

# Consolidated Financial Results for the Second Quarter Ended September 30, 2012

November 1, 2012

## SHARP CORPORATION

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

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

## 1. Results for the Six Months Ended September 30, 2012

### (1) Financial Results

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

|                                     | Net Sales | Percent Change | Operating Income (Loss) | Percent Change | Net Loss    | Percent Change |
|-------------------------------------|-----------|----------------|-------------------------|----------------|-------------|----------------|
| Six Months Ended September 30, 2012 | 1,104,166 | -16.0%         | ( 168,896 )             | -              | ( 387,584 ) | -              |
| Six Months Ended September 30, 2011 | 1,314,585 | -12.6%         | 33,585                  | -22.8%         | ( 39,822 )  | -              |

[Reference] Comprehensive income: September 30, 2012 ; (400,440) million yen — %  
 30, 2011 ; (61,397) million yen — %

|                                     | Net Loss per Share (Yen) | Fully Diluted Net Income per Share (Yen) |
|-------------------------------------|--------------------------|--|
| Six Months Ended September 30, 2012 | ( 352.25 )               | -  |
| Six Months Ended September 30, 2011 | ( 36.19 )                | -  |

### (2) Financial Position

Millions of Yen

|                          | Total Assets | Net Assets | Equity Ratio |
|--------------------------|--------------|------------|--------------|
| As of September 30, 2012 | 2,220,450    | 227,903    | 9.9%         |
| As of March 31, 2012     | 2,614,135    | 645,120    | 23.9%        |

[Reference] Equity: September 30, 2012 ; 219,524 million yen  
 March 31, 2012 ; 625,894 million yen

## 2. Dividends

|                                       | Dividends per Share (Yen) |             |             |          |        |
|---------------------------------------|---------------------------|-------------|-------------|----------|--------|
|                                       | 1st Quarter               | 2nd Quarter | 3rd Quarter | Year-End | Annual |
| Year Ended March 31, 2012             | -                         | 5.00        | -           | 5.00     | 10.00  |
| Year Ending March 31, 2013            | -                         | 0.00        | /           | /        | /      |
| Year Ending March 31, 2013 (Forecast) | /                         | /           | -           | 0.00     | 0.00   |

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

### **3. Forecast of Financial Results for the Year Ending March 31, 2013**

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

Millions of Yen

|                            | Net Sales | Percent Change | Operating Loss | Percent Change | Net Loss    | Percent Change | Net Loss per Share (Yen) |
|----------------------------|-----------|----------------|----------------|----------------|-------------|----------------|--------------------------|
| Year Ending March 31, 2013 | 2,460,000 | +0.2%          | ( 155,000 )    | -              | ( 450,000 ) | -              | ( 408.97 )               |

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

### **4. Other Information**

- (1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): Yes  
Excluded : Sakai Display Products Corporation  
(For more details, please refer to "(1) Changes in significant consolidated subsidiaries" of "2. Summary Information" on page 4.)

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

- (3) Changes in accounting policies and accounting estimates, and restatement
1. Changes in accounting policies arising from revision of accounting standards: Yes
  2. Changes arising from other factors: None
  3. Changes in accounting estimates: Yes
  4. Restatement: None

Note: Effective for the first quarter ended June 30, 2012, the Company and its domestic consolidated subsidiaries have changed the depreciation method. Such changes fall under "Changes in accounting policies that are difficult to distinguish from changes in accounting estimates." For more details, please refer to "(3) Changes in accounting policies and accounting estimates, and restatement" of "2. Summary Information" on page 4.

- (4) Number of shares outstanding (ordinary shares)

1. Number of shares outstanding (including treasury stock) as of September 30, 2012 ; 1,110,699,887 shares  
as of March 31, 2012 ; 1,110,699,887 shares
2. Number of shares of treasury stock as of September 30, 2012 ; 10,383,401 shares  
as of March 31, 2012 ; 10,375,562 shares
3. Average number of shares outstanding during the six months ended September 30, 2012 ; 1,100,320,074 shares  
during the six months ended September 30, 2011 ; 1,100,341,090 shares

#### Notes:

1. This financial release is not subject to audit procedures based on the Financial Instruments and Exchange Law in Japan. At the time of disclosure, audit procedures of financial statements based on the Financial Instruments and Exchange Law have not been completed.
2. This financial release contains certain statements about the future, which are based on information available and deemed reasonable to the Sharp Group at the time of announcement and are not the commitments made by the Sharp Group. Actual operating results may differ materially from the forecast due to various factors. For the assumptions and other related matters concerning financial results forecast, please refer to "(3) Qualitative Information Regarding Forecast of Consolidated Financial Results" of "1. Qualitative Information Regarding the Second Quarter Financial Results" on page 4.
3. Sharp will hold a financial results meeting on November 1, 2012. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.
4. The accompanying consolidated financial statements are a translation of the consolidated financial statements of the Sharp Group, which were prepared in accordance with accounting principles and practices generally accepted in Japan. In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan.

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

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

During the six months ended September 30, 2012, the Japanese economy saw signs of a partial recovery in company profits. However, overall conditions remained extremely severe, due to such factors as yen exchange rate appreciation and ongoing deflation.

Overseas economy showed a risk of a downward swing due mainly to a European financial crisis, deceleration of growth in United States and a slowdown in the growth of China and of emerging countries, where economies had been steadily developing.

Amid these circumstances, the Sharp Group strengthened selling original devices such as high-definition LCDs and high-efficiency monocrystalline solar cells, as well as products incorporating Plasmacluster Ion technologies. We also implemented several measures to reinforce business foundations. To be specific, we worked to achieve a proper inventory level, improve financial strength by reducing fixed assets, fixed expenses (mainly personnel expenses) and off-balance large-size LCD business, as well as secure working capital by concluding a borrowing facility of 360.0 billion yen with main financing banks. However, our business environment continued to be severe, due to drastic price drops of products and devices, production delay of new small- and medium-size LCDs in the Kameyama Plant, and worse than expected drop in sales of LCD TVs in Japan and China.

Consolidated financial results for the six months recorded net sales of 1,104.1 billion yen, a drop of 16.0% compared to the same period last year. Operating loss was 168.8 billion yen. To achieve a turnaround to operating profit from the second half, we instituted management improvement measures and drastic structural reorganization, and move ahead with the impairment of production facilities and decrease of inventories. Net loss was 387.5 billion yen, due mainly to a refusal of deferred tax assets owing to a downturn in financial performance, as well as restructuring charges mentioned above.

Operating results by product group for the six months are as follows:

#### **Consumer/Information Products**

Sales of Audio-Visual and Communication Equipment were 338.2 billion yen, down 41.8%, falling significantly short of the same period last year. Sales of LCD TVs fell drastically below the same period of the previous year. This was due mainly to decreased demand in Japan and a drop in sales in China caused by deteriorating Japan-China relations, even though sales in ASEAN and other emerging countries were healthy. Mobile phone sales also declined, due mainly to the severe competition with overseas manufacturers and the fact that supply shortages for key components caused a bottleneck.

Sales of Health and Environmental Equipment were 154.9 billion yen, up 4.9%, due mainly to sales increases of air purifiers and washing machines.

Sales of Information Equipment were 138.8 billion yen, unchanged compared to the same period in the previous year.

As a result, sales of these three product groups comprising Consumer/Information Products were 632.0 billion yen, down 27.1%.

#### **Electronic Components**

Sales of LCDs were 269.7 billion yen, up 6.4% from the same period in the previous year. This was due mainly to increased sales of large-size LCDs to external customers.

Sales of Solar Cells were 93.0 billion yen, down 15.8%. This was due mainly to shrinking demand in Europe, even though sales of mega-solar power generation projects increased in Japan.

Sales of Other Electronic Devices were 109.2 billion yen, up 31.1%. This was due mainly to a sales increase of camera modules for smartphones and tablet terminals.

As a result, sales of these three product groups comprising Electronic Components were 472.1 billion yen, up 5.5%.

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

Total assets as of September 30, 2012 were 2,220.4 billion yen, down 393.6 billion yen from March 31, 2012. This was due mainly to a decrease of inventories, and of plant and equipment, as Sakai Display Products Corporation (its corporate name was changed from Sharp Display Products Corporation on July 17, 2012) is no longer consolidated. Total liabilities were 1,992.5 billion yen, up 23.5 billion yen. This was due mainly to an

increase in short-term borrowings. Total net assets were 227.9 billion yen, down 417.2 billion yen. This was due mainly to a decrease in retained earnings.

Regarding cash flows, net cash used in operating activities was 103.7 billion yen, while net cash provided by investing activities was 27.0 billion yen. Net cash provided by financing activities was 111.0 billion yen. As a result, cash and cash equivalents at the end of the period were 220.9 billion yen, an increase of 27.1 billion yen from March 31, 2012.

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

We revised the forecast of financial results for the year ending March 31, 2013, previously announced on August 2, 2012, reflecting the results for the six months noticed in above (1) and the severer business environment than we had previously expected. For details, please refer to “Notice of Difference between Forecast and Actual Results for the Six Months Ended September 30, 2012, and Revision of Financial Results Forecast for the year ending March 31, 2013”.

## **2. Summary Information**

### **(1) Changes in significant consolidated subsidiaries**

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

Sakai Display Products Corporation (its corporate name was changed from Sharp Display Products Corporation on July 17, 2012), which was Sharp’s consolidated subsidiary, is no longer included in the scope of consolidation from the second quarter ended September 30, 2012, as Sharp’s ownership decreased due to the stock transfer to SIO International Holdings Limited and business integration (simplified absorption-type company split) of LCD color filter business operated by Toppan Printing Co., Ltd., Dai Nippon Printing Co., Ltd and DNP Color Techno Sakai Co., Ltd. at Sakai Plant into the company.

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

None

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

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

In accordance with the amendment of the Corporation Tax Law, effective from the first quarter ended June 30, 2012, Sharp and its domestic consolidated subsidiaries have changed the depreciation method for those plant and equipment acquired on or after April 1, 2012.

This change had an immaterial impact on financial statements.

## **3. Outline of material events relating to assumed going concern**

As we have announced a revision of consolidated results for the six months ended September 30, 2012 and the financial results forecast for the year ending March 31, 2013, and our rating dropped, it became difficult to issue commercial papers. As operating and net loss for the six months ended September 30, 2012 were huge, continuing from the previous year, cash flows from operating activities were negative. Therefore, there exist conditions which might raise uncertainties about Sharp being an assumed going concern. However, we judge that no uncertainties about Sharp’s ability to continue as a going concern will exist. The countermeasures described below are thought to resolve such conditions.

We will restructure business further, aiming to be a life style creating company and instituted measures to reinforce business foundations, generating cash flows by decreasing expenses including personnel expenses such as calling for voluntary retirement and cutting salaries, setting proper inventories, selling assets and reducing capital investments. As a result, we will secure the necessary credit line, supported by financial institutions, and attempt to improve business performance and regain trust by monitoring the progress of this plan and implementing it steadily.

### **3. Consolidated Financial Statements**

#### (1) Consolidated Balance Sheets

Millions of Yen

|   | As of March 31, 2012 | As of September 30, 2012 |
|---|----------------------|--------------------------|
| <b>ASSETS</b>   |                      |                          |
| Current Assets:   |                      |                          |
| Cash, time deposits, and short-term investments                           | 195,325              | 221,189                  |
| Notes and accounts receivable,<br>less allowance for doubtful receivables | 435,896              | 470,208                  |
| Inventories   | 527,483              | 325,767                  |
| Other current assets  | 262,421              | 241,924                  |
| Total current assets  | 1,421,125            | 1,259,088                |
| Plant and Equipment,<br>Less Accumulated Depreciation                     | 872,442              | 636,628                  |
| Investments and Other Assets  | 318,454              | 323,700                  |
| Deferred Assets   | 2,114                | 1,034                    |
| Total assets  | 2,614,135            | 2,220,450                |
| <b>LIABILITIES</b>  |                      |                          |
| Current Liabilities:  |                      |                          |
| Short-term borrowings, including<br>current portion of long-term debt     | 597,997              | 898,032                  |
| Notes and accounts payable  | 436,573              | 422,229                  |
| Other current liabilities   | 356,510              | 333,979                  |
| Total current liabilities   | 1,391,080            | 1,654,240                |
| Long-term Liabilities   | 577,935              | 338,307                  |
| Total liabilities   | 1,969,015            | 1,992,547                |
| <b>NET ASSETS</b>   |                      |                          |
| Owners' Equity:   |                      |                          |
| Common stock  | 204,676              | 204,676                  |
| Capital surplus   | 268,528              | 268,521                  |
| Retained earnings   | 259,937              | ( 133,149 )              |
| Less cost of treasury stock   | ( 13,876 )           | ( 13,872 )               |
| Total owners' equity  | 719,265              | 326,176                  |
| Accumulated Other Comprehensive Income:                                   |                      |                          |
| Net unrealized holding gains (losses) on securities                       | 5,610                | 544                      |
| Deferred gains (losses) on hedges   | ( 5,749 )            | ( 443 )                  |
| Foreign currency translation adjustments                                  | ( 90,305 )           | ( 103,989 )              |
| Pension liability adjustment of foreign subsidiaries                      | ( 2,927 )            | ( 2,764 )                |
| Total accumulated other comprehensive income                              | ( 93,371 )           | ( 106,652 )              |
| Minority Interests  | 19,226               | 8,379                    |
| Total net assets  | 645,120              | 227,903                  |
| Total liabilities and net assets  | 2,614,135            | 2,220,450                |

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

Millions of Yen

|   | Six Months Ended<br>September 30, 2011 | Six Months Ended<br>September 30, 2012 |
|---|--|--|
| Net Sales   | 1,314,585                              | 1,104,166                              |
| Cost of Sales   | 1,057,248                              | 1,070,026                              |
| Gross profit  | 257,337                                | 34,140                                 |
| Selling, General and Administrative Expenses              | 223,752                                | 203,036                                |
| Operating income (loss)                                   | 33,585                                 | ( 168,896 )                            |
| Other Income (Expenses)                                   |  |  |
| Interest income   | 646                                    | 522                                    |
| Rent income on noncurrent assets                          | 5,033                                  | 2,387                                  |
| Gain on sales of noncurrent assets                        | 1,840                                  | 3,871                                  |
| Gain on sales of investment securities                    | 0                                      | 311                                    |
| Interest expense  | ( 4,187 )                              | ( 5,058 )                              |
| Interest on commercial papers                             | ( 167 )                                | ( 259 )                                |
| Loss on sales and retirement of noncurrent assets         | ( 2,138 )                              | ( 8,308 )                              |
| Loss on valuation of investment securities                | 0                                      | ( 2,851 )                              |
| Loss on sales of stocks of subsidiaries and affiliates    | -                                      | ( 3,346 )                              |
| Loss on suspension of large-size LCD plant operation      | ( 25,887 )                             | 0                                      |
| Restructuring charges                                     | ( 21,586 )                             | ( 98,689 )                             |
| Settlement package  | ( 8,047 )                              | ( 15,857 )                             |
| Loss on change in equity                                  | -                                      | ( 705 )                                |
| Other, net  | ( 14,050 )                             | ( 25,977 )                             |
|   | ( 68,543 )                             | ( 153,959 )                            |
| Loss before income taxes and minority interests           | ( 34,958 )                             | ( 322,855 )                            |
| Income Taxes  |  |  |
| Current   | 11,111                                 | 6,765                                  |
| Deferred  | ( 7,778 )                              | 57,132                                 |
|   | 3,333                                  | 63,897                                 |
| Loss before minority interests                            | ( 38,291 )                             | ( 386,752 )                            |
| Minority Interests in Income of Consolidated Subsidiaries | ( 1,531 )                              | ( 832 )                                |
| Net loss  | ( 39,822 )                             | ( 387,584 )                            |

- Consolidated Statements of Comprehensive Income

Millions of Yen

|  | Six Months Ended<br>September 30, 2011 | Six Months Ended<br>September 30, 2012 |
|--|--|--|
| Loss before Minority Interests   | ( 38,291 )                             | ( 386,752 )                            |
| Other Comprehensive Income:  |  |  |
| Net unrealized holding gains (losses) on securities                                    | ( 3,553 )                              | ( 5,066 )                              |
| Deferred gains (losses) on hedges  | 1,006                                  | 5,561                                  |
| Foreign currency translation adjustments   | ( 20,745 )                             | ( 13,991 )                             |
| Pension liability adjustment of foreign subsidiaries                                   | 144                                    | 163                                    |
| Share of other comprehensive income of affiliates<br>accounted for using equity method | 42                                     | ( 355 )                                |
| Total other comprehensive income   | ( 23,106 )                             | ( 13,688 )                             |
| Comprehensive Income   | ( 61,397 )                             | ( 400,440 )                            |
| Comprehensive income attributable to:  |  |  |
| Owners of the parent   | ( 62,214 )                             | ( 400,865 )                            |
| Minority interests   | 817                                    | 425                                    |

## (3) Consolidated Statements of Cash Flows

Millions of Yen

|   | Six Months Ended<br>September 30, 2011 | Six Months Ended<br>September 30, 2012 |
|---|--|--|
| <b><u>Cash Flows from Operating Activities:</u></b>   |  |  |
| Loss before income taxes and minority interests   | ( 34,958 )                             | ( 322,855 )                            |
| Adjustments to reconcile loss before income taxes and minority interests to net cash used in operating activities – |  |  |
| Depreciation and amortization of properties and intangibles   | 126,369                                | 95,028                                 |
| Interest and dividend income  | ( 1,537 )                              | ( 1,658 )                              |
| Interest expenses and interest on commercial papers   | 4,354                                  | 5,317                                  |
| Loss on sales and retirement of noncurrent assets   | 2,138                                  | 8,308                                  |
| Impairment loss   | 0                                      | 30,136                                 |
| Loss on valuation of investment securities  | 0                                      | 2,851                                  |
| Loss on sales of stocks of subsidiaries and affiliates  | 0                                      | 3,346                                  |
| Settlement package  | 8,047                                  | 15,857                                 |
| Increase in notes and accounts receivable-trade   | ( 2,585 )                              | ( 52,239 )                             |
| Decrease (increase) in inventories  | ( 3,519 )                              | 190,838                                |
| Decrease in payables  | ( 69,957 )                             | ( 14,110 )                             |
| Other, net  | ( 38,455 )                             | ( 50,004 )                             |
| Total   | ( 10,103 )                             | ( 89,185 )                             |
| Interest and dividends received   | 1,861                                  | 1,499                                  |
| Interest paid   | ( 4,347 )                              | ( 5,242 )                              |
| Settlement package paid   | 0                                      | ( 15,857 )                             |
| Proceeds from subsidy   | -                                      | 10,000                                 |
| Income taxes paid   | ( 15,264 )                             | ( 4,995 )                              |
| <b>Net cash used in operating activities</b>  | <b>( 27,853 )</b>                      | <b>( 103,780 )</b>                     |
| <b><u>Cash Flows from Investing Activities:</u></b>   |  |  |
| Purchase of time deposits   | ( 542 )                                | ( 7 )                                  |
| Proceeds from redemption of time deposits   | 57                                     | 605                                    |
| Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation                | ( 3,558 )                              | 0                                      |
| Proceeds from sales of investments in subsidiaries and affiliates resulting in change in scope of consolidation     | 0                                      | 65,143                                 |
| Acquisitions of plant and equipment   | ( 45,911 )                             | ( 40,133 )                             |
| Proceeds from sales of plant and equipment  | 1,912                                  | 12,099                                 |
| Other, net  | ( 14,761 )                             | ( 10,678 )                             |
| <b>Net cash provided by (used in) investing activities</b>  | <b>( 62,803 )</b>                      | <b>27,029</b>                          |
| <b><u>Cash Flows from Financing Activities:</u></b>   |  |  |
| Increase in short-term borrowings, net  | 106,925                                | 155,536                                |
| Proceeds from long-term debt  | 1,686                                  | 12,872                                 |
| Repayments of long-term debt  | ( 8,635 )                              | ( 41,398 )                             |
| Dividends paid  | ( 7,709 )                              | ( 5,486 )                              |
| Other, net  | 3,423                                  | ( 10,493 )                             |
| <b>Net cash provided by financing activities</b>  | <b>95,690</b>                          | <b>111,031</b>                         |
| <b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>   | <b>( 10,941 )</b>                      | <b>( 7,147 )</b>                       |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | <b>( 5,907 )</b>                       | <b>27,133</b>                          |
| <b>Cash and Cash Equivalents at Beginning of Year</b>   | <b>241,110</b>                         | <b>193,772</b>                         |
| <b>Cash and Cash Equivalents of Newly Consolidated Subsidiaries</b>   | <b>220</b>                             | <b>4</b>                               |
| <b>Cash and Cash Equivalents at End of Period</b>   | <b>235,423</b>                         | <b>220,909</b>                         |



(4) Going Concern Assumption

None

(5) Segment information

[Information by business segment]

1 Six Months Ended September 30, 2011

i Information regarding sales and income by reportable segment

Millions of Yen

|   | Six Months Ended September 30, 2011 |
|---|-------------------------------------|
| Net Sales   |                                     |
| Consumer/Information Products                               |                                     |
| Customers   | 867,174                             |
| Intersegment  | 292                                 |
| Total   | 867,466                             |
| Electronic Components                                       |                                     |
| Customers   | 447,411                             |
| Intersegment  | 188,404                             |
| Total   | 635,815                             |
| Adjustments   | ( 188,696 )                         |
| The amount presented in Consolidated Statements of Income   | 1,314,585                           |
| Segment Income  |                                     |
| Consumer/Information Products                               | 46,125                              |
| Electronic Components                                       | 4,431                               |
| Adjustments*1   | ( 16,971 )                          |
| The amount presented in Consolidated Statements of Income*2 | 33,585                              |

Notes: 1. Adjustments of segment income of (16,971) million yen include elimination of intersegment transactions of 913 million yen and corporate expenses not allocated to each reportable segment of (17,328) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups. □  
2. Adjustments were made to reconcile segment income to operating income presented in Consolidated Statements of Income.

2 Six Months Ended September 30, 2012

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

Millions of Yen

|   | Three Months Ended June 30, 2012 |
|---|----------------------------------|
| Net Sales   |                                  |
| Consumer/Information Products                               |                                  |
| Customers   | 632,031                          |
| Intersegment  | 785                              |
| Total   | 632,816                          |
| Electronic Components                                       |                                  |
| Customers   | 472,135                          |
| Intersegment  | 114,917                          |
| Total   | 587,052                          |
| Adjustments   | ( 115,702 )                      |
| The amount presented in Consolidated Statements of Income   | 1,104,166                        |
| Segment Income (loss)                                       |                                  |
| Consumer/Information Products                               | 3,125                            |
| Electronic Components                                       | ( 151,636 )                      |
| Adjustments*1   | ( 20,385 )                       |
| The amount presented in Consolidated Statements of Income*2 | ( 168,896 )                      |

Notes: 1. Adjustments of segment income of (20,385) million yen include elimination of intersegment transactions of 401 million yen and corporate expenses not allocated to each reportable segment of (20,359) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups. □  
2. Adjustments were made to reconcile segment income (loss) to operating loss presented in Consolidated Statements of Income.

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

An impairment loss on Sharp Corporation and its overseas consolidated subsidiary's facilities mainly for solar cell production was recorded in Electronic Components segment, owing to structural reorganization in solar cell and other businesses.

The amount of impairment loss was 30,136 million yen in the six months ended September 30, 2012, which was included in restructuring charges in Consolidated Statements Income.

(6) Significant Changes in Owners' Equity

None

## (7) Business Divestiture

### Three months ended September 30, 2012

The Company entered into an agreement to execute capital and business alliance with four companies of the Hon Hai Group on March 27, 2012.

In association with the above capital and business alliance, the Company has transferred a part of shares of its owned subsidiary, Sharp Display Products Corporation (“SDP”), to SIO International Holdings Limited, an investment company of Mr. Terry Tai-Ming Gou, the representative of Hon Hai Precision Industry Co., Ltd (“Hon Hai”).

Furthermore, the Company, Toppan Printing Co., Ltd. (“Toppan”) and Dai Nippon Printing Co., Ltd. (“DNP”) executed a basic agreement on April 10, 2012, with regard to the business integration of the LCD color filter businesses operated by Toppan, DNP and DNP’s wholly owned subsidiary, DNP Color Techno Sakai Co., Ltd. (“DNP Color Techno Sakai”) at the Sakai Plant, into SDP, and conducted deliberations on concrete issues.

The Company resolved at its board of directors meeting held on May 24, 2012 to execute business integration agreements with Toppan and DNP respectively and transfer the LCD color filter businesses at the Sakai Plant operated by Toppan, DNP and DNP Color Techno Sakai, to SDP in the manner of a simplified absorption-type company split. In August 11, the simplified absorption-type company split came into effect.

### 1. Outline of business divestitures

#### (1) Name of parties who succeed the divested business

SIO International Holdings Limited, Toppan Printing Co., Ltd., Dai Nippon Printing Co., Ltd and DNP Color Techno Sakai Co., Ltd.

#### (2) Nature of divested business

Development, production and sales of LCD panels

#### (3) Aim of business divestiture

With the efforts such as 1) promotion of the enhancement of cost competitiveness and profit performance through maintaining a high facility operation rate of SDP by making practical use of Hon Hai’s purchasing power and 2) integration of the LCD color filter businesses, the Company is seeking to promote further efficiency of the large-size LCD business including the businesses of color filters, the primary component of LCD panels, as well as to achieve improvement of the competitiveness of such businesses.

#### (4) Date of business divestiture

[1] Transfer of shares July 12, 2012

[2] Simplified absorption-type company split August 11, 2012

#### (5) Other items with regard to outline of transactions which include description of legal form

##### [1] Transfer of shares

The Company will receive only assets such as cash as consideration for the transfer of shares.

##### [2] Absorption-type company split

The method to be employed is a simplified absorption-type company split which designates Toppan, DNP and DNP Color Techno Sakai as split companies and SDP as their succeeding company.

## 2. Outline of accounting method

### (1) Transfer profit and loss

|   |                   |
|---|-------------------|
| -Loss on sales of stocks of subsidiaries and affiliates | 3,346 million yen |
| -Loss on change in equity                               | 705 million yen   |

### (2) Appropriate book value of the assets and liabilities transferred and its main items

|                        |                     |
|------------------------|---------------------|
| -Current assets        | 43,461 million yen  |
| -Noncurrent assets     | 177,915 million yen |
| -Deferred assets       | 590 million yen     |
| -Total assets          | 221,966 million yen |
| -Current liabilities   | 77,297 million yen  |
| -Long-term liabilities | 5,941 million yen   |
| -Total liabilities     | 83,238 million yen  |

### (3) Accounting method

The difference between the amount received as a value of transferred business and the amount of owner's equity regarding the transferred business is recognized as transfer profit or loss. This accounting method is assuming that the investment regarding transferred business of development, production and sales of LCD panels, is liquidated.

## 3. The name of reportable segment in which transferred business was included

Electronic Components segment

## 4. Estimated amount of profit and loss regarding divested business, which was recorded in consolidated financial results for six months ended September 30, 2012

|                   |                 |
|-------------------|-----------------|
| -Net sales        | — million yen   |
| -Operating income | 107 million yen |

## 5. Outline of ongoing commitment

-Purchase of LCD displays from SDP and temporary transfer of employees to SDP

As of July 17, 2012, Sharp Display Products Corporation has changed its corporate name to Sakai Display Products Corporation.

## (8) Additional Information

### Issuance of New Shares through Third-party Allotment Associated with Business Alliance

Sharp (“the Company”) resolved the issuance of new shares through a third-party allotment (collectively the “Capital Increase through Third-party Allotment”) to four companies of the Hon Hai Group at its board of directors meeting held on March 27, 2012. The outline of the Capital Increase through Third-party Allotment is as follows.

#### 1. Outline of Offering

|  |  |
|--|--|
| (1) Terms of Payment   | May 31, 2012 through March 26, 2013  |
| (2) Number of New Shares to be Issued                          | 121,649,000 ordinary shares  |
| (3) Issue Price  | 550 yen per share  |
| (4) Total Amount of Issue Price                                | 66,906,950,000 yen   |
| (5) Amount of Capital to be Increased                          | 33,453,475,000 yen   |
| (6) Amount of Capital Reserve to be Increased                  | 33,453,475,000 yen   |
| (7) Method of Subscription or Allotment<br>(Expected Allottee) | Third-party allotment<br>Hon Hai Precision Industry Co., Ltd. 50,000,000 shares<br>FOXCONN TECHNOLOGY Co., Ltd 8,029,000 shares<br>FOXCONN (FAR EAST) Limited 31,143,000 shares<br>Q-Run Holdings Limited 32,477,000 shares  |
| (8) Others   | Payment is to be made promptly after permits and approvals from the relevant authorities of countries necessary to implement the Capital Increase Through Third-Party Allotment (notification to and permission from the competition authorities of relevant countries with respect to business combination) are obtained. |

Notes: Issue Price means the amount paid pursuant to the Company Act.

#### 2. Purpose of Offering

The Company resolved the capital and business alliance with the Hon Hai Group to realize vertical integration on global level and to reinforce global competitiveness, through a synergy effect between the parties mainly in fiercely-competitive digital products.

#### 3. Intended Use of Proceeds

The proceeds are intended for enhancement and rationalization of manufacturing facilities of LCD related to mobile devices as well as introduction of new technology of LCD, and others.

## 5. Supplementary Data

### (1) Consolidated Sales by Product Group

Millions of Yen

|  | Six Months Ended<br>September 30, 2011 |       | Six Months Ended<br>September 30, 2012 |       | Increase<br>Decrease | Percent<br>Change |
|--|--|-------|--|-------|----------------------|-------------------|
|  | Amount                                 | Ratio | Amount                                 | Ratio |                      |                   |
|  |  | %     |  | %     |                      | %                 |
| Audio - Visual and<br>Communication<br>Equipment | 580,731                                | 44.2  | 338,233                                | 30.6  | - 242,498            | -41.8             |
| Health and<br>Environmental<br>Equipment         | 147,683                                | 11.2  | 154,939                                | 14.0  | + 7,256              | +4.9              |
| Information Equipment                            | 138,760                                | 10.6  | 138,859                                | 12.6  | + 99                 | +0.1              |
| Consumer/Information<br>Products                 | 867,174                                | 66.0  | 632,031                                | 57.2  | - 235,143            | -27.1             |
|  |  |       |  |       |                      |                   |
| LCDs   | 253,497                                | 19.3  | 269,772                                | 24.5  | + 16,275             | +6.4              |
| Solar Cells                                      | 110,559                                | 8.4   | 93,085                                 | 8.4   | - 17,474             | -15.8             |
| Other Electronic Devices                         | 83,355                                 | 6.3   | 109,278                                | 9.9   | + 25,923             | +31.1             |
| Electronic Components                            | 447,411                                | 34.0  | 472,135                                | 42.8  | + 24,724             | +5.5              |
|  |  |       |  |       |                      |                   |
| Total  | 1,314,585                              | 100.0 | 1,104,166                              | 100.0 | - 210,419            | -16.0             |
| Domestic   | 654,219                                | 49.8  | 455,706                                | 41.3  | - 198,513            | -30.3             |
| Overseas   | 660,366                                | 50.2  | 648,460                                | 58.7  | - 11,906             | -1.8              |

Note: The above figures indicate sales to outside customers.

## (2) Information by Product Group

The breakdown of the reportable segments, which consist of Consumer/Information Products and Electronic Components, is presented for reference. Sales of each product group include internal sales between segments (Consumer/Information Products and Electronic Components).

### 〈Net Sales〉

Millions of Yen

|   | Six Months Ended<br>September 30, 2011 |       | Six Months Ended<br>September 30, 2012 |       | Percent<br>Change |
|---|--|-------|--|-------|-------------------|
|   | Amount                                 | Ratio | Amount                                 | Ratio |                   |
|   |  | %     |  | %     | %                 |
| Audio - Visual and<br>Communication Equipment | 580,958                                | 44.2  | 338,594                                | 30.7  | -41.7             |
| Health and Environmental<br>Equipment         | 147,732                                | 11.2  | 154,997                                | 14.0  | +4.9              |
| Information Equipment                         | 138,776                                | 10.6  | 139,225                                | 12.6  | +0.3              |
| Consumer/Information<br>Products              | 867,466                                | 66.0  | 632,816                                | 57.3  | -27.1             |
| LCDs  | 409,874                                | 31.2  | 367,968                                | 33.3  | -10.2             |
| Solar Cells                                   | 110,574                                | 8.4   | 93,095                                 | 8.4   | -15.8             |
| Other Electronic Devices                      | 115,367                                | 8.8   | 125,989                                | 11.5  | +9.2              |
| Electronic Components                         | 635,815                                | 48.4  | 587,052                                | 53.2  | -7.7              |
| Sub Total                                     | 1,503,281                              | 114.4 | 1,219,868                              | 110.5 | -18.9             |
| Adjustments                                   | ( 188,696 )                            | -14.4 | ( 115,702 )                            | -10.5 | -                 |
| Total   | 1,314,585                              | 100.0 | 1,104,166                              | 100.0 | -16.0             |

### 〈Operating Income〉

Millions of Yen

|   | Six Months Ended<br>September 30, 2011 |       | Six Months Ended<br>September 30, 2012 |       | Percent<br>Change |
|---|--|-------|--|-------|-------------------|
|   | Amount                                 | Ratio | Amount                                 | Ratio |                   |
|   |  | %     |  | %     | %                 |
| Audio - Visual and<br>Communication Equipment | 15,321                                 | 45.5  | ( 21,185 )                             | -     | -                 |
| Health and Environmental<br>Equipment         | 15,402                                 | 45.9  | 17,339                                 | -     | +12.6             |
| Information Equipment                         | 15,402                                 | 45.9  | 6,971                                  | -     | -54.7             |
| Consumer/Information<br>Products              | 46,125                                 | 137.3 | 3,125                                  | -     | -93.2             |
| LCDs  | 7,067                                  | 21.0  | ( 115,559 )                            | -     | -                 |
| Solar Cells                                   | ( 8,539 )                              | -25.4 | ( 12,319 )                             | -     | -                 |
| Other Electronic Devices                      | 5,903                                  | 17.6  | ( 23,758 )                             | -     | -                 |
| Electronic Components                         | 4,431                                  | 13.2  | ( 151,636 )                            | -     | -                 |
| Sub Total                                     | 50,556                                 | 150.5 | ( 148,511 )                            | -     | -                 |
| Adjustments                                   | ( 16,971 )                             | -50.5 | ( 20,385 )                             | -     | -                 |
| Total   | 33,585                                 | 100.0 | ( 168,896 )                            | -     | -                 |