

For immediate release

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Notice of Revision of Business Forecasts for the Fiscal Year Ending March 31, 2010

MegaChips Corporation has revised its consolidated business forecasts announced on May 11, 2009 and July 30, 2009, based on the recent trends in its business performance. Details are as follows:

1. Reasons for the Revision to the Consolidated Business Forecasts and the Future Outlook

MegaChips Corporation recorded net sales and operating income for the first half of the consolidated fiscal year under review that were lower than it had forecast, reflecting the fact that demand for LSI for storing game software (custom memories), the mainstay product of the LSI business, and for customer-specific digital image monitoring systems for security and monitoring applications, which are part of the systems business, did not reach the level anticipated at the beginning of the fiscal year under review. Net income has exceeded the forecasts made in the previous announcement, primarily reflecting the refund of income taxes as a result of the revision to the scope of application of tax deductions associated with research and development expenses.

MegaChips has revised its forecasts for net sales and income at each level for the consolidated fiscal year under review, given the anticipation that demand for the existing products will not reach the level forecast at the beginning of the fiscal year under review. This is based on the evidence that demand could not meet the forecasts for the first half of the fiscal year.

MegaChips plans to commence commercial production of new products for the amusement sector from the fourth quarter, and these products are expected to contribute to income. Moreover, the Company anticipates a new stream of earnings from customized development fees, thanks to initiatives commenced from this term that closely focus on the needs of individual customers. In addition, it will strive to improve the efficiency of the development process and reduce overall costs. With these initiatives, the operating income margin is likely to be 9.5%, a rise of 0.2 percentage points from the forecast of 9.3% made at the beginning of the fiscal year under review.

MegaChips is committed to establishing new businesses in the geoenvironmental sector. By developing such businesses into new engines of growth, the Company aims to expand its operations over the medium to long terms.

2. Revision of Consolidated Business Forecasts

Revision of Forecasts for the First Half of the Consolidated Fiscal Year Ending March 2010 (from April 1, 2009 to September 30, 2009)

(Unit: million yen, %)

	Net sales	Operating income	Ordinary income	Quarterly net income	Quarterly net income per share
Forecast announced previously (A) (On July 30, 2009)	25,700	2,400	2,300	1,320	54.50
Revised forecast (B)	22,323	2,370	2,300	1,457	60.09
Balance (B-A)	(3,376)	(29)	0	137	5.59
Percentage (%)	(13.1)	(1.2)	0.0	10.4	
Reference: Actual results for the first half of the previous fiscal year	27,123	2,801	2,770	1,303	53.70

Forecasts for the Consolidated Fiscal Year Ending March 2010 (from April 1, 2009 to March 31, 2010)

(Unit: million yen, %)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Forecast announced previously (A) (on July 30, 2009)	53,500	5,000	5,000	2,800	115.60
Revised forecast (B)	43,000	4,100	4,100	2,650	109.09
Balance (B-A)	(10,500)	(900)	(900)	(150)	(6.51)
Percentage (%)	(19.6)	(18.0)	(18.0)	(5.4)	
Reference: Actual results in previous fiscal year, ended March 31, 2009	52,771	4,812	4,892	2,672	110.21

* Notes concerning business forecasts

This forecast contains forward-looking statements based on materials that can be obtained as of the announcement date, as well as management's reasonable estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.