SUMMARY OF FINANCIAL STATEMENTS (CONSOLIDATED)

For the First Half Ended September 30, 2011

Presented October 31, 2011

MACNICA, Inc.

Listed Exchanges	Tokyo Stock Exchange
Stock Code	7631
Head Office	Kanagawa Prefecture
URL	www.macnica.co.jp
President	Mr. Kiyoshi Nakashima
Inquiries	Shigeyuki Sano, Position Director
Telephone	+81 45 470 9870
Expected date of Quarterly Financial Report submission	November 14, 2011
Scheduled dividend payment date	December 2, 2011
Supplementary explanatory material for Quarterly Earnings	Yes
Quarterly Earnings explanatory meeting	Yes (for institutional investors and analysts)

1. Financial Results for the First Half of Fiscal Year Ending March 31, 2012 – *(April 1, 2011 to September 30, 2011)*

(1) Consolidated Operating Results

(Millions of yen)

	April 1 to September 30, 2011		April 1 to September 30, 2010	
	Amount	% Change	Amount	% Change
Net Sales	97,229	4.0	93,445	31.9
Operating Income	3,864	29.6	2,982	167.4
Ordinary Income	3,252	3.0	3,156	127.3
Net Income	1,566	(27.0)	2,146	237.8
Net Income per Share (yen)	88.49		121.26	
Potential post-adjustment net income value per share (yen)	—		—	

Comprehensive income: End of first half, FY2012: 479 million yen (-63.0%); End of first half, FY2011: 1,295 million yen (--%)

(2) Consolidated Financial Position

(Millions of yen)

	As of September 30, 2011	As of March 31, 2011
Total Assets	109,833	103,305
Shareholders' Equity	59,878	59,719
Equity Ratio (%)	53.5	56.6

Equity (consolidated): End of first half, FY2012: 58,775 million yen; End of FY2011: 58,476 million yen

2. Dividends

	April 1 to March 31, 2012	2011	2012 (forecast)
Annual Dividends per Share (yen)	—	30.00	40.00
First Quarter (yen)	—	—	—
Mid Term (yen)	20.00	15.00	—
Third Quarter (yen)	—	—	—
End of Term (yen)	—	15.00	20.00

Note: Revisions to dividend forecast in the quarter: None

3. Consolidated Profit Forecast for the Year Ending March 31, 2012

	Millions of yen	
	Year Ending March 31, 2012	
Net Sales	200,000	6.1%
Operating Income	7,000	10.1%
Ordinary Income	6,400	0.1%
Net Income	3,480	(22.3%)
Net income per share (yen)	196.57	

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 for the details.)

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

(i) Changes accompanying amendments to accounting standards: Yes

(ii) Changes other than those in (i) above: None

(iii) Change in accounting estimates

(iv) Restatement (Please refer to pages 5-6 for the details.)

(4) Number of outstanding shares (common shares)

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

First Half FY2012:	18,110,252 shares	End Fiscal Year 2011:	18,110,252 shares

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

First Half FY2012:	406,878 shares	End Fiscal Year 2011:	406,749 shares

(iii) Average number of treasury stock during the period

First Half FY2012:	17,703,466 shares	First Half FY2011:	17,703,658 shares

Implementation of quarterly review procedures

The quarterly review procedures stipulated in the Financial Instruments and Exchange Act are not applicable to this quarterly financial result (abbreviated earnings report), but the procedures were being implemented when this quarterly financial result was released.

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. Please consult "I. Business Results, (3) Outlook for the Fiscal Year" on page 5 of this document for additional discussion concerning forecasts.

I. Business Results and Financial Position

1. Business Results

(1) Consolidated First Half Overview

During the first half of the fiscal year under review, the Japanese economy suddenly weakened on account of the Great East Japan Earthquake that hit on March 11. However, industrial production and sales quickly recovered as supply chains were restored, and exports continued to grow as a result. Consumer spending gradually improved for various reasons including looser constraints on the supply of cars and strong demand for energy-efficient goods, such as electric home appliances. Nevertheless, the outlook remains uncertain since economic growth in the U.S. and China, the main destinations of Japanese exports, are showing signs of slowing and other reasons.

The Macnica Group is active in the electronics industry, and there were various developments in this industry. Both the computer and mobile phone markets continued to grow, particularly for products related to mobile computing, for several reasons including stronger demand for smartphones and tablet computers, mainly in emerging markets. The consumer electronics market was firm since the bottleneck in digital still camera production caused by a parts shortage following the earthquake was resolved, people scrambled to make last-minute purchases of flat-screen TVs before the transition to digital terrestrial broadcasting, and other reasons. The industrial equipment market was healthy because of demand for automation equipment in emerging markets, and the car industry recovered quicker than expected following the restoration of supply chains.

The above factors resulted in a 4.0% year-on-year increase in sales to 97,229 million yen, 29.6% year-on-year increase in operating income to 3,864 million yen, and a 3.0% year-on-year increase in ordinary income to 3,252 million yen for the first half. Net income for the first half decreased 27.0% year-on-year to 1,566 million yen due to a 420 million yen of loss on devaluation of investment to affiliated companies.

IC, Electronic Devices and Other Business

Sales of products used in communication infrastructure were firm, driven by sales of programmable logic devices (PLDs) used in mobile phone base stations in China, which were strong in the first half, and sales of PLDs and application specific standard products (ASSPs) for LTE base stations and communication systems used in mobile phone base stations. In the computer and consumer electronics markets, sales of analog ICs for notebook battery packs and digital still cameras declined because of inventory adjustments following the earthquake. In the industrial equipment market, however, sales of analog ICs and PLDs used in products for a wide range of fields were healthy as a result of the stronger economy since last year. An increase in last-minute orders following the earthquake also boosted sales. In the market for products used in cars, sales rapidly recovered as supply chains were restored.

The above factors resulted in 90,692 million yen in sales, a 3.9% year-on-year increase, and 3,171 million yen in operating income, a 27.6%

year-on-year increase.

Network Business

Sales of switchboards for communication equipment were healthy because of an increase in traffic as the use of smartphones increased. There was also growth in sales of communication equipment as cloud computing spread and demand increased for data centers, which are part of business continuity plans for companies. However, corporate sales of software declined because of a falloff in demand related to new large projects.

The above factors resulted in 6,537 million yen in sales, a 6.2% year-on-year increase, and 902 million yen in operating income, a 2.5% year-on-year decrease.

Note: Consumption tax is not included in the above figures.

(2) Consolidated Financial Position

Total assets as of the end of the first half of the current fiscal year rose 6,528 million yen compared with the end of the previous consolidated fiscal year; net assets increased 158 million yen, and the capital adequacy ratio was 53.5%.

Cash inflow from operating activities was 10,182 million yen. While various items weighted down the cash flow, including an increase in notes and accounts receivable trade, various other items boosted the cash flow, including a decrease in inventories and an increase in trade payable.

There was a net cash outflow from investing activities of 881 million yen due to the purchases of property and equipment and the purchases of shares of affiliated companies.

There was a net cash outflow from financing activities of 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 20,184 million yen, an increase of 8,207 million yen, compared with the end of the previous consolidated fiscal year, resulting from an increase of 66 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 26, 2011. The Company will disclose information in a timely manner following the occurrence of facts that require disclosure.

(4) Matters regarding Summery (Others)

1. Transfers of leading subsidiaries during the period: None

2. Application of simplified accounting treatment and 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 quarter, and then the tax expense is calculated by multiplying the net income before income taxes by the estimated effective tax rate.

3. Change in accounting policy, change in accounting estimates and restatement (Application of Accounting Standards for Earnings Per Share):

Starting in the first quarter of the fiscal year under review, Accounting Standards for Earnings Per Share (Accounting Standards Board of Japan (ASBJ) Statement No. 2, issued June 30, 2010) and the Guidance on Accounting Standards for Earnings Per Share (ASBJ Guidance on Accounting Standard No. 4, issued June 30, 2010) were applied.

A change was made in how stock options whose rights are finalized after a certain period of service are accounted for when calculating diluted income per share. With the new method, the portion of the fair value of stock options related to future services provided by the company is included in the capital that is assumed to have been paid in when the stock options are exercised.

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

II. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2011	As of March 31, 2011
ASSETS		
Current assets		
Cash and deposits	20,184	11,910
Notes & accounts receivable	37,694	35,665
Securities	630	622
Inventories	31,673	35,491
Other current assets	6,071	5,474
Allowance for doubtful accounts	(108)	(133)
Total current assets	**96,145**	**89,031**
Fixed assets		
Buildings and structures (Net)	3,113	3,153
Machinery, equipment and vehicles (Net)	21	24
Land	3,866	3,866
Other fixed assets (Net)	970	913
Tangible assets	**7,971**	**7,958**
Goodwill	1,655	1,770
Other	1,173	1,361
Intangible assets	**2,829**	**3,131**
Investments and other assets		
Investment in securities	1,152	1,160
Other	1,849	2,206
Allowance for doubtful accounts	(115)	(182)
Investments and other assets	**2,887**	**3,184**
Total fixed assets	**13,688**	**14,274**
Total Assets	**109,833**	**103,305**

(Millions of yen)

	As of September 30, 2011	As of March 31, 2011
LIABILITIES		
Current liabilities		
Notes & accounts payable	21,613	15,184
Short-term loans payable	11,500	11,500
Accrued income taxes	1,114	1,409
Accrued bonuses	1,330	1,381
Accrued bonuses for directors	9	32
Other current liabilities	6,925	6,636
Total current liabilities	**42,494**	**36,143**
Long-term liabilities		
Long-term debt	4,500	4,500
Accrued retirement benefits	2,380	2,288
Retirement benefits for directors	412	432
Other current liabilities	168	220
Total long-term liabilities	**7,461**	**7,442**
Total Liabilities	**49,955**	**43,585**
Shareholders Equity		
Paid-in capital	11,194	11,194
Additional paid-in capital	19,476	19,476
Retained earnings	31,708	30,419
Treasury stock	(1,089)	(1,089)
Total shareholders' equity	61,289	60,000
Other comprehensive income		
Unrealized holding gain on securities	(54)	(30)
Gain on deferred hedge	51	(85)
Translation adjustments	(2,510)	(1,407)
Total comprehensive income	(2,513)	(1,523)
Stock acquisition right	38	20
Minority interests	1,063	1,221
Total Net Assets	**59,878**	**59,719**
Total Liabilities & Net Assets	**109,833**	**103,305**

2. Consolidated Statements of Income

(Millions of yen)

	April 1 to September 30, 2011	April 1 to September 30, 2010
Net sales	**97,229**	**93,445**
Cost of sales	82,721	80,113
Gross profit	14,507	13,332
Selling, general & administrative expenses	10,643	10,349
Operating income	**3,864**	**2,982**
Non-operating income		
Interest income	12	9
Allowance for bad debt	35	—
Other	97	348
Total non-operating income	**145**	**357**
Non-operating income		
Interest paid	124	112
Translation loss	504	—
Other	128	71
Total non-operating expenses	**757**	**184**
Ordinary income	**3,252**	**3,156**
Extraordinary income		
Proceeds from sales of fixed assets	0	2
Proceeds from sales of marketable securities	36	—
Other	—	22
Total extraordinary income	**36**	**25**
Extraordinary losses		
Loss on devaluation of investment to affiliated companies	420	—
Other	23	55
Total extraordinary losses	**443**	**55**
Income before income taxes	**2,845**	**3,126**
Corporate, inhabitant and enterprise taxes	1,253	911
Total corporate tax etc.	**1,253**	**911**
Income before minority interests	**1,592**	**2,215**
Minority interests	**25**	**68**
Net income	**1,566**	**2,146**

	April 1 to September 30, 2011	April 1 to September 30, 2010
Income before minority interests	**1,592**	**2,215**
Other comprehensive income		
Unrealized holding gain on securities	(22)	(12)
Gain(loss) on deferred hedge	136	357
Translation adjustments	(1,226)	(1,265)
Total comprehensive income	**(1,112)**	**(920)**
Comprehensive income	**479**	**1,295**
(Breakdown of comprehensive income)		
Comprehensive income attributable to the shareholders of the parent company	577	1,338
Comprehensive income attributable to minority shareholders	(97)	(43)

3. Consolidated Statements of Cash Flow

(Millions of yen)

	April 1 – Sept 30, 2011	April 1 – Sept 30, 2010
1. Operating activities		
Income before income taxes	2,845	3,126
Depreciation and amortization	582	550
Interest and dividend income	(12)	(14)
Interest expense	124	112
Decrease (increase) in notes and accounts receivable trade	(2,340)	(6,369)
Decrease (increase) in inventories	3,778	(9,035)
Increase (decrease) in trade payable	6,741	4,286
Other	210	2,295
Sub-total	**11,929**	**(5,047)**
Interest and dividends received	22	24
Interest paid	(139)	(123)
Corporate tax Payment (refund)	(1,630)	(547)
Net cash provided by (used in) operating activities	**10,182**	**(5,694)**
2. Investing Activities		
Purchases of securities	(198)	(251)
Proceeds from sales of securities	107	324
Disbursement of loans	(50)	(188)
Proceeds from collection of loans	122	60
Purchases of property and equipment	(326)	(324)
Purchases of intangible assets	(85)	(270)
Purchases of marketable securities	(8)	(17)
Proceeds from sales of marketable securities	54	28
Purchases of shares of affiliated companies	(509)	(2,352)
Other	12	(24)
Net cash provided by (used in) investing activities	**(881)**	**(3,016)**

(Millions of yen)

	April 1 – Sept 30, 2011	April 1 – Sept 30, 2010
3. Financing activities		
Change in short-term loans	(32)	—
Proceeds from long-term loans	—	3,500
Repayment of long-term debt	—	(12)
Cash dividends paid	(266)	(265)
Other	(56)	(109)
Net cash provided by (used in) financing activities	**(355)**	**3,112**
4. Effect of exchange rate changes on cash and cash equivalents	**(738)**	**(655)**
5. Net increase (decrease) in cash and cash equivalents	**8,207**	**(6,254)**
6. Cash and cash equivalents at beginning of the year	**11,910**	**15,044**
7. Increase in cash and cash equivalents due to the increase of newly consolidated subsidiaries	**66**	**—**
8. Increase in cash and cash equivalents upon change of fiscal term of consolidated subsidiary	**—**	**117**
9. Cash and cash equivalents at year end	**20,184**	**8,907**

III. Notes regarding Going Concern

None

IV. Segment Information

1. Sales and profit by segment

Current Consolidated First Half – (April 1, 2011 – September 30, 2011) *(Millions of yen)*

	Segment			Other	Total
	IC, electronic devices and other business	Network business	Sub-total		
Sales (1) Sales to external customers	90,692	6,537	97,229	—	97,229
(2) Internal sales or transfers between segments	—	0	0	—	0
Total	90,692	6,537	97,229	—	97,229
Operating income by segment	3,171	902	4,073	—	4,073

Previous Consolidated First Half – (April 1, 2010 – September 30, 2010) *(Millions of yen)*

	Segment			Other	Total
	IC, electronic devices and other business	Network business	Sub-total		
Sales (1) Sales to external customers	87,302	6,143	93,445	—	93,445
(2) Internal sales or transfers between segments	—	12	12	—	12
Total	87,302	6,156	93,458	—	93,458
Operating income by segment	2,485	925	3,410	—	3,410

2. Main differences between the sum of profits for the various segments and the profit appearing in the quarterly consolidated statement of income (adjustments for differences)

Current Consolidated First Half – (April 1, 2011 – September 30, 2011) *(Millions of yen)*

Income	Amount
Total segment income	4,073
Elimination of intersegment income	67
Corporate-wide expenses	(276)
Operating income in the consolidated statements of income	3,864

Note:
Corporate-wide expenses are mainly general and administrative expenses not allocated to segments.

Previous Consolidated First Half – (April 1, 2010 – September 30, 2010) *(Millions of yen)*

Income	Amount
Total segment income	3,410
Elimination of intersegment income	60
Corporate-wide expenses	(487)
Operating income in the consolidated statements of income	2,982

Note:
Corporate-wide expenses are mainly general and administrative expenses not allocated to segments.

V. Significant Change in Shareholder’s Equity

None