

Consolidated Financial Results for the First Quarter Ended June 30, 2007

July 25, 2007

SHARP CORPORATION

Stock exchange listings: Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
 Code number: 6753
 URL: <http://www.sharp.co.jp/>
 Representative: Mikio Katayama, President & COO
 Contact person: Tetsuo Onishi, Corporate Director and Group General Manager of
 Corporate Accounting and Control Group
 Tel. +81 6 6621 1221

1. Results for the First Quarter Ended June 30, 2007

(Monetary amounts are rounded to the nearest million yen.)

(1) Financial Results

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.) Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change
Three Months Ended June 30, 2007	796,010	+14.7%	42,255	+4.5%
Three Months Ended June 30, 2006	693,720	+12.6%	40,430	+13.7%
Year Ended March 31, 2007	3,127,771		186,531	

	Net Income (Millions of Yen)	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Three Months Ended June 30, 2007	24,217	+1.4%	22.20	20.71
Three Months Ended June 30, 2006	23,892	+23.1%	21.90	-
Year Ended March 31, 2007	101,717		93.25	90.00

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of June 30, 2007	3,063,400	1,213,335	39.3%	1,103.83
As of June 30, 2006	2,623,354	1,114,762	42.2%	1,014.10
As of March 31, 2007	2,968,810	1,192,205	39.9%	1,084.76

(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
Three Months Ended June 30, 2007	51,209	(35,035)	(31,964)	316,200
Three Months Ended June 30, 2006	25,294	(15,906)	(12,396)	298,759
Year Ended March 31, 2007	314,352	(328,789)	41,170	329,286

2. Dividends

	Dividend per Share (Yen)
	1st Quarter
Three Months Ended June 30, 2006	-
Three Months Ended June 30, 2007	-

3. Forecast of Financial Results for the Year Ending March 31, 2008 (Fiscal 2007)

There are no revisions to the fiscal 2007 financial results forecast announced on April 25, 2007.

4. Other Information

(1) Changes in consolidated subsidiaries

(Changes in specified subsidiaries involving changes in scope of consolidation)

No change

(2) Adoption of simplified accounting method

Yes

(3) Changes in accounting method

No change

Note: For detailed information, please refer to "3. Other Information" of [Qualitative Information and Financial Statement].

*Published figures have not been subjected to an accounting audit by an auditing firm.

[Qualitative Information and Financial Statement]

1. Qualitative Information regarding Consolidated Financial Results and Financial Position

During the first quarter ended June 30, 2007, the Japanese economy continued to recover steadily, supported mainly by a pickup in private consumption and an increase in corporate investment owing to improved earnings results. Overseas, the U.S. economy enjoyed steady growth, while the European and Asian economies showed solid recovery.

Under these circumstances, Sharp took assertive initiatives to further improve its competitiveness. In the product business, we worked to enhance the lineup of our unique products, such as full high-definition LCD color TVs and One-Seg-compatible mobile phones. In the device business, we made efforts to increase sales of proprietary devices, which support the creation of our distinctive products.

Consolidated financial results for the three months showed net sales of 796.0 billion yen, up 14.7% from the same period last year, operating income of 42.2 billion yen, up 4.5% and net income of 24.2 billion yen, up 1.4%.

Regarding cash flow, net cash provided by operating activities was 51.2 billion yen, while net cash used in investing activities was 35.0 billion yen. Net cash used in financing activities was 31.9 billion yen. As a result, cash and cash equivalents at the end of the period were 316.2 billion yen, a decrease of 13.0 billion yen from March 31, 2007.

Operating results by product group are as follows:

Consumer/Information Products

Sales of Audio-Visual and Communication Equipment were 408.0 billion yen, up 37.6% over the same period last year. Sales of LCD TVs, mainly for large-size models, and mobile phones expanded, leading to the overall sales increase.

Sales of Home Appliances were 64.3 billion yen, up 11.4%. Sales of air conditioners and refrigerators contributed to the growth.

Sales of Information Equipment were 102.4 billion yen, up 4.2%. Sales of copiers/printers, mainly digital full-color MFPs, increased, resulting in overall sales growth.

Electronic Components

Sales of LSIs were 37.0 billion yen, up 11.8% from the same period last year. Sales increased for major devices, including CCD/CMOS imagers, resulting in higher overall sales.

Sales of LCDs (sales to outside customers) were 119.3 billion yen, down 12.3%. However, sales including internal sales expanded, reflecting solid sales of TV panels for internal use.

Sales of Other Electronic Components were 64.8 billion yen, down 9.8%. Sales of devices for digital equipment increased, while a sales decline of solar cells led to an overall sales decrease.

2. Forecast of Financial Results for the Year Ending March 31, 2008 (Fiscal 2007)

The following is the current forecast for fiscal 2007. There are no revisions to the forecast announced on April 25, 2007.

Net sales	3,400.0 billion yen	+ 8.7 % over the previous fiscal year
Operating income	190.0 billion yen	+ 1.9 % over the previous fiscal year
Net income	105.0 billion yen	+ 3.2 % 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 exchange rates (particularly between the yen and the U.S. dollar, the euro and other currencies)
- 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

3. Other Information

(1) Changes in consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation)

No change

(2) Adoption of simplified accounting method

Simplified method is applied in some cases, for example, measurement of inventories

(3) Changes in accounting method

No change

CONSOLIDATED BALANCE SHEETS

Millions of Yen

	As of March 31, 2007	As of June 30, 2007	Increase Decrease
ASSETS			
Current Assets:			
Cash, time deposits, and short-term investments	431,816	371,635	- 60,181
Notes and accounts receivable, less-allowance for doubtful receivables	705,281	652,033	- 53,248
Inventories	435,643	525,386	+ 89,743
Other current assets	106,523	125,383	+ 18,860
Total current assets	1,679,263	1,674,437	- 4,826
Plant and Equipment, Less Accumulated Depreciation	1,013,527	1,099,233	+ 85,706
Investments and Other Assets	271,155	285,052	+ 13,897
Deferred Assets	4,865	4,678	- 187
Total assets	2,968,810	3,063,400	+ 94,590
LIABILITIES			
Current Liabilities:			
Short-term borrowings, including current portion of long-term debt	240,738	263,485	+ 22,747
Notes and accounts payable	874,276	953,976	+ 79,700
Other current liabilities	277,251	270,892	- 6,359
Total current liabilities	1,392,265	1,488,353	+ 96,088
Long-term Liabilities	384,340	361,712	- 22,628
Total liabilities	1,776,605	1,850,065	+ 73,460
NET ASSETS			
Owners' Equity:			
Common stock	204,676	204,676	0
Capital surplus	262,295	262,296	+ 1
Retained earnings	745,209	752,736	+ 7,527
Less-Cost of treasury stock	(26,844)	(26,949)	- 105
Total owners' equity	1,185,336	1,192,759	+ 7,423
Valuation and Translation Adjustments:			
Net unrealized holding gains on securities	24,381	27,884	+ 3,503
Deferred gains (losses) on hedges	1	(1,288)	- 1,289
Foreign currency translation adjustments	(26,591)	(15,480)	+ 11,111
Total valuation and translation adjustments	(2,209)	11,116	+ 13,325
Minority Interests	9,078	9,460	+ 382
Total net assets	1,192,205	1,213,335	+ 21,130
Total liabilities and net assets	2,968,810	3,063,400	+ 94,590

CONSOLIDATED STATEMENTS OF INCOME

Millions of Yen

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2007		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
Net Sales	693,720	%	796,010	%	+ 102,290	+ 14.7
Cost of Sales	530,897	76.5	615,168	77.3	+ 84,271	+ 15.9
Gross profit	162,823	23.5	180,842	22.7	+ 18,019	+ 11.1
Selling, General and Administrative Expenses	122,393	17.7	138,587	17.4	+ 16,194	+ 13.2
Operating income	40,430	5.8	42,255	5.3	+ 1,825	+ 4.5
Other Income (Expenses), net	(972)	0.1	(4,800)	0.6	- 3,828	+ 393.8
Income before income taxes and minority interests	39,458	5.7	37,455	4.7	- 2,003	- 5.1
Income Taxes	15,489	2.3	13,166	1.7	- 2,323	- 15.0
Minority Interests in Income of Consolidated Subsidiaries	(77)	0.0	(72)	0.0	+ 5	- 6.5
Net income	23,892	3.4	24,217	3.0	+ 325	+ 1.4

Note:

1. Until the first quarter of the previous year (the three months ended June 30, 2006), royalty and technical assistance fees had been included in "Other income," and the costs of the royalty and technical assistance fees had been calculated in "Other expenses." However, starting from the first half of the previous year, these were included in "Net sales" and "Cost of sales," respectively. If calculated on the new basis, for the three months ended June 30, 2006, net sales, cost of sales and operating income would be up 4,327 million yen, 1,525 million yen and 2,802 million yen, respectively. However, these would have no impact on income before income taxes and minority interests.
2. Starting from this period (the three months ended June 30, 2007), the method of depreciation and amortization was changed, in accordance with the revision of the Japanese Corporate Tax Law in fiscal 2007. With this change, for the three months ended June 30, 2007, operating income and income before income taxes and minority interests were down 2,442 million yen each, compared to the previous method.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of Yen

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2007	Increase Decrease
<u>Cash Flows from Operating Activities:</u>			
Income before income taxes and minority interests	39,458	37,455	- 2,003
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities—			
Depreciation and amortization of properties and intangibles	46,262	58,072	+ 11,810
Decrease in notes and accounts receivable	15,336	50,258	+ 34,922
Increase in inventories	(37,694)	(77,296)	- 39,602
Increase in payables	18,355	12,442	- 5,913
Other, net	(56,423)	(29,722)	+ 26,701
Net cash provided by operating activities	25,294	51,209	+ 25,915
<u>Cash Flows from Investing Activities:</u>			
Acquisitions of plant and equipment	(55,310)	(81,792)	- 26,482
Other, net	39,404	46,757	+ 7,353
Net cash used in investing activities	(15,906)	(35,035)	- 19,129
<u>Cash Flows from Financing Activities:</u>			
Increase in short-term borrowings, net	7,132	33,564	+ 26,432
Proceeds from long-term debt	3,000	3,082	+ 82
Repayments of long-term debt	(11,010)	(54,506)	- 43,496
Dividends paid	(11,354)	(13,803)	- 2,449
Other, net	(164)	(301)	- 137
Net cash used in financing activities	(12,396)	(31,964)	- 19,568
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(291)	1,103	+ 1,394
Net Decrease in Cash and Cash Equivalents	(3,299)	(14,687)	- 11,388
Cash and Cash Equivalents at Beginning of Year	299,466	329,286	+ 29,820
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	2,583	1,439	- 1,144
Cash and Cash Equivalents Increased by Merger	9	162	+ 153
Cash and Cash Equivalents at End of Period	298,759	316,200	+ 17,441

SEGMENT INFORMATION

Millions of Yen

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2007
Net Sales		
Consumer/Information Products		
Customers	452,631	574,772
Intersegment	3,189	2,002
Total	455,820	576,774
Electronic Components		
Customers	241,089	221,238
Intersegment	114,142	157,780
Total	355,231	379,018
Elimination	(117,331)	(159,782)
Consolidated	693,720	796,010
Operating Income		
Consumer/Information Products	16,299	20,597
Electronic Components	24,256	21,223
Elimination	(125)	435
Consolidated	40,430	42,255

Note:

1. Segmentation of business areas is based on commonality in manufacturing and marketing methods of products.
2. Until the first quarter of the previous year (the three months ended June 30, 2006), royalty and technical assistance fees had been included in "Other income," and the costs of the royalty and technical assistance fees had been calculated in "Other expenses." However, starting from the first half of the previous year, these were included in "Net sales" and "Cost of sales," respectively. If calculated on the new basis, for the three months ended June 30, 2006, net sales and operating income of "Consumer/Information Products" would be up 780 million yen and down 238 million yen, respectively. Net sales and operating income of "Electronic Components" would be up 3,547 million yen and up 3,040 million yen, respectively.

CONSOLIDATED SALES BY PRODUCT GROUP

Millions of Yen

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2007		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
Audio - Visual and Communication Equipment	296,597	42.7	408,047	51.2	+ 111,450	+ 37.6
Home Appliances	57,755	8.3	64,316	8.1	+ 6,561	+ 11.4
Information Equipment	98,279	14.2	102,409	12.9	+ 4,130	+ 4.2
Consumer/Information Products	452,631	65.2	574,772	72.2	+ 122,141	+ 27.0
LSIs	33,123	4.8	37,044	4.7	+ 3,921	+ 11.8
LCDs	136,093	19.6	119,333	15.0	- 16,760	- 12.3
Other Electronic Components	71,873	10.4	64,861	8.1	- 7,012	- 9.8
Electronic Components	241,089	34.8	221,238	27.8	- 19,851	- 8.2
Total	693,720	100.0	796,010	100.0	+ 102,290	+ 14.7
Domestic	354,167	51.1	422,109	53.0	+ 67,942	+ 19.2
Overseas	339,553	48.9	373,901	47.0	+ 34,348	+ 10.1

Note: The above figures indicate sales to outside customers.

SUPPLEMENTARY DATA

Information by Product Group

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

		Three Months Ended June 30, 2006		Three Months Ended June 30, 2007		Percent Change
		Amount	Ratio	Amount	Ratio	
			%		%	%
	Audio-Visual and Communication Equipment	296,667	42.8	408,225	51.3	+ 37.6
	Home Appliances	57,762	8.3	64,327	8.1	+ 11.4
	Information Equipment	101,391	14.6	104,222	13.1	+ 2.8
	Consumer/Information Products	455,820	65.7	576,774	72.5	+ 26.5
	LSIs*	46,306	6.7	49,333	6.2	+ 6.5
	LCDs	231,717	33.4	254,928	32.0	+ 10.0
	Other Electronic Components	77,208	11.1	74,757	9.4	- 3.2
	Electronic Components	355,231	51.2	379,018	47.6	+ 6.7
	Sub Total	811,051	116.9	955,792	120.1	+ 17.8
	Elimination	(117,331)	-16.9	(159,782)	-20.1	-
	Total	693,720	100.0	796,010	100.0	+ 14.7

* The LSI group's sales do not include internal sales to the LCD/Other Electronic Component group (LSIs for LCDs, etc : 5,307 million yen for the three months ended June 30, 2006 and 7,610 million yen for the three months ended June 30, 2007).

		Three Months Ended June 30, 2006		Three Months Ended June 30, 2007		Percent Change
		Amount	Ratio	Amount	Ratio	
			%		%	%
	Audio-Visual and Communication Equipment	9,576	23.7	12,722	30.1	+ 32.9
	Home Appliances	572	1.4	291	0.7	- 49.1
	Information Equipment	6,151	15.2	7,584	17.9	+ 23.3
	Consumer/Information Products	16,299	40.3	20,597	48.7	+ 26.4
	LSIs	1,639	4.1	723	1.7	- 55.9
	LCDs	16,141	39.9	17,278	40.9	+ 7.0
	Other Electronic Components	6,476	16.0	3,222	7.6	- 50.2
	Electronic Components	24,256	60.0	21,223	50.2	- 12.5
	Sub Total	40,555	100.3	41,820	98.9	+ 3.1
	Elimination	(125)	- 0.3	435	1.1	-
	Total	40,430	100.0	42,255	100.0	+ 4.5