

Consolidated Financial Results for the Year Ended March 31, 2018

April 26, 2018

SHARP CORPORATION

Stock exchange listings: Tokyo
 Code number: 6753
 URL: <http://www.sharp.co.jp/> (English : <http://www.sharp-world.com/>)
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Scheduled date of the Ordinary

General Meeting of Shareholders: June 20, 2018

Scheduled dividend payment date: May 30, 2018

Supplementary material: Yes

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

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

1. Results for the Year Ended March 31, 2018

(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 Profit	Percent Change	Ordinary Profit	Percent Change
Year Ended March 31, 2018	2,427,271	+18.4%	90,125	+44.3%	89,320	+256.3%
Year Ended March 31, 2017	2,050,639	-16.7%	62,454	-	25,070	-

	Profit (Loss) Attributable to Owners of Parent	Percent Change	Net Income (Loss) per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Year Ended March 31, 2018	70,225	-	106.07	85.60
Year Ended March 31, 2017	(24,877)	-	(68.56)	-

[Reference] Comprehensive income (loss): March 31, 2018 ; 84,016 million yen - %
 March 31, 2017 ; (21,703) million yen - %

	Net Income (Loss) to Equity	Ordinary Profit to Total Assets	Operating Profit to Net Sales
Year Ended March 31, 2018	20.9%	4.9%	3.7%
Year Ended March 31, 2017	-19.8%	1.5%	3.0%

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of March 31, 2018	1,908,660	401,713	19.8%	267.48
As of March 31, 2017	1,773,682	307,801	16.6%	154.12

[Reference] Equity: March 31, 2018 ; 378,340 million yen
 March 31, 2017 ; 294,154 million yen

Note: Sharp carried out a share consolidation of common shares as well as Class C shares at a ratio of 10 shares to 1 share on October 1, 2017. Per share figures mentioned on (1) Financial Results and (2) Financial Position, are calculated on the assumption that Sharp conducts this consolidation on the beginning of the previous fiscal year.

(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, 2018	105,270	(126,006)	(29,133)	404,001
Year Ended March 31, 2017	127,231	(90,677)	272,199	453,477

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, 2017	-	0.00	-	0.00	0.00	-	-	-
Year Ended March 31, 2018	-	0.00	-	10.00	10.00	4,972	9.4%	4.7%
Year Ending March 31, 2019 (Forecast)	-	-	-	-	-		-	

Note: Sharp carried out a share consolidation of common shares at a ratio of 10 shares to 1 share on October 1, 2017. Year-end dividends per share for the year ended March 31, 2018 are noted after considering the consolidation.

The amount of dividend per share for the year ending March 31, 2019, 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, 2019

(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, 2018	1,300,000	+16.6%	46,000	+13.4%	43,000	+4.6%	36,000	+3.6%	54.52
Year Ending March 31, 2019	2,890,000	+19.1%	110,000	+22.1%	100,000	+12.0%	80,000	+13.9%	122.26

4. Other Information

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

Newly added : 5 companies

S&O Electronics (Malaysia) Sdn. Bhd., Sharp Thai Company Ltd., Kantatsu Co.,Ltd,

Kanto Tatsumi Electronics (Ping Hu) Co.,Ltd., Lianyungang Kantatsu Fine Technology Co.,Ltd.

Excluded : 1 company

Sharp Electronics Marketing Corporation

(2) 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

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury stock) as of March 31, 2018 ; 498,316,558 shares
as of March 31, 2017 ; 498,316,558 shares

2. Number of shares of treasury stock as of March 31, 2018 ; 1,067,494 shares
as of March 31, 2017 ; 1,055,617 shares

3. Average number of shares outstanding during the year ended March 31, 2018 ; 497,255,015 shares
during the year ended March 31, 2017 ; 371,033,108 shares

Note: Sharp carried out a share consolidation of common shares at a ratio of 10 shares to 1 share on October 1, 2017. Numbers of shares are calculated on the assumption that Sharp conducts this consolidation on the beginning of the previous fiscal year.

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.

For the assumptions and other related matters concerning financial results forecast, please refer to "(2) Future outlook" of "1. Qualitative Information: Fiscal 2017 Financial Results" on page 6.

3. Sharp will hold a financial results meeting on April 26, 2018. 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 Ended March 31, 2018	-	0.00	-	74,916.50	74,916.50
Year Ending March 31, 2019 (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 Ended March 31, 2018	-	-	-	-	-
Year Ending March 31, 2019 (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 Ended March 31, 2018	-	0.00	-	1,000.00	1,000.00
Year Ending March 31, 2019 (Forecast)	-	-	-	-	-

Notes:

1. Number of Class A Share issued are 200,000 shares. In accordance to the Company's Articles of Incorporation, Sharp calculated the year-end dividends per share for the year ended March 31, 2018 using May 29, 2018 as the effective date. The figure includes the accumulated dividends for years ended March 31, 2016 and 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. Sharp carried out a share consolidation of Class C shares at a ratio of 10 shares to 1 share on October 1, 2017. Number of Class C Share issued are 1,136,363 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, 2019, has not been decided at the time of announcement.

1. Qualitative Information: Fiscal 2017 Financial Results

(1) Qualitative Information regarding Consolidated Financial Results

i. Financial results for fiscal 2017

During fiscal 2017, the economy of Japan experienced a moderate recovery, driven by improvements in corporate earnings and employment, as well as by a recovery in personal consumption and exports. The economy overseas likewise experienced moderate growth, with the U.S. continuing to recover and EU improving gradually. Meanwhile, China showed signs of its own ongoing recovery.

Amid these circumstances, the Sharp Group has formulated a business vision called *Changing the World with 8K and AIoT*. We are working on initiatives to grow our business, operating under the twin banners of *People-Oriented IoT* and *8K Ecosystem* to achieve the targets defined in our medium-term management plan for fiscal years 2017 through 2019*1 (published May 26, 2017).

The Sharp Group has created unique products and distinctive devices for the market. Our accomplishments include the *AQUOS 8K**2 (world's first 8K-compatible LCD TV and display), a high-definition/high-resolution 70-inch 8K monitor*3, an 8K professional camcorder*4, and a cloud-connected energy controller*5 with on-board HEMS functions. The group also shipped samples of OLED displays for smartphones during the period. We made great strides in raising the Sharp brand image, including unifying our smartphone flagship under the *AQUOS R**6 series name.

Consolidated net sales for fiscal 2017 amounted to 2,427.2 billion yen, up 18.4% year on year, as our Advance Display Systems and all other segments reported higher sales. Operating profit amounted to 90.1 billion yen (44.3% increase), due to significant profit improvements in our Advance Display Systems segment. Ordinary profit was 89.3 billion yen (up 256.3% year on year), while profit attributable to owners of parent amounted to 70.2 billion yen, compared to a loss of 24.8 billion yen in the prior year.

On June 30, 2017, we submitted a request with the Tokyo Stock Exchange, Inc. for specified application of our common shares on the First Section of the Tokyo Stock Exchange. Sharp common shares received specified application for the First Section of the Tokyo Stock Exchange on December 7, 2017.

The sales performance of each business segment in fiscal 2017 was as follows. Segment sales include inter-segment sales and transfers.

1. Smart Homes

Our Smart Homes segment recorded sales of 607.9 billion yen, up 10.4% year on year. This result was mainly driven by increased sales of mobile phones, vacuum cleaners, and washing machines.

2. Smart Business Solutions

Smart Business Solutions sales were 4.2% higher year on year, reaching 331.1 billion yen. Improvements in digital signage and overseas multi-function printer sales drove the majority of growth for the segment.

3. IoT Electronics Devices

The IoT Electronics Devices segment recorded sales of 491.5 billion yen for the year (18.8% increase), mainly due to increased sales of camera modules.

4. Advance Display Systems

Advance Display Systems sales for the year amounted to 1,086.5 billion yen, up 29.0% compared to the prior fiscal year. This result was mainly due to higher sales of LCD TVs, medium-size LCDs for tablets and automobiles, as well as small-size LCDs for smartphones.

ii. Analysis of financial position

Total assets as of the consolidated fiscal year end amounted to 1,908.6 billion yen, up 134.9 billion yen compared to the prior fiscal year end. This increase was mainly due to increases in notes and accounts receivable-trade, property, plant and equipment, and investment securities.

Total liabilities amounted to 1,506.9 billion yen, up 41.0 billion yen compared to the prior fiscal year end. The majority of this increase was due to higher notes and accounts payable-trade, despite partially offsetting decreases in short-term loans payable. Net assets amounted to 401.7 billion yen (up 93.9 billion yen), mainly due to the recording of profit attributable to owners of parent for the period.

Cash and cash equivalents as of the end of the consolidated fiscal year amounted to 404.0 billion yen, down 49.4 billion yen compared to the prior fiscal year end. Net cash provided by operating activities was 105.2 billion yen, net cash used in investing activities was 126.0 billion yen, and net cash used in financing activities was 29.1 billion yen.

*1 See FY2017 to FY2019 Medium-Term Management Plan (published May 26, 2017) for further details.
http://www.sharp-world.com/corporate/ir/event/policy_meeting/index.html

*2 World's first 8K-compatible LCD TV and display, offering ultra-realistic images. See *Sharp Announces Release of AQUOS 8K in Japan, China, Taiwan, and Europe* (published August 31, 2017) for further details.
<http://www.sharp-world.com/corporate/news/170831.html>

*3 A 70-inch high-definition/high-resolution 8K LCD monitor conforming to the 8K Super Hi-Vision standard and offering an industry-first product compatible with high dynamic range standard (HLG/PQ format) at 8K resolution.

*4 World's first 8K professional camcorder with integrated camera and recording functions, featuring 8K(60p) video shooting, recording, playback, and line output. See *Sharp Announces 8C-B60A 8K Professional Camcorder* (published November 7, 2017) for further details.
http://www.sharp-world.com/corporate/news/171107_2.html

*5 Energy controller offering energy-related device controls (for solar power systems, storage batteries, etc.) and a visual presentation of home appliance energy usage.

*6 Smartphone flagship series offering new value as represented by the Four Rs (Reality, Response, Robotics, Reliability), including immersive reality (visual image quality with sense of real presence).

(2) Future outlook

The Japanese economy is expected to continue to recover gradually in response to economic policies, as well as to ongoing improvements in employment and income. The economy overseas should likewise continue recovering in general. However, we intend to monitor the direction of policies and financial markets in the U.S., the economic conditions of China and other countries in Asia, the impact of the U.K. exit from the EU, trade issues, and other various geopolitical risks.

As we build on our own research and development, we plan to move faster in concert with our partners, making our business vision of *Changing the World with 8K and AIoT* a reality. At the same time, we will expand our business not only in China and ASEAN, but also globally throughout Europe and the Americas. While we expect to continue to experience challenging market conditions, these initiatives will help us achieve our medium-term management plan.

The following outlines our current financial results forecast for the fiscal year ending March 2019.

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

	Six months ending September 30, 2018	Increase Decrease	Six months ending March 31, 2019	Increase Decrease	Year ending March 31, 2019	Increase Decrease
Net sales	1,300.0	+16.6%	1,590.0	+21.2%	2,890.0	+19.1%
Operating profit	46.0	+13.4%	64.0	+29.1%	110.0	+22.1%
Ordinary profit	43.0	+4.6%	57.0	+18.3%	100.0	+12.0%
Profit attributable to owners of parent	36.0	+3.6%	44.0	+24.0%	80.0	+13.9%

We have assumed an exchange rate of USD1 to JPY102 for fiscal 2018.

*The financial results forecast presented here is based on information available and judgments deemed reasonable at the time. These forecasts are not guarantees of future performance. Actual performance may differ materially due to a number of factors. Matters that could affect actual results include, but are not limited to, the following factors:

- The economic conditions in which the Sharp Group operates
- Sudden, rapid fluctuations in demand for Sharp products and services, as well as intensified price competition
- Exchange rate fluctuations (particularly between the yen and the U.S. dollar, the euro, and other currencies)
- Regulations, including trade restrictions with 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.

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).

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	482,117	422,302
Notes and accounts receivable-trade	375,564	471,575
Inventories	217,892	219,714
Other	126,697	118,263
Allowance for doubtful accounts	(8,562)	(8,118)
Total current assets	1,193,709	1,223,738
Non-current assets		
Property, plant and equipment		
Buildings and structures	625,139	625,263
Machinery, equipment and vehicles	1,155,188	1,209,180
Tools, furniture and fixtures	250,872	235,418
Land	95,760	92,106
Construction in progress	18,434	45,848
Other	50,901	49,076
Accumulated depreciation	(1,846,683)	(1,828,299)
Total property, plant and equipment	349,614	428,595
Intangible assets		
Software	28,856	26,041
Other	13,503	18,755
Total intangible assets	42,359	44,797
Investments and other assets		
Investment securities	151,270	172,061
Net defined benefit asset	299	2,786
Other	38,940	38,756
Allowance for doubtful accounts	(2,548)	(2,095)
Total investments and other assets	187,962	211,508
Total non-current assets	579,936	684,901
Deferred assets		
Bond issuance cost	36	21
Total deferred assets	36	21
Total assets	1,773,682	1,908,660
Liabilities		
Current liabilities		
Notes and accounts payable-trade	306,007	384,966
Electronically recorded obligations-operating	44,560	44,511
Short-term loans payable	113,534	81,256
Current portion of bonds	-	10,000
Accrued expenses	139,523	132,373
Provision for bonuses	21,137	20,859
Provision for product warranties	18,930	18,135
Provision for sales promotion expenses	15,913	14,392
Provisions for restructuring	4,069	1,198
Valuation reserve for inventory purchase commitments	48,618	21,369
Other	89,342	104,874
Total current liabilities	801,637	833,938
Non-current liabilities		
Bonds payable	40,000	30,000
Long-term loans payable	490,333	507,027
Net defined benefit liability	110,074	101,101
Other	23,836	34,880
Total non-current liabilities	664,243	673,008
Total liabilities	1,465,881	1,506,947

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	576,792	295,332
Retained earnings	(148,597)	204,906
Treasury shares	(13,902)	(13,936)
Total shareholders' equity	419,292	491,302
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	14,474	16,876
Deferred gains or losses on hedges	39	(3,205)
Foreign currency translation adjustment	(44,355)	(47,302)
Remeasurements of defined benefit plans	(95,296)	(79,330)
Total valuation and translation adjustments	(125,138)	(112,961)
Share acquisition rights	-	106
Non-controlling interests	13,646	23,265
Total net assets	307,801	401,713
Total liabilities and net assets	1,773,682	1,908,660

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

- Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	2,050,639	2,427,271
Cost of sales	1,666,784	2,023,007
Gross profit	383,854	404,264
Selling, general and administrative expenses	321,400	314,138
Operating profit	62,454	90,125
Non-operating income		
Interest income	887	2,350
Dividend income	1,358	1,436
Rent income on non-current assets	3,791	4,662
Foreign exchange gains	-	6,454
Share of profit of entities accounted for using equity method	-	176
Other	6,750	7,139
Total non-operating income	12,787	22,219
Non-operating expenses		
Interest expenses	6,394	4,801
Rent expenses on non-current assets	1,889	2,499
Foreign exchange losses	3,329	-
Share of loss of entities accounted for using equity method	18,667	-
Other	19,890	15,724
Total non-operating expenses	50,171	23,024
Ordinary profit (loss)	25,070	89,320
Extraordinary income		
Gain on sales of non-current assets	3,295	2,222
Gain on sales of investment securities	3,215	793
Gain on bargain purchase	-	856
Gain on change in equity	1,112	825
Gain on step acquisitions	-	389
Settlement received	6,278	-
Total extraordinary income	13,901	5,087
Extraordinary losses		
Loss on sales and retirement of non-current assets	4,390	1,094
Impairment loss	34,668	1,943
Loss on valuation of investment securities	500	-
Loss on step acquisitions	-	1,954
Total extraordinary losses	39,559	4,991
Profit (loss) before income taxes	(587)	89,416
Income taxes-current	20,137	14,238
Income taxes-deferred	3,600	4,472
Total income taxes	23,738	18,711
Profit (loss)	(24,325)	70,705
Profit (loss) attributable to non-controlling interests	551	479
Profit (loss) attributable to owners of parent	(24,877)	70,225

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit (loss)	(24,325)	70,705
Other comprehensive income		
Valuation difference on available-for-sale securities	2,837	2,402
Deferred gains or losses on hedges, net of tax	882	(3,541)
Foreign currency translation adjustment, net of tax	(6,151)	(1,944)
Remeasurements of defined benefit plans, net of tax	5,539	16,687
Share of other comprehensive income of entities accounted for using equity method	(485)	(292)
Total other comprehensive income	2,621	13,311
Comprehensive income	(21,703)	84,016
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(21,550)	83,118
Comprehensive income attributable to non-controlling interests	(152)	897

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Net assets	500	222,457	(123,644)	(13,899)	85,414
Changes of items during period					
Issuance of new shares	194,405	194,405			388,811
Transfer to other capital surplus from capital stock	(189,905)	189,905			-
Profit (loss) attributable to owners of parent			(24,877)		(24,877)
Change of scope of consolidation			(76)		(76)
Purchase of treasury shares				(29,978)	(29,978)
Disposal of treasury shares		(0)		1	0
Retirement of treasury shares		(29,974)		29,974	-
Net changes of items other than shareholders' equity					
Total changes of items during period	4,500	354,335	(24,954)	(2)	333,878
Net assets	5,000	576,792	(148,597)	(13,902)	419,292

	Accumulated other comprehensive income					Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Valuation and translation adjustments		
Net assets	11,634	(843)	(38,456)	(100,799)	(128,464)	11,839	(31,211)
Changes of items during period							
Issuance of new shares							388,811
Transfer to other capital surplus from capital stock							-
Profit (loss) attributable to owners of parent							(24,877)
Change of scope of consolidation							(76)
Purchase of treasury shares							(29,978)
Disposal of treasury shares							0
Retirement of treasury shares							-
Net changes of items other than shareholders' equity	2,840	882	(5,899)	5,503	3,326	1,807	5,133
Total changes of items during period	2,840	882	(5,899)	5,503	3,326	1,807	339,012
Net assets	14,474	39	(44,355)	(95,296)	(125,138)	13,646	307,801

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Net assets	5,000	576,792	(148,597)	(13,902)	419,292
Changes of items during period					
Deficit disposition		(281,947)	281,947		-
Profit (loss) attributable to owners of parent			70,225		70,225
Change of scope of consolidation		1	572		573
Change in ownership interest of parent due to transactions with non-controlling interests		428			428
Increase (decrease) of capital surplus by change of share to consolidated subsidiary		58			58
Purchase of treasury shares				(32)	(32)
Disposal of treasury shares		(1)		2	0
Increase of treasury shares by increasing of consolidated subsidiary				(4)	(4)
Adjustment to retained earnings due to change in US tax rate			759		759
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(281,460)	353,504	(34)	72,009
Net assets	5,000	295,332	204,906	(13,936)	491,302

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Valuation and translation adjustments			
Net assets	14,474	39	(44,355)	(95,296)	(125,138)	-	13,646	307,801
Changes of items during period								
Deficit disposition								-
Profit (loss) attributable to owners of parent								70,225
Change of scope of consolidation								573
Change in ownership interest of parent due to transactions with non-controlling interests								428
Increase (decrease) of capital surplus by change of share to consolidated subsidiary								58
Purchase of treasury shares								(32)
Disposal of treasury shares								0
Increase of treasury shares by increasing of consolidated subsidiary								(4)
Adjustment to retained earnings due to change in US tax rate								759
Net changes of items other than shareholders' equity	2,401	(3,244)	(2,946)	15,965	12,176	106	9,618	21,902
Total changes of items during period	2,401	(3,244)	(2,946)	15,965	12,176	106	9,618	93,912
Net assets	16,876	(3,205)	(47,302)	(79,330)	(112,961)	106	23,265	401,713

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
<u>Cash flows from operating activities</u>		
Profit (loss) before income taxes	(587)	89,416
Depreciation	68,235	76,116
Interest and dividend income	(2,246)	(3,787)
Interest expenses	6,394	4,801
Loss (gain) on sales and retirement of non-current assets	1,095	(1,128)
Impairment loss	34,668	1,943
Loss (gain) on sales of investment securities	(3,215)	(793)
Loss (gain) on step acquisitions	-	1,565
Gain on bargain purchase	-	(856)
Share of (profit) loss of entities accounted for using equity method	18,667	(176)
Gain on change in equity	(1,112)	(825)
Settlement received	(6,278)	-
Decrease (increase) in notes and accounts receivable-trade	(83,914)	(85,373)
Decrease (increase) in inventories	(27,446)	4,802
Decrease (increase) in accounts receivable-other	105,927	(9,013)
Increase (decrease) in notes and accounts payable-trade	71,163	61,090
Increase (decrease) in valuation reserve for inventory purchase commitments	(8,505)	(27,248)
Other, net	(28,859)	12,071
Subtotal	143,986	122,602
Interest and dividend income received	3,605	4,088
Interest expenses paid	(5,685)	(5,873)
Settlement package received	5,943	-
Income taxes (paid) refund	(20,617)	(15,547)
Net cash provided by (used in) operating activities	127,231	105,270
<u>Cash flows from investing activities</u>		
Payments into time deposits	(28,832)	(39,052)
Proceeds from withdrawal of time deposits	26,401	48,165
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,366)	(6,356)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	6,311
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	741	-
Purchase of property, plant and equipment	(77,397)	(102,063)
Purchase of investment securities	(17,099)	(28,912)
Proceeds from sales of investment securities	18,718	62
Other, net	(3,842)	(4,160)
Net cash provided by (used in) investing activities	(90,677)	(126,006)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
<u>Cash flows from financing activities</u>		
Payout of deposits received	(100,000)	-
Withdrawals of restricted withdrawals and restricted cash	100,000	-
Net increase (decrease) in short-term loans payable	(367,114)	(39,240)
Proceeds from long-term loans payable	328,675	35,001
Repayments of long-term loans payable	(19,204)	(20,160)
Redemption of bonds	(21,812)	-
Proceeds from issuance of common stocks	287,495	-
proceeds from issuance of class share	99,624	-
Purchase of treasury shares	(29,978)	(32)
Other, net	(5,487)	(4,701)
Net cash provided by (used in) financing activities	272,199	(29,133)
Effect of exchange rate change on cash and cash equivalents	(4,443)	852
Net increase (decrease) in cash and cash equivalents	304,310	(49,017)
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	(365)	(458)
Cash and cash equivalents at end of period	453,477	404,001

(5) Material Events Related to the Going Concern Assumption
 No applicable matters to report.

(6) Notes to Consolidated Financial Statements
 (Segment Information)

1. Outline of reportable segments

Sharp Group reportable segments are components of the group for which discrete financial information is available and whose operating results are reviewed regularly by the board of directors. The board uses this information to make decisions about resources to be allocated among the segments and to assess segment performance.

On May 26, 2017, the Sharp Group published a medium-term management plan for fiscal years 2017 through 2019. The goal of this plan is to prepare for the *Next 100 Years of Sustained Growth* beginning heading into fiscal 2020. Our strategy calls for three transformations (Reinvent Business Model, Expand Business Globally, and Strengthen Business Infrastructure) by which we intend to grow our business, achieving *People-Oriented IoT* and an *8K Ecosystem*.

To accomplish our overall goals, Sharp defined four business domains: (1) Smart Homes, (2) Smart Business Solutions, (3) IoT Electronics Devices, and (4) Advance Display Systems. These four domains also represent the reportable business segments of the Sharp Group.

The major products handled in each reportable segment are as follows.

Business Classification	Main Products
Smart Homes	Mobile phones, electronic dictionaries, calculators, facsimiles, telephones, network control units, 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, solar cells, storage battery
Smart Business Solutions	POS systems, electronic cash registers, commercial projectors, information displays, digital MFPs (multi-function printers), options and consumables, software, FA equipment, ultrasonic cleaners
IoT Electronics Devices	Camera modules, camera module production facilities, sensor modules, proximity sensors, dust sensors, CCD/CMOS sensors, laser diodes, automotive cameras
Advance Display Systems	LCD color televisions, Blu-ray Disc recorders, IGZO LCD modules, CG-Silicon LCD modules, amorphous silicon LCD modules

During the prior consolidated fiscal year, the Sharp Group operated with 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. We began operating under four reportable segments (Smart Homes, Smart Business Solutions, IoT Electronics Devices, and Advance Display Systems) in the first consolidated quarter of fiscal 2017.

This change conforms to the new organizational structure aligned with the new business domains defined in the above-mentioned medium-term management plan.

Our former IoT Communications, Health and Environment Systems, and Energy Solutions segments now fall under the Smart Homes segment. Our Smart Business Solutions segment is what we previously called our Business Solutions segment. The IoT Electronics Devices segment consists of our former Camera Modules and Electronic Components and Devices segments. Finally, our former Display Devices segment is now the Advance Display Systems segment.

Segment information for the prior consolidated fiscal year has been reclassified to reflect the four new segment categories.

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.

3. Segment Information

1. Year Ended March 31, 2017

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

Millions of Yen

Net Sales	
Smart Homes	
Customers	548,129
Intersegment	2,495
Total	550,624
Smart Business Solutions	
Customers	310,169
Intersegment	7,611
Total	317,780
IoT Electronics Devices	
Customers	387,852
Intersegment	25,787
Total	413,639
Advance Display Systems	
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 (Loss)	
Smart Homes	48,421
Smart Business Solutions	22,536
IoT Electronics Devices	8,055
Advance Display Systems	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.

2. Year Ended March 31, 2018

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

Millions of Yen

Net Sales	
Smart Homes	
Customers	595,132
Intersegment	12,858
Total	607,990
Smart Business Solutions	
Customers	322,591
Intersegment	8,533
Total	331,125
IoT Electronics Devices	
Customers	457,779
Intersegment	33,745
Total	491,525
Advance Display Systems	
Customers	1,051,767
Intersegment	34,802
Total	1,086,570
Adjustments	(89,940)
The amount presented in Consolidated Statements of Income	2,427,271
Segment Income (Loss)	
Smart Homes	43,723
Smart Business Solutions	20,142
IoT Electronics Devices	5,160
Advance Display Systems	37,041
Adjustments ^{*1}	(15,942)
The amount presented in Consolidated Statements of Income ^{*2}	90,125

- Notes: 1. Adjustments of segment income of (15,942) million yen include elimination of intersegment transactions of 61 million yen and corporate expenses not allocated to each reportable segment of (13,709) 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, 2017	Year Ended March 31, 2018
Net assets per share	154.12	267.48
Net income (loss) per share	(68.56)	106.07
Fully diluted net income per share	-	85.60
	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 and fully diluted net income per share were calculated on the following basis.

	Year Ended March 31, 2017	Year Ended March 31, 2018
Net income (loss) per share		
Profit (loss) attributable to owners of parent (millions of yen)	(24,877)	70,225
Amounts not allocated to common shares (millions of yen)	5,353	5,430
Priority dividend amount (millions of yen)	5,353	5,430
Profit (loss) attributable to owners of parent (millions of yen)	(30,230)	64,795
Average number of common shares outstanding during each year (thousands of shares)	440,963	610,891
Common shares (thousands of shares)	371,033	497,255
Shares equivalent to common shares (thousands of shares)	69,930	113,636
Fully diluted net income per share		
Adjustment to profit attributable to owners of parent (millions of yen)	-	5,430
Priority dividend amount (millions of yen)	-	5,430
Increase in number of common shares (thousands of shares)	-	209,513
Common shares (thousands of shares)	-	209,513
Residual securities which do not dilute net income per share	Class A share 200,000 shares	811 share options resolved by the board of directors on April 19, 2017 (First Share Options)

2. Dividend priority of Class C shares is same to common shares.
3. Sharp carried out a share consolidation of common shares as well as Class C shares at a ratio of 10 shares to 1 share on October 1, 2017. The figures for the net income (loss) per share and the fully diluted net income per share are calculated on the assumption that Sharp conducts this consolidation on the beginning of the previous fiscal year.

(Significant Subsequent Events)

None