

SHARP CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of Yen

	Six Months Ended September 30, 2005	Six Months Ended September 30, 2004	Increase Decrease	Year Ended March 31, 2005
<u>Cash Flows from Operating Activities:</u>				
Income before income taxes and minority interests	59,926	66,689	- 6,763	128,184
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities—				
Depreciation and amortization of properties and intangibles	87,965	78,614	+ 9,351	169,359
Interest and dividends income	(3,055)	(3,105)	+ 50	(5,446)
Interest expense	3,050	2,769	+ 281	5,724
Foreign exchange loss	129	592	- 463	1,101
Loss on sales and disposal of plant and equipment	4,208	5,208	- 1,000	12,805
Increase in notes and accounts receivable	(38,656)	(43,236)	+ 4,580	(48,579)
Increase in inventories	(10,852)	(52,158)	+ 41,306	(47,762)
Increase in payable	40,759	106,368	- 65,609	79,538
Other, net	(4,832)	(16,380)	+ 11,548	(19,811)
Total	138,642	145,361	- 6,719	275,113
Interest and dividends received	5,094	3,264	+ 1,830	6,194
Interest paid	(3,031)	(2,760)	- 271	(5,808)
Income taxes paid	(28,536)	(30,466)	+ 1,930	(56,301)
Net cash provided by operating activities	112,169	115,399	- 3,230	219,198
<u>Cash Flows from Investing Activities:</u>				
Purchase of time deposits	(20,030)	(15,034)	- 4,996	(50,022)
Proceeds from redemption of time deposits	35,077	15,092	+ 19,985	30,092
Purchase of short-term investments	0	0	0	(1,066)
Proceeds from sales of short-term investments	2,165	0	+ 2,165	2,024
Acquisitions of plant and equipment	(135,616)	(132,685)	- 2,931	(270,414)
Proceeds from sales of plant and equipment	418	919	- 501	1,488
Purchase of investments in securities and investments in nonconsolidated subsidiaries and affiliates	(1,973)	(5,280)	+ 3,307	(8,668)
Proceeds from sales of investments in securities and investments in nonconsolidated subsidiaries and affiliates	2,635	1,744	+ 891	6,378
Loans made	(3,264)	(6,032)	+ 2,768	(10,351)
Proceeds from collection of loans	3,076	5,850	- 2,774	10,184
Other, net	(23,917)	3,407	- 27,324	31,347
Net cash used in investing activities	(141,429)	(132,019)	- 9,410	(259,008)
<u>Cash Flows from Financing Activities:</u>				
(Decrease) increase in short-term borrowings, net	(4,236)	43,052	- 47,288	99,713
Proceeds from long-term debt	93,605	16,417	+ 77,188	25,514
Repayments of long-term debt	(55,947)	(28,900)	- 27,047	(45,479)
Purchase of treasury stock	(138)	(129)	- 9	(364)
Dividends paid	(10,902)	(10,891)	- 11	(21,792)
Other, net	(285)	(305)	+ 20	(51)
Net cash provided by financing activities	22,097	19,244	+ 2,853	57,541
Effect of Exchange Rate Changes on Cash and Cash Equivalents	2,119	458	+ 1,661	(1,015)
Net (Decrease) Increase in Cash and Cash Equivalents	(5,044)	3,082	- 8,126	16,716
Cash and Cash equivalents at Beginning of Year	295,312	277,623	+ 17,689	277,623
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	0	970	- 970	970
Cash and Cash Equivalents Increased by Merger	154	3	+ 151	3
Cash and Cash Equivalents at End of the Period	290,422	281,678	+ 8,744	295,312