

## Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2015

May 13, 2015

### MegaChips Corporation

Code number: 6875

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Scheduled date of the Ordinary General Meeting of Shareholders: June 24, 2015

Scheduled date of payment of dividends: June 3, 2015

Scheduled date of filing of securities report: June 24, 2015

Supplementary documents for financial results: Yes

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

(Amounts less than one million yen are omitted)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2015

(From April 1, 2014 to March 31, 2015)

#### (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, 2015	64,237	9.9	4,895	17.3	3,400	(20.5)	1,251	(73.5)
Year ended March 31, 2014	58,469	9.0	4,173	5.3	4,277	3.8	4,725	16.9

(Note) Comprehensive income: ¥2,335 million (-53.4%) for the year ended March 31, 2015

¥5,014 million (19.1%) for the year ended March 31, 2014

	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, 2015	55.64	—	3.9	5.5	7.6
Year ended March 31, 2014	202.40	—	15.9	9.6	7.1

(Reference): Gain or loss on equity method investment: ¥— million yen for the year ended March 31, 2015

¥— million yen for the year ended March 31, 2014

#### (2) Consolidated financial condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2015	77,830	32,355	41.3	1,438.09
Year ended March 31, 2014	44,867	31,816	70.9	1,362.64

(Reference) Shareholders' equity: Year ended March 31, 2015: ¥32,139 million

Year ended March 31, 2014: ¥31,816 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, 2015	5,752	(24,700)	20,814	13,028
Year ended March 31, 2014	5,484	(2,411)	(3,623)	10,440

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, 2014	—	—	—	34.00	34.00	793	16.8	2.7
Year ended March 31, 2015	—	—	—	34.00	34.00	759	61.1	2.4
Year ending March 31, 2016 (forecast)	—	—	—	—	—		—	

We pay dividends once per year based on the dividend policy, using the year-end date as the record date. Dividends are determined by taking an amount equivalent to at least 30% of the consolidated net income as the aggregate amount of dividends, while taking into consideration the medium-term business outlook. Since the concrete dividend forecast is yet to be decided, “—” is shown for the year-end dividend and total annual dividend.

3. Forecast of Consolidated Operating Results (From April 1, 2015 to March 31, 2016)

(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, 2015.”)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month period ending September 30, 2015	32,000	4.9	100	(94.4)	0	(100.0)	(600)	—	(26.85)
Full-year	70,000	9.0	3,200	(34.6)	3,000	(11.8)	1,000	(20.1)	44.74

\* 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 (Modiotek Co., Ltd., SiTime Corporation)

Exception: —

(2) 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: None

3) Changes in accounting estimates: None

4) Restatement: 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, 2015	24,038,400 shares
Year ended March 31, 2014	24,038,400 shares
  - 2) Number of shares of treasury stock at the end of the period
 

Year ended March 31, 2015	1,689,450 shares
Year ended March 31, 2014	689,450 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, 2015	22,492,445 shares
Year ended March 31, 2014	23,348,972 shares

### (Reference) Summary of Non-Consolidated Financial Results

#### 1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

##### (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, 2015	60,168	3.2	4,726	12.0	5,539	27.0	3,341	(42.5)
Year ended March 31, 2014	58,286	49.5	4,221	27.6	4,362	31.9	5,810	177.7

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Year ended March 31, 2015	148.58	—
Year ended March 31, 2014	248.85	—

##### (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, 2015	67,213	30,416	45.3	1,360.97
Year ended March 31, 2014	41,909	29,097	69.4	1,246.21

(Reference) Shareholders' equity: Year ended March 31, 2015: ¥30,416 million

Year ended March 31, 2014: ¥29,097 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

(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 financial results)

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

## Accompanying Materials

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## 1. Operating Results

### (1) Analysis of operating results

#### (i) General financial results condition

In the electronic machinery and equipment industry in which the MegaChips Group operates, demand for electronic parts and devices increased, resulting in a rise in demand for certain industrial electronic equipment such as electronics application equipment. Consequently, the entire electronic machinery and equipment market grew on a year-on-year basis. Previously, the Group promoted the business of providing optimal solutions for customers' equipment and service applications through ASIC products, which are customer-specific LSIs, for major customers both inside and outside of Japan, mainly in the areas of game consoles, digital cameras, office machines, liquid crystal panels and telecommunications equipment. The Group's competitiveness lies in its ability to harness its deep understanding of customers' applications and unique technologies to offer the development and supply of system LSIs incorporating original algorithms and architecture and offering outstanding performance and cost competitiveness through its integrated support system that covers all aspects from upstream logical design to downstream physical design, manufacturing operations and quality assurance.

Additionally, in the field of security monitoring, the Group promotes the business of providing system equipment on which its system LSIs are mounted, with a focus on digital CCTV systems.

Previously, the Group achieved growth with the ASIC business as its core business. However, in light of changes in the global market environment, the rapid spread of smartphones, and the advent of IoT, the Group formulated a new policy from the fiscal year under review to achieve further growth, and rapidly established the ASSP business for major global companies in growing device markets, and made a start on the reconstruction of its business portfolio to become a truly global company. To this end, the Group made aggressive R&D investments in ASSP products, and actively engaged in the acquisition of overseas companies to acquire powerful products, customers and human resources in target areas.

More specifically, the Group acquired the SmartConnectivity (Display Port) business through the acquisition of the team including key talents that promotes DisplayPort standardization activity, made SiTime Corporation (hereinafter "SiTime"), a leading manufacturer of MEMS timing solutions, into a wholly owned subsidiary through acquisition, and in Taiwan and China, major markets for ASSP products, the Group acquired Taiwanese company Miotek Co., Ltd. mainly for the purpose of developing technologies and solutions required by local customers and acquiring human resources for enhancement of the support system.

Operating results for the consolidated fiscal year under review reflected the contributions made by rising demand for LSIs used in digital cameras due to an increase in the number of mounting models, steady demand for LSIs for office machines, telecommunications and liquid crystal panels, and newly acquired SmartConnectivity (Display Port) products. Sales also increased due to the depreciation of the Yen against the US and Taiwan dollars. However, operating expenses rose owing to aggressive upfront investment.

As a result, consolidated net sales for the fiscal year under review totaled ¥64,237 million (up 9.9% year on year). Consolidated operating income stood at ¥4,895 million (rising 17.3%). Consolidated ordinary income was ¥3,400 million (a decrease of 20.5%), mainly due to the occurrence of a foreign exchange loss of 1,172 million yen mainly for the adjustment of operating income which was given a boost by exchange rate effects in the consolidated financial settlement with overseas subsidiaries. Consolidated net income amounted to ¥1,251 million (down 73.5%). Net income in the previous consolidated fiscal year was inflated due to the adjustment of a tax amount (income of ¥2,374 million) resulting from the recording of deferred tax assets associated with a merger.

Because the MegaChips Group operates under the one business segment, no statement related to segment information has been presented.

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

In the electronic machinery and equipment industry, in which the MegaChips Group operates, given the positive market developments, including a recovery in the domestic economy and the continued depreciation of the yen, demand is expected to grow, centered on the market for electronic components.

Looking at social trends, networks are developing at a rapid pace, which indicates a move toward an even more advanced information society. In addition, the efforts toward the realization of Symbiosis Society, Low Carbon Society and Recycling Society for the global environment maintenance are likely to continue.

In this environment, the Group will promote activities to put the businesses in which it has made aggressive upfront investment on the targeted growth path, while strengthening its previous basic businesses in accordance with its new policy.

The Group will expand revenue opportunities, with emphasis on the strategies of “expanding products that constitute platforms for devices with future growth potential, focusing on (ASSP) products for specific applications in the IoT sector, including mobile and wearable devices”, “further expanding business relationships with major global companies in growing device markets by developing global human resources and promoting globalization”, and “seeking to improve the operating income margin and develop into a high-growth, high-profit company, and building a stronger financial position”.

In the fiscal year ending March 31, 2016, the Company forecasts consolidated net sales of ¥70,000 million (up 9.0% from the fiscal year under review), consolidated operating income before depreciation and amortization of ¥6,700 million (up 36.9%) and consolidated operating income after depreciation and amortization of ¥3,200 million (down 34.6%), reflecting the payment of ¥3,500 million for the amortization of goodwill and intangible fixed assets associated with aggressive acquisitions of overseas companies, consolidated ordinary income of ¥3,000 million (an decrease of 11.8%), and consolidated net income of ¥1,000 million (down 20.1%).

## (2) Analysis of the financial position

### (i) Changes in the financial position (consolidated)

Total assets for the consolidated fiscal year under review amounted to ¥77,830 million (up ¥32,963 million from the end of the previous consolidated fiscal year). Comparing major asset items with the previous consolidated fiscal year, cash and deposits rose by ¥2,707 million and notes and accounts receivable-trade increased by ¥2,156 million, while goodwill climbed by ¥19,498 million and technology assets grew by ¥6,979 million mainly as a result of the acquisition of the SmartConnectivity (DisplayPort) business and the acquisition of SiTime.

Total liabilities were ¥45,475 million (up ¥32,423 million from the end of the previous consolidated fiscal year). Comparing major items with the previous consolidated fiscal year, Accounts payable other rose by ¥4,407 million and deferred tax liabilities (non-current) expanded by ¥2,856 million, while short-term loans payable grew by ¥11,701 million and long-term loans payable rose by ¥10,583 million as a result of borrowing for the purpose of operating funds and the acquisition of SiTime.

Total net assets stood at ¥32,355 million (up ¥539 million from the end of the previous consolidated fiscal year). As a result, the shareholders' equity ratio at the end of the consolidated fiscal year came to 41.3% (down 29.6 percentage points from the end of the previous fiscal year).

### (ii) Cash flow status

Cash and cash equivalents (“net cash”) reached ¥13,028 million at the end of the consolidated fiscal year under review, increasing ¥2,587 million from the end of the previous consolidated fiscal year (compared with an increase of ¥9 million in the same period of the previous consolidated fiscal year). The status of cash flows at the end of the fiscal year under review was as follows:

Net cash provided by operating activities was ¥5,752 million (compared with net cash of ¥5,484 million provided by such activities in the same period of the previous consolidated fiscal year). This was chiefly attributable to net income before taxes of ¥3,231 million (down 26.8% year on year), depreciation of ¥848 million yen, the amortization of long-term prepaid expenses of ¥1,165 million, and a ¥843 million increase in inventories, offsetting a 1,412 million increase in notes and accounts receivable-trade.

Net cash used in investment activities was ¥24,700 million (compared with net cash of ¥2,411 million used in such activities in the same period of the previous fiscal year). This was chiefly attributable to expenditure for the loan of operating funds to subsidiaries of ¥1,218 million, an outlay for the purchase of long-term prepaid expenses of ¥1,067 million, outgoings of ¥19,510 million for the purchase of shares of subsidiaries resulting in change in scope of consolidation mainly due to the acquisition of SiTime, and expenditure for business acquisition of ¥1,157 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 used of ¥18,947 million (compared to net cash provided of ¥3,072 million in the same period of the previous fiscal year).

Net cash provided by financing activities was ¥20,814 million (compared with net cash of ¥3,623 million used in such activities in the same period of the previous consolidated fiscal year). This was chiefly attributable to a net increase in short-term loans payable of ¥11,701 million and proceeds from long-term loans payable of ¥14,000 million, which offset the repayment of loan-term loans payable of ¥2,833 million and outgoings for the purchase of treasury shares of ¥1,262 million.

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

Terms	21st term	22nd term	23rd term	24th term	25th term
Settlement dates	March 2011	March 2012	March 2013	March 2014	March 2015
Shareholders' equity ratio (%)	87.2	85.4	62.6	70.9	41.3
Shareholders' equity ratio on a market value basis (%)	122.2	134.6	79.5	64.8	43.0
Ratio of interest-bearing debt to cash-flow (%)	–	–	105.0	77.5	471.4
Interest coverage ratio	–	759.6	134.5	94.4	73.6

(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

The Company regards the appropriate distribution of profits to its shareholders as an important management issue, and has endeavored to distribute profits in line with earnings.

The Company recently amended its basic policy regarding the distribution of profits at a meeting of its Board of Directors held on May 13, 2015, to aggressively promote shareholder returns, while taking into consideration the Company's business outlook, to better achieve both the sustainable return of profits and the growth of the Company. Its basic policy is as follows:

- (i) The Company will determine the amount of dividends by taking an amount equivalent to at least 30% of the consolidated net income (with special factors relating to accounting, financial settlement or taxation added or subtracted upon due consideration) as the aggregate amount of dividends, while taking the medium-term business outlook into consideration, and dividing 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.
- (ii) Aiming at sustainable improvements in its corporate value, the Company will allocate funds to fundamental research to create innovative new technologies, the development of unique products, the achievement of a suitable business portfolio, and the securing of competent human resources to achieve medium-to long-term growth. It will also give consideration to maintaining a sound financial position that can withstand variations in the business environment.
- (iii) The Company shall endeavor to return profits to shareholders by acquiring its own shares expeditiously, taking into consideration such factors as market conditions, movements of stock prices, and the Company's financial circumstances in order to improve the efficiency of capital.

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.

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.

With respect to the distribution of retained earnings for the fiscal year under review, the Company decided to pay an annual dividend of ¥34 per share as an ordinary dividend (¥34 for the previous period) to shareholders as of March 31, 2015, in accordance with its recently amended basic policy regarding the distribution of profits.

The distribution of retained earnings for the fiscal year under review is as follows:

Resolution date	Total dividend payments (Thousand yen)	Dividend per share (Yen)
May 13, 2015 Resolution made by the Board of Directors	759	34.00

During the course of the fiscal year under review, the Company, following a Board of Directors resolution, acquired a total of 1,000,000 shares of treasury stock equal to an aggregate value of ¥1,262 million from the capital markets. The Company did not retire treasury shares during the fiscal year under review.

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.



## 2. Business Policy

### (1) Basic corporate management policy

The MegaChips Group has been advancing as a pioneer fabless manufacturer focused on R&D by engaging system LSI development as its core business since its foundation in 1990. It has followed a philosophy of expanding its business through “innovation,” coexisting with customers through “trust” and constantly contribute to society through “creation”.

Under its mission -- contribution to human safety and security, realization of affluent lifestyles, and conservation of the global environment based on its sophisticated technical capabilities, the MegaChips Group is committed to achieving further growth as a global company that will continually create new applications and provide system solutions.

The Group will realize this vision by aggressively promoting business for major global customers in growing device markets in the IoT sector, including mobile and wearable devices, in its competitive ASSP business, in addition to pursuing the ASIC business, in which the Group meticulously meets the needs of quality customers and which was previously the Group’s business base.

In addition, the Group’s basic policy is to aggressively promoting the return of profits to investors, while maintaining growth and a solid financial position though sustained improvement in operating results.

### (2) Targeted management indices

As targeted management indices, the MegaChips Group shall continue to place emphasis on consolidated return on equity (ROE), consolidated return on assets (ROA) and consolidated cash flows. In addition, the Group 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

(i) In the future, a society in which all kinds of objects are connected to networks will develop further, and demand for semiconductors is likely to grow in countries all over the world. The MegaChips Group aims to provide customers with a broad range of unique solutions by perceiving such changes as opportunities for further growth and creating new value that has never existed before with its sophisticated technological capabilities. In this way, the Group strives to contribute to the creation of a prosperous society in which people are able to enjoy their lives in the future.

To achieve these aspirations, the MegaChips Group will drive its businesses forward by adopting the following strategies.

i The Group will seek to expand products that constitute platforms for devices with future growth potential, focusing on (ASSP) products for specific applications in the IoT sector, including mobile and wearable devices.

ii The Group will further expand business relationships with major global companies in growing device markets by developing global human resources and promoting globalization. In particular, it will strengthen application and marketing human resources and seek enhancement of customer services.

iii The Group will seek to improve the operating income margin and develop into a high-growth, high-profit company, and will build a stronger financial position.

In short, the MegaChips Group will aim to enter the top 15 global fabless semiconductor manufacturers in the near future.

(ii) Although the Company has not established a basic policy related to control of the Company, it regards takeover defense measures and protecting the interests of its shareholders from abusive purchasers as an important management issue, and it is continually collecting information about the latest trends in corporate takeovers.

## 3. Basic Approach to Selection of Accounting Standards

The Company prepares consolidated financial statements and non-consolidated financial statements according to Japanese accounting standards. With respect to the implementation of International Financial Reporting Standards (IFRS), the Company constantly gathers information on the enactment and implementation of accounting standards both inside and outside Japan, but will continue preparing consolidated financial statements and non-consolidated financial statements in accordance with Japanese accounting standards for the time being.

4. Consolidated Financial Statements  
(1) Consolidated balance sheet

(Thousand yen)

	Previous consolidated fiscal year (ended March 31, 2014)	Consolidated fiscal year under review (ended March 31, 2015)
<b>Assets</b>		
Current assets:		
Cash and deposits	10,474,476	13,182,156
Notes and accounts receivable - trade	14,890,803	17,046,826
Merchandise and finished goods	1,907,826	2,087,683
Work in process	1,599,656	2,707,564
Raw materials and supplies	701,870	671,070
Deferred tax assets	1,711,641	2,054,508
Other	1,303,290	1,281,288
Allowance for doubtful accounts	(1,059)	(132,297)
Total current assets	32,588,504	38,898,799
Non-current assets		
Property, plant and equipment		
Buildings	3,854,822	3,942,161
Accumulated depreciation	(2,807,798)	(2,916,510)
Buildings, net	1,047,023	1,025,651
Land	289,638	289,638
Other	6,551,873	7,504,736
Accumulated depreciation	(6,014,380)	(6,611,714)
Other, net	537,493	893,021
Total property, plant and equipment	1,874,155	2,208,311
Intangible assets		
Goodwill	—	19,498,248
Technology assets	—	6,979,823
Other	649,081	1,784,269
Total intangible assets	649,081	28,262,342
Investments and other assets		
Investment securities	1,669,007	1,808,949
Long-term prepaid expenses	1,806,942	3,516,785
Deferred tax assets	3,539,214	1,608,390
Other	2,740,818	1,527,201
Total investment and other assets	9,755,983	8,461,326
Total non-current assets	12,279,220	38,931,980
Total assets	44,867,725	77,830,780

(Thousand yen)

	Previous consolidated fiscal year (ended March 31, 2014)	Consolidated fiscal year under review (ended March 31, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	4,154,275	5,201,778
Short-term loans payable	—	11,701,700
Current portion of long-term loans payable	2,833,332	3,416,670
Accounts payable other	1,826,067	6,234,046
Income taxes payable	141,461	253,972
Provision for bonuses	660,892	691,459
Provision for loss on construction contracts	462,728	291,442
Deferred tax liabilities	2,212	304,465
Other	550,971	1,087,378
<b>Total current liabilities</b>	<b>10,631,940</b>	<b>29,182,912</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,416,670	12,000,000
Deferred tax liabilities	17,866	2,873,912
Other	985,138	1,418,615
<b>Total non-current liabilities</b>	<b>2,419,675</b>	<b>16,292,527</b>
<b>Total liabilities</b>	<b>13,051,615</b>	<b>45,475,440</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,840,313	4,840,313
Capital surplus	6,181,300	6,181,300
Retained earnings	21,296,923	21,754,605
Treasury shares	(1,055,975)	(2,318,962)
<b>Total shareholders' equity</b>	<b>31,262,561</b>	<b>30,457,256</b>
<b>Other accumulated comprehensive income</b>		
Valuation difference on available-for-sale securities	(145,716)	(75,807)
Foreign currency translation adjustment	699,263	1,758,447
<b>Total other accumulated comprehensive income</b>	<b>553,547</b>	<b>1,682,640</b>
<b>Minority interests</b>	—	215,442
<b>Total net assets</b>	<b>31,816,109</b>	<b>32,355,339</b>
<b>Total liabilities and net assets</b>	<b>44,867,725</b>	<b>77,830,780</b>

## (2) Consolidated statements of income and statements of comprehensive income

(Thousand yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 to March 31, 2015)
Net sales	58,469,703	64,237,738
Cost of sales	43,348,786	45,263,445
Gross profit	15,120,916	18,974,293
Selling, general and administrative expenses	10,947,549	14,078,608
Operating income	4,173,367	4,895,684
Non-operating income		
Interest income	9,549	11,616
Dividend income	7,930	475
Gain on investments in partnership	27,108	20,595
Foreign exchange gains	123,693	—
Proceeds from miscellaneous income	15,788	31,477
Total non-operating income	184,070	64,165
Non-operating expenses		
Interest expenses	55,906	95,465
Borrowing fees	—	120,500
Provision of allowance for doubtful accounts	—	120,170
Foreign exchange losses	—	1,172,620
Miscellaneous loss	24,479	51,065
Total non-operating expenses	80,386	1,559,821
Ordinary income	4,277,052	3,400,028
Extraordinary income		
Gain on sales of non-current assets	—	509
Gain on sales of investment securities	588,479	—
Total extraordinary income	588,479	509
Extraordinary losses		
Loss on valuation of inventories	197,113	—
Loss on retirement of non-current assets	37,080	18,305
Loss on sales of investment securities	346	—
Loss on valuation of investment securities	120,070	20,372
Special retirement expenses	—	130,277
Loss on liquidation of business	97,262	—
Total extraordinary losses	451,873	168,955
Net income before taxes	4,413,658	3,231,581
Income taxes - current	588,133	486,220
Income taxes - deferred	(900,309)	1,564,228
Total income taxes	(312,175)	2,050,448
Income before minority interests	4,725,834	1,181,132
Minority interests in income (loss)	—	(70,413)
Net income	4,725,834	1,251,546

(Thousand yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 to March 31, 2015)
Minority interests in income (loss)	–	(70,413)
Income before minority interests	4,725,834	1,181,132
Other comprehensive income		
Valuation difference on available-for-sale securities	(413,009)	69,909
Foreign currency translation adjustment	701,354	1,084,897
Total other comprehensive income	288,345	1,154,806
Comprehensive income	5,014,179	2,335,939
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,014,179	2,380,639
Comprehensive income attributable to minority interests	–	(44,700)

## (3) Consolidated statement of changes in equity

Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	4,840,313	6,181,300	17,364,960	(1,056,030)	27,330,543
Changes of items during the period					
Dividends of surplus			(793,863)		(793,863)
Net income			4,725,834		4,725,834
Purchase of treasury shares				(48)	(48)
Disposal of treasury shares			(8)	104	95
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	3,931,962	55	3,932,018
Balance at the end of the period	4,840,313	6,181,300	21,296,923	(1,055,975)	31,262,561

	Other accumulated comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total other accumulated comprehensive income		
Balance at the beginning of the period	267,293	(2,091)	265,201	-	27,595,745
Changes of items during the period					
Dividends of surplus					(793,863)
Net income					4,725,834
Purchase of treasury shares					(48)
Disposal of treasury shares					95
Net changes of items other than shareholders' equity	(413,009)	701,354	288,345	-	288,345
Total changes of items during the period	(413,009)	701,354	288,345	-	4,220,363
Balance at the end of the period	(145,716)	699,263	553,547	-	31,816,109

## Consolidated fiscal year under review (From April 1, 2014 to March 31, 2015)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	4,840,313	6,181,300	21,296,923	(1,055,975)	31,262,561
Changes of items during the period					
Dividends of surplus			(793,864)		(793,864)
Net income			1,251,546		1,251,546
Purchase of treasury shares				(1,262,987)	(1,262,987)
Disposal of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	457,682	(1,262,987)	(805,305)
Balance at the end of the period	4,840,313	6,181,300	21,754,605	(2,318,962)	30,457,256

	Other accumulated comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total other accumulated comprehensive income		
Balance at the beginning of the period	(145,716)	699,263	553,547	—	31,816,109
Changes of items during the period					
Dividends of surplus					(793,864)
Net income					1,251,546
Purchase of treasury shares					(1,262,987)
Disposal of treasury shares					—
Net changes of items other than shareholders' equity	69,909	1,059,183	1,129,093	215,442	1,344,535
Total changes of items during the period	69,909	1,059,183	1,129,093	215,442	539,230
Balance at the end of the period	(75,807)	1,758,447	1,682,640	215,442	32,355,339

## (4) Consolidated statements of cash flows

(Thousand yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Net income before taxes	4,413,658	3,231,581
Depreciation	640,437	848,526
Amortization of goodwill	—	128,954
Amortization of long-term prepaid expenses	985,858	1,165,901
Increase (decrease) in allowance for doubtful accounts	135	131,237
Increase (decrease) in provision for bonuses	27,338	30,567
Increase (decrease) in provision for loss on construction contracts	(297,250)	(171,285)
Interest and dividend income	(17,479)	(12,091)
Interest expenses	55,906	95,465
Loss (gain) on investments in partnership	(27,108)	(20,595)
Foreign exchange losses (gains)	(109,019)	(64,599)
Loss on retirement of non-current assets	37,080	18,305
Loss (gain) on sales of investment securities	(588,133)	—
Loss (gain) on valuation of investment securities	120,070	20,372
Loss on liquidation of business	10,428	—
Decrease (increase) in notes and accounts receivable - trade	2,027,343	(1,412,280)
Decrease (increase) in inventories	(210,306)	843,206
Increase (decrease) in notes and accounts payable - trade	626,870	269,730
Decrease (increase) in other assets	71,940	499,427
Increase (decrease) in other liabilities	(954,131)	293,001
Other	(4,188)	(29,458)
Subtotal	6,809,451	5,865,966
Interest and dividend income received	17,496	12,646
Interest expenses paid	(58,114)	(78,180)
Income taxes refund	12,446	296,718
Income taxes paid	(1,297,226)	(344,303)
Net cash provided by (used in) operating activities	5,484,053	5,752,847
Cash flows from investing activities		
Payments into time deposits	(33,807)	(115,386)
Purchase of property, plant and equipment	(405,197)	(665,270)
Purchase of intangible assets	(176,058)	(514,072)
Proceeds from sales of investment securities	1,052,753	—
Purchase of investment securities	(30,726)	—
Purchase of long-term prepaid expenses	(652,899)	(1,067,091)
Collection of loans receivable	7,149	13,512
Payments of loans receivable	(98,590)	(1,218,766)
Proceeds from collection of guarantee deposits	3,357	7,026
Payments for guarantee deposits	(10,448)	(11,948)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	86,622
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(19,510,589)
Payments for transfer of business	—	(1,157,153)
Other	(2,066,614)	(547,446)
Net cash provided by (used in) investing activities	(2,411,079)	(24,700,562)



(Thousand yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 to March 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	11,701,700
Proceeds from long-term loans payable	—	14,000,000
Repayments of long-term loans payable	(2,833,332)	(2,833,332)
Proceeds from disposal of treasury shares	95	—
Purchase of treasury shares	(48)	(1,262,987)
Cash dividends paid	(790,167)	(790,955)
Net cash provided by (used in) financing activities	(3,623,452)	20,814,424
Effect of exchange rate change on cash and cash equivalents	559,601	720,929
Net increase (decrease) in cash and cash equivalents	9,122	2,587,638
Cash and cash equivalents at beginning of period	10,431,546	10,440,669
Cash and cash equivalents at end of period	10,440,669	13,028,308

(5) Notes relating to consolidated financial statements

(Note on going concern assumptions)

None

(Segment information, etc.)

Segment information

The MegaChips Group is mainly engaged in the design, development, manufacture (on an outsourcing basis) and sale of system LSIs, based on its basic image, audio and communications technologies, and electronic devices and system equipment that contain its system LSIs under the one business segment. As a result, the presentation of segment information has been omitted.

(Per share information)

(Unit: yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 to March 31, 2015)
Net assets per share	1,362.64	1,438.09
Net income per share	202.40	55.64

(Notes) 1. Diluted net income per share has not been shown because there were no latent shares.

2. The following shows the basis of calculation of net income per share.

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Consolidated fiscal year under review (From April 1, 2014 to March 31, 2015)
Net income (thousand yen)	4,725,834	1,251,546
Amount that does not belong to ordinary shareholders (thousand yen)	—	—
Net income related to common shares (thousand yen)	4,725,834	1,251,546
Average number of common shares during the period	23,348,972	22,492,445

(Material subsequent events)

None

## 5. Other

### Management reshuffles

#### (1) Candidate for director to be elected

Outside Director Chisato Tominaga (currently Associate Professor, Urban Business Study Course (Entrepreneurship Study), Graduate School of Creative Cities, Osaka City University)

#### (2) Scheduled date for assuming office:

June 24, 2015