

Operating Results and Financial Position

1. Review of the Nine Months Ended December 31, 2005

During the past nine-month period, the Japanese economy continued to recover at a moderate pace, supported mainly by private-sector demand. Corporate investment continued to grow due to improved earnings results and private consumption showed steady increases owing to improved employment and income situations.

Overseas, economies continued to expand steadily in the United States and Asia. Economies in Europe showed solid recovery.

In such circumstances, the Sharp group took assertive initiatives to further improve our competitiveness. In the product business, we worked to enhance our unique products, such as LCD color TVs and mobile phones. As for devices, we focused efforts on the expansion of such proprietary device businesses as LCDs.

As a result, the nine months recorded net sales of 2,067.2 billion yen, up 8.4% over the same period last year, operating income of 118.8 billion yen, up 4.2% and net income of 62.7 billion yen, up 4.2%.

Regarding cash flow, net cash provided by operating activities was 179.5 billion yen, while net cash used in investing activities was 197.9 billion yen. Net cash provided by financing activities was 24.3 billion yen. As a result, cash and cash equivalents at the end of the period were 304.2 billion yen, increases of 8.9 billion yen compared to March 31, 2005.

Operating results by product group are as follows:

Consumer/Information Products

Sales of Audio-Visual and Communication Equipment were 828.0 billion yen, up 12.3% over the same period last year. Sales of LCD color TV, mainly large-size models, and mobile phones increased, contributing to the overall sales increase.

Sales of Home Appliances were 168.8 billion yen, up 5.1%. Our uniquely featured products contributed to the growth.

Sales of Information Equipment were 309.7 billion yen, up 0.6%. Sales of copier/printers increased, which covered sales declines of PCs.

Electronic Components

Sales of LSIs were 98.3 billion yen, down 3.7% from the same period last year. Sales of flash memory decreased due to a fall in prices, resulting in lower overall sales.

Sales of LCDs were 450.6 billion yen, up 11.1% over the same period last year. The solid growth in sales of large-size LCD color TV panels contributed to an overall sales increase.

Sales of Other Electronic Components were 211.6 billion yen, up 8.9%. Sales of solar cells increased, which more than offset sales declines of laser diodes.

2. Forecast for Fiscal 2005

There are no revisions to the fiscal 2005 financial result forecast announced on October 26, 2005.

Net sales	2,750.0 billion yen	+ 8.3 % over the previous fiscal year
Operating income	160.0 billion yen	+ 5.9 % over the previous fiscal year
Net income	87.0 billion yen	+ 13.2 % over the previous fiscal year

Note:

The above estimates of operating results are based on certain assumptions that Sharp Corporation deemed reasonable at the time they were prepared, and actual operating results may differ significantly from these estimates. The factors that may influence the figures for final reported business results include, but are not limited to:

- The economic situation in which the Sharp Group operates
- Sudden, rapid fluctuations in demand for products and services, as well as intense price competition
- Changes in foreign exchange markets (particularly in the yen/U.S. dollar and euro markets)
- Sharp's ability to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products and services
- Regulations such as trade restrictions in other countries