

Consolidated Financial Results for the Year Ended March 31, 2017

April 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 date of the Ordinary

General Meeting of Shareholders: June 20, 2017

Scheduled dividend payment date: -

Supplementary material: Yes

Financial results meeting: Yes (targeted at institutional investors and analysts)

(Year ended March 31, 2017: Monetary amounts are rounded down to the nearest million yen.)

(Year ended March 31, 2016: Monetary amounts are rounded to the nearest million yen.)

1. Results for the Year Ended March 31, 2017

(1) Financial Results

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

Millions of Yen

	Net Sales	Percent Change	Operating Income (Loss)	Percent Change	Loss attributable to owners of parent	Percent Change
Year Ended March 31, 2017	2,050,639	-16.7%	62,454	-	(24,877)	-
Year Ended March 31, 2016	2,461,589	-11.7%	(161,967)	-	(255,972)	-

[Reference] Comprehensive income (loss) : March 31, 2017 ; (21,703) million yen — %
 March 31, 2016 ; (296,714) million yen — %

	Net Loss per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Net Loss to Equity	Operating Income (Loss) to Net Sales
Year Ended March 31, 2017	(6.86)	-	-19.8%	3.0%
Year Ended March 31, 2016	(154.64)	-	-	-6.6%

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of March 31, 2017	1,773,682	307,801	16.6%	15.41
As of March 31, 2016	1,570,672	(31,211)	-2.7%	(161.79)

[Reference] Equity: March 31, 2017 ; 294,154 million yen
 March 31, 2016 ; (43,050) million yen

(3) Cash Flows

Millions of Yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year Ended March 31, 2017	127,231	(90,677)	272,199	453,477
Year Ended March 31, 2016	(18,866)	(40,513)	(15,360)	149,533

2. Dividends

	Dividends per Share (Yen)					Total Dividend Payment (Millions of Yen)	Pay-out Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual			
Year Ended March 31, 2016	-	0.00	-	0.00	0.00	0	-	-
Year Ended March 31, 2017	-	0.00	-	-	-	-	-	-
Year Ending March 31, 2018 (Forecast)	-	-	-	-	-		-	

Note: The amount of dividend per share for the year ended March 31, 2017 and 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

Forecast of financial results for the year ending March 31, 2018 has yet to be determined.
We will announce it at the Medium-Term Management Plan Meeting on May 26, 2017.

4. Other Information

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

Newly added : 1 company

Sharp Universal Technology (SZ) Co., Ltd.

Excluded : 3 companies

Eurocopy Vehicle Leasing Limited

IOT Holdings PLC

Sharp Electronics Manufacturing Company of America, Inc.

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

1. Changes in accounting policies arising from revision of accounting standards: Yes

2. Changes arising from other factors: None

3. Changes in accounting estimates: Yes

4. Restatement: None

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury stock) as of March 31, 2017 ; 4,983,165,584 shares
as of March 31, 2016 ; 1,701,214,887 shares

2. Number of shares of treasury stock as of March 31, 2017 ; 10,556,161 shares
as of March 31, 2016 ; 10,536,390 shares

3. Average number of shares outstanding during the year ended March 31, 2017 ; 3,710,331,087 shares
during the year ended March 31, 2016 ; 1,690,699,765 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. As stated in "3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2018", the financial forecast is not announced this time.

3. Sharp will hold a financial results meeting on April 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. 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.

(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, 2016	-	0.00	-	0.00	0.00
Year Ended March 31, 2017	-	0.00	-	-	-
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, 2016	-	0.00	-	0.00	0.00
Year Ended March 31, 2017	-	0.00	-	-	0.00
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, 2016	-	-	-	-	-
Year Ended March 31, 2017	-	0.00	-	-	-
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 year ended March 31, 2016 have been accumulated. The amount is 4,242 million yen as of March 31, 2017.

In accordance to the preferred dividend clause defined in the Company's Articles of Incorporation, the amount of the year-end dividends for the fiscal year ended March 31, 2017 is 5,269 million yen.

The amount of dividend per share for the year ended March 31, 2017, has not been decided at the time of announcement.

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.

The amount of dividend per share for the year ended March 31, 2017, has not been decided at the time of announcement.

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

1. Qualitative Information: Fiscal 2016 Financial Results

(1) Qualitative Information regarding Consolidated Financial Results

i. Financial results for fiscal 2016

During fiscal 2016, the economy of Japan continued a modest recovery, where improvements were seen in export, production and employment. In the overseas, overall economy including the U.S, EU and China was on a recovery trend.

Under these circumstances, the Sharp Group has been taking initiatives to enhance the sales, showing uniqueness in creating such products as the innovative robot smartphone “RoBoHoN”^{*1}, the world’s first mosquito-catching air purifier^{*2}, the mobile washer “Ultrasonic Washer”^{*3}, a new Healsio water grill oven^{*4} by super-heated steam, and the cordless cyclone vacuum cleaner “RACTIVE Air”.

Furthermore, we started new initiatives. Our corporate venture “TEKION LAB” developed a cooler bag using a unique heat storage material based on our LCD material technology. In addition, we established research and development center^{*5} for home appliances in Shenzhen, China to expand our global business. This center will strengthen our capability to develop products for China and the ASEAN markets.

Sharp Group’s net sales for fiscal 2016 has ended as 2,050.6 billion yen (down 16.7% year on year), mainly due to sales decline in Energy Solutions and Display Devices. Operating income resulted as 62.4 billion yen (161.9 billion yen operating loss in the previous year), and loss attributable to owners of parent was 24.8 billion yen (255.9 billion yen loss attributable to owners of parent in the previous year), with improvements in Health and Environment Systems, Energy Solutions and Display Devices businesses etc.

Net sales for the fourth quarter of fiscal 2016 were 559.3 billion yen (up 7.9% year on year), operating income was 43.5 billion yen and profit attributable to owners of parent of was 16.2 billion yen. Net sales were higher year on year for the first time in 11 quarters and all profits landed in positive territory.

On August 12, 2016, new shares were issued through third-party allotments in accordance with strategic alliance with Hon Hai Group. This resulted in a change of major shareholders including the largest shareholder.

The sales status of each business segment in fiscal 2016 was as follows.

1. IoT Communications

Sales resulted as 164.7 billion yen, down 16.5% year on year, due to sales decline for mobile phones.

2. Health and Environment Systems

Sales resulted as 282.1 billion yen, down 5.4% year on year, due to sales decline for air conditioners and refrigerators.

3. Business Solutions

Sales resulted as 317.7 billion yen, down 10.5% year on year, due to sales decline for MFPS.

4. Camera Modules

Sales resulted as 204.7 billion yen, down 16.4% year on year, due to sales decline for camera modules.

5. Electronic Components and Devices

Sales resulted as 208.9 billion yen, down 14.7% year on year, due to sales decline for sensor modules.

6. Energy Solutions

Sales resulted as 103.6 billion yen, down 33.9% year on year, due to sales decline for domestic market solar cells.

7. Display Devices

Sales resulted as 842.0 billion yen, down 22.5% year on year, due to sales decline in large-size LCD for TVs, small- and medium-size LCD for smartphone business in China.

ii. Analysis of financial position

The total assets as of March 31, 2017, were 1,773.6 billion yen, up 203.0 billion yen from March 31, 2016. This is mainly due to increase in cash, time deposits and restricted cash and notes and accounts receivables. On the other hand, the total liabilities were 1,465.8 billion yen, down 136.0 billion yen from March 31, 2016, due to the decrease in short-term borrowings and others despite the increase in long-term debts. Total net assets were 307.8 billion yen, up 339.0 billion yen, as a result of the payment completion of new share issuance through third-party allotments.

Regarding cash flows, net cash provided by operating activities was 127.2 billion yen, and net cash used in investing activities was 90.6 billion yen. Net cash provided by financing activities was 272.1 billion yen. As a result, cash and cash equivalents at the end of the period were 453.4 billion yen, an increase of 303.9 billion yen from March 31, 2016.

*1 A small and easy portable robot-shaped smartphone. <http://www.sharp-world.com/corporate/news/160414.html>

*2 World's first air purifier with a mosquito-catching function by effective steps taking advantage of mosquito's habits. It is totally chemical free, by catching the mosquito on a unique sticky sheet attached to the Plasmacluster air purifier. <https://sharp.com.sg/mosquitocatcher/index.html>

*3 Sharp Ultrasonic Washer, a quick solution spot washing device for most common stains by ultrasonic vibration of 38,000 strokes per second. <https://sharp.com.sg/ultrasonic-washer/>

*4 Compact size grill oven using a super-heated steam, making your daily grill, fry and especially reheat into a delicious experience.

*5 For details, please refer to the following URL. <http://www.sharp-world.com/corporate/news/170120.html>

(2) Future outlook

The Japanese economy is expected to continue its steady recovery, as the effect of employment and income situation improvement and supports of various economic measures. For overseas, overall economy is expected to maintain a steady recovery, although attention must be paid to factors such as the trends of various U.S. policies, the economic condition of China and other Asian countries, the effect of the U.K. leaving the European Union and other geopolitical risks.

Under such circumstances, the Sharp Group intends to improve management efficiency by executing structural reforms, and transition the Group to a path of growth. We will transform from an electronic appliance manufacturer to a People-Oriented IoT Company to expand our business. We plan to publish financial forecasts and specific measures as part of Medium-Term Management Plan Meeting.

(3) Outline of Material Events Related to Assumed Going Concern

The Sharp Group recorded a loss attributable owners of parent for fiscal 2016, continuing a pattern of losses from the prior consolidated fiscal year. These circumstances represent events or conditions that may cast a material doubt on Sharp's ability to continue as a going concern. Sharp Corporation ("the Company") believes that by implementing the various measures described below, the Company will not have a material uncertainty as to its ability to continue as a going concern, and that no further disclosure under "(5) Going Concern Assumption" on page 13 is necessary.

In response to this situation, Sharp issued new shares via third-party allotment to Hon Hai Precision Industry Co., Ltd. and others on August 12, 2016. In conjunction with this share allotment, Sharp transitioned to a new management structure, naming J.W. Tai president and chief executive officer.

During fiscal 2016, we focused on executing three structural reforms to generate profits as quickly as possible. We described these structural reforms during the announcement of our financial results for the prior fiscal year: (1) Optimize management resources; (2) Engage in responsible business management; and (3) Reward good performance. As we adopt a new management structure, we have pivoted to initiatives for business expansion,

leveraging synergies with the Hon Hai Group, investing aggressively in key businesses, and engaging in other measures. Moving forward, we intend to strengthen our competitiveness to launch a counteroffensive in the market. In so doing, we will pursue three strategies to swing to a profit for profit attributable to owners of parent in fiscal 2017: (1) Invest aggressively in technology; (2) Strengthen our global brand; and (3) Accelerate new businesses.

To secure operating funds, we issued a total of 388.8 billion yen in new shares via allotment to third parties. This issuance has resolved our capital deficit on both a consolidated and non-consolidated basis. On April 26, 2016, we renewed our syndicated loan agreement with our main banks, Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., and other participating banks. On August 12, 2016, we established a syndicated commitment line of 300.0 billion yen in total with our two main banks.

2. Basic Approach to Selection of Accounting Standards

The Sharp Group uses Japanese accounting standards to ensure comparability of consolidated financial statements over different time periods.

We will continue to monitor trends in the adoption of the International Financial Reporting Standards (IFRS).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	As of March 31, 2016	As of March 31, 2017
ASSETS		
Current Assets:		
Cash, time deposits and restricted cash	275,399	482,117
Notes and accounts receivable, less allowance for doubtful receivables	430,033	404,887
Inventories	184,313	217,892
Other current assets	76,214	88,811
Total current assets	965,959	1,193,709
Plant and Equipment, Less Accumulated Depreciation	351,205	349,614
Investments and Other Assets	253,450	230,321
Deferred Assets	58	36
Total assets	1,570,672	1,773,682
LIABILITIES		
Current Liabilities:		
Short-term borrowings, including current portion of long-term debt	638,756	118,999
Notes and accounts payable	312,630	386,115
Other current liabilities	423,476	296,520
Total current liabilities	1,374,862	801,637
Long-term Liabilities	227,021	664,243
Total liabilities	1,601,883	1,465,881
NET ASSETS		
Owners' Equity:		
Capital stock	500	5,000
Capital surplus	222,457	576,792
Retained earnings	(123,644)	(148,597)
Less cost of treasury stock	(13,899)	(13,902)
Total owners' equity	85,414	419,292
Accumulated Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	11,634	14,474
Deferred gains (losses) on hedges	(843)	39
Foreign currency translation adjustments	(38,456)	(44,355)
Remeasurements of defined benefit plans	(100,799)	(95,296)
Total accumulated other comprehensive income	(128,464)	(125,138)
Non-controlling Interests	11,839	13,646
Total net assets	(31,211)	307,801
Total liabilities and net assets	1,570,672	1,773,682

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

Millions of Yen

	Year Ended March 31, 2016	Year Ended March 31, 2017
Net Sales	2,461,589	2,050,639
Cost of Sales	2,228,277	1,666,784
Gross profit	233,312	383,854
Selling, General and Administrative Expenses	395,279	321,400
Operating income (loss)	(161,967)	62,454
Other Income (Expenses)		
Interest income	912	887
Dividend income	965	1,358
Rent income on noncurrent assets	3,808	3,791
Foreign exchange gains	4,981	—
Equity in earnings of affiliates	1,493	—
Gain on sales of noncurrent assets	15,954	3,295
Gain on sales of investment securities	1,939	3,215
Reversal of provision for loss on litigation	2,046	—
Gain on change in equity	—	1,112
Receipt of settlement package	8,490	6,278
Interest expense	(18,721)	(6,394)
Foreign exchange losses	—	(3,329)
Equity in losses of affiliates	—	(18,667)
Loss on sales and retirement of noncurrent assets	(1,990)	(4,390)
Impairment loss	(24,748)	(34,668)
Loss on valuation of investment securities	(125)	(500)
Restructuring charges	(38,165)	—
Provision for loss on litigation	(2,038)	—
Loss on liquidation of subsidiaries and affiliates	(25)	—
Other, net	(23,931)	(15,030)
Loss before income taxes	(231,122)	(587)
Income Taxes		
Current	18,401	20,137
Deferred	3,663	3,600
	22,064	23,738
Net Loss	(253,186)	(24,325)
Profit attributable to non-controlling interests	2,786	551
Loss attributable to owners of parent	(255,972)	(24,877)

- Consolidated Statements of Comprehensive Income

Millions of Yen

	Year Ended March 31, 2016	Year Ended March 31, 2017
Net Loss	(253,186)	(24,325)
Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	1,066	2,837
Deferred gains (losses) on hedges	(1,623)	882
Foreign currency translation adjustments	(21,393)	(6,151)
Remeasurements of defined benefit plans	(21,227)	5,539
Share of other comprehensive income of affiliates accounted for using equity method	(351)	(485)
Total other comprehensive income	(43,528)	2,621
Comprehensive Loss	(296,714)	(21,703)
Comprehensive income attributable to non-controlling interests	1,400	(152)
Comprehensive loss attributable to owners of parent	(298,114)	(21,550)

(3) Consolidated Statements of Changes in Net Assets

Year Ended March 31, 2016

Millions of Yen

	Owners' Equity				
	Capital stock	Capital surplus	Retained earnings	Less cost of treasury stock	Total owners' equity
Balance at April 1, 2015	121,885	95,945	(87,448)	(13,893)	116,489
Changes of items during the period					
Issuance of new shares	112,500	112,500			225,000
Transfer to capital surplus from capital stock	(233,885)	233,855			-
Deficit disposition		(219,781)	219,781		-
Loss attributable to owners of parent			(255,972)		(255,972)
Changes in application range of equity method			(5)		(5)
Purchase of shares of consolidated subsidiaries		(90)			(90)
Purchase of treasury stock				(9)	(9)
Disposal of treasury stock		(2)		3	1
Net changes of items other than owners' equity					
Total changes of items during the period	(121,385)	126,512	(36,196)	(6)	(31,075)
Balance at March 31, 2016	500	222,457	(123,644)	(13,899)	85,414

	Accumulated Other Comprehensive Income					Non-controlling Interest	Total Net Assets
	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2015	10,569	780	(18,106)	(79,566)	(86,323)	14,349	44,515
Changes of items during the period							
Issuance of new shares							225,000
Transfer to capital surplus from capital stock							-
Deficit disposition							-
Loss attributable to owners of parent							(255,972)
Changes in application range of equity method							(5)
Purchase of shares of consolidated subsidiaries							(90)
Purchase of treasury stock							(9)
Disposal of treasury stock							1
Net changes of items other than owners' equity	1,065	(1,623)	(20,350)	(21,233)	(42,141)	(2,510)	(44,651)
Total changes of items during the period	1,065	(1,623)	(20,350)	(21,233)	(42,141)	(2,510)	(75,726)
Balance at March 31, 2016	11,634	(843)	(38,456)	(100,799)	(128,464)	11,839	(31,211)

Year Ended March 31, 2017

Millions of Yen

	Owners' Equity				
	Capital stock	Capital surplus	Retained earnings	Less cost of treasury stock	Total owners' equity
Balance at April 1, 2016	500	222,457	(123,644)	(13,899)	85,414
Changes of items during the period					
Issuance of new shares	194,405	194,405			388,811
Transfer to capital surplus from capital stock	(189,905)	189,905			-
Loss attributable to owners of parent			(24,877)		(24,877)
Change of scope of consolidation			(76)		(76)
Purchase of treasury stock				(29,978)	(29,978)
Disposal of treasury stock		(0)		1	0
Cancellation of treasury stock		(29,974)		29,974	-
Net changes of items other than owners' equity					
Total changes of items during the period	4,500	354,335	(24,954)	(2)	333,878
Balance at March 31, 2017	5,000	576,792	(148,597)	(13,902)	419,292

	Accumulated Other Comprehensive Income					Non-controlling Interest	Total Net Assets
	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2016	11,634	(843)	(38,456)	(100,799)	(128,464)	11,839	(31,211)
Changes of items during the period							
Issuance of new shares							388,811
Transfer to capital surplus from capital stock							-
Loss attributable to owners of parent							(24,877)
Change of scope of consolidation							(76)
Purchase of treasury stock							(29,978)
Disposal of treasury stock							0
Cancellation of treasury stock							-
Net changes of items other than owners' equity	2,840	882	(5,899)	5,503	3,326	1,807	5,133
Total changes of items during the period	2,840	882	(5,899)	5,503	3,326	1,807	339,012
Balance at March 31, 2017	14,474	39	(44,355)	(95,296)	(125,138)	13,646	307,801

(4) Consolidated Statements of Cash Flows

Millions of Yen

	Year Ended March 31, 2016	Year Ended March 31, 2017
<u>Cash Flows from Operating Activities:</u>		
Loss before income taxes	(231,122)	(587)
adjustments to reconcile loss before income taxes to net cash provided by (used in) operating activities —		
Depreciation and amortization of properties and intangibles	76,724	68,235
Interest and dividend income	(1,877)	(2,246)
Interest expenses	18,721	6,394
Loss (gain) on sales and retirement of noncurrent assets, net	(13,964)	1,095
Impairment loss	24,748	34,668
Gain on sales of investment securities, net	(1,939)	(3,215)
Restructuring charges	38,165	—
Equity in losses (earnings) of affiliates	(1,493)	18,667
Provision for loss on litigation	2,038	—
Reversal of provision for loss on litigation	(2,046)	(200)
Gain on change in equity	—	(1,112)
Receipt of settlement package	(8,490)	(6,278)
(Increase) decrease in notes and accounts receivable-trade	98,449	(83,914)
(Increase) decrease in inventories	137,503	(27,446)
Decrease in notes and accounts receivable-other	36,538	105,927
Increase (decrease) in payables	(121,230)	71,163
Increase (decrease) in accrued expenses	(27,380)	2,785
(Decrease) increase in valuation reserve for inventory purchase commitments	2,469	(8,505)
(Decrease) increase in provision for sales promotion expenses	28,352	(9,101)
Other, net	(16,450)	(22,344)
Total	37,716	143,986
Interest and dividends received	2,978	3,605
Interest paid	(18,770)	(5,685)
Special extra retirement payments paid	22,566	—
Settlement package received	8,145	5,943
Settlement package paid	(2,983)	—
Income taxes paid	(23,386)	(20,617)
Net cash provided by (used in) operating activities	(18,866)	127,231
<u>Cash Flows from Investing Activities:</u>		
Purchase of time deposits	(26,241)	(28,832)
Proceeds from redemption of time deposits	22,394	26,401
Acquisitions of investments in subsidiaries resulting in change in scope of consolidation	(220)	(9,366)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	3,789	741
Acquisitions of plant and equipment	(46,364)	(77,397)
Proceeds from sales of plant and equipment	24,183	3,818
Acquisitions of investments securities	(501)	(17,099)
Proceeds from sales of investment securities	724	18,718
Other, net	(18,277)	(7,661)
Net cash used in investing activities	(40,513)	(90,677)
<u>Cash Flows from Financing Activities:</u>		
Proceeds from deposits received	100,000	—
Payout of deposits received	—	(100,000)
Deposits of restricted withdrawals and restricted cash	(100,000)	—
Proceeds from restricted withdrawals and restricted cash	—	100,000
Decrease in short-term borrowings, net	(176,937)	(367,114)
Proceeds from long-term debt	4,135	330,488
Repayments of long-term debt	(67,499)	(47,343)
Proceeds from issuance of class shares	224,606	99,624
Proceeds from issuance of common shares	—	287,495
Purchase of treasury stock	(10)	(29,978)
Other, net	345	(972)
Net cash provided by (used in) financing activities	(15,360)	272,199
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(7,939)	(4,443)
Net Decrease in Cash and Cash Equivalents	(82,678)	304,310
Cash and Cash Equivalents at Beginning of Year	232,211	149,533
Cash and Cash Equivalents Resulting in Change in Scope of Consolidation	—	(365)
Cash and Cash Equivalents at End of Year	149,533	453,477

(5) Going Concern Assumption

None

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

(Changes in accounting policies)

Effective from the three months ended June 30, 2016, the Company adopted "Practical Solution on a change of depreciation method due to Tax Revision 2016" (ASBJ Practical Issues Task Force No. 32 on June 17, 2016) according to the revision of the Corporation Tax Act. The Company changed its accounting method to the straight-line method from declining-balance method for the depreciation method regarding building fixtures and constructions acquired from April 1, 2016 onwards.

This change had an immaterial impact on consolidated financial statements for the year ended March 31, 2017.

(Change in accounting estimate)

Historically, the Company and its domestic consolidated subsidiaries previously amortized actuarial gain/loss and past service costs on the severance and pension benefits over 14 years. Effective from the year ended March 31, 2017, the amortization period has been changed to 13 years because the average of the estimated remaining service years decreased.

As a result, the operating income and loss attributable for owners of parents improved for this year in comparison to the previous rule by 5,530 million yen.

(7) Notes to Consolidated Financial Statements

(Segment Information)

1. Outline of reportable segments

Sharp Group's reportable segments are components of the Group whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, for which discrete financial information is available.

This segmentation change results from the decentralize management for the significant organization reconstruction executed on August 27, 2016, under the new management. To become an inspiring global brand, Sharp aims to return to profitability as quickly as possible, and transition to a path of growth.

Hence, the Group is organized by the business unit and virtual company based segments. Those seven reportable segments are IoT Communications, Health and Environment Systems, Business Solutions, Camera Modules, Electronic Components and Devices, Energy Solution, and Display Devices. The Group engaged in production and sales of electronic communication equipment, electrical equipment, electronic application equipment and electronic components.

Main products in each reportable segment are as follows.

Business Classification	Main Products
IoT Communications	Mobile phones, tablets, electronic dictionaries, calculators, facsimiles, telephones, network control units
Health and Environment Systems	Refrigerators, superheated steam ovens, microwave ovens, small cooking appliances, air conditioners, washing machines, vacuum cleaners, air purifiers, electric fans, dehumidifiers, humidifiers, electric heaters, Plasmacluster Ion generators, beauty appliances
Business Solutions	POS systems, electronic cash registers, commercial projectors, information displays, digital MFPs (multi-function printers), options and consumables, software, FA equipment, ultrasonic cleaners
Camera Modules	Camera modules, camera module production facilities
Electronic Components and Devices	Sensor modules, proximity sensors, dust sensors, CCD/CMOS sensors, laser diodes, automotive cameras

Energy Solutions	Solar cells, storage battery
Display Devices	LCD color televisions, Blu-ray Disc recorders, IGZO LCD modules, CG-Silicon LCD modules, amorphous silicon LCD modules

In the cumulative consolidated first quarter of the fiscal year ended March 2017, the Group classified reportable segments into five reportable segments: (1) Consumer Electronics; (2) Energy Solutions; (3) Business Solutions; (4) Electronic Components and Devices; and (5) Display Devices. However, in this consolidated second quarter, Sharp changed to segment information based on seven reportable segments: (1) IoT Communications; (2) Health and Environment Systems; (3) Business Solutions; (4) Camera Modules; (5) Electronic Components and Devices; (6) Energy Solutions; and (7) Display Devices. Subsequent to this change in classifications, Digital Information Equipments that had been included under Consumer Electronics segment are now included under the Display Devices, mobile phones and others now under IoT Communications segment, white goods such as refrigerator and others now under Health and Environment Systems. In addition, Electronic Components and Devices are now split into Camera Modules and Electronic Components and Devices.

The segment information of fiscal 2015 is stated based on the 7 classifications under the new segmentation.

2. Measurement of sales and income (loss) by reportable segment

The accounting policies for the reportable segments are basically the same as the policies for the consolidated financial statements. Intersegment sales and income (loss) are recognized based on the current market price.

As stated in the “Change in accounting estimates”, historically, the Company and its domestic consolidated subsidiaries previously amortized actuarial gain/loss and past service costs on the severance and pension benefits over 14 years. Effective from the year ended March 31, 2017, the amortization period has been changed to 13 years because the average of the estimated remaining service years decreased.

As a result, the segment income increased for this year in comparison to the previous rule by 520 million yen for IoT Communications, 1,087 million yen for Health and Environment Systems, 856 million yen for Business Solutions, 128 million yen for Camera Modules, 430 million yen for Electronic Components and Devices, 389 million yen for Energy Solutions, 1,757 million yen for Display Devices and 359 million yen for adjustments.

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

Year Ended March 31, 2016

Millions of Yen

Net Sales	
IoT Communications	
Customers	197,342
Intersegment	65
Total	197,407
Health and Environment Systems	
Customers	296,072
Intersegment	2,129
Total	298,201
Business Solutions	
Customers	348,451
Intersegment	6,745
Total	355,196
Camera Modules	
Customers	241,593
Intersegment	3,448
Total	245,041
Electronic Components and Devices	
Customers	216,429
Intersegment	28,559
Total	244,988
Energy Solutions	
Customers	155,422
Intersegment	1,412
Total	156,834
Display Devices	
Customers	1,006,280
Intersegment	80,393
Total	1,086,673
Adjustments	(122,751)
The amount presented in Consolidated Statements of Income	2,461,589
Segment Income (Loss)	
IoT Communications	14,505
Health and Environment Systems	11,750
Business Solutions	35,814
Camera Modules	9,110
Electronic Components and Devices	(7,619)
Energy Solutions	(18,425)
Display Devices	(177,258)
Adjustments* ¹	(29,844)
The amount presented in Consolidated Statements of Income* ²	(161,967)

Notes: 1. Adjustments of segment income (loss) of (29,844) million yen include elimination of intersegment transactions of (89) million yen and corporate expenses not allocated to each reportable segment of (29,079) 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 loss to operating loss presented in Consolidated Statements of Income.

Year Ended March 31, 2017

Millions of Yen

Net Sales	
IoT Communications	
Customers	163,814
Intersegment	963
Total	164,777
Health and Environment Systems	
Customers	281,505
Intersegment	672
Total	282,177
Business Solutions	
Customers	310,169
Intersegment	7,611
Total	317,780
Camera Modules	
Customers	201,377
Intersegment	3,361
Total	204,738
Electronic Components and Devices	
Customers	186,475
Intersegment	22,425
Total	208,900
Energy Solutions	
Customers	102,810
Intersegment	859
Total	103,669
Display Devices	
Customers	804,489
Intersegment	37,521
Total	842,010
Adjustments	(73,415)
The amount presented in Consolidated Statements of Income	2,050,639
Segment Income	
IoT Communications	16,303
Health and Environment Systems	29,907
Business Solutions	22,536
Camera Modules	1,307
Electronic Components and Devices	6,747
Energy Solutions	2,209
Display Devices	3,552
Adjustments* ¹	(20,109)
The amount presented in Consolidated Statements of Income* ²	62,454

Notes: 1. Adjustments of segment income of (20,109) million yen include elimination of intersegment transactions of 1,139 million yen and corporate expenses not allocated to each reportable segment of (20,731) 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.

(Per Share Information)

Yen

	Year Ended March 31, 2016	Year Ended March 31, 2017
Net assets per share	(161.79)	15.41
Net income (loss) per share	(154.64)	(6.86)
Fully diluted net income (loss) per share	-	-
	Fully diluted net income per share is not presented, as net loss per share was recorded despite the existence of residual securities.	Fully diluted net income per share is not presented, as net loss per share was recorded despite the existence of residual securities.

Notes:

1. Net income (loss) per share was calculated on the following basis.

	Year Ended March 31, 2016	Year Ended March 31, 2017
Loss attributable to owners of parent (millions of yen)	(255,972)	(24,877)
Amounts not allocated to ordinary shares (millions of yen)	5,478	5,353
Priority dividend amount (millions of yen)	5,478	5,353
Loss attributable to owners of parent (millions of yen)	(261,450)	(30,230)
Average number of ordinary shares outstanding during each year (thousands of shares)	1,690,699	4,409,631
Common shares (thousands of shares)	1,690,699	3,710,331
Common equivalent shares (thousands of shares)	-	699,300
Residual securities which do not dilute net income per share	Class A share 200,000 shares Class B share 25,000 shares	Class A share 200,000 shares

2. Dividend priority of Class C shares is equal to common shares. After considering the conversion rate, Class C shares are mentioned as common equivalent shares.

(Significant Subsequent Events)

None