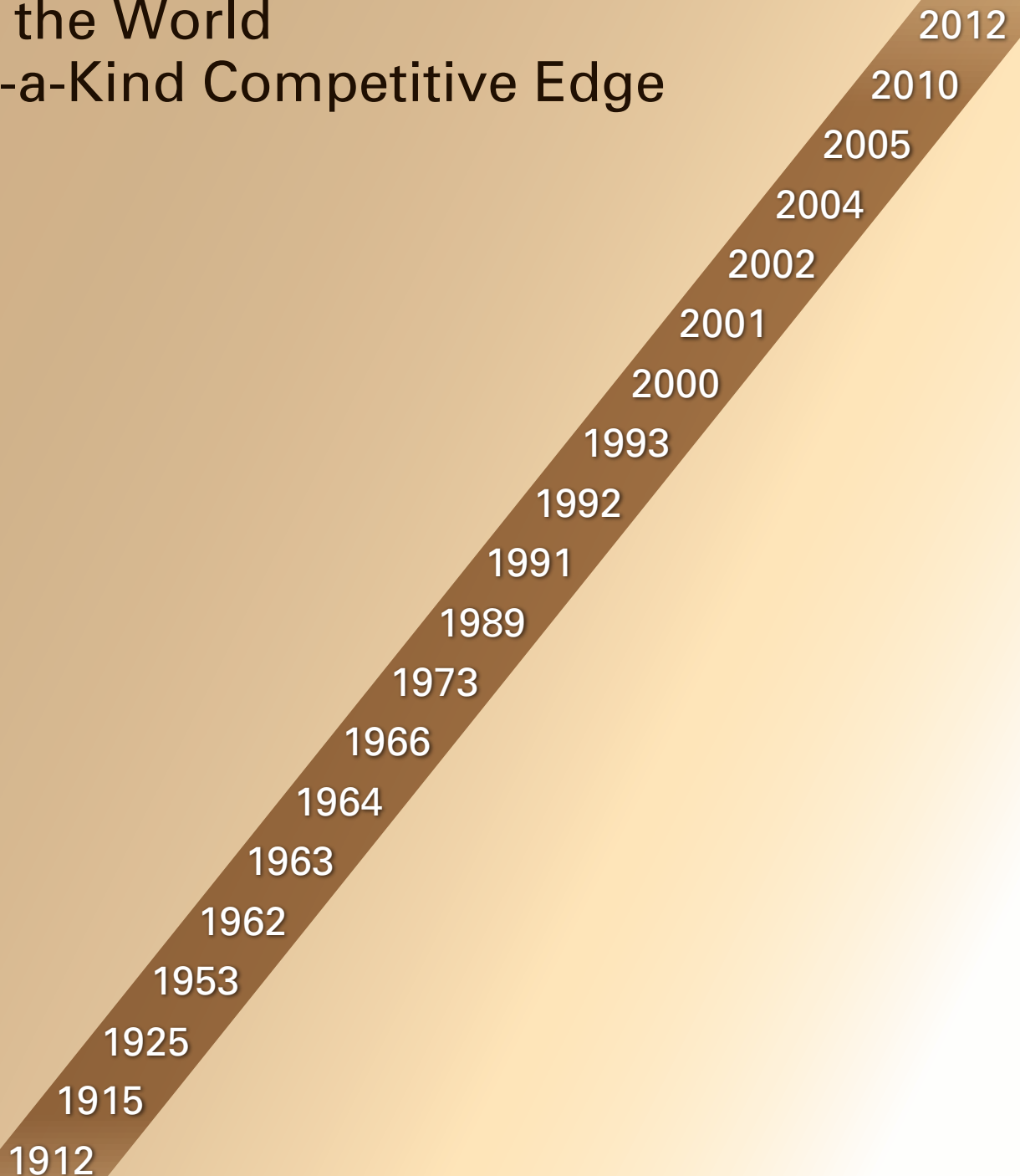


Bringing the World a One-of-a-Kind Competitive Edge



In September 2012, Sharp marks its 100th anniversary.

Since its founding in 1912, Sharp has created numerous Japan-first and world-first products, based on the spirit of "Make products that others want to imitate."

Harnessing the creativity that flows through its corporate DNA, Sharp will be re-activating its spiral strategy of devices and products.

Through the global market introduction of one-of-a-kind products that will impress and amaze, Sharp will work to realize a new society built around electronics.

Sharp's One-of-a-Kind History

Begins the world's first mass production of LCD panel incorporating oxide semiconductors (IGZO)

Markets a robotic home appliance



2012

Debuts the industry's first LED ceiling light

2010

Starts selling the 65-inch full-HD AQUOS LCD TV



2005

Commences sales of a superheated steam oven, the first in home cooking appliance



2004

Begins mass production of System LCDs as a display for mobile phones and other mobile devices

2002

Starts selling the AQUOS LCD TV



2001

Debuts air purifier equipped with Plasmacluster Ion technology

Commercializes industry's first camera-equipped mobile phone



2000

1993



1992



1991



1989



1973

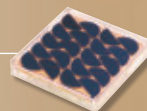


1966



1964

1963



1962



1953



1925



1915

1912



Sharp's founder Tokujii Hayakawa testing the crystal radio set (1925)

Contents



Interview with the President

Fiscal 2011 was an unprecedentedly difficult year for Sharp. In fiscal 2012, it is likely that the outlook for the business environment will remain unclear. To achieve a recovery and restore trust, we will make group-wide efforts in four core initiatives.



Special Feature

This part introduces Sharp's new initiatives for achieving future growth: "shift in business categories" and "generate new demand."

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- Commences sales of Zaurus, a new personal information tool
- Starts selling the LCD ViewCam, a camcorder that allows the user to view images on the LCD monitor while shooting
- Begins selling the world's first wall-mounted TV equipped with color TFT LCD panel
- Debuts the industry's first refrigerator-freezer with a dual-swing door
- Commences sales of the world's first pocket electronic calculator incorporating an LCD
- Starts selling the first Japan-made home microwave oven with a turntable
- Launches the world's first all transistor-diode electronic desktop calculator
- Begins mass production of standard solar cell modules
- Commences mass production of Japan's first microwave oven
- Begins full-scale mass production of the first Japan-made TV
- Succeeds in assembling the first Japan-made crystal radio set. Begins mass production and marketing
- Invents the Hayakawa mechanical pencil and begins mass production
- Founder Tokuji Hayakawa invents Tokubijo snap buckle for belts and sets up his own business

Financial Highlights

Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31

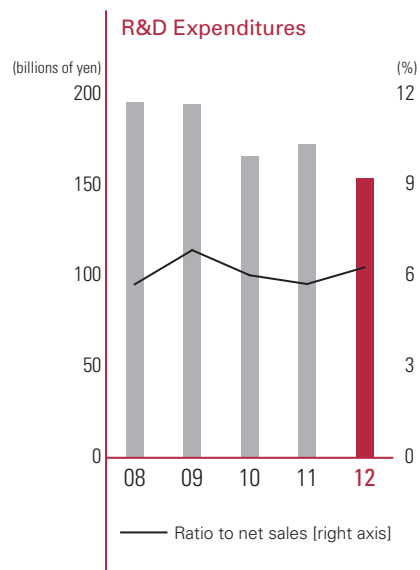
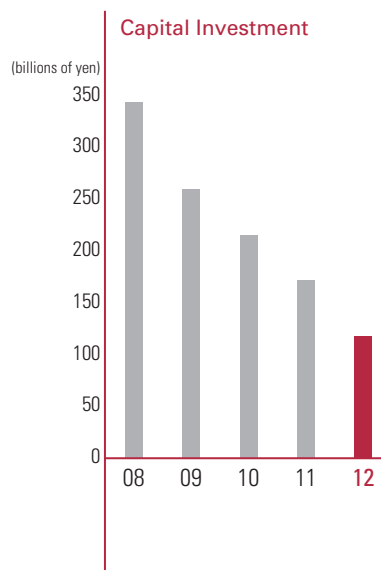
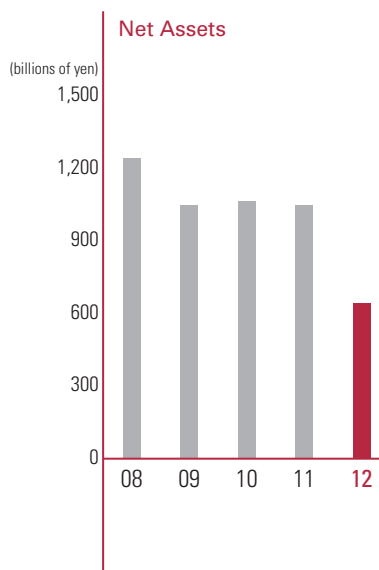
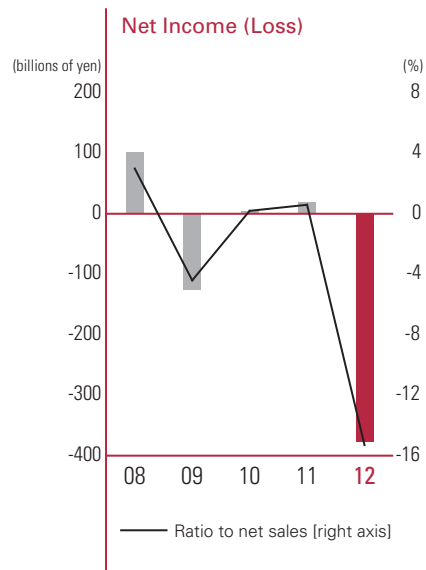
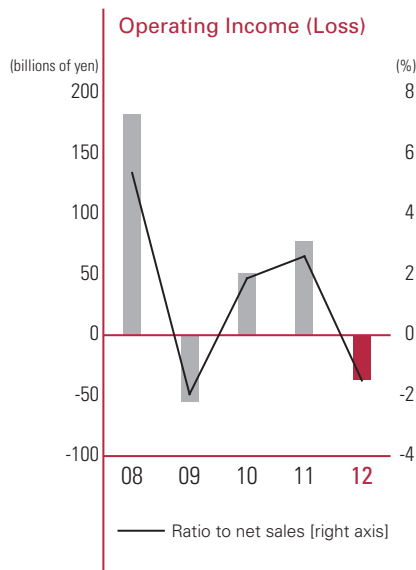
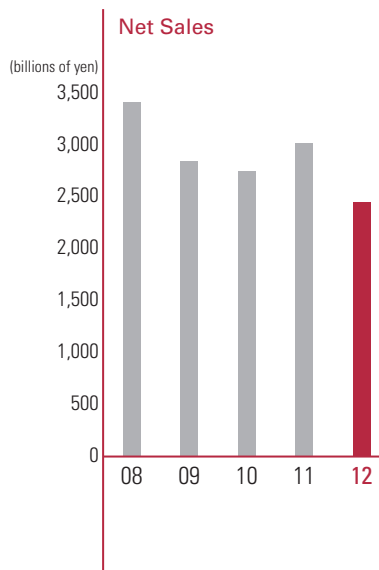
	Yen (millions)					U.S. Dollars (thousands)
	2008	2009	2010	2011	2012	2012
Net Sales	¥3,417,736	¥2,847,227	¥2,755,948	¥3,021,973	¥2,455,850	\$30,319,136
Domestic sales	1,590,747	1,302,261	1,429,057	1,592,909	1,181,168	14,582,321
Overseas sales	1,826,989	1,544,966	1,326,891	1,429,064	1,274,682	15,736,815
Operating Income (Loss)	183,692	(55,481)	51,903	78,896	(37,552)	(463,605)
Income (Loss) before Income Taxes and Minority Interests	162,240	(204,139)	6,139	40,880	(238,429)	(2,943,568)
Net Income (Loss)	101,922	(125,815)	4,397	19,401	(376,076)	(4,642,914)
Net Assets	1,241,868	1,048,447	1,065,860	1,048,645	645,120	7,964,445
Total Assets	3,073,207	2,688,721	2,836,255	2,885,678	2,614,135	32,273,272
Capital Investment	344,262	260,337	215,781	172,553	118,899	1,467,889
R&D Expenditures	196,186	195,525	166,507	173,983	154,798	1,911,086
Per Share of Common Stock (yen and U.S. dollars)						
Net income (loss)	93.17	(114.33)	4.00	17.63	(341.78)	(4.22)
Cash dividends	28.00	21.00	17.00	17.00	10.00	0.12
Net assets	1,119.09	944.24	949.19	932.46	568.83	7.02
Return on Equity (ROE)	8.4%	(11.1%)	0.4%	1.9%	(45.5%)	—
Number of Shares Outstanding (thousands of shares)	1,100,525	1,100,480	1,100,414	1,100,346	1,100,324	—
Number of Employees	53,708	54,144	53,999	55,580	56,756	—

Notes: 1. The translation into U.S. dollar figures is based on ¥81=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2012. All dollar figures hereinafter refer to U.S. currency.
2. The amount of leased properties is included in capital investment.
3. The computation of net income (loss) per share is based on the weighted average number of shares of common stock outstanding during each fiscal year.
4. The number of shares outstanding is net of treasury stock.

Forward-Looking Statements

This annual report contains certain statements describing the future plans, strategies and performance of Sharp Corporation and its consolidated subsidiaries (hereinafter "Sharp"). These statements are not based on historical or present fact, but rather assumptions and estimates based on information currently available. These future plans, strategies and performance are subject to known and unknown risks, uncertainties and other factors. Sharp's actual performance, business activities and financial position may differ materially from the assumptions and estimates provided on account of such risks, uncertainties and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events or any other factors. The risks, uncertainties and other factors that could affect actual results include, but are not limited to:

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



Message to Our Shareholders

Faced with an increasingly severe operating environment in the electronics industry, we will promote further reforms to our business structure under a new administration and will press forward to reinforce our business foundations.

In fiscal 2011, ended March 31, 2012, the Japanese economy showed signs of a partial recovery. Overall, however, conditions remained challenging, including the continuing strength of the yen, as well as a progressive decline in prices for digital appliances, especially for LCD TVs.

Overseas, a strong sense of uncertainty persisted due to the European debt crisis and the slower growth in China and emerging countries.

In particular, a steep drop in demand in Japan's LCD TV market, a deterioration in the supply/demand balance for large-size LCD panels, and sluggish demand for solar cells had a substantial impact on our performance, and in fiscal 2011, we were forced to post the largest-ever loss in our history.

To respond to the rapidly changing business environment, and with the aims of achieving business growth over the medium to long term and strengthening its business foundations, Sharp has instituted a new administration.

Since its establishment, Sharp has contributed to society by consistently making unique products unlike any other, thereby engendering new demand. Harnessing the creativity that flows through our corporate DNA, we will be re-activating our spiral strategy of devices and products, and will accelerate the global market launch of new one-of-a-kind products that will impress and amaze.

Meanwhile, in terms of production strategy, Sharp has entered into an agreement with the Hon Hai Group, the world's leading electronic manufacturing service company, to establish a strategic global partnership to collaborate primarily in the highly competitive area of digital appliances. Through this partnership, we aim to create a structure that will enable us to compete in global markets, and thus enhance our international

competitiveness. We will establish, on a global scale, a new business model with vertical integration, combining the strengths of each company: Sharp's capability for developing one-of-a-kind devices and products, and the Hon Hai Group's production technology and cost competitiveness.

In September 2012, Sharp will mark its 100th anniversary. Several times in the past, we have been faced with immense difficulties, including the Great Kanto Earthquake, fiscal and monetary tightening after World War II, and the appreciation of the yen following the Plaza Accord.

Nevertheless, each time, we have overcome these crises by taking up the challenge to the creation of new products and technologies never before seen in the world.

The severe business environment is expected to continue in fiscal 2012, but we will push ahead with efforts to improve our business performance and reinforce our business foundations by improving our financial position and making changes in our business model.

In addition, we will work to raise our corporate value by taking steps to expand our CSR activities group-wide, including strengthening our corporate governance, helping to preserve the global environment, and enforcing compliance in business management. We look forward to your ongoing support and encouragement.

July 2012



President

Takashi Okuda

April	1978	Joined Sharp Corporation
June	2001	Division General Manager, Visual Equipment Division, Audio-Visual Systems Group
May	2003	Group General Manager, Audio-Visual Systems Group
June	2003	Director, Group General Manager, Audio-Visual Systems Group
April	2006	Director, Group General Manager, Corporate Procurement Group
June	2008	Executive Officer, Group General Manager, International Production Planning Group
April	2010	Executive Officer, Group General Manager, Global Market Development Group -Emerging Markets, Asia, Oceania
October	2011	Executive Managing Officer, General Manager, Global Business, Administration and Manufacturing Promotion; Group General Manager, Global Business Group
April	2012	President of Sharp Corporation
June	2012	Representative Director, President of Sharp Corporation



Interview with the President

Interview with the President



Sharp has earned high acclaim from customers and continued its business endeavors as a unique company that creates products never before seen in the world. These have included Japan's first and world's first products. We are aiming to become a "globally competitive company" through continuous efforts to create one-of-a-kind products that impress and amaze people and to change our business model in the commoditized digital products field.

Q Please summarize Sharp's performance in fiscal 2011, and describe the initiatives and policies for the future in your role as the new president.

A Fiscal 2011 was an unprecedentedly difficult year for Sharp. To achieve a recovery and restore trust, we will make group-wide efforts centering on four core initiatives.

Substantial net loss posted in fiscal 2011

Consolidated net sales fell 18.7% year on year, to ¥2,455.8 billion in fiscal 2011. This was mainly due to Japan's rapid decline in demand for LCD TVs, deterioration in the supply/demand balance for large-size LCD panels, and a steep price decline for products and devices.

Regrettably, we posted an operating loss of ¥37.5 billion. In addition, we incurred a loss on suspension of large-size LCD plant operation and business foundation improvement expenses associated with the restructuring of our LCD business. We also recorded an increase in deferred tax expenses owing to the review of deferred tax assets as a result of tax reforms and our worsening performance. Consequently, we posted a net loss of ¥376.0 billion.

In fiscal 2012, the outlook for the business environment is likely to remain unclear. Nevertheless, we will make a group-wide effort to achieve a recovery and restore trust by pursuing initiatives that include a thorough reduction in total costs and business restructuring.

Becoming a globally competitive company

The reason for the deterioration in our performance was that we failed to address major structural changes in the electronics industry—stemming from digitalization and globalization—with sufficient speed. We were unable to leverage the strengths of our vertically integrated business model in the face of such structural changes.

Sharp's mainstay domain of digital products, notably LCD TVs and mobile phones, has become a "power game" in which success or failure in the global market is determined by sheer production scale. In this context, having a slight technological advantage no longer carries any meaning in the face of overwhelming capacity.

In light of this situation, Sharp has decided that it needs to become a "globally competitive company," and will work on four core initiatives.

Fiscal 2011 Consolidated Financial Results

Net sales	¥2,455.8 billion
Operating loss	¥37.5 billion
Net loss	¥376.0 billion

Four Core Initiatives

1. Break away from a self-sufficient mindset
2. Grow into a truly global company
3. Transform business model to place more importance on services
4. Generate new demand

Q What are the four core initiatives?

A We will work on the following specific initiatives: 1) break away from a self-sufficient mindset in the digital home appliances field through our alliance with the Hon Hai Group; 2) grow into a truly global company; 3) transform our business model to place more importance on services; and 4) generate new demand.

Break away from a self-sufficient mindset

Our first initiative is to break out of our self-sufficient mindset of the past. On March 27, 2012, Sharp announced its capital and business alliance with the Hon Hai Group, the world's leading electronic manufacturing service company. I will describe the details and objectives of the alliance.

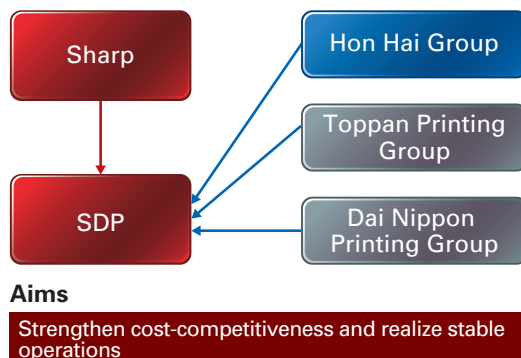
(1) Joint management of SDP

The agreement with the Hon Hai Group entails joint management of Sharp Display Products Corporation (SDP), which is a production company for large-size LCD panels in Sakai, Osaka. The aims of the collaboration are to enhance cost-competitiveness and achieve stable operations at the Sakai Plant.

Part of the shares of SDP will be transferred to the Hon Hai Group, enabling the latter to best fulfill its responsibilities for joint management of SDP.

Meanwhile, the LCD color filter businesses at the Sakai Plant operated by the Toppan Printing Group and the Dai Nippon Printing Group will be transferred to SDP in the manner of an absorption-type company split. Through the unified operation of the LCD color filter and LCD panel businesses, we plan to further enhance efficiency and cost-competitiveness.

Joint Management of SDP



(2) Collaboration in the digital home appliances field

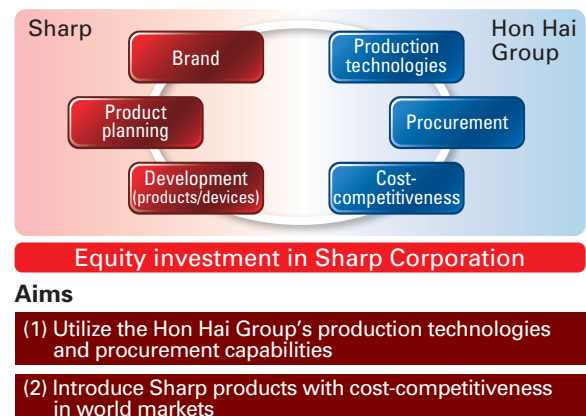
In the digital home appliances field, which includes LCD TVs and mobile phones, the consumer purchasing benchmarks in the world market are shifting from "quality, brand and technology" to "price." Accordingly, the sheer scale of production capacity has become the main determinant for competitiveness.

In this field, therefore, it is no longer sufficient for Sharp to solely undertake all processes, from R&D to design, production, sales and after-sales services. Instead, we need a new framework, in which we collaborate with a strong business partner.

To best deploy Sharp's brand, product planning and development capabilities on the world stage, we will utilize the strengths of the Hon Hai Group in production technologies, procurement capabilities and cost-competitiveness. In this way, we plan to actively promote Sharp-brand products with cost advantages to markets around the world.

To further strengthen the alliance, the Hon Hai Group will make an equity investment in Sharp Corporation.

Collaboration in Digital Home Appliances Field





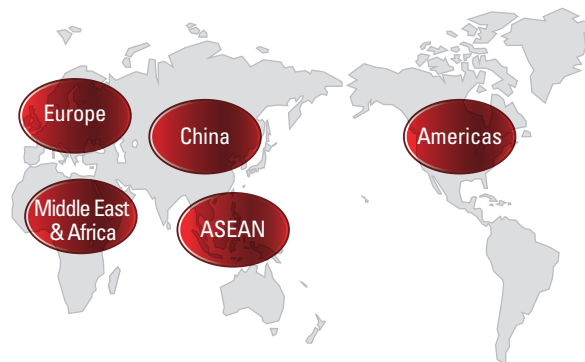
Grow into a truly global company

Our second initiative is to grow into a truly global company. To date, Sharp has maintained steady sales and profits in the Japanese market. However, we did not build an adequate framework to pursue product development, sales, and servicing that meet the needs of overseas markets, especially in rapidly growing emerging markets.

For this reason, we have set up regional headquarters in core overseas regions in order to expedite decision making. In addition, we are enhancing our marketing capabilities—in such fields as product development, sales and servicing—according to customer needs, and we are shifting to a regionally autonomous operational framework.

We have already established regional headquarters in the Americas in 2010, China in 2011 and Europe in 2012. To accelerate our business expansion in ASEAN nations, we plan to establish an Asian regional headquarters in 2014.

Regionally Autonomous Operations Overseas



Outline of the Hon Hai Group

The Hon Hai Group is a Taiwanese group of companies, centered on Hon Hai Precision Industry Co., Ltd.*, which has worldwide manufacturing bases with China as its main base and a total of approximately one million employees. In 2011, the Group's consolidated net sales were 3,452.6 billion Taiwan dollars (TWD) (approximately ¥8,787.0 billion), up 15% year on year, and net income was 77.1 billion TWD (approximately ¥196.0 billion), up 6%.

*Hon Hai Precision Industry Co., Ltd.

Headquarters:	New Taipei City, Taiwan
Name of Representative:	Terry Tai-Ming Gou, Chairman
Date of Establishment:	February 20, 1974
Capital:	106.9 billion TWD (approximately ¥272.0 billion)
Purpose of Business:	Electronic manufacturing service

Note: As of the end of December 31, 2011. The translation of TWD is based on 1 TWD=¥2.545.



Transform business model to place more importance on services

Our third initiative is to transform our business model to place more importance on services. To explain this, I will cite the example of our solar business. In Japan, a total of around one million homes have been fitted with solar power generation systems, and nearly half of those, or 470,000, were made by Sharp. We possess both patterns for installation and extensive know-how tailored to the various roof designs of Japanese houses. Going forward, we will take advantage of our support system cultivated in the home appliances field, which has earned top customer satisfaction, for use in our solar business. In addition, Sharp aims to reinforce and expand its energy solutions business by increasing its product lineup in the field of system equipment, which includes storage batteries and HEMS*, as well as by advancing its business across the wide range of the value chain that includes the design, construction, power generation, and maintenance of mega solar power generation systems.

*Home Energy Management System

Generate new demand

Our fourth initiative is to generate new demand. We have advanced our business to date based on a “one-of-a-kind strategy” in which we create uniquely-featured products centered on devices incorporating proprietary Sharp technologies, with an emphasis on home appliances.

Going forward, we will broaden the current “one-of-a-kind strategy” to cover a “new one-of-a-kind strategy” that includes items other than home appliances, and promote this concept with the aim of generating new demand.

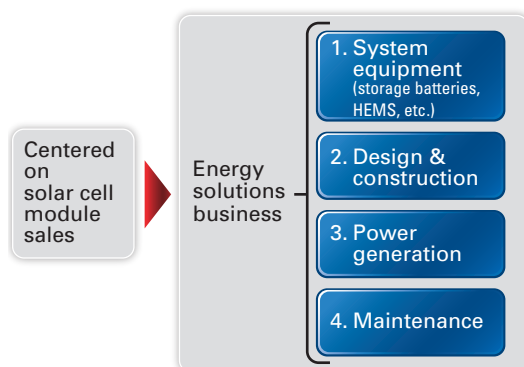
In the field of home appliances, we will create “new essential products” that provide new levels of value to customers. These products will reflect customers’ changing needs associated with an evolving social environment.

In fields other than home appliances, we will create one-of-a-kind products that incorporate our own proprietary technologies, including our IGZO LCD technology*¹ using new materials and our Plasmacluster Ion technology*² for purifying air. In the process, we will tap new markets in such areas as medical care and education.

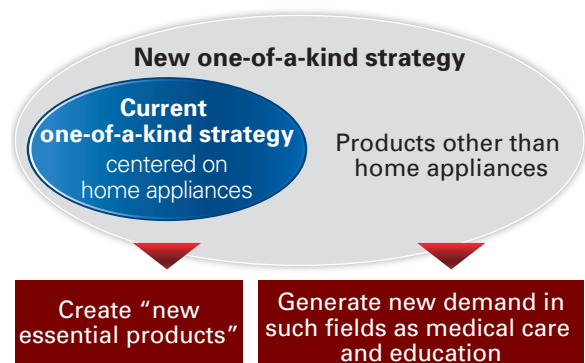
*1 Please refer to “Technology Revolution in LCD Panels” on pages 16–17.

*2 Detailed information on Plasmacluster Ion technology is available at the following website:
<http://www.sharp-pci.com/en/>

Reinforce and Expand Energy Solutions Business



Generate New Demand



Q Can you explain your “new one-of-a-kind strategy?”

A By deploying our proprietary technologies, we will develop products and devices in new categories, such as robotic home appliances, for example. We will use this strategy to tap new markets by creating new applications and providing levels of value unseen in the past.

First of all, I will explain the meaning of “new essential products” in the context of home appliances.

Let’s cite the example of the vacuum cleaner, which was meant to be a “simple and convenient” appliance. Responding to growing awareness about people’s health and the environment, we incorporated our Plasmacluster Ion technology for purifying air into our vacuum cleaners, thus elevating them to a new category of “health and environmental products.”

Our vacuum cleaners continued to make progress in becoming robotic home appliances, which take over housekeeping tasks, offering comfort and reassurance amid a rise in the number of households consisting of singles, working couples and the elderly.

In lighting, as well, in response to the growing emphasis on saving energy, we have started selling the industry’s first LED ceiling light. In order to meet the demand for home appliances that are health conscious and environmentally friendly, we hope to develop ceiling lights incorporating our Plasmacluster Ion technology.

Going forward, we plan to implement a further “shift in categories” in home appliances by deploying our proprietary technologies. In this way, we will offer “new essential products” that people realize they always wanted.

Now, I will introduce an example of efforts we’re making in new markets outside of home appliances.

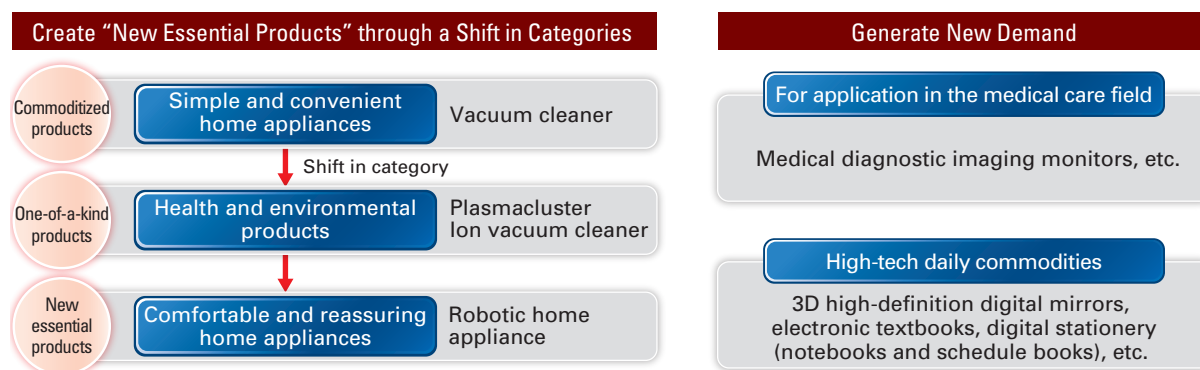
Our IGZO LCDs offer three key features: high-definition, low power consumption and high-performance touchscreen capability. IGZO LCDs can be expected to not only find applications as an extension of conventional LCDs in consumer and office-use equipment, but also generate new demand in other fields, such as medical equipment.

IGZO LCDs enable medical diagnostic imaging monitors to display realistic images by applying a multi-primary color technology cultivated in AQUOS LCD TVs.

By also combining IGZO LCDs with camera modules, another Sharp strength, we can realize a digital mirror that allows users to see themselves in 3D high-definition quality.

By advancing our “new one-of-a-kind strategy” of creating new applications and providing levels of value unseen in the past, we intend to cultivate new markets and generate new demand.

New One-of-a-Kind Strategy



Q Please describe the efforts you are making to improve your business foundations.

A We will split off the large-size LCD business, which has become unprofitable, from Sharp. At the same time, we will work on measures such as cutting inventories and paring down noncurrent assets.

For a start, we will split off the large-size LCD business, which has become unprofitable, from Sharp. This business will be moved to Sakai Display Products Corporation, which is jointly operated by the Hon Hai Group and Sharp.

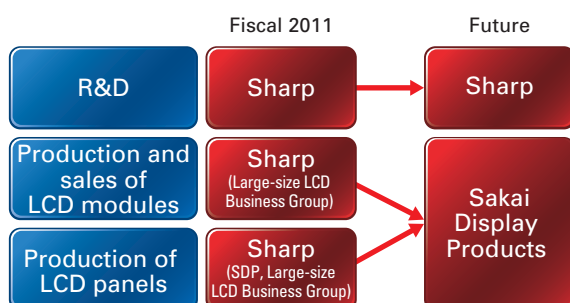
The major part of our ¥376.0 billion net loss in fiscal 2011 stemmed from the large-size LCD business. By splitting off this business, we will stabilize our operations.

Through a new framework under joint collaboration with the Hon Hai Group, we will work to cut costs and increase the competitiveness of the large-size LCD business. However, the R&D function will remain with Sharp, including the development of production technology and elemental technology. We will continue developing next-generation large-screen displays, notably for 4K TV, offering four times the pixels of full-HD TV.

With respect to our financial position, we will work to achieve an improvement of a total of ¥400 billion. We will make off-balance-sheet arrangements for our large-size LCD business and enhance equity capital by issuing new shares through a third-party allotment to the Hon Hai Group. We will also cut inventories and reduce noncurrent assets. In addition, we will improve cash flows by lowering capital investment. By steadily pursuing the aforementioned initiatives, we will work to improve our business foundations.

Improve Business Foundations

Stabilize Operations by Splitting off Large-size LCD Business



Improve Financial Position by a Total of ¥400 billion

Theme	Affected items	Amount
Off-balance-sheet arrangements of large-size LCD business	Decrease in assets and liabilities	¥110.0 billion
Issue new shares through third-party allotment	Increase in equity	¥66.9 billion
Optimize inventories and reduce noncurrent assets	Decrease in inventories and noncurrent assets	¥150.0 billion
Reduce capital investment	Improve cash flows	¥70.0 billion

Q What are your thoughts on efforts to improve corporate value?

A We consider the improvement of our profitability and financial position to be among our top priorities for raising our corporate value. Sharp's management is committed to producing steady results.

Raising corporate value has a variety of meanings. In light of our current harsh business environment, raising shareholder value through the improvement of profitability and the strengthening of our financial position is among our top priorities.

It is the management's responsibility to work with utmost effort to achieve a performance recovery and restore trust, and produce steady results, step by step.

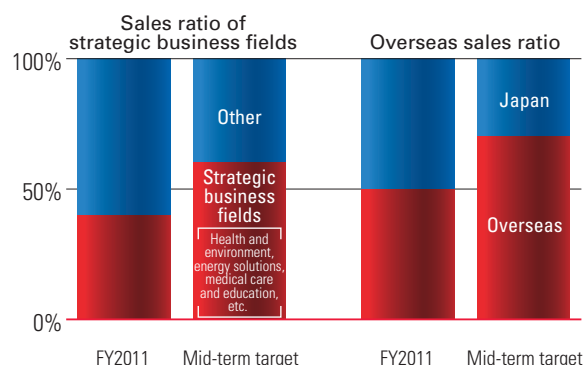
To achieve this, we will steadily advance the four core initiatives described earlier, and accelerate changes in our business model.

To pursue these initiatives, we plan to raise the share in net sales occupied by core priority businesses—such as health and environment, and energy solutions; consumer and office-use equipment using IGZO and other new technologies; and the medical care and education field—from the current 40% to 60% in the medium term. We also plan to raise the overseas sales ratio to 70%, from the current 50%.

In September 2012, Sharp will mark the 100th anniversary of its founding. Throughout our history, we have earned high acclaim from customers and have consistently conducted our business operations as a unique company that creates products never before seen in the world. These have included Japan's first crystal radios and TVs and the world's first all-transistor calculators.

We are aiming to become a "globally competitive company" through continuous efforts to create one-of-a-kind products that impress and amaze people and to change our business model in the commoditized digital products field.

Expansion of Strategic Business Fields and Overseas Sales



Special Feature 1: Reinforcing the Solutions Business

One of the world's largest solar power generation plants, with capacity of 73MW (Lop Buri, Thailand) (Satellite image courtesy of ©DigitalGlobe)

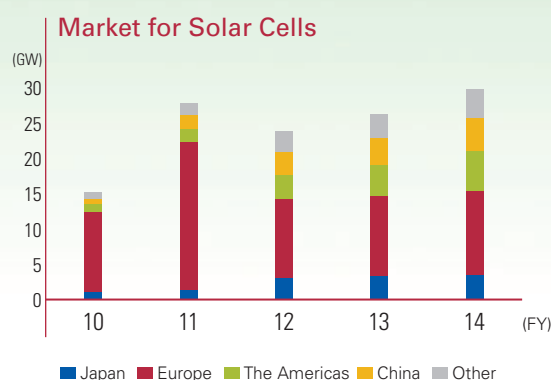
Solar Cell Business Evolves into an Energy Solutions Business

Sharp will reinforce its energy solutions business through a wide variety of activities, including the provision of residential solar power generation systems and the design, construction, sales, power generation and maintenance services of large-scale solar power generation plants.

Solar Cell Market Trends

The world solar cell market is expected to contract temporarily in fiscal 2012 due to a slump in demand in Europe stemming from the debt crisis and revisions to feed-in tariff systems. By contrast, demand is expected to remain healthy in other regions. Included among these is Japan, which enacted new legislation in July 2012 requiring power companies to purchase all electricity from renewable energy sources. This is expected to create a surge in demand for solar cells.

From fiscal 2013, the global market for solar cells is expected to continue expanding, with particularly strong growth in the Americas, China and emerging countries.



(Source: Sharp)



Roles of a HEMS

Visualizes electricity usage

Controls home appliances

Enables optimal control of energy sources

Image of Home Energy Management System (HEMS)

Strengthening the Energy Solutions Business

Sharp has increased sales of residential solar power generation systems, primarily in Japan, by drawing on the know-how and reliability it has amassed over many years, as well as its rich product lineup. Going forward, we will bolster our support systems, including services that monitor solar power systems via the Internet. We will also expand our lineup of system equipment, including storage batteries and HEMS.

Meanwhile, in Europe, Sharp operates an independent power producer business as a joint venture with Italy's Enel Green Power. In Thailand, we constructed a mega solar power plant that is one of the largest of its kind in the world, and supplied thin-film solar cell modules and peripheral systems. We have been contracted to provide maintenance services to the plant, which

began operating in the spring of 2012. In the United States, Recurrent Energy, a subsidiary of Sharp, is engaged in the development and sale of its own large-scale solar power generation plants.

In Japan, the enactment of new legislation requiring power companies to purchase all electricity from renewable energy sources is expected to generate growth in the market for solar cells for industrial applications.

Deploying our extensive track record, we will reinforce our energy solutions business by expanding operations across a wide range of the value chain—from the provision of residential solar power generation systems to the design, construction, sales, power generation and maintenance services of large-scale solar power generation plants.



Solar power generation plant built by Sharp and Enel Green Power in southern Italy, with capacity of 8.2MW (Altomonte, Calabria)



Part of a large-scale solar power generation plant in Ontario, Canada (Conceptual drawing of completed plant courtesy of Recurrent Energy)

Special Feature 2: One-of-a-Kind Devices and Products



Technology Revolution in LCD Panels

Leveraging Sharp's proprietary technologies, centered on IGZO LCDs, we will realize the features of high-definition, low-power consumption and high-performance touch screens, and will create new demand.

Sharp Begins Mass Production of IGZO LCDs —a World's First

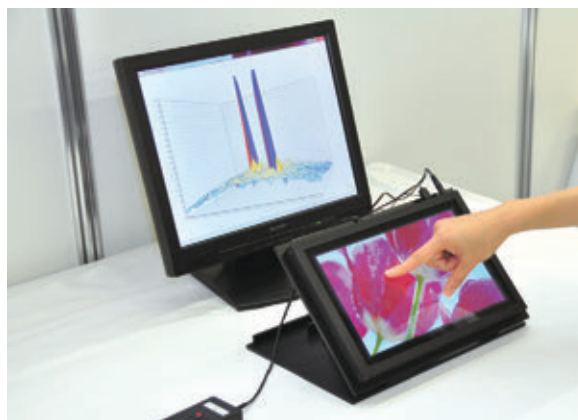
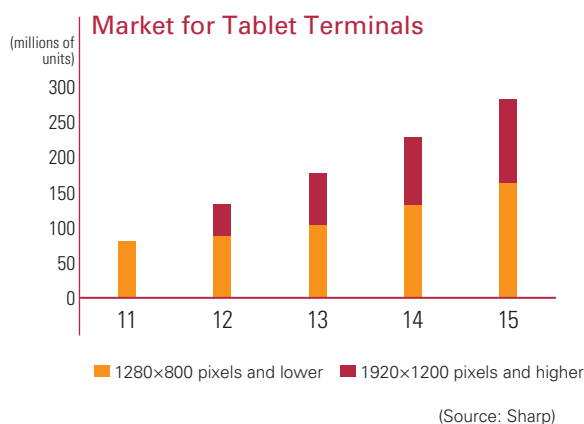
Sharp has been working to expand applications for its high-performance mobile LCDs, employing one-of-a-kind technologies, such as CG-Silicon technology.

Demand for higher-definition mobile LCDs is expected to grow, due to the ongoing enlargement of smartphone screens and expansion in the market for tablet terminals.

Under such circumstances, Sharp commenced the world's first production of high-performance IGZO LCDs employing oxide semiconductors*¹ at the Kameyama No. 2 Plant in March 2012. In April, the transition to mass production took place, and we are planning to further enhance production capacity in the future.



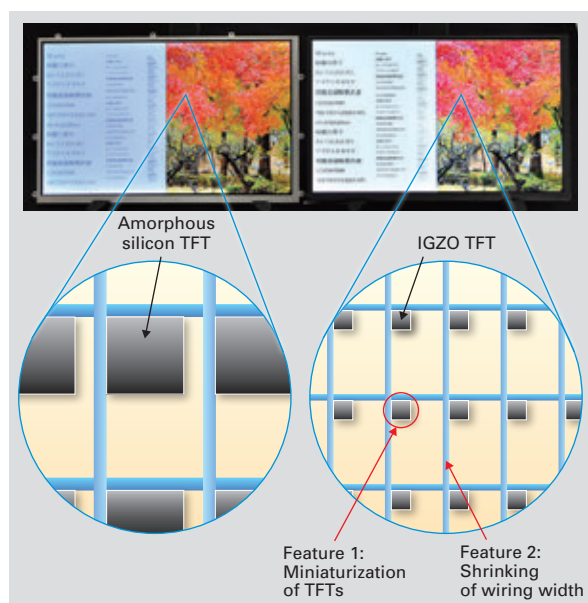
The Kameyama No. 2 Plant, which produces IGZO LCDs



Front: IGZO LCD featuring touchscreen
Back: Shows the signals and the noise status of the touchscreen in the graph

Features of IGZO LCDs

IGZO LCDs employ oxide semiconductors (IGZO) comprising Indium (In), Gallium (Ga) and Zinc (Zn) to their thin-film transistors (TFTs). This enables miniaturization of TFTs compared to conventional amorphous silicon TFTs and shrinking of wiring width, which allows for increased light transmittance per pixel. These advances make it possible to produce LCD panels that achieve high-definition and low power consumption. In addition, the application of the UV²A technology*² used in AQUOS LCD TVs enables a high image quality.

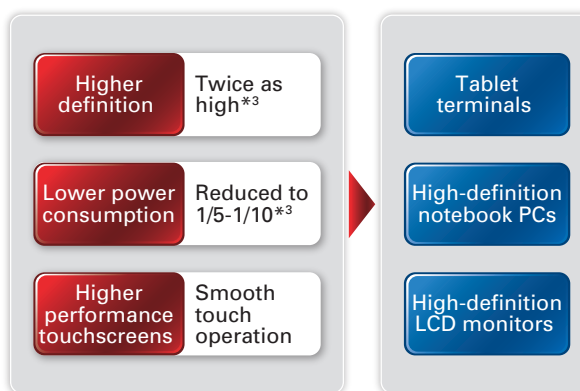


Comparison of display quality and close-ups of pixel images
Conventional LCD (left) and IGZO LCD (right)

Targeting Wider Applications

Not only for use in tablet terminals, Sharp anticipates the application of IGZO LCDs to extend to high-definition notebook PCs and LCD monitors—which are both expected to grow in demand. In addition, we also foresee demand in new fields that are not an extension of conventional applications, such as medical equipment. The IGZO technology can also be adapted for use in OLEDs.

Sharp is creating new demand by offering one-of-a-kind products employing its proprietary technologies, such as IGZO and CG-Silicon technologies.



Features of IGZO LCDs and expansion of applications

*1 A TFT using oxide semiconductors (IGZO) has been developed in collaboration with Semiconductor Energy Laboratory Co., Ltd.

*2 Photo-alignment technology that can precisely control the alignment of liquid crystal molecules in a simple LCD panel structure

*3 Compared with Sharp's LCD panels that employ amorphous silicon TFTs



Plasmacluster Ion air purifier/humidifier and robotic home appliance

Creation of New Essential Products and Expansion of Business Fields

We will deploy one-of-a-kind technology to make a shift in categories for home appliances and provide new solutions.

Plasmacluster Ion Technology

Sharp also has a history of generating new demand by developing various one-of-a-kind technologies in the field of home appliances.

Plasmacluster Ion technology is one such example. It is an air purification technology that removes airborne mold spores and other impurities, while also suppressing the activity of airborne viruses and reducing static electricity.

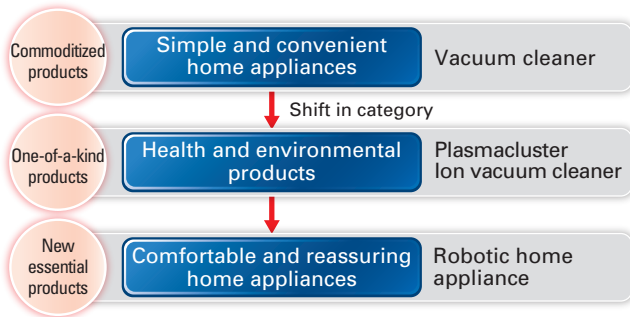
Since 2000, when we launched an air purifier equipped with Plasmacluster Ion technology for the first time, its application has spread in tandem with the growing consumer awareness about health and the environment. Sharp now incorporates this proprietary technology in many other home appliances, including Plasmacluster Ion generators, air conditioners, refrigerators and vacuum cleaners.

Plasmacluster Ion technology is also being adopted in a wide array of products in other companies, and its application is spreading in transportation and public spaces including vehicles, train cars and elevators.



Plasmacluster Ion generators
(From left: For personal use with a humidifying function, a portable model with a humidifying function, for car use, a portable model for small spaces and a mobile model)

Create "New Essential Products" through a Shift in Categories



Expanding Markets for Plasmacluster Ion Technology

Solution for space hygiene and energy conservation

- Marine product processing plants
- Food processing plants
- Supermarket back rooms

Solution for air quality

- Daycare centers, nursery schools
- Medical centers, elderly care facilities
- Restaurants

A Category Shift for Home Appliances

In addition to the growing health and environmental concerns, in recent years there has been a rise in the number of households consisting of singles, working couples and the elderly. Consequently, there is a growing need for appliances that reduce household chores or take over housekeeping duties and also make daily life more safe and secure. In response to this trend, Sharp has made a category shift for its vacuum cleaner equipped with Plasmacluster Ion technology by launching a robotic home appliance that makes daily life more comfortable and reassuring in June 2012.

The robotic home appliance not only employs Plasmacluster Ion technology, but is also equipped with artificial intelligence technology, allowing users to enjoy a diverse range of responses based on the level of battery power available and other factors. It is also able to process speech operations through its voice recognition function^{*1}. In addition, by connecting the robotic home appliance to a wireless LAN, users can check images taken with its built-in camera from a remote location via smartphones^{*2}.



The voice recognition function makes it possible for the robot to respond to your commands

Delivering New Solutions

Sharp is now, more and more frequently, incorporating Plasmacluster Ion technology into a variety of businesses as a solution for both saving energy and ensuring a hygienic environment. Recently, Sharp conducted practical trials^{*3} at a marine product processing plant. It was confirmed that environmental hygiene could be maintained at previous levels, even if the controlled interior temperature is raised by two degrees, from 15°C to 17°C, when Plasmacluster Ion technology is used. This is expected to enable reductions in cooling costs in places such as factories where temperatures must be kept constantly low. We will work to create new markets by promoting B2B business that deploys these distinctive features.

Creation of New Essential Products and Expansion of Business Fields

Sharp will expand its business fields by providing new solutions while creating new essential products through a category shift for home appliances.

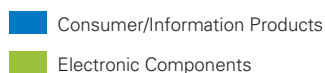
^{*1} Only the top-of-the-line model (RX-V100) has a voice recognition function. It is equipped with a voice recognition engine developed by RayTron, INC.

^{*2} The top-of-the-line model (RX-V100) only. Wireless LAN is in compliance with IEEE 802.11b/g. Broadband Internet connection and set-up, wireless routers, smartphones and other devices as well as specialized applications (available for download from Sharp-designated websites) are required.

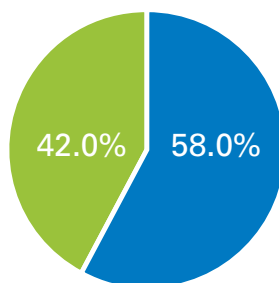
^{*3} Conducted a joint testing with Tarumizu City Fishermen's Cooperative (Kagoshima Prefecture, Japan) for six-month period from October 2011. Results may differ depending on the testing conditions.

Segment Outline

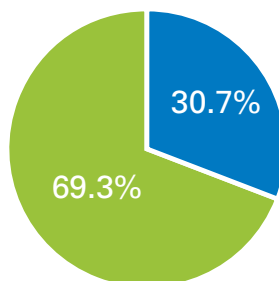
Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31



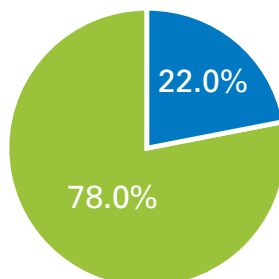
Sales



Total Assets



Capital Investment



- Sales figures shown on pages 20-21 include internal sales between segments (Consumer/Information Products and Electronic Components). The percentage of sales in the pie chart has been calculated accordingly.
- Operating income (loss) figures shown on page 21 are the amounts before adjustment of intersegment trading.
- Total assets figures shown on pages 20-21 are the amounts before adjustment of intersegment trading. The percentage of total assets in the pie chart has been calculated accordingly.
- Capital investment figures shown on pages 20-21 include the amounts of leased properties, and do not include unallocated capital investments. The percentage of capital investment in the pie chart has been calculated accordingly.
- 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 connection, sales, operating income (loss) and total assets for 2010 shown on page 21 have been restated to conform with the 2011 presentation.

Consumer/Information Products

Audio-Visual and Communication Equipment



Main Products

LCD color televisions, color televisions, projectors, DVD recorders, Blu-ray Disc recorders, Blu-ray Disc players, mobile phones, mobile communications handsets, electronic dictionaries, calculators, facsimiles, telephones

Health and Environmental Equipment



Main Products

Refrigerators, superheated steam ovens, microwave ovens, air conditioners, washing machines, vacuum cleaners, air purifiers, dehumidifiers, humidifiers, electric heaters, small cooking appliances, beauty appliances, Plasmacluster Ion generators, LED lights, solar-powered LED lights, network control units

Information Equipment



Main Products

POS systems, handy data terminals, electronic cash registers, information displays, digital MFPs (multi-function printers), options and consumables, software, FA equipment, ultrasonic cleaners

Electronic Components

LCDs



Main Products

TFT LCD modules, Duty LCD modules, System LCD modules

Solar Cells



Main Products

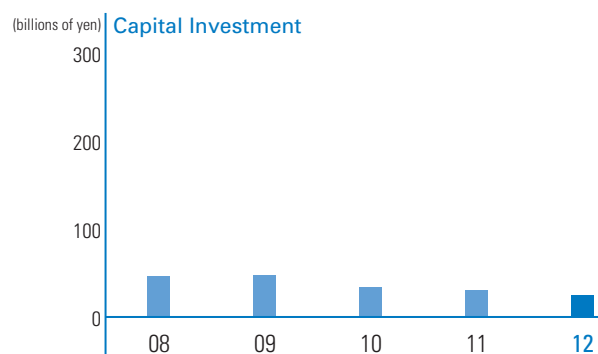
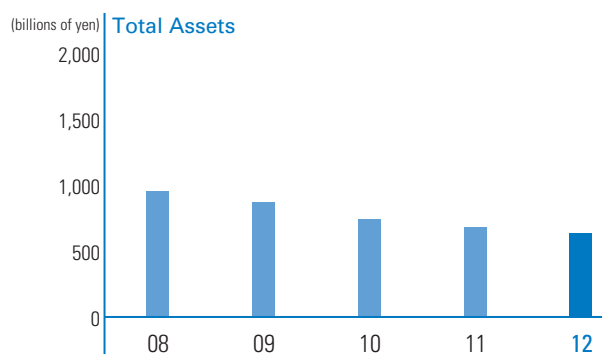
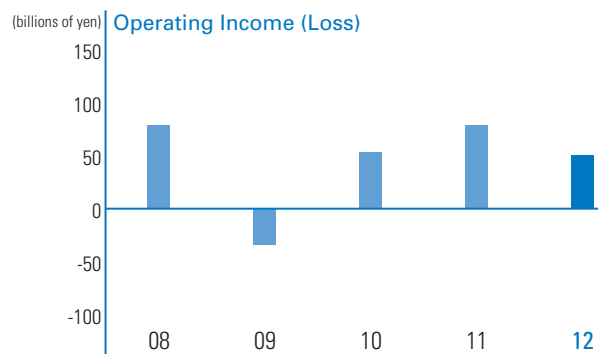
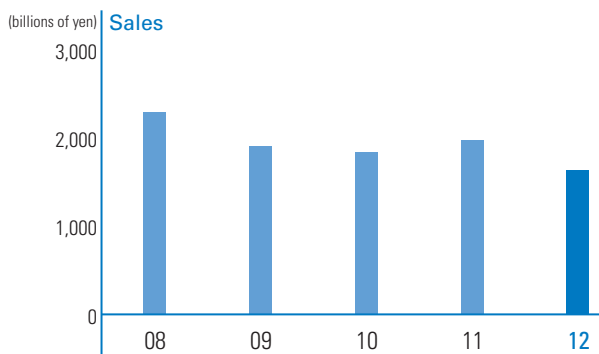
Crystalline solar cells, thin-film solar cells

Other Electronic Devices

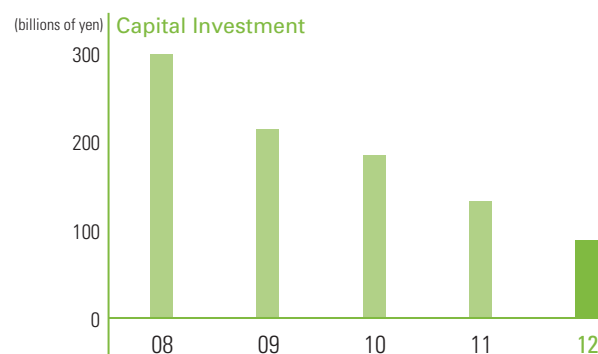
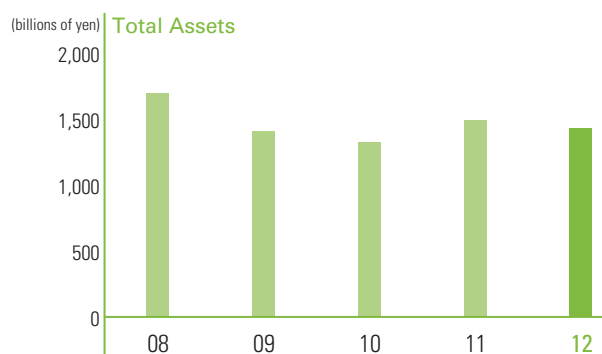
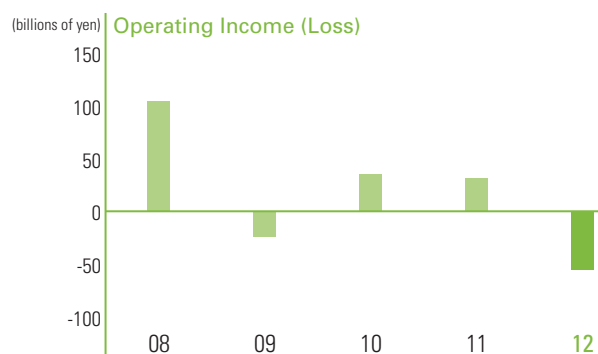
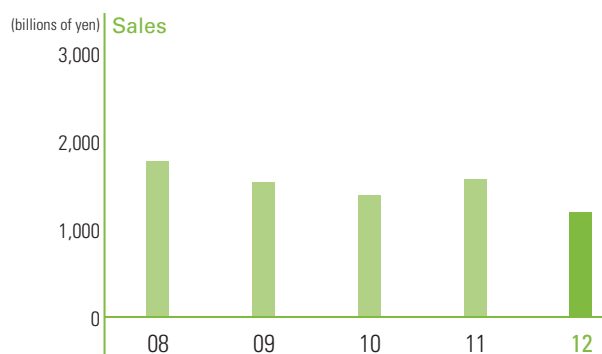


Main Products

CCD/CMOS imagers, LSIs for LCDs, microprocessors, flash memory, analog ICs, components for satellite broadcasting, terrestrial digital tuners, RF modules, network components, laser diodes, LEDs, optical pickups, optical sensors, components for optical communications, regulators, switching power supplies



Segment Outline

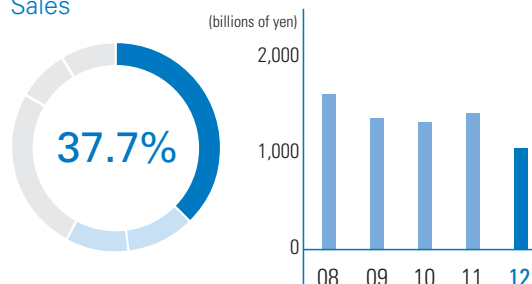


Fiscal 2011 Review by Product Group

Sharp Corporation and Consolidated Subsidiaries
Years ended March 31

Consumer/Information Products

Audio-Visual and Communication Equipment Sales



This product group posted decreases in sales and profits due to the effect of Japan's rapid decline in demand and price erosions for LCD TVs, as well as intensified competition in the mobile phone market.



80-inch AQUOS

LCD Color TVs

In Japan, the market environment shifted with difficulties due to a fall in demand and price declines following the end of analog broadcasting. Overseas markets also exhibited a downturn in demand due to such factors as market saturation in Europe and the U.S. and the slowing of the growth rate in the Chinese market. In this context, Sharp actively introduced large-screen models that are 60 inches and larger and expanded sales mainly in North America. We also released the Free-Style AQUOS—a thin, lightweight model that attracted much attention. Going forward, we will continue to establish Sharp's brand image as a leading company of large-screen TVs, based on the global rollout of large-screen models, while striving to create products that will stimulate new demand.



AQUOS Blu-ray Disc recorder

Blu-ray Disc Recorders/Players

In Japan, while the demand grew considerably due to a last-minute rush prior to the end of analog broadcasting, it subsequently declined on the following rebound in the second half of the year. In this context, Sharp released models with a Wi-Fi connection that can easily establish a network without having to use a wireless LAN router. Going forward, we will continue releasing products that address market needs, such as models adapted to record three programs at once and models for which the recording capacity can be easily increased with a "slot-in" type hard disk drive.



Smartphone for NTT DOCOMO

Mobile Phones

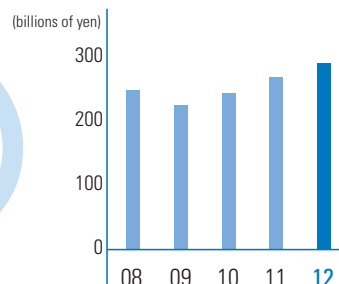
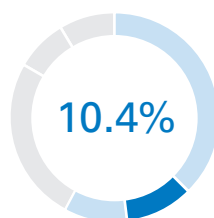
While the shift to smartphones progressed rapidly worldwide, in Japan, a demand for conventional mobile phones decreased and we encountered strict competition due to the full-scale entry of foreign manufacturers. Sharp introduced smartphones with features including connectivity with AQUOS LCD TVs, built-in power-saving technologies, a large-screen and a slim frame, and focused on establishing the AQUOS PHONE brand. Going forward, we will continue working to create unique features and functions and launch competitive smartphones with the global market in mind.

- Sales figures shown on pages 22-25 include internal sales between segments (Consumer/Information Products and Electronic Components). The percentage of sales in pie charts has been calculated accordingly. The Other Electronic Devices group's sales do not include internal sales to the LCD/Solar Cell groups.
- Effective for the year ended March 31, 2009, product grouping had been recategorized. In this connection, results for 2008 have been restated to conform with the 2009 presentation. Also, effective for the year ended March 31, 2010, some items previously included in Information Equipment had been reclassified and were included in Audio-Visual and Communication Equipment. In this connection, results for 2009 have been restated to conform with the 2010 presentation. In addition, 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 connection, results for 2010 have been restated to conform with the 2011 presentation.

Health and Environmental Equipment



Sales



This product group posted growth in both sales and profits thanks to strong sales of such products as LED lights and air purifiers, reflecting rising awareness of energy saving and health consciousness.

Health and Environmental Products

With the LED light market growing due to rising awareness of energy saving, Sharp worked to increase sales of LED lights, with a focus on ceiling lights. In addition, against the backdrop of growing health consciousness, we increased sales of air purifiers equipped with Plasmacluster Ion technology. We also started the business of beauty appliance and launched a Plasmacluster Ion hair dryer. Going forward, we aim to develop business in new categories such as robotic home appliances and expand our overseas business through strengthening sales of health and environmental products in growth areas such as ASEAN and China.

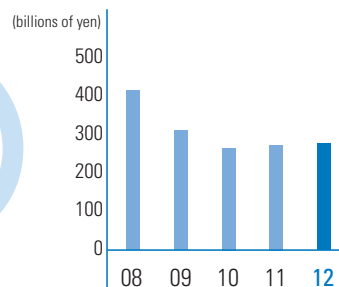
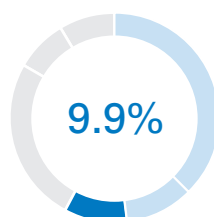


Plasmacluster Ion hair dryer

Information Equipment



Sales



Although sales basically remained on par with the previous year's level due to a freeze in corporate capital investment, this product group posted an increase in profits thanks to the steady performance of digital full-color MFPs.

Digital MFPs

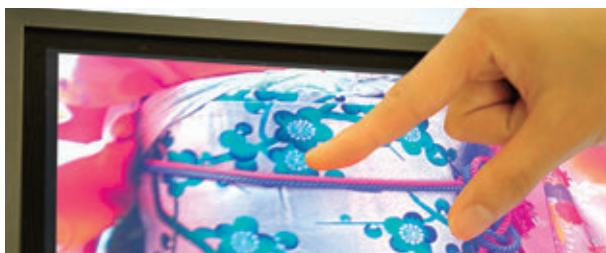
Amid ongoing steady demand especially in emerging countries, Sharp worked to expand production capacity by establishing a new plant in China. We have revamped our lineup of low- to medium-speed monochrome MFPs targeting emerging countries where stable demand is expected. For color MFPs, we launched a top-of-the-line digital full-color model capable of high-speed output (62 sheets/minute) and established a diverse lineup. Going forward, we will expand our business by offering solutions that help customers enhance the efficiency of office operations, such as connecting MFPs with interactive whiteboards and mobile devices.



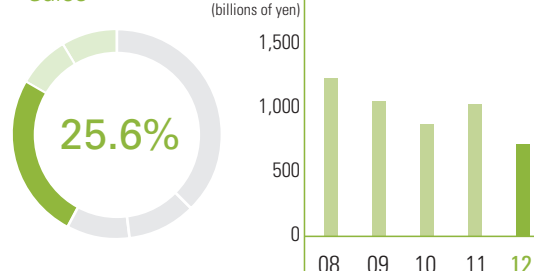
High-speed digital full-color MFP

Electronic Components

LCDs



Sales



Despite sales of mobile LCDs increasing steadily, this product group posted a decrease in sales mainly due to production adjustments at large-size LCD plants, caused by the deterioration in the supply/demand balance. In addition to a decline in sales, an inventory write-down led to a decrease in profits.



6.1-inch IGZO LCD for mobile devices (prototype)

Mobile LCDs

With the rapid growth in demand for high-definition panels for smartphones and tablet terminals, we made active efforts to strengthen our mobile LCD business, centered on our Kameyama Plants. At the Kameyama No. 2 Plant, we engaged in the mass production of LCD panels using oxide semiconductors (IGZO), which are capable of achieving both high-definition and low power consumption at a high level. Going forward, we will strive to broaden the applications such as for high-definition monitors with larger screens and enhance advantages of IGZO LCDs by technological renovation. Furthermore, we will start up a production line of mobile LCDs for smartphones introducing CG-Silicon technology at the Kameyama No. 1 Plant. We will establish a framework for mass production of high-value added LCDs at both the Kameyama No. 1 and No. 2 Plants. With these approaches, we will strive to enhance and expand our mobile LCD business, aiming to address the market demand for the higher-performance LCD panels that feature thinness, high-definition and low power consumption.



70-inch LCD for digital signage

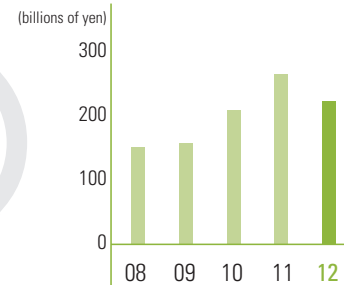
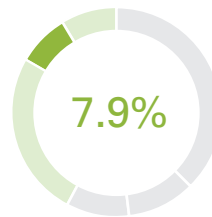
Large-size LCDs

The market condition deteriorated globally, reflecting the slowing growth in the Chinese market, a disruption in components procurement due to the impact of the Great East Japan Earthquake and a rapid decrease in demand for LCD TVs in Japan. As a result, we made production adjustments at our plants. Going forward, we will strive to achieve synergies through our strategic partnership with the Hon Hai Group and the business integration involving LCD color filter operations at the Sakai Plant. Through business development with a broad value chain and the establishment of a vertically integrated business model at the global level, we intend to achieve stable operations and enhance cost competitiveness at the Sakai Plant.

Solar Cells



Sales



This product group posted decreases in both sales and profits, due to the deterioration of global supply/demand conditions and ongoing price erosions stemming from intense competition.

Solar Cells

Market conditions deteriorated even further, due to factors such as continuing price declines caused by excess supply and intense competition. In this context, with the aim of improving profitability, Sharp worked to change its sale approach from solely focusing on solar cell modules to total systems and establish a business model that is more resilient to changing market conditions and currency rate fluctuations. In Japan, we devoted our efforts to expanding sales of Black Solar high-efficiency monocrystalline solar cells designed for residential applications. Overseas, we enhanced the development of solar power generation plants and reinforced power generation business. Going forward, even in Japan, we will intensify efforts in the areas of the mega-solar power generation plants and power generation businesses, and undertake the transformation of our business and profit structures.

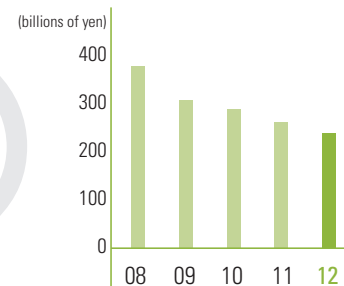
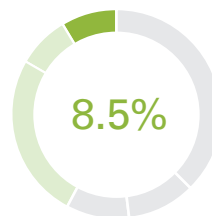


Black Solar high-efficiency monocrystalline solar cells

Other Electronic Devices



Sales



This product group posted decreases in sales and profits, due to the decline in demand and prices centering on devices used in digital appliances such as LCD TVs.

Electronic Devices

In the electronic devices market, while demand for devices used in smartphones grew, demand for devices used in LCD TVs declined, and the downward trend in prices continued. In this context, Sharp worked to expand sales of distinctive devices, such as camera modules and proximity sensors for smartphones, and to intensify development of LED lighting devices. Going forward, we will work to develop and increase sales of devices for green products, with a focus on LEDs for which demand expansion is expected as a growth field, as well as devices for smartphones and tablet terminals.



Proximity sensor with integrated ambient light sensor

R&D and Intellectual Property

R&D Strategy

Sharp conducts R&D activities with the goal of developing the technologies needed to constantly create one-of-a-kind products from the perspective of users. The final objective is to ensure that customers are satisfied with Sharp products. To accomplish this objective, we focus on three approaches to R&D. First is creating unique products through the vertical integration of our core technologies. Second is leveraging commodity technologies shared in and outside of Sharp. Third is using “open innovation” and cooperation with partners to gain expertise in fields of technology that are new to Sharp. Using all three approaches allows us to perform R&D that is distinctive, speedy and efficient.

Home energy visualization system

Sharp has developed a home energy visualization system enabling real-time confirmation of the power consumed by home appliances, as well as the amount of power generated and sold by a solar power generation system. While the conventional system only displays the total power consumed by one breaker, Sharp’s system enables confirmation of the power consumed by individual appliances by attaching dedicated plugs, which transmit power consumption data, to sockets within the home. The plugs can be installed easily without requiring special wiring work, and data on the amount of power generated and amount of power consumed by each appliance can be seen on a dedicated tablet terminal via a repeater. Sharp will continue to create products that raise awareness of saving electricity and support comfortable energy-saving lifestyles.



Image of home energy visualization system

Dye-sensitized solar cell technology

Sharp is working to develop dye-sensitized solar cells, which are drawing attention as low-cost next-generation solar cells. Dye-sensitized solar cells use pigments to convert light energy into electrical energy in a process similar to the photosynthesis that plants go through. For this reason, dye-sensitized solar cells have a structure

that is simpler and materials that are cheaper than the traditional silicon-based solar cells, and expectations are placed on its potential for mass production at low cost. In addition, the high degree of freedom in processing methods and dye materials enables it to be manufactured in a variety of designs and colors. In terms of energy conversion efficiency, with such results as 11.0% for a 1cm × 1cm cell and 9.0% for a 15cm × 15cm module*¹, Sharp has developed a world-class technology*². Going forward, Sharp will strive to increasingly enhance conversion efficiency as well as improve reliability and durability in an aim for early commercialization.

*¹ Values measured by the public research institute National Institute of Advanced Industrial Science and Technology

*² Achieved as a result of conducting research based on entrustment from the Incorporated Administrative Agency New Energy and Industrial Technology Development Organization (NEDO)



Dye-sensitized solar cell modules

Recovery support system for elderly motor function

Sharp has developed a motor function recovery support system that links medical institutions and the homes of the elderly via a high-speed communications network to enable the elderly to be instructed by physical therapists in their own home. This utilization of IT combining TVs, sensors, and other devices enables ongoing proper training. With this system, it is expected that there are also economic and social benefits in that it can reduce the burden such as medical and nursing care costs. There are also benefits for medical institutions in that, based on gait tests, blood pressure measurements and other data, physical therapists can conduct real-time instruction and detailed medical management. Going forward, Sharp will verify the effectiveness of the system by testing it at medical institutions with the aim of putting it into practical use.



Image of recovery support system for elderly motor function

Ultra-low-reflection surface treatment technology (moth-eye technology)

Sharp has developed a technology that realizes ultra-low-reflection surfaces with reflectance of 0.1% or less by forming moth-eye-like nanostructures on film. It also features the outstanding property of being able to provide wide-angle high-level visibility, and use of nanoimprinting technology* enables mass production of ultra-low-reflection surface treatment film at a low cost. With this ultra-low-reflection surface treatment film, a variety of applications are available, such as for TVs, tablet terminals and digital signage, and significantly minimizing reflected glare on the screen can realize displays of a higher picture quality. In addition, applying the film on show windows and other glass prevents the reflection of light from illuminations and so applications other than screen displays can also be expected.

* A technology for forming concavoconvex structures that are several tens of nanometers to several hundreds of nanometers in size through the transfer of the pattern onto resin using a mold

Super Hi-Vision LCD

As the world's first direct-view type display for a next-generation, high-definition TV broadcast service, Sharp has developed* an 85-inch LCD (7,680 horizontal × 4,320 vertical pixels). This was achieved by enhancing display quality utilizing Sharp's proprietary UV²A technology. Super Hi-Vision, which is a next-generation TV broadcast service advocated by Japan Broadcasting Corporation (NHK), is a super-high-definition display system with a number of pixels that is 16 times as many as that of the current HDTV broadcasting, and when seen on a display with a large screen, provides an overwhelmingly realistic sensation and a powerful visual experience. Sharp will continue to work on the development of displays, through collaboration with NHK, that realize high-definition images toward the start of its experimental broadcasting, which is scheduled for 2020.

*Jointly developed with NHK



85-inch Super Hi-Vision LCD

Intellectual Property Strategy

Sharp views its intellectual property strategy as one of its key management measures, promoting it in a coherent manner with business and R&D strategies. In order to secure a competitive edge with one-of-a-kind products and one-of-a-kind devices for stronger business foundations, Sharp is aggressively promoting patent right obtainment.

Sharp has clearly delineated the fields that are central to each business group and has assigned engineers well versed in patent matters to each of these core business areas to conduct strategic patent development* close to the frontline. Sharp also obtains useful patents arising from alliance activities from collaboration with other companies or universities. As of March 31, 2012, Sharp had approximately 20,644 patents in Japan and 24,232 overseas.

Sharp utilizes these patents to strengthen its strategic businesses. In addition, we take actions to protect our patents, such as by examining the products of competitors. We exercise care concerning the intellectual property of other companies, however, our policy is to have other companies respect our intellectual property in return. If we discover an infringement on any of our patents, we issue a warning. In certain cases, more aggressive action is taken, including filing lawsuits. Sharp is also promoting obtainment of design and trademark registrations based on its brand strategy and aiming to increase the number of applications and registrations globally.

* International patent applications (PCT applications) in 2011: Sharp ranked 4th among applicants (WIPO data)

Corporate Social Responsibility (CSR)

CSR Concept

"Make products that others want to imitate." This message of Sharp's founder Tokuji Hayakawa encapsulates management's stance of contributing to society by quickly grasping and responding to the needs of the next era as a manufacturer. Management over the years may have used different words to express this concept, but all have managed Sharp with the aim of continuing to be a trusted company that contributes to society through manufacturing.

In 1973, Sharp codified the unchanging spirit of its founder in the Company's business philosophy and business creed. The business philosophy, which states Sharp's vision, includes statements such as "Contribute to the culture, benefits and welfare of people throughout the world." This forms the foundation of CSR at Sharp today, aimed at achieving co-existence and mutual prosperity with society and stakeholders. The business creed calls for "Sincerity and Creativity," and all employees must adhere to and follow it in order to fully realize this business philosophy.

Sharp aims to realize the business philosophy and contribute to the establishment of a sustainable society through its business activities. In 2012, the 100th anniversary of its founding, Sharp is reaffirming those commitments. To ensure that Sharp remains a company trusted by society, we will maintain sincerity in our actions and business activities, while simultaneously working to create new products found nowhere else in the world, harnessing the creativity that has flowed through Sharp's corporate DNA since its founding.

Business Philosophy

We do not seek merely to expand our business volume. Rather, we are dedicated to the use of our unique, innovative technology to contribute to the culture, benefits and welfare of people throughout the world.

It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living.

Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders ...indeed, the entire Sharp family.

Business Creed

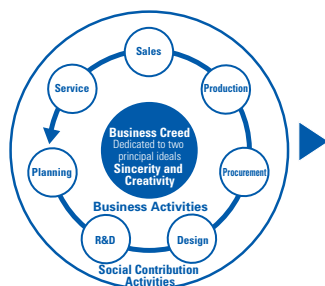
Sharp Corporation is dedicated to two principal ideals:

"Sincerity and Creativity"

By committing ourselves to these ideals, we can derive genuine satisfaction from our work, while making a meaningful contribution to society.

Sincerity is a virtue fundamental to humanity ... always be sincere.
Harmony brings strength ... trust each other and work together.
Politeness is a merit ... always be courteous and respectful.
Creativity promotes progress ... remain constantly aware of the need to innovate and improve.
Courage is the basis of a rewarding life ... accept every challenge with a positive attitude.

Achieve the Tenets of the Business Philosophy by Promoting "Sincerity and Creativity" in All Business Practices



Realization of Business Philosophy

- Perspective of social contribution through business activities
"Contribute to the culture, benefits, and welfare of people throughout the world"
- Perspective concerning employees
"It is the intention of our corporation to grow hand-in-hand with our employees"
- Perspective concerning stakeholders
"Prosperity is directly linked to the prosperity of the entire Sharp family"

- The business creed is the central axis of all business activities.
- "Sincerity" means a working attitude mindful of what will offer genuinely useful solutions and happiness to everyone.
- "Creativity" means a working attitude not content with the way things are. An attitude that always seeks to add value, and to make efforts to innovate and improve.

United Nations Global Compact

Sharp has been a participant in the United Nations Global Compact since June 2009. The Global Compact contains 10 principles in the areas of human rights, labor, the environment and anti-corruption. Sharp has set targets for specific activities in each of these areas and is promoting efforts across the group.



Socially Responsible Investment (SRI) Recognition

Sharp has received recognition in Japan and overseas for its strong commitment to corporate citizenship. As of March 2012, Sharp was recognized by major SRI evaluating bodies and either selected for SRI indices or awarded CSR certification as noted below.

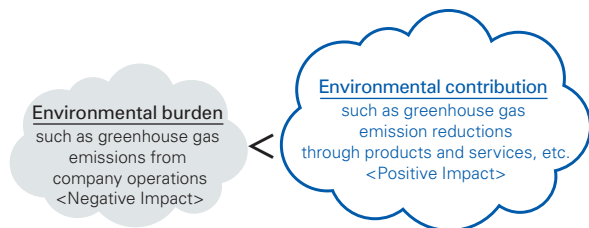
- FTSE4Good Global Index (U.K.)
- MSCI Global Climate Index (U.S.A.)
- Morningstar Socially Responsible Investment Index (Japan)
- Corporate Responsibility Prime Status by oekom research AG (Germany)

Environmental Activities

Sharp's corporate vision is to become an Eco-Positive Company. By working with stakeholders, Sharp aims to become a company whose positive impact through contributions to the environment greatly outweighs any negative impact on the environment caused by business activities. In particular, Sharp is focusing on initiatives to reduce greenhouse gases, which are considered to be the cause of global warming. In fiscal 2011, we achieved our target originally set for fiscal 2012, which was for greenhouse gas emission reductions caused by customer use of Sharp energy-creating and energy-saving products to be more than double the volume of emissions discharged in the course of Sharp's business activities.

To realize the corporate vision, Sharp is promoting an Eco-Positive Strategy, which comprises four channels of action: Technologies, Business, Operations and Communications. Sharp is proactively deploying this strategy on a global scale.

Corporate Vision: Eco-Positive Company



Examples of Initiatives

Eco-Positive Technologies

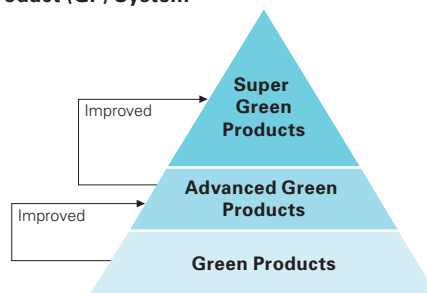
Since fiscal 2001, Sharp has been using its proprietary closed-loop material recycling technology developed in an effort to create environmentally friendly materials. This is Sharp's one-of-a-kind technology that repeatedly recovers plastic from used consumer electronics products and reuses it in the parts made for new products. We have been steadily expanding the volume of plastic recycled using this technology every year, and the cumulative total has reached 7,000 tons. With this technology as the core, Sharp will undertake development of new technologies, and thereby pursue effective use of limited resources.

Eco-Positive Business

Sharp is working to make positive contributions to the environment by enhancing the environmental performance of its products and devices to further reduce carbon dioxide emissions, for example. Regarding products, environmentally conscious products are certified as Green Products (GPs) based on Sharp's own assessment criteria. GPs that offer particularly high levels of environmental performance are called Advanced Green Products (AGPs),

and AGPs that are extremely environmentally conscious are called Super Green Products (SGPs). We are making efforts to raise the proportion of these products.

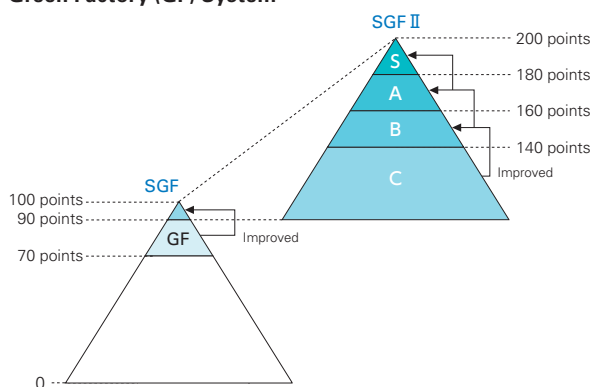
Green Product (GP) System



Eco-Positive Operations

Sharp works actively to raise the environmental performance of various operations at its plants, offices and logistics, in order to reduce their impact on the environment. At plants, it has its own assessment standards for designating plants with a certain level of environmental performance as Green Factories (GFs), and those with exceptionally high levels of environmental performance as Super Green Factories (SGFs). In an ongoing effort to raise our environmental performance even further, we have introduced SGF II as a higher standard set for plants that are already certified as SGFs.

Green Factory (GF) System



Eco-Positive Communications

Sharp works to raise mutual awareness of environmental issues by introducing its environmental initiatives to its wide range of stakeholders and exchanging views. We actively undertake environment-related communications, such as the introduction of our environmental protection initiatives in an easy-to-understand manner on the "Social & Environmental Activities" page of the corporate website, participation in environmental exhibitions, the holding of forums on the environment, and active use of newspapers, television and other media.

Social Contribution Activities

Committed to meeting the expectations and earning the trust of society, Sharp actively engages in social contribution activities based on the spirit of Sharp's founder to show gratitude and appreciation. Sharp focuses particular attention on the fields of the environment, education and social welfare, and undertakes voluntary activities in these three fields on an on-going basis.

Three Important Fields of Social Contribution Activities



Examples of Initiatives

Biodiversity preservation activities

The Sharp Green Club (SGC)* is involved in the creation of Sharp Forests at 12 locations as well as Ramsar Convention wetlands preservation activities in 10 locations in Japan, among other activities. Notably, Sharp Forest activities are being carried out under the new concept of "creating forests in which owls live," aimed at cultivating forests with increasingly more diverse ecosystems. In addition, clean & green activities and various other biodiversity preservation activities are being promoted, mainly in locations where Sharp has business facilities. In Sendai, the City presented the SGC with a certificate of appreciation in recognition of cleanup activities that were continued in the wake of the Great East Japan Earthquake.

* A joint organization, comprising labor and the management, which undertakes planning and runs volunteer events centering on the environment, such as the conservation of forests and natural areas and cleanup activities. Founded in June 2003.



At a Sharp Forest, working to "create forests in which owls live" (Osaka Prefecture)



Ramsar Convention wetlands preservation activities (Lake Man, Okinawa Prefecture)

Educational support activities

To help raise children's environmental awareness and interest in the sciences, Sharp has run programs of environmental education classes at elementary schools since October 2006. While advancing this initiative, Sharp extended its activities to a variety of other activities, including a program of environmental education classes outside of Japan, a program of craftsmanship education classes and an educational program that combines factory tours with environment/craftsmanship

classes. By end of 2011, Sharp had run these programs at a total of 3,000 schools around the world (a total of about 190,000 students had taken part in these programs). These activities have earned high acclaim from the schools, and have also received various awards, including the Minister of Education, Culture, Sports, Science and Technology (MEXT) Prize at the 3Rs (Reduce, Reuse and Recycle) promotion merit awards and the Minister of Economy, Trade and Industry (METI) Award at the Career Education Awards. Going forward, Sharp plans to pursue various other activities, such as career guidance for children with disabilities.



Awarded the MEXT Minister's Prize at the fiscal 2011 3Rs promotion merit awards



Won the METI Minister's Award at the Second Career Education Awards

Activities to support people with disabilities

Sharp conducts various activities to support people with disabilities. Sharp promotes the employment of people with disabilities through its subsidiary Sharp Tokusen Industry Co., and also offers job assistance by providing the opportunity to sell products from vocational aid centers at its business sites. In addition, Sharp runs environmental education classes for children with disabilities.



Work experience training at Sharp Tokusen Industry Co.



Class at school for special needs education

Great East Japan Earthquake response

Sharp made monetary donations and also provided company products (home appliances, solar power generation systems, etc.) to people in the disaster-stricken areas right after the Great East Japan Earthquake. Sharp continues to carry out support activities that include the provision of educational support for children in the affected areas, while employees take part in reconstruction efforts as volunteers and purchase products made at welfare workshops in the affected areas.



Employees take part in reconstruction efforts

Detailed information on Sharp's CSR activities is available at the following website:
<http://sharp-world.com/corporate/eco/index.html>

Corporate Governance

Basic Concept Concerning Corporate Governance

Sharp has always been a manufacturing- and technology-oriented company. In an effort to further strengthen manufacturing competency, Sharp is committed to improving the speed and quality of managerial decisions. Our business activities are limited to the development, production and sale of products and devices, which have a strong interrelation and require high expertise. This enables our directors, who are highly adept at our business, to make swift and accurate management decisions through the mutual exchange of ideas. It also serves to clarify reciprocal managerial responsibilities and promote mutual supervisory functions.

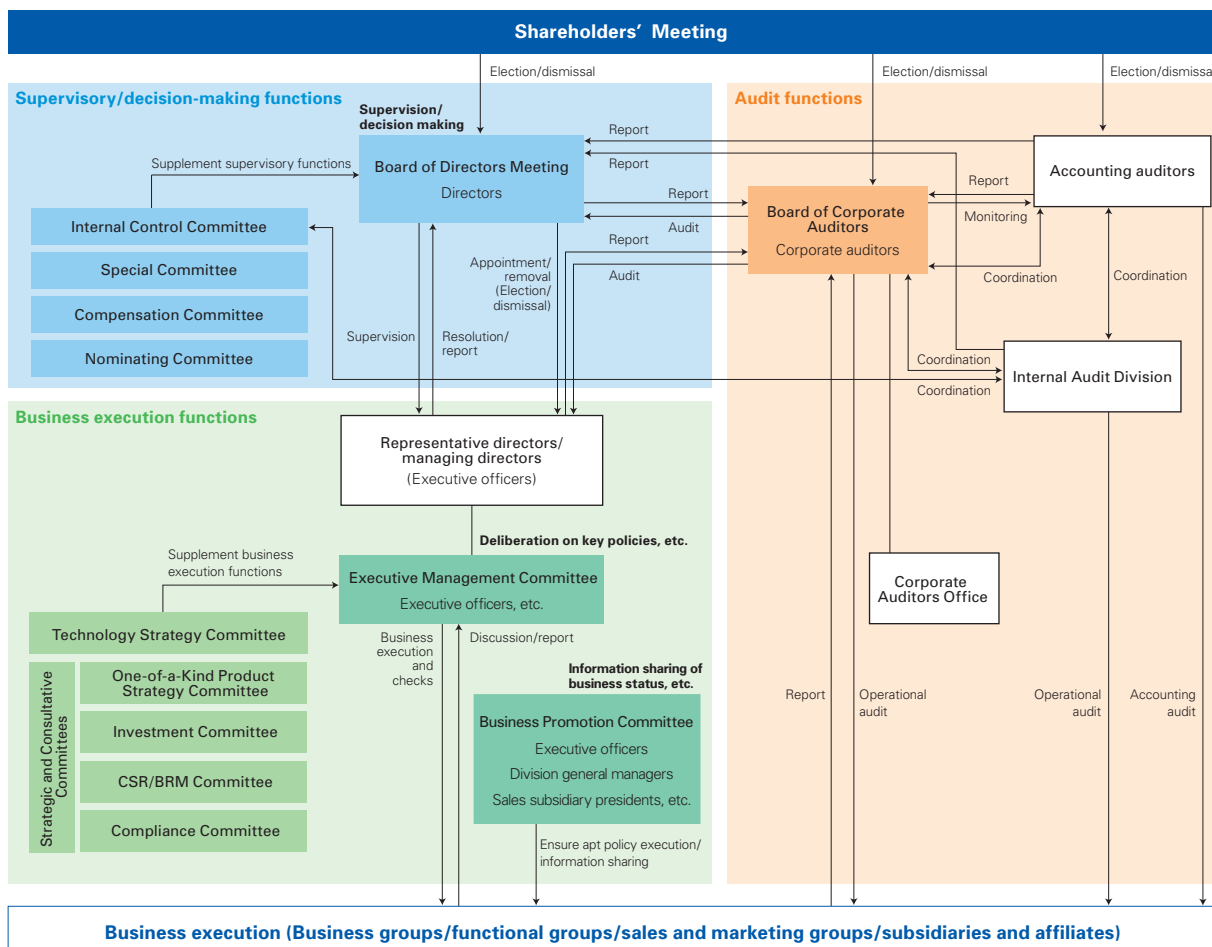
We are also striving to preserve transparency, objectivity and soundness in management together with realizing appropriate management. From the viewpoint of increasing our consideration of shareholders and corporate social responsibility, we have appointed outside directors with an international and multi-fac-

eted perspective, including regarding compliance, on wide-ranging issues such as the social and economic environment, and the future direction of Sharp. In doing so, we have strengthened the decision-making functions within the Board of Directors and the functions for supervising directors' execution of duties. We have also introduced the Executive Officer System, thereby creating a structure that steadily facilitates nimble, efficient business execution.

Sharp has taken these measures to further strengthen the current Director/Corporate Auditor System, which allows management and manufacturing divisions to work together very closely, enabling the business to expand. Sharp works to enhance its corporate governance through this system.

Sharp strives to achieve timely and accurate disclosure of information to all stakeholders, such as shareholders and investors, and is increasing the transparency of management by widely publicizing information.

Corporate Governance System (As of June 26, 2012)



Status of Corporate Governance System

The Board of Directors Meetings of Sharp Corporation are held on a monthly basis in principle to make decisions on matters stipulated by law and management-related matters of importance, and to supervise the state of business execution. To improve management agility and flexibility, and to clarify the responsibilities of the company management during each accounting period, the term of office for members of the Board of Directors is set at one year.

As an advisory body to the Board of Directors, Sharp has established an Internal Control Committee, which deliberates on basic policies, the state of development and implementation regarding internal controls and internal audits, then reports on and discusses important matters with the Board of Directors. As advisory bodies to the Board of Directors, Sharp has also established a Nominating Committee and a Compensation Committee.

To strengthen the decision-making functions within the Board of Directors and the functions for supervising directors' execution of duties, the Company appointed outside directors. The outside directors serve as members of the Nominating Committee and the Compensation Committee, as well as the Special Committee that forms part of the takeover defense plan. The Company also introduced the Executive Officer System to carry out swift and efficient business execution, and to maximize the functions of the Board of Directors by optimizing the number of members.

In addition to the Board of Directors, the Company has an Executive Management Committee, where matters of importance related to corporate management and business operation are discussed and reported twice a month in principle. This committee facilitates prompt executive decision making.

The Board of Corporate Auditors is composed of four

corporate auditors, three of whom are outside corporate auditors with a high degree of independence. Each corporate auditor meets regularly with the representative directors, the directors, the executive officers, the accounting auditors, the head of the Internal Audit Division and others to exchange opinions and work to ensure that business is executed legally, appropriately and efficiently.

Remuneration to Directors and Corporate Auditors

Monthly remuneration is decided within the scope of the respective maximum amount of total remuneration as set forth by a resolution of the General Meeting of Shareholders (directors: up to ¥60 million per month; corporate auditors: up to ¥6.5 million per month). Monthly remuneration for each director is decided by the Compensation Committee as delegated by the Board of Directors, taking into consideration the business performance, extent of risks and other factors. Monthly remuneration for each corporate auditor is decided by consultation among the corporate auditors.

Bonuses are subject to approval of the total amount payable to directors and corporate auditors, respectively, by resolution of the Ordinary General Meeting of Shareholders. Based on this approval, the amount of the bonus for each director is decided by the Compensation Committee as delegated by the Board of Directors, taking into consideration the individual's performance and level of contribution. The amount of bonus for each corporate auditor is decided by consultation among the corporate auditors.

Retirement remuneration for both directors and corporate auditors was abolished as of the conclusion of the 114th Ordinary General Meeting of Shareholders held on June 24, 2008.

Information Concerning Outside Directors and Outside Corporate Auditors (As of June 26, 2012)

Classification	Name	Responsibilities	Important Concurrent Positions at Other Companies
Outside Director	Kunio Ito	To be involved in decision making by the Board of Directors of Sharp and supervise directors' execution of duties, from knowledge based on accounting, business administration, corporate governance theories and other research that he has conducted over many years at university, as well as his experience as an outside executive of companies in different fields of business, etc.	Professor, Graduate School of Commerce and Management, Hitotsubashi University Outside Director, Akebono Brake Industry Co., Ltd. Outside Director, Mitsubishi Corporation Outside Director, Tokio Marine Holdings, Inc.
Outside Director	Makoto Kato	To be involved in decision making by the Board of Directors of Sharp and supervise directors' execution of duties, from a broad perspective drawn on experience in business and management of a general trading company over many years	—
Outside Corporate Auditor	Shinji Hirayama	To audit legality and correctness of Sharp's execution of business from a broad perspective drawn on long experience in the financial industry, which is a different field of business to Sharp's	—
Outside Corporate Auditor	Yoichiro Natsuzumi	To audit legality and correctness of Sharp's execution of business from extensive experience as a lawyer specializing in corporate legal work	Lawyer Outside Corporate Auditor, Taiyo Kogyo Corporation Outside Corporate Auditor, ARAYA INDUSTRIAL CO., LTD.
Outside Corporate Auditor	Masuo Okumura	To audit legality and correctness of Sharp's execution of business based on objective insight drawn on experience in serving in important posts with the police	Chairperson, Japan Traffic Safety Association Outside Corporate Auditor, TV Asahi Corporation

Note: Sharp has designated all of the outside directors and outside corporate auditors as independent directors and independent corporate auditors as set forth by the financial instruments exchanges on which Sharp's stock is listed.

Remuneration to Directors and Corporate Auditors in Fiscal 2011

Classification	Total Amount of Remuneration
Directors (excluding outside directors)	¥439 million
Corporate auditors (excluding outside corporate auditors)	¥28 million
Outside directors/auditors (2 outside directors and 4 outside corporate auditors)	¥71 million

Notes:

1. The amount above includes remuneration corresponding to fiscal 2011 for one outside corporate auditor who resigned the position as of the conclusion of the 117th Ordinary General Meeting of Shareholders held on June 23, 2011.
2. No bonuses to directors/auditors were paid in fiscal 2011.
3. Remuneration does not amount to ¥100 million or more for any party.

Ongoing Development of the Internal Control System

In May 2006, the Board of Directors passed a resolution to adopt a basic policy related to the development of systems necessary to ensure the properness of business (Basic Policy for Internal Control), which was partially amended in April 2012. This amended policy forms the basis for Sharp's ongoing development and implementation of its internal control system. The Internal Control Committee, which is an advisory body to the Board of Directors, deliberates on basic policies regarding internal controls and internal audits, and the state of development and implementation of initiatives related to the internal control system, then reports on and discusses important matters with the Board of Directors. The department promoting internal controls on a company-wide basis oversees the internal controls of the business execution departments. Meanwhile the Internal Audit Division makes concrete proposals on how to improve business operations and reinforces internal controls by checking the validity of business execution as well as the appropriateness and efficiency of management.

To enhance compliance throughout the group, Sharp introduced the Sharp Group Charter of Corporate Behavior, a set of principles to guide corporate behavior, and the Sharp Code of Conduct, which clarifies the conduct expected of all directors, auditors, executive officers and employees of Sharp. Sharp ensures that these guidelines are thoroughly observed by posting them on the Web and carrying out position-specific training programs. Based on the basic rules of compliance, Sharp has also set up a Compliance Committee and is developing a company-wide compliance promotion system. Meanwhile, Sharp is implementing thorough measures to prevent compliance breaches by distributing a Sharp Group Compliance Guidebook to all employees and implementing training based on the guidebook.

In order to comprehensively and systematically

deal with diverse business risk, Sharp formulated the Business Risk Management Guideline to achieve prevention of and swift responses to risk.

Plan Regarding Large-Scale Purchases of Sharp Corporation Shares (Takeover Defense Plan)

In order to protect and enhance the corporate value and common interests of shareholders of a manufacturing firm such as Sharp, a company must develop in-house and make good use of advanced technology and manufacturing technology from a medium- to long-term perspective. Furthermore, Sharp believes it is essential to build good cooperative relationships with stakeholders such as customers, business partners and employees.

The Board of Directors of Sharp believes that determining whether to accept large-scale share purchases aimed at a takeover should be ultimately entrusted to the shareholders. However, the Board of Directors of Sharp also believes that it is not appropriate for any party that conducts an inappropriate purchase, such as one that clearly harms the corporate value and common interests of shareholders and/or puts undue pressure on shareholders to sell shares, to take control over Sharp, and that it is necessary to take reasonable countermeasures against such purchases.

In order to prevent such purchasing activity, Sharp has adopted the prior warning type of defense measures called the Plan Regarding Large-Scale Purchases of Sharp Corporation Shares (Takeover Defense Plan)* (hereinafter referred to as the "Plan").

The Plan provides rules for enabling shareholders to reach a proper decision, by requiring large-scale purchasers of the Company's shares who intend to obtain 20% or more of the voting rights of the Company to provide sufficient information and give an adequate assessment period. If a large-scale purchaser does not follow the rules, or although the large-scale purchaser complies with these rules, the large-scale purchase is deemed to be harmful to corporate value and common interests of shareholders, the Board of Directors of Sharp will make a decision concerning the implementation of countermeasures after fully taking into consideration the advice and recommendations of the Special Committee consisting of three or more persons who remain independent of Sharp's management.

At the 117th Ordinary General Meeting of Shareholders held on June 23, 2011, shareholders approved the continuation of the Plan. The effective term of the Plan is until the conclusion of the 120th Ordinary General Meeting of Shareholders, which will be held by June 30, 2014.

* For more details of the Plan, please visit the website below:

<http://sharp-world.com/corporate/ir/topics/pdf/110427-1.pdf>

For profiles of the Special Committee members, please visit the website below:

<http://sharp-world.com/corporate/ir/topics/pdf/110623-1.pdf>

Risk Factors

Listed below are the principal business risks of Sharp that may have a significant influence on investors' decisions. Note that in addition to these, there exist certain other risks that are difficult to foresee. Each of these risks has the potential to impact the operations, business results and financial position of Sharp. All references to possible future developments in the following text were made by Sharp as of March 31, 2012.

(1) Global Market Trends

Sharp manufactures and sells products and services in different regions around the world. Business results and financial position are thus subject to economic and consumer trends (especially trends in private consumption and corporate capital investment), competition with other companies, product demand, raw material supply and price fluctuations in each region. The political and economic situation in respective areas may also exert an influence on business results and financial position.

(2) Exchange Rate Fluctuations

The proportion of consolidated net sales accounted for by overseas sales stood at 48.1% in fiscal 2009, 47.3% in fiscal 2010 and 51.9% in fiscal 2011. Although Sharp hedges the risk of exchange rate fluctuations by employing forward exchange contracts and expanding and strengthening overseas production, such fluctuations may affect its business results.

(3) Strategic Alliances and Collaborations

Sharp implements strategic alliances and collaborations with other companies in order to enhance corporate competitiveness, to improve profitability and to bolster the development of new technologies and products in various business fields. If, however, any strategic or other business issues arise, or objectives change, it may become difficult to maintain such alliances and collaborative ties with these companies, or to generate adequate results. In such cases, Sharp's business results and financial position may be impacted.

(4) Business Partners

Sharp procures materials and receives services from a large number of business partners, and transactions are made only once a detailed credit check of the company has been completed. However, there is a risk that business partners may suffer deterioration in performance due to slumping demand or severe price erosion, or face an unexpected M&A, or be impacted by natural disasters or accidents, or procure materials of insufficient quality, or become involved in a corporate scandal such as a breach of the law, or be affected by legal regula-

tions concerning human rights or environmental issues such as the problem of "conflict minerals" in the supply chain. Any of these factors may affect Sharp's business results and financial position.

(5) Technological Innovation

New technologies are emerging rapidly in the markets where Sharp operates. Resultant changes in social infrastructure, intensified market competition, changes in technology standards, or the appearance of substitute technologies may impact Sharp's business results and financial position.

(6) Intellectual Property Rights

Sharp strives to protect its proprietary technologies by acquiring patents, trademarks, and other intellectual property rights in Japan and in other countries, and by concluding contracts with other companies. However, there is a risk that rights may not be granted, or a third party may demand invalidation of an application, such that Sharp may be unable to obtain sufficient legal protection of its proprietary technologies. In addition, intellectual property that Sharp holds may not result in a superior competitive advantage, or Sharp may not be able to make effective use of such intellectual property, such as when a third party infringes on the intellectual property rights of Sharp. There may also be instances where a third party launches litigation against Sharp, claiming infringement of intellectual property rights. Resolution of such cases may place a significant financial burden on Sharp. Furthermore, if such a third-party claim against Sharp is recognized, Sharp may have to pay a large amount of compensation, and may incur further damage by having to cease using the technology in question. Also, as a result of an M&A, a third party previously unlicensed to use Sharp's intellectual property may acquire such license, with the result that Sharp's intellectual property may lose its superiority. Alternatively, an M&A with a third party could result in Sharp's business becoming subject to new restrictions to which it had not previously been subject, the resolution of which may require Sharp to pay additional compensation. Furthermore, although compensation is given to employees for innovations that they make in the course of their work pursuant to a patent reward system governed by internal regulations, an employee may consider such payment inadequate and initiate legal action. If any of the above problems related to intellectual property were to occur, it could impact Sharp's business results and financial position.

(7) Product Liability

Sharp manufactures products in accordance with strict quality control standards to ensure the utmost in quality. In order to fulfill its responsibility as a manufacturer in case product defects do arise, Sharp has taken out insurance to cover compensations based on product liability. Nonetheless, there is still a risk of a large-scale product recall or litigation caused by unforeseen events, which may adversely affect Sharp's brand image or influence its business results and financial position.

(8) Laws and Regulations

The business activities of Sharp are subject to various regulations in countries where it operates, including business and investment approval, export regulations, tariffs, accounting standards and taxation. Sharp must also adhere to various laws and regulations concerning trading, antitrust practices, product liability, consumer protection, intellectual property rights, product safety, the environment and recycling and internal control. Changes in such laws and regulations, and additional expenses to comply with the amendments may affect Sharp's business results and financial position. Further, in a case where an accident occurs related to one of Sharp's products, report of said incident, based on the Consumer Product Safety Law and related regulations in Japan, and disclosure of the accident information based on a system for public announcements could diminish Sharp's brand image.

(9) Litigation and Other Legal Proceedings

Sharp conducts business activities around the world, and as such, there is a risk that Sharp could become involved with litigation and other legal proceedings in each country. If Sharp becomes involved in litigation or other legal proceedings, with the different legal and judicial systems in each country, depending on the case, Sharp may be ordered to pay a significant amount in damages or fines. Sharp is subject to investigations conducted by the Directorate-General for Competition of the European Commission, etc., with respect to its TFT LCD business. In addition, civil lawsuits seeking monetary damages resulting from alleged anticompetitive behavior have been filed in North America and Europe against Sharp. Sharp also received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission. However, Sharp has submitted a complaint to the Commission and the complaint is pending. It is difficult to predict the result of these proceedings and litigation at this stage. An adverse result could affect Sharp's business results and financial position.

(10) Leakage of Personal Data and Other Information

Sharp retains personal data and other confidential information concerning its customers, business partners and employees. Extreme care is taken to protect this information. A company-wide management system promotes employee education, internal auditing, and other measures aimed at ensuring compliance with management regulations. If information is leaked, however, it may reduce confidence in Sharp or result in substantial costs (associated with leakage prevention measures or indemnification for damages, for instance), which may affect Sharp's business results and financial position.

(11) Large-Scale Natural Disasters

Sharp has created and adopted preventative/emergency measures and a business continuity plan aimed at rapid recovery/restoration in order to be prepared and limit damage in the event of large-scale natural disasters such as earthquakes and typhoons. However, if Sharp or its partners' business activities are impaired due to the occurrence of a large-scale natural disaster, it may affect Sharp's business results and financial position.

(12) Risks Accompanying the Nuclear Power Plant Disaster

The Tokyo Electric Power (TEPCO) Fukushima Daiichi Nuclear Power Plant accident accompanying the Great East Japan Earthquake on March 11, 2011, has had various adverse effects on both Japanese and overseas markets, which may affect Sharp's business results and financial position. Moreover, in response to electricity usage restrictions in the areas served by TEPCO and Tohoku Electric Power and energy-conservation requests in the areas served by Kansai Electric Power and elsewhere in 2011, we are promoting company-wide energy-saving efforts. In the future, if electricity supply shortages due to electricity usage restrictions by the government, energy-conservation requests from various power companies, etc., escalate and Sharp is requested to significantly reduce electricity usage amounts, or if a situation such as rolling blackouts occurs, plant operations will be reduced or production temporarily suspended, which may affect Sharp's business results and financial position.

(13) Other Key Variable Factors

In addition to the aforementioned risks, Sharp's business results may be significantly affected by human-induced calamities such as accidents, conflicts, insurrections or terrorism; the spread of a new strain of influenza or other infectious disease; or major fluctuations in the stock and bond markets.

Directors, Corporate Auditors and Executive Officers

(As of July 16, 2012)

Directors



Director,
Chairman
Mikio Katayama



Representative Director,
President
Takashi Okuda



Representative Director
Shigeaki Mizushima



Representative Director
Kozo Takahashi



Representative Director
Tetsuo Onishi



Director
Nobuyuki Sugano



Director
Fujikazu Nakayama



Director
Toshihiko Fujimoto



Director
Kazutaka Ihori



Director
Nobuyuki Taniguchi



Director
Kunio Ito^{*1}



Director
Makoto Kato^{*1}

Corporate Auditors

Full-time Corporate Auditors

Junzo Ueda
Shinji Hirayama^{*2}

Corporate Auditors

Yoichiro Natsuzumi^{*2}
Masuo Okumura^{*2}

Executive Officers

President

Takashi Okuda

Executive Vice Presidents

Shigeaki Mizushima
Kozo Takahashi

Senior Executive
Managing Officers

Tetsuo Onishi
Nobuyuki Sugano
Fujikazu Nakayama

Executive Managing Officers

Yoshisuke Hasegawa
Moriyuki Okada
Motohiko Hayashi
Noboru Fujimoto
Toshihiko Fujimoto
Kazutaka Ihori

Executive Officers

Masami Ohbatake
Masatsugu Teragawa
Nobuyuki Taniguchi
Tetsuro Muramatsu
Kazutoshi Goto
Norikazu Hohshi
Keiko Okada
Masayuki Mohri

Ryutaro Egawa
Noboru Yamazawa
Kazushi Mukai
Hiroshi Morimoto
Akira Atarashi
Paul Molyneux
Mototaka Taneya
Toshiyuki Osawa

^{*1} Outside Directors

^{*2} Outside Corporate Auditors

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Five-Year Financial Summary

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31

	Yen (millions)					U.S. Dollars (thousands)
	2008	2009	2010	2011	2012	2012
Net Sales	¥ 3,417,736	¥ 2,847,227	¥ 2,755,948	¥ 3,021,973	¥ 2,455,850	\$ 30,319,136
Domestic sales	1,590,747	1,302,261	1,429,057	1,592,909	1,181,168	14,582,321
Overseas sales	1,826,989	1,544,966	1,326,891	1,429,064	1,274,682	15,736,815
Operating Income (Loss)	183,692	(55,481)	51,903	78,896	(37,552)	(463,605)
Income (Loss) before Income Taxes and Minority Interests	162,240	(204,139)	6,139	40,880	(238,429)	(2,943,568)
Net Income (Loss)	101,922	(125,815)	4,397	19,401	(376,076)	(4,642,914)
Net Assets	1,241,868	1,048,447	1,065,860	1,048,645	645,120	7,964,445
Total Assets	3,073,207	2,688,721	2,836,255	2,885,678	2,614,135	32,273,272
Capital Investment*¹	344,262	260,337	215,781	172,553	118,899	1,467,889
Depreciation and Amortization	276,567	315,799	277,257	289,602	269,020	3,321,235
R&D Expenditures	196,186	195,525	166,507	173,983	154,798	1,911,086
Per Share of Common Stock	Yen					U.S. Dollars
Net income (loss)	¥ 93.17	¥ (114.33)	¥ 4.00	¥ 17.63	¥ (341.78)	\$ (4.22)
Diluted net income	86.91	—	3.78	16.47	—	—
Cash dividends	28.00	21.00	17.00	17.00	10.00	0.12
Net assets	1,119.09	944.24	949.19	932.46	568.83	7.02
Other Financial Data						
Return on equity (ROE)	8.4%	(11.1%)	0.4%	1.9%	(45.5%)	—
Return on assets (ROA)	3.4%	(4.4%)	0.2%	0.7%	(13.7%)	—
Equity ratio	40.1%	38.6%	36.8%	35.6%	23.9%	—

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

	Yen (millions)					U.S. Dollars (thousands)
	2008	2009	2010	2011	2012	2012
Net Sales	¥ 3,417,736	¥ 2,847,227	¥ 2,755,948	¥ 3,021,973	¥ 2,455,850	\$ 30,319,136
Sales by Product Group^{*2} (Sales to Outside Customers)						
Audio-Visual and Communication Equipment	1,624,713	1,367,600	1,332,129	1,426,243	1,060,770	13,095,926
Health and Environmental Equipment	249,843	225,290	244,090	269,845	292,224	3,607,704
Information Equipment	410,785	306,077	266,920	273,900	277,561	3,426,679
Consumer/Information Products	2,285,341	1,898,967	1,843,139	1,969,988	1,630,555	20,130,309
LCDs	683,310	573,854	508,630	614,373	420,226	5,187,975
Solar Cells	151,011	157,095	208,732	265,492	223,869	2,763,815
Other Electronic Devices	298,074	217,311	195,447	172,120	181,200	2,237,037
Electronic Components	1,132,395	948,260	912,809	1,051,985	825,295	10,188,827
Total	3,417,736	2,847,227	2,755,948	3,021,973	2,455,850	30,319,136
Sales by Region^{*3}						
Japan	1,590,747	1,302,261	1,429,057	—	—	—
The Americas	625,841	488,428	342,923	—	—	—
Europe	584,252	451,090	393,212	—	—	—
China	412,470	407,777	365,440	—	—	—
Other	204,426	197,671	225,316	—	—	—
Total	3,417,736	2,847,227	2,755,948	—	—	—
Japan	—	—	1,429,057	1,592,909	1,181,168	14,582,321
The Americas	—	—	283,641	302,021	288,380	3,560,247
Europe	—	—	336,642	367,962	282,606	3,488,963
China	—	—	422,881	516,977	483,298	5,966,642
Other	—	—	283,727	242,104	220,398	2,720,963
Total	—	—	2,755,948	3,021,973	2,455,850	30,319,136

*2 Effective for the year ended March 31, 2009, the Company adopted the segment classification presented above in "Sales by Product Group" in place of the former classification: Audio-Visual and Communication Equipment, Home Appliances, Information Equipment, LSIs, LCDs, and Other Electronic Components. In addition, some items previously included in Audio-Visual and Communication Equipment had been reclassified and were included in Information Equipment, and some items previously included in Information Equipment had been reclassified and were included in Audio-Visual and Communication Equipment. In this regard, "Sales by Product Group" of 2008 has been restated to conform with the 2009 presentation.

Effective for the year ended March 31, 2010, some items previously included in Information Equipment have been reclassified and are included in Audio-Visual and Communication Equipment. In this connection, "Sales by Product Group" of 2009 has been restated to conform with the 2010 presentation.

*3 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

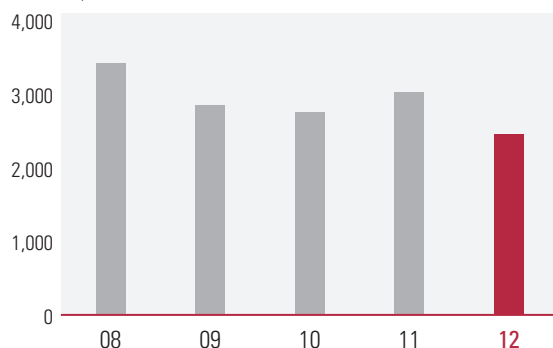
Sharp Corporation and Consolidated Subsidiaries

Operations

Consolidated net sales for the year ended March 31, 2012 were ¥2,455,850 million, down 18.7% from the previous year.

Net Sales

(billions of yen)

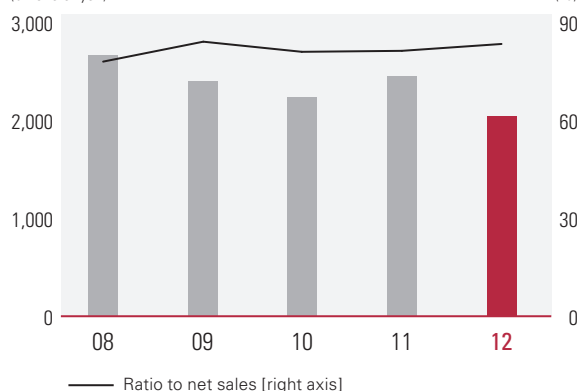


Financial Results

Cost of sales decreased by ¥408,503 million over the previous year to ¥2,043,842 million, although the cost of sales ratio increased from 81.2% recorded in the previous year to 83.2%.

Cost of Sales

(billions of yen)



Selling, general and administrative (SG&A) expenses decreased by ¥41,172 million to ¥449,560 million, and the ratio of SG&A expenses against net sales increased

from 16.2% to 18.3%. SG&A expenses included R&D expenditures of ¥36,630 million and employees' salaries and other benefits expenses of ¥123,025 million.

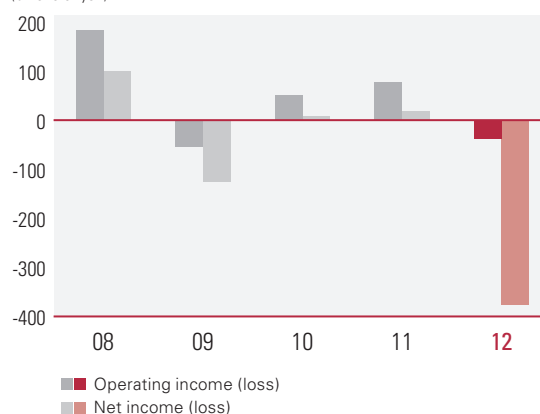
As a result, the operating loss amounted to ¥37,552 million, compared to operating income of ¥78,896 million in the previous year.

Other expenses, net of other income, were in a net loss position and amounted to ¥200,877 million.

The loss before income taxes and minority interests came to ¥238,429 million, compared to income before income taxes and minority interests of ¥40,880 million in the previous year, and the net loss amounted to ¥376,076 million, compared to net income of ¥19,401 million in the previous year. The net loss per share of common stock was ¥341.78.

Operating Income (Loss)/Net Income (Loss)

(billions of yen)



Segment Information

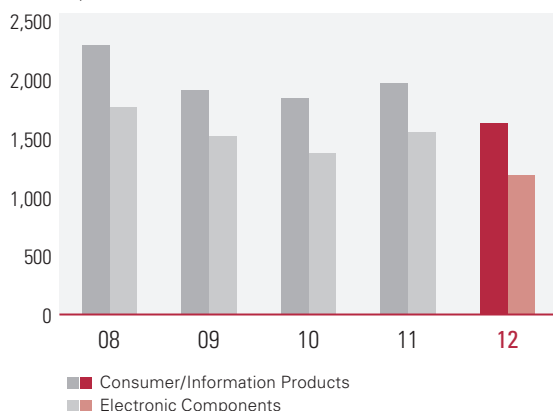
Sales in the Consumer/Information Products segment decreased by 17.2% over the previous year to ¥1,630,999 million, and operating income decreased by 35.6% to ¥51,008 million.

Sales in the Electronic Components segment decreased by 23.9% to ¥1,183,008 million. The operating loss amounted to ¥54,699 million, compared to operating income of ¥30,728 million in the previous year.

- 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). In this regard, figures of 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 of intersegment trading.
3. Capital investment figures shown in "Capital Investment and Depreciation" include the amount of leased properties.

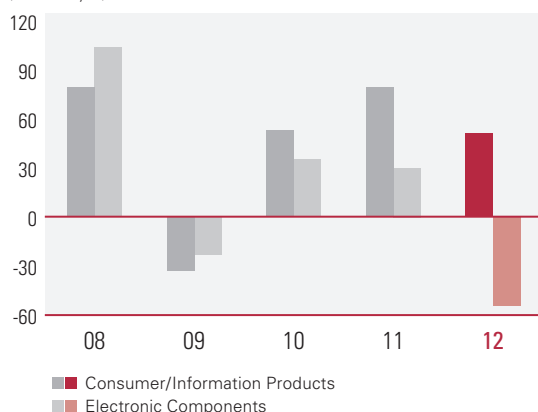
Sales

(billions of yen)



Operating Income (Loss)

(billions of yen)



[Reference Information]

Information by Product Group

Consumer/Information Products

Audio-Visual and Communication Equipment

Sales in this group amounted to ¥1,061,092 million, down 25.6% from the previous year, and the operating loss was ¥6,194 million, compared to operating income of ¥40,745 million in the previous year. Sales increased for large-screen LCD TVs 60 inches and larger, especially in North America. However, overall sales of LCD TVs declined significantly over the previous year, mainly due to decreased demand following the end of analog TV broadcasting in Japan, as well as greater-than-expected price declines. Sales of mobile phones also decreased, due to lower domestic demand for conventional mobile phones and the impact of intensified competition with overseas manufacturers.

Health and Environmental Equipment

Sales in this group increased by 8.3% to ¥292,303 million, and operating income increased by 47.6% to ¥29,460 million. Contributing to this performance were increased sales of LED lights and air purifiers, reflecting a rise in awareness about energy saving and health.

Information Equipment

Sales in this group remained mostly unchanged, increasing by 1.3%, to ¥277,604 million. Operating income increased by 49.5% to ¥27,742 million, mainly due to an increase in sales of digital full-color MFPs.

Sales by Product Group

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Audio-Visual and Communication Equipment	¥ 1,426,734	¥ 1,061,092	\$ 13,099,901
Health and Environmental Equipment	269,883	292,303	3,608,679
Information Equipment	273,953	277,604	3,427,210
Consumer/Information Products	1,970,570	1,630,999	20,135,790
LCDs	1,026,959	720,978	8,900,963
Solar Cells	265,538	223,916	2,764,395
Other Electronic Devices	261,520	238,114	2,939,679
Electronic Components	1,554,017	1,183,008	14,605,037
Adjustments	(502,614)	(358,157)	(4,421,691)
Total	3,021,973	2,455,850	30,319,136

Electronic Components

LCDs

Sales in this group decreased by 29.8% to ¥720,978 million, stemming from production adjustments at large-size LCD plants to address deteriorating market conditions worldwide. By contrast, sales of LCDs for mobile devices increased. The operating loss amounted to ¥42,236 million, compared to operating income of ¥17,085 million in the previous year, due to the sales decline, as well as a loss on valuation of inventories.

Solar Cells

Sales in this group decreased by 15.7% to ¥223,916 million, and the operating loss was ¥21,982 million, compared to operating income of ¥2,105 million in the previous year. This was mainly due to a sharp drop in demand in Europe, as well as declining prices stemming from intense competition in the Japanese market.

Other Electronic Devices

Sales in this group decreased by 8.9% to ¥238,114 million, and operating income decreased by 17.5% to ¥9,519 million, due to falling sales of devices for digital products such as LCD TVs.

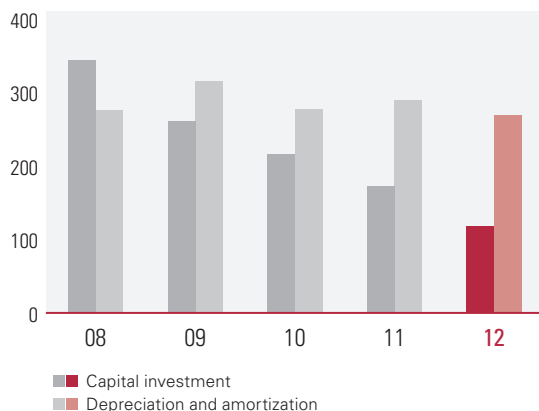
Capital Investment and Depreciation

Capital investment amounted to ¥118,899 million, down 31.1% from the previous year. Much of this investment was allocated to expansion of mobile LCD production lines, in order to respond to brisk demand for LCDs for mobile devices such as smartphones and tablet terminals.

By business segment, capital investment for Consumer/Information Products was ¥24,391 million, and

Capital Investment/ Depreciation and Amortization

(billions of yen)



for Electronic Components was ¥86,602 million. Unallocated capital investment amounted to ¥7,906 million.

Depreciation and amortization decreased by 7.1% to ¥269,020 million.

Assets, Liabilities and Net Assets

Total assets decreased by ¥271,543 million from the end of the previous year to ¥2,614,135 million.

Assets

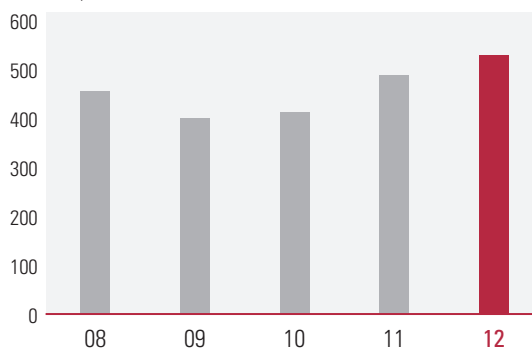
Current assets amounted to ¥1,421,125 million, a decrease of ¥101,425 million. This was mainly due to a ¥47,338 million decrease in cash and cash equivalents, as well as a ¥138,800 million decrease in notes and accounts receivable, which was partially offset by a ¥41,423 million increase in inventories to ¥527,483 million. Included in inventories, finished products increased by ¥2,592 million to ¥194,220 million, work in process increased by ¥57,963 million to ¥264,577 million, and raw materials and supplies decreased by ¥19,132 million to ¥68,686 million.

Plant and equipment decreased by ¥92,472 million to ¥872,442 million, mainly due to a reduction in capital investment.

Investments and other assets amounted to ¥320,568 million, a decrease of ¥77,646 million, due largely to a decline in deferred tax assets.

Inventories

(billions of yen)



Liabilities

Current liabilities increased by ¥145,167 million to ¥1,391,080 million. Short-term borrowings increased by ¥310,667 million to ¥597,997 million. Included in short-term borrowings, bank loans increased by ¥94,563 million to ¥199,085 million, commercial paper increased by ¥211,234 million to ¥351,000 million, and current

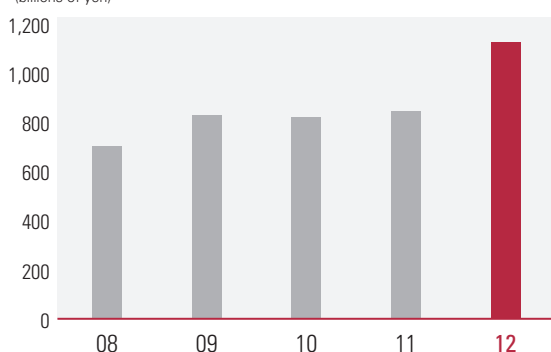
portion of long-term debt increased by ¥4,870 million to ¥47,912 million. Notes and accounts payable amounted to ¥436,573 million, a decrease of ¥165,508 million.

Long-term liabilities decreased by ¥13,185 million to ¥577,935 million. This was mainly due to a ¥30,760 million decrease in long-term debt.

Interest-bearing debt was ¥1,127,157 million, an increase of ¥279,907 million.

Interest-Bearing Debt

(billions of yen)

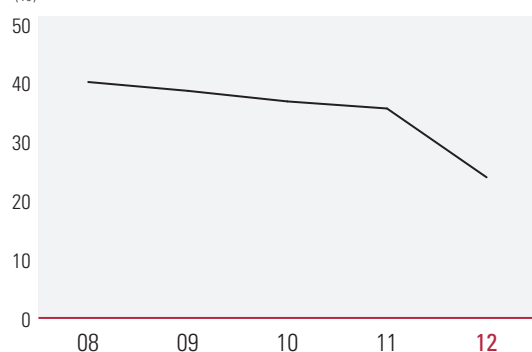


Net Assets

Net assets amounted to ¥645,120 million, a decrease of ¥403,525 million. This was mainly due to a ¥388,998 million decrease in retained earnings. The equity ratio was 23.9%.

Equity Ratio

(%)



Cash Flows

Cash and cash equivalents at end of year stood at ¥193,772 million, a decrease of ¥47,338 million over the previous year, as combined cash outflows from operating and investing activities exceeded cash inflows from financing activities.

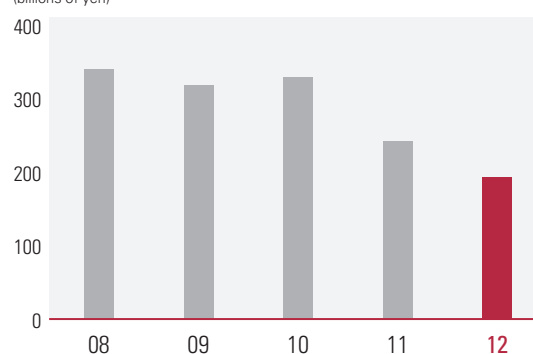
Net cash used in operating activities amounted to ¥143,302 million, compared to net cash provided by operating activities of ¥167,443 million in the previous year. Main factors included the loss before income taxes and minority interests of ¥238,429 million compared to income before income taxes and minority interests of ¥40,880 million in the previous year, as well as a decrease in payables of ¥147,162 million compared to ¥762 million in the previous year. Meanwhile, there was a decrease in notes and accounts receivable of ¥146,448 million, compared to an increase in notes and accounts receivable of ¥60,547 million in the previous year.

Net cash used in investing activities amounted to ¥159,557 million, a decrease of ¥85,056 million. This was mainly due to a ¥77,236 million decline in purchase of property, plant and equipment.

Net cash provided by financing activities was ¥256,381 million, compared to net cash used in financing activities of ¥6,254 million in the previous year. Main factors included a net increase in short-term borrowings of ¥305,595 million compared to ¥7,328 million in the previous year.

Cash and Cash Equivalents

(billions of yen)



Consolidated Balance Sheets

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

	Yen (millions)		U.S. Dollars (thousands)
ASSETS	2011	2012	2012
Current Assets:			
Cash and cash equivalents (Note 7)	¥ 241,110	¥ 193,772	\$ 2,392,247
Time deposits (Note 7)	1,200	1,341	16,556
Short-term investments (Notes 2 and 7)	5,578	212	2,617
Notes and accounts receivable (Note 7) —			
Trade	561,430	428,139	5,285,666
Nonconsolidated subsidiaries and affiliates	15,996	12,164	150,173
Allowance for doubtful receivables	(2,730)	(4,407)	(54,407)
Inventories (Note 3)	486,060	527,483	6,512,136
Deferred tax assets (Note 4)	93,810	90,394	1,115,975
Other current assets	120,096	172,027	2,123,790
Total current assets	1,522,550	1,421,125	17,544,753
Property, Plant and Equipment, at Cost (Note 6):			
Land	100,124	98,840	1,220,247
Buildings and structures	840,912	841,205	10,385,247
Machinery and equipment	2,041,523	2,030,081	25,062,728
Construction in progress	31,269	81,245	1,003,025
	3,013,828	3,051,371	37,671,247
Less accumulated depreciation	(2,048,914)	(2,178,929)	(26,900,358)
	964,914	872,442	10,770,889
Investments and Other Assets:			
Investments in securities (Notes 2 and 7)	57,505	58,859	726,655
Investments in nonconsolidated subsidiaries and affiliates (Note 7)	40,960	40,547	500,580
Bond issue cost	2,316	1,458	18,000
Other assets	297,433	219,704	2,712,395
	398,214	320,568	3,957,630
	¥ 2,885,678	¥ 2,614,135	\$ 32,273,272

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

	Yen (millions)		U.S. Dollars (thousands)
LIABILITIES AND NET ASSETS	2011	2012	2012
Current Liabilities:			
Short-term borrowings, including current portion of long-term debt (Notes 5 and 7)	¥ 287,330	¥ 597,997	\$ 7,382,679
Notes and accounts payable (Note 7) —			
Trade	524,641	384,322	4,744,716
Construction and other	71,356	47,804	590,173
Nonconsolidated subsidiaries and affiliates	6,084	4,447	54,901
Accrued expenses	217,339	195,506	2,413,654
Income taxes (Note 4)	12,471	5,963	73,617
Other current liabilities (Note 4)	126,692	155,041	1,914,087
Total current liabilities	1,245,913	1,391,080	17,173,827
Long-term Liabilities:			
Long-term debt (Notes 5 and 7)	559,920	529,160	6,532,839
Allowance for severance and pension benefits (Note 10)	4,618	6,000	74,074
Deferred tax liabilities (Note 4)	11,600	29,304	361,778
Other long-term liabilities	14,982	13,471	166,309
	591,120	577,935	7,135,000
Contingent Liabilities (Note 9)			
Net Assets (Note 8):			
Common stock:			
Authorized —2,500,000 thousand shares			
Issued —1,110,699 thousand shares	204,676	204,676	2,526,864
Capital surplus	268,530	268,528	3,315,161
Retained earnings	648,935	259,937	3,209,099
Less cost of treasury stock:			
10,353 thousand shares in 2011 and 10,375 thousand shares in 2012	(13,863)	(13,876)	(171,309)
Net unrealized holding gains (losses) on securities	5,915	5,610	69,259
Deferred gains (losses) on hedges	(1,028)	(5,749)	(70,975)
Foreign currency translation adjustments	(85,317)	(90,305)	(1,114,876)
Pension liability adjustment of foreign subsidiaries	(1,815)	(2,927)	(36,136)
Minority interests	22,612	19,226	237,358
Total net assets	1,048,645	645,120	7,964,445
	¥ 2,885,678	¥ 2,614,135	\$ 32,273,272

Consolidated Statements of Operations

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Net Sales	¥ 3,021,973	¥ 2,455,850	\$ 30,319,136
Cost of Sales	2,452,345	2,043,842	25,232,617
Gross profit	569,628	412,008	5,086,519
Selling, General and Administrative Expenses	490,732	449,560	5,550,124
Operating income (loss)	78,896	(37,552)	(463,605)
Other Income (Expenses):			
Interest and dividends income	3,119	2,730	33,704
Interest expenses	(8,001)	(8,646)	(106,741)
Subsidy income	—	10,000	123,457
Impairment loss (Note 12)	—	(6,656)	(82,173)
Loss on quality compensation	—	(11,500)	(141,975)
Loss on suspension of large size LCD plant operation (Note 13)	—	(25,887)	(319,593)
Restructuring charges (Note 14)	(12,655)	(117,110)	(1,445,803)
Settlement package	—	(18,857)	(232,802)
Other, net	(20,479)	(24,951)	(308,037)
	(38,016)	(200,877)	(2,479,963)
Income (loss) before income taxes and minority interests	40,880	(238,429)	(2,943,568)
Income Taxes (Note 4):			
Current	26,927	19,617	242,185
Deferred	(7,244)	115,523	1,426,210
	19,683	135,140	1,668,395
Income (loss) before minority interests	21,197	(373,569)	(4,611,963)
Minority Interests in Income of Consolidated Subsidiaries	(1,796)	(2,507)	(30,951)
Net income (loss)	¥ 19,401	¥ (376,076)	\$ (4,642,914)
	Yen		U.S. Dollars
	2011	2012	2012
Per Share of Common Stock (Note 8):			
Net income (loss)	¥ 17.63	¥ (341.78)	\$ (4.22)
Diluted net income	16.47	—	—
Cash dividends	17.00	10.00	0.12

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

Consolidated Statements of Comprehensive Income

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Income (Loss) before Minority Interests	¥ 21,197	¥ (373,569)	\$ (4,611,963)
Other Comprehensive Income:			
Net unrealized holding gains (losses) on securities	(1,460)	(515)	(6,358)
Deferred gains (losses) on hedges	(1,246)	(4,725)	(58,333)
Foreign currency translation adjustments	(13,254)	(5,137)	(63,420)
Pension liability adjustment of foreign subsidiaries	(612)	(1,112)	(13,728)
Share of other comprehensive income of affiliates accounted for using equity method	(236)	178	2,197
Total other comprehensive income	(16,808)	(11,311)	(139,642)
Comprehensive Income	4,389	(384,880)	(4,751,605)
Comprehensive income attributable to:			
Owners of the parent	3,052	(387,418)	(4,782,938)
Minority interests	1,337	2,538	31,333

Consolidated Statements of Changes in Net Assets

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

	(thousands)	Yen (millions)									
	Number of Shares	Common stock (Note 8)	Capital surplus (Note 8)	Retained earnings (Note 8)	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 8)	Capital surplus (Note 8)	Retained earnings (Note 8)	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)	U.S. Dollars (thousands)									
	Number of Shares	Common stock (Note 8)	Capital surplus (Note 8)	Retained earnings (Note 8)	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	\$ 2,526,864	\$ 3,315,185	\$ 8,011,543	\$ (171,148)	\$ 73,025	\$ (12,691)	\$ (1,053,296)	\$ (22,407)	\$ 279,160	\$ 12,946,235
Net loss				(4,642,914)							(4,642,914)
Dividends from surplus				(163,012)							(163,012)
Change of scope of consolidation				1,395							1,395
Change of scope of equity method				2,087							2,087
Purchase of treasury stock					(222)						(222)
Disposal of treasury stock			(24)		61						37
Net changes of items other than shareholders' equity						(3,766)	(58,284)	(61,580)	(13,729)	(41,802)	(179,161)
Balance at end of fiscal 2012	1,110,699	\$ 2,526,864	\$ 3,315,161	\$ 3,209,099	\$ (171,309)	\$ 69,259	\$ (70,975)	\$ (1,114,876)	\$ (36,136)	\$ 237,358	\$ 7,964,445

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 and 2012

	Yen (millions)	U.S. Dollars (thousands)
	2011	2012
Cash Flows from Operating Activities:		
Income (loss) before income taxes and minority interests	¥ 40,880	¥ (238,429)
Adjustments to reconcile income before income (loss) taxes and minority interests to net cash (used in) provided by operating activities—		\$ (2,943,568)
Depreciation and amortization of properties and intangibles	272,081	248,425
Interest and dividends income	(3,119)	(2,730)
Interest expenses	8,001	8,646
Foreign exchange gains	(938)	(1,268)
Loss on sales and retirement of noncurrent assets	7,376	5,950
Subsidy income	—	(10,000)
Impairment loss	—	6,656
Loss on quality compensation	—	11,500
Settlement package	—	18,857
Decrease (increase) in notes and accounts receivable	(60,547)	146,448
Increase in inventories	(83,749)	(48,686)
Decrease in payables	(762)	(147,162)
Other, net	20,022	(86,519)
Total	199,245	(88,312)
Interest and dividends income received	3,664	3,169
Interest expenses paid	(8,148)	(8,572)
Settlement package paid	—	(18,622)
Income taxes paid	(27,318)	(30,965)
Net cash (used in) provided by operating activities	167,443	(143,302)
Cash Flows from Investing Activities:		
Payments into time deposits	(13,200)	(603)
Proceeds from withdrawal of time deposits	31,641	443
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(24,524)	(4,405)
Purchase of property, plant and equipment	(195,404)	(118,168)
Proceeds from sales of property, plant and equipment	992	2,547
Purchase of investment securities and investments in nonconsolidated subsidiaries and affiliates	(9,738)	(3,326)
Other, net	(34,380)	(36,045)
Net cash used in investing activities	(244,613)	(159,557)
Cash Flows from Financing Activities:		
Net increase in short-term borrowings	7,328	305,595
Proceeds from long-term debt	85,725	13,286
Repayments of long-term debt	(78,162)	(53,462)
Cash dividends paid	(21,999)	(13,237)
Other, net	854	4,199
Net cash provided by (used in) financing activities	(6,254)	256,381
Effect of Exchange Rate Change on Cash and Cash Equivalents	(3,790)	(1,080)
Net Decrease in Cash and Cash Equivalents	(87,214)	(47,558)
Cash and Cash Equivalents at Beginning of Year	328,125	241,110
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	199	220
Cash and Cash Equivalents at End of Year	¥ 241,110	¥ 193,772
		\$ 2,392,247

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, 2012, which was ¥81 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 significant companies over which the Company has power of control through majority voting right or existence of certain conditions evidencing control by the Company. Investments in nonconsolidated subsidiaries and affiliates over which the Company has the ability to exercise significant influence over operating and financial policies are accounted for using 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 principally computed 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, Kameyama and Sakai, as well as 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) 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.

(j) 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 provide 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.

(k) Research and development expenses

Research and development expenses are charged to income as incurred. The research and development expenses are charged to income amounted to ¥173,983 million and ¥154,798 million (\$1,911,086 thousand) for the years ended March 31, 2011 and 2012 respectively.

(l) 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 by 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.

(m) Additional information**(1) Accounting Standard for Accounting Changes and Error Corrections**

The Company and its domestic consolidated subsidiaries applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, issued by the ASBJ on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, issued by the ASBJ on December 4, 2009) to accounting changes and corrections of prior period errors made after the beginning of the year ended March 31, 2012.

(2) Issuance of New Shares through Third-party Allotment Associated with Business Alliance

The Company resolved the formation of business alliance with Hon Hai Precision Industry Co., Ltd. ("Hon Hai") and the issuance of new shares through a third-party allotment

("Capital Increase Through Third-party Allotment") to four companies of the Hon Hai Group at its board of directors meeting held on March 27, 2012. The outline of the Capital Increase Through Third-party Allotment is as follows.

1) Outline of Offering

[1] Terms of Payment	From May 31, 2012 through March 26, 2013
[2] Number of New Shares to be Issued	121,649,000 ordinary shares
[3] Issue Price	550 yen per share
[4] Total Amount of Issue Price	66,906,950,000 yen
[5] Amount of Capital to be Increased	33,453,475,000 yen
[6] Amount of Capital Surplus to be Increased	33,453,475,000 yen
[7] Method of Subscription or Allotment (Expected Allottee)	Third-party allotment Hon Hai Precision Industry Co., Ltd. 50,000,000 shares FOXCONN TECHNOLOGY Co., Ltd. 8,029,000 shares FOXCONN (FAR EAST) Limited 31,143,000 shares Q-Run Holdings Limited 32,477,000 shares
[8] Others	Payment is to be made promptly after permits and approvals from the relevant authorities of countries necessary to implement the Capital Increase Through Third-Party Allotment (notification to and permission from the competition authorities of relevant countries with respect to business combination) are obtained.

Notes: 1. The Company will not grant to the above new shares any voting rights to exercise at its ordinary general meeting of shareholders scheduled on June 26, 2012.

2. Issue Price means the amount paid pursuant to the Japanese Corporate Law.

2) Purpose of Offering

The Company resolved the capital and business alliance with the Hon Hai Group to realize vertical integration on global level and to reinforce global competitiveness through a synergistic effect between the parties mainly in fiercely competitive digital products.

devices as well as introduction of new technology of LCD, and others.

(3) Transfer of Shares in a Subsidiary

The Company resolved a partial transfer of shares of its consolidated subsidiary, Sharp Display Products Corporation, to Mr. Terry Tai-Ming Gou, the representative of Hon Hai, at its board of directors meeting held on March 27, 2012 and made a share transfer agreement on the same day, aiming at realizing a strategic global partnership with the Hon Hai Group. The outline of the share transfer is as follows.

3) Intended Use of Proceeds

The proceeds are intended for enhancement and rationalization of manufacturing facilities of LCD related to mobile

1) Number and Amount of Shares to be Transferred, and Status of Shares Held before and after Transfer

[1] Number of Shares Held Before Transfer	2,640,000 shares (Number of voting rights: 2,640,000 units) (Holding rate: 92.96%)
[2] Number of Shares Transferred	1,320,000 shares (Number of voting rights: 1,320,000 units) (Ratio to total number of issued shares: 46.48%) (Transfer price: 66,000 million yen)
[3] Number of Shares Held After Transfer	1,320,000 shares (Number of voting rights: 1,320,000 units) (Holding rate: 46.48%)

2) Schedule

[1] Resolution of Board of Directors Meeting	March 27, 2012
[2] Terms of Transfer	From May 31, 2012 through March 26, 2013
[3] Others	Transfer is to be made promptly after permits and approvals from the relevant authorities of countries (notification to and permission from the competition authorities of relevant countries with business combination) are obtained.

3) Outline of Subsidiary

[1] Name	Sharp Display Products Corporation
[2] Principal Business	Development, production and sales of LCD panels
[3] Transaction Relationship Between the Company and the Subsidiary	The Company purchases LCD panels from the subsidiary.

2. Investments in Securities

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

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
U.S. Dollars (thousands)				
				2012
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	\$ 490,309	\$ 190,469	\$ (83,148)	\$ 597,630
	\$ 490,309	\$ 190,469	\$ (83,148)	\$ 597,630
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 and ¥13 million (\$160 thousand) for the years ended March 31, 2011 and 2012, respectively. The gross realized gains on those sales were ¥24 million and ¥8

million (\$99 thousand), respectively. The gross realized losses on those sales were ¥0 million and ¥0 million (\$0 thousand), respectively.

3. Inventories

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Finished products	¥ 191,628	¥ 194,220	\$ 2,397,778
Work in process	206,614	264,577	3,266,383
Raw materials and supplies	87,818	68,686	847,975
	¥ 486,060	¥ 527,483	\$ 6,512,136

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.

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

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Deferred tax assets:			
Inventories	¥ 40,804	¥ 70,797	\$ 874,037
Accrued bonuses	10,972	8,372	103,358
Other accounts payable	9,765	12,904	159,309
Accrued expenses	14,572	20,047	247,494
Software	20,569	17,113	211,272
Long-term prepaid expenses	16,567	14,104	174,123
Loss carried forward	115,026	161,893	1,998,679
Other	36,864	27,006	333,407
Gross deferred tax assets	265,139	332,236	4,101,679
Valuation allowance	(2,897)	(197,223)	(2,434,852)
Total deferred tax assets	262,242	135,013	1,666,827
Deferred tax liabilities:			
Retained earnings appropriated for tax allowable reserves	(61,752)	(42,445)	(524,012)
Prepaid pension cost	(11,539)	(9,966)	(123,037)
Other	(5,488)	(10,106)	(124,766)
Total deferred tax liabilities	(78,779)	(62,517)	(771,815)
Net deferred tax assets	¥ 183,463	¥ 72,496	\$ 895,012

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Deferred tax assets (Current Assets)	¥ 93,810	¥ 90,394	\$ 1,115,975
Other assets (Investments and Other Assets)	101,259	11,421	141,000
Other current liabilities	(6)	(15)	(185)
Deferred tax liabilities (Long-term Liabilities)	(11,600)	(29,304)	(361,778)
Net deferred tax assets	¥ 183,463	¥ 72,496	\$ 895,012

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 (\$24,086 thousand) and deferred gains (losses) on hedges decreased by ¥256 million (\$3,160 thousand), while deferred income tax calculated for the year ended March 31, 2012 increased by ¥2,054 million (\$25,358 thousand) and net unrealized holding gains (losses) on securities increased by ¥359 million (\$4,432 thousand).

5. Short-term Borrowings and Long-term Debt

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Bank loans	¥ 104,522	¥ 199,085	\$ 2,457,840
Commercial paper	139,766	351,000	4,333,333
Current portion of long-term debt	43,042	47,912	591,506
	¥ 287,330	¥ 597,997	\$ 7,382,679

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

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
0.0%–8.0% unsecured loans principally from banks, due 2011 to 2034	¥ 149,554	¥ 126,188	\$ 1,557,876
0.970% unsecured straight bonds, due 2012	20,000	20,000	246,914
1.165% unsecured straight bonds, due 2012	10,000	—	—
1.423% unsecured straight bonds, due 2014	30,000	30,000	370,370
2.068% unsecured straight bonds, due 2019	10,000	10,000	123,457
0.846% unsecured straight bonds, due 2014	100,000	100,000	1,234,568
1.141% unsecured straight bonds, due 2016	20,000	20,000	246,914
1.604% unsecured straight bonds, due 2019	30,000	30,000	370,370
0.000% unsecured convertible bonds with subscription rights to shares, due 2013	201,783	201,068	2,482,321
0.250%–1.177% unsecured Euroyen notes issued by a consolidated subsidiary, due 2012 to 2013	5,046	6,996	86,370
0.500% unsecured Pound discount notes issued by a consolidated subsidiary, due 2011 to 2012	290	130	1,605
lease obligations	26,289	32,690	403,580
	602,962	577,072	7,124,345
Less-Current portion included in short-term borrowings	(43,042)	(47,912)	(591,506)
	¥ 559,920	¥ 529,160	\$ 6,532,839

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

	Yen
	Conversion price
0.000% unsecured convertible bonds with subscription rights to shares, due 2013	¥ 2,531.00

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 and March 31, 2012, 79,018 thousand shares of common stock would have been issuable in both years.

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with each

bank which provide, among other things, that security and guarantees for present and future indebtedness will be given upon request of the bank, and that any collateral so furnished will be applicable to all indebtedness to that bank. In addition, the agreements provide that the bank has the right to offset cash deposited against any short-term or long-term debt that becomes due, and in case of default and certain other specified events, against all other debts payable to the bank.

The aggregate annual maturities of long-term debt as of March 31, 2012 were as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2014	¥ 280,043	\$ 3,457,321
2015	114,859	1,418,012
2016	30,378	375,037
2017	21,208	261,827
2018 and thereafter	82,672	1,020,642
	¥ 529,160	\$ 6,532,839

The Company and its consolidated subsidiaries have had no difficulty in renewing such loans when loans have come due or management has determined such renewal advisable.

6. Leases

Finance leases

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

Information relating to finance leases that do not transfer ownership and commenced on and before March 31, 2008, as of, and for the years ended March 31, 2011 and 2012, 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	2012
Future minimum lease payments:			
Due within one year	¥ 10,183	¥ 5,527	\$ 68,234
Due after one year	7,659	2,036	25,136
	¥ 17,842	¥ 7,563	\$ 93,370
Accumulated impairment loss on leased assets	¥ 512	¥ 0	\$ 0

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Lease payments	¥ 14,182	¥ 10,116	\$ 124,889
Reversal of allowance for impairment loss on leased assets	237	512	6,321

Operating leases

(a) As lessee

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Due within one year	¥ 36,883	¥ 31,444	\$ 388,198
Due after one year	37,860	16,647	205,518
	¥ 74,743	¥ 48,091	\$ 593,716

(b) As lessor

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Due within one year	¥ 1,520	¥ 1,777	\$ 21,938
Due after one year	1,961	1,877	23,173
	¥ 3,481	¥ 3,654	\$ 45,111

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.

Any surplus funds are invested in high quality financial instruments are deemed to be low risk. Short-term operating funds are obtained through issuing commercial paper and 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 (excluding other 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 exposures. Notes and accounts payable (excluding other accounts payable) are payable within one year. Some notes and accounts payable rising from the import of raw materials are denominated in foreign currencies and therefore are exposed to foreign currency risk exposures. 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 exposures.

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 of bonds is seven and a half years after March 31, 2012.

Derivative transactions consist primarily include forward exchange contracts and currency swap contracts are used to hedge foreign currency risk exposures. Interest swap contracts are used to hedge interest rate risk exposures. 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 (excluding other 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 the 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 issuer's financial positions, 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 the liquidity risk by making and updating the 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 active market, but in case a market price is not available, reasonably estimated prices are included in the 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 and 2012 are as follows:

Yen (millions)			
2012			
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Short-term investments	¥ 195,325	¥ 195,325	¥ 0
(2) Notes and accounts receivable (excluding other accounts receivable)	375,411	368,524	(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	622,501	614,358	(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) Commercial paper (included in short-term borrowings)	351,000	351,000	0
(7) Straight bonds (included in short-term borrowings and long-term debt)	217,126	220,966	3,840
(8) Bonds with subscription rights to shares (included in long-term debt)	201,068	196,997	(4,071)
(9) Long-term borrowings (included in long-term debt)	112,952	115,055	2,103
Total of Liabilities	1,483,951	1,485,823	1,872
(10) Derivative transactions*	(6,881)	(8,051)	(1,170)

U.S. Dollars (thousands)			
2012			
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Short-term investments	\$ 2,411,420	\$ 2,411,420	\$ 0
(2) Notes and accounts receivable (excluding other accounts receivable)	4,634,704	4,549,679	(85,025)
(3) Investments in securities			
1) Shares of nonconsolidated subsidiaries and affiliates	41,444	25,938	(15,506)
2) Other securities	597,630	597,630	0
Total Assets	7,685,198	7,584,667	(100,531)
(4) Notes and accounts payable (excluding other accounts payable)	4,808,445	4,808,445	0
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	2,621,247	2,621,247	0
(6) Commercial paper (included in short-term borrowings)	4,333,333	4,333,333	0
(7) Straight bonds (included in short-term borrowings and long-term debt)	2,680,568	2,727,975	47,407
(8) Bonds with subscription rights to shares (included in long-term debt)	2,482,321	2,432,062	(50,259)
(9) Long-term borrowings (included in long-term debt)	1,394,469	1,420,432	25,963
Total of Liabilities	18,320,383	18,343,494	23,111
(10) Derivative transactions*	(84,951)	(99,395)	(14,444)

Yen (millions)			
2011			
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Short-term investments	¥ 247,888	¥ 247,888	¥ 0
(2) Notes and accounts receivable (excluding other accounts receivable)	392,780	389,028	(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	693,456	689,206	(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) Commercial paper (included in short-term borrowings)	139,766	139,766	0
(7) Straight bonds (included in short-term borrowings and long-term debt)	225,336	229,283	3,947
(8) Bonds with subscription rights to shares (included in long-term debt)	201,783	195,997	(5,786)
(9) Long-term borrowings (included in long-term debt)	125,623	126,992	1,369
Total of Liabilities	1,352,599	1,352,129	(470)
(10) 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 Short-term investments

The fair value of time deposits and Short-term investments approximates their book value, due to their short maturity periods.

- (2) Notes and accounts receivable (excluding other accounts receivable)

The fair value of notes and accounts receivable (excluding other accounts receivable) due within a year approximates their book value. The fair value of notes and accounts receivable (excluding other 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 prices 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) Commercial paper (included in short-term borrowings)

The fair value of commercial paper approximates their book value, due to their short maturity periods.

- (7) 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.

- (8) Bonds with subscription rights to shares (included in long-term debt)

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

- (9) 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.

- (10) 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) As unlisted stocks ¥36,567 million as of March 31, 2011 and ¥37,364 million (\$461,284 thousand) as of March 31, 2012 and equity ¥8,477 million as of March 31, 2011 and ¥10,277 million (\$126,877 thousand) as of March 31, 2012 have no quoted market price and as it is not possible to accurately estimate future cash flows, it is very difficult to determine their fair value reasonably. Therefore, they are not included in "(3) Investments in securities."

(Note 3) Maturity analysis for Cash and cash equivalents, Time deposits, and Short-term investments, and Notes and accounts receivable.

	Yen (millions)	
	2012	
	Due in one year or less	Due after one year
Cash and cash equivalents, Time deposits, and Short-term investments	¥ 195,325	¥ —
Notes and accounts receivable (excluding other accounts receivable)	326,671	48,740
Total	¥ 521,996	¥ 48,740

	U.S. Dollars (thousands)	
	2012	
	Due in one year or less	Due after one year
Cash and cash equivalents, Time deposits, and Short-term investments	\$ 2,411,420	\$ —
Notes and accounts receivable (excluding other accounts receivable)	4,032,975	601,728
Total	\$ 6,444,395	\$ 601,728

	Yen (millions)	
	Due in one year or less	Due after one year
Cash and cash equivalents, and Time deposits	¥ 247,888	¥ —
Notes and accounts receivable (excluding other accounts receivable)	343,457	49,323
Total	¥ 591,345	¥ 49,323

8. 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, 2012, 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.

On June 26, 2012, the shareholders approved the declaration of year end cash dividends totaling ¥5,502 million (\$67,926 thousand) to shareholders of record as of March 31, 2012, covering the year then ended.

9. Contingent Liabilities

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

	Yen (millions)	U.S. Dollars (thousands)
	2012	2012
Loans guaranteed	¥ 27,349	\$ 337,642
	¥ 27,349	\$ 337,642

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.

10. Employees' Severance and Pension Benefits

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Projected benefit obligation	¥ 353,413	¥ 348,986	\$ 4,308,469
Less - fair value of plan assets	(282,757)	(268,758)	(3,318,000)
Less - unrecognized actuarial losses	(123,995)	(129,560)	(1,599,506)
Unrecognized prior service costs	26,049	23,122	285,457
Prepaid pension cost	29,063	27,975	345,370
Allowance for severance and pension benefits	¥ 1,773	¥ 1,765	\$ 21,790

In addition, allowances for severance and pension benefits of ¥2,845 million as of March 31, 2011 and ¥4,235 million (\$52,284 thousand) as of March 31, 2012 were provided by certain overseas consolidated subsidiaries.

Expenses for severance and pension benefits recognized in profit or loss of the Company and its domestic consolidated subsidiaries for the years ended March 31, 2011 and 2012 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Service costs	¥ 12,700	¥ 12,398	\$ 153,062
Interest costs on projected benefit obligation	8,897	8,832	109,037
Expected return on plan assets	(13,091)	(10,458)	(129,111)
Actuarial losses	10,813	11,814	145,852
Prior service costs	(3,012)	(3,017)	(37,247)
Expenses for severance and pension benefits	¥ 16,307	¥ 19,569	\$ 241,593

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

2011 was 4.5% and 2012 was 3.7% respectively.

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

11. Segment Information

General information about reportable segments

The Company Group's reportable segments are components of the Group 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 and the Electronic Components business, based on a classification by

similarity in the manufacturing and marketing method of products.

The Consumer/Information Products business segment includes audio-visual and communication equipment, health and environmental equipment and information equipment. The Electronic Components business segment includes LCDs, solar cells and other electronic devices.

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

The accounting policies for the reportable segments are basically the same as those described in Note 1. Summary of Significant Accounting and Reporting Policies. Intersegment sales and income (loss) are recognized based on the current market price.

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 the assets are allocated to reportable segments in accordance with reasonable standards.

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

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Net Sales:			
Consumer/Information Products:			
Customers	¥ 1,969,988	¥ 1,630,555	\$ 20,130,309
Intersegment	582	444	5,481
Total	1,970,570	1,630,999	20,135,790
Electronic Components:			
Customers	1,051,985	825,295	10,188,827
Intersegment	502,032	357,713	4,416,210
Total	1,554,017	1,183,008	14,605,037
Adjustments	(502,614)	(358,157)	(4,421,691)
The amount presented in Consolidated Financial Statements	¥ 3,021,973	¥ 2,455,850	\$ 30,319,136
Segment Income (Loss):			
Consumer/Information Products	¥ 79,257	¥ 51,008	\$ 629,728
Electronic Components	30,728	(54,699)	(675,296)
Adjustments	(31,089)	(33,861)	(418,037)
The amount presented in Consolidated Financial Statements	¥ 78,896	¥ (37,552)	\$ (463,605)
Segment Assets:			
Consumer/Information Products	¥ 677,100	¥ 632,365	\$ 7,806,975
Electronic Components	1,484,799	1,424,434	17,585,605
Adjustments	723,779	557,336	6,880,692
The amount presented in Consolidated Financial Statements	¥ 2,885,678	¥ 2,614,135	\$ 32,273,272
Other Material Items			
Depreciation and Amortization:			
Consumer/Information Products	¥ 82,276	¥ 73,497	\$ 907,370
Electronic Components	190,963	166,030	2,049,753
Adjustments	8,025	7,563	93,371
The amount presented in Consolidated Financial Statements	¥ 281,264	¥ 247,090	\$ 3,050,494
Amortization of Goodwill:			
Consumer/Information Products	¥ 3,033	¥ 3,336	\$ 41,185
Electronic Components	432	1,730	21,358
Adjustments	85	121	1,494
The amount presented in Consolidated Financial Statements	¥ 3,550	¥ 5,187	\$ 64,037
Investments in Nonconsolidated Subsidiaries and Affiliates accounted for using the equity methods:			
Consumer/Information Products	¥ 3,252	¥ 3,340	\$ 41,234
Electronic Components	7,716	7,969	98,383
Adjustments	21,877	22,807	281,568
The amount presented in Consolidated Financial Statements	¥ 32,845	¥ 34,116	\$ 421,185
Increase in Plant, Equipment and Intangible Assets:			
Consumer/Information Products	¥ 76,861	¥ 67,309	\$ 830,976
Electronic Components	159,220	123,904	1,529,679
Adjustments	14,900	13,493	166,580
The amount presented in Consolidated Financial Statements	¥ 250,981	¥ 204,706	\$ 2,527,235

Adjustments of segment income or loss were ¥(31,089) million and ¥(33,861) million (\$418,037 thousand) for the years ended March 31, 2011 and 2012, respectively, and were comprised of elimination of intersegment transactions and corporate expenses not allocated to each reportable segment. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to the administrative groups of the Company's headquarters. The elimination of intersegment transactions were ¥3,083 million and ¥1,061 million (\$13,099 thousand), respectively. The corporate expenses not allocated to each reportable segment were ¥(35,880) million and ¥(35,704) million (\$440,790 thousand), respectively.

Adjustments of segment assets as of March 31, 2011 and 2012 were ¥723,779 million and ¥557,336 million (\$6,880,692 thousand), respectively, and were comprised of elimination of intersegment transactions and corporate assets not allocated to each reportable segment. The corporate assets not allocated to each reportable segment are mainly attributable to cash and cash equivalents, deferred tax assets, the Company's investments in securities, as well as depreciable assets related to: the Company's R&D groups as well as the administrative, sales and distribution groups of the

Company's headquarters. The elimination of intersegment transactions were ¥(36,464) million and ¥(18,788) million (\$231,951 thousand), respectively. The corporate assets not allocated to each reportable segment were ¥760,243 million and ¥576,124 million (\$7,112,642 thousand), respectively.

Adjustments of investments in nonconsolidated subsidiaries and affiliates accounted for using the equity methods as of March 31, 2011 and 2012 were ¥21,877 million and ¥22,807 million (\$281,568 thousand), respectively, and were mainly comprised of investments in Sharp Finance Corporation.

Adjustments of increase in plant, equipment and intangible assets were ¥14,900 million and ¥13,493 million (\$166,580 thousand) for the years ended March 31, 2011 and 2012, respectively, and were mainly comprised of increase in the Company's R&D groups and the administrative, sales and distribution groups of the Company's headquarters.

Adjustments of segment income or loss were made to reconcile segment income or loss to operating income or loss presented in the Consolidated Statements of Operations.

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 and 2012 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Sales to outside customers:			
LCD Color TVs	¥ 803,592	¥ 581,357	\$ 7,177,247
LCDs	614,373	420,226	5,187,975
Mobile Phones	413,277	305,876	3,776,247
Others	1,190,731	1,148,391	14,177,667
Total	¥ 3,021,973	¥ 2,455,850	\$ 30,319,136

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Sales:			
Japan	¥ 1,592,909	¥ 1,181,168	\$ 14,582,321
China	516,977	483,298	5,966,642
Others	912,087	791,384	9,770,173
Total	¥ 3,021,973	¥ 2,455,850	\$ 30,319,136

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

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Plant and Equipment, at cost less accumulated depreciation:			
Japan	¥ 870,320	¥ 780,396	\$ 9,634,519
Others	94,594	92,046	1,136,370
Total	¥ 964,914	¥ 872,442	\$ 10,770,889

Impairment loss of fixed assets by reportable segment

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

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Impairment Loss:			
Consumer/Information Products	¥ —	¥ 542	\$ 6,691
Electronic Components	—	6,114	75,482
Corporate Assets and Elimination	—	—	—
Total	¥ —	¥ 6,656	\$ 82,173

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 and 2012 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2011	2012	2012
Amortization of Goodwill:			
Consumer/Information Products	¥ 3,033	¥ 3,336	\$ 41,185
Electronic Components	432	1,730	21,358
Corporate Assets and Elimination	85	121	1,494
Total	¥ 3,550	¥ 5,187	\$ 64,037
Balance at end of period:			
Consumer/Information Products	¥ 7,708	¥ 7,313	\$ 90,284
Electronic Components	16,385	15,470	190,988
Corporate Assets and Elimination	245	346	4,271
Total	¥ 24,338	¥ 23,129	\$ 285,543

12. 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 (\$82,173 thousand) as impairment loss for the year ended March 31, 2012.

Details are as follows: ¥4,547 million (\$56,136 thousand) for lease assets; ¥1,167 million (\$14,407 thousand) for machinery and equipment; ¥942 million (\$11,630 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.

13. 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.

14. 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 comprises depreciation and maintenance

changes of ¥37,717 million (\$465,642 thousand) 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 (\$841,049 thousand) incurred to reinforce business foundations (inventory write-down, etc.) in preparation for promoting establishment of strategic vertical integration of the large-size LCD business.

15. Significant Subsequent Events

Significant subsequent events occurring until June 26, 2012 were as follows:

Business Divestiture

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 entered into an agreement in regard to the partial transfer of shares of its owned subsidiary, Sharp Display Products Corporation ("SDP"), to Mr. Terry Tai-Ming Gou, the representative of Hon Hai Precision ("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 and have conducted deliberations on concrete issues with regard to the business integration of the LCD color filter businesses into SDP, whereby the LCD color filter businesses are operated by Toppan, DNP and DNP's wholly owned subsidiary, DNP Color Techno Sakai Co., Ltd. ("DNP Color Techno Sakai") at the Sakai Plant.

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 an absorption-type company split.

(a) Outline of Business Divestiture

(1) Name of parties who succeed the divested business
Mr. Terry Tai-Ming Gou, 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 through March 26, 2013 (Planned)
[2] Absorption-type company split June 30, 2012 (Planned)

(5) Other items with regard to outline of transactions which includes 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 an absorption-type company split which designates Toppan, DNP and DNP Color Techno Sakai as split companies and SDP as their succeeding company.

(b) Name of Reporting Segment which involves the divested business

Electronic Components

Independent Auditors' 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, 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, 2012 and 2011, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 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 26, 2012
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 Sharp Display Products Corporation iDeep Solutions Corporation Sharp Support & Service Corporation
Overseas:	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 Distribuição de Artigos Eletrônicos Ltda. <San Paulo, Brazil> Sharp Electronics (Europe) GmbH <Hamburg, Germany> 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 Electronica España S.A. <Barcelona, Spain> 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 17 consolidated subsidiaries.

^{*2} Although all of the Recurrent Energy, LLC-owned 240 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.

Investor Information

(As of March 31, 2012)

Shareholders

Number of Shareholders 139,077

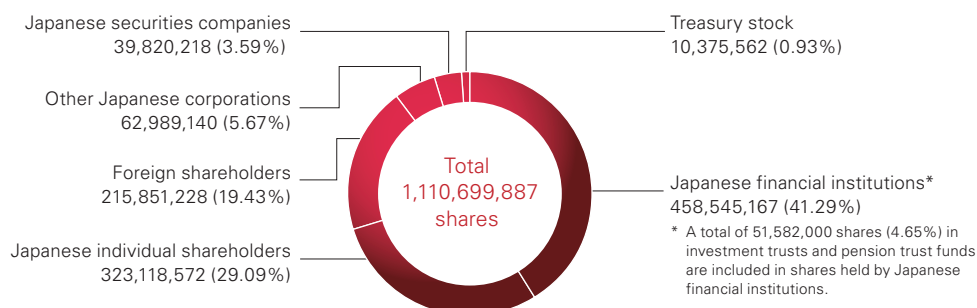
Principal Shareholders

	Number of shares held	Percentage of total shares (%)
Nippon Life Insurance Company	55,667,384	5.01
Meiji Yasuda Life Insurance Company	45,781,000	4.12
Mizuho Corporate Bank, Ltd.	41,910,469	3.77
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	41,678,116	3.75
Mitsui Sumitomo Insurance Company, Limited	30,658,022	2.76
Japan Trustee Services Bank, Ltd. (Trust Account)	28,405,000	2.56
SHARP Employee Share-Holding Association	25,450,265	2.29
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,272,000	2.10
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	22,023,900	1.98
Sompo Japan Insurance Inc.	21,496,000	1.94

Notes: 1. Percentage of total shares is calculated by the number of shares issued (including 10,375,562 treasury shares).

2. Aside from the above, a total of 4,770,000 shares in Mizuho Corporate Bank, Ltd. have been set up as trust assets related to the employee pension trust.

Share Distribution (Proportion of total issued shares)



Stock Exchange Listings

Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

Transfer Agent

Mizuho Trust & Banking Co., Ltd.
Osaka Stock Transfer Agency Department
11-16, Sonezaki 2-chome, Kita-ku, Osaka 530-0057, Japan

Investor Relations

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After August 20, 2012:
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Websites:
(English) <http://sharp-world.com/corporate/ir/index.html>
(Japanese) <http://www.sharp.co.jp/corporate/ir/index.html>

SHARP

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