

(Translation)

November 7, 2006

Name of the Company: MegaChips Corporation

Representative: Shigeki Matsuoka
President and Representative
Director

(Code No. 6875, the First Section of the Tokyo Stock Exchange)

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**Notice on Adjustment to the Forecast of Business Results
for the Year Ending March 31, 2007**

MegaChips Corporation (the "Company") will, in consideration of the recent developments of operating results, make adjustment to the forecast of its business results, as given at the time of publication of the "Brief Statement of Accounts for the Year Ended March 31, 2006" on May 12, 2006, as described below. No adjustment is made to the forecasts of non-consolidated business results for the interim period of the year ending March 31, 2007 (from April 1, 2006 to September 30, 2006) and the year ending March 31, 2007 (from April 1, 2006 to March 31, 2007).

Description

1. Adjustment to the forecast of consolidated business results:
 - (1) For the interim period of the year ending March 31, 2007 (from April 1, 2006 to September 30, 2006):

(million yen)

	Sales	Ordinary profit	Profit for the period
Previous forecast (A) (publicized on May 12, 2006)	17,500	800	400
Adjusted forecast (B)	18,405	1,067	531
Amount of increase or decrease (B-A)	905	267	131
Rate of increase or decrease	5.2%	33.4%	32.8%
Previous results (for the interim period of the year ended March 31, 2006 (from April 1, 2005 to September 30, 2005))	12,123	707	374

(2) For the year ending March 31, 2007 (from April 1, 2006 to March 31, 2007):

(million yen)

	Sales	Ordinary profit	Profit for the period
Previous forecast (A) (publicized on May 12, 2006)	39,000	2,950	1,750
Adjusted forecast (B)	41,000	2,950	1,750
Amount of increase or decrease (B-A)	2,000	0	0
Rate of increase or decrease	5.1%	-	-
Previous results (for the year ended March 31, 2006 (from April 1, 2005 to March 31, 2006))	30,721	2,119	1,321

2. Reason for the adjustment:

The consolidated business results of the Group (which includes the Company and its group companies) for the interim period of the year ending March 31, 2007 were better than the previous forecast due to strong demand for its LSIs for storing game software (custom memories), core products in its business of customer-specific LSIs (ASIC). As a result, on a consolidated basis, sales totaled ¥18,405 million, a 5.2% increase from the previous forecast. Operating profit and ordinary profit amounted to ¥1,079 million, a 34.9% increase over the previous forecast, and ¥1,067 million, a 33.4% increase, respectively. Thus, profit for the period amounted to ¥531 million, a 32.8% increase.

On a whole-year basis, sales in the LSI business are expected to increase as demand for its LSIs for storing game software (custom memories) will continue to remain strong. However, sales in the system business are expected to decrease as demand for system products for recording and transmitting digital images in the security and monitoring area will decrease from the previous forecast. As a result, on a consolidated basis, sales are expected to total ¥41,000 million, a 5.1% increase from the previous forecast. Operating profit and ordinary profit are expected to amount to ¥3,000 million, on a par with the previous forecast, and ¥2,950 million, on a par with the previous forecast, respectively. Thus, profit for the period is expected to amount to ¥1,750 million, on a par with the previous forecast.

- Notice on the forecasts of business results

The above forecasts are made based on the information available to management as of the date hereof and assumptions as of the date hereof concerning uncertain factors that may affect the business results in the future. The actual results may materially differ from the above forecasts due to various factors in the future.

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