



Consolidated Financial Results for the Third Quarter Fiscal 2011

- I . Financial Results for the Third Quarter
- II . Outline of Main Products and Devices
- III . Financial Results Forecast for Fiscal 2011
- IV . Dividends
- V . Measures to Improve Business Performance

SHARP CORPORATION

February 1, 2012

I . Financial Results for the Third Quarter

Financial Results for 3Q FY2011 (9 months)

(Billions of yen)

	FY2010	FY2011		
	Apr. – Dec.	Apr. – Dec.	Change	Difference
Net Sales	2,329.4	1,903.6	-18.3%	-425.7
Operating Income (Ratio)	66.5 2.9%	9.1 0.5%	-86.3%	-57.3
Net Income (Ratio)	21.8 0.9%	-213.5 -11.2%	-	-235.3

SHARP

Factors of Net Sales Decline (9 months)

- Worse-than-expected decline for **LCD TV demand in Japan**
- Decrease in sales of **large-size LCDs** to outside customers, due to worsened global supply/demand balance
- Decrease in sales of **mobile phones in Japan**
- Sluggish sales of **solar cells** due to severe market condition



Significant decline in net sales
(Y on Y: -18.3%, decrease of 425.7 billion yen)

SHARP

Factors of Net Sales Decline (9 months)

Net Sales Decline of 425.7 billion yen
(Main Factors by Product Group)

Product Group	Amount (Billions of yen)	Main Factors
Audio-Visual and Communication Equipment	290.2	Rapid decline of LCD TV sales in Japan Sales decline of mobile phones in Japan
LCDs	199.4	Sales decline of LCD panels for TVs to outside customers
Solar Cells	44.0	Worsened market situation and price decline

External factors included in above are:

Decline in market price	: 304.3 billion yen
Exchange rate fluctuation	: 61.0 billion yen
Impact by floods in Thailand	: 14.8 billion yen

SHARP

Factors of Decline in Operating Income (9 months)

- Decline in net sales
 - Inventory write-down
 - Further advancement of business restructuring
 - Reversal of deferred tax assets
- } Costs to reinforce business foundations or booking of extraordinary expenses



- Significant decline in operating income (Y on Y: -86.3%, decrease of 57.3 billion yen)
- Large net loss of 213.5 billion yen

SHARP

Factors of Decline in Operating Income (9 months)

Decline in Operating Income : 57.3 billion yen (Main Factors by Product Group)

Product Group	Amount (Billions of yen)	Main Factors
Audio-Visual and Communication Equipment	25.4	Decline in profit for LCD TVs in Japan
LCDs	19.7	Loss on operation at Kameyama No. 2 Plant Inventory write-down of large-size LCDs
Solar Cells	19.1	Worsened market situation/price decline Inventory write-down

External factors included in above are:

Decline in market price	: 304.3 billion yen
Exchange rate fluctuation	: 9.9 billion yen
Impact by floods in Thailand	: 3.0 billion yen

SHARP

Extraordinary Items in Other Expenses (9 months)

(Billions of yen)

	FY2010 (Apr. – Dec.)	FY2011 (Apr. – Dec.)	Main Factors	Difference
Loss on suspension of large-size LCD plant operation	-	25.8	Suspension of plant operation in 1Q impacted by the earthquake	+25.8
Restructuring charges	5.7	29.9	Introduction of IGZO technology at Kameyama No.2 Plant	+24.2
Settlement package	-	18.8	Loss from lawsuits	+18.8
Others	4.6	6.3	Loss on sales and retirement of noncurrent assets, etc.	+1.6
Total	10.3	80.9		+70.6

SHARP

Reversal of Deferred Tax Assets

(Billions of yen)

	FY2010 (Apr. – Dec.)	FY2011 (Apr. – Dec.)	Difference
Reversal of deferred tax assets	0.0	119.8	-119.8

Impact by decrease in effective corporate tax rates by tax reform (Provisional calculation before reversal)	10.2
Post a valuation allowance for deferred tax assets due to a downturn in business	109.6
Total	119.8

SHARP

Sales by Product Group (9 months)

Sales of each product group include internal sales between segments (Consumer/Information Products and Electronic Components).

(Billions of yen)

	FY2010	FY2011		
	Apr. – Dec.	Apr. – Dec.	Change	Difference
Audio-Visual and Communication Equipment	1,141.4	851.2	-25.4%	-290.2
Health and Environmental Equipment	201.2	220.4	+9.6%	+19.2
Information Equipment	200.9	202.3	+0.7%	+1.3
Consumer/Information Products	1,543.6	1,273.9	-17.5%	-269.6
LCDs	782.5	583.0	-25.5%	-199.4
Solar Cells	203.5	159.4	-21.6%	-44.0
Other Electronic Devices	205.7	175.2	-14.8%	-30.5
Electronic Components	1,191.8	917.7	-23.0%	-274.0
Sub Total	2,735.4	2,191.7	-19.9%	-543.7
Adjustments	-406.0	-288.0	-	+117.9
Total	2,329.4	1,903.6	-18.3%	-425.7

SHARP

Operating Income by Product Group (9 months)

(Billions of yen)

	FY2010	FY2011		
	Apr. – Dec.	Apr. – Dec.	Change	Difference
Audio-Visual and Communication Equipment	36.8	11.3	-69.1%	-25.4
Health and Environmental Equipment	14.5	23.6	+62.8%	+9.1
Information Equipment	14.3	20.8	+45.7%	+6.5
Consumer/Information Products	65.6	55.8	-14.9%	-9.7
LCDs	6.0	-13.7	-	-19.7
Solar Cells	4.4	-14.7	-	-19.1
Other Electronic Devices	9.7	8.0	-17.0%	-1.6
Electronic Components	20.1	-20.4	-	-40.5
Sub Total	85.7	35.4	-58.7%	-50.3
Adjustments	-19.2	-26.3	-	-7.0
Total	66.5	9.1	-86.3%	-57.3

SHARP

Financial Results for 3Q FY2011 (3 months)

(Billions of yen)

	FY2011			
	Jul. – Sep.	Oct. – Dec.	Change	Difference
Net Sales	674.2	589.0	-12.6%	-85.1
Operating Income (Ratio)	30.0 4.5%	-24.4 -4.2%	-	-54.5
Net Income (Ratio)	9.4 1.4%	-173.6 -29.5%	-	-183.1

SHARP

Main Factors of Change in Operating Income from 2Q

Product Group	Amount (Billions of yen)	Main Factors
Audio-Visual and Communication Equipment	11.7	Decline in profit for LCD TVs in Japan
LCDs	32.5	Loss on operation at Kameyama No. 2 Plant Inventory write-down of large-size LCDs
Solar Cells	1.4	Inventory write-down

SHARP

Sales by Product Group (3 months)

Sales of each product group include internal sales between segments (Consumer/Information Products and Electronic Components).
(Billions of yen)

	FY2011 Jul. – Sep.	FY2011		
		Oct. – Dec.	Change	Difference
Audio-Visual and Communication Equipment	283.2	270.2	-4.6%	-13.0
Health and Environmental Equipment	73.3	72.7	-0.9%	-0.6
Information Equipment	72.5	63.5	-12.5%	-9.0
Consumer/Information Products	429.2	406.5	-5.3%	-22.6
LCDs	221.8	173.1	-21.9%	-48.6
Solar Cells	59.2	48.9	-17.5%	-10.3
Other Electronic Devices	69.8	59.8	-14.3%	-9.9
Electronic Components	350.9	281.9	-19.7%	-69.0
Sub Total	780.1	688.4	-11.8%	-91.7
Adjustments	-105.9	-99.3	-	+6.5
Total	674.2	589.0	-12.6%	-85.1

SHARP

Operating Income by Product Group (3 months)

(Billions of yen)

	FY2011 Jul. – Sep.	FY2011		
		Oct. – Dec.	Change	Difference
Audio-Visual and Communication Equipment	7.7	-3.9	-	-11.7
Health and Environmental Equipment	8.6	8.2	-5.4%	-0.4
Information Equipment	9.5	5.4	-42.6%	-4.0
Consumer/Information Products	26.0	9.7	-62.5%	-16.2
LCDs	11.7	-20.8	-	-32.5
Solar Cells	-4.7	-6.2	-	-1.4
Other Electronic Devices	5.4	2.1	-59.9%	-3.2
Electronic Components	12.4	-24.8	-	-37.2
Sub Total	38.4	-15.0	-	-53.5
Adjustments	-8.3	-9.3	-	-0.9
Total	30.0	-24.4	-	-54.5

SHARP

Extraordinary Items in Other Expenses (3 months)

(Billions of yen)

	FY2011 Jul. – Sep.	FY2011 Oct. – Dec.	Main Factors	Difference
Loss on suspension of large-size LCD plant operation	0.0	0.0		0.0
Restructuring charges	6.2	8.3	Introduction of IGZO technology at Kameyama No.2 Plant	+2.0
Settlement package	8.0	10.7	Loss from lawsuits	+2.7
Others	1.0	4.1	Loss on sales and retirement of noncurrent assets, etc.	+3.1
Total	15.3	23.3		+7.9

SHARP

II. Outline of Main Products and Devices

LCD Color TVs

(Billions of yen)

	FY2011						FY2011
	Oct. – Dec.		Apr. – Dec.		Full Year		Full Year
		Change (Y on Y)		Change (Y on Y)	Revised Forecast (Feb. 1)	Change (Y on Y)	Prev. Forecast (Oct. 27)
Sales	155.6	-45.6%	466.9	-28.3%	600.0	-25.3%	640.0
Units (Million units)	3.21	-37.4%	10.09	-11.6%	12.80	-13.7%	13.50

[Review of Third Quarter (Oct. – Dec.)]

- Revenue and unit sales decreased considerably, due to sharply decreased demand in Japan and slowdown of consumption in China.
- Strategy to focus on large-size LCD TVs in the U.S. is showing visible results; sales ratio of large-size models 60 inches and larger in the U.S. is maintaining the level of around 60%.

[Forecast for FY2011]

- Revised forecast by considering factors such as larger-than-expected price decline.

SHARP

LCDs

(Billions of yen)

	FY2011						FY2011
	Oct. – Dec.		Apr. – Dec.		Full Year		Full Year
		Change (Y on Y)		Change (Y on Y)	Revised Forecast (Feb. 1)	Change (Y on Y)	Prev. Forecast (Oct. 27)
Sales	173.1	-28.4%	583.0	-25.5%	800.0	-22.1%	900.0

*Including internal sales between segments (Consumer/Information Products and Electronic Components).

[Review of Third Quarter (Oct. – Dec.)]

● Large-size LCDs

- Sales of LCDs for TVs to outside customers at Sakai Plant decreased due to decline in demand overseas.
- Utilization at Kameyama No.2 Plant decreased due to sluggish sales of LCD TVs in Japan.

● Mobile LCDs

- Sales for Android smartphones decreased.
- Delay in mass production and shipment of IGZO LCD for mobile terminals.

[Forecast for FY2011]

● Large-size LCDs

- Adjust production based on market situation (Consider introduction of IGZO technology).

● Mobile LCDs

- Planning to start shipment of IGZO LCDs.

Revised forecast by considering above production adjustment and financial results up until the third quarter.

SHARP

Mobile Phones

(Billions of yen)

	FY2011						FY2011
	Oct. – Dec.		Apr. – Dec.		Full Year		Full Year
		Change (Y on Y)		Change (Y on Y)	Revised Forecast (Feb. 1)	Change (Y on Y)	Prev. Forecast (Oct. 27)
Sales	65.5	-39.1%	238.1	-26.2%	320.0	-22.6%	340.0
Units (Millions of units)	1.81	-23.0%	5.92	-22.7%	8.00	-17.9%	9.00

[Review of Third Quarter (Oct. – Dec.)]

- Severe conditions continued, such as sluggish sales of conventional mobile phones and fierce competition with overseas manufacturers.

[Forecast for FY2011]

- Revised forecast on both monetary and unit basis, despite efforts to launch one-of-a-kind products centered on its unique technology, such as models with ability to link with AQUOS LCD TVs, and achieving high picture quality with low power consumption.

SHARP

Solar Cells

(Billions of yen)

	FY2011						FY2011
	Oct. – Dec.		Apr. – Dec.		Full Year		Full Year
		Change (Y on Y)		Change (Y on Y)	Revised Forecast (Feb. 1)	Change (Y on Y)	Prev. Forecast (Oct. 27)
Sales	48.9	-33.5%	159.4	-21.6%	200.0	-24.7%	240.0
(MW)	254	-27.0%	831	-10.3%	1,100	-11.4%	1,350

*Including internal sales between segments (Consumer/Information Products and Electronic Components).

[Review of Third Quarter (Oct. – Dec.)]

- Overseas sales decreased by such factors as financial instability in Europe, slower demand due to the revision of feed-in tariffs in various countries, subsequent price declines, and ongoing yen appreciation.
- Business conditions worsened also in Japanese market, by intensified competition with overseas manufacturers.

[Forecast for FY2011]

- Revised forecast on both monetary and volume basis, due to above deteriorating business conditions worldwide.

SHARP

III. Financial Results Forecast for Fiscal 2011

(Billions of yen)

	FY2011		FY2011	
	Previous Forecast (Oct. 27)	Revised Forecast (Feb. 1)	Change (Y on Y)	Difference vs. Prev. Forecast
Net Sales	2,800.0	2,550.0	-15.6%	-250.0
Operating Income	85.0	0	-	-85.0
Net Income	6.0	-290.0	-	-296.0

Capital Investment	160.0	140.0	-18.9%	-20.0
Depreciation and Amortization	240.0	240.0	-5.5%	0

SHARP

Net Income Main Factors of Change from Previous Forecast

(Billions of yen)

Previous Forecast	Revised Forecast	Difference
6.0	-290.0	-296.0
Main Factors		Amount
Decrease in profit due to sales decline, fall in market price, etc.		-82.4
Restructuring charges (LCDs & Solar Cells)		-39.1
Costs to reinforce business foundations (Inventory write-down, etc.)		-44.0
Other extraordinary factors (Settlement package, reversal of deferred tax assets)		-130.5
Total		-296.0

SHARP

Forecast of Sales by Product Group

Sales of each product group include internal sales between segments (Consumer/Information Products and Electronic Components).

(Billions of yen)

	FY2011		FY2011	
	Previous Forecast (Oct. 27)	Revised Forecast (Feb. 1)	Change (Y on Y)	Difference vs. Prev. Forecast
Audio-Visual and Communication Equipment	1,150.0	1,080.0	-24.3%	-70.0
Health and Environmental Equipment	300.0	290.0	+7.5%	-10.0
Information Equipment	290.0	280.0	+2.2%	-10.0
Consumer/Information Products	1,740.0	1,650.0	-16.3%	-90.0
LCDs	900.0	800.0	-22.1%	-100.0
Solar Cells	240.0	200.0	-24.7%	-40.0
Other Electronic Devices	260.0	240.0	-8.2%	-20.0
Electronic Components	1,400.0	1,240.0	-20.2%	-160.0
Sub Total	3,140.0	2,890.0	-18.0%	-250.0
Adjustments	-340.0	-340.0	-	0.0
Total	2,800.0	2,550.0	-15.6%	-250.0

SHARP

Forecast of Operating Income by Product Group

(Billions of yen)

	FY2011		FY2011	
	Previous Forecast (Oct. 27)	Revised Forecast (Feb. 1)	Change (Y on Y)	Difference vs. Prev. Forecast
Audio-Visual and Communication Equipment	28.0	3.0	-92.6%	-25.0
Health and Environmental Equipment	29.0	30.0	+50.3%	+1.0
Information Equipment	30.0	30.0	+61.7%	0.0
Consumer/Information Products	87.0	63.0	-20.5%	-24.0
LCDs	33.0	-19.0	-	-52.0
Solar Cells	-16.0	-24.0	-	-8.0
Other Electronic Devices	13.0	12.0	+4.0%	-1.0
Electronic Components	30.0	-31.0	-	-61.0
Sub Total	117.0	32.0	-70.9%	-85.0
Adjustments	-32.0	-32.0	-	0.0
Total	85.0	0.0	-	-85.0

SHARP

IV. Dividends

Forecast of year-end dividend: 5 yen

(Yen)

	Dividends per Share
Interim dividend	5.00
Forecast of year-end dividend	5.00
Forecast of annual dividend	10.00

SHARP

V. Measures to Improve Business Performance

1. Improve financial strength

- Minimize/reduce inventory, total cost, capital investment & fixed assets

2. Structural reform of Audio-Visual business and domestic sales & marketing framework

- Increase personnel and enhance framework based on expanding overseas businesses
- Transfer to strategic businesses (Health and Environmental Equipment, B2B, etc.)

3. Restructuring of Solar Cell business

- Promotion of local production for local consumption and enhancement of power generation business

4. Promotion of LCD business restructuring

- Kameyama No.2 Plant: Expand IGZO LCD business and its applications
(Expand market of high resolution panels, such as PC monitors, etc.)
- Sakai Plant: Adjust production of LCD panels for TVs
Consider introducing IGZO technology at Sakai Plant

SHARP

Promotion of LCD Business Restructuring

Main factor of step downward revision:
LCD business

Mobile LCDs

Mobile LCD production line
at Kameyama No.2 Plant

Delay in development and
shipment of IGZO LCDs

Expand IGZO LCD business
and its applications

Large-size LCDs

Sakai Plant
Large-size LCD line at Kameyama No.2

Sales decline and subsequent
decrease in utilization rate

Shift to super-size LCDs
LCDs for TVs to specialize in
internal demand

Optimization of production framework

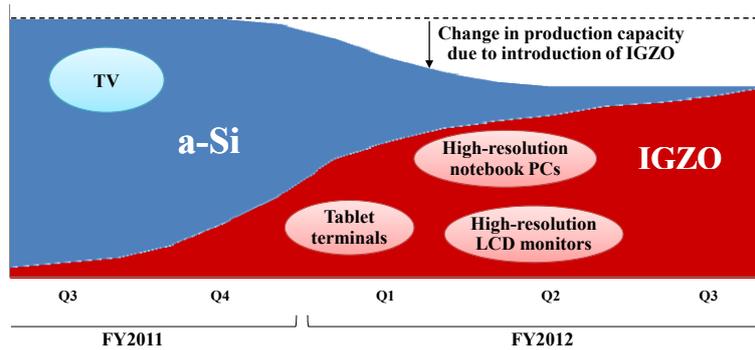
SHARP

Kameyama No.2 Plant

Acceleration of IGZO development and expansion of its application

Spreading application from tablet terminals to high-resolution notebook PCs and LCD monitors

Transition of production capacity at Kameyama No.2 Plant



SHARP

Sakai Plant

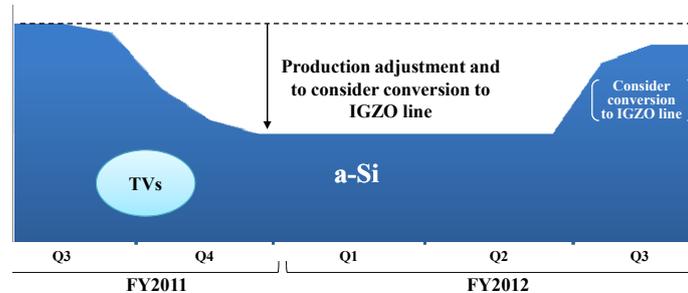
LCD panels for TVs: Specialize in super-size LCDs that leverage G10 plant's competitive edge and internal demand

Adjust production of LCDs for TVs (Decrease to 50% utilization)

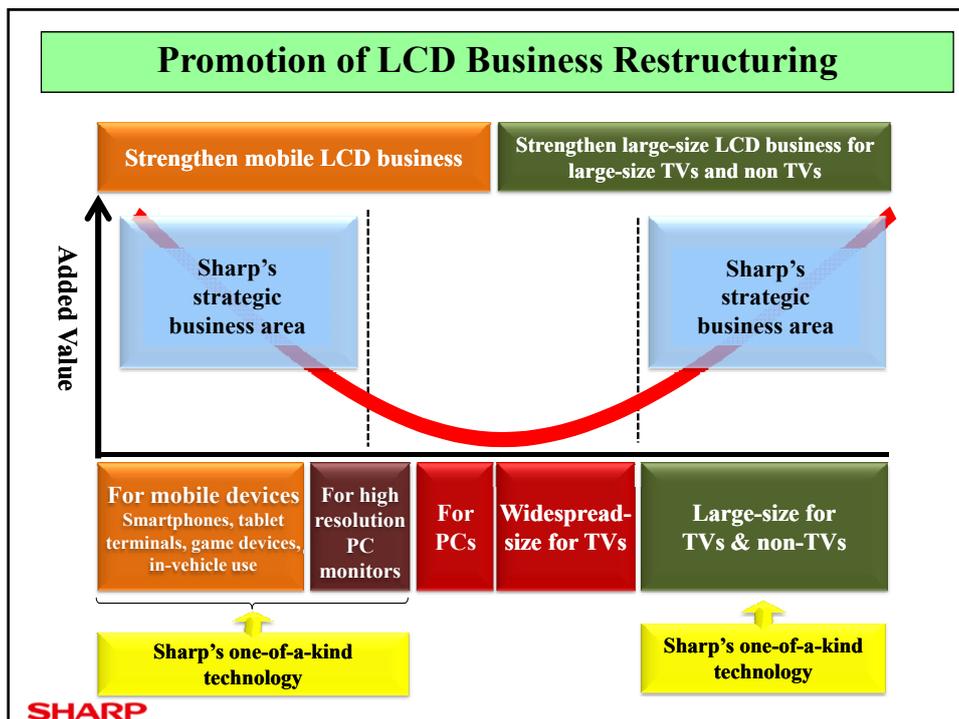
Production based on internal demand and materializing proper inventory

Consider introduction of IGZO technology at G10 plant exploiting its production adjustment

Transition of production capacity at Sakai Plant



SHARP



Forward-Looking Statements

This presentation material 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) Litigation and other legal proceedings against Sharp
- (6) Rapid technological changes in products and services, etc.

*Amounts less than 100 million yen shown in this presentation material have been rounded down.

Copyright © 2012 SHARP CORPORATION, All Rights Reserved.

SHARP

SHARP