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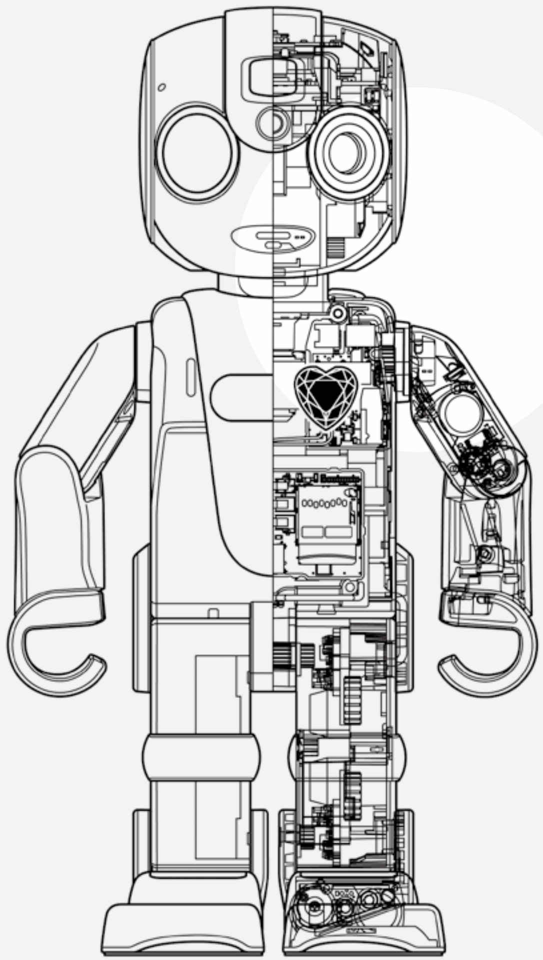


Five-Year Financial Summary

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31

	Yen (millions)				
	2014	2015	2016	2017	**2018**
Net Sales	¥ 2,927,186	¥ 2,786,256	¥ 2,461,589	¥ 2,050,639	**¥ 2,427,271**
Domestic sales	1,150,091	968,449	750,499	654,012	**656,144**
Overseas sales	1,777,095	1,817,807	1,711,090	1,396,627	**1,771,127**
Operating Pofit (Loss)	108,560	(48,065)	(161,967)	62,454	**90,125**
Profit (Loss) before Income Taxes	45,970	(188,834)	(231,122)	(587)	**89,416**
Profit (Loss) Attributable to Owners of Parent	11,559	(222,347)	(255,972)	(24,877)	**70,225**
Net Assets	207,173	44,515	(31,211)	307,801	**401,713**
Total Assets	2,181,680	1,961,909	1,570,672	1,773,682	**1,908,660**
Capital Investment[*1]	49,434	62,653	45,240	77,733	**119,356**
Depreciation and Amortization	132,401	117,323	81,931	71,625	**79,738**
R&D Expenditures	132,124	141,042	130,120	106,107	**100,536**

	Yen				
Per Share of Common Stock[*2]					
Income (loss)	¥ 8.09	¥ (131.51)	¥ (154.64)	¥ (68.56)	**¥ 106.07**
Diluted income	7.87	—	—	—	**85.60**
Cash dividends	0.00	0.00	0.00	0.00	**10.00**
Net assets	115.43	17.84	(161.79)	154.12	**267.48**
Other Financial Data					
Return on equity (ROE)	7.2%	(197.4%)	—	(19.8%)	**20.9%**
Return on assets (ROA)	0.5%	(10.7%)	(14.5%)	(1.5%)	**3.8%**
Equity ratio	8.9%	1.5%	(2.7%)	16.6%	**19.8%**

*1 The amount of leased properties is included in capital investment.

*2 The Company 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 income(loss) per share, the diluted income per share and net assets per share are calculated on the assumption that the Company conducts this consolidation at the beginning of the previous fiscal year. Additionally Year end dividends per share for the years ended March 31, 2018 are noted after considering the consolidation.

Five-Year Financial Summary

	Yen (millions)				
	2014	2015	2016	2017	**2018**
Net Sales	¥ 2,927,186	¥ 2,786,256	¥ 2,461,589	¥ 2,050,639	**¥ 2,427,271**
Sales by Segment*3 (Sales to Outside Customers)					
Digital Information Equipment	733,317	670,326	—	—	**—**
Health and Environmental Equipment	326,896	315,022	—	—	**—**
Energy Solutions	439,028	270,881	—	—	**—**
Business Solutions	318,856	340,323	—	—	**—**
Product Business	1,818,097	1,596,552	—	—	**—**
LCDs	814,718	772,997	—	—	**—**
Electronic Devices	294,371	416,707	—	—	**—**
Device Business	1,109,089	1,189,704	—	—	**—**
Total	2,927,186	2,786,256	—	—	**—**
Consumer Electronics	—	982,350	798,314	—	**—**
Energy Solutions	—	270,881	155,422	—	**—**
Business Solutions	—	343,321	348,451	—	**—**
Electronic Components and Devices	—	416,707	458,022	—	**—**
Display Devices	—	772,997	701,380	—	**—**
Total	—	2,786,256	2,461,589	—	**—**
IoT Communications	—	—	197,342	163,814	**—**
Health and Environment Systems	—	—	296,072	281,505	**—**
Business Solutions	—	—	348,451	310,169	**—**
Camera Modules	—	—	241,593	201,377	**—**
Electronic Components and Devices	—	—	216,429	186,475	**—**
Energy Solutions	—	—	155,422	102,810	**—**
Display Devices	—	—	1,006,280	804,489	**—**
Total	—	—	2,461,589	2,050,639	**—**
Smart Homes	—	—	—	548,129	**595,132**
Smart Business Solutions	—	—	—	310,169	**322,591**
IoT Electronics Devices	—	—	—	387,852	**457,779**
Advance Display Systems	—	—	—	804,489	**1,051,767**
Total	—	—	—	2,050,639	**2,427,271**
Sales by Region					
Japan	1,150,091	968,449	750,499	654,012	**656,144**
The Americas	468,473	320,980	281,049	175,169	**181,412**
Europe	144,804	142,520	136,590	123,551	**174,194**
China	925,348	1,140,892	1,085,311	900,759	**1,117,883**
Other	238,470	213,415	208,140	197,146	**297,636**
Total	2,927,186	2,786,256	2,461,589	2,050,639	**2,427,271**

*3 Effective from the year ended March 31, 2015, the "Solar Cells" product group was renamed as "Energy Solutions."
Effective for the year ended March 31, 2016, the segment classification has been changed. In this regard, Sales by Segment for the year ended March 31, 2015, has been restated based on a new classification.
Effective for the year ended March 31, 2017, the segment classification has been changed. In this regard, Sales by Segment for the year ended March 31, 2016, has been restated based on a new classification.
Effective for the year ended March 31, 2018, the segment classification has been changed. In this regard, Sales by Segment for the year ended March 31, 2017, has been restated based on a new classification.

Financial Review

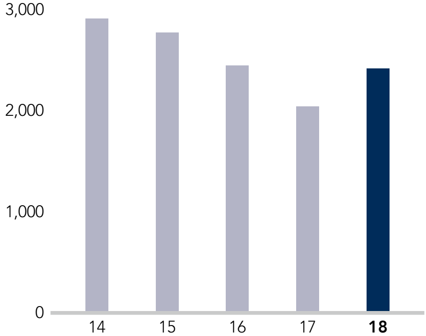
Sharp Corporation and Consolidated Subsidiaries

Net Sales

Consolidated net sales for the year ended March 31, 2018 increased by ¥376,632 million to ¥2,427,271 million, up 18.4% from the previous year.

Net Sales

(billions of yen)

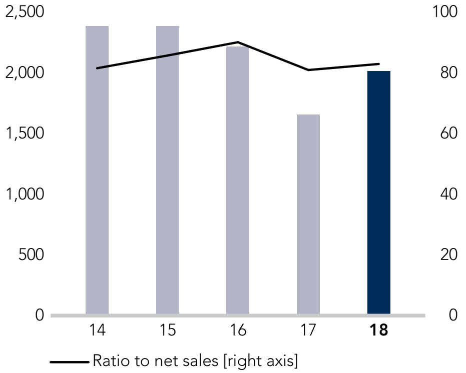


Financial Results

Cost of sales increased by ¥356,222 million to ¥2,023,007 million, and the cost of sales ratio increased from 81.3% to 83.3% year on year.

Cost of Sales

(billions of yen) (%)



Selling, general and administrative (SG&A) expenses decreased by ¥7,261 million to ¥314,138 million, and the ratio of SG&A expenses against net sales decreased from 15.7% to 13.0% year on year. SG&A expenses included R&D expenditures of ¥22,709 million and employees' salaries and other benefits of ¥100,268 million.

As a result, operating profit amounted to ¥90,125 million, an increase of ¥27,671 million (44.3%) year on year.

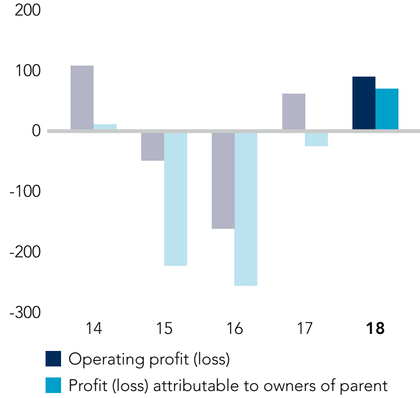
Non-operating income increased by ¥9,432 million to ¥22,219 million year on year, while non-operating expenses decreased by ¥27,146 million to ¥23,024 million.

Extraordinary income decreased by ¥8,814 million to ¥5,087 million year on year, while extraordinary losses decreased by ¥34,567 million to ¥4,991 million.

Accordingly, profit before income taxes totaled ¥89,416 million, compared with a ¥587 million loss before income taxes of in the previous year, and profit attributable to owners of parent was ¥70,225 million, compared with a ¥24,877 million loss attributable to owners of parent in the previous year. Income per share of common stock was ¥106.07.

**Operating Profit (Loss)/
Profit (Loss) Attributable to Owners of Parent**

(billions of yen)



Segment Information

Smart Homes

Sales in this segment increased by 10.4% year on year to ¥607,990 million. This increase was mainly driven by major sales growth in mobile phones and vacuum cleaners, as well as strong sales of Plasmacluster Ion-related products. Segment income decreased by 9.7% to ¥43,723 million, mainly due to the absence of special factors (change in raw materials purchasing contracts, etc.) of the type that occurred in the previous year. Higher sales and ongoing cost reduction measures were all positive factors during the year.

Smart Business Solutions

Sales in this segment increased by 4.2% year on year to ¥331,125 million, mainly due to increased sales of digital signage and overseas multi-function printer sales. Segment income decreased 10.6% from the previous year to ¥20,142 million due in part to falling prices, despite our efforts to reduce overhead expenses.

IoT Electronics Devices

Sales in this segment increased by 18.8% year on year to ¥491,525 million. This increase was mainly due to increased sales of camera modules for smartphones, as well as higher sales of unique devices such as sensor modules and semiconductors.

Segment income decreased by 35.9% year on year, down to ¥5,160 million. We offset the negative impact of demand fluctuations in part through cost reductions.

Advance Display Systems

Sales in this segment increased 29.0% year on year to ¥1,086,570 million. This increase was due to increased sales of LCD TVs, small-size LCD panels for smartphones, medium-size panels for tablets and automotive displays.

Segment income amounted to ¥37,041 million, a 10.4-fold increase compared to the previous year. This increase was due to higher sales, as well as major profitability gains through our own cost reduction measures and a category shift to medium-size panels used in notebook PCs, tablets, and automotive displays.

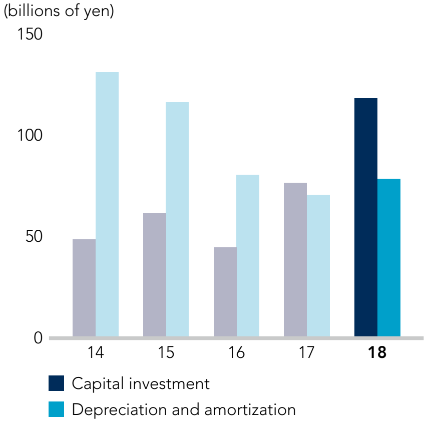
Capital Investment and Depreciation

Capital investment totaled ¥119,356 million, up 53.5% from the previous year. Much of this investment related to the setting up of pilot lines for OLED displays and production lines for camera modules.

By business segment, capital investment was ¥3,255 million for Smart Homes,¥4,756 million for Smart Business Solutions, ¥73,958 million for IoT Electronics Devices, and ¥36,424 million for Advance Display Systems. Unallocated capital investment amounted to ¥961 million.

Depreciation and amortization increased 11.3% to ¥79,738 million.

Capital Investment/ Depreciation and Amortization



Assets, Liabilities and Net Assets

Total assets at fiscal year end amounted to ¥1,908,660 million, up ¥134,978 million from the previous year.

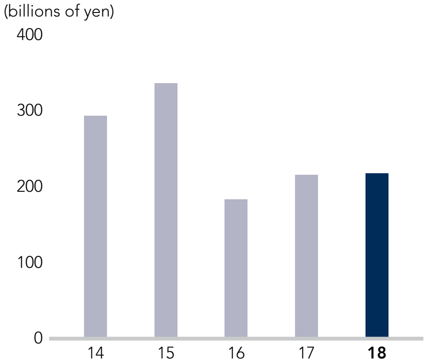
Assets

Current assets amounted to ¥1,223,738 million, up ¥30,029 million from the end of the previous year. This result was mainly due to an increase in notes and accounts receivable-trade of ¥96,011 million, offset in part by a decrease in cash and deposits of ¥59,815 million. In addition, inventories increased by ¥1,822 million from the end of the previous year to ¥219,714 million. Within total inventories, finished products increased by ¥7,009 million to ¥153,717 million; work in process decreased by ¥4,458 million to ¥23,537 million; and raw materials and supplies decreased by ¥729 million to ¥42,459 million.

Property, plant and equipment increased by ¥78,981 million from the end of the previous year to ¥428,595 million.This increase was mainly due to a ¥53,992 million increase in machinery, equipment and vehicles from the end of the previous year.

Investments and other assets amounted to ¥211,508 million, up ¥23,546 million from the end of the previous year. This increase was mainly due to an increase in investment securities.

Inventories



Sales by Segment

	Yen (millions) 2017	2018
Smart Homes	¥ 550,624	**¥ 607,990**
Smart Business Solutions	317,780	**331,125**
IoT Electronics Devices	413,639	**491,525**
Advance Display Systems	842,010	**1,086,570**
Subtotal	2,124,054	**2,517,212**
Adjustments	(73,415)	**(89,940)**
Total	2,050,639	**2,427,271**

Segment Income by Segment

	Yen (millions) 2017	2018
Smart Homes	¥ 48,421	**¥ 43,723**
Smart Business Solutions	22,536	**20,142**
IoT Electronics Devices	8,055	**5,160**
Advance Display Systems	3,552	**37,041**
Subtotal	82,564	**106,068**
Adjustments	(20,109)	**(15,942)**
Total	62,454	**90,125**

Liabilities

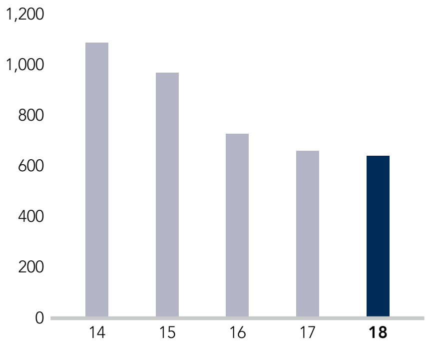
Current liabilities increased by ¥32,301 million from the end of the previous year to ¥833,938 million. This increase stemmed mainly from an increase in notes and accounts payable-trade of ¥78,959 million, offset in part by a decrease in short-term loans payable of ¥32,278 million.

Non-current liabilities increased by ¥8,765 million from the end of the previous year to ¥673,008 million. This increase was mainly due to an increase in long-term loans payable of ¥16,694 million.

Interest-bearing debt at year end stood at ¥637,783 million, down ¥19,661 million from the end of the previous year.

Interest-Bearing Debt

(billions of yen)

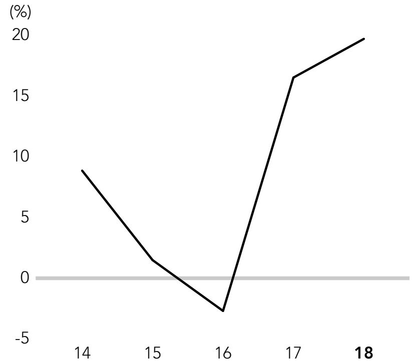


Net Assets

Net assets amounted to ¥401,713 million, up ¥93,912 million from the end of the previous year. This result was mainly due to Sharp recording profit attributable to owners of parent this fiscal year.

Our equity ratio was 19.8%.

Equity Ratio



Cash Flows

Cash and cash equivalents at the end of the year stood at ¥404,001 million, down ¥49,476 million from the previous year, as inflows from operating activities were exceeded by combined outflows from financing and investing activities.

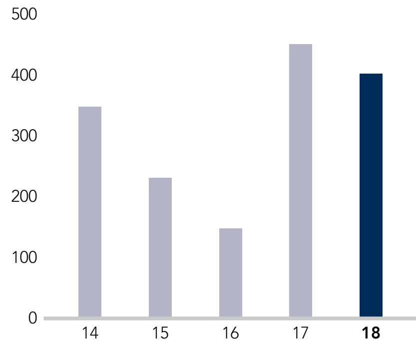
Net cash provided by operating activities amounted to ¥105,270 million, which represented a decrease of ¥21,961 million from the previous year total of ¥127,231 million. While the Company recorded profit before income taxes this fiscal year (compared to a loss in the previous year), we also recorded a net increase in accounts receivable-other, compared to a net decrease in the previous year.

Net cash used in investing activities totaled ¥126,006 million, up ¥35,329 million from the previous year total of ¥90,677 million. The main factors behind this increase were increases of ¥24,666 million in payments for the purchases of property, plant and equipment and ¥11,813 million in purchase of investment securities.

Net cash used in financing activities was ¥29,133 million, which represented an increase of ¥301,332 million compared to net cash provided of ¥272,199 million in the previous year. This result is mainly due to a decrease of ¥29,946 million in purchase of treasury shares compared to the previous year. While, during the previous fiscal year, the Company recorded ¥287,495 million in proceeds from issuance of common stocks, as well as ¥99,624 million in proceeds from issuance of class shares, with no similar transactions this fiscal year.

Cash and Cash Equivalents

(billions of yen)



Notes: 1. Effective for the year ended March 31, 2018, the Company has changed its segment classification. Figures for previous year have been adjusted to reflect the new classification.
2. Sales figures by segment shown in Segment Information include internal sales and transfers among segments (Smart Homes, Smart Business Solutions, IoT Electronics Devices, and Advance Display Systems). Segment income figures are the amounts before adjustment for intersegment trading.
3. Capital investment figures shown in Capital Investment and Depreciation include the amount of leased properties.

Consolidated Balance Sheets

Sharp Corporation and Consolidated Subsidiaries as of March 31, 2017 and 2018

	Yen (millions) 2017	2018
ASSETS		
Current Assets		
Cash and deposits (Notes 2(c), 6 and 8)	¥ 482,117	**¥ 422,302**
Notes and accounts receivable — trade (Notes 2(c) and 8)	375,564	**471,575**
Inventories (Notes 2(b) and (c))	217,892	**219,714**
Other (Notes 2(c) and 14)	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 (Note 2(c))	625,139	**625,263**
Machinery, equipment and vehicles (Note 2(c))	1,155,188	**1,209,180**
Tools, furniture and fixtures (Note 2(c))	250,872	**235,418**
Land (Note 2(c))	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 (Notes 2(a), (c), 8 and 9)	151,270	**172,061**
Net defined benefit asset (Note 12)	299	**2,786**
Other (Notes 2(c) and 14)	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	36	**21**
Total assets	¥ 1,773,682	**¥ 1,908,660**

The accompanying notes to consolidated financial statements are an integral part of these statements.

	Yen (millions) 2017	2018
LIABILITIES		
Current Liabilities		
Notes and accounts payable — trade (Note 8)	¥ 306,007	**¥ 384,966**
Electronically recorded obligations — operating (Note 8)	44,560	**44,511**
Short-term loans payable (Notes 2(c), 8 and 11)	113,534	**81,256**
Current portion of bonds (Notes 8 and 11)	—	**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**
Provision for restructuring	4,069	**1,198**
Valuation reserve for inventory purchase commitments	48,618	**21,369**
Other (Notes 11 and 14)	89,342	**104,874**
Total current liabilities	801,637	**833,938**
Non-current Liabilities		
Bonds payable (Notes 8 and 11)	40,000	**30,000**
Long-term loans payable (Notes 2(c), 8 and 11)	490,333	**507,027**
Net defined benefit liability (Note 12)	110,074	**101,101**
Other (Notes 11 and 14)	23,836	**34,880**
Total non-current liabilities	664,243	**673,008**
Total liabilities	1,465,881	**1,506,947**
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	**5,000**
Capital surplus	576,792	**295,332**
Retained earnings (Note 5)	(148,597)	**204,906**
Treasury shares	(13,902)	**(13,936)**
Total shareholders' equity	419,292	**491,302**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,474	**16,876**
Deferred gains or losses on hedges	39	**(3,205)**
Foreign currency translation adjustments	(44,355)	**(47,302)**
Remeasurements of defined benefit plans	(95,296)	**(79,330)**
Total accumulated other comprehensive income	(125,138)	**(112,961)**
Share acquisition rights (Note 5)	—	**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**

Consolidated Statements of Operations

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2017 and 2018

	Yen (millions)	
	2017	**2018**
Net Sales (Note 16)	¥ 2,050,639	**¥ 2,427,271**
Cost of Sales (Notes 3 (a) and (c))	1,666,784	**2,023,007**
Gross profit	383,854	**404,264**
Selling, General and Administrative Expenses (Notes 3 (b) and (c))	321,400	**314,138**
Operating profit (Note 16)	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 the 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 the equity method	18,667	**—**
Other	19,890	**15,724**
Total non-operating expenses	50,171	**23,024**
Ordinary profit	25,070	**89,320**
Extraordinary Income		
Gain on sales of non-current assets (Note 3 (d))	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 sale and retirement of non-current assets (Note 3 (e))	4,390	**1,094**
Impairment loss (Note 3 (f))	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 (Note 14):		
Current	20,137	**14,238**
Deferred	3,600	**4,472**
	23,738	**18,711**
Profit (loss)	(24,325)	**70,705**
Profit attributable to non-controlling interests	551	**479**
Profit (loss) attributable to owners of parent	¥ (24,877)	**¥ 70,225**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2017 and 2018

	Yen (millions)	
	2017	**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	882	**(3,541)**
Foreign currency translation adjustment	(6,151)	**(1,944)**
Remeasurements of defined benefit plans	5,539	**16,687**
Share of other comprehensive income of entities accounted for using the equity method	(485)	**(292)**
Total other comprehensive income (Note 4)	2,621	**13,311**
Comprehensive Income	¥ (21,703)	**¥ 84,016**
Comprehensive income attributable to:		
Owners of parent	(21,550)	**83,118**
Non-controlling interests	(152)	**897**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2017 and 2018

	Yen (millions)											
	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings (Note 5)	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumu-lated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of the year ended March 31, 2017	¥ 500	¥ 222,457	¥ (123,644)	¥ (13,899)	¥ 85,414	¥ 11,634	¥ (843)	¥ (38,456)	¥ (100,799)	¥ (128,464)	¥ 11,839	¥ (31,211)
Changes of items during period												
Issuance of new shares	194,405	194,405			388,811							388,811
Transfer to capital surplus from capital stock	(189,905)	189,905			—							—
Loss attributable to owners of parent			(24,877)		(24,877)							(24,877)
Change of scope of consolidation			(76)		(76)							(76)
Purchase of treasury shares				(29,978)	(29,978)							(29,978)
Disposal of treasury shares		(0)		1	0							0
Retirement of treasury shares		(29,974)		29,974	—							—
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	4,500	354,335	(24,954)	(2)	333,878	2,840	882	(5,899)	5,503	3,326	1,807	339,012
Balance at end of the year ended March 31, 2017	¥ 5,000	¥ 576,792	¥ (148,597)	¥ (13,902)	¥ 419,292	¥ 14,474	¥ 39	¥ (44,355)	¥ (95,296)	¥ (125,138)	¥ 13,646	¥ 307,801

	Yen (millions)												
	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings (Note 5)	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumu-lated other comprehensive income	Share acquisition rights (Note 5)	Non-controlling interests	Total net assets
Balance at beginning of the year ended March 31, 2018	¥ 5,000	¥ 576,792	¥ (148,597)	¥ (13,902)	¥ 419,292	¥ 14,474	¥ 39	¥ (44,355)	¥ (95,296)	¥ (125,138)	¥ —	¥ 13,646	¥ 307,801
Changes of items during period													
Deficit disposition		**(281,947)**	**281,947**		**—**								**—**
Profit attributable to owners of parent			**70,225**		**70,225**								**70,225**
Change of scope of consolidation		**1**	**572**		**573**								**573**
Change in ownership interest of parent due to transactions with non-controlling interests		**428**			**428**								**428**
Increase (decrease) of capital surplus by change of share to consolidated subsidiary		**58**			**58**								**58**
Purchase of treasury shares				**(32)**	**(32)**								**(32)**
Disposal of treasury shares		**(1)**		**2**	**0**								**0**
Increase of treasury shares by increasing of consolidated subsidiary				**(4)**	**(4)**								**(4)**
Adjustment to retained earnings due to change in US tax rate			**759**		**759**								**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	**—**	**(281,460)**	**353,504**	**(34)**	**72,009**	**2,401**	**(3,244)**	**(2,946)**	**15,965**	**12,176**	**106**	**9,618**	**93,912**
Balance at end of the year ended March 31, 2018	**¥ 5,000**	**¥ 295,332**	**¥ 204,906**	**¥ (13,936)**	**¥ 491,302**	**¥ 16,876**	**¥ (3,205)**	**¥ (47,302)**	**¥ (79,330)**	**¥ (112,961)**	**¥ 106**	**¥ 23,265**	**¥ 401,713**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2017 and 2018

	Yen (millions)	
	2017	**2018**
Cash Flows from Operating Activities:		
Profit (loss) before income taxes	¥ (587)	**¥ 89,416**
Depreciation and amortization	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, net	1,095	**(1,128)**
Impairment loss	34,668	**1,943**
Loss (gain) on sales of investment securities, net	(3,215)	**(793)**
Loss (gain) on step acquisitions	—	**1,565**
Gain on bargain purchase	—	**(856)**
Share of (profit) loss of entities accounted for using the equity method	18,667	**(176)**
Loss (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**

	Yen (millions)	
	2017	**2018**
Cash Flows from Investing Activities:		
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 (Note 6(b))	(9,366)	**(6,356)**
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 6(b))	—	**6,311**
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	741	**—**
Purchases of property, plant and equipment	(77,397)	**(102,063)**
Purchases 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)**
Cash Flows from Financing Activities:		
Payout of deposits received	(100,000)	**—**
Proceeds from 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 shares	287,495	**—**
Proceeds from issuance of class shares	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 Year	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 Year (Note 6(a))	¥ 453,477	**¥ 404,001**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Sharp Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Sharp Corporation (“the Company”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

The financial statements of the Company’s overseas consolidated subsidiaries for consolidation purposes have been prepared in conformity with IFRS or generally accepted accounting principles in the United States of America (“US GAAP”), with adjustments for the specified four items where applicable according to Practical Issues Task Force No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”.

The accompanying consolidated financial statements have been translated into English (with no reclassifications) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Act.

In preparing the accompanying consolidated financial statements and notes, Japanese yen figures less than one million yen have been rounded down to the nearest million yen. Therefore, total or subtotal amounts shown in the accompanying consolidated financial statements and notes thereto are not necessarily equal to the sum of individually presented amounts.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 85 significant companies over which the Company has power of control through the holding of majority voting rights or because of the existence of certain other conditions evidencing control by the Company. Investments in 2 nonconsolidated subsidiaries and 26 affiliates over which the Company has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method.

Changes in the consolidated subsidiaries for the year ended March 31, 2018 were as follows:

(Included in scope)

S&O Electronics (Malaysia) Sdn. Bhd.
Mikava oy
Sharp Malaysia Sales & Service Company Sdn. Bhd.
One Stop Support Co., Ltd.
Kantatsu Co., Ltd.
And 13 others

(Excluded from scope)

Sharp Laboratories of China Co., Ltd.
UMC Italy SRL
Sharp Electronics Marketing Corporation
And 9 others

Changes in the nonconsolidated subsidiaries and affiliates accounted for using the equity method for the year ended March 31, 2018 were as follows:

(Included in scope)

Aurora Telecom Co., Ltd.
Sharp Life Science International Ltd.
And 6 others

(Excluded from scope)

7 companies in total

Sharp India Ltd. is the main nonconsolidated subsidiary.

Sharp Telecommunications of Europe, Ltd. is the main nonconsolidated subsidiary not accounted for using the equity method.

(c) Investment securities

Investment securities consist principally of marketable and non-marketable equity securities.

Investment securities with available fair market values are stated at fair market value, which is calculated as the average of market prices during the last month of the fiscal year.

Investment securities with no available fair market values are stated at gross average cost.

With respect to the investments in partnerships, the amount determined by applying the holding ratio to the profits or losses resulting from the operations of the partnerships is stated as non-operating income or expenses, then added to or deducted from the balance of investment securities.

(d) Derivatives

Derivatives are stated at fair value.

(e) Inventories

Inventories held by the Company and its domestic consolidated subsidiaries are primarily measured at moving average cost. For balance sheet valuation, in the event that profitability of inventories decrease, inventories are carried at net realizable value. For overseas consolidated subsidiaries, inventories are measured at the lower of moving average cost and net realizable value.

(f) Depreciation and amortization

For the Company and its domestic consolidated subsidiaries, depreciation of property, plant and equipment other than leased assets is computed using the declining-balance method, except for machinery and equipment at the LCD plants in Mie and Kameyama, buildings (excluding attached facilities) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016 by the Company and its domestic consolidated subsidiaries; all of which are depreciated using the straight-line method over the estimated useful life of the asset. Property, plant and equipment at overseas consolidated subsidiaries are depreciated using the straight-line method.

Amortization of intangible assets other than leased assets is computed using the straight-line method.

Software used by the Company is amortized using the straight-line method over the estimated useful life of principally 5 years, and software embedded in products is amortized over the forecasted sales quantity.

Depreciation of leased assets under non-ownership-transfer finance lease transactions is computed using the straight-line method, using the lease period as the depreciable life and the residual value of zero.

(g) Deferred assets

Bond issue cost is amortized using the straight-line method over the redemption period.

(h) Allowance for doubtful accounts

The estimated amounts of allowance for general receivables are primarily determined based on the past loss experience. For particular receivables, including those from debtors at risk of bankruptcy, the allowance is provided for individually estimated unrecoverable amounts. This procedure is made to reflect the impact of the risk of possible credit loss.

(i) Provision for bonuses

The Company and its consolidated subsidiaries accrue estimated amounts of employees' bonuses based on the estimated amounts to be paid in the subsequent period which relate to their performance in the current period.

(j) Provision for product warranties

Estimated amounts of warranty are accrued based on the past experience. This procedure is made to reflect the impact of the risk of expenses being incurred for after-sales service within the warranty period in respect of sales recorded prior to the balance sheet date.

(k) Provision for sales promotion expenses

The reserve for payment of sales promotion expenses is set aside based on estimated amounts to be paid to agencies and dealers in the subsequent period in respect of services rendered or goods received prior to the balance sheet date.

(l) Provision for restructuring

The estimated amounts of restructuring are recognized as a provision in order to provide for expenses related to structural reform.

(m) Valuation reserve for inventory purchase commitments

Differences between contracted prices and current market prices for long-term supply contracts for raw materials are set aside as an allowance for contract loss. This reflects the impact of the risk of loss in cases where the market price of materials declines significantly below the contracted price and fulfillment of the contract causes a loss in the production and sale business.

(n) Defined benefit pension plan

The estimated amount of all defined benefit pension plans to be paid at future retirement dates is allocated to each service year based on the plan's benefit formula.

Past service costs are amortized primarily using the straight-line method over the average of the estimated remaining service years (13 years) commencing from the current period. Actuarial gains and losses are primarily amortized using the straight-line method over the average of the estimated remaining service years (13 years) commencing from the period following that in which the gain or loss was incurred.

(o) Hedge accounting

The Company and some of its consolidated subsidiaries use derivative financial instruments, including foreign exchange forward contracts in order to hedge the risk exposure arising from fluctuations in foreign currency exchange rates associated with assets and liabilities denominated in foreign currencies. Furthermore, the Company uses interest rate swaps in order to hedge the interest rate fluctuation risk associated with some borrowings with variable interest rates from financial institutions.

All derivative financial instruments are stated at fair value and recorded on the balance sheets. The deferred method is used for recognizing gains and losses on hedging instruments and the hedged items. When foreign exchange forward contracts meet certain conditions, the hedged items are stated at the forward exchange contract rates.

Derivative financial instruments are used based on internal policies and procedures related to risk management. The risks of fluctuations in foreign currency exchange rates and variable interest rates have been assumed to be completely hedged over the period of hedging contracts as the major conditions of the hedging instruments and the hedged items are consistent. Accordingly, an evaluation of the effectiveness of the hedging contracts is not required.

(p) Method and period for amortization of goodwill

Goodwill for which the effective term is considered estimable is amortized straight line over the estimated term, while others are amortized straight line over 5 years. Goodwill recorded in the consolidated subsidiaries in the U.S.A. is amortized straight line over 10 years.

However, if the amount of goodwill is insignificant, the entire amount is amortized during the period in which the goodwill arises.

(q) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, demand deposits in banks, and highly liquid short-term investments with original maturities of three months or less for which the risks of fluctuations in value are not considered to be significant.

(r) Consumption taxes

The tax exclusion method is applied.

(s) Adoption of consolidated tax return system

The consolidated tax return system is adopted.

(t) Changes in accounting policies

Effective from the year ended March 31, 2017, the Company and its domestic consolidated subsidiaries adopted "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force No. 32 on June 17, 2016) according to the revision of the Corporation Tax Act. The Company and its domestic consolidated subsidiaries changed its accounting method to the straight-line method from declining-balance method for the depreciation method regarding facilities attached to buildings and structures acquired from April 1, 2016 onwards.

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

(u) Unapplied accounting standards and interpretations

The accounting standards and interpretations issued as of March 31, 2017 but not yet applied as of the year ended March 31, 2017 were as follows:

The monetary impact amounts arising through the application of these standards and interpretations are under evaluation.

Overseas consolidated subsidiaries

Name of the standards and interpretations		Description of the standards and interpretations	Planned adoption period
IFRS 15	Revenue from Contracts with Customers	Revision of the accounting treatment for revenue recognition	From the year ended March 31, 2019
IFRS 9	Financial Instruments	Revision on the classification, measurement, and impairment of financial instruments	From the year ended March 31, 2019
IFRS 16	Leases	Revision of the accounting treatment for leases	From the year ended March 31, 2020
ASU No.2014-09	Revenue from Contracts with Customers (Topic 606)	Revision of the accounting treatment for revenue recognition	From the year ended March 31, 2020
ASU No.2016-02	Leases (Topic 842)	Revision of the accounting treatment for leases	From the year ended March 31, 2021

The accounting standards and interpretations issued as of March 31, 2018 but not yet applied as of the year ended March 31, 2018 were as follows:

The monetary impact amounts arising through the application of these standards and interpretations are under evaluation.

The Company and domestic consolidated subsidiaries

Name of the standards and interpretations		Description of the standards and interpretations	Planned adoption period
ASBJ Statement No. 29	Accounting Standard for Revenue Recognition	Establishment of the accounting treatment for revenue recognition	From the year ended March 31, 2022

Overseas consolidated subsidiaries

Name of the standards and interpretations		Description of the standards and interpretations	Planned adoption period
IFRS 15	Revenue from Contracts with Customers	Revision of the accounting treatment for revenue recognition	From the year ended March 31, 2019
IFRS 9	Financial Instruments	Revision on the classification, measurement, and impairment of financial instruments	From the year ended March 31, 2019
IFRS 16	Leases	Revision of the accounting treatment for leases	From the year ended March 31, 2020
ASU No.2014-09	Revenue from Contracts with Customers (Topic 606)	Revision of the accounting treatment for revenue recognition	From the year ended March 31, 2020
ASU No.2016-02	Leases (Topic 842)	Revision of the accounting treatment for leases	From the year ended March 31, 2021

(v) Changes in presentation method

(Consolidated statements of operations)

"Rent expenses on non-current assets", which was included in "Other" of "Non-operating expenses" for the year ended March 31, 2017, has been separately presented for the year ended March 31, 2018 because its amount exceeded 10% of total non-operating expenses. In order to reflect this change in presentation method, amounts included in the consolidated financial statements for the year ended March 31, 2017 have been reclassified.

As a result, in the consolidated statements of operations for the year ended March 31, 2017, ¥21,780 million of "Other" of "Non-operating expenses" has been reclassified as ¥1,889 million of "Rent expenses on non-current assets" and ¥19,890 million of "Other" of "Non-operating expenses".

(Consolidated statements of cash flows)

(1) Cash flows from operating activities

"Increase (decrease) in accrued expenses" and "Increase (decrease) in provision for sales promotion expenses", which were separately presented for the year ended March 31, 2017, have been included in "Other, net" for the year ended March 31, 2018 because their financial materiality has decreased. In addition, there is no "Reversal of provision for loss on litigation" for the year ended March 31, 2018, which was presented for the year ended March 31, 2017. In order to reflect these changes in presentation method, amounts included in the consolidated financial statements for the year ended March 31, 2017 have been reclassified.

As a result, in the net cash provided by (used in) operating activities in the consolidated statements for cash flows for the year ended March 31, 2017, ¥(200) million of "Reversal of provision for loss on litigation", ¥2,785 million of Increase (decrease) in accrued expenses, ¥(9,101) million of "Increase (decrease) in provision for sales promotion expenses" and ¥(22,344) million of "Other, net" have been reclassified as ¥(28,859) million of "Other, net".

(2) Cash flows from investing activities

"Proceeds from sales of property, plant and equipment", which was separately presented for the year ended March 31, 2017, has been included in "Other, net" for the year ended March 31, 2018 because its financial materiality has decreased. In order to reflect this change in presentation method, amounts included in the consolidated financial statements for the year ended March 31, 2017 have been reclassified.

As a result, in the net cash provided by (used in) investing activities in the consolidated statements of cash flows for the year ended March 31, 2017, ¥3,818 million of "Proceeds from sales of property, plant and equipment" and ¥(7,661) million of "Other, net" have been reclassified as ¥(3,842) million of "Other, net".

(w) Change in accounting estimates

The Company and its domestic consolidated subsidiaries previously amortized actuarial gains/losses and past service costs on defined benefit plans 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, operating profit, ordinary profit and loss before income taxes for the year ended March 31, 2017 improved by ¥5,530 million in comparison to those calculated by the previous method.

(x) Additional information

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) has been applied from the fiscal year ended March 31, 2017.

2. Notes to Consolidated Balance Sheets

(a) Investment in nonconsolidated subsidiaries and affiliates

Investment in nonconsolidated subsidiaries and affiliates as of March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Investment in nonconsolidated subsidiaries and affiliates	¥ 84,704	**¥ 75,871**

(b) Inventories

Inventories as of March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Finished products	¥ 146,708	**¥ 153,717**
Work in process	27,995	**23,537**
Raw materials and supplies	43,188	**42,459**
	¥ 217,892	**¥ 219,714**

(c) Collateral Assets and Liabilities secured by Collateral

Collateral assets and liabilities secured by collateral as of March 31, 2017 and 2018 were as follows:

(1) Assets pledged as collateral

	Yen (millions)	
	2017	**2018**
Cash and deposits	¥ 24,637	**¥ 14,580**
Notes and accounts receivable — trade	48,199	**70,936**
Inventories	71,306	**79,163**
Other (Current assets)	8,640	**3,724**
Buildings and structures	138,647	**135,969**
Machinery, equipment and vehicles	15,045	**31,256**
Tools, furniture and fixtures	1,373	**1,662**
Land	82,354	**79,137**
Investment securities	33,816	**37,661**
Other (Investments and other assets)	662	**157**
	¥ 424,683	**¥ 454,249**

(2) Liabilities secured by collateral

	Yen (millions)	
	2017	**2018**
Short-term loans payable	¥ 11,527	**¥ 7,744**
Long-term loans payable	426,693	**426,693**
	¥ 438,221	**¥ 434,437**

Cash and deposits of ¥20,122 million as of March 31, 2017 and ¥9,499 million as of March 31, 2018 were pledged as collateral for opening a standby letter of credit.

In addition, certain shares of consolidated subsidiaries which were subject to elimination through the consolidation process were pledged as collateral of long-term loans payable as of March 31, 2017 and 2018.

(d) Contingent Liabilities

(1) Guarantee liabilities

	Yen (millions)	
	2017	**2018**
Loans guaranteed for employees	¥ 9,542	**¥ 8,191**

(2) Matters related to long-term electricity and other supply contracts

The Company entered into long-term contracts with several suppliers with respect to electricity and other inputs at the Sakai Factory. The total amounts of future minimum payments under such contracts as of March 31, 2017 and 2018 were ¥32,528 million (remaining terms from 0.5 to 11.75 years) and ¥27,058 million (longest remaining term is 11 years), respectively. No contract can be terminated before expiration.

(e) Investment commitment

The Company entered into contract to participate in the SoftBank Vision Fund, a private fund established by SoftBank Group Corp, in May 2017. Total amount of investment commitment is USD 1 billion. The balance of remaining committed contribution as of March 31, 2018 was as follows:

	Yen (millions)	
	2017	**2018**
Total amount of investment commitment	—	**¥ 105,270**
Contribution made	—	**24,331**
Remaining committed contribution	—	**¥ 80,938**

3. Notes to Consolidated Statements of Operations

(a) Inventory valuation loss

Inventories at the end of the fiscal year is presented as the amount after deducting valuation loss.

Net inventory valuation loss (after offsetting the reversal amount) included in the cost of sales for the years ended March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Cost of sales	¥ (131,745)	**¥ (17,475)**

(b) Selling, general and administrative expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Salaries and allowances	¥ 97,127	**¥ 100,268**
Provision for bonuses	9,672	**9,643**
Retirement benefit expenses	6,856	**9,548**
Transportation and warehousing expenses	29,957	**32,270**
Research and development expenses	24,657	**22,709**
Provision for bonuses	1,340	**1,273**

Changes in presentation method:

"Transportation and warehousing expenses" has been separately presented, since the relevant expense amount exceeded 10% of the total amount of selling, general and administrative expenses for the year ended March 31, 2018.

(c) Research and development expenses

Research and development expenses included in general and administrative expenses and cost of manufacturing were ¥106,107 million for the year ended March 31, 2017 and ¥100,536 million for the year ended March 31, 2018.

(d) Gain on sales of non-current assets

Major components of gain on sales of non-current assets for the years ended March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Buildings and structures	¥ 747	**¥ 1,144**
Machinery, equipment and vehicles	644	**675**
Tools, furniture and fixtures	36	**139**
Land	1,854	**263**
Other	11	**0**
	¥ 3,295	**¥ 2,222**

(e) Loss on sale and retirement of non-current assets

Major components of loss on sale and retirement of non-current assets for the years ended March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Loss on sale:		
Buildings and structures	¥ 4	**¥ 0**
Machinery, equipment and vehicles	122	**79**
Tools, furniture and fixtures	15	**16**
Other	—	**0**
	¥ 143	**¥ 96**
Loss on retirement:		
Buildings and structures	¥ 343	**¥ 115**
Machinery, equipment and vehicles	254	**715**
Tools, furniture and fixtures	204	**118**
Land	—	**1**
Construction in progress	17	**0**
Software	3,226	**17**
Other	200	**28**
	¥4,247	**¥ 997**
Total:		
Buildings and structures	¥ 348	**¥ 115**
Machinery, equipment and vehicles	377	**795**
Tools, furniture and fixtures	219	**135**
Land	—	**1**
Construction in progress	17	**0**
Software	3,226	**17**
Other	200	**28**
	¥4,390	**¥1,094**

(f) Impairment loss

With regards to accounting for impairment of assets, the Company and its consolidated subsidiaries identify cash generating units through consideration of business characteristics and business operations. Idle assets are identified as separate cash generating units.

The Company recognized an impairment loss of ¥698 million for the Energy Solutions unit due to the decreasing profitability of the business for the year ended March 31, 2017. Details were as follows: ¥290 million for machinery, equipment and vehicles; ¥317 million for software; and ¥90 million for others. The estimated recoverable amount for buildings and land was determined by using the net realizable value based on the estate appraisal valuation. The net realizable value for the other assets was evaluated to be zero.

The Company recognized an impairment loss of ¥24,985 million for the Display Devices unit due to the decreasing profitability of the business for the year ended March 31, 2017. Details were as follows: ¥15,842 million for buildings and structures; ¥8,948 million for construction in progress; and ¥195 million for others. The estimated recoverable amount for buildings, machinery and equipment, and land was determined by using the net realizable value based on the estate appraisal valuation. The net realizable value for the other assets was evaluated to be zero.

The Company recognized an impairment loss of ¥8,016 million for some idle assets and others due to no future usage being planned as of the year ended March 31, 2017. Details were as follows: ¥3,948 million for buildings and structures; ¥3,729 million for land; ¥338 million for others. The estimated recoverable amount for land was determined by using the net realizable value based on the estate appraisal valuation. The net realizable value for the other assets was evaluated to be zero.

Consolidated subsidiaries recognized an impairment loss of ¥966 million for their idle assets and others in U.S.A. and China due to no future usage being planned as of the year ended March 31, 2017. Details were as follows: ¥848 million for machinery, equipment and vehicles and ¥118 million for others. The estimated recoverable amount of all assets was determined to be zero, since no cash inflow was anticipated to be generated by the assets.

The Company recognized an impairment loss of ¥583 million for the Smart Home unit due to the decreasing profitability of the business for the year ended March 31, 2018. Details were as follows: ¥423 million for machinery, equipment and vehicles; ¥63 million for tools, furniture and fixtures; ¥75 million for software; and ¥20 million for others. The net realizable value for all assets was evaluated to be zero.

The Company recognized an impairment loss of ¥1,360 million for some idle assets due to no future usage being planned as of the year ended March 31, 2018. Details were as follows: ¥306 million for buildings and structures; ¥245 million for machinery, equipment and vehicles; ¥110 million for tools, furniture and fixtures; ¥682 million for software; and ¥16 million for others. The net realizable value for all assets was evaluated to be zero.

4. Notes to Consolidated Statements of Comprehensive Income

Summary of amounts of reclassification adjustments and their tax effects to other comprehensive income as of March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Valuation difference on available-for-sale securities		
Amount arising during the year	¥ 4,076	**¥ 3,456**
Reclassification adjustment	—	**(0)**
Before tax effect	4,076	**3,455**
Tax effect	(1,239)	**(1,053)**
Valuation difference on available-for-sale securities	¥ 2,837	**¥ 2,402**
Deferred gains or losses on hedges		
Amount arising during the year	¥ 872	**¥ (2,947)**
Reclassification adjustment	(93)	**(445)**
Before tax effect	778	**(3,393)**
Tax effect	103	**(148)**
Deferred gains or losses on hedges	¥ 882	**¥ (3,541)**
Foreign currency translation adjustment		
Amount arising during the year	¥ (6,151)	**¥ (3,737)**
Reclassification adjustment	—	**1,792**
Before tax effect	(6,151)	**(1,944)**
Tax effect	—	**—**
Foreign currency translation adjustment	¥ (6,151)	**¥ (1,944)**
Remeasurements of defined benefit plans		
Amount arising during the year	¥ (2,008)	**¥ 5,362**
Reclassification adjustment	7,029	**12,106**
Before tax effect	5,020	**17,468**
Tax effect	518	**(781)**
Remeasurements of defined benefit plans	¥ 5,539	**¥ 16,687**
Share of other comprehensive income of entities accounted for using the equity method		
Amount arising during the year	¥ (506)	**¥ (419)**
Reclassification adjustment	21	**126**
Share of other comprehensive income of entities accounted for using the equity method	¥ (485)	**¥ (292)**
Total other comprehensive income	¥ 2,621	**¥ 13,311**

5. Notes to Consolidated Statements of Changes in Net Assets

(a) Class and Total Number of Issued Shares and Treasury Shares

Class and total number of issued shares and treasury shares for the years ended March 31, 2017 and 2018 were as follows:

For the year ended March 31, 2017

	(Thousands of shares)			
	Number of shares as of March 31, 2016	Increase in number of shares	Decrease in number of shares	Number of shares as of March 31, 2017
Issued shares				
Common shares	1,701,214	3,281,950	—	4,983,165
Class A shares	200	—	—	200
Class B shares	25	—	25	—
Class C shares	—	11,363	—	11,363
Total	1,701,439	3,293,314	25	4,994,729
Treasury shares				
Common shares	10,536	20	0	10,556
Class B shares	—	25	25	—
Total	10,536	45	25	10,556

Notes: 1. The increase of 3,281,950 thousand shares in common shares of issued shares was due to the issuance of new shares through the third-party allotment on August 12, 2016. The allottees and the allotted shares were as follows:

Hon Hai Precision Industry Co., Ltd.	1,300,000	thousands of shares
Foxconn (Far East) Limited	915,550	thousands of shares
Foxconn Technology Pte. Ltd.	646,400	thousands of shares
SIO International Holdings Limited	420,000	thousands of shares

2. The increase of 25 thousand shares in Class B shares of treasury shares was due to the purchase of all the Class B shares of outstanding shares from Japan Industrial Solutions Fund I on August 12, 2016. The decrease of 25 thousand shares in Class B shares of issued shares and treasury shares was due to the retirement of treasury shares under Article 178 of the Companies Act on September 30, 2016.

3. The increase of 11,363 thousand shares in Class C shares of issued shares was due to the issuance of new shares through the third-party allotment on August 12, 2016. The allottee and the allotted shares were as follows:

Hon Hai Precision Industry Co., Ltd.	11,363	thousands of shares

4. The increase of 20 thousand shares in common shares of treasury shares was due to the purchase of shares constituting less than one trading unit.
5. The decrease of 0 thousand shares in common shares of treasury shares was due to the sale of shares constituting less than one trading unit.

For the year ended March 31, 2018

	(Thousands of shares)			
	Number of shares as of March 31, 2017	Increase in number of shares	Decrease in number of shares	**Number of shares as of March 31, 2018**
Issued shares				
Common shares	4,983,165	—	4,484,849	**498,316**
Class A shares	200	—	—	**200**
Class C shares	11,363	—	10,227	**1,136**
Total	4,994,729	—	4,495,076	**499,652**
Treasury shares				
Common shares	10,556	46	9,535	**1,067**
Total	10,556	46	9,535	**1,067**

Notes: 1. Every 10 common shares and every 10 Class C shares were consolidated into 1 single share as of October 1, 2017. Due to this share consolidation, total issued shares decreased by 4,495,076 thousand shares, resulting in 499,652 thousand shares remaining issued as of year ended March 31, 2018.
2. The increase of 46 thousand shares in common shares of treasury shares consisted of an increase of 28 thousand shares due to the addition of the Company's common shares which were held by a new affiliate accounted for using the equity method, an increase of 11 thousand shares due to the purchase of shares less than one trading unit, an increase of 5 thousand shares due to the purchase of fractional shares generated from the share consolidation, and an increase of 0 thousand shares due to the increase in the attribution ratio of the Company's common shares which was held by the newly consolidated subsidiary from the affiliate accounted for using the equity method.
3. The decrease of 9,535 thousand shares in common shares of treasury shares consisted of a decrease of 9,534 thousand shares due to the share consolidation and a decrease of 0 thousand shares due to the sale of shares less than one trading unit.

(b) Share Acquisition Rights and Treasury Share Acquisition Rights

Share acquisition rights and treasury share acquisition rights for the year ended March 31, 2018 was as follows:

			Number of shares underlying the share acquisition rights (Share)				
Classification	Description of share acquisition rights	Class of shares underlying the share acquisition rights	Number of shares as of March 31, 2017	Increase in number of shares	Decrease in number of shares	**Number of shares as of March 31, 2018**	**Balance as of March 31, 2018 (Millions of yen)**
The Company	Share acquisition rights as a stock option	—	—	—	—	**—**	**98**
Consolidated subsidiaries	—	—	—	—	—	**—**	**8**
Total		—	—	—	—	**—**	**106**

(c) Dividends

No dividend payments were made during the years ended March 31, 2017 and 2018.

Dividends for which the record date was within the year ended March 31, 2018, with effective date falling in the following fiscal year were as follows:

Resolutions	Class of shares	Source of dividends	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 26, 2018	Common shares	Retained earnings	4,972	10	March 31, 2018	May 30, 2018
Board of Directors meeting held on April 26, 2018	Class A shares	Retained earnings	14,983	74,916.50	March 31, 2018	May 29, 2018
Board of Directors meeting held on April 26, 2018	Class C shares	Retained earnings	1,136	1,000	March 31, 2018	May 30, 2018

6. Notes to Consolidated Statements of Cash Flows

(a) Reconciliation of cash and cash equivalents and cash and deposits on the consolidated balance sheets

Reconciliation of cash and cash equivalents and cash and deposits on the consolidated balance sheets as of March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Cash and deposits	¥ 482,117	**¥ 422,302**
Time deposits with maturity over 3 months or pledged as collateral	(28,148)	**(18,301)**
Restricted deposits*	(492)	**—**
Cash and cash equivalents	¥ 453,477	**¥ 404,001**

* Restricted deposits as of March 31, 2017 was the deposits restricted to tender offer for shares of the affiliate.

(b) Major components of assets and liabilities of newly consolidated subsidiaries acquired by purchase of shares

Major components of assets and liabilities of newly consolidated subsidiaries acquired by purchase of shares were as follows:

Fiscal year ended March 31, 2017

The components of assets and liabilities of Skytec UMC Ltd. and other newly consolidated subsidiary acquired by purchase of shares at the start of their consolidation, and the relationship between the acquisition cost of their shares and the related payments (net amount) were as follows:

	Yen (millions)
	2017
Current assets	¥ 21,998
Non-current assets	5,711
Goodwill	7,372
Current liabilities	20,296
Non-current liabilities	112
Non-controlling interests	2,529
Acquisition cost of shares	12,144
Cash and Cash equivalents	2,778
Net: Payments for the acquisition of newly acquired consolidated subsidiaries	¥ 9,366

Fiscal year ended March 31, 2018

The information is omitted as it is immaterial.

7. Leases

Operating leases

(a) As lessee

Future minimum lease payments for only non-cancelable contracts as of March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Due within one year	¥ 1,798	**¥ 2,790**
Due after one year	7,884	**9,135**
	¥ 9,683	**¥ 11,925**

(b) As lessor

Future minimum lease receipts for only non-cancelable contracts as of March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Due within one year	¥ 1,596	**¥ 1,280**
Due after one year	2,982	**2,556**
	¥ 4,578	**¥ 3,836**

8. Financial Instruments

(a) Qualitative information on financial instruments

(1) Policies for financial instruments

The Company and its consolidated subsidiaries obtain necessary funds mainly through bank loans and issuing bonds according to its capital investment plan for its main business of manufacturing and distributing electronic communication equipment, electronic equipment, electronic application equipment and electronic components. Short-term operating funds are obtained through bank loans. Transactions involving such financial instruments are conducted with creditworthy financial institutions. The Company utilizes derivative transactions for minimizing risk and not for speculative or dealing purposes.

(2) Description and risks of financial instruments

Notes and accounts receivable are exposed to customer credit risk. Some notes and accounts receivable are denominated in foreign currencies because the Company conducts business globally and, therefore, is exposed to foreign currency risk. Notes and accounts payable — trade and electronically recorded obligations — operating are due within one year. Some notes and accounts payable arising from the import of raw materials are denominated in foreign currencies and, therefore, are exposed to foreign currency risk. The Company makes use of forward exchange contracts to hedge the foreign currency risk exposure on the net position of foreign currency denominated notes and accounts receivable and notes and accounts payable.

Other securities are held for the long term to develop better business alliances and relationships with the Company's customers and suppliers. Other securities are exposed to market price fluctuation risk. Long-term loans payable and bonds payable are mainly for capital investments. The longest repayment or redemption term is 8 years and 1 month from March 31, 2018.

Derivative transactions consist primarily of forward exchange contracts, which are used to hedge the foreign currency risk exposure, and interest rate swaps. For hedging instruments, hedged items, hedging policies and assessment methods of effectiveness of hedging instruments, see "(o) Hedge accounting" in "1.Summary of Significant Accounting and Reporting Policies".

(3) Risk management of financial instruments

i) Management of credit risk

For notes and accounts receivable, the Company periodically reviews the status of its key customers, monitoring their respective payment deadlines and remaining outstanding balances. The Company strives to recognize and reduce the risk of irrecoverability as a result of deteriorating financial conditions or other factors at an early stage. The Company's consolidated subsidiaries also follow the same monitoring and administration process.

ii) Management of market risk

The Company decides basic policies for derivative transactions at the Foreign Exchange Administration Committee meeting which is held monthly and the Finance Administration Committee meeting which is required by the Company's internal procedure. The Finance Division of Finance and Administration Office executes transactions and reports the results of such transactions to the Accounting Division of Finance and Administration Office on a daily basis. The Accounting Division has set up a specialized section for monitoring transaction results and position management and reports the results of transactions to the head of Finance and Administration Office on a daily basis.

In addition, the Finance Division reports the results of transactions to the Foreign Exchange Administration Committee and the Finance Administration Committee on a monthly basis. Its consolidated subsidiaries also manage forward foreign exchange transactions in accordance with the rules established by the Company and report the content of such transactions to the Company on a monthly basis.

For other securities and investments in capital, the Company monitors their fair values and the issuer's financial position, and continually reviews the need to increase or decrease the holdings of such financial instruments based on the factors mentioned above as well as the relationship with the issuers.

iii) Management of liquidity risk in financing activities

The Finance Division manages liquidity risk by preparing and updating financial plans based on reports from each section and through maintenance of ready liquidity.

(4) Supplementary explanation of fair value of financial instruments

The fair value of financial instruments is based on the quoted market price in an active market other than when a market price is not available, in which case the fair value is reasonably estimated. Since variable factors are incorporated in the determination of this reasonably estimated price, the valuation may vary if different assumptions were to be used.

The contract amount itself may not reflect the market risk associated with a derivative transaction.

(b) Fair value of financial instruments

The consolidated balance sheet amounts, fair values and differences between the two as of March 31, 2017 and 2018 are included in the tables below. Financial instruments for which fair values are considered too difficult to be estimated are not included in the tables. Refer to (Note 2) below for the details of such financial instruments.

	Yen (millions)		
	2017		
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and deposits	¥ 482,117	¥ 482,117	¥ —
(2) Notes and accounts receivable — trade	375,564	375,313	(250)
(3) Investment securities			
1) Shares of nonconsolidated subsidiaries and affiliates	0	2,922	2,922
2) Other securities	36,601	36,601	—
Total assets	¥ 894,282	¥ 896,954	¥ 2,672
(4) Notes and accounts payable — trade	¥ 306,007	¥ 306,007	¥ —
(5) Electronically recorded obligations — operating	44,560	44,560	—
(6) Short-term loans payable	113,534	113,534	—
(7) Bonds payable	40,000	39,242	(758)
(8) Long-term loans payable	490,333	490,433	100
Total liabilities	¥ 994,436	¥ 993,778	¥ (657)
(9) Derivative transactions*			
1) Derivative transactions — hedge accounting not applied	¥ 1,512	¥ 1,512	¥ —
2) Derivative transactions — hedge accounting applied	227	(1,570)	(1,797)
Total derivative transactions	¥ 1,739	¥ (57)	¥ (1,797)

*Net receivables and payables arising from derivative transactions. Net payables are indicated by "( )".

	Yen (millions)		
	2018		
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and deposits	**¥ 422,302**	**¥ 422,302**	**¥ —**
(2) Notes and accounts receivable — trade	**471,575**	**471,391**	**(184)**
(3) Investment securities			
1) Shares of nonconsolidated subsidiaries and affiliates	**0**	**1,250**	**1,250**
2) Other securities	**40,059**	**40,059**	**—**
Total assets	**¥ 933,937**	**¥ 935,003**	**¥ 1,065**
(4) Notes and accounts payable — trade	**¥ 384,966**	**¥ 384,966**	**¥ —**
(5) Electronically recorded obligations — operating	**44,511**	**44,511**	**—**
(6) Short-term loans payable	**81,256**	**81,256**	**—**
(7) Bonds payable (including bonds expiring within one year)	**40,000**	**40,043**	**43**
(8) Long-term loans payable	**507,027**	**507,768**	**741**
Total liabilities	**¥ 1,057,761**	**¥ 1,058,546**	**¥ 784**
(9) Derivative transactions*			
1) Derivative transactions — hedge accounting not applied	**¥ 995**	**¥ 995**	**¥ —**
2) Derivative transactions — hedge accounting applied	**(2,985)**	**(1,148)**	**1,837**
Total derivative transactions	**¥ (1,990)**	**¥ (153)**	**¥ 1,837**

*Net receivables and payables arising from derivative transactions. Net payables are indicated by "( )".

(Note 1) Methods of calculating the fair value of financial instruments and matters related to securities and derivative transactions

(1) Cash and deposits

The fair value of deposits approximates their book value due to their short maturity periods.

(2) Notes and accounts receivable — trade

The fair value of notes and accounts receivable — trade due within a year approximates their book value. The fair value of notes and accounts receivable with long maturity periods is discounted using a rate which reflects both the period until maturity and credit risk.

(3) Investment securities

The fair value of investment securities is based on the average quoted market price during the last month of the fiscal year.

(4) Notes and accounts payable — trade

The fair value of notes and accounts payable — trade approximates their book value due to their short maturity periods.

(5) Electronically recorded obligations — operating

The fair value of electronically recorded obligations — operating approximates their book value due to their short maturity periods.

(6) Short-term loans payable

The fair value of short-term loans payable approximates their book value due to their short maturity periods.

(7) Bonds payable

The fair value of bonds payable is determined by market price.

(8) Long-term loans payable

The fair value of long-term loans payable is determined by the total amount of the principal and interest using the rate which would apply if similar borrowings were newly made.

(9) Derivative transactions

The fair value of forward exchange contracts is calculated based on forward exchange market rate. The fair value of interest rate swaps is calculated based on the asking price offered by the financial institutions with which the Company enters into has such transactions.

(Note 2) Financial instruments of which fair values are considered too difficult to be estimated are unlisted stocks of ¥88,183 million as of March 31, 2017 and ¥80,606 million as of March 31, 2018, and investments in capital of ¥26,486 million as of March 31, 2017 and ¥51,396 million as of March 31, 2018. Since there are no available quoted market prices and it is too difficult to estimate their fair values, they are not included in "(3) Investment securities".

(Note 3) Aggregate maturity of cash and deposits, and receivables as of March 31, 2017 and 2018 were as follows:

	Yen (millions)		
	2017		
	Cash and deposits	Notes and accounts receivable — trade	Total
Due within one year	¥ 482,117	¥ 354,190	¥ 836,307
Due after one year, within five years	—	21,373	21,373
Due after five years, within ten years	—	—	—
Due after ten years	—	—	—

	Yen (millions)		
	2018		
	Cash and deposits	Notes and accounts receivable — trade	Total
Due within one year	**¥ 422,302**	**¥ 458,059**	**¥ 880,361**
Due after one year, within five years	**—**	**13,516**	**13,516**
Due after five years, within ten years	**—**	**—**	**—**
Due after ten years	**—**	**—**	**—**

9. Investment Securities

(a) Other securities

Other securities with available fair market values as of March 31, 2017 and 2018 were as follows:

	Yen (millions)			
	2017			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥ 16,967	¥ 19,634	¥ (0)	¥ 36,601
	¥ 16,967	¥ 19,634	¥ (0)	¥ 36,601

	Yen (millions)			
	2018			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**¥ 16,989**	**¥ 23,365**	**¥ (296)**	**¥ 40,059**
	¥ 16,989	**¥ 23,365**	**¥ (296)**	**¥ 40,059**

Unlisted stocks and others (of which book values were recorded as ¥29,964 million for the year ended March 31, 2017 and ¥56,130 million for the year ended March 31, 2018) are not included in the above table because they do not have market prices.

The proceeds from sales of other securities were ¥1,500 million for the year ended March 31, 2017. The gross realized gains on those sales were ¥1,429 million for the year ended March 31, 2017. The gross realized losses on those sales were zero for the year ended March 31, 2017.

No item classified as other securities was sold during the year ended March 31, 2018.

10. Derivative Transactions

(a) Derivative transactions — hedge accounting not applied

Currency-related transactions

		Yen (millions)			
		2017			
Classification	Type of derivatives	Contract amount	Amount of contract due after one year	Fair value	Profit (loss) from valuation
Off-market transactions	Forward exchange contracts				
	Sell				
	U.S. dollar	¥ 105,956	¥ —	¥ 901	¥ 901
	Euro	6,168	—	138	138
	New Zealand dollar	1,714	—	45	45
	Russian rouble	703	—	(11)	(11)
	Australian dollar	99	—	3	3
	Swedish krona	26	—	(0)	(0)
	Polish zloty	18	—	(0)	(0)
	Danish krone	18	—	0	0
	Norwegian krone	11	—	(0)	(0)
	Czech koruna	6	—	0	0
	Thai baht	4	—	0	0
	Buy				
	U.S. dollar	54,334	—	415	415
	Thai baht	1,835	—	20	20
Total		¥ 170,898	¥ —	¥ 1,512	¥ 1,512

*Fair value of forward exchange contracts is calculated based on forward exchange market rate.

		Yen (millions)			
		2018			
Classification	Type of derivatives	Contract amount	Amount of contract due after one year	Fair value	Profit (loss) from valuation
Off-market transactions	Forward exchange contracts				
	Sell				
	U.S. dollar	**¥ 48,187**	**¥ —**	**¥ 2,142**	**¥ 2,142**
	Euro	**9,858**	**—**	**101**	**101**
	New Zealand dollar	**2,331**	**—**	**82**	**82**
	Russian rouble	**553**	**—**	**14**	**14**
	Canadian dollar	**154**	**—**	**12**	**12**
	Australian dollar	**86**	**—**	**6**	**6**
	Singapore dollar	**46**	**—**	**—**	**—**
	Thai baht	**41**	**—**	**1**	**1**
	Polish zloty	**31**	**—**	**(0)**	**(0)**
	Buy				
	U.S. dollar	**39,297**	**—**	**(1,367)**	**(1,367)**
	Japanese yen	**2,115**	**—**	**(7)**	**(7)**
	Thai baht	**839**	**—**	**8**	**8**
Total		**¥ 103,543**	**¥ —**	**¥ 995**	**¥ 995**

*Fair value of forward exchange contracts is calculated based on forward exchange market rate.

(b) Derivative transactions — hedge accounting applied

(1) Currency-related transactions

			Yen (millions)		
			2017		
Hedge accounting method	Type of derivatives	Hedged item	Contract amount	Amount of contract due after one year	Fair value
Principle-based accounting	Forward exchange contracts				
	Sell	Accounts receivable-trade			
	U.S. dollar		¥ 57,572	¥ —	¥ 492
	Euro		6,707	—	109
	Australian dollar		589	—	4
	Mexican peso		559	—	(49)
	Russian rouble		168	—	(24)
	Thai baht		64	—	(0)
	New Zealand dollar		42		1
	Buy	Accounts payable-trade			
	U.S. dollar		89,787	—	(299)
	Japanese yen		356	—	(7)
	Euro		143	—	(0)
Deferral hedge accounting	Forward exchange contracts				
	Sell	Accounts receivable-trade			
	U.S. dollar		54,264	—	(1,857)
	Thai baht		60	—	(0)
	Buy	Accounts payable-trade			
	U.S. dollar		16,465	—	59
Total			¥ 226,785	¥ —	¥ (1,570)

*Fair value of forward exchange contracts is calculated based on forward exchange market rate.

			Yen (millions)		
			2018		
Hedge accounting method	Type of derivatives	Hedged item	Contract amount	Amount of contract due after one year	Fair value
Principle-based accounting	Forward exchange contracts				
	Sell	Accounts receivable-trade			
	U.S. dollar		¥ 49,595	¥ —	¥ 1,342
	Euro		8,415	—	45
	Pound sterling		2,905	—	(20)
	Swedish krona		870	—	(3)
	Canadian dollar		570	—	(3)
	Swiss franc		381	—	—
	Australian dollar		324	—	(0)
	Danish krone		223	—	(0)
	Norwegian krone		196	—	(1)
	Russian rouble		155	—	(0)
	Polish zloty		150	—	(1)
	Czech koruna		150	—	(0)
	New Zealand dollar		146	—	(0)
	Thai baht		100	—	(1)
	Hungarian forint		77	—	—
	Buy	Accounts payable-trade			
	U.S. dollar		131,847	—	(4,077)
	Japanese yen		6	—	—
Deferral hedge accounting	Forward exchange contracts				
	Sell	Accounts receivable-trade			
	U.S. dollar		117,503	—	4,573
	Euro		0	—	(0)
	Buy	Accounts payable-trade			
	U.S. dollar		55,997	—	(2,736)
Total			¥ 369,621	¥ —	¥ (885)

*Fair value of forward exchange contracts is calculated based on forward exchange market rate.

(2) Interest rate-related transactions

There were no interest rate swaps as of March 31, 2017.

			Yen (millions)		
			2018		
Hedge accounting method	Type of derivatives	Hedged item	Contract amount	Amount of contract due after one year	Fair value
Principle-based accounting	Interest rate swaps	Long-term loans payable			
	Pay fixed/receive floating		¥ 30,000	¥ 30,000	¥ (263)
Total			¥ 30,000	¥ 30,000	¥ (263)

*Fair value of interest rate swaps is calculated based on the asking price offered by the financial institutions with which the Company enters into such transactions.

11. Bonds Payable, Loans Payable and Lease Obligations

(a) Bonds payable

Bonds payable as of March 31, 2017 and 2018 consisted of the following:

	Yen (millions)	
	2017	**2018**
2.068% unsecured straight bonds, the date of maturity on March 19, 2019	¥ 10,000	**¥ 10,000**
1.604% unsecured straight bonds, the date of maturity on September 13, 2019	30,000	**30,000**
	¥ 40,000	**¥ 40,000**

The aggregate annual maturities of bonds payable as of March 31, 2018 were as follows:

Years ending March 31	Yen (millions)
2019	¥ 10,000
2020	30,000
2021	—
2022	—
2023	—
2024 and thereafter	—

(b) Loans payable and lease obligations

Loans payable and lease obligations as of March 31, 2017 and 2018 consisted of the following:

	Yen (millions)	
	2017	**2018**
Short-term loans payable with the following interest rates 0.6% as of March 31, 2017 and 0.8% as of March 31, 2018	¥ 93,232	**¥ 59,818**
Current portion of long-term loans payable with the following interest rates 1.8% as of March 31, 2017 and 1.9% as of March 31, 2018	20,302	**21,438**
Current portion of lease obligations with the following interest rates 6.2% as of March 31, 2017 and 5.5% as of March 31, 2018	5,465	**4,279**
Long-term loans payable (except portion due within one year) with the following interest rates 0.5% as of March 31, 2017 and 0.4% as of March 31, 2018	490,333	**507,027**
Lease obligations (except portion due within one year) with the following interest rates 4.4% as of March 31, 2017 and 3.1% as of March 31, 2018	8,109	**5,219**
	¥ 617,444	**¥ 597,783**

Interest rates shown are weighted average interest rates for the balance outstanding as of March 31, 2017 and 2018 respectively.

The aggregate annual maturities of long-term loans payable (except portion due within one year) as of March 31, 2018 were as follows:

Years ending March 31	Yen (millions)
2020	¥ 1,258
2021	784
2022	363
2023	156
2024 and thereafter	504,464

The aggregate annual maturities of lease obligations (except portion due within one year) as of March 31, 2018 were as follows:

Years ending March 31	Yen (millions)
2020	¥ 2,700
2021	791
2022	245
2023	116
2024 and thereafter	1,365

12. Defined benefit pension plans

(a) Overview of the applied pension plans

The Company and its domestic consolidated subsidiaries have primarily a trustee non-contributory defined benefit pension plan for their employees to supplement a governmental welfare pension plan. Certain overseas consolidated subsidiaries primarily have defined contribution pension plans and lump-sum retirement benefit plans.

(b) Reconciliations of the defined benefit obligations

Reconciliations of the defined benefit obligations of the Company and its consolidated subsidiaries as of March 31, 2017 and 2018 consisted of the following:

	Yen (millions)	
	2017	**2018**
Defined benefit obligation at beginning of year	¥ 359,041	**¥ 351,120**
Service cost	11,631	**10,986**
Interest cost	3,230	**3,250**
Actuarial loss (gain)	3,627	**(2,863)**
Benefits paid	(22,292)	**(17,721)**
Increase from newly consolidated subsidiaries	—	**972**
Other	(2,343)	**2,007**
Foreign currency exchange rate changes	(1,772)	**1,431**
Defined benefit obligation at end of year	¥ 351,120	**¥ 349,184**

(c) Reconciliations of the fair value of plan assets

Reconciliations of the fair value of plan assets of the Company and its consolidated subsidiaries as of March 31, 2017 and 2018 consisted of the following:

	Yen (millions)	
	2017	**2018**
Fair value of plan assets at beginning of year	¥ 243,921	**¥ 241,345**
Expected return on plan assets	7,676	**6,915**
Actuarial gain	1,607	**2,434**
Employer contribution	13,121	**13,690**
Benefits paid	(22,038)	**(17,293)**
Increase from newly consolidated subsidiaries	—	**858**
Other	(985)	**1,134**
Foreign currency exchange rate changes	(1,957)	**1,784**
Fair value of plan assets at end of year	¥ 241,345	**¥ 250,869**

(d) Reconciliations of the defined benefit obligation and the fair value of the plan assets and the amount recognized in the consolidated balance sheets

Reconciliations of the defined benefit obligation and the fair value of the plan assets and the amount recognized in the consolidated balance sheets as of March 31, 2017 and 2018 consisted of the following:

	Yen (millions)	
	2017	**2018**
Funded defined benefit obligation at end of year	¥ 346,127	**¥ 343,869**
Fair value of plan assets at end of year	(241,345)	**(250,869)**
Funded status at end of year	104,782	**93,000**
Unfunded defined benefit obligation at end of year	4,992	**5,314**
Total net defined benefit liability	¥ 109,774	**¥ 98,314**
Net defined benefit liability	110,074	**101,101**
Net defined benefit asset	(299)	**(2,786)**
Total net defined benefit liability	¥ 109,774	**¥ 98,314**

(e) Expenses for the net defined benefit liability

Expenses for the net defined benefit liability of the Company and its consolidated subsidiaries for the years ended March 31, 2017 and 2018 consisted of the following:

	Yen (millions)	
	2017	**2018**
Service cost	¥ 11,631	**¥ 10,986**
Interest cost	3,230	**3,250**
Expected return on plan assets	(7,676)	**(6,915)**
Amortization of net actuarial loss	14,554	**11,968**
Amortization of past service cost	(7,531)	**(44)**
Other	(197)	**105**
Total expenses for the net defined benefit liability	¥ 14,010	**¥ 19,350**

(f) Amounts recognized in remeasurements of defined benefit plans (other comprehensive income)

Amounts recognized in remeasurements of defined benefit plans (other comprehensive income) for the years ended March 31, 2017 and 2018 before the effect of income taxes consisted of the following:

	Yen (millions)	
	2017	**2018**
Past service cost	¥ (7,508)	**¥ 11**
Net actuarial gain	12,528	**17,457**
Total	¥ 5,020	**¥ 17,468**

(g) Amounts recognized in remeasurements of defined benefit plans (accumulated other comprehensive income)

Amounts recognized in remeasurements of defined benefit plans (accumulated other comprehensive income) as of March 31, 2017 and 2018 before the effect of income taxes consisted of the following:

	Yen (millions)	
	2017	**2018**
Unrecognized past service cost	¥ 47	**¥ 36**
Unrecognized net actuarial loss	102,034	**85,336**
Total	¥ 102,082	**¥ 85,373**

(h) Classification of the fair value of plan assets

Classification of the fair value of plan assets of the Company and its consolidated subsidiaries as of March 31, 2017 and 2018 consisted of the following:

	2017	**2018**
Bonds	25%	**26%**
Equity securities	20%	**19%**
Cash and cash equivalents	7%	**5%**
Life insurance company general accounts	15%	**13%**
Alternatives	25%	**27%**
Other	8%	**10%**
Total	100%	**100%**

Alternatives mainly consisted of investments in hedge funds.

(i) Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(j) Actuarial assumptions

	2017	**2018**
Discount rate	mainly 0.5%	**mainly 0.5%**
Long-term expected rate of return	mainly 3.0%	**mainly 2.7%**

In addition, the cost recognized for the defined contribution pension plans was ¥1,186 million for the year ended March 31, 2017 and ¥906 million for the year ended March 31, 2018.

13. Stock Options

(a) Expensed amount and account

The expensed amount and account for the years ended March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Selling, general and administrative expenses	¥ —	**¥ 98**

(b) Description, size and changes of stock options

(1) Description of stock option

	First stock options (resolved on April 19, 2017)	Second stock options (resolved on September 26, 2017)
Grantee categories and numbers of grantees	5 directors of the Company 43 employees of the Company	7 directors of the Company 22 employees of the Company
Number of stock options by class of shares (Note 1)	81,100 common shares	45,300 common shares
Grant date	April 21, 2017	September 28, 2017
Vesting conditions	See (Note 2)	See (Note 2)
Service period	From April 21, 2017 to April 20, 2019	From September 28, 2017 to September 27, 2019
Exercise period	From April 21, 2019 to April 21, 2024	From September 28, 2019 to September 28, 2024

(Note 1) Equivalent number of shares has been described instead of the number of stock options. The Company performed a share consolidation at a ratio of 10 shares to 1 share on October 1, 2017. Figures shown above are the number of shares after the conversion.

(Note 2) Eligible persons shall be directors, executives, audit & supervisory board members or employees of the Company, or the Company's subsidiaries and affiliates at the time of the exercise. However, the grantees can exercise their stock options without satisfying the above conditions in case that it is agreed in writing at the Board of Directors meeting considering various factors.

(2) Size and changes of stock options

Stock options that existed for the year ended March 31, 2018 were as follows:

i) Number of stock options

	First stock options (resolved on April 19, 2017)	Second stock options (resolved on September 26, 2017)
Unvested stock options (shares) (Note 3)		
Balance on March 31, 2017	—	—
Granted	81,100	45,300
Nullified	—	—
Vested	—	—
Balance on March 31, 2018	81,100	45,300
Vested stock options (shares) (Note 3)		
Balance on March 31, 2017	—	—
Vested	—	—
Exercised	—	—
Nullified	—	—
Balance on March 31, 2018	—	—

(Note 3) Equivalent number of shares has been described instead of the number of stock options. The Company performed a share consolidation at a ratio of 10 shares to 1 share on October 1, 2017. Figures shown above are the number of shares after the conversion.

ii) Unit price

	Yen		
	First stock options (resolved on April 19, 2017)		Second stock options (resolved on September 26, 2017)
Exercise price		¥ 4,120	¥ 3,400
Weighted-average share price at exercise		—	—
Fair value at the grant date	(74,100 shares)	1,970	1,570
	(7,000 shares)	2,110	

The Company performed a share consolidation at a ratio of 10 shares to 1 share on October 1, 2017. Figures shown above are the number of shares after the conversion.

(c) Estimation method of fair value of stock options

The fair value of the first and second stock options granted in the year ended March 31, 2018 were estimated as follows:

i) Valuation method: Black-Scholes model

ii) Major basic figures and estimation method

	First stock options (resolved on April 19, 2017)		Second stock options (resolved on September 26, 2017)
Share price volatility (Note 4)	(74,100 shares) (7,000 shares)	60.50% 61.97%	57.80%
Expected remaining life (Note 5)	(74,100 shares) (7,000 shares)	4.5 years 5.0 years	4.5 years
Expected dividend (Note 6)		¥ 0 per share	¥ 0 per share
Risk-free interest rate (Note 7)	(74,100 shares) (7,000 shares)	(0.170%) (0.165%)	(0.110%)

(Note 4) Calculated based on the actual share price over the following periods which corresponds to the expected remaining life.

First stock options	(74,100 shares)	4.5 years from October 20, 2012 to April 21, 2017
	(7,000 shares)	5.0 years from April 20, 2012 to April 21, 2017
Second stock options	(45,300 shares)	4.5 years from March 25, 2013 to September 18, 2017

(Note 5) Estimated to be the period from the date of calculation to the middle points of the exercise periods since the period until the exercise date cannot be reasonably estimated, and the following dates have been picked up as the middle points of the exercise periods since stock options can be exercised gradually.

First stock options	(74,100 shares)	October 20, 2021
	(7,000 shares)	April 21, 2022
Second stock options	(45,300 shares)	March 28, 2022

(Note 6) Estimated as zero Japanese yen based on the actual dividend for the year ended March 31, 2017.

(Note 7) The yield of Japanese Government bond over the corresponding period of the expected remaining life is applied.

(d) Estimation method of the number of vested stock options

The method used is to deduct only the number of actual nullified stock options as the estimation method of the number of vested stock options since the reasonbale estimation of future nullified number of stock options is difficult.

14. Income Taxes

The Company is subject to a number of different income taxes which, in the aggregate, indicate a statutory tax rate in Japan of approximat 30.6% for the years ended March 31, 2017 and 2018. The Company and its wholly owned domestic subsidiaries have adopted the consolidated tax return system of Japan. The significant differences between the statutory tax rate and the effective tax rate for financial statement purposes for the year ended March 31, 2018 were as follows:

	2017	**2018**
Statutory tax rate	—	**30.6%**
Foreign withholding tax	—	**4.1**
Income taxes for prior periods	—	**3.9**
Decrease in deferred tax assets due to change of federal tax rate in U.S.A.	—	**2.1**
Net decrease in valuation allowance and other	—	**(15.7)**
Differences in normal tax rates of overseas subsidiaries	—	**(2.6)**
Other	—	**(1.5)**
Effective tax rate	—	**20.9%**

The differences between the statutory tax rate and the effective tax rate for financial statement purposes for the year ended March 31, 2017 is not disclosed because a loss before income taxes was recorded.

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Deferred tax assets:		
Inventories	¥ 23,721	**¥ 18,731**
Accrued expenses	22,760	**21,830**
Provision for bonuses	5,887	**5,802**
Provision for sales promotion expenses	3,978	**4,119**
Valuation reserve for inventory purchase commitments	14,877	**6,496**
Net defined benefit liability	35,244	**31,246**
Buildings and structures	26,761	**23,597**
Machinery, equipment and vehicles	7,666	**3,225**
Software	5,261	**4,731**
Long-term prepaid expenses	13,048	**11,485**
Loss carried forward	319,765	**355,256**
Other	50,177	**49,377**
Gross deferred tax assets	529,150	**535,899**
Valuation allowance	(502,548)	**(515,147)**
Total deferred tax assets	¥ 26,601	**¥ 20,752**
Deferred tax liabilities:		
Retained earnings appropriated for tax allowable reserves	¥ (2,100)	**¥ (2,067)**
Valuation difference on available-for-sale securities	(6,412)	**(7,466)**
Other	(4,508)	**(2,848)**
Total deferred tax liabilities	¥ (13,021)	**¥ (12,382)**
Net deferred tax assets	¥ 13,580	**¥ 8,369**

Net deferred tax assets as of March 31, 2017 and 2018 were included in the consolidated balance sheets as follows:

	Yen (millions)	
	2017	**2018**
Other (Current assets)	¥ 8,540	**¥ 6,544**
Other (Investments and other assets)	13,879	**12,383**
Other (Current liabilities)	(115)	**(470)**
Other (Non-current liabilities)	(8,723)	**(10,087)**
Net deferred tax assets	¥ 13,580	**¥ 8,369**

The Tax Cuts and Jobs Act was enacted in the U.S.A. on December 22, 2017. Under the Act, the federal corporate income tax rate was reduced from 35% to 21% effective from January 1, 2018, and the Company's consolidated subsidiaries in the U.S.A. recalculated their deferred tax assets and deferred tax liabilities based on the new tax rate. Due to this tax rate change, net deferred tax assets decreased by ¥2,529 million and remeasurements of defined benefit plans decreased by ¥727 million, while foreign currency translation adjustments increased by ¥78 million and deferred income tax for the year ended March 31, 2018 increased by ¥1,879 million.

15. Business Combinations

The main business combination conducted during the year ended March 31, 2017 was as follows:

Business combination by means of acquisition

(a) Overview of business combination

(1) Corporate name and field of business of the acquired company

Corporate name

Skytec UMC LTD ("SUMC")

Field of business

Manufacturing and sales of TVs

(2) Main reason for conducting business combination

To promote the manufacturing and sale of Sharp brand products and services, and to enhance the Sharp brand in Europe.

(3) Date of business combination

February 22, 2017

(4) Legal form of business combination

Acquisition of equity for cash consideration

(5) Corporate name after business combination

SUMC

(6) Ratio of acquired voting rights

56.7%

(7) Basis for identifying the acquiring company

The Company acquired equity of SUMC for cash consideration.

(b) Period of operating performance of the acquired company included in the consolidated financial statements

Results from the operating performance of the acquired company were not included in the consolidated statements of operations, because the deemed acquisition date was March 31, 2017.

(c) Details of the acquisition costs for the acquired company

	Yen (millions)
Consideration for the acquisition: amount of investment in SUMC as of the date of business combination	**¥ 10,224**
Total acquisition costs	**¥ 10,224**

(d) Details of other costs directly incurred as part of the acquisition

¥71 million mainly for advisory fees.

(e) Amount of generated goodwill, reason for generation of goodwill, goodwill amortization method and period

(1) Amount of generated goodwill

¥6,912 million

The amount of goodwill that occurred from the event has been tentatively calculated because the distribution of acquisition costs has not been completed.

(2) Reason for generation of goodwill

Due to expected excess earning power as a result of business expansion in the future.

(3) Goodwill amortization method and period

The Company will estimate the period during which the goodwill will have effect, and will amortize the goodwill equally over the determined period.

(f) Allocation of acquisition costs

As of March 31, 2017, the Company has not completed the identification and calculation of the fair value of identifiable assets and liabilities as of the business combination date and allocation of the acquisition costs. Therefore, they have been tentatively determined based on the information available at the time, which have been finalised without any retrospective adjustment made to provisional amounts at March 31, 2018.

(g) Amounts and details of assets accepted and liabilities assumed on the date of the business combination

	Yen (millions)
Current assets	**¥ 20,655**
Non-current assets	**4,666**
Total assets	**¥ 25,322**
Current liabilities	**19,369**
Non-current liabilities	**112**
Total liabilities	**¥ 19,482**
Non-controlling interests	**¥ 2,529**

(h) Estimated amount of impact on the consolidated statements of operations for the year ended March 31, 2017 assuming that the business combination had been completed as of the beginning of the year

	Yen (millions)
Net sales	**¥ 36,037**
Operating profit	**(759)**
Ordinary profit	**(1,150)**
Loss before income taxes	**(1,150)**
Loss attributable to owners of parent	**(459)**
Loss per share (Yen)	**(0.10)**

The amount of impact above is estimated based on the statement of operations of SUMC for the year ended March 31, 2017.

The estimated amounts have not been audited.

The main business combination conducted during the year ended March 31, 2018 was as follows:

Transaction under common control

(a) Overview of the transaction

(1) Corporate name and field of business

Business name

Business of Smart Homes, Smart Business Solutions and Advance Display Systems in Japan

Field of business

Sales and after-sales service of consumer products and information products (digital MFPs and others)

(2) Date of business combination

October 1, 2017

(3) Legal form of business combination

An absorption-type merger

Surviving company

Company name: Sharp Business Solutions Corporation (the Company's wholly owned consolidated subsidiary)

Absorbed company

Company name: Sharp Electronics Marketing Corporation (the Company's wholly owned consolidated subsidiary)

Sharp Engineering Corporation (the Company's wholly owned consolidated subsidiary)

(4) Company name after business combination
Sharp Marketing Japan Corporation

(5) Objective of business combination
Merger objectives include integration of common operations, sharing of collective know-how and sales channels, and development of an efficient operating model spanning from sales to after-sales service. In addition, the Company intend to accelerate the business of Smart Homes and Smart Business Solutions by further strengthening the customer-oriented solution proposals process development.

(b) Overview of the accounting treatment

This transaction is treated as a transaction under common control in accordance with the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, September 13, 2013).

16. Segment Information

(a) General information about reportable segments

The Company's chief operating decision maker is its Board of Directors. The Company's reportable segments are components of the Group that engage in business activities, whose operating results are regularly reviewed by the Board of Directors when making resource allocation and performance assessment decisions, and for which discrete financial information is available.

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.

During the year ended March 31, 2017, 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 the year ended March 31, 2018.

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 as of and for the year ended March 31, 2017 is stated based on the 4 classifications under the new segmentation.

(b) Basis of measurement of reported segment sales, income or loss, segment assets and other material items

The accounting policies for the reportable segments are consistent with the Company's accounting policies used in the preparation of its consolidated financial statements. Intersegment sales and income (loss) are recognized based on properly negotiated prices.

Depreciable assets of the administration groups of the Company's headquarters are not allocated to reportable segments. However, depreciation and amortization of these assets are properly allocated to reportable segments.

(c) Information on reported segment sales, income or loss, segment assets and other material items

Segment information as of and for the years ended March 31, 2017 and 2018 was as follows:

	Yen (millions)	
	2017	**2018**
Net sales:		
Smart Homes:		
Customers	¥ 548,129	**¥ 595,132**
Intersegment	2,495	**12,858**
Total	550,624	**607,990**
Smart Business Solutions:		
Customers	310,169	**322,591**
Intersegment	7,611	**8,533**
Total	317,780	**331,125**
IoT Electronics Devices:		
Customers	387,852	**457,779**
Intersegment	25,787	**33,745**
Total	413,639	**491,525**
Advance Display Systems:		
Customers	804,489	**1,051,767**
Intersegment	37,521	**34,802**
Total	842,010	**1,086,570**
Adjustments	(73,415)	**(89,940)**
Consolidated net sales	¥ 2,050,639	**¥ 2,427,271**
Segment income (loss):		
Smart Homes	¥ 48,421	**¥ 43,723**
Smart Business Solutions	22,536	**20,142**
IoT Electronics Devices	8,055	**5,160**
Advance Display Systems	3,552	**37,041**
Adjustments	(20,109)	**(15,942)**
Consolidated operating profit	¥ 62,454	**¥ 90,125**
Segment assets:		
Smart Homes	¥ 289,896	**¥ 307,005**
Smart Business Solutions	155,744	**175,522**
IoT Electronics Devices	101,506	**226,962**
Advance Display Systems	539,443	**590,575**
Adjustments	687,091	**608,594**
Consolidated assets	¥ 1,773,682	**¥ 1,908,660**
Other material items		
Depreciation and amortization:		
Smart Homes	¥ 19,190	**¥ 17,986**
Smart Business Solutions	13,643	**14,025**
IoT Electronics Devices	5,559	**19,483**
Advance Display Systems	24,718	**21,057**
Adjustments	4,515	**2,056**
The amount presented in consolidated financial statements	¥ 67,627	**¥ 74,610**

	Yen (millions)	
	2017	**2018**
Amortization of goodwill:		
Smart Homes	¥ —	**¥ —**
Smart Business Solutions	1,493	**1,481**
IoT Electronics Devices	—	**—**
Advance Display Systems	—	**1,043**
Adjustments	—	**—**
The amount presented in consolidated financial statements	¥ 1,493	**¥ 2,525**
Investments in nonconsolidated subsidiaries and affiliates accounted for using the equity method:		
Smart Homes	¥ 184	**¥ 211**
Smart Business Solutions	—	**—**
IoT Electronics Devices	—	**—**
Advance Display Systems	42,308	**39,825**
Adjustments	34,954	**35,119**
The amount presented in consolidated financial statements	¥ 77,448	**¥ 75,157**
Increase in property, plant, equipment and intangible assets:		
Smart Homes	¥ 12,301	**¥ 10,965**
Smart Business Solutions	10,149	**17,261**
IoT Electronics Devices	18,689	**75,081**
Advance Display Systems	43,371	**40,619**
Adjustments	14,433	**1,224**
The amount presented in consolidated financial statements	¥ 98,946	**¥ 145,153**

Adjustments of segment income or loss were ¥(20,109) million and ¥(15,942) million for the years ended March 31, 2017 and 2018, respectively, and comprised elimination of intersegment transactions and corporate expenses not allocated to each reportable segment.

Elimination of intersegment transactions for segment income (loss) were ¥1,139 million and ¥61 million, respectively. Corporate expenses not allocated to each reportable segment were ¥(20,731) million and ¥(13,709) million for the years ended March 31, 2017 and 2018, respectively.

Corporate expenses were mainly attributable to basic R&D expenses and expenses related to the administrative groups of the Company's headquarters.

Adjustments of segment assets were ¥687,091 million and ¥608,594 million as of March 31, 2017 and 2018, respectively, and comprised elimination of intersegment transactions and corporate assets not allocated to each reportable segment.

Elimination of intersegment transactions for segment assets were ¥(7,075) million and ¥(5,968) million, respectively. Corporate assets not allocated to each reportable segment were ¥694,166 million and ¥614,562 million as of March 31, 2017 and 2018, respectively.

Corporate assets not allocated to each reportable segment were attributable mainly to cash and deposits, the Company's investment securities, and depreciable assets related to the Company's R&D groups as well as the administrative groups of the Company's headquarters.

Adjustments of investments in nonconsolidated subsidiaries and affiliates accounted for using the equity method were ¥34,954 million and ¥35,119 million as of March 31, 2017 and 2018, respectively, and mainly comprised investments in Sharp Finance Corporation.

Adjustments of increase in property, plant, equipment and intangible assets were ¥14,433 million and ¥1,224 million for the years ended March 31, 2017 and 2018, respectively, and mainly comprised increases in the Company's R&D groups, and the administrative groups of the Company's headquarters. The reacquisition of the Tanabe Building was included in the adjustments of increase in property, plant, equipment and intangible assets for the year ended March 31, 2017 as well.

Depreciation and amortization includes the amortization of long-term prepaid expenses.

Increase in property, plant, equipment and intangible assets includes the increase in long-term prepaid expenses.

(d) Related information

(1) Net sales by product/service

Net sales by product/service for the years ended March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Net sales to outside customers:		
LCD modules	¥ 569,529	**¥ 660,479**
LCD color TVs	231,025	**367,014**
Sensing devices	340,087	**392,402**
Other	909,996	**1,007,375**
Total	¥ 2,050,639	**¥ 2,427,271**

Changes in presentation method:

"Office solution" which was separately presented in the year ended March 31, 2017, has been included in "Other", since its financial significance has decreased in the year ended March 31, 2018.

Since the net sales of "Sensing device", which was included in "Other" in the year ended March 31, 2017, exceeded 10% of the consolidated net sales due to the change in grouping of the products, it has been separately presented.

As a result, ¥214,517 million of "Office solution" and ¥1,035,566 million of "Other" for the year ended March 31, 2017 has been reclassified as ¥340,087 million of "Sensing device" and ¥909,996 million of "Other".

Also the name of "LCD" has been changed to "LCD modules".

(2) Net sales by region/country

Net sales by region/country for the years ended March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Net sales:		
Japan	¥ 654,012	**¥ 656,144**
China	900,759	**1,117,883**
Other	495,866	**653,243**
Total	¥ 2,050,639	**¥ 2,427,271**

Net sales are classified according to regions or countries where customers are located.

(3) Property, plant and equipment by region/country

Property, plant and equipment by region/country as of March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Property, plant and equipment, at cost less accumulated depreciation:		
Japan	¥ 285,461	**¥ 314,799**
China	28,679	**46,003**
Other	35,473	**67,792**
Total	¥ 349,614	**¥ 428,595**

(4) Major customers and related sales amount

Major customers and related sales amount as of and for the years ended March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Net sales:		
APPLE INC.	¥ 542,068	**¥ 575,836**
Related segments:		
IoT Electronics Devices and Advance Display Systems for the years ended March 31, 2017 and 2018.		

(e) Impairment loss on fixed assets by reportable segment

Impairment loss on fixed assets by reportable segment for the years ended March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Impairment loss:		
Smart Homes	¥ 1,328	**¥ 583**
Smart Business Solutions	195	**808**
IoT Electronics Devices	2,342	**245**
Advance Display Systems	26,579	**—**
Corporate Assets and Elimination	4,221	**306**
Total	¥ 34,668	**¥ 1,943**

(f) Amortization of goodwill and unamortized balance by reportable segment

Amortization of goodwill and the unamortized balance by reportable segment as of and for the years ended March 31, 2017 and 2018 were as follows:

	Yen (millions)	
	2017	**2018**
Amortization of goodwill:		
Smart Homes	¥ —	**¥ —**
Smart Business Solutions	1,493	**1,481**
IoT Electronics Devices	—	**—**
Advance Display Systems	—	**1,043**
Corporate Assets and Elimination	—	**—**
Total	¥ 1,493	**¥ 2,525**
Balance at end of year:		
Smart Homes	¥ —	**¥ —**
Smart Business Solutions	1,922	**5,158**
IoT Electronics Devices	—	**499**
Advance Display Systems	6,912	**6,306**
Corporate Assets and Elimination	—	**—**
Total	¥ 8,834	**¥ 11,964**

(g) Gain on bargain purchase by reportable segment

For the year ended March 31, 2017 there was no gain on bargain purchase, and for the year ended March 31, 2018 gain on bargain purchase by reportable segment is omitted as it is immaterial.

17. Transactions with Related Parties

(a) Transactions with related parties

(1) Transactions between the Company and related parties

i) The Company's parent company and major corporate shareholders

Principal transactions with related parties for the year ended March 31, 2017 were omitted as they were immaterial.

Principal transactions with related parties for the year ended March 31, 2018 were as follows:

Yen (millions)

Category	Parent company
Company name	Hon Hai Precision Industry Co., Ltd.
Location	New Taipei City, Taiwan
Capital stock	173,287 million New Taiwan dollars
Details of business	Electronic manufacturing service
Holding or held ratio	26.2% held directly and 18.4% held indirectly [20.4%]
Relationship with the related party	Sales of goods from the Company; Holding a concurrent director
Detail of transaction	Sales of goods from the Company
Transaction amount	23,775
Account	Accounts receivable
Balance at end of year	20,309

Notes:

1. Transaction amounts were determined at proper prices upon negotiation.
2. The value in parentheses [ ] of "Holding or held ratio" refers to the ratio held by the entities which are regarded to exercise their voting rights in the same manner as Hon Hai Precision Industry Co., Ltd. due to a close relationship with Hon Hai Precision Industry Co., Ltd.

ii) The Company's non-consolidated subsidiaries and affiliates etc.

Principal transactions with related parties for the year ended March 31, 2017 were omitted as they were immaterial.

Principal transactions with related parties for the year ended March 31, 2018 were as follows:

Yen (millions)

Category	Affiliate
Company name	Sakai Display Products Corporation
Location	Sakai City, Osaka
Capital stock	32,485
Details of business	Development, manufacture, distribution, export and import of LCD and other displays
Holding or held ratio	24.6% holding directly
Relationship with the related party	Purchases of goods by the Company
Detail of transaction	Purchases of goods by the Company
Transaction amount	56,008
Account	Accounts payable
Balance at end of year	25,756

Notes:

1. Transaction amounts were determined at proper prices upon negotiation.
2. Consumption tax is included in the balance at end of year.

iii) The Company's directors and major individual shareholders, etc.

Principal transactions with related parties for the year ended March 31, 2017 were as follows:

Yen (millions)

Category	A company whose majority shares were owned by the Parent Company's directors and their close relatives	
Company name	SIO International Holdings limited	
Location	Cayman Islands	
Capital stock	155,100	
Details of business	Holding company	
Holding or held ratio	8.5% held directly	
Relationship with the related party	—	
Detail of transaction	Transfer of shares	Loss on transfer of shares
Transaction amount	17,170	4,175
Account	—	
Balance at end of year	—	

Notes:

1. SIO International Holdings Limited is substantially controlled by Mr. Terry Gou, the Chairman of Hon Hai Precision Industry Co., Ltd. which is the Company's parent company.
2. The Company transferred some of its shares in Sakai Display Product corporation, which is an affiliate of the Company. The transaction amount was determined based on the valuation performed by an independent organization.

Principal transactions with related parties for the year ended March 31, 2018 were omitted as they were immaterial.

(2) Transactions between the Company's consolidated subsidiaries and related parties

i) The Company's parent company or major shareholders

Principal transactions with related parties for the year ended March 31, 2017 were as follows:

Yen (millions)

Category	Parent company
Company name	Hon Hai Precision Industry Co., Ltd.
Location	New Taipei City, Taiwan
Capital stock	173,287 million New Taiwan dollars
Details of business	Electronic manufacturing service
Holding or held ratio	26.2% held directly and 18.4% held indirectly [21.5%]
Relationship with the related party	Purchases of raw materials by the Company; Holding a concurrent director
Detail of transaction	Purchases of raw materials by the Company
Transaction amount	82,536
Account	Accounts payable
Balance at end of year	46,965

Notes:

1. Transaction amounts were determined at proper prices upon negotiation.
2. The value in parentheses [ ] of "Holding or held ratio" refers to the ratio held by the entities which are regarded to exercise their voting rights in the same manner as Hon Hai Precision Industry Co., Ltd. due to a close relationship with Hon Hai Precision Industry Co., Ltd.

Principal transactions with related parties for the year ended March 31, 2018 were omitted as they were immaterial.

ii) Subsidiaries of the Company's parent company or other related companies

Principal transactions with related parties for the year ended March 31, 2017 were as follows:

Yen (millions)

Category	Subsidiaries of the Company's parent company
Company name	Zhengzhou FuLianWang Electronic Technology Co., Ltd.
Location	Zhengzhou City, China
Capital stock	80 million Chinese yuan
Details of business	Sales of Computer, Communication and Consumer electronics etc. on the Internet
Holding or held ratio	—
Relationship with the related party	Sales of goods from the Company
Detail of transaction	Sales of goods from the Company
Transaction amount	58,238
Account	Accounts receivable
Balance at end of year	35,021

Note: Transaction amounts were determined at proper prices upon negotiation.

Principal transactions with related parties for the year ended March 31, 2018 were as follows:

Yen (millions)

Category	Subsidiaries of the Company's parent	Subsidiaries of the Company's parent
Company name	Zhengzhou FuLianWang Electronic Technology Co., Ltd.	Nanjing HongFuSharp Precision Electronics Co., Ltd.
Location	Zhengzhou City, China	Nanjing City, China
Capital stock	3,130 million Chinese yuan	198 million U.S. dollars
Details of business	Sales of Computer, Communication and Consumer electronics etc. on the Internet	Manufacture of LCD TV, Projector, LCD module and other display devices etc.
Holding or held ratio	—	—
Relationship with the related party	Sales of goods from the Company	Production of the Company's goods
Detail of transaction	Sales of goods from the Company	Purchases of goods by the Company
Transaction amount	190,925	156,294
Account	Accounts receivable	Notes and accounts payable
Balance at end of year	36,755	34,359

Note : Transaction amounts were determined at proper prices upon negotiation.

(b) Information on the parent company and significant affiliates

(1) Information on the parent company

Hon Hai Precision Industry Co., Ltd. (whose stock is listed on the Taiwan Stock Exchange)

(2) Information on the significant affiliates

There was no significant affiliated company for the year ended March 31, 2018.

18. Per Share Data

Per share data as of March 31, 2017 and 2018 were as follows:

	Yen	
	2017	**2018**
Net assets per share	¥ 154.12	**¥ 267.48**
Income (loss) per share	(68.56)	**106.07**
Fully diluted income per share	—	**85.60**
	Fully diluted income per share was not presented, as loss per share was recorded despite the existence of residual securities.	

Income (loss) per share and fully diluted income per share as of March 31, 2017 and 2018 were calculated on the following basis:

	2017	**2018**
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 allocated to common shares (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 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**
Class A shares (thousands of shares)	—	**209,511**
Share acquisition rights (thousands of shares)	—	**1**
Residual securities which do not dilute income per share	Class A shares 200,000 shares	**811 share acquisition rights resolved by the Board of Directors meeting on April 19, 2017 (First share acquisition rights)**

Since dividend priority of Class C shares is equal to common shares, the number of Class C shares after considering the conversion rate to common shares is regarded as the number of "Shares equivalent to common shares".

The Company 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 assets per share, the income (loss) per share and the fully diluted income per share are calculated on the assumption that the Company conducts this consolidation at the beginning of the previous fiscal year.

19. Significant Subsequent Events

(a) Allotment of Stock Options (Share Acquisition Rights)

The Company passed a resolution at the Board of Directors meeting held on May 11, 2018, to submit a proposal at the Ordinary General Meeting of Shareholders held on June 20, 2018, that the Company be authorized to allot share acquisition rights as stock options to directors, audit & supervisory board members, executives and employees ("Officers and Employees") of the Company and its subsidiaries and affiliates in Japan (the "Company Group") and to delegate to its Board of Directors the determination of the subscription requirements of such share acquisition rights.

The proposal was approved at the Ordinary General Meeting of Shareholders.

(1) Purpose of adopting a stock option plan

The Company implemented a stock option plan that would help the Company recruit and retain human resources required for the Company's revitalization and growth, and would serve as an incentive to increase their motivation to participate in the Company Group's business management and contribute to higher performance, as well as the increased corporate value of the Company. The Company decided to continue the implementation of the plan and will issue share acquisition rights as stock options as one of the types of remuneration for Officers and Employees of the Company Group.

(2) Class and number of shares to be issued upon exercise of share acquisition rights

The class of shares to be issued upon the exercise of share acquisition rights shall be common stock of the Company, and the number of shares to be issued shall not exceed 1,000,000.

If the Company splits or consolidates its common stock, the number of shares to be issued upon the exercise of share acquisition rights shall be adjusted.

(3) Total number of share acquisition rights to be issued

No more than 10,000 units of share acquisition rights shall be issued.

100 shares shall be issued per unit of share acquisition rights; provided that, in the event of any adjustment of the number of shares stipulated in (2) above, the number of shares to be issued per unit of share acquisition rights shall be adjusted accordingly.

The date of allotment of share acquisition rights shall be determined by the Board of Directors, and the Board of Directors may allot the share acquisition rights at a plurality of times within the scope of the aforementioned limit.

(4) Cash payment for share acquisition rights

No cash payment is required for share acquisition rights.

(5) Value of assets to be contributed upon the exercise of share acquisition rights

The value of assets to be contributed upon the exercise of each share acquisition right shall be the value per share to be issued by the exercise of each share acquisition right (the "Exercise Value") multiplied by the number of shares to be issued upon the exercise of one unit of share acquisition rights.

The Exercise Value shall be the closing price on the Tokyo Stock Exchange on the day immediately prior to the date of the resolution by the Board of Directors of the Company determining the Subscription Requirements of the share acquisition rights or the closing price on the date of the allotment, whichever is higher.

If the Company splits or consolidates its common stock after the issuance of share acquisition rights, the Exercise Value shall be adjusted.

(6) Exercise period of share acquisition rights

The exercise period shall be from the date on which two years have passed from the date of allotment of the share acquisition rights to the date on which seven years have passed from the date of allotment. If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.

(7) Matters concerning increase in capital by issuing of shares upon exercise of share acquisition rights

Amount of increase in capital as a result of issuing shares upon exercise of share acquisition rights shall be half of the upper limit of capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, where any resultant fraction less than one yen shall be rounded up.

(b) The Acquisition of Company through the Acquisition of Shares

The Company has adopted a resolution to acquire 80.1% issued shares of Toshiba Client Solutions Co., Ltd (the "TCS"), a wholly owned subsidiary of Toshiba Corporation (the "Toshiba Group", including its subsidiaries and affiliates), and to make the TCS its subsidiary at a meeting of its Board of Directors held on June 5, 2018.

Due to this acquisition, the Company will succeed to the products, brands, human resources, technologies, sales channels, etc. of the personal computer business, the mobile edge computing business (*), and the drive recorder business that the TCS mainly carries on in the Toshiba Group.

(*) Note: Business focused on achieving operational efficiencies and productivity improvements by utilizing mobile devices in workplaces.

(1) Purpose of the acquisition

The Company intends to pursue mutual business growth by succeeding to those businesses successfully from the Toshiba Group and promoting collaboration with the Company's existing businesses. The purpose of the acquisition is to increase the Company's corporate value by demonstrating management and administration capacity under the new management structure.

(2) Share transferee

Toshiba Corporation

(3) Acquired company, description and size of the business

i. Acquired company

Toshiba Client Solutions Co., Ltd.

ii. Description of the business

Development, manufacture, sales, and support service for personal computers and system solution products in the domestic and overseas markets

iii. Business size

¥ 2,200 million of capital stock

(4) Acquisition schedules

i. Resolution of the Board of Directors meeting

June 5, 2018

ii. Signing of the share purchase contract

June 5, 2018

iii. Expected completion of the transfer

October 1, 2018 (planned)

(5) The shareholding situation

i. Number of shares held prior to the acquisition

0 share (0% shareholding ratio)

ii. Number of shares to be acquired and acquisition price

3,524,400 shares (80.1% shareholding ratio) and ¥ 4,005 million (estimated amount (*))

iii. Number of shares held after the acquisition

3,524,400 shares (80.1% shareholding ratio)

(*) Note: The acquisition price above is estimated based on the TCS's financial information at the end of December, 2017. Final acquisition price may be adjusted since it will be determined based on the actual value as at the point in time of the share transfer.

(c) Establishment of a "Capital Restructuring Plan", the Repurchase of Treasury Shares and Shelf Registration for Issuance of New Shares

The Company has adopted a resolution for the establishment of a "Capital Restructuring Plan" (the "Plan") which centers on the issuance of its common shares and the strengthening of its financial foundation by the repurchase of its Class A shares at a meeting of its Board of Directors held on June 5, 2018. In accordance with the Plan, the Company has adopted a resolution for matters concerning the repurchase of its Class A shares and has entered into an Agreement Concerning the Repurchase of Treasury Shares (the "Agreement") with Mizuho Bank, Ltd. and MUFG Bank, Ltd., which own the Class A shares (the "Class A Shareholders"), dated June 5, 2018. In addition, the Company filed a shelf registration statement on June 5, 2018 concerning a scheduled issuance of new shares as a part of the Plan.

(1) Background and purpose of the Plan

The Company is conducting its restructuring under a strategic alliance with Hon Hai Precision Industry Co., Ltd. and its group companies, and the business has turned towards a path of growth. The Company also recorded net profit for the year ended March 31, 2018, and declared a dividend for the first time in six years, the record date of which was March 31, 2018, after considering comprehensively its business and financial condition and its future business development.

In light of the business environment mentioned above, the Company has concluded that it is desirable and reasonable, from the viewpoint of improving the Company's corporate value and shareholder value, to implement an issuance of common shares (the "Capital Increase") and use the proceeds from the issuance to repurchase the Class A shares issued on June 30, 2015, instead of continuing to pay dividends on the Class A shares and gradually repurchasing Class A shares with the profits generated by the Company.

Based on the above conclusion, the Company, as a result of consultation with the Class A Shareholders, has reached an agreement to repurchase the Class A shares at the price obtained by deducting the paid dividends from the amount equivalent to the issue price. The Company has drawn up the Plan based on the fact that this will enable a reduction of the burden of preferred dividends and the redemption of cash to the Class A Shareholders in the future.

(2) The repurchase of treasury shares (Class A shares)

The Company intends to repurchase the Class A shares under the provisions of its articles of incorporation pursuant to Article 459, Paragraph 1 of the Companies Act for purposes such as the reduction of the burden of preferred dividends and cash consideration to the Class A Shareholders in the future.

i. Class of shares to be repurchased

Class A shares

ii. Total number of shares to be repurchased

200,000 shares

iii. Repurchase price per share

¥ 925,083.50 per share

(Note) The Company has obtained from a third-party valuation firm, Nomura Securities Co., Ltd., a report in which the value of the Class A shares is calculated (the "Valuation Report"). The Company and the Class A Shareholders have negotiated and determined the repurchase price per Class A share by comprehensively taking the results of the calculation in the Valuation Report, etc. into consideration.

iv. Total amount of the repurchase price of shares

¥185,016.7 million

v. Period during which the shares may be repurchased

From June 13, 2018 to June 12, 2019; however, the date of repurchase shall be the day that is two business days after the payment date of the Capital Increase (or a date which is agreed in writing between the Company and the Class A Shareholders).

vi. Main conditions for repurchase

The Capital Increase has been effective.

(3) Shelf registration for issuance of new shares

The Company has filed a shelf registration statement for an issuance of new shares that is planned as a part of the Plan on June 5, 2018. The scheduled issue amount is the issue amount that is scheduled if a public offering (including an offering to be made outside of Japan) would be made in the Capital Increase.

1. Class of Offered Securities	Common shares of the Company
2. Scheduled Issue Period	From the scheduled effective date of the shelf registration to the day that is one year from such scheduled effective date (from June 13, 2018 until June 12, 2019)
3. Scheduled Issue Amount	A maximum amount of ¥ 200 billion
4. Offering Method	To be determined
5. Use of Proceeds	For the repurchase of the Class A shares and the rest for capital investment and research and development, etc.
6. Underwriters	To be determined

Consolidated Subsidiaries*

(As of March 31, 2018)

Domestic:

Sharp Marketing Japan Corporation
Sharp Support & Service Corporation
Sharp Energy Solutions Corporation
Sharp Yonago Corporation
Sharp Mie Corporation
ScienBiziP Japan Co., Ltd.
Sharp Trading Corporation
Kantatsu Co., Ltd.

Overseas:

<Countries and Areas>

Sharp Electronics Corporation <New Jersey, U.S.A.>
Sharp Laboratories of America, Inc. <Washington, U.S.A.>
Sharp Electronics of Canada Ltd. <Ontario, Canada>
Sharp Corporation Mexico, S.A. de C.V. <Mexico City, Mexico>
Sharp Electronics (Europe) Limited <Middlesex, U.K.>
Sharp Business Systems UK Plc. <Wakefield, U.K.>
Sharp International Finance (U.K.) Plc. <Middlesex, U.K.>
Sharp Laboratories of Europe, Ltd. <Oxford, U.K.>
Sharp Electronics (Europe) GmbH <Hamburg, Germany>
Sharp Devices (Europe) GmbH <Munich, Germany>
Sharp Business Systems Deutschland GmbH <Cologne, Germany>
Sharp Business Systems Sverige AB <Bromma, Sweden>
Sharp Electronics (Schweiz) AG <Rüschlikon, Switzerland>
Sharp Business Systems France S.A.S. <Toulouse, France>
Sharp Manufacturing France S.A. <Soultz, France>
Sharp Electronics (Italia) S.p.A. <Milano, Italy>
Sharp Electronics Benelux B.V. <Houten, The Netherlands>
UMC Poland sp. z o.o. <Toruń, Poland>
Sharp Universal Technology (Shenzhen) Co., Ltd. <Shenzhen, China>
Sharp (China) Investment Co., Ltd. <Beijing, China>
Sharp Electronics Sales (China) Co., Ltd. <Shanghai, China>
Shanghai Sharp Electronics Co., Ltd. <Shanghai, China>
Sharp Universal Technology (Shanghai) Co., Ltd. <Shanghai, China>
Nanjing Sharp Electronics Co., Ltd. <Nanjing, China>
Sharp Office Equipments (Changshu) Co., Ltd. <Changshu, China>
Wuxi Sharp Electronic Components Co., Ltd. <Wuxi, China>
Lianyungang Kantatsu Fine Technology Co., Ltd. <Lianyungang, China>
Kanto Tatsumi Electronics (Pinghu) Co., Ltd. <Pinghu, China>
Sharp (Taiwan) Electronics Corporation <New Taipei City, Taiwan>
Sharp Electronics (Malaysia) Sdn. Bhd. <Selangor, Malaysia>
Sharp Manufacturing Corporation (M) Sdn. Bhd. <Johor, Malaysia>
S&O Electronics (Malaysia) Sdn. Bhd. <Kedah, Malaysia>
Sharp Malaysia Sales & Service Company Sdn. Bhd. <Selangor, Malaysia>
Sharp Singapore Electronics Corporation Pte. Ltd. <Singapore>
Sharp Thai Co., Ltd. <Bangkok, Thailand>
Sharp Appliances (Thailand) Ltd. <Chachoengsao, Thailand>
Sharp Manufacturing (Thailand) Co., Ltd. <Nakornpathom, Thailand>
Sharp Solar Solution Asia Co., Ltd. <Bangkok, Thailand>
P.T. Sharp Electronics Indonesia <West Jawa, Indonesia>
P.T. Sharp Semiconductor Indonesia <West Jawa, Indonesia>
Sharp (Phils.) Corporation <Manila, Philippines>
Sharp Electronics (Vietnam) Company Limited <Ho Chi Minh City, Vietnam>
Sharp Business Systems (India) Private Ltd. <New Delhi, India>
Sharp Corporation of Australia Pty. Ltd. <New South Wales, Australia>
Sharp Middle East Free Zone Establishment <Dubai, U.A.E.>

* In addition to the companies listed above, there are 32 consolidated subsidiaries.