MegaChips

A Member of the Financial Accounting Standards Foundation

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2011

May 10, 2011

MegaChips Corporation | Listed exchange: TSE
Code number: 6875 | http://www.megachips.co.jp/
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Scheduled date of the Ordinary General Meeting of Shareholders: June 24, 2011
Scheduled date of payment of dividends: June 3, 2011
Scheduled date of filing of securities report: June 24, 2011
Supplementary documents for quarterly results: Yes
Quarterly results briefing: Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2011

(From April 1, 2010 to March 31, 2011) (Figures are rounded down to the nearest one million yen.)

(1) Consolidated operating results (%: Year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2011	36,259	-5.8	3,055	0.7	3,320	7.1	2,288	6.9
Year ended March 31, 2010	38,495	-27.1	3,034	-36.9	3,101	-36.6	2,140	-19.9

(Note) Comprehensive income: 2,100 million yen (-54.5%) for the year ended March 31, 2011
4,617 million yen (−%) for the year ended March 31, 2010

	Net income per share	Net income per share (fully diluted)	Ratio of profit to shareholders' equity for the year	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
Year ended March 31, 2011	94.64	−	9.2	11.9	8.4
Year ended March 31, 2010	88.19	88.07	9.5	10.4	7.9

(Reference): Gain or loss on equity method investment: − million yen for the year ended March 31, 2011,
− million yen for the year ended March 31, 2010

(2) Consolidated financial condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2011	29,203	25,453	87.2	1,060.19
Year ended March 31, 2010	26,612	24,439	91.8	1,006.08

(Reference) Shareholders' equity: Year ended March 31, 2011: ¥25,453 million
Year ended March 31, 2010: ¥24,439 million

(3) Consolidated cash flow condition

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2011	1,761	381	-1,080	7,503
Year ended March 31, 2010	-431	358	-7,701	6,485

2. Dividends

	Dividend per share					Aggregate dividends (annual)	Dividend propensity (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2010	–	–	–	27.00	27.00	655	30.6	2.9
Year ended March 31, 2011	–	–	–	29.00	29.00	696	30.6	2.8
Year ending March 31, 2012 (forecast)				–	–		–	

(Note) 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, 2011 to March 31, 2012)

(Percentages denote the rate of increase or decrease from the previous year in “Full-year” and from the same quarter of the previous year in “Six-month period ending September 30, 2011.”)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month period ending September 30, 2011	16,500	3.3	1,300	-13.5	1,300	-11.4	900	-14.0	37.49
Full-year	39,500	8.9	3,200	4.7	3,300	-0.6	2,200	-3.9	91.63

4. Others

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

New: – Exception: –

(2) Changes in accounting policies and processing and representation methods:

1) Changes due to revised accounting standards: Yes
2) Changes for reasons other than that described above: None

(3) Number of shares outstanding (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock)
Year ended March 31, 2011 24,038,400 shares Year ended March 31, 2010 24,353,900 shares
2) Number of shares of treasury stock at the end of the period
Year ended March 31, 2011 30,020 shares Year ended March 31, 2010 61,937 shares
3) Average number of shares outstanding during the period (or the cumulative consolidated accounting period as of the end of the term)
Year ended March 31, 2011 24,180,846 shares Year ended March 31, 2010 24,273,662 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2011

(From April 1, 2010 to March 31, 2011)

(1) Non-consolidated operating results (%: Year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2011	36,259	-5.8	3,058	0.8	3,013	2.7	1,702	-9.2
Year ended March 31, 2010	38,495	-27.0	3,035	-38.2	2,933	-38.5	1,874	-24.5

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Year ended March 31, 2011	70.40	–
Year ended March 31, 2010	77.22	77.11

(2) Non-consolidated financial condition

	Total assets	Net assets	Shareholders’ equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2011	26,251	22,541	85.9	938.91
Year ended March 31, 2010	24,226	22,070	91.1	908.57

(Reference) Shareholders’ equity: Year ended March 31, 2011: ¥22,541 million
Year ended March 31, 2010: ¥22,070 million

* Statement Relating to the Execution Status for Audit Procedures

This financial summary falls outside the scope of audit procedures based on the stipulations of the Financial Instruments and Exchange Act. The audit procedures for financial statements based on the stipulations of said Act were not completed at the time this financial summary was disclosed.

* 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.

Accompanying Materials

Accompanying Materials – Contents

1. Operating Results

(1) Analysis of operating results

(i) General Financial Results Condition

In the fiscal year under review, exports remained strong backed by a recovery of overseas economies, and corporate profits began to show signs of gradual improvement. However, the pace of economic recovery was slow, as reflected in weak levels of capital spending and continued severity in employment conditions, and created a persistent sense of uncertainty about the future. The Great East Japan Earthquake, which struck in March 2011 raised concerns about an economic downturn.

In the electronic machinery and equipment industry, in which the MegaChips Group operates, demand for electronic components such as semiconductors and consumer electronic equipment improved. The overall market for electronic machinery and equipment remained small, but the increase in demand caused the market to expand from the previous fiscal year.

In these severe circumstances, the Group focused on developing and selling LSI and systems products and on expanding operating fields. The Group remained in close contact with customers and offered them optimal solutions, based on its compression and decompression technologies for images, audio, and music, as well as original technologies in communications and other fields.

The communications business fields in which the Group can operate successfully are expanding with digitization of image, audio, music, and other media, LSI performance enhancement attributable to advances in semiconductors technology, improvement in high-speed cable and radio communications networks, and the diversification of digital broadcast systems, such as high-definition TV broadcast systems. Targeting these growth markets, the Group aggressively developed and marketed high-performance, application-specific memories, system LSIs, and electronic components mounted with original system LSIs that were designed for use in game and amusement equipment, digital single-lens reflex cameras, and digital audiovisual equipment, as well as customized system products for security monitoring focusing on the transmission and storage of digital images.

As a result of these initiatives, business activities for the Group advanced according to its plan under operating conditions that remained difficult. Consolidated net sales for the fiscal year under review amounted to ¥36,259 million (down 5.8% from the previous fiscal year ended March 31, 2010). Consolidated operating income stood at ¥3,055 million (up 0.7%). Consolidated ordinary income came to ¥3,320 million (up 7.1%). Consolidated net income was ¥2,288 million (up 6.9%).

Note that the Great East Japan Earthquake caused no direct damage to the operations of the Group. The effects of the earthquake on the Group are as follows.

The earthquake's effects on the production of mainstay LSI products have been minor because the Group outsources production to semiconductors manufacturers overseas. Difficulties in manufacturing, parts procurement, and other areas have arisen for certain products the production of which is outsourced to manufacturers in Japan. However, the Group predicts the effects on operating results will be minor, given the steady efforts currently underway to restore the operations.

(ii) Business Overview by Segment

In the LSI business, demand declined for mainstay LSIs for storing game software (custom memories). Demand also remained weak for LSIs for digital single-lens reflex cameras. However, income from research and development expenses contributed to net sales.

As a result, consolidated net sales for the LSI business amounted to ¥33,080 million in the fiscal year under review (down 8.4% from the fiscal year ended March 31, 2010). Segment operating income totaled ¥3,728 million (down 11.5%).

In the systems business, demand remained strong for customized digital image monitoring systems used for security checks. As a result, consolidated net sales for the systems business rose year on year to reach ¥3,178 million (up 34.1%). Segment operating loss improved to ¥574 million (compared with operating loss of ¥1,141 million posted in the previous fiscal year).

(iii) Prospect for operating results in general for the next fiscal year

The Group had anticipated corporate profits to improve in step with overseas economies as well as the trend towards a continued domestic economic recovery in the new fiscal year. However, downside risks for Japan's economy remain, such as concerns about a downturn in overseas economies and rising resource prices. In addition, the Great East Japan Earthquake may have severe repercussions for the economy. Given these circumstances, the future of the Japanese economy is extremely uncertain.

Looking at social conditions relating to the Group's operations, corporate manufacturing activities and consumer spending are expected to inevitably slow under the adverse effects of the Great East Japan Earthquake. Demand for digital home electric appliances is also expected to decline. There are growing chances that market conditions for the Group will become more severe.

In the meantime, communications and broadcasting are digitizing and diversifying at a rapid pace. This trend is predicted to create an even more advanced information society. In addition, initiatives for achieving symbiosis with nature, low-carbon lifestyles, and greater recycling are likely to continue in Japan, with conservation of the global environment as the goal.

In this environment, MegaChips Corporation aims to increase profit-earning opportunities by working on the in-house product business, in which the Company offers solutions that allow customers to produce new services, making maximum use of its image compression, image expansion, digital image processing, communications, and other technologies, in addition to making efforts to develop a customer-oriented business, in which the Company supplies optimal solutions to customers by following them closely, finding and satisfying their needs, and taking full advantage of its unique technological capabilities.

As the first step in this direction, the Company will focus on developing and selling system LSIs that meet individual customer requirements so that it can expand LSI sales to major customers in areas such as games, digital single-lens reflex cameras, industrial equipment, and eco-friendly energy. In a further step, the Company will aggressively address the need to develop and commercialize applied products that use system LSIs, such as boards and modules, to strengthen its product lineup and step up its supply capabilities.

In addition to these initiatives, the Company will seek to improve profits by commercializing next-generation image monitoring systems designed exclusively for specific customers, and to developing new business models, with priority given to the development of customized systems that satisfy specialized applications designated by customers.

At the same time, the Company will develop basic technologies that will provide a strong core competence, with the maximum use of Group synergies to acquire new businesses that will achieve a sound business portfolio. The Company will expand its lineup of optimal solutions to system LSIs and system products, and will solidify its business foundations with these initiatives.

In the fiscal year ending March 31, 2012, the Company forecasts consolidated net sales of ¥39,500 million (up 8.9% from the fiscal year under review), consolidated operating income of ¥3,200 million (up 4.7%), consolidated ordinary income of ¥3,300 million yen (down 0.6%) and consolidated net income of ¥2,200 million (down 3.9%).

(2) Analysis of the financial position

(i) Changes in the financial position (consolidated)

Assets for the Group totaled ¥29,203 million at the end of the fiscal year under review (up ¥2,591 million from the end of the previous fiscal year). The principal factors contributing to the year-on-year increase were rises in trade notes and trade accounts receivable of ¥3,284 million and cash and deposits of ¥917 million, offsetting declines in long-term prepaid expenses of ¥739 million and investment securities of ¥424 million.

Total liabilities for the Group were ¥3,749 million (up ¥1,577 million). This result mainly reflected increases in income taxes payable of ¥844 million and trade notes and trade accounts payable of ¥551 million from the end of the fiscal year ended March 31, 2010.

Total net assets for the Group stood at ¥25,453 million at the end of the fiscal year under review (up ¥1,013 million). A ¥1,155 million rise in retained earnings was a major factor in the year-on-year growth. As a result, the shareholders' equity ratio came to 87.2% at the end of the fiscal year under review (down 4.6 percentage points from the end of the previous fiscal year).

(ii) Cash flow status

Cash and cash equivalents ("net cash") for the Group reached ¥7,503 million at the end of the fiscal year ended March 31, 2011 (up ¥1,017 million from the end of the previous fiscal year when the Group posted a year-on-year net cash decrease of ¥7,780 million). The status of cash flows at the end of the fiscal year under review was as follows:

Net cash provided by operating activities was ¥1,761 million (compared with net cash of ¥431 million used in such activities in the previous fiscal year). Major factors that contributed to the net cash acquisition were net income before taxes of ¥3,489 million (up 9.1% from the previous fiscal year), long-term prepaid expenses amortized of ¥898 million, and a ¥486 million increase in trade notes and trade accounts payable which outweighed an increase in trade notes and trade accounts receivable of ¥3,284 million.

Net cash provided by investment activities amounted to ¥381 million (compared with net cash of ¥358 million such activities provided in the previous fiscal year). The net cash acquisition was mainly attributable to income from sales of investment securities of ¥620 million, which offset long-term prepaid expenses disbursed of ¥177 million. As a result, free cash flow, which is the sum of net cash provided by or used in operating activities and net cash provided by or used in investment activities, resulted in net cash acquisition of ¥2,142 million (compared with net cash disbursement of ¥72 million in the previous fiscal year).

Net cash used in financing activities was ¥1,080 million (compared with net cash of ¥7,701 million used in such activities in the previous fiscal year). Key factors behind the net cash disbursement were cash dividends paid of ¥649 million and disbursement for the purchase of treasury stock of ¥430 million.

The following table shows the trends of the indices of cash flows for the Group.

	Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)	Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)
Shareholders' equity ratio (%)	60.7	62.1	91.8	87.2
Shareholders' equity ratio on a market value basis (%)	88.7	116.4	128.1	122.2
Ratio of interest-bearing debt to cash-flow (%)	341.8	63.9	–	–
Interest coverage ratio	22.3	117.1	–	–

(Notes) 1. Each of the indices is calculated as follows:
Shareholders' equity ratio: Shareholders' equity/Total assets
Shareholders' equity ratio on a market value basis: Aggregate market value of listed stock/Total assets
Ratio of interest-bearing debt to cash-flow: Interest-bearing debt/Cash provided by operating activities
Interest coverage ratio: Cash provided by operating activities/Interest payments
2. Each of the indices is calculated based on financial data on a consolidated basis.
3. The aggregate market value of listed stock is calculated based on the closing stock price at the end of each fiscal year multiplied by the total number of shares issued as of the end of each fiscal year.
4. Interest-bearing debt covers all debt with interest being paid which is stated in the balance sheet.

(3) Basic principles concerning the distribution of profits and the dividends for the fiscal year under review and the next fiscal year

Senior management of the Company regards the appropriate distribution of profits to its shareholders as an important management issue, and is working to distribute profits in line with earnings. The basic policy is as follows:

(i) To maintain the internal reserves required to maintain a healthy financial position that can withstand variations in the business environment and to make investments for the medium- to long-term growth of the Company (such as investments in human resources, investments to accelerate the achievement of a suitable business portfolio, and investments to develop original products and undertake the basic research for creating innovative new technology as a high-tech fabless company dedicated to research and development), aiming to continuously improve our corporate value.

(ii) The distribution of retained earnings shall be determined by taking into consideration such factors as the consolidated operating results, financial circumstances, and investment plans, but in principle the amount to be distributed shall be either a dividend payout ratio of about 30% or about 2% of the consolidated dividend on equity (DOE), whichever is greater. (However, this amount may, following due consideration, be increased or decreased in cases where there are special factors affecting the financial results.) Specifically, the annual dividend to be distributed per share shall be determined as either (a) or (b) below, whichever is greater.

a. Calculate the aggregate amount of dividends as an amount equivalent to about 30% of the consolidated net income, and divide this amount by the number of shares that have been issued at the end of the period, minus the number of shares held by the Company at the end of the period.

b. Calculate the aggregate amount of dividends as an amount equivalent to about 2% of the consolidated dividend on equity (DOE), and divide this amount by the number of shares that have been issued at the end of the period, minus the number of shares held by the Company at the end of the period.

(iii) The Company shall endeavor to return profits to shareholders by acquiring its own shares expeditiously, taking into consideration such as market conditions, movements of stock prices, and the Company’s financial circumstances in order to improve the efficiency of capital.

In accordance with this basic policy, the Company has decided to distribute dividends as follows:

(i) In accordance with the Articles of Incorporation approved at the 16th Ordinary General Meeting of Shareholders held on June 23, 2006 and Article 459(1) of the Companies Act, decisions regarding the distribution of dividends shall be made via a resolution by the Board of Directors, without requiring a resolution by a General Meeting of Shareholders, unless otherwise stipulated by law.

(ii) Dividends shall be distributed once every year to those Shareholders or Registered Pledgees of Shares listed or registered in the final shareholder registry as March 31 of every year. However, dividends may be distributed by prescribing a different record date, following a resolution by the Board of Directors in accordance with the Companies Act and the Articles of Incorporation.

In accordance with the above policy, with respect to distributing retained earnings for the fiscal year under review, the Company decided to pay an annual dividend of ¥29 per share as an ordinary dividend (¥27 for the previous period) to shareholders as of March 31, 2011. The annual dividend per share for the next fiscal year is still undecided, but the Company intends to distribute dividends in accordance with the above policy.

During the course of the fiscal year under review, the Company acquired a total of 283,500 shares of treasury stock from capital markets with an aggregate value of ¥430 million by resolution of the Board of Directors. The Company retired 315,500 shares of treasury stock on November 30, 2010.

2. Business Policy

(1) Basic management policy

Under the philosophy of expanding business by “Innovation,” remaining coexistent with customers by “Credibility” and continuing to make contributions to society by “Creation,” the Company has conducted business based on its technological development capabilities as an R&D-oriented, fabless and high-tech enterprise, unique in Japan, since its incorporation in 1990. This competitiveness derives from four main sources: “Specialization” in products for the growing markets associated with digital images, audio and communications; “Concentration” of business resources on research and development activities in order to provide customers with cutting-edge products and technologies; a technology platform founded on technologies associated with images, audio and communications and the Company’s competitive advantage in its ability to develop these technologies; and the Company’s “Uniqueness” in developing businesses that provide optimal solutions to customers by integrating the Company’s knowledge of systems (devices) and LSIs.

Under such philosophy, the Company has pursued a basic policy of distributing returns to its investors by exerting efforts to show consistent growth and increase its value by taking the lead in providing unique system LSIs, electronic devices, including boards and modules, utilizing these system LSIs and system products in the market.

(2) Targeted management indexes

As targeted management indices, the Company shall continue to place emphasis on consolidated return on equity (ROE), consolidated return on assets (ROA) and consolidated cash flows. In addition, the Company has defined “operating income per employee” as an index of operating efficiency, and shall work to increase this index, as well as continuing to work to increase the ratio of operating income to sales on a consolidated basis.

(3) Medium- to long-term management strategy and issues to be addressed

The Company has developed original LSIs and system products and offered them to its customers in the image, audio, and communications fields with “contribution to human safety and security, realization of affluent lifestyles, and conservation of the global environment” as its mission.

Products are rapidly improving in functions and diversifying in type in the advanced information society that has arrived in Japan in recent years with the expansion of the digital equipment market as a background factor. In step with these changes, requests for products the Company receives from manufacturing customers are becoming increasingly sophisticated and diverse.

The Company hopes to contribute to the creation of an affluent society, where people enjoy high levels of contentment, by supplying to manufacturing customers a broad range of original solutions, which larger companies cannot provide. It aims to offer these solutions by accurately identifying ongoing social change, taking advantage of its characteristics as an R&D-oriented fabless high-tech firm, generating values that have never existed, and applying its sophisticated technological capabilities.

Based on this thinking, the Company has adopted the following three medium- and long-term management strategies for driving its businesses forward.

(i) To build a sound business portfolio by launching the “in-house product business,” in which the Company offers solutions, that allow customers to produce new services, in addition to the “customer-oriented business” in which the Company has a proven track record

The Company will solidify the foundations for its customer-oriented business by adhering to the practice of staying close to customers and expanding its lineup of optimal solutions based on technological capabilities for developing products that range from system LSIs to system products. In addition, the Company will launch the “in-house product business” to offer solutions that can serve customers as seeds for their new services by making full use of its image compression, image expansion, digital image processing, communications, and other technologies, and will strive to develop this field as a business that grows over the medium and long terms.

As stated above, the Company will lower business risks and expand operations over the medium and long term by building a business portfolio that balances the “customer-oriented business” and the “in-house product business,” enabling it to grow together with customers.

(ii) To develop basic technologies, which will serve the Company as a core competence, for acquiring new businesses from medium- and long-term perspectives
The Company will strive to develop basic technologies that can serve as a strong core competence by taking full advantage of Group synergies to acquire new businesses that enable it to create a sound business portfolio.

(iii) To improve business efficiency by executing reforms to achieve greater profitability
The Company considers structural reforms essential for increasing earnings in the existing severe operating conditions. It will improve its operating efficiency with sustained initiatives to achieve its objective, including effective use of global alliances, cost control from the development stage, shortening of the production period, and inventory control at adequate levels.

To help realize an affluent future society, as explained above, the Company will win customer trust by speedily addressing market changes with “innovation” and continuing to supply optimal solutions to customer problems. The Company will seek to develop attractive solutions through the marriage of system knowledge with LSI knowledge, and will contribute to safety, security, affluent lifestyles, and the global environment through ceaseless activities to generate new value in response to constantly changing market needs.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousand yen)

	Previous consolidated fiscal year (ended March 31, 2010)	Consolidated fiscal year under review (ended March 31, 2011)
Assets		
Current assets:		
Cash and deposits	6,585,643	7,503,256
Notes and accounts receivable−trade	11,875,538	15,159,821
Merchandise and finished goods	366,934	282,662
Work in process	370,274	250,519
Raw materials and supplies	209,022	104,544
Deferred tax assets	219,755	273,434
Other	377,574	172,545
Allowance for doubtful accounts	-832	-1,061
Total current assets	20,003,911	23,745,723
Noncurrent assets:		
Property, plant and equipment		
Buildings and accompanying facilities	240,576	215,065
Accumulated depreciation	-162,329	-156,802
Buildings and accompanying facilities, net	78,247	58,262
Other	354,216	382,975
Accumulated depreciation	-292,039	-332,788
Other, net	62,176	50,186
Total property, plant and equipment	140,423	108,449
Intangible assets		
Other	75,135	63,639
Total intangible assets	75,135	63,639
Investments and other assets		
Investment securities	4,611,444	4,187,223
Long-term prepaid expenses	1,405,084	665,808
Deferred tax assets	74,754	186,008
Other	304,178	249,082
Allowance for doubtful accounts	-2,717	-2,675
Total investment and other assets	6,392,744	5,285,446
Total noncurrent assets	6,608,303	5,457,535
Total assets	26,612,215	29,203,259

(Thousand yen)

	Previous consolidated fiscal year (ended March 31, 2010)	Consolidated fiscal year under review (ended March 31, 2011)
Liabilities		
Current liabilities:		
Notes and accounts payable−trade	1,435,794	1,987,687
Income taxes payable	44,771	889,591
Provision for bonuses	232,316	282,817
Provision for loss on construction contracts	25,246	49,251
Other	396,349	496,232
Total current liabilities	2,134,478	3,705,579
Noncurrent liabilities:		
Other	38,032	44,346
Total noncurrent liabilities	38,032	44,346
Total liabilities	2,172,511	3,749,926
Net assets		
Shareholders' equity		
Capital stock	4,840,313	4,840,313
Capital surplus	6,181,300	6,181,300
Retained earnings	11,380,544	12,536,142
Treasury stock	-91,585	-45,385
Total shareholders' equity	22,310,572	23,512,370
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	2,451,726	2,326,955
Foreign currency translation adjustment	-322,594	-385,993
Total other accumulated comprehensive income	2,129,131	1,940,962
Total net assets	24,439,703	25,453,332
Total liabilities and net assets	26,612,215	29,203,259

(2) Consolidated Statements of Income and Statements of Comprehensive Income

(Thousand yen)

	Previous consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Consolidated fiscal year under review (From April 1, 2010 to March 31, 2011)
Net sales	38,495,895	36,259,447
Cost of sales	31,833,636	29,731,376
Gross profit	6,662,258	6,528,071
Selling, general and administrative expenses	3,627,324	3,472,933
Operating income	3,034,934	3,055,137
Non-operating income		
Interest income	4,100	3,298
Dividends income	147,847	278,556
Interest on refund of income taxes and other	–	6,277
Reversal of allowance for doubtful accounts	730	–
Miscellaneous income	23,353	36,258
Total non-operating income	176,032	324,391
Non-operating expenses		
Interest expenses	55,429	–
Loss on sales of accounts receivable	2,936	–
Loss on investments in partnership	19,468	18,874
Foreign exchange losses	31,282	39,583
Miscellaneous loss	167	398
Total non-operating expenses	109,285	58,857
Ordinary income	3,101,681	3,320,671
Extraordinary income		
Gain on sales of investment securities	126,658	371,050
Total extraordinary income	126,658	371,050
Extraordinary loss		
Loss on retirement of noncurrent assets	–	7,738
Loss on valuation of investment securities	28,880	–
Loss on liquidation of business	–	193,253
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	1,217
Total extraordinary loss	28,880	202,208
Net income before taxes	3,199,459	3,489,513
Income taxes-current	790,659	1,266,954
Income taxes-deferred	378,442	-65,879
Refund of income taxes for prior periods	-110,416	–
Total income taxes	1,058,685	1,201,075
Income before minority interests	–	2,288,438
Net income	2,140,773	2,288,438
Income before minority interests	–	2,288,438
Other comprehensive income		
Valuation difference on available-for-sale securities	–	-124,770
Foreign currency translation adjustment	–	-63,398
Total other comprehensive income	–	-188,169
Comprehensive income	–	2,100,269
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	–	2,100,269
Comprehensive income attributable to minority interests	–	–

(3) Consolidated Statements of Changes in Net Assets

(Thousand yen)

	Previous consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Consolidated fiscal year under review (From April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	4,840,313	4,840,313
Balance at the end of the period	4,840,313	4,840,313
Capital surplus		
Balance at the end of previous period	6,181,300	6,181,300
Balance at the end of the period	6,181,300	6,181,300
Retained earnings		
Balance at the end of previous period	10,550,311	11,380,544
Changes of items during the period		
Dividends from surplus	-799,294	-655,883
Net income	2,140,773	2,288,438
Disposal of treasury stock	-14,429	−
Retirement of treasury stock	-463,536	-476,957
Change of scope of consolidation	-33,279	−
Total changes of items during the period	830,233	1,155,597
Balance at the end of the period	11,380,544	12,536,142
Treasury stock		
Balance at the end of previous period	-660,018	-91,585
Changes of items during the period		
Purchase of treasury stock	-256	-430,757
Disposal of treasury stock	105,152	−
Retirement of treasury stock	463,536	476,957
Total changes of items during the period	568,432	46,200
Balance at the end of the period	-91,585	-45,385
Total shareholders' equity		
Balance at the end of previous period	20,911,906	22,310,572
Changes of items during the period		
Dividends from surplus	-799,294	-655,883
Net income	2,140,773	2,288,438
Purchase of treasury stock	-256	-430,757
Disposal of treasury stock	90,723	−
Retirement of treasury stock	−	−
Change of scope of consolidation	-33,279	−
Total changes of items during the period	1,398,666	1,201,797
Balance at the end of the period	22,310,572	23,512,370
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	95,449	2,451,726
Changes of items during the period		
Net changes of items other than shareholders' equity	2,356,276	-124,770
Total changes of items during the period	2,356,276	-124,770
Balance at the end of the period	2,451,726	2,326,955

(Thousand yen)

	Previous consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Consolidated fiscal year under review (From April 1, 2010 to March 31, 2011)
Foreign currency translation adjustment		
Balance at the end of previous period	-443,287	-322,594
Changes of items during the period		
Net changes of items other than shareholders' equity	120,692	-63,398
Total changes of items during the period	120,692	-63,398
Balance at the end of the period	-322,594	-385,993
Total other accumulated comprehensive income		
Balance at the end of previous period	-347,838	2,129,131
Changes of items during the period		
Net changes of items other than shareholders' equity	2,476,969	-188,169
Total changes of items during the period	2,476,969	-188,169
Balance at the end of the period	2,129,131	1,940,962
Total net assets		
Balance at the end of previous period	20,564,068	24,439,703
Changes of items during the period		
Dividends from surplus	-799,294	-655,883
Net income	2,140,773	2,288,438
Purchase of treasury stock	-256	-430,757
Disposal of treasury stock	90,723	–
Retirement of treasury stock	–	–
Change of scope of consolidation	-33,279	–
Net changes of items other than shareholders' equity	2,476,969	-188,169
Total changes of items during the period	3,875,635	1,013,628
Balance at the end of the period	24,439,703	25,453,332

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Previous consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Consolidated fiscal year under review (From April 1, 2010 to March 31, 2011)
Net cash provided by (used in) operating activities		
Net income before taxes	3,199,459	3,489,513
Depreciation and amortization	167,857	132,045
Amortization of long-term prepaid expenses	1,150,865	898,522
Increase (decrease) in allowance for doubtful accounts	-658	186
Increase (decrease) in provision for bonuses	-75,514	50,501
Increase (decrease) in provision for loss on construction contracts	25,246	24,005
Interest and dividends income	-151,948	-281,855
Interest expenses	55,429	−
Loss (gain) on investments in partnership	19,468	18,874
Loss on retirement of noncurrent assets	167	7,738
Loss (gain) on sales of investment securities	-126,658	-371,050
Loss (gain) on valuation of investment securities	28,880	−
Loss on liquidation of business	−	167,699
Decrease (increase) in notes and accounts receivable−trade	-1,174,570	-3,284,240
Decrease (increase) in inventories	612,410	308,504
Increase (decrease) in notes and accounts payable−trade	-1,116,057	486,535
Decrease (increase) in other current assets	-48,487	-140,459
Increase (decrease) in other current liabilities	-299,442	133,254
Other	19,752	24,894
Subtotal	2,286,202	1,664,668
Interest and dividends income received	152,036	281,682
Interest expenses paid	-82,892	−
Income taxes paid	-2,787,692	-419,756
Income taxes refund	841	234,543
Net cash provided by (used in) operating activities	-431,505	1,761,138
Net cash provided by (used in) investment activities		
Proceeds from withdrawal of time deposits	300,000	100,000
Purchase of property, plant and equipment	-30,003	-33,388
Purchase of intangible assets	-61,435	-70,178
Purchase of investment securities	−	-125,145
Proceeds from sales of investment securities	370,848	620,546
Collection of loans receivable	3,996	3,996
Purchase of long-term prepaid expenses	-228,616	-177,389
Payments for guarantee deposits	-668	-1,349
Proceeds from collection of guarantee deposits	4,747	54,738
Other	−	9,682
Net cash provided by (used in) investment activities	358,867	381,510
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-5,000,000	−
Repayment of long-term loans payable	-2,000,000	−
Purchase of treasury stock	-256	-430,757
Proceeds from disposal of treasury stock	90,723	−
Cash dividends paid	-791,677	-649,480
Net cash provided by (used in) financing activities	-7,701,210	-1,080,238
Effect of exchange rate change on cash and cash equivalents	-6,444	-44,798
Net increase (decrease) in cash and cash equivalents	-7,780,292	1,017,612
Cash and cash equivalents at beginning of period	14,265,936	6,485,643
Cash and cash equivalents at end of period	6,485,643	7,503,256

(5) Note on going concern assumptions

None

(6) Change of important matters fundamental to the preparation of consolidated financial statements

Previous consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Consolidated fiscal year under review (From April 1, 2010 to March 31, 2011)
(Matters regarding the scope of consolidation) MegaChips (Hong Kong) Limited, which was a consolidated subsidiary, is excluded from the scope of consolidation in the consolidated fiscal year under review because its liquidation proceedings are coming to an end. However, since the company's net profit and retained earnings and consolidated cash flow are included in Consolidated Profit and Loss Statements, Consolidated Statements of Changes in Shareholders' Equity, etc. and Consolidate Statements of Cash Flows for the period until its exclusion (i.e., fiscal year under review), they are included in the scope of consolidation. As a result, there is one consolidated subsidiary, i.e., Shun Yin Investment Ltd. as at the end of consolidated fiscal year under review.	―――
(Matters regarding the application of the equity method) By applying the "Guidelines for Determining the Scope of Subsidiary and Affiliated Company in Consolidated Financial Statements" (the Accounting Standards Board of Japan (ASBJ), Corporate Accounting Standards Implementation Guideline No. 22 of May 13 of 2008), the Company reviewed the scope of its affiliates and decided that clearly did not have a significant influence on decisions about the financial matters and operational or business policies of Mobile Television Inc., an affiliated company to which the equity method was not applied. Therefore, Mobile Television is excluded from the scope of consolidation from the beginning of the consolidated fiscal year under review. As a result, there is no equity method affiliate or non-equity method affiliate.	―――
(Change of standards for recording revenue related to engineering contracts) The Company formerly recognized the construction revenues of engineering contracts by utilizing the completed contract method. Effective from the beginning of the consolidated fiscal year under review, however, it adopted the "Accounting Standard for Construction Contracts (the ASBJ Statement No. 15 issued on December 27, 2007)" and the "Guidance on Accounting Standard for Construction Contracts (ASBJ Implementation 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 fiscal year under review, the completion percentage method (the percentage of construction is estimated based on a method that uses the ratio of the actual cost incurred to the total estimated cost) is applied to the construction contracts through a process whereby the outcome of the construction activity is deemed certain by the end of the fiscal year, while the completed contract method is applied to other construction contracts. As a result of this change, compared to the previous method, net sales for the fiscal year under review rose 28,143,000 yen, operating income, ordinary income, and net income before taxes each fell 2,700,000 yen. The impact of this change on segment information is stated where relevant.	―――

Previous consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Consolidated fiscal year under review (From April 1, 2010 to March 31, 2011)
(Provision for loss on construction contracts) In terms of construction contracts, effective from the consolidated fiscal year under review, the Company records any amount estimated to exceed 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 accommodate 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. As a result of this change, compared to the previous method, net sales for the fiscal year under review rose 25,246,000 yen, operating income, ordinary income, and net income before taxes each decreased by the same amount. The impact of this change on segment information is stated where relevant.	――――
――――	(Application of accounting standards regarding asset retirement obligations) Effective the consolidated fiscal year under review, the Company started applying the "Accounting Standard for Asset Retirement Obligations" (the Accounting Standards Board of Japan (ASBJ) Statement No. 18 issued on March 31, 2008) and the "Guidance on the Accounting Standard for Asset Retirement Obligations" (ASBJ Implementation Guidance No. 21 issued on March 31, 2008) to its consolidated financial statements. Their adoption produced a minor effect on profits and losses for the consolidated fiscal year under review. Changes in asset retirement obligations as a result of the application of the Accounting Standard and the Guidance amounted to 1,284,000 yen. Effects this change caused on segment information were minor.

(7) Change of notation method

Previous consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Consolidated fiscal year under review (From April 1, 2010 to March 31, 2011)
――――	(Consolidated Statements of Income and Statements of Comprehensive Income) 1. "Reversal of allowance for doubtful accounts," which had been shown as a separate item until the previous consolidated fiscal year, is included in "miscellaneous income" because the item lost financial significance in the consolidated fiscal year under review. "Reversal of allowance for doubtful accounts" included in "miscellaneous income" for the consolidated fiscal year under review amounts to 42,000 yen.
――――	2.The Company states "net income before minority interests" in its financial statements for the consolidated fiscal year under review with the application of the "Partial Amendment of Regulations for Terminology, Forms and Preparation Methods of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 issued on December 26, 2008).

(8) Additional information

Previous consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Consolidated fiscal year under review (From April 1, 2010 to March 31, 2011)
―――――	Effective the consolidated fiscal year under review, the Company started applying the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25 issued on June 30, 2010) to its consolidated financial statements. However, "valuation and translation adjustments" and "total valuation and translation adjustments" are stated as "accumulated other comprehensive income" and "total accumulated other comprehensive income" for the previous consolidated fiscal year, respectively.

(9) Documented matters

(Related to Consolidated Statements of Income and Statements of Comprehensive Income)

Consolidated fiscal year under review (April 1, 2010 through March 31, 2011)

1. Comprehensive income for the consolidated fiscal year immediately before the consolidated fiscal year under review

Comprehensive income attributable to owners of the parent	4,617,742,000 yen
Comprehensive income attributable to minority interests	− yen
Total	4,617,742,000 yen

2. Other comprehensive income for the consolidated fiscal year immediately before the consolidated fiscal year under review

Valuation difference on available-for-sale securities	2,356,276,000 yen
Foreign currency translation adjustment	120,692,000 yen
Total	2,476,969,000 yen

(Segment information)

[Segment information by type of business]

Previous consolidated fiscal year (April 1, 2009 through March 31, 2010) (Thousand yen)

	LSI business	Systems business	Total	Eliminated or group-wide	Consolidated
I Net sales and operating income (loss)					
Net sales					
(1) External customers	36,124,876	2,371,018	38,495,895	−	38,495,895
(2) Inter-segment	8,497	−	8,497	-8,497	−
Total	36,133,374	2,371,018	38,504,393	-8,497	38,495,895
Operating expenses	31,920,787	3,512,801	35,433,588	27,372	35,460,961
Operating income (loss)	4,212,587	-1,141,782	3,070,805	-35,870	3,034,934
II Assets, depreciation expense and capital expenditure					
Assets	12,283,428	2,298,023	14,581,452	12,030,762	26,612,215
Depreciation expense	133,941	1,120,049	1,253,990	64,733	1,318,723
Capital expenditure	52,257	203,881	256,139	28,972	285,111

(Notes) 1. Segment categories represent the categories used for internal control purposes.

2. Major products in each category

(1) LSI business: LSI for storing game software, LSI for home-use video game machines , LSI for digital camera image processing, LSI for image/audio processing for one -segment broadcasting, LSI for OFDM demodulation for one-segment broadcasting , LSI for high-definition AV recording

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

3. Of assets, the overall assets of the Company included in the item "Elimination or corporate" amounted to 12,030,762,000 yen and chiefly consisted of the surplus working funds (cash and securities) of the Company and assets, etc. for administrative divisions.

4. Long-term prepaid expenses and the amount of reimbursement of long-term prepaid expenses are included in depreciation expense and capital expenditure.

5. Change of accounting standards

(Changes in standards for recording revenue related to engineering contracts)

As stated under "Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements for the current term," effective from the beginning of the consolidated fiscal year under

review, the Company has changed the recognition of construction revenues from engineering contracts. As a result of this change, compared to the previous method, net sales for the fiscal year under review rose 8,008,000 yen, operating expenses increased 13,253,000 yen, and operating income fell 5,245,000 yen in the LSI business, while net sales rose 20,135,000 yen, operating expenses increased 17,590,000 yen and the operating loss declined 2,544,000 yen in the systems business.
(Provision for loss on construction contracts)
As stated under "Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements for the current term," effective from beginning of the consolidated fiscal year under review, in terms of construction contracts 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. As a result of this change, operating expense rose 25,246,000 yen while operating income fell by the same amount in the LSI business compared to the figures calculating using the previous method.

[Segment information by region]

Previous consolidated fiscal year (April 1, 2009 through March 31, 2010) (Thousand yen)

	Japan	Asia	Total	Eliminated or group-wide	Consolidated
I Net sales and operating income (loss)					
Net sales					
(1) External customers	38,490,900	4,995	38,495,895	−	38,495,895
(2) Inter-segment	−	−	−	−	−
Total	38,490,900	4,995	38,495,895	−	38,495,895
Operating expenses	35,452,961	7,999	35,460,961	−	35,460,961
Operating income (loss)	3,037,938	-3,003	3,034,934	−	3,034,934
II Assets	22,068,078	4,544,136	26,612,215	−	26,612,215

(Notes) 1. Countries and regions are divided based on the degree of geographical proximity.
2. The breakdown of countries and regions belonging to the category of Japan is as shown below.
Asia: Taiwan, China (including Hong Kong)
3. Change of accounting standards
(Changes in standards for recording revenue related to engineering contracts)
As stated under "Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements for the current term," effective from the beginning of the consolidated fiscal year under review, the Company has changed the recognition of construction revenues from engineering contracts. As a result, net sales for the consolidated fiscal year under review rose 28,143,000 yen, operating expenses increased 30,843,000 yen and operating income fell 2,700,000 yen in "Japan" from the figures calculated using the previous method.
(Provision for loss on construction contracts)
As stated under "Changes in accounting policies and processing and representation methods adopted to prepare the consolidated financial statements for the current term," effective from beginning of the consolidated fiscal year under review, in terms of construction contracts 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. As a result, operating expenses for the consolidated fiscal year under review increased 25,246,000 yen while operating income fell by the same amount in "Japan" from the figures calculated using the previous method.

[Sales to foreign customers]

Previous consolidated fiscal year (April 1, 2009 through March 31, 2010)

Overseas sales account for only less than 10% of consolidated sales. For this reason, sales information in foreign countries is omitted.

[Segment information]

1. Overview of reported segments

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company conducts its business activities by establishing multiple business divisions depending on the types of products. Therefore, the Company creates segments by product based on business divisions. These segments are consolidated into segments with similar product characteristics, manufacturing processes, targeted markets, and marketing methods. The Company has two reported segments, the LSI business and the systems business.

In the LSI business, the Company develops, manufactures, and sells products including customer-specific system LSI used for certain devices in the digital home appliance field and electronic devices mounted with its system LSI. The Company employs a build-to-order system as its selling method and manufacturing is outsourced.

In the systems business, the Company develops, manufactures, and sells products including customer-specific video surveillance systems used in the field of security. The Company employs a build-to-order system as its selling method and manufacturing is outsourced.

2. Methods for calculating net sales, profits or losses, assets, liabilities and amounts for other items by reported segment

The method for performing accounting treatment for reported segments is basically the same as the method for performing the same treatment for important matters fundamental to the preparation of consolidated financial statements.

3. Information related to net sales, profits or losses, assets, liabilities and amounts for other items by reported segment

Previous consolidated fiscal year (April 1, 2009 through March 31, 2010)

Such information for the previous consolidated fiscal year is not stated because consolidated financial statements offer similar information in compliance with the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 issued on March 27, 2009) as segment information based on previous rules for handling segment information.

Consolidated fiscal year under review (April 1, 2010 through March 31, 2011) (Thousand yen)

	Reported segments			Adjustment (Note 1)	Amount recorded in consolidated financial statements
	LSI Business	Systems Business	Total		
Net sales					
External customers	33,080,947	3,178,499	36,259,447	–	36,259,447
Inter-segment	–	–	–	–	–
Total	33,080,947	3,178,499	36,259,447	–	36,259,447
Segment profits (losses) (Note 2)	3,728,640	-574,454	3,154,185	-99,048	3,055,137
Segment assets	15,275,561	1,299,580	16,575,141	12,628,117	29,203,259
Other items					
Depreciation and amortization	113,239	917,338	1,030,578	–	1,030,578
Increase in property, plant and equipment, and intangible assets	75,378	251,137	326,515	105,200	431,716

(Notes) 1. Details of the adjustment are as follows.

(1) Corporate expenses included in the adjustment amount of segment profits but not allocated to each reported segment were -99,048,000 yen and mainly consist of general, selling administrative expenses and research and development expenses that were not attributable to reported segments.

(2) Overall assets of the Company included in the adjustment for segment assets and undistributed to reported segments amount to 12,628,117,000 yen. They consist of surplus working funds (cash and securities) at the Company and assets, etc. in connection with its administrative divisions.

(3) Depreciation and amortization in connection with facilities that belong to the administrative divisions are distributed to individual reported segments.

(4) The adjustment for an increase in property, plant and equipment, and intangible assets amounting to 105,200,000 yen is capital spending and the like in connection with the administrative divisions.

2. Segment profits (losses) are adjusted with operating income in the consolidated financial statements.

3. Depreciation and amortization include an amortized amount of long-term prepaid expenses.

4. The increase in property, plant and equipment, and intangible assets includes an increased amount of long-term prepaid expenses.

(Additional Information)

The Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 on March 21, 2008) were applied from the fiscal year under review.

[Related information]

Consolidated fiscal year under review (April 1, 2010 through March 31, 2011)

1. Information by product and service

Information by product and service is not stated because product and service categories equal reported segments.

2. Information by region

(1) Net sales

Net sales by region are not stated because net sales to external customers in Japan account for more than 90% of net sales in the Consolidated Statements of Income.

(2) Property, plant and equipment

No corresponding item exists because the Company owns no property, plant or equipment in regions outside Japan.

3. Information by major customer

(Thousand yen)

Customer name	Net sales	Related segment
Nintendo Co., Ltd.	30,608,408	LSI Business

[Information regarding loss on impairment of noncurrent assets by reported segment]

Consolidated fiscal year under review (April 1, 2010 through March 31, 2011)

Not applicable.

[Information regarding amortization of goodwill and unamortized balance by reported segment]

Consolidated fiscal year under review (April 1, 2010 through March 31, 2011)

Not applicable.

[Information regarding gain on accrual of negative goodwill by reported segment]

Consolidated fiscal year under review (April 1, 2010 through March 31, 2011)

Not applicable.

(Per share information)

Previous consolidated fiscal year (From April 1, 2009 to March 31, 2010)		Consolidated fiscal year under review (From April 1, 2010 to March 31, 2011)	
Net assets per share	1,006.08 yen	Net assets per share	1,060.19 yen
Net income per share	88.19 yen	Net income per share	94.64 yen
Diluted net income per share	88.07 yen		

(Note) The following shows the basis of calculation of net income per share and diluted net income per share.

	Previous consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Consolidated fiscal year under review (From April 1, 2010 to March 31, 2011)
Net income per share		
Net income (thousand yen)	2,140,773	2,288,438
Amount that does not belong to ordinary shareholders (thousand yen)	–	–
Net income related to common shares (thousand yen)	2,140,773	2,288,438
Average number of common shares during the period	24,273,662	24,180,846
Diluted net income per share		
Net income adjustments (thousand yen)	−	−
Increase in number of common shares	34,867	−
(Number of stock acquisition rights)	(34,867)	(−)
Outline of latent shares without dilution effect not taken into account for calculation of diluted net income per share	2 types of stock acquisition rights (502 stock acquisition rights) (Note 1)	1 type of stock acquisition rights (472 stock acquisition rights) (Note 2)

(Notes) 1. For one type of these stock acquisition rights, 30 unexercised rights lost effect due to the expiry of the exercise period on September 30, 2009.
2. With respect to these stock subscription rights, 472 unexercised rights lost effect with the expiration of their exercise period on September 30, 2010.

(Material subsequent events)

Not applicable.

4. Other

(1) Change in the president and representative director

(i) Representative director scheduled to assume office (on June 24, 2011)

New Position	Name	Current Position
President and Representative Director	Akira Takata	Director, Officer and General Manager of LSI Division

(ii) Representative director schedule to retire (on June 24, 2011)

New Position	Name	Current Position
Senior Advisor	Yukihiro Ukai	President and Representative Director

(2) Management reshuffles

(i) Candidate for auditor to be elected (on June 24, 2011)

New Position	Name	Current Position
Standing Statutory Auditor	Tadashi Sumi	Officer and General Manager of Quality Assurance Department

(ii) Auditor expected to retire (on June 24, 2011)

New Position	Name	Current Position
−	Mitsuo Tsuji	Standing Statutory Auditor