
MegaChips Corporation

**Financial results for the
third-quarter of fiscal year ending
March 2017 (3Q FY2016)**

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

Contents

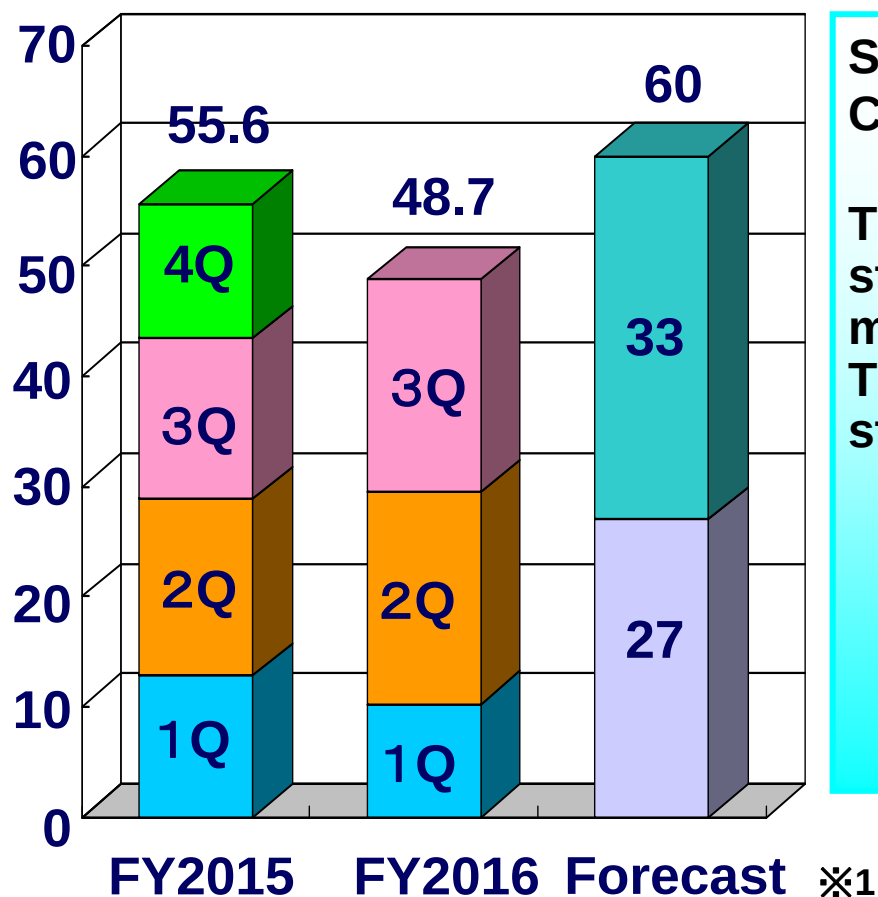
1. 3Q FY2016 Results		3
2. FY2016 Forecasts		8

3Q FY2016 Results

FY2016 Consolidated Performance

Net Sales

(¥ Billion)



Salas (cumulative): 48.7 billion yen
Comparison with previous FY: +12.2%

The demands for the game software storage LSI (custom memory) and our mi-term growth target segment, MEMS Timing Device business remained strong.

*: Full year forecast for FY2016 is the one published on October 28, 2016.

FY2016 3Q Consolidated Statement of Income (Summary)

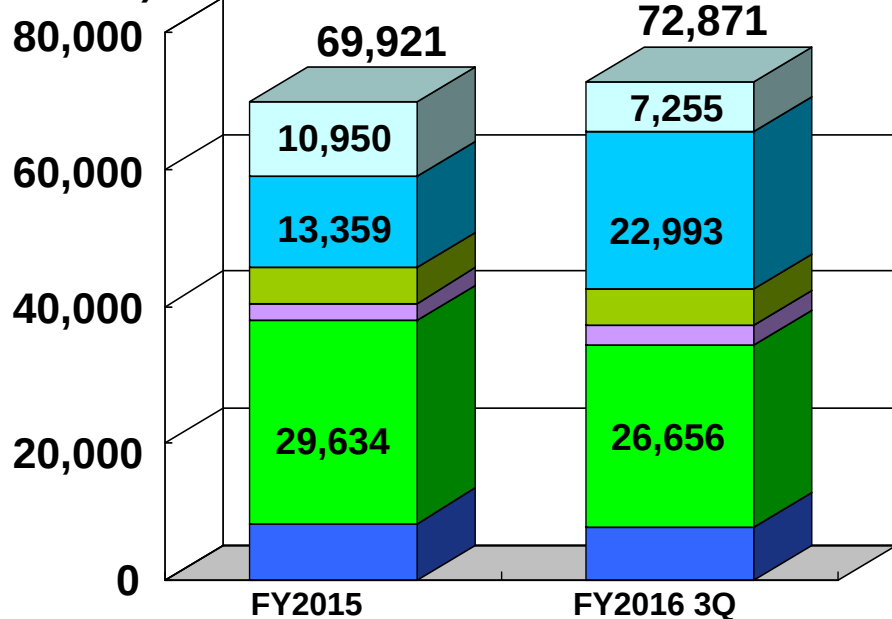
(¥ Millions)		FY2016 3Q results	FY2015 3Q results	YoY change
Consolidated	Net sales	48,779	43,471	+12.2%
	Operating income prior to ①	3,579	3,096	+15.6%
	①Amortization of goodwill	2,001	2,899	- 31.0%
	Operating income After ①	1,578	197	+697.7%
	Ordinary income	894	556	+60.8%
	Net income	- 1,069	- 418	—
	Net income per share (¥)	- 49.88	- 18.73	—

※1 The amortization amount of around 2.1 billion yen was incurred during the nine-month period from April 1 to December 31, 2016, due to the goodwill resulting from the acquisition of overseas company and the intangible fixed assets.

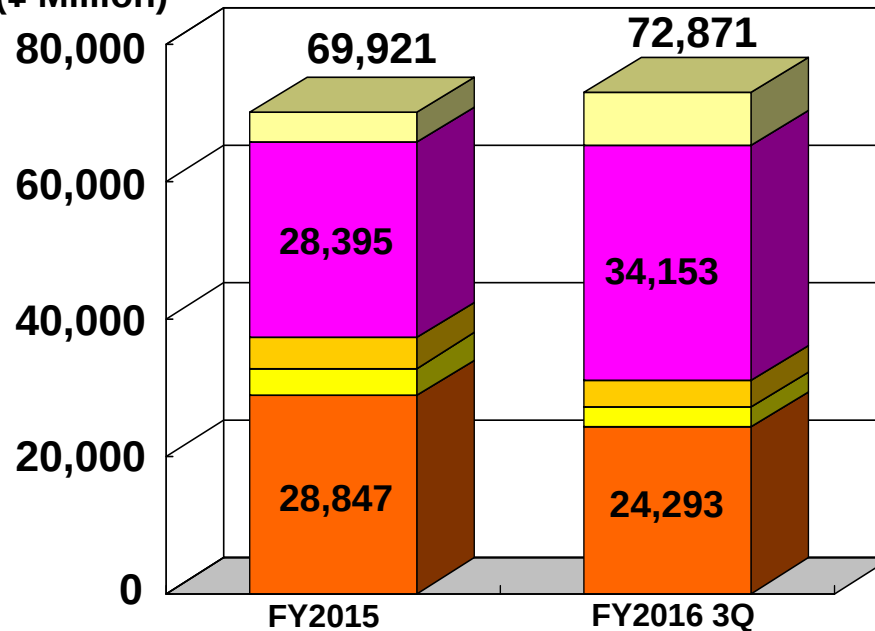
※2 The amount of 1.043 billion yen is included as the extraordinary loss from the loss on valuation of investment securities of Macronix shares that was posed in the Q2.

FY2016 3Q Consolidated Financial Status

(¥ Million)



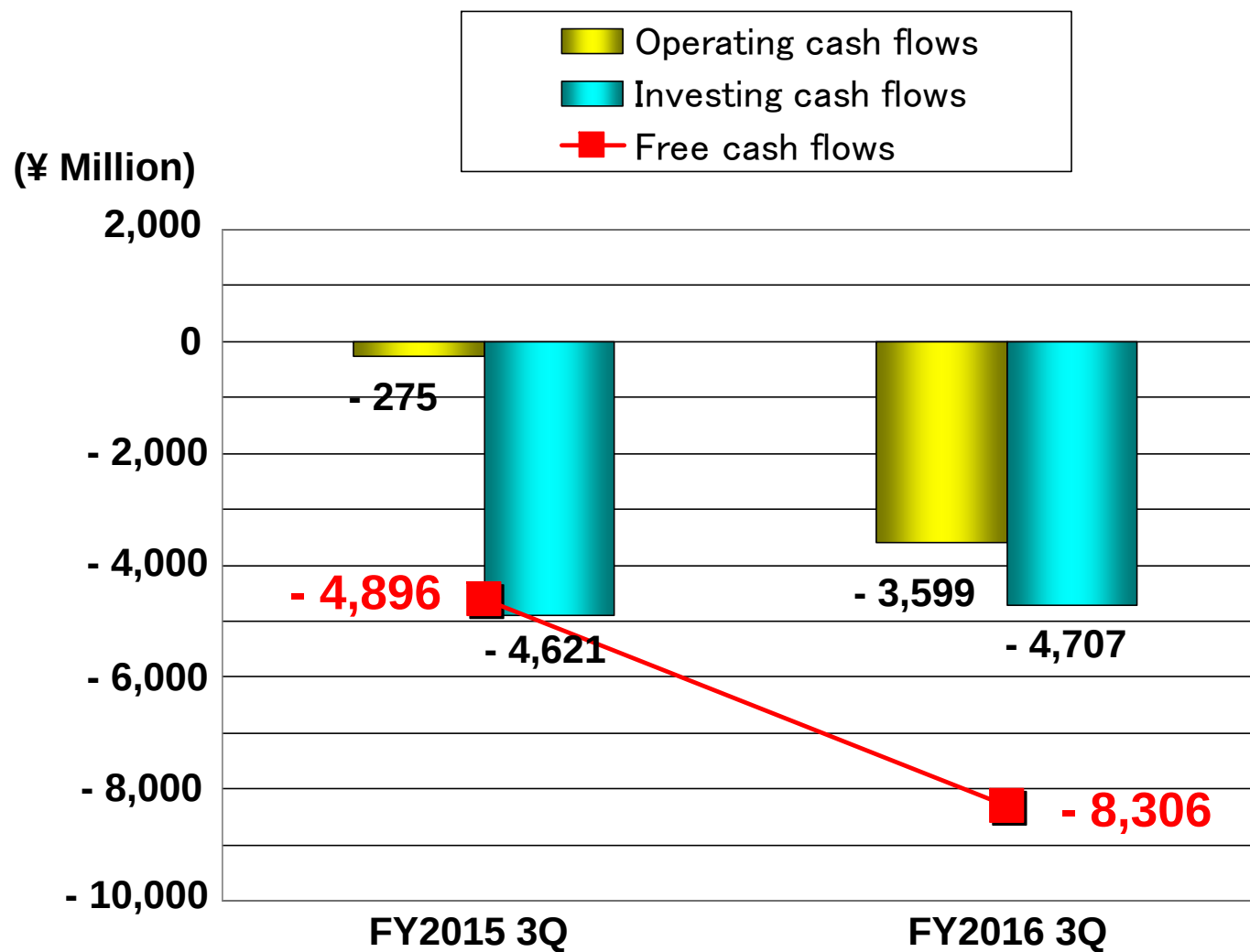
(¥ Million)



	FY2015	FY2106 3Q
Cash and cash equivalents	10,950	7,255
Accounts receivable	13,359	22,993
Inventories	5,118	5,435
Other current assets	2,582	2,909
Tangible/intangible fixed assets	29,634	26,656
Investments and other assets	8,278	7,622

	FY2015	FY2106 3Q
Accounts payable	4,242	7,727
Interest-bearing debt	28,395	34,153
Other current liabilities	4,509	3,921
Other fixed liabilities	3,928	2,776
Net assets	28,847	24,293

FY2016 3Q Consolidated Cash Flows



FY2016 Forecasts

Revised FY2016 Forecast (vs. Initial Forecast)

FY2016 full-year Forecast

※FY2016 Assumed exchange rate: USD ¥110, TWD ¥3.3

(¥ Millions)		FY2016 forecast (revised)	FY2016 forecast (initial)	FY2015 results	YoY change
Consolidated	Net sales	※1 64,000	60,000	55,662	+15.0%
	Operating income prior to ①	4,200	4,100	3,513	+19.6%
	①Amortization of goodwill	3,000	2,900	3,848	- 22.0%
	Operating income After ①	※2 1,200	1,200	- 335	—
	Ordinary income	1,000	1,000	313	+219.4%
	Net income	※3 - 1,000	- 800	- 782	—
	Net income per share (¥)	- 46.47	- 37.33	- 35.24	—

<The reason of revision of financial results forecast from the previous announcement>

※1 We made upward revision to the sales amount because the demand of game software storage LSI was higher than expected.

※2 The operating profit after goodwill amortization remained same as last announcement mainly because the foreign exchange gain is expected due to the effect of the exchange rate as of end of December 2016 for the operating expenses of the overseas subsidiary (closing in December) and the goodwill amortization amount.

※3 The net income attributable to parent company's shareholders was revised downward because the foreign exchange gain due to the effect of the exchange rate as of end of December 2016 is expected from the loss on the valuation of NTD-based investment securities that the overseas subsidiary (closing in December) holds.

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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