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FOR IMMEDIATE RELEASE

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**(Correction/Numerical Data Correction) Partial Corrections to the
 Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [Japanese GAAP]**

MegaChips Corporation (the “Company”) hereby announces partial corrections to the consolidated financial results for the fiscal year ended March 31, 2017 [Japanese GAAP] published on May 10, 2017 as follows. Corrected parts are underlined and shown pre- and post-correction. Furthermore, the Company also announces corrections to numerical data (XBRL) in the financial statements.

1. Reasons for corrections

Following the publishing of the consolidated financial results for the fiscal year ended March 31, 2017, partial revisions were made to consolidated statements of cash flows during the process of compiling the securities report. Accordingly, the Company made corrections to the consolidated financial results already submitted.

2. Details of corrections

[Summary Information]

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(3) Consolidated Cash Flows

(Before correction)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2017	<u>(346)</u>	(6,540)	7,439	11,954
March 31, 2016	4,272	(5,955)	(379)	10,732

(After correction)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2017	<u>340</u>	(6,540)	7,439	11,954
March 31, 2016	4,272	(5,955)	(379)	10,732

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1. Overview of the Consolidated Operating Results, Etc.

(3) Overview of the cash flow

(Before correction)

(Omitted)

Net cash used by operating activities was ¥346 million (compared with net cash of ¥4,272 million provided by such activities in the same period of the previous consolidated fiscal year). This was chiefly attributable to a loss before taxes of ¥294 million (net income before taxes of ¥284 million in the previous fiscal year) and an increase in notes and accounts receivable-trade of ¥8,356 million, together with depreciation and amortization of goodwill of ¥2,319 million and ¥1,916 million, respectively, and an increase in notes and accounts payable-trade of ¥4,484 million.

Net cash used in investing activities was ¥6,540 million (compared with net cash of ¥5,955 million used in such activities in the same period of the previous fiscal year). This was chiefly attributable to the purchase of property, plant, and equipment of ¥2,308 million, the purchase of intangible non-current assets of ¥2,839 million, and the purchase of long-term prepaid expenses of ¥856 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 investing activities, resulted in net cash used of ¥6,886 million (compared to net cash used of ¥1,683 million in the same period of the previous fiscal year).

(Omitted)

(After correction)

(Omitted)

Net cash provided by operating activities was ¥340 million (compared with net cash of ¥4,272 million provided by such activities in the same period of the previous consolidated fiscal year). This was chiefly attributable to a loss before taxes of ¥294 million (net income before taxes of ¥284 million in the previous fiscal year) and an increase in notes and accounts receivable-trade of ¥8,356 million, together with depreciation and amortization of goodwill of ¥2,319 million and ¥1,916 million, respectively, and an increase in notes and accounts payable-trade of ¥4,484 million.

Net cash used in investing activities was ¥6,540 million (compared with net cash of ¥5,955 million used in such activities in the same period of the previous fiscal year). This was chiefly attributable to the purchase of property, plant, and equipment of ¥2,308 million, the purchase of intangible non-current assets of ¥2,839 million, and the purchase of long-term prepaid expenses of ¥856 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 investing activities, resulted in net cash used of ¥6,200 million (compared to net cash used of ¥1,683 million in the same period of the previous fiscal year).

(Omitted)

[Accompanying Materials p. 9]

3. Consolidated Financial Statements, and Main Notes

(4) Consolidated statements of cash flows

(Before correction)

(Thousand yen)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Consolidated fiscal year under review (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
(Omitted)		
Other	14,960	<u>(513,067)</u>
Subtotal	5,136,267	<u>354,086</u>
Interest and dividends income received	7,933	6,699
Interest expenses paid	(152,634)	(146,447)
Income taxes refund	33,715	2,484
Income taxes paid	(753,271)	(563,277)
Cash flows from operating activities	4,272,011	<u>(346,454)</u>
(Omitted)		
Effect of exchange rate change on cash and cash equivalents	(232,940)	<u>669,206</u>
Net increase (decrease) in cash and cash equivalents	(2,295,947)	1,221,806
Cash and cash equivalents at beginning of the period	13,028,308	10,732,361
Cash and cash equivalents at end of the period	10,732,361	11,954,167

(After correction)

(Thousand yen)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Consolidated fiscal year under review (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
(Omitted)		
Other	14,960	<u>173,701</u>
Subtotal	5,136,267	<u>1,040,854</u>
Interest and dividends income received	7,933	6,699
Interest expenses paid	(152,634)	(146,447)
Income taxes refund	33,715	2,484
Income taxes paid	(753,271)	(563,277)
Cash flows from operating activities	4,272,011	<u>340,313</u>
(Omitted)		
Effect of exchange rate change on cash and cash equivalents	(232,940)	<u>(17,561)</u>
Net increase (decrease) in cash and cash equivalents	(2,295,947)	1,221,806
Cash and cash equivalents at beginning of the period	13,028,308	10,732,361
Cash and cash equivalents at end of the period	10,732,361	11,954,167