

(Excerpt translation)

BRIEF STATEMENT OF ACCOUNTS FOR THE INTERIM FINANCIAL PERIOD OF THE YEAR ENDING MARCH 31, 2001 (CONSOLIDATED)

November 21, 2000

Name of company:	MegaChips Corporation
	OTC-traded company
Code number:	6875
Name of prefecture where head office is located:	Osaka
Location of head office:	1-6, Miyahara 4-chome, Yodogawa-ku, Osaka
Inquiries to be directed to:	Tetsuo Hikawa Director, Executive Officer and General Manager of Corporate Planning
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Date of meeting of the Board of Directors for settlement of accounts:	November 21, 2000

1. Consolidated business results for the interim financial period ended September 30, 2000 (April 1, 2000 through September 30, 2000):

(1) Consolidated operating results

(Note) figures are stated by discarding fractions of one million yen.

	Interim financial period ended September 30		Financial period ended March 31
	2000	1999	2000
Sales	¥20,690 million (- %)	¥- million (- %)	¥37,737 million (- %)
Operating profit	¥1,389 million (- %)	¥- million (- %)	¥2,113 million (- %)
Ordinary profit	¥1,611 million (- %)	¥- million (- %)	¥2,210 million (- %)
Profit for the period	¥888 million (- %)	¥- million (- %)	¥1,283 million (- %)
Per-share profit for the period	¥36.13	-	¥54.61
Per-share profit for the period after adjustment of potential stocks	¥-	¥-	¥-

(Notes)

1. Gain (loss) on equity method investments:

Interim financial period ended September 30, 2000:	¥ -
Interim financial period ended September 30, 1999:	¥ -
Financial period ended March 31, 2000:	¥ -

2. Unrealized gain from valuation of derivative transactions: ¥ -

3. Changes in accounting methods: None.

4. The percentages in the items of sales, operating profit, ordinary profit and profit for the financial period indicate the rates of increase or decrease from the previous financial period.

(2) Consolidated financial condition

	Interim financial period ended September 30		Financial period ended March 31
	2000	1999	2000
Total assets	¥22,325 million	-	¥21,324 million
Net worth (owned capital)	¥13,616 million	-	¥13,525 million
Ratio of net worth to total liabilities and net worth	61.0%	-	63.4%
Net worth (owned capital) per share	¥554.09	-	¥548.45

(3) Consolidated cash flow condition

	Interim financial period ended September 30		Financial period ended March 31
	2000	1999	2000
	(millions of yen)		
Cash flows from operating activities	4,664	-	1,132
Cash flows from investing activities	(212)	-	(269)
Cash flows from financing activities	(2,768)	-	(842)
Cash and cash equivalents at the end of the business year	3,406	-	1,692

(4) Matters related to the consolidation and the scope of application of equity method

Number of consolidated subsidiaries:	2 companies
Number of non-consolidated subsidiaries subject to the equity method:	-
Number of affiliated companies subject to the equity method:	-

(5) Situation of changes in the consolidation and the scope of application of equity method

Consolidated subsidiaries:

Included:	-
Excluded:	-

Companies subject to equity method:

Included:	-
Excluded:	-

2. Forecast of consolidated operating results for the next financial period ending March 31, 2001 (April 1, 2000 through March 31, 2001):

	<u>Whole-year period</u>
Sales	¥50,500 million
Ordinary profit.....	¥3,400 million
Profit for the period.....	¥1,850 million

(Reference) Forecast of per-share profit for the period (whole-year period): ¥75.27

(Notes)

1. As this is the first interim financial period to disclose consolidated accounts, no comparison with the previous interim financial period is available.
2. The figures of the per-share profit for the financial period, net worth (owned capital) per share, and forecast of per-share profit for the financial period are stated by discarding fractions of one sen.

(Translation omitted)

CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

	Interim financial period ended September 30, 2000 (as at September 30, 2000)		Financial period ended March 31, 2000 (as at March 31, 2000)	
	Amount (thousands of yen)	Compo- -nent ratio (%)	Amount (thousands of yen)	Compo- -nent ratio (%)
<u>ASSETS</u>				
I. Current assets				
1. Cash and deposits	3,406,398		1,693,620	
2. Trade notes and trade accounts receivable	15,768,638		17,536,136	
3. Marketable securities	-		54,369	
4. Inventories	698,361		439,297	
5. Deferred income taxes	135,246		91,454	
6. Others.....	67,814		20,147	
7. Allowance for doubtful receivables.....	(5,393)		(113,681)	
Total current assets	20,071,066	89.9	19,721,344	92.5
II. Fixed assets				
1. Tangible fixed assets				
(1) Buildings	272,570		91,471	
(2) Land	104,677		31,190	
(3) Others.....	75,436		44,035	
Total tangible fixed assets	452,685	2.0	166,697	0.8
2. Intangible fixed assets				
(1) Consolidation adjustment	34,070		5,314	
(2) Others.....	233,021		52,205	
Total intangible fixed assets	267,092	1.2	57,520	0.2
3. Investments and other assets				
(1) Investment securities.....	342,458		309,750	
(2) Prepaid pension expense	24,514		-	
(3) Deferred income taxes	172,179		92,715	
(4) Others.....	997,019		936,074	
(5) Allowance for doubtful receivables.....	(1,159)		(656)	
Total investments and other assets	1,535,012	6.9	1,337,883	6.3
Total fixed assets	2,254,789	10.1	1,562,100	7.3
III. Deferred assets				
	-	-	4	0.0
IV. Exchange translation adjustment				
	-	-	40,795	0.2
TOTAL ASSETS	<u>22,325,856</u>	100.0	<u>21,324,245</u>	100.0

	Interim financial period ended September 30, 2000 (as at September 30, 2000)		Financial period ended March 31, 2000 (as at March 31, 2000)	
	Amount (thousands of yen)	Compo- nent ratio (%)	Amount (thousands of yen)	Compo- nent ratio (%)
<u>LIABILITIES</u>				
I. Current liabilities				
1. Trade accounts payable	6,219,356		4,078,749	
2. Short-term loans payable	565,000		2,036,674	
3. Accrued corporate income taxes	793,203		697,742	
4. Allowance for bonuses.....	172,764		108,689	
5. Others.....	634,631		652,868	
Total current liabilities	8,384,955	37.6	7,574,723	35.6
II. Fixed liabilities				
1. Reserve for employee severance benefits	-		13,176	
2. Reserve for contribution for employee retirement allowances	5,771		-	
3. Provision for officers' retirement allowances	120,099		97,326	
4. Others	1,275		-	
Total fixed liabilities	127,145	0.5	110,502	0.5
TOTAL LIABILITIES	8,512,101	38.1	7,685,226	36.1
<u>MINORITY INTEREST</u>				
Minority interest.....	196,954	0.9	113,604	0.5
<u>SHAREHOLDERS' EQUITY</u>				
I. Capital	4,840,313	21.7	4,840,313	22.7
II. Capital reserve	5,936,081	26.6	5,936,081	27.8
III. Consolidated surplus	3,358,513	15.0	2,751,198	12.9
IV. Exchange translation adjustment	(40,582)	(0.2)	-	-
	14,094,325	63.1	13,527,592	63.4
V. Treasury stock	(477,524)	(2.1)	(2,178)	(0.0)
Total shareholders' equity	13,616,800	61.0	13,525,414	63.4
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY	22,325,856	100.0	21,324,245	100.0

2. Consolidated Profit and Loss Statements

	Interim financial period ended September 30, 2000 (from April 1, 2000 to September 30, 2000)		Financial period ended March 31, 2000 (from April 1, 1999 to March 31, 2000)	
	Amount	Percentage	Amount	Percentage
	(thousands of yen)	(%)	(thousands of yen)	(%)
I. Sales	20,690,723	100.0	37,737,765	100.0
II. Cost of sales	17,826,741	86.2	33,412,844	88.5
Gross profit on sales	2,863,981	13.8	4,324,920	11.5
III. Selling, general and administrative expenses	1,474,624	7.1	2,211,104	5.9
Operating profit	1,389,356	6.7	2,113,816	5.6
VI. Non-operating profit				
1. Interest received	929		8,871	
2. Income from investments in partnership	219,360		34,257	
3. Gain on sale of securities	34,834		142,548	
4. Miscellaneous income	7,705	1.3	28,270	0.6
V. Non-operating expenses				
1. Interest paid	5,652		31,324	
2. Stock issue costs	805		37,415	
3. Valuation loss for the investment securities	-		18,000	
4. Prior service costs of qualified retirement pension plan	-		16,463	
5. Valuation loss of merchandise	9,954		-	
6. Loss on disposition of fixed assets	6,041		-	
7. Exchange loss	9,438		-	
8. Miscellaneous loss	8,817	0.2	14,330	0.3
Ordinary profit	1,611,475	7.8	2,210,231	5.9
VI. Special gains				
1. Reversal of allowance for doubtful receivables	114,056		-	
2. Effect of adopting new accounting standard for employee retirement benefits	26,843		-	
3. Gain on fluctuations in equity	32,585	0.8	-	-

	Interim financial period ended September 30, 2000 (from April 1, 2000 to September 30, 2000)		Financial period ended March 31, 2000 (from April 1, 1999 to March 31, 2000)	
	Amount (thousands of yen)	Percentage (%)	Amount (thousands of yen)	Percentage (%)
VII. Special losses				
1. Valuation loss of investment in securities ...	157,030			
2. Valuation loss of shares in a subsidiary.....	38,430			
3. Valuation loss of golf club memberships	18,773	214,234	1.0	
Income before income taxes and others.....		1,570,726	7.6	2,210,231
Corporation taxes, inhabitant taxes and enterprise taxes.....	795,036		1,044,657	
Interperiod tax allocation adjustment.....	<u>(117,646)</u>	677,389	3.3	(101,918)
Minority interest or net loss.....		<u>5,308</u>	0.0	<u>(15,972)</u>
Profit for the period		<u><u>888,028</u></u>	4.3	<u><u>1,283,465</u></u>

3. Consolidated Surplus Statements

	Interim financial period ended September 30, 2000 <u>(from April 1, 2000 to September 30, 2000)</u> (thousands of yen)		Financial period ended March 31, 2000 <u>(from April 1, 1999 to March 31, 2000)</u> (thousands of yen)	
I. Beginning balance of consolidated surplus				
1. Beginning balance of consolidated surplus	2,751,198		1,553,379	
2. Prior year tax-effect adjustment	-	2,751,198	82,251	1,635,630
II. Decrease in consolidated surplus				
1. Decrease in surplus due to merger of a consolidated subsidiary.....	23,427		-	
2. Cash dividends	197,285		115,898	
3. Bonuses for officers.....	60,000	280,713	52,000	167,898
III. Profit for the period		888,028		1,283,465
IV. Ending balance of consolidated surplus		3,358,513		2,751,198

4. Consolidated Statements of Cash Flows

	Interim financial period ended September 30, 2000 (from April 1, 2000 to September 30, 2000)	Financial period ended March 31, 2000 (from April 1, 1999 to March 31, 2000)
	(thousands of yen)	
I. Cash flows from operating activities		
Income before income taxes and others.....	1,570,726	2,210,231
Depreciation.....	39,465	33,048
Amortization of long-term prepaid expenses.....	57,314	109,865
Loss on disposition of fixed assets.....	6,041	11,214
Gain on fluctuations in equity	(32,585)	-
Decrease in allowance for doubtful receivables....	(112,633)	(9,137)
Increase in allowance for bonuses.....	39,386	28,940
Decrease in reserve for employee severance allowances.....	(13,176)	(6,588)
Increase in reserve for contribution for employee retirement allowances.....	5,771	-
Increase in prepaid pension expense.....	(24,514)	-
Increase in reserve for officers retirement allowance.....	22,773	24,693
Interest and dividend income	(1,029)	(9,286)
Gain on sale of securities.....	(34,834)	(142,548)
Income from investments in partnership	(219,360)	(34,257)
Exchange loss.....	8,014	5,047
Interest expense.....	5,652	31,324
New share issue expenses.....	805	37,415
Valuation loss of investment securities	157,030	18,000
Valuation loss of shares in a subsidiary.....	38,430	-
Valuation loss of golf club memberships	18,773	-
Increase or decrease in trade receivables	2,134,407	(2,233,200)
Increase in inventories	(99,265)	(5,738)
Increase in trade payables.....	1,917,159	1,741,553
Officers' bonuses paid	(60,000)	(52,000)
Increase or decrease in other current assets.....	(11,879)	36,385
Increase or decrease in other current liabilities.....	(51,531)	290,539
Others.....	8,489	1,533
Subtotal	5,369,431	2,087,035
Interest and dividend income	901	10,438
Interest paid	(6,508)	(34,974)
Income taxes paid	(699,696)	(930,160)
Net cash provided by operating activities.....	4,664,129	1,132,339

	Interim financial period ended September 30, 2000 (from April 1, 2000 to September 30, 2000)	Financial period ended March 31, 2000 (from April 1, 1999 to March 31, 2000)
	(thousands of yen)	
II. Cash flows from investing activities		
Withdrawal of time deposits	101,000	-
Purchase of marketable securities	-	(300,545)
Sales of marketable securities.....	89,204	513,793
Payments for tangible fixed assets	(138,296)	(26,456)
Payments for intangible fixed assets.....	(138,840)	-
Purchase of investment securities.....	(205,381)	(147,000)
Purchase of shares of related companies.....	(20,000)	-
Sales of shares of related companies	4,000	-
Distribution of capital investment	154,106	42,446
Payments for long-term prepaid expenses.....	(57,175)	(205,597)
Payments for security deposits.....	(71,419)	(139,621)
Security deposits refunded.....	70,185	-
Others.....	(171)	(6,354)
Net cash provided by investing activities.....	<u>(212,789)</u>	<u>(269,334)</u>
III. Cash flows from financing activities		
Net decrease in short-term debt.....	(1,960,000)	(5,700,000)
Repayment of long-term debt	(170,968)	(894,164)
Redemption of bonds	(1,000)	-
Issuance of shares.....	-	5,801,761
Issuance of shares to minorities	35,194	67,805
Net increase in treasury stock.....	(475,345)	(2,178)
Cash dividends	(196,864)	(115,898)
Net cash provided by financing activities	<u>(2,768,985)</u>	<u>(842,674)</u>
IV. Translation loss related to cash and cash equivalents	<u>(5,733)</u>	<u>(22,623)</u>
V. Net change in cash and cash equivalents	1,676,620	(2,291)
VI. Cash and cash equivalents at beginning of the financial period	1,692,620	1,694,911
VII. Increase of cash and cash equivalents relating to the merger of a consolidated subsidiary	<u>37,158</u>	<u>-</u>
VIII. Cash and cash equivalents at end of the financial period	<u><u>3,406,398</u></u>	<u><u>1,692,620</u></u>

(Translation omitted)

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