

Brief Statement of Accounts for the First Quarter of the Year Ending March 31, 2010

July 30, 2009

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(Amounts less than one million yen are omitted)

1. Consolidated operating results for the first quarter of the year ending March 31, 2010 (from April 1, 2009 to June 30, 2009)

(1) Consolidated operating results (accumulated) (Figures in % refer to change from the same quarter a year earlier)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of the year ending March 31, 2010	8,907	(9.1)	632	(15.4)	615	(16.5)	466	13.4
First quarter of the year ended March 31, 2009	9,796	—	748	—	736	—	411	—

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
First quarter of the year ending March 31, 2010	19.24	19.20
First quarter of the year ended March 31, 2009	16.90	—

(2) Consolidated financial position

	Total assets	Net assets	Net worth ratio	Net assets per share
	Million yen	Million yen	%	Yen
First quarter of the year ending March 31, 2010	31,324	21,669	69.2	892.99
Year ended March 31, 2009	33,115	20,564	62.1	849.02

(Reference) Shareholders' equity: As of the first quarter of the year ending March 31, 2010: 21,669 million yen
 As of March 31, 2009: 20,564 million yen

2. Dividends

(Record date)	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2009	—	—	—	33.00	33.00
Year ending March 31, 2010	—	—	—	—	—
Year ending March 31, 2010 (forecast)	—	—	—	—	—

(Note 1) Revisions made to the forecast dividends at the end of the current quarter: None

(Note 2) We pay dividends once per year based on the dividend policy, using the year-end date as the record date. Dividends are determined based on either a dividend payout ratio of around 30% or a dividend on equity (DOE) ratio of around 2%, whichever is higher, while taking into consideration the consolidated operating results, financial position, investment plans and so forth. Since the concrete dividend forecast is yet to be decided, “—” is shown for the year-end dividend and annual dividend forecast.

3. Forecast of consolidated operating results (from April 1, 2009 to March 31, 2010)

(Figures in % indicate change from the corresponding period of the year ended March 31, 2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	25,700	(5.2)	2,400	(14.3)	2,300	(17.0)	1,320	1.3	54.50
Annual	53,500	1.4	5,000	3.9	5,000	2.2	2,800	4.8	115.60

(Note) Revisions made to figures in the consolidated business outlook at the end of the current quarter from the previous announcement: None

4. Others

(1) Changes in key subsidiaries during the first quarter (changes in specific subsidiaries resulting in changes in the scope of consolidation): None

(2) Adoption of convenient accounting method and uniquely adopted accounting method to prepare the consolidated financial statements for the current quarter: Yes

(Note) For detailed information, please refer to “4. Others” in “Qualitative Information / Financial Statements” on page 4.

(3) Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements for the current quarter (significant changes in the basis for presenting the consolidated financial statements for the current quarter):

1) Changes due to revised accounting standards: Yes

2) Changes for reasons other than that described above: Yes

(Note) For detailed information, please refer to “4. Others” in “Qualitative Information / Financial Statements” on page 4.

(4) Number of shares outstanding (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock)

First quarter of the year ending March 31, 2010 24,667,317 shares

Year ended March 31, 2009 24,667,317 shares

2) Number of shares of treasury stock at the end of the period

First quarter of the year ending March 31, 2010 401,082 shares

Year ended March 31, 2009 446,282 shares

3) Average number of shares outstanding during the period (or the cumulative consolidated accounting period as of the end of the current quarter)

First quarter of the year ending March 31, 2010 24,235,664 shares

First quarter of the year ended March 31, 2009 24,328,208 shares

Note: Request for appropriate use of the business outlook and other remarks

The description of the future in this material, including the forecast of operating results, is based on the information available as of the published date of this release and on certain assumptions considered reasonable as of the published date of this release. The actual results may change materially depending on various factors that may arise in the future.

[Qualitative Information / Financial Statements]

1. Qualitative information on consolidated operating results

(1) Overview of operating results as a whole

During the first quarter of the year ending March 31, 2010, the Japanese economy was still experiencing difficult circumstances, as seen by the reduced corporate profits and capital investments and the deterioration of the employment situation, although it was considered to have passed the worst of the recession triggered by the global downturn that began in the second half of the year ended March 31, 2009.

In the electronic machinery and equipment industry, demand remained sluggish across the entire market, including electronic components such as semiconductors and consumer electronic equipment, and the market for the entire electronic machinery and equipment industry remained below where it was for the same period of the year ended March 31, 2009.

In these severe circumstances, the Group focused its efforts on developing and selling products in the LSI business and the systems business, as well as on expanding the businesses by staying in close contact with customers and providing solutions best suited to their needs, based on the compression and decompression technologies for images, sound and music, as well as its unique telecommunications technologies.

Specifically, with the digitalization of media including images, sound and music, the enhancement of the performance of LSIs using advanced semiconductor technology, the upgrading of the infrastructures of wired and wireless high-speed communication networks, and the diversification of digital broadcasting such as high-definition broadcasting, the Group has widened its appeal in the field of information and communications. In this growing area, the Group has developed and sold high-end application-specific memories, system LSIs, electronic parts mounted with its system LSIs and customer-specific system products for transmitting and recording digital images, particularly for use in the security and monitoring area for games, amusements, digital cameras and high-definition audio visual (AV) devices.

The results were net sales of 8,907 million yen (down 9.1% from the same period of the year ended March 31, 2009), operating income of 632 million yen (down 15.4%), ordinary income of 615 million yen (down 16.5%) and net income of 466 million yen (up 13.4%) in the first quarter of the year ending March 31, 2010.

(2) Overview of operating results by segment

In the LSI business, despite steady demand for the main products, LSIs for storing game software (custom memories), net sales were 8,148 million yen (down 5.1% from the same period of the year ended March 31, 2009), due to the reduced sales expansion of LSIs for receiving one-segment digital terrestrial broadcasting because of a fall in value and low demand for tuner modules for receiving 1seg digital terrestrial broadcasting, but operating income was 755 million yen (up 5.5%) thanks to products with strong profitability and development expenses income.

In the systems business, net sales were 758 million yen (down 37.2%) and operating loss was 116 million yen (operating income in the same period of the year ended March 31, 2009 was 32 million yen) due to reduced demand for customer-specific digital image monitoring systems for security / monitoring applications.

2. Qualitative information on consolidated financial position

(1) Changes in the financial position (consolidated)

Total assets at the end of the first quarter of the year ending March 31, 2010 amounted to 31,324 million yen (down 1,790 million yen from the end of the year ended March 31, 2009), mainly reflecting increased trade notes and trade accounts receivable (up 3,777 million yen), increased investment securities (up 1,621 million yen), decreased cash and deposits (down 6,357 million yen) and decreased merchandise and finished goods (down 329 million yen) from the end of the year ended March 31, 2009.

Total liabilities amounted to 9,655 million yen (down 2,895 million yen), mainly reflecting increased trade notes and trade accounts payable (up 584 million yen), decreased short-term loans payable (down 2 billion yen) and decreased income taxes payable (down 1,649 million yen) from the end of the year ended March 31, 2009.

Net assets were 21,669 million yen (up 1,105 million yen). As a result, the net worth ratio was 69.2% (up 7.1%).

(2) Cash flows

Cash and cash equivalents ("net cash") at the end of the first quarter of the year ending March 31, 2010 amounted to

7,808 million yen, down 6,457 million yen from the end of the year ended March 31, 2009 (down 2,978 million yen in the same period of the year ended March 31, 2009). The status of cash flows at the end of the first quarter of the year ending March 31, 2010 was as follows:

Net cash used by operating activities was 3,749 million yen (compared with net cash provided of 1,519 million yen in the same period of the year ended March 31, 2009), reflecting net income before taxes of 598 million yen (down 17.5% from the same period of the year ended March 31, 2009), increased trade notes and trade accounts payable (up 584 million yen), decreased inventories (down 326 million yen) and increased trade notes and trade accounts receivable (up 3,777 million yen), 1,871 million yen of income taxes paid and other factors.

Net cash used in investment activities was 27 million yen (470 million yen in the same period of the year ended March 31, 2009), mainly reflecting income of 121 million yen from sales of investment securities and payments of 108 million yen for the purchase of long-term prepaid expenses. As a result, free cash flow, which is the sum of the net cash provided by operating activities and the net cash used in investment activities, came to 3,777 million yen of use (1,048 million yen of net cash gain in the same period of the year ended March 31, 2009).

Net cash used in financing activities was 2,687 million yen (4,009 million yen in the same period of the year ended March 31, 2009), primarily reflecting a 2 billion yen of decrease in short-term loans payable and 745 million yen in cash dividends paid.

3. Qualitative information on consolidated business outlook

In terms of the consolidated business outlook for the year ending March 31, 2010, no changes are made to the forecast figures from the previous announcement (made on May 11, 2009).

4. Others

(1) Changes in key subsidiaries during the first quarter (changes in specific subsidiaries resulting in changes in the scope of consolidation): None

(2) Adoption of convenient accounting method and uniquely adopted accounting method to prepare the consolidated financial statements for the current quarter:

1) Method of inventory valuation

The Company calculates inventories at the end of the first quarter of the year ending March 31, 2010 by omitting physical inventories and calculating inventories reasonably based on the amount of physical inventories for the year ended March 31, 2009. The Company estimates the net realizable values and reduces the book values of only the inventories that will clearly reduce in profitability.

2) Method of calculating depreciation and amortization of noncurrent assets

The Company calculates the depreciation and amortization of the assets for the period for which the declining balance method is adopted on a pro-rata basis based on the depreciation and amortization for the consolidated fiscal year.

3) Calculation of tax expenses

The Company calculates its tax expenses by multiplying a reasonably estimated effective tax rate after deferred tax accounting for the net income before taxes for the year ending March 31, 2010 including the first quarter under review by the net income before taxes for the first quarter. Income tax adjustments are included in the “income taxes.”

(3) Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements for the current quarter:

1) Change of recognition of amount of completed construction and cost of completed construction

The Company used to recognize the construction revenues of engineering contracts by utilizing the completed contract method. Effective from the beginning of the first quarter of the year ending March 31, 2010, however, it adopted the “Accounting Standard for Construction Contracts (the Accounting Standard Board of Japan (ASBJ) Statement No. 15 issued on December 27, 2007)” and the “Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18 issued on December 27, 2007)” to recognize the construction revenues. Accordingly, with respect to construction contracts whose construction work began during the first quarter of the year ending March 31, 2010, the completion percentage method (the percentage of construction is estimated

based on the method of the ratio of the actual cost incurred to the total estimated cost) is applied to such construction contracts through a process whereby the outcome of the construction activity is deemed certain by the end of the first quarter, while the completed contract method is applied to other construction contracts.

There is no impact on profits as a result of this change.

2) Provision for loss on construction contracts

In terms of construction contracts, effective from the first quarter of the year ending March 31, 2010, the Company records any amount estimated to exceed the aggregate construction revenue as a provision for losses on construction contracts, where the aggregate cost of construction is likely to exceed the aggregate revenue of construction and the amount can be reasonably estimated.

This change was made to address the establishment of an internal construction management system developed for the above “Change of recognition of construction revenues from engineering contracts,” and the provision is considered to have been established as an accounting practice as well as to promote financial health.

This change increases the cost of sales by 4,977 thousand yen and decreases the operating income, ordinary income and net income before taxes by the same amount, as compared to the previous method.

The impact of this change on segment information is stated where relevant.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	1Q FY 2009 (As of June 30, 2009)	FY 2008 (As of March 31, 2009)
Assets		
Current assets		
Cash and deposits	8,208,125	14,565,936
Notes and accounts receivable-trade	14,477,883	10,700,231
Merchandise and finished goods	678,162	1,007,453
Work in process	146,643	167,783
Raw materials and supplies	407,274	383,404
Deferred tax assets	434,033	434,033
Other	222,964	205,531
Allowance for doubtful accounts	(1,015)	(760)
Total current assets	24,574,072	27,463,613
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities	240,576	240,576
Accumulated depreciation	(150,036)	(145,939)
Buildings and accompanying facilities, net	90,540	94,637
Other	343,484	328,684
Accumulated depreciation	(248,848)	(235,139)
Other, net	94,636	93,544
Total property, plant and equipment	185,176	188,182
Intangible assets		
Other	106,216	108,653
Total intangible assets	106,216	108,653
Investment and other assets		
Investment securities	3,788,870	2,167,100
Long-term prepaid expenses	2,202,297	2,347,032
Long-term time deposits	—	100,000
Deferred tax assets	163,641	431,007
Other	307,740	312,961
Allowance for doubtful accounts	(3,131)	(3,448)
Total investment and other assets	6,459,418	5,354,654
Total noncurrent assets	6,750,810	5,651,489
Total assets	31,324,882	33,115,103

	1Q FY 2009 (As of June 30, 2009)	FY 2008 (As of March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,136,442	2,551,852
Short-term loans payable	3,000,000	5,000,000
Current portion of long-term loans payable	2,000,000	2,000,000
Income taxes payable	251,458	1,901,413
Provision	193,718	307,830
Other	1,027,447	744,061
Total current liabilities	9,609,066	12,505,156
Noncurrent liabilities		
Deferred tax liabilities	8,225	5,287
Other	38,032	40,591
Total noncurrent liabilities	46,258	45,878
Total liabilities	9,655,324	12,551,035
Net assets		
Shareholders' equity		
Capital stock	4,840,313	4,840,313
Capital surplus	6,181,300	6,181,300
Retained earnings	10,208,127	10,550,311
Treasury stock	(593,171)	(660,018)
Total shareholders' equity	20,636,570	20,911,906
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,384,022	95,449
Foreign currency translation adjustment	(351,034)	(443,287)
Total valuation and translation adjustments	1,032,987	(347,838)
Total net assets	21,669,558	20,564,068
Total liabilities and net assets	31,324,882	33,115,103

(2) Consolidated Statements of Income
 (First quarter of the year ending March 31, 2010)

(Unit: thousand yen)

	1Q FY 2008 (From April 1, 2008 to June 30, 2008)	1Q FY 2009 (From April 1, 2009 to June 30, 2009)
Net sales	9,796,233	8,907,087
Cost of sales	8,111,202	7,349,164
Gross profit	1,685,030	1,557,923
Selling, general and administrative expenses	936,965	925,293
Operating income	748,065	632,629
Non-operating income		
Interest income	1,511	1,304
Income from disqualification of unclaimed dividends	—	1,935
Foreign exchange gains	10,695	—
Miscellaneous income	1,908	432
Total non-operating income	14,115	3,673
Non-operating expenses		
Interest expenses	16,863	14,170
Commitment fee	6,904	—
Foreign exchange losses	—	6,901
Miscellaneous loss	1,773	—
Total non-operating expenses	25,541	21,072
Ordinary income	736,639	615,230
Extraordinary loss		
Loss on valuation of investment securities	10,738	16,324
Total extraordinary loss	10,738	16,324
Net income before taxes	725,900	598,905
Income taxes	314,688	243,038
Refund of income taxes for prior periods	—	(110,416)
Total income taxes	314,688	132,622
Net income	411,211	466,282

(3) Consolidated Statements of Cash Flows

(Unit: thousand yen)

	1Q FY 2008 (From April 1, 2008 to June 30, 2008)	1Q FY 2009 (From April 1, 2009 to June 30, 2009)
Net cash provided by operating activities		
Net income before taxes	725,900	598,905
Depreciation and amortization	43,356	38,330
Amortization of long-term prepaid expenses	42,919	234,982
Increase (decrease) in provision for bonuses	(129,294)	(145,564)
Increase (decrease) in provision for directors' bonuses	19,431	26,475
Interest expenses	16,863	14,170
Loss (gain) on valuation of investment securities	10,738	16,324
Decrease (increase) in notes and accounts receivable-trade	1,827,810	(3,777,293)
Decrease (increase) in inventories	226,480	326,560
Increase (decrease) in notes and accounts payable-trade	(859,903)	584,589
Decrease (increase) in other current assets	(15,405)	(29,579)
Increase (decrease) in other current liabilities	197,276	263,884
Other	(10,382)	9,763
Subtotal	2,095,791	(1,838,450)
Interest and dividends income received	1,743	1,393
Interest expenses paid	(44,087)	(41,081)
Income taxes paid	(533,809)	(1,871,501)
Net cash provided by operating activities	1,519,637	(3,749,640)
Net cash used in investment activities		
Purchase of property, plant and equipment	(37,036)	(16,204)
Purchase of intangible assets	(43,377)	(29,328)
Purchase of investment securities	(92,816)	—
Proceeds from sales of investment securities	—	121,440
Purchase of long-term prepaid expenses	(298,644)	(108,400)
Other	884	5,060
Net cash used in investment activities	(470,991)	(27,432)
Net cash used in financing activities		
Net increase (decrease) in short-term loans payable	(3,000,000)	(2,000,000)
Purchase of treasury stock	(300,000)	—
Proceeds from disposal of treasury stock	—	57,675
Cash dividends paid	(709,031)	(745,518)
Net cash used in financing activities	(4,009,032)	(2,687,843)
Effect of exchange rate change on cash and cash equivalents	(17,819)	7,106
Net increase (decrease) in cash and cash equivalents	(2,978,205)	(6,457,810)
Cash and cash equivalents at beginning of year	6,530,199	14,265,936
Cash and cash equivalents at end of the quarter	3,551,993	7,808,125

(4) Note on going concern assumptions

None

(5) Segment information

[Business segment information]

First quarter of the year ended March 31, 2009 (From April 1, 2008 to June 30, 2008)

(thousand yen)

	LSI Business	Systems Business	Total	Elimination or Corporate	Consolidated
Net sales					
(1) External customers	8,588,699	1,207,533	9,796,233	–	9,796,233
(2) Inter-segment	–	–	–	–	–
Total	8,588,699	1,207,533	9,796,233	–	9,796,233
Operating income (loss)	715,964	32,502	748,466	(401)	748,065

First quarter of the year ending March 31, 2010 (From April 1, 2009 to June 30, 2009)

(thousand yen)

	LSI Business	Systems Business	Total	Elimination or Corporate	Consolidated
Net sales					
(1) External customers	8,148,235	758,852	8,907,087	–	8,907,087
(2) Inter-segment	–	–	–	–	–
Total	8,148,235	758,852	8,907,087	–	8,907,087
Operating income (loss)	755,203	(116,300)	638,903	(6,273)	632,629

(Note) 1. The business segments are determined in accordance with the Company's internal business management policy.

2. Main products of each segment

(1) LSI Business: LSI for storing game software, LSI for home-use game machine, LSI for digital camera image processing, LSI for image / audio processing for one-segment broadcasting, LSI for OFDM demodulation for one-segment broadcasting

(2) Systems Business: Image transmission servers, digital video recorders, display controllers, image camera systems for equipment security, security controller terminals, surveillance cameras

3. Accounting method change

First quarter of the year ending March 31, 2010

(Provision for loss on construction contracts)

As stated under “(3) Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements for the current quarter” in 4. Others in [Qualitative Information / Financial Statements] on page 4, in terms of construction contracts, effective from the first quarter of the year ending March 31, 2010, the Company records any amount estimated to exceed the amount of aggregate construction revenue as a provision for losses on construction contracts, where the aggregate cost of construction is likely to exceed the aggregate revenue of construction and the amount can be reasonably estimated. This change increases the operating loss of the systems business in the first quarter of the year ending March 31, 2010 by 4,977 thousand yen, as compared to the previous method.

[Geographic segment information]

First quarter of the year ended March 31, 2009 (from April 1, 2008 to June 30, 2008) and first quarter of the year ending March 31, 2010 (from April 1, 2009 to June 30, 2009)

Geographic segment information has been omitted, as net sales in Japan make up over 90% of the total net sales of all segments.

[Overseas sales]

First quarter of the year ended March 31, 2009 (from April 1, 2008 to June 30, 2008) and first quarter of the year ending March 31, 2010 (from April 1, 2009 to June 30, 2009)

Overseas sales information has been omitted, as overseas sales make up less than 10% of consolidated net sales.

(6) Notes to significant changes in Shareholders' Equity

First quarter of the year ending March 31, 2010 (from April 1, 2009 to June 30, 2009)

None