

## SUMMARY OF FINANCIAL STATEMENTS (CONSOLIDATED)

For the First Quarter Ended June 30, 2013

Presented July 25, 2013

MACNICA, Inc.

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### 1. Financial Results for the First Quarter of Fiscal Year Ending March 31, 2014 – (April 1, 2013 to June 30, 2013)

#### (1) Consolidated Operating Results

(Millions of yen)

	April 1 to June 30, 2013		April 1 to June 30, 2012	
	Amount	% Change	Amount	% Change
Net Sales	58,551	16.2	50,375	6.7
Operating Income	2,125	28.1	1,659	(5.0)
Ordinary Income	3,144	87.1	1,680	11.6
Net Income	2,104	83.3	1,148	30.0
Net Income per Share (yen)	118.87		64.86	
Potential post-adjustment net income value per share (yen)	118.71		—	

Comprehensive income: End of 1st quarter, FY2014: 3,370 mil yen (140.5%); End of 1st quarter, FY2013: 1,401 mil yen (94.7%)

#### (2) Consolidated Financial Position

(Millions of yen)

	As of June 30, 2013	As of March 31, 2013
Total Assets	129,564	115,315
Shareholders' Equity	70,098	67,186
Equity Ratio (%)	53.0	57.1

Equity (consolidated): End of 1st quarter, FY2014: 68,704 million yen; End of FY2013: 65,819 million yen

## 2. Dividends

	April 1 to March 31,		
	2014	2013	2014 (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, 2014

(Millions of yen)

	Millions of yen			
	Half Ending Sept. 30, 2013		Year Ending March 31, 2014	
Net Sales	117,000	15.8%	224,100	14.1%
Operating Income	3,900	21.1%	7,630	32.8%
Ordinary Income	5,000	52.5%	8,600	51.2%
Net Income	3,360	58.8%	5,550	65.7%
Net income per share (yen)	189.80		313.51	

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: None
  - (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)
 

First Quarter FY2014:	18,110,252 shares	End Fiscal Year 2013:	18,110,252 shares
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  - (ii) Number of shares of treasury stock issued and outstanding at end of period
 

First Quarter FY2014:	407,302 shares	End Fiscal Year 2013:	407,215 shares
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  - (iii) Average number of treasury stock during the period
 

First Quarter FY2014:	17,703,015 shares	First Quarter FY2013:	17,703,289 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, (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, the Japanese economy saw its exports begin a trend of recovery against the backdrop of an economic recovery in the United States and the depreciation of the yen. The economy also saw an improvement in manufacturing activity brought about by a pickup in foreign demand, the effects of emergency economic measures and a rebound in automobile sales after the end of subsidies for the purchase of eco-friendly cars. Although market confidence is improving, there has not yet been a real recovery in capital investment due to continued corporate wariness. Furthermore, although income conditions have not improved, consumer spending has made a transition for the better as a result of the asset effect of higher stock prices.

In our own industry of electronics, the smartphone business has continued to expand. In the computer market, the shift in demand toward tablets and other mobile terminals has accelerated, and the demand for traditional computers has continued its fierce decline. In the consumer products market, sales of compact digital still cameras have continued their downward trend due to the rising prominence of smartphones. The market for automobile is in an upswing following the resolution of the backlash that accompanied the economic recovery in the United States and the end of subsidies for the purchase of eco-friendly cars. Equipment orders have improved, including orders for equipment for the manufacture of semiconductors, and the industrial equipment

market is, on the whole, beginning a trend toward recovery in response to improvements in export conditions and a recovery in manufacturing activity.

The above factors resulted in a 16.2% year-on-year increase in sales to 58,551 million yen, a 28.1% year-on-year increase in operating income to 2,125 million yen, and a 87.1% year-on-year increase in ordinary income to 3,144 million yen for the first quarter. Net income for the quarter recorded a 83.3% year-on-year increase to 2,104 million yen.

#### IC, Electronic Devices and Other Business

Smartphone terminal ASSPs have continued to do well as a result of the growing demand for smartphones. Furthermore, as a result of associated facilities expansion/reinforcement requirements, PLDs and ASSPs for LTE base stations and other transmission equipment on the communication infrastructure market are also doing well. Activity on the computer market is in decline due to the cessation of existing business for liquid crystal panels. Devices for digital still cameras have declined on the consumer products market due to production adjustments, but the market is strong overall as a result of a rise in new business. Analog ICs and other devices have taken a turn for the better on the automobile market as a result of a recovery in demand, principally in North America. PLDs, analog ICs and other devices are doing well on the industrial equipment market following the resolution of the inventory corrections brought about by the deceleration of foreign economies.

The above factors resulted in a 17.4% year-on-year increase to 54,524 million yen in sales and a 50.8% year-on-year increase to 1,795 million yen in operating income by segment.

### Network Business

Demand for carrier-oriented communication boards has declined after the initial spike in demand brought about by the expansion of the smartphone market, but carrier-oriented communication equipment is still holding strong. Demand for security equipment, including equipment for responding to targeted attacks, and industry-oriented security software is also solid.

The above factors resulted in a 2.8% year-on-year increase to 4,029 million yen in sales, and 30.3% year-on-year decrease to 356 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 14,248 million yen compared with the end of the previous consolidated fiscal year; net assets increased 2,911 million yen, and the capital adequacy ratio was 53.0%.

Cash outflow from operating activities was 2,594 million yen. While various items weighted down the cash flow, including an increase in notes and accounts receivable trade and an increase in inventories, various items boosted the cash flow, including an increase of 3,140 million yen in an

income before income taxes and an increase in trade payable.

There was a net cash outflow from investing activities of 275 million yen, due to the purchases of property and equipment and the purchases of intangible assets

Cash outflow from financing activities was 350 million yen due to the payment of dividends among other factors.

As a result, cash and cash equivalents at the end of this quarter were 19,167 million yen, a year-on-year increase of 2,077 million yen, resulting from an increase of 1 million yen due to the increase of newly consolidated subsidiaries.

## (3) Outlook for the Fiscal Year

On the whole, the electronics industry is on a trend of recovery. This trend has progressed against the backdrop of the growing smartphone market and the expansion of investment in facilities and equipment on the communications infrastructure market, as well as of improvements in export conditions and the resolution of inventory corrections on the automobile and industrial equipment markets. The performance of this company during this first quarter consolidated reporting period has been favorable as well.

Based on a consideration of these industry conditions, the projected performance of the company for the second quarter of the fiscal year ending March 31, 2014, as well as its projected performance for the full fiscal year, have been amended.

**(4) Matters regarding Summary (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.

## II. Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2013	As of March 31, 2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	19,167	17,088
Notes & accounts receivable	44,896	37,904
Inventories	43,046	37,686
Other current assets	8,258	8,521
Allowance for doubtful accounts	(127)	(118)
<b>Total current assets</b>	<b>115,242</b>	<b>101,083</b>
<b>Fixed assets</b>		
Buildings and structures (Net)	2,545	2,536
Machinery, equipment and vehicles (Net)	17	17
Land	3,557	3,557
Other fixed assets (Net)	1,406	1,385
<b>Tangible assets</b>	<b>7,526</b>	<b>7,497</b>
Goodwill	1,255	1,312
Other	842	863
<b>Intangible assets</b>	<b>2,097</b>	<b>2,175</b>
<b>Investments and other assets</b>		
Investment in securities	2,715	2,670
Other	2,053	1,965
Allowance for doubtful accounts	(70)	(77)
<b>Investments and other assets</b>	<b>4,698</b>	<b>4,559</b>
<b>Total fixed assets</b>	<b>14,321</b>	<b>14,232</b>
<b>Total Assets</b>	<b>129,564</b>	<b>115,315</b>

(Millions of yen)

	As of June 30, 2013	As of March 31, 2013
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes & accounts payable	31,121	21,185
Short-term loans payable	4,500	4,500
Accrued income taxes	1,116	1,129
Accrued bonuses	933	1,181
Other current liabilities	11,083	9,568
<b>Total current liabilities</b>	<b>48,753</b>	<b>37,565</b>
<b>Long-term liabilities</b>		
Long-term debt	6,487	6,418
Accrued retirement benefits	3,079	3,022
Retirement benefits for directors	444	440
Other current liabilities	700	683
<b>Total long-term liabilities</b>	<b>10,711</b>	<b>10,563</b>
<b>Total Liabilities</b>	<b>59,465</b>	<b>48,129</b>
<b>Shareholders Equity</b>		
Paid-in capital	11,194	11,194
Additional paid-in capital	19,476	19,476
Retained earnings	37,453	35,765
Treasury stock	(1,090)	(1,090)
Total shareholders' equity	67,033	65,346
<b>Other comprehensive income</b>		
Unrealized holding gain on securities	302	192
Gain on deferred hedge	(408)	(622)
Translation adjustments	1,776	903
Total comprehensive income	1,670	473
Stock acquisition right	92	92
Minority interests	1,301	1,274
<b>Total Net Assets</b>	<b>70,098</b>	<b>67,186</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>129,564</b>	<b>115,315</b>



## 2. Consolidated Statements of Income

(Millions of yen)

	April 1 – June 30, 2013	April 1 – June 30, 2012
<b>Net sales</b>	<b>58,551</b>	<b>50,375</b>
Cost of sales	50,210	43,296
Gross profit	8,341	7,078
Selling, general & administrative expenses	6,215	5,418
<b>Operating income</b>	<b>2,125</b>	<b>1,659</b>
<b>Non-operating income</b>		
Interest income	8	13
Translation gain	1,050	57
Other	37	30
<b>Total non-operating income</b>	<b>1,096</b>	<b>101</b>
<b>Non-operating income</b>		
Interest paid	20	18
Loss on transfer of receivables	38	47
Other	19	14
<b>Total non-operating expenses</b>	<b>77</b>	<b>80</b>
<b>Ordinary income</b>	<b>3,144</b>	<b>1,680</b>
<b>Extraordinary income</b>		
Proceeds from sales of investment securities	—	176
<b>Total extraordinary income</b>	<b>—</b>	<b>176</b>
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	3	0
Other	—	41
<b>Total extraordinary losses</b>	<b>3</b>	<b>42</b>
<b>Income before income taxes</b>	<b>3,140</b>	<b>1,814</b>
Corporate, inhabitant and enterprise taxes	1,026	638
<b>Total corporate tax etc.</b>	<b>1,026</b>	<b>638</b>
<b>Income before minority interests</b>	<b>2,114</b>	<b>1,176</b>
<b>Minority interests</b>	<b>10</b>	<b>28</b>
<b>Net income</b>	<b>2,104</b>	<b>1,148</b>

	April 1 – June 30, 2013		April 1 – June 30, 2012	
<b>Income before minority interests</b>		<b>2,114</b>		<b>1,176</b>
<b>Other comprehensive income</b>				
Unrealized holding gain on securities		110		478
Gain(loss) on deferred hedge		213		350
Translation adjustments		931		(604)
<b>Total comprehensive income</b>		<b>1,255</b>		<b>224</b>
<b>Comprehensive income</b>		<b>3,370</b>		<b>1,401</b>
(Breakdown of comprehensive income)				
Comprehensive income attributable to the shareholders of the parent company		3,301		1,426
Comprehensive income attributable to minority shareholders		69		(24)

### 3. Consolidated Statements of Cash Flow

(Millions of yen)

	April 1 – June 30, 2013	April 1 – June 30, 2012
<b>1. Operating activities</b>		
Income before income taxes	3,140	1,814
Depreciation and amortization	260	287
Interest and dividend income	(15)	(13)
Interest expense	20	18
Decrease (increase) in notes and accounts receivable trade	(6,446)	(816)
Decrease (increase) in inventories	(4,483)	(6,074)
Increase (decrease) in trade payable	8,864	4,717
Other	2,083	(2,918)
<b>Sub-total</b>	<b>3,423</b>	<b>(2,984)</b>
Interest and dividends received	15	10
Interest paid	(11)	(17)
Corporate tax Payment (refund)	(833)	(966)
<b>Net cash provided by (used in) operating activities</b>	<b>2,594</b>	<b>(3,957)</b>
<b>2. Investing Activities</b>		
Disbursement of loans	(1,726)	(714)
Proceeds from collection of loans	1,761	586
Purchases of property and equipment	(167)	(227)
Purchases of intangible assets	(184)	(30)
Proceeds from sales of investment securities	19	15
Purchases of shares of affiliated companies	(0)	(24)
Other	21	240
<b>Net cash provided by (used in) investing activities</b>	<b>(275)</b>	<b>(154)</b>

(Millions of yen)

	April 1 – June 30, 2013	April 1 – June 30, 2012
<b>3. Financing activities</b>		
Cash dividends paid	(339)	(338)
Other	(11)	(1,983)
<b>Net cash provided by (used in) financing activities</b>	<b>(350)</b>	<b>(2,322)</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<b>109</b>	<b>(260)</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<b>2,077</b>	<b>(6,695)</b>
<b>6. Cash and cash equivalents at beginning of the year</b>	<b>17,089</b>	<b>24,222</b>
<b>7. Increase in cash and cash equivalents due to the increase of newly consolidated subsidiaries</b>	<b>1</b>	<b>—</b>
<b>8. Cash and cash equivalents at year end</b>	<b>19,167</b>	<b>17,526</b>

#### 4. Notes regarding Going Concern Assumption

Not applicable

#### 5. Note on Significant Change in Shareholders' Equity

Not applicable

## Segment Information

### 1. Sales and profit by segment

#### Current Consolidated First Quarter (April 1, 2013 – June 30, 2013)

(Millions of yen)

	Segment			Other	Total
	IC, electronic devices and other business	Network business	Sub-total		
Sales					
(1) Sales to external customers	54,524	4,027	58,551	—	58,551
(2) Internal sales or transfers between segments	—	1	1	—	1
Total	54,524	4,029	58,553	—	58,553
Operating income by segment	1,795	356	2,151	—	2,151

#### Previous 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

**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	2,151	1,701
Elimination of intersegment income	48	46
Corporate-wide expenses *	(74)	(88)
Operating income in the consolidated statements of income	2,125	1,659

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