

# Consolidated Financial Results for the First Quarter Ended June 30, 2016

July 29, 2016

## SHARP CORPORATION

Stock exchange listings: Tokyo  
 Code number: 6753  
 URL: <http://www.sharp.co.jp/>  
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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 Three Months Ended June 30, 2016

### (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 Loss	Percent Change	Loss attributable to owners of parent	Percent Change
Three Months Ended June 30, 2016	423,397	-31.5%	( 2,517 )	-	( 27,452 )	-
Three Months Ended June 30, 2015	618,301	-0.2%	( 28,760 )	-	( 33,982 )	-

[Reference] Comprehensive income (loss): June 30, 2016 ; (43,652) million yen - %  
 June 30, 2015 ; (25,330) million yen - %

	Net Loss per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Three Months Ended June 30, 2016	( 17.28 )	-
Three Months Ended June 30, 2015	( 20.11 )	-

### (2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2016	1,413,426	( 75,039 )	-6.0%
As of March 31, 2016	1,570,672	( 31,211 )	-2.7%

[Reference] Equity: June 30, 2016 ; (85,371) million yen  
 March 31, 2016 ; (43,050) million yen

## 2. Dividends

	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2016	-	0.00	-	0.00	0.00
Year Ending March 31, 2017	-	/	/	/	/
Year Ending March 31, 2017 (Forecast)	/	0.00	-	0.00	0.00

Note1: Revisions to forecast of dividends in this quarter; None

Note2: Dividends noted above are on common shares. As for the status of dividends for Class Shares (unlisted) with different rights from those of common shares of Sharp Corporation, please see "(Reference) Dividends on Class Shares."

### **3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2017**

Forecast for year ending March 31, 2017 is currently unable to estimate considering the synergy effect of the strategic alliance with Hon Hai Group. Sharp will announce it once the agreement is closed.

### **4. Other Information**

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

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

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

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

2. Changes arising from other factors: None

3. Changes in accounting estimates: None

4. Restatement: None

(4) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury stock) as of June 30, 2016 ;	1,701,214,887 shares
as of March 31, 2016 ;	1,701,214,887 shares
2. Number of shares of treasury stock as of June 30, 2016 ;	10,541,019 shares
as of March 31, 2016 ;	10,536,390 shares
3. Average number of shares outstanding during the three months ended June 30, 2016 ;	1,690,675,308 shares
during the three months ended June 30, 2015 ;	1,690,719,078 shares

#### Notes:

1. This financial release is not subject to audit procedures based on the Financial Instruments and Exchange Law in Japan. At the time of disclosure, audit procedures of financial statements based on the Financial Instruments and Exchange Law have not been completed.
2. This financial release contains certain statements about the future, which are based on information available and deemed reasonable to the Sharp Group at the time of announcement and are not the commitments made by Sharp. Actual operating results may differ materially from the forecast due to various factors. For the assumptions and other related matters concerning financial results forecast, please refer to "(3) Qualitative Information Regarding Forecast of Consolidated Financial Results" of "1. Qualitative Information: Fiscal 2016 First Quarter Financial Results" on page 5.
3. Sharp will hold a financial results meeting on July 29, 2016. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.
4. The accompanying consolidated financial statements are a translation of the consolidated financial statements of Sharp, which were prepared in accordance with accounting principles and practices generally accepted in Japan. In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan.

### **(Reference) Dividends on Class Shares**

The following shows breakdown of dividends per share on Class Shares with different rights from those of common shares.

Class A Shares	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2016	-	0.00	-	0.00	0.00
Year Ending March 31, 2017	-	/	/	/	/
Year Ending March 31, 2017 (Forecast)	/	0.00	-	-	-

Class B Shares	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2016	-	0.00	-	0.00	0.00
Year Ending March 31, 2017	-	/	/	/	/
Year Ending March 31, 2017 (Forecast)	/	0.00	-	-	-

Notes:

1. Number of Class A Share issued are 200,000 shares. In accordance to the accumulation clause defined in the Company's Articles of Incorporation, the year-end dividends for the fiscal year ended March 31, 2016 have been accumulated. The amount is 4,160 million yen as of June 30,2016.
2. Number of Class B Share issued are 25,000 shares. In accordance to the accumulation clause defined the Company's Articles of Incorporation, the year-end dividends for the fiscal year ended March 31, 2016 have been accumulated. The amount is 1,321 million yen as of June 30, 2016. Class B Shares are to be acquired by the call option based on the Company's Articles of Incorporation. Upon acquisition, the amount including Class B accumulated unpaid dividends stated above (the amount to be calculated in accordance with the terms of the Company's Articles of Incorporation) will be paid to the Class B share holders.
3. The amount of dividend per share for the year ending March 31, 2017, has not been decided at the time of announcement.

## **1. Qualitative Information: Fiscal 2016 First Quarter Financial Results**

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

During the first quarter of fiscal 2016, the economy of Japan is heading towards a modest recovery, where improvements were seen in employment situation and capital investments. In the overseas, despite the Chinese lower economic growth, overall such as U.S. and EU economies are gradually on the way to recovery.

Under these circumstances, Sharp Group has been taking initiative to enhance the sales, showing uniqueness in creating such products as an innovative robot smartphone “RoBoHoN”<sup>\*1</sup>, mosquito-catching air purifier<sup>\*2</sup>, and new “BLACK SOLAR”<sup>\*3</sup> the high efficiency residential use single-crystal solar modules. Moreover, Sharp Group has subscribed an agreement for a strategic alliance with Hon Hai Group by an issuance of new shares (common shares and Class C Shares) through third-party allotment, to accomplish the management reconstruction.

Sharp Group’s net sales of the first quarter of fiscal 2016 has ended as 423.3 billion yen (down 31.5% year on year), mainly due to sales decline in Consumer Electronics, Electronic Components and Devices and Display Devices. Operating loss resulted as 2.5 billion yen (28.7 billion yen operating loss in the previous year), and loss attributable to owners of parent was 27.4 billion yen (33.9 billion yen loss attributable to owners of parent in the previous year), with improvements in Consumer Electronics and Display Devices businesses.

The sales status of each business segment in the first quarter of fiscal 2016 are as follows. The sales include intersegments.

#### **1. Consumer Electronics**

Sales resulted as 153.2 billion yen, down 24.1% year on year, due to sales decline for LCD TVs and mobile phones.

#### **2. Energy Solutions**

Sales resulted as 21.8 billion yen, down 40.7% year on year, due to sales decline for solar cells.

#### **3. Business Solutions**

Sales resulted as 77.5 billion yen, down 3.8% year on year, due to sales decline for MFPs.

#### **4. Electronic Components and Devices**

Sales resulted as 75.0 billion yen, down 45.1% year on year, due to sales decline for camera modules.

#### **5. Display Devices**

Sales resulted as 117.0 billion yen, down 37.7% year on year, due to sales decline in large-size LCD for TVs and small- and medium-size LCD for smartphone business.

### **(2) Qualitative Information : Consolidated Statement of Financial Position**

The total assets as of June 30, 2016, were 1,413.4 billion yen, down 157.2 billion yen from March 31, 2016. This was mainly due to the decrease in cash and time deposits as well as notes and accounts receivable. Plant and equipment, less accumulated depreciation were 345.6 billion yen, down 5.5 billion yen as a result of depreciation and others. On the other hand, the total liabilities were 1,488.4 billion yen, down 113.4 billion yen from March 31, 2016, due to the decrease in short-term borrowings and notes and accounts payable despite the increase of long-term debts. Total net assets were minus 75.0 billion yen, down 43.8 billion yen, mainly due to the decrease in retained earnings and foreign currency translation adjustments.

Regarding cash flows, net cash provided by operating activities was 9.4 billion yen, and net cash used in investing activities was 14.7 billion yen. Net cash used in financing activities was 15.7 billion yen. As a result,

cash and cash equivalents at the end of the period were 113.6 billion yen, a decrease of 35.9 billion yen from March 31, 2016.

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

As a future outlook, it is expected that the Japanese economy will continue its steady recovery, as the effect of employment situation improvement, an increase in capital investments and supports of various economic policies. For overseas, overall economy is towards a steady recovery, although economic uncertainty is increasing from the effects of lower growth of China, Asian emerging countries and resource rich countries, as well as the outcome of the U.K. vote in favor of leaving the European Union. Moreover, factors such as monetary, financial policies and others should be also brought to attention.

Under such circumstances, Sharp Group has announced a strategic alliance with Hon Hai Group, to accomplish the management reconstruction.

Financial forecast for fiscal year ending March 31, 2017 is currently unable to estimate considering the synergy effect of the strategic alliance with Hon Hai Group.

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

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

\*3 One of the industry's most efficient (as of May 25, 2016) residential-use monocrystalline solar cell modules, with a module conversion efficiency of 19.6%..

## **2. Summary Information**

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

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

None

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

None

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

(Changes in accounting policies)

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

This change had an immaterial impact on consolidated financial statements for the three months ended June 30, 2016.

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

For the first quarter ended June 30, 2016, Sharp Group ("the Group") again recorded an operating loss and a loss attributable to owners of parent. As a result, the Group continues to experience a capital deficit on a non-consolidated and consolidated basis, hence is in violation of the financial covenants of the syndicated loan agreements. These circumstances represent that there exist events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Sharp Corporation ("the Company") believes that by implementing the various measures described below, it will not have a material uncertainty as to its ability to continue as a going concern, and that no further disclosure under "(4) Going Concern Assumption" on page 11.

In response to this situation, the Company called for the issuance of new shares to Hon Hai Precision Industry Co., Ltd and others via third-party allotment in the total amount of approximately 388.8 billion yen, and the stock transfer agreement was executed on April 2, 2016. This was resolved at the general meetings of shareholders held on June 23, 2016.

The Company plans to use the capital acquired through the allocation of new shares to third parties for capital investment towards the growth of each business division. Capital will also be used for expenses (working capital) to strengthen the Sharp brand and to expand into new business fields. In this way, the Company will be able to apply capital to growth investments in a manner limited heretofore due to recent financial conditions. At the same time, the Company will build a stronger management foundation, allowing to restructure (in planning stages at present) and make progress in other areas.

Moreover, the Company's main banks, including Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., agreed on April 26, 2016 to renew the syndicated loan agreement scheduled due on April 30, 2016. While the Company has fallen into a capital deficit on both a non-consolidated and consolidated basis, the Company has received informal notice from its main financial institutions that they are not considering a demand for accelerated payments.

Through the support and implementation of the various measures described above, the Company is to avoid the risk of an insufficiency of funds and achieved a stable financial footing.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

Millions of Yen

	As of March 31, 2016	As of June 30, 2016
<b>ASSETS</b>		
Current Assets:		
Cash, time deposits and restricted cash	275,399	239,304
Notes and accounts receivable, less allowance for doubtful receivables	430,033	327,619
Inventories	184,313	186,277
Other current assets	76,214	78,607
Total current assets	965,959	831,807
Plant and Equipment, Less Accumulated Depreciation	351,205	345,636
Investments and Other Assets	253,450	235,932
Deferred Assets	58	51
Total assets	1,570,672	1,413,426
<b>LIABILITIES</b>		
Current Liabilities:		
Short-term borrowings, including current portion of long-term debt	638,756	172,086
Notes and accounts payable	312,630	267,335
Other current liabilities	423,476	381,071
Total current liabilities	1,374,862	820,492
Long-term Liabilities	227,021	667,973
Total liabilities	1,601,883	1,488,465
<b>NET ASSETS</b>		
Owners' Equity:		
Capital stock	500	500
Capital surplus	222,457	222,457
Retained earnings	( 123,644 )	( 151,096 )
Less cost of treasury stock	( 13,899 )	( 13,900 )
Total owners' equity	85,414	57,961
Accumulated Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	11,634	10,686
Deferred gains (losses) on hedges	( 843 )	( 13 )
Foreign currency translation adjustments	( 38,456 )	( 56,686 )
Remeasurements of defined benefit plans	( 100,799 )	( 97,319 )
Total accumulated other comprehensive income	( 128,464 )	( 143,332 )
Non-controlling Interests	11,839	10,332
Total net assets	( 31,211 )	( 75,039 )
Total liabilities and net assets	1,570,672	1,413,426

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

## - Consolidated Statements of Income

Millions of Yen

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016
Net Sales	618,301	423,397
Cost of Sales	547,791	349,793
Gross profit	70,510	73,604
Selling, General and Administrative Expenses	99,270	76,121
Operating loss	( 28,760 )	( 2,517 )
Other Income (Expenses)		
Interest income	260	264
Rent income on noncurrent assets	956	876
Equity in earnings of affiliates	1,700	—
Gain on sales of noncurrent assets	167	701
Gain on sales of investment securities	1,709	—
Reversal of provision for loss on litigation	2,046	—
Receipt of settlement package	6,288	—
Interest expense	( 5,540 )	( 2,453 )
Equity in losses of affiliates	—	( 11,037 )
Loss on sales and retirement of noncurrent assets	( 278 )	( 204 )
Impairment loss	( 6,521 )	( 1,506 )
Provision for loss on litigation	( 378 )	—
Other, net	( 1,976 )	( 7,502 )
	( 1,567 )	( 20,861 )
Loss before income taxes	( 30,327 )	( 23,378 )
Income Taxes		
Current	5,586	3,539
Deferred	( 2,450 )	553
	3,136	4,092
Net Loss	( 33,463 )	( 27,470 )
Profit (loss) attributable to non-controlling interests	519	( 18 )
Loss attributable to owners of parent	( 33,982 )	( 27,452 )

- Consolidated Statements of Comprehensive Income

Millions of Yen

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016
Net Loss	( 33,463 )	( 27,470 )
Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	2,288	( 947 )
Deferred gains (losses) on hedges	( 807 )	830
Foreign currency translation adjustments	3,042	( 19,225 )
Remeasurements of defined benefit plans	3,546	3,475
Share of other comprehensive income of affiliates accounted for using equity method	64	( 315 )
Total other comprehensive income	8,133	( 16,182 )
Comprehensive Loss	( 25,330 )	( 43,652 )
Comprehensive income attributable to non-controlling interests	659	( 1,332 )
Comprehensive loss attributable to owners of parent	( 25,989 )	( 42,320 )

## (3) Consolidated Statements of Cash Flows

Millions of Yen

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016
<b><u>Cash Flows from Operating Activities:</u></b>		
Loss before income taxes	( 30,327 )	( 23,378 )
adjustments to reconcile loss before income taxes to net cash provided by (used in) operating activities—		
Depreciation and amortization of properties and intangibles	20,330	15,250
Interest and dividend income	( 723 )	( 770 )
Interest expenses	5,540	2,453
(Gain) loss on sales and retirement of noncurrent assets, net	111	( 497 )
Impairment loss	6,521	1,506
Gain on sales of investment securities, net	( 1,709 )	-
Equity in losses (earnings) of affiliates	( 1,700 )	11,037
Reversal of provision for loss on litigation	( 2,046 )	-
Receipt of settlement package	( 6,288 )	-
Decrease in notes and accounts receivable-trade	37,798	45,011
Increase in inventories	( 3,092 )	( 12,856 )
Decrease in payables	( 43,583 )	( 23,972 )
Other, net	( 15,720 )	4,668
Total	( 34,888 )	18,452
Interest and dividends received	1,060	986
Interest paid	( 5,397 )	( 2,272 )
Settlement package received	3,418	-
Income taxes paid	( 15,601 )	( 7,680 )
<b>Net cash provided by (used in) operating activities</b>	<b>( 51,408 )</b>	<b>9,486</b>
<b><u>Cash Flows from Investing Activities:</u></b>		
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	1,409	541
Acquisitions of plant and equipment	( 14,325 )	( 12,719 )
Other, net	( 5,192 )	( 2,546 )
<b>Net cash used in investing activities</b>	<b>( 18,108 )</b>	<b>( 14,724 )</b>
<b><u>Cash Flows from Financing Activities:</u></b>		
Decrease in short-term borrowings, net	( 180,156 )	( 331,148 )
Proceeds from long-term debt	911	329,914
Repayments of long-term debt	( 24,749 )	( 14,295 )
Proceeds from issuance of class shares	224,606	-
Other, net	55	( 177 )
<b>Net cash (used in) provided by financing activities</b>	<b>20,667</b>	<b>( 15,706 )</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>4,882</b>	<b>( 14,979 )</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>( 43,967 )</b>	<b>( 35,923 )</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>232,211</b>	<b>149,533</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>188,244</b>	<b>113,610</b>

(4) Going Concern Assumption

None

(5) Segment Information

1. Three Months Ended June 30, 2015

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

		Millions of Yen
Sales		
Consumer Electronics		
Customers		201,953
Intersegment	(	1 )
Total		201,952
Energy Solutions		
Customers		36,888
Intersegment		5
Total		36,893
Business Solutions		
Customers		80,605
Intersegment		3
Total		80,608
Electronic Components and Devices		
Customers		126,866
Intersegment		9,752
Total		136,618
Display Devices		
Customers		171,989
Intersegment		15,886
Total		187,875
Adjustments	(	25,645 )
The amount presented in Consolidated Statements of Income		618,301
Segment Income (Loss)		
Consumer Electronics	(	11,701 )
Energy Solutions	(	3,965 )
Business Solutions		6,811
Electronic Components and Devices		2,835
Display Devices	(	13,706 )
Adjustments <sup>*1</sup>	(	9,034 )
The amount presented in Consolidated Statements of Income <sup>*2</sup>	(	28,760 )

Notes: 1. Adjustments of segment income (loss) of (9,034) million yen include elimination of intersegment transactions of 35 million yen and corporate expenses not allocated to each reportable segment of (8,444) 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)

In Consumer Electronics segment, the book value of business assets of the Company with no prospect for recouping investment due to the decreasing profitability and business assets scheduled to be sold belonging to some consolidated subsidiaries were reduced to an estimated recoverable amount. The reduced amount was recorded as an impairment loss of 2,946 million yen for the three months ended June 30, 2015.  
In Energy Solutions segment, the book value of business assets with no prospect for recouping investment due to the decreasing profitability was reduced to an estimated recoverable amount. The reduced amount was recorded as an impairment loss of 1,526 million yen for the three months ended June 30, 2015.  
In Electric Components and Devices segment, the book value of production structure review, business assets of the Company scheduled to be consolidated, and idle assets belonging to some consolidated subsidiaries were reduced to an estimated recoverable amount. The reduced amount was recorded as an impairment loss of 16 million yen for the three months ended June 30, 2015.  
In Display Devices segment, the book value of business assets with no prospect for recouping investment due to the decreasing profitability and idle assets belonging to some consolidated subsidiaries were reduced to an estimated recoverable amount. The reduced amount was recorded as an impairment loss of 2,033 million yen for the three months ended June 30, 2015.

## 2. Three Months Ended June 30, 2016

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

		Millions of Yen
Sales		
Consumer Electronics		
Customers		148,663
Intersegment		4,571
Total		153,234
Energy Solutions		
Customers		21,421
Intersegment		462
Total		21,883
Business Solutions		
Customers		74,825
Intersegment		2,731
Total		77,556
Electronic Components and Devices		
Customers		68,974
Intersegment		6,041
Total		75,015
Display Devices		
Customers		109,514
Intersegment		7,525
Total		117,039
Adjustments	(	21,330 )
The amount presented in Consolidated Statements of Income		423,397
Segment Income (Loss)		
Consumer Electronics		12,547
Energy Solutions	(	6,307 )
Business Solutions		5,942
Electronic Components and Devices		503
Display Devices	(	10,742 )
Adjustments <sup>*1</sup>	(	4,460 )
The amount presented in Consolidated Statements of Income <sup>*2</sup>	(	2,517 )

Notes: 1. Adjustments of segment income (loss) of (4,460) million yen include elimination of intersegment transactions of 332 million yen and corporate expenses not allocated to each reportable segment of (5,363) 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 . Changes in reportable segments

In the cumulative second quarter of the fiscal year ended March 2016, the Company classified reportable segments into the Product Business and the Device Business segments. However, in the cumulative third quarter of the fiscal year ended March 2016, the Company changed to segment information based on five reportable segments: (1) Consumer Electronics; (2) Energy Solutions; (3) Business Solutions; (4) Electronic Components and Devices; and (5) Display Devices.

The Company adopted this virtual company system on October 1, 2015, reorganizing its five product groups into virtual companies to become a more competitive organization capable of responding rapidly to customer needs and market developments.

Subsequent to this change in classifications, products that had been included under the Product Business segment are now included under the Consumer Electronics, Energy Solutions, and Business Solutions. Products that had been included under the Device Business segment are now included under the Electronic Components and Devices and Display Devices.

The segment information of the three months ended June 30, 2015 is stated based on the 5 classifications under the new segmentation. By the adopt of the virtual company system, the sales to customers and intersegments of each reportable segments are summarized by each virtual company. However, since there is no mechanism for calculating these figures for months ended June 30, 2015, we have estimated these amounts by calculating totals for the products produced by each company.

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

In Consumer Electronics segment, the book value of idle assets of the Company with no prospect for any future usage was reduced to an estimated recoverable amount. The reduced amount was recorded as an impairment loss of 124 million yen for the three months ended June 30, 2016.

In Energy Solutions segment, the book value of business assets of the Company with no prospect for recouping investment due to the decreasing profitability was reduced to an estimated recoverable amount. The reduced amount was recorded as an impairment loss of 168 million yen for the three months ended June 30, 2016.

In Business Solutions segment, the book value of idle assets of the Company with no prospect for any future usage was reduced to an estimated recoverable amount. The reduced amount was recorded as an impairment loss of 89 million yen for the three months ended June 30, 2016.

In Display Devices segment, the book value of business assets of the Company was reduced to an estimated recoverable amount, with no prospect for recouping investment due to the decreasing profitability. The reduced amount was recorded as an impairment loss of 1,125 million yen for the three months ended June 30, 2016.

(6) Significant Changes in Owners Equity

None

## Supplementary Data

### Consolidated Sales by Product Group

Millions of Yen

	Three Months Ended June 30, 2015		Three Months Ended June 30, 2016		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Digital Information Equipment	70,369	11.4	49,807	11.8	- 20,562	- 29.2
Communications	51,955	8.4	30,989	7.3	- 20,966	- 40.4
Health and Environmental Equipment	79,629	12.9	71,488	16.9	- 8,141	- 10.2
Consumer Electronics	201,953	32.7	152,284	36.0	- 49,669	- 24.6
Energy Solutions	36,888	6.0	21,888	5.1	- 15,000	- 40.7
Business Solutions	80,605	13.1	70,150	16.6	- 10,455	- 13.0
Electronic Components and Devices	126,866	20.5	69,382	16.4	- 57,484	- 45.3
Display Devices	171,989	27.7	109,693	25.9	- 62,296	- 36.2
<b>Total</b>	<b>618,301</b>	<b>100.0</b>	<b>423,397</b>	<b>100.0</b>	<b>- 194,904</b>	<b>- 31.5</b>
Domestic	187,308	30.3	146,812	34.7	- 40,496	- 21.6
Overseas	430,993	69.7	276,585	65.3	- 154,408	- 35.8

Notes:

The above figures indicate sales to external customers by the product group, and differ from those by the reportable segment.