
MegaChips Corporation

**Results for the third-quarter of
Fiscal Year ending March 31, 2013
(3Q FY3/13)**

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

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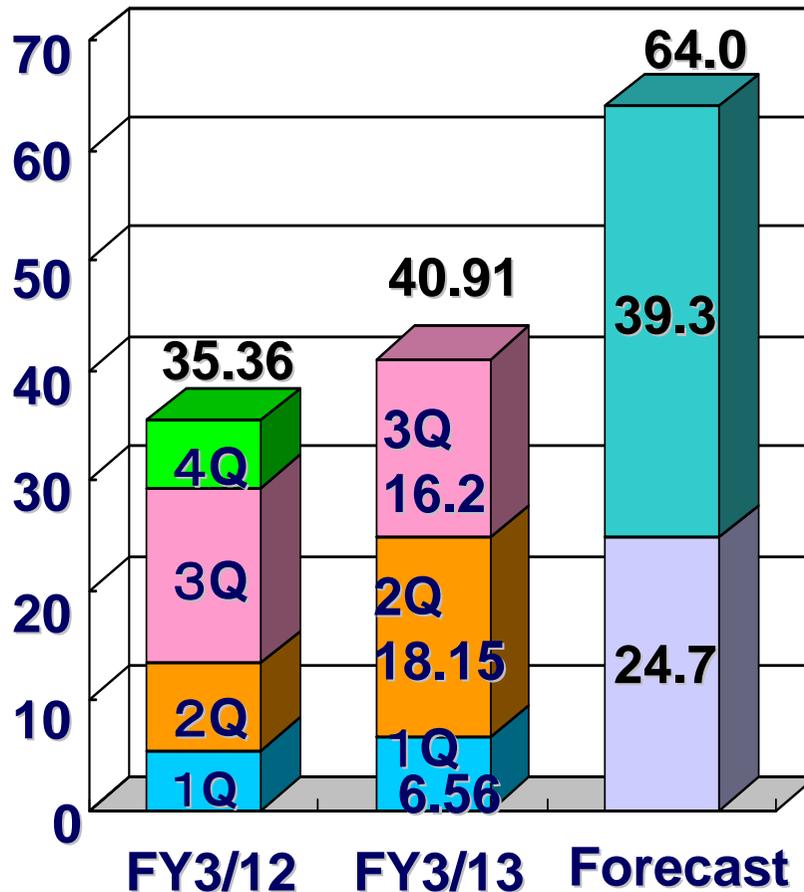
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3Q FY3/13 Results

3Q FY3/13 Consolidated Performance

Net Sales

(¥ Billion)



Net Sales: ¥40.91 billion
YoY basis: +39.9%

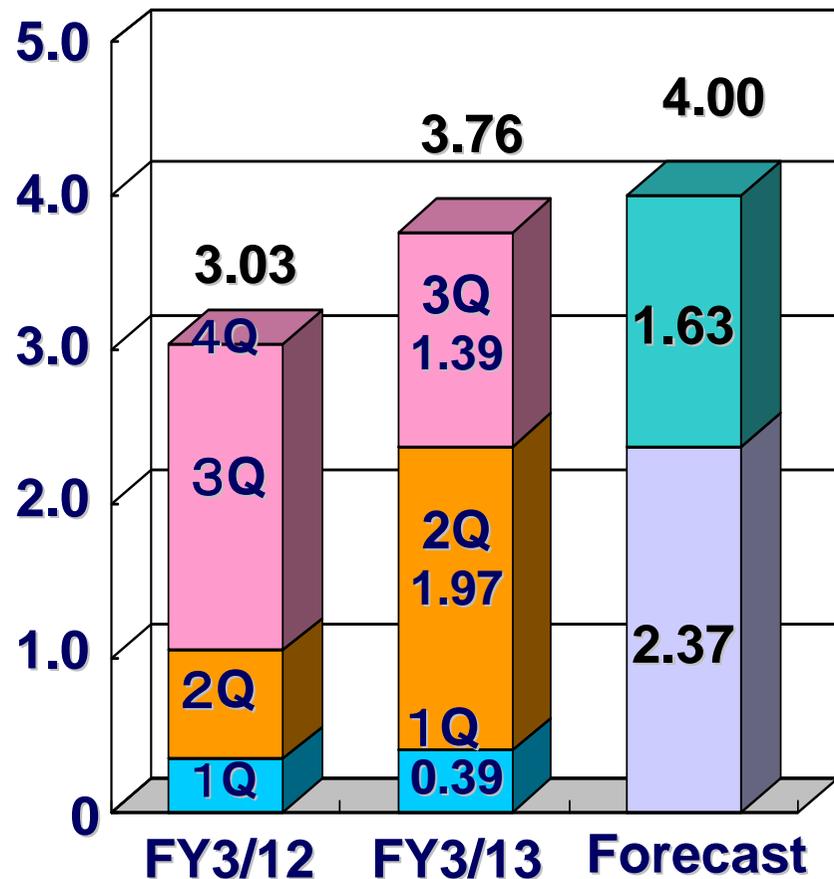
- New products in the game and digital camera areas contributed to net sales.
- Demand for LSIs for storing game software (custom memories) declined year on year.
- Operating results of Kawasaki Microelectronics, Inc. have been incorporated from the second quarter.

*The figures for the full-year forecast were released on October 26, 2012.

3Q FY3/13 Consolidated Performance

Operating Income

(¥ Billion)



Operating income: ¥3.76 billion
YoY basis: +21.0 %

- New products in the game area contributed to profit.

- Operating results of Kawasaki Microelectronics, Inc. have been incorporated from the second quarter.

*The figures for the full-year forecast were released on October 26, 2012.

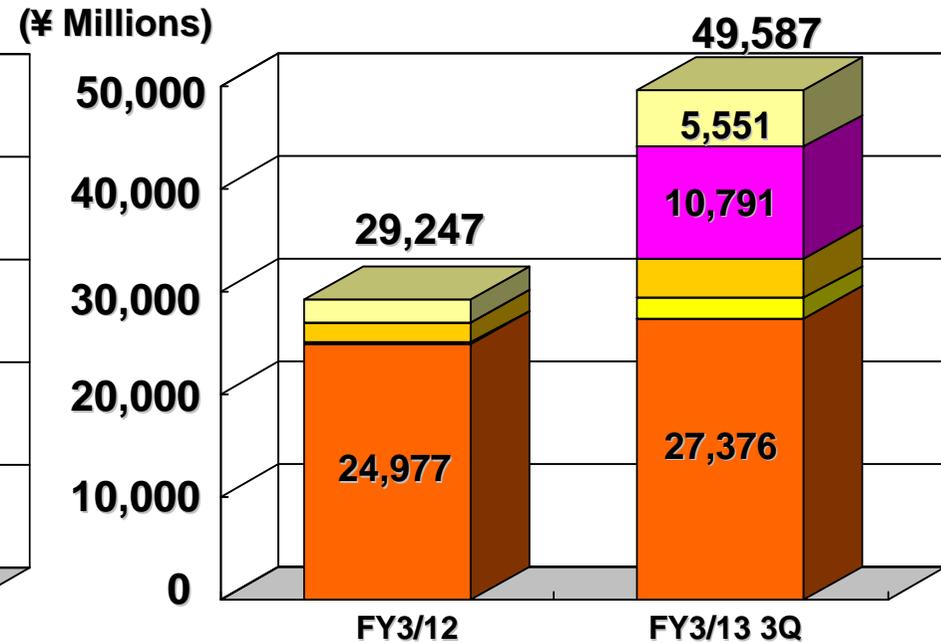
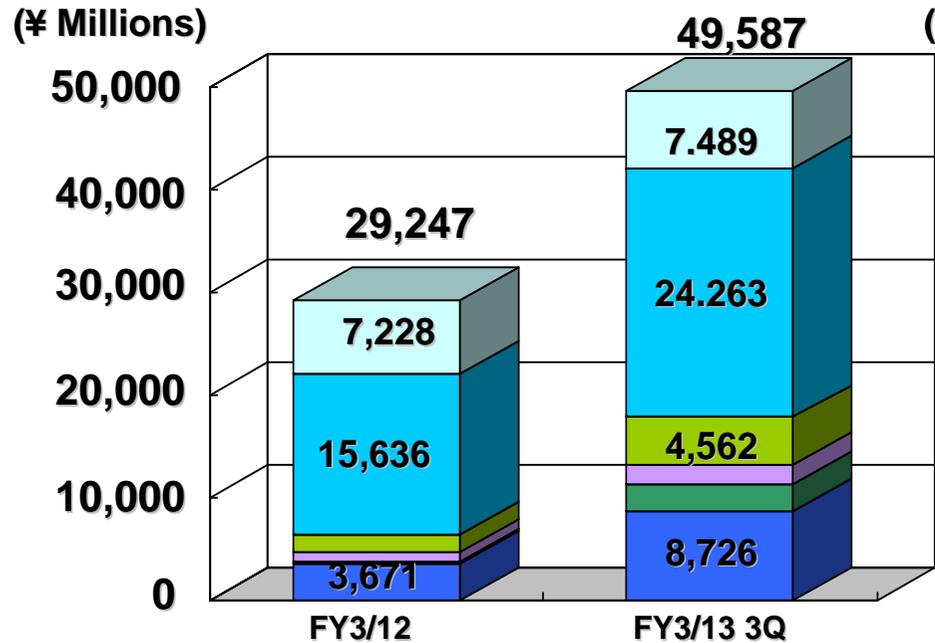
3Q FY3/13 Consolidated Statement of Income (Summary)

(¥ Millions)		FY3/13 3Q results	FY3/12 3Q results	FY3/13 Full-year forecast	YoY change	Vs. forecast
Consolidated	Net sales	40,919	29,248	64,000	+ 39.9%	63.9%
	Operating income	3,761	3,107	4,000	+ 21.0%	94.0%
	Ordinary income	3,846	3,370	3,900	+ 14.1%	98.6%
	Net income	3,711	2,212	3,700	+ 67.8%	100.3%
	Net income per share (¥)	155.76	92.31	156.45	+ 68.7%	99.6%

*The figures for the full-year forecast were released on October 26, 2012.

* When we acquired all issued shares of Kawasaki Microelectronics, Inc. as of July 1, 2012, we recorded ¥1,406 million, the excess of the market value of net assets at the time of the acquisition over the acquisition price, as negative goodwill under extraordinary items in the second quarter.

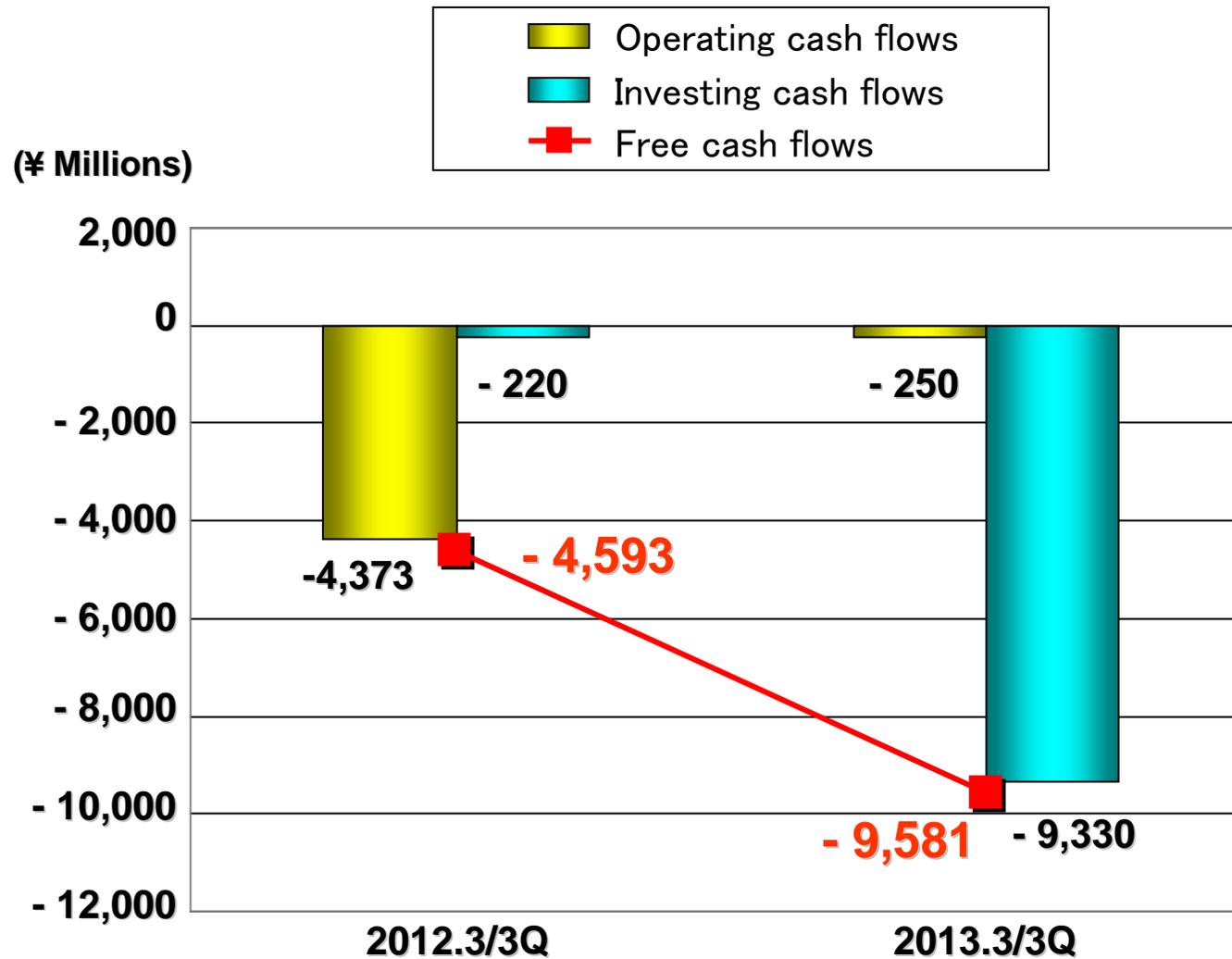
3Q FY3/13 Consolidated Balance Sheets



	FY3/12	FY3/13 3Q
Cash and cash equivalents	7,228	7,489
Accounts receivable	15,636	24,263
Inventories	1,696	4,562
Other current assets	873	1,969
Tangible/intangible fixed assets	141	2,575
Investments and other assets	3,671	8,726

	FY3/12	FY3/13 3Q
Accounts payable	2,252	5,551
Interest-bearing debt	0	10,791
Other current liabilities	1,978	3,899
Other fixed liabilities	39	1,968
Net assets	24,977	27,376

FY3/13 Consolidated Cash Flows



FY3/13 Earnings Forecast

Sales and Earnings Forecasts for FY3/13 (vs. previous forecasts)

(¥ Millions)		FY3/13 Full-year forecast		YoY change (Full-year) (1)/(2)	FY3/12 Full-year results (3)	YoY change (Full-year) (1)/(3)
		(revised) (1)	(initial) (2)			
Consolidated	Net sales	53,000	64,000	- 17.2%	35,366	+ 49.9%
	Operating income	3,500	4,000	- 12.5%	3,033	+ 15.4%
	Ordinary income	3,500	3,900	- 10.3%	3,262	+ 7.3%
	Net income	3,400	3,700	- 8.1%	2,127	+ 59.8%
	Net income per share (¥)	143.77	156.45	- 8.1%	88.80	+ 61.9%

* The figures in the full-year forecast (initial) for the fiscal year ending March 31, 2013 are those announced on October 26, 2012.

FY3/13 Medium-Term Management Strategy

Medium-Term Growth Strategy for FY3/13

Achieve recognition as a company providing service solutions worldwide.

(1) Establish an appropriate business portfolio by developing eco-energy area and industrial application area in addition to current “customer-oriented business in consumer area.”

(2) Acquire “core technologies” which will be source of competitive advantage in five years' time.

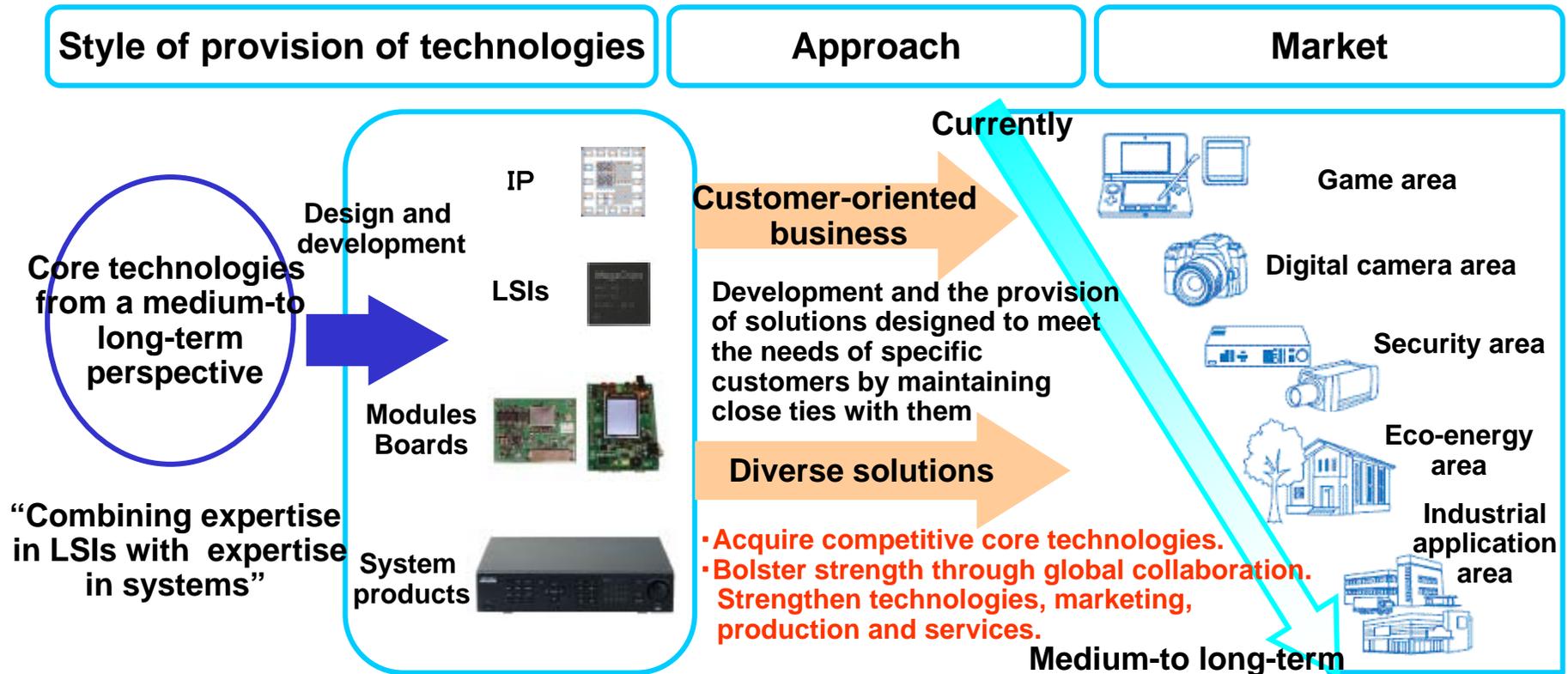
(3) Strengthen ability to provide total solutions and offer support throughout the entire process from development to wafer production, assembly and testing.

(4) Establish structure for entry into international markets.

Medium-Term Growth Strategy_1

1) Establish an appropriate business portfolio by developing eco-energy area and industrial application area in addition to current “customer-oriented business in consumer area.”

Expanding Business Based on Medium-to Long-Term Strategies



Medium-Term Growth Strategy_2

2) Acquire “core technologies” which will be source of competitive advantage in five years' time.

(i) Develop basic technologies to achieve strong core competencies and to create new businesses.

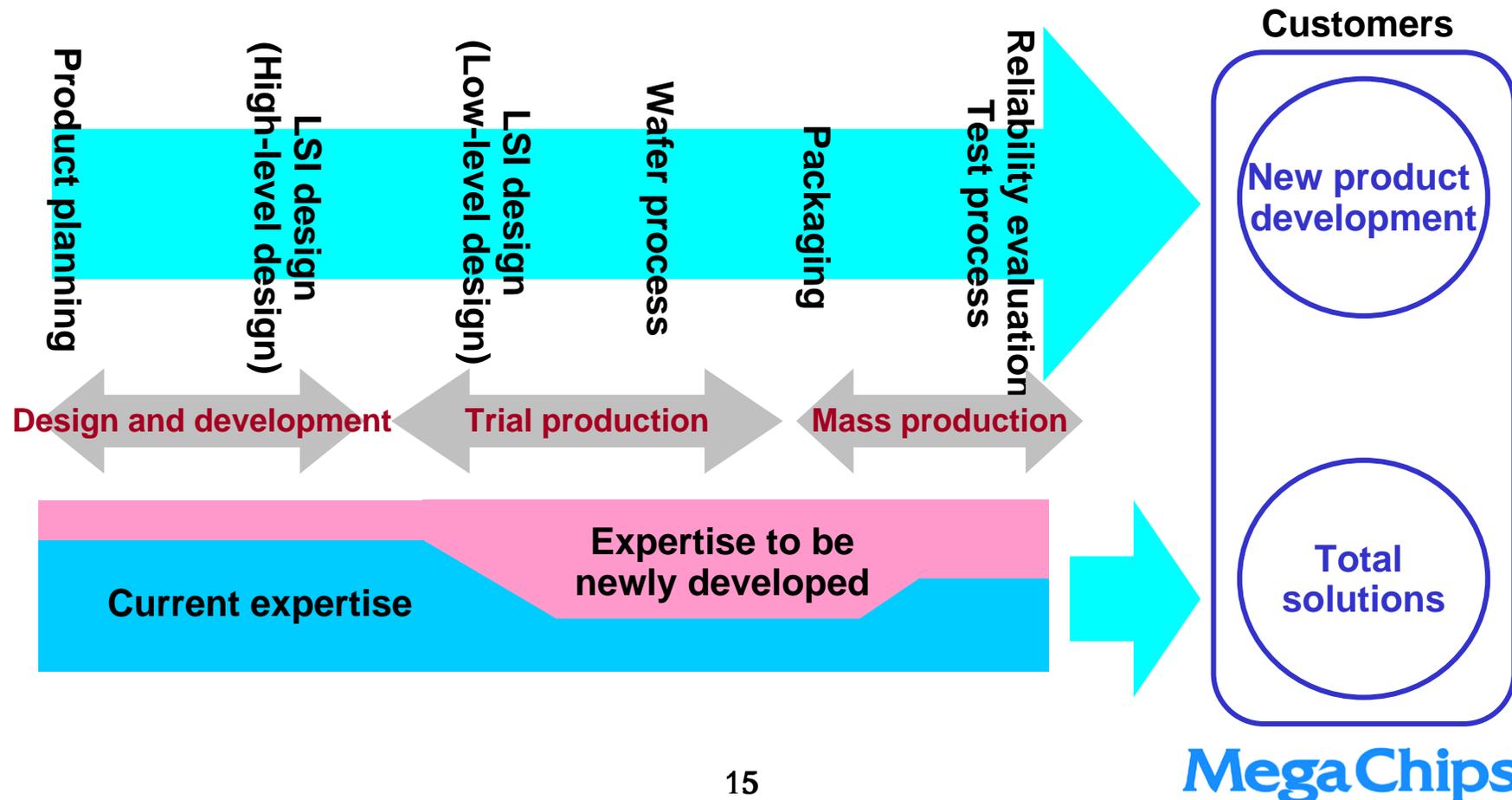
- 1: Core technologies in image and communication areas where new markets are imagined.**
- 2: Aim to maintain business initiatives.**
- 3: Prepare core competencies for diverse solutions.**

(ii) Hone core competencies to maintain a sound business over the long term.

- 1: Create unique business model.**
- 2: Patented technologies**
- 3: Maintain a good balance between hardware and software expertise.**

Ability to Provide Total Solutions_3

3) Strengthen ability to provide total solutions and offer support throughout the entire process from development to wafer production, assembly and testing.



Medium-Term Growth Strategy_4

4) Establish structure for entry into international markets.

(1) Streamline development and mitigate operational risks through global alliances.

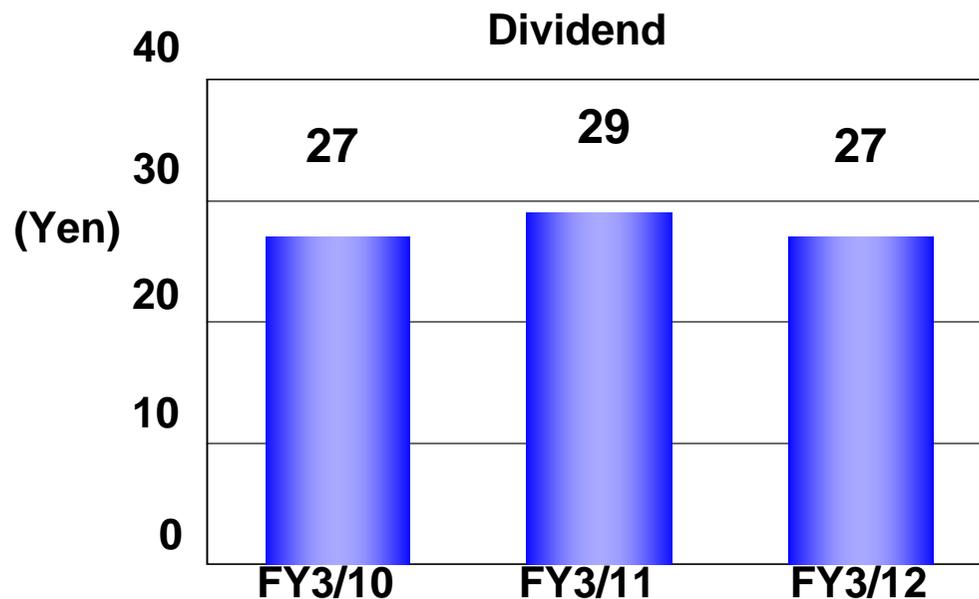
(2) Establish overseas units for the development of basic technologies.

(3) Develop globally competent human resources.

Performance Indicators (Profit Allocation)

Dividend Policy

- ① Secure the retained earnings needed to maintain a financial strength that can withstand changes in the management environment and that can enable investment in medium- and long-term growth.
- ② Dividends will represent either a dividend payout ratio of approx.30% or a consolidated dividend on equity (DOE) ratio of approx. 2%, whichever is higher.
- ③ We will also acquire the Company's shares in a flexible manner to improve its capital efficiency, taking into account factors such as market conditions, share price behavior, and financial position, as well as the level of necessary internal reserves.



Summary (Key Investment Highlights)

- Establish an appropriate business portfolio by developing eco-energy area and industrial application area in addition to current “customer-oriented business in consumer area.”
- Acquire “core technologies” which will be source of competitive advantage in five years' time, and leverage product line-up led by LSIs to become system solutions provider.
- Establish position as fabless manufacturer capable of providing total solutions and offering support throughout the entire process from development to wafer production, assembly and testing, for products ranging from SoCs custom designed for a specific application or customer to system products.
- Seek global business expansion by establishing overseas units for the development of basic technologies and building global customer base.

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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