SUMMARY OF FINANCIAL STATEMENTS (CONSOLIDATED)

For the First Quarter Ended June 30, 2012

Presented July 25, 2012

MACNICA, Inc.

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1. Financial Results for the First Quarter of Fiscal Year Ending March 31, 2013 – *(April 1, 2012 to June 30, 2012)*

(1) Consolidated Operating Results

(Millions of yen)

	April 1 to June 30, 2012		April 1 to June 30, 2011	
	Amount	% Change	Amount	% Change
Net Sales	50,375	6.7	47,202	2.9
Operating Income	1,659	(5.0)	1,747	53.6
Ordinary Income	1,680	11.6	1,506	19.9
Net Income	1,148	30.0	883	12.8
Net Income per Share (yen)	64.86		49.91	
Potential post-adjustment net income value per share (yen)	—		—	

Comprehensive income: End of 1st quarter, FY2013: 1,401 mil yen (94.7%); End of 1st quarter, FY2012: 719 mil yen (14.2%)

(2) Consolidated Financial Position

(Millions of yen)

	As of June 30, 2012	As of March 31, 2012
Total Assets	114,215	110,979
Shareholders' Equity	63,710	62,724
Equity Ratio (%)	54.8	55.4

Equity (consolidated): End of 1st quarter, FY2013: 62,573 million yen; End of FY2012: 61,501 million yen

2. Dividends

	April 1 to March 31,		
	2013	2012	2013 (forecast)
Annual Dividends per Share (yen)	—	40.00	40.00
First Quarter (yen)	—	—	—
Mid Term (yen)	—	20.00	20.00
Third Quarter (yen)	—	—	—
End of Term (yen)	—	20.00	20.00

Note: Revisions to dividend forecast in the quarter: None

3. Consolidated Profit Forecast for the Year Ending March 31, 2013

(Millions of yen)

	Millions of yen			
	Half Ending Sept. 30, 2012		Year Ending March 31, 2013	
Net Sales	98,000	0.8%	200,000	5.9%
Operating Income	3,300	(14.6%)	7,000	1.6%
Ordinary Income	3,180	(2.2%)	6,800	2.4%
Net Income	2,060	31.5%	4,370	30.9%
Net income per share (yen)	116.36		246.85	

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 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: Yes

(iv) Restatement: None (The Macnica group changed the depreciation method used for tangible fixed assets purchased as of April 1, 2012, which applies to "Changes in estimates and accounting policy on items that are difficult to classify". Please consult "I. Business Results, (4) Matters regarding Summery (Others)" on page 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 Quarter FY2013:	18,110,252 shares	End Fiscal Year 2012:	18,110,252 shares

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

First Quarter FY2013:	406,963 shares	End Fiscal Year 2012:	406,963 shares

(iii) Average number of treasury stock during the period

First Quarter FY2013:	17,703,289 shares	First Quarter FY2012:	17,703,503 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 Quarter Overview

During the first quarter of the fiscal year under review, after rapidly regaining its footing following the Great East Japan Earthquake, the Japanese economy continued to follow a recovery trend as a result of post-earthquake reconstruction and various measures including subsidies for the purchase of eco-friendly cars. There were also signs of a gradual pickup in capital expenditures as corporate earnings improved because recovery and reconstruction related demand fully kicked in. On the other hand, exports trended downward as a result of slower economic growth overseas, including stagnant economic conditions in Europe. Consumer sentiment improved after contracting following the Great East Japan Earthquake, there was greater consumption of services, and car sales rose due to subsidies for the purchase of eco-friendly cars, all of which resulted in firm consumer spending.

The Macnica Group is active in the electronics industry, and there were various developments in this industry. Mobile computing related products, such as those for smartphones and tablet computers, continued to drive the industry, and both the mobile phone market and computer market remained healthy. In the consumer electronics market, sales of digital still cameras, which had been impacted by the floods in Thailand, recovered as supply chains were restored, but sales of flat-screen TVs were lackluster as a result of a falloff from last-minute strong demand for these types of TVs before the switchover to digital terrestrial broadcasting. Sales of cars were firm since the impact of the Great East Japan Earthquake and flooding in Thailand faded and benefits of measures such as subsidies for the purchase of eco-friendly cars and tax cuts for the same type of cars were felt.

The above factors resulted in a 6.7% year-on-year increase in sales to 50,375 million yen, a 5.0% year-on-year decrease in operating income to 1,659 million yen, and a 11.6% year-on-year increase in ordinary income to 1,680 million yen for the first quarter. Net income for the quarter recorded a 30.0% year-on-year increase to 1,148 million yen.

IC, Electronic Devices and Other Business

Greater demand for smartphones led to strong sales of application specific standard products (ASSPs) used in the phones. In the communications market, sales of programmable logic devices (PLDs) and ASSPs for LTE base stations were firm as steady progress was made in building such stations, but sales of products used in optical transmission devices were weak overseas. In the computer market, sales of analog ICs used in notebook computer battery packs were firm as the various computer manufacturers completed production adjustments and demand for the products strengthened. In the consumer electronics market, sales of analog ICs for digital still cameras improved as the impact of the Great East Japan Earthquake and flooding in Thailand faded. Sales were also healthy in the car market as a result of the recovery from last year’s earthquake in Japan and flooding in Thailand and the impact of particular measures. On the other hand, in the industrial equipment market, sales of products such as PLDs and analog ICs were lackluster as demand failed to fully recover because of slower economic growth overseas, including China, even though inventory corrections due to the large number of orders immediately after last year's earthquake ran their course.

The above factors resulted in a 5.1% year-on-year increase to 46,461 million yen in sales and and a 20.5% year-on-year decrease to 1,190 million yen in operating income by segment.

Network Business

The volume of transmitted data has increased as the use of smartphones has spread, resulting in an increase in the amount of communication equipment, and this has led to strong sales of switchboards used in such equipment. There was also an increase in the number of large orders for security related products by entities such as the government and large corporations, particularly those in the manufacturing industry, at a time of greater concern about security risks, including that related to cyber attacks. For this and other reasons, sales were firm overall.

The above factors resulted in a 31.0% year-on-year increase to 3,918 million yen in sales, and 51.2% year-on-year increase to 510 million yen in operating income by segment.

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

(2) Consolidated Financial Position

Total assets as of the end of the first quarter of the current fiscal year increased 3,235 million yen compared with the end of the previous consolidated fiscal year; net assets increased 985 million yen, and the capital adequacy ratio was 54.8%.

Cash outflow from operating activities was 3,957 million yen. While various items boosted the cash flow, including an increase of 1,814 million yen in an income before income taxes and an increase in trade payable, various other items weighted down the cash flow, including an increase in inventories.

There was a net cash outflow from investing activities of 154 million yen.

Cash outflow from financing activities was 2,322 million yen due to the payment of short-term loans payable and the payment of dividends among other factors.

The closing balance of cash and cash equivalents decreased 6,695 million yen year on year to 17,526 million yen.

(3) Outlook for the Fiscal Year

As for the outlook going forward, it is forecast that there will continue to be major uncertainly about conditions, including whether the European debt crisis will deteriorate and whether the supply of electricity will tighten. However, no revisions were made to the earning forecasts for the first half and full fiscal year announced on April 25, 2012, as a result of the firm earnings for the first quarter.

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:

(Changes in estimates and accounting policy on items that are difficult to classify)

Following revisions to the Corporate Tax Act and starting with the first quarter of the fiscal year under review, Macnica and its Japanese subsidies changed the depreciation method they use for tangible fixed assets purchased as of April 1, 2012, and after to one that is based on the revised Corporate Tax Act.

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 June 30, 2012	As of March 31, 2012
ASSETS		
Current assets		
Cash and deposits	17,526	24,222
Notes & accounts receivable	37,656	37,148
Securities	348	616
Inventories	35,073	29,247
Other current assets	9,248	5,815
Allowance for doubtful accounts	(99)	(97)
Total current assets	**99,754**	**96,953**
Fixed assets		
Buildings and structures (Net)	3,037	3,063
Machinery, equipment and vehicles (Net)	23	19
Land	3,866	3,866
Other fixed assets (Net)	1,003	981
Tangible assets	**7,930**	**7,930**
Goodwill	1,483	1,541
Other	873	965
Intangible assets	**2,356**	**2,506**
Investments and other assets		
Investment in securities	3,070	2,187
Other	1,194	1,502
Allowance for doubtful accounts	(90)	(101)
Investments and other assets	**4,174**	**3,588**
Total fixed assets	**14,461**	**14,025**
Total Assets	**114,215**	**110,979**

(Millions of yen)

	As of June 30, 2012	As of March 31, 2012
LIABILITIES		
Current liabilities		
Notes & accounts payable	25,693	21,055
Short-term loans payable	2,000	4,000
Accrued income taxes	586	1,210
Accrued bonuses	712	1,279
Accrued bonuses for directors	26	26
Other current liabilities	9,525	8,725
Total current liabilities	**38,543**	**36,298**
Long-term liabilities		
Long-term debt	8,695	8,737
Accrued retirement benefits	2,550	2,518
Retirement benefits for directors	425	420
Other current liabilities	290	279
Total long-term liabilities	**11,962**	**11,956**
Total Liabilities	**50,505**	**48,255**
Shareholders Equity		
Paid-in capital	11,194	11,194
Additional paid-in capital	19,476	19,476
Retained earnings	33,919	33,125
Treasury stock	(1,089)	(1,089)
Total shareholders' equity	63,500	62,706
Other comprehensive income		
Unrealized holding gain on securities	1,040	562
Gain on deferred hedge	20	(330)
Translation adjustments	(1,987)	(1,436)
Total comprehensive income	(926)	(1,204)
Stock acquisition right	65	56
Minority interests	1,070	1,165
Total Net Assets	**63,710**	**62,724**
Total Liabilities & Net Assets	**114,215**	**110,979**

2. Consolidated Statements of Income

(Millions of yen)

	April 1 – June 30, 2012	April 1 – June 30, 2011
Net sales	**50,375**	**47,202**
Cost of sales	43,296	40,192
Gross profit	7,078	7,010
Selling, general & administrative expenses	5,418	5,263
Operating income	**1,659**	**1,747**
Non-operating income		
Interest income	13	7
Translation gain	57	—
Other	30	77
Total non-operating income	**101**	**84**
Non-operating income		
Interest paid	18	61
Loss on transfer of receivables	47	45
Other	14	218
Total non-operating expenses	**80**	**326**
Ordinary income	**1,680**	**1,506**
Extraordinary income		
Proceeds from sales of investment securities	176	—
Total extraordinary income	**176**	**—**
Extraordinary losses		
Gain on sales of affiliated companies	41	—
Other	0	20
Total extraordinary losses	42	**20**
Income before income taxes	**1,814**	**1,485**
Corporate, inhabitant and enterprise taxes	638	584
Total corporate tax etc.	**638**	**584**
Income before minority interests	**1,176**	**901**
Minority interests	**28**	**18**
Net income	**1,148**	**883**

	April 1 – June 30, 2012	April 1 – June 30, 2011
Income before minority interests	**1,176**	**901**
Other comprehensive income		
Unrealized holding gain on securities	478	14
Gain(loss) on deferred hedge	350	127
Translation adjustments	(604)	(324)
Total comprehensive income	**224**	**(182)**
Comprehensive income	**1,401**	**719**
(Breakdown of comprehensive income)		
Comprehensive income attributable to the shareholders of the parent company	1,426	713
Comprehensive income attributable to minority shareholders	(24)	6

3. Consolidated Statements of Cash Flow

(Millions of yen)

	April 1 – June 30, 2012	April 1 – June 30, 2011
1. Operating activities		
Income before income taxes	1,814	1,485
Depreciation and amortization	287	282
Interest and dividend income	(13)	(7)
Interest expense	18	61
Decrease (increase) in notes and accounts receivable trade	(816)	(343)
Decrease (increase) in inventories	(6,074)	897
Increase (decrease) in trade payable	4,717	5,293
Other	(2,918)	(400)
Sub-total	**(2,984)**	**7,268**
Interest and dividends received	10	11
Interest paid	(17)	(98)
Corporate tax Payment (refund)	(966)	(1,315)
Net cash provided by (used in) operating activities	**(3,957)**	**5,866**
2. Investing Activities		
Purchases of securities	—	(198)
Proceeds from sales of securities	244	—
Disbursement of loans	(714)	(50)
Proceeds from collection of loans	586	57
Purchases of property and equipment	(227)	(113)
Purchases of intangible assets	(30)	(65)
Proceeds from sales of investment securities	15	10
Purchases of shares of affiliated companies	(24)	(100)
Other	(4)	4
Net cash provided by (used in) investing activities	**(154)**	**(454)**

(Millions of yen)

	April 1 – June 30, 2012	April 1 – June 30, 2011
3. Financing activities		
Increase (decrease) in short-term loans payable	(2,000)	—
Cash dividends paid	(338)	(259)
Other	16	(28)
Net cash provided by (used in) financing activities	**(2,322)**	**(287)**
4. Effect of exchange rate changes on cash and cash equivalents	**(260)**	**(231)**
5. Net increase (decrease) in cash and cash equivalents	**(6,695)**	**4,893**
6. Cash and cash equivalents at beginning of the year	**24,222**	**11,910**
7. Increase in cash and cash equivalents due to the increase of newly consolidated subsidiaries	—	66
8. Cash and cash equivalents at year end	**17,526**	**16,870**

4. Notes regarding Going Concern Assumption

Not applicable

Segment Information

1. Sales and profit by segment

Current Consolidated First Quarter (April 1, 2012 – June 30, 2012)

(Millions of yen)

	Segment			Other	Total
	IC, electronic devices and other business	Network business	Sub-total		
Sales					
(1) Sales to external customers	46,461	3,913	50,375	—	50,375
(2) Internal sales or transfers between segments	—	4	4	—	4
Total	46,461	3,918	50,380	—	50,380
Operating income by segment	1,190	510	1,701	—	1,701

Previous Consolidated First Quarter (April 1, 2011 – June 30, 2011)

(Millions of yen)

	Segment			Other	Total
	IC, electronic devices and other business	Network business	Sub-total		
Sales					
(1) Sales to external customers	44,211	2,991	47,202	—	47,202
(2) Internal sales or transfers between segments	—	0	0	—	0
Total	44,211	2,992	47,203	—	47,203
Operating income by segment	1,497	337	1,835	—	1,835

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)

(Millions of yen)

Income	Current Consolidated First Quarter	Previous Consolidated First Quarter
Total segment income	1,701	1,835
Elimination of intersegment income	46	33
Corporate-wide expenses *	(88)	(120)
Operating income in the consolidated statements of income	1,659	1,747

* Corporate-wide expenses mainly refers to “general & administrative expenses,” not included in segment.

3. Matters regarding the Changes of Segments

As noted in "Changes in estimates and accounting policy on items that are difficult to classify," following revisions to the Corporate Tax Act and starting with the first quarter of the fiscal year under review, the depreciation method used for tangible fixed assets purchased as of April 1, 2012, and after was changed to one that is based on the revised Corporate Tax Act. Therefore, the method used to account for depreciation for each segment was also changed to one that is based on the revised Corporate Tax Act. The change had only a minor impact on segment earnings.

Note on Significant Change in Shareholders' Equity

Not applicable