
MegaChips Corporation

**Financial results for the fiscal
first-quarter ending March 2017
(1Q FY2016)**

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

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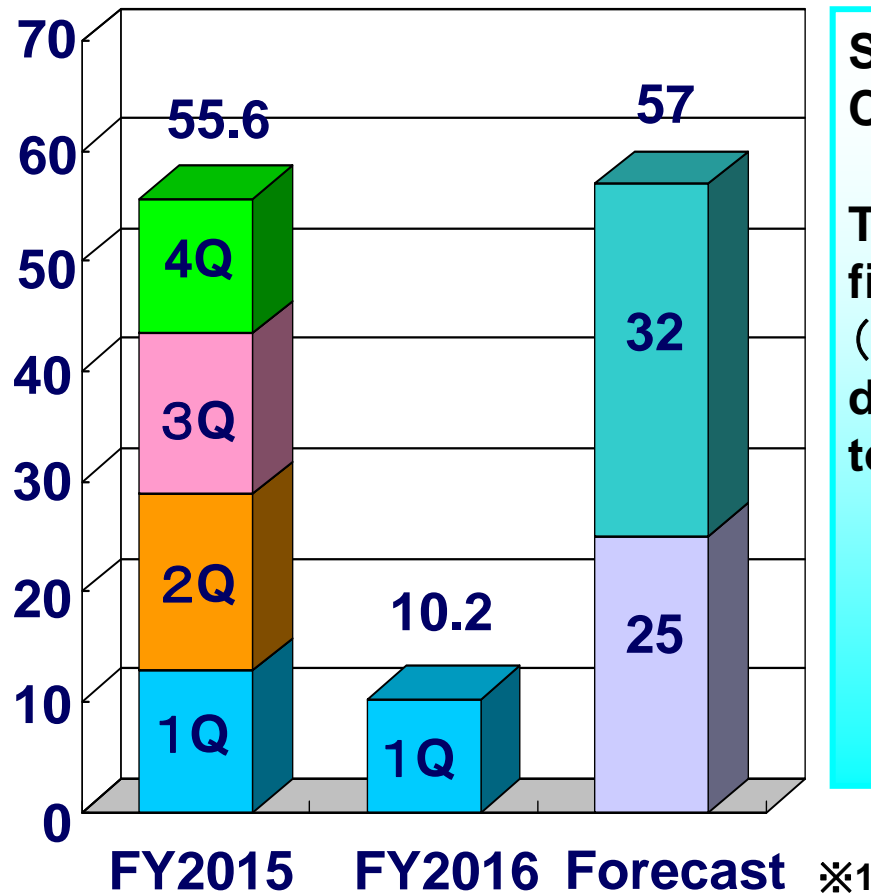
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1Q FY2016 Results

FY2016 Consolidated Performance

Net Sales

(¥ Billion)



Salas (cumulative): 10.2 billion yen
Comparison with previous FY: -20.1%

The sales of the prospective growing fields, Smart Connectivity (DisplayPort) and MEMS timing device progressed steadily contrary to the original forecast.

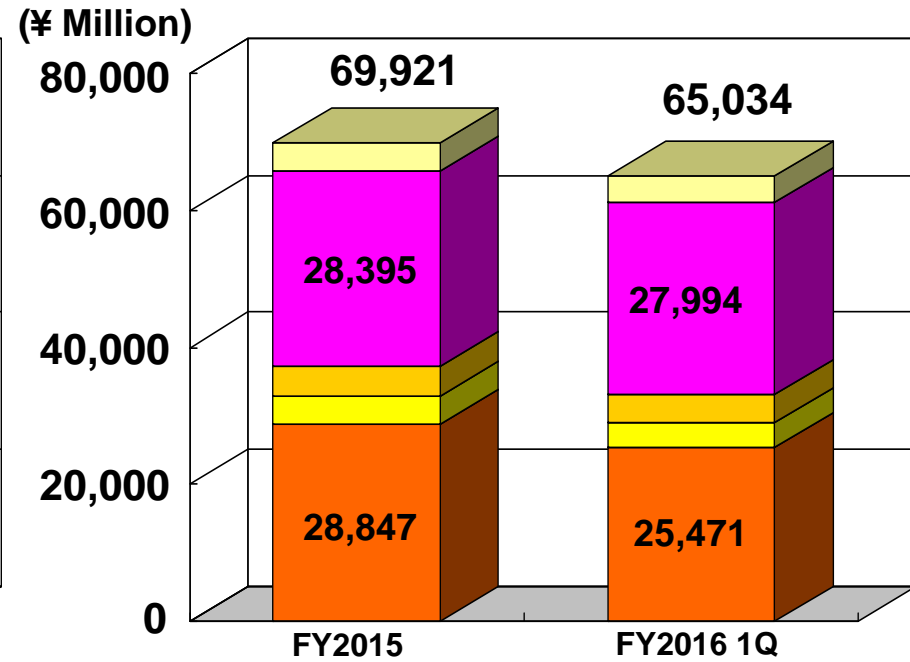
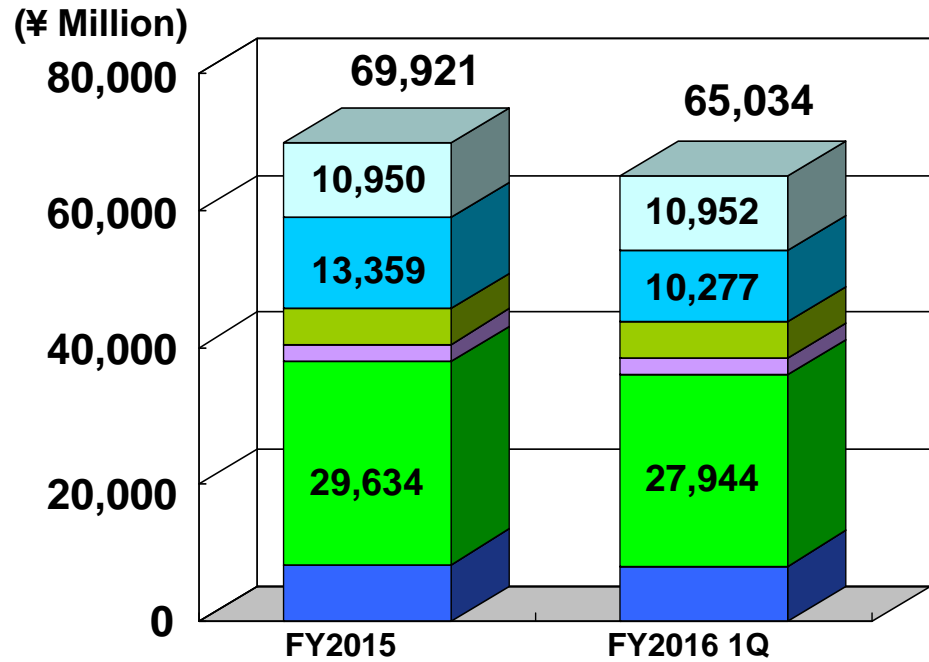
*: Full year forecast for FY2016 is the one published on May 13, 2016.

FY2016 Consolidated Statement of Income (Summary)

(¥ Millions)		FY2016 1Q results	FY2015 1Q results
Consolidated	Net sales	10,256	12,840
	Operating income prior to ①	1	625
	①Amortization of goodwill etc.	719	801
	Operating income After ①	- 718	- 176
	Ordinary income	- 712	- 270
	Profit attributable to owners of parent	- 706	- 559
	Net income per share (¥)	- 32.96	- 25.01

The amortization of goodwill associated with the merger of overseas company incurred for the amount of around 720 million yen in the first three quarters of the current fiscal year.

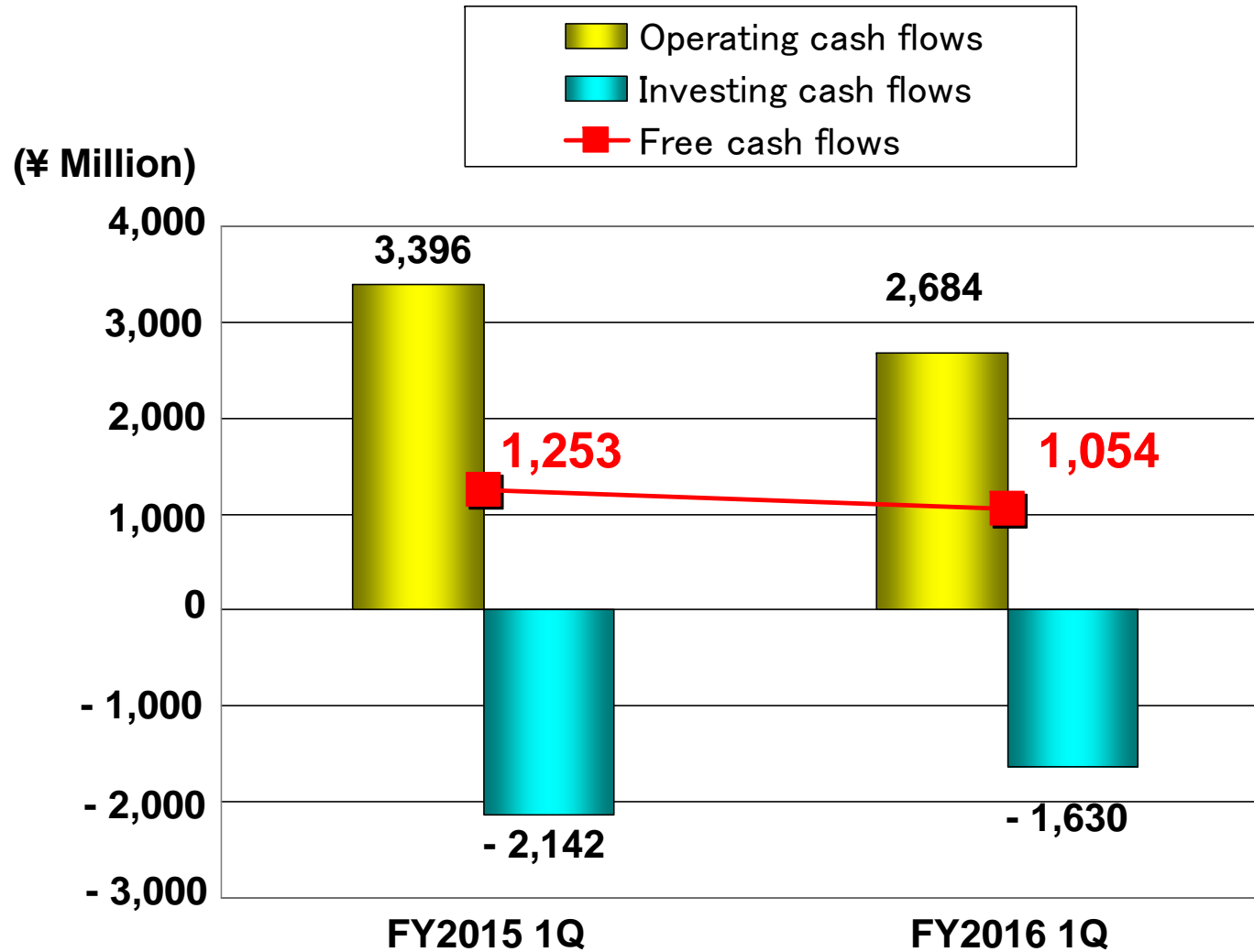
FY2016 1Q Consolidated Financial Status



	FY2015	FY2106 1Q
Cash and cash equivalents	10,950	10,952
Accounts receivable	13,359	10,277
Inventories	5,118	5,478
Other current assets	2,582	2,339
Tangible/intangible fixed assets	29,634	27,944
Investments and other assets	8,278	8,044

	FY2015	FY2106 1Q
Accounts payable	4,242	3,917
Interest-bearing debt	28,395	27,994
Other current liabilities	4,509	4,198
Other fixed liabilities	3,928	3,454
Net assets	28,847	25,471

FY2016 1Q Consolidated Cash Flows



FY2016 Forecasts

Revised FY2016 1H Forecast (vs. Initial Forecast)

FY2016 1H Forecast

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

(¥ Million)		FY2016 1H forecast (revised)	FY2016 1H forecast (initial)	vs. initial 1H forecast	FY2015 1H results
Consolidated	Sales	27,000	25,000	+ 8.0%	28,781
	Operating income before ①	800	800	—	2,073
	①Amortization of goodwill etc.	1,400	1,400	—	1,973
	Operating income after ①	- 600	- 600	—	100
	Ordinary income	- 700	- 700	—	347
	Profit attributable to owners of parent	- 1,900	- 900	—	- 367
	Net income per share (¥)	- 88.67	- 42.00	—	-16.42

Revised FY2016 Forecast (vs. Initial Forecast)

FY2016 full-year Forecast

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

(¥ Million)		FY2016 forecast (revised)	FY2016 forecast (initial)	vs. initial forecast	FY2015 results
Consolidated	Sales	60,000	57,000	+ 5.3%	55,662
	Operating income before ①	4,100	4,100	—	3,513
	①Amortization of goodwill etc.	2,900	2,900	—	3,848
	Operating income after ①	1,200	1,200	—	- 335
	Ordinary income	1,000	1,000	—	313
	Profit attributable to owners of parent	- 800	200	—	- 782
	Net income per share (¥)	- 37.33	9.33	—	- 35.24

<Sales: Increased from previous forecast>

- The demands for the game software storage LSI (custom memory) are expected to increase.
- The sales of part of ASIC products will likely to decrease due to a production adjustment by the influence of Kumamoto earthquake.

<Operating profit and ordinary income: Same as previous forecast>

- Change in product mix
- Enhance R&D and capital spending of ASSP products in the growing fields.
- Adjustment for differences from previous forecast associated with posting expense of "Disposal of treasury stock for incentives to officers, directors and employees of US subsidiary".

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

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>> 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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