

Consolidated Financial Results for the First Quarter Ended June 30, 2017

July 28, 2017

SHARP CORPORATION

Stock exchange listings: Tokyo
 Code number: 6753
 URL: <http://www.sharp.co.jp/> (English : <http://www.sharp-world.com/>)
 Representative: J.W. Tai, President & Chief Executive Officer
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Scheduled dividend payment date: -
 Supplementary material: Yes
 Financial results meeting: Yes (targeted at institutional investors and analysts)

(First quarter ended June 30, 2016: Monetary amounts are rounded to the nearest million yen.)

(Except first quarter ended June 30, 2016: Monetary amounts are rounded down to the nearest million yen.)

1. Results for the Three Months Ended June 30, 2017

(1) Financial Results

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

	Net Sales	Percent Change	Operating Profit (Loss)	Percent Change	Ordinary Profit (Loss)	Percent Change
Three Months Ended June 30, 2017	506,427	+19.6%	17,108	-	17,183	-
Three Months Ended June 30, 2016	423,397	-31.5%	(2,517)	-	(22,369)	-

[Reference] Comprehensive income (loss): June 30, 2017 ; 22,735 million yen - %
 June 30, 2016 ; (43,652) million yen - %

	Profit (Loss) Attributable to Owners of Parent	Percent Change	Net Income (Loss) per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Three Months Ended June 30, 2017	14,477	-	2.15	1.77
Three Months Ended June 30, 2016	(27,452)	-	(17.28)	-

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2017	1,808,318	331,849	17.5%
As of March 31, 2017	1,773,682	307,801	16.6%

[Reference] Equity: June 30, 2017 ; 317,246 million yen
 March 31, 2017 ; 294,154 million yen

2. Dividends

	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2017	-	0.00	-	0.00	0.00
Year Ending March 31, 2018	-	/	/	/	/
Year Ending March 31, 2018 (Forecast)	/	-	-	-	-

Note1: Revisions to forecast of dividends in this quarter; None

Note2: The amount of dividend per share for the year ending March 31, 2018, has not been decided at the time of announcement.

Dividends noted above are on common shares. As for the status of dividends for Class Shares (unlisted) with different rights from those of common shares of Sharp Corporation, please see "(Reference) Dividends on Class Shares."

3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2018

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

Millions of Yen

	Net Sales	Percent Change	Operating Profit	Percent Change	Ordinary Profit	Percent Change	Profit Attributable to Owners of Parent	Percent Change	Net Income per Share (Yen)
Six Months Ending September 30, 2017	1,100,000	+19.6%	37,000	-	33,000	-	25,000	-	36.49
Year Ending March 31, 2018	2,510,000	+22.4%	90,000	+44.1%	79,000	+215.1%	59,000	-	87.69

Note1: Revisions to forecast of financial results in this quarter; None

Note2: Sharp is planning to carry out a share consolidation at a ratio of 10 shares to 1 share effective on October 1, 2017.

Therefore, the figures for the net income per share forecasts for the six months ending September 30, 2017 and the year ending March 31, 2018 are amounts on the assumption that Sharp conducts this plan on the beginning of the fiscal year.

4. Other Information

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

Newly added : 1 company

S&O Electronics (Malaysia) Sdn. Bhd.

(2) Adoption of special accounting methods for preparation of quarterly financial statements: None

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

1. Changes in accounting policies arising from revision of accounting standards: None

2. Changes arising from other factors: None

3. Changes in accounting estimates: None

4. Restatement: None

(4) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury stock) as of June 30, 2017 ; 4,983,165,584 shares
as of March 31, 2017 ; 4,983,165,584 shares

2. Number of shares of treasury stock as of June 30, 2017 ; 10,589,688 shares
as of March 31, 2017 ; 10,556,161 shares

3. Average number of shares outstanding during the three months ended June 30, 2017 ; 4,972,578,851 shares
during the three months ended June 30, 2016 ; 1,690,675,308 shares

Notes:

1. This financial release is not subject to audit.

2. This financial release contains certain statements about the future, which are based on information available and deemed reasonable to the Sharp Group at the time of announcement and are not the commitments made by Sharp. Actual operating results may differ materially from the forecast due to various factors.

3. Sharp will hold a financial results meeting on July 28, 2017. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.

4. The accompanying consolidated financial statements are a translation of the consolidated financial statements of Sharp, which were prepared in accordance with accounting principles and practices generally accepted in Japan.

(Reference) Dividends on Class Shares

The following shows breakdown of dividends per share on Class Shares with different rights from those of common shares.

Class A Shares	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2017	-	0.00	-	0.00	0.00
Year Ending March 31, 2018	-	/	/	/	/
Year Ending March 31, 2018 (Forecast)	/	-	-	-	-

Class B Shares	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2017	-	0.00	-	-	0.00
Year Ending March 31, 2018	-	/	/	/	/
Year Ending March 31, 2018 (Forecast)	/	-	-	-	-

Class C Shares	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2017	-	0.00	-	0.00	0.00
Year Ending March 31, 2018	-	/	/	/	/
Year Ending March 31, 2018 (Forecast)	/	-	-	-	-

Notes:

1. Number of Class A Share issued are 200,000 shares. In accordance to the accumulation clause defined in the Company's Articles of Incorporation, the year-end dividends for the fiscal years ended March 31, 2016 and 2017 have been accumulated. The amount is 9,542 million yen as of June 30, 2017.
2. Number of Class B Share issued were 25,000 shares. However, on August 12, 2016, the Company acquired all by the call option the consideration for which is cash on the Company's Articles of Incorporation. The acquisition amount is 29,974 million yen. Acquired shares were all cancelled by the Company on September 30, 2016.
3. Number of Class C Share issued are 11,363,636 shares. Dividend priority of Class C Shares is equal to common shares. In accordance to the dividend clause defined in the Company's Articles of Incorporation, the amount of dividend per Class C Share is equal to the amount of dividend for 100 common shares.
4. The amount of dividend per share for the year ending March 31, 2018, has not been decided at the time of announcement.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	482,117	466,092
Notes and accounts receivable - trade	375,564	414,135
Inventories	217,892	219,600
Other	126,697	125,208
Allowance for doubtful accounts	(8,562)	(8,498)
Total current assets	1,193,709	1,216,538
Non-current assets		
Property, plant and equipment		
Buildings and structures	625,139	626,138
Machinery, equipment and vehicles	1,155,188	1,159,186
Tools, furniture and fixtures	250,872	243,862
Other	165,096	176,970
Accumulated depreciation	(1,846,683)	(1,847,865)
Total property, plant and equipment	349,614	358,290
Intangible assets	42,359	42,260
Investments and other assets	187,962	191,195
Total non-current assets	579,936	591,746
Deferred assets	36	33
Total assets	1,773,682	1,808,318
Liabilities		
Current liabilities		
Notes and accounts payable - trade	306,007	332,286
Electronically recorded obligations - operating	44,560	43,751
Short-term loans payable	113,534	114,540
Provision for bonuses	21,137	12,851
Provision for product warranties	18,930	19,881
Valuation reserve for inventory purchase commitments	48,618	42,471
Other provision	26,267	24,996
Other	222,581	212,591
Total current liabilities	801,637	803,370
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	490,333	490,275
Provision	482	455
Net defined benefit liability	110,074	108,970
Other	23,353	33,397
Total non-current liabilities	664,243	673,098
Total liabilities	1,465,881	1,476,469

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	576,792	576,792
Retained earnings	(148,597)	(133,924)
Treasury shares	(13,902)	(13,908)
Total shareholders' equity	419,292	433,960
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,474	16,842
Deferred gains or losses on hedges	39	(430)
Foreign currency translation adjustment	(44,355)	(40,664)
Remeasurements of defined benefit plans	(95,296)	(92,461)
Total accumulated other comprehensive income	(125,138)	(116,713)
Subscription rights to shares	-	19
Non-controlling interests	13,646	14,583
Total net assets	307,801	331,849
Total liabilities and net assets	1,773,682	1,808,318

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

(Millions of yen)

	Three months ended 30-Jun-16	Three months ended 30-Jun-17
Net sales	423,397	506,427
Cost of sales	349,793	413,860
Gross profit	73,604	92,566
Selling, general and administrative expenses	76,121	75,457
Operating profit (loss)	(2,517)	17,108
Non-operating income		
Interest income	264	517
Dividend income	506	700
Rent income on non-current assets	876	1,092
Foreign exchange gains	-	2,352
Share of profit of entities accounted for using equity method	-	582
Other	1,576	1,041
Total non-operating income	3,222	6,287
Non-operating expenses		
Interest expenses	2,453	1,248
Foreign exchange losses	4,255	-
Share of loss of entities accounted for using equity method	11,037	-
Other	5,329	4,964
Total non-operating expenses	23,074	6,212
Ordinary profit (loss)	(22,369)	17,183
Extraordinary income		
Gain on sales of non-current assets	701	352
Total extraordinary income	701	352
Extraordinary losses		
Loss on sales and retirement of non-current assets	204	169
Impairment loss	1,506	-
Loss on step acquisitions	-	931
Total extraordinary losses	1,710	1,101
Profit (loss) before income taxes	(23,378)	16,434
Income taxes - current	3,539	2,957
Income taxes - deferred	553	(728)
Total income taxes	4,092	2,229
Profit (loss)	(27,470)	14,205
Loss attributable to non-controlling interests	(18)	(272)
Profit (loss) attributable to owners of parent	(27,452)	14,477

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended 30-Jun-16	Three months ended 30-Jun-17
Profit (loss)	(27,470)	14,205
Other comprehensive income		
Valuation difference on available-for-sale securities	(947)	2,367
Deferred gains or losses on hedges	830	(674)
Foreign currency translation adjustment	(19,225)	4,085
Remeasurements of defined benefit plans, net of tax	3,475	2,828
Share of other comprehensive income of entities accounted for using equity method	(315)	(76)
Total other comprehensive income	(16,182)	8,530
Comprehensive income	(43,652)	22,735
Comprehensive income attributable to owners of parent	(42,320)	22,901
Comprehensive income attributable to non-controlling interests	(1,332)	(166)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended 30-Jun-16	Three months ended 30-Jun-17
<u>Cash flows from operating activities</u>		
Profit (loss) before income taxes	(23,378)	16,434
Depreciation	15,250	15,941
Interest and dividend income	(770)	(1,218)
Interest expenses	2,453	1,248
Loss (gain) on sales and retirement of non-current assets	(497)	(182)
Impairment loss	1,506	-
Loss (gain) on step acquisitions	-	931
Share of (profit) loss of entities accounted for using equity method	11,037	(582)
Decrease (increase) in notes and accounts receivable - trade	45,011	(32,575)
Decrease (increase) in inventories	(12,856)	834
Increase (decrease) in notes and accounts payable - trade	(23,972)	8,767
Other, net	4,668	(4,518)
Subtotal	18,452	5,079
Interest and dividend income received	986	1,366
Interest expenses paid	(2,272)	(1,884)
Income taxes (paid) refund	(7,680)	(4,908)
Net cash provided by (used in) operating activities	9,486	(345)
<u>Cash flows from investing activities</u>		
Payments into time deposits	-	(13,162)
Proceeds from withdrawal of time deposits	1	4,270
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	1,308
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	541	-
Purchase of property, plant and equipment	(12,719)	(14,179)
Other, net	(2,547)	(1,657)
Net cash provided by (used in) investing activities	(14,724)	(23,420)
<u>Cash flows from financing activities</u>		
Net increase (decrease) in short-term loans payable	(331,148)	(871)
Proceeds from long-term loans payable	328,674	-
Repayments of long-term loans payable	(12,149)	(25)
Redemption of bonds	(616)	-
Other, net	(467)	(1,569)
Net cash provided by (used in) financing activities	(15,706)	(2,465)
Effect of exchange rate change on cash and cash equivalents	(14,979)	1,792
Net increase (decrease) in cash and cash equivalents	(35,923)	(24,440)
Cash and cash equivalents at beginning of period	149,533	453,477
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	(480)
Cash and cash equivalents at end of period	113,610	428,557

(4) Going Concern Assumption
None

(5) Significant Changes in Owners Equity
None