

Consolidated Financial Results for the First Quarter Fiscal 2015

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SHARP CORPORATION

July 31, 2015

Forward-Looking Statements

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- (2) Sudden, rapid fluctuations in demand for Sharp’s products and services, as well as intense price competition;
- (3) Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro, and other currencies);
- (4) Regulations such as trade restrictions in other countries;
- (5) The progress of collaborations and alliances with other companies;
- (6) Litigation and other legal proceedings against Sharp;
- (7) Rapid technological changes in products and services, etc.

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**I . Financial Results for 1Q Fiscal 2015
Financial Results Forecast for Fiscal 2015**

Financial Results for 1Q Fiscal 2015

- Net sales in 1Q FY2015 remained roughly flat compared to the same period last year.
- An operating loss and a net loss attributable to Sharp Corporation were recorded during this quarter. This was the result of planned production adjustments and sales of existing inventory as a priority for small- and medium-size LCDs, and of increased cost measures associated with structural reforms, including costs relating to reductions in the distribution inventory of LCD TVs.

(Billions of Yen)

	FY2014	FY2015	
	1Q	1Q	Change (Y on Y)
Net Sales	619.7	618.3	-0.2%
Operating Income (margin)	4.6 (0.8%)	-28.7 (-4.7%)	-
Net Income Attributable to Sharp Corporation (margin)	-1.7 (-0.3%)	-33.9 (-5.5%)	-

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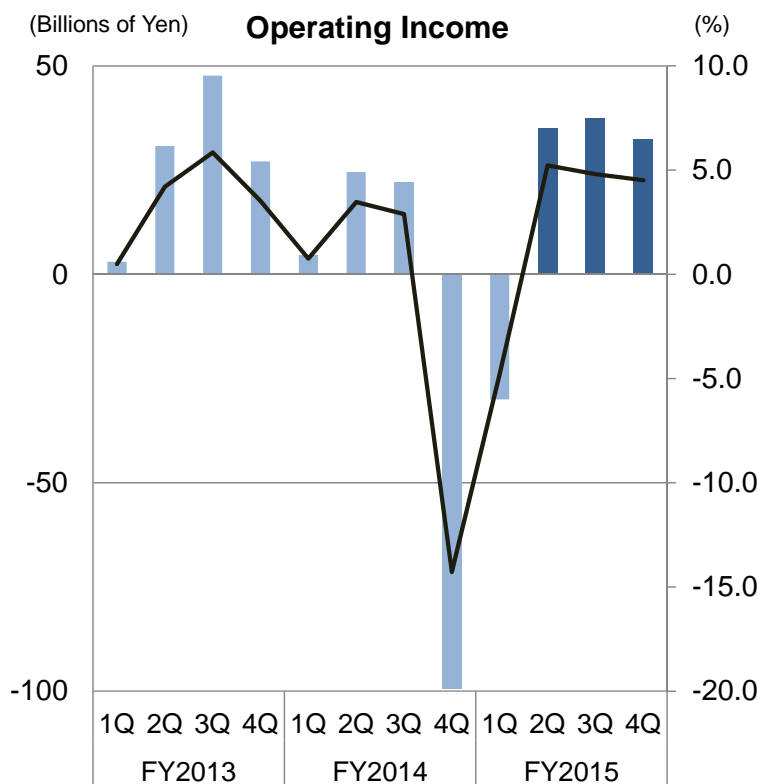
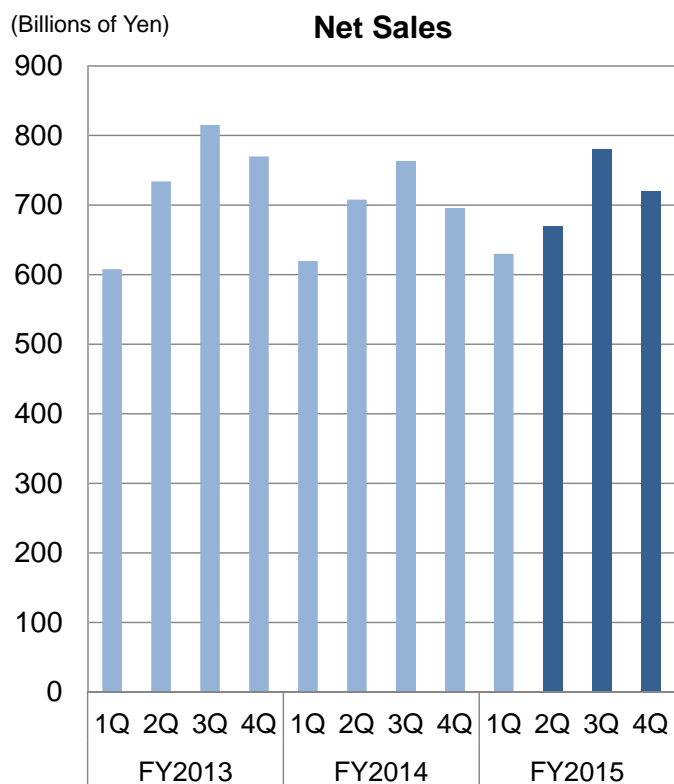
For the first quarter (April – June), net sales were 618.3 billion yen, on a par with the same period last year. The operating loss was 28.7 billion yen, and net loss attributable to Sharp Corporation was 33.9 billion yen.

Some factors had negative impact on sales performances, such as change of the business model in the European TV business, the sell-off of Sharp's U.S. subsidiary solar power generation developer, and intensifying competition in LCDs for smartphones in the Chinese market. However, thanks to a dramatic increase in sales of camera modules, net sales remained at about the level of the same period last year.

An operating loss and net loss attributable to Sharp Corporation were caused by factors including planned production adjustments and strengthening sales of existing inventory of LCDs for mobile devices. Other loss-causing factors included increased cost measures associated with structural reforms, such as costs relating to reductions in the distribution inventory of LCD TVs.

Net Sales and Operating Income by Quarter [Re-statement]

- The goal is a V-shaped recovery for financial results, which hit bottom in 4Q FY2014.
- In 2H FY2015, a dramatic recovery is expected due to factors including a reduction in fixed costs as a result of structural reforms.



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This slide shows the financial results forecast for net sales and operating income by quarter, as announced on May 14, 2015.

We expected net sales to be at the 600 billion yen level and the operating loss to be about 30 billion yen for the first quarter of fiscal 2015. Both of these were at the levels that we forecast.

Other Income (Expenses)

(Billions of Yen)

	FY2014	FY2015	
	1Q	1Q	Difference (Y on Y)
Operating Income	4.6	-28.7	-33.4
Other Income (Expenses)	-6.0	-1.5	+4.4
Equity in earnings of affiliates	+2.3	+1.7	-0.6
Gain on sales of investment securities	+0.1	+1.7	+1.5
Reversal of provision for loss on litigation	+19.2	+2.0	-17.1
Receipt of settlement package	-	+6.2	+6.2
Interest expense	-6.0	-5.5	+0.5
Impairment loss	-0.8	-6.5	-5.7
Settlement	-14.3	-	+14.3
Pretax Income	-1.3	-30.3	-28.9
Income Taxes, etc.	-0.4	-3.6	-3.2
Net Income Attributable to Sharp Corporation	-1.7	-33.9	-32.1

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This slide shows other income (expenses).

Other income (expenses) improved compared to the same period of the previous year.

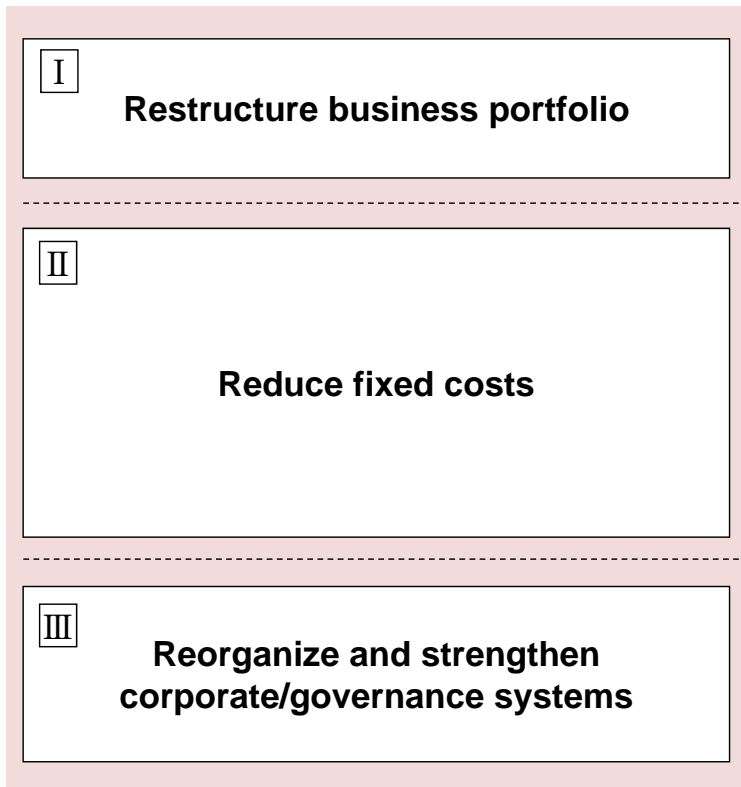
A reversal of provision for loss on litigation (resulting from discontinuance of the TFT LCD cartel case) and a receipt of settlement package (regarding the CRT TV cartel cases) were recorded as other income.

On the other hand, with the worsening of profitability, impairment losses were recorded on production equipment for Display Device and Energy Solutions, and on buildings of subsidiaries in the U.S. and Mexico arising from structural reforms in the LCD TV business.

Implementation Status of Medium-Term Management Plan

Implementation of the three key strategies announced in the Medium-Term Management Plan is currently making steady progress.

Medium-Term Management Plan Three Key Strategies



Current Implementation Status



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This slide shows current progress in the three key strategies of Sharp's recently announced Medium-Term Management Plan. As you can see, measures are gradually being implemented.

Restructure business portfolio:

Sharp formed a business alliance with Hisense Group in China for the Americas' TV business.

We are planning to sell off our production base in Mexico to the Hisense Group. Our aim is to shift our business in the Americas to brand license business and withdraw from production and sale of LCD TVs.

Reduce fixed costs:

To reduce fixed costs, we started a voluntary retirement program. Also, we are starting to reduce the workforce at subsidiaries overseas, and we have begun the bidding related to the sale of Sharp's head office building and land.

We are also cutting salary and bonuses, and reviewing various allowances and benefits, through emergency labour cost measures.

Reorganize and strengthen corporate/governance systems:

We are looking ahead to the transition of the company system in the second half of fiscal 2015. In preparation for this, our current business groups have been reorganized into five product groups as of June 1, 2015.

Financial Results Forecast for Fiscal 2015

- Results for 1Q progressed nearly as expected. Based on the current situation and future outlook, forecasts remain unchanged from previously announced values. We plan to make another announcement once it becomes possible to make a reasonable estimate of the impact on profit/loss arising from completion of a voluntary retirement program and materialization of structural reforms currently under consideration or in progress, including reforms of the LCD TV business in the Americas.

(Billions of Yen)

	FY2014	FY2015			
	Full Year	1H Forecast	2H Forecast	Full Year Forecast	Change (Y on Y)
Net Sales	2,786.2	1,300.0	1,500.0	2,800.0	+0.5%
Operating Income (margin)	-48.0 (-1.7%)	10.0 (0.8%)	70.0 (4.7%)	80.0 (2.9%)	-

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This slide shows the full year forecasts for fiscal 2015.

The first quarter results were close to those expected; therefore, there are no changes in the previous forecasts for the first half of the fiscal year and for the full year.

With regard to a net income (loss) attributable to Sharp Corporation, we plan to make another announcement once it becomes possible to make a reasonable estimate of the impact on profit/loss arising from completion of a voluntary retirement program and materialization of structural reforms currently under consideration or in progress, including reforms of the LCD TV business in the Americas.

Sales by Product Group

(Billions of Yen)

	FY2014		FY2015			
	1Q	Full Year	1Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Digital Information Equipment	97.8	417.6	70.3	-28.1%	370.0	-11.4%
Communications	70.1	249.6	56.8	-18.9%	240.0	-3.9%
Health and Environmental Equipment	82.1	315.0	74.7	-9.0%	340.0	+7.9%
Consumer Electronics	250.1	982.4	201.9	-19.3%	950.0	-3.3%
Energy Solutions	69.0	270.8	36.8	-46.6%	180.0	-33.5%
Business Solutions	79.9	343.3	80.6	+0.8%	350.0	+1.9%
Product Business	399.1	1,596.6	319.4	-20.0%	1,480.0	-7.3%
Electronic Components and Devices	58.9	441.4	131.7	2.2-fold	480.0	+8.7%
Display Devices	206.9	907.1	187.8	-9.2%	1,000.0	+10.2%
Device Business	265.9	1,348.5	319.6	+20.2%	1,480.0	+9.7%
Subtotal	665.0	2,945.2	639.0	-3.9%	2,960.0	+0.5%
Adjustments	-45.3	-158.9	-20.7	-	-160.0	-
Total	619.7	2,786.2	618.3	-0.2%	2,800.0	+0.5%

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*Sales of each product group include internal sales between segments (Product Business / Device Business)

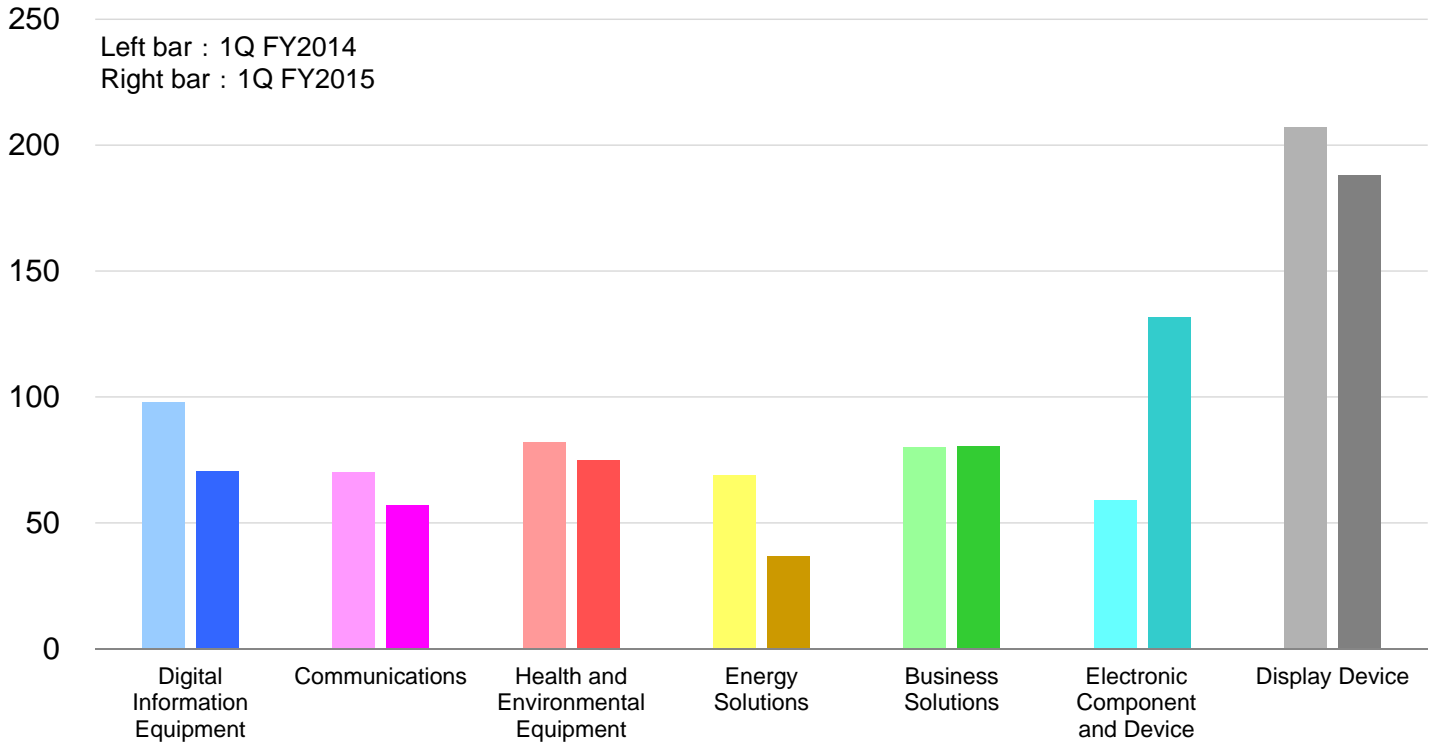
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This slide shows sales by product group.

Sales for Electronic Components and Devices improved significantly, while Business Solutions maintained the same level as the same period last year. However, apart from these two, the other five product groups fell below the previous year.

Sales by Product Group

(Billions of Yen)



*Sales of each product group include internal sales between segments (Product Business / Device Business)

Operating Income by Product Group

(Billions of Yen)

	FY2014		FY2015			
	1Q	Full Year	1Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Digital Information Equipment	-5.3 (-5.4%)	-12.6 (-3.0%)	-17.3 (-24.7%)	-	-3.0 (-0.8%)	-
Communications	7.9 (11.3%)	15.7 (6.3%)	4.9 (8.7%)	-37.8%	11.0 (4.6%)	-30.2%
Health and Environmental Equipment	3.1 (3.9%)	15.9 (5.1%)	0.7 (1.0%)	-77.4%	14.0 (4.1%)	-12.1%
Consumer Electronics	5.7 (2.3%)	19.0 (1.9%)	-11.7 (-5.8%)	-	22.0 (2.3%)	+15.3%
Energy Solutions	0.1 (0.3%)	-62.6 (-23.1%)	-3.9 (-10.7%)	-	5.0 (2.8%)	-
Business Solutions	7.7 (9.7%)	31.3 (9.1%)	6.8 (8.4%)	-11.9%	33.0 (9.4%)	+5.4%
Product Business	13.7 (3.4%)	-12.2 (-0.8%)	-8.8 (-2.8%)	-	60.0 (4.1%)	-
Electronic Components and Devices	-3.5 (-5.9%)	0.6 (0.2%)	2.8 (2.2%)	-	10.0 (2.1%)	14.8-fold
Display Devices	2.1 (1.0%)	0.5 (0.1%)	-13.7 (-7.3%)	-	45.0 (4.5%)	75.8-fold
Device Business	-1.3 (-0.5%)	1.2 (0.1%)	-10.8 (-3.4%)	-	55.0 (3.7%)	43.3-fold
Subtotal	12.3 (1.9%)	-11.0 (-0.4%)	-19.7 (-3.1%)	-	115.0 (3.9%)	-
Adjustments	-7.6	-37.0	-9.0	-	-35.0	-
Total	4.6 (0.8%)	-48.0 (-1.7%)	-28.7 (-4.7%)	-	80.0 (2.9%)	-

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*Figures within parentheses indicate operating margin.

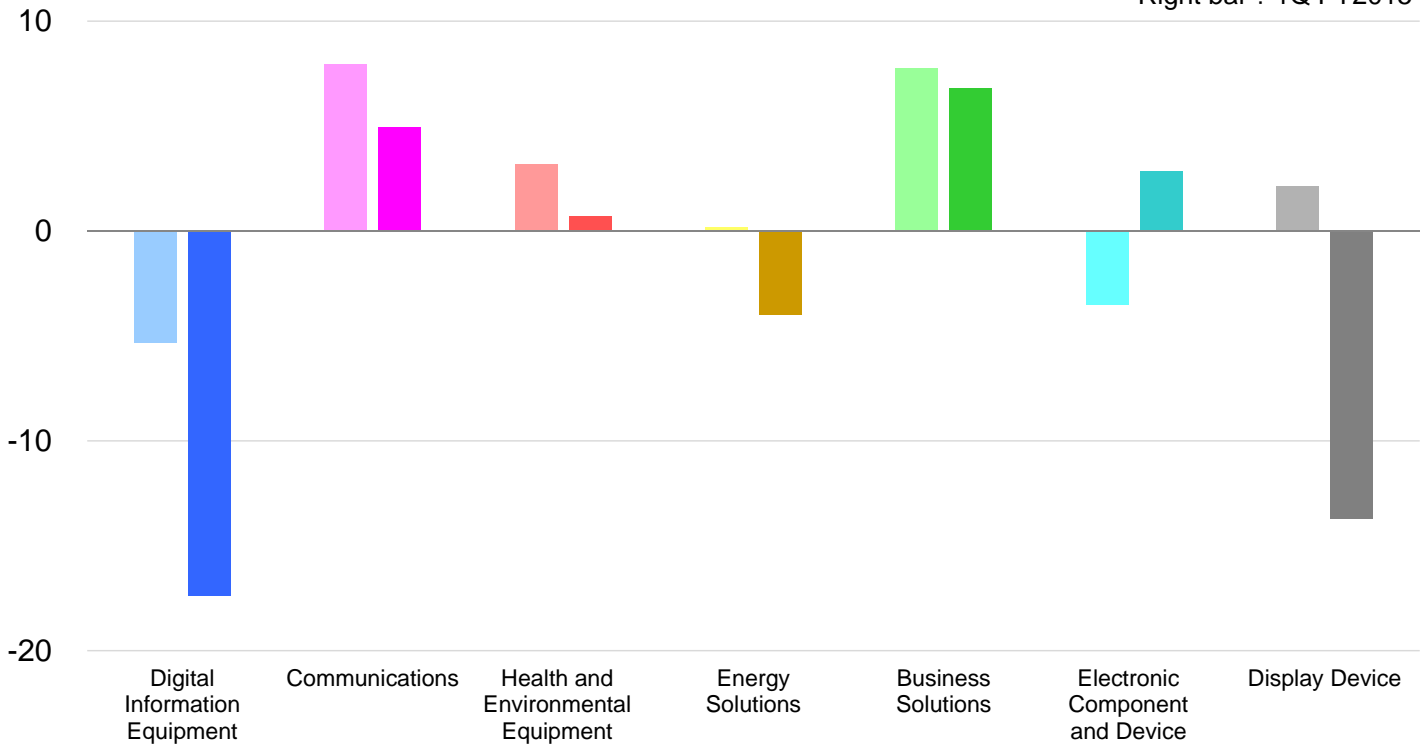
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With regard to operating income by product group, Digital Information Equipment, Energy Solutions, and Display Devices recorded operating losses.

Operating Income by Product Group

(Billions of Yen)

Left bar : 1Q Y2014
Right bar : 1Q FY2015



Consolidated Balance Sheets

- Cash and time deposits at the end of Jun. 2015 were 214.2 billion yen, a decrease of 44.2 billion yen compared to the end of Mar. 2015.
- The equity ratio increased from 1.5% at the end of Mar. 2015 to 12.3% as a result of strengthening equity through the issuance of preferred shares.

(Billions of Yen)

	FY2014		FY2015		FY2014		FY2015
	End of Jun. 2014	End of Mar. 2015	End of Jun. 2015		End of Jun. 2014	End of Mar. 2015	End of Jun. 2015
Cash, time deposits and restricted cash	358.9	258.4	214.2	Short-term borrowings	809.8	848.9	661.5
Notes and accounts receivable	517.1	605.6	557.1	Notes and accounts payable	395.4	468.0	422.3
Inventories	315.5	338.3	344.2	Other current liabilities	298.4	369.9	326.1
Other current assets	120.8	96.7	97.7	Current Liabilities	1,503.6	1,686.9	1,410.0
Current Assets	1,312.5	1,299.1	1,213.4	Long-term Liabilities	399.7	230.4	216.8
Plant and Equipment	510.6	400.5	390.9	Liabilities	1,903.4	1,917.3	1,626.8
Investments and Other Assets	289.2	262.0	265.5	Net Assets	209.0	44.5	243.0
Deferred Assets	0.1	0.0	0.0	Total Liabilities and Net Assets	2,112.5	1,961.9	1,869.9
Total Assets	2,112.5	1,961.9	1,869.9	Equity Ratio	9.4%	1.5%	12.3%

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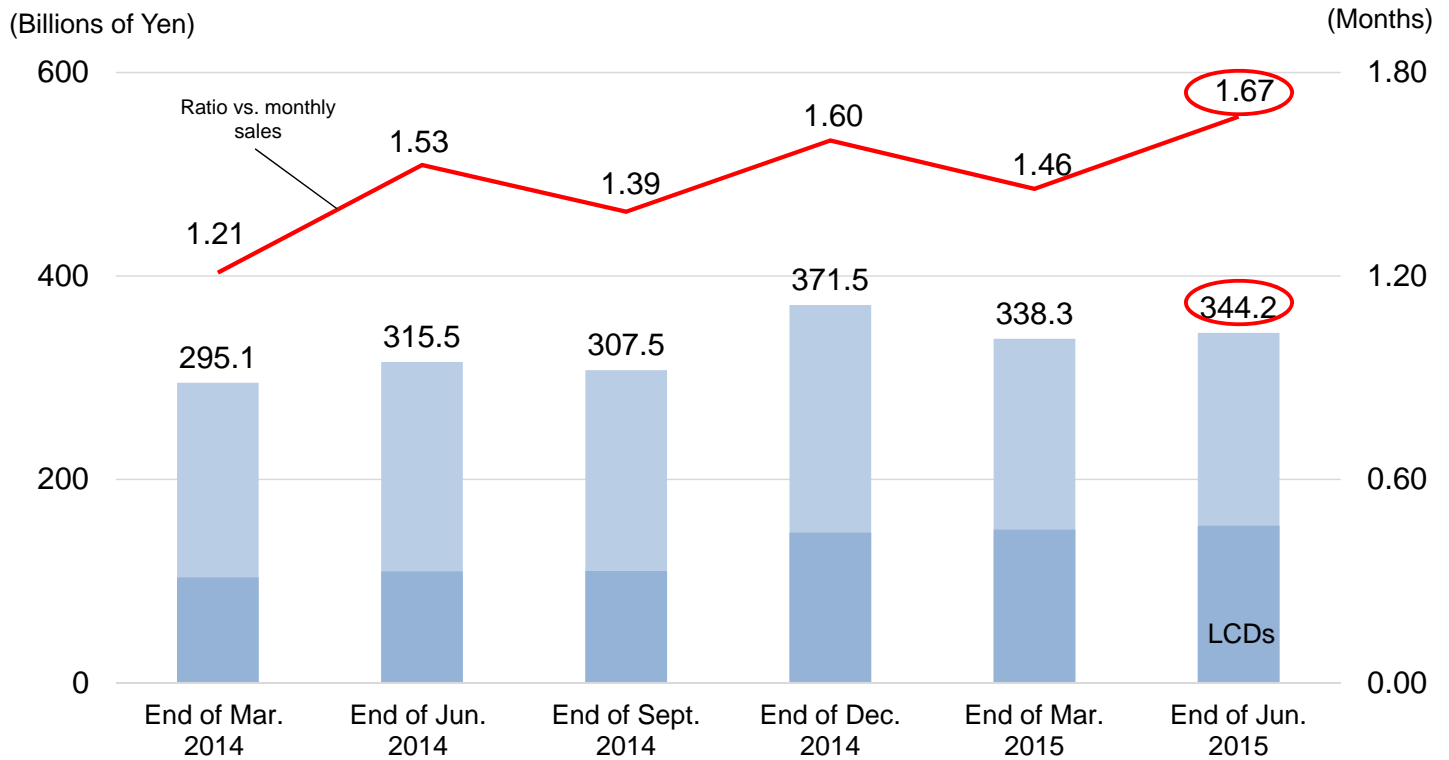
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These are the consolidated balance sheets.

With the completion of the issuance of preferred shares and payment procedures, net assets at the end of the June 2015 were 243 billion yen and the equity ratio increased from 1.5% at the end of the previous fiscal year to 12.3%.

Transition of Inventories

- Inventory was 344.2 billion yen, an increase of 5.9 billion yen compared to the end of Mar. 2015.
- Even as we pursued sales from inventory of LCDs for mobile devices, inventory increased as a result of a strategic increase of inventory for LCDs and air conditioners, etc., in preparation for the demand season in the second quarter and beyond and for the summer season.



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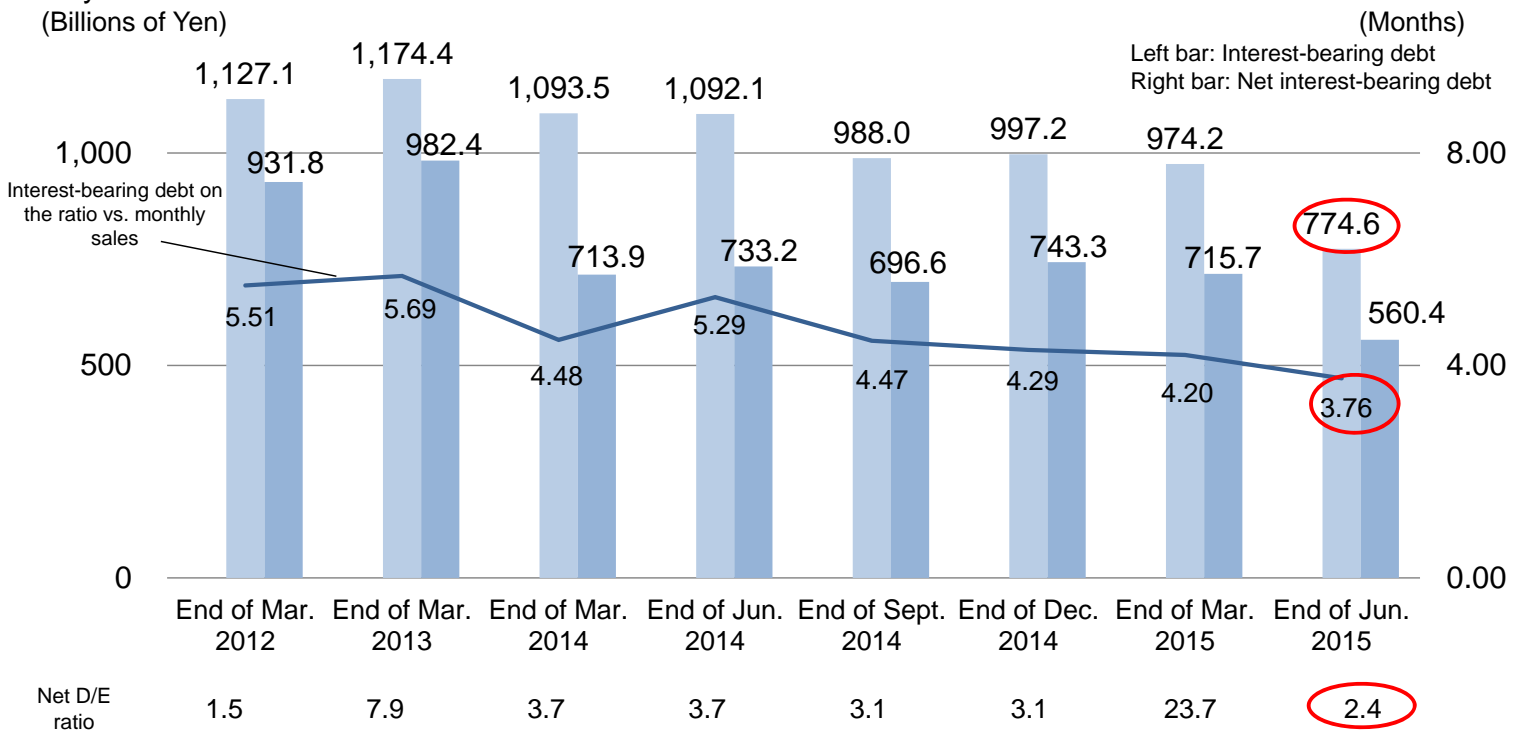
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This slide shows the transition of inventories.

Inventory increased. While we pursued sales from inventory of LCDs for mobile devices (which increased at the end of the previous fiscal year), inventory increased for LCDs (PCs, tablets, and IA application), air conditioners, and other products, in preparation for the demand season in the second quarter and beyond as well as for the summer season.

Transition of Interest-Bearing Debt

- Interest-bearing debt at the end of Jun. 2015 declined by 199.6 billion yen compared to the end of Mar. 2015, due to repayment of debt using paid-in capital accompanying the preferred share issue. The ratio vs. monthly sales decreased from 4.20 months to 3.76 months.
- Net interest-bearing debt* decreased from 715.7 billion yen at the end of Mar. 2015 to 560.4 billion yen.



*Net interest-bearing debt: interest-bearing debt – cash, time deposits, and restricted cash

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This slide shows the transition of interest-bearing debt.

Compared to the end of March 2015, interest-bearing debt at the end of June 2015 declined by 199.6 billion yen to 774.6 billion yen. This was due to repayment of debt using paid-in capital accompanying the preferred share issue. Net interest-bearing debt also decreased, by 155.3 billion yen, to 560.4 billion yen.

We will continue to try to reduce interest-bearing debt through efforts such as decreasing inventory and fixed costs.

II . Information by Product Group

Consumer Electronics

(Billions of Yen)

	FY2014	FY2015			
	1Q	1Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Sales	250.1	201.9	-19.3%	950.0	-3.3%
Digital Information Equipment	97.8	70.3	-28.1%	370.0	-11.4%
Communications	70.1	56.8	-18.9%	240.0	-3.9%
Health and Environmental Equipment	82.1	74.7	-9.0%	340.0	+7.9%
Operating Income	5.7	-11.7	-	22.0	+15.3%
(margin)	(2.3%)	(-5.8%)		(2.3%)	
Digital Information Equipment	-5.3	-17.3	-	-3.0	-
Communications	7.9	4.9	-37.8%	11.0	-30.2%
Health and Environmental Equipment	3.1	0.7	-77.4%	14.0	-12.1%

*Sales of each product group include internal sales between segments (Product Business / Device Business)

【1Q Fiscal 2015 Results】

- While Communications and Health and Environmental Equipment remained profitable, Digital Information Equipment posted a loss amid structural reforms.

【Future Efforts】

- Improve profitability by promoting structural reforms and by creating products that integrate communications into user-friendly consumer electronics products—products that take advantage of our strengths in having TV, white goods, and communications businesses.

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This is Consumer Electronics, consisting of Digital Information Equipment, Communications, and Health and Environmental Equipment.

Communications and Health and Environmental Equipment were in the black in the first quarter; however, Consumer Electronics as a whole was in the red due to structural reform of Digital Information Equipment, which was implemented ahead of schedule.

Sharp organized Consumer Electronics in order to take advantage of the company's strengths in having TVs, white goods, and communications businesses and to create user-friendly products that integrate communications functions into consumer electronics.

We will accelerate creation of new products and businesses utilizing our proprietary technology to improve profitability as early as possible.

(Consumer Electronics) Digital Information Equipment

(Billions of Yen)

	FY2014	FY2015			
	1Q	1Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Sales	97.8	70.3	-28.1%	370.0	-11.4%
LCD TVs	85.7	64.1	-25.2%	340.0	-8.1%
Operating Income	-5.3	-17.3	-	-3.0	-
(margin)	(-5.4%)	(-24.7%)		(-0.8%)	

*Sales of each product group include internal sales between segments (Product Business / Device Business)

【1Q Fiscal 2015 Results】

- Even as sales of LCD TVs in Japan expanded, overall sales were significantly lower than in the same period last year. This result reflected a shift to a license business in Europe, intensifying competition centered on large-size models in the Americas, and a downturn in the Chinese market.
- Operating loss grew due to several factors: increased expenditure resulting from, for example, measures to liquidate distribution inventory in China; and declining sales, intensifying price competition, and deteriorating profitability caused by a weakening of the yen.

【Future Efforts】

- Japan: Expand sales of 4K TVs; strengthen BtoB sales channels.
- North America: Promote structural reforms through alliances with other companies.
- China: Introduce new high-value-added 4K TVs; review sales channels—for example, strengthen e-commerce; reduce distribution inventories.

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Even as LCD TV sales in Japan expanded, overall sales were lower than the same period last year. This fall was due to factors including a change in LCD TV business operation to the license business in Europe accompanying the structural reforms, as well as to intensifying competition in the U.S., and economic downturn in China.

Operating loss grew as a result of a decline in sales and intensifying price competition, as well as structural reform implemented ahead of schedule such as measures to liquidate distribution inventory in China.

We will steadily implement structural reform in order to return to profitability as soon as possible, including forming alliances with other companies on LCD TV business in the Americas.

(Consumer Electronics) Communications

(Billions of Yen)

	FY2014	FY2015			
	1Q	1Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Sales	70.1	56.8	-18.9%	240.0	-3.9%
Mobile Phones	49.6	44.1	-11.2%	195.0	+0.7%
Operating Income (margin)	7.9 (11.3%)	4.9 (8.7%)	-37.8%	11.0 (4.6%)	-30.2%

*Sales of each product group include internal sales between segments (Product Business / Device Business)

【1Q Fiscal 2015 Results】

- Reduced sales and operating income were caused by factors such as the release timing of a new tablet and intensifying competition in the Japanese mobile phone market.

【Future Efforts】

- Continue to develop “Emopa”, Sharp’s proprietary voice-activated digital assistant, and strengthen promotion of new products with enhanced specifications, such as cameras and displays.
- Strengthen multi-carrier deployment of the next-generation feature phones.
- Expand introduction to MVNO wireless service providers.
- Strengthen new business development built around a core of communication technologies.

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Due to factors such as the release timing of new tablets and intensifying competition in the Japanese mobile phone market, sales and operating income were down compared to the same period of the previous year. However, we managed to achieve an 8.7% operating income margin.

We will strive to secure increased sales, and profit by continuing to develop “Emopa”, Sharp’s proprietary voice-activated digital assistant, and strengthening new products with enhanced specifications, such as cameras and displays.

(Consumer Electronics) Health and Environmental Equipment

(Billions of Yen)

	FY2014	FY2015			
	1Q	1Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Sales	82.1	74.7	-9.0%	340.0	+7.9%
Operating Income (margin)	3.1 (3.9%)	0.7 (1.0%)	-77.4%	14.0 (4.1%)	-12.1%

*Sales of each product group include internal sales between segments (Product Business / Device Business)

【1Q Fiscal 2015 Results】

Japan: Weak sales of seasonal products due to unseasonable weather, and a decrease in profitability as a result of a weaker yen.

Overseas: Reduced sales of air purifiers as a result of intensifying competition in China.

【Future Efforts】

- Expand sales of new products and uniquely featured products that will excite new demand.
- Strengthen sales structure and introduce new local-fit products offering excellent energy efficiency and cooling performance in ASEAN countries.

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In Japan, sales of seasonal products were sluggish due to unseasonable weather, while in China intensifying competition contributed to lower air purifier sales. As well, a weak yen hurt profitability in Japan. These and other factors drove decreased sales and operating income.

We will increase sales and improve profitability by creating and expanding sales of uniquely featured products and models that will excite new demand. Also, we will strengthen sales structure and introduce new local-fit products in ASEAN countries.

Energy Solutions

(Billions of Yen)

	FY2014	FY2015			
	1Q	1Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Sales	69.0	36.8	-46.6%	180.0	-33.5%
Operating Income (margin)	0.1 (0.3%)	-3.9 (-10.7%)	-	5.0 (2.8%)	-

*Sales of each product group include internal sales between segments (Product Business / Device Business)

【1Q Fiscal 2015 Results】

- As a result of declining sales of both residential- and industrial-use products (which reflects a downturn in the Japanese market), and also as a result of the Mar. 2015 sale of our U.S. subsidiary (a solar power generation developer), sales from this product group decreased significantly compared to the same period last year.
- Losses widened due to the appropriation of a reserve of 2.2 billion yen to cover the difference in the long-term contracted price and the current lower market price for polysilicon.

【Future Efforts】

- Strengthen sales of residential solar power generation systems featuring high-efficiency single-crystal solar cell modules at their core.
- Promote cost reductions by revamping the supply chain for modules procured from overseas.
- Strengthen solution businesses such as our storage battery business and EPC business.

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Both sales and operating income decreased due to slow demand in Japan for residential- and industrial-use products and absence of performance of a solar power generation developer in the U.S., which used to be our subsidiary but was sold last fiscal year. The figures of the same period last year include sales of approx. 15.8 billion yen and operating income of approx. 2.6 billion yen, which were brought by this subsidiary.

Also, there was the additional appropriation of a reserve of 2.2 billion yen to cover the difference in the long-term contracted price and the current lower market price for polysilicon.

We are working towards turning to the black this fiscal year through efforts including reducing fixed costs through continuing structural reform, and stepping up the solutions business.

Business Solutions

(Billions of Yen)

	FY2014	FY2015			
	1Q	1Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Sales	79.9	80.6	+0.8%	350.0	+1.9%
Operating Income (margin)	7.7 (9.7%)	6.8 (8.4%)	-11.9%	33.0 (9.4%)	+5.4%

*Sales of each product group include internal sales between segments (Product Business / Device Business)

【1Q Fiscal 2015 Results】

- Even as sales of information displays were lower than the same period last year, sales growth was ensured as a result of an expansion in color MFPs overseas.
- We still maintained a high profit level, despite a slight decline in profit caused by intensifying price competition for services.

【Future Efforts】

- In Europe, restructure based on consolidation of direct sales companies and some other organizations, to build a highly efficient management system.
- Strengthen the office solution business around a nucleus of large-size displays, MFPs, and tablets.

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Even as sales of information displays were lower than the same period last year, sales growth was ensured as a result of an expansion in color MFPs overseas. We managed to achieve an 8.4% operating income margin; this was in spite of a decline in profits over the same period of the previous year due to price decline in services as a result of intensifying competition.

We will strengthen the office solution business around a nucleus of large-size displays, MFPs, and tablets, to increase sales and profit.

Electronic Components and Devices

(Billions of Yen)

	FY2014	FY2015			
	1Q	1Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Sales	58.9	131.7	2.2-fold	480.0	+8.7%
Operating Income (margin)	-3.5 (-5.9%)	2.8 (2.2%)	-	10.0 (2.1%)	14.8-fold

*Sales of each product group include internal sales between segments (Product Business / Device Business)

【1Q Fiscal 2015 Results】

- Sales of camera modules for mobile devices increased significantly.
- Operating income experienced a turnaround to profitability from a loss in the same period last year.
- Continuing to post consistent profits as a result of previous efforts to implement structural reforms.

【Future Efforts】

- Develop new customer bases for camera modules.
- Create new devices that take advantage of advanced sensing technologies.
- Expand sales of high-value-added devices such as high-color-reproduction LEDs and touchscreen controllers, based on sales collaborations with the display device product group.

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Sales of camera modules for mobile devices increased significantly, contributing to an approx. 2.2-times increase in sales over the same period of the previous year. Operating result was back in the black, thanks to positive effects from structural reform and cost cutting measures.

We will improve profitability by expanding sales activities for unique devices such as high-performance camera modules for smartphones and tablets, and touchscreen controllers.

Display Device

(Billions of Yen)

	FY2014	FY2015			
	1Q	1Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Sales	206.9	187.8	-9.2%	1,000.0	+10.2%
Operating Income (margin)	2.1 (1.0%)	-13.7 (-7.3%)	-	45.0 (4.5%)	75.8-fold

*Sales of each product group include internal sales between segments (Product Business / Device Business)

【1Q Fiscal 2015 Results】

- Even as sales to major smartphone manufacturers continued to be strong, overall sales declined due to slower growth and increased competition in the China smartphone market.
- Make sales of existing inventory a priority, and implement planned production adjustments for smartphone application LCDs.
- Begin mass production of in-cell type touch displays.

【Future Efforts】

- Strengthen marketing organization in China's Huanan county.
- Enforce marketing power through local recruitment.
- Strengthen cost competitiveness through supply chain innovations and a drastic revamping of the entire production process.
- Create unique devices based on low-power consumption technology and "Free-Drawing" touchscreen technology (user-interface innovations), etc.

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Sales fell below the level of the same period of the previous year; even as sales to major smartphone manufacturers continued strong, slower growth and increased competition in the China smartphone market had a negative impact on sales performance.

To respond to such market changes, planned production adjustments for mobile device application LCDs were made.

We will build a stable supply system for in-cell type touch displays, for which mass-production began in June 2015, while at the same time strengthening support capability for our important clients by enhancing marketing organization in China's Huanan county and recruiting local workforce. We are also striving for increased sales and improved profitability through supply chain management innovations for the entire value chain.

III. Supplementary Data

Finally, first quarter financial results were almost in line with our expectations. As well, with the completion of the issuance of preferred shares and payment procedures, we have been able to increase the equity ratio and reduce interest-bearing debt.

Sharp is still in a difficult business situation. We will continue to speed up structural reform as we do everything possible to achieve the targets of our Medium-Term Management Plan.

Financial Results by Quarter

(Billions of Yen)

	FY2014				FY2015
	1Q	2Q	3Q	4Q	1Q
Net Sales	619.7	707.9	762.7	695.8	618.3
Operating Income (margin)	4.6 (0.8%)	24.5 (3.5%)	22.0 (2.9%)	-99.3 (-14.3%)	-28.7 (-4.7%)
Net Income Attributable to Sharp Corporation (margin)	-1.7 (-0.3%)	6.5 (0.9%)	-11.9 (-1.6%)	-215.1 (-30.9%)	-33.9 (-5.5%)

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Sales of Main Products

(Billions of Yen)

	FY2014			FY2015	
	1H	2H	Full Year	Full Year Forecast	Change (Y on Y)
LCD TVs	189.1	180.8	370.0	340.0	-8.1%
Unit (million units)	3.60	3.43	7.03	6.50	-7.6%
Mobile Phones	85.9	107.6	193.6	195.0	+0.7%
Unit (million units)	2.41	3.15	5.56	5.30	-4.8%
Refrigerators	47.9	45.6	93.5	100.0	+6.9%
Air Conditioners	42.1	21.3	63.5	68.0	+7.0%
Copiers / Printers	73.4	78.5	152.0	160.0	+5.2%
CCD / CMOS Imagers	103.5	235.5	339.1	385.0	+13.5%

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Sales of Main Products by Quarter

(Billions of Yen)

	FY2014				FY2015
	1Q	2Q	3Q	4Q	1Q
LCD TVs	85.7	103.3	104.3	76.5	64.1
Unit (million units)	1.73	1.86	1.74	1.68	1.41
Mobile Phones	49.6	36.2	64.1	43.5	44.1
Unit (million units)	1.23	1.17	1.79	1.35	1.01
Refrigerators	23.9	24.0	22.1	23.4	23.0
Air Conditioners	23.6	18.4	8.0	13.3	20.6
Copiers / Printers	34.3	39.1	38.2	40.3	37.2
CCD / CMOS Imagers	38.8	64.7	129.3	106.2	110.8

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Capital Investment and Depreciation, etc.

(Billions of Yen)

	FY2014			FY2015	
	1H	2H	Full Year	Full Year Forecast	Change (Y on Y)
Capital Investment	31.2	31.3	62.6	80.0	+27.7%
LCDs	12.9	19.0	31.9	36.3	+13.6%
Depreciation and Amortization	49.9	52.6	102.6	90.0	-12.3%
R&D Expenditures	65.8	75.1	141.0	140.0	-0.7%

(Yen)

Exchange Rate	FY2014			FY2015
	1H	2H	Full Year	Full Year Forecast
US Dollar	102.05	115.83	108.94	115.00
Euro	137.41	137.14	137.28	125.00

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Capital Investment and Depreciation, etc. by Quarter

	(Billions of Yen)				
	FY2014				FY2015
	1Q	2Q	3Q	4Q	1Q
Capital Investment	14.5	16.6	9.3	22.0	9.7
LCDs	5.7	7.1	4.3	14.7	3.8
Depreciation and Amortization	24.4	25.5	26.5	26.0	18.0
R&D Expenditures	34.4	31.4	38.1	37.0	36.3

	(Yen)				
	FY2014				FY2015
	1Q	2Q	3Q	4Q	1Q
Exchange Rate					
US Dollar	101.16	102.93	113.55	118.10	120.37
Euro	138.56	136.26	141.59	132.68	132.66

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Sales by Product Group

	(Billions of Yen)						
	FY2014			FY2015			
	1H	2H	Full Year	1H Forecast	2H Forecast	Full Year Forecast	Changes (Y on Y)
Digital Information Equipment	211.8	205.8	417.6	170.0	200.0	370.0	-11.4%
Communications	119.5	130.1	249.6	120.0	120.0	240.0	-3.9%
Health and Environmental Equipment	162.8	152.2	315.0	165.0	175.0	340.0	+7.9%
Consumer Electronics	494.2	488.2	982.4	455.0	495.0	950.0	-3.3%
Energy Solutions	142.9	127.9	270.8	80.0	100.0	180.0	-33.5%
Business Solutions	165.9	177.3	343.3	165.0	185.0	350.0	+1.9%
Product Business	803.1	793.5	1,596.6	700.0	780.0	1,480.0	-7.3%
Electronic Components and Devices	149.7	291.6	441.4	200.0	280.0	480.0	+8.7%
Display Devices	460.9	446.1	907.1	480.0	520.0	1,000.0	+10.2%
Device Business	610.7	737.8	1,348.5	680.0	800.0	1,480.0	+9.7%
Subtotal	1,413.8	1,531.3	2,945.2	1,380.0	1,580.0	2,960.0	+0.5%
Adjustments	-86.1	-72.7	-158.9	-80.0	-80.0	-160.0	-
Total	1,327.6	1,458.5	2,786.2	1,300.0	1,500.0	2,800.0	+0.5%

*Sales of each product group include internal sales between segments (Product Business / Device Business)

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Operating Income by Product Group

(Billions of Yen)

	FY2014			FY2015			Changes (Y on Y)
	1H	2H	Full Year	1H Forecast	2H Forecast	Full Year Forecast	
Digital Information Equipment	0.3 (0.2%)	-12.9 (-6.3%)	-12.6 (-3.0%)	-9.0 (-5.3%)	6.0 (3.0%)	-3.0 (-0.8%)	-
Communications	7.1 (6.0%)	8.5 (6.6%)	15.7 (6.3%)	4.0 (3.3%)	7.0 (5.8%)	11.0 (4.6%)	-30.2%
Health and Environmental Equipment	7.7 (4.8%)	8.1 (5.4%)	15.9 (5.1%)	6.0 (3.6%)	8.0 (4.6%)	14.0 (4.1%)	-12.1%
Consumer Electronics	15.2 (3.1%)	3.7 (0.8%)	19.0 (1.9%)	1.0 (0.2%)	21.0 (4.2%)	22.0 (2.3%)	+15.3%
Energy Solutions	-0.2 (-0.2%)	-62.3 (-48.8%)	-62.6 (-23.1%)	1.0 (1.3%)	4.0 (4.0%)	5.0 (2.8%)	-
Business Solutions	15.9 (9.6%)	15.3 (8.7%)	31.3 (9.1%)	15.0 (9.1%)	18.0 (9.7%)	33.0 (9.4%)	+5.4%
Product Business	30.9 (3.9%)	-43.2 (-5.4%)	-12.2 (-0.8%)	17.0 (2.4%)	43.0 (5.5%)	60.0 (4.1%)	-
Electronic Components and Devices	-2.4 (-1.6%)	3.1 (1.1%)	0.6 (0.2%)	3.0 (1.5%)	7.0 (2.5%)	10.0 (2.1%)	14.8-fold
Display Devices	20.8 (4.5%)	-20.2 (-4.5%)	0.5 (0.1%)	8.0 (1.7%)	37.0 (7.1%)	45.0 (4.5%)	75.8-fold
Device Business	18.3 (3.0%)	-17.0 (-2.3%)	1.2 (0.1%)	11.0 (1.6%)	44.0 (5.5%)	55.0 (3.7%)	43.3-fold
Subtotal	49.2 (3.5%)	-60.3 (-3.9%)	-11.0 (-0.4%)	28.0 (2.0%)	87.0 (5.5%)	115.0 (3.9%)	-
Adjustments	-20.0	-16.9	-37.0	-18.0	-17.0	-35.0	-
Total	29.2 (2.2%)	-77.2 (-5.3%)	-48.0 (-1.7%)	10.0 (0.8%)	70.0 (4.7%)	80.0 (2.9%)	-

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*Figures within parentheses indicate operating margin.

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