

SHARP

FINANCIAL RELEASE

FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED
SEPTEMBER 30, 2005

SHARP CORPORATION

CONSOLIDATED FINANCIAL RESULTS

SHARP CORPORATION

Head Office : 22-22 Nagaike-cho, Abeno-ku
Osaka, Japan

1. Results for the Six Months Ended September 30, 2005

(1) Results of Operation

Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change
Six Months Ended September 30, 2005	1,335,547	+6.2%	75,068	-3.2%
Six Months Ended September 30, 2004	1,257,098	+14.9%	77,576	+32.4%
Year Ended March 31, 2005	2,539,859		151,020	

	Net Income	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Six Months Ended September 30, 2005	36,492	-7.2%	33.45	—
Six Months Ended September 30, 2004	39,317	+40.7%	36.05	35.60
Year Ended March 31, 2005	76,845		70.04	69.60

Note: (1) Equity in net income of non-consolidated subsidiaries and affiliates:

September 30, 2005; 259 million yen, September 30, 2004; 456 million yen, March 31, 2005; 589 million yen

(2) Average number of shares outstanding for the six months ended September 30, 2005: 1,091,037,354 shares, for the six months ended September 30, 2004; 1,090,761,712 shares, for the year ended March 31, 2005; 1,090,942,665 shares

(3) Accounting changes: None

(4) The percentage figures for net sales, operating income and net income represent the percentage of increase or decrease against the same period of the previous year

(2) Financial Position

Millions of Yen

	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Assets	Shareholders' Equity per Share (Yen)
As of September 30, 2005	2,492,122	1,035,338	41.5%	948.98
As of September 30, 2004	2,334,080	978,687	41.9%	896.89
As of March 31, 2005	2,385,026	1,004,326	42.1%	920.09

Note: Number of shares outstanding as of September 30, 2005; 1,091,000,786 shares, as of September 30, 2004; 1,091,198,739 shares, as of March 31, 2005; 1,091,075,615 shares

(3) Summary of Consolidated Cash Flows

Millions of Yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents Ending Balance
Six Months Ended September 30, 2005	112,169	(141,429)	22,097	290,422
Six Months Ended September 30, 2004	115,399	(132,019)	19,244	281,678
Year Ended March 31, 2005	219,198	(259,008)	57,541	295,312

(4) Consolidated Subsidiaries and Companies Accounted for on the Equity Method

Number of consolidated subsidiaries: 47 companies (Major subsidiaries: Sharp Electronics Marketing corp., Sharp Electronics Corporation<USA>, etc.)

Number of nonconsolidated subsidiaries accounted for on the equity method: 1 company (Sharp India Ltd.<India>)

Number of affiliates accounted for on the equity method: 10 companies (Major affiliate: Sharp-Roxy (Hong Kong) Ltd., etc.)

(5) Changes in Scope of Consolidation and Application of the Equity Method

Consolidation: No change

Application of the equity method: No change

2. Forecast for the Year Ending March 31, 2006

Millions of Yen

	Net Sales	Operating Income	Net Income
Year Ending March 31, 2006	2,750,000	160,000	87,000

Note: Forecast for net income per share; 79.74 yen

Management Policy

1. Basic Management Policy

The Sharp Group's business creed is based on the principles of "Sincerity and Creativity". Our aim is to inspire all our daily work with these principles so that we can earn the appreciation of people everywhere, and make a valuable contribution to society. Our corporate philosophy expresses our desire to grow in mutual prosperity with all stakeholders in the business, including shareholders, business partners, and employees.

2. Mid- and Long-Term Business Strategy and Issues the Company Needs to Face

(1) Efforts to Become an Environmentally Advanced Company

Sharp is giving a high priority to protecting the environment, and our target is to become an environmentally advanced company. More specifically, we have established a new corporate vision to be a company that has "zero global warming impact by 2010". In order to achieve this, we will push assertively forward to ensure the protection of our earth by thoroughly considering all aspects of our business activities, as well by as placing emphasis on our photovoltaic power generation systems and environmentally friendly products.

(2) Enhancing Our Spiral Strategy

Our "Spiral Strategy" is how Sharp creates highly distinctive products through the use of our original devices. Sharp has achieved solid growth under this strategy. We will continue to strengthen the development of original cutting-edge devices such as LCDs, our core competence. By employing these devices, we will accelerate creation of unique products which meet the needs of a new era. Through these efforts, we are committed to becoming a "valued one-of-a-kind company", a company which realizes stable growth by winning the ever-intensifying global competition.

(3) Corporate Social Responsibility

Over the years, Sharp has been contributing to society through the creation of unique products and services. We pride ourselves on having practiced environmentally friendly business activities and also on having been engaged in various social activities. In recent times, amid increasing awareness of social responsibility for corporate activities, we are aiming to be a company that earns an even greater level of trust from its stakeholders across the globe, through a variety of CSR endeavors.

(4) Implementing a Human Resources Strategy to Raise the Quality of Employees and Organizational Performance

In an effort to improve the quality of individual and organizational performance, to support the implementation of our business strategy, Sharp will take measures to strengthen human resource management. This includes enhancing our core personnel development policies and a results-oriented compensation system, and creating an environment for productive work that brings job satisfaction. Through these efforts, corporate competitiveness shall be further improved.

By deploying those business strategies, we are aiming to improve ROE (return on equity) and free cash flow, as the main management indicators, as well as working to further increase corporate value. We are also continuing to focus on controlling our return on investment in all our business divisions, based on "profit after capital cost" (PCC), which is calculated by subtracting the cost of invested capital from NOPAT (net operating profit after income taxes).

3. Basic Policy on Distribution of Earnings

Sharp considers distributing profits to shareholders to be one of the most important management issues. While maintaining consistently stable dividend pay-outs, and while carefully considering our business performance and financial situation in a comprehensive manner, we have implemented a set of policies to return profits to our investors, such as increasing the amount of periodic dividends. Our dividends have been raised for 5 consecutive years from fiscal 2000 through 2004. For fiscal 2005, we will distribute an interim dividend of 10 yen per share. Since we are planning to distribute a year-end dividend of 10 yen per share, the

total annual dividend will be 20 yen per share, the same level as the previous year. In an effort to improve shareholder value, we consider buying back outstanding shares when the situation allows and holding the shares as treasury stock. Internal reserve funds are being provided for investment in plant and equipment in areas of future growth, for development of uniquely featured products and proprietary electronic devices. They are also being provided for overseas business expansion and environmental protection measures.

4. Concept and Policy Regarding Reducing the Share Trading Unit Size

Sharp recognizes that increasing the number of individual shareholders is a critical issue from the standpoint of our capital management. For this reason, in addition to increasing the level of profits returned to shareholders, we have taken measures to create business reports that are easy for individual shareholders to understand, and to expand information resources that are accessible by the Internet. We consider reducing the share trading unit size to be a measure that would be useful in reinvigorating the stock market as a whole. We will deal with this issue through careful consideration regarding such factors as the price of Sharp Corporation stock and shareholder composition.

5. Concept of Corporate Governance and Status of Policy Implementation

(1) Concept of Corporate Governance

Sharp has always been a manufacturing and technology oriented company. In an effort to further strengthen our manufacturing competency, we are committed to improving the speed and quality of managerial decisions. The business activities of Sharp Corporation are clearly bounded by the development, production and sales of products, as well as devices, and further, there is strong interrelation between them. Therefore, we believe that having all Directors holding operational responsibility at the division level make decisions after consulting with one another serves to clarify their reciprocal managerial responsibilities and facilitates nimble, responsive business execution. We intend to further strengthen the current Board of Directors/Corporate Auditors System, which allows management and manufacturing divisions to work very closely, enabling the business to expand. Through this system we will enhance corporate governance.

We set the term of office of our Directors at one year so that Directors are elected annually by shareholders. We are also working to facilitate the voting process, including adopting an earlier date for convening the Ordinary General Meeting of Shareholders and enabling Internet proxy voting, as well as posting the Notice of Convocation in English on our Web site as a reference document.

As a framework to enable corporate governance to function effectively, we have adopted a “Sharp Group Charter of Corporate Behavior” as a concrete policy statement of action, in conformity with our corporate code of ethics. We commit ourselves to further enhancing the awareness of all executives and employees regarding compliance with the laws and statutes of Japan and of the foreign countries in which we do business.

We are increasing management transparency by broadening the scope of the information disclosed, so that all shareholders and investors are able to have access to corporate information promptly.

(2) Status of Policy Implementation Related to Corporate Governance

1) Management organization related to decision-making, execution and supervision, and other corporate governance systems of the company:

- To improve management maneuverability and flexibility, and to clearly articulate the responsibilities of company management during each accounting period, the term of office for members of the Board of Directors is set at one year.
- In addition to the regular monthly meetings of our Board of Directors, extraordinary meetings of the Board are convened as necessary. During these meetings, the Board makes decisions related to matters stipulated by law and to management-related matters of importance, thereby exercising its on-going oversight responsibility over the business and affairs of the corporation. In addition to our Board of Directors, Sharp has established the Executive Management Committee, where matters of importance related to corporate management and operational control are discussed and reported. Through this system, executive decisions are made promptly.
- Sharp has appointed no outside corporate directors to our Board of Directors. However, we continue to work to improve and strengthen our Corporate Auditors System, and three of our four corporate auditors are outside auditors.

- Sharp has three internal auditing divisions: one in charge of Sharp Corporation, one in charge of Sharp group companies in Japan, and one in charge of Sharp group companies overseas. Through audits of such matters as the adequacy of business execution, along with validity and efficiency of management, these divisions make specific proposals for the business improvement, therefore establishing internal control.
- As for risk management, Sharp established the CSR Promotion Department in October 2003 to handle matters related to CSR for the entire Sharp Group, thereby fulfilling our responsibility as a manufacturer. With the implementation of CSR, as well as the enhancement of BRM (business risk management), we have realized prevention of risks and formulation of prompt countermeasures.
- KPMG AZSA & Co., Sharp's independent auditors, carries out periodic accounting auditing and provides us with proposals for continuous improvement in our administrative operations.
- Sharp receives timely advice in cases involving legal decisions from its corporate attorneys.

2) Summary of personal, capital, and business relationships, and other interests of outside corporate directors and outside auditors existing between the companies involved:

- No outside directors are appointed to our Board of Directors. There are no relevant matters relating to our outside auditors.

3) Implementation of measures intended to improve and enhance corporate governance of the company in the past year:

- The 111th Ordinary General Meeting of Shareholders was convened on June 23, 2005, six days earlier than the June 29th, the date on which the shareholder's meetings of companies whose fiscal year ends on March 31st are typically held. And, in an effort to improve and enhance information disclosure to our stakeholders, particularly for those who could not attend the meeting, we posted a video presentation of the main part of the meeting on our Web site during approximately three months following the shareholder's meeting.
- The Board of Directors held 7 meetings in the interim for fiscal 2005 (12 times in fiscal 2004). In addition to deciding matters stipulated by law and matters of importance related to management, the Board carried out its oversight responsibility over the business and affairs of the corporation.
- The Board of Corporate Auditors held 7 meetings in the interim for fiscal 2005 (15 times in fiscal 2004). The Board formulated its annual audit policy and passed judgment on the validity of the independent auditors' auditing operations and performance. The Board also conducted hearings on the company's activities and performance from management, and exchanged information and opinions on such matters as auditing (on-site auditing) results and the progress of deliberations of important meetings.

Operating Results and Financial Position

1. Review of Six Months Ended September 30, 2005

During the past interim period, the Japanese economy continued to recover at a moderate pace, supported by an increase in private consumption and the progress of inventory adjustment centering on IT related areas, as well as corporate investment due to improved earnings results. Overseas, the US economy continued a steady expansion due to strong domestic demand, while such negative economic factors as an increase of crude oil prices, were seen. Economies in Asia and Europe have been growing strongly.

The Sharp Group took assertive initiatives through the introduction of one-of-a-kind products and through the development of proprietary devices which support the creation of these one-of-a-kind products. We consistently focused on making highly distinctive products and devices and thus realized higher profitability. The following are examples of our efforts made during the interim period:

In the Consumer/Information Products business, we worked to further expand sales of LCD color TVs. In anticipation of the full-scale arrival of the digital high-definition TV era, we intensified the development of LCD color TVs, which realized further high-grade images and introduced advanced large-size models, such as a 65V-inch HDTV, onto the market. Other efforts included an enhancement of unique products, such as 3G mobile phones equipped with our original high-value added LCDs. In the Electronic Components business, we strived to further expand LCD business. For large-size LCDs, we increased production capacity at the Kameyama Plant to secure stable supplies for TV panels. As for photovoltaic power systems, we continued to promote the business aggressively to develop further demand. We commenced mass production of thin-film photovoltaic modules.

As a result, the interim period recorded domestic net sales of 685.4 billion yen, up 4.5 % over the same period last year, and overseas net sales of 650.1 billion yen, up 8.2 %, for a total of 1,335.5 billion yen, up 6.2 %. Operating income was 75.0 billion yen, down 3.2 % from the same period last year. Net income was 36.4 billion yen, down 7.2 %.

Regarding cash flow, net cash provided by operating activities was 112.1 billion yen, while net cash used in investing activities was 141.4 billion yen. Net cash provided by financing activities was 22.0 billion yen. As a result, cash and cash equivalents at the end of the period were 290.4 billion yen, decreases of 4.8 billion yen compared to March 31, 2005.

We decided on an interim dividend of 10 yen per share, the same as last year.

Operating results by product group are as follows:

Consumer/Information Products

Sales of Audio-Visual and Communication Equipment were 514.0 billion yen, up 11.5% over the same period last year. Sales of LCD color TVs, mainly large-size models, and mobile phones increased, contributing to the overall sales increase.

Sales of Home Appliances were 111.9 billion yen, up 2.0%. Despite such negative market conditions as a fall in prices in Japan and overseas, our uniquely featured products contributed to the growth.

Sales of Information Equipment were 207.2 billion yen, up 0.5%. Sales of copier/printers, mainly digital color copiers increased, resulting in overall sales growth.

Electronic Components

Sales of ICs were 69.0 billion yen, down 12.1% 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 295.6 billion yen, up 7.9% 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 137.5 billion yen, up 8.1%. Sales of photovoltaic power systems increased, which more than offset sales declines of laser diodes.

2. Forecast for Fiscal 2005

As for the outlook for fiscal 2005, while the Japanese economy is expected to maintain a moderate recovery, some uncertainties are to be seen, such as an increase of crude oil prices, which will depress the US and Chinese economies.

In an effort to achieve further growth, the Sharp Group is strengthening its one-of-a-kind strategy, as we work to improve profitability and get the maximum value out of the company.

In the Consumer/Information products business, we will work to further improve the competitiveness of LCD color TVs. This is to be accomplished through globally introducing large-size models with a full-spec high definition LCD panel. We will also promote development of new technologies which enhance the image quality and function, and pursue thorough cost reduction. One-of-a-kind products in other business areas will be also upgraded. These include our 3G mobile phones incorporating our original device technologies, and our unique, health-conscious and environmentally-friendly home appliances. In the Electronic Components business, we will engage in enhancing our line of original devices through the following measures. To further expand our LCD business, we aim to increase sales of high-value added panels for mobile terminals and panels for large-size LCD color TVs. Other measures include innovation in manufacturing technologies and further cost reduction. In Photovoltaic Power Systems, we will work to meet burgeoning global demand by introducing a wide product lineup variety, along with improving competitiveness through technological innovation, such as improving conversion efficiency.

In addition to these efforts, we will continuously promote value engineering and seek innovation in production technologies in order to achieve further growth. We will also pursue innovation in our value chain to succeed in the global competition. Lastly, we will continue to take initiatives proactively to enhance our CSR efforts, which include conducting business in an environmentally responsible manner, complying with laws and statutes and ensuring product safety and quality.

The following are the forecasts for fiscal 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

The above figures are based on an exchange rate of ¥110 =US\$1.00 for the second half of fiscal 2005.

The company also plans to declare an annual dividend for fiscal 2005 of 20 yen per share (interim and year-end dividend of 10 yen each), the same level as the previous 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

**The accompanying consolidated financial statements are a translation of the consolidated financial statements of Sharp, which were prepared in accordance with accounting principles and practices generally accepted in Japan. In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan.

SHARP CORPORATION
CONSOLIDATED SALES BY PRODUCT GROUP

Millions of Yen

	Six Months Ended September 30, 2005		Six Months Ended September 30, 2004		Increase Decrease	Percent Change	Year Ended March 31, 2005	
	Amount	Ratio	Amount	Ratio			Amount	Ratio
Audio - Visual and Communication Equipment	514,017	38.5	461,194	36.7	+ 52,823	+ 11.5	972,563	38.3
Home Appliances	111,964	8.4	109,781	8.7	+ 2,183	+ 2.0	212,064	8.3
Information Equipment	207,277	15.5	206,226	16.4	+ 1,051	+ 0.5	416,310	16.4
Consumer/Information Products	833,258	62.4	777,201	61.8	+ 56,057	+ 7.2	1,600,937	63.0
IC s	69,085	5.2	78,577	6.3	- 9,492	- 12.1	140,915	5.6
LCDs	295,633	22.1	274,066	21.8	+ 21,567	+ 7.9	543,804	21.4
Other Electronic Components	137,571	10.3	127,254	10.1	+ 10,317	+ 8.1	254,203	10.0
Electronic Components	502,289	37.6	479,897	38.2	+ 22,392	+ 4.7	938,922	37.0
Total	1,335,547	100.0	1,257,098	100.0	+ 78,449	+ 6.2	2,539,859	100.0
Domestic	685,441	51.3	656,006	52.2	+ 29,435	+ 4.5	1,329,711	52.4
Overseas	650,106	48.7	601,092	47.8	+ 49,014	+ 8.2	1,210,148	47.6

SHARP CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

Millions of Yen

	Six Months Ended September 30, 2005		Six Months Ended September 30, 2004		Increase Decrease	Year Ended March 31, 2005	
	Amount	Ratio	Amount	Ratio		Amount	Ratio
Net Sales	1,335,547	100.0	1,257,098	100.0	+ 78,449	2,539,859	100.0
Cost of Sales	1,036,507	77.6	969,267	77.1	+ 67,240	1,959,658	77.2
Selling, General and Administrative Expenses	223,972	16.8	210,255	16.7	+ 13,717	429,181	16.9
Operating income	75,068	5.6	77,576	6.2	- 2,508	151,020	5.9
Other Income (Expenses)							
Interest and dividends income	3,055	0.2	3,105	0.2	- 50	5,446	0.2
Interest expense	(3,050)	0.2	(2,769)	0.2	- 281	(5,724)	0.2
Other, net	(15,147)	1.1	(11,223)	0.9	- 3,924	(22,558)	0.9
	(15,142)	1.1	(10,887)	0.9	- 4,255	(22,836)	0.9
Income before income taxes and minority interests	59,926	4.5	66,689	5.3	- 6,763	128,184	5.0
Income Taxes	23,027	1.7	26,833	2.1	- 3,806	50,431	2.0
Minority Interests in Income of Consolidated Subsidiaries	(407)	0.1	(539)	0.1	+ 132	(908)	0.0
Net Income	36,492	2.7	39,317	3.1	- 2,825	76,845	3.0

[Reference]

	〔 Six Months Ended September 30, 2005 〕	〔 Six Months Ended September 30, 2004 〕	〔 Year Ended March 31, 2005 〕
Depreciation and Amortization	91,244	82,152	175,969
R&D expenditures	92,512	89,478	175,558

SHARP CORPORATION
CONSOLIDATED BALANCE SHEETS

Millions of Yen

	September 30, 2005	March 31, 2005	Increase Decrease	September 30, 2004
ASSETS				
Current Assets:				
Cash, Time deposits and Short-term investments	394,658	392,121	+ 2,537	370,164
Notes and accounts receivable, less-Allowance for doubtful receivables	549,873	502,942	+ 46,931	487,407
Inventories	341,791	325,723	+ 16,068	332,290
Other current assets	97,667	99,827	- 2,160	90,646
Total current assets	1,383,989	1,320,613	+ 63,376	1,280,507
Plant and Equipment, less Accumulated depreciation	872,650	833,882	+ 38,768	807,896
Investments and Other Assets	235,483	230,531	+ 4,952	245,677
Total assets	2,492,122	2,385,026	+ 107,096	2,334,080
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Short-term borrowings, including current portion of long-term debt	323,931	364,551	- 40,620	287,826
Notes and accounts payable	646,919	613,838	+ 33,081	659,822
Other current liabilities	217,430	201,132	+ 16,298	182,859
Total current liabilities	1,188,280	1,179,521	+ 8,759	1,130,507
Long-term Liabilities	259,043	192,291	+ 66,752	216,487
Total liabilities	1,447,323	1,371,812	+ 75,511	1,346,994
Minority Interests	9,461	8,888	+ 573	8,399
Shareholders' Equity				
Common stock	204,676	204,676	0	204,676
Capital surplus	262,285	262,283	+ 2	262,278
Retained earnings	628,087	605,440	+ 22,647	578,824
Net unrealized holding gains on securities	15,323	13,333	+ 1,990	11,415
Foreign currency translation adjustments	(48,844)	(55,346)	+ 6,502	(52,649)
Less-Cost of treasury stock	(26,189)	(26,060)	- 129	(25,857)
Total shareholders' equity	1,035,338	1,004,326	+ 31,012	978,687
Total liabilities, minority interests and shareholders' equity	2,492,122	2,385,026	+ 107,096	2,334,080

[Reference]

	(September 30, 2005)	(March 31, 2005)	(September 30, 2004)
Capital Investment	112,817	213,048	108,229
Interest-Bearing Debt	565,846	525,335	477,440

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

Important Matters on Presenting Interim Consolidated Financial Statements

Matters Related to Accounting Procedure Standards

1) Valuation Standards and Methods for Securities

Other Securities

- Securities with available fair market values:
Primarily, stated at fair market value based on average of market price during the last month of the interim period (valuation differences are disposed using the direct equity adjustment method and the cost of securities sold is calculated using the average cost method).
- Securities with no available fair market value:
Primarily, stated at average cost.

2) Valuation Standards and Methods for Inventories

- Finished products:
For Sharp Corporation and domestic consolidated subsidiaries, primarily, stated at the lower of moving average cost or market.
For overseas consolidated subsidiaries, primarily, stated at the lower of first-in, first-out cost or market.
- Work in Process and raw materials:
Primarily, stated at the current production and purchase costs.

3) Depreciation Methods Used for Tangible Fixed Assets

For Sharp Corporation and domestic consolidated subsidiaries, depreciation is based primarily on the declining-balance method. (Except for machinery and equipment in the Mie and Kameyama Plants, which are depreciated on the straight line method.)

Note that overseas consolidated subsidiaries primarily use the straight line method.

4) Method for Appropriation for Accrued Bonuses

The reserve for payment of employee bonuses is set aside based on estimated amounts to be paid in the subsequent period.

5) Method for Appropriation for Severance and Pension Benefits

To provide for employees' severance and pension benefits, reserves are set aside based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the end of the current consolidated fiscal year.

Further, net transition obligation is being amortized in equal amounts over 7 years.

Prior service costs are amortized over the average of the estimated remaining service lives (16 years).

Actuarial losses are recognized in expenses over the average of estimated remaining services lives (16 years) commencing with the following period.

6) Accounting for Consumption Taxes, etc.

The tax exclusion method is applied.

7) Adaptation of Consolidated Tax Return System

The consolidated tax return system is adapted.

SHARP CORPORATION
SEGMENT INFORMATION

Millions of Yen

	Six Months Ended September 30, 2005	Six Months Ended September 30, 2004	Year Ended March 31, 2005
<u>Information by business segment</u>			
Net Sales			
Consumer/Information Products			
Customers	833,258	777,201	1,600,937
Intersegment	4,101	5,739	11,093
Total	837,359	782,940	1,612,030
Electronic Components			
Customers	502,289	479,897	938,922
Intersegment	145,586	131,049	258,393
Total	647,875	610,946	1,197,315
Elimination	(149,687)	(136,788)	(269,486)
Consolidated	1,335,547	1,257,098	2,539,859
Operating Income			
Consumer/Information Products	29,631	27,683	57,035
Electronic Components	46,664	51,303	93,520
Elimination	(1,227)	(1,410)	465
Consolidated	75,068	77,576	151,020
<u>Information by geographic segment*</u>			
Net Sales			
Japan			
Customers	850,524	813,247	1,626,944
Intersegment	325,441	324,566	629,484
Total	1,175,965	1,137,813	2,256,428
The Americas			
Customers	179,099	170,385	338,342
Intersegment	3,716	4,216	7,858
Total	182,815	174,601	346,200
Asia			
Customers	58,567	57,118	110,658
Intersegment	78,121	84,555	158,828
Total	136,688	141,673	269,486
Europe			
Customers	198,144	160,653	353,198
Intersegment	1,800	1,311	2,975
Total	199,944	161,964	356,173
Other			
Customers	49,213	55,695	110,717
Intersegment	117,704	76,250	167,929
Total	166,917	131,945	278,646
Elimination	(526,782)	(490,898)	(967,074)
Consolidated	1,335,547	1,257,098	2,539,859
Operating Income			
Japan	66,259	72,688	138,769
The Americas	1,128	1,278	2,544
Asia	1,458	1,314	2,653
Europe	2,468	586	1,947
Other	3,387	3,591	6,133
Elimination	368	(1,881)	(1,026)
Consolidated	75,068	77,576	151,020

*1. "Europe", which had been previously included in "Other", was indicated as one of the geographic segments.

Accordingly, results of the six months ended September 30, 2004 have been reclassified.

2. Major countries or regions in each geographic segment are as follows.

- (1) The Americas: U.S.A., Canada
- (2) Asia: Malaysia, Taiwan, Thailand, Singapore, Indonesia
- (3) Europe: Germany, U.K., Spain, France, Italy
- (4) Other: China, Oceania, Middle East

SHARP CORPORATION

SEGMENT INFORMATION

Millions of Yen

	Six Months Ended September 30, 2005	Six Months Ended September 30, 2004	Year Ended March 31, 2005
<u>Overseas sales*</u>			
The Americas	200,738	186,502	372,184
Asia	103,814	113,011	207,186
Europe	232,083	195,414	407,455
Other	113,471	106,165	223,323
Total	650,106	601,092	1,210,148

*1. Overseas sales indicate the sales of Sharp Corporation and its consolidated subsidiaries made to customers located in countries or regions outside Japan.

2. Major countries or regions in each geographic segment are as follows.

- (1) The Americas: U.S.A., Canada, Central and South America
- (2) Asia: Taiwan, South Korea, Singapore, Malaysia, Phillipines
- (3) Europe: Germany, U.K., Spain, France, Italy
- (4) Other: China, Middle East, Oceania, Africa

SHARP

SUPPLEMENTARY DATA

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005

【CONSOLIDATED】

SHARP CORPORATION

SUPPLEMENTARY DATA
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005
【CONSOLIDATED】

1. Financial Highlights

(Millions of Yen)

	1st Half FY2004			FY2004			1st Half FY2005			Forecast for FY2005		
	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
		%	%		%	%		%	%		%	%
Net Sales	1,257,098	100.0	+14.9	2,539,859	100.0	+12.5	1,335,547	100.0	+6.2	2,750,000	100.0	+8.3
(Domestic)	656,006	52.2	+19.2	1,329,711	52.4	+16.3	685,441	51.3	+4.5	1,360,000	49.5	+2.3
(Overseas)	601,092	47.8	+10.6	1,210,148	47.6	+8.7	650,106	48.7	+8.2	1,390,000	50.5	+14.9
Operating Income	77,576	6.2	+32.4	151,020	5.9	+24.1	75,068	5.6	-3.2	160,000	5.8	+5.9
Net Income	39,317	3.1	+40.7	76,845	3.0	+26.6	36,492	2.7	-7.2	87,000	3.2	+13.2
Net Income per Share (Yen)	36.05			70.04			33.45			79.74		

2. Sales by Product Group

(Millions of Yen)

		1st Half FY2004			FY2004			1st Half FY2005			Forecast for FY2005		
		Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
			%	%		%	%		%	%		%	%
Audio-Visual and Communication Equipment	Domestic	286,034	22.7	+30.1	599,839	23.6	+26.4	331,747	24.8	+16.0	670,000	24.4	+11.7
	Overseas	175,160	14.0	-2.6	372,724	14.7	+2.7	182,270	13.7	+4.1	379,000	13.8	+1.7
	Total	461,194	36.7	+15.4	972,563	38.3	+16.1	514,017	38.5	+11.5	1,049,000	38.2	+7.9
Home Appliances	Domestic	61,962	4.9	-0.1	119,652	4.7	+4.3	63,658	4.8	+2.7	127,000	4.6	+6.1
	Overseas	47,819	3.8	-1.2	92,412	3.6	-1.4	48,306	3.6	+1.0	87,000	3.2	-5.9
	Total	109,781	8.7	-0.6	212,064	8.3	+1.7	111,964	8.4	+2.0	214,000	7.8	+0.9
Information Equipment	Domestic	102,670	8.2	-1.6	206,240	8.2	-2.4	98,279	7.4	-4.3	208,000	7.6	+0.9
	Overseas	103,556	8.2	+14.8	210,070	8.2	+15.8	108,998	8.1	+5.3	219,000	7.9	+4.3
	Total	206,226	16.4	+6.0	416,310	16.4	+6.0	207,277	15.5	+0.5	427,000	15.5	+2.6
Consumer/Information Products	Domestic	450,666	35.8	+16.7	925,731	36.5	+15.6	493,684	37.0	+9.5	1,005,000	36.6	+8.6
	Overseas	326,535	26.0	+2.5	675,206	26.5	+5.8	339,574	25.4	+4.0	685,000	24.9	+1.5
	Total	777,201	61.8	+10.3	1,600,937	63.0	+11.3	833,258	62.4	+7.2	1,690,000	61.5	+5.6
I C s	Domestic	30,753	2.5	-11.5	59,183	2.3	-9.8	21,926	1.6	-28.7	45,000	1.7	-24.0
	Overseas	47,824	3.8	-6.4	81,732	3.3	-21.5	47,159	3.6	-1.4	94,000	3.4	+15.0
	Total	78,577	6.3	-8.5	140,915	5.6	-17.0	69,085	5.2	-12.1	139,000	5.1	-1.4
LCDs	Domestic	114,018	9.1	+65.4	226,313	8.9	+49.2	114,266	8.5	+0.2	190,000	6.9	-16.0
	Overseas	160,048	12.7	+27.8	317,491	12.5	+17.6	181,367	13.6	+13.3	438,000	15.9	+38.0
	Total	274,066	21.8	+41.1	543,804	21.4	+28.9	295,633	22.1	+7.9	628,000	22.8	+15.5
Other Electronic Components	Domestic	60,569	4.8	+0.4	118,484	4.7	-5.7	55,565	4.2	-8.3	120,000	4.3	+1.3
	Overseas	66,685	5.3	+36.6	135,719	5.3	+33.8	82,006	6.1	+23.0	173,000	6.3	+27.5
	Total	127,254	10.1	+16.6	254,203	10.0	+11.9	137,571	10.3	+8.1	293,000	10.6	+15.3
Electronic Components	Domestic	205,340	16.4	+25.2	403,980	15.9	+17.8	191,757	14.3	-6.6	355,000	12.9	-12.1
	Overseas	274,557	21.8	+21.9	534,942	21.1	+12.5	310,532	23.3	+13.1	705,000	25.6	+31.8
	Total	479,897	38.2	+23.3	938,922	37.0	+14.7	502,289	37.6	+4.7	1,060,000	38.5	+12.9
Total	Domestic	656,006	52.2	+19.2	1,329,711	52.4	+16.3	685,441	51.3	+4.5	1,360,000	49.5	+2.3
	Overseas	601,092	47.8	+10.6	1,210,148	47.6	+8.7	650,106	48.7	+8.2	1,390,000	50.5	+14.9
	Total	1,257,098	100.0	+14.9	2,539,859	100.0	+12.5	1,335,547	100.0	+6.2	2,750,000	100.0	+8.3

3. Overseas Sales by Region

(Millions of Yen)

	1st Half FY2004			FY2004			1st Half FY2005			Forecast for FY2005		
	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
The Americas	186,502	31.0	+22.5	372,184	30.8	+20.5	200,738	30.9	+7.6	413,000	29.7	+11.0
Europe	195,414	32.5	+30.3	407,455	33.7	+23.2	232,083	35.7	+18.8	461,000	33.2	+13.1
Asia	113,011	18.8	-21.1	207,186	17.1	-25.8	103,814	16.0	-8.1	218,000	15.7	+5.2
Other	106,165	17.7	+8.2	223,323	18.4	+14.5	113,471	17.4	+6.9	298,000	21.4	+33.4
Total	601,092	100.0	+10.6	1,210,148	100.0	+8.7	650,106	100.0	+8.2	1,390,000	100.0	+14.9

4. Information by Product Group

[Sales by Product Group include internal sales between segments (Consumer/Information Products and Electronic Components).]

〈Net Sales〉

(Millions of Yen)

	1st Half FY2004			FY2004			1st Half FY2005			Forecast for FY2005		
	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
Audio-Visual and Communication Equipment	461,498	36.7	+15.3	973,195	38.3	+16.1	514,285	38.5	+11.4	1,049,800	38.2	+7.9
Home Appliances	109,898	8.8	-0.5	212,210	8.4	+1.8	111,981	8.4	+1.9	214,200	7.8	+0.9
Information Equipment	211,544	16.8	+6.6	426,625	16.8	+6.5	211,093	15.8	-0.2	439,000	15.9	+2.9
Consumer/Information Products	782,940	62.3	+10.4	1,612,030	63.5	+11.4	837,359	62.7	+7.0	1,703,000	61.9	+5.6
ICs*	114,878	9.1	-1.0	206,664	8.1	-10.9	99,307	7.4	-13.6	203,000	7.4	-1.8
LCDs	360,029	28.7	+52.3	720,100	28.4	+36.2	403,249	30.2	+12.0	830,000	30.2	+15.3
Other Electronic Components	136,039	10.8	+15.8	270,551	10.6	+11.0	145,319	10.9	+6.8	309,000	11.2	+14.2
Electronic Components	610,946	48.6	+30.0	1,197,315	47.1	+19.2	647,875	48.5	+6.0	1,342,000	48.8	+12.1
Sub Total	1,393,886	110.9	+18.2	2,809,345	110.6	+14.6	1,485,234	111.2	+6.6	3,045,000	110.7	+8.4
Elimination	(136,788)	-10.9	—	(269,486)	-10.6	—	(149,687)	-11.2	—	(295,000)	-10.7	—
Total	1,257,098	100.0	+14.9	2,539,859	100.0	+12.5	1,335,547	100.0	+6.2	2,750,000	100.0	+8.3

* The IC group's sales do not include internal sales to the LCDs/Other Electronic Components group (LSIs for LCD, etc : 25,770 million yen for 1st Half FY2004 / 48,948 million yen for FY2004, 15,868 million yen for 1st Half FY2005 / 36,300 million yen for forecast for FY2005).

〈Operating Income〉

(Millions of Yen)

	1st Half FY2004			FY2004			1st Half FY2005			Forecast for FY2005		
	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
Audio-Visual and Communication Equipment	15,232	19.6	+21.3	32,345	21.4	+16.2	16,245	21.6	+6.7	34,000	21.2	+5.1
Home Appliances	1,298	1.7	+218.1	2,092	1.4	+315.1	1,253	1.7	-3.5	3,000	1.9	+43.4
Information Equipment	11,153	14.4	+21.0	22,598	15.0	+18.3	12,133	16.2	+8.8	25,000	15.7	+10.6
Consumer/Information Products	27,683	35.7	+24.8	57,035	37.8	+20.2	29,631	39.5	+7.0	62,000	38.8	+8.7
ICs	8,684	11.2	+15.4	12,777	8.5	-13.0	4,521	6.0	-47.9	10,000	6.3	-21.7
LCDs	29,891	38.5	+59.7	55,615	36.8	+45.6	31,050	41.4	+3.9	64,000	40.0	+15.1
Other Electronic Components	12,728	16.4	+28.4	25,128	16.6	+19.1	11,093	14.8	-12.8	25,500	15.9	+1.5
Electronic Components	51,303	66.1	+41.9	93,520	61.9	+26.4	46,664	62.2	-9.0	99,500	62.2	+6.4
Sub Total	78,986	101.8	+35.4	150,555	99.7	+24.0	76,295	101.7	-3.4	161,500	101.0	+7.3
Elimination	(1,410)	-1.8	—	465	0.3	—	(1,227)	-1.7	—	(1,500)	-1.0	—
Total	77,576	100.0	+32.4	151,020	100.0	+24.1	75,068	100.0	-3.2	160,000	100.0	+5.9

5. Overseas Production

(Millions of Yen)

	1st Half FY2004			FY2004			1st Half FY2005			Forecast for FY2005		
	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change
Overseas Production	467,516	37.2	+34.6	1,005,706	39.6	+36.9	569,581	42.6	+21.8	1,208,000	43.9	+20.1

6.Capital Investment

(Millions of Yen)

	1st Half FY2004		FY2004		1st Half FY2005		Forecast for FY2005	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
		%		%		%		%
Capital Investment	108,229	-4.7	213,048	-5.3	112,817	+4.2	220,000	+3.3

7.Depreciation and Amortization

(Millions of Yen)

	1st Half FY2004			FY2004			1st Half FY2005			Forecast for FY2005		
	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change
		%	%		%	%		%	%		%	%
Depreciation and Amortization	82,152	6.5	+11.2	175,969	6.9	+10.1	91,244	6.8	+11.1	190,000	6.9	+8.0

8.R&D Expenditures

(Millions of Yen)

	1st Half FY2004			FY2004			1st Half FY2005			Forecast for FY2005		
	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change
		%	%		%	%		%	%		%	%
R&D Expenditures	89,478	7.1	+9.2	175,558	6.9	+7.7	92,512	6.9	+3.4	182,000	6.6	+3.7

9.Number of Employees

	As of Sept.30, 2004	As of March.31, 2005	As of Sept.30, 2005
Number of Employees	47,117	46,751	47,638
(Domestic)	29,750	29,437	29,765
(Overseas)	17,367	17,314	17,873

*Sharp Corporation and Consolidated Subsidiaries

10.Exchange Rate

(Yen)

	1st Half FY2004	FY2004	1st Half FY2005	Forecast for 2nd Half FY2005
US\$	108.86	106.55	108.48	110.00
EURO	131.82	133.69	134.15	132.00

11.Sales of Main Products

(Billions of Yen)

	1st Half FY2004		FY2004		1st Half FY2005		Forecast for FY2005	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
		%		%		%		%
LCD Color TV (Over 10 inches)	131.7	+93.6	308.7	+77.7	184.6	+40.2	400.0	+29.5
Projectors	13.8	+9.2	27.3	0.0	11.0	-19.9	27.0	-1.2
Color TV	45.4	-16.4	88.1	-19.3	33.3	-26.6	50.0	-43.3
DVD players / Recorders	16.2	+74.1	42.8	+79.9	19.2	+18.3	50.0	+16.7
Mobile Phones / PHS	202.4	+22.6	402.2	+20.6	220.0	+8.7	420.0	+4.4
Facsimiles	19.9	-18.5	38.9	-15.6	16.8	-15.3	39.0	+0.2
Refrigerators	25.2	+6.6	46.1	+6.1	26.1	+3.7	48.0	+4.0
Air Conditioners	32.7	+5.8	47.8	-1.7	30.3	-7.4	48.0	+0.4
Microwave Ovens	23.3	-10.0	52.7	+1.4	24.8	+6.2	51.0	-3.4
Personal Computers	21.0	-19.0	39.4	-17.3	18.2	-13.3	38.0	-3.6
Copiers / Printers	58.9	+6.1	119.3	+9.6	62.1	+5.5	130.0	+8.9

12.Sales of Main Electronic Components

(Billions of Yen)

	1st Half FY2004		FY2004		1st Half FY2005		Forecast for FY2005	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
		%		%		%		%
LCDs	360.0	+52.3	720.1	+36.2	403.2	+12.0	830.0	+15.3
Flash Memory	38.5	-28.5	63.7	-34.3	27.7	-28.0	55.0	-13.7
CCD/CMOS Imagers	40.7	+39.9	72.1	+2.8	38.2	-6.0	76.0	+5.3
Solar Cells	52.7	+55.0	117.4	+60.5	74.2	+40.9	150.0	+27.7
Laser Diodes	11.9	-37.5	20.5	-42.7	10.5	-11.6	21.0	+2.1