Consolidated Financial Results for the Year Ended March 31, 2013

May 14, 2013

SHARP CORPORATION

Stock exchange listings: Tokyo, Osaka
Code number: 6753
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Scheduled date of the Ordinary General Meeting of Shareholders: June 25, 2013
Scheduled dividend payment date: -
Supplementary material: Yes
Financial results meeting: Yes (targeted at institutional investors and analysts)

(Monetary amounts are rounded to the nearest million yen.)

1. Results for the Year Ended March 31, 2013

(1) Financial Results

(The percentage figures represent the percentage of increase or decrease against the previous year.) Millions of Yen

	Net Sales	Percent Change	Operating Loss	Percent Change	Net Loss	Percent Change
Year Ended March 31, 2013	2,478,586	+0.9%	(146,266)	-	(545,347)	-
Year Ended March 31, 2012	2,455,850	-18.7%	(37,552)	-	(376,076)	-

[Reference] Comprehensive income: March 31, 2013 ; (507,878) million yen — %
March 31, 2012 ; (384,880) million yen — %

	Net Loss per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Net Loss to Equity	Operating Loss to Net Sales
Year Ended March 31, 2013	(489.83)	-	-145.3%	-5.9%
Year Ended March 31, 2012	(341.78)	-	-45.5%	-1.5%

[Reference] Equity in net income of non-consolidated subsidiaries and affiliates : March 31, 2013 ; (1,313) million yen
March 31, 2012 ; 737 million yen

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of March 31, 2013	2,087,763	134,837	6.0%	106.90
As of March 31, 2012	2,614,135	645,120	23.9%	568.83

[Reference] Equity : March 31, 2013 ; 124,671 million yen
March 31, 2012 ; 625,894 million yen

(3) Cash Flows

Millions of Yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year Ended March 31, 2013	(81,075)	7,110	51,637	187,866
Year Ended March 31, 2012	(143,302)	(159,557)	256,381	193,772

2. Dividends

	Dividends per Share (Yen)					Total Dividend Payment (Millions of Yen)	Pay-out Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual			
Year Ended March 31, 2012	-	5.00	-	5.00	10.00	11,003	-	1.3%
Year Ended March 31, 2013	-	0.00	-	0.00	0.00	0	-	-
Year Ending March 31, 2014	-	0.00	-	0.00	0.00		-	

3. Forecast of Financial Results for the Year Ending March 31, 2014

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.) Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change	Net Income (Loss)	Percent Change	Net Income (Loss) per Share (Yen)
Six Months Ending September 30, 2013	1,270,000	+15.0%	15,000	-	(20,000)	-	(17.15)
Year Ending March 31, 2014	2,700,000	+8.9%	80,000	-	5,000	-	4.29

4. Other Information

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): Yes

Excluded : Sakai Display Products Corporation

Note: Sakai Display Products Corporation (its corporate name was changed from Sharp Display Products Corporation on July 17, 2012) is no longer included in the scope of consolidation from the second quarter ended September 30, 2012, as Sharp's ownership decreased due to the stock transfer to SIO International Holdings Limited and business integration (simplified absorption-type company split) of LCD color filter business operated by Toppan Printing Co., Ltd., Dai Nippon Printing Co., Ltd and DNP Color Techno Sakai Co., Ltd. at Sakai Plant into the company.

(2) Changes in accounting policies and accounting estimates, and restatement

1. Changes in accounting policies arising from revision of accounting standards: Yes
2. Changes arising from other factors: None
3. Changes in accounting estimates: Yes
4. Restatement: None

Note: Effective for the year ended March 31, 2013, Sharp Corporation and its domestic consolidated subsidiaries have changed the depreciation method. Such changes fall under "Changes in accounting policies that are difficult to distinguish from changes in accounting estimates." For more details, please refer to "(7) Changes in accounting policies and accounting estimates, and restatement" of "3. Consolidated Financial Statements" on page 15.

(3) Number of shares outstanding (ordinary shares)

1. Number of shares outstanding (including treasury stock) as of March 31, 2013 ;	1,176,623,887 shares
as of March 31, 2012 ;	1,110,699,887 shares
2. Number of shares of treasury stock as of March 31, 2013 ;	10,399,220 shares
as of March 31, 2012 ;	10,375,562 shares
3. Average number of shares outstanding during the year ended March 31, 2013 ;	1,113,337,377 shares
during the year ended March 31, 2012 ;	1,100,335,416 shares

Notes:

1. This financial release is not subject to audit procedures based on the Financial Instruments and Exchange Law in Japan. At the time of disclosure, audit procedures of financial statements based on the Financial Instruments and Exchange Law have not been completed.
2. This financial release contains certain statements about the future, which are based on information available and deemed reasonable to the Sharp Group at the time of announcement and are not the commitments made by the Sharp Group. Actual operating results may differ materially from the forecast due to various factors. For the assumptions and other related matters concerning financial results forecast, please refer to "(1) Analysis of Financial Results" of "1. Financial Results" on page 5.
3. Sharp will hold a financial results meeting on May 14, 2013. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.
4. The accompanying consolidated financial statements are a translation of the consolidated financial statements of the Sharp Group, which were prepared in accordance with accounting principles and practices generally accepted in Japan. In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan.

1. Financial Results

(1) Analysis of Financial Results

i Financial Results for fiscal 2012

During the year ended March 31, 2013, the Japanese economy showed signs of a partial recovery toward the end of the fiscal year, in the form of a rebound in stock prices and an improvement in export business environment due to the yen's depreciation. However, overall conditions remained severe, with prolonged deflation, weak business investment and stagnant employment situation.

Overseas, economies remained deeply uncertain with a European financial crisis and a slowdown in the growth of China and emerging countries, although the U.S. economy continued to be in a moderate recovery phase.

Amid these circumstances, the Sharp Group has worked to create distinctive devices and original products that meet our customers' needs. Efforts include reinforcing mass-production of IGZO[*1] LCDs, launching smartphones and tablet terminals equipped with IGZO LCDs, and enhancing sales of Black Solar high-efficiency solar cells. In addition, new shares were issued by third party allotment under the "Capital/Business Alliance Agreement with Qualcomm Incorporated for the Joint Development of Next Generation MEMS[*2] Display" and "Strengthening of Alliance with Samsung Electronics for Liquid Crystal Business". We have also taken measures to reinforce our business foundations on a company-wide basis, including reductions in inventories, as well as slashing fixed costs centering on labor costs through such measures as a voluntary retirement program.

As a result, consolidated financial results for the fiscal year recorded net sales of 2,478.5 billion yen, an increase of 0.9% compared to the last year, while operating loss was 146.2 billion yen, due mainly to decreased gross margin rate caused by intensified competition and additional inventory reduction. We posted net loss of 545.3 billion yen, due mainly to write-down of noncurrent assets, restructuring charges recorded as an extraordinary item in Other Expenses and a reversal of deferred tax assets.

Consolidated financial results for the six months ended March 31, 2013, on the other hand, recorded net sales of 1,374.4 billion yen, up 20.4% compared to the same period in the previous year and returned to profitability of 22.6 billion yen at the operating level, which is an improvement of 93.7 billion yen from the loss of 71.1 billion yen in the same period last year.

Operating results by product group are as follows:

Consumer/Information Products

Sales of Audio-Visual and Communication Equipment for the year ended March 31, 2013, were 732.0 billion yen, down 31.0% compared to the previous year. Sales of LCD TVs fell drastically below the last year. This was due mainly to sluggish demand in Japan and a sales decline in China owing to worsening Japan-China relations, which was slightly offset by a healthy sales volume in ASEAN and other emerging countries. Mobile phone sales also declined, due mainly to supply shortages of key components in the first half of this fiscal year and severe competition with overseas manufacturers.

Sales of Health and Environmental Equipment were 309.6 billion yen, up 6.0%, due mainly to increased sales of air conditioners and air purifiers.

Sales of Information Equipment were 296.7 billion yen, up 6.9% compared to the previous year. This was due mainly to robust sales of color MFPs for the Japanese market and of information displays.

As a result, sales of these three product groups comprising Consumer/Information Products were 1,338.4 billion yen, down 17.9%.

Electronic Components

Sales of LCDs were 650.8 billion yen, up 54.9% from the previous year. This was due mainly to increased sales of small- and medium-size LCDs for smartphones and tablet terminals, as well as healthy sales of large-size LCDs.

Sales of Solar Cells were 259.8 billion yen, up 16.1%. This was due mainly to a sales increase in Japan centering on residential use, as well as industrial use, such as mega-solar power generation projects, which was slightly offset by sales decline overseas notably in Europe.

Sales of Other Electronic Devices were 229.4 billion yen, up 26.6%. This was due mainly to a sales increase in LEDs and in camera modules for smartphones and tablet terminals.

As a result, sales of these three product groups comprising Electronic Components were 1,140.1 billion yen, up 38.2%.

ⅱ. Forecast for fiscal 2013

As for the future outlook, we anticipate the overall business environment will remain unpredictable. The Japanese economy is expected to pick up with a favorable turn such as an improvement in business confidence and consumer sentiment, supported by economic policies aimed at correction of the yen appreciation and overcoming of deflation under the new administration. Nevertheless, global economic prospects are clouded with concerns, including a possible resurgence of European debt problem as well as slowdown in the growth in China and emerging countries.

To respond to such a situation, on April 1, 2013, the Sharp Group implemented a reform of company-wide organization and embarked on a new initiative, realizing a “lean and smart headquarters” as well as a Business Group system aiming for quick response to customer needs and management according to the business characteristics of each product and device.

As a corporate strategy for “recovery and growth,” as described in 2. Management Policy, we have developed a Medium-Term Management Plan covering from fiscal 2013 to 2015.

Through steady implementation of the Medium-Term Management Plan and other measures, we will improve our financial position, while at the same time striving with all-out effort to achieve a turnaround at the net level in fiscal 2013.

The following is the forecast of financial results for the year ending March 31, 2014.

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.) Billions of Yen

	Six months ending September 31, 2013	Increase Decrease	Six months ending March 31, 2014	Increase Decrease	Year ending March 31, 2014	Increase Decrease
Net sales	1,270.0	+15.0%	1,430.0	+4.0%	2,700.0	+8.9%
Operating income	15.0	-	65.0	+187.2%	80.0	-
Net income	-20.0	-	25.0	-	5.0	-

The above figures are based on an exchange rate of ¥95=US$1.00 for fiscal 2013.

Note: The above estimates of financial results are based on information available and deemed reasonable to the Sharp Group at the time of announcement and are not the commitments made by the Sharp Group. Actual operating results may differ materially from the forecast due to various factors. The factors that may influence the figures for final reported business results include, but are not limited to:

- The economic situation in which the Sharp Group operates
- Sudden, rapid fluctuations in demand for products and services, as well as intense price competition
- Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro and other currencies)
- Regulations such as trade restrictions in other countries
- The progress of collaborations and alliances with other companies
- Litigation and other legal proceedings against the Sharp Group
- Rapid technological changes in products and services, etc.

(2) Analysis of financial position

Total assets as of March 31, 2013 were 2,087.7 billion yen, down 526.3 billion yen from March 31, 2012. This was due mainly to a decrease of inventories, and of plant and equipment, as a result of exclusion of Sakai Display Products Corporation (its corporate name was changed from Sharp Display Products Corporation on July 17, 2012) from the consolidated scope. Total liabilities were 1,952.9 billion yen, down 16.0 billion yen. Total net assets were 134.8 billion yen, down 510.2 billion yen. This was due mainly to a decrease in retained earnings stemming from recording of net loss.

(3) Basic policy on distribution of earnings and dividends for fiscal 2012/2013

Sharp Corporation considers distributing profits to shareholders to be one of management's top priorities. While maintaining consistently stable dividend pay-outs, and while carefully considering our consolidated business performance, financial situation and future business development in a comprehensive manner, we had been implementing a set of measures to return profits to our shareholders.

For fiscal 2012, we regrettably do not plan to pay a dividend, as we recorded net loss and loss of retained earnings carried forward.

For fiscal 2013 as well, we do not plan to pay a dividend, taking account of our forecast of financial results and current financial situation.

*1 An oxide comprising indium, gallium, and zinc. A thin-film transistor using this material has been developed by Sharp in collaboration with Semiconductor Energy Laboratory Co., Ltd. (a company based in Kanagawa, Japan, and led by President Shunpei Yamazaki).

*2 MEMS: Micro Electro Mechanical Systems

(4) Outline of material events relating to assumed going concern

The operating results for the six months ended March 31, 2013, turned positive due to development of distinctive devices and products such as smartphones and tablet terminals with IGZO LCDs as well as Black Solar high-efficiency solar cells. Also, company-wide measures including reductions in inventories and slashing total costs primarily focused on labor costs through such scheme as a voluntary retirement program, has largely contributed to the turnaround.

Continuing from the previous fiscal year, consolidated financial performance for fiscal 2012 resulted in an operating and net losses, as well as negative cash flows from operating activities. In addition, concerns have been expressed that Sharp might face difficulties in redemption of the unsecured convertible bonds with subscription rights to shares, due on September 30, 2013. However, due to implementation of various measures as described below, we believe that these conditions will not cast a material uncertainty about Sharp's ability to continue as a going concern and no further disclosure under the "(5) Going Concern Assumption" on page 14 is necessary.

Sharp has received continued support and cooperation from financial institutions such as the extension of syndicated loan of 360.0 billion yen due in June, 2013, as well as additional borrowing facility of 150.0 billion yen, both with informal consent from main banks, Mizuho Corporate Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. As for the extension of syndicated loan, discussions with other participating banks are progressing. Accordingly, there is no problem with the redemption of the bond above.

As a corporate strategy for "recovery and growth," Sharp has developed Medium-term Management Plan incorporating five core strategies:

- Restructuring Business Portfolio
- Improving Profitability of LCD Business
- Expanding Overseas Businesses Focusing on the ASEAN Market
- Reducing Fixed Costs by Reformation of Cost Structure
- Improving Financial Position

Also, in order to strengthen headquarters control and governance function, as well as action forces to complete the Medium-Term Management Plan, Sharp newly set up the "Corporate Management Group" and "Structural Reform Group."

Through steady implementation of the Medium-Term Management Plan and financial arrangements, we aim to improve financial position, while at the same time reinforcing management foundation, to realize sustainable growth and stable profitability.

2. Management Policy

(1) Basic management policy

The Sharp Group's business creed is based on the principles of "Sincerity and Creativity." Our aim is to inspire all our daily work with these principles so that we can earn the appreciation of people everywhere, and make a valuable contribution to society. Our corporate philosophy expresses our desire to grow in mutual prosperity with all stakeholders in the business, including shareholders, business partners, and employees.

(2) Mid- and Long-Term Business Strategy and Issues the Company Needs to Face

Faced by the deterioration in financial performance and balance sheet due to rapidly changing business environment, the Sharp Group has been taking strong action to reduce fixed costs on a company-wide basis, including voluntary retirement program and reduction in salary and bonus. At the same time, we have worked on creation and sales activities of distinctive devices and products. These efforts largely contributed to a turnaround at the operating level in the second half of fiscal 2012. We have developed a "Medium-Term Management Plan," aiming to become a "new Sharp" that steadily implements restructuring of our business portfolio in fiscal 2013 onward, and achieves stable growth in profits and steady cash generation, with such turnaround in the second half of fiscal 2012 as a stepping stone. Under the "Medium-Term Management Plan," we define fiscal 2013, the first year, as a "Restructuring stage" and fiscal 2014 and 2015 as a "Re-growth stage," where we step up effort to full-scale growth, thus realizing "recovery and growth."

In order to accomplish the target, we will press forward the three basic strategies below.

1. Shift to "advantageous markets and fields"
2. Exit closed innovation and aggressively utilize alliances
3. Enforce executions by innovating governance system

To be specific, we will push ahead with several strategic measures including "Restructuring Business Portfolio," "Improving Profitability of LCD Business," "Expanding Overseas Businesses Focusing on the ASEAN Market," "Reducing Fixed Costs by Reformation of Cost Structure," and "Improving Financial Position," thus raising our corporate value going forward.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	As of March 31, 2012	As of March 31, 2013
ASSETS		
Current Assets:		
Cash, time deposits, and short-term investments	195,325	191,941
Notes and accounts receivable, less allowance for doubtful receivables	435,896	486,266
Inventories	527,483	310,709
Other current assets	262,421	232,919
Total current assets	1,421,125	1,221,835
Plant and Equipment, Less Accumulated Depreciation	872,442	563,699
Investments and Other Assets	318,454	301,619
Deferred Assets	2,114	610
Total assets	2,614,135	2,087,763
LIABILITIES		
Current Liabilities:		
Short-term borrowings, including current portion of long-term debt	597,997	924,113
Notes and accounts payable	436,573	405,624
Other current liabilities	356,510	337,796
Total current liabilities	1,391,080	1,667,533
Long-term Liabilities	577,935	285,393
Total liabilities	1,969,015	1,952,926
NET ASSETS		
Owners' Equity:		
Common stock	204,676	212,337
Capital surplus	268,528	276,179
Retained earnings	259,937	(290,912)
Less cost of treasury stock	(13,876)	(13,872)
Total owners' equity	719,265	183,732
Accumulated Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	5,610	6,062
Deferred gains (losses) on hedges	(5,749)	(25)
Foreign currency translation adjustments	(90,305)	(61,467)
Pension liability adjustment of foreign subsidiaries	(2,927)	(3,631)
Total accumulated other comprehensive income	(93,371)	(59,061)
Minority Interests	19,226	10,166
Total net assets	645,120	134,837
Total liabilities and net assets	2,614,135	2,087,763

(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

- Consolidated Statements of Income

Millions of Yen

	Year Ended March 31, 2012	Year Ended March 31, 2013
Net Sales	2,455,850	2,478,586
Cost of Sales	2,043,842	2,218,003
Gross profit	412,008	260,583
Selling, General and Administrative Expenses	449,560	406,849
Operating loss	(37,552)	(146,266)
Other Income (Expenses)		
Interest income	1,477	1,095
Rent income on noncurrent assets	8,945	4,051
Subsidy income	12,306	2,625
Gain on sales of noncurrent assets	2,968	4,268
Gain on sales of investment securities	0	728
Interest expense	(8,254)	(12,885)
Interest on commercial papers	(392)	(285)
Equity in losses of affiliates	0	(1,313)
Lease fee for suspended facilities	(632)	(8,430)
Loss on sales and retirement of noncurrent assets	(5,950)	(15,612)
Impairment loss	(6,656)	(47,396)
Loss on valuation of investment securities	0	(3,782)
Loss on sales of stocks of subsidiaries and affiliates	-	(3,583)
Loss on quality compensation	(11,500)	0
Loss on suspension of large-size LCD plant operation	(25,887)	0
Restructuring charges	(117,110)	(143,397)
Settlement package	(18,857)	(17,899)
Provision for loss on litigation	-	(32,321)
Loss on change in equity	-	(705)
Other, net	(31,335)	(45,080)
	(200,877)	(319,921)
Loss before income taxes and minority interests	(238,429)	(466,187)
Income Taxes		
Current	19,617	17,607
Deferred	115,523	59,972
	135,140	77,579
Loss before minority interests	(373,569)	(543,766)
Minority Interests in Income of Consolidated Subsidiaries	(2,507)	(1,581)
Net loss	(376,076)	(545,347)

- Consolidated Statements of Comprehensive Income

Millions of Yen

	Year Ended March 31, 2012	Year Ended March 31, 2013
Income (Loss) Before Minority Interests	(373,569)	(543,766)
Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	(515)	451
Deferred gains (losses) on hedges	(4,725)	5,915
Foreign currency translation adjustments	(5,137)	30,150
Pension liability adjustment of foreign subsidiaries	(1,112)	(703)
Share of other comprehensive income of affiliates accounted for using equity method	178	75
Total other comprehensive income	(11,311)	35,888
Comprehensive Income	(384,880)	(507,878)
Comprehensive income attributable to:		
Owners of the parent	(387,418)	(511,037)
Minority interests	2,538	3,159

(3) Consolidated Statements of Changes in Net Assets

Year Ended March 31, 2012 — Millions of Yen

	Owners' Equity			
	Common stock	Capital surplus	Retained earnings	Less cost of treasury stock
Balance at April 1, 2011	204,676	268,530	648,935	(13,863)
Changes of items during the period				
Issuance of new shares	-	-		
Dividends from surplus			(13,204)	
Net income (loss)			(376,076)	
Change of scope of consolidation			113	
Change of scope of equity method			169	
Purchase of treasury stock				(18)
Disposal of treasury stock		(2)		5
Net changes of items other than owners' equity				
Total changes of items during the period	-	(2)	(388,998)	(13)
Balance at March 31, 2012	204,676	268,528	259,937	(13,876)

	Accumulated Other Comprehensive Income				Minority Interests	Total Net Assets
	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Pension liability adjustment of foreign subsidiaries		
Balance at April 1, 2011	5,915	(1,028)	(85,317)	(1,815)	22,612	1,048,645
Changes of items during the period						
Issuance of new shares						-
Dividends from surplus						(13,204)
Net income (loss)						(376,076)
Change of scope of consolidation						113
Change of scope of equity method						169
Purchase of treasury stock						(18)
Disposal of treasury stock						3
Net changes of items other than owners' equity	(305)	(4,721)	(4,988)	(1,112)	(3,386)	(14,512)
Total changes of items during the period	(305)	(4,721)	(4,988)	(1,112)	(3,386)	(403,525)
Balance at March 31, 2012	5,610	(5,749)	(90,305)	(2,927)	19,226	645,120

Year Ended March 31, 2013 Millions of Yen

	Owners' Equity			
	Common stock	Capital surplus	Retained earnings	Less cost of treasury stock
Balance at April 1, 2012	204,676	268,528	259,937	(13,876)
Changes of items during the period				
Issuance of new shares	7,661	7,661		
Dividends from surplus			(5,502)	
Net income (loss)			(545,347)	
Change of scope of consolidation			0	
Change of scope of equity method			0	
Purchase of treasury stock				(10)
Disposal of treasury stock		(10)		14
Net changes of items other than owners' equity				
Total changes of items during the period	7,661	7,651	(550,849)	4
Balance at March 31, 2013	212,337	276,179	(290,912)	(13,872)

	Accumulated Other Comprehensive Income				Minority Interests	Total Net Assets
	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Pension liability adjustment of foreign subsidiaries		
Balance at April 1, 2012	5,610	(5,749)	(90,305)	(2,927)	19,226	645,120
Changes of items during the period						
Issuance of new shares						15,322
Dividends from surplus						(5,502)
Net income (loss)						(545,347)
Change of scope of consolidation						0
Change of scope of equity method						0
Purchase of treasury stock						(10)
Disposal of treasury stock						4
Net changes of items other than owners' equity	452	5,724	28,838	(704)	(9,060)	25,250
Total changes of items during the period	452	5,724	28,838	(704)	(9,060)	(510,283)
Balance at March 31, 2013	6,062	(25)	(61,467)	(3,631)	10,166	134,837

(4) Consolidated Statements of Cash Flows

Millions of Yen

	Year Ended March 31, 2012	Year Ended March 31, 2013
Cash Flows from Operating Activities:		
Loss before income taxes and minority interests	(238,429)	(466,187)
Adjustments to reconcile loss before income taxes and minority interests to net cash used in operating activities－		
Depreciation and amortization of properties and intangibles	248,425	177,765
Interest and dividend income	(2,730)	(2,278)
Interest expenses and interest on commercial papers	8,646	13,170
Foreign exchange gains	(1,268)	(1,684)
Loss on sales and retirement of noncurrent assets	5,950	15,612
Subsidy income	(10,000)	0
Impairment loss	6,656	78,922
Loss on valuation of investment securities	0	3,782
Loss on sales of stocks of subsidiaries and affiliates	0	3,583
Loss on quality compensation	11,500	0
Special extra retirement payments	-	25,496
Settlement package	18,857	17,899
Increase in provision for loss on litigation	-	32,321
(Increase) decrease in notes and accounts receivable-trade	16,571	(13,223)
Decrease (increase) in inventories	(48,686)	228,510
(Increase) decrease in accounts receivable-other	131,996	(28,164)
Decrease in payables	(147,162)	(89,765)
Other, net	(88,638)	(19,510)
Total	(88,312)	(23,751)
Interest and dividends received	3,169	2,656
Interest paid	(8,572)	(13,028)
Subsidy income received	-	10,000
Special extra retirement payments paid	-	(25,289)
Settlement package paid	(18,622)	(16,894)
Income taxes paid	(30,965)	(14,769)
Net cash used in operating activities	(143,302)	(81,075)
Cash Flows from Investing Activities:		
Purchase of time deposits	(603)	(101)
Proceeds from redemption of time deposits	443	718
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(4,405)	(366)
Proceeds from sales of stocks of subsidiaries and affiliates resulting in change in scope of consolidation	0	65,143
Acquisitions of plant and equipment	(118,168)	(61,459)
Proceeds from sales of plant and equipment	2,547	21,826
Purchase of investment securities	(3,326)	(1,935)
Proceeds from sales of investment securities	22	10,359
Other, net	(36,067)	(27,075)
Net cash provided by (used in) investing activities	(159,557)	7,110
Cash Flows from Financing Activities:		
Increase in short-term borrowings, net	305,595	85,413
Proceeds from long-term debt	13,286	23,417
Repayments of long-term debt	(53,462)	(51,338)
Dividends paid	(13,237)	(5,500)
Other, net	4,199	(355)
Net cash provided by financing activities	256,381	51,637
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,080)	16,418
Net Decrease in Cash and Cash Equivalents	(47,558)	(5,910)
Cash and Cash Equivalents at Beginning of Year	241,110	193,772
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	220	4
Cash and Cash Equivalents at End of Year	193,772	187,866

(5) Going Concern Assumption

None

(6) Important Matters on Presenting Consolidated Financial Statements

Matters Related to Accounting Procedure Standards

1) Valuation Standards and Methods for Securities

Other Securities

-Securities with available fair market values:

Primarily, stated at fair market value based on average of market price during the last month of the fiscal year (valuation differences are disposed using the direct net asset adjustment method and the cost of securities sold is calculated using the average cost method).

-Securities with no available fair market value:

Primarily, stated at average cost.

2) Valuation Standards and Methods for Inventories

Inventories held by Sharp ("the Company") and its domestic consolidated subsidiaries are primarily stated at moving average cost (for the book value of inventories on the balance sheets, by writing inventories down based on their decrease in profitability of assets).

For overseas consolidated subsidiaries, inventories are stated at the lower of moving average cost or market.

3) Method of Depreciation for Property, Plant and Equipment (Except for Lease Assets)

For the Company and its domestic consolidated subsidiaries, depreciation is based on the declining-balance method, except for machinery and equipment at LCD plants in Mie and Kameyama, and buildings (excluding attached structure) acquired on and after April 1, 1998, which are depreciated on the straight-line method.

Overseas consolidated subsidiaries use the straight-line method.

4) Method of Amortization for Intangible Assets (Except for Lease Assets)

Amortization is based on the straight-line method.

Software used by the Company is amortized by the straight-line method over an estimated useful life of principally five years, however, software embedded in products is amortized over the forecasted sales quantity.

5) Method of Depreciation for Lease Assets

Finance leases that do not transfer ownership

Depreciation is based on the straight-line method that takes the lease period as the depreciable life and the residual value as zero.

Regarding finance leases of the Company and its domestic consolidated subsidiaries that do not transfer ownership, for which the starting date for the lease transaction is prior to March 31, 2008, lease payments are recognized as expenses.

6) Method of Amortization for Deferred Assets

Bond issue cost is amortized under the straight-line method over the redemption period.

7) Method of Appropriation for Allowance for Doubtful Receivables

The estimated amounts of allowance for general receivables are primarily determined based on the past loss experience. For particular receivables, including those from debtors at risk of bankruptcy, the allowance is provided for individually estimated unrecoverable amounts. This procedure is made against possible credit loss.

8) Method of Appropriation for Accrued Bonuses

The reserve for payment of employees' bonuses is set aside based on estimated amounts to be paid in the subsequent period.

9) Method of Appropriation for Warranty Reserve

Estimated amounts of warranty are accrued based on the past experience. This procedure is made against expense for after-sales service within the warranty period.

10) Method of Appropriation for Provision for Loss on Litigation

Out of possible future loss on litigation, the amount to be considered necessary is estimated.

11) Method of Appropriation for Severance and Pension Benefits

To provide for employees' severance and pension benefits, reserves are set aside based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the end of the current consolidated fiscal year.

Prior service costs are amortized over the average of the estimated remaining service lives (16 years).

Actuarial losses are recognized primarily in expenses over the average of estimated remaining services lives (16 years) commencing with the following consolidated fiscal year.

12) Method and Period of Amortization for Goodwill

Goodwill for which the effective term is possible to be estimated is amortized evenly over the estimated terms, while the other is amortized evenly over five years. However, if the amount is minor, the entire amount is amortized during the period of occurrence.

13) Scope of Cash and Cash Equivalents in Consolidated Statements of Cash Flows

Cash and cash equivalents in Consolidated Statements of Cash Flows include cash on hand, deposits on demand placed with banks and highly liquid investments with insignificant risk of changes in value which have maturities of three months or less when purchased.

14) Accounting for Consumption Taxes, etc.

The tax exclusion method is applied.

15) Adoption of Consolidated Tax Return System

The consolidated tax return system is adopted.

(7) Changes in accounting policies and accounting estimates, and restatement

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

In accordance with the amendment of the Corporation Tax Law, effective from the year ended March 31, 2013, the Company and its domestic consolidated subsidiaries have changed the depreciation method for those plant and equipment acquired on or after April 1, 2012.

This change had an immaterial impact on financial statements.

(8) Notes to Consolidated Financial Statements

(Segment Information)

[Segment information]

1. Outline of reportable segments

The Sharp Group’s reportable segments are components of the Group whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, for which discrete financial information is available.

The Group’s reportable segments consist of Consumer/Information Products and Electronic Components, based on a classification by commonality in manufacturing and marketing method of products.

Consumer/Information Products business involves production and sales of electric communication equipment, electric equipment and electronic application equipment, while Electronic Components business involves production and sales/supply of electronic components for other companies or Consumer/Information Products business divisions within the Group.

Main products in each business are as follows.

Business classification	Main products
Consumer/Information Products	LCD color televisions, color televisions, Blu-ray Disc recorders, mobile phones, facsimiles, refrigerators, microwave ovens, air conditioners, washing machines, vacuum cleaners, air purifiers, Plasmacluster Ion generators, LED lights, information displays, digital MFPs (multi-function printers)
Electronic Components	amorphous silicon LCD modules, IGZO LCD modules, CG-Silicon LCD modules, crystalline solar cells, thin-film solar cells, CCD/CMOS imagers, LSIs for LCDs, microprocessors, components for satellite broadcasting, terrestrial digital tuners, RF modules, LEDs, components for optical communications

2. Measurement of sales and income (loss) by reportable segment

The accounting policies for the reportable segments are basically the same as those described in Important Matters on Presenting Consolidated Financial Statements. Intersegment sales and income (loss) are recognized based on the current market price.

3. Information regarding sales and income (loss) by reportable segment

Millions of Yen

	Year Ended March 31, 2012
Net Sales	
Consumer/Information Products	
Customers	1,630,555
Intersegment	444
Total	1,630,999
Electronic Components	
Customers	825,295
Intersegment	357,713
Total	1,183,008
Adjustments	(358,157)
The amount presented in Consolidated Statements of Income	2,455,850
Segment Income (Loss)	
Consumer/Information Products	51,008
Electronic Components	(54,699)
Adjustments*1	(33,861)
The amount presented in Consolidated Statements of Income*2	(37,552)

Notes: 1. Adjustments of segment income (loss) of (33,861) million yen include elimination of intersegment transactions of 1,061 million yen and corporate expenses not allocated to each reportable segment of (35,704) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income (loss) to operating loss presented in Consolidated Statements of Income.

Millions of Yen

	Year Ended March 31, 2013
Net Sales	
Consumer/Information Products	
Customers	1,338,417
Intersegment	1,324
Total	1,339,741
Electronic Components	
Customers	1,140,169
Intersegment	235,944
Total	1,376,113
Adjustments	(237,268)
The amount presented in Consolidated Statements of Income	2,478,586
Segment Income (Loss)	
Consumer/Information Products	46,695
Electronic Components	(159,007)
Adjustments*1	(33,954)
The amount presented in Consolidated Statements of Income*2	(146,266)

Notes: 1. Adjustments of segment income (loss) of (33,954) million yen include elimination of intersegment transactions of 1,117 million yen and corporate expenses not allocated to each reportable segment of (36,306) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income (loss) to operating loss presented in Consolidated Statements of Income.

[Related information]

Year ended March 31, 2012

1. Information by product/service

Millions of Yen

	LCDs	LCD Color TVs	Others	Total
Sales to Outside Customers	420,226	581,357	1,454,267	2,455,850

2. Information by region/country

1) Sales

Millions of Yen

Japan	China	U.S.A.	Others	Total
1,181,168	483,298	240,668	550,716	2,455,850

Note: Sales are classified according to regions or countries where customers are located.

2) Plant and equipment, less accumulated depreciation

Millions of Yen

Japan	Overseas	Total
780,396	92,046	872,442

Year ended March 31, 2013

1. Information by product/service

Millions of Yen

	LCDs	LCD Color TVs	Others	Total
Sales to Outside Customers	650,847	388,436	1,439,303	2,478,586

2. Information by region/country

1) Sales

Millions of Yen

Japan	China	U.S.A.	Others	Total
1,007,264	667,933	263,777	539,612	2,478,586

Note: Sales are classified according to regions or countries where customers are located.

2) Plant and equipment, less accumulated depreciation

Millions of Yen

Japan	Overseas	Total
461,539	102,160	563,699

[Information regarding impairment loss on noncurrent assets by reportable segment]

Year ended March 31, 2012

Millions of Yen

	Consumer/Information Products	Electronic Components	Elimination	Total
Impairment Loss	542	6,114	-	6,656

Year ended March 31, 2013

Millions of Yen

	Consumer/Information Products	Electronic Components	Elimination	Total
Impairment Loss	13,374	65,039	509	78,922

Note: The amount of "Elimination" is on buildings and others which do not belong to reportable segment.

(Business Combination)

Business Divestiture

Sharp Corporation "The Company" entered into an agreement to execute capital and business alliance with four companies of the Hon Hai Group on March 27, 2012.

In association with the above capital and business alliance, the Company has transferred a part of shares of its owned subsidiary, Sharp Display Products Corporation ("SDP"), to SIO International Holdings Limited, an investment company of Mr. Terry Tai-Ming Gou, the representative of Hon Hai Precision Industry Co., Ltd ("Hon Hai").

Furthermore, the Company, Toppan Printing Co., Ltd. ("Toppan") and Dai Nippon Printing Co., Ltd. ("DNP") executed a basic agreement on April 10, 2012, with regard to the business integration of the LCD color filter businesses operated by Toppan, DNP and DNP's wholly owned subsidiary, DNP Color Techno Sakai Co., Ltd. ("DNP Color Techno Sakai") at the Sakai Plant, into SDP, and conducted deliberations on concrete issues.

The Company resolved at its board of directors meeting held on May 24, 2012 to execute business integration agreements with Toppan and DNP respectively and transfer the LCD color filter businesses at the Sakai Plant operated by Toppan, DNP and DNP Color Techno Sakai, to SDP in the manner of a simplified absorption-type company split. In August 11, the simplified absorption-type company split came into effect.

1. Outline of business divestitures

(1) Name of parties who succeed the divested business

SIO International Holdings Limited, Toppan Printing Co., Ltd., Dai Nippon Printing Co., Ltd and DNP Color Techno Sakai Co., Ltd.

(2) Nature of divested business

Development, production and sales of LCD panels

(3) Aim of business divestiture

With the efforts such as 1) promotion of the enhancement of cost competitiveness and profit performance through maintaining a high facility operation rate of SDP by making practical use of Hon Hai's purchasing power and 2) integration of the LCD color filter businesses, the Company is seeking to promote further efficiency of the large-size LCD business including the businesses of color filters, the primary component of LCD panels, as well as to achieve improvement of the competitiveness of such businesses.

(4) Date of business divestiture

[1] Transfer of shares July 12, 2012

[2] Simplified absorption-type company split August 11, 2012

(5) Other items with regard to outline of transactions which include description of legal form

[1] Transfer of shares

The Company will receive only assets such as cash as consideration for the transfer of shares.

[2] Absorption-type company split

The method to be employed is a simplified absorption-type company split which designates Toppan, DNP and DNP Color Techno Sakai as split companies and SDP as their succeeding company.

2. Outline of accounting method

(1) Transfer profit and loss

-Loss on sales of stocks of subsidiaries and affiliates	3,346 million yen
-Loss on change in equity	705 million yen

(2) Appropriate book value of the assets and liabilities transferred and its main items

-Current assets	43,461 million yen
-Noncurrent assets	177,915 million yen
-Deferred assets	590 million yen
-Total assets	221,966 million yen
-Current liabilities	77,297 million yen
-Long-term liabilities	5,941 million yen
-Total liabilities	83,238 million yen

(3) Accounting method

The difference between the amount received as a value of transferred business and the amount of owner's equity regarding the transferred business is recognized as transfer profit or loss. This accounting method is assuming that the investment regarding transferred business of development, production and sales of LCD panels, is liquidated.

3. The name of reportable segment in which transferred business was included

Electronic Components segment

4. Estimated amount of profit and loss regarding divested business, which was recorded in consolidated financial results for the year ended March 31, 2013

-Net sales	— million yen
-Operating income	107 million yen

5. Outline of ongoing commitment

-Purchase of LCD displays from SDP and temporary transfer of employees to SDP

As of July 17, 2012, Sharp Display Products Corporation has changed its corporate name to Sakai Display Products Corporation.

(Per Share Information)

Yen

	Year Ended March 31, 2012	Year Ended March 31, 2013
Net assets per share	568.83	106.90
Net loss per share	(341.78)	(489.83)
Fully diluted net income (loss) per share	-	-
	Fully diluted net income per share is not presented, because although residual securities exist, the Sharp Group posted net loss.	Same as on the left.

Note: Net loss per share was calculated on the following basis.

	Year Ended March 31, 2012	Year Ended March 31, 2013
Net income loss per share		
Net loss (millions of yen)	(376,076)	(545,347)
Amounts not allocated to ordinary shares (millions of yen)	-	-
Net loss allocated to ordinary shares (millions of yen)	(376,076)	(545,347)
Average number of ordinary shares outstanding during each year (thousands of shares)	1,100,335	1,113,337
Residual securities which do not dilute net income per share	-	-

(Significant Subsequent Events)

Change of reportable segment

The Sharp Group's reportable segment was Consumer/Information Products and Electronic Components in the year ended March 31, 2013. Due to a reform of organization on April 1, 2013, Consumer/Information Products has been changed to Product Business and Electronic Components has been changed to Device Business in the year ending March 1, 2014. Solar Cells which had been included in Electronic Components has been included in Product Business.

Information regarding sales and income (loss) for the year ended March 31, 2013, by changed reportable segment is as follows.

Millions of Yen

	Year Ended March 31, 2012
Net Sales	
Product Business	
Customers	1,598,312
Intersegment	893
Total	1,599,205
Device Business	
Customers	880,274
Intersegment	237,271
Total	1,117,545
Adjustments	(238,164)
The amount presented in Consolidated Statements of Income	2,478,586
Segment Income (Loss)	
Product Business	42,198
Device Business	(154,510)
Adjustments*1	(33,954)
The amount presented in Consolidated Statements of Income*2	(146,266)

Notes: 1. Adjustments of segment income (loss) of (33,954) million yen include elimination of intersegment transactions of 1,117 million yen and corporate expenses not allocated to each reportable segment of (36,306) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income (loss) to operating loss presented in Consolidated Statements of Income.

(Additional Information)

Termination of the subscription payment term of third party allotment associated with business alliance

Sharp Corporation passed a resolution at the board of directors meeting held on March 27, 2012 to (i) form a business alliance with Hon Hai Precision Industry Co., Ltd. ("Hon Hai"), (ii) issue new shares through a third-party allotment to four companies of Hon Hai group ("Capital Increase Through Third-Party Allotment"), and (iii) enter into a capital and business alliance with four companies of Hon Hai group ("Capital and Business Alliance"). However, the subscription payment ("This Payment") from the allottee of Capital Increase Through Third-Party Allotment was not executed by March 26, 2013, the last day of the term of This Payment, mainly due to the reason that the approval for the Capital Increase Through Third-Party Allotment from the relevant authorities could not be received.

4. Supplementary Data

(1) Consolidated Sales by Product Group

Millions of Yen

		Year Ended March 31, 2012		Year Ended March 31, 2013		Increase Decrease	Percent Change
		Amount	Ratio	Amount	Ratio		
			%		%		%
	Audio - Visual and Communication Equipment	1,060,770	43.2	732,017	29.5	- 328,753	-31.0
	Health and Environmental Equipment	292,224	11.9	309,613	12.5	+ 17,389	+6.0
	Information Equipment	277,561	11.3	296,787	12.0	+ 19,226	+6.9
Consumer/Information Products		1,630,555	66.4	1,338,417	54.0	- 292,138	-17.9
	LCDs	420,226	17.1	650,847	26.3	+ 230,621	+54.9
	Solar Cells	223,869	9.1	259,895	10.5	+ 36,026	+16.1
	Other Electronic Devices	181,200	7.4	229,427	9.2	+ 48,227	+26.6
Electronic Components		825,295	33.6	1,140,169	46.0	+ 314,874	+38.2
Total		2,455,850	100.0	2,478,586	100.0	+ 22,736	+0.9
Domestic		1,181,168	48.1	1,007,264	40.6	- 173,904	-14.7
Overseas		1,274,682	51.9	1,471,322	59.4	+ 196,640	+15.4

Note: The above figures indicate sales to outside customers.

(2) Information by Product Group

The breakdown of the reportable segments, which consist of Consumer/Information Products and Electronic Components, is presented for reference. Sales of each product group include internal sales between segments (Consumer/Information Products and Electronic Components).

〈Net Sales〉

Millions of Yen

	Year ended March 31, 2012		Year ended March 31, 2013		Percent Change
	Amount	Ratio	Amount	Ratio	
		%		%	%
Audio - Visual and Communication Equipment	1,061,092	43.2	732,651	29.6	-31.0
Health and Environmental Equipment	292,303	11.9	309,673	12.5	+5.9
Information Equipment	277,604	11.3	297,417	12.0	+7.1
Consumer/Information Products	1,630,999	66.4	1,339,741	54.1	-17.9
LCDs	720,978	29.4	846,716	34.1	+17.4
Solar Cells	223,916	9.1	259,916	10.5	+16.1
Other Electronic Devices	238,114	9.7	269,481	10.9	+13.2
Electronic Components	1,183,008	48.2	1,376,113	55.5	+16.3
Sub Total	2,814,007	114.6	2,715,854	109.6	-3.5
Adjustments	(358,157)	-14.6	(237,268)	-9.6	-
Total	2,455,850	100.0	2,478,586	100.0	+0.9

〈Operating Income〉

Millions of Yen

	Year ended March 31, 2011		Year ended March 31, 2012		Percent Change
	Amount	Ratio	Amount	Ratio	
		%		%	%
Audio - Visual and Communication Equipment	(6,194)	-	(9,858)	-	-
Health and Environmental Equipment	29,460	-	32,210	-	+9.3
Information Equipment	27,742	-	24,343	-	-12.3
Consumer/Information Products	51,008	-	46,695	-	-8.5
LCDs	(42,236)	-	(138,991)	-	-
Solar Cells	(21,982)	-	(4,497)	-	-
Other Electronic Devices	9,519	-	(15,519)	-	-
Electronic Components	(54,699)	-	(159,007)	-	-
Sub Total	(3,691)	-	(112,312)	-	-
Adjustments	(33,861)	-	(33,954)	-	-
Total	(37,552)	-	(146,266)	-	-