SUMMARY OF FINANCIAL STATEMENTS (CONSOLIDATED)

For the First Half Ended September 30, 2009

Presented October 26, 2009

MACNICA, Inc.

Listed exchanges	Tokyo Stock Exchange
Stock code	7631
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Expected date of quarterly financial report submission	November 12, 2009
Parent company	--
Parent's ownership stake	--%
U.S. GAAP accounting principles	Not adopted
Scheduled dividend payment date	December 2, 2009

1. Financial Results for the First Half of Fiscal Year Ended September 30, 2009 - *(April 1, 2009 to September 30, 2009)*

(1) Consolidated Operating Results

(Millions of yen)

	April 1 to September 30, 2009		April 1 to September 30, 2008	
	Amount	Amount	Amount	% Change
Net sales	70,846	(4.6)	74,225	—
Operating income	1,115	(59.2)	2,736	—
Ordinary income	1,388	(42.6)	2,417	—
Net income	635	(52.0)	1,322	—
Net income per share (yen)	35.90		74.73	
Potential post-adjustment net income value per share (yen)	—		—	

(2) Consolidated Financial Position

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
Total Assets	90,040	82,748
Shareholders' Equity	54,653	54,748
Equity Ratio (%)	60.7	66.2
Shareholder's Equity per Share (yen)	3,087.12	3,092.44

Equity (consolidated): End of first half, FY2010: 54,635 million yen; End of FY2009: 54,748 million yen

2. Dividends

	April 1 to March 31,		
	2010	2009	2010 (forecast)
Annual dividends per share (yen)	—	30.00	30.00
End of term (yen)	—	15.00	15.00
Third quarter (yen)	—	—	—
Mid term (yen)	15.00	15.00	—
First quarter (yen)	—	—	—

Note: Revisions to dividend forecast in the quarter: None

3. Consolidated Forecast for the Year Ending March 31, 2010 *- (April 1, 2009 - March 31, 2010)*

	Millions of yen	
	Year Ending March 31, 2010	
Net sales	140,600	6.9%
Operating income	2,030	14.2%
Ordinary income	2,240	41.2%
Net income	1,040	—
Net income per share (yen)	58.74	

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)

First Half FY2010:	18,110,252 shares	End Fiscal Year 2009:	18,110,252 shares

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

First Half FY2010:	406,405 shares	End Fiscal Year 2009:	406,330 shares

(iii) Average number of treasury stock during the period

First Half FY2010:	17,703,911 shares	First Half FY2009:	17,704,052 shares

Note: Profit forecasts are based on the information available to management at the time they are made, and assumptions which are considered to be reasonable. Actual results may differ materially from forecasts for a number of reasons.

II. Business Results and Financial Position

(1) Business Results

1. Consolidated First Half Overview

During the first half of the fiscal year under review, exports, particularly those to China, grew, and the Japanese economy continued to recover for various reasons including an end to inventory corrections. As for consumer spending, there was light at the end of the tunnel as spending recovered following the government's implementation of various economic stimulus measures, including cash handouts to residents, cuts in car taxes, and the introduction of a system of "eco-point" in which consumers who buy energy-efficient flat-screen TVs, refrigerators, air-conditioners, etc., can collect eco-points based on the product category, size of product and a star rating system.

The Macnica Group is active in the electronics industry, and there were various developments in this industry. The computer market recovered as low-end notebook computers, particularly netbooks, stimulated demand. Furthermore, the consumer electronics market strengthened as a result of an increase in flat-screen TV sales since inventory adjustments ran their course and the government's economic stimulus measures, including the eco-points system, kicked in. Driven by demand for smart phones, sales of mobile phones also expanded. However, conditions remained harsh in the market for industrial equipment and OA peripheral devices, which depend on a recovery in corporate earning and capital expenditures.

The above factors resulted in a 4.6% year-on-year decline in sales to 70,846 million yen, 59.2% year-on-year decline in operating income to 1,115 million yen, and a 42.6% year-on-year decline in ordinary income to 1,388 million yen for the first half. Net income for the first half declined 52.0% year-on-year to 635 million yen.

IC and Electronic Devices Business

In addition to improvements in the mobile phone market, orders grew for communication application specific standard products (ASSPs) used for similar purposes. Although there was an overall contraction in the communication infrastructure market as orders for programmable logic devices (PLDs) declined due to a fall in capital expenditures for mobile phone base station equipment within Japan, orders were firm for PLDs used in domestic next generation networks and ASSPs for communication equipment, and investment in 3G mobile phone related infrastructure in China expanded. In the market for personal computers, which incorporate Macnica's analog ICs, orders grew for low-end notebook computers, driven by demand for netbooks. In the consumer electronics market, sales of analog ICs for digital still cameras rose as inventory corrections were completed, and sales of custom ICs for Taiwanese liquid crystal panel manufacturers also expanded. There was a decline in the gross profit margin for numerous reasons including greater sales of products with low profit margins and continuing stagnant orders for products used in industrial equipment that have a relatively fat profit margin.

The above factors resulted in a 4.0% year-on-year decline in sales for the first half of the current fiscal year to 65,131 million yen and operating income of 300 million yen, a 79.3% year-on-year decline.

Network-related Products Business

Although there were firm sales of Internet security related devices and sales of communication switchboard equipment expanded because of replacement demand, sales of other products, including bandwidth managers and security software, shrank as a result of fewer new projects due to the weak economy. On the other hand, there was steady growth in sales of services.

The above factors resulted in a 9.9% year-on-year decrease in sales for the first half of the current fiscal year to 5,714 million yen and a 48.3% year-on-year decline in operating income to 632 million yen.

Japan

As for PLDs, Macnica's core product, there was a dramatic decline in sales due to the stagnant market for industrial equipment although some capital expenditures related to mobile phone base stations were re-launched in the second quarter. On the other hand, sales of ASSPs for communication equipment expanded as orders for ones used in mobile phones and next generation equipment were firm. Greater demand in the notebook computer market and an end to inventory corrections for digital still cameras led to a recovery in sales of analog ICs.

As a result, sales in Japan declined 11.5% year on year to 64,412 million yen and operating income was 575 million yen, a 75.6% year on year decline.

Asia

In Asia, the Group saw orders for its products grow. In particular, there was a major recovery in the custom IC business targeting Taiwanese liquid crystal panel manufacturers as a result of China's economic stimulus package. In addition, capital expenditures for mobile phone base station equipment in China strengthened, and there were a larger number of instances where production of products such as digital still cameras and printers was moved from Japan to Singapore and Thailand.

As a result, sales in Asia increased 80.9% year on year to 20,117 million yen and operating incomes increased 128.4% year on year to 633 million yen.

2. Consolidated Financial Position

Total assets as of the end of the first half of the current fiscal year rose 7,291 million yen compared with the end of the previous consolidated fiscal year; net assets fell 94 million yen, and the capital adequacy ratio was 60.7%.

Cash outflow from operating activities was 2,957 million yen. While there were various items contributing to the increase of the cash flow, including an increase in income before income taxes of 1,282 million yen and trade payable, such factors as an increase in notes and accounts receivable - trade and an increase in inventories weighed down cash flow.

Cash outflow from investing activities was 308 million yen due to the purchase of tangible and intangible fixed assets.

Cash outflow from financing activities was 355 million yen due to the payment of dividends among other factors.

As a result, cash and cash equivalents at the end of this first half were 16,431 million yen, a year-on-year decrease of 4,054 million yen, resulting from an increase of 463 million yen due to the increase of newly consolidated subsidiaries.

3. Outlook for the Fiscal Year

There have been no changes in projections for consolidated earnings for the full fiscal year released on October 22, 2009. The Company will disclose information in a timely manner following the occurrence of facts that require disclosure.

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:

- Inventories

Inventories write-down are based on the current net sales value of items on which profit margins have declined significantly.

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 first half, 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) Application of accounting standard for construction contracts:

While traditionally the completed contract method has been applied for the recording of revenue related to orders for the development of software, the Accounting Standard for Construction Contracts (Accounting Standard No. 15 released by the Accounting Standards Board of Japan (ASBJ) on December 27, 2007) and the Implementation Guidance on Accounting Standard for Construction Contracts (Implementation Guidance No. 18 released by the ASBJ on December 12, 2007) have been applied starting the first quarter of the fiscal year. The percentage-of-completion method (expected percent completed is calculated using the proportion-of-cost method) is applied to contracts whose portion completed through the first half is considered certain, and the completed contract method is applied to other contracts received.

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

III. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
ASSETS		
Current assets		
Cash and deposits	16,791	20,432
Notes & accounts receivable	33,598	24,256
Securities	12	13
Inventories	21,942	19,843
Other current assets	4,406	4,481
Allowance for doubtful accounts	(160)	(109)
Total current assets	**76,590**	**68,918**
Fixed assets		
Buildings and structures (Net)	3,362	3,307
Machinery, equipment and vehicles (Net)	21	23
Land	2,746	2,745
Other fixed assets (Net)	705	769
Tangible assets	**6,835**	**6,846**
Goodwill	2,044	2,035
Other	1,545	1,763
Intangible assets	**3,589**	**3,799**
Investments and other assets		
Investment in securities	1,292	1,418
Other	1,843	1,889
Allowance for doubtful accounts	(109)	(123)
Investments and other assets	**3,025**	**3,184**
Total fixed assets	**13,449**	**13,830**
TOTAL ASSETS	**90,040**	**82,748**

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
LIABILITIES		
Current liabilities		
Notes & accounts payable	17,183	8,963
Short-term loans payable	26	87
Accrued income taxes	587	702
Accrued bonuses	622	613
Other current liabilities	4,391	5,149
Total current liabilities	**22,812**	**15,516**
Long-term liabilities		
Long-term debt	10,000	10,012
Accrued retirement benefits	1,941	1,827
Retirement benefits for directors	406	398
Other current liabilities	226	245
Total long-term liabilities	**12,574**	**12,484**
TOTAL LIABILITIES	**35,386**	**28,000**
Shareholders Equity		
Paid-in capital	11,194	11,194
Additional paid-in capital	19,476	19,476
Retained earnings	25,586	25,246
Treasury stock	(1,088)	(1,088)
Total shareholders' equity	55,168	54,828
Appraisal and translation differences		
Unrealized holding gain on securities	(19)	(41)
Gain (loss) on deferred hedge	97	—
Translation adjustments	(592)	(38)
Total appraisal & translation differences	(514)	(80)
Total net assets	54,653	54,748
TOTAL LIABILITIES & NET ASSETS	**90,040**	**82,748**

(2) Consolidated Statements of Income

(Millions of yen)

	April 1 to September 30, 2009	April 1 to September 30, 2008
Net sales	**70,846**	**74,225**
Cost of sales	60,985	62,394
Gross profit	9,860	11,831
Selling, general & administrative expenses	8,744	9,094
Operating income	1,115	2,736
Non-operating income		
Interest income	24	47
Amortization of negative goodwill	8	122
Gain on translation	413	—
Other	121	222
Total non-operating income	**567**	**392**
Non-operating expenses		
Interest paid	116	75
Loss on translation	—	446
Product warranty related expenses	83	—
Other	94	188
Total non-operating expenses	**294**	**711**
Ordinary income	**1,388**	**2,417**
Extraordinary income		
Proceeds from sale of fixed assets	1	—
Proceeds from sale of investment securities	—	48
Gain from redemption of investment securities	17	—
Total extraordinary income	**19**	**48**
Extraordinary losses		
Loss on valuation of inventory	—	214
Loss on devaluation of investment securities	81	23
Loss on devaluation of investments to affiliated companies	34	—
Provision of allowance for doubtful accounts	—	24
Provision for reserve for loss on guarantees	—	9
Other	8	12
Total extraordinary losses	**125**	**285**
Income before income taxes	**1,282**	**2,180**
Corporate, inhabitant and enterprise taxes	**647**	**857**
Total corporate tax etc.	**647**	**857**
Net income	**635**	**1,322**

(3) Consolidated Statements of Cash Flow

(Millions of yen)

	April 1 to September 30, 2009	April 1 to September 30, 2008
1. OPERATING ACTIVITIES		
Income before income taxes	1.282	2,180
Depreciation and amortization	524	491
Interest and dividend income	(33)	(52)
Interest expense	116	75
Change in notes and accounts receivable trade	(9,493)	(6,455)
Change in inventories	(2,165)	(3,250)
Changes in trade payable	8,621	6,450
Other	(929)	131
Sub-total	**(2,077)**	**(430)**
Interest and dividends received	34	55
Interest paid	(114)	(77)
Corporate tax, etc. refunded (paid)	(800)	232
Net cash provided by (used in) operating activities	**(2,957)**	**(220)**
2. Investing Activities		
Payments for purchase of time deposits	(103)	(167)
Proceeds from withdrawal of time deposits	134	—
Disbursement of loans	(81)	(1,109)
Proceeds from collection of loans	42	901
Purchases of property and equipment	(143)	(209)
Proceeds from sales of property and equipment	3	—
Purchases of intangible assets	(81)	(598)
Purchases of investment securities	(4)	(23)
Proceeds from sales of investment securities	5	55
Other	(79)	(573)
Net cash provided by (used in) investing activities	**(308)**	(1,724)
3. Financing activities		
Change in short-term loans	(67)	420
Repayment of long-term debt	(12)	(12)
Cash dividends paid	(266)	(530)
Other	(9)	0
Net cash provided by (used in) financing activities	**(355)**	**(122)**
4. Effect of exchange rate changes on cash and cash equivalents	**(432)**	**(143)**
5. Net increase (decrease) in cash and cash equivalents	**(4,054)**	**(2,211)**
6. Cash and cash equivalents at beginning of the year	**20,022**	**11,938**
7. Increase in cash and cash equivalents due to the increase of newly consolidated subsidiaries	**463**	**—**
8. Cash and cash equivalents at year end	**16,431**	**9,727**

IV. Notes Regarding Going Concern

None

V. Segment Information

1) Segment Information by Business Type

Current Consolidated First Half – (April 1, 2009 – September 30, 2009) *(Millions of yen)*

	IC and electronic devices business	Network-related products business	Total	Cancellation or general	Consolidated
Sales (1) Sales to external customers	65,131	5,714	70,846	—	70,846
(2) Internal sales or transfers between segments	—	—	—	—	—
Total	65,131	5,714	70,846	—	70,846
Operating income	300	632	932	182	1,115

1. Business segments are segments the Company uses for internal management.
2. Main products in each segment:
   a) IC and electronic devices business: PLD, ASIC, ASSP, Analog IC, Memory, other electronics devices
   b) Network-related products business: network-related hardware, software and services

Previous Consolidated First Half – (April 1, 2008 – September 30, 2008)

(Millions of yen)

	IC and electronic devices business	Network-related products business	Total	Cancellation or general	Consolidated
Sales (1) Sales to external customers	67,880	6,344	74,225	—	74,225
(2) Internal sales or transfers between segments	—	—	—	—	—
Total	67,880	6,344	74,225	—	74,225
Operating income	1,453	1,221	2,675	60	2,736

1. Business segments are segments the Company uses for internal management.
2. Main products in each segment:
   a) IC and electronic devices 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", 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 in IC and electronic devices business by 34 million yen and Network-related products business by 18 million yen, respectively, during the first half of the current fiscal year.

2) Segment Information by Geographical Area

Current Consolidated First Half – (April 1, 2009 – September 30, 2009)

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales (1) Sales to external customers	50,728	20,117	70,846	—	70,846
(2) Internal sales or transfers between segments	13,684	—	13,684	(13,684)	—
Total	64,412	20,117	84,530	(13,684)	70,846
Operating income	575	633	1,208	(93)	1,115

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

Previous Consolidated First Half – (April 1, 2008 – September 30, 2008)

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales					
(1) Sales to external customers	63,105	11,119	74,225	—	74,225
(2) Internal sales or transfers between segments	9,715	—	9,715	(9,715)	—
Total	72,821	11,119	83,940	(9,715)	74,225
Operating income	2,356	277	2,633	103	2,736

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 38 million yen in Japan and by 14 million yen in Asia, respectively, during the first half of the current fiscal year.

3) Overseas Sales

Current Consolidated First Half – (April 1, 2009 – September 30, 2009)

(Millions of yen)

	Asia	Other	Total
I. Overseas sales	21,373	241	21,614
II. Consolidated sales	—	—	70,846
III. Overseas sales ratio （%）	30.2	0.3	30.5

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.

Previous Consolidated First Half – (April 1, 2008 – September 30, 2008) *(Millions of yen)*

	Asia	Other	Total
I. Overseas sales	13,140	446	13,587
II. Consolidated sales	—	—	74,225
III. Overseas sales ratio （%）	17.7	0.6	18.3

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.

VI. Significant change in shareholders' equity

None