

SHARP CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of Yen

	Six Months Ended September 30, 2006	Six Months Ended September 30, 2005	Increase Decrease	Year Ended March 31, 2006
<b><u>Cash Flows from Operating Activities:</u></b>				
Income before income taxes and minority interests	75,318	59,926	+ 15,392	140,018
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities—				
Depreciation and amortization of properties and intangibles	95,107	87,965	+ 7,142	186,434
Interest and dividends income	( 3,697 )	( 3,055 )	- 642	( 5,769 )
Interest expense	3,394	3,050	+ 344	6,410
Foreign exchange loss	1,313	129	+ 1,184	2,070
Loss on sales and disposal of plant and equipment	2,300	4,208	- 1,908	10,126
Increase in notes and accounts receivable	( 26,103 )	( 38,656 )	+ 12,553	( 43,716 )
(Increase) decrease in inventories	( 45,529 )	( 10,852 )	- 34,677	2,693
Increase in payables	50,143	40,759	+ 9,384	53,945
Other, net	( 9,819 )	( 4,832 )	- 4,987	( 35,119 )
Total	142,427	138,642	+ 3,785	317,092
Interest and dividends received	6,017	5,094	+ 923	7,961
Interest paid	( 3,627 )	( 3,031 )	- 596	( 6,561 )
Income taxes paid	( 24,047 )	( 28,536 )	+ 4,489	( 54,739 )
<b>Net cash provided by operating activities</b>	<b>120,770</b>	<b>112,169</b>	<b>+ 8,601</b>	<b>263,753</b>
<b><u>Cash Flows from Investing Activities:</u></b>				
Purchase of time deposits	( 35,109 )	( 20,030 )	- 15,079	( 60,020 )
Proceeds from redemption of time deposits	45,070	35,077	+ 9,993	65,104
Proceeds from sales of short-term investments	3,878	2,165	+ 1,713	21,739
Acquisitions of plant and equipment	( 114,790 )	( 135,616 )	+ 20,826	( 232,770 )
Proceeds from sales of plant and equipment	1,035	418	+ 617	609
Purchase of investments in securities and investments in nonconsolidated subsidiaries and affiliates	( 2,177 )	( 1,973 )	- 204	( 12,391 )
Proceeds from sales of investments in securities and investments in nonconsolidated subsidiaries and affiliates	62	2,635	- 2,573	5,748
Loans made	( 821 )	( 3,264 )	+ 2,443	( 4,785 )
Proceeds from collection of loans	533	3,076	- 2,543	4,561
Other, net	( 17,989 )	( 23,917 )	+ 5,928	( 17,181 )
<b>Net cash used in investing activities</b>	<b>( 120,308 )</b>	<b>( 141,429 )</b>	<b>+ 21,121</b>	<b>( 229,386 )</b>
<b><u>Cash Flows from Financing Activities:</u></b>				
Increase (decrease) in short-term borrowings, net	20,440	( 4,236 )	+ 24,676	( 20,032 )
Proceeds from long-term debt	8,139	93,605	- 85,466	105,588
Repayments of long-term debt	( 15,503 )	( 55,947 )	+ 40,444	( 96,806 )
Purchase of treasury stock	( 212 )	( 138 )	- 74	( 336 )
Dividends paid	( 13,089 )	( 10,902 )	- 2,187	( 21,812 )
Other, net	( 312 )	( 285 )	- 27	( 362 )
<b>Net cash (used in) provided by financing activities</b>	<b>( 537 )</b>	<b>22,097</b>	<b>- 22,634</b>	<b>( 33,760 )</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>( 649 )</b>	<b>2,119</b>	<b>- 2,768</b>	<b>3,393</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>( 724 )</b>	<b>( 5,044 )</b>	<b>+ 4,320</b>	<b>4,000</b>
<b>Cash and Cash equivalents at Beginning of Year</b>	<b>299,466</b>	<b>295,312</b>	<b>+ 4,154</b>	<b>295,312</b>
<b>Cash and Cash Equivalents of Newly Consolidated Subsidiaries</b>	<b>2,583</b>	<b>0</b>	<b>+ 2,583</b>	<b>0</b>
<b>Cash and Cash Equivalents Increased by Merger</b>	<b>9</b>	<b>154</b>	<b>- 145</b>	<b>154</b>
<b>Cash and Cash Equivalents at End of the Period</b>	<b>301,334</b>	<b>290,422</b>	<b>+ 10,912</b>	<b>299,466</b>