
MegaChips Corporation

**Results for the First Half of
Fiscal Year ending March 31, 2014
(3Q FY3/14)**

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

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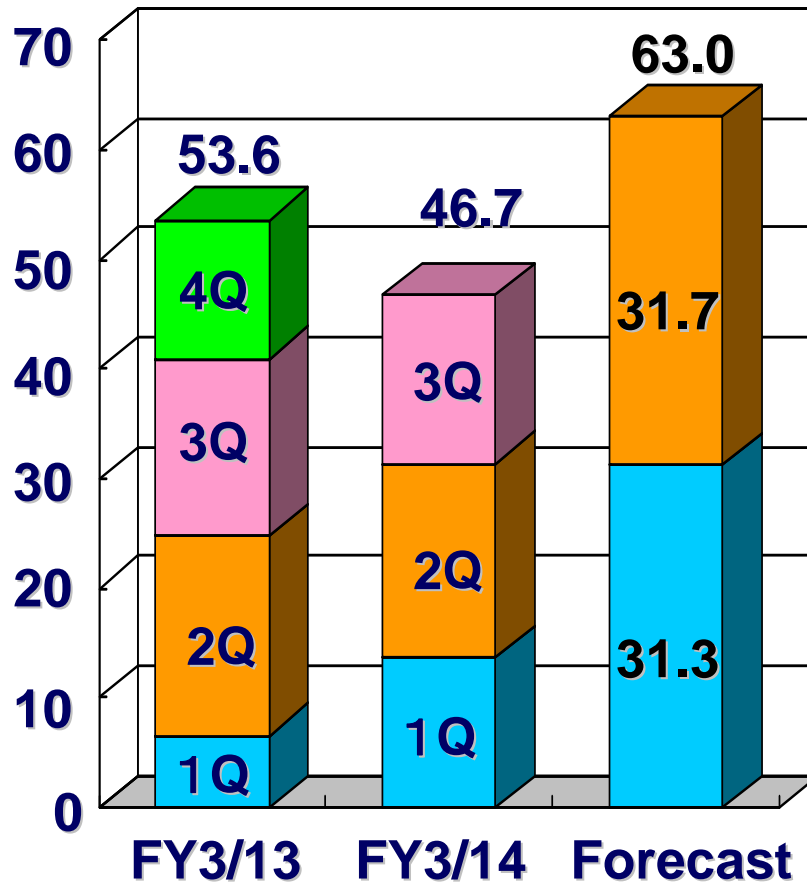
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3Q FY3/14 Results

FY3/14 Consolidated Performance

Net Sales

(¥ Billion)



Net Sales: ¥46.7 billion
YoY basis: +14.2%

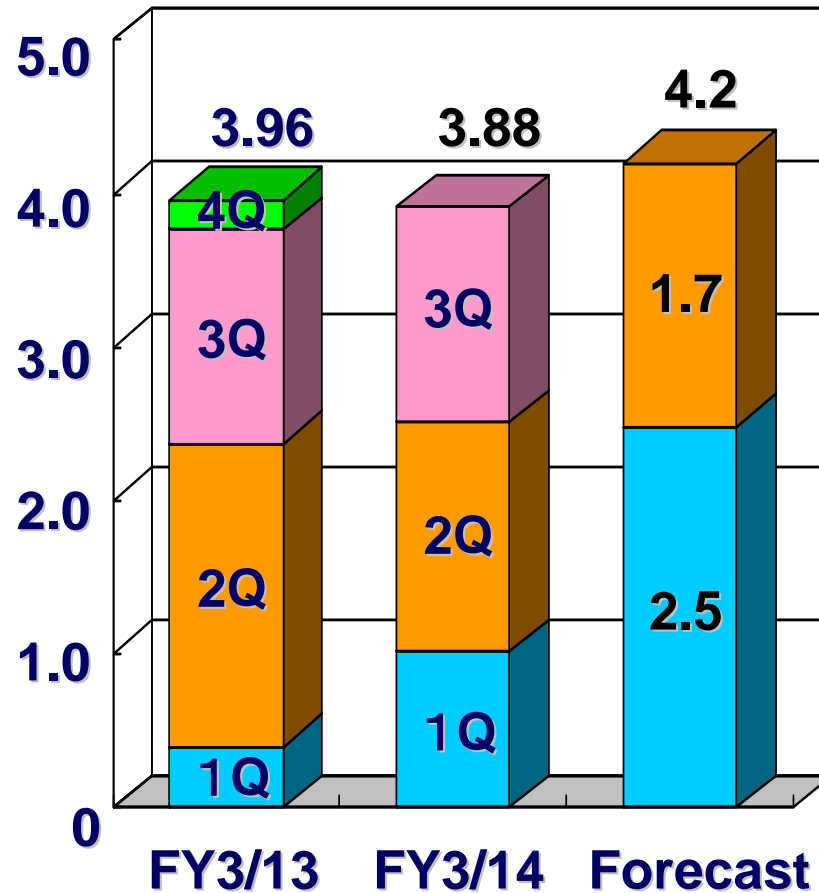
Compared with the 3rd quarter of the preceding FY, the sales of new LSI product for Digital Camera and the steady demand of LSI products for LCD and OA, which have been added since 2nd quarter of the preceding FY, contributed to the increase of sales.

*The figures for the full-year forecast were released on November 1, 2013.

FY3/14 Consolidated Performance

Operating Income

(¥ Billion)



Operating income: ¥3.88 billion
YoY basis: + 3.3 %

The sales of the new LSI product for Digital Camera and the steady demand of LSI products for LCD and OA, which have been added since 2nd quarter of the preceding FY, contributed to the increase of income. However, the increase of cost in development investment, etc. made the increase of income slight.

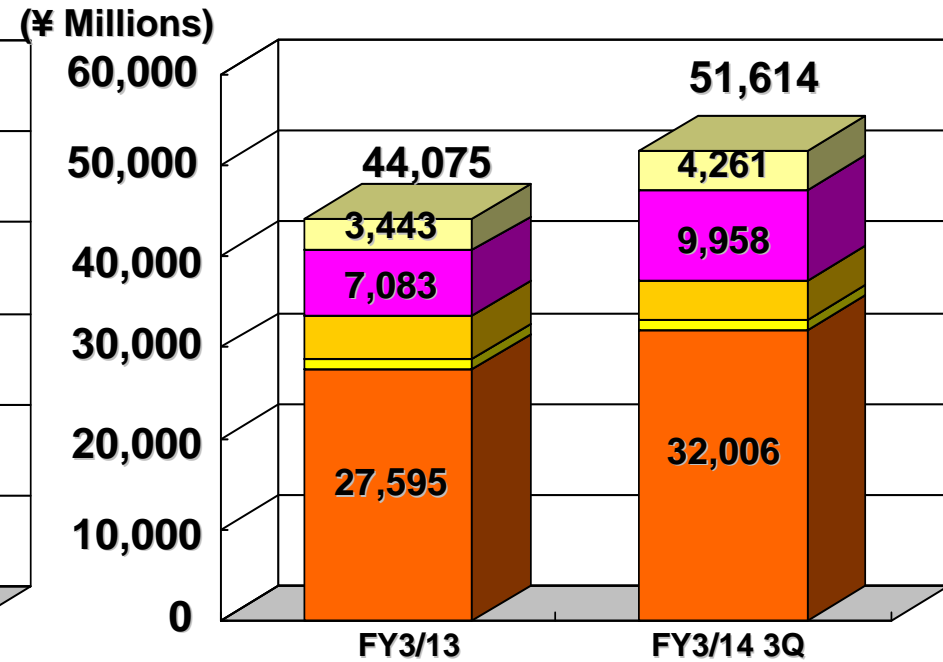
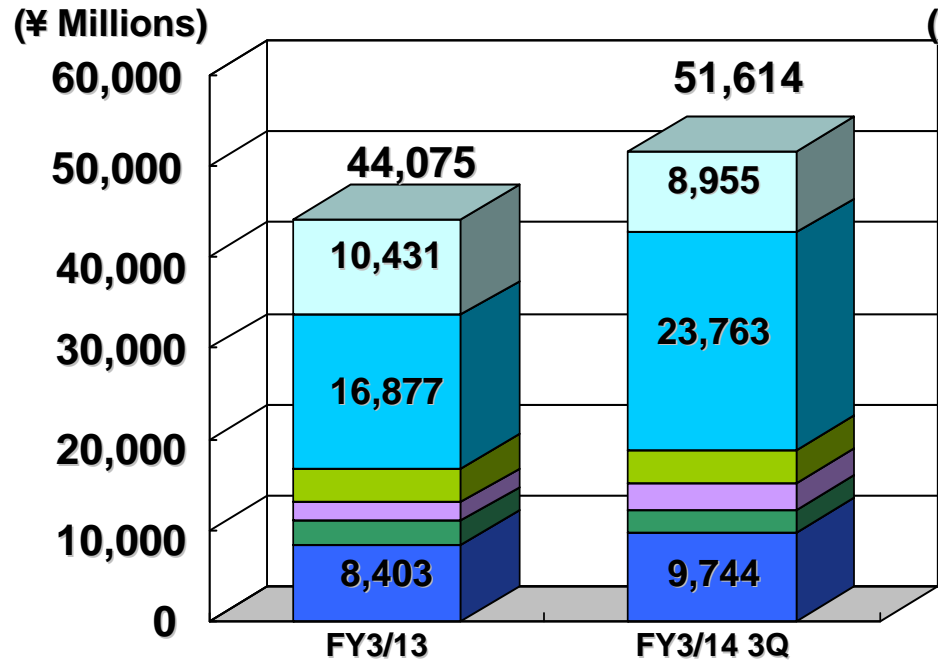
*The figures for the full-year forecast were released on November 1, 2013.

FY3/14 Consolidated Statement of Income (Summary)

(¥ Millions)		FY3/14 3Q results	FY3/13 3Q results	YoY change
Consolidated	Net sales	46,721	40,919	+ 14.2%
	Operating income	3,885	3,761	+ 3.3%
	Ordinary income	3,940	3,846	+ 2.4%
	Net income	4,902	3,711	+ 32.1%
	Net income per share (¥)	209.96	155.76	+ 34.8%

· 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 Δ 2,450 million Yen (“ Δ ” means profit) was recorded and included in “income tax, etc.”

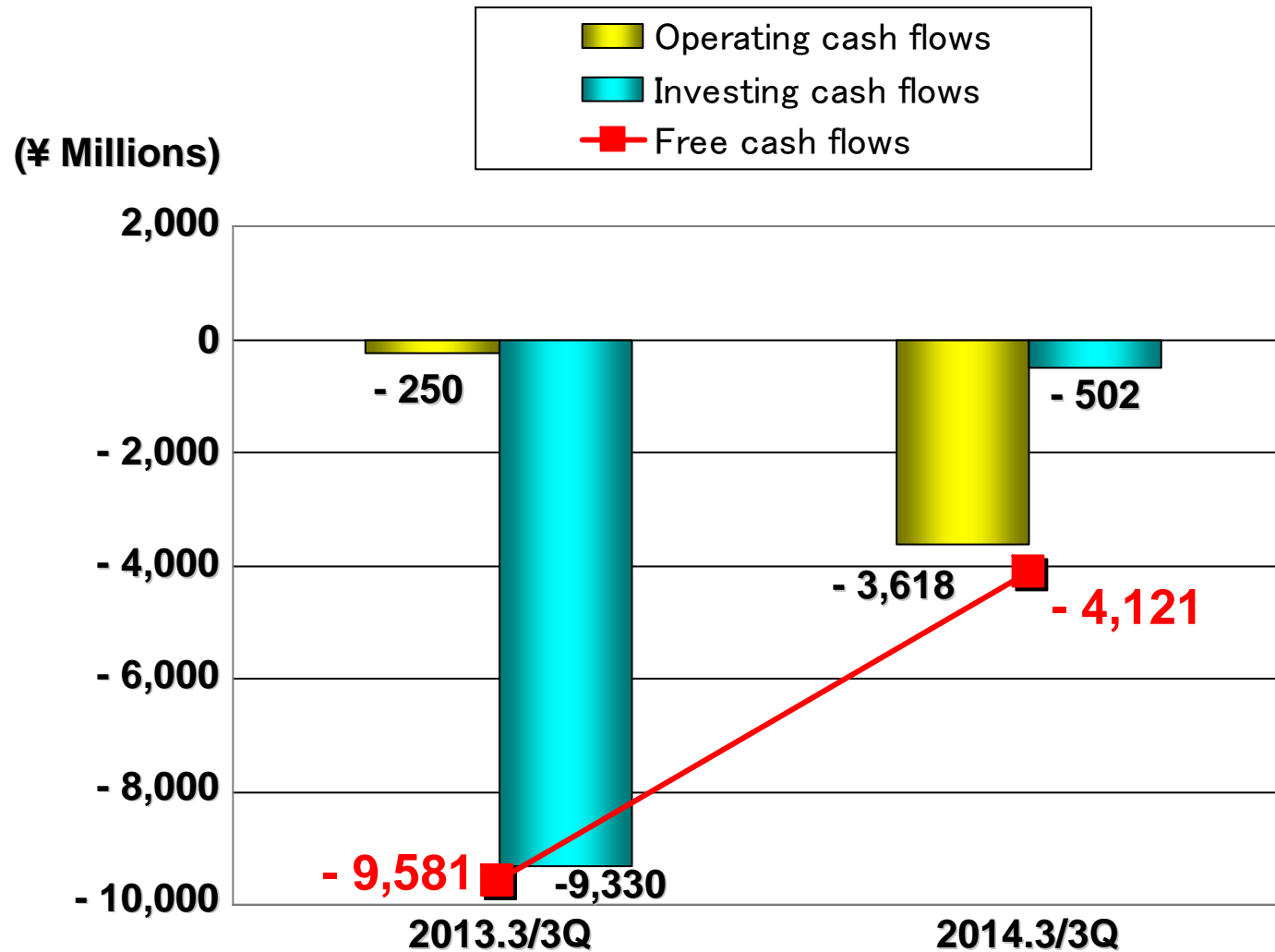
FY3/14 Consolidated Balance Sheets



	FY3/13	FY3/14 3Q
Cash and cash equivalents	10,431	8,955
Accounts receivable	16,877	23,763
Inventories	3,701	3,740
Other current assets	2,078	2,942
Tangible/intangible fixed assets	2,583	2,467
Investments and other assets	8,403	9,744

	FY3/13	FY3/14 3Q
Accounts payable	3,443	4,261
Interest-bearing debt	7,083	9,958
Other current liabilities	4,821	4,373
Other fixed liabilities	1,132	1,014
Net assets	27,595	32,006

FY3/14 Consolidated Cash Flows



FY3/14 Forecast

Revised FY3/14 Forecast (vs. Initial Forecast)

FY3/14 full-year forecast

(¥ Million)		FY3/14 full-year forecast (revised)	FY3/14 full-year forecast (initial)	vs. initial full-year forecast	FY3/12 full-year results	YoY change
Consolidated	Net sales	58,500	63,000	- 7.1%	53,623	+ 9.1%
	Operating income	3,500	4,200	- 16.7%	3,962	- 11.7%
	Ordinary income	3,600	4,200	- 14.3%	4,120	- 12.6%
	Net income	4,600	4,900	- 6.1%	4,044	+ 13.1%
	Net income per share (¥)	197.01	209.86	- 6.1%	170.23	+ 13.7%

>> 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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