Financial Section

Five-Year Financial Summary

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31

	Yen (millions)					U.S. Dollars (thousands)
	2009	2010	2011	2012	**2013**	**2013**
Net Sales	¥ 2,847,227	¥ 2,755,948	¥ 3,021,973	¥ 2,455,850	**¥ 2,478,586**	**$ 26,651,462**
Domestic sales	1,302,261	1,429,057	1,592,909	1,181,168	**1,007,264**	**10,830,795**
Overseas sales	1,544,966	1,326,891	1,429,064	1,274,682	**1,471,322**	**15,820,667**
Operating Income (Loss)	(55,481)	51,903	78,896	(37,552)	**(146,266)**	**(1,572,753)**
Income (Loss) before Income Taxes and Minority Interests	(204,139)	6,139	40,880	(238,429)	**(466,187)**	**(5,012,763)**
Net Income (Loss)	(125,815)	4,397	19,401	(376,076)	**(545,347)**	**(5,863,946)**
Net Assets	1,048,447	1,065,860	1,048,645	645,120	**134,837**	**1,449,860**
Total Assets	2,688,721	2,836,255	2,885,678	2,614,135	**2,087,763**	**22,449,065**
Capital Investment*1	260,337	215,781	172,553	118,899	**82,458**	**886,645**
Depreciation and Amortization	315,799	277,257	289,602	269,020	**197,880**	**2,127,742**
R&D Expenditures	195,525	166,507	173,983	154,798	**137,936**	**1,483,183**

	Yen					U.S. Dollars
Per Share of Common Stock						
Net income (loss)	¥ (114.33)	¥ 4.00	¥ 17.63	¥ (341.78)	**¥ (489.83)**	**$ (5.27)**
Diluted net income	—	3.78	16.47	—	**—**	**—**
Cash dividends	21.00	17.00	17.00	10.00	**0.00**	**0.00**
Net assets	944.24	949.19	932.46	568.83	**106.90**	**1.15**
Other Financial Data						
Return on equity (ROE)	(11.1%)	0.4%	1.9%	(45.5%)	**(145.3%)**	**—**
Return on assets (ROA)	(4.4%)	0.2%	0.7%	(13.7%)	**(23.2%)**	**—**
Equity ratio	38.6%	36.8%	35.6%	23.9%	**6.0%**	**—**

*1 The amount of leased properties is included in capital investment.

	Yen (millions)					U.S. Dollars (thousands)
	2009	2010	2011	2012	**2013**	**2013**
Net Sales	¥ 2,847,227	¥ 2,755,948	¥ 3,021,973	¥ 2,455,850	**¥ 2,478,586**	**$ 26,651,462**
Sales by Product Group (Sales to Outside Customers)						
Audio-Visual and Communication Equipment	1,367,600	1,332,129	1,426,243	1,060,770	**732,017**	**7,871,150**
Health and Environmental Equipment	225,290	244,090	269,845	292,224	**309,613**	**3,329,172**
Information Equipment	306,077	266,920	273,900	277,561	**296,787**	**3,191,258**
Consumer/Information Products	1,898,967	1,843,139	1,969,988	1,630,555	**1,338,417**	**14,391,580**
LCDs	573,854	508,630	614,373	420,226	**650,847**	**6,998,355**
Solar Cells	157,095	208,732	265,492	223,869	**259,895**	**2,794,570**
Other Electronic Devices	217,311	195,447	172,120	181,200	**229,427**	**2,466,957**
Electronic Components	948,260	912,809	1,051,985	825,295	**1,140,169**	**12,259,882**
Total	2,847,227	2,755,948	3,021,973	2,455,850	**2,478,586**	**26,651,462**
Sales by Region*2						
Japan	1,302,261	1,429,057	—	—	—	—
The Americas	488,428	342,923	—	—	—	—
Europe	451,090	393,212	—	—	—	—
China	407,777	365,440	—	—	—	—
Other	197,671	225,316	—	—	—	—
Total	2,847,227	2,755,948	—	—	—	—
Japan	—	1,429,057	1,592,909	1,181,168	**1,007,264**	**10,830,795**
The Americas	—	283,641	302,021	288,380	**355,288**	**3,820,301**
Europe	—	336,642	367,962	282,606	**174,381**	**1,875,065**
China	—	422,881	516,977	483,298	**667,933**	**7,182,075**
Other	—	283,727	242,104	220,398	**273,720**	**2,943,226**
Total	—	2,755,948	3,021,973	2,455,850	**2,478,586**	**26,651,462**

*2 Effective for the year ended March 31, 2011, the Company has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan (ASBJ) Statement No. 17, issued by the ASBJ on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued by the ASBJ on March 21, 2008). In this regard, "Sales by Region" of 2010 has been restated to conform with the 2011 presentation.

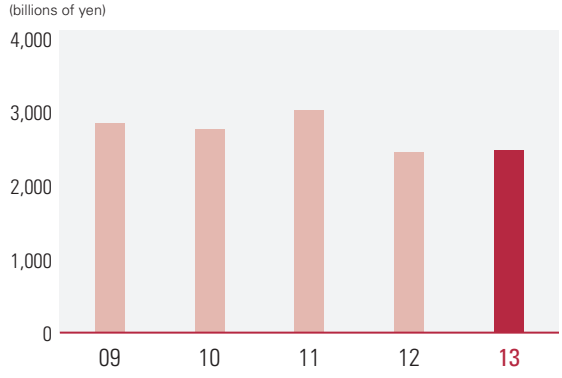
Financial Review

Sharp Corporation and Consolidated Subsidiaries

Operations

Consolidated net sales for the year ended March 31, 2013 amounted to ¥2,478,586 million, up 0.9% from the previous year.

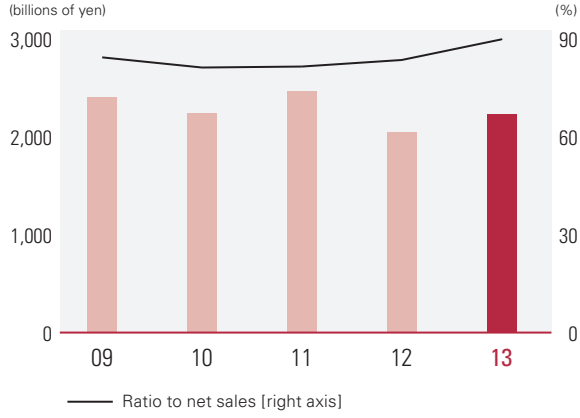
Net Sales



Financial Results

Cost of sales increased by ¥174,161 million over the previous year to ¥2,218,003 million, and the cost of sales ratio rose from 83.2% to 89.5%.

Cost of Sales



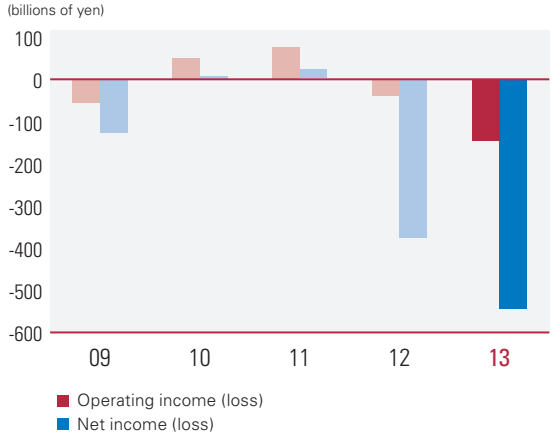
Selling, general and administrative (SG&A) expenses declined by ¥42,711 million to ¥406,849 million, and the ratio of SG&A expenses against net sales fell from 18.3% to 16.4%, compared with the previous year. SG&A expenses included R&D expenditures of ¥32,508 million and employees' salaries and other benefits expenses of ¥110,009 million.

As a result, the operating loss amounted to ¥146,266 million, compared with the loss of ¥37,552 million in the previous year.

Other expenses, net of other income, resulted in a net loss position and amounted to ¥319,921 million.

Accordingly, the loss before income taxes and minority interests was ¥466,187 million, compared with the loss of ¥238,429 million in the previous year, and the net loss was ¥545,347 million, compared with the loss of ¥376,076 million in the previous year. The net loss per share of common stock was ¥489.83.

Operating Income (Loss)/Net Income (Loss)

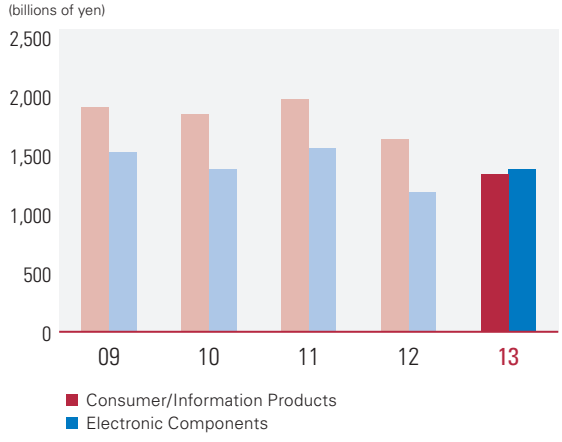


Segment Information

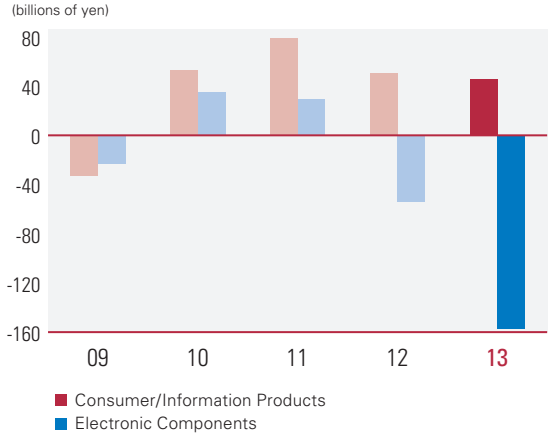
Sales in the Consumer/Information Products segment declined by 17.9% over the previous year to ¥1,339,741 million, and the operating income fell 8.5% to ¥46,695 million.

Sales in the Electronic Components segment increased by 16.3% to ¥1,376,113 million, and the operating loss widened from ¥54,699 million to ¥159,007 million.

Sales



Operating Income (Loss)



[Reference Information]

Information by Product Group

Consumer/Information Products

Audio-Visual and Communication Equipment

In this product group, sales declined by 31.0% to ¥732,651 million, and the operating loss was ¥9,858 million, which was greater than the loss of ¥6,194 million in the previous year. Sales of LCD TVs declined significantly over the previous year, despite an increase in sales volume in ASEAN nations and other emerging countries. This was mainly due to sluggish demand in Japan and a sales decline in China stemming from worsening Japan–China relations. Mobile phone sales were impacted by languishing volume sales caused by severe competition with overseas manufacturers, as well as supply shortages of key components in the first half of the fiscal year.

Health and Environmental Equipment

Sales in this group grew by 5.9% to ¥309,673 million, due mainly to healthy sales of air conditioners and air purifiers in Japan and overseas. The operating income rose by 9.3% to ¥32,210 million.

Information Equipment

Sales in this group increased by 7.1% to ¥297,417 million, thanks to robust sales of color MFPs and information displays. The operating income decreased by 12.3% to ¥24,343 million, due mainly to falling prices stemming from intensified competition.

Electronic Components

LCDs

Sales in this group increased by 17.4% to ¥846,716 million. This was due mainly to increased sales of small- and medium-size LCDs for smartphones and tablet terminals. The operating loss amounted to ¥138,991 million, compared with a loss of ¥42,236 million in the previous year. This was primarily due to efforts to optimize inventory levels, including making production adjustments at plants for large-size LCDs in the first half of the year.

Solar Cells

Sales in this group rose by 16.1% to ¥259,916 million, owing

Sales by Product Group

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Audio-Visual and Communication Equipment	¥ 1,426,734	¥ 1,061,092	¥ 732,651	$ 7,877,968
Health and Environmental Equipment	269,883	292,303	309,673	3,329,817
Information Equipment	273,953	277,604	297,417	3,198,032
Consumer/Information Products	1,970,570	1,630,999	1,339,741	14,405,817
LCDs	1,026,959	720,978	846,716	9,104,473
Solar Cells	265,538	223,916	259,916	2,794,796
Other Electronic Devices	261,520	238,114	269,481	2,897,645
Electronic Components	1,554,017	1,183,008	1,376,113	14,796,914
Adjustments	(502,614)	(358,157)	(237,268)	(2,551,269)
Total	3,021,973	2,455,850	2,478,586	26,651,462

mainly to higher sales in residential as well as industrial use applications in Japan, including mega-solar power generation. The operating loss totaled ¥4,497 million, which improved from the loss of ¥21,982 million in the previous year. The decrease in selling prices stemming from intensified competition resulted in the operating loss.

Other Electronic Devices

Sales in this group increased by 13.2% to ¥269,481 million, thanks mainly to growth in sales of camera modules for smartphones and tablet terminals, as well as higher sales of LEDs. The operating loss was ¥15,519 million, compared with operating income of ¥9,519 million in the previous year. This was primarily due to efforts to optimize inventory levels.

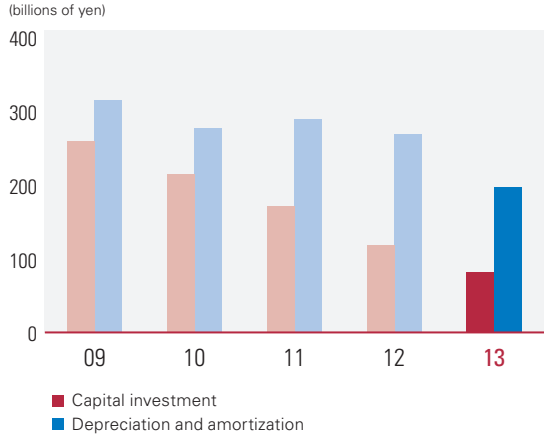
Capital Investment and Depreciation

Capital investment totaled ¥82,458 million, down 30.6% from the previous year. Much of this investment was allocated to expansion and improvement of the production lines for small- and medium-size LCDs, in order to meet flourishing demand for LCDs for mobile devices such as smartphones and tablet terminals.

By business segment, capital investment was ¥19,772 million for Consumer/Information Products and ¥58,316 million for Electronic Components. Unallocated capital investment amounted to ¥4,370 million.

Depreciation and amortization declined by 26.4% to ¥197,880 million.

Capital Investment/
Depreciation and Amortization



Assets, Liabilities and Net Assets

Total assets amounted to ¥2,087,763 million, down ¥526,372 million from the end of the previous year.

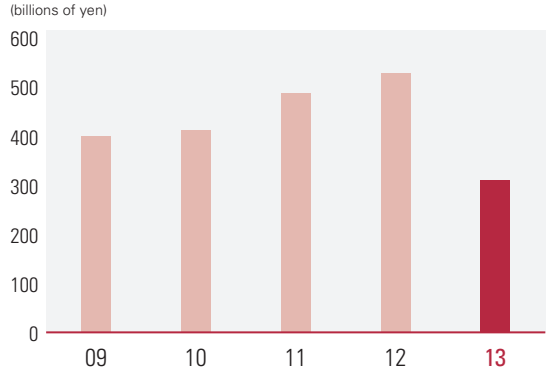
Assets

Current assets amounted to ¥1,221,835 million, down ¥199,290 million. This was due mainly to a decrease in inventories by ¥216,774 million to ¥310,709 million. Included in inventories, finished products decreased by ¥36,847 million to ¥157,373 million; work in process declined by ¥174,146 million to ¥90,431 million; and raw materials and supplies were down ¥5,781 million to ¥62,905 million.

Plant and equipment declined by ¥308,743 million to ¥563,699 million, due mainly to deconsolidation of Sakai Display Products Corporation.

Investments and other assets amounted to ¥302,229 million, down ¥18,339 million. This was due mainly to a reduction in investments in securities due to the sale of shareholdings as well as decrease in other assets, which was partially offset by the increase in investments in nonconsolidated subsidiaries and affiliates due to the deconsolidation of Sakai Display Products Corporation, which was accounted for under the equity method.

Inventories



Liabilities

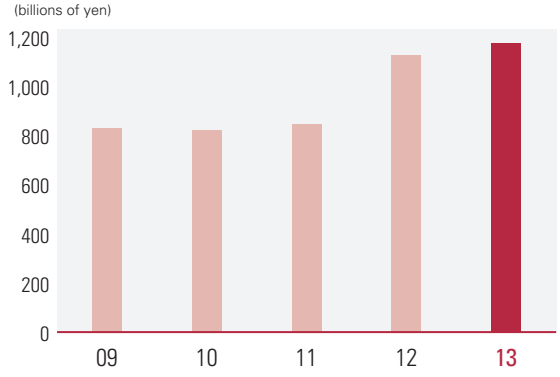
Current liabilities increased by ¥276,453 million to ¥1,667,533 million. Short-term borrowings rose by ¥326,116 million to ¥924,113 million. This was due mainly to an increase in bank loans by ¥411,169 million to ¥610,254 million and an increase in current portion of long-term debt by ¥265,947 million to ¥313,859 million, which was partially offset by a decrease in

commercial paper by ¥351,000 million to zero. Notes and accounts payable declined by ¥30,949 million to ¥405,624 million.

Long-term liabilities decreased by ¥292,542 million to ¥285,393 million. This was due mainly to a ¥278,850 million decline in long-term debt.

Interest-bearing debt at fiscal year-end stood at ¥1,174,423 million, up ¥47,266 million from the previous year.

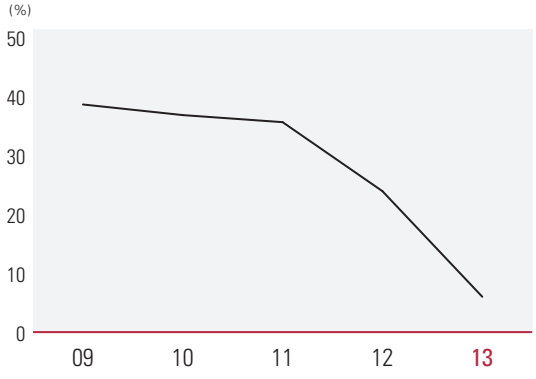
Interest-Bearing Debt



Net Assets

Net assets amounted to ¥134,837 million, a decrease of ¥510,283 million. This was due mainly to a turnaround from retained earnings of ¥259,937 million in the previous year to accumulated deficits of ¥290,912 million. The equity ratio was 6.0%.

Equity Ratio



Cash Flows

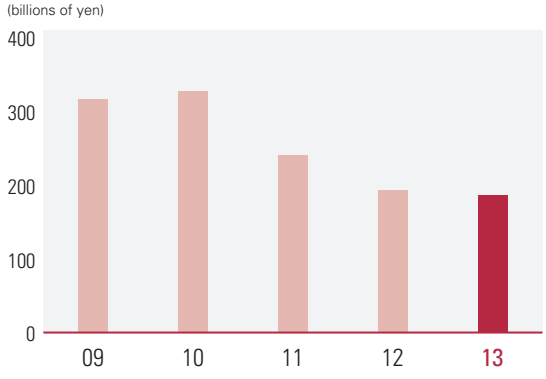
Cash and cash equivalents at the end of year stood at ¥187,866 million, down ¥5,906 million over the previous year, as cash outflows from operating activities exceeded combined cash inflows from investing and financing activities.

Net cash used in operating activities amounted to ¥81,075 million, an improvement of ¥62,227 million from the previous year. This was due mainly to a turnaround in inventories from a ¥48,686 million increase in the previous year to a ¥228,510 million decrease, while the loss before income taxes and minority interests deteriorated by ¥227,758 million, compared to the previous year.

Net cash provided by investing activities totaled ¥7,110 million, compared to net cash used in investing activities of ¥159,557 million in the previous year. This was due mainly to ¥65,143 million in proceeds from sales of stocks of subsidiaries and affiliates resulting in change in scope of consolidation, as well as a ¥56,709 million year-on-year decrease in purchase of property, plant and equipment and a ¥19,279 million year-on-year increase in proceeds from sales of property, plant and equipment.

Net cash provided by financing activities was ¥51,637 million, with cash inflows down by ¥204,744 million from the previous year. The main factors included a ¥220,182 million year-on-year decline in net increase in short-term borrowings.

Cash and Cash Equivalents



Notes: 1. Effective for the year ended March 31, 2011, the Company has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued by the ASBJ on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued by the ASBJ on March 21, 2008). As a result, figures for 2010 included in "Segment Information" have been restated to conform with the 2011 presentation.

2. Sales figures by segment and product group shown in "Segment Information" include internal sales between segments (Consumer/Information Products and Electronic Components). Operating income (loss) figures are the amounts before adjustment for intersegment trading.

3. Capital investment figures shown in "Capital Investment and Depreciation" include the amount of leased properties.

Consolidated Balance Sheets

Sharp Corporation and Consolidated Subsidiaries as of March 31, 2011, 2012 and 2013

	Yen (millions)			U.S. Dollars (thousands)
ASSETS	2011	2012	2013	2013
Current Assets:				
Cash and cash equivalents (Note 7)	¥ 241,110	¥ 193,772	¥ 187,866	$ 2,020,065
Time deposits (Note 7)	1,053	1,341	74	796
Restricted cash (Notes 2 and 7)	5,725	212	4,001	43,021
Notes and accounts receivable (Note 7) —				
Trade	379,609	368,561	416,107	4,474,269
Other	202,824	76,730	122,499	1,317,193
Nonconsolidated subsidiaries and affiliates	15,996	12,164	24,882	267,548
Allowance for doubtful receivables	(2,730)	(4,407)	(5,259)	(56,548)
Inventories (Note 3)	486,060	527,483	310,709	3,340,957
Deferred tax assets (Note 4)	93,810	90,394	19,369	208,269
Other current assets	99,093	154,875	141,587	1,522,441
Total current assets	1,522,550	1,421,125	1,221,835	13,138,011
Property, Plant and Equipment, at Cost (Note 6):				
Land	100,124	98,840	94,448	1,015,570
Buildings and structures	840,912	841,205	713,657	7,673,731
Machinery, equipment, vehicles and others	2,041,523	2,030,081	1,726,978	18,569,656
Construction in progress	31,269	81,245	22,874	245,957
	3,013,828	3,051,371	2,557,957	27,504,914
Less accumulated depreciation	(2,048,914)	(2,178,929)	(1,994,258)	(21,443,634)
	964,914	872,442	563,699	6,061,280
Investments and Other Assets:				
Goodwill	24,338	23,129	21,064	226,495
Investments in securities (Notes 2 and 7)	57,505	58,859	49,666	534,043
Investments in nonconsolidated subsidiaries and affiliates (Note 7)	40,960	40,547	106,790	1,148,279
Bond issue cost	2,316	1,458	610	6,559
Other assets	273,095	196,575	124,099	1,334,398
	398,214	320,568	302,229	3,249,774
	¥ 2,885,678	¥ 2,614,135	¥ 2,087,763	$ 22,449,065

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIABILITIES AND NET ASSETS	Yen (millions) 2011	2012	2013	U.S. Dollars (thousands) 2013
Current Liabilities:				
Short-term borrowings, including current portion of long-term debt (Notes 5 and 7)	¥ 287,330	¥ 597,997	¥ 924,113	$ 9,936,699
Notes and accounts payable (Note 7) —				
Trade	524,641	384,322	341,351	3,670,441
Construction and other	71,356	47,804	40,616	436,731
Nonconsolidated subsidiaries and affiliates	6,084	4,447	23,657	254,377
Accrued expenses	217,339	195,506	240,394	2,584,882
Income taxes (Note 4)	12,471	5,963	6,206	66,731
Other current liabilities (Note 4)	126,692	155,041	91,196	980,602
Total current liabilities	1,245,913	1,391,080	1,667,533	17,930,463
Long-term Liabilities:				
Long-term debt (Notes 5 and 7)	559,920	529,160	250,310	2,691,505
Allowance for severance and pension benefits (Note 12)	4,618	6,000	6,501	69,903
Deferred tax liabilities (Note 4)	11,600	29,304	14,044	151,011
Other long-term liabilities	14,982	13,471	14,538	156,323
	591,120	577,935	285,393	3,068,742
Contingent Liabilities (Note 11)				
Net Assets (Note 9):				
Common stock:				
Authorized — 2,500,000 thousand shares				
Issued — 1,110,699 thousand shares in 2011 and 2012, and 1,176,623 thousand shares in 2013	204,676	204,676	212,337	2,283,193
Capital surplus	268,530	268,528	276,179	2,969,667
Retained earnings (accumulated deficits)	648,935	259,937	(290,912)	(3,128,086)
Less cost of treasury stock:				
10,353 thousand shares, 10,375 thousand shares and 10,399 thousand shares in 2011, 2012 and 2013	(13,863)	(13,876)	(13,872)	(149,161)
Net unrealized holding gains (losses) on securities	5,915	5,610	6,062	65,183
Deferred gains (losses) on hedges	(1,028)	(5,749)	(25)	(269)
Foreign currency translation adjustments	(85,317)	(90,305)	(61,467)	(660,936)
Pension liability adjustment of foreign subsidiaries	(1,815)	(2,927)	(3,631)	(39,043)
Minority interests	22,612	19,226	10,166	109,312
Total net assets	1,048,645	645,120	134,837	1,449,860
	¥ 2,885,678	¥ 2,614,135	¥ 2,087,763	$ 22,449,065

Consolidated Statements of Operations

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2011, 2012 and 2013

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Net Sales	¥ 3,021,973	¥ 2,455,850	¥ 2,478,586	$ 26,651,462
Cost of Sales	2,452,345	2,043,842	2,218,003	23,849,494
Gross profit	569,628	412,008	260,583	2,801,968
Selling, General and Administrative Expenses	490,732	449,560	406,849	4,374,721
Operating income (loss)	78,896	(37,552)	(146,266)	(1,572,753)
Other Income (Expenses):				
Interest and dividends income	3,119	2,730	2,278	24,495
Interest expenses	(8,001)	(8,646)	(13,170)	(141,613)
Subsidy income	—	10,000	—	—
Impairment loss (Note 14)	—	(6,656)	(47,396)	(509,634)
Loss on valuation of investment securities	—	—	(3,782)	(40,667)
Loss on sales of stocks of subsidiaries and affiliates	—	—	(3,583)	(38,527)
Loss on quality compensation	—	(11,500)	—	—
Loss on suspension of large size LCD plant operation (Note 15)	—	(25,887)	—	—
Restructuring charges (Note 16)	(12,655)	(117,110)	(143,397)	(1,541,903)
Settlement package	—	(18,857)	(17,899)	(192,462)
Provision for loss on litigation	—	—	(32,321)	(347,538)
Loss on charge in equity	—	—	(705)	(7,581)
Other, net	(20,479)	(24,951)	(59,946)	(644,580)
	(38,016)	(200,877)	(319,921)	(3,440,010)
Income (loss) before income taxes and minority interests	40,880	(238,429)	(466,187)	(5,012,763)
Income Taxes (Note 4):				
Current	26,927	19,617	17,607	189,323
Deferred	(7,244)	115,523	59,972	644,860
	19,683	135,140	77,579	834,183
Income (loss) before minority interests	21,197	(373,569)	(543,766)	(5,846,946)
Minority Interests in Income of Consolidated Subsidiaries	(1,796)	(2,507)	(1,581)	(17,000)
Net income (loss)	¥ 19,401	¥ (376,076)	¥ (545,347)	$ (5,863,946)

	Yen			U.S. Dollars
	2011	2012	2013	2013
Per Share of Common Stock (Note 9):				
Net income (loss)	¥ 17.63	¥ (341.78)	¥ (489.83)	$ (5.27)
Diluted net income	16.47	—	—	—
Cash dividends	17.00	10.00	0.00	0.00

The accompanying notes to the consolidated financial statements are an integral part of these statements.
Diluted net loss per share computation for the years ended March 31, 2012 and 2013 are not presented since net loss were recorded.

Consolidated Statements of Comprehensive Income

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2011, 2012 and 2013

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Income (Loss) before Minority Interests	¥ 21,197	¥ (373,569)	¥ (543,766)	$ (5,846,946)
Other Comprehensive Income:				
Net unrealized holding gains (losses) on securities	(1,460)	(515)	451	4,849
Deferred gains (losses) on hedges	(1,246)	(4,725)	5,915	63,602
Foreign currency translation adjustments	(13,254)	(5,137)	30,150	324,194
Pension liability adjustment of foreign subsidiaries	(612)	(1,112)	(703)	(7,559)
Share of other comprehensive income of affiliates accounted for using equity method	(236)	178	75	806
Total other comprehensive income	(16,808)	(11,311)	35,888	385,892
Comprehensive Income	4,389	(384,880)	(507,878)	(5,461,054)
Comprehensive income attributable to:				
Owners of the parent	3,052	(387,418)	(511,037)	(5,495,022)
Minority interests	1,337	2,538	3,159	33,968

Consolidated Statements of Changes in Net Assets

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2011, 2012 and 2013

	(thousands)	Yen (millions)									
	Number of Shares	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (accumulated deficits) (Note 9)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Pension liability adjustment of foreign subsidiaries	Minority interests	Total
Balance at beginning of fiscal 2011	1,110,699	¥ 204,676	¥ 268,534	¥ 649,795	¥ (13,805)	¥ 7,372	¥ 218	¥ (72,283)	¥ 0	¥ 21,353	¥ 1,065,860
Effect of changes in accounting policies applied to foreign affiliates accounted for by equity method				(14)							(14)
Transfer to pension liability adjustment of foreign subsidiaries from retained earnings				1,203					(1,203)		0
Net income				19,401							19,401
Dividends from surplus				(22,008)							(22,008)
Change of scope of consolidation				(438)							(438)
Change of scope of equity method				996							996
Purchase of treasury stock					(68)						(68)
Disposal of treasury stock			(4)		10						6
Net changes of items other than shareholders' equity						(1,457)	(1,246)	(13,034)	(612)	1,259	(15,090)
Balance at end of fiscal 2011	1,110,699	¥ 204,676	¥ 268,530	¥ 648,935	¥ (13,863)	¥ 5,915	¥ (1,028)	¥ (85,317)	¥ (1,815)	¥ 22,612	¥ 1,048,645

	(thousands)	Yen (millions)									
	Number of Shares	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (accumulated deficits) (Note 9)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Pension liability adjustment of foreign subsidiaries	Minority interests	Total
Balance at beginning of fiscal 2012	1,110,699	¥ 204,676	¥ 268,530	¥ 648,935	¥ (13,863)	¥ 5,915	¥ (1,028)	¥ (85,317)	¥ (1,815)	¥ 22,612	¥ 1,048,645
Net loss				(376,076)							(376,076)
Dividends from surplus				(13,204)							(13,204)
Change of scope of consolidation				113							113
Change of scope of equity method				169							169
Purchase of treasury stock					(18)						(18)
Disposal of treasury stock			(2)		5						3
Net changes of items other than shareholders' equity						(305)	(4,721)	(4,988)	(1,112)	(3,386)	(14,512)
Balance at end of fiscal 2012	1,110,699	¥ 204,676	¥ 268,528	¥ 259,937	¥ (13,876)	¥ 5,610	¥ (5,749)	¥ (90,305)	¥ (2,927)	¥ 19,226	¥ 645,120

	(thousands)	Yen (millions)									
	Number of Shares	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (accumulated deficits) (Note 9)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Pension liability adjustment of foreign subsidiaries	Minority interests	Total
Balance at beginning of fiscal 2013	1,110,699	¥ 204,676	¥ 268,528	¥ 259,937	¥ (13,876)	¥ 5,610	¥ (5,749)	¥ (90,305)	¥ (2,927)	¥ 19,226	¥ 645,120
Net loss				**(545,347)**							**(545,347)**
Dividends from surplus				**(5,502)**							**(5,502)**
Issuance of new shares	**65,924**	**7,661**	**7,661**								**15,322**
Purchase of treasury stock					**(10)**						**(10)**
Disposal of treasury stock			**(10)**		**14**						**4**
Net changes of items other than shareholders' equity						**452**	**5,724**	**28,838**	**(704)**	**(9,060)**	**25,250**
Balance at end of fiscal 2013	**1,176,623**	**¥ 212,337**	**¥ 276,179**	**¥ (290,912)**	**¥ (13,872)**	**¥ 6,062**	**¥ (25)**	**¥ (61,467)**	**¥ (3,631)**	**¥ 10,166**	**¥ 134,837**

	(thousands)	U.S. Dollars (thousands)									
	Number of Shares	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (accumulated deficits) (Note 9)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Pension liability adjustment of foreign subsidiaries	Minority interests	Total
Balance at beginning of fiscal 2013	1,110,699	$ 2,200,817	$ 2,887,398	$ 2,795,021	$ (149,204)	$ 60,323	$ (61,817)	$ (971,022)	$ (31,473)	$ 206,731	$ 6,936,774
Net loss				**(5,863,946)**							**(5,863,946)**
Dividends from surplus				**(59,161)**							**(59,161)**
Issuance of new shares	**65,924**	**82,376**	**82,376**								**164,752**
Purchase of treasury stock					**(107)**						**(107)**
Disposal of treasury stock			**(107)**		**150**						**43**
Net changes of items other than shareholders' equity						**4,860**	**61,548**	**310,086**	**(7,570)**	**(97,419)**	**271,505**
Balance at end of fiscal 2013	**1,176,623**	**$ 2,283,193**	**$ 2,969,667**	**$ (3,128,086)**	**$ (149,161)**	**$ 65,183**	**$ (269)**	**$ (660,936)**	**$ (39,043)**	**$ 109,312**	**$ 1,449,860**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2011, 2012 and 2013

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Cash Flows from Operating Activities:				
Income (loss) before income taxes and minority interests	¥ 40,880	¥ (238,429)	¥ (466,187)	$ (5,012,763)
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash (used in) provided by operating activities —				
Depreciation and amortization of properties and intangibles	272,081	248,425	177,765	1,911,452
Interest and dividends income	(3,119)	(2,730)	(2,278)	(24,495)
Interest expenses	8,001	8,646	13,170	141,613
Foreign exchange gains	(938)	(1,268)	(1,684)	(18,108)
Loss on sales and retirement of noncurrent assets	7,376	5,950	15,612	167,871
Subsidy income	—	(10,000)	—	—
Impairment loss	—	6,656	78,922	848,624
Loss on valuation of investment securities	—	—	3,782	40,667
Loss on sales of stocks of subsidiaries and affiliates	—	—	3,583	38,527
Loss on quality compensation	—	11,500	—	—
Special extra retirement payments	—	—	25,496	274,150
Settlement package	—	18,857	17,899	192,462
Increase in provision for loss on litigation	—	—	32,321	347,538
(Increase) decrease in notes and accounts receivable	(82,209)	149,905	(41,176)	(442,753)
Decrease (increase) in inventories	(83,749)	(48,686)	228,510	2,457,097
Decrease in payables	(762)	(147,162)	(89,765)	(965,215)
Other, net	41,684	(89,976)	(19,721)	(212,054)
Total	199,245	(88,312)	(23,751)	(255,387)
Interest and dividends income received	3,664	3,169	2,656	28,559
Interest expenses paid	(8,148)	(8,572)	(13,028)	(140,086)
Subsidy income received	—	—	10,000	107,527
Special extra retirement payments paid	—	—	(25,289)	(271,925)
Settlement package paid	—	(18,622)	(16,894)	(181,656)
Income taxes paid	(27,318)	(30,965)	(14,769)	(158,806)
Net cash (used in) provided by operating activities	167,443	(143,302)	(81,075)	(871,774)
Cash Flows from Investing Activities:				
Payments into time deposits	(13,200)	(603)	(101)	(1,086)
Proceeds from withdrawal of time deposits	31,641	443	718	7,720
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(24,524)	(4,405)	(366)	(3,935)
Proceeds from sales of stocks of subsidiaries and affiliates resulting in change in scope of consolidation	—	—	65,143	700,462
Purchase of property, plant and equipment	(195,404)	(118,168)	(61,459)	(660,849)
Proceeds from sales of property, plant and equipment	992	2,547	21,826	234,688
Purchase of investment securities and investments in nonconsolidated subsidiaries and affiliates	(9,738)	(3,326)	(1,935)	(20,806)
Proceeds from sales of investment securities and investments in nonconsolidated subsidiaries and affiliates	130	22	10,359	111,387
Other, net	(34,510)	(36,067)	(27,075)	(291,129)
Net cash provided by (used in) investing activities	(244,613)	(159,557)	7,110	76,452
Cash Flows from Financing Activities:				
Net increase in short-term borrowings	7,328	305,595	85,413	918,419
Proceeds from long-term debt	85,725	13,286	23,417	251,796
Repayments of long-term debt	(78,162)	(53,462)	(51,338)	(552,022)
Cash dividends paid	(21,999)	(13,237)	(5,500)	(59,140)
Other, net	854	4,199	(355)	(3,817)
Net cash provided by (used in) financing activities	(6,254)	256,381	51,637	555,236
Effect of Exchange Rate Change on Cash and Cash Equivalents	(3,790)	(1,080)	16,418	176,538
Net Decrease in Cash and Cash Equivalents	(87,214)	(47,558)	(5,910)	(63,548)
Cash and Cash Equivalents at Beginning of Year	328,125	241,110	193,772	2,083,570
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	199	220	4	43
Cash and Cash Equivalents at End of Year	¥ 241,110	¥ 193,772	¥ 187,866	$ 2,020,065

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to the Consolidated Financial Statements

Sharp Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Sharp Corporation ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

The financial statements of the Company's overseas consolidated subsidiaries for consolidation purposes have been prepared in conformity with IFRS or generally accepted accounting principles in the United States of America ("US GAAP"), and partially reflect the adjustments which are necessary to conform with Japanese GAAP.

The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosures) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the Japanese language statutory consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2013, which was ¥93 to U.S. $1.00. The translations should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 82 significant companies over which the Company has power of control through majority voting right or the existence of certain other conditions evidencing control by the Company. Investments in 1 nonconsolidated subsidiary and 22 affiliates over which the Company has the ability to exercise significant influence over operating and financial policies are accounted for under the equity method. The significant affiliates are Sakai Display Products Corporation and Sharp Finance Corporation. As a result of a decrease of the Company's ownership of Sakai Display Products Corporation, which was a consolidated subsidiary as of March 31, 2012, during the year ended March 31, 2013, the investment in Sakai Display Products Corporation is accounted for under the equity method.

In the elimination of investments in consolidated subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary.

Material intercompany balances, transactions and unrealized profits have been eliminated in consolidation.

(c) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at current rates at each balance sheet date, and the resulting translation gains or losses are charged to income.

Assets and liabilities are translated at current rates at each balance sheet date, net assets accounts are translated at historical rates, and revenues and expenses are translated at average rates prevailing during the year. The resulting foreign currency translation adjustments are shown as a separate component in net assets.

(d) Cash and cash equivalents

Cash and cash equivalents 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.

(e) Investments in securities

Investments in securities consist principally of marketable and nonmarketable equity securities.

The Company and its domestic consolidated subsidiaries categorize those securities as "other securities," which, in principle,

include all securities other than trading securities and held-to-maturity securities.

Other securities with available fair market values are stated at fair market value, which is calculated as the average of market prices during the last month of the fiscal year. Unrealized holding gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed principally using average cost.

Other securities with no available fair market values are stated at average cost.

If the fair market value of other securities declines significantly, such securities are stated at fair market value and the difference between the fair market value and the carrying amount is recognized as loss in the period of decline. If the net asset value of other securities with no available fair market values declines significantly, the securities are written down to the net asset value and charged to income. In these cases, the fair market value or the net asset value is carried forward to the next year.

(f) Inventories

Inventories held by the Company and its domestic consolidated subsidiaries are primarily measured at moving average cost (for balance sheet valuation, in the event that an impairment is determined inventories impairment is computed using net realizable value). For overseas consolidated subsidiaries, inventories are measured at the lower of moving average cost and net realizable value.

(g) Depreciation and amortization

For the Company and its domestic consolidated subsidiaries, depreciation of plant and equipment other than lease assets is computed using the declining-balance method, except for machinery and equipment at the LCD plants in Mie and Kameyama and the buildings (excluding attached structures) acquired by the Company and its domestic consolidated subsidiaries on and after April 1, 1998; all of which are depreciated using the straight-line method over the estimated useful life of the asset. Properties at overseas consolidated subsidiaries are depreciated using the straight-line method.

Maintenance and repairs, including minor renewals and betterments, are charged to income as incurred.

Amortization of intangible assets except for lease assets is computed using the straight-line method.

Software costs are included in other assets. Software used by the Company is amortized using the straight-line method over the estimated useful life of principally 5 years, and software embedded in products is amortized over the forecasted sales quantity.

Depreciation of lease assets under finance leases that do not transfer ownership is computed using the straight-line method, using the lease period as the depreciable life and the residual value as zero. Lease payments are recognized as expenses for finance leases of the Company and its domestic consolidated subsidiaries that do not transfer ownership for which the starting date of the lease transaction is on and before March 31, 2008.

(h) Accrued bonuses

The Company and its domestic consolidated subsidiaries accrue estimated amounts of employees' bonuses based on the estimated amounts to be paid in the subsequent period.

(i) Provision for loss on litigation

Out of possible future loss on litigation, the Company and its domestic consolidated subsidiaries accrue estimated amounts for possible future loss on litigation in amounts considered necessary.

(j) Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(k) Severance and pension benefits

The Company and its domestic consolidated subsidiaries have primarily a trustee non-contributory defined benefit pension plan for their employees to supplement a governmental welfare pension plan.

Certain overseas consolidated subsidiaries primarily have defined contribution pension plans and lump-sum retirement benefit plans.

The Company and its domestic consolidated subsidiaries pro-

vide an allowance for severance and pension benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the balance sheet date. Projected benefit obligation and expenses for severance and pension benefits are determined based on the amounts actuarially calculated using certain assumptions.

Prior service costs are amortized using the straight-line method over the average of the estimated remaining service years (16 years) commencing with the current period. Actuarial gains and losses are primarily amortized using the straight-line method over the average of the estimated remaining service years (16 years) commencing with the following period.

(l) Research and development expenses

Research and development expenses are charged to income as incurred. The research and development expenses charged to income amounted to ¥173,983 million, ¥154,798 million and ¥137,936 million ($1,483,183 thousand) for the years ended March 31, 2011, 2012 and 2013 respectively.

(m) Derivative financial instruments

The Company and some of its consolidated subsidiaries use derivative financial instruments, including foreign exchange forward contracts in order to hedge the risk of fluctuations in foreign currency exchange rates associated with assets and liabilities denominated in foreign currencies.

All derivative financial instruments are stated at fair value and recorded on the balance sheets. The deferred method is used for recognizing gains or losses on hedging instruments and the hedged items. When foreign exchange forward contracts meet certain conditions, the hedged items are stated at the forward exchange contract rates.

Derivative financial instruments are used based on internal policies and procedures on risk control. The risks of fluctuations in foreign currency exchange rates have been assumed to be completely hedged over the period of hedging contracts as the major conditions of the hedging instruments and the hedged items are consistent. Accordingly, an evaluation of the effectiveness of the hedging contracts is not required.

The credit risk of such derivatives is assessed as being low because the counter-parties of these transactions have good credit ratings with financial institutions.

(n) Method and Period for Amortization of 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 5 years. However, if the amount is minor, the entire amount is amortized during the period of occurrence.

(o) 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 plant and equipment acquired on or after April 1, 2012.

This change had an immaterial impact on financial statements.

(p) Reclassifications

Certain account balances in the financial statements and accompanying footnotes for the years ended March 31, 2011 and 2012 have been reclassified to made to conform to the presentation for the fiscal year ended March 31, 2013.

2. Investments in Securities

The following is a summary of other securities with available fair market values as of March 31, 2011, 2012 and 2013:

	Yen (millions)			
				2013
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**¥ 34,880**	**¥ 12,075**	**¥ (2,661)**	**¥ 44,294**
	¥ 34,880	**¥ 12,075**	**¥ (2,661)**	**¥ 44,294**

	U.S. Dollars (thousands)			
				2013
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**$ 375,054**	**$ 129,839**	**$ (28,613)**	**$ 476,280**
	$ 375,054	**$ 129,839**	**$ (28,613)**	**$ 476,280**

	Yen (millions)			
				2012
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥ 39,715	¥ 15,428	¥ (6,735)	¥ 48,408
	¥ 39,715	¥ 15,428	¥ (6,735)	¥ 48,408

	Yen (millions)			
				2011
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥ 39,186	¥ 16,343	¥ (6,105)	¥ 49,424
	¥ 39,186	¥ 16,343	¥ (6,105)	¥ 49,424

The proceeds from sales of other securities were ¥131 million, ¥13 million, and ¥4,358 million ($46,860 thousands) for the years ended March 31, 2011, 2012 and 2013, respectively. The gross realized gains on those sales were ¥24 million, ¥8 million and ¥307 million ($3,301 thousands), respectively. The gross realized losses on those sales were ¥0 million, ¥0 million and ¥0 million ($0 thousand), respectively.

3. Inventories

Inventories as of March 31, 2011, 2012 and 2013 were as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Finished products	¥ 191,628	¥ 194,220	**¥ 157,373**	**$ 1,692,183**
Work in process	206,614	264,577	**90,431**	**972,376**
Raw materials and supplies	87,818	68,686	**62,905**	**676,398**
	¥ 486,060	¥ 527,483	**¥ 310,709**	**$ 3,340,957**

For the years ended March 31, 2011, 2012 and 2013, the write-offs of the inventory are ¥38,240 million, ¥98,147 million and ¥46,925 million ($504,570 thousand), respectively.

4. Income Taxes

The Company is subject to a number of different income taxes which, in the aggregate, indicate a statutory tax rate in Japan of approximately 40.6% for the years ended March 31, 2011 and 2012, and approximately 37.9% for the year ended March 31, 2013.

The Company and its wholly owned domestic subsidiaries have adopted the consolidated tax return system of Japan.

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for financial statements purposes for the year ended March 31, 2011:

	2011	2012	**2013**
Statutory tax rate	40.6%	—	—
Foreign withholding tax	17.9	—	—
Dividends income	3.3	—	—
Expenses not deductible for tax purposes	2.0	—	—
Differences in normal tax rates of overseas subsidiaries	(14.6)	—	—
Tax effect on equity in earnings of affiliates, net	(3.3)	—	—
Other	2.2	—	—
Effective tax rate	48.1%	—	—

The differences between the statutory tax rate and the effective tax rate for financial statement purposes for the year ended March 31, 2012 and 2013 are not disclosed because loss before income taxes and minority interests were recorded.

Significant components of deferred tax assets and deferred tax liabilities as of March 31, 2011, 2012 and 2013 were as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Deferred tax assets:				
Inventories	¥ 40,804	¥ 70,797	**¥ 73,924**	**$ 794,882**
Other accounts payable	9,765	12,904	**5,109**	**54,935**
Accrued expenses	14,572	20,047	**15,997**	**172,011**
Provision for loss on litigation	—	—	**12,249**	**131,710**
Buildings and structures	965	962	**12,255**	**131,774**
Machinery, equipment and vehicles	1,472	1,466	**10,577**	**113,731**
Software	20,569	17,113	**14,961**	**160,871**
Long-term prepaid expenses	16,567	14,104	**21,914**	**235,634**
Loss carried forward	115,026	161,893	**247,570**	**2,662,043**
Other	45,399	32,950	**51,664**	**555,527**
Gross deferred tax assets	265,139	332,236	**466,220**	**5,013,118**
Valuation allowance	(2,897)	(197,223)	**(427,832)**	**(4,600,344)**
Total deferred tax assets	262,242	135,013	**38,388**	**412,774**
Deferred tax liabilities:				
Retained earnings appropriated for tax allowable reserves	(61,752)	(42,445)	**(3,258)**	**(35,032)**
Prepaid pension cost	(11,539)	(9,966)	**(8,304)**	**(89,290)**
Net unrealized holding gains (losses) on securities	(4,116)	(3,087)	**(3,339)**	**(35,903)**
Other	(1,372)	(7,019)	**(6,934)**	**(74,560)**
Total deferred tax liabilities	(78,779)	(62,517)	**(21,835)**	**(234,785)**
Net deferred tax assets	¥ 183,463	¥ 72,496	**¥ 16,553**	**$ 177,989**

Net deferred tax assets as of March 31, 2011, 2012 and 2013 were included in the consolidated balance sheets as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Deferred tax assets (Current Assets)	¥ 93,810	¥ 90,394	**¥ 19,369**	**$ 208,269**
Other assets (Investments and Other Assets)	101,259	11,421	**11,571**	**124,419**
Other current liabilities	(6)	(15)	**(343)**	**(3,688)**
Deferred tax liabilities (Long-term Liabilities)	(11,600)	(29,304)	**(14,044)**	**(151,011)**
Net deferred tax assets	¥ 183,463	¥ 72,496	**¥ 16,553**	**$ 177,989**

In response to the issuance on December 2, 2011 of the "Act regulating revision of part of the Income Tax Act and other related laws/regulations, in order to establish a taxation system that reflects structural changes in the economy and society" and the "Act regarding securing funds necessary for implementing programs promoting recovery from the Great East Japan Earthquake," the Company has changed the statutory tax rate used for calculating the deferred tax assets and deferred tax liabilities as of March 31, 2012 from 40.6% to 37.9% for revenue and payments made between the forecast period of April 1, 2012 and March 31, 2015. Those on or after April 1, 2015 will both be changed to 35.5%.

Due to this change, the net deferred tax assets decreased by ¥1,951 million and deferred gains (losses) on hedges decreased by ¥256 million, while deferred income tax calculated for the year ended March 31, 2012 increased by ¥2,054 million and net unrealized holding gains (losses) on securities increased by ¥359 million.

5. Short-term Borrowings and Long-term Debt

Short-term borrowings including current portion of long-term debt as of March 31, 2011, 2012 and 2013 consisted of the following:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Bank loans	¥ 104,522	¥ 199,085	**¥ 610,254**	**$ 6,561,871**
Commercial paper	139,766	351,000	**—**	**—**
Current portion of long-term debt	43,042	47,912	**313,859**	**3,374,828**
	¥ 287,330	¥ 597,997	**¥ 924,113**	**$ 9,936,699**

The weighted average interest rates of short-term borrowings as of March 31, 2011, 2012 and 2013 were 0.8%, 0.5% and 1.8%, respectively.

Long-term debt as of March 31, 2011, 2012 and 2013 consisted of the following:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
0.0%-9.1% loans principally from banks, due 2011 to 2034	¥ 149,554	¥ 126,188	**¥ 137,774**	**$ 1,481,441**
0.970% unsecured straight bonds, due 2012	20,000	20,000	—	—
1.165% unsecured straight bonds, due 2012	10,000	—	—	—
1.423% unsecured straight bonds, due 2014	30,000	30,000	**30,000**	**322,581**
2.068% unsecured straight bonds, due 2019	10,000	10,000	**10,000**	**107,527**
0.846% unsecured straight bonds, due 2014	100,000	100,000	**100,000**	**1,075,269**
1.141% unsecured straight bonds, due 2016	20,000	20,000	**20,000**	**215,054**
1.604% unsecured straight bonds, due 2019	30,000	30,000	**30,000**	**322,581**
0.000% unsecured convertible bonds with subscription rights to shares, due 2013	201,783	201,068	**200,354**	**2,154,344**
0.250%-1.177% unsecured Euroyen notes issued by a consolidated subsidiary, due 2012 to 2013	5,046	6,996	**5,000**	**53,763**
0.500% unsecured Pound discount notes issued by a consolidated subsidiary, due 2011 to 2012	290	130	—	—
Lease obligations	26,289	32,690	**31,041**	**333,774**
	602,962	577,072	**564,169**	**6,066,334**
Less-Current portion included in short-term borrowings	(43,042)	(47,912)	**(313,859)**	**(3,374,828)**
	¥ 559,920	¥ 529,160	**¥ 250,310**	**$ 2,691,506**

The following is a summary of the terms for conversion and redemption of convertible bonds with subscription rights to shares:

	Yen
	Conversion price
0.000% unsecured convertible bonds with subscription rights to shares, due 2013	¥2,522.90

The conversion price is subject to adjustment for certain subsequent events such as the issue of common stock at less than market value and stock splits.

If all convertible bonds with subscription rights to shares were converted as of March 31, 2011, 2012 and 2013, 79,018, 79,018 and 79,272 thousand shares of common stock would have been issuable, respectively.

The aggregate annual maturities of long-term debt as of March 31, 2013 were as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2015	¥ 110,560	$ 1,188,817
2016	21,560	231,828
2017	34,171	367,430
2018	21,574	231,978
2019 and thereafter	62,445	671,452
	¥ 250,310	$ 2,691,505

6. Leases

Finance leases

With regards to finance leases that do not transfer ownership and commenced on or before March 31, 2008, lease payments are recognized as expenses.

Information relating to finance leases that do not transfer ownership and commenced on or before March 31, 2008, as of, and for the years ended March 31, 2011, 2012 and 2013, were as follows:

As lessee

(1) Future minimum lease payments and accumulated impairment loss on leased assets

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Future minimum lease payments:				
Due within one year	¥ 10,183	¥ 5,527	¥ 1,617	$ 17,387
Due after one year	7,659	2,036	436	4,688
	¥ 17,842	¥ 7,563	¥ 2,053	$ 22,075
Accumulated impairment loss on leased assets	¥ 512	¥ 0	¥ 0	$ 0

(2) Lease payments, reversal of allowance for impairment loss on leased assets

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Lease payments	¥ 14,182	¥ 10,116	¥ 5,502	$ 59,161
Reversal of allowance for impairment loss on leased assets	237	512	0	0

Operating leases

(a) As lessee

Future minimum lease payments for only non-cancelable contracts as of March 31, 2011, 2012 and 2013 were as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Due within one year	¥ 36,883	¥ 31,444	¥ 6,812	$ 73,247
Due after one year	37,860	16,647	8,854	95,205
	¥ 74,743	¥ 48,091	¥ 15,666	$ 168,452

(b) As lessor

Future minimum lease receipts for only non-cancelable contracts as of March 31, 2011, 2012 and 2013 were as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Due within one year	¥ 1,520	¥ 1,777	¥ 1,583	$ 17,022
Due after one year	1,961	1,877	2,878	30,946
	¥ 3,481	¥ 3,654	¥ 4,461	$ 47,968

7. Financial Instruments

(a) Qualitative information on financial instruments

(1) Policies for financial instruments

The Company and its consolidated subsidiaries obtain necessary funds mainly through bank loans and issuing bonds according to its capital investment plan for its main business of manufacturing and distributing electronics equipment and electronic components.

Short-term operating funds are obtained through bank loans.

Transactions involving such financial instruments are conducted with creditworthy financial institutions. The Company utilizes derivative transactions for minimizing risk and not for speculative or dealing purposes.

(2) Description and risks of financial instruments

Notes and accounts receivable are exposed to customer credit risk. Some notes and accounts receivable are denominated in foreign currencies because the Company has business relations globally and therefore are exposed to foreign currency risk. Notes and accounts payable (excluding other accounts payable) are payable within one year. Some notes and accounts payable arising from the import of raw materials are denominated in foreign currencies and therefore are exposed to foreign currency risk. The Company offsets foreign currency denominated notes and accounts receivable with notes and accounts payable, and uses forward exchange contracts to hedge foreign currency risk exposure.

Other securities are held for the long term to construct better business alliances and relations with Company customers and suppliers. Other securities are exposed to market price fluctuation risk. Long-term borrowings (included in long-term debt) and bonds (included in short-term borrowings and long-term debt) are mainly in preparation for capital investments. The longest redemption date for bonds is six and a half years after March 31, 2013.

Derivative transactions consist primarily of forward exchange contracts, and currency swap contracts are used to hedge foreign currency risk exposure. Interest swap contracts are used to hedge interest rate risk exposure. For hedging instruments, hedged items, hedging policies and assessment methods of effectiveness of hedging instruments, please see Note 1.

(3) Risk management of financial instruments

[1] Management of credit risk

For notes and accounts receivable, the Company periodically reviews the status of its key customers, monitoring their respective payment deadlines and remaining outstanding balances.

The Company strives to recognize and reduce irrecoverable risks, due to deteriorating financial conditions or other factors at an early stage. The Company's consolidated subsidiaries also follow the same monitoring and administration process.

[2] Management of market risk

The Company decides basic policy for derivative transactions at the Foreign Exchange Administration Committee meeting which is held monthly and the Finance Administration Committee meeting which is required by the Company's internal procedure.

The Treasury Department of Corporate Accounting and Control Group executes transactions and reports the result of such transactions to the Accounting Department of Corporate Accounting and Control Group on a daily basis. The Accounting Department has set up a specialized section for transaction results and position management and reports the result of transactions to the General manager of Corporate Accounting and Control Group on a daily basis.

In addition, the Treasury Department reports the result of transactions to the Foreign Exchange Administration Committee and the Finance Administration Committee on a periodic basis. Its consolidated subsidiaries also manage forward foreign exchange transactions in accordance with the rules established by the Company and report the content of such transactions to the Company on a monthly basis. For interest swap contracts and currency swap contracts, its consolidated subsidiaries execute transactions after the Company approves.

For other securities and investments in capital, The Company regularly monitors prices and the issuer's financial position, and continually reviews the possession by taking these indices as well as the relationship with issuers into consideration.

[3] Management of liquidity risk in financing activities
The Treasury Department manages liquidity risk by making and updating financial plans based on reports from each section, and maintains ready liquidity.

(4) Supplementary explanation of fair value of financial instruments
The fair value of financial instruments is based on the quoted market price in the active market, but in case a market price is not available, reasonably estimated prices are included in fair value. As variable factors are incorporated in the determination of this reasonably estimated price, it may vary depending on different assumptions. The contract amount related to derivative transactions has nothing to do with the market risk related to the derivative transactions.

(b) Fair values of financial instruments

The consolidated balance sheet amounts, fair values and differences between the two as of March 31, 2011, 2012 and 2013 are included in the tables below. Financial instruments of which fair values are considered to be too difficult to be estimated are not included in the tables. Refer to (Note 2) for the details of such financial instruments.

	Yen (millions)		
			2013
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Restricted cash	¥ 191,941	¥ 191,941	¥ 0
(2) Notes and accounts receivable	563,488	559,611	(3,877)
(3) Investments in securities			
1) Shares of nonconsolidated subsidiaries and affiliates	1,419	1,433	14
2) Other securities	44,294	44,294	0
Total Assets	801,142	797,279	(3,863)
(4) Notes and accounts payable (excluding other accounts payable)	365,121	365,121	0
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	674,941	674,941	0
(6) Straight bonds (included in short-term borrowings and long-term debt)	195,000	156,441	(38,559)
(7) Bonds with subscription rights to shares (included in short-term borrowings)	200,354	175,897	(24,457)
(8) Long-term borrowings (included in long-term debt)	73,087	73,749	662
Total of Liabilities	1,508,503	1,446,149	(62,354)
(9) Derivative transactions*	1,508	1,914	406

	U.S. Dollars (thousands)		
			2013
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Restricted cash	$ 2,063,882	$ 2,063,882	$ 0
(2) Notes and accounts receivable	6,059,010	6,017,322	(41,688)
(3) Investments in securities			
1) Shares of nonconsolidated subsidiaries and affiliates	15,258	15,409	151
2) Other securities	476,280	476,280	0
Total Assets	8,614,430	8,572,893	(41,537)
(4) Notes and accounts payable (excluding other accounts payable)	3,926,032	3,926,032	0
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	7,257,430	7,257,430	0
(6) Straight bonds (included in short-term borrowings and long-term debt)	2,096,774	1,682,161	(414,613)
(7) Bonds with subscription rights to shares (included in short-term borrowings)	2,154,344	1,891,366	(262,978)
(8) Long-term borrowings (included in long-term debt)	785,882	793,000	7,118
Total of Liabilities	16,220,462	15,549,989	(670,473)
(9) Derivative transactions*	16,215	20,581	4,366

	Yen (millions)		
			2012
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Restricted cash	¥ 195,325	¥ 195,325	¥ 0
(2) Notes and accounts receivable	457,455	450,568	(6,887)
(3) Investments in securities			
1) Shares of nonconsolidated subsidiaries and affiliates	3,357	2,101	(1,256)
2) Other securities	48,408	48,408	0
Total Assets	704,545	696,402	(8,143)
(4) Notes and accounts payable (excluding other accounts payable)	389,484	389,484	0
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	212,321	212,321	0
(6) Straight bonds (included in short-term borrowings and long-term debt)	217,126	220,966	3,840
(7) Bonds with subscription rights to shares (included in long-term debt)	201,068	196,997	(4,071)
(8) Long-term borrowings (included in long-term debt)	112,952	115,055	2,103
Total of Liabilities	1,132,951	1,134,823	1,872
(9) Derivative transactions*	(6,881)	(8,051)	(1,170)

	Yen (millions)		
			2011
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Restricted cash	¥ 247,888	¥ 247,888	¥ 0
(2) Notes and accounts receivable	577,426	573,674	(3,752)
(3) Investments in securities			
1) Shares of nonconsolidated subsidiaries and affiliates	3,364	2,866	(498)
2) Other securities	49,424	49,424	0
Total Assets	878,102	873,852	(4,250)
(4) Notes and accounts payable (excluding other accounts payable)	531,638	531,638	0
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	128,453	128,453	0
(6) Straight bonds (included in short-term borrowings and long-term debt)	225,336	229,283	3,947
(7) Bonds with subscription rights to shares (included in long-term debt)	201,783	195,997	(5,786)
(8) Long-term borrowings (included in long-term debt)	125,623	126,992	1,369
Total of Liabilities	1,212,833	1,212,363	(470)
(9) Derivative transactions*	(1,159)	(1,166)	(7)

*Net receivables and payables arising from derivative transactions. Net payables are indicated by "( )."

(Note 1) Methods of Calculating the Fair Value of Financial Instruments and Matters Related to Securities and Derivative Transactions

(1) Cash and cash equivalents, Time deposits, and Restricted cash

The fair value of time deposits and Restricted cash approximates their book value, due to their short maturity periods.

(2) Notes and accounts receivable

The fair value of notes and accounts receivable due within a year approximates their book value. The fair value of notes and accounts receivable with long maturity periods is discounted using a rate which reflects both the period until maturity and credit risk.

(3) Investments in securities

The fair value of investments in securities is based on average quoted market price for the last month of the fiscal year.

(4) Notes and accounts payable (excluding other accounts payable)

The fair value of notes and accounts payable (excluding other accounts payable) approximates their book value due to their short maturity periods.

(5) Bank loans and current portion of long-term borrowings (included in short-term borrowings)

The fair value of bank loans and current portion of long-term borrowings approximates their book value due to their short maturity periods.

(6) Straight bonds (included in short-term borrowings and long-term debt)

The fair value of marketable straight bonds is determined by the quoted market price. The fair value of non-marketable straight bonds is based on quoted prices from financial institutions.

(7) Bonds with subscription rights to shares (included in short-term borrowings and long-term debt)

The fair value of marketable bonds with subscription rights to shares is determined by quoted market prices. The fair value of non-marketable bonds with subscription rights to shares is based on quoted prices from financial institutions.

(8) Long-term borrowings (included in long-term debt)

The fair value of long-term borrowings is determined by the total amount of the principal and interest using the rate which would apply if similar borrowings were newly made.

(9) Derivative transactions

The fair value of currency swap contracts and interest swap contracts is based on quoted prices from financial institutions. The fair value of forward exchange contracts are based on forward exchange rate.

(Note 2) Financial instruments of which fair values are considered to be too difficult to be estimated are unlisted stocks of ¥36,567 million as of March 31, 2011, ¥37,364 million as of March 31, 2012 and ¥103,671 million ($1,114,742 thousand) as of March 31, 2013 and other investments of ¥8,477 million as of March 31, 2011, ¥10,277 million as of March 31, 2012 and ¥7,071 million ($76,032 thousand) as of March 31, 2013. Since there are no quoted market prices and it is too difficult to estimate the fair values, they are not included in "(3) Investments in securities."

(Note 3) Maturity analysis for Cash and cash equivalents, Time deposits, and Restricted cash, and Notes and accounts receivable.

	Yen (millions)	
		2013
	Due in one year or less	Due after one year
Cash and cash equivalents, Time deposits, and Restricted cash	**¥ 191,941**	**¥ —**
Notes and accounts receivable	**522,486**	**41,002**
Total	**¥ 714,427**	**¥ 41,002**

	U.S. Dollars (thousands)	
		2013
	Due in one year or less	Due after one year
Cash and cash equivalents, Time deposits, and Restricted cash	**$ 2,063,882**	**$ —**
Notes and accounts receivable	**5,618,129**	**440,882**
Total	**$ 7,682,011**	**$ 440,882**

	Yen (millions)	
		2012
	Due in one year or less	Due after one year
Cash and cash equivalents, Time deposits, and Restricted cash	¥ 195,325	¥ —
Notes and accounts receivable	408,715	48,740
Total	¥ 604,040	¥ 48,740

	Yen (millions)	
		2011
	Due in one year or less	Due after one year
Cash and cash equivalents, Time deposits, and Restricted cash	¥ 247,888	¥ —
Notes and accounts receivable	528,103	49,323
Total	¥ 775,991	¥ 49,323

8. 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.

(a) 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.

(b) Outline of accounting method

(1) Transfer profit and loss

	Yen (millions)	U.S. Dollars (thousands)
Loss on sales of stocks of subsidiaries and affiliates	¥ 3,346	$ 35,978
Loss on change in equity	705	7,581

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

	Yen (millions)	U.S Dollars (thousands)
Current Assets	¥ 43,461	$ 467,323
Non-Current Assets	177,915	1,913,064
Deferred Assets	590	6,344
Total Assets	¥ 221,966	$ 2,386,731
Current Liabilities	77,297	831,150
Long-term Liabilities	5,941	63,882
Total Liabilities	¥ 83,238	$ 895,032

(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.

(c) The name of reportable segment in which transferred business was included

The Electronic Components business segment

(d) Estimated amount of profit and loss regarding divested business, which was recorded in Consolidated Statements of Operations for the year ended March 31, 2013

	Yen (millions)	U.S. Dollars (thousands)
Net Sales	¥ —	$ —
Operation income	107	1,151

(e) 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.

9. Net Assets and Per Share Data

Under the Japanese Corporate Law ("the Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of legal earnings reserve and additional paid-in capital must be set aside as legal earnings reserve or additional paid-in capital. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

As of March 31, 2013, the total amount of legal earnings reserve and additional paid-in capital exceeded 25% of the common stock, therefore, no additional provision is required.

Legal earnings reserve and additional paid-in capital may not be distributed as dividends. By the resolution of shareholders'

meeting, legal earnings reserve and additional paid-in capital may be transferred to other retained earnings and capital surplus, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

Year end cash dividends are approved by the shareholders after the end of each fiscal year, and semiannual interim cash dividends are declared by the Board of Directors after the end of each interim six-month period. Such dividends are payable to shareholders of record at the end of each fiscal year or interim six-month period. In accordance with the Law, final cash dividends and the related appropriations of retained earnings have not been reflected in the financial statements at the end of such fiscal year. However, cash dividends per share shown in the accompanying consolidated statements of operations reflect dividends applicable to the respective period.

At the annual shareholders' meeting held on June 25, 2013, a resolution of no dividend to shareholders of record as of March 31, 2013 was approved.

10. Collateral Assets and Liabilities of the Collateral

Collateral asset and liabilities of the collateral as of March 31, 2011, 2012 and 2013 were as follows:

(1) Collateral Assets

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Restricted cash	¥ 5,725	¥ 212	¥ 316	$ 3,398
Notes and account receivable				
Trade	—	1,732	74,604	802,193
Nonconsolidated subsidiaries and affiliates	—	—	4,518	48,581
Inventories	—	1,249	188,868	2,030,839
Other current assets	—	—	19,212	206,581
Land	—	—	88,032	946,580
Buildings and structures	—	—	237,285	2,551,451
Machinery and equipment	—	—	40,290	433,226
Investments in securities	—	—	42,316	455,011
Investments in nonconsolidated subsidiaries and affiliates	—	7,798	2,684	28,860
Other assets	6,486	8,412	—	—
	¥ 12,211	¥ 19,403	¥ 698,125	$ 7,506,720

(2) Liabilities of the Collateral

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Short-term borrowings	¥ 0	¥ 1,275	¥ 333,183	$ 3,582,613
Long-term debt	7,574	2,378	2,613	28,097
	¥ 7,574	¥ 3,653	¥ 335,796	$ 3,610,710

As of March 31, 2013, a part of the above-mentioned collateral assets is pledged as collateral of ¥50,000 million ($537,634 thousand), which was not provided, out of maximum ¥180,000 million ($1,935,484 thousand) of uncommitted credit facility under loan contract of September 27, 2012.

In addition, ¥7,798 million and ¥2,684 million ($28,860 thousand) investments in nonconsolidated subsidiaries and affiliates for the years ended March 31, 2012 and 2013, respectively, are pledged as collateral of ¥20,117 and ¥20,393 million ($219,280 thousand) long-term borrowings of affiliates.

11. Contingent Liabilities

As of March 31, 2011, 2012 and 2013, the Company and its consolidated subsidiaries had contingent liabilities as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Loans guaranteed	¥ 28,647	¥ 27,349	**¥ 23,103**	**$ 248,419**
	¥ 28,647	¥ 27,349	**¥ 23,103**	**$ 248,419**

In relation to TFT-LCD business, the Company and some of its subsidiaries are currently subject to the investigations being conducted by the Directorate General for Competition of the European Commission etc., and civil lawsuits seeking monetary damages resulting from the alleged anticompetitive behavior have been filed against the Company and some of its subsidiaries in North America and Europe. The Company received a cease and desist order and an administrative surcharge payment order from the Japan Fair Trade Commission. However, the Company has submitted a complaint to the Japan Fair Trade Commission, which is currently pending.

12. Employees' Severance and Pension Benefits

Allowance for severance and pension benefits of the Company and its domestic consolidated subsidiaries as of March 31, 2011, 2012 and 2013 consisted of the following:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Projected benefit obligation	¥ 353,413	¥ 348,986	**¥ 329,085**	**$ 3,538,548**
Less - fair value of plan assets	(282,757)	(268,758)	**(224,509)**	**(2,414,075)**
Less - unrecognized actuarial losses	(123,995)	(129,560)	**(145,344)**	**(1,562,839)**
Unrecognized prior service costs	26,049	23,122	**20,059**	**215,688**
Prepaid pension cost	29,063	27,975	**22,377**	**240,613**
Allowance for severance and pension benefits	¥ 1,773	¥ 1,765	**¥ 1,668**	**$ 17,935**

In addition, allowances for severance and pension benefits of ¥2,845 million as of March 31, 2011, ¥4,235 million as of March 31, 2012 and ¥4,833 million ($51,968 thousand) as of March 31, 2013, respectively were provided by certain overseas consolidated subsidiaries.

Expenses for severance and pension benefits of the Company and its domestic consolidated subsidiaries for the years ended March 31, 2011, 2012 and 2013 consisted of the following:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Service costs	¥ 12,700	¥ 12,398	**¥ 11,672**	**$ 125,505**
Interest costs on projected benefit obligation	8,897	8,832	**8,438**	**90,731**
Expected return on plan assets	(13,091)	(10,458)	**(7,951)**	**(85,495)**
Actuarial losses	10,813	11,814	**12,888**	**138,581**
Prior service costs	(3,012)	(3,017)	**(3,015)**	**(32,419)**
Expenses for severance and pension benefits	¥ 16,307	¥ 19,569	**¥ 22,032**	**$ 236,903**

In addition, for the year ended March 31, 2013, the voluntary retirement of employees cost of ¥25,496 million ($274,151 thousand) was included in restructuring charges.

The discount rate used by the Company and its domestic consolidated subsidiaries for the years ended March 31, 2011, 2012 and 2013 was 2.5%, 2.5% and 1.5%, respectively. The rate of expected return on plan assets used by the Company and its domestic consolidated subsidiaries for the years ended March 31, 2011, 2012 and 2013 was 4.5%, 3.7% and 3.1%, respectively.

The estimated amount of all retirement benefits to be paid at future retirement dates is allocated to each service year based mainly on points.

13. Segment Information

General information about reportable segments

The Company's chief operating decision maker is its Board of Directors. The Company's reportable segments are components of the Group that engage in business activities, whose operating results are regularly reviewed by the Board of Directors when making resource allocation and performance assessment decisions, and for which discrete financial information is available.

The Group's reportable segments consist of the Consumer/Information Products business segment and the Electronic Components business segment.

The Consumer/Information Products business segment includes digital information equipment, health and environmental equipment and business solutions products.

The Electronic Components business segment includes LCDs, solar cells and other electronic device products.

Basis of measurement of reported segment income or loss, segment assets and other material items

The accounting policies for the reportable segments are consistent with the Company's accounting policies used in the preparation of its consolidated financial statements. Intersegment sales and income (loss) are recognized based on current market prices.

Segment profit and loss is determined as operating profit less basic research and development costs and administrative expenses related to the Company's corporate headquarters.

Depreciable assets of sales and distribution groups of the Company's headquarters and the sales subsidiaries depreciable assets not directly allocated to product groups are not allocated to reportable segments. On the other hand, depreciation and amortization of these assets are allocated to reportable segments based on mainly sales of each reportable segment.

Information about reported segment income or loss, segment assets and other material items

Segment information as of and for the years ended March 31, 2011, 2012 and 2013 was as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	2013	2013
Net Sales:				
Consumer/Information Products:				
Customers	¥ 1,969,988	¥ 1,630,555	¥ 1,338,417	$ 14,391,580
Intersegment	582	444	1,324	14,237
Total	1,970,570	1,630,999	1,339,741	14,405,817
Electronic Components:				
Customers	1,051,985	825,295	1,140,169	12,259,882
Intersegment	502,032	357,713	235,944	2,537,032
Total	1,554,017	1,183,008	1,376,113	14,796,914
Eliminations	(502,614)	(358,157)	(237,268)	(2,551,269)
Consolidated Net Sales	¥ 3,021,973	¥ 2,455,850	¥ 2,478,586	$ 26,651,462
Segment Income (Loss):				
Consumer/Information Products	¥ 79,257	¥ 51,008	¥ 46,695	$ 502,097
Electronic Components	30,728	(54,699)	(159,007)	(1,709,753)
Adjustments	(31,089)	(33,861)	(33,954)	(365,097)
Consolidated Operating (Loss) Income	¥ 78,896	¥ (37,552)	¥ (146,266)	$ (1,572,753)
Segment Assets:				
Consumer/Information Products	¥ 677,100	¥ 632,365	¥ 599,676	$ 6,448,129
Electronic Components	1,484,799	1,424,434	1,025,230	11,023,979
Adjustments	723,779	557,336	462,857	4,976,957
Consolidated Assets	¥ 2,885,678	¥ 2,614,135	¥ 2,087,763	$ 22,449,065
Other Material Items				
Depreciation and Amortization:				
Consumer/Information Products	¥ 82,276	¥ 73,497	¥ 64,747	$ 696,204
Electronic Components	190,963	166,030	111,747	1,201,581
Adjustments	8,025	7,563	4,518	48,581
The amount presented in Consolidated Financial Statements	¥ 281,264	¥ 247,090	¥ 181,012	$ 1,946,366
Amortization of Goodwill:				
Consumer/Information Products	¥ 3,033	¥ 3,336	¥ 2,826	$ 30,387
Electronic Components	432	1,730	1,788	19,226
Adjustments	85	121	116	1,247
The amount presented in Consolidated Financial Statements	¥ 3,550	¥ 5,187	¥ 4,730	$ 50,860
Investments in Nonconsolidated Subsidiaries and Affiliates accounted for using the equity methods:				
Consumer/Information Products	¥ 3,252	¥ 3,340	¥ 3,389	$ 36,440
Electronic Components	7,716	7,969	74,400	800,000
Adjustments	21,877	22,807	25,245	271,452
The amount presented in Consolidated Financial Statements	¥ 32,845	¥ 34,116	¥ 103,034	$ 1,107,892
Increase in Plant, Equipment and Intangible Assets:				
Consumer/Information Products	¥ 76,861	¥ 67,309	¥ 52,295	$ 562,312
Electronic Components	159,220	123,904	69,568	748,043
Adjustments	14,900	13,493	8,142	87,548
The amount presented in Consolidated Financial Statements	¥ 250,981	¥ 204,706	¥ 130,005	$ 1,397,903

Adjustments of segment income or loss were ¥(31,089) million, ¥(33,861) million and ¥(33,954) million ($(365,097) thousand) for the years ended March 31, 2011, 2012 and 2013, respectively, and comprised elimination of intersegment transactions and corporate expenses not allocated to each reportable segment. The elimination of intersegment transactions was ¥3,083 million, ¥1,061 million and ¥1,117 million ($12,011 thousand), respectively. Corporate expenses not allocated to each reportable segment were ¥(35,880) million, ¥(35,704) million and ¥(36,306) million ($(390,387) thousand), for the years ended March 31, 2011, 2012 and 2013, respectively. Corporate expenses were mainly attributable to basic R&D expenses and expenses related to the administrative groups of the Company's headquarters.

Adjustments of segment assets were ¥723,779 million, ¥557,336 million and ¥462,857 million ($4,976,957 thousand) as of March 31, 2011, 2012 and 2013, respectively, and comprised elimination of intersegment transactions and corporate assets not allocated to each reportable segment. The elimination of intersegment transactions was ¥(36,464) million, ¥(18,788) million and ¥(11,532) million ($(124,000) thousand), respectively. Corporate assets not allocated to each reportable segment were ¥760,243 million, ¥576,124 million and ¥474,389 million ($5,100,957 thousand), as of March 31, 2011, 2012 and 2013, respectively. Corporate assets not allocated to each reportable segment were mainly attributable to cash and cash equivalents, deferred tax assets, the Company's investments in securities, and depreciable assets related to the Company's R&D groups as well as the administrative, sales and distribution groups of the Company's headquarters.

Adjustments of investments in nonconsolidated subsidiaries and affiliates accounted for using the equity method were ¥21,877 million, ¥22,807 million and ¥25,245 million ($271,452 thousand), as of March 31, 2011, 2012 and 2013, respectively, and mainly comprised investments in Sharp Finance Corporation.

Adjustments of increase in plant, equipment and intangible assets were ¥14,900 million, ¥13,493 million and ¥8,142 million ($87,548 thousand) for the years ended March 31, 2011, 2012 and 2013, respectively, and mainly comprised increase in the Company's R&D groups and the administrative, sales and distribution groups of the Company's headquarters.

Depreciation and amortization includes the amortization of long-term prepaid expenses.

Increase in plant, equipment and intangible assets includes the increase in long-term prepaid expenses.

Related information

Sales by product/service for the years ended March 31, 2011, 2012 and 2013 were as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Sales to outside customers:				
LCDs	¥ 614,373	¥ 420,226	**¥ 650,847**	**$ 6,998,355**
LCD Color TVs	803,592	581,357	**388,436**	**4,176,731**
Others	1,604,008	1,454,267	**1,439,303**	**15,476,376**
Total	¥ 3,021,973	¥ 2,455,850	**¥ 2,478,586**	**$ 26,651,462**

Sales by region/country for the years ended March 31, 2011, 2012 and 2013 were as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Sales:				
Japan	¥ 1,592,909	¥ 1,181,168	**¥ 1,007,264**	**$ 10,830,795**
China	516,977	483,298	**667,933**	**7,182,075**
U.S.A.	229,955	240,668	**263,777**	**2,836,312**
Others	682,132	550,716	**539,612**	**5,802,280**
Total	¥ 3,021,973	¥ 2,455,850	**¥ 2,478,586**	**$ 26,651,462**

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

Plant and Equipment by region/country as of March 31, 2011, 2012 and 2013 were as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Plant and Equipment, at cost less accumulated depreciation:				
Japan	¥ 870,320	¥ 780,396	**¥ 461,539**	**$ 4,962,785**
Others	94,594	92,046	**102,160**	**1,098,495**
Total	¥ 964,914	¥ 872,442	**¥ 563,699**	**$ 6,061,280**

Sales to Apple Inc., of the Company's Electronic Components segment represents ¥320,433 million ($3,445,516 thousand) of the Company's consolidated net sales for the year ended march 31, 2013.

Impairment Loss of fixed assets by reportable segment

Impairment Loss of fixed assets by reportable segment for the years ended March 31, 2011, 2012 and 2013 were as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Impairment Loss:				
Consumer/Information Products	¥ —	¥ 542	**¥ 13,374**	**$ 143,807**
Electronic Components	—	6,114	**65,039**	**699,344**
Corporate Assets and Elimination	—	—	**509**	**5,473**
Total	¥ —	¥ 6,656	**¥ 78,922**	**$ 848,624**

Amortization of goodwill and unamortized balance by reportable segment

Amortization of goodwill and unamortized balance by reportable segment as of and for the years ended March 31, 2011, 2012 and 2013 were as follows:

	Yen (millions)			U.S. Dollars (thousands)
	2011	2012	**2013**	**2013**
Amortization of Goodwill:				
Consumer/Information Products	¥ 3,033	¥ 3,336	**¥ 2,826**	**$ 30,387**
Electronic Components	432	1,730	**1,788**	**19,226**
Corporate Assets and Elimination	85	121	**116**	**1,247**
Total	¥ 3,550	¥ 5,187	**¥ 4,730**	**$ 50,860**
Balance at end of period:				
Consumer/Information Products	¥ 7,708	¥ 7,313	**¥ 5,414**	**$ 58,215**
Electronic Components	16,385	15,470	**15,577**	**167,495**
Corporate Assets and Elimination	245	346	**73**	**785**
Total	¥ 24,338	¥ 23,129	**¥ 21,064**	**$ 226,495**

14. Impairment Loss

(Impairment Loss)

With regards to application of accounting for impairment assets, the Company and its consolidated subsidiaries identifies cash generating units in consideration of business characteristics and business operation. As a result, idle assets are identified as respective cash generating units.

The Company and its consolidated subsidiaries reduced the book value of idle and unused-in-the-future production equipment of thin-film solar cells in the Katsuragi Plant etc. to recoverable amount, and recognized the decreased amount of ¥6,656 million as impairment loss for the year ended March 31, 2012.

Details are as follows: ¥4,547 million for lease assets; ¥1,167 million for machinery and vehicles; ¥942 million for other.

The Company reduced the book value of production equipment of LCD panels and audio-visual equipment to an estimated recoverable amount due to the decreasing profitability and the unlikelihood of recouping investment, and recognized the decreased amount of ¥47,396 million ($509,634 thousand) as impairment loss for the year ended March 31, 2013.

Details are as follows: ¥13,527 million ($145,452 thousand) for buildings and structures; ¥16,416 million ($176,516 thousand) for machinery, equipment and vehicles; ¥13,137 million ($141,258 thousand) for long-term prepaid expense; ¥4,316 milion ($46,409 thousand) for other.

The recoverable amount of those impaired assets was measured using their net realizable values, and net realizable values of impaired assets that are not expected to be sold are regarded as zero.

15. Loss on suspension of Large size LCD plant operation

This loss for the year ended March 31, 2012 comprises extraordinary operating expenses caused by the temporary suspension of production of large-size LCD panels in the Company and its consolidated subsidiary, Sharp Display Products Corporation.

16. Restructuring Charges

These restructuring charges for the year ended March 31, 2011 are mainly related to the reorganization of LCD plants, including depreciation and maintenance charges of plants that have been suspended due to production line changes to meet the increasing demand for high value-added products.

These restructuring charges for the year ended March 31, 2012 are related to the LCD business restructuring, etc. Those mainly comprise depreciation and maintenance charges of ¥37,717 million concerning plants that were suspended in the Company and its consolidated subsidiary, Sharp Display Products Corporation to improve production to meet the increasing demand for high value-added products, and costs of ¥68,125 million incurred to reinforce business foundations (inventory write-down, etc.) in preparation for promoting establishment of strategic vertical integration of the large-size LCD business.

These restructuring charges for the year ended March 31, 2013 are as follows:

(a) This concerns LCD business and comprises costs of ¥12,056 million ($129,634 thousand) incurred for maintenance of inactive fixed assets caused in the Company and its consolidated subsidiary, Sharp Display Products Corporation (its corporate name was changed to Sakai Display Products Corporation on July 17, 2012), along with improving production to meet the increasing demand for high value-added products.

(b) This mainly concerns reduction of production of the Company's Large-size LCD panels and comprises the loss on valuation of inventories of ¥53,468 million ($574,925 thousand).

(c) This mainly concerns a structural switch of Solar Cells business and comprises costs of ¥31,526 million ($338,989 thousand) incurred to impairment loss on fixed assets.

The Company and its consolidated subsidiaries categorizes assets for business use in view of business facility, type of business and others in a comprehensive manner. Idle assets are categorized by each asset.

The Company and its consolidated subsidiaries reduced the book value of idle and unused-in-the-future production equipment of thin-film solar cells to an estimated recoverable amount, and recognized the decreased amount of ¥31,526 million ($338,989 thousand) as a restructuring charge included in other expenses.

Details are as follows: ¥17,568 million ($188,903 thousand), for buildings and structures; ¥4,963 million ($53,366 thousand), for machinery, equipment and vehicles; ¥4,007 million ($43,086 thousand), for lease assets; ¥2,247 million ($24,161 thousand), for long-term prepaid expenses; ¥2,741 million ($29,473 thousand), for other.

(d) This comprises the loss on cancellation of lease contracts, etc. by structural switch of Solar Cells business of ¥14,249 million ($153,215 thousand).

(e) This comprises the costs of restructuring of consolidated subsidiaries of ¥6,602 million ($70,989 thousand).

(f) This comprises the costs of the voluntary retirement program for employees of the Company and its domestic consolidated subsidiaries of ¥25,496 million ($274,151 thousand).

17. Significant Subsequent Events

Change of reportable segment

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

Information about reported segment income or loss, segment assets and other material items for the year ended March 31, 2013, based on the new segment classifications was as follows:

	Yen (millions)	U.S. Dollars (thousands)
	2013	2013
Net Sales:		
Product Business:		
Customers	¥ 1,598,312	$ 17,186,150
Intersegment	893	9,602
Total	1,599,205	17,195,752
Device Business:		
Customers	880,274	9,465,312
Intersegment	237,271	2,551,301
Total	1,117,545	12,016,613
Eliminations	(238,164)	(2,560,903)
Consolidated Net Sales	¥ 2,478,586	$ 26,651,462
Segment Income (Loss):		
Product Business	¥ 42,198	$ 453,742
Device Business	(154,510)	(1,661,398)
Adjustments	(33,954)	(365,097)
Consolidated Operating (Loss) Income	¥ (146,266)	$ (1,572,753)
Segment Assets:		
Product Business	¥ 889,353	$ 9,562,936
Device Business	735,238	7,905,785
Adjustments	463,172	4,980,344
Consolidated Assets	¥ 2,087,763	$ 22,449,065
Other Material Items		
Depreciation and Amortization:		
Product Business	¥ 72,323	$ 777,667
Device Business	104,171	1,120,118
Adjustments	4,518	48,581
The amount presented in Consolidated Financial Statements	¥ 181,012	$ 1,946,366
Amortization of Goodwill:		
Product Business	¥ 4,614	$ 49,613
Device Business	—	—
Adjustments	116	1,247
The amount presented in Consolidated Financial Statements	¥ 4,730	$ 50,860
Investments in Nonconsolidated Subsidiaries and Affiliates accounted for using the equity methods:		
Product Business	¥ 7,034	$ 75,634
Device Business	70,755	760,806
Adjustments	25,245	271,452
The amount presented in Consolidated Financial Statements	¥ 103,034	$ 1,107,892
Increase in Plant, Equipment and Intangible Assets:		
Product Business	¥ 55,454	$ 596,280
Device Business	66,409	714,075
Adjustments	8,142	87,548
The amount presented in Consolidated Financial Statements	¥ 130,005	$ 1,397,903

Adjustments of segment income or loss were ¥(33,954) million ($(365,097) thousand), and comprised elimination of intersegment transactions and corporate expenses not allocated to each reportable segment. The elimination of intersegment transactions was ¥1,117 million ($12,011 thousand). Corporate expenses not allocated to each reportable segment were ¥(36,306) million ($(390,387) thousand). Corporate expenses were mainly attributable to basic R&D expenses and expenses related to the administrative groups of the Company's headquarters.

Adjustments of segment assets were ¥463,172 million ($4,980,344 thousand), and comprised elimination of intersegment transactions and corporate assets not allocated to each reportable segment. The elimination of intersegment transactions was ¥(11,217) million ($(120,613) thousand). Corporate assets not allocated to each reportable segment were ¥474,389 million ($5,100,957 thousand). Corporate assets not allocated to each reportable segment were mainly attributable to cash and cash equivalents, the Company's investments in securities, and depreciable assets related to the Company's R&D groups as well as the administrative, sales and distribution groups of the Company's headquarters.

Adjustments of investments in nonconsolidated subsidiaries and affiliates accounted for using the equity methods were ¥25,245 million ($271,452 thousand), and mainly comprised investments in Sharp Finance Corporation.

Adjustments of increase in plant, equipment and intangible assets was ¥8,142 million ($87,548 thousand), and mainly comprised increase in the Company's R&D groups and the administrative, sales and distribution groups of the Company's headquarters.

Depreciation and amortization includes the amortization of long-term prepaid expenses.

Increase in plant, equipment and intangible assets includes the increase in long-term prepaid expenses.

Reduction of Common Stock, Capital Reserve and Legal Reserve, and Appropriation of Surpluses

The Company passed a resolution at its board of directors meeting held on May 14, 2013 to submit a proposal on reduction of common stock, capital reserve and legal reserve, and on appropriation of surpluses to the Ordinary General Meeting of Shareholders to be held on June 25, 2013, and the resolution was then approved.

(a) Purpose of Reduction of Common Stock, Capital Reserve and Legal Reserve, and Appropriation of Surpluses

The Company recorded a ¥525,030,530,462 loss of retained earnings carried forward for the year ended March 2013. In order to regain financial strength at an early stage, and to prepare for mobile and flexible implementation of future capital policy, by covering the deficit, the Company will reduce common stock, capital reserve and legal reserve pursuant to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1, of the Companies Act, and will then appropriate the surpluses pursuant to the provision of Article 452 of the Companies Act.

In addition, since these actions are accounting transfers within the "Net Assets section" in the balance sheet of the Company, they will not change the Company's net assets, and will not affect the total number of issued shares and the number of shares owned by each shareholder, etc.

(b) Details of Reduction of Common Stock

The Company will reduce common stock by ¥162,336,938,238 out of the amount of common stock as of March 31, 2013, of ¥212,336,938,238, and will transfer the entire amount of the reduction of common stock to other capital surplus.

(c) Details of Reduction of Capital Reserve and Legal Reserve

(1) Capital Reserve

The Company will reduce capital reserve by ¥256,576,762,667 out of the amount of capital reserve as of March 31, 2013, of ¥269,076,762,667, and will transfer the entire amount of the reduction of capital reserve to other capital surplus.

(2) Legal Reserve

The Company will reduce the entire amount of legal reserve ¥26,115,000,000 as of March 31, 2013, and will transfer the entire amount of the reduction of legal reserve to retained earnings carried forward.

(d) Details of Appropriation of Surpluses

Following transfers of the common stock and capital reserve described above, the Company will reduce other capital surplus by ¥414,448,530,462 out of other capital surplus of ¥426,015,533,792, reserve for severance payment of ¥1,756,000,000, and general reserve of ¥76,950,000,000, and will transfer them to retained earnings carried forward to cover the deficit.

(1) Item and amount of surpluses to be reduced

Other Capital Surplus:	¥414,448,530,462
Reserve for Severance Payment:	¥1,756,000,000
General Reserve:	¥76,950,000,000

(2) Item and amount of surplus to be increased

Retained Earnings Carried Forward:	¥493,154,530,462

(e) Schedule

May 14, 2013
Resolution of the board of directors meeting
May 27, 2013
Initial date of public notice for creditors to make objections
June 25, 2013
Resolution of the Ordinary General Meeting of Shareholders
June 27, 2013
Final due date for creditors to make objections
June 28, 2013
Effective date

Continuation of Measures to Reinforce Business Foundations

It was decided at the board of directors meeting held on May 30, 2013, to continue measures to reinforce business foundations with the reduction of labor costs. Subjects that required labor union discussion were informed to the labor union on the same the day, and were accepted by the labor union on June 20, 2013.

(a) Reasons to continue measures to reinforce business foundations

The Company group is currently in the process of recovering its business performance. As part of its measures to reduce labor costs, the reduction in salary of managerial staff and rank-and-file (union members) employees and the review of bonuses has been conducted.

While business circumstances surrounding the Company group are still harsh, the improvement of financial strengths for "Recovery and Growth" needs to be secured, and therefore continuation of measures has been deemed necessary. Based on this decision, the following measures will be implemented.

(b) Details of the continuation of business reinforcement measures

(1) Measures against managerial staff

[1] Reduction in salary

A 10% salary cut implemented from October 2012 to September 2013 will continue with "a 5% cut."

Implementation period: from October 2013 to March 2014

Note: A 5% reduction of salary was implemented from April to September 2012.

[2] Review of bonuses

The December 2013 bonuses will be halved compared to the June 2012 bonuses which were reduced by approximately 30% compared to the previous year.

(The same measure took place with the December 2012 and the June 2013 bonuses.)

[3] Others

Several allowances and welfare programs for union member employees are currently applied to managerial staff as well. Changes in these items that are subject to

measures informed to the labor union this time will be applied to managerial staff.
Implementation period: from October 2013 to March 2014.

(2) Measures against rank-and-file (union members) employees

[1] Reduction in salary
A 7% salary cut implemented from October 2012 to September 2013 will continue with "a 2% cut."
Implementation period: from October 2013 to March 2014
Note: A 2% reduction of salary was implemented from May to September 2012.

[2] Review of bonuses
The December 2013 bonuses will be halved compared to the June 2012 bonuses which were calculated based on coordination with business result.
(The same measure took place with the December 2012 and the June 2013 bonuses.)

[3] Others
Other measures include cutting back premium rates of overtime allowances and the like, to the minimum legal standards, the reduction of allowances for business trips, and the termination of welfare benefits.
Implementation period: from October 2013 to March 2014

(c) Impact on Income (Loss)

The measures mentioned above are estimated to reduce fixed costs by approximately ¥10 billion for the year ending March 2014.

The issue of New Shares for the Second Third Party Allotment Capital Increase with Qualcomm as the Allottee

As regards the issue of new shares (in two rounds) by third party allotment with Qualcomm as the allottee pursuant to the joint development agreement dated December 4, 2012 between the Company and Pixtronix, Inc. ("Pixtronix"), a wholly-owned subsidiary of Qualcomm Incorporated ("Qualcomm") concerning the business alliance for the joint development of next generation MEMS (Micro Electro Mechanical System) display and the capital alliance agreement dated December 4, 2012 between the Company and Qualcomm, the payment of the second issue passed at its board of directors meeting held on June 7, 2013 was fully made on June 24, 2013 as scheduled.

(a) Outline of the Second Third Party Allotment Capital Increase

(1) Number of new shares to be issued	11,868,000 common shares
(2) Issue price	¥ 502 per share
(3) Amount of issue price	¥ 5,957,736,000
(4) Amount of increase in capital	¥ 2,978,868,000
(5) Amount of increase in capital reserve	¥ 2,978,868,000
(6) Method of offering or allotment/Expected allottee	Third party allotment 11,868,000 shares shall be allotted to Qualcomm Incorporated
(7) Subscription payment date	June 24, 2013

(b) Purpose of use of the funds

The funds is expected to be used for costs and expenses, and equipment investment for the commercialization of the Next-Generation MEMS Display.

The Renewal of Current Syndicated Loan Agreement and Signing of New Agreement

The Company signed the agreement on June 25, 2013 regarding renewal of the agreement which was signed in September 27, 2012 for the current syndicated loan of ¥360 billion due on June 30, 2013, and the arrangement for new syndicated loan of ¥150 billion.

	Current Syndicated Loan	New Syndicated Loan
Amount	¥360 billion	¥150 billion (limit)
Type of Loan	Term Loan: ¥180 billion Uncommitted line of credit: ¥180 billion (limit)	Uncommitted line of credit
Purpose of Loan	Working capital	Capital for the redemption of convertible bonds
Arranger and Agent	Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Same as on the left
Contract Term	June 28, 2013 to March 31, 2016	June 25, 2013 to March 31, 2016

Independent Auditor's Report

To the Board of Directors of Sharp Corporation:

We have audited the accompanying consolidated financial statements of Sharp Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2013, 2012 and 2011, and the consolidated statements of operations, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sharp Corporation and its consolidated subsidiaries as at March 31, 2013, 2012 and 2011, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 17 "Significant Subsequent Events" to the consolidated financial statements as follows:

(1) The Company changed reportable segments for the year ending March 31, 2014.

(2) The Company passed a resolution at its board of directors meeting held on May 14, 2013 to submit a proposal on reduction of common stock, capital reserve and legal reserve, and on appropriation of surpluses to the Ordinary General Meeting of Shareholders to be held on June 25, 2013, and the resolution was then approved.

(3) The Company decided at the board of directors meeting held on May 30, 2013, to continue measures to reinforce business foundations with the reduction of labor costs and informed the labor union of subjects that required labor union discussion on the same day that were accepted by the labor union on June 20, 2013.

(4) The Company passed a resolution at its board of directors meeting held on June 7, 2013 to issue new shares by third party allotment and the payment was fully made on June 24, 2013.

(5) The Company signed the agreement on June 25, 2013 regarding renewal of the agreement which was signed in September 27, 2012 for the current syndicated loan of ¥360 billion due on June 30, 2013, and the arrangement for new syndicated loan of ¥150 billion.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.(a) to the consolidated financial statements.

KPMG AZSA LLC

June 25, 2013
Osaka, Japan

Consolidated Subsidiaries*1

Domestic:

Sharp Electronics Marketing Corporation
Sharp System Products Co., Ltd.
Sharp Manufacturing Systems Corporation
Sharp Engineering Corporation
Sharp Document Systems Corporation
Sharp Amenity Systems Corporation
Sharp Niigata Electronics Corporation
Sharp Trading Corporation
Sharp Business Computer Software Inc.
Sharp Yonago Corporation
Sharp Mie Corporation
iDeep Solutions Corporation
Sharp Support & Service Corporation

Overseas:
<Countries and Areas>

Sharp Electronics Corporation <New Jersey, U.S.A.>
Sharp Laboratories of America, Inc. <Washington, U.S.A.>
Sharp Electronics Manufacturing Company of America, Inc. <California, U.S.A.>
Sharp US Holding Inc. <California, U.S.A.>
Recurrent Energy, LLC <California, U.S.A.> *2
Sharp Electronics of Canada Ltd. <Ontario, Canada>
Sharp Electronica Mexico S.A. de C.V. <Baja California, Mexico>
Sharp Corporation Mexico, S.A. de C.V. <Mexico City, Mexico>
Sharp Brasil Comércio e Distribuiçáo de Artigos Eletrônicos Ltda. <San Paulo, Brazil>
Sharp Electronics (Europe) GmbH <Hamburg, Germany>
Sharp Electronics (Europe) Limited <London, U.K.>
Sharp Electronics (U.K.) Ltd. <Middlesex, U.K.>
Sharp Laboratories of Europe, Ltd. <Oxford, U.K.>
Sharp International Finance (U.K.) Plc. <Middlesex, U.K.>
Sharp Electronics (Schweiz) AG <Rüschlikon, Switzerland>
Sharp Electronics (Nordic) AB <Bromma, Sweden>
Sharp Electronics France S.A. <Paris, France>
Sharp Manufacturing France S.A. <Soultz, France>
Sharp Electronics (Italia) S.p.A. <Milano, Italy>
Sharp Electronics Benelux B.V. <Houten, The Netherlands>
Sharp Manufacturing Poland Sp. z o. o. <Torun, Poland>
Sharp Electronics Russia LLC. <Moscow, Russia>
Sharp Electronic Components (Taiwan) Corporation <Taipei, Taiwan>
Sharp (Phils.) Corporation <Manila, Philippines>
Sharp-Roxy Sales (Singapore) Pte., Ltd. <Singapore>
Sharp Electronics (Singapore) Pte., Ltd. <Singapore>
Sharp Manufacturing Corporation (M) Sdn. Bhd. <Johor, Malaysia>
Sharp Electronics (Malaysia) Sdn. Bhd. <Selangor, Malaysia>
Sharp Appliances (Thailand) Ltd. <Chachoengsao, Thailand>
Sharp Manufacturing (Thailand) Co., Ltd. <Nakornpathom, Thailand>
Sharp Business Systems (India) Ltd. <New Delhi, India>
Shanghai Sharp Electronics Co., Ltd. <Shanghai, China>
Sharp Office Equipments (Changshu) Co., Ltd. <Changshu, China>
Wuxi Sharp Electronic Components Co., Ltd. <Wuxi, China>
Nanjing Sharp Electronics Co., Ltd. <Nanjing, China>
Sharp Electronics (Shanghai) Co., Ltd. <Shanghai, China>
Sharp Technical Components (Wuxi) Co., Ltd. <Wuxi, China>
Sharp Electronics Sales (China) Co., Ltd. <Shanghai, China>
Sharp Electronics Research & Development (Nanjing) Co., Ltd. <Nanjing, China>
Sharp Laboratories of China Co., Ltd. <Shanghai, China>
Sharp (China) Investment Co., Ltd. <Beijing, China>
P.T. Sharp Electronics Indonesia <Jakarta, Indonesia>
P.T. Sharp Semiconductor Indonesia <West Java, Indonesia>
Sharp Electronics (Vietnam) Company Limited <Ho Chi Minh City, Vietnam>
Sharp Corporation of Australia Pty. Ltd. <New South Wales, Australia>
Sharp Corporation of New Zealand Ltd. <Auckland, New Zealand>
Sharp Middle East FZE <Dubai, U.A.E.>

*1 In addition to the companies listed above, there are 22 consolidated subsidiaries.
*2 Although all of the Recurrent Energy, LLC-owned 177 subsidiaries related to solar power generation plants are included in the scope of consolidation, in counting consolidated subsidiaries of the Company, they and Recurrent Energy, LLC are considered as one company in consideration of the fact that it is a solar project developer.