
MegaChips Corporation

**Results for the Fiscal Year Ended
March 31, 2013 (FY3/13)**

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

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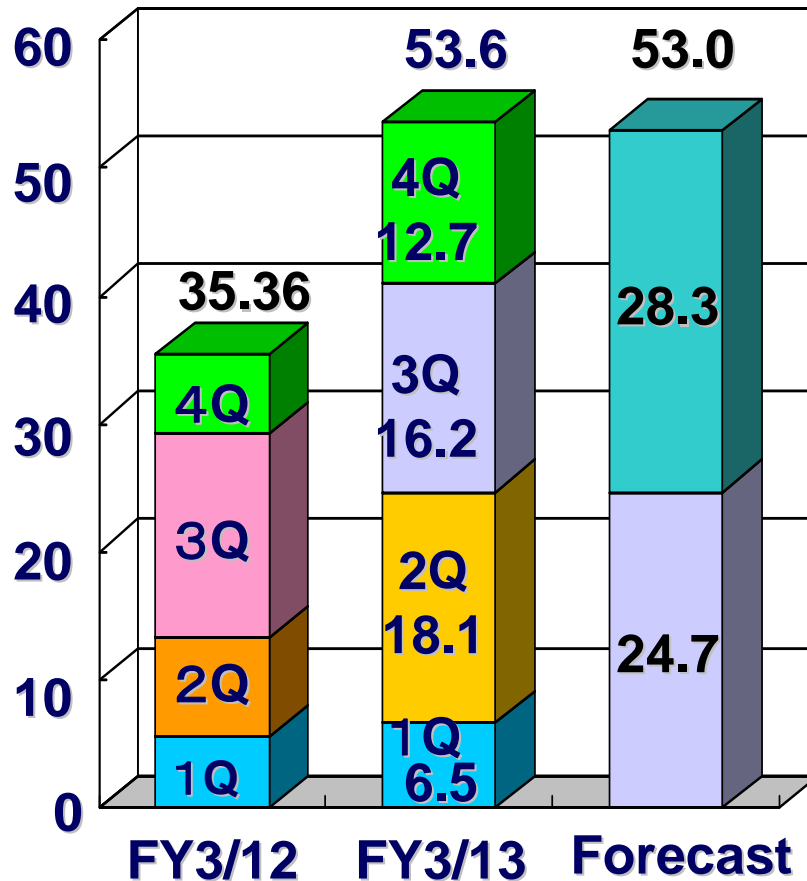
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FY3/13 Results

FY3/13 Consolidated Performance

Net Sales

(¥ Billion)



Net Sales: ¥53.6 billion
YoY basis: +51.6%

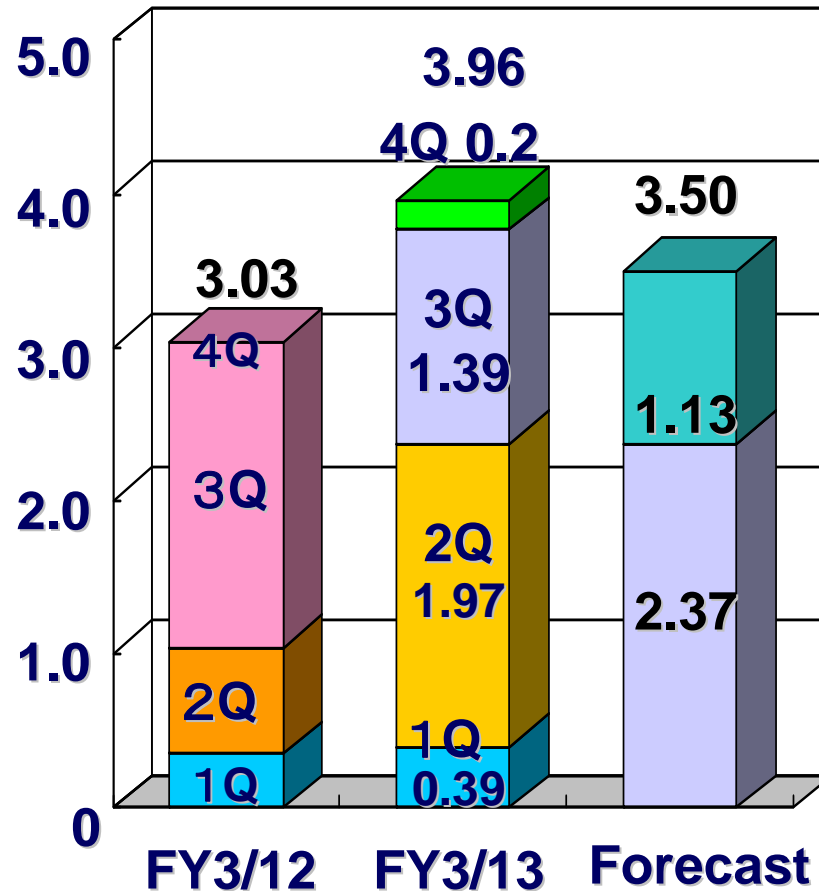
- New products in the game and digital camera areas contributed to net sales.
- The second-quarter sales amount of Kawasaki Microelectronics, Inc. was counted up.

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

FY3/13 Consolidated Performance

Operating Income

(¥ Billion)



Operating income: ¥3.96 billion
YoY basis: +30.6 %

- 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 Feb 1, 2013.

FY3/13 Consolidated Statement of Income (Summary)

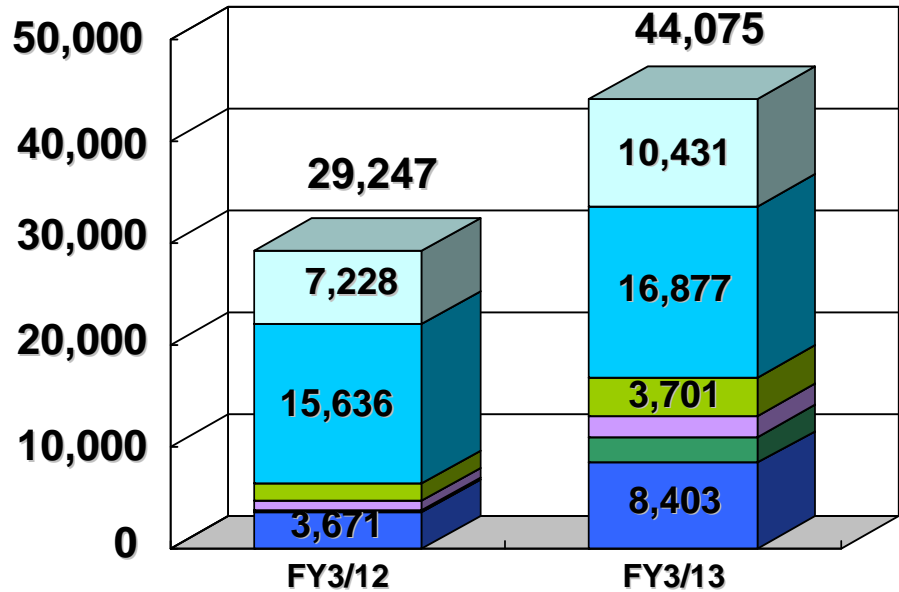
(¥ Millions)		FY3/13 results	FY3/13 forecast	Vs. forecast	FY3/12 results	YoY change
Consolidat ed	Net sales	53,623	35,366	53,000	+ 51.6%	101.2%
	Operating income	3,962	3,033	3,500	+ 30.6%	113.2%
	Ordinary income	4,120	3,262	3,500	+ 26.3%	117.7%
	Net income	4,044	2,127	3,400	+ 90.1%	118.9%
	Net income per share (¥)	170.23	88.80	143.77	+ 91.7%	118.4%

· The figures for the full-year forecast were released on July 27, 2012.

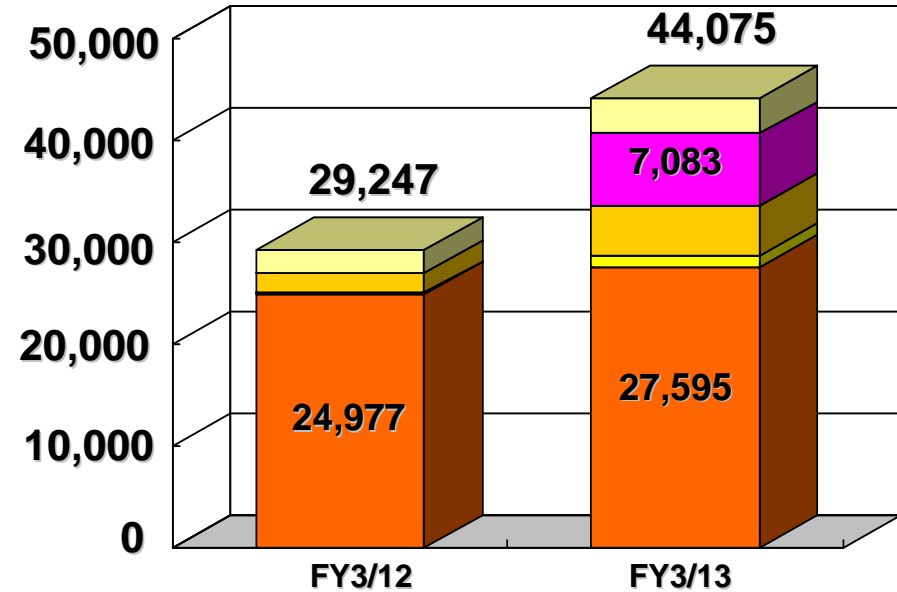
· When we acquired all the Issued Shares of Kawasaki Microelectronics, Inc. as of July 1st, 2012, amount that aggregate market value of total assets at the time of acquisition exceeded acquisition price has been allocated to the extraordinary income (¥1,406 million) as negative goodwill.

FY3/13 Consolidated Balance Sheets

(¥ Millions)



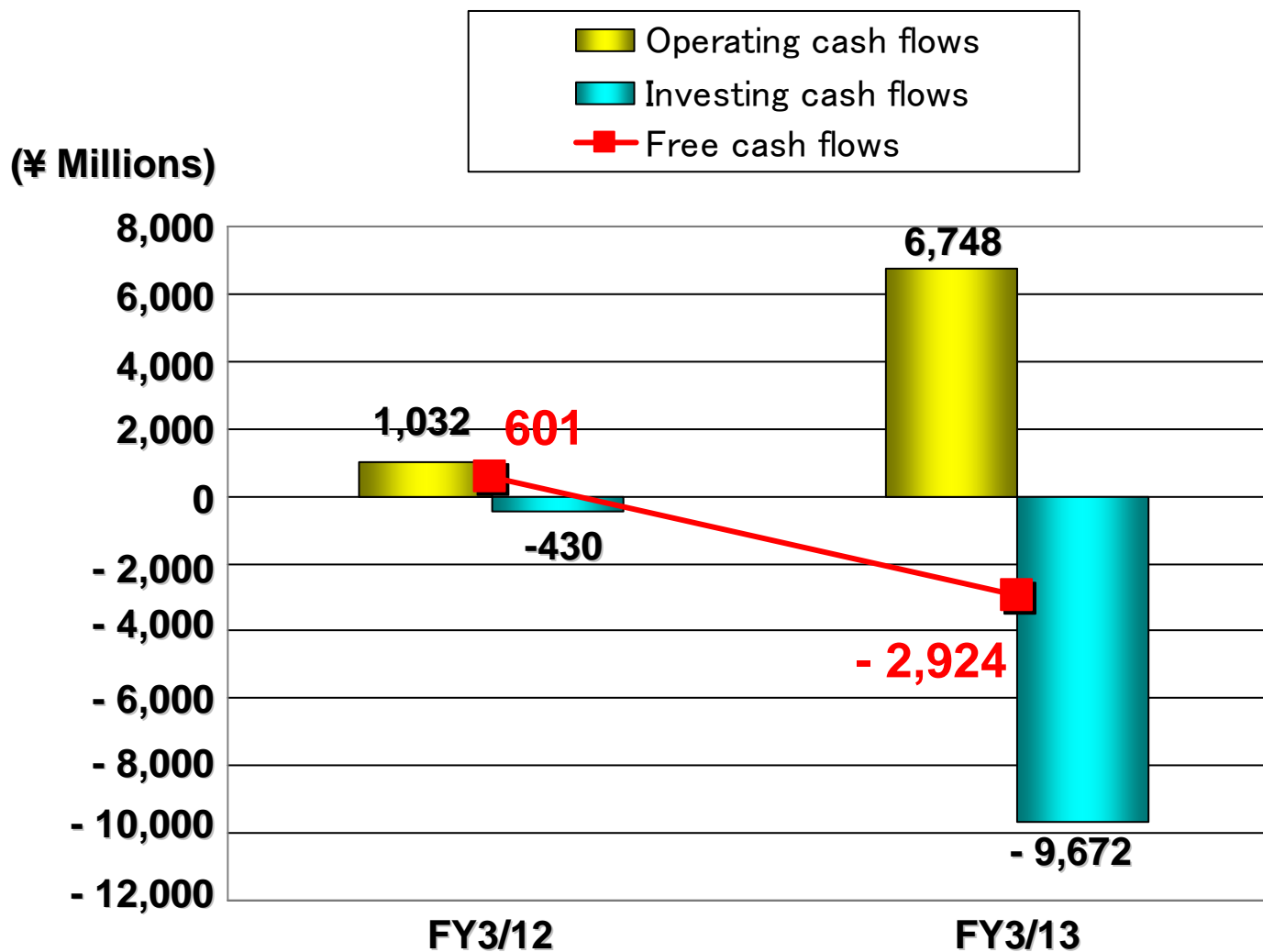
(¥ Millions)



	FY3/12	FY3/13
Cash and cash equivalents	7,228	10,431
Accounts receivable	15,636	16,877
Inventories	1,696	3,701
Other current assets	873	2,077
Tangible/intangible fixed assets	141	2,583
Investments and other assets	3,671	8,403

	FY3/12	FY3/13
Accounts payable	2,252	3,443
Interest-bearing debt	0	7,083
Other current liabilities	1,978	4,821
Other fixed liabilities	39	1,132
Net assets	24,977	27,595

FY3/13 Consolidated Cash Flows



FY3/14 Medium-Term Management Strategy

Medium-Term Management Strategy for Fiscal Year Ending in March, 2014

**Being a global company
“creating new applications and
continuing to provide system solutions”**

Strengthen business base for domestic consumer market

**Develop new business in growing segment
of domestic industry**

Reinforce corporate structure to enter global market

Make active returns to shareholders

Medium-Term Management Strategy

Strengthen business base for domestic consumer market

- Reinforce the business in the existing market segment and expand the business in OA segment, by enhancement of the competitiveness in ASIC through the integration of LSI development and application knowledge
- Render the stable and high-quality service to domestic customers by providing them with support integrating the ranges from planning and development to the control of overseas wafer foundry, assembly and test
- Provide customers with not only LSI but also the software connected with LSI as package

Medium-Term Management Strategy

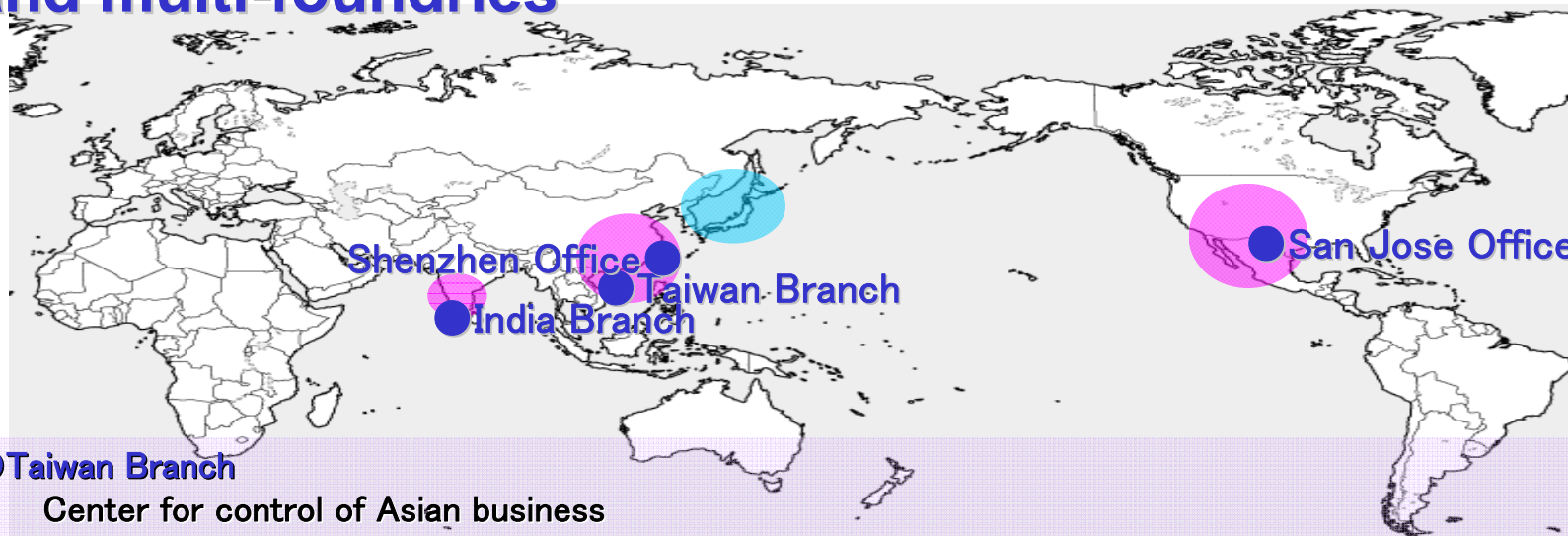
Develop new business in growing segment of domestic industry

- Start new plan and technical development of solutions targeting environment and control of energy saving, automobile and automation, and medical instruments
Enhance the strength of application and marketing
- Expand system LSI business based on the technology for graphics and communications in combination with technology related to cloud computing.
- Develop the business based on high-speed analog communication technology in combination with system LSI

Medium-Term Management Strategy

Reinforce corporate structure to enter global market

→ Establish organization for off-shore development and multi-foundries



● **Taiwan Branch**

Center for control of Asian business
Center for operation control as fabless company

● **India Branch**

Center for development (analog circuit, ASIC design flow and ASIC, etc.)

● **San Jose Office**

Center for R&D of cutting-edge technology and center for sales and marketing to North America, Europe and Middle East

● **Shenzhen Office**

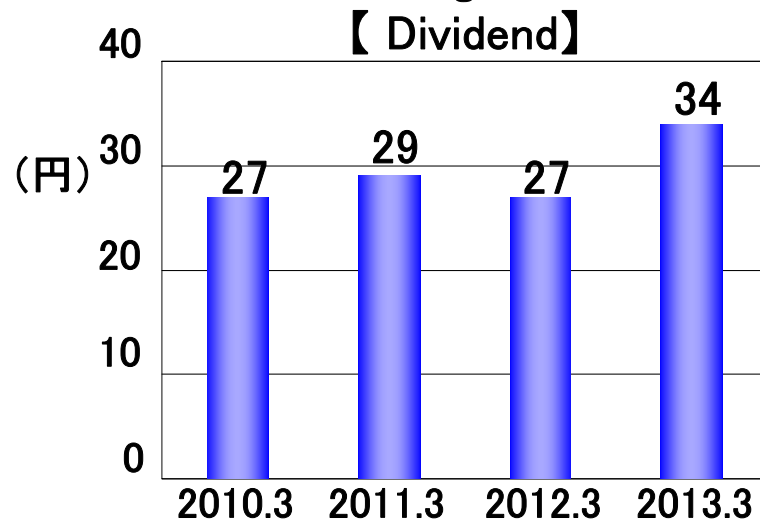
Center for marketing and technical support to Chinese customers

Medium-Term Management Strategy

Returns to Shareholders

【Dividend Policy】

- ① Aiming at continuous increase of enterprise value, the raised funds will be allocated for medium and long term growth, including basic research for creation of innovative technology, development of original products, structure of proper business portfolio and acquirement of excellent human resources. For the maintenance of the sound financial conditions endurable to any change of business environment, necessary internal reservation will be secured.
- ② Distribution of surplus will be made at the rate of whichever higher, (i) around 30% of distribution rate or (ii) 2% of distribution on equity (“DOE”) on a consolidated basis.
- ③ For enhancement of capital efficiency, the stock repurchase will be made flexibly and efficiently, considering the market conditions, stock price and finance conditions (excluding special element in the closing account.)



【Stock Repurchase】

Period 2012.9.7~2012.9.13
Numbers 305,400 shares
Amounts ¥499,994,100

Period 2013.2.25~2013.2.28
Numbers 300,000 shares
Amounts ¥443,135,900

FY3/14 Medium-Term Business Plan

Business Plan for FY3/14

(¥ Million)		FY3/14 First- half forecast	FY3/14 Full- year forecast	FY3/13 First- half results	FY3/12 3Full- year results	YoY change (First- half)	YoY change (Full- year)
Consolidated	Net sales	30,000	63,000	24,718	53,623	+ 21.4	+ 17.5%
	Operating income	1,100	4,000	2,371	3,962	- 53.6	+ 0.9%
	Ordinary income	1,100	4,000	2,338	4,120	- 53.0	- 2.9%
	Net income	2,900	4,800	2,774	4,044	+ 4.5%	+ 18.7%
	Net income per share (¥)	124.2	205.58	115.98	170.23	+ 7.1%	+ 20.8%

★By merger of Kawasaki Microelectronics, Inc., a consolidated subsidiary on April 1, 2013, tax adjustment due to assumption of the net loss carried over from subsidiary will be scheduled in FY3/14 forecast.

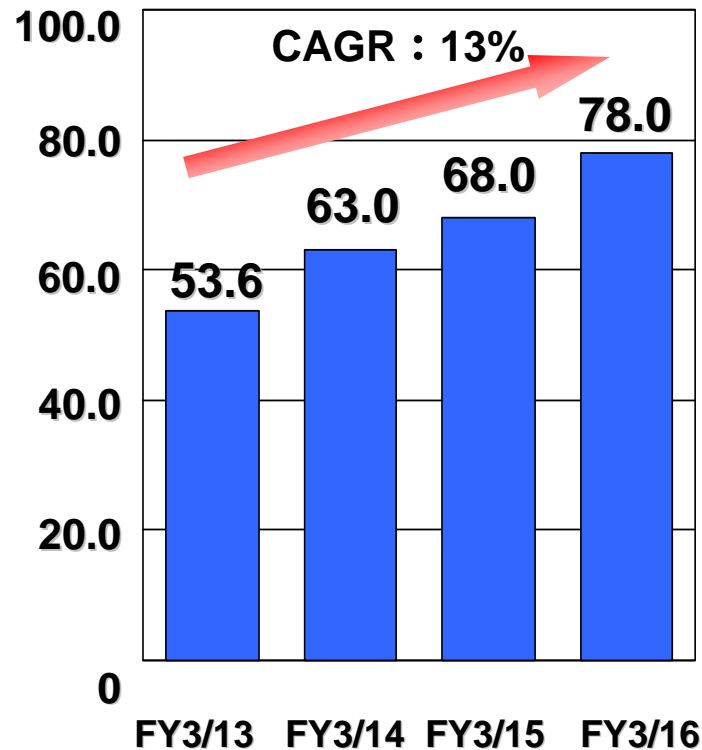
Medium-term Target

Medium-term target for FY3/16

● CAGR 16% from FY3/13 to FY3/16

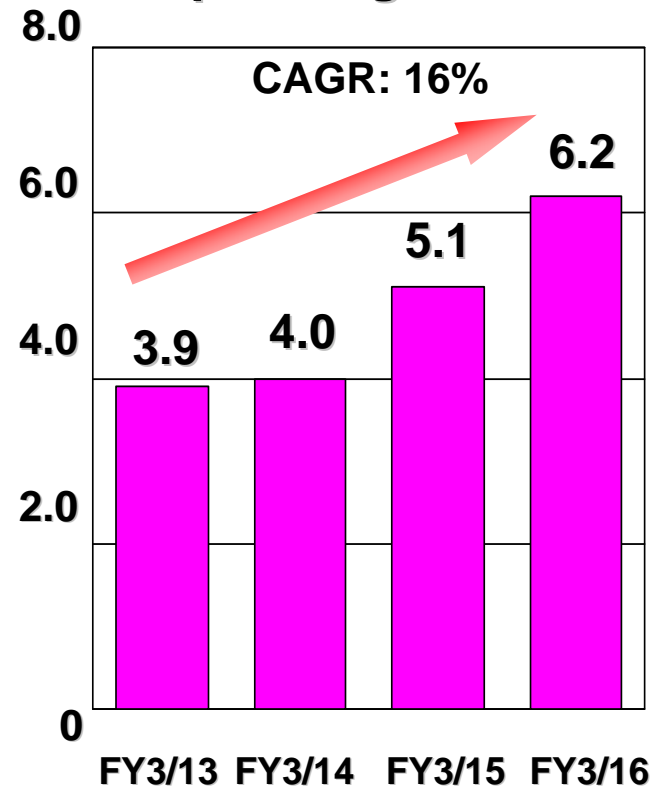
(¥ Billion)

Sales



(¥ Billion)

Operating income



“Second Foundation”, As Reborn MegaChips

Aim at being recognized in the world as global company “creating new applications and continuing to provide system solution” with “integration of LSI and the knowledge in different fields”

MegaChips took a new step by merger of Kawasaki Microelectronics, Inc., a consolidated subsidiary, on April 1, 2013.

MegaChips is aiming at being the best partner of domestic and foreign customers by covering the wide range of technology and integrating support from development to manufacture and QA.



MegaChips

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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