

# Consolidated Financial Results for the Third Quarter Ended December 31, 2013

February 4, 2014

## SHARP CORPORATION

Stock exchange listings: Tokyo  
 Code number: 6753  
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Scheduled dividend payment date: -  
 Supplementary material: Yes  
 Financial results meeting: Yes (targeted at institutional investors and analysts)

(Monetary amounts are rounded to the nearest million yen.)

## 1. Results for the Nine Months Ended December 31, 2013

### (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 Income (Loss)	Percent Change	Net Income (Loss)	Percent Change
Nine Months Ended December 31, 2013	2,157,287	+21.0%	81,472	-	17,720	-
Nine Months Ended December 31, 2012	1,782,455	-6.4%	( 166,232 )	-	( 424,347 )	-

[Reference] Comprehensive income: December 31, 2013 ; 48,934 million yen — %  
 December 31, 2012 ; (414,224) million yen — %

	Net Income (Loss) per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Nine Months Ended December 31, 2013	13.21	12.71
Nine Months Ended December 31, 2012	( 384.49 )	-

### (2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio
As of December 31, 2013	2,406,334	326,859	13.1%
As of March 31, 2013	2,087,763	134,837	6.0%

[Reference] Equity : December 31, 2013 ; 314,912 million yen  
 March 31, 2013 ; 124,671 million yen

## 2. Dividends

	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2013	-	0.00	-	0.00	0.00
Year Ending March 31, 2014	-	0.00	-	/	/
Year Ending March 31, 2014 (Forecast)	/	/	/	0.00	0.00

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

### **3. Forecast of Financial Results for the Year Ending March 31, 2014**

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

Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change	Net Income	Percent Change	Net Income per Share (Yen)
Year Ending March 31, 2014	2,900,000	+17.0%	100,000	-	5,000	-	3.50

Note: Revisions to forecast of financial results in this quarter; Yes

### **4. Other Information**

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): None

(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: Yes
4. Restatement: None

(4) Number of shares outstanding (ordinary shares)

1. Number of shares outstanding (including treasury stock) as of December 31, 2013 ; 1,701,214,887 shares  
as of March 31, 2013 ; 1,176,623,887 shares
2. Number of shares of treasury stock as of December 31, 2013 ; 10,439,038 shares  
as of March 31, 2013 ; 10,399,220 shares
3. Average number of shares outstanding during the nine months ended December 31, 2013 ; 1,341,679,083 shares  
during the nine months ended December 31, 2012 ; 1,103,663,656 shares

#### Notes:

1. This financial release is not subject to audit procedures based on the Financial Instruments and Exchange Law in Japan. At the time of disclosure, audit procedures of financial statements based on the Financial Instruments and Exchange Law have not been completed.
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. For the assumptions and other related matters concerning financial results forecast, please refer to "(3) Qualitative Information Regarding Forecast of Consolidated Financial Results" of "1. Qualitative Information Regarding the Third Quarter Financial Results" on page 4.
3. Sharp will hold a financial results meeting on February 4, 2014. 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. In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan.

## **1. Qualitative Information Regarding the Third Quarter Financial Results**

### **(1) Qualitative Information Regarding Consolidated Financial Results**

During the nine months ended December 31, 2013, the Japanese economy was on a mild recovery path, with a pickup in business investment and consumer spending as a result of improved corporate earnings driven by the monetary easing and economic package under the Abenomics scheme.

Overseas, emerging markets faced stagnation of growth and Europe showed a slowdown in recovery. However, the overall economy remained brisk, with an upswing in the U.S., along with the China starting to show steady growth.

Amid these circumstances, the Sharp Group has worked to create and strengthen sales of distinctive devices and original products that meet our customers' needs. Efforts include introducing high-definition 4K<sup>\*1</sup> AQUOS LCD TVs, and the "Quattron Pro,"<sup>\*2</sup> which incorporates a full HD panel with high-definition capability equivalent to 4K, smartphones equipped with IGZO<sup>\*3</sup> LCDs, solar cells mainly for the booming market in Japan, and small- and medium-size LCDs as well as high-performance camera modules for mobile devices. We have also taken various measures on a company-wide basis to improve our business foundations, including radical reductions in total costs and fixed costs centering on labor costs, as well as minimizing capital investment.

As a result, consolidated financial results for the nine months recorded net sales of 2,157.2 billion yen, up 21.0% compared to the same period in the previous year, operating income of 81.4 billion yen, an improvement of 247.7 billion yen and net income of 17.7 billion yen, an improvement of 442.0 billion yen.

During the three months ended December 31, 2013, Sharp secured funds for strategic investment to accomplish the Medium-Term Management Plan and strengthen its financial foundation: a 120.3 billion yen new share issuance through a public offering and a secondary offering due to over-allotment, and a 17.4 billion yen new share issuance through third-party allotments with DENSO CORPORATION, Makita Corporation, and LIXIL Corporation.

Operating results by product group are as follows:

#### **Product Business**

Sales of Digital Information Equipment for the nine months ended December 31, 2013, were 551.5 billion yen, up 2.1% compared to the same period in the previous year. Sales of LCD TVs increased due to healthy sales in Japan, China, and emerging countries, although sales in the Americas and Europe were sluggish. Sales of mobile phones decreased due mainly to intensified competition with overseas manufacturers.

Sales of Health and Environmental Equipment were 241.9 billion yen, up 5.3%, due mainly to increased sales of air conditioners and air purifiers.

Sales of Solar Cells were 276.8 billion yen, up 85.8%. This was due mainly to a sales increase in Japan centering on residential use, as well as industrial use, such as mega-solar power generation projects.

Sales of Business Solutions were 235.5 billion yen, up 13.0% compared to the previous year. This was due mainly to robust sales of color MFPs in Japan and overseas, as well as information displays in the U.S.

As a result, sales of these four product groups comprising Product Business were 1,305.9 billion yen, up 15.8%.

#### **Device Business**

Sales of LCDs were 622.3 billion yen, up 30.6% from the same period in the previous year. This was due mainly to increased sales of small- and medium-size LCDs for smartphones and tablet terminals, as well as healthy sales of large-size LCDs.

Sales of Electronic Devices were 229.0 billion yen, up 28.5%. This was due mainly to a sales increase in camera modules and sensors for smartphones, and LEDs.

As a result, sales of these two product groups comprising Device Business were 851.3 billion yen, up 30.0%.

## **(2) Qualitative Information Regarding Consolidated Financial Position**

Total assets as of December 31, 2013 were 2,406.3 billion yen, up 318.5 billion yen from March 31, 2013. This was due mainly to an increase in cash and time deposits resulting from a capital increase through a public offering, as well as third-party allotments, and an increase in notes and accounts receivable owing to sales expansion. Total liabilities were 2,079.4 billion yen, up 126.5 billion yen. This was due mainly to an increase in notes and accounts payable. Total net assets were 326.8 billion yen, up 192.0 billion yen. This was due mainly to a capital increase through a public offering and third-party allotments.

Regarding cash flows, net cash provided by operating activities was 17.4 billion yen, and net cash used in investing activities was 84.8 billion yen. Net cash provided by financing activities was 137.4 billion yen. As a result, cash and cash equivalents at the end of period were 277.7 billion yen, an increase of 89.8 billion yen from March 31, 2013.

## **(3) Qualitative Information Regarding Forecast of Consolidated Financial Results**

As for the future outlook, we expect the Japanese economy to get on a track of solid recovery, with improvement in personal income, employment situation, consumption, and business investment that comes from growth of corporate earnings driven by various economic measures. Nevertheless, the overseas business environment is anticipated to remain unpredictable, with some risk factors, including a slowdown in the growth in emerging countries and the pullback of the U.S. quantitative easing.

To respond to such a situation, Sharp will work hard to create innovative products and services that meet our customers' needs, by making the most of our advantages such as technology, development capability, product planning ability and sales channels in every field where we operate our business.

As for the "Product Business Group," in Digital Information Equipment, we will make a vigorous effort to expand sales of large-size LCD TVs such as 4K AQUOS and the original "Quattron Pro" models. We will also boost sales of LCD TVs in strategic regions, including emerging countries. In mobile phones, we intend to regain our market share in Japan by introducing one-of-a-kind product lines such as smartphones and tablet terminals equipped with IGZO LCDs and "EDGEST" style that realizes slimmer bezel design. In Health and Environmental Equipment, we will bolster sales of home appliances incorporating a "COCORO-Engine"<sup>\*4</sup> that uses spoken words and lights to communicate with users, and provides them with information on convenient uses and functions. Also, we aim to expand business operations in the ASEAN region. In Solar Cells, we will operate the business in a broad supply chain that encompasses system design, construction, power generation and maintenance, in order to handle booming demand in the Japanese market, particularly for mega-solar power generation projects and for residential use. In Business Solutions, we will focus on the strengthening of solution offering and services with a core of our distinctive products, such as MFPs and display equipment. We will also work hard to launch products with new technology, such as an interactive white board that enables users to run a meeting effectively.

As for the "Device Business Group," in LCDs, we will strive to expand business by developing customers in small- and medium-size LCDs centering on IGZO LCDs designed for smartphones, tablet terminals and note PCs. At the same time, we will work to secure stable plant operation by reinforcing the relationship with our business partners. In Electronic Devices, we will enhance sales of distinctive devices, such as camera modules, touchscreen system, sensors, and power devices.

In addition to these efforts, Sharp will continue to push ahead with company-wide business restructuring and measures to reinforce business foundations in order to achieve the Medium-Term Management Plan, thus aiming to become a new Sharp that achieves stable growth in profits and steady cash generation.

In light of the financial results for the nine months ended December 31, 2013, as mentioned in (1), and ongoing business environment for the three months ending March 31, 2014, we have made revisions to the forecast of financial results for the year ending March 31, 2014, which was announced on May 14, 2013.

Billions of Yen			
	Previous Forecast (May 14, 2013)	Revised Forecast	Increase Decrease
Net sales	2,700.0	2,900.0	+200.0
Operating income	80.0	100.0	+20.0
Net income	5.0	5.0	—

The above figures are based on an exchange rate of ¥100=US\$ 1.00 for the year ending March 31, 2014.

Note: The above estimates of financial results are based on information available and deemed reasonable to the Sharp Group at the time of announcement and are not the commitments made by the Sharp Group. Actual operating results may differ materially from the forecast due to various factors. The factors that may influence the figures for final reported business results include, but are not limited to:

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

\*1 4K×2K resolution (3,840×2,160 pixels), four times that of full HD (1,920×1,080 pixels).

\*2 A new line of LCD TVs announced on October 22, 2013, in Japan.

\*3 Developed jointly for mass production by Sharp and Semiconductor Energy Laboratory Co., Ltd.

\*4 A trademark of Sharp.

## **2. Summary Information**

### **(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation)**

None

### **(2) Adoption of special accounting methods for preparation of quarterly financial statements**

None

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

(Changes in accounting estimates)

Sharp Corporation and its domestic consolidated subsidiaries previously amortized actuarial gain/loss and prior service costs on the severance and pension benefits over 16 years. Effective from the three months ended December 31, 2013, the amortization period has been changed to 15 years because the average of the estimated remaining service years decreased.

This change had an immaterial impact on financial statements for the nine months ended December 31, 2013.

## **3. Outline of Material Events Relating to Assumed Going Concern**

Sharp has worked to create and strengthen sales of distinctive devices and original products that meet our customers' needs. Efforts include introducing high-definition 4K AQUOS LCD TVs, and the "Quattron Pro," which incorporates a full HD panel with high-definition capability equivalent to 4K, smartphones equipped with IGZO LCDs, solar cells mainly for the booming market in Japan, and small- and medium-size LCDs as well as high-performance camera modules for mobile devices. We have also taken various measures to improve our business foundations, including radical reductions in total costs and fixed costs centering on labor costs, as well as minimizing capital investment. As a result, net sales for the nine months ended December 31, 2013, recorded an increase of 21.0% compared to the same period in the previous year, and secured operating income and net income. Also, cash flows from operating activities turned to positive.

However, for the last two fiscal years in a row, consolidated financial performance resulted in a substantial operating and net losses, as well as negative cash flows from operating activities. Under such circumstances, interest-bearing debt increased, and the proportion of short-term interest-bearing debt came to a significant level. The short-term interest-bearing debt includes unsecured straight bonds and a syndicated loan with financial covenants.

Nevertheless, due to implementation of various measures as described below, we believe that these conditions will not cast a material uncertainty about Sharp's ability to continue as a going concern, and that no further disclosure under the "(4) Going Concern Assumption" on page 11 is necessary.

In terms of business performance for the three months ended December 31, 2013, under the Medium-Term Management Plan, which was announced on May 14, 2013, we achieved a surplus at the operating and net levels, following the three months ended September 30, 2013. Furthermore, cash flows from operating activities turned to positive.

In terms of the financial aspect, we secured funds for strategic investment and strengthened its financial foundation, in the form of a capital increase through a public offering and third-party allotments aiming for strategic alliances in new business fields where we can leverage our manufacturing advantages.

In order to become a new Sharp that achieves stable growth in profits and steady cash generation, we will continue to implement the Medium-Term Management Plan steadily and develop our profit structure to realize medium-term growth.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

Millions of Yen

	As of March 31, 2013	As of December 31, 2013
<b>ASSETS</b>		
Current Assets:		
Cash, time deposits and restricted cash	191,941	318,532
Notes and accounts receivable, less allowance for doubtful receivables	558,229	711,533
Inventories	310,709	342,113
Other current assets	160,956	177,249
Total current assets	1,221,835	1,549,427
Plant and Equipment, Less Accumulated Depreciation	563,699	530,720
Investments and Other Assets	301,619	326,025
Deferred Assets	610	162
Total assets	2,087,763	2,406,334
<b>LIABILITIES</b>		
Current Liabilities:		
Short-term borrowings, including current portion of long-term debt	924,113	899,349
Notes and accounts payable	405,624	483,756
Other current liabilities	337,796	339,812
Total current liabilities	1,667,533	1,722,917
Long-term Liabilities	285,393	356,558
Total liabilities	1,952,926	2,079,475
<b>NET ASSETS</b>		
Owners' Equity:		
Common stock	212,337	121,885
Capital surplus	276,179	95,951
Retained earnings	( 290,912 )	141,256
Less cost of treasury stock	( 13,872 )	( 13,886 )
Total owners' equity	183,732	345,206
Accumulated Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	6,062	11,007
Deferred gains (losses) on hedges	( 25 )	( 2,696 )
Foreign currency translation adjustments	( 61,467 )	( 34,528 )
Pension liability adjustment of foreign subsidiaries	( 3,631 )	( 4,077 )
Total accumulated other comprehensive income	( 59,061 )	( 30,294 )
Minority Interests	10,166	11,947
Total net assets	134,837	326,859
Total liabilities and net assets	2,087,763	2,406,334

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

Millions of Yen

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Net Sales	1,782,455	2,157,287
Cost of Sales	1,646,342	1,767,669
Gross profit	136,113	389,618
Selling, General and Administrative Expenses	302,345	308,146
Operating income (loss)	( 166,232 )	81,472
Other Income (Expenses)		
Interest income	768	846
Rent income on noncurrent assets	3,232	3,151
Gain on sales of noncurrent assets	3,889	3,111
Gain on sales of investment securities	317	1,641
Interest expense	( 8,789 )	( 14,894 )
Interest on commercial papers	( 283 )	-
Loss on sales and retirement of noncurrent assets	( 8,902 )	( 1,505 )
Loss on valuation of investment securities	( 3,289 )	( 2,301 )
Loss on sales of stocks of subsidiaries and affiliates	( 3,346 )	-
Restructuring charges	( 126,045 )	-
Settlement package	( 17,899 )	( 67 )
Provision for loss on litigation	-	( 1,052 )
Loss on change in equity	( 705 )	-
Other, net	( 27,808 )	( 33,003 )
	( 188,860 )	( 44,073 )
Income (loss) before income taxes and minority interests	( 355,092 )	37,399
Income Taxes		
Current	9,988	18,091
Deferred	57,997	521
	67,985	18,612
Income (loss) before minority interests	( 423,077 )	18,787
Minority Interests in Income of Consolidated Subsidiaries	( 1,270 )	( 1,067 )
Net income (loss)	( 424,347 )	17,720



- Consolidated Statements of Comprehensive Income

Millions of Yen

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Income (Loss) before Minority Interests	( 423,077 )	18,787
Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	( 4,691 )	4,943
Deferred gains (losses) on hedges	3,684	( 2,727 )
Foreign currency translation adjustments	10,148	28,037
Pension liability adjustment of foreign subsidiaries	( 160 )	( 446 )
Share of other comprehensive income of affiliates accounted for using equity method	( 128 )	340
Total other comprehensive income	8,853	30,147
Comprehensive Income	( 414,224 )	48,934
Comprehensive income attributable to:		
Owners of the parent	( 416,096 )	46,487
Minority interests	1,872	2,447

## (3) Consolidated Statements of Cash Flows

Millions of Yen

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
<b><u>Cash Flows from Operating Activities:</u></b>		
Income (loss) before income taxes and minority interests	( 355,092 )	37,399
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	136,741	93,973
Interest and dividend income	( 2,175 )	( 1,937 )
Interest expenses and interest on commercial papers	9,072	14,894
Gain on sales of noncurrent assets	( 3,889 )	( 3,111 )
Loss on sales and retirement of noncurrent assets	8,902	1,505
Impairment loss	31,077	-
Loss on valuation of investment securities	3,289	2,301
Loss on sales of stocks of subsidiaries and affiliates	3,346	-
Special extra retirement payments	25,307	-
Settlement package	17,899	67
Increase in notes and accounts receivable-trade	( 22,649 )	( 69,030 )
(Increase) decrease in inventories	190,786	( 16,707 )
Increase in notes and accounts receivable-other	( 63,725 )	( 28,799 )
Increase (decrease) in payables	( 31,947 )	50,473
Other, net	( 46,392 )	( 21,018 )
Total	( 99,450 )	60,010
Interest and dividends received	2,204	2,247
Interest paid	( 8,485 )	( 14,423 )
Subsidy income received	10,000	-
Settlement package paid	( 15,857 )	( 13,250 )
Income taxes paid	( 10,889 )	( 17,127 )
<b>Net cash provided by (used in) operating activities</b>	<b>( 122,477 )</b>	<b>17,457</b>
<b><u>Cash Flows from Investing Activities:</u></b>		
Purchase of time deposits	( 97 )	( 19,922 )
Proceeds from redemption of time deposits	656	25
Proceeds from sales of investments in subsidiaries and affiliates resulting in change of scope of consolidation	65,143	-
Acquisitions of plant and equipment	( 57,602 )	( 37,149 )
Proceeds from sales of plant and equipment	21,022	7,090
Purchase of investment securities	( 1,260 )	( 23,045 )
Other, net	( 11,649 )	( 11,862 )
<b>Net cash (used in) provided by investing activities</b>	<b>16,213</b>	<b>( 84,863 )</b>
<b><u>Cash Flows from Financing Activities:</u></b>		
Deposits of restricted cash	( 4,951 )	( 24,777 )
Increase in short-term borrowings, net	113,165	67,308
Proceeds from long-term debt	13,262	181,436
Repayments of long-term debt	( 45,700 )	( 236,853 )
Proceeds from issuance of common stock	4,887	142,473
Dividends paid	( 5,494 )	( 35 )
Other, net	( 11,381 )	7,872
<b>Net cash provided by financing activities</b>	<b>63,788</b>	<b>137,424</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>7,451</b>	<b>19,831</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>( 35,025 )</b>	<b>89,849</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>193,772</b>	<b>187,866</b>
<b>Cash and Cash Equivalents of Newly Consolidated Subsidiaries</b>	<b>4</b>	<b>-</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>158,751</b>	<b>277,715</b>

(4) Going Concern Assumption

None

(5) Segment information

[Information by business segment]

I Nine Months Ended December 31, 2012

1. Information regarding sales and income (loss) by reportable segment

Millions of Yen

Net Sales	
Product Business	
Customers	1,127,775
Intersegment	751
Total	1,128,526
Device Business	
Customers	654,680
Intersegment	180,265
Total	834,945
Adjustments	( 181,016 )
The amount presented in Consolidated Statements of Income	1,782,455
Segment Income (Loss)	
Product Business	8,036
Device Business	( 147,903 )
Adjustments*1	( 26,365 )
The amount presented in Consolidated Statements of Income*2	( 166,232 )

Notes 1. Adjustments of segment income (loss) of (26,365) million yen include elimination of intersegment transactions of 676 million yen and corporate expenses not allocated to each reportable segment of (28,500) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income (loss) to operating loss presented in Consolidated Statements of Income.

2. Information regarding impairment loss on noncurrent assets, goodwill, etc. by reportable segment  
(Significant impairment loss on noncurrent assets)

In the nine months ended December 31, 2012, an impairment loss on Sharp Corporation and its overseas consolidated subsidiary's facilities mainly for solar cell production was recorded, standing at 27,707 million yen in Product Business segment and 2,883 million yen in Device Business segment respectively. This was owing to structural reorganization in solar cell and other businesses. Also, the buildings expected to be sold, which do not belong to each reportable segment, were revaluated and the book value was reduced to the recoverable amount. The reduced amount was 487 million yen and recorded as an impairment loss.

These impairment losses were included in restructuring charges in Consolidated Statements of Income for the nine months ended December 31, 2012.

## II Nine Months Ended December 31, 2013

### 1. Information regarding sales and income (loss) by reportable segment

Millions of Yen

Net Sales	
Product Business	
Customers	1,305,901
Intersegment	55
Total	1,305,956
Device Business	
Customers	851,386
Intersegment	159,049
Total	1,010,435
Adjustments	( 159,104 )
The amount presented in Consolidated Statements of Income	2,157,287
Segment Income	
Product Business	62,626
Device Business	44,141
Adjustments*1	( 25,295 )
The amount presented in Consolidated Statements of Income*2	81,472

Notes 1. Adjustments of segment income of (25,295) million yen include elimination of intersegment transactions of 207 million yen and corporate expenses not allocated to each reportable segment of (23,782) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income to operating income presented in Consolidated Statements of Income.

### 2. Change of reportable segment

The Sharp Group's reportable segment was Consumer/Information Products and Electronic Components in the year ended March 31, 2013. Effective from the three months ended June 30, 2013, the name of Consumer/Information Products has been changed to Product Business and Electronic Components to Device Business, due to a reform of organization on April 1. Solar Cells, which had been previously included in Electronic Components, has been reclassified and included in Product Business.

Segment Information for the nine months ended December 31, 2012 is based on a new segment classification.

### (6) Significant Changes in Owners Equity

Sharp Corporation issued new shares by third-party allotment with the subscription payment date on June 24, 2013. As a result, the common stock increased by 2,979 million yen and the capital surplus increased by 2,979 million yen.

In addition, based on a resolution of the General Meeting of Shareholders held on June 25, 2013, it reduced common stock, capital reserve, and legal reserve pursuant to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1, of the Companies Act, and then appropriated the surpluses pursuant to the provision of Article 452 of the Companies Act, in order to cover the deficit. As a result, the common stock decreased by 162,337 million yen and the capital surplus decreased by 252,112 million yen.

Also, it issued new shares through a public offering with the subscription payment date on October 15, 2013, and a third-party allotment to be undertaken in relation to a secondary offering due to over-allotment with the subscription payment date on November 12, 2013. Additionally, it issued new shares through third-party allotments with the subscription payment date on October 22, 2013. As a result, the common stock increased by 68,906 million yen and the capital surplus increased by 68,906 million yen.

Accordingly, the common stock at the end of December 31, 2013, was 121,885 million yen, a decrease of 90,452 million yen from the end of March 31, 2013, and the capital surplus was 95,951 million yen, a decrease of 180,228 million yen.

## 5. Supplementary Data

### (1) Consolidated Sales by Product Group

Millions of Yen

	Nine Months Ended December 31, 2012		Nine Months Ended December 31, 2013		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Digital Information Equipment	540,395	30.3	551,501	25.6	+ 11,106	+2.1
Health and Environmental Equipment	229,837	12.9	241,996	11.2	+ 12,159	+5.3
Solar Cells	149,028	8.4	276,855	12.8	+ 127,827	+85.8
Business Solutions	208,515	11.7	235,549	10.9	+ 27,034	+13.0
Product Business	1,127,775	63.3	1,305,901	60.5	+ 178,126	+15.8
LCDs	476,477	26.7	622,314	28.8	+ 145,837	+30.6
Electronic Devices	178,203	10.0	229,072	10.7	+ 50,869	+28.5
Device Business	654,680	36.7	851,386	39.5	+ 196,706	+30.0
Total	1,782,455	100.0	2,157,287	100.0	+ 374,832	+21.0
Domestic	711,662	39.9	840,541	39.0	+ 128,879	+18.1
Overseas	1,070,793	60.1	1,316,746	61.0	+ 245,953	+23.0

#### Notes:

1. The above figures indicate sales to outside customers.
2. Effective from the three months ended June 30, 2013, the segment classification has been changed. In this regard, the Consolidated Sales by Product Group for the nine months ended December 31, 2012, has been restated based on a new classification.

## (2) Information by Product Group

The breakdown of the reportable segments, which consist of Product Business and Device Business, is presented for reference. Sales of each product group include internal sales between segments (Product Business and Device Business).

### 〈Net Sales〉

Millions of Yen

	Nine Months Ended December 31, 2012		Nine Months Ended December 31, 2013		Percent Change
	Amount	Ratio	Amount	Ratio	
		%		%	%
Digital Information Equipment	540,957	30.3	551,540	25.6	+2.0
Health and Environmental Equipment	229,863	12.9	241,989	11.2	+5.3
Solar Cells	149,035	8.4	276,864	12.8	+85.8
Business Solutions	208,671	11.7	235,563	10.9	+12.9
Product Business	1,128,526	63.3	1,305,956	60.5	+15.7
LCDs	626,331	35.1	756,100	35.1	+20.7
Electronic Devices	208,614	11.7	254,335	11.8	+21.9
Device Business	834,945	46.8	1,010,435	46.9	+21.0
Sub Total	1,963,471	110.1	2,316,391	107.4	+18.0
Adjustments	( 181,016 )	-10.1	( 159,104 )	-7.4	-
Total	1,782,455	100.0	2,157,287	100.0	+21.0

### 〈Operating Income〉

Millions of Yen

	Nine Months Ended December 31, 2012		Nine Months Ended December 31, 2013		Percent Change
	Amount	Ratio	Amount	Ratio	
		%		%	%
Digital Information Equipment	( 15,861 )	-	9,350	11.5	-
Health and Environmental Equipment	24,822	-	15,361	18.9	-38.1
Solar Cells	( 14,228 )	-	15,841	19.4	-
Business Solutions	13,303	-	22,074	27.1	+65.9
Product Business	8,036	-	62,626	76.9	+679.3
LCDs	( 127,322 )	-	34,682	42.6	-
Electronic Devices	( 20,581 )	-	9,459	11.6	-
Device Business	( 147,903 )	-	44,141	54.2	-
Sub Total	( 139,867 )	-	106,767	131.1	-
Adjustments	( 26,365 )	-	( 25,295 )	-31.1	-
Total	( 166,232 )	-	81,472	100.0	-

Note: Effective from the three months ended June 30, 2013, the segment classification has been changed. In this regard, the Information by Product Group for the nine months ended December 31, 2012, has been restated based on a new classification.