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# MegaChips Corporation

**Financial results for the fiscal  
second-quarter ending March 2017  
(2Q FY2016)**

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

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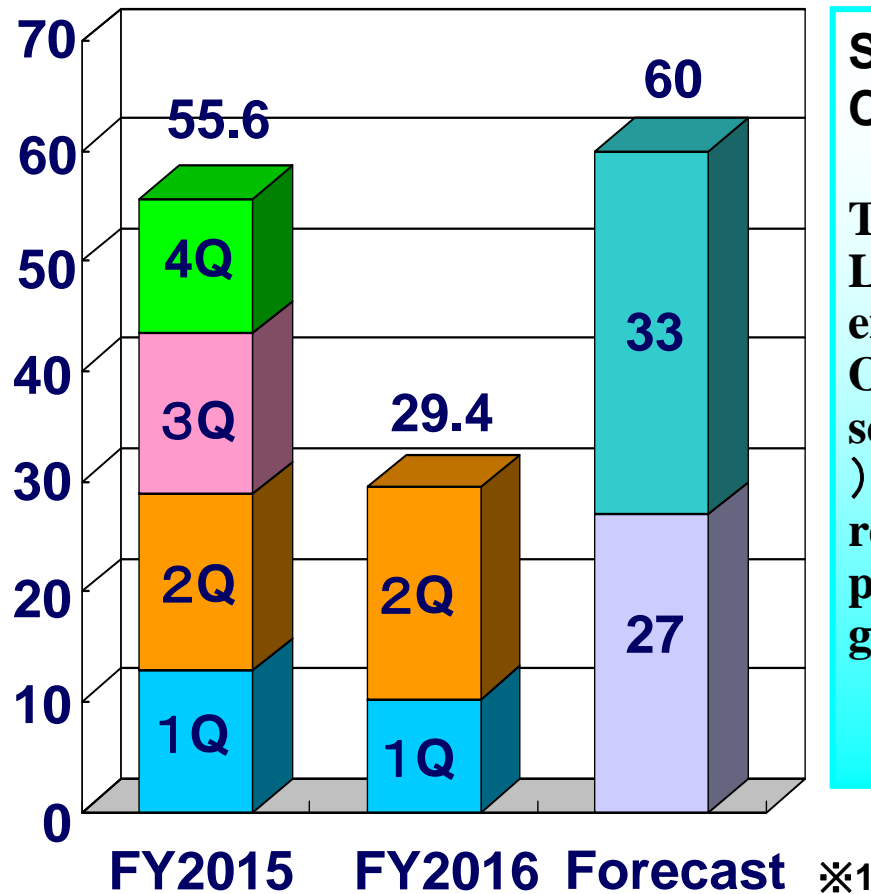
# 2Q FY2016 Results

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# FY2016 Consolidated Performance

## Net Sales

(¥ Billion)



**Sales (cumulative): 29.4 billion yen**  
**Comparison with previous FY: 2.4%**

The demand for the game software storage LSI (custom memory) was higher than expected.

Our mid and long-term growth target segment, Smart Connectivity (DisplayPort) and MEMS Timing Device business remain strong and we focus our efforts on putting them on the path of sustainable growth.

\*: Full year forecast for FY2016 is the one published on July 29, 2016.

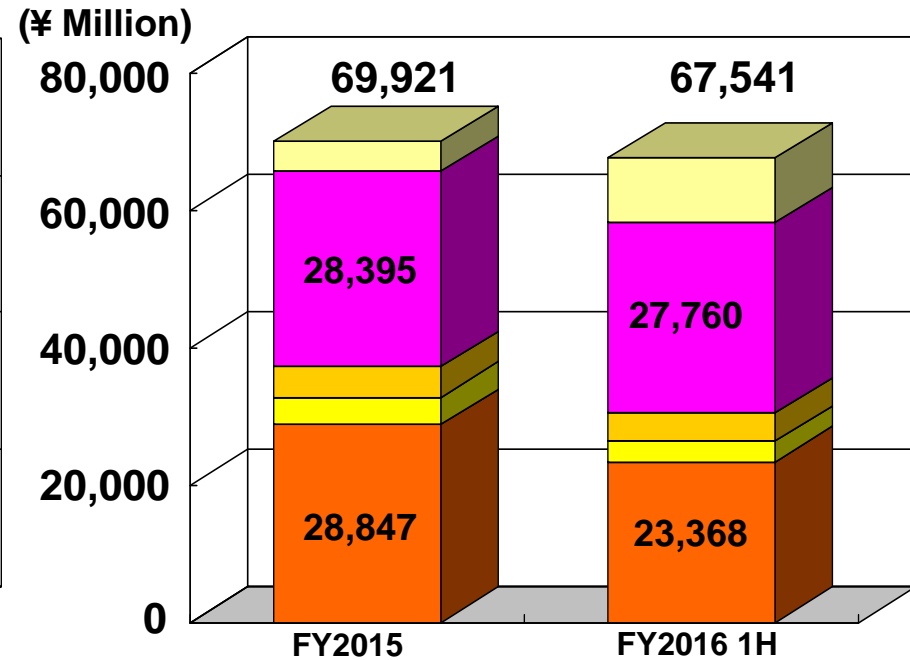
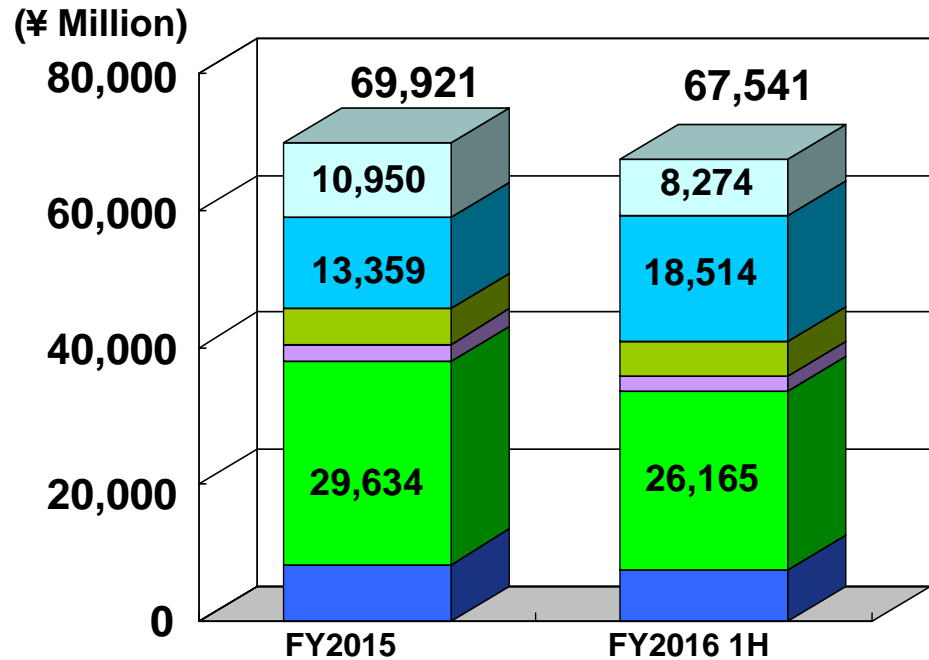
# FY2016 2Q Consolidated Statement of Income (Summary)

(¥ Millions)		FY2016 First-half results	FY2016 First-half forecast	Vs. forecast
<b>Consolidated</b>	Net sales	29,481	27,000	+ 9.2%
	Operating income prior to ①	1,296	800	+ 62.0%
	①Amortization of goodwill	1,326	1,400	- 5.2%
	Operating income After ①	- 30	- 600	—
	Ordinary income	- 146	- 700	—
	Net income	- 1,611	- 1,900	—
	Net income per share (¥)	-75.21	- 88.67	—

※1 The amortization amount of around 1.326 billion yen was incurred during the six-month period from April 1 to September 30, 2016, due to the good will resulting from the acquisition of overseas company and the intangible assets.

※2 The amount of 10.01 billion yen is posted as the extraordinary loss from the loss on valuation of investment securities in the six-month period from April 1 to September 30, 2016, as announced in 「Notice on Revisions of Financial Forecasts」 on July 29, 2016.

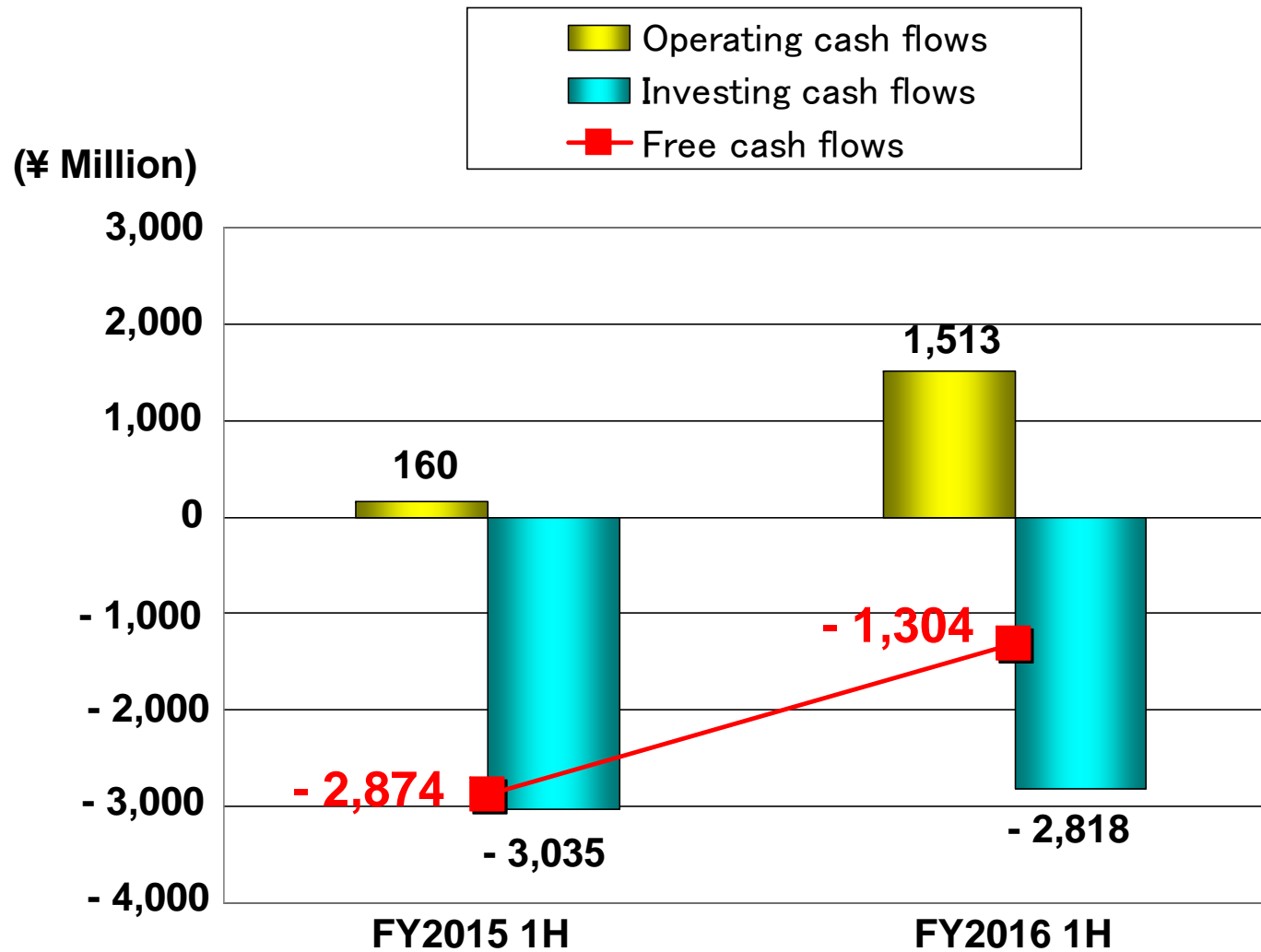
# FY2016 1H Consolidated Financial Status



	FY2015	FY2106 1H
Cash and cash equivalents	10,950	8,274
Accounts receivable	13,359	18,514
Inventories	5,118	4,919
Other current assets	2,582	2,240
Tangible/intangible fixed assets	29,634	26,165
Investments and other assets	8,278	7,429

	FY2015	FY2106 1H
Accounts payable	4,242	9,329
Interest-bearing debt	28,395	27,760
Other current liabilities	4,509	4,036
Other fixed liabilities	3,928	3,048
Net assets	28,847	23,368

# FY2016 1H Consolidated Cash Flows



# FY2016 Forecasts

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# FY2016 Forecast

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

(¥ Million)		FY2016 Full-year forecast	FY2015 Full-year results	YoY change (Full-year)
Consolidat ed	Sales	60,000	55,662	+ 5.3%
	Operating income before ①	4,100	3,513	+ 16.7%
	①Amortization of goodwill etc.	2,900	3,848	- 24.6%
	Operating income after ①	1,200	- 335	—
	Ordinary income	1,000	313	+219.4%
	Profit attributable to owners of parent	- 800	- 782	—
	Net income per share (¥)	- 37.33	- 35.24	—

※There is no change from the consolidated performance forecast of FY2016 announced on July 29, 2016.

# 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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