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# MegaChips Corporation

**Financial results for the fiscal  
third-quarter ending March 2016  
(3Q FY3/16)**

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

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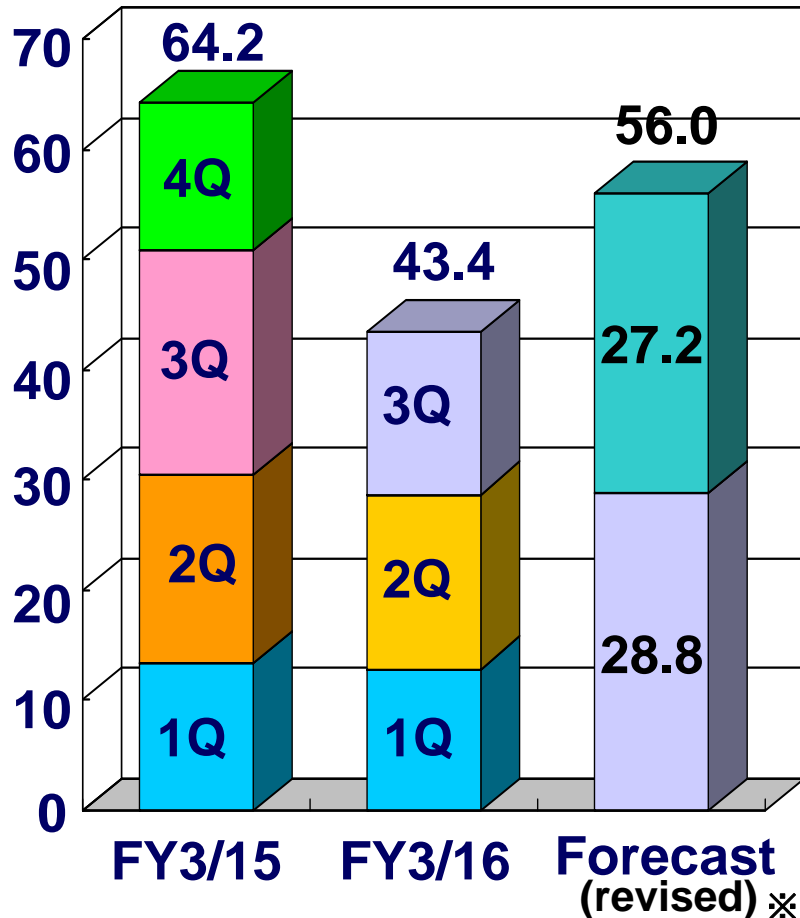
# 3Q FY3/16 Results

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# FY3/16 Consolidated Performance

## Net Sales

(¥ Billion)



Net Sales (cumulative): ¥43.4 billion  
YoY basis: - 14.4%

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.

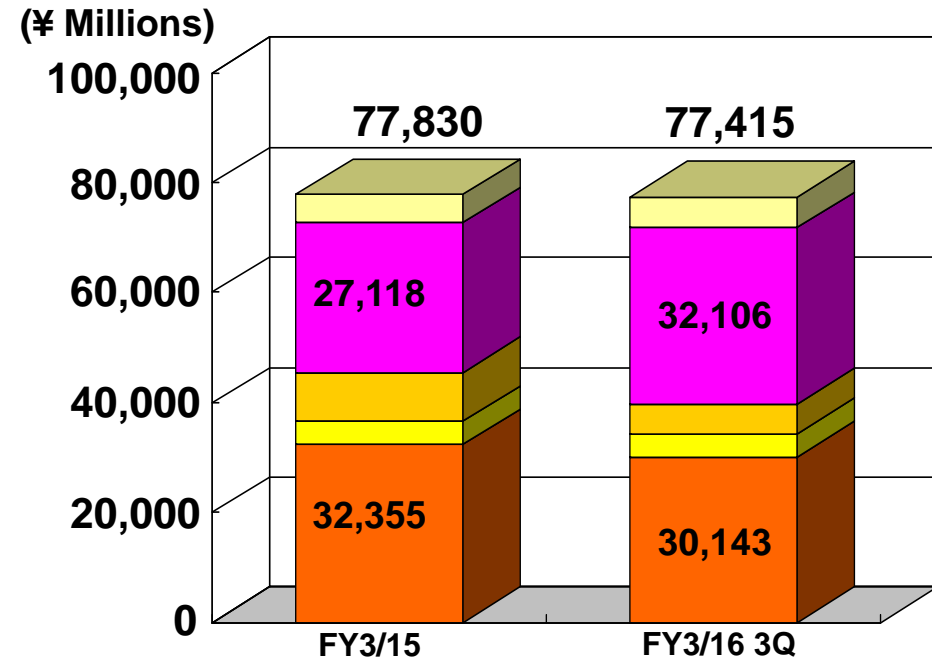
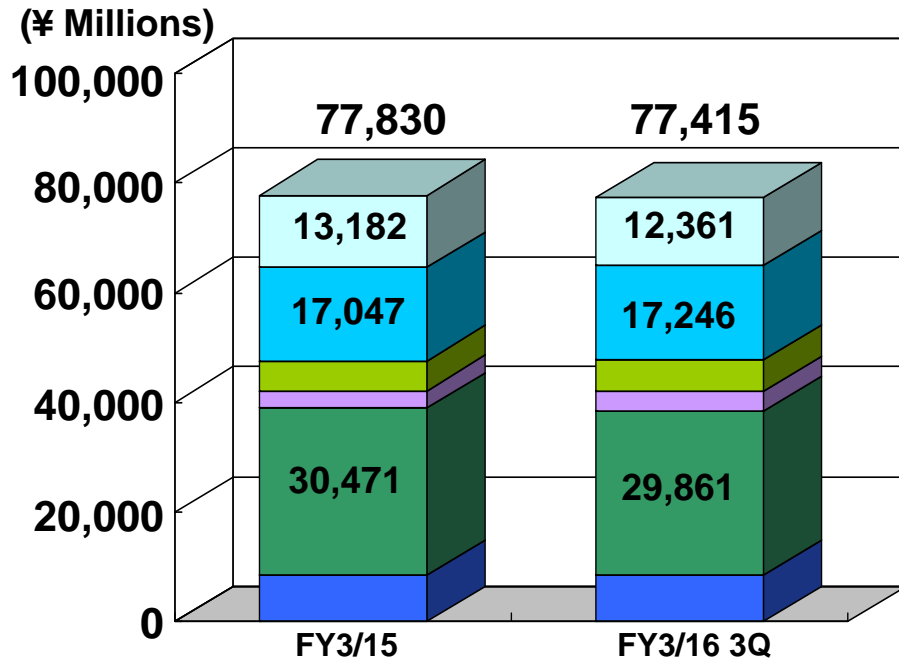
※: Full year forecast for FY 2016/3 is same as the one published on January 29 2016.

# FY3/16 Consolidated Statement of Income (Summary)

(¥ Millions)		FY3/16 cumulative 3Q results	FY3/15 3Q cumulative 3Q results	YoY change
<b>Consolidated</b>	Net sales	43,471	50,807	- 14.4%
	Operating income prior to ①	3,096	4,122	- 24.9%
	①Amortization of goodwill etc.	2,899	—	—
	Operating income After ①	197	4,122	- 95.2%
	Ordinary income	556	3,125	- 82.2%
	Net income	- 418	1,552	—
	Net income per share (¥)	-18.73	68.87	—

**As the amortization cost of goodwill(etc.) due to aggressive overseas acquisition during last fiscal year and intangible fixed assets, 2.89 billion yen has occurred during the nine-month period ended December 30, 2015.**

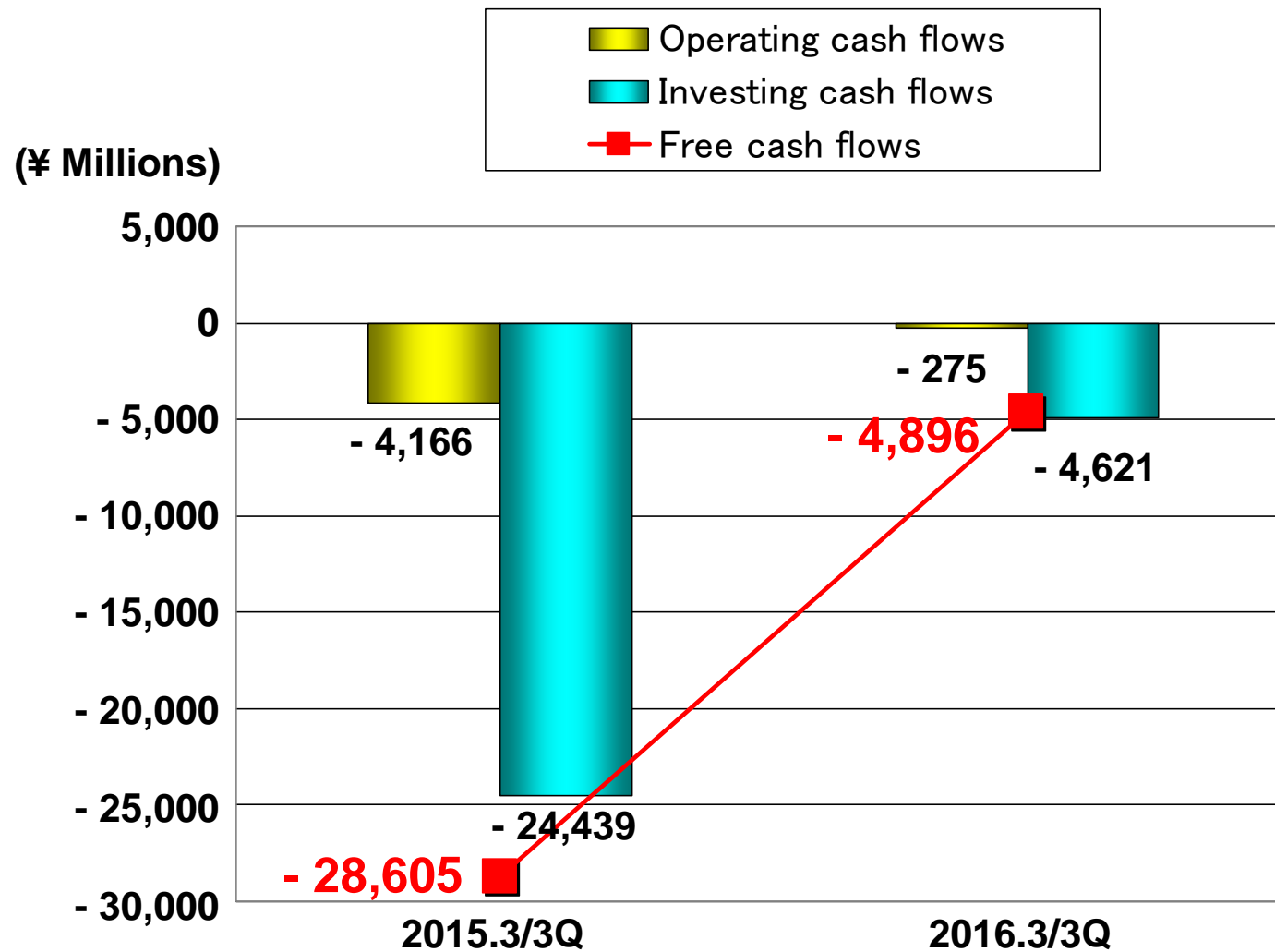
# FY3/16 Consolidated Balance Sheets



	FY3/15	FY3/16 3Q
Cash and cash equivalents	13,182	12,361
Accounts receivable	17,047	17,246
Inventories	5,466	5,902
Other current assets	3,203	3,558
Tangible/intangible fixed assets	30,471	29,861
Investments and other assets	8,461	8,487

	FY3/15	FY3/16 3Q
Accounts payable	5,202	5,518
Interest-bearing debt	27,118	32,106
Other current liabilities	8,863	5,441
Other fixed liabilities	4,292	4,207
Net assets	32,355	30,143

# FY3/16 Consolidated Cash Flows



# FY3/16 Forecasts

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# Sales and Earnings Forecasts for FY3/16

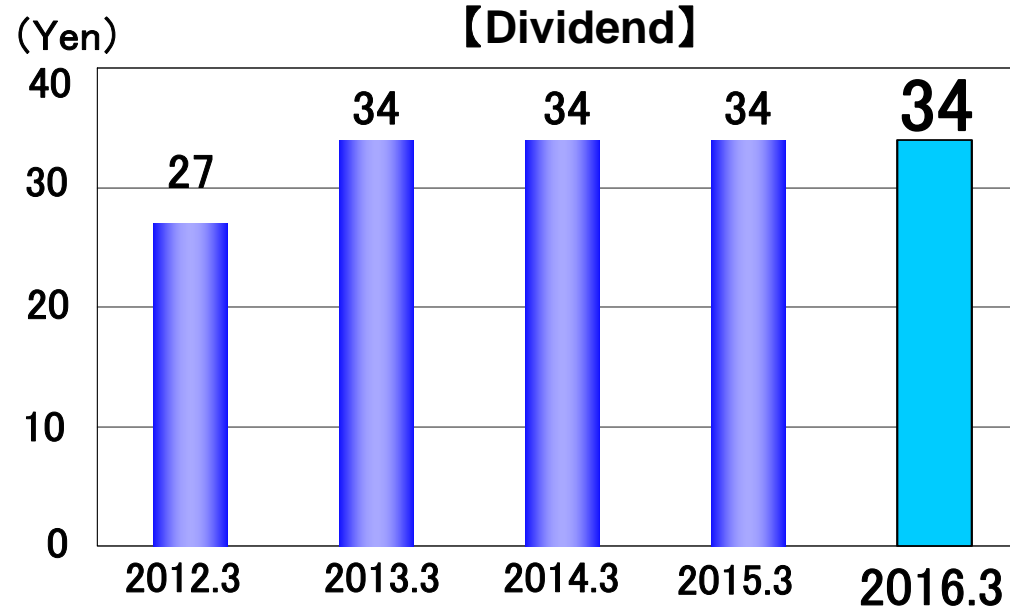
(¥ Millions)		FY3/16 Full-year forecast		YoY change (Full-year) (1)/(2)	FY3/15 Full-year results (3)	YoY change (Full-year) (1)/(3)
		(revised) (1)	(initial) (2)			
Consolidated	Net sales	56,000	62,000	- 9.7%	64,237	- 12.8%
	Operating income prior to ①	3,400	5,900	- 42.4%	4,895	- 30.6%
	①Amortization of goodwill etc.	3,900	3,900	—	—	—
	Operating income After ①	- 500	2,000	—	4,895	—
	Ordinary income	100	1,800	- 94.4%	3,400	- 97.1%
	Net income	- 900	200	—	1,251	—
	Net income per share (¥)	- 40.27	8.95	—	55.64	—

※Assumed exchange rate: USD ¥118 (¥120 previous), TWD ¥3.5 (¥3.9 previous)

# Year-end dividend

We implement annual dividend based on the final day of the accounting period pursuant to our dividend policy.

The dividend amount per share is determined by adopting an amount equivalent to 30% or more of consolidated net income, taking into consideration medium-term business forecasts, and **we will implement annual rate per share of 34 yen dividends (same as in the previous year) as ordinary dividend for fiscal year ending March 31st, 2016.**



# Share Repurchase and Cancellation

To exercise agile management of capital policy corresponding to any changes of business environment and to enhance stable return to shareholders, we will implement share repurchase, and cancellation of 1,000,000 shares (4.16% of the total number of shares issued) to improve capital efficiency.

## ●Details of Share Repurchase

(1) Class of shares to be repurchased	Common Stock of MCC
(2) Total number of repurchasable shares (4.11% of the total number of shares issued (excluding treasury stock))	920,000 (maximum)
(3) Total repurchase cost	1 billion yen (maximum)
(4) Purchase period	From Feb 1, 2016 to Feb 29, 2016

## ●Details of Share Cancellation

(1) Class of shares to be cancelled	Common Stock of MCC
(2) Total number of cancellable shares	1,000,000 shares
(3) Expected date of cancellation	Feb 29, 2016

# 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.

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