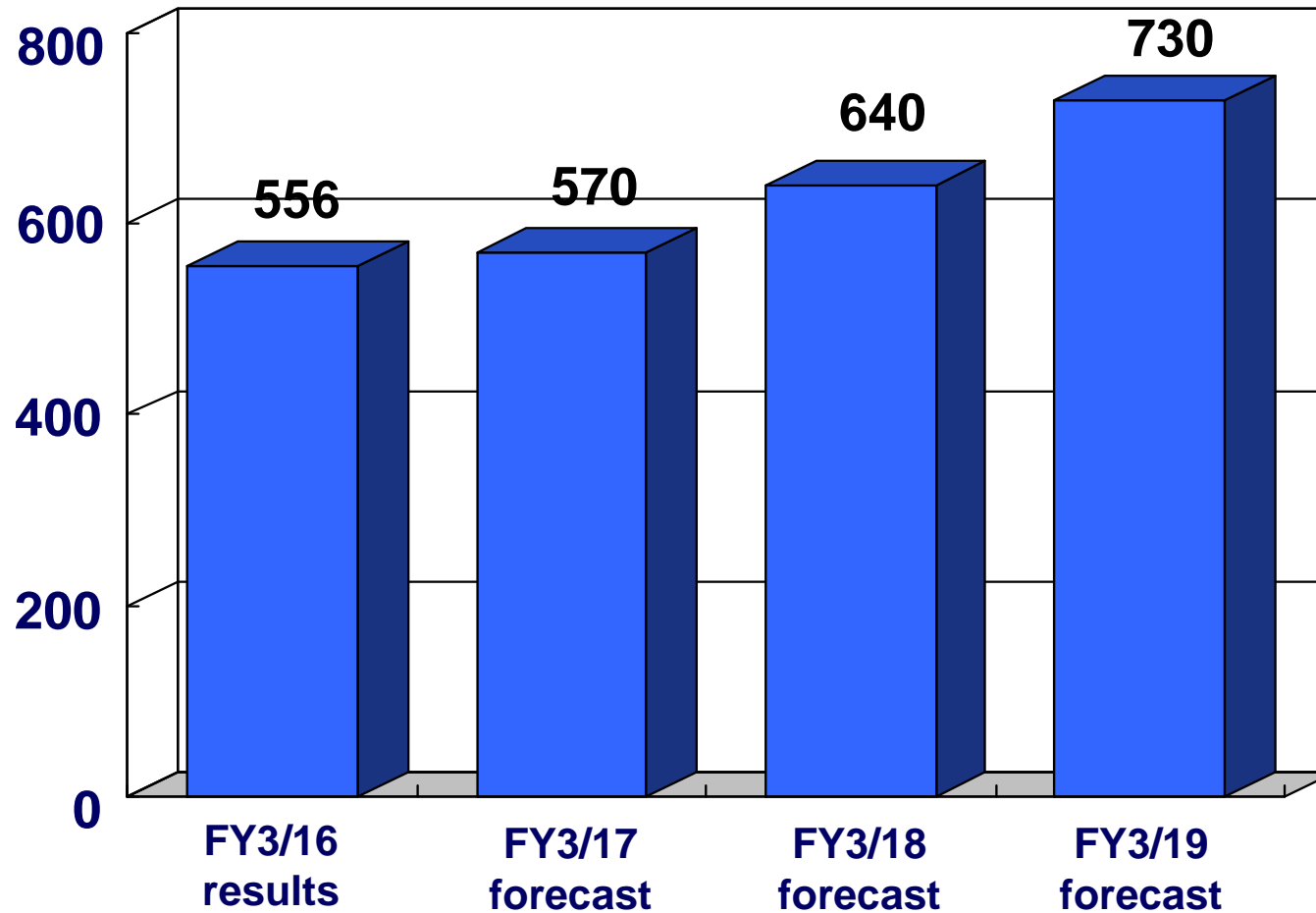
※FY3/16 Exchange rate: USD ¥112.68, TWD ¥3.49

※FY3/17 Assumed exchange rate: USD ¥110, TWD ¥3.3

Medium-term Target

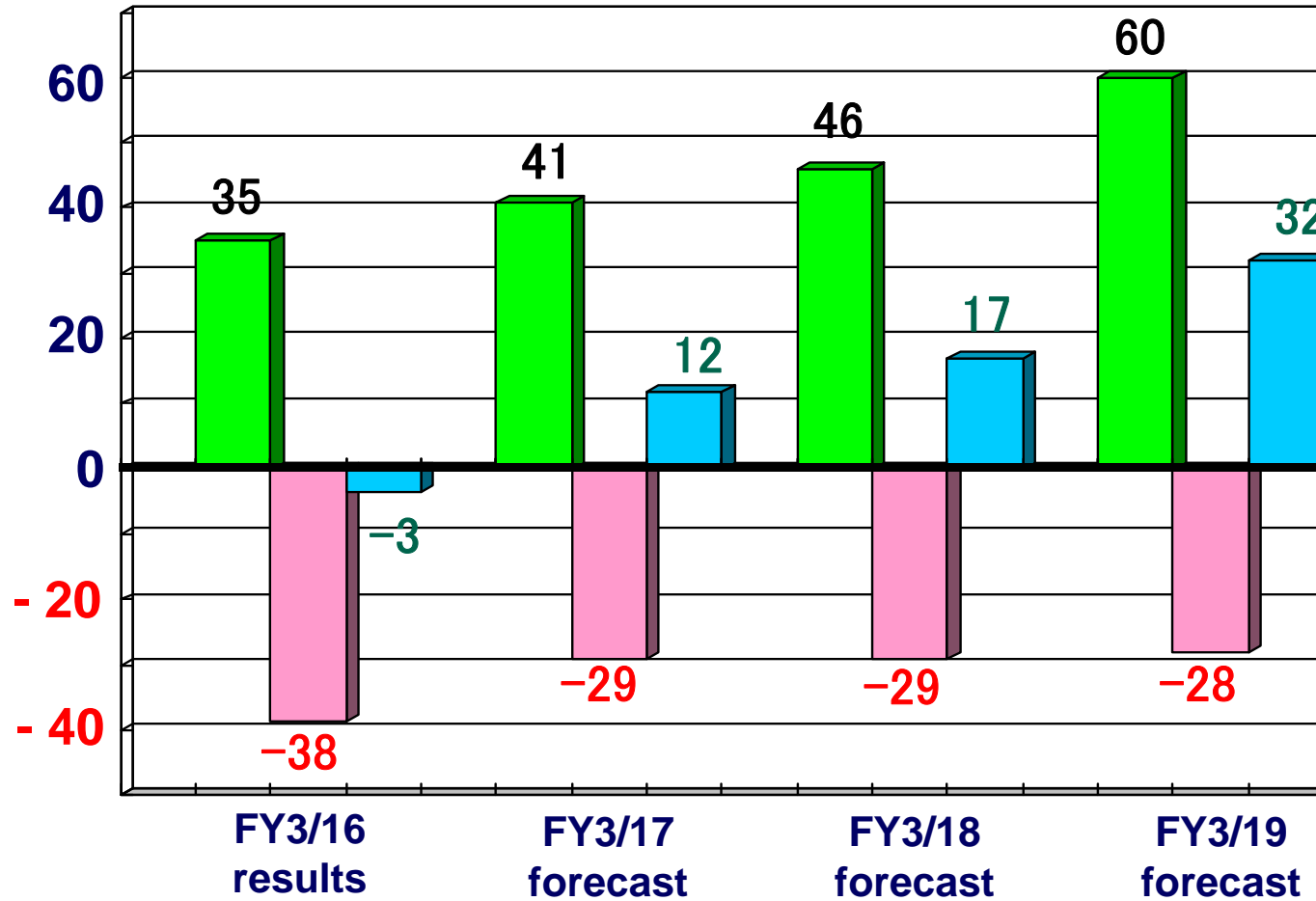
Sales

(¥100 million)



Medium-term Target

(¥100 million) **Operating income**



Operating income prior to amortization of goodwill etc.

Amortization of goodwill etc.

Operating income after amortization of goodwill etc.

IR Policy

>> Purposes of investor relations and basic policy

MegaChips bases investor relations activities on the principles of fairness, timeliness, accuracy and continuity. We provide information about strategies, finances and other items in order to increase the transparency of our operations. To earn the trust of shareholders, investors and securities analysts and receive a proper evaluation, senior management frequently participates in investor relations activities.

>> Disclosure rules

MegaChips discloses information in accordance with the Financial Instruments and Exchange Law, Company Law and other laws and regulations (“laws and regulations” hereafter) and the Rules for Timely Disclosure of Corporate Information by Issuers of Listed Securities of the Tokyo Stock Exchange, where MegaChips shares are listed. Furthermore, even when not required by laws and regulations or disclosure standards in timely disclosure rules, we aggressively provide information that we believe has an effect on investment decisions by shareholders, investors and securities analysts and other information that we believe is useful to gain a better understanding of MegaChips.

>> Disclosure method

MegaChips distributes information using the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange in accordance with timely disclosure rules. This includes information covered by the disclosure standards of the timely disclosure rules as well as information that we believe has an effect on investment decisions by shareholders, investors and securities analysts. In addition, we quickly post this information on the company Website.

We also provide other information that we believe is useful to gain a better understanding of MegaChips by issuing IR publications or news releases and posting this information on the company Website.

IR Policy

>> Forward-looking statements

The information MegaChips discloses may contain forward-looking statements. These statements are based on the judgments of management based on information available when the information was disclosed and thus embody uncertainties and risks (“risks” hereafter). Readers are cautioned to remember that actual results and other developments may differ from these forecasts for a number of reasons. Please refer to the “Cautionary Statement on Risks” section for more information.

>> Investment decisions

MegaChips discloses information for the purpose of giving people a better understanding of the company and not for the purpose of soliciting investments in securities issued by the company. Investors are asked to reach investment decisions on their own.

>> Provision of third-party information about MegaChips

Parties other than MegaChips, including securities analysts, the media and a variety of Internet information sites, announce information and forecasts about MegaChips. MegaChips is not in a position to comment on this information or express its support. However, if there is an obvious mistake in this third-party information that could cause a loss of trust in the company or prevent the company from receiving an appropriate evaluation, a correction will be announced and the proper information released.

>> IR “Quiet Period”

To prevent leaks of information about earnings releases that could affect its stock price and to ensure fairness, MegaChips observes a quiet period during the five business days prior to the earnings announcement for each quarter. During this period, the Company will not make any comments involving financial performance. However, information covered by laws and regulations and timely disclosure rules will be disclosed even during this quiet period and management will respond to inquiries about this information.

Inquiries to:

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