

SUMMARY OF FINANCIAL STATEMENTS (CONSOLIDATED)

For the Third Quarter Ended December 31, 2012

Presented January 28, 2013

MACNICA, Inc.

Listed exchanges	Tokyo Stock Exchange
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1. Financial Results for the Third Quarter of Fiscal Year Ended December 31, 2012 - (April 1, 2012 to December 31, 2012)

(1) Consolidated Operating Results

(Millions of yen)

	April 1 to December 31, 2012		April 1 to December 31, 2011	
	Amount	% Change	Amount	% Change
Net sales	149,073	4.1	143,195	0.2
Operating income	4,691	(13.6)	5,428	15.1
Ordinary income	4,011	(26.1)	5,428	11.3
Net income	2,655	(0.7)	2,674	(17.9)
Net income per share (yen)	149.99		151.08	
Potential post-adjustment net income value per share (yen)	—		—	

Comprehensive income: End of third quarter, FY2013: 3,227 million yen (84.0%); End of third quarter, FY2012: 1,753 million yen (-26.0%)

(2) Consolidated Financial Position

(Millions of yen)

	As of December 31, 2012	As of March 31, 2012
Total Assets	112,393	110,979
Shareholders' Equity	65,199	62,724
Equity Ratio (%)	56.9	55.4

Equity (consolidated): End of third quarter, FY2013: 63,908 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
End of term (yen)	—	20.00	20.00
Third quarter (yen)	—	—	—
Mid term (yen)	20.00	20.00	—
First quarter (yen)	—	—	—

Note: Revisions to dividend forecast in the quarter: None

3. Consolidated Forecast for the Year Ending March 31, 2013 - (April 1, 2012 - March 31, 2013)

	Millions of yen	
	Year Ending March 31, 2013	
Net sales	195,000	3.2%
Operating income	5,970	(13.3%)
Ordinary income	5,300	(20.2%)
Net income	3,370	1.0%
Net income per share (yen)	190.36	

Note: Revisions to financial forecast in the quarter: Yes

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 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: 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 FY2013:	18,110,252 shares	End Fiscal Year 2012:	18,110,252 shares
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 - (ii) Number of shares of treasury stock issued and outstanding at end of period

Third Quarter FY2013:	407,079 shares	End Fiscal Year 2012:	406,963 shares
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 - (iii) Average number of treasury stock during the period

Third Quarter FY2013:	17,703,254 shares	Third Quarter FY2012:	17,703,429 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 Japanese economy showed signs of a recovery, supported by reconstruction demand and government subsidies for eco-friendly cars, but continued to face harsh conditions for various reasons including lackluster growth in exports due to overseas economic slowdowns, especially in the European and Chinese markets. Furthermore, domestic manufacturing activity in a wide range of industries continued to weaken, impacted by the slowdown in overseas economies and the fading boost from government policies. Amid these worsening business confidence, caused by the decline in profitability and greater uncertainty for the future, a strong recovery in corporate capital expenditures failed to materialize, and a decline in consumer sentiment and other developments resulted in a downward trend in consumer spending, as well.

The Macnica Group is active in the electronics industry, and there were various developments in the industry. Both the mobile phone market and computer market stagnated as replacement demand for mobile phones and notebook computers declined. However, the market for mobile computing-related products, such as smartphones and tablet computers, remained firm. On other hand, the consumer electronics market was lackluster because demand for compact digital cameras fell due to the introduction of smartphones and growth in demand for flat-screen TVs leveled off. In the in-vehicle market, weakness in overseas economies, the end of subsidies for

eco-friendly cars, and other developments resulted in slower growth.

These factors resulted in a 4.1% year-on-year increase in sales to 149,073 million yen, a 13.6% year-on-year decrease in operating income to 4,691 million yen, a 26.1% year-on-year decrease in ordinary income to 4,011 million yen due to significant changes in foreign exchange rates, and a 0.7% year-on-year decrease in net income to 2,655 million yen.

IC, Electronic Devices and Other Business

Sales of application specific standard products (ASSPs) for smartphones remained firm as demand for smartphones rose. In the communication infrastructure market, sales of programmable logic devices (PLDs) and ASSPs for LTE base stations were firm, but demand for products used in transmitters declined in North America. In the OA peripheral market, sales of ASSPs for printers remained strong. However, in the consumer electronics market, sales were lackluster because of a decline in demand for analog ICs used in compact digital cameras and ASSPs for flat-screen TVs. As for the in-vehicle market, sales contracted as automobile manufacturers adjusted production for several reasons including the end of subsidies for eco-friendly cars in Japan and a slowdown in overseas economies, but sales of some products, particularly analog ICs, were firm. Furthermore, in the industrial equipment market, including FA and machine tools, orders for products such as PLDs and analog ICs contracted because of the slowdown in China's economy and the impact of efforts to restrain capital expenditures.

As a result, sales in IC, Electronic Devices and Other Business were 137,082 million yen, a 2.8% year-on-year increase, and operating income was 2,868 million yen, a year-on-year decrease of 33.5%.

Network Business

Sales of communication equipment and switchboards used in communication facilities were firm as communication traffic rose due to the spread of smartphones, but growth in demand for products used in these facilities flattened through the end of the period, which resulted in sales trending downward. On the other hand, amid growing interest in security risks, including cyber attacks, large orders for security equipment from government offices and major corporations continued to grow, and sales were firm overall.

Resulting sales in Network Business were 12,017 million yen, a 21.9% year-on-year increase, and operating income was 1,910 million yen, a 34.5% 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 1,414 million yen compared with the end of the previous consolidated fiscal year; net assets increased 2,475 million yen, and the equity ratio was 56.9%.

Cash outflow from operating activities was 3,222 million yen. While various items boosted the cash flow, including an increase of an income before income taxes and a decrease in notes and

accounts receivable trade, various other items weighted down the cash flow, including an increase in inventories and a decrease in trade payable.

There was a net cash outflow from investing activities of 1,510 million yen due to an increase in disbursement of loans to affiliated companies and the purchases of property and equipment.

There was a net cash outflow from financing activities of 2,833 million yen due to the repayment of short-term loans and the payment of dividends among other factors.

As a result, cash and cash equivalents at the end of this quarter were 17,141 million yen, a decrease of 7,080 million yen, compared with the end of the previous consolidated fiscal year.

3. Outlook for the Fiscal Year

The Macnica Group is active in the electronics industry, and there are signs of stronger demand for products such as in-vehicle and industrial equipment because of an increase in exports as overseas economies recover. However, conditions related to mobile phones, notebook computers, compact digital cameras, and similar products is projected to remain harsh as growth in demand flattens and the diffusion rate rises.

Taking into consideration the business environment and the company's earnings, we have revised the Forecast for the Year Ending March 31, 2013, as the recent significant change in the foreign exchange market will have a dramatic impact on our business.

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, 2012	As of March 31, 2012
ASSETS		
Current assets		
Cash and deposits	17,141	24,222
Notes & accounts receivable	36,050	37,148
Securities	172	616
Inventories	35,260	29,247
Other current assets	9,920	5,815
Allowance for doubtful accounts	(109)	(97)
Total current assets	98,436	96,953
Fixed assets		
Buildings and structures (Net)	2,983	3,063
Machinery, equipment and vehicles (Net)	19	19
Land	3,866	3,866
Other fixed assets (Net)	1,046	981
Tangible assets	7,915	7,930
Goodwill	1,369	1,541
Other	753	965
Intangible assets	2,122	2,506
Investments and other assets		
Investment in securities	2,586	2,187
Other	1,424	1,502
Allowance for doubtful accounts	(91)	(101)
Investments and other assets	3,919	3,588
Total fixed assets	13,957	14,025
Total Assets	112,393	110,979

(Millions of yen)

	As of December 31, 2012	As of March 31, 2012
LIABILITIES		
Current liabilities		
Notes & accounts payable	18,864	21,055
Short-term loans payable	4,500	4,000
Accrued income taxes	721	1,210
Accrued bonuses	496	1,279
Other current liabilities	12,866	8,752
Total current liabilities	37,449	36,298
Long-term liabilities		
Long-term debt	6,306	8,737
Accrued retirement benefits	2,677	2,518
Retirement benefits for directors	435	420
Other current liabilities	324	279
Total long-term liabilities	9,744	11,956
Total Liabilities	47,193	48,255
Shareholders Equity		
Paid-in capital	11,194	11,194
Additional paid-in capital	19,476	19,476
Retained earnings	35,072	33,125
Treasury stock	(1,090)	(1,089)
Total shareholders' equity	64,653	62,706
Other comprehensive income		
Unrealized holding gain on securities	298	562
Gain on deferred hedge	(579)	(330)
Translation adjustments	(463)	(1,436)
Total comprehensive income	(744)	(1,204)
Stock acquisition right	83	56
Minority interests	1,207	1,165
Total Net Assets	65,199	62,724
Total Liabilities & Net Assets	112,393	110,979

2. Consolidated Statements of Income

(Millions of yen)

	April 1 to December 31, 2012		April 1 to December 31, 2011
Net sales		149,073	143,195
Cost of sales		128,069	121,860
Gross profit		21,003	21,335
Selling, general & administrative expenses		16,311	15,906
Operating income		4,691	5,428
Non-operating income			
Interest income		23	21
Other		123	332
Total non-operating income		147	353
Non-operating income			
Interest paid		55	173
Loss on transfer of receivables		131	134
Translation loss		592	—
Other		47	46
Total non-operating expenses		827	353
Ordinary income		4,011	5,428
Extraordinary income			
Proceeds from sales of marketable securities		738	37
Other		1	0
Total extraordinary income		739	37
Extraordinary losses			
Loss on valuation of shares of affiliated companies		16	425
Loss on sales of shares in affiliated companies		41	—
Loss on devaluation of investments in affiliated companies		296	—
Other		110	32
Total extraordinary losses		464	457
Income before income taxes		4,286	5,009
Corporate, inhabitant and enterprise taxes		1,593	2,292
Total corporate tax etc.		1,593	2,292
Income before minority interests		2,692	2,716
Minority interests		37	42
Net income		2,655	2,674

	April 1 to December 31, 2012		April 1 to December 31, 2011
Income before minority interests		2,692	2,716
Other comprehensive income			
Unrealized holding gain on securities		(264)	(5)
Gain(loss) on deferred hedge		(249)	28
Translation adjustments		1,047	(985)
Total comprehensive income		534	(963)
Comprehensive income		3,227	1,753
(Breakdown of comprehensive income)			
Comprehensive income attributable to the shareholders of the parent company		3,114	1,815
Comprehensive income attributable to minority shareholders		112	(61)

3. Consolidated Statements of Cash Flow

(Millions of yen)

	April 1 – Dec 31, 2012	April 1 – Dec 31, 2011
1. Operating activities		
Income before income taxes	4,286	5,009
Depreciation and amortization	913	895
Interest and dividend income	(24)	(22)
Interest expense	55	173
Decrease (increase) in notes and accounts receivable trade	1,875	(2)
Decrease (increase) in inventories	(5,454)	5,226
Increase (decrease) in trade payable	(2,674)	3,434
Other	(134)	(698)
Sub-total	(1,155)	14,016
Interest and dividends received	22	32
Interest paid	(53)	(216)
Corporate tax Payment (refund)	(2,035)	(2,451)
Net cash provided by (used in) operating activities	(3,222)	11,380
2. Investing Activities		
Purchases of investment securities	(123)	(198)
Proceeds from sales of investment securities	568	171
Disbursement of loans	(3,895)	(473)
Proceeds from collection of loans	2,926	176
Purchases of property and equipment	(547)	(451)
Purchases of intangible assets	(203)	(153)
Purchases of marketable securities	(3)	(8)
Proceeds from sales of marketable securities	32	54
Purchases of shares of affiliated companies	(210)	(535)
Investment in affiliated companies	(59)	—
Other	6	17
Net cash provided by (used in) investing activities	(1,510)	(1,401)

(Millions of yen)

	April 1 – Dec 30, 2012	April 1 – Dec 30, 2011
3. Financing activities		
Change in short-term loans	(2,000)	4,967
Cash dividends paid	(705)	(618)
Cash dividends paid to minority shareholders	(33)	(54)
Other	(93)	(6,059)
Net cash provided by (used in) financing activities	(2,833)	(1,764)
4. Effect of exchange rate changes on cash and cash equivalents	485	(277)
5. Net increase (decrease) in cash and cash equivalents	(7,080)	7,937
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	17,141	19,914

III. Notes regarding Going Concern

None

IV. Segment Information

1. Sales and profit by segment

Current Consolidated Third Quarter – (April 1, 2012 – December 31, 2012) *(Millions of yen)*

	Segment			Other	Total
	IC, electronic devices and other business	Network business	Sub-total		
Sales					
(1) Sales to external customers	137,082	11,990	149,073	—	149,073
(2) Internal sales or transfers between segments	—	27	27	—	27
Total	137,082	12,017	149,100	—	149,100
Operating income by segment	2,868	1,910	4,778	—	4,778

Previous 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

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, 2012 – December 31, 2012) *(Millions of yen)*

Income	Amount
Total segment income	4,778
Elimination of intersegment income	144
Corporate-wide expenses	(230)
Operating income in the consolidated statements of income	4,691

Note:

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

Previous 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.

V. Significant Change in Shareholder's Equity

None