

SUMMARY OF FINANCIAL STATEMENTS (CONSOLIDATED)

For the Third Quarter Ended December 31, 2011

Presented January 30, 2012

MACNICA, Inc.

Listed exchanges	Tokyo Stock Exchange
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1. Financial Results for the Third Quarter of Fiscal Year Ended December 31, 2011 - (April 1, 2011 to December 31, 2011)

(1) Consolidated Operating Results

(Millions of yen)

	April 1 to December 31, 2011		April 1 to December 31, 2010	
	Amount	% Change	Amount	% Change
Net sales	143,195	0.2	142,913	29.0
Operating income	5,428	15.1	4,715	96.0
Ordinary income	5,428	11.3	4,877	96.0
Net income	2,674	(17.9)	3,259	159.0
Net income per share (yen)	151.08		184.09	
Potential post-adjustment net income value per share (yen)	—		—	

(2) Consolidated Financial Position

(Millions of yen)

	As of December 31, 2011	As of March 31, 2011
Total Assets	105,989	103,305
Shareholders' Equity	60,806	59,719
Equity Ratio (%)	56.3	56.6

Equity (consolidated): End of third quarter, FY2012: 59,659 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
End of term (yen)	—	15.00	20.00
Third quarter (yen)	—	—	—
Mid term (yen)	20.00	15.00	—
First quarter (yen)	—	—	—

Note: Revisions to dividend forecast in the quarter: None

3. Consolidated Forecast for the Year Ending March 31, 2012 - (April 1, 2011 - 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 accompanied 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 pages 5-6 for the details.)
- (3) Change in accounting policy, change in accounting estimates and restatement
 - (i) Changes accompanying amendments to accounting standards: Yes
 - (ii) Changes other than those in (i) above: None
 - (iii) Change in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of outstanding shares (common shares)
 - (i) Number of shares issued and outstanding at end of period (including treasury stock)

Third Quarter FY2012:	18,110,252 shares	End Fiscal Year 2011:	18,110,252 shares
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 - (ii) Number of shares of treasury stock issued and outstanding at end of period

Third Quarter FY2012:	406,963 shares	End Fiscal Year 2011:	406,749 shares
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 - (iii) Average number of treasury stock during the period

Third Quarter FY2012:	17,703,429 shares	Third Quarter FY2011:	17,703,631 shares
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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 and Financial Position, 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 Third Quarter Overview

During the first three quarters of the fiscal year under review, the overall Japanese economy failed to achieve a strong recovery. Although there was rapid improvement in production and sales in the manufacturing industry as a result of the restoration of supply chains following the Great East Japan Earthquake, exports, particularly those to Asia, declined since autumn because of slowing economic growth overseas, the strong yen, and floods in Thailand. On account of this, growth in production, mainly in the manufacturing industries, slowed, corporate capital expenditures stagnated, and the improvement in consumer sentiment faltered, impacting consumer spending.

The Macnica Group is active in the electronics industry, and there were various developments in this industry. Both the mobile phone market, particularly the mobile computing segment, and the computer market continued to be healthy as sales of smartphones and tablet computers were strong. In the consumer electronics market, sales of flat-screen TVs were firm because of robust demand in emerging market economies even though sales in industrial countries fell as the further diffusion of flat-screen TVs stagnated in these countries. Sales of digital still cameras did not fully recover because of production corrections following the Great East Japan Earthquake and floods in Thailand. Although growth in some segments of the industrial equipment market slackened for various reasons including tighter monetary policy in China, the overall market was firm, supported by replacement demand in

industrial countries and demand for automation in emerging market countries.

These factors resulted in a 0.2% year-on-year increase in sales to 143,195 million yen, a 15.1% year-on-year increase in operating income to 5,428 million yen, a 11.3% year-on-year increase in ordinary income to 5,428 million yen, and a 17.9% year-on-year decrease in net income to 2,674 million yen.

IC, Electronic Devices and Other Business

Sales of products used in the communications market were firm for two reasons. First, sales of programmable logic devices (PLDs) and application specific standard products (ASSPs) used in communication equipment were firm since demand for this type of equipment increased because of greater traffic as the use of smartphones spread even though sales of some communication devices for overseas fell. Second, sales of ASSPs used in mobile devices rose. In the computer market, sales of analog ICs for notebook computer battery packs and ASSPs for storage devices were lackluster due to worsening economic conditions in Europe and floods in Thailand. Sales in the consumer electronics market fell as sales of analog ICs for digital still cameras contracted because of the earthquake in Japan and floods in Thailand and business with liquid crystal panel manufacturers in Taiwan came to end. On the other hand, in the industrial equipment market, sales of PLDs and analog ICs used in a wide range of fields were healthy, supported by the continuing economic recovery since last year and a rush in orders due to the earthquake although sales of products for use in

cars were impacted by the earthquake in Japan and floods in Thailand.

As a result, sales in IC, Electronic Devices and Other Business were 133,336 million yen, a 0.3% year-on-year decrease, and operating income was 4,312 million yen, a year-on-year increase of 10.1%.

Network Business

Sales of switchboards used in communication equipment were strong because of an increase in traffic due to greater use of smartphones. As cloud computing spread and demand increased for data centers, which are part of business continuity plans for companies, sales of communication equipment for these items grew. However, corporate sales of software were weak because of a falloff in demand related to new large projects.

Resulting sales in Network Business were 9,860 million yen, a 7.6% year-on-year increase, and operating income was 1,419 million yen, a 7.1% year-on-year increase.

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

2. Consolidated Financial Position

Total assets as of the end of the third quarter rose 2,684 million yen compared with the end of the previous consolidated fiscal year; net assets increased 1,087 million yen, and the equity ratio was 56.3%.

Cash inflow from operating activities was 11,380 million yen. Various items boosted the cash flow, including a 5,009 million yen of income before

income taxes, a decrease in inventories, and an increase in trade payable.

There was a net cash outflow from investing activities of 1,401 million yen due to the purchases of property and equipment and the shares of affiliated companies, and the disbursement of loans.

There was a net cash outflow from financing activities of 1,764 million yen due to the repayment of long-term debt among other factors.

As a result, cash and cash equivalents at the end of this quarter were 19,914 million yen, a year-on-year increase of 7,937 million yen, resulting from an increase of 66 million yen due to the increase of newly consolidated subsidiaries.

3. Outlook for the Fiscal Year

As for the outlook going forward, conditions are forecast to remain uncertain because although the effect of floods in Thailand will fade, other factors will also have an impact such as continuing weak exports due to slowing economic growth overseas and the strong yen.

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 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 December 31, 2011	As of March 31, 2011
ASSETS		
Current assets		
Cash and deposits	19,914	11,910
Notes & accounts receivable	35,534	35,665
Securities	579	622
Inventories	30,340	35,491
Other current assets	6,204	5,474
Allowance for doubtful accounts	(109)	(133)
Total current assets	92,464	89,031
Fixed assets		
Buildings and structures (Net)	3,079	3,153
Machinery, equipment and vehicles (Net)	20	24
Land	3,866	3,866
Other fixed assets (Net)	933	913
Tangible assets	7,899	7,958
Goodwill	1,598	1,770
Other	1,056	1,361
Intangible assets	2,655	3,131
Investments and other assets		
Investment in securities	1,194	1,160
Other	1,882	2,206
Allowance for doubtful accounts	(106)	(182)
Investments and other assets	2,970	3,184
Total fixed assets	13,525	14,274
Total Assets	105,989	103,305

(Millions of yen)

	As of December 31, 2011	As of March 31, 2011
LIABILITIES		
Current liabilities		
Notes & accounts payable	18,412	15,184
Short-term loans payable	7,500	11,500
Accrued income taxes	1,117	1,409
Accrued bonuses	672	1,381
Accrued bonuses for directors	24	32
Other current liabilities	6,841	6,636
Total current liabilities	34,568	36,143
Long-term liabilities		
Long-term debt	7,500	4,500
Accrued retirement benefits	2,442	2,288
Retirement benefits for directors	416	432
Other current liabilities	254	220
Total long-term liabilities	10,614	7,442
Total Liabilities	45,182	43,585
Shareholders Equity		
Paid-in capital	11,194	11,194
Additional paid-in capital	19,476	19,476
Retained earnings	32,462	30,419
Treasury stock	(1,089)	(1,089)
Total shareholders' equity	62,043	60,000
Other comprehensive income		
Unrealized holding gain on securities	(37)	(30)
Gain on deferred hedge	(57)	(85)
Translation adjustments	(2,288)	(1,407)
Total comprehensive income	(2,383)	(1,523)
Stock acquisition right	47	20
Minority interests	1,099	1,221
Total Net Assets	60,806	59,719
Total Liabilities & Net Assets	105,989	103,305

2. Consolidated Statements of Income

(Millions of yen)

	April 1 to December 31, 2011		April 1 to December 31, 2010
Net sales		143,195	142,913
Cost of sales		121,860	122,633
Gross profit		21,335	20,279
Selling, general & administrative expenses		15,906	15,563
Operating income		5,428	4,715
Non-operating income			
Interest income		21	14
Translation gain		172	96
Resersal of allowance for bad debt		46	—
Other		113	344
Total non-operating income		353	455
Non-operating income			
Interest paid		173	178
Loss on transfer of receivables		134	64
Other		46	49
Total non-operating expenses		353	293
Ordinary income		5,428	4,877
Extraordinary income			
Proceeds from sales of fixed assets		0	3
Proceeds from sale of investment securities		37	—
Other		—	32
Total extraordinary income		37	35
Extraordinary losses			
Loss on devaluation of investment to affiliated companies		425	—
Other		32	126
Total extraordinary losses		457	126
Income before income taxes		5,009	4,787
Corporate, inhabitant and enterprise taxes		2,292	1,445
Total corporate tax etc.		2,292	1,445
Income before minority interests		2,716	3,341
Minority interests		42	82
Net income		2,674	3,259

	April 1 to December 31, 2011		April 1 to December 31, 2010	
Income before minority interests		2,716		3,341
Other comprehensive income				
Unrealized holding gain on securities		(5)		9
Gain(loss) on deferred hedge		28		438
Translation adjustments		(985)		(1,420)
Total comprehensive income		(963)		(971)
Comprehensive income		1,753		2,369
(Breakdown of comprehensive income)				
Comprehensive income attributable to the shareholders of the parent company		1,815		2,371
Comprehensive income attributable to minority shareholders		(61)		(1)

3. Consolidated Statements of Cash Flow

(Millions of yen)

	April 1 – Dec 31, 2011	April 1 – Dec 31, 2010
1. Operating activities		
Income before income taxes	5,009	4,787
Depreciation and amortization	895	848
Interest and dividend income	(22)	(19)
Interest expense	173	178
Decrease (increase) in notes and accounts receivable trade	(2)	(8,051)
Decrease (increase) in inventories	5,226	(10,236)
Increase (decrease) in trade payable	3,434	2,091
Other	(698)	2,142
Sub-total	14,016	(8,259)
Interest and dividends received	32	29
Interest paid	(216)	(211)
Corporate tax Payment (refund)	(2,451)	(985)
Net cash provided by (used in) operating activities	11,380	(9,427)
2. Investing Activities		
Purchases of investment securities	(198)	(469)
Proceeds from sales of investment securities	171	677
Disbursement of loans	(473)	(419)
Proceeds from collection of loans	176	110
Purchases of property and equipment	(451)	(1,423)
Purchases of intangible assets	(153)	(406)
Purchases of marketable securities	(8)	(17)
Proceeds from sales of marketable securities	54	174
Purchases of shares of affiliated companies	(535)	(2,352)
Other	17	(96)
Net cash provided by (used in) investing activities	(1,401)	(4,223)

(Millions of yen)

	April 1 – Dec 30, 2011	April 1 – Dec 30, 2010
3. Financing activities		
Change in short-term loans	4,967	2,500
Proceeds from long-term loans	3,000	7,500
Repayment of long-term debt	(9,000)	(12)
Cash dividends paid	(618)	(529)
Cash dividends paid to minority shareholders	(54)	(73)
Other	(59)	(182)
Net cash provided by (used in) financing activities	(1,764)	9,201
4. Effect of exchange rate changes on cash and cash equivalents	(277)	(746)
5. Net increase (decrease) in cash and cash equivalents	7,937	(5,194)
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	19,914	9,967

III. Notes regarding Going Concern

None

IV. Segment Information

1. Sales and profit by segment

Current Consolidated Third Quarter – (April 1, 2011 – December 31, 2011) *(Millions of yen)*

	Segment			Other	Total
	IC, electronic devices and other business	Network business	Sub-total		
Sales					
(1) Sales to external customers	133,336	9,859	143,195	—	143,195
(2) Internal sales or transfers between segments	—	1	1	—	1
Total	133,336	9,860	143,197	—	143,197
Operating income by segment	4,312	1,419	5,732	—	5,732

Previous Consolidated Third Quarter – (April 1, 2010 – December 31, 2010) *(Millions of yen)*

	Segment			Other	Total
	IC, electronic devices and other business	Network business	Sub-total		
Sales					
(1) Sales to external customers	133,767	9,146	142,913	—	142,913
(2) Internal sales or transfers between segments	—	17	17	—	17
Total	133,767	9,163	142,931	—	142,931
Operating income by segment	3,915	1,325	5,240	—	5,240

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 Third Quarter – (April 1, 2011 – December 31, 2011) *(Millions of yen)*

Income	Amount
Total segment income	5,732
Elimination of intersegment income	101
Corporate-wide expenses	(405)
Operating income in the consolidated statements of income	5,428

Note:

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

Previous Consolidated Third Quarter – (April 1, 2010 – December 31, 2010) *(Millions of yen)*

Income	Amount
Total segment income	5,240
Elimination of intersegment income	92
Corporate-wide expenses	(617)
Operating income in the consolidated statements of income	4,715

Note:

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

V. Significant Change in Shareholder's Equity

None