

**Brief Statement of Accounts (Japanese Accounting Standards)
for the First Three Quarters of the Year Ending March 31, 2013 (Consolidated)**

February 1, 2013

MegaChips Corporation

Code number: 6875

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Scheduled date for submission of quarterly report: February 12, 2013

Scheduled date of start of payment of dividends: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes (for institutional investors and analysts)

(Amounts less than one million yen are omitted)

1. Consolidated operating results for the first three quarters of the year ending March 31, 2013

(From April 1, 2012 to December 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three quarters of the year ending March 31, 2013	40,919	39.9	3,761	21.0	3,846	14.1	3,711	67.8
First three quarters of the year ended March 31, 2012	29,248	15.6	3,107	33.7	3,370	30.4	2,212	13.7

(Note) Comprehensive income: ¥3,552 million (–%) for the first three quarters of the year ending March 31, 2013
¥155 million (-89.3%) for the first three quarters of the year ended March 31, 2012

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
First three quarters of the year ending March 31, 2013	155.76	–
First three quarters of the year ended March 31, 2012	92.31	–

(2) Consolidated financial condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First three quarters of the year ending March 31, 2013	49,587	27,376	55.2	1,157.62
Year ended March 31, 2012	29,247	24,977	85.4	1,042.70

(Reference) Shareholders' equity: As of the first three quarters of the year ending March 31, 2013: ¥27,376 million
Year ended March 31, 2012: ¥24,977 million

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2012	–	–	–	27.00	27.00
Year ending March 31, 2013	–	–	–	–	–
Year ending March 31, 2013 (forecast)	–	–	–	–	–

(Note) Revisions made to the forecasts dividend published most recently: No

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. (However, this excludes special factors related to the settlement of accounts.) Since the concrete dividend forecast is yet to be decided, “–” is shown for the annual dividend forecast. Regarding dividend policy, please refer to page 4 of the Accompanying Materials to the Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2012, released on May 9, 2012.

3. Forecast of consolidated operating results (from April 1, 2012 to March 31, 2013)

(Figures in % indicate change from the corresponding period of the year ended March 31, 2012)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	53,000	49.9	3,500	15.4	3,500	7.3	3,400	59.8	143.77

(Note) Revisions to operating results forecasts published most recently: Yes

* Notes

- (1) Changes in key subsidiaries during the term
(changes in specific subsidiaries resulting in changes in the scope of consolidation): Yes
New: 2 companies (Kawasaki Microelectronics, Inc., Kawasaki Microelectronics Holdings (USA), Inc.)
Exception: –
(Note) For details, please refer to the Accompanying Materials, page 3, 2. Matters Relating to Summary Information (Notes).
- (2) Adoption of unique accounting method to the preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to the Accompanying Materials, page 3, 2. Matters Relating to Summary Information (Notes).
- (3) Changes in accounting policies and changes or restatement of accounting estimates:
 - 1) Changes in accounting policies due to revised accounting standards: None
 - 2) Changes in accounting policies other than that described above: Yes
 - 3) Changes in accounting estimates: Yes
 - 4) Restatement: None
 (Note) For details, please refer to the Accompanying Materials, page 3, 2. Matters Relating to Summary Information (Notes).
- (4) Number of shares outstanding (common stock)
 - 1) Number of outstanding shares at the end of the period (including treasury stock)

First three quarters of the year ending March 31, 2013	24,038,400 shares
Year ended March 31, 2012	24,038,400 shares
 - 2) Number of shares of treasury stock at the end of the period

First three quarters of the year ending March 31, 2013	389,486 shares
Year ended March 31, 2012	84,020 shares
 - 3) Average number of shares outstanding during the period (or the cumulative consolidated accounting period as of the end of the term)

First three quarters of the year ending March 31, 2013	23,829,428 shares
First three quarters of the year ended March 31, 2012	23,963,609 shares

* Status of quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been reviewed at the time of the announcement of this financial summary.

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

(Note on the description of the future and other matters)

Forward-looking statements, such as the operating results forecast included in this document, are based on information available to the Company and certain assumptions that are considered reasonable as of the date of the publication of this release. The Company does not guarantee the projected results. Actual results could differ materially depending on various factors that may arise in the future.

(Method to acquire supplementary documents for quarterly results)

Supplementary documents for quarterly results will be presented on the Company's website immediately after disclosure of the summary of consolidated quarterly financial results.

Accompanying Materials

Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Operating Results for the First Three Quarters of the Year Ending March 31, 2013

(1) Qualitative information on consolidated operating results

During the first three quarters of the consolidated fiscal year under review, the Japanese economy entered a recessionary phase with few positive movements, as corporate earnings weakened and consumer spending remained sluggish as a consequence of decelerating overseas economies. Despite expectations of a policy change and economic stimulus packages with the advent of a new government, downside risks still remained, such as fears of a slowdown in overseas economies on the back of the European financial and fiscal crises.

In the electronic machinery and equipment industry, in which MegaChips Group operates, although growth for certain industrial electronics equipment grew year on year, demand for electronic components such as semiconductors and consumer electronic equipment decreased and the overall market for electronic machinery and equipment continued to contract on a year-on-year basis.

Under these challenging conditions, the Company acquired all issued shares of Kawasaki Microelectronics, Inc. (“Kawasaki Micro”) from JFE Holdings, Inc. on July 1, 2012 and commenced business activities as the Group from the second quarter of this consolidated fiscal year. The Group is striving to build a close collaborative structure by mobilizing the capabilities of both companies to establish the ability to provide comprehensive solutions that provide customers with powerful support, consistently and broadly, from the development of algorithms and architectures, to wafer manufacturing, assembly, and test processes.

The Company provides a broad array of ingenious technical solutions from LSIs to system devices based on its own technologies such as compression and decompression for image, audio and music, and telecommunications. The Company develops and sells varied products such as memory for specific-use applications, system LSIs, electronic devices that contain its LSIs, and digital image transmission and recording system products, mainly for the areas of game amusement, digital cameras, energy saving, and security monitoring.

Kawasaki Micro, a consolidated subsidiary, develops and sells products centering on customer-specific LSIs for leading customers in Japan and overseas in liquid crystal panels, office equipment, optical communications, and home networking equipment.

Consolidated net sales for the first three quarters of the fiscal year under review amounted to ¥40,919 million (up 39.9% year on year), reflecting the contribution of new products and the consolidation effect from the second quarter of Kawasaki Micro, which sells LSIs for liquid crystal panels and office equipment, although demand for LSIs for storing game software (custom memories) declined. Consolidated operating income stood at ¥3,761 million (rising 21.0%). Consolidated ordinary income came to ¥3,846 million (rising 14.1%). Consolidated net income was ¥3,711 million (an increase of 67.8%) due to the posting of a gain on negative goodwill of ¥1,406 million associated with making Kawasaki Micro the Company’s subsidiary.

(2) Qualitative information on consolidated financial position

Total assets for the first three quarters of the consolidated fiscal year under review amounted to ¥49,587 million (up ¥20,339 million from the previous consolidated fiscal year). Major items compared to the previous fiscal year were increases in notes and accounts receivable—trade by ¥8,626 million, inventories by ¥2,866 million and deferred tax assets (noncurrent assets) by ¥2,859 million.

Total liabilities were ¥22,211 million (up ¥17,940 million from the previous consolidated fiscal year). Major items compared to the previous fiscal year were increases in notes and accounts payable—trade by ¥3,298 million, short-term loans payable by ¥3,000 million, current portion of long-term loans payable by ¥2,833 million and long-term loans payable by ¥4,958 million.

Total net assets stood at ¥27,376 million (up ¥2,399 million from the previous consolidated fiscal year). As a result, the shareholders’ equity ratio came to 55.2% (down 30.2 points from the previous consolidated fiscal year).

Cash and cash equivalents (“net cash”) reached ¥7,489 million for the first three quarters of the consolidated fiscal year under review, increasing ¥261 million from the previous consolidated fiscal year (compared with a fall of ¥3,511 million in the same period of the previous consolidated fiscal year). The status of cash flows for the first three quarters of the consolidated fiscal year under review was as follows:

Net cash used in operating activities was ¥250 million (compared with net cash such activities used of ¥4,373 million in the same period of the previous consolidated fiscal year). The major factors that contributed to the net cash balance were net income before taxes of ¥5,202 million (up 45.9% from the same period last year) and an increase of ¥1,935 million in notes

and accounts payable–trade, as well as an increase of ¥4,856 million in notes and accounts receivable–trade and the posting of a gain on negative goodwill of ¥1,406 million.

Net cash used in investment activities was ¥9,330 million (compared with net cash such activities used of ¥220 million in the same period of the previous fiscal year). Major factors that contributed to the net cash balance were the purchase of long-term prepaid expenses of ¥997 million and investments in subsidiaries resulting in a change in the scope of consolidation of ¥6,752 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 a net cash use of ¥9,581 million (compared to net cash used of ¥4,593 million in the same period of the previous fiscal year).

Net cash provided by financing activities was ¥9,648 million (compared to a net cash acquisition of ¥1,240 million in the same period of the previous fiscal year). Major factors contributing to the net cash balance were a ¥8,500 million increase in long-term loans payable and a net increase of ¥3,000 million in short-term loans payable, offsetting the repayment of long-term loans payable of ¥708 million.

(3) Qualitative information on consolidated business outlook

Please refer to the “Notice of Revision of Full-Year Results Forecasts” announced today, for details about revisions to the full-year results forecasts for the fiscal year ending March 2013 announced on October 26, 2012.

2. Matters Relating to Summary Information (Notes)

(1) Changes in key subsidiaries during the term

Significant changes in the scope of consolidation

As the Company acquired all the shares outstanding in Kawasaki Microelectronics, Inc., four companies—Kawasaki Microelectronics, Inc. and its subsidiaries—are included in the scope of consolidation from the second quarter of this fiscal year.

This is expected to have a material impact on consolidated financial statements for the current consolidated fiscal year.

(2) Adoption of unique accounting method to the preparation of quarterly consolidated financial statements

Calculation of tax expenses

The Company calculates its tax expenses by multiplying quarterly net income before tax by the current estimated effective tax rate, making a reasonable estimate of the effective tax rate after the application of tax effect accounting to net income before tax for the consolidated accounting period for the Company and certain of its consolidated subsidiaries.

(3) Changes in accounting policies and changes or restatement of accounting estimates

Change in method of depreciation

In accordance with revisions to the Corporation Tax Act, from the first quarter of this consolidated fiscal year, the method of depreciation for property, plant and equipment acquired on or after April 1, 2012 was changed based upon the revised Corporation Tax Act.

This has had minor impact on the profit or loss in the first three quarters of the consolidated fiscal year under review.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousand yen)

	FY 2011 (As of March 31, 2012)	Q3 FY 2012 (As of December 31, 2012)
Assets		
Current assets:		
Cash and deposits	7,228,018	7,489,046
Notes and accounts receivable—trade	15,636,678	24,263,253
Merchandise and finished goods	402,195	1,603,701
Work in process	919,501	1,676,074
Raw materials and supplies	374,437	1,283,204
Deferred tax assets	381,961	1,392,557
Other	492,898	578,897
Allowance for doubtful accounts	(1,094)	(1,459)
Total current assets	25,434,598	38,285,275
Noncurrent assets:		
Property, plant and equipment		
Buildings	227,437	3,821,772
Accumulated depreciation	(192,875)	(2,775,240)
Buildings, net	34,562	1,046,531
Other	410,059	6,841,728
Accumulated depreciation	(360,790)	(5,998,851)
Other, net	49,268	842,877
Total property, plant and equipment	83,830	1,889,408
Intangible assets		
Other	57,825	685,909
Total intangible assets	57,825	685,909
Investments and other assets		
Investment securities	2,270,232	2,388,346
Long-term prepaid expenses	976,627	1,913,895
Deferred tax assets	97,647	2,957,351
Other	327,030	1,467,397
Total investment and other assets	3,671,538	8,726,991
Total noncurrent assets	3,813,194	11,302,309
Total assets	29,247,792	49,587,584

(Thousand yen)

	FY 2011 (As of March 31, 2012)	Q3 FY 2012 (As of December 31, 2012)
Liabilities		
Current liabilities:		
Notes and accounts payable–trade	2,252,925	5,551,356
Short-term loans payable	–	3,000,000
Current portion of long-term loans payable	–	2,833,332
Income taxes payable	699,230	620,194
Provision for bonuses	301,147	384,406
Provision for loss on construction contracts	388,193	827,505
Other provision	–	101,058
Other	590,140	1,966,270
Total current liabilities	4,231,635	15,284,123
Noncurrent liabilities:		
Long-term loans payable	–	4,958,335
Provision for retirement benefits	–	1,373,089
Other	39,025	595,604
Total noncurrent liabilities	39,025	6,927,029
Total liabilities	4,270,660	22,211,153
Net assets		
Shareholders' equity		
Capital stock	4,840,313	4,840,313
Capital surplus	6,181,300	6,181,300
Retained earnings	13,967,586	17,026,115
Treasury stock	(112,777)	(612,894)
Total shareholders' equity	24,876,422	27,434,834
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	708,021	382,898
Foreign currency translation adjustment	(607,313)	(441,301)
Total other accumulated comprehensive income	100,708	(58,402)
Total net assets	24,977,131	27,376,431
Total liabilities and net assets	29,247,792	49,587,584

(2) Consolidated statements of income and statements of comprehensive income
(Consolidated first three quarters)

(Thousand yen)

	Q3 FY 2011 (From April 1, 2011 to December 31, 2011)	Q3 FY 2012 (From April 1, 2012 to December 31, 2012)
Net sales	29,248,760	40,919,120
Cost of sales	23,502,759	30,799,203
Gross profit	5,746,000	10,119,917
Selling, general and administrative expenses	2,638,520	6,358,440
Operating income	3,107,480	3,761,476
Non-operating income		
Interest income	3,761	5,296
Dividends income	243,480	61,001
Reversal of dividends payable	10,137	7,807
Foreign exchange gains	–	29,682
Miscellaneous income	39,541	24,655
Total non-operating income	296,921	128,443
Non-operating expenses		
Interest expenses	199	38,187
Loss on investments in partnership	2,430	2,371
Litigation expenses	30,000	–
Foreign exchange losses	1,238	–
Miscellaneous loss	479	2,968
Total non-operating expenses	34,349	43,528
Ordinary income	3,370,052	3,846,391
Extraordinary income		
Gain on sales of noncurrent assets	–	13
Gain on sales of investment securities	195,854	–
Gain on negative goodwill	–	1,406,607
Total extraordinary income	195,854	1,406,620
Extraordinary loss		
Loss on sales of noncurrent assets	–	92
Loss on retirement of noncurrent assets	142	4,413
Head office transfer cost	–	46,382
Total extraordinary loss	142	50,888
Net income before taxes	3,565,764	5,202,123
Income taxes	1,353,614	1,490,352
Income before minority interests	2,212,150	3,711,770
Net income	2,212,150	3,711,770
Income before minority interests	2,212,150	3,711,770
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,769,302)	(325,123)
Foreign currency translation adjustment	(287,573)	166,011
Total other comprehensive income	(2,056,875)	(159,111)
Comprehensive income	155,274	3,552,658
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	155,274	3,552,658
Comprehensive income attributable to minority interests	–	–

(3) Consolidated statements of cash flows

(Thousand yen)

	Q3 FY 2011 (From April 1, 2011 to December 31, 2011)	Q3 FY 2012 (From April 1, 2012 to December 31, 2012)
Net cash provided by (used in) operating activities		
Net income before taxes	3,565,764	5,202,123
Depreciation and amortization	98,342	383,538
Amortization of long-term prepaid expenses	309,887	389,550
Gain on negative goodwill	–	(1,406,607)
Increase (decrease) in provision for bonuses	(136,234)	(64,507)
Increase (decrease) in provision for loss on construction contracts	355,706	31,710
Interest and dividends income	(247,241)	(66,297)
Interest expenses	199	38,187
Loss (gain) on sales of investment securities	(195,854)	–
Decrease (increase) in notes and accounts receivable–trade	(7,258,158)	(4,856,221)
Decrease (increase) in inventories	(640,162)	(331,130)
Increase (decrease) in notes and accounts payable–trade	1,067,383	1,935,592
Decrease (increase) in other current assets	(182,819)	543,968
Increase (decrease) in other current liabilities	37,148	(577,139)
Other	78,488	24,780
Subtotal	(3,147,550)	1,247,549
Interest and dividends income received	247,404	65,609
Interest expenses paid	–	(31,607)
Income taxes refund	–	198
Income taxes paid	(1,473,074)	(1,532,449)
Net cash provided by (used in) operating activities	(4,373,220)	(250,699)
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(9,840)	(477,892)
Purchase of intangible assets	(57,579)	(101,408)
Proceeds from sales of investment securities	306,305	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(6,752,303)
Purchase of long-term prepaid expenses	(380,612)	(997,033)
Payments of loans receivable	–	(573,120)
Other	(78,714)	(429,032)
Net cash provided by (used in) investment activities	(220,440)	(9,330,789)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,000,000	3,000,000
Proceeds from long-term loans payable	–	8,500,000
Repayment of long-term loans payable	–	(708,333)
Purchase of treasury stock	(67,392)	(500,117)
Cash dividends paid	(692,024)	(642,586)
Net cash provided by (used in) financing activities	1,240,583	9,648,962
Effect of exchange rate change on cash and cash equivalents	(158,052)	193,553
Net increase (decrease) in cash and cash equivalents	(3,511,129)	261,027
Cash and cash equivalents at beginning of period	7,503,256	7,228,018
Cash and cash equivalents at end of period	3,992,126	7,489,046

(4) Note on going concern assumptions

None

(5) Notes to significant changes in shareholders' equity

First three quarters of the year ended March 31, 2012

The Company acquired 54,000 treasury stocks on May 18, 2011 in accordance with a resolution on the acquisition of treasury stock (the Company's common stock) on May 17, 2011 pursuant to Article 370 of the Companies Act (resolutions based on documents in lieu of resolutions by the Board of Directors). As a result, the value of treasury stock increased by ¥67,392,000.

First three quarters of the year ending March 31, 2013

The Company acquired 305,400 treasury stocks from September 7, 2012 to September 13, 2012 in accordance with a resolution on the acquisition of treasury stock (the Company's common stock) on September 3, 2012 pursuant to Article 370 of the Companies Act (resolutions based on documents in lieu of resolutions by the Board of Directors). As a result, the value of treasury stock increased by ¥499,994,000.