Annual Report 2011

For the year ended March 31, 2011

Repositioning for a New Paradigm

SHARP

Profile

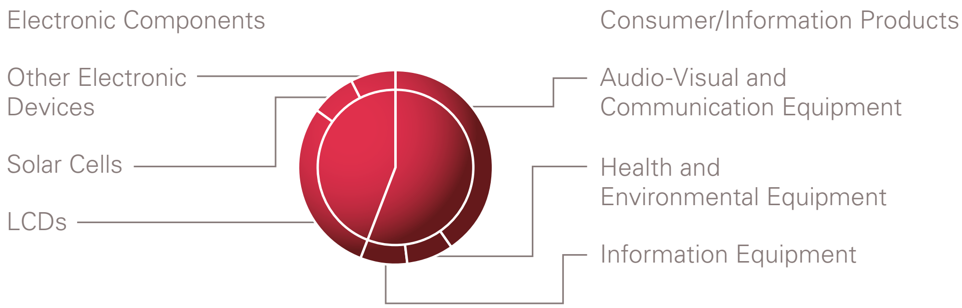
Since its foundation in 1912, Sharp has created numerous Japan-first and world-first products, based on the spirit of "Make products that others want to imitate."

Looking ahead to the year 2012, the 100th anniversary of its founding, Sharp has formulated two business visions: "Contribute to the world with environment and health conscious business, focusing on energy-saving and energy-creating products" and "Contribute to ubiquitous society with one-of-a-kind LCDs."

To contribute even more actively to the realization of a green society, Sharp will continue to make innovative products such as energy-saving LCD panels and LED lights, as well as energy-creating solar cells and solar-applied products. In this way, Sharp is working to both contribute to protecting the environment and realize a new society built around electronics, guided by its corporate vision of becoming an Eco-Positive Company.

Sales Composition by Product Group

(Year ended March 31, 2011)



Contents

Financial Highlights

Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31

	Yen (millions)					U.S. Dollars (thousands)
	2007	2008	2009	2010	**2011**	**2011**
Net Sales	¥3,127,771	¥3,417,736	¥2,847,227	¥2,755,948	**¥3,021,973**	**$36,853,329**
Domestic sales	1,526,938	1,590,747	1,302,261	1,429,057	**1,592,909**	**19,425,719**
Overseas sales	1,600,833	1,826,989	1,544,966	1,326,891	**1,429,064**	**17,427,610**
Operating Income (Loss)	186,531	183,692	(55,481)	51,903	**78,896**	**962,146**
Income (Loss) Before Income Taxes and Minority Interests	158,295	162,240	(204,139)	6,139	**40,880**	**498,537**
Net Income (Loss)	101,717	101,922	(125,815)	4,397	**19,401**	**236,598**
Net Assets	1,192,205	1,241,868	1,048,447	1,065,860	**1,048,645**	**12,788,354**
Total Assets	2,968,810	3,073,207	2,688,721	2,836,255	**2,885,678**	**35,191,195**
Capital Investment	314,301	344,262	260,337	215,781	**172,553**	**2,104,305**
R&D Expenditures	189,852	196,186	195,525	166,507	**173,983**	**2,121,744**
Per Share of Common Stock (yen and U.S. dollars)						
Net income (loss)	93.25	93.17	(114.33)	4.00	**17.63**	**0.22**
Cash dividends	26.00	28.00	21.00	17.00	**17.00**	**0.21**
Net assets	1,084.76	1,119.09	944.24	949.19	**932.46**	**11.37**
Return on Equity (ROE)	8.9%	8.4%	(11.1%)	0.4%	**1.9%**	—
Number of Shares Outstanding (thousands of shares)	1,090,678	1,100,525	1,100,480	1,100,414	**1,100,346**	—
Number of Employees	48,927	53,708	54,144	53,999	**55,580**	—

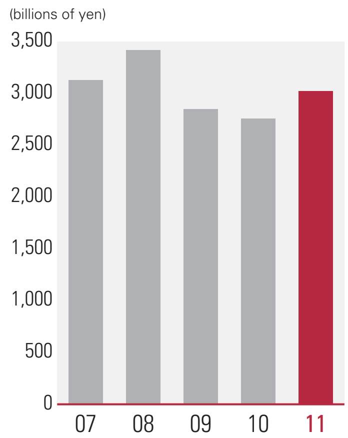
Notes: 1. The translation into U.S. dollar figures is based on ¥82=U.S.$1.00, the approximate exchange rate prevailing on March 31, 2011. All dollar figures hereinafter refer to U.S. currency.
2. The amount of leased properties is included in capital investment.
3. The computation of net income (loss) per share is based on the weighted average number of shares of common stock outstanding during each fiscal year.
4. The number of shares outstanding is net of treasury stock.

Forward-Looking Statements

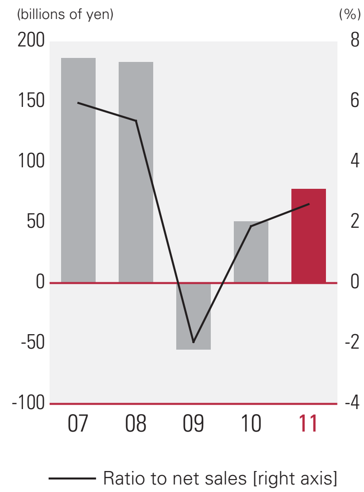
This annual report contains certain statements describing the future plans, strategies and performance of Sharp Corporation and its consolidated subsidiaries (hereinafter "Sharp"). These statements are not based on historical or present fact, but rather assumptions and estimates based on information currently available. These future plans, strategies and performance are subject to known and unknown risks, uncertainties and other factors. Sharp's actual performance, business activities and financial position may differ materially from the assumptions and estimates provided on account of such risks, uncertainties and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events or any other factors. The risks, uncertainties and other factors that could affect actual results include, but are not limited to:

(1) The economic situation in which Sharp operates (particularly various impacts arising from the Great East Japan Earthquake)
(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) Sharp's ability to respond to rapid technical changes and changing consumer preferences with timely and cost-effective introductions of new products and services
(5) Regulations such as trade restrictions in other countries
(6) Litigation and other legal proceedings against Sharp

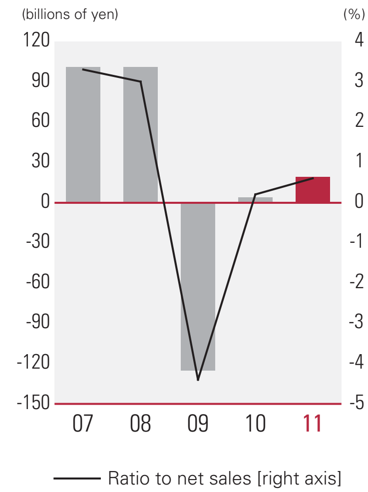
Net Sales



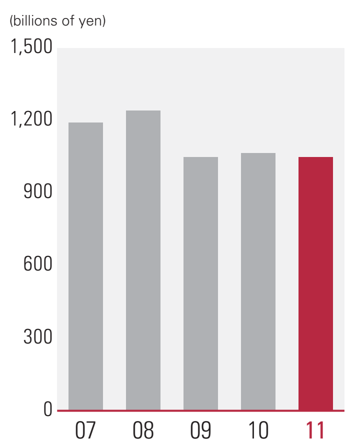
Operating Income (Loss)



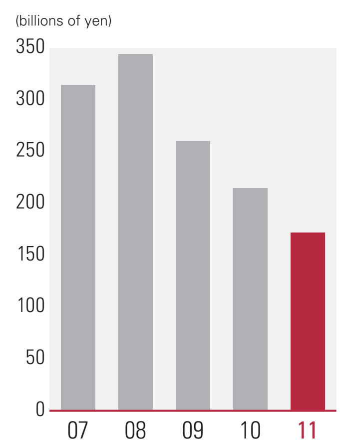
Net Income (Loss)



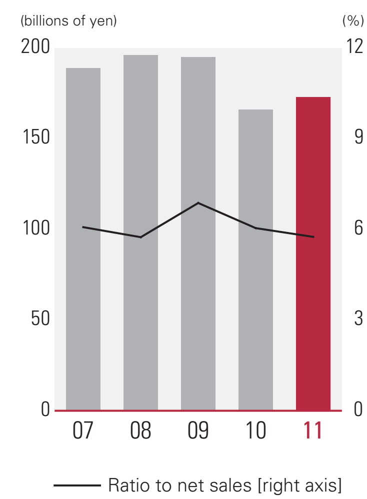
Net Assets



Capital Investment



R&D Expenditures



We will pursue the development of energy-saving and energy-creating products that anticipate growing market needs, while promoting the reform of our business structure and reinforcing our business foundations.

Katsuhiko Machida
Chairman

Mikio Katayama
President

First, we offer our sincere condolences to victims of the Great East Japan Earthquake of March 11, 2011, and we are wishing for the speedy recovery of all afflicted areas.

In fiscal 2010, ended March 31, 2011, the Japanese economy showed signs of a partial turnaround, buoyed by the Eco-Point Program and other government measures to stimulate demand, as well as growing demand in emerging countries. Overall conditions remained challenging, however, due to the strong yen and falling market prices stemming from intensified competition in digital products, particularly in LCD TVs, coupled with the huge damage caused by the Great East Japan Earthquake. Overseas, Asian markets continued showing strong growth, especially China, and Europe and the United States posted generally moderate recovery. However, a strong sense of uncertainty continued, due largely to soaring crude oil prices amid political instability in the Middle East and North Africa.

Under these circumstances, Sharp sought to create one-of-a-kind devices and products by leveraging its distinctive technologies. At the same time, we strove to enhance our international competitiveness by promoting our local production for local consumption business model, in which we manufacture and sell products tailored to market needs in the areas where they will be consumed.

In the lead-up to its 100th anniversary in 2012, Sharp is pursuing two business visions: "Contribute to the world with environment and health conscious business, focusing on energy-saving and energy-creating products" and "Contribute to ubiquitous society with one-of-a-kind LCDs." We have also set a corporate vision of becoming an Eco-Positive Company committed to the twin objectives of contributing to the environment and promoting economic activities through our electronics business.

Regarding fiscal 2011, we expect the situation to remain unpredictable, given such concerns as the impact of the Great East Japan Earthquake on the supply chains of manufacturers, restraint in consumer spending stemming from the quake, and the rising prices of natural resources. In response, we will work to ensure stable production by securing necessary parts and components, while focusing on creation of unique energy-saving and energy-creating products for which growth in demand is anticipated. These include home appliances that consume less electricity and solar-applied products. We will also work to undertake business restructuring and make rigorous, group-wide cost-cutting efforts to further reinforce our business foundations. In addition, we will make efforts to raise corporate value by taking steps to expand our CSR activities group-wide, including enhancing and strengthening our corporate governance, helping to preserve the global environment, and enforcing compliance in business management. We look forward to your ongoing support and understanding.

July 2011

K. Machida
Chairman

M. Katayama
President

Interview with the President

Mikio Katayama
President

Fiscal 2010 Performance

Q Please summarize Sharp's performance in fiscal 2010.

A We achieved significant increases in both sales and profits. However, this was partly attributable to government economic stimulus measures, including the Eco-Point Program. I believe that we need to advance strategies, such as promoting local production for local consumption, as well as restructuring our LCD business.

Significant Sales and Profits Growth

In fiscal 2010, net sales increased 9.7% compared to the previous year, to ¥3,021.9 billion, and operating income surged 52.0% to ¥78.8 billion. Despite a challenging operating environment stemming from the appreciating yen, falling market prices, and other factors, we achieved significant growth in sales and profits thanks to the market launch of unique products. However, government economic stimulus measures, such as the Eco-Point Program, played a part in bolstering our performance. We recognize, therefore, the need to expedite business restructuring and reinforce our business foundations.

Business Restructuring Initiatives

Sharp is promoting a business model emphasizing local production for local consumption. Under this model, we build value chains by forming alliances with leading companies in regions where products are consumed. In fiscal 2010, Sharp established a joint-venture company in Italy for the production of thin-film solar cells, as well as a joint-venture company to carry out a solar power generation business as an independent power producer. We also built a solar power generation plant in that country. In China, we have been providing technology support as part of our engineering business to a 6th generation LCD panel plant owned by Nanjing CEC-PANDA LCD Technology Co., Ltd. In late March 2011, that plant began input of glass substrates.

In addition to promoting local production for local consumption in these ways, Sharp is also restructuring production facilities to create optimal frameworks for each. For example, at the Kameyama No. 2 Plant, which has been making large-size LCDs, we have begun converting some lines so that they can also produce mobile LCDs.

Market Conditions

Q What is your view of current market conditions for Sharp? Also, what measures is Sharp taking in response to those conditions?

A Overseas, especially in emerging countries, markets are growing rapidly. Sharp must strengthen sales in these overseas markets and expand its business domain to achieve sustainable growth.

Unpredictable and Challenging Japanese Market; Ongoing Growth in Emerging Countries

In fiscal 2010, the Japanese economy showed some signs of recovery owing to the government's economic stimulus measures and rising demand from emerging countries. However, due to the impact of the Great East Japan Earthquake on supply chains in the manufacturing sector on top of an appreciating yen and a deflationary trend, as well as fears of increasing prices of materials, the future direction of the economy remains unclear.

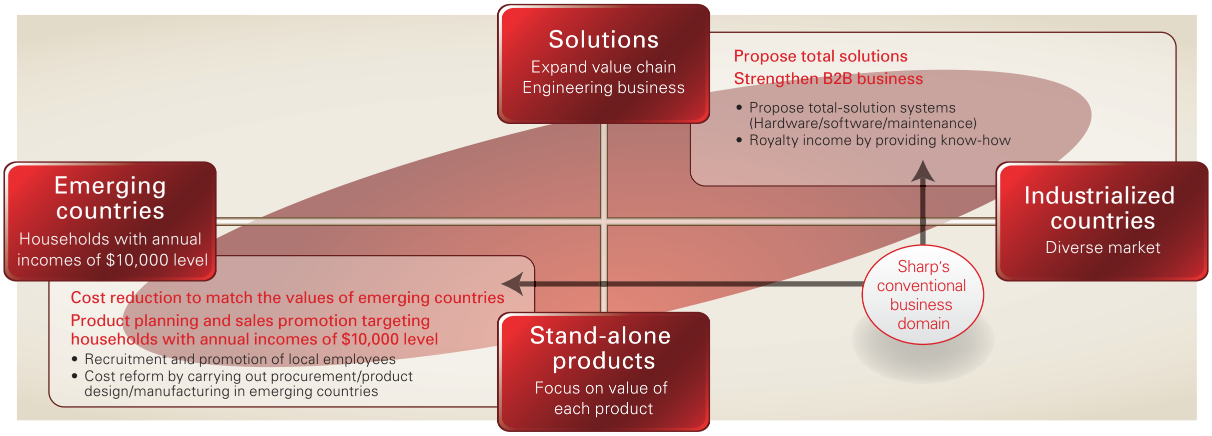
Overseas, however, China and other Asian economies continued to show strong growth, and markets in North America and Europe were generally healthy. Going forward, we can expect to see continued strong growth in emerging countries due largely to the fact that personal consumption increases as a result of rising incomes. Elsewhere, the outlook appears increasingly uncertain. Factors include the possibility of a downturn in the U.S. economy, financial unease in Europe, and concerns over crude oil price hikes stemming from political instability in the Middle East and North Africa.

Expanding Business Domain; Increasing Sales in Overseas Markets

No company in the electronics industry can hope to grow and remain profitable by relying on an existing business model. Survival demands that we succeed in powerful competition with foreign companies, adapting to rapid changes in business infrastructures, such as communications and networks, and responding to other challenges.

Therefore, Sharp will broaden its business domain. In our conventional business domain, we focused on industrialized countries and selling stand-alone products. We need to expand this into a wider domain that includes a solutions business and emerging countries. In industrialized countries, Sharp must extend beyond the business model centering on stand-alone products to include other fields. We must put emphasis on becoming a source of total solutions and strengthening B2B businesses. In emerging countries, the number of households with annual incomes of more than $10,000 is climbing rapidly. We will recruit and promote employees within these countries, while establishing a new cost structure by stepping up local procurement, product design and manufacturing operations. These are necessary steps to achieve business expansion in overseas markets.

Expanding Business Domain



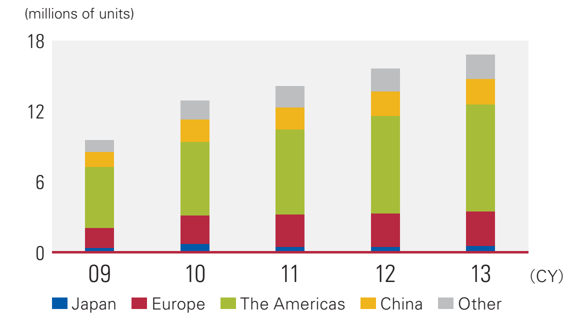
Restructuring the LCD Business

Q Sharp is in the process of restructuring its LCD business. What is your view on the current state of that business?

A The market for large-size LCDs, mainly for TVs, remains challenging. Meanwhile, in the mobile LCD market, there is a tight supply/demand balance for high value-added LCDs. In both fields, we need to shift to growth areas that make use of Sharp's strengths and carry out restructuring to optimize the production framework.

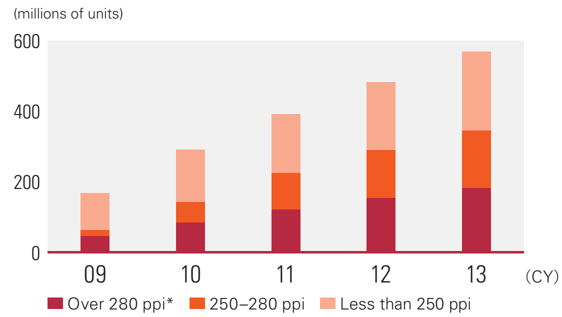
Multi-screen display systems at a shopping mall in Malaysia (9 large-size LCD monitors are used for each display system installed on both sides of a connecting corridor)

Market for large-size flat panel display TVs*



* 50 inches and larger (Source: DisplaySearch)

Market for smartphones



* Resolution of display (pixels per inch) (Source: Sharp)

Large-size LCD Business

At the beginning of fiscal 2010, the supply/demand balance for large-size LCD panels was tight. Due to sluggish markets for LCD TVs in Europe and the U.S. and slow sales of local TV brands in China, however, supply began to outstrip demand, leading to falling panel prices and increasing market inventories. Sharp responded to this situation by adjusting production at its large-size LCD panel plants. Amidst this circumstance, demand dropped suddenly as a result of the Great East Japan Earthquake on March 11, causing inventories to grow further. This was compounded by difficulties we faced in procuring components. As a result, we suspended the input of glass substrates at our large-size LCD panel plants from early April through mid-May.

We expect the market to remain challenging for some time due to uncertainty regarding the supply of electricity caused by the shutdown of nuclear power plants from the earthquake, as well as a decline in demand for LCD TVs in Japan following the end of the Eco-Point Program. In response, Sharp will endeavor to strengthen the foundation of its large-size LCD business by shifting to areas with high growth potential. To this end, we will make LCDs for TVs 60 inches and larger and LCDs for digital signage and other non-TV applications, leveraging the Sakai Plant's competitive edge of being the only LCD panel plant in the world to employ 10th generation glass substrates.

Mobile (Small- and Medium-size) LCD Business

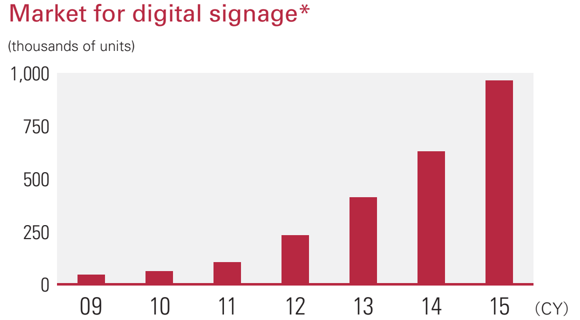
In fiscal 2010, the mobile LCD market picked up owing to surging demand for smartphones and tablet terminals. There are few manufacturers in the world capable of producing high value-added LCDs, such as high-resolution LCDs and 3D LCDs, which are Sharp's specialty. Consequently, supply became extremely tight, making it a top priority for major mobile device manufacturers to stably procure these core components. Sharp has continued operating its mobile LCD plants at full capacity and currently faces the pressing issue of raising production capacity.

Sharp has developed a thin-film transistor using an oxide semiconductor, InGaZnO (IGZO) *1, in collaboration with Semiconductor Energy Laboratory Co., Ltd., and is working for the commercialization of this device, which would mark a world's first. This technology makes it possible to produce mobile LCDs with ultra-low power consumption, a feature important for smartphones and tablet terminals. Also, high display quality can be achieved by employing proprietary UV²A technology*2. We plan to commence production of LCDs using IGZO in the second half of fiscal 2011, as we work to increase production capacity for mobile LCDs and further enhance competitiveness.

*1 Please refer to "Mobile LCDs using oxide semiconductor" in the R&D and Intellectual Property section on page 24 of this report.

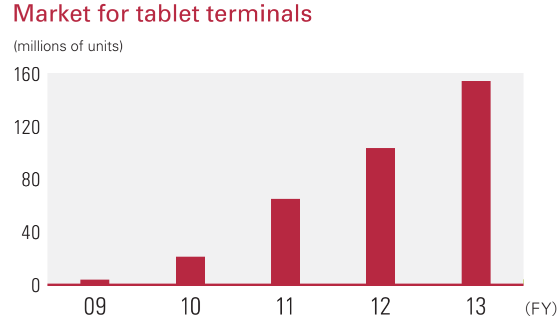
*2 Photo-alignment technology that can precisely control the alignment of liquid crystal molecules in a simple LCD panel structure.

Market for digital signage*



* 60 inches and larger (Source: DisplaySearch)

Market for tablet terminals



(Source: Sharp)

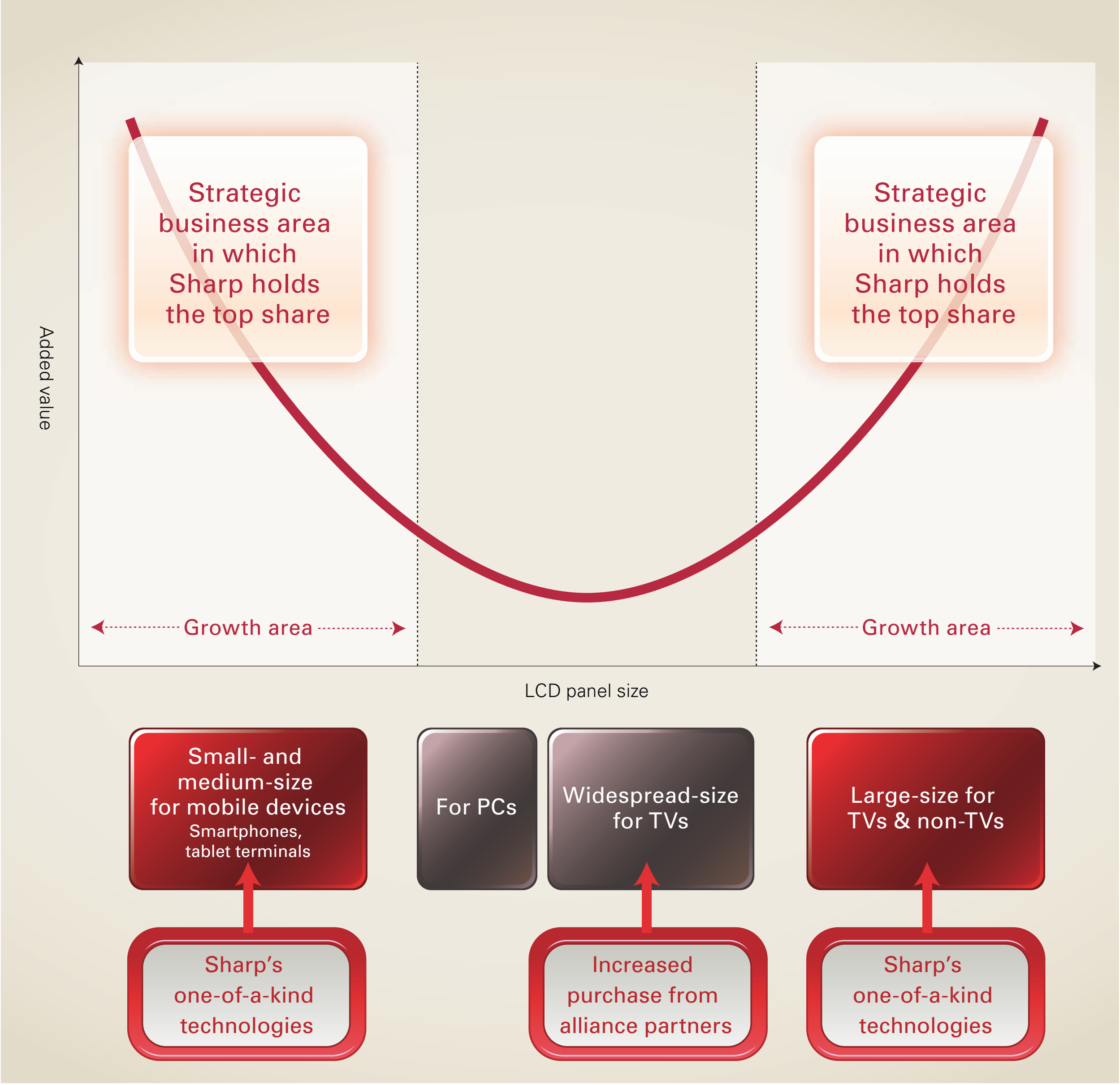
Q

Please outline the concept behind the restructuring of the LCD business and some specific initiatives Sharp is introducing in this area.

A

We are pursuing two courses of action in order to transition to high value-added, high-growth businesses. We are strengthening the mobile LCD business and shifting to growth areas for large-size LCDs.

Business Areas Targeted by Sharp



Shifting to High Value-Added and Growth Areas

The diagram "Business Areas Targeted by Sharp" on page 10 shows added value on the vertical axis and the LCD panel size on the horizontal axis ("For mobile devices," "For PCs, for TVs," and "For large-size TVs & non-TVs"). Due to growing commoditization in the LCD market for PCs as well as for widespread-size 32-to-40-inch TVs (in the center of the diagram), it is extremely difficult to secure healthy profits in these areas, with major LCD panel manufacturers across the board facing declines in profits.

By contrast, in the areas where cutting-edge elemental and production technologies are required, Sharp is able to leverage its one-of-a-kind technologies. These growth areas include mobile LCDs used in smartphones and tablet terminals, as well as large-size LCDs for TVs 60 inches and larger, and non-TV applications like digital signage. We will work hard to strengthen the LCD business and enhance profitability by concentrating management resources in growth areas where we have a technological edge and top market share.

As for widespread-size LCD panels for TVs, we will introduce rigorous cost reduction measures, including the purchase of these panels from alliance partners.

Initiatives for LCD Business Restructuring

Sharp is pursuing two courses of action in the restructuring of the LCD business, to respond swiftly and flexibly to changing business conditions, with the aim of achieving business expansion and improved profitability.

The first one calls for strengthening the mobile LCD business, specifically the optimization of LCD production framework, achieved through a shift from the production of LCDs for TVs to LCDs for mobile devices. The second one involves a shift to growth areas for large-size LCDs, which means targeting the creation of new markets for large-size LCD panels that are 60 inches and larger.

For the first course of action—strengthening the mobile LCD business—we are converting the Kameyama Plant, which previously specialized in large-size LCD production, so that it can also make mobile LCDs for smartphones and tablet terminals in addition to LCDs for TVs. Our aim is to meet the huge demand and establish a production framework that can respond flexibly to changes in the market.

Regarding the second course of action—the shift to growth areas for large-size LCDs—we will shift to business areas where we can maximize the competitive edge we have with the Sakai Plant, the world's only 10th generation LCD panel plant. Here, we will target markets for the large-size TVs 60 inches and larger and non-TVs, including digital signage. At the same time, we will reduce costs by standardizing and sharing designs and materials, as well as procuring LCD panels from alliance partners. Through such efforts, we will strengthen the foundation of the large-size LCD business and improve profitability.

Kameyama Plant

Initiatives in Other Core Businesses

Q What actions is Sharp taking with regard to expanding its overseas business and creating new markets in response to the anticipated contraction of the Japanese TV market?

A We will strengthen our TV business overseas by tailoring our product lineup to meet local needs in emerging countries, and also by aggressively releasing models that are 60 inches and larger in North America and China. We will also actively advance our non-TV business, a market with exciting growth potential.

Multi-screen display system used in the venue for the APEC Japan 2010 Economic Leaders' Meeting (12 large-size LCD monitors used to reproduce a pond)

Sharp's large-size LCD TVs (at a U.S. electronics retail store)

TV commercial for a 70-inch AQUOS Quattron model in the U.S.

Overseas LCD TV Business

In fiscal 2010, the LCD TV market in general was strong, buoyed by solid growth in Japan as a result of the Eco-Point Program and steady expansion of markets in China and emerging countries. Sharp recorded significant sales growth, especially in Japan and China, owing to the release of the AQUOS Quattron models, which combine UV²A technology and four-primary-color technology*, and other models featuring its proprietary technologies. In fiscal 2011, however, the Japanese market is expected to slump considerably, due in part to the end of the Eco-Point Program, especially after the end of analog TV broadcasting in the second half of the year. By contrast, overseas markets are expected to maintain healthy growth, driven by China and emerging countries.

In response, Sharp will strengthen initiatives targeting overseas markets. In emerging countries, we will boost our product lineup of small- and medium-size TVs that match local needs. In countries like those in North America and China, where there is strong demand for large-size TVs, we will strive to create new markets by using the advantage we have with the Sakai Plant to aggressively launch models 60 inches and larger.

* A multi-primary color technology that renders video input signals of three colors—red, green and blue—on an LCD having four-color pixels, in which yellow is added.

Tapping the Non-TV Market

Demand for large-size digital signage is growing for use in such areas as public facilities. Sharp has developed and released a multi-screen display system with a system frame width of 6.5mm*. Since the seams where individual LCD monitors join are unobtrusive, a super-size image display can be realized by combining a number of monitors in one large screen display. An example of this is seen in the photo on page 12, which shows the system in use at the venue for the APEC Japan 2010 Economic Leaders' Meeting held in Yokohama in November 2010.

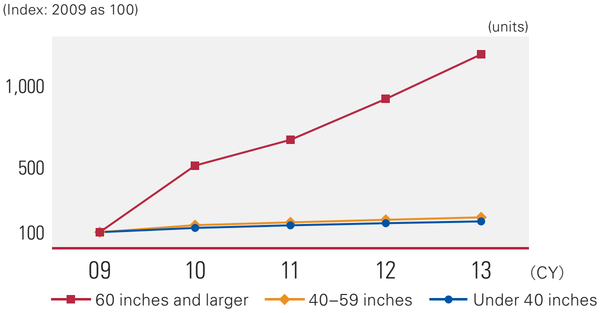
This system has also been used at a variety of events and facilities, both in Japan and overseas, where it has earned strong acclaim. In Japan, it has been used at the Huis Ten Bosch theme park, as well as in the JR Tokyo Station and Osaka Station complexes. Overseas, it has been used in the venues that hosted a handball competition sponsored by the European Handball Federation. We intend to expand its application scope by enhancing the brightness of the displays and lowering their power consumption. We also plan to offer total solutions, including equipment installation, content development and distribution, and the proposal of presentations that meet diverse needs.

In addition, we will actively develop new products with considerable growth potential, such as electronic blackboards, in order to expand new business areas.

* The width of the bezels between neighboring LCD monitors. Does not include the full gap between the monitors.

Demand growth forecasts of LCD TVs by size

(Index: 2009 as 100)



(Source: DisplaySearch)

Electronic blackboard

Q Please tell us about initiatives in the solar cell business.

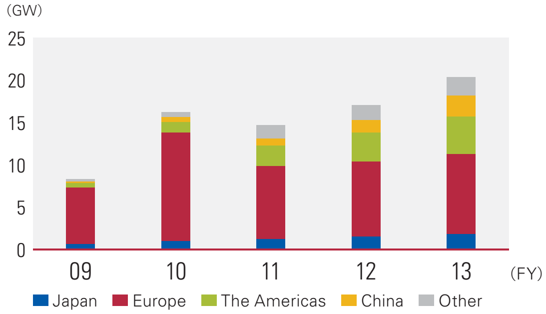
A We are working to expand our solar cell business with the aim of becoming a total solutions company in the solar cell market. We will achieve this by pursuing business in a broad value chain that encompasses system design, installation, sale, and maintenance of solar power generation systems for home use and large-scale solar power generation plants.

Conceptual drawing of completed plant

One of the world's largest solar power generation plants under construction in Thailand's Lop Buri Province (the plant is the size of 250 soccer fields, and generates electricity equivalent to the amount consumed annually by 70,000 households*. Scheduled to start operating at the end of 2011.)

* Calculation based on average power consumption (1,438.8kWh/year) by households in Thailand.

Market for solar cells



Review of Energy Policies

Demand for solar cells has grown steadily worldwide thanks to government incentive packages to assist with installation of solar power generation systems, and feed-in tariffs. The Great East Japan Earthquake has prompted countries all over the world to review their energy policies. Going forward, we can expect to see accelerated diversification and decentralization of energy supplies, including solar cells and other renewable energy forms.

Becoming a Total Solutions Company

In Japan, Sharp will promote the proliferation of residential solar power generation systems by strengthening its alliances with residential construction materials manufacturers and home building companies. We will work to develop roof-integrated solar cells and other products that combine construction materials and solar cells.

Overseas, together with Enel Green Power, we established a solar power generation joint venture, which will serve as an independent power producer. The joint venture will be engaged in processes ranging from construction to operation of the solar power generation plant, mainly in the Mediterranean region.

Also, a thin-film solar cell plant established jointly by Sharp, Enel Green Power, and STMicroelectronics in Italy is scheduled to begin production at the end of 2011. As a result, our efforts targeting local production for local consumption in Europe will be further enhanced.

In November 2010, Sharp acquired Recurrent Energy, LLC, a leading U.S. developer of distributed solar projects, making it a wholly owned subsidiary. Demand for solar cells is projected to expand in North America, due mainly to an increase in the number of projects for electricity companies. In this market, the know-how of a developer, engaging in activities ranging from development to the sale of solar power generation plants, will be very valuable. Today, Recurrent Energy holds a 2.4 GW project pipeline of large-scale power plants, mainly in the United States and Canada. The acquisition of Recurrent Energy will provide Sharp with the capabilities it requires to further expand its solar cell business.

In Asia, meanwhile, we have signed an agreement to establish one of the world's largest solar power generation plants (73MW) and to supply thin-film solar modules and surrounding systems in Thailand. The plant is currently under construction and is scheduled to start operating at the end of 2011.

These examples illustrate Sharp's efforts to expand its solar cell business with the aim of becoming a total solutions company in the solar cell market. Our aim is to pursue business in a broad value chain that encompasses system design, installation, sale, and maintenance of residential solar power generation systems, as well as large-scale solar power generation plants.

Thin-film solar cell plant in Italy (scheduled to start production at the end of 2011)

Q Please tell us about initiatives in the mobile phone and health and environmental equipment businesses.

A In the mobile phone business, we are developing distinctive smartphones that differentiate us from our rivals. In the health and environmental equipment business, we will expedite expansion of overseas operations and broaden the areas in which we work.

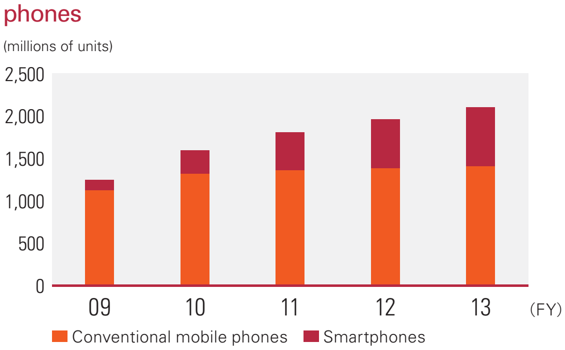
Mobile Phone Business

The mobile phone market is experiencing a rapid shift from conventional mobile phones to smartphones. In Japan, Sharp was the first in the industry to launch smartphones compatible with One-Segment digital TV broadcasting and other services that are unique to the Japanese market. We also released smartphones in China.

In May 2011, we launched a new brand of smartphone called the AQUOS PHONE in the Japanese market, introducing the first model. The phone, which has the ability to link with AQUOS LCD TVs and features a high-quality graphics engine, comes with functions that clearly differentiate it from other smartphones. In addition to creating such distinctive smartphones, Sharp will release models of conventional mobile phones designed to meet consumer needs. Through these efforts, we will strive to retain our top position in mobile phone shipments in Japan for a seventh consecutive year. Overseas, we also launched the AQUOS PHONE in China. Going forward, we will work to expand our business, while looking to launch these models in other regions as well.

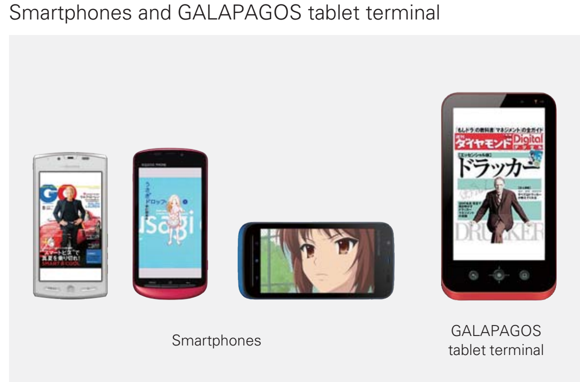
In the GALAPAGOS cloud-media business, in December 2010 we launched the e-bookstore service. In addition to expanding content, we have been working to attract more customers by providing applications that allow the use of the e-bookstore service on other smartphone brands in addition to Sharp's tablet terminals and smartphones. We will expand this business by enhancing the functionality of tablet terminals and further increasing content.

Markets for smartphones and conventional mobile phones



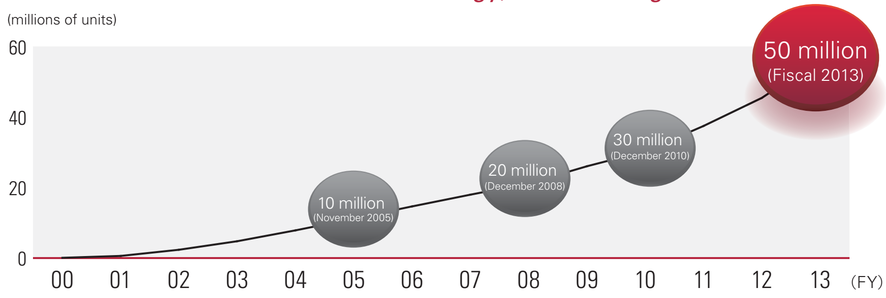
(Source: Sharp)

Smartphones and GALAPAGOS tablet terminal



- Smartphones: From left, for NTT DOCOMO, INC., SOFTBANK MOBILE Corp., KDDI CORPORATION
- Screens: Examples of content distributed by the e-bookstore service (inlaid synthetic screen)
  From left, Condé Nast Japan "GQ JAPAN," ©Yumi Unita/SHODENSHA Inc. "Usagi Drop," ©Natsumi Iwasaki/DIAMOND,Inc./NHK, NEP, IG animation "Moshidora," DIAMOND,Inc. "Diamond Weekly" digital edition

Products with Plasmacluster Ion technology; Cumulative global sales



Health and Environmental Equipment Business

In the health and environmental equipment business, Sharp will expedite overseas expansion by creating products that match the needs of local markets while expanding the areas in which it operates. Our proprietary Plasmacluster Ion air purification technology has received much acclaim and has been adopted in a diverse array of products of companies in other industries. By December 2010, a decade or so after this technology was first adopted in air purifiers, cumulative sales of products incorporating Plasmacluster Ion technology made by Sharp and manufacturers in other industries totaled 30 million units. Today, products with Plasmacluster Ion technology are sold in around 100 countries worldwide. We are expanding our global Plasmacluster Ion business by developing products tailored to local needs and preferences in emerging countries, particularly ASEAN countries. Through these initiatives, we are targeting cumulative worldwide sales of 50 million units by fiscal 2013.

In Japan, we signed an agreement with LIXIL Corporation in June 2011 to form a business alliance and establish a joint venture. The joint venture will plan and develop products and solutions along the themes of the environment, safety, and health, such as ones that integrate energy-creating and energy-saving products with construction materials. In addition, the new company will sell LED lights and other energy-saving products through the extensive sales channels of both partner companies. By leveraging the strengths of both Sharp and LIXIL in these ways, the new company will tap the markets for construction materials, furnishings and fixtures for use in homes and office buildings.

Corporate Value

Q What is Sharp doing to increase its corporate value?

A We believe that expanding the Sharp's business and contributing to the environment at the same time will lead to enhancement of our corporate value.

There are many facets to increasing corporate value. From the standpoint of raising shareholder value, I believe it is important to strengthen our financial position by improving investment efficiency and profitability. To achieve this, we need to expand our operations and reinforce our business foundations by steadily implementing the above-mentioned initiatives in Sharp's various businesses, restructuring the LCD business, and promoting rigorous company-wide cost reduction efforts.

Sharp has a corporate vision of becoming an Eco-Positive Company. This means making a contribution to the environment, such as reducing greenhouse gas emissions through products and services by a magnitude that exceeds any negative impact on the environment like the said greenhouse gas emissions caused by Sharp's business activities (for further details, please refer to Environmental Activities in the Corporate Social Responsibility (CSR) section on page 27 of this report).

The recent Great East Japan Earthquake has heightened interest in clean and safe forms of energy, power conservation, and energy saving. This situation presents us with opportunities to create environmentally friendly products and services, such as LED lights and solar cells made using proprietary energy-saving and energy-creating technologies. I am convinced that fulfilling our corporate vision of becoming an Eco-Positive Company will make a direct contribution to further growth in our corporate value.

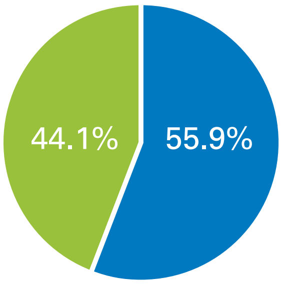
Segment Outline

Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31

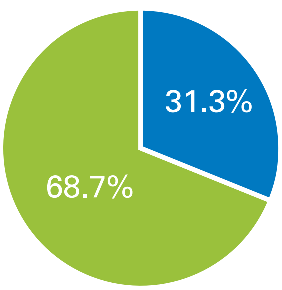
Consumer/Information Products

Electronic Components

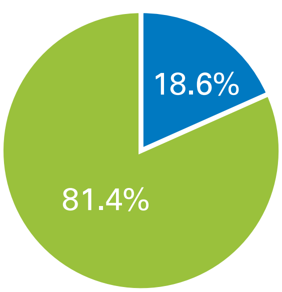
Sales



Total Assets



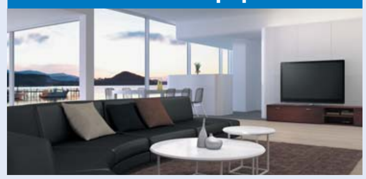
Capital Investment



- Sales figures shown on pages 18-19 include internal sales between segments (Consumer/Information Products and Electronic Components). The percentage of sales in the pie chart has been calculated accordingly.
- Operating income (loss) figures shown on page 19 are the amounts before adjustment of intersegment trading.
- Total assets figures shown on pages 18-19 are the amounts before adjustment of intersegment trading. The percentage of total assets in the pie chart has been calculated accordingly.
- Capital investment figures shown on pages 18-19 include the amounts of leased properties, and do not include unallocated capital investments. The percentage of capital investment in the pie chart has been calculated accordingly.
- Effective the year ended March 31, 2011, the Company has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan (ASBJ) Statement No. 17, issued by the ASBJ on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued by the ASBJ on March 21, 2008). In this connection, sales, operating income (loss) and total assets for 2010 shown on page 19 have been restated to conform with the 2011 presentation.

Consumer/Information Products

Audio-Visual and Communication Equipment



Main Products

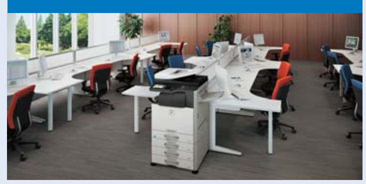
LCD color televisions, color televisions, projectors, DVD recorders, Blu-ray Disc recorders, Blu-ray Disc players, mobile phones, mobile communications handsets, electronic dictionaries, calculators, facsimiles, telephones

Health and Environmental Equipment

Main Products

Refrigerators, superheated steam ovens, microwave ovens, air conditioners, washing machines, vacuum cleaners, air purifiers, dehumidifiers, humidifiers, electric heaters, small cooking appliances, Plasmacluster Ion generators, LED lights, solar-powered LED lights, network control units

Information Equipment



Main Products

POS systems, handy data terminals, electronic cash registers, information displays, digital MFPs (multi-function printers), options and consumables, software, FA equipment, ultrasonic cleaners

Electronic Components

LCDs

Main Products

TFT LCD modules, Duty LCD modules, System LCD modules

Solar Cells

Main Products

Crystalline solar cells, thin-film solar cells

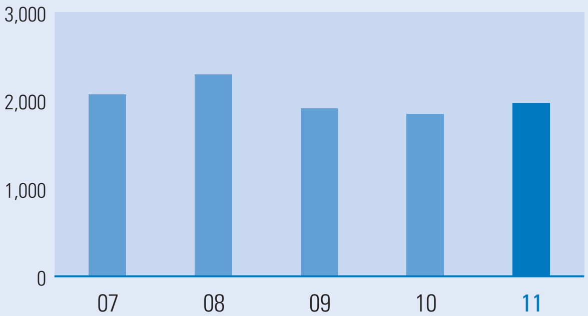
Other Electronic Devices

Main Products

CCD/CMOS imagers, LSIs for LCDs, microprocessors, flash memory, analog ICs, components for satellite broadcasting, terrestrial digital tuners, RF modules, network components, laser diodes, LEDs, optical pickups, optical sensors, components for optical communications, regulators, switching power supplies

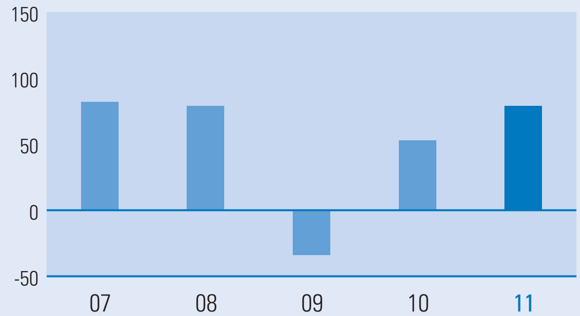
Sales

(billions of yen)



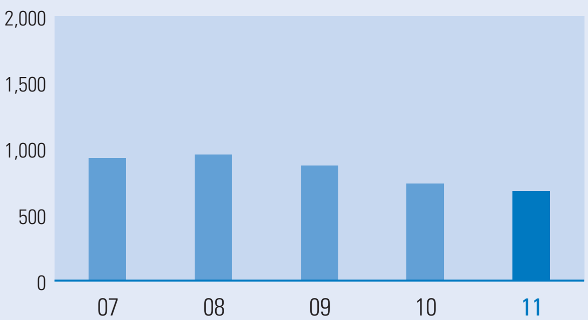
Operating Income (Loss)

(billions of yen)



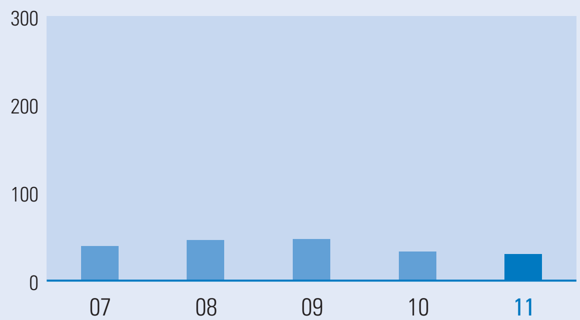
Total Assets

(billions of yen)



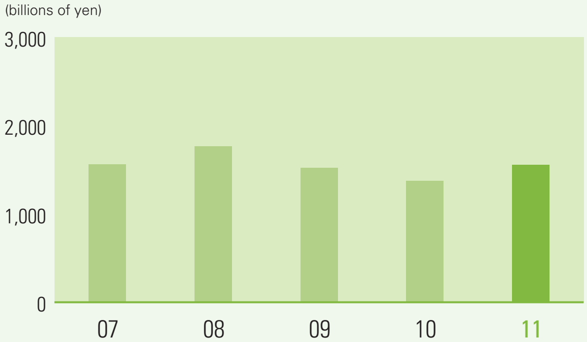
Capital Investment

(billions of yen)



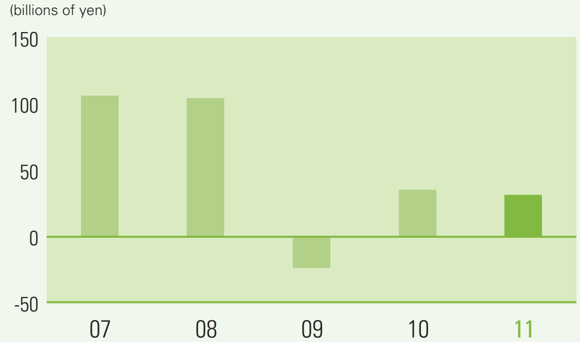
Sales

(billions of yen)



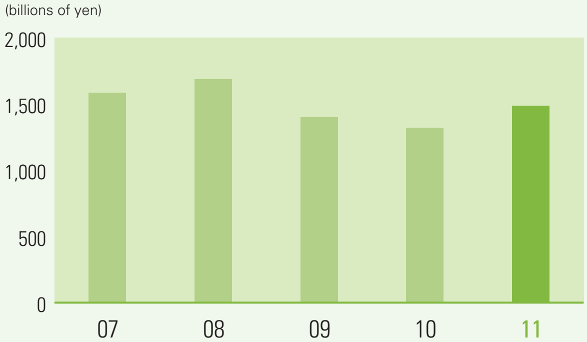
Operating Income (Loss)

(billions of yen)



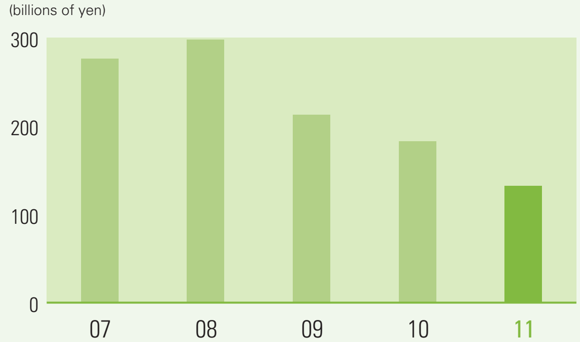
Total Assets

(billions of yen)



Capital Investment

(billions of yen)

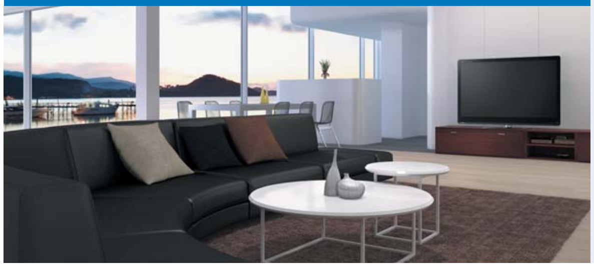


Fiscal 2010 Review by Product Group

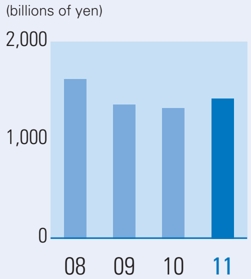
Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31

Consumer/Information Products

Audio-Visual and Communication Equipment



Sales



This product group posted increased sales on the back of growth in sales of LCD TVs and Blu-ray Disc recorders. In addition to the growth in sales of these products, improvement in the profitability of mobile phones contributed to the increase in profits.

LCD TVs

The market for LCD TVs in Japan expanded, mainly as a result of the Eco-Point Program. Overseas markets, including China and emerging countries, also sustained steady growth. During the year, Sharp attracted considerable attention with new product releases, including the AQUOS Quattron models, which combine Sharp's proprietary UV²A technology and four-primary-color technology, and the 3D-compatible AQUOS Quattron 3D models. Going forward, we will make efforts to expand the LCD TV business overseas, by proactively introducing models that are 60 inches and larger to markets mainly in North America and China, and also by enhancing our product lineup of small- and medium-size models for emerging countries.

AQUOS Quattron 3D

Blu-ray Disc Recorders/Players

In Japan, demand increased for Blu-ray Disc recorders capable of recording long-play digital broadcasting in high definition. In response, Sharp has introduced and increased sales of models that enable recording and playback of BDXL™, triple- and quadruple-layer Blu-ray Discs that provide double the recordable storage capacity compared to the conventional discs. These models also support playback of Blu-ray 3D™ Discs to provide high-definition 3D video. Going forward, we will continue releasing products that address market needs.


AQUOS Blu-ray Disc recorder

Mobile Phones

Sharp retained its top share* for the sixth consecutive year with respect to mobile phone shipments in Japan, where the market is experiencing a rapid shift from conventional mobile phones to smartphones. In particular, Sharp's smartphones introduced at the end of 2010 were well received. Overseas, Sharp launched smartphones in China, where the growing market is embracing 3G technology. Looking ahead, we will work to retain our top share in the Japanese market by enhancing our lineup of smartphones and conventional mobile phones with distinctive features. We will endeavor to expand our mobile phone business in Japan and overseas through the creation of "global smartphones" that can compete with the smartphones of overseas manufacturers.

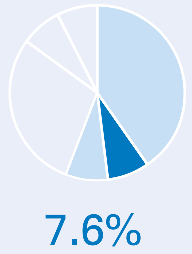

Smartphones
(Left) For Japanese market
(Right) For Chinese market

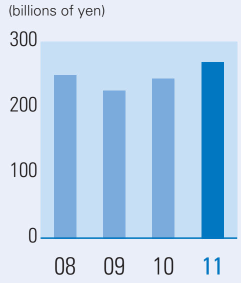
* Research from MM Research Institute, Ltd.

- Sales figures shown on pages 20-23 include internal sales between segments (Consumer/Information Products and Electronic Components). The percentage of sales in pie charts has been calculated accordingly. The Other Electronic Devices group's sales do not include internal sales to the LCD/Solar Cell groups.
- Effective for the year ended March 31, 2009, product grouping had been recategorized. In this connection, results for 2008 have been restated to conform with the 2009 presentation. Also, effective for the year ended March 31, 2010, some items previously included in Information Equipment had been reclassified and were included in Audio-Visual and Communication Equipment. In this connection, results for 2009 have been restated to conform with the 2010 presentation. In addition, effective for the year ended March 31, 2011, the Company has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan (ASBJ) Statement No. 17, issued by the ASBJ on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued by the ASBJ on March 21, 2008). In this connection, results for 2010 have been restated to conform with the 2011 presentation.

Health and Environmental Equipment

Sales





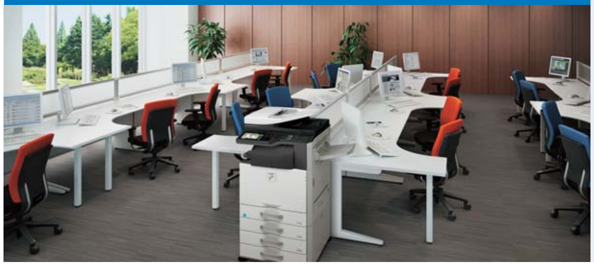
This product group enjoyed increases in both sales and profits thanks mainly to healthy sales of refrigerators and air conditioners equipped with Plasmacluster Ion technology.

Health and Environmental Products

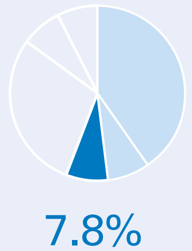
Against a backdrop of growing demand in Japan generated by a very hot summer and the benefits of the Eco-Point Program, Sharp worked hard to increase sales of refrigerators and air conditioners equipped with Plasmacluster Ion technology. We also began selling LED ceiling lights, in addition to LED lamps, thereby expanding our lineup of LED lights. Going forward, we will strive to promote full-scale launch of products equipped with Plasmacluster Ion technology in overseas markets. At the same time, we will reinforce sales of LED lights in response to expected growth in demand.

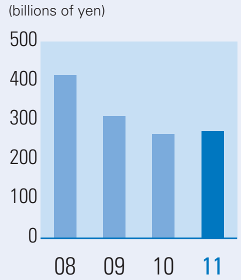
Refrigerator with Plasmacluster Ion technology

Information Equipment



Sales





Despite an increase in sales mainly due to higher sales of digital full-color MFPs, this product group reported a decline in profits.

Digital MFPs

Amid a recovering market, Sharp launched a new MFP featuring a large 10.1-inch touchscreen color LCD with intuitive operability. This model delivers high environmental performance, and supports solution services to help users improve the efficiency of office work, by connecting with computers, smartphones and other mobile devices through the utilization of cloud-computing environments. Going forward, we will expand our digital MFP business by offering solutions that cater to a variety of customer needs, including helping customers enhance the efficiency of office operations.

Digital full-color MFP

Electronic Components

LCDs

Sales

This product group posted an increase in sales owing to growth in sales of large-size LCDs and mobile LCDs. However, profits declined due to price erosions for large-size LCDs and the impact of production adjustments made due to deterioration in the supply/demand balance.

Large-size LCDs

In the first half of 2010, demand for large-size LCDs strengthened on the back of the Eco-Point Program in Japan. However, the second half saw price declines and an increase in market inventories stemming from a worsened supply/demand balance due to sluggish LCD TV markets in Europe and the United States, as well as weak sales of local TV brands in China. Sharp responded by making appropriate production adjustments. Going forward, we will undertake initiatives to maintain high capacity utilization rates at plants producing large-size LCDs. For example, we will cultivate demand for large-size LCDs that are 60 inches and larger—the area of specialization of the LCD panel plant at GREEN FRONT SAKAI. We will also reduce costs by standardizing and sharing designs and materials for LCD panels and modules, as well as by concentrating on optimal production models that will enable each plant to demonstrate its strengths. Furthermore, by promoting local production for local consumption, such as by purchasing LCD panels produced on the 6th generation production line of the China-based Nanjing CEC-PANDA LCD Technology, to which we have provided technology, we will strive to enhance the profitability of our large-size LCD business.

60-inch four-primary-color 3D LCD

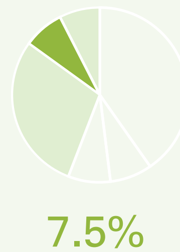
Mobile (Small- and Medium-size) LCDs

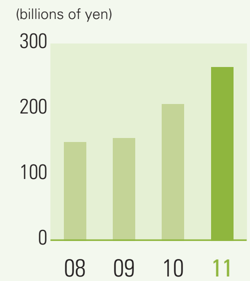
The market for mobile LCDs recovered well, especially for panels used in vehicles, smartphones and tablet terminals. Sharp's plants for mobile LCDs continued producing high value-added panels, such as high-definition LCDs and 3D LCDs, at full capacity owing to tight supply due to the limited number of manufacturers capable of producing such high-end displays. In order to respond to rapidly growing demand, we will install production equipment for LCDs for smartphones at the Kameyama No. 1 Plant. In addition, we will convert some production lines at the Kameyama No. 2 Plant, which previously specialized in large-size LCD production, to lines for mobile LCDs, and produce high-performance LCD panels using the oxide semiconductor InGaZnO (IGZO). Going forward, we will take steps to strengthen and expand our mobile LCD business, by working to create distinctive panels that are even thinner, lighter and consume less electricity.

3D LCD for mobile devices

Solar Cells

Sales





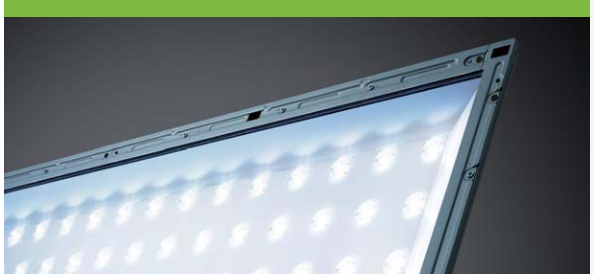
This product group generated growth in sales, both in Japan and overseas. However, profits declined due to the appreciation of the yen and price erosions stemming from intense competition.

Solar Cells

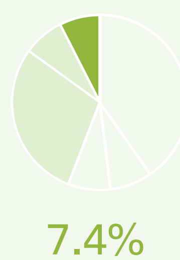
Demand for solar cells grew steadily mainly due to government incentive packages in various countries to assist with installation of solar power generation systems, and feed-in tariffs. Against this backdrop, Sharp promoted business in more diverse value chains. For example, we constructed a solar power generation plant in a joint venture with Enel Green Power of Italy. We also acquired Recurrent Energy, a U.S. developer of distributed solar projects, making it a wholly owned subsidiary. In addition, starting with industrial applications, we began shipments of new solar cells with high conversion efficiency. These cells use a Back Contact structure, which eliminates the need for electrodes on the light-receiving front surface. Going forward, Sharp will strive to become a total solutions company through further expansion of this business area.

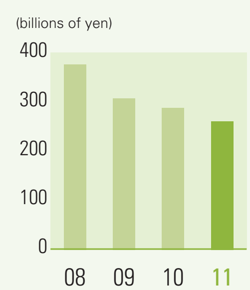
Solar power generation plant in southern Italy (a joint venture between Sharp and Enel Green Power)

Other Electronic Devices



Sales

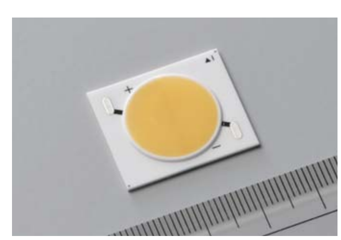




Both sales and profits in this product group declined, mainly due to falling sales prices for devices used in digital products, such as mainstay CCD/CMOS imagers.

Electronic Devices

Demand increased for electronic devices for use in LCD TVs and smartphones, but intensifying competition caused sales prices to decline. Against this backdrop, Sharp worked to create distinctive devices, leveraging its strengths in a wide variety of devices. These included a tuner unit for receiving terrestrial digital and analog broadcasting, to be used in LCD TVs, as well as high-output, high-color-rendering LED lighting devices. We also increased sales of proximity sensors and camera modules for smartphones, and enhanced our production capacity for blue LED chips. Going forward, we will expand our electronic device business, focusing on growth fields, such as smartphones and LED-related products.



LED lighting device

R&D and Intellectual Property

R&D Strategy

Based on the fundamental policy of "selection and concentration," Sharp conducts R&D activities with the goal of developing the technologies needed to constantly create one-of-a-kind products from the perspective of users. The final objective is to ensure that customers are satisfied with Sharp products. To accomplish this objective, we focus on three approaches to R&D. First is creating unique products through the vertical integration of our core technologies. Second is leveraging commodity technologies shared in and outside of Sharp. Third is using "open innovation" and cooperation with partners to gain expertise in fields of technology that are new to Sharp. Using all three approaches allows us to perform R&D that is distinctive, speedy, and efficient.

Mobile LCDs using oxide semiconductor

Sharp has developed*1 high performance mobile LCDs using oxide semiconductor, InGaZnO (IGZO*2), and is working to commercialize them, marking a world's first. The electron mobility of this new material is approximately 20 to 50 times that of the existing amorphous silicon, which makes it possible to downsize the thin-film transistor in the LCD panel. This increases light transmittance per pixel and therefore allows to reduce power consumption. Also, high display quality can be achieved by employing proprietary UV^{2}A technology.

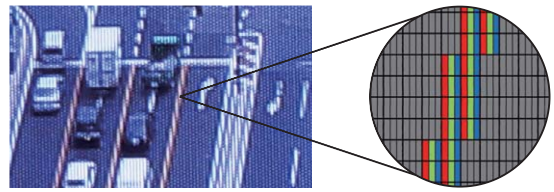
Sharp will utilize some of the existing production lines at the Kameyama No. 2 Plant, which accommodates 8th generation glass substrates, to produce cost-competitive, cutting-edge mobile LCDs.

*1 Developed in collaboration with Semiconductor Energy Laboratory Co., Ltd.
*2 An oxide consisting of In (Indium), Ga (Gallium), and Zn (Zinc)

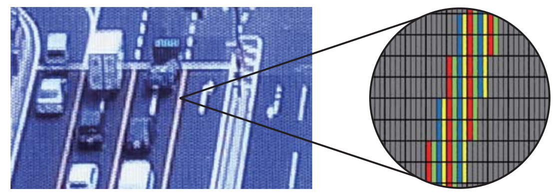
Quattron high-resolution technology

Sharp has developed signal processing technology that doubles horizontal resolution by fully utilizing its latest Quattron LCD panel with four primary colors.

For example, on a conventional LCD panel with three primary colors of red, green, and blue (RGB), white can only be reproduced by a specific combination of RGB colors. However, on Quattron LCD panel, which employs yellow primary besides RGB, white can also be reproduced by other combinations of primaries such as blue, yellow, and red. Our signal processing algorithm separates input signals into the sub-pixel luminance levels for red, green, blue, and yellow, controls them individually, and then computes an optimal solution for combination of primary colors, which doubles the horizontal resolution. In addition to expanded color gamut realized by the Quattron technology, this signal processing algorithm reproduces images with very fine details.



Conventional display



Quattron high-resolution display   Enlarged image of pixels

Protein detection system using a personal protein chip

Sharp has been developing a highly sensitive protein detection system, which is able to detect specific proteins associated with human diseases. We are able to analyze approximately 1,000 kinds of proteins with a detection limit of one-billionth of a gram protein and are planning to use this system in medical and health care businesses. Moreover, the results of our collaboration with a medical school research group showed that using this system we were able to differentiate between groups of patients that were sensitive or insensitive to a number of anticancer drugs. This technology is expected to contribute to personalized medicine and the diagnosis of diseases in their early stages. Sharp plans to commercialize this system for use in medical and pharmaceutical research.

Protein detection system using a personal protein chip

Quantum dot solar cells

Sharp is promoting the development of quantum dot solar cells, much anticipated ultra-high efficiency solar cells. In a joint research project with the University of Tokyo, our investigations into device structure capable of absorbing the maximum amount of sunlight have shown that quantum dot solar cells have a theoretical conversion efficiency of 75%, higher than the upper limit of 63% calculated in previous studies. This result indicates that quantum dot solar cells have greater potential than originally believed. Using these recent findings, we will continue trials aimed at discovering the optimum structure for quantum dot solar cells.

Intelligent Power Conditioner

Sharp has developed the Intelligent Power Conditioner, which enables solar cells and storage batteries to operate in conjunction with utility power to supply electrical power on a consistent basis. Developed by drawing on power control technology amassed in the course of developing a power conditioner for a solar power generation system, the Intelligent Power Conditioner is a step forward towards realizing Sharp's "Eco House" concept, which contributes to the reduction of CO_2 emissions in the home. The Intelligent Power Conditioner is also designed to supply direct current (DC) electricity in anticipation of the widespread use of DC appliances* in the future. In addition, the Intelligent Power Conditioner enables electric vehicle traction batteries to be used as storage batteries for residential power storage systems.

Responding to growing awareness regarding environmentally friendly and energy-saving lifestyles, Sharp aims for the early commercialization of this Intelligent Power Conditioner. We will conduct tests to confirm the safety and reliability of the system, as well as its compatibility with home appliances and vehicles.

* Appliances running on direct current

Intellectual Property Strategy

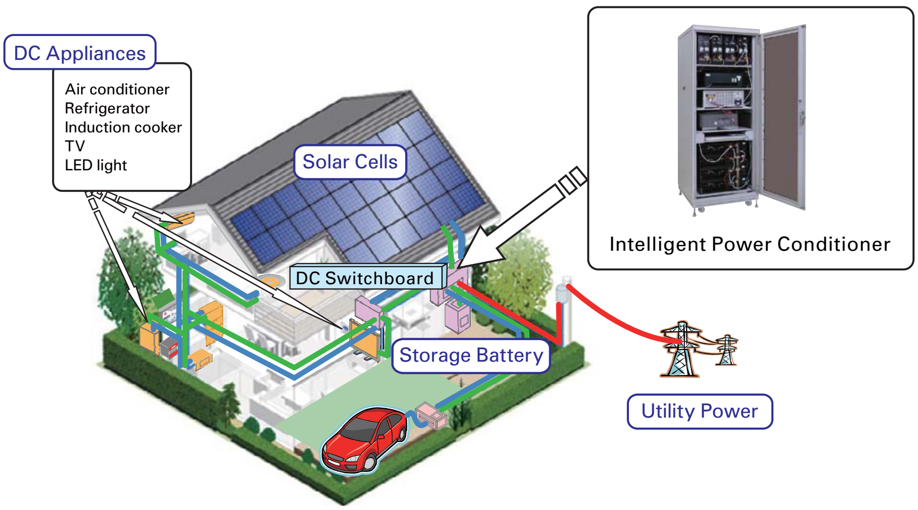
Sharp views its intellectual property strategy as one of its key management measures, promoting it in a coherent manner with business and R&D strategies. In order to secure a competitive edge with one-of-a-kind products and one-of-a-kind devices for stronger business foundations, Sharp is aggressively promoting patent right obtainment.

Sharp has clearly delineated the fields that are central to each business group and has assigned engineers well versed in patent matters to each of these core business areas to conduct strategic patent development*1 close to the frontline. Sharp also obtains useful patents arising from alliance activities from collaboration with other companies or universities. As of March 31, 2011, Sharp had approximately 19,400 patents in Japan and 24,100 overseas.

Sharp utilizes these patents to strengthen its strategic businesses. In addition, we take actions to protect our patents, such as by examining the products of competitors. We exercise care concerning the intellectual property of other companies, however, our policy is to have other companies respect our intellectual property in return. If we discover an infringement on any of our patents, we issue a warning. In certain cases, more aggressive action is taken, including filing lawsuits. Sharp is also promoting obtainment of design and trademark registrations based on its brand strategy and aiming to increase the number of applications and registrations globally*2.

*1 International patent applications (PCT applications) in 2010: Sharp ranked 8th among applicants (WIPO data).

*2 Sharp received the Fiscal 2010 Intellectual Property Achievement Award from the Ministry of Economy, Trade and Industry for its outstanding utilization of trademarks.



Basic concept of Sharp's "Eco House" and Intelligent Power Conditioner

Corporate Social Responsibility (CSR)

CSR Concept

"Make products that others want to imitate." This message of Sharp's founder Tokuji Hayakawa encapsulates management's stance of contributing to society by quickly grasping and responding to the needs of the next era as a manufacturer. Management over the years may have used different words to express this concept, but all have managed Sharp with the aim of continuing to be a trusted company that contributes to society through manufacturing.

In 1973, Sharp codified the unchanging spirit of its founder in the Company's business philosophy and business creed. The business philosophy, which states Sharp's vision, includes statements such as "Contribute to the culture, benefits and welfare of people throughout the world." This forms the foundation of CSR at Sharp today, aimed at achieving co-existence and mutual prosperity with society and stakeholders. The business creed calls for "Sincerity and Creativity," and all employees must adhere to and follow it in order to fully realize this business philosophy.

Sharp aims to realize the business philosophy through its business activities as well as social contribution activities that leverage the Sharp Group's strengths and distinctiveness. Moving forward, Sharp will create new products found nowhere else in the world, harnessing the creativity that has flowed through its corporate DNA since its founding. And by also fulfilling its corporate social responsibilities with sincerity, Sharp will continue to be a company trusted by society.

Business Philosophy

We do not seek merely to expand our business volume. Rather, we are dedicated to the use of our unique, innovative technology to contribute to the culture, benefits and welfare of people throughout the world.

It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living.

Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders ...indeed, the entire Sharp family.

Business Creed

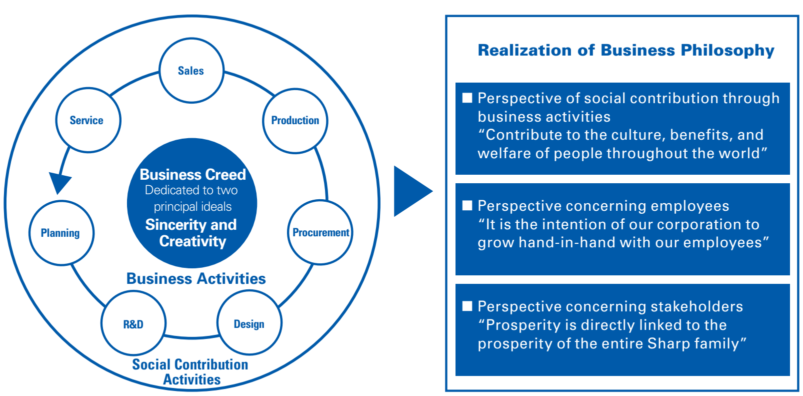
Sharp Corporation is dedicated to two principal ideals:

"Sincerity and Creativity"

By committing ourselves to these ideals, we can derive genuine satisfaction from our work, while making a meaningful contribution to society.

Sincerity is a virtue fundamental
to humanity ... always be sincere.
Harmony brings strength ... trust each
other and work together.
Politeness is a merit ... always
be courteous and respectful.
Creativity promotes progress ... remain
constantly aware of the need to
innovate and improve.
Courage is the basis of a rewarding
life ... accept every challenge with a
positive attitude.

Achieve the Tenets of the Business Philosophy by Promoting "Sincerity and Creativity" in All Business Practices



- The business creed is the central axis of all business activities.
- "Sincerity" means a working attitude mindful of what will offer genuinely useful solutions and happiness to everyone.
- "Creativity" means a working attitude not content with the way things are. An attitude which always seeks to add value, and to make efforts to innovate and improve.

United Nations Global Compact

Sharp has been a participant in the United Nations Global Compact since June 2009. The Global Compact contains 10 principles in the areas of human rights, labor, the environment, and anti-corruption. Sharp has set targets for specific activities in each of these areas and is promoting efforts across the group.

THE GLOBAL COMPACT
WE SUPPORT

Socially Responsible Investment (SRI) Recognition

Sharp has received recognition in Japan and overseas for its strong commitment to corporate citizenship. As of March 2011, Sharp was recognized by major SRI evaluating bodies and either selected for SRI indices or awarded CSR certification as noted below.

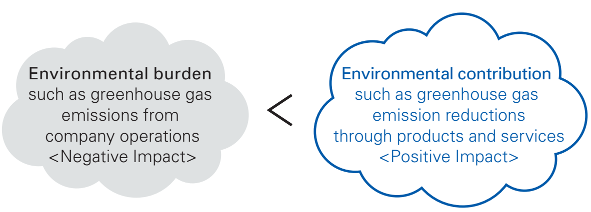
- FTSE4Good Global Index (U.K.)
- MSCI Global Climate Index (U.S.A.)
- Ethibel Sustainability Index (Belgium)
- Morningstar Socially Responsible Investment Index (Japan)
- Corporate Responsibility Prime Status by oekom research AG (Germany)

Environmental Activities

Sharp's corporate vision is to become an Eco-Positive Company. By working with stakeholders, Sharp aims to become a company whose positive impact through contributions to the environment greatly outweighs any negative impact on the environment caused by business activities. Especially in regard to efforts concerning greenhouse gases, Sharp endeavors to develop and distribute widely energy-creating and energy-saving products, and strives to lower greenhouse gas emissions. The target to be achieved by fiscal 2012 is for the amount of greenhouse gas emission reductions caused by customer use of Sharp energy-creating and energy-saving products to be more than double the volume of emissions discharged in the course of Sharp's business activities.

To realize this corporate vision, Sharp is promoting an Eco-Positive Strategy, which comprises four channels of action: Technologies, Products, Operations, and Relationships. Sharp is proactively deploying this strategy on a global scale.

Corporate Vision: Eco-Positive Company



Four Domains of Eco-Positive Strategy

- **Eco-Positive Technologies** Generate new business through one-of-a-kind environmental technologies.
- **Eco-Positive Products** Expand contributions to protecting the environment through products and services.
- **Eco-Positive Operations** Reduce environmental impacts in product engineering and manufacturing.
- **Eco-Positive Relationships** Enhance corporate value through involvement with the community.

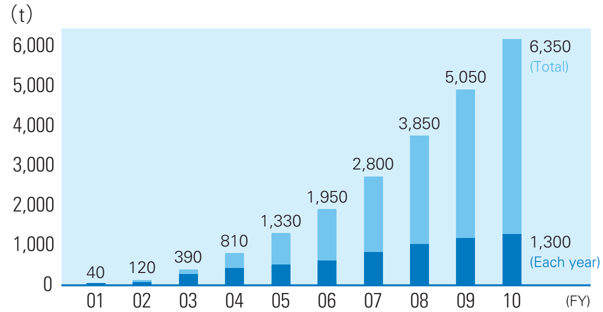
EP: Eco-Positive

Examples of Initiatives

Eco-Positive Technologies

Since fiscal 2001, Sharp has been using its proprietary closed-loop material recycling technology developed in an effort to create environmentally friendly materials. This technology repeatedly recovers plastic from used consumer electronics and reuses it in parts made for new consumer electronic products. Since adopting this technology, we have added new technologies to increase the amount of recyclable plastic and expanded the range of applications of recycled plastic. In fiscal 2010, the total volume of plastic recycled using this technology reached 6,350 tons.

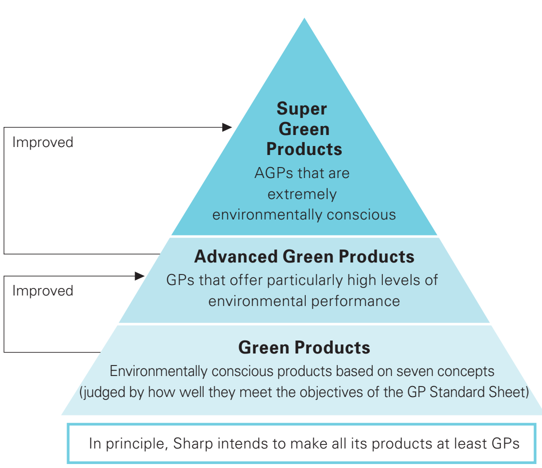
Use of Recycled Plastic Produced with Proprietary Technology



Eco-Positive Products

Sharp strives to reduce carbon dioxide emission and make other positive contributions to the environment by enhancing the environmental performance of its products. Based on Sharp's own assessment criteria, environmentally conscious products are certified as Green Products (GPs). GPs that offer particularly high levels of environmental performance are called Advanced Green Products (AGPs), and AGPs that are extremely environmentally conscious are called Super Green Products (SGPs). Sharp's AQUOS Quattron LCD TV is certified as an SGP. It realizes both energy savings and high image quality through the combination of a highly efficient LED backlight system and an LCD panel that substantially increases optical efficiency by employing UV²A technology and four-primary-color technology.

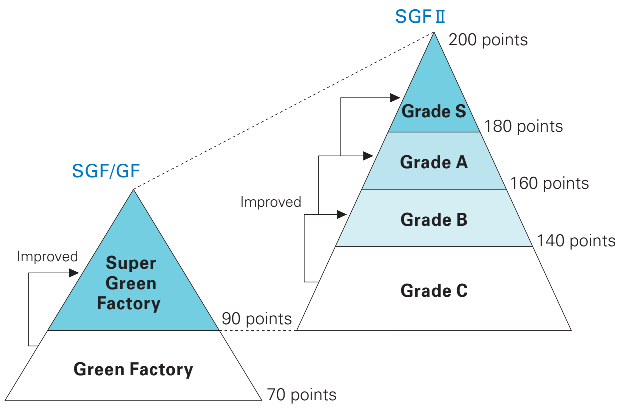
Green Product (GP) System



Eco-Positive Operations

Sharp works actively to raise the environmental performance of its plants in order to reduce their impact on the environment. It has its own assessment standards for designating plants with a certain level of environmental performance as Green Factories (GFs), and those with exceptionally high levels of environmental performance as Super Green Factories (SGFs). In an ongoing effort to raise our environmental performance even further, we have introduced SGF II as a higher standard set for plants that are already certified as SGFs.

Green Factory (GF) System



Eco-Positive Relationships

Sharp strives to enhance corporate value by introducing to its wide range of stakeholders the environmental initiatives it undertakes to realize its corporate vision. We issue easy-to-understand materials that explain our environmental protection activities, such as environmental and social reports. Information on Sharp's environmental efforts reaches a wide audience through newspapers, television, and other media, as well as through its participation in environmental exhibitions and the holding of forums on the environment.

Environmental exhibition, Eco-Products 2010

10th Environmental Forum in China

Social Contribution Activities

Committed to meeting the expectations and earning the trust of society, Sharp actively engages in social contribution activities as a corporate citizen. We focus particular attention on the fields of the environment, education, and social welfare, and undertake voluntary activities in these fields on an ongoing basis.

Three Important Fields of Social Contribution Activities

Examples of Initiatives

Educational support activities

To help raise awareness of global warming and eco-friendly lifestyles, Sharp has run a program of environmental education classes at elementary schools throughout Japan since October 2006. By March 2011, a total of 135,000 students had taken part in the program. Outside of Japan, we run environmental education classes tailored to local circumstances, mainly in the United States and China but also in Europe and Asia. Since fiscal 2009, we have also conducted craftsmanship education classes at elementary schools throughout Japan, with the aim of raising children's interest in the sciences and helping foster their awareness of careers and work. Since fiscal 2010, meanwhile, we have pursued a broad range of activities, including an educational program that combines factory tours with environment/craftsmanship classes. During the year, we started the program at our Kameyama Plant and Tenri Plant. These initiatives have earned warm acclaim. In February 2011, for example, Sharp received the special award, Environmental Relay for the Future, at the 8th Corporate Philanthropy Award hosted by the Japan Philanthropic Association. We will continue making social contributions through educational support activities, with the goal of raising environmental awareness and promoting understanding about craftsmanship among children, who represent our next generation.

Program that combines factory tours with environment/craftsmanship classes

Award ceremony at the 8th Corporate Philanthropy Award

Environmental protection activities

The Sharp Green Club* oversees Sharp Forests at 12 locations in Japan, most of which are close to Sharp business sites or sales bases. The activities include tree planting and cultivation in wasted forests and other natural areas. These activities contribute to preservation of nature and ecosystems and help foster environmental awareness among Sharp employees. In another activity, we used Taki Sharp Forest in Mie Prefecture and other places to run outdoor environmental education classes for elementary school children, enabling them to learn about the importance of restoring natural areas through field work. Meanwhile, 2010 was recognized by the United Nations as the International Year of Biodiversity. During the year, we pursued activities related to biodiversity preservation in 27 nations and regions where we do business, in partnership with the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10), held in Nagoya. Sharp will maintain its commitment to protecting and helping raise awareness of the global environment and biodiversity through social contribution activities.

* A joint organization of labor and management for planning and running various volunteer events centering on the environment, such as tree planting, restoration of natural areas, and cleanup activities. Founded in June 2003.

Tree planting at Taki Sharp Forest

Environmental education class in Malaysia

Activities to support people with disabilities

Sharp works hard to expand employment opportunities for people with disabilities. These efforts are spearheaded by Sharp Tokusen Industry Co., a subsidiary of Sharp Corporation. In October 2010, the non-profit organization Osaka Prefectural Association of Employment Development presented an employee of Sharp Tokusen with an award for long-time employee with disabilities. In other activities to support people with disabilities, Sharp ran environmental education classes at schools for people with hearing impairments throughout Japan, and expanded opportunities to sell products, such as bread and cookies, from vocational aid centers at its business sites. Sharp will continue pursuing various activities to support people with disabilities.

Employee receives the award for long-time employee with disabilities

Environmental education at school for hearing impaired

Supporting restoration of areas affected by Great East Japan Earthquake

Sharp has been proactive in its effort to help restore areas affected by the Great East Japan Earthquake. In addition to monetary donations, we have contributed a host of products. These include LCD TVs, refrigerators, washing machines, and other home appliances, as well as Plasmacluster Ion generators and a solar power system designed for emergency shelters in disaster-stricken areas. We will continue supporting initiatives aimed at restoring the affected areas as soon as possible.

Solar power system designed for disaster-stricken areas
(Above left and right) Delivered with cooperation from the Ministry of Defense
(Left) Exterior view of solar power system

Corporate Governance

Basic Concept Concerning Corporate Governance

Sharp has always been a manufacturing- and technology-oriented company. In an effort to further strengthen manufacturing competency, Sharp is committed to improving the speed and quality of managerial decisions. Our business activities are limited to the development, production and sale of products and devices, which have a strong interrelation and require high expertise. This enables our directors, who are highly adept at our business, to make swift and accurate management decisions through the mutual exchange of ideas. It also serves to clarify reciprocal managerial responsibilities and promote mutual supervisory functions.

We are also striving to preserve transparency, objectivity and soundness in management together with realizing appropriate management. From the viewpoint of increasing our consideration of shareholders and corporate social responsibility, we have appointed outside directors with an international and multi-faceted perspective, including regarding compliance, on wide-ranging issues such as the social and economic environment, and the future direction of Sharp. In doing so, we have strengthened the decision-making functions within the Board of Directors and the functions for supervising directors' execution of duties.

We have also introduced the Executive Officer System, thereby creating a structure that steadily facilitates nimble, efficient business execution.

Sharp has taken these measures to further strengthen the current Director/Corporate Auditor System, which allows management and manufacturing divisions to work together very closely, enabling the business to expand. Sharp works to enhance its corporate governance through this system.

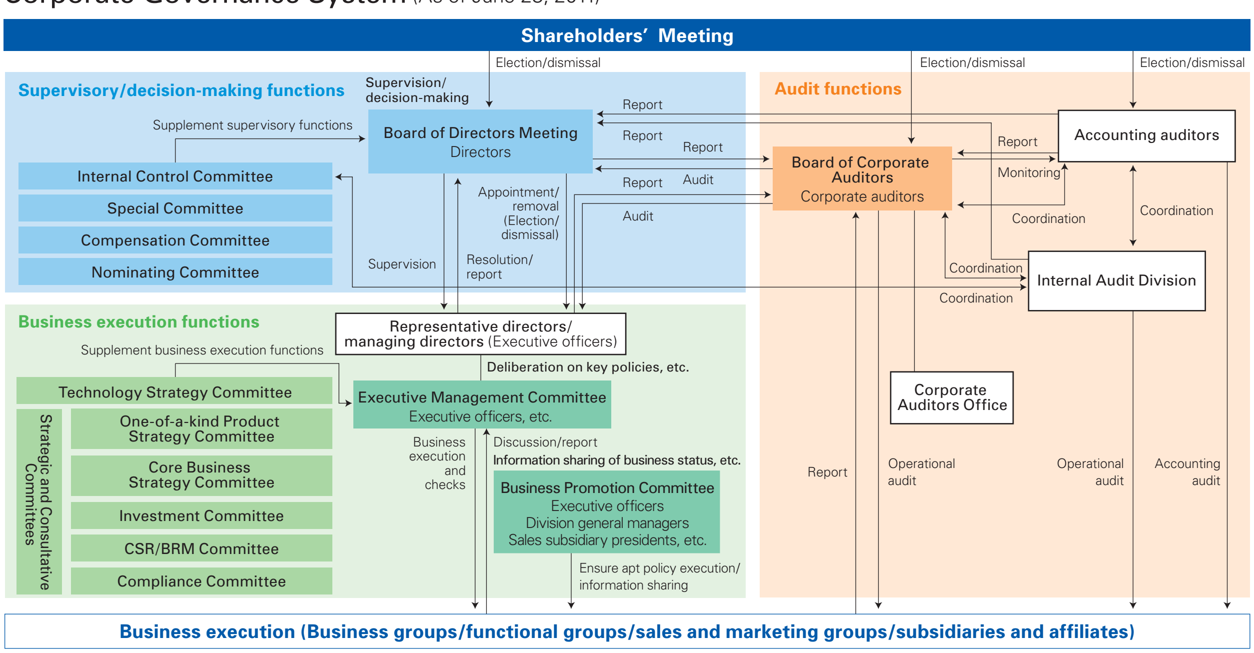
Sharp strives to achieve timely and accurate disclosure of information to all stakeholders, such as shareholders and investors, and is increasing the transparency of management by widely publicizing information.

Status of Corporate Governance System

The Board of Directors Meetings of Sharp Corporation are held on a monthly basis in principle to make decisions on matters stipulated by law and management-related matters of importance, and to supervise the state of business execution. To improve management agility and flexibility, and to clarify the responsibilities of the company management during each accounting period, the term of office for members of the Board of Directors is set at one year. As advisory bodies to the Board of Directors, the Company has established an Internal Control Committee, a Nominating Committee and a Compensation Committee.

To strengthen the decision-making functions within the Board of Directors and the functions for supervising directors' execution of duties, the Company appointed outside directors. The outside directors serve as members of the Nominating Committee and the Compensation Committee, as well as the Special Committee that forms part of the takeover defense plan. The Company also introduced the Executive Officer System to carry out swift and efficient business execu-

Corporate Governance System (As of June 23, 2011)



tion, and to maximize the functions of the Board of Directors by optimizing the number of members.

In addition to the Board of Directors, the Company has an Executive Management Committee, where matters of importance related to corporate management and business operation are discussed and reported twice a month in principle. This committee facilitates prompt executive decision-making.

The Board of Corporate Auditors is composed of four corporate auditors, three of whom are outside corporate auditors with a high degree of independence. Each corporate auditor meets regularly with the representative directors, the directors, the executive officers, the accounting auditors, the head of the Internal Audit Division and others to exchange opinions and work to ensure that business is executed legally, appropriately and efficiently.

Ongoing Development of the Internal Control System

In May 2006, the Board of Directors passed a resolution to adopt a basic policy related to the development of systems necessary to ensure the properness of business (Basic Policy for Internal Control), which was partially amended in April 2011. This amended policy forms the basis for Sharp's ongoing development and implementation of its internal control system. The Internal Control Committee, which is an advisory body to the Board of Directors, deliberates on basic policies regarding internal controls and internal audits, and the state of development and implementation of initiatives related to the internal control system, then reports on and discusses important matters with the Board of Directors. The Internal Control Promotion Department within the CSR Promotion Group is responsible for internal control of all business execution departments company-wide. Meanwhile the Internal Audit Division makes concrete proposals on how to improve business operations and reinforces internal controls by checking the validity of business execution as well as the appropriateness and efficiency of management.

To enhance compliance throughout the group, Sharp introduced the Sharp Group Charter of Corporate Behavior, a set of principles to guide corporate behavior, and the Sharp Code of Conduct, which clarifies the conduct expected of all directors, auditors, executive officers and employees of Sharp. Sharp ensures that these guidelines are thoroughly observed by posting them on the Web and carrying out position-specific training programs. Sharp has also set up a Compliance Committee and is developing a company-wide compliance promotion system. Meanwhile, Sharp is implementing thorough measures to prevent compliance breaches by distributing a Sharp Group Compliance Guidebook to all employees and implementing training based on the guidebook.

In order to comprehensively and systematically deal with diverse business risk, Sharp formulated the Business Risk Management Guideline to achieve prevention of and swift responses to risk.

Plan Regarding Large-Scale Purchases of Sharp Corporation Shares (Takeover Defense Plan)

In order to protect and enhance the corporate value and common interests of shareholders of a manufacturing firm such as Sharp, a company must develop in-house and make good use of advanced technology and manufacturing technology from a medium- to long-term perspective. Furthermore, Sharp believes it is essential to build good cooperative relationships with stakeholders such as customers, business partners and employees.

The Board of Directors of Sharp believes that determining whether to accept large-scale share purchases aimed at a takeover should be ultimately entrusted to the shareholders. However, the Board of Directors of Sharp also believes that it is not appropriate for any party that conducts an inappropriate purchase, such as one that clearly harms the corporate value and common interests of shareholders and/or puts undue pressure on shareholders to sell shares, to take control over Sharp, and that it is necessary to take reasonable countermeasures against such purchases.

In order to prevent such purchasing activity, Sharp has adopted the prior warning type of defense measures called the Plan Regarding Large-Scale Purchases of Sharp Corporation Shares (Takeover Defense Plan)* (hereinafter referred to as the "Plan").

The Plan provides rules for enabling shareholders to reach a proper decision, by requiring large-scale purchasers of the Company's shares who intend to obtain 20% or more of the voting rights of the Company to provide sufficient information and give an adequate assessment period. If a large-scale purchaser does not follow the rules, or although the large-scale purchaser complies with these rules, the large-scale purchase is deemed to be harmful to corporate value and common interests of shareholders, the Board of Directors of Sharp will make a decision concerning the implementation of countermeasures after fully taking into consideration the advice and recommendations of the Special Committee consisting of three or more persons who remain independent of Sharp's management.

* At the 117th Ordinary General Meeting of Shareholders held on June 23, 2011, shareholders approved the continuation of the effective term of the Plan until the conclusion of the 120th Ordinary General Meeting of Shareholders, which will be held by June 30, 2014. For more details, please visit the website below:
http://sharp-world.com/corporate/ir/topics/pdf/110427-1.pdf
For profiles of the Special Committee members, please visit the website below:
http://sharp-world.com/corporate/ir/topics/pdf/110623-1.pdf

Risk Factors

Listed below are the principal business risks of Sharp that may have a significant influence on investors' decisions. Note that in addition to these, there exist certain other risks that are difficult to foresee. Each of these risks has the potential to impact the operations, business results and financial position of Sharp. All references to possible future developments in the following text were made by Sharp as of March 31, 2011.

(1) Global Market Trends

Sharp manufactures and sells products and services in different regions around the world. Business results and financial position are thus subject to economic and consumer trends (especially trends in private consumption and corporate capital investment), competition with other companies, product demand, raw material supply and price fluctuations in each region. The political and economic situation in respective areas may also exert an influence on business results and financial position.

(2) Exchange Rate Fluctuations

The proportion of consolidated net sales accounted for by overseas sales stood at 54.3% in fiscal 2008, 48.1% in fiscal 2009 and 47.3% in fiscal 2010. Although Sharp hedges the risk of exchange rate fluctuations by employing forward exchange contracts and expanding and strengthening overseas production, such fluctuations may affect its business results.

(3) Strategic Alliances and Collaborations

Sharp implements strategic alliances and collaborations with other companies in respective business fields to bolster the development of new technologies and products, and to enhance competitiveness. If, however, any strategic or other business issues arise, or objectives change, it may become difficult to maintain such alliances and collaborative ties with these companies, or to generate adequate results. In such cases, Sharp's business results and financial position may be impacted.

(4) Business Partners

Sharp procures materials and receives services from a large number of business partners, and transactions are made only once a detailed credit check of the company has been completed. However, there is a risk that business partners may suffer deterioration in performance due to slumping demand or severe price erosion, or face an unexpected M&A, or be impacted by natural disasters or accidents, or procure materials of insufficient quality, or become involved in a corporate scandal including a breach of the law. Any of these factors may affect Sharp's business results and financial position.

(5) Technological Innovation

New technologies are emerging rapidly in the markets where Sharp operates. Resultant changes in social infrastructure, intensified market competition, changes in technology standards, or the appearance of substitute technologies may impact Sharp's business results and financial position.

(6) Intellectual Property Rights

Sharp strives to protect its proprietary technologies by acquiring patents, trademarks, and other intellectual property rights in Japan and in other countries, and by concluding contracts with other companies. However, there is a risk that rights may not be granted, or a third party may demand invalidation of an application, such that Sharp may be unable to obtain sufficient legal protection of its proprietary technologies. In addition, intellectual property that Sharp holds may not result in a superior competitive advantage, or Sharp may not be able to make effective use of such intellectual property, such as when a third party infringes on the intellectual property rights of Sharp. There may also be instances where a third party launches litigation against Sharp, claiming infringement of intellectual property rights. Resolution of such cases may place a significant financial burden on Sharp. Furthermore, if such a third-party claim against Sharp is recognized, Sharp may have to pay a large amount of compensation, and may incur further damage by having to cease using the technology in question. Also, as a result of an M&A, a third party previously unlicensed to use Sharp's intellectual property may acquire such license, with the result that Sharp's intellectual property may lose its superiority. Alternatively, an M&A with a third party could result in Sharp's business becoming subject to new restrictions to which it had not previously been subject, the resolution of which may require Sharp to pay additional compensation. Furthermore, although compensation is given to employees for innovations that they make in the course of their work pursuant to a patent reward system governed by internal regulations, an employee may consider such payment inadequate and initiate legal action. If any of the above problems related to intellectual property were to occur, it could impact Sharp's business results and financial position.

(7) Product Liability

Sharp manufactures products in accordance with strict quality control standards to ensure the utmost in quality. In order to fulfill its responsibility as a manufacturer in case product defects do arise, Sharp has taken out insurance to cover compensations based on product liability. Nonetheless, there is still a risk of a large-scale product recall or litigation caused by unforeseen events, which may adversely affect Sharp's brand image or influence its business results and financial position.

(8) Laws and Regulations

The business activities of Sharp are subject to various regulations in countries where it operates, including business and investment approval, export regulations, tariffs, accounting standards and taxation. Sharp must also adhere to various laws and regulations concerning trading, antitrust practices, product liability, consumer protection, intellectual property rights, product safety, the environment and recycling, and internal control. Changes in such laws and regulations, and additional expenses to comply with the amendments may affect Sharp's business results and financial position. Further, in a case where an accident occurs related to one of Sharp's products, report of said incident, based on the Consumer Product Safety Law and related regulations in Japan, and disclosure of the accident information based on a system for public announcements could diminish Sharp's brand image.

(9) Litigation and Other Legal Proceedings

Sharp conducts business activities around the world, and as such, there is a risk that Sharp could become involved with litigation and other legal proceedings in each country. If Sharp becomes involved in litigation or other legal proceedings, with the different legal and judicial systems in each country, depending on the case, Sharp may be ordered to pay a significant amount in damages or fines. Sharp is subject to investigations conducted by the Directorate-General for Competition of the European Commission, etc., with respect to its TFT LCD business. In addition, civil lawsuits seeking monetary damages resulting from alleged anticompetitive behavior have been filed in North America and Europe against Sharp. Sharp also received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission. However, Sharp has submitted a complaint to the Commission and the complaint is pending. It is difficult to predict the result of these proceedings and litigation at this stage. An adverse result could affect Sharp's business results and financial position.

(10) Leakage of Personal Data and Other Information

Sharp retains personal data and other confidential information concerning its customers, business partners and employees. Extreme care is taken to protect this information. A company-wide management system promotes employee education, internal auditing, and other measures aimed at ensuring compliance with management regulations. If information is leaked, however, it may reduce confidence in Sharp or result in substantial costs (associated with leakage prevention measures or indemnification for damages, for instance), which may affect Sharp's business results and financial position.

(11) Other Key Variable Factors

In addition to the aforementioned risks, Sharp's business results may be significantly affected by accidents and natural calamities such as earthquakes or typhoons; human calamities, such as conflicts, insurrections or terrorism; the spread of a new strain of influenza or other infectious disease; or major fluctuations in the stock and bond markets.

Directors, Corporate Auditors and Executive Officers

(As of June 23, 2011)

Directors

Representative Director, Chairman
Katsuhiko Machida

Representative Director, President
Mikio Katayama

Representative Director
Toshio Adachi

Representative Director
Toshishige Hamano

Representative Director
Yoshiaki Ibuchi

Representative Director
Kenji Ohta

Director
Nobuyuki Sugano

Director
Nobuyuki Taniguchi

Director
Katsuaki Nomura

Director
Kunio Ito*1

Director
Makoto Kato*1

Corporate Auditors

Full-time Corporate Auditors
Junzo Ueda
Shinji Hirayama*2

Corporate Auditors
Yoichiro Natsuzumi*2
Masuo Okumura*2

*1 Outside Directors
*2 Outside Corporate Auditors

Executive Officers

Chairman
Katsuhiko Machida

President
Mikio Katayama

Executive Vice Presidents
Toshio Adachi
Toshishige Hamano
Yoshiaki Ibuchi
Kenji Ohta

Senior Executive Managing Officer
Nobuyuki Sugano

Executive Managing Officers
Shigeaki Mizushima
Takashi Nukii
Toshihiko Hirobe
Yoshisuke Hasegawa
Tetsuo Onishi
Moriyuki Okada
Kozo Takahashi
Fujikazu Nakayama

Executive Officers
Takashi Okuda
Toshihiko Fujimoto
Masami Ohbatake
Tsuneo Nakamura
Masatsugu Teragawa
Nobuyuki Taniguchi
Tetsuroh Muramatsu
Kazutaka Ihori
Motohiko Hayashi
Hiroshi Morimoto
Katsuaki Nomura
Noboru Fujimoto
Kazutoshi Goto
Norikazu Hohshi
Keiko Okada
Masayuki Mohri
Ryutaro Egawa
Noboru Yamazawa

Financial Section

Five-Year Financial Summary

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31

	Yen (millions)					U.S. Dollars (thousands)
	2007	2008	2009	2010	**2011**	**2011**
Net Sales	¥ 3,127,771	¥ 3,417,736	¥ 2,847,227	¥ 2,755,948	**¥ 3,021,973**	**$ 36,853,329**
Domestic sales	1,526,938	1,590,747	1,302,261	1,429,057	**1,592,909**	**19,425,719**
Overseas sales	1,600,833	1,826,989	1,544,966	1,326,891	**1,429,064**	**17,427,610**
Operating Income (Loss)	186,531	183,692	(55,481)	51,903	**78,896**	**962,146**
Income (Loss) Before Income Taxes and Minority Interests	158,295	162,240	(204,139)	6,139	**40,880**	**498,537**
Net Income (Loss)	101,717	101,922	(125,815)	4,397	**19,401**	**236,598**
Net Assets	1,192,205	1,241,868	1,048,447	1,065,860	**1,048,645**	**12,788,354**
Total Assets	2,968,810	3,073,207	2,688,721	2,836,255	**2,885,678**	**35,191,195**
Capital Investment[*1]	314,301	344,262	260,337	215,781	**172,553**	**2,104,305**
Depreciation and Amortization[*2]	217,715	276,567	315,799	277,257	**289,602**	**3,531,732**
R&D Expenditures	189,852	196,186	195,525	166,507	**173,983**	**2,121,744**
Per Share of Common Stock	Yen					U.S. Dollars
Net income (loss)	¥ 93.25	¥ 93.17	¥ (114.33)	¥ 4.00	**¥ 17.63**	**$ 0.22**
Diluted net income	90.00	86.91	—	3.78	**16.47**	**0.20**
Cash dividends	26.00	28.00	21.00	17.00	**17.00**	**0.21**
Net assets	1,084.76	1,119.09	944.24	949.19	**932.46**	**11.37**
Other Financial Data						
Return on equity (ROE)	8.9%	8.4%	(11.1%)	0.4%	**1.9%**	—
Return on assets (ROA)	3.7%	3.4%	(4.4%)	0.2%	**0.7%**	—
Equity ratio	39.9%	40.1%	38.6%	36.8%	**35.6%**	—

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

*2 Effective for the year ended March 31, 2008, pursuant to an amendment to the Corporate Tax Law, the Company and its domestic consolidated subsidiaries have depreciated tangible fixed assets acquired on and after April 1, 2007 in accordance with the method stipulated in the amended Corporate Tax Law.

Financial Section

	Yen (millions) 2007	2008	2009	2010	2011	U.S. Dollars (thousands) 2011
Net Sales	¥ 3,127,771	¥ 3,417,736	¥ 2,847,227	¥ 2,755,948	**¥ 3,021,973**	**$ 36,853,329**
Sales by Product Group[*3] **(Sales to Outside Customers)**						
Audio-Visual and Communication Equipment	1,381,105	1,598,199	—	—	**—**	**—**
Home Appliances	239,081	249,843	—	—	**—**	**—**
Information Equipment	437,923	437,299	—	—	**—**	**—**
Consumer/Information Products	2,058,109	2,285,341	—	—	**—**	**—**
LSIs	146,556	163,504	—	—	**—**	**—**
LCDs	628,821	683,310	—	—	**—**	**—**
Other Electronic Components	294,285	285,581	—	—	**—**	**—**
Electronic Components	1,069,662	1,132,395	—	—	**—**	**—**
Total	3,127,771	3,417,736	—	—	**—**	**—**
Audio-Visual and Communication Equipment	—	1,624,713	1,367,600	1,332,129	**1,426,243**	**17,393,207**
Health and Environmental Equipment	—	249,843	225,290	244,090	**269,845**	**3,290,793**
Information Equipment	—	410,785	306,077	266,920	**273,900**	**3,340,244**
Consumer/Information Products	—	2,285,341	1,898,967	1,843,139	**1,969,988**	**24,024,244**
LCDs	—	683,310	573,854	508,630	**614,373**	**7,492,354**
Solar Cells	—	151,011	157,095	208,732	**265,492**	**3,237,707**
Other Electronic Devices	—	298,074	217,311	195,447	**172,120**	**2,099,024**
Electronic Components	—	1,132,395	948,260	912,809	**1,051,985**	**12,829,085**
Total	—	3,417,736	2,847,227	2,755,948	**3,021,973**	**36,853,329**
Sales by Region[*4]						
Japan	1,526,938	1,590,747	1,302,261	1,429,057	**—**	**—**
The Americas	582,588	625,841	488,428	342,923	**—**	**—**
Europe	523,301	584,252	451,090	393,212	**—**	**—**
China	305,895	412,470	407,777	365,440	**—**	**—**
Other	189,049	204,426	197,671	225,316	**—**	**—**
Total	3,127,771	3,417,736	2,847,227	2,755,948	**—**	**—**
Japan	—	—	—	1,429,057	**1,592,909**	**19,425,719**
The Americas	—	—	—	283,641	**302,021**	**3,683,183**
Europe	—	—	—	336,642	**367,962**	**4,487,341**
China	—	—	—	422,881	**516,977**	**6,304,598**
Other	—	—	—	283,727	**242,104**	**2,952,488**
Total	—	—	—	2,755,948	**3,021,973**	**36,853,329**

*3 Effective for the year ended March 31, 2008, some items previously included in Other Electronic Components had been reclassified and were included in LSIs. In this connection, "Sales by Product Group" of 2007 has been restated to conform with the 2008 presentation.
Effective for the year ended March 31, 2009, the Company adopted the segment classification presented above in "Sales by Product Group" in place of the former classification: Audio-Visual and Communication Equipment, Home Appliances, Information Equipment, LSIs, LCDs, and Other Electronic Components. In addition, some items previously included in Audio-Visual and Communication Equipment had been reclassified and were included in Information Equipment, and some items previously included in Information Equipment had been reclassified and were included in Audio-Visual and Communication Equipment. In this connection, "Sales by Product Group" of 2008 has been restated to conform with the 2009 presentation.
Effective for the year ended March 31, 2010, some items previously included in Information Equipment have been reclassified and are included in Audio-Visual and Communication Equipment. In this connection, "Sales by Product Group" of 2009 has been restated to conform with the 2010 presentation.

*4 Effective for the year ended March 31, 2011, the Company has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan (ASBJ) Statement No.17, issued by the ASBJ on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, issued by the ASBJ on March 21, 2008). In this connection, "Sales by Region" of 2010 has been restated to conform with the 2011 presentation.

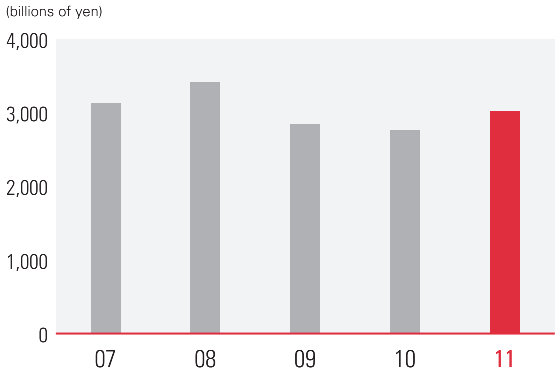
Financial Review

Sharp Corporation and Consolidated Subsidiaries

Operations

Consolidated net sales for the year ended March 31, 2011 were ¥3,021,973 million, up 9.7% from the prior year.

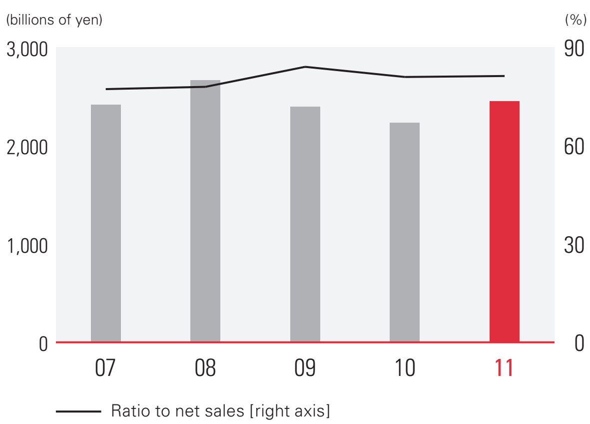
Net Sales



Financial Results

Cost of sales increased by ¥222,835 million over the prior year to ¥2,452,345 million, and the cost of sales ratio increased from 80.9% recorded in the prior year to 81.2%.

Cost of Sales



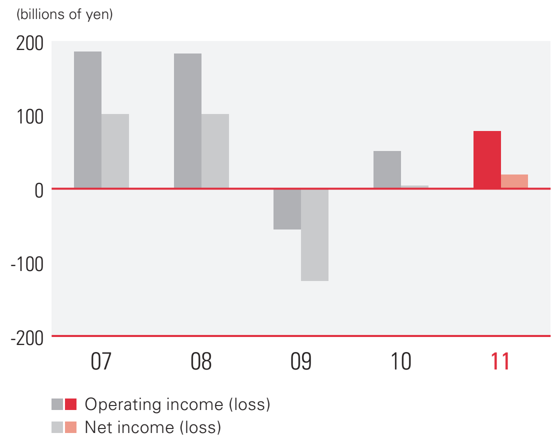
Selling, general and administrative (SG&A) expenses increased by ¥16,197 million to ¥490,732 million, and the ratio of SG&A expenses against net sales decreased from 17.2% to 16.2%. SG&A expenses include advertising expenses of ¥54,954 million and employees' salaries and other benefits expenses of ¥116,491 million.

As a result, operating income increased by ¥26,993 million to ¥78,896 million.

Other expenses, net of other income, were in a net loss position and amounted to ¥38,016 million.

Income before income taxes and minority interests increased by ¥34,741 million to ¥40,880 million, and net income increased by ¥15,004 million to ¥19,401 million. Net income per share of common stock was ¥17.63.

Operating Income (Loss)/Net Income (Loss)

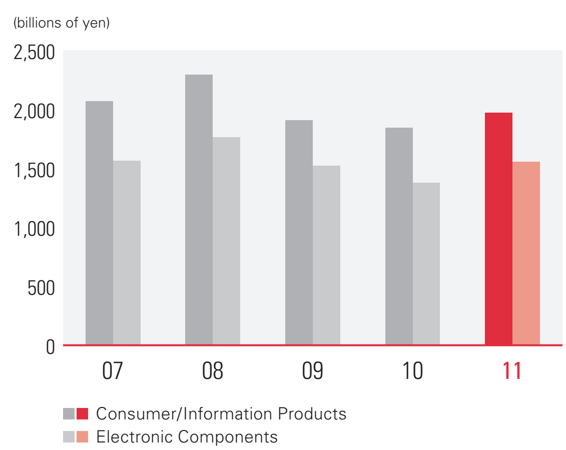


Segment Information

Sales in the Consumer/Information Products segment increased by 6.9% over the prior year to ¥1,970,570 million, and operating income increased by 49.3% to ¥79,257 million.

Sales in the Electronic Components segment increased by 13.0% to ¥1,554,017 million. Operating income decreased by 12.4% to ¥30,728 million.

Sales

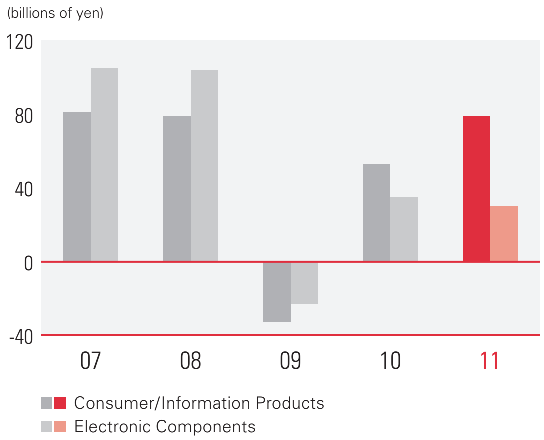


Notes: 1. Effective for the year ended March 31, 2011, the Company has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, issued by the ASBJ on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, issued by the ASBJ on March 21, 2008). In this connection, figures of 2010 included in "Segment Information " have been restated to conform with the 2011 presentation.

2. Sales figures by segment and product group shown in "Segment Information" include internal sales between segments (Consumer/Information Products and Electronic Components). Operating income (loss) figures are the amounts before adjustment of intersegment trading.

3. Capital investment figures shown in "Capital Investment and Depreciation" include the amount of leased properties.

Operating Income (Loss)



[Reference Information]

Information by Product Group

Consumer/Information Products

Audio-Visual and Communication Equipment

Sales in this group amounted to ¥1,426,734 million, up 7.1% from the prior year, and operating income increased by 161.8% to ¥40,745 million. Contributing to this performance included a significant increase in sales of LCD TVs and Blu-ray Disc recorders, which benefited from the Eco-Point Program.

Health and Environmental Equipment

Sales in this group increased by 10.5% to ¥269,883 million, and operating income increased by 22.7% to ¥19,957 million. Contributing to this performance were increased sales of refrigerators, air conditioners and other products.

Information Equipment

Sales in this group increased by 2.6% to ¥273,953 million, due largely to an increase in sales of digital full-color MFPs. However, operating income decreased by 12.7% to ¥18,555 million.

Electronic Components

LCDs

Sales in this group increased by 17.0% to ¥1,026,959 million, due to an increase in demand for large-size LCD panels for TVs stemming from the Eco-Point Program, as well as higher demand for mobile LCDs for smartphones, tablet terminals and game devices. Operating income decreased by 6.8% to ¥17,085 million, due to falling prices for large-size LCDs and production adjustments to address a deteriorating supply/demand situation in the latter half of 2010.

Solar Cells

Sales in this group increased by 27.2% to ¥265,538 million, owing to brisk sales both in Japan and overseas.

Sales by Product Group

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Audio-Visual and Communication Equipment	¥ 1,332,357	**¥ 1,426,734**	**$ 17,399,195**
Health and Environmental Equipment	244,183	**269,883**	**3,291,256**
Information Equipment	266,948	**273,953**	**3,340,890**
Consumer/Information Products	1,843,488	**1,970,570**	**24,031,341**
LCDs	877,870	**1,026,959**	**12,523,890**
Solar Cells	208,758	**265,538**	**3,238,269**
Other Electronic Devices	289,157	**261,520**	**3,189,268**
Electronic Components	1,375,785	**1,554,017**	**18,951,427**
Adjustments	(463,325)	**(502,614)**	**(6,129,439)**
Total	2,755,948	**3,021,973**	**36,853,329**

However, operating income decreased by 58.7% to ¥2,105 million, due to intensified price competition and other factors.

Other Electronic Devices

Sales in this group decreased by 9.6% to ¥261,520 million, and operating income decreased by 1.0% to ¥11,538 million, due to falling sales prices, especially for devices used in digital products.

Capital Investment and Depreciation

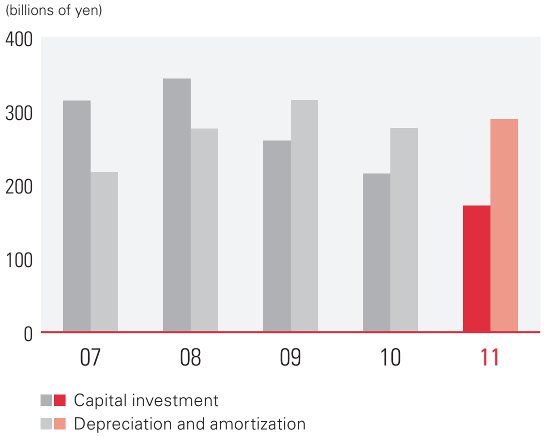
Capital investment for the fiscal year amounted to ¥172,553 million, down 20.0% from the prior year. Much of this investment was allocated to expansion of production capacity of the LCD panel plant at GREEN FRONT SAKAI, in order to meet brisk demand for LCD TVs in the first half of the fiscal year. We also installed new production equipment at the Fukuyama Plant in order to increase production capacity for blue LED chips, where demand is rising sharply for use in LCD TV backlighting and illumination. Another portion was allocated to constructing production lines for new crystalline solar cells with high conversion efficiency at the solar cell plant in GREEN FRONT SAKAI.

By business segment, capital investment for Consumer/Information Products was ¥30,155 million, and for Electronic Components was ¥131,668 million. Unallocated capital investment amounted to ¥10,730 million.

Depreciation and amortization increased by 4.5% to ¥289,602 million.

Capital Investment/
Depreciation and Amortization

(billions of yen)



Assets, Liabilities and Net Assets

Total assets increased by ¥49,423 million from the end of the prior year to ¥2,885,678 million.

Assets

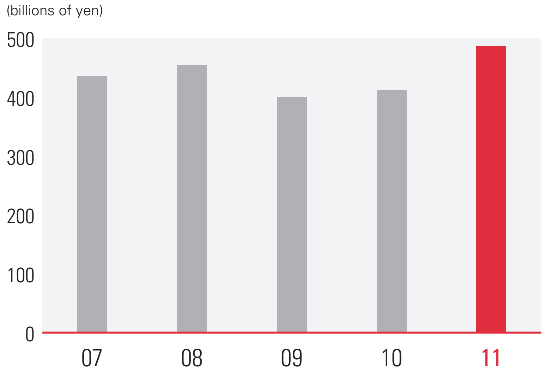
Current assets amounted to ¥1,522,550 million, an increase of ¥105,015 million from the end of the prior year. This was mainly due to a ¥74,797 million increase in inventories and a ¥63,303 million increase in other current assets, which was slightly offset by a ¥87,015 million decrease in cash and cash equivalents. Inventories amounted to ¥486,060 million. Included in inventories, finished products increased by ¥26,958 million to ¥191,628 million, work in process increased by ¥36,523 million to ¥206,614 million, and raw materials and supplies increased by ¥11,316 million to ¥87,818 million.

Plant and equipment decreased by ¥62,690 million to ¥964,914 million.

Investments and other assets amounted to ¥398,214 million, an increase of ¥7,098 million, mainly due to increases in investments in nonconsolidated subsidiaries and affiliates and other assets, which more than offset a decline in deferred tax assets.

Inventories

(billions of yen)



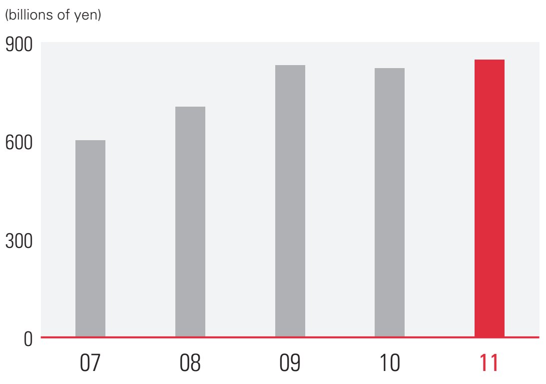
Liabilities

Current liabilities increased by ¥22,007 million from the end of the prior year to ¥1,245,913 million. Short-term borrowings decreased by ¥14,854 million to ¥287,330 million. Included in short-term borrowings, bank loans increased by ¥34,070 million to ¥104,522 million, commercial paper decreased by ¥25,989 million to ¥139,766 million, and current portion of long-term debt decreased by ¥22,935 million to ¥43,042 million. Notes and accounts payable amounted to ¥602,081 million, a decrease of ¥51,072 million. Other current liabilities increased by ¥70,546 million to ¥126,692 million.

Long-term liabilities increased by ¥44,631 million to ¥591,120 million. This was mainly due to a ¥41,969 million increase in long-term debt.

Interest-bearing debt was ¥847,250 million, an increase of ¥27,115 million.

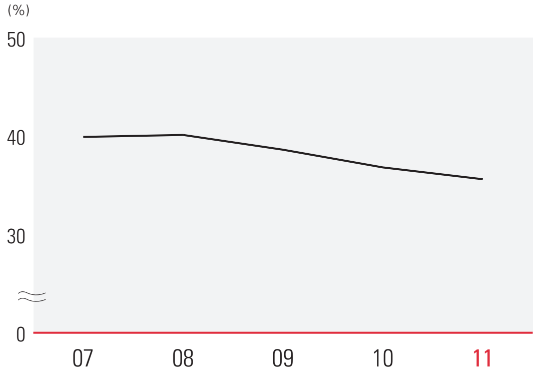
Interest-Bearing Debt



Net Assets

Net assets amounted to ¥1,048,645 million, a decrease of ¥17,215 million. Foreign currency translation adjustments decreased by ¥13,034 million from the end of the prior year, due to foreign exchange fluctuations. The equity ratio was 35.6%.

Equity Ratio



Cash Flows

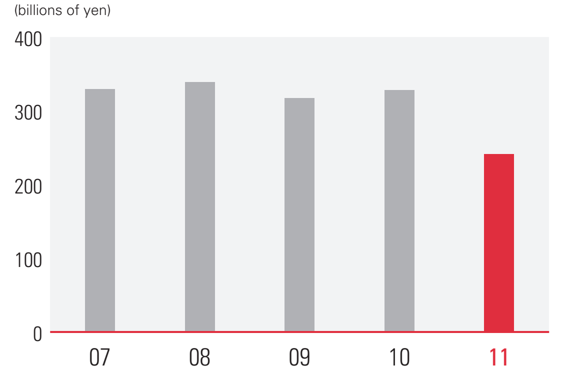
Cash and cash equivalents at end of year stood at ¥241,110 million, a decrease of ¥87,015 million over the prior year, as combined payments in investing and financing activities exceeded proceeds from operating activities.

Net cash provided by operating activities decreased by ¥136,121 million to ¥167,443 million. This was mainly due to an increase of ¥61,499 million in increase in inventories and a decrease in payables of ¥762 million (compared to an increase of ¥131,698 million in the prior year), which was slightly offset by a decrease of ¥36,893 million in increase in notes and accounts receivable.

Net cash used in investing activities amounted to ¥244,613 million, a decrease of ¥9,192 million. This was mainly due to a ¥27,368 million decrease in purchase of property, plant and equipment, which was slightly offset by ¥24,524 million payments for purchase of investments in subsidiaries resulting in the change in scope of consolidation.

Net cash used in financing activities amounted to ¥6,254 million, a decrease of ¥29,187 million. This was mainly due to a ¥7,328 million increase in short-term borrowings, net (compared to a ¥171,315 million decrease in the prior year), which was slightly offset by a ¥71,449 million decrease in proceeds from long-term debt and a ¥62,528 million increase in repayments of long-term debt.

Cash and Cash Equivalents



Consolidated Balance Sheets

Sharp Corporation and Consolidated Subsidiaries as of March 31, 2010 and 2011

	Yen (millions)		U.S. Dollars (thousands)
ASSETS	2010	**2011**	**2011**
Current Assets:			
Cash and cash equivalents (Note 7)	¥ 328,125	**¥ 241,110**	**$ 2,940,366**
Time deposits (Note 7)	20,289	**1,200**	**14,634**
Short-term investments (Notes 2 and 7)	—	**5,578**	**68,025**
Notes and accounts receivable (Note 7) —			
Trade	526,422	**561,430**	**6,846,707**
Nonconsolidated subsidiaries and affiliates	15,293	**15,996**	**195,073**
Allowance for doubtful receivables	(4,997)	**(2,730)**	**(33,293)**
Inventories (Note 3)	411,263	**486,060**	**5,927,561**
Deferred tax assets (Note 4)	64,347	**93,810**	**1,144,025**
Other current assets	56,793	**120,096**	**1,464,585**
Total current assets	1,417,535	**1,522,550**	**18,567,683**
Plant and Equipment, at Cost (Note 6):			
Land	101,573	**100,124**	**1,221,024**
Buildings and structures	795,380	**840,912**	**10,255,025**
Machinery and equipment	2,030,447	**2,041,523**	**24,896,622**
Construction in progress	36,138	**31,269**	**381,329**
	2,963,538	**3,013,828**	**36,754,000**
Less accumulated depreciation	(1,935,934)	**(2,048,914)**	**(24,986,756)**
	1,027,604	**964,914**	**11,767,244**
Investments and Other Assets:			
Investments in securities (Notes 2 and 7)	59,669	**57,505**	**701,280**
Investments in nonconsolidated subsidiaries and affiliates (Note 7)	32,543	**40,960**	**499,512**
Bond issue cost	3,173	**2,316**	**28,244**
Deferred tax assets (Note 4)	115,667	**101,259**	**1,234,866**
Other assets	180,064	**196,174**	**2,392,366**
	391,116	**398,214**	**4,856,268**
	¥ 2,836,255	**¥ 2,885,678**	**$ 35,191,195**

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

Financial Section

LIABILITIES AND NET ASSETS	Yen (millions) 2010	2011	U.S. Dollars (thousands) 2011
Current Liabilities:			
Short-term borrowings, including current portion			
of long-term debt (Notes 5 and 7)	¥ 302,184	**¥ 287,330**	**$ 3,504,024**
Notes and accounts payable (Note 7) —			
Trade	548,988	**524,641**	**6,398,061**
Construction and other	100,418	**71,356**	**870,195**
Nonconsolidated subsidiaries and affiliates	3,747	**6,084**	**74,195**
Accrued expenses	198,274	**217,339**	**2,650,476**
Income taxes (Note 4)	14,149	**12,471**	**152,085**
Other current liabilities (Note 4)	56,146	**126,692**	**1,545,025**
Total current liabilities	1,223,906	**1,245,913**	**15,194,061**
Long-term Liabilities:			
Long-term debt (Notes 5 and 7)	517,951	**559,920**	**6,828,292**
Allowance for severance and pension benefits (Note 11)	5,462	**4,618**	**56,317**
Other long-term liabilities (Note 4)	23,076	**26,582**	**324,171**
	546,489	**591,120**	**7,208,780**
Contingent Liabilities (Note 10)			
Net Assets (Note 9):			
Common stock:			
Authorized —2,500,000 thousand shares			
Issued —1,110,699 thousand shares	204,676	**204,676**	**2,496,049**
Capital surplus	268,534	**268,530**	**3,274,756**
Retained earnings	649,795	**648,935**	**7,913,841**
Less cost of treasury stock:			
10,285 thousand shares in 2010 and 10,353 thousand shares in 2011	(13,805)	**(13,863)**	**(169,061)**
Net unrealized holding gains (losses) on securities	7,372	**5,915**	**72,134**
Deferred gains (losses) on hedges	218	**(1,028)**	**(12,536)**
Foreign currency translation adjustments	(72,283)	**(85,317)**	**(1,040,451)**
Pension liability adjustment of foreign subsidiaries	—	**(1,815)**	**(22,134)**
Minority interests	21,353	**22,612**	**275,756**
Total net assets	1,065,860	**1,048,645**	**12,788,354**
	¥ 2,836,255	**¥ 2,885,678**	**$ 35,191,195**

Consolidated Statements of Operations

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2010 and 2011

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Net Sales	¥ 2,755,948	**¥ 3,021,973**	**$ 36,853,329**
Cost of Sales	2,229,510	**2,452,345**	**29,906,646**
Gross profit	526,438	**569,628**	**6,946,683**
Selling, General and Administrative Expenses	474,535	**490,732**	**5,984,537**
Operating income	51,903	**78,896**	**962,146**
Other Income (Expenses):			
Interest and dividends income	3,547	**3,119**	**38,037**
Interest expenses	(7,794)	**(8,001)**	**(97,573)**
Foreign exchange gains (losses), net	(4,256)	**10,247**	**124,963**
Restructuring charges (Note 13)	(20,078)	**(12,655)**	**(154,329)**
Other, net	(17,183)	**(30,726)**	**(374,707)**
	(45,764)	**(38,016)**	**(463,609)**
Income before income taxes and minority interests	6,139	**40,880**	**498,537**
Income Taxes (Note 4):			
Current	15,092	**26,927**	**328,378**
Deferred	(15,090)	**(7,244)**	**(88,341)**
	2	**19,683**	**240,037**
Income before minority interests	6,137	**21,197**	**258,500**
Minority Interests in Income of Consolidated Subsidiaries	(1,740)	**(1,796)**	**(21,902)**
Net income	¥ 4,397	**¥ 19,401**	**$ 236,598**

	Yen		U.S. Dollars
	2010	**2011**	**2011**
Per Share of Common Stock (Note 9):			
Net income	¥ 4.00	**¥ 17.63**	**$ 0.22**
Diluted net income	3.78	**16.47**	**0.20**
Cash dividends	17.00	**17.00**	**0.21**

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

Financial Section

Consolidated Statements of Comprehensive Income

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2010 and 2011

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Income Before Minority Interests	¥ 6,137	**¥ 21,197**	**$ 258,500**
Other Comprehensive Income:			
Net unrealized holding gains (losses) on securities	9,447	**(1,460)**	**(17,805)**
Deferred gains (losses) on hedges	9,378	**(1,246)**	**(15,195)**
Foreign currency translation adjustments	(2,948)	**(13,254)**	**(161,634)**
Pension liability adjustment of foreign subsidiaries	(1,048)	**(612)**	**(7,464)**
Share of other comprehensive income of affiliates accounted for using equity method	33	**(236)**	**(2,878)**
Total Other Comprehensive Income	14,862	**(16,808)**	**(204,976)**
Comprehensive Income	20,999	**4,389**	**53,524**
Comprehensive income attributable to:			
Owners of the parent	19,344	**3,052**	**37,219**
Minority interests	1,655	**1,337**	**16,305**

Financial Section

Consolidated Statements of Changes in Net Assets

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2010 and 2011

	(thousands)	Yen (millions)									
	Number of Shares	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (Note 9)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Pension liability adjustment of foreign subsidiaries	Minority interests	Total
Balance at March 31, 2009	1,110,699	¥ 204,676	¥ 268,538	¥ 664,924	¥ (13,740)	¥ (1,946)	¥ (9,142)	¥ (74,196)	¥ 0	¥ 9,333	¥ 1,048,447
Net income				4,397							4,397
Dividends from surplus				(15,406)							(15,406)
Change of scope of consolidation				(1,090)							(1,090)
Change of scope of equity method				(26)							(26)
Effect resulting from change of accounting period of consolidated subsidiaries				(1,956)							(1,956)
Effect of unfunded retirement benefit obligation of foreign subsidiaries				(1,048)							(1,048)
Purchase of treasury stock					(80)						(80)
Disposal of treasury stock			(4)		15						11
Net changes of items other than shareholders' equity						9,318	9,360	1,913	0	12,020	32,611
Balance at March 31, 2010	**1,110,699**	**¥ 204,676**	**¥ 268,534**	**¥ 649,795**	**¥ (13,805)**	**¥ 7,372**	**¥ 218**	**¥ (72,283)**	**¥ 0**	**¥ 21,353**	**¥ 1,065,860**
Effect of changes in accounting policies applied to foreign affiliates accounted for by equity method				**(14)**							**(14)**
Transfer to pension liability adjustment of foreign subsidiaries from retained earnings				**1,203**					**(1,203)**		**0**
Net income				**19,401**							**19,401**
Dividends from surplus				**(22,008)**							**(22,008)**
Change of scope of consolidation				**(438)**							**(438)**
Change of scope of equity method				**996**							**996**
Purchase of treasury stock					**(68)**						**(68)**
Disposal of treasury stock			**(4)**		**10**						**6**
Net changes of items other than shareholders' equity						**(1,457)**	**(1,246)**	**(13,034)**	**(612)**	**1,259**	**(15,090)**
Balance at March 31, 2011	**1,110,699**	**¥ 204,676**	**¥ 268,530**	**¥ 648,935**	**¥ (13,863)**	**¥ 5,915**	**¥ (1,028)**	**¥ (85,317)**	**¥ (1,815)**	**¥ 22,612**	**¥ 1,048,645**

	(thousands)	U.S. Dollars (thousands)									
	Number of Shares	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (Note 9)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Pension liability adjustment of foreign subsidiaries	Minority interests	Total
Balance at March 31, 2010	**1,110,699**	**$2,496,049**	**$3,274,805**	**$7,924,329**	**$ (168,354)**	**$ 89,902**	**$ 2,659**	**$ (881,500)**	**$ 0**	**$ 260,402**	**$12,998,292**
Effect of changes in accounting policies applied to foreign affiliates accounted for by equity method				**(171)**							**(171)**
Transfer to pension liability adjustment of foreign subsidiaries from retained earnings				**14,671**					**(14,671)**		**0**
Net income				**236,598**							**236,598**
Dividends from surplus				**(268,390)**							**(268,390)**
Change of scope of consolidation				**(5,342)**							**(5,342)**
Change of scope of equity method				**12,146**							**12,146**
Purchase of treasury stock					**(829)**						**(829)**
Disposal of treasury stock			**(49)**		**122**						**73**
Net changes of items other than shareholders' equity						**(17,768)**	**(15,195)**	**(158,951)**	**(7,463)**	**15,354**	**(184,023)**
Balance at March 31, 2011	**1,110,699**	**$2,496,049**	**$3,274,756**	**$7,913,841**	**$ (169,061)**	**$ 72,134**	**$ (12,536)**	**$(1,040,451)**	**$ (22,134)**	**$ 275,756**	**$12,788,354**

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

Consolidated Statements of Cash Flows

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2010 and 2011

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 6,139	**¥ 40,880**	**$ 498,537**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities—			
Depreciation and amortization of properties and intangibles	264,429	**272,081**	**3,318,061**
Interest and dividends income	(3,547)	**(3,119)**	**(38,037)**
Interest expenses	7,794	**8,001**	**97,573**
Foreign exchange (gains) losses	3,609	**(938)**	**(11,439)**
Loss on sales and retirement of noncurrent assets	4,930	**7,376**	**89,951**
Increase in notes and accounts receivable	(97,440)	**(60,547)**	**(738,378)**
Increase in inventories	(22,250)	**(83,749)**	**(1,021,329)**
(Decrease) increase in payables	131,698	**(762)**	**(9,293)**
Other, net	3,156	**20,022**	**244,171**
Total	298,518	**199,245**	**2,429,817**
Interest and dividends income received	4,041	**3,664**	**44,683**
Interest expenses paid	(7,551)	**(8,148)**	**(99,366)**
Income taxes (paid) refund	8,556	**(27,318)**	**(333,146)**
Net cash provided by operating activities	303,564	**167,443**	**2,041,988**
Cash Flows from Investing Activities:			
Payments into time deposits	(39,764)	**(13,200)**	**(160,976)**
Proceeds from withdrawal of time deposits	39,138	**31,641**	**385,866**
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	**(24,524)**	**(299,073)**
Purchase of property, plant and equipment	(222,772)	**(195,404)**	**(2,382,976)**
Proceeds from sales of property, plant and equipment	1,910	**992**	**12,098**
Purchase of investment securities and investments in nonconsolidated subsidiaries and affiliates	(4,101)	**(9,738)**	**(118,756)**
Proceeds from sales of investment securities and investments in nonconsolidated subsidiaries and affiliates	1,207	**130**	**1,585**
Payments of loans receivable	(226,114)	**(4,448)**	**(54,244)**
Collection of loans receivable	226,281	**439**	**5,354**
Other, net	(29,590)	**(30,501)**	**(371,963)**
Net cash used in investing activities	(253,805)	**(244,613)**	**(2,983,085)**
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	(171,315)	**7,328**	**89,366**
Proceeds from long-term debt	157,174	**85,725**	**1,045,427**
Repayments of long-term debt	(15,634)	**(78,162)**	**(953,195)**
Proceeds from stock issuance to minority shareholders	10,000	**—**	**—**
Purchase of treasury stock	(80)	**(68)**	**(829)**
Cash dividends paid	(15,411)	**(21,999)**	**(268,280)**
Other, net	(175)	**922**	**11,244**
Net cash used in financing activities	(35,441)	**(6,254)**	**(76,267)**
Effect of Exchange Rate Change on Cash and Cash Equivalents	(4,187)	**(3,790)**	**(46,220)**
Net (Decrease) Increase in Cash and Cash Equivalents	10,131	**(87,214)**	**(1,063,584)**
Cash and Cash Equivalents at Beginning of Year	317,358	**328,125**	**4,001,524**
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	228	**199**	**2,427**
Increase in Cash and Cash Equivalents Resulting from Merger	69	**—**	**—**
Increase in Cash and Cash Equivalents Resulting from Change of Accounting Period of Consolidated Subsidiaries	339	**—**	**—**
Cash and Cash Equivalents at End of Year	¥ 328,125	**¥ 241,110**	**$ 2,940,367**

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

Financial Section

Notes to Consolidated Financial Statements

Sharp Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting consolidated financial statements

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

The financial statements of the Company's overseas consolidated subsidiaries for consolidation purposes have been prepared in conformity with IFRS or generally accepted accounting principles in the United States of America ("US GAAP"), and partially reflect the adjustments which are necessary to conform with Japanese GAAP.

The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosures) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the Japanese language statutory consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2011, which was ¥82 to U.S. $1.00. The translations should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

(b) Principles of consolidation

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

In the elimination of investments in consolidated subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary.

Material intercompany balances, transactions and unrealized profits have been eliminated in consolidation.

(c) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at current rates at each balance sheet date, and the resulting translation gains or losses are charged to income.

Assets and liabilities are translated at current rates at each balance sheet date, net assets accounts are translated at historical rates, and revenues and expenses are translated at average rates prevailing during the year. The resulting foreign currency translation adjustments are shown as a separate component in net assets.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits on demand placed with banks and highly liquid investments with insignificant risk of changes in value which have maturities of three months or less when purchased.

(e) Investments in securities

Investments in securities consist principally of marketable and nonmarketable equity securities.

The Company and its domestic consolidated subsidiaries categorize those securities as "other securities," which, in principle, include all securities other than trading securities and held-to-maturity securities.

Other securities with available fair market values are stated at fair market value, which is calculated as the average of market prices during the last month of the fiscal year. Unrealized holding gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are principally computed using average cost.

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

If the fair market value of other securities declines significantly, such securities are stated at fair market value and the difference between the fair market value and the carrying amount is recognized as loss in the period of decline. If the net asset value of other securities with no available fair market values declines significantly, the securities are written down to the net asset value and charged to income. In these cases, the fair market value or the net asset value is carried forward to the next year.

(f) Inventories

Inventories held by the Company and its domestic consolidated subsidiaries are primarily stated at moving average cost (for balance sheet valuation, in the event that an impairment is determined inventories impairment is computed using net realizable value). For overseas consolidated subsidiaries, inventories are stated at the lower of moving average cost or market.

(g) Depreciation and amortization

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

Maintenance and repairs, including minor renewals and betterments, are charged to income as incurred.

Amortization of intangible assets except for lease assets is computed using the straight-line method.

Depreciation of lease assets under finance leases that do not transfer ownership is computed using the straight-line method, using the lease period as the depreciable life and the residual value as zero. Finance leases of the Company and its domestic consolidated subsidiaries that do not transfer ownership, for which the starting date of the lease transaction is on and before March 31, 2008, lease payments are recognized as expenses.

(h) Accrued bonuses

The Company and its domestic consolidated subsidiaries accrue estimated amounts of employees' bonuses based on the estimated amounts to be paid in the subsequent period.

(i) Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(j) Severance and pension benefits

The Company and its domestic consolidated subsidiaries have primarily a trustee noncontributory defined benefit pension plan for their employees to supplement a governmental welfare pension plan.

Certain overseas consolidated subsidiaries primarily have defined contribution pension plans and lump-sum retirement benefit plans.

The Company and its domestic consolidated subsidiaries provide an allowance for severance and pension benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the balance sheet date. Projected benefit obligation and expenses for severance and pension benefits are determined based on the amounts actuarially calculated using certain assumptions.

Prior service costs are amortized using the straight-line method over the average of the estimated remaining service years (16 years) commencing with the current period. Actuarial gains and losses are primarily amortized using the straight-line method over the average of the estimated remaining service years (16 years) commencing with the following period.

(k) Research and development expenses and software costs

Research and development expenses are charged to income as incurred. The research and development expenses are charged to income amounted to ¥166,507 million and ¥173,983 million ($2,121,744 thousand) for the years ended March 31, 2010 and 2011, respectively.

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

(l) Derivative financial instruments

The Company and some of its consolidated subsidiaries use derivative financial instruments, including foreign exchange forward contracts in order to hedge the risk of fluctuations in foreign currency exchange rates associated with assets and liabilities denominated in foreign currencies.

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

Derivative financial instruments are used based on internal policies and procedures on risk control.

The risks of fluctuations in foreign currency exchange rates have been assumed to be completely hedged over the period of hedging contracts as the major conditions of the hedging instruments and the hedged items are consistent. Accordingly, an evaluation of the effectiveness of the hedging contracts is not required.

The credit risk of such derivatives is assessed as being low because the counter-parties of these transactions have good credit ratings with financial institutions.

(m) Changes in accounting methods

(1) Accounting Standard for Recognizing Revenues and Costs of Construction Contracts

Previously, revenues and costs of construction contracts had been recognized using the completed-contract method. Effective for the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries have applied the following accounting standards; "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, issued by the ASBJ on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18, issued by the ASBJ on December 27, 2007). Accordingly, for construction contracts which commenced on and after April 1, 2009, and for which the outcome of the construction activity is deemed certain as of March 31, 2010, the percentage-of-completion method has been applied, otherwise the complete-contract method has been applied. Under the percentage-of-completion method, revenue is recognized, based on the percentage of the actual costs incurred of the estimated total cost. This change has an immaterial impact on the financial statements for the year ended March

31, 2010. The effect of this change on segmented information is stated in Note 12. Segment Information.

(2) Accounting Standard for Pension Benefits
Effective for the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries have applied the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No.19, issued by the ASBJ on July 31, 2008). This change has no impact on the financial statements for the year ended March 31, 2010.

(3) Accounting Standard for Equity Method of Accounting for Investments
Effective for the year ended March 31, 2011, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Equity Method of Accounting for Investments" (Accounting Standards Board of Japan (ASBJ) Statement No.16, issued by the ASBJ on March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No.24, issued by the ASBJ on March 10, 2008) and made revisions required for consolidated accounting. This change had an immaterial impact on financial statements.

(4) Accounting Standards for Asset Retirement Obligations
Effective for the year ended March 31, 2011, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, issued by the ASBJ on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, issued by the ASBJ on March 31, 2008). This change had an immaterial impact on financial statements.

(5) Accounting Standard for Business Combinations
Effective for the year ended March 31, 2011, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued by the ASBJ on December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, issued by the ASBJ on December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No.23, issued by the ASBJ on December 26, 2008), the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, issued by the ASBJ on December 26, 2008), the "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, issued by the ASBJ on December 26, 2008), and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued by the ASBJ on December 26, 2008).

(n) Additional Information
Effective for the year ended March 31, 2011, the Company has applied the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25, issued by the ASBJ on June 30, 2010). In addition, the Company prepared the consolidated statement of comprehensive income for 2010 as well as that for 2011.

2. Investments in Securities

The following is a summary of other securities with available fair market values as of March 31, 2010 and 2011:

	Yen (millions)			
	2011			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**¥ 39,186**	**¥ 16,343**	**¥ (6,105)**	**¥ 49,424**
	¥ 39,186	**¥ 16,343**	**¥ (6,105)**	**¥ 49,424**

	U.S. Dollars (thousands)			
	2011			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**$ 477,878**	**$ 199,305**	**$ (74,451)**	**$ 602,732**
	$ 477,878	**$ 199,305**	**$ (74,451)**	**$ 602,732**

	Yen (millions)			
	2010			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥ 38,955	¥ 17,423	¥ (4,661)	¥ 51,717
	¥ 38,955	¥ 17,423	¥ (4,661)	¥ 51,717

The proceeds from sales of other securities were ¥1,207 million and ¥131 million ($1,598 thousand) for the years ended March 31, 2010 and 2011, respectively. The gross realized gains on those sales were ¥187 million and ¥24 million ($293 thousand), respectively. The gross realized losses on those sales were ¥0 million and ¥0 million ($0 thousand), respectively.

3. Inventories

Inventories as of March 31, 2010 and 2011 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Finished products	¥ 164,670	¥ **191,628**	$ **2,336,927**
Work in process	170,091	**206,614**	**2,519,683**
Raw materials and supplies	76,502	**87,818**	**1,070,951**
	¥ 411,263	¥ **486,060**	$ **5,927,561**

4. Income Taxes

The Company is subject to a number of different income taxes which, in the aggregate, indicate a normal tax rate in Japan of approximately 40.6% for the years ended March 31, 2010 and 2011.

The Company and its wholly owned domestic subsidiaries have adopted the consolidated tax return system of Japan.

The following table summarizes the significant differences between the normal tax rate and the effective tax rate for financial statements purposes for the year ended March 31, 2010 and 2011:

	2010	**2011**
Normal tax rate	40.6%	**40.6%**
Foreign withholding tax	—	**17.9**
Dividends income	24.2	**3.3**
Expenses not deductible for tax purposes	23.8	**2.0**
Differences in normal tax rates of overseas subsidiaries	(69.8)	**(14.6)**
Tax effect on equity in earnings of affiliates, net	(8.5)	**(3.3)**
Other	(10.3)	**2.2**
Effective tax rate	0.0%	**48.1%**

Significant components of deferred tax assets and deferred tax liabilities as of March 31, 2010 and 2011 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Deferred tax assets:			
Inventories	¥ 21,098	¥ **40,804**	$ **497,610**
Allowance for doubtful receivables	1,641	**1,365**	**16,646**
Accrued bonuses	10,702	**10,972**	**133,805**
Warranty reserve	3,174	**4,247**	**51,793**
Software	20,825	**20,569**	**250,841**
Long-term prepaid expenses	16,600	**16,567**	**202,036**
Loss carried forward	130,647	**115,026**	**1,402,756**
Other	47,498	**55,589**	**677,915**
Gross deferred tax assets	252,185	**265,139**	**3,233,402**
Valuation allowance	(4,409)	**(2,897)**	**(35,329)**
Total deferred tax assets	247,776	**262,242**	**3,198,073**
Deferred tax liabilities:			
Retained earnings appropriated for tax allowable reserves	(57,209)	**(61,752)**	**(753,073)**
Other	(16,359)	**(17,027)**	**(207,646)**
Total deferred tax liabilities	(73,568)	**(78,779)**	**(960,719)**
Net deferred tax assets	¥ 174,208	¥ **183,463**	$ **2,237,354**

Net deferred tax assets as of March 31, 2010 and 2011 were included in the consolidated balance sheets as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Deferred tax assets (Current Assets)	¥ 64,347	**¥ 93,810**	**$ 1,144,025**
Deferred tax assets (Investments and Other Assets)	115,667	**101,259**	**1,234,866**
Other current liabilities	(23)	**(6)**	**(73)**
Other long-term liabilities	(5,783)	**(11,600)**	**(141,464)**
Net deferred tax assets	¥ 174,208	**¥ 183,463**	**$ 2,237,354**

5. Short-term Borrowings and Long-term Debt

The weighted average interest rates of short-term borrowings as of March 31, 2010 and 2011 were 0.4% and 0.8%, respectively. The Company and its consolidated subsidiaries have had no difficulty in renewing such loans when loans have come due or management has determined such renewal advisable.

Short-term borrowings including current portion of long-term debt as of March 31, 2010 and 2011 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Bank loans	¥ 70,452	**¥ 104,522**	**$ 1,274,658**
Commercial paper	165,755	**139,766**	**1,704,463**
Current portion of long-term debt	65,977	**43,042**	**524,903**
	¥ 302,184	**¥ 287,330**	**$ 3,504,024**

Long-term debt as of March 31, 2010 and 2011 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
0.0%–8.0% unsecured loans principally from banks, due 2010 to 2035	¥ 99,994	**¥ 149,554**	**$ 1,823,830**
0.620% unsecured straight bonds, due 2010	30,000	**—**	**—**
0.970% unsecured straight bonds, due 2012	20,000	**20,000**	**243,902**
1.165% unsecured straight bonds, due 2012	10,000	**10,000**	**121,951**
1.423% unsecured straight bonds, due 2014	30,000	**30,000**	**365,854**
2.068% unsecured straight bonds, due 2019	10,000	**10,000**	**121,951**
0.846% unsecured straight bonds, due 2014	100,000	**100,000**	**1,219,512**
1.141% unsecured straight bonds, due 2016	20,000	**20,000**	**243,902**
1.604% unsecured straight bonds, due 2019	30,000	**30,000**	**365,854**
0.000% unsecured convertible bonds with subscription rights to shares, due 2013	202,497	**201,783**	**2,460,768**
1.177% unsecured Euroyen notes issued by a consolidated subsidiary, due 2013	5,057	**5,046**	**61,536**
0.400%–0.500% unsecured Pound discount notes issued by a consolidated subsidiary, due 2010 to 2011	698	**290**	**3,537**
lease obligations	25,682	**26,289**	**320,598**
	583,928	**602,962**	**7,353,195**
Less - Current portion included in short-term borrowings	(65,977)	**(43,042)**	**(524,903)**
	¥ 517,951	**¥ 559,920**	**$ 6,828,292**

The following is a summary of the terms for conversion and redemption of the convertible bonds with subscription rights to shares:

	Yen
	Conversion price
0.000% unsecured convertible bonds with subscription rights to shares, due 2013	¥ 2,531.00

The conversion price is subject to adjustment for certain subsequent events such as the issue of common stock at less than market value and stock splits.

If all convertible bonds with subscription rights to shares were converted as of March 31, 2010 and March 31, 2011, 79,018 thousand shares of common stock would have been issuable, in both years.

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with each bank which provide, among other things, that security and guarantees for present and future indebtedness will be given upon request of the bank, and that any collateral so furnished will be applicable to all indebtedness to that bank. In addition, the agreements provide that the bank has the right to offset cash deposited against any short-term or long-term debt that becomes due, and in case of default and certain other specified events, against all other debts payable to the bank.

The aggregate annual maturities of long-term debt as of March 31, 2011 were as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2013	¥ 44,801	$ 546,354
2014	278,485	3,396,158
2015	111,262	1,356,854
2016	19,180	233,902
2017 and thereafter	106,192	1,295,024
	¥ 559,920	$ 6,828,292

6. Leases

Finance leases

Finance leases that do not transfer ownership for which the starting date of the lease transaction on and before March 31, 2008, lease payments are recognized as expenses.

Information relating to finance leases that do not transfer ownership for which the starting date of the lease transaction is on and before March 31, 2008, as of, and for the years ended March 31, 2010 and 2011, is as follows:

As lessee

(1) Future minimum lease payments and accumulated impairment loss on leased assets

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Future minimum lease payments:			
Due within one year	¥ 14,324	**¥ 10,183**	**$ 124,183**
Due after one year	18,161	**7,659**	**93,402**
	¥ 32,485	**¥ 17,842**	**$ 217,585**
Accumulated impairment loss on leased assets	¥ 749	**¥ 512**	**$ 6,244**

(2) Lease payments, reversal of allowance for impairment loss on leased assets

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Lease payments	¥ 18,515	**¥ 14,182**	**$ 172,951**
Reversal of allowance for impairment loss on leased assets	238	**237**	**2,890**

Operating leases

(a) As lessee
Future minimum lease payments for only non-cancelable contracts as of March 31, 2010 and 2011 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Due within one year	¥ 23,676	**¥ 36,883**	**$ 449,793**
Due after one year	41,456	**37,860**	**461,707**
	¥ 65,132	**¥ 74,743**	**$ 911,500**

(b) As lessor
Future minimum lease receipts for only non-cancelable contracts as of March 31, 2010 and 2011 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Due within one year	¥ 831	**¥ 1,520**	**$ 18,536**
Due after one year	1,641	**1,961**	**23,915**
	¥ 2,472	**¥ 3,481**	**$ 42,451**

7. Financial Instruments

(a) Qualitative information on financial instruments

(1) Policies for financial instruments
The Company and its consolidated subsidiaries obtain necessary funds, mainly through bank loans and issuing bonds, according to its capital investment plan, for its main business of manufacturing and distributing electronics equipment and electronic components.

Any surplus funds are invested in high quality financial instruments, deem to be low risk. Short-term operating funds are obtained through issuing commercial paper and bank loans.

Transactions involving such financial instruments are conducted with creditworthy financial institutions. The Company utilizes derivative transactions for minimizing risk and not for speculative or dealing purposes.

(2) Description and risks of financial instruments
Notes and accounts receivable are exposed to customer credit risk. Some notes and accounts receivable are denominated in foreign currencies because the Company has business relations globally and therefore are exposed to foreign currency risk exposures. Notes and accounts payable (excluding other accounts payable) are payable within one year. Some notes and accounts payable rising from the import of raw materials are denominated in foreign currencies and therefore are exposed to foreign currency risk exposures. The Company offsets foreign currency denominated notes and accounts receivable with notes and accounts payable, and uses forward exchange contracts to hedge foreign currency risk exposures.

Other securities are held for the long term to construct better business alliances and relations with Company customers and suppliers. Other securities are exposed to market price fluctuation risk. Long-term borrowings (included in long-term debt) and bonds (included in short-term borrowings and long-term debt) are mainly in preparation for capital investments. The longest redemption date of bonds is eight and a half years after March 31, 2011.

Derivative transactions consist primarily include forward exchange contracts and currency swap contracts are used to hedge foreign currency risk exposures. Interest swap contracts are used to hedge interest rate risk exposures. For hedging instruments, hedged items, hedging policies and assessment methods of effectiveness of hedging instruments, please see Note 1.

(3) Risk management of financial instruments
[1] Management of credit risk
For notes and accounts receivable, the Company periodically reviews the status of its key customers, monitoring their respective payment deadlines and remaining outstanding balances.

The Company strives to recognize and reduce irrecoverable risks, due to deteriorating financial conditions or other factors, at an early stage. The Company's consolidated subsidiaries also follow the same monitoring and administration process.

[2] Management of market risk
The Company decides basic policy for derivative transactions at the Foreign Exchange Administration

Committee meeting which is held monthly and the Finance Administration Committee meeting which is required by the Company's internal procedure. The Treasury Department of Corporate Accounting and Control Group executes transactions and reports the result of such transactions to the Accounting Department of Corporate Accounting and Control Group on a daily basis. The Accounting Department has set up the specialized section for transaction results and position management, and reports the result of transactions to the General manager of Corporate Accounting and Control Group on a daily basis.

In addition, the Treasury Department reports the result of transactions to the Foreign Exchange Administration Committee and the Finance Administration Committee on a periodic basis. Its consolidated subsidiaries also manage forward foreign exchange transactions in accordance with the rules established by the Company, and report the content of such transactions to the Company on a monthly basis. For interest swap contracts and currency swap contracts, its consolidated subsidiaries execute transactions after the Company approves.

For other securities and investments in capital, the Company regularly monitors prices and issuer's financial positions, and continually reviews the possession by taking these indices as well as the relationship with issuers into consideration.

[3] Management of liquidity risk in financing activities
The Treasury Department manages the liquidity risk by making and updating the financial plans, based on reports from each section, and maintains ready liquidity.

(4) Supplementary explanation of fair value of financial instruments
The fair value of financial instruments is based on the quoted market price in active market, but in case a market price is not available, reasonably estimated prices are included in the fair value. As variable factors are incorporated in the determination of this reasonably estimated price, it may vary depending on different assumptions. The contract amount related to derivative transactions has nothing to do with the market risk related to the derivative transactions.

(b) Fair values of financial instruments
The consolidated balance sheet amounts, fair values and differences between the two, as of March 31, 2010 and 2011 are as follows:

	Yen (millions)		
			2011
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Short-term investments	¥ **247,888**	¥ **247,888**	¥ **0**
(2) Notes and accounts receivable	**577,426**	**573,674**	**(3,752)**
(3) Investments in securities			
1) Shares of nonconsolidated subsidiaries and affiliates	**3,364**	**2,866**	**(498)**
2) Other securities	**49,424**	**49,424**	**0**
Total Assets	**878,102**	**873,852**	**(4,250)**
(4) Notes and accounts payable (excluding other accounts payable)	**531,638**	**531,638**	**0**
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	**128,453**	**128,453**	**0**
(6) Commercial paper (included in short-term borrowings)	**139,766**	**139,766**	**0**
(7) Straight bonds (included in short-term borrowings and long-term debt)	**225,336**	**229,283**	**3,947**
(8) Bonds with subscription rights to shares (included in long-term debt)	**201,783**	**195,997**	**(5,786)**
(9) Long-term borrowings (included in long-term debt)	**125,623**	**126,992**	**1,369**
Total of Liabilities	**1,352,599**	**1,352,129**	**(470)**
(10) Derivative transactions*	**(1,159)**	**(1,166)**	**(7)**

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	U.S. Dollars (thousands)		
			2011
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, Time deposits, and Short-term investments	**$ 3,023,025**	**$ 3,023,025**	**$ 0**
(2) Notes and accounts receivable	**7,041,780**	**6,996,024**	**(45,756)**
(3) Investments in securities			
1) Shares of nonconsolidated subsidiaries and affiliates	**41,024**	**34,951**	**(6,073)**
2) Other securities	**602,732**	**602,732**	**0**
Total Assets	**10,708,561**	**10,656,732**	**(51,829)**
(4) Notes and accounts payable (excluding other accounts payable)	**6,483,391**	**6,483,391**	**0**
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	**1,566,500**	**1,566,500**	**0**
(6) Commercial paper (included in short-term borrowings)	**1,704,463**	**1,704,463**	**0**
(7) Straight bonds (included in short-term borrowings and long-term debt)	**2,748,000**	**2,796,134**	**48,134**
(8) Bonds with subscription rights to shares (included in long-term debt)	**2,460,768**	**2,390,207**	**(70,561)**
(9) Long-term borrowings (included in long-term debt)	**1,531,988**	**1,548,683**	**16,695**
Total of Liabilities	**16,495,110**	**16,489,378**	**(5,732)**
(10) Derivative transactions*	**(14,134)**	**(14,220)**	**(85)**

	Yen (millions)		
			2010
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, and Time deposits	¥ 348,414	¥ 348,414	¥ 0
(2) Notes and accounts receivable	541,715	540,750	(965)
(3) Investments in securities			
Other securities	51,717	51,717	0
Total Assets	941,846	940,881	(965)
(4) Notes and accounts payable (excluding other accounts payable)	554,368	554,368	0
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	97,886	97,886	0
(6) Commercial paper (included in short-term borrowings)	165,755	165,755	0
(7) Straight bonds (included in short-term borrowings and long-term debt)	255,755	258,094	2,339
(8) Bonds with subscription rights to shares (included in long-term debt)	202,497	193,997	(8,500)
(9) Long-term borrowings (included in long-term debt)	72,560	73,965	1,405
Total of Liabilities	1,348,821	1,344,065	(4,756)
(10) Derivative transactions*	(179)	104	283

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

(Note 1) Methods of Calculating the Fair Value of Financial Instruments and Matters Related to Securities and Derivative Transactions

(1) Cash and cash equivalents, Time deposits, and Short-term investments
The fair value of time deposits and Short-term investments approximates their book value, due to their short maturity periods.

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

(3) Investments in securities
The fair value of investments in securities is based on average quoted market prices for the last month of the fiscal year.

(4) Notes and accounts payable (excluding other accounts payable)
The fair value of notes and accounts payable (excluding other accounts payable) approximates their book value, due to their short maturity periods.

(5) Bank loans and current portion of long-term borrowings (included in short-term borrowings)
The fair value of bank loans and current portion of long-term borrowings approximates their book value, due to their short maturity periods.

(6) Commercial paper (included in short-term borrowings)
The fair value of commercial paper approximates their book value, due to their short maturity periods.

(7) Straight bonds (included in short-term borrowings and long-term debt)
The fair value of marketable straight bonds is determined by the quoted market price. The fair value of non-marketable straight bonds is based on quoted prices from financial institutions.

(8) Bonds with subscription rights to shares (included in long-term debt)
The fair value of marketable bonds with subscription rights to shares is determined by the quoted market prices. The fair value of non-marketable bonds with subscription rights to shares is based on quoted prices from financial institutions.

(9) Long-term borrowings (included in long-term debt)
The fair value of long-term borrowings is determined by the total amount of the principal and interest using the rate which would apply if similar borrowings were newly made.

(10) Derivative transactions
The fair value of currency swap contracts and interest swap contracts is based on quoted prices from financial institutions. The fair value of forward exchange contracts are based on forward exchange rate.

(Note 2) As unlisted stocks ¥39,487 million as of March 31, 2010 and ¥36,567 million ($445,939 thousand) as of March 31, 2011 and equity ¥371 million as of March 31, 2010 and ¥8,477 million ($103,378 thousand) as of March 31, 2011 have no quoted market price and as it is not possible to accurately estimate future cash flows, it is very difficult to determine their fair value reasonably. Therefore, they are not included in "(3) Investments in securities."

(Note 3) Maturity analysis for Cash and cash equivalents, Time deposits, and Short-term investments, and Notes and accounts receivable.

	Yen (millions)	
	2011	
	Due in one year or less	Due after one year
Cash and cash equivalents, Time deposits, and Short-term investments	**¥ 247,888**	**¥ —**
Notes and accounts receivable	**528,103**	**49,323**
Total	**¥ 775,991**	**¥ 49,323**

	U.S. Dollars (thousands)	
	2011	
	Due in one year or less	Due after one year
Cash and cash equivalents, Time deposits, and Short-term investments	**$ 3,023,025**	**$ —**
Notes and accounts receivable	**6,440,280**	**601,500**
Total	**$ 9,463,305**	**$ 601,500**

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	Yen (millions)	
	2010	
	Due in one year or less	Due after one year
Cash and cash equivalents, and Time deposits	¥ 348,414	¥ —
Notes and accounts receivable	530,825	10,890
Total	¥ 879,239	¥ 10,890

(Additional Information)
Effective for the year ended March 31, 2010, the Company and its consolidated subsidiaries have applied the "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, issued by the ASBJ on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, issued by the ASBJ on March 10, 2008).

8. Business Combinations

As of March 31, 2010 these were as follows:
Transaction under Common Control
(a) Principal Business Targeted for Transaction Under Common Control, Legal Method of Business Combination, Corporate Name after Business Combination and Outline and Purpose of the Transaction
(1) Principal Business Targeted for Transaction Under Common Control
Production and sales of LCD panels and LCD modules
(2) Legal Method of Business Combination
Legal method of business combination is called, a simplified absorption-type corporate split defined under Japanese Corporate Law ("kani-kyushu-bunkatsu"), in which the business is split from the Company. Following this split, Sharp Display Products Corporation, which is a consolidated subsidiary of the Company, absorbs the split business.
(3) Corporate Name after the Business Combination
Sharp Display Products Corporation
(4) Outline and Purpose of the Transaction
The Company's consolidated subsidiary, Sharp Display Products Corporation, has succeeded the business, in the production and sales business, of large-size LCD panels and LCD modules, through an absorption-type corporate split. This transaction allows the production of large-size LCD panels and modules, which deliver the industry's highest levels of quality, cost and performance, maximizing the advantages gained by using the world's first 10th generation glass substrates.

(b) Outline of Account Processing
The Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Business Combinations" (Business Accounting Council (BAC) Accounting Standard, issued by the BAC on October 31, 2003) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued by the ASBJ on November 15, 2007) as a commonly-controlled business combination.

As of March 31, 2011 these were as follows:
Business Combination by means of Acquisition
(a) Corporate Name and Field of Business of Acquired Company, Main Reason for undertaking Business Combination, Date of Business Combination, Legal Form of Business Combination, Corporate Name after Combination, Ratio of Acquired Voting Rights and Main Reason for deciding Acquiring Company
(1) Corporate Name and Field of Business of Acquired Company
Corporate Name of Acquired Company:
Recurrent Energy, LLC
Field of Business of Acquired Company:
Development and marketing of solar power generation plants
(2) Main Reason for undertaking Business Combination
Demand in the North American photovoltaic market is expected to expand greatly, due to an increase in the number of projects for power companies. In this field, the role of a solar developer is significant. Therefore, the Company acquired shares of Recurrent Energy, LLC, a leading company for development and marketing of solar power generation plants in the U.S. Taking

control of Recurrent Energy, LLC will enable the Company and its consolidated subsidialies to function as a developer in the photovoltaic field through this acquisition, and further expand its business in this area.

(3) Date of Business Combination
November 4, 2010

(4) Legal Form of Business Combination
Acquisition of equity for cash consideration

(5) Corporate Name after Combination
Recurrent Energy, LLC

(6) Ratio of Acquired Voting Rights
Ratio of Voting Rights after Acquisition of Equity 100%

(7) Main Reason for deciding Acquiring Company
Sharp US Holding Inc., the Company's wholly owned subsidiary, acquired equity of Recurrent Energy, LLC for cash consideration.

(b) Period of Operating Performance of the Acquired Company included in Consolidated Financial Statements
From January 1, 2011 to March 31, 2011

(c) Details of the Acquisition Costs for Acquired Company

	Yen (millions)	U.S. Dollars (thousands)
Consideration for the acquisition: amount of investment in Recurrent Energy, LLC as of the date of business combination	¥ **24,820**	$ **302,683**
Other costs directly incurred for the acquisition	**230**	**2,805**
Total Acquisition Costs	¥ **25,050**	$ **305,488**

(d) Amount of Generated Goodwill, Reason for Generation of Goodwill, Goodwill Amortization Method and Period

(1) Amount of Generated Goodwill
¥15,403 million ($187,841 thousand)

(2) Reason for Generation of Goodwill
Revenue surplus to be expected as a result of business expansion in the future

(3) Goodwill Amortization Method and Period
Equal amortization over ten (10) years

(e) Amount of Assets Accepted and Liabilities Assumed on the Date of Business Combination and their Details

	Yen (millions)	U.S. Dollars (thousands)
Current Assets	¥ **875**	$ **10,671**
Non-Current Assets	**14,827**	**180,817**
Total Assets	¥ **15,702**	$ **191,488**
Current Liabilities	**3,939**	**48,037**
Long-term Liabilities	**2,543**	**31,012**
Total Liabilities	¥ **6,482**	$ **79,049**

(f) Estimated Amount of Impact on the Consolidated Statements of Operation for this Fiscal Year assuming that Business Combination was Completed on the First Day of this Fiscal Year

	Yen (millions)	U.S. Dollars (thousands)
Net Sales	¥ **194**	$ **2,366**
Loss before Income Taxes and Minority Interests	**4,291**	**52,329**
Net Loss	**4,287**	**52,280**

The estimated amount is the difference between net sales, and profit and loss calculated on the assumption that the business combination was completed on the first day of this fiscal year, and net sales, and profit and loss on the Consolidated Statements. The estimated amount is un-audited.

9. Net Assets and Per Share Data

Under the Japanese Corporate Law ("the Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of legal earnings reserve and additional paid-in capital must be set aside as legal earnings reserve or additional paid-in capital. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

As of March 31, 2011, the total amount of legal earnings reserve and additional paid-in capital exceeded 25% of the common stock, therefore, no additional provision is required.

Legal earnings reserve and additional paid-in capital may not be distributed as dividends. By the resolution of shareholders' meeting, legal earnings reserve and additional paid-in capital may be transferred to other retained earnings and capital surplus, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

Year end cash dividends are approved by the shareholders after the end of each fiscal year, and semiannual interim cash dividends are declared by the Board of Directors after the end of each interim six-month period. Such dividends are payable to shareholders of record at the end of each fiscal year or interim six-month period. In accordance with the Law, final cash dividends and the related appropriations of retained earnings have not been reflected in the financial statements at the end of such fiscal year. However, cash dividends per share shown in the accompanying consolidated statements of operations reflect dividends applicable to the respective period.

On June 23, 2011, the shareholders approved the declaration of year end cash dividends totaling ¥7,702 million ($93,927 thousand) to shareholders of record as of March 31, 2011, covering the year then ended.

10. Contingent Liabilities

As of March 31, 2011, the Company and its consolidated subsidiaries had contingent liabilities as follows:

	Yen (millions)	U.S. Dollars (thousands)
	2011	**2011**
Loans guaranteed	**¥ 28,647**	**$ 349,354**
	¥ 28,647	**$ 349,354**

In relation to TFT-LCD business, the Company and some of its subsidiaries are currently subject to the investigations being conducted by the Directorate General for Competition of the European Commission etc., and civil lawsuits seeking monetary damages resulting from the alleged anticompetitive behavior have been filed against the Company and some of its subsidiaries in North America and Europe. The Company received a cease and desist order and an administrative surcharge payment order from the Japan Fair Trade Commission. However, the Company has submitted a complaint to the Japan Fair Trade Commission, which is currently pending.

11. Employees' Severance and Pension Benefits

Allowance for severance and pension benefits of the Company and its domestic consolidated subsidiaries as of March 31, 2010 and 2011 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2010	2011	2011
Projected benefit obligation	¥ 355,894	¥ **353,413**	$ **4,309,914**
Less – fair value of plan assets	(290,914)	**(282,757)**	**(3,448,256)**
Less – unrecognized actuarial differences	(118,781)	**(123,995)**	**(1,512,134)**
Unrecognized prior service costs	29,048	**26,049**	**317,671**
Prepaid pension cost	26,456	**29,063**	**354,427**
Allowance for severance and pension benefits	¥ 1,703	¥ **1,773**	$ **21,622**

In addition, allowances for severance and pension benefits of ¥3,759 million as of March 31, 2010 and ¥2,845 million ($34,695 thousand) as of March 31, 2011 were provided by certain overseas consolidated subsidiaries.

Expenses for severance and pension benefits of the Company and its domestic consolidated subsidiaries for the years ended March 31, 2010 and 2011 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2010	2011	2011
Service costs	¥ 12,841	¥ **12,700**	$ **154,878**
Interest costs on projected benefit obligation	8,894	**8,897**	**108,500**
Expected return on plan assets	(11,137)	**(13,091)**	**(159,646)**
Recognized actuarial loss	12,971	**10,813**	**131,866**
Amortization of prior service costs	(3,011)	**(3,012)**	**(36,732)**
Expenses for severance and pension benefits	¥ 20,558	¥ **16,307**	$ **198,866**

The discount rate used by the Company and its domestic consolidated subsidiaries was 2.5% for the years ended March 31, 2010 and 2011. The rate of expected return on plan assets used by the Company and its domestic consolidated subsidiaries for the years ended March 31, 2010 and 2011 was 4.5%.

The estimated amount of all retirement benefits to be paid at future retirement dates is allocated to each service year mainly based on points.

12. Segment Information

General information about reportable segments

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

The Group's reportable segments consist of the Consumer/Information Products business and the Electronic Components business, based on a classification by similarity in the manufacturing and marketing method of products.

The Consumer/Information Products business segment includes audio-visual and communication equipment, health and environmental equipment and information equipment. The Electronic Components business segment includes LCDs, solar cells and other electronic devices.

Basis of measurement about reported segment profit or loss, segment assets and other material items

The accounting policies for the reportable segments are basically the same as those described in Note 1. Summary of Significant Accounting and Reporting Policies. Intersegment sales and income (loss) are recognized based on the current market price.

Depreciable assets of sales and distribution groups of the Company's headquarters and the sales subsidiaries depreciable assets not directly allocated to product groups are not allocated to reportable segments. On the other hand, depreciation and amortization of the assets are allocated to reportable segments in accordance with reasonable standards.

Information about reported segment profit or loss, segment assets and other material items

Segment information as of and for the years ended March 31, 2010 and 2011 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2010	**2011**	**2011**
Net Sales:			
Consumer/Information Products:			
Customers	¥ 1,843,139	**¥ 1,969,988**	**$ 24,024,244**
Intersegment	349	**582**	**7,097**
Total	1,843,488	**1,970,570**	**24,031,341**
Electronic Components:			
Customers	912,809	**1,051,985**	**12,829,085**
Intersegment	462,976	**502,032**	**6,122,342**
Total	1,375,785	**1,554,017**	**18,951,427**
Adjustments	(463,325)	**(502,614)**	**(6,129,439)**
The amount presented in Consolidated Financial Statements	¥ 2,755,948	**¥ 3,021,973**	**$ 36,853,329**
Segment Income (Loss):			
Consumer/Information Products	¥ 53,095	**¥ 79,257**	**$ 966,549**
Electronic Components	35,086	**30,728**	**374,732**
Adjustments	(36,278)	**(31,089)**	**(379,135)**
The amount presented in Consolidated Financial Statements	¥ 51,903	**¥ 78,896**	**$ 962,146**
Segment Assets:			
Consumer/Information Products	¥ 734,721	**¥ 677,100**	**$ 8,257,317**
Electronic Components	1,318,695	**1,484,799**	**18,107,305**
Adjustments	782,839	**723,779**	**8,826,573**
The amount presented in Consolidated Financial Statements	¥ 2,836,255	**¥ 2,885,678**	**$ 35,191,195**
Other Material Items			
Depreciation and Amortization:			
Consumer/Information Products	¥ 85,803	**¥ 82,276**	**$ 1,003,366**
Electronic Components	176,124	**190,963**	**2,328,817**
Adjustments	7,054	**8,025**	**97,866**
The amount presented in Consolidated Financial Statements	¥ 268,981	**¥ 281,264**	**$ 3,430,049**
Amortization of Goodwill:			
Consumer/Information Products	¥ 2,924	**¥ 3,033**	**$ 36,988**
Electronic Components	—	**432**	**5,268**
Adjustments	77	**85**	**1,037**
The amount presented in Consolidated Financial Statements	¥ 3,001	**¥ 3,550**	**$ 43,293**
Investments in Nonconsolidated Subsidiaries and Affiliates accounted for using the equity methods:			
Consumer/Information Products	¥ 2,970	**¥ 3,252**	**$ 39,659**
Electronic Components	500	**7,716**	**94,098**
Adjustments	19,215	**21,877**	**266,792**
The amount presented in Consolidated Financial Statements	¥ 22,685	**¥ 32,845**	**$ 400,549**
Increase in Plant, Equipment and Intangible Assets:			
Consumer/Information Products	¥ 66,959	**¥ 76,861**	**$ 937,329**
Electronic Components	207,300	**159,220**	**1,941,707**
Adjustments	11,864	**14,900**	**181,708**
The amount presented in Consolidated Financial Statements	¥ 286,123	**¥ 250,981**	**$ 3,060,744**

Adjustments of segment income were ¥(36,278) million and ¥(31,089) million ($(379,135) thousand) for the years ended March 31, 2010 and 2011, respectively, and were comprised of elimination of intersegment transactions and corporate expenses not allocated to each reportable segment. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to the administrative groups of the Company's headquarters. The elimination of intersegment transactions were ¥(1,967) million and ¥3,083 million ($37,598 thousand), respectively. The corporate expenses not allocated to each reportable segment were ¥(37,237) million and ¥(35,880) million ($(437,561) thousand), respectively.

Adjustments of segment assets as of March 31, 2010 and 2011 were ¥782,839 million and ¥723,779 million ($8,826,573 thousand), respectively, and were comprised of elimination of intersegment transactions and corporate assets not allocated to each reportable segment. The corporate assets not allocated to each reportable segment are mainly attributable to cash and cash equivalents, deferred tax assets, the Company's investments in securities, as well as depreciable assets related to: the Company's R&D groups as well as the administrative, sales and distribution groups of the Company's headquarters. The elimination of intersegment transactions were ¥(38,357) million and ¥(36,464) million ($(444,683) thousand), respectively. The corporate assets not allocated to each reportable segment were ¥821,196 million and ¥760,243 million ($9,271,256 thousand), respectively.

Adjustments of investments in nonconsolidated subsidiaries and affiliates accounted for using the equity methods as of March 31, 2010 and 2011 were ¥19,215 million and ¥21,877 million ($266,792 thousand), respectively, and were mainly comprised of investments in Sharp Finance Corporation.

Adjustments of increase in plant, equipment and intangible assets were ¥11,864 million and ¥14,900 million ($181,708 thousand) for the years ended March 31, 2010 and 2011, respectively, and were mainly comprised of increase in the Company's R&D groups and the administrative, sales and distribution groups of the Company's headquarters.

Adjustments of segment income were made to reconcile segment income to operating income presented in the Consolidated Statements of Operations.

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

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

Additional information

Effective for the year ended March 31, 2011, the Company has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan (ASBJ) Statement No. 17, issued by the ASBJ on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued by the ASBJ on March 21, 2008).

Related information

Sales by product/service for the year ended March 31, 2011 were as follows:

	Yen (millions)	U.S. Dollars (thousands)
	2011	**2011**
Sales to outside customers:		
LCD Color TVs	**¥ 803,592**	**$ 9,799,902**
LCDs	**614,373**	**7,492,354**
Mobile Phones	**413,277**	**5,039,963**
Others	**1,190,731**	**14,521,110**
Total	**¥ 3,021,973**	**$ 36,853,329**

Financial Section

Sales by region/country for the year ended March 31, 2011 were as follows:

	Yen (millions) 2011	U.S. Dollars (thousands) 2011
Sales:		
Japan	**¥ 1,592,909**	**$ 19,425,719**
China	**516,977**	**6,304,598**
Others	**912,087**	**11,123,012**
Total	**¥ 3,021,973**	**$ 36,853,329**

Sales are classified according to regions or countries where customers are located.

Plant and Equipment by region/country as of March 31, 2011 were as follows:

	Yen (millions) 2011	U.S. Dollars (thousands) 2011
Plant and Equipment, at cost less accumulated depreciation:		
Japan	**¥ 870,320**	**$ 10,613,659**
Others	**94,594**	**1,153,585**
Total	**¥ 964,914**	**$ 11,767,244**

Amortization of goodwill and unamortized balance by reportable segment

Amortization of goodwill and unamortized balance by reportable segment as of and for the year ended March 31, 2011 were as follows:

	Yen (millions) 2011	U.S. Dollars (thousands) 2011
Amortization of Goodwill:		
Consumer/Information Products	**¥ 3,033**	**$ 36,988**
Electronic Components	**432**	**5,268**
Corporate Assets and Elimination	**85**	**1,037**
Total	**¥ 3,550**	**$ 43,293**
Balance at end of period:		
Consumer/Information Products	**¥ 7,708**	**$ 94,000**
Electronic Components	**16,385**	**199,817**
Corporate Assets and Elimination	**245**	**2,988**
Total	**¥ 24,338**	**$ 296,805**

13. Restructuring Charges

These restructuring charges for the year ended March 31, 2010 are mainly related to the reorganization of LCD plants, including depreciation and maintenance charges concerning plants that are suspended due to centralization and optimization of LCD production.

These restructuring charges for the year ended March 31, 2011 are mainly related to the reorganization of LCD plants, including depreciation and maintenance charges concerning plants that are suspended due to the production line change to meet the increasing demand for high value-added products.

Independent Auditors' Report

KPMG

To the Board of Directors of Sharp Corporation:

We have audited the accompanying consolidated balance sheets of Sharp Corporation and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of operations, comprehensive income, changes in net assets and cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sharp Corporation and subsidiaries as of March 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1. (a) to the consolidated financial statements.

KPMG AZSA LLC

Osaka, Japan
June 23, 2011

Consolidated Subsidiaries[*1]

Domestic:

Sharp Electronics Marketing Corporation
Sharp System Products Co., Ltd.
Sharp Manufacturing Systems Corporation
Sharp Engineering Corporation
Sharp Document Systems Corporation
Sharp Amenity Systems Corporation
Sharp Niigata Electronics Corporation
Sharp Trading Corporation
Sharp Business Computer Software Inc.
Sharp Yonago Corporation
SD Future Technology Co., Ltd.
Sharp Mie Corporation
Sharp Display Products Corporation
iDeep Solutions Corporation
iDeep Global Labs Corporation
Sharp Support & Service Corporation

Overseas:
<Countries and Areas>

Sharp Electronics Corporation <New Jersey, U.S.A.>
Sharp Laboratories of America, Inc. <Washington, U.S.A.>
Sharp Electronics Manufacturing Company of America, Inc. <California, U.S.A.>
Sharp Leasing USA Corp. <New Jersey, U.S.A.>
Sharp US Holding Inc. <California, U.S.A.>
Recurrent Energy, LLC <California, U.S.A.>[*2]
Sharp Electronics of Canada Ltd. <Ontario, Canada>
Sharp Electronica Mexico S.A. de C.V. <Baja California, Mexico>
Sharp Corporation Mexico, S.A. de C.V. <Mexico City, Mexico>
Sharp Electronics (Europe) GmbH <Hamburg, Germany>
Sharp Electronics (U.K.) Ltd. <Middlesex, U.K.>
IOT PLC <Wakefield, U.K.>
Sharp Laboratories of Europe, Ltd. <Oxford, U.K.>
Sharp International Finance (U.K.) Plc. <Middlesex, U.K.>
Sharp Electronica España S.A. <Barcelona, Spain>
Sharp Electronics (Schweiz) AG <Rüchlikon, Switzerland>
Sharp Electronics (Nordic) AB <Bromma, Sweden>
Sharp Center B AB <Bromma, Sweden>
Sharp Center AB <Stockholm, Sweden>
Sharp Electronics France S.A. <Paris, France>
Societe Francaise D'Equipement Bureautique S.A.S <Toulouse, France>
Sharp Manufacturing France S.A. <Soultz, France>
Sharp Electronics (Italia) S.p.A. <Milano, Italy>
Sharp Electronics Benelux B.V. <Houten, The Netherlands>
Sharp Manufacturing Poland Sp. z o. o. <Torun, Poland>
Sharp Electronics Russia LLC. <Moscow, Russia>
Sharp Electronic Components (Taiwan) Corporation <Taipei, Taiwan>
Sharp (Phils.) Corporation <Manila, Philippines>
Sharp-Roxy Sales (Singapore) Pte., Ltd. <Singapore>
Sharp Electronics (Singapore) Pte., Ltd. <Singapore>
Sharp Manufacturing Corporation (M) Sdn. Bhd. <Johor, Malaysia>
Sharp Electronics (Malaysia) Sdn. Bhd. <Selangor, Malaysia>
Sharp Appliances (Thailand) Ltd. <Chachoengsao, Thailand>
Sharp Manufacturing (Thailand) Co., Ltd. <Nakornpathom, Thailand>
Sharp Solar Maintenance Asia Co., Ltd. <Bangkok, Thailand>
Sharp Software Development India Pvt. Ltd. <Bangalore, India>
Shanghai Sharp Electronics Co., Ltd. <Shanghai, China>
Sharp Office Equipments (Changshu) Co., Ltd. <Changshu, China>
Wuxi Sharp Electronic Components Co., Ltd. <Wuxi, China>
Nanjing Sharp Electronics Co., Ltd. <Nanjing, China>
Sharp Electronics (Shanghai) Co., Ltd. <Shanghai, China>
Sharp Technical Components (Wuxi) Co., Ltd. <Wuxi, China>
Sharp Electronics Sales (China) Co., Ltd. <Shanghai, China>
Sharp Electronics Research & Development (Nanjing) Co., Ltd. <Nanjing, China>
Sharp Laboratories of China Co., Ltd. <Shanghai, China>
P.T. Sharp Electronics Indonesia <Jakarta, Indonesia>
P.T. Sharp Semiconductor Indonesia <West Java, Indonesia>
Sharp Electronics (Vietnam) Company Limited <Ho Chi Minh City, Vietnam>
Sharp Corporation of Australia Pty. Ltd. <New South Wales, Australia>
Sharp Corporation of New Zealand Ltd. <Auckland, New Zealand>
Sharp Middle East FZE <Dubai, U.A.E.>

*1 In addition to the companies listed above, there are 3 consolidated subsidiaries.
*2 Although all of the Recurrent Energy, LLC-owned 278 subsidiaries related to solar power generation plants are included in the scope of consolidation, in counting consolidated subsidiaries of the Company, they and Recurrent Energy, LLC are considered as one company in consideration that it is a solar project developer.

Investor Information

(As of March 31, 2011)

Shareholders

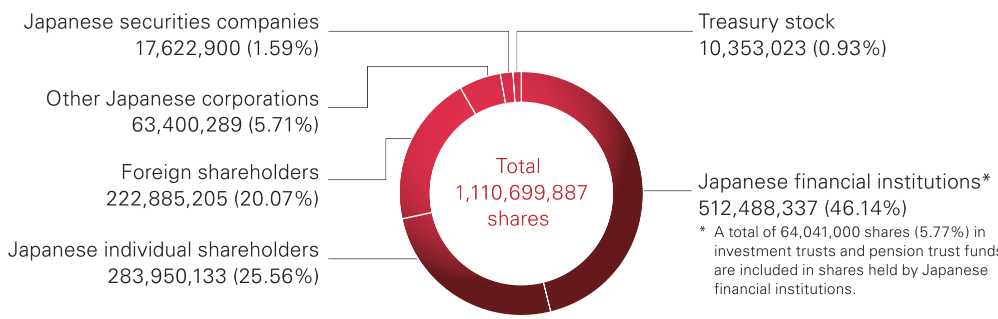
Number of Shareholders 130,142

Principal Shareholders

	Number of shares held	Percentage of total shares (%)
Nippon Life Insurance Company	55,667,384	5.01
Meiji Yasuda Life Insurance Company	45,781,000	4.12
Mizuho Corporate Bank, Ltd.	41,910,469	3.77
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	41,678,116	3.75
Japan Trustee Services Bank, Ltd. (Trust Account)	38,873,000	3.50
The Dai-ichi Life Insurance Company, Limited	30,704,140	2.76
Mitsui Sumitomo Insurance Company, Limited	30,658,022	2.76
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,207,000	2.63
Sompo Japan Insurance Inc.	26,870,000	2.42
SSBT OD05 OMNIBUS ACCOUNT–TREATY CLIENTS	23,293,900	2.10

Notes: 1. Percentage of total shares is calculated by the number of shares issued (including 10,353,023 treasury shares).
2. Aside from the above, a total of 4,770,000 shares in Mizuho Corporate Bank, Ltd. have been set up as trust assets related to the employee pension trust.

Share Distribution (Proportion of total issued shares)



* A total of 64,041,000 shares (5.77%) in investment trusts and pension trust funds are included in shares held by Japanese financial institutions.

Stock Exchange Listings

Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

Transfer Agent

Mizuho Trust & Banking Co., Ltd.
Osaka Stock Transfer Agency Department
11-16, Sonezaki 2-chome, Kita-ku, Osaka 530-0057, Japan

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(Japanese) http://www.sharp.co.jp/corporate/ir/index.html

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