
MegaChips Corporation

**Financial results for the fiscal
second-quarter ending March 2015
(2Q FY3/15)**

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

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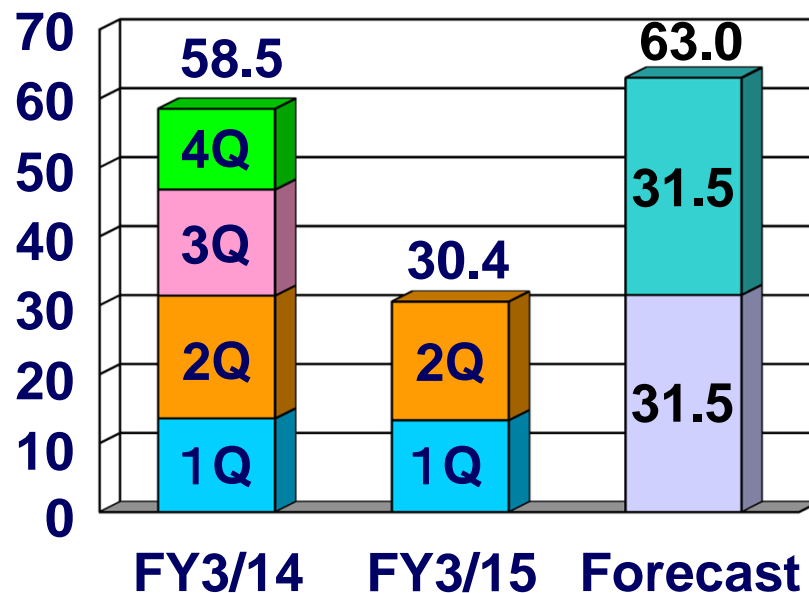
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2Q FY3/15 Results

2Q FY3/15 Consolidated Performance

Net Sales

(¥ Billion)



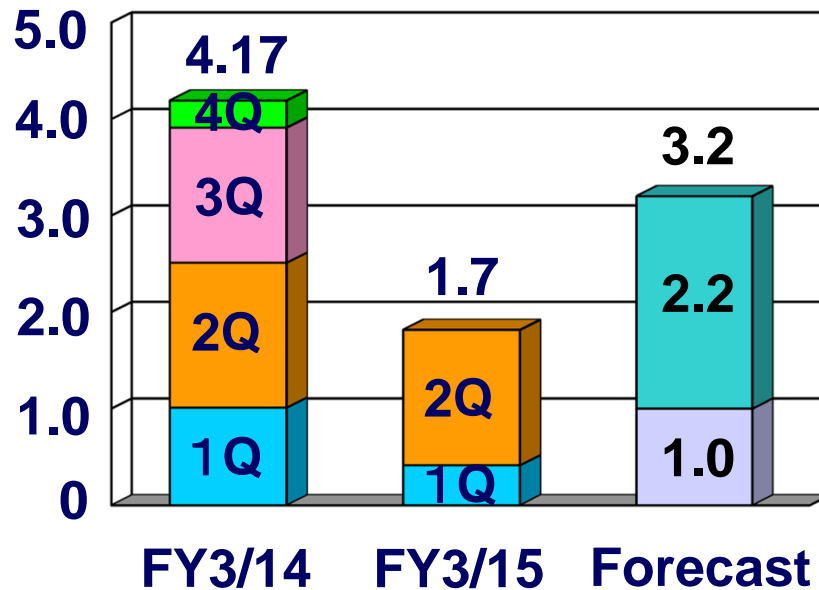
Net Sales: ¥30.4 billion
YoY basis: - 2.7%

Compared to the beginning of year, the demands of LSIs for the office automation equipment and for the communication stayed steady, although the demand of game software storage LSI (custom memory) was partially shifted to the second half.

2Q FY3/15 Consolidated Performance

Operating Income

(¥ Billion)



Operating income: ¥1.7 billion
YoY basis: - 28.1 %

Compared to the beginning of year, the profits were increased due to the exchange gain through the consolidated financial settlement with overseas subsidiaries by the bigger-than-expected depreciation of the Yen against the US and Taiwan dollars.

The reduction of R&D expenses and the shift to the second half also contributed to the increase in profit.

2Q FY3/15 Summary of Consolidated Performance

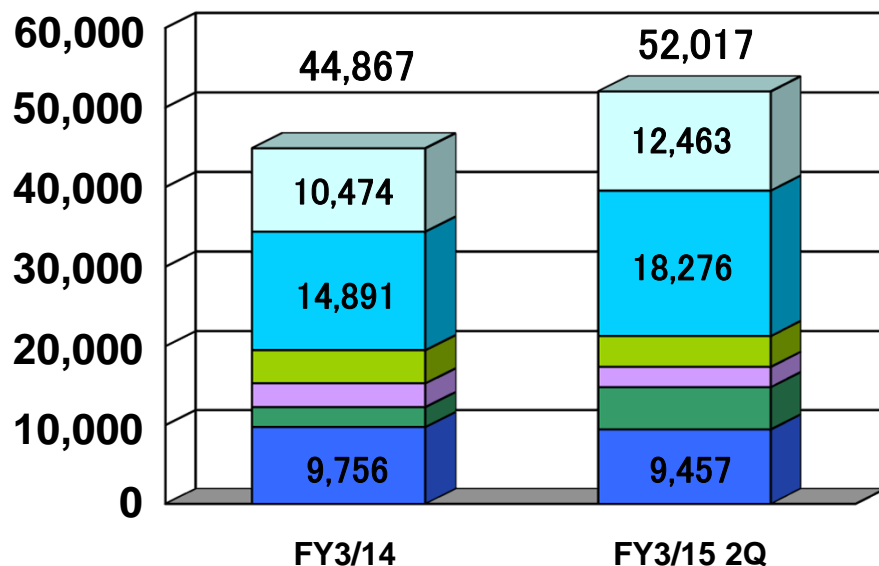
(¥ Millions)		FY3/15 2Q results	FY3/15 2Q forecast	Vs. forecast	FY3/14 2Q results	YoY change
Consolidated	Net sales	30,492	31,500	- 3.2%	31,352	- 2.7%
	Operating income	1,786	1,000	+ 78.7%	2,485	- 28.1%
	Ordinary income	1,406	900	+ 56.2%	2,616	- 46.3%
	Net income	674	400	+ 68.6%	※ 3,817	- 82.3%
	Net income per share (¥)	29.80	17.13	+ 73.9%	163.50	- 82.7%

Each profit in the consolidated results of the first half of FY3/15 was greater than previously published forecast as the Yen has been depreciating against the US and Taiwan dollars more than expected. The operating income include the exchange gain through the consolidated financial settlement with overseas subsidiaries, the gain offset by the exchange gap is being reversed as the non-operating exchange losses.

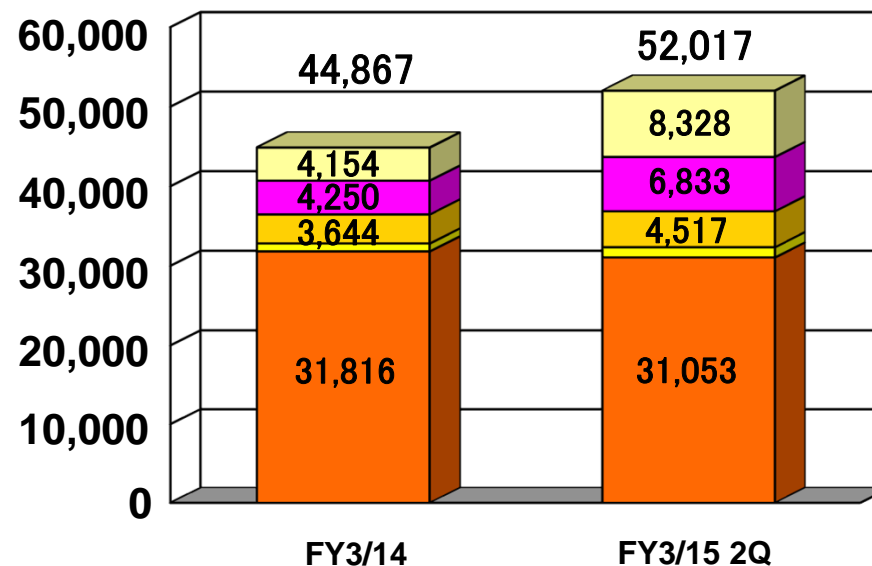
※ On the merger of Kawasaki Microelectronics, Inc. (“KME”) as of April 1, 2013, the net operating loss carried forward in KME was assumed by our company. The part of such net operating loss, which is likely to be realized, was recorded as deferred tax assets. Accordingly, income taxes adjustment in the amount of △ 2,374 million Yen (“△” means profit) was recorded.

2Q FY3/15 Consolidated Balance Sheets

(¥ Millions)



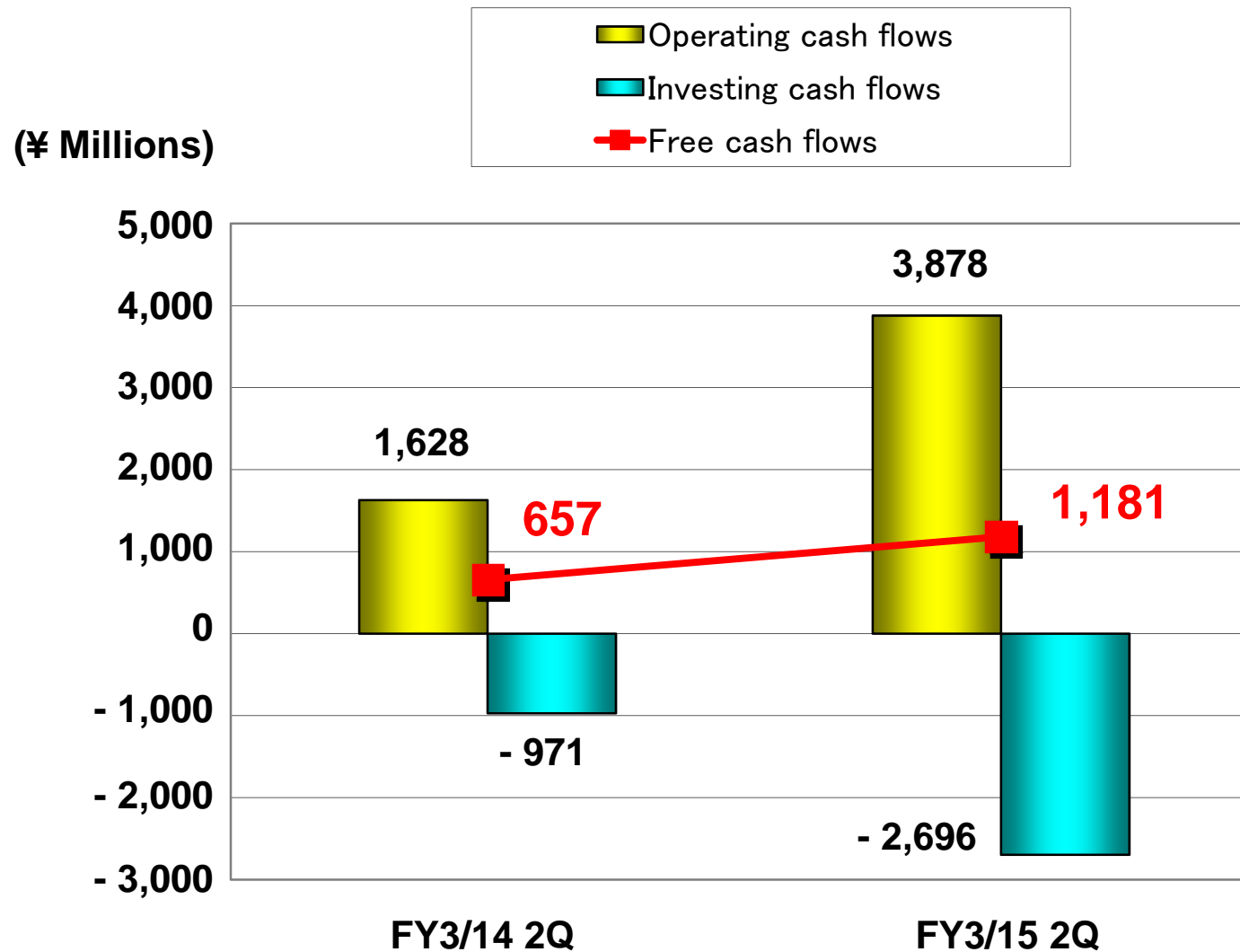
(¥ Millions)



	FY3/14	FY3/15 2Q
Cash and cash equivalents	10,474	12,463
Accounts receivable	14,891	18,276
Inventories	4,209	3,889
Other current assets	3,014	2,577
Tangible/intangible fixed assets	2,523	5,355
Investments and other assets	9,756	9,457

	FY3/14	FY3/15 2Q
Accounts payable	4,154	8,328
Interest-bearing debt	4,250	6,833
Other current liabilities	3,644	4,517
Other fixed liabilities	1,003	1,285
Net assets	31,816	31,053

2Q FY3/15 Consolidated Cash Flows



FY3/15 Forecast

Business Plan for FY3/15

(¥ Million)		FY3/15 full-year forecast (1)	FY3/14 full-year results (2)	YoY change (2)/(1)	FY3/15 2Q results (3)	Vs. forecast (3)/(1)
Consolidated	Net sales	63,000	58,469	+ 7.7%	30,492	48.4%
	Operating income	3,200	4,173	- 23.3%	1,786	55.8%
	Ordinary income	3,100	4,277	- 27.5%	1,406	45.4%
	Net income	1,700	4,725	- 64.0%	674	39.7%
	Net income per share (¥)	72.81	202.40	- 64.0%	29.80	40.9%

The consolidated results of the first half of FY3/15 were greater than previously published forecast due to the fluctuations in foreign exchange rates. The consolidated results of the business year of FY3/15 remains same as previous ones because it is difficult to forecast trends in exchange rates and the impact caused by those fluctuations.

※ In the fiscal year ending in March 2014, the loss carried forward, etc. which was assumed from Kawasaki Microelectronics, Inc. (“KME”) in relation to the merger of KME as of April 1, 2013 and which may be realized, was recorded as deferred tax assets. The adjustment for corporate tax, etc. (profit) equal to Δ¥2,374million due to such event was included in “corporate tax, 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.

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