SUMMARY OF FINANCIAL STATEMENTS (CONSOLIDATED)

For the Third Quarter Ended December 31, 2008

Presented January 26, 2009

MACNICA, Inc.

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1. Financial Results for the Third Quarter of Fiscal Year Ended March 31, 2009 - *(April 1, 2008 to December 31, 2008)*

(1) Consolidated Operating Results

(Millions of yen)

	April 1 to December 31, 2008		April 1 to December 31, 2007	
	Amount	% Change	Amount	% Change
Net sales	106,063	—	116,941	(7.4)
Operating income	2,763	—	3,481	(35.7)
Ordinary income	3,098	—	3,014	(44.7)
Net income	1,567	—	1,627	(50.3)
Net income per share (yen)	88.53		91.94	
Potential post-adjustment net income value per share (yen)	—		—	

(2) Consolidated Financial Position

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008
Total Assets	88,754	80,073
Shareholders' Equity	56,287	55,808
Equity Ratio (%)	63.4	69.7
Shareholder's Equity per Share (yen)	3,179.38	3,152.30

Equity (consolidated): End of third quarter, FY2009: 56,287 million yen; End of FY2008: 55,808 million yen

2. Dividends

	April 1 to March 31,		
	2009	2008	2009 (forecast)
Annual dividends per share (yen)	—	30.00	30.00
End of term (yen)	—	30.00	15.00
Third quarter (yen)	—	—	—
Mid term (yen)	15.00	—	—
First quarter (yen)	—	—	—

Note: Revisions to dividend forecast in the quarter: None

3. Consolidated Forecast for the Year Ending March 31, 2009 *- (April 1, 2008 - March 31, 2009)*

	Millions of yen	
	Year Ending March 31, 2009	
Net sales	144,000	(6.6%)
Operating income	4,000	(8.6%)
Ordinary income	3,500	51.5%
Net income	1,870	109.4%
Net income per share (yen)	105.63	

Note: Revisions to financial forecast in the quarter: None

4. Additional Notes

(1) Transfers of leading subsidiaries during the period (transfers of specified subsidiaries accompanies by changes in the scope of consolidation): None

(2) Application of simplified accounting treatment and unique accounting treatment when creating quarterly consolidated financial statements: Yes (please refer to page 5.)

(3) Changes in accounting principles, procedures and methods of presentation relating to the preparation of quarterly consolidated financial statements (Record under Changes to Significant Matters Forming the Basis for the Preparation of Quarterly Consolidated Financial Statements)

(i) Changes accompanying amendments to accounting standards: Yes

(ii)Changes other than those in (i) above: None (please refer to page 5.)

(4) Number of outstanding shares (common shares)

(i) Number of shares issued and outstanding at end of period (including treasury stock)

Third Quarter FY2009: 18,110,252 shares End Fiscal Year 2008: 18,110,252 shares

(ii) Number of shares of treasury stock issued and outstanding at end of period

Third Quarter FY2009: 406,355 shares End Fiscal Year 2008: 406,063 shares

(iii) Average number of treasury stock during the period

Third Quarter FY2009: 17,704,002 shares Third Quarter FY2008: 17,704,300 shares

Note: Effective from the fiscal period under review, the Company has adopted the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14). In addition, the quarterly consolidated financial report is prepared in accordance with the Regulation for Quarterly Consolidated Financial Statements.

II. Business Results and Financial Position

(1) Business Results

1. Consolidated First Half Overview

Through the third quarter of the current fiscal year, the yen appreciated, the stock market fell, and the Japanese economy stalled as global economic growth slowed with the financial crisis that originated with the U.S. subprime mortgage problem. Under these economic conditions, exports continued to decline, capital expenditure declined as sales shrank due to worsening economic conditions both overseas and in Japan, and consumer spending has fallen along with the decline in worker compensation and the deterioration in consumer sentiment.

The Macnica Group is active in the electronics industry, and this industry has seen a rapid change in the environment related to final demand as the economy has deteriorated. The consumer electronics market, which includes mobile phones, flat-screen TVs, and digital still cameras, has entered a correction phase in terms of production. Furthermore, the industrial equipment market continues to stagnate because of the serious decline in corporate earnings.

These factors resulted in a 9.3% year-on-year decline in sales to 106,063 million yen, a 20.6% year-on-year decrease in operating income to 2,763 million yen, a 2.8% year-on-year growth in ordinary income to 3,098 million yen, and a 3.7% year-on-year decrease in net income to 1,567 million yen.

IC and Electronic Devices Business

Due to the dramatic decline in demand within the electronics industry, there has been an abrupt decline during the first three quarters of the current fiscal year in orders for application specific standard products (ASSPs) used in disk arrays and analog ICs for digital still cameras and laptop computer battery packs, which had been relatively firm. As for the network infrastructure market, sales of programmable logic devices (PLDs) for mobile phone base stations, which had appeared to be recovering, shrank, sales of custom ICs used in flat-screen TVs, which faced fiercer competition, declined further, and sales of almost all the main product lines that the company handles, such as PLDs, have been weak.

As a result, sales in IC and Electronic Devices declined 10.5% year-on-year in the third quarter to 96,724 million yen while operating income declined 59.8% year-on-year to 965 million yen.

Network-related Products Business

While there were visible efforts to hold down IT because of efforts by corporations to restrain IT investments, there has also been a decline in orders for Internet-related hardware, such as bandwidth management devices and proxy servers. On the other hand, sales of security software have been firm following the winning of new major projects.

Resulting sales in Network-related Products increased 5.1% year-on-year in this third quarter to 9,339 million yen with operating income increasing 72.2% to 1,706 million yen

Japan

As for PLDs, the Group's core product, there were signs of a recovery in sales for mobile phone base stations and fiber optic communications devices; however, orders declined during the first three quarters of the current fiscal year. Orders for ICs used in laptop computers, which had been firm as the market expanded, rapidly declined, and orders for ICs used in digital still cameras shrank dramatically as clients adjusted their production. Furthermore, there has been a rapid decline in orders for ASSPs used in disk arrays and orders for ASSPs for next generation network communication equipment did not grow as expected.

As a result, sales in Japan declined 10.2% year on year to 104,066 million yen and operating income fell 20.2% year on year to 2,455 million yen.

Asia

Sales of ICs to liquid crystal panel manufactures shrank dramatically since competition with local semiconductor manufacturers in Taiwan intensified and demand for final products fell. There was overall slack demand in markets in Asia, where production bases of consumer electronics are mainly located.

As a result, sales in Asia fell 20.3% year on year to 15,113 million yen and operating income fell 29.6% year on year to 305 million yen.
(Consumption tax is not included in these figures.)

2. Consolidated Financial Position

Total assets as of the end of the third quarter rose 8,681 million yen compared with the end of the previous consolidated fiscal year; net assets increased 479 million yen, and the equity ratio was 63.4%.

As for cash flows, net cash provided by operating activities totaled 4,342 million yen. Although factors such as an increase in accounts receivable weighed down the cash flow, the Company recorded 2,848 million yen in net income before taxes, and other factors boosted the cash flow including an increase in accounts payable and decline in inventories.

Net cash used for investing activities totaled 5,807 million yen, which was due to several factors such as the purchase of intangible fixed assets and the use of 3,605 million yen for the purchase of shares of consolidated subsidiaries accompanying a change in consolidation.

Net cash provided by financing activities was 4,880 million yen. Although the payment of dividends and repayment of short-term loans weighed down the cash flow, other factors, such as long-term loans, boosted the cash flow.

As a result, Cash and cash equivalents at the end of this quarter were 14,891 million yen, a year-on-year increase of 2,953 million yen.

3. Outlook for the Fiscal Year

It is projected that the business environment will become even more harsh as the electronics industry, which the Company is active in, faces falling demand in the market for final products as a result of the global economic slowdown due to the financial crises that originated with the U.S. subprime mortgage problem, and it is unavoidable that this will impact the Group's earnings. At the present time, the degree that these conditions will affect earnings is being examined, and the results will be released as soon as possible.

4. Other

1. Transfers of leading subsidiaries during the period (transfers of specified subsidiaries accompanies by changes in the scope of consolidation): None

2. Application of simplified accounting treatment and unique accounting treatment when creating quarterly consolidated financial statements:

i) Simplified accounting treatment:

- Inventory valuation method

Concerning the write-down of the book value of inventories, only for those items whose drop in profitability was apparent, an estimate of net sale value was made and book values were written down.

ii) Unique accounting treatment when creating quarterly consolidated financial statements:

- Calculating tax expense:

A rational estimate is made of the effective tax rate following application of tax effect accounting to net income before income taxes for the consolidated fiscal year, which includes the current third quarter, and then the tax expense is calculated by multiplying the net income before income taxes by the estimated effective tax rate.

The given adjustment to corporate income tax includes corporate taxes.

3. Changes in accounting principles, procedures and methods of presentation relating to the preparation of quarterly consolidated financial statements:

i) Effective from the fiscal period under review, the Company has adopted the "Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12)" and the "Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14)." In addition, the quarterly consolidated financial report is prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements."

ii) Changes in criteria and method for valuing assets

- Inventories

Prior to April 1, 2008, inventories held for sale in the ordinary course of business were stated at cost, determined by moving average method. The Accounting Standard Board of Japan (ASBJ) issued ASBJ Statement No.9, July 5, 2006, "Accounting Standard for Measurement of Inventories", which is effective for fiscal years beginning on or after April 1, 2008, which requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value. The Company adopted the new accounting standard for measurement of inventories from this first quarter.

The effect of adopting this standard was decreased operating income by 134 million yen, decreased ordinary income by 9 million yen, and decreased income before income taxes by 224 million yen, respectively.

The effect of this change on segment information is stated in the relevant sections.

iii) Application of accounting standards for lease transactions

Effective from this fiscal year, Macnica has implemented early adoption of the "Accounting Standard for Lease Transactions (Statement No.13, issued by the Accounting Standards Board of Japan on June 17, 1993 and last revised on March 30, 2007)" and the "Guidance on Accounting Standard for Lease Transactions (Guidance No.16, issued by Accounting Standards Board of Japan; January 18, 1994 and last revised on March 30, 2007)".

Under the new accounting standard, finance lease transactions in which there is no transfer of ownership are amortized by the straight-line method over the term of the lease, with a residual value of zero.

Regards finance lease transactions in which there is no transfer of ownership which occurred prior to the beginning of this fiscal year in which the new standards are applied, Macnica continues to apply accounting methods conforming to regular lease transactions.

The effect of adopting this standard on the current third quarter was to record a 47 million yen of lease assets as tangible fixed assets.

This change has minor effect on the Company's loss.

III. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008
ASSETS		
Current assets		
Cash and deposits	15,281	11,426
Notes & accounts receivable	29,693	28,477
Securities	11	511
Inventories	23,835	22,868
Other current assets	5,951	5,403
Allowance for doubtful accounts	(114)	(72)
Total current assets	**74,658**	**68,615**
Fixed assets		
Buildings and structures (Net)	3,345	3,441
Machinery, equipment and vehicles (Net)	26	25
Land	2,745	2,745
Other fixed assets (Net)	839	709
Tangible assets	**6,957**	**6,922**
Goodwill	1,963	—
Other	1,763	1,810
Intangible assets	**3,727**	**1,810**
Investments and other assets		
Investment in securities	1,334	1,428
Other	2,104	1,320
Allowance for doubtful accounts	(28)	(23)
Investments and other assets	**3,411**	**2,725**
Total fixed assets	**14,096**	**11,457**
TOTAL ASSETS	**88,754**	**80,073**

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008
LIABILITIES		
Current liabilities		
Notes & accounts payable	12,091	10,226
Short-term loans payable	3,625	5,827
Accrued income taxes	1,340	345
Accrued bonuses	304	566
Accrued bonuses for directors	5	—
Provision for loss on guarantees	9	—
Other current liabilities	4,596	4,419
Total current liabilities	**21,973**	**21,385**
Long-term liabilities		
Long-term debt	8,012	37
Accrued retirement benefits	1,836	1,712
Retirement benefits for directors	392	377
Negative goodwill	—	428
Other current liabilities	252	322
Total long-term liabilities	**10,493**	**2,878**
TOTAL LIABILITIES	**32,467**	**24,264**
Shareholders Equity		
Paid-in capital	11,194	11,194
Additional paid-in capital	19,476	19,476
Retained earnings	26,969	26,186
Treasury stock	(1,088)	(1,088)
Total shareholders' equity	56,551	55,768
Appraisal and translation differences		
Unrealized holding gain on securities	(73)	(35)
Translation adjustments	(190)	76
Total appraisal & translation differences	(264)	40
Total net assets	56,287	55,808
TOTAL LIABILITIES & NET ASSETS	**88,754**	**80,073**

(2) Consolidated Statements of Income

(Millions of yen)

	April 1 to December 31, 2008
Net sales	**106,063**
Cost of sales	89,894
Gross profit	16,169
Selling, general & administrative expenses	13,406
Operating income	**2,763**
Non-operating income	
Interest income	57
Loss on translation	260
Amortization of negative goodwill	183
Other	199
Total non-operating income	**701**
Non-operating expenses	
Interest paid	111
Loss on transfer of receivables	126
Other	128
Total non-operating expenses	**366**
Ordinary income	**3,098**
Extraordinary income	
Proceeds from sale of investment securities	48
Total extraordinary income	**48**
Extraordinary losses	
Loss on valuation of inventory	214
Loss on devaluation of investment securities	29
Provision of allowance for doubtful accounts	30
Provision for reserve for loss on guarantees	9
Other	14
Total extraordinary losses	**299**
Income before income taxes and minority interests	**2,848**
Corporate, inhabitant and enterprise taxes	1,281
Total corporate tax etc.	**1,281**
Net income	**1,567**

(3) Consolidated Statements of Cash Flow

(Millions of yen)

	April 1 to December 31, 2008
1. Operating activities	
Income before income taxes	2,848
Depreciation and amortization	771
Interest and dividend income	(62)
Interest expense	111
Change in notes and accounts receivable trade	(402)
Change in inventories	245
Changes in trade payable	1,512
Other	(538)
Sub-total	**4,485**
Interest and dividends received	64
Interest paid	(106)
Income taxes paid	(99)
Net cash provided by (used in) operating activities	**4,342**
2. Investing Activities	
Payments for purchase of time deposits	(477)
Disbursement of loans	(1,131)
Proceeds from collection of loans	911
Purchases of property and equipment	(246)
Purchases of intangible assets	(654)
Purchases of marketable securities	(23)
Proceeds from sales of marketable securities	55
Payments for acquisition of newly consolidated subsidiaries	(3,605)
Other	(637)
Net cash provided by (used in) investing activities	**(5,807)**

	April 1 to December 31, 2008
3. Financing activities	
Change in short-term loans	(2,314)
Proceeds from long-term loans payable	8,000
Repayment of long-term debt	(25)
Cash dividends paid	(779)
Other	0
Net cash provided by (used in) financing activities	**4,880**
4. Effect of exchange rate changes on cash and cash equivalents	**(462)**
5. Net increase (decrease) in cash and cash equivalents	**2,953**
6. Cash and cash equivalents at beginning of the year	**11,938**
7. Cash and cash equivalents at year end	**14,891**

Effective from the fiscal period under review, the Company has adopted the "Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12)" and the "Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14)". In addition, the quarterly consolidated financial report is prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements".

IV. Notes regarding continuing concern

None

V. Segment Information

1) Segment Information by Business Type

Current Consolidated Third Quarter – (April 1, 2008 – December 31, 2008) *(Millions of yen)*

	IC and electronic devices business	Network-related products business	Total	Cancellation or general	Consolidated
Sales (1) Sales to external customers	96,724	9,339	106,063	—	106,063
(2) Internal sales or transfers between segments	—	—	—	—	—
Total	96,724	9,339	106,063	—	106,063
Sales expenses	95,759	7,632	103,391	(91)	103,300
Operating income	965	1,706	2,671	91	2,763

1. Business segments are segments the Company uses for internal management.
2. Main products in each segment:
   a) Integrated circuit and electronic device business: PLD, ASIC, ASSP, Analog IC, Memory, other electronics devices
   b) Network-related products business: network-related hardware, software and services
3. Prior to April 1, 2008, inventories held for sale in the ordinary course of business were stated at cost, determined by moving average method. The Accounting Standard Board of Japan (ASBJ) issued ASBJ Statement No.9, July 5, 2006, "Accounting Standard for Measurement of Inventories", effective for fiscal years beginning on or after April 1, 2008, which requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value. The Company adopted the new accounting standard for inventories from this first quarter. The effect of adoption of this standard was to decrease operating income in IC and electronic devices business by 111 million yen and Network-related products business by 22 million yen, respectively, during the third quarter of the current fiscal year.

Previous Consolidated Third Quarter – (April 1, 2007 – December 31, 2007) *(Millions of yen)*

	IC and electronic devices business	Network-related products business	Total	Cancellation or general	Consolidated
Sales (1) Sales to external customers	108,056	8,884	116,941	—	116,941
(2) Internal sales or transfers between segments	—	—	—	—	—
Total	108,056	8,884	116,941	—	116,941
Sales expenses	105,657	7,893	113,550	(91)	113,459
Operating income	2,399	990	3,390	91	3,481

1. Business segments are segments the Company uses for internal management.
2. Main products in each segment: same as above.

2) Segment Information by Geographical Area

Current Consolidated Third Quarter – (April 1, 2008 – December 31, 2008) *(Millions of yen)*

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales					
(1) Sales to external customers	90,949	15,113	106,063	—	106,063
(2) Internal sales or transfers between segments	13,116	—	13,116	(13,116)	—
Total	104,066	15,113	119,180	(13,116)	106,063
Sales expenses	101,611	14,808	116,420	(13,119)	103,300
Operating income	2,455	305	2,760	2	2,763

Notes:

1. Countries and regions classified by geographical proximity.
2. Countries and regions belonging to each classification:
   Asia: China, Hong Kong, Taiwan, Singapore.
3. Prior to April 1, 2008, inventories held for sale in the ordinary course of business were stated at cost, determined by moving average method. The Accounting Standard Board of Japan (ASBJ) issued ASBJ Statement No.9, July 5, 2006, "Accounting Standard for Measurement of Inventories", which is effective for fiscal years beginning on or after April 1, 2008, which requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value. The Company adopted the new accounting standard for measurement of inventories from this first quarter. This effect of adoption of this standard was to decrease operating income by 126 million yen in Japan and by 7 million yen in Asia, respectively, during the third quarter of the current fiscal year.

Previous Consolidated Third Quarter – (April 1, 2007 – December 31, 2007) *(Millions of yen)*

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales					
(1) Sales to external customers	98,009	18,931	116,941	—	116,941
(2) Internal sales or transfers between segments	17,829	40	17,869	(17,869)	—
Total	115,839	18,971	134,810	(17,869)	116,941
Sales expenses	112,761	18,538	131,299	(17,839)	113,459
Operating income	3,077	433	3,511	(29)	3,481

Notes:

1. Countries and regions classified by geographical proximity.
2. Countries and regions belonging to each classification:
   Asia: China, Hong Kong, Taiwan, Singapore.

3) Overseas Sales

Current Consolidated Third Quarter – (April 1, 2008 – December 31, 2008) *(Millions of yen)*

	Asia	Other	Total
I. Overseas sales	18,026	640	18,667
II. Consolidated sales	—	—	106,063
III. Overseas sales ratio （%）	17.0	0.6	17.6

Notes:
1. Countries and regions classified by geographical proximity.
2. Countries and regions belonging to each classification:
   Asia: China, Hong Kong, Taiwan, Singapore.
   Others: U.S.A.

Previous Consolidated Third Quarter – (April 1, 2007 – December 31, 2007) *(Millions of yen)*

	Asia	Other	Total
I. Overseas sales	20,968	386	21,355
II. Consolidated sales	—	—	116,941
III. Overseas sales ratio （%）	17.9	0.3	18.2

Notes:
1. Countries and regions classified by geographical proximity.
2. Countries and regions belonging to each classification:
   Asia: China, Hong Kong, Taiwan, Malaysia.
   Others: U.S.A.

VI. Significant change in shareholders' equity

None

Reference

Previous Consolidated Third Quarter Statements of Income (Summary)

(Millions of yen)

	April 1 to December 31, 2007
Net sales	**116,941**
Cost of goods sold	100,312
Gross profit	**16,628**
Selling, general and administrative expenses	13,147
Operating income	**3,481**
Interest income	96
Dividend income	101
Negative goodwill	183
Translation gain	28
Other	87
Non-operating income	**498**
Interest paid	175
Other	789
Non-operating expenses	**964**
Ordianry income	**3,014**
Extraordinary income	**42**
Extraordinary losses	**340**
Income before income taxes	**2,716**
Corporate, inhabitant and enterprise taxes	895
Income tax adjustment	192
Corporate tax, etc.	1,088
Net income	**1,627**