SHARP

Annual Report 2015

For the year ended March 31, 2015

Force through Reforms

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For the year ended March 31, 2015

Contents

Force through Reforms

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

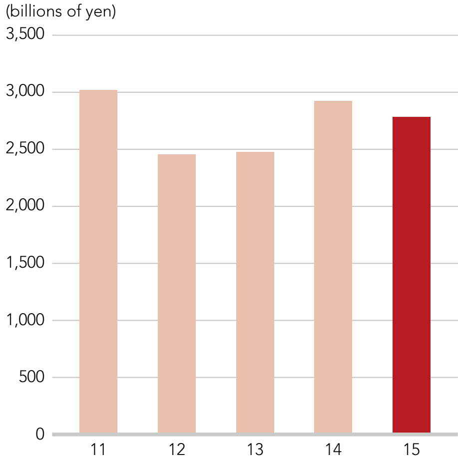
Financial Highlights

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31

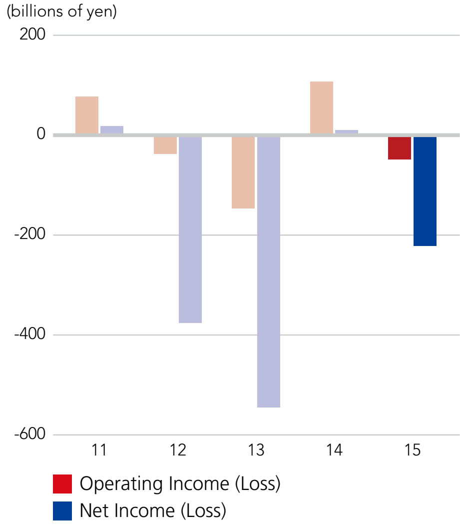
	Yen (millions)				
	2011	2012	2013	2014	**2015**
Net Sales	¥ 3,021,973	¥ 2,455,850	¥ 2,478,586	¥ 2,927,186	**¥ 2,786,256**
Domestic sales	1,592,909	1,181,168	1,007,264	1,150,091	**968,449**
Overseas sales	1,429,064	1,274,682	1,471,322	1,777,095	**1,817,807**
Operating Income (Loss)	78,896	(37,552)	(146,266)	108,560	**(48,065)**
Income (Loss) before Income Taxes and Minority Interests	40,880	(238,429)	(466,187)	45,970	**(188,834)**
Net Income (Loss)	19,401	(376,076)	(545,347)	11,559	**(222,347)**
Net Assets	1,048,645	645,120	134,837	207,173	**44,515**
Total Assets	2,885,678	2,614,135	2,087,763	2,181,680	**1,961,909**
Capital Investment	172,553	118,899	82,458	49,434	**62,653**
R&D Expenditures	173,983	154,798	137,936	132,124	**141,042**
Per Share of Common Stock (yen)					
Net income (loss)	17.63	(341.78)	(489.83)	8.09	**(131.51)**
Cash dividends	17.00	10.00	0.00	0.00	**0.00**
Net assets	932.46	568.83	106.90	115.43	**17.84**
Return on Equity (ROE)	1.9%	(45.5%)	(145.3%)	7.2%	**(197.4%)**
Number of Shares Outstanding (thousands of shares)	1,100,346	1,100,324	1,166,224	1,690,765	**1,690,733**
Number of Employees	55,580	56,756	50,647	50,253	**49,096**

(Notes) 1. The amount of leased properties is included in capital investment.
2. 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.
3. The number of shares outstanding is net of treasury stock.

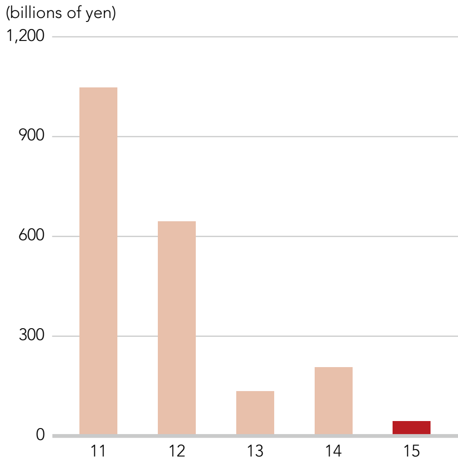
Net Sales



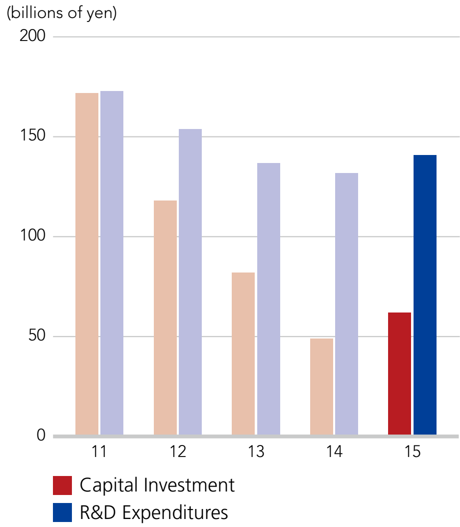
Operating Income (Loss)
Net Income (Loss)



Net Assets



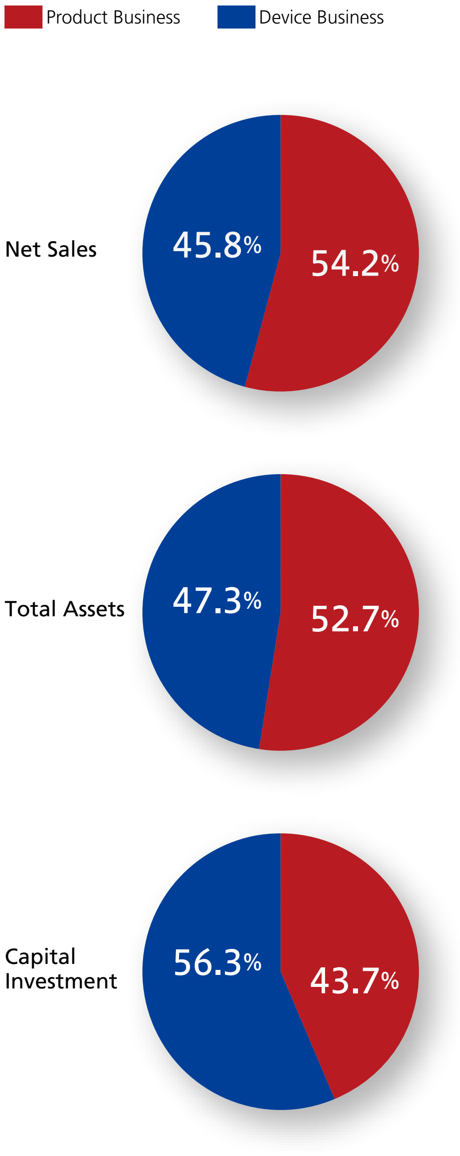
Capital Investment
R&D Expenditures



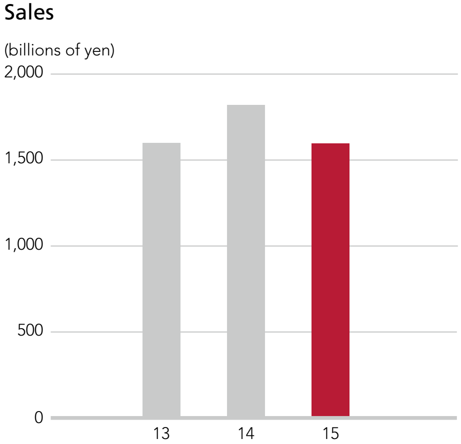
Segment Outline

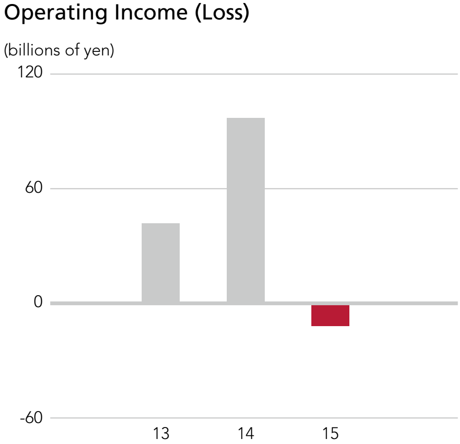
Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31

- Sales figures include internal sales between segments (Product Business and Device Business). The percentage of sales in the pie chart has been calculated accordingly.
- Operating income (loss) figures are the amounts before adjustments for intersegment trading.
- Total assets figures are the amounts before adjustments for intersegment trading. The percentage of total assets in the pie chart has been calculated accordingly.
- Capital investment figures 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, 2014, the Company has changed its segment classification. Figures for the previous year have been adjusted to reflect the new classification.

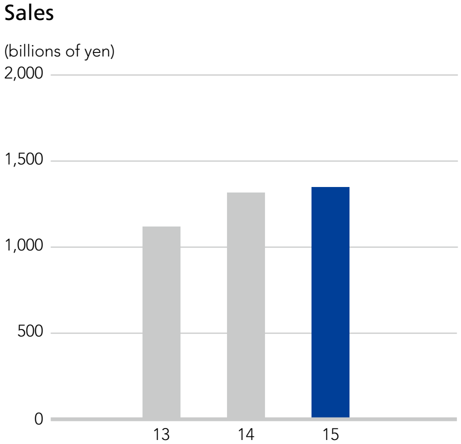


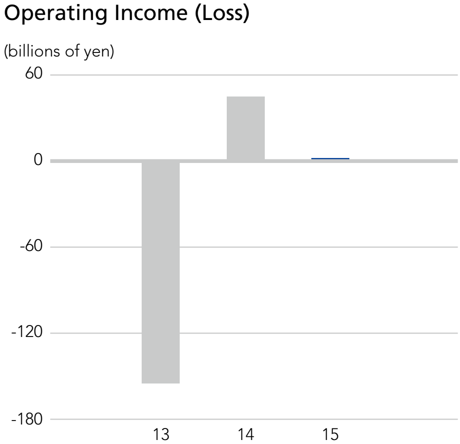
Product Business

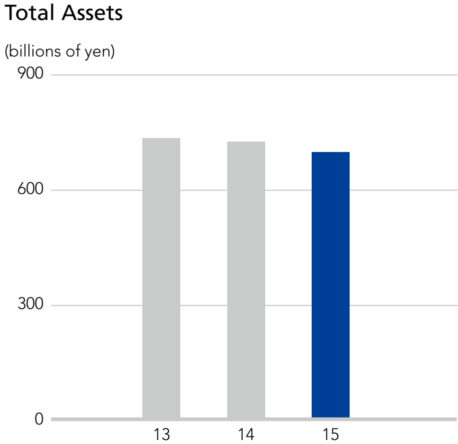




Device Business







Fiscal 2014 Review by Product Group

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31

- Sales figures include internal sales between segments (Product Business and Device Business). The percentage of sales in pie charts has been calculated accordingly.
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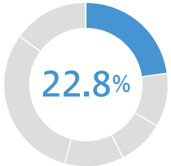
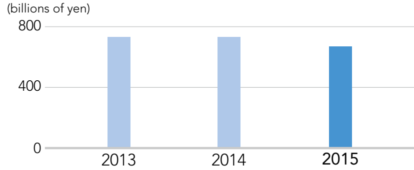
Product Business

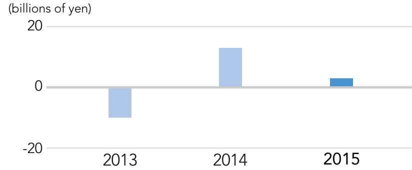
Sales by Product Group | Sales | Operating Income (Loss)

Digital Information Equipment

Main Products LCD color televisions, color televisions, projectors, Blu-ray Disc recorders, mobile phones, tablets, electronic dictionaries, calculators, facsimiles, telephones

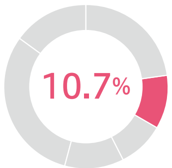


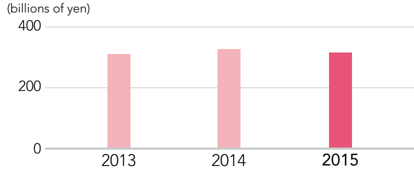


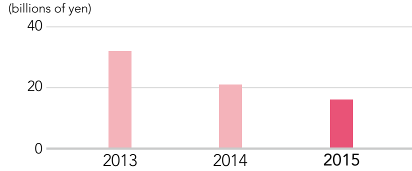


Health and Environmental Equipment

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

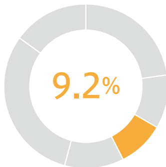


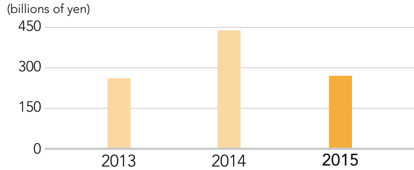


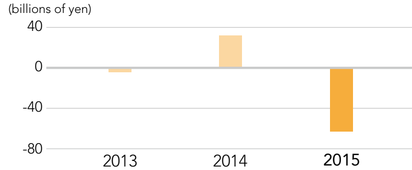


Energy Solutions

Main Products Crystalline solar cells, thin-film solar cells, storage battery

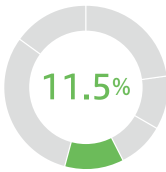


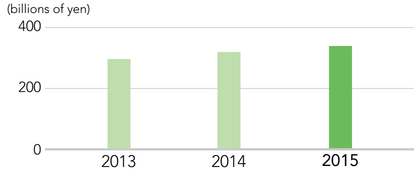


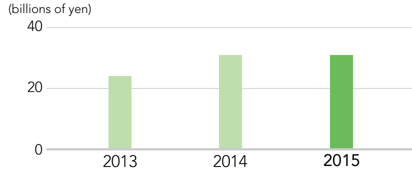


Business Solutions

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



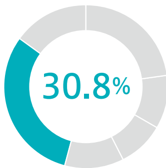


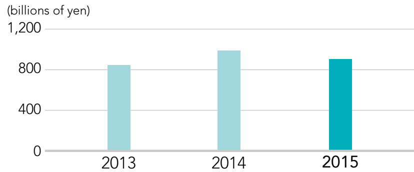


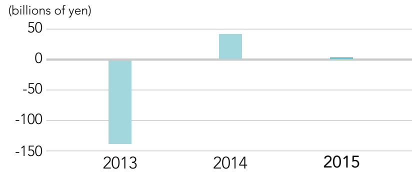
Device Business

LCDs

Main Products Amorphous silicon LCD modules, IGZO LCD modules, CG-Silicon LCD modules

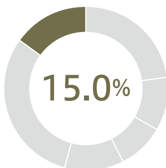


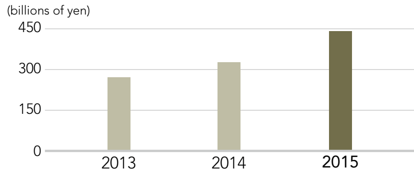


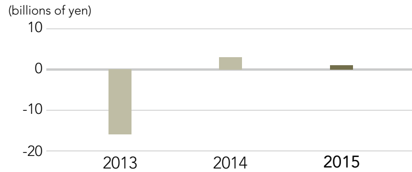


Electronic Devices

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







Message to our Shareholders

Fiscal 2014 in review

In fiscal 2014, ended March 31, 2015, the Japanese economy followed a moderate recovery path, as corporate earnings showed signs of improvement and personal consumption firmed overall. Despite indications of slowdown in economic growth in China, overseas economies were generally solid, with stable growth in the United States and ongoing signs of a turnaround in the Eurozone.

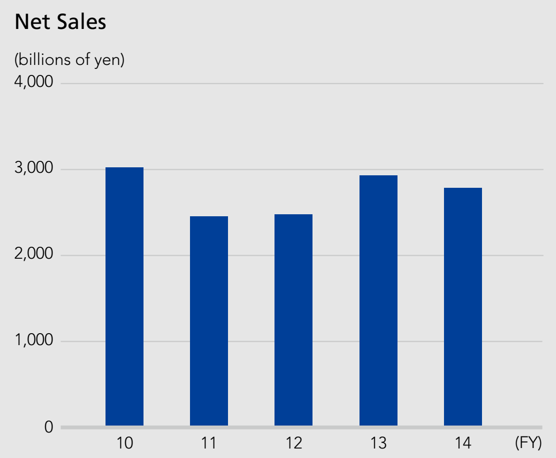
Amid these circumstances, the Sharp Group strove to create and strengthen sales of original products and distinctive devices. Seeking to achieve "recovery and growth," we also made concerted efforts to restructure our business in Europe, reduce company-wide costs, and rigorously cut general expenses as outlined in our Medium-Term Management Plan for Fiscal 2013 through 2015.

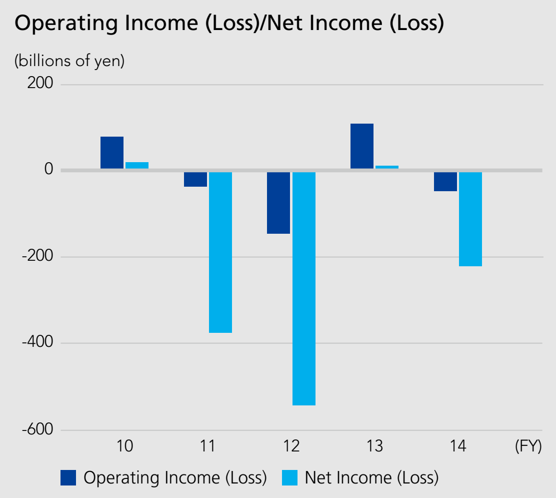
However, consolidated net sales for the year totaled ¥2,786.2 billion, down 4.8% from the previous year. This was due mainly to declines in sales of LCD TVs and our energy solutions business, as well as falling prices of small- and medium-size LCDs.

The Group posted an operating loss of ¥48.0 billion, compared with operating income of ¥108.5 billion in fiscal 2013. This was due mainly to provision of a valuation reserve for inventory purchase commitments on polysilicon materials used in solar panels and a write-down of LCD inventories. The Group also reported an impairment loss of ¥104.0 billion on a solar cell plant in Sakai and on LCD plants, as well as restructuring charges in Europe and other regions of ¥21.2 billion and a settlement of ¥14.3 billion on the solar cell business in Europe. The result was a net loss of ¥222.3 billion, compared with net income of ¥11.5 billion in the previous year.

For fiscal 2014, we passed a dividend, due to the net loss and a loss of retained earnings carried forward.

In fiscal 2015, as well, we do not plan to pay dividends in light of our financial status. We sincerely regret this situation and request the understanding of all shareholders.





Message to our Shareholders

Reasons for financial deterioration and future initiatives

We cite four reasons for our recent financial deterioration: (1) Weak responsiveness to changes, (2) Delays in establishing growth businesses, (3) Declining cost-competitiveness, and (4) Inadequate governance and operational management capabilities.

To overcome this situation, we have formulated a new Medium-Term Management Plan for Fiscal 2015 through 2017, the fundamental strategy of which is to "establish the basis for stable profitability by execution of fundamental restructuring."

We will strive to build stable earnings foundation by steadily implementing the three priority strategies outlined in the new plan: (1) Restructure business portfolio, (2) Reduce fixed costs, and (3) Reorganize and strengthen corporate/governance systems.

Our aim is to build a financial foundation conducive to restoring trust and creating a strong foundation for revival. To this end, we issued preferred shares totaling ¥200.0 billion to two main banks—Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. We also issued preferred shares totaling ¥25.0 billion to Japan Industrial Solutions Fund I, to be used as investment capital in growth areas.

We will stay as "the kind of company society needs."

By steadily implementing the new Medium-Term Management Plan, over the next three years the Sharp Group will build a rock-solid business foundation for delivering full-scale growth.

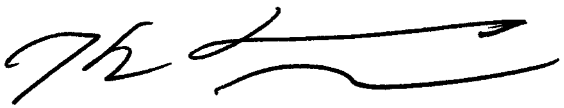
In addition to our amassed strengths in proprietary technologies and creative "Sharp" point of view, we will strive to pursue what is necessary for people to lives better lives, observing from close by. In other words, we will contribute to society over the next 10 and 100 years by becoming a company standing side-by-side with people to offer new values.

The entire Group has an unyielding commitment to achieving the rebirth of Sharp, and we look forward to your ongoing support.

July 2015

Kozo Takahashi

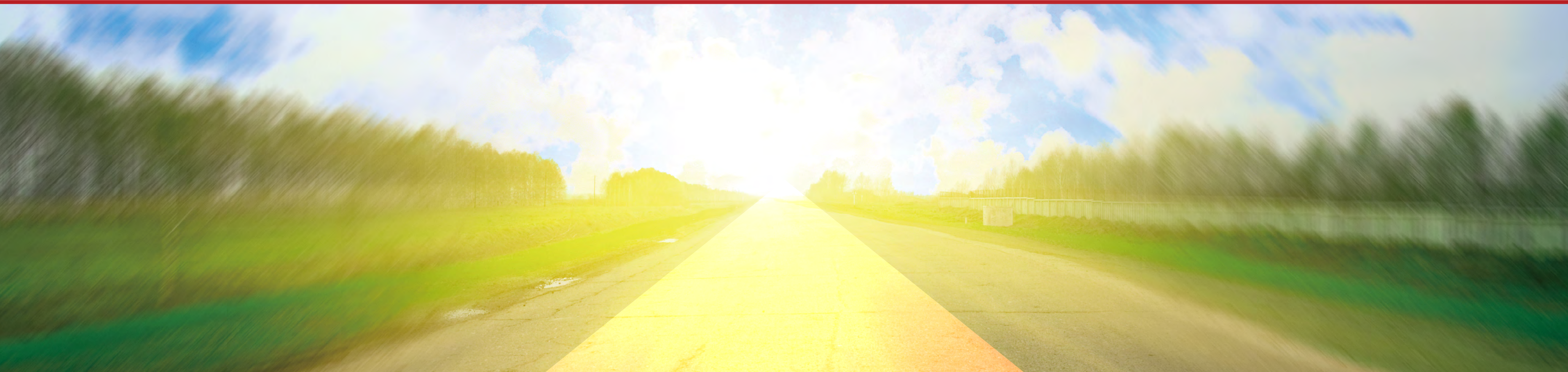
April 1980	Joined Sharp Corporation
September 2008	Executive Officer; Group General Manager, Health and Environment Systems Group
April 2010	Executive Managing Officer; Group General Manager, North and South America Group
April 2012	Executive Vice President; Chief Officer, Sales and Marketing; Group General Manager, Global Business Group
June 2012	Representative Director and Executive Vice President; Chief Officer, Sales and Marketing; Group General Manager, Global Business Group
July 2012	Representative Director and Executive Vice President; Chief Officer, Products Business; Group General Manager, Global Business Group
April 2013	Representative Director and Executive Vice President; Chief Officer, Products Business Group
June 2013	President of Sharp Corporation



President

Medium-Term Management Plan for Fiscal 2015 through 2017

Establish stable earnings foundation through fundamental structural reform.



Three key strategies

1 Restructure business portfolio

Establish stable, high-value-added business portfolio

2 Reduce fixed costs

Strengthen adaptability to business volatility

3 Reorganize and strengthen corporate/governance systems

Shift to autonomous management to strengthen managerial discipline

Reinforce funds/capital to support implementation of Medium-Term Management Plan (preferred share issuance totaling ¥225 billion)

Medium-Term Management Plan for Fiscal 2015 through 2017

Roadmap of Medium-Term Management Plan (consolidated)

Implement fundamental restructuring → Achieve operating income surplus in all business units → Build foundation for full-scale growth

(billions of yen)	Fiscal 2014 result	Fiscal 2015 forecast	Fiscal 2016 forecast	Fiscal 2017 forecast
Net sales (Y o Y)	**2,786.2 (-4.8%)**	**2,800.0 (+0.5%)**	**2,900.0 (+3.6%)**	**3,000.0 (+3.4%)**
Operating income (margin)	**-48.0 (-1.7%)**	**80.0 (2.9%)**	**100.0 (3.4%)**	**120.0 (4.0%)**
Net income (margin)	**-222.3 (-8.0%)**	Continue structural reform	Accomplish surplus	Expand surplus

Under the Medium-Term Management Plan for Fiscal 2015 through 2017, Sharp will implement fundamental structural reform in fiscal 2015 and strive to achieve operating surpluses in all business units and company-wide net income surplus in fiscal 2016.

In fiscal 2017, the final year of the plan, we are targeting consolidated net sales of ¥3 trillion, operating income of ¥120 billion, an operating margin of 4.0%, and expansion of net surplus. To this end, we will establish a stable earnings foundation for future full-scale growth. Specifically, we will emphasize the following three key strategies.

1. Restructure business portfolio
2. Reduce fixed costs
3. Reorganize and strengthen corporate/governance systems

1. Restructure business portfolio

Current structure		Company
Product Business Group	Digital Information Equipment Communication Systems Health and Environmental Equipment	Consumer Electronics
	Energy System Solutions	Energy Solutions
	Office Solutions Business Solutions	Business Solutions
Device Business Group	Electronic Devices	Electronic Component and Device
	Display Devices	Display Device

For our business portfolio, we will rearrange our existing structure, consisting of two business groups and eight businesses, into five companies according to customer and business attributes. We will expedite reconstruction of our portfolio by shifting to high-value-added businesses, creating new growth businesses, and discontinuing unprofitable businesses.

Medium-Term Management Plan for Fiscal 2015 through 2017

2. Reduce fixed costs

1. Reduce personnel through voluntary retirement program in Japan and downsizing operations overseas
2. Implement urgent labor cost measures
3. Reform business structure and bases
4. Streamline headquarters; sell headquarters (building and land)

With respect to fixed costs, in the first half of fiscal 2015 we will implement a voluntary retirement program in Japan targeting around 3,500 employees. By fiscal year-end, we hope to reduce our global workforce by 10%, thus creating a streamlined personnel system that matches our business structure.

As an urgent labor cost measure designed to underpin profit improvements in fiscal 2015, we cut salaries and bonuses of directors (more than before) and employees.

In addition, we will promote reforms of our business structure and bases and sell our headquarters building and land.

Through these measures to reduce fixed costs, we expect to improve profits by ¥28.5 billion in fiscal 2015.

3. Reorganize and strengthen corporate/governance systems

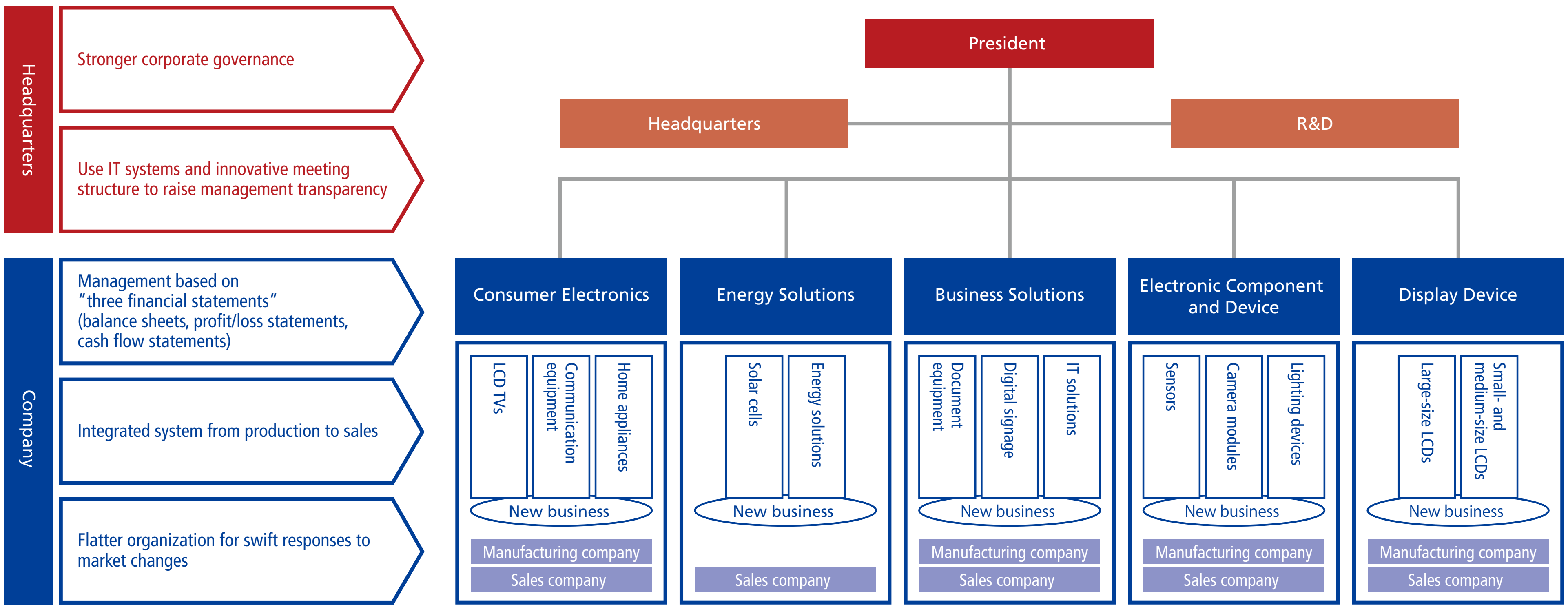
Under our existing business group structure, we made little progress in shifting human and other resources and authority to each group, and did not adequately entrench our management performance indicators. Accordingly, responsibility-based management was not functioning properly.

For this reason, we will introduce a new company system and reorganize our corporate/governance systems.

In addition, we will build frameworks to help nurture a vibrant corporate culture, in which individual employees and individual organizations can demonstrate a sense of responsibility and autonomy.

Medium-Term Management Plan for Fiscal 2015 through 2017

Aim of the Company System



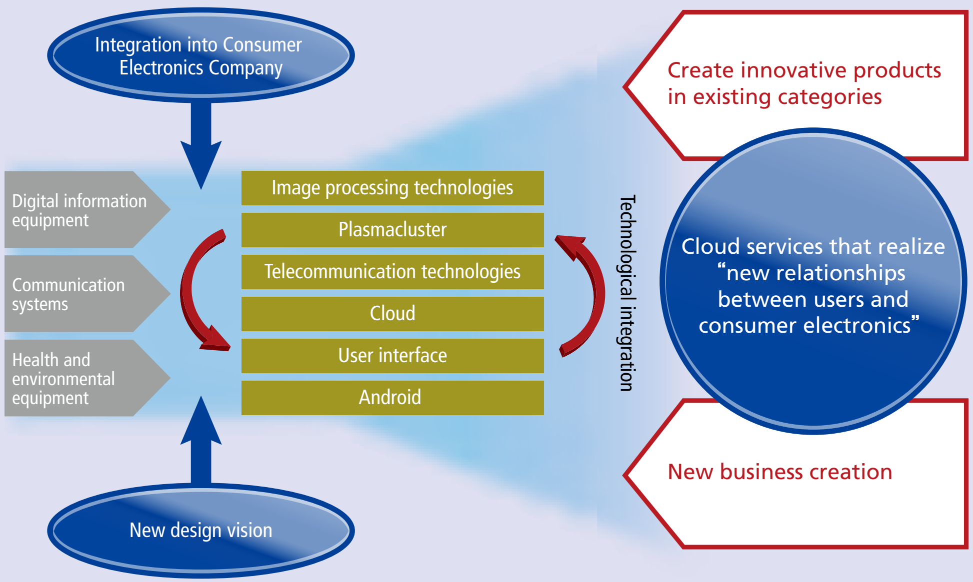
The important aim of the transition to the company system is to enable the presidents of each company to practice autonomous management based on the three financial statements (balance sheets, profit/loss statements, cash flow statements) under individual responsibility.

The figure above shows the company system scheduled for introduction on October 1, 2015. The existing structure, based on two business groups and eight businesses, will be reorganized into five companies. Our sales companies will be clearly incorporated under a company umbrella to create a streamlined system. At the same time, the headquarters side will firmly govern each company in order to achieve "management with discipline and speed."

Medium-Term Management Plan for Fiscal 2015 through 2017

Consumer Electronics Company

Innovation of products and business through technological integration, focusing mainly on Japan and Asia



The aim of the Consumer Electronics Company is to deploy Sharp's broad-ranging technologies to create new products and businesses.

We are entering an era in which more and more things are connected to the Internet. With technological expertise in TVs, communications, and home appliances, Sharp will seize this business opportunity to provide sets of cloud services, in addition to hardware, and thus propose "new relationships between users and consumer electronics" with high levels of added value and convenience.

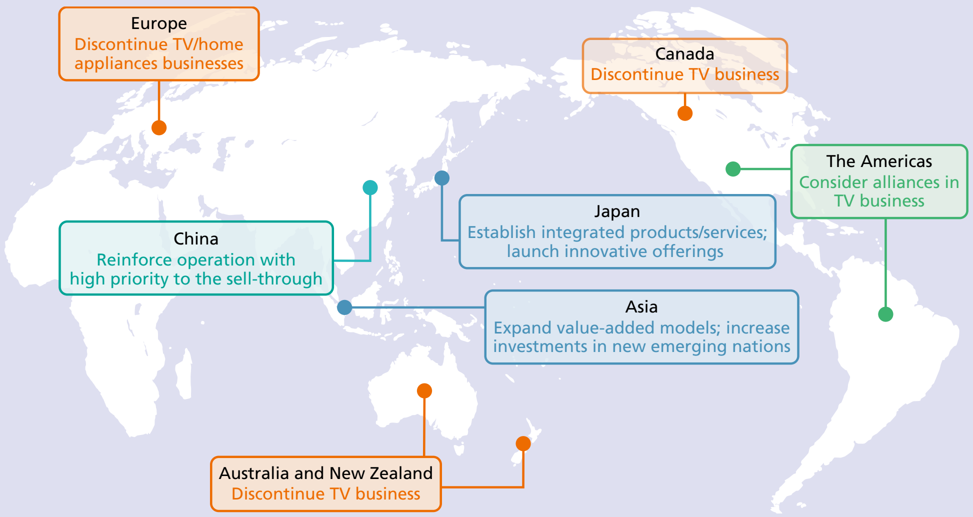
We will make extensive innovations on the design front as well. We are currently formulating a new design vision based on the concepts of "beauty and attachment," "unexpected surprises," and "emotional connection with consumer electronics."

By region, we will concentrate resources on Japan and Asia, where Sharp has advantages in terms of brand and sales channels.

In Japan, we will fast-track establishment of new products and businesses combined with cloud services. At the same time, we will successively create new products not available elsewhere, such as Ocha-Presso, a household tea machine.

In Asia, we will expand our lineup of value-added models and actively invest in new emerging nations, such as Myanmar and Cambodia, in order to broaden our businesses, centering on health and environmental business.

In the LCD TV business, we will step up initiatives in Japan, Asia, and China, while in the Americas we will target structural reforms, including alliances covering production and sales, as we have done in Europe.



Medium-Term Management Plan for Fiscal 2015 through 2017

Energy Solutions Company

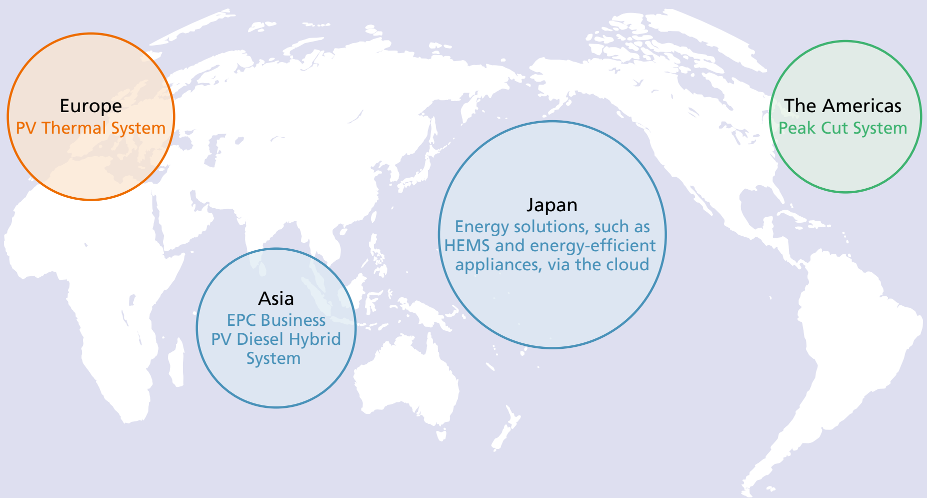
Shift to solutions business matched to local needs

Although demand for industrial-use solar cells in Japan continues to languish, there is significant potential demand in energy-related markets.

Under these circumstances, in Japan we leverage our expertise in solar cells and storage batteries to propose solutions that link HEMS and energy-efficient appliances via the cloud.

Overseas as well, we will promote solutions matched to local needs making the most of our solar cells. This entails stepping up advancement of various technologies, such as EPC* business and PV Diesel Hybrid (combining with diesel power generation) in Asia, Peak Cut System (lowering electricity charges by cutting power consumption at peak times) in the Americas, and PV Thermal System (deploying solar heat) in Europe.

* Engineering, Procurement, Construction



Business Solutions Company

Global development of solutions utilizing existing product/customer bases and aggressive investment

Expand sales routes and services in MFP business

- Strengthen customer bases in developed nations (focus investments on MFP sales routes)
- Expand profit by selling IT services to MFP customers


Digital color MFP

Strengthen solution business in display business

- Shift business platform from selling display products to selling solutions
- Establish structure that can handle everything from project development to installation and maintenance


Digital signage display at Tokyo Station

In the MFP business, we will strive to increase sales by stepping up proposals for efficient office solutions combined with IT services, while actively expanding investments in sales routes.

In the display business, we will work to increase profit by raising the ratio of solution-based sales through establishment of a system that can handle everything from project development to installation and maintenance.

Medium-Term Management Plan for Fiscal 2015 through 2017

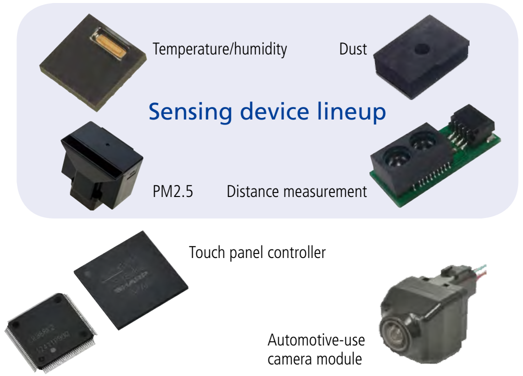
Electronic Component and Device Company

Shift to value-added areas centered on sensing technology

Cultivate new customers for smartphone camera modules

- Cultivate new customers for smartphone camera modules, where Sharp has top market share

Expand businesses in new devices and high-value-added fields



The Electronic Component and Device Company will progressively shift to value-added domains by cultivating new customers for smartphone camera modules and expanding businesses in new devices and high-value-added fields.

Sharp has the leading market share for smartphone camera modules. Going forward, we will bolster business stability by actively expanding sales to new customers and increasing the number of customers.

In addition, we will broaden our presence in high-value-added fields. These include PM2.5 sensors, distance sensors, and other devices that utilize high-sensitivity sensing technologies, as well as automotive-use camera modules and touch panel controllers in coordination with our display device business.

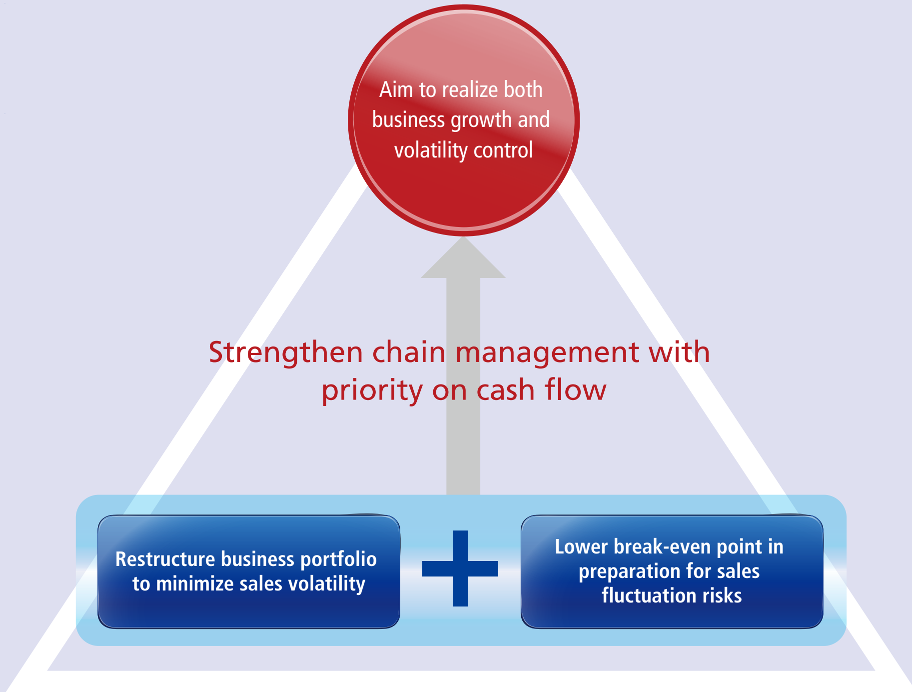
Display Device Company

Utilize technological advantage to attract stable customers and expand business in high-value-added panels

We will rebuild our portfolio by raising the weighting of our BtoBtoB businesses (including in-vehicle equipment and IA*), in order to control sales volatility. At the same time, we will lower the break-even point so we can minimize the impact on profit even when sales fluctuate.

In addition, we will entrench chain management with priority on cash flow in order to deliver business growth and control business volatility.

* Industrial Automation



Medium-Term Management Plan for Fiscal 2015 through 2017

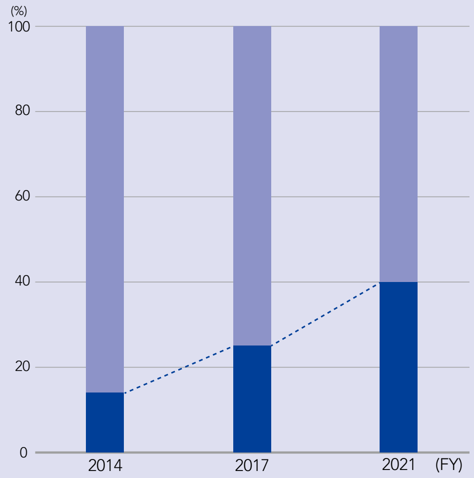
Display Device Company

Restructure business portfolio to minimize sales volatility

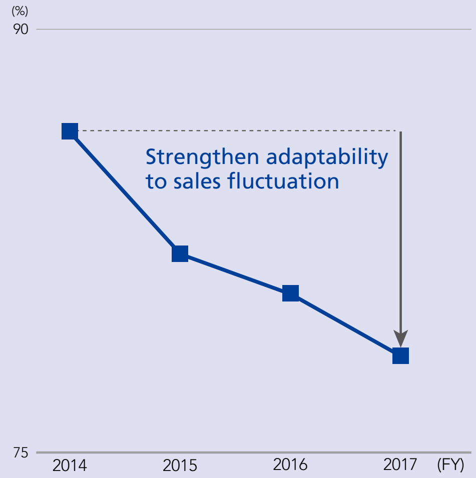
BtoBtoB businesses (including in-vehicle equipment and IA) represent a highly stable domain with large barriers to entry. Leveraging its technological edge, Sharp will strengthen its sales and support capabilities with the aim of raising the ratio of BtoBtoB businesses sales in overall sales in this company from 14% in fiscal 2014 to 25% in fiscal 2017, and then to 40% by fiscal 2021.

BtoBtoC businesses, represented mainly by LCDs for smartphones, have an inherent risk of sudden price declines due to market changes. Nevertheless, we will work to stabilize orders by increasing the number of customers. To achieve this, we will step up marketing capability in China's Huanan County and reinforce our "design-in" organization.

BtoBtoB businesses Sales Ratio



Break-even Point Ratio



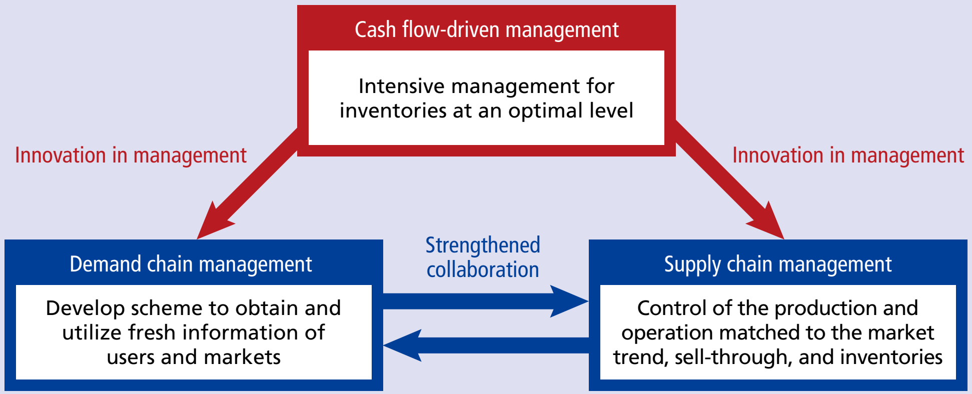
Lower break-even point in preparation for sales fluctuation risks

We will lower the break-even point to strengthen our responsiveness to sales fluctuation. In fiscal 2014, we reported impairment losses on the Kameyama Plant and the Mie Plant, resulting in reduced fixed costs. In addition, we will promote cost-reform projects covering the entire supply chain to reduce variable costs.

Strengthen chain management with priority on cash flow

The shortening lifecycles of smartphone have led to concerns about further increases in business volatility. In response, we will further strengthen chain management.

We will also increase our ability to accurately grasp real demand and swiftly control production and operations, so we will always be able to maintain optimal inventory levels even amid sharp changes in demand.



Medium-Term Management Plan for Fiscal 2015 through 2017

Company standing side-by-side with people to offer new values

Inherited tradition

Sharp with proprietary technologies

Re-strengthen

Sharp with creative “Sharp” point-of view

Newly added

Sharp to be closest to people

Over the three-year period from fiscal 2015 through fiscal 2017, Sharp will work to build a robust business foundation for future full-scale growth.
For many years, Sharp has amassed “proprietary technologies” and creative “Sharp” point-of view. In addition, we will strive to contribute society by pursuing “what is necessary for people to live better lives, observing from close by,” or in other words, aiming to become “a company standing side-by-side with people to offer new values.”

Corporate Social Responsibility (CSR)

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.

Sharp draws on its business philosophy and business creed to fulfill its social responsibilities.

"Make products that others want to imitate." This message of Sharp's founder Tokuji Hayakawa encapsulates management's stance of aiming to become a trusted company by contributing to society as a manufacturer that is among the first to grasp the needs of the next era.

In 1973, Sharp codified the unchanging spirit of its founder in the Company's business philosophy and business creed. The business philosophy and business creed are clearly embodied in Sharp's present-day CSR aimed at achieving co-existence and mutual prosperity with society and stakeholders.

Sharp Group Charter of Corporate Behavior and Sharp Group Code of Conduct

The Sharp Group Charter of Corporate Behavior and the Sharp Group Code of Conduct serve as principles of conduct for Sharp Group companies. They are based on the belief that Group companies and their individual executives and employees must practice legal compliance and corporate ethics and otherwise act in an appropriate and sincere manner.

For more details on the Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct, please visit the website below:
http://www.sharp-world.com/corporate/info/charter/index.html

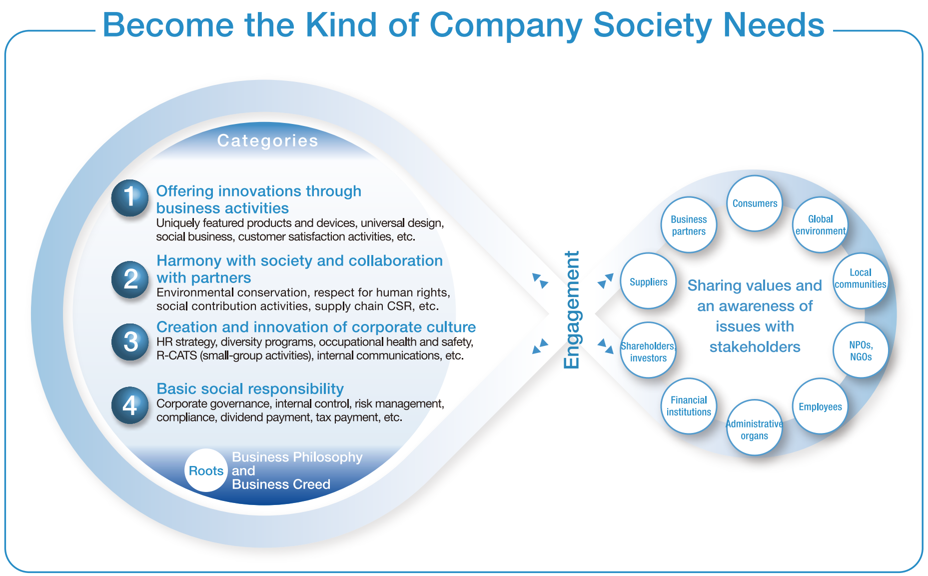
CSR Policies

Sharp embraces its business philosophy and business creed from a CSR-oriented standpoint. We pursue our CSR activities, broadly classified into four categories, while promoting communication and engagement with stakeholders.

In the first category, regarding offering innovations, Sharp will strive to contribute to society by deploying its proprietary technologies, amassed over many years, as well as creative "Sharp" point-of view, aiming to become a company that pursues "what is necessary for people to live better lives, observing from close by," or in other words, "a company standing side-by-side with people to offer new values."

Activities in the other three categories are spearheaded by so-called functional departments such as environmental promotion unit and human resources development unit, and they conduct CSR activities in a balanced manner.

For further information about the Group's CSR activities, please visit the site below.
http://www.sharp-world.com/corporate/eco/



ISO 26000 and United Nations Global Compact

In light of ISO 26000, an international guidance on CSR, and the 10 principles of the United Nations Global Compact, Sharp has set targets for specific activities in the areas including human rights, labor, the environment, and anti-corruption. Sharp is promoting efforts toward these targets. We have been a participant in the Global Compact since June 2009.

Socially Responsible Investment (SRI) Recognition

Sharp has received recognition in Japan and overseas for its strong commitment to CSR activities. As of June 2015, Sharp was selected by major SRI evaluating bodies for SRI indices as noted below.

・FTSE4Good Global Index (U.K.)
・MSCI World ESG Index, MSCI Global Climate Index (U.S.A.)
・Morningstar Socially Responsible Investment Index (Japan)

Corporate Governance

Basic Concept Concerning Corporate Governance

Sharp's business philosophy contains a statement of "Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders...indeed, the entire Sharp family." Under this philosophy, Sharp's basic concept concerning corporate governance is to maximize corporate value through swift and accurate management that preserves transparency, objectivity and soundness.

Based on this stance, Sharp appoints outside directors who have international, multi-faceted and compliance perspectives on wide-ranging issues, such as the social and economic environment, and the future direction of Sharp. In doing so, we strive to strengthen the decision-making functions within the Board of Directors and the functions for supervising directors' execution of duties. We also have the Executive Officer System, thereby dividing the supervisory and decision-making functions from the business execution functions, and creating a structure that steadily facilitates nimble, efficient business execution. In October 2015, Sharp will introduce a company-system. With this in mind, from June 2015 we transitioned to a system of five business entities. By strengthening headquarters-based governance and establishing autonomy for each entity, our aim is to achieve management with discipline and speed.

With respect to audit & supervisory board members ("corporate auditors") and the Audit & Supervisory Board, Sharp appoints outside independent corporate auditors in order to reinforce the monitoring and checking functions on the management and otherwise strengthen the corporate governance system.

Status of Corporate Governance System

Sharp's corporate governance system comprises the Board of Directors, which supervises directors' execution of duties, the Audit &Supervisory Board, which audits the business executions of directors, and the Executive Officer System, which divides the supervisory and decision-making functions from the business execution functions.

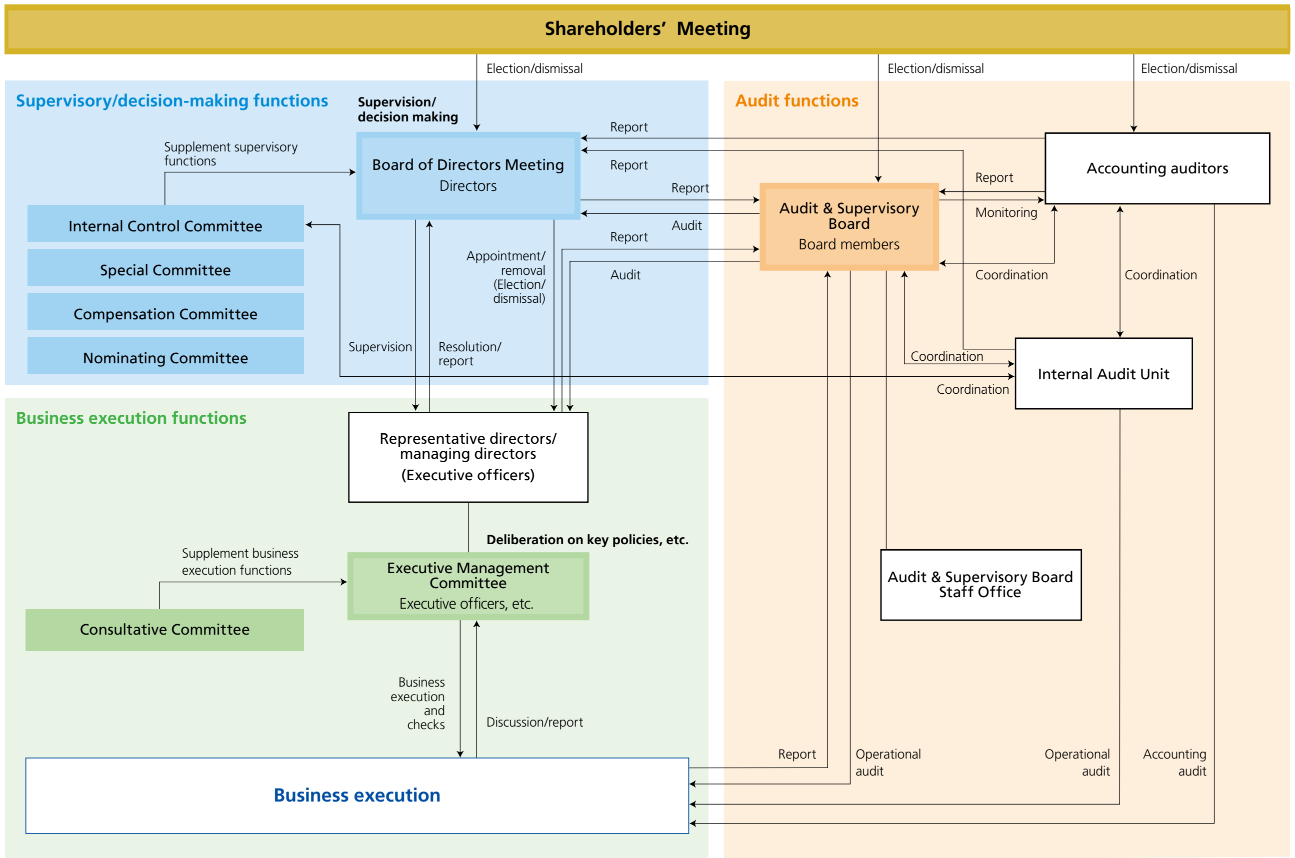
By also appointing outside directors and setting up various committees to supplement the supervisory functions of the Board of Directors, Sharp believes that its corporate governance system is adequate in terms of transparency, objectivity and soundness.

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 advisory bodies to the Board of Directors, the Company has the Internal Control Committee, the Special Committee, the Compensation Committee, and the Nominating Committee.

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

The Audit & Supervisory Board is composed of five corporate auditors, three of whom are outside independent corporate auditors. Each corporate auditor

Corporate Governance System (As of June 25, 2015)



Corporate Governance

meets regularly with the representative directors, the directors, the executive officers, the accounting auditors, the head of the Internal Audit Unit and others to exchange opinions and work to ensure that business is executed legally, appropriately and efficiently.

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 2015. 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, as well as the development and implementation status of various measures related to the internal control system, then make a decision about what to report on or discuss 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 Unit 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, corporate 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 is also 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)

Sharp believes that determining whether to accept large-scale share purchases aimed at a takeover should be ultimately entrusted to the shareholders. However, 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 purchasing activity that could potentially cause significant harm to corporate value and common interests of shareholders—including in the medium and long terms—the Company has adopted the prior warning type of defense measures called the Plan Regarding Large-Scale Purchases of Sharp Corporation Shares (Takeover Defense Plan*) ("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. In case the Special Committee has placed a reserve that confirmation of the shareholders' intent with respect to a consideration of taking countermeasures shall be obtained, or in case the Board of Directors of Sharp considers it is necessary to take countermeasures, Sharp shall convene the Shareholders' Intent Confirmation Meeting to seek whether countermeasures shall be taken or not.

The effective term of the Plan is until the conclusion of the 123rd Ordinary General Meeting of Shareholders, which will be held by June 2017.

* For more details of the Plan, please visit the website below:
http://sharp-world.com/corporate/ir/topics/pdf/150514-1.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, 2015 (or June 23, 2015 as appropriate).

(1) Global Market Trends and Overseas Businesses

Sharp conducts its business not only in Japan but also in different regions around the world, mainly in countries of the U.S., Europe, and Asia. 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, including Japan. The political and economic situation in respective areas may also exert an influence on business results and financial position. Moreover, difficulty in monitoring and adjusting its operations in various regions; the growing impact of world economic recession; risks related to regulations and taxation in foreign countries; various standards and customs related to doing business; trade restrictions; political instability and business uncertainty; changes in political and economic relations with Japan; social turmoil; rising personnel costs; and labor issues, etc. may affect Sharp's business results and financial position.

(2) Exchange Rate Fluctuations

The proportion of consolidated net sales accounted for by overseas sales was 59.4% in fiscal 2012, 60.7% in fiscal 2013, and 65.2% in fiscal 2014. In addition, Sharp sells products made overseas in the Japanese market, and also sells products in countries where it does not manufacture the products. Although Sharp hedges the risk of exchange rate fluctuations by employing forward exchange contracts and expanding and strengthening optimally located production, such fluctuations may affect its business results.

(3) Medium-Term Management Plan

On May 14, 2015, Sharp announced its new Medium-Term Management Plan, which it is now working diligently to implement. However, the plan is based on various assumptions concerning external factors, including customer demand for Sharp's products and services, foreign exchange rates, interest rates, and the overall economic growth rate in Japan and abroad. Moreover, there is no guarantee that business initiatives outlined in the plan will be executed. Accordingly, it is possible that Sharp may not be able to achieve its targets set under the plan. Moreover, enforcement of business restructuring may result in additional losses.

(4) Dependence on Certain Products and Clients

Sales of LCDs and digital information equipment account for more than half of Sharp's total net sales. Accordingly, Sharp's business results may be impacted due to reasons including a decline in customer demand for such products, falling product prices, the arrival of alternative or competing products of other companies, and intensified competition stemming from the entry of new companies into the market. Sales of Sharp's LCDs and mobile phones are dominated by only a small number of clients, who thus account for a considerable share of sales. Sharp's business results and financial position could be affected if sales to such important clients languish due not to only factors related to Sharp's products but reasons outside of Sharp's control. These include declining demand for the clients' products, changes in product specifications, and changes in the clients' sales strategies. In addition, if such clients have concerns about Sharp's financial position, they may reduce the scale of transactions with Sharp, and prioritize transactions with their own affiliated companies for certain products. Moreover, maintaining and developing business with such a small number of clients may lead to various limitations on Sharp's business operations.

(5) Strategic Alliances and Collaborations

Sharp implements strategic alliances and collaborations as well as capital alliances with other companies—including the Samsung Group and the Qualcomm Group—in order to enhance corporate competitiveness, to improve profitability and to bolster the development of new technologies and products in various business fields. Moreover, Sharp's policy is to continue actively pursuing such alliances. 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. In addition, limitations could be placed on alliances and collaborations with other companies in the same industry, or conditions could be placed on alliances and collaborations could restrict the freedom of Sharp's business. Also, shares issued under a capital alliance with a strategic partner could dilute the value of existing shares. For example, Sharp has an agreement with the Samsung Group giving Samsung preferential negotiating rights in the event that Sharp wishes to sell part of its business solutions business. (At present, Sharp has no intention of selling that business.) On March 27, 2012, Sharp Corporation entered into an agreement to execute capital and business alliance with four companies of the Hon Hai Group. However, subscription payment for shares to be issued under the agreement was not executed. Under the agreement, Sharp Corporation is to issue 121,649 thousand shares of common stock, to be purchased by the Hon Hai Group for ¥550.00 per share. The agreement is valid for three years and can be renewed. If certain conditions are fulfilled, including notification of the securities registration statement in Japan, and Sharp issues the aforementioned shares to the Hon Hai Group, Sharp's existing shares could be diluted. The Hon Hai Group has made an announcement to the effect that an agreement has been reached to change conditions for issuing the aforementioned shares, but Sharp believes this is not true.

(6) Business Partners

Sharp procures materials and receives services from a large number of business partners, and transactions are made 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 become involved in a corporate scandal such as a breach of the law, or be affected by legal regulations concerning human rights or environmental issues such as the problem of "conflict minerals"

Risk Factors

in the supply chain, or legal restrictions, or limited suppliers with capability of providing certain material provisions. Due to these and other factors, Sharp may be unable to access sufficient supplies of materials/parts from procurement sources, or the quality of such materials/parts may be inadequate. In such an event, Sharp may be forced to do business with alternative suppliers subject to conditions less favorable than with its current suppliers, or Sharp may be unable to find a supplier in a timely manner. Any of these factors could lead to a decline in the quality of Sharp's products, increases in costs, and/or delays in deliveries to customers, which may affect Sharp's business results and financial position. Under agreements with certain clients, Sharp receives advanced payments for the trading value of its products. At present, the obligation to repay such advances is offset by Sharp's accounts receivable in connection with said clients. Depending on Sharp's financial circumstances, however, under the agreements with said clients, Sharp may be requested to repay a major portion of the advances. If a request for repayment of advances is made, this could have a negative effect on Sharp's operating cash flows.

(7) Other Factors Affected by Financial Position

Sharp procures funds through borrowings from financial institutions, such as banks and life insurance companies, and through bond issues. As of March 31, 2015, the balance of such debt was equivalent to 48.6% of total assets, and short-term borrowings accounted for 88.1% of such debt. Accordingly, Sharp might become subject to restrictions on how it uses its cash flows in order to repay such debt, and also faces the possibility of an increase in expenses due to rising interest rates. Moreover, Sharp has possibility of increases in fund procurement costs as well as limitations on fund procurement. This may be because necessary funds cannot be obtained at the required time with adequate conditions, including for the refinancing of existing debt. These factors may affect Sharp's business results and financial position. Sharp has borrowing agreements with multiple financial institutions, and some of the agreements entail financial covenants. If its consolidated net assets fall below the levels specified under such financial covenants, or if Sharp fails to undertake faithful consultations in the event that its consolidated operating income and net income fall below specified levels, Sharp may forfeit the benefit of time at the lender's request. Moreover, Sharp may also forfeit the benefit of time on bonds and other borrowings if it violates the relevant financial covenants. Sharp's major lending institutions are Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. As necessary, Sharp consults with both banks about ways to improve its financial position and other matters. In June 2013, one of member of each bank was appointed as a director of Sharp. In June 2015, moreover, two persons nominated by Japan Industrial Solutions Fund I—which will purchase Class B Shares in a subscription agreement with Sharp—have been elected as outside directors of Sharp. In addition, dependence on borrowings, a credit ratings reduction caused by it, or deterioration of Sharp's financial position may work to its disadvantage with respect to competition with other companies with robust financial positions, and contract-related issues could also arise between Sharp and its lenders or business partners.

(8) 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, obsolescence of technologies, or the appearance of substitute technologies may make Sharp unable to introduce new products in a timely manner, or lead to an increase in inventories, or the inability to recover product development costs. These and other factors may impact Sharp's business results and financial position. Apart from technologies, Sharp faces intense competition from price and marketing perspectives as well, and winning against such competition is not guaranteed. Depending on the outcome of fierce competition with other companies, Sharp may be forced to downsize or withdraw from existing businesses, which could incur additional costs. Moreover, Sharp engages in R&D under collaborative development agreements with other companies, and it is possible that such relationships cannot be maintained, or that satisfactory outcomes cannot be produced, or that termination of such relationships cannot be handled smoothly.

(9) 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, or may be unable to receive sufficient royalty income from the granting of licenses. 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 the period of a license received from a third party expires, or for some reason or other, is terminated, or 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, in the event that a company licensed to use Sharp's intellectual property is acquired by a third party, the 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, the formation of an alliance with said 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. Moreover, the formation of such an alliance could result in claims for infringement of an existing licensing agreement with another third party, placing pressure on Sharp to cancel said alliance. 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.

(10) Long-Term Investments and Agreements

Sharp actively invests in manufacturing equipment

Risk Factors

and the like and has a large amount of noncurrent assets. Various factors related to such manufacturing equipment may prevent Sharp from securing anticipated income and require it to book impairment losses, which could impact its business results and financial position. These factors include equipment not functioning as expected and difficulty converting to other products due to equipment performance problems or contractual limitations. Sharp also has goodwill and other noncurrent assets. Sharp may be required to apply impairment treatment to such assets if its profitability declines or if the market prices of its asset holdings decline significantly. Such factors may affect Sharp's business results and financial position. In addition, Sharp has a large number of long-term contractual agreements in place, and many of those agreements include promises of fixed prices or price adjustments only at predetermined intervals during the agreement period. Accordingly, fluctuations in prices and costs during the periods of such agreements may have a major negative effect on Sharp's business. In particular, there are such agreements covering raw materials for solar panels. These include a contract that obligates Sharp to purchase a total of 20,779 tons of polysilicon (as of the end of March 2015) by the end of 2020 at a rate substantially higher than the most recent market price (the weighted average price under the contracts exceeded the market price as of March 31, 2015 by around ¥2,630 per kilogram). Sharp's business plan incorporates the assumption that Sharp is obligated to purchase polysilicon at higher rates than market prices. Nevertheless, intensified competition caused by the entry of overseas manufacturers, falling prices of solar panels stemming from reductions in electric power purchase prices, dramatic foreign exchange fluctuations, and other factors have caused Sharp's business environment to deteriorate, making it difficult to secure future profitability. In fiscal 2014, Sharp recorded a valuation reserve for inventory purchase commitments on polysilicon materials, to cover the difference between the contracted purchase price and the most recent market price. If the market price of polysilicon falls even further, Sharp may incur additional losses. Moreover, because some of the purchase contracts at year-end prohibit the resale of polysilicon, Sharp may have difficulty recovering its losses if the prospects for future use of the material deteriorates, which in turn could incur further additional losses. Meanwhile, Sharp has long-term contractual agreements with multiple suppliers covering the supply of electricity necessary to produce solar cells at its Sakai Plant. At the end of fiscal 2014, total amount of future payments of such contracts was ¥43,915 million (remaining terms of between 2.5 and 14 years), and none of the contracts can be cancelled prior to maturity. These long-term contracts cover the supply of electricity necessary to produce 480MW of solar cells annually. However, the actual production volume at the Sakai Plant is only 160MW per year, which is incurring considerably high production costs for the energy solutions business.

(11) Product Liability

Sharp manufactures products in accordance with strict quality control standards to ensure the utmost in quality. However, many of its products are for consumer use, and also incorporate innovative technologies. If defects arise in any of these products, Sharp may incur responsibility as a manufacturer and other obligations. 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.

(12) 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, recycling, internal control, and labor regulations. Changes in such laws and regulations, or additional expenses to comply with the amendments, or the occurrence of violations of legal rules by persons in Sharp may affect Sharp's business results and financial position. Furthermore, 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.

(13) 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 elsewhere against Sharp. With respect to the result of these proceedings and litigation, Sharp has made a reasonable estimate of potential future losses and provided a reserve in the amount deemed necessary. However, it is difficult to predict or estimate all results at this stage. In addition to proceedings already under way, new investigations by regulatory authorities or civil litigations may be filed in the future. Any adverse results could affect Sharp's business results and financial position.

(14) 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.

(15) Large-Scale Natural Disasters

Sharp has created preventative/emergency measures and a business continuity plan aimed at rapid recovery/restoration in order to be prepared

Risk Factors

for and minimize damage in the event of large-scale natural disasters such as earthquakes and typhoons, and is working hard to avoid the impact of such disasters. However, if Sharp or its partners' business activities are impaired directly or indirectly due to the occurrence of an unprecedented large-scale natural disaster, it may affect Sharp's business results and financial position.

(16) Risks Accompanying the Nuclear Power Plant Disaster

Electric power generation problems, caused by the nuclear power plant accident accompanying the Great East Japan Earthquake, have had various adverse effects on both Japanese and overseas markets, which is affecting Sharp's business results and financial position. The Japanese government has signaled its intention to reinstate nuclear power generation following cabinet approval of a basic energy plan defining nuclear as an "important baseload power source." In the absence of a timeframe for reinstatement, however, power generation problems remain unsolved at the present time. Any possible future restrictions on electricity usage or hikes in electricity prices stemming from electricity shortages could cause plant operations to be reduced and/or costs to increase, which may affect Sharp's business results and financial position.

(17) Competition to Secure Skilled Personnel

Exceptional human resources in such fields as technology and management are crucial to Sharp's future growth and development. However, since demand for talented personnel in various fields exceeds supply, competition to secure human resources is intensifying. In the event that Sharp is unable to attract new personnel or prevent the departure of existing employees, or is unable to improve the skills of key personnel engaged in business management, its business results and financial position may be affected.

(18) 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.

(19) Outline of Significant Events Relating to Assumed Going Concern

In the two-year period through fiscal 2012, Sharp consecutively posted large operating losses and net losses, as well as negative major operating cash flows, and its financial position weakened as a result. In response, Sharp formulated a Medium-Term Management Plan in May 2013 and has since worked diligently to achieve recovery and growth. With respect to performance, therefore, Sharp returned to profitability in fiscal 2013, with consolidated net income of ¥11,559 million. On the funding side, Sharp has received continuous support from financial institutions, including a syndicated loan, enabling redemption of bonds upon maturity. Sharp also secured funds and strengthened its financial base, by issuing new shares via public offering and third-party allotment, etc. In fiscal 2014, however, Sharp once again incurred a substantial operating loss and net loss due to falling prices of small- and medium-size LCDs, loss on related to valuation reserve for inventory purchase commitments, impairment losses, restructuring charges, and other measures aimed at improving its operational foundation. These factors made it difficult to achieve the targets of the Medium-Term Management Plan. Accordingly, consolidated net assets have declined significantly, to levels infringing on financial covenants of the syndicated loan agreement. Moreover, the term of the syndicated loan expires on March 31, 2016. Although there are events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, we believe that these conditions will not cast a material uncertainty about Sharp's ability to continue as a going concern, due to implementation of various measures to resolve these and other major issues as described below. Therefore, no further disclosure for the "Going Concern Assumption" in the notes to the consolidated financial statements is necessary.

Sharp has formulated a new Medium-Term Management Plan for Fiscal 2015 through 2017. Under the plan, Sharp will strive to build stable earnings foundation by steadily implementing three key strategies: (1) Restructure business portfolio, (2) Reduce fixed costs, and (3) Reorganize and strengthen corporate/governance systems. Furthermore, based on the premise of the plan's implementation, Sharp will issue preferred shares totaling ¥200.0 billion to two main banks—Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd.—in order to reinforce deteriorated capital base. Sharp will also issue preferred shares totaling ¥25.0 billion to Japan Industrial Solutions Fund I, managed by Japan Industrial Solutions Co., Ltd., to raise investment capital. In both cases, Sharp concluded preferred share subscription agreements on May 14, 2015, and related proposals (change to Articles of Incorporation, type of shares issued, reduction in capital, etc.) received approval at the 121st Ordinary General Meeting of Shareholders, held on June 23, 2015. Reconciliation among financial institutions and other matters that reasonably satisfy the underwriting financial institutions are expected to be completed by the payment date. Sharp will work steadily to reinforce its capital base and implement its Medium-Term Management Plan while helping those institutions and other related parties reach an understanding of Sharp's initiatives as before. Moreover, despite financial covenants being infringed upon, Sharp's main financial institutions indicate that they are not considering enforcing forfeiture of the benefit of time. With respect to the expiration of the syndicated loan contract, as well, Sharp has received informal notice from the financial institutions that they will continue supporting Sharp during the period of the new Medium-Term Management Plan, subject to the successful completion of the preferred share underwritings. Accordingly, Sharp will avoid the risk of capital inadequacy and, thanks to the continued support of financial institutions, will implement specific measures outlined in its new Medium-Term Management Plan.

Directors, Audit & Supervisory Board Members and Executive Officers

(As of June 23, 2015)

Directors

Director, Chairman
Shigeaki Mizushima

Representative Director
President
Kozo Takahashi

Representative Director
Yoshisuke Hasegawa

Director
Yoshihiro Hashimoto

Director
Yumiko Ito

Director
Akihiro Hashimoto

Director
Tsutomu Handa

Director
Satoshi Sakakibara

Director
Makoto Kato*1

Director
Shigeo Ohyagi*1

Director
Mikinao Kitada*1

Director
Masahiro Sumita*1

Director
Shinichi Saito*1

Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Members
Yujiro Nishio
Shuzo Fujii

Audit & Supervisory Board Members
Yoichiro Natsuzumi*2
Masuo Okumura*2
Tohru Suda*2

Executive Officers

President
Kozo Takahashi

Executive Vice President
Tetsuo Onishi

Senior Executive Managing Officer
Yoshisuke Hasegawa

Executive Managing Officers
Yoshihiro Hashimoto
Toshihiko Fujimoto
Kazushi Mukai
Yumiko Ito
Akihiro Hashimoto
Tsutomu Handa

Executive Officers
Nobuyuki Taniguchi
Akira Atarashi
Mototaka Taneya
Toshiyuki Osawa
Satoshi Sakakibara
Akihiko Imaya
Hiroshi Kataoka
Masahiro Okitsu
Shogo Fukahori
Hiroshi Sasaoka
Masakazu Wada
Ryohichi Miyanaga
Kenichi Kodani
Hiroyuki Fukui
Kazuhiro Moritani
Takafumi Kawaguchi

*1 Outside Directors
*2 Outside Audit & Supervisory Board Members

Financial Section

Five-Year Financial Summary

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31

	Yen (millions)				
	2011	2012	2013	2014	**2015**
Net Sales	¥ 3,021,973	¥ 2,455,850	¥ 2,478,586	¥ 2,927,186	**¥ 2,786,256**
Domestic sales	1,592,909	1,181,168	1,007,264	1,150,091	**968,449**
Overseas sales	1,429,064	1,274,682	1,471,322	1,777,095	**1,817,807**
Operating Income (Loss)	78,896	(37,552)	(146,266)	108,560	**(48,065)**
Income (Loss) before Income Taxes and Minority Interests	40,880	(238,429)	(466,187)	45,970	**(188,834)**
Net Income (Loss)	19,401	(376,076)	(545,347)	11,559	**(222,347)**
Net Assets	1,048,645	645,120	134,837	207,173	**44,515**
Total Assets	2,885,678	2,614,135	2,087,763	2,181,680	**1,961,909**
Capital Investment*1	172,553	118,899	82,458	49,434	**62,653**
Depreciation and Amortization	289,602	269,020	197,880	132,401	**117,323**
R&D Expenditures	173,983	154,798	137,936	132,124	**141,042**

	Yen				
Per Share of Common Stock					
Net income (loss)	¥ 17.63	¥ (341.78)	¥ (489.83)	¥ 8.09	**¥ (131.51)**
Diluted net income	16.47	—	—	7.87	**—**
Cash dividends	17.00	10.00	0.00	0.00	**0.00**
Net assets	932.46	568.83	106.90	115.43	**17.84**
Other Financial Data					
Return on equity (ROE)	1.9%	(45.5%)	(145.3%)	7.2%	**(197.4%)**
Return on assets (ROA)	0.7%	(13.7%)	(23.2%)	0.5%	**(10.7%)**
Equity ratio	35.6%	23.9%	6.0%	8.9%	**1.5%**

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

Five-Year Financial Summary

	Yen (millions)				
	2011	2012	2013	2014	**2015**
Net Sales	¥ 3,021,973	¥ 2,455,850	¥ 2,478,586	¥ 2,927,186	**¥ 2,786,256**
Sales by Product Group*2 (Sales to Outside Customers)					
Audio-Visual and Communication Equipment	1,426,243	1,060,770	732,017	—	**—**
Health and Environmental Equipment	269,845	292,224	309,613	—	**—**
Information Equipment	273,900	277,561	296,787	—	**—**
Consumer/Information Products	1,969,988	1,630,555	1,338,417	—	**—**
LCDs	614,373	420,226	650,847	—	**—**
Solar Cells	265,492	223,869	259,895	—	**—**
Other Electronic Devices	172,120	181,200	229,427	—	**—**
Electronic Components	1,051,985	825,295	1,140,169	—	**—**
Total	3,021,973	2,455,850	2,478,586	—	**—**
Digital Information Equipment	—	—	732,017	733,317	**670,326**
Health and Environmental Equipment	—	—	309,613	326,896	**315,022**
Energy Solutions	—	—	259,895	439,028	**270,881**
Business Solutions	—	—	296,787	318,856	**340,323**
Product Business	—	—	1,598,312	1,818,097	**1,596,552**
LCDs	—	—	650,847	814,718	**772,997**
Electronic Devices	—	—	229,427	294,371	**416,707**
Device Business	—	—	880,274	1,109,089	**1,189,704**
Total	—	—	2,478,586	2,927,186	**2,786,256**
Sales by Region					
Japan	1,592,909	1,181,168	1,007,264	1,150,091	**968,449**
The Americas	302,021	288,380	355,288	468,473	**320,980**
Europe	367,962	282,606	174,381	144,804	**142,520**
China	516,977	483,298	667,933	925,348	**1,140,892**
Other	242,104	220,398	273,720	238,470	**213,415**
Total	3,021,973	2,455,850	2,478,586	2,927,186	**2,786,256**

*2 Effective for the year ended March 31, 2014, the segment classification has been changed. In this regard, Sales by Product Group for the year ended March 31, 2013, has been restated based on a new classification.
Effective for the year ended March 31, 2015, the "Solar Cells" product group was renamed as "Energy Solutions."

Financial Review

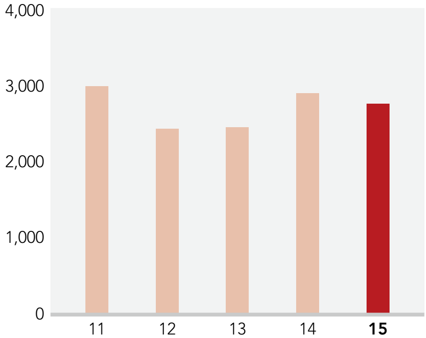
Sharp Corporation and Consolidated Subsidiaries

Operations

Consolidated net sales for the year ended March 31, 2015 amounted to ¥2,786,256 million, down 4.8% from the previous year.

Net Sales

(billions of yen)

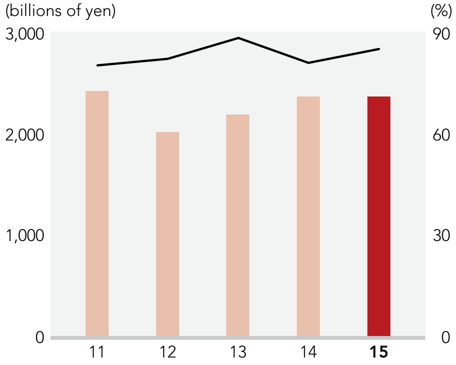


Financial Results

Cost of sales increased by ¥1,405 million to ¥2,397,749 million, and the cost of sales ratio rose from 81.9% to 86.1%.

Cost of Sales

(billions of yen) (%)



Selling, general and administrative (SG&A) expenses increased by ¥14,290 million to ¥436,572 million, and the ratio of SG&A expenses against net sales climbed from 14.4% to 15.7%. SG&A expenses included R&D expenditures of ¥36,707 million and employees' salaries and other benefits expenses of ¥120,448 million.

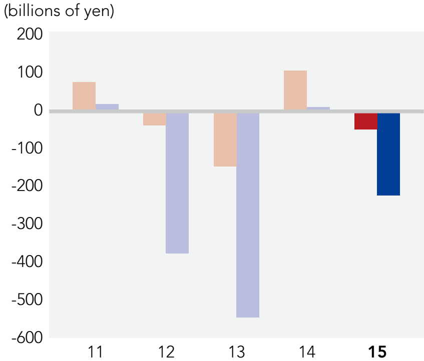
As a result, an operating loss amounted to ¥48,065 million, compared with operating income of ¥108,560 million in the previous year.

Other expenses, net of other income, resulted in a net loss position and amounted to ¥140,769 million.

Accordingly, loss before income taxes and minority interests totaled ¥188,834 million, compared with income before income taxes of ¥45,970 million in the previous year, and net loss for the year was ¥222,347 million, compared with net income of ¥11,559 million in the previous year. The net loss per share of common stock was ¥131.51.

Operating Income (Loss)/Net Income (Loss)

(billions of yen)



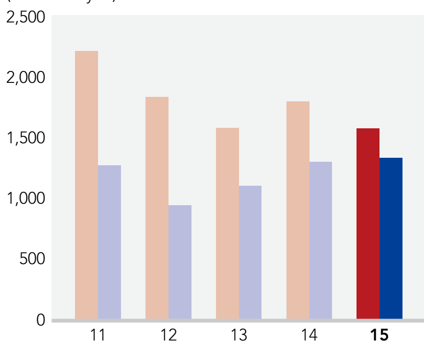
Segment Information

Sales in the Product Business segment decreased by 12.2% to ¥1,596,631 million, and the operating loss was ¥12,295 million, compared with an operating income of ¥96,802 million in the previous year.

Sales in the Device Business segment increased by 2.4% to ¥1,348,574 million, and operating income fell by 97.2% to ¥1,270 million.

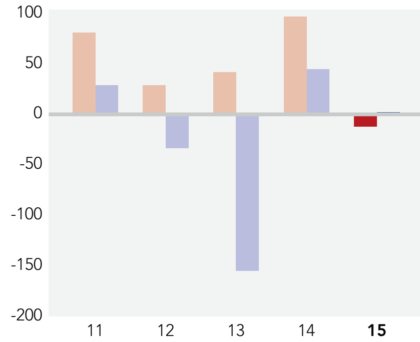
Sales

(billions of yen)



Operating Income (Loss)

(billions of yen)



[Reference Information]

Information by Product Group

Product Business

Digital Information Equipment

In this product group, sales decreased by 8.6% to ¥670,388 million, due to declines in sales of LCD TVs and mobile phones, and operating income declined by 76.2% to ¥3,054 million.

Sales by Product Group

	Yen (millions)	
	2014	**2015**
Digital Information Equipment	¥ 733,361	**¥ 670,388**
Health and Environmental Equipment	326,890	**315,037**
Energy Solutions	439,040	**270,874**
Business Solutions	318,877	**340,332**
Product Business	1,818,168	**1,596,631**
LCDs	991,074	**907,105**
Electronic Devices	326,393	**441,469**
Device Business	1,317,467	**1,348,574**
Adjustments	(208,449)	**(158,949)**
Total	2,927,186	**2,786,256**

Financial Review

Health and Environmental Equipment

Sales in this group decreased by 3.6% to ¥315,037 million, due to declines in sales of air conditioners, and operating income declined by 24.2% to ¥15,927 million.

Energy Solutions

Sales in this group declined by 38.3% to ¥270,874 million, due to a decrease in sales of solar cells. The group posted an operating loss of ¥62,679 million, compared with operating income of ¥32,400 million in the previous year.

Business Solutions

Sales in this group climbed by 6.7% to ¥340,332 million, thanks to growth in overseas sales of MFPs, and operating income increased by 2.8% to ¥31,403 million.

Device Business

LCDs

Sales in this group decreased by 8.5% to ¥907,105 million, due mainly to a decline in sales of large-size LCDs. This was despite increased sales of small- and medium-size LCDs for smartphones and tablets. Operating income fell by 98.6% to ¥594 million.

Electronic Devices

Sales in this group increased by 35.3% to ¥441,469 million, thanks mainly to increased sales of camera modules, which contrasted with lower sales of LEDs. Operating income declined by 79.3% to ¥676 million.

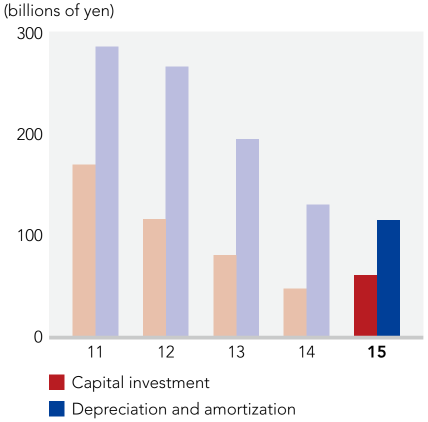
Capital Investment and Depreciation

Capital investment totaled ¥62,653 million, up 26.7% from the previous year. Much of this investment was allocated to expansion and improvement of production lines for small- and medium-size LCDs, in order to meet flourishing demand for LCDs for mobile devices such as smartphones and tablets.

By business segment, capital investment was ¥26,697 million for the Product Business and ¥34,340 million for the Device Business. Unallocated capital investment amounted to ¥1,616 million.

Depreciation and amortization declined by 11.4% to ¥117,323 million.

Capital Investment/
Depreciation and Amortization



Assets, Liabilities and Net Assets

Total assets amounted to ¥1,961,909 million, down ¥219,771 million from the end of the previous year.

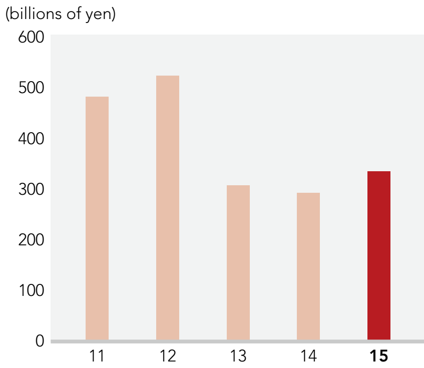
Assets

Current assets amounted to ¥1,299,195 million, down ¥75,049 million. This was due mainly to a ¥118,423 million decrease in cash and cash equivalents. By contrast, there was a ¥36,819 million increase in notes and accounts receivable. Inventories increased by ¥43,174 million to ¥338,300 million. Included in inventories, finished products increased ¥52,664 million to ¥213,124 million; work in process declined ¥8,291 million to ¥67,845 million; and raw materials and supplies were down ¥1,199 million to ¥57,331 million.

Property, plant and equipment, at cost, declined by ¥119,109 million to ¥400,592 million.

Investments and other assets amounted to ¥262,122 million, down ¥25,613 million. This was due mainly to a decrease in long-term prepaid expenses.

Inventories



Liabilities

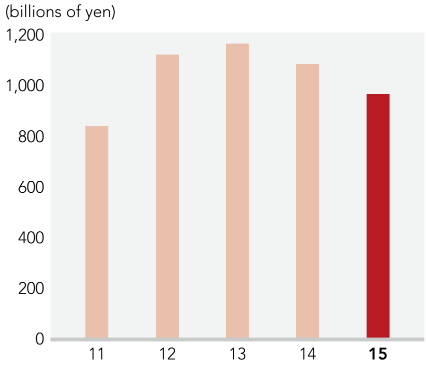
Current liabilities increased by ¥135,329 million to ¥1,686,954 million. Short-term borrowings increased by ¥55,749 million to ¥848,947 million. This stemmed from a ¥44,362 million increase in current portion of long-term debt. Notes and accounts payable increased by ¥58,106 million to ¥468,019 million.

Long-term liabilities decreased by ¥192,442 million to ¥230,440 million. This was due mainly to a ¥174,992 million decrease in long-term debt.

Interest-bearing debt at year-end stood at ¥974,276 million, down ¥119,243 million from a year earlier.

Financial Review

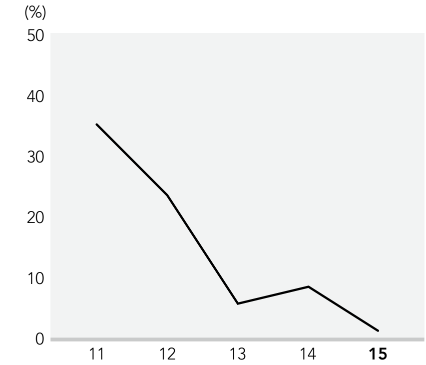
Interest-Bearing Debt



Net Assets

Net assets amounted to ¥44,515 million, a decline of ¥162,658 million. This was due to a decrease in retained earnings stemming from the net loss. The equity ratio was 1.5%.

Equity Ratio



Cash Flows

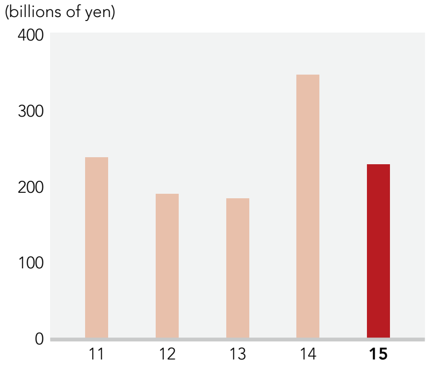
Cash and cash equivalents at the end of year stood at ¥232,211 million, down ¥118,423 million from the previous year, as combined cash outflows from investing and financing activities exceeded cash inflows from operating activities.

Net cash provided by operating activities amounted to ¥17,339 million, down ¥181,645 million from the previous year. The main factors included the posting of loss before income taxes and minority interests following a posting of income before income taxes and minority interests in the previous year.

Net cash used in investing activities totaled ¥16,043 million, down ¥68,897 million from the previous year. The main factors included a ¥20,127 million year-on-year increase in proceeds from the withdrawal of time deposits, a ¥17,633 million increase in proceeds for sales of investments in subsidiaries resulting in change in scope of consolidation, and a ¥12,818 increase in proceeds from sales of investments in securities, nonconsolidated subsidiaries and affiliates.

Net cash used in financing activities was ¥136,090 million, compared with net cash provided by financing activities of ¥32,753 million in the previous year. The main factors included a ¥177,160 million decrease in proceeds from long-term debt.

Cash and Cash Equivalents



Notes: 1. Effective for the year ended March 31, 2014, the Company has changed its segment classification. Figures for previous years have been adjusted to reflect the new classification.
2. Sales figures by segment and product group shown in "Segment Information" include internal sales and transfers between segments (Product Business and Device Business). Operating income (loss) figures are the amounts before adjustment for intersegment trading.
3. Capital investment figures shown in "Capital Investment and Depreciation" include the amount of leased properties.
4. Effective for the year ended March 31, 2015, the "Solar Cells" product group was renamed as "Energy Solutions."

Consolidated Balance Sheets

Sharp Corporation and Consolidated Subsidiaries as of March 31, 2014 and 2015

	Yen (millions)	
	2014	**2015**
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 7)	¥ 350,634	**¥ 232,211**
Time deposits (Note 7)	20,768	**22,439**
Restricted cash (Note 7)	8,194	**3,843**
Notes and accounts receivable (Note 7) —		
Trade	423,552	**405,583**
Other	130,538	**181,196**
Nonconsolidated subsidiaries and affiliates	20,612	**22,946**
Allowance for doubtful receivables	(5,850)	**(4,054)**
Inventories (Note 3)	295,126	**338,300**
Deferred tax assets (Note 4)	23,733	**16,576**
Other current assets	106,937	**80,155**
Total current assets	1,374,244	**1,299,195**
Property, Plant and Equipment, at Cost (Note 6):		
Land	92,784	**87,619**
Buildings and structures	718,606	**658,741**
Machinery, equipment, vehicles and others	1,719,244	**1,651,778**
Construction in progress	21,415	**19,896**
	2,552,049	**2,418,034**
Less accumulated depreciation	(2,032,348)	**(2,017,442)**
	519,701	**400,592**
Investments and Other Assets:		
Investments in securities (Notes 2 and 7)	61,593	**58,556**
Investments in nonconsolidated subsidiaries and affiliates (Note 7)	112,418	**109,239**
Other assets (Note 4)	113,724	**94,327**
	287,735	**262,122**
	¥ 2,181,680	**¥ 1,961,909**

	Yen (millions)	
	2014	**2015**
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Short-term borrowings, including current portion of long-term debt (Notes 5 and 7)	¥ 793,198	**¥ 848,947**
Notes and accounts payable (Note 7) —		
Trade	347,175	**390,621**
Construction and other	35,892	**42,672**
Nonconsolidated subsidiaries and affiliates	26,846	**34,726**
Accrued expenses	235,203	**229,712**
Income taxes (Note 4)	22,056	**15,251**
Valuation reserve for inventory purchase commitments	—	**54,655**
Other current liabilities (Note 4)	91,255	**70,370**
Total current liabilities	1,551,625	**1,686,954**
Long-term Liabilities:		
Long-term debt (Notes 5 and 7)	300,321	**125,329**
Net defined benefit liability (Note 12)	101,383	**85,277**
Deferred tax liabilities (Note 4)	10,904	**7,727**
Other long-term liabilities	10,274	**12,107**
Total long-term liabilities	422,882	**230,440**
Contingent Liabilities (Note 11)		
Net Assets (Note 9):		
Shareholders' equity		
Common stock:		
Authorized — 2,500,000 thousand shares		
Issued — 1,701,214 thousand shares in 2014 and 2015	121,885	**121,885**
Capital surplus	95,950	**95,945**
Retained earnings (accumulated deficits)	135,096	**(87,448)**
Less cost of treasury stock: 10,449 thousand shares in 2014 and 10,480 thousand shares in 2015	(13,889)	**(13,893)**
	339,042	**116,489**
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on securities	6,851	**10,569**
Deferred gains (losses) on hedges	(160)	**780**
Foreign currency translation adjustments	(41,206)	**(18,106)**
Remeasurements of defined benefit plans	(109,367)	**(79,566)**
	(143,882)	**(86,323)**
Minority interests	12,013	**14,349**
Total net assets	207,173	**44,515**
	¥ 2,181,680	**¥ 1,961,909**

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

Consolidated Statements of Operations

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2014 and 2015

	Yen (millions)	
	2014	**2015**
Net Sales	¥ 2,927,186	**¥ 2,786,256**
Cost of Sales	2,396,344	**2,397,749**
Gross profit	530,842	**388,507**
Selling, General and Administrative Expenses	422,282	**436,572**
Operating income (loss)	108,560	**(48,065)**
Other Income (Expenses):		
Interest and dividends income	2,388	**2,870**
Interest expenses	(20,726)	**(23,182)**
Gain on sales of noncurrent assets	3,472	**11,119**
Gain on sales of investments in securities	6,345	**22,946**
Reversal of provision for loss on litigation	—	**19,234**
Impairment loss (Note 14)	(11,770)	**(104,015)**
Loss on valuation of investments in securities	(2,162)	**(622)**
Restructuring charges (Note 15)	—	**(21,239)**
Settlement package	(67)	**—**
Provision for loss on litigation	(1,135)	**(2,140)**
Settlement (Note 16)	—	**(14,382)**
Other, net	(38,935)	**(31,358)**
	(62,590)	**(140,769)**
Income (loss) before income taxes and minority interests	45,970	**(188,834)**
Income Taxes (Note 4):		
Current	38,962	**27,179**
Deferred	(5,980)	**4,234**
	32,982	**31,413**
Income (loss) before minority interests	12,988	**(220,247)**
Minority Interests in Income of Consolidated Subsidiaries	(1,429)	**(2,100)**
Net income (loss)	¥ 11,559	**¥ (222,347)**

	Yen	
	2014	**2015**
Per Share of Common Stock (Note 9):		
Net income (loss)	¥ 8.09	**¥ (131.51)**
Diluted net income	7.87	**—**
Cash dividends	0.00	**0.00**

The accompanying notes to the consolidated financial statements are an integral part of these statements.
Diluted net loss per share computation for the years ended March 31, 2015 is not presented since residual securities did not exist.

Consolidated Statements of Comprehensive Income

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2014 and 2015

	Yen (millions)	
	2014	**2015**
Income (Loss) before Minority Interests	¥ 12,988	**¥ (220,247)**
Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	787	**3,715**
Deferred gains (losses) on hedges	(364)	**941**
Foreign currency translation adjustments	21,178	**24,293**
Pension liability adjustment of foreign subsidiaries	298	**—**
Remeasurements of defined benefit plans	—	**29,776**
Share of other comprehensive income of affiliates accounted for using equity method	409	**461**
Total other comprehensive income	22,308	**59,186**
Comprehensive Income	35,296	**(161,061)**
Comprehensive income attributable to:		
Owners of the parent	32,772	**(164,776)**
Minority interests	2,524	**3,715**

Consolidated Statements of Changes in Net Assets

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2014 and 2015

	(thousands)	Yen (millions)										
	Number of Shares	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (accumulated deficits) (Note 9)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Pension liability adjustment of foreign subsidiaries	Remeasure-ments of defined benefit plans	Minority interests	Total
Balance at beginning of fiscal 2014	1,176,623	¥ 212,337	¥ 276,179	¥ (290,912)	¥ (13,872)	¥ 6,062	¥ (25)	¥ (61,467)	¥ (3,631)	¥ —	¥ 10,166	¥ 134,837
Net income				11,559								11,559
Issuance of new shares	524,591	71,885	71,885									143,770
Transfer to capital surplus from common stock		(162,337)	162,337									—
Deficit disposition			(414,449)	414,449								—
Purchase of treasury stock					(19)							(19)
Disposal of treasury stock			(2)		2							0
Net changes of items other than shareholders' equity						789	(135)	20,261	3,631	(109,367)	1,847	(82,974)
Balance at end of fiscal 2014	1,701,214	¥ 121,885	¥ 95,950	¥ 135,096	¥ (13,889)	¥ 6,851	¥ (160)	¥ (41,206)	¥ —	¥ (109,367)	¥ 12,013	¥ 207,173

	(thousands)	Yen (millions)									
	Number of Shares	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (accumulated deficits) (Note 9)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Minority interests	Total
Balance at beginning of fiscal 2015	1,701,214	¥ 121,885	¥ 95,950	¥ 135,096	¥ (13,889)	¥ 6,851	¥ (160)	¥ (41,206)	¥ (109,367)	¥ 12,013	¥ 207,173
Cumulative effects of changes in accounting policies				(197)							(197)
Balance at beginning of fiscal 2015, reflecting change in accounting policies	1,701,214	¥ 121,885	¥ 95,950	¥ 134,899	¥ (13,889)	¥ 6,851	¥ (160)	¥ (41,206)	¥ (109,367)	¥ 12,013	¥ 206,976
Net loss				**(222,347)**							**(222,347)**
Purchase of treasury stock					**(10)**						**(10)**
Disposal of treasury stock			**(5)**		**6**						**1**
Net changes of items other than shareholders' equity						**3,718**	**940**	**23,100**	**29,801**	**2,336**	**59,895**
Balance at end of fiscal 2015	**1,701,214**	**¥ 121,885**	**¥ 95,945**	**¥ (87,448)**	**¥ (13,893)**	**¥ 10,569**	**¥ 780**	**¥ (18,106)**	**¥ (79,566)**	**¥ 14,349**	**¥ 44,515**

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, 2014 and 2015

	Yen (millions)	
	2014	**2015**
Cash Flows from Operating Activities:		
Income (loss) before income taxes and minority interests	¥ 45,970	**¥ (188,834)**
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by (used in) operating activities—		
Depreciation and amortization of properties and intangibles	123,776	**109,324**
Interest and dividends income	(2,388)	**(2,870)**
Interest expenses	20,726	**23,182**
Foreign exchange gains	(1,469)	**(1,479)**
Gain on sales and retirement of noncurrent assets, net	(1,851)	**(8,324)**
Impairment loss	11,770	**104,015**
Loss on valuation of investment securities	2,162	**622**
Gain on sales of investment securities, net	(5,976)	**(22,532)**
Restructuring charges	—	**21,239**
Provision for loss on litigation	1,135	**2,140**
Reversal of provision for loss on litigation	—	**(19,234)**
Settlement package	67	**—**
Settlement	—	**14,382**
Decrease in notes and accounts receivable	25,577	**33,409**
Decrease (increase) in inventories	26,700	**(30,858)**
Increase (decrease) in payables	(15,840)	**19,136**
Increase in valuation reserve for inventory purchase commitments	—	**54,655**
Other, net	20,491	**(17,944)**
Total	250,850	**90,029**
Interest and dividends income received	2,981	**4,371**
Interest expenses paid	(20,845)	**(23,221)**
Special extra retirement payments paid	(201)	**—**
Settlement package paid	(13,712)	**(2,585)**
Settlement paid	—	**(13,202)**
Income taxes paid	(20,089)	**(38,053)**
Net cash provided by operating activities	198,984	**17,339**

	Yen (millions)	
	2014	**2015**
Cash Flows from Investing Activities:		
Payments into time deposits	(20,986)	**(22,961)**
Proceeds from withdrawal of time deposits	34	**20,161**
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,898)	**(1,794)**
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	**(2,437)**
Proceeds for sales of investments in subsidiaries resulting in change in scope of consolidation	—	**17,633**
Purchase of property, plant and equipment	(45,707)	**(49,710)**
Proceeds from sales of property, plant and equipment	8,920	**18,072**
Purchase of investments in securities, nonconsolidated subsidiaries and affiliates	(25,328)	**(2,429)**
Proceeds from sales of investments in securities, nonconsolidated subsidiaries and affiliates	17,508	**30,326**
Other, net	(17,483)	**(22,904)**
Net cash used in investing activities	(84,940)	**(16,043)**
Cash Flows from Financing Activities:		
Deposits of restricted cash	(25,117)	**(1,999)**
Proceeds from withdrawal of restricted cash	20,970	**3,442**
Net increase in short-term borrowings	2,190	**6,453**
Proceeds from long-term debt	182,442	**5,282**
Repayments of long-term debt	(289,479)	**(148,646)**
Other, net	141,747	**(622)**
Net cash (used in) provided by financing activities	32,753	**(136,090)**
Effect of Exchange Rate Change on Cash and Cash Equivalents	15,971	**16,371**
Net (Decrease) Increase in Cash and Cash Equivalents	162,768	**(118,423)**
Cash and Cash Equivalents at Beginning of Year	187,866	**350,634**
Cash and Cash Equivalents at End of Year	¥ 350,634	**¥ 232,211**

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.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 85 significant companies over which the Company has power of control through majority voting right or the existence of certain other conditions evidencing control by the Company. Investments in 1 nonconsolidated subsidiary and 20 affiliates over which the Company has the ability to exercise significant influence over operating and financial policies are accounted for under the equity method.

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

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

(c) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at current rates at each balance sheet date, and the resulting translation gains and 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 change in value which have maturities of three months or less when purchased.

(e) Investments in securities

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

The Company and its domestic consolidated subsidiaries categorize those securities as "other securities," which, in principle, include all securities other than trading securities and held-to-maturity securities.

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

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

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

(f) Inventories

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

(g) Depreciation and amortization

For the Company and its domestic consolidated subsidiaries, depreciation of plant and equipment other than lease assets is computed using the declining-balance method, except for machinery and equipment at the LCD plants in Mie and Kameyama and the buildings (excluding attached structures) acquired by the Company and its domestic consolidated subsidiaries on or 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 or before March 31, 2008.

(h) Accrued bonuses

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

(i) Provision for loss on litigation

The Company and its domestic consolidated subsidiaries accrue estimated amounts for possible future loss on litigation in amounts considered necessary.

(j) Provision for restructuring charges

The estimated amounts of allowance for restructuring charges are set aside. This procedure is made to provide for expenses for possible future loss due to structural reform.

(k) Valuation reserve for inventory purchase commitments

Regarding long-term contracts for purchasing raw materials over a long time frame, the amounts of difference between contracted price and current market price are set aside as allowance for contract loss. This procedure is made to provide for future possible loss in case the market price of materials decline significantly from the contracted price and fulfillment of the contract causes a loss in production and sale business.

A long-term contract for purchasing polysilicon, which is a raw material of solar cells, obliges the Company and its consolidated subsidiaries to purchase it at a significantly higher price than current market price. The business plan of the Company and its consolidated subsidiaries is based on the assumption that its obligation to purchase polysilicon at higher than market price be fulfilled. In addition, there was intense price competition caused by overseas manufacturers, a drop in the price of solar panels due to a decrease in the buying rate of the feed-in tariff system and a deteriorated business environment, including large fluctuations in exchange rates. These factors made it difficult for the Company and its consolidated subsidiaries to secure profit. In connection with this, from the year ended March 31, 2015, a valuation reserve for inventory purchase commitments has been recorded as for a long-term contract for purchasing polysilicon.

(l) Income taxes

The asset-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.

(m) Retirement 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.

Notes to the Consolidated Financial Statements

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

Past service costs are amortized primarily using the straight-line method over the average of the estimated remaining service years (14 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 (14 years) commencing with the following period.

(n) Research and development expenses

Research and development expenses are charged to income as incurred. The research and development expenses charged to income amounted to ¥132,124 million and ¥141,042 million for the years ended March 31, 2014 and 2015, respectively.

(o) 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 and losses on hedging instruments and the hedged items. When foreign exchange forward contracts meet certain conditions, the hedged items are stated at the forward exchange contract rates.

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

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

(p) Method and Period for Amortization of Goodwill

Goodwill for which the effective term is possible to be estimated is amortized evenly over the estimated term, while the other is amortized evenly over 5 years. However, if the amount is minor, the entire amount is amortized during the period of occurrence.

(q) Changes in accounting policies

Effective from the year ended March 31, 2015, the Company and its domestic consolidated subsidiaries adopted paragraph 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 on May 17, 2012) and paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Statement No. 25 on March 26, 2015). The Company and its domestic consolidated subsidiaries reviewed the method of calculating retirement benefit obligations and service costs, and changed the method of attributing expected benefit to periods primarily from a point basis to a benefit formula basis.

In accordance with transitional accounting as stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits, the effect of the changes in the method of calculating retirement benefit obligations and service costs was recognized as an adjustment to retained earnings at the beginning of the year ended March 31, 2015. This change had an immaterial impact on net defined benefit liability and retained earnings at the beginning of the year ended March 31, 2015, as well as on financial statements for the year ended March 31, 2015.

(r) Changes in accounting estimates

The Company and its domestic consolidated subsidiaries previously amortized actuarial gain/loss and past service costs on severance and pension benefits over 15 years. Effective from the year ended March 31, 2015, the amortization period has been changed to 14 years because the average of the estimated remaining service years decreased. This change had an immaterial impact on financial statements for the year ended March 31, 2015.

(s) Reclassifications

Certain account balances in the financial statements and accompanying footnotes for the year ended March 31, 2014 have been reclassified to conform to the presentation for the fiscal year ended March 31, 2015.

2. Investments in Securities

The following is a summary of other securities with available fair market values as of March 31, 2014 and 2015:

	Yen (millions)			
	2015			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**¥ 15,850**	**¥ 15,898**	**¥ (301)**	**¥ 31,447**
	¥ 15,850	**¥ 15,898**	**¥ (301)**	**¥ 31,447**

	Yen (millions)			
	2014			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥ 25,834	¥ 12,261	¥ (1,646)	¥ 36,449
	¥ 25,834	¥ 12,261	¥ (1,646)	¥ 36,449

The proceeds from sales of other securities were ¥12,590 million and ¥16,083 million for the years ended March 31, 2014 and 2015, respectively. The gross realized gains on those sales were ¥3,542 million and ¥5,992 million, respectively. The gross realized losses on those sales were ¥376 million and zero, respectively.

3. Inventories

Inventories as of March 31, 2014 and 2015 were as follows:

	Yen (millions)	
	2014	**2015**
Finished products	¥ 160,460	**¥ 213,124**
Work in process	76,136	**67,845**
Raw materials and supplies	58,530	**57,331**
	¥ 295,126	**¥ 338,300**

For the years ended March 31, 2014 and 2015, the write-offs of the inventory were ¥(18,808) million and ¥24,092 million, respectively.

4. Income Taxes

The Company is subject to a number of different income taxes which, in the aggregate, indicate a statutory tax rate in Japan of approximately 37.9% for the years ended March 31, 2014 and approximately 35.5% for the year ended March 31, 2015.

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 statement purposes for the year ended March 31, 2014:

	2014	**2015**
Statutory tax rate	37.9%	**—**
Foreign withholding tax	13.6	**—**
Expenses not deductible for tax purposes	10.4	**—**
Income taxes for prior periods	15.7	**—**
Differences in normal tax rates of overseas subsidiaries	(8.0)	**—**
Other	2.1	**—**
Effective tax rate	71.7%	**—**

The differences between the statutory tax rate and the effective tax rate for financial statement purposes for the year ended March 31, 2015 are not disclosed because a loss before income taxes and minority interests was recorded.

Significant components of deferred tax assets and deferred tax liabilities as of March 31, 2014 and 2015 were as follows:

	Yen (millions)	
	2014	**2015**
Deferred tax assets:		
Inventories	¥ 42,240	**¥ 47,420**
Accrued expenses	19,165	**23,184**
Accrued bonuses	9,635	**3,950**
Valuation reserve for inventory purchase commitments	—	**17,927**
Net defined benefit liability	35,463	**27,379**
Buildings and structures	11,712	**25,767**
Machinery, equipment and vehicles	7,986	**13,611**
Software	9,183	**4,494**
Long-term prepaid expenses	21,319	**21,624**
Loss carried forward	278,536	**291,067**
Other	58,957	**40,701**
Gross deferred tax assets	494,196	**517,124**
Valuation allowance	(448,022)	**(479,297)**
Total deferred tax assets	46,174	**37,827**
Deferred tax liabilities:		
Retained earnings appropriated for tax allowable reserves	(2,342)	**(2,294)**
Net unrealized holding gains (losses) on securities	(3,770)	**(5,059)**
Other	(11,156)	**(3,205)**
Total deferred tax liabilities	(17,268)	**(10,558)**
Net deferred tax assets	¥ 28,906	**¥ 27,269**

Net deferred tax assets as of March 31, 2014 and 2015 were included in the consolidated balance sheets as follows:

	Yen (millions)	
	2014	**2015**
Deferred tax assets (Current Assets)	¥ 23,733	**¥ 16,576**
Other assets (Investments and Other Assets)	16,173	**18,961**
Other current liabilities	(96)	**(541)**
Deferred tax liabilities (Long-term Liabilities)	(10,904)	**(7,727)**
Net deferred tax assets	¥ 28,906	**¥ 27,269**

Remeasurement of deferred tax assets and liabilities due to a change in income tax rate

Pursuant to the promulgation on March 31, 2015, of "Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and "Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015), the corporate tax rate will be reduced for fiscal years beginning on or after April 1, 2015.

As a result, the effective statutory tax rates, which are used to measure deferred tax assets and deferred tax liabilities will be reduced to 32.8% from 35.5% for temporary differences that are expected to be reversed in the fiscal year which starts on or after April 1, 2015 and to 32.0% from 35.5% for temporary differences that are expected to be reversed in the fiscal year which starts on or after April 1, 2016.

This change had an immaterial impact on financial statements for the year ended March 31, 2015.

5. Short-term Borrowings and Long-term Debt

Short-term borrowings including current portion of long-term debt as of March 31, 2014 and 2015 consisted of the following:

	Yen (millions)	
	2014	**2015**
Bank loans	¥ 626,528	**¥ 637,915**
Current portion of long-term debt	166,670	**211,032**
	¥ 793,198	**¥ 848,947**

The weighted average interest rates of short-term borrowings as of March 31, 2014 and 2015 were 2.2%, respectively.

Long-term debt as of March 31, 2014 and 2015 consisted of the following:

	Yen (millions)	
	2014	**2015**
0.0%—9.1% loans principally from banks, due 2014 to 2031	¥ 284,508	**¥ 255,581**
2.068% unsecured straight bonds, due 2019	10,000	**10,000**
0.846% unsecured straight bonds, due 2014	100,000	**—**
1.141% unsecured straight bonds, due 2016	20,000	**20,000**
1.604% unsecured straight bonds, due 2019	30,000	**30,000**
0.500% unsecured Pound discount notes issued by a consolidated subsidiary, due 2014	340	**—**
Lease obligations	22,143	**20,780**
	466,991	**336,361**
Less—Current portion included in short-term borrowings	(166,670)	**(211,032)**
	¥ 300,321	**¥ 125,329**

The aggregate annual maturities of long-term debt as of March 31, 2015 were as follows:

Years ending March 31	Yen (millions)
2017	¥ 37,861
2018	24,048
2019	31,969
2020	31,187
2021 and thereafter	264
	¥ 125,329

6. Leases

Finance leases

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

Information relating to finance leases that do not transfer ownership and commenced on or before March 31, 2008, as of, and for the years ended March 31, 2014 and 2015 were as follows:

As lessee

(1) Future minimum lease payments

	Yen (millions)	
	2014	**2015**
Future minimum lease payments:		
Due within one year	¥ 331	**¥ 80**
Due after one year	103	**23**
	¥ 434	**¥ 103**

(2) Lease payments

	Yen (millions)	
	2014	**2015**
Lease payments	¥ 1,540	**¥ 331**

Operating leases

(a) As lessee

Future minimum lease payments for only non-cancelable contracts as of March 31, 2014 and 2015 were as follows:

	Yen (millions)	
	2014	**2015**
Due within one year	¥ 3,657	**¥ 4,088**
Due after one year	8,361	**10,112**
	¥ 12,018	**¥ 14,200**

(b) As lessor

Future minimum lease receipts for only non-cancelable contracts as of March 31, 2014 and 2015 were as follows:

	Yen (millions)	
	2014	**2015**
Due within one year	¥ 2,044	**¥ 1,579**
Due after one year	2,963	**1,831**
	¥ 5,007	**¥ 3,410**

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 electronic communication equipment, electronic equipment, electronic application equipment and electronic components.

Short-term operating funds are obtained through bank loans.

Transactions involving such financial instruments are conducted with creditworthy financial institutions.

The Company utilizes derivative transactions for minimizing risk and not for speculative or dealing purposes.

(2) Description and risks of financial instruments

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

Other securities are held for the long term to develop 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 for capital investments. The longest repayments and redemption date for bonds is five and a quarter years from March 31, 2015.

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

Notes to the Consolidated Financial Statements

(3) Risk management of financial instruments

[1] Management of credit risk

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

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

[2] Management of market risk

The Company decides basic policies 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 Finance Unit of Corporate Management Group executes transactions and reports the result of such transactions to the Accounting and Control Unit of Corporate Management Group on a daily basis.

The Accounting and Control Unit has set up a specialized section for transaction results and position management and reports the result of transactions to the Chief officer of Accounting and Cost Structural Reform, Corporate Management Group on a daily basis.

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

[3] Management of liquidity risk in financing activities

The Finance Unit manages liquidity risk by making and updating financial plans based on reports from each section and maintains ready liquidity.

(*) The control Unit of Corporate Management Group has been changed into the Administrative Control Group as of June 1, 2015

(4) Supplementary explanation of fair value of financial instruments

The fair value of financial instruments is based on the quoted market price in the active market, but in cases in which a market price is not available, however, reasonably estimated prices are included in fair value. As variable factors are incorporated in the determination of this reasonably estimated price, it may vary depending on different assumptions. Contract amounts related to derivative transactions has nothing to do with the market risk related to the derivative transactions themselves.

(b) Fair values of financial instruments

The consolidated balance sheet amounts, fair values and differences between the two as of March 31, 2014 and 2015 are included in the tables below. Financial instruments for which fair values were considered to be too difficult to be estimated are not included in the tables. Refer to (Note 2) for the details of such financial instruments.

	Yen (millions)		
			2015
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Restricted cash	**¥ 258,493**	**¥ 258,493**	**¥ —**
(2) Notes and accounts receivable	**609,725**	**608,741**	**(984)**
(3) Investments in securities			
1) Shares of nonconsolidated subsidiaries and affiliates	**475**	**2,632**	**2,157**
2) Other securities	**31,447**	**31,447**	**—**
Total Assets	**900,140**	**901,313**	**1,173**
(4) Notes and accounts payable (excluding other accounts payable)	**423,883**	**423,883**	**—**
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	**840,026**	**840,026**	**—**
(6) Straight bonds (included in short-term borrowings and long-term debt)	**60,000**	**53,122**	**(6,878)**
(7) Long-term borrowings (included in long-term debt)	**53,470**	**55,144**	**1,674**
Total Liabilities	**1,377,379**	**1,372,175**	**(5,204)**
(8) Derivative transactions*	**4,018**	**1,404**	**(2,614)**

Notes to the Consolidated Financial Statements

	Yen (millions)		
			2014
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Restricted cash	¥ 379,596	¥ 379,596	¥ —
(2) Notes and accounts receivable	574,702	572,769	(1,933)
(3) Investments in securities			
1) Shares of nonconsolidated subsidiaries and affiliates	382	610	228
2) Other securities	36,449	36,449	—
Total Assets	991,129	989,424	(1,705)
(4) Notes and accounts payable (excluding other accounts payable)	374,470	374,470	—
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	681,557	681,557	—
(6) Straight bonds (included in short-term borrowings and long-term debt)	160,340	154,520	(5,820)
(7) Long-term borrowings (included in long-term debt)	229,479	231,671	2,192
Total Liabilities	1,445,846	1,442,218	(3,628)
(8) Derivative transactions*	310	(63)	(373)

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

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

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

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

(2) Notes and accounts receivable

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

(3) Investments in securities

The fair value of investments in securities is based on average quoted market 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) Straight bonds (included in short-term borrowings and long-term debt)

The fair value of marketable straight bonds is determined by the over-the-counter market price.

(7) 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.

(8) Derivative transactions

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

(Note 2) Financial instruments of which fair values are considered to be too difficult to be estimated are unlisted stocks of ¥110,308 million as of March 31, 2014 and ¥110,240 million as of March 31, 2015 and other investments of ¥26,871 million as of March 31, 2014 and ¥25,633 million as of March 31, 2015. Since there are no quoted market prices and it is too difficult to estimate the fair values, they are not included in "(3) Investments in securities."

Notes to the Consolidated Financial Statements

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

	Yen (millions)	
	2015	
	Due in one year or less	Due after one year
Cash and cash equivalents, Time deposits, and Restricted cash	**¥ 258,493**	**¥ —**
Notes and accounts receivable	**582,335**	**27,390**
Total	**¥ 840,828**	**¥ 27,390**

	Yen (millions)	
	2014	
	Due in one year or less	Due after one year
Cash and cash equivalents, Time deposits, and Restricted cash	¥ 379,596	¥ —
Notes and accounts receivable	542,630	32,072
Total	¥ 922,226	¥ 32,072

8. Business Combinations

Business Divestitures

Transfer of all interests and shares of consolidated subsidiaries, Recurrent Energy, LLC ("Recurrent") and Sharp US Holding Inc. ("SUH")

(a) Outline of business divestitures

(1) Name of parties who succeed the divested business

Canadian Solar Energy Acquisition Co. ("CSEA") and Momentum Partners, LLC ("Momentum")

(2) Nature of divested business

Development and sale of solar power generation plants in the U.S.

(3) Aim of business divestitures

The development and sale of solar power generation plants run by Recurrent needs sufficient funds for initial development costs, and its profits are highly variable. Therefore, the Company examined various solutions, including the sale of Recurrent. Since there was an offer to purchase 100% of the interests in Recurrent, the Company transferred all interests in Recurrent to CSEA.

After completing the transfer, the Company transferred all shares of SUH, the holding company of Recurrent (parent company), to Momentum.

(4) Date of business divestitures

[1] Interest transfer of Recurrent March 30, 2015

[2] Share transfer of SUH March 30, 2015

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

Business transfer for which the Company will receive only assets such as cash as consideration

(b) Outline of accounting method

(1) Transfer profit and loss

Gain on sales of investment in securities	¥ 11,006 million

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

Current assets	¥ 11,566 million
Noncurrent assets	¥ 25,411 million
Total assets	¥ 36,977 million
Current liabilities	¥ 3,936 million
Long-term liabilities	¥ 2,056 million
Total liabilities	¥ 5,992 million

(3) Accounting method

The difference between the amount received as a value of transferred business and the amount of owner's equity regarding the transferred business is recognized as profit or loss. This accounting method assumes that the investment regarding the transferred business of development and sale of solar power generation plants in the U.S. is liquidated.

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

Product Business segment

(d) Estimated amount of profit and loss regarding divested business, which was recorded in consolidated financial results for the year ended March 31, 2015

Net sales	¥ 20,116 million
Operating loss	¥ 719 million

9. Net Assets and Per Share Data

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

Under the Law, in cases in which 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, 2015, 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 resolution of the 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 non-consolidated financial statements of the Company in accordance with the Law.

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

At the annual shareholders' meeting held on June 23, 2015 a resolution of no dividend to shareholders of record as of March 31, 2015 was approved.

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each period.

10. Collateral Assets and Liabilities Secured by the Collateral

Collateral assets and liabilities secured by the collateral as of March 31, 2014 and 2015 were as follows:

(1) Collateral Assets

	Yen (millions)	
	2014	**2015**
Time deposits	¥ 21,600	**¥ 23,429**
Restricted cash	952	—
Notes and accounts receivable		
Trade	78,638	**60,674**
Nonconsolidated subsidiaries and affiliates	1,400	**8,677**
Inventories	176,111	**214,763**
Land	86,704	**83,075**
Buildings and structures	223,152	**162,561**
Machinery and equipment	32,693	**13,610**
Investments in securities	33,591	**28,735**
Investments in nonconsolidated subsidiaries and affiliates	886	—
	¥ 655,727	**¥ 595,524**

(2) Liabilities Secured by the Collateral

	Yen (millions)	
	2014	**2015**
Short-term borrowings	¥ 339,475	**¥ 477,648**
Long-term debt	159,254	**1,044**
	¥ 498,729	**¥ 478,692**

Time deposits of ¥19,799 million as of March 31, 2014 and ¥21,335 million as of March 31, 2015 is pledged as collateral for opening a standby letter of credit.

¥886 million investments in nonconsolidated subsidiaries and affiliates as of March 31, 2014, are pledged as collateral for ¥18,796 million long-term borrowings of affiliates. In addition, certain shares of the consolidated subsidiary which are subject to elimination through intra-company transactions are pledged as collateral of short-term borrowings.

11. Contingent Liabilities

(1) Guarantee Liabilities

	Yen (millions)	
	2014	**2015**
Loans guaranteed	¥ 19,874	**¥ 17,161**
Trade payables guaranteed	150	**53**
	¥ 20,024	**¥ 17,214**

(2) Matters related to inventory purchase commitments on raw materials (polysilicon) of solar cells

As described in "Notes to the Consolidated Financial Statements, 1. Summary of Significant Accounting and Reporting Policies, (k) Valuation reserve for inventory purchase commitments," a valuation reserve for inventory purchase commitments is set aside with respect to purchase contracts for raw materials (polysilicon) for solar cells. Some of the purchase contracts for raw materials (polysilicon) at the year-end prohibit their resale.

Therefore, potential future losses may occur if raw materials (polysilicon) are no longer used. The aggregate amount of purchase contracts prohibiting resale of raw materials after deducting the valuation reserve for inventory purchase commitments is ¥38,795 million.

(3) Matters related to long-term electricity and others supply contracts at production basis

The Company entered into long-term contracts with several suppliers with respect to electricity and others necessary to produce solar cells at Sakai Factory. The total amount of future minimum payments under such contracts at the end of this consolidated fiscal year was ¥43,915 million (the remaining term is from 2.5 years to 14 years). Each contract shall not be terminated before expiration.

Although such long-term electricity and other supply contracts give the Company 480 mega-watt production capacity of solar cells per year, the actual production quantity currently sits at around 160 mega-watt per year. Such long-term contracts cause more expensive production cost in the Energy Solution Business. However, it is difficult to estimate the amount of loss related to such contracts because the prevailing market price of electricity and others at Sakai Factory, procurement costs of electricity and others not depending on such contracts and appropriate production costs based on such market price and procurement costs cannot be determined.

(4) Others

As of March 31, 2015, in relation to the TFT-LCD business, the Company and some of its subsidiaries are currently subject to investigations being conducted by the Directorate General for Competition of the European Commission etc., and civil lawsuits seeking monetary damages resulting from alleged anticompetitive behavior have been filed against the Company and some of its subsidiaries in North America, etc.

12. Retirement Benefits

Reconciliations of the defined benefit obligations of the Company and its consolidated subsidiaries as of March 31, 2014 and 2015 consisted of the following:

	Yen (millions)	
	2014	**2015**
Defined benefit obligation at beginning of year	¥ 367,680	**¥ 375,724**
Cumulative effect of change in accounting policies	—	**240**
Service cost	12,489	**11,979**
Interest cost	6,712	**7,027**
Actuarial loss (gain)	(257)	**6,248**
Benefits paid	(16,418)	**(15,720)**
Other	2	**27**
Foreign currency exchange rate changes	5,516	**4,326**
Defined benefit obligation at end of year	¥ 375,724	**¥ 389,851**

Reconciliations of the fair value of plan assets of the Company and its consolidated subsidiaries as of March 31, 2014 and 2015 consisted of the following:

	Yen (millions)	
	2014	**2015**
Fair value of plan assets at beginning of year	¥ 253,542	**¥ 274,341**
Expected return on plan assets	8,107	**8,938**
Actuarial gain	6,920	**17,668**
Employer contribution	17,067	**15,813**
Benefits paid	(16,103)	**(15,484)**
Other	(71)	**(112)**
Foreign currency exchange rate changes	4,879	**3,410**
Fair value of plan assets at end of year	¥ 274,341	**¥ 304,574**

Notes to the Consolidated Financial Statements

Reconciliations of the defined benefit obligation and the fair value of the plan assets and the amount recognized in the consolidated balance sheets as of March 31, 2014 and 2015 consisted of the following:

	Yen (millions)	
	2014	**2015**
Funded defined benefit obligation at end of year	¥ 370,832	**¥ 383,728**
Fair value of plan assets at end of year	(274,341)	**(304,574)**
Funded status at the end of year	96,491	**79,154**
Unfunded defined benefit obligation at end of year	4,892	**6,123**
Total net defined benefit liability (asset)	¥ 101,383	**¥ 85,277**
Net defined benefit liability	101,383	**85,277**
Total net defined benefit liability (asset)	¥ 101,383	**¥ 85,277**

Expenses for net defined benefit liability of the Company and its consolidated subsidiaries for the years ended March 31, 2014 and 2015 consisted of the following:

	Yen (millions)	
	2014	**2015**
Service cost	¥ 12,489	**¥ 11,979**
Interest cost	6,712	**7,027**
Expected return on plan assets	(8,107)	**(8,938)**
Amortization of net actuarial loss	17,810	**21,818**
Amortization of past service cost	(3,512)	**(4,553)**
Other	(17)	**153**
Total expenses for net defined benefit liability	¥ 25,375	**¥ 27,486**

Amounts recognized in remeasurements of defined benefit plans (other comprehensive income) as of March 31, 2015 before the effect of income taxes consisted of the following:

	Yen (millions)	
	2014	**2015**
Past service cost	—	**¥ (4,519)**
Net actuarial gain	—	**31,604**
Total	—	**¥ 27,085**

Amounts recognized in remeasurements of defined benefit plans (accumulated other comprehensive income) as of March 31, 2014 and 2015 before the effect of income taxes consisted of the following:

	Yen (millions)	
	2014	**2015**
Unrecognized past service cost	¥ (16,502)	**¥ (11,983)**
Unrecognized net actuarial loss	131,951	**100,346**
Total	¥ 115,449	**¥ 88,363**

Classification of the fair value of plan assets of the Company and its consolidated subsidiaries as of March 31, 2014 and 2015 consisted of the following:

	2014	**2015**
Bonds	35%	**31%**
Equity securities	23%	**26%**
Cash and cash equivalents	9%	**1%**
Life insurance company general accounts	18%	**17%**
Alternatives	13%	**23%**
Other	2%	**2%**
Total	100%	**100%**

Alternatives mainly consisted of investment in hedge funds.

Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

The discount rate used by the Company and its domestic consolidated subsidiaries for the years ended March 31, 2014 and 2015 was 1.5%.

The Long-term expected rate of return used by the Company and its domestic consolidated subsidiaries for the years ended March 31, 2014 and 2015 was 3.0%.

In addition, cost recognized for the defined contribution pension plans was ¥1,279 million as of March 31, 2014 and ¥1,131 million as of March 31, 2015.

13. Segment Information

General information about reportable segments

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

The Group's reportable segments consist of the Product Business segment and the Device Business segment.

The Product Business segment includes digital information equipment, health and environmental equipment, energy solutions and business solutions products.

The Device Business segment includes LCDs and electronic devices products.

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

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

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

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

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

Segment information as of and for the years ended March 31, 2014 and 2015 was as follows:

	Yen (millions)	
	2014	**2015**
Net Sales:		
Product Business:		
Customers	¥ 1,818,097	**¥ 1,596,552**
Intersegment	71	**79**
Total	1,818,168	**1,596,631**
Device Business:		
Customers	1,109,089	**1,189,704**
Intersegment	208,378	**158,870**
Total	1,317,467	**1,348,574**
Eliminations	(208,449)	**(158,949)**
Consolidated Net Sales	¥ 2,927,186	**¥ 2,786,256**
Segment Income (Loss):		
Product Business	¥ 96,802	**¥ (12,295)**
Device Business	44,853	**1,270**
Adjustments	(33,095)	**(37,040)**
Consolidated operating (loss) income	¥ 108,560	**¥ (48,065)**
Segment Assets:		
Product Business	¥ 839,474	**¥ 778,092**
Device Business	726,209	**698,006**
Adjustments	615,997	**485,811**
Consolidated Assets	¥ 2,181,680	**¥ 1,961,909**
Other Material Items		
Depreciation and Amortization:		
Product Business	¥ 38,605	**¥ 49,739**
Device Business	81,667	**57,219**
Adjustments	4,311	**4,680**
The amount presented in Consolidated Financial Statements	¥ 124,583	**¥ 111,638**
Amortization of Goodwill:		
Product Business	¥ 4,072	**¥ 2,542**
Device Business	—	**—**
Adjustments	65	**11**
The amount presented in Consolidated Financial Statements	¥ 4,137	**¥ 2,553**
Investments in Nonconsolidated Subsidiaries and Affiliates accounted for using the equity methods:		
Product Business	¥ 6,529	**¥ 4,286**
Device Business	75,217	**72,507**
Adjustments	28,310	**31,098**
The amount presented in Consolidated Financial Statements	¥ 110,056	**¥ 107,891**
Increase in Plant, Equipment and Intangible Assets:		
Product Business	¥ 45,356	**¥ 52,797**
Device Business	30,436	**37,518**
Adjustments	6,308	**8,169**
The amount presented in Consolidated Financial Statements	¥ 82,100	**¥ 98,484**

Notes to the Consolidated Financial Statements

Adjustments of segment income or loss were ¥(33,095) million and ¥(37,040) million for the years ended March 31, 2014 and 2015, respectively, and comprised elimination of intersegment transactions and corporate expenses not allocated to each reportable segment.

The elimination of intersegment transactions was ¥228 million and ¥73 million, respectively. Corporate expenses not allocated to each reportable segment were ¥(33,049) million and ¥(37,223) million for the years ended March 31, 2014 and 2015, respectively.

Corporate expenses were mainly attributable to basic R&D expenses and expenses related to the administrative groups of the Company's headquarters.

Adjustments of segment assets were ¥615,997 million and ¥485,811 million as of March 31, 2014 and 2015, respectively, and comprised elimination of intersegment transactions and corporate assets not allocated to each reportable segment.

The elimination of intersegment transactions was ¥(10,545) million and ¥(10,842) million, respectively. Corporate assets not allocated to each reportable segment were ¥626,542 million and ¥496,653 million as of March 31, 2014 and 2015, respectively.

Corporate assets not allocated to each reportable segment were attributable mainly to cash and cash equivalents, the Company's investments in securities, and depreciable assets related to the Company's R&D groups as well as the administrative, sales and distribution groups of the Company's headquarters.

Adjustments of investments in nonconsolidated subsidiaries and affiliates accounted for using the equity method were ¥28,310 million and ¥31,098 million as of March 31, 2014 and 2015, respectively, and mainly comprised investments in Sharp Finance Corporation.

Adjustments of increase in plant, equipment and intangible assets were ¥6,308 million and ¥8,169 million for the years ended March 31, 2014 and 2015, respectively, and mainly comprised increase in the Company's R&D groups and the administrative, sales and distribution groups of the Company's headquarters.

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

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

Notes to the Consolidated Financial Statements

Related information

Sales by product/service for the years ended March 31, 2014 and 2015 were as follows:

	Yen (millions)	
	2014	**2015**
Sales to outside customers:		
LCDs	¥ 814,718	**¥ 772,997**
LCD Color TVs	413,887	**370,046**
CCD/CMOS	213,997	**334,672**
Others	1,484,584	**1,308,541**
Total	¥ 2,927,186	**¥ 2,786,256**

Sales by region/country for the years ended March 31, 2014 and 2015 were as follows:

	Yen (millions)	
	2014	**2015**
Sales:		
Japan	¥ 1,150,091	**¥ 968,449**
China	925,348	**1,140,892**
U.S.A.	354,546	**260,754**
Others	497,201	**416,161**
Total	¥ 2,927,186	**¥ 2,786,256**

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

Plant and Equipment by region/country as of March 31, 2014 and 2015 were as follows:

	Yen (millions)	
	2014	**2015**
Plant and Equipment, at cost less accumulated depreciation:		
Japan	¥ 415,276	**¥ 305,936**
China	38,785	**48,023**
Others	65,640	**46,633**
Total	¥ 519,701	**¥ 400,592**

Impairment loss on fixed assets by reportable segment

Impairment loss on fixed assets by reportable segment for the years ended March 31, 2014 and 2015 were as follows:

	Yen (millions)	
	2014	**2015**
Impairment Loss:		
Product Business	¥ 11,742	**¥ 18,592**
Device Business	28	**85,423**
Corporate Assets and Elimination	—	**—**
Total	¥ 11,770	**¥ 104,015**

Amortization of goodwill and unamortized balance by reportable segment

Amortization of goodwill and the unamortized balance by reportable segment as of and for the years ended March 31, 2014 and 2015 were as follows:

	Yen (millions)	
	2014	**2015**
Amortization of Goodwill:		
Product Business	¥ 4,072	**¥ 2,542**
Device Business	—	**—**
Corporate Assets and Elimination	65	**11**
Total	¥ 4,137	**¥ 2,553**
Balance at end of period:		
Product Business	¥ 11,092	**¥ 4,170**
Device Business	—	**—**
Corporate Assets and Elimination	11	**—**
Total	¥ 11,103	**¥ 4,170**

14. Impairment Loss

(Impairment Loss)
With regards to accounting for impairment assets, the Company and its consolidated subsidiaries identify cash generating units in consideration of business characteristics and business operations. As a result, idle assets are identified as respective cash generating units.

The Company and its consolidated subsidiaries reduced the book value of production equipment for Digital Information Appliances to an estimated recoverable amount due to the decreasing profitability and the unlikelihood of recouping the investment and recognized a decreased amount of ¥3,080 million as impairment loss for the year ended March 31, 2014.

Details were as follows: ¥1,068 million for molds, equipment and vehicles; ¥1,851 million for long-term prepaid expenses; ¥161 million for others.

The estimated recoverable amount was evaluated at zero in accordance with use value due to the unlikelihood of cash flow in the future.

In addition, the Company and its consolidated subsidiaries reduced the value of goodwill and recognized a decreased amount of ¥8,690 million as impairment loss due to the unlikelihood of an estimated profitability to be generated by certain consolidated subsidiaries for the year ended March 31, 2014.

The estimated recoverable amount was evaluated in accordance with use value and the discount rate was 14.7%

The Company and its consolidated subsidiaries reduced the book value of assets for business use located at Digital Information Appliance Division to an estimated recoverable amount due to the decreasing profitability and the unlikelihood of recouping the investment and recognized a decreased amount of ¥3,892 million as an impairment loss for the year ended March 31, 2015. Details were as follows: ¥973 million for molds; ¥2,596 million for long-term prepaid expenses; and ¥323 million for others. The estimated recoverable amount was evaluated at zero in accordance with use value due to the unlikelihood of cash flow in the future.

The Company and its consolidated subsidiaries reduced the book value of assets for business use located at Energy System Solutions Division to an estimated recoverable amount due to the decreasing profitability and the unlikelihood of recouping investment and recognized a decreased amount of ¥9,267 million as an impairment loss for the year ended March 31, 2015. Details were as follows: ¥5,344 million for buildings and structures; ¥1,229 million for machinery, equipment and vehicles; ¥2,547 million for lease assets; and ¥147 million for others. The estimated recoverable amount for buildings and land was determined by the net realizable value based on appraisal valuations. The net realizable value for the other assets was evaluated at zero.

The Company and its consolidated subsidiaries reduced the book value of assets for business use located at Display Device Business to an estimated recoverable amount due to the decreasing profitability and the unlikelihood of recouping the investment and recognized the decreased amount of ¥77,709 million as an impairment loss for the year ended March 31, 2015. Details were as follows: ¥41,503 million for buildings and structures; ¥22,798 million for machinery, equipment and vehicles; ¥12,508 million for long-term prepaid expenses; and ¥900 million for others. The estimated recoverable amount for buildings, machinery and equipment and land was determined by the net realizable value based on appraisal valuations. The net realizable value for the other assets was evaluated at zero.

The Company and its consolidated subsidiaries reduced the book value of a part of assets for business use located at Electronic Components and Devices Business to an estimated recoverable amount due to scheduled review and concentration of production system and recognized the decreased amount of ¥6,293 million as an impairment loss for the year ended March 31, 2015. Details were as follows: ¥3,078 million for buildings and structures; ¥3,066 million for machinery, equipment and vehicles; and ¥149 million for others. The estimated recoverable amount for buildings and land was determined by the net realizable value based on appraisal valuations. The net realizable value for the other assets was evaluated at zero.

The Company and its consolidated subsidiaries reduced the book value of assets for business use located at a part of consolidated subsidiaries in U.S.A., Mexico, Malaysia, China and others to an estimated recoverable amount due to the decreasing profitability and the unlikelihood of recouping investment, and recognized a decreased amount of ¥3,690 million as an impairment loss for the year ended March 31, 2015. Details were as follows: ¥1,851 million for buildings and structures; ¥1,367 million for machinery, equipment and vehicles; and ¥472 million for others. The estimated recoverable amount was determined by the net realizable value based on appraisal valuations and others.

The Company and its consolidated subsidiaries reduced the book value of unemployed capital located at Electronic Components and Devices Business to an estimated recoverable amount due to the unlikelihood of use in the future and recognized the decreased amount of ¥1,337 million as an impairment loss for the year ended March 31, 2015. Details were as follows: ¥1,286 million for buildings; and ¥51 million for land. The estimated recoverable amount for buildings and land was determined by the net realizable value based on appraisal valuations.

In addition, the Company and its consolidated subsidiaries reduced the book value of goodwill and recognized a decreased amount of ¥1,827 million as an impairment loss due to the unlikelihood of an estimated profitability to be generated by the consolidated subsidiaries in U.S.A. for the year ended March 31, 2015.

15. Restructuring Charges

Details of restructuring charges for the year ended March 31, 2015 were as follows:

(a) Employee termination payments associated with personnel rationalization, transition to a new value chain and others, contract termination penalties, additional costs on product warranties due to restructuring reform of the appliance business in Europe (¥9,212 million)

(b) Loss associated with transfer of equity interests of Sharp Manufacturing Poland, which is a subsidiary of the Company located in Poland and production bases of LCD TVs (¥5,476 million)

(c) Costs of exiting from a part of the research and development project for the LCD TV business (¥3,338 million)

(d) Mainly employee termination payments due to the restructuring reform of the overseas LCD TV business (¥3,213 million)

16. Settlement

For the year ended March 31, 2015, regarding thin-film solar cells produced by 3Sun s. r. l., an overseas affiliated company to which the equity method is applied, the Company recognized a loss due to a settlement payment in the amount of ¥14,382 million to Enel Green Power S. p. A. for certain consideration for undertaking to purchase from the Company thin-film solar cells the Company was originally responsible for purchasing based on a long-term supply contract.

17. Transactions with Related Parties

Transactions with related parties for the year ended March 31, 2015 are as followings:

Yen (millions)

Category	Associated company
Company name	Sakai Display Products Corporation
Location	Sakai city Sakai ku
Investment amount	15,000
Details of business	Development, manufacture and sale of device business components
Holding or held ratio	Direct holding: 39.9%
Relation of related party	Manufacture of the Company's products
Detail of transaction	Purchases of products
Transaction amount	150,077
Account	Accounts payable
Balance at the end of the term	28,165

Notes: 1. Consumption tax is not included in the transaction amount but included in the balance at the end of fiscal year.
2. Transaction amounts are determined by price negotiations after taking market conditions into account.

18. Significant Subsequent Events

The Company passed a resolution for the following 3 matters at the Board of Directors meeting held on May 14, 2015. The matters described in Ⅰ and Ⅱ had been approved at the 121st Ordinary General Meeting of Shareholders held on June 23, 2015.

Ⅰ. Issuance of class shares by a third party allotment

1. Class A Shares

(1) Payment date
June 30, 2015

(2) Number of shares to be issued
200,000 shares

(3) Amount of procurement funds
200,000,000,000 yen (1,000,000 yen per share)

(4) Capital and capital reserve to be increased

Capital	100,000,000,000 yen (500,000 yen per share)
Capital reserve	100,000,000,000 yen (500,000 yen per share)

(5) Subscription and allotment method (planned allottee)
Allotted by a third party allotment method.

Mizuho Bank, Ltd.	100,000 shares
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	100,000 shares

(6) Specific usage of funds to be procured

Specific usage	Amounts	Planned time of spending
Repayment of the Company's and the Company's subsidiary's debt owed to the Mizuho Bank group	100,000 million yen	June 2015
Repayment of the Company's and the Company's subsidiary's debt owed to the Bank of Tokyo-Mitsubishi UFJ group	100,000 million yen	June 2015

(7) Others
The dividend rate (annual) of Class A Shares is set by adding 2.5% to the Japanese yen TIBOR (6 months). Class A Shares are cumulative and non-participating. In addition, Class A shareholders are entitled to receive dividends in preference to common shareholders.

Class A Shares have no voting rights and assignments are restricted.

Put options the consideration for which is common shares, put options the consideration for which is cash and call options the consideration for which is cash are attached to Class A Shares.

The maximum dilution rate will be approximately 118.7% if all the put options attached to Class A Shares the consideration for which are common shares are exercised, assuming no amount equal to the accumulated unpaid dividends and no daily prorated unpaid preferred dividend amount for the Class A Shares exists.

The put option the consideration for which is common shares can be exercised only on or after July 1, 2019.

The payments for the Class A Shares by the Allotted Banks are subject to an Ordinary General Meeting of Shareholders' approval of matters such as Partial Amendment to Articles of Incorporation, the issuance of Class Shares, Reduction of Common Stock and Capital Reserve, reasonable certainty that payment will be received for the Class B Shares from Japan Industrial Solutions, Ltd. ("JIS") and a reconciliation among financial institutions which the Allotted Banks are reasonably satisfied with, etc.

The Company believes the payment for the Class B Shares from JIS is reasonably certain and that a reconciliation among the financial institutions which the Allotted Banks are reasonably satisfied with, etc. will be completed by the payment date.

Notes to the Consolidated Financial Statements

2. Class B Shares

(1) Payment date

June 30, 2015

(2) Number of shares to be issued

25,000 shares

(3) Amount of procurement funds

25,000,000,000 yen (1,000,000 yen per share)

(4) Capital and capital reserve to be increased

Capital	12,500,000,000 yen (500,000 yen per share)
Capital reserve	12,500,000,000 yen (500,000 yen per share)

(5) Subscription and allotment method (planned allottee)

Allotted by a third party allotment method.

JIS	25,000 shares

(6) Specific usage of funds to be procured

Specific usage	Amounts	Planned time of spending
New installation and replacement of mechanical equipment, etc. for achieving higher definitions and improving yields, and other rationalization investments, etc. in the LCD business	17,600 million yen	July 2015 to March 2018
Investment in molds for new products for Japan, China and Asia and rationalization investments, etc. in each domestic and overseas factory in the health and environment business	4,000 million yen	July 2015 to March 2018
Investment in molds for new products and rationalization investments, etc. in each domestic and overseas factory in the business solutions business	3,000 million yen	July 2015 to March 2018

(7) Others

The dividend rate (annual) of Class B Shares is set at 7.0% if the record date for a dividend from surplus belongs to a business year ending before the end of March 2018 and at 8.0% if the record date for dividends from surplus belongs to a business year starting after April 1, 2018. Class B Shares are cumulative and non-participating. In addition, Class B shareholders are entitled to receive dividends in preference to Class A shareholders and common shareholders. Class B Shares have no voting rights and assignments are restricted.

Put options the consideration for which is common shares and call options the consideration for which is cash are attached to Class B Shares.

Put options the consideration for which is cash are not attached to Class B Shares.

The maximum dilution rate will be approximately 20.8% if all the put options attached to Class B Shares the consideration for which is common shares are exercised, assuming no amount equal to accumulated unpaid dividends and no daily prorated unpaid preferred dividend amount for the Class B Shares exist.

The Company and JIS agreed to the exercise conditions for the put options attached to Class B Shares the consideration for which is common shares in the subscription agreement, and consequently the Company's common shares will be issued through the exercise of the put options the consideration for which is common shares basically on or after July 1, 2018.

The payment for the Class B Shares by JIS is subject to an Ordinary General Meeting of Shareholders' approval of matters such as Partial Amendment to Articles of Incorporation, the issuance of Class Shares and Reduction of Common Stock and Capital Reserve, the appointment of two outside directors named by JIS in advance etc., the completion of the payment for Class A Shares by the Allotted Banks and consent to reconciliation among the financial institutions with which JIS is reasonably satisfied, etc.

The payment for Class A Shares by the Allotted Banks and consent to reconciliation among the financial institutions with which JIS is reasonably satisfied, etc. will be completed by the payment date.

Ⅱ. Reduction of Common Stock and Capital Reserve, and Appropriation of Surpluses for the 121st Term

1. Purpose of reduction of common stock and capital reserve, and appropriation of surpluses

In order for the Company to promptly improve its financing standing to prepare for a dynamic and flexible capital policy in the future, the Company decided to reduce common stock and capital reserve transferring distributable amounts to other capital surplus. The Company also decided to dispose of surplus in accordance with the provisions of Article 452 of the Companies Act to cover deficiencies in retained earnings carried forward by using other capital surplus increased by reduction of common stock and capital reserve.

2. Terms and conditions of Reduction of Common Stock and Capital Reserve

(1) Amounts of common stock to be decreased
233,884,726,500 yen

(2) Amounts of capital reserve to be decreased
196,759,726,500 yen

(3) Method of reduction of common stock and capital reserve
After implementing reduction of common stock and capital reserve based on the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the Company will transfer the total amount of common stock and capital reserve to other capital surplus.

(4) Schedule of Reduction of Common Stock and Capital Reserve

May 14, 2015 (Thursday)	Resolution of Board of Directors meetings related to reduction of common stock and capital reserve Resolution of Board of Directors meetings related to proposal to reduction of common stock and capital reserve to be discussed by Ordinary General Meeting of Shareholders
May 29, 2015 (Friday)	Public notice with respect to statements of objection by creditors
June 23, 2015 (Tuesday)	Resolution of Ordinary General Meeting of Shareholders
June 29, 2015 (Monday)	Final deadline for statements of objection by creditors
June 30, 2015 (Tuesday)	Effective date of reduction of common stock and capital reserve (planned)

(5) Others
Reduction of common stock and capital reserve is subject to issuance of Class A Shares and Class B Shares becoming effective. Reduction of common stock and capital reserve is a transfer appropriation in which common stock and capital reserve in net assets as indicated on the balance sheet are transferred to the account of other capital surplus, which does not change the Company's net asset amounts.

3. Terms and conditions of Appropriation of Surpluses

(1) Amounts of surplus to be decreased

Other capital surplus	219,780,861,290 yen

(2) Amounts of surplus to be increased

Retained earnings carried forward	219,780,861,290 yen

Notes to the Consolidated Financial Statements

(3) Schedule of Appropriation of Surpluses

May 14, 2015 (Thursday)	Resolution of Board of Directors meetings related to Appropriation of Surplus Resolution of Board of Directors meetings related to proposal for Appropriation of Surpluses to be discussed by Ordinary General Meeting of Shareholders
June 23, 2015 (Tuesday)	Resolution of Ordinary General Meeting of Shareholders
June 30, 2015 (Tuesday)	Effective date of Appropriation of Surpluses (planned)

(4) Others

Appropriation of Surpluses is subject to the reduction of common stock and capital reserve becoming effective. Appropriation of Surpluses is a transfer appropriation in which other capital surplus in net assets as indicated on the balance sheet is transferred to the account of retained earnings carried forward, which does not change the Company's net asset amounts.

Ⅲ. Voluntary Retirement Program

1. Background to calling for voluntary retirement

The Company and its consolidated subsidiaries are currently engaged in business reinforcement measures and improving its balance sheet to recover the business performance. As examples of such efforts, the Company aims to introduce company-systems to strengthen adaptation to clients and business criteria to realize independent management, and also to establish a basis for stable profitability by downsizing bases, streamlining headquarters, and adjusting employment to an appropriate level. Under these circumstances, the Company has decided to offer a voluntary retirement program with sufficient financial support and re-employment assistance to employees who would seek working opportunities outside the Company and its consolidated subsidiaries, and the agreement with the labor union has been reached on June 17, 2015.

2. Outline of voluntary retirement program

(1) Applied companies: The Company and its major domestic consolidated subsidiaries
(2) Number accepting application: 3,500 personnel
(3) Application period: July 27, 2015 to August 4, 2015
(4) Date of retirement: September 30, 2015

3. Expense for the voluntary retirement program

The Company estimates total expense for the voluntary retirement program of approximately 35 billion yen among the Company and its domestic consolidated subsidiaries.

The number of applicants for voluntary retirement is yet to be fixed.

Independent Auditor's Report

To the Board of Directors of Sharp Corporation:

We have audited the accompanying consolidated financial statements of Sharp Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015, and 2014, 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, 2015, and 2014, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 18 "Significant Subsequent Events" to the consolidated financial statements as follows:

(1) The Company passed a resolution at its Board of Directors meeting held on May 14, 2015 to issue class shares by a third party. The resolution was approved by the ordinary general meeting of shareholders held on June 23, 2015. The payments of class shares are subject to the reconciliation among financial institutions with which the allotted banks are reasonably satisfied, etc.
(2) The Company passed a resolution at its Board of Directors meeting held on May 14, 2015 to offer the voluntary retirement program and it was accepted by the labor union on June 17, 2015.

KPMG AZSA LLC

June 24, 2015
Osaka, Japan

Consolidated Subsidiaries*

Domestic:

Sharp Electronics Marketing Corporation
Sharp Manufacturing Systems Corporation
Sharp Engineering Corporation
Sharp Business Solutions Corporation
Sharp Energy Solutions Corporation
Sharp Niigata Electronics Corporation
Sharp Trading Corporation
Sharp Business Computer Software Inc.
Sharp Yonago Corporation
Sharp Mie Corporation
iDeep Solutions Corporation
Sharp Support & Service Corporation

Overseas:
<Countries and Areas>

Sharp Electronics Corporation <New Jersey, U.S.A.>
Sharp Laboratories of America, Inc. <Washington, U.S.A.>
Sharp Electronics Manufacturing Company of America, Inc. <California, U.S.A.>
Sharp Electronics of Canada Ltd. <Ontario, Canada>
Sharp Electronica Mexico S.A. de C.V. <Baja California, Mexico>
Sharp Corporation Mexico, S.A. de C.V. <Mexico City, Mexico>
Sharp Brasil Comércio e Distribuiçáo de Artigos Eletrônicos Ltda. <San Paulo, Brazil>
Sharp Electronics (Europe) GmbH <Hamburg, Germany>
Sharp Devices (Europe) GmbH <Munich, Germany>
Sharp Electronics GmbH <Hamburg, Germany>
Sharp Business Systems Deutschland GmbH <Cologne, Germany>
Sharp Electronics (Europe) Limited <London, U.K.>
Sharp Electronics (U.K.) Ltd. <Middlesex, U.K.>
Sharp Laboratories of Europe, Ltd. <Oxford, U.K.>
Sharp International Finance (U.K.) Plc. <Middlesex, U.K.>
Sharp Electronics (Schweiz) AG <Rüschlikon, Switzerland>
Sharp Electronics (Nordic) AB <Bromma, Sweden>
Sharp Electronics France S.A. <Paris, France>
Sharp Manufacturing France S.A. <Soultz, France>
Sharp Electronics (Italia) S.p.A. <Milano, Italy>
Sharp Electronics Benelux B.V. <Houten, The Netherlands>
Sharp 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) Private 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 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.>

* In addition to the companies listed above, there are 27 consolidated subsidiaries.

Investor Information

(As of March 31, 2015)

Shareholders

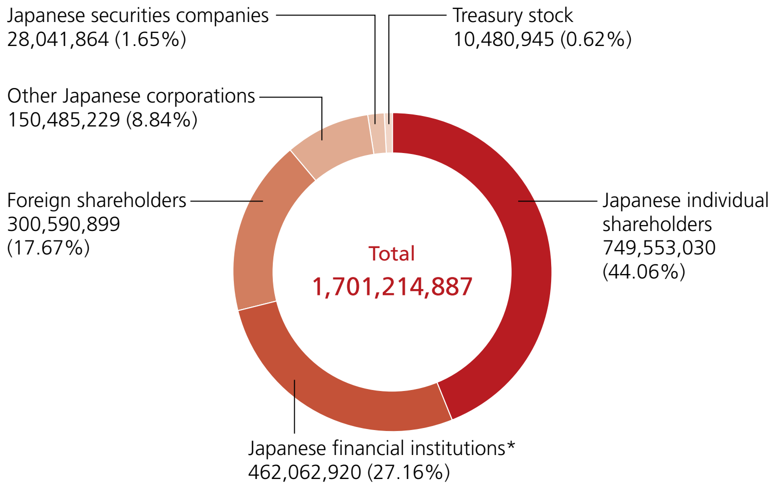
Number of Shareholders 199,475

Principal Shareholders

	Number of shares held	Percentage of total shares (%)
Nippon Life Insurance Company	47,317,384	2.78
Meiji Yasuda Life Insurance Company	45,781,000	2.69
Qualcomm Incorporated	41,988,000	2.47
Mizuho Bank, Ltd.	41,910,469	2.46
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	41,678,116	2.45
Chase Manhattan Bank GTS Clients Account Escrow	36,984,845	2.17
Makita Corporation	35,842,000	2.11
Samsung Electronics Japan Co., Ltd.	35,804,000	2.10
Sharp Employees' Stockholding Association	30,416,942	1.79
Japan Trustee Services Bank, Ltd. (Trust Account)	27,162,000	1.60

Notes: 1. Percentage of total shares is calculated by the number of shares issued (including 10,480,945 treasury shares).
2. Aside from the above, a total of 6,000,000 shares in Mizuho Bank, Ltd. have been set up as trust assets related to the employee pension trust.

Share Distribution (Proportion of total issued shares)



* A total of 40,422,000 shares (2.38%) in investment trusts and pension trust funds are included in shares held by Japanese financial institutions.

Stock Exchange Listing

Tokyo

Transfer Agent

Mizuho Trust & Banking Co., Ltd.
Stock Transfer Agency Department, Head Office

Investor Relations

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Japanese http://www.sharp.co.jp/corporate/ir/index.html