

SHARP CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of Yen

	Six Months Ended September 30, 2004	Six Months Ended September 30, 2003	Increase Decrease	Year Ended March 31, 2004
<u>Cash Flows from Operating Activities:</u>				
Income before income taxes and minority interests	66,689	49,429	+ 17,260	102,720
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities—				
Depreciation and amortization of properties and intangibles	78,614	69,487	+ 9,127	151,408
Interest and dividends income	(3,105)	(2,672)	- 433	(5,294)
Interest expense	2,769	3,059	- 290	5,844
Foreign exchange loss	592	1,093	- 501	2,171
Loss on sales and disposal of plant and equipment	5,208	3,281	+ 1,927	11,921
Increase in notes and accounts receivable	(43,236)	(42,631)	- 605	(72,258)
(Increase) decrease in inventories	(52,158)	15,411	- 67,569	2,037
Increase in payable	106,368	42,962	+ 63,406	95,728
Other, net	(16,380)	619	- 16,999	19,643
Total	145,361	140,038	+ 5,323	313,920
Interest and dividends received	3,264	3,039	+ 225	5,825
Interest paid	(2,760)	(3,143)	+ 383	(5,939)
Income taxes paid	(30,466)	(37,709)	+ 7,243	(64,188)
Net cash provided by operating activities	115,399	102,225	+ 13,174	249,618
<u>Cash Flows from Investing Activities:</u>				
Purchase of time deposits	(15,034)	(15,147)	+ 113	(39,627)
Proceeds from redemption of time deposits	15,092	15,332	- 240	39,825
Purchase of short-term investments	0	(436)	+ 436	(417)
Proceeds from sales of short-term investments	0	5,705	- 5,705	10,706
Acquisitions of plant and equipment	(132,685)	(66,289)	- 66,396	(183,155)
Proceeds from sales of plant and equipment	919	1,629	- 710	2,318
Purchase of investments in securities and investments in nonconsolidated subsidiaries and affiliates	(5,280)	(3,702)	- 1,578	(8,852)
Proceeds from sales of investments in securities and investments in nonconsolidated subsidiaries and affiliates	1,744	149	+ 1,595	9,775
Loans made	(6,032)	(7,036)	+ 1,004	(13,994)
Proceeds from collection of loans	5,850	8,264	- 2,414	15,137
Other, net	3,407	10,825	- 7,418	(1,162)
Net cash used in investing activities	(132,019)	(50,706)	- 81,313	(169,446)
<u>Cash Flows from Financing Activities:</u>				
Increase (decrease) in short-term borrowings, net	43,052	(37,870)	+ 80,922	(38,980)
Proceeds from long-term debt	16,417	10,672	+ 5,745	15,898
Repayments of long-term debt	(28,900)	(9,842)	- 19,058	(29,091)
Purchase of treasury stock	(129)	(132)	+ 3	(4,474)
Dividends paid	(10,891)	(8,707)	- 2,184	(17,422)
Other, net	(305)	(257)	- 48	5,108
Net cash provided by (used in) financing activities	19,244	(46,136)	+ 65,380	(68,961)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	458	(3,138)	+ 3,596	(5,300)
Net Increase in Cash and Cash Equivalents	3,082	2,245	+ 837	5,911
Cash and Cash equivalents at Beginning of Year	277,623	271,712	+ 5,911	271,712
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	970	0	+ 970	0
Cash and Cash Equivalents Increased by Merger	3	0	+ 3	0
Cash and Cash Equivalents at End of the Period	281,678	273,957	+ 7,721	277,623