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Renesas Electronics Reports Financial Results for the Year Ended March 31, 2014

TOKYO, Japan, May 9, 2014 — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results for the year ended March 31, 2014.

Summary of Consolidated Financial Results

	Year ended March 31, 2014	
	Billion Yen	% of Net Sales
Net sales	833.0	100.0
Sales from semiconductors	796.8	
Sales from others	36.2	
Operating income (loss)	67.6	8.1
Ordinary income (loss)	58.6	7.0
Net income (loss)	(5.3)	(0.6)
Capital expenditures	29.3	
Depreciation and others	76.7	
R&D expenses	115.3	
	Yen	
Exchange rate (USD)	100	
Exchange rate (Euro)	133	

	As of March 31, 2014	
	Billion Yen	
Total assets	786.0	
Net assets	227.3	
Equity	214.6	
Equity ratio (%)	27.3	
Interest-bearing debt	270.9	

Note 1: All figures are rounded to the nearest 100 million yen.
Note 2: Capital expenditures refer to the amount of order placed for property, plant and equipment (manufacturing equipment).
Note 3: Depreciation and others includes depreciation and amortization expenses and amortization of long-term prepaid expenses in quarterly consolidated statements of cash flows.

Consolidated Financial Results for the Year Ended March 31, 2014

English translation from the original Japanese-language document

May 9, 2014

Company name	: **Renesas Electronics Corporation**
Stock exchanges on which the shares are listed	: Tokyo Stock Exchange, First Section
Code number	: 6723
URL	: http://www.renesas.com
Representative	: Hisao Sakuta, Representative Director, Chairman and CEO
Contact person	: Taizo Endo, Executive Manager Corporate Communications Dept Tel. +81 (0)3-6756-5552
Date of the ordinary general shareholders' meeting (scheduled)	: June 25, 2014
Filing date of Yukashoken Hokokusho (scheduled)	: June 25, 2014

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for year ended March 31, 2014

1.1 Consolidated financial results

(% of change from corresponding period of the previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2014	833,011	6.0	67,635	---	58,625	---	(5,291)	---
Year ended March 31, 2013	785,764	(11.0)	(23,217)	---	(26,862)	---	(167,581)	---

Reference: Comprehensive income for the year ended March 31, 2014: 8,783 million yen
Comprehensive income for the year ended March 31, 2013: (148,542) million yen

	Net income (loss) per share basic	Net income (loss) per share diluted	Net income (loss) ratio per equity	Ordinary income (loss) ratio per total assets	Operating income (loss) ratio per sales
	Yen	Yen	%	%	%
Year ended March 31, 2014	(5.07)	---	(3.8)	7.5	8.1
Year ended March 31, 2013	(401.76)	---	(117.7)	(3.5)	(3.0)

Reference: Equity in net income of affiliates of the year ended March 31, 2014: 168 million yen
Equity in net income of affiliates of the year ended March 31, 2013: 40 million yen

1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2014	786,002	227,314	27.3	128.73
March 31, 2013	669,104	77,924	10.0	160.01

Reference: Equity as of March 31, 2014: 214,601 million yen
Equity as of March 31, 2013: 66,744 million yen

Note: Equity is equal to "Net assets" excluding "Share subscription rights" and "Minority interests"

1.3 Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2014	93,722	(19.241)	107,007	265,897
Year ended March 31, 2013	(54,101)	(43,160)	36,849	77,731

2. Cash dividends

	Cash dividends per share					Total dividends during the year	Dividends payout ratio (consolidated)	Dividends ratio per net assets (consolidated)
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total			
	Yen	Yen	Yen	Yen	Yen			
Year ended March 31, 2014	---	0.00	---	0.00	0.00	---	---	---
Year ended March 31, 2013	---	0.00	---	0.00	0.00	---	---	---
Year ending March 31, 2015 (forecast)	---	---	---	---	---		---	

3. Forecast of consolidated results for the three months ending June 30, 2014

(% of change from corresponding period of the previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net income (loss) per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Three months ending June 30, 2014	202,000	0.7	200,00	17.9	175,00	13.8	140,00	--	8.40

Note: Change in forecast of consolidated results since the most recently announced forecast: No
Please refer to Appendix 1.3., "Consolidated Forecasts" on page 7.

4. Others

4.1 Changes in significant subsidiaries for the year ended March 31, 2014

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

4.2 Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Prior Period Errors

1. Changes in accounting policies with revision of accounting standard: Yes
2. Changes in accounting policies except for "Changes in Accounting Policies": No
3. Changes in accounting estimates: No
4. Corrections of prior period errors: No

4.3 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)

As of March 31, 2014: 1,667,124,490 shares

As of March 31, 2013: 417,124,490 shares

2. Number of treasury stock

    As of March 31, 2014: 2,548 shares

    As of March 31, 2013: 2,548 shares

3. Average number of shares issued and outstanding

    For the year ended March 31, 2014: 1,043,834,271 shares

    For the year ended March 31, 2013: 417,121,942 shares

(Reference) Non-consolidated results for the year ended March 31, 2014

Non-consolidated financial results

(% of change from corresponding period of the previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2014	738,088	9.1	22,386	--	15,554	--	(12,527)	--
Year ended March 31, 2013	676,275	(7.9)	(61,050)	--	(30,781)	--	(189,002)	--

	Net income (loss) per share: basic	Net income (loss) per share: diluted
	Yen	Yen
Year ended March 31, 2014	(12.00)	--
Year ended March 31, 2013	(453.11)	--

Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2014	731,800	157,455	21.5	94.45
March 31, 2013	667,145	19,880	3.0	47.66

Reference: Equity at the end of the year ended March 31, 2014: 157,455 million yen
Equity at the end of the year ended March 31, 2013: 19,880 million yen

(Note) Information regarding the implementation of audit procedures
These financial statements are under the audit procedures based upon the Financial Instruments and Exchange Act at the time of issuance of this report.

Cautionary Statement
The statements with respect to the financial outlook of Renesas Electronics Corporation (hereafter "the Company") and its consolidated subsidiaries are forward-looking statements involving risks and uncertainties. The Company cautions you in advance that actual results may differ materially from such forward-looking statements due to changes in several important factors.

The Renesas Electronics Corporation and its consolidated subsidiaries (hereafter "the Group") will hold an earnings conference for institutional investors and analysts on May 9, 2014. The Group plans to post the materials which are provided at the meeting, on the Group's homepage on that day.

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1. Business Results

1.1 Analysis of Business Results

1.1.1 Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

	Year ended March 31, 2013	Year ended March 31, 2014	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Net sales	785.8	833.0	47.2	6.0
Sales from semiconductors	724.7	796.8	72.1	10.0
Sales from others	61.1	36.2	(24.9)	(40.7)
Operating income (loss)	(23.2)	67.6	90.9	-
Ordinary income (loss)	(26.9)	58.6	85.5	-
Net income (loss)	(167.6)	(5.3)	162.3	-
	Yen	Yen		
Exchange rate (USD)	82	100	-	-
Exchange rate (EUR)	106	133	-	-

Consolidated financial results for the year ended March 31, 2014 were as follows.

[Net sales]

Consolidated net sales for the year ended March 31, 2014 were 833.0 billion yen, an increase by 6.0% year on year. This increase was mainly due to improved exchange rate in addition to steady sales of automotive semiconductors, small- to medium-sized display driver ICs, despite a decline in sales of SoCs (system on chip) for consumer electronic devices and sales from others as a result of the Renesas Electronics Group's ("the Group") ongoing selection and concentration of businesses.

[Sales from Semiconductors]

Sales from semiconductors for the year ended March 31, 2014 were 796.8 billion yen, 10.0% increase year on year.

The business segment of the Group comprises three product groups: "MCU", "Analog & Power devices" and "SoC solutions", and "Other semiconductors" which includes semiconductor products that fit into neither of above three product categories. Sales of respective product groups are as follows:

<u>MCUs: 353.6 billion yen</u>

MCUs mainly include microcontrollers for automotive, industrial systems, microcontrollers used in digital home appliances, white goods, and consumer electronics including game consoles, and microcontrollers for PC and PC peripherals such as hard disc drives.

Sales of MCUs for the year ended March 31, 2014 were 353.6 billion yen, a 15.9% increase year on year. This increase was mainly due to growth in the sales of microcontrollers for industrial systems and consumer electronics, in addition to solid sales of automotive microcontrollers.

Analog & Power Devices: 272.5 billion yen

Analog & Power devices mainly consist of power MOSFETs, mixed signal ICs, IGBTs (Insulated Gate Bipolar Transistors), diodes, small signal transistors, display driver ICs, compound semiconductor devices such as optical and microwave devices, employed in automobiles, industrial systems, PC and PC peripherals, and consumer electronics.

Sales of Analog & Power devices for the year ended March 31, 2014 were 272.5 billion yen, a 15.9% increase year on year, mainly owing to an increase in sales of power devices for automotive, analog ICs for automotive and small- to medium-sized display driver ICs.

SoC solutions: 164.8 billion yen

SoC solutions mainly consist of semiconductors used in automotive application such as car navigation systems, semiconductors for industrial systems, semiconductors for consumer electronics such as digital home appliances and game consoles, semiconductors for PC and PC peripherals such as hard disc drives and USB devices, and semiconductors for communication such as network equipment and mobile handsets.

Sales of SoC solutions for the year ended March 31, 2014 were 164.8 billion yen, a 5.0% decrease year on year. This decrease was mainly due to a decline in the semiconductor sales for consumer electronics and mobile handsets as a result of the Group’s ongoing selection and concentration of businesses, despite an increase in sales of semiconductors used in automobiles and PC peripherals.

Other Semiconductors: 5.9 billion yen

Sales of other semiconductors include production by commissioning and royalties.

Sales of other semiconductors for the year ended March 31, 2014 were 5.9 billion yen, a 45.5% decrease year on year.

[Sales from others]

Sales from others include non-semiconductor products sold on a resale basis by the Group’s sales subsidiaries, and development and production by commissioning conducted by the Group’s design and manufacturing subsidiaries.

Sales from others for the year ended March 31, 2014 were 36.2 billion yen, a 40.7% decrease year on year. This was mainly due to the transfer of the semiconductor resale business and electronic component production business of Renesas Electronics Sales Co., Ltd., which at that time was a wholly-owned subsidiary of the Company, on February 1, 2013, to Tachibana Device Component Co., Ltd., a wholly-owned subsidiary of Tachibana Eletech Co., Ltd., as well as the transfer of the LCD resale business of Renesas Electronics America Inc., a wholly-owned subsidiary of the Company, on November 1, 2013.

[Operating income (loss)]

Operating income for the year ended March 31, 2014 was 67.6 billion yen, an improvement of 90.9 billion yen year on year, mainly owing to implementation of the structural reforms, in addition to increased sales from improved exchange rate and solid sales of automotive semiconductors and small- to medium-sized display driver ICs.

[Ordinary income (loss)]

Ordinary income for the year ended March 31, 2014 was 58.6 billion yen, due to non-operating loss of 9.0 billion yen from recording non-operating expenses of 14.1 billion yen, including interest expenses and share issue cost for issuance of new shares through Third-Party Allotment.

[Net income (loss)]

Net loss for the year ended March 31, 2014 was 5.3 billion yen. This was mainly due to recording special loss of 72.0 billion yen mainly from business structure improvement expenses, despite a special income of 23.8 billion yen from gain on transfer of business and debt waivers.

1.1.2. Consolidated Forecasts

The Group reports its consolidated forecasts on a quarterly basis because of the difficulty of forecasting full-year results with high accuracy due to the short-term volatility of the semiconductor market.

(For the three months ending June 30, 2014)

(In millions of yen)

	Net Sales	**(Reference) Sales from semiconductors**	**Operating Income (Loss)**	**Ordinary Income (Loss)**	**Net Income (Loss)**
Previous forecasts	---	---	---	---	---
Current forecasts (May 9, 2014)	202,000	196,000	20,000	17,500	14,000
Increase (decrease)	---	---	---	---	---
Percent change (%)	---	---	---	---	---
Reference : Results for the first quarter ended June 30, 2013	199,057	189,000	9,779	8,538	(3,990)

The consolidated forecasts for the first quarter ending June 30, 2014 are calculated at the rate of 100 yen per USD and 136 yen per Euro.

The statements with respect to the financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries are forward-looking statements involving risks and uncertainties. The Company cautions you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

1.2 Consolidated Financial Condition

1.2.1 Total Assets, Liabilities and Net assets

	March 31, 2013	March 31, 2014	Increase (Decrease)
	Billion yen	Billion yen	Billion yen
Total assets	669.1	786.0	116.9
Net assets	77.9	227.3	149.4
Equity	66.7	214.6	147.9
Equity ratio (%)	10.0	27.3	17.3
Interest-bearing debt	306.4	270.9	(35.5)
Debt / Equity ratio	4.59	1.26	(3.33)

Total assets as of March 31, 2014 were 786.0 billion yen, a 116.9 billion yen increase from March 31, 2013. This was mainly due to an increase in cash and cash equivalents from the Third-Party Allotment (150.0 billion yen). Net assets were 227.3 billion yen, a 149.4 billion yen increase from March 31, 2013. This was mainly due to an increase in capital stock and capital surplus as a result of the Third-Party Allotment.

Equity increased by 147.9 billion yen from March 31, 2013 and the equity ratio was 27.3%. Interest-bearing debt decreased by 35.5 billion yen from March 31, 2013. Consequently, the debt to equity ratio dropped to 1.26.

1.2.2 Cash Flows

	Year ended March 31, 2013	Year ended March 31, 2014
	Billion yen	Billion yen
Net cash provided by (used in) operating activities	(54.1)	93.7
Net cash provided by (used in) investing activities	(43.2)	(19.2)
Free cash flows	(97.3)	74.5
Net cash provided by (used in) financing activities	36.8	107.0
Cash and cash equivalents at the beginning of period	131.9	77.7
Cash and cash equivalents at the end of period	77.7	265.9

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities for the year ended March 31, 2014 was 93.7 billion yen, mainly due to depreciation and amortization (65.0 billion yen), in addition to an income before income taxes and minority interests (10.5 billion yen).

(Net cash provided by (used in) investing activities)

Net cash used in investing activities for the year ended March 31, 2014 was 19.2 billion yen, mainly due to the purchase of property, plant and equipment (37.5 billion yen) and loss from payments for transfer of business (5.6 billion yen), despite an income from payments for transfer of business (21.1 billion yen).

The foregoing resulted in positive free cash flows of 74.5 billion yen for the fiscal year ended March 31, 2014.

(Net cash provided by (used in) financing activities)
Net cash provided by financing activities for the year ended March 31, 2014 was 107.0 billion yen, mainly due to the financing through the Third-Party Allotment (150.0 billion yen).

Consequently, cash and cash equivalents at the end of the period were 265.9 billion yen, 188.2 billion yen increase from the beginning of the period.

1.3 Dividend Payments

For the year ended March 31, 2014, the Group posted net losses on both consolidated and non-consolidated basis, and was put in the situation of accumulated deficits on both consolidated and non-consolidated basis. Accordingly, the Group regrettably suspended dividend payment for this period.

For the year ending March 31, 2015, whether the Group provides interim and year-end dividend payments remain undecided, and the Group will immediately announce it when the decisions are made.

1.4 Risk Factors

Please refer to the Group's “Financial Report” for risk factors.

2. Renesas Electronics Group Companies

The Renesas Electronics Group comprises 45 consolidated subsidiaries and 3 equity method affiliates, as listed below according to primary business activity.

	Japan	Overseas
Sales Companies	<Equity Method Affiliate> RENESAS EASTON Co., Ltd.	<Consolidated Subsidiary> Renesas Electronics (China) Co., Ltd. Renesas Electronics (Shanghai) Co., Ltd. Renesas Electronics Hong Kong Limited Renesas Electronics Taiwan Co., Ltd. Renesas Electronics Korea Co., Ltd. Renesas Electronics Singapore Pte. Ltd. Renesas Electronics Malaysia Sdn. Bhd. Renesas Electronics India Private Limited Renesas Electronics America, Inc. Renesas Electronics Canada Limited Renesas Electronics Europe Limited (UK) Renesas Electronics Europe GmbH (Germany)
Manufacturing and Engineering Service Companies	<Consolidated Subsidiary> Renesas Northern Japan Semiconductor, Inc. Hokkai Electronics Co., Ltd. Haguro Electronics Co., Ltd. Renesas Yamagata Semiconductor, Inc. Renesas Kofu Semiconductor, Co., Ltd. Renesas Yanai Semiconductor, Inc. Renesas Kansai Semiconductor Co., Ltd. Renesas Semiconductor Kyushu Yamaguchi Co., Ltd. Renesas Kyushu Semiconductor Corp. Renesas Naka Semiconductor Co., Ltd. Renesas Semiconductor Engineering Corp.	<Consolidated Subsidiary> Renesas Semiconductor (Beijing) Co., Ltd. Renesas Semiconductor (Suzhou) Co., Ltd. Renesas Semiconductor Singapore Pte. Ltd. Renesas Semiconductor KL Sdn. Bhd. Renesas Semiconductor (Malaysia) Sdn. Bhd. Renesas Semiconductor (Kedah) Sdn. Bhd. Renesas Semiconductor Technology (Malaysia) Sdn. Bhd.
Design and Application Technologies Companies	<Consolidated Subsidiary> Renesas System Design Co., Ltd. Renesas Solutions Corp. Renesas Engineering Services Co., Ltd.	<Consolidated Subsidiary> Renesas Semiconductor Design (Beijing) Co., Ltd. Renesas Design Vietnam Co., Ltd. Renesas Semiconductor Design (Malaysia) Sdn. Bhd. Renesas Electronics Brasil-Servicos Ltda.
Business Corporations and Others	<Consolidated Subsidiary> Renesas Mobile Corporation Renesas SP Drivers Inc. <Equity Method Affiliate> Renacentis IT Services Co., Ltd.	<Consolidated Subsidiary> Renesas Design France S.A.S Renesas SP Drivers Taiwan Inc. and 4 other companies <Equity Method Affiliate> 1 company

Note: Some of the Group’s overseas sales companies are also engaged in design and development activities.

3. Management Policies

3.1 Management Policies

The Renesas Electronics Group sets up the following corporate philosophy, which expresses the Group's identity and mission, and corporate vision that shows the Group's target direction. Under these philosophy and vision, the Group is aiming to increase its business value and shareholders value as the world's leading semiconductor company.

[Corporate Philosophy]
Harnessing its collective expertise in new technologies, the Renesas Electronics Group contributes to a world where people and the planet prosper in harmony by realizing our vision and building our future.

[Corporate Vision]
Renesas Electronics Group will be first to respond to customer needs worldwide with our creative power and technology innovations to become a strong, growing semiconductor manufacturer and a trustworthy partner.

3.2 Management Targets

As announced in the Group's presentation, "Reforming Renesas'" issued on October 30, 2013, with an aim of realizing a company that generates consistent revenue, the Renesas Group has developed a reform plan, consisting of three components: 1) "Reform businesses to better utilize market intelligence during product development," 2) "Reform into a profit-oriented organization," and 3) Reform to a global management and organizational structures." To achieve these reform plans, the Group will exert its utmost efforts into tackling the target described in "3.4 Issues to Address" in the fiscal year ending March 31, 2015.

3.3 Mid-term Corporate Strategies

The Renesas Electronics Group is implementing the following measures as mid-term corporate strategies.

3.3.1 Business Operation with an Application-Orientated Approach

To reform of our business domains with a market-oriented approach, the Renesas Group has shifted from a product-orientation (MCUs, Analog & Power Devices, and SoC Solutions) to an application-orientation approach to cater to market and customer demand. Through this change the Group positioned the following business categories as its business domains to boost its strength and competitiveness: Automotive control and automotive infotainment, Industrial and home electronics, Office automation (OA) and information communication technology (ICT), and General-purpose products. The Group will focus on providing kit and platform solutions with increased values for the customers in each application area and will also strengthen its global marketing and product development activities.

3.3.2 Construction of Stronger Financial Base Necessary for Future Growth -To Become a Trusted Partner-

In order to assure stable business growth, the Renesas Group aims to construct a robust business structure capable of realizing growth in profits. To achieve this, in addition to developing a business operation structure with market-oriented approach as mentioned above, the Group will also engage in thorough streamlining of its overall businesses, especially through further promotion of the structural reforms and cost optimization based to match operational levels, to achieve the most optimized manufacturing structure.

Through these efforts to become a partner on whom its customers can rely, the Group will endeavor to increase corporate value as a global semiconductor company producing sustained growth.

3.4 Issues to Address

As indicated in the “1.1 Analysis of Business Results” section, the semiconductor sales and operating income improved in the fiscal year ended March 31, 2014 from the previous year. Nevertheless, in order to deal flexibly with changes in the business climate and achieve stable business operation, the Renesas Group must boost profitability still further and continue, based on the reform plan to work toward “improved profit ratio through restructuring” alongside “further growth in profits through business selection and concentration” aimed at stable corporate growth.

3.4.1 Improved Profit Ratio through Restructuring

Based on the reform plan, the Renesas Group has been moving forward with reforms characterized by a thorough emphasis on profitability and implementation of autonomous management, and is carrying out restructuring of the manufacturing system to enable flexible response to changes in the business climate. Specifically, the Group has been realigning its manufacturing sites in accordance with its basic policies of (1) boosting production efficiency, (2) building a flexible production system to respond to rapid market changes, and (3) maintaining and continuing in-house plants with advanced technologies and cost competitiveness.

Building on the above policies, moving forward the Group will steadily implement steps such as optimization of manufacturing lines and improving production efficiency through increased turnover rates.

In addition to implementation of manufacturing-related structural reform measures such as those mentioned above, the Group will implement a realignment of its design sites aimed at increasing work efficiency and accelerated decision-making through standardization and common application of design work processes to match its key business domains.

As the Group goes about implementing these restructuring measures, it will also proceed with efforts to revise the personnel system from the standpoint of employee development and organizational invigoration, devoting careful attention to the hiring, treatment, and training of personnel who will contribute to the realization of our corporate philosophy and vision, as well the inculcation of results-oriented thinking.

By carrying out these restructuring measures, the Group aims to boost development and production efficiency while speeding up decision-making, and thereby to realize improved profitability.

3.4.2 Further Growth in Profits through Business Selection and Concentration

Up to this point the Renesas Group worked to expand its business by focusing on microcontrollers, Analog and Power devices, and SoC solutions as its three key business domains, however, by identifying within each of these business domains the fields or areas where medium and long-term growth is anticipated, and the areas where the Group can come out ahead of the competition, its focus has now shifted to five application fields where the Group possesses unique strengths and can compete most effectively: Automotive control, Automotive information, Industrial and home appliances, OA and ICT, and General-purpose products. With this shift in emphasis, the Group will endeavor to provide optimal solutions that better meet the needs of customers and to boost added value.

The Group will also accelerate business selection and concentration aimed at the realization of steady growth in profits, and in this way the Group will improve its product mix and strengthen the competitiveness of its products. The Group is pulling out of non-core businesses such as the mobile business, however, moving forward the Group will select businesses that will form the foundations for future growth, focusing on applications where the Group can display its unique strengths, and by concentrating management resources on these key businesses, the Group will improve its product mix.

By boosting added value through the above efforts to increase the ability to deliver solutions and improving product mix through business selection and concentration, the Renesas Group will achieve further growth in profits.

4. Consolidated Financial Statements
4.1 Consolidated Balance Sheets
As of March 31, 2013 and 2014

(In millions of yen)

	Prior Fiscal Year (As of March 31, 2013)	Current Fiscal Year (As of March 31, 2014)
Assets		
Current assets		
Cash and deposits	78,072	267,302
Notes and accounts receivable-trade	78,075	82,531
Merchandise and finished goods	※1 68,411	※1 47,332
Work in process	※1 70,196	※1 70,185
Raw materials and supplies	※1 12,742	※1 8,538
Deferred tax assets	1,603	2,487
Accounts receivable-other	13,496	20,071
Other current assets	3,964	5,562
Allowance for doubtful accounts	(184)	(101)
Total current assets	326,375	503,907
Long-term assets		
Property, plant and equipment		
Buildings and structures	289,479	243,713
Accumulated depreciation	※3 (187,029)	※3 (160,070)
Buildings and structures, net	※1 102,450	※1 83,643
Machinery and equipment	768,012	657,522
Accumulated depreciation	※3 (694,213)	※3 (597,958)
Machinery and equipment, net	※1 73,799	※1 59,564
Vehicles, tools, furniture and fixtures	134,979	110,399
Accumulated depreciation	※3 (110,651)	※3 (91,450)
Vehicles, tools, furniture and fixtures, net	※1 24,328	※1 18,949
Land	※1 35,262	※1 31,197
Construction in progress	※1 6,773	※1 10,901
Total property, plant and equipment	242,612	204,254
Intangible assets		
Software	16,179	11,722
Other intangible assets	27,725	23,155
Total intangible assets	43,904	34,877
Investments and other assets		
Investment securities	※1,※2 8,063	※1,※2 8,587
Net defined benefit asset	—	492
Deferred tax assets	2,450	2,300
Long-term prepaid expenses	29,333	21,633
Other assets	16,368	9,953
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	56,213	42,964
Total long-term assets	342,729	282,095
Total assets	669,104	786,002

(In millions of yen)

	Prior Fiscal Year (As of March 31, 2013)	Current Fiscal Year (As of March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	99,153	91,374
Short-term borrowings	1,000	2,000
Current portion of long-term borrowings	※1 25,514	※1 3,366
Current portion of lease obligations	※1 6,416	※1 2,458
Accounts payable-other	64,392	41,238
Accrued expenses	20,126	41,663
Accrued income taxes	6,443	8,631
Provision for product warranties	466	605
Provision for business structure improvement	1,128	5,142
Provision for contingent loss	7	993
Asset retirement obligations	331	22
Other current liabilities	3,618	3,524
Total current liabilities	228,594	201,016
Long-term liabilities		
Long-term borrowings	※1 264,656	※1 256,625
Lease obligations	※1 8,795	※1 6,453
Deferred tax liabilities	11,476	11,040
Accrued retirement benefits	58,810	—
Provision for business structure improvement	—	4,956
Net defined benefit liability	—	57,874
Asset retirement obligations	4,491	4,102
Other liabilities	14,358	16,622
Total long-term liabilities	362,586	357,672
Total liabilities	591,180	558,688
Net assets		
Shareholders’ equity		
Common stock	153,255	228,255
Capital surplus	450,413	525,413
Retained earnings	(527,815)	(533,106)
Treasury stock	(11)	(11)
Total shareholders’ equity	75,842	220,551
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	308	572
Foreign currency translation adjustments	(9,406)	(347)
Remeasurements of defined benefit plans	—	(6,175)
Total accumulated other comprehensive income	(9,098)	(5,950)
Minority interests	11,180	12,713
Total net assets	77,924	227,314
Total liabilities and net assets	669,104	786,002

4.2 Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

4.2.1 Consolidated Statements of Operations For the Years Ended March 31, 2013 and 2014

(In millions of yen)

	The year ended March 31, 2013	The year ended March 31, 2014
Net sales	785,764	833,011
Cost of sales	542,877	523,262
Gross profit	242,887	309,749
Selling, general and administrative expenses	266,104	242,114
Operating income (loss)	(23,217)	67,635
Non-operating income		
Interest income	204	531
Dividends income	62	105
Equity in earnings of affiliates	40	168
Foreign exchange gains	729	2,802
Insurance income	2,583	419
Reversal of provision for contingent loss	1,068	―
Other non-operating income	2,264	1,081
Total non-operating income	6,950	5,106
Non-operating expenses		
Interest expenses	4,720	4,531
Loss on disposal of long-term assets	1,017	928
Retirement benefit expenses	2,139	1,897
Share issuance cost	―	2,354
Other non-operating expenses	2,719	4,406
Total non-operating expenses	10,595	14,116
Ordinary income (loss)	(26,682)	58,625
Special income		
Gain on sales of property, plant and equipment	604	448
Gain on transfer of business	※1 35	※1 15,632
Gain on sales of investment securities	2,294	101
Gain on forgiveness of debt	―	※2 7,636
Gain on liquidation of subsidiaries and affiliates	70	―
Total special income	3,003	23,817
Special loss		
Loss on sales of property, plant and equipment	30	2,318
Impairment loss	※3 4,767	※3 2,229
Loss on disaster	―	1,321
Business structure improvement expenses	※3, ※4 127,104	※3, ※4 54,040
Loss on valuation of investment securities	10	10
Loss on sales of investment securities	17	―
Loss on liquidation of subsidiaries and affiliates	869	35
Settlement package	890	―
Loss on transfer of business	207	1,598
Loss on abolishment of retirement benefit plan	―	※5 9,116
Provision for contingent loss	―	1,270
Compensation for damage	―	17
Total special loss	133,894	71,954

	The year ended March 31, 2013	The year ended March 31, 2014
Income (loss) before income taxes and minority interests	(157,753)	10,488
Income taxes-current	6,983	11,378
Income taxes-deferred	494	(157)
Total income taxes	7,477	11,221
Income (loss) before minority interests	(165,230)	(733)
Minority interests in income (loss) of consolidated subsidiaries	2,351	4,558
Net income (loss)	(167,581)	(5,291)

4.2.2 Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2013 and 2014

(In millions of yen)

	The year ended March 31, 2013	The year ended March 31, 2014
Income (loss) before minority interests	(165,230)	(733)
Other comprehensive income		
Unrealized gains (losses) on securities	76	240
Foreign currency translation adjustments	16,601	9,252
Share of other comprehensive income of affiliates accounted for by the equity method	11	24
Total other comprehensive income	16,688	9,516
Comprehensive income	(148,542)	8,783
Comprehensive income attributable to:		
Shareholders of parent company	(151,214)	4,032
Minority interests	2,672	4,751

4.3 Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2013 and 2014

The year ended March 31, 2013

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	153,255	450,413	(360,234)	(11)	243,423
Changes during the period					
Net income (loss)			(167,581)		(167,581)
Net changes other than shareholders' equity					
Total changes during the period	—	—	(167,581)	—	(167,581)
Balance at the end of the period	153,255	450,413	(527,815)	(11)	75,842

	Accumulated other comprehensive income			Share subscription rights	Minority interests	Total net assets
	Unrealized gains (losses) on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of the period	221	(25,686)	(25,465)	26	8,516	226,500
Changes during the period						
Net income (loss)						(167,581)
Net changes other than shareholders' equity	87	16,280	16,367	(26)	2,664	19,005
Total changes during the period	87	16,280	16,367	(26)	2,664	(148,576)
Balance at the end of the period	308	(9,406)	(9,098)	—	11,180	77,924

The year ended March 31, 2014

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	153,255	450,413	(527,815)	(11)	75,842
Changes during the period					
Issuance of new shares	75,000	75,000			150,000
Net income (loss)			(5,291)		(5,291)
Net changes other than shareholders' equity					
Total changes during the period	75,000	75,000	(5,291)	—	144,709
Balance at the end of the period	228,255	525,413	(533,106)	(11)	220,551

	Accumulated other comprehensive income				Minority interests	Total net assets
	Unrealized gains (losses) on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	308	(9,406)	—	(9,098)	11,180	77,924
Changes during the period						
Issuance of new shares						150,000
Net income (loss)						(5,291)
Net changes other than shareholders' equity	264	9,059	(6,175)	3,148	1,533	4,681
Total changes during the period	264	9,059	(6,175)	3,148	1,533	149,390
Balance at the end of the period	572	(347)	(6,175)	(5,950)	12,713	227,314

4.4 Consolidated Statements of Cash Flows
For the Years Ended March 31, 2013 and 2014

(In millions of yen)

	The year ended March 31, 2013	The year ended March 31, 2014
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(157,753)	10,488
Depreciation and amortization	91,104	64,954
Amortization of long-term prepaid expenses	11,688	11,734
Impairment loss	4,767	2,229
Increase (decrease) in accrued retirement benefits	(20,876)	—
Increase (decrease) in net defined benefit liability	—	2,387
Increase (decrease) in provision for business structure improvement	287	9,397
Increase (decrease) in provision for contingent loss	(1,096)	1,205
Interest and dividends income	(266)	(636)
Insurance income	(2,583)	(419)
Interest expenses	4,720	4,531
Equity in (earnings) losses of affiliates	(40)	(168)
Loss (gain) on sales and valuation of investment securities	(2,267)	(91)
Loss (gain) on liquidation of subsidiaries and affiliates	799	35
Loss (gain) on sales of property, plant and equipment	(574)	1,870
Loss on disposal of long-term assets	1,017	928
Share issuance cost	—	2,354
Gain on forgiveness of debts	—	(7,636)
Business structure improvement expenses	85,684	27,422
Loss (gain) on transfer of business	172	(14,034)
Decrease (increase) in notes and accounts receivable-trade	30,330	(1,478)
Decrease (increase) in inventories	2,636	23,758
Decrease (increase) in accounts receivable-other	1,751	(4,477)
Increase (decrease) in notes and accounts payable-trade	(44,246)	(5,263)
Increase (decrease) in accounts payable-other and accrued expenses	3,547	27,180
Other cash provided by (used in) operating activities, net	1,380	(1,569)
Subtotal	10,181	154,701
Interest and dividends received	337	701
Proceeds from insurance income	2,552	450
Interest paid	(4,834)	(4,602)
Income taxes paid	(6,684)	(12,144)
Payments for extra retirement benefits	(48,527)	(44,979)
Settlement package paid	(485)	(405)
Payments for loss on disaster	(6,641)	—
Net cash provided by (used in) operating activities	(54,101)	93,722

(In millions of yen)

	The year ended March 31, 2013	The year ended March 31, 2014
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(46,306)	(37,506)
Proceeds from sales of property, plant and equipment	854	8,120
Purchase of intangible assets	(5,582)	(3,984)
Purchase of long-term prepaid expenses	(2,016)	(2,027)
Purchase of investment securities	(557)	(470)
Proceeds from sales of investment securities	3,022	710
Proceeds from transfer of business	7,219	21,086
Payments for transfer of business	―	(5,573)
Collection of loans receivable	―	1,050
Other cash provided by (used in) investing activities, net	206	(647)
Net cash provided by (used in) investing activities	(43,160)	(19,241)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(167,853)	1,000
Proceeds from long-term borrowings	256,851	221,789
Repayment of long-term borrowings	(34,048)	(244,815)
Proceeds from issuance of common shares	―	147,646
Repayments of finance lease obligations	(8,277)	(6,413)
Repayments of installment payables	(9,824)	(11,728)
Other cash provided by (used in) financing activities, net	―	(472)
Net cash provided by (used in) financing activities	36,849	107,007
Effect of exchange rate change on cash and cash equivalents	6,197	6,678
Net increase (decrease) in cash and cash equivalents	(54,215)	188,166
Cash and cash equivalents at the beginning of the period	131,946	77,731
Cash and cash equivalents at the end of the period	77,731	265,897

Notes to Consolidated Financial Statements

(Notes about Going Concern Assumption)
Not applicable

(Basis of Consolidated Financial Statements)
1. Scope of Consolidation
All subsidiaries are consolidated.

The number of consolidated companies of Renesas Electronics Corporation Group: 45

The name of major subsidiaries:
Names of the major consolidated subsidiaries are listed on “2. Renesas Electronics Group Companies” and omitted in this part.

The number of subsidiaries increased by foundation: 2
Renesas Electronics India Pvt. Ltd.
and other 1 company

Number of subsidiaries decreased by sales and liquidation: 6
Renesas Mobile Europe Oy.
and other 5 companies

Number of subsidiaries decreased by merger: 5
Renesas Electronics Sales CO., Ltd.
and other 4 companies

2. Application of Equity Method
(1) The number of affiliates accounted for by the equity method: 3

The names of major affiliates accounted for by the equity method:
Renesas Easton Co., Ltd.
Renacentis IT Services Co., Ltd.
and other 1 company

(2) The name of affiliates not accounted for by the equity method:
The equity method is not applied to STARC because net income and retained earnings (both amounts equivalent to what is accounted for by the equity method) have little impact on the consolidated financial statements of the Company on an individual basis, nor have any material impact on them on an aggregate basis.

(3) Of the affiliates accounted for by the equity method, if the closing date differs from that of the consolidated financial statements, the financial statements prepared with the provisional closing date of March 31, 2014 (same as that of consolidated financial statements) are used.

3. Significant Accounting Policies
(1) Valuation methods for significant assets

1) Securities
Other securities:
Marketable securities:
Marketable securities classified as other securities are valued at the fair value at the fiscal year-end, with unrealized gains and losses included in a component of net assets. The cost of securities sold is determined based on the moving-average method.

Non-marketable securities:
Non-marketable securities classified as other securities are carried at cost.

2) Derivatives

Derivative financial instruments are stated at the fair value.

3) Inventories

Inventories are stated at the lower of cost or market. The costs are stated as follows:

Merchandise and finished goods:

Custom-made products: Specific identification method

Mass products: Average method

Work in process:

Custom-made products: Specific identification method

Mass products: Average method

Raw materials and supplies: Average method

(2) Depreciation and amortization method for depreciable assets

1) Property, plant and equipment other than leased assets

Depreciated principally by the straight-line method

The useful lives of principal property, plant and equipment are as follows:

Buildings and structures: 10 to 45 years

Machinery and equipment: 2 to 8 years

Vehicles, tools, furniture and fixtures: 2 to 10 years

2) Intangible assets other than leased assets

Amortized by the straight-line method

Software for sales purposes

Amortized using the higher of the amount based on sales in the year as a proportion of total estimated sales over salable periods (not exceeding 3 years) or the amount based on a straight-line basis over the remaining salable period.

Software for internal use

Amortized by the straight-line method mainly over an estimated useful life of 5 years, which is the available term for internal use.

Developed technology

Amortized by the straight-line method based on the useful life (not exceeding 10 years) of the business activities.

3) Leased assets

Leased assets under finance leases under which the ownership of the assets is transferred to the lessee

Depreciated / amortized in the same way as self-owned long-term assets.

Leased assets under finance leases other than those under which the ownership of the assets is transferred to the lessee

Depreciated / amortized by the straight-line method over the lease term, assuming no residual value. Other than those under which the ownership of the assets is transferred to the lessee, the finance leases which started the lease transactions on or before March 31, 2008 are accounted for as operating lease transactions.

4) Long-term prepaid expenses

Amortized by the straight-line method

(3) Basis of significant reserves

1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on past experience for normal receivables and using a specific estimate of the collectability of individual receivables from companies in financial difficulty.

2) Provision for product warranties

The Group accrues product warranty liabilities for estimated future warranty costs using the individual estimates for the specific matters as well as historical ratio of warranty costs to net sales.

3) Provision for loss on guarantees

Provision for loss on guarantees is made for the amount of the estimated future losses related to debt guarantees, which the Group is taken into account for the deterioration of financial conditions.

4) Provision for business structure improvement

Provision for business structure improvement is made for the amount of the estimated losses to be incurred in connection with business structure reconstructions and consolidation.

5) Provision for contingent loss

In relation to matters such as legal proceedings and litigations, a provision for the amount of expected losses and expenses is made when they are reasonably estimated considering individual risks associated with each contingency.

(4) Accounting treatment for retirement benefits

1) Method of attributing expected benefit to periods

The method of attributing expected benefit to periods to estimate the asset or liability for retirement benefits is based on mainly a point-based or straight-line method.

2) Treatment for transitional obligation, actuarial gains and losses and prior service costs

Transitional obligation is amortized on a straight-line basis mainly over 15 years.

Actuarial gains and losses are amortized on a straight-line basis over the employees' estimated average remaining service periods (mainly over 14 years), starting in the following year after its occurrence.

Prior service costs are amortized as incurred on a straight-line basis over the employees' estimated average remaining service periods (mainly over 14 years).

(5) Foreign currency translation

Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Japanese yen at the applicable rates of exchange prevailing at the fiscal year-end, and differences arising from the translation are included in the statement of operations. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the applicable year-end rates of exchange, and all revenue and expense accounts are translated at the average rates of exchange prevailing during the period. Differences arising from the translation are presented as foreign currency translation adjustments and minority interests in net assets.

(6) Amortization method and term for goodwill

Goodwill is amortized by the straight-line method for over reasonable periods not exceeding 20 years.

(7) Cash and cash equivalents on the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, deposits which can be withdrawn at any time and short-term investments with a maturity of 3 months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(8) Others

1) Accounting for consumption tax

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

2) Adoption of consolidated taxation system

The Company and its subsidiaries in Japan adopt the consolidated taxation system.

(Changes in accounting principles)

Beginning from the current consolidated fiscal year-end, the Group has adopted “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, issued on May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, issued on May 17, 2012) except for the provisions set forth in Clause 35 of the “Accounting Standard for Retirement Benefits” and in Clause 67 of the “Guidance on Accounting Standard for Retirement Benefits”. As a result of this adoption, the Group has changed its accounting treatment to recognize the differences between retirement benefit obligations and pension assets as “Net defined benefit asset” or “Net defined benefit liability” and posted unrecognized actuarial gains and losses as well as prior service costs as “Net defined benefit asset” or “Net defined benefit liability”.

The adoption of the accounting standards is subject to the transition treatment set forth in Clause 37 of the “Accounting Standard for Retirement Benefits”, and effects of the change in the accounting standard are adjusted on the “Remeasurements of defined benefit plans” under the accumulated other comprehensive income of the net asset section.

Consequently, “Net defined benefit asset” of 492 million yen and “Net defined benefit liability” of 57,874 million yen were booked at the end of this fiscal year, while the accumulated other comprehensive income was decreased by 6,175 million yen.

Furthermore, the effect on amount per share information is described on the corresponding section.

(Accounting Standards Issued but Not Yet Adopted)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, issued on May 17, 2012)
"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, Issued on May 17, 2012)

1. Outline of accounting standards
The accounting standard and the guidance were revised from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on (a) how actuarial gains and losses and past service costs should be accounted for, (b) how retirement benefit obligations and current service costs should be determined and (c) enhancement of disclosures.

2. Application date
The Group is scheduled to apply the accounting standard regarding how retirement benefit obligations and current service costs should be determined from the fiscal year beginning on or after April 1, 2014.

3. Impact of adopting this accounting standard and related guidance
The impact of adopting this accounting standard and related guidance for the consolidated financial statements is currently under consideration.

(Changes in Presentation)

(Consolidated Statements of Operations)

"Reversal of provision for business structure improvement" presented separately in the previous fiscal year is included in "Other non-operating income" from the current fiscal year due to the lack of monetary significance. In order to reflect the change in presentation, the Consolidated Statements of Operations has been reclassified to reflect a consistent presentation format.

As a result of this change, 271 million yen presented as "Reversal of provision for business structure improvement" in the previous fiscal year is reclassified as "Other non-operating income".

(Consolidated Statements of Cash Flows)

"Increase (decrease) in provision for loss on disaster" and "Settlement package" presented separately in the previous fiscal year are included in "Other cash provided by (used in) operating activities, net" from the current fiscal year due to the lack of monetary significance.

In order to reflect the change in presentation, the Consolidated Statements of Cash Flows in the previous fiscal year has been reclassified to reflect a consistent presentation format.

As a result of this change, 119 million yen (negative figure) presented as "Increase (decrease) in provision for loss on disaster" and 485 million yen presented as "Settlement package" in the previous fiscal are reclassified as "Other cash provided by (used in) operating activities, net".

(Additional Information)

(Unification of the company pension plans on April 1, 2014)

Regarding the accounting procedure on the unification of the company pension plans on April 1, 2014 along with a withdrawal from the company pension plan in NEC Corporation, “Accounting for Transfers between Retirement Benefit Plans” (ASBJ Implementation Guidance No.1, issued on January 31, 2002) and “Revised Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ PITF No.2, issued on February 7, 2007) have been applied.

As a result, the special loss (loss on abolishment of retirement benefit plan) of 9,116 million yen was recognized as a partial settlement of the company pension plan for the year ended March 31, 2014.

In addition, unrecognized prior service costs (reduction of liability) on retirement benefit accounting of 5,737 million yen was incurred due to the unification for the year ended March 31, 2014.

(Adjustment of amounts of deferred tax assets and liabilities due to changes in statutory tax rates)

On March 31, 2014, the amended tax laws related to abolishment of the “Special Reconstruction Corporation Tax” was promulgated. As a result of this amendment, the effective statutory tax rates applied for the calculations of deferred tax assets and liabilities were changed from 38.01% to 35.64% for temporary differences expected to be realized or settled for the fiscal year beginning on April 1, 2014.

(Consolidated Balance Sheets)

*1 Assets pledged as collateral and secured liabilities

(Assets pledged as collateral)

(In millions of yen)

	As of March 31, 2013		As of March 31, 2014	
Merchandise and finished goods	—	(—)	34,362	(—)
Work in process	—	(—)	54,258	(—)
Raw materials and supplies	—	(—)	7,271	(—)
Buildings and structures	83,378	(82,415)	63,926	(62,935)
Machinery and equipment	44,792	(33,809)	26,818	(26,742)
Vehicles, tools, furniture and fixtures	1	(1)	—	(—)
Land	34,216	(29,860)	31,193	(27,221)
Construction in progress	32	(—)	—	(—)
Investment securities	—	(—)	5,007	(—)
Total	162,419	(146,085)	222,835	(116,898)

(Secured liabilities)

(In millions of yen)

	As of March 31, 2013		As of March 31, 2014	
Current portion of long-term borrowings	5,000	(5,000)	—	(—)
Current portion of lease obligations	868	(—)	893	(—)
Long-term borrowings	253,090	(253,090)	249,925	(249,925)
Lease obligations	6,862	(—)	5,969	(—)
Future lease payments	3,591	(—)	—	(—)
Total	269,411	(258,090)	256,787	(249,925)

*Amounts in parenthesis represent assets pledged as collateral and secured liabilities related to factory properties.

*2 Items below relate to affiliates

(In millions of yen)

	As of March 31, 2013	As of March 31, 2014
Investment securities (Stock)	4,930	5,101

*3 Accumulated impairment loss was included in accumulated depreciation.

4 Contingent liabilities

(1) Residual value guarantees under operating lease transactions

(In millions of yen)

As of March 31, 2013		As of March 31, 2014	
IBJ Leasing Company, Limited	607	IBJ Leasing Company, Limited	—
BOT LEASE Co., Ltd.	476	BOT LEASE Co., Ltd.	—
Sumitomo Mitsui Finance & Leasing Company, Limited	460	Sumitomo Mitsui Finance & Leasing Company, Limited	—
Total	1,543	Total	—

(2) Debt guarantees

(In millions of yen)

As of March 31, 2013		As of March 31, 2014	
Guarantees of employees' housing loans	546	Guarantees of employees' housing loans	393
Other	541	Other	510
Total	1,087	Total	903

(3) Others

The Group has been named in Canada as one of the defendants in multiple civil lawsuits related to possible violations of competition law involving SRAM brought by purchasers of such products.

The Group's subsidiaries in the U.S., Europe and South Korea are the subject of investigations each by the U.S. Department of Justice, the Competition Bureau of Canada, the European Commission, and the Korea Fair Trade Commission in connection with possible violations of antitrust law/competition law related to thin-film transistor liquid crystal displays (TFT-LCDs). The Group's subsidiary in the U.S. has been also named in the U.S. as one of the defendants in multiple civil lawsuits related to possible violations of antitrust law involving TFT-LCDs brought by purchasers of such products.

The Group is the subject of an investigation by the European Commission regarding possible violations of competition law in relation to smartcard chips. The Group has also been named in Canada as the defendant in a civil lawsuit related to possible violations of competition law involving smartcard chips brought by purchasers of such products.

(Consolidated Statements of Operations)

*1 Gain on transfer of business

For the year ended March 31, 2013

Gain on transfer of part of business of the Group's subsidiary

For the year ended March 31, 2014

Mainly due to the transfer of subsidiaries' shares and certain assets related to the LTE Modem technology to Broadcom Corporation.

*2 Gain on forgiveness of debt

Due to the receipt of planned financial assistance in the form of a partial debt waiver from some of its major shareholders.

*3 Impairment loss

The details of impairment loss were as follows:

For the year ended March 31, 2013

Location	Usage	Type
Chiyoda-ward, Tokyo Metropolitan prefecture Taiwan etc.	Business assets	Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress, Goodwill, Software, Other intangible assets and Long-term prepaid expenses
Kikuchi-district, Kumamoto-prefecture Sakai-city, Fukui-prefecture Kameda-district, Hokkaido-prefecture Kawasaki-city, Kanagawa-prefecture Yanai-city, Yamaguchi-prefecture Kitatsugaru-district, Aomori-prefecture etc.	Assets to be disposed of	Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress, Software, Other intangible assets and Long-term prepaid expenses
Singapore Goshogawara-city, Aomori-prefecture etc.	Idle assets	Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress, Software, Other intangible assets and Long-term prepaid expenses

The Group, in principle, bases its grouping for assessing impairment loss on long-term assets on each company or place of business. However, the Group determines whether an asset should be impaired on an individual asset basis when the significant asset is considered idle or when it is to be disposed of.

Net book values of business assets with the expectation of lower profitability were reduced to their recoverable values because the sum of the undiscounted future cash flows was less than that of book value. Such loss amounted to 26,507 million yen, which was included in special loss. The main such impairment loss was for the mobile business, which amounted to 25,953 million yen.

Also, the Group recognized impairment loss on assets to be transferred for the purpose of reforming the production structure for the establishment of a robust and profitable structure, and to be disposed of, which had no business use due to a decision to close or sell the product line by reducing their net book values to their recoverable values because their fair value declined significantly. Such loss amounted to 12,161 million yen, which was included in special loss.

The main components of such impairment loss was for the Kumamoto plant (Renesas Kyushu Semiconductor Corp.), the Fukui plant (Renesas Kansai Semiconductor Co., Ltd.), the Hakodate plant (Renesas Northern Japan Semiconductor, Inc.) and Hokkai Electronics Co., Ltd. which amounted to 7,028 million yen in total (which Renesas decided to transfer to J-Devices Corporation), was for Renesas High Components, Inc., which amounted to 1,220 million yen (which was transferred to AOI ELECTRONICS

CO,.LTD.) and was for Software intended to be disposed of due to the Group's integration of information systems, which amounted to 1,952 million yen.

Also, the Group recognized impairment loss on idle assets with no business use by reducing their net book values to the recoverable values of assets because their fair value declined significantly. Such loss amounted to 4,105 million yen, which was included in special loss.

Business assets, assets to be disposed of and idle assets were amounted to 42,773 million yen for special loss.

In addition, impairment loss includes business structure improvement expenses, which amounted to 38,006 million yen and impairment loss except for business structure improvement expenses, which amounted to 4,767 million yen.

The components of impairment loss (42,773 million yen) were as follows:

	(In millions of yen)
Buildings and structures	4,489
Machinery and equipment	9,410
Vehicles, tools, furniture and fixtures	4,673
Construction in progress	1,984
Goodwill	2,035
Software	8,375
Other intangible assets	11,131
Long-term prepaid expenses	676
Total	42,773

The recoverable value of these assets was measured at net sale value or value in use. The net sale value was reasonably estimated as the appraisal amount less the necessary expenses for disposal. However, the net sale value of assets which were difficult to sell was estimated at zero. The discount rate used in the determination of the value in use was mainly 2.5% or 3.0%.

For the year ended March 31, 2014

Location	Usage	Type
Kai-city, Yamanashi- prefecture Showa-Town, Yamanashi- prefecture etc.	Business assets	Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress, Software and Other intangible assets
Tsuruoka-city, Yamagata-Prefecture Ube-city, Yamaguchi-prefecture China etc.	Assets to be disposed of	Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress, Land, Software, Other intangible assets and Long-term prepaid expenses
Tsuruoka-city, Yamagata-Prefecture Malaysia Tawian China etc.	Idle assets	Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress and Long-term prepaid expenses

The Group, in principle, bases its grouping for assessing impairment loss on long-term assets on each company or place of business. However, the Group determines whether an asset should be impaired on an individual asset basis when the significant asset is considered idle or when it is to be disposed of.

Net book values of business assets with the expectation of lower profitability were reduced to their recoverable values because the sum of the undiscounted future cash flows was less than that of book value. Such loss amounted to 2,606 million yen, which was included in special loss. The main such impairment loss was for the shutdown of Kofu factory, which amounted to 2,015 million yen.

Also, the Group recognized impairment loss on assets to be transferred for the purpose of reforming the production structure for the establishment of a robust and profitable structure, and to be disposed of, which had no business use due to a decision to close or sell the product line by reducing their net book values to their recoverable values because their fair value declined significantly. Such loss amounted to 11,714 million yen, which was included in special loss.

The main components of such impairment loss was for the transactions to transfer the subsidiaries' semiconductor manufacturing facility and related equipment at the Tsuruoka Factory (12-inch front-end wafer fabrication line of the semiconductor production facility) of Renesas Yamagata Semiconductor Co., Ltd., a wholly-owned subsidiary of the Company, to Sony Semiconductor Corporation, a wholly-owned subsidiary of Sony Corporation, which amounted to 7,616 million yen.

Also, the Group recognized impairment loss on idle assets with no business use by reducing their net book values to the recoverable values of assets because their fair value declined significantly. Such loss amounted to 2,264 million yen, which was included in special loss.

Business assets, assets to be disposed of and idle assets were amounted to 16,584 million yen for special loss.

In addition, impairment loss includes business structure improvement expenses, which amounted to 14,355 million yen and impairment loss except for business structure improvement expenses, which amounted to 2,229 million yen.

The components of impairment loss (16,584 million yen) were as follows:

	(In millions of yen)
Buildings and structures	9,422
Machinery and equipment	1,441
Vehicles, tools, furniture and fixtures	1,168
Construction in progress	1,679
Land	2,204
Software	575
Other intangible assets	10
Long-term prepaid expenses	85
Total	16,584

The recoverable value of these assets was measured at net sale value or value in use. The net sale value was reasonably estimated as the appraisal amount less the necessary expenses for disposal. However, the net sale value of assets which were difficult to sell was estimated at zero. In addition, in case the estimated value of assets' the future cash flow was negative, the recoverable value of these assets was estimated at zero.

*4 Business structure improvement expenses

The Group has reformed businesses and structures of the production along with the streamlining of employees to strengthen its financial basis, and those related expenses are shown as business structure improvement expenses.

The details of business structure improvement expenses for the consolidated statements of operations for the year ended March 31, 2013 and 2014 were as follows:

(In millions of yen)

	The year ended March 31, 2013	The year ended March 31, 2014
Personnel expenses including the special incentive of early retirement program	86,054	28,952
Impairment loss	38,006	14,355
Other (*)	3,044	10,733
Total	127,104	54,040

(*) The main item of "Other" for the year ended March 31, 2014 is the write-off of a long-term accounts receivable-other held by a consolidated subsidiary.

*5 Loss on abolishment of retirement benefit plan
Due to the unification of the company pension plans on April 1, 2014.

(Consolidated Statements of Changes in Net Assets)

For the year ended March 31, 2013

1. Shares issued and outstanding / Treasury stock

	Number of shares at the beginning of the period	Increase	Decrease	Number of shares at the end of the period
Shares issued				
Common stock	417,124,490	—	—	417,124,490
Total	417,124,490	—	—	417,124,490
Treasury stock				
Common stock	2,548	—	—	2,548
Total	2,548	—	—	2,548

For the year ended March 31, 2014

1. Shares issued and outstanding / Treasury stock

	Number of shares at the beginning of the period	Increase	Decrease	Number of shares at the end of the period
Shares issued				
Common stock *(Note 1)*	417,124,490	1,250,000,000	—	1,667,124,490
Total	417,124,490	1,250,000,000	—	1,667,124,490
Treasury stock				
Common stock	2,548	—	—	2,548
Total	2,548	—	—	2,548

Note1: The increase in the number of common stock of 1,250,000,000 was due to the issuance of new shares through third-party allotment to the innovation Network Corporation of Japan on September 30, 2013.

(Financial Instruments)

1. Conditions of Financial Instruments

(1) Policies for Financial Instruments

Regarding fund operation, the Group uses only short-term deposits and financial assets which are relatively safe. Regarding financing, the Group uses mainly borrowings from banks. The Group utilizes derivative financial instruments to manage fluctuations in foreign currency exchange rates and interest payments. The Group’s policies prohibit holding or issuing derivative financial instruments for trading purposes.

(2) Contents and Risks of Financial Instruments and Risk Management

Notes and accounts receivable–trade and accounts receivable-other are exposed to credit risks. Conforming to internal rules for management of accounts receivable, the Group regularly monitors major customers’ credit and manages due dates of collection and balances for each customer.

The management policies regarding short-term and long-term investment securities are as follows: regarding short-term investment securities, the Group deals with banks with high credit rating. Long-term investment securities, issued by companies with which the Group has business relationships, are exposed to risks of market fluctuations. By regularly monitoring the fair value of the securities, financial condition of the issuing companies and consideration of existing business relationship, if any, the Group evaluates the merit of holding the securities.

The maturities of notes and accounts payable-trade, accounts payable-other and accrued income taxes are within one year.

Most borrowings and lease obligations from finance lease transactions are mainly utilized for operating activities and capital investments. Their repayment terms are at most 8 years after the fiscal year-end. Certain borrowings with variable interest rates are exposed to interest rate fluctuation risk. In addition, certain contracts include financial covenants.

The Group enters into forward exchange contracts in order to hedge the risks from exchange rate fluctuations of accounts receivable and accounts payable denominated in foreign currencies and interest rate swaps in order to hedge the risks from interest fluctuations of borrowings.

The Group’s policies for managing derivatives are as follows: the Group conforms to internal rules for the management of derivatives and transacts only with major financial institutions to reduce credit risks. Because accounts payable and borrowings are exposed to liquidity risks, the headquarters and each subsidiary manage them by making financial plans.

2. Fair Value of Financial Instruments

The fair values of financial instruments in consolidated balance sheets as of March 31, 2013 and 2014 were presented below. The table does not include the financial instruments for which it is extremely difficult to estimate fair values. (Note 2)

As of March 31, 2013

(In millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	78,072	78,072	—
(2) Notes and accounts receivable-trade	78,075	78,075	—
(3) Accounts receivable-other	13,496	13,496	—
(4) Long-term investment securities			
Stocks of affiliates	4,837	2,241	(2,596)
Other securities	2,914	2,914	—
Total assets	177,394	174,798	(2,596)
(5) Notes and accounts payable-trade	99,153	99,153	—
(6) Short-term borrowings	1,000	1,000	—
(7) Accounts payable-other	64,392	64,392	—
(8) Accrued income taxes	6,443	6,443	—
(9) Long-term borrowings (including current portion)	290,170	273,554	(16,616)
(10) Lease obligations (including current portion)	15,211	14,756	(455)
Total liabilities	476,369	459,298	(17,071)
(11) Derivative transactions(*)	(319)	(319)	—

(*)The values of assets and liabilities arising from derivative transactions are shown at net value. If the net balance of the derivative transactions is a liability, it is shown in parenthesis.

As of March 31, 2014

(In millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	267,302	267,302	—
(2) Notes and accounts receivable-trade	82,531	82,531	—
(3) Accounts receivable-other	20,071	20,071	—
(4) Long-term investment securities			
Stocks of affiliates	5,007	2,815	(2,192)
Other securities	3,274	3,274	—
Total assets	378,185	375,993	(2,192)
(5) Notes and accounts payable-trade	91,374	91,374	—
(6) Short-term borrowings	2,000	2,000	—
(7) Accounts payable-other	41,238	41,238	—
(8) Accrued income taxes	8,631	8,631	—
(9) Long-term borrowings (including current portion)	259,991	228,236	(31,755)
(10) Lease obligations (including current portion)	8,911	8,654	(257)
Total liabilities	412,145	380,133	(32,012)
(11) Derivative transactions(*)	(2)	(2)	—

(*)The values of assets and liabilities arising from derivative transactions are shown at net value. If the net balance of the derivative transactions is a liability, it is shown in parenthesis.

Note 1: Calculation method for fair value of financial instruments and other materials related to securities and derivative transactions

(1) Cash and deposits, (2) Notes and accounts receivable-trade and (3) Accounts receivable-other

The fair value was measured at the amounts equivalent to their book values because these were settled in the short-term and accordingly, their fair values approximated book values.

(4) Long-term investment securities

The fair value of shares was based on market price. The fair value of bond securities was measured at its book value because it was settled in short-term and its fair value was nearly equal to its book value. The fair value of mutual funds was measured at the price provided by financial institutions.

(5) Notes and accounts payable-trade, (6) Short-term borrowings, (7) Accounts payable-other and (8) Accrued income taxes

The fair value was measured at the amount equivalent to their book values because these were settled in the short-term and accordingly, their fair values approximated book values.

(9) Long-term borrowings and (10) Lease obligations

The fair values of long-term borrowings and lease obligations were estimated by discounting the future cash flows which includes both principal and interest. The discount rates were considered for both the remaining periods and credit risks.

(11) Derivative transactions

1. Derivatives not subject to hedge accounting

Derivative transactions not subject to hedge accounting were forward exchange contracts and interest rate swaps. The fair value of forward exchange contracts was measured at the forward rate, such as foreign exchange rate. The fair value of interest rate swaps was measured at the price presented by financial institutions.

2. Derivatives subject to hedge accounting

None

Note 2: Financial instruments for which it is extremely difficult to estimate their fair value in consolidated balance sheets

(In millions of yen)

	As of March 31, 2013	As of March 31, 2014
Non-marketable securities	312	306

Non-marketable securities which did not have market prices and for which the future cash flows could not be estimated, were not included in “(4) long-term investment securities” since it was extremely difficult to estimate their fair value.

(Business Combinations)

Business Divestiture

(Transfer of subsidiaries' back-end facilities and others)

1. Outline of the business divestiture

(1) Name of the buyer

J-Devices Corporation (hereafter “J-Devices”)

(2) Nature of the divested business

Back-end production business of the Hakodate Factory of Renesas Northern Japan Semiconductor, Inc. (hereafter “Renesas Northern Japan”) and the Fukui Factory of Renesas Kansai Semiconductor Co., Ltd. (hereafter “SKS”), back-end production business and contract manufacturing service of the Kumamoto Factory of Renesas Kyushu Semiconductor Corp. (hereafter “Renesas Kyushu”) and production support business of Renesas Northern Japan's wholly owned subsidiary, Hokkai Electronics Co., Ltd. (hereafter “Hokkai Electronics”).

(3) Main reasons for the divestiture

The Company is proceeding with the restructuring of the Group’s production facilities in Japan to strengthen its revenue base.

As part of this process, a production strategy of the back-end facilities in Japan is to specialize in production of high-value added products with increasing outsourcing ratio as well as production ratio at the Company’s overseas sites. Meanwhile, J-Devices believed it is of the utmost importance to expand the scale of its operation in order to strengthen cost competitiveness required for the further business growth.

Given the circumstances, to build a long-term partnership between the Company and J-Devices that would strengthen the competitiveness of the business to be transferred and provide a high-quality, reliable supply of products, the Company decided to sell its subsidiaries' back-end facilities and others to J-Devices.

(4) Date of divestiture

June 1, 2013

(5) Overview of transactions including statutory form

Regarded as Renesas Northern Japan, SKS, Renesas Kyushu and Hokkai Electronics as splitting companies, the Company carried out an absorption-type split to transfer the businesses to Renesas J Semiconductor Corporation, its newly established wholly owned subsidiary, and then the Company transferred all issued shares of the subsidiary to J-Devices.

2. Overview of accounting treatment applied

(1) Amount of gain on business transfer

Difference between consideration transferred and the amount corresponding to the shareholders’ equity of the transferred business was recognized as gain on transfer of business for consolidated statements of operations.

	(Millions of yen)
Gain on transfer of business	29

(2) Appropriate book value of assets and liabilities pertaining to the transferred businesses

	(Millions of yen)
Current assets	4,057
Long-term assets	8,532
Total assets	12,589
Current liabilities *1	1,057
Long-term liabilities *1	6,002
Total liabilities	7,059

*1 Loan payables from the Company, eliminated as intercompany transactions on a consolidated basis, are included.

3. Approximate amount of income (loss) pertaining to divested businesses recorded in the consolidated statement of operations for the year ended March 31, 2014.

	(Millions of yen)
Net sales	4,876
Operating gain	160

(Transfer of subsidiaries' shares and certain assets related to LTE Modem technology)

1. Outline of the business divestiture

(1) Name of the buyer

Broadcom Corporation (hereafter "Broadcom")

(2) Nature of the divested business

Design and Development of LTE Modem

(3) Main reasons for the divestiture

The Company and its wholly-owned subsidiary Renesas Mobile Corporation (hereafter "RMC") announced on June 27 that they would stop development activities and sales expansion of the 4th generation wireless modem (hereafter "LTE Modem") developed by Renesas Mobile Europe Oy, RMC's subsidiary (hereafter "RME") and Renesas Mobile India Private Limited, RME's subsidiary (hereafter "RMI"), and worked towards the termination of this business. After the announcement, the Company and RMC had started performing the steps necessary to end these activities. During the process, however, Broadcom, a semiconductor company for wired and wireless communications, proposed the Company and RMC to acquire the LTE Modem technology.

Reviewing this proposal, the Company and RMC reached a conclusion to transfer LTE Modem technology to Broadcom.

(4) Date of divestiture

October 1, 2013

(5) Overview of transactions including statutory form

The Company and RMC transferred all of the common stocks for RME and RMI, and certain assets related to the LTE Modem technology to Broadcom with cash consideration.

2. Overview of accounting treatment applied

(1) Amount of gain on business transfer

Difference between consideration transferred and the amount corresponding to the shareholders' equity of the transferred business was recognized as gain on transfer of business for consolidated statements of operations.

	(Millions of yen)
Gain on transfer of business	15,355

(2) Appropriate book value of assets and liabilities pertaining to the transferred businesses

	(Millions of yen)
Current assets	6,257
Long-term assets	733
Total assets	6,990
Current liabilities	3,256
Long-term liabilities	16
Total liabilities	3,272

3. Approximate amount of income (loss) pertaining to divested businesses recorded in the consolidated statement of operations for the year ended March 31, 2014.

	(Millions of yen)
Net sales	—
Operating loss	8,023

(Transfer of equity interest in consolidated subsidiary)

1. Outline of the business divestiture

(1) Name of the buyer
Shougang Company Limited

(2) Nature of the divested business
Manufacturing of semiconductor devices in Shougang NEC Electronics Co., Ltd. (hereafter "SGNEC"), a consolidated subsidiary of the Company.

(3) Main reasons for the divestiture
The Company has been conducting structural reforms to shore up its revenue base by improving the cost structure, accelerate its decision-making, and streamline and boost its efficiency of business operations.

After careful consideration of future operational plans and mindful of the imminent expiration (on December 30, 2013) of the joint management agreement with Shougang Company Limited, the Company has decided to transfer its entire equity interest in SGNEC to Shougang Company Limited, and to terminate the joint management arrangement.

(4) Date of divestiture
November 27, 2013

(5) Overview of transactions including statutory form
The Company transferred all of the equity interest (50.3%) in SGNEC to Shougang Company Limited with cash consideration.

2. Overview of accounting treatment applied

(1) Amount of loss on business transfer
Difference between consideration transferred and the amount corresponding to the shareholders' equity of the transferred business was recognized as loss on transfer of business for consolidated statements of operations.

	(Millions of yen)
Loss on transfer of business	1,598

(2) Appropriate book value of assets and liabilities pertaining to the transferred businesses

	(Millions of yen)
Current assets	10,151
Total assets	10,151
Current liabilities	1,013
Total liabilities	1,013

3. Approximate amount of income (loss) pertaining to divested businesses recorded in the consolidated statement of operations for the year ended March 31, 2014

	(Millions of yen)
Net sales	7,123
Operating gain	1,873

Transactions under Common Control

(Merger between the Company and its subsidiary, Renesas Electronics Sales Co., Ltd.)

1. Summary of transaction under common control

(1) Names and businesses of companies involved in business combination

Name of Surviving company: Renesas Electronics Corporation
Name of Merged company: Renesas Electronics Sales Co., Ltd. (hereafter “Renesas Sales”)
Business Operations; Sale of electronic components such as semiconductor devices and integrated circuits; sale of electronic equipment and communications equipment; software development, design, manufacture, sale, maintenance, and consulting related to the preceding

(2) Date of business combination
October 1, 2013

(3) Legal type of business combination
The absorption-type merger method; the Company as the surviving company and Renesas Sales as the absorbed company.

(4) Other matters relating to the outline of the transaction
To shore up its revenue base by improving the cost structure, accelerate its decision-making, and streamline and boost its efficiency of business operations, the Company has carried out the absorption-type merger as a part of rebuilding the design, development, production, and sales structures within the Renesas Group.

2. Overview of accounting treatment applied
This transfer of business has been accounted for as transactions under common control in accordance with “Accounting Standard for Business Combinations” (ASBJ Statement No.21, issued on December 26, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, issued on December 26, 2008).

(Mergers between Subsidiaries and Changes to Names of Subsidiaries)

As a part of rebuilding the design, development, production, and sales structures within the Group, the Company implemented mergers between subsidiaries and changes to names of subsidiaries as of October 1, 2013. The following is the outline of mergers.

1) The absorption-type merger was implemented between Renesas Micro Systems Co., Ltd. (the surviving company) and Renesas Design Corp. (the absorbed company), both of which are design and application technology companies, and the surviving company’s name was changed into Renesas Systems Design Corp.

2) The absorption-type merger was implemented among Renesas Musashi Engineering Services, Co., Ltd. (the surviving company), Renesas Kitaitami Engineering Services Co., Ltd. (the absorbed company) and Renesas Takasaki Engineering Service Co., Ltd. (the absorbed company), all of which are design and application technology companies, and the surviving company’s name was changed into Renesas Engineering Services Co., Ltd.

3) The absorption-type merger was implemented between Renesas Northern Japan Semiconductor, Inc. (the surviving company) and Renesas Eastern Japan Semiconductor, Inc. (the absorbed company), both of which are production companies.

(Segment Information)

[Business Segment Information]

For the years ended March 31, 2013 and 2014

The semiconductor business segment is the sole operating segment of the Group. The information by business segment is therefore omitted.

[Related Information]

For the year ended March 31, 2013

1. Information by product and service

(In millions of yen)

	MCUs	Analog & Power Devices	SoC solutions	Other Semiconductors	Others	Total
Net sales to third parties	305,159	235,208	173,518	10,768	61,111	785,764

2. Information by region and country

(1) Net sales

(In millions of yen)

Japan	China	Asia (Excluding China)	Europe	North America	Others	Total
425,063	108,346	119,622	74,919	54,610	3,204	785,764

[Note] Sales are based on the location of customers and classified by country or region.

(2) Property, plant and equipment

(In millions of yen)

Japan	Asia	Europe	North America	Total
212,757	29,123	562	170	242,612

3. Information by major customer

(In millions of yen)

Name of major customers	Net sales	Name of related segment
Ryosan Company, Limited	97,838	Semiconductor business
Sanshin Electronics Co., Ltd.	86,125	Semiconductor business

For the year ended March 31, 2014

1. Information by product and service

(In millions of yen)

	MCUs	Analog & Power Devices	SoC solutions	Other Semiconductors	Others	Total
Net sales to third parties	353,578	272,515	164,831	5,866	36,221	833,011

2. Information by region and country

(1) Net sales

(In millions of yen)

Japan	China	Asia (Excluding China)	Europe	North America	Others	Total
379,212	133,254	149,468	105,377	61,730	3,970	833,011

[Note] Sales are based on the location of customers and classified by country or region.

(2) Property, plant and equipment

(In millions of yen)

Japan	Asia	Europe	North America	Total
178,904	24,030	579	741	204,254

3. Information by major customer

(In millions of yen)

Name of major customers	Net sales	Name of related segment
Ryosan Company, Limited	111,091	Semiconductor business
Sanshin Electronics Co., Ltd.	74,086	Semiconductor business

(Amount per Share Information)

Item	The year ended March 31, 2013	The year ended March 31, 2014
Net assets per share	160.01 yen	128.73 yen
Basic net income (loss) per share	(401.76) yen	(5.07) yen

Note 1: For the year ended March 31, 2013, net income per share fully diluted was not presented, owing to net loss per share in the current fiscal year though dilutive shares exist. Dilutive shares did not exist as of March 31, 2013 due to forfeiture of share subscription rights of stock options on July 12, 2012.

Note 2: For the year ended March 31, 2014, net income per share fully diluted was not presented, owing to net loss per share in the fiscal year though dilutive shares exist.

Note 3: As described on the section of (Changes in accounting principles), the Company has adopted “Accounting Standard for Retirement Benefits”, and the adoption of the accounting standards is subject to the transition treatment set forth in Clause 37 of the “Accounting Standard for Retirement Benefits”. As a result of this adoption, the net assets per share for the year ended March 31, 2014 are decreased by 3.70 yen.

Note 4: The basis of calculation for net income (loss) per share was as follows

Item	The year ended March 31, 2013	The year ended March 31, 2014
Basic net income (loss) per share		
Net income (loss) (In millions of yen)	(167,581)	(5,291)
Amounts not attributable to common stock (In millions of yen)	—	—
Net income (loss) attributable to common stock (In millions of yen)	(167,581)	(5,291)
Average number of common stock during the fiscal year (Thousands)	417,122	1,043,834
Shares excluded from the computation of net income per share fully diluted due to no dilutive effects.	Share subscription rights of stock options resolved at the Ordinary General Meeting of Shareholders held on June 27, 2006 was forfeited on July 12, 2012.	

Note 4: The basis of calculation for net assets per share was as follows

Item	As of March 31, 2013	As of March 31, 2014
Total net assets (In millions of yen)	77,924	227,314
Amounts deducted from total net assets (In millions of yen)	11,180	12,713
(Share subscription rights (In millions of yen))	—	—
(Minority interests (In millions of yen))	(11,180)	(12,713)
Net assets attributable to common stock at the end of the year (In millions of yen)	66,744	214,601
The fiscal year-end number of common stock used for the calculation of net assets per share (Thousands)	417,122	1,667,122

(Significant Subsequent Events)
(Reorganization of semiconductor front-end production business with the Company and its subsidiaries as the affected parties, and Change of the surviving company name)

1. Summary of transaction under common control

(1) Names and business of companies involved in business combination

Name of surviving company: Renesas Kansai Semiconductor Co., Ltd.
Names of the companies or businesses to be merged:

(1)	The semiconductor front-end production business of Renesas Electronics Corporation
(2)	The semiconductor front-end production business of Renesas Semiconductor Kyushu Yamaguchi Co., Ltd.
(3)	The crystal business of Renesas Northern Japan Semiconductor, Inc.
(4)	Renesas Yamagata Semiconductor Co., Ltd.
(5)	Renesas Kofu Semiconductor, Co., Ltd.
(6)	Renesas Naka Semiconductor Co., Ltd.
(7)	Renesas Semiconductor Engineering Corp.

Business operations;
Mainly the semiconductor front-end production business and semiconductor engineering work.

(2) Date of business combination
April 1, 2014

(3) Legal type of business combination
Absorption-type split or merger by regarding Renesas Kansai Semiconductor Co., Ltd., as the successor and surviving company

Names of the companies or businesses to be merged		Legal type of business combination
(1)	The semiconductor front-end production business of Renesas Electronics Corporation	Absorption-type split
(2)	The semiconductor front-end production business of Renesas Semiconductor Kyushu Yamaguchi Co., Ltd.	Absorption-type split
(3)	The crystal business of Renesas Northern Japan Semiconductor, Inc.	Absorption-type split
(4)	Renesas Yamagata Semiconductor Co., Ltd.	Absorption-type merger
(5)	Renesas Kofu Semiconductor, Co., Ltd.	Absorption-type merger
(6)	Renesas Naka Semiconductor Co., Ltd.	Absorption-type merger
(7)	Renesas Semiconductor Engineering Corp.	Absorption-type merger

(4) Name of the company after business combination
Renesas Semiconductor Manufacturing Co., Ltd.

(5) Other matters relating to the outline of the transaction
The semiconductor manufacturing business of the Renesas Group is moving forward with reforms with a consistent focus on profitability and promotion of autonomous management as its hallmarks. Specifically, the semiconductor manufacturing business is undergoing structural reforms based on (1) boosting production efficiency, (2) building a flexible manufacturing system to respond to rapid market changes, and (3) maintaining and continuing in-house plants with advanced technologies and cost competitiveness.

As a part of this process, the Company decided to reorganize its front-end production-related group companies in Japan by means of absorption-type separations and absorption-type mergers, with the Company and its subsidiaries as the affected parties

2. Overview of accounting treatment scheduled
This transfer of business will be accounted for as transactions under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on December 26, 2008).

(Reorganization of semiconductor back-end production business with the Company and its subsidiaries as the affected parties, and Change of the surviving company name)

1. Summary of transaction under common control

(1) Names and business of companies involved in business combination

Name of surviving company: Renesas Semiconductor Kyushu Yamaguchi Co., Ltd.
Name of the companies or businesses to be merged:

(1)	The semiconductor back-end production business of Renesas Electronics Corporation
(2)	Renesas Northern Japan Semiconductor, Inc.
(3)	Hokkai Electronics Co., Ltd.
(4)	Haguro Electronics Co.
(5)	Renesas Yanai Semiconductor, Inc.
(6)	Renesas Kyushu Semiconductor Corp.

Business operations;
Mainly the semiconductor back-end production and contact manufacturing businesses.

(2) Date of business combination
April 1, 2014

(3) Legal type of business combination
Absorption-type split or merger by regarding Renesas Semiconductor Kyushu Yamaguchi Co., Ltd., as the successor and surviving company

Names of the companies or businesses to be merged		Legal type of business combination
(1)	The semiconductor back-end production business of Renesas Electronics Corporation	Absorption-type split
(2)	Renesas Northern Japan Semiconductor, Inc.	Absorption-type merger
(3)	Hokkai Electronics Co., Ltd.	Absorption-type merger
(4)	Haguro Electronics Co.	Absorption-type merger
(5)	Renesas Yanai Semiconductor, Inc.	Absorption-type merger
(6)	Renesas Kyushu Semiconductor Corp.	Absorption-type merger

(4) Name of the company after business combination
Renesas Semiconductor Package & Test Solutions Co., Ltd.

(5) Other matters relating to the outline of the transaction
The semiconductor manufacturing business of the Renesas Group is moving forward with reforms with a consistent focus on profitability and promotion of autonomous management as its hallmarks. Specifically, the semiconductor manufacturing business is undergoing structural reforms based on (1) boosting production efficiency, (2) building a flexible manufacturing system to respond to rapid market changes, and (3) maintaining and continuing in-house plants with advanced technologies and cost competitiveness.

As a part of this process, the Company decided to reorganize its back-end production-related group companies in Japan by means of absorption-type separations and absorption-type mergers, with the Company Electronics and its subsidiaries as the affected parties

2. Overview of accounting treatment scheduled
This transfer of business will be accounted for as transactions under common control in accordance with “Accounting Standard for Business Combinations” (ASBJ Statement No.21, issued on December 26, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, issued on December 26, 2008).