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**Renesas Electronics Reports Financial Results  
for the First Quarter Ended June 30, 2015**

**Tokyo, Japan, July 31, 2015** — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results for the three months ended June 30, 2015.

**Summary of Consolidated Financial Results**

	<b>Three months ended June 30, 2015</b>	
	Billion Yen	% of Net Sales
Net sales	179.3	100.0
Sales from semiconductors	174.5	
Sales from others	4.8	
Operating income	32.4	18.0
Ordinary income	33.4	18.6
Net income attributable to shareholders of parent company	29.9	16.7
Capital expenditures	19.6	
Depreciation and others	15.4	
R&D expenses	19.7	
	Yen	
Exchange rate (USD)	120	
Exchange rate (Euro)	131	

	<b>As of June 30, 2015</b>
	Billion Yen
Total assets	851.8
Net assets	344.7
Equity Capital	342.4
Equity ratio (%)	40.2
Interest-bearing debt	259.4

Note 1: All figures are rounded to the nearest 100 million yen.

Note 2: Consolidated financial results for the three months ended June 30, 2015 have not been reviewed by the auditors. The figures are subject to change based on subsequent events or the auditors' review.

Note 3: Due to the amendments of "Accounting Standard for Business Combinations" and so forth, Renesas Electronics Group has changed the presentation of "Net income" into "Net income attributable to shareholders of parent company" from the first quarter ended June 30, 2015.

Note 4: Capital expenditures refer to the amount of order placed for property, plant and equipment (manufacturing equipment).

Note 5: Depreciation and others includes depreciation and amortization of intangible assets and amortization of long-term prepaid expenses in quarterly consolidated statements of cash flows.



# Consolidated Financial Results for the First Quarter Ended June 30, 2015

English translation from the original Japanese-language document

July 31, 2015

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 : Takao Endo, Representative Director, Chairman and CEO  
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 Filing date of Shihanki Hokokusho (scheduled) : August 6, 2015

(Amounts are rounded to the nearest million yen)

## 1. Consolidated financial results for the three months ended June 30, 2015

### 1.1 Consolidated financial results (% of change from corresponding period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2015	179,302	(14.3)	32,363	19.9	33,367	31.7	29,872	40.9
Three months ended June 30, 2014	209,259	5.1	26,984	175.9	25,343	196.8	21,199	---

Reference: Comprehensive income for the three months ended June 30, 2015: 32,844 million yen (54.2%)  
 Comprehensive income for the three months ended June 30, 2014: 21,301 million yen (810.3%)

	Net income per share basic	Net income per share diluted
	Yen	Yen
Three months ended June 30, 2015	17.92	---
Three months ended June 30, 2014	12.72	---

### 1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2015	851,750	344,744	40.2
March 31, 2015	840,087	311,909	36.8

Reference: Equity as of June 30, 2015: 342,354 million yen  
 Equity as of March 31, 2015: 309,529 million yen

## 2. Cash dividends

	Cash dividends per share				
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total
Year ended March 31, 2015	Yen ---	Yen 0.00	Yen ---	Yen 0.00	Yen 0.00
Year ending March 31, 2016	---				
Year ending March 31, 2016 (forecast)		0.00	---	---	---

Note: Change in forecast of cash dividends since most recently announced forecast: Yes  
For details, please refer to Appendix 1.4., "Forecasts of Cash Dividends" on page 5.

## 3. Forecast of consolidated results for the six months ending September 30, 2015

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Six months ending September 30, 2015	364,000	(12.7)	59,000	16.8	58,000	18.1	44,000	25.3	26.39

Note: Change in forecast of consolidated results since the most recently announced forecast: Yes  
Renesas Electronics Group reports its consolidated forecasts on a quarterly basis as substitute for a yearly forecasts. For details, please refer to Appendix 1.3., "Consolidated Forecasts" on page 5.

## 4. Others

### 4.1 Changes in significant subsidiaries for the three months ended June 30, 2015

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

### 4.2 Adoption of special accounting policies for quarterly financial statements: Yes

(Note) For details, please refer to page 6.

### 4.3 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

(Note) For details, please refer to page 6.

2. Changes in accounting policies except for 4.3.1: No

3. Changes in accounting estimates: No

4. Corrections of prior period errors: No

### 4.4 Number of shares issued and outstanding (common stock)

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

As of June 30, 2015: 1,667,124,490 shares

As of March 31, 2015: 1,667,124,490 shares

2. Number of treasury stock

As of June 30, 2015: 2,548 shares

As of March 31, 2015: 2,548 shares

3. Average number of shares issued and outstanding

For the three months ended June 30, 2015: 1,667,121,942 shares

For the three months ended June 30, 2014: 1,667,121,942 shares

(Note) Information regarding the implementation of quarterly review procedures  
These quarterly financial results are not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. The review procedures for the quarterly financial report are underway by 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 (hereafter “the Group”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to changes in several important factors.

The Group will hold an earnings conference for institutional investors and analysts on July 31, 2015. The Group plans to post the materials which are provided at the meeting, on the Group’s website on that day.

## **[APPENDIX]**

<b>1. First Quarter Consolidated Financial Results</b>	<b>2</b>
1.1 Consolidated Business Results	2
1.2 Consolidated Financial Condition	4
1.3 Consolidated Forecasts	5
1.4 Forecasts of Cash Dividends	5
<b>2. Others</b>	<b>6</b>
2.1 Changes in Significant Consolidated Subsidiaries	6
2.2 Adoption of Special Accounting Methods for Quarterly Consolidated Financial Statements	6
2.3 Changes in Accounting Principles, Changes in Accounting Estimates and Corrections of Prior Period Errors	6
<b>3. Quarterly Consolidated Financial Statements</b>	<b>7</b>
3.1 Quarterly Consolidated Balance Sheets	7
3.2 Quarterly Consolidated Statements of Operations and Comprehensive Income	9
3.3 Quarterly Consolidated Statements of Cash Flows	11
3.4 Notes to Quarterly Consolidated Financial Statements	13
(Quarterly Consolidated Statements of Operations)	13
(Notes on Assumption for Going Concern)	13
(Notes on Significant Changes in the Amount of Shareholders' Equity)	13
(Business Combinations)	13

# 1. First Quarter Consolidated Financial Results

## 1.1 Consolidated Business Results

### 1.1.1 Summary of Consolidated Financial Results for the Three Months Ended June 30, 2015

	Three months ended June 30, 2014	Three months ended June 30, 2015	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Net sales	209.3	179.3	(30.0)	(14.3)
Sales from semiconductors	201.2	174.5	(26.7)	(13.3)
Sales from others	8.1	4.8	(3.3)	(40.7)
Operating income	27.0	32.4	5.4	19.9
Ordinary income	25.3	33.4	8.0	31.7
Net income attributable to shareholders of parent company	21.2	29.9	8.7	40.9
	Yen	Yen		
Exchange rate (USD)	102	120	-	-
Exchange rate (EUR)	141	131	-	-

#### [Net sales]

Consolidated net sales for the three months ended June 30, 2015 were 179.3 billion yen, a 14.3% decrease year on year. This was mainly due to a decrease in sales from semiconductors, including small- and medium-sized display driver ICs for mobile handsets, resulting from the selection and concentration of businesses despite the improved exchange rate.

#### [Sales from Semiconductors]

Sales from semiconductors for the three months ended June 30, 2015 were 174.5 billion yen, a 13.3% decrease year on year.

The sales breakdown for “Automotive” and “General purpose”, and for “Other semiconductors” not belonging to these two categories, is as follows:

#### Automotive Business: 78.9 billion yen

The automotive business includes the product categories “Automotive control,” comprising semiconductor devices for controlling automobile engines and bodies, and “Automotive information,” comprising semiconductor devices used in automotive information systems such as navigation systems. The Group supplies microcontrollers, analog & power semiconductor devices, and system-on-chip (SoC) products in each of these categories.

Sales of Automotive business for the three months ended June 30, 2015 were 78.9 billion yen, a decrease of 1.1 % year on year. This was mainly due to decrease in the sales of “Automotive control” despite the increase in sales of “Automotive information”.

#### General-Purpose Business: 94.1 billion yen

The general-purpose business includes the product categories “Industrial/Home electronics,” comprising semiconductor devices for industrial equipment, white goods, etc., “OA/ICT,” comprising semiconductor devices for office automation (OA) equipment such as copy machines and information and communication technology (ICT) equipment such as network infrastructure, and “General-purpose,” comprising

general-purpose semiconductor devices for other applications. The Group supplies microcontrollers, analog & power semiconductor devices, and SoC products in each of these categories.

Sales of General-purpose business for the three months ended June 30, 2015 were 94.1 billion yen, a decrease of 21.4% year on year. This was mainly due to the Group's promotion of selection and concentration of businesses which led to decreased sales in the "General-Purpose" categories, despite the increased sales in the "OA/ICT" and "Industrial/Home electronics". In particular, sales in the "General-Purpose" category decreased year on year as a result of transferring all of the shares in Renesas SP Drivers Inc., a consolidated subsidiary of the Group and supplier of small- and medium-sized display driver ICs, to a European subsidiary of Synaptics Incorporated in U.S. on October 1, 2014.

#### Other Semiconductors: 1.5 billion yen

Sales of Other semiconductors include production by commissioning and royalties.

Sales of other semiconductors for the three months ended June 30, 2015 were 1.5 billion yen, an 8.6% 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 at the Group's design and manufacturing subsidiaries.

Sales from others for the three months ended June 30, 2015 were 4.8 billion yen, a 40.7% decrease year on year.

#### [Operating income]

Operating income for the three months ended June 30, 2015 was 32.4 billion yen, 5.4 billion yen improvement year on year. This was mainly owing to improved earnings structure through implementation of the structural reform measures and improved exchange rate, despite the decrease in sales from semiconductors, including small- and medium-sized display driver ICs for mobile handsets, resulting from the selection and concentration of businesses.

#### [Ordinary income]

Ordinary income for the three months ended June 30, 2015 was 33.4 billion yen, mainly due to non-operating income of 1.0 billion yen from recording non-operating income of 2.0 billion yen including foreign exchange gains, etc., despite a recording of non-operating expenses of 1.0 billion yen, including interest expenses.

#### [Net income attributable to shareholders of parent company]

Net income attributable to shareholders of parent company for the three months ended June 30, 2015 was 29.9 billion yen, 8.7 billion yen improvement year on year. This was mainly due to improved operating income and ordinary income from the implementation of structural reform measures.

## 1.2 Consolidated Financial Condition

### 1.2.1 Total Assets, Liabilities and Net assets

	March 31, 2015	June 30, 2015	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	840.1	851.8	11.7
Net assets	311.9	344.7	32.8
Equity	309.5	342.4	32.8
Equity ratio (%)	36.8	40.2	3.3
Interest-bearing debt	259.7	259.4	(0.3)
Debt / Equity ratio	0.84	0.76	(0.08)

Total assets at June 30, 2015 were 851.8 billion yen, an 11.7 billion yen increase from March 31, 2015. This was primarily due to improved net cash provided by operating activities from recording income before income taxes through structural reform measures, which resulted in increase in cash and deposits in the three months ended June 30, 2015. Net assets were 344.7 billion yen, a 32.8 billion yen increase from March 31, 2015. This was mainly due to recording of net income attributable to shareholders of parent company of 29.9 billion yen for the three months ended June 30, 2015.

Equity increased by 32.8 billion yen from March 31, 2015 and the equity ratio was 40.2%. Interest-bearing debt decreased by 0.3 billion yen from March 31, 2015. Consequently, the debt to equity ratio dropped to 0.76.

### 1.2.2 Cash Flows

	Three months ended June 30, 2014	Three months ended June 30, 2015
	Billions of yen	Billions of yen
Net cash provided by (used in) operating activities	2.0	31.5
Net cash provided by (used in) investing activities	(10.9)	(5.4)
Free cash flows	(8.9)	26.2
Net cash provided by (used in) financing activities	(3.7)	(3.7)
Cash and cash equivalents at the beginning of period	265.9	343.7
Cash and cash equivalents at the end of period	251.8	368.7

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

Net cash provided by operating activities for the three months ended June 30, 2015 was 31.5 billion yen. This was mainly due to recording of income before income taxes in the amount of 32.3 billion yen and adjustment of non-expenditure items including depreciation and amortization, etc., despite payments of accounts payable-other and accrued expenses.

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

Net cash used in investing activities for the three months ended June 30, 2015 was 5.4 billion yen, mainly due to payments for purchases of property, plant and equipment, despite a 4.6 billion yen proceeds from collection of loans receivable.

The foregoing resulted in positive free cash flows of 26.2 billion yen for the three months ended June 30, 2015.

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

Net cash used in financing activities for the three months ended June 30, 2015 was 3.7 billion yen.



### 1.3 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 six months ending September 30, 2015)**

(In millions of yen)

	Net Sales	(Reference) Sales from semiconductors	Operating Income	Ordinary Income	Net Income Attributable to Shareholders of Parent Company
Previous forecasts (May 12, 2015)	---	---	---	---	---
Revised forecasts (July 31, 2015)	364,000	354,000	59,000	58,000	44,000
Increase (decrease)	---	---	---	---	---
Percent change	---	---	---	---	---
Reference: Results for the six months ended September 30, 2014	416,928	400,785	50,526	49,094	35,118

The consolidated forecasts for the second quarter ending September 30, 2015 are calculated at the rate of 121 yen per USD and 133 yen per Euro.

The statements with respect to the financial outlook of the Group 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.

### 1.4 Forecasts of Cash Dividends

For the year ending March 31, 2016, while the Group expects to post net income (net income attributable to shareholders of parent company) for the six months ending September 30, 2015, the Group regrettably suspended interim dividend payment for this period in order to build a solid profitable financial base that can stably record net income moving forward.

For the year ending March 31, 2016, the plan for year-end dividend payments remain undecided, and the Group will immediately announce it when the decisions are made.

**(For the year ending March 31, 2016)**

Interim Dividend	Year-End Dividend	Annual Dividend
0 Yen	---	---

## **2. Others**

### **2.1 Changes in Significant Consolidated Subsidiaries**

Due to the reorganization of the design and development structures within the Group as of April 1, 2015, a subsidiary is excluded from the Group by means of the absorption-type merger in the first quarter of the fiscal year ending March 31, 2016. For details, please refer to “Business Combinations” in the section “Notes to Quarterly Consolidated Financial Statements”.

### **2.2 Adoption of Special Accounting Methods for Quarterly Consolidated Financial Statements**

(Calculation of tax expenses)

Tax expenses are calculated by multiplying income before income taxes for the first quarter of the fiscal year ending March 31, 2016 by a reasonably estimated effective tax rate against income before income taxes for the fiscal year including the first quarter, while applying tax effect accounting.

### **2.3 Changes in Accounting Principles, Changes in Accounting Estimates and Corrections of Prior Period Errors**

(Changes in accounting principles)

From the current first quarter beginning on April 1, 2015, the Group has adopted “Accounting Standard for Business Combinations” (ASBJ Statement No.21, issued on September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, issued on September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No.7, issued on September 13, 2013) and so forth. The Group has adopted the methods to post the differences arose by the changes in a parent company’s equity interest in its subsidiaries that are still under its control as capital surplus and recognize acquisition-related costs as expenses for the fiscal year in which such costs are incurred.

For business combinations conducted on or after April 1, 2015, the Group has also adopted the method to reflect the adjustments to the allocation of acquisition costs caused by finalizing the tentative accounting treatment in the quarterly consolidated financial statements of the quarterly consolidated period when the business combinations are occurred. In addition, the Group has changed the presentation of “Net income” etc. and the presentation from “Minority interests” to “Non-controlling interests”. In order to reflect the changes in presentation, the quarterly consolidated financial statements for the first quarter ended June 30, 2014 and the consolidated financial statements for the previous fiscal year have been reclassified to reflect a consistent presentation format.

The adoption of the accounting standards is subject to the transition treatment set forth in Clause 58-2(4) of the “Accounting Standard for Business Combinations” and Clause 57-4(4) of the “Accounting Standard for Business Divestitures”, and the Group has applied the accounting standards from the current first quarter beginning on April 1, 2015.

Furthermore, the adoption of the accounting standards has no impact on the quarterly financial statements for the three months ended June 30, 2015.

### 3. Quarterly Consolidated Financial Statements

#### 3.1 Quarterly Consolidated Balance Sheets

(In millions of yen)

	Prior Fiscal Year (As of March 31, 2015)	Current First Quarter (As of June 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	344,000	369,018
Notes and accounts receivable-trade	91,471	89,285
Merchandise and finished goods	38,203	40,906
Work in process	66,761	65,271
Raw materials and supplies	6,457	6,965
Accounts receivable-other	14,174	15,405
Other current assets	10,089	8,316
Allowance for doubtful accounts	(92)	(104)
Total current assets	571,063	595,062
Long-term assets		
Property, plant and equipment		
Buildings and structures, net	73,920	73,784
Machinery and equipment, net	55,233	56,225
Vehicles, tools, furniture and fixtures, net	16,745	15,911
Land	27,277	27,274
Construction in progress	8,640	6,487
Total property, plant and equipment	181,815	179,681
Intangible assets		
Software	9,743	9,224
Other intangible assets	18,509	17,808
Total intangible assets	28,252	27,032
Investments and other assets		
Investment securities	8,108	8,120
Long-term prepaid expenses	35,024	33,646
Other assets	15,826	8,210
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	58,957	49,975
Total long-term assets	269,024	256,688
<b>Total assets</b>	<b>840,087</b>	<b>851,750</b>

(In millions of yen)

	Prior Fiscal Year (As of March 31, 2015)	Current First Quarter (As of June 30, 2015)
<b>Liabilities</b>		
Current liabilities		
Electronically recorded obligations	9,275	9,926
Notes and accounts payable-trade	76,364	70,513
Current portion of long-term borrowings	6,700	12,950
Current portion of lease obligations	1,135	1,120
Accounts payable-other	37,337	33,890
Accrued expenses	36,875	26,699
Accrued income taxes	5,785	2,984
Provision for product warranties	366	315
Provision for business structure improvement	3,871	3,913
Provision for contingent loss	252	230
Asset retirement obligations	2,089	1,791
Other current liabilities	6,009	9,885
Total current liabilities	186,058	174,216
Long-term liabilities		
Long-term borrowings	246,505	240,255
Lease obligations	5,385	5,120
Provision for business structure improvement	2,980	2,678
Net defined benefit liability	50,489	49,235
Asset retirement obligations	2,862	2,968
Other liabilities	33,899	32,534
Total long-term liabilities	342,120	332,790
Total liabilities	528,178	507,006
<b>Net assets</b>		
Shareholders' equity		
Common stock	228,255	228,255
Capital surplus	525,413	525,413
Retained earnings	(475,815)	(445,943)
Treasury stock	(11)	(11)
Total shareholders' equity	277,842	307,714
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	716	677
Foreign currency translation adjustments	13,716	16,859
Remeasurements of defined benefit plans	17,255	17,104
Total accumulated other comprehensive income	31,687	34,640
Non-controlling interests	2,380	2,390
Total net assets	311,909	344,744
Total liabilities and net assets	840,087	851,750

### 3.2 Quarterly Consolidated Statements of Operations and Comprehensive Income

#### Quarterly Consolidated Statements of Operations

(Three months ended June 30, 2014 and 2015)

(In millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	209,259	179,302
Cost of sales	128,773	99,461
Gross profit	80,486	79,841
Selling, general and administrative expenses	53,502	47,478
Operating income	26,984	32,363
Non-operating income		
Interest income	207	181
Dividends income	8	12
Equity in earnings of affiliates	44	6
Foreign exchange gains	-	1,253
Other non-operating income	278	514
Total non-operating income	537	1,966
Non-operating expenses		
Interest expenses	795	729
Foreign exchange losses	666	-
Retirement benefit expenses	390	-
Other non-operating expenses	327	233
Total non-operating expenses	2,178	962
Ordinary income	25,343	33,367
Special income		
Gain on sales of property, plant and equipment	32	275
Gain on transfer of business	-	251
Gain on sales of investment securities	30	47
Total special income	62	573
Special loss		
Loss on sales of property, plant and equipment	1	29
Impairment loss	70	29
Business structure improvement expenses	※1 708	※1 1,554
Provision for contingent loss	230	24
Total special loss	1,009	1,636
Income before income taxes	24,396	32,304
Income taxes	1,975	2,417
Net income	22,421	29,887
Net income attributable to non-controlling interests	1,222	15
Net income attributable to shareholders of parent company	21,199	29,872

Quarterly Consolidated Statements of Comprehensive Income

(Three months ended June 30, 2014 and 2015)

(In millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net income	22,421	29,887
Other comprehensive income		
Unrealized gains (losses) on securities	5	(47)
Foreign currency translation adjustments	(1,381)	3,147
Remeasurements of defined benefit plans, net of tax	243	(150)
Share of other comprehensive income of affiliates accounted for by the equity method	13	7
Total other comprehensive income	(1,120)	2,957
Comprehensive income	21,301	32,844
Comprehensive income attributable to:		
Shareholders of parent company	20,076	32,825
Non-controlling interests	1,225	19

### 3.3 Quarterly Consolidated Statements of Cash Flows

(In millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net cash provided by (used in) operating activities		
Income before income taxes	24,396	32,304
Depreciation and amortization	13,505	12,217
Amortization of long-term prepaid expenses	2,903	3,141
Impairment loss	70	29
Increase (decrease) in net defined benefit liability	(1,649)	(1,710)
Increase (decrease) in provision for business structure improvement	41	(241)
Increase (decrease) in provision for contingent loss	225	(22)
Interest and dividends income	(215)	(193)
Interest expenses	795	729
Equity in (earnings) losses of affiliates	(44)	(6)
Loss (gain) on sales and valuation of investment securities	(30)	(47)
Loss (gain) on sales of property, plant and equipment	(31)	(246)
Business structure improvement expenses	177	86
Loss (gain) on transfer of business	–	(251)
Decrease (increase) in notes and accounts receivable-trade	(19,826)	2,426
Decrease (increase) in inventories	7,527	(1,481)
Decrease (increase) in accounts receivable-other	4,059	2,340
Increase (decrease) in notes and accounts payable-trade	(3,087)	(3,430)
Increase (decrease) in accounts payable-other and accrued expenses	(14,818)	(13,203)
Other cash provided by (used in) operating activities, net	(961)	3,408
Subtotal	13,037	35,850
Interest and dividends received	287	261
Interest paid	(793)	(735)
Income taxes paid	(6,471)	(3,572)
Payments for extra retirement benefits	(4,030)	(264)
Net cash provided by (used in) operating activities	2,030	31,540

(In millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(10,729)	(9,255)
Proceeds from sales of property, plant and equipment	486	180
Purchase of intangible assets	(619)	(556)
Purchase of long-term prepaid expenses	(784)	(922)
Purchase of investment securities	(396)	(16)
Proceeds from sales of investment securities	178	251
Proceeds from transfer of business	-	252
Payments for transfer of business	(448)	-
Collection of loans receivable	350	4,550
Other cash provided by (used in) investing activities, net	1,037	145
Net cash provided by (used in) investing activities	(10,925)	(5,371)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(2,000)	-
Proceeds from long-term borrowings	3,000	-
Repayments of long-term borrowings	(333)	-
Repayments of finance lease obligations	(1,478)	(306)
Repayments of installment payables	(2,857)	(3,434)
Net cash provided by (used in) financing activities	(3,668)	(3,740)
Effect of exchange rate change on cash and cash equivalents	(1,496)	2,586
Net increase (decrease) in cash and cash equivalents	(14,059)	25,015
Cash and cash equivalents at the beginning of the period	265,897	343,722
Cash and cash equivalents at the end of the period	251,838	368,737



### 3.4 Notes to Quarterly Consolidated Financial Statements

(Quarterly Consolidated Statements of Operations)

**\*1 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 three months ended June 30, 2014 and 2015 were as follows:

(In millions of yen)		
	Three months ended June 30, 2014	Three months ended June 30, 2015
Personnel expenses including the special incentive of early retirement program	446	466
Other (*)	262	1,088
Total	708	1,554

(\*) The main item of "Other" for the three months ended June 30, 2015 is equipment relocation related expenses etc. to reorganize the design and development operation including its locations.

(Notes on Assumption for Going Concern)

None

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None

(Business Combinations)

Transactions under Common Control

(The reorganization of the design and development structures involving the Company and its subsidiaries)

As a part of reorganizing the design and development structures within the Group, the Company implemented absorption-type splits involving the Company and its subsidiaries as well as a merger between subsidiaries and the subsequent change of the subsidiary's name on April 1, 2015. The following is the outline of the absorption-type splits and the merger.

**1. Summary of transaction under common control**

(1) The device solution development functions of the Company were transferred to Renesas Solutions Corporation by means of the absorption-type split.

(2) The Company's development and technical support functions related to semiconductor products were transferred to Renesas Engineering Services Co., Ltd. by means of the absorption-type split.

(3) The Kit, platform and system solutions development functions, sales promotion infrastructure development functions and other functions of Renesas Solutions Corporation were transferred to the Company by means of the absorption-type split.

(4) The absorption-type merger was implemented between Renesas Solutions Corporation (the surviving company) and Renesas System Design Co., Ltd. (the absorbed company), both of which are design and development related companies, and the surviving company's name was changed to Renesas System Design Co., Ltd.

**2. Overview of accounting treatment applied**

The reorganization has been accounted for as transactions under common control in accordance with "Accounting Standard for Business Combinations" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures".

## Forward-Looking Statements

The statements in this press release with respect to the plans, strategies and financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to several important factors including, but not limited to, general economic conditions in our markets, which are primarily Japan, North America, Asia, and Europe; demand for, and competitive pricing pressure on, products and services in the marketplace; ability to continue to win acceptance of products and services in these highly competitive markets; and fluctuations in currency exchange rates, particularly between the yen and the U.S. dollar. Among other factors, downturn of the world economy; deteriorating financial conditions in world markets, or deterioration in domestic and overseas stock markets, may cause actual results to differ from the projected results forecast.

## About Renesas Electronics Corporation

Renesas Electronics Corporation (TSE: 6723), the world’s number one supplier of microcontrollers, is a premiere supplier of advanced semiconductor solutions including microcontrollers, SoC solutions and a broad-range of analog and power devices. Business operations began as Renesas Electronics Corporation in April 2010 through the integration of NEC Electronics Corporation (TSE:6723) and Renesas Technology Corp., with operations spanning research, development, design and manufacturing for a wide range of applications. Headquartered in Japan, Renesas Electronics Corporation has subsidiaries in approximately 20 countries worldwide. More information can be found at [www.renesas.com](http://www.renesas.com).

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